IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Offering Memorandum and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached Offering Memorandum. In accessing the attached Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached Offering Memorandum or make an investment decision with respect to the securities, you must: (i) not be a U.S. person (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the ''U.S. Securities Act'')) and be outside the United States; or (ii) be a ''qualified institutional buyer'' (within the meaning of Rule 144A under the U.S. Securities Act). You have been sent the attached Offering Memorandum on the basis that you have confirmed to each of the initial purchasers set forth in the attached Offering Memorandum (collectively, the ''Initial Purchasers''), being the sender or senders of the attached, that either: (A)(i) you and any customers you represent are not U.S. persons; and (ii) the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any state of the United States and the District of Columbia; ''possessions'' include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands; or (B) you and any customers you represent are ''qualified institutional buyers'' and, in either case, that you consent to delivery by electronic transmission.

The materials relating to the Offering contemplated by the attached Offering Memorandum do not constitute, and may not be used in connection with, an offer or a solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the issuer in such jurisdiction.

Under no circumstances shall the attached Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The attached Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, neither the Initial Purchasers nor any person who controls any Initial Purchasers nor Doughty Hanson nor Zobele Holding S.p.A. or any of the Guarantors nor any director, officer, employer, employee or agent of theirs, or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between this Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

You are reminded that the attached Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the attached Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this Offering Memorandum to any other person. You will not transmit the attached Offering Memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Initial Purchasers.

Restrictions: Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction. Recipients of the attached Offering Memorandum who intend to subscribe for or purchase securities are reminded that any subscription or purchase may only be made on the basis of the information contained in the attached Offering Memorandum. Any securities to be issued will not be registered under the U.S. Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, ''U.S. persons'' (as defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act or pursuant to an exemption from such registration. Notwithstanding the foregoing, prior to the expiration of a 40-day ''distribution compliance period'' (as defined in Regulation S under the U.S. Securities Act) commencing on the Issue Date, the securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, except pursuant to another exemption from the registration requirements of the U.S. Securities Act.

This communication is directed solely at persons who (i) are outside the United Kingdom; (ii) are ''investment professionals'' (as defined in Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the ''Financial Promotion Order'')); (iii) are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as ''relevant persons''). The attached Offering Memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the attached Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on the attached Offering Memorandum or any of its contents.

PRELIMINARY OFFERING MEMORANDUM
DATED JANUARY 21, 2013

CONFIDENTIAL
NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

This preliminary offering memorandum is being distributed for information purposes only and is subject to completion and amendment (which may be material) without notice. This preliminary offering memorandum shall not, and is not intended to, constitute or contain any offer or invitation to sell or the solicitation of any offer to buy and may not be used as, or in connection with any offer or invitation to sell or a solicitation to buy any of the Notes. The definitive terms of the transaction described in this preliminary offering memorandum will be described in the final version of this offering memorandum.

Zobele Holding S.p.A.

€180,000,000 % Senior Secured Notes due 2018

Zobele Holding S.p.A., a private joint stock company (*societá per azioni*) incorporated and existing under the laws of Italy (the ''Issuer'' or ''Zobele Holding'') is offering (the ''Offering'') €180,000,000 aggregate principal amount of its % Senior Secured Notes due 2018 (the ''Notes''). The Issuer will pay interest on the Notes semi-annually in arrears on and of each year, commencing on , 2013. The Notes will mature on , 2018.

Prior to , 2015, the Issuer may, at its option, redeem all or a portion of the Notes at a redemption price equal to 100% of the amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus the applicable ''make-whole'' premium, as described herein. At any time prior to , 2015, the Issuer may, during each twelve-month period commencing with the Issue Date, redeem up to 10% of the then outstanding aggregate principal amount of the Notes at a redemption price equal to 103% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption. On or after , 2015, the Issuer may, at its option, redeem all or a portion of the Notes at the redemption prices set forth in this offering memorandum (the ''Offering Memorandum''). In addition, on or prior to , 2015, the Issuer may redeem up to 35% of the Notes with the net proceeds of certain equity offerings at a redemption price equal to % of the principal amount of the Notes to be redeemed. The Issuer may also redeem all, but not less than all, of the Notes in the event of certain changes in applicable tax law. If the Issuer or the Company (as defined below) undergo a change of control or sell certain assets, the Issuer may be required to offer to repurchase the Notes.

The Issuer is a direct, wholly owned subsidiary of Z Beta S.à r.l. (the ''Company'' or ''Z Beta''), which is a holding company conducting its operations largely through its subsidiaries. Z Beta and certain of its subsidiaries (the ''Guarantors'') will guarantee payment of the Notes. If the Issuer fails to make payments on the Notes when due, Z Beta and the Guarantors will be required to make such payments.

The Notes will be senior obligations of the Issuer and will be guaranteed on a senior basis by the Company and the Guarantors that are obligors under the Revolving Credit Facility (as defined herein). The Notes and the guarantees therefor (the ''Guarantees'') will be senior obligations of the Issuer, the Company and each Guarantor and will rank equal in right of payment to all existing and future senior unsubordinated obligations of the Issuer, the Company or the Guarantors, as applicable.

The Notes will be secured by security interests granted over the same assets (collectively the ''Collateral'') that secure the Revolving Credit Facility, with certain exceptions as noted herein, provided that the lenders under the Revolving Credit Facility and the counterparties to certain hedging obligations will receive priority to the proceeds from the Collateral in the event of any enforcement. See ''Summary—The Offering—Security.'' Subject to the terms of the indenture governing the Notes (the ''Indenture''), the Collateral may be pledged to secure certain future indebtedness. The Notes, the Guarantees and the assets securing the Notes and the Guarantees will be subject to restrictions on enforcement, and other intercreditor arrangements. See ''Description of Certain Financing Arrangements—Intercreditor Agreement.''

Subject to and as set forth in ''Description of Notes—Additional Amounts,'' the Issuer will not be liable to pay any additional amounts to holders of the Notes in relation to, among other things, any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended or supplemented from time to time) where the Notes are held by a person resident in a country that does not allow for satisfactory exchange of information with Italy (as per article 168-bis, Italian Presidential Decree No. 917 of December 22, 1986) and otherwise in circumstance as described in ''Description of Notes—Additional Amounts.''

This Offering Memorandum includes information on the terms of the Notes and the Guarantees, including redemption and repurchase prices, guarantees, covenants, events of default and transfer restrictions. This Offering Memorandum may be used only for the purposes for which it has been published.

There is currently no market for the Notes. The Issuer has applied to list the Notes offered hereby on the Official List of the Luxembourg Stock Exchange and for admission to trading on the Euro MTF Market. The Euro MTF Market is not a regulated market pursuant to the provisions of Directive 2004/39/EC. There can be no assurance that this application will be accepted.

Investing in the Notes involves a high degree of risk. See ''Risk Factors'' beginning on page 19.

Price: % plus accrued interest, if any, from the Issue Date

Notes will be issued only in registered book-entry form in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Notes will be represented on issue by one or more global notes, which will be delivered through Euroclear Bank SA/NV (''Euroclear'') or Clearstream Banking, *société anonyme* (''Clearstream Banking'') on or about , 2013.

The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933 (the ''Securities Act''). The Notes may not be offered or sold within the United States or to U.S. persons, except to qualified institutional buyers in accordance with Rule 144A under the Securities Act and to certain non-U.S. persons in offshore transactions in accordance with Regulation S under the Securities Act. You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the United States Securities Act provided by Rule 144A. For further details about eligible offerees and resale restrictions, see ''Plan of Distribution'' and ''Offering and Transfer Restrictions.''

Joint Bookrunners

Goldman Sachs International **UniCredit Bank**

The date of this Offering Memorandum is January , 2013.

AIR WICK
NEW
Freshmatic Odor Detect
Detects Odors
Releases Fragrance
Lavender & Chamomile

AIR WICK
HIDDEN PLEASURES
NITE LIGHT

Ambi pur
new scent
3volution

febreze
set & refresh
NO PLUGS OR BATTERIES
meadows & rain
NEW
FRESHENS NOTICEABLY LONGER than a Cone

ZOBELE
GROUP

Scents
vent oil
crisp linen
45

AIR WICK
Freshmatic
NEW Slim Design
NOUVELLE Silhouette
Fragrance that fills the entire room
Pour parfumer toute la pièce

30DAYS
febreze
CAR
meadows & rain

30
ночей
РАПТОР
защита
от комаров
жидкость без запаха
Sostav.ru

NOTICE TO INVESTORS

The Notes described in this Offering Memorandum have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the ''U.S. SEC'') or any other securities commission or regulatory authority, nor has the U.S. SEC or any other securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.

You should rely only on the information contained in this Offering Memorandum. Neither we nor Goldman Sachs International nor UniCredit Bank AG (the ''Initial Purchasers'') have authorized anyone to provide you with information that is different and you should not rely on such information. This Offering Memorandum may only be used in jurisdictions where it is legal to offer and sell the Notes. Neither the Issuer, the Guarantors nor the Initial Purchasers are making an offer of the Notes in any jurisdiction where this offer is not permitted. You should assume that the information in this Offering Memorandum is only accurate as at the date of this Offering Memorandum.

You are not to construe the contents of this Offering Memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes. We are not, and the Initial Purchasers are not, making any representation to you regarding the legality of an investment in the Notes by you under applicable investment or similar laws.

We have prepared this Offering Memorandum solely for use in connection with this offering (the ''Offering'') and for applying to list the Notes on the Official List of the Luxembourg Stock Exchange and for admission to trading on the Euro MTF Market. You may not distribute this Offering Memorandum or make photocopies of it without our prior written consent other than to people you have retained to advise you in connection with this Offering.

In making an investment decision regarding the Notes offered by this Offering Memorandum, you must rely on your own examination of us and the terms of this Offering, including, without limitation, the merits and risks involved. This Offering is being made solely on the basis of this Offering Memorandum. Any decision to purchase Notes in this Offering must be based solely on the information contained in this Offering Memorandum.

No person is authorized in connection with any offering made by this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum, and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers. The information contained in this Offering Memorandum is as of the date hereof and subject to change, completion or amendment without notice. The delivery of this Offering Memorandum at any time after the date hereof shall not, under any circumstances, create any implication that there has been no change in the information set forth in this Offering Memorandum or in our affairs since the date of this Offering Memorandum. We undertake no obligation to update this Offering Memorandum or any information contained in it, whether as a result of new information, future events or otherwise, save as required by law.

The information contained in this Offering Memorandum has been furnished by us and other sources we believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers or their respective directors, affiliates, advisors and agents as to the accuracy or completeness of any of the information set out in this Offering Memorandum, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers or their respective directors, affiliates, advisors and agents, whether as to the past or the future. By receiving this Offering Memorandum, you acknowledge that you have not relied on the Initial Purchasers or their respective directors, affiliates, advisors and agents in connection with your investigation of the accuracy of this information or your decision to invest in the Notes.

The distribution of this Offering Memorandum and the offer and sale of the Notes may be restricted by law in some jurisdictions. This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. Persons into whose possession this Offering Memorandum comes must inform themselves about and observe any such restrictions in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject to or under which it makes such

purchases, offers or sales. For a description of the restrictions on offers, sales and resales of the Notes and distribution of this Offering Memorandum, see ''Offering and Transfer Restrictions.'' Neither we nor the Initial Purchasers are making any representation to any offeree or purchaser under any applicable law.

This Offering Memorandum is being provided for informational use solely in connection with consideration of a purchase of the Notes (i) to ''qualified institutional buyers'' (as defined in Rule 144A under the U.S. Securities Act of 1933 (the ''U.S. Securities Act'')) and (ii) to qualified purchasers in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Its use for any other purpose is not authorized. This Offering Memorandum may not be copied or reproduced in whole or in part, nor may it be distributed or any of its contents be disclosed to anyone other than the prospective investors to whom it is being provided.

This Offering is being made in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes that does not involve a public offering. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A thereunder. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements as set forth under the caption ''Offering and Transfer Restrictions'' below.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and all other applicable securities laws. If you purchase Notes, you will be deemed to have made certain acknowledgements, representations and warranties as detailed under ''Offering and Transfer Restrictions.'' You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

This Offering Memorandum contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents, copies of which will be made available to you upon request, for the complete information contained in those documents. All summaries herein are qualified in their entirety by this reference.

We reserve the right to withdraw this Offering of the Notes at any time, and we and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of Notes sought by such purchaser. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Notes. See ''Plan of Distribution.''

Each of the Issuer and the Guarantors accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of each of the Issuer and the Guarantors, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything material that is likely to affect the import of such information. However, the information set forth under the headings ''Exchange Rate Information,'' ''Summary,'' ''Management's Discussion and Analysis of Financial Condition and Results of Operations,'' ''Industry Overview'' and ''Business'' includes extracts from information and data, including industry and market data, released by publicly available sources. While each of the Issuer and the Guarantors accepts responsibility for accurately extracting and summarizing such information and data, neither the Issuer nor the Guarantors nor Doughty Hanson nor the Initial Purchasers have independently verified the accuracy of such information and data, and neither the Issuer nor the Guarantors nor Doughty Hanson nor the Initial Purchasers accept any further responsibility in respect thereof.

The information set out in the sections of this Offering Memorandum describing clearing and settlement is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear Bank SA/NV (''Euroclear'') or Clearstream Banking, *société anonyme* (''Clearstream Banking''), currently in effect. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. We will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests.

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF, and we will submit this Offering Memorandum to the competent authorities in

connection with the listing application. In the course of any review by the competent authority, the Issuer may be requested to make changes to the financial and other information included in this Offering Memorandum. Comments by the competent authority may require significant modification or reformulation of information contained in this Offering Memorandum or may require the inclusion of additional information, including financial information in respect of the Guarantors. The Issuer may also be required to update the information in this Offering Memorandum to reflect changes in our business, financial condition or results of operations and prospects. We cannot guarantee that our application for admission of the Notes to trading on the Euro MTF and to list the Notes on the Official List of the Luxembourg Stock Exchange will be approved as of the settlement date for the Notes or any date thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

In connection with the issuance of the Notes, Goldman Sachs International (the ''Stabilizing Manager'') (or any person acting on behalf of the Stabilizing Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or any person acting on behalf of the Stabilizing Manager) will undertake stabilizing action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date of the Notes and 60 days after the date of the allotment of the Notes.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1995, AS AMENDED (''RSA''), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area, the Netherlands and the United Kingdom

This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive (as defined below), from the requirement to produce a prospectus for offers of the Notes. In relation to each Member State of the European Economic Area (the ''EEA'') which has implemented the Prospectus Directive (each, a ''Relevant Member State''), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State no offer of Notes to the public in that Relevant Member State may be made other than:

- to any legal entity which is a ''qualified investor'' (as defined in the Prospectus Directive);
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150, natural or legal persons (other than ''qualified investors'' as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require us or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or any of the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

The issue and distribution of this Offering Memorandum is restricted by law. This Offering Memorandum is not being distributed by, nor has it been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by, a person authorized under the Financial Services and Markets Act 2000. In the United Kingdom, this Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the ''Financial Promotion Order'')); (ii) are persons falling within Article 49(2)(a) to (d) (''high net worth companies, unincorporated associations, etc.'') of the Financial Promotion Order; (iii) are outside the United Kingdom; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as ''relevant persons''). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, (1) in the United Kingdom, relevant persons and (2) in any member state of the EEA other than the United Kingdom, ''qualified investors'' (''Qualified Investors'') within the meaning of Article 2(1)(e) of the Prospectus Directive. This Offering Memorandum and its contents should not be acted upon or relied upon (1) in the United Kingdom, by persons who are not relevant persons or (2) in any member state of the EEA other than the United Kingdom, by persons who are not Qualified Investors. No part of this Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Company.

Notes may not be offered into the Netherlands unless such offer is made exclusively to legal entities, which are qualified investors (as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*)) and to authorized discretionary asset managers acting for the account of retail investors under a discretionary investment management contract.

For the purposes of this section, the expression an ''offer of Notes to the public'' in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression ''Prospectus Directive'' means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression ''2010 PD Amending Directive'' means Directive 2010/73/EU.

Italy

This Offering has not been registered with the *Commissione Nazionale per le Societá e la Borsa* (''CONSOB'') pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except: (a) to qualified investors (*investitori qualificati*) as defined in Article 26, first paragraph, letter d) of CONSOB Regulation No. 16190 of October 29, 2007, as amended (the ''Regulation No. 16190''), pursuant to Article 34-ter, first paragraph letter b) of CONSOB Regulation No. 11971, May 14, 1999, as amended (the ''Issuers Regulation''), implementing Article 100 of Legislative Decree No. 58, February 24, 1998, as amended (the ''Financial Services Act''); and (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and the Issuers Regulation. In any event, any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in Italy under (a) or (b) above must be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of September 1, 1993, as amended and Regulation No. 16190; and (ii) in compliance with any other applicable laws and regulations, including any requirement or limitation which may be imposed, from time to time, by CONSOB or the Bank of Italy or other competent authority.

Switzerland

This Offering Memorandum, as well as any other material relating to the Notes which are the subject of this Offering, do not constitute an issue prospectus pursuant to article 652a and/or article 1156 of the Swiss Code of Obligations and may not comply with the Directive for Notes of Foreign Borrowers of the

Swiss Bankers Association. The Notes will not be listed on the SIX Swiss Exchange Ltd., and, therefore, the documents relating to the Notes, including, but not limited to, this Offering Memorandum, do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss Exchange Ltd. and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange Ltd. The Notes are being offered in Switzerland by way of a private placement (i.e., to a small number of selected investors only), without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Offering Memorandum, as well as any other material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This Offering Memorandum, as well as any other material relating to the Notes, may only be used by those investors to whom it has been handed out in connection with this Offering and may neither directly nor indirectly be distributed or made available to other persons without the Issuer's express consent. This Offering Memorandum, as well as any other material relating to the Notes, may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Grand Duchy of Luxembourg

This Offering Memorandum has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier* (the ''CSSF'')) for purposes of public offering or sale in Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other offering circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, from or published in, Luxembourg, except for the sole purpose of the admission of the Notes to trading on the Euro MTF and listing on the Official List of the Luxembourg Stock Exchange, and except in circumstances which do not constitute an offer of securities to the public requiring the publication of a prospectus in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended, and implementing the Prospectus Directive as amended by the 2010 PD Amending Directive. Consequently, this Offering Memorandum and any other offering circular, prospectus, form of application, advertisement or other material may only be distributed to (i) Luxembourg qualified investors as defined in the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended, and (ii) no more than 149 prospective investors, which are not qualified investors.

France

This Offering Memorandum has not been prepared in the context of a public offering in France within the meaning of Article L. 4111 of the *Code Monétaire et Financier* and Title I of Book II of the *Réglement Général of the Autorité des marches financiers* (the ''AMF'') and therefore has not been submitted for clearance to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and offers and sales of the Notes will only be made in France to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts, as defined in and in accordance with Articles L. 4112 and D. 4111 of the *Code Monétaire et Financier*. Neither this Offering Memorandum nor any other offering material may be distributed to the public in France.

Germany

The Notes may not be offered and sold to the public, except in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or any other laws applicable in Germany governing the issue, offering and sale of securities. This Offering Memorandum has not been and will not be submitted to, nor has it been nor will it be approved by, the *Bundesanstalt für Finanzdienstleistungsaufsicht*, the German Financial Services Supervisory Authority. The Notes must not be distributed within Germany by way of a public offer, public advertisement or in any similar manner, and this Offering Memorandum and any other document relating to the Notes, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of Notes to the public in Germany. Consequently, in Germany, the Notes will only be available to, and this Offering Memorandum and any other offering material in relation to the Notes are directed only at, persons who are qualified

investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the Securities Prospectus Act. This Offering Memorandum and other offering materials relating to the offer of Notes are strictly confidential and may not be distributed to any person or entity other than the recipients hereof.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. These forward-looking statements include, but are not limited to, all statements other than statements of historical fact contained in this Offering Memorandum, including, without limitation, those regarding our intentions, beliefs or current expectations concerning, among other things, our future financial conditions and performance, results of operations and liquidity, our strategy, plans, objectives, prospects, growth, goals and targets, future developments in the markets in which we participate or are seeking to participate, behavior of and trends with our customers and end-users of our products, and anticipated regulatory environment in which we operate. These forward-looking statements can be identified in some cases by the use of certain terms, including without limitation, ''aim,'' ''anticipate,'' ''assume,'' ''believe,'' ''could,'' ''estimate,'' ''expect,'' ''forecast,'' ''guidance,'' ''intend,'' ''may,'' ''plan,'' ''project,'' ''risk,'' ''should,'' ''will,'' and their negatives, other similar expressions or other variations or comparable terminology that are predictions of or otherwise indicate future events or trends identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. Forward-looking statements are not guarantees of future performance. These risks, uncertainties and factors may cause our actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performances or achievements). Factors that may cause these differences include but are not limited to the risks described under ''Risk Factors,'' ''Business'' and ''Management's Discussion and Analysis of Financial Condition and Results of Operations.'' These factors include, but are not limited to:

- our reliance on global key customers;
- the terms of our arrangements with customers;
- our ability to meet the demand of our customers and to maintain our on-time service delivery record;
- our ability to pass on price increases of materials or other inputs to our customers, or to source materials;
- our ability to continue to grow;
- the negative impact on our Insecticide Products business from adverse weather conditions;
- the high levels of capital expenditure required by our business;
- our ability to react to unfavorable consumer trends and adverse economic conditions;
- our ability to keep up the pace of product innovation required by our customers;
- changes in the policies and requirements of our FMCG customers;
- the effects of our customers in-sourcing the manufacture of our products and our ability to compete successfully with our competitors;
- our dependence on certain suppliers;
- the rigorous regulations in the area of chemical and electrical safety, environmental protection and employee health and safety to which we are subject;
- the effects of changes in the legal systems, regulatory controls, customs and practices in the countries in which we operate;
- our ability to address any interruption in the operations of our manufacturing plants;
- our dependence on distributors to deliver certain of our products;
- the effects of any product defects on our reputation, demand for our products or our costs of operations;
- our ability to maintain our reputation or our customers' ability to maintain their image and reputation;
- our ability to retain our senior management team;

- the effects of any employment dispute or increase in labor costs;
- the failure to protect our intellectual property or the negative impact of any claims asserting the infringement of intellectual property rights;
- our dependence on our information technology system;
- our substantial leverage and debt service obligations;
- the effect of operating and financial restrictions in our debt instruments; and
- the other risks described under ''Risk Factors.''

The foregoing factors and others described under ''Risk Factors'' should not be construed as exhaustive. Any forward-looking statements are only made as at the date of this Offering Memorandum and, except as required by law or the rules and regulations of any stock exchange on which the Notes are listed, we undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Memorandum, including those set forth under ''Risk Factors.''

You should not place undue reliance on these forward-looking statements because they reflect our judgment at the date of this Offering Memorandum. Forward-looking statements are not intended to give any assurances as to future results. We will not normally publicly release any revisions we may make to these forward-looking statements that may result from events or circumstances arising after the date of this Offering Memorandum or otherwise.

INDUSTRY AND MARKET DATA

Unless otherwise stated, all information regarding markets, market position and other industry data contained in this Offering Memorandum is based on our own estimates, internal surveys, market research, customer feedback, publicly available information and industry reports prepared by consultants. In many cases, there is no readily available external information (whether from trade associations, government bodies, other industry organizations or competitors) to validate market-related analyses and estimates, and we instead rely on our own internally developed estimates.

We include in this Offering Memorandum certain information and data prepared by Euromonitor International Limited (''Euromonitor'') on the size of the global retail air care and insecticide markets. Euromonitor reports on the size of the global retail market for air care products and insecticide products as a whole, for certain sub-categories within those markets and by geography. Euromonitor defines the market by reference to all sub-categories with the air care and insecticide markets, including certain sub-categories of products that we do not sell (such as candles and manual aerosol or spray air fresheners in the air care market) or that we do not actively target (such as non-electric dispensing devices in the insecticide market). Accordingly, in some instances, we have excluded those sub-categories as defined by Euromonitor. In addition, Euromonitor analyzes the retail value of the market, rather than the wholesale value at which Zobele principally makes its sales. We have therefore made certain adjustments to the data produced by Euromonitor, based on our own management estimates, to arrive at what we consider to be our addressable market for Air Care Products and for Insecticide Products at the wholesale value, rather than the retail value.

We have on this basis defined what we consider to be Zobele's ''addressable air care market'' and Zobele's ''addressable insecticide market,'' and information regarding our market position is based on the amount of our net sales of Air Care Products and Insecticide Products as compared to the size of the relevant addressable markets. References in this Offering Memorandum to the ''addressable market for Air Care Products'' are references to our estimate of the market for Air Care Products that we serve, which includes electric plug-in air fresheners, gel air fresheners and liquid air fresheners, and excludes products that we do not produce, such as candles and manual aerosol or spray air fresheners. References in this Offering Memorandum to the ''addressable market for Insecticide Products'' are references to our estimate of the market for our electric plug-in insecticide devices. We have excluded other sub-categories of insecticide products, since they comprise a smaller proportion of our Insecticide Products category and are sub-categories that we do not actively target.

In addition, we have made estimates of the size, geographic spread and success of our competitors' businesses in the market for Air Care Products and Insecticide Products, and of market trends more generally. These estimates are based on a number of factors which include, but are not limited to, the following:

- our observations of our customers' product portfolios;
- our assessment of our competitors' positions and capabilities;
- information published by our competitors, including their financial statements;
- our estimates of the relative proportion that sales of Air Care Products and Insecticides Products constitute of our competitors' businesses;
- additional information obtained from customers, consultants and other contacts within the industries in which we operate;
- our regular discussions with customers across our product categories in respect of current and future market trends;
- our knowledge of the product categories and geographies in which we operate; and
- our management estimates, experiences and our own interpretation of material conditions within our industry.

Our estimates involve risks and uncertainties and are subject to change based on various factors. In considering the industry and market data included in this Offering Memorandum, prospective investors should note that this information is subject to considerable uncertainty due to differing definitions of the relevant markets and market segments described, the lack of public data and the assumptions we have made in compiling data from various sources. Any third party sources we use, including the data provided by Euromonitor, generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed, and that the projections they contain are based on significant assumptions. Similarly, while we believe that internal surveys, industry forecasts, customer feedback and market research we have used in making our estimates are generally reliable, none of this data has been independently verified. Market data and statistics are inherently subject to uncertainties and not necessarily reflective of actual market conditions. We cannot assure you that any of the assumptions that we have made in compiling this data are accurate or correctly reflect our position in the relevant markets. Neither we nor Doughty Hanson nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of the industry and market data set forth in this Offering Memorandum, and neither we nor Doughty Hanson nor the Initial Purchasers have independently verified this information and cannot guarantee its accuracy.

CERTAIN DEFINITIONS

As used in this Offering Memorandum:

- ''Air Care Products'' means air care products, such as electric plug-in devices, gel and liquid air fresheners, powered aerosol air freshener devices and car air freshener devices;
- ''Bidco Facilities Agreement'' means the senior facilities agreement dated October 25, 2006 (as amended and restated) among Z Beta S.à r.l., Zobele Holding S.p.A. as the borrower, UniCredit Bank AG, Milan Branch and GE Capital Interbanca S.p.A. as mandated lead arrangers, UniCredit Bank AG, Milan Branch as facility agent, UniCredit Bank AG, Milan Branch as security agent and the lenders referred to therein;
- ''Collateral'' means the assets and property of the Issuer, the Company and the Guarantors that are from time to time subject to, or required to be subject to, a lien pursuant to the Security Documents. On or about the Issue Date, the Collateral will comprise a pledge over the shares of the Company by Z Alpha, a pledge over the shares of Z Gamma B.V. by the Company, a pledge over the shares of the Issuer by the Company, a pledge over certain intellectual property rights of the Issuer, a special moveables pledge granted by Zobele Bulgaria EooD, a special pledge over the shares of Zobele International B.V. by the Issuer, a shares and receivables pledge over the shares of Zobele Bulgaria EooD by Zobele International B.V., a pledge over 95% of the shares of Zobele México, S.A. de C.V. by Zobele International B.V., a pledge (without transfer of possession) over all movable assets

owned by Zobele México, S.A. de C.V., a charge over the shares of Zobele Asia Pacific (Hong Kong) Limited by Z Gamma B.V., a pledge over the shares of Zobele España, S.A.U. by the Issuer and a pledge by Z Gamma B.V. over certain intra-group receivables between Z Gamma B.V. and the Issuer;

- ''Company'' or ''Z Beta'' means Z Beta S.à r.l.;
- ''core product categories'' means our Air Care Products and Insecticide Products categories;
- ''Doughty Hanson'' means Doughty Hanson & Co IV, which comprises four English Limited Partnerships (Doughty Hanson & Co IV Limited Partnership Numbers One, Two, Three and Four); although this definition does not include co-investment interests, (i) references in this Offering Memorandum to Doughty Hanson's percentage shareholding includes co-investment interests held by employees of Doughty Hanson & Co Managers Limited or group companies, and (ii) where certain rights are stated to be vested in Doughty Hanson, such rights may actually be vested in or be exercisable by Doughty Hanson & Co Managers Limited or an affiliate;
- ''Existing Senior Facilities Agreements'' means the Target Facilities Agreement and the Bidco Facilities Agreement;
- ''FMCG companies'' means companies in the fast-moving consumer goods industry;
- ''Group,'' ''us,'' ''we,'' ''our,'' ''Zobele'' or ''Zobele Group'' means Z Beta and its Subsidiaries, unless the context requires otherwise;
- ''Guarantors'' means Z Beta S.à r.l., Z Gamma B.V., Zobele International B.V., Zobele España, S.A.U., Zobele México, S.A. de C.V. and Zobele Bulgaria EooD;
- ''Home, Health and Personal Care Products'' means products in the home, health and personal care markets, such as electric soap dispensing devices, dishwashing liquid dispensing devices, non-medicated vapor dispensing devices, non-medicated vapor dispensers, surface cleaners, laundry softeners and toilet cleaners;
- ''Indenture'' means the indenture dated the Issue Date between, among others, the Issuer and the Trustee;
- ''Initial Purchasers'' means Goldman Sachs International and UniCredit Bank AG;
- ''Insecticide Products'' means insecticide products, such as electric plug-in and portable insecticide devices;
- ''Intercreditor Agreement'' means the intercreditor agreement dated on or about the Issue Date between, among others, the Company, the Issuer, certain subsidiaries of the Company as Original Debtors, the RCF Agent, the Senior Secured Notes Trustee, the Security Agent, the RCF Finance Parties, the Hedge Counterparties, the Intra-Group Lenders and the Shareholder Creditors (each as defined therein);
- ''Issue Date'' means , 2013;
- ''Issuer'' or ''Zobele Holding'' means Zobele Holding S.p.A.;
- ''Non-Guarantor Subsidiaries'' means those Subsidiaries of the Company that are not Guarantors;
- ''Revolving Credit Facility'' means the revolving credit facility of up to €30 million to be provided to us upon and subject to the terms of the Revolving Credit Facility Agreement;
- ''Revolving Credit Facility Agreement'' means the revolving credit facility agreement that we expect to enter into on or about the Issue Date between, *among others*, the Issuer, certain Subsidiaries of the Company as Original Borrowers and Original Guarantors, the Mandated Lead Arrangers, the Security Agent, the Facility Agent and the Lenders (each as defined therein);
- ''Refinancing'' means the repayment, satisfaction and discharge of the Existing Senior Facilities Agreements with the proceeds from this Offering of Notes and our entry into the Revolving Credit Facility Agreement;
- ''Security Agent'' means UniCredit Bank AG, Milan Branch;
- ''Security Documents'' means the security agreements defining the terms of the Collateral that secures the Notes and the Guarantees;

- ''Shareholder Loan'' means a loan for a principal amount of €109,200,000 made available by Z Alpha to Z Beta pursuant to an Inter-Company Loan Agreement dated December 13, 2006, which Z Alpha has agreed to convert into reserves of Z Beta, conditional upon the issue of the Notes, pursuant to a contribution agreement dated December 13, 2012;
- ''Subsidiaries'' means all consolidated subsidiaries of Z Beta;
- ''Subsidiary Guarantors'' means Z Gamma B.V., Zobele International B.V., Zobele España, S.A.U., Zobele México, S.A. de C.V. and Zobele Bulgaria EooD;
- ''Target Facilities Agreement'' means the senior facilities agreement dated October 25, 2006 (as amended and restated) among Z Beta S.à r.l., certain subsidiaries of the Company as original borrowers and original guarantors, UniCredit Bank AG, Milan Branch and GE Capital Interbanca S.p.A. as mandated lead arrangers, UniCredit Bank AG, Milan Branch as facility agent, UniCredit Bank AG, Milan Branch as security agent and the lenders referred to therein;
- ''Trustee'' means U.S. Bank Trustees Limited, acting from its registered office at 5th Floor, 125 Old Broad Street, London EC2N 1AR, United Kingdom; and
- ''Z Alpha'' means Z Alpha S.A.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER DATA

Financial Information

Unless otherwise indicated, the financial information presented in this Offering Memorandum is the historical consolidated financial information of the Company and its consolidated subsidiaries which has been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union (''IFRS'').

This Offering Memorandum contains:

- the consolidated financial statements of the Group as of and for the year ended December 31, 2011 and the audit report thereon;
- the consolidated financial statements of the Group as of and for the year ended December 31, 2010 and the audit report thereon;
- the consolidated financial statements of the Group as of and for the year ended December 31, 2009 and the audit report thereon; and
- the unaudited interim condensed consolidated financial statements of the Group as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011.

Our consolidated financial statements as of and for each of the years ended December 31, 2009, 2010 and 2011 have been audited by PricewaterhouseCoopers Société Coopérative.

In addition, this Offering Memorandum includes certain unaudited financial information for the twelve months ended September 30, 2012. This information was derived by subtracting the unaudited consolidated financial data of the Group for the nine months ended September 30, 2011 from the consolidated financial data of the Group for the year ended December 31, 2011 and adding the difference to the unaudited consolidated financial data of the Group for the nine months ended September 30, 2012. The unaudited financial information for the twelve months ended September 30, 2012 has been prepared solely for the purposes of this Offering Memorandum and is for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

This Offering Memorandum also includes unaudited consolidated *pro forma* financial data which have been adjusted to reflect certain effects of the Refinancing and the conversion of the Shareholder Loan on the financial position and net financial expenses of the Group as of and for the twelve months ended September 30, 2012 as if this Offering and the conversion of the Shareholder Loan had occurred (i) on September 30, 2012 for the purposes of the calculation of net financial position and (ii) on October 1, 2011 for the purposes of the calculation of net interest expense. The unaudited consolidated *pro forma* financial data have been prepared for illustrative purposes only and do not purport to represent what the actual consolidated financial position or net financial expenses of the Group would have been if this Offering had occurred (i) on September 30, 2012 for the purposes of the calculation of net financial

position and (ii) on October 1, 2011 for the purposes of the calculation of net interest expense, nor do they purport to project the Group's consolidated financial position and net financial expenses at any future date. The unaudited consolidated *pro forma* adjustments and the unaudited *pro forma* financial data set out in this Offering Memorandum are based on available information and certain assumptions and estimates that we believe are reasonable but may differ materially from the actual amounts.

In this Offering Memorandum, we present our net sales for the years ended December 31, 2009, 2010 and 2011 and the nine months ended September 30, 2011 and 2012 on a geographic basis, which data is based on the location of the customer. We also present our net sales for the years ended December 31, 2009, 2010 and 2011 and the nine months ended September 30, 2011 and 2012 by product categories and by customer type.

The financial information included in this Offering Memorandum includes some measures which are not accounting measures within the scope of IFRS and which we use to assess the financial performance of our businesses. These measures include EBITDA before non-recurring transactions, EBITDA before non-recurring transactions margin and other ratios that use EBITDA before non-recurring transactions. In the footnotes to the ''Summary Historical Consolidated Financial Information and Other Data,'' we define each of these measures and state the reasons we believe each is useful to management, investors and other parties in the evaluation of our business. We believe that EBITDA before non-recurring transactions is a useful indicator of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate our business. EBITDA before non-recurring transactions, EBITDA before non-recurring transactions margin and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. Neither EBITDA before non-recurring transactions nor EBITDA before non-recurring transactions margin is recognized as a measure of financial performance or liquidity under IFRS. Investors should not place any undue reliance on these non-GAAP measures and financial indicators and should not consider these as: (a) an alternative to operating income or net income as determined in accordance with generally accepted accounting principles, or as a measure of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles, or as a measure of our ability to meet cash needs; or (c) an alternative to any other measure of performance under generally accepted accounting principles. Neither EBITDA before non-recurring transactions nor EBITDA before non-recurring transactions margin is indicative of our historical operating results, nor is either meant to be predictive of future results. EBITDA before non-recurring transactions and EBITDA before non-recurring transactions margin are used by our management to monitor the underlying performance of the business and the operations. Since all companies do not calculate EBITDA before non-recurring transactions and EBITDA before non-recurring transactions margin in an identical manner, our presentation may not be consistent with similar measures used by other companies. Therefore, investors should not place undue reliance on this data. EBITDA before non-recurring transactions and EBITDA before non-recurring transactions margin have limitations as analytical tools and you should not consider them in isolation or as a substitute for an analysis of our results as reported under IFRS. Some of these limitations are:

- they do not reflect our cash expenditure or future requirements for capital expenditure or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debts;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and EBITDA before non-recurring transactions, EBITDA before non-recurring transactions margin and other ratios that use EBITDA before non-recurring transactions do not reflect any cash requirements that would be necessary for such replacements;
- some of the exceptional items that we eliminate in calculating EBITDA before non-recurring transactions, EBITDA before non-recurring transactions margin and other ratios that use EBITDA before non-recurring transactions reflect cash payments that were made, or will in the future be made; and

- the fact that other companies in our industry may calculate EBITDA before non-recurring transactions, EBITDA before non-recurring transactions margin and other ratios that use EBITDA before non-recurring transactions differently than we do, which limits their usefulness as comparative measures.

As a result of the above limitations, neither EBITDA before non-recurring transactions nor EBITDA before non-recurring transactions margin should be considered in isolation or as a substitute for performance measures calculated in accordance with IFRS. We compensate for these limitations by relying primarily on our IFRS results and using EBITDA before non-recurring transactions and EBITDA before non-recurring transactions margin only supplementally.

Please see the section entitled ''Summary Historical Consolidated Financial Information and Other Data'' for a reconciliation of EBITDA to Net Income.

The financial information included in this Offering Memorandum is not intended to comply with the applicable accounting requirements of the U.S. Securities Act and the related rules and regulations that would apply if the Notes were to be registered in the United States. Compliance with such requirements would require the modification or exclusion of certain information included in this Offering Memorandum and the presentation of certain information which is not included in this Offering Memorandum.

Certain numerical figures included in this Offering Memorandum have been subject to rounding adjustments. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.

Other Data

The consolidated financial statements of the Company are published in Euro. In this Offering Memorandum:

- ''Euro,'' ''euro'' or ''€'' means the single currency introduced at the start of the third stage of European Economic Monetary Union pursuant to the treaty establishing the European Union; and
- ''U.S. dollar'' or ''U.S.$'' means the lawful currency of the United States.

EXCHANGE RATE INFORMATION

Euro per U.S. dollar

The following table sets forth, for the periods indicated, the high, low, average and period end ECB Daily Setting Rate for U.S. dollars expressed as $1.00 per euro. The ECB Daily Setting Rate is the daily setting rate as announced by the European Central Bank and as published on the ''EUR Rates'' (ECB) Bloomberg screen. These rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Memorandum. We make no representation that U.S. dollar or euro amounts referred to in this Offering Memorandum have been, could have been or could, in the future, be converted into euro or U.S. dollar, as the case may be, at any particular rate, if at all. On January 17, 2013, the ECB Daily Setting Rate was $1.34 per €1.00.

U.S. DOLLAR PER EURO

Year	High	Low	Average[(1)]	Period End
2007	1.49	1.29	1.38	1.47
2008	1.60	1.25	1.47	1.39
2009	1.51	1.26	1.40	1.44
2010	1.46	1.19	1.32	1.34
2011	1.49	1.29	1.40	1.29
2012	1.35	1.21	1.29	1.32

Month	High	Low	Average	Period End
July 2012	1.26	1.21	1.23	1.26
August 2012	1.26	1.22	1.24	1.22
September 2012	1.31	1.26	1.29	1.26
October 2012	1.31	1.29	1.31	1.29
November 2012	1.30	1.27	1.28	1.30
December 2012	1.33	1.29	1.31	1.32
January 2013 (through January 17)	1.34	1.30	1.32	1.34

(1) The average of the ECB Daily Settling Rate on the last business day of each month during the relevant period.

SUMMARY

This summary highlights certain information about the Issuer, the Company (as a Guarantor) and the Offering contained in this Offering Memorandum. This summary is not complete and does not contain all the information you should consider before investing in the Notes. The following summary should be read in conjunction with, and the following summary is qualified in its entirety by, the more detailed information included in this Offering Memorandum, including the financial statements of the Company and the related notes therein. You should carefully read the entire Offering Memorandum to understand the business of the Company, the nature and terms of the Notes and the tax and other considerations which are important to your decision to invest in the Notes, including the risks discussed under the caption ''Risk Factors.''

Overview

We are the leading global supplier of air care and insecticide devices by revenue. We primarily sell our products to blue chip fast-moving consumer goods (''FMCG'') companies, such as Henkel, Procter & Gamble, Reckitt Benckiser and a privately owned leading global FMCG company, and the average length of our relationships with these four customers is 24 years. We operate as a ''one-stop-shop,'' offering customers global solutions and services covering the entire value chain from product innovation and development to manufacturing and delivery. We leverage a common technology platform relating to dispensing devices, such as electric plug-in devices and powered aerosol devices, across our product categories. Historically, we have grown our business and increased profits through our wide range of products, long-standing customer relationships, strong product innovation and development capabilities and our global industrial footprint, which includes manufacturing plants in Mexico, China, Italy, Bulgaria, Brazil and India. For the twelve months ended September 30, 2012, we had net sales and EBITDA before non-recurring transactions of €328.6 million and €41.3 million, respectively.

Our product categories comprise the following:

- Air care products, which principally consist of electric plug-in devices, gel and liquid air fresheners, powered aerosol air freshener devices and car air freshener devices (''Air Care Products''). We are the largest global supplier of air care devices by revenue. For the twelve months ended September 30, 2012, our Air Care Products category generated €234.8 million or 71.5% of our net sales.
- Insecticide products, which principally consist of electric plug-in devices and portable insecticide devices (''Insecticide Products''). We are the largest global supplier of insecticide devices by revenue. For the twelve months ended September 30, 2012, our Insecticide Products category generated €77.8 million or 23.7% of our net sales.
- Home, health and personal care products, which principally consist of electric soap dispensing devices, dishwashing liquid dispensing devices, non-medicated vapor dispensing devices, surface cleaners, laundry softeners and toilet cleaners (''Home, Health and Personal Care Products''). For the twelve months ended September 30, 2012, our Home, Health and Personal Care Products category generated €16.0 million or 4.8% of our net sales.

We have strong relationships with blue chip global FMCG companies, including Henkel, Procter & Gamble, Reckitt Benckiser and a privately owned leading global FMCG company, and regional FMCG companies, including Clorox and Upeco, as well as leading retailers, including Lidl and Mercadona. We believe our strong focus on product innovation and development and our close collaboration with our customers to design and develop new or enhanced products, combined with our long-standing relationships with such customers, encourages key customers to approach us when they are considering new product lines, geographic expansion and entry into new sub-categories. Nearly all of our products are labeled with our customers' brands.

We are the only supplier of Air Care Products and Insecticide Products to have a global footprint with manufacturing plants on four continents. We are headquartered in Italy, with 93.3% of our net sales for the twelve months ended September 30, 2012 generated in markets outside of Italy. We operate manufacturing plants in six countries (Mexico, China, Italy, Bulgaria, Brazil and India), have design and development centers in five countries (Italy, Spain, Mexico, China and Bulgaria), and have innovation centers in Spain and Singapore. Our global footprint is predominantly based in low cost countries, where approximately 90% of our personnel is located, and strategically close to points of consumption. This enables us to meet the scale and response time demands of our FMCG customers while safe-guarding our profitability levels. In addition, our sales coverage and international distribution

network allows us to operate successfully in diverse markets around the world in a cost-effective manner. Our products were delivered to 79 countries in 2012, with net sales of €159.2 million, €111.5 million, €37.7 million, €13.3 million and €6.9 million in North America, Europe, Asia Pacific, South America, Africa and the Middle East, respectively, for the twelve months ended September 30, 2012. For the year ended December 31, 2011, we employed an average of 4,554 employees.

Zobele was founded in 1919 by the Zobele family. Doughty Hanson acquired a majority interest in the Zobele Group in 2006 and currently holds a 75.6% interest, with the remainder held by management and the Zobele family.

Strengths

We believe that the Group's success to date and its potential for future profitable growth are primarily attributable to the following strengths:

Strong and long-standing relationships with blue chip customers.

We have strong and long-standing relationships with several of the largest FMCG companies in the world, who sell well-known brands, such as Air Wick, Ambipur and Febreze. Our customer base includes global FMCG companies, regional FMCG companies and retailers who, for the twelve months ended September 30, 2012, accounted for 80.4%, 12.7% and 6.9% of our net sales, respectively. According to Euromonitor, our three largest air care customers in terms of revenue hold a combined share of approximately 52% of our addressable air care market, and our two largest insecticide customers in terms of revenue hold a combined share of approximately 46% of our addressable insecticide market. We believe our customer relationships are unparalleled in our industry as a result of our close collaboration with them over long periods of time, which has enabled us to develop multi-layered relationships at commercial, technical, industrial and supply chain levels.

As a result of our successful track record of product development, our reputation for reliability, our global and local supply chain solutions, and our ability to offer the same, high quality standards around the world, we believe that our customers consider us to be a strategic supplier and important partner in enhancing their product offerings and maximizing their profits. Several of our largest customers are increasingly expanding their global presence, reducing their number of suppliers and implementing global product launches, which we believe will continue to enable us to solidify our position as a key global supplier to such customers. In addition, we believe our ability to act as a ''one-stop-shop'' for multiple product lines across our global footprint further strengthens our relationship with our customers. Furthermore, our customers are incentivized to maintain their relationships with us due to the high cost of switching the supplier of any particular product. As such, our global FMCG customers generally tend to use us to supply a particular product line for the duration of its life cycle. The average length of our relationships with Henkel, Procter & Gamble, Reckitt Benckiser and a privately owned leading global FMCG company is 24 years.

Integrated ''one-stop-shop'' capabilities with strong focus on product innovation and development.

We operate as a ''one-stop-shop,'' offering our customers global solutions and services covering the entire value chain from product innovation and development to manufacturing and delivery. We believe we are the only supplier of Air Care Products and Insecticide Products with manufacturing plants across four continents that currently offers a complete end-to-end integrated service to customers. We place a strong emphasis on product innovation and development, as innovation in the markets for Air Care Products and Insecticide Products has historically driven growth. In recent years, our customers have increasingly relied on us to co-develop new or enhanced products, which typically involves modifications to and evolution of existing products, while they focus on core brand management.

Our focus on product innovation and development has historically driven our growth. For example, we launched 93 new or enhanced products between 2009 and 2011, increasing the number of products launched in each year (25 in 2009, 32 in 2010 and 36 in 2011), and such products generated 34% of our net sales for the year ended December 31, 2011. We currently have 77 projects in our development pipeline (31 of which are in or beyond the product development phase), which we expect to drive further growth. By working with our customers during the early stages of product development, we are better positioned to capture the entire value chain of a product. For example, we are able to tailor a product's specifications so that it can be manufactured by us at a cost suitable for mass market distribution, while

at the same time reducing time to market and enabling our customers to focus on their marketing strategies for their products. Work began at the product innovation and development stage for between 70% and 80% of the products contained in our current products portfolio.

Global footprint with facilities located in low cost countries close to our markets and customers.

We are the only supplier of Air Care Products and Insecticide Products to have a global footprint with manufacturing plants on four continents. Our broad manufacturing base of plants located in six countries in Europe, North America, South America and Asia allows us to provide our global FMCG customers with a reliable platform for global launches and tailored product solutions that meet high quality standards consistently across all major markets. In addition, our global network of innovation centers, design and development centers and manufacturing plants are in close proximity to our customers' own innovation centers, which facilitates collaboration and product customization to reflect local consumer preferences. Our global footprint is predominantly based in low cost countries (Mexico, China, India, Bulgaria and Brazil), allowing us to supply products to our customers on a cost-efficient basis. In addition, our global footprint lowers our costs by enabling us to source certain materials locally and optimize production by manufacturing core modules in low cost countries and finishing products in close proximity to our customers' distribution centers and end markets. This minimizes inventory, shipping costs, lead times and working capital, and enables timely delivery. Our global footprint also enables us to deal with more flexible order quantities, long term changes in relative cost base at our different manufacturing locations, and short term changes in customer demand, and to provide business continuity to our customers.

Well-invested asset base.

We believe our asset base is well invested. We have recently made significant investments in our manufacturing capacity by moving our operations to new, larger manufacturing plants, in order to service several of our largest customers, who are increasingly expanding their global presence and prioritizing emerging markets as key growth areas. For example, in 2010, we moved to a larger manufacturing plant in Mexico, the plant from which we primarily serve the U.S. market, with almost double the floor space of our previous plant and, in 2012, we moved to larger manufacturing plants in Brazil and India with over two and five times more floor space, respectively, than our previous manufacturing plants. These investments enabled us to increase the number of production lines in operation at such plants and, consequently, increase net sales from such plants. In addition, we have made investments in our injection molding capacities at our manufacturing plants in Mexico and China. Furthermore, we recently opened an innovation center in Singapore, a major innovation hub for FMCG companies, and have invested in design and development capabilities in China, Mexico and Bulgaria in an effort to further cater to our customers, who are increasingly focusing on product development capabilities closer to end markets. Our injection molding machines typically have a useful life of twelve to 15 years. We believe it would take considerable time and investment to replicate our manufacturing base due to the high capital expenditure, regulatory requirements, maintenance costs, complex supply chain and strict quality standards.

Leading market position in attractive and resilient end markets.

We are the leading global supplier of air care and insecticide devices by revenue. We believe that we supply a majority of the Air Care Products sold globally by three of our four largest air care FMCG customers and a majority of the Insecticide Products sold globally by our two largest insecticide FMCG customers.

The end markets for our Air Care Products and Insecticide Products have been resilient during the global downturn as a result of the relatively low price points of such products in the retail end markets and, in the case of Insecticide Products, the relatively non-discretionary nature of such products. According to Euromonitor, the global air care and insecticide markets that make up Zobele's addressable markets grew at compound annual growth rates of approximately 4.3% and 9.8%, respectively, between 2009 and 2011. This growth was primarily driven by the continued launch of new or enhanced products, as new or enhanced products generally have a higher average selling price than existing products, and by increased penetration in emerging markets. During the same period, our net sales of Air Care Products and Insecticide Products grew at compound annual growth rates of 25.9% and 5.0%, respectively, significantly exceeding the overall air care market growth as a result of our entry into new sub-categories

of Air Care Products with existing customers and our expansion with our customers into higher growth emerging markets.

The global air care and insecticide markets that make up Zobele's addressable markets are expected to remain attractive going forward and are expected to grow at compound annual growth rates of approximately 3.3% and 6.9%, respectively, between 2012 and 2016, driven by product innovation in developed markets and increasing disposable income and penetration of electric dispensing devices in emerging markets. Given our global footprint and ''one-stop-shop'' capabilities we expect to be able to take advantage of this growth.

Attractive financial profile with strong financial track record.

We have a strong financial track record with net sales of €211.5 million, €259.9 million and €313.3 million for the years ended December 31, 2009, 2010 and 2011, respectively, reflecting a compound annual growth rate of 21.7%. We have also demonstrated an ability to improve EBITDA before non-recurring transactions during periods of macroeconomic volatility, with EBITDA before non-recurring transactions of €34.0 million, €38.1 million and €40.4 million for the years ended December 31, 2009, 2010 and 2011, respectively, reflecting a compound annual growth rate of 9.0%. Historically our business has required approximately €15 million of capital expenditure per annum, of which 25% to 30% has been maintenance and industrial improvements capital expenditure, and the remainder of which has been customer-specific capital expenditure. We have a flexible cost base with an ability to increase and decrease the number of employees and number of shifts at our manufacturing plants depending on customer demand levels.

Experienced management team with a proven track record.

Our experienced and committed senior management team led by Roberto Schianchi, our Chief Executive Officer, and Christopher Wood, our Chief Financial Officer, is a key factor in the continuing success of our business. Our senior management team has a strong background in growing global consumer and manufacturing businesses, with an average of 24 years of international experience in the consumer and manufacturing industries. Our senior management team has implemented a comprehensive business plan that we believe will allow us to continue to grow our core Air Care and Insecticide Products categories, capture growth in emerging markets, broaden our customer base and expand our presence in the market for Home, Health and Personal Care Products. In addition, our senior management team is supported by strong divisional management teams in each of our operating divisions and an experienced five-member board that includes our Chairman, Enrico Zobele, who represents the third generation of the founding Zobele family. Mr. Zobele has 36 years of experience with the Zobele Group.

Strategy

The key components of our strategy are as follows:

Continue to grow our product categories.

Since 2009, we have successfully increased the net sales of our products from €211.5 million to €313.3 million for the year ended December 31, 2011. We intend to continue to grow our share of the market in our core product categories by driving further product innovation, leveraging our previous successful product launches to expand our product portfolios with our existing customers and improving our customer service levels. In addition, we expect to capture growth resulting from the continued globalization of the FMCG market and the focus by our global FMCG customers on consolidating their suppliers, out-sourcing and product innovation.

We also intend to further grow our net sales within our Home, Health and Personal Care Products category. We typically produce such Home, Health and Personal Care Products by leveraging our existing core dispensing device technologies. Given our strong and long-standing relationships with our FMCG customers, we believe that we are well positioned to be awarded further mandates from such customers for the production of such products.

Capture growth in emerging markets.

Between 2009 and 2011, we won several new contracts with our global FMCG customers in emerging markets, and our net sales in emerging markets, which we consider to be countries in Asia Pacific, South America, and Africa and the Middle East, increased from €31.8 million to €45.7 million, representing a compound annual growth rate of 19.9%. We intend to capture further growth in emerging markets such as India, Brazil and China in particular, which are expected to continue to grow due to the increasing penetration of electric dispensing devices and increasing levels of disposable income. For instance, we believe we are well positioned to capture this growth, as our global FMCG customers view the emerging markets as key growth markets, and we have invested in our manufacturing footprint in several of such markets. We recently made further investments in our manufacturing capacity in Brazil and India by moving our production to larger plants and increasing the number of production lines at these plants, which became fully operational in 2012. In addition, we have made investments in our injection molding capacities at our manufacturing plants in Mexico and China. Furthermore, we recently opened an innovation center in Singapore, a major innovation hub for FMCG companies, and have invested in localized design and development capabilities in China, Mexico and Bulgaria in an effort to further cater to our customers, who are increasingly focusing on product development capabilities closer to end markets.

Broaden our customer base.

We intend to broaden our customer base by leveraging our global footprint and product innovation and development capabilities. For example, over the last four years we have been successful in developing our relationship with Procter & Gamble for the supply of Air Care Products and, as a result, they have grown to be one of our largest customers. We are also currently building a new relationship with another global FMCG company and have recently signed a contract with initial deliveries scheduled in 2013. In addition to broadening our global FMCG customer base, we have set up a new business unit to target regional FMCG customers, who have characteristics and demands similar to those of global FMCG companies, and leading retailer customers, who are particularly attractive because they provide higher margins due to their distinctive service requirements.

Focus on profitable growth, operational efficiency and cash flow generation.

We develop our strategy in an effort to take advantage of our strengths by focusing on profitable growth, increasing the efficiency and effectiveness of our operations, generating cash flow and reducing leverage. We intend to focus on profitable growth by leveraging our past capital investments, which have expanded our operations in key emerging markets, diversified our customer base and products offering, and led to expanding relationships with our existing customers globally. In addition, we intend to increase our cost efficiency through increased scrutiny of our costs of operations, particularly with respect to materials costs, targeting lower operating expenditures by optimizing our increased capacity at our manufacturing plants in Mexico, China, Brazil and India and increasing automation to offset labor cost increases in emerging markets. We also intend to generate cash flow and reduce our leverage by managing liquidity, taking advantage of economies of scale and utilizing our global footprint to roll out new or enhanced products while managing capital expenditure requirements.

Recent Developments

We have continued to achieve improvements in our net sales and EBITDA before non-recurring transactions during October and November 2012, driven principally by increases in sales to our global FMCG customers. Based on preliminary results reflected in our non-IFRS management accounts, our net sales and EBITDA before non-recurring transactions for the two-month period ended November 30, 2012 were €55.2 million and €7.0 million, respectively.

We believe, based on historical adjustments to our non-IFRS management accounts, that the adjustments that would be required to present net sales and EBITDA before non-recurring transactions under IFRS would not be material. Based on these two-month preliminary results, we anticipate that our net sales and EBITDA before non-recurring transactions when prepared pursuant to IFRS for the three months ended December 31, 2012 will also increase compared to the three months ended December 31, 2011.

We have also continued to exercise control over our working capital position and, as a result, net cash generated from our operating activities during October and November 2012 showed improvement

relative to the corresponding period in 2011. We anticipate that net cash generated from operating activities for the three months ended December 31, 2012 will also be higher than that for the three months ended December 31, 2011. As a result, we anticipate that our *pro forma* net debt as of December 31, 2012, after giving effect to the Refinancing and the conversion of the Shareholder Loan, would have been less than the €153.7 million presented as of September 30, 2012.

The above information is based on preliminary results and estimates and is not intended to be a comprehensive statement of our financial or operational results for the three months ended December 31, 2012 or the year ended December 31, 2012. Such information has been prepared by management and has not been audited, reviewed or verified by our independent auditors. The preliminary results mentioned above are derived from our non-IFRS management accounts, rather than our IFRS financials, and are for a two-month period. Our preliminary estimates in relation to the three months ended December 31, 2012 are based on a number of assumptions that are subject to inherent uncertainties and subject to change. In addition, while we believe these estimates to be reasonable, over the course of the next several weeks we will be completing our financial statements for the year ended December 31, 2012, which will be subject to an audit by our independent auditors. Accordingly, our actual results for the three months ended December 31, 2012 or the year ended December 31, 2012 may vary from our preliminary results and estimates above, and such variations could be material. As such, you should not place undue reliance on them. See ''Forward-Looking Statements'' and ''Risk Factors'' for a more complete discussion of certain of the factors that could affect our future performance and results of operation.

Our Sponsor

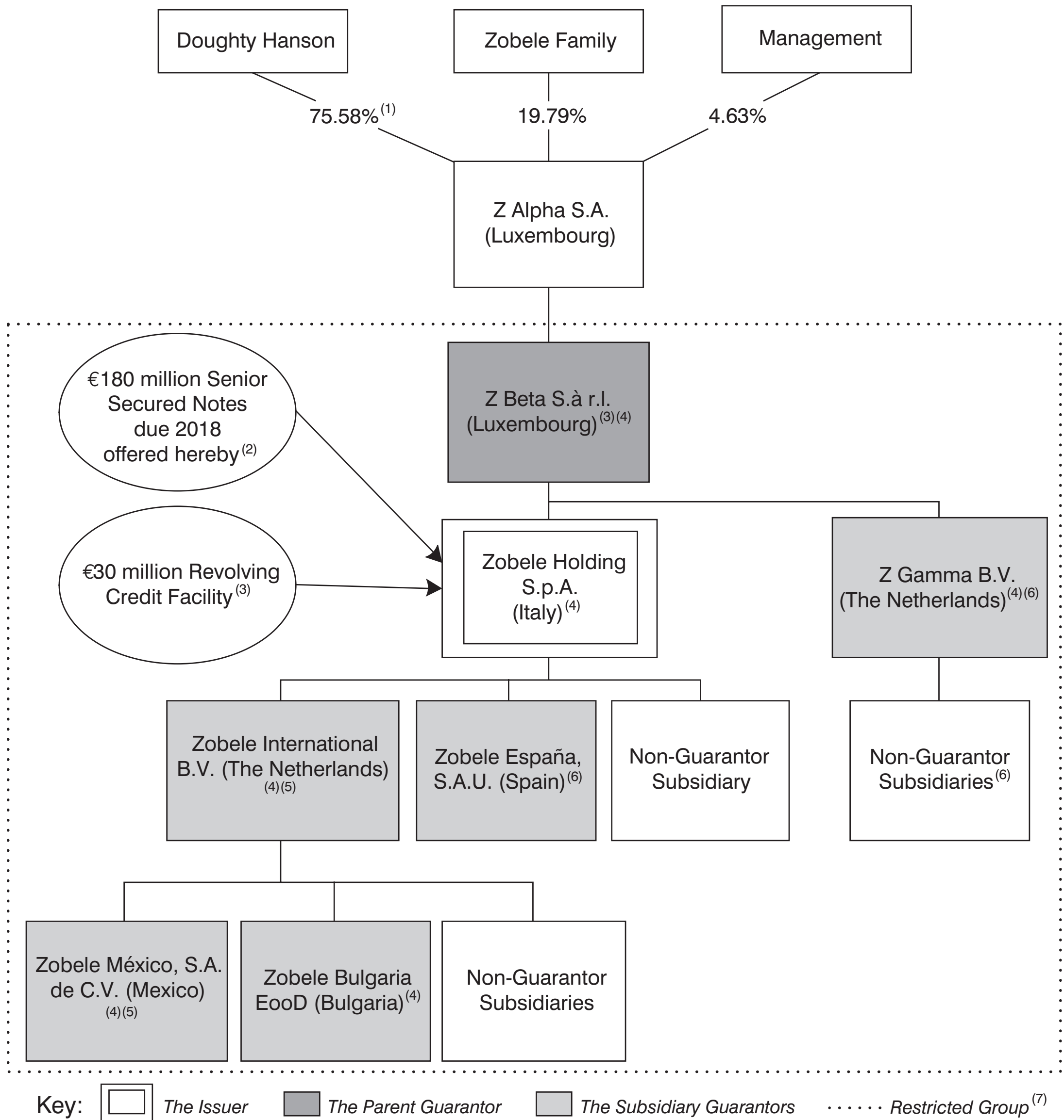
Doughty Hanson is a leading private equity firm specializing in investments in businesses headquartered in or whose businesses are primarily based in Europe. Doughty Hanson traces its history back to 1985 when Nigel Doughty and Richard Hanson started working together on European buyout investments. It is based in London, United Kingdom, with additional offices across Europe.

The Refinancing

After deduction of commissions and expenses, we anticipate the net proceeds from the issue of the Notes to be approximately €170.3 million. We intend to use the net proceeds from the issue of the Notes for the repayment of all amounts outstanding under our Existing Senior Facilities Agreement. In connection with this Offering, we expect to enter into the Revolving Credit Facility Agreement on or about the Issue Date, which will provide for borrowings of up to €30 million (the issuance of the Notes, the repayment of all amounts outstanding under our Existing Senior Facilities Agreement and the entry into the Revolving Credit Facility Agreement, collectively, the ''Refinancing''). The Revolving Credit Facility will be secured by the Collateral, with certain exceptions as noted under ''Summary—The Offering—Security.'' In the event of an enforcement of the Collateral, the holders of the Senior Secured Notes will receive proceeds from the Collateral only after the lenders under the Revolving Credit Facility (or any repayment facilities) and counterparties to certain hedging obligations have been repaid in full. The Revolving Credit Facility will be a senior obligation of the Issuer and will rank equally in right of payment with all other existing and future senior debt of the Issuer. The Revolving Credit Facility will be guaranteed on a senior basis by the Guarantors. For additional information, see ''Use of Proceeds,'' ''Description of Certain Financing Arrangements'' and ''Description of Notes.''

CORPORATE STRUCTURE AND CERTAIN FINANCING ARRANGEMENTS

The following diagram summarizes our corporate structure and principal outstanding financing arrangements after giving *pro forma* effect to the Refinancing as described in ''Use of Proceeds.'' For a summary of the debt obligations referenced in this diagram, see ''Description of Certain Financing Arrangements'' and ''Description of Notes.''



(1) Doughty Hanson & Co Fund IV (which comprises four English limited partnerships (Doughty Hanson & Co IV Limited Partnership Numbers One, Two, Three and Four)) indirectly owns approximately 75.58% of the total number of issued and outstanding shares of Z Alpha S.A.

(2) The obligations of the Issuer under the Notes will be guaranteed on a senior basis by the Guarantors. The obligations of the Issuer and the Guarantors under the Notes, the Indenture and the Revolving Credit Facility Agreement will be secured as described under ''Description of Notes—Security.'' Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of the Revolving Credit Facility and counterparties to certain hedging obligations that are permitted to be secured by Collateral will receive priority with respect to any proceeds received upon any enforcement action over any Collateral. Any proceeds received upon any enforcement action over any Collateral, after all obligations under the Revolving Credit Facility and certain hedging arrangements have been repaid and have been discharged from such recoveries, will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes and any other indebtedness of the Issuer and the Guarantors permitted to be incurred and secured by Collateral on a *pari passu* basis pursuant to the Indenture and the Intercreditor Agreement. See ''Description of Certain Financing Arrangements—Intercreditor Agreement.''

(3) The Issuer intends to enter into a Revolving Credit Facility Agreement on or around the Issue Date providing for up to €30 million of senior secured borrowings and letters of credit and other ancillary facilities. The Issuer and the Guarantors will be borrowers or guarantors under the Revolving Credit Facility. On the Issue Date, the Revolving Credit Facility will be undrawn.

(4) Zobele Holding S.p.A. will issue the Notes. Z Beta S.à r.l., Z Gamma B.V., Zobele International B.V., Zobele España, S.A.U., Zobele México, S.A. de C.V. and Zobele Bulgaria EooD will guarantee the Notes. For the twelve months ended September 30, 2012, the Issuer and the Guarantors generated 80.2% of the Group's EBITDA before non-recurring transactions and, as of September 30, 2012, directly held 87.1% of the Group's consolidated total assets. The Guarantees will be subject to contractual and legal limitations, and may be released under certain circumstances. See ''Risk Factors—Risks Relating to the Notes.'' There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantees of the Notes may be released automatically, without your consent or the consent of the Trustee.

(5) Zobele International B.V. holds 95% of the ordinary shares of Zobele Mexico S.A. de C.V., with China Auto Corporation holding the remaining 5% minority interest.

(6) Z Gamma B.V. holds 80% of the ordinary shares of Zobele Asia Pacific (Hong Kong) Ltd., one of our Non-Guarantor Subsidiaries, with minority shareholders holding the remaining 20% interest.

(7) The entities in the ''Restricted Group'' will be subject to the covenants in the Revolving Credit Facility Agreement and in the Indenture.

THE OFFERING

The summary below describes the principal terms of the Indenture and the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The ''Description of Notes'' section of this Offering Memorandum contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Issuer	Zobele Holding S.p.A., a private joint stock company incorporated under the laws of Italy.
Notes Offered	€180 million aggregate principal amount of % Senior Secured Notes due 2018.
Issue Price	%.
Issue Date	On or about , 2013.
Maturity Date	, 2018.
Interest Rate	% per annum.
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on and of each year, beginning on , 2013. Interest will accrue from the Issue Date.
Form of Denomination	The Issuer will issue the Notes on the Issue Date in global form in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof, maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.
Guarantees	The Notes will be guaranteed on a senior basis by each of: Z Beta S.à r.l., Z Gamma B.V., Zobele International B.V., Zobele España, S.A.U., Zobele México, S.A. de C.V. and Zobele Bulgaria EooD. The Guarantees will be subject to contractual and legal limitations, and may be released under certain circumstances. See ''Risk Factors—Risks Relating to the Notes'' and ''Description of Certain Financing Arrangements—Intercreditor Agreement.'' There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantees will be released automatically, without your consent or the consent of the Trustee. For the twelve months ended September 30, 2012, the Issuer and the Guarantors generated 80.2% of the Group's EBITDA before non-recurring transactions and, as of September 30, 2012, directly held 87.1% of the Group's consolidated total assets. As of September 30, 2012, on a *pro forma* basis after giving effect to the Refinancing and the conversion of the Shareholder Loan, the Group would have had €153.7 million of net debt and €66.7 million of trade payables.
Security	Subject to the terms of the Security Documents and the Intercreditor Agreement, the obligations of the Issuer and Guarantors under the Notes, the Indenture and the Guarantees will be secured by the security interests listed below; *provided* that lenders under the Revolving Credit Facility and the counterparties to certain hedging obligations will receive priority to the proceeds from the Collateral in the event of any enforcement. See ''Description of Notes—Security'' and ''Description of Certain Financing Arrangements—Intercreditor Agreement.''

On or about the Issue Date, the obligations of the Issuer and the Guarantors under the Notes, the Indenture and the Guarantees will be secured by the following Collateral:

- a pledge over the shares of the Company by Z Alpha;
- a pledge over the shares of Z Gamma B.V. by the Company;
- a pledge over the shares of the Issuer by the Company;
- a pledge over certain intellectual property rights of the Issuer;
- a special moveables pledge granted by Zobele Bulgaria EooD;
- a special pledge over the shares of Zobele International B.V. by the Issuer;
- a shares and receivables pledge over the shares of Zobele Bulgaria EooD by Zobele International B.V.;
- a pledge over 95% of the shares of Zobele México, S.A. de C.V. by Zobele International B.V.;
- a pledge (without transfer of possession) over all movable assets owned by Zobele México, S.A. de C.V.;
- a charge over the shares of Zobele Asia Pacific (Hong Kong) Limited by Z Gamma B.V.;
- a pledge over the shares of Zobele España, S.A.U. by the Issuer; and
- a pledge by Z Gamma B.V. over certain intra-group receivables between Z Gamma B.V. and the Issuer.

On or about the Issue Date, the liens over the Collateral described above shall be first-ranking (subject to certain exceptions and limitations described herein).

The Revolving Credit Facility will be guaranteed by the Guarantors, and (subject to certain agreed security principles set out in the Revolving Credit Facility Agreement) will benefit from the same Collateral as the Notes as set out under ''Description of Notes—Security,'' save that the Revolving Credit Facility will not be secured by the pledge over the shares of Zobele España, S.A.U. granted by the Issuer. In addition, the Revolving Credit Facility will be secured by (i) an Italian governed mortgage over real estate property of the Issuer; (ii) an Italian law governed special privilege over moveable assets of the Issuer; and (iii) an Italian law governed pledge over an account into which certain mandatory prepayments under the Revolving Credit Facility shall be made.

See ''Description of Notes—Security.''

Ranking . . . . The Notes will:

- be the general obligations of the Issuer;
- be secured by first-ranking Liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations secured on a super priority basis, including lenders under the Revolving Credit Facility and counterparties to certain priority hedging obligations, have been paid in full as described

under ''Description of Certain Financing Arrangements—Intercreditor Agreement;''

- rank equal in right of payment with all of the Issuer's existing and future debt that is not subordinated in right of payment to the Notes, including debt incurred under the Revolving Credit Facility and any hedging arrangements;
- be senior in right of payment to any of the Issuer's existing and future obligations that are subordinated in right of payment to the Notes, if any;
- be effectively subordinated to any existing and future obligations of the Issuer that are secured by Liens senior to the Liens securing the Notes, or secured by property or assets other than the Collateral, to the extent of the value of such property and assets;
- be structurally subordinated to all existing and future obligations of the Subsidiaries of the Company that do not provide Guarantees (other than the Issuer); and
- be guaranteed on a senior secured basis by the Guarantors.

The Notes will be fully and unconditionally guaranteed by the Guarantors subject to the guarantee limitations described in ''Description of Notes—Guarantees—Limitations under the Guarantees.'' Each Guarantee will:

- be a general obligation of the Guarantor that granted such Guarantee;
- be secured by first-ranking Liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations secured on a super priority basis, including lenders under the Revolving Credit Facility and counterparties to certain priority hedging obligations, have been paid in full as described under ''Description of Certain Financing Arrangements—Intercreditor Agreement;''
- rank equally in right of payment with all existing and future obligations of the applicable Guarantor that is not subordinated in right of payment to such Guarantee, including its obligations under the Revolving Credit Facility and any hedging obligations;
- be effectively subordinated to any existing and future obligations of the applicable Guarantor that are secured by Liens senior to the Liens securing such Guarantee, or secured by property or assets other than the Collateral, to the extent of the value of such property and assets; and
- be senior in right of payment to any and all of the applicable Guarantor's existing and future obligations that are subordinated in right of payment to its Guarantee.

As of September 30, 2012, after giving *pro forma* effect to the Refinancing and the conversion of the Shareholder Loan, our total consolidated net debt would have been €153.7 million. In addition, we will have €30.0 million available for drawing under the Revolving Credit Facility.

Use of Proceeds	We intend to use the net proceeds from the issuance of the Notes for the repayment and/or the refinancing of existing indebtedness. See ''Use of Proceeds.''
Optional Redemption	The Issuer may redeem the Notes: • in whole or in part at any time prior to , 2015, at a redemption price equal to 100% of the principal and the applicable ''make-whole'' premium, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption; • at any time prior to , 2015, during each twelve-month period commencing with the Issue Date, up to 10% of the then outstanding aggregate principal amount of the Notes at a redemption price equal to 103% of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption; • in whole or in part at any time on or after , 2015 at the redemption prices described in this Offering Memorandum under the caption ''Description of Notes—Optional Redemption,'' plus accrued and unpaid interest, if any, to the date of redemption; and • at any time and from time to time prior to , 2015 in an aggregate principal amount not to exceed 35% of the aggregate principal amount of Notes originally issued, with the proceeds of one or more qualifying equity offerings, at a redemption price equal to % of the principal amount redeemed plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.
Tax Redemption	If certain changes in the law of any relevant taxing jurisdiction become effective that would impose withholding taxes or other deductions on the payments on the Notes and Guarantees, the Issuer may redeem the Notes in whole, but not in part, at any time upon giving proper notice, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See ''Description of Notes—Optional Redemption—Redemption upon Changes in Withholding Taxes.''
Additional Amounts	All payments in respect of the Notes or the Guarantees will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, the Issuer or relevant Guarantor, as the case may be, will pay additional amounts so that the net amount each holder of the Notes receives after such withholding or deduction is no less than that which the holder would have received in the absence of such withholding or deduction. See ''Description of Notes—Additional Amounts.'' Subject to and as set out in ''Description of Notes—Additional Amounts,'' the Issuer will not be liable to pay any additional amounts to holders of the Notes in relation to, among other things, any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended, or supplemented from time to time) where the Notes are held by a person resident in a country that does

	not allow for satisfactory exchange of information with Italy (as per article 168-bis, Italian Presidential Decree No. 917 of December 22, 1986) and otherwise in the circumstances as described in ''Description of Notes—Additional Amounts.''
Change of Control	Upon the occurrence of certain change of control events, the Issuer will be required to offer to repurchase the Notes at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase. See ''Description of Notes.''
Certain Covenants	The Indenture governing the Notes and the Guarantees will, among other things, restrict the ability of the Company and its restricted subsidiaries to: • incur or guarantee additional indebtedness and issue certain preferred shares; • layer debt; • pay dividends on or repurchase shares; • redeem or repurchase indebtedness junior to the Notes; • make certain investments; • create certain liens; • merge or consolidate with other entities; • create encumbrances or restrictions on the payment of dividends or other amounts to the Issuer from any of its restricted subsidiaries; • enter into certain transactions with affiliates; • impair the Collateral; • sell, lease or transfer certain assets, including shares of any restricted subsidiary of the Issuer; and • guarantee certain types of other indebtedness of the Issuer and its restricted subsidiaries without also guaranteeing the Notes. Each of the covenants is subject to significant exceptions and qualifications. See ''Description of Notes—Certain Covenants.''
Transfer Restrictions	The Notes have not been, and will not be, registered under the U.S. Securities Act, or under any other national, federal, state or local securities laws. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act. See ''Offering and Transfer Restrictions.''
No Established Public Market for the Notes	The Notes will be new securities for which there will be no established trading market. Accordingly, there can be no assurances as to the development or liquidity of any market for the Notes.
Listing	Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

Governing Law	The Indenture, the Guarantees and the Notes will be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement will be governed by English law. The Security Documents will be governed by the respective laws of the jurisdictions in which the relevant security interests are granted.
Trustee	U.S. Bank Trustees Limited, Fifth Floor, 125 Old Broad Street, London EC2N 1AR, United Kingdom.
Principal Paying Agent and Transfer Agent	Elavon Financial Services Limited, UK Branch, Fifth Floor, 125 Old Broad Street, London EC2N 1AR, United Kingdom.
Registrar	Elavon Financial Services Limited, Block E, Cherrywood Business Park, Loughlinstown, Dublin, Ireland.
Luxembourg Listing Agent	Société Générale Bank and Trust S.A., 11, avenue Emile Reuter, L-2450 Luxembourg, Grand Duchy of Luxembourg.
Security Agent	UniCredit Bank AG, Milan Branch, Via Broletto, 16, 20121 Milan, Italy.
Risk Factors	Investing in the Notes involves substantial risks. See ''Risk Factors'' for a description of certain of the risks you should carefully consider before investing in the Notes.
Other Information	Our principal administrative office and the Issuer's registered office are at Via Fersina, 4, 38123, Trento (TN), Italy (telephone number: +39 0461 303 700).
Independent Auditors	The independent auditors of Z Beta and its subsidiaries is PricewaterhouseCoopers Société Coopérative, 400 route d'Esch, B.P. 1443, L-1014 Luxembourg.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The tables below set forth the summary consolidated income statement, balance sheet and cash flow statement information of the Company as of and for the years ended December 31, 2009, 2010 and 2011 and as of and for the nine months ended September 30, 2011 and 2012, each of which has been prepared in accordance with IFRS, and summary consolidated income statement information for the twelve months ended September 30, 2012.

The summary consolidated income statement, balance sheet and cash flow statement information as of and for the years ended December 31, 2009, 2010 and 2011 were extracted or derived from the audited consolidated financial statements and notes thereto of the Company, prepared in accordance with IFRS and included elsewhere in this Offering Memorandum. The summary consolidated historical interim income statement, balance sheet and cash flow statement information as of and for the nine months ended September 30, 2011 and 2012, were extracted or derived from the unaudited interim consolidated financial statements and notes thereto of the Company, prepared in accordance with IFRS and included elsewhere in this Offering Memorandum. Interim results of operations are not necessarily indicative of the results of operations that may be expected for any other period or for the full year.

Information for the twelve months ended September 30, 2012 was derived by subtracting the unaudited consolidated financial data of the Group for the nine months ended September 30, 2011 from the consolidated financial data of the Group for the year ended December 31, 2011 and adding the difference to the unaudited consolidated financial data of the Group for the nine months ended September 30, 2012. The unaudited financial information for the twelve months ended September 30, 2012 has been prepared solely for the purposes of this Offering Memorandum and is for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

The tables below also include unaudited consolidated *pro forma* financial data which have been adjusted to reflect certain effects of the Refinancing and the conversion of the Shareholder Loan on the financial position and net financial expenses of the Group as of and for the twelve months ended September 30, 2012 as if this Offering and the conversion of the Shareholder Loan had occurred (i) on September 30, 2012 for the purposes of the calculation of net financial position and (ii) on October 1, 2011 for the purposes of the calculation of net interest expense. The unaudited consolidated *pro forma* financial data have been prepared for illustrative purposes only and do not purport to represent what the actual consolidated financial position or net financial expenses of the Group would have been if this Offering had occurred (i) on September 30, 2012 for the purposes of the calculation of net financial position and (ii) on October 1, 2011 for the purposes of the calculation of net interest expense, nor do they purport to project the Group's consolidated financial position and net financial expenses at any future date. The unaudited consolidated *pro forma* adjustments and the unaudited *pro forma* financial data set out in the tables below are based on available information and certain assumptions and estimates that we believe are reasonable but may differ materially from the actual amounts.

The financial information below includes certain non-IFRS measures used to evaluate our economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered as an alternative measure to evaluate the performance of our Group. See ''Presentation of Financial Information and Other Data.''

We encourage you to read the information contained in this section in conjunction with the sections entitled ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' and the audited financial statements of the Company, including the notes thereto, appearing elsewhere in this Offering Memorandum.

Consolidated Income Statement

	Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30,
	2009	2010	2011	2011	2012	2012
	(€ in millions)					
Net Sales	**211.5**	**259.9**	**313.3**	**239.5**	**254.8**	**328.6**
Cost of Sales	(156.3)	(200.4)	(250.2)	(187.0)	(205.7)	(268.9)
Gross Profit	**55.2**	**59.5**	**63.1**	**52.5**	**49.1**	**59.7**
General and Administrative Expenses	(13.3)	(13.8)	(14.0)	(10.8)	(11.7)	(14.9)
Sales and Marketing Expenses	(4.2)	(4.6)	(5.8)	(4.4)	(3.6)	(5.0)
Research and Development	(4.5)	(3.9)	(4.2)	(3.1)	(0.6)	(1.7)
Operation Costs	(1.7)	(1.6)	(0.5)	(0.2)	(1.0)	(1.3)
Miscellaneous (Costs)/Income	0.2	0.2	(0.5)	(0.4)	(0.7)	(0.8)
Overheads	**(23.5)**	**(23.7)**	**(25.0)**	**(18.9)**	**(17.6)**	**(23.7)**
Other Income/(Expenses)	2.3	2.3	2.3	(1.4)	1.6	5.3
EBITDA Before Non-Recurring Transactions	**34.0**	**38.1**	**40.4**	**32.2**	**33.1**	**41.3**
Depreciation, Amortization and Write-Downs	(11.9)	(13.0)	(12.8)	(9.3)	(10.0)	(13.5)
Earnings Before Interest, Taxes and Non-Recurring Transactions	**22.1**	**25.1**	**27.6**	**22.9**	**23.1**	**27.8**
Costs from Non-Recurring Transactions	(2.2)	(1.8)	(1.5)	(0.5)	(5.6)	(6.6)
Earnings Before Interests and Taxes	**19.9**	**23.3**	**26.1**	**22.4**	**17.5**	**21.2**
Financial Income/(Expenses)	(26.3)	(23.8)	(28.7)	(19.5)	(20.8)	(30.0)
Profit/(Loss) Before Taxes	**(6.4)**	**(0.5)**	**(2.6)**	**2.9**	**(3.3)**	**(8.8)**
Income Taxes	(7.5)	(5.7)	(7.3)	(5.6)	(6.4)	(8.1)
Net Income/(Loss)	**(13.9)**	**(6.2)**	**(9.9)**	**(2.7)**	**(9.7)**	**(16.9)**
Minority Interest	1.5	1.2	0.3	0.1	0.5	0.7
Group Net Income/(Loss)	**(15.4)**	**(7.4)**	**(10.2)**	**(2.8)**	**(10.2)**	**(17.6)**

Consolidated Balance Sheet

	As of December 31,			As of September 30,
	2009	2010	2011	2012
	(€ in millions)			
Assets				
Total non-current assets	285.7	288.8	293.0	293.6
Total current assets	115.4	156.8	156.2	149.3
Total Assets	**401.1**	**445.6**	**449.2**	**442.9**
Total equity	29.8	39.3	32.3	22.7
Total non-current liabilities	291.4	280.5	151.1	303.7
Total current liabilities	79.9	125.8	265.8	116.5
Total Equity and Liabilities	**401.1**	**445.6**	**449.2**	**442.9**

Consolidated Cash Flow Statement

	Year Ended December 31,			Nine Months Ended September 30,	
	2009	2010	2011	2011	2012
	(€ in millions)				
Net cash generated from operating activities	**21.0**	**40.9**	**24.6**	**21.1**	**25.0**
Net cash generated from (used in) investing activities	**(7.2)**	**(15.2)**	**(15.1)**	**(11.7)**	**(11.4)**
Net cash generated from (used in) financing activities	**(10.0)**	**(12.1)**	**(28.8)**	**(16.7)**	**(3.3)**
Change in cash and cash equivalents	3.8	13.6	(19.3)	(7.3)	10.3
Cash and cash equivalents at end of the period	**17.0**	**30.6**	**11.3**	**23.3**	**21.6**

Other Financial and Operating Data

	Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30,
	2009	2010	2011	2011	2012	2012
	(€ in millions)					
EBITDA Before Non-Recurring Transactions[(1)]	34.0	38.1	40.4	32.2	33.1	41.3
EBITDA Before Non-Recurring Transactions Margin (%)[(2)]	16.1%	14.6%	12.9%	13.4%	13.0%	12.5%
Capital Expenditure[(3)]	8.4	14.8	15.2	11.9	11.3	14.6
Pro forma cash and cash equivalents[(4)]						26.4
Pro forma net debt[(5)]						153.7
Pro forma interest expense[(6)]						15.4
Pro forma net debt/EBITDA Before Non-Recurring Transactions						3.7x
EBITDA Before Non-Recurring Transactions/*pro forma* interest expense						2.7x

(1) Neither EBITDA before non-recurring transactions nor EBITDA before non-recurring transactions margin is a recognized measure of financial performance or liquidity under IFRS. We define EBITDA before non-recurring transactions as net income before income taxes, financial income and expense, depreciation, amortization and write-downs and costs related to non-recurring transactions. These non-GAAP measures should not be considered a substitute for operating income, profit/(loss) before tax, cash flow from operating, investing or financing activities or any other measure of performance in accordance with generally accepted accounting principles. As a result of their limitations, neither EBITDA before non-recurring transactions nor EBITDA before non-recurring transactions margin should be considered in isolation or as a substitute for performance measures calculated in accordance with IFRS. We compensate for these limitations by relying primarily on our IFRS results and using EBITDA before non-recurring transactions and EBITDA before non-recurring transactions margin only supplementally. The following table sets forth a reconciliation of EBITDA before non-recurring transactions.

	Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30,
	2009	2010	2011	2011	2012[(a)]	2012[(a)]
	(€ in millions)					
Net Income/(Loss)	**(13.9)**	**(6.2)**	**(9.9)**	**(2.7)**	**(9.7)**	**(16.9)**
Income Taxes	7.5	5.7	7.3	5.6	6.4	8.1
Financial Income/(Expense)	26.3	23.8	28.7	19.5	20.8	30.0
Depreciation, Amortization and Write-Downs	11.9	13.0	12.8	9.3	10.0	13.5
Costs from Non-Recurring Transactions[(b)]	2.2	1.8	1.5	0.5	5.6	6.6
EBITDA Before Non-Recurring Transactions	**34.0**	**38.1**	**40.4**	**32.2**	**33.1**	**41.3**

(a) Starting from January 1, 2012, the Group has capitalized development costs meeting the criteria of IAS 38 to be recorded as intangible assets. In prior periods all such costs were expensed as incurred. The developments costs capitalized in the nine months ended September 30, 2012 amounted to €2.7 million. If such costs had been expensed, EBITDA before non-recurring transactions for the nine months ended September 30, 2012 would have been €30.4 million and EBITDA before non-recurring transactions for the twelve months ended September 30, 2012 would have been €38.6 million.

(b) Costs from non-recurring transactions primarily relate to one-off projects and various non-recurring costs in relation to management changes. Historically, these costs have included termination costs related to a management reorganization plan, costs incurred in 2009 in connection with the reorganization at Zobele España, S.A.U., which involved the closure of the Spanish manufacturing plant, relocation costs for our manufacturing plant in Mexico in 2010 and provisions for inventory obsolescence as a result of a revision to calculating the provisions in 2012. See ''Management's Discussion and Analysis of Financial Condition and Results of Operation'' for further explanation.

(2) We define EBITDA before non-recurring transactions margin as EBITDA before non-recurring transactions divided by net sales. As explained in note (1)(a) above, starting from January 1, 2012 we have capitalized development costs meeting the criteria of IAS 38 to be recorded as intangible assets. If such costs had been expensed, EBITDA before non-recurring transactions margin for the nine months ended September 30, 2012 and the twelve months ended September 30, 2012 would have been 11.9% and 11.7%, respectively.

(3) We define capital expenditure as cash flow in capital expenditures for the relevant period.

(4) *Pro forma* cash and cash equivalents represents our cash and cash equivalents at September 30, 2012 adjusted for the effects of the Offering. For the adjustments to cash and cash equivalents see ''Use Of Proceeds'' and ''Capitalization.''

(5) We define net debt as current and non-current financial liabilities which includes bank borrowings, finance leases and other financial liabilities of the Group less cash and cash equivalents. *Pro forma* net debt represents our net debt at September 30, 2012, adjusted for the effects of the Offering, including the conversion of the Shareholder Loan into reserves, as approved on December 13, 2012. Our *pro forma* net debt at September 30, 2012 includes the principal amount of the Notes, excluding original issue discount, if any, and debt issuance costs less *pro forma* cash and cash equivalents. For the adjustments to net debt see ''Capitalization.''

(6) *Pro forma* interest expense represents the interest expense in connection with the Notes offered hereby and the commitment fee on the Revolving Credit Facility as if the Offering had taken place on October 1, 2011. The interest expense is calculated, with respect to the Notes, based on an assumed interest rate and does not include the amortization of the transaction costs in connection with the Offering. The commitment fee on the Revolving Credit Facility is equal to 40% of the applicable margin under the Revolving Credit Facility. *Pro forma* interest expense includes costs of finance leases and does not include any costs for our debt factoring or use of local credit facilities going forward.

RISK FACTORS

An investment in the Notes to be issued in this Offering involves a high degree of risk. In addition to the other information contained in this Offering Memorandum, you should carefully consider the following risk factors before purchasing the Notes. The risks and uncertainties that we describe below are not the only ones we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial could also have a material adverse effect on our business, financial condition or results of operations. If any of the possible events described below occurs, our business, financial condition or results of operations could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum.

Risks Relating to our Business and Industry

We generate a substantial portion of our sales from our key global customers.

Our four largest customers (Henkel, Procter & Gamble, Reckitt Benckiser and a privately owned leading global FMCG company) by net sales represented 79% of our net sales for the year ended December 31, 2011 and 80% of our net sales for the twelve months ended September 30, 2012. Despite our long-standing relationships with these customers, there can be no assurance that we will be able to maintain them. We typically enter into contracts with our key customers on a non-exclusive basis, and such contracts typically have a duration of between two and five years. The non-exclusive nature of these contracts strengthens the bargaining position of our key customers, who may use this leverage to demand higher discounts or allowances. Although these agreements and our ''one-stop-shop'' business model have provided the basis for long-term partnerships with our key customers, they are not binding, and there can be no assurance that our key customers will continue to purchase our products or purchase them on terms as favorable as in the past. In addition, the strength of our key customers' bargaining position may increase if there is consolidation among global FMCG companies or if our key customers grow disproportionately to their competitors. Our key customers' substantial leverage in negotiating with us could exert downward pressure on prices, reduce margins and place stress on our financial results. There can be no assurance that we will not be under pressure to accept cuts in prices by our key customers in the future.

While we have made efforts to reduce our reliance on our key global customers by attracting and growing sales from new customers, if we were to lose one or more of our key customers, or if any of our key customers significantly reduced the volume of our products which they purchase or demanded higher discounts or allowances, or if any key customer were to suffer a significant deterioration in sales performance or become insolvent, this could have a material adverse effect on our business, financial condition and results of operations.

We do not have long-term contracts with our key customers and the terms of our arrangements with customers generally do not contain minimum purchase volumes.

We operate in sectors where business is typically undertaken without long-term contracts. Although our relationships with our key customers are typically governed by contracts with a duration of between two and five years, such contracts are terminable upon short notice by either party. Therefore, our key customers typically have the ability to switch to alternative suppliers, particularly when they wish to dual source a product that has matured and become a staple part of their portfolio. Although we believe our customers typically have a limited ability to switch suppliers on short-term notice, we remain subject to the risk that a deterioration in our competitive position would have an impact on our business, financial condition and results of operations. In addition, our contracts with our key customers do not contain provisions governing minimum purchase volumes and our key customers may elect to in-source the manufacturing of the products we currently supply. For example, in the last five years, one of our customers has partially in-sourced the liquid filling phase of the manufacturing process for certain products. Furthermore, there is no certainty that our current trading terms will continue in the future, or that we will be able to maintain relationships with our current key customers. The loss of any of these contracts or key customers, or a significant worsening in demand from, or of the commercial terms of

supply to, any of these customers could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to meet the demands of our customers.

Our production requirements for certain products are subject to large fluctuations as a result of changes in demand triggered by product launches or as a result of promotions and advertising campaigns. Our production capacity is usually constrained by line capacity, supplier and materials capacity, available manpower and limits on our logistics. We may, therefore, be unable to meet production levels and deliver our products at the level required by our customers during periods of stronger than planned sales to consumers which may lead us to lose potential revenues or face claims from our customers. In addition, our relationship with any of our customers may be jeopardized and lead to a reduction in or termination of our business with such customer. Any such failure to meet demand could have a material adverse effect on our business, financial condition and results of operations. In addition, although we have recently made significant investments in our global manufacturing capacity, including, in some cases, by moving our operations to new, larger manufacturing plants, large and unexpected fluctuations in demand for our products could have a material adverse effect on our ability to optimize our production levels, and we may not be able to respond to such fluctuations in demand by transferring production from one manufacturing plant to another.

An inability to pass on price increases of materials or other inputs to our customers, or to source sufficient quantities of materials or other inputs, could adversely affect the results of our operations.

We rely upon the availability of a number of materials for manufacturing our products. In total, material costs accounted for 77.9% of our total cost of sales in the year ended December 31, 2011 and 79.1% of our total cost of sales for the nine months ended September 30, 2012. The key materials we use are fragrances, electronics, plastics, packaging and cardboard, chemicals, glass and metals. The prices for these materials are subject to price volatility attributable to a number of factors, including the availability of supply (including supplier capacity constraints), general economic conditions, commodity price fluctuations (particularly of petroleum), the demand by other industries for the same materials, the availability of complementary and substitute materials, and local and national regulatory requirements. Significant rises in material costs (including for their freight) could have a material adverse effect on our business, financial condition and results of operations if selling prices for our finished products are not adjusted accordingly. Our ability to pass along these higher costs through price increases to our customers is dependent upon, among other things, competitive pricing conditions employed in the market in which we compete. Even though our contracts with our global FMCG customers generally allow us to pass through increases in materials costs, there is typically a time lag between cost increases impacting our business and implementation of product price increases during which our gross margin may be negatively impacted. Certain of our suppliers are imposed on us by our FMCG customers, which have already negotiated price and other contractual terms with such suppliers, and in such cases our FMCG customers are responsible for any price increases made by such suppliers. When materials cost increases are not covered by our contractual arrangements with our customers, we must negotiate any increase in our product prices to recover such cost increases. If our customers do not accept a price increase, we face the risk of either losing the business or, alternatively, having our gross margins negatively impacted as a result of absorbing such increased costs.

Our business relies on our suppliers for certain integral parts and materials, including fragrances, electronics, chemicals and certain metals. In 2011, our ten largest suppliers accounted for approximately 34.1% of total supplier spend and our largest supplier accounted for 10% of total supplier spend. We cannot ensure that we will be able to maintain and secure supply due to operational, legal, regulatory or other factors beyond our control, including interruptions in production or sourcing by suppliers, bankruptcy or similar proceedings started by suppliers, decisions by suppliers to allocate supplies to other purchasers and price fluctuations. In the past, high levels of overdue amounts owed to certain suppliers resulting from large increases in demand has impacted our ability to negotiate lower prices or maintain current prices with certain of our suppliers, and there can be no assurance that this will not occur in the future. Although we typically maintain relationships with more than one supplier for each category of materials, and we have implemented double-sourcing for most of our materials, there can be no assurance that we would be able to replace a given supplier or procure substitute materials in a timely manner, or on acceptable commercial terms, in the event that any of these relationships are

discontinued or terminated. If we are not able to obtain sufficient quantities of materials and integral parts, this could have a material adverse effect on our business, financial condition and results of operations.

We may fail to realize anticipated business growth opportunities, revenue benefits, cost synergies, operational efficiencies and other benefits. As we grow, it will be difficult to maintain our historical growth rates and a balanced level of growth among different markets.

We intend to continue to pursue a business strategy of increasing sales and earnings by expanding our operations internationally. Because our ability to implement our growth strategy successfully will be dependent in part on factors beyond our control, including consumer preferences, macro-economic conditions, the competitive environment in the markets in which we compete and other factors, we may not be able to achieve our planned growth or sustain our financial performance.

Our business has grown by increasing sales to existing customers and by adding new customers. As we continue to broaden our product offerings in order to meet our customers' demand, we may do so in part by adding products that have lower product margins than those of our core products. In addition, in order to attract new customers, we may need to competitively price our products, which could generate lower margins. For these reasons, we cannot assure you that we will continue to grow at a rate comparable to our historic growth rate or that our historic financial performance will continue as we grow.

Our growth rate in past years, which has included a compound annual sales growth rate of 21.7% between 2009 and 2011, has been unbalanced geographically. For example, our net sales in North America, which is primarily served by our manufacturing plant in Mexico, have increased at a compound annual sales growth rate of 28.9% between 2009 and 2011. As a result of our unbalanced level of growth among different markets, we could continue to experience issues relating to customer service capacity limitations in our manufacturing plants and product line utilization. We have since put in place plans to address these issues, such as increased utilization of temporary workers in our European manufacturing plants, greater use of automation to increase flexibility in production and the implementation of lean manufacturing techniques. If our plans are unsuccessful or if a sudden increase in demand in one region is higher than expected and we are unable to meet such demand, this could have a material adverse effect on our business, financial condition and results of operations.

While we are not currently contemplating any acquisitions at this time, we may make acquisitions in the future. Such acquisitions can involve numerous risks, including failure to conduct appropriate due diligence on the operations of the business or brand being acquired, failure of the acquisition to be profitable or generate anticipated cash flows, entry into new markets and geographic areas where we have no previous experience and the diversion of management time and resources from existing operations. If any of the above risks materialize or if we fail to integrate our acquisitions appropriately, it could have a material adverse effect on our business, financial condition and results of operations.

Fluctuations in our Insecticide Products business resulting from adverse weather conditions could affect our results of operations.

Demand for our Insecticide Products is subject to seasonal peaks, with net sales and operating results varying from quarter to quarter. We have historically reported higher sales and operating income in our second quarter, which we believe has been primarily due to the periods of hot and humid weather during the spring and summer months in the Northern Hemisphere, which are associated with an increase in mosquitoes and other insects. Demand for our Insecticide Products may be affected by adverse weather conditions, especially during the summer months when prolonged periods of unseasonably cool or dry weather in a particular market may reduce our sales volumes and have a material adverse effect on our business, financial condition and results of operations.

In addition, since most of our operating expenses, such as rent expenses and employee wages and salaries, do not vary directly with sales and are difficult to adjust in the short term, if sales of Insecticide Products for a particular quarter are below our expectations as a result of adverse weather conditions, we might not be able to proportionately reduce operating expenses for that quarter. Such a sales shortfall could have a disproportionate effect on our business, financial condition and results of operations.

Our business requires high levels of capital expenditure.

Our business requires high levels of capital expenditure. In particular, we are required to make significant capital expenditure for molds and tooling to manufacture new or enhanced products for our customers. We use most molds and tooling throughout the life span of the related products. Although our contracts with our FMCG customers typically contain provisions that permit us to recover customer-specific capital expenditure in the event that a project is cancelled or the underlying product does not meet sales expectations, our business involves a significant amount of capital investments on our part, and we may not be able to make such capital expenditure if we do not generate sufficient cash flow from operations. Any failure to meet our capital expenditure plans could have a material adverse effect on our business, financial condition and results of operations.

A material decline in consumers' demand for the products we sell to our customers could cause our sales to decline and, because we are not a fully diversified company, we may have less flexibility in reacting to adverse economic conditions.

The success of our business depends on the continued demand for our Air Care Products, Insecticide Products and Home, Health and Personal Care Products. There are inherent risks associated with new product development and manufacturing, including uncertainties around trade and consumer acceptance and demand. Our customers market the products we manufacture for them in several different markets, each of which has its own tastes and preferences. If we, in partnership with our customers, are not able to effectively develop and produce products that meet the desires of consumers in the end markets for our products, our results of operations will be adversely impacted. A new product line or enhanced products within an existing product line may not prove popular with consumers when introduced to the market, despite positive feedback at the pre-launch testing stage. Any such decline in demand may result in reduced sales. In addition, a new or enhanced product line may cannibalize the sales of our existing or complementary products in the same category. Furthermore, our results depend on consumer spending, which is influenced by general economic conditions. Any material decline in the amount of discretionary spending could have a material adverse effect on our net sales.

Further, we rely primarily on the sale of Air Care Products and Insecticide Products, which generated 93% of our net sales in the year ended December 31, 2011 and 95% of our net sales in the twelve months ended September 30, 2012. In the event that sales of these products decline or no longer meet our customers' expectations, we cannot rely on the sales of our Home, Health and Personal Care Products to offset such a shortfall. As a result, unfavorable consumer trends or adverse economic conditions in the addressable market for Air Care Products or Insecticide Products could have a material adverse effect on our business, financial condition and results of operations.

We may fail to keep up the pace of product innovation and development required by our customers to keep up with consumer preferences which could cause us to lose business.

We are continually introducing new and innovative products in response to the needs of our global and regional customers, which are driven by the preferences of consumers. For example, 34% of our net sales for the year ended December 31, 2011 were generated by new or enhanced products that were launched between 2009 and 2011. Product innovation and evolution are key features in the addressable markets for Air Care Products, Insecticide Products and Home, Health and Personal Care Products as new product launches help maintain consumer interest and stimulate growth. Our ability to develop products successfully is, to some extent, dependent upon our ability to innovate and develop technological and production advancements. Product development also requires significant investments. There can be no assurance that our product innovation and development efforts will continue to translate into industrialization and manufacturing of new or enhanced products. Any reduction in the number of new and innovative products that we are able to produce could have a material adverse effect on our business, financial condition and results of operations.

Changes in the policies and requirements of our FMCG customers may negatively impact our sales to retailers.

Our ability to service and supply our retailer customers reliably and efficiently is dependent, in part, on our compliance with our FMCG customers' policies and product requirements. Our FMCG customers are potential suppliers to our retailer customers and, as a condition to doing business with us, certain of our FMCG customers could impose limits on our ability to supply our retailer customers with products

falling within the same sub-category that we sell to such FMCG companies. In addition, where we have developed a product for, or in collaboration with one of our customers, that customer may own certain intellectual property rights in that product which could limit our ability to market any substantially similar product to another customer. If sales of our products to retailers materially decrease or cease as a result of changes to any group of FMCG customers' or individual FMCG customer's policies or requirements or our inability to respond adequately to such changes, this could have a material adverse effect on our business, financial condition and results of operations.

We operate in competitive markets and may lose business due to our customers in-sourcing the manufacture of our products or our inability to compete effectively with our competitors.

We operate in competitive markets for the supply to global and regional FMCG customers of Air Care Products, Insecticide Products and Home, Health and Personal Care Products. Several of our customers have in-house manufacturing capabilities (particularly in the areas of filling and packaging), and they could elect to perform more of these functions internally. In addition, we compete with a diverse set of competitors, but our key competitors are electric dispensing device manufacturers, as electric dispensing devices comprise 71.6% of the combined net sales of our Air Care Products and Insecticide Products. The majority of our competitors in the electric dispensing devices manufacturing market are based in China, while our competitors in the gels and liquids product manufacturing and component packaging and filling manufacturing markets are predominantly regionally focused, based in either Europe or China. Generally, these competitors are small local contract manufacturers, which compete with us on a local level, although certain competitors have a more global reach. While we believe that we benefit from a competitive advantage due to our recognized product innovation capability, our ''one-stop-shop'' business model and our global industrial footprint, these companies may have a greater ability to adapt to changing market conditions or an increasingly competitive market environment. For example, in response to the macro-trend of global FMCG companies emphasizing out-sourcing as a value driver, some of our competitors have begun to expand the range of services offered to their customers, such as concept generation capabilities, while others have focused on increasing global distribution capabilities. In addition, our competitors may increase resources to deliver products at a more competitive price and quality than they currently provide and may independently develop products, know-how and manufacturing techniques to enter new markets in competition with us.

Inherent risks in our competitive strategy include uncertainties concerning the preferences of customers and consumers, our ability to innovate, and the supply of and demand for materials and commodities. Our ability to answer our customers' product innovation demands promptly in the markets for Air Care Products, Insecticide Products and Home, Health and Personal Care Products, as well as to identify out-sourcing and in-sourcing trends of our customers, will be critical factors in our ability to remain competitive. Furthermore, increased or heightened competition from new entrants to the market and other product manufacturers could negatively impact our sales and profitability by leading to pricing pressures or capacity adjustments. There can be no assurance that competition from other product manufacturers will not have a material adverse effect on our business, financial condition and results of operations.

We may not be able to maintain the timely delivery required by our customers.

Our ability to timely deliver our products is crucial to winning and retaining customer contracts, particularly with our global FMCG customers. While we believe we currently maintain a competitive advantage over our competitors because of our ability to deliver products efficiently on a global basis, an unexpected steep increase in demand might jeopardize this, as was occasionally the case in 2010 and 2011 when we experienced unbalanced geographical growth among different markets. Our ability to deliver products in a timely manner could also be impacted by a number of other factors, including: (i) the failure of third-party freight carriers to consistently meet scheduled delivery times; (ii) any prolonged shortage of freight capacity or other extended disruption of transport services; (iii) the failure of our SAP software; (iv) our inability to meet production demands; (v) the failure of our suppliers to comply with an agreed delivery schedule for our materials; and (vi) our inability to find alternative means of delivering our products on-time. If our global timely delivery record were to diminish significantly, there can be no assurance that we would be able to continue to attract new customers or retain our existing customers on such favorable terms or at all, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to rigorous regulations and legislation in a wide range of areas, including chemical and electrical safety, environmental protection and employee health and safety, a breach of which may have a material adverse effect on our business.

We are subject to rigorous regulations and legislation in a wide range of areas, including chemical and electrical safety, environmental protection and employee health and safety, a breach of which may have a material adverse effect on our business.

As a manufacturer of Air Care Products, Insecticide Products and Home, Health and Personal Care Products, we are subject to rigorous and constantly evolving local, national and international laws and regulations in a wide range of areas relevant to our business, including chemical safety (such as the Biocidal Products Directive and the REACH Regulation), labeling (such as the CLP Regulation), electro-magnetic compatibility and electrical safety (such as the RoHS Directive), employee health and safety and environmental protection. Legislation in these areas has tended to become broader and stricter over time, and enforcement actions have increased. We believe that our operations are in material compliance with applicable health, safety and environmental and other applicable laws and regulations. However, there can be no assurance that we will continue to be in compliance or avoid material penalties and expenses associated with compliance issues in the future. In addition, there can be no assurance that an incident implicating or violating any such regulations or legislation will not occur in relation to one or more of our products or plants. Any such violation could require us to discontinue a product or have a negative impact on our reputation and customer confidence in our products, reducing demand for a specific product or our products in general. In addition, any inquiry or investigation from a regulatory authority could have a negative impact on our reputation and any non-compliance with applicable laws and regulations could subject us to civil remedies, including fines, injunctions, recalls or asset seizures, as well as potential criminal sanctions. Any of these events could have a material adverse effect on our business, financial condition and results of operations. Furthermore, we maintain insurance for some, but not all, of the other potential risks and liabilities associated with environmental protection, and we cannot predict the amounts of any increased capital expenditure or any increases in operating costs or other expenses that we may incur to comply with applicable safety, health, environmental or other regulatory requirements, or whether these costs can be passed on to our customers.

Our manufacturing plants and products, as well as the processing, packaging, storage and labeling of our products, are also subject to extensive local, national and international laws and regulations, including constant government inspections and controls. In accordance with these laws and regulations, we are required to maintain various licenses, permits and registrations to operate our business. The loss of or failure to obtain necessary licenses, permits or registrations could delay or prevent us from meeting current product demand or introducing new or enhanced products, and could have a material adverse effect on our business, financial condition and results of operations.

Changes in the legal systems, regulatory controls, customs and practices in the countries in which we operate may negatively impact our business.

Laws and regulations affect a wide range of areas relevant to our business, including the areas of chemical safety (such as the Biocidal Products Directive and the REACH Regulation), electrical safety (such the RoHS Directive), labeling (such as the CLP Regulation), employee health and safety and environmental protection. Modification of existing legislation or regulations, or the introduction of new legislative or regulatory initiatives, customs or practices could significantly increase our costs and capital expenditure requirements and could have a material adverse effect on our business, financial condition and results of operations. In particular, our ability to conduct business may be adversely affected by the changes being introduced to the current regulatory framework by the 2012 Biocides Regulation (which is replacing the Biocidal Product Directive from September 1, 2013) and the RoHS II Directive (which is replacing the RoHS Directive from January 2, 2013). Among other things, the 2012 Biocides Regulation may have a material impact on our costs for purchasing the active ingredients we employ in the formulations used in our Insecticide Products and for registering these formulations, and may result in the loss of certain of our existing customers in the addressable market for Insecticide Products. In addition, the more stringent regime for manufacturers introduced by the RoHS II Directive may result in an increase in our costs resulting from the adoption of new conformity assessment procedures, and may cause a higher risk of violating the new regulatory framework applicable to the use of certain hazardous substances in electric and electronic equipment. Furthermore, the United States strictly regulates the types of insecticide products that may be sold within the United States, which has limited the amount of sales of our Insecticide Products in the United States. If similar laws and regulations were adopted in

other countries where we currently sell our Insecticide Products, this could have a material adverse effect on our business, financial condition and results of operations. For more information, see ''Business—Regulation.''

Any interruption in the operations of our manufacturing plants would have a material adverse effect on our business.

We rely on our network of manufacturing plants located in six countries around the world. These facilities could be subject to disruption for a variety of reasons, including fire, maintenance outages, prolonged power failures, energy shortages, equipment failure and an inability to source any components required to address such failure, delays or failure in the delivery of equipment, other operational problems, criminal events, flooding or other natural disasters. The potential impact of any disruption would depend on the nature and extent of the damage caused to such facility. A mechanical failure or disruption affecting any operating line may result in a disruption in our ability to supply our customers, and standby capacity may not be available or feasibly transferred. If one of our manufacturing plants were to be shut down unexpectedly, or certain of our manufacturing operations or equipment and machinery (such as injection molding machines, which are typically customized to manufacture our products) within an otherwise operational plant were to cease production unexpectedly, there can be no assurance that alternative production capacity would be available or that, if it were available, it could be obtained quickly enough on favorable terms, if at all. We are particularly dependent on the production capabilities of our manufacturing plants in Mexico and China, which manufactured products that generated 59.8% of our net sales to our customers for the year ended December 31, 2011. In addition, our plant in China manufactures certain components for use at our other manufacturing plants around the world, and acts as a ''sub-assembly provider'' for them. As such, our ability to relocate production to another plant would be limited if a disruption to our production capabilities in Mexico or China were to occur. Any temporary shortfalls in our production or increased production and distribution costs resulting from disruptions at our manufacturing plants or at the facilities of any of our key customers could have a material adverse effect on our business, financial condition and results of operations. In addition, the costs associated with repairing or replacing any such manufacturing plant could be significant and may not be covered in whole or in part by our business interruption insurance policies.

We rely on distributors to deliver certain of our products, and any disruption in their services or increase in shipping costs could have a material adverse effect on our business.

We rely on independent distributors to deliver certain of our products to our customers. We cannot guarantee that such distributors will timely deliver our products to our customers, or that we will maintain relationships with all of our current independent distributors, or that our current distributors will remain in business. A delay or disruption in distribution could, among other things, have an adverse impact on our reputation, result in the disposal of some of our products that could not be shipped in a timely manner or require us to contract with alternative, and possibly more expensive and/or less reliable, distributors. In addition, in the event of a delay or disruption in distribution, our customers may cancel their orders or terminate their relationship with us, which could have a material adverse effect on our business, financial condition and results of operations.

Adverse developments with respect to the safety and/or quality of our products may harm our reputation, increase our costs of operation or decrease demand for our products, and our levels of insurance coverage may not be sufficient to cover them or other risks.

Our products may have defects or fail to meet our customers' quality standards or the applicable health and safety standards of the country in which a product is distributed, particularly when the first products of a new product line or enhanced products within an existing product line are introduced. If our customers were to bring claims against us alleging defects in the manufacture or design of our products, we could incur substantial costs in responding to such complaints or become involved in litigation. In addition, we may incur significant expenditure and other commercial and financial impacts, including fines and payments to customers in respect of destroyed inventory, out-of-stock penalties and consumer complaints, as a result of any product recall or product liability judgment. Any product recall by us or product liability judgment against us could also subject us to adverse publicity. Even if our products do not have defects or fail to meet customers' quality standards, our industry may face adverse publicity if the products of other manufacturers are defective, which could result in reduced consumer demand for our products.

Although we currently hold insurance coverage for these types of liabilities in amounts we believe to be adequate, our coverage may not be adequate to insure against all product liability claims that may arise. Moreover, we maintain insurance for some, but not all, of the other potential risks and liabilities associated with our business. As a result, product defect claims or product recalls could have a material adverse effect on our business, and any significant uninsured liability may require us to pay substantial amounts which could have a material adverse effect on our financial condition and results of operations.

Damage to our image and reputation or any of our customers' images and reputations could have a material adverse effect on our results of operations.

Our success depends partially on our ability to maintain our corporate reputation and the ability of our customers to maintain their own images and reputations. Adverse publicity or allegations of quality or safety issues, whether justified or not, could harm our reputation and cause our customers to choose competitors' products, which could have a material adverse effect on our business, operating results and financial condition. In addition, any negative publicity affecting our customers could cause consumers to stop purchasing our products from them, which in turn could cause our customers to reduce their purchases from us, which could negatively impact our results of operations. In addition, because our products bear the names of our customers, negative publicity against our customers could tarnish our reputation by association, which could negatively impact our results of operations.

If we lose the service of our senior management team, our financial performance could suffer.

Our success is partly dependent upon the retention of our senior management team. If members of our senior management team become unable or unwilling to participate in our business, our future business and financial performance could be negatively affected. In addition, as our business grows in size and complexity, we must be able to continue to recruit, train, motivate and retain qualified personnel sufficient to allow us to adequately manage and grow our business. The loss of, or diminution in, service of any of our senior management team, or our inability to attract and retain new employees, could have a material adverse effect on our business, financial condition and results of operations.

Significant employment disputes and increasing labor costs could have a material adverse effect on our profitability.

A majority of our employees are covered by collective bargaining arrangements or represented by trade unions and/or local works councils. Relationships with unions are generally managed at site level. In the future, should significant industrial action or disruptive works council activity be taken in any of our businesses, we could experience a disruption of operations and increased costs which could have a material adverse effect on our business, financial condition and results of operations.

Our employees are subject to local labor market standards with respect to wages and a substantial majority of our employees are subject to national minimum wage requirements. In addition, most of the factors affecting labor costs are beyond our control and we may not be able to pass along these increased costs to our customers. A shortage in the labor pool or other general inflationary pressures or changes or any increase in the national minimum wages or industry or union agreed wages in any of the jurisdictions in which we operate could increase our labor costs and, as a result, have a material adverse effect on our business, financial condition and results of operations.

The failure to protect our intellectual property could have a material adverse effect on our business.

We develop, register and exclusively own the intellectual property rights associated with certain products we manufacture for our customers. We rely on a combination of patents, trademarks and other intellectual property rights, non-disclosure agreements and other protective measures to protect our proprietary rights. Our actions to protect our proprietary rights, however, may be insufficient to prevent others from developing similar products to ours. For example, our customers may not comply with the terms of the non-disclosure agreements regulating the use of our proprietary rights in connection with their products. In addition, the laws and their enforcement in several foreign countries do not protect our intellectual property rights to the same extent as the laws of the European Union or the United States. Further, our competitors or other third parties may obtain patents that restrict or preclude our ability to manufacture and market our products in a competitive manner, which could have a material adverse effect on our business, financial condition and results of operations.

We also rely upon unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position. There can be no assurance that our confidentiality agreements will not be breached or will provide meaningful protection for our trade secrets and adequate remedies in the event of an unauthorized use or disclosure. Additionally, there can be no assurance that others will not obtain knowledge of these trade secrets through independent development or other means.

We may be subject to claims asserting the infringement of intellectual property rights.

Although we seek to avoid infringing the proprietary rights of third parties, we may be subject to claims asserting the infringement of the intellectual property rights of third parties seeking damages, the payment of royalties or licensing fees or injunctions against our development, use or sale of the disputed product or production process. Any such claims could lead to litigation and be protracted and costly and the outcome may be uncertain. Furthermore, if we were required to obtain a license on the disputed rights, there can be no assurance that such license would be available on commercially reasonable terms, if at all. Any detrimental decision in patent infringement litigation, or our inability to acquire intellectual property licenses on commercially reasonable terms, could have a material adverse effect on our business, financial condition and results of operations.

A failure of our key information technology system or process could have a material adverse effect on our ability to conduct business.

We rely extensively on information technology systems, some of which are managed by third-party service providers, to interact with internal and external stakeholders. These interactions include, but are not limited to, ordering and managing materials from suppliers, converting materials to finished products, shipping product to customers, processing transactions, summarizing and reporting results of operations, complying with regulatory, legal or tax requirements, and other processes necessary to manage the business. Moreover, we currently maintain no insurance for potential risks and liabilities associated with breakdowns of our information technology systems. If our systems are damaged or cease to function properly due to any number of causes, ranging from catastrophic events to power outages to security breaches, and our business continuity plans do not effectively compensate on a timely basis, we may suffer interruptions in our ability to manage operations which could have a material adverse effect on our business, financial condition and results of operations.

Macroeconomic conditions and the European sovereign debt crisis may have a substantial material adverse effect on our business.

Continued weakness in consumer confidence and the macroeconomic environment could negatively impact our net sales and net income. Economic events leading to price increases of materials required for our products or related freight costs (as a result of increased energy costs), could increase out costs and have a material adverse effect on our business, financial condition and results of operation. In addition, for the year ended December 31, 2011 and the nine months ended September 30, 2012, we generated 36% and 37%, respectively, of our consolidated sales in Europe. Consequently, the European sovereign debt crisis poses a substantial risk to us. The European sovereign debt crisis has introduced considerable political and monetary uncertainty into the Eurozone. The value of the euro has fluctuated substantially and unpredictably, and widespread political changes have occurred in several member states of the Eurozone. We are unable to predict when and how the European sovereign debt crisis will be resolved. If countries leave the Eurozone, either consensually or non-consensually, the value of the euro could depreciate rapidly, or the euro could cease to exist altogether. Such changes may result in substantial expense and disruption to our business as a large portion of our revenues are currently in Euros. In addition, customers with which we currently do business may also face substantial disruption or cease to exist altogether. There is no guarantee that we would be able to enter into new agreements similar to those we have now or that purchasers of our products would continue to make purchases. Any such change could have a material adverse effect on our business, financial condition and results of operations.

We may face litigation claims in the future.

Although we are not part of any significant litigation or other legal proceedings relating to our business, given the nature of the industry in which we operate, it is possible that we could become involved in litigation claims in the future. Litigation may include claims involving consumers, shareholders,

employees or injured persons, and claims related to commercial, labor, employment, antitrust, securities or environmental matters. If we were involved in any such litigation in the future, this could have a material adverse effect on our business, financial condition and results of operations. Moreover, the process of litigating cases, even if we are successful, may be costly, and may approximate the cost of damages sought. Future actions against us could also expose us to adverse publicity, which might adversely affect our reputation and/or customer preference for our products.

Risks Relating to our Structure

Our ability to successfully adapt to ongoing organizational changes could impact our business results.

We are in the process of implementing a number of organizational changes to support our growth strategies. We expect these types of changes to continue for the foreseeable future. Successfully managing these changes, including retention and recruitment of key employees, is critical to our business efficiency and success. In addition, we generally rely on organic growth, and that is dependent on us being able to identify, develop and retain key employees to provide uninterrupted leadership and direction for our business. This includes developing organization capabilities in the regions in which we operate that serve key growth markets, such as Mexico, Brazil and India, and consolidate relationships with our key customers. Further, business and organizational changes may result in increased reliance on third parties for various services, and that reliance may increase compliance risks, including anti-corruption. Finally, our financial targets assume a consistent level of productivity improvement. If we are unable to deliver expected productivity improvements, while continuing to invest in business growth, this could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks associated with operating in several different countries. In particular, the international scope of our operations may expose us to potentially adverse tax consequences.

We are a multinational group with facilities located in Italy, Spain, Bulgaria, Mexico, China, India and Brazil. Accordingly, we are subject to economic, regulatory, political and other risks associated with operating internationally. Risks inherent in international operations include the following: financial crises, inflation or hyperinflation, currency devaluations, expatriation of cash, civil unrest, acts of terrorism, wars, international conflicts, difficulties in enforcement of contractual obligations, difficulties in adopting, complying with or changes in applicable local and international laws or regulations, nationalization of property without fair compensation, corruption and extortion, and greater and tighter government regulation on cross-border trading, production and pricing. Risks of inflation may negatively affect our operations in China, where rising labor costs and increasing raw material imports may pave the way for higher prices at a national level. Furthermore, many emerging markets do not possess the full business, legal and regulatory infrastructures that would generally exist in more mature free market economies. Any of these factors could require us to change our current operational structure and could have a material adverse impact on our business, financial condition and results of operations.

In addition, we are subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions as a result of the international scope of our operations and our corporate and financing structure. We are also subject to intercompany pricing laws, including those relating to the flow of funds among our companies pursuant to, for example, agreements for the sale and purchase of certain products, services agreements, licensing agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position by the relevant authority regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on our business, financial condition and results of operations. The tax authorities in any applicable jurisdiction may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including our indebtedness and the Notes. If any applicable tax authorities were to successfully challenge the tax treatment or characterization of any of our transactions, it could result in the disallowance of deductions, the imposition of withholding taxes, the application of penalties and accrued interest or other consequences that could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks resulting from exchange rate fluctuations.

Although our main functional and reporting currency is the euro, we make substantial sales and purchases in U.S. dollars, and have significant operations in several countries that use other currencies,

such as Mexican pesos, Chinese renminbi, Bulgarian leva (which is linked to the Euro), Hong Kong dollars, Brazilian reals and Indian rupees. Other currencies have recently experienced considerable volatility against the euro. To prepare our consolidated financial statements, we must translate our assets, liabilities, costs and revenues into euros. Increases and decreases in the value of the euro against other currencies may affect the amounts attributed to these items in our consolidated financial statements, even if their value has not changed in their original currency, and may interfere with the comparability of our results between financial periods. Given our increasing focus on non-European markets, this risk is expected to increase over time.

In addition, a small portion of our net sales are made in a currency different to that in which the costs associated with such sales are denominated. If we are unable to match sales received in foreign currencies with costs paid in the same currency, our results of operations could be impacted by currency exchange rate fluctuations. We do not use hedging instruments to offset our exposure to currency exchange rate fluctuations.

The interests of our controlling shareholder may conflict with your interests as a holder of the Notes.

Doughty Hanson owns a majority of the ordinary shares of our parent company Z Beta. As a result, Doughty Hanson will have the power to, among other things, affect our legal and capital structure and our day-to-day operations as well as the ability to elect and change our management and to approve any other changes to our operations. The interests of our shareholders, in certain circumstances, may conflict with yours as a holder of the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. The controlling shareholder may have an incentive to increase the value of its investment or cause us to distribute funds to the detriment of our financial condition. In addition, our shareholder could vote to cause us to incur additional indebtedness or to sell certain material assets, in each case, as permitted under the Indenture. Any of these actions could adversely impact our ability to make payments on the Notes. In addition, our shareholders may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to you as holder of the Notes. Our controlling shareholder may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us. Our controlling shareholder may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. Even if Doughty Hanson makes divestitures such that they control less than a majority of the ordinary shares of the Company, they may still be able to effectively control or strongly influence our decisions. Such divestitures may not trigger a change of control under the Indenture.

Risks Relating to our Indebtedness

Our substantial leverage and debt service obligations could have a material adverse effect on our business and preclude us from satisfying our obligations under the Notes.

We have incurred a substantial amount of consolidated indebtedness. As of September 30, 2012, after giving pro forma effect to the Refinancing, our total consolidated debt would have been €180.1 million, our total group equity would have been €163.1 million and our ratio of net debt to EBITDA before non-recurring transactions for the twelve months ended September 30, 2012 would have been 3.7 to 1. In addition, we will have €30.0 million available for drawing under the Revolving Credit Facility.

Our high leverage could continue for the foreseeable future and the degree to which we are leveraged could have important consequences to holders of the Notes, including, but not limited to:

- limiting our ability to obtain additional funding for future capital expenditure, working capital requirements, debt service requirements, acquisitions, joint ventures and other general corporate requirements;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditure, acquisitions, joint ventures and other general corporate requirements;
- limiting our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate;

- increasing our vulnerability to downturns in our business or economic and industry conditions;
- customers developing a negative perception of our solvency;
- placing us at a competitive disadvantage compared with our competitors that have less debt; and
- making it more difficult for us to satisfy our debt obligations, including those with respect to the Notes.

To service our debt and meet our other cash needs, we will require a significant amount of cash, which may not be available to us.

Our ability to make payments on, or repay or refinance, our debt, including the Notes, and to fund future capital expenditure and other cash needs will depend largely upon our future operating performance. Our future performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, including those discussed in these ''Risk Factors,'' that are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt will depend on the satisfaction of the covenants in the Revolving Credit Facility Agreement and our other debt agreements, including the Indenture, and other agreements we may enter into in the future. Specifically, we will only be permitted to make a borrowing under the Revolving Credit Facility if we satisfy a specified financial leverage ratio. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our debt, including the Notes, or to fund our other liquidity needs.

In addition, prior to the repayment of the Notes, we will be required to refinance or repay certain other debt, including debt under the Revolving Credit Facility. We cannot assure you that we will be able to refinance or repay any of our debt, including the Notes and other debt, on commercially reasonable terms or at all. If we are unable to make payments or refinance our debt or obtain new financing under these circumstances, we would have to consider other options, such as:

- sales of assets;
- sales of equity; and
- negotiations with our lenders to restructure the applicable debt.

We are subject to restrictive debt covenants.

The Indenture will contain, among other things, certain provisions which may restrict our ability to:

- incur additional indebtedness and issue preferred stock;
- create or incur certain liens;
- make certain payments, including dividends and other distributions, with respect to outstanding share capital;
- repay or redeem subordinated debt or share capital;
- create restrictions on the payment of dividends or other amounts from certain companies within our Group;
- make certain investments;
- sell, lease or transfer certain assets, including shares of any restricted subsidiary of the Company;
- engage in certain transactions with affiliates;
- expand into unrelated businesses; and
- effect a merger or consolidation of, or sell all or substantially all of our assets or all of the assets of certain companies within the Group.

All of these limitations are subject to exceptions and qualifications which may be important.

In addition, we will also be subject to the affirmative and negative covenants contained in the Revolving Credit Facility Agreement and the Indenture.

The covenants in the Indenture, the credit facilities and any future debt may significantly restrict our future operations. If there were an event of default under any of the agreements relating to our outstanding indebtedness, including, from the Issue Date, the Revolving Credit Facility Agreement and the Indenture, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. We cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. Further, if we are unable to repay, refinance or restructure our indebtedness under our secured debt, the holders of such debt could proceed against the Collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments.

Despite our current level of debt, we may still be able to incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

We may be able to incur substantial additional debt in the future. Although the Revolving Credit Facility Agreement and the Indenture will contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of debt that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our existing debt levels, the related risks that we now face would increase.

Risks Relating to the Notes

You may be unable to recover in civil proceedings for U.S. securities laws violations.

The Issuer, the Guarantors and their respective subsidiaries are organized outside of the United States. It is anticipated that some or all of the directors and executive officers of the Issuer and the Guarantors will be non-residents of the United States and that all or a majority of their assets will be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer, the Guarantors or their respective directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. In addition, the Issuer cannot assure investors that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in Italy. See ''Service of Process and Enforcement of Judgments.''

The Company is a holding company and both the Issuer and the Company are dependent on cash flow from operating subsidiaries to meet their obligations under the Notes and the Guarantees, respectively.

The Company is a holding company with no independent business operations or significant assets other than investments in its subsidiaries. The Issuer's cash flow and ability to service its financial obligations under the Notes, will depend, in part, on the operating performance and financial condition of our operating subsidiaries. The operating performance and financial condition of such operating subsidiaries and the ability of such subsidiaries to provide funds to the Issuer by way of intercompany loans or otherwise will in turn depend, to some extent, on general economic, financial, competitive, market and other factors, many of which are beyond our control. The operating subsidiaries may not generate income and cash flow sufficient to enable the Issuer to meet its payment obligations on the Notes.

Applicable laws and regulations including local accounting regulations may also limit the amounts that the relevant operating subsidiaries are permitted to pay to the Issuer. Any restrictions on distributions by such subsidiaries could adversely affect the ability of the Issuer to make payment on the Notes.

Goodwill impairment and other non-cash charges in our consolidated income statement, as well as charges recognized directly in equity, such as actuarial losses, foreign exchange rate adjustments and losses on hedges, if incurred, could potentially reduce the operating subsidiaries' reserves available for distribution and thus reduce or prevent distributions to the Issuer.

We believe that our expected cash flows, together with available borrowings, will be sufficient to service our indebtedness, including the Notes. We may, however, be required to make additional borrowings in order to repay the Notes and the Revolving Credit Facility at their maturity. There can be no assurance

that future borrowings will be available to us in an amount sufficient to enable us to pay our debt, including the Notes, when due or to fund other liquidity needs. If our future cash flows from operations and other capital resources are insufficient for us to pay our obligations as they mature or to fund our liquidity needs, we may, among other things, be forced to:

- reduce or delay business activities and capital expenditure;
- sell assets;
- obtain additional debt or equity capital;
- restructure or refinance all or a portion of our debt on or before maturity; or
- forego opportunities such as acquisitions of other businesses.

There can be no assurance that any of these alternatives could be accomplished on a timely basis or on satisfactory terms, if at all. In addition, the terms of our existing and future debt, including the Notes, may limit our ability to pursue any of these alternatives.

The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes.

No appraisal of the fair market value of the Collateral securing the Notes has been made in connection with this Offering. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. The value of the Collateral could be impaired in the future as a result of changing economic and market conditions, our failure to successfully implement our business strategy, competition and other factors. The Collateral may include intangible or other illiquid assets that by their nature may not have a readily ascertainable market value or may not be readily saleable or, if saleable, there may be substantial delays in their liquidation.

In the event of a liquidation, insolvency, foreclosure, bankruptcy, reorganization or similar proceeding, the value of the Collateral and the amount that may be received upon a sale of Collateral will depend upon many factors including, among others, the condition of the Collateral and our industry, the ability to sell the Collateral in an orderly sale, market and economic conditions, the availability of buyers and other factors. In addition, courts could limit recoverability with respect to the Collateral if they deem a portion of the interest claim usurious in violation of applicable public policy. As a result, liquidating the Collateral securing the Notes may not produce proceeds in an amount sufficient to pay any amounts due on the Notes. We cannot assure you of the value of the Collateral or that the net proceeds received upon a liquidation, foreclosure, bankruptcy, reorganization or similar proceeding would be sufficient to repay all amounts due on the Notes.

If the proceeds of Collateral were not sufficient to repay amounts outstanding under the Notes, then Noteholders (to the extent not repaid from the proceeds of the sale of the Collateral) would only have an unsecured claim against our remaining assets.

Enforcing your rights as a holder of the Notes or under the Guarantees or security across multiple jurisdictions may prove difficult and the rights of the holders of the Notes may be adversely affected by bankruptcy, insolvency or similar proceedings.

The Notes will be issued by the Issuer, a company which is organized and established under the laws of Italy, and will be guaranteed by the Guarantors, which are incorporated under the laws of the Netherlands, Luxembourg, Bulgaria, Spain and Mexico. In addition, the assets and property securing the Notes are located in multiple jurisdictions. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in any, all or any combination of the above jurisdictions. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes, the Guarantees and the Collateral will be subject to the bankruptcy, insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of the Issuer's jurisdiction of organization and the jurisdictions of organization or incorporation of each of the Guarantors may be materially different from, or in conflict with, each other and those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition

interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether the law of any particular jurisdiction should apply, and may adversely affect your ability to enforce your rights under the Notes, the Guarantees and the Collateral in those jurisdictions or limit any amounts that you may receive. See ''Limitations on Validity and Enforceability of the Guarantees and Security Interests'' with respect to certain of the jurisdictions mentioned above.

Moreover, in certain jurisdictions, it is unclear whether all security interests in the Collateral give the Security Agent a right to prevent other creditors from foreclosing on and realizing the Collateral or whether certain security interests only give the Security Agent and the holders of the Notes priority (according to their rank) in the distribution of any proceeds of such realization. Accordingly, the Security Agent and the holders of the Notes may not be able to avoid foreclosure by other creditors (including unsecured creditors) on the Collateral.

The Indenture could be limited in scope and effect by Italian courts to the extent its covenants and provisions, which are untested under Italian case law, could be considered to conflict with mandatory provisions of Italian law.

The laws of certain of the jurisdictions in which the Guarantors are organized limit the ability of these subsidiaries to guarantee debt of other companies. As a result, a court in those jurisdictions may deem the Guarantees to not be valid, which would reduce the amount of Collateral available to satisfy claims under the Notes. See ''Limitations on Validity and Enforceability of the Guarantees and Security Interests.''

Your ability to recover under the Collateral may be limited. Before any amounts are available to repay the Notes, lenders under the Revolving Credit Facility and certain hedge counterparties will have a right to be repaid with the proceeds realized following the enforcement of all or part of the Collateral.

The obligations under the Notes and the Guarantees are secured by security interests over the Collateral granted to secure obligations under the Revolving Credit Facility and certain of our hedging obligations. Pursuant to the Intercreditor Agreement, the lenders under the Revolving Credit Facility and certain hedge counterparties will have priority over the holders of Notes with respect to the proceeds from this Collateral. In addition, the creditors under the Revolving Credit Facility and certain hedge counterparties will have priority over any amounts received from the sale of any assets of the Issuer or any of the Guarantors pursuant to an insolvency event or from any judicial supervised or sanctioned reorganization or administrative work-out or restructuring. As such, you may not be able to recover on the Collateral if the claims of the lenders under the Revolving Credit Facility and certain hedge counterparties under our hedging obligations are greater than the proceeds realized from any enforcement of the Collateral. Any proceeds from the enforcement sale of the Collateral by any creditor will, after all obligations under the Revolving Credit Facility and certain hedging obligations in relation thereto have been paid from such recoveries, be applied *pro rata* in repayment of the Notes and any other such secured obligations. Subject to certain conditions, any security interest in the Collateral will be automatically released at the time of an enforcement sale of the pledged entity or of the pledged assets or shares of any direct or indirect parent entity of such subsidiary. Following such a sale, the Trustee and the holders of the Notes will have no claims in relation to such entity and its direct and indirect subsidiaries under the Notes or any Guarantee.

In addition, the Revolving Credit Facility Agreement contains certain restrictions with respect to the use of proceeds from the sale of assets representing the Collateral prior to the maturity date of the Revolving Credit Facility. See ''Description of Certain Financing Arrangements—Revolving Credit Facility—Repayments and Prepayments.'' Furthermore, claims of our secured creditors which are secured by assets that do not also secure the Notes will have priority with respect to such assets over the claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to the rights of such secured creditors to the extent of the value of the assets securing such indebtedness.

The rights of the holders of the Notes to enforce remedies with respect to the Collateral are subject to Collateral sharing arrangements.

The security interest in our assets serving as Collateral for the Notes and the Guarantees thereof will also be granted as Collateral in favor of the lenders under the Revolving Credit Facility and certain hedging counterparties. The Intercreditor Agreement and the Indenture will also permit a security interest in such Collateral to be granted to lenders of additional debt and to hedging counterparties under certain of our

hedging obligations. The Intercreditor Agreement provides that a common Security Agent, who will also serve as the Security Agent for the lenders under the Revolving Credit Facility, certain hedge counterparties and any additional secured debt, will act only as provided for in the Intercreditor Agreement. In general, the lenders and the agent under the Revolving Credit Facility and the representatives of our hedging counterparties and any agent with respect to any future secured debt will have, subject to prior notification of and consultation with the Trustee, the right to instruct the Security Agent to enforce the shared Collateral. In addition, the holders of the Notes will not be able to force a sale of the Collateral securing the Notes or otherwise independently pursue the remedies of a secured creditor under the Security Documents without consulting the lenders under the Revolving Credit Facility, certain hedge counterparties and any such other secured debt for so long as any amounts under the Revolving Credit Facility, certain hedging obligations or such other secured debt remain outstanding or as specified in the Intercreditor Agreement. The Intercreditor Agreement provides that the enforcement sale of any Collateral will be subject to, as a condition to the release of any claims of any other debt secured by such Collateral under the Intercreditor Agreement, certain protections intended to maximize the secured creditors' recovery from an enforcement sale. Prior to enforcement of the Collateral by another class of creditors, the Trustee will be provided with notice and the right to consult. Neither the Trustee nor the holders of the Notes will have the ability to prevent or delay enforcement after the relevant consultation periods have expired.

The Intercreditor Agreement further provides that in the event that the classes of creditors entitled to provide enforcement instructions to the Security Agent provide conflicting instructions, such creditors must, subject to certain exceptions, consult with each other for a period of not less than 20 days following the earlier of (i) the date of such conflicting instructions and (ii) the date falling 10 business days after the first enforcement instructions were delivered in accordance with the provisions of the Intercreditor Agreement, before any enforcement action may be taken. Although enforcement instructions given by holders of the Notes will prevail after such consultation period (other than in the case that an insolvency event has occurred), if the liabilities under the Revolving Credit Facility and certain hedging obligations have not been fully discharged within six months of the date the first such enforcement instruction was issued, then enforcement instructions by the lenders under the Revolving Credit Facility and creditors under certain hedging liabilities will prevail. These arrangements could be disadvantageous to the holders of the Notes in a number of respects and may permit the lenders under the Revolving Credit Facility and creditors under certain hedging liabilities to control enforcement in circumstances in which their interests are different from those of the holders of the Notes. See ''Description of Certain Financing Arrangements—Intercreditor Agreement.'' The lenders under the Revolving Credit Facility, certain hedge counterparties or any other future class of debt secured by the Collateral may have interests that are different from the interests of holders of the Notes and they may elect to pursue their remedies under the Security Documents at a time when it would not be advantageous for the holders of the Notes to do so.

In addition, if the agent under the Revolving Credit Facility, the representatives of our hedging counterparties and any agent with respect to any future secured debt has instructed the security agent to sell either some or all of our subsidiaries or any direct or indirect parent entity of such subsidiary or other assets through an enforcement of their security interests in accordance with the terms of the Intercreditor Agreement, the Guarantees from any such Guarantor that is sold and any Guarantee issued and the security over any such assets securing the Notes and any Guarantee thereof will be automatically released. See ''Description of Certain Financing Arrangements—Intercreditor Agreement.''

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and/or the Intercreditor Agreement and accepted by other creditors that have the benefit of first-ranking security interests in the Collateral securing the Notes from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterization under the laws of certain jurisdictions.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests over real or personal property such as the Collateral. For

example, the Security Agent may need to obtain the consent of a third-party, including that of competent regulatory authorities or courts, to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

The Collateral is limited to certain categories of assets.

Certain limited assets will be pledged pursuant to the Security Documents. See ''Description of Notes—Security—General.'' The Noteholders will only have an unsecured claim against any of our or the Guarantors' assets that do not constitute Collateral.

Applicable law and other limitations on the enforceability of the security may adversely affect its validity and enforceability.

The obligations of the Issuer under the Notes and of the Guarantors under the Guarantees will be, subject to the restrictions and limitations detailed herein, secured on a first-ranking basis by the Collateral (subject to certain exceptions and limitations). The security may be subject to claims that it should be limited or subordinated in favor of our existing and future creditors under applicable law. In addition, enforcement of the security will be limited to the extent of the amount which can be secured by the Issuer and the Guarantors without rendering the security voidable or otherwise ineffective under applicable law. Enforcement of the security against the Issuer and the Guarantors will be subject to certain defenses available to security providers generally. These laws and defenses include those that relate to insolvency, voidable preference, financial assistance, corporate purpose or benefit, the preservation of share capital, thin capitalization and defenses affecting the rights of creditors generally. See ''Limitations on Validity and Enforceability of the Guarantees and Security Interests.''

These laws, among other things, could limit the ability of an entity to guarantee and secure the debt of a related entity. Although laws differ among various jurisdictions, in general, under fraudulent conveyance laws, a court could subordinate or a court, a receiver in bankruptcy, or a creditor could void a Guarantee or the security interests in respect thereof or third-party debt if it found that the Guarantor granting such Guarantee:

- knew or should have known that the transaction was to the detriment of the creditors;
- intended to hinder, delay or defraud creditors; or
- did not receive fair consideration or reasonably equivalent value for incurring such debt and such Guarantor (i) was insolvent or rendered insolvent because it incurred such debt, (ii) was engaged or about to engage in a business or transaction for which its remaining assets constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay them as they mature.

The measure of insolvency for purposes of fraudulent transfer laws varies, depending on the law applied. Generally, however, an entity would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair value of all of its assets;
- the present fair value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or
- it could not or would not pay its debts as they become due.

If a court, a receiver in bankruptcy, or a creditor were to find that the granting of a Guarantee (or the granting of the security interests associated with the Notes) was a fraudulent conveyance, the court, a receiver in bankruptcy or a creditor could void or declare unenforceable the payment obligations under such Guarantee or invalidate the security interests, or subordinate such Guarantee or security interest to presently existing and future debt of such Guarantor or require the holders of the Notes to repay any amounts received with respect to such Guarantee or security interest. See ''Limitations on Validity and Enforceability of the Guarantees and Security Interests.''

The granting of the security interests in the Collateral may create hardening periods for such security interests in accordance with the law applicable in certain jurisdictions.

The granting of new security interests in connection with the issuance of the Notes and the Revolving Credit Facility may create hardening periods for such security interests in certain jurisdictions. The applicable hardening period for these new security interests will run as from the moment each new security interest has been granted, perfected or recreated. At each time, if the security interest granted, perfected or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void and/or it may not be possible to enforce it. See ''Limitations on Validity and Enforceability of the Guarantees and Security Interests.''

In particular, under Italian law, in the event that the Issuer enters into any insolvency proceedings, the security interests created under the Security Documents governed by Italian law could be subject to challenges by the insolvency administrator or receiver of the Issuer and subject to clawback under Italian insolvency laws. Due to legal formalities required for the execution and perfection of the Security Documents governed by Italian law, a longer hardening period (one year as opposed to six months) might apply to any security interest or Collateral for which the documentation is perfected after the Issue Date.

In addition, the granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods in certain jurisdictions. The applicable hardening period may run from the moment such new security is amended, granted or perfected. If the security interest granted were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it.

Rights of Noteholders in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Applicable law may require that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens on the Collateral may not be perfected with respect to the Notes and the Guarantees if the Security Agent is not able to or does not take the actions necessary to perfect any such liens. Such failure may result in the invalidity of the relevant security interest in the Collateral securing the Notes or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral. In addition, applicable law may require that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the Security Agent will monitor, or that we will inform the Security Agent of, the future acquisition of property and rights that constitute Collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. The Security Agent has no obligation to monitor the acquisition of additional property or rights that constitute Collateral or the perfection of any security interest therein. Such failure may result in the loss of the security interest in the Collateral or the priority of the security interest in favor of the Notes and the Guarantees against third parties.

Additionally, the Indenture and the Security Documents entered into in connection with the Notes will not require us to take a number of actions that might improve the perfection or priority of the liens of the Security Agent in the Collateral. To the extent that the security interests created by the Security Documents with respect to any Collateral are not perfected, the Security Agent's rights will be equal to the rights of general unsecured creditors in the event of a liquidation, foreclosure, bankruptcy, reorganization or similar proceeding.

The security over the Collateral will not be granted directly to the holders of the Notes, the holders of the Notes will have limited rights to enforce remedies under the Security Documents, and the Collateral may be released without the consent of the holders of the Notes in certain circumstances.

In certain jurisdictions, the security interests in the Collateral that will secure our obligations under the Notes and the obligations of the Guarantors under the Guarantees will not be granted directly to the holders of the Notes, but will be granted directly in favor of the Security Agent, as agent under the Intercreditor Agreement. The Trustee for the Notes will enter into the Intercreditor Agreement with, among others, the Security Agent and representatives of the other indebtedness secured by the Collateral, including the Revolving Credit Facility. Other creditors may become parties to the Intercreditor

Agreement in the future. Among other things, the Intercreditor Agreement governs the enforcement of the Security Documents, the sharing in any recoveries from such enforcement and the release of the Collateral by the Security Agent. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Security Agent, who will follow instructions as set forth under the caption ''Description of Certain Financing Arrangements—Intercreditor Agreement.'' In addition, in certain circumstances, lenders under the Revolving Credit Facility will have the right to direct the Security Agent in enforcement actions with respect to the Collateral.

The Issuer and the Guarantors will in most cases have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents will allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes. So long as no default or event of default under the indenture governing the Notes would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness. To the extent that additional indebtedness and obligations are secured by the Collateral, our control over the Collateral may be diminished.

The Notes and each of the Guarantees will be structurally subordinated to present and future liabilities of our non-guarantor subsidiaries.

Not all of our subsidiaries will guarantee the Notes. Generally, claims of creditors of a non-guarantor subsidiary, including trade creditors and claims of preference shareholders (if any) of the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity, including claims by holders of the Notes under the Guarantees. In the event of any foreclosure, dissolution, winding-up, liquidation, administration, reorganization or other insolvency or bankruptcy proceeding of any of our non-Guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. As such, the Notes and each Guarantee will each be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of our non-Guarantor subsidiaries. Although our non-Guarantor subsidiaries currently represent only a small portion of our revenues, the covenants in the Notes permit us to incur additional indebtedness at subsidiaries which do not guarantee the Notes and in the future the revenues and EBITDA of such entities could increase, possibly substantially.

There are circumstances other than repayment or discharge of the Notes under which the Guarantees and the Collateral will be released automatically.

The Indenture and the Intercreditor Agreement provide that the Collateral and guarantees relating to the liabilities owed to the lenders under the Revolving Credit Facility, the hedge counterparties and the holders of the Notes will be released in certain circumstances. See ''Description of Notes,'' and ''Description of Certain Financing Arrangements—Intercreditor Agreement.'' Moreover, certain proceeds received by the lenders under the Revolving Credit Facility, hedge counterparties and the holders of the Notes must be turned over to the Security Agent pursuant to the Intercreditor Agreement for application in accordance with the Intercreditor Agreement.

We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture.

Upon the occurrence of a Change of Control (as defined in the Indenture), the Issuer would be required to offer to repurchase all outstanding Notes at a purchase price equal to 101% of the aggregate principal amount thereof on the date of purchase plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. If a Change of Control were to occur, we cannot assure you that we would have sufficient funds available at such time to pay the purchase price of the outstanding Notes or that the restrictions in the Revolving Credit Facility Agreement, the Indenture, the Intercreditor Agreement or our other than existing contractual obligations would allow us to make such required repurchases. A Change of Control may result in acceleration of the Revolving Credit Facility and other debt or trigger a

similar obligation to offer to repurchase loans or securities thereunder. The repurchase of the Notes pursuant to such an offer could cause a default under such debt, even if the Change of Control itself does not. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a Change of Control occurs at a time when the Group is prohibited, under certain of its financing arrangements, from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such debt to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a Change of Control. We may not be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Revolving Credit Facility Agreement. See ''Description of Notes—Certain Covenants—Change of Control.''

The ''Change of Control'' provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a Change of Control. Except as described under ''Description of Notes—Certain Covenants—Change of Control,'' the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of ''Change of Control'' contained in the Indenture will include (with certain exceptions) a disposition of all or substantially all the assets of the Issuer and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase ''all or substantially all,'' there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of ''all or substantially all'' of the Issuer's assets and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

You may face foreign currency exchange risks or adverse tax consequences by investing in the Notes denominated in foreign currencies.

The Notes will be denominated and payable in Euros. If you are a U.S. dollar or other non-Euro investor, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the Euro relative to the U.S. dollar or other relevant currencies because of economic, political or other factors over which we have no control. Depreciation of the Euro against the U.S. dollar or other relevant currencies could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure the return on your investments. Investments in the Notes by U.S. investors may also have important tax consequences as a result of foreign currency exchange gains or losses, if any. See ''Tax Considerations—Certain United States Federal Income Tax Considerations.''

If an active trading market does not develop for the Notes, your ability to resell the Notes may be limited.

The Notes are new securities for which there is currently no market. We cannot assure you as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell them or the price at which holders of the Notes may be able to sell them. Although application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, we cannot assure you that the Notes will become or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Euro MTF Market, failure to be approved for listing or the delisting of the Notes, as applicable, from the Official List of the Luxembourg Stock Exchange may have a material effect on a holder's ability to resell the Notes in the secondary market. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. Any market for the Notes will likely be subject to similar disruptions.

The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as third party recommendations. The Initial Purchasers have informed us that they intend to make a market in the Notes. However, they are not obligated to do so and may discontinue such market-making at any time without notice. As a result, we cannot assure you that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If no active trading market develops, you may not be able to resell your Notes at fair value, if at all.

The liquidity of, and trading market for, the Notes may also be affected by declines in the market for high yield securities generally. Such a decline may affect any liquidity and trading of the Notes independent of our financial performance and prospects.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global form and held through Euroclear and Clearstream.

Interests in the global notes will trade in book-entry form only, and the Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners of the Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to Elavon Financial Services Limited, U.K. Branch, as principal paying agent which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See ''Book-Entry, Delivery and Form.''

Certain covenants may fall away upon the occurrence of a change in our ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of ''Baa3'' or better by Moody's or a rating of ''BBB – '' or better from S&P and no default or event of default has occurred and is continuing, then beginning that day and continuing at all times thereafter regardless of any subsequent changes in the rating of the Notes, certain covenants will cease to be applicable to the Notes. See ''Description of Notes—Certain Covenants—Covenant Suspension.''

If these covenants were to cease to be applicable, we would be able to incur additional indebtedness or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

The transfer of the Notes is restricted, which may affect the value of the Notes.

The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and any

other applicable laws. We have not undertaken to effect any exchange offer for the Notes. You should read the discussions in ''Notice to Investors'' for further information about these and other transfer restrictions. It is your obligation to ensure that your offers and sales of Notes comply with applicable law.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax.

The Issuer is not liable to pay any additional amounts to holders of Notes in relation to, among other things, any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as amended or supplemented) where the Notes are held by a holder of the Notes resident in a country that does not allow for satisfactory exchange of information with Italy (as per article 168-bis, Italian Presidential Decree No. 917 of December 22, 1986) and otherwise in the circumstances as described in ''Description of Notes—Additional Amounts.'' Investors resident in such countries will only receive the net proceeds of their investment in the Notes. The United States is not such a country. There can be no assurance that the list of such countries will not change in the future. See ''Tax Considerations—Certain Italian Tax Considerations'' and ''Description of Notes—Additional Amounts.''

The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the outstanding Notes.

The Indenture will contain provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in ''Description of Notes—Meeting of Holders of Notes,'' the majority required to pass an extraordinary resolution at any meeting of noteholders will be one or more persons holding or representing at least 75% of the aggregate principal amount of the outstanding Notes. In addition, certain provisions permit defined majorities (75% or 50%) to bind all holders of the Notes, including noteholders who did not attend and vote at the relevant meeting, and noteholders who voted in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or reduce the redemption price, to change the currency of payments under the Notes and/or to change the quorum requirements relating to meetings and/or the majority required to pass a resolution, and change the amendment provisions. These and other changes may adversely impact noteholders' rights and may have a material adverse effect on the market value of the Notes. Under Italian law, the approval of an extraordinary resolution typically requires the consent of more than one half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement is untested under Italian law, may be challenged by holders of the Notes, the Issuer and/or others, and if challenged, may not be upheld by an Italian court, with the consequence that the majority voting threshold is being reduced from 75% to 50%.

We may be subject to a deferral or to a limitation of the deduction of interest expense, including interest expense in respect of the Notes, in Italy.

Article 96 of Presidential Decree No. 917 of December 22, 1986, as amended and restated, generally outlines the rules on deductibility of interest expense for Italian corporate income tax purposes. Specifically, the rules allow for the full tax deductibility of interest expense incurred by a company in each fiscal year up to the amount of the interest income of the same fiscal year, as evidenced by the relevant annual financial statements. A further deduction of interest expense in excess of this amount is allowed

up to a threshold of 30% of the EBITDA of a company (i.e., ''*risultato operativo lordo della gestione caratteristica*,'' or ''ROL'') as recorded in such company's profit and loss account. The amount of ROL not used for the deduction of the amount of interest expense that exceeds interest income, can be carried forward, increasing the amount of ROL for the following fiscal years. Interest expense not deducted in a relevant fiscal year can be carried forward to the following fiscal years, provided that, in such fiscal years, the amount of interest expense that exceeds interest income is lower than 30% of ROL. Special rules apply to companies participating in the same tax group, allowing, to a certain extent and with certain limitations, to offset the excess interest expenses incurred by an Italian company in an Italian consolidated tax group with 30% of ROL of other companies in the same tax group.

Subject to certain limitations, 30% of the foreign controlled entities' ROL may be used to offset any excess interest expenses of Italian companies participating to the tax group. Based on the above rules, we may not be able to deduct all interest expenses borne in each relevant fiscal year in Italy, including in respect of the Notes and certain intra-group debt, even if we would be able to carry forward over the following fiscal years the amounts that may not be deducted in a given fiscal year. Furthermore, any future changes in current Italian tax laws or in their interpretation, including in respect of recently implemented Italian tax legislation pursuant to which this Offering is being made, and/or any future limitation on the use of the foreign controlled entities ROL may result in an adverse impact on the deductibility of interest expense for us which, in turn, could adversely affect our business, financial condition and results of operations.

USE OF PROCEEDS

The proceeds from the sale of the Notes offered hereby will be €180 million. We intend to use the proceeds of this Offering for the Refinancing. The table below sets forth a breakdown of the sources and uses of funds to consummate the Refinancing from this Offering assuming the Refinancing had closed on September 30, 2012.

Sources	Amount	Uses	Amount
	(€ in millions)		(€ in millions)
Revolving Credit Facility[1]	—	Repayment of existing facilities[3]	165.5
Notes offered hereby[2]	180.0	Fees and expenses[4]	9.7
		Cash[5]	4.8
Total Sources	**180.0**	**Total Uses**	**180.0**

(1) The Revolving Credit Facility provides for revolving borrowings of up to €30 million. See ''Description of Certain Financing Arrangements—Revolving Credit Facility.'' On the Issue Date, the Revolving Credit Facility is expected to be undrawn.

(2) Represents the gross proceeds from this Offering.

(3) Represents the repayment of the Existing Senior Facilities Agreements for an amount of €165.5 million. The amounts to be repaid are based on the amounts outstanding at September 30, 2012 and do not include any estimated accrued interest between September 30, 2012 and the date of repayment.

(4) The amount includes our estimated transaction costs in connection with the Refinancing.

(5) The amount represents the surplus proceeds after repayment of the Existing Senior Facilities Agreements (see Note 3 above) and estimated transaction costs (see Note 4 above).

CAPITALIZATION

The following table sets forth the Company's consolidated cash and cash equivalents, capitalization and net debt as of September 30, 2012 (a) on a historical basis, and (b) as adjusted to reflect (i) the issuance of the Notes offered hereby and the application of the proceeds therefrom, and (ii) the conversion of the Shareholder Loan into reserves, as if they had occurred on September 30, 2012. The historical consolidated financial information has been derived from the unaudited interim condensed consolidated financial statements of the Company as of and for the nine months ended September 30, 2012 prepared in accordance with IAS 34 ''Interim Financial Reporting'' and included elsewhere in this Offering Memorandum. This table should be read in conjunction with ''Use of Proceeds,'' ''Management's Discussion and Analysis of Financial Condition and Results of Operations,'' ''Description of Certain Financing Arrangements'' and the financial statements of the Company included elsewhere in this Offering Memorandum.

	As of September 30, 2012	
	Historical	As Adjusted for the Offering
	(€ in millions)	
Cash and Cash Equivalents[1]	**21.6**	**26.4**
Loans and Borrowings		
Existing Senior Facilities Agreements[2]	165.5	—
Revolving Credit Facility[3]	—	—
Notes Offered Hereby[4]	—	180.0
Other Financial Liabilities[5]	0.1	0.1
Total Third Party Loans and Borrowing	**165.6**	**180.1**
Subordinated Shareholder Funding[6]	153.0	—
Total Debt[7]	**318.6**	**180.1**
Total Group Equity[8]	**14.5**	**163.1**
Total Capitalization[9]	**333.1**	**343.2**
Net Debt[10]	**297.0**	**153.7**

(1) The amounts shown represent our cash and cash equivalents, as adjusted for the proceeds from this Offering after the repayment of the Existing Senior Facilities Agreements for an amount of €165.5 million and estimated transaction costs of €9.7 million. See ''Use of Proceeds.''

(2) The amounts shown reflect the repayment of the Existing Senior Facilities Agreements from the proceeds of this Offering hereby. The historical amount shown is the gross amount due under our Existing Senior Facilities Agreements. Under IFRS, borrowings are disclosed net of unamortized transaction fees of €4.4 million as of September 30, 2012.

(3) On the Issue Date the Revolving Credit Facility of €30 million is expected to be undrawn. See ''Description of Certain Financing Arrangements'' for further details.

(4) The amount represents the gross proceeds from this Offering. The Notes have been reflected at their aggregate principal amount, excluding debt issuance costs. The issuance costs associated with the Notes will be amortized over the life of the Notes as additional interest expense.

(5) The amount represents amounts outstanding under finance leases.

(6) The amounts shown reflect the conversion of the Shareholder Loan into reserves, as approved on December 13, 2012. See ''Transactions with Related Parties—Shareholders Loan.''

(7) Total debt is defined as current and non-current financial liabilities and includes bank borrowings, finance leases and other financial liabilities of the Group.

(8) Total group equity represents the capital and reserves attributable to owners of the Company and excludes the portion of equity attributable to minority interests. The adjusted amount shown represents the effect on equity of (a) the conversion of the Shareholder Loan into reserves described in Note 6 above, and (b) the unamortized fees payable pursuant to the Existing Senior Facilities Agreements.

(9) Total capitalization is defined as total debt plus total equity.

(10) Net debt is defined as total debt less cash and cash equivalents.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The tables below set forth the selected consolidated income statement, balance sheet and cash flow statement information of the Company as of and for the years ended December 31, 2009, 2010 and 2011 and as of and for the nine months ended September 30, 2011 and 2012, each of which has been prepared in accordance with IFRS, and summary consolidated income statement information for the twelve months ended September 30, 2012.

The selected consolidated income statement, balance sheet and cash flow statement information as of and for the years ended December 31, 2009, 2010 and 2011 were extracted or derived from the audited consolidated financial statements and notes thereto of the Company, prepared in accordance with IFRS and included elsewhere in this Offering Memorandum. The selected consolidated historical interim income statement, balance sheet and cash flow statement information as of and for the nine months ended September 30, 2011 and 2012, were extracted or derived from the unaudited interim consolidated financial statements and notes thereto of the Company, prepared in accordance with IFRS and included elsewhere in this Offering Memorandum. Interim results of operations are not necessarily indicative of the results of operations that may be expected for any other period or for the full year.

The financial information below includes certain non-IFRS measures used to evaluate our economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered as an alternative measure to evaluate the performance of our Group. See ''Presentation of Financial Information and Other Data.''

We encourage you to read the information contained in this section in conjunction with the sections entitled ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' and the audited financial statements of the Company, including the notes thereto, appearing elsewhere in this Offering Memorandum.

Consolidated Income Statement

	Year Ended December 31,			Nine Months Ended September 30,	
	2009	2010	2011	2011	2012
	(€ in millions)				
Net Sales	**211.5**	**259.9**	**313.3**	**239.5**	**254.8**
Cost of Sales	(156.3)	(200.4)	(250.2)	(187.0)	(205.7)
Gross Profit	**55.2**	**59.5**	**63.1**	**52.5**	**49.1**
General and Administrative Expenses	(13.3)	(13.8)	(14.0)	(10.8)	(11.7)
Sales and Marketing Expenses	(4.2)	(4.6)	(5.8)	(4.4)	(3.6)
Research and Development	(4.5)	(3.9)	(4.2)	(3.1)	(0.6)
Operation Costs	(1.7)	(1.6)	(0.5)	(0.2)	(1.0)
Miscellaneous (Costs)/Income	0.2	0.2	(0.5)	(0.4)	(0.7)
Overheads	**(23.5)**	**(23.7)**	**(25.0)**	**(18.9)**	**(17.6)**
Other Income/(Expenses)	2.3	2.3	2.3	(1.4)	1.6
EBITDA Before Non-Recurring Transactions	**34.0**	**38.1**	**40.4**	**32.2**	**33.1**
Depreciation, Amortization and Write-Downs	(11.9)	(13.0)	(12.8)	(9.3)	(10.0)
Earnings Before Interest, Taxes and Non-Recurring Transactions	**22.1**	**25.1**	**27.6**	**22.9**	**23.1**
Costs from Non-Recurring Transactions	(2.2)	(1.8)	(1.5)	(0.5)	(5.6)
Earnings Before Interests and Taxes	**19.9**	**23.3**	**26.1**	**22.4**	**17.5**
Financial Income/(Expenses)	(26.3)	(23.8)	(28.7)	(19.5)	(20.8)
Profit/(Loss) Before Taxes	**(6.4)**	**(0.5)**	**(2.6)**	**2.9**	**(3.3)**
Income Taxes	(7.5)	(5.7)	(7.3)	(5.6)	(6.4)
Net Income/(Loss)	**(13.9)**	**(6.2)**	**(9.9)**	**(2.7)**	**(9.7)**
Minority Interest	1.5	1.2	0.3	0.1	0.5
Group Net Income/(Loss)	**(15.4)**	**(7.4)**	**(10.2)**	**(2.8)**	**(10.2)**

Consolidated Balance Sheet

	As of December 31,			As of September 30, 2012
	2009	2010	2011	
	(€ in millions)			
Assets				
Total non-current assets	285.7	288.8	293.0	293.6
Total current assets	115.4	156.8	156.2	149.3
Total Assets	**401.1**	**445.6**	**449.2**	**442.9**
Total equity	29.8	39.3	32.3	22.7
Total non-current liabilities	291.4	280.5	151.1	303.7
Total current liabilities	79.9	125.8	265.8	116.5
Total Equity and Liabilities	**401.1**	**445.6**	**449.2**	**442.9**

Consolidated Cash Flow Statement

	Year Ended December 31,			Nine Months Ended September 30,	
	2009	**2010**	**2011**	**2011**	**2012**
	(€ in millions)				
Net cash generated from operating activities	**21.0**	**40.9**	**24.6**	**21.1**	**25.0**
Net cash generated from (used in) investing activities	**(7.2)**	**(15.2)**	**(15.1)**	**(11.7)**	**(11.4)**
Net cash generated from (used in) financing activities	**(10.0)**	**(12.1)**	**(28.8)**	**(16.7)**	**(3.3)**
Change in cash and cash equivalents	3.8	13.6	(19.3)	(7.3)	10.3
Cash and cash equivalents at end of the period	**17.0**	**30.6**	**11.3**	**23.3**	**21.6**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our financial condition and results of operation in the periods set forth below. This discussion should be read together with, and is qualified in its entirety by reference to, our consolidated financial statements and the related notes thereto included elsewhere in this Offering Memorandum. The following discussion should also be read in conjunction with ''Presentation of Financial Information and Other Data'' and ''Selected Historical Consolidated Financial Information.'' Except for the historical information contained herein, the discussion in this section contains forward-looking statements that reflects our plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly under ''Risk Factors'' and ''Forward-Looking Statements.''

Overview

We are the leading global supplier of air care and insecticide devices by revenue. We primarily sell our products to blue chip fast-moving consumer goods (''FMCG'') companies, such as Henkel, Procter & Gamble, Reckitt Benckiser and a privately owned leading global FMCG company, and the average length of our relationships with these four customers is 24 years. We operate as a ''one-stop-shop,'' offering customers global solutions and services covering the entire value chain from product innovation and development to manufacturing and delivery. We leverage a common technology platform relating to dispensing devices, such as electric plug-in devices and powered aerosol devices, across our product categories. Historically, we have grown our business and increased profits through our wide range of products, long-standing customer relationships, strong product innovation and development capabilities and our global industrial footprint, which includes manufacturing plants in Mexico, China, Italy, Bulgaria, Brazil and India. For the twelve months ended September 30, 2012, we had net sales and EBITDA before non-recurring transactions of €328.6 million and €41.3 million, respectively.

Our product categories comprise the following:

- Air care products, which principally consist of electric plug-in devices, gel and liquid air fresheners, powered aerosol air freshener devices and car air freshener devices (''Air Care Products''). We are the largest global supplier of air care devices by revenue. For the twelve months ended September 30, 2012, our Air Care Products category generated €234.8 million or 71.5% of our net sales.
- Insecticide products, which principally consist of electric plug-in devices and portable insecticide devices (''Insecticide Products''). We are the largest global supplier of insecticide devices by revenue. For the twelve months ended September 30, 2012, our Insecticide Products category generated €77.8 million or 23.7% of our net sales.
- Home, health and personal care products, which principally consist of electric soap dispensing devices, dishwashing liquid dispensing devices, non-medicated vapor dispensing devices surface cleaners, laundry softeners and toilet cleaners (''Home, Health and Personal Care Products''). For the twelve months ended September 30, 2012, our Home, Health and Personal Care Products category generated €16.0 million or 4.8% of our net sales.

We have strong relationships with blue chip global FMCG companies, including Henkel, Procter & Gamble, Reckitt Benckiser and a privately owned leading global FMCG company, and regional FMCG companies, including Clorox and Upeco, as well as leading retailers, including Lidl and Mercadona. We believe our strong focus on product innovation and development and our historical collaboration with our customers to design and develop new or enhanced products, combined with our long-standing relationships with such customers, encourages our key customers to approach us when they are considering new product lines, geographic expansion and entry into new sub-categories. Nearly all of our products are labeled with our customers' brands.

We are the only supplier of Air Care Products and Insecticide Products to have a global footprint with manufacturing plants on four continents. We are headquartered in Italy, with 93.3% of our net sales for the twelve months ended September 30, 2012 generated in markets outside of Italy. We operate manufacturing plants in six countries (Mexico, China, Italy, Bulgaria, Brazil and India), have design and development centers in five countries (Italy, Spain, Mexico, China and Bulgaria), and have innovation

centers in Spain and Singapore. Our global footprint is predominantly based in low cost countries, where approximately 90% of our personnel is located, and strategically close to points of consumption. This enables us to meet the scale and response time demands of our FMCG customers while safe-guarding our profitability levels. In addition, our sales coverage and international distribution network allows us to operate successfully in diverse markets around the world in a cost-effective manner. Our products were delivered to 79 countries in 2012, with net sales of €159.2 million, €111.5 million, €37.7 million, €13.3 million and €6.9 million in North America, Europe, Asia Pacific, South America, Africa and the Middle East, respectively, for the twelve months ended September 30, 2012. For the year ended December 31, 2011, we employed an average of 4,554 employees.

Zobele was founded in 1919 by the Zobele family. Doughty Hanson acquired a majority interest in the Zobele Group in 2006 and currently holds a 75.6% interest, with the remainder held by management and the Zobele family.

Factors Affecting our Results of Operations

Our results of operations have been, and will continue to be, affected by many factors, some of which are beyond our control. This section sets out certain key factors that we believe have affected our results of operations in the periods under review and could affect our results of operations in the future. For a discussion of certain factors that may adversely affect our results of operations and financial condition, please see ''Risk Factors.''

Demand for Our Products

Our customer's demand for our products is driven by their product requirements, by our ability to differentiate the products, solutions and services we offer to our customers compared with those of other suppliers, and by the end market demand of consumers. Historically, we believe our customers' demand for our Air Care Products and Insecticide Products has grown due to the continued globalization of the FMCG market and the focus by our global FMCG customers on consolidating their suppliers, out-sourcing manufacturing and innovating their product offerings.

Our customers' product requirements are driven by the end market demand of consumers for our products. The demand of consumers depends, to a large extent, on our customers' ability to market their products, consumer preferences and levels of consumers' disposable income. We believe consumer demand for our Air Care Products and Insecticide Products has historically been driven by continued product innovation and evolution in developed markets, as new product launches have helped to maintain consumer interest and stimulate growth, as well as by the increasing penetration of electric dispensing devices and the increasing levels of disposable income in emerging markets. While economic fluctuations also directly affect consumer demand, we believe that the low price point of our products and our diversification across product categories and sub-categories, geographies and customers reduces, in part, our sensitivity to economic cycles. In addition, we believe the non-discretionary nature of certain of our products, particularly Insecticide Products, further reduces the impact of economic cycles on our results of operations.

According to Euromonitor, the global air care and insecticide markets that make up Zobele's addressable markets grew at compound annual growth rates of approximately 4.3% and 9.8%, respectively, between 2009 and 2011. During the same period, our net sales of Air Care Products and Insecticide Products grew at compound annual growth rates of 25.9% and 5.0%, respectively, significantly outperforming the overall growth in the addressable air care market as a result of our entry into new sub-categories of Air Care Products with existing customers and our expansion with our customers in higher growth emerging markets. Between 2012 and 2016, the global air care and insecticide markets are expected to continue to grow at compound annual growth rates of approximately 3.3% and 6.9%, respectively, in each case within Zobele's addressable markets, and we believe we are in a strong position to continue to take advantage of this growth going forward.

Customer, Product and Geographic Mix of Sales

Our financial results, particularly our net sales, gross profit and gross margin, are directly affected by the types of customers to which we sell our products, the types of products that we sell and the global markets in which we sell them. The following table sets forth our net sales, gross profit and gross margin

for the years ended December 31, 2009, 2010 and 2011 and the twelve months ended September 30, 2012:

	Year Ended December 31,			Twelve Months Ended September 30,	CAGR
	2009	2010	2011	2012	2009-2011
Net Sales (€ in millions)	211.5	259.9	313.3	328.6	21.7%
Gross Profit (€ in millions)	55.2	59.5	63.1	59.7	6.9%
Gross Margin	26.1%	22.9%	20.1%	18.1%	

Customer Mix

We primarily sell our products to global FMCG companies, including Henkel, Procter & Gamble, Reckitt Benckiser and a privately owned leading global FMCG company, and regional FMCG companies, including Clorox and Upeco, as well as retailers, such as Lidl and Mercadona. The following table sets forth the net sales by type of customer for the years ended December 31, 2009, 2010 and 2011 and the twelve months ended September 30, 2012:

	Year Ended December 31,			Twelve Months Ended September 30,	CAGR
	2009	2010	2011	2012	2009-2011
	(€ in millions)				
Net Sales by Type of Customer:					
Global FMCG	152.7	199.2	248.0	264.1	27.4%
Regional FMCG	33.1	39.8	43.2	41.7	14.2%
Retailer	25.7	20.9	22.1	22.8	(7.3)%

Our increased sales to global FMCG customers and the resulting change in our customer mix has directly contributed to growth in gross profit. However, it has also contributed, in part, to a decline in our gross margins, as our sales to global FMCG customers do not typically include the additional services that we provide to regional FMCG customers and retailer customers. Such services include managing distribution logistics on their behalf, such as warehousing services, offering flexibility with respect to order quantities, driving new product introductions and dealing with a greater number of requests to tailor products to specific customer needs, such as changing the packaging of products to incorporate details of sales promotions.

Product Mix

Our financial results are also affected by our mix of net sales across our product categories. The following table sets forth the proportion of our net sales by product category for the years ended December 31, 2009, 2010 and 2011 and the twelve months ended September 30, 2012:

	Year Ended December 31,			Twelve Months Ended September 30,	CAGR
	2009	2010	2011	2012	2009-2011
	(€ in millions)				
Net Sales by Product Category:					
Air Care Products	135.8	177.3	215.4	234.8	25.9%
Insecticide Products	68.9	72.1	76.0	77.8	5.0%
Home, Health and Personal Care[(1)]	6.8	10.5	21.9	16.0	79.5%

(1) Predominantly represents sales of our Home, Health and Personal Care Products, although also contains sales of product components for all categories and negligible amounts of sales of molds by our Chinese subsidiary.

Our net sales of Air Care Products increased at a higher rate than net sales of our Insecticide Products over the years ended December 31, 2009, 2010 and 2011 and the twelve months ended September 30, 2012, which impacted our gross margins as Insecticide Products typically generate a higher level of profitability than our Air Care Products due to their higher average selling price and non-discretionary nature.

Our financial results are also directly affected by the product mix within each of our categories of products. Our product mix changes as we launch new or enhanced products, which generally have a higher average selling price than existing products, resulting in increased net sales, although the profitability of new or enhanced products varies. We have a proven product innovation track record having launched 93 new or enhanced products between 2009 and 2011, increasing the number of products launched in each year (25 in 2009, 32 in 2010 and 36 in 2011) and such products generated 34% of our net sales for the year ended December 31, 2011. We currently have 77 projects in our development pipeline (31 of which are in or beyond the product development stage), which we expect to drive further growth. Our strategy of expanding into certain new sub-categories within our product categories has enabled us to grow our net sales, but has also resulted in lower gross margins for the years ended December 31, 2009, 2010 and 2011 and the twelve months ended September 30, 2012. For example, in order to enter certain sub-categories for Air Care Products and Home, Health and Personal Care Products, we decided to adopt an aggressive pricing strategy with respect to certain products for a limited period of time. However, these products represented a small portion of our total net sales, and now that we have successfully established ourselves in these new sub-categories, we believe our margins should improve going forward.

Geographic Mix

Our financial results are also affected by our mix of net sales across geographic areas. The following table sets forth the net sales by georgraphic area for the years ended December 31, 2009, 2010 and 2011 and the twelve months ended September 30, 2012:

	Year Ended December 31,			Twelve Months Ended September 30,	CAGR
	2009	2010	2011	2012	2009-2011
	(€ in millions)				
Net Sales by Geographic Area:					
North America	92.9	133.5	154.4	159.2	28.9%
Europe	86.8	87.1	113.2	111.5	14.2%
Asia Pacific	16.9	23.7	29.3	37.7	31.7%
South America	5.2	7.5	9.4	13.3	34.5%
Africa and the Middle East	9.7	8.1	7.0	6.9	(15.1)%

Our efforts to expand our presence in emerging markets, such as Asia and South America, while maintaining our presence in more established markets such as Europe and North America, have had a positive impact on our net sales for the years ended December 31, 2009, 2010 and 2011 and the twelve months ended September 30, 2012.

The change in our geographic mix of sales over these periods was primarily the result of large increases in net sales in Europe and North America, and to a lesser extent, Asia Pacific. The large increases in net sales in Europe and North America were largely attributable to the success of a number of new products for our FMCG customers. The increases in sales in Asia Pacific were largely achieved as a result of the global rollout of certain new products for our FMCG customers that leveraged our manufacturing plant in China.

Production Variances

We are a lean manufacturing company and we define and track standard production costs for our products, with variances in such costs affecting our results of operations. For instance, inefficiencies in materials consumption and labor had a negative impact on our business in 2010 and 2011 and in the first half of 2012. These inefficiencies were caused by a steep increase in demand that temporarily stretched our capacity at certain of our manufacturing plants, resulting in higher costs of production and transportation, as well as by the large number of product launches affecting certain of our manufacturing plants. For example, our net sales in North America increased by 66% between 2009 and 2011, affecting the margins at our Mexican and Chinese manufacturing plants, which primarily served this region. In 2010 and 2011, we also experienced higher transport costs in Mexico as a result of increases in the volume of materials that needed to be delivered over a short time frame.

We have continued to expand our capacity at our manufacturing plants and design and development centers to prepare for future rapid increases in demand. In addition, we have improved our sourcing and

manufacturing processes and have developed operations to enable us to transfer our production between manufacturing plants in order to limit our exposure to the over- or under-utilization of any particular plant. For example, in 2010, we moved to a larger manufacturing plant in Mexico, the plant from which we primarily serve the U.S. market, with almost double the floor space of our previous plant and, in 2012, we moved to larger manufacturing plants in Brazil and India with over two and five times more floor space, respectively, than our previous manufacturing plants. We recently made further investments in our manufacturing capacity at our plants in Mexico, China, Brazil and India by increasing the number of production lines at these plants. In addition, we have made investments in our injection molding capacities at our manufacturing plants in Mexico and China. Going forward, we believe that these investments will allow us to increase production and continue to grow.

Costs of Materials

Our results of operations are affected by materials costs, which were €125.5 million, €154.1 million, €194.9 million and €212.7 million for the years ended December 31, 2009, 2010 and 2011 and the twelve months ended September 30, 2012, respectively. Our materials costs for these periods increased primarily as a result of increases in our net sales and changes in product mix over the respective periods. The majority of our materials by expense for the year ended December 31, 2011 consisted of fragrances, plastics, electronics and packaging materials, representing 27.8%, 14.6%, 12.6% and 10.4% of our total costs of materials purchased, respectively. While these annual expenses do not directly match our costs of materials as cost of sales, we typically use most of the materials purchased during the course of the year in which they are purchased. While these are the most significant materials used in our business, we also use other materials, including chemicals, glass and metals (principally copper). Some of our materials costs are subject to price volatility, but we are often protected from such volatility by the contractual terms with certain of our FMCG customers that allow us to pass through the majority of any increases in materials costs. In addition, a significant proportion of the materials we purchase are sourced from suppliers that are imposed on us by our FMCG customers, who are responsible for any variance in such suppliers' costs. For example, most of our suppliers of fragrances, the largest material we purchase by cost, are imposed on us by our FMCG customers, protecting us against movements in fragrances prices. For more information on our materials and sourcing, see ''Business—Operations—Sourcing.''

Although materials costs are often passed through to our customers, we have consistently sought to carry out reviews and benchmarking analyses of suppliers' pricing so as to achieve the best possible terms. We undertake various measures to mitigate our exposure to materials prices, including, among others, using an unconcentrated and broad base of over 450 suppliers for our materials and using double-sourcing wherever we are able. In 2011, our ten largest suppliers accounted for approximately 34.1% of total supplier spend and no single supplier accounted for more than 10% of total supplier spend.

Capital Expenditure

For the years ended December 31, 2009, 2010 and 2011, capital expenditure totaled €8.4 million, €14.8 million and €15.2 million, respectively, representing 4.0%, 5.7% and 4.9% of net sales over the same periods. Our capital expenditure mainly comprises customer-specific capital expenditure driven by new products launches and capacity expansion. As several of our largest customers are increasingly expanding their global presence we have recently made significant investments in our manufacturing capacity. Capital expenditure is directly linked to our sales growth, as by improving our production capacity and capabilities, we are able to increase the volume and diversity of products that we are able to produce in response to our customers' demands.

Capital expenditure required for maintenance and industrial improvements represented 25.0%, 25.0% and 28.9% of total capital expenditure for the years ended December 31, 2009, 2010 and 2011, respectively, and the remainder comprised customer-specific capital expenditure. Our contracts with our FMCG customers typically contain provisions that permit us to recover customer-specific capital expenditure in the event that a project is cancelled or the underlying product does not meet sales expectations. We expect to continue to maintain the same approximate ratio of maintenance and industrial improvement capital expenditure to customer-specific capital expenditure going forward. In 2012, we implemented a policy whereby our customers who required more capital expenditure than was originally budgeted in our contract with them, were required to fund the non-budgeted capital expenditure themselves in order to meet their additional capacity requirements as a result of higher than

anticipated demand for their products. All of our customers are aware of this policy that is designed to ensure we meet our capital expenditure budget going forward. We also believe our current manufacturing capacity is sufficient to handle the continued growth of our business.

Seasonality and Weather Conditions

The business has limited seasonality overall, particularly with respect to our Air Care Products. Demand for our Insecticide Products has remained stable in recent years, with net sales of €68.9 million, €72.1 million, €76.0 million and €77.8 million for the years ended December 31, 2009, 2010 and 2011 and the twelve months ended September 30, 2012, respectively. However, while demand for Insecticide Products is relatively stable on an annual basis, due to the non-discretionary nature of the product, demand for our Insecticide Products is subject to seasonal peaks as well as weather fluctuations during the year. For instance, we have historically reported higher sales and operating income in our second quarter, as our customers build their inventory in preparation for the spring and summer months in the Northern Hemisphere, which are associated with the prevalence of mosquitoes and other insects. Therefore, adverse local weather conditions during such periods can have a substantial effect on insect populations, directly impacting demand for our Insecticide Products and causing significant fluctuations in sales. For example, in 2012, the prolonged period of unseasonably cool and dry weather across the South of Europe until the second half of June reduced demand for our Insecticide Products and had a negative effect on net sales. We believe our efforts to expand into emerging markets, many of which are near the Equator or in the Southern Hemisphere, will result in less seasonality by increasing our net sales of Insecticide Products in the first and fourth quarters and will spread the risk of adverse weather.

Foreign Currency Fluctuations and Translation

Our reported results of operations and financial condition are affected by exchange rate fluctuations due to both transactional and translational risk. The main exchange rate to which we are exposed is the U.S. dollar. Our exposure to currency exchange rate fluctuations is summarized below:

- *Transactional Risk:* Transactional risk arises when our subsidiaries execute transactions in a currency other than their functional currency. On a consolidated basis the Group's transactional foreign exchange risk is low, primarily as a result of the natural hedge of our foreign currency income and expenses. Our risk primarily arises from the Mexican and Asian Subsidiaries. We have a natural hedge against this risk, as these Subsidiaries primarily execute their sales and incur most of their materials costs in U.S. dollars, although these Subsidiaries also engage in limited transactions in Mexican pesos and Chinese renminbi, respectively. Our other subsidiaries' sales are mostly in euro, with the largest part of costs in euro or euro-pegged currencies. We have a minor portion of revenues in Canadian dollars, British pounds and Australian dollars. Our foreign exchange gains on operating activities amounted to €0.1 million, €0.4 million and €0.5 million in the years ended December 31, 2009, 2010 and 2011, respectively.
- *Translational Risk:* The Group prepares its consolidated financial statements in euro. We are therefore exposed to translational risk on the preparation of the consolidated financial statements when we translate the financial statements of our subsidiaries which have a functional currency other than the euro. On a consolidated basis, the Group's translational exchange risk stems from the operations of our subsidiaries, which exposes us to fluctuations in other currencies, such as Mexican Pesos, Chinese renminbi, Bulgarian leva (which is linked to the euro), Hong Kong dollars, Brazilian reals and Indian rupees.

Given our increasing focus on non-European markets and the recent volatility of other currencies against the Euro, the effect of exchange rate fluctuations on our reported results of operations is expected to increase over time, although we believe these impacts will continue to be relatively limited. For further discussion of the effects of fluctuations in the Euro to U.S. dollar and other relevant foreign exchange rates, see ''—Contractual Commitments and Off-Balance Sheet Arrangements—Market Risk—Foreign Exchange Risk.''

The Refinancing

After deduction of commissions and expenses, we anticipate the net proceeds from the issue of the Notes to be approximately €170.3 million. We intend to use these net proceeds for the repayment of all amounts outstanding under our Existing Senior Facilities Agreement. In connection with the Offering, we expect to enter into the Revolving Credit Facility Agreement on or about the Issue Date, which will

provide for borrowings of up to €30 million. For additional information, see ''Use of Proceeds,'' ''Description of Certain Financing Arrangements'' and ''Description of Notes.''

We expect to incur financing costs of approximately €9.7 million in connection with the Refinancing, which will be capitalized and amortized over the duration of the Notes. Our financial condition and results of operations may differ from the historical financial condition and results of operations presented in this discussion as a result of the Refinancing.

Key Components of Our Income Statement

The following section sets forth a summary description of our key consolidated income statement items.

Net Sales

Net sales represents the amounts received or receivable from the sale of our products. Where applicable, net sales includes any additional services invoiced to the end customer. Net sales is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenues can be reliably measured. Revenue from the sale of products is recognized when the significant risks and rewards of ownership of the products have transferred to the customer, usually upon dispatch of the products to the customer.

In accordance with accounting requirements, net sales is presented net of product returns, rebates and discounts, if any, and after eliminating intragroup sales. We provide provisions for returns and allowances for customer rebates in the same period as the related net sales are recorded.

We report our net sales on the basis of product category: Air Care, Insecticide and Other (which comprises Home, Health and Personal Care). We also report our net sales on the basis of geographic area: Europe, North America, South America, Africa and Middle East, and Asia Pacific. These geographic areas are determined based on the country in which the respective customer purchasing the product is located.

Cost of Sales

We consider our cost of sales in terms of (i) direct cost of sales and (ii) indirect cost of sales incurred in connection with the manufacture of our products.

Direct cost of sales comprise materials, direct manufacturing personnel costs, subcontractor costs, depreciation directly related to manufacturing assets and utility bills. Indirect cost of sales include indirect manufacturing personnel costs, maintenance expenses, logistic and purchasing expenses, quality control expenses and sales commissions.

We recognize in our cost of sales a portion of our personnel costs that is directly attributable to the production of the products, but also the cost of personnel indirectly involved in the production, such as supervisors, factory managers and the engineering department.

Overheads

Overheads includes general and administrative expenses, sales and marketing expenses, research and development expenses, operations costs and other costs/(income).

We recognize in overheads the personnel costs relating to employees directly working in the above functions, as well as the personnel costs of any other employees not directly related to cost of sales.

General and Administrative Expenses

Our general and administrative expenses represent the costs of our headquarters in Trento, Italy, the cost of the management team, as well as the cost of the Group purchasing function and support functions such as legal, finance and human resources together with similar functions at our various manufacturing plants. In addition, general and administrative expenses include the costs related to system contracts for our SAP and other IT systems as well as audit fees, legal fees and other expenses.

Sales and Marketing Expenses

Our sales and marketing expenses represent costs in connection with sales of our products, including labor costs of our sales teams and sales back-office, travel expenses, fees for market research,

advertising expenses, samples costs, and exhibition costs. Sales and marketing costs also include research and innovation costs directly related to the development or innovation of new projects or components.

Research and Development Expenses

Our research and development expenses mainly include labor costs of employees working as a member of our design and development team and their travel expenses, external consultancies and professional fees, as well as the costs of prototypes. Such costs are not included in cost of sales as they relate to products which are still in the course of development and are not yet available for sale.

Research and development costs are expensed as incurred unless such costs meet the criteria to be recognized in accordance with IAS 38 *Intangible Assets*. With effect from January 1, 2012, development costs incurred on a project are recognized as intangible assets when we have the intention to use or sell the product produced by the project, provided that there exists a market for the product, its commercially and technologically feasible, its costs can be measured reliably, and there are adequate financial resources to complete the development of the product.

Miscellaneous Costs/(Income)

Our miscellaneous costs/(income) are presented as a net amount.

Our miscellaneous income includes royalties from a wholesaler that distributes products in Italy under Zobele's Spira and Vulcano brands and reimbursement fees from a Spanish supplier for its use of the Group's tooling.

Our miscellaneous costs comprise the cost of our employees expatriated at foreign subsidiaries.

Other (Income)/Expenses

Other (income)/expenses are presented as a net amount.

Other income primarily includes the recharge of samples, gains on disposal of fixed assets and grants from customers. Other expenses represent losses on the disposal of fixed assets, write-offs of scrap materials, project cancellations and reworkings, and other miscellaneous costs.

Other (income)/expenses also include gains and losses on foreign exchange transactions, including both exchange differences realized during a given period on operating transactions and the effect of translating operating assets and liabilities at period-end exchange rates.

Depreciation, Amortization and Write-Downs

Depreciation, amortization and write-downs includes (i) the depreciation of tangible assets, such as owned land and buildings, machinery and installations, equipment and tooling and other tangible assets (e.g., vehicles and furniture), (ii) the amortization of patents, licenses, trademarks, and other intangible assets (e.g., capitalized set-up costs and capitalized consultancy costs), and (iii) write-downs of intangible and tangible assets.

Costs from Non-Recurring Transactions

Costs from non-recurring transactions are recognized separately on our income statement and include charges that we consider to be of a one-off and non-recurring nature. These costs primarily relate to one-off projects and various non-recurring costs in relation to changes to our management. Historically, these costs have included termination costs related to a management reorganization plan, relocation costs for our manufacturing plant in Mexico, costs incurred in 2009 in connection with the reorganization at Zobele España, S.A.U. and provisions for inventory obsolescence as a result of a revision to the method of calculating these provisions in 2012. This involved the closure of our Spanish manufacturing plant.

Financial Income/(Expense)

Financial income/(expense) comprises our financial expenses, net of financial income.

Our financial expenses primarily represent (i) the interest related to our bank overdraft, long-term loans and leasing agreements; (ii) interest on the Shareholder Loan; (iii) financial costs of factoring; and

(iv) foreign exchange losses on financial assets and financial liabilities. It should be noted that the interest on the Shareholder Loan is currently accrued and recorded as a liability together with the loan. Therefore no cash interest is currently paid on the Shareholder Loan. The Shareholder Loan will be converted into equity in connection with the Refinancing.

The transaction costs related to the issuance of a financial liability are as a general matter initially deducted from the proceeds of the financial liability and subsequently recognized as interest cost over the period of the liability.

Our financial income primarily represents interest received on our short-term deposits, as well as foreign exchange gains (both realized and unrealized) on financial assets and liabilities.

Income Tax Expense

Income tax expense represents the income tax expense on our operations. Income tax expense includes any deferred tax movements in the period.

Minority Interests

Minority interests represents the portion of net income attributable to minority shareholders holding equity in certain of our Subsidiaries, in particular Zobele México, S.A. de C.V. (in which we hold a 95% interest) and Zobele Asia Pacific Ltd. (in which we hold an 80% interest).

Non-IFRS Measures

EBITDA before non-recurring transactions is defined by our management as net income before income taxes, financial income and expenses, restructuring costs, costs and income from non-recurring transactions and depreciation, amortization and write-downs. EBITDA before non-recurring transactions is used by management to monitor our performance. EBITDA before non-recurring transactions is not recognized as a measure of financial performance or liquidity under IFRS. Investors should not place any undue reliance on this non-GAAP measure and financial indicator and should not consider this measure as: (a) an alternative to operating income or net income as determined in accordance with generally accepted accounting principles, or as a measure of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles, or as a measure of our ability to meet cash needs; or (c) an alternative to any other measure of performance under generally accepted accounting principles. EBITDA before non-recurring transactions is not indicative of our historical operating results, nor is it meant to be predictive of future results. EBITDA before non-recurring transactions is used by our management to monitor the underlying performance of the business and the operations. Since all companies do not calculate EBITDA before non-recurring transactions in an identical manner, our presentation may not be consistent with similar measures used by other companies. Therefore, investors should not place undue reliance on this data. For additional information, please see ''Presentation of Financial Information and Other Data.''

Results of Operations

The following table sets forth the principal items of our consolidated income statement for the years ended December 31, 2009, 2010 and 2011 and for the nine months ended September 30, 2011 and 2012:

	Year Ended December 31,			Nine Months Ended September 30,	
	2009	**2010**	**2011**	**2011**	**2012**
	(€ in millions)				
Net Sales	**211.5**	**259.9**	**313.3**	**239.5**	**254.8**
Cost of Sales	(156.3)	(200.4)	(250.2)	(187.0)	(205.7)
Gross Profit	**55.2**	**59.5**	**63.1**	**52.5**	**49.1**
General and Administrative Expenses	(13.3)	(13.8)	(14.0)	(10.8)	(11.7)
Sales and Marketing Expenses	(4.2)	(4.6)	(5.8)	(4.4)	(3.6)
Research and Development	(4.5)	(3.9)	(4.2)	(3.1)	(0.6)
Operation Costs	(1.7)	(1.6)	(0.5)	(0.2)	(1.0)
Miscellaneous (Costs)/Income	0.2	0.2	(0.5)	(0.4)	(0.7)
Overheads	**(23.5)**	**(23.7)**	**(25.0)**	**(18.9)**	**(17.6)**
Other Income/(Expenses)	2.3	2.3	2.3	(1.4)	1.6
EBITDA before non-recurring transactions[1]	**34.0**	**38.1**	**40.4**	**32.2**	**33.1**
Depreciation, Amortization and Write-Downs	(11.9)	(13.0)	(12.8)	(9.3)	(10.0)
Earnings Before Interest, Taxes and Non-Recurring Transactions	**22.1**	**25.1**	**27.6**	**22.9**	**23.1**
Costs from Non-Recurring Transactions	(2.2)	(1.8)	(1.5)	(0.5)	(5.6)
Earnings Before Interests and Taxes	**19.9**	**23.3**	**26.1**	**22.4**	**17.5**
Financial Income/(Expenses)	(26.3)	(23.8)	(28.7)	(19.5)	(20.8)
Profit/(Loss) Before Taxes	**(6.4)**	**(0.5)**	**(2.6)**	**2.9**	**(3.3)**
Income Taxes	(7.5)	(5.7)	(7.3)	(5.6)	(6.4)
Net Income/(Loss)	**(13.9)**	**(6.2)**	**(9.9)**	**(2.7)**	**(9.7)**
Minority Interest	1.5	1.2	0.3	0.1	0.5
Group Net Income/(Loss)	**(15.4)**	**(7.4)**	**(10.2)**	**(2.8)**	**(10.2)**

(1) We define EBITDA before non-recurring transactions as net income before income taxes, financial income and expense, depreciation, amortization and write-downs and costs related to non-recurring transactions.

Comparison of the Nine Months Ended September 30, 2012 and 2011

	Nine Months Ended September 30,				2011 vs. 2012	
	2011		2012			
		% Net Sales		% Net Sales	Change	% Change
	(€ in millions except for percentages)					
Net Sales	**239.5**	**100.0%**	**254.8**	**100.0%**	**15.3**	**6.4%**
Cost of Sales	(187.0)	(78.1)%	(205.7)	(80.7)%	(18.7)	10.0%
Gross Profit	**52.5**	**21.9%**	**49.1**	**19.3%**	**(3.4)**	**(6.6)%**
General and Administrative Expenses	(10.8)	(4.5)%	(11.7)	(4.6)%	(0.9)	8.3%
Sales and Marketing Expenses	(4.4)	(1.8)%	(3.6)	(1.4)%	0.8	(18.0)%
Research and Development	(3.1)	(1.3)%	(0.6)	(0.3)%	2.5	(79.1)%
Operation Costs	(0.2)	(0.1)%	(1.0)	(0.4)%	(0.8)	n.a.
Miscellaneous (Costs)/ Income	(0.4)	(0.2)%	(0.7)	(0.3)%	(0.3)	62.0%
Overheads	**(18.9)**	**(7.9)%**	**(17.6)**	**(6.9)%**	**1.3**	**(6.7)%**
Other Income/(Expenses)	(1.4)	(0.6)%	1.6	0.6%	3.0	n.a.
EBITDA before non-recurring transactions	**32.2**	**13.4%**	**33.1**	**13.0%**	**0.9**	**2.6%**
Depreciation, Amortization and Write-Downs	(9.3)	(3.9)%	(10.0)	(3.9)%	(0.7)	7.0%
Earnings Before Interest, Taxes and Non-Recurring Transactions	**22.9**	**9.5%**	**23.1**	**9.0%**	**0.2**	**0.7%**
Costs from Non-Recurring Transactions	(0.5)	(0.2)%	(5.6)	(2.2)%	(5.1)	n.a.
Earnings Before Interests and Taxes	**22.4**	**9.3%**	**17.5**	**6.8%**	**(4.9)**	**(22.2)%**
Financial Income/ (Expenses)	(19.5)	(8.2)%	(20.8)	(8.2)%	(1.3)	6.6%
Profit/(Loss) Before Taxes	**2.9**	**1.2%**	**(3.3)**	**(1.3)%**	**(6.2)**	**(220.6)%**
Income Taxes	(5.6)	(2.3)%	(6.4)	(2.5)%	(0.8)	14.6%
Net Income/(Loss)	**(2.7)**	**(1.1)%**	**(9.7)**	**(3.8)%**	**(7.0)**	**258.9%**
Minority Interest	0.1	0.0%	0.5	0.2%	0.4	n.a.
Group Net Income/ (Loss)	**(2.8)**	**(1.2)%**	**(10.2)**	**(4.0)%**	**(7.4)**	**267.6%**

Net sales

Our net sales increased by €15.3 million, or 6.4%, from €239.5 million for the nine months ended September 30, 2011 to €254.8 million for the nine months ended September 30, 2012.

The following table sets forth our net sales by product category for the nine months ended September 30, 2011 and 2012:

	Nine Months Ended September 30,		
	2011	2012	% Change
	(€ in millions)		
Net Sales by Product Category:			
Air Care	158.3	177.7	12.2%
Insecticide	65.2	67.0	2.8%
Home, Health and Personal Care[1]	16.0	10.1	(36.9)%
Total Net Sales	**239.5**	**254.8**	**6.4%**

(1) Predominantly represents sales of our Home, Health and Personal Care Products, although also contains sales of product components for all categories and negligible amounts of sales of molds by our Chinese subsidiary.

Net sales from Air Care Products for the nine months ended September 30, 2012 were €177.7 million, an increase of €19.4 million, or 12.2%, from €158.3 million for the nine months ended September 30, 2011. We primarily attribute this increase to an increase in net sales of certain products launched during 2011 with our global FMCG customers.

Net sales from Insecticide Products for the nine months ended September 30, 2012 were €67.0 million, an increase of €1.8 million, or 2.8%, from €65.2 million for the nine months ended September 30, 2011. We primarily attribute this increase to a new product line for one of our global FMCG customers that launched during 2012.

Net sales of Home, Health and Personal Care Products for the nine months ended September 30, 2012 were €10.1 million, a decrease of €5.9 million, or 36.9%, from €16.0 million for the nine months ended September 30, 2011. We primarily attribute this decrease to reduced orders for our Home, Health and Personal Care Products in North America from one of our global FMCG customers.

The following table sets forth net sales by geographic area for the nine months ended September 30, 2011 and 2012:

	Nine Months Ended September 30,		
	2011	2012	% Change
	(€ in millions)		
Net Sales by Geographic Area:			
North America	109.6	114.4	4.4%
Europe	95.9	94.2	(1.7)%
Asia Pacific	22.1	30.5	37.6%
South America	5.8	9.7	68.0%
Africa and Middle East	6.1	6.0	(2.1)%
Total Net Sales	**239.5**	**254.8**	**6.4%**

Net sales in North America for the nine months ended September 30, 2012 were €114.4 million, an increase of €4.8 million, or 4.4%, from €109.6 million for the nine months ended September 30, 2011. We primarily attribute this increase to increased demand for products in the gels and liquids and the car devices sub-categories of Air Care Products that were launched during the last two years.

Net Sales in Europe for the nine months ended September 30, 2012 were €94.2 million, a decrease of €1.7 million, or 1.7%, from €95.9 million for the nine months ended September 30, 2011. We primarily attribute this decrease to lower sales to one of our global FMCG customers in the UK.

Net Sales in Asia Pacific for the nine months ended September 30, 2012 were €30.5 million, an increase of €8.4 million, or 37.6%, from €22.1 million for the nine months ended September 30, 2011. We primarily attribute this increase to increased demand for products in the gels and liquids and the car devices sub-categories of Air Care Products that were launched during the last two years.

Net sales in South America for the nine months ended September 30, 2012 were €9.7 million, an increase of €3.9 million, or 68.0%, from €5.8 million for the nine months ended September 30, 2011. We primarily attribute this increase to strong sales of our products in the electric plug-in devices sub-category of Air Care Products during the period as a result of our winning a new contract with one of our global FMCG customers.

Net sales in Africa and the Middle East for the nine months ended September 30, 2012 were €6.0 million, a decrease of €0.1 million, or 2.1%, from €6.1 million for the nine months ended September 30, 2011.

Cost of Sales

Cost of sales for the nine months ended September 30, 2012 was €205.7 million, an increase of €18.7 million, or 10.0% from €187.0 million for the nine months ended September 30, 2011. Cost of sales represented 80.7% of our net sales for the nine months ended September 30, 2012 compared to 78.1% for the nine months ended September 30, 2011.

Cost of sales comprises (i) direct cost of sales, which were €188.2 million for the nine months ended September 30, 2012, compared to €169.4 million for the nine months ended September 30, 2011, an increase of €18.8 million or 11.1%, and (ii) indirect cost of sales, which were €17.5 million for the nine months ended September 30, 2012 and €17.6 million for the nine months ended September 30, 2011.

We primarily attribute the increase in cost of sales to the increase in direct cost of sales, which increased from 70.7% of our net sales for the nine months ended September 30, 2011 to 73.9% of our net sales for the nine months ended September 30, 2012, primarily due to an increase in materials costs. In particular, materials costs were €162.8 million for the nine months ended September 30, 2012, compared to €145.0 million for the nine months ended September 30, 2011, an increase of €17.8 million or 12.2%. The increase in materials costs is partially attributable to an increase in net sales. Materials costs as a percentage of net sales increased from 60.6% for the nine months ended September 30, 2012 to 63.9% for the nine months ended September 30, 2011.

Our materials costs and other direct costs of sales as a percentage of net sales have mainly been influenced during the periods by (i) changes in products sales mix, (ii) changes in customer sales mix and (iii) production variances. Product sales mix was primarily impacted by growth in the proportion of sales of lower margin Air Care Products. Customer sales mix was impacted by an increased proportion of sales to global FMCG customers which generally generate lower margins. Production variances experienced in the first half of 2012, in particular with respect to materials consumption and labor inefficiencies, were primarily driven by steep increases in demand and imbalances across manufacturing plants due the success in the North American market of new products launched in the second half of 2011.

Gross Profit

As a result of the factors explained above our gross profit was €49.1 million for the nine months ended September 30, 2012, a decrease of €3.4 million, or 6.6%, from €52.5 million for the nine months ended September 30, 2011. As a percentage of net sales gross profit decreased from 21.9% for the nine months ended September 30, 2011 to 19.3% for the nine months ended September 30, 2012.

General and Administrative Expenses

General and administrative expenses for the nine months ended September 30, 2012 were €11.7 million, an increase of €0.9 million, or 8.3%, from €10.8 million for the nine months ended September 30, 2011. General and administrative expenses represented 4.6% of our net sales for the nine months ended September 30, 2012 compared to 4.5% for the nine months ended September 30, 2011. This increase was primarily attributable to personnel and recruitment costs.

Sales and Marketing Expenses

Sales and marketing expenses for the nine months ended September 30, 2012 were €3.6 million, a decrease of €0.8 million, or 18.0%, from €4.4 million for the nine months ended September 30, 2011. Sales and marketing expenses represented 1.4% of our net sales for the nine months ended September 30, 2012 compared to 1.8% for the nine months ended September 30, 2011. This decrease

was primarily attributable to a reduction in travel expenses, a reduction in penalty costs and the effect of the reduced size of our operations in Spain following the Spanish reorganization commenced in 2009.

Research and Development Expenses

Research and development expenses for the nine months ended September 30, 2012 were €0.6 million, a decrease of €2.5 million, or 79.1%, from €3.1 million for the nine months ended September 30, 2011. Research and development expenses represented 0.3% and 1.3% of our net sales for the nine months ended September 30, 2012 and 2011, respectively. The decrease in research and development costs was primarily attributable to the Group's capitalization of development costs amounting to €2.7 million for the nine months ended September 30, 2012. In 2012, our development costs which met the criteria to be capitalized in accordance with IAS 38 were capitalized as intangible assets, whereas all such costs were expensed in prior periods.

Operation Costs

Operation costs for the nine months ended September 30, 2012 were €1.0 million, an increase of €0.8 million from €0.2 million for the nine months ended September 30, 2011. Operations costs represented 0.4% of our net sales for the nine months ended September 30, 2012 compared to 0.1% for the nine months ended September 30, 2011.

Other (Income)/Expense

Other (income)/expense for the nine months ended September 30, 2012 was a net income of €1.6 million, an increase of €3.0 million, from a net expense of €1.4 million for the nine months ended September 30, 2011. Other (income)/expense was mainly comprised of (i) other miscellaneous income of €1.7 million for the nine months ended September 30, 2012 compared to net costs of €0.5 million for the nine months ended September 30, 2011, which increased mainly as a result of an increase in re-charges to customers of transport and other costs actually incurred and (ii) net foreign exchange losses of €0.1 million for the nine months ended September 30, 2012 compared to net foreign exchange losses of €0.9 million for the nine months ended September 30, 2011. As explained previously, gains and losses on foreign exchange transactions recorded in other income and expense relate to the gains and losses from our operating activities (while the gains and losses on cash and foreign currency denominated debt is recorded in financial income and expense).

EBITDA Before Non-Recurring Transactions

As a result of the factors explained above, EBITDA before non-recurring transactions for the nine months ended September 30, 2012 was €33.1 million, an increase of €0.9 million, or 2.6%, from €32.2 million for the nine months ended September 30, 2011. EBITDA before non-recurring transactions represented 13.0% of our net sales for the nine months ended September 30, 2012 compared to 13.4% for the nine months ended September 30, 2011.

Depreciation, Amortization and Write-Downs

Total depreciation, amortization and write-downs for the nine months ended September 30, 2012 were €10.0 million, an increase of €0.7 million, or 7.0%, from €9.3 million for the nine months ended

September 30, 2011. Depreciation, amortization and write-downs consisted of the amortization of intangible assets and the depreciation of tangible assets as follows:

	Nine Months Ended September 30,		
	2011	2012	% Change
	(€ in millions)		
Amortization of Intangible Assets:			
Patents and similar rights	0.8	0.8	(2.8)%
Other intangibles	0.2	0.3	23.6%
Total	**1.0**	**1.1**	**2.7%**
Depreciation of Tangible Assets:			
Land and buildings	0.5	0.5	(0.6)%
Machinery and installations	6.1	6.6	8.6%
Equipment and tooling	0.6	0.8	32.5%
Other tangible assets	1.1	1.0	(8.6)%
Total	**8.3**	**8.9**	**7.5%**
Total Amortization, Depreciation and Write-Downs	**9.3**	**10.0**	**7.0%**

Amortization of intangible assets for the nine months ended September 30, 2012 was €1.1 million, an increase of €0.1 million, or 2.7%, from €1.0 million for the nine months ended September 30, 2011.

Depreciation of tangible assets for the nine months ended September 30, 2012 was €8.9 million, an increase of €0.6 million, or 7.5%, from €8.3 million for the nine months ended September 30, 2011. The increase was primarily attributable to the increased capital expenditure in industrial improvements related to automation implementation at our manufacturing plant in China and additional injection molding machines installed at our manufacturing plants in China and Mexico.

Costs from Non-Recurring Transactions

Non-recurring costs incurred for the nine months ended September 30, 2012 were €5.6 million and mainly related to (i) provisions for inventory obsolescence as a result of a revision to the method of calculating the provisions; (ii) severance and restructuring costs incurred in Mexico and Spain and (iii) consultancy fees for a one-off project to revise manufacturing working practices. A new excess and obsolete provision methodology was introduced that calculates inventory provisions based on the age of the inventory and the level of coverage through customer orders. Applying the new measurement criteria resulted in an increase in the provision of €3.6 million.

Non-recurring costs incurred for the nine months ended September 30, 2011 were €0.5 million and mainly related to various severance and restructuring operations in China, Mexico and Spain.

Financial (Income)/Expenses

Net financial expenses for the nine months ended September 30, 2012 were €20.8 million, an increase of €1.3 million, or 6.6%, from €19.5 million for the nine months ended September 30, 2011.

Financial expenses for the nine months ended September 30, 2012 included €10.0 million of accrued interest on the Shareholder Loan compared to €9.1 million for the nine months ended September 30, 2011. The increase in net financial expenses was primarily attributable to the increase in interest expense on the Shareholder Loan.

Income Taxes

Income tax for the nine months ended September 30, 2012 was an expense of €6.4 million, an increase of €0.8 million from an expense of €5.6 million for the nine months ended September 30, 2011. This increase was primarily attributable to the booking of €1.4 million related to the final settlement of a tax dispute in Italy related to previous years.

Minority Interest

Net income attributable to minority shareholders was €0.5 million for the nine months ended September 30, 2012, an increase of €0.4 million from €0.1 million for the nine months ended September 30, 2011. This increase was due to improved profitability of our Subsidiaries in Asia where we have a minority participation.

Group Net Income/(Loss)

Group net income/(loss) for the nine months ended September 30, 2012 was a net loss of €10.2 million, an increase of €7.4 million from a loss of €2.8 million for the nine months ended September 30, 2011, as a result of the factors discussed above.

Comparison of the Years Ended December 31, 2011 and 2010

	Year Ended December 31,					
	2010		2011		2010 vs. 2011	
		% Net Sales		% Net Sales	Change	% Change
	(€ in millions except for percentages)					
Net Sales	**259.9**	**100.0%**	**313.3**	**100.0%**	**53.4**	**20.5%**
Cost of Sales	(200.4)	(77.1)%	(250.2)	(79.9)%	(49.8)	24.8%
Gross Profit	**59.5**	**22.9%**	**63.1**	**20.1%**	**3.6**	**6.0%**
General and Administrative Expenses	(13.8)	(5.3)%	(14.0)	(4.5)%	(0.2)	1.2%
Sales and Marketing Expenses	(4.6)	(1.8)%	(5.8)	(1.8)%	(1.2)	23.7%
Research and Development	(3.9)	(1.5)%	(4.2)	(1.3)%	(0.3)	8.6%
Operation Costs	(1.6)	(0.6)%	(0.5)	(0.2)%	1.1	(70.5)%
Miscellaneous (Costs)/ Income	0.2	0.1%	(0.5)	(0.2)%	(0.7)	n.a.
Overheads	**(23.7)**	**(9.1)%**	**(25.0)**	**(8.0)%**	**(1.3)**	**5.0%**
Other Income/(Expenses)	2.3	0.9%	2.3	0.7%	0.0	(1.7)%
EBITDA Before Non-Recurring Transactions	**38.1**	**14.6%**	**40.4**	**12.9%**	**2.3**	**6.1%**
Depreciation, Amortization and Write-Downs	(13.0)	(5.0)%	(12.8)	(4.1)%	0.2	(1.5)%
Earnings Before Interest, Taxes and Non-Recurring Transactions	**25.1**	**9.7%**	**27.6**	**8.8%**	**2.5**	**10.0%**
Costs from Non-Recurring Transactions	(1.8)	(0.7)%	(1.5)	(0.5)%	0.3	(17.2)%
Earnings Before Interests and Taxes	**23.3**	**8.9%**	**26.1**	**8.3%**	**2.8**	**12.2%**
Financial Income/ (Expenses)	(23.8)	(9.1)%	(28.7)	(9.2)%	(4.9)	20.9%
Profit/(Loss) Before Taxes	**(0.5)**	**(0.2)%**	**(2.6)**	**(0.8)%**	**(2.1)**	**n.a.**
Income Taxes	(5.7)	(2.2)%	(7.3)	(2.3)%	(1.6)	27.8%
Net Income/(Loss)	**(6.2)**	**(2.4)%**	**(9.9)**	**(3.1)%**	**(3.7)**	**60.2%**
Minority Interest	1.2	0.5%	0.3	0.1%	(0.9)	(75.5)%
Group Net Income/(Loss)	**(7.4)**	**(2.9)%**	**(10.2)**	**(3.2)%**	**(2.8)**	**37.0%**

Net sales

Our net sales increased by €53.4 million, or 20.5%, from €259.9 million for the year ended December 31, 2010 to €313.3 million for the year ended December 31, 2011.

The following table sets forth our net sales by product category for the years ended December 31, 2010 and 2011:

	Year Ended December 31,		
	2010	2011	% Change
	(€ in millions)		
Net Sales by Product Category:			
Air Care	177.3	215.4	21.4%
Insecticide	72.1	76.0	5.4%
Home, Health and Personal Care[(1)]	10.5	21.9	109.5%
Total Net Sales	**259.9**	**313.3**	**20.5%**

(1) Predominantly represents sales of our Home, Health and Personal Care Products, although also contains sales of product components for all categories and negligible amounts of sales of molds by our Chinese subsidiary.

Net sales from Air Care Products for the year ended December 31, 2011 were €215.4 million, an increase of €38.1 million, or 21.4%, from €177.3 million for the year ended December 31, 2010. We primarily attribute this increase to growth within the powered aerosol devices and the gels and liquids sub-categories of Air Care Products.

Net sales from Insecticide Products for the year ended December 31, 2011 were €76.0 million, an increase of €3.9 million, or 5.4%, from €72.1 million for the year ended December 31, 2010. We primarily attribute this increase to an increase in net sales to regional FMCG customers, largely in Europe, as a result of higher sales of liquid refills.

Net sales from Home, Health and Personal Care Products were €21.9 million for the year ended December 31, 2011, an increase of €11.4 million from €10.5 million for the year ended December 31, 2010. We primarily attribute this increase to growth within the laundry sub-category of Home, Health and Personal Care Products.

The following table sets forth net sales by geographic area for the years ended December 31, 2010 and 2011:

	Year Ended December 31,		
	2010	2011	% Change
	(€ in millions)		
Net Sales by Geographic Area:			
North America	133.5	154.4	15.6%
Europe	87.1	113.2	30.0%
Asia Pacific	23.7	29.3	23.7%
South America	7.5	9.4	25.7%
Africa and Middle East	8.1	7.0	(13.5)%
Total Net Sales	**259.9**	**313.3**	**20.5%**

Net sales in North America for the year ended December 31, 2011 were €154.4 million, an increase of €20.9 million, or 15.6%, from €133.5 million for the year ended December 31, 2010. We primarily attribute this increase to growth within the powered aerosol devices sub-category of Air Care Products and the laundry sub-category of Home, Health and Personal Care Products.

Net Sales in Europe for the year ended December 31, 2011 were €113.2 million, an increase of €26.1 million, or 30.0%, from €87.1 million for the year ended December 31, 2010. We primarily attribute this increase to growth within the powered aerosol devices and the gels and liquids sub-categories of Air Care Products, growth within the electric plug-in devices sub-category of Insecticide Products for regional FMCG customers and retailer customers and an increase in net sales of liquid refills.

Net Sales in Asia Pacific for the year ended December 31, 2011 were €29.3 million, an increase of €5.6 million, or 23.7%, from €23.7 million for the year ended December 31, 2010. We primarily attribute this to growth within the gels and liquids sub-category of Air Care Products.

Net sales in South America for the year ended December 31, 2011 were €9.4 million, an increase of €1.9 million, or 25.7%, from €7.5 million for the year ended December 31, 2010, primarily related to sales of new products within the electric plug-in device sub-category of Insecticide Products.

Net sales in Africa and the Middle East for the year ended December 31, 2011 were €7.0 million, a decrease of €1.1 million, or 13.5%, from €8.1 million for the year ended December 31, 2010. We primarily attribute this to a decrease in net sales to one of our FMCG customers as a result of that customer managing its year-end inventory of our products.

Cost of Sales

Cost of sales for the year ended December 31, 2011 was €250.2 million, an increase of €49.8 million, or 24.8% from €200.4 million for the year ended December 31, 2010. Cost of sales represented 79.9% of our net sales for the year ended December 31, 2011 compared to 77.1% for the year ended December 31, 2010.

Cost of sales comprises (i) direct cost of sales, which were €226.5 million for the year ended December 31, 2011, compared to €178.7 million for the year ended December 31, 2010, an increase of €47.8 million or 26.8% and (ii) indirect cost of sales which were €23.7 million for the year ended December 31, 2011, compared to €21.7 million for the year ended December 31, 2010, an increase of €2.0 million or 8.7%.

We primarily attribute the increase in cost of sales to the increase in direct cost of sales, which increased from 68.7% of our net sales for the year ended December 31, 2010 to 72.3% of our net sales for the year ended December 31, 2011, mainly related to an increase in materials costs. In particular, materials costs were €194.9 million for the year ended December 31, 2011, compared to €154.1 million for the year ended December 31, 2010, an increase of €40.8 million or 26.5%. The increase in materials costs is partially attributable to an increase in net sales. Materials costs as a percentage of net sales increased from 59.3% for the year ended December 31, 2010 to 62.2% for the year ended December 31, 2011.

Our materials costs and other direct costs of sales as a percentage of net sales have been influenced during the periods by (i) changes in products sales mix, (ii) changes in customer sales mix, (iii) production variances and (iv) pricing policies. Products sales mix was primarily impacted by higher growth in the proportion of sales of lower margin Air Care Products for the year ended December 31, 2011 compared to the year ended December 31, 2010. Customer sales mix was impacted by an increased proportion of net sales to global FMCG customers, which generally generate lower margins, as a proportion of total net sales for the year ended December 31, 2011 compared to the year ended December 31, 2010. In addition, our cost of sales were affected, to a lesser extent, by production variances, in particular with respect to materials consumption and labor inefficiencies, which were driven by steep increases in demand in North America. In 2011, in particular, we launched new products in North America for two of our FMCG customers, which impacted our manufacturing plant efficiency in Mexico and China. Finally, our cost of sales as a percentage of net sales was impacted by our temporary aggressive pricing of certain products in order to break into certain sub-categories of Air Care Products and Home, Health and Personal Care Products.

Gross Profit

As a result of the factors explained above, our gross profit was €63.1 million for the year ended December 31, 2011, an increase of €3.6 million, or 6.0%, from €59.5 million for the year ended December 31, 2010. As a percentage of net sales, gross profit decreased from 22.9% for the year ended December 31, 2010 to 20.1% for the year ended December 31, 2011.

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2011 were €14.0 million, an increase of €0.2 million, or 1.2%, from €13.8 million for the year ended December 31, 2010. General and administrative expenses represented 4.5% of our net sales for the year ended December 31, 2011 compared to 5.3% for the year ended December 31, 2010. This increase was primarily attributable to higher professional fees paid during 2011 to external consultants for advice provided to the Group with respect to its manufacturing footprint and potential improvements to operational efficiencies.

Sales and Marketing Expenses

Sales and marketing expenses for the year ended December 31, 2011 were €5.8 million, an increase of €1.2 million, or 23.7%, from €4.6 million for the year ended December 31, 2010. However, as a percentage of net sales, sales and marketing expenses remained constant at 1.8% for both 2011 and 2010. The increase in sales and marketing expenses was primarily attributable to higher personnel costs resulting from setting up a fully dedicated business unit to focus on our activities related to regional FMCG customers and retailer customers.

Research and Development Expenses

Research and development expenses for the year ended December 31, 2011 were €4.2 million, an increase of €0.3 million or 8.6%, from €3.9 million for the year ended December 31, 2010. However, as a percentage of net sales, research and development expenses remained relatively consistent at 1.3% for the year ended December 31, 2011 compared with 1.5% for the year ended December 31, 2010.

The increase in research and development expenses was primarily attributable to the enlargement of the local design and development team at our new Singapore innovation center in order to strengthen our relationship with local customers in the innovation and development of new products in this region.

Operation Costs

Operation costs for the year ended December 31, 2011 were €0.5 million, a decrease of €1.1 million, or 70.5%, from €1.6 million for the year ended December 31, 2010. Operation costs represented 0.2% of our net sales for the year ended December 31, 2011 compared to 0.6% for the year ended December 31, 2010.

The decrease in operation costs was mainly attributable to the restructuring of our operations in Spain to focus on innovation rather than design and development.

Other (Income)/Expense

For each of the years ended December 31, 2011 and 2010, other (income)/expense amounted to a net income of €2.3 million.

Other (income)/expense comprised mainly of (i) other miscellaneous income of €1.9 million and €1.8 million for the years ended December 31, 2010 and 2011, respectively and (ii) net foreign exchange gains of €0.4 million and €0.5 million for the years ended December 31, 2010 and 2011, respectively. As explained previously, gains and losses on foreign exchange transactions recorded in other income and expense relate to the gains and losses from our operating activities (while the gains and losses on cash and foreign currency denominated debt is recorded in financial income and expense).

EBITDA Before Non-Recurring Transactions

As a result of the factors explained above, EBITDA before non-recurring transactions for the year ended December 31, 2011 was €40.4 million, an increase of €2.3 million, or 6.1%, from €38.1 million for the year ended December 31, 2010. EBITDA before non-recurring transactions represented 12.9% of our net sales for the year ended December 31, 2011 compared to 14.6% for the year ended December 31, 2010.

Depreciation, Amortization and Write-Downs

Total depreciation, amortization and write-downs for the year ended December 31, 2011 were €12.8 million, a decrease of €0.2 million, or 1.5%, from €13.0 million for the year ended December 31,

2010. Depreciation, amortization and write-downs consisted of the amortization of intangible assets and the depreciation of tangible assets as follows:

	Year Ended December 31,		
	2010	2011	% Change
	(€ in millions)		
Amortization of Intangible Assets:			
Patents and similar rights	0.9	1.1	24.9%
Other intangibles	0.6	0.3	(55.0)%
Total	**1.5**	**1.4**	**(6.4)%**
Depreciation of Tangible Assets:			
Land and buildings	0.7	0.7	0.9%
Machinery and installations	9.0	8.4	(6.9)%
Equipment and tooling	0.7	0.9	34.4%
Other tangible assets	1.1	1.4	24.8%
Total	**11.5**	**11.4**	**(0.9)%**
Total Amortization, Depreciation and Write-Downs	**13.0**	**12.8**	**(1.5)%**

Amortization of intangible assets for the year ended December 31, 2011 was €1.4 million, a decrease of €0.1 million, or 6.4%, from €1.5 million for the year ended December 31, 2010. The decrease was primarily attributable to lower amortization of other intangibles (capitalized set-up costs and consultancy costs), although the decrease was largely offset by an increase in amortization of patents and similar rights.

Depreciation of tangible assets for the year ended December 31, 2011 was €11.4 million, a decrease of €0.1 million, or 0.9%, from €11.5 million for the year ended December 31, 2010. The decrease was primarily attributable to lower depreciation for machinery and installations as a result of capital expenditure occurring later in the year during 2011, resulting in less time for depreciation. The decrease was partially offset by increases in the depreciation for equipment and tooling and other intangibles.

Costs from Non-Recurring Transactions

Non-recurring costs incurred for the year ended December 31, 2011 amounting to €1.5 million were primarily attributable to various severance and restructuring operations incurred at our manufacturing plants and design and development centers in China, Mexico and Spain. Non-recurring costs also included consultancy expenses related to a non-recurring project to revise manufacturing working practices.

Non-recurring costs incurred for the year ended December 31, 2010 amounting to €1.8 million related to (i) the relocation costs of our Mexican manufacturing plant to its current location (including a penalty cost paid to the former landlord) and (ii) non-recurring costs incurred in connection with changes to our management.

Financial (Income)/Expenses

Net financial expenses for the year ended December 31, 2011 were €28.7 million, an increase of €4.9 million, or 20.9%, from €23.8 million for the year ended December 31, 2010.

For the year ended December 31, 2011, financial expenses included €12.2 million of accrued interest on the Shareholder Loan compared to €11.1 million for the year ended December 31, 2010.

The increase in net financial expenses was primarily attributable to an increase of €5.0 million in net foreign exchange losses. Foreign exchange gains and losses relating to operating activities are recorded in other income and expense, while those relating to cash and debt are recorded in financial income and expense.

Income Taxes

Income tax for the year ended December 31, 2011 was an expense of €7.3 million, an increase of €1.6 million from an expense of €5.7 million for the year ended December 31, 2010. This increase in taxation was primarily attributable to an increase in the taxable income at Zobele México, S.A. de C.V.

Minority Interest

Net income attributable to minority shareholders was €0.3 million for the year ended December 31, 2011, a decrease of €0.9 million or 75.5%, from €1.2 million for the year ended December 31, 2010. This change was primarily attributable to lower net income recognized by Zobele Asia Pacific (Hong Kong) Ltd., which has a 20% minority interest.

Group Net Income/(Loss)

Group net income/(loss) for the year ended December 31, 2011 was a net loss of €10.2 million, an increase of €2.8 million from a loss of €7.4 million for the year ended December 31, 2010, as a result of the factors discussed above.

Comparison of the Years Ended December 31, 2010 and 2009

	Year Ended December 31,					
	2009		2010		2009 vs. 2010	
		% Net Sales		% Net Sales	Change	% Change
	(€ in millions except for percentages)					
Net Sales	**211.5**	**100.0%**	**259.9**	**100.0%**	**48.4**	**22.9%**
Cost of Sales	(156.3)	(73.9)%	(200.4)	(77.1)%	(44.1)	28.2%
Gross Profit	**55.2**	**26.1%**	**59.5**	**22.9%**	**4.3**	**7.8%**
General and Administrative Expenses	(13.3)	(6.3)%	(13.8)	(5.3)%	(0.5)	3.6%
Sales and Marketing Expenses	(4.2)	(2.0)%	(4.6)	(1.8)%	(0.4)	10.8%
Research and Development	(4.5)	(2.1)%	(3.9)	(1.5)%	0.6	(12.8)%
Operation Costs	(1.7)	(0.8)%	(1.6)	(0.6)%	0.1	(5.6)%
Miscellaneous (Costs)/ Income	0.2	0.1%	0.2	0.1%	—	0.0%
Overheads	**(23.5)**	**(11.1)%**	**(23.7)**	**(9.1)%**	**(0.2)**	**1.2%**
Other Income/(Expenses)	2.3	1.1%	2.3	0.9%	—	0.6%
EBITDA Before Non-Recurring Transactions	**34.0**	**16.1%**	**38.1**	**14.6%**	**4.1**	**11.9%**
Depreciation, Amortization and Write-Downs	(11.9)	(5.6)%	(13.0)	(5.0)%	(1.1)	8.7%
Earnings Before Interest, Taxes and Non-Recurring Transactions	22.1	10.4%	25.1	9.7%	3.0	13.6%
Costs from Non-Recurring Transactions	(2.2)	(1.0)%	(1.8)	(0.7)%	0.4	(15.2)%
Earnings Before Interests and Taxes	**19.9**	**9.4%**	**23.3**	**8.9%**	**3.4**	**16.8%**
Financial Income/ (Expenses)	(26.3)	(12.4)%	(23.8)	(9.1)%	2.5	(9.7)%
Profit/(Loss) Before Taxes	**(6.4)**	**(3.0)%**	**(0.5)**	**(0.2)%**	**5.9**	**(92.5)%**
Income Taxes	(7.5)	(3.5)%	(5.7)	(2.2)%	1.8	(24.2)%
Net Income/(Loss)	**(13.9)**	**(6.6)%**	**(6.2)**	**(2.4)%**	**7.7**	**(55.6)%**
Minority Interest	1.5	0.7%	1.2	0.5%	(0.3)	(16.9)%
Group Net Income/(Loss)	**(15.4)**	**(7.3)%**	**(7.4)**	**(2.9)%**	**8.0**	**(51.7)%**

Net sales

Net sales were €259.9 million for the year ended December 31, 2010, an increase of €48.4 million, or 22.9%, from €211.5 million for the year ended December 31, 2009.

The following table sets forth our net sales and percentage change in net sales by product category for the years ended December 31, 2009 and 2010:

	Year Ended December 31,		
	2009	2010	% Change
	(€ in millions)		
Net Sales by Product Category:			
Air Care	135.8	177.3	30.6%
Insecticide	68.9	72.1	4.6%
Home, Health and Personal Care(1)	6.8	10.5	53.9%
Total Net Sales	**211.5**	**259.9**	**22.9%**

(1) Predominantly represents sales of our Home, Health and Personal Care Products, although also contains sales of product components for all categories and negligible amounts of sales of molds by our Chinese subsidiary.

Net sales from Air Care Products for the year ended December 31, 2010 was €177.3 million, an increase of €41.5 million, or 30.6%, from €135.8 million for the year ended December 31, 2009. We primarily attribute this increase to the launch of new products within the powered aerosol devices and the gels and liquids sub-categories of Air Care Products in 2010.

Net sales from Insecticide Products for the year ended December 31, 2010 were €72.1 million, an increase of €3.2 million, or 4.6%, from €68.9 million for the year ended December 31, 2009. We primarily attribute this to increased sales within the portable devices and electric plug-in devices sub-categories of Insecticide Products.

Net sales from Home, Health and Personal Care Products, for the year ended December 31, 2010 were €10.5 million, an increase of €3.7 million, or 53.9%, from €6.8 million for the year ended December 31, 2009. We primarily attribute this to the launch of new products within the laundry sub-category of Home, Health and Personal Care Products in 2010. This increase was partially offset by lower sales to one of our FMCG customers as a result of that customer managing its year-end inventory of our products.

The following table sets forth net sales and percentage change in net sales by geographic area for the years ended December 31, 2009 and 2010:

	Year Ended December 31,		
	2009	2010	% Change
	(€ in millions)		
Net Sales by Geographic Area:			
North America	92.9	133.5	43.8%
Europe	86.8	87.1	0.3%
Asia Pacific	16.9	23.7	40.2%
South America	5.2	7.5	44.9%
Africa and Middle East	9.7	8.1	(16.2)%
Total Net Sales	**211.5**	**259.9**	**22.9%**

Net sales in North America for the year ended December 31, 2010 were €133.5 million, an increase of €40.6 million, or 43.8%, from €92.9 million for the year ended December 31, 2009. We primarily attribute this increase to the launch of new products in the automatic powered aerosol devices and the gels and liquids sub-categories of Air Care Products described above. In addition, in the North America region sales of Insecticide Products and Home, Health and Personal Care Products increased in 2010 compared to the prior year mainly due to increased net sales within the portable devices sub-category of Insecticide Products and increased net sales within the laundry sub-category of Home, Health and Personal Care Products.

Net Sales in Europe for the year ended December 31, 2010 were €87.1 million, an increase of €0.3 million, or 0.3%, from €86.8 million for the year ended December 31, 2009. We primarily attribute this to increased sales of Air Care Products to our regional FMCG customers and retailer customers. This increase was partially offset by lower sales of Insecticide Products to one of our regional FMCG customers due to unfavorable weather conditions in Eastern Europe.

Net sales in Asia Pacific for the year ended December 31, 2010 were €23.7 million, an increase of €6.8 million, or 40.2%, from €16.9 million for the year ended December 31, 2009. We primarily attribute this increase to increased sales in the gels and liquids sub-category of Air Care Products.

Net sales in South America for the year ended December 31, 2010 were €7.5 million, an increase of €2.3 million, or 44.9%, from €5.2 million for the year ended December 31, 2009. We primarily attribute this to increased sales of Insecticide Products.

Net sales in Africa and the Middle East for the year ended December 31, 2010 were €8.1 million, a decrease of €1.6 million, or 16.2%, from €9.7 million for the year ended December 31, 2009. We primarily attribute this to a decrease in sales to one of our global FMCG customers as a result of lower demand for certain products in the car devices sub-category of our Air Care Products portfolio sold in this market.

Cost of Sales

Cost of sales for the year ended December 31, 2010 was €200.4 million, an increase of €44.1 million, or 28.2% from €156.3 million for the year ended December 31, 2009. Cost of sales represented 77.1% of our net sales for the year ended December 31, 2010 compared to 73.9% for the year ended December 31, 2009.

Cost of sales comprises (i) direct cost of sales, which were €178.7 million for the year ended December 31, 2010, compared to €140.8 million for the year ended December 31, 2009, an increase of €37.9 million or 26.9% and (ii) indirect cost of sales which were €21.7 million for the year ended December 31, 2010, compared to €15.5 million for the year ended December 31, 2009, an increase of €6.2 million or 40.8%.

We primarily attribute the increase in cost of sales to the increase in direct cost of sales, which represented 68.7% of our net sales for the year ended December 31, 2010, compared 66.6% of our net sales for the year ended December 31, 2009, mainly related to an increase in materials costs. In particular, materials costs increased by €28.6 million, or 22.8%, from €125.5 million for the year ended December 31, 2009 to €154.1 million for the year ended December 31, 2010. The increase in materials costs is partially attributable to an increase in net sales. Materials costs as a percentage of net sales was equal to 59.3% in each of the years ended December 31, 2010 and 2009.

Direct cost of sales also increased due to an increase in direct labor costs, from €11.9 million for the year ended December 31, 2009 to €17.8 million for the year ended December 31, 2010, attributable to an increase in the number of employees to support the growth in the business. In addition to the volume increase, cost of sales was affected by the changes in product mix and production variances primarily related to higher production and transportation costs as a result of the steep increase in demand in North America.

Gross Profit

As a result of the factors explained above, gross profit for the year ended December 31, 2010 was €59.5 million, an increase of €4.3 million, or 7.8%, from €55.2 million for the year ended December 31, 2009. Gross profit represented 22.9% of our net sales for the year ended December 31, 2010 compared to 26.1% for the year ended December 31, 2009.

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2010 were €13.8 million, an increase of €0.5 million, or 3.6%, from €13.3 million for the year ended December 31, 2009. A significant portion of our general and administrative expenses are fixed in nature, therefore, as a percentage of our net sales, general and administrative expenses decreased to 5.3% for the year ended December 31, 2010 from 6.3% for the year ended December 31, 2009.

The increase in the general and administrative expenses was primarily attributable to (i) an increase of €0.5 million in indirect taxes relating to customs; (ii) an increase of €0.2 million in consultancy costs mainly as a result of a reclassification of costs in 2010; and (iii) an increase of €0.3 million in personnel costs. Such increases were partially offset by a decrease of €0.3 million in insurance costs as a result of both a reclassification of a portion of these costs and to certain saving actions put in place by management on Group insurance costs.

Sales and Marketing Expenses

Sales and marketing expenses for the year ended December 31, 2010 were €4.6 million, an increase of €0.4 million, or 10.8%, from €4.2 million for the year ended December 31, 2009. However, as a percentage of net sales, sales and marketing expenses remained relatively constant at 1.8% for the year ended December 31, 2010 compared with 2.0% for the year ended December 31, 2009. The increase in sales and marketing expenses was primarily attributable to (i) an increase of €0.3 million in rental costs mainly due to a reclassification of rental costs for certain warehouses which were previously recorded as operation costs, and (ii) an increase of €0.2 million in consultancy costs relating to a preliminary study performed in 2010 by an external consultant on the pricing of our products.

Research and Development Expenses

Research and development expenses for the year ended December 31, 2010 were €3.9 million, a decrease of €0.6 million, or 12.8%, from €4.5 million for the year ended December 31, 2009. Research and development expenses represented 1.5% of our net sales for the year ended December 31, 2010 compared to 2.1% for the year ended December 31, 2009. This decrease in research and development expenses was primarily attributable to (i) cost reductions as a result of cost saving actions (ii) lower consultancy and professional fees following the reclassification of certain fees from research and development expenses to general and administrative expenses in 2010 and (iii) a decrease in personnel expenses.

Operation Costs

Operation costs for the year ended December 31, 2010 were €1.6 million, a decrease of €0.1 million, or 5.6%, from €1.7 million for the year ended December 31, 2009. However, as a percentage of net sales, operation costs remained relatively consistent at 0.6% for the year ended December 31, 2010 compared with 0.8% for the year ended December 31, 2009. This decrease in operation costs was primarily attributable to the reclassification of certain warehouses rental costs (from operation costs to cost of sales and to sales and marketing expenses) in 2010.

Other (Income)/Expense

Other (income)/expenses amounted to net other income of €2.3 million for each of the years ended December 31, 2010 and 2009. Net other income included (i) other income of €1.5 million and €1.9 million for the years ended December 31, 2009 and 2010, respectively, (ii) net foreign exchange gains of €0.4 million for the year ended December 31, 2010, and (iii) gains on the disposal of plant and machinery from the Spanish manufacturing plant of €0.8 million for the year ended December 31, 2009. Other income primarily comprised recharge of samples and gains on disposal of fixed assets and grants.

Net foreign exchange rate gains amounted to €0.4 million for the year ended December 31, 2010. We primarily attribute this increase to the appreciation of the U.S. dollar against the euro, which resulted in higher gains especially at the Mexican and Chinese legal entities where the functional currency is the U.S. dollar with respect to sales and material costs. Gains and losses on foreign exchange transactions recorded in other (income)/expense relate to the gains and losses from our operating activities (while the gains and losses on cash and foreign currency denominated debt is recorded in financial income and expense).

Prior to the year ended December 31, 2009, unrealised net foreign exchange rate losses on financial loans were recorded in other (income)/expense. Such net foreign exchange rate losses amounted to €4.7 million for the year ended December 31, 2008. With effect from the year ended December 31, 2009, such gains and losses have been recorded in financial (income)/expenses.

EBITDA Before Non-Recurring Transactions

As a result of the factors explained above, EBITDA before non-recurring transactions for the year ended December 31, 2010 was €38.1 million, an increase of €4.1 million, or 11.9%, from €34.0 million for the year ended December 31, 2009. EBITDA before non-recurring transactions represented 14.6% of our net sales for the year ended December 31, 2010 compared to 16.1% for the year ended December 31, 2009.

Depreciation, Amortization and Write-Downs

Total depreciation, amortization and write-downs for the year ended December 31, 2010 were €13.0 million, an increase of €1.1 million, or 8.7%, from €11.9 million for the year ended December 31, 2009. Depreciation, amortization and write-downs comprised the amortization of intangible assets and the depreciation of tangible assets as follows:

	Year Ended December 31,		
	2009	**2010**	**% Change**
	(€ in millions)		
Amortization of Intangible Assets:			
Patents and similar rights	0.8	0.9	12.7%
Licenses and trademarks	0.1	—	(97.5)%
Other intangibles	—	0.6	n.a.
Total	**0.9**	**1.5**	**58.4%**
Depreciation of Tangible Assets:			
Land and buildings	0.7	0.7	(0.3)%
Machinery and installations	8.7	9.0	3.5%
Equipment and toolings	0.8	0.7	(12.1)%
Other tangible assets	0.8	1.1	32%
Total	**11.0**	**11.5**	**4.4%**
Total Amortization, Depreciation and Write-Downs	**11.9**	**13.0**	**8.7%**

Amortization of intangible assets for the year ended December 31, 2010 was €1.5 million, an increase of €0.6 million, or 58.4%, from €0.9 million for the year ended December 31, 2009. This increase was primarily attributable to increased amortization of patents and similar rights as well as other intangibles due to the full year amortization in 2010 of new patents capitalized in 2009 and the portion of amortization of intangibles capitalized in 2010.

Depreciation of tangible assets for the year ended December 31, 2010 was €11.5 million, an increase of €0.5 million, or 4.4%, from €11.0 million for the year ended December 31, 2009. This increase was primarily attributable to an increase in depreciation for machinery and installations as well as other tangible assets due to the full year depreciation of assets that had been purchased in 2009 and higher additions of machinery and installations in 2010. In particular, capital expenditure for machinery and installations was €3.1 million for the year ended December 31, 2009 and €9.3 million for the year ended December 31, 2010.

Costs from Non-Recurring Transactions

Non-recurring costs incurred for the year ended December 31, 2010 amounting to €1.8 million related to (i) the relocation costs of our Mexican manufacturing plant to its current location (including a penalty cost paid to the former landlord) and (ii) non-recurring costs relating to changes to our management.

Non-recurring costs incurred for the year ended December 31, 2009 amounting to €2.2 million mainly related to non-recurring costs in connection with changes to our management and restructuring costs amounting to €0.7 million related to the reorganization process implemented at Zobele España, S.A.U. These restructuring costs represent the residual costs incurred in connection with the closure of the Spanish manufacturing plant, which ceased operating as a manufacturing plant in 2008.

Financial (Income)/Expenses

Net financial expenses for the year ended December 31, 2010 were €23.8 million, a decrease of €2.5 million, or 9.7%, from €26.3 million for the year ended December 31, 2009.

For the year ended December 31, 2010, financial expenses included €11.1 million of accrued interest on the Shareholder Loan compared with €13.4 million of accrued interest for the year ended December 31, 2009. The decrease of €2.3 million in interest on the Shareholder Loan was a result of the conversion of a portion of the interest in November 2010 to the share premium reserve on behalf of the Group's shareholder, Z Alpha. This contribution comprised (i) a portion of the outstanding interest classified within the Shareholder Loan granted by Z Alpha (€9.1 million) and (ii) a portion of accrued interest classified within other liabilities for €0.1 million.

Financial income and expenses also included a net loss of €0.5 million recorded for the year ended December 31, 2010 compared to a net foreign exchange gain of €0.4 million for the year ended December 31, 2009. This loss was mainly recorded at the Mexican legal entities as a result of the financial liabilities held in U.S. dollars following the appreciation of the U.S. dollar against the euro.

Income Taxes

Income tax for the year ended December 31, 2010 was an expense of €5.7 million, a decrease of €1.8 million, or 24.2%, from €7.5 million for the year ended December 31, 2009. This decrease mainly related to a decrease in the taxable income recognized by Zobele España, S.A.U., the Issuer and Zobele México, S.A. de C.V. for the year ended December 31, 2010.

Minority Interest

Net income attributable to minority shareholders was €1.2 million for the year ended December 31, 2010, a decrease of €0.3 million, or 16.9%, from €1.5 million for the year ended December 31, 2009. This change was primarily a result of lower net income recognized by Zobele Asia Pacific (Hong Kong) Ltd., which has a 20% minority interest, and by Zobele México, S.A. de C.V., which has a 5% minority interest.

Group Net Income/(Loss)

Group net income/(loss) for the year ended December 31, 2010 was a net loss of €7.4 million, a decrease of €8.0 million from a loss of €15.4 million for the year ended December 31, 2009, which was a result of the factors discussed above.

Liquidity and Capital Resources

Cash Flows

The following table sets forth a summary of our cash flows for the years ended December 31, 2009, 2010 and 2011 and for the nine months ended September 30, 2011 and 2012:

	Year Ended December 31,			Nine Months Ended September 30,	
	2009	**2010**	**2011**	**2011**	**2012**
	(€ in millions)				
Cash Generated from Operating Activities Before Changes in Working Capital and Income Tax Paid	23.2	35.9	39.1	31.7	27.4
Change in Working Capital	(0.1)	10.3	(8.6)	(8.5)	4.6
Income Tax Paid	(2.1)	(5.3)	(5.9)	(2.1)	(7.0)
Net Cash Generated from Operating Activities	**21.0**	**40.9**	**24.6**	**21.1**	**25.0**
Net Cash Used in Investing Activities	**(7.2)**	**(15.2)**	**(15.1)**	**(11.7)**	**(11.4)**
Net Cash Used in Financing Activities	**(10.0)**	**(12.1)**	**(28.8)**	**(16.7)**	**(3.3)**
Net Increase/(Decrease) in Cash and Cash Equivalents	3.8	13.6	(19.3)	(7.3)	10.3
Cash and Cash Equivalents at Beginning of the Year	13.2	17.0	30.6	30.6	11.3
Cash and Cash Equivalents at End of the Period	**17.0**	**30.6**	**11.3**	**23.3**	**21.6**

Net Cash Generated from Operating Activities

For the nine months ended September 30, 2012, our net cash generated from operating activities was €25.0 million, an increase of €3.9 million from €21.1 million for the nine months ended September 30, 2011. We primarily attribute this increase to movements in working capital, which absorbed €8.5 million for the nine months ended September 30, 2011 compared to €4.6 million generated in the nine months ended September 30, 2012, primarily reflecting a decrease in inventory levels that was partially offset by a decrease in trade payables and a small increase in trade receivables.

Income tax paid in the nine months ended September 30, 2012 was €4.9 million higher than that paid in the nine months ended September 30, 2011, principally due to a €3.1 million increase in the tax paid in Mexico and a €1.2 million increase in the taxes paid in Italy in the nine months ended September 30, 2012. The higher tax in Mexico arose mainly through phasing of tax payments during 2011, when a large part of the tax in Mexico was paid in the last quarter of 2011, whilst in 2012, the tax was spread more evenly over the year.

For the year ended December 31, 2011, our net cash generated from operating activities was €24.6 million, a decrease of €16.3 million from €40.9 million for the year ended December 31, 2010. We primarily attribute this decrease to our movements in working capital, which was €8.6 million absorbed for the year ended December 31, 2011 compared to €10.3 million generated for the year ended December 31, 2010. The cash absorbed from movements in working capital was primarily related to a decrease in trade payables reflecting a reduced average payment term with suppliers and, to a lesser extent, an increase in trade receivables reflecting increased net sales, which were both partially offset by a decrease in inventory reflecting an increase in materials purchases in 2010 in connection with product launches that occurred in 2011. The cash absorbed from movements in working capital was partially offset by a €3.2 million increase in cash generated from operating activities before changes in working capital and income tax paid for the year ended December 31, 2011, primarily due to an increase in EBITDA before non-recurring transactions.

For the year ended December 31, 2010, our net cash generated from operating activities was €40.9 million, an increase of €19.9 million from €21.0 million for the year ended December 31, 2009. We primarily attribute this increase to (i) the negative impact in 2009 of €12 million of non-recurring costs primarily related to the restructuring of our operations in Spain, (ii) a €12.7 million increase in cash generated from operating activities before changes in working capital and income tax paid for the year ended December 31, 2010, primarily due to an increase in EBITDA before non-recurring transactions and (iii) €10.3 million in cash generated from movements in working capital for the year ended December 31, 2010 compared to €0.1 million in cash absorbed for the year ended December 31, 2009, primarily due to an increase in trade payables reflecting an increased average payment term with suppliers, which was partially offset by an increase in inventory costs reflecting an increase in materials purchases in 2010 in connection with product launches that occurred in 2011, as well as the higher volume of sales in 2010. The net cash generated by operating activities for the year ended December 31, 2010 was partially offset by an increase in income tax paid in 2010 of €3.2 million.

Our net cash generated from operating activities for the periods above was affected by (i) the average number of days of inventory we maintain, (ii) the average number of days accounts receivables remain outstanding and (iii) the average number of days accounts payable remain outstanding. For the nine months ended September 30, 2012 and the years ended December 31, 2011, 2010 and 2009, our average days of inventory were 61, 67, 63 and 74 days, respectively. For the nine months ended September 30, 2012 and the years ended December 31, 2011, 2010 and 2009, our average accounts receivables aging were 91, 93, 105 and 109 days, respectively. For the nine months ended September 30, 2012 and the years ended December 31, 2011, 2010 and 2009, our average accounts payable aging were 116, 113, 111 and 97 days, respectively.

Net Cash Used in Investing Activities

For the nine months ended September 30, 2012 our net cash used in investing activities was a cash outflow of €11.4 million, compared to €11.7 million for the nine months ended September 30, 2011. As with prior years, cash used in investing activities primarily related to capital expenditure for the development of new products.

For the year ended December 31, 2011, our net cash used in investing activities was a cash outflow of €15.1 million, compared to €15.2 million for the year ended December 31, 2010, a decrease of €0.1 million. As with prior years, cash used in investing activities primarily related to capital expenditure to support new products.

For the year ended December 31, 2010, our net cash used in investing activities was a cash outflow of €15.2 million, compared to €7.2 million for the year ended December 31, 2009, an increase of €8.0 million. We primarily attribute this increase to the increased capital expenditure related to new products, which increased from €5.8 million for the year ended December 31, 2009 to €10.0 million for the year ended December 31, 2010. The main capital expenditure during these periods was in relation to machinery and installations.

For more information on the cash used in investing activities, see ''—Capital Expenditure.''

Net Cash Used in Financing Activities

For the nine months ended September 30, 2012, our net cash used in financing activities was a cash outflow of €3.3 million, compared to a cash outflow of €16.7 million for the nine months ended September 30, 2011, a decrease of €13.4 million. We primarily attribute this decrease to the proceeds of

€10 million received from our shareholder during the third quarter 2012. For further details see Note 13 to the unaudited interim consolidated financial statements as of and for the nine months ended September 30, 2012.

For the year ended December 31, 2011, our net cash used in financing activities was a cash outflow of €28.8 million, compared to a cash outflow of €12.1 million for the year ended December 31, 2010, an increase of €16.7 million. We primarily attribute this increase to (i) the repayment of €16.1 million of our long term loans, which was partially offset by a €4.5 million increase in the use of credit facilities, and (ii) a €3.5 million increase in foreign exchange rate losses as a result of third party and intercompany loans that were revalued during 2011.

For the year ended December 31, 2010, our net cash used in financing activities was a cash outflow of €12.1 million compared to €10.0 million for the year ended December 31, 2009, an increase of €2.1 million. We primarily attribute this increase to (i) the repayment of €6.6 million of our long term loans, which was partially offset by a €5.9 million increase in the use of credit facilities and (ii) a €0.5 million increase in foreign exchange rate losses.

Cash and Cash Equivalents

Cash and cash equivalents comprise our cash deposits at banks, along with bank overdrafts, as well as short-term high liquidity investments. Cash and cash equivalents are primarily held in euro and U.S. dollars. We had cash and cash equivalents of €17.0 million, €30.6 million, €11.3 million and €21.6 million, respectively as of December 31, 2009, 2010 and 2011 and as of September 30, 2012.

Capital Expenditure

The primary objective of our capital expenditure programs is to provide a framework to support continued growth. For example, a key aim of our capital expenditure is to ensure that we maintain required production capacity to service our existing customers' requirements quickly and efficiently, including in connection with the launch of new products and to be able to respond to our FMCG customers expanding their global presence. In addition, capital expenditure is integral to our efforts to broaden our customer base, as it ensures that we have sufficient production capacity to service new customers while maintaining the quality of service that our existing customers expect.

For the years ended December 31, 2009, 2010 and 2011, we made capital expenditure in the amount of €8.4 million, €14.8 million and €15.2 million, respectively. Pursuant to our contracts with our global FMCG customers, we are typically able to recover customer-specific capital expenditure, such as capacity expansion and development costs that are directly related to new products for such FMCG customers. In the event that a project is cancelled or the underlying product does not meet sales expectations, we have the right to recover the proportion of capital expenditure from the customer for whom the relevant project was undertaken. We are responsible for capital expenditure required for maintenance and industrial improvements. The following table provides a breakdown of our capital expenditure spend during the periods indicated.

	Year Ended December 31,			Nine Months Ended September 30,	
	2009	2010	2011	2011	2012
	(in € millions)				
New Products	5.8	9.9	9.6	8.0	3.7
Capacity Expansion	0.5	1.2	1.2	0.8	2.4
Industrial Improvements	0.7	1.1	2.2	1.7	1.3
Maintenance	1.4	2.6	2.2	1.4	1.2
Total Excluding R&D	**8.4**	**14.8**	**15.2**	**11.9**	**8.6**
R&D(1)	—	—	—	—	2.7
Total Capital Expenditure	**8.4**	**14.8**	**15.2**	**11.9**	**11.3**

(1) Research and development costs are expensed as incurred unless such costs meet the criteria to be recognized in accordance with IAS 38 Intangible Assets. Development costs incurred on a project are recognized as intangible assets when we have the intention to use or sell the product produced by the project, provided that there exists a market for the product, its commercially and technologically feasible, its costs can be measured reliably, and there are adequate financial resources to complete the development of the product.

Capital expenditure for the nine months ended September 30, 2012 was €11.3 million. We expect to have invested a total of approximately €20 million in capital expenditure for the year ended December 31, 2012, which, unlike previous years, includes a direct and up-front contribution to capital expenditure by one of our customers totaling €7.3 million. Accordingly, our net capital expenditure for the year ended December 31, 2012 is expected to be approximately €13 million, which will consist primarily of new machinery and equipment to meet current and future demand for our products, to expand injection molding operations capacity at our manufacturing plants in Mexico and China and to upgrade our industrial operations at our manufacturing plants in China and Brazil.

Capital expenditure for the year ended December 31, 2011 was €15.2 million, compared to €14.8 million for the year ended December 31, 2010, an increase of €0.4 million, primarily as a result of our investment in industrial improvements. For the years ended December 31, 2010 and 2011, capital expenditure recoverable from our customers represented 75.0%, and 71.1% of total capital expenditure, respectively. The decrease in the proportion of recoverable capital expenditure was primarily due to an increase in capital expenditure spent on industrial improvements in connection with setting up the new manufacturing plant in India, which opened in March 2012, and the upgrade of the equipment at the manufacturing plant in China, which were partially offset by a decrease in maintenance capital expenditure as a result of better control of maintenance activities.

Capital expenditure for the year ended December 31, 2010 was €14.8 million, compared to €8.4 million for the year ended December 31, 2009, an increase of €6.4 million, primarily as a result of our investment in new product launches for our global FMCG customers that generated a significant increase in net sales during 2010. For each of the years ended December 31, 2009 and 2010, capital expenditure recoverable from our customers represented 75.0% of total capital expenditure. We were able to maintain the proportion of recoverable capital expenditure due to reduction of maintenance and industrial improvement capital expenditure during 2009.

Contractual Commitments and Off-Balance Sheet Arrangements

Contractual Commitments

As of September 30, 2012, after giving *pro forma* effect to the Refinancing, our total consolidated debt would have been €180.1 million. In addition, we will have €30.0 million available for drawing under the Revolving Credit Facility. The table below summarizes the principal categories of our contractual obligations and commercial commitments as at September 30, 2012 (unless indicated otherwise and as adjusted to give effect for the Notes and the Transactions):

	Payments Due by Period			
	Total	Less than 1 Year	1-5 Years	More than 5 Years
	(€ in millions)			
Contractual Obligations:				
Senior Secured Notes Offered Hereby[(1)]	180.0	—	—	180.0
Revolving Credit Facility[(2)]	—	—	—	—
Real Estate Rental Leases[(3)]	9.1	2.2	5.6	1.3
Capital Expenditure[(4)]	2.1	2.1	—	—
Total	**191.2**	**4.3**	**5.6**	**181.3**

(1) Represents the principal repayment on the Notes offered hereby which will mature in 2018. The contractual obligation does not include interest expense.

(2) The Revolving Credit Facility for an amount of €30 million is expected to be undrawn on the Issue Date.

(3) Represents the minimum lease payments under non-cancellable operating leases. Our operating leases mainly relate to property and car leases.

(4) Represents the amount of our committed capital expenditure as of December 31, 2011. As of September 30, 2012, the committed capital expenditure of the Group was €8.5 million.

Our ability to make scheduled payments of principal of, or to pay the interest on, or to refinance, our indebtedness (including the Notes), or to fund planned capital expenditure and working capital, will depend on our future performance and our ability to generate cash in the future, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors that are beyond our control, as well as to other factors discussed under "Risk Factors."

Working Capital

We believe that our working capital will be a moderate use of cash as revenues increase as we grow our sales volumes and that our current working capital, together with amounts to be available under the Revolving Credit Facility, would be sufficient for our current working capital requirements.

Group Cash Management

Our Group-wide cash management function is centralized to the extent possible and reasonable. Our operating subsidiaries keep liquidity only to the extent needed for daily operations. Any surplus liquidity in our operating subsidiaries is transferred to the Company. Surplus liquidity is used for general corporate purposes.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, operating results, liquidity, capital expenditure or capital resources.

Qualitative and Quantitative Disclosures about Market and Operating Risks

The following discussion should be read in conjunction with the notes to the consolidated financial statements of the Company contained elsewhere in this Offering Memorandum, which summarize our significant accounting policies with respect to, among other things, credit risk and liquidity risk.

Our operations are exposed to different financial risks, including credit risk, liquidity risk, and market risks (such as foreign exchange risk, interest rate risk and commodity price risk). The creation and supervision of a managerial system for financial risks of the Group is the responsibility of the Board of Directors and managed by the executive management of the Group in accordance with our internal control procedures. The formalization of these policies are ongoing, although procedures are already in place to identify, analyze and monitor the exposures of the Group. All significant transactions are authorized by our Board of Directors.

Credit Risk

Credit risks reflects the exposure of our Group to potential losses originating from failure by trade and financing counterparties to fulfill their obligations. This risk primarily originates from typically financial factors, such as the possibility that a counterparty may default.

The business strategies we use to manage this risk are:

- regarding our cash at hand, we choose to work with primary national and international banks; and
- regarding commercial credit, we work mainly with investment grade rated customers.

During 2010, to better manage our liquidity risk, we also entered into factoring arrangements (without recourse). For more information on our factoring arrangements, see ''Description of Certain Financing Arrangements.''

As of December 31, 2011, 79% of our trade receivables are with investment grade rated companies.

Liquidity Risk

Liquidity risk, also called funding risk, is that we may have difficulty in obtaining funds in order to be able to meet both our day-to-day operating requirements and our debt servicing obligations (interest and debt repayment).

Our executive management monitor the Group's liquidity requirements and mitigate liquidity risk by ensuring we maintain sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

Cash flow forecasting is performed by management of our operating entities which is consolidated by our finance team. These rolling forecasts are monitored to ensure our cash and liquidity requirements are sufficient to meet operational needs while maintaining sufficient headroom on our undrawn committed borrowing facilities. This enables our management to monitor compliance with borrowing limits and debt covenants on our borrowing facilities. We also use factoring arrangements as part of our liquidity risk management where appropriate.

Market Risk

Foreign Exchange Risk

Our reported results of operations and financial condition are affected by exchange rate fluctuations due to both transactional and translational risk. The main exchange rate to which we are exposed is the U.S. dollar. Given our increasing focus on non-European markets and the recent volatility of other currencies against the euro, the effect of exchange rate fluctuations on our reported results of operations could increase over time. Our exposure to currency exchange rate fluctuations is of several types, as summarized below:

(a) Transactional Risk

Transactional risk arises when our subsidiaries execute transactions in a currency other than their functional currency. On a consolidated basis the Group's transactional foreign exchange risk is low, primarily as a result of the natural hedge of our foreign currency income and expenses. Our risk primarily arises from our Mexican and Asian Subsidiaries who execute transactions in U.S. dollars but prepare their financial statements in Mexican pesos and Hong Kong dollars respectively. However, although these entities primarily have their sales in U.S. dollars, they also incur most of their materials costs in U.S. dollars. Therefore, we have a natural hedge as sales in U.S. dollars are to a large extent offset by expenses in U.S. dollars. Our other subsidiaries' sales are mostly in euro, with the largest part of costs in euro or euro-pegged currencies. We have a minor portion of revenues in Canadian dollars, British pounds and Australian dollars. Our foreign exchange gains on operating activities amounted to €0.5 million, €0.4 million and €0.1 million in the years ended December 31, 2011, 2010 and 2009, respectively.

We have trade payables and receivables which are denominated in foreign currencies and any significant change in exchange rates could expose us to exchange rates gains and losses. We do not consider such exposure to be significant and do not currently use hedging instruments to manage such exposure.

(b) Translational Risk

The Group prepares its consolidated financial statements in euro. We are therefore exposed to translational risk on the preparation of the consolidated financial statements when we translate the financial statements of our subsidiaries which have a functional currency other than euro. On a consolidated basis, the Group's translational exchange risk stems from the operations of our Subsidiaries, which exposes us to fluctuations in other currencies, such as Mexican pesos, Chinese renminbi, Bulgarian leva (which is linked to the euro), Hong Kong dollars, Brazilian reals and Indian rupees.

A stronger euro will reduce the reported results of operations of the non-euro businesses and conversely a weaker euro will increase the reported results of operations of the non-euro businesses. These translations could affect the comparability of our results between financial periods or result in changes to the carrying value of our assets, liabilities and shareholders' equity. The currency translation effect of translating the financial statements of our foreign subsidiaries is recorded in a separate reserve in shareholders equity.

A 5% fluctuation in the U.S. dollar to euro exchange rate, with all other variables held constant, would have resulted in a limited €0.5 million impact on our EBITDA before non-recurring transactions for the year ended December 31, 2011. This calculation is based on the net sales and materials costs in U.S.$ made by the our Subsidiaries and on the overheads of the Mexican and Chinese Subsidiaries.

Interest Rate Risk

Our reported results of operations and financial condition may be affected by interest rate fluctuations. We will be exposed to interest rate fluctuations with respect to future borrowings under the Revolving Credit Facility. To the extent the measures we take do not mitigate our exposure to interest rate fluctuations, our results of operations will be affected.

Materials Price Risk

The majority of our materials by expense for the year ended December 31, 2011 consisted of fragrances, plastics, electronics and packaging materials. While these are the most significant materials used in our

business, we also use other materials, including chemicals, glass and metals (particularly copper). Some of our materials costs are subject to price volatility, but we are often protected from such volatility by the contractual terms with certain of our FMCG customers that allow us to pass through the majority of any materials cost increases. In addition, a significant proportion of our suppliers are imposed on us by our FMCG customers, who are responsible for any variance in such suppliers' costs. Although materials costs are often passed through to our customers, we take additional steps to protect us against the residual risk of fluctuating materials costs. We have consistently sought to carry out reviews and benchmarking analyses of suppliers' pricing so as to achieve the best possible terms. We undertake various measures to mitigate our exposure to materials prices, including among others, using an unconcentrated and broad base of over 450 suppliers for our materials and using double-sourcing wherever we are able, although packaging materials are generally sourced through local suppliers and we are not permitted to double-source where our suppliers are imposed on us by our FMCG customers.

Critical Accounting Estimates and Judgments

The discussion and analysis of the results of operations and financial condition are based on the consolidated financial statements as of and for the years ended December 31, 2011, 2010 and 2009 and the unaudited interim condensed consolidated financial statements as of and for the nine months ended September 30, 2012, which have been prepared in accordance with IFRS. The preparation of these financial statements requires management to apply accounting methods and policies that are based on difficult or subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the existing facts and related circumstances. The application of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based. The following sections sets forth a description of the accounting estimates that require more subjective judgment of management in making assumptions or estimates regarding the effects of matters that are inherently uncertainty and for which changes in conditions may significantly affect the results reported in our financial statements.

Goodwill

Goodwill represents a significant part of our total assets. As of December 31, 2009, 2010 and 2011, the net book value of goodwill in the consolidated balance sheet was €202.3 million, €202.1 million and €202.0 million, respectively, representing 50.4%, 45.3% and 45.0% of our total assets for the respective years.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3 to the consolidated financial statements as of and for the year ended December 31, 2011. The impairment test entails a determination of the recoverable value of cash generating units which is determined on the basis of value in use calculations. Impairment losses relating to goodwill cannot be reversed in future periods. The allocation of goodwill to cash generating units and the determination of their recoverable value entails estimates that are based upon factors which may change over time.

We did not record any goodwill impairment charge for the years ended December 31, 2009, 2010 and 2011. Movements in goodwill during such periods were related to exchange rate differences.

Impairment of assets

In accordance with accounting standards, tangible and intangible assets with a finite useful life are examined for the purpose of determining whether the carrying value of these assets is recoverable and whether there are indicators which suggest that these assets might be impaired. In determining whether such indicators exist, subjective evaluations must be made based on market information, historical experience and information available to our Group. Should it be determined that the carrying value of an asset is not recoverable, suitable estimates are used to determine the related impairment. The identification of the factors which indicate a potential impairment and the estimates used to determine the impairment loss are based on factors which can change over time.

Taxes

The assessment of the appropriate amount of income taxes is dependent on several factors, including estimates of the timing and probability of the realization of deferred income taxes and the timing of income tax payments. Deferred income taxes are provided for the effect of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets and liabilities are measured using tax rates prevailing at the reporting date and that, if changed, would result in either an increase or decrease in the actual taxes paid or tax benefits received. Deferred tax assets are recognized on the basis of expectations about future earnings. The estimate of future earnings for purposes of the recognition of deferred taxes depends on factors which could vary over time and significantly affect the amount of deferred taxes or actual tax benefits received.

Litigation

The Group accrues provisions for legal risks and tax risks. The amount of the provisions recorded in the financial statements represents the best estimate as of the date the financial statements were prepared. The estimate includes assumptions that depend on factors which may change over time and which could therefore have significant impacts on the estimates made by the directors when preparing the financial statements.

Pensions and employee benefit plans

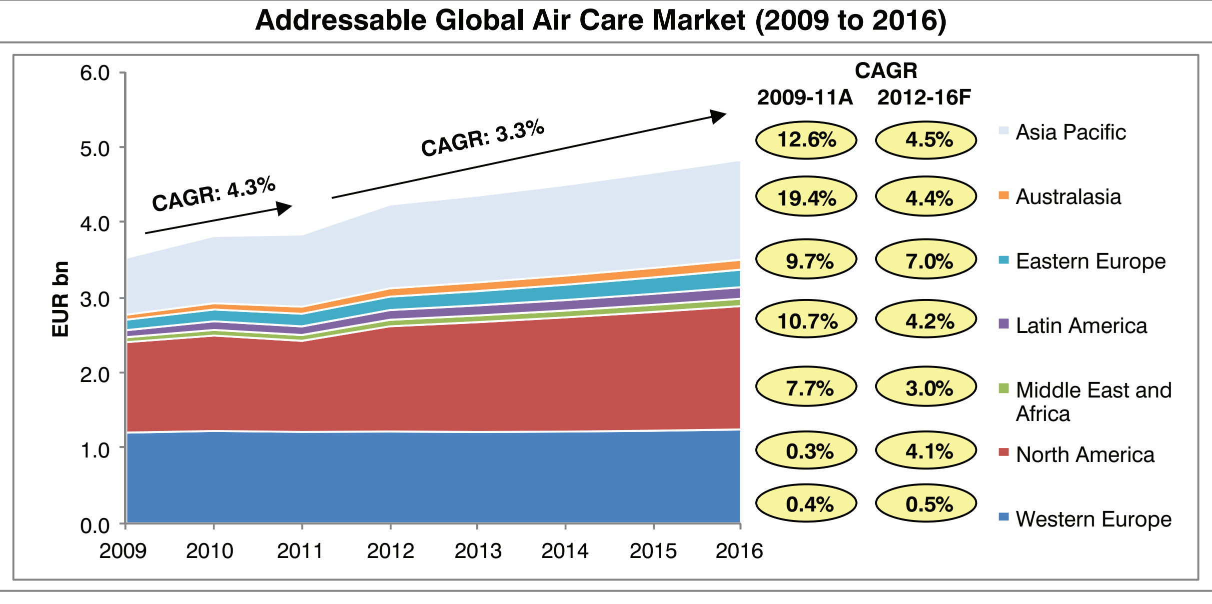
The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using various assumptions. The assumptions used include the discount rate, rate of return on plan assets, mortality and employee turnover. Actual results may differ from the actuarial assumptions, which may have an impact on the amount of reported expense or liability.

Unless otherwise stated, all information regarding markets, market position and other industry data contained in this Offering Memorandum is based on our own estimates, internal surveys, market research, customer feedback, publicly available information and industry reports prepared by consultants. In many cases, there is no readily available external information (whether from trade associations, government bodies, other industry organizations or competitors) to validate market-related analyses and estimates, resulting in our relying on our own internally developed estimates. Certain of the information presented herein has been derived from external sources, including Euromonitor International Limited, public websites and company financial reports and other independent third party research. Any third party sources we use, including the data provided by Euromonitor, generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed, and that the projections they contain are based on significant assumptions. Similarly, while we believe that internal surveys, industry forecasts, customer feedback and market research we have used in making our estimates are generally reliable, none of this data has been independently verified. Market data and statistics are inherently subject to uncertainties and not necessarily reflective of actual market conditions. We cannot assure you that any of the assumptions underlying these statements are accurate or correctly reflect our position in the industry or the relevant markets, and none of our internal surveys or information have been verified by any independent sources. Neither we nor Doughty Hanson nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of the industry and market data set forth in this Offering Memorandum, and neither we nor Doughty Hanson nor the Initial Purchasers have independently verified this information and cannot guarantee its accuracy.

Overview of the Global Air Care Market

Euromonitor defines the global air care market by reference to electric devices and refills, statics (such as gels and liquids), car devices, sprays or aerosols, candles and ''other'' sub-categories. According to Euromonitor, the global air care market had a global retail value of approximately €6.4 billion in 2011. Zobele only produces added value air care products, and does not produce candles and manual sprays or aerosols. When these products are excluded so as to arrive at Zobele's addressable market, the global retail value was approximately €3.8 billion in 2011. According to Euromonitor, Zobele's addressable air care market grew by a compound annual growth rate (''CAGR'') of 4.3% from 2009 to 2011 and is expected to grow by a CAGR of 3.3% from 2012 to 2016. The air care market has been resilient to the economic cycle as a result of the relatively low cost of the products, and the introduction of new or enhanced products has led to positive price trends.

Addressable Global Air Care Market (2009 to 2016)



Source: Euromonitor

Historically, the key geographical markets for air care products have been Western Europe and North America, which in 2011 each accounted for a global retail value of approximately €1.2 billion of Zobele's

total global addressable market. The key driver of growth in the air care markets for Western Europe and North America is product innovation, which helps to stimulate consumer interest and encourages consumers to trade up from basic products, such as candles and manual sprays or aerosols, to added value products, such as the electric devices and static devices that Zobele produces. New product launches are typically associated with higher retail prices which translates into higher overall market value. In addition, the global air care market is expected to continue to grow rapidly in emerging markets, as disposable income increases, electric devices increasingly replace more basic products and consumers use air care products for the first time or more frequently.

Air Care Devices

The global air care market comprises a large range of air freshener products which refresh the atmosphere in houses and in cars. Air freshener products generally spread active solutions through the air using supporting dispensing technology, such as plug-in devices, gels, membranes and sprays. The table below shows each of the product sub-categories within the global air care market used by Euromonitor, and separately identifies those which are within Zobele's addressable market.

Product Category	Typical Products	Description	Global retail market value in 2011
Within Zobele's addressable market			
Electric devices and refills		Electric devices with a glass bottle liquid refill system.	€1.9 billion
Statics (such as liquids and gels)		Hanging or standing devices with peel membrane or liquid wick.	€1.2 billion
Car devices		Small devices that can be clipped onto aeration systems in cars, filled with dedicated liquid wick or membrane.	€0.8 billion
Outside Zobele's addressable market			
Manual sprays or aerosols		Manual spray and aerosol systems with standard refills.	€1.8 billion
Candles and other products		Scented candles and other lower value products.	€0.8 billion

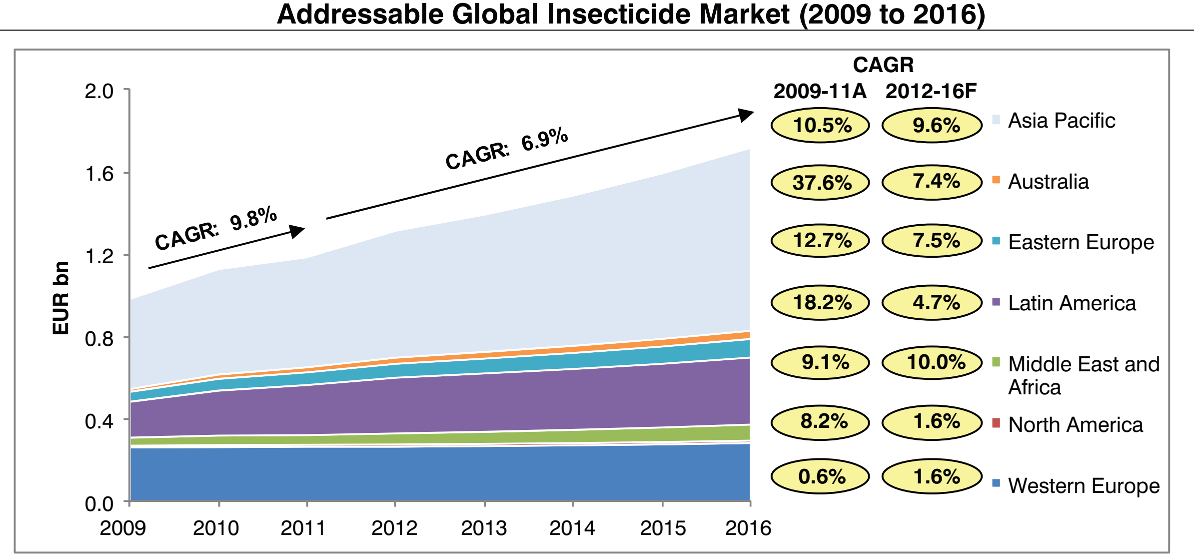
Overview of the Global Insecticide Market

Euromonitor defines the global insecticide market by reference to electric devices, sprays or aerosols, coils, baits and "other" sub-categories. According to Euromonitor, the global insecticide market had a global retail value of approximately €6.4 billion in 2011. Zobele's addressable market for insecticide products consists of electric insecticide devices, which had a global retail value of approximately

€1.2 billion in 2011. While Zobele also produces other insecticide products, 78% of its sales of Insecticide Products in 2011 were in the electric sub-category, and this is the sub-category of the insecticide market that Zobele actively targets. According to Euromonitor, Zobele's addressable insecticide market grew by a CAGR of 9.8% from 2009 to 2011 and is expected to grow by a CAGR of 6.9% from 2012 to 2016.

Overall market demand for insecticide products has been supported by product innovation, which has increased the range of products available to customers. In addition, the insecticide market has recently placed an increased emphasis on product aesthetics. The insecticide market has been resilient to the economic cycle as a result of the relatively low cost of the products and the relatively non-discretionary nature of the products.

Addressable Global Insecticide Market (2009 to 2016)



Source: Euromonitor

According to Euromonitor, in 2011, the retail value of Zobele's addressable insecticide market in Europe was €0.3 billion compared to a total retail value in the emerging markets of €0.9 billion. Demand for insecticide products in emerging markets, particularly in Latin America, Asia Pacific, and the Middle East and Africa, has demonstrated strong growth in recent years and has outpaced the growth in demand from developed economies, as increasing consumer disposable income in emerging markets has stimulated greater usage of insecticides, particularly more expensive electric insecticides, and consumers in these markets increasingly replace outdoor use coils that they had been using indoors with more sophisticated electric insecticide products intended for indoor use. According to Euromonitor, from 2012 to 2016 emerging markets are expected to continue to grow at higher rates than developed economies, with Zobele's addressable insecticide market in Asia Pacific and the Middle East and Africa expected to grow by CAGRs of 9.6% and 10.0%, respectively, between 2012 and 2016. North America represents only 1% of the global insecticide market, principally because the United States strictly regulates the types of insecticide products that may be sold there.

Insecticide Devices

The global insecticide market comprises a large range of insecticide and insect repellent products, with outdoor and indoor applications, which are filled with various types of active ingredients. The table below shows each of the product sub-categories within the global insecticide market used by Euromonitor, and separately identifies those which are within Zobele's addressable market.

Product Category	Typical Products	Description	Global retail market value in 2011
Within Zobele's addressable market			
Electric devices and refills		Electric devices with liquid and/or mat refill systems.	€1.2 billion
Outside Zobele's addressable market			
Manual sprays or aerosols		Manual sprays and aerosol systems with standard refills.	€2.8 billion
Coils		Products for outdoor use with active ingredients.	€1.0 billion
Other, including baits and portable products		Other lower value products	€1.4 billion

Air Care and Insecticide Global Market Trends

Growth of Emerging Markets and Continued Globalization of the FMCG Market

Growing disposable income, favorable demographics and increased penetration of FMCG companies in emerging markets are the key drivers of growth in emerging markets. Robust growth rates in emerging markets have led to increased investment by FMCG companies and an increased total share of sales in these markets.

Product Innovation and Development

Product innovation and development are key factors in the growth of the air care and insecticide markets. Suppliers with strong research and development capabilities benefit from the demand for new and enhanced products. According to Euromonitor, the average prices per unit for products within Zobele's addressable air care market (excluding gels) and insecticide markets have increased by CAGRs of 4.5% and 3.2% per annum, respectively, from 2008 to 2012 and are expected to grow by CAGRs of 2.4% and 1.0% per annum, respectively, from 2012 to 2016.

Increased Outsourcing by Customers and a Consolidated Supplier Base

Product innovation and development as a key value added service from suppliers to FMCG companies has led to increased outsourcing of new product development and production, which is expected to continue. In addition, FMCG companies have increased the consolidation of their supplier base in pursuit of cost savings, reliability, quality and product consistency across regions. This allows FMCG companies to focus on core brand management and the marketing of their products.

Distribution Channels

The end products for the air care and insecticide markets are distributed by global FMCG companies, regional FMCG companies and retailers.

Global FMCG companies are multinational companies, such as Henkel, Procter & Gamble and Reckitt Benckiser, which manufacture and market ranges of branded consumer packaged goods. These companies have branded products in the air care and insecticide markets and distribute these products to end consumers through wholesalers and retail chains. Regional FMCG companies have a strong

focus and position in a particular region and comprise companies such as Clorox and Upeco. Retailers comprise retail chains which are typically focused on the distribution of their own private label products in the air care and insecticide markets.

Competitive Landscape

We compete with a wide range of competitors, but our key competitors are third party contract manufacturers of electric devices, which comprise 71.6% of the combined net sales of our Air Care Products and Insecticide Products. In addition, certain of our FMCG customers have existing in-house production capabilities, but these mostly relate to liquid refills rather than electric devices and to the final packaging stage of the manufacturing process.

According to their latest available published accounts and management estimates, Zobele has a higher turnover than all of its known competitors that supply air care or insecticide devices to third parties. These competitors include Computime, CTR, Group Dekko, Jeyes, Kwonnie, Oustar and Relevi. A number of these competitors are more diversified companies operating in multiple product categories outside of the air care and insecticide markets. We estimate that air care and insecticide product sales represent a small percentage of the turnover of certain of these companies, as they do not consider the air care and insecticide markets to be their core markets. Of those competitors that we believe to be focused predominantly on the sale of Air Care Products and Insecticide Products, based on their latest available published accounts and management estimates, we believe Zobele has more than four times higher net sales than its largest competitor.

In addition, very few third party electric device contract manufacturers have capabilities throughout the entire value chain or the product innovation and global distribution capabilities that we possess. We are the only supplier of Air Care Products and Insecticide Products to have a global footprint with manufacturing plants on four continents.

BUSINESS

Overview

We are the leading global supplier of air care and insecticide devices by revenue. We primarily sell our products to blue chip fast-moving consumer goods (''FMCG'') companies, such as Henkel, Procter & Gamble, Reckitt Benckiser and a privately owned leading global FMCG company, and the average length of our relationships with these four customers is 24 years. We operate as a ''one-stop-shop,'' offering customers global solutions and services covering the entire value chain from product innovation and development to manufacturing and delivery. We leverage a common technology platform relating to dispensing devices, such as electric plug-in devices and powered aerosol devices, across our product categories. Historically, we have grown our business and increased profits through our wide range of products, long-standing customer relationships, strong product innovation and development capabilities and our global industrial footprint, which includes manufacturing plants in Mexico, China, Italy, Bulgaria, Brazil and India. For the twelve months ended September 30, 2012, we had net sales and EBITDA before non-recurring transactions of €328.6 million and €41.3 million, respectively.

Our product categories comprise the following:

- Air care products, which principally consist of electric plug-in devices, gel and liquid air fresheners, powered aerosol air freshener devices and car air freshener devices (''Air Care Products''). We are the largest global supplier of air care devices by revenue. For the twelve months ended September 30, 2012, our Air Care Products category generated €234.8 million or 71.5% of our net sales.
- Insecticide products, which principally consist of electric plug-in devices and portable insecticide devices (''Insecticide Products''). We are the largest global supplier of insecticide devices by revenue. For the twelve months ended September 30, 2012, our Insecticide Products category generated €77.8 million or 23.7% of our net sales.
- Home, health and personal care products, which principally consist of electric soap dispensing devices, dishwashing liquid dispensing devices, non-medicated vapor dispensing devices, surface cleaners, laundry softeners and toilet cleaners (''Home, Health and Personal Care Products''). For the twelve months ended September 30, 2012, our Home, Health and Personal Care Products category generated €16.0 million or 4.8% of our net sales.

We have strong relationships with blue chip global FMCG companies, including Henkel, Procter & Gamble, Reckitt Benckiser and a privately owned leading global FMCG company, and regional FMCG companies, including Clorox and Upeco, as well as leading retailers, including Lidl and Mercadona. We believe our strong focus on product innovation and development and our historical collaboration with our customers to design and develop new or enhanced products, combined with our long-standing relationships with such customers, encourages our key customers to approach us when they are considering new product lines, geographic expansion and entry into new sub-categories. Nearly all of our products are labeled with our customers' brands.

We are the only supplier of Air Care Products and Insecticide Products to have a global footprint with manufacturing plants on four continents. We are headquartered in Italy, with 93.3% of our net sales for the twelve months ended September 30, 2012 generated in markets outside of Italy. We operate manufacturing plants in six countries (Mexico, China, Italy, Bulgaria, Brazil and India), have design and development centers in five countries (Italy, Spain, Mexico, China and Bulgaria), and have innovation centers in Spain and Singapore. Our global footprint is predominantly based in low cost countries, where approximately 90% of our personnel is located, and strategically close to points of consumption. This enables us to meet the scale and response time demands of our FMCG customers while safe-guarding our profitability levels. In addition, our sales coverage and international distribution network allows us to operate successfully in diverse markets around the world in a cost-effective manner. Our products were delivered to 79 countries in 2012, with net sales of €159.2 million, €111.5 million, €37.7 million, €13.3 million and €6.9 million in North America, Europe, Asia Pacific, South America, Africa and the Middle East, respectively, for the twelve months ended September 30, 2012. For the year ended December 31, 2011, we employed an average of 4,554 employees.

Zobele was founded in 1919 by the Zobele family. Doughty Hanson acquired a majority interest in the Zobele Group in 2006 and currently holds a 75.6% interest, with the remainder held by management and the Zobele family.

Strengths

We believe that the Group's success to date and its potential for future profitable growth are primarily attributable to the following strengths:

Strong and long-standing relationships with blue chip customers.

We have strong and long-standing relationships with several of the largest FMCG companies in the world, who sell well-known brands, such as Air Wick, Ambipur and Febreze. Our customer base includes global FMCG companies, regional FMCG companies and retailers who, for the twelve months ended September 30, 2012, accounted for 80.4%, 12.7% and 6.9% of our net sales, respectively. According to Euromonitor, our three largest air care customers in terms of revenue hold a combined share of approximately 52% of our addressable air care market, and our two largest insecticide customers in terms of revenue hold a combined share of approximately 46% of our addressable insecticide market. We believe our customer relationships are unparalleled in our industry as a result of our close collaboration with them over long periods of time, which has enabled us to develop multi-layered relationships at commercial, technical, industrial and supply chain levels.

As a result of our successful track record of product development, our reputation for reliability, our global and local supply chain solutions, and our ability to offer the same, high quality standards around the world, we believe that our customers consider us to be a strategic supplier and important partner in enhancing their product offerings and maximizing their profits. Several of our largest customers are increasingly expanding their global presence, reducing their number of suppliers and implementing global product launches, which we believe will continue to enable us to solidify our position as a key global supplier to such customers. In addition, we believe our ability to act as a ''one-stop-shop'' for multiple product lines across our global footprint further strengthens our relationship with our customers. Furthermore, our customers are incentivized to maintain their relationships with us due to the high cost of switching the supplier of any particular product. As such, our global FMCG customers generally tend to use us to supply a particular product line for the duration of its life cycle. The average length of our relationships with Henkel, Procter & Gamble, Reckitt Benckiser and a privately owned leading global FMCG company is 24 years.

Integrated ''one-stop-shop'' capabilities with strong focus on product innovation and development.

We operate as a ''one-stop-shop,'' offering our customers global solutions and services covering the entire value chain from product innovation and development to manufacturing and delivery. We believe we are the only supplier of Air Care Products and Insecticide Products with manufacturing plants across four continents that currently offers a complete end-to-end integrated service to customers. We place a strong emphasis on product innovation and development, as innovation in the markets for Air Care Products and Insecticide Products has historically driven growth. In recent years, our customers have increasingly relied on us to co-develop new or enhanced products, which typically involves modifications to and evolution of existing products, while they focus on core brand management.

Our focus on product innovation and development has historically driven our growth. For example, we launched 93 new or enhanced products between 2009 and 2011, increasing the number of products launched in each year (25 in 2009, 32 in 2010 and 36 in 2011), and such products generated 34% of our net sales for the year ended December 31, 2011. We currently have 77 projects in our development pipeline (31 of which are in or beyond the product development stage), which we expect to drive further growth. By working with our customers during the early stages of product development, we are better positioned to capture the entire value chain of a product. For example, we are able to tailor a product's specifications so that it can be manufactured by us at a cost suitable for mass market distribution, while at the same time reducing time to market and enabling our customers to focus on their marketing strategies for their products. Work began at the product innovation and development stage for between 70% and 80% of the products contained in our current products portfolio.

Global footprint with facilities located in low cost countries close to our markets and customers.

We are the only supplier of Air Care Products and Insecticide Products to have a global footprint with manufacturing plants on four continents. Our broad manufacturing base of plants located in six countries in Europe, North America, South America and Asia allows us to provide our global FMCG customers with a reliable platform for global launches and tailored product solutions that meet high

quality standards consistently across all major markets. In addition, our global network of innovation centers, design and development centers and manufacturing plants are in close proximity to our customers' own innovation centers which facilitates collaboration and product customization to reflect local consumer preferences. Our global footprint is predominantly based in low cost countries (Mexico, China, India, Bulgaria and Brazil), allowing us to supply products to our customers on a cost-efficient basis. In addition, our global footprint lowers our costs by enabling us to source certain materials locally and optimize production by manufacturing core modules in low cost countries and finishing products in close proximity to our customers' distribution centers and end markets. This minimizes inventory, shipping costs, lead times and working capital, and enables timely delivery. Our global footprint also enables us to deal with more flexible order quantities, long term changes in relative cost base at our different manufacturing locations, and short term changes in customer demand, and to provide business continuity to our customers.

Well-invested asset base.

We believe our asset base is well invested. We have recently made significant investments in our manufacturing capacity by moving our operations to new, larger manufacturing plants, in order to service several of our largest customers, who are increasingly expanding their global presence and prioritizing emerging markets as key growth areas. For example, in 2010, we moved to a larger manufacturing plant in Mexico, the plant from which we primarily serve the U.S. market, with almost double the floor space of our previous plant and, in 2012, we moved to larger manufacturing plants in Brazil and India with over two and five times more floor space, respectively, than our previous manufacturing plants. These investments enabled us to increase the number of production lines in operation at such plants and, consequently, increase net sales from such plants. In addition, we have made investments in our injection molding capacities at such plants in Mexico and China. Furthermore, we recently opened an innovation center in Singapore, a major innovation hub for FMCG companies, and have invested in design and development capabilities in China, Mexico and Bulgaria in an effort to further cater to our customers, who are increasingly focusing on product development capabilities closer to end markets. Our injection molding machines typically have a useful life of twelve to 15 years. We believe it would take considerable time and investment to replicate our manufacturing base due to the high capital expenditure, regulatory requirements, maintenance costs, complex supply chain and strict quality standards.

Leading market position in attractive and resilient end markets.

We are the leading global supplier of air care and insecticide devices by revenue. We believe that we supply a majority of the Air Care Products sold globally by three of our four largest air care FMCG customers and a majority of the Insecticide Products sold globally by our two largest insecticide FMCG customers.

The end markets for our Air Care Products and Insecticide Products have been resilient during the global downturn as a result of the relatively low price points of such products in the retail end markets and, in the case of Insecticide Products, the relatively non-discretionary nature of such products. According to Euromonitor, the global air care and insecticide markets that make up Zobele's addressable markets grew at compound annual growth rates of approximately 4.3% and 9.8%, respectively, between 2009 and 2011. This growth was primarily driven by the continued launch of new or enhanced products, as new or enhanced products generally have a higher average selling price than existing products, and by increased penetration in emerging markets. During the same period, our net sales of Air Care Products and Insecticide Products grew at compound annual growth rates of 25.9% and 5.0%, respectively, significantly exceeding the overall air care market growth as a result of our entry into new sub-categories of Air Care Products with existing customers and our expansion with our customers into higher growth emerging markets.

The global air care and insecticide markets that make up Zobele's addressable markets are expected to remain attractive going forward and are expected to grow at compound annual growth rates of approximately 3.3% and 6.9%, respectively, between 2012 and 2016, driven by product innovation in developed markets and increasing disposable income and penetration of electric dispensing devices in emerging markets. Given our global footprint and ''one-stop-shop'' capabilities we expect to be able to take advantage of this growth.

Attractive financial profile with strong financial track record.

We have a strong financial track record with net sales of €211.5 million, €259.9 million and €313.3 million for the years ended December 31, 2009, 2010 and 2011, respectively, reflecting a compound annual growth rate of 21.7%. We have also demonstrated an ability to improve EBITDA before non-recurring transactions during periods of macroeconomic volatility, with EBITDA before non-recurring transactions of €34.0 million, €38.1 million and €40.4 million for the years ended December 31, 2009, 2010 and 2011, respectively, reflecting a compound annual growth rate of 9.0%. Historically our business has required approximately €15 million of capital expenditure per annum, of which 25% to 30% has been maintenance and industrial improvements capital expenditure, and the remainder of which has been customer-specific capital expenditure. We have a flexible cost base with an ability to increase and decrease the number of employees and number of shifts at our manufacturing plants depending on customer demand levels.

Experienced management team with a proven track record.

Our experienced and committed senior management team led by Roberto Schianchi, our Chief Executive Officer, and Christopher Wood, our Chief Financial Officer, is a key factor in the continuing success of our business. Our senior management team has a strong background in growing global consumer and manufacturing businesses, with an average of 24 years of international experience in the consumer and manufacturing industries. Our senior management team has implemented a comprehensive business plan that we believe will allow us to continue to grow our core Air Care and Insecticide Products categories, capture growth in emerging markets, broaden our customer base and expand our presence in the market for Home, Health and Personal Care Products. In addition, our senior management team is supported by strong divisional management teams in each of our operating divisions and an experienced five-member board that includes our Chairman, Enrico Zobele, who represents the third generation of the founding Zobele family. Mr. Zobele has 36 years of experience with the Zobele Group.

Strategy

The key components of our strategy are as follows:

Continue to grow our product categories.

Since 2009, we have successfully increased the net sales of our products from €211.5 million to €313.3 million for the year ended December 31, 2011. We intend to continue to grow our share of the market in our core product categories by driving further product innovation, leveraging our previous successful product launches to expand our product portfolios with our existing customers and improving our customer service levels. In addition, we expect to capture growth resulting from the continued globalization of the FMCG market and the focus by our global FMCG customers on consolidating their suppliers, out-sourcing and product innovation.

We also intend to further grow our net sales within our Home, Health and Personal Care Products category. We typically produce such Home, Health and Personal Care Products by leveraging our existing core dispensing device technologies. Given our strong and long-standing relationships with our FMCG customers, we believe that we are well positioned to be awarded further mandates from such customers for the production of such product.

Capture growth in emerging markets.

Between 2009 and 2011, we won several new contracts with our global FMCG customers in emerging markets, and our net sales in emerging markets, which we consider to be countries in Asia Pacific, South America, and Africa and the Middle East, increased from €31.8 million to €45.7 million, representing a compound annual growth rate of 19.9%. We intend to capture further growth in emerging markets such as India, Brazil and China in particular, which are expected to continue to grow due to the increasing penetration of electric dispensing devices and increasing levels of disposable income. For instance, we believe we are well positioned to capture this growth, as our global FMCG customers view the emerging markets as key growth markets, and we have invested in our manufacturing footprint in several of such markets. We recently made further investments in our manufacturing capacity in Brazil and India by moving our production to larger plants and increasing the number of production lines at these plants, which became fully operational in 2012. In addition, we have made investments in our injection molding

capacities at our manufacturing plants in Mexico and China. Furthermore, we recently opened an innovation center in Singapore, a major innovation hub for FMCG companies, and have invested in localized design and development capabilities in China, Mexico and Bulgaria in an effort to further cater to our customers, who are increasingly focusing on product development capabilities closer to end markets.

Broaden our customer base.

We intend to broaden our customer base by leveraging our global footprint and product innovation and development capabilities. For example, over the last four years we have been successful in developing our relationship with Procter & Gamble for the supply of Air Care Products and, as a result, they have grown to be one of our largest customers. We are also currently building a new relationship with another global FMCG company and have recently signed a contract with initial deliveries scheduled in 2013. In addition to broadening our global FMCG customer base, we have set up a new business unit to target regional FMCG customers, who have characteristics and demands similar to those of global FMCG companies, and leading retailer customers, who are particularly attractive because they provide higher margins due to their distinctive service requirements.

Focus on profitable growth, operational efficiency and cash flow generation.

We develop our strategy in an effort to take advantage of our strengths by focusing on profitable growth, increasing the efficiency and effectiveness of our operations, generating cash flow and reducing leverage. We intend to focus on profitable growth by leveraging our past capital investments, which have expanded our operations in key emerging markets, diversified our customer base and products offering, and led to expanding relationships with our existing customers globally. In addition, we intend to increase our cost efficiency through increased scrutiny of our costs of operations, particularly with respect to materials costs, targeting lower operating expenditures by optimizing our increased capacity at our manufacturing plants in Mexico, China, Brazil and India and increasing automation to offset labor cost increases in emerging markets. We also intend to generate cash flow and reduce our leverage by managing liquidity, taking advantage of economies of scale and utilizing our global footprint to roll out new or enhanced products while managing capital expenditure requirements.

History

Zobele was founded in 1919 by the Zobele family and initially manufactured insecticide products in Italy. By 1930, we were the leading producer of flypaper in Europe. From 1930 through the mid-1980s, we expanded our portfolio of Insecticide Products, introducing the first electric insecticide to be certified and commercialized in the United States in 1981. In 1985, we introduced our first products for air care applications and, in 1994, we started focusing on supplying products to FMCG companies. We further internationalized our business, as we opened manufacturing plants in Brazil and China in 1998 and 2002, respectively. During the 1990s and the 2000s, we expanded our product range into our current categories and continued to grow the business internationally both organically and through acquisitions. In 2003, we acquired 100% of DBK, our main competitor at the time, thereby acquiring our original manufacturing plants in Mexico and India, which have since been replaced with newer, larger manufacturing plants in each country, and a design and development center in Spain.

Doughty Hanson acquired a majority interest in the Zobele Group in 2006, and currently holds 75.6% of the ordinary shares, with the remainder held by management and the Zobele family. Following the investment by Doughty Hanson, we have continued to expand and upgrade our operations, transferring our operations to new manufacturing plants with larger production capacities in Bulgaria in 2007, Mexico in 2010, and Brazil and India in 2012. We established innovation centers in Spain and Singapore in 2008 and 2012, respectively, and new design and development centers in China and Mexico in 2009 and 2011, respectively.

Products

We leverage a common technology platform relating to dispensing devices, such as electric plug-in devices and powered aerosol devices, across our product categories. Our product offerings are organized into three product categories: Air Care Products, which generated €234.8 million, or 71.5% of our net sales, for the twelve months ended September 30, 2012; Insecticide Products, which generated €77.8 million, or 23.7% of our net sales, for the twelve months ended September 30, 2012; and Home,

Health and Personal Care Products, which generated €16.0 million, or 4.8% of our net sales, for the twelve months ended September 30, 2012. Nearly all of our products are labeled with our customers' brands. A very small percentage of our sales are sold under our own brands, Vulcano, Spira, Bengal, Nexis and Sirio.

Air Care Products

We design and manufacture a range of innovative Air Care Products, which refresh the atmosphere in houses and cars by utilizing our dispensing device technologies to spread active solutions through the air. We are the largest global supplier of air care devices by revenue. The table below sets forth our main sub-categories in the Air Care Products category and certain of the key customer brands that we serve within each such sub-category:

Sub-category	Key Brands
Electric Plug-in Devices[1]	Air Wick, Ambipur
Gels and Liquids	Renuzit, Febreze
Powered Aerosol Devices	Air Wick
Car Devices	AutoExpressions

(1) Table does not include a leading brand within the electric plug-in devices sub-category that we produce for a privately owned leading global FMCG company.

The following table sets forth net sales of Air Care Products by geographic area for the twelve months ended September 20, 2012:

	Twelve Months Ended September 30, 2012
	(€ in millions)
Net Sales of Air Care Products by Geographic Area:	
North America	144.4
Europe	64.1
Asia Pacific	21.2
South America	4.8
Africa and Middle East	0.3
Total Net Sales	**234.8**

Insecticide Products

We design and manufacture a range of outdoor and indoor Insecticide Products. The majority of our Insecticide Products utilize our dispensing device technologies. We are the largest global supplier of insecticide devices by revenue. The table below sets forth our main sub-categories of the Insecticide Products category and certain of the key customer brands that we serve within each such sub-category:

Sub-category	Key Brands[1]
Electric Plug-in Devices	Mortein, Raptor
Coils	Vulcano, Spira
Portable Devices	Thermacell

(1) Table does not include certain leading brands within each sub-category that we produce for a privately owned leading global FMCG company.

The following table sets forth net sales of Insecticide Products by geographic area for the twelve months ended September 30, 2012:

	Twelve Months Ended September 30, 2012
	(€ in millions)
Net Sales of Insecticide Products by Geographic Area:	
North America	3.4
Europe	45.4
Asia Pacific	14.9
South America	8.2
Africa and Middle East	5.9
Total Net Sales	**77.8**

Home, Health and Personal Care Products

We also design and manufacture Home, Health and Personal Care Products, such as electric soap dispensing devices, dishwashing liquid dispensing devices, non-medicated vapor dispensing devices, surface cleaners, laundry softeners and toilet cleaners. We have developed the majority of our Home, Health and Personal Care Products by leveraging our common technology platform relating to dispensing devices that we use in our core categories of Air Care Products and Insecticide Products.

Customers

Our customers consist of global and regional FMCG companies, as well as retailers.

Global FMCG Companies

We primarily sell our products to global FMCG companies, including Henkel, Procter & Gamble, Reckitt Benckiser and a privately owned leading global FMCG company. Sales to global FMCG companies accounted for 80.4% of our net sales for the twelve months ended September 30, 2012. According to Euromonitor, our three largest air care customers in terms of revenue hold a combined share of approximately 52% of our addressable air care market, and our two largest insecticide customers in terms of revenue hold a combined share of approximately 46% of our addressable insecticide market.

Our global FMCG customers generally select their suppliers based on a number of factors, including global sourcing, manufacturing and delivery capabilities, innovation and development capabilities, customer service, product quality, price and payment terms, and flexibility with respect to order quantities. A global footprint is critical to these customers as it improves lead times, reduces working capital on stock in transit, provides access to manufacturing operations in low cost countries and offers significant flexibility. Innovation is also critical to global FMCG companies in our core product categories as a driver of sales growth, product differentiation and profitability. Global FMCG companies also place significant importance on customer service and product quality as a means of differentiating suppliers. We believe that we supply a majority of the Air Care Products sold globally by three of our four largest air care FMCG customers and a majority of the Insecticide Products sold globally by our two largest insecticide FMCG customers.

Regional FMCG Companies

We also sell products to regional FMCG companies, such as Clorox, Rubbermaid and Upeco. Sales to regional FMCG companies accounted for 12.7% of our net sales for the twelve months ended September 30, 2012.

Our regional FMCG customers generally select their suppliers based on price and payment terms, innovation and development capabilities, distribution capabilities, customer service and product quality. Innovation is critical to regional FMCG companies as a driver of market growth, differentiation and profitability.

Retailers

We also sell products to retailers, such as Carrefour, Lidl and Mercadona. In accordance with Mercadona's usual purchasing practice, sales to Mercadona are made through an inter-supplier appointed by Mercadona. Sales to retailers accounted for 6.9% of our net sales for the twelve months ended September 30, 2012.

Our retailer customers generally select their suppliers based on the same factors as our regional FMCG customers, as well as flexibility with respect to order quantities. Price and payment terms are particularly important to retailers because their products compete against more well-known brands of products, making the price point an important element in the end consumer's purchasing decision. New product introductions are also critical to these retailers as a driver of market growth, differentiation and profitability.

Customer Contracts

We operate in an industry where business relationships are typically subject to framework agreements rather than long-term contracts. All of our framework agreements contain provisions concerning product specifications, volume forecasts, pricing mechanisms, service levels and potential further product developments, but do not typically provide for guaranteed minimum sales amounts or exclusivity. Our framework agreements also contain product warranties, which typically include a requirement that we manufacture our products in accordance with applicable law and the product specifications agreed upon with our customers in the relevant contract. Whether or not we have a contract, our relationship with each of our customers is set out in a business proposal tailored to their specific needs and comprising the product deliverables, price terms, timing of delivery of the final product and amount of capital expenditure dedicated to the project for which the customer will be liable in case their product is not successful or certain sales levels are not met.

For our FMCG customers, we typically enter into a framework agreement with the typical contractual arrangement with an FMCG customer comprising of a master agreement executed by Zobele Holding, and a number of regional framework agreements. Framework agreements with our global and regional FMCG customers contain very similar terms and conditions, with products and geographical coverage typically constituting the main differences. In addition, the majority of our agreements with our global and regional FMCG customers contain certain capital expenditure reimbursement provisions. We also enter into specific contracts with certain of our global and regional FMCG customers and such contracts represent a substantial portion of our sales. Such contracts typically have a duration of between two and five years, however they are generally terminable upon short notice by either party. Historically, we have a successful track record of renewing such contracts with our customers.

We do not typically have long-term contracts with our retailer customers, although we have entered into several framework agreements with certain of them. Such agreements typically have a one-year duration with an automatic renewal mechanism. In addition, while most of our agreements with our global and regional FMCG customers may be terminated for cause, some of our agreements with retailers may be terminated by either party on 90 days' notice.

The majority of our products are sold pursuant to purchase orders we receive from our customers for each product line. These purchase orders, which are typically made pursuant to our framework agreements, constitute a firm and binding commitment to purchase our products and are individually submitted by our customers on the basis of their needs. The product prices paid by our customers are generally set forth in pricing sheets that we deliver to our customers quarterly or annually, often as required pursuant to the framework agreement governing the relevant relationship.

In certain cases, we have entered into joint development agreements with certain of our FMCG customers, pursuant to which we perform a series of development services, including engineering, design, development and prototyping of new products, which are usually subject to milestone payments. In the event that the relevant customer decides to launch the new product, the terms and conditions for the supply of the new product are typically governed by a separate supply agreement.

Customer Services

Through our ''one-stop-shop'' business model, we offer our customers global solutions and services covering the entire value chain from product innovation and development to manufacturing and delivery, according to their needs. We typically provide our global FMCG customers with the following services:

(i) initial product concept innovation and the creation of a working prototype; (ii) production of an industrial prototype capable of being industrialized at an effective cost that suits our manufacturing capabilities; (iii) component manufacturing, product assembly and packaging; and (iv) product delivery, which we coordinate through a range of third party transport companies. The services we provide to regional FMCG companies are typically similar to the services we provide to global FMCG companies, albeit at a regional level. We also provide a number of additional services to our retailer customers, including managing distribution logistics on their behalf, such as warehousing finished products and shipping, driving new product introductions as they generally do not have the in-house innovation and development capabilities, and dealing with a greater number of requests to tailor products to specific customer needs, such as changing the packaging of products to incorporate details of sales promotions. We have established a separate fully dedicated business unit to focus on our activities related to regional FMCG companies and retailers.

In connection with the services described above, each customer is assigned a dedicated sales executive and, with respect to each project, dedicated members of our innovation, design and development, engineering, procurement, supply chain, quality and IT teams. Our sales executives are responsible for coordinating our sales efforts across our various functions and within dedicated project teams, satisfying our customers' commercial needs and fulfilling our contractual obligations. The other members of each dedicated project team (i.e., selected members of our innovation, design and development, engineering, procurement, supply chain, quality, and IT teams) have direct contact with their respective counterparts at the customer. The resulting increased communication between us and our customers facilitates the development of multi-layered relationships at commercial, technical, industrial and supply chain levels. This increases the quality of service we are able to provide our customers and creates more entrenched relationships. We also satisfy our customers' need for confidentiality through dedicated sales and customer service teams, as well as dedicated innovation, design and development resources.

Business Development

Our sales team identifies opportunities with new and existing customers based on its analysis of market trends and the global offering of products within our product categories. In addition, our dedicated sales executives are continuously searching for additional business opportunities with their assigned customer that leverage our core capabilities. When presenting a business proposal to a new or existing customer, the designated sales executive puts together a proposed project team consisting of representatives of our innovation, design and development, engineering, procurement, supply chain, quality and IT teams. With respect to new customers, we demonstrate the breadth of the services we offer potential customers via our ''one-stop-shop.'' In the event that a business proposal is successful, typically the proposed project team will be substantially the same as the dedicated project team assigned to the project, thereby developing the multi-layered relationships as early in the customer relationship as possible. Our relationships with our global FMCG customers typically depend upon our ability to provide multi-disciplinary, multi-product services, a global footprint and twenty-four hour availability across the functions represented by our dedicated team for the relevant customer. Our relationships with our regional FMCG customers typically depend on factors similar to our global FMCG customers, albeit at a local level. Our relationships with our retail customers typically depend upon our ability to offer support to their more limited research and development capabilities and engineering resources, while being able to bring products to market quickly at competitive costs. We have set up a separate fully dedicated business unit for the purpose of targeting regional FMCG customers and leading retailers.

Operations

We cover the entire value chain from product innovation and development to manufacturing and delivery. We develop products based both on our own initiative and at the request of, and in collaboration with, our customers.

We have designed our processes to allow our customers to approach us at any stage of the industrial process for products within our product categories. The entire process from the creation of the initial product concept to full production generally takes anywhere between 18 and 24 months. The product innovation and development stage, which includes the creation of an initial product concept, development of a working prototype, product testing and simulation, and development of an industrial prototype capable of industrialization, usually takes between six and twelve months. The manufacturing stage, which includes component manufacturing and assembly and packaging, usually takes between

six and twelve months depending on whether we need to install new machines or customize technologies at our manufacturing plants before we can begin mass production. While we are capable of providing customers with support and solutions throughout the industrial process, we typically focus on attracting customers at the product innovation and development stage, as working with our customers during the early stages of product development better positions us to capture the entire value chain of a product.

Product Innovation and Development

Our design and development team oversees the product innovation and development stage of our operations. The team is centrally managed by our Chief Technical Officer from our headquarters in Italy and consists of project supervisors and team members located at our innovation centers in Spain and Singapore and our design and development centers in Italy, Spain, Mexico, China and Bulgaria. Our design and development team works in close cooperation with our customers, external suppliers and our marketing, legal and information technology departments, to coordinate our product development strategy and to ensure rapid development and launch of new or enhanced products.

The product innovation and development stage begins with a concept for a product, which may be brought to us by a customer or developed in house. The majority of our work at this early stage occurs at our innovation center in Spain, where members of our design and development team develop a preliminary working prototype, which will satisfy the functional requirements of the customer's product, but will not yet incorporate the aesthetic requirements. Once the design and development team produces a functioning working prototype, the focus turns to altering the design to incorporate the stipulated aesthetics of the product while maintaining functionality. This leads to the production of a second stage prototype, which satisfies both the functional requirements and the aesthetic requirements for the customer's product.

Once the secondary prototype has been developed, our Chief Technology Officer selects a project team based on the functional requirements of the product. The project team, consisting of members of our design and development team that possess the required functional expertise, is then tasked with developing an industrial prototype capable of being manufactured in a cost efficient manner. A project team's members may be located at various design and development centers located across our global footprint, although some members of the project team will typically be located at the design and development center located closest to the manufacturing plant that will produce the final product. The project team works together to transform the secondary prototype into an industrial prototype, which will be an exact replica of the final product to be produced. The project team then makes a ''proof of design'' using pilot tooling, which involves constructing the industrial prototype through a process that is as similar as possible to the manufacturing process to confirm that the product can be mass manufactured. Upon the successful production of a proof of design, a product is ready for manufacturing.

Work began at the product innovation and development stage for between 70% and 80% of the products contained in our current products portfolio. In several instances, we have received awards in acknowledgment of our product innovation and development capabilities. For example, in 2000, we were the first non-American supplier to receive the ''Partner in Quality Award'' from one of our leading global FMCG customers, and in 2005, we received the ''EROS Star Supplier Award'' from Reckitt Benckiser. More recently, in October 2012, we received the James N. Gamble Product Innovation Award for our collaboration with Procter & Gamble in developing the new membrane platform for Procter & Gamble's Febreze offering.

Manufacturing

Once our design and development team has developed the industrial prototype, the product enters the manufacturing stage. We operate manufacturing plants located in six countries (Italy, Bulgaria, Mexico, Brazil, India and China), which are predominantly based in low cost countries, where approximately 90% of our personnel is located, strategically close to points of consumption. This enables us to meet the scale and response time demands of our FMCG customers, while safe-guarding our profitability levels. Our plant in China also manufactures certain components used by our other manufacturing plants, serving as a 'sub-assembly provider' for them, which lowers our costs by optimizing production by manufacturing core modules in lower cost countries and finishing products in close proximity to our customers' distribution centers and end markets.

Our manufacturing plants are well maintained with ample capacity for growth. We believe that we are currently in substantial compliance with all applicable laws and regulations affecting our manufacturing plants and that we maintain all material permits and licenses relating to our operations. We have recently made significant investments in our manufacturing capacity by increasing the size of several of our manufacturing plants, enabling us to further grow our business. The following table details, in respect of each country where we have operations, the approximate size of the manufacturing plant, the percentage that it contributed to our net sales in the year ended December 31, 2011 and the primary regions served:

Country	Approximate Size of Manufacturing Plant (m^2)	% of Net Sales for the Year Ended December 31, 2011[(1)]	Primary Regions Served[(2)]
Mexico	29,219	39.4	Americas
China	18,550	20.4	North America, Europe, Asia, Intercompany production
Italy (Trento)	22,855	15.3	Europe
Italy (Palma)	2,800	2.5	Europe
Bulgaria	8,512	10.4	Europe
Brazil	3,030	2.0	South America
India	8,752	1.8	Asia, North America

(1) Percentage of net sales does not total 100% due to certain sales being attributed to Spain, where we do not have a manufacturing plant, as these sales were invoiced by our Spanish subsidiary. However, the products represented by these sales are manufactured at our other manufacturing plants, primarily in Italy and China.

(2) Primary regions represent the majority of sales, although each plant serves multiple regions, both in relation to the supply of finished products and the supply of components to our other manufacturing plants, particularly by our manufacturing plant in China.

Nearly all of our products are labeled with our customers' brands. These brands are among our customers' most important assets. Accordingly, the quality and safety of our products are of paramount importance to us. Our quality control and assurance programs are designed to enable us to maintain strict compliance with all applicable customer and regulatory requirements relating to our products. Quality control policies and procedures are strictly monitored and enforced at all of our manufacturing plants. All of our plants are regularly inspected and maintained to high standards, and our FMCG customers and retailer customers often audit our production processes and quality records to ensure full compliance with agreed specifications.

Distribution

In general, we arrange for our products to be delivered to our customers using a range of third party transport companies. We manufacture our products for our FMCG customers based on their purchase orders, thereby removing the need to hold any significant inventory. Finished products for our FMCG customers are typically shipped immediately following production. We generally sell a range of products to a single FMCG customer and all of these products are typically consolidated into a single dispatch.

For some of our retailer customers, we receive a binding seasonal order plan and we deliver finished products on a weekly or monthly basis based on purchase orders submitted by these customers in fulfillment of the order plan. We produce the products set forth in the seasonal order plan in a manner that is designed to maximize our production efficiency and, accordingly, in most cases the production for our retailer customers is ''made for stock.'' Our retailer customers are obliged to pay for the stock that has been produced to satisfy their order plan, whether or not they request the products be delivered. We maximize our flexibility and service level offered to our retailer customers by using a mixture of leased warehouses and warehouses operated by third parties and by engaging third party transport companies to transport products from our manufacturing plants to the relevant warehouse, and to then deliver such products to our retailer customers upon receipt of their purchase orders.

Our supply chain management provides services encompassing the delivery of materials to our manufacturing plants and the delivery of finished products to customers. Similar to our sourcing process, the distribution process is managed by a central department and managed through our SAP

systems at all our sites, with the exception of our operations in Brazil, where it is not currently cost effective to roll out, and India, where it is expected to be rolled out at end of 2013. Supply chain costs include logistics and transport, the warehousing of materials and stock and purchasing overheads.

Sourcing

For the twelve months ended September 30, 2012, our total materials costs were €212.7 million, which represented 64.7% of our net sales for the same period. The majority of our materials by expense for the year ended December 31, 2011 consisted of fragrances, plastics, electronics and packaging materials, representing 27.8%, 14.6%, 12.6% and 10.4%, of our total costs of materials purchased, respectively. While these are the most significant materials used in our business, we also use other materials, including chemicals, glass and metals (principally copper). We do not produce any chemicals ourselves, but we purchase chemicals for use in the manufacture of our products.

The majority of our purchases are made from our suppliers on the basis of purchase orders. In certain instances we have entered into framework agreements with our suppliers. These framework agreements vary with respect to pricing arrangements, payment terms, quantities and duration, and most of these framework agreements may be terminated by us at any time upon 60 days' written notice, with or without cause. The framework agreements we have entered into with our materials suppliers are also subject to price adjustments due to a number of factors, including the availability of supply (including supplier capacity constraints), general economic conditions, commodity price fluctuations (particularly of petroleum and copper), the demand by other industries for the same materials, the availability of complementary and substitute materials, and local and national regulatory requirements. Some of our materials costs are subject to price volatility, but we are often protected from such volatility by the contractual terms with certain of our FMCG customers that allow us to pass through the majority of any increases in materials costs. In addition, a significant proportion of our suppliers are imposed on us by our FMCG customers, who are responsible for any variance in such suppliers' costs. For more information on our ability to pass increases in materials costs to our customers, see ''—Customers—Customer Contracts.''

Although materials costs are often passed through to our customers, we have consistently sought to carry out reviews and benchmarking analyses of suppliers' pricing so as to achieve the best possible terms. We undertake various measures to mitigate our exposure to materials prices, including, among others, using an unconcentrated and broad base of over 450 suppliers for our materials and using double-sourcing wherever we are able. In 2011, our ten largest suppliers accounted for approximately 34.1% of total supplier spend and no single supplier accounted for more than 10% of total supplier spend.

We have a central purchasing department which also supervises and monitors our supply chain costs. We utilize SAP technology at all our sites (except India and Brazil), which enables us to forecast future operational demands across our business and to coordinate between our purchasing department and our customers to ensure we obtain materials that meet the correct specifications and quantities.

Intellectual Property

The Zobele Group currently owns 75 operational patent families, comprising the following: (i) 48 patent families relating to methods for handling certain volatile substances (mostly fragrances and insecticides); (ii) 17 patent families relating to Air Care Products; (iii) 6 patent families relating to Insecticide Products; and (iv) 4 patent families relating to Home Care Products. We consider new patent development to be central to the success of our business. Our most important operational patents are for electrical evaporation and the diffusion of fragrances and insecticides, a method and a device for evaporating volatile substances through a membrane, a diffuser for evaporating volatile substances with multiple fragrances, a system for regulating evaporation intensity in insecticide devices, a device for evaporating volatile substances containing a built-in light, and a container for volatile substances. In addition, we currently own 115 design patent families. Our most important design patents are for our volatile substance evaporators and the caps and containers for our air fresheners, insecticides and other products. These patents have been registered predominantly in the countries in which the relevant products are being sold by our major customers. None of our key patents expire in the near future.

We are also named as co-inventor on a number of patents that are held by our customers. The products we manufacture for our customers typically consist of a combination of our intellectual property and the intellectual property of our customers. During the innovation and development stages, we work with our

customers to identify the combination of intellectual property that will produce a product that meets the customer's specification. We retain exclusive ownership of our intellectual property contributed to a product, but typically, the patent and intellectual property for the final product will be registered to our customers, with Zobele sometimes named as co-inventor. However, in certain cases we develop, register and exclusively own the intellectual property associated with the final product that we manufacture for our customers. In all cases, we employ various methods, including confidentiality and non-disclosure agreements with our customers, to regulate and protect the relevant intellectual property rights.

In addition, we own the Spira, Vulcano Bengal, Nexis and Sirio brands, which we use to commercialize a limited number of products and for which we also receive a small amount in royalties. These sales comprise a minor part of our net sales. Each of the trademarks, service marks and trade names that we use in conjunction with the operation of this wholesale business is registered, as appropriate for the needs of this business.

Information Technology and Data

With the exception of our manufacturing plant in Brazil, all our employees have access to a worldwide standardized system of IT hardware and software, which allows for the complete integration of the companies within our Group. Our single most critical business system is the SAP software used for our commercial activities, including purchasing, sales and marketing, production planning and control, finance, plant maintenance and reporting. The SAP software system provides full financial reporting and integration across all of our operations, with the exception of our operations in Brazil, where it is not cost effective to roll out, and India, where it is expected to be rolled out at end of 2013. We support our SAP systems through an in-house team of SAP specialists, who are located in our main data center in Italy and serve more than 400 users across most of our manufacturing plants. In addition, with the exception of our operations in Brazil, we have adopted several integrated systems designed to facilitate unified communications, transmission of orders and invoicing, and managing the process of product development.

We have taken appropriate measures to secure our systems and data by using standard IT security capability products. We have two centralized backup data storage facilities, as well as business continuity plans in place. We have not experienced any significant IT problems in recent years.

Employees

Overview

As of December 31, 2011, Zobele Group had 4,275 employees worldwide. These employees are mainly located in low cost countries. As shown in the table below, our total number of employees continues to grow, mainly because of significant growth in Mexico.

The organization of work is impacted to some extent by seasonality and peaks in demand, in particular for the production of Insecticide Products, with a consequent fluctuation in employee numbers during the year.

The following tables show, for the last three financial years, our average headcounts by each country in which we operate:

Country	Average Number of Employees During the Year Ended December 31, 2009(1)	Average Number of Employees During the Year Ended December 31, 2010(1)	Average Number of Employees During the Year Ended December 31, 2011(1)
Italy	290	283	292
Spain	48	52	52
Mexico	740	1,030	1,348
Brazil	12	29	26
China	2,092	2,537	2,391
India	17	20	21
Bulgaria	250	316	424
Total	**3,449**	**4,266**	**4,554**

(1) Data does not include contract workers in the relevant year.

We believe we have good relationships with our employees and we are committed to maintaining these relationships through a constructive approach with labor unions and workers in every location. The terms and conditions for employees, including working hours, termination rights and benefits, are governed by standard employee contracts together with, in Italy and Mexico only, a variety of collective bargaining agreements.

As of December 31, 2011, most of our employees in Italy and Mexico were covered by collective bargaining agreements or represented by trade unions. In Italy, negotiation of the collective bargaining contracts with the official trade unions occurs every three years. The current contract in Italy, which does not apply to senior management (*dirigenti*), expired on December 31, 2012, although we do not expect any work stoppage while we negotiate the new contract with the official trade unions. The collective bargaining agreement with our employees in Mexico is negotiated annually. We believe we have good relationships with the local trade unions in Italy and Mexico and, to the knowledge of the current senior managers of the Company, we have never experienced any major disruption or work stoppage as a result of a breakdown in the negotiation of our collective bargaining arrangements. No collective bargaining agreements are applicable to our employees in Spain, Bulgaria, China, Brazil and India.

Legal Proceedings

At any given time, we may be a party to litigation or be subject to non-litigated claims arising out of the normal operations of our business. We are not currently involved in any legal proceedings which, either individually or in the aggregate, are expected to have a material adverse effect on our financial position or results of operations.

Insurance

We maintain the types and amounts of insurance coverage that we believe are consistent with customary industry practices in the jurisdictions in which we operate and consider our insurance coverage to be adequate for our business. Our insurance policies cover employee-related accidents and injuries, property damage and business interruption, theft, machinery breakdowns, fixed assets, facilities and liability deriving from our activities, including products defects, products recall and accidental environmental liability. Our insurance policies also cover directors' and officers' liability and third party insurance. In addition, we assess from time to time whether we need to increase the level of our insurance coverage or the scope of risks that are covered. We have not had any material claims under our insurance policies that would either void or increase their premiums.

Properties

We are headquartered in Italy, operate manufacturing plants in six countries (Mexico, China, Italy Bulgaria, Brazil and India), have design and development centers in five countries (Italy, Spain, Mexico, China and Bulgaria) and have innovation centers in Spain and Singapore. The table below details, in

respect of each country where we have operations, the types of facilities we have at each property, the size of our properties and whether the property is owned or leased.

Country	Facilities	Land Area (m^2)	Owned/Leased
Mexico	Design and Development Center (Hermosillo) Manufacturing Plant (Hermosillo)	88,866	Leased
China	Design and Development Center (Shenzhen) Manufacturing Plant (Shenzhen)	20,453	Leased
Italy	Headquarters (Trento) Design and Development Center (Trento) Manufacturing Plant (Trento and Palma)	36,947 (Trento) 9,400 (Palma)	Owned
Bulgaria	Design and Development Center (Rakovski) Manufacturing Plant (Rakovski)	16,440	Leased
Brazil	Manufacturing Plant (Porto Alegre)	15,583	Leased
India	Manufacturing Plant (Daman)	12,440	Leased
Spain	Innovation center (Barcelona) Design and Development Center (Barcelona)	Office only	Leased
Singapore	Innovation center	Office only	Leased

Regulation

All of our facilities and products are subject to local, national and international laws and regulations, including those relating to the chemical and electrical safety of our Air Care Products, Insecticide Products, and Home, Health and Personal Care Products, as well as employee health and safety regulations and environmental control measures. We believe that we are currently in substantial compliance with all applicable laws and regulations affecting our business and that we maintain all material permits and licenses relating to our operations. However, failure to comply with these requirements may result in fines, penalties and liabilities for compliance costs and damages. In addition, under some circumstances our customers could also seek to impose civil fines or penalties for violations of applicable laws or recover monetary damages, including those relating to property damage or personal injury.

Chemical Safety Regulations

Our products and the materials we use in our manufacturing processes are subject to various regulations related to chemical safety, including the European Biocidal Products Directive 98/8/EC (the ''Biocidal Products Directive'') and the European Registration, Evaluation, Authorization and Restriction of Chemicals (''REACH'') Regulation. The Biocidal Products Directive governs the authorization and the placing on the market of biocidal products in the European Union. A basic provision of the Biocidal Products Directive is the establishment of a positive list of active substances that may be used in biocidal products without unacceptable effects on the environment, human or animal health. In addition, the Biocidal Products Directive establishes a two-tier system where the EU evaluates and approves active substances, whilst thereafter individual Member States authorize products containing these substances. From September 1, 2013, the Biocidal Products Directive will be replaced by Regulation (EU) No. 528/2012 (the ''2012 Biocides Regulation''), which will introduce some changes to the current regulatory framework, including providing for the authorization at the EU level of certain additional biocidal products, improving the functioning of national authorizations and mutual recognition of product authorizations, and harmonizing the fee structure across EU Member States for substance evaluations and product authorizations. In order to comply with the new regulatory framework for the marketing and use of biocidal products and to minimize the impact of the new regulation on our business, in 2010 we adopted a specific protocol for reviewing and rationalizing the formulations used in our Insecticide Products, as well as identifying strategies to address potential cost increases and preserve our profit margins relating to our Insecticide Products. We believe that the 2012 Biocides Regulation will benefit reputable suppliers such as Zobele, because it will further incentivize our

customers to avoid the risk of potential problems with product quality associated with less reputable suppliers.

REACH requires that certain substances imported or manufactured within the European Economic Area be registered with the European Chemicals Agency and evaluated for their safety. The registration process requires producers to generate and submit data on the environmental and health impacts of substances and, in some cases, obtain authorization for their use within the European Union. Although REACH compliance is primarily the responsibility of our suppliers or the producers of chemical materials, we are also affected by REACH as a ''downstream'' user of REACH-regulated substances. We utilize a database system that allows us to track and monitor the REACH compliance status of our suppliers and the materials used at each of our facilities. We believe that our suppliers have made the required registrations and are in material compliance with REACH and have efforts underway to prepare for and comply with any additional requirements or upcoming deadlines. We believe that we have the capability to adjust our products and supplies as needed in accordance with any future requirements of REACH.

Electrical Safety Regulations

Our products and the materials we use in our manufacturing processes are also subject to various regulations related to electrical safety. Since June 1, 2006, Directive 2002/95/EC (the ''RoHS Directive'') restricts the use of certain hazardous substances in electric and electronic equipment, such as lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls and polybrominated diphenylethers. We ask our suppliers to provide certain compliance letters and other certificates for the material sourced, and we utilize a database system that allows us to track and monitor the RoHS Directive compliance status of our suppliers and the materials used at each of our facilities. From January 2, 2013, the RoHS Directive will be replaced by Directive 2011/65/EU (the ''RoHS II Directive''), which will introduce a more stringent regime for manufacturers, including a requirement to provide specific technical documentation in relation to the examinations and tests performed on the manufacturer's products and a requirement to draw up certain conformity assessment procedures. In order to comply with the new regulatory framework of the RoHS II Directive, and to minimize its impact on our business, in 2012, we began asking each of our suppliers to provide a report describing all elements present in the materials provided by such supplier and an analytical verification where one or more restricted substances are detected. In addition, we are adopting specific protocols for chemical analysis of samples taken from products representing 80% of our net sales and of all components of products for which it was not possible to collect sufficient data from our suppliers.

All of our electric dispensing devices that can be connected by consumers to the low voltage circuit in their homes, must comply with various local, national and international standards to ensure that such electric dispensing devices are safe and do not interfere with other electrical devices already connected to the same low voltage circuit. To comply with all applicable regulations, we equipped our laboratories to enable us to perform electrical safety tests internally, although in certain instances we outsource this process. When we perform tests internally, we apply the following safety standards: (i) for electric dispensing devices manufactured for Europe, the safety standards mandated by the Low Voltage Directive 2006/95/CE and the Electromagnetic Compatibility Directive 2004/108/CE; (ii) for electric dispensing devices manufactured for the United States and Canada, UL283, UL1310, UL340, and UL746 safety standards; and (iii) for electric dispensing devices manufactured for the rest of the world, the applicable national standards on the basis of the so-called CB Scheme, which provides for a mutual recognition of test results performed in accordance with local rules. After completing the testing of our electrical devices under the applicable safety standards, or, if we outsource such tests, after receiving the relevant results and technical documentation from an external testing laboratory, we typically submit the relevant documentation to the local authorities to obtain the required authorizations to make our electric dispensing devices.

Employee Health and Safety and Environmental Regulations

We have an effective employee health and safety leadership model and have embedded processes at board, divisional and site level to produce safe products while maintaining an incident-free workplace. Our main processes comprise health and safety policies, health and safety objectives, periodic management reviews, and assessments on work safety and potential improvements. Our internal safety department, as well as our insurers, conduct regular inspections of all of our manufacturing plants to ensure that site safety and personal safety are maintained to the highest level. Additionally, we

continually provide ongoing employee training with respect to product, work and site safety, and we have achieved the international quality standard OHSAS 18001 for Accident Prevention and Work Safety Management Systems.

Our past and present operations are subject to environmental laws and regulations in a number of jurisdictions pertaining to the discharge of materials into the environment and the handling and disposal of waste or otherwise relating to the protection of the environment. We seek to identify, monitor and manage environmental risks arising from our operations and have site environmental management systems in place to ensure appropriate focus on environmental issues in our business. These management systems assist us in our efforts to: identify and control the environmental impact of our activities, products and services; improve our environmental performance; implement a systematic approach to setting environmental objectives; and help demonstrate that these targets have been achieved. Environmental laws and regulations could impose liability even if we did not know of, or were not responsible for, the contamination. However, we are not currently aware of any costs or liabilities relating to environmental matters, including any claims or actions under environmental laws or obligations to perform any cleanups at any of our facilities or any third party waste disposal sites, that are expected to have a material adverse effect on our business, financial condition or results of operations. Moreover, we have achieved the international quality standard ISO 14001 for Environmental Management Systems.

Labeling Regulations

Our products and the materials we use in our manufacturing processes are also subject to Regulation (EC) No. 1272/2008 on the classification, labeling and packaging of substances and mixtures (the ''CLP Regulation''). The CLP Regulation ensures that hazardous substances are clearly communicated to workers and consumers in the European Union through classification and labeling. In particular, substances or mixtures contained in packaging must be labeled according to a standardized system before being placed on the market when either (a) a substance is classified as hazardous, or (b) a mixture contains one or more substances classified as hazardous above a certain threshold. The CLP regulation specifies what the label must contain and how the various elements of the label must be organized. In addition, the CLP Regulation provides certain exemptions for substances and mixtures contained in small packaging or which are otherwise difficult to label, which often apply to us as many of our products are less than 125 ml in size.

The CLP Regulation became effective on January 20, 2009 and replaced two previous directives, the Dangerous Substances Directive 67/548/EEC and the Dangerous Preparations Directive 1999/45/EC. The provisions of the CLP Regulation are being phased in over a period ending on June 1, 2015. In order to remain in compliance with the applicable regulatory framework during this transition period, we have adopted a specific protocol for reviewing and rationalizing the formulations used in our products, as well as identifying strategies to conform our classification, labeling and packaging processes.

MANAGEMENT AND CORPORATE GOVERNANCE

Directors and Senior Management

Directors

The directors of the Issuer (the ''Issuer Board of Directors''), as of the date of this Offering Memorandum, are Enrico Zobele, Roberto Schianchi, Claus Georg Felder, Franco Zobele, Alessandro Baroni, Francisco Joaquin Gutierrez de Churtichaga, Julian Charles Huxtable, John Joseph Leahy and Thomaz Zobele. The business address of each member of the Board of Directors of the Issuer is Via Fersina, 4, 38123, Trento (TN), Italy.

The directors of the Company (the ''Board of Directors'') are Enrico Zobele, Roberto Schianchi, Gérard Becquer, Claus Georg Felder, and Cedric Stebel. The business address of each member of the Board of Directors of the Company is 28 Boulevard Royal, L-2449, Luxembourg.

The following table sets forth the age, date of first appointment and position of the directors of the Issuer and the Company:

Name	Age	Date of First Appointment	Position
Directors of the Issuer:			
Enrico Zobele	61	February 1, 1977	Chairman, Director
Roberto Schianchi	50	November 2, 2010	Chief Executive Officer, Director
Claus Georg Felder	50	September 22, 2008	Vice President, Director
Franco Zobele	61	February 1, 1977	Executive Director
Alessandro Baroni	37	June 9, 2011	Non-Executive Director
Francisco Joaquin Gutierrez de Churtichaga	47	December 13, 2006	Non-Executive Director
Julian Charles Huxtable	42	February 11, 2009	Non-Executive Director
John Joseph Leahy	55	February 11, 2009	Non-Executive Director
Thomaz Zobele	27	February 11, 2009	Non-Executive Director
Directors of the Company:			
Enrico Zobele	61	February 1, 1977	Chairman, Director
Roberto Schianchi	50	November 2, 2010	Chief Executive Officer, Director
Gérard Becquer	56	February 2, 2011	Director
Claus Georg Felder	50	September 22, 2008	Vice President, Director
Cedric Stebel	35	October 11, 2006	Director

The management expertise and experience of each of the Directors of the Group is set out below:

Enrico Zobele graduated in Business Economics from the Bocconi University of Milan in 1975. As President of Zobele Group, he represents the third generation of the founding family members in the Group. He joined Zobele Group in 1975 and immediately entered into the sales sector. Under his leadership, the Zobele Group shifted from an Italian company to a worldwide group, with acquisitions and facilities opened in Europe, the Americas and Asia. Mr. Zobele sits on the board of directors of several companies in Italy and various other countries. He has occupied significant positions within the Italian region of Trentino as well as at the national level, especially within the area of industry and finance. In 2000, he was granted the honorary title of *Cavaliere del Lavoro*.

Roberto Schianchi obtained a Degree in Mechanical Engineering from the Politecnico University of Milan in 1986. He joined the Ferrari Technical department in 1988, advancing to Project Manager for Formula One Engines. In 1995, Mr. Schianchi moved to Tetra Pak, where he assumed several managerial positions in Modena and in Sweden, ranging from advanced R&D to commercial product development. In 2004, Mr. Schianchi relocated to France to lead the business unit for Aseptic Products in Sidel, the industrial group within Tetra Laval focused on plastic, can and glass bottles packaging. He continued his career in Sidel with promotions to Executive Vice President of the Engineering and Packaging division in 2005, and subsequently to Executive Vice President of Market Operations in 2008. On November 2, 2010, Mr. Schianchi took over as Chief Executive Officer of the Group.

Claus Georg Felder holds a Master's degree in business administration from the University of Cologne where Mr. Felder majored in Tax, Accounting, and Industrial Management and graduated in 1990. He is a Senior Principal of Doughty Hanson, which he joined in 1997, and heads up the firm's private equity

activity in the German-speaking region. Mr. Felder is a member of the private equity investment committee of Doughty Hanson and has been responsible for transacting, monitoring, and exiting a number of portfolio investments. He spent seven years with KPMG, in its Cape Town and Frankfurt offices, where he focused on large corporate audits and corporate finance assignments.

Franco Zobele attended the Engineering University at Università degli Studi di Bologna. He began his career with the Company in 1976 and became a board member in February 1977. Mr. Zobele has held a number of roles within the Company, including in its production and product development departments. He has also been involved in the design and manufacture of machinery for the production of insecticides and for component assembly. He was the Research & Development Director of the Company between 1995 and 2005. From July 2011, he has acted as Group Senior Technical Advisor, supporting the Company's industrial and technology departments.

Alessandro Baroni has a degree with honors in Management and Economics from Bocconi University of Milan. He is a Director of Doughty Hanson, a position he has held since June 2011. Mr. Baroni joined Doughty Hanson in 2005 and primarily focuses on investments in Italy. Previously, he worked in the Corporate Finance Department at PricewaterhouseCoopers in London for six years and as a management consultant for PricewaterhouseCoopers in Milan for two years.

Francisco Joaquin Gutierrez de Churtichaga has a Master of Science degree from the Universidad Politécnica de Madrid and a Masters in Business Administration from Duke University. He is a Director of Doughty Hanson, a position he has held since February 2009. Mr. Churtichaga joined Doughty Hanson in 2006 and works with the private equity team investing in Southern Europe. He is a member of the Doughty Hanson private equity investment committee. From 1999 to 2006, Mr. Churtichaga held various responsibilities investing and managing investments for JP Morgan and successor funds, focusing in the telecommunications and media sectors.

Julian Charles Huxtable has a Bachelor of Arts degree in Modern Languages from the University of Durham and an MBA from INSEAD. He is a Director of Doughty Hanson, a position he has held since February 2009. Mr. Huxtable joined Doughty Hanson in 2000 and has been responsible for transacting, monitoring and exiting a number of investments. He has been a member of the private equity investment committee since 2006, and works on origination of new investment opportunities across Europe but with a principal focus on the UK. Before joining Doughty Hanson, Mr. Huxtable spent six years at British Airways in various general management roles.

John Joseph Leahy has a CPA from the Institute of Certified Public Accountants and an MBA from Edinburgh University. He is a Director of Doughty Hanson, a position he has held since February 2009. Mr. Leahy joined Doughty Hanson in 2002 as the founding member and head of the Value Enhancement team. He is responsible for the identification, implementation and managementof strategic processes that enhance value and the promotion of value-creating sustainable business practices across the Doughty Hanson portfolio companies. He is also a member of the investment committee. Prior to joining Doughty Hanson, Mr. Leahy worked in turnaround consulting for five years for PricewaterhouseCoopers and Arthur Andersen. He also has significant industry experience, having worked for Quaker Oats and Premier Brands.

Thomaz Zobele joined the Company's sales team in November 2008, with responsibility for regional sales organization and key Italian customers. From 2009 to 2012, he was a member of the Company's compliance committee (in relation to certain Italian statutory regulations) and has been a board member of the Company since February 2009. In July 2012 he became part of the Company's marketing team, with responsibility for product marketing.

Gérard Becquer has a degree in Business Studies from the University of Metz, France. He is a Director and has been a Managing Director at Alter Domus since 2001. Before joining Alter Domus, Mr. Becquer was a Partner in charge of the Domiciliation Department of PricewaterhouseCoopers in Luxembourg with specific expertise in the management and administration of companies and setting up of appropriate company structures (in particular accounting, tax and legal aspects) and in the financial sector. Prior to that, he was responsible for the Business Services Department of Coopers & Lybrand. He also has eight years' experience in the audit sector. Mr. Becquer is also a Chartered Accountant in Luxembourg (OECL).

Cedric Stebel joined Doughty Hanson's Luxembourg office in 2006 as Director/Company Administrator. Prior to joining Doughty Hanson, Mr. Stebel worked as Administration, Finance & Control Manager at PRADA in Luxembourg for five years. He began his career with PricewaterhouseCoopers.

Senior Management

The following table sets forth the age and position of the senior managers of the Company:

Name	Age	Position
Enrico Zobele	61	Chairman
Roberto Schianchi	50	Chief Executive Officer
Christopher Wood	51	Chief Financial Officer
Roberto Pagani	44	Chief Operating Officer
Marco Milani	40	Chief Purchasing Officer
Davide Gaspari	45	Chief Sales Officer
Stefano Deflorian	49	Chief Technology Officer
Cristiano Villani	47	Business Unit ''Zobele Retail Solutions'' Director
Joaquim Llorente	44	Group Research & Innovation Director
Valter Mattei	46	Group IT Director
Emanuele Marchi	52	Group HR Director
Andrea Tiso	38	Group Quality Director

The senior managers listed above are considered relevant to establishing that we have the appropriate expertise and experience for the management of our business. Each senior manager holds such position under a formal or informal employment contract or employment terms of reference, as applicable, with no defined term. Across the Group, succession plans have been put in place to ensure the seamless continuation of the management of our business.

The management expertise and experience of each of the senior managers of the Company is set out below:

Enrico Zobele See ''—Directors and Senior Management—Directors'' for a description of Mr. Zobele's management expertise and experience.

Roberto Schianchi See ''—Directors and Senior Management—Directors'' for a description of Mr. Schianchi's management expertise and experience.

Christopher Wood graduated in Economics and Economic History at the University of Birmingham in 1982. Mr. Wood subsequently joined Coopers & Lybrand, qualified as an ACA and worked for a number of key clients in the UK. In 1990, he moved to Schlumberger, the world's largest oilfield service company, where he gained valuable and extensive professional experience in various roles as Finance Manager and Controller in the UK, France and Italy until 1999. Successively, Mr. Wood took on the role of Finance Director Switzerland and Italy for the Minit Group, based in Lugano, before becoming Chief Financial Officer and EVP for ASI Robicon in 2000. Beginning in 2004, Mr. Wood worked as Group Chief Financial Officer and EVP for the Nuance Group, a global leader in the travel retail industry. He joined Zobele Group in May 2012.

Roberto Pagani obtained a degree in Mechanical Engineering from the Politecnico University of Milan in 1993. Mr. Pagani started his career as an engineer in the automotive industry, working for tier-one suppliers such as Automotive Products and T&N (now Federal Mogul). In 1996, he joined the management consulting practice CSC, a global system integrator, as Senior Consultant. In 1998, Mr. Pagani joined A.T. Kearney, a management consultant firm, where he led projects for blue-chip clients, focusing his expertise on M&A, operational restructuring, turnaround and performance improvement. In 2006, Mr. Pagani moved to Ernst & Young as Director and, in 2008, he joined Doughty Hanson, a leading European private equity firm, as Portfolio Consultant. While at Doughty Hanson, Mr. Pagani collaborated extensively with Zobele Group on several initiatives before joining Zobele Group in May 2011 as Chief Operating Officer.

Marco Milani began his professional career as an Accounting Supervisor for a retail chain before joining Gunnebo Entrance Control in 1997, where he held the positions of Accounting Manager, Financial Controller and IT Manager until 2001. His career continued as Group Financial Manager for Rigotti Costruzioni S.p.A. between 2001 and 2004, before moving to China to join Zobele Group in 2004. Mr. Milani held various positions in Zobele Group before being appointed as Chief Financial Officer and later General Manager of Zobele Instrument Shenzhen (CHINA) in 2006. Before returning to Italy in 2011 to become Strategic Sourcing Director of Zobele Group, Mr. Milani held the position of Financial Director

for the Group's operations in Asia. He is currently employed in the Group as Chief Purchasing Officer effective from November 2011.

Davide Gaspari graduated in Business Administration from Bocconi University of Milan in 1991. Mr. Gaspari started his career at London International Financial Future Exchange, where he was primarily dealing with Italian bond-based futures contracts. After assuming different commercial positions in Germany and Italy for Italian chemical/textile multinational Bonazzi Group, Mr. Gaspari joined Zobele Group in 1996 as Export Manager and became Chief Sales Officer in 2002.

Stefano Deflorian graduated in Electronics from the Politecnico University of Milan in 1990. Mr. Deflorian began his professional career in Italtel /AT&T where he assumed various positions in Italy, Holland and the U.S.A at the Bell Labs in HW design and system engineering. Mr. Deflorian moved to SIPAR as Systems Engineer & HW Design Manager in 1994. In 1999, he joined SEAC for a short period before moving to SASIB as Project Manager. Mr. Deflorian joined Zobele Group in 2001 as Project Manager before becoming Chief Technical Officer in 2005.

Cristiano Villani obtained his High School Diploma in accounting studies in 1984 and subsequently worked from 1986 onwards as the head of the financial departments of various industrial Italian—based companies, before being appointed in 1990 as Financial Manager of Ceci Impresa S.p.A. In 1994, he became Financial Director for Mimetco Italia S.r.l.. While living and working in Hungary from 1996 to 2005, Mr. Villani gained significant experience in all aspects of management as a member of the Board of Directors of a number of subsidiaries within the Parmalat Group, being appointed as Managing Director of PDBI from 2004 to 2005 and, subsequently, of Boschi Luigi & Figli S.p.A. until 2007. Mr. Villani was then employed as Business Development and Sales Director of Boschi Food & Beverage S.p.A, before becoming President and Chief Executive Officer of Pomi U.S.A in 2008. He joined Zobele Group in February 2012.

Joaquim Llorente graduated in Business Administration from the University of Barcelona in 1991. Mr. Llorente subsequently acquired experience in the automotive sector as Marketing Manager for Allied Signal & Sogefi. He then joined the company BIC, in the B2B division, as European Marketing Director. In 2001, Mr. Llorente joined Zobele Group, where he initially covered the position of Business Development Director. He now directs the Research & Innovation department.

Valter Mattei began to work for the Zobele Group right after obtaining his High School Diploma in 1988. He started his long career in the company in the Italian Sales Planning and Analysis department. In 1991, he moved to the Customer Service department and, in 1993, he joined the ICT department where he was responsible for the planning activities until the end of 1996. From 1997, Mr. Mattei has been fully dedicated to ICT and he now heads all IT improvement and implementation activities, including SAP rollout.

Emanuele Marchi graduated in Law from the University of Bologna in 1988. He began his professional career in Whirlpool where he covered several positions in the HR department, both at plants level and at the European headquarter in Varese. Mr. Marchi then left his previous role as Industrial Relations Manager to join SEA-Aereoportimilano in 2001, where he was the HR Manager for the Malpensa Airport. In 2002, he joined the Italian packaging company Goglio S.p.A. to cover the position of HR Director. In 2005, he took on the responsibility for the Human Resources department for Cobra Automotive Technologies S.p.A., just before this company started its IPO process. Mr. Marchi joined Zobele Group in February 2008 as Group HR Director.

Andrea Tiso graduated in Materials Engineering at the University of Trento in 2000. Mr. Tiso began his professional career working as a Contract Researcher at the Polymers & Composites Laboratory of the University of Trento. He joined Zobele Group in 2001, initially as a Quality Systems professional, and then as Head of the Electrical Testing Laboratory. In 2005, he became Trento Plant Quality Manager. Mr. Tiso has held the position of Group Quality Director since 2008.

Board Practices

General—Issuer and the Company

The board of directors of the Issuer comprises nine directors. Pursuant to the constitution of the Issuer, the Issuer shall be managed by a board of directors consisting of two to nine members, who are not required to be shareholders and are appointed or removed by the general meeting of shareholders. Subject to removal by a formal resolution of the general meeting of shareholders, the directors of the

Issuer shall serve for a fixed three-year term from appointment and may perform all acts that they consider necessary for the achievement of the Issuer's corporate purpose, except for those actions reserved by law or for the shareholders' meeting pursuant to the Issuer's by-laws. The constitution of the Issuer does not set term limits for the directors or require directors to retire by rotation.

The Board of Directors of the Company comprises five directors. Pursuant to the constitution of the Company, the Company shall be managed by a board of directors consisting of one or more members, who need not be shareholders and are appointed or removed by the general meeting of shareholders, which shall also determine the powers and the term of the mandates for the directors elected to the Board of Directors. If no term is indicated, the directors shall serve for an indefinite term from appointment, subject to removal by a formal resolution of the general meeting of shareholders. The constitution of the Company does not set term limits for the directors or require directors to retire by rotation.

Audit and Remuneration Committees

We have not adopted separately established audit and remuneration committees. The Board of Directors as a whole, or its delegated members, fulfills these functions as and when required.

Share Ownership

Full details of the ownership of shares in the Group, including the beneficial interests of Directors in shares of the Group, are given in the ''Transactions with Related Parties'' section below.

There are no arrangements for involving the employees in our capital by way of the issue or grant of options or shares or securities of the Group, or by any other means.

Board of Statutory Auditors

Pursuant to applicable Italian law, the Issuer has appointed a board of statutory auditors (*Collegio Sindacale*) whose purpose is to oversee the Issuer's compliance with the law and with its by-laws, to verify the Issuer's compliance with best practices in administration of its business, and to assess the adequacy of the Issuer's internal controls and accounting reporting systems, including the adequacy of the procedures in place for the supply of information between it and its subsidiaries.

Currently, there are three auditors and two alternate auditors on the board of statutory auditors for the Issuer.

Members of the board of statutory auditors are appointed by the shareholders of the Issuer at ordinary shareholders' meetings for three-year terms expiring on the date of the ordinary shareholders' meeting called to approve the financial statements in the third financial year of a respective member's term. At least one of the auditors and one of the alternate auditors must be selected from among the legal auditors registered with the relevant special registry in Italy. Members of the board of statutory auditors may be removed only for a valid reason and with the approval of an Italian court. The terms of office of the current members of the board of statutory auditors are scheduled to expire in 2014.

The following table identifies the current members of the statutory board of auditors for the Issuer, who were elected on July 4, 2012, together with their age and title.

Name	Age	Position
Renzo Sartori	66	Chairman
Piermauro Carabellese	54	Auditor
Barbara Aloisi	45	Auditor
Matteo Sartori	40	Alternate Auditor
Paolo Rampulla	40	Alternate Auditor

The business address for each of the members of the Issuer's board of statutory auditors is Via Fersina, 4, 38123, Trento (TN), Italy.

The aggregate compensation paid to the members of our board of statutory auditors for the year ended December 31, 2011 was €85,269.

Compensation of Directors

The aggregate compensation of the members of the Board of Directors of the Issuer for the performance of their functions within the Group for the year ended December 31, 2011 amounted to approximately €0.4 million. The aggregate compensation of the members of the Board of Directors of the Company for the performance of their functions within the Group for the year ended December 31, 2011 amounted to approximately €0.2 million.

Compensation of Senior Management

The aggregate compensation of the members of our Senior Management for the performance of their functions within the Group for the year ended December 31, 2011 amounted to approximately €2.5 million (including pension contributions and bonuses), in addition to benefits in kind such as company cars and mobile phones.

PRINCIPAL SHAREHOLDERS

Zobele Holding

As of the date of this Offering Memorandum, Zobele Holding had issued and outstanding 881,871 ordinary shares of par value of €1.00 each and is a wholly owned subsidiary of Z Beta, which in turn is a wholly owned subsidiary of Z Alpha.

Z Beta

Z Beta is an investment vehicle incorporated under the laws of Luxembourg which beneficially owns and controls the entire share capital of Zobele Holding. As of the date of this Offering Memorandum, Z Beta had issued and outstanding 560,000 ordinary shares of par value of €25.00 each and is a wholly-owned subsidiary of Z Alpha.

Z Alpha

Z Alpha is a joint stock company incorporated under the laws of Luxembourg which beneficially owns and controls the entire share capital of Z Beta.

Doughty Hanson & Co Fund IV (which comprises four English limited partnerships (Doughty Hanson & Co IV Limited Partnership Numbers One, Two, Three and Four) with each limited partnership having a common general partner in Doughty Hanson Co IV Limited) owns approximately 75.58% of the total number of issued and outstanding shares of Z Alpha. The Zobele family owns approximately 19.79% of the total number of issued and outstanding shares of Z Alpha. Certain senior management of the Group own approximately 4.63% of the total number of issued and outstanding shares of Z Alpha.

Doughty Hanson

Doughty Hanson is a leading private equity firm specializing in investments in businesses headquartered in or whose businesses are primarily based in Europe. Doughty Hanson traces its history back to 1985 when Nigel Doughty and Richard Hanson started working together on European buyout investments. It is based in London, United Kingdom, with additional offices across Europe.

Z Alpha Shareholders' Agreement

Z Alpha has entered into a shareholders' agreement with its shareholders (and certain of their beneficial owners) (the ''Z Alpha Shareholders' Agreement'') governing, among other things, its conduct and governance.

Z Alpha Board of Directors composition

The Z Alpha Shareholders' Agreement provides that the Board of Directors of Z Alpha shall consist of up to five directors. Doughty Hanson shall have the right to nominate up to three directors to the Z Alpha Board of Directors, one director may be nominated by the senior management of Z Alpha and one director may be nominated by the Co-Investors (as defined in the Z Alpha Shareholders' Agreement) for so long as the Co-Investors hold 10% of the total shares in Z Alpha.

Conduct of business and veto rights

The Z Alpha Shareholders' Agreement governs the terms and conditions of transfers of shares in Z Alpha as well as its management and the conduct of its operations. Under the Z Alpha Shareholders' Agreement:

- Doughty Hanson has veto and other rights (e.g. relating to exit scenarios) over certain significant matters including issuance of securities by Z Alpha, distributions and dividends by Z Alpha and certain other non-routine matters and protection rights; and
- certain members of Z Alpha's senior management also have certain veto rights over a smaller set of significant matters including altering the share capital of Z Alpha, grant of stock options by Z Alpha and certain other procedural rights, and, due to certain arrangements between management, these rights are effectively vested in one management representative.

Therefore, significant matters relating to Z Alpha may require the consent of Doughty Hanson and senior managers.

Other provisions

The Z Alpha Shareholders' Agreement also deals with other customary matters, including certain provisions relating to transfer restrictions and rights.

TRANSACTIONS WITH RELATED PARTIES

We enter into transactions with certain related parties or our affiliates from time to time and in the ordinary course of our business. All related party transactions are conducted at arm's length, and we have approved or ratified all such related party transactions to date.

No related party transactions have taken place during the period commencing on January 1, 2009 and ending on the date of publication of this Offering Memorandum other than as described below.

Shareholders' Agreement

Although the Company is not a party, the parent entity of the Company (Z Alpha) is a party to the Z Alpha Shareholders' Agreement that contains certain provisions that may have an impact on the Company and the conduct of its business. For further information, see ''Principal Shareholders—Z Alpha Shareholders' Agreement.''

Shareholders Loan

Pursuant to an Inter-Company Loan Agreement dated December 13, 2006, Z Alpha made available to Z Beta a loan for a principal amount of €109,200,000 (the ''Shareholder Loan''). On December 13, 2012, each of Z Alpha and Z Beta entered into a contribution agreement whereby, conditional upon the issue of the Notes, Z Alpha has agreed to contribute all claims under the Shareholder Loan, together with all interest accrued thereon, up to and as at the Issue Date. Accordingly, with effect on and from the Issue Date, all claims and outstanding interest under the Shareholder Loan shall be contributed by way of capital contribution to Z Beta, and the Inter-Company Loan Agreement shall be terminated.

3E (HK) Limited

3E (HK) Limited, one of our suppliers, holds interests of 20% and 25% in the share capital of Zobele Asia Pacific Ltd. and ZAE Industrial Company Ltd., respectively, which are two of our Non-Guarantor Subsidiaries. Two of the Issuer's directors, Messrs. Enrico Zobele and Thomaz Zobele, indirectly hold a 19.99% interest in the share capital of 3E (HK) Limited. For the years ended December 31, 2009, 2010 and 2011 and the nine months ended September 30, 2012, Zobele Asia Pacific Ltd. purchased materials from 3E (HK) Limited for approximately €3.1 million, €3.8 million, €3.7 million and €1.8 million, respectively. These purchases were made at arm's length in the ordinary course of business and, in the reasonable determination of members of our Board of Directors, on terms as favorable as might reasonably have been obtained from an unaffiliated third party.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of certain provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. Unless otherwise defined in this Offering Memorandum or unless the context otherwise requires, terms defined in the Revolving Credit Facility Agreement and the Intercreditor Agreement shall have the same meanings when used in this section.

Revolving Credit Facility

Introduction

On or around the Issue Date, Zobele Holding S.p.A. (the ''Borrower'') and its subsidiaries expect to enter into the Revolving Credit Facility Agreement. Zobele Holding S.p.A. will be a borrower, the Company will be a guarantor and certain subsidiaries of Zobele Holding S.p.A. will be borrowers and guarantors, under the Revolving Credit Facility Agreement.

The Revolving Credit Facility Agreement provides for the Revolving Credit Facility in a principal amount of up to €30.0 million, which may be used for the general corporate and/or working capital purposes of the Group (including towards financing Permitted Acquisitions), but not for (i) repaying, purchasing or otherwise acquiring any Notes or any Replacement Debt or payments of any interest in respect thereof; or (ii) the payment of any dividend or other distribution in respect of share capital. Loans may not be borrowed under the Revolving Credit Facility for the purpose of funding acquisitions after the date falling twelve months prior to the maturity date of the Revolving Credit Facility.

Repayments and Prepayments

The Revolving Credit Facility has a final maturity date of 54 months from the Issue Date. Any amount still outstanding at that time will be immediately due and payable.

Other than in the use of a rollover loan (which is a loan made or to be made on the same day that a maturing loan is to be repaid), the lenders under the Revolving Credit Facility (each a ''Lender'' and, collectively, the ''Lenders'') will not be obliged to comply with a utilization request under the Revolving Credit Facility if at the quarter date immediately preceding the proposed utilization date the Adjusted Leverage Ratio (as defined in the Revolving Credit Facility Agreement) is greater than 6.0:1. In addition, the aggregate principal amount of the Acquisition Loans (as defined in the Revolving Credit Facility Agreement) must not at any time exceed €15,000,000.

Subject to certain conditions, any borrower under the Revolving Credit Facility Agreement may voluntarily prepay the utilizations and the Borrower may permanently cancel all or part of the available commitments under the Revolving Credit Facility in a minimum amount of €1,000,000 by giving not less than 5 business days' (or such shorter period as the required majority of Lenders under the Revolving Credit Facility Agreement agree) prior notice to the Facility Agent.

We may reborrow amounts repaid, subject to certain conditions, until one month prior to maturity.

In addition to voluntary prepayments, the Revolving Credit Facility Agreement requires mandatory prepayment (or, as the case may be, an offer to do so) in full or in part in certain circumstances, including:

(a) with respect to any Lender of the Revolving Credit Facility, if it becomes unlawful for such Lender to perform any of its obligations under the Revolving Credit Facility Agreement or to maintain its participation in any utilization of the Revolving Credit Facility;

(b) with respect to any Lender which has issued a letter of credit or guarantee (an ''Issuing Bank''), if it becomes unlawful for such Issuing Bank to leave outstanding any such letter of credit or guarantee;

(c) if a Lender so requires in respect of that Lender's participation in an outstanding utilization, upon a Change of Control (as defined in the Revolving Credit Facility Agreement);

(d) upon certain Notes Purchases; and

(e) subject to certain conditions, an amount of the proceeds of the sale of certain of the Restricted Group's assets. However, the proceeds of any sale, sale and leaseback or other transaction relating to the disposal of the Trento real estate shall be applied only in prepayment of the Revolving Credit Facility.

In addition, there is an annual clean down obligation which requires that, at least once in every financial year after December 31, 2012, the total amount of loans drawn under the Revolving Credit Facility (excluding those loans applied directly towards acquisitions permitted by the Revolving Credit Facility Agreement), less cash and cash equivalents, must not exceed €5 million for a period of 5 successive business days, provided that not less than three months shall elapse between each clean down period.

Interest and Fees

The Revolving Credit Facility will initially bear interest at a rate per annum equal to EURIBOR plus certain mandatory costs and a margin of 4.00% per annum. The margin is subject to a margin ratchet and may be reduced by reference to the Group's Adjusted Leverage Ratio (as defined in the Revolving Credit Facility Agreement).

The Borrower is also required to pay a commitment fee, quarterly in arrears, on available but unused commitments under the Revolving Credit Facility at a rate of 40.0% of the applicable margin. We are also required to pay customary fees including fees and fees in connection with ancillary facilities.

We are also required to pay an arrangement fee and certain fees to the Facility Agent and the Security Agent in connection with the Revolving Credit Facility.

Security and Guarantees

The Borrower and certain of its subsidiaries as specified in the Revolving Credit Facility Agreement will be the original borrowers under the Revolving Credit Facility.

The Revolving Credit Facility will be guaranteed by the Guarantors, and (subject to certain agreed security principles set out in the Revolving Credit Facility Agreement) will benefit from the same collateral as the Notes as set out under ''Description of Notes—Security,'' save that the Revolving Credit Facility will not be secured by the pledge over the shares of Zobele España, S.A.U. granted by the Issuer. In addition, the Revolving Credit Facility will (i) be secured by an Italian law governed mortgage over real estate property of the Issuer; (ii) the lenders will obtain the benefit of an Italian law governed special privilege over moveable assets of the Issuer; and (iii) an Italian law governed pledge over an account into which certain mandatory prepayments under the Revolving Credit Facility shall be made.

Under the terms of the Intercreditor Agreement, the proceeds of enforcement of the Collateral will be applied in or towards repayment of the Revolving Credit Facility and certain priority hedging obligations (if any) in priority to repayment of the Notes and the Guarantees. See ''—Intercreditor Agreement.''

The provision and terms of the Collateral will be subject to certain limitations and to the requirements of applicable law and regulations. See ''Risk Factors—Risks Relating to the Notes.''

Representations

The Revolving Credit Facility Agreement will require all or certain of the borrowers, guarantors and members of the Group thereunder to make a number of customary representations, some of which are required to be repeated on the first date of each interest period, the date of each utilization request, each utilization date and each date on which an additional obligor accedes to the Revolving Credit Facility Agreement.

Covenants

The Revolving Credit Facility Agreement will contain certain affirmative and restrictive covenants. The restrictive covenants will largely follow those contained in the indenture governing the Notes, subject to certain agreed exceptions.

In addition, each set of financial statements provided by us under the Revolving Credit Facility Agreement will include a balance sheet, profit and loss account and consolidated cash flow statement.

Events of Default

The Revolving Credit Facility Agreement sets out customary events of default in relation to the Revolving Credit Facility, the occurrence of which would, subject to any applicable grace periods, cure rights and

agreed exceptions, allow the Lenders of the Revolving Credit Facility to accelerate, among other things, all outstanding loans and terminate their commitments under the Revolving Credit Facility. The customary events of default, subject to certain agreed exceptions, include:

(a) non-payment;

(b) breach of other obligations under the Finance Documents (as defined in the Revolving Credit Facility Agreement);

(c) misrepresentation;

(d) cross default;

(e) insolvency, insolvency proceedings or creditors' process;

(f) unlawfulness and invalidity;

(g) repudiation and rescission;

(h) cessation of business;

(i) audit qualification;

(j) expropriation;

(k) breach of Intercreditor Agreement; and

(l) material adverse change.

Governing Law

The Revolving Credit Facility Agreement is governed by and construed in accordance with English law although certain of the restrictive covenants, which are included in the Revolving Credit Facility Agreement and largely replicate those contained in the Indenture governing the Senior Secured Notes, will be interpreted in accordance with New York law (without prejudice to the fact that the Revolving Credit Facility Agreement is governed by English law).

Intercreditor Agreement

In connection with entering into the Revolving Credit Facility Agreement and the Indenture, Z Alpha S.A., the Company, the Issuer, the other Guarantors and certain other subsidiaries of the Company will enter into the Intercreditor Agreement to govern the relationships and relative priorities among: (i) the Lenders; (ii) any persons that accede to the Intercreditor Agreement as counterparties to certain hedging agreements (collectively, the ''Hedging Agreements'' and any persons that accede to the Intercreditor Agreement as counterparties to the Hedging Agreements are referred to in such capacity as the ''Hedge Counterparties''); (iii) the trustee, on its behalf and on behalf of the holders of the Notes (the ''Senior Secured Noteholders''); (iv) the Creditor Representatives (as defined below); (v) intra-group creditors and debtors; and (vi) the direct and/or indirect shareholder of the Company in respect of certain structural debt that the Company has or may incur in the future.

The Intercreditor Agreement permits and envisages the future issuance of senior unsecured notes (''Senior Unsecured Notes'') by Z Alpha (the ''Senior Unsecured Notes Issuer'') under an unsecured notes indenture (a ''Senior Unsecured Notes Indenture'') provided that a senior unsecured notes trustee, on its behalf and on behalf of the holders of the Senior Unsecured Notes (the ''Senior Unsecured Noteholders'' and, together with the Senior Secured Noteholders, the ''Noteholders'') accedes to the Intercreditor Agreement. In addition, the Intercreditor Agreement regulates the relationship between Z Alpha S.A., the Company and its Restricted Subsidiaries, on the one hand, and the direct and/or indirect shareholders of Z Alpha S.A., the Company and related parties, on the other hand with respect to certain debt incurred among them.

The Company and each of its Restricted Subsidiaries that incurs any liability or provides any guarantee under the Revolving Credit Facility Agreement, the Indenture or the Unsecured Notes Indenture are each referred to in this description as a ''Debtor'' and are referred to collectively as the ''Debtors.'' In this description ''Group'' refers to Z Alpha S.A. and its Subsidiaries from time to time.

The Intercreditor Agreement will set out:

- the relative ranking of certain indebtedness of the Debtors;

- the relative ranking of certain security granted by the Debtors and Z Alpha;
- when payments can be made in respect of certain indebtedness of the Debtors;
- when enforcement actions can be taken in respect of that indebtedness;
- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit a sale of any assets subject to transaction security (the ''Collateral'').

The Intercreditor Agreement will contain provisions relating to future indebtedness that may be incurred by the Company and the Guarantors that is permitted by the Revolving Credit Facility Agreement and the Indenture to rank *pari passu* with the Revolving Credit Facility and the Notes and be secured by the Collateral, subject to the terms of the Intercreditor Agreement, such debt being ''Pari Passu Debt'' and the creditors of such debt being ''Pari Passu Creditors.'' The Intercreditor Agreement will provide that the creditors of any credit facility constituting a Credit Facility under the Indenture are entitled under the terms of the Indenture to receive priority to the Senior Secured Noteholders as to receipt of the proceeds of the enforcement of Collateral (each such facility and together with the Revolving Credit Facility, the ''Credit Facilities'' and each finance document relating thereto, a ''Credit Facility Document''). Each lender of a Credit Facility is a ''Credit Facility Lender'' and the liabilities of the Debtors to the Credit Facility Lenders are the ''Credit Facility Lender Liabilities.'' The Intercreditor Agreement allows for a refinancing in full or in part of the Notes and/or a refinancing of the Revolving Credit Facility.

The provisions of the Intercreditor Agreement will override anything in the Revolving Credit Facility Agreement or the Indenture to the contrary but will not cure, postpone, waive or negate any default by the Company or its Restricted Subsidiaries under the Revolving Credit Facility Agreement, the Indenture or any other Debt Document (as defined in the Intercreditor Agreement). By accepting a Note, holders of the Notes shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The following description is a summary of certain provisions, among others, contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety, and we urge you to read that document because it, and not the description that follows, defines your rights as holders of the Notes.

Ranking and Priority

The Intercreditor Agreement will provide, subject to the provisions in respect of permitted payments described below, that the Credit Facility Lender Liabilities and the liabilities of the Debtors under the Hedging Agreements (the ''Hedging Liabilities'') (and in respect of Hedging Liabilities which relate to (i) currency hedging or (ii) interest rate hedging (the ''Super Senior Hedging Liabilities,'' and together with the Credit Facility Lender Liabilities, the ''Super Senior Liabilities'')), the liabilities of the Debtors in respect of the Notes (the ''Senior Secured Notes Liabilities''), the liabilities of the Debtors in respect of the Senior Unsecured Notes (the ''Senior Unsecured Notes Liabilities'' and, together with the Senior Secured Notes Liabilities, the ''Notes Liabilities''), the liabilities of the Debtors to the Trustee in respect of the Notes (the ''Senior Secured Notes Trustee Liabilities''), the liabilities of the Debtors to the trustee (the ''Senior Unsecured Notes Trustee'') in respect of any Senior Unsecured Notes that the Debtors may issue in the future (the ''Senior Unsecured Notes Trustee Liabilities'' and, together with the Senior Secured Notes Trustee Liabilities, the ''Trustee Liabilities''), the liabilities of the Debtors to the Creditor Representatives (as defined below) (the ''Creditor Representative Liabilities''), the liabilities of the Debtors to the Security Agent (the ''Security Agent Liabilities'') and certain other unsecured liabilities will rank in right and priority of payment in the following order:

- first, the Credit Facility Lender Liabilities, the Senior Secured Notes Liabilities, the Senior Secured Notes Trustee Liabilities, the Pari Passu Debts, the Hedging Liabilities, the Creditor Representative Liabilities and the Security Agent Liabilities *pari passu* and without any preference between them;
- second, the liabilities in respect of the guarantees (the ''Senior Unsecured Notes Guarantees'') granted by each guarantor of Senior Unsecured Notes in respect of any Senior Unsecured Notes

(the ''Senior Unsecured Notes Guarantee Liabilities'') *pari passu* and without any preference between them;

- third, certain intra-company obligations owed by any member of the Group to any of the Intra-Group Lenders, together with any related Additional Liabilities (the ''Intra-Group Liabilities''); and
- fourth, investor debt (which consists of liabilities owed by any Debtor to any Shareholder Creditor (including without limitation any Financial Indebtedness and any Liabilities of the Company to Z Alpha S.A.) together with any related Additional Liabilities (the ''Shareholder Liabilities'' and together with the Intra-Group Liabilities, the ''Subordinated Liabilities'').

The parties to the Intercreditor Agreement will agree in the Intercreditor Agreement that the security provided by the Debtors and the other parties for the Credit Facility Lender Liabilities, the Senior Secured Notes Liabilities, the Senior Secured Notes Trustee Liabilities, the Pari Passu Debts, the Hedging Liabilities, the Creditor Representative Liabilities and the Security Agent Liabilities (together the ''Secured Liabilities'') will rank and secure all such liabilities *pari passu* and without any preference between them.

The Intercreditor Agreement will permit, among other things, payments to be made by the Debtors under the Revolving Credit Facility Agreement, the Indenture and the Senior Unsecured Indenture.

The Intercreditor Agreement will also permit payments in respect of Senior Unsecured Notes Guarantee Liabilities prior to the Secured Liabilities Discharge Date (as defined below) to be made by the Debtors under the Senior Unsecured Notes Indenture including if (a) (i) the payment is of any principal amount of the Senior Unsecured Notes Liabilities which is either not prohibited from being paid by the Credit Facility, the Indenture and any Pari Passu Debt Document (as defined below) or is paid on or after the final maturity date of the Senior Unsecured Notes Liabilities or is a payment of any amount which is not an amount of principal or capitalized interest; (ii) no notice of an event of default in respect of any Secured Debt (as defined below) has been delivered by the Credit Facility Agent, the Trustee or the Pari Passu Debt Representative (as defined below) (as the case may be); and (iii) no payment default under any Credit Facility, the Indenture (above an agreed threshold) and the Pari Passu Debt Documents (above an agreed threshold) has occurred and is continuing; (b) the majority super senior creditors and the Trustee and the Pari Passu Debt Representative give prior consent to that payment being made; (c) the payment is of amounts owing to the Senior Unsecured Notes Trustee; (d) the payment is made by the Senior Unsecured Notes Issuer and the notes purchase condition of the Revolving Credit Facility Agreement is complied with and to the extent such payment is otherwise permitted or not prohibited by the Senior Secured Notes Documents; (e) the payment is of costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) the documents relating to the Senior Unsecured Notes (the ''Senior Unsecured Notes Documents'') including in relation to any reporting or listing requirements under the Senior Unsecured Notes Documents; or (f) the payment is of costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Senior Unsecured Notes in compliance with the Intercreditor Agreement and the Credit Facility, the Senior Unsecured Notes Indenture and any Pari Passu Debt Document.

The Intercreditor Agreement will also permit payments from time to time when due to lenders owed any Intra-Group Liabilities (''Intra-Group Liabilities Payments'') if at the time of payment no acceleration event has occurred in respect of a Credit Facility, the Pari Passu Debts, the Notes Liabilities (an ''Acceleration Event'') and is continuing. The Intercreditor Agreement will permit Intra-Group Liabilities Payments if such an Acceleration Event has occurred and is continuing if (i) prior to the date on which all Secured Liabilities are discharged (the ''Secured Liabilities Discharge Date''), with the consent of (a) the Majority Super Senior Credit Facility Creditors, (b) the Senior Secured Noteholders holding in aggregate the principal amount of Notes required to vote in favor of the relevant direction, approval, consent or waiver under the terms of the Indenture or, if the required amount is not specified, holding at least the majority of the principal amount of the then outstanding Notes (treating any Notes held by Debtors or affiliated as not outstanding) (the ''Notes Required Holders''), (c) the Senior Unsecured Noteholders holding in aggregate the principal amount of Senior Unsecured Notes required to vote in favor of the relevant direction, approval, consent or waiver under the terms of the Senior Unsecured Notes Indenture or, if the required amount is not specified, holding at least the majority of the principal amount of the then outstanding Senior Unsecured Notes (treating any Senior Unsecured Notes held by Debtors or affiliated as not outstanding) (the ''Senior Unsecured Notes Required Holders''), (d) the Pari Passu Creditors holding in aggregate the principal amount of the relevant Pari Passu Debts required to vote in favor of the relevant direction, approval, consent or waiver under the terms of the relevant document relating to Pari

Passu Debts (the ''Pari Passu Debt Documents'') or, if the required amount is not specified, holding at least the majority of the principal amount of the then outstanding Pari Passu Debts (treating any Pari Passu Debts held by Debtors or affiliates as not outstanding (the ''Pari Passu Debts Required Holders'') and (e) the Hedge Counterparties, whose Hedge Liabilities (excluding any Super Senior Hedging Liabilities) together exceed 66⅔% of all the Hedging Liabilities (excluding any Super Senior Liabilities) (the ''Majority Hedge Counterparties,'' and together with the Majority Super Senior Credit Facility Creditors, the Notes Required Holders and the Pari Passu Debt Required Holders, the ''Consent Group''), (ii) after the Secured Liabilities Discharge Date but prior to the date on which all Senior Unsecured Notes Liabilities are discharged (the ''Senior Unsecured Notes Liabilities Discharge Date'') or (iii) that payment is made to facilitate payment of the Secured Liabilities.

The Debtors may make Payments in respect of the Shareholder Liabilities (whether of principal, interest or otherwise) from time to time when due if the payment is expressly permitted or not otherwise prohibited by the Credit Facility Documents, the Senior Secured Notes Documents, the Pari Passu Debt Documents (if any) and the Senior Unsecured Notes Documents (if any). Nothing in the Intercreditor Agreement shall preclude the capitalization of all or part of the Shareholder Liabilities into Qualified Capital Stock or reserves of the Company.

Senior Unsecured Notes Enforcement Restrictions

Until the Secured Liabilities Discharge Date, except with the prior consent of an Instructing Group, no Senior Unsecured Noteholder or Senior Unsecured Notes Trustee shall take or require the taking of any enforcement action in relation to the Senior Unsecured Notes Guarantees except if a default has occurred in relation to the Senior Unsecured Notes (the ''Relevant Senior Unsecured Notes Default'') and is continuing and until the earliest of: (i) the date falling 179 days after delivery of the enforcement notice to the Credit Facility Agent, Senior Secured Notes Trustee and the Pari Passu Debt Representative(s), (ii) the date the Secured Parties take enforcement action in relation to the guarantor of the Senior Unsecured Notes (a ''Senior Unsecured Notes Guarantor'') (in which case, the Senior Unsecured Notes Creditors (as defined below) may only take the same enforcement action as the creditors in respect of the Notes Liabilities, but not action to preserve or protect Collateral), (iii) the date of an insolvency event in relation to a particular Senior Unsecured Notes Guarantor against whom enforcement action is to be taken; (iv) the expiry of any other standstill period in respect of a Relevant Senior Unsecured Notes Default outstanding at the date of such first mentioned standstill period for such Relevant Senior Secured Notes Default commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy); (v) the date on which the Credit Facility Agent, the Senior Secured Notes Trustee and the Pari Passu Debt Representative(s) (as applicable) consent to an enforcement in respect of the Relevant Senior Unsecured Notes Default by the relevant Senior Unsecured Notes Creditor; and (vi) a failure to pay the principal amount outstanding on the Senior Unsecured Notes at the final Stated Maturity of the Senior Unsecured Notes.

Creditor Representative

Under the Intercreditor Agreement, the parties appoint various Creditor Representatives. ''Creditor Representative'' means:

(a) in relation to the Lenders, the Revolving Credit Facility agent (the ''RCF Agent'');

(b) in relation to the Credit Facility Lenders under any other Credit Facility, the facility agent (or equivalent) in respect of that credit facility (an ''Additional Credit Facility Agent,'' and, together with the RCF Agent, a ''Credit Facility Agent'');

(c) in relation to the Senior Secured Noteholders, the Trustee;

(d) in relation to any Senior Unsecured Noteholders, the Senior Unsecured Notes Trustee;

(e) in relation to the Pari Passu Creditors, the creditor representative for such Pari Passu Creditors (the ''Pari Passu Debt Representative''); and

(f) in relation to any Hedge Counterparty, such Hedge Counterparty which shall be its own Creditor Representative.

Entitlement to Enforce Collateral

The Security Agent may refrain from enforcing the Collateral unless otherwise instructed by, depending on the circumstances, the Majority Super Senior Creditors or the Majority Secured Senior Creditors (each as defined below) (''the Instructing Group'') see ''—Manner of Enforcement'' below. The Security Agent may refrain from acting in accordance with instructions from any other person to enforce the Collateral until it is indemnified by the relevant creditors and provided that those instructions are consistent with the Intercreditor Agreement.

Limitation on Enforcement by Super Senior Creditors and Senior Secured Creditors

If either those Super Senior Creditors (as defined below) whose super senior credit participations aggregate more than 66⅔% of the total super senior credit participations (the ''Majority Super Senior Creditors'') or those creditors of Senior Secured Notes Liabilities (the ''Senior Secured Notes Creditors''), the Pari Passu Creditors and the Hedge Counterparties (other than to the extent of their Super Senior Hedging Liabilities) (together, the ''Senior Secured Creditors'') (but excluding, for this purpose, any Hedge Counterparty in respect of its Hedging Liabilities) whose senior secured credit participates aggregate more than 50% of the total senior secured credit participations (the ''Majority Senior Secured Creditors'') wish to instruct the Security Agent to commence enforcement of any Collateral, such group of creditors (or their respective representatives) must deliver a copy of the proposed instructions as to enforcement of any Collateral (the ''Enforcement Proposal'') to the Security Agent and the Creditor Representatives for each of the creditors of the Super Senior Liabilities (the ''Super Senior Creditors'') and/or the Senior Secured Noteholders and the Pari Passu Debt Representative (as appropriate) at least 10 business days prior to the proposed date of issuance of instructions under such Enforcement Proposal (the ''Proposed Enforcement Instruction Date'').

Until the Super Senior Discharge Date, if the Security Agent has received conflicting enforcement instructions (and a failure by the Majority Super Senior Creditors or the Notes Required Holders or the Pari Passu Debt Required Holders to give any instruction is deemed a conflicting enforcement instruction), then the Security Agent will promptly notify the relevant Creditor Representatives and such Creditor Representatives will consult with each other and the Security Agent for a period of not less than 20 days (or such shorter period as the relevant Creditor Representatives may agree) (the ''Initial Consultation Period'') from the earlier of (i) the date of the latest such conflicting Enforcement Proposal and (ii) the date falling 10 business days after the date the first Enforcement Proposal is delivered, with a view to coordinating instructions as to enforcement of the Collateral.

The Creditor Representatives will not be obliged to consult as described above if:

(1) the Collateral has become enforceable as a result of an insolvency event;

(2) a period of not less than six months has elapsed since the Proposed Enforcement Instruction Date and no enforcement is being effected by the Security Agent; or

(3) the Creditor Representatives agree that no Consultation Period is required or agreed to a shorter consultation period.

If the Majority Super Senior Creditors or the Majority Senior Secured Creditors (acting reasonably) consider that the Security Agent is enforcing the Collateral in a manner which is not consistent with certain Security Enforcement Principles (as referred to below), the relevant Creditor Representatives shall give notice to the Creditor Representatives for the other Super Senior Creditors, the Pari Passu Creditors and the Trustee (as appropriate) after which the Creditor Representatives for the other Super Senior Creditors, the Pari Passu Creditors and the Trustee shall consult again with the Security Agent for a period of 10 days (or such lesser period as the relevant Creditor Representatives may agree) with a view to agreeing the manner of enforcement provided that such Creditors Representative shall not be obliged to consult again more than once in relation to each enforcement action and shall not be obliged to consult in any of the circumstances described in paragraphs (1), (2) or (3) of the previous paragraph.

The Instructing Group may only give enforcement instructions that are consistent with certain security enforcement principles (the ''Security Enforcement Principles''), including that:

(a) it shall be the primary and overriding aim of any enforcement of the Collateral to be in accordance with the Security Enforcement Objective (being to maximize, so far as is consistent with prompt and expeditious realization of value from enforcement of the Collateral, the recovery by the Super Senior Creditors, the Senior Secured Noteholders, the Pari Passu Creditors, the Hedge Counterparties (to

the extent not a Super Senior Creditor), the Creditor Representatives, the arrangers of any Credit Facility, the Security Agent, the delegates of the Security Agent and any receiver (together, the ''Secured Parties'');

(b) the Collateral will be enforced and other enforcement action will be taken such that either:

(i) to the extent the Instructing Group is being led by the Majority Super Senior Creditors, all proceeds or enforcement are received by the Security Agent in cash for distribution in accordance with the Intercreditor Agreement (see ''—Application of Proceeds'') below; or

(ii) to the extent the Instructing Group is being led by the Majority Senior Secured Creditors, either (A) all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the Intercreditor Agreement (see ''—Application of Proceeds'' below); or (B) sufficient proceeds from enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the Intercreditor Agreement (see ''—Application of Proceeds'' below), the Super Senior Liabilities are repaid and discharged in full (unless the Majority Super Senior Creditors agree otherwise);

(c) the enforcement actions are prompt and expeditious it being acknowledged that, subject to the other provisions of the Intercreditor Agreement, the time frame for the realization of value from the enforcement of the Collateral or distressed disposal pursuant to enforcement will be determined by the Instructing Group (see ''—Manner of Enforcement'' below) provided that it is consistent with the Security Enforcement Objective;

(d) to the extent that the Collateral that is the subject of the proposed enforcement action is:

(i) over assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds €5,000,000 (or its equivalent in any other currency or currencies) (''Material Collateral''); or

(ii) over some or all of the shares in a member of the Group,

then the Security Agent shall, if requested by the Majority Super Senior Creditors or the Majority Senior Secured Creditors and at the expense of such creditors (unless it is incompatible with, or unnecessary in respect of enforcement proceedings in a relevant jurisdiction) appoint a ''big four'' accounting firm, any reputable and independent international investment bank or other reputable and independent professional services firm with experience in restructuring and enforcement (a ''Financial Advisor'') to opine as expert that the proceeds received from any such enforcement is fair from a financial point of view after taking into account all relevant circumstances (''Financial Advisor's Opinion'');

(e) The Security Agent shall not be required to appoint a Financial Advisor nor obtain a Financial Advisor's Opinion if a proposed enforcement of Collateral:

(i) would result in the receipt of sufficient enforcement proceeds in cash by the Security Agent as to ensure that, after application in accordance with the Intercreditor Agreement, the Secured Liabilities would be repaid in full;

(ii) is in accordance with any applicable law; and

(iii) complies with the provisions of the Intercreditor Agreement in relation to distressed disposals (see ''—Release of the Guarantees and the Security—Distressed Disposal'' below);

(f) the Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by any provision of the Intercreditor Agreement;

(g) the Financial Advisor's Opinion (or any equivalent opinion obtained by the Security Agent in relation to any other enforcement of the Collateral that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Security Enforcement Objective has been met;

(h) in the event that an enforcement of the Collateral is over Material Collateral or over some or all of the shares in a member of the Group and such enforcement is conducted by way of public auction, any equity investors of the Group shall be entitled to participate in such auction, but this shall not require enforcement of Collateral to take place by way of public auction;

(i) in the absence of written notice from a creditor or group of creditors entitled to issue enforcement instructions that are not part of the relevant Instructing Group (see ''—Manner of Enforcement'' below) that such creditor(s) object to any enforcement of the Collateral on the grounds that such enforcement action does not aim to achieve the Security Enforcement Objective (an ''Objection''), the Security Agent is entitled to assume that such enforcement of the Collateral is in accordance with the Security Enforcement Objective;

(j) if the Security Agent receives an Objection, a Financial Advisor's Opinion to the effect that the particular action could reasonably be said to be aimed at achieving the Security Enforcement Objective will be conclusive that the requirement referred to in paragraph (a) above has been met; and

(k) the Security Enforcement Principles may be amended, varied or waived with the prior written consent of the Majority Super Senior Creditors, the Notes Required Holders, the Pari Passu Debt Required Holders and the Security Agent.

Manner of Enforcement

The Instructing Group that is entitled to give instructions to the Security Agent in respect of enforcement of Collateral comprises the Majority Super Senior Creditors and the Majority Senior Secured Creditors (in each case acting through its respective Creditor Representative). However, if prior to the Super Senior Discharge Date, the Security Agent has received conflicting enforcement instructions from the Creditor Representatives then, to the extent instructions from the Majority Senior Secured Creditors have been given, the Security Agent will comply with such instructions from the Majority Senior Secured Creditors provided that if the Super Senior Liabilities have not been fully and finally discharged within six months of the date on which the first such enforcement instructions were first issued, then the instructions of the Majority Super Senior Creditors will prevail. If the aforementioned conflicting enforcement instructions result from the Majority Senior Secured Creditors failing to give instructions or the Majority Senior Secured Creditors instructing that the Collateral not be enforced, then the Security Agent shall not enforce the Collateral.

Turnover

The Intercreditor Agreement will also provide that if any Super Senior Creditor, Senior Secured Notes Creditor, Hedge Counterparty (which are not Super Senior Creditors) or Pari Passu Creditor receives or recovers the proceeds of any enforcement of any Collateral, or any creditors of Subordinated Liabilities receive or recover any payment or distribution not permitted under the Intercreditor Agreement or applied other than in accordance with ''—Application of Proceeds'' below that it shall (subject to certain prior actual knowledge qualifications in the case of the Trustee):

- in relation to receipts or recoveries not received or recovered by way of set-off, (i) hold that amount on trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of Proceeds

The Intercreditor Agreement will provide that amounts received from the realization or enforcement of all or any part of the Collateral will be applied in the following order of priority:

- first, in payment of the following amounts in the following order: (i) *pari passu* and *pro rata* any sums owing to the Security Agent, any of its delegates, any receiver, the Trustee and the Senior Unsecured Notes Trustee (and their respective agents), as the case may be; and then (ii) *pari passu* and *pro rata* to each Creditor Representative (to the extent not included in (i) above and excluding any Hedge Counterparty in its capacity as its own Creditor Representative) of the unpaid fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant finance documents) of each Creditor Representative and any receiver, attorney or agent appointed by such

Creditor Representative under any Collateral document or the Intercreditor Agreement (to the extent that such Collateral has been given in favor of such obligations);

- second, *pari passu* and *pro rata* in or towards payment of all costs and expenses incurred by the Super Senior Creditors in connection with any realization or enforcement of the Collateral taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;
- third, in or towards payment to, on a *pro rata* basis, (i) each Credit Facility Agent on its own behalf and on behalf of the Credit Facility Lenders and the Arrangers for application towards the discharge of the Credit Facility Lender Liabilities, Credit Representative Liabilities and related Arranger Liabilities; and (ii) the relevant Hedge Counterparties for application towards the discharge of the Super Senior Hedging Liabilities;
- fourth, *pari passu* and *pro rata* to the Trustee on behalf of the Senior Secured Noteholders, to the Hedge Counterparties and the Pari Passu Debt Representative on behalf of the Pari Passu Creditors for application towards any unpaid costs and expenses incurred by or on behalf of any Senior Secured Noteholders, Hedge Counterparties or Pari Passu Creditors in connection with any realization or enforcement of the Collateral taken in accordance with the terms of the Collateral documents and the Intercreditor Agreement or any action taken at the request of the Security Agent;
- fifth, to the Trustee on behalf of the Senior Secured Noteholders for application towards the discharge of the Senior Secured Notes Liabilities and to the Pari Passu Debt Representative on behalf of the Pari Passu Creditors for application towards the discharge of the Pari Passu Liabilities and to the Hedge Counterparties towards the discharge of the Hedging Liabilities (other than the Super Senior Hedging Liabilities); and
- sixth, after the discharge of all Secured Liabilities, in payment of the surplus (if any) to the relevant Debtor or other person entitled to it.

Additional Indebtedness

Subject to certain restrictions in the Credit Facility Documents, if a Debtor gives written notice to the Security Agent, the Creditor Representatives and the Hedge Counterparties that it intends to enter into one or more loans and/or credit or guarantee facilities and/or issue any debt securities under which it will incur additional or replacement indebtedness (''Additional Indebtedness'') which is, under the terms of the Senior Secured Notes Documents, the Pari Passu Debt Documents and the Credit Facility Documents, permitted to share in the Collateral, then the parties will (at the cost, and with the consent of the Company) enter into the requisite documentation to give effect to the Additional Indebtedness and ensue that any such obligations and liabilities related thereto will have the ranking (and the creditors under such Additional Indebtedness will have the rights and obligations) permitted to be conferred upon it in accordance with the Senior Secured Notes Documents, the Pari Passu Debt Documents and the Credit Facility Documents (including, without limitation, the entry into of a new intercreditor agreement on substantially the same terms as the Intercreditor Agreement) provided that such documentation does not adversely affect the interests of any of the Secured Parties.

Release of the Guarantees and the Security

Non-distressed Disposal

In circumstances where a disposal is not being effected by enforcement of Collateral after the Collateral has become enforceable or, in the case of a disposal to a person outside of the Group, after an Acceleration Event in respect of Secured Liabilities has occurred (a ''Distressed Disposal'') and is otherwise permitted or not prohibited by the Credit Facility Document, the Indenture, the Senior Unsecured Notes Indenture and the Pari Passu Debt Documents, the Intercreditor Agreement will provide that the Security Agent is authorized (i) to release the Collateral or any other claim in respect of the Secured Liabilities over the relevant asset, (ii) if the relevant asset consists of shares in the capital of a Debtor, to release the Collateral or any other claim in respect of the Secured Liabilities over the assets of that Debtor and the shares in and assets of any of its subsidiaries and (iii) to execute and deliver or enter into any release of the Collateral or any claim described in the preceding provisions and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable.

Distressed Disposal

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement will provide that the Security Agent is authorized and instructed: (i) to release the Collateral, or any other claim over that asset; (ii) if the asset which is disposed of consists of shares in the capital of a Debtor, to release (a) that Debtor and any subsidiary of that Debtor from all or any part of its liabilities as borrower under the Subordinated Documents, its liabilities under the Credit Facility Documents, the Senior Secured Notes Documents, the Senior Unsecured Notes Documents, the Pari Passu Debt Documents, the Hedging Agreements, the Collateral documents, the Subordinated Documents or the Intercreditor Agreement as a guarantor or surety (''Guarantee Liabilities'') or other liabilities it may have to an Intra-Group Lender or Debtor (''Other Liabilities''); (b) any Collateral granted by that Debtor or any subsidiary of that Debtor over any of its assets; and (c) any other claim of a lender of Intra-Group Liabilities (an ''Intra-Group Lender''), or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor; (iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release (a) that holding company and any subsidiary of that holding company from all or any part of its liabilities as borrower under the Subordinated Documents, its Guarantee Liabilities and Other Liabilities; (b) any Collateral granted by any subsidiary of that holding company over any of its assets; and (c) any other claim of an Intra-Group Lender or another Debtor over the assets of any subsidiary of that holding company; and (iv) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, to provide for the disposal of liabilities and/or the transfer of liabilities to another Debtor.

Amendment

The Intercreditor Agreement will provide that it may be amended with only the consent of the Majority Super Senior Creditors, the Notes Required Holders, the Senior Unsecured Notes Required Holders, the Pari Passu Debt Required Holders, the Company and the Security Agent unless it is an amendment, waiver or consent that has the effect of changing or which relates to: (a) any amendment to the order of priority or subordination set out in the Intercreditor Agreement; or (b) any amendment to the payment waterfall, turnover provisions or enforcement provisions set out in the Intercreditor Agreement; or (c) certain provisions relating to the giving of instructions to the Security Agent or the exercise of discretion by the Security Agent or (d) the amendments provisions in the Intercreditor Agreement which shall not be made without the written consent of:

(i) the Credit Facility Lenders;

(ii) the Trustee;

(iii) the Senior Unsecured Notes Trustee, insofar as any amendments might adversely affect the rights, ranking, immunities or protections of the Senior Unsecured Notes Trustee or the Senior Unsecured Noteholders;

(iv) the Pari Passu Debt Representative;

(v) each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparty); and

(vi) the Company.

Subject to the paragraph above and certain other exceptions, no amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party to the Intercreditor Agreement without the prior written consent of the party.

Option to Purchase: Senior Secured Noteholders and Pari Passu Creditors

After an Acceleration Event or the enforcement of any of the Collateral, one or more of the Trustee and the Pari Passu Debt Representative(s) (the ''Purchasing Senior Secured Creditors'') may (i) at the direction and expense of one or more of the Senior Secured Noteholders and/or Pari Passu Creditors (as applicable); (ii) after all such Senior Secured Noteholders and Pari Passu Creditors have been given the opportunity to so participate; and (iii) if the Trustee and/or the Pari Passu Debt Representative(s) gives not less than ten days' prior written notice to the Creditor Representatives of the Credit Facility Lenders and (to the extent applicable) the Hedge Counterparties in connection with the Credit Facility Lender Liabilities, will have the right to acquire or procure the acquisition of all (but not part only) of the rights and obligations of the Credit Facility Lenders and the Hedge Counterparties in connection with the Credit

Facility Lender Liabilities under the Credit Facility Documents and the Super Senior Hedging Liabilities (the ''Senior Acquisition Debt'').

If more than one Purchasing Senior Secured Creditor wishes to exercise the option to purchase the Senior Acquisition Debt, each such Purchasing Senior Secured Creditor shall acquire the Senior Acquisition Debt *pro rata*, in the proportion that its credit participation bears to the aggregate credit participations of all the Purchasing Senior Secured Creditors. Any Purchasing Senior Secured Creditors wishing to exercise the option to purchase the Senior Acquisition Debt shall inform the Trustee in accordance with the terms of the Indenture or the relevant Pari Passu Debt Representative(s) in accordance with the terms of the relevant Pari Passu Debt Documents, who will determine (consulting with each other as required) the appropriate share of the Senior Acquisition Debt to be acquired by each such Purchasing Senior Secured Creditor and who shall inform each such Purchasing Senior Secured Creditor accordingly. Furthermore, the Trustee or the Pari Passu Debt Representative(s) (as applicable) shall promptly inform the Creditor Representatives of the Credit Facility Lenders and the Hedging Counterparties of the Purchasing Senior Secured Creditors intention to exercise the option to purchase the Senior Acquisition Debt.

Any such purchase will be on terms which will include, without limitation, that the transfer is lawful, payment in full in cash of an amount equal to the Credit Facility Lender Liabilities then outstanding and the amount that would be payable to the relevant Hedge Counterparty on the relevant date if the date was an Early Termination Date (as defined in the relevant Hedging Agreement) and the relevant Debtor was the Defaulting Party (under and as defined in the relevant Hedging Agreement), including in respect of any broken funding costs, as well as certain costs and expenses of the Credit Facility Lenders and the Hedge Counterparties; after the transfer, no Credit Facility Lender or Hedge Counterparty will be under any actual or contingent liability to any Debtor; the purchasing holders of Senior Secured Notes and Pari Passu Creditors indemnify each Credit Facility Lender and each other finance party under such Credit Facility Document and each Hedge Counterparty under the Hedging Agreements for any actual or alleged obligation to repay or claw back any amount received by such Credit Facility Lender, finance party or Hedge Counterparty; and the relevant transfer shall be without recourse to, or warranty from, any Credit Facility Lender or other finance party under such Credit Facility Document or Hedge Counterparty under any Hedging Agreements.

Option to Purchase: Senior Unsecured Noteholders and Senior Unsecured Notes Trustee

One or more of the Senior Unsecured Noteholders and/or the Senior Unsecured Notes Trustee (together the ''Senior Unsecured Notes Creditors'') may, after a Distress Event, by giving not less than ten days' notice to the Credit Representatives of the Credit Facility Lenders and (to the extent applicable) the Hedge Counterparties, the Senior Secured Notes Trustee and the Pari Passu Debt Representative(s) (together the ''Relevant Representatives'') (provided such notice may not be given until all necessary approvals from the Senior Unsecured Notes Creditors have been obtained), acquire or procure the acquisition of all, but not part, of the rights, benefits and obligations in respect of the Credit Facility Lender Liabilities, the Hedging Liabilities under the Hedging Agreements, the Senior Secured Notes Liabilities and the Pari Passu Debt (together, the ''Secured Debt'').

Any such purchase will be on terms which will include, without limitation, that the transfer is lawful; payment in full in cash of an amount equal to the Credit Facility Lender Liabilities then outstanding and the amount that would be payable to the relevant Hedge Counterparty on the relevant date if the date was an Early Termination Date (as defined in the relevant Hedging Agreement) and the relevant Debtor was the Defaulting Party (under and as defined in the relevant Hedging Agreement), including in respect of any broken funding costs, as well as certain costs and expenses of the Credit Facility Lenders and the Hedge Counterparties; after the transfer, no Credit Facility Lender, Senior Secured Noteholder or Hedge Counterparty will be under any actual or contingent liability to any Debtor; the purchasing holders of Senior Unsecured Notes (other than the Senior Unsecured Notes Trustee) indemnify each Credit Facility Lender and each other finance party under such Credit Facility Document, each Senior Secured Noteholder and each Hedge Counterparty under the Hedging Agreements for any actual or alleged obligation to repay or claw back any amount received by such Credit Facility Lender, finance party, Senior Secured Noteholder or Hedge Counterparty; and the relevant transfer shall be without recourse to, or warranty from, any Credit Facility Lender or other finance party under such Credit Facility Document, any Senior Secured Noteholder or Hedge Counterparty under any Hedging Agreements.

Governing Law

The Intercreditor Agreement will be governed by and construed in accordance with English law.

Factoring Agreements

The Issuer and some of our Subsidiaries have entered into several factoring agreements with UniCredit Factoring S.p.A. and International Factors Italia S.p.A. pursuant to which we sell at a discount the accounts receivable relating to certain of our global FMCG customers. All of our factoring agreements have either no set duration or a two-year duration with an automatic renewal mechanism, and they all provide for the continuous sale of accounts receivable that meet certain specified criteria. For the nine months ended September 30, 2012, we have sold approximately €15.1 million of our accounts receivables pursuant to our factoring agreements.

Local Credit Facilities

Certain members of the Group have entered into several credit facility agreements pursuant to which the Issuer and some of our Subsidiaries can draw loans of up to approximately €4.4 million to finance, among other things, cash pooling activities, bank overdrafts and bank guarantees of the Group. These facilities are unsecured and have no set duration. Amounts outstanding under these facilities as of September 30, 2012 are set forth in our unaudited interim consolidated balance sheet under Bank Overdrafts.

DESCRIPTION OF NOTES

Zobele Holding S.p.A. (the ''Issuer'') will issue, and Z Beta S.à r.l. (the ''Company'') and the Subsidiary Guarantors will guarantee, the notes offered hereby (the ''Notes'') under an indenture (the ''Indenture'') among, *inter alios*, the Issuer, the Guarantors, U.S. Bank Trustees Limited, as trustee (the ''Trustee''), and UniCredit Bank AG, Milan Branch, as security agent (the ''Security Agent''). The terms of the Notes include those set forth in the Indenture. The Notes will not be registered under the U.S. Securities Act of 1933 (the ''Securities Act'') and will be subject to certain transfer restrictions. The Security Documents referred to below under the caption ''—Security'' define the terms of the security for the benefit of the Notes and the Guarantees.

The following description is a summary of the material terms of the Indenture and refers to the Intercreditor Agreement and the Security Documents. It does not, however, restate the Indenture, the Security Documents or the Intercreditor Agreement in their entirety and, where reference is made to a particular provision of the Indenture, a Security Document or the Intercreditor Agreement, such reference, including the definitions of certain terms, is qualified in its entirety by reference to all of the provisions of the Notes, the Indenture, the Security Documents and the Intercreditor Agreement. You should read the Indenture, the Security Documents and the Intercreditor Agreement because they contain additional information and because they and not this description define your rights as a holder of the Notes. After the Notes have been issued, copies of the Indenture, the form of Note, the Security Documents and the Intercreditor Agreement may be obtained by requesting it from the Issuer at the address indicated under the caption ''Luxembourg Listing and General Information'' or from the office of the listing agent.

The Indenture, the Notes and the Guarantees will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements entered into in the future. The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Notes and the Guarantees. Please see the section entitled ''Description of Certain Financing Arrangements—Intercreditor Agreement'' for a summary of the material terms of the Intercreditor Agreement.

In this ''Description of Notes,'' the word ''Issuer'' refers only to Zobele Holding S.p.A. and not to any of its Subsidiaries. The word ''Company'' refers only to Z Beta S.à r.l. and not to any of its Subsidiaries, except for the purposes of financial data determined on a consolidated basis. The definitions of certain other terms used in this description are set forth throughout the text or under ''—Certain Definitions.''

The Indenture will not be qualified under, and is not required to be subject to, the U.S. Trust Indenture Act of 1939, as amended (the ''TIA''). Consequently, the Holders generally will not be entitled to the protections provided under such TIA to holders of debt securities issued under a qualified indenture, including those requiring the Trustee to resign in the event of certain conflicts of interest and to inform the Holders of certain relationships between it and the Issuer or the Guarantors.

The Issuer has made an application to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF Market. The Issuer can provide no assurance that the Notes will be so listed or admitted to trading.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Structure and Ranking of the Notes, the Guarantees and the Security

The Notes

The Notes will:

- be the general obligations of the Issuer;
- be secured by first-ranking Liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations secured on a super priority basis, including lenders under the Revolving Credit Facility and counterparties to certain priority hedging obligations, have been paid in full;
- mature on , 2018;
- rank equally in right of payment with all of the Issuer's existing and future obligations that are not subordinated in right of payment to the Notes, including Debt Incurred under the Revolving Credit Facility;

- be senior in right of payment to any of the Issuer's existing and future obligations that are subordinated in right of payment to the Notes, if any;
- be effectively subordinated to any existing and future obligations of the Issuer that are secured by Liens senior to the Liens securing the Notes, or secured by property or assets other than the Collateral, to the extent of the value of such property and assets;
- be structurally subordinated to all existing and future obligations of Subsidiaries of the Company that do not provide Guarantees (other than the Issuer); and
- be guaranteed on a senior secured basis by the Guarantors.

The Guarantees

The Notes will be guaranteed by the Guarantors. Each Guarantee will:

- be a general obligation of the Guarantor that granted such Guarantee;
- be secured by first-ranking Liens over the Collateral, but will receive proceeds from enforcement of security over the Collateral only after any obligations secured on a super priority basis, including lenders under the Revolving Credit Facility and counterparties to certain priority hedging obligations, have been paid in full;
- rank equally in right of payment with all existing and future obligations of the applicable Guarantor that are not subordinated in right of payment to such Guarantee, including its obligations under the Revolving Credit Facility;
- be effectively subordinated to any existing and future obligations of the applicable Guarantor that are secured by Liens senior to the Liens securing such Guarantee or secured by property or assets other than the Collateral, to the extent of the value of such property and assets; and
- be senior in right of payment to any and all of the applicable Guarantor's existing and future obligations that are subordinated in right of payment to its Guarantee.

General

The operations of the Company are conducted through its Subsidiaries. Likewise, the Issuer depends, in part, on the cash flow of its Subsidiaries and will also be dependent on the cash flow of the other subsidiaries of the Company to meet its obligations, including its obligations under the Notes. The Notes and the Guarantees will be effectively subordinated in right of payment to all Debt and other liabilities and commitments (including trade payables and lease obligations) of the Company's Subsidiaries that are not Guarantors or the Issuer (the ''Non-Guarantor Restricted Subsidiaries''). Any right of the Issuer or any Guarantor to receive assets of any of its Subsidiaries upon the Subsidiary's liquidation or reorganization (and the consequent right of the Holders to participate in those assets) will be effectively subordinated to the claims of that Subsidiary's creditors, except to the extent that the Issuer or such Guarantor is itself recognized as a creditor of the Subsidiary, in which case the claims of the Issuer or such Guarantor would still be subordinate in right of payment to any security in the assets of the Subsidiary and any Debt of the Subsidiary senior to that held by the Issuer or such Guarantor. As of September 30, 2012, on a *pro forma* basis after giving effect to the Refinancing and the conversion of the Shareholder Loan, the Group would have had €153.7 million of net debt and €66.7 million of trade payables and other liabilities outstanding.

As at the Issue Date, all of the Company's Subsidiaries will be ''Restricted Subsidiaries.'' However, under the circumstances described below under the caption ''—Certain Covenants—Designation of Unrestricted and Restricted Subsidiaries,'' the Company will be permitted to designate certain of its Subsidiaries as ''Unrestricted Subsidiaries.'' Unrestricted Subsidiaries of the Company will not be subject to many of the restrictive covenants in the Indenture. Further, Unrestricted Subsidiaries of the Company will not Guarantee the Notes.

Although the Indenture will contain limitations on the amount of additional Debt that the Issuer, the Guarantors and the Non-Guarantor Restricted Subsidiaries may incur, the amount of such additional Debt could be substantial.

Principal, Maturity and Interest

The Notes will mature on , 2018 unless redeemed prior thereto as described herein. The Issuer will issue the Notes in the aggregate principal amount of €180 million in this Offering. Subject to the covenant described under ''—Certain Covenants—Limitation on Debt,'' the Issuer is permitted to issue additional Notes (the ''Additional Notes'') under the Indenture from time to time after the Issue Date. Any issuance of Additional Notes is subject to the covenants in the Indenture. The Notes and any Additional Notes that are issued will be treated as a single class for all purposes of the Indenture, including, without limitation, those with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the Indenture. Unless the context otherwise requires, references to the ''Notes'' for all purposes of the Indenture and in this ''Description of Notes'' include references to any Additional Notes that are issued.

Interest on the Notes will accrue at the rate of % per annum. Interest on the Notes will be payable semi-annually in arrears on and commencing on , 2013. Interest will be payable to Holders of record on each Note in respect of the principal amount thereof outstanding as at the immediately preceding or , as the case may be.

Interest will be computed on the basis of a 360-day year comprising twelve 30-day months. Interest on overdue principal and interest and Additional Amounts and premium, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes. In no event will the rate of interest on the Notes be higher than the maximum rate permitted by applicable law.

Form of Notes

The Notes will be issued on the Issue Date only in fully registered form without coupons and only in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Notes will be initially in the form of one or more global notes (the ''Global Notes''). The Global Notes will be deposited with a common depositary for Euroclear and Clearstream or a nominee of such common depositary. Ownership of interests in the Global Notes, referred to in this description as ''book-entry interests,'' will be limited to persons that have accounts with Euroclear or Clearstream or their respective participants. The terms of the Indenture will provide for the issuance of Definitive Registered Notes in certain circumstances. Please see the section entitled ''Book-Entry, Delivery and Form.''

Transfer

The Notes will be subject to certain restrictions on transfer and certification requirements, as described under ''Notice to Investors.''

All transfers of book-entry interests between participants in Euroclear or Clearstream will be effected by Euroclear or Clearstream pursuant to customary procedures and subject to applicable rules and procedures established by Euroclear or Clearstream and their respective participants. Please see the section entitled ''Book-Entry, Delivery and Form.''

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof, to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions and pay any taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

- for a period of 15 days prior to any date fixed for the redemption of the Notes;
- for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;
- for a period of 15 days prior to the record date with respect to any interest payment date;

- which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Excess Proceeds Offer.

Payments on the Notes; Paying Agent and Registrar

The Issuer will make all payments, including principal of, premium and Additional Amounts, if any, and interest on the Notes, at its office or through an agent in London, England that it will maintain for these purposes. Initially, that agent will be the office of the principal paying agent. Elavon Financial Services Limited, U.K. Branch will act as the principal paying agent. The Issuer may change the paying agent without prior notice to the Holders. In addition, the Issuer or any of its Subsidiaries may act as paying agent in connection with the Notes other than for the purposes of effecting a redemption described under ''—Optional Redemption'' or an offer to purchase the Notes described under either of ''—Certain Covenants—Change of Control'' and ''—Certain Covenants—Limitation on Asset Sales.'' The Issuer will make all payments in same day funds. Payments on the Global Notes will be made to the common depositary for Euroclear and Clearstream as the registered Holder of the Global Notes.

The Issuer undertakes that it will maintain a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC (as amended from time to time) or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such directive.

The Issuer will also maintain a registrar (the ''Registrar'') and the initial Registrar will be Elavon Financial Services Limited, with offices in Ireland. The Issuer will also maintain a transfer agent in London. The initial transfer agent will be Elavon Financial Services Limited, U.K. Branch in London.

The Issuer may change the paying agents, the Registrar or the transfer agents without prior notice to the Holders. For so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, the Issuer will publish a notice of any change of paying agent, Registrar or transfer agent in a newspaper having a general circulation in Luxembourg (which is currently expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the rules and regulations of the Luxembourg Stock Exchange, by posting on the official website of the Luxembourg Stock Exchange at *www.bourse.lu*.

No service charge will be made for any registration of transfer, exchange or redemption of the Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection with any such registration of transfer or exchange.

Guarantees

General

Under the Indenture, each Guarantor will jointly and severally agree to guarantee the due and punctual payment of all amounts payable under the Notes, including principal, premium and Additional Amounts, if any, and interest payable under the Notes. The obligations of each Guarantor under its Guarantee will be contractually limited to an amount not to exceed the maximum amount that can be guaranteed by such Guarantor by applicable law or without resulting in its obligations under its Guarantee being voidable or unenforceable under applicable laws relating to fraudulent transfer, or under similar laws affecting the rights of creditors generally as described under ''Limitations on Validity and Enforceability of Certain Guarantees.'' Each Guarantor that makes a payment or distribution under its Guarantee will be entitled to contribution from any other Guarantor.

The Company and certain of the Company's Restricted Subsidiaries organized in Bulgaria, Mexico, the Netherlands and Spain will jointly and severally guarantee the Notes on the Issue Date. The Issuer and the Guarantors together generated 80.2% of the Group's consolidated EBITDA before non-recurring transactions for the twelve months ended September 30, 2012 and directly held 87.1% of the Group's consolidated assets as of September 30, 2012. The Issuer and the Guarantors will also guarantee obligations under the Revolving Credit Facility.

Release of the Guarantees

A Guarantee of a Subsidiary Guarantor will be automatically and unconditionally released (and thereupon will terminate and be discharged and be of no further force and effect):

(a) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Company or any Restricted Subsidiary, if the sale or other disposition is not prohibited by or does not otherwise violate the covenant described under ''—Certain Covenants—Limitation on Asset Sales'' of the Indenture;

(b) in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or any Restricted Subsidiary, if the sale or other disposition is not prohibited by or does not otherwise violate the covenant described under ''—Certain Covenants—Limitation on Asset Sales'' of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(c) in connection with an enforcement sale pursuant to the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, or as otherwise provided for in the Intercreditor Agreement or any Additional Intercreditor Agreements (see ''Description of Certain Financing Arrangements—Intercreditor Agreement'');

(d) upon a Legal Defeasance, Covenant Defeasance or satisfaction and discharge of the Indenture that complies with the provisions under ''—Defeasance'' or ''—Satisfaction and Discharge;''

(e) upon the designation by the Company of the Guarantor as an Unrestricted Subsidiary in compliance with the terms of the Indenture;

(f) in the case of any Restricted Subsidiary that after the Issue Date is required to Guarantee the Notes pursuant to the covenant described under ''—Certain Covenants—Additional Guarantees,'' upon the release or discharge of the guarantee of Debt by such Restricted Subsidiary that resulted in the obligation to Guarantee the Notes; *provided* that no Event of Default would arise as a result and such Restricted Subsidiary does not guarantee any other Debt of the Issuer or any Guarantor;

(g) with respect to an entity that is not the Successor Subsidiary Guarantor or the surviving entity, as applicable, as a result of any transaction permitted under paragraph (2) or clause (ii) of paragraph (3) of the covenant described under ''—Certain Covenants—Merger, Consolidation or Sale of Assets;'' or

(h) as described under ''—Amendments and Waivers.''

In addition, the Guarantee of the Company will be automatically and unconditionally released (and thereupon will terminate and be discharged and be of no further force and effect) upon a satisfaction and discharge of the Indenture that complies with the provisions under ''—Satisfaction and Discharge'' or, if the Company is not the Surviving Entity, as a result of any transaction involving the Company permitted under paragraph (1) of the covenant described under ''—Certain Covenants—Merger, Consolidation or Sale of Assets.''

Upon any occurrence giving rise to a release of a Guarantee as specified above, the Trustee, subject to receipt of an Officer's Certificate from the Issuer, will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Guarantee. Notwithstanding the foregoing, neither the consent nor the acknowledgement of the Trustee shall be necessary to affect any such release. Neither the Trustee, the Issuer nor any Guarantor will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Limitations under the Guarantees

The obligations of each Guarantor under its Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by such Guarantor without resulting in its obligations under its Guarantee, as applicable, being voidable or unenforceable under applicable laws relating to fraudulent transfer or under similar laws affecting the rights of creditors generally, or the maximum amount otherwise permitted by law. In particular, each Guarantee will be limited as required to comply with corporate benefit, maintenance of capital and other laws applicable in the jurisdiction of the relevant Guarantor. By virtue of these limitations, a Guarantor's obligations under its Guarantee could be significantly less than amounts payable in respect of the Notes, or a Guarantor may have effectively no obligations under its Guarantee. See ''Limitations on Validity and Enforceability of Certain Guarantees.''

Security

General

The assets and property of the Company and its Subsidiaries that are from time to time subject to, or required to be subject to, a Lien pursuant to the Security Documents are referred to as the ''Collateral.'' On or about the Issue Date, the obligations of the Issuer and the Guarantors under the Notes, the Indenture and the Guarantees will be secured by the following:

- a pledge over the shares of the Company by Z Alpha;
- a pledge over the shares of Z Gamma B.V. by the Company;
- a pledge over the shares of the Issuer by the Company;
- a pledge over certain intellectual property rights of the Issuer;
- a special moveables pledge granted by Zobele Bulgaria EooD;
- a special pledge over the shares of Zobele International B.V. by the Issuer;
- a shares and receivables pledge over the shares of Zobele Bulgaria EooD by Zobele International B.V.;
- a pledge over 95% of the shares of Zobele México, S.A. de C.V. by Zobele International B.V.;
- a pledge (without transfer of possession) over all movable assets owned by Zobele México, S.A. de C.V.;
- a charge over the shares of Zobele Asia Pacific (Hong Kong) Limited by Z Gamma B.V.;
- a pledge over the shares of Zobele España, S.A.U. by the Issuer; and
- a pledge by Z Gamma B.V. over certain intra-group receivables between Z Gamma B.V. and the Issuer.

On or about the Issue Date, the Liens over the Collateral described above shall be first-ranking (subject to certain exceptions and limitations described herein), save for the special movables pledge granted by Zobele Bulgaria EooD and the shares and receivables pledge over the shares of Zobele Bulgaria EooD, which will rank junior to any obligations under the Existing Senior Facilities Agreements as of the Issue Date and until the liens securing the obligations under those agreements have been deregistered from the respective public registries by the creditors under those agreements, which is anticipated to take place as soon as practicable following the Issue Date. Upon that deregistration, the Bulgarian law governed Liens described above will become first-ranking.

On or shortly following the Issue Date the Company, its subsidiaries, the Security Agent, creditors and agents under the Existing Senior Facilities Agreements will execute one or more deeds of release that will release and discharge all guarantees and security interests granted in connection with the Existing Senior Facilities Agreements. The Security Agent, the agent under the Existing Credit Facility and the former obligors under the Existing Senior Facilities Agreements will then complete certain local legal formalities.

In particular, the security interests governed by Italian law will be executed on the Issue Date. However, the legal formalities required under Italian law in order to perfect the security interests and make them enforceable are expected to be finalized as soon as practicable following the Issue Date and the Company and its subsidiaries have agreed to make all filings and take any other actions necessary or desirable to perfect the security interests governed by Italian law as soon as practicable following the Issue Date.

Any additional security interests that are in the future pledged to secure obligations under the Notes, the Guarantees and the Indenture will also constitute Collateral.

The Issuer, the Guarantors and the Security Agent will enter into certain security agreements defining the terms of the Collateral that secures the Notes and the Guarantees (the ''Security Documents'').

Subject to certain conditions, including compliance with the covenant described under ''—Certain Covenants—No Impairment of Security Interest'' and ''—Certain Covenants—Limitation on Liens,'' the pledgors of the Collateral are permitted to pledge the Collateral in connection with future issuances of Debt of the Company or its Restricted Subsidiaries, including any Additional Notes, permitted under the Indenture.

Subject to the terms of the Indenture, the Revolving Credit Facility Agreement and the Security Documents, the Issuer and the Guarantors, as the case may be, will have the right to remain in possession and retain exclusive control of the Collateral, to freely operate the property and assets constituting Collateral and to exercise any and all voting rights and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distributions (whether similar or dissimilar to the foregoing) in respect of the shares that are part of the Collateral.

No appraisals of the Collateral have been prepared by or on behalf of the Issuer or the Guarantors in connection with the Offering. There can be no assurance that the proceeds of any sale of the Collateral, in whole or in part, pursuant to the Indenture and the Security Documents following an Event of Default, would be sufficient to satisfy amounts due on the Notes or the Guarantees. Furthermore, the Collateral securing the Notes may be reduced or diluted under certain circumstances, including the issuance of Additional Notes and the disposition of assets comprising the Collateral, subject to the terms of the Indenture. Please see the section entitled ''Risk Factors—Risks Relating to the Notes—Applicable law and other limitations on the enforceability of the security may adversely affect its validity and enforceability;'' ''—The Issuer and the Guarantors will in most cases have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.'' By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral would be sold in a timely manner or at all.

The Security Documents will be governed by applicable local laws and provide that the rights with respect to the Notes and the Indenture must be exercised by the Security Agent and in respect of the entire outstanding amount of the Notes.

The Security Agent will enter into the Security Documents in its own name for the benefit of the Trustee and the Holders. Each Holder, by accepting a Note, appoints the Security Agent as its agent under the Security Documents and authorizes it to act as such. Neither the Trustee nor the Holders may, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Security Agent. The Security Agent will agree to any release of the security interest created by the Security Documents that is in accordance with the Indenture without requiring any consent of the Holders.

Priority

Pursuant to the Intercreditor Agreement, the Security Agent will act on behalf of, and the Collateral will be shared equally and ratably among (but without prejudice to the agreed order of application of proceeds following the enforcement thereof), the holders of all Debt entitled to first-ranking security under the Indenture. This Debt includes the Notes, obligations under the Revolving Credit Facility, certain obligations under Hedging Agreements and any other Senior Secured Debt Incurred in compliance with the Indenture. The assets and shares that secure the Notes and the Guarantees are the same assets that secure the Issuer and the Guarantors' obligations under the Revolving Credit Facility, except that the Revolving Credit Facility is also secured by a special lien (*privilegio speciale*) on the tangible assets of the Issuer, by a mortgage over real estate property of the Issuer and by an Italian law governed pledge over an account into which certain mandatory prepayments under the Revolving Credit Facility shall be made and is not secured by the pledge over the shares of Zobele España, S.A.U. In addition, the pledge over certain intellectual property rights of the Issuer only secures the Issuer's obligations under the Notes and the Revolving Credit Facility. Furthermore, the Company and the Restricted Subsidiaries will be permitted to create, incur, assume or otherwise cause or suffer to exist other Permitted Collateral Liens as provided for under the caption ''—Certain Covenants—Limitation on Liens.'' Under certain circumstances, the amount of such additional Debt secured by the Collateral could be significant.

Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility and certain obligations under Hedging Agreements that are permitted to be Incurred by clause (h) of the definition of Permitted Debt and permitted to be secured on the Collateral (please see ''—Certain Definitions—Permitted Collateral Liens'') will receive priority with respect to any proceeds received upon any enforcement over any Collateral. Any proceeds received upon any enforcement over any Collateral, after all obligations under the Revolving Credit Facility have been repaid and such obligations under Hedging Agreements have been discharged from such recoveries, will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes and any other

Debt of the Issuer and the Guarantors permitted to be Incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement.

The Intercreditor Agreement will also provide that if additional Debt is to be Incurred which is permitted to share in the Collateral pursuant to the terms of the Revolving Credit Facility Agreement and the Indenture, all required documentation (including, if required, an Additional Intercreditor Agreement) will be entered into in order to ensure that any such Debt will have the ranking permitted to be conferred upon it in accordance with the terms of the Revolving Credit Facility Agreement and the Indenture; *provided* that such documentation does not adversely affect the interests of the parties benefitting from the Collateral (other than the effect of such Debt sharing in the Collateral). Such amendments may be made without the consent of the Holders provided that such conditions are satisfied.

Releases

The Issuer and the Guarantors will be entitled to release the Liens over property and other assets constituting Collateral securing the Notes and the Guarantees under any one or more of the following circumstances:

(a) with respect to a Guarantor, upon the release of such Guarantor's Guarantee as described in ''—Guarantees—Release of the Guarantees;''

(b) in a transaction that complies with the provisions described in ''—Certain Covenants—Merger, Consolidation or Sale of Assets;'' *provided* that in such a transaction where the Company, the Issuer or Z Gamma B.V. or any other Subsidiary Guarantor directly owned by the Company ceases to exist, the Lien on the Capital Stock of the Company, the Issuer or Z Gamma B.V. or such other Subsidiary Guarantor directly owned by the Company will be released and will reattach pursuant to a new share pledge (on terms substantially identical to the existing Lien on the Capital Stock of the Company, the Issuer or Z Gamma B.V., as applicable), which will be granted by the Company or such other shareholder(s) of the successor entity;

(c) upon the Legal Defeasance, Covenant Defeasance, satisfaction or discharge of the Notes as provided in ''—Defeasance'' or ''—Satisfaction and Discharge,'' in each case, in accordance with the terms and conditions of the Indenture;

(d) in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets to a Person that is not (either before or after giving effect to such transaction) the Company or any Restricted Subsidiary, if the sale or other disposition is not prohibited by, or does not otherwise violate, the ''Asset Sale'' provisions of the Indenture;

(e) in connection with an enforcement sale pursuant to the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, or as otherwise provided for in the Intercreditor Agreement or any Additional Intercreditor Agreements (see ''Description of Certain Financing Arrangements—Intercreditor Agreement'');

(f) if the Company designates any Restricted Subsidiary (other than the Issuer) to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of Liens on property and assets and capital stock of such Restricted Subsidiary; or

(g) as described under ''—Amendments and Waivers.''

The foregoing will not cause or permit, directly or indirectly, the Lien on the Capital Stock of the Company, the Issuer or Z Gamma B.V. to be released, other than as expressly provided by (b), (c), (e) or (g) above.

The Security Agent and the Trustee (as applicable) will take all necessary action required to effectuate any release of Collateral securing the Notes and the Note Guarantees, in accordance with the provisions of the Indenture and the relevant Security Document, the Intercreditor Agreement or any Additional Intercreditor Agreement. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee.

In addition, subject to compliance with the covenants described under the headings ''—No Impairment of Security Interests'' and ''—Limitation on Liens,'' if an Incurrence of Debt permitted by the covenant described under the heading ''—Limitation on Debt'' is implemented in a manner that requires the release of the first priority security interest over all or some of the Collateral, the security interest over such Collateral will be automatically released and replaced by new security in favor of the Notes and Guarantees, on substantially the same terms as prior to release.

Security Agent

UniCredit Bank AG, Milan Branch, will act as Security Agent under the Security Documents and the Intercreditor Agreement until such time, if any, that a new Security Agent is appointed under the relevant provisions of the Security Documents and/or the Intercreditor Agreement.

Neither the Trustee nor the Security Agent nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any property securing the Notes or any Guarantees, for the legality, enforceability, effectiveness or sufficiency of the Security Documents, for the creation, perfection, priority, sufficiency or protection of any Liens, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Security Documents or any delay in doing so.

Intercreditor Agreement and Additional Intercreditor Agreements

The Indenture will provide that the Issuer, each Guarantor and the Trustee will be authorized (without any further consent of the Holders) to enter into the Intercreditor Agreement in favor of the lenders under the Revolving Credit Facility and any Additional Intercreditor Agreement. The Indenture will provide that it will be subject to the terms of such Intercreditor Agreement and Additional Intercreditor Agreement.

Pursuant to the terms of the Intercreditor Agreement, any liability in respect of obligations under the Revolving Credit Facility and certain obligations under Hedging Agreements will have priority to any proceeds received upon any enforcement action over any Collateral. For a description of the Intercreditor Agreement, see ''Description of Certain Financing Arrangements—Intercreditor Agreement.'' See also ''Risk Factors—Risks Relating to the Notes.'' Any proceeds received upon any enforcement over any Collateral, after all obligations under the Revolving Credit Facility have been repaid and such obligations under Hedging Agreements have been discharged from such recoveries, will be applied *pro rata* in repayment of all obligations under the Indenture and the Notes and any other Debt of the Issuer and the Guarantors permitted to be Incurred and secured by the Collateral on a first priority basis pursuant to the Indenture and the Intercreditor Agreement.

In addition, the Indenture will provide that at the request of the Issuer, at the time of, or prior to, any Incurrence of Debt that is permitted to share the Collateral, the Issuer, the relevant Guarantors, the Trustee and the Security Agent may (without the consent of the Holders) amend the Intercreditor Agreement to reflect such additional Debt or enter into a new intercreditor agreement with the holders of such Debt (or their duly authorized representatives) (an ''Additional Intercreditor Agreement'') on substantially the same terms as the Intercreditor Agreement, including with respect to enforcement instructions, distributions and releases of Guarantees and Collateral; *provided* that any amendment to the Intercreditor Agreement or any Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture or the Intercreditor Agreement as in effect on the Issue Date.

The Indenture will also provide that, at the written direction of the Issuer and without the consent of the Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to the Intercreditor Agreement or any Additional Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Debt covered by the Intercreditor Agreement or any such Additional Intercreditor Agreement that may be Incurred by the Company or its Restricted Subsidiaries that is subject to the Intercreditor Agreement or any such Additional Intercreditor Agreement, respectively; *provided* that such Debt is Incurred in compliance with the Indenture, (3) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement or any Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes or to implement any Permitted Collateral Liens or (6) make any other change that does not adversely affect the Holders of Notes in any material respect. The Issuer shall not otherwise direct the Trustee or Security Agent to enter into any amendment to the Intercreditor Agreement or any Additional Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under ''—Amendments and Waivers'' or as permitted by the terms of the Intercreditor Agreement or such Additional Intercreditor Agreement, as applicable, and the Issuer may only direct the Trustee or Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities

or immunities under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture will also provide that each Holder, by accepting such Note, will be deemed to have:

- appointed and authorized the Trustee to give effect to provisions in the Intercreditor Agreement and any Additional Intercreditor Agreement;
- authorized the Trustee to become a party to any Additional Intercreditor Agreement;
- agreed to be bound by the provisions of the Intercreditor Agreement and any Additional Intercreditor Agreement; and
- irrevocably appointed the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement and any Additional Intercreditor Agreement.

Neither the Trustee nor the Security Agent shall be required to seek the consent of any Holders to perform its obligations under and in accordance with this covenant.

Additional Amounts

All payments made under or with respect to the Notes or the Guarantees will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, levies, imposts, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any jurisdiction in which the Issuer or any Guarantor is organized, engaged in business or resident for tax purposes, or from or through which payment on the Notes or Guarantees is made (including the jurisdiction of any paying agent) or any political subdivision or governmental authority thereof or therein having the power to tax (each, a ''Relevant Taxing Jurisdiction'') and any interest, penalties and other liabilities with respect thereto (collectively, ''Taxes''), unless such Taxes are required to be withheld or deducted from such payments by law or by the relevant taxing authority's interpretation or administration thereof. In the event that any amount for or on account of any such Taxes is required to be withheld or deducted from any payment made under or with respect to the Notes or the Guarantees, the Issuer or relevant Guarantor, as the case may be, will pay such additional amounts (''Additional Amounts'') as may be necessary so that the net amount received by each Holder or beneficial owner of the Notes after such withholding or deduction (including any withholding or deduction from such Additional Amounts) will be not less than the amount that such Holder or beneficial owner would have received if such Taxes had not been required to be withheld or deducted.

Notwithstanding the foregoing, neither the Issuer nor the Guarantors will pay Additional Amounts to a Holder or beneficial owner of any Note in respect or on account of:

(a) any Taxes that are imposed or levied by a Relevant Taxing Jurisdiction by reason of the Holder's or beneficial owner's present or former connection with such Relevant Taxing Jurisdiction (including, but not limited to, citizenship, nationality, residence, domicile, or existence of a business, a permanent establishment, a dependent agent, a place of business or a place of management present or deemed present within the Relevant Taxing Jurisdiction) other than the mere receipt or holding of any Note or by reason of the receipt of payments thereunder or the exercise or enforcement of rights under such Note, Guarantee or the Indenture;

(b) any Taxes that are imposed or withheld by reason of the failure of the eligible Holder or beneficial owner of any Note, prior to the relevant date on which a payment under and with respect to the Notes is due and payable (the ''Relevant Payment Date''), to comply, to the extent that it is legally eligible, with the Issuer's reasonable written request addressed to the Holder or beneficial owner at least 30 calendar days prior to the Relevant Payment Date, to provide accurate applicable information with respect to any certification, identification, information or other reporting requirements concerning nationality, residence, identity or connection with the Relevant Taxing Jurisdiction (including, without limitation, a certification that the Holder or beneficial owner is not resident in the Relevant Taxing Jurisdiction) which the Holder or such beneficial owner is legally required to provide, whether imposed by statute, treaty, regulation or administrative practice, in each such case by the Relevant Taxing Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Relevant Taxing Jurisdiction;

(c) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(d) any Tax that is payable other than by deduction or withholding from payments made under or with respect to any Note;

(e) any Tax which would not have been so imposed but for the presentation for payment (where presentation is required in order to receive payment) by the Holder or beneficial owner of a Note on a date more than 30 days after the date on which such payment becomes due and payable or the date on which payment thereof is duly provided for, whichever occurs later, except to the extent that the Holder or beneficial owner would have been entitled to such Additional Amounts on presenting the same for payment on any day (including the last day) within such 30-day period;

(f) any withholding or deduction in respect of any Taxes where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meetings of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such directive;

(g) any Taxes that are imposed on or with respect to a payment made to a Holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note for a payment to another paying agent in a Member State of the European Union;

(h) any withholding or deduction required pursuant to Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the ''Code''), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto;

(i) any Taxes to the extent such Taxes are on account of *imposta sostitutiva* (at the Issue Date at a rate of 20%) pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time or superseded by a law not adversely affecting the eligibility for gross payment as currently provided (''Legislative Decree No. 239'') and any related implementing regulations, and pursuant to Italian Legislative Decree No. 461 of November 21, 1997; *provided* that:

    (i) Additional Amounts shall be payable in circumstances in which the procedures required under Legislative Decree No. 239 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due to the actions or omissions of the Issuer or the Guarantors or their agents; and

    (ii) for the avoidance of doubt, (A) no Additional Amounts shall be payable with respect to any Taxes to the extent such Taxes result from payment to a non-Italian resident legal entity or a non-Italian resident individual that is subject to *imposta sostitutiva* by reason of not being resident in a country which allows for a satisfactory exchange of information with Italy (white list) and (B) no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are on account of *imposta sostitutiva* if the Holder becomes subject to *imposta sostitutiva* after the Issue Date by reason of the approval of the ministerial Decree to be issued under art. 168-bis of Italian Presidential Decree No. 917 of December 22, 1986 which may amend the list of the countries which allow for a satisfactory exchange of information with Italy, whereby such Holder's country of residence does not appear on the new list; or

(j) any Taxes to the extent such Taxes are imposed pursuant to article 26 of Italian Presidential Decree No. 600 of September 29, 1973.

In addition, Additional Amounts will not be payable with respect to any Taxes that are imposed in respect of any combination of the above items.

The Issuer or relevant Guarantor will also make or cause to be made such withholding or deduction of Taxes required by law and will remit the full amount of Taxes so deducted or withheld to the relevant taxing authority in accordance with all applicable laws. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain tax receipts from each such tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or relevant Guarantor will, upon request, make available to the Trustee, within 30 days after the date on which the payment of any Taxes so deducted or withheld is due pursuant to applicable law, copies of tax receipts evidencing such payment by the Issuer or relevant Guarantor or if, notwithstanding the Issuer's or relevant Guarantor's efforts to obtain such receipts, the same are not obtainable, other evidence reasonably satisfactory to the Trustee of such payment by the Issuer or relevant Guarantor. Upon reasonable request, copies of tax receipts or other evidence of

payments, as the case may be, will be made available by the Trustee to the Holders or beneficial owners of the Notes.

At least 30 calendar days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Issuer or a Guarantor will be obliged to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 45th day prior to the date on which payment under or with respect to the Notes is due and payable, in which case it will notify the Trustee promptly thereafter), the Issuer or relevant Guarantor will deliver to the Trustee an Officer's Certificate stating that such Additional Amounts will be payable and the amounts so payable and setting forth such other information as is necessary to enable the paying agent to pay such Additional Amounts to the Holders and beneficial owners on the payment date. The Issuer or relevant Guarantor will provide the Trustee with documentation satisfactory to the Trustee evidencing the payment of Additional Amounts. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary. The Issuer or relevant Guarantor will promptly publish a notice in accordance with the provisions set forth in ''—Notices'' stating that such Additional Amounts will be payable and describing the obligation to pay such amounts.

The Indenture will further provide that if the Issuer or any Guarantor conducts business in any jurisdiction (an ''Additional Taxing Jurisdiction'') other than a Relevant Taxing Jurisdiction and, as a result, is required by the law of such Additional Taxing Jurisdiction to withhold or deduct any amount on account of the Taxes imposed by such Additional Taxing Jurisdiction from payment under the Notes or any Guarantee, as the case may be, which would not have been required to be so withheld or deducted but for such conduct of business in such Additional Taxing Jurisdiction, the Additional Amounts provision described above will be considered to apply as if references in such provision to ''Taxes'' included taxes imposed by way of withholding or deduction by any such Additional Taxing Jurisdiction (or any political subdivision thereof or therein).

In addition to the foregoing, the Issuer or the relevant Guarantor will pay (i) any present or future stamp, issue, registration, transfer, documentation, court, excise or property taxes or other similar taxes, charges and duties, including interest, penalties and Additional Amounts with respect thereto in respect of the execution, issue, delivery, registration of, or receipt of payments with respect to, the Notes, the Indenture or the Guarantees, or any other document or instrument referred to thereunder (other than, in each case, on or in connection with a transfer of the Notes other than the initial resale of the Notes); and (ii) any such taxes, charges or duties imposed by any jurisdiction as a result of, or in connection with, the enforcement of the Notes, Guarantee, Indenture or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes.

The foregoing provisions will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any Surviving Entity (as defined below) or successor person to the Issuer or any Guarantor.

Whenever in the Indenture, this Offering Memorandum or this ''Description of Notes'' there is mentioned, in any context, the payment of principal (and premiums, if any), Redemption Price, interest or any other amount payable under or with respect to any Note (including payments thereof made pursuant to any Guarantee), such mention will be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are or would be payable in respect thereof.

Optional Redemption

Optional Redemption prior to , 2015

At any time prior to , 2015, upon not less than 30 nor more than 60 days' notice, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes at a redemption price of % of their principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date, with the proceeds from one or more Equity Offerings. The Issuer may only do this, however, if:

(a) at least 65% of the aggregate principal amount of Notes that were initially issued would remain outstanding immediately after the proposed redemption; and

(b) the redemption occurs within 120 days after the closing of such Equity Offering.

At any time prior to , 2015, upon not less than 30 nor more than 60 days' notice, the Issuer may at its option from time to time redeem during each twelve-month period commencing with the Issue Date up to 10% of the then-outstanding aggregate principal amount of the Notes at a redemption price equal

to 103% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

At any time prior to , 2015, upon not less than 30 nor more than 60 days' notice, the Issuer may also redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof plus the Applicable Redemption Premium and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date.

Optional Redemption on or after , 2015

At any time on or after , 2015 and prior to maturity, upon not less than 30 nor more than 60 days' notice, the Issuer may redeem all or part of the Notes. These redemptions will be in amounts of €100,000 or integral multiples of €1,000 in excess thereof at the following redemption prices (expressed as percentages of their principal amount at maturity), plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date, if redeemed during the 12-month period commencing on of the years set forth below.

Year	Redemption Price
2015	%
2016	%
2017 and thereafter	100.000%

Redemption upon Changes in Withholding Taxes

The Issuer may, at its option, redeem the Notes, in whole but not in part, at any time upon giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest thereon, if any, to the redemption date and all Additional Amounts (as defined above under ''—Additional Amounts''), if any, then due and which will become due on the date of redemption as a result of the redemption or otherwise, if the Issuer or any Guarantor is or, on the next date on which any amount would be payable in respect of the Notes or the Guarantees, would be obliged to pay Additional Amounts (but, in the case of any Guarantor, only if such amount cannot be paid by the Issuer or another Guarantor who can pay such amount, through the use of reasonable measures available to it, without the obligation to pay Additional Amounts) which are more than a *de minimis* amount in respect of the Notes or the Guarantees pursuant to the terms and conditions thereof, which the Issuer or the relevant Guarantor cannot avoid by the use of reasonable measures available to it (including making payment through a paying agent located in another jurisdiction) as a result of:

(a) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction (as defined above under ''—Additional Amounts'') affecting taxation which is publicly announced and becomes effective on or after the date of the Indenture or, if such Relevant Taxing Jurisdiction has become a Relevant Taxing Jurisdiction after the date of the Indenture, on or after the date on which such Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction under the Indenture (or, in the case of a successor person, on or after the date of assumption by the successor person of the Issuer's or Guarantor's obligations hereunder); or

(b) any change in the official application, administration, or interpretation of the laws, regulations or rulings of any Relevant Taxing Jurisdiction (including a holding, judgment or order by a court of competent jurisdiction) which is publicly announced and becomes effective on or after the date of the Indenture or, if such Relevant Taxing Jurisdiction has become a Relevant Taxing Jurisdiction after the date of the Indenture, on or after the date on which such Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction under the Indenture (or, in the case of a successor person, on or after the date of assumption by the successor person of the Issuer's or Guarantor's obligations hereunder) (each of the foregoing clause (a) and this clause (b), a ''Change in Tax Law'').

No right to redeem the Notes will result from a Change in Tax Law affecting payments by a successor person, unless the Change in Tax Law is publicly announced after the date that such entity first makes a payment on the Notes. In the case of Additional Amounts required to be paid as a result of the Issuer or a

Guarantor conducting business in an Additional Taxing Jurisdiction (as defined above), the Change in Tax Law must be publicly announced after the date the Issuer or relevant Guarantor begins to conduct the business giving rise to the relevant withholding or deduction.

Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 60 days prior to the earliest date on which the Issuer or relevant Guarantor would be obligated to make such payment of Additional Amounts if a payment in respect of the Notes or Guarantee were then due and (b) unless at the time such notice is given, the obligation to pay Additional Amounts remains in effect.

Prior to the publication or, where relevant, mailing of any notice of redemption pursuant to the foregoing, the Issuer will deliver to the Trustee:

(a) an Officer's Certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred (including that such obligation to pay such Additional Amounts cannot be avoided by the Issuer or relevant Guarantor taking reasonable measures available to it); and

(b) an opinion of independent tax counsel of recognized standing, qualified under the laws of the Relevant Taxing Jurisdiction and reasonably satisfactory to the Trustee to the effect that the Issuer or relevant Guarantor, as the case may be, is or would be obliged to pay such Additional Amounts as a result of the Change in Tax Law.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of independent tax counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the Holders.

For the avoidance of doubt, the implementation of European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meetings of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to, such directive will not be a change or amendment for such purposes.

The foregoing provisions will apply *mutatis mutandis* to any successor person, after such successor person becomes a party to the Indenture.

Selection and Notice of Optional Redemption

The Issuer will publish a notice of any optional redemption of the Notes described above in accordance with the provisions of the Indenture described under ''—Notices.'' For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and its rules and regulations so require, the Issuer will inform the Luxembourg Stock Exchange of the principal amount of the Notes that have not been redeemed in connection with any optional redemption. If fewer than all the Notes are to be redeemed at any time, the Registrar will select the Notes by a method that complies with the requirements, as certified to the Trustee and the Registrar by the Issuer, of applicable law and the principal securities exchange, if any, on which the Notes are listed at such time or, if the Notes are not listed on a securities exchange, *pro rata* or by such other method as the Registrar in its sole discretion shall deem fair and appropriate; *provided* that no such partial redemption will reduce the portion of the principal amount of a Note not redeemed to less than €100,000.

In connection with any redemption of Notes (including with the proceeds from an Equity Offering), any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent. Neither the Trustee nor the Registrar shall be liable for any selection made by the Registrar in accordance with this paragraph.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase the Notes as described under the captions ''—Certain Covenants—Change of Control'' and ''—Certain Covenants—Limitation on Asset Sales.'' The Issuer and the Restricted Subsidiaries may at any time and from time to time purchase Notes in the open market or otherwise.

Certain Covenants

The Indenture will contain, among others, the following covenants.

Limitation on Debt

(1) The Company will not, and will not permit any Restricted Subsidiary to, create, issue, incur, assume, guarantee or in any manner become directly or indirectly liable with respect to or otherwise become responsible for, contingently or otherwise, the payment of (individually and collectively, to ''Incur'' or, as appropriate, an ''Incurrence''), any Debt (including any Acquired Debt); *provided* that the Company and any Restricted Subsidiary will be permitted to Incur Debt (including Acquired Debt) if:

(a) at the time of such Incurrence and after giving effect to the Incurrence of such Debt and the application of the proceeds thereof, on a *pro forma* basis, the Consolidated Fixed Charge Coverage Ratio for the four full fiscal quarters for which financial statements are available immediately preceding the Incurrence of such Debt, taken as one period, would be greater than 2.0 to 1.0; and

(b) the debt to be Incurred is Senior Secured Debt, at the time of such Incurrence and after giving effect to the Incurrence of such Debt and the application of the proceeds thereof, on a *pro forma* basis, the Consolidated Senior Secured Leverage Ratio for the four full fiscal quarters for which financial statements are available immediately preceding the Incurrence of such Debt, taken as one period, is less than 4.0 to 1.0.

Notwithstanding the foregoing, but subject to the last proviso of paragraph (2) of this covenant, Non-Guarantor Restricted Subsidiaries may not Incur Debt pursuant to this paragraph (1) if, after giving *pro forma* effect to such Incurrence (including a *pro forma* application of the net proceeds therefrom), the aggregate amount of Debt of Non-Guarantor Restricted Subsidiaries Incurred pursuant to this paragraph (1) would exceed the greater of €12.5 million and 2.5% of Consolidated Total Assets of the Company.

(2) This ''Limitation on Debt'' covenant will not, however, prohibit the following (collectively, ''Permitted Debt''):

(a) the Incurrence by the Issuer or any Guarantor of Debt under Credit Facilities in an aggregate principal amount at any one time outstanding not to exceed an amount equal to €30.0 million, *plus*, in the case of any refinancing of any Debt permitted under this clause (a) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(b) the Incurrence by the Issuer of Debt pursuant to the Notes (other than Additional Notes) and the Incurrence by the Guarantors of Debt pursuant to the Guarantees (other than Guarantees of Additional Notes);

(c) any Debt of the Company or any Restricted Subsidiary outstanding on the Issue Date after giving *pro forma* effect to the use of proceeds of the Notes and the Revolving Credit Facility;

(d) the Incurrence by the Company or any Restricted Subsidiary of intercompany Debt between the Issuer and any Restricted Subsidiary or between or among Restricted Subsidiaries; *provided* that:

(i) if the Issuer or a Guarantor is the obligor on any such Debt and the lender of such debt is not the Issuer or a Guarantor, such Debt is (x) unsecured and (y) (except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Company and its Restricted Subsidiaries) is expressly subordinated in right of payment to the prior payment in full in cash (whether upon Stated Maturity, acceleration or otherwise) and the performance in full of its obligations under the Notes or its Guarantee, as the case may be; and

(ii) (x) any disposition, pledge or transfer of any such Debt to any Person (other than a disposition, pledge or transfer to the Company or a Restricted Subsidiary) and (y) any transaction pursuant to which any Restricted Subsidiary that has Debt owing to the Company or another Restricted Subsidiary ceases to be a Restricted Subsidiary, will, in each case, be deemed to be an Incurrence of such Debt not permitted by this clause (d);

(e) the guarantee by the Company or any Restricted Subsidiary of Debt of the Company or any Restricted Subsidiary to the extent that the guaranteed Debt was permitted to be incurred by another provision of this covenant; *provided* that if the Debt being guaranteed is subordinated

to or *pari passu* with the Notes or a Note Guarantee, then such guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Debt guaranteed;

(f) the Incurrence by the Company or any Restricted Subsidiary of Debt represented by Capitalized Lease Obligations, mortgage financings, purchase money obligations or other Debt incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design or cost of construction, installation, maintenance, upgrade or other improvement of property (real or personal or movable or immovable), or assets (including Capital Stock) used or usable in the Company's or any Restricted Subsidiary's business (including any reasonable related fees or expenses Incurred in connection with such acquisition or development) and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Restricted Subsidiary owning such Capital Stock or otherwise and any Debt incurred pursuant to this clause (f) to renew, refund, refinance, replace, defease or discharge any Debt Incurred pursuant to this clause (f); *provided* that the principal amount of such Debt so Incurred when aggregated with other outstanding Debt then classified as Incurred in reliance on this clause (f), including all Debt Incurred pursuant to this clause (f) to renew, refund, refinance, replace, defease or discharge any Debt Incurred pursuant to this clause (f), shall not in the aggregate exceed the greater of €7.5 million and 1.5% of Consolidated Total Assets of the Company, plus with respect to any Permitted Refinancing Debt in respect thereof, amounts of the type set forth in clause (a)(ii) of the definition of Permitted Refinancing Debt;

(g) the Incurrence by the Company or any Restricted Subsidiary of Debt arising from agreements providing for guarantees, indemnities or obligations in respect of purchase price adjustments or earn-outs or other similar obligations in connection with the acquisition or disposition of assets, including, without limitation, shares of Capital Stock, other than guarantees or similar credit support given by the Company or any Restricted Subsidiary of Debt Incurred by any Person acquiring all or any portion of such assets for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Debt permitted pursuant to this clause (g) will at no time exceed the gross proceeds, including non-cash proceeds (the Fair Market Value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value), actually received from the sale of such assets;

(h) the Incurrence of Debt under Hedging Agreements not for speculative purposes;

(i) Debt in respect of (i) self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business, (ii) the discounting or factoring of Receivables for credit management purposes, (iii) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, (iv) the financing of insurance premiums in the ordinary course of business and (v) any customary cash management (including controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services), cash pooling, netting or setting off arrangements or daylight borrowing facilities in connection with customary cash management or cash pooling activities, in each case, in the ordinary course of business;

(j) the Incurrence by the Company or any Restricted Subsidiary of Debt arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds; provided that such Debt is extinguished within five Business Days of Incurrence;

(k) Debt in an aggregate outstanding principal amount which, when taken together with any Permitted Refinancing Debt in respect thereof and the principal amount of all other Debt Incurred pursuant to this clause (k) and then outstanding, including all Debt incurred to renew, refund, refinance, replace, decrease or discharge any Debt incurred pursuant to this clause (k), will not exceed 100% of the net cash proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or its Capital Stock (other than Redeemable Capital Stock or an Excluded

Contribution) or otherwise contributed to the equity (other than through the issuance of Redeemable Capital Stock or an Excluded Contribution) of the Company, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such net cash proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the second paragraph and clauses (d) and (l) of the third paragraph of the covenant described below under ''—Limitation on Restricted Payments'' to the extent the Company and its Restricted Subsidiaries incur Debt in reliance thereon and (ii) any net cash proceeds that are so received or contributed shall be excluded for purposes of Incurring Debt pursuant to this clause (k) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the second paragraph and clauses (d) and (l) of the third paragraph of the covenant described below under ''—Limitation on Restricted Payments'' in reliance thereon;

(l) Debt of any Persons, businesses or groups of related assets that are acquired by the Company or any Restricted Subsidiary, which Debt is outstanding on the date on which such Persons, business or assets becomes a Restricted Subsidiary or are otherwise merged, consolidated, amalgamated or otherwise combined with the Company or any Restricted Subsidiary and any Debt Incurred by such Person to finance the acquisition of such Person, business or asset or Debt Incurred by the Company or any Restricted Subsidiary to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary; *provided* that after giving effect to such acquisition or other transaction and after giving effect to the Incurrence of Debt pursuant to this clause (l) either (i) the Company would be permitted to Incur at least €1.00 of additional Debt pursuant to the Consolidated Fixed Charge Coverage Ratio test set forth in paragraph (1)(a) of this covenant, or (ii) the Consolidated Fixed Charge Coverage Ratio would not be less than it was immediately prior to such acquisition, merger or consolidation;

(m) the Incurrence by the Company or any Restricted Subsidiary of Permitted Refinancing Debt in exchange for or the net proceeds of which are used to refund, replace or refinance Debt Incurred by it pursuant to, or described in, paragraph (1) and clauses 2(b), (c), (l) and (m) of this ''Limitation on Debt'' covenant, as the case may be;

(n) guarantees of any loans and advances to directors, officers or employees of the Company or any Restricted Subsidiary in an amount outstanding not to exceed at any one time €2.0 million;

(o) take-or-pay obligations and customer deposits and advance payments received in the ordinary course of business from customers;

(p) the Incurrence by the Company or any of its Restricted Subsidiaries of Debt consisting of promissory notes issued to any current or former employee, director or consultant of the Company, any of its Subsidiaries or any of its Holding Companies (or permitted transferees, assigns, estates, or heirs of such employee, director or consultant), to finance the purchase or redemption of Capital Stock of the Company or any of its Holding Companies permitted by clause 3(c) of the covenant described below under ''—Certain Covenants—Limitation on Restricted Payments;''

(q) the Incurrence by the Company or any Restricted Subsidiary of Debt to the extent the net proceeds thereof are promptly deposited to defease the Notes as described below under ''—Defeasance'' or ''—Satisfaction and Discharge;''

(r) the Incurrence by the Company or any of its Restricted Subsidiaries of Debt consisting of local lines of credit or working capital facilities not exceeding €5.0 million in aggregate principal amount outstanding at any one time, including all Debt incurred to renew, refund, refinance, replace, defease or discharge any Debt incurred pursuant to this clause (r); and

(s) subject to the final proviso of this paragraph (2), the Incurrence by the Company or any Restricted Subsidiary of Debt (other than and in addition to Debt permitted under clauses (a) through (r) above) in an aggregate principal amount at any one time outstanding, including all Debt incurred to renew, refund, refinance, replace, defease or discharge any Debt Incurred pursuant to this clause (s), not to exceed the greater of €20.0 million and 4.0% of Consolidated Total Assets of the Company,

provided, *however*, notwithstanding anything to the contrary contained herein, the aggregate principal amount of outstanding Debt that is permitted to be Incurred by a Non-Guarantor Restricted Subsidiary pursuant to each of the last sentence of paragraph (1) of this covenant and clauses (r) and (s) of this paragraph (2), including all Debt Incurred by a Non-Guarantor Restricted Subsidiary to renew, refund, refinance, replace, defease or discharge any such Debt, shall not exceed the greater of €12.5 million and 2.5% of Consolidated Total Assets of the Company.

Notwithstanding the foregoing, in the event that the Issuer or any Guarantor provide letters of credit pursuant to any Credit Facility that is Incurred under clause (a) of the definition of Permitted Debt supporting other Debt of the Company or any Restricted Subsidiary, such other Debt shall not be included for purposes of determining any particular Incurrence of Debt; *provided* that if such other Debt is an obligation of a Non-Guarantor Subsidiary, such other Debt (together with any other outstanding Debt subject to the preceding proviso) shall not exceed (and shall count against) the limitation on Non-Guarantor Debt set forth in the proviso in the preceding paragraph.

(3) Notwithstanding anything to the contrary contained herein, if the Debt (or any part thereof) to be Incurred pursuant to this ''Limitation on Debt'' covenant is intended to rank senior to the Notes or the Guarantees with respect to proceeds distributions of any enforcement of any of the Collateral, such Debt (or any part thereof) may only consist of: (i) up to €30.0 million in aggregate principal amount at any one time outstanding and Incurred pursuant to clause (a) of the definition of Permitted Debt under a revolving credit facility and (ii) and any currency and interest obligations Incurred pursuant to clause (h) of the definition of Permitted Debt under Hedging Agreements in respect of (X) the Notes, any Additional Notes and any Permitted Refinancing Debt in respect thereof and (Y) up to €30.0 million in aggregate principal amount at any one time outstanding of Debt to be Incurred under a revolving credit facility pursuant to clause (a) of the definition of Permitted Debt, in each case, secured on the Collateral.

(4) For purposes of determining compliance with this ''Limitation on Debt'' covenant, in the event that an item of Debt meets the criteria of more than one of the categories of Permitted Debt described in clauses (a) through (s) of paragraph (2) above, or is entitled to be Incurred pursuant to the paragraph (1) of this ''Limitation on Debt'' covenant, the Company will be permitted to classify such item of Debt on the date of its Incurrence in any manner that complies with this ''Limitation on Debt'' covenant. Debt under the Revolving Credit Facility outstanding on the Issue Date will initially be deemed to have been Incurred on such date in reliance on the exception provided by clause (a) of paragraph (2) above. In addition, any item of Debt initially classified as Incurred pursuant to one of the categories of Permitted Debt described in clauses (a) through (s) of paragraph (2) above, or is entitled to be Incurred pursuant to the paragraph (1) of this ''Limitation on Debt'' covenant, may later be reclassified by the Company such that it will be deemed as having been Incurred pursuant to any other applicable clause of paragraph (2) or paragraph (1) of this ''Limitation on Debt'' covenant to the extent that such reclassified Debt could be Incurred pursuant to such other clause of paragraph (2) or paragraph (1) of this ''Limitation on Debt'' covenant at the time of such reclassification.

(5) For purposes of determining compliance with any restriction on the Incurrence of Debt in euros where Debt is denominated in a different currency, the amount of such Debt will be the Euro Equivalent determined on the date such Debt was Incurred (in the case of term Debt) or committed (in the case of revolving Debt), or the Issue Date, in the case of Debt outstanding as of the Issue Date; *provided* that if any such Debt denominated in a different currency is subject to a Hedging Agreement (with respect to euros) covering principal amounts payable on such Debt, the amount of such Debt expressed in euros will be adjusted to take into account the effect of such agreement. The principal amount of any Permitted Refinancing Debt Incurred in the same currency as the Debt being refinanced will be the Euro Equivalent of the Debt being refinanced determined on the date such Debt being refinanced was initially Incurred. If any Debt is incurred to refinance any Debt denominated in a currency other than euro, and such refinancing would cause the applicable euro denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction will be deemed to not have been exceeded so long as the amount of such Permitted Refinancing Debt does not exceed the amount set forth in clause (a) of the definition of Permitted Refinancing Debt. Notwithstanding any other provision of this ''Limitation on Debt'' covenant, for purposes of determining compliance with this ''Limitation on Debt'' covenant, increases in Debt solely due to fluctuations in the

exchange rates of currencies will not be deemed to exceed the maximum amount that the Company or a Restricted Subsidiary may Incur under the ''Limitation on Debt'' covenant.

(6) For purposes of determining any particular amount of Debt under the ''Limitation on Debt'' covenant:

(a) obligations in the form of letters of credit, guarantees or Liens, in each case, supporting Debt otherwise included in the determination of such particular amount;

(b) any Liens granted pursuant to the equal and ratable provisions referred to in the ''Limitation on Liens'' covenant; and

(c) accrual of interest, accrual of dividends, the accretion or amortization of original issue discount or of accreted value, the obligation to pay commitment fees and the payment of interest or dividends in the form of additional Debt,

will not, in any case, be treated as Debt.

Limitation on Restricted Payments

(1) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, take any of the following actions (each of which is a ''Restricted Payment'' and which are collectively referred to as ''Restricted Payments''):

(a) declare or pay any dividend on or make any distribution (whether made in cash, securities or other property) with respect to any of the Company's or any Restricted Subsidiary's Capital Stock (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any Restricted Subsidiary) (other than to the Company or any Wholly Owned Restricted Subsidiary) except for dividends or distributions payable solely in the Company's Qualified Capital Stock;

(b) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation), directly or indirectly, any of the Company's Capital Stock or any Capital Stock of any direct or indirect Holding Company of the Company held by persons other than the Company or a Restricted Subsidiary;

(c) make any principal payment on, or repurchase, redeem, defease or otherwise acquire or retire any Subordinated Debt (other than intercompany Debt between the Company and any Restricted Subsidiary or among Restricted Subsidiaries) for value, other than (i) any principal payment, sinking fund payment or scheduled maturity paid on the scheduled due date or (ii) any purchase, repurchase or other acquisition of Debt in satisfaction of a principal payment, sinking fund payment or Stated Maturity due within one year of the date of such purchase, repurchase or other acquisition;

(d) make any principal or interest payment on, or repurchase, redeem, defease or otherwise acquire or retire any Subordinated Shareholder Funding (other than the payment of interest in the form of additional Subordinated Shareholder Funding); or

(e) make any Investment (other than any Permitted Investment) in any Person.

(2) Notwithstanding paragraph (1) above, the Company or any Restricted Subsidiary may make a Restricted Payment if, at the time of and after giving *pro forma* effect to such proposed Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing;

(b) the Company could Incur at least €1.00 of additional Debt pursuant to the Consolidated Fixed Charge Coverage Ratio set forth in paragraph (1)(a) of the ''Limitation on Debt'' covenant; and

(c) such Restricted Payment, together with the aggregate amount of all Restricted Payments declared or made after the Issue Date (excluding Restricted Payments permitted by paragraph (3) below other than clauses (a), (j) and (p)), is less than the sum of, without duplication:

(i) 50% of aggregate Consolidated Net Income on a cumulative basis during the period beginning on the first day of the fiscal quarter in which the Notes are issued and ending on the last day of the Company's last fiscal quarter ending prior to the date of such

proposed Restricted Payment (or, if such aggregate cumulative Consolidated Net Income shall be a negative number, minus 100% of such negative amount); *plus*

(ii) 100% of the aggregate proceeds and the Fair Market Value of marketable securities or other assets received by the Company after the Issue Date as equity capital contributions, Subordinated Shareholder Funding or from the issuance or sale (other than to any Subsidiary) after the Issue Date of shares of the Company's Qualified Capital Stock or warrants, options or rights to purchase shares of the Company's Qualified Capital Stock (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock, Subordinated Shareholder Funding or Subordinated Debt as set forth in clauses (c) or (d) of paragraph (3) below) (excluding Excluded Contributions); *plus*

(iii) (x) 100% of the amount by which the Company's Debt or Debt of any Restricted Subsidiary (to the extent such Debt is incurred after the Issue Date) is reduced on the Company's consolidated balance sheet after the Issue Date upon the conversion or exchange (other than by a Subsidiary) of such Debt into the Company's Qualified Capital Stock and (y) 100% of the aggregate proceeds received after the Issue Date by the Company from the issuance or sale (other than to any Subsidiary) of Redeemable Capital Stock that has been converted into or exchanged for the Company's Qualified Capital Stock, together with, in the case of both clauses (x) and (y) of this clause (iii), the aggregate proceeds and the Fair Market Value of marketable securities and other assets received by the Company at the time of such conversion or exchange (excluding Excluded Contributions); *plus*

(iv) in the case of the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date, an amount (to the extent not included in Consolidated Net Income) equal to the Fair Market Value of such Unrestricted Subsidiary or Investment, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment or a Restricted Payment made pursuant to clauses (h) or (q) of the definition of Permitted Investment or that was made pursuant to clause (o) of paragraph (3) below; *plus*

(v) upon the full and unconditional release of a Restricted Investment that is a guarantee made by the Company or a Restricted Subsidiary to any Person, an amount equal to the amount of such guarantee, excluding the amount of any such Investment in such Unrestricted Subsidiary that constituted a Restricted Payment made pursuant to clause (o) of paragraph (3) below; *plus*

(vi) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Company or a Restricted Subsidiary, such amount received in cash and the Fair Market Value of any property or marketable securities received by the Company or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clauses (h) or (q) of the definition of Permitted Investment or a Restricted Payment that was made pursuant to clause (o) of paragraph (3) below; *plus*

(vii) 100% of any dividends or distributions received by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period.

(3) Notwithstanding paragraphs (1) and (2) above, the Company and any Restricted Subsidiary may take the following actions:

(a) the payment of any dividend or consummation of any redemption within 60 days after the date of its declaration or giving of such redemption notice if at such date of its declaration such payment or redemption would have been permitted by the provisions of this ''Limitation on Restricted Payments'' covenant;

(b) cash payments in lieu of issuing fractional shares pursuant to the exchange or conversion of any exchangeable or convertible securities;

(c) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary or Holding Company of the Company held by any current or former officer, director or employee of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock may not exceed €2.0 million in any calendar year; and *provided*, *further*, that such amount may be increased in any period by an amount not to exceed the proceeds from the sale of Capital Stock by the Company or a Restricted Subsidiary (other than an Excluded Contribution) received by the Company or a Restricted Subsidiary during such calendar year, in each case, to members of management, directors or consultants of the Company, any of its Restricted Subsidiaries or any of its Holding Companies plus the cash proceeds of any key man life insurance policies held by the Company or any of its Restricted Subsidiaries received after the Issue Date, in each case, to the extent the proceeds have not otherwise been applied to the making of Restricted Payments pursuant to clause (d) of this paragraph or clause (c)(ii)of paragraph (2) above;

(d) the repurchase, redemption or other acquisition or retirement for value of any shares of the Company's Capital Stock or the payment of or the repurchase, redemption or other defeasance or retirement for value or payment of principal or interest of any Subordinated Debt or Subordinated Shareholder Funding, or the payment of dividends in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), out of the proceeds of a substantially concurrent issuance and sale (other than to a Subsidiary) of, or substantially concurrent contribution (other than an Excluded Contribution) in respect of, shares of the Company's Qualified Capital Stock or substantially concurrent issuance and sale of Subordinated Shareholder Funding, in each case, to the extent the proceeds have not otherwise been applied to pursuant to clause (c)(ii) of paragraph (2) above; and the substantially concurrent repurchase, redemption or other acquisition or retirement for value of any Subordinated Debt in exchange for, or out of the proceeds of an Incurrence (other than to a Subsidiary) of, Permitted Refinancing Debt;

(e) the declaration or payment of any dividend to all holders of Capital Stock of a Restricted Subsidiary on a *pro rata* basis or on a basis that results in the receipt by the Company or a Restricted Subsidiary of dividends or distributions of greater value than the Company or such Restricted Subsidiary would receive on a *pro rata* basis;

(f) the repurchase of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible securities with respect to which payment of the cash exercise price has been forgiven if the cumulative aggregate value of such deemed repurchases does not exceed the cumulative aggregate amount of the exercise price of such convertible securities received;

(g) the declaration and payment of dividends to holders of any class or series of Redeemable Capital Stock or, in the case of a Restricted Subsidiary, Preferred Stock, in each case, issued in accordance with the ''Limitation on Debt'' covenant;

(h) Permitted Payments to Holding Company;

(i) payments pursuant to any tax sharing agreement or arrangement among the Company and its Restricted Subsidiaries and other Persons with which the Company or any of its Restricted Subsidiaries is required or permitted to file a consolidated tax return or with which the Company or any Restricted Subsidiary is a part of a group for tax purposes; *provided*, *however*, that such payments will not exceed the amount of tax that the Company and its Subsidiaries would owe on a stand-alone basis and the related tax liabilities of the Company and its Subsidiaries are relieved thereby;

(j) so long as no Default or Event of Default has occurred and is continuing, following an Initial Public Offering after the Issue Date, the payment of dividends on the Company's common stock (or the payment of dividends to a Holding Company to fund the payment by such Holding Company of dividends of such Holding Company's common stock) or payments

made with respect to Subordinated Shareholder Funding not to exceed in any fiscal year the greater of (i) 6% of the net cash proceeds of such Initial Public Offering and any subsequent Equity Offering received by, and in the case of an Initial Public Offering or subsequent Equity Offering of a Holding Company, contributed to the common equity capital of, the Company, except to the extent that such proceeds are designated as constituting an Excluded Contribution, and (ii) 5% of the Market Capitalization; *provided* that in the case of clause (ii) the Company's Consolidated Leverage Ratio is equal to or less than 3.0 to 1.0;

(k) the repurchase, redemption, acquisition or retirement or making of any other payments with respect to Subordinated Debt of the Company or any Restricted Subsidiary (i) with any Excess Proceeds remaining after the consummation of an Excess Proceeds Offer pursuant to the covenant described under the caption ''—Limitation on Asset Sales'' at a purchase price not greater than 100% of the principal amount of such Subordinated Debt *plus* accrued and unpaid interest, (ii) following a Change of Control pursuant to provisions similar to those described under ''—Change of Control'' but only (X) if required, if the Company and the Issuer shall have complied with the terms of the covenant described above under the heading ''—Change of Control'' and purchased all Notes tendered pursuant to the offer to repurchase all of the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Debt and (Y) at a purchase price not greater than 101% of the principal amount of such Subordinated Debt plus accrued and unpaid interest or (iii) that is Acquired Debt (other than Acquired Debt Incurred in connection with the acquisition of a Person resulting in such Person becoming or being acquired by the Company or a Restricted Subsidiary);

(l) Restricted Payments that are made with Excluded Contributions;

(m) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Debt owed to the Company or any of its Restricted Subsidiaries by, Unrestricted Subsidiaries;

(n) any Restricted Payment permitted under clause (i), (iv), (v) and (x) of paragraph (2) of the covenant described under ''—Limitation on Transactions with Affiliates;''

(o) so long as no Default or Event of Default has occurred and is continuing, any other Restricted Payment; *provided* that the total aggregate amount of Restricted Payments outstanding under this clause (o) does not exceed €15.0 million; or

(p) so long as no Default or Event of Default has occurred and is continuing, any other Restricted Payment so long as after giving effect to such Restricted Payment on a *pro forma* basis, the Consolidated Leverage Ratio is less than 1.5 to 1.0.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

The Indenture will not treat (1) unsecured Debt as subordinated or junior to secured Debt merely because it is unsecured or (2) senior Debt as subordinated or junior to any other senior Debt merely because it has a junior priority with respect to the same collateral or is secured by different collateral.

Limitation on Layered Debt

Neither the Issuer nor any Guarantor will Incur any Debt (including Permitted Debt) that is contractually subordinated in right of payment to any other Debt of the Issuer or such Guarantor unless such Debt is also contractually subordinated in right of payment to the Notes and the applicable Guarantee on substantially identical terms; *provided*, *however*, that no Debt will be deemed to be contractually subordinated in right of payment to any other Debt of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

Limitation on Transactions with Affiliates

(1) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets or property or the rendering of any service), with any Affiliate

of the Company or any other Restricted Subsidiary having a value greater than €5.0 million unless such transaction or series of transactions is entered into in good faith and:

(a) such transaction or series of transactions is on terms that, taken as a whole, are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could have been obtained in a comparable arm's length transaction with third parties that are not Affiliates;

(b) with respect to any transaction or series of related transactions involving aggregate payments or the transfer of assets or the provision of services, in each case, having a value greater than €10.0 million, such transaction or transactions have been approved by a majority of the Disinterested Members, if any, of the Board of Directors resolving that such transaction complies with clause (a) above; and

(c) with respect to any transaction or series of related transactions involving aggregate payments or the transfer of assets or the provision of services, in each case, having a value greater than €20.0 million, the Company will deliver to the Trustee a written opinion of an Independent Financial Advisor stating that the transaction or series of transactions is (x) fair to the Company or such Restricted Subsidiary from a financial point of view, taking account of all relevant circumstances or (y) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

(2) Notwithstanding the foregoing, the restrictions set forth in this description will not apply to:

(i) any directors' fees and similar arrangements (including the payment of directors' and officers' insurance premiums), consulting fees, employee compensation, collective bargaining or similar arrangements, employee and director bonuses, employment or consulting agreements and arrangements or employee benefit arrangements, including stock options, stock appreciation rights or similar equity or equity-like incentives or legal fees entered into in the ordinary course of business, and indemnification provided to, and the payment of reasonable and customary fees and reimbursements of expenses of, officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries;

(ii) any Permitted Investment (other than pursuant to clauses (c), (h), (j) (to the extent such guarantee, keepwell or similar arrangement is in respect of Debt of a Person that is not the Company or a Restricted Subsidiary) or (q) of the definition thereof) or any Restricted Payment not prohibited by the ''Limitation on Restricted Payments'' covenant;

(iii) loans and advances to officers, directors and employees (or any amendment or transaction with respect thereto), in each case, (X) in the ordinary course of business or consistent with past practices, (Y) to fund such Person's purchase of Capital Stock of the Company or any direct or indirect Holding Company thereof, if the proceeds of any such loans to purchase Capital Stock under this clause (iii) are either received by the Company or contributed by such Holding Company of the Company and are excluded from the calculation under clause (c)(ii) of paragraph (2) of ''—Certain Covenants—Limitation on Restricted Payments'' above except to the extent such loans are actually repaid or (Z) otherwise in an aggregate amount not to exceed €2.0 million outstanding at any one time under this clause (iii);

(iv) agreements and arrangements existing on the Issue Date (including the agreements and arrangements described under the caption ''Relationships and Transactions With Related Parties'') and any amendment, modification, extension or supplement thereto; *provided* that any such amendment, modification, extension or supplement to the terms thereof, taken as a whole, is not materially more disadvantageous to the Holders and to the Company and the Restricted Subsidiaries, as applicable than the original agreement or arrangement as in effect on the Issue Date;

(v) the issuance of securities pursuant to, or for the purpose of the funding of, employment arrangements, stock options and stock ownership plans, as long as the terms thereof are or have been previously approved by the Company's Board of Directors;

(vi) the granting and performance of registration or similar rights for the Company's securities;

(vii) transactions between or among the Company and the Restricted Subsidiaries or between or among Restricted Subsidiaries or any Person (other than an Unrestricted Subsidiary) that is

an affiliate of the Company solely because the Company owns, directly or indirectly through a Restricted Subsidiary, Capital Stock of, or controls, such person;

(viii) (a) any issuance of Capital Stock (other than Redeemable Capital Stock) of the Company or any Incurrence of or amendment to any Subordinated Shareholder Funding, and (b) the existence of, or the performance by the Company or any of its Restricted Subsidiaries of its obligations under the terms of, any stockholders agreement (including any purchase agreement relating thereto);

(ix) transactions with customers, clients, suppliers or purchasers or sellers of goods or services or providers of employees or other labor or joint venture partners, in each case, in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Company or the Restricted Subsidiaries in the reasonable determination of members of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;

(x) Permitted Payments to Holding Company and any payments by the Company or any Restricted Subsidiaries to the Permitted Holders for any customary financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including without limitation in connection with acquisitions or divestitures or any indemnification payments made as a result thereof, which payments are approved by a majority of the Board of Directors in good faith;

(xi) any purchases by the Company's Affiliates of Debt or Redeemable Capital Stock of the Company or any of its Restricted Subsidiaries the majority of which Debt or Redeemable Capital Stock is purchased by Persons who are not the Company's Affiliates; *provided* that such purchases by the Company's Affiliates are on the same terms as such purchases by such Persons who are not the Company's Affiliates;

(xii) payments pursuant to the tax sharing arrangements permitted under paragraph 3(i) under the heading ''—Limitation on Restricted Payments'' above (without duplication of any such payments); and

(xiii) transactions in which the Company or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (a) of paragraph (1) above.

Limitation on Liens

The Company will not and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Debt upon any of their property or assets, now owned or hereafter acquired, except (1) in the case of any property or asset that does not constitute Collateral, (x) Permitted Liens or (y) Liens on property or assets that are not Permitted Liens (the ''Initial Lien'') if payments due under the Notes and the Indenture are directly secured equally and ratably with (or in the case of Subordinated Debt, prior or senior thereto with the same relative priority as the Notes or such Guarantee, as applicable, shall have with respect to such Subordinated Debt) the obligations secured by the Initial Lien for so long as such obligations are so secured, and (2) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any Lien created for the benefit of the Holders pursuant to this covenant will provide by its terms that such Lien will be automatically and unconditionally released and discharged (a) upon the release and discharge of the Initial Lien other than as a consequence of an enforcement action with respect to the assets subject to such Lien or (b) as set forth under the heading ''Security—Releases.''

Change of Control

(1) If a Change of Control occurs at any time, than the Issuer will make an offer (a ''Change of Control Offer'') to each Holder of Notes to purchase such Holder's Notes, in whole or in part, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof at a purchase price (the ''Change of Control Purchase Price'') in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (the ''Change of Control Purchase Date'').

(2) Within 30 days following any Change of Control, the Issuer will:

(a) cause a notice of the Change of Control Offer to be published, if at the time of such notice the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, in the *Luxemburger Wort* (or another leading newspaper of general circulation in Luxembourg) or, to the extent and in the manner permitted by such rules and regulations, posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*); and

(b) send notice of the Change of Control Offer by first class mail, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the security register, which notice will state:

(i) that a Change of Control has occurred and the date it occurred;

(ii) the transaction or transactions giving rise to the Change of Control;

(iii) the Change of Control Purchase Price and the Change of Control Purchase Date, which will be a business day no earlier than 30 days nor later than 60 days after the date such notice is mailed, or such later date as is necessary to comply with any requirements under the Exchange Act and any other applicable securities laws or regulations;

(iv) that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Purchase Date unless the Change of Control Purchase Price is not paid on such date;

(v) that any Note or part thereof not tendered will continue to accrue interest; and

(vi) any other procedures that a Holder of Notes must follow to accept a Change of Control Offer or to withdraw such acceptance (which procedures may also be performed at the office of the paying agent in Luxembourg as long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require).

(3) The Trustee (or an authenticating agent appointed by it), upon receipt of an authenticating order from the Issuer, will promptly authenticate and deliver a new Note or Notes in a principal amount equal to any unpurchased portion of Notes surrendered, if any, to the Holder of Notes in global form or to each Holder of certificated Notes; *provided* that each such new Note will be in a principal amount of €100,000 or in integral multiples of €1,000 in excess thereof; *provided* that no Holder may tender any Notes if as a result of such tender, such Holder would hold less than €100,000 of Notes. The Issuer will publicly announce the results of a Change of Control Offer on or as soon as practicable after the Change of Control Purchase Date.

(4) The Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party has made, and not terminated, a tender offer for all of the Notes in the manner and at the times applicable to a Change of Control Offer, at a tender offer purchase price in cash equal to at least 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, and such third party purchases all of the Notes validly tendered and not withdrawn under such tender offer. In addition, the Issuer will not be required to make a Change of Control Offer if the Issuer has, prior to the time that is required to send a notice of the Change of Control Offer to the Trustee pursuant to clause (2) above, delivered notice to the Trustee of its intention to redeem Notes as described under the caption ''—Optional Redemption.''

The Issuer and the Guarantors will comply with the applicable tender offer rules, including Rule 14e-l under the Exchange Act, and any other applicable securities laws and regulations in connection with a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer and the Guarantors will comply with such applicable securities laws and regulations and will not be deemed to have breached their obligations under the Indenture by virtue of such conflict.

The occurrence of certain events that would constitute a Change of Control could constitute a default under the Revolving Credit Facility. The Company's future debt and the future debt of its Subsidiaries may also contain descriptions of certain events that, if they occurred, would require such debt to be

repurchased. In addition, the exercise by the Holders of their right to require a repurchase of the Notes upon a Change of Control could cause a default under the Revolving Credit Facility and any such future debt, even if the Change of Control itself does not, due to the possible financial effect on the Issuer or the Guarantors of such repurchase.

Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, and may be conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time of Change of Control Offer is made.

The provisions of the Indenture will not give Holders the right to require the repurchase of the Notes in the event of certain transactions including a reorganization, restructuring, merger or similar transaction that may adversely affect Holders, if such transaction is not a transaction defined as a Change of Control. Any such transaction, however, would have to comply with the applicable provisions of the Indenture, including those described under ''—Limitation on Debt.'' The existence, however, of a Holder of the Notes' right to require the Issuer to repurchase such Holder's Notes upon a Change of Control may deter a third party from acquiring the Issuer or any of its Subsidiaries if such acquisition would constitute a Change of Control.

If a Change of Control Offer is made, neither the Company nor the Issuer will be able to provide any assurance that it will have available funds sufficient to pay the Change of Control Purchase Price for all the Notes that might be delivered by Holders seeking to accept the Change of Control Offer. Even if sufficient funds were available, the terms of the other debt of the Company and its Subsidiaries may prohibit the repurchase of the Notes prior to their scheduled maturity. If the Issuer were not able to prepay any debt containing any such restrictions, or obtain requisite consents, the Issuer would be unable to fulfill its repurchase obligations to Holders who accept the Change of Control Offer. If a Change of Control Offer was not made or consummated or the Change of Control Purchase Price was not paid when due, such failure would result in an Event of Default and would give the Trustee and the Holders the rights described under ''—Events of Default.'' An Event of Default under the Indenture, unless waived, would result in a cross default under certain of the financing arrangements described under ''Description of Certain Financing Arrangements,'' including under the Revolving Credit Facility.

The definition of Change of Control includes a disposition of all or substantially all of the assets of the Company and the Restricted Subsidiaries to any Person. Although there is a limited body of case law interpreting the phrase ''substantially all,'' there is no precise established definition of such phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of ''all or substantially all'' of the assets of the Company and the Restricted Subsidiaries. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder of Notes may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes following a Change of Control may be waived or modified with the prior written consent of the Holders of a majority in principal amount of the Notes. Please see the section entitled ''—Amendments and Waivers.''

Limitation on Asset Sales

(1) The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale unless:

  (a) the consideration the Company or such Restricted Subsidiary receives for such Asset Sale is not less than the Fair Market Value of the assets sold (as determined by the Company's Board of Directors); and

  (b) at least 75% of the consideration the Company or such Restricted Subsidiary receives in respect of such Asset Sale consists of:

    (i) cash (including any Net Cash Proceeds received from the conversion within 180 days of such Asset Sale of securities, notes or other obligations received in consideration of such Asset Sale);

    (ii) Cash Equivalents;

(iii) the assumption by the purchaser of (x) any liabilities recorded on the Company's or such Restricted Subsidiary's balance sheet or the footnotes thereto) (other than contingent liabilities and Subordinated Debt), as a result of which neither the Company nor any of the Restricted Subsidiaries remains obliged in respect of such liabilities or (y) Debt (other than Subordinated Debt) of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, if the Company and each other Restricted Subsidiary is released from any guarantee of such Debt as a result of such Asset Sale;

(iv) any Capital Stock or assets of the kind referred to in clauses (c) or (e) of paragraph (2) of this covenant;

(v) consideration consisting of Debt (other than Subordinated Debt) of the Issuer or any Guarantor received from Persons who are not the Company or any Restricted Subsidiary, but only to the extent that such Debt is extinguished by the Issuer or the applicable Guarantor;

(vi) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary, having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of €10.0 million and 2.0% of Consolidated Total Assets (with the Fair Market Value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(vii) a combination of the consideration specified in clauses (i) through (vi) of this paragraph (b).

(2) If the Company or any Restricted Subsidiary consummates an Asset Sale, the Net Cash Proceeds of the Asset Sale, within 365 days of the later of (i) the date of the consummation of such Asset Sale and (ii) the receipt of such Net Cash Proceeds, may be used by the Company or such Restricted Subsidiary to:

(a) repay or prepay any then outstanding Senior Debt (i) incurred under clause (a) of paragraph (2) of the ''Limitation on Debt'' covenant; (ii) of a Non-Guarantor Restricted Subsidiary, or (iii) that is secured by a Lien on assets or property which were the subject of the Asset Sale and which did not constitute Collateral;

(b) redeem Notes or purchase Notes pursuant to an offer to all Holders at a purchase price equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest (at the option of the Company or Restricted Subsidiary);

(c) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(d) to make a capital expenditure;

(e) acquire other assets (other than Capital Stock and cash or Cash Equivalents) not classified as current assets under IFRS that are used or useful in a Permitted Business;

(f) to repurchase, prepay, redeem or repay (i) Senior Debt that is secured by the Collateral (other than as set forth in clause (a)(i) above) or (ii) Pari Passu Debt; *provided* that, in the case of clauses (i) and (ii) the Issuer (or the Company or its applicable Restricted Subsidiary) shall make an offer to all Holders on a *pro rata* basis to purchase their Notes in accordance with the provisions set forth below for an Excess Proceeds Offer;

(g) any combination of the foregoing; or

(h) enter into a binding commitment to apply the Net Cash Proceeds pursuant to clause (c), (d) or (e) of this paragraph, *provided* that, a binding commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of *such commitment* until the earlier of (x) the date on which such investment is consummated and (y) the 180th day following the expiration of the aforementioned 365-day period, if the investment has not been consummated by that date.

The amount of such Net Cash Proceeds not so used as set forth in this paragraph (2) constitutes "Excess Proceeds." Pending the final application of any such Net Cash Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise use such Net Cash Proceeds in any manner that is not prohibited by the terms of the Indenture.

(3) When the aggregate amount of Excess Proceeds exceeds €10.0 million, the Issuer will, within 15 Business Days of the end of the applicable period in paragraph (2) above, make an offer to purchase (an "Excess Proceeds Offer") from all Holders and from the holders of any Pari Passu Debt, to the extent required by the terms thereof, on a *pro rata* basis, in accordance with the procedures set forth in the Indenture or the agreements governing any such Pari Passu Debt, the maximum principal amount (expressed as a minimum amount of €100,000 and integral multiples of €1,000 in excess thereof) of the Notes and any such Pari Passu Debt that may be purchased with the amount of the Excess Proceeds. The offer price as to each Note and any such Pari Passu Debt will be payable in cash in an amount equal to (solely in the case of the Notes) 100% of the principal amount of such Note and (solely in the case of Pari Passu Debt) no greater than 100% of the principal amount (or accreted value, as applicable) of such Pari Passu Debt, plus, in each case, accrued and unpaid interest, if any, to the date of purchase.

To the extent that the aggregate principal amount of Notes and any such Pari Passu Debt tendered pursuant to an Excess Proceeds Offer is less than the aggregate amount of Excess Proceeds, the Company may use the amount of such Excess Proceeds not used to purchase Notes and Pari Passu Debt for purposes that are not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and any such Pari Passu Debt validly tendered and not withdrawn by holders thereof exceeds the aggregate amount of Excess Proceeds, the Notes and any such Pari Passu Debt to be purchased will be selected by the Registrar or the Principal Paying Agent on a *pro rata* basis (based upon the principal amount of Notes and the principal amount or accreted value of such Pari Passu Debt tendered by each holder). Upon completion of each such Excess Proceeds Offer, the amount of Excess Proceeds will be reset to zero.

(4) If the Issuer is obliged to make an Excess Proceeds Offer, the Issuer will purchase the Notes and Pari Passu Debt, at the option of the holders thereof, in whole or in part in a minimum amount of €100,000 and integral multiples of €1,000 in excess thereof on a date that is not later than 60 days from the date the notice of the Excess Proceeds Offer is given to such holders, or such later date as may be required under the Exchange Act.

If the Issuer is required to make an Excess Proceeds Offer, the Issuer will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations, including the requirements of any applicable securities exchange on which Notes are then listed. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this " Limitation on Asset Sales" covenant, the Issuer will comply with such securities laws and regulations and will not be deemed to have breached its obligations described in this "Limitation on Asset Sales" covenant by virtue thereof.

No Impairment of Security Interest

(1) Subject to paragraphs (2) and (3) below, the Company will not, and will not permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission might or would have the result of materially impairing any security interest with respect to any of the assets comprising the Collateral for the benefit of the Holders (including the priority thereof), and the Company will not, and will not permit any of its Restricted Subsidiaries to, grant to any Person other than the Security Agent, for the benefit of the Holders and the other beneficiaries described in the Security Documents, any interest whatsoever in any of the Collateral; *provided* that the Company and its Restricted Subsidiaries may Incur Permitted Collateral Liens in accordance with the Indenture.

(2) The Indenture will provide that, at the direction of the Company and without the consent of the Holders, the Trustee and the Security Agent may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, mistakes, omission, defect or inconsistency therein; (ii) provide for any Permitted Collateral Liens; (iii) add to the Collateral; (iv) evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent; or (v) make any other change thereto that does not materially impair any security interest over any of the assets comprising the Collateral or otherwise adversely affect the Holders in any

material respect; *provided*, *however*, that in the case of clauses (ii), (iii) and (v) above, no Security Document may be amended, extended, renewed, restated, supplemented, released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) or otherwise modified or replaced, unless contemporaneously with such amendment, extension, renewal, restatement, supplement, release and retaking, modification or renewal, the Company delivers to the Trustee, either:

(a) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an Independent Financial Advisor confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release and retaking, modification or replacement;

(b) a certificate from the board of directors or chief financial officer of the relevant obligor (acting in good faith), in the form set forth as an exhibit to the Indenture, that confirms the solvency of the Person granting such Lien after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, release and retaking, modification or replacement; or

(c) an opinion of counsel, in form and substance satisfactory to the Trustee (subject to customary qualifications and exceptions) confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release and retaking, modification or replacement, the Lien or Liens securing the Notes created under the Security Documents as so amended, extended, renewed, restated, supplemented, released and retaken, modified or replaced remain valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, release an retaking, modification or replacement.

(3) All of the issued and outstanding Capital Stock of the Company, the Issuer and Z Gamma B.V. or their Successor Entities, as the case may be, will remain subject to a valid and binding Lien to secure obligations of the Issuer and the Guarantors under the Indenture and the Notes.

(4) Nothing in this ''No Impairment of Security Interest'' covenant will restrict the release or replacement of any security interests in compliance with the provisions set out under the heading ''—Security—Releases.''

(5) In the event that the Company complies with the requirements of this ''No Impairment of Security Interest'' covenant, the Trustee and/or the Security Agent (as the case may be) will consent to any such amendment, extension, renewal, restatement, supplement, modification or replacement without the need for instructions from the Holders.

Limitation on Holding Company Activities

The Company must not carry on any business or own any assets other than: (a) the ownership of Capital Stock of the Issuer and Z Gamma B.V. (or a Successor Subsidiary Guarantor following a transaction that complies with the provisions described in ''—Certain Covenants—Merger, Consolidation or Sale of Assets;'' *provided* that in such a transaction where Z Gamma B.V. ceases to exist, the Lien on the Capital Stock of Z Gamma B.V. will be released and will be replaced with a new share pledge (on terms substantially identical to the existing Lien on the Capital Stock of Z Gamma B.V.) over the Capital Stock of the Successor Subsidiary Guarantor); (b) the provision of administrative services (excluding treasury services) and management services to its Subsidiaries (including, without limitation, the employment and provision to Subsidiaries of management personnel) of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets necessary to provide such services; (c) the offering, sale, issuance and servicing, purchase, redemption, refinancing or retirement of the Notes, the Revolving Credit Facility or the incurrence of other Debt permitted by the terms of the Indenture or performance of the terms and conditions of such Debt, including on-loans of proceeds from the Notes, the Revolving Credit Facility and other Debt Incurred in accordance with the Indenture, to the extent such activities are otherwise permissible under the Indenture and the granting of Liens permitted pursuant to the ''Limitation on Liens'' covenant; (d) exercising rights and obligations arising under the Indenture, the Notes, the Intercreditor Agreement and the Revolving Credit Facility Agreement, any agreement relating to other Debt Incurred in accordance with the Indenture and any other Debt Incurred in accordance with

the Indenture; (e) making Investments in the Notes and other Debt Incurred in accordance with the Indenture; (f) activities directly related or reasonably incidental to the establishment and/or maintenance of its or its Subsidiaries corporate existence; or (g) other activities not specifically enumerated above that are *de minimis* in nature.

Business Activities

The Company will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses, except to the extent that would not be material to the Company and its Restricted Subsidiaries taken as a whole.

Additional Guarantees

(1) The Company will not cause or permit any of its Restricted Subsidiaries that are not Guarantors, directly or indirectly, to guarantee the payment of, assume or in any manner become liable with respect to any other Debt of the Issuer or a Guarantor unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the Guarantee of the payment of the Notes by such Restricted Subsidiary, which Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Debt.

(2) Each additional Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law or regulation.

(3) Notwithstanding the foregoing, the Company shall not be obligated to cause any Restricted Subsidiary to Guarantee the Notes to the extent that such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in a violation of applicable law, regulation or order of a regulator which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Company or the Restricted Subsidiary or any liability for the officers, directors or shareholders of such Restricted Subsidiary.

(4) The Indenture will provide that any such additional Guarantee will be automatically and unconditionally released and discharged in the circumstances described under ''—Guarantees—Release of the Guarantees.''

Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to:

    (a) pay dividends, in cash or otherwise, or make any other distributions on or in respect of its Capital Stock or any other interest or participation in, or measured by, its profits, in each case, to the Company or any Restricted Subsidiary;

    (b) pay any Debt owed to the Company or any other Restricted Subsidiary;

    (c) make loans or advances to the Company or any other Restricted Subsidiary; or

    (d) transfer any of its properties or assets to the Company or any other Restricted Subsidiary,

    provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Company or any Restricted Subsidiary to other Debt incurred by the Company or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

(2) The provisions described in paragraph (1) above will not apply to:

    (a) encumbrances and restrictions imposed by the Notes, the Indenture, the Guarantees, the Revolving Credit Facility Agreement, the Intercreditor Agreement, any Additional Intercreditor Agreements, the Security Documents and encumbrances or restrictions contained in any

other agreement in effect on the Issue Date and any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, extensions, increases, supplements, refundings, replacements or refinancings of those agreements; *provided* that such amendments, modifications, restatements, renewals, extensions, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Company's Board of Directors, no more restrictive (taken as a whole) with respect to such encumbrances or restrictions than those contained in the encumbrances or restrictions prior to such amendment, modification, restatement, renewal, extension, increase, supplement, refunding, replacement or refinancing;

(b) encumbrances and restrictions: (i) that restrict in a customary manner the subletting, assignment or transfer of any properties or assets that are subject to a lease, license, conveyance or other similar agreement to which the Company or any Restricted Subsidiary is a party; and (ii) contained in operating leases for real property and restricting only the transfer of such real property upon the occurrence and during the continuance of a default in the payment of rent;

(c) encumbrances or restrictions contained in any agreement or other instrument of a Person acquired by the Company or any Restricted Subsidiary in effect at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired;

(d) encumbrances or restrictions imposed by any Permitted Refinancing Debt; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Debt are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Debt being refinanced (as determined in good faith by the Company);

(e) encumbrances or restrictions contained in contracts for sales of Capital Stock or assets permitted by the ''Limitation on Asset Sales '' covenant with respect to the assets or Capital Stock to be sold pursuant to such contract or in customary merger or acquisition agreements (or any option to enter into such contract) for the purchase or acquisition of Capital Stock or assets or any of the Company's Subsidiaries by another Person;

(f) encumbrances or restrictions imposed by applicable law, regulation or order or by governmental licenses, concessions, franchises or permits or required by any regulatory authority;

(g) encumbrances or restrictions on cash or other deposits or net worth imposed by customers or suppliers under contracts entered into the ordinary course of business;

(h) customary limitations on the transfer of properties or assets arising or agreed to in the ordinary course of business, not relating to Debt, that do not individually or in the aggregate, detract materially from the value or usefulness of property or assets of the Company or any Restricted Subsidiary; *provided* that the Company determines that such encumbrance or restriction will not materially affect the Issuer's ability to make principal or interest payments on the Notes;

(i) customary limitations on the distribution or disposition of assets or property of a Restricted Subsidiary in joint venture or similar agreements or other Investments entered into in good faith; *provided* that such encumbrance or restriction is applicable only to such Restricted Subsidiary;

(j) customary encumbrances or restrictions in connection with purchase money obligations, mortgage financings and Capitalized Lease Obligations for property so acquired in the ordinary course of business;

(k) any encumbrance or restriction arising by reason of customary non assignment provisions in agreements;

(l) Liens permitted to be incurred under the provisions of the covenant described under the caption ''—Limitation on Liens'' that limit the right to dispose of the assets subject to the Liens;

(m) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;

(n) any encumbrance or restriction pursuant to Hedging Agreements in respect of hedging obligations Incurred under clause (h) of the definition of Permitted Debt; or

(o) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Debt permitted to be Incurred after the Issue Date pursuant to the provisions of the covenant described under ''—Limitation on Debt'' if such encumbrance or restriction is not materially more disadvantageous to the Holders than is customary in comparable financings (as determined in good faith by the Company) and either: (x) the Company determines that such encumbrance or restriction will not materially affect the Issuer's ability to make principal or interest payments on the Notes as and when they come due; or (y) such encumbrance or restriction applies only if a default occurs in respect of a payment or financial covenant relating to such Debt.

Designation of Unrestricted and Restricted Subsidiaries

(1) The Company's Board of Directors may designate any Subsidiary (including newly acquired or newly established Subsidiaries) other than the Issuer to be an ''Unrestricted Subsidiary'' only if:

(a) no Default has occurred and is continuing at the time of or after giving effect to such designation; and

(b) the Company would be permitted to make an Investment at the time of designation (assuming the effectiveness of such designation) pursuant to, and in compliance with, the ''Limitation on Restricted Payments'' covenant in an amount equal to the Fair Market Value of the net assets of such Subsidiary.

(2) In the event of any such designation, the Company will be deemed to have made an Investment constituting a Permitted Investment or a Restricted Payment pursuant to, and in compliance with, the ''Limitation on Restricted Payments'' covenant, as determined by the Company, in an amount equal to the Fair Market Value of the net assets of such Subsidiary.

(3) The Indenture will further provide that neither the Company nor any Restricted Subsidiary will at any time:

(a) provide a guarantee of, or similar credit support to, any Debt of any Unrestricted Subsidiary (including of any undertaking, agreement or instrument evidencing such Debt) (other than a pledge Capital Stock or Debt of any Unrestricted Subsidiary on a non-recourse basis as long as the pledgee has no claim whatsoever against the Company other than to obtain such pledged property), except to the extent permitted under the ''Limitation on Restricted Payments'' and ''Limitation on Transactions with Affiliates'' covenants; or

(b) be directly or indirectly liable for any Debt of any Unrestricted Subsidiary, except to the extent permitted under the ''Limitation on Restricted Payments'' and ''Limitation on Transactions with Affiliates'' covenants.

(4) The Company's Board of Directors may designate any Unrestricted Subsidiary as a Restricted Subsidiary:

(a) if no Default or Event of Default has occurred and is continuing at the time of, or will occur and be continuing after giving effect to, such designation; and

(b) if the Debt of such Unrestricted Subsidiary would be permitted under the ''Limitation on Debt'' covenant.

(5) Any such designation as an Unrestricted Subsidiary or Restricted Subsidiary by the Company's Board of Directors will be evidenced to the Trustee by filing a resolution of the Company's Board of Directors with the Trustee giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions, and giving the effective date of such designation. Any such filing with the Trustee must occur within 45 days after the end of the Company's fiscal quarter in which such designation is made (or, in the case of a designation made

during the last fiscal quarter of the Company's fiscal year, within 90 days after the end of such fiscal year).

Maintenance of Listing

Each of the Issuer and each Guarantor will use its reasonable efforts to maintain the listing of the Notes on the Luxembourg Stock Exchange's Euro MTF Market for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Euro MTF Market, and thereafter use its reasonable efforts to maintain a listing of such Notes on another stock exchange that qualifies as a regulated market or multi-lateral trading facility for the purposes of Section 1 para 1, of the Legislative Decree No. 239 of Italy.

Reports to Holders

(1) So long as any Notes are outstanding, the Company will furnish to the Trustee the following reports:

(a) within 120 days after the end of the Company's fiscal year beginning with the fiscal year ended December 31, 2012, annual reports containing: (i) information with a level and type of detail that is substantially comparable in all material respects to the sections in this Offering Memorandum entitled ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' and ''Business;'' (ii) *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (b) or (c) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Company, alternatively, will provide, in the case of a material acquisition, acquired company financials to the extent available without unreasonable expense; and (iii) the audited consolidated balance sheet of the Company as at the end of the most recent two fiscal years and audited consolidated income statements and statements of cash flow of the Company for the most recent three fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements;

(b) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Company beginning with the fiscal quarter ending March 31, 2013, quarterly financial statements containing the following information: (i) the Company's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (ii) *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Company, alternatively, will provide, in the case of a material acquisition, acquired company financials to the extent available without unreasonable expense; and (iii) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition and results of operations of the Company and any material change between such most recent quarter year to date period and the corresponding period of the prior year; and

(c) promptly after the occurrence of a material event that the Company announces publicly or any material acquisition, disposition or restructuring of the Company and the Restricted Subsidiaries, taken as a whole, or any senior executive officer changes at the Company or a change in auditors of the Company, a report containing a description of such event.

(2) In addition, the Company shall furnish to the Holders, beneficial owners of the Notes and prospective investors, upon the request of such Holders, beneficial owners of the Notes or prospective investors, any information required to be delivered pursuant to Rule 144A(d)(4) under

the Securities Act for so long as the Notes are not freely transferable under the Exchange Act by Persons who are not ''affiliates'' under the Securities Act.

(3) The Company shall also make available copies of all reports furnished to the Trustee; (a) on the Company's website and (b) if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, copies of such reports furnished to the Trustee will also be made available at the specified office of the paying agent in Luxembourg.

(4) No report need include separate financial statements for any Guarantors or non-Guarantor Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth in clause (1) above will not be required to contain any reconciliation to U.S. generally accepted accounting principles.

(5) At any time that any of the Company's subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Company, then the quarterly and annual financial information required by the first paragraph of this ''Reports to Holders'' covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

(6) All reports provided pursuant to this ''Reports to Holders'' covenant shall be made in the English language.

(7) So long as any Notes are outstanding, the Company will also:

   (a) Within 10 Business Days after furnishing to the Trustee the annual and quarterly reports required by clauses (1)(a) and (b), hold a conference call to discuss such reports and the results of operations for the relevant reporting period; and

   (b) Issue a press release to an internationally recognized wire service no fewer than three Business Days prior to the date of the conference call required by the foregoing clause 7(a), announcing the time and date of such conference call and either including all information necessary to access the call or directing Holders, beneficial owners of the Notes, prospective investors, broker dealers and securities analysts to contact the appropriate person at the Company to obtain such information.

Merger, Consolidation or Sale of Assets

(1) Neither the Company nor the Issuer will, in a single transaction or through a series of transactions, (x) merge, consolidate, amalgamate or otherwise combine with or into any other Person or (y) sell, assign, convey, transfer, lease or otherwise dispose of, with respect to the Company, all or substantially all of the Company's and the Restricted Subsidiaries' properties and assets and, with respect to the Issuer, all or substantially all of the Issuer's and its Subsidiaries' that are Restricted Subsidiaries properties and assets, in each case, to any other Person or Persons. The previous sentence will not apply if at the time and immediately after giving effect to any such transaction or series of transactions:

   (a) either: (i) the Company or the Issuer, as the case may be, will be the continuing corporation; or (ii) the Person (if other than the Company or the Issuer, as the case may be) formed by or surviving any such merger, consolidation, amalgamation or other combination or to which such sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Company and the Restricted Subsidiaries on a consolidated basis has been made (the ''Surviving Entity''):

      (x) will be a corporation duly incorporated and validly existing under the laws of any member state of the European Union, Switzerland, Canada, the United States of America, any state thereof, or the District of Columbia; and

(y) will expressly assume, obligations of the Company or the Issuer, as applicable, under the Notes, the Guarantees, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreements, and the Security Documents, pursuant to a supplemental indenture in form reasonably satisfactory to the Trustee; and the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents will remain in full force and effect as so amended or supplemented;

(b) immediately after giving effect to such transaction or series of transactions, no Default or Event of Default will have occurred and be continuing;

(c) immediately before and immediately after giving effect to such transaction or series of transactions on a *pro forma* basis (on the assumption that the transaction or series of transactions occurred on the first day of the four quarter fiscal period immediately prior to the consummation of such transaction or series of transactions with the appropriate adjustments with respect to the transaction or series of transactions being included in such *pro forma* calculation), the Company (or the Surviving Entity if the Company is not the continuing obligor under the Indenture) (i) could Incur at least €1.00 of additional Debt pursuant to the Consolidated Fixed Charge Coverage Ratio set forth in paragraph (1)(a) of the ''Limitation on Debt'' covenant or (ii) would have a Consolidated Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction;

(d) the Company or the Issuer or the Surviving Entity, as the case may be, has delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate (attaching the computations to demonstrate compliance with clauses (b) and (c) above) and an opinion of counsel, each stating that such merger, consolidation, amalgamation or other combination or sale, assignment, conveyance, transfer, lease or other disposition, and if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with the requirements of the Indenture and that the Notes, the supplemental indenture and the Indenture constitute legal, valid and binding obligations of the Issuer or the Surviving Entity, enforceable in accordance with their terms; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (1)(b) and (1)(c) above;

(e) the Surviving Entity will succeed to, and be substituted for, and may exercise every right and power of, the Company or the Issuer, as applicable, under the Indenture, but, in the case of a lease of all or substantially all of the Company's or the Issuer's assets, the Company or the Issuer, as applicable, will not be released from the obligation to pay the principal of, premium, if any, and interest, on the Notes (or, with respect to the Company, the Guarantee of such obligations); and

(f) for as long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, notify such exchange of any such merger, consolidation, amalgamation or other combination or sale.

Although there is a limited body of case law interpreting the phrase ''all or substantially all,'' there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve ''all or substantially all'' of the property or assets of a Person.

(2) Subject to the provisions described under ''—Guarantees—Release of the Guarantees,'' no Subsidiary Guarantor will, in a single transaction or through a series of transactions, merge, consolidate, amalgamate or otherwise combine with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of such Subsidiary Guarantor's properties and assets to any other Person or Persons. The previous sentence will not apply if at the time and immediately after giving effect to any such transaction or series of transactions:

(a) either (x) the Person formed by or surviving any such consolidation or merger (if other than such Subsidiary Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made (such Subsidiary Guarantor or such Person, as the case may be, being herein called the ''Successor Subsidiary Guarantor'') expressly assumes all the obligations of such Subsidiary Guarantor under its Guarantee, the Indenture, the Intercreditor Agreement, and Additional Intercreditor Agreements and the Security

Documents, pursuant to supplemental indentures and/or agreements in form reasonably satisfactory to the Trustee or (y) such sale, disposition or consolidation, amalgamation or combination is not in violation of the covenant ''Limitation on Asset Sales;''

(b) immediately after such transaction, no Default or Event of Default exists and is continuing;

(c) the Subsidiary Guarantor or the Successor Subsidiary Guarantor has delivered to the Trustee, in form and substance satisfactory to the Trustee, an Officer's Certificate and an opinion of counsel, each stating that such merger, consolidation, amalgamation or other combination or sale, assignment, conveyance, transfer, lease or other disposition, and if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with the requirements of the Indenture and that the Guarantee and the supplemental indenture constitute legal, valid and binding obligations of the Guarantor or the Successor Guarantor, enforceable in accordance with their terms; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clause (2)(b) above; and

(d) the Successor Subsidiary Guarantor will succeed to, and be substituted for, and may exercise every right and power of, the relevant Subsidiary Guarantor under the Indenture, but, in the case of a lease of all or substantially all of the Subsidiary Guarantor's assets, the Subsidiary Guarantor will not be released from the obligation to pay the principal of, premium, if any, and interest, on the Subsidiary Guarantee.

(3) The provisions set forth in this ''Merger, Consolidation or Sale of Assets'' covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not the Issuer or a Subsidiary Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary of the Company that is not a Guarantor; (ii) any Subsidiary Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor; (iii) any consolidation or merger of the Issuer into any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture, the Intercreditor, any Additional Intercreditor Agreement and the Security Documents and clauses (1)(a) and (1)(d) shall apply to such transaction and (iv) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided* that in the case of each of (ii) through (iv), clauses (1)(a), (1)(d) and (1)(e) or clauses (2)(a) and (2)(d), as applicable, shall apply to such transactions.

Payments for Consent

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder or beneficial owners of the Notes for, or as an inducement to, any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude Holders or beneficial owners of the Notes in any jurisdiction where (i) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (ii) the payment of the consideration therefor would require the Company or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Company in its sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Further Assurances

The Company will, and will procure that each of its Subsidiaries will, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents.

Covenant Suspension

If on any date following the date of the Indenture:

(1) the Notes are rated ''Baa3'' or better by Moody's and ''BBB – '' or better by S&P (or, if either such entity ceases to rate the Notes for reasons outside of the control of the Company, the equivalent investment grade credit rating from any other ''nationally recognized statistical rating organization'' within the meaning of Rule 15c3- 1(c)(2)(vi)(F) under the Exchange Act selected by the Company as a replacement agency); and

(2) no Default or Event of Default shall have occurred and be continuing,

then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under the following captions under the heading ''—Certain Covenants'' will be suspended:

(a) ''—Limitation on Debt;''

(b) ''—Limitation on Restricted Payments;''

(c) ''—Limitation on Layered Debt;''

(d) ''—Limitation on Transactions with Affiliates;''

(e) ''—Limitation on Asset Sales;''

(f) ''—Additional Guarantees;''

(g) ''—Designation of Unrestricted and Restricted Subsidiaries,''

(h) ''—Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries;'' and

(i) clause (c) of paragraph (1) of the covenant described above under the caption ''—Merger, Consolidation or Sale of Assets.''

Notwithstanding the foregoing, if the rating assigned by either such rating agency should subsequently decline to below ''Baa3'' or ''BBB – ,'' respectively, the foregoing covenants will be reinstituted as at and from the date of such rating decline. The period during which the covenants set forth above are suspended pursuant to this provision is the ''Suspension Period.'' The reinstatement of any covenants will not, however, be of any effect with regard to the actions of the Company and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that, with respect to any Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though the ''Limitation on Restricted Payments'' covenant had been in effect prior to, but not during, the Suspension Period and (2) all Debt incurred during the Suspension Period will be classified to have been incurred or issued pursuant to clause (d) of the definition of Permitted Debt. Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset to zero.

In addition, the Indenture also permits, without causing a Default or Event of Default, the Company or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Notes cease to be rated ''Baa3'' or ''BBB – '' as long as the contractual commitments were entered into during the Suspension Period and not in anticipation of the Notes no longer being rated ''Baa3'' or ''BBB – .''

The Issuer shall notify the Trustee and the Holders that the two conditions set forth in the first paragraph under this heading have been satisfied, *provided* that such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obliged to notify Holders of such event.

There can be no assurance thereto that the Notes will ever achieve or maintain an investment grade rating.

Events of Default

(1) Each of the following will be an ''Event of Default'' under the Indenture:

(a) default for 30 days in the payment when due of any interest or any Additional Amounts on any Note;

(b) default in the payment of the principal of or premium, if any, on any Note at its Maturity (upon acceleration, optional or mandatory redemption, if any, required repurchase or otherwise);

(c) failure to comply with the provisions of paragraph (1) of the covenant described under the heading ''—Certain Covenants—Merger, Consolidation or Sale of Assets;''

(d) failure to comply with any covenant or agreement of the Company or of any Restricted Subsidiary that is contained in the Indenture or any Guarantee (other than specified in clause (a), (b) or (c) above) and such failure continues for a period of 60 days or more after written notice (i) to the Company or the Issuer by the Trustee or (ii) to the Company or the Issuer and the Trustee by the Holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class;

(e) default under the terms of any instrument evidencing or securing Debt for money borrowed by the Company or any Restricted Subsidiary, if that default:

(x) results in the acceleration of the payment of such Debt prior to its express maturity; or

(y) is caused by the failure to pay such Debt at final maturity thereof after giving effect to the expiration of any applicable grace periods (and other than by regularly scheduled required prepayment) and such failure to make any payment has not been waived or the maturity of such Debt has not been extended,

and, in each case, the outstanding principal amount of any such Debt under which there has been a failure to pay at final maturity thereof or the payment of which has been so accelerated, aggregates €12.5 million or more;

(f) except as permitted in the Indenture, any Guarantee of any Guarantor that is a Significant Subsidiary ceases to be, or shall be asserted in writing by any such Guarantor, or any Person acting on behalf of any such Guarantor, not to be in full force and effect or enforceable in accordance with its terms (other than as provided for in the Indenture, any Guarantee or the Intercreditor Agreement);

(g) with respect to Collateral having a Fair Market Value in excess of €2.5 million, one or more of the Security Documents shall, at any time, cease to be in full force and effect, or a Security Document shall be declared invalid or unenforceable by a court of competent jurisdiction or the relevant grantor of the security granted pursuant to a Security Document asserts, in any pleading in any court of competent jurisdiction, that any such Security Document is invalid or unenforceable for any reason other than the satisfaction in full of all obligations under the Indenture and the Notes and discharge of the Indenture and the Notes, other than, in each case, pursuant to limitations on enforceability, validity or effectiveness imposed by applicable law, regulation or order of a regulator or the terms of such Security Document or except in accordance with the terms of such Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreements or the Indenture, including the release provisions thereof, and any such Default continues for 10 days;

(h) one or more final judgments, orders or decrees (not subject to appeal and not covered by insurance) shall be rendered against the Company or any Restricted Subsidiary either individually or in an aggregate amount, in each case, in excess of €12.5 million, which judgments, orders or decrees are not paid, discharged or stayed for a period of 60 days after the judgment becomes final; and

(i) the occurrence of certain events of bankruptcy, insolvency or receivership described in the Indenture with respect to the Company, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

(2) If an Event of Default (other than as specified in clause (1)(i) above) occurs and is continuing, the Trustee or the Holders of not less than 25% in aggregate principal amount of the Notes then outstanding by written notice to the Company or the Issuer (and to the Trustee if such notice is

given by the Holders) may, and the Trustee, upon the written request of such Holders, shall, declare the principal of, premium, if any, any Additional Amounts and accrued interest on all of the outstanding Notes immediately due and payable, and upon any such declaration all such amounts payable in respect of the Notes will become immediately due and payable.

(3) If an Event of Default specified in clause (1)(i) above occurs and is continuing, then the principal of, premium, if any, Additional Amounts and accrued and unpaid interest on all of the outstanding Notes shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

(4) Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power conferred on the Trustee by the Indenture. The Trustee may withhold from Holders notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

(5) The Holders of not less than a majority in aggregate principal amount of the outstanding Notes may, on behalf of the Holders, (i) waive any past defaults under the Indenture, except a default in the payment of the principal of, premium, if any, and Additional Amounts or interest on any Note in which case, the consent of the Holders of 75% of the then outstanding Notes shall be required and (ii) rescind any acceleration and its consequences if (x) such rescission would not conflict with any judgment or decree of a court of competent jurisdiction, (y) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, interest and Additional Amounts, if any, on the Notes that have become due solely by such declaration of acceleration, have been cured or waived and (z) the Company has paid the Trustee its compensation and reimbursed the Trustee for any properly incurred expense, disbursements and advances.

(6) No Holder has any right to institute any proceedings with respect to the Indenture or any remedy thereunder unless the Holders of at least 25% in aggregate principal amount of the outstanding Notes have made a written request and offered to the Trustee indemnity and/or security satisfactory to the Trustee against loss, liability or expense to institute such proceeding as Trustee under the Notes and the Indenture, the Trustee has failed to institute such proceeding within 60 days after receipt of such notice and the Trustee within such 60-day period has not received directions inconsistent with such written request by Holders of a majority in aggregate principal amount of the outstanding Notes. Such limitations do not, however, apply to a suit instituted by a Holder for the enforcement of the payment of the principal of, premium, if any, and Additional Amounts or interest on such Note on or after the respective due dates expressed in such Note.

(7) If a Default or an Event of Default occurs and is continuing and is known to the Trustee, the Trustee will mail to each Holder of the Notes notice of the Default or Event of Default within 30 days after being notified of the Event of Default. Except in the case of a Default or an Event of Default in the payment of principal of, premium, if any, Additional Amounts or interest on any Notes, the Trustee may withhold the giving of such notice to the Holders of such Notes if a committee of its trust officers in good faith determines that withholding the giving of such notice is in the best interests of the Holders.

(8) The Company and the Issuer will be required to notify the Trustee within 15 Business Days of the occurrence of any Default.

(9) The Indenture will provide that (i) if a Default occurs for a failure to report or deliver a required certificate in connection with another default (an ''Initial Default'') then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled ''—Reports to Holders'' or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

(10) In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (e) of paragraph (1) above has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if, within 20 days after the Event of Default arose, the

event of default or payment default triggering such Event of Default pursuant to clause (e) of paragraph (1) above shall be remedied or cured, or waived by the holders of the Debt, or the Debt that gave rise to such Event of Default shall have been discharged in full and if (X) the annulment of the acceleration (if applicable) of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (Y) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Interest, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

Defeasance

(1) The Indenture will provide that the Issuer may, at its option and at any time prior to the Stated Maturity of the Notes, elect to have the obligations of the Issuer and the Guarantors discharged with respect to the outstanding Notes (''Legal Defeasance''). Legal Defeasance means that the Issuer will be deemed to have paid and discharged the entire Debt represented by the outstanding Notes except as to:

    (a) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, Additional Amounts and interest on such Notes when such payments are due;

    (b) the Issuer's obligations to issue temporary Notes, register, transfer or exchange any Notes, replace mutilated, destroyed, lost or stolen Notes, maintain an office or agency for payments in respect of the Notes and segregate and hold such payments on trust;

    (c) the rights, powers, trusts, duties and immunities of the Trustee and the obligations of the Issuer and the Guarantors in connection therewith; and

    (d) the Legal Defeasance provisions of the Indenture.

(2) In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants set forth in the Indenture (''Covenant Defeasance'') and thereafter any failure to comply with such covenants will not constitute a Default or an Event of Default with respect to the Notes. In the event that a Covenant Defeasance occurs, certain events described under ''—Events of Default'' will no longer constitute an Event of Default with respect to the Notes. These events will not include events relating to nonpayment, bankruptcy, insolvency and receivership. The Issuer may exercise its Legal Defeasance option regardless of whether it has previously exercised any Covenant Defeasance.

(3) In order to exercise either Legal Defeasance or Covenant Defeasance:

    (a) the Issuer must irrevocably deposit or cause to be deposited on trust with the Trustee (or such other entity designated by the Trustee for this purpose), for the benefit of the Holders, cash in euro, European Government Obligations or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants, investment bank or appraisal firm, to pay and discharge the principal of, premium, if any, Additional Amounts and interest, on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to maturity or to a particular redemption date;

    (b) in the case of Legal Defeasance, the Issuer must have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee stating that: (x) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or (y) since the Issue Date, there has been a change in applicable U.S. federal income tax law, in either case, to the effect that (and based thereon such opinion shall confirm that) the Holders and beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

    (c) in the case of Covenant Defeasance, the Issuer must have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee to the effect that the Holders and beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default will have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(e) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit), the Indenture;

(f) the Issuer must have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the Holders over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer or other creditors, or removing assets beyond the reach of the relevant creditors or increasing debts of the Issuer to the detriment of the relevant creditors; and

(g) the Issuer must have delivered to the Trustee an Officer's Certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

(4) If the funds deposited with the Trustee to effect Covenant Defeasance are insufficient to pay the principal of, premium, if any, Additional Amounts and interest on the Notes when due because of any acceleration occurring after an Event of Default, then the Issuer and the Guarantors will remain liable for such payments.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes as expressly provided for in the Indenture) when:

(1) the Issuer has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated by the Trustee for this purpose) as funds on trust for such purpose an amount in euro or European Government Obligations sufficient to pay and discharge the entire Debt on such Notes that have not, prior to such time, been delivered to the Principal Paying Agent for cancellation, for principal of, premium, if any, and any Additional Amounts and accrued and unpaid interest on the Notes to the date of such deposit (in the case of Notes which have become due and payable) or to the Stated Maturity or redemption date, as the case may be, and the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of Notes at Stated Maturity or on the redemption date, as the case may be, and either:

(a) all of the Notes that have been authenticated and delivered (other than destroyed, lost or stolen Notes that have been replaced or paid and Notes for which payment money has been deposited on trust or segregated and held on trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust as provided for in the Indenture) have been delivered to the Principal Paying Agent for cancellation; or

(b) all Notes that have not been delivered to the Principal Paying Agent for cancellation: (i) have become due and payable (by reason of the mailing of a notice of redemption or otherwise); (ii) will become due and payable within one year of Stated Maturity; or (iii) are to be called for redemption within one year of the proposed discharge date under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Principal Paying Agent in the Issuer's name and at the Issuer's expense;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by the Issuer under the Indenture; and

(3) the Issuer has delivered to the Trustee an Officer's Certificate and an opinion of counsel, each stating that all conditions precedent provided in the Indenture relating to the satisfaction and discharge of the Indenture have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1) and (2)).

Amendments and Waivers

(1) With the consent of the Holders of not less than a majority in aggregate principal amount of the Notes then outstanding, the Issuer, the Guarantors, the Trustee and the Security Agent are

permitted to amend or supplement the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and/or the Security Documents or waive any Default or non-compliance with any provision of the Indenture; *provided* that no such modification, amendment or waiver may, without the consent of the Holders of 75% of the then outstanding Notes:

(a) change the Stated Maturity of the principal of, or any installment of Additional Amounts or interest on, any Note (or change any Default or Event of Default related thereto);

(b) reduce the principal amount of any Note (or Additional Amounts or premium, if any) or the rate of or extend the time for payment of interest on any Note (or change any Default or Event of Default related thereto);

(c) change the coin or currency in which the principal of any Note or any premium or any Additional Amounts or the interest thereon is payable;

(d) impair the right to institute suit for the enforcement of any payment of any Note in accordance with the provisions of such Note, the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreements;

(e) reduce the principal amount of Notes whose Holders must consent to any amendment, supplement or waiver of provisions of the Indenture;

(f) except as otherwise permitted under ''—Certain Covenants—Merger, Consolidation or Sale of Assets,'' consent to the assignment or transfer by the Issuer of any of the Issuer's rights or obligations under the Indenture or by the Company of any of the Company's rights or obligations under the Indenture;

(g) release all or substantially all of the Subsidiary Guarantors from their obligations under the Guarantees, except in compliance with the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreements; or

(h) release any Lien on the Collateral granted for the benefit of the Holders of the Notes, except in compliance with the terms of the Security Documents, Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreements.

(2) Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Guarantors, the Trustee and the Security Agent may modify, amend or supplement the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and/or the Security Documents:

(a) to evidence the succession of another Person to the Issuer or any Guarantor and the assumption by any such successor of the covenants in the Indenture and in the Notes in accordance with ''—Certain Covenants—Merger, Consolidation or Sale of Assets;''

(b) to add to the Company's or the Issuer's covenants and those of any Subsidiary Guarantor or any other obligor in respect of the Notes for the benefit of the Holders or to surrender any right or power conferred upon the Issuer or any Guarantor or any other obligor in respect of the Notes, as applicable, in the Indenture, the Notes or any Guarantee;

(c) to cure any ambiguity or mistake or to correct or supplement any provision in the Indenture, the Notes, any Guarantee, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document that may be defective or inconsistent with any other provision in the Indenture, the Notes, any Guarantee, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document or make any other provisions with respect to matters or questions arising under the Indenture, the Notes, any Guarantee, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document; or make any change that does not materially adversely affect the legal rights under the Indenture of the Holders of the Notes;

(d) to conform the text of the Indenture, the Notes, any Guarantee, the Intercreditor Agreement or any Security Document to any provision of this ''Description of Notes;''

(e) to release any Guarantor or Collateral in accordance with (and if permitted by) the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreements and the Security Documents;

(f) to add a Guarantor or other guarantor under the Indenture;

(g) to evidence and provide the acceptance of the appointment of a successor Trustee and/or Security Agent under the Indenture;

(h) to mortgage, pledge, hypothecate or grant a security interest in favor of the Trustee and/or the Security Agent for the benefit of the Holders of the Notes as additional security for the payment and performance of the Issuer's and any Guarantor's obligations under the Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Trustee pursuant to the Indenture or otherwise, or to enter into additional or supplemental Security Documents;

(i) to provide for the issuance of Additional Notes in accordance with and if permitted by the terms of and limitations set forth in the Indenture; and

(j) to provide for uncertificated Notes in addition to or in place of certificated Notes.

(3) The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. In formulating its opinion on such matters, each of the Trustee and the Security Agent shall be entitled to rely absolutely on such evidence as it deems appropriate, including opinions of counsel and Officer's Certificates. In determining whether the Holders of the required principal amount of Notes have concurred in any direction or consent or any amendment, modification or other change to the Indenture, Notes owned by the Issuer or by an Affiliate of the Issuer will be disregarded and treated as if they were not outstanding.

Meeting of Holders of Notes

In addition to and without prejudice to the provisions described above under the caption ''—Amendments and Waivers,'' in accordance with the provisions set forth under the Italian Civil Code, the Indenture will include provisions for the convening of meetings of the holders of the Notes to consider any matter affecting their interests, including, without limitation, any amendment, supplement or waiver described above under the caption ''—Amendments and Waivers'' (including with respect to those matters set forth in clauses (a) through (h) of paragraph (1) thereunder). A meeting may be convened either (i) by the directors of the Issuer, (ii) by the Noteholders' Representative (as defined below) or (iii) upon request by holders of at least 5.0% of the aggregate principal amount of the outstanding Notes.

According to the Italian Civil Code, the vote required to pass a resolution by a meeting of holders of the Notes will be (a) in the case of the first meeting, one or more persons that hold or represent holders of more than one half of the aggregate principal amount of the outstanding Notes, and (b) in the case of the second and any further adjourned meeting, one or more persons that hold or represent holders of at least two-thirds of the aggregate principal amount of the Notes so present or represented at such meeting. Any such second or further adjourned meeting will be validly held if there are one or more persons present that hold or represent holders of more than one-third of the aggregate principal amount of the outstanding Notes; *provided*, *however*, that the Issuer's bylaws may provide for a higher quorum (to the extent permitted under Italian law). Certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the amendment of the economic terms and conditions of the Notes) may only be approved by a resolution passed at a meeting of holders of the Notes (including any adjourned meeting) by one or more persons present that hold or represent holders of not less than one-half of the aggregate principal amount of the outstanding Notes.

With respect to the matters set forth in clause (a) through (h) of the first paragraph under ''—Amendments and Waivers,'' and to the extent permitted under Italian law, the Indenture will contractually increase the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass a resolution with respect to such matters from 50% to 75% of the aggregate principal amount of the outstanding Notes. See ''Risk Factors—Risks Relating to the Notes—The Issuer may amend the economic terms and conditions of the Notes without the prior consent of Noteholders with the vote of either 75% or 50% of the outstanding Notes.'' Any resolution duly passed at any such meeting shall be binding on all the holders of the Notes, whether or not such holder was present at such meeting or voted to approve such resolution. To the extent provided by the Italian Civil Code, the resolutions passed by a meeting of holders of the Notes can be challenged by holders pursuant to Articles 2377 and 2379 of the Italian Civil Code.

The Indenture will provide that the provisions described under this ''Meeting of Holders of Notes'' shall be in addition to, and not in substitution of, the provisions described under the caption ''—Amendments and Waivers.'' As such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this ''Meeting of Holders of Notes'' must also comply with the other provisions described under ''—Amendments and Waivers.''

Noteholders' Representative

A representative of the holders of the Notes (*rappresentante comune*) (the ''Noteholders' Representative'') may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the holders of the Notes in order to represent the interests of the holders of the Notes pursuant to Article 2418 of the Italian Civil Code as well as to give effect to resolutions passed at a meeting of the holders of the Notes. Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the holders of the Notes of the initial appointment as of the Issue Date of the Trustee as the Noteholders' Representative. If the Noteholders' Representative is not appointed by a meeting of the holders of the Notes, the Noteholders' Representative shall be appointed by a decree of the Court where the Issuer has its registered office upon the request of one or more holders of the Notes or upon the request of the directors of the Issuer. The Noteholders' Representative remains appointed for a maximum period of three years but may be reappointed again thereafter.

Currency Indemnity

Euro is the sole currency of account and payment for all sums payable under the Notes, the Guarantees and the Indenture. Any amount received or recovered in respect of the Notes or the Guarantees in a currency other than euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer, any Subsidiary or otherwise) by the Trustee or a Holder of the Notes in respect of any sum expressed to be due to such Holder from the Issuer or the Guarantors will constitute a discharge of their obligation only to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in such other currency on the date of that receipt or recovery (or, if it is not possible to purchase euro on that date, on the first date on which it is possible to do so). If the euro amount that could be recovered following such a purchase is less than the euro amount expressed to be due to the recipient under any Note, the Issuer and the Guarantors will jointly and severally indemnify the recipient against the cost of the recipient's making a further purchase of euro in an amount equal to such difference. For the purposes of this paragraph, it will be sufficient for the Holder to certify that it would have suffered a loss had the actual purchase of euro been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of euro on that date had not been possible, on the first date on which it would have been possible). These indemnities, to the extent permitted by law:

(a) constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations;

(b) give rise to a separate and independent cause of action;

(c) apply irrespective of any waiver granted by any Holder; and

(d) will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

Notices

Notices regarding the Notes will be published, if and for as long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, in a newspaper having a general circulation in Luxembourg (which is currently expected to be the *Luxemburger Wort*), or to the extent and in the manner permitted by the rules and regulations of the Luxembourg Stock Exchange, posted on the official website of the Luxembourg Stock Exchange, *www.bourse.lu*.

If and so long as the Notes are listed on any other securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee or incorporator of the Issuer or any Guarantor or stockholder of the Company, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture, the Guarantees, the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note will waive and release all such liability. The waiver and release will be part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under U.S. federal securities laws.

The Trustee

The Indenture will contain limitations on the rights of the Trustee under the Indenture in the event the Trustee becomes a creditor of the Issuer or any Guarantor.

The Indenture will contain provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction.

Governing Law

The Indenture, the Notes and the Guarantees will be governed by and construed in accordance with the laws of New York. The Intercreditor Agreement and any non-contractual obligations arising out of it will be governed by and construed in accordance with the laws of England and Wales. The Security Documents will be governed by and construed in accordance with the laws of various jurisdictions.

Prescription

Claims against the Issuer or any Guarantor for payment of principal, interest and Additional Amounts, if any, on the Notes will become void unless presentment for payment is made (where so required under the Indenture) within, in the case of principal and Additional Amounts, if any, a period of ten years or, in the case of interest, a period of six years, in each case from the applicable original date of payment therefor.

Certain Definitions

''Acquired Debt'' means Debt of a Person:

(a) existing at the time such Person becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary; or

(b) assumed in connection with the acquisition of assets from any such Person.

Acquired Debt will be deemed to be Incurred on the date the acquired Person becomes a Restricted Subsidiary (or is merged into or consolidated with the Company or any Restricted Subsidiary, as the case may be) or the date of the related acquisition of assets from any Person.

''Affiliate'' means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, ''control,'' when used with respect to any specified Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms ''controlling,'' ''controlled'' have meanings correlative to the foregoing.

''Applicable Redemption Premium'' means, with respect to any Note on any redemption date, the greater of:

(a) 1.0% of the principal amount of the Note; and

(b) the excess of:

    (i) the present value at such redemption date of: (x) the redemption price of such Note at   , 2015 (such redemption price being set forth in the table appearing below the caption ''—Optional Redemption—Optional Redemption on or after   , 2015''); plus (y) all required interest payments that would otherwise be due to be paid on such Note during the period between the redemption date and   , 2015 (excluding accrued but unpaid interest), computed using a discount rate equal to the Bund Rate at such redemption date *plus* 50 basis points; over

(ii) the outstanding principal amount of the Note.

For the avoidance of doubt, the calculation of the Applicable Redemption Premium shall not be a duty or obligation of the Trustee or the paying agents.

''Asset Sale'' means any sale, issuance, conveyance, transfer, lease or other disposition (including, without limitation, by way of merger, consolidation, amalgamation or other combination or Sale and Leaseback Transaction) (collectively, a ''transfer''), directly or indirectly, in one or a series of related transactions, of:

(a) any Capital Stock of any Subsidiary (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Subsidiary);

(b) all or substantially all of the properties and assets of any division or line of business of the Company or any of its Restricted Subsidiaries; or

(c) any other properties or assets of the Company or any Restricted Subsidiary.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(i) any single transaction or series of related transactions that involves assets or Capital Stock having a Fair Market Value of less than €3.0 million;

(ii) any transfer or disposition of assets by the Company to any Restricted Subsidiary, or by any Restricted Subsidiary to the Company or any Restricted Subsidiary, and otherwise in accordance with the terms of the Indenture;

(iii) any transfer or disposition of obsolete, surplus, damaged or permanently retired equipment, facilities or inventory that are no longer useful in the conduct of the Company's and any Restricted Subsidiary's business;

(iv) sales or dispositions of Receivables in connection with any factoring transaction in the ordinary course of business or on arms' length terms;

(v) any transfer or disposition of assets that is governed by the provisions of the Indenture described under ''—Certain Covenants—Merger, Consolidation or Sale of Assets'' or ''—Certain Covenants—Change of Control;''

(vi) the making of a Permitted Investment or any Restricted Payment made in compliance with ''—Certain Covenants—Limitation on Restricted Payments.''

(vii) the sale, lease, sublease, license, sublicense, assignment or other disposition of any real or personal property or any equipment, inventory, software or intellectual property, or other assets in the ordinary course of business;

(viii) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary, an issuance or sale of by a Restricted Subsidiary of Preferred Stock or Redeemable Capital Stock that is permitted by the covenant described above under ''—Certain Covenants—Limitation on Debt;''

(ix) any transfer, termination, unwinding or other disposition of Hedging Agreements not for speculative purposes;

(x) sales of assets received by the Company or any Restricted Subsidiary upon the foreclosure on a Lien granted in favor of the Company or any Restricted Subsidiary;

(xi) the foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets or any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(xii) the granting of Liens not prohibited by the covenant described above under the caption ''—Certain Covenants—Limitation on Liens;''

(xiii) the sale or other disposition of cash or Cash Equivalents;

(xiv) the disposition of Receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(xv) the surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(xvi) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person) related to such assets; and

(xvii) any issuance, sale, transfer or other disposition of Capital Stock of, or Debt or other securities of, any Unrestricted Subsidiary.

''Average Life'' means, as at the date of determination with respect to any Debt, the quotient obtained by dividing:

(a) the sum of the products of:

(i) the numbers of years from the date of determination to the date or dates of each successive scheduled principal payment of such Debt; multiplied by

(ii) the amount of each such principal payment;

by

(b) the sum of all such principal payments.

''Beneficial Owner'' has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular ''person'' (as that term is used in Section 13(d)(3) of the Exchange Act), such ''person'' will be deemed to have beneficial ownership of all securities that such ''person'' has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms ''Beneficially Owns'' and ''Beneficially Owned'' have a corresponding meaning.

''Board of Directors'' means:

(a) with respect to any corporation, the board of directors or managers of the corporation (which, in the case of any corporation having both a supervisory board and an executive or management board, shall be the executive or management board) or any duly authorized committee thereof;

(b) with respect to any partnership, the board of directors of the general partner of the partnership or any duly authorized committee thereof;

(c) with respect to a limited liability company, the managing member or members (or analogous governing body) or any controlling committee of managing members thereof; and

(d) with respect to any other Person, the board or any duly authorized committee thereof or committee of such Person serving a similar function.

''Bund Rate'' means, with respect to any redemption date, the rate per annum equal to the equivalent yield to maturity as at such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

(a) ''Comparable German Bund Issues'' means the German *Bundesanleihe* security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to , 2015 and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to , 2015; *provided* that if the period from such redemption date to , 2015, is less than one year, a fixed maturity of one year shall be used;

(b) ''Comparable German Bund Price'' means, with respect to any redemption date, the average of the Reference German Bund Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(c) ''Reference German Bund Dealer'' means any dealer of German Bundesanleihe securities appointed by the Issuer in good faith; and

(d) ''Reference German Bund Dealer Quotations'' means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund issue (expressed, in each case, as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3.30 p.m. Frankfurt, Germany time on the third business day preceding such redemption date.

''Business Day'' means a day other than a Saturday, Sunday or other day on which banking institutions in Milan, New York, London or a place of payment under the Indenture are authorized or required by law to close.

''Capital Stock'' means, with respect to any Person, any and all shares, interests, partnership interests (whether general or limited), participations, rights in or other equivalents (however designated) of such Person's equity, any other interest or participation that confers the right to receive a share of the profits and losses, or distributions of assets of, such Person and any rights (other than debt securities convertible into or exchangeable for Capital Stock), warrants or options exchangeable for, or convertible into, such Capital Stock, whether now outstanding or issued after the Issue Date.

''Capitalized Lease Obligation'' means, with respect to any Person, any obligation of such Person under a lease of (or other agreement conveying the right to use) any property (whether real, personal or mixed), which obligation is required to be classified and accounted for as a capital lease obligation under IFRS (as in effect on the Issue Date for purposes of determining whether a lease is a Capitalized Lease Obligation), and, for purposes of the Indenture, the amount of such obligation at any date will be the capitalized amount thereof at such date, determined in accordance with IFRS and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

''Cash Equivalents'' means any of the following:

(a) Euro, U.S. dollars and sterling, Swiss francs, the national currency of any member state in the European Union or, in the case of any Restricted Subsidiary that is not organized or existing under the laws of the United States, any member state of the European Union or any state or territory thereof, such local currencies held by it from time to time in the ordinary course of business;

(b) any evidence of Debt denominated in euro, sterling or U.S. dollars with a maturity of 365 days or less from the date of acquisition, issued or directly and fully guaranteed or insured by a member state (an ''EU Member State'') of the European Union whose sole lawful currency on the Issue Date is euro, the government of the United Kingdom of Great Britain and Northern Ireland, the United States of America, any state thereof or the District of Columbia, or any agency or instrumentality thereof (each, an ''Approved Jurisdiction'');

(c) time deposit accounts, certificates of deposit, money market deposits or bankers' acceptances denominated in euro, sterling or U.S. dollars with a maturity of 365 days or less from the date of acquisition issued by a bank or trust company organized in an EU Member State, the United Kingdom of Great Britain and Northern Ireland or any commercial banking institution that is a member of the U.S. Federal Reserve System, in each case, having combined capital and surplus and undivided profits of not less than €250 million, whose long-term, unsecured, unsubordinated and unguaranteed debt has a rating, at the time any investment is made therein, of at least ''A'' or the equivalent thereof from S&P and at least ''A2'' or the equivalent thereof from Moody's;

(d) commercial paper with a maturity of 365 days or less from the date of acquisition issued by a corporation that is not the Company's or any Restricted Subsidiary's Affiliate and which is incorporated under the laws of an EU Member State, the United Kingdom of Great Britain and Northern Ireland, the United States of America or any state thereof and, at the time of acquisition, having a short-term credit rating of at least ''A2'' or the equivalent thereof from S&P or at least ''P2'' or the equivalent thereof from Moody's;

(e) repurchase obligations with a term of not more than seven days for underlying securities of the type described in clauses (b) and (c) above, entered into with a financial institution meeting the qualifications described in clause (c) above;

(f) Debt issued by Persons (other than the Company or any of its Affiliates) with a rating of ''A'' or the equivalent thereof or higher from S&P or ''A2'' or the equivalent thereof or higher from Moody's, in each case, with maturities not exceeding two years from the date of acquisition; and

(g) Investments in money market mutual funds at least 95% of the assets of which constitute Cash Equivalents of the kind described in clauses (a) through (f) above or are otherwise rated ''AAA'' or higher by S&P and ''Aaa'' from Moody's.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clause (a) above, *provided* that such amounts are converted into any currency listed in clause (a) as promptly as practicable and in any event within ten Business Days following the receipt of such amounts.

''Change of Control'' means the occurrence of any of the following events:

(a) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to any Person (including any ''person'' (as that term is used in Section 13(d)(3) of the Exchange Act)) other than a Permitted Holder (other than any such sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of the Company to an Affiliate of the Company for the purpose of reincorporating the Company in another jurisdiction, changing domicile or changing corporate form; *provided* that such transaction complies with the covenant described under the heading ''—Certain Covenants—Merger, Consolidation or Sale of Assets'');

(b) the consummation of any transaction as a result of which any Person (including any ''person'' as defined above) other than a Permitted Holder becomes the Beneficial Owner of more than 50% of the issued and outstanding Voting Stock of the Company measured by voting power rather than number of shares; or

(c) the first day on which the Company should fail to directly own 100% of the issued and outstanding Voting Stock and Capital Stock of the Issuer or otherwise cease to control the Issuer.

''Clearstream'' means Clearstream Banking, *société anonyme*.

''Commission'' means the U.S. Securities and Exchange Commission.

''Consolidated EBITDA'' means the sum of (A) Consolidated Net Income *plus* (or *minus*, if applicable, in the case of clauses (e) and (f)) (B) in each case to the extent deducted (or added, if applicable, in the cases of clauses (e) and (f)) in computing Consolidated Net Income for such period:

(a) Consolidated Interest Expense;

(b) Consolidated Tax Expense;

(c) the aggregate depreciation, amortization (including amortization of goodwill and other intangibles and deferred financing fees, impairment charges and the impact of purchase accounting) and other non-cash expenses of the Company and the Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with IFRS (excluding any such non-cash charge that requires an accrual of or reserve for cash charges for any future period);

(d) any expenses, charges or other costs related to the issuance of any Capital Stock (including pursuant to an employee benefit plan), or any Permitted Investment, acquisition, disposition, recapitalization or listing or the incurrence of Debt permitted to be incurred under the covenant described above under the caption ''—Certain Covenants—Limitation on Debt'' (including any refinancing thereof) whether or not successful, including (i) such fees, expenses or charges related to any incurrence of Debt and (ii) any amendment or other modification of any Debt;

(e) any foreign currency translation gains or losses (including losses relating to currency remeasurements of Debt) and gains or losses from Hedging Agreements of the Company and its Restricted Subsidiaries;

(f) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (a) through (m) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business;

(g) the proceeds of any business interruption insurance actually received during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;

(h) the amount of any acquisition costs and any integration costs and expenses relating to or arising from any acquisitions, to the extent such costs were deducted in computing such Consolidated Net Income; and

(i) to the extent actually reimbursed during such period, expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income.

''Consolidated Fixed Charge Coverage Ratio'' of the Company means, for any period, the ratio of (1) Consolidated EBITDA to (2) Consolidated Interest Expense. In the event that the Company or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Debt subsequent to the commencement of the period for which the Consolidated Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Fixed Charge Coverage Ratio is made (the ''Calculation Date''), then the Consolidated Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Debt, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period (except that, in making such calculation, the amount of Debt under any revolving credit facility shall be computed based on the average daily balance of such Debt during such period); *provided*, *however*, that the *pro forma* calculation shall not give effect to (i) any Debt incurred on the Calculation Date pursuant to the provisions described in paragraph (2) under ''—Certain Covenants—Limitation on Debt'' (other than for the purpose of calculating the Consolidated Fixed Charge Coverage Ratio under clause (l) thereunder) or (ii) the discharge on the Calculation Date of any Debt to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in paragraph (2) under ''—Certain Covenants—Limitation on Debt.''

In addition, for purposes of calculating the Consolidated Fixed Charge Coverage Ratio:

(a) acquisitions and Investments that have been made by the Company or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Company or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expense and cost reductions and cost synergies) as if they had occurred on the first day of the four-quarter reference period.

(b) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period;

(c) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the Company or any of its Restricted Subsidiaries following the Calculation Date;

(d) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(e) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(f) if any Debt bears a floating rate of interest, the interest expense on such Debt will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Debt, and if any Debt is not denominated in the Company's functional currency, that Debt for purposes of calculation of the Consolidated Fixed Charge Covering Ratio shall be treated in accordance with IFRS).

''Consolidated Interest Expense'' means, for any period, without duplication and, in each case, determined on a consolidated basis in accordance with IFRS, the sum of:

(a) the Company's and the Restricted Subsidiaries' finance expenses (net of finance income) for such period, *plus*, to the extent not otherwise included in finance expenses:

  (i) amortization of original issue discount (but not deferred financing fees, debt issuance costs, commissions, fees and expenses);

  (ii) any payments with respect to interest rate Hedging Agreements (excluding amortization of fees or any non-cash interest expense attributable to the movement in the mark-to-market valuation of such agreements);

  (iii) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and similar transactions; and

  (iv) the interest portion of any deferred payment obligation; *plus*

(b) the interest component of the Company's and the Restricted Subsidiaries' Capitalized Lease Obligations accrued and/or scheduled to be paid or accrued during such period other than the interest component of Capitalized Lease Obligations between or among the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries; *plus*

(c) the Company's and the Restricted Subsidiaries' non-cash interest expenses and interest that was capitalized during such period (excluding any such interest in respect of any Subordinated Shareholder Funding); *plus*

(d) any interest on Indebtedness of another Person that is guaranteed by the Company or any of its Restricted Subsidiaries or secured by a Lien on assets of the Company or any of its Restricted Subsidiaries, to the extent paid in cash by the Company or its Restricted Subsidiaries; *plus*

(e) all cash dividends paid on the Company's Redeemable Capital Stock or the Preferred Stock of the Company or its Restricted Subsidiaries, in each case, excluding items eliminated in consolidation; *minus*

(f) (i) accretion or accrual of discounted liabilities other than Debt, (ii) any expense resulting from the discounting of any Debt in connection with the application of purchase accounting in connection with any acquisition, (iii) interest with respect to Debt of any Holding Company of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under IFRS and (iv) any non-cash interest expense and interest that was capitalized during such period relating to Subordinated Shareholder Funding.

''Consolidated Leverage'' means, as of any date of determination, the sum of the total amount of Debt of the Company and its Restricted Subsidiaries on a consolidated basis.

''Consolidated Leverage Ratio'' of the Company means, as of any date of determination, the ratio of (a) the Consolidated Leverage as of the end of the most recent quarterly period for which financial statements are available to (b) Consolidated EBITDA for the most recent four quarters for which financial statements are available; in each case, with such *pro forma* adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Fixed Charge Coverage Ratio.

''Consolidated Net Income'' means, for any period, the Company's and the Restricted Subsidiaries' consolidated net income/(loss) for such period as determined in accordance with IFRS, and without any reduction in respect of Preferred Stock dividends, adjusted by excluding (to the extent included in such consolidated net income/(loss)), without duplication:

(a) any goodwill or other intangible asset amortization or impairment charges;

(b) the portion of net income or loss of any Person (other than the Company or a Restricted Subsidiary), including Unrestricted Subsidiaries, in which the Company or any Restricted Subsidiary has an equity ownership interest which is accounted for using the equity method of

accounting, except that the Company's or a Restricted Subsidiary's equity in the net income of such Person for such period shall be included in such Consolidated Net Income to the extent of the aggregate amount of dividends or other distributions actually paid to the Company or any Restricted Subsidiary in cash dividends or other distributions during such period;

(c) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of paragraph (2) of the ''Limitation on Restricted Payments'' covenant, the net income (but not the loss) of any Non-Guarantor Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary to the Company (or any Guarantor that holds the Capital Stock of such Restricted Subsidiary, as applicable) is not at the date of determination permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary or its shareholders (other than (i) restrictions that have been waived or otherwise released or the Company reasonably believes could be released or waived, (ii) restrictions pursuant to the Notes and the Indenture or the Revolving Credit Facility Agreement, (iii) contractual restrictions in effect on the Issue Date and any extensions thereof with respect to such Restricted Subsidiary, (iv) restrictions specified in clauses (a), (c) or (n) of paragraph (2) of the covenant described under ''—Limitation on Dividends and Other Payment Restriction Affecting Restricted Subsidiaries'' and (v) other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions that exist on the Issue Date), except that the Company's or a Restricted Subsidiary's equity in the net income of such Person for such period shall be included in such Consolidated Net Income to the extent of the aggregate amount of dividends or other distributions actually paid to the Company or any Restricted Subsidiary in cash dividends or other distributions during such period (or the portion thereof that would be permitted to be paid pursuant to the applicable restrictions);

(d) any net gain arising from the acquisition of any securities or extinguishment, under IFRS, of any Debt of such Person;

(e) any after-tax effect of gains or losses attributable to asset dispositions other than in the ordinary course of business and the net income or loss attributable to discontinued operations (including, without limitation, operations disposed of during such period whether or not such operations were classified as discontinued);

(f) any extraordinary, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs, acquisition costs, costs related to litigation or governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes; or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(g) any expenses or other costs related to the Refinancing;

(h) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards or any income (loss) attributable to deferred compensation plans or trusts and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;

(i) all deferred financing costs written off and premium paid or other expenses incurred directly in connection with any early extinguishment of Debt or hedging obligations and any net gain (loss) from any write off or forgiveness of Debt;

(j) any increases in amortization or depreciation resulting from acquisition accounting, in each case, in relation to any acquisition of another Person or business or resulting from any reorganization involving the Company or its Subsidiaries;

(k) any unrealized gains or losses in respect of Hedging Agreements or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions;

(l) any non-cash interest expense or interest that was capitalized, in each case, in respect of Subordinated Shareholder Funding;

(m) any unrealized foreign currency transaction gains or losses in respect of Debt of any Person denominated in a currency other than the functional currency of such Person, and any unrealized foreign currency transaction gains or losses in respect of Debt or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies; and

(n) the cumulative effect of a change in accounting principles.

''Consolidated Senior Secured Leverage'' means, as of any date of determination, the sum of the total amount of Senior Secured Debt of the Company and its Restricted Subsidiaries on a consolidated basis.

''Consolidated Senior Secured Leverage Ratio'' of the Company means, as of any date of determination, the ratio of (1) the Consolidated Senior Secured Leverage as of the end of the most recent quarterly period for which financial statements are available to (2) Consolidated EBITDA for the most recent four quarters for which financial statements are available; in each case, with such *pro forma* adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Fixed Charge Coverage Ratio.

''Consolidated Tax Expense'' means, for any period with respect to any Relevant Taxing Jurisdiction, the provision for all national, local and foreign federal, state or other taxes of the Company and the Restricted Subsidiaries for such period on income, profits or capital as determined on a consolidated basis in accordance with IFRS.

''Consolidated Total Assets'' means, with respect to any specified Person at any time, the total assets of such Person and its Subsidiaries which are Restricted Subsidiaries, in each case, as shown on the most recent balance sheet of such Person, determined on a consolidated basis in accordance with IFRS, which shall be calculated on a *pro forma* basis giving effect to acquisitions or dispositions of assets to be made on the Calculation Date.

''Contingent Obligations'' means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Debt (''primary obligations'') of any other Person (the ''primary obligor''), including any obligation of such Person, whether or not contingent:

(a) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(b) to advance or supply funds:

    (i) for the purchase or payment of any such primary obligation; or

    (ii) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

''Credit Facility'' or ''Credit Facilities'' means, one or more debt facilities or indentures, as the case may be, instruments or arrangements (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, other institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of Receivables to such institutions or to special purpose entities formed to borrow from such institutions against such Receivables), letters of credit, notes or other Debt, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks or institutions and whether provided under the Revolving Credit Facility Agreement or one or more other credit or other agreements, financing agreements or otherwise) and, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term ''Credit Facilities'' shall include any agreement or instrument (a) changing the

maturity of any Debt Incurred thereunder or contemplated thereby, (b) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (c) increasing the amount of Debt Incurred thereunder or available to be borrowed thereunder or (d) otherwise altering the terms and conditions thereof.

''Debt'' means, with respect to any Person, without duplication:

(a) the principal amount of all indebtedness of such Person for borrowed money;

(b) the principal amount of the obligations of such Person to pay for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities Incurred in the ordinary course of business, due more than one year after such property is acquired or such services are completed;

(c) the principal amount of all indebtedness of such Person evidenced by bonds, notes, debentures or other similar instruments;

(d) all reimbursement obligations, of such Person in connection with any letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case, only to the extent that the underlying obligation in respect of which the investment was issued would be treated as Debt;

(e) all Capitalized Lease Obligations of such Person;

(f) all obligations of such Person under or in respect of Hedging Agreements (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement);

(g) the principal amount of all Debt referred to in (but not excluded from) the preceding clauses (a) through (f) of other Persons, the payment of which is secured by any Lien upon the assets of such Person, (the amount of such obligation being deemed to be the lesser of the Fair Market Value of such property or asset and the amount of the obligation so secured);

(h) all guarantees by such Person of the principal amount of Debt referred to in this definition of any other Person;

(i) all Redeemable Capital Stock of such Person valued at its voluntary fixed repurchase price as if it were purchased on a date on which its value is required to be determined, or if the Redeemable Capital Stock does not have a fixed repurchase price, its Fair Market Value; and

(j) the principal component of obligations, or liquidation value, of such person with respect to Preferred Stock of any Restricted Subsidiary;

if and to the extent any of the preceding items (other than letters of credit and Hedging Agreements) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS.

The term ''Debt'' shall not include: (i) non-interest bearing installment obligations, Contingent Obligations Incurred in the ordinary course of business and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due; (ii) anything accounted for as an operating lease or that would be accounted for as an operating lease in accordance with IFRS as in effect on the Issue Date; (iii) any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage taxes; (iv) any Subordinated Shareholder Funding; (v) any prepayments or deposits received from customers or obligations in respect of funds held on behalf of customers (including, without limitation, in relation to periodic purchase volume or sales incentive rebates), in each case, in the ordinary course of business; (vi) any obligations under any license, permit or approval or guarantees thereof incurred prior to the Issue Date in the ordinary course of business; and (vii) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such

business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid in a timely manner.

''Default'' means any event that is, or after the giving of notice or passage of time or both would be, an Event of Default.

''Designated Non-Cash Consideration'' means the Fair Market Value of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash and Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the ''Limitation on Asset Sales'' covenant.

''Disinterested Member'' means, with respect to any transaction or series of related transactions, a member of the Company's Board of Directors who does not have any material direct or indirect financial interest in or with respect to such transaction or series of related transactions. A member of the Company's Board of Directors will not be deemed to have such a financial interest solely by reason of such member holding Capital Stock of the Company or any Holding Company or any options, warrants or other rights in respect of such Capital Stock or being a creditor under any shareholder funding.

''Equity Offering'' means any public or private sale of Capital Stock (other than Redeemable Capital Stock) of the Company or any Holding Company of the Company, other than (a) public offerings on Form S-4 or S-8 or equivalent forms in jurisdictions other than the United States or (b) an issuance to any Subsidiary of the Company.

''Escrowed Proceeds'' means the proceeds from the offering of any debt securities or other Debt paid into an escrow account with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term ''Escrowed Proceeds'' shall include any interest earned on the amounts held in escrow.

''euro'' or ''€'' means the lawful currency of the member states of the European Union that participate in the third stage of the European Economic and Monetary Union.

''Euro Equivalent'' means, with respect to any monetary amount in a currency other than euro, at any time for the determination thereof, the amount of euro obtained by converting such foreign currency involved in such computation into euro at the spot rate for the purchase of euro with the applicable foreign currency as published under ''*Currency Rates*'' in the section of *The Financial Times* entitled ''*Currencies, Bonds & Interest Rates*'' on the date two Business Days prior to such determination.

''Euroclear'' means Euroclear Bank, SA/NV.

''European Government Obligations'' means direct obligations (or certificates representing an ownership interest in such obligations) of a member state of the European Union (including any agency or instrumentality thereof) for the payment of which the full faith and credit of such government is given; *provided* that such country (or agency or instrumentality) has a long-term government debt rating of at least ''Aa3'' or higher by Moody's and ''AA–'' or higher by S&P's or the equivalent rating category of another internationally recognized rating agency as of the date of investment.

''European Union'' means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004.

''Exchange Act'' means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

''Excluded Contribution'' means the net cash proceeds received by the Company as capital contributions to the equity (other than through the issuance of Redeemable Capital Stock) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of

Capital Stock (other than Redeemable Capital Stock) of the Company or Subordinated Shareholder Funding of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company delivered substantially concurrent with such contribution.

''Fair Market Value'' means, with respect to any asset or property, the sale value that would be obtained in an arm's length free market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Company's Chief Executive Officer, Chief Financial Officer or responsible accounting or financial officer.

''guarantee'' means, as applied to any Debt:

(a) a guarantee (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business), direct or indirect, in any manner, of any part or all of such Debt; and

(b) an agreement, direct or indirect, contingent or otherwise, the practical effect of which is to assure in any way the payment or performance (or payment of damages in the event of non-performance) of all or any part of such Debt, including, without limiting the foregoing, by the pledge of assets and the payment of amounts drawn down under letters of credit.

''Guarantee'' means any guarantee of the Issuer's obligations under the Indenture and the Notes by the Company, any Restricted Subsidiary of the Company or any other Person in accordance with the provisions of the Indenture. When used as a verb, ''Guarantee'' shall have a corresponding meaning.

''Guarantors'' means each of (a) the Company, Z Gamma B.V., Zobele España, S.A.U., Zobele International B.V., Zobele México, S.A. de C.V. and Zobele Bulgaria EooD and (b) any other Person that executes a Guarantee in accordance with the provisions of the Indenture.

''Hedging Agreements'' means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, commodity swap agreement, commodity cap agreement, commodity collar agreement, foreign exchange contracts, currency swap agreement or similar agreement providing for the transfer or mitigation of interest rate, commodity price or currency risks either generally or under specific contingencies.

''Holder'' means the Person in whose name a Note is recorded on the Registrar's books.

''Holding Company'' of a Person means any other Person (other than a natural person) of which the first Person is a Subsidiary.

''IFRS'' means International Financial Reporting Standards as adopted by the European Union, as in effect on the Issue Date.

''Independent Financial Advisor'' means an investment banking firm, bank, accounting firm or third party appraiser, in any such case, of international standing; *provided* that such firm is not an Affiliate of the Company.

''Initial Investor Group Affiliate'' (a) any controlling stockholder, partner or member, or any 50% (or more) owned Subsidiary, or immediate family member (in the case of an individual and including, without limitation, any immediate family member of Richard Hanson or the late Nigel Doughty or a trust of which one or more of them are beneficiaries), of an Initial Investor; or (b) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding a 50% or more controlling interest of which consist of an Initial Investor and/or such other Persons referred to in clause (a) of this definition.

''Initial Investors'' means (a) Doughty Hanson and Co. Managers Limited and its Affiliates, any trust, fund, company, partnership or other Person owned, managed, sponsored or advised by or under common control with Doughty Hanson and Co. Managers Limited or its Affiliates, but not including any portfolio companies of the foregoing, and Affiliates for this purpose will include any company or partnership or limited liability partnership or similar entity which becomes the manager of the partnerships constituting Doughty Hanson & Co IV, *provided* that such entity is initially under the control of Richard Hanson whether or not he later cedes control to current or future members or employees of that entity, and (b) senior management of the Company or its business.

''Initial Public Offering'' means the first public offering of common stock or common equity interests of the Company or any Holding Company of the Company (the ''IPO Entity'') following which such common stock or common equity interests are listed on an internationally recognized securities exchange.

''Intercreditor Agreement'' means that certain intercreditor agreement dated on or about the Issue Date, by and among others, the Issuer, the Company, certain subsidiaries of the Company, the Security Agent, UniCredit Bank AG, Milan Branch, as facility agent under the Revolving Credit Facility Agreement, the lenders under the Revolving Credit Facility Agreement, the Trustee (on behalf of itself and the Holders of the Notes), the Hedge Counterparties, if any, the Intra-Group Lenders and the Shareholder Creditors (each as defined therein).

''Investments'' means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other similar obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions in consideration of Debt, Capital Stock or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS. Endorsement of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Capital Stock of any direct or indirect Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in the definition of Fair Market Value. The acquisition by the Company or any Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Subsidiary in such third Person in an amount equal to the Fair Market Value. Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

''Issue Date'' means on or around , 2013.

''Italian Civil Code'' or ''ICC'' means the Italian civil code, enacted by Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented.

''Lien'' means any mortgage or deed of trust, charge, pledge, lien (statutory or otherwise), privilege, security interest, hypothecation, assignment for or by way of security or other encumbrance upon or with respect to any property of any kind, real or personal, movable or immovable, now owned or hereafter acquired.

''Market Capitalization'' means an amount equal to (a) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the date the relevant Restricted Payment is made, *multiplied by* (b) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date the relevant Restricted Payment is made.

''Maturity'' means, with respect to any debt, the date on which any principal of such debt becomes due and payable as therein or herein provided, whether at the Stated Maturity with respect to such principal or by declaration of acceleration, call for redemption or purchase or otherwise.

''Moody's'' means Moody's Investors Service, Inc. and its successors.

''Net Cash Proceeds'' means, with respect to any Asset Sale, the cash proceeds thereof including payments in respect of deferred payment obligations when received, in the form of, or Cash Equivalents or stock or other assets when disposed for, cash (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary), net of:

(a) sales or brokerage commissions and other fees and expenses (including, without limitation, fees and expenses of legal counsel, accountants, investment banks and other consultants) related to such Asset Sale and any relocation expenses as a result of such Asset Sale;

(b) provisions for all taxes paid or payable, or required to be accrued as a liability under IFRS as a result of such Asset Sale;

(c) all distributions and other payments required to be made to any Person (other than the Company or any Restricted Subsidiary) owning a beneficial interest in the assets (or entity that holds the assets) subject to the Asset Sale; and

(d) appropriate amounts required to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve in accordance with IFRS against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations or purchase price adjustment obligations associated with such Asset Sale.

''Officer's Certificate'' means a certificate signed by an officer of the Issuer, a Guarantor or a Surviving Entity, as the case may be, and delivered to the Trustee.

''Pari Passu Debt'' means (a) any Debt of the Issuer that ranks equally in right of payment with the Notes or (b) any Debt of a Guarantor that ranks equally in right of payment to such Guarantor's Guarantee.

''Permitted Business'' means (a) any businesses, services or activities engaged in by the Company or any of the Restricted Subsidiaries on the Issue Date and (b) any businesses, services and activities engaged in by the Company or any of the Restricted Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

''Permitted Collateral Liens'' means:

(a) Liens on the Collateral to secure the Notes (or the Guarantees) or any Additional Notes (or any Guarantee of Additional Notes) and any Permitted Refinancing Debt in respect thereof; *provided* that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided further* that all property and assets (including, without limitation, the Collateral) securing such Additional Notes (or any guarantee of Additional Notes) or Permitted Refinancing Debt secures the Notes and the Guarantees on a senior or *pari passu* basis (including by application of payment order, turnover or equalization provisions of any intercreditor agreement or other agreement);

(b) Liens on the Collateral to secure (i) Senior Debt permitted by clauses (a), (e) (to the extent such guarantee is in respect of Debt otherwise permitted to be secured by the Collateral), (r) and (s) of the definition of Permitted Debt and (ii) Senior Secured Debt permitted by the first paragraph of the covenant entitled ''Limitation on Debt'' and Permitted Refinancing Debt in respect thereof; *provided* that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided further* that all property and assets (including, without limitation, the Collateral) securing such Debt secures the Notes and the Guarantees on a senior or *pari passu* basis (including by application of payment order, turnover or equalization provisions of any intercreditor agreement or other agreement), except that Debt Incurred under a revolving credit facility pursuant to clause (a) of the definition of Permitted Debt may receive priority as to the receipt of proceeds from any enforcement of Collateral;

(c) Liens on the Collateral securing the Company's or any Restricted Subsidiary's obligations under Hedging Agreements permitted by clause (h) of the definition of Permitted Debt; *provided* that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided further* that all property and assets (including, without limitation, the Collateral) securing such obligations secures the Notes and the Guarantees on a senior or *pari passu* basis (including by application of payment order, turnover or equalization provisions of any intercreditor agreement or other agreement), except that any currency and interest obligations Incurred pursuant to clause (h) of the definition of Permitted Debt under Hedging Agreements in respect of (X) the Notes, any Additional Notes and any Permitted Refinancing Debt in respect thereof and (Y) Debt Incurred under a revolving credit facility pursuant to clause (a) of the definition of Permitted Debt, in each case, may receive priority as to the receipt of proceeds from any enforcement of Collateral;

(d) Liens on the Collateral that are described in one or more of clauses (f), (g), (h), (i), (j), (k), (l) (to the extent the acquired assets become Collateral and any Liens on such assets at the time they are acquired are not released), (n), (o), (p), (r), (z), (aa) and (cc) of the definition of Permitted Liens; and

(e) Liens incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries with respect to obligations that in total do not exceed €7.5 million at any one time outstanding and that (i) are not incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (ii) do not in

the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of the Company's or such Restricted Subsidiary's business;

provided that not more than: (x) €30.0 million in aggregate principal amount at any one time outstanding and Incurred under a revolving credit facility pursuant to clause (a) of the definition of Permitted Debt and (y) any currency and interest obligations Incurred pursuant to clause (h) of the definition of Permitted Debt under Hedging Agreements in respect of (X) the Notes, any Additional Notes and any Permitted Refinancing Debt in respect thereof and (Y) up to €30.0 million in aggregate principal amount at any one time outstanding of Debt to be Incurred under a revolving credit facility pursuant to clause (a) of the definition of Permitted Debt, in each case, secured by the Collateral, may be granted the benefit of priority rights on the proceeds of enforcement of Collateral; provided that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement.

''Permitted Debt'' has the meaning given to such term under ''—Certain Covenants—Limitation on Debt.''

''Permitted Holders'' means, collectively, (a) the Initial Investors and the Initial Investor Group Affiliates and (b) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of the Company or any of its Holding Companies, acting in such capacity. Any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) whose acquisition of Beneficial Ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

''Permitted Investments'' means any of the following:

(a) Investments in cash or Cash Equivalents;

(b) intercompany Debt to the extent permitted under clause (d) of the definition of Permitted Debt;

(c) Investments in: (i) the Company; (ii) a Restricted Subsidiary; or (iii) another Person if as a result of such Investment such other Person becomes a Restricted Subsidiary or such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary;

(d) Investments made by the Company or any Restricted Subsidiary as a result of or retained in connection with an Asset Sale permitted under or made in compliance with ''—Certain Covenants—Limitation on Asset Sales'' to the extent such Investments are non-cash proceeds permitted thereunder;

(e) expenses or advances to cover payroll, travel, entertainment, moving, other relocation and similar matters that are expected at the time of such advances to be treated as expenses in accordance with IFRS;

(f) Investments in the Notes and any other Debt of the Company or any Restricted Subsidiary;

(g) Investments in Receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(h) Investments in joint ventures in a Permitted Business having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (h) that are at the time outstanding (net of the amount of any distribution, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €10.0 million and 2.0% of Consolidated Total Assets of the Company; *provided* that if an Investment is made pursuant to this clause (h) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under ''—Certain Covenants—Designation of Unrestricted and Restricted Subsidiaries,'' such Investment shall thereafter be deemed to have been made pursuant to clause (c) of this definition and not this clause (h);

(i) Investments existing at the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required

by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(j) Guarantees, keepwells and similar arrangements not prohibited by ''—Certain Covenants—Limitation on Debt'' and Investments in Hedging Agreements permitted under clause (h) of the definition of Permitted Debt;

(k) loans and advances to officers, directors and employees, in each case, (i) in the ordinary course of business or consistent with past practices, (ii) to fund such Person's purchase of Capital Stock of the Company or any direct or indirect Holding Company thereof, if the proceeds of any such loans to purchase Capital Stock under this clause (k) are either received by the Company or contributed by such Holding Company of the Company and are excluded from the calculation under clause (c)(ii) of paragraph (2) of ''—Certain Covenants—Limitation on Restricted Payments'' except to the extent such loans are actually repaid or (iii) otherwise in an aggregate amount not to exceed €2.0 million outstanding at any one time under this clause (k);

(l) advances or loans not to exceed €3.0 million at any one time outstanding to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Qualified Capital Stock of the Company;

(m) (i) stock, obligations or securities received in satisfaction of judgments, foreclosure of liens or settlement of debts and (ii) any Investments received in compromise of obligations of such persons that were Incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade debtor or customer;

(n) any Investment solely in exchange for the issuance of Capital Stock (other than Redeemable Capital Stock) of the Company or Subordinated Shareholder Funding;

(o) Investments consisting of earnest money deposits required in connection with a purchase agreement, or letter of intent, or other acquisitions to the extent not otherwise prohibited by the Indenture;

(p) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of paragraph (2) of the covenant described under ''—Certain Covenants—Limitation on Transactions with Affiliates'' (except those described in clauses (ii), (iii), (iv), (vii), (viii)(a), (ix), (x) or (xiii) of that paragraph); and

(q) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (q) that are at any one time outstanding (net of the amount of any distributions, dividends, payments or other returns in respect of such Investments), not to exceed €20.0 million; *provided* that if an Investment is made pursuant to this clause (q) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under ''—Certain Covenants—Designation of Unrestricted and Restricted Subsidiaries,'' such Investment shall thereafter be deemed to have been made pursuant to clause (c) of this definition and not this clause (q).

''Permitted Liens'' means the following types of Liens:

(a) Liens (other than Liens securing Debt under the Revolving Credit Facility) existing as at the date of the issuance of the Notes;

(b) Liens on assets or property of a Non-Guarantor Restricted Subsidiary securing Debt of any Non-Guarantor Restricted Subsidiary;

(c) Liens on any property or assets of a Restricted Subsidiary granted in favor of the Company or any Restricted Subsidiary;

(d) Liens on any of the Company's or any Restricted Subsidiary's property or assets securing the Notes or any Guarantee;

(e) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease and Liens to secure Debt (including Capitalized Lease Obligations) permitted by clause (f) of the definition of Permitted Debt covering only the assets acquired with such Debt;

(f) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Company or any Restricted Subsidiary in the ordinary course of business;

(g) statutory Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen, employees, pension plan administrators or other like Liens arising in the ordinary course of the Company's or any Restricted Subsidiary's business and with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings and for which a reserve or other appropriate provision, if any, as shall be required in conformity with IFRS shall have been made or Liens arising solely by virtue of any statutory or common law provisions relating to attorney's liens or bankers' liens, rights of set off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depositary institution;

(h) Liens for taxes, assessments, government charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with IFRS shall have been made;

(i) Liens Incurred or pledges or deposits made to secure the performance of tenders, bids or trade or government contracts, or to secure leases, statutory or regulatory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature Incurred in the ordinary course of business (including letters of credit to secure the obligations described in this clause (i));

(j) zoning restrictions, easements, licenses, reservations, title defects, rights of others for rights of way, utilities, sewers, electrical lines, telephone lines, telegraph wires, restrictions, encroachments and other similar charges, encumbrances or title defects that do not in the aggregate materially interfere with in any material respect the ordinary conduct of the business of the Company and its Restricted Subsidiaries on the properties subject thereto, taken as a whole;

(k) Liens arising by reason of any judgment, decree or order of any court so long as such Lien is adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;

(l) Liens on property of, or on shares of Capital Stock or Debt of, any Person existing at the time such Person is acquired by, merged with or into or consolidated with, the Company or any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired or than those of the Person that becomes a Restricted Subsidiary or is merged into or consolidated with the Company or Restricted Subsidiary;

(m) Liens securing the Company's or any Restricted Subsidiary's obligations under Hedging Agreements permitted under clause (h) of the definition of Permitted Debt or any collateral for the Debt to which such Hedging Agreements relate;

(n) Liens Incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or other insurance;

(o) Liens Incurred in connection with any cash management program established in the ordinary course of business for the Company's benefit or that of any Restricted Subsidiary in favor of a bank or trust company, including Liens securing or arising by reason of any cash pooling, netting or set-off arrangement, or daylight borrowing facilities in connection with customary cash management or cash pooling activities;

(p) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or any Restricted Subsidiary, including rights of offset and set off;

(q) Liens securing Debt Incurred to refinance Debt that has been secured by a Lien permitted by the Indenture (excluding Liens to secure Debt used to refinance Debt initially secured pursuant to clause (s) of this definition); *provided* that: (i) any such Lien shall not extend to or cover any assets

not securing the Debt so refinanced (plus improvements and accessions to such property or proceeds or distributions thereof); and (ii) the Debt so refinanced shall not be increased to an amount greater than the sum of (x) the outstanding principal amount, or if greater, committed amount, of the Debt refinanced with such refinanced Debt and (y) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing;

(r) purchase money Liens to finance acquisitions, improvements or construction of property or assets of the Company or any Restricted Subsidiary acquired in the ordinary course of business; *provided* that: (i) the related Debt shall not exceed the cost of such property or assets and shall not be secured by any property or assets of the Company or any Restricted Subsidiary other than the property and assets so acquired; and (ii) the Lien securing such Debt shall be created within 90 days of any such acquisitions;

(s) Liens Incurred in the ordinary course of business of the Company or any Restricted Subsidiary with respect to obligations that do not exceed the greater of €7.5 million and 1.5% of Consolidated Total Assets of the Company at any one time outstanding;

(t) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under applicable jurisdiction) in connection with operating leases in the ordinary course of business;

(u) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Debt;

(v) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(w) any condemnation or eminent domain actions or compulsory purchase orders regarding real property;

(x) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Debt of such Unrestricted Subsidiary;

(y) Liens on goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Company or any Restricted Subsidiary's business or operations as Liens only for Debt to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;

(z) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Company or a Restricted Subsidiary;

(aa) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(bb) Liens created on any asset of the Company or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Company or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(cc) Leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case, entered into in the ordinary course of business;

(dd) Liens over treasury stock of the Company or a Restricted Subsidiary purchased or otherwise acquired for value by the Company or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement;

(ee) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) through (dd) (but excluding clause (s)); *provided* that any such extension, renewal or replacement shall be no more restrictive in any material respect than the Lien so extended, renewed or replaced and shall not extend in any material respect to any additional property or assets;

(ff) Liens imposed by law or regulation and Liens arising under applicable law or regulation; and

(gg) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Debt (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any

Debt or government securities purchased with such cash, in either case, to the extent such cash or government securities prefund the payment of interest on such Debt and are held in an escrow account or similar arrangement to be applied for such purpose.

''Permitted Payments to Holding Company'' means, without duplication as to amounts any payment of dividends, other distributions or other amounts or the making of loans or advances by the Company or any Restricted Subsidiary thereof to any Holding Company of the Company (which term for purposes of this definition shall include any Subsidiaries of any such Holding Company of the Company) for the purpose set forth below:

(a) to pay accounting, legal, administrative and other general corporate and overhead expenses, any taxes and other fees and expenses required to maintain such Holding Company's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Holding Company to pay fees and expenses Incurred in the ordinary course of business to auditors and legal advisors and to pay reasonable directors' fees and directors' and officers' liability insurance premiums and to reimburse reasonable out of pocket expenses of the Board of Directors of such Holding Company and to pay fees and expenses, as Incurred, of an offering of such Holding Company's securities or Debt, or of an acquisition, in each case, where the proceeds of such offering or such acquisition, as the case may be, was intended to be contributed to or combined with the Company or its Related Subsidiaries;

(b) costs (including all professional fees and expenses) Incurred by any Holding Company of the Company in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Debt of the Company or any Restricted Subsidiary; and

(c) any income taxes, to the extent such income taxes are attributable to the income of the Company and its Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries.

''Permitted Refinancing Debt'' means any renewals, extensions, substitutions, defeasances, discharges, refinancings or replacements (each, for purposes of this definition and clause (m) of the definition of Permitted Debt, a ''refinancing'') of any Debt of the Company or a Restricted Subsidiary or pursuant to this definition, including any successive refinancings, as long as:

(a) such Debt is in an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) not in excess of the sum of: (i) the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value plus all accrued interest) then outstanding of the Debt being refinanced; and (ii) an amount necessary to pay any fees and expenses, including premiums and defeasance costs, related to such refinancing;

(b) if the Debt being refinanced is Subordinated Debt, the Average Life of such Permitted Refinancing Debt is greater than or equal to the lesser of (i) the Average Life of the Debt being refinanced or (ii) the Average Life of the Notes; and

(c) if the Debt being renewed, extended, substituted, defeased, discharged, refinanced or replaced is subordinated in right of payment to the Notes or the Guarantees (as applicable), such Permitted Refinancing Debt is subordinated in right of payment to, the Notes or the Guarantees (as applicable) on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Debt being renewed, extended, substituted, defeased, discharged, refinanced or replaced;

provided that Permitted Refinancing Debt will not include Debt of a Subsidiary that is not a Guarantor that refinances Debt of the Issuer or a Guarantor.

''Person'' means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

''Preferred Stock'' means, with respect to any Person, Capital Stock of any class or classes (however designated) of such Person that is preferred as to the payment of dividends or distributions, or as to the

distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class of such Person, whether now outstanding or issued after the Issue Date and including, without limitation, all classes and series of preferred or preference stock of such Person.

''pro forma'' means, with respect to any calculation made or required to be made pursuant to the terms of the Notes, a calculation made in good faith by the Company's chief financial officer.

''Property'' means, with respect to any Person, any interest of such Person in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including Capital Stock and other securities of, any other Person. For purposes of any calculation required pursuant to the Indenture, the value of any Property shall be its Fair Market Value.

''Qualified Capital Stock'' of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

''Receivable'' means a right to receive payment arising from a sale or lease of goods or provision of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obliged to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined in accordance with IFRS.

''Redeemable Capital Stock'' means any class or series of Capital Stock that, either by its terms, by the terms of any security into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed prior to the Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to such final Stated Maturity (other than upon a change of control or asset sale in circumstances in which the Holders of the Notes would have similar rights), or is convertible into or exchangeable for debt securities at any time prior to such final Stated Maturity; *provided* that any Capital Stock that would constitute Qualified Capital Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of any ''asset sale'' or ''change of control'' occurring prior to the Stated Maturity of the Notes will not constitute Redeemable Capital Stock if the ''asset sale'' or ''change of control'' provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the provisions contained in ''—Certain Covenants—Limitation on Asset Sales'' and ''—Certain Covenants—Change of Control'' and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to ''—Certain Covenants—Limitation on Asset Sales'' and ''—Certain Covenants—Change of Control.''

''Refinancing'' means the transactions described in this Offering Memorandum under the heading ''Summary—The Refinancing.''

''Restricted Investment'' means an Investment other than a Permitted Investment.

''Restricted Subsidiary'' means any Subsidiary of the Company other than an Unrestricted Subsidiary.

''Revolving Credit Facility'' means the new revolving credit facility to be entered into on the Issue Date providing for up to €30.0 million in revolving loans, which loans will be secured by a first priority lien on the Collateral. Please see ''Description of Certain Financing Arrangements—Revolving Credit Facility.''

''Revolving Credit Facility Agreement'' means that certain €30.0 million senior revolving facility agreement dated on or about the Issue Date between, among others, the Company, the Issuer, certain subsidiaries of the Company as original borrowers and original guarantors, the Mandated Lead Arrangers, the Security Agent, the Facility Agent and the Lenders (each as defined therein).

''S&P'' means Standard & Poor's Ratings Group and its successors.

''Sale and Leaseback Transaction'' means any arrangement providing for the leasing by the Company or any of its Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Company or such Restricted Subsidiary to a third Person in contemplation of such leasing.

''Securities Act'' means the U.S. Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

''Senior Debt'' means any Debt of the Company or any Restricted Subsidiary that is not Subordinated Debt.

''Senior Secured Debt'' means, as of any date of determination, (a) the Notes and (b) any other Debt of the Company or a Restricted Subsidiary for borrowed money that is Senior Debt either (i) secured by a security interest in any portion of the Collateral or other assets of the Company or the Restricted Subsidiaries and/or (ii) Incurred by a Non-Guarantor Restricted Subsidiary, other than Debt Incurred pursuant to clauses (d), (f), (g), (i), (j), (n), (o) and (p) of the definition of Permitted Debt.

''Significant Subsidiary'' means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries which are Restricted Subsidiaries (a) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Company or (b) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Company.

''Stated Maturity'' means, when used with respect to any Note or any installment of interest thereon, the date specified in such Note as the fixed date on which the principal of such Note or such installment of interest, respectively, is due and payable, and, when used with respect to any other debt, means the date specified in the instrument governing such debt as the fixed date on which the principal of such debt, or any installment of interest thereon, is due and payable.

''Sterling'' means the lawful currency of the United Kingdom of Great Britain and Northern Ireland.

''Subordinated Debt'' means Debt of the Issuer or any of the Guarantors that is subordinated in right of payment to the Notes or the Guarantees of such Guarantors, as the case may be.

''Subordinated Shareholder Funding'' means, collectively, any funds provided to the Company by (or any other debt obligations of the Company for borrowed money owed to) any Holding Company of the Company, any Affiliate of any such Holding Company, any Permitted Holder or any other holder of Capital Stock of any such Holding Company or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided* that such Subordinated Shareholder Funding:

(a) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Qualified Capital Stock or for any other security or instrument meeting the requirements of the definition);

(b) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the maturity of the Notes;

(c) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confers on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the maturity of the Notes;

(d) is not secured by a Lien on any assets of the Company or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Company;

(e) is subordinated in right of payment to the prior payment in full of the Notes in the event of any Default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Issuer and other restrictions, on payment and enforcement, in each case, on terms not materially less favorable to the Holders than the terms applicable to ''Shareholder Liabilities'' set forth in the Intercreditor Agreement;

(f) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Issuer with its obligations under the Notes and the Indenture;

(g) does not (including upon the happening of an event) constitute Voting Stock;

(h) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder thereof; in whole or in part, prior to the date on which the Notes mature, other than into or for Qualified Capital Stock of the Issuer; and

(i) has been granted as security for the Notes by the obligee thereof.

''Subsidiary'' means, with respect to any Person:

(a) a corporation a majority of whose Voting Stock is at the time, directly or indirectly, owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person; and

(b) any other Person (other than a corporation), including, without limitation, a partnership, limited liability company, business trust or joint venture, in which such Person, one or more Subsidiaries of such Person or such Person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof, has at least majority ownership interest entitled to vote in the election of directors, managers or trustees thereof (or other Person performing similar functions).

''Subsidiary Guarantors'' means each Guarantor that is a Subsidiary of the Company.

''Unrestricted Subsidiary'' means:

(a) any Subsidiary of the Company (other than the Issuer) that at the time of determination is an Unrestricted Subsidiary (as designated by the Company's Board of Directors pursuant to the ''Designation of Unrestricted and Restricted Subsidiaries'' covenant); and

(b) any Subsidiary of an Unrestricted Subsidiary.

''U.S. dollars'' means the lawful currency of the United States of America.

''Voting Stock'' means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors, managers or trustees (or Persons performing similar functions) of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

''Wholly Owned Restricted Subsidiary'' means any Restricted Subsidiary, all of the outstanding Capital Stock (other than directors' qualifying shares or shares of Restricted Subsidiaries required to be owned by third parties pursuant to applicable law) of which are owned by the Company or by one or more other Wholly Owned Restricted Subsidiaries or by the Company and one or more other Wholly Owned Restricted Subsidiaries.

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the ''Rule 144A Global Note''). Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the ''Regulation S Global Note'' and, together with the Rule 144A Global Note, the ''Global Notes''). The Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the account of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note (''Rule 144A Book-Entry Interests'') and ownership of interests in the Regulation S Global Note (the ''Regulation S Book-Entry Interests'' and, together with the Rule 144A Book-Entry Interests, the ''Book-Entry Interests'') will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or ''holders'' of Notes for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its respective nominee), as applicable, will be considered the sole holders of the Global Notes for all purposes under the respective Indentures. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the respective Indentures.

Neither of the Issuer nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of its Notes are to be redeemed at any time, Euroclear and Clearstream will credit its participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the relevant Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the common depositary or its nominee for Euroclear and Clearstream. The common depositary will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under ''Description of Notes—Additional Amounts.'' If any such deduction or withholding is required to be made, then, to the extent described under ''Description of Notes—Additional Amounts'' above, as the case may be, the relevant Issuer will pay such additional amounts as may be necessary to ensure that the net amounts received by any holder of the relevant Global Notes or owner of Book-Entry

Interests after such deduction or withholding are not less than the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the respective Indentures, the Issuer, the Trustee and the relevant agents will treat the registered holders of the Global Notes (e.g., the common depositary for Euroclear or Clearstream (or its nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of the Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of a Note (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the relevant Notes, Euroclear and Clearstream, at the request of the holders of such Notes, reserve the right to exchange the Global Notes for definitive registered Notes in certificated form (the ''Definitive Registered Notes''), and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of a Note requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states that require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the relevant Indenture.

The Global Notes will bear a legend to the effect set forth under ''Notice to Investors.'' Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under ''Notice to Investors.''

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the relevant Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the relevant Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a ''qualified institutional buyer'' within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under ''Notice to Investors'' and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under ''Description of Notes—Brief Description of the Structure and Ranking of the Notes, the Guarantees and the Security—Transfer'' if required, only if the transferor first delivers to the relevant Trustee a written certificate (in the form provided in the relevant Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See ''Notice to Investors.''

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of each Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

(1) if Euroclear or Clearstream notifies the relevant Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the relevant Issuer within 120 days; or

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an event of default under the relevant Indenture and enforcement action is being taken in respect thereof under the relevant Indenture.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such note by surrendering it to the registrar or a transfer agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; *provided* that no Definitive Registered Note in a denomination less than €100,000 will be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

The Issuer will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer or asset sale offer. In the event of the transfer of any Definitive Registered Note, the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. The Issuer may require a holder to pay any transfer taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such a Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the registrar or at the office of a transfer agent, the Issuer will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered

Note to furnish an indemnity bond sufficient in the judgment of both to protect themselves, the Trustee or the paying agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by the Issuer in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See ''Offering and Transfer Restrictions.''

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange, the Issuer will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the paying agent so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither the Issuer nor any of the Initial Purchasers are responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can act only on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Luxembourg Stock Exchange and admitted for trading on the Global Exchange Market of the Luxembourg Stock Exchange. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Guarantors, the Initial Purchasers, the Trustee or the Paying Agents will have any responsibility for the performance by Euroclear, Clearstream

or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAX CONSIDERATIONS

Certain Italian Tax Considerations

The statements herein regarding Italian taxation are based on the laws and published practice of the Italian tax authorities in effect in Italy as of the date of this Offering Memorandum and are subject to any changes in law occurring after such date, which changes could also be made on a retroactive basis. The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposal of the Notes for Italian-resident and non-Italian-resident beneficial owners, and it is not intended to be, nor should it be construed to be, legal or tax advice. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisors concerning the overall tax consequences of their acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional and local tax laws.

Tax Treatment of Interest

Italian Legislative Decree No. 239 of April 1, 1996 (''Decree 239'') sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as ''Interest'') deriving (*inter alia*) from Notes falling within the category of bonds (*obbligazioni*) and similar securities (pursuant to Article 44 of Presidential Decree No. 917 of December 22, 1986, as amended and supplemented (''Decree 917'')), issued by:

- companies whose shares are listed on a regulated market or on a multi-lateral trading platform of any E.U. Member State or of a State party to the European Economic Area Agreement which is included in the white list provided for by Article 168-bis of Decree 917 (the ''White List States''); or
- companies whose shares are not listed, but which issue Notes that are traded on the aforementioned regulated markets or platforms.

Italian Resident Noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian-resident beneficial owner of the Notes (a ''Noteholder'') is:

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime, see ''—Tax treatment of capital gains''); or

(b) a non-commercial partnership (*società semplice*); or

(c) a non-commercial private or public institution; or

(d) an investor exempt from Italian corporate income taxation,

then Interest derived from the Notes, and paid during the relevant holding period, is subject to a withholding tax referred to as ''*imposta sostitutiva*,'' levied at a rate of 20%.

Noteholders engaged in an entrepreneurial activity

In the event that the Noteholders described under paragraphs (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorized intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*. The Interest must, however, be included in the relevant Noteholder's income tax return and is therefore subject to general Italian corporate taxation and, in certain circumstances, depending on the status of the Noteholder, also to the Italian regional tax on productive activities (''IRAP'').

Real Estate Collective Investment Funds

Under the current regime provided by Law Decree No. 58 of September 25, 2001, n. 351 (''Decree 351''), as clarified by the Italian Revenue Agency through a Circular dated 8 August 2003, n. 47/E, payments of Interest deriving from the Notes made to Italian-resident real estate collective investment funds established pursuant to Article 37 of the Legislative Decree of January 25, 1994, n. 58 are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate collective investment fund. However, a withholding or substitute tax at a rate of 20% will instead apply, in certain circumstances, to income realized by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares.

Funds and SICAVs

Where an Italian-resident Noteholder is an open-ended or a closed-ended collective investment fund (''Fund'') or *società di investimento a capitale variabile* (''SICAV'') established in Italy and either (i) the Fund or SICAV or (ii) their manager, is subject to the supervision of a regulatory authority, and the Notes are deposited with an authorized intermediary, Interest accrued on the Notes during the holding period will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund or the SICAV. The Fund or SICAV will not be subject to taxation on such results, but a withholding or substitute tax at a rate of 20% will instead apply, in certain circumstances, to distributions made in favor of unitholders or shareholders (as applicable).

Pension Funds

Where an Italian-resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Italian Legislative Decree No. 252 of December 5, 2005) and the Notes are deposited with an authorized intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the results of the relevant portfolio accrued at the end of the tax period (which will be subject to a substitute tax at a rate of 11%).

Enforcement of Imposta Sostitutiva

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (''SIM''), fiduciary companies, *società di gestione del risparmio* (''SGR''), stockbrokers and other entities identified by a decree of the Ministry of Finance (each an ''Intermediary''). An Intermediary must:

- be resident in Italy, or be a permanent establishment in Italy of a non-Italian resident financial intermediary; and
- participate, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the imposta sostitutiva, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in the Intermediary with which the Notes are deposited. Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Italian financial intermediary paying interest to a Noteholder or, absent that, by the Issuer.

Non-Italian Resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies, provided that the non-Italian Noteholder is:

- resident, for tax purposes, in a country which allows for satisfactory exchange of information with Italy, and as such is a White List State; or
- an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- an ''institutional investor,'' whether or not subject to tax, which is established in a country which allows for satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of establishment; or
- a central bank or an entity which manages, inter alia, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of Interest and must:

- deposit, directly or indirectly, the Notes with a resident bank or a SIM or a permanent establishment in Italy of a non-Italian resident bank or a SIM or with a non-Italian resident entity or company participating in a centralized securities management system which is in electronic contact with the Ministry of Economy and Finance (Euroclear and Clearstream, Luxembourg are such depositaries); and
- file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder (*auto-certificazione*), which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not required for international bodies or entities set up in accordance with international agreements which have entered into force in Italy, nor in the case of foreign central banks or entities which manage, inter alia, the official reserves of a foreign State, must comply with the requirements set forth by the Ministerial Decree of December 12, 2001.

The *imposta sostitutiva* will be applicable at a rate of 20% to Interest paid to Noteholders who do not qualify for the foregoing exemption. Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for full or partial relief under an applicable tax treaty.

Tax Treatment of Capital Gains

Italian-Resident Noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian-resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realized by such Noteholder from the sale or redemption of the Notes would be subject to *imposta sostitutiva* levied at a rate of 20%. Noteholders may set off any capital losses against their capital gains.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for any of the three regimes described below.

Tax Declaration Regime

Under the ''tax declaration regime'' (the regime *della dichiarazione*), which is the default regime for Italian-resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realized by the Italian-resident individual holding the Notes during any given tax year. Capital losses in excess of capital gains may be carried forward and set off against capital gains realized in any of the four succeeding tax years. Capital losses realized before January 1, 2012 may be carried forward to be offset against subsequent capital gains of the same nature realized from January 1, 2012 in an amount equal to 62.5% of the relevant capital loss.

Risparmio Amministrato Regime

As an alternative to the tax declaration regime, Italian-resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realized on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to:

- the Notes being deposited with an Italian bank, SIM or certain authorized financial intermediary; and
- an express election for the *risparmio amministrato* regime being made in writing in a timely fashion by the relevant Noteholder.

The depositary must account for the *imposta sostitutiva* in respect of capital gains realized on each sale or redemption of the Notes (as well as in respect of capital gains realized upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the *imposta sostitutiva* to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose.

Under the *risparmio amministrato* regime, any possible capital loss resulting from a sale or redemption of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years, up until the fourth subsequent tax year. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Risparmio Gestito Regime

In the *risparmio gestito* regime, any capital gains realized by Italian-resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at tax year-end, subject to a 20% substitute tax to be paid by the managing authorized intermediary. Any depreciation in value of the managed assets accrued at the tax year-end may be carried forward and off set against any increase in value of the managed assets accrued in any of the four subsequent tax years. The Noteholder is not required to declare the capital gains realized in its annual tax return.

Noteholders Engaged in an Entrepreneurial Activity

Any gain obtained from the sale or redemption of the Notes will be treated as part of taxable income (and, in certain circumstances, depending on the status of the Noteholder, also as part of net value of the production for IRAP purposes) if realized by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian-resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Real Estate Investment Funds

Any capital gains realized by a Noteholder which is an Italian ''real estate fund'' accrues to the tax year-end appreciation of the managed assets, which is exempt from any income tax. A withholding tax may apply in certain circumstances at a rate of 20% on distributions made by Italian real estate funds.

Funds and SICAVs

Any capital gains realized by a Noteholder which is an Italian Fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the relevant tax period. A 20% withholding tax will apply in certain circumstances to distributions by the Italian Fund or SICAV to unitholders or shareholders (as applicable).

Pension Funds

Any capital gains realized by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of December 5, 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and will be subject to an 11% substitute tax.

Non-Italian Resident Noteholders

The 20% final *imposta sostitutiva* on capital gains may be payable on capital gains realized on the sale or redemption of the Notes by non-Italian-resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23, letter f), n. 3 of Decree 917, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian-resident issuer and traded on regulated markets in Italy or abroad are not subject to *imposta sostitutiva*, subject to the filing of required documentation in a timely fashion (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes). As of the date of this Offering Memorandum, the Italian tax authorities have not officially confirmed whether a multi-lateral trading platform qualifies for this exemption.

Capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian-resident issuer, even if not traded on regulated markets, are not subject to *imposta sostitutiva*, provided that the effective beneficiary is:

- resident, for tax purposes, in White List States; or

- an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- an ''institutional investor,'' whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of establishment; or
- a central bank or an entity which manages, inter alia, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian-resident Noteholders must be the beneficial owners of the payments of the Interest and must:

- deposit, directly or indirectly, the Notes with a resident bank or a SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralized securities management system which is in electronic contact with the Ministry of Economy and Finance; and
- file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not required for international bodies or entities set up in accordance with international agreements which have entered into force in Italy, nor in the case of foreign central banks or entities which manage, inter alia, the official reserves of a foreign State, must comply with the requirements set forth by the Ministerial Decree of December 12, 2001.

If none of the above conditions above are met, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian-resident issuer and not traded on regulated markets may be subject to the *imposta sostitutiva* at the current rate of 20%. However, Noteholders might benefit from an applicable tax treaty with Italy, providing that capital gains realized upon the sale or redemption of the Notes are to be taxed only in the country where the recipient is tax resident. The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian resident persons and entities holding Notes deposited with an Intermediary, but non-Italian-resident Noteholders retain the right to waive this regime.

Italian Inheritance Tax and Gift Tax

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

- 4% for transfers in favor of the spouse or direct relatives exceeding, for each beneficiary, a threshold of euro 1.0 million;
- 6% for transfers in favor of siblings exceeding, for each beneficiary, a threshold of euro 0.1 million;
- 6% for transfers in favor of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and
- 8% for transfers in favor of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heiress and/or the donee is a person with a severe disability pursuant to Law n. 104 of February 5, 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds euro 1.5 million.

With respect to Notes listed on a regulated market, the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law. Italian inheritance tax and gift tax applies to non-Italian-resident individuals for bonds issued by Italian-resident companies.

Wealth Tax

According to Article 19 of Law Decree No. 201 of December 6, 2011 (''Decree 201''), Italian resident individuals holding financial assets—including the Notes—outside Italy are required to pay a wealth tax at a rate of currently, at the rate of 0.15% from 2013 and following years (the level of tax being determined in proportion to the period of ownership). The wealth tax applies on the market value at the end of the

relevant year or—in the absence of a market value—on the nominal value or redemption value of such financial assets held outside Italy. Taxpayers are permitted to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the country where the financial assets are held (up to the amount of the Italian wealth tax due).

Stamp Taxes and Duties

According to Article 19 of Decree 201, a proportional stamp duty applies on a yearly basis at the rate of 0.15% from 2013 and following years, calculated on the market value or, in the absence of a market value, on the nominal value or the redemption amount of any financial product or financial instruments (including the Notes). The stamp duty cannot be lower than euro 34.20. Stamp duty applies both to Italian resident Note holders and to non-Italian resident Note holders, to the extent that the Notes are held with an Italian-based financial intermediary.

Transfer Tax

Contracts relating to the transfer of securities are subject to the registration tax as follows:

- public deeds and notarized deeds (*atti pubblici* and *scritture private autenticate*) are subject to a fixed registration tax at rate of euro 168.00, and
- private deeds (*scritture private non autenticate*) are subject to a fixed registration tax of euro 168.00 only in case of use or voluntary registration.

Implementation in Italy of the EU Savings Directive

Italy has implemented the E.U. Savings Directive through Legislative Decree No. 84 of April 18, 2005 (''Decree No. 84''). Under Decree No. 84, subject to certain conditions being met, in the case of any interest paid on the Notes (including interest accrued on the Notes at the time of their disposal) to individuals who qualify as beneficial owners of the interest paid and are resident for tax purposes in another E.U. Member State, Italian qualified paying agents shall not apply withholding tax to such interest and shall report to the Italian tax authorities details of the relevant payments and certain information on the individual beneficial owner which is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of tax residence of the beneficial owner.

Certain Tax Considerations in the Grand Duchy of Luxembourg

The following is a general summary of the Luxembourg withholding tax consequences as of the date of this Offering Memorandum on interest paid by a Luxembourg paying agent. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder of Notes or a prospective holder of Notes and in view of its general nature; it should be treated with corresponding caution. Holders should consult their tax advisers with regard to the tax consequences of investing in the Notes.

This general summary of the Luxembourg withholding tax consequences is based upon the tax laws of Luxembourg and the interpretation thereof as in effect on the date of this Offering Memorandum and is subject to any change that may come into effect after that date.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes and the receipt of the interest thereon under the tax laws of Luxembourg.

Subject to the exception below, as a general rule, there is no withholding tax for non-resident holders and Luxembourg corporate resident holders of the Notes on payment of interest (including accrued but unpaid interest) in respect of debt securities, nor is any Luxembourg withholding tax upon repayment of the principal or upon an exchange of such debt securities.

Under Luxembourg laws of June 21, 2005 implementing the Savings Directive and several agreements concluded between Luxembourg and certain dependent and associated territories of the European Union (the ''June 2005 Laws''), payments of interest or similar income (including on the interest portion in case of repayment, reimbursement, redemption, repurchase or exchange of the Notes) made or ascribed by a paying agent (within the meaning of the June 2005 Laws) established in Luxembourg to or for the immediate benefit of an individual or certain residual entities as defined by the 2005 Law, who as a result of an identification procedure implemented by the paying agent are identified as residents or are

deemed to be residents of a Member State of the European Union, will be subject to a withholding tax unless the relevant beneficiary has adequately instructed the Luxembourg paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his country of residence or deemed residence or has provided a tax certificate from his fiscal authority in the format required by Luxembourg law to the Luxembourg paying agent. The same regime may apply to payments made to individuals residing in certain dependent and associated territories of the European Union or residual entities (within the meaning of the June 2005 Laws) established in such dependent and associated territories.

Where such withholding tax is applied, payments of interest and similar income will be subject to a withholding to be made by the Luxembourg paying agent at the rate of 35%.

For the purposes of this section, a ''paying agent'' within the meaning of the Savings Directive and the June 2005 Laws is the economic operator with which each holder of Notes holds its securities accounts or from which it receives an interest payment and which makes a payment to, or secures such a payment for, the immediate benefit of such an individual holder of Notes or a residual entity (within the meaning of the Savings Directive) and may notably be a bank, a broker or a person carrying out foreign exchange cash operations.

Certain United States Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH UNITED STATES INTERNAL REVENUE SERVICE ("IRS") CIRCULAR 230, PROSPECTIVE HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF OR REFERENCE TO U.S. FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY PROSPECTIVE HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S. INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS BEING USED BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion is a summary of certain material U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes by a U.S. Holder (as defined below). This summary is based upon the U.S. Internal Revenue Code of 1986, as amended (the ''Code''), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as certain financial institutions, insurance companies, dealers in securities or currencies, traders in securities, persons whose functional currency is not the U.S. dollar, tax-exempt organizations, persons liable for alternative minimum tax, regulated investment companies, real estate investment trusts or persons holding the Notes as part of a ''straddle,'' ''hedge,'' ''conversion transaction'' or other integrated transaction. In addition, this discussion is limited to U.S. Holders who purchase the Notes for cash at original issue and at their ''issue price'' (the first price at which a substantial amount of the Notes is sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets within the meaning of section 1221 of the Code.

For purposes of this discussion, a ''U.S. Holder'' is a beneficial owner of a Note that is: (i) an individual who is a citizen or resident of the United States; (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States or of any political subdivision thereof; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A partner in a partnership holding the Notes should consult its tax advisor with regard to the U.S. federal income tax treatment of its investment in the Notes.

This discussion does not describe the effect of the U.S. federal estate or gift or other tax laws or the effect of any applicable foreign, state or local laws. This discussion is for general information only and is not intended as legal or tax advice to any particular purchaser of the Notes. This discussion does not provide a complete analysis or listing of all potential tax considerations. Each prospective U.S. Holder should consult its tax advisor regarding the particular tax consequences to it of purchasing, holding and disposing of the Notes.

Payments of Stated Interest

Stated interest paid on the Notes will be qualified stated interest that is taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

A U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest will be required to include in ordinary income the U.S. dollar value of the euro interest payment (as determined based on the spot rate of exchange on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars. A cash method U.S. Holder will not recognize foreign currency exchange gain or loss with respect to the receipt of such payment, but may have foreign currency exchange gain or loss attributable to the actual disposition of foreign currency so received if it is disposed of after the date of receipt.

A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes will be required to include in income the U.S. dollar value of the amount of interest income in euro that has accrued with respect to a Note during an accrual period. The U.S. dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within each taxable year. A U.S. Holder may elect, however, to translate such accrued interest income using the spot rate of exchange on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the spot rate of exchange on the last day of the portion of the accrual period within each taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder may translate such interest using the spot rate of exchange on the date of receipt. The above election will apply to other obligations held by the U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes may recognize foreign currency exchange gain or loss with respect to accrued interest income on the date such interest is received. The amount of foreign currency exchange gain or loss recognized will equal the difference, if any, between the U.S. dollar value of the euro payment received (as determined based on the spot rate of exchange on the date such payment is received) in respect of such accrual period and the U.S. dollar value of interest income that has accrued during such accrual period (as determined above) regardless of whether payment is in fact converted to U.S. dollars. Such gain or loss will generally constitute ordinary income or loss and be treated as U.S. source income or as an offset to U.S. source income, respectively.

Subject to the discussion of foreign currency exchange gain or loss above, interest income on a Note generally will constitute foreign source income and generally will be considered ''passive category income'' for foreign tax credit purposes. U.S. Holders should consult independent tax advisors regarding the availability of the foreign tax credit in their particular circumstances.

Should any foreign tax be withheld from a payment of stated interest on the Notes, the amount withheld and the gross amount of any additional amounts paid to a U.S. Holder will be included in such U.S. Holder's income as ordinary income at the time such payment is received or accrued in accordance with such U.S. Holder's method of tax accounting. Foreign withholding tax imposed on a U.S. Holder would, subject to limitations and conditions and at the election of such holder, be treated as foreign income tax eligible for credit against such U.S. Holder's U.S. federal income tax liability or a deduction in computing taxable income, to the extent such tax is not otherwise refundable. U.S. Holders should consult their tax advisors regarding the creditability, deductibility or refundability of any withholding taxes. Any foreign withholding tax imposed and any additional amounts would generally constitute foreign source income and generally be considered ''passive category income'' for foreign tax credit purposes and should be translated into the U.S. dollar value in accordance with the rules governing stated interest as described above.

Sale, Exchange or Redemption of Notes

Generally, upon the sale, exchange, redemption or other taxable disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the disposition (less any amount attributable to accrued but unpaid interest, which will be taxable as such to the extent not previously included in income) and such U.S. Holder's adjusted tax basis in the Note. Except as discussed below with respect to foreign currency exchange gain or loss, such gain or loss generally will be U.S. source capital gain or loss and will be long-term capital gain or loss if at the time of disposition the Note has been held by such U.S. Holder for more than one year. Long-term capital gains recognized by individuals and certain other non-corporate U.S. Holders generally are eligible for reduced rates of taxation. Deductions in respect of capital losses are subject to limitations. If a U.S. Holder receives foreign currency on such a sale, exchange, redemption or other taxable disposition, the amount realized will be based on the U.S. dollar value of the foreign currency on the date the payment is received or the instrument is disposed of (or deemed disposed of). In the case of a Note that is traded on an established securities market, a cash basis U.S. Holder and, if it so elects, an accrual basis U.S. Holder will determine the U.S. dollar value of the amount realized by translating such amount at the spot rate on the settlement date of the disposition.

If a Note is not traded on an established securities market (or, if a Note is so traded, but the U.S. Holder is an accrual basis taxpayer that has not made the settlement date election), the U.S. Holder will recognize foreign currency exchange gain or loss (taxable as ordinary income or loss) to the extent that the U.S. dollar value of the foreign currency received (based on the spot rate on the settlement date) differs from the U.S. dollar value of the amount realized (as determined above).

A U.S. Holder's adjusted tax basis in a Note will generally equal the cost of such Note to such U.S. Holder reduced by any payments on the Note (other than payments of qualified stated interest), and the cost of the Note will be the U.S. dollar value of the euro purchase price on the date of purchase. In the case of a Note that is traded on an established securities market, a cash basis U.S. Holder, and, if it so elects, an accrual basis U.S. Holder, will determine the U.S. dollar value of the cost of such Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The conversion of U.S. dollars to a foreign currency and the immediate use of that currency to purchase a Note generally will not result in taxable gain or loss for a U.S. Holder.

The special election available to accrual basis U.S. Holders in regard to the purchase and sale of Notes traded on an established securities market, which is discussed in this paragraph and the three preceding paragraphs, must be applied consistently to all debt instruments held by an electing U.S. Holder from year to year and cannot be changed without the consent of the IRS. Gain or loss realized upon the sale, exchange, redemption or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates with respect to the principal amount of the Note will be ordinary income or loss and will generally be treated as U.S. source income or as an offset to U.S. source income, respectively. Gain or loss attributable to such fluctuations in exchange rates will equal the difference between the U.S. dollar value of the euro principal amount of the Note, determined on the date such payment is received or such Note is disposed of, and the U.S. dollar value of the euro principal amount of the Note, determined on the date the U.S. Holder acquired such Note (or, in each case, on the settlement date if applicable). For these purposes, the principal amount of a Note is the U.S. Holder's purchase price of the Note in euros. Foreign currency exchange gain or loss will be recognized only to the extent of the total gain or loss realized by the U.S. Holder on the disposition of the Note. This foreign currency exchange gain or loss will not be treated as an adjustment to interest income received on the Notes.

Reportable Transactions

A U.S. taxpayer that participates in a ''reportable transaction'' will be required to disclose its participation to the IRS. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. U.S. Holders should consult their tax advisers regarding the application of these rules.

Information Reporting and Backup Withholding

Payments of interest, principal and additional amounts, if any, and the proceeds from sales or other dispositions of Notes that are made within the United States or through some U.S.-related financial intermediaries may be required to be reported to the IRS and backup withholding may apply unless the U.S. Holder (i) is a corporation or other exempt recipient or (ii) provides a taxpayer identification number and otherwise complies with applicable certification requirements.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder may be refunded or credited against the U.S. Holder's U.S. federal income tax liability, if any, if the U.S. Holder timely provides the required information to the IRS.

Pursuant to the Hiring Incentives to Restore Employment Act of 2010 and temporary regulations thereunder, individual U.S. Holders (and certain entities treated as individuals for the purposes of the foregoing rules) may be required to submit to the IRS certain information with respect to their beneficial ownership of the Notes, if such Notes are not held on their behalf by a financial institution. This law also imposes penalties if an individual U.S. Holder is required to submit such information to the IRS and fails to do so. U.S. Holders should consult their tax advisers regarding the application of this legislation.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Notes by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (''ERISA''), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the ''Code'') or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, ''Similar Laws''), and entities whose underlying assets are considered to include ''plan assets'' of any such plan, account or arrangement (each, a ''Plan'').

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an ''ERISA Plan'') and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the Notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are ''parties in interest,'' within the meaning of ERISA, or ''disqualified persons,'' within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of Notes by an ERISA Plan with respect to which the Issuer, a Guarantor or an Initial Purchaser is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or ''PTCEs,'' that may apply to the acquisition and holding of the Notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than adequate consideration in connection with the transaction. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Because of the foregoing, the Notes should not be purchased or held by any person investing ''plan assets'' of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or similar violation of any applicable Similar Laws.

Representation

Accordingly, by acceptance of a Note, each purchaser and subsequent transferee of a Note will be deemed to have represented and warranted that either (i) no portion of the assets used by such

purchaser or transferee to acquire or hold the Notes constitutes assets of any Plan or (ii) the purchase and holding of the Notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Notes on behalf of, or with the assets of any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the purchase agreement (the ''Purchase Agreement'') entered into on or about the date of this Offering Memorandum, , 2013, by and among the Company, the Guarantors and the Initial Purchasers, the Company has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed, severally and not jointly, to purchase from the Company the entire principal amount of the Notes.

The Purchase Agreement provides for the obligations of the Initial Purchasers to pay for and accept delivery of the Notes, with Goldman Sachs International and UniCredit Bank AG purchasing 70% and 30%, respectively, of the principal amount of the Notes. The Notes will initially be offered at the price indicated on the cover page of this Offering Memorandum.

The Purchase Agreement also provides that the Company and the Note Guarantors will indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. The Company has agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after the date the Notes are issued, to not, without having received the prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any securities issued or guaranteed by the Company that are substantially similar to the Notes and the Guarantees.

The Initial Purchasers are offering the Notes, subject to the conditions contained in the Purchase Agreement, including the receipt by the Initial Purchasers of officer's certificates and legal opinions. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Initial Purchasers propose to offer the Notes for resale in transactions not requiring registration under the U.S. Securities Act or applicable state securities laws, including sales pursuant to Rule 144A. The Initial Purchasers will not offer or sell the Notes except:

- to persons they reasonably believe to be ''qualified institutional buyers'' (as defined in Rule 144A under the U.S. Securities Act); or
- pursuant to offers and sales that occur outside the United States within the meaning of Regulation S.

Notes may not be offered or resold in the United States or to ''U.S. persons'' (as defined in Regulation S), except under an exemption from the registration requirements of the U.S. Securities Act or under a registration statement declared effective under the U.S. Securities Act. In connection with sales outside the United States, the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers' distribution at any time or (ii) otherwise until 40 days after the later of the commencement of this Offering or the date the Notes are originally issued. The Initial Purchasers will send to each distributor, dealer or person to whom they sell such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to Notes initially sold pursuant to Regulation S, until 40 days after the later of the commencement of this Offering or the date the Notes are originally issued, an offer or sale of such Notes within the United States by a dealer that is not participating in this Offering may violate the registration requirements of the Securities Act.

Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under ''Notice to Investors.''

Prior to this Offering, there has been no active market for the Notes. The Initial Purchasers have advised the Company that they presently intend to make a market in the Notes as permitted by applicable laws and regulations. The Initial Purchasers are not obligated, however, to make a market in the Notes and any such market making may be discontinued at any time at the sole discretion of the Initial Purchasers without any notice.

Each Initial Purchaser has also represented and agreed that, (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the ''FSMA'') with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and (ii) it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to us.

In relation to each Member State of the EEA that has implemented the Prospectus Directive (each, a ''Relevant Member State''), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, it has not made and will not make an offer to the public of any Notes which are the subject of this Offering in that Relevant Member State, other than:

- to any legal entity which is a ''qualified investor'' (as defined in the Prospectus Directive);
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than ''qualified investors'' as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Company for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require us or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an ''offer of Notes to the public'' in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression ''Prospectus Directive'' means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

The Company expects that delivery of the Notes will be made to investors on or about the date specified on the cover page of this Offering Memorandum, which is five business days (as such term is used for purposes of Rule 15(c)6-1 of the Exchange Act) following the date of this Offering Memorandum (such settlement being referred to as ''T+5''). Under Rule 15(c)6-1 under the Exchange Act, trades in the secondary market are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next succeeding business day will be required to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In connection with the issuance of the Notes, Goldman Sachs International (the ''Stabilizing Manager'') (or any person acting on behalf of the Stabilizing Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or any person acting on behalf of the Stabilizing Manager) will undertake stabilizing action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date of the Notes and 60 days after the date of the allotment of the Notes.

The Company has applied, through its listing agent, to have the Notes admitted to trading on the Euro MTF Market operated by the Luxembourg Stock Exchange, and listed on the official list of the Luxembourg Stock Exchange. The Company cannot guarantee that the Notes will be approved from admission to trading and listing, and will remain admitted to trading and listed on the Euro MTF Market and listed on the official list of the Luxembourg Stock Exchange.

From time to time, the Initial Purchasers and their affiliates have provided, and may in the future provide, investment banking services to the Company and its affiliates, and the Initial Purchasers and their affiliates have provided, and may in the future provide, commercial banking services to the Company and its affiliates, for which they have received or may receive customary fees and commissions. Certain of the Initial Purchasers have entered and may from time to time enter into hedging arrangements with the Company and its affiliates. A portion of the proceeds from the issuance of the Notes in this Offering will be used to repay existing indebtedness. The lenders under our Existing Senior Facilities Agreement include affiliates of certain of the Initial Purchasers. Certain of the Initial Purchasers and/or certain of their affiliates are mandated lead arrangers of and will be lenders under our new Revolving Credit Facility. In connection therewith, such Initial Purchasers and affiliates will receive customary fees and commissions. In addition, UniCredit Bank AG, Milan Branch is also acting as Security Agent under the Revolving Credit Facility Agreement and the Indenture.

OFFERING AND TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

Neither the Notes nor the Guarantees have been registered under the U.S. Securities Act or any state securities laws and may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, ''U.S. persons'' (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, we are offering and selling the Notes only:

- to U.S. investors that we reasonably believe to be ''qualified institutional buyers,'' commonly referred to as ''QIBs,'' (as defined in Rule 144A under the U.S. Securities Act) in compliance with Rule 144A; and
- outside the United States, to non-U.S. persons in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act.

We use the terms ''offshore transaction,'' ''U.S. person'' and ''United States'' with the meanings given to them in Regulation S.

If you purchase Notes in this Offering, you will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the U.S. Securities Act are used herein as defined therein):

- You understand that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Notes have not been and will not be registered under the U.S. Securities Act and that (A) if in the future you decide to offer, resell, pledge or otherwise transfer any of the Notes, such Notes may be offered, resold, pledged or otherwise transferred only (i) in the United States to a person whom you reasonably believe is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; (ii) outside the United States in a transaction complying with the provisions of Rule 904 of Regulation S under the U.S. Securities Act; or (iii) to the Company, in each case in accordance with any applicable securities laws, and that (B) you will, and each subsequent holder is required to, notify any subsequent purchaser of the Notes from it of the resale restrictions referred to in the legend below.
- You are not our ''affiliate'' (as defined in Rule 144 under the U.S. Securities Act), you are not acting on our behalf and you are either:
  - a QIB and are aware that any sale of these Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another QIB; or
  - you are purchasing Notes in an offshore transaction in accordance with Regulation S.
- You acknowledge that none of the Company, the Guarantors, the Initial Purchasers or any person representing the Company, the Guarantors or the Initial Purchasers has made any representation to you with respect to the Company or the offer or sale of any of the Notes, other than by the Company and the Guarantors with respect to the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning the Company, the Guarantors, the Indentures, the Notes, and the Guarantees as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of and request information from the Company, the Guarantors and the Initial Purchasers.
- You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state or other securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within its or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A or any other exemption from registration available under the Securities Act, or in any transaction not subject to the Securities Act.

- You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date 149 (the ''Resale Restriction Termination Date'') that is one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the date of the original issue and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) only (i) to us, (ii) pursuant to a registration statement that has been declared effective under the Securities Act, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A under the Securities Act, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act, or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to our and the trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially in the following form:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE ''U.S. SECURITIES ACT''), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, PLEDGED, ENCUMBERED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ''U.S. PERSONS'' (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) EXCEPT TO (A) QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A OR (B) PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE U.S. SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

Each purchaser acknowledges that each Rule 144A Note will contain a legend substantially in the following form:

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE ''RESALE RESTRICTION TERMINATION DATE'') WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT (''RULE 144A''), TO A PERSON IT REASONABLY BELIEVES IS A ''QUALIFIED INSTITUTIONAL BUYER'' AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL,

CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

- You acknowledge that the Registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth herein have been complied with.
- You acknowledge that:
  - the Company, the Guarantors, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein and you agree that, if any of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify us and the Initial Purchasers promptly in writing; and
  - if you are acquiring any Notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:
    - you have sole investment discretion; and
    - you have full power to make the foregoing acknowledgements, representations and agreements.
- You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

You understand that no action has been taken in any jurisdiction (including the United States) by the Company or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Company or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under ''Plan of Distribution.''

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND SECURITY INTERESTS

Set out below is a summary of certain limitations on the enforceability of the Guarantees and the security interests in each of the jurisdictions in which Guarantees or Collateral are being provided. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Guarantees and the security interests on the Collateral.

Also set out below is a brief description of certain aspects of insolvency law in the European Union, Italy, Luxembourg, the Netherlands, Spain, Bulgaria and Mexico. In the event that any one or more of the Issuer, the Guarantors or any other of our subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

European Union

The Issuer and several of the Guarantors are organized under the laws of Member States of the European Union.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the ''E.U. Insolvency Regulation''), which applies within the European Union, other than Denmark, the courts of the Member State in which a company's ''centre of main interests'' (as that term is used in Article 3(1) of the E.U. Insolvency Regulation) is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its ''centre of main interests'' is a question of fact on which the courts of the different Member States may have differing and even conflicting views. To date, no final decisions have been made in cases that have been brought before the European Court of Justice in relation to questions of interpretation of the effects of the E.U. Insolvency Regulation throughout the European Union.

Although there is a presumption under Article 3(1) of the E.U. Insolvency Regulation that a company has its ''centre of main interests'' in the Member State in which it has its registered office in the absence of proof to the contrary, Preamble 13 of the E.U. Insolvency Regulation states that the ''centre of main interests'' of a ''debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties.'' The courts have taken into consideration a number of factors in determining the ''centre of main interests'' of a company, including in particular where board meetings are held, the location where the company conducts the majority of its business or has its head office and the location where the majority of the company's creditors are established. A company's ''centre of main interests'' may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition.

The E.U. Insolvency Regulation applies to insolvency proceedings which are collective insolvency proceedings of the types referred to in Annex A to the E.U. Insolvency Regulation. If the ''centre of main interests'' of a company is in one Member State (other than Denmark) under Article 3(2) of the E.U. Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open insolvency proceedings against that company only if such company has an ''establishment'' in the territory of such other Member State. An ''establishment'' is defined to mean a place of operations where the company carries on non-transitory economic activity with human means and goods. The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State.

Where main proceedings have been opened in the Member State in which the company has its center of main interests, any proceedings opened subsequently in another Member State in which the company has an establishment (secondary proceedings) are limited to ''winding up proceedings'' listed in Annex B of the E.U. Insolvency Regulation. Where main proceedings in the Member State in which the company has its center of main interests have not yet been opened, territorial insolvency proceedings can only be opened in another Member State where the company has an establishment where either (a) insolvency proceedings cannot be opened in the Member State in which the company's center of main interests is situated under that Member State's law; or (b) the territorial insolvency proceedings are

opened at the request of a creditor which is domiciled, habitually resident or has its registered office in the other Member State or whose claim arises from the operation of the establishment.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening main proceedings which will be given the same effect in the other Member States so long as no secondary proceedings have been opened there. The liquidator appointed by a court in a Member State which has jurisdiction to open main proceedings (because the company's center of main interests is there) may exercise the powers conferred on him by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State) subject to certain limitations so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

Italy

The Notes will be issued by the Issuer, an entity which has its registered office in Italy at Via Fersina, 4, 38123, Trento (TN), Italy and therefore its ''center of main interests'' (as this term is used in Article 3(1) of the E.U. Insolvency Regulation) in Italy. As a result, in the event of the insolvency or financial distress of the Issuer, insolvency, reorganization and debt restructuring proceedings will be initiated in Italy.

Insolvency Laws

The insolvency laws of Italy may not be as favorable to investors' interests as those of other jurisdictions with which investors may be familiar. In Italy, the courts play a central role in the insolvency process. Moreover, the enforcement of security interests by creditors in Italy can be time-consuming and, in respect of security granted to secure a third party's obligations, trigger a registration tax generally at the rate of 0.5% of the secured amounts.

The following is a brief summary of certain aspects of insolvency law in Italy. Certain provisions of Italian law have been amended or have entered into force only recently and, therefore, may be subject to further implementation and/or interpretations and have not been tested to date in the Italian courts.

The primary aim of Royal Decree No. 267 of March 16, 1942 (the main Italian bankruptcy legislation), as reformed and in force as at the date of this Offering Memorandum (the ''Italian Bankruptcy Law''), is to liquidate the debtor's assets for the satisfaction of creditors' claims in compliance with the principle of equality among creditors (*par condicio creditorum*). Also the aim of maintaining employment is taken into consideration under Italian law and statutory priorities exist in order to provide a higher protection for certain categories of creditors, including the employees (who are often further safeguarded in case of disposals of businesses as going concerns of the company since they are transferred along with the businesses being sold).

Under the Italian Bankruptcy Law, bankruptcy must be declared by a court, based on the insolvency (*insolvenza*) of a company. Insolvency occurs when a debtor is no longer able to regularly meet its obligations as they become due. This must be a permanent, and not a temporary, status in order for a court to hold that a company is insolvent.

The following forms of debt restructuring and bankruptcy are available under Italian law for companies in a state of crisis and for insolvent companies.

Restructuring Outside of a Judicial Process (Concordati Stragiudiziali)

It is preferable to deal with the insolvency of a company in the context of an in-court insolvency proceeding because informal arrangements put in place to effect an out-of-court restructuring are susceptible to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions. However, in cases where a company is in distress, it may be possible for it to enter into an out-of-court arrangement with its creditors, which may safeguard the existence of the company.

Out-of-Court Reorganisation Plans (Piani di Risanamento) Pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law

Out-of-court debt restructuring agreements are based on restructuring plans (*piani di risanamento attestati*) prepared by companies in order to restructure their indebtedness and to ensure the recovery of

their financial condition. An independent expert appointed by the debtor has to verify the feasibility of the restructuring plan and the truthfulness of the business data provided by the company. According to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law, the transactions entered into, payments made and security interests granted with respect to the bankrupt entity's assets should not be subject to clawback actions (see below) provided that they concern the implementation of the restructuring plan having the characteristics mentioned above.

Debt Restructuring Agreements with Creditors (Accordi di Ristrutturazione dei Debiti) Pursuant to Article 182-bis of the Italian Bankruptcy Law

Out-of-court agreements for the purpose of restructuring of indebtedness of a company which are entered into by the company with those of its creditors to which at least 60% of the outstanding company's debts are owed can be ratified by the court. An independent expert appointed by the debtor must assess the truthfulness of the business data related to the company and declare that the agreement is feasible and, particularly, that it ensures that the debts of the non-participating creditors can be fully satisfied within the following time frames: (i) 120 days from the date of ratification of the agreement by the court, in the case of debts which are due and payable (*scaduti*) to the non-participating creditors as at the date of the ratification of the agreement by the court; and (ii) 120 days from the date on which the relevant debts fall due, in case of receivables which are not due and payable (*scaduti*) to the non-participating creditors as at the date of the ratification of the agreement by the court. Only a debtor who is insolvent or in a state of crisis can initiate this process and request the court's ratification (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is then published in the companies' register and is effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any interim relief or enforcement actions over the assets of the debtor and cannot obtain any security interest (unless agreed) in relation to pre-existing debts.

Such moratorium can also be requested, pursuant to Article 182-bis, Paragraph 6 of the Italian Bankruptcy Law, by the debtor from the court pending negotiations with creditors (prior to the above-mentioned publication of the agreement), subject to the fulfillment of certain conditions. Such moratorium request must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation, sets the date for a hearing within 30 days of the publication and orders the company to supply the relevant documentation in relation to the moratorium to the creditors. In such hearing, the court assesses whether the conditions for granting the moratorium are in place and, if they are, orders that no interim relief or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which a debt restructuring agreement and the assessment by the expert must be deposited. The court's order may be challenged within 15 days of its publication. Within the same time frame, an application for the *concordato preventivo* (as described below) may be filed, without prejudice to the effect of the moratorium.

The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

Creditors and other interested parties may oppose the agreement within 30 days from the publication of the agreement in the companies' register. The court will, after having settled the oppositions (if any), validate the agreement by issuing a decree, which may be appealed within 15 days of its publication. Pursuant to the new Article 182-quinquies of the Italian Bankruptcy Law, the Court, pending the homologation of the agreement pursuant to Article 182-bis, paragraph 1, or after the filing of the instance pursuant to Article 182-bis, paragraph 6, or a petition pursuant to Article 161, paragraph 1 or 6, may authorize the debtor to incur in new indebtedness deductible (*prededucibili*), provided that the expert appointed by the debtor declares the aim of the new financial indebtedness results in a better satisfaction of the creditors, and to pay debts deriving from the supply of services or goods, already payable and due (*scaduti*), provided that the expert declares that such payment is essential for the keeping of company's activities.

Court-Supervised Pre-Bankruptcy Composition with Creditors (Concordato Preventivo)

A company which is insolvent or in a situation of crisis, but has not been declared insolvent by the court, has the option to make a composition proposal to its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of

insolvency and the initiation of bankruptcy proceedings. Such composition proposal can be made by a commercial enterprise which meets the requirements to be declared bankrupt (*fallimento*) (i.e. any of the following thresholds is met: the company has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for the three preceding fiscal years, or gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for the three preceding fiscal years, or has total indebtedness in excess of €0.5 million).

The debtor company (which has the sole power to do so) can file a petition with the court for a concordato preventivo (attaching the composition proposal and a report prepared by an independent expert appointed by the debtor assessing the feasibility of the composition proposal and the truthfulness of the business data related to the company). The petition for concordato preventivo is then published in the companies' register. From the date of such publication to the date on which the court sanctions the concordato preventivo, all enforcement and interim relief actions by the creditors (whose debt became due before the sanctioning of the concordato preventivo by the court) are stayed. During this time, pre-existing creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the concordato preventivo is published in the companies' register are ineffective against such pre-existing creditors.

The composition proposal filed in connection with the petition may provide for: (i) the restructuring of debts and the satisfaction of creditors' claims (including through extraordinary transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities); (ii) the transfer to a receiver (*assuntore*) of the operations of the debtor company making the composition proposal; and (iii) the division of creditors into classes and providing for different treatment of creditors belonging to different classes. The composition proposal may also contain a proposed tax settlement for the partial or deferred payment of certain taxes. The filing of the petition for the *concordato preventivo* may be preceded by the filing of a preliminary petition for a concordato preventivo (so called *concordato in bianco*, pursuant to Article 161, paragraph 6, of the Italian Bankruptcy Law). The debtor company may file a preliminary petition along with its financial statements from the latest three financial years in order to ask the court to set a deadline for the filing of the petition for the concordato preventivo (along with all relevant documentation, as outlined above). The court may then set a deadline of between 60 and 120 days from the date of the filing of the preliminary petition, subject to one possible further extension of up to 60 days, where there are reasonable grounds for such extension. In advance of such deadline, the debtor may also file, as an alternative to the petition for the concordato preventivo, a petition for the approval of a debt restructuring agreement (pursuant to Article 182-bis of the Italian Bankruptcy Law).

The composition proposal may provide that (i) the debtor's company's business continues to be run by the debtor's company as a going concern; (ii) the business is transferred to one or more companies and any assets which are no longer necessary to run the business are liquidated; or (iii) all the assets of the company are liquidated. In the first two cases above, the petition for the concordato preventivo should fully describe the costs and revenues which are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support which will be necessary. The report of the independent expert shall also certify that the continuation of the business is conducive to the satisfaction of creditors' claims to a greater extent than if such composition proposal was not implemented.

If the court determines that the composition proposal is admissible, it appoints a judge (*giudice delegato*) to supervise the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditor's meeting. During the implementation of the proposal, the company generally continues to be managed by its board of directors, but is supervised by the appointed judicial officers and judge.

The implementation of the concordato preventivo is voted on at a creditors' meeting and must be approved by the majority (by value of claims) of the creditors entitled to vote and, where there are different classes of creditors, also by the majority of classes. Creditors who have not voted will be deemed to approve the concordato preventivo proposal if they fail to notify their objection via telegraph, fax, mail or e-mail to such proposal within 20 days from the relevant meeting. Secured creditors are not entitled to vote on the proposal of concordato preventivo unless and to the extent they waive their security, or the concordato preventivo provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. If an objection to the implementation of the concordato preventivo is filed by 20% or less of the creditors entitled to vote, the

court may nevertheless sanction the concordato preventivo if it deems that the relevant creditors' claims are likely to be satisfied to a greater extent as a result of the concordato preventivo than would otherwise be the case.

After the approval by the creditors' meeting, the court (having settled possible objections raised by the dissenting creditors, if any) confirms the concordato preventivo proposal by issuing a confirmation order.

If the creditors' meeting does not approve the concordato preventivo, the court may, upon request of the public prosecutor or a creditor, and having decided that the appropriate conditions apply, declare the company bankrupt.

Bankruptcy (Fallimento)

A request to declare a debtor company bankrupt and to commence a bankruptcy proceeding (*fallimento*) and the judicial liquidation of the debtor company's assets can be filed by the debtor company itself, any of its creditors and, in certain cases, by the public prosecutor. The bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only to commercial enterprises (*imprenditori commerciali*) if any of the following thresholds are met (i.e. the company has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for the last three fiscal years, or gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for the last three fiscal years, or has total indebtedness in excess of €0.5 million).

On the commencement of bankruptcy proceedings:

- all actions of creditors are stayed and creditors must file any claims for their debts within a prescribed period. However, in certain circumstances and subject to certain procedures, some security interests can continue to be enforced, i.e. secured claims are paid out of the proceeds of liquidation of the secured assets, along with the applicable interest and subject to any relevant expenses. Any outstanding balance will be considered unsecured and will rank *pari passu* with all of the bankrupt's other unsecured debt;
- the administration of the debtor company and the management of its assets pass from the debtor company to the bankruptcy receiver (*curatore fallimentare*); and
- any act of the debtor company done after a declaration of bankruptcy (including payments made) is ineffective against the creditors. Although the general rule is that the bankruptcy receiver is allowed to either continue or terminate contracts where some or all of the obligations have not been performed by both parties, certain contracts are subject to specific rules expressly provided for by Italian Bankruptcy Law.

The bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of any one of the creditors, but is responsible for the liquidation of the assets of the debtor for the satisfaction of the creditors as a whole. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real property.

The Italian Bankruptcy Law provides for a priority of payment to certain preferential creditors, including employees, the Italian treasury, and judicial and social authorities.

Bankruptcy Composition with Creditors (Concordato Fallimentare)

A bankruptcy proceeding can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The proposal can be filed, by one or more creditors or third parties, from the declaration of bankruptcy. By contrast, the debtor or its subsidiaries are only permitted to file such proposal after one year, following a declaration of bankruptcy, but within two years from the final decree of the court on the amount of the debts. Secured creditors are not entitled to vote on the proposal of concordato fallimentare, unless and to the extent they waive their security or the concordato fallimentare provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal.

The proposal may provide for the division of creditors into classes (thereby proposing different treatment among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The concordato fallimentare proposal must be approved by the creditors' committee and the creditors holding the majority (by value) of claims (and, if classes are formed, also by a majority (by value) of the claims in a majority of the classes). Final court ratification is also required.

Statutory Priorities

The statutory priority given to creditors under the Italian Bankruptcy Law may be different from that established in the United States, the United Kingdom and certain other E.U. jurisdictions. Neither the debtor nor the court can deviate from the rules of statutory priority by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles. The rules of statutory priority apply irrespective of whether the proceeds are derived from the sale of the entire bankrupt's estate or part thereof, or from a single asset.

Article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (i) for payments of ''pre-deductible'' claims (i.e. claims originated in the insolvency proceeding, such as costs related to the procedure); (ii) for payment of claims which are privileged, such as claims of secured creditors or employees; and (iii) for the payment of unsecured creditors' claims (*creditori chirografari*).

Avoidance Powers in Insolvency

Under Italian law, there are so-called ''clawback'' or avoidance provisions that may lead to, inter alia, the revocation of payments made or security interests granted by the debtor prior to the declaration of bankruptcy. The key avoidance provisions address transactions made below market value, preferential transactions or transactions made with a view to defraud creditors. Clawback rules under Italian law are normally considered to be particularly favorable to the receiver in bankruptcy, compared to the rules applicable in other jurisdictions.

In a bankruptcy proceeding, depending on the circumstances, the Italian Bankruptcy Law provides for a clawback period of up to either one year or six months in the case of intragroup transactions and a two-year ineffectiveness period for certain other transactions. The clawback actions cannot be initiated after three years from the declaration of bankruptcy or five years from the date of perfection of the transaction giving rise to the action. Such terms may be further extended in event that an insolvency proceeding follows another insolvency procedure.

In particular, the Italian Bankruptcy Law distinguishes between acts or transactions which are ineffective by operation of law and acts or transactions which are voidable at the request of the bankruptcy receiver/ court commissioner, as detailed below.

(1) *Acts ineffective by operation of law*

   (a) under Article 64 of the Italian Bankruptcy Law, all transactions entered into for no consideration are ineffective against creditors if entered into by the debtor in the two-year period prior to the insolvency declaration; and

   (b) under Article 65 of the Italian Bankruptcy Law, payments of debts falling due on the day of the declaration of insolvency or thereafter are deemed ineffective against creditors if made by the debtor in the two-year period prior to the insolvency declaration.

(2) *Acts which are voidable (inefficaci) at the request of the bankruptcy receiver/court commissioner*

   (a) The following acts and transactions, if done or made during the period specified below, may be avoided and declared ineffective unless the other party proves that it had no actual or constructive knowledge of the debtor's insolvency:

      (i) transactions entered into in the year preceding the insolvency declaration, where the value of the debt or of the obligations undertaken by the debtor exceeds by 25% the value of the consideration received by and/or promised to the debtor;

      (ii) payments of debts, due and payable, made by the debtor, which were not paid in cash or other customary means of payment in the year preceding the insolvency declaration;

(iii) pledges and mortgages granted by the bankrupt entity in the year preceding the insolvency declaration in order to secure pre-existing debts which have not yet fallen due; and

(iv) pledges and mortgages, granted by the bankrupt entity in the six months preceding the insolvency declaration, in order to secure debts which had fallen due.

(b) The following acts and transactions, if done or made during the period specified below, may be avoided and declared ineffective if the bankruptcy receiver proves that the other party knew that the bankrupt entity was insolvent at the time of the act or transaction:

(i) the payments of debts that are immediately due and payable and any onerous transactions entered into or made in the six months preceding the insolvency declaration; and

(ii) deeds granting security interests over debts (even those of third parties) which are made in the six months preceding the insolvency declaration.

(c) Certain transactions are exempt from clawback actions, including, *inter alia*:

(i) a payment for goods or services made in the ordinary course of business and in accordance with market practice;

(ii) a remittance on a bank account, provided that it does not reduce the bankrupt entity's debt towards the bank in a material and lasting manner;

(iii) a sale, including an agreement for sale registered pursuant to Article 2645-bis of the Royal Decree No. 262 of March 16, 1942 (the ''Italian Civil Code''), currently in force, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main seat of the enterprise of the purchaser, on the condition that, as at the date of the purchase, such activity is actually exercised or the investments for the start of such activity have been carried out;

(iv) transactions entered into, payments made and security interests granted with respect to the bankrupt entity's goods, provided that they concern the implementation of a plan which permits for the restructuring of the debt and for the improvement of its financial position (*piano attestato*), provided that such plan is reasonable according to an independent expert registered in the accounting auditors' register and eligible to be appointed as bankruptcy receiver as provided by Article 28 of the Italian Bankruptcy Law and by Article 67, paragraph 3, letter d), of the Italian Bankruptcy Law;

(v) a transaction entered into, payment made or security interest granted to implement a concordato preventivo (see paragraph above) or an *accordo di ristrutturazione dei debiti* under Article 182-bis of the Italian Bankruptcy Law (see paragraph above) and transactions entered into, payments made and security interests granted after the filing of the application for a concordato preventivo, if authorized (see above);

(vi) remuneration payments to the bankrupt entity's employees and consultants; and

(vii) a payment of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to concordato preventivo procedures.

In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared void and ineffective (inefficaci) within the Italian Civil Code ordinary clawback period of five years (*revocatoria ordinaria*). Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions through which the bankrupt entity disposed of its assets to the detriment to a creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such detriment (or, if the transaction was entered into prior to the date on which the claim originated, that such transaction was fraudulently entered into by the debtor to its own detriment) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such detriment (and, if the transaction was entered into prior to the date on which the claim originated, such third person participated in the fraudulent scheme).

Extraordinary Administration for Large Insolvent Companies (Amministrazione Straordinaria delle Grandi Imprese in Stato di Insolvenza)

An extraordinary administration procedure is available under Italian law for large industrial and commercial enterprises (commonly referred to as the ''Prodi-bis'' procedure). The relevant company must be insolvent, but demonstrating serious recovery prospects. To qualify for this procedure, the company must have employed at least 200 employees in the previous year. In addition, it must have debts equal to at least two-thirds of its assets and two-thirds of its income from sales and services during its last financial year.

Either of the creditors, the debtor, a court or the public prosecutor may make a petition to commence an extraordinary administration procedure. The rules which apply to such procedure are largely the same rules as those applicable to bankruptcy proceedings. There are two main phases—an administrative phase and a judicial phase.

Administrative Phase

In the administrative phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissiario giudiziale*) to investigate whether the company has serious prospects for recovery via a business sale or reorganization. The judicial receiver files a report with the court within 30 days, and within 10 days from such filing, the Italian Productive Activities Minister (the ''Ministry'') may make an opinion on the admission of the company to the extraordinary administration procedure. The court then decides (within 30 days from the filing of the report) whether to admit the company to the procedure or to place it into bankruptcy.

Judicial Phase

Assuming that the company is admitted to the extraordinary administration procedure, the judicial phase begins and an extraordinary commissioner (or commissioners) is appointed by the Ministry. The extraordinary commissioner(s), prepares a plan which can provide for either the sale of the business as a going concern within one year (or such other term as extended by the Ministry) (the ''Disposal Plan'') or a reorganization leading to the company's economic and financial recovery within two years (or such other term as extended by the Ministry) (the ''Recovery Plan''). The plan may also include an arrangement with creditors (e.g. a debt for equity swap, an issue of shares in a new company to whom the assets of the company have been transferred, etc.) (concordato). The plan must be approved by the Ministry.

The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan, failing which the company is declared bankrupt.

Industrial Restructuring of Large Insolvent Companies (Ristrutturazione Industriale di Grandi Imprese in Stato di Insolvenza)

Introduced in 2003, the industrial restructuring of large insolvent companies is also known as the ''Marzano procedure.'' It is complementary to the Prodi-bis procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to be faster than the Prodi-bis procedure. For example, although a company must be insolvent, the application to the Ministry is made together with the filing to the court for the declaration of the insolvency of the debtor. The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt. The decision whether to open a Marzano procedure is taken by the Ministry following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and open bankruptcy proceedings.

Compulsory Administrative Winding-Up (Liquidazione Coatta Amministrativa)

A compulsory administrative winding-up (liquidazione coatta amministrativa) is only available for certain companies, including, inter alia, public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be made subject to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is a special sort of insolvency proceeding in which the entity is liquidated not by the bankruptcy court, but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also on other grounds expressly provided for by the relevant legal provisions (e.g., in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).

The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company. The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the designated judge and the bankruptcy court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect on creditors of the forced administrative winding-up is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. A compulsory administrative winding-up is governed largely by the same rules as set forth for bankruptcy proceedings.

Limitations on Enforcement

Fraudulent Transfer Provisions Pending the Bankruptcy Proceedings

Under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests granted by the Issuer to secure the Notes and the Guarantees or the parallel debt obligations could be subject to potential challenges by an insolvency administrator or by other creditors under the rules of avoidance or clawback of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the ''suspect period''). The avoidance may relate *inter alia* to (i) transactions made by the debtor within a suspect period of one year prior to the declaration of the insolvency at below market value (i.e., to the extent the asset or obligation given or undertaken exceeds by one-quarter the value of the consideration received by the debtor), or involving unusual means of payment (e.g., payment in kind) or security taken after the creation of the secured obligations, whereby the creditor must prove his lack of knowledge of the state of insolvency of the relevant entity in order to rebut any clawback action, (ii) security granted in order to secure a debt due and payable, whereby the creditor must prove his lack of knowledge of the state of insolvency of the relevant entity in order to rebut any clawback action during the suspect period of six months prior to the declaration of the insolvency, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of six months prior to the declaration of the insolvency, whereby the bankruptcy receiver must prove that the creditor was aware of the state of insolvency of the relevant entity in order to enforce any clawback action.

If challenged successfully, the security interest may become unenforceable and ineffective (inefficaci) and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest is voided, holders of the Notes could lose the benefit of the security interest and may not be able to recover any amounts under the related Security Documents.

It should be noted that: (i) under Article 64 of the Italian Bankruptcy Law, all transactions for no consideration are ineffective vis-à-vis creditors if entered into by the debtor in the two-year period prior to the insolvency declaration; and (ii) under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective vis-à-vis creditors, if made by the bankrupt entity in the two-year period prior to insolvency.

In addition, as noted above, the E.U. Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the European Union.

Fraudulent Transfer Provisions of General Applicability Including During Bankruptcy

Under Italian law, in certain circumstances, also in the ordinary course of business, an action can be brought by any creditor of a given debtor within five years from the date in which the latter enters into a guarantee, agreement and any other act by which it disposes of any of its assets, in order to seek a clawback action (*azione revocatoria*) pursuant to Article 2901 of the Italian Civil Code (which results in a declaration of ineffectiveness as to the acting creditor) of the said guarantee, agreement and other act that is purported to be prejudicial to the acting creditor's right of credit. An Italian court could revoke the said guarantee, agreement and other act only if it, in addition to the ascertainment of the prejudice, was to make the two following findings:

- that the debtor was aware of the prejudice which the act would cause to the rights of the acting creditor, or, if such act was done prior to the existence of the claim or credit, that the act was fraudulently designed for the purpose of prejudicing the satisfaction of the claim or credit;
- that, in the case of non-gratuitous act, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that the said third party participated in the fraudulent design.

Parallel Debt

The Intercreditor Agreement provides for the creation of a parallel debt structure (as an abstract obligation independent from the obligation under the Notes) whereby, subject to the terms of the Intercreditor Agreement, all the Debtors (as defined therein) undertake to pay to the Security Agent any amount payable by them under the Notes. However a parallel debt structure has never been tested before an Italian court. In particular when the parallel debt structure is aimed at overcoming the lack of effect and recognition of the concept of a security agent under Italian law or it contravenes the active solidarity among creditors provisions (''*solidarietà attiva tra creditori*'') provided for by the Italian Civil Code, an Italian court may refuse to enforce claims arising from such parallel debt structure, on the ground that they violate certain mandatory provisions of Italian law.

Limitations on Granting Security Interests Under Italian Law

Under Italian law, the creation of a security interest is subject to compliance with the rules on corporate benefit and corporate authorization. If a security interest is being provided in the context of an acquisition, group reorganization or restructuring, financial assistance issues may also be triggered. An Italian company granting a security interest must receive a real and adequate benefit in exchange for the security interest. Whilst corporate benefit for a downstream security (i.e., a security granted to secure financial obligations of directly or indirectly subsidiaries of the relevant grantor) is usually self-evident, the validity and effectiveness of an up stream or cross-stream security (i.e., a security granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organized under the laws of Italy depend on the existence of a real and adequate benefit in exchange for the granted security interest. The concept of real and adequate benefit is not defined in the applicable legislation and is determined on a case-by-case basis. In particular, in case of upstream and cross-stream security for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of the group. The general rule is that the risk assumed by an Italian grantor of security must not be disproportionate to the direct or indirect economic benefit to it. Absence of a real and adequate benefit could render the security provided by an Italian company ultra vires and potentially affected by conflict of interest. Thus, civil liabilities may be imposed on the directors of the Italian grantor if it is assessed that they did not act in the best interest of it and that the acts they carried out do not fall within the corporate purpose of the company. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over the Italian grantor or having knowingly received an advantage or profit from such improper control. Moreover, the security interest granted by an Italian company could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interest of the Italian company.

The above principles on corporate benefit apply equally to upstream/downstream guarantees granted by Italian companies.

As to corporate authorizations, the granting of security (or guarantees) by an Italian company must be permitted by the by-laws (*statuto*) of the Italian company. Finally, as to the financial assistance aspects, the granting of a security or a guarantee by an Italian company cannot include any liability which would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company to give financial assistance (whether by means of loans, security, guarantees or otherwise) to support the acquisition or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company. Financial assistance for refinancing indebtedness originally incurred for the purchase or subscription of its own shares or quotes or those of its direct or indirect parent company would also be a violation.

Limitation on creation of security and restrictions on enforcement provided by Italian law

The Italian law governed Collateral is composed by (i) a pledge over the shares of the Issuer granted by the Company, and (ii) a pledge over certain intellectual property rights of the Issuer (the ''Italian Collateral'').

The secured creditors under the Italian Collateral are the lenders under the Revolving Credit Facility, certain financial institutions under certain hedging transactions entered into by the Issuer, the holders of the Notes from time to time and U.S. Bank Trustees Limited (for itself and in its capacity as the Trustee of the Notes and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code).

It is uncertain and untested in the Italian courts whether under Italian law a security can be created and perfected (i) in favor of creditors (such as the holders of the Notes) which are neither directly parties to the relevant Security Documents nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favor of U.S. Bank Trustees Limited as the Trustee of the Notes since there is no established concept of ''trust'' or ''trustee'' under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of the Trustee as agent or trustee for holders of the Notes under security interests on Italian assets is debatable under Italian law.

To address the above potential issue, the Italian Collateral will be created and perfected in favor of the Trustee acting also in its capacity as common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code. However, please note that the enforceability of Italian law security granted in favor of a trustee acting as trustee and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian civil Code has not been tested in the Italian courts and, therefore, the risk of unenforceability by the holders of the Notes of the Italian Security Documents posed by Italian law cannot be eliminated or mitigated. Furthermore, it has not been tested in the Italian courts whether a common representative (*rappresentante comune*) of holders of notes may be validly appointed by means of a contractual arrangement in the form of the Indenture.

Luxembourg

Certain Insolvency Law Considerations

Luxembourg insolvency proceedings may have a material adverse effect on the Company's business and assets and the Company's respective obligations under the Notes. The insolvency laws of Luxembourg may not be as favorable to investors' interests as those of other jurisdictions with which investors may be familiar. The following types of proceedings (altogether referred to as insolvency proceedings) may be opened against a Guarantor having its registered office or ''center of main interests'' (as that term is used in Article 3(1) of the E.U. Insolvency Regulation) in Luxembourg:

- bankruptcy (*faillite*) proceedings, the opening of which may be requested by the company or by any of its creditors; following such a request, a competent Luxembourg court may open bankruptcy proceedings if the company (i) is unable to pay its debts as they fall due (*cessation des paiements*), and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*); if a court finds that these conditions are met without any request, it may also open bankruptcy proceedings on its own motion;
- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the company and not by its creditors; a reorganization order requires the prior

approval by more than 50% in number of the creditors representing more than 50% of the company's liabilities in order to take effect; and

- voluntary composition with creditors (*concordat préventif de faillite*), upon request only by the company (subject to obtaining the consent of the majority of its creditors representing at least 75% of all admitted unsecured claims) and not by its creditors. The court's decision to admit a company to a composition with participating creditors triggers a provisional stay on enforcement of claims by unsecured and by participating creditors while other creditors may pursue their claims individually.

In addition to these insolvency proceedings, your ability to receive payment on the Notes may be affected by a decision of a court to grant a suspension of payments (*sursis de paiement*) or to put the Company into judicial liquidation (*liquidation judiciaire*). Judicial winding up proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or seriously breaching the provisions of the commercial code and the laws governing commercial companies. The management of such winding up proceedings will generally follow the rules of bankruptcy proceedings.

Generally, during the insolvency proceedings, all enforcement measures by general secured and unsecured creditors against the company are stayed, while certain secured creditors (pledgees or mortgagees) retain the ability to settle separately while the debtor is in bankruptcy. Collateral over which a security right has been granted will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus of enforcement proceeds is realized). During controlled management proceedings, enforcement measures are suspended until the final reorganization order from the adjudicating court, declarations of default and any subsequent acceleration upon the occurrence of an event of default may not be enforceable and participating secured creditors in composition proceedings are required to abandon their security. Under the Luxembourg Act dated August 5, 2005 concerning financial collateral arrangements, as amended (the ''Collateral Act''), secured creditors holding qualifying collateral in the form of financial instruments or claims to secure obligations giving right to cash settlement and/or delivery of financial instruments and/or to assets underlying such financial instruments may enforce their security during the insolvency proceedings without court approval outside the general body of creditors and satisfy their claim in order of their priority in the enforcement proceeds.

Liabilities of the Company in respect of their Guarantees will, in the event of a liquidation of the Company following bankruptcy or judicial winding-up proceedings, rank junior to the cost of such proceedings (including any debt incurred for the purpose of such bankruptcy or judicial winding-up) and those debts of the Issuer that are entitled to priority under Luxembourg law. Preferential rights arising by operation of law under Luxembourg law include:

- certain amounts owed to the Luxembourg Revenue;
- value added tax and other taxes and duties owed to the Luxembourg Customs and Excise;
- social security contributions; and
- remuneration owed to employees.

Luxembourg insolvency law may also affect transactions entered into or payments made by the Company during the hardening period (*période suspecte*) (which is a maximum of 6 (six) months and 10 (ten) days) preceding the judgment adjudicating the insolvency proceedings, in particular, the granting of a security right for antecedent debt, the payment of debt not due (whether or not payment is made in cash or by way of assignment, sale, set-off or by any other means) or of debt due by any means other than cash or bill of exchange or the sale of assets without consideration or with substantially inadequate consideration. These transactions must be declared null and void, in all circumstances, at the request of the competent Luxembourg insolvency official (including any commissaire, juge-commissaire, liquidateur or curateur or similar official). Further, if the insolvency official demonstrates that an adequate payment in relation to a due debt was made during the hardening period to the detriment of the general body of creditors, and the party receiving such payment knew that the company had ceased payments when such payment occurred, the insolvency official has the power, among other things, to invalidate such preferential transaction. Notwithstanding the above, a financial collateral arrangement under the Collateral Act entered into after the opening of liquidation proceedings or the entry into force of reorganization measures is valid and binding against third parties or insolvency officials notwithstanding the hardening period if the collateral taker proves that it was unaware of the opening of such proceedings or of the taking of such measures or that it could not reasonably have been aware of them.

Generally, if the insolvency official demonstrates that the Company has given a preference to any person by defrauding the rights of creditors generally, a competent insolvency official (acting on behalf of the creditors) has the power to challenge such preferential transaction (including the granting of security right with fraudulent intent) without limitation of time.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in an automatic termination of contracts except for personal (*intuitu personae*) contracts, that is, contracts for which the identity of the company or its solvency were crucial. However, the insolvency official may choose to terminate certain onerous contracts. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue vis-à-vis the bankruptcy estate. Insolvency proceedings may hence have a material adverse effect on the Company's business and assets and the Company's respective obligations under the Notes (as a Guarantor).

Finally, international aspects of Luxembourg bankruptcy, controlled management or composition proceedings may be subject to the E.U. Insolvency Regulation.

Financial Assistance

The Company will guarantee and secure certain indebtedness of the Issuer. Any granting of a guarantee or a third party security by a Luxembourg guarantor that constitutes a breach of the financial assistance rules set out at Article 49-6 of the Luxembourg Act dated 10 August 1915 on commercial companies, as amended, or any other similar provisions (to the extent applicable, as at the date of this Offering Memorandum, to the Company) may not be enforceable.

There is no Luxembourg legislation or published authoritative court precedent which specifically regulates the granting of a guarantee or a third party security by a Luxembourg company securing the indebtedness of a subsidiary, a parent company or an affiliated company. However, the granting of a guarantee or a third party security is subject to specific limitations and requirements relating to the corporate object (*objet social*) and the corporate benefit (*intérêt social*) of the Company. Although no statutory definition of corporate benefit exists under Luxembourg law, corporate benefit is widely interpreted and includes any transactions from which a Luxembourg company derives a direct or indirect economic or commercial benefit. It is generally held that, within a group of affiliated companies, the corporate interest of each individual corporate entity may, to a certain extent, be subordinated to the interest of the group. As such, the granting of a guarantee or a third party security securing the indebtedness of direct or indirect subsidiaries is likely to raise no particular concerns, whereas the provision of an upstream or cross-stream guarantee or security right for the benefit of a parent or a sister company may be more problematic but not necessarily conflicts with the interest of the assisting company.

Luxembourg Security Rights

The appointment of a foreign security agent or trustee will be recognized under Luxembourg law (i) to the extent that such designation is valid under the law governing such appointment and (ii) subject to possible restrictions depending on the type of the security right. In general, a security right over financial collateral may be granted in favor of an agent, a fiduciary or a trustee acting as holder of the security right for the collateral taker in order to secure the claims of present or future third party secured creditors, provided that these secured creditors are identified or can be identified. Without prejudice to its obligations vis-à-vis such third party secured creditors, an agent, a fiduciary or a trustee acting for these secured creditors is entitled to the same rights as a secured creditor who is directly holding a security right granted to its benefit, all in accordance with Article 2(4) of the Collateral Act.

All security rights granted in the form of a pledge over shares or receivables qualify as financial collateral arrangements under the Collateral Act. According to the Collateral Act, all financial collateral arrangements (including pledges of financial instruments, receivables or cash held on account), as well as the enforcement events relating to these financial collateral arrangements, are valid and enforceable against third parties (including supervisors, receivers, liquidators or other similar bodies) irrespective of any bankruptcy, liquidation or other situations (e.g. hardening period (période suspecte)), of composition with creditors or of reorganization affecting any one of the parties, whether they are national or foreign, except in case of fraud. Where a financial collateral arrangement has been entered into after the opening of liquidation proceedings or the coming into force of reorganization measures or the entry into force of such measures, such arrangement is valid and binding against third parties, administrators, insolvency receivers, liquidators or similar bodies, notwithstanding the hardening period (*période*

suspecte) as referred to at Articles 445 and 446 of the Luxembourg Code of Commerce, if the collateral taker proves that it was unaware of the fact that such proceedings had been opened or that such measures had been taken or that it could not reasonably be aware of them, all in accordance with Article 21(2) of the Collateral Act.

The Netherlands

Insolvency Proceedings

Certain Guarantors are incorporated in the Netherlands (the ''Dutch Guarantors''). In the event of the insolvency of either or both of the Dutch Guarantors, insolvency proceedings with respect to those entities would likely proceed under, and be governed by, Dutch insolvency law. Dutch insolvency laws are different from the insolvency laws of other jurisdictions, and this may limit your ability to recover payments due on the Notes to an extent exceeding the limitations arising under other insolvency laws.

Under Dutch law, there are two applicable corporate insolvency proceedings: moratorium of payments *(surseance van betaling)* and bankruptcy *(faillissement)*. A moratorium or suspension of payments (''moratorium'') is a court-ordered general suspension of a debtor's obligations to its creditors. Its purpose is to facilitate the reorganization of a debtor's debts and enable the debtor to continue as going concern. A moratorium is available at the request of the debtor on the ground that the debtor will be unable to continue payments when they fall due and could be used as a defense by the debtor against a bankruptcy application by a third-party. It may be ordered only by the district court located in the district in which the company has its statutory seat. Upon the filing of the request for a moratorium, the court will automatically grant the moratorium on a provisional basis and appoint at least one administrator *(bewindvoerder)* of the debtor's estate.

Subsequently, the unsecured creditors must vote in a meeting convened by the court as to whether a definitive moratorium should be granted. The court will then decide whether to grant a definitive moratorium or, alternatively, the court may declare the debtor bankrupt. The court will grant a definitive moratorium unless such moratorium is opposed by either (i) creditors having claims jointly exceeding one quarter of the total amount of claims represented at the meeting, or (ii) more than one-third of creditors whose claims are represented at the meeting. A moratorium takes effect retroactively from midnight on the day on which the court has granted the provisional suspension of payments.

Bankruptcy is a court-ordered general attachment of the assets of a debtor for the benefit of the debtor's collective creditors. The purpose of bankruptcy is to provide for an equitable liquidation and distribution of the proceeds of the debtor's assets among its creditors. Bankruptcy may be ordered only by the district court located in the district in which the company has its statutory seat. An application for bankruptcy can be made by either (i) one or more creditors of the debtor, (ii) the public prosecutor (if the public interest so requires), or (iii) the debtor itself, on the grounds that the debtor has ceased paying its debts. A debtor is considered to have ceased paying its debts if claims of at least two creditors for payments due remain unpaid. There is no legal duty for a debtor to file for its own bankruptcy. However, if the managing board of a company realizes that the company is or will be unable to pay its debts when they come due, it is required to take appropriate measures, which could include the cessation of trading, notification of creditors and the filing for either bankruptcy or a moratorium of payments (see above).

As a result of a bankruptcy, the debtor loses all rights to administer and dispose of its assets. Furthermore, all pending executions of judgments and any attachments on the debtor's assets will be terminated by operation of law, and any pending litigation on the date of the bankruptcy order is automatically suspended.

A bankruptcy order takes effect retroactively from midnight on the day the order is rendered. In the event of bankruptcy, a court will appoint a receiver in bankruptcy (*curator*) at its own discretion, which, in most cases, will be a practicing lawyer in the Netherlands. The receiver in bankruptcy manages the bankrupt estate, which consists of all of the debtor's assets and liabilities that exist on the date on which the bankruptcy order became final, and of all assets acquired during the bankruptcy. The bankruptcy estate is not liable for obligations incurred by the debtor after the bankruptcy order, except to the extent that such obligations arise from transactions that are beneficial to the estate. A receiver in bankruptcy operates under the supervision of a bankruptcy judge designated by the court, and thus most of the major decisions of a receiver in bankruptcy require the prior approval of the bankruptcy judge.

Secured creditors can exercise their rights during the bankruptcy as normal. However, the bankruptcy judge may call a ''freeze-order'' *(afkoelingsperiode)* for a maximum period of four months (consisting of

an initial two months, with a possible two month extension), during which period the secured creditors cannot exercise their rights without the approval of the bankruptcy judge. The receiver in bankruptcy can force secured creditors to enforce their security rights within a reasonable period of time, failing which the receiver in bankruptcy will be entitled to sell the secured assets and distribute the proceeds. The receiver in bankruptcy is authorized to make such forced sales in order to prevent a secured creditor from delaying the enforcement of the security without good reason. If a receiver in bankruptcy does make a forced sale of secured assets, the secured creditors have to contribute to the general bankruptcy expenses *(algemene faillissementskosten)* and will receive payment from the proceeds of that sale prior to ordinary, non-preferred creditors having an insolvency claim, but after creditors of the estate *(boedelschuldeisers)*, and subject to satisfaction of higher-ranking claims of creditors. Dutch tax authorities *(belastingdienst)* have a preferential claim in respect of the collection of certain taxes (e.g., social security premiums, wage tax, value added tax, etc.), pursuant to which they are entitled to attach certain movable property found on the debtor's premises *(bodembeslag)*. They may take recourse against such property irrespective of whether any security interests over such property exist. Excess proceeds of enforcement of security rights must be returned to the debtor in bankruptcy and may not be set-off against any unsecured claims that the secured creditors may have. Such set-off is, in principle, only allowed prior to the bankruptcy proceedings.

All unsecured, pre-bankruptcy claims need to be submitted to the receiver in bankruptcy for verification, and the receiver in bankruptcy makes a determination as to the existence, ranking and value of the claim and whether and to what extent it should be admitted in the bankruptcy proceedings. Creditors that wish to dispute the verification of their claims by the receiver in bankruptcy will be referred to the claim validation proceedings (*renvooiprocedure*) in order to establish the amount and rank of the disputed claim.

Interest accruing after the date of the bankruptcy order cannot be admitted unless secured by a pledge or mortgage. In that event, interest will be admitted pro memoria. To the extent that an interest is not covered by the proceeds of the security the creditor may not derive any rights from the admission. No interest is payable in respect of unsecured claims as of the date of a bankruptcy.

Voluntary payments *(onverplichte betalingen)* made by the debtor to a creditor before its bankruptcy may be successfully contested by the receiver in bankruptcy if the debtor and the creditor, at the time the payments were made, knew or ought to have known that any other creditors would be prejudiced by such payment. In the absence of evidence to the contrary, knowledge of prejudice is presumed from the debtor and the creditor by virtue of law in a number of situations if voluntary payments were made within one year before the bankruptcy. Even payments that were due and payable to a creditor may be successfully contested by the receiver in bankruptcy if (i) the recipient of payment knew that an application for bankruptcy had already been filed at the time the payment was made or (ii) the debtor and the recipient of payment engaged in conspiracy in order to benefit the recipient of payment to the detriment of the other creditors.

A Dutch pledge can serve as security for monetary claims *(geldvorderingen)* only and can only be enforced upon default (*verzuim*) of the obligations secured thereby. Foreclosure on pledged property is to be carried out in accordance with the applicable provisions and limitations of the Netherlands Civil Code *(Burgerlijk Wetboek)* and the Netherlands Code of Civil Procedure *(Wetboek van Burgerlijke Rechtsvordering)*.

Limitations on Enforcement of Guarantees and Security Interests

You may not be able to enforce, or recover any amounts under, the Guarantee of, and security interests granted by or in, any Dutch Guarantor due to restrictions on the validity and enforceability of security interests and Guarantees under Dutch law. Under Dutch law, it is uncertain as to whether security interests can be granted to a party other than the creditor of the claim purported to be secured by such security interests. For that reason, the Security Documents pursuant to which a security interest will be granted in the assets of the Dutch subsidiaries use a parallel debt structure, whereby the Dutch subsidiaries, as separate and independent obligations, undertake to pay to the Security Agent amounts equal to the amounts due by it to the other creditors. Such parallel debt structure therefore creates a separate and independent claim of the Security Agent which can be secured by a security interest. Consequently, the security interests are granted to the Security Agent in its own capacity as creditor acting in its own name pursuant to the parallel debt, and not as a representative *(vertegenwoordiger)* of the creditors. It is expressly agreed in such a parallel debt provision that the obligations of the debtor to the Security Agent on behalf of the holders of the Notes offered hereby shall be decreased to the extent

that the corresponding principal obligations to the creditors are reduced (and vice versa). However, such a parallel debt structure has never been tested before a Dutch court and we cannot assure that it will mitigate or eliminate the risk of unenforceability posed by Dutch law.

Under Dutch law, receipt of any payment made by the any Dutch Guarantor under a Guarantee or security interest may be adversely affected by specific or general defenses available to debtors under Dutch law in respect of the validity, binding effect and enforceability of such Guarantee or security interest. The validity and enforceability of a Guarantee of, or a security interest granted by or in the share capital of any Dutch Guarantors may also be successfully contested by the any Dutch Guarantors (or their receiver in bankruptcy) on the basis of an ultra vires claim. The validity and enforceability of the obligations of our Dutch subsidiaries under a Guarantee or security interest may also be successfully contested by any creditor, or by the subsidiaries' respective receiver in bankruptcy when the subsidiary is in bankruptcy proceedings, if such obligation is prejudicial to the interests of any other creditor and the other requirements for voidable preference under the Netherlands Civil Code and Netherlands Bankruptcy Act are met. As a result, the value of the Guarantee and security interests provided by the Dutch Guarantors may be limited.

A corporate resolution approving the issuance of a guarantee by the Dutch company or a security to be provided by the Dutch company may be suspended or voided by the Enterprise Chamber of the Court of Appeals in Amsterdam *(Ondernemingskamer van het Gerechtshof Amsterdam)* on the motion of one or more holders of shares or depository receipts issued for shares in such company who, solely or jointly, represent at least one-tenth of the issued capital or who are entitled to an amount of in shares or depository receipts issued therefore with a nominal value of €225,000 or such lesser amount as is provided by the articles of association *(statuten)* of the relevant company, and persons who are authorized to do so by the articles of association or under an agreement with such company. The right to file such motion is further vested in an association of employees which has amongst its members person working for the enterprise and which has at least two years full legal capacity, and, for reasons of public interest, the advocate general at the Court of Appeal in Amsterdam. Likewise, the guarantee or security itself may be upheld by the Enterprise Chamber, yet actual payment under it may be suspended or voided.

Pursuant to Dutch law, payment under a guarantee or a security document may be withheld under doctrines of reasonableness and fairness *(redelijkheid en billijkheid)*, force majeure (*niet toerekenbare tekortkoming*) and unforeseen circumstances *(onvoorziene omstandigheden)* and other defenses afforded by Dutch law to obligors generally. Other general defenses include claims that a guarantee or security interest should be avoided because it was entered into through undue influence (*misbruik van omstandigheden)*, fraud (*bedrog*), duress (*bedreiging*) or error (*dwaling*). Furthermore, under Dutch law, a party to an agreement may under certain circumstances suspend performance of its obligations under such agreement pursuant to the *exceptio non-adimpleti contractus* or otherwise.

Dutch law contains specific provisions dealing with fraudulent conveyance both in and outside of bankruptcy, the so-called *action pauliana* provisions. The *action pauliana* offers creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitations, an agreement pursuant to which it guarantees the performance of the obligations of a third party and any other legal act having similar effect) can be challenged in or outside bankruptcy of the relevant person and may be nullified by the receiver in bankruptcy in a bankruptcy of the relevant person or by any of the creditors of the relevant person outside bankruptcy, if (i) the person performed such acts without an obligation to do so *(onverplicht)*, (ii) the creditor concerned or, in the case of the person's bankruptcy, any creditor, was prejudiced in its means of recovery as a consequence of the act, and (iii) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of its creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration *(om niet)* in which case such knowledge of the counterparty is not necessary for a successful challenge on the grounds of fraudulent conveyance.

Ultra Vires

Pursuant to Article 2:7 of the Netherlands Civil Code *(Burgerlijk Wetboek)*, any transaction entered into by a legal entity may be nullified by the legal entity itself or its receiver in bankruptcy (*curator*) if the objects of that entity were transgressed by the transaction and the other party to the transaction knew or should have known this without independent investigation *(wist of zonder eigen onderzoek moest weten)*. The Netherlands Supreme Court *(Hoge Raad der Nederlanden)* has ruled that in determining whether the objects of a legal entity are transgressed, not only the description of the objects in that legal

entity's articles of association *(statuten)* is decisive, but all (relevant) circumstances must be taken into account, in particular whether the transaction is in the company's corporate interests (*vennootschappelijk belang*) and to its benefit; and whether the subsistence of the company is jeopardized by the transaction.

Spain

One of the Guarantors is incorporated under the laws of Spain (the ''Spanish Guarantor''). As a general rule, in the event of an insolvency of the Spanish Guarantor, insolvency proceedings may be initiated in Spain and governed by Spanish law. The Spanish Act 22/2003 of July 9, 2003 on Insolvency Proceedings (the ''Spanish Insolvency Act''), as further amended, regulates court insolvency proceedings.

Concept and Petition for Insolvency

In Spain, insolvency proceedings are only triggered in the event of a debtor's current insolvency (*insolvencia actual*) or imminent insolvency (*insolvencia imminente*). Under the Spanish Insolvency Act, a debtor is insolvent when it becomes unable to regularly meet its obligations as they become due or when it expects that it will shortly be unable to do so. A petition for insolvency may be initiated by the debtor, by any creditor (provided that it has not acquired the credit within the six months prior to the filing of the petition for insolvency, for *inter vivos* acts, on a singular basis and once the credit was mature) or by certain other interested third parties.

Voluntary Insolvency

Insolvency is considered voluntary (*concurso voluntario*) if filed by the debtor.

The debtor is obliged to file a petition for insolvency within two months after it becomes aware, or should have become aware, of its state of insolvency. It is presumed that the debtor becomes aware of its insolvency, unless otherwise proved, if any of the circumstances that qualify as the basis for a petition for mandatory insolvency occur.

Mandatory Insolvency

Insolvency is considered mandatory (*concurso necesario*) if filed by a creditor or by certain other interested third-parties.

Under Section 2.4 of the Spanish Insolvency Act, a creditor can apply for a declaration of insolvency if, *inter alia*: (i) there is a generalized default on payments by the debtor; (ii) there is a seizure of assets affecting or comprising the generality of the debtor's assets; (iii) there is a misplacement, ''fire sale'' or ruinous liquidation of the debtor's assets; or (iv) there is a generalized default on certain tax, social security and employment obligations during the applicable statutory period (three months).

Conclusion of Insolvency: Proposal of Agreement or Liquidation

The Spanish Insolvency Act provides that insolvency proceedings conclude following either the implementation of an agreement between the creditors and the debtor (the ''Company Voluntary Agreement'' or the ''CVA'') or the liquidation of the debtor.

Certain Effects of the Insolvency for the Debtor and on Contracts

As a general rule, the debtor in a voluntary insolvency retains its powers to manage and dispose of its business, but is subject to the intervention of the insolvency administrators (''*administración concursal*''). In the case of mandatory insolvency, as a general rule, the debtor no longer has power over its assets, and management's powers (including the power to dispose of assets) are conferred solely upon the insolvency administrators. However, the court has the power to modify this general regime subject to the specific circumstances of the case.

Under Section 61 of the Spanish Insolvency Act, all clauses in contracts with mutual obligations that entitle any party to terminate an agreement based solely on the other party's declaration of insolvency are deemed as not included in the agreement and, therefore, unenforceable, except if expressly permitted by specific laws (e.g., agency laws).

A declaration of insolvency does not affect agreements with reciprocal obligations pending on performance by either the insolvent party or the counterparty, which remain in full force and effect, and the obligations of the insolvent debtor will be fulfilled against the insolvent estate. The court can nonetheless terminate any such contracts at the request of the insolvency administrators or the company itself if such termination is in the interest of the insolvency proceedings (i.e., the debtor's estate) or if there has been a breach of such contract.

The enforcement of any security over certain assets that are linked to the commercial or professional activity, or to a business unit of the insolvent company (*in rem* securities) is prohibited until the earlier of: (i) an arrangement of CVA being reached provided that the CVA does not affect such right or (ii) one year having elapsed as of the declaration of the insolvency without the opening of a liquidation.

Ranking of Credits

Creditors are required to report their claims to the insolvency administrators within one month from the last official publication of the court order declaring the insolvency, providing original documentation to justify such claims. Based on the documentation provided by the creditors and documentation held by the debtor, the court administrators draw up a list of acknowledged creditors/claims and classify them according to the categories established in the Spanish Insolvency Act.

Under the Spanish Insolvency Act, claims are classified in two groups:

- Estate Claims: Section 84 of the Spanish Insolvency Act sets out the so-called ''estate claims'' which can in essence be defined as claims arising from the operations of the insolvent debtor after the date of the declaration of insolvency (although there are some exceptions such as certain employment claims arising in the 30 days prior to the declaration of insolvency, subject to certain caps). These claims are preferred to all others except for specially privileged claims specifically with regard to the assets (collateral) subject to the relevant security interest or special privilege.
- Insolvency Claims: Insolvency claims are classified as follows:
  - Specially Privileged Claims: Creditors benefiting from special privileges, representing security over certain assets (in rem securities). These privileges may entail separate proceedings, though subject to certain restrictions derived from a waiting period that may last up to one year and certain additional limitations set forth by the Spanish Insolvency Act. Privileged creditors are not subject to the CVA, except if they give their express support by voting in favor of the CVA. In the event of liquidation, they are the first to collect payment against the assets on which they are secured. However, the receiver has the option to halt any enforcement of the securities and pay these claims as administrative expenses under specific payment rules.
  - Generally Privileged Claims: Creditors benefiting from a general privilege, including, among others, specific labor claims and specific claims brought by public entities or authorities are recognized for half their amount, and claims held by the creditor taking the initiative to apply for the insolvency proceedings, for up to half the amount of such debt. The holders of general privileges are not to be affected by the CVA if they do not agree to the said CVA and, in the event of liquidation, they are the first to collect payment against assets other than those secured by a specially privileged claim after specially privileged creditors, in accordance with the ranking established under the Spanish Insolvency Act.
  - Ordinary Claims: Ordinary creditors (non-subordinated and non-privileged claims) are paid *pro rata*.
  - Subordinated Claims: Subordinated creditors is a statutory category of claims which includes, among others: credits communicated late (outside the specific one-month period mentioned above); credits which are contractually subordinated vis-à-vis all other credits of the debtor; credits relating to unpaid interest claims (including default interest) except for those credits secured with an *in rem* right up to the secured amount; fines; and claims of creditors which are ''specially related parties'' to the insolvent debtor.

    In the case of a legal entity, the following shall be deemed as ''specially related parties'': (i) shareholders with unlimited liability; (ii) limited liability shareholders holding 10% or more of the insolvent company's share capital (or 5% if the company is listed) at the time the credit is generated; or (iii) directors, shadow directors and those holding general powers of attorney from the insolvent company; and (iv) companies pertaining to the same group as the debtor

and their respective shareholders provided such shareholders meet the minimum shareholding requirements set forth in (ii) above;

Subordinated creditors do not vote on the CVA but are subject to its terms. They are paid once ordinary claims have been satisfied pursuant to the terms of the CVA. Thus, subordinated creditors have limited chances of collecting payment according to the ranking established in the Spanish Insolvency Act.

As a general rule, insolvency proceedings are not compatible with other enforcement proceedings which can have an effect on the insolvent debtor's estate. When compatible, in order to protect the interests of the debtor and creditors, the Spanish Insolvency Act extends the jurisdiction of the court dealing with insolvency proceedings, which is then legally authorized to handle any enforcement proceedings or interim measures affecting the debtor's assets (whether based upon civil, labor, or administrative law).

Hardening Periods

There is no clawback date by operation of law. Therefore, there are no prior transactions that automatically become void as a result of the initiation of insolvency proceedings, but instead the insolvency administrators must expressly challenge those transactions. Under the Spanish Insolvency Act, upon the declaration of insolvency, only transactions that could be deemed as having damaged (*perjudiciales*) the insolvent debtor's estate (i.e., causing a so-called ''patrimonial damage'') during the two years prior to the date the insolvency is declared, may be challenged, even if there was no fraudulent intention. Transactions taking place earlier than two years prior to the declaration of insolvency may be rescinded subject to ordinary Spanish Civil Code based actions.

The Spanish Insolvency Act does not define the meaning of ''patrimonial damage.'' Damage does not refer to the intention of the parties, but to the consequences of the transaction on the debtor's interest resulting on the damage to the insolvent debtor's estate or the prejudice to the equality of the treatment among creditors which drives insolvency proceedings (*pars condition creditorum*). There are several ''irrebuttable presumptions'' expressly set forth by the Spanish Insolvency Act (i.e., free disposals and prepayment or cancellation of the company's claims or obligations prior to them being due and where the due dates of the relevant claims or payment obligations fall after the date of declaration of insolvency), except if such obligations were secured by an *in rem* security, in which case such transactions are rescinded if they fall within the hardening period. In addition to the above, the Spanish Insolvency Act sets forth certain actions which are deemed to cause a ''*patrimonial damage*'' to the insolvent company, but which are ''rebuttable presumptions'' and therefore subject to being contested by the other party (i.e., disposals in favor of ''specially related parties'' (as described above), the provision of security in respect of previously existing obligations or in respect of new obligations replacing existing ones and the payment or other acts to terminate obligations being secured by an *in rem* security and which mature after the declaration of insolvency). Ordinary transactions carried out within the debtor's ordinary course of the business cannot be rescinded, provided that they are carried out at arm's length.

Parallel Debt

The holders of the Notes from time to time will not be the secured parties under the security interests governed by Spanish law. Under Spanish law, a security interest created as security for the benefit of third parties who are not direct parties to the relevant agreement creating the security interest are unenforceable by such parties. The Intercreditor Agreement provides (shall provide) for the creation of a parallel debt structure (as an abstract obligation independent from the obligation under the Notes) whereby, subject to the terms of the Intercreditor Agreement, all the Debtors (as defined therein) undertake to pay to the Spanish co-security agent any amount payable by them under the Notes. This allows the Spanish co-security agent to be the beneficiary of the security interest governed by Spanish law. The use of parallel debt in Spanish deals is a new concept, and there has not been any court precedent to ensure its validity and enforceability. Also, the registration of the security interests governed by Spanish law may be rejected if the relevant registrar considers that this structure is not valid or enforceable.

Spanish Guarantor

Under Spanish law, the guarantee to be granted pursuant to the Indenture may only be granted by those guarantors that are incorporated as stock companies under the laws of Spain (s*ociedades anónimas* or ''*S.A.*''). This is due to the fact that all other subsidiaries which are incorporated as limited liability companies under the laws of Spain (*sociedades de responsabilidad limitada* or ''*S.L.*'') are subject to the prohibition contained in Article 402 of the Spanish Capital Companies Law (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el Texto Refundido de la Ley de Sociedades de Capital*) (the ''Spanish Capital Companies Law''), which states that a limited liability company cannot execute or secure a bond issuance or other issuance of securities.

Spanish Financial Assistance Limitations on Guarantees and Security Interests

Spanish Capital Companies Law prohibits financial assistance for stock companies (''*sociedades anónimas*'' or ''*S.A.*'') and limited liability companies (''*sociedades de responsabilidad limitada*'' or ''*S.L.*'') in relation to the acquisition of their own shares or the shares of their direct or indirect controlling company.

A guarantee or indemnity granted or assumed pursuant to the Indenture by the Spanish Guarantor or any security interest created by the Spanish Guarantor may not extend to any obligation related to the acquisition of the shares representing the share capital of such Spanish Guarantor or, in the case of stock companies (''*sociedades anónimas*'' or ''*S.A.*'') shares representing the share capital of their direct or indirect controlling companies, or in the case of limited liability companies (''*sociedades de responsabilidad limitada*'' or ''*S.L.*''), shares representing the share capital of companies belonging to the group of such Spanish Guarantor, or to the refinancing of a previous debt incurred for the acquisition of shares representing the share capital of such Spanish Guarantor or shares representing the share capital of their direct or indirect controlling companies. There is, therefore, a risk that the obligations assumed by the Spanish Guarantor pursuant to the security intended to be created or guarantees to be granted pursuant to the Indenture could be considered financial assistance under the Spanish Capital Companies Law to the extent that they refer to an institution of guarantees in connection with the prior acquisition of shares in the Spanish Guarantor or their direct or indirect controlling companies.

Bulgaria

Under Bulgarian law bankruptcy proceedings could be initiated with respect to a company that is either (i) insolvent ('неплатежоспособен'), or (ii) over-indebted ('свръхзадължен'). The two tests are alternative and only one of them needs to be satisfied for commencement of bankruptcy process. A company will be considered insolvent provided that (i) it is not able to repay an obligation under a commercial transaction or a public obligation to the state or the municipalities, (ii) such obligation is due and payable; (iii) the inability is not temporary and (iv) the payment of the current liabilities of the company will not prejudice the rights of its other commercial creditors. Furthermore, a company is presumed to be insolvent if it has stopped payments to its creditors. There is no requirement, whatsoever, for a certain time period to pass after the due date of the obligation or after the company stopping its payments and the filing of a bankruptcy petition (from the creditor under the respective obligation). A company is considered over-indebted where its assets are not sufficient to cover its cash liabilities.

Bankruptcy proceedings may be opened on the request of (i) creditors who have legal interest in putting the company under bankruptcy administration, (ii) the National Revenue Agency (only with respect to public liabilities, or claims of the state or the municipalities), (iii) the management of the company, or (iv) a liquidator, if in the course of liquidation proceedings (generally relating to solvent debtors) the company's assets are insufficient for repayment of creditor obligations. When bankruptcy is requested on the grounds of insolvency only creditors, who have an outstanding claim which is not paid on the due date and is arising under a commercial transaction can file the petition. If bankruptcy is requested only on the grounds of overindebtedness, any creditor who has an outstanding claim against the company, even if the claim is not yet due and payable could file for bankruptcy. The management of the company is under the obligation to file for bankruptcy within 30 days as from the date it becomes insolvent or overindebted.

If the court establishes that a company is insolvent or over-indebted it issues a judgment on opening of bankruptcy proceedings. However, if the court considers that the financial difficulties of the debtor are of

temporary nature or the debtor owns assets, sufficient to cover the claims of all creditors the court would reject the opening of bankruptcy proceedings.

By its opening judgment the bankruptcy court, among others, (i) sets the initial date of the insolvency/over-indebtedness; (ii) appoints a temporary bankruptcy trustee, and (iii) approves injunctions with respect to the bankruptcy estate (if so requested in the petition). An important specifics of Bulgarian insolvency law is that there is no limitation on how much the insolvency date can precede the opening of the bankruptcy proceedings. Often the insolvency date precedes significantly the opening of bankruptcy proceedings and there are a number of cases where this time difference represents a period of 12 or more months. The importance of the insolvency date is that certain transactions (as discussed below) will be considered null and void for the sole reason of being executed after the insolvency date.

Once a company is put into bankruptcy proceedings its business and operations are administrated by a bankruptcy trustee (receiver), subject to the approval of certain actions by the bankruptcy court. The permanent bankruptcy trustee is elected by the creditor's meeting and is appointed by the court. Before the first creditors' meeting takes place the court appoints a temporary bankruptcy trustee. The bankruptcy trustee is entitled to: (i) represent the company; (ii) manage the ongoing business; (iii) supervise the company's activity in case the management of the company has not been entrusted exclusively with the bankruptcy trustee; (iv) find and evaluate the company's property; (v) terminate or cancel certain agreements; (vi) participate in court proceedings involving the debtor or initiate such proceedings; (vii) collect the company's receivables and assets; (viii) liquidate the company's assets; (ix) convene the creditors' meetings upon resolution of the court; (x) propose a reorganization (rehabilitation) plan, etc. The bankruptcy trustee is required to perform its obligations with the diligence of a prudent merchant.

Under Bulgarian law, every creditor, except for employees but including secured creditors, is required to lodge its claim before the bankruptcy trustee no later than three months from the announcement in the Commercial Registry of the decision to begin bankruptcy proceedings. Creditors who lodge their claim before the court within a one-month period are entitled to (i) participate in the first creditors' meeting that appoints the permanent bankruptcy trustee and (ii) contest claims lodged by other creditors. Claims that are not lodged within the prescribed three-month period are considered discharged. Claims that are lodged within the three-month period but after the liquidation of the company's assets (converting the company's assets into cash) can lose their ranking and participate in the distribution only with proceeds that are not already distributed. The bankruptcy trustee is entitled to review each lodge claim and to decide whether to accept it in full or partially or to reject its acceptance. The list of accepted claim is then subject to approval by the bankruptcy court. The amount of the claims is considered finally set vis-à-vis all third parties with the decision of the bankruptcy court approving the respective list of lodged claims.

As a general rule, the opening of bankruptcy proceedings imposes an automatic stay on all pending enforcement, court or arbitration proceedings against the debtor company related to commercial and civil property matters. Claimants, as well as all other creditors are then required to lodge their respective claims with the bankruptcy court under the general procedure for lodging claims. If these receivables are included in the list of accepted claims the enforcement/court or arbitration proceedings are terminated and the creditors become entitled to participate in the bankruptcy proceedings. The only exceptions to the automatic stay are: (i) enforcement under registered pledge that has commenced prior to the opening of the bankruptcy proceedings, (ii) foreclosure under financial collateral arrangements, and (iii) enforcement allowed by the bankruptcy court.

In the course of the bankruptcy proceedings the insolvent company is only entitled to enter into new transactions upon the approval by the bankruptcy trustee. In some cases the court may entrust the bankruptcy trustee with the management of the company and deprive the insolvent company's management fully of their management rights.

Under Bulgarian law bankruptcy proceedings lead either to restructuring/reorganization of the company or its liquidation. According to the law, unless the debtor company has insufficient assets to cover the costs of the bankruptcy process, liquidation of the company could start only if no restructuring plan is proposed within one month as of the announcement of the first list of accepted claims or if the proposed plan is not approved by the creditors or endorsed by the bankruptcy court. The restructuring plan can provide for partial or full discharge of liabilities, rescheduling of liabilities, restructuring of the debtors company, conversion of debt into equity, change of management as well as any other appropriate measures or transactions. A restructuring plan can be proposed by each of (i) the debtor, (ii) the trustee, (iii) creditors who hold at least ⅓ of the accepted secured claims, (iv) creditors who hold at least ⅓ of the

unsecured accepted claims, (v) shareholders holding at least ⅓ of the capital of the debtor or (vi) 20% of the employees of the company. In order for the plan to become effective it has to be (a) approved by the creditors' meeting and (b) endorsed by the bankruptcy court. In order for the restructuring plan to be approved by the creditors' meeting it has to receive the affirmative vote of the majority of all accepted claims against the bankruptcy estate as well as the majority of at least one class of creditors who will not be repaid in full under the restructuring plan. The bankruptcy court endorses the voted if it complies with the provisions of the law as to its contents and procedure for approval. Once the restructuring plan is endorsed it becomes effective with respect to all third parties, including the dissenting creditors and leads to termination of the bankruptcy proceedings. In case the debtor does not perform the restructuring (cure) plan the bankruptcy proceedings may be reopened upon an application by the creditors without any further possibilities for application of a second restructuring (cure) plan.

In addition to the in-bankruptcy restructuring, the debtor can enter into an out-of-court settlement agreement in writing with all recognized creditors arranging the payment of monetary obligations. Following the execution of such agreement the court should issue a decision on termination of the bankruptcy proceedings.

If the creditors do not agree on a restructuring plan or the court does not approve such cure plan or if such cure plan is not fulfilled by the debtor the court has to declare the insolvency of the debtor and to order liquidation of its assets. Creditors are entitled to participate in the distribution of proceeds in accordance with their ranking as specified by the law. Secured creditors are awarded first ranking (only up to the value of their respective security) even ahead of employees and public claims for taxes and social security. Subsequent ranks are entitled to participate in the distribution of liquidation proceeds only after the preceding rank has received full repayment. Subordination or sharing arrangements between creditors are not contrary to Bulgarian law or Bulgarian public policy, however it is not yet tested in courts whether such arrangements have a binding effect and would be honored by bankruptcy trustees.

Bulgarian law provides that certain transactions entered into by the insolvent debtor prior to the opening of the bankruptcy proceedings could be avoided in bankruptcy. In particular any security granted after the insolvency date or any payment by the debtor made after the insolvency date are considered null and void. In addition, creditors' security and guarantees may be invalidated under the following scenarios:

- the creditor's security/ guarantee if established by the debtor after the date of the commencement of bankruptcy proceedings against the debtor;
- the creditor's security/guarantee has been established within a one-year term before the date of the commencement of bankruptcy proceedings and in favor of previously unsecured debt;
- the creditor's security/guarantee has been established within a two-year term before the date of the commencement of bankruptcy proceedings and is in favor of previously unsecured debt of a shareholder of the insolvent debtor;
- the security/guarantee was granted within a period of two years prior to the opening of bankruptcy proceedings for the benefit of a related party and is detrimental to the interest of the creditors of the company;
- the security/guarantee is qualified as ''gratuitous'' (transaction with no consideration) and is granted for the benefit of a related party within 3-year period prior to the commencement of the bankruptcy procedures;
- the security/guarantee is qualified as gratuitous and is granted for the benefit of a third party within a period of 2 years prior to the commencement of the bankruptcy procedures.

Limitations on Enforcement of Guarantees and Security Interests

Financial Assistance

Under Bulgarian law joint-stock companies are prohibited from providing finance or security or other credit support for the acquisition of their own shares or the shares of their direct or indirect parent/ holding company. The prohibition is an absolute one and any transaction that is in breach of such prohibition is considered as null and void by operation of law. Bulgarian law does not provide for any ''whitewash'' or other procedures by way of which the prohibition of provision of financial assistance may be overcome.

However, the Bulgarian Guarantor is a limited liability company and not a joint-stock company. It is therefore not subject to financial assistance rules.

General Invalidation Rules

Under Bulgarian law the granting of security interest or undertaking of obligations maybe limited by the statutory right of the creditors of a Bulgarian company to challenge transactions which are detrimental to the rights of such creditors. Bulgarian law expressly makes subject to avoidance vis-à-vis the creditors of a person all transactions of such person by way of which such person harms its creditors. A creditor challenging the security interest or obligations, as the case may be, has to demonstrate that (i) its interests have been harmed (i.e. by diminishing its possibility for satisfaction from the assets of the security provider) by the provision of such security or undertaking of obligation by the Bulgarian company, and that (ii) the Bulgarian company knew or ought to have known about the detrimental effect of the transaction on creditor's interest. In case of transaction for consideration, the creditor has to demonstrate that the third party also knew about the detrimental effect. Any case where without being personally obligated a party becomes liable, whether as pledgor, mortgagor or personal guarantor (surety), is deemed by the current doctrine in Bulgaria to generally have a detrimental effect on the interest of the general unsecured creditors of the security/guarantee provider.

Term of Validity

Under the rules of Bulgarian law, a special pledge has to be recorded in the Central Register of Special Pledges in order to be perfected as regards to third parties. The registration shall be effective for a term of five years following the initial entry, and its validity may be extended through renewal of registration, if made before the expirty date. The secured party is authorized to perform such renewal alone, without the need of assistance from or the consent of the grantor of security.

Capital Maintenance

Bulgarian law prohibits limited liability companies to distribute the quotas of their shareholders prior to the liquidation of the company. Based on similar provision the courts in other jurisdictions such as Austria and Germany have ruled that guarantees granted for the benefit of a parent for an amount that exceeds the distributable reserves of the limited liability company breach the said capital maintenance requirement. Currently the said position is not supported by Bulgarian courts and existing legal doctrine. However it may be possible in the future Bulgarian courts to reverse their position and assume similar interpretation of the capital maintenance requirements for limited liability companies.

Parallel Debt

In Bulgaria, the security interests in the Collateral will not be granted directly to the holders of the Notes, but rather only in favour of the Security Agent, as beneficiary of parallel debt. Under the laws of Bulgaria the security agent, as grantee of collateral has to be a creditor of the relevant security provider. The Intercreditor Agreement provides for the creation of the parallel debt structure. It is governed by English law. There is no assurance that such a structure will be effective before Bulgarian courts as there is no judicial or other guidance as to its efficacy, and therefore the ability of the Security Agent to enforce the Collateral may be restricted.

The parallel debt created under the Intercreditor Agreement would be validly secured under Bulgarian law insofar as, and only to the extend to which, the parallel debt obligations are valid, binding and enforceable obligations under the laws of England, which are expressed to govern the Intercreditor Agreement, and the laws of New York which are expressed to govern the Notes, the Indenture and the Guarantees. Further, the rights of the Security Agent will cease to exist or to be enforceable when the parallel debt obligations secured cease to exist or cease to be valid and enforceable because of any reason, including in the event of invalidation or expiration of the obligation to make payment of any receivable on the grounds of an applicable statute of limitations.

Mexico

Mexican Collateral

Under Mexican law, subject to insolvency issues (including fraudulent conveyance issues) there are no limitations for Mexican companies to guaranty third-party obligations, including parents, subsidiaries or affiliates, to the extent permitted by their corporate by-laws. The validity of each guarantee is subject to

the existence and validity of the obligation being guaranteed. As a consequence thereof, its enforcement is not independent or irrespective of such obligation being guaranteed. Furthermore, under Mexican law, a guarantor may be released from its obligations under a guarantee if (i) the holders of the notes gives an extension for payment under the notes or in any other manner modifies the guaranteed obligations without the express consent of the guarantor, or (ii) the company waives any cause that would otherwise release the guarantor of its obligations under the notes, including expirations or statute of limitation provisions. Furthermore, if the obligations of the Issuer under the Notes are held not to be valid or enforceable, the guarantee granted by a guarantor may be unenforceable in proceedings before a Mexican court. The following sections describe the Mexican Collateral that Zobele México, S.A. de C.V. (see ''Floating Lien Pledge'' below) and Zobele International, B.V. (see ''Pledge over Shares'' below), shall grant as guarantors under the transaction.

Pledge over Shares

Under a commercial pledge agreement, the pledgor (borrower or guarantor) creates a security interest in personal property to secure the payment of the secured obligations for the benefit of the pledgee.

Documentation and Perfection

The creation and perfection of a pledge over shares entails: (i) the execution and delivery of a pledge agreement between the pledgor and the pledgee, (ii) the endorsement of the shares in favor of the pledgee, (iii) the delivery of the shares to the pledgee or a third party depositor appointed by the parties, and (iv) an entry of the pledge in Zobele México, S.A. de C.V. Shareholders Registry Book. Upon satisfaction of the aforementioned requirements, the pledgor will create, in favor of the pledgee, a legal, valid, binding and perfected first priority pledge and security interest over the shares, in accordance with the respective stock pledge agreement.

Foreclosure

A stock pledge agreement may be enforced through a special judicial procedure set forth in the Mexican General Law of Negotiable Instruments and Credit Transactions (*Ley General de Títulos y Operaciones de Crédito*, the ''LGTOC''). The LGTOC provides that, upon maturity of the secured obligations, the pledgee may request judicial authorization to sell the pledged assets.

Floating Lien Pledge

Under a floating lien pledge (*prenda sin transmisión de posesión*), the pledgor (borrower or guarantor) creates a security interest in personal property (e.g., equipment, accounts receivables, operating cash flow, etc.) to secure the payment of the secured obligations for the benefit of the pledgee. Unlike a standard commercial pledge, under a floating lien pledge, the pledgor maintains possession of the pledged assets and may use and sell such assets within the ordinary course of business, subject to certain rules described in the LGTOC.

Documentation and Perfection

The creation and perfection of a floating lien pledge entails the execution and delivery of a floating lien pledge agreement between the pledgor and the pledgee, which must (i) include the rules to appoint an appraiser (who would appraise the pledged assets in certain statutory cases), (ii) be ratified by a notary public or a commercial notary public (*corredor público*) in Mexico, and (iii) be subsequently registered in the Sole Registry of Liens over Movable Assets (*Registro Unico de Garantías Mobiliarias*, the ''RUG''). Registration is required to have an enforceable floating lien pledge *vis-à-vis* third parties. The ratification and registration provisions require the execution of the floating lien pledge agreement to be in Spanish. Upon satisfaction of the requirements set forth therein, including without limitation: (i) the ratification before a Mexican notary public or a commercial notary public (*corredor público*) and (ii) their due registration with the RUG, the pledge will be effective to create a perfected first priority pledge security interest *vis-à-vis* third parties on the relevant pledged assets, in accordance with the floating lien pledge agreement.

Foreclosure

1. *Extra-Judicial Foreclosure Procedure.* The pledgee may seek payment of the secured obligations and pursue the delivery and possession of the pledged assets through an extra-judicial procedure

initiated by a formal request of delivery of the pledged assets made to the pledgor before a Mexican notary public or a commercial notary public. Upon delivery to the pledgee (also before a notary public or a commercial notary public) of the pledged assets by the pledgor, the pledged assets shall be transferred as set forth under section ''Transfer of the Pledged Assets'' below. The value of the pledged assets shall be calculated by an appraiser or in any other manner specifically agreed upon by the pledgor and the pledgee. However, that the extra-judicial foreclosure procedure may be followed only to the extent there are no disputes with respect to (x) the maturity of the secured obligations (i.e., a dispute between the pledgor and the pledge on whether the secured obligations are due and payable or not), (y) the amount claimed by the pledgee, or (z) the delivery of the pledged assets to the pledgee (subsections (x), (y), or (z) indistinctly, a ''Dispute''). A judicial foreclosure procedure must take place if any Dispute arises or if the pledgee so elects (i.e., the pledgee may directly initiate a judicial foreclosure procedure).

2. *Judicial Foreclosure Procedure.* A floating lien pledge may be enforced through the special judicial foreclosure procedure set forth in the Mexican Code of Commerce (*Código de Comercio*).

Transfer of the Pledged Assets

Upon issuance of a judicial resolution favorable to the pledgee, (x) if the value of the pledged assets is equal to the amount determined to be due and payable to the pledgee pursuant to the relevant judicial resolution, then the payment obligations of the pledgor shall be liquidated without further recourse against the pledgor and the pledgee shall be entitled to dispose of the pledged assets as set forth in the floating lien pledge agreement, (y) if the value of the pledged assets is less than the amount determined to be due and payable to the pledgee pursuant to the relevant judicial resolution, then the pledgee shall be entitled to dispose of the pledged assets as set forth in the floating lien pledge agreement and will retain the right to initiate legal actions against the pledgor for any deficiency; or (z) if the value of the pledged assets is higher than the amount determined to be due and payable to the pledgee pursuant to the relevant judicial resolution, then the pledged assets shall be sold and the balance of the sale proceeds, if any, after payment in full to the pledgee, shall be delivered to the pledgor.

The sale of the pledged assets shall be carried out (a) before the relevant judge or a notary public or a commercial notary public, as may be elected by the pledgee, and (b) by means of a public auction with a minimum opening bid equivalent to the relevant appraised value.

The minimum opening bid shall be reduced by 10% on each auction; provided, however that the pledgee may elect to obtain title to such pledged assets once the minimum opening bid has been reduced to an amount equal to or less than the amount determined to be due and payable to the pledgee pursuant to the relevant judicial resolution.

Mexican Insolvency Laws (Ley de Concursos Mercantiles)

The main thrust of the Insolvency Law (''*Ley de Concursos Mercantiles*'') is to keep businesses operating and avoid generalized default in payments. For such purposes, the Insolvency Law contemplates a single proceeding for reorganization (*concurso mercantil*) and bankruptcy (*quiebra*) (the ''Insolvency Proceeding'') with two successive stages: (i) the first stage, known as the ''mediation'' stage, is compulsory and is designed to reorganize the insolvent entity (the ''Mediation Stage''); (ii) the second stage, known as the ''bankruptcy stage,'' provides for the bankruptcy and liquidation of the insolvent entity (the ''Bankruptcy Stage'').

Mediation Stage

Insolvency Judgment. Insolvency of a person will be adjudicated upon petition of the insolvent entity, the attorney general's office or any creditor of the insolvent entity. The petition for a judgment declaring the insolvency must be filed before a federal District Court with jurisdiction over the insolvent entity's domicile. On the immediately succeeding business day, the court is required to instruct the Federal Institute of Insolvency Specialists (*Instituto Federal de Especialistas de Concursos Mercantiles*, the ''Insolvency Institute'') to appoint an inspector (*visitador*; the ''Inspector'') to inspect the entity presumed to be insolvent. The Inspector will review accounting and financial records and determine whether such entity is ''insolvent'' based on the standards set forth in the statute. During the visit, the Inspector may ask the insolvency court to impose precautionary measures to safeguard the estate of the insolvent entity and its creditors. Within the fifteen calendar days following the date the Inspector initiates its visits, the Inspector will issue an opinion regarding the commercial entity's insolvency, which will enable the

court to issue a judicial resolution declaring the legal insolvency of such person (the ''Insolvency Judgment'').

Mediator. Within the 5 calendar days following the notification of the Insolvency Judgment, the Insolvency Institute will designate and appoint a mediator (*conciliador*; the ''Mediator''). The Mediator will be charged with facilitating negotiations between the insolvent entity and the creditors leading up to a reorganization agreement with creditors.

Mediation Stage. The Mediation Stage commences on the date the Insolvency Judgment is rendered and concludes on the date that is 185 calendar days after the last date of publication of such Insolvency Judgment in the Official Journal of the Federation (*Diario Oficial de la Federación*; the ''DOF''); provided, that if a reorganization agreement with creditors is not executed before the expiration of such 185 day period, (i) such Mediation Stage may be extended 90 calendar days at the request of the Mediator or with the consent of those Recognized Creditors (as hereinafter defined) holding title to at least 2/3 of all aggregate Recognized Claims (as hereinafter defined), and (ii) such term may be further extended for an additional 90 days at the request of the insolvent entity and those Recognized Creditors holding title to 90% of all aggregate Recognized Claims, for a maximum term of 365 calendar days. The insolvency court may terminate the Mediation Stage at any time if either the insolvent entity or its creditors are unwilling or unable to reach an agreement.

Filing of Proof of Claims. Within the 30 calendar days following the date of publication of the Insolvency Judgment in the DOF, the Mediator is required to present the court with a provisional list setting forth the insolvent entity's creditors based on the insolvent entity's books and records. The insolvency court will then make such list available to the insolvent entity and its creditors for a period of 5 calendar days, during which any of them may object such list.

Upon expiration of such term, the Mediator will prepare a final list of creditors, which will be filed with the insolvency court within 10 calendar days. Within the following 5 calendar days, the insolvency court will render a judgment (the ''Claim Recognition Judgment'') recognizing and ranking claims for purposes of the Insolvency Proceeding (the ''Recognized Claims''). Creditors holding title to Recognized Claims are hereinafter referred to as ''Recognized Creditors''.

Creditors are entitled to file their proofs of claim (i) within the twenty natural days following the last publication of the Insolvency Judgment, (ii) within the 5 day term to object the provisional list presented by the Mediator, or (iii) within the 9 day term to appeal the Claim Recognition Judgment mentioned above. Failure to file a proof of claims within the specified periods will result in the relevant creditor not being recognized for purposes of the Insolvency Proceedings.

Reorganization Agreement. A reorganization agreement between the insolvent entity and its creditors will only be valid if it is entered into between the insolvent entity and those Recognized Creditors holding title to more than 50% of the sum of (i) the amount of all Recognized Claims in favor of all unsecured Recognized Creditors, and (ii) the amount of all secured Recognized Claims in favor of those secured Recognized Creditors that enter into the reorganization agreement.

Bankruptcy Stage

The Bankruptcy Stage, which provides for the bankruptcy and liquidation of the insolvent entity, may be declared by the insolvency court (a) at the request of the insolvent entity; or (b) if the Mediation Stage expires without the filing of an approved Creditors' Agreement before the insolvency court; or (c) at the request of the Mediator participating in the Insolvency Proceeding.

Appointment of Receiver. Upon the declaration of bankruptcy of the insolvent entity, the insolvency court will instruct the Insolvency Institute to designate and appoint a receiver (*síndico*; the ''Receiver'') within the next 5 calendar days. The Insolvency Institute may designate the Mediator or a third party as the Receiver. The Receiver will be charged with the management of the insolvent entity until its liquidation. The Receiver will carry out with the liquidation of the insolvent entity through the sale of its assets, in accordance with the procedure set forth in the Insolvency Law.

Priority of Payments. The proceeds obtained from the liquidation of the assets of the insolvent entity will, assuming that the insolvency entity is a business entity and not an individual, be applied by the Receiver to make payments to creditors in the following order of priority:

(i) first, payment of labor claims for salaries and severance for the two calendar years preceding Insolvency Judgment;

(ii) second, payments to secured creditors (including costs and expenses relating to foreclosure and the enforcement of their respective rights), but only to the extent of the value of their respective collateral;

(iii) third, payment of liabilities and obligations of the estate of the insolvent entity (*i.e.*, management costs, fees and expenses incurred after the Insolvency Judgment);

(iv) fourth, payment of litigation costs and expenses, and fees and expenses of the Inspector, the Mediator and any appointed receivers (*síndicos*);

(v) fifth, payment of labor claims (different than those described in paragraph A above) and tax claims;

(vi) sixth, payments to other creditors that qualify as ''privileged'' under Mexican commercial laws (*e.g.*, creditors that are entitled to retain an asset until payment is made), but only to the extent of the value of the respective privilege; and

(vii) seventh, payments to unsecured creditors.

Insolvency Standard. A person will be deemed insolvent when it generally fails to pay its obligations as and when they become due.

(i) Insolvency. A person will be adjudicated in *concurso mercantil* when:

  (a) the insolvent entity has defaulted in its payment obligations with two or more creditors, and

  (b) when, on the date of such request (y) 35% or more of such obligations have been delinquent for more than 30 days; and/or (z) the insolvent entity does not have sufficient liquid assets (i.e., cash and cash equivalents, such as bank deposits and other receivables with a maturity of no more than 90 days, or securities that may be sold within 30 days, in each case, from the date of filing of the insolvency request) to pay at least 80% of its due and payable obligations on the date of filing of the insolvency petition.

If the insolvency request is filed voluntarily by the insolvent entity, only one of the conditions described in items (y) and (z) of paragraph (b) above would have to be satisfied. If the insolvency request is filed by the attorney general's office or any creditor of the insolvent entity, both conditions described in items (y) and (z) of paragraph (b) above would have to be satisfied.

Insolvency Presumption. A person or entity will be deemed insolvent when, inter alia, (a) assets attached in aid of execution of a judgment or claim are insufficient to satisfy such judgment; (b) it has failed to pay two or more creditors; or (c) it has participated in fraudulent or fictitious acts to avoid payment to creditors.

Effective Date. As a general rule, the Insolvency Judgment will become effective retroactively on the date that is 270 calendar days prior to the date of the applicable Insolvency Judgment (the ''Effective Date''). The Mediator or any creditor of the insolvent entity may seek the declaration of a prior date as the Effective Date if such entity became insolvent on such prior date.

Fraudulent Conveyance. Under the Insolvency Law, all actions of the insolvent entity to defraud its creditors will be null and void.

Transactions prior to the Rendering of the Insolvency Judgment. Any action consummated by the insolvent entity prior to the date of the Insolvency Judgment will be deemed fraudulent when the insolvent entity is knowingly defrauding its creditors, and the third party participating in any such action had actual knowledge of such fraudulent intent. If the action is gratuitous, the action will be deemed fraudulent even if the third party had no actual knowledge of the fraudulent intent.

Transactions after the Effective Date. Any action consummated by the insolvent entity at any time after the Effective Date, (i) will be deemed fraudulent when, inter alia, (a) the insolvent entity receives no consideration, or the consideration received or paid by the insolvent entity, or the terms and conditions of the transaction, are clearly or materially below market, or (b) the insolvent entity makes a payment of

indebtedness not yet due, or forgives receivables owed to it; and (ii) will be presumed fraudulent, unless the interested third party proves that it was acting in good faith, when, (a) the insolvent entity grants or increases collateral that was not originally contemplated, and (b) the insolvent entity makes any payments in-kind that were not originally contemplated. In addition, certain transactions among related parties will also be deemed fraudulent.

Effects of the Insolvency Judgment on Monetary Obligations. For purposes of determining the amount of all claims against the insolvent entity, (i) all unsecured peso denominated indebtedness will be converted into UDIS (*Unidades de Inversión*, the ''Investment Units'' or ''UDIs,'' this being a Mexican inflation-pegged payment unit), and interest thereon will cease to accrue on such indebtedness; (ii) all unsecured indebtedness denominated in foreign currency will be converted into Mexican pesos and subsequently into UDIs, and interest thereon will cease to accrue on such indebtedness; and (iii) all secured indebtedness will be maintained in the agreed currency, and ordinary (but not default) interest thereon will continue to accrue on such indebtedness up to an amount equivalent to the value of the applicable collateral.

Set-Off. Generally, the rights and obligations of the insolvent entity that arise under one single transaction that is not terminated by virtue of the Insolvency Judgment, the rights and obligations of the insolvent entity that were due and payable before the Insolvency Judgment, and the tax credits and liabilities of the insolvent entity, will be offset on the date of the Insolvency Judgment.

Management of Insolvent Entity. During Mediation Stage, the directors or managers of the insolvent entity will remain in their respective positions, and the Mediator will be in charge of supervising the accounting books and all transactions carried out by the insolvent entity, with the goal of maintaining the insolvent entity as a going concern.

In order to preserve the estate of the insolvent entity, the Mediator may request the insolvency court to (i) remove directors or managers, or (ii) order the insolvent entity to cease operations. During the Bankruptcy Stage, directors or managers of the insolvent entity will be removed and the insolvent entity will be brought under the management of a bankruptcy trustee appointed by the court.

Separation Action. Any and all assets in possession of the insolvent entity that may be clearly identified and that are not irrevocably and definitively owned by the insolvent entity may be separated from the Insolvency Proceeding by the legitimate owner.

Provisions that may be deemed null and void under the Insolvency Law. The Insolvency Law generally sets forth that contractual provisions relating to the filing of a *concurso mercantil* petition or the declaration of a *concurso mercantil* that cause the obligations of the debtor to be more cumbersome, will be deemed null and void.

Hong Kong

Insolvency

Zobele Asia Pacific (Hong Kong) Limited (the ''Hong Kong Subsidiary'') is a company incorporated under Hong Kong law. In the event of an insolvency of the Hong Kong Subsidiary, insolvency proceedings may be initiated in Hong Kong. Such proceedings will be governed by Hong Kong law. Under certain circumstances, insolvency proceedings may also be opened in Hong Kong in accordance with Hong Kong law with respect to companies that are not incorporated under Hong Kong law (for example, if such company is registered as a non-Hong Kong company in Hong Kong or it has (among other things) a sufficient connection with Hong Kong).

The following is a brief summary description of certain aspects of insolvency law in Hong Kong.

Under Hong Kong law, there are two main forms of liquidation (or winding-up) procedure:

(a) Liquidation under a court order (''compulsory liquidation''):

    A compulsory liquidation occurs following the court's acceptance of a winding-up petition presented by a company's contributory, a creditor of the company or the company itself. A creditor may petition for the winding up of a company on a number of grounds, including that the company

''is unable to pay its debts.'' The Hong Kong Companies Ordinance (cap. 32) sets out the circumstances in which a company will be deemed to have such inability. These include:

(i) failure to pay a debt of at least HK$10,000 (or any other amount prescribed by the Hong Kong Financial Secretary by regulation for this purpose) within three weeks of service of a formal demand by a creditor;

(ii) where execution or other process issued on a court judgment, decree or order in favor of a creditor of the company has been returned unsatisfied in whole or in part; or

(iii) where it is otherwise proved to the satisfaction of the court that the company is unable to pay its debts and, in determining whether a company is unable to pay its debts, the court will take into account the contingent and prospective liabilities of the company.

There are other grounds for granting a winding-up order, including where the court is of the opinion that it is just and equitable that the company should be wound up.

In a compulsory winding-up, once a winding-up order has been made or a provisional liquidator has been appointed, no legal action or proceedings against the company may be proceeded with or commenced unless the leave of the court is obtained for such action or proceedings, which will be subject to such terms as the court may impose.

(b) Voluntary liquidation:

Voluntary liquidation is a procedure conducted out of court which generally occurs where the shareholders of a company (or the directors, as set out below) pass the requisite resolution to place the company into liquidation. There are two principal types of voluntary liquidation:

(i) *Members' voluntary liquidation* (''*MVL*''): an MVL occurs if, among other things, (i) the shareholders of a company by special resolution resolve that the company be wound up voluntarily or the shareholders of a company by special resolution resolve that the company cannot by reason of its liabilities continue its business, and that it is advisable to wind it up; and (ii) the directors of the company, or, in the case of a company having more than two directors, a majority of the company's directors have made a declaration of solvency issued within five weeks immediately preceding the date of the shareholders resolution or on that date but before the passing of the resolution stating that in their opinion, after having made a full inquiry into the affairs of the company, the company will be able to pay its debts in full within the twelve months after commencement of the winding-up.

(ii) *Creditors' voluntary liquidation* (''*CVL*''): a CVL occurs if the shareholders of a company resolve that the company be wound up voluntarily but the directors do not make the declaration of solvency that would be made under an MVL.

In addition, there is a special procedure under section 228A of the Companies Ordinance (cap. 32) for the directors of the company, or, in the case of a company having more than two directors, a majority of the directors of a company to resolve at a directors' meeting that a company be wound up on the grounds that it cannot, by reason of its liabilities, continue its business.

Once a winding-up petition has been presented, a provisional liquidator may be appointed to protect the assets of a company between the date of petition for the company's winding-up and the date on which a winding-up order is made. The appointment of provisional liquidators triggers a stay on legal action or proceedings against the company without the leave of court. The court may be persuaded to appoint a provisional liquidator against the wishes of the company where the assets of the company are in jeopardy, there is a real risk that the assets of the company will not be available for distribution amongst creditors in the proper way, or where the provisional liquidator would assist in exploring a restructuring (however, this latter ground is only available if the company is insolvent and there is also jeopardy to the assets of the company). A provisional liquidator's powers are limited by the terms of his or her appointment order.

Upon the appointment of a liquidator or a provisional liquidator, the right to manage and dispose of the business and assets of the company passes to the liquidator or (as the case may be) the provisional liquidator. In the case of a provisional liquidator, the order appointing him or her will specify the functions to be carried out by him or her.

Hong Kong insolvency proceedings are collective proceedings and creditors may generally no longer pursue their individual claims separately. Accordingly, unsecured creditors may file their claims in the

insolvency proceedings and will, subject to certain preferential payments to be paid first, receive a distribution from the liquidator on a *pari passu* basis.

There is no statutory reorganization in Hong Kong, but it is possible for creditors of a Hong Kong company to attempt to negotiate a consensual contractual restructuring agreement with the company.

Schemes of arrangement are provided under section 166 of the Companies Ordinance (cap. 32) and, although not strictly an insolvency procedure, involve a binding compromise or arrangement between a company and its creditors and/or members (or any class of them). A scheme will require the agreement of a majority in number representing three-fourths in value of the creditors (or class of them), or members (or class of them) and if approved by the court will become binding on all creditors or members (or the relevant class of them, as the case may be) and on the company. The court maintains discretion whether to sanction a scheme and will consider compliance with the statutory process, whether the majority of each class approving the scheme is acting in good faith in the interests of that class and whether the scheme is fair to all creditors in the circumstances. Where there are different classes of creditors (e.g., contingent or unsecured) each class is required to hold separate meetings to discuss and consider the scheme proposals. An explanatory statement is required to be sent to the creditors and shareholders. The terms of each scheme of arrangement will vary, however they often involve variation of contractual terms, waiver of part of creditor claims and exchanges of debt for equity. The process by which a scheme of arrangement is sanctioned does not provide any stay on legal action or proceeding against the company. Creditors therefore retain the ability to seek to enforce their claims through obtaining judgment or to present a winding-up petition, although the Hong Kong court has been persuaded to exercise its discretion to refuse to make a winding-up order whilst a restructuring proposal is put to creditors through a scheme.

In the event of a liquidation under Hong Kong law of the Hong Kong Subsidiary, secured creditors can generally enforce their security outside the liquidation process (and the secured assets would not form part of the insolvency estate). The liabilities of the Hong Kong Subsidiary to its unsecured creditors will, in effect, be satisfied only after payment of all secured indebtedness (to the extent of the assets securing that indebtedness) and after payment of all claims entitled to priority under Hong Kong insolvency law. Debts entitled to priority may include, among others, (a) all expenses properly incurred by the liquidator (including his remuneration) in a winding up; (b) certain amounts owed to the Government; and (c) certain amounts owed to employees. If the proceeds from the enforcement of the security are insufficient to cover the secured creditor's claim, the balance may be proved as unsecured debt in the liquidation.

There is no assurance that, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the unsecured creditors.

Any interest accruing under or in respect of amounts due under any security or other finance documents to which the Hong Kong Subsidiary is a party in respect of any period after the date of the winding-up order would only be recoverable, if the company is not, in the event, insolvent, from any surplus remaining after payment of all other debts proved in the proceedings.

Risk of Challenge and Insolvency

Under Hong Kong law, a transaction of a company may be void if it is beyond the powers of the directors and/or the company under the company's articles of association and/or memorandum, or is not for a proper corporate purpose. Examples of the latter include: the transaction is not in the best interest of the company; the directors are not entering into the transaction for the furtherance of the substantive objects of the company.

Under Hong Kong law, the provision of financial assistance by a company (formed and registered under the Companies Ordinance (cap. 32)) or any of its subsidiaries in relation to the acquisition of shares in the company is prohibited, if such financial assistance is, directly or indirectly, (i) for the purpose of the acquisition of shares in that company before or contemporaneously with the acquisition; or (ii) for the purpose of reducing or discharging a liability incurred for the purpose of such an acquisition. This means that any financial assistance given before, at the same time as or after the acquisition (including financial assistance given in relation to any refinancing of an acquisition loan) may be called into question. Accordingly, if any security, indemnity or guarantee given by the Hong Kong Subsidiary constitutes unlawful financial assistance, unless certain statutory exceptions apply (including a statutory ''whitewash'' procedure whereby the financial assistance is ratified and becomes lawful), then such security, indemnity or guarantee would be invalid.

Under Hong Kong insolvency law, any unfair preference made within six months (or two years in the case of transactions entered into with an ''associate'' (as defined in the Hong Kong Bankruptcy Ordinance (cap. 6)) before the commencement of the winding up of a company may be rescinded at the discretion of the court or otherwise subject to such order as the court thinks fit for restoring the position to what it would have been if the company had not given that unfair preference. An unfair preference is given by a company to a person if the company does anything or suffers anything to be done that has the result of putting a creditor, guarantor or surety of the company in a better position (in the event of the company going into insolvent liquidation) than it would otherwise have been in. In order for the transaction to constitute an unfair preference, the company must have been influenced by a desire to produce that result and provided that, at the time or as a result of the preference, the company was unable to pay its debts when they fall due or the value of its assets is less than the amount of its liabilities. The relevant desire will be presumed (unless the contrary is shown) if the preference is given to a recipient who was an associate of the company.

Under Hong Kong law, the disposition of property made by a company with intent to defraud its creditors shall be voidable, except if the deposition is for valuable consideration and in good faith, or upon good consideration and in good faith to any person not having, at the time of the disposition, notice of the intent to defraud creditors. This rule applies at all time, irrespective of when the transaction was entered into and/or whether the company was insolvent at the time or as a result of the disposition.

Under Hong Kong law, the court may, on the application of the liquidator, set aside the whole or part of the company's obligations (and make other orders) with respect to a transaction for, or involving, the provision of credit to the company if that transaction is or was extortionate and was entered into in the period of three years ending on the winding up of the company. A transaction is extortionate if it requires grossly exorbitant payments to be made or otherwise grossly contravenes ordinary principles of fair dealing and it shall be presumed, unless the contrary is proved, that a transaction with respect to which such an application is made was extortionate.

The Companies Ordinance requires the registration of certain types of charges created by a Hong Kong company or a non-Hong Kong company registered under Part XI of the Companies Ordinance (cap. 32) within 5 weeks from its creation. Such charges include (without limitation) floating charges on the undertaking or property of the company and certain fixed charges (such as land, book debts etc.). The consequence of failing to register such a charge within 5 weeks from its creation is that the charge is void against any creditor or liquidator of the company. Security over certain types of assets created under Hong Kong law may also be subject to other registration and/or perfection requirements (e.g., a legal mortgage over land must be registered at the Hong Kong Land Registry within one month of its creation in order to preserve its priority).

A floating charge on the undertaking or property of a company is invalid if created in the period of twelve months ending with the commencement of the winding up of the company, unless it is proved that the company immediately after the creation of the charge was solvent, except to the amount of any cash paid to the company at the time of or subsequently to the creation of, and in consideration for, the charge (together with interest on such amount at the rate specified in the charge or at the rate of twelve per cent. (12%) per annum, whichever is the lesser).

If any security given by the Hong Kong Subsidiary were avoided or held unenforceable for any reason, a holder of the Notes would cease to have any claim in respect thereof.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

The Company is organized under the laws of Luxembourg and the Issuer is organized under the laws of Italy. The Guarantors are organized under the laws of Luxembourg, the Netherlands, Spain, Bulgaria and Mexico, and future Guarantors may also be organized under the laws of non-U.S. jurisdictions. All of our directors and executive officers and all of the directors and officers of the Guarantors are non-residents of the United States. Although we and each of the Guarantors have submitted to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on our directors and executive officers and the directors and executive officers of the Guarantors or security providers. In addition, as many of our and the Guarantors' assets and the assets of our and their directors and executive officers are located outside of the United States, you may be unable to enforce against them or U.S. judgments obtained in the U.S. courts predicated on civil liability provisions of the federal securities laws of the United States.

If a judgment is obtained in a U.S. court against us or a Guarantor or a security provider, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which our Guarantors are located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

Italy

The following discussion with respect to the enforceability of certain U.S. court judgments in Italy is based upon advice provided to us by our Italian legal advisers.

We have been advised by counsel in Italy that the recognition and enforcement of a judgment rendered by a U.S. federal or New York state court in Italy is governed by Article 64 of the Private International Law Act (i.e. Law 218 of May 31, 1995) (the ''PIL Act'') (and certain other provisions of the PIL Act).

Pursuant to the PIL Act, any judgment issued by a U.S. federal or New York state court should automatically be recognized in Italy provided that all of the following requirements are met:

- the relevant U.S. federal or New York state court had appropriate jurisdiction to pass judgment upon the matter (in accordance with the Italian rules on jurisdiction);
- the defendant had received the summons in accordance with the laws of the state in which the proceedings have taken place, and the defendant had not been deprived of his fundamental rights of defense and due process of law;
- the parties had appeared in the proceedings in accordance with the local procedural law, or the proceedings were conducted *in absentia* (*in contumacia*) in accordance with such local procedural law;
- the judgment rendered by the U.S. federal or New York state court must be final and binding and not subject to appeal (*passato in giudicato*) according to the law of the state in which it was issued;
- the judgment rendered by the U.S. federal or New York state court is not in conflict with any earlier final and binding judgment issued by an Italian court;
- there is no pending proceeding before any Italian court in relation to the same subject matter and between the same parties which started prior to the proceedings before the relevant U.S. federal or New York state court; and
- the judgment rendered by the U.S. federal or New York state court is not contrary to Italian public policy (*ordine pubblico)*.

In addition, according to Article 67 of the PIL Act, if the judgment rendered by the U.S. federal or New York state court is not complied with, its recognition is challenged or it is necessary to enforce such judgment, a proceeding must be instituted before the competent Tribunal to this end. The competent Tribunal does not consider the merits of the case but reviews exclusively the existence of all the requirements set out above (including that requiring that the judgment rendered by the U.S. federal or New York state court is not contrary to public policy in Italy).

Luxembourg

The Company is a Guarantor organized under the laws of Luxembourg (a ''Luxembourg Entity''). The directors, officers and other executives of the Luxembourg Entities are neither residents nor citizens of the United States. Furthermore, most of the assets of the Luxembourg Entities are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons and entities, or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws. It may be possible for investors to effect service of process within Luxembourg upon those persons or entities, provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

We have been advised by our Luxembourg counsel that a contractual provision allowing the service of process against a Luxembourg Entity to any other party appointed to such effect could be overridden by Luxembourg statutory provisions allowing the valid service of process against a Luxembourg Entity in accordance with applicable laws at its registered office. A valid judgment against a company incorporated in Luxembourg with respect to the Notes obtained from a court of competent jurisdiction in the United States, which judgment remains in full force and effect after all appeals as may be taken in the relevant state or federal jurisdiction with respect thereto have been taken, may be entered and enforced through a court of competent jurisdiction of Luxembourg subject to compliance with the enforcement procedures (*exequatur*) set forth in Article 678 et seq. of the Luxembourg Nouveau Code de Procedure Civile, those being:

- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under its applicable laws, and such jurisdiction is recognized by Luxembourg private international and local law;
- the U.S. court order or judgment must not result from an evasion of Luxembourg law (*fraude a la loi*);
- the judgment is final and duly enforceable in the jurisdiction where the decision is rendered (*executoire*);
- the U.S. court has applied the substantive law as designated by the Luxembourg conflict of laws rules;
- the U.S. court has acted in accordance with its own procedural laws;
- the judgment was granted following proceedings where the defendant had the opportunity to appear, and if appeared, to present a defense; and
- the consideration of the foreign order as well as the judgment does not contravene public policy as understood under the laws of Luxembourg, nor has it been given in proceedings of a criminal or tax nature.

We have also been advised by our Luxembourg counsel that if an original action is brought in Luxembourg, Luxembourg courts may refuse to apply the designated law if: (i) the choice of such law was not made bona fide and (ii) its application contravenes Luxembourg public policy. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

The Netherlands

The following discussion with respect to enforceability of certain U.S. court judgments in the Netherlands is based upon advice provided to us by our Dutch counsel.

Most of the assets of Dutch Guarantors are located outside the United States and their directors are non-residents of the United States. There is doubt as to the enforceability in the Netherlands against any of the persons listed above in an original action or in an action for the enforcement of judgments of U.S. courts of civil liabilities predicated solely upon U.S. federal securities laws.

As there is no treaty between the United States and the Netherlands providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards in civic and commercial matters), a judgment rendered by a court in the United States will not be recognized and enforced by the Dutch courts. However, if a person has obtained a final and conclusive judgment for the payment of money rendered by a U.S. court which is enforceable in the United States (the ''foreign judgment'') and

files his claim with the competent Dutch court, the Dutch court will generally give binding effect to the foreign judgment insofar as it finds that the jurisdiction of the U.S. court has been based on grounds which are internationally acceptable and that proper legal procedures have been observed and unless the foreign judgment contravenes Dutch public policy.

To obtain an enforceable judgment against the Dutch Guarantors in the Netherlands, the matter will need to be re-litigated before the competent court in the Netherlands. In the course of such proceedings, the U.S. judgment will have to be submitted to the relevant court in the Netherlands, and the Dutch court may give the effect to the U.S. judgment as it deems appropriate.

According to current practice, however, based upon case law, Dutch courts will be expected to render a judgment in accordance with the U.S. judgment, if and to the extent that:

- the court rendering the U.S. judgment had jurisdiction over the subject matter of the litigation on internationally acceptable grounds and has conducted the proceedings in accordance with general principles of fair trial;
- the U.S. judgment is final and definite; and

such recognition is not in conflict with an existing Dutch judgment or with Dutch public policy (i.e., a fundamental principle of Dutch law).

Spain

The following discussion with respect to the enforceability of certain U.S. court judgments in Spain is based upon advice provided to us by our Spanish legal advisers.

A final and conclusive judgment duly rendered by certain U.S. courts or any other appellate court in the United States would be enforceable in the competent courts of Spain, provided that prior to the time such U.S. court judgment is introduced into a Spanish court for enforcement, there is no material contradiction or incompatibility with a judgment rendered or judicial proceedings outstanding in Spain, in accordance with Article 523.2 and the Derogation Provision of the current Civil Procedural Law and subject to the former Civil Procedural Law of 1881, the substantive provisions of which are found in Articles 951 to 958, both inclusive. Such provisions and the case law set forth that any final judgment rendered outside Spain may be enforced in Spain in three different situations: (i) in the cases and in accordance with the provisions of any applicable treaty; (ii) in the absence of any such treaty, in case it is alleged and evidenced that the jurisdiction where the foreign judgment was given recognizes Spanish judgments on a reciprocal basis when the requirements established in such foreign jurisdiction for the recognition of Spanish judgments are complied with and provided that some minimal conditions are met (inter alia, that the matter is not subject to Spanish exclusive jurisdiction for certain matters, does not infringe public policy and is not in contradiction with a previous Spanish judgment); and (iii) in the absence of an applicable treaty and when the reciprocity has not been evidenced, in those cases in which the judgment given in the foreign jurisdiction complies with the requirements set forth in article 954 of the Civil Procedural Law of 1881 which are that (a) the judgment has been rendered as a result of an action ''*in personam*'' (as opposed to an action ''*in rem*''); (b) the defendant has been properly served with the originating process; (c) the obligation to be enforced is legal under Spanish law; (d) the documentation prepared for the purpose of requesting the enforcement meets all requirements under the laws of the United States in order to be considered an authentic judgment and it also meets all requirements under the laws of Spain; and (e) it is not evidenced that a Spanish judgment would not be recognized by and would not be enforceable in the relevant jurisdiction of the United States on a reciprocal basis. Since there is no applicable treaty between Spain and the United States, unless the conditions under (ii) above are met and, in accordance with certain court precedents, even if these conditions are met, the conditions referred to in (iii) above will have to be satisfied in order to enforce a judgment of a U.S. court in Spain.

Notwithstanding the above, there are no precedents regarding, and therefore, it is doubtful whether a Spanish court would accept jurisdiction and impose civil liability in an original action predicated solely upon U.S. federal securities laws.

Bulgaria

The following discussion with respect to the enforceability of certain U.S. court judgments in Bulgaria is based upon advice provided to us by our Bulgarian legal advisers.

Under Bulgarian law, a U.S. court judgment may be enforced in the Bulgarian courts unless (i) the judgment has deprived a Bulgarian court of exclusive jurisdiction under Bulgarian law or the U.S. court could not have jurisdiction over the dispute heard, in accordance with general Bulgarian rules on jurisdiction, including in respect of monetary disputes, that the U.S. court jurisdiction may not be based solely on the citizenship of the claimant or its registration in the U.S., (ii) there are pending legal proceedings (initiated before the non-Bulgarian court proceedings) before, or a final judgment of, a Bulgarian court resolving the same dispute between the same parties, (iii) certain basic principles of Bulgarian law regarding the rights of defendants have been violated, including rules regarding the proper service of a complaint and summons of the parties, or (iv) the judgment contravenes Bulgarian public order.

The party seeking the recognition and enforcement of a judgment rendered by a U.S. court, including when the jurisdiction of the U.S. court is based on the contractual choice by the parties to an agreement, is required to file a claim for the recognition and enforcement of the judgment before the Sofia City Court (''SCC''). The SCC would not review the merits of the dispute and would recognize the U.S. court judgment provided that the requirements of the Bulgarian law mentioned in the preceding paragraph are met. The defendant may only raise objections that subsequent facts have terminated the defendant's obligation, as the defendant may raise such objections only prior to the judgment of the SCC allowing for admission for enforcement has entered into force.

The decision of the SCC in relation to the recognition of a U.S. court judgment is subject to appeal before the Sofia Appellate Court. The decision of the Sofia Appellate Court is subject to appeal before the Supreme Court of Cassation. The cassation procedure is conditional on the prior admission for appeal and the party challenging the appellate decision should provide evidence for the presence of the grounds for cassation. The Supreme Court of Cassation grants the appellant leave to appeal before considering the cassation appeal on its merits. The cassation appeal to the Supreme Court of Cassation does not suspend execution of the judgment of the appellate court. Thus, the judgment of the Sofia Court of Appeal shall be enforceable and a party may initiate effective enforcement proceedings immediately after the judgment of the appellate court.

Once the U.S. court judgment is recognized, it is subject to enforcement pursuant to the general rules of Bulgarian law. The procedure includes issuance of a writ of execution and enforcement by a bailiff where the respondent fails to perform voluntarily. The procedure for issuance of a writ of execution on the basis of the recognized foreign court judgment is very straightforward. No other restrictions on enforcement apply.

Mexico

We have been advised by our special Mexican counsel, Tapia, Robles, Cabrera y Moreno, S.C., that no treaty is in effect between the U.S. and Mexico calling for the mutual recognition and enforcement of their respective judgments. The recognition by Mexican courts of a judgment rendered in the U.S. is usually done under the principle of reciprocity, which means that Mexican courts would re-examine judgments rendered in the U.S. if such foreign country would re-examine Mexican judgments. Under the applicable provisions of the Mexican Federal Code of Civil Procedure and the Mexican Commerce Code, Mexican courts may enforce judgments rendered in the U.S. through a homologation procedure consisting of the review by such Mexican courts of the foreign judgment to ascertain whether certain requirements of due process, reciprocity and public policy have been complied with, without further reviewing the merits of the subject matter of the case. A judgment rendered in the U.S. may or need not be recognized if, among others:

- the foreign court did not have jurisdiction over the subject matter in a manner that is compatible with or analogous to Mexican laws or the subject matter is within the exclusive jurisdiction of Mexican courts;
- the judgment was rendered under a system that does not provide procedures compatible with Mexican due process requirements;
- the enforcement of the judgment would be contrary to Mexican law, public policy of Mexico, international treaties or agreements binding upon Mexico or generally accepted principles of international law;

- the defendant did not receive adequate personal notice (served personally on the defendant or a duly empowered attorney-in-fact acting as process agent in the legal domicile of the defendant or the domicile designated by the defendant for such purposes) in sufficient time to defend itself;
- the judgment is not final in the rendering state;
- the action in respect of which such judgment is rendered is the subject matter of a pending lawsuit or a final, non-appealable judgment among the same parties before a Mexican court;
- the applicable procedure under the laws of Mexico with respect to the enforcement of foreign judgments (including issuance of a letter rogatory by a competent authority of such foreign jurisdiction requesting enforcement of such judgment and the certification of such judgment as authentic by the corresponding authorities of such jurisdiction in accordance with the laws thereof) was not observed; or
- the court of the rendering state would not enforce Mexican judgments as a matter of reciprocity.

Furthermore, there is doubt as to the enforceability, in actions originated in Mexico, of liabilities based in whole or in part on the U.S. federal or state securities laws and as to the enforceability of judgments obtained in the U.S. in actions based in whole or in part on the civil liability provisions of U.S. federal or state securities laws, to the extent the enforcement of such judgments would be in violation of Mexican public policy.

If proceedings to enforce the obligations of Zobele México, S.A. de C.V. are brought in Mexico, Mexican law permits it to pay a resulting judgment in Mexican pesos. Under the Mexican Monetary Act (*Ley Monetaria de los Estados Unidos Mexicanos*), an obligation payable in Mexico in a currency other than Mexican pesos may be satisfied in Mexican pesos at the exchange rate in effect on the date the payment is made. This rate is currently determined and published by the Mexican Central Bank (*Banco de México*) every business day.

Although the laws of Mexico do not prevent the guarantees granted by Zobele México, S.A. de C.V. from being valid, binding and enforceable against such in accordance with their terms, thus, in the event that Zobele México, S.A. de C.V. is declared in insolvency (*concurso mercantil*) or bankruptcy (*quiebra*), the guarantees may be deemed to have been fraudulent and declared void if, among other things, Zobele México, S.A. de C.V. failed to receive fair consideration or reasonably equivalent value in exchange for such guarantee. In addition, under the Insolvency Law, if Zobele México, S.A. de C.V. is judicially declared in insolvency (*concurso mercantil*) or bankruptcy (*quiebra*), its obligations under the guarantees will be subordinated in the terms set forth in section entitled ''Mexican Insolvency Laws'' above.

Furthermore, under Mexican law, the extension or the granting of grace periods to the principal obligor, any modification of a guaranteed obligation that would increase any obligation of the guarantor, or the novation of the principal obligation, would require the consent of the guarantor. Therefore, note should be taken that the obligations of the guarantors under the guarantees might not be enforced by Mexican courts if the guaranteed obligations are extended, increased or novated without the guarantors' consent. Furthermore, if the obligations of the Issuer under the Notes are held not to be valid or enforceable, the guarantee granted by a guarantor may be unenforceable in proceedings before a Mexican court. Additionally, Mexican law does not permit the collection of interest-on-interest and, consequently, any relevant provisions of the transaction documents relating to the payment of interest-on-interest may be unenforceable in Mexico.

Hong Kong

The following discussion with respect to the enforceability of certain U.S. court judgments in Hong Kong is based upon advice provided to us by our Hong Kong counsel.

No international treaty exists between the United States and Hong Kong in respect of reciprocal enforcement of judgments between the two jurisdictions and there is no Hong Kong legislation providing for enforcement of U.S. court judgments in Hong Kong. The existing Hong Kong legislation on reciprocal enforcement of judgments does not apply to judgments obtained from the U.S. courts and at present there is no other written arrangement in place for the mutual enforcement of judgments between the United States and Hong Kong.

However, a U.S. court judgment may be enforced in Hong Kong under the common law in certain circumstances by commencing a substantive action before the Hong Kong courts for the judgment sum specified in the U.S. court judgment in accordance with the applicable civil procedure rules of the Hong Kong courts. The Hong Kong courts would recognize such judgment as valid and enforce it by entering judgment for the sum specified in the U.S. court judgment under the common law, if it is determined that the U.S. court judgment: (a) is not in breach of the provisions of the Foreign Judgments (Restriction on Recognition and Enforcement) Ordinance (Cap 46 of the laws of Hong Kong); (b) is for a definite sum of money other than a sum payable in respect of taxes or penalties; (c) is final, binding and conclusive; (d) is not obtained by fraud or otherwise obtained in proceedings which were contrary to principles of natural justice under Hong Kong law; (e) is not contrary to the public policy of Hong Kong (as currently applied by the courts of Hong Kong); (f) is not in relation to a judgment the enforcement of which is against a party that is a sovereign state or state entity; (g) is obtained from a competent jurisdiction in which the relevant court had proper jurisdiction over the parties subject to such judgment; and (h) is not impeachable according to the rules on conflict of laws in Hong Kong.

LEGAL MATTERS

Skadden, Arps, Slate, Meagher & Flom (UK) LLP will pass upon certain U.S. and English law matters in connection with this Offering, including the validity of the Notes. Latham & Watkins (London) LLP will pass upon certain U.S. and English law matters in connection with this Offering for the Initial Purchasers.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company as of December 31, 2009, 2010 and 2011 and for the years ended December 31, 2009, 2010 and 2011 have been audited by PricewaterhouseCoopers Société Coopérative, independent auditors, as set forth in their reports appearing herein.

AVAILABLE INFORMATION

For so long as any of the Notes are ''restricted securities'' within the meaning of Rule 144(a)(3) under the U.S. Securities Act, and during any period in which we are neither subject to Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, we will provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by any such holder or beneficial holder, the information required by Rule 144A(d)(4) under the U.S. Securities Act.

We are not currently subject to the periodic reporting and other informational requirements of the U.S. Exchange Act. Pursuant to the terms of the Indenture, we will furnish to the trustee to be distributed to the holders of the Notes annual reports including audited financial statements, quarterly reports for the first three quarters of the year including unaudited financial statements and event-based reports.

Any financial information described above that is required by the Luxembourg Stock Exchange will be available in Luxembourg at the offices of the paying and transfer agent.

LUXEMBOURG LISTING AND GENERAL INFORMATION

Application has been made to list the Notes on the Luxembourg Stock Exchange. In connection with the application to list the Notes on the Luxembourg Stock Exchange, copies of the memorandum and articles of association of the Issuer are available free of charge at the office of the Luxembourg Listing Agent.

So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange shall so require, copies of the memorandum and articles of association of the Issuer, the constitutional documents of each Guarantor, the Indenture, the Intercreditor Agreement and the Security Documents will be available at the office of the listing agent.

The fiscal year of the Group runs from January 1 of each year to December 31 of the same year. The Group's annual and interim statements are limited to consolidated data and are not available in the form of non-consolidated statements or on a basis more frequent than annual or quarterly. So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange shall so require, copies of the Group's audited annual consolidated and unaudited quarterly consolidated financial statements will be available, and may be obtained free of charge, during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the office of the listing agent. The Group prepares its consolidated financial statements in accordance with IFRS, as adopted for us in the European Union.

The issue of the Notes was authorized by resolutions of the Issuer's board of directors adopted on January 17, 2013 and , 2013.

The Issuer is a private joint stock company incorporated on October 18, 2006 under the laws of Italy and registered with the Trento Chamber of Commerce in Italy under number TN-193604. The Issuer's incorporation shall terminate on December 31, 2050, subject to certain amendments being made to the Issuer's by-laws to extend the period of the Issuer's incorporation. As at the date of this Offering Memorandum, the Issuer had issued and outstanding 881,871 fully paid-up ordinary shares of par value of €1.00 each, all of which are held by the Company. The Issuer's main objects, contained in clause 4 of the Issuer's articles of association, are general commercial objects including acting as a holding company and the manufacture and distribution of air care products, insecticide products and home care products.

The following is a brief description of the Guarantors that will guarantee the Notes from the date on which they are issued and of the Non-Guarantor Subsidiaries.

Company	Jurisdiction	Registered Office	Business	Proportion of Share Capital Held Directly or Indirectly by Issuer	Issued Share Capital (in thousands)	Dividends paid to Issuer in Year Ended December 31, 2011
Guarantors						
Z Beta S.à r.l	Luxembourg	28 Boulevard Royal, L-2449, Luxembourg	Holding company	0%	€14,000 (fully paid)	Not applicable
Z Gamma B.V.	Netherlands	Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands	Holding company	0%	€18 (fully paid)	Not applicable
Zobele International B.V.	Netherlands	Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands	Holding company	100%	€1,350 (fully paid)	—
Zobele España, S.A.U.	Spain	C/ Josep Pla 2, Edificio B2, Planta 8, Torres Diagonal, 08019 Barcelona, Spain	Design, development and distribution of Air Care Products and Insecticide Products	100%	€790 (fully paid)	—
Zobele México, S.A. de C.V.	Mexico	Carretera a Sahuaripa KM. 4.5 83299 Hermosillo, Sonora, Mexico	Manufacture and distribution of Air Care Products and Insecticide Products	95%	U.S.$1,983 (fully paid)	—
Zobele Bulgaria EooD	Bulgaria	4142 Striama, Rakovski Municipality Industrial zone, Warehouse 2, Bulgaria	Manufacture and distribution of Air Care Products and Insecticide Products	100%	Leva 500 (fully paid)	—
Non-Guarantor Subsidiaries						
Palma Electronic S.r.l.	Italy	Via dell'Industria, 7, 37049, Villa Bartolomea (VR), Italy	Manufacture and distribution of Air Care Products and Insecticide Products	100%	€130 (fully paid)	—
Industrial Support Team, S.A. de C.V.	Mexico	Carretera a Sahuaripa KM. 4.5, 83299, Hermosillo, Sonora, Mexico	Administrative and labour services supply	99.9%	PMX 100 (fully paid)	—
Zobele India Pvt. Ltd.	India	B - 105, Navkar Chamber, "A" Wing, Andheri - Kurla Road, Andheri, East Mumbai, 400 059, India	Manufacture and distribution of Air Care Products and Insecticide Products	99.9%	INR 10,000 (fully paid)	—
Coil Master SDN. BHD.	Malaysia	No 26, Jalan 5/3, Kawasan Perindustrian Taman Selesa Jaya, 43300, Seri Kembangan, Selangor, Malaysia	Manufacture of coil machineries	29%	MYR 500 (fully paid)	—
Zobele do Brasil Ltda.	Brazil	Rua Marcos Wainstein, 440, Distrito Industrial, Cachoeirinha, 94930-360, Brazil	Manufacture and distribution of Air Care Products and Insecticide Products	100%	BR$1,000 (fully paid)	—

Except as disclosed in this Offering Memorandum, there has been no material adverse change in the financial position of the Company and its direct and indirect subsidiaries, including the Issuer and the other Guarantors, since September 30, 2012.

Except as disclosed in this Offering Memorandum, the Company and its direct and indirect subsidiaries, including the Issuer and the other Guarantors, have not been involved in, and have no knowledge of a threat of, any litigation, administrative proceeding or arbitration which is or may be material in the context of the issue of the Notes.

The Issuer has appointed Elavon Financial Services Limited, U.K. Branch as the paying agent for the Notes in London. We reserve the right to vary such appointment.

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream Banking. The ISIN and Common Code for the Notes issued pursuant to Rule 144A under the U.S. Securities Act are and , respectively. The ISIN and Common Code for the Notes issued pursuant to Regulation S under the U.S. Securities Act are and , respectively.

According to the rules and regulations of the Luxembourg Stock Exchange, the securities shall be freely transferable and therefore no transaction made on the Luxembourg Stock Exchange shall be cancelled.

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Z Beta S.à r.l.

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

As of September 30, 2012 and December 31, 2011

In thousands of Euro	Notes	As of September 30, 2012	As of December 31, 2011
ASSETS			
Net Tangible assets	6	79,639	81,575
Net Intangible assets	7	6,209	4,201
Goodwill	8	202,026	202,031
Other investments		8	8
Deferred Tax Asset	14	4,891	4,455
Other Non Current Assets		843	699
TOTAL NON CURRENT ASSETS		**293,616**	**292,969**
Net Inventories	9	35,704	51,887
Commercial External Receivables	10	79,643	77,070
Income Tax Receivable		1,035	1,035
Other Receivables		11,254	14,909
Cash and Banks	11	21,640	11,322
TOTAL CURRENT ASSETS		**149,276**	**156,223**
TOTAL ASSETS		**442,892**	**449,192**
EQUITY AND LIABILITIES			
Share Capital		14,000	14,000
Reserves		69,264	68,125
Retained Earnings		(59,535)	(49,354)
Currency Translation Reserve		1,081	2,026
Net Income Current Period		(10,277)	(10,176)
TOTAL GROUP EQUITY	12	**14,533**	**24,621**
Capital and Reserves of Minority Interest		7,712	7,428
Net Income Current Period of Minority Interest		480	311
TOTAL EQUITY OF MINORITY INTEREST		**8,192**	**7,739**
TOTAL EQUITY		**22,725**	**32,360**
Long Term Loans	13	132,326	—
Shareholders Loan	13	153,035	133,012
Deferred Tax Liabilities	14	14,997	14,656
Contingent liability reserve		1,035	1,035
Employee Termination Benefits		2,292	2,234
Other Non Current Liabilities		50	133
TOTAL NON CURRENT LIABILITIES		**303,735**	**151,070**
Commercial External Payables		66,677	85,578
Income Tax Payables		—	538
Other Payables		20,873	14,513
Current Portion on Loans	13	5,206	138,928
Bank Overdrafts	13	23,676	26,205
TOTAL CURRENT LIABILITIES		**116,432**	**265,762**
TOTAL LIABILITIES		**420,167**	**416,832**
TOTAL EQUITY & LIABILITIES		**442,892**	**449,192**

(The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements)

Z Beta S.à r.l.

UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT

For the nine months ended September 30, 2012 and 2011

In thousands of Euro	Notes	Nine months ended September 30, 2012	Nine months ended September 30, 2011
NET SALES	15	**254,752**	**239,484**
Cost of sales	16	205,708	186,999
GROSS PROFIT		**49,044**	**52,485**
Gross Profit %		**19.3%**	**21.9%**
Overheads	17	17,608	18,872
Other Expenses/(Income)	19	(1,570)	1,428
EBITDA BEFORE NON RECURRING TRANSACTIONS		**33,006**	**32,185**
Ebitda before non recurring transactions %		**13.0%**	**13.4%**
Depreciation, amortization and write-downs	20	10,000	9,349
EARNINGS BEFORE INTEREST & TAXES & NON RECURRING TRANSACTIONS		**23,006**	**22,836**
Ebit and non recurring transactions %		**9.0%**	**9.5%**
Cost (Income) from Non-recurring transactions	21	5,606	471
EARNINGS BEFORE INTEREST & TAXES		**17,400**	**22,365**
Financial (income)/Expense	22	20,820	19,529
PROFIT/(LOSS) BEFORE TAXES		**(3,420)**	**2,836**
Income Taxes	23	6,377	5,566
NET LOSS		**(9,797)**	**(2,730)**
Net Income %		**(3.8)%**	**(1.1)%**
Minority Interest		480	66
GROUP NET INCOME		**(10,277)**	**(2,796)**
EARNINGS PER SHARE			
Basic (euro)		**(18.4)**	**(5.0)**
Diluted (euro)		**(18.4)**	**(5.0)**

(The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements)

Z Beta S.à r.l.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended September 30, 2012 and 2011

In thousands of Euro	Notes	Nine months ended September 30, 2012	2011
NET INCOME		**(9,797)**	**(2,730)**
OTHER COMPREHENSIVE INCOME ITEMS			
VARIATION CASH FLOW HEDGE RESERVE		1,450	2,189
TAX EFFECT		(314)	(472)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(8,661)**	**(1,013)**
MINORITY		480	66

(The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements)

Z Beta S.à r.l.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As of and for the nine months ended September 30, 2012 and 2011

In thousands of Euro	Share Capital	Share Premium	Legal Reserve	Retained Earnings	Currency Transl. Reserve	Cash Flow Reserve	Profit/(Loss) for the Period	Total Group Equity	Minority Interest	Total Equity
Ending Balance as of December 31, 2010	**14,000**	**67,861**	**1,400**	**(41,927)**	**1,225**	**(3,441)**	**(7,427)**	**31,691**	**7,697**	**39,388**
Previous Year Profit Allocation				(7,427)			7,427	—		—
Equity Increase								—		—
Dividends Distributed				(175)				**(175)**		**(175)**
Consolidation Area Changes								—		—
Currency Translation Variance					(1,024)			**(1,024)**	(371)	**(1,395)**
Variation of cash flow hedge reserve and other movements				(15)		1,717		**1,702**		**1,702**
Profit/(Loss) for the Period							(2,796)	**(2,796)**	66	**(2,730)**
Ending Balance as of September 30, 2011	**14,000**	**67,861**	**1,400**	**(49,544)**	**201**	**(1,724)**	**(2,796)**	**29,398**	**7,392**	**36,790**
Ending Balance as of December 31, 2011	**14,000**	**67,861**	**1,400**	**(49,354)**	**2,026**	**(1,136)**	**(10,176)**	**24,621**	**7,739**	**32,360**
Previous Year Profit Allocation				(10,176)			10,176	—		—
Equity Increase								—		—
Dividends Distributed								—		—
Consolidation Area Changes								—		—
Currency Translation Variance					(947)			**(947)**	(27)	**(974)**
Variation of cash flow hedge reserve and other movements			3	(5)	2	1,136		**1,136**		**1,136**
Profit/(Loss) for the Period							(10,277)	**(10,277)**	480	**(9,797)**
Ending Balance as of September 30, 2012	**14,000**	**67,861**	**1,403**	**(59,535)**	**1,081**	**—**	**(10,277)**	**14,533**	**8,192**	**22,725**

Z Beta S.à r.l.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended September 30, 2012 and 2011

In thousands of Euro	Notes	Nine months ended September 30, 2012	2011
EARNINGS BEFORE INTEREST & TAXES & NON RECURRING TRANSACTIONS		**23,006**	**22,836**
Depreciation and Amortization	20	10,000	9,349
Restructuring Costs & Other Non Recurring	21	(5,606)	(471)
(A) TOT. CASH INFLOW		**27,400**	**31,714**
Inventories (inc)/dec	9	16,207	600
Trade Receivables (inc)/dec	10	(2,614)	(13,444)
Trade Payables (inc)/dec		(18,948)	10,959
Other Working Capital (inc)/dec		9,995	(6,634)
(B) TOT. WORKING CAPITAL CHANGE		**4,640**	**(8,519)**
(C) Income Tax (Paid) / Reimbursed		**(7,009)**	**(2,178)**
(D)=(A+B+C) OPERATING CASH FLOW		**25,031**	**21,017**
Fixed intangible assets	6	3,034	420
Fixed tangible assets	7	8,252	11,465
(E) TOT. CAPITAL EXPENDITURES		**11,286**	**11,885**
(F) Other L/T Liabilities Movements		**(26)**	**73**
(G) Investments		**144**	**(144)**
(H)=(D-E+F-G) CASH FLOW GENERATED		**13,575**	**9,349**
Total interest and Other Financial Costs Paid		(8,322)	(7,808)
Proceeds from shareholder loan	13	**10,000**	—
Other financial movements		(1,010)	(2,229)
(I) FINANCIAL MOVEMENTS		**668**	**(10,037)**
(L)=(H+I) NET FINANCIAL POSITION CHANGE		**14,243**	**(688)**
(M) BANK & LOANS MOVEMENTS	13	**(3,925)**	**(6,608)**
(N)=(L+M) TOT. NET CASH FLOW IN/(OUT)		**10,318**	**(7,296)**
Cash and Bank beginning of the period	11	11,322	30,578
Cash and Bank period end	11	21,640	23,282
Variation		**10,318**	**(7,296)**

Z Beta S.à r.l.

UNAUDITED INTERIM CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of September 30, 2012 and for the nine months ended September 30, 2012 and 2011

1. General information

Z Beta S.à r.l. (hereinafter the ''Company'' and, together with its subsidiaries, the ''Group'') is a Luxembourg holding company incorporated on October 11, 2006 as a ''société à responsabilité limitée'' for an unlimited period of time, subject to the general company law. It is controlled by Z Alpha S.A., a Luxembourg holding company incorporated on October 11, 2006.

The registered office of the Company is 28, boulevard Royal, L-2449 Luxembourg.

Z Beta S.à r.l., is included in the consolidated accounts of DH Z S.à r.l, a Luxembourg holding company incorporated on November 15, 2006 as a ''société à responsabilité limitée'' for an unlimited period of time, subject to the general company law.

We are the leading global supplier of air care and insecticide devices by revenue. We primarily sell our products to fast-moving consumer goods companies, such as Reckitt Benckiser, Procter & Gamble and [Redacted]. We operate as a ''one-stop-shop,'' offering our customers global solutions and services covering the entire value chain from product innovation and development to manufacturing and delivery. We leverage a common technology platform relating to dispensing devices, such as electric plug-ins and aerosol devices, across our product categories.

The interim condensed consolidated financial statements as of and for the nine months ended September 30, 2012 the (''September 2012 Unaudited Interim Condensed Consolidated Financial Statements'') were approved for issue on December 20, 2012.

2. Summary of accounting policies

The main accounting principles applied in the preparation of the September 2012 Unaudited Interim Condensed Consolidated Financial Statements are consistent with those used in the preparation of the consolidated financial statements of the Company as of and for the year ended December 31, 2011 (the ''2011 Consolidated Financial Statements'').

The September 2012 Unaudited Interim Condensed Consolidated Financial Statements, as well as the related explanatory notes thereto are presented in thousand of Euro, except where otherwise indicated.

2.1 Basis of preparation

The September 2012 Unaudited Interim Condensed Consolidated Financial Statements have been prepared according to IAS 34, which governs interim financial reporting. IAS 34 permits a significantly lower amount of information to be included in interim financial statements from what is required for annual financial statements by IFRS requirements (as under International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union), given that the entity has prepared financial statements compliant with IFRS for the previous financial year. The September 2012 Interim Condensed Consolidated Financial Statements are prepared in condensed form and should be read in conjunction with the 2011 Consolidated Financial Statements.

The September 2012 Unaudited Interim Condensed Consolidated Financial Statements include the consolidated statement of financial position as of September 30, 2012 and December 31, 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of change in shareholders equity and the consolidated statement of cash flow for the nine months ended September 30, 2012 and 2011 and the related explanatory notes.

The consolidated statement of financial position as of September 30, 2012 and December 31, 2011 is presented in the format of ''current/non-current'', the consolidated income statement for the nine months ended September 30, 2012 and 2011 is presented classifying the costs by destination and the consolidated statement of cash flow for the nine months ended September 30, 2012 and 2011 is presented using the indirect method.

2. Summary of accounting policies (Continued)

The September 2012 Unaudited Interim Condensed Consolidated Financial Statements have been prepared under the historical cost convention, except for financial assets and liabilities, including derivative instruments, where fair value measurement is mandatory.

The September 2012 Unaudited Interim Condensed Consolidated Financial Statements have been prepared for inclusion in the offering memorandum prepared in connection with the issuance of senior secured notes.

2.2 Covenants and going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The financial performance of the Group can be impacted by many factors, including market conditions, exchange rates, weather conditions and overall demand from key customers.

As outlined in Note 13 in March 2012 the Group achieved unanimous approval from the banking syndicate on a loan amendment granting, among others, an extension of the maturity of the debt facilities and a rescheduling of the loan repayments, therefore securing an improved liquidity profile during the current trading conditions. In the context of such amendment, the Group obtained a suspension of the ''cashflow'' covenant compliance that would not have been met at the testing date of December, 31 2011.

As a result of the trading environment in 2012, the Group would have breached its leverage covenant at the testing date of June 30, 2012 (although it respected the 3 remaining covenants). In such case the facility agreement permitted an ''Equity Cure'' procedure which allowed the shareholders to contribute an amount of up to €10 million, which for the purposes of the covenants, is considered as an increase in EBITDA and applied to the quarter when the breach occurred and to the next four quarters.

In September 2012 the shareholders applied the permitted Equity Cure, contributing an amount of €10 million as an increase in the ''shareholders loan''. Following such equity cure, the covenant breach at June 30, 2012 was cured and covenants compliance at the testing date of September, 30 2012 was met.

Subsequently, the Group has completed a business planning exercise and a new Business Plan has been created that was approved in November 2012 by the Board of Directors of Z Beta S.à r.l. This plan shows improvement in the operating results of the Group , however based on this new business plan, it is possible that the Group may not be in the condition to meet the covenants parameter at the testing date of September 30, 2013.

The Group has commenced a process for the issuance of senior secured notes for the purposes of entirely re-financing the Group's external bank financing, and the Directors remain confident that the notes issuance will be successfully completed in early 2013. This senior notes issue will replace the current financing package and will remove the constraints of the existing financing.

Therefore, despite the risk of a potential covenant breach set out above, the September 2012 Unaudited Interim Condensed Consolidated Financial Statements have been prepared adopting the going concern basis. If for any reason the notes issuance is not successful, the Directors are confident that the existing financing arrangements can be restructured with the existing lenders to take account of the cash generation of the revised business plan.

2.3 Recently issued accounting standards

Summarized below are the international financial reporting standards, interpretation and amendments to the existing standards and interpretations or specific provisions included in standards or

2. Summary of accounting policies (Continued)

interpretations approved by the IASB, with an indication of EU adoption status as at the date of these September 2012 Interim Consolidated Financial Statements.

Description	Endorsed by the EU	Effective date
IFRS 9 *"Financial instruments"*	NO	Annual periods beginning on or after Jan 1, 2015
IAS 12 (amended) *"Income taxes" on deferred tax-recovery of underlying assets*	NO	Annual periods beginning on or after Jan 1, 2012
IFRS 10 *"Consolidated financial statements"* and IAS 27 (amended) *"Separate financial statements"*	NO	Annual periods beginning on or after Jan 1, 2014
IFRS 11 *"Joint arrangements" and* IAS 28 (amended) *"Investments in associates and joint ventures".*	NO	Annual periods beginning on or after Jan 1, 2014
IFRS 12 *"Disclosures of interests in other entities"*	NO	Annual periods beginning on or after Jan 1, 2014
IFRS 13 *"Fair value measurement"*	NO	Annual periods beginning on or after Jan 1, 2013
Amendments to IAS 1 *"Financial statement presentation"—Presentation of items of other comprehensive Income*	June 2012	Annual periods beginning on or after Jan 1, 2012
IAS 19 (amended) *"Employee benefits"*	June 2012	Annual periods beginning on or after Jan 1, 2013
IFRS 7 (amended) *"Financial instruments: Disclosures"—Offsetting financial assets and financial liabilities"*	NO	Annual periods beginning on or after Jan 1, 2014
IFRS 1 (amended) *"First time adoption" Government loans*	NO	Annual periods beginning on or after Jan 1, 2013
IAS 32 *"Financial instruments: Presentation" Offsetting financial assets and financial liabilities*	NO	Annual periods beginning on or after Jan 1, 2014
IFRIC 20 *"Stripping costs in the production phase of a surface mine"*	NO	Annual periods beginning on or after Jan 1, 2013
Amendments to IFRS 10, 11 and 12 on transition guidance	NO	Annual periods beginning on or after Jan 1, 2013
IAS 28 (revised 2011) 'Associates and joint ventures'	NO	Annual periods beginning on or after Jan 1, 2013
Amendment to IFRS 10, IFRS 12 and IAS 27	NO	Annual periods beginning on or after Jan 1, 2013

The Group is currently assessing the impact of the adoption of these new standards and interpretations.

2. Summary of accounting policies (Continued)

2.4 Basis of consolidation

The consolidation criteria and methodology adopted for the purposes of the preparation of the September 2012 Unaudited Interim Condensed Consolidated Financial Statements are the same as those utilized for the purposes of the preparation of the 2011, Consolidated Financial Statements.

2.5 Scope of consolidation

The following table sets forth details of the entities included in the Group's scope of consolidation as of September 30, 2012 with details of the method of consolidation:

Entity	Country	% Ownership	Shareholding (d) direct (i) indirect	Currency	Share Capital (thousand)	Consolidation Method
Z Gamma B.V.	The Netherlands	100%	d	Euro	18	Line-by-line
Zobele Holding S.p.A.	Italy	100%	d	Euro	882	Line-by-line
Palma Electronic S.r.L.	Italy	100%	i	Euro	130	Line-by-line
Zobele International B.V.	The Netherlands	100%	i	Euro	1,350	Line-by-line
Zobele España, S.A.U.	Spain	100%	i	Euro	790	Line-by-line
Zobele Bulgaria EooD	Bulgaria	100%	i	Leva	501	Line-by-line
Zobele México, S.A. de C.V.	Mexico	95%	i	US$	1,983	Line-by-line
Industrial Support Team, S.A. de C.V.	Mexico	100%	i	PMX	100	Line-by-line
Zobele Instruments Co. Ltd.	China	80%	i	RMB	24,928	Line-by-line
Zobele Asia Pacific Ltd.	Hong Kong	80%	i	HK$	7,790	Line-by-line
ZAE Industrial Co. Ltd.	Hong Kong	45%	i	HK$	500	Line-by-line
ZAE Plastic Metal Co. Ltd	China	45%	i	US$	700	Line-by-line
Zobele do Brazil Ltda.	Brazil	100%	i	BR$	1,000	Line-by-line
Zobele India Pvt. Ltd.	India	100%	i	INR	10,000	Line-by-line
Coil Master SDN. BHD.	Malaysia	29%	i	MYR	N.A.	Equity

Financial statements of the subsidiaries have been prepared in compliance with IFRS.

3. Estimates and assumption

The preparation of the September 2012 Unaudited Interim Condensed Consolidated Financial Statements required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these September 2012 Unaudited Interim Condensed Consolidated Financial Statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2011 Consolidated Financial Statements, with the exception of the estimation of the inventory obsolescence reserve.

The Group regularly reviews inventory quantities on hand and records an allowance for obsolescence. During the course of 2012, the Group carried out a comprehensive review of its Excess and Obsolete inventory reserves and the criteria under which these reserves are created . As a result of this review new procedures were issued across the Group that calculate Excess and Obsolete reserves in a clear and consistent way across the Group.

3. Estimates and assumption (Continued)

The new procedure based on more specific criteria that also better consider the business scenario takes into account ageing, forward order coverage and turnover of materials and components and calculates a provision by stock item based on these criteria.

Considering that the above mentioned change in estimation is based on more precise information and experience, in compliance with IAS 8 the revision does not relate to prior period and is not a correction of an error.

Moreover we highlight that during 2012 the Group has implemented specific internal procedures in order to be able to verify and monitor which development costs meet the requirements set forth in IAS 38 for capitalization. Procedures were put in place to record project costs relating to the design and development of certain products for specific customer projects which are reasonably certain to generate in the future economic benefit sufficient for their recoverability. The projects and procedures meet the requirements of IAS 38 and as a result the Group has capitalized costs of €2,700 thousand for the nine months ended September 30, 2012. Amortization of this amount has not started at the balance sheet date.

4. Seasonality of operations

On an annual basis demand for pest control products is relatively stable due to the non-discretionary nature of the product; however local weather conditions can cause significant fluctuations in sales. Production of pest control products is seasonal, and peak demand occurs during the spring and the summer when insects and other pests are most active; however changes in weather conditions from year to year can have a substantial impact on insect populations in different geographic regions which directly impacts demand for pest control products.

The Group's financial results for any individual quarter are typically sensitive to seasonality, however, results for interim periods are not necessarily indicative of results that may be expected for any other interim periods or for a full year.

5. Operating segment information

The board of directors is the Group's chief operating decision-maker.

Management has determined the operating segments based on the information reviewed by the board of directors for the purposes of allocating resources and assessing performance, as follows:

- Air fresheners;
- Insecticide.

The Board of Directors assess the performance of the operating segments based on *gross profit*. Specifically, management believes that *gross profit* provides an important measure of the Group's operating performance.

5. Operating segment information (Continued)

The following table presents revenue and profit information regarding the Group's operating segments for the nine months ended September 30, 2012 and September 30, 2011.

	For the nine months ended September 30, 2012		
In thousands of Euro	**AIR FRESHENER***	**INSECTICIDE**	**TOTAL**
NET SALES	**187,726**	**67,026**	**254,752**
Cost of sales	154,698	51,010	205,708
GROSS PROFIT	**33,028**	**16,016**	**49,044**
Gross profit % on net sales	**13.0%**	**6.3%**	**19.3%**
EBITDA before non recurring transactions			**33,006**
EBITDA before non recurring transactions % on total net sales			13.0%
EARNINGS BEFORE INTEREST & TAXES & NON RECURRING TRANSACTIONS			**23,006**
Ebit % on total net sales			9.0%
EARNINGS BEFORE INTEREST & TAXES			**17,400**
PROFIT BEFORE TAXES			**(3,420)**
GROUP NET INCOME			**(10,277)**

* Air Freshener includes also other products

	For the nine months ended September 30, 2011		
In thousands of Euro	**AIR FRESHENER***	**INSECTICIDE**	**TOTAL**
NET SALES	**174,253**	**65,231**	**239,484**
Cost of sales	140,067	46,932	186,999
GROSS PROFIT	**34,186**	**18,299**	**52,485**
Gross profit % on net sales	**14.3%**	**7.6%**	**21.9%**
EBITDA before non recurring transactions			**32,185**
EBITDA before non recurring transactions % on total net sales			13.4%
EARNINGS BEFORE INTEREST & TAXES & NON RECURRING TRANSACTIONS			**22,836**
Ebit % on total net sales			9.5%
EARNINGS BEFORE INTEREST & TAXES			**22,365**
PROFIT BEFORE TAXES			**2,836**
GROUP NET INCOME			**(2,796)**

* Air Freshener includes also other products

6. Net Tangible Assets

The following table sets forth movements in ''Net Tangible Assets'' for the nine months ended September 30, 2012:

In thousands of Euro	Land & Buildings	Machinery & Installations	Equipment & Toolings	Other assets	Asset under Construction	Total
Historic cost	52,055	102,977	8,375	11,933	8,871	184,211
Depreciation	(8,739)	(77,884)	(6,620)	(9,393)	—	(102,636)
Net Balance at December 31, 2011	**43,316**	**25,093**	**1,755**	**2,540**	**8,871**	**81,575**
Additions	53	2,647	288	747	4,517	8,252
Disposals	—	—	—	(4)	(1,518)	(1,522)
Depreciation	(531)	(6,613)	(800)	(982)	—	(8,926)
Reclassification	—	—	—	—	—	—
Exchange difference	—	4,537	539	(3)	(4,813)	260
Historic cost	52,108	110,161	9,202	12,673	7,057	191,201
Depreciation	(9,270)	(84,497)	(7,420)	(10,375)	—	(111,562)
Net Balance at September 30, 2012	**42,838**	**25,664**	**1,782**	**2,298**	**7,057**	**79,639**

The additions in the nine months ended September 30, 2012 are related mainly to costs incurred in plants in China, Mexico and Bulgaria.

Depreciation in the nine months ended September 30, 2012 have been calculated on the basis of representative rates of the economic and technical estimated useful life of the fixed assets.

At September 30, 2012 there were some restrictions affecting the Company's title to and ownership of buildings, equipment and machinery. See Note 13 for further details.

7. Net Intangible Assets

The following table sets forth movements in ''Net Intangible Assets'' for the nine months ended September 30, 2012:

In thousands of Euro	Patents & Similar Rights	Development costs	Licences & Trademarks	Assets under developement	Other Intangibles	Total
Net Balance at December 31, 2011	**2,361**	**—**	**461**	**534**	**845**	**4,201**
Additions	273	2,700	—	—	135	3,108
Amortization	(820)	—	(8)	—	(246)	(1,074)
Reclassification	561	—	(293)	(342)	0	(74)
Exchange difference	43	—	—	36	(31)	48
Net Balance at September 30, 2012	**2,418**	**2,700**	**160**	**228**	**703**	**6,209**

The additions in the nine months ended September 30, 2012 are related mainly to development costs capitalized in the period.

Amortization in the nine months ended September 30, 2012 have been calculated on the basis of representative rates of the economic estimated useful life of the intangible assets. Development costs as of September 30, 2012 amount to €2,700 thousand, and are mainly related to labor costs and some of the cost of raw materials, and a portion of indirect costs.

8. Goodwill

Doughty Hanson acquired majority control of the Group on December 13, 2006 and for accounting purposes, the business combination has been recorded from January 1, 2007.

Business combinations are accounted for using the acquisition accounting method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Tangible assets (Land, Buildings, Machinery and Equipment) have been accounted for at their fair value at the date of acquisition.

Goodwill arises as a non-allocated difference between the cost of acquisition and the subsidiaries equity. The goodwill, initially measured at cost, has been allocated to each of the Group's cash generating units. Each unit represents the markets served by Zobele that are expected to benefit the Group by the synergies of the acquisition.

At the beginning, the total difference between purchase cost of subsidiaries and equities equal to €235,216 thousand was allocated to:

— Land and buildings for an amount equal to €41,857 thousand;

— Property and equipment for an amount equal to €13,426 thousand;

— Related deferred tax liabilities for an amount equal to €20,005 thousand;

The residual value of goodwill originally allocated was equal to €199,938 thousand.

Goodwill, consistently with previous years, is allocated to different business Cash Generating Units (CGU's) in relation to the different business markets in which the Group operates. The allocation considered the air-freshener and insecticide market.

For impairment purposes, goodwill has been allocated to the following cash-generating units:

In thousand of Euro	As of September 30, 2012
Air-freshener	136,300
Insecticide market	65,726
Total as of September 30, 2012	**202,026**

The carrying value of goodwill is sensitive to the projected value of the following assumptions (used for the preparation of the business plan 2013-2015 approved by the management on November 22, 2012

— Sales growth;

— First Margin & EBITDA levels, net of tax impact;

— Cash Flow generated;

— Capital expenditure and Working Capital variance.

More in detail, the impairment test of the Goodwill, consistent with last year, has been based on the followings assumptions:

- the analyses have been performed on Enterprise Value level and have been based on the approach of Value in Use;
- the identified CGUs (Air Freshener and Insecticide) are the smallest identifiable group of assets that generates cash inflows from continuing use, and are largely independent of the cash inflows from other assets or groups of assets;

8. Goodwill (Continued)

- the CGUs are in line with last year;
- the Value in Use has been determined using the Discounted Cash Flow (DCF) methodology, which states that the economic value of the invested capital is equal to the present value of the following components:
  - sum of net operating cash flows generated in each year of the explicit forecast period;
  - the terminal value, understood as the cash flows the company will be able to generate beyond the explicit forecast period.
- WACC (weighted average cost of capital) has been used as a discount rate for both CGUs.

Management believes that no reasonable change in any of the CGU's key assumptions would cause the carrying value to materially exceed its recoverable amount.

The impairment test had considered a growth rate of 2% (2% in the year 2011) and a WACC of 8,8% (8,8% in the year 2011). A sensitivity analysis has been performed in order to assess the impact of a variation of both growth rate and WACC on the Enterprise Value, compared with a Net Invested Capital amounting to €339 million as of September 30, 2012 (€333 million as of December 31, 2011). Please refer to the table below (values expressed in Euro/million):

Enterprise Value

		WACC				
		7,8%	8,3%	8,8%	9,3%	9,8%
g	1,0%	512,4	474,5	441,5	412,5	386,9
g	1,5%	547,6	504,4	467,1	434,7	406,2
g	2,0%	588,8	539,0	496,5	459,9	428,0
g	2,5%	637,9	579,5	530,5	488,8	452,8
g	3,0%	697,2	627,8	570,4	522,2	481,2

The above sensitivity analysis can be also analyzed for the two single CGU's.

Air-Fresheners (Net Invested Capital amounting to €237 million):

Enterprise Value

		WACC				
		7,8%	8,3%	8,8%	9,3%	9,8%
g	1,0%	307,1	284,2	264,3	246,8	231,4
g	1,5%	328,6	302,5	279,9	260,3	243,2
g	2,0%	353,8	323,6	297,9	275,7	256,5
g	2,5%	383,7	348,3	318,7	293,4	271,6
g	3,0%	419,9	377,8	343,0	313,8	289,0

8. Goodwill (Continued)

Insecticides (Net Invested Capital amounting to €102 million):

Enterprise Value

		WACC				
		7,8%	8,3%	8,8%	9,3%	9,8%
g	1,0%	205,3	190,3	177,2	165,7	155,6
	1,5%	219,0	201,9	187,2	174,3	163,1
	2,0%	235,1	215,4	198,6	184,1	171,6
	2,5%	254,2	231,2	211,9	195,4	181,2
	3,0%	277,3	250,0	227,4	208,4	192,2

Goodwill impairment review undertaken at the end of September 30, 2012 confirmed that the conditions have been met for maintaining the goodwill carrying value.

9. Net inventories

The following table sets forth a breakdown of ''Net inventories'' as of September 30, 2012 and as of December 31, 2011:

In thousands of Euro	As of September 30, 2012	As of December 31, 2011
Raw materials & consumables	24,453	27,320
Semi finished goods	6,964	9,006
Finished goods	8,981	16,415
Reserve	(4,694)	(854)
Total net inventories	**35,704**	**51,887**

As of September 30, 2012 no inventories were pledged as collateral for loans or other transactions.

The following table sets forth the movements in the ''Inventory obsolescence reserve'' as follows:

In thousands of Euro	Reserve for raw and consumable materials	Reserve for work in progress and contract work in progress	Reserve for finished goods	Total inventory reserve
Inventory obsolescence reserve at December 31, 2011	**(76)**	**—**	**(778)**	**(854)**
Used	53	—	—	53
Addition	(106)	—	(3,787)	(3,893)
Inventory obsolescence reserve at Septemner 30, 2012	**(129)**	**—**	**(4,565)**	**(4,694)**

Effective January 1, 2012 the Group changed the method on which the estimate of obsolescence reserve was based. In particular, the new calculation is based on specific calculations on the basis of the aging of stock and sales order coverage of material. In accordance with IAS 8, the effect of the change has been recognized prospectively in the consolidated income statement for the nine months ended September 30, 2012 (€3,623 thousand).

10. Commercial external receivables

The following table sets forth a breakdown of ''Commercial external receivables'' as of September 30, 2012 and as of December 31, 2011:

In thousands of Euro	As of September 30, 2012	As of December 31, 2011
Trade receivables	79,254	75,249
Bills receivables (accepted and unaccepted)	106	144
Receivables with the lawyer	712	717
Invoices to be issued	254	1,689
Bed debt provision	(1,045)	(927)
Total commercial external receivables	**79,281**	**76,872**
Receivables from ZALPHA	362	198
Total commercial receivables	**79,643**	**77,070**

The following table sets forth the movements in bed debt provision:

In thousands of Euro	As of December 31, 2011	Used	Addition	As of September 30, 2012
Bed debt provision	927	—	118	1,045

11. Cash and banks

The balance as of September 30, 2012 includes cash in hand and temporary availability in bank current accounts.

The following table sets forth the net financial position of the Group as of September 30, 2012 and as of December 31, 2011:

In thousands of Euro	As of September 30, 2012	As of December 31, 2011
Net financial position		
A. Cash	21,640	11,322
B. Cash equivalent	—	—
C. Trading securities	—	—
D. Liquidity (A) + (B) + (C)	**21,640**	**11,322**
E. Current financial receivables	—	—
F. Current bank debt	(23,676)	(26,205)
G. Current portion of non current debt	(5,206)	(138,928)
H. Other current financial debt	—	—
I. Current financial debt (F) + (G) + (H)	**(28,882)**	**(165,133)**
J. Net current financial indebtedness (I) + (E) + (D)	**(7,242)**	**(153,811)**
K. Non current bank loans	(132,326)	—
L. Bonds issued	—	—
M. Other non current loans	(153,035)	(133,012)
N. Non current financial indebtedness (K) + (L) + (M)	**(285,361)**	**(133,012)**
O. Net financial position (J) + (N)	**(292,603)**	**(286,823)**

As described in Note 13, as of December 31, 2011, the Group had not finalized its waiver negotiations at the balance sheet date. As a result, the related debts amounting to €138,928 thousand have been re-classified as current financial debt. As of September 30, 2012 the relevant covenant conditions had

11. Cash and banks (Continued)

been satisfied and as a result an amount of €132,326 thousand was re-classified to non-current bank loan in accordance with the contractual repayment profile.

12. Group equity

As of September 30, 2012 the Company's share capital amounted to €14,000 thousand and is divided in 560,000 shares. The nominal value of each share is €25. Movements in shareholders' equity are reported in the consolidated statement of changes in shareholders' equity.

13. Long Term Loans current and non-current, shareholder loan and bank overdraft (financial liabilities)

The following sets forth a breakdown of financial liabilities as of September 30, 2012 and December 31, 2011:

	As of September 30, 2012			As of December 31, 2011		
In thousands of Euro	**Total**	**Current**	**Non current**	**Total**	**Current**	**Non current**
Bank loans	137,532	5,206	132,326	137,517	137,517	—
Fair value on IRS	—	—	—	1,411	1,411	—
Total long term loan	**137,532**	**5,206**	**132,326**	**138,928**	**138,928**	**—**
Shareholders loan	153,035	—	153,035	133,012	—	133,012
Total shareholders loan	**153,035**	**—**	**153,035**	**133,012**	**—**	**133,012**
Revolving credit facility	23,532	23,532	—	20,850	20,850	—
Other financing	144	144	—	5,355	5,355	—
Total bank overdraft	**23,676**	**23,676**	**—**	**26,205**	**26,205**	**—**
Total financial liabilities	**314,243**	**28,882**	**285,361**	**298,145**	**165,133**	**133,012**

Long Term Loan

The following table presents a breakdown of ''bank loans'' as of September 30, 2012:

In thousands of Euro	Total as of September 30, 2012	Short term till 1 year	Medium term between 1 to 5 years	Long term over 5 years
Term Loan A	32,126	5,372	26,754	—
Term Loan B	54,897	—	54,897	—
Term Loan C	54,897	—	54,897	—
Transaction costs	(4,388)	(166)	(4,222)	—
Total Long Term Loan (current and non current)	**137,532**	**5,206**	**132,326**	**0**

13. Long Term Loans current and non-current, shareholder loan and bank overdraft (financial liabilities) (Continued)

In thousands of Euro	Original amount	Inception date	Due date rescheduled	Total as of September 30, 2012	Maturing in 2012	Maturing in 2013	Maturing in 2014
Term Loan A	80,000	2007	Dec 31, 2014	32,126	177	10,390	21,559
Term Loan B	60,000	2007	June 30, 2015	54,897		—	—
Term Loan C	60,000	2011	Dec 31, 2015	54,897		—	—
Total				**141,920**	**177**	**10,390**	**21,559**
Transaction cost				(4,388)			
Total Long Term Loan (current and non current)				**137,532**			

After the acquisition by Doughty Hanson, the Group obtained three long term loans from a syndicate of banks (Term Loan A, B and C), as well as a revolving credit facility. Term Loans A, B and C (together the ''Term Loan'') were used to re-finance the existing debt at that time and to support the acquisition. The Revolving Credit Facility is used for working capital requirements. The term loans had differing repayment schedules with final repayment of Term Loan A on December 31, 2013, Term Loan B on December 31, 2014 and Term Loan C on December 31, 2015. The Term Loan agreements included certain covenants based on EBITDA (contractually defined and which corresponds to ''Ebitda before non recurring transactions'' as well as reported in the consolidated income statement), total net debt, total interest costs, capex and cash flow which were required to be measured on a quarterly basis.

In June 2011, the Company commenced negotiations with the banking syndicate to reschedule the loan repayments and amend the covenants. As of December 31, 2011, the Company respected the leverage and interest cover covenants and achieved agreement with the banks on suspension of the cash cover covenant. However, because agreement with the banks on the terms of the new bank agreement had not been reached at December 31, 2011, in accordance with IAS 1, the Term Loan at such date was classified within current liabilities on the balance sheet.

The approval for the loan amendment and modification of the covenant parameters was obtained in March 2012. Banks approved a loan amendment request rescheduling the debt repayments and modifying the covenant parameters. The rescheduling resulted in a substantial reduction of cash outflows for debt repayments over 2012-2013 and in a significant extension of the average life of the debt.

According to IAS 39, the modification of the agreement has not been accounted as an extinguishment, therefore costs and fees incurred in the 9 months ending on September 30, 2012 have been amortized over the remaining term of the modified loan.

The rescheduling of the debt also provided new covenant requirements to be measured on the consolidated financial statements for each period of twelve months ending on each quarter date:

- Cash Flow Ratio: the ratio of cash flow to total funding costs in respect of each relevant shall not be less than 1;
- Interest Cover Ratio: the ratio of EBITDA to total net interest costs at September 30, 2012 shall be or shall exceed 3.85;
- Capital Expenditure: the aggregate capital expenditure of the Group at year end shall not exceed the amount of €19,600 thousand as of December 31, 2012, €20,600 thousand as of December 31, 2013, €21,500 thousand as of December 31, 2014, €18,900 thousand as of December 31, 2015;
- Leverage: the ratio of total net debt to EBITDA at September 30, 2012 shall be less than 3.15.

13. Long Term Loans current and non-current, shareholder loan and bank overdraft (financial liabilities) (Continued)

At the testing date of June 30, 2012, the Group would not have met the leverage covenant, although the other covenants were respected. In such case the facility agreement permits the application of the ''Equity Cure'' procedure which allows the shareholders to make a contribution of up to €10 million. For covenant calculation purposes, the injection can be considered as an increase in EBITDA. The Equity Cure may be applied twice prior to the termination of the agreement, for non consecutives periods of 12 months.

In September 2012 the shareholders have applied the Equity Cure with the proceeds recorded as an increase in the ''shareholders loan'' of €10 million. The Group is in compliance with the covenants at September 30, 2012 and at June 30, 2012 as the Equity Cure is applied retrospectively. This is the first Equity Cure applied.

The bank loan is guaranteed as follows:

- shares of the main subsidiaries: Zeta Beta, Zobele Holding, Zobele Bulgaria, Zobele International, Zeta Gamma;
- mortgage over buildings placed in Trento (owned by Zobele Holding S.p.A.) equivalent to €40.1 million;
- pledge over machinery (owned by Zobele Holding S.p.A., Zobele Bulgaria and Zobele Mexico S.A. de C.V.) equivalent to €5.6 million;
- pledge over intellectual properties (Patents owned by Zobele Holding S.p.A. and Zobele Spain S.A.)
- pledge on the aggregate value of account receivables of Zobele Mexico S.A. de C.V.

The interest rate on the Term Loan varies depending on the covenant testing. For the nine month period ending September 30, 2012, the floating rate on the loan increased from a spread of 4.0% to 4.75%.

Fair Value on IRS (Interest Rate Swap)

As of September 30, 2012, the Group does not have derivative financial instrument in portfolio. Derivative contracts were all closed in June 2012.

Shareholders Loans

Shareholders loan amounting to €153,035 thousand as of September 30, 2012 is related to the loan issued by Z Alpha S.S. for an initial amount of €109,200 thousand. The loan bears interest at the rate of 10.125%. The maturity is fixed on December 31, 2055.

The increase in the period refers to accrued interest of €10,023 thousand and to proceeds from the Equity Cure of €10,000 thousand.

Bank Overdraft

The following sets forth a breakdown of ''Bank Overdraft'' as of September 30, 2012 and December 31, 2011:

In thousands of Euro	As of September 30, 2012	As of December 31, 2011
Revolving credit facility	23,539	20,850
Other financing	137	5,355
Total bank overdraft	**23,676**	**26,205**

13. Long Term Loans current and non-current, shareholder loan and bank overdraft (financial liabilities) (Continued)

As of September 30, 2012 Bank overdraft were constituted by revolving credit facility for a total amount of €23,539 thousand. The revolving credit facility is regulated by the Term Loan, and it has been rescheduled as previously reported.

Other financing related to previous year are primarily due to the use of short term credit lines or current account overdrafts, in order to manage our short term liquidity needs.

For the nine month period ending September 30, 2012, the interest rate includes a spread of 4.0%.

14. Deferred tax assets and liabilities

Deferred tax represents the net balance of the deferred tax assets and deferred tax liabilities arising on the temporary differences between the tax bases of assets and liabilities and their carrying amounts.

In thousands of Euro	As of December 31, 2011	P&L movements	Equity movements	As of September 30, 2012
Deferred tax assets	4,455	750	(314)	4,891
Deferred tax liabilities	(14,656)	(341)		(14,997)
Total deferred tax	**(10,201)**	**409**	**(314)**	**(10,106)**

15. Net sales

The following table provides a breakdown of ''Net sales'' by market and geographic area for the nine months ended September 30, 2012 and 2011:

In thousands of Euro	For the nine months ended September 30, 2012	2011	Variance
Net sales by market			
Air care	177,656	158,296	12.2%
Pest control	67,026	65,231	2.8%
Others	10,070	15,957	(36.9)%
Total net sales	**254,752**	**239,484**	**6.4%**

In thousands of Euro	For the nine months ended September 30, 2012	2011	Variance
Net sales by geographic area			
North America	114,359	109,553	4.4%
Europe	94,219	95,871	(1.7)%
Asia Pacific	30,457	22,131	37.6%
South America	9,683	5,763	68.0%
Africa-M East	6,034	6,166	(2.1)%
Total net sales	**254,752**	**239,484**	**6.4%**

16. Cost of sales

The following table provides a breakdown of ''Cost of sales'' by for the nine months ended September 30, 2012 and 2011:

In thousands of Euro	For the nine months ended September 30,	
	2012	2011
Materials	162,773	145,019
Director Labor Costs	19,729	17,282
Subcontractor	3,350	5,063
Power	2,294	2,000
Indirect Manufacturing	5,500	5,028
Maintenance	3,214	3,043
Logistic and Purchases	7,391	7,814
Quality Control	1,421	1,393
Commission	36	357
Total cost of sales	**205,708**	**186,999**

17. Overheads

The following table provides a breakdown of ''Overheads'' by for the nine months ended September 30, 2012 and 2011:

In thousands of Euro	For the nine months ended September 30,	
	2012	2011
General and Administration	11,690	10,792
Sales and Marketing	3,573	4,358
R&D	647	3,101
Operation	985	181
Other costs/ (income)	713	440
Total overheads	**17,608**	**18,872**

The movement in R&D costs in the nine months ended September 30, 2012 is mainly related to the capitalization of development costs which met the requirements of IAS 38.

18. Personnel costs

The following table provides a breakdown of ''Personnel costs'' by for the nine months ended September 30, 2012 and 2011:

In thousands of Euro	For the nine months ended September 30,	
	2012	2011
Wages and salaries	29,752	26,227
Social charges	5,206	5,016
Employee termination indemnity and pension fund accruals	732	810
Other costs	101	82
Total personnel costs	**35,791**	**32,135**

18. Personnel costs (Continued)

Personnel costs are included in the income statement as follows:

In thousands of Euro	For the nine months ended September 30, 2012	2011
Cost of sales	23,315	20,147
Overheads	12,476	11,988
Total personnel costs	**35,791**	**32,135**

19. Other (Income)/Expenses

The following table provides a breakdown of ''Other (Income)/Expenses'' by for the nine months ended September 30, 2012 and 2011:

In thousands of Euro	For the nine months ended September 30, 2012	2011
Other income	(1,742)	494
Exchange rate gains	(1,373)	(1,475)
Exchange rate losses	1,545	2,409
Total other (Income)/Expenses	**(1,570)**	**1,428**

20. Depreciation, amortization and write-downs

The following table provides a breakdown of ''Depreciation, amortization and write-down'' for the nine months ended September 30, 2012 and 2011:

In thousands of Euro	For the nine months ended September 30, 2012	2011
Patent similar and rights	820	844
Licences and trademarks	8	3
Other intangible assets	246	199
Total amortizations of intangible assets	**1,074**	**1,046**
Land and buildings	531	534
Machinery and installations	6,613	6,091
Equipment and toolings	800	604
Other intangible assets	982	1,074
Total amortizations of tangible assets	**8,926**	**8,303**
Total depreciations, amortizations and write-down	**10,000**	**9,349**

21. Non recurring costs

Non Recurring costs incurred in the period are related mainly to various severance and restructuring costs incurred in Mexico and Spain. Other costs relate to consultancy expenses specifically related to a one-off project to revise manufacturing working practices. In addition, non recurring items include the provision for inventory obsolescence for an amount of €3,623 thousand as a result of a revision to the method of calculation of the provision as described in Note 9.

22. Financial (Income)/Expenses

The following table provides a breakdown of ''Financial (Income)/Expenses'' by for the nine months ended September 30, 2012 and 2011:

In thousands of Euro	For the nine months ended September 30, 2012	2011
Interest income	15	35
Other financial income	11	15
Total financial income	**26**	**50**
Interest expenses—Bank overdraft	(963)	(644)
Interest expenses—Long-term loans	(8,497)	(8,386)
Interest expenses—Shareholder loans	(10,023)	(9,101)
Interest expenses on leasing and other	(1,363)	(1,448)
Total financial expenses	**(20,846)**	**(19,579)**
Total financial (Income)/Expenses	**(20,820)**	**(19,529)**

23. Income taxes

The following table provides a breakdown of ''Income taxes'' by for the nine months ended September 30, 2012 and 2011:

In thousands of Euro	For the nine months ended September 30, 2012	2011
Income taxes	6,786	5,681
Deferred taxes variance	(409)	(115)
Total income taxes	**6,377**	**5,566**

Income tax expense for the nine months ended September 30, 2012 includes an amount of €1.4 million relating to the settlement of tax audit reports ''*Processo Verbale di Constatazione*'' for the years 2006, 2007 and 2008. The tax inspections took place in 2011 and the final assessment notice was issued in 2012.

24. Related party transactions

All intercompany transactions are conducted at ''arm's length'', including transactions with subsidiaries having minority shareholdings. In addition, transactions with related parties outside of the Group are conducted at ''arm's length''.

The only related party transaction relates to the shareholder loan provided by the parent. See Note 13 for further details.

25. Subsequent events

In October 2012 the Group commenced activities relating to the potential issuance of senior secured notes for an amount of €180 million, for the purposes of re-financing the existing bank debt. In addition, on or around the date of issuance of the notes, the Group expects to enter into a new revolving credit facility for an amount of €30 million. In connection with the notes issuance, on December 13, 2012, the Company and its sole shareholder entered into a contribution agreement whereby, conditional upon the issue of the notes, Z Alpha S.A. has agreed to contribute all claims under the shareholder loan, together

25. Subsequent events (Continued)

with all interest accrued thereon, up to and as at the issue date of the notes. Accordingly, with effect on and from the issue date, all claims and outstanding interest under the shareholder loan shall be contributed by way of capital contribution to the Company, and the inter-company loan agreement shall be terminated.

Audit report

To the Partners of
Z Beta S.à r.l.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Z Beta S.à r.l. and its subsidiaries (the ''Group''), which comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the ''Réviseur d'entreprises agréé''

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the ''Commission de Surveillance du Secteur Financier''. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the ''Réviseur d'entreprises agréé'', including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the ''Réviseur d'entreprises agréé'' considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477- TVA LU25482518

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2011, and of the results of its consolidated operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matters

Without qualifying our opinion, we draw attention to note ii) ''basis of preparation'' in the explanatory notes of the consolidated financial statements of Z Beta S.à r.l. as at 31 December 2011, which describes the circumstances of the reissuance of the consolidated financial statements of Z Beta S.à r.l. as at 31 December 2011 with an initial audit report dated 5 July 2012. Due to the process relating to the potential issuance of senior secured notes as described in note ii) ''basis of preparation'' we provide this new audit report on the amended consolidated financial statements of Z Beta S.à r.l. as at 31 December 2011.

Without qualifying our opinion, we draw attention to notes iii) ''Covenants and going-concern'' and 37 ''Subsequent events'' in the explanatory notes of the consolidated financial statements of Z Beta S.à r.l. as at 31 December 2011, which indicates that the Group may breach its bank covenants at 30 September 2013. This indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The note 37 ''Subsequent events'' also includes management's description of the process started to refinance the Group and remove the constraints of the existing financing.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements.

PricewaterhouseCoopers, Société coopérative — Luxembourg, 20 December 2012
Represented by

Véronique Lefebvre

Z Beta S.à r.l.

CONSOLIDATED BALANCE SHEET

As of December 31, 2011 and 2010

In thousands of Euro	Notes	As of December 31, 2011	As of December 31, 2010
ASSETS			
Net Tangible assets	1	81,575	76,395
Net Intangible assets	2	4,201	3,681
Goodwill	3	202,031	202,088
Other investments	4	8	8
Deferred Tax Asset	5	4,455	5,888
Other Non Current Assets	6	699	809
TOTAL NON CURRENT ASSETS		**292,969**	**288,869**
Net Inventories	7	51,887	45,354
Commercial External Receivables	8	77,070	69,351
Income Tax Receivable	9	1,035	616
Other Receivables	10	14,909	10,861
Cash and Banks	11	11,322	30,578
TOTAL CURRENT ASSETS		**156,223**	**156,760**
TOTAL ASSETS		**449,192**	**445,629**
EQUITY AND LIABILITIES			
Share Capital		14,000	14,000
Reserves		68,125	65,820
Retained Earnings		(49,354)	(41,927)
Currency Translation Reserve		2,026	1,225
Net Income Current Year		(10,176)	(7,427)
TOTAL GROUP EQUITY	12	**24,621**	**31,691**
Capital and Reserves of Minority Interest		7,428	6,429
Net Income Current Year of Minority Interest		311	1,268
TOTAL EQUITY OF MINORITY INTEREST	13	**7,739**	**7,697**
TOTAL EQUITY		**32,360**	**39,388**
Long Term Loans	14	—	141,489
Shareholders Loan	14	133,012	120,783
Deferred Tax Liabilities	15	14,656	14,866
Contingent liability reserve	16	1,035	1,035
Employee Termination Benefits	17	2,234	2,312
Other Non Current Liabilities		133	—
TOTAL NON CURRENT LIABILITIES		**151,070**	**280,485**
Commercial External Payables	18	85,578	77,639
Income Tax Payables		538	—
Other Payables	19	14,513	12,820
Current Portion on Loans	14	138,928	14,318
Bank Overdrafts	14	26,205	20,979
TOTAL CURRENT LIABILITIES		**265,762**	**125,756**
TOTAL LIABILITIES		**416,832**	**406,241**
TOTAL EQUITY & LIABILITIES		**449,192**	**445,629**

Z Beta S.à r.l.

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2011 and 2010

In thousands of Euro	Notes	Year ended December 31, 2011	Year ended December 31, 2010
NET SALES	20	**313,293**	**259,940**
Cost of sales	21 - 23	250,231	200,434
GROSS PROFIT		**63,062**	**59,506**
Gross Profit %		**20.1%**	**22.9%**
Overheads	22 - 23	24,967	23,768
Other Expense/(Income)	24	(2,296)	(2,336)
EBITDA BEFORE NON-RECURRING TRANSACTIONS		**40,391**	**38,074**
Ebitda before non recurring transactions %		**12.9%**	**14.6%**
Depreciation, amortization and write-downs	25	12,781	12,977
EARNINGS BEFORE INTEREST & TAXES & NON RECURRING TRANSACTIONS		**27,610**	**25,097**
Ebit and non recurring transactions %		**8.8%**	**9.7%**
Cost (Income) from Non-recurring transactions	26	1,520	1,836
EARNINGS BEFORE INTEREST & TAXES		**26,090**	**23,261**
Financial (Income)/Expense	27	28,687	23,735
PROFIT BEFORE TAXES		**(2,597)**	**(474)**
Income Taxes	28	7,268	5,685
NET INCOME		**(9,865)**	**(6,159)**
Net Income %		**−3.1%**	**−2.4%**
Minority Interest	29 - 13	311	1,268
GROUP NET INCOME		**(10,176)**	**(7,427)**
EARNING PER SHARE			
Basic (Euro)	30	**(18.2)**	**(13.3)**
Diluted (Euro)	30	**(18.2)**	**(13.3)**

Z Beta S.à r.l.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2011 and 2010

In thousands of Euro	Notes	Year ended December 31, 2011	Year ended December 31, 2010
NET INCOME		**(9,865)**	**(6,159)**
OTHER COMPREHENSIVE INCOME ITEMS			
VARIATION CASH FLOW HEDGE RESERVE		2,745	1,379
TAX EFFECT		(440)	(379)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(7,560)**	**(5,159)**
MINORITY		311	1,268

Z Beta S.à r.l.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As of and for the year ended December 31, 2011 and 2010

In thousands of Euro	Share Capital	Share Premium	Legal Reserve	Retained Earnings	Currency Transl. Reserve	Cash Flow Reserve	Profit/(Loss) for the Period	Total Group Equity	Minority Interest	Total Equity
Ending Balance as of December 31, 2009	**14,000**	**58,619**	**1,400**	**(26,541)**	**(3,720)**	**(4,441)**	**(15,386)**	**23,931**	**5,907**	**29,838**
Previous Year Profit Allocation	—	—	—	(15,386)	—	—	15,386	**—**	—	**—**
Equity Increase	—	9,242	—	—	—	—	—	**9,242**	—	**9,242**
Currency Translation Variance	—	—	—	—	4,945	—	—	**4,945**	522	**5,467**
Variation of cash flow hedge reserve	—	—	—	—	—	1,000	—	**1,000**	—	**1,000**
Profit/(Loss) for the Period	—	—	—	—	—	—	(7,427)	**(7,427)**	1,268	**(6,159)**
Ending Balance as of December 31, 2010	**14,000**	**67,861**	**1,400**	**(41,927)**	**1,225**	**(3,441)**	**(7,427)**	**31,691**	**7,697**	**39,388**
Previous Year Profit Allocation	—	—	—	(7,427)	—	—	7,427	**—**	—	**—**
Dividends Distributed	—	—	—	—	—	—	—	**—**	(561)	**(561)**
Currency Translation Variance	—	—	—	—	801	—	—	**801**	292	**1,093**
Variation of cash flow hedge reserve	—	—	—	—	—	2,305	—	**2,305**	—	**2,305**
Profit/(Loss) for the Period	—	—	—	—	—	—	(10,176)	**(10,176)**	311	**(9,865)**
Ending Balance as of December 31, 2011	**14,000**	**67,861**	**1,400**	**(49,354)**	**2,026**	**(1,136)**	**(10,176)**	**24,621**	**7,739**	**32,360**

Z Beta S.à r.l.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2011 and 2010

In thousands of Euro	Year ended December 31, 2011	2010
EARNINGS BEFORE INTEREST & TAXES & NON RECURRING TRANSACTIONS	**27,610**	**25,097**
Depreciation and Amortization	12,781	12,977
Restructuring Costs & Other Non Recurring	(1,520)	(1,836)
Other Non-Cash Provisions	268	(348)
(A) TOT. CASH INFLOW	**39,139**	**35,890**
Inventories (inc)/dec	(5,860)	(16,372)
Trade Receivables (inc)/dec	(6,634)	(1,076)
Trade Payables (inc)/dec	6,210	28,595
Other Working Capital (inc)/dec	(2,337)	(794)
(B) TOT. WORKING CAPITAL CHANGE	**(8,621)**	**10,353**
(C) Income Tax (Paid) / Reimbursed	**(5,915)**	**(5,334)**
(D)=(A+B+C) OPERATING CASH FLOW	**24,603**	**40,909**
Fixed intangible assets	1,455	1,671
Fixed tangible assets	13,744	13,176
(E) TOT. CAPITAL EXPENDITURES	**15,199**	**14,847**
(F) Other L/T Liabilities Movements	**8**	**(179)**
(G) Investments	**(82)**	**216**
(H)=(D-E+F-G) CASH FLOW GENERATED	**9,494**	**25,667**
Total interest and Other Financial Costs Paid	(10,296)	(10,384)
Other financial movements	(6,800)	(1,030)
(I) FINANCIAL MOVEMENTS	**(17,096)**	**(11,414)**
(L)=(H+I) NET FINANCIAL POSITION CHANGE	**(7,602)**	**14,253**
(M) BANK & LOANS MOVEMENTS	**(11,654)**	**(703)**
(N)=(L+M) TOT. NET CASH FLOW IN/(OUT)	**(19,256)**	**13,550**
Cash and Bank beginning of the year	30,578	17,028
Cash and Bank year end	11,322	30,578
Variation	**(19,256)**	**13,550**

Z Beta S.à r.l.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2011 and for the year ended December 31, 2011 and 2010

I) INTRODUCTION

Z Beta S.à r.l. (''Z Beta'' or the ''Company'') is a Luxembourg holding company incorporated on October 11, 2006 as a ''société à responsabilité limitée'' for an unlimited period of time, subject to the general company law. It is controlled by Z Alpha S.A., a Luxembourg holding company incorporated on October 11, 2006.

The registered office of the Company is 28, boulevard Royal, L-2449 Luxembourg.

These consolidated financial statements of Z Beta and its subsidiaries (the ''Group'') as of and for the year to December 31, 2011, include the balance sheet, income statement, statements of comprehensive income, statement of cash flow, statement of changes in shareholders' equity and the explanatory notes and are presented in thousands of Euro, unless otherwise stated.

We are the leading global supplier of air care and insecticide devices by revenue. We primarily sell our products to fast-moving consumer goods companies, such as Reckitt Benckiser, Procter & Gamble and [Redacted]. We operate as a ''one-stop-shop,'' offering our customers global solutions and services covering the entire value chain from product innovation and development to manufacturing and delivery. We leverage a common technology platform relating to dispensing devices, such as electric plug-ins and aerosol devices, across our product categories.

Z Beta is included in the consolidated financial statements of DH Z S.à r.l. which is the undertakings which draws up the consolidated accounts of the largest body of undertakings of which the company forms a part as a subsidiary undertaking. The registered office of DH Z. S.à r.l. is 28, boulevard Royal, L-2449 Luxembourg and the consolidated accounts can be obtained at such address.

II) BASIS OF PREPARATION

The Company originally approved consolidated financial statements as of and for the year ended December 31, 2011 on 5th July 2012. In November 2012 the Group commenced a process relating to the potential issuance of senior secured notes. No changes on figures and dates have been made considering that no adjusting subsequent event as defined in IAS 10 arose. In connection with such process, the Company has prepared a new version of the consolidated financial statements as of and for the year ended December 31, 2011, by integrating information which had previously been included in the management report attached to such financial statements. These new consolidated financial statements as of and for the year ended December 31, 2011 have been prepared for inclusion in the offering memorandum prepared in connection with the Group's issuance of senior secured notes. These new consolidated financial statements have been approved by the Board of Directors on December 20, 2012.

The consolidated financial statements as of and for the year ended December 31, 2011 have been prepared in compliance with IFRS, issued by the International Accounting Standards Board and approved by the European Commission, which are in force at the date of preparation of the financial statements.

The main accounting standards applied, consistently with the standards applied for the preparation of the original consolidated financial statements, are explained below.

The balance sheet presents current and non-current assets and liabilities separately, based on the expectation of the realisation of the asset or extinction of the liability within the normal business operating cycle, assumed to be 12 months from the balance sheet date .

The income statement is presented classifying the costs by destination.

The statement of cash flow has been prepared using the indirect method.

III) COVENANTS AND GOING CONCERN

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The financial performance of the Group can be impacted by many factors, including market conditions, exchange rates, weather conditions and overall demand from key customers. Management has determined that there are no circumstances which would indicate that the Company could not continue to operate as a going concern for at least the twelve months from the balance sheet date. . For any further details with reference to the respect of the covenants refer to Note 37.

IV) CONSOLIDATION AREA

The consolidated financial statements as of and for the year ended December 31, 2011 include the financial statements of Z Beta and of the following entities:

Entity	Country	% ownership	Shareholding (d) direct (i) indirect	Currency	Share Capital (thousands)	Consolidation Method
Z Gamma B.V.	The Netherlands	100%	d	Euro	18	Line-by-line
Zobele Holding S.p.A.	Italy	100%	d	Euro	882	Line-by-line
Palma Electronic S.r.L	Italy	100%	i	Euro	130	Line-by-line
Zobele International B.V.	The Netherlands	100%	i	Euro	1,350	Line-by-line
Zobele España, S.A.U.	Spain	100%	i	Euro	790	Line-by-line
Zobele Bulgaria EooD	Bulgaria	100%	i	Leva	501	Line-by-line
Zobele México, S.A. de C.V.	Mexico	95%	i	US$	1,983	Line-by-line
Industrial Support Team, S.A. de C.V.	Mexico	100%	i	PMX	100	Line-by-line
Zobele Instruments Co. Ltd.	China	80%	i	RMB	24,928	Line-by-line
Zobele Asia Pacific Ltd.	Hong Kong	80%	i	HK$	7,790	Line-by-line
ZAE Industrial Co. Ltd.	Hong Kong	45%	I	HK$	500	Line-by-line
ZAE Plastic Metal Co. Ltd	China	45%	i	US$	700	Line-by-line
Zobele do Brazil Ltda.	Brazil	100%	i	BR$	1,000	Line-by-line
Zobele India Pvt. Ltd.	India	100%	i	INR	10,000	Line-by-line
Coil Master SDN. BHD.	Malaysia	29%	i	MYR	N.A.	Equity

The consolidation area in 2011 was unchanged compared to the prior year.

The financial statements used in the consolidation were those prepared for approval by the shareholders' meetings.

Financial statements of the subsidiaries have been prepared in compliance with IFRS.

Shareholdings in controlled companies

Full line-by-line consolidation is applied to companies in which the Group exercises control (controlled companies), as a result either of directly or indirectly owning the majority of the shares with the right to vote or of exercising a dominant influence, demonstrated by the power to determine, even indirectly, the financial and operating policies of the companies, obtaining the relative benefits, irrespective of shareholding relationships. The existence of potential voting rights which can be exercised at the date of the financial statements is considered for the purpose of determining control.

Controlled companies are consolidated from the date on which control is acquired and deconsolidated as from the date on which control ceases.

IV) CONSOLIDATION AREA (Continued)

Business combination operations, through which control of a company is acquired, are accounted for using the purchase method, under which assets and liabilities acquired are initially measured at their market value at date of purchase. The difference between that value and purchase cost, if positive, is allocated to goodwill. Purchase cost is calculated on the basis of fair value, at the date of purchase.

During consolidation using the full line-by-line method the following are eliminated:

- accounts payable and receivable existing between companies included in the consolidation, income and expenses relating to transactions between those same companies, as well as gain and losses resulting from operations between these companies relative to values included on the balance sheet;
- intercompany profits in inventories have been eliminated in the consolidation process;
- also dividends paid from subsidiaries to the Group holding companies have been eliminated in the consolidation process;
- that part of shareholders' equity of subsidiary companies which is attributable to minority shareholders is entered as a specific item in shareholders' equity called ''Minority interest in shareholders' equity''. The portion of consolidated result relating to shares held by third parties is entered as an item called ''Minority interest in the (profit)/loss for the year'';
- conversion into Euro of the financial statements of foreign subsidiaries is made using financial year end exchange rates for assets and liabilities and rates of exchange which approximate to the average for the financial year for items in the income statement.

Shareholdings in associated companies

Shareholdings in companies over which a significant influence is exercised (''associated companies''), which is presumed to be the case when the percentage of shares held is between 20% and 50%, are valued by the equity method. As a consequence of using this method, the book value of the shareholding is aligned with shareholders' equity.

The share of result made by the associated companies, after acquisition, is entered in the profit and loss account, while movements in reserves subsequent to acquisition are entered in reserves in shareholders' equity. When the Group share of losses in an associated company equals or exceeds the amount of its holding in that company, the value of its shareholding is reduced to zero and the Group does not book further losses relating to its share, unless and to the extent that the Group is responsible for them. Unrealised profits and losses generated by transactions with associated companies are eliminated in proportion to the percentage of the Group's shareholding in those companies.

Other shareholdings in which the ownership percentage is less than 20%, or 10% if listed, or over which the Group exercises no significant influence, are valued at cost of purchase or subscription, net of write-downs relating to any losses considered likely to have a lasting effect on the value of the shareholdings concerned.

Valuation at cost is maintained, even though higher than that resulting from the equity method, provided that expected future income or implicit capital gains included in the shareholdings allow recovery of the higher accounting value to be expected.

Translation of foreign currency accounts and financial statements

Identification of the functional currency

Amounts in the income statement and balance sheet of each Group company are entered in the currency of the primary economic environment in which the entity operates (functional currency).

IV) CONSOLIDATION AREA (Continued)

The Group consolidated financial statements are prepared in Euro, which is the functional currency of the parent company.

Translation of financial statements in currencies other than the functional currency

The rules for translation of financial statements in foreign currencies to the functional currency are as follows:

— assets and liabilities are translated using financial year-end closing exchange rates;

— costs, sales, expenses and income are translated at the average rate for the period;

— the ''translation reserve'' holds both exchange differences generated by translating income statement and balance sheet at different exchange rates, and those generated by translation of opening beginning balances at a different exchange rate;

— goodwill and adjustments resulting from the fair value associated with the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate for the period.

Exchange rates used for translation of financial statements in foreign currencies other than Euro for the year end 2011 are shown below:

Currency	Average exchange rate for the year ended December 31, 2011	Exchange rate as of December 31, 2011
USD—US Dollar	1,392	1,2939
PMX—Mexican Peso	17,2805	18,0454
BRL—Brazilian Real	2,3272	2,4337
HK$—Hong Kong Dollar	10,8364	10,051
RMB—Renminbi	8,9927	8,1588
INR—Indian Rupia	64,8820	68,713
BGN—Bulgarian Leva	1,9558	1,9558

The exchange rates for the year ended December 31, 2010 were as follows:

Currency	Average exchange rate for the year ended December 31, 2010	Exchange rate as of December 31, 2010
USD—US Dollar	1,3255	1,3362
PMX—Mexican Peso	16,7327	16,5299
BRL—Brazilian Real	2,3308	2,2273
HK$—Hong Kong Dollar	10,2973	10,3856
RMB—Renminbi	8,9698	8,8220
INR—Indian Rupia	60,5878	59,7580
BGN—Bulgarian Leva	1,9558	1,9558

V) SUMMARY OF ACCOUNTING POLICIES

Revenue recognition

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenues can be reliably measured. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods.

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

Provisions for returns and allowances for customer rebates are provided for in the same period as the related revenues are recorded. Shipping and handling costs are included as a component of cost of products sold net of amounts recovered through billings to customers.

Income and expenses

Income is recognised in the income statement when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

Expense is recognised in the income statement when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Tangible assets

Tangible assets are entered in the balance sheet at cost of acquisition or internal production, including directly attributable ancillary costs, net of cumulative depreciation.

Any interest costs referred to construction of tangible fixed assets are charged to the income statement. Plant and machinery may include parts with different useful lives. Depreciation is calculated on the useful life of each individual part; in the event of replacement, new parts are capitalised to the extent that they meet the criteria for entry as assets, and the book value of the parts replaced is eliminated from the balance sheet. The residual value and useful life of assets are reviewed at least at every financial year-end and if, independently of depreciation already recorded, an impairment loss occurs calculated on the basis of application of IAS 36, the fixed asset is written down accordingly; if, in future years, the reasons for the write-down no longer apply, its value is restored.

Ordinary maintenance costs are expensed in the income statement when incurred, while maintenance costs which increase the value of assets are allocated to the relative assets and depreciated over their residual useful lives.

Leases in which the lessor substantially retains the risks and rewards associated with ownership of the assets are classified as operating leases. Operating lease costs are recognised as an expense in the income statement on a straight-line basis over the term of the leasing contract.

Depreciation charged to the income statement has been calculated on a systematic and straight-line basis, at rates considered to be representative of the estimated useful economic and technical life of the assets.

The principal annual depreciation rates applied are the following:

#	CATEGORY	Life in Years	Annual Rate
1	LAND	—	—
2	BUILDING	30	3,33%
3	INSTALLATIONS	10	10%
4	GENERAL EQUIPMENT	10	10%
5	PRODUCTION MACHINERY	8,33	12%
6	MOULD	4	25%
7	GENERAL TOOLING	3	33,3%
8	OFFICE EQUIPMENT & FURNITURE	10	10%
9	HARDWARE/ELECTRONIC OFFICE EQUIPMENT	5	20%
10	TELECOMMUNICATION EQUIPMENT	5	20%
11	MATERIAL HANDLING EQUIPMENT	5	20%
12	CARS AND TRUCKS	4	25%

Land is not subject to depreciation.

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

Assets under construction are measured at cost, including directly attributable expenses.

The tangible asset depreciation related to the assets acquired through the business combination, are based on the residual useful life estimated by the appraisal of an independent advisor.

Intangible assets

Intangible assets are measured at cost of acquisition or internal production, including directly attributable ancillary costs.

The cost of an internally generated intangible asset includes only those expenses which can be directly attributed to the asset as from the date when the asset meets the criteria to be classified as an intangible asset. After initial recognition, intangible assets are recorded at cost, net of accumulated amortization and any impairment losses calculated as set out in IAS 36.

Research and development costs are recorded as expenses into the income statement as incurred.

Assets under construction are measured at cost, including directly attributable expenses.

Intangible assets are subject to amortization unless they have undefined useful lives. Amortization is applied systematically over the useful life of the intangible asset in accordance with estimated future economic use. The residual value at the end of the useful life is assumed to be zero unless there is a commitment from third parties to buy the asset at the end of its useful life or if there is an active market for the asset. The directors review the estimated useful lives of intangible assets at every financial year-end.

The main annual amortization rates applied are in the following ranges:

#	CATEGORY	Life in Years	Annual Rate
1	SOFTWARE AND LICENSES	3	33,3%
2	PATENTS	3	33,3%
3	TRADE MARKS	10	10%
4	OTHER INTANGIBLES	5	20%

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition accounting method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill, acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash Generating Units (CGU's), or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses relating to goodwill cannot be reversed in future periods. The annual impairment test is performed at the end of each financial year.

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

Financial receivables and assets

Initially, all financial assets are measured at cost, which is equivalent to the amount paid including transaction costs. The classification of financial assets determines their subsequent valuation, which is as follows:

- financial assets held for trading: these are recorded on the basis of fair value, unless this cannot be reliably determined, in which casethey are measured at cost, adjusted for any impairment losses; gains and losses are charged to the income statement;
- held-to-maturity investments, loans receivable and other financial receivables: these are reported on the basis of amortized cost net of write-downs made for any impairment losses; gains and losses relating to this type of asset are taken to the income statement when the investment is eliminated at the due date or when a permanent impairment loss arises;
- loans and receivables: these are non-derivative financial instruments, with fixed and definable payments, not listed in an active market. They are classified within current assets, with the exception of those with expiry dates beyond twelve months after the date of the financial statements, in which instance they are classified as non-current assets Such assets are measured at cost amortized using the effective interest method. Any losses in value resulting from the impairment test are taken to the income statement. In particular, trade receivables, are initially measured at fair value . A provision for doubtful receivables is created when there is objective evidence that the full value of the receivable may not be recoverable. Accruals to the provision for doubtful receivables are recorded in the income statement.
- available-for-sale financial assets: these are measured at fair value, with gains and losses on subsequent re-measurement recognised in a reserve within shareholders' equity. If the fair value of these assets cannot be measured reliably, they are measured at cost, adjusted for any losses in value. If it is no longer appropriate to classify an investment as ''held-to-maturity'' following a change of intention or of capacity to hold it until maturity, it must be reclassified as ''available-for-sale'' and measured at fair value. The difference between the book value and fair value remains in shareholders' equity until the financial asset is sold or otherwise transferred, in which case it is charged to the income statement.

Financial assets are de-recognized from the balance sheet when the right to receive cash flows from the instrument is extinguished and the Group has transferred all risks and rewards relative to the instrument.

Derivative instruments

Derivative instruments are used for hedging purposes in order to reduce the interest rate risks. Consistent with IAS 39 requirements, derivative financial instruments may be recorded using the hedge accounting method only when, at inception of the hedge, there is formal designation and documentation of the hedge itself, the hedge is expected to be highly effective, the effectiveness can be measured and the hedge is highly effective throughout the various accounting periods for which it is designated.

All derivative financial instruments are measured at fair value.

If hedge accounting cannot be applied, the gain and losses deriving from measurement of the derivative financial instrument at fair value is recorded in the income statement.

Inventories

Stocks of raw and consumable materials are measured at the lower of purchase cost, including ancillary expenses, calculated using the weighted average cost method, and estimated realizable value (equivalent to replacement cost), based on market prices at the end of the period.

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

Finished and semi-finished products are valued at the production cost. This cost includes both raw materials and direct production costs based on normal operating capacity.

Where the estimated realizable value is less than the production cost, the inventory is written down to estimated realizable value and a provision for inventory obsolescence is accrued. The accrual to this provision is recorded directly in the income statement.

Cash and cash equivalents

Cash and cash equivalent include cash in hands and short-term high liquidity investments.

Employee termination benefits

Employee termination indemnities (including Italian TFR) are subject to actuarial valuation using the projected unit credit method, discounted to present value using a rate of interest which reflects the market yield on the securities issued by leading companies, with maturities equal to that expected for the liability; the calculation considers TFR to have already matured for employee services already performed.

The amount related to the benefits matured by the employees during the year has been considered as labour cost. The financial component for the actualization process has been classified as below financial expenses.

Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The same principle applies for the recording of deferred tax assets for tax losses carried forward.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax assets and liabilities are classified under non-current assets and liabilities in the balance sheet.

Deferred tax assets and deferred tax liabilities are offset within the same entity if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Contingent liability reserves

The Group makes accruals only when a current obligation exists for a future outflow of economic resources as a result of past events, and when it is probable that this outflow of economic resources will be required to settle the obligation, and the amount of the same can be reasonably estimated.

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

The amount accrued in the accounts is the best estimate of the expense required to completely extinguish the current obligation.

Any restructuring costs are recognized when the Group has drawn up a detailed restructuring plan and has communicated it to interested parties.

Financial liabilities

Loans are initially measured at fair value net of directly related costs and are subsequently measured at amortized cost using the effective interest method. If there is a change in expected cash flows and the management is able to reliably estimate this, the value of the loans is recalculated to reflect the expected change in cash flows.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Loans are removed from the balance sheet when they are extinguished and the Group has transferred all risks and charges relative to the instrument.

Current liabilities are carried at nominal value or at the amount repayable. Non-current liabilities are carried at amortized cost.

Translation of foreign currency operations

Elements in currencies other than the functional currency, both monetary (liquid assets, assets and liabilities which will be paid in set or determinable amounts of cash etc.), and non-monetary (payments on account to suppliers of goods and/or services, goodwill, intangible assets etc.), are initially recorded at the exchange rate at the date when the transaction takes place.

Subsequently, monetary items are translated to the functional currency on the basis of exchange rates at the date of the financial statements and exchange differences are taken to the income statement. Non monetary items are maintained at the historic rate of exchange except in the case of a persistent unfavourable trend in the reference exchange rate. The accounting treatment of differences (to the income statement or currency translation reserve) follows that applied for changes in value of the related items.

Earnings per share

Basic

Earnings per share is calculated dividing the profit or loss attributable to the Group by the weighted average of the ordinary shares outstanding during the period.

Diluted

Diluted earnings per share is calculated dividing the profit or loss attributable to the Group by the weighted average of ordinary shares outstanding during the year, excluding any treasury shares. To calculate diluted earnings per share, the weighted average of the shares outstanding is modified assuming the conversion of all the potential shares having a dilutive effect, while the Group's net profit is adjusted to take into account the effects of the conversion, net of tax.

VI) USE OF ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRSs requires assumptions and estimates to be made which have an effect on the carrying amounts of recognized

VI) USE OF ESTIMATES (Continued)

assets and liabilities, income and expenses and contingent liabilities. Assumptions and estimates are generally based on uniform useful lives of assets, impairment tests, in particular for goodwill, accounting and measurement policies for provisions and the probability of future tax benefits, in particular with regard to tax loss carry forward. The actual figures may in some cases differ from the assumptions and estimates. Changes are recognized in income statement as and when better information is available.

We indicate below the critical accounting estimates used in finalizing the financial statements and the interim accounting reports because they involve significant recourse to subjective judgements, assumptions and estimates.

Impairment testing

Tangible fixed assets and intangible assets are impaired in value when events or changed circumstances indicate that the value recorded in the balance sheet is not recoverable. The impairment is calculated by comparing the book value with the relative recoverable value, represented by the greater of fair value, net of disposal costs, and the value in use, calculated by discounting to present value expected cash flows deriving from use of the asset, net of disposal costs.

Expected cash flows are quantified in the light of information available when the estimate is made, on the basis of subjective opinions on the trend of future variables—such as prices, costs, growth rates of demand and production profiles—and discounted to present value using a rate which takes into account the risk inherent in the asset in question.

With reference to the impairment test of the Goodwill, consistency with last year, the following approaches have been adopted:

- the analyses have been performed on the Enterprise Value level and have been based on the approach of the Value in Use;
- the identified CGUs (Air Freshener and Insecticide) are the smallest identifiable group of assets that generates cash inflows from continuing use, and are largely independent of the cash inflows from other assets or groups of assets;
- the CGUs are in line with last year;
- the Value in Use has been determined using the Discounted Cash Flow (DCF) methodology, which states that the economic value of the invested capital is equal to the present value of the following components:
    - sum of net operating cash flows generated in each year of the explicit forecast period;
    - the terminal value, understood as the cash flows the company will be able to generate beyond the explicit forecast period.
    - WACC (weighted average cost of capital) has been used as a discount rate for both CGUs.

Provisions

The Group makes accruals mainly connected to employee benefits and legal and tax disputes.

Restructuring

The Group recognises liabilities for employee, severance and other costs in connection with a restructuring programme once it meets certain recognition criteria.

The requirements are that the Group has made a commitment to a plan, that this plan has been announced and its benefits communicated, and that the timescale for completion means that significant changes are unlikely. The liabilities recognised represent management's best estimate of a

VI) USE OF ESTIMATES (Continued)

programme's cost, but involve the use of assumptions and estimates with regard to the timing and scale of costs to be incurred. The actual expenditure required may differ as a programme is implemented.

Deferred taxes

The recording of deferred tax assets is made on the basis of profit expectations in future years. The valuation of expected profits for the purpose of recording deferred tax depends on factors which can change over time and have significant impacts on the valuation of the deferred tax assets.

Estimate of fair value

The fair value of financial instruments listed in an active market is based on prices quoted on the date of the financial statements. The fair value of financial instruments not traded in an active market is calculated by valuation techniques. Various techniques are used and assumptions are based on market conditions at the date of the financial statements. In particular, the fair value of interest rate swaps is calculated on the basis of the present value of future cash flows.

Pensions

Accounting for pensions and post-retirement benefit plans requires the use of estimates and assumptions regarding numerous factors, including discount rate, rate of return on plan assets, mortality and employee turnover. Actual results may differ from the Group's actuarial assumptions, which may have an impact on the amount of reported expense or liability for pensions or post retirement benefits.

VII) ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION

Summarized below are the international financial reporting standards, interpretation and amendments to the existing standards and interpretations or specific provisions included in standards or interpretations approved by the IASB, with an indication of EU adoption status as at the date of these December 2011 Consolidated Financial Statements.

The further additional standard, interpretation and amendments approved by the IASB between the balance sheet date and the date of the approval have no impact on the preparation of these accounts.

Accounting standards and interpretations issued by IASB /IFRIC and endorsed by EU

Amendments to IAS 32—Financial Instruments: Presentation—classification of rights issues

The amendments address the issue of options, warrants, and similar rights that are denominated in a currency other than the issuer's functional currency. Previously, these rights issues were recognised as derivative financial liabilities. Now, if certain conditions are satisfied, these rights issues may be classified as equity instruments, regardless of the currency in which the exercise price is denominated. Application of this interpretation has no impact on the Group financial statements.

Revised IAS 24—Related Party Disclosures

The revised IAS 24 simplifies the disclosures requirements regarding related parties when state controlled entities are involved and provides a new, simplified and more coherent definition of related parties. There is no significant impact on the disclosures provided by the Group following application of this standard.

"Improvements" to IFRSs (issued by the IASB in May 2010)

As part of the project begun in 2008, the IASB has issued a series of amendments to seven current standards.

VII) ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION (Continued)

The following table summarize the standards and issues addressed by these amendments:

IFRS	SUBJECT OF THE AMENDMENT
IFRS 3—BUSINESS COMBINATIONS	— Transitory provisions regarding contingent consideration for business combinations completed before 01/01/2010 — Measurement of non-controlling interests at the acquisition date — Impact of business combinations on accounting of share-based payments
IFRS 7—FINANCIAL INSTRUMENTS: DISCLOSURES	Clarification in regard to the disclosures to be published for each class of financial assets
IAS 1—PRESENTATION OF FINANCIAL STATEMENTS	Clarifications regarding the schedule of changes in equity
IAS 27—CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	Transitory provisions for amendments to certain standards resulting from the changes introduced by IAS 27 (2008): — IAS 21—Effects of changes in foreign exchange rates: accounting of translation differences accumulated in equity following total or partial sale of an investment in a foreign entity — Investments in Associates / IAS 31—Interests in Joint Ventures: accounting treatment if significant influence or joint control are lost
IAS 34—INTERIM FINANCIAL REPORTING	Disclosures required by IFRS 7—Financial Instruments: Disclosures and their applicability to interim financial statements.
IFRIC 13—CUSTOMER LOYALTY PROGRAMMES	Fair value of award credits

Application of these amendments has no significant impact on the consolidated financial statements

Accounting standards and interpretations issued by IASB/IFRIC and not yet been endorsed by EU

Pursuant to IAS 8—Accounting Policies, Changes in Accounting Estimates and Errors, the new standards and/or interpretations that have been issued but are not yet in force or not yet endorsed by the European Union, and which are therefore not applicable, are mentioned and described briefly as follows. None of these standards and interpretations has been early adopted by the Group.

Amendments to IFRS 7—Financial Instruments

Disclosures—transfer of financial assets These amendments seek to improve financial statement disclosures and consequently improve the transparency and comparability of transactions involving the transfer of financial assets (e.g. securitisations), including the possible effects of risks for which the

VII) ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION (Continued)

transferor remains liable. These amendments were endorsed by the European Union in November 2011 (EC Regulation 1205/2011) and are applicable from January 1, 2012. They will have no impact on the Group consolidated financial statements.

IFRS 9—Financial Instruments (issued in November 2009 and October 2010) and amendments (issued in December 2011)

IFRS 9 represents the completion of the first of three stages of the planned replacement of IAS 39—Financial Statements: Recognition and Measurement, which has the principal aim of reducing its complexity. In the version issued by the IASB in November 2009, the scope of IFRS 9 was restricted to financial assets only. In October 2010 the IASB amended IFRS 9 by adding the requirements for classification and measurement of financial liabilities, thereby completing the first phase of the project.

The second phase of the project, concerning the impairment of financial instruments, and the third phase, concerning hedge accounting, led to the issuance of two Exposure Drafts in November 2009 and December 2010, respectively. A new Exposure Draft on the impairment of financial instruments is to be issued in the first half of 2012, as well as the new standard on hedge accounting.

In regard to financial liabilities, the IASB has substantially confirmed the provisions of IAS 39, except for the requirements applicable to the fair value option. When the fair value option is adopted for financial liabilities, the change in fair value attributable to the change in the issuer's credit risk must be recognized in the Statement of Comprehensive Income and not in the Income Statement. This standard, which will come into force on January 1, 2015, has not been endorsed yet by the European Union. It is currently impossible to quantify the impact resulting from future application of this standard to the classification and measurement of financial assets. The changes affecting financial liabilities are not applicable to the Group

Amendments to IAS 12—Income Taxes—Deferred Taxes: recovery of underlying assets

IAS 12 requires measurement of deferred taxes related to an asset or liability according to whether the book value of the asset is recovered through use or through sale. In the case of assets carried at fair value pursuant to IAS 40—Investment Property, determining whether recovery is realised through use or sale might be difficult and subjective. These changes offer a practical solution to the problem, by allowing one to assume that investment property will be recovered entirely through sale. Consequently, SIC 21—Income Taxes—Recovery of Revalued Non-Depreciable Assets is no longer applicable to investment property carried at fair value. The guidelines of SIC 21 that are still applicable have been incorporated in the amended version of IAS 12, and SIC 21 will consequently be abrogated.These amendments, which are expected to come into force effective July 1, 2012, have not yet been endorsed by the European Union and are not applicable to the Group.

IFRS 13—Fair value measurement

IFRS 13 includes guidelines for determining fair value and required disclosures. The standard does not extend the use of fair value, but it provides rules for its determination and application when other principles allow or require it to be used. This standard, which will come into force on January 1, 2013, has not been endorsed yet by the European Union. No impact on the consolidated financial statements is expected.

IFRS 10—Consolidated Financial Statements

The new standard replaces IAS 27—Consolidated and Separate Financial Statements—for the portion relating to the consolidated financial statements—and SIC 12—Consolidation—Special Purpose Entities. IAS 27—renamed ''Separate Financial Statements''—contains only the principles and guidelines to be used in preparing the separate financial statements. The new version of IFRS 10 defines just one control model that applies to all entities and represents the key factor in determining whether an

VII) ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION (Continued)

entity has to be consolidated. Instead, the accounting treatment and consolidation procedures have not changed from what is currently envisaged in IAS 27. The new control model introduces a greater degree of subjectivity and will demand that management exercise a higher standard of judgement to determine whether an entity is controlled and thus has to be consolidated. This new standard also explicitly envisages the possibility of controlling an entity even in the absence of a majority of votes (de facto control), a concept that was not explicitly stated in IAS 27. This standard, which will come into force on January 1, 2013, has not been endorsed yet by the European Union. The impact on the scope of consolidation resulting from introduction of the new standard on first time application is currently being analysed.

Amendments to IFRS 7—Financial Instruments: Disclosures—Offsetting Financial Assets and Liabilities

These amendments introduce the obligation of providing full disclosures in the notes of financial assets and liabilities offset on the basis of a statutory right to offsetting (e.g. net and gross mounts, guarantees granted and held). These amendments, which will come into force effective January 1, 2013, have not yet been endorsed by the European Union. It is not expected that future application of this interpretation will have any impact on the Group financial statements.

Amendments to IFRS 7—Financial Instruments: Disclosures—First-time Application of IFRS 9

These amendments introduce the obligation of providing additional quantitative information upon transition to IFRS 9 to clarify the effects of first-time adoption of IFRS 9 on the classification and measurement of financial instruments. These amendments, which will come into force effective January 1, 2015, have not yet been endorsed by the European Union. The impact of future pplication of these amendments cannot be quantified at this time.

Amendments to IFRS 32—Financial Instruments: Presentation—Offsetting Financial Assets and Liabilities

These amendments better clarify the significance of the requirements for offsetting financial assets and liabilities, already present in this standard. These amendments, which will come into force effective January 1, 2014, have not yet been endorsed by the European Union. It is not expected that future application of this interpretation will have any impact on the Group financial statements.

VIII) BALANCE SHEET INFORMATION

NON CURRENT ASSET

1. Net Tangible Assets

The following table sets forth a breakdown of the movements in net tangible assets:

In thousands of Euro	Land & Buildings	Machinery & Installations	Equipment & Toolings	Other assets	Asset under Construction	Total
Historic cost	51,963	92,691	7,372	11,052	4,581	167,659
Depreciation	(8,029)	(69,550)	(5,709)	(7,976)	—	(91,264)
Net Balance at December 31, 2010	**43,934**	**23,141**	**1,663**	**3,076**	**4,581**	**76,395**
Additions	92	9,390	1,041	944	2,277	13,744
Disposals	—	(388)	(16)	(29)	(365)	(798)
Depreciation	(710)	(8,334)	(911)	(1,417)	—	(11,372)
Reclassification	—	1,284	(22)	(34)	2,378	3,606
Exchange difference	—	—	—	—	—	—
						—
Historic cost	52,055	102,977	8,375	11,933	8,871	184,211
Depreciation	(8,739)	(77,884)	(6,620)	(9,393)	—	(102,636)
Net Balance at December 31, 2011	**43,316**	**25,093**	**1,755**	**2,540**	**8,871**	**81,575**

At the balance sheet date of December 31, 2011, there were no signs which might indicate possible reductions in the value of tangible fixed assets, for which reason, in compliance with IAS 16, no impairment has been considered necessary at that date.

2. Net Intangible Assets

At the balance sheet date of December 31, 2011, there were no signs which might indicate possible reductions in the value of intangible fixed assets, for which reason, in compliance with IAS 36, no impairment has been considered necessary at that date.

In thousands of Euro	Patents & Similar Rights	Licences & Trademarks	Assets under development	Other Intangibles	Total
Net Balance at December 31, 2010	**1,894**	**381**	**548**	**858**	**3,681**
Additions	1,121	84	—	250	1,455
Disposals	—	—	—	—	—
Depreciation	(1,140)	(4)	—	(265)	(1,409)
Reclassification	—	—	—	—	—
Exchange difference	486	—	(14)	2	474
Net Balance at December 31, 2011	**2,361**	**461**	**534**	**845**	**4,201**

Licences, industrial patents and similar rights consisted mainly of the new patents completion associated with product solutions and costs of acquiring licences used in Group company activities.

3. Goodwill

Doughty Hanson acquired majority control of the Group in December 13, 2006 and for accounting purposes, the business combination has been recorded from January 1, 2007.

Business combinations are accounted for using the acquisition accounting method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

VIII) BALANCE SHEET INFORMATION (Continued)

Tangible assets (Land, Buildings, Machinery and Equipment) have been accounted for at their fair value at the date of acquisition.

Goodwill arises as a non-allocated difference between the cost of acquisition and the subsidiaries equity. The goodwill, initially measured at cost, has been allocated to each of the Group's cash generating units. Each unit represents the markets served by Zobele that are expected to benefit the Group by the synergies of the acquisition.

Goodwill, consistently with previous years, is allocated to different business Cash Generating Units (CGU's) in relation to the different business markets in which Group operates. The allocation considered the air-freshener and insecticide market.

At the beginning, the total difference between purchase cost of subsidiaries and equities equal to €235,216 thousand was allocated to:

— Land and buildings for an amount equal to €41,857 thousand;

— Property and equipment for an amount equal to €13,426 thousand;

— Related deferred tax liabilities for an amount equal to €20,005 thousand;

The residual value of goodwill was equal to €199,938 thousand.

The carrying value of goodwill is sensitive to the projected value of the following assumptions:

— Sales growth;

— First Margin & EBITDA levels, net of tax impact;

— Cash Flow generated;

— Capital expenditure and Working Capital variance.

On an annual basis, Management calculates the forecasted financial performance of the CGU's in order to test if any Goodwill impairment exists. The analysis considers five years forecasted period.

More in detail, the impairment test of the Goodwill, consistent with last year, is based on the followings assumptions:

- the analyses have been performed on Enterprise Value level and have been based on the approach of Value in Use;
- the identified CGUs (Air Freshener and Insecticide) are the smallest identifiable group of assets that generates cash inflows from continuing use, and are largely independent of the cash inflows from other assets or groups of assets;
- the CGUs are in line with last year;
- the Value in Use has been determined using the Discounted Cash Flow (DCF) methodology, which states that the economic value of the invested capital is equal to the present value of the following components:
    - sum of net operating cash flows generated in each year of the explicit forecast period;
    - the terminal value, understood as the cash flows the company will be able to generate beyond the explicit forecast period.
- WACC (weighted average cost of capital) has been used as a discount rate for both CGUs.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

VIII) BALANCE SHEET INFORMATION (Continued)

The following table summarizes the movement of the goodwill in the last two years:

In thousands of Euro	
Net Balance at December 31, 2009	**202,252**
Additions	—
Impairment	—
Other movement	—
Exchange difference	(164)
Net Balance at December 31, 2010	**202,088**
Additions	—
Impairment	—
Other movement	—
Exchange difference	(57)
Net Balance at December 31, 2011	**202,031**

The 2011 impairment review, based on the above CGU's future financial performances, confirmed the goodwill carrying value.

Management believes that no reasonable change in any of the CGU's key assumptions would cause the carrying value to materially exceed its recoverable amount.

In the impairment test we have considered a Growth rate of 2% and a WACC of 8.8%. A sensitivity analysis has been performed in order to assess the impact of a variation of both Growth rate and WACC on the Enterprise Value, compared with a Net Invested Capital amounting to €333 million Please refer to the table below (values expressed in Euro/million)

Enterprise Value

		WACC				
		8.2%	8.7%	9.2%	9.7%	10.2%
g	1.0%	488,9	452,8	421,2	393,4	368,6
	1.5%	521,8	480,9	445,4	414,4	387,0
	2.0%	559,9	513,1	473,0	438,2	407,7
	2.5%	604,8	550,7	504,7	465,3	431,1
	3.0%	658,5	594,8	541,6	496,4	457,7

The above sensitivity analysis can be also analyzed for the two single CGU's.

Air-Fresheners (Net Invested Capital amounting to €227 million):

Enterprise Value

		WACC				
		8.2%	8.7%	9.2%	9.7%	10.2%
g	1.0%	243,3	225,6	210,2	196,5	184,4
	1.5%	259,2	239,2	221,9	206,7	193,3
	2.0%	277,7	254,8	235,2	218,2	203,3
	2.5%	299,5	273,0	250,6	231,3	214,6
	3.0%	325,4	294,4	268,4	246,4	227,5

VIII) BALANCE SHEET INFORMATION (Continued)

Insecticides (Net Invested Capital amounting to €106 million):

Enterprise Value

		WACC				
		8.2%	8.7%	9.2%	9.7%	10.2%
g	1.0%	732,2	678,5	631,4	589,9	553,0
	1.5%	781,0	720,1	667,3	621,1	580,4
	2.0%	837,6	768,0	708,2	656,4	611,0
	2.5%	904,3	823,7	755,3	696,6	645,7
	3.0%	983,9	889,2	810,0	742,8	685,2

Capital expenditure has been judged a factor managed and controlled by the company and not influenced by the market trend.

The focus in analyzing the goodwill allocation is on the growth and on the first margin, as EBITDA and cash flow generated are directly linked to these key performance indicators.

4. Other Investments

In thousands of Euro Entity	Country	Owned %	Purchased Cost	Reserve	Net Value at 31 December 2011
Coil Master SDN. BHD.	Malaysia	29%	39	(39)	—

The above investments have been included in the consolidated financials using the equity method.

The amount of €8 thousand reported in the balance sheet is related to other minor investments.

5. Deferred Tax Assets

The amounts of deferred tax assets for which recovery is expected within or beyond the next financial year is as follows:

In thousands of Euro	As of December 31, 2010	P&L movements	Equity movements	As of December 31, 2011
Deferred tax assets non current	4,599	(911)	—	3,688
Deferred tax assets current	1,289	(82)	(440)	767
Total deferred tax assets	**5,888**	**(993)**	**(440)**	**4,455**

Temporary timing differences have been calculated between balance sheet values and values for tax purposes.

VIII) BALANCE SHEET INFORMATION (Continued)

The composition of deferred tax assets in the financial year at December 31, 2011 is shown in the table below, where the effects on the income statement and balance sheet, and any reclassifications are summarised.

In thousands of Euro	As of December 31, 2010	P&L movements	Change in tax rate (P&L)	Equity movements	As of December 31, 2011
Derivative instruments	634	(439)	—	—	195
Inventory	—	—	—	—	—
Provisions	56	(29)	—	—	27
Fixed-asset depreciation	1,230	(642)	—	—	588
Carry-forward losses	1,451	—	—	—	1,451
Other	1,228	199	—	—	1,427
Total non current	**4,599**	**(911)**	**—**	**—**	**3,688**
Derivative instruments	634	—	—	(440)	194
Inventory	323	(25)	—	—	298
Provisions	38	14	—	—	52
Fixed-asset depreciation	405	(18)	—	—	387
Carry-forward losses	—	—	—	—	—
Other	(111)	(53)	—	—	(164)
Total current	**1,289**	**(82)**	**—**	**(440)**	**767**
Total	**5,888**	**(993)**	**—**	**(440)**	**4,455**

The deferred tax assets related to the variance of mark to market value of the derivative instruments (negative for €440 thousand) was not accounted in the income statement at period end but it was accounted in the equity in connection to the variation of the cash flow reserve.

6. Other Non Current Assets

The following table sets forth a breakdown of other non current assets:

In thousands of Euro	As of December 31, 2011
Receivables from non consolidated entities	290
Deposit	409
Total other non current assets	**699**

CURRENT ASSETS

7. Net Inventories

The following table sets forth a breakdown of net inventories:

In thousands of Euro	As of December 31, 2011	As of December 31, 2010
Raw materials & Consumables	27,320	23,722
Semi-finished Goods	9,006	9,779
Finished goods	16,415	12,586
Reserve	(854)	(733)
Total Net Inventories	**51,887**	**45,354**

VIII) BALANCE SHEET INFORMATION (Continued)

The increase in net inventories is related to the increased volumes and in particular:

— an increase in raw material stock connected with the launch of new products in 2011;

— an increase in the strategic components stock, difficult to find on the market.

Movements in the ''Inventory Obsolescence Reserve'' were as follows:

In thousands of Euro	Reserve for raw and consumable materials	Reserve for work in progress and contract work in progress	Reserve for finished goods	Total inventory obsolescence reserve
Inventory obsolescence reserve at December 31, 2010	**(100)**	**—**	**(633)**	**(733)**
Used	78	—	106	184
Addition	(54)	—	(251)	(305)
Exchange differences	—	—	—	—
Inventory obsolescence reserve at December 31, 2011	**(76)**	**—**	**(778)**	**(854)**

8. Commercial External Receivables

The following table sets forth a breakdown of commercial external receivables:

In thousands of Euro	As of December 31, 2011	As of December 31, 2010
Trade receivables	75,249	65,332
Bills receivables (accepted and unaccepted)	144	2,550
Receivables with the lawyer	717	541
Invoices to be issued	1,689	1,120
Bed debt provision	(927)	(780)
Total commercial external receivables	**76,872**	**68,763**
Receivables from ZALPHA	198	588
Total commercial receivables	**77,070**	**69,351**

Commercial external receivables are recorded net of the provision for doubtful receivables. As of December 31, 2011 the Group had used without-recourse factoring facility for a total amount of €15,286 thousand.

The movement in bills receivables is related to bills which matured in January 2011.

Receivables from ZALPHA are cash advances from Z Beta to its parent.

The following table sets forth a breakdown of movements in the provision for doubtful receivables:

In thousands of Euro	As of December 31, 2011	As of December 31, 2010
Bed debt provision at December 31, 2010	**(780)**	**(768)**
Used	—	244
Addition	(147)	(256)
Bed debt provision at December 31, 2011	**(927)**	**(780)**

VIII) BALANCE SHEET INFORMATION (Continued)

Commercial external receivables were divided as follows according to their expiration date and related provisions:

In thousands of Euro	As of December 31, 2011	As of December 31, 2010
Current	66,005	61,169
Overdue from 0 to 30 days	5,867	3,189
Overdue from 31 to 60 days	1,749	1,320
Overdue from 61 to 90 days	785	756
Overdue from 91 to 180 days	1,061	1,099
Overdue more than 181 days	2,530	2,598
Bad debt provision	(927)	(780)
Total Commercial Receivables	**77,070**	**69,351**

9. Income Tax Receivables

Income tax receivables amounted to €1,035 thousand and include the net provision for current taxes accrued on the profits of the companies.

10. Other Receivables

The following table sets forth a breakdown of other receivables:

In thousands of Euro	As of December 31, 2011	As of December 31, 2010
V.A.T.	7,218	6,881
Advanced payments	868	1,954
Prepaid	1,133	176
Other	5,690	1,850
Total other receivables	**14,909**	**10,861**

Advanced payments are mainly related to fixed assets suppliers. Other receivables are mainly related to rebates from suppliers.

The VAT receivables relates to the following countries:

In thousands of Euro	As of December 31, 2011	As of December 31, 2010
Mexico	4,101	3,737
Italy	943	1,400
China	617	617
Bulgaria	642	470
Spain	352	474
Other	563	183
Total	**7,218**	**6,881**

VIII) BALANCE SHEET INFORMATION (Continued)

The following table sets forth a breakdown of commercial and other receivables at December 31, 2011 by currency:

In thousands of Euro	Amounts in local currency as of December 31, 2011	Exchange rate at year end	Amounts in Euro as of December 31, 2011
Euro (EURO)	26,732	1.0000	26,732
US Dollar (US $)	75,510	1.2939	58,359
Mexican Peso (PMX)	791	18.0454	44
Brasilian Real (BR $)	5,524	2.4337	2,270
Hong Kong Dollar (HK $)	3,888	10.0510	387
Renminbi (RMB)	19,732	8.1588	2,418
Indian Rupia (INR)	105,605	68.7130	1,537
Bulgarian Leva (BGN)	—	1.9558	—
Pound (GBP)	99	0.8353	118
Canadian Dollar (CAD)	—	1.5128	—
Australian Dollar (AUD)	151	1.3215	114
Total commercial receivables			**77,070**
Total other receivables			**14,909**
Total commercial and other receivables			**91,979**

11. Cash and Banks

The balance at December 31, 2011 includes cash in hand and temporary availability in bank current accounts.

The following table sets forth a breakdown of cash and banks by currency:

In thousands of Euro	Amounts in local currency as of December 31, 2011	Exchange rate at year end	Amounts in Euro as of December 31, 2011
Euro (EURO)	1,544	1.0000	1,544
US Dollar (US $)	10,082	1.2939	7,792
Mexican Peso (PMX)	10,812	18.0454	599
Brasilian Real (BR $)	684	2.4337	281
Hong Kong Dollar (HK $)	813	10.0510	81
Renminbi (RMB)	1,226	8.1588	150
Indian Rupia (INR)	43,950	68.7130	640
Bulgarian Leva (BGN)	—	1.9558	—
Pound (GBP)	196	0.8353	235
Total cash & banks			**11,322**

An amount of €0,5 million of cash deposit from Zobele España, S.A.U. are pledged as guarantee for certain refundable grants and advances from the Ministry of Science and Technology.

12. Group Equity

Share Capital and Share premium account

The subscribed capital, amounting to €14,000 thousand is represented by 560,000 shares with a nominal value of €25 fully paid and fully owned by Z Alpha S.A.

VIII) BALANCE SHEET INFORMATION (Continued)

The share premium reserve amounted to €67,861 thousand as of December 31, 2011 and 2010.

We highlight that all the shares of the Z Beta S.à r.l. are pledged in favour of a bank pursuant to a pledge agreement dated December 13, 2006 described in the following Note 14.

Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

As at December 31, 2011, the legal reserve amounts to €1,400 thousand.

Currency Translation Reserve

The currency translation includes the effects of translating the financial statements of the following subsidiaries into Euro:

Entity	Country	Currency
Zobele Bulgaria EooD	Bulgaria	Lev
Zobele México, S.A. de C.V.	Mexico	USD
Industrial Support Team, S.A. de C.V.	Mexico	PMX
Zobele Instruments Co. Ltd.	China	RMB
Zobele Asia Pacific Ltd.	Hong Kong	HK$
ZAE Industrial Co. Ltd.	Hong Kong	HK$
Zobele do Brazil Ltda.	Brazil	BR$
Zobele India Pvt. Ltd.	India	INR

The movements in the year are summarised in the ''Consolidated Statement of Changes in Shareholders Equity'' and are mainly attributable to the Mexican subsidiaries, which prepare their financial statements in USD.

13. Equity of Minority Interests

The following table sets forth a breakdown of minority interests as of December 31, 2011

In thousands of Euro Entity	Country	% Minority	Equity as of 31 December 2011	Net Result of the year	Tot Minority Interests
Zobele México, S.A. de C.V.	Mexico	5%	1,291	114	1,405
Zobele Asia Pacific Ltd.	Hong Kong	20%	4,316	(361)	3,954
ZAE Industrial Co. Ltd.	Hong Kong	45%	1,821	559	2,380
Zobele Instruments Co. Ltd.	China	20%	*	*	*
ZAE Plastic Metal Co. Ltd	China	45%	*	*	*
Total Minority Interests			**7,428**	**311**	**7,739**

* *Included in Zobele Asia Pacific Ltd. Figures*

For the year movement refer to the Shareholders Equity Movements

VIII) BALANCE SHEET INFORMATION (Continued)

NON CURRENT LIABILITIES

14. Long Term Loans current and non-current, shareholder loan and bank overdraft (financial liabilities)

The following table sets forth a breakdown of the Group's total financial liabilities as of December 31, 2011.

In thousands of Euro	Total as of December 31, 2011	Current as of December 31, 2011	Non current as of December 31, 2011
Bank loan	137,517	137,517	—
Shareholder loan	133,012	—	133,012
Bank overdraft (Revolving)	20,850	20,850	—
Other	6,766	6,766	—
Total financial liabilities	**298,145**	**165,133**	**133,012**

The following table sets forth a breakdown of the maturity of the Group's total financial liabilities as of December 31, 2011.

In thousands of Euro	Total as of December 31, 2011	Long term over 5 years	Medium term between 1 to 5 years	Short term till 1 year
Term Loan A	32,298	—	—	32,298
Term Loan B	54,897	—	—	54,897
Term Loan C	54,897	—	—	54,897
Transaction costs	(4,575)	—	—	(4,575)
	137,517	**—**	**—**	**137,517**
Revolving credit facility	20,850	—	—	20,850
Shareholder's loan	133,012	133,012	—	—
Leasing liabilities	8	—	—	8
Fair value on IRS	1,411	—	—	1,411
Other financing	5,347	—	—	5,347
Total financial liabilities	**298,145**	**133,012**	**—**	**165,133**

The following table sets forth certain contractual details of the financial liabilities.

In thousands of Euro	Total as of December 31, 2011	Last due date	Nominal interest rate
Term Loan A	32,298	December 31, 2013	Euribor + 2,00%
Term Loan B	54,897	December 31, 2014	Euribor + 2,375%
Term Loan C	54,897	December 31, 2015	Euribor + 2,750%
Revolving credit facility	20,850	December 31, 2012	Euribor + 2,000%

The revolving credit facility is for an amount of €24.7 million, of which €20.9 million had been utilised as of December 31, 2011.

Term Loan and Revolving Credit Facility

After the acquisition by Doughty Hanson, the Group obtained three long term loans from a syndicate of banks (Term Loan A, B and C), as well as a revolving credit facility. Term Loans A, B and C (together the ''Term Loan'') were used to re-finance the existing debt at that time and to support the acquisition. The Revolving Credit Facility is used for working capital requirements. The term loans had differing repayment schedules with final repayment of Term Loan A on December 31, 2013, Term Loan B on December 31, 2014 and Term Loan C on December 31, 2015. The Term Loan agreements included

VIII) BALANCE SHEET INFORMATION (Continued)

certain covenants based on EBITDA, total net debt, total interest costs, capex and cash flow which were required to be measured on a quarterly basis.

In June 2011, the Company commenced negotiations with the banking syndicate to reschedule the loan repayments and amend the covenants.

At December 31, 2011, the Group met the covenant tests, except for ''cashflow'', for which a suspension was obtained. In compliance with IAS, the Group has reclassified all third party bank debt that was subject to the waiver negotiation to current liabilities as the waiver was formally granted in March 2012.

For additional information with reference to the covenants compliance refer to Note 37.

The approval for the loan amendment and modification of the covenant parameters was obtained in March 2012.

The Term Loan is guaranteed as follow:

— Shares of the main Subsidiaries: Z Beta S.à r.l., Zobele Holding S.p.A., Zobele Bulgaria EooD, Zobele International B.V., Z Gamma B.V.

— Mortgage over Buildings in Trento (owned by Zobele Holding S.p.A.) equivalent to €40,9 million

— Pledge over Machinery (owned by Zobele Holding S.p.A., Zobele Bulgaria EooD and Zobele México, S.A. de C.V.) equivalent to €5,0 million

— Pledge over Intellectual Properties (Patents owned by Zobele Holding S.p.A. and Zobele España, S.A.U.)

— Pledge on the aggregate value of account receivables of Zobele México, S.A. de C.V.

Shareholders loan

Shareholders loan relates to financing provided to Z Alpha S.A. for a initial amount of €109,200 thousand. This loan bears interest at the rate of 10.125% and matures on December 13, 2055.

As at January 1, 2011, the total amount of this loan was €120,783 thousand including accrued interest of €600 thousand.

On December 13, 2011 accrued interest for an amount of €11,568 thousand was recorded as part of the loan principal.

VIII) BALANCE SHEET INFORMATION (Continued)

As of December 31, 2011 the total amount of the shareholders loan was €133,012 thousand including accrued interest of €12,229 thousand

In thousands of Euro	
Principal of the loan	118,254
Accrued interest	667
January 1, 2010	**118,921**
Portion of the loan	(9,131)
Portion accrued interest	(111)
Total Shareholders contribution	(9,242)
Year Interest on Dec. 13, 2010	11,171
Accrued interest (above included)	(667)
Total accrued interest capitalized	10,504
Accrued Interest on Dec. 31, 2010	600
December 31, 2010	**120,783**
Accrued interest	12,229
December 31, 2011	**133,012**

Fair value on IRS (Interest Rate Swap)

In 2007 the Group entered into interest rate swaps for a total notional amount of €100,000 thousand whereby the Group swaps floating rate interest payments for fixed interest. The maturity of the interest rate swaps is June 29, 2012.

As of December 31, 2011 the interest rate swap had a negative fair value of €1,411 thousand.

The details of the interest rate swap are as follows:

Trade Date	January 9, 2007
Effective Date	June 29, 2007
Termination Date	June 29, 2012
Notional Amount	€100,000,000
Fixed Rate and payer	4.4875% Act/360 by Group
Payment Date Fixed Rate	Every 29/12 29/6 from December 31, 2007 till June 29, 2012 subject to Following Business Convention
Floating rate and payer	6 months Euribor act/360—Bayerische Hypovereinsbank—Munich
Payment Date Floating Rate	Every 29/12 29/6 from December 31, 2007 till June 29, 2012 subject to Following Business Convention
Additional payment at trade date	€1,852,000 in favour of Group value January 11, 2007

IAS 39 requires all derivatives to be measured at fair value on the balance sheet, with changes in fair value being accounted for through profit or loss, except for derivatives that qualify as effective hedging instruments in a cash flow or a net investment hedge.

VIII) BALANCE SHEET INFORMATION (Continued)

Therefore the Group verifies periodically if this IRS has the characteristics to be considered as a hedging instrument and in particular the test requested by IFRS is performed in order to ascertain if the condition +/- 80% to 120% of hedging of the underlying debt is respected.

Until July 1, 2010 the hedging relationship was satisfied and the Group applied hedge accounting. From July 1, 2010 the hedging relationship was no longer satisfied and from that date hedge accounting has been discontinued.

Therefore, in compliance with IAS 39, the cumulative gain or loss on the hedging instrument which has been recognized in other comprehensive income (Cash Flow Reserve) from the period when the hedge was effective until it was no longer effective is maintained separately in shareholders equity until the forecast transaction occurs (termination date of IRS June 29, 2012) and partially reversed to income statement considering the remaining days until the termination date.

The following table sets forth a breakdown of financial liabilities by currency at December 31, 2011:

In thousands of Euro	Amounts in local currency as of December 31, 2011	Exchange rate at year end	Amounts in Euro as of December 31, 2011
Euro (EURO)	155,751	1.0000	155,750
US Dollar (US $)	12,141	1.2939	9,383
Mexican Peso PMX)	—	18.0454	—
TOTAL			165,133
Long Term Loans			*0*
Current Portion on Loans			*138,928*
Bank Overdrafts			*26,205*
TOTAL			***165,133***

15. Deferred Tax Liabilities

The amounts of deferred tax liabilities for which recovery is expected within or beyond the next financial year is as follows:

In thousands of Euro	As of December 31, 2010	P&L movements	Equity movements	As of December 31, 2011
Deferred tax liabilities non current	14,251	254	—	14,505
Deferred tax liabilities current	615	(464)	—	151
Total deferred tax liabilities	**14,866**	**(210)**	**—**	**14,656**

Temporary timing differences have been calculated between balance sheet values and values for tax purposes.

VIII) BALANCE SHEET INFORMATION (Continued)

The following table sets forth a breakdown of deferred tax liabilities:

In thousand of Euro	As of December 31, 2010	P&L movements	Change in tax rate (P&L)	Equity movements	As of December 31, 2011
Financial instruments	853	(23)	—	—	830
Employee termination benefits	80	24	—	—	104
Fixed assets	13,204	177	—	—	13,381
Other	114	76	—	—	190
Total non current	**14,251**	**254**	**—**	**—**	**14,505**
Financial instruments	43	(22)	—	—	21
Employee termination benefits	—	—	—	—	—
Fixed assets	568	(398)	—	—	170
Other	4	(44)	—	—	(40)
Total current	**615**	**(464)**	**—**	**—**	**151**
Total	**14,866**	**(210)**	**—**	**—**	**14,656**

16. Contingent liability reserve

The Group has recorded a provision for an amount of €1,035 thousand as of December 31, 2011 and 2010 related to some unresolved tax situations within the Group. There were no movements in the provision during 2011.

17. Employee Termination benefits

Following legislative changes which came into force in Italy in the first half of 2007 (reform of ''*Trattamento di Fine Rapporto*'' hereinafter TFR—employee termination indemnity), company obligations to employees, relative to amounts of TFR accumulated to January 1, 2007, are no longer considered as a defined benefits plan and are instead considered to be a defined contribution plan.

The following table sets forth the movements in employee termination benefits in the year ended December 31, 2011:

In thousands of Euro	As of December 31, 2011
Opening balance	2,312
Cost of services provided	114
Actuarial (gain) / loss 2011	(95)
Utilisation for employee terminations	(97)
Total commercial payables	**2,234**

The principal actuarial assumptions used were the following:

	As of December 31, 2011	As of December 31, 2010
Discount rate	4,60%	4,50%
Inflation rate	2,00%	2,00%
Rate of increase in wages and salaries	3,00%	3,00%

VIII) BALANCE SHEET INFORMATION (Continued)

CURRENT LIABILITIES

18. Commercial External Payables

The following table sets forth a breakdown of commercial external payables by entity as of December 31, 2011 and 2010:

In thousands of Euro	As of December 31, 2011	As of December 31, 2010
Zobele México, S.A de C.V.	41,862	33,267
Zobele Asia Pacific Ltd.	22,391	22,707
Zobele Holding S.p.A	9,693	10,634
Zobele España, S.A.U.	1,597	2,485
Zobele Bulgaria EooD	7,232	6,175
Palma Electronic S.r.l.	1,256	1,372
Zobele India Pvt. Ltd	844	766
Z Beta S.à r.l.	60	61
Zobele do Brazil Ltda.	643	172
Total commercial external payables	**85,578**	**77,639**

The Group does not have significant concentration of commercial payables with one or more suppliers.

The increase in commercial external payables is due to:

— inventory dynamics, see comment on Note 7;

— renegotiation of term of payments with the principal suppliers.

19. Other Payables

The following table sets forth a breakdown of other payables as of December 31, 2011 and 2010.

In thousands of Euro	As of December 31, 2011	As of December 31, 2010
V.A.T.	20	682
Payroll payable	3,722	4,003
Payables social security institutes	1,470	1,506
Employee tax deductions	2,725	2,174
Payables to customers	963	624
Payable form acquisitions	—	800
Accrued Expenses	167	2,415
Other	5,446	616
Total other payables	**14,513**	**12,820**

VIII) BALANCE SHEET INFORMATION (Continued)

The following table sets forth a breakdown of commercial and other payables by currency as of December 31, 2011.

In thousand of Euro	Amounts in local currency as of December 31, 2011	Exchange rate at year end	Amounts in Euro as of December 31, 2011
Euro (EURO)	36,170	1.0000	36,170
US Dollar (US $)	68,733	1.2939	53,121
Mexican Peso (PMX)	143,149	18.0454	7,933
Brasilian Real (BR $)	1,179	2.4337	484
Hong Kong Dollar (HK $)	28,749	10.0510	2,860
Renminbi (RMB)	88,726	8.1588	10,875
Indian Rupia (INR)	63,638	68.7130	926
Bulgarian Leva (BGN)	153	1.9558	78
Pound (GBP)	117	0.8353	140
SGD Dollar (SGD)	1,381	2.2727	609
Total commercial external payables			**85,578**
Total other liabilities and tax			**27,619**
Total commercial external payables and other liabilities and tax			**113,196**

IX) INCOME STATEMENT INFORMATION

20. Net Sales

Net sales by market In thousands of Euro	Year ended December 31, 2011	Year ended December 31, 2010	Variance
Air care	215,415	177,375	21.4%
Pest control	75,962	72,103	5.4%
Others	21,916	10,462	109.5%
Total net sales	**313,293**	**259,940**	**20.5%**

Net sales by product type In thousands of Euro	Year ended December 31, 2011	Year ended December 31, 2010	
Refill	95,287	100,839	(5.5)%
Device	77,818	58,510	33.0%
Set	121,160	77,122	57.1%
Others	19,028	23,469	(18.9)%
Total net sales	**313,293**	**259,940**	**20.5%**

IX) INCOME STATEMENT INFORMATION (Continued)

Net sales by geographic area In thousands of Euro	Year ended December 31, 2011	2010	
Europe	113,159	87,059	30.0%
North America	154,400	133,577	15.6%
South America	9,418	7,491	25.7%
Africa-M East	7,046	8,145	(13.5)%
Asia Pacific	29,270	23,668	23.7%
Total net sales	**313,293**	**259,940**	**20.5%**

The increase in net sales is mainly due to the 21.4% increase in air care net sales.

Air-freshener products represent 69% of sales (68% in 2010).

As a global player, Group sells its products worldwide.

The two main markets are Europe, representing 36% (33% in 2010) of net sales, and North America, 49% (51% in 2010).

21. Cost of Sales

The following table sets forth a breakdown of cost of sales

In thousands of Euro	Year ended December 31, 2011	2010
Materials	194,916	154,057
Director Labor Costs	22,941	17,848
Subcontractor	6,164	4,522
Power	2,544	2,240
Indirect Manufacturing	6,895	6,326
Maintenance	4,768	4,638
Logistic and Purchases	9,791	8,659
Quality Control	1,820	1,592
Commission	392	552
Total cost of sales	**250,231**	**200,434**

The higher level of cost of sales has been affected by some inefficiency due to mix of sales and costs associated with management of the manufacturing volumes between the factories, together with costs associated with start up of new projects.

IX) INCOME STATEMENT INFORMATION (Continued)

22. Overheads

The following table sets forth a breakdown of overheads

In thousands of Euro	Year ended December 31, 2011	Year ended December 31, 2010
General and Administration	13,994	13,834
Sales and Marketing	5,760	4,658
R&D	4,197	3,864
Operation	477	1,616
Other costs/ (income)	539	(204)
Total overheads	**24,967**	**23,768**

23. Personnel Costs

The following table sets forth a breakdown of personnel costs

In thousands of Euro	Year ended December 31, 2011	Year ended December 31, 2010
Wages and salaries	34,554	29,111
Social charges	6,591	6,028
Employee termination indemnity and pension found accruals	786	859
Other costs	286	288
Total personnel costs	**42,217**	**36,286**

The personnel costs are recorded in the Income Statement as follows:

In thousands of Euro	Year ended December 31, 2011	Year ended December 31, 2010
Cost of sales	26,866	21,992
Overheads	15,351	14,294
Total personnel costs	**42,217**	**36,286**

Personnel costs increased mainly due to the growth in number of employees in 2011:

- the overall headcounts increase of 8%;
- new managers were hired to reinforce Plant's organization;
- Zobele Mexico and Zobele China have been affected by salary increases of direct labor as a consequence of trade-union renegotiation.

IX) INCOME STATEMENT INFORMATION (Continued)

24. Other Expense/(Income)

The following table sets forth a breakdown of other income and expense

In thousands of Euro	Year ended December 31, 2011	2010
Other income	(1,824)	(1,894)
Exchange rate gains	(3,177)	(2,682)
Exchange rate losses	2,705	2,240
Total other (Income)/Expenses	**(2,296)**	**(2,336)**

Other income consist mainly in recharge of samples, write off of scraps material, project cancelation and reworking.

Gains/(losses) on foreign exchange transactions reflected both exchange differences realized in the period and the effect of translating receivables and payables at the year end exchange rate.

25. Depreciation, Amortization and Write-downs

The following table sets forth a breakdown of depreciation, amortization and write-downs.

In thousands of Euro	Year ended December 31, 2011	2010
Patent similar and rights	1,140	913
Licences and trademarks	4	3
Other intangible assets	265	589
Total amortizations of intangible assets	**1,409**	**1,505**
Land and buildings	710	704
Machinery and installations	8,334	8,955
Equipment and toolings	911	678
Other intangible assets	1,417	1,135
Total amortizations of tangible assets	**11,372**	**11,472**
Total depreciations, amortizations and write-downs	**12,781**	**12,977**

26. Costs/(Income) from non recurring transactions

Non Recurring costs incurred in the year relate mainly to various severance and restructuring operations incurred in plants in China, Mexico and Spain. During the year important changes were made to the Mexican senior management team, completing a significant restructuring of senior management in Mexico. Other costs relate to consultancy expenses specifically related to a one-off project to revise manufacturing working practices.

IX) INCOME STATEMENT INFORMATION (Continued)

27. Financial (Income)/Expense

The following table sets forth a breakdown of financial income and expense

In thousands of Euro	Year ended December 31, 2011	2010
Interest income	76	90
Other financial income	(23)	42
Total financial income	**53**	**132**
Interest expenses—Banck overdraft	(825)	(497)
Interest expenses—Long term loans	(11,169)	(11,616)
Interest expenses—Shareholders loans	(12,229)	(11,104)
Interest expenses on leasing and other	(4,517)	(650)
Total finacial expenses	**(28,740)**	**(23,867)**
Total financial (Income)/Expenses	**(28,687)**	**(23,735)**

The variances vs last year of €4,952 thousand is mainly due to Exchange Rate differences.

28. Income Taxes

The following table sets forth a breakdown of income tax expense.

In thousands of Euro	Year ended December 31, 2011	2010
Income taxes	8,040	5,237
Deferred taxes variance	(772)	448
Total income taxes	**7,268**	**5,685**

Income taxes are related to the accruals for 2011 income taxes that Z Beta and its subsidiaries paid in 2011 and will pay during 2012 related to 2011 results. For further details relating to deferred taxes, please refer to balance sheet sections.

The reconciliation between the theoretical tax charge and that shown in the income statement is as follows:

In thousands of Euro	Yesr ended December 31, 2011	
Consolidated profit before taxes	(2,597)	
Current income taxes (Group average tax rate)	(649)	25%
Permanent differences in tax calculation	5,869	
Differences in tax calculation on italian interest expenses	2,048	
Actual tax charge in the profit and loss account	**7,268**	−280%

The average actual rate of tax on the profit reflected both the different tax regime in some foreign subsidiaries and the effect of taking account of deferred tax assets associated with prior year tax losses.

29. Minority Interests

For net result related to the minorities, see Note 13.

IX) INCOME STATEMENT INFORMATION (Continued)

30. Earnings per share

Earnings per share has been calculated for the year 2011 by dividing group net income (or loss) by the number of ordinary shares issued. During the year ended December 31, 2011, there were no potential dilutive instruments in issue, accordingly there were no dilution effects and diluted earnings per share coincides with basic earnings per share.

X) OTHER DISCLOSURES

31. Financial Risks and IFRS 7 Disclosures

The Group maintains a policy of minimising financial risks that could have an impact on the financial situation and cash flows of the Group.

These risks are as follows:

a) credit risk

b) liquidity risk

c) market risk (foreign exchange risk, interest rate risk, commodity price risk, other prices risk)

The responsibility for the creation and supervision of a managerial system of financial risks of the Group is the responsibility of the Board of Directors. The formalization of this policy is ongoing, although procedures are already in place to identify, analyze and monitor the exposures of the Group.

Credit risk

Credit risk is linked to a possibility of loss for the Group following a non payment of an obligation from third parties.

For the Group this risk is mainly related to the risk of default by one of its customers.

The business strategies to manage this risk are:

— Regarding the cash at disposal, the Group chooses to work with primary national and international banks.

— Regarding trade receivables, the Group works mainly with investment grade rated customers. The credit risk for remaining customers is covered by credit insurance with the exception of a number of long established customers in markets where it is difficult to obtain credit insurance.

— For new customers without an investment grade rating the strategy is to obtain credit insurance or else to request advanced payment.

— For customers to which the Group has agreed specific payment terms and the delivery of products is concentrated in a short time, it is normal to request a guarantee from banks or from its parent company.

— To better manage credit and liquidity risk, during 2010 Group entered into a without-recourse factoring agreement for some of the main investment grade rated customers.

For the Group to consider a customer to be investment grade, it must have a minimum rating of BBB-. The Group regularly monitors the ratings of its customers and in the event of any downgrade credit terms are agreed with the customer.

As of December 31, 2011, approximately 80% of the Group's trade receivables were with investment rated customers.

X) OTHER DISCLOSURES (Continued)

Liquidity risk

This risk, also called funding risk, is linked to the possibility of the Group having difficulty in obtaining funds in order to be able to meet their obligations.

As described in Note 14, after the the acquisition by Doughty Hanson, the Group obtained three term loans from a syndicate of banks, as well as a revolving credit facility and the possibility to get additional facilities with local banks.

The term loans were used to re-finance the existing debt, whilst the revolving credit facility is used for working capital requirements.

The Group also entered into without-recourse factoring agreements for some of the main investment grade rated customers.

The Group monitors its funding requirements, also considering the business plan projections. As further explained in Note 14, in March 2012, the Group re-regnotiated its Term Loan, in order to better manage the future repayments and cash flow requirements to support the growth in the business.

Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk, arising from the potential variation in the value of a financial instrument resulting from fluctuations in the exchange value of foreign currencies.

The main currencies of the Group are Euro and US Dollars. The Group has a minor portion of revenues in Canadian Dollars, British Pounds and Australian Dollars. Most of the sales by the Chinese and Mexican Subsidiaries are in US Dollars. The Asian and Mexican subsidiaries also pay the majority of their material purchases in US Dollars. As a result, sales in US Dollars are to a large extent offset by US Dollar expenses. The other subsidiaries' sales are mostly in Euro, with the largest part of costs in Euro or Euro pegged currencies.

On a consolidated basis the Group's transactional foreign exchange risk is low, primarily as a result of the natural hedge of our foreign currency income and expenses. Transactional foreign exchange risk arises when our group entities execute transactions in currencies other than their functional currency. The Group has trade payables and receivables which are denominated in foreign currencies and any significant change in exchange rates could expose us to exchange rates gains and losses. The Group do not consider such exposure to be significant and do not currently use hedging instruments to manage such exposure. The Group's exposure is primarily in the Mexican and Asian subsidiaries, who primarily execute transactions in US Dollars, whilst their functional currency is Mexican Peso and Hong Kong dollar, respectively.

The Mexican branch has a part of the long term loan (loan A) that is expressed in USD that is hedged in term of foreign exchange risk with the credit versus customer that are expressed in the same currency.

Interest rate risk

Interest rate risk is linked to the possibility that a financial instrument and/or the financial flows generated by the same might get a variation in value due to fluctuation of interest rates in the money market.

The Group's financial liabilities with banks bear floating rates of interest, of either ''Euribor Interbank Offered Rate'' Euribor or ''London Interbank Offered Rate'' Libor (mainly for funding in USD).

In order to partially hedge the risk of increase in floating interest rates, the Group entered into a derivative contract IRS with a primary European bank for Term Loan B and Term Loan C, with maturity date 29 June 2012. Pursuant to the interest rate swap, the Group collects the floating rate and pays a fixed rate.

X) OTHER DISCLOSURES (Continued)

For further details please refer to Note 14. Following the re-negotiation of the loan, the spread increased from an average of 2.8% to an average of 4%.

Commodity price risk

The Group is exposed to an increase in purchase of materials as a result of an increase in prices in the commodities markets.

The main materials linked to commodities prices that the Group purchases are polypropylene and copper. The prices of these two commodities are very volatile, and for this reason the Group has a policy in place to fix the purchase prices with the suppliers of polypropylene and copper for a period of time, usually between three and six months.

At the end of every year, the procurement division of the Group fixes the prices with the Group's suppliers and, depending on the contractual arrangements with a given customer, any cost variation may be shared with such customer.

Other prices risk

The risk is linked to a variation in the price of listed equity or debt instruments. The Group does not have any investments in listed equity or debt and therefore is not exposed to such risk.

Financial instruments ex IAS 39: category of risk and fair value

The following table sets forth a breakdown of the Group's financial assets and liabilities by category:

In thousands of Euro	Total as of December 31, 2011	Commercial receivables	Financial receivables	Derivatives through IS	Derivatives through Equity	Other receivables
Other non current assets	699	—	564	—	—	135
Non current assets	**699**	**—**	**564**	**—**	**—**	**135**
Commercial external receivables	77,070	77,070	—	—	—	—
Income tax receivables	1,035	—	—	—	—	1,035
Other receivables	14,909	—	—	—	—	14,909
Cash and banks	11,322	—	11,322	—	—	—
Current assets	**104,336**	**77,070**	**11,322**	**—**	**—**	**15,944**

In thousands of Euro	Total as of December 31, 2011	Commercial payable	Financial payable	Derivatives through IS	Derivatives through Equity	Other payable
Long term loans	—	—	—	—	—	—
Shareholder's loan	133,012	—	133,012	—	—	—
Other non current liabilities	—	—	—	—	—	—
Non current liabilities	**133,012**	**—**	**133,012**	**—**	**—**	**—**
Commercial external payables	85,578	85,578	—	—	—	—
Restructuring Contingencies	—	—	—	—	—	—
Other payables	14,513	—	—	—	—	14,513
Current portion on Loans and Bank Overdraft	165,133	—	163,722	—	1,411	—
Current liabilities	**265,224**	**85,578**	**163,722**	**—**	**1,411**	**14,513**

X) OTHER DISCLOSURES (Continued)

As displayed in above table there is the possibility to look at the different category of financial instruments based on the method of valuation and exposure to the risk:

- Financial instruments measured at amortized cost
  - Loans to employees
  - Commercial receivables
  - Cash
  - Commercial payables
  - Financial liabilities
  - Other payables
- Financial instruments estimated at fair value from initial accounting
  - Derivative financial assets
  - Derivative financial liabilities

Financial instruments estimated at fair value and cash have a very low credit risk. The counterparties for these instruments are highly rated banks.

Customer's credit risks are linked to non payment or late payment of receivables. Given that the credit profile of the customers is good, the Zobele Board of Directors considers that the risk of significant loss is low.

Supplier payables are linked to the risk that the Group is not able to pay on time invoices due. Given the bank credit lines available to the Group the risk is very low.

Financial liabilities are linked to the funding granted by the banking system.

Following the estimation at fair value of assets and liabilities divided by category, as per IAS 39 indication and regulated by IFRS 7, the method and the main assumptions for estimation:

In thousands of Euro	Total as of December 31, 2011	Derivatives through IS	Derivatives through Equity	IAS 39 receivables	Non IAS 39 receivables
Other non current assets	699	—	—	564	135
Non current assets	**699**	**—**	**—**	**564**	**135**
Commercial external receivables	77,070	—	—	77,070	—
Income tax receivables	1,035	—	—	—	1,035
Other receivables	14,909	—	—	—	14,909
Cash and banks	11,322	—	—	11,322	—
Current assets	**104,336**	**—**	**—**	**88,392**	**15,944**

X) OTHER DISCLOSURES (Continued)

In thousands of Euro	Total as of December 31, 2011	Derivatives through IS	Derivatives through Equity	Ammortised cost liab.	Non IAS 39 payable
Long term loans	—	—	—	—	—
Shareholder's loan	133,012	—	—	—	133,012
Other non current liabilities	—	—	—	—	—
Non current liabilities	**133,012**	**—**	**—**	**—**	**133,012**
Commercial external payables	85,578	—	—	85,578	—
Restructuring Contingencies	—	—	—	—	—
Other payables	14,513	—	—	—	14,513
Current portion on Loans and Bank Overdraft	165,133	—	1,411	163,722	—
Current liabilities	**265,224**	**—**	**1,411**	**249,300**	**14,513**

The fair value of current assets, supplier payables, current financial liabilities and other liabilities approximates their book value, due to their short term nature.

The interest rate swap is measured at fair value, with the mark to market valuation being performed by the counterparty based on the mid price of the IRS with the same maturity at the end of December 2011.

Please refer also to the comments reported in the above Note 14.

Current financial liabilities relating to loans and bank overdrafts are measured at amortized cost.

Additional information on Financial Assets

Commercial external receivables are recorded net of a provision for doubtful receivables. The Group did not consider it necessary to impair any other financial assets or receivables. The Group's maximum exposure to credit risk is the carrying value of the related financial asset.

The following table sets forth a breakdown of the aging of the Group's commercial external receivables.

In thousands of Euro	Total as of December 31, 2011	Overdue written down	Overdue not written down	Not overdue not written down
Gross commercial receivables	77,997	2,530	9,462	66,005
Bad debt provision	(927)	(927)	—	—
Total	**77,070**	**1,603**	**9,462**	**66,005**

Based on its experience, the Group does not believe that there is any necessity to make provisions against receivables for amounts which are not yet due.

There are no financial assets that were renegotiated to avoid reductions in value.

In order to reduce the credit risk of non rated customers, the Group purchases credit insurance, requires letters of credit or payment in advance.

At the end of 2011 there were no commercial receivables covered by insurance or guarantees.

During the year the Group did not call on any guarantees and did not make any credit insurance claims.

X) OTHER DISCLOSURES (Continued)

Additional information on Financial Liabilities

The following table sets forth the gross contractual cashflows (including interest payments) of the Group's financial liabilities.

In thousands of Euro	Out flow determinated	Long term over years	Medium term between 1 to 5 years	Short term till 1 year
Long term loans	138,928	—	—	138,928
Shareholder's loan	133,012	133,012	—	—
Other non current liabilities	—	—	—	—
Non current liabilities	**271,940**	**133,012**	**—**	**138,928**
Current portion on loans and bank overdraft	26,205	—	—	26,205
Current liabilities	**26,205**	**—**	**—**	**26,205**

For a better understanding please note that:

- When the creditor has the right to choose the timing of payment of debt, the debt was included in the first period;
- The amounts displayed are the contractual ones, inclusive of interest if applicable;
- The amount of loans at a floating rate was estimated based on Euribor at the end of December 2011.

The funding obtained from a pool of banks was guaranteed as follow:

- Shares of the main Subsidiaries
- Mortgage over Building in Trento (owned by Zobele Holding S.p.A.)
- Pledge over Machinery owned by the Group
- Pledge over Intellectual Properties (Patents owned by Zobele Holding S.p.A. and Zobele España, S.A.U.)
- Pledge on account receivables of Zobele México, S.A. de C.V.

For the details of the guarantees above indicate please refer to Note 14 above.

The Group has not issued any financial instruments with debt or equity components and has not defaulted on the interest or capital payments of its financial liabilities

The Group has a shareholder loan with its parent, (Z Alpha) for an original nominal amount of €109,200 thousand, which bears interest of 10.125%. The Group has the possibility to capitalize the interest as part of the loan principal. The final maturity of this loan is 49 years from December 13, 2006. See Note 14 for further details.

Derivatives

As described in Note 14, the Group entered into interest rate swaps for Term Loan B and Term Loan C. The fair value of such derivative was a liability of €1,411 thousand as of December 31, 2011. The Group does not have any other derivative financial instruments.

Information concerning fair value

The following table presents information of the method applied to determine the fair value of financial instruments designated at fair value. The levels have been defined as follows:

- level 1: quoted prices in active markets;

X) OTHER DISCLOSURES (Continued)

— level 2: technical assessments based on observable market information, either directly or indirectly; and

— level 3: not based on observable market data.

The following table presents liabilities designated at fair value as of December 31, 2011 and 2010 in thousand of Euro:

In thousands of Euro	As of December 31, 2011		
	Level 1	Level 2	Level 3
Derivative financial intruments	—	1,411	—
Total	**—**	**1,411**	**—**

In thousands of Euro	As of December 31, 2010		
	Level 1	Level 2	Level 3
Derivative financial intruments	—	4,608	—
Total	**—**	**4,608**	**—**

Sensitivity Analysis

Currency Exchange rate

The Group operates internationally and therefore is exposed to foreign exchange risk. Most of the Group's net sales are invoiced in Euro or USD, with the Group's European entities invoicing in Euro and the non-European entities invoicing in USD. Similarly, most of the Group's non European entities incur their costs in USD. Therefore, the Group considers that for non European entities there is a natural hedge of net sales and expenses.

The total exposure to foreign exchange risk at December 31, 2011 is as follows:

In thousands of Euro	Amounts in local currency as of December 31, 2011	Exchange rate at year end	Amounts in Euro as of December 31, 2011
Euro (EURO)	(163,645)	1.0000	(163,645)
US Dollar (US $)	4,717	1.2939	3,646
Mexican Peso (PMX)	(131,546)	18.0454	(7,290)
Brasilian Real (BR $)	5,028	2.4337	2,066
Hong Kong Dollar (HK $)	(24,048)	10.0510	(2,393)
Renminbi (RMB)	(67,768)	8.1588	(8,306)
Indian Rupia (INR)	85,918	68.7130	1,250
Bulgarian Leva (BGN)	(153)	1.9558	(78)
Pound (GBP)	178	0.8353	213
SGD Dollar (SGD)	(1,381)	2	(608)
Australian Dollar (AUD)	151	1.3215	114
TOTAL			**(175,028)**

The Group used foreign exchange contracts during the year to hedge exposure on trading activities. There were no foreign exchange derivatives outstanding at the balance sheet date.

X) OTHER DISCLOSURES (Continued)

Regarding the currency rate risk, a variance of the exchange rate of +10% or −10% will result in the following impact:

TOTAL In thousands of Euro	Euro with change rate + 10%	Further change difference at Profit & Loss	Euro with change rate − 10%	Further change difference at Profit & Loss
Euro (EURO)				
US Dollar (US $)	3,384	(262)	3,951	305
Mexican Peso (PMX)	(7,250)	40	(7,330)	(41)
Brasilian Real (BR $)	1,985	(82)	2,155	89
Hong Kong Dollar (HK $)	(2,369)	24	(2,417)	(24)
Renminbi (RMB)	(8,206)	101	(8,409)	(103)
Indian Rupia (INR)	1,249	(2)	1,252	2
Bulgarian Leva (BGN)	(74)	4	(82)	(4)
Pound (GBP)	190	(23)	242	29
SGD Dollar (SGD)	(582)	26	(635)	(28)
Australian Dollar (AUD)	106	(8)	123	9
TOTAL		**(182)**		**234**

Given that the Group prepares the consolidated balance sheet in Euro there is a translation foreign exchange risk linked to the conversion of the subsidiary Balance Sheets denominated in non-Euro currencies. This risk was not hedged.

Interest rate

Regarding the interest rate risk, the Group loans are linked to a floating rate.

With a movement of the interest curve of +1% or −1% the Group will get a negative or positive impact of €4 million on the interests to pay to the banks over the life time of the financing contracts. This impact if it occurred, would affect future years and not current year. Considering that the Group has entered into an IRS described above, the effect of an interest curve movement is limited to the difference between the total loan and the nominal amount of the IRS that would result in a negative or positive impact of €3 million.

The sensitivity analysis of the Goodwill has been reported in previous Note 3.

32. Audit fees

The consolidated fees paid to the auditor of the Group are €359 thousand for 2011 Audit activities, €115 thousand for tax services for subsidiaries and €921 thousand for consultant fees by PwC Advisory UK.

33. Related party transactions

All intercompany transactions are conducted at ''arm's length'', including transactions with subsidiaries having minority shareholdings.

In addition, transactions with related parties outside of the Group are conducted at ''arm's length''.

The only related party transaction relates to the shareholder loan provided by the parent. See Note 14 for further details.

X) OTHER DISCLOSURES (Continued)

34. Compensation

Remuneration and other benefits

The aggregate compensation of the members of the Board of Directors for the performance of their functions within the Group for the year ended December 31, 2011 amounted to approximately €0.4 million. The aggregate compensation of the members of the Board of Directors of the Company for the performance of their functions within the group for the year ended December 31, 2011 amounted to approximately €0.2 million.

Bonus plan

Senior management participates with other management in our bonus scheme. The scheme rewards managers for achievement of both individual and collective targets, with collective targets set on various KPI measures, included in the Group's Balance Scorecard Examples of such targets are such as earnings before interest, tax, depreciation and amortization (''EBITDA''), Working Capital and Cash Flow

35. Commitments and guarantees

As of December 31, 2011 the Company has financial obligations arising from rental and lease agreements for a total amount of €9,175 thousand of which €2,243 thousand within one year.

As described in Note 14, the Term Loan is secured and pledged on certain Group assets and shares

36. Contingent Liabilities

The Italian Tax Auditor, after two tax inspections held in 2011 in respect of Zobele Holding SpA, concerning the tax returns for fiscal years 2006, 2007 and 2008, issued two Tax Audit Report (or ''PVC'', Processo Verbale di Constatazione). Considering that as explained in the following paragraph 37, the final assessment notice was issued in October 2012 and in that date the Company settled for an amount of €1.4 million, no specific costs have to be included in the December 2012 consolidated Financial Statements due to the fact that the agreement with the Tax Authorities doesn't represent an ''adjusting subsequent event'' as defined by IAS 10.

There are no other significant legal or arbitration proceeding which the Group believe could have a significant impact.

37 Subsequent Events

Loan Financing Amendment and Waiver

The situation of Zobele in the first half of 2011 was characterised by significant liquidity shortage, as a result of increasing debt principal repayments as the facilities approached maturity, and by cash flow covenant issues. The latter were caused by the strong growth in the business (+50% pa in the last two years), which absorbed working capital to finance organic growth and new product launches, and by a significant underperformance at EBITDA level (24% below budget in Q1 '11),

Furthermore, the Company had prepared a new Business Plan (''500 by '15'') which outlined the tremendous growth opportunities existing for Zobele across geographies, customers and categories. The new plan also clearly identified potential cash shortages and covenant issues as a key hurdle to achieve the proposed growth, due to the significant investments in infrastructure, equipment and working capital required. It was clear that without overcoming the existing cash flow issues, the Company would not have been able to take up the substantial business opportunities that existed.

In June 2011, the Company commenced negotiations with the banking syndicate to reschedule the loan repayments and amend the covenants. As of 31 December 2011, the Company met the leverage and

X) OTHER DISCLOSURES (Continued)

interest cover covenants parameter and achieved agreement with the banks on suspension of the cash flow covenant compliance.

The approval for the loan amendment and modification of the covenant parameters was obtained in March 2012. Banks approved a loan amendment request rescheduling the debt repayments and modifying the covenant parameters. The rescheduling resulted in a substantial reduction of cash outflows for debt repayments over 2012-2013 and in a significant extension of the average life of the debt.

Breach of covenant at the testing date of 30 June 2012 and equity cure.

As a result of the trading environment in 2012, the Group would have breached its leverage covenant at the testing date of 30 June 2012 (although it respected the 3 remaining covenants). In such case the facility agreement permitted an ''Equity Cure'' procedure which allowed the shareholders to contribute an amount of up to €10 million, which for the purposes of the covenants, is considered as an increase in EBITDA and applied to the quarter when the breach occurred and to the next four quarters.

In September 2012 the shareholders applied the permitted Equity Cure, contributing an amount of €10 million as an increase in the ''shareholders loan''. Following such equity cure, the covenant breach at 30 June 2012 was cured and covenants compliance at the testing date of 30 September 2012 was met.

Subsequently, the Group has completed a business planning exercise and a new Business Plan has been created that was approved in November 2012 by the Board of Directors of Z Beta S.à r.l. This plan shows improvement in the operating results of the Group , however based on this new business plan, it is possible that the Group may not be in the condition to meet the covenants parameter at the testing date of September 30, 2013.

The Group has commenced a process for the issuance of senior secured notes for the purposes of entirely re-financing the Group's external bank financing, and the Directors remain confident that the notes issuance will be successfully completed in early 2013. This senior notes issue will replace the current financing package and will remove the constraints of the existing financing.

Therefore, despite the risk of a potential covenant breach set out above, the September 2012 Unaudited Interim Condensed Consolidated Financial Statements have been prepared adopting the going concern basis. If for any reason the notes issuance is not successful, the Directors are confident that the existing financing arrangements can be restructured with the existing lenders to take account of the cash generation of the revised business plan.

Notes issuing procedure

In November 2012 the Group commenced activities relating to the potential issuance of senior secured notes for an amount of €180 million, for the purposes of re-financing the existing bank debt. In addition, on or around the date of issuance of the notes, the Group expects to enter into a new revolving credit facility for an amount of €30 million. In connection with the notes issuance, on December 13, 2012, the Company and its sole shareholder entered into a contribution agreement whereby, conditional upon the issue of the notes, Z Alpha S.A. has agreed to contribute all claims under the shareholder loan, together with all interest accrued thereon, up to and as at the issue date of the notes. Accordingly, with effect on and from the issue date, all claims and outstanding interest under the shareholder loan shall be contributed by way of capital contribution to the Company, and the inter-company loan agreement shall be terminated.

Tax assessment

The Italian Tax Auditor, after two tax inspections held in 2011 in respect of Zobele Holding SpA, concerning the tax returns for fiscal years 2006, 2007 and 2008, issued two Tax Audit Report (or ''PVC'',

X) OTHER DISCLOSURES (Continued)

Processo Verbale di Constatazione). The final assessment notice was issued in October 2012 and the Company settled for an amount of €1.4 million.

38 Operating segment information

The board of directors is the Group's chief operating decision-maker.

Management has determined the operating segments based on the information reviewed by the board of directors for the purposes of allocating resources and assessing performance, as follows:

— Air fresheners;

— Insecticide.

At the date of the December 2011 consolidated Financial Statements the Board of Directors assess the performance of the operating segments mainly based on *sales* as detailed in the previous Note 20.

Audit report

To the Partners of
Z Beta S.à r.l.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Z Beta S.à r.l. and its subsidiaries (the ''Group''), which comprise the consolidated balance sheet as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the ''Réviseur d'entreprises agréé''

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the ''Commission de Surveillance du Secteur Financier''. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the ''Réviseur d'entreprises agréé'', including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the ''Réviseur d'entreprises agréé'' considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477- TVA LU25482518

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2010, and of the results of its consolidated operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matters

Without qualifying our opinion, we draw attention to note ii) ''basis of preparation'' in the explanatory notes of the consolidated financial statements of Z Beta S.à r.l. as at 31 December 2010, which describes the circumstances of the reissuance of the consolidated financial statements of Z Beta S.à r.l. as at 31 December 2010 with an initial audit report dated 16 June 2011. Due to the process relating to the potential issuance of senior secured notes as described in note ii) ''basis of preparation'' we provide this new audit report on the amended consolidated financial statements of Z Beta S.à r.l. as at 31 December 2010.

Without qualifying our opinion, we draw attention to notes iii) ''Covenants and going-concern'' and 36 ''Subsequent events'' in the explanatory notes of the consolidated financial statements of Z Beta S.a r.l. as at 31 December 2010, which indicates that the Group may breach its bank covenants at 30 September 2013. This indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The note 36 ''Subsequent events'' also includes management's description of the process started to refinance the Group and remove the constraints of the existing financing.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements.

PricewaterhouseCoopers, Société coopérative — Luxembourg, 20 December 2012
Represented by

Véronique Lefebvre

Z Beta S.à r.l.

CONSOLIDATED BALANCE SHEET

As of December 31, 2010 and 2009

In thousands of Euro	Notes	As of December 31, 2010	As of December 31, 2009
ASSETS			
Net Tangible assets	1	76,395	72,939
Net Intangible assets	2	3,681	2,960
Goodwill	3	202,088	202,252
Other investments	4	8	149
Deferred Tax Asset	5	5,888	6,970
Other Non Current Assets	6	809	424
TOTAL NON CURRENT ASSETS		**288,869**	**285,694**
Net Inventories	7	45,354	27,092
Commercial External Receivables	8	69,351	63,161
Income Tax Receivable	9	616	890
Other Receivables	10	10,861	7,239
Cash and Banks	11	30,578	17,028
TOTAL CURRENT ASSETS		**156,760**	**115,410**
TOTAL ASSETS		**445,629**	**401,104**
EQUITY AND LIABILITIES			
Share Capital		14,000	14,000
Reserves		65,820	55,578
Retained Earnings		(41,927)	(26,541)
Currency Translation Reserve		1,225	(3,720)
Net Income Current Period		(7,427)	(15,386)
TOTAL GROUP EQUITY	12	**31,691**	**23,931**
Capital and Reserves of Minority Interest		6,429	4,381
Net Income Current Period of Minority Interest		1,268	1,526
TOTAL EQUITY OF MINORITY INTEREST	13	**7,697**	**5,907**
TOTAL EQUITY		**39,388**	**29,838**
Long Term Loans	14	141,489	153,025
Shareholders Loan	14	120,783	118,921
Deferred Tax Liabilities	15	14,866	16,016
Contingent liability reserve	16	1,035	1,035
Employee Termination Benefits	17	2,312	2,381
Other Non Current Liabilities		—	—
TOTAL NON CURRENT LIABILITIES		**280,485**	**291,378**
Commercial External Payables	18	77,639	45,270
Other Payables	19	12,820	10,157
Current Portion on Loans	14	14,326	8,038
Bank Overdrafts	14	20,971	16,423
TOTAL CURRENT LIABILITIES		**125,756**	**79,888**
TOTAL LIABILITIES		**406,241**	**371,266**
TOTAL EQUITY & LIABILITIES		**445,629**	**401,104**

Z Beta S.à r.l.

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2010 and 2009

In thousands of Euro	Notes	Year ended December 31, 2010	Year ended December 31, 2009
NET SALES	20	**259,940**	**211,480**
Cost of sales	21 - 23	200,434	156,296
GROSS PROFIT		**59,506**	**55,184**
Gross Profit %		**22.9%**	**26.1%**
Overheads	22 - 23	23,768	23,482
Other Expenses/(Income)	24	(2,336)	(2,322)
EBITDA BEFORE NON-RECURRING TRANSACTIONS		**38,074**	**34,024**
Ebitda before non recurring transactions %		**14.6%**	**16.1%**
Depreciation, amortization and write-downs	25	12,977	11,939
EARNINGS BEFORE INTEREST & TAXES & NON RECURRING TRANSACTIONS		**25,097**	**22,085**
Ebit and non recurring transactions %		**9.7%**	**10.4%**
Cost (Income) from non-recurring transactions	26	1,836	2,164
EARNINGS BEFORE INTEREST & TAXES		**23,261**	**19,921**
Financial (Income)/Expense	27	23,735	26,277
PROFIT BEFORE TAXES		**(474)**	**(6,356)**
Income Taxes	28	5,685	7,504
NET INCOME		**(6,159)**	**(13,860)**
Net Income %		−2.4%	−6.6%
Minority Interest	29 - 13	1,268	1,526
GROUP NET INCOME		**(7,427)**	**(15,386)**
EARNINGS PER SHARE			
Basic (euro)	30	**(13.3)**	**(27.5)**
Diluted (euro)	30	**(13.3)**	**(27.5)**

Z Beta S.à r.l.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2010 and 2009

In thousands of Euro	Notes	Yaer ended December 31, 2010	2009
NET INCOME		**(6,159)**	**(13,860)**
OTHER COMPREHENSIVE INCOME ITEMS			
VARIATION CASH FLOW HEDGE RESERVE		1,379	(1,207)
TAX EFFECT		(379)	332
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(5,159)**	**(14,735)**
MINORITY		1,268	1,526

Z Beta S.à r.l.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As of and for the year ended December 31, 2010 and 2009

iii) SHAREHOLDERS EQUITY MOVEMENTS

In thousands of Euro	Share Capital	Share Premium	Legal Reserve	Retained Earnings	Currency Transl. Reserve	Cash Flow Reserve	Profit/(Loss) for the Period	Total Group Equity	Minority Interest	Total Equity
Ending Balance as of December 31, 2008	**5,500**	**20,682**	**550**	**(1,239)**	**(3,663)**	**(3,566)**	**(25,159)**	**(6,895)**	**4,552**	**(2,343)**
Previous Year Profit Allocation	—	—	—	(25,159)	—	—	25,159	—	—	—
Equity Increase	8,500	37,937	850	—	—	—	—	47,287	—	47,287
Currency Translation Variance	—	—	—	—	(57)	—	—	(57)	(171)	(228)
Variation cash flow Hedge reserve	—	—	—	(143)	—	(875)	—	(1,018)	—	(1,018)
Profit/(Loss) for the Period	—	—	—	—	—	—	(15,386)	(15,386)	1,526	(13,860)
Ending Balance as of December 31, 2009	**14,000**	**58,619**	**1,400**	**(26,541)**	**(3,720)**	**(4,441)**	**(15,386)**	**23,931**	**5,907**	**29,838**
Previous Year Profit Allocation	—	—	—	(15,386)	—	—	15,386	—	—	—
Equity Increase	—	9,242	—	—	—	—	—	9,242	—	9,242
Currency Translation Variance	—	—	—	—	4,945	—	—	4,945	522	5,467
Variation cash flow Hedge reserve	—	—	—	—	—	1,000	—	1,000	—	1,000
Profit/(Loss) for the Period	—	—	—	—	—	—	(7,427)	(7,427)	1,268	(6,159)
Ending Balance as of December 31, 2010	**14,000**	**67,861**	**1,400**	**(41,927)**	**1,225**	**(3,441)**	**(7,427)**	**31,691**	**7,697**	**39,388**

On November 19, 2010 the sole shareholder of the Company contributed:

(a) a portion of its outstanding interest claim under the loan amounting to €9,131 thousand to the share premium account of the Company;

(b) a portion of the accrued interest for an amount of €111 thousand.

Therefore the total amount of the Capital contribution is €9,242

Z Beta S.à r.l.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2010 and 2009

In thousands of Euro	Year ended December 31, 2010	Year ended December 31, 2009
EARNINGS BEFORE INTEREST & TAXES & NON RECURRING TRANSACTIONS	**25,097**	**22,085**
Depreciation and Amortization	12,977	11,939
Restructuring Costs & Other Non-Recurring	(1,836)	(12,007)
Other Non-Cash Provisions	(348)	1,251
(A) TOT. CASH INFLOW	**35,890**	**23,268**
Inventories (inc)/dec	(16,372)	6,176
Trade Recivables (inc)/dec	(1,076)	(1,398)
Trade Payables (inc)/dec	28,595	(3,052)
Other Working Capital (inc)/dec	(794)	(1,843)
(B) TOT. WORKING CAPITAL CHANGE	**10,353**	**(117)**
(C) Income Tax (Paid) / Reimbursed	**(5,334)**	**(2,141)**
(D)=(A+B+C) OPERATING CASH FLOW	**40,909**	**21,010**
Fixed intangible assets	1,670	1,412
Fixed tangible assets	13,175	7,037
(E) TOT. CAPITAL EXPENDITURES	**14,845**	**8,449**
(F) Other L/T Liabilities Movements	**(179)**	**(31)**
(G) Investments	**216**	**(1,288)**
(H)=(D-E+F-G) CASH FLOW GENERATED	**25,669**	**13,818**
Total interest and Other Financial Costs Paid	(10,384)	(11,720)
Other financial movements	(1,032)	(2,218)
(I) FINANCIAL MOVEMENTS	**(11,416)**	**(13,938)**
(L)=(H+I) NET FINANCIAL POSITION CHANGE	**14,253**	**(120)**
(M) BANK & LOANS MOVEMENTS	**(703)**	**3,939**
(N)=(L+M) TOT. NET CASH FLOW IN/(OUT)	**13,550**	**3,819**
Cash and Bank beginning of the period	17,028	13,209
Cash and Bank period end	30,578	17,028
Variation	**13,550**	**3,819**

Z Beta S.à r.l.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2010 and for the year ended December 31, 2010 and 2009

I) INTRODUCTION

Z Beta S.à r.l. (''Z Beta'' or the ''Company'') is a Luxembourg holding company incorporated on October 11, 2006 as a ''société à responsabilité limitée'' for an unlimited period of time, subject to the general company law. It is controlled by Z Alpha S.A., a Luxembourg holding company incorporated on October 11, 2006.

The registered office of the Company is 28, boulevard Royal, L-2449 Luxembourg.

These consolidated financial statements of Z Beta and its subsidiaries (the ''Group'') as of and for the year to December 31, 2010, include the balance sheet, income statement, statements of comprehensive income, statement of cash flow, statement of changes in shareholders' equity and the explanatory notes and are presented in thousands of Euro, unless otherwise stated.

We are the leading global supplier of air care and insecticide devices by revenue. We primarily sell our products to fast-moving consumer goods companies, such as Reckitt Benckiser, Procter & Gamble and [Redacted]. We operate as a ''one-stop-shop,'' offering our customers global solutions and services covering the entire value chain from product innovation and development to manufacturing and delivery. We leverage a common technology platform relating to dispensing devices, such as electric plug-ins and aerosol devices, across our product categories.

Z Beta is included in the consolidated financial statements of DH Z S.à r.l. which is the undertakings which draws up the consolidated accounts of the largest body of undertakings of which the company forms a part as a subsidiary undertaking. The registered office of DH Z. S.à r.l. is 28, boulevard Royal, L-2449 Luxembourg and the consolidated accounts can be obtained at such address.

II) BASIS OF PREPARATION

The Company originally approved consolidated financial statements as of and for the year ended December 31, 2010 on 16th June 2011. In November 2012 the Group commenced a process relating to the potential issuance of senior secured notes. No changes on figures and dates have been made considering that no adjusting subsequent event as defined in IAS 10 arose. In connection with such process, the Company has prepared a new version of the consolidated financial statements as of and for the year ended December 31, 2010, by integrating information which had previously been included in the management report attached to such financial statements. These new consolidated financial statements as of and for the year ended December 31, 2010 have been prepared for inclusion in the offering memorandum prepared in connection with the Group's issuance of senior secured notes. These new consolidated financial statements have been approved by the Board of Directors on December 20, 2012.

The consolidated financial statements as of and for the year ended December 31, 2010 have been prepared in compliance with IFRS, issued by the International Accounting Standards Board and approved by the European Commission, which are in force at the date of preparation of the financial statements.

The main accounting standards applied consistently with the standards applied for the preparation of the original consolidated financial statements, are explained below.

The balance sheet presents current and non-current assets and liabilities separately, based on the expectation of the realisation of the asset or extinction of the liability within the normal business operating cycle, assumed to be 12 months from the balance sheet date.

The income statement is presented classifying the costs by destination.

The statement of cash flow has been prepared using the indirect method.

III) COVENANTS AND GOING CONCERN

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The financial performance of the Group can be impacted by many factors, including market conditions, exchange rates, weather conditions and overall demand from key customers. Management has determined that there are no circumstances which would indicate that the Company could not continue to operate as a going concern for at least the twelve months from the balance sheet date. For any further details with reference to the respect of the covenants refer to Note 37.

IV) CONSOLIDATION AREA

The consolidated financial statements as of and for the year ended December 31, 2010 include the financial statements, of Z Beta and of the following entities:

Entity	Country	% ownership	Shareholding (d) direct (i) indirect	Currency	Share Capital (thousands)	Consolidation Method
Z Gamma B.V.	The Netherlands	100%	d	Euro	18	Line-by-line
Zobele Holding S.p.A.	Italy	100%	d	Euro	882	Line-by-line
Palma Electronic S.r.L.	Italy	100%	i	Euro	130	Line-by-line
Zobele International B.V.	The Netherlands	100%	i	Euro	1,350	Line-by-line
Zobele España, S.A.U.	Spain	100%	i	Euro	790	Line-by-line
Zobele Bulgaria EooD	Bulgaria	100%	i	Leva	5	Line-by-line
Zobele México, S.A. de C.V.	Mexico	95%	i	US$	1,983	Line-by-line
Industrial Support Team, S.A. de C.V.	Mexico	100%	i	PMX	100	Line-by-line
Zobele Instruments Co. Ltd.	China	80%	i	RMB	24,928	Line-by-line
Zobele Asia Pacific Ltd.	Hong Kong	80%	i	HK$	7,790	Line-by-line
ZAE Industrial Co. Ltd.	Hong Kong	45%	I	HK$	500	Line-by-line
ZAE Plastic Metal Co. Ltd	China	45%	i	US$	700	Line-by-line
Zobele do Brazil Ltda	Brazil	100%	i	BR$	1,000	Line-by-line
Zobele India Pvt. Ltd.	India	100%	i	INR	10,000	Line-by-line
Coil Master SDN. BHD.	Malaysia	29%	i	MYR	N.A.	Equity

The consolidation area in 2010 was unchanged compared to the prior year.

The financial statements used in the consolidation were those prepared for approval by the shareholders' meetings. Financial statements of the subsidiaries have been prepared in compliance with IFRS.

Shareholdings in controlled companies

Full line-by-line consolidation is applied to companies in which the Group exercises control (controlled companies), as a result either of directly or indirectly owning the majority of the shares with the right to vote or of exercising a dominant influence, demonstrated by the power to determine, even indirectly, the financial and operating policies of the companies, obtaining the relative benefits, irrespective of shareholding relationships. The existence of potential voting rights which can be exercised at the date of the financial statements is considered for the purpose of determining control.

Controlled companies are consolidated from the date on which control is acquired and deconsolidated as from the date on which control ceases.

Business combination operations, through which control of a company is acquired, are accounted for using the purchase method, under which assets and liabilities acquired are initially measured at their

IV) CONSOLIDATION AREA (Continued)

market value at date of purchase. The difference between that value and purchase cost, if positive, is allocated to goodwill. Purchase cost is calculated on the basis of fair value, at the date of purchase.

During consolidation using the full line-by-line method the following are eliminated:

- accounts payable and receivable existing between companies included in the consolidation, income and expenses relating to transactions between those same companies, as well as gain and losses resulting from operations between these companies relative to values included on the balance sheet;
- intercompany profits in inventories have been eliminated in the consolidation process;
- also dividends paid from subsidiaries to the Group holding companies have been eliminated in the consolidation process;
- that part of shareholders' equity of subsidiary companies which is attributable to minority shareholders is entered as a specific item in shareholders' equity called ''Minority interest in shareholders' equity''. The portion of consolidated result relating to shares held by third parties is entered as an item called ''Minority interest in the (profit)/loss for the year'';
- conversion into Euro of the financial statements of foreign subsidiaries is made using financial year end exchange rates for assets and liabilities and rates of exchange which approximate to the average for the financial year for items in the income statement.

Shareholdings in associated companies

Shareholdings in companies over which a significant influence is exercised (''associated companies''), which is presumed to be the case when the percentage of shares held is between 20% and 50%, are valued by the equity method. As a consequence of using this method, the book value of the shareholding is aligned with shareholders' equity.

The share of result made by the associated companies, after acquisition, is entered in the profit and loss account, while movements in reserves subsequent to acquisition are entered in reserves in shareholders' equity. When the Group share of losses in an associated company equals or exceeds the amount of its holding in that company, the value of its shareholding is reduced to zero and the Group does not book further losses relating to its share, unless and to the extent that the Group is responsible for them. Unrealised profits and losses generated by transactions with associated companies are eliminated in proportion to the percentage of the Group's shareholding in those companies.

Other shareholdings in which the ownership percentage is less than 20%, or 10% if listed, or over which the Group exercises no significant influence, are valued at cost of purchase or subscription, net of write-downs relating to any losses considered likely to have a lasting effect on the value of the shareholdings concerned.

Valuation at cost is maintained, even though higher than that resulting from the equity method, provided that expected future income or implicit capital gains included in the shareholdings allow recovery of the higher accounting value to be expected.

Translation of foreign currency accounts and financial statements

Identification of the functional currency

Amounts in the income statement and balance sheet of each Group company are entered in the currency of the primary economic environment in which the entity operates (functional currency). The Group consolidated financial statements are prepared in Euro, which is the functional currency of the Parent Company.

IV) CONSOLIDATION AREA (Continued)

Translation of financial statements in currencies other than the functional currency

The rules for translation of financial statements in foreign currencies to the functional currency are as follows:

— assets and liabilities are translated using financial year-end closing exchange rates;

— costs, sales, expenses and income are translated at the average rate for the period;

— the ''translation reserve'' holds both exchange differences generated by translating income statement and balance sheet at different exchange rates, and those generated by translation of opening beginning balances at a different exchange rate;

— goodwill and adjustments resulting from the fair value associated with the acquisition of a foreign

entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate for the period.

Exchange rates used for translation of financial statements in foreign currencies other than Euro for the year end 2010 are shown below:

Currency	Average exchange rate for the year ended December 31, 2010	Exchange rate as of December 31, 2010
USD—US Dollar	1,3255	1,3362
PMX—Mexican Peso	16,7327	16,5299
BRL—Brazilian Real	2,3308	2,2273
HK$—Hong Kong Dollar	10,2973	10,3856
RMB—Renminbi	8,9698	8,8220
INR—Indian Rupia	60,5878	59,7580
BGN—Bulgarian Leva	1,9558	1,9558

The exchange rates for the year ended December 31, 2009 were as follows:

Currency	Average exchange rate for the year ended December 31, 2009	Exchange rate as of December 31, 2009
USD—US Dollar	1,3948	1,4406
PMX—Mexican Peso	18,7975	18,8136
BRL—Brazilian Real	2,7656	2,5066
HK$—Hong Kong Dollar	10,8114	11,1709
RMB—Renminbi	9,5259	9,8350
INR—Indian Rupia	67,3525	67,0400
BGN—Bulgarian Leva	1,9558	1,9558

V) SUMMARY OF ACCOUNTING POLICIES

Revenue recognition

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenues can be reliably measured. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods.

Provisions for returns and allowances for customer rebates are provided for in the same period as the related revenues are recorded. Shipping and handling costs are included as a component of cost of products sold net of amounts recovered through billings to customers.

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

Income and expenses

Income is recognised in the income statement when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

Expense is recognised in the income statement when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Tangible assets

Tangible assets are entered in the balance sheet at cost of acquisition or internal production, including directly attributable ancillary costs, net of cumulative depreciation.

Any interest costs referred to construction of tangible fixed assets are charged to the income statement. Plant and machinery may include parts with different useful lives. Depreciation is calculated on the useful life of each individual part; in the event of replacement, new parts are capitalised to the extent that they meet the criteria for entry as assets, and the book value of the parts replaced is eliminated from the balance sheet. The residual value and useful life of assets are reviewed at least at every financial year-end and if, independently of depreciation already recorded, an impairment loss occurs calculated on the basis of application of IAS 36, the fixed asset is written down accordingly; if, in future years, the reasons for the write-down no longer apply, its value is restored.

Ordinary maintenance costs are expensed in the income statement when incurred, while maintenance costs which increase the value of assets are allocated to the relative assets and depreciated over their residual useful lives.

Leases in which the lessor substantially retains the risks and rewards associated with ownership of the assets are classified as operating leases. Operating lease costs are recognised as an expense in the income statement on a straight-line basis over the term of the leasing contract.

Depreciation charged to the income statement has been calculated on a systematic and straight-line basis, at rates considered to be representative of the estimated useful economic and technical life of the assets.

The principal annual depreciation rates applied are the following:

#	CATEGORY	Life in Years	Annual Rate
1	LAND	—	—
2	BUILDING	30	3,33%
3	INSTALLATIONS	10	10%
4	GENERAL EQUIPMENT	10	10%
5	PRODUCTION MACHINERY	8,33	12%
6	MOULD	4	25%
7	GENERAL TOOLING	3	33,3%
8	OFFICE EQUIPMENT & FURNITURE	10	10%
9	HARDWARE/ELECTRONIC OFFICE EQUIPMENT	5	20%
10	TELECOMMUNICATION EQUIPMENT	5	20%
11	MATERIAL HANDLING EQUIPMENT	5	20%
12	CARS AND TRUCKS	4	25%

Land is not subject to depreciation.

Assets under construction are measured at cost, including directly attributable expenses.

The tangible asset depreciation related to the assets acquired through the Business Combination, are based on the residual useful life estimated by the appraisal of an independent advisor.

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets are measured at cost of acquisition or internal production, including directly attributable ancillary costs.

The cost of an internally generated intangible asset includes only those expenses which can be directly attributed to the asset as from the date when the asset meets the criteria to be classified as an intangible asset. After initial recognition, intangible assets are recorded at cost, net of accumulated amortization and any impairment losses calculated as set out in IAS 36.

Research and development costs are recorded as expenses into the income statement as incurred.

Assets under construction are measured at cost, including directly attributable expenses.

Intangible assets are subject to amortization unless they have undefined useful lives. Amortization is applied systematically over the useful life of the intangible asset in accordance with estimated future economic use. The residual value at the end of the useful life is assumed to be zero unless there is a commitment from third parties to buy the asset at the end of its useful life or if there is an active market for the asset. The directors review the estimated useful lives of intangible assets at every financial year-end.

The main annual amortization rates applied are in the following ranges:

#	CATEGORY	Life in Years	Annual Rate
1	SOFTWARE AND LICENSES	3	33,3%
2	PATENTS	3	33,3%
3	TRADE MARKS	10	10%
4	OTHER INTANGIBLES	5	20%

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition accounting method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill, acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash Generating Units (CGU's), or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses relating to goodwill cannot be reversed in future periods. The annual impairment test is performed at the end of each financial year.

Financial receivables and assets

Initially, all financial assets are measured at cost, which is equivalent to the amount paid including transaction costs. The classification of financial assets determines their subsequent valuation, which is as follows:

— financial assets held for trading: these are recorded on the basis of fair value, unless this cannot be reliably determined, in which casethey are measured at cost, adjusted for any impairment losses; gains and losses are charged to the income statement;

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

— held-to-maturity investments, loans receivable and other financial receivables: these are reported on the basis of amortized cost net of write-downs made for any impairment losses; gains and losses relating to this type of asset are taken to the income statement when the investment is eliminated at the due date or when a permanent impairment loss arises;

— loans and receivables: these are non-derivative financial instruments, with fixed and definable payments, not listed in an active market. They are classified within current assets, with the exception of those with expiry dates beyond twelve months after the date of the financial statements, in which instance they are classified as non-current assets Such assets are measured at cost amortized using the effective interest method. Any losses in value resulting from the impairment test are taken to the income statement. In particular, trade receivables, are initially measured at fair value . A provision for doubtful receivables is created when there is objective evidence that the full value of the receivable may not be recoverable. Accruals to the provision for doubtful receivables are recorded in the income statement.

— available-for-sale financial assets: these are measured at fair value, with gains and losses on subsequent re-measurement recognised in a reserve within shareholders' equity. If the fair value of these assets cannot be measured reliably, they are measured at cost, adjusted for any losses in value. If it is no longer appropriate to classify an investment as ''held-to-maturity'' following a change of intention or of capacity to hold it until maturity, it must be reclassified as ''available-for-sale'' and measured at fair value. The difference between the book value and fair value remains in shareholders' equity until the financial asset is sold or otherwise transferred, in which case it is charged to the income statement.

Financial assets are de-recognized from the balance sheet when the right to receive cash flows from the instrument is extinguished and the Group has transferred all risks and rewards relative to the instrument.

Derivative instruments

Derivative instruments are used for hedging purposes in order to reduce the interest rate risks. Consistent with IAS 39 requirements, derivative financial instruments may be recorded using the hedge accounting method only when, at inception of the hedge, there is formal designation and documentation of the hedge itself, the hedge is expected to be highly effective, the effectiveness can be measured and the hedge is highly effective throughout the various accounting periods for which it is designated.

All derivative financial instruments are measured at fair value.

If hedge accounting cannot be applied, the gain and losses deriving from measurement of the derivative financial instrument at fair value is recorded in the income statement.

Inventories

Stocks of raw and consumable materials are measured at the lower of purchase cost, including ancillary expenses, calculated using the weighted average cost method, and estimated realizable value (equivalent to replacement cost), based on market prices at the end of the period.

Finished and semi-finished products are valued at the production cost. This cost includes both raw materials and direct production costs based on normal operating capacity.

Where the estimated realizable value is less than the production cost, the inventory is written down to estimated realizable value and a provision for inventory obsolescence is accrued. The accrual to this provision is recorded directly in the income statement.

Cash and cash equivalents

Cash and cash equivalent include cash in hands and short-term high liquidity investments.

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

Employee termination benefits

Employee termination indemnities (including Italian TFR) are subject to actuarial valuation using the projected unit credit method, discounted to present value using a rate of interest which reflects the market yield on the securities issued by leading companies, with maturities equal to that expected for the liability; the calculation considers TFR to have already matured for employee services already performed.

The amount related to the benefits matured by the employees during the year has been considered as labour cost. The financial component for the actualization process has been classified as below financial expenses.

Income Tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The same principle applies for the recording of deferred tax assets for tax losses carried forward.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax assets and liabilities are classified under non-current assets and liabilities in the balance sheet.

Deferred tax assets and deferred tax liabilities are offset within the same entity if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Contingent liability reserves

The Group makes accruals only when a current obligation exists for a future outflow of economic resources as a result of past events, and when it is probable that this outflow of economic resources will be required to settle the obligation, and the amount of the same can be reasonably estimated.

The amount accrued in the accounts is the best estimate of the expense required to completely extinguish the current obligation.

Any restructuring costs are recognized when the Group has drawn up a detailed restructuring plan and has communicated it to interested parties.

Financial liabilities

Loans are initially measured at fair value net of directly related costs and are subsequently measured using the effective interest method. If there is a change in expected cash flows and the management is

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

able to reliably estimate this, the value of the loans is recalculated to reflect the expected change in cash flows.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Loans are removed from the balance sheet when they are extinguished and the Group has transferred all risks and charges relative to the instrument.

Current liabilities are carried at nominal value or at the amount repayable. Non-current liabilities are carried at amortized cost.

Translation of foreign currency operations

Elements in currencies other than the functional currency, both monetary (liquid assets, assets and liabilities which will be paid in set or determinable amounts of cash etc.), and non-monetary (payments on account to suppliers of goods and/or services, goodwill, intangible assets etc.), are initially recorded at the exchange rate at the date when the transaction takes place.

Subsequently, monetary items are translated to the functional currency on the basis of exchange rates at the date of the financial statements and exchange differences are taken to the income statement. Non monetary items are maintained at the historic rate of exchange except in the case of a persistent unfavourable trend in the reference exchange rate. The accounting treatment of differences (to the income statement or Currency translation reserve) follows that applied for changes in value of the related items.

Earnings per share

Basic

Earnings per share is calculated dividing the profit or loss attributable to the Group by the weighted average of the ordinary shares outstanding during the period.

Diluted

Diluted earnings per share is calculated dividing the profit or loss attributable to the Group by the weighted average of ordinary shares outstanding during the year, excluding any treasury shares. To calculate diluted earnings per share, the weighted average of the shares outstanding is modified assuming the conversion of all the potential shares having a dilutive effect, while the Group's net profit is adjusted to take into account the effects of the conversion, net of tax.

VI) USE OF ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRSs requires assumptions and estimates to be made which have an effect on the carrying amounts of recognized assets and liabilities, income and expenses and contingent liabilities. Assumptions and estimates are generally based on uniform useful lives of assets, impairment tests, in particular for goodwill, accounting and measurement policies for provisions and the probability of future tax benefits, in particular with regard to tax loss carry forward. The actual figures may in some cases differ from the assumptions and estimates. Changes are recognized in income statement as and when better information is available.

We indicate below the critical accounting estimates used in finalizing the financial statements and the interim accounting reports because they involve significant recourse to subjective judgements, assumptions and estimates.

VI) USE OF ESTIMATES (Continued)

Impairment testing

Tangible fixed assets and intangible assets are impaired in value when events or changed circumstances indicate that the value recorded in the balance sheet is not recoverable. The impairment is calculated by comparing the book value with the relative recoverable value, represented by the greater of fair value, net of disposal costs, and the value in use, calculated by discounting to present value expected cash flows deriving from use of the asset, net of disposal costs.

Expected cash flows are quantified in the light of information available when the estimate is made, on the basis of subjective opinions on the trend of future variables—such as prices, costs, growth rates of demand and production profiles—and discounted to present value using a rate which takes into account the risk inherent in the asset in question.

With reference to the impairment test of the Goodwill, consistent with last year, the following approaches have been adopted:

- the analyses have been performed on the Enterprise Value level and have been based on the approach of the Value in Use;
- the identified CGUs (Air Freshener and Insecticide) are the smallest identifiable group of assets that generates cash inflows from continuing use, and are largely independent of the cash inflows from other assets or groups of assets;
- the CGUs are in line with last year;
- the Value in Use has been determined using the Discounted Cash Flow (DCF) methodology, which states that the economic value of the invested capital is equal to the present value of the following components:
  - sum of net operating cash flows generated in each year of the explicit forecast period;
  - the terminal value, understood as the cash flows the company will be able to generate beyond the explicit forecast period.
  - WACC (weighted average cost of capital) has been used as a discount rate for both CGUs.

Provisions

The Group makes accruals mainly connected to employee benefits and legal and tax disputes.

Restructuring

The Group recognises liabilities for employee severance and other costs in connection with a restructuring programme once it meets certain recognition criteria.

The requirements are that the Group has made a commitment to a plan, that this plan has been announced and its benefits communicated, and that the timescale for completion means that significant changes are unlikely. The liabilities recognised represent management's best estimate of a programme's cost, but involve the use of assumptions and estimates with regard to the timing and scale of costs to be incurred. The actual expenditure required may differ as a programme is implemented.

We highlight that during the year no restructuring plan have been planned and/or scheduled.

Deferred taxes

The recording of deferred tax assets is made on the basis of profit expectations in future years. The valuation of expected profits for the purpose of recording deferred tax depends on factors which can change over time and have significant impacts on the valuation of the deferred tax assets.

VI) USE OF ESTIMATES (Continued)

Estimate of fair value

The fair value of financial instruments listed in an active market is based on prices quoted on the date of the financial statements. The fair value of financial instruments not traded in an active market is calculated by valuation techniques. Various techniques are used and assumptions are based on market conditions at the date of the financial statements. In particular, the fair value of interest rate swaps is calculated on the basis of the present value of future cash flows.

Pensions

Accounting for pensions and post-retirement benefit plans requires the use of estimates and assumptions regarding numerous factors, including discount rate, rate of return on plan assets, mortality and employee turnover. Actual results may differ from the Group's actuarial assumptions, which may have an impact on the amount of reported expense or liability for pensions or post retirement benefits.

VII) ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION

Summarized below are the international financial reporting standards, interpretation and amendments to the existing standards and interpretations or specific provisions included in standards or interpretations approved by the IASB, with an indication of EU adoption status as at the date of these December 2010 Consolidated Financial Statements.

The further additional standard, interpretation and amendments approved by the IASB between the balance sheet date and the date of the approval have no impact on the preparation of these accounts.

Accounting standards and interpretations issued by IASB /IFRIC and endorsed by EU

IAS 24 Revised: By Commission Regulation No. 632/2010 of July 19, 2010 the revised IAS 24 ''Related Party Disclosures'' has been endorsed. The standard: (i) enhances the definition of a related party requiring new cases; and (ii) for transactions between entities related to the same Government, allows to limit quantitative disclosures to significant transactions. The revised standard shall be applied for annual periods beginning on or after January 1, 2011.

IFRIC 19: By Commission Regulation No. 662/2010 of July 23, 2010 IFRIC 19 ''Extinguishing Financial Liabilities with Equity Instruments'' (hereinafter IFRIC 19) has been endorsed. The interpretation defines the accounting treatment to adopt when a financial liability is settled by issuing equity instruments to the creditor (debt for equity swaps). In particular, equity instruments issued to extinguish a liability in full or in part, are measured at their fair value or, if fair value cannot be reliably measured, at the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued shall be recognized in the profit or loss account. IFRIC 19 provisions shall be applied for annual periods beginning on or after July 1, 2010 (for Z Beta: 2011 financial statements).

By Commission Regulation No. 149/2011 of February 18, 2011, ''Improvements to IFRSs'' have been endorsed. The document includes only changes to the existing standards and interpretation with a technical and editorial nature. The provisions come into effect starting from 2011.

Accounting standards and interpretations issued by IASB/IFRIC and not yet been endorsed by EU

IFRS 9: On November 12, 2009 IASB issued IFRS 9 ''Financial Instruments'' which changes recognition and measurement criteria of financial assets and their classification in the financial statements. In particular, new provisions require, inter alia, a classification and measurement model of financial assets based exclusively on the following categories: (i) financial assets measured at amortized cost; and (ii) financial assets measured at fair value. New provisions also require that investments in equity instruments, other than subsidiaries, jointly controlled entities or associates, shall be measured at fair

VII) ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION (Continued)

value with effects taken to the profit and loss account. If these investments are not held for trading purposes, subsequent changes in the fair value can be recognized in other comprehensive income, even if dividends are taken to the profit and loss account. Amounts taken to other comprehensive income shall not be subsequently transferred to the profit or loss account even at disposal.

In addition, on October 28, 2010 the IASB added to IFRS 9 the requirements on the accounting for financial liabilities. In particular, new provisions require, inter alia, that if a financial liability is measured at fair value through profit or loss, subsequent changes in the fair value attributable to changes in the own credit risk shall be presented in the other comprehensive income; the component related to own credit risk is recognized in profit and loss account if the treatment of the changes in own credit risk would create or enlarge an accounting mismatch. IFRS 9 provisions shall be applied for annual periods beginning on or after January 1, 2013.

IFRS 7 Revised: On October 7, 2010 the IASB issued Amendment to IFRS 7 ''Disclosures—Transfers of financial assets'', that provides supplementary disclosures on financial instruments, with reference to transfers of financial assets, to describe any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. New provisions shall be applied for annual periods beginning on or after July 1, 2011 (for Z Beta: 2012 financial statements).

Furthermore on May 12, 2011 the IASB issue the following new standards:

- IFRS 10 Consolidated Financial Statements'';
- IFRS 11''Joint Arrangements'';
- IFRS 12 ''Disclosure of Interest in Other Entities''; and
- IFRS 13 ''Fair Value Measurement''.

Also these new standards have not been jet endorsed and the related new provisions shall be applied for annual periods beginning on or after January 1, 2013.

The management is currently reviewing these new IFRS and interpretations to determine the likely impact on the Group's results.

VIII) BALANCE SHEET INFORMATION

NON CURRENT ASSET

1. Net Tangible Assets

The following table sets forth a breakdown of the movements in net tangible assets.

In thousands of Euro	Land & Buildings	Machinery & Installations	Equipment & Toolings	Other assets	Asset under Construction	Total
Historic cost	51,905	81,811	6,118	9,385	3,513	152,732
Depreciation	(7,325)	(60,595)	(5,031)	(6,842)	0	(79,793)
Net Balance at December 31, 2009	**44,580**	**21,216**	**1,087**	**2,543**	**3,513**	**72,939**
Additions	54	9,305	1,602	1,605	609	13,175
Disposals	0	(1,145)	(37)	(43)	0	(1,225)
Depreciation	(704)	(8,955)	(678)	(1,135)	0	(11,472)
Reclassification	0	0	0	0	0	0
Exchange difference	4	2,720	(311)	106	459	2,978
Historic cost	51,963	92,691	7,372	11,052	4,581	167,659
Depreciation	(8,029)	(69,550)	(5,709)	(7,976)	0	(91,264)
Net Balance at December 31, 2010	**43,934**	**23,141**	**1,663**	**3,076**	**4,581**	**76,395**

At the balance sheet date of December 31, 2010, there were no signs which might indicate possible reductions in the value of tangible fixed assets, for which reason, in compliance with IAS 16, no impairment has been considered necessary at that date.

2. Net Intangible Assets

At the balance sheet date of December 31, 2010, there were no signs which might indicate possible reductions in the value of intangible fixed assets, for which reason, in compliance with IAS 36, no impairment has been considered necessary at that date.

In thousands of Euro	Patents & Similar Rights	Licences & Trademarks	Assets under development	Other Intangibles	Total
Net Balance at December 31, 2009	**1,653**	**276**	**442**	**589**	**2,960**
Additions	791	116	354	409	1,670
Disposals	0	0	0	0	0
Depreciation	(913)	(3)	0	(589)	(1,505)
Reclassification	0	0	0	0	0
Exchange difference	363	(9)	(248)	450	556
Net Balance at December 31, 2010	**1,894**	**380**	**548**	**859**	**3,681**

Licences, industrial patents and similar rights consisted mainly of the new patents completion associated with product solutions and costs of acquiring licences used in Group company activities.

3. Goodwill

Doughty Hanson acquired majority control of the Group in December 13, 2006 and for accounting purposes, the business combination has been recorded from January 1, 2007.

Business combinations are accounted for using the acquisition accounting method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

VIII) BALANCE SHEET INFORMATION (Continued)

Tangible assets (Land, Buildings, Machinery and Equipment) have been accounted for at their fair value at the date of acquisition.

Goodwill arises as a non-allocated difference between the cost of acquisition and the subsidiaries equity. The goodwill, initially measured at cost, has been allocated to each of the Group's cash generating units. Each unit represents the markets served by the Group that are expected to benefit the Group by the synergies of the acquisition.

Goodwill, consistently with previous years, is allocated to different business Cash Generating Units (CGU's) in relation to the different business markets in which Group operates. The allocation considered the air-freshener and insecticide market.

At the beginning, the total difference between purchase cost of subsidiaries and equities equal to €235,216 thousand was allocated to:

— land and buildings for an amount equal to €41,857 thousand;

— property and equipment for an amount equal to €13,426 thousand;

— related deferred tax liabilities for an amount equal to €20,005 thousand;

— the residual value of goodwill was equal to €199,938 thousand.

The carrying value of goodwill is sensitive to the projected value of the following assumptions:

— Sales growth;

— First Margin & EBITDA levels, net of tax impact;

— Cash Flow generated;

— Capital expenditure and Working Capital variance.

On an annual basis, Management calculates the forecasted financial performance of the CGU's in order to test if any Goodwill impairment exists. The analysis considers five years forecasted period.

More in detail, the impairment test of the Goodwill, consistent with last year, is based on the following approach:

- the analyses have been performed on the Enterprise Value level and have been based on the approach of the Value in Use;
- the identified CGUs (Air Freshener and Insecticide) are the smallest identifiable group of assets that generates cash inflows from continuing use, and are largely independent of the cash inflows from other assets or groups of assets;
- the CGUs are in line with last year;
- the Value in Use has been determined using the Discounted Cash Flow (DCF) methodology, which states that the economic value of the invested capital is equal to the present value of the following components:
    - sum of net operating cash flows generated in each year of the explicit forecast period;
    - the terminal value, understood as the cash flows the company will be able to generate beyond the explicit forecast period.
- WACC (weighted average cost of capital) has been used as a discount rate for both CGUs.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

VIII) BALANCE SHEET INFORMATION (Continued)

The following table summarizes the movement of the goodwill in the last two years:

In thousands of Euro	
Net Balance at December 31, 2008	**202,415**
Additions	—
Impairment	—
Other movements	(172)
Exchange differences	9
Net Balance at December 31, 2009	**202,252**
Additions	—
Impairment	—
Other movements	—
Exchange differences	(164)
Net Balance at December 31, 2010	**202,088**

The 2010 impairment review, based on the above CGU's future financial performances, confirmed the goodwill carrying value.

Management believes that no reasonable change in any of the CGU's key assumptions would cause the carrying value to materially exceed its recoverable amount.

In the impairment test we have considered a Growth rate of 2% and a WACC of 8,96%. Different assumptions in the growth rate and in the WACC would impact on the Enterprise value of the Company (based on which the impairment of the goodwill is based) as showed in the table below (in Euro million):

Enterprise Value Sensitivity g / WACC

442.6	9.32%	9.07%	8.8%	8.57%	8.32%
2.50%	435.6	453.4	472.6	493.4	516.0
2.25%	422.4	439.1	457.0	476.4	497.4
2.00%	410.2	425.8	442.6	460.7	480.3
1.75%	398.7	413.4	429.2	446.2	464.5
1.50%	388.0	401.9	416.8	432.7	449.8

The above sensitivity analysis can be also analyzed for the two single CGU's.

Air-Fresheners:

Enterprise Value Sensitivity g / WACC

285.2	9.32%	9.07%	8.8%	8.57%	8.32%
2.50%	280.7	292.0	304.3	317.6	332.0
2.25%	272.3	282.9	294.4	306.7	320.1
2.00%	264.5	274.4	285.2	296.7	309.2
1.75%	257.2	266.6	276.6	287.5	299.1
1.50%	250.3	259.2	268.7	278.9	289.8

VIII) BALANCE SHEET INFORMATION (Continued)

Insecticides:

Enterprise Value Sensitivity g / WACC

157.4	9.32%	9.07%	8.8%	8.57%	8.32%
2.50%	154.9	161.3	168.3	175.8	184.0
2.25%	150.1	156.2	162.7	169.7	177.3
2.00%	145.7	151.4	157.4	164.0	171.1
1.75%	141.5	146.9	152.6	158.7	165.3
1.50%	137.7	142.7	148.1	153.8	160.0

Capital expenditure has been judged a factor managed and controlled by the company and not influenced by the market trend.

The focus in analyzing the goodwill allocation is on the growth and on the first margin, as EBITDA and cash flow generated are directly linked to these key performance indicators.

4. Other Investments

In thousands of Euro Entity	Country	Owned %	Purchased Cost	Reserve	Net Value at 31 December 2010
Coil Master SDN. BHD.	Malaysia	29%	39	(39)	—

The above investments have been included in the consolidated financials using the equity method. In 2010 Zobele SC Investment has completely paid back as reimbursement of the capital. The amount of €8 thousand reported in the balance sheet is related to other minor investment.

5. Deferred Tax Assets

Temporary timing differences have been calculated between balance sheet values and values for tax purposes. The amounts of deferred tax assets for which recovery is expected within or beyond the next financial year is as follows:

In thousands of Euro	As of December 31, 2009	P&L movements	Equity movements	As of December 31, 2010
Non current	5,294	(244)	(451)	4,599
Current	1,676	(459)	72	1,289
Total deferred tax assets	**6,970**	**(703)**	**(379)**	**5,888**

VIII) BALANCE SHEET INFORMATION (Continued)

The composition of deferred tax assets in the financial years at December 31, 2010 is shown in the table below, where the effects on the income statement and balance sheet, and any reclassifications are summarised.

In thousands of Euro	As of December 31, 2009	P&L movements	Change in tax rate (P&L)	Equity movements	As of December 31, 2010
Derivative instruments	1,123	(38)	—	(451)	634
Inventory	—	—	—	—	—
Provisions	83	(27)	—	—	56
Fixed-asset depreciation	2,107	(877)	—	—	1,230
Carry-forward losses	1,451	—	—	—	1,451
Other	530	698	—	—	1,228
Total non current	**5,294**	**(244)**	**—**	**(451)**	**4,599**
Derivative instruments	562	—	—	72	634
Inventory	333	(10)	—	—	323
Provisions	148	(110)	—	—	38
Fixed-asset depreciation	146	259	—	—	405
Carry-forward losses	—	—	—	—	—
Other	487	(598)	—	—	(111)
Total current	**1,676**	**(459)**	**—**	**72**	**1,289**
Total	**6,970**	**(703)**	**—**	**(379)**	**5,888**

The deferred tax assets related to the mark to market variance of the derivative instruments (negative for €379 thousand) was not recorded in the income statement but was recorded in the equity in connection to the variation of the cash flow reserve.

6. Other Non Current Assets

The following table sets forth a breakdown of other non current assets:

In thousands of Euro	As of December 31, 2010
Receivables from non consolidated entities	423
Deposits	386
Total other non current assets	**809**

CURRENT ASSETS

7. Net Inventories

The following table sets forth a breakdown of net inventories:

In thousands of Euro	As of December 31, 2010	As of December 31, 2009
Raw materials & Consumables	23,722	13,724
Semi-finished Goods	9,779	5,318
Finished goods	12,586	9,143
Reserve	(733)	(1,093)
Total Net Inventories	**45,354**	**27,092**

VIII) BALANCE SHEET INFORMATION (Continued)

The increase in net inventories is related to the increased volumes and in particular:

— the increase in raw material stock connected with the launch of new products in 2011;

— the increase in the strategic components stock, difficult to find on the market.

Movements in the inventory obsolescence reserve were as follows:

In thousands of Euro	Reserve for raw and consumable materials	Reserve for work in progress and contract work in progress	Reserve for finished goods	Total Inventory obsolescence reserve
Inventory obsolescence reserve as of December 31, 2009	**(296)**	**—**	**(797)**	**(1,093)**
Used	216	—	400	**616**
Additions	0	—	(29)	**(29)**
Exchange difference	(20)	—	(207)	**(227)**
Inventory obsolescence reserve as of December 31, 2010	**(100)**	**—**	**(633)**	**(733)**

8. Commercial External Receivables

The following table sets forth a breakdown of commercial external receivables:

In thousands of Euro	As of December 31, 2010	As of December 31, 2009
Commercial external receivables		
Trade receivables	65,332	63,660
Bills receivable (accepted and unaccepted)	2,550	16
Receivables with the lawyer	541	70
Invoices to be issued	1,120	(268)
Bad debt provision	(780)	(768)
Total commercial external receivables	**68,763**	**62,710**
Receivables from ZALPHA	588	451
Total commercial receivables	**69,351**	**63,161**

At the end of December 2010 the Group used the without-recourse factoring facility for a total amount of €7,894 thousand.

The movement in bills receivables is related to bills which matured in January 2011.

Receivables from ZALPHA are cash advances from Z Beta to its parent.

The following table sets forth a breakdown of movements in the provision for doubtful receivables:

In thousands of Euro	As of December 31, 2010	As of December 31, 2009
Bed debt provision at December 31, 2009	**(768)**	**(1,026)**
Used	244	375
Additions	(256)	(117)
Bed debt provision at December 31, 2010	**(780)**	**(768)**

VIII) BALANCE SHEET INFORMATION (Continued)

Commercial external receivables were divided as follows according to their expiration date and related provisions:

In thousands of Euro	As of December 31, 2010	As of December 31, 2009
Current	61,169	53,007
Overdue from 0 to 30 days	3,189	4,518
Overdue from 31 to 60 days	1,320	2,721
Overdue from 61 to 90 days	756	530
Overdue from 91 to 180 days	1,099	1,147
Overdue more than 181 days	2,598	2,006
Bad debt provision	(780)	(768)
Total Commercial Receivables	**69,351**	**63,161**

9. Income Tax Receivables

Income tax receivables amounted to €616 thousand and include the net provision for current taxes accrued on the profits of the companies.

10. Other Receivables

The following table sets forth a breakdown of other receivables:

In thousands of Euros	As of December 31, 2010	As of December 31, 2009
V.A.T.	6,881	4,655
Advance payements	1,954	1,552
Prepaid	176	180
Other	1,850	852
Total other receivables	**10,861**	**7,239**

The VAT receivables relates to the following countries:

In thousands of Euro	As of December 31, 2010	As of December 31, 2009
Mexico	3,737	2,391
Italy	1,400	1,068
China	617	124
Bulgaria	470	368
Spain	474	644
Other	183	60
Total V.A.T.	**6,881**	**4,655**

Advance payments are mainly related to fixed assets suppliers.

Other receivables are mainly related to rebate from suppliers.

VIII) BALANCE SHEET INFORMATION (Continued)

The following table sets forth a breakdown of commercial and other receivables at December 31, 2010 by currency:

In thousands of Euro	Amounts in local currency as of December 31, 2010	Exchange rate at year end	Amounts in Euro as of December 31, 2010
Euro (EURO)	22,821	1.0000	22,821
US Dollar (US$)	63,805	1.3362	47,751
Mexican Peso (PMX)	70,825	16.5299	4,285
Brasilian Real (BR$)	2,390	2.2273	1,073
Hong Kong Dollar (HK$)	4,316	10.3856	416
Renminbi (RMB)	14,543	8.8220	1,648
Indian Rupial (NR)	74,427	59.7580	1,245
Bulgarian Leva (BGN)	1,076	1.9558	550
Pound (GBP)	283	0.8608	329
Australian Dollar (AUD)	151	1.6008	94
Commercial receivables			*69,351*
Other receivables			*10,861*
Total commercial and other receivables			**80,212**

11. Cash and Banks

The following table sets forth a breakdown of cash and banks by currency:

In thousands of Euro	Amounts in local currency as of December 31, 2010	Exchange rate at year end	Amounts in Euro as of December 31, 2010
Euro (EURO)	5,856	1.0000	5,856
US Dollar (US$)	30,158	1.3362	22,570
Mexican Peso (PMX)	4,079	16.5299	247
Brasilian Real (BR$)	114	2.2273	51
Hong Kong Dollar (HK$)	4,030	10.3856	388
Renminbi (RMB)	1,778	8.8220	202
Indian Rupia (INR)	58,922	59.7580	986
Bulgarian Leva (BGN)	544	1.9558	278
Pound (GBP)	—	0.8608	—
Total cash and banks			**30,578**

The balance at December 31, 2010 includes cash in hand and temporary availability in bank current accounts.

12. Group Equity

Share Capital and Share premium account

The subscribed capital, amounting to €14,000 thousand is represented by 560,000 shares with a nominal value of €25 fully paid and fully owned by Z Alpha S.A.

The share premium reserve amounted to €67,861 thousand as of December 31, 2010. On November 19, 2010 the shareholder of the Company approved to convert into equity :

- A portion of the outstanding interest under the shareholders loan for an amount of €9,131 thousand and a portion of accrued interest for an amount of €110 thousand. As a result, the share premium reserve increased by a total of €9,142 thousand during 2010.

VIII) BALANCE SHEET INFORMATION (Continued)

We highlight that all the shares of the Z Beta S.à r.l. are pledged in favour of a bank pursuant to a pledge agreement dated December 13, 2006 described in the following Note 14.

Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

As at December 31, 2010, the legal reserve amounts to €1,400 thousand.

Currency Translation Reserve

The currency translation includes the effects of translating the financial statements of the following subsidiaries into Euro:

Entity	Country	Currency
Zobele Bulgaria EooD	Bulgaria	Lev
Zobele México, S.A. de C.V.	Mexico	USD
Industrial Support Team, S.A. de C.V.	Mexico	PMX
Zobele Instruments Co. Ltd.	China	RMB
Zobele Asia Pacific Ltd.	Hong Kong	HK$
ZAE Industrial Co. Ltd.	Hong Kong	HK$
Zobele do Brazil Ltda	Brazil	BR$
Zobele India Pvt. Ltd.	India	INR

The movements in the year are summarised in the ''Consolidated Statement of Changes in Shareholders Equity'' and are mainly attributable to the Mexican subsidiaries, which prepare their financial statements in USD.

13. Equity of Minority Interests

The following table sets forth a breakdown of minority interests as of December 31, 2010:

In thousands of Euro Entity	Country	% Minority	Equity as of 31 December 2010	Net Result of the year	Tot Minority Interests
Zobele México, S.A. de C.V.	Mexico	5%	1,071	171	1,242
Zobele Asia Pacific Ltd.	Hong Kong	20%	3,971	435	4,406
ZAE Industrial Co. Ltd.	Hong Kong	45%	1,387	662	2,049
Zobele Instruments Co. Ltd.	China	20%	*	*	*
ZAE Plastic Metal Co. Ltd	China	45%	*	*	*
Total Minority Interests			**6,429**	**1,268**	**7,697**

* *Included in Zobele Asia Pacific Ltd. Figures*

For the year movement refer to the Shareholders Equity Movements

VIII) BALANCE SHEET INFORMATION (Continued)

NON CURRENT LIABILITIES

14. Long Term Loans current and non-current, shareholder loan and bank overdraft (financial liabilities)

The following table sets forth a breakdown of the Group's total financial liabilities as of December 31, 2010:

In thousands of Euro	As of December 31, 2010	Current as of December 31, 2010	Non current as of December 31, 2010
Bank loan	151,207	12,022	139,185
Shareholder loan	120,783	—	120,783
Bank overdraft (Revolving)	20,700	20,700	—
Other	4,879	2,575	2,304
Total financial liabilities	**297,569**	**35,297**	**262,272**

The following table sets forth a breakdown of the maturity of the Group's total financial liabilities as of December 31, 2010:

In thousands of Euro	Total as of December 31, 2010	Long term over 5 years	Medium term between 1 to 5 years	Short term till 1 year
Term Loan A	46,678	—	34,101	12,577
Term Loan B	55,752	—	55,752	—
Term Loan C	55,752	—	55,752	—
Transaction costs	(6,975)	—	(6,420)	(555)
	151,207	**—**	**139,185**	**12,022**
Revolving credit facility	20,700	—	—	20,700
Shareholder's loan	120,783	120,783	—	—
Leasing liabilities	9	—	—	9
Fair value on IRS	4,608	—	2,304	2,304
Other financing	262	—	—	262
Total financial liabilities	**297,569**	**120,783**	**141,489**	**35,297**

The following table sets forth certain contractual details of the financial liabilities:

In thousands of Euro	Total as of December 31, 2010	Last due date	Nominal interest rate
Term Loan A	46,678	December 31, 2013	Euribor + 2,00%
Term Loan B	55,752	December 31, 2014	Euribor + 2,375%
Term Loan C	55,752	December 31, 2015	Euribor + 2,750%
Revolving credit facility	20,700	December 31, 2012	Euribor + 2,000%

The revolving credit facility is for an amount of €24.7 million, of which €20.7 million had been utilised as of December 31, 2010.

Term Loan and Revolving Credit Facility

After the acquisition by Doughty Hanson, the Group obtained three long term loans from a syndicate of banks (Term Loan A, B and C), as well as a revolving credit facility. Term Loans A, B and C (together the ''Term Loan'') were used to re-finance the existing debt at that time and to support the acquisition. The Revolving Credit Facility is used for working capital requirements. The term loans had differing repayment schedules with final repayment of Term Loan A on December 31, 2013, Term Loan B on December 31, 2014 and Term Loan C on December 31, 2015. The Term Loan agreements included certain covenants based on EBITDA, total net debt, total interest costs, capex and cash flow which were

VIII) BALANCE SHEET INFORMATION (Continued)

required to be measured on a quarterly basis. For additional information with reference to the covenants compliance refer to Note 36.

The Term Loan is guaranteed as follow:

- Shares of the main Subsidiaries: Z Beta S.à r.l., Zobele Holding S.p.A., Zobele Bulgaria EooD, Zobele International, Z Gamma B.V.
- Mortgage over Buildings in Trento (owned by Zobele Holding S.p.A.) equivalent to €40.9 million
- Pledge over Machinery (owned by Zobele Holding S.p.A., Zobele Bulgaria EooD and Zobele México, S.A. de C.V.) equivalent to €5.0 million
- Pledge over Intellectual Properties (Patents owned by Zobele Holding S.p.A. and Zobele España, S.A.U.)
- Pledge on the aggregate value of account receivables of Zobele México, S.A. de C.V.

Shareholders loan

Shareholders loan relates to financing provided to Z Alpha S.A. for a initial amount of €109,200 thousand. This loan bears interest at the rate of 10.125% and matures on December 13, 2055.

As at January 1, 2010, the total amount of this loan was €118,921 thousand including accrued interest of €667 thousand.

As previously mentioned, on November 19, 2010 the sole shareholder of the Company contributed:

- a portion of its outstanding interest claim under the loan amounting to €9,131 thousand to the share premium account of the Company;
- a portion of the accrued interest for an amount of €111 thousand, for a total amount of €9,242 thousand.

On December 13, 2010 accrued interest for an amount of €11,171 thousand was recorded as part of the loan.

As of December 31, 2010 the total amount of the shareholders loan was €120,783 thousand including accrued interest of €600 thousand.

The above mentioned movements are summarized in the following table:

In thousands of Euro	
Principal of the loan	118,254
Accrued interest	667
January 1, 2010	**118,921**
Portion of the loan	(9,131)
Portion accrued interest	(111)
Total Shareholders contribution	(9,242)
Year Interest on Dec. 13, 2010	11,171
Accrued interest (above included)	(667)
Total accrued interest capitalized	10,504
Accrued Interest on Dec. 31, 2010	600
December 31, 2010	**120,783**

VIII) BALANCE SHEET INFORMATION (Continued)

Fair value on IRS (Interest Rate Swap)

In 2007 the Group entered into interest rate swaps for a total notional amount of €100,000 thousand whereby the Group swaps floating rate interest payments for fixed interest. The maturity of the interest rate swaps is June 29, 2012.

As of December 31, 2010 the interest rate swap had a negative fair value of €4,608 thousand. The details of the interest rate swap are as follows:

Trade Date	January 9, 2007
Effective Date	June 29, 2007
Termination Date	June 29, 2012
Notional Amount	€100,000,000
Fixed Rate and payer	4.4875% Act/360 by the Group
Payment Date Fixed Rate	Every 29/12 29/6 from December 31, 2007 till June 29, 2012 subject to Following Business Convention
Floating rate and payer	6 months Euribor act/360—Bayerische Hypovereinsbank—Munich
Payment Date Floating Rate	Every 29/12 29/6 from December 31, 2007 till June 29, 2012 subject to Following Business Convention
Additional payment at trade date	€1,852,000 in favour of the Group value January 11, 2007

IAS 39 requires all derivatives to be measured at fair value on the balance sheet, with changes in fair value being accounted for through profit or loss, except for derivatives that qualify as effective hedging instruments in a cash flow or a net investment hedge.

Therefore the Group verifies periodically if this IRS has the characteristics to be considered as a hedging instrument and in particular the test requested by IFRS is performed in order to ascertain if the condition +/− 80% to 120% of hedging of the underlying debt is respected.

Until July 1, 2010 the hedging relationship was satisfied and the Group applied hedge accounting. From July 1, 2010 the hedging relationship was no longer satisfied and from that date hedge accounting has been discontinued.

Therefore, in compliance with IAS 39, the cumulative gain or loss on the hedging instrument which has been recognized in other comprehensive income (Cash Flow Reserve) from the period when the hedge was effective until it was no longer effective is maintained separately in shareholders equity until the forecast transaction occurs (termination date of IRS June 29, 2012) and partially reversed to income statement considering the remaining days until the termination date.

In thousands of Euro	As of December 31, 2009	Continuance 1 Jan - 30 Jun	June 30, 2010	Discontinuance Partial Reverse	Discontinuance 1 Jul - 31 Dec	As of December 31, 2010
Long Term loans	(4,084)	916	(3,168)	—	*1,632*	(1,536)
Current loans	(2,042)	(1,126)	(3,168)	—	*95*	(3,073)
Loans	**(6,126)**	**(210)**	**(6,336)**	**—**	***1,727***	**(4,609)**
Def. Tax assets long	1,123	(252)	871	—	*(449)*	422
Def. Tax assets current	562	310	871	—	*(26)*	845
Deferred tax assets	**1,685**	**58**	**1,742**	**—**	***(475)***	**1,267**
Cash flow reserve	**4,441**	**153**	**4,594**	**(1,153)**	**—**	**3,441**
Income Statement	**—**	**—**	**—**	**1,153**	**(1,252)**	**(99)**

VIII) BALANCE SHEET INFORMATION (Continued)

The following table sets forth a breakdown of financial liabilities by currency at December 31, 2010:

In thousands of Euro	Amounts in local currency as of December 31, 2010	Exchange rate at year end	Amounts in Euro as of December 31, 2010
Euro (EURO)	165,525	1.0000	165,526
US Dollar (US$)	15,046	1.3362	11,261
Mexican Peso (PMX)	—	16.5299	—
Total financial liabilities			**176,786**
Long Term Loans			*141,489*
Current Portion on Loans			*14,326*
Bank Overdrafts			*20,971*
Total			**176,786**

15. Deferred Tax Liabilities

The amounts of deferred tax liabilities for which recovery is expected within or beyond the next financial year is as follows:

In thousands of Euro	As of December 31, 2009	P&L movements	Equity movements	As of December 31, 2010
Non current	14,707	(456)	—	14,251
Current	1,309	(694)	—	615
Total deferred tax liabilities	**16,016**	**(1,150)**	**—**	**14,866**

Temporary timing differences have been calculated between balance sheet values and values for tax purposes

VIII) BALANCE SHEET INFORMATION (Continued)

The following table sets forth a breakdown of deferred tax liabilities:

In thousands of Euro	As of December 31, 2009	P&L movements	Change in tax rate (P&L)	Equity movements	As of December 31, 2010
Financial instruments	1,150	(297)	—	—	853
Employee termination benefits	66	14	—	—	80
Fixed assets	13,377	(173)	—	—	13,204
Other	114	—	—	—	114
Total non current	**14,707**	**(456)**	**—**	**—**	**14,251**
Financial instruments	50	(7)	—	—	43
Employee termination benefits	—	—	—	—	—
Fixed assets	1,249	(681)	—	—	568
Other	10	(6)	—	—	4
Total current	**1,309**	**(694)**	**—**	**—**	**615**
Total deferred tax liabilities	**16,016**	**(1,150)**	**—**	**—**	**14,866**

16. Contingent liability reserve

The Group has recorded a provision for an amount of €1,035 thousand as of December 31, 2010 and 2009 related to some unresolved tax situations within the Group. There were no movements in the provision during 2010.

17. Employee Termination benefits

Following legislative changes which came into force in Italy in the first half of 2007 (reform of ''*Trattamento di Fine Rapporto*'' hereinafter TFR—employee termination indemnity), company obligations to employees, relative to amounts of TFR accumulated to January 1, 2007, are no longer considered as a defined benefits plan and are instead considered to be a defined contribution plan.

The movements due to accruals in the period and utilisation for employee terminations were as detailed below:

In thousands of Euro	As of December 31, 2010
Opening balance	**2,381**
Cost of services provided	139
Actuarial (gain) / loss 2010	(21)
Utilisation for employee terminations	(187)
Total employee termination benefit	**2,312**

VIII) BALANCE SHEET INFORMATION (Continued)

The principal actuarial assumptions used were the following:

	As of December 31, 2010	As of December 31, 2009
Discount rate	4,50%	4,45%
Inflation rate	2,00%	2,00%
Rate of increase in wages and salaries	3,00%	3,00%

CURRENT LIABILITIES

18. Commercial External Payables

The following table sets forth a breakdown of commercial external payables by entity as of December 31, 2010 and 2009:

In thousands of Euro	As of December 31, 2010	As of December 31, 2009
Zobele México, S.A. de C.V.	33,267	21,691
Zobele Asia Pacific Ltd.	22,707	8,915
Zobele Holding S.p.A.	10,634	6,962
Zobele España, S.A.U.	2,485	2,416
Zobele Bulgaria EooD	6,175	3,422
Palma Electronic S.r.L.	1,372	1,012
Zobele India Pvt. Ltd.	766	588
Z Beta S.à r.l.	61	106
Zobele do Brazil Ltda.	172	158
Total commercial external payables	**77,639**	**45,270**

The Group does not have significant concentration of commercial payables with one or more suppliers.

The increase in commercial payables is due to:

— inventory dynamics, see comment on Note 7;

— renegotiation of term of payments with the principal suppliers.

19. Other Payables

The following table sets forth a breakdown of other payables as of December 31, 2010 and 2009.

In thousands of Euro	As of December 31, 2010	As of December 31, 2009
V.A.T.	682	190
Payroll payable	4,003	3,175
Payables social security institutes	1,506	1,240
Employee tax deductions	2,174	483
Payables to customers	624	367
Payable from acquisitions	800	1,600
Accrued Expenses	2,415	2,002
Other	616	1,100
Total other payables	**12,820**	**10,157**

VIII) BALANCE SHEET INFORMATION (Continued)

The payable from acquisitions is connected to the purchase of 25% minority shares of Air Free System S.L.

The following table sets forth a breakdown of commercial and other payables by currency as of December 31, 2010.

In thousands of Euro	Amounts in local currency as of December 31, 2010	Exchange rate at year end	Amounts in Euro as of December 31, 2010
Euro (EURO)	41,441	1.0000	41,441
US Dollar (US$)	54,310	1.3362	40,645
Mexican Peso (PMX)	83,340	16.5299	5,042
Brasilian Real (BR$)	346	2.2273	155
Hong Kong Dollar (HK$)	9,604	10.3856	925
Renminbi (RMB)	85,108	8.8220	9,647
Indian Rupia (INR)	49,013	59.7580	820
Bulgarian Leva (BGN)	5,558	1.9558	2,842
Pound (GBP)	37	0.8608	43
SGD Dollar (SGD)	1,381	2.2727	608
Commercial External Payables			*77,639*
Other Liabilities and Tax			*24,529*
Total commercial external payables and other liabilities tax			**102,168**

IX) INCOME STATEMENT INFORMATION

20. Net sales

Net sales by market In thousands of Euro	Year ended December 31, 2010	Year ended December 31, 2009	Variance
Air care	177,375	135,770	30.6%
Pest control	72,103	68,910	4.6%
Others	10,462	6,800	53.9%
Total net sales	**259,940**	**211,480**	**22.9%**

Net sales by product type In thousands of Euro	Year ended December 31, 2010	Year ended December 31, 2009	Variance
Refill	100,839	77,618	29.9%
Device	58,510	49,127	19.1%
Set	77,122	62,469	23.5%
Others	23,469	22,266	5.4%
Total net sales	**259,940**	**211,480**	**22.9%**

IX) INCOME STATEMENT INFORMATION (Continued)

Net sales by geographic area In thousands of Euro	Year ended December 31, 2010	2009	Variance
North America	133,577	92,910	43.8%
Europe	87,059	86,792	0.3%
Asia Pacific	23,668	16,887	40.2%
Africa-M East	8,145	9,722	(16)%
South America	7,491	5,169	44.9%
Total net sales	**259,940**	**211,480**	**22.9%**

The increase in net sales is mainly due to the air care market growth, in particular sells in spray/aerosol and electric air fresheners have had a strong increase in respect of 2009.

Air-care products represent 68% of sales (64% in 2009).

As a global player, Group sells its products worldwide. The two main markets are Europe, representing 33% (41% in 2009) of net sales, and North America, 51% (44% in 2009).

21. Cost of Sales

The following table sets forth a breakdown of cost of sales:

In thousands of Euro	Year ended December 31, 2010	2009
Materials	154,057	125,461
Director Labor Costs	17,848	11,923
Subcontractor	4,522	1,879
Power	2,240	1,571
Indirect Manufacturing	6,326	4,687
Maintenance	4,638	2,948
Logistic and Purchases	8,659	5,944
Quality Control	1,592	1,572
Commission	552	311
Total cost of sales	**200,434**	**156,296**

Costs of sales has been affected by some inefficiency due to volatility in the flow orders in Europe and to start up of new project.

22. Overheads

The following table sets forth a breakdown of overheads:

In thousands of Euro	Year ended December 31, 2010	2009
General and Administration	13,834	13,347
Sales and Marketing	4,658	4,205
R&D	3,864	4,429
Operation	1,616	1,711
Other costs/ (income)	(204)	(210)
Total overheads	**23,768**	**23,482**

IX) INCOME STATEMENT INFORMATION (Continued)

23. Personnel Costs

The following table sets forth a breakdown of personnel costs:

In thousands of Euro	Year ended December 31, 2010	Year ended December 31, 2009
Wages and salaries	29,111	23,204
Social charges	6,028	5,119
Employee termination indemnity and pension found accruals	859	879
Other costs	288	238
Total personnel costs	**36,286**	**29,440**

The personnel costs are recorded in the Income Statement as follows:

In thousands of Euro	Year ended December 31, 2010	Year ended December 31, 2009
Cost of sales	21,992	15,909
Overheads	14,294	13,531
Total personnel costs	**36,286**	**29,440**

Personnel costs increased mainly due to:

- the overall headcounts increase of 8%;
- new managers hired to reinforce plant's organization;
- Zobele Mexico and Zobele China have been affected by salary increase of direct labor as a consequence of trade-union renegotiation.

24. Other Expense/(Income)

The following table sets forth a breakdown of other income and expense

In thousands of Euro	Year ended December 31, 2010	Year ended December 31, 2009
Non operating profit	—	(830)
Other income	(1,894)	(1,476)
Exchange rate gains	(2,682)	(4,114)
Exchange rate losses	2,240	4,098
Total other (Income)/Expenses	**(2,336)**	**(2,322)**

Other income consist mainly in recharge of samples, write off of scraps material, project cancelation and reworking.

Gains/(losses) on foreign exchange transactions reflected both exchange differences realized in the period and the effect of translating receivables and payables at the yearend exchange rate.

IX) INCOME STATEMENT INFORMATION (Continued)

25. Depreciation, Amortization and Write-downs

The following table sets forth a breakdown of depreciation, amortization and write-downs:

In thousands of Euro	Year ended December 31, 2010	2009
Patent similar and rights	913	810
Licences and trademarks	3	122
Other intangible assets	589	18
Total amortizations of intangible assets	**1,505**	**950**
Land and buildings	704	706
Machinery and installations	8,955	8,652
Equipment and toolings	678	771
Other intangible assets	1,135	860
Total amortizations of tangible assets	**11,472**	**10,989**
Total depreciations, amortizations and write-downs	**12,977**	**11,939**

26. Costs from non recurring transactions

Costs from non-recurring transactions are related to i) the change of CEO. On December 2010 the CEO Mr Eliaz Poleg left the Company and Mr Roberto Schianchi was appointed as CEO of the Group; ii)The reallocation of the plant of Zobele México, S.A. de C.V. from the old building to the new bigger one.

27. Financial (Income)/Expense

The following table sets forth a breakdown of financial income and expense:

In thousands of Euro	Year ended December 31, 2010	2009
Interest income	90	58
Other financial income	42	537
Total financial income	**132**	**595**
Interest expenses—Bank overdraft	(497)	(480)
Interest expenses—Long term loans	(11,616)	(12,487)
Interest expenses—Shareholders loans	(11,104)	(13,415)
Interest expenses on leasing and other	(650)	(490)
Total finacial expenses	**(23,867)**	**(26,872)**
Total financial (Income)/Expenses	**(23,735)**	**(26,277)**

As previously mentioned, a portion of the interest under the amounting to €9,242 thousand to the share premium account of the Company. As a consequence, interests on shareholders decrease against the year ended December 31, 2009. For more details see Note 14.

IX) INCOME STATEMENT INFORMATION (Continued)

28. Income Taxes

The following table sets forth a breakdown of income tax expense:

In thousands of Euro	Year ended December 31, 2010	2009
Income taxes	5,237	5,137
Deferred taxes variance	448	2,799
Deferred taxes variance—reclassification	—	—
Change in tax rate trough profit and loss	—	(432)
Total income taxes	**5,685**	**7,504**

Income taxes are related to the accruals for 2010 income taxes that Z Beta and its subsidiaries paid in 2010 and will pay during 2011 related to 2010 results.

For further details relating deferred taxes, please refer to balance sheet sections.

The reconciliation between the theoretical tax charge and that shown in the income statement is as follows:

In thousands of Euro	Year ended December 31, 2010	
Consolidated profit before taxes	(474)	
Current income taxes (Group average tax rate)	(119)	25%
Permanent differences in tax calculation	3,361	
Differences in tax calculation on italian interest expenses	2,443	
Actual tax charge in the profit and loss account	**5,685**	

The average actual rate of tax on the profit reflected both the different tax regime in some foreign subsidiaries and the effect of taking account of deferred tax assets associated with prior year tax losses.

29. Minority Interests

For net result related to the minorities, see Note 13.

30. Earnings per share

Earnings per share has been calculated for the year 2010 by dividing group net income or loss by the number of ordinary shares issued. During the year ended December 31, 2010, there were no potential dilutive instruments in issue, accordingly there were no dilution effects and diluted earnings per share coincides with basic earnings per share.

X) OTHER DISCLOSURES

31 Financial Risks and IFRS 7 Disclosures

The Group maintains a policy of minimising financial risks that could have an impact on the financial situation and cash flows of the Group.

These risks are as follows:

a) credit risk

b) liquidity risk

c) market risk (foreign exchange risk, interest rate risk, commodity price risk, other prices risk)

X) OTHER DISCLOSURES (Continued)

The responsibility for the creation and supervision of a managerial system of financial risks of the Group is the responsibility of the Board of Directors. The formalization of this policy is ongoing, although procedures are already in place to identify, analyze and monitor the exposures of the Group.

Credit risk

Credit risk is linked to a possibility of loss for the Group following a non payment of an obligation from third parties.

For the Group this risk is mainly related to the risk of default by one of its customers.

The business strategies to manage this risk are:

- Regarding the cash at disposal, the Group chooses to work with primary national and international banks.
- Regarding trade receivables the Group works mainly with investment grade rated customers. The credit risk for remaining customers is covered by credit insurance with the exception of a number of long established customers in markets where it is difficult to obtain credit insurance.
- For new customers without an investment grade rating the strategy is to obtain credit insurance or else to request advanced payment.
- For customers to which the Group has agreed specific payment terms and the delivery of products is concentrated in a short time, it is normal to request a guarantee from banks or from its parent company.
- To better manage credit and liquidity risk, during 2010 the Group entered into a without-recourse factoring agreement for some of the main investment grade rated customers.

For the Group to consider a customer to be investment grade, it must have a minimum rating of BBB. The Group regularly monitors the ratings of its customers and in the event of any downgrade credit terms are agreed with the customer.

As of December 31, 2010, approximately 78% of the Group's trade receivables were with investment rated customers.

Liquidity risk

Liquidity risk, also called funding risk, is linked to the possibility of the Group having difficulty in obtaining funds in order to be able to meet their obligations.

After the acquisition by Doughty Hanson, the Group obtained three term loans from a syndicate of banks, as well as a revolving credit facility and the possibility to get additional facilities with local banks.

The term loans were used to re-finance the existing debt, whilst the revolving credit facility is used for working capital requirements.

The Group also entered into without-recourse factoring agreements for some of the main investment grade rated customers.

Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk, arising from the potential variation in the value of a financial instrument resulting from fluctuations in the exchange value of foreign currencies.

The main currencies of the Group are Euro and US Dollars. The Group has a minor portion of revenues in Canadian Dollars, British Pounds and Australian Dollars. Most of the sales by the Chinese and Mexican

X) OTHER DISCLOSURES (Continued)

Subsidiaries are in US Dollars. The Asian and Mexican subsidiaries also pay the majority of their material purchases in US Dollars. As a result, sales in US Dollars are to a large extent offset by US Dollar expenses. The other subsidiaries' sales are mostly in Euro, with the largest part of costs in Euro or Euro pegged currencies.

On a consolidated basis the Group's transactional foreign exchange risk is low, primarily as a result of the natural hedge of our foreign currency income and expenses. Transactional foreign exchange risk arises when our group entities execute transactions in currencies other than their functional currency. The Group has trade payables and receivables which are denominated in foreign currencies and any significant change in exchange rates could expose us to exchange rates gains and losses. The Group do not consider such exposure to be significant and do not currently use hedging instruments to manage such exposure. The Group's exposure is primarily in the Mexican and Asian subsidiaries, who primarily execute transactions in US Dollars, whilst their functional currency is Mexican Peso and Hong Kong dollar, respectively.

The Mexican branch has a part of the long term loan (loan A) that is expressed in USD that is hedged in term of foreign exchange risk with the credit versus customer that are expressed in the same currency.

Interest rate risk

Interest rate risk is linked to the possibility that a financial instrument and/or the financial flows generated by the same might get a variation in value due to fluctuation of interest rates in the money market.

The Group's financial liabilities with banks bear floating rates of interest, of either ''Euribor Interbank Offered Rate'' Euribor or Rate (mainly for funding in USD).Libor (London Interbank Offered)

In order to partially hedge the risk of increase in floating interest rates, the Group entered into a derivative contract IRS with a primary European bank for Term Loan B and Term Loan C, with maturity date 29 June 2012. Pursuant to the interest rate swap, the Group collects the floating rate and pays a fixed rate.

For further details please refer to Note 14.

Commodity price risk

The Group is exposed to an increase in purchase of materials as a result of an increase in prices in the commodities markets.

The main materials linked to commodities prices that the Group purchases are polypropylene and copper. The prices of these two commodities are very volatile, and for this reason the Group has a policy in place to fix the purchase prices with the suppliers of polypropylene and copper for a period of time, usually between three and six months.

At the end of every year, the procurement division of the Group fixes the prices with the Group's suppliers and, depending on the contractual arrangements with a given customer, any cost variation may be shared with such customer.

Other prices risk

The risk is linked to a variation in the price of listed equity or debt instruments. The Group does not have any investments in listed equity or debt and therefore is not exposed to such risk

X) OTHER DISCLOSURES (Continued)

Financial instruments ex IAS 39: category of risk and fair value

The following table sets forth a breakdown of the Group's financial assets and liabilities by category:

In thousands of Euro	Total as of December 31, 2010	Commercial receivables	Financial receivables	Derivatives through IS	Derivatives through Equity	Other receivables
Other non current assets	809	—	578	—	—	231
Non current assets	**809**	**—**	**578**	**—**	**—**	**231**
Commercial external receivables	69,351	69,351	—	—	—	—
Income tax receivables	616	—	—	—	—	616
Other receivables	10,861	—	—	—	—	10,861
Cash and banks	30,578	—	30,578	—	—	—
Current assets	**111,406**	**69,351**	**30,578**	**—**	**—**	**11,477**

In thousands of Euro	Total as of December 31, 2010	Commercial payable	Financial payable	Derivatives through IS	Derivatives through Equity	Other payable
Long term loans	141,489	—	139,185	—	2,304	—
Shareholder's loan	120,783	—	120,783	—	—	—
Other non current liabilities	—	—	—	—	—	—
Non current liabilities	**262,272**	**—**	**259,968**	**—**	**2,304**	**—**
Commercial external payables	77,639	77,639	—	—	—	—
Restructuring Contingencies	—	—	—	—	—	—
Other payables	12,820	—	—	—	—	12,820
Current portion on Loans and Bank Overdraft	35,297	—	32,993	—	2,304	—
Current liabilities	**125,756**	**77,639**	**32,993**	**—**	**2,304**	**12,820**

As displayed in above table there is the possibility to look at the different category of financial instruments based on the method of valuation and exposure to the risk:

— Financial instruments measured at amortized cost

- Loans to employees
- Commercial receivables
- Cash
- Commercial payables
- Financial liabilities
- Other payables

— Financial instruments estimated at fair value from initial accounting

- Derivative financial assets
- Derivative financial liabilities

Financial instruments estimated at fair value and cash have a very low credit risk. The counterparties for these instruments are highly rated banks.

Customer's credit risks are linked to non payment or late payment of receivables. Given that the credit profile of the customers is good, the Board of Directors considers that the risk of significant loss is low.

X) OTHER DISCLOSURES (Continued)

Supplier payables are linked to the risk that the Group is not able to pay on time invoices due. Given the bank credit lines available to the Group the risk is very low.

Financial liabilities are linked to the funding granted by the banking system.

Following the estimation at fair value of assets and liabilities divided by category, as per IAS 39 indication and regulated by IFRS 7, the method and the main assumptions for estimation:

In thousands of Euro	Total as of December 31, 2010	Derivatives through IS	Derivatives through Equity	IAS 39 receivables	Non IAS 39 receivables
Other non current assets	809	—	—	578	231
Non current assets	**809**	**—**	**—**	**578**	**231**
Commercial external receivables	69,351	—	—	69,351	—
Income tax receivables	616	—	—	—	616
Other receivables	10,861	—	—	—	10,861
Cash and banks	30,578	—	—	30,578	—
Current assets	**111,406**	**—**	**—**	**99,929**	**11,477**

In thousands of Euro	Total as of December 31, 2010	Derivatives through IS	Derivatives through Equity	Ammortised cost liab.	Non IAS 39 payable
Long term loans	141,489	—	2,304	139,185	—
Shareholder's loan	120,783	—	—	—	120,783
Other non current liabilities	—	—	—	—	—
Non current liabilities	**262,272**	**—**	**2,304**	**139,185**	**120,783**
Commercial external payables	77,639	—	—	77,639	—
Restructuring Contingencies	—	—	—	—	—
Other payables	12,820	—	—	—	12,820
Current portion on Loans and Bank Overdraft	35,297	—	2,304	32,993	—
Current liabilities	**125,756**	**—**	**2,304**	**110,632**	**12,820**

The fair value of current assets, supplier payables, current financial liabilities and other liabilities approximates their book value, due to their short term nature.

The interest rate swap is measured at fair value, with the mark to market valuation being performed by the counterparty based on the mid price of the IRS with the same maturity at the end of December 2010. Please refer also to the comments reported in the above Note 14.

Current financial liabilities relating to loans and bank overdrafts are measured at amortized cost.

Additional information on Financial Assets

Commercial external receivables are recorded net of a provision for doubtful receivables. The Group did not consider it necessary to impair any other financial assets or receivables. The Group's maximum exposure to credit risk is the carrying value of the related financial asset.

The following table sets forth a breakdown of the aging of the Group's commercial external receivables.

In thousands of Euro	Total as of December 31, 2010	Overdue written down	Overdue not written down	Not overdue not written down
Gross commercial receivables	70,131	2,598	6,364	61,169
Bad debt provision	(780)	(780)	—	—
Total	**69,351**	**1,818**	**6,364**	**61,169**

X) OTHER DISCLOSURES (Continued)

Based on its experience, the Group does not believe that there is any necessity to make provisions against receivables for amounts which are not yet due.

There are no financial assets that were renegotiated to avoid reductions in value.

In order to reduce the credit risk of non rated customers, the Group purchases credit insurance, requires letters of credit or payment in advance. The amounts covered by insurance and other guaranties at the end of 2010 is equal to €28 thousand.

During the year the Group did not call on any guarantees and did not make any credit insurance claims.

Additional information on Financial Liabilities

The following table sets forth the gross contractual cash flows (including interest payments) of the Group's financial liabilities:

In thousands of Euro	Out flow determinated	Long term over years	Medium term between 1 to 5 years	Short term till 1 year
Long term loans	141,489	—	141,489	—
Shareholder's loan	120,783	120,783	—	—
Other non current liabilities	—	—	—	—
Non current liabilities	**262,272**	**120,783**	**141,489**	**—**
Current portion on loans and bank overdraft	35,297	—	—	35,297
Current liabilities	**35,297**	**—**	**—**	**35,297**

For a better understanding please note that:

- When the creditor has the right to choose the timing of payment of debt, the debt was included in the first period;
- The amounts displayed are the contractual ones, inclusive of interest if applicable;
- The amount of loans at a floating rate was estimated based on Euribor at the end of December 2010.

The funding received from a pool of banks was governed by an agreement that provides for the maintenance of Covenants. For more details see Note 14.

The Group has not issued any financial instruments with debt or equity components and has not defaulted on the interest or capital payments of its financial liabilities.

The Group has a shareholder loan with its parent, (Z Alpha) for an original nominal amount of €109,200 thousand, which bears interest of 10.125%. The Group has the possibility to capitalize the interest as part of the loan principal. The final maturity of this loan is 49 years from December 13, 2006. See Note 14 for further details.

Derivatives

As described in Note 14, the Group entered into interest rate swaps for Term Loan B and Term Loan C. The fair value of such derivative was a liability of €4,609 thousand as of December 31, 2010. The Group does not have any other derivative financial instruments.

Information concerning fair value

The following table presents information of the method applied to determine the fair value of financial instruments designated at fair value. The levels have been defined as follows:

- level 1: quoted prices in active markets;

X) OTHER DISCLOSURES (Continued)

— level 2: technical assessments based on observable market information, either directly or indirectly; and

— level 3: not based on observable market data.

The following table presents liabilities designated at fair value as of December 31, 2010 and 2009 in thousand of Euro:

In thousands of Euro	As of December 31, 2010		
	Level 1	Level 2	Level 3
Derivative financial intruments	—	4,608	—
Total	**—**	**4,608**	**—**

In thousands of Euro	As of December 31, 2009		
	Level 1	Level 2	Level 3
Derivative financial intruments	—	6,126	—
Total	**—**	**6,126**	**—**

Sensitivity Analysis

Currency Exchange rate

The Group operates internationally and therefore is exposed to foreign exchange risk. Most of the Group's net sales are invoiced in Euro or USD, with the Group's European entities invoicing in Euro and the non-European entities invoicing in USD. Similarly, most of the Group's non European entities incur their costs in USD. Therefore, the Group considers that for non European entities there is a natural hedge of net sales and expenses.

The total exposure to foreign exchange risk at December 31, 2010 as follows:

In thousands of Euro	Amounts in local currency as of December 31, 2010	Exchange rate at year end	Amounts in Euro as of December 31, 2010
Euro (EURO)	(178,289)	1.0000	(178,289)
US Dollar (US$)	24,606	1.3362	18,415
Mexican Peso (PMX)	(8,436)	16.5299	(510)
Brasilian Real (BR$)	2,157	2.2273	968
Hong Kong Dollar (HK$)	(1,259)	10.3856	(121)
Renminbi (RMB)	(68,787)	8.8220	(7,797)
Indian Rupia (INR)	84,336	59.7580	1,411
Bulgarian Leva (BGN)	(3,938)	1.9558	(2,013)
Pound (GBP)	246	0.8608	286
SGD Dollar (SGD)	(1,381)	2	(608)
Australian Dollar (AUD)	151	1.6008	94
TOTAL			**(168,164)**

The Group used foreign exchange contracts during the year to hedge exposure on trading activities. There were no foreign exchange derivatives outstanding at the balance sheet date.

X) OTHER DISCLOSURES (Continued)

Regarding the currency rate risk, a variance of the exchange rate of +10% or −10% will result in the following impact:

In thousands of Euro	Euro with change rate + 10%	Further change difference at Profit & Loss	Euro with change rate − 10%	Further change difference at Profit & Loss
US Dollar (US$)	17,133	(1,282)	19,904	1,490
Mexican Peso (PMX)	(507)	3	(513)	(3)
Brasilian Real (BR$)	927	(42)	1,014	46
Hong Kong Dollar (HK$)	(120)	1	(122)	(1)
Renminbi (RMB)	(7,710)	87	(7,887)	(89)
Indian Rupia (INR)	1,409	(2)	1,414	2
Bulgarian Leva (BGN)	(1,916)	98	(2,122)	(108)
Pound (GBP)	256	(30)	324	38
SGD Dollar (SGD)	(582)	21	(635)	(24)
TOTAL		**(1,146)**		**1,351**

Given that the Group presents the consolidated Balance Sheet in Euro there is a translation foreign exchange risk linked to the conversion of the subsidiary Balance Sheets denominated in non-Euro currencies. This risk was not hedged.

Interest rate

Regarding the interest rate risk, the Group loans are linked to a floating rate.

With a movement of the interest curve of +1% or −1% the Group will get a negative or positive impact of €6 million on the interests to pay to the banks over the life time of the financing contracts. This impact if it occurred, would affect future years and not current year. Considering that the Group has entered into an IRS described above, the effect of an interest curve movement is limited to the difference between the total loan and the nominal amount of the IRS that would result in a negative or positive impact of €3 million.

32 Related Party Transactions

All intercompany transactions are conducted at ''arm's length'', including transactions with subsidiaries having minority shareholdings.

In addition, transactions with related parties outside of the Group are conducted at ''arm's length''.

The only related party transaction relates to the shareholder loan provided by the parent. See Note 14 for further details.

33 Compensation

Remuneration and other benefits

We do not pay any compensation or provide any pension, retirement or similar benefits to the Directors of the Company, other than to the Chairman and the Chief Executive Officer respectively.

We compensate our executives in accordance with their respective positions within the Company, our financial performance and industry practice. The aggregate cash compensation paid to the members of senior management for the year ended 31 December 2010 was €0,97 million. This amount included pension accruals as well as bonuses and similar benefits.

X) OTHER DISCLOSURES (Continued)

Bonus plan

Senior management participates with other management in our bonus scheme. The scheme rewards managers for achievement of both individual and collective targets, with collective targets set on measures of earnings before interest, tax, depreciation and amortization (''EBITDA'') and cash flow.

34 Commitments and guarantees

Lease commitments

As of December 31, 2010, the Group had outstanding commitments in connection with rental and lease agreements totaling €8,856 thousand. The following sets forth a breakdown of the minimum payments under agreements to which the Group is a party as of December 31, 2010:

	Less than 1 year	1 to 5 years	More than 5 years	Total
Financial leases	9	0	0	9
Lease and rental obbligations	2,024	6,001	822	8,847
Total	**2,033**	**6,001**	**822**	**8,856**

Financial lease agreements relate to machinery and equipment. The rental and operating lease agreements largely relate to buildings.

Guarantees

As described in Note 14, the Term Loan is secured and pledged on certain Group assets and shares.

35 Contingent liabilities

The Group have not any involvement other than as presented above in any present or foreseeable legal or arbitration proceedings which could have a significant influence on its economic situation.

36 Subsequent events

Loan Financing Amendment and Waiver

The situation of Zobele in the first half of 2011 was characterised by significant liquidity shortage, as a result of increasing debt principal repayments as the facilities approached maturity, and by cash flow covenant issues. The latter were caused by the strong growth in the business (+50% pa in the last two years), which absorbed working capital to finance organic growth and new product launches, and by a significant underperformance at EBITDA level (24% below budget in Q1 '11),

Furthermore, the Company had prepared a new Business Plan (''500 by '15'') which outlined the tremendous growth opportunities existing for Zobele across geographies, customers and categories. The new plan also clearly identified potential cash shortages and covenant issues as a key hurdle to achieve the proposed growth, due to the significant investments in infrastructure, equipment and working capital required. It was clear that without overcoming the existing cash flow issues, the Company would not have been able to take up the substantial business opportunities that existed.

In June 2011, the Company commenced negotiations with the banking syndicate to reschedule the loan repayments and amend the covenants. As of 31 December 2011, the Company met the leverage and interest cover covenants parameter and achieved agreement with the banks on suspension of the cash flow covenant compliance.

The approval for the loan amendment and modification of the covenant parameters was obtained in March 2012. Banks approved a loan amendment request rescheduling the debt repayments and

X) OTHER DISCLOSURES (Continued)

modifying the covenant parameters. The rescheduling resulted in a substantial reduction of cash outflows for debt repayments over 2012-2013 and in a significant extension of the average life of the debt.

Breach of covenant at the testing date of 30 June 2012 and equity cure.

As a result of the trading environment in 2012, the Group would have breached its leverage covenant at the testing date of 30 June 2012 (although it respected the 3 remaining covenants). In such case the facility agreement permitted an ''Equity Cure'' procedure which allowed the shareholders to contribute an amount of up to €10 million, which for the purposes of the covenants, is considered as an increase in EBITDA and applied to the quarter when the breach occurred and to the next four quarters.

In September 2012 the shareholders applied the permitted Equity Cure, contributing an amount of €10 million as an increase in the ''shareholders loan''. Following such equity cure, the covenant breach at 30 June 2012 was cured and covenants compliance at the testing date of 30 September 2012 was met.

Subsequently, the Group has completed a business planning exercise and a new Business Plan has been created that was approved in November 2012 by the Board of Directors of Z Beta S.à r.l. This plan shows improvement in the operating results of the Group , however based on this new business plan, it is possible that the Group may not be in the condition to meet the covenants parameter at the testing date of September 30, 2013.

The Group has commenced a process for the issuance of senior secured notes for the purposes of entirely re-financing the Group's external bank financing, and the Directors remain confident that the notes issuance will be successfully completed in early 2013. This senior notes issue will replace the current financing package and will remove the constraints of the existing financing.

Therefore, despite the risk of a potential covenant breach set out above, the September 2012 Unaudited Interim Condensed Consolidated Financial Statements have been prepared adopting the going concern basis. If for any reason the notes issuance is not successful, the Directors are confident that the existing financing arrangements can be restructured with the existing lenders to take account of the cash generation of the revised business plan.

Notes issuing procedure

In November 2012 the Group commenced activities relating to the potential issuance of senior secured notes for an amount of €180 million, for the purposes of re-financing the existing bank debt. In addition, on or around the date of issuance of the notes, the Group expects to enter into a new revolving credit facility for an amount of €30 million. In connection with the notes issuance, on December 13, 2012, the Company and its sole shareholder entered into a contribution agreement whereby, conditional upon the issue of the notes, Z Alpha S.A. has agreed to contribute all claims under the shareholder loan, together with all interest accrued thereon, up to and as at the issue date of the notes. Accordingly, with effect on and from the issue date, all claims and outstanding interest under the shareholder loan shall be contributed by way of capital contribution to the Company, and the inter-company loan agreement shall be terminated.

Tax assessment

The Italian Tax Auditor, after two tax inspections held in 2011 in respect of Zobele Holding SpA, concerning the tax returns for fiscal years 2006, 2007 and 2008, issued two Tax Audit Report (or ''PVC'', Processo Verbale di Constatazione). The final assessment notice was issued in October 2012 and the Company settled for an amount of €1.4 million.

X) OTHER DISCLOSURES (Continued)

37 Operating segment information

The board of directors is the Group's chief operating decision-maker.

Management has determined the operating segments based on the information reviewed by the board of directors for the purposes of allocating resources and assessing performance, as follows:

— Air fresheners;

— Insecticide.

At the date of the December 2010 consolidated Financial Statements the Board of Directors assess the performance of the operating segments mainly based on *sales* as detailed in the previous Note 21.

Audit report

To the Partners of
Z Beta S.à r.l.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Z Beta S.à r.l. and its subsidiaries (the ''Group''), which comprise the consolidated balance sheet as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the ''Réviseur d'entreprises agréé''

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the ''Commission de Surveillance du Secteur Financier''. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the ''Réviseur d'entreprises agréé'', including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the ''Réviseur d'entreprises agréé'' considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477- TVA LU25482518

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2009, and of the results of its consolidated operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matters

Without qualifying our opinion, we draw attention to note ii) ''basis of preparation'' in the explanatory notes of the consolidated financial statements of Z Beta S.à r.l. as at 31 December 2009, which describes the circumstances of the reissuance of the consolidated financial statements of Z Beta S.à r.l. as at 31 December 2009 with an initial audit report dated 11 June 2010. Due to the process relating to the potential issuance of senior secured notes as described in note ii) ''basis of preparation'' we provide this new audit report on the amended consolidated financial statements of Z Beta S.à r.l. as at 31 December 2009.

Without qualifying our opinion, we draw attention to notes iii) ''Covenants and going-concern'' and 37 ''Subsequent events'' in the explanatory notes of the consolidated financial statements of Z Beta S.à r.l. as at 31 December 2009, which indicates that the Group may breach its bank covenants at 30 September 2013. This indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The note 37 ''Subsequent events'' also includes management's description of the process started to refinance the Group and remove the constraints of the existing financing.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 20 December 2012

Véronique Lefebvre

Z Beta S.à r.l.

CONSOLIDATED BALANCE SHEET

As of December 31, 2009 and 2008

In thousands of Euro	Notes	As of December 31, 2009	As of December 31, 2008
ASSETS			
Net Tangible assets	1	72,939	77,226
Net Intangible assets	2	2,960	2,286
Goodwill	3	202,252	202,415
Other investments	4	149	1,377
Defferred Tax Asset	5	6,970	10,693
Other Non Current Assets	6	424	484
TOTAL NON CURRENT ASSETS		**285,694**	**294,481**
Net Inventories	7	27,092	34,260
Commercial External Receivables	8	63,161	62,021
Income Tax Receivable	9	890	4,099
Other Receivables	10	7,239	7,169
Cash and Banks	11	17,028	13,209
TOTAL CURRENT ASSETS		**115,410**	**120,758**
TOTAL ASSETS		**401,104**	**415,239**
EQUITY AND LIABILITIES			
Share Capital		14,000	5,500
Reserves		55,578	17,666
Retained Earnings		(26,541)	(1,239)
Currency Translation Reserve		(3,720)	(3,663)
Net Income Current Period		(15,386)	(25,159)
TOTAL GROUP EQUITY	12	**23,931**	**(6,895)**
Capital and Reserves of Minority Interest		4,381	3,389
Net Income Current Period of Minority Interest		1,526	1,163
TOTAL EQUITY OF MINORITY INTEREST	13	**5,907**	**4,552**
TOTAL EQUITY		**29,838**	**(2,343)**
Long Term Loans	14	153,025	160,148
Shareholders Loan	14	118,921	152,794
Deferred Tax Liabilities	15	16,016	17,703
Contingent liability reserve	16	1,035	1,035
Employee Termination Benefits	17	2,381	2,366
Other Non Current Liabilities		—	—
TOTAL NON CURRENT LIABILITIES		**291,378**	**334,046**
Commercial External Payables	18	45,270	47,514
Restructuring Contingencies	19	—	9,843
Other Payables	20	10,157	12,783
Current Portion on Loans	14	8,039	1,428
Bank Overdrafts	14	16,422	11,968
TOTAL CURRENT LIABILITIES		**79,888**	**83,536**
TOTAL LIABILITIES		**371,266**	**417,582**
TOTAL EQUITY & LIABILITIES		**401,104**	**415,239**

Z Beta S.à r.l.

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2009 and 2008

In thousands of Euro	Notes	Year ended December 31, 2009	Year ended December 31, 2008
NET SALES	21	**211,480**	**227,344**
Cost of sales	22 - 24	156,296	173,120
GROSS PROFIT		**55,184**	**54,224**
Gross Profit %		**26.1%**	**23.9%**
Overheads	23 - 24	23,482	24,037
Other Expenses/(Income)	25	(2,322)	2,804
EARNINGS BEFORE NON RECURRING TRANSACTIONS		**34,024**	**27,383**
Ebitda before non recurring transactions %		**16.1%**	**12.0%**
Depreciation, amortization and write-downs	26	11,939	15,792
EARNINGS BEFORE INTEREST & TAXES & NON RECURRING TRANSACTIONS		**22,085**	**11,591**
Ebit and non recurring transactions %		**10.4%**	**5.1%**
Cost (Income) from Non-recurring transactions	27	2,164	12,807
EARNINGS BEFORE INTEREST & TAXES		**19,921**	**(1,216)**
Financial (Income)/Expense	28	26,277	25,514
PROFIT BEFORE TAXES		**(6,356)**	**(26,730)**
Income Taxes	29	7,504	(2,734)
PROFIT FROM CONTINUING OPERATIONS		**(13,860)**	**(23,996)**
Net Profit from discontinued operations		—	—
NET INCOME		**(13,860)**	**(23,996)**
Net Income %		**(6.6)%**	**(10.6)%**
Minority Interest	30	1,526	1,163
GROUP NET INCOME		**(15,386)**	**(25,159)**
EARNINGS PER SHARE	31		
Basic (euro)		**(27.5)**	**(114.4)**
Diluted (euro)		**(27.5)**	

Z Beta S.à r.l.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2009 and 2008

In thousands of Euro	Notes	Yaer ended December 31, 2009	2008
NET INCOME		**(13,860)**	**(23,996)**
OTHER COMPREHENSIVE INCOME ITEMS			
VARIATION CASH FLOW EDGE RESERVE		(1,207)	(4,919)
TAX EFFECT		332	1,353
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(14,735)**	**(27,562)**
MINORITY		1,526	1,163

Z Beta S.à r.l.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As of and for the year ended December 31, 2009 and 2008

In thousands of Euro	Share Capital	Share Premium	Legal Reserve	Retained Earnings	Currency Transl. Reserve	Cash Flow Reserve	Profit/(Loss) for the Period	Total Group Equity	Minority Interest	Total Equity
Ending Balance as of December 31, 2007	**5,500**	**20,682**	**550**	**(1,761)**	**(2,052)**	**—**	**522**	**23,441**	**3,649**	**27,090**
Previous Year Profit Allocation	—	—	—	522	—	—	(522)	—	—	—
Consolidation Area Changes	—	—	—	—	—	—	—	—	(434)	(434)
Currency Translation Variance	—	—	—	—	(1,611)	—	—	(1,611)	174	(1,437)
Variation cash flow edge reserve and other movements	—	—	—	—	—	(3,566)	—	(3,566)	—	(3,566)
Profit/(Loss) for the Period	—	—	—	—	—	—	(25,159)	(25,159)	1,163	(23,996)
Ending Balance as of December 31, 2008	**5,500**	**20,682**	**550**	**(1,239)**	**(3,663)**	**(3,566)**	**(25,159)**	**(6,895)**	**4,552**	**(2,343)**
Previous Year Profit Allocation	—	—	—	(25,159)	—	—	25,159	—	—	—
Equity Increase	8,500	37,937	850	—	—	—	—	47,287	—	47,287
Currency Translation Variance	—	—	—	—	(57)	—	—	(57)	(171)	(228)
Variation cash flow edge reserve and other movements	—	—	—	(143)	—	(875)	—	(1,018)	—	(1,018)
Profit/(Loss) for the Period	—	—	—	—	—	—	(15,386)	(15,386)	1,526	(13,860)
Ending Balance as of December 31, 2009	**14,000**	**58,619**	**1,400**	**(26,541)**	**(3,720)**	**(4,441)**	**(15,386)**	**23,931**	**5,907**	**29,838**

On October 31st, 2008, Z Beta has issued 157,600 non-interest bearing convertible loan notes, each with a nominal value of €125, for a principal total amount of €19,700 thousand.

During January 2009, the Share Capital increased by €3,940 thousand for an issue price equal to share nominal value of €25, and the Share Premium Reserve increased by €15,760 thousand due to the premium of €100 per share which has fully paid by Z Alpha S.à r.l through the conversion of convertible loan notes for a total issue price (nominal and premium) of €19,700 thousand.

On December 23, 2009, the Company's shareholders resolved to increase the capital of the Company by an amount of €4,560 thousand by the issuance of 182,400 new shares with a nominal value of €25 each and the Share Premium Reserve increased of €23,027 thousand fully paid by the contribution of part of the claim of the principal amount outstanding of the loan granted by Z Alpha S.à r.l. to the Company.

The total Equity increase for the above mentioned operations is €47,287 thousand as reported in the above table.

Z Beta S.à r.l.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2009 and 2008

In thousands of Euro	Year ended December 31, 2,009	2,008
EARNINGS BEFORE INTEREST & TAXES & NON RECURRING TRANSACTIONS	**22,085**	**11,591**
Depreciation and Amortization	11,939	15,792
Restructuring Costs & Other Non Recurring	(12,007)	(2,664)
Other Non-Cash Provisions	1,251	1,526
(A) TOT. CASH INFLOW	**23,268**	**26,245**
Inventories (inc)/dec	6,176	(991)
Trade Reivables (inc)/dec	(1,398)	(256)
Trade Payables (inc)/dec	(3,052)	7,190
Other Working Capital (inc)/dec	(1,843)	2,784
(B) TOT. WORKING CAPITAL CHANGE	**(117)**	**8,727**
(C) Income Tax (Paid) / Reimbursed	**(2,141)**	**(2,547)**
(D)=(A+B+C) OPERATING CASH FLOW	**21,010**	**32,425**
Fixed intangible assets	1,412	1,313
Fixed tangible assets	7,037	11,667
(E) TOT. CAPITAL EXPENDITURES	**8,449**	**12,980**
(F) Other L/T Liabilities Movements	**(31)**	**(371)**
(G) Investments	**(1,288)**	**103**
(H)=(D-E+F-G) CASH FLOW GENERATED	**13,818**	**18,971**
Total interest and Other Financial Costs Paid	(11,720)	(13,144)
Shareholders Payment for 2009 Capital Increase	—	19,700
Other financial movements	(2,218)	(3,056)
(I) FINANCIAL MOVEMENTS	**(13,938)**	**3,500**
(L)=(H+I) NET FINANCIAL POSITION CHANGE	**(120)**	**22,471**
(M) BANK & LOANS MOVEMENTS	**3,939**	**(19,421)**
(N)=(L+M) TOT. NET CASH FLOW IN/(OUT)	**3,819**	**3,050**
Cash and Bank beginning of the period	13,209	10,159
Cash and Bank period end	17,028	13,209
Variation	**3,819**	**3,050**

Z Beta S.à r.l.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2010 and for the year ended December 31, 2009 and 2008

I) INTRODUCTION

Z Beta S.à r.l. (''Z Beta'' or the ''Company'') is a Luxembourg holding company incorporated on October 11, 2006 as a ''société à responsabilité limitée'' for an unlimited period of time, subject to the general company law. It is controlled by Z Alpha S.A., a Luxembourg holding company incorporated on October 11, 2006.

The registered office of the Company is 28, boulevard Royal, L-2449 Luxembourg.

These consolidated financial statements of Z Beta and its subsidiaries (the ''Group'') as of and for the year ended December 31, 2009, include the balance sheet, income statement, statements of comprehensive income, statement of cash flow, statement of changes in shareholders' equity and the explanatory notes and are presented in thousands of Euro, unless otherwise stated.

We are the leading global supplier of air care and insecticide devices by revenue. We primarily sell our products to fast-moving consumer goods companies, such as Reckitt Benckiser, Procter & Gamble and [Redacted]. We operate as a ''one-stop-shop,'' offering our customers global solutions and services covering the entire value chain from product innovation and development to manufacturing and delivery. We leverage a common technology platform relating to dispensing devices, such as electric plug-ins and aerosol devices, across our product categories.

Z Beta is included in the consolidated financial statements of DH Z S.à r.l. which is the undertakings which draws up the consolidated accounts of the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of DH Z. S.à r.l. is 28, boulevard Royal, L-2449 Luxembourg and the consolidated accounts can be obtained at such address.

II) BASIS OF PREPARATION

The Company originally approved consolidated financial statements as of and for the year ended December 31, 2009 on June 11th 2010. In November 2012 the Group commenced a process relating to the potential issuance of senior secured notes. No changes on figures and dates have been made considering that no adjusting subsequent event as defined in IAS 10 arose. In connection with such process, the Company has prepared a new version of the consolidated financial statements as of and for the year ended December 31, 2009, by integrating information which had previously been included in the management report attached to such financial statements. These new consolidated financial statements as of and for the year ended December 31, 2009 have been prepared for inclusion in the offering memorandum prepared in connection with the Group's issuance of senior secured notes. These new consolidated financial statements have been approved by the Board of Directors on December 20, 2012.

The consolidated financial statements as of and for the year ended December 31, 2009 have been prepared in compliance with IFRS, issued by the International Accounting Standards Board and approved by the European Commission, which are in force at the date of preparation of the financial statements.

The main accounting standards applied, consistently with the standards applied for the preparation of the original consolidated financial statements, are explained below.

The balance sheet presents current and non-current assets and liabilities separately, based on the expectation of the realisation of the asset or extinction of the liability within the normal business operating cycle, assumed to be 12 months from the balance sheet date .

The income statement is presented classifying the costs by destination.

The statement of cash flow has been prepared using the indirect method.

III) COVENANTS AND GOING CONCERN

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The financial performance of the Group can be impacted by many factors, including market conditions, exchange rates, weather conditions and overall demand from key customers. Management has determined that there are no circumstances which would indicate that the Company could not continue to operate as a going concern for at least the twelve months from the balance sheet date. For any further details with reference to the respect of the covenants refer to Note 37.

IV) CONSOLIDATION AREA

The consolidated financial statements as of and for the year ended December 31, 2009 include the financial statements of Z Beta and of the following entities:

Entity	Country	% ownership	Shareholding (d) direct (i) indirect	Currency	Share Capital (thousands)	Consolidation Method
Z Gamma B.V.	The Netherlands	100%	d	Euro	18	Line-by-line
Zobele Holding S.p.A.	Italy	100%	d	Euro	882	Line-by-line
Palma Electronic S.r.L	Italy	100%	I	Euro	130	Line-by-line
Zobele International B.V.	The Netherlands	100%	I	Euro	1,350	Line-by-line
Zobele España, S.A.U.	Spain	100%	i	Euro	803	Line-by-line
Zobele Bulgaria EooD	Bulgaria	100%	i	Leva	5	Line-by-line
Zobele México, S.A. de C.V.	Mexico	95%	i	PMX	18,831	Line-by-line
Industrial Support Team, S.A. de C.V.	Mexico	100%	i	PMX	100	Line-by-line
Zobele Instruments Co. Ltd.	China	80%	i	RMB	25,757	Line-by-line
Zobele Asia Pacific Ltd.	Hong Kong	80%	i	HK$	7,790	Line-by-line
ZAE Industrial Co. Ltd.	Hong Kong	55%	i	HK$	500	Line-by-line
Zobele do Brazil Ltda.	Brazil	100%	i	BR$	1,000	Line-by-line
Zobele India Pvt. Ltd.	India	100%	i	INR	10,000	Line-by-line
Zobele SC Investment Ltd.	United Kingdom	50%	i	US$	N.A.	Equity
Coil Master SDN. BHD.	Malaysia	29%	i	MYR	N.A.	Equity

At the beginning of 2009, the former Zobele España, S.p.A. and Air Free System S.L. merged and changed the company name to Zobele España, S.p.A. The above companies' combination has not brought any change in the consolidated figures since both companies were 100% owned.

The financial statements used in the consolidation were those prepared for approval by the shareholders' meetings.

Financial statements of the subsidiaries have been prepared in compliance with IFRS.

Shareholdings in controlled companies

Full line-by-line consolidation is applied to companies in which the Group exercises control (controlled companies), as a result either of directly or indirectly owning the majority of the shares with the right to vote or of exercising a dominant influence, demonstrated by the power to determine, even indirectly, the financial and operating policies of the companies, obtaining the relative benefits, irrespective of shareholding relationships. The existence of potential voting rights which can be exercised at the date of the financial statements is considered for the purpose of determining control.

IV) CONSOLIDATION AREA (Continued)

Controlled companies are consolidated from the date on which control is acquired and deconsolidated as from the date on which control ceases.

Business combination operations, through which control of a company is acquired, are accounted for using the purchase method, under which assets and liabilities acquired are initially measured at their market value at date of purchase. The difference between that value and purchase cost, if positive, is allocated to goodwill. Purchase cost is calculated on the basis of fair value at the date of purchase.

During consolidation using the full line-by-line method the following are eliminated:

— accounts payable and receivable existing between companies included in the consolidation, income and expenses relating to transactions between those same companies, as well as gain and losses resulting from operations between these companies relative to values included on the balance sheet;

— intercompany profits in inventories have been eliminated in the consolidation process;

— also dividends paid from subsidiaries to the Group holding companies have been eliminated in the consolidation process;

— that part of shareholders' equity of subsidiary companies which is attributable to minority shareholders is entered as a specific item in shareholders' equity called ''Minority interest in shareholders' equity''. The portion of consolidated result relating to shares held by third parties is entered as an item called ''Minority interest in the (profit)/loss for the year'';

— conversion into Euro of the financial statements of foreign subsidiaries is made using financial year end exchange rates for assets and liabilities and rates of exchange which approximate to the average for the financial year for items in the income statement.

Shareholdings in associated companies

Shareholdings in companies over which a significant influence is exercised (''associated companies''), which is presumed to be the case when the percentage of shares held is between 20% and 50%, are valued by the equity method. As a consequence of using this method, the book value of the shareholding is aligned with shareholders' equity.

The share of result made by the associated companies, after acquisition, is entered in the profit and loss account, while movements in reserves subsequent to acquisition are entered in reserves in shareholders' equity. When the Group share of losses in an associated company equals or exceeds the amount of its holding in that company, the value of its shareholding is reduced to zero and the Group does not book further losses relating to its share, unless and to the extent that the Group is responsible for them. Unrealised profits and losses generated by transactions with associated companies are eliminated in proportion to the percentage of the Group's shareholding in those companies.

Other shareholdings in which the ownership percentage is less than 20%, or 10% if listed, or over which the Group exercises no significant influence, are valued at cost of purchase or subscription, net of write-downs relating to any losses considered likely to have a lasting effect on the value of the shareholdings concerned.

Valuation at cost is maintained, even though higher than that resulting from the equity method, provided that expected future income or implicit capital gains included in the shareholdings allow recovery of the higher accounting value to be expected.

IV) CONSOLIDATION AREA (Continued)

Translation of foreign currency accounts and financial statements

Identification of the functional currency

Amounts in the income statement and balance sheet of each Group company are entered in the currency of the primary economic environment in which the entity operates (functional currency). The Group consolidated financial statements are prepared in Euro, which is the functional currency of the Parent Company.

Translation of financial statements in currencies other than the functional currency

The rules for translation of financial statements in foreign currencies to the functional currency are as follows:

— assets and liabilities are translated using financial year-end closing exchange rates;

— costs, sales, expenses and income are translated at the average rate for the period;

— the ''translation reserve'' holds both exchange differences generated by translating income statement and balance sheet at different exchange rates, and those generated by translation of opening beginning balances at a different exchange rate;

— goodwill and adjustments resulting from the fair value associated with the acquisition of a foreign;

entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate for the period.

Exchange rates used for translation of financial statements in foreign currencies other than Euro for the year end 2009 are shown below:

Currency	Average 2009 exchange rates	End Year 2009 exchange rates
USD—US Dollar	1,3948	1,4406
PMX—Mexican Peso	18,7975	18,8136
BRL—Brazilian Real	2,7656	2,5066
HK$—Hong Kong Dollar	10,8114	11,1709
RMB—Renminbi	9,5259	9,8350
INR—Indian Rupia	67,3525	67,0400
BGN—Bulgarian Leva	1,9558	1,9558

V) SUMMARY OF ACCOUNTING POLICIES

Revenue recognition

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenues can be reliably measured. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods.

Provisions for returns and allowances for customer rebates are provided for in the same period as the related revenues are recorded. Shipping and handling costs are included as a component of cost of products sold net of amounts recovered through billings to customers.

Income and expenses

Income is recognised in the income statement when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

Expense is recognised in the income statement when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Tangible assets

Tangible assets are entered in the balance sheet at cost of acquisition or internal production, including directly attributable ancillary costs, net of cumulative depreciation.

Any interest costs referred to construction of tangible fixed assets are charged to the income statement. Plant and machinery may include parts with different useful lives. Depreciation is calculated on the useful life of each individual part; in the event of replacement, new parts are capitalised to the extent that they meet the criteria for entry as assets, and the book value of the parts replaced is eliminated from the balance sheet. The residual value and useful life of assets are reviewed at least at every financial year-end and if, independently of depreciation already recorded, an impairment loss occurs calculated on the basis of application of IAS 36, the fixed asset is written down accordingly; if, in future years, the reasons for the write-down no longer apply, its value is restored.

Ordinary maintenance costs are expensed in the income statement when incurred, while maintenance costs which increase the value of assets are allocated to the relative assets and depreciated over their residual useful lives.

Leases in which the lessor substantially retains the risks and rewards associated with ownership of the assets are classified as operating leases. Operating lease costs are recognised as an expense in the income statement on a straight-line basis over the term of the leasing contract.

Depreciation charged to the income statement has been calculated on a systematic and straight-line basis, at rates considered to be representative of the estimated useful economic and technical life of the assets.

The principal annual depreciation rates applied are the following:

#	CATEGORY	Life in Years	Annual Rate
1	LAND	—	—
2	BUILDING	30	3,33%
3	INSTALLATIONS	10	10%
4	GENERAL EQUIPMENT	10	10%
5	PRODUCTION MACHINERY	8,33	12%
6	MOULD	4	25%
7	GENERAL TOOLING	3	33,3%
8	OFFICE EQUIPMENT & FURNITURE	10	10%
9	HARDWARE/ELECTRONIC OFFICE EQUIPMENT	5	20%
10	TELECOMMUNICATION EQUIPMENT	5	20%
11	MATERIAL HANDLING EQUIPMENT	5	20%
12	CARS AND TRUCKS	4	25%

Land is not subject to depreciation.

Assets under construction are measured at cost, including directly attributable expenses.

The tangible asset depreciation related to the assets acquired through the business combination, are based on the residual useful life estimated by the appraisal of an independent advisor.

Intangible assets

Intangible assets are measured at cost of acquisition or internal production, including directly attributable ancillary costs.

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

The cost of an internally generated intangible asset includes only those expenses which can be directly attributed to the asset as from the date when the asset meets the criteria to be classified as an intangible asset. After initial recognition, intangible assets are recorded at cost, net of accumulated amortization and any impairment losses calculated as set out in IAS 36.

Research and development costs are recorded as expenses into the income statement as incurred.

Assets under construction are measured at cost, including directly attributable expenses.

Intangible assets are subject to amortization unless they have undefined useful lives. Amortization is applied systematically over the useful life of the intangible asset in accordance with estimated future economic use. The residual value at the end of the useful life is assumed to be zero unless there is a commitment from third parties to buy the asset at the end of its useful life or if there is an active market for the asset. The directors review the estimated useful lives of intangible assets at every financial year-end.

The main annual amortization rates applied are in the following ranges:

#	CATEGORY	Life in Years	Annual Rate
1	SOFTWARE AND LICENSES	3	33,3%
2	PATENTS	3	33,3%
3	TRADE MARKS	10	10%
4	OTHER INTANGIBLES	5	20%

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition accounting method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill, acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash Generating Units (CGU's), or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses relating to goodwill cannot be reversed in future periods. The annual impairment test is performed at the end of each financial year.

Financial receivables and assets

Initially, all financial assets are measured at cost, which is equivalent to the amount paid including transaction costs. The classification of financial assets determines their subsequent valuation, which is as follows:

- financial assets held for trading: these are recorded on the basis of fair value, unless this cannot be reliably determined, in which case they are measured at cost, adjusted for any impairment losses; gains and losses are charged to the income statement;
- held-to-maturity investments, loans receivable and other financial receivables: these are reported on the basis of amortized cost net of write-downs made for any impairment losses; gains and losses

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

relating to this type of asset are taken to the income statement when the investment is eliminated at the due date or when a permanent impairment loss arises;

— loans and receivables: these are non-derivative financial instruments, with fixed and definable payments, not listed in an active market. They are classified within current assets, with the exception of those with expiry dates beyond twelve months after the date of the financial statements, in which instance they are classified as non-current assets Such assets are measured at cost amortized using the effective interest method. Any losses in value resulting from the impairment test are taken to the income statement. In particular, trade receivables, are initially measured at fair value. A provision for doubtful receivables is created when there is objective evidence that the full value of the receivable may not be recoverable. Accruals to the provision for doubtful receivables are recorded in the income statement.

— available-for-sale financial assets: these are measured at fair value, with gains and losses on subsequent re-measurement recognised in a reserve within shareholders' equity. If the fair value of these assets cannot be measured reliably, they are measured at cost, adjusted for any losses in value. If it is no longer appropriate to classify an investment as ''held-to-maturity'' following a change of intention or of capacity to hold it until maturity, it must be reclassified as ''available-for-sale'' and measured at fair value. The difference between the book value and fair value remains in shareholders' equity until the financial asset is sold or otherwise transferred, in which case it is charged to the income statement.

Financial assets are de-recognized from the balance sheet when the right to receive cash flows from the instrument is extinguished and the Group has transferred all risks and rewards relative to the instrument.

Derivative instruments

Derivative instruments are used for hedging purposes in order to reduce the interest rate risks. Consistent with IAS 39 requirements, derivative financial instruments may be recorded using the hedge accounting method only when, at inception of the hedge, there is formal designation and documentation of the hedge itself, the hedge is expected to be highly effective, the effectiveness can be measured and the hedge is highly effective throughout the various accounting periods for which it is designated.

All derivative financial instruments are measured at fair value.

If hedge accounting cannot be applied, the gain and losses deriving from measurement of the derivative financial instrument at fair value is recorded in the income statement.

Inventories

Stocks of raw and consumable materials are measured at the lower of purchase cost, including ancillary expenses, calculated using the weighted average cost method, and estimated realizable value (equivalent to replacement cost), based on market prices at the end of the period.

Finished and semi-finished products are valued at the production cost. This cost includes both raw materials and direct production costs based on normal operating capacity.

Where the estimated realizable value is less than the production cost, the inventory is written down to estimated realizable value and a provision for inventory obsolescence is accrued. The accrual to this provision is recorded directly in the income statement.

Cash and cash equivalents

Cash and cash equivalent include cash in hands and short-term high liquidity investments.

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

Employee termination benefits

Employee termination indemnities (including Italian TFR) are subject to actuarial valuation using the projected unit credit method, discounted to present value using a rate of interest which reflects the market yield on the securities issued by leading companies, with maturities equal to that expected for the liability; the calculation considers TFR to have already matured for employee services already performed.

The amount related to the benefits matured by the employees during the year has been considered as labour cost. The financial component for the actualization process has been classified as below financial expenses.

Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The same principle applies for the recording of deferred tax assets for tax losses carried forward.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax assets and liabilities are classified under non-current assets and liabilities in the balance sheet.

Deferred tax assets and deferred tax liabilities are offset within the same entity if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Contingent liability reserves

The Group makes accruals only when a current obligation exists for a future outflow of economic resources as a result of past events, and when it is probable that this outflow of economic resources will be required to settle the obligation, and the amount of the same can be reasonably estimated.

The amount accrued in the accounts is the best estimate of the expense required to completely extinguish the current obligation.

Any restructuring costs are recognized when the Group has drawn up a detailed restructuring plan and has communicated it to interested parties.

Financial liabilities

Loans are initially measured at fair value net of directly related costs and are subsequently measured using the effective interest method. If there is a change in expected cash flows and the management is

V) SUMMARY OF ACCOUNTING POLICIES (Continued)

able to reliably estimate this, the value of the loans is recalculated to reflect the expected change in cash flows.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Loans are removed from the balance sheet when they are extinguished and the Group has transferred all risks and charges relative to the instrument.

Current liabilities are carried at nominal value or at the amount repayable. Non-current liabilities are carried at amortized cost.

Translation of foreign currency operations

Elements in currencies other than the functional currency, both monetary (liquid assets, assets and liabilities which will be paid in set or determinable amounts of cash etc.), and non-monetary (payments on account to suppliers of goods and/or services, goodwill, intangible assets etc.), are initially recorded at the exchange rate at the date when the transaction takes place.

Subsequently, monetary items are translated to the functional currency on the basis of exchange rates at the date of the financial statements and exchange differences are taken to the income statement. Non monetary items are maintained at the historic rate of exchange except in the case of a persistent unfavourable trend in the reference exchange rate. The accounting treatment of differences (to the income statement or currency translation reserve) follows that applied for changes in value of the related items.

Earnings per share

Basic

Earnings per share is calculated dividing the profit or loss attributable to the Group by the weighted average of the ordinary shares tstanding during the period.

Diluted

Diluted earnings per share is calculated dividing the profit or loss attributable to the Group by the weighted average of ordinary shares outstanding during the year, excluding any treasury shares. To calculate diluted earnings per share, the weighted average of the shares outstanding is modified assuming the conversion of all the potential shares having a dilutive effect, while the Group's net profit is adjusted to take into account the effects of the conversion, net of tax.

VI) USE OF ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRSs requires assumptions and estimates to be made which have an effect on the carrying amounts of recognized assets and liabilities, income and expenses and contingent liabilities. Assumptions and estimates are generally based on uniform useful lives of assets, impairment tests, in particular for goodwill, accounting and measurement policies for provisions and the probability of future tax benefits, in particular with regard to tax loss carry forward. The actual figures may in some cases differ from the assumptions and estimates. Changes are recognized in income statement as and when better information is available.

We indicate below the critical accounting estimates used in finalizing the financial statements and the interim accounting reports because they involve significant recourse to subjective judgements, assumptions and estimates.

VI) USE OF ESTIMATES (Continued)

Impairment testing

Tangible fixed assets and intangible assets are impaired in value when events or changed circumstances indicate that the value recorded in the balance sheet is not recoverable. The impairment is calculated by comparing the book value with the relative recoverable value, represented by the greater of fair value, net of disposal costs, and the value in use, calculated by discounting to present value expected cash flows deriving from use of the asset, net of disposal costs.

Expected cash flows are quantified in the light of information available when the estimate is made, on the basis of subjective opinions on the trend of future variables—such as prices, costs, growth rates of demand and production profiles—and discounted to present value using a rate which takes into account the risk inherent in the asset in question.

Provisions

The Group makes accruals mainly connected to employee benefits and legal and tax disputes.

Restructuring

The Group recognises liabilities for employee severance and other costs in connection with a restructuring programme once it meets certain recognition criteria.

The requirements are that the Group has made a commitment to a plan, that this plan has been announced and its benefits communicated, and that the timescale for completion means that significant changes are unlikely. The liabilities recognised represent management's best estimate of a programme's cost, but involve the use of assumptions and estimates with regard to the timing and scale of costs to be incurred. The actual expenditure required may differ as a programme is implemented.

Deferred taxes

The recording of deferred tax assets is made on the basis of profit expectations in future years. The valuation of expected profits for the purpose of recording deferred tax depends on factors which can change over time and have significant impacts on the valuation of the deferred tax assets.

Estimate of fair value

The fair value of financial instruments listed in an active market is based on prices quoted on the date of the financial statements. The fair value of financial instruments not traded in an active market is calculated by valuation techniques. Various techniques are used and assumptions are based on market conditions at the date of the financial statements. In particular, the fair value of interest rate swaps is calculated on the basis of the present value of future cash flows.

Pensions

Accounting for pensions and post-retirement benefit plans requires the use of estimates and assumptions regarding numerous factors, including discount rate, rate of return on plan assets, mortality and employee turnover. Actual results may differ from the Group's actuarial assumptions, which may have an impact on the amount of reported expense or liability for pensions or post retirement benefits.

VII) ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION

Summarized below are the international financial reporting standards, interpretation and amendments to the existing standards and interpretations or specific provisions included in standards or interpretations approved by the IASB, with an indication of EU adoption status as at the date of these December 2011 Consolidated Financial Statements.

VII) ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION (Continued)

The further additional standard, interpretation and amendments approved by these IASB between the date of these Consolidated Financial Statement and the date of the approval have no impact on the preparation of this accounts.

Significant variations applicable from 1 January 2009

IFRS 8—'Operating Segments'. The amendment applies to the separate or individual financial statements of an entity (and to the consolidated financial statements of a group with a parent) whose debt or equity instruments are traded in a public market or that files, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market

IAS 1—'Presentation of Financial Statements'. The objective of IAS 1 (2007) is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. The amendment establishes that disclosure should include a prospect named ''comprehensive income''. The components of other comprehensive income include transaction with third parties

IAS 23 amended—'Borrowing Costs'. Regulation no. 1260/2008 issued by the European Commission on December 17, 2008 ratified the amended version of IAS 23, which provides for the capitalisation of borrowing costs relating to ''Qualifying Assets''; transitory provisions require it to be applied on a prospective basis from the effective date (January 1, 2009). Following the application of this standard the Group has not made any changes concerning borrowing costs regularly entered as costs prior to the date of January 1, 2009. In the period ended December 31, 2009, the provisions of the amended version of IAS 23 concerning the capitalization of borrowing costs were not applied.

IAS 32 and IAS 1—'Available for Sales Financial Instruments'. Changes to IAS 32 and IAS 1, issued in February 2008 and ratified by European Commission regulation no.53/2009 issued on January 22, 2009, will come into force in the first financial year after January 1, 2009. The change to IAS 32 requires that some ''available-for-sale financial instruments'' and obligations which arise at the time of liquidation be classified as capital instruments under certain conditions. The change in IAS 1 requires the explanatory notes to provide some information relating to ''available-for-sale options'' classified as capital. The Group does not possess this type of financial instrument and therefore the application of this change has not affected the Group's financial position.

IFRS 2—'Share Based Payment—vesting conditions and cancellations'. The change to IFRS 2, ratified by the European Commission through regulation no. 1261/2008 published on December 17, 2008, will come into force in the first financial year after January 1, 2009. The standard narrows down the definition of the ''Vesting conditions'' to a condition which includes the explicit or implicit obligation to provide a service. Every other condition is a ''non-vesting condition'' and must be taken into consideration in order to establish the fair value of the instrument representing the assigned capital. In the event that the award is not granted due to the fact that it does not satisfy a non-vesting condition that is under the control of the entity or the counterparty, this must be entered in the accounts as a cancellation. The Group has not undertaken any share-based payment transactions with ''non-vesting'' conditions and, consequently, the application of this change has not affected the Group's financial position.

IFRS 1 and IAS 27—'Cost of Investment in Subsidiaries Jointly controlled Entities and Associates'. With regulation no. 69/2009 of January 24, 2009, the European Commission ratified the changes to IFRS 1 and IAS 27, which required, in the case of first-time adoption of IFRS, the entry in the accounts of investments in subsidiaries, jointly controlled entities and associated companies at fair value as of the date of transition to IFRS, or at book value at that date in accordance with the previous accounting standards. The changes will come into force in the first financial year after January 1, 2009. The Group is not in the situation indicated by IFRS 1 and therefore the application of this change has not impacted the Group.

VII) ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION (Continued)

IFRS 3R—'Business Combination'; IAS 27R—'Consolidated and Separate Financial Statements'. On January 10, 2008, the IASB issued revised versions of IFRS 3 ''Business combinations'' and IAS 27 ''Consolidated and Separate Financial Statements''. The new provisions of IFRS 3 establish, among other items, that costs relating to business combination transactions are to be charged to the profit and loss account, as well as the option to report the whole value of goodwill arising from the transaction, considering, therefore, also the proportion attributable to minority interests. The new requirements also change the current criterion for the reporting of acquisitions in subsequent phases, providing for charging the profit and loss account with the difference between fair value at the date of acquiring control of the net assets held previously and the relative book value. The new version of IAS 27 establishes that impacts arising from the acquisition/(sale) of shareholdings subsequent to taking control (without loss of control) are accounted for within shareholders' equity. Furthermore, the new requirements establish that, in the event of sale of part of the shareholding with corresponding loss of control, the remaining shareholding is adjusted to the relative fair value and the change in valuation becomes part of the gain/(loss) arising from the sale transaction. The provisions of the new versions of IFRS 3 and IAS 27 will be applicable to financial years starting on July 1, 2009. The Group does not expect any significant changes to result from application of the new IAS 27R. The Group is not in the situation indicated by the new IAS 27R and therefore the application of this standard has not impacted it.

Insignificant variations applicable from 1 January 2009

IFRIC 13—'Customer Loyalty Programmes'. IFRIC 13 addresses accounting by entities that grant loyalty award credits (such as 'points' or travel miles) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem award credits.

It is effective for annual periods beginning on or after 1 July 2008.

IFRS 1—'First-time adoption of IFRS' and IAS 27—'Consolidated and separate financial statements'. The amendment allows first-time adopters to use a 'deemed cost' of either fair value calculated as per IAS 39, or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities, and associates in the separate financial statements. The definition of the cost method is also removed from IAS 27 and is replaced with a requirement to present dividends paid by subsidiaries, jointly controlled entities, and associates as income in the separate financial statements of the investor.

Improvements to IFRS. 22 May 2008 the IASB issued a series of amendments to the IFRS which, given the numerous principles involved, were presented in one sole provision. The changes were of two different kinds: those of an accounting nature in terms of the presentation, recognition and measurement of some accounting items, and those regarding solely changes in terminology or editorial changes with little or no effect on accounting. The changes of the first kind which impact the presentation, recognition and measurement of accounting items, refer to the following principles:

IAS 1—'Presentation of Financial Statements';

IAS 16—'Property, plant and equipment';

IAS 19—'Employee benefits';

IAS 20—'Accounting for Government Grants and Disclosure of Government Assistance';

IAS 23—'Borrowing Costs';

IAS 27—'Consolidated and Separate financial statements';

IAS 28—'Investments in Associates'.

IAS 29—'Financial Reporting in Hyperinflationary Economies';

VII) ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION (Continued)

IAS 31—'Interests in Joint Ventures';

IAS 36—'Impairment of Assets';

IAS 38—'Intangible Assets';

IAS 39—'Financial instruments: Recognition and Measurement';

IAS 40—'Investment Property';

IAS 41—'Agriculture.

Changes of the second kind, that have very little or no accounting effects can be found under the following principles: IFRS 7, IAS 8, IAS 10, IAS 18, IAS 20, IAS 29, IAS 34, IAS 40, and IAS 41.

IFRIC 15—'Agreements for the construction of real estate'. The interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 'Construction Contracts' or IAS 18 'Revenue' and, accordingly, when revenue from the construction should be recognised. An agreement for the construction of real estate is a construction contract within the scope of IAS 11 only when the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress (whether it exercises that ability or not) and to which the risks and property rights can be transferred during the construction stage.

IFRIC 16—'Hedges of a net investment in a foreign operation'. The interpretation clarifies that hedge accounting can be applied solely to cover risks arising from the foreign currency exposure to the functional currencies of the foreign operation and the parent entity, and not from the foreign currency exposure to the functional currency of the foreign operation and the presentation currency of the parent entity's consolidated financial statements.

It also concludes that the hedging instrument(s) may be held by any entity or entities within the group and that an entity when disposes of the investments, should determine the amounts to be reclassified from equity to profit or loss applying IAS 39 in respect of the hedging instrument and applying IAS 21—'The Effects of Changes in Foreign Exchange Rates' in respect of the hedged item.

The interpretation is effective for annual periods beginning on or after 1 October 2008.

IFRS 7—'Financial Instruments: Disclosures'. It adds certain new disclosures about financial instruments to those currently required by IAS 32; replaces the disclosures previously required by IAS 30; and puts all of those financial instruments disclosures together in a new standard on *Financial Instruments: Disclosures*. The remaining parts of IAS 32 deal only with financial instruments presentation matters.

IFRIC 9—'Reassessment of Embedded Derivatives'. The amendment clarify that the scope of IFRIC 9 excludes contracts with embedded derivatives acquired in a combination between entities under common control or in the formation of a joint venture.

Insignificant variations applicable from 1 January 2010:

Improvements to IFRS. 16 April 2009 the IASB issued a series of amendments to the IFRS which, given the numerous principles involved, were presented in one sole provision. The standard involve are listed below:

IFRS 2—''Share-based Payment'' (applicable from 1 July 2009);

IFRS 5—''Non-current Assets and Presentation of Discontinued Operations'';

IFRS 8—''Operating Segments'';

IAS 1—''Presentation of Financial Statements';

VII) ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION (Continued)

IAS 7—''Statement of cash Flows'';

IAS 17—''Leasing'';

IAS 18—''Revenue'';

IAS 36—''Impairment of Assets'';

IAS 38—''Intangible Assets'' (applicable from 1 July 2009);

IAS 39—''Financial instruments: Recognition and Measurement''';

IFRIC 9—''Reassessment of Embedded Derivatives'' (applicable from 1 July 2009);

IFRIC 16—''Hedges of a net investment in a foreign operation'' (applicable from 1 July 2009);

VIII) BALANCE SHEET INFORMATION

NON CURRENT ASSET

1. Net Tangible Assets

The following table sets forth a breakdown of the movements in net tangible assets:

In thousands of Euro	Land & Buildings	Machinery & Installations	Equipment & Toolings	Other assets	Asset under Construction	Total
Historic cost	51,820	87,896	9,312	9,317	1,502	159,847
Depreciation	(6,642)	(61,734)	(7,712)	(6,533)	—	(82,621)
Net Balance at December 31, 2008	**45,178**	**26,162**	**1,600**	**2,784**	**1,502**	**77,226**
Additions	85	3,186	877	651	2,238	7,037
Disposals	—	(1,081)	(305)	(111)	—	(1,497)
Depreciation	(706)	(8,652)	(771)	(860)	—	(10,989)
Reclassification	23	965	(323)	458	(235)	888
Exchange difference	—	637	7	(377)	7	274
Historic cost	51,905	81,811	6,118	9,385	3,513	152,732
Depreciation	(7,305)	(60,595)	(5,031)	(6,842)	—	(79,773)
Net Balance at December 31, 2009	**44,580**	**21,217**	**1,085**	**2,545**	**3,512**	**72,939**

As of December 31, 2009 addition in tangible assets were mainly related to production equipment in order to satisfy customer requirements and to increase production capacity were concentrated in America, Asia, and in Europe. In 2009 after the reorganization of Zobele España, S.A.U., the Group needed to support the consolidation of activities in Bulgaria with new machinery, organization and people in the new Eastern Europe plant.

This initiative is part of a Group strategy to increase cost efficiencies and better serve the Europe based customers.

Most of the investments are granted by customer liabilities.

At the closing date of December 31, 2009, there were no signs which might indicate possible reductions in the value of tangible fixed assets, for which reason, in compliance with IAS 16, no impairment has been considered necessary at that date.

VIII) BALANCE SHEET INFORMATION (Continued)

2. Net Intangible Assets

At the closing date of December 31, 2009, there were no signs which might indicate possible reductions in the value of intangible fixed assets, for which reason, in compliance with IAS 36, no impairment test was made at that date.

In thousands of Euro	Patents & Similar Rights	Licences & Trademarks	Assets under development	Other Intangibles	Total
Net Balance at December 31, 2008	**1,802**	**318**	**—**	**166**	**2,286**
Additions	427	28	539	418	1,412
Disposals	(59)	—	—	(47)	(106)
Depreciation	(807)	(122)	—	(21)	(950)
Reclassification	290	52	(87)	(79)	176
Exchange difference	—	—	(10)	152	142
Net Balance at December 31, 2009	**1,653**	**276**	**442**	**589**	**2,960**

Licences, industrial patents and similar rights consisted mainly of the new patents completion associated with product solutions and costs of acquiring licences used in Group company activities.

3. Goodwill

Doughty Hanson acquired majority control of the Group in December 13, 2006 and for accounting purposes, the business combination has been recorded from January 1, 2007.

Business combinations are accounted for using the acquisition accounting method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Tangible assets (Land, Buildings, Machinery and Equipment) have been accounted for at their fair value at the date of acquisition.

Goodwill arises as a non-allocated difference between the cost of acquisition and the subsidiaries equity. The goodwill, initially measured at cost, has been allocated to each of the Group's cash generating units. Each unit represents the markets served by the Group that are expected to benefit the Group by the synergies of the acquisition.

Goodwill, consistently with previous years, is allocated to different business Cash Generating Units (CGU's) in relation to the different business markets in which Group operates. The allocation considered the air-freshener and insecticide market.

At the beginning, the total difference between purchase cost of subsidiaries and equities equal to €235,216 thousand was allocated to:

- land and buildings for an amount equal to €41,857 thousand;
- property and equipment for an amount equal to €13,426 thousand;
- related deferred tax liabilities for an amount equal to €20,005 thousand;

the residual value of goodwill was equal to €199,938 thousand.

The carrying value of goodwill is sensitive to the projected value of the following assumptions:

- Sales growth;
- First Margin & EBITDA levels, net of tax impact;
- Cash Flow generated;
- Capital expenditure and Working Capital variance.

VIII) BALANCE SHEET INFORMATION (Continued)

On an annual basis, Management calculates the forecasted financial performance of the CGU's in order to test if any Goodwill impairment exists. The analysis considers five years forecasted period.

More in detail, the model analyzes the present value of the five years cash generated and a perpetual cash-in for the following years.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The following table summarizes the movement of the goodwill in the last two years:

In thousands of Euro	
Net Balance at December 31, 2007	**200,132**
Additions	2,316
Impairment	—
Other movements	(112)
Exchange differences	79
Net Balance at December 31, 2008	**202,415**
Additions	—
Impairment	—
Other movements	(172)
Exchange differences	9
Net Balance at December 31, 2009	**202,252**

The 2009 impairment review, based on the above CGU's future financial performances, confirmed the goodwill carrying value.

Management believes that no reasonable change in any of the CGU's key assumptions would cause the carrying value to materially exceed its recoverable amount.

In the impairment test we have consider a Growth rate of 2% and a WACC of 8%. Different assumptions in the growth rate and in the WACC would impact the goodwill as showed in the table below (in Euro million):

Group

- The impairment re-performing related to the Group has determined an Enterprise Value of €456,0m, in line with the one determined by Management and higher than the relative Net invested Capital, amounting to €321,6m as at Reference Date.
- Nevertheless, we performed some sensitivity analyses on the results of the impairment re-performing modifying long term growth rate (g), WACC and tax burden.

Enterprise Value Sensitivity g / WACC

456,0	8,45%	8,20%	7,95%	7,70%	7,45%
2,50%	448,6	469,8	493,0	518,5	546,5
2,25%	432,6	452,3	473,7	497,1	522,8
2,00%	417,9	436,2	456,0	477,6	501,2
1,75%	404,2	421,3	439,8	459,8	481,6
1,50%	391,6	407,5	424,7	443,4	463,6

VIII) BALANCE SHEET INFORMATION (Continued)

Enterprise Value Sensitivity g / Tax

456,0	45,00%	45,00%	35,00%	30,00%	25,00%
2,50%	355,0	389,5	424,0	458,5	493,0
2,25%	340,9	374,1	407,3	440,5	473,7
2,00%	327,9	359,9	392,0	424,0	456,0
1,75%	316,0	346,9	377,9	408,8	439,8
1,50%	305,0	334,9	364,8	394,8	424,7

CGU-Air Freshener

- The impairment re-performing related to CGU-AF has determined an Enterprise Value of €304,0m, in line with the one determined by Management and higher than the relative Net invested Capital, amounting to €222.5m as at Reference Date.
- Nevertheless, we performed some sensitivity analyses on the results of the impairment re-performing modifying long term growth rate (g), WACC and tax burden.

Enterprise Value Sensitivity g / WACC

304,0	8,45%	8,20%	7,95%	7,70%	7,45%
2,50%	299,1	313,3	328,8	345,9	364,6
2,25%	288,4	301,5	315,9	331,5	348,7
2,00%	278,5	290,7	304,0	318.5	334,3
1,75%	269,3	280,8	293,1	306,5	321,1
1,50%	260,8	271,5	283,1	295,5	309,1

Enterprise Value Sensitivity g / Tax

304,0	45,00%	40,00%	35,00%	30,00%	25,00%
2,50%	237,3	260,1	283,0	305,9	328,8
2,25%	227,8	249,8	271,8	293,8	315,9
2,00%	219,1	240,3	261,5	282,8	304,0
1,75%	211,1	231,6	252,1	272,8	292,1
1,50%	203,7	223,5	243,4	263,2	283,1

CGU-Insecticide

- The impairment re-performing related to CGU-INS has determined an Enterprise Value of €152,0m, in line with the one determined by Management and higher than the relative Net invested Capital, amounting to €99,1m as at Reference Date.
- Nevertheless, we performed some sensitivity analyses on the results of the impairment re-performing modifying long term growth rate (g), WACC and tax burden.

Enterprise Value Sensitivity g / WACC

152,0	8,45%	8,20%	7,95%	7,70%	7,45%
2,50%	149,6	156,6	164,2	172,6	181,9
2,25%	144,3	150,8	157,8	165,6	174,0
2,00%	139,4	145,4	152,0	159,1	166,9
1,75%	134,9	140,5	146,6	153,2	160,4
1,50%	130,7	136,0	141,7	147,8	154,5

VIII) BALANCE SHEET INFORMATION (Continued)

Enterprise Value Sensitivity g / Tax

152,0	45,00%	40,00%	35,00%	30,00%	25,00%
2,50%	117,8	129,4	141,0	152,6	164,2
2,25%	113,1	124,3	1356,5	146,7	157,8
2,00%	108,8	119,6	130,4	141,2	152,0
1,75%	104,9	115,3	125,8	136,2	146,6
1,50%	101,2	111,4	121,5	131,6	141,7

Capital expenditure has been judged a factor managed and controlled by the company and not influenced by the market trend.

The focus in analyzing the goodwill allocation is on the growth and on the first margin, as EBITDA and cash flow generated are directly linked to these key performance indicators.

4. Other Investments

As of December 31, 2009 other investment is equal to €149 thousand of which €140 thousand relating to the participation in Zobele SC Investment Ldt included in the consolidated financials using the equity method.

Entity	Country	Owned %	Purchased Cost	Reserve	Net Value at 31 December 2009
Zobele SC Investment Ltd. . . .	United Kingdom	50%	179	(39)	140
Coil Master SDN. BHD.	Malaysia	29%	39	(39)	—

In 2009 Zobele SC Investment has partially paid back €682 thousand as reimbursement of the capital.

5. Deferred Tax Assets

Temporary timing differences have been calculated between balance sheet values and values for tax purposes.

The amounts of deferred tax assets for which recovery is expected within or beyond the next financial year is as follows:

In thousands of Euro	As of December 31, 2008	P&L movements	Equity movements	As of December 31, 2009
Non current	4,479	706	108	5,293
Current	6,214	(4,761)	224	1,677
Total deferred tax assets	**10,693**	**(4,055)**	**332**	**6,970**

VIII) BALANCE SHEET INFORMATION (Continued)

The composition of deferred tax assets in the financial years at December 31, 2009 is shown in the table below, where the effects on the income statement and balance sheet, and any reclassifications are summarised.

In thousands of Euro	As of December 31, 2008	P&L movements	Change in tax rate (P&L)	Equity movements	As of December 31, 2009
Derivative instruments	1,015	—	—	108	1,123
Inventory	—	—	—	—	—
Provisions	52	32	—	—	84
Fixed-asset depreciation	1,439	716	(47)	—	2,108
Carry-forward losses	1,451	—	—	—	1,451
Other	522	20	(15)	—	527
Total non current	**4,479**	**768**	**(62)**	**108**	**5,293**
Derivative instruments	338	—	—	224	562
Inventory	592	(260)	1	—	333
Provisions	3,737	(3,589)	—	—	148
Fixed-asset depreciation	1,065	(916)	(3)	—	146
Carry-forward losses	—	—	—	—	—
Other	482	18	(12)	—	488
Total current	**6,214**	**(4,747)**	**(14)**	**224**	**1,677**
Total	**10,693**	**(3,979)**	**(76)**	**332**	**6,970**

The deferred tax assets related to the mark to market variance of the derivative instruments (positive for €332 thousand) was not accounted in the income statement at period end but it was accounted in the Equity in connection to the variation of the cash flow reserve.

6. Other Non Current Assets

The following table sets forth a breakdown of other non current assets:

In thousands of Euro	As of December 31, 2009
Receivables from non consolidated entities	253
Deposits	171
Total other non current assets	**424**

CURRENT ASSETS

7. Net Inventories

The following table sets forth a breakdown of net inventories:

In thousands of Euro	As of December 31, 2009	As of December 31, 2008
Raw materials & Consumables	13,723	15,321
Semi-finished Goods	5,318	7,949
Finished goods	9,143	13,075
Reserve	(1,092)	(2,085)
Total Net Inventories	**27,092**	**34,260**

VIII) BALANCE SHEET INFORMATION (Continued)

Movements in the ''Inventory Obsolescence Reserve'' were as follows:

In thousands of Euro	Reserve for raw and consumable materials	Reserve for work in progress and contract work in progress	Reserve for finished goods	Total Inventory obsolescence reserve
Inventory obsolescence reserve as of December 31, 2008	**(522)**	**(198)**	**(1,365)**	**(2,085)**
Used	518	198	623	1,339
Additions	(292)	—	(56)	(348)
Exchange difference	2	—	—	2
Inventory obsolescence reserve as of December 31, 2009	**(294)**	**—**	**(798)**	**(1,092)**

8. Commercial External Receivables

The following table sets forth a breakdown of commercial external receivables:

In thousands of Euro	As of December 31, 2009	As of December 31, 2008
Commercial external receivables		
Trade receivables	63,660	62,127
Bills receivable (accepted and unaccepted)	16	51
Receivables with the lawyer	70	155
Invoices to be issued	(268)	438
Bad debt provision	(768)	(1,026)
Total commercial external receivables	**62,710**	**61,745**
Receivables from Z ALPHA	451	276
Total commercial receivables	**63,161**	**62,021**

Receivables from Z ALPHA are cash advances from Z Beta to its holding company.

The following table sets forth a breakdown of movements in bad debt provision:

In thousands of Euro	As of December 31, 2009	As of December 31, 2009
Bad debt provision at December 31, 2008	**(1,026)**	**(592)**
Used	375	—
Additions	(117)	(434)
Bad debt provision at December 31, 2009	**(768)**	**(1,026)**

VIII) BALANCE SHEET INFORMATION (Continued)

Commercial receivables were divided as follows according to their expiration date and related provisions:

In thousands of Euro	As of December 31, 2009	As of December 31, 2008
Current	52,556	52,222
Overdue from 0 to 30 days	4,518	3,159
Overdue from 31 to 60 days	2,721	2,001
Overdue from 61 to 90 days	530	1,404
Overdue from 91 to 180 days	1,147	2,664
Overdue more than 181 days	2,006	1,321
Bad debt provision	(768)	(1,026)
Total Commercial Receivables	**62,710**	**61,745**

9. Income Tax Receivables

Income tax receivables amounted to €890 thousand and include the net provision for current taxes accrued on the profits of the companies.

10. Other Receivables

The following table sets forth a breakdown of other receivables:

In thousands of Euro	As of December 31, 2009	As of December 31, 2008
V.A.T.	4,655	3,412
Advance payements	1,552	2,575
Down payments	—	293
Prepaid	180	150
Other	852	739
Total other receivables	**7,239**	**7,169**

Advance payments are mainly related to fixed assets suppliers.

The VAT receivables relates to the following countries:

In thousands of Euro	As of December 31, 2009
Mexico	2,391
Italy	1,068
China	124
Bulgaria	368
Spain	644
Other	60
Total V.A.T.	**4,655**

VIII) BALANCE SHEET INFORMATION (Continued)

The following table sets forth a breakdown of commercial and other receivables at December 31, 2009 by currency:

In thousands of Euro	Amounts in local currency as of December 31, 2009	Exchange rate at year end	Amounts in Euro as of December 31, 2009
Euro (EURO)	22,885	1.0000	22,885
US Dollar (US$)	58,899	1.4406	40,885
Mexican Peso (PMX)	45,624	18.8136	2,406
Brasilian Real (BR$)	1,280	2.5066	511
Hong Kong Dollar (HK$)	2,928	11.1709	262
Renminbi (RMB)	18,311	9.8350	1,862
Indian Rupial (NR)	43,330	67.0400	646
Bulgarian Leva (BGN)	992	1.9558	507
Pound (GBP)	256	0.8881	288
Canadian DollarCAD	225	1.5128	148
Total commercial and other receivables			**70,400**

11. Cash and Banks

The following table sets forth a breakdown of cash and banks by currency:

In thousands of Euro	Amounts in local currency as of December 31, 2009	Exchange rate at year end	Amounts in Euro as of December 31, 2009
Euro (EURO)	4,911	1.0000	4,911
US Dollar (US$)	145,170	1.4406	10,114
Mexican Peso (PMX)	211	18.8136	11
Brasilian Real (BR$)	99	2.5066	39
Hong Kong Dollar (HK$)	4,135	11.1709	370
Renminbi (RMB)	4,571	9.8350	465
Indian Rupia (INR)	64,592	67.0400	963
Bulgarian Leva (BGN)	298	1.9558	153
Pound (GBP)	2	0.8881	2
Total cash and banks			**17,028**

For further analysis, refer to the cash flow statement.

12. Group Equity

Share Capital and Share premium account

As of December 31, 2009 share capital amount to €14,000 thousand represented by 560,000 shares with a nominal value of €25 fully paid and fully owned by Z Alpha S.A. and share premium reserve amount to €58,619 thousand.

As of December 31, 2009 share capital and share premium reserve increased trough the conversion of the convertible loan notes issued in October 2008 by Z Beta for a total issue price (nominal and premium) of €19,700 thousand. On January 2009, the Share Capital increased of €3,940 thousand for an issue price equal to share nominal value of €25, and the Share Premium Reserve increased of €15,760 thousand due to the premium of €100 per share.

On December 23, 2009, the Company's shareholders resolved to increase the capital of the Company by an amount of €4,560 thousand by the issuance of 182,400 new shares with a nominal value of €25 each and the Share Premium Reserve increased of €23,027 thousand.

VIII) BALANCE SHEET INFORMATION (Continued)

We highlight that all the shares of the Z Beta are pledged on behalf of a bank pursuant to a pledge agreement dated December 13, 2006 described in the following note 14.

Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

Currency Translation Reserve

Currency Translation Reserve is due to the conversion process into Group functional currency (Euro) of the financials of the following foreign entities:

Entity	Country	Currency
Zobele Bulgaria EooD	Bulgaria	Lev
Zobele México, S.A. de C.V.	Mexico	PMX
Industrial Support Team, S.A. de C.V.	Mexico	PMX
Zobele Instruments Co. Ltd.	China	RMB
Zobele Asia Pacific Ltd.	Hong Kong	HK$
ZAE Industrial Co. Ltd.	Hong Kong	HK$
Zobele do Brazil Ltda	Brazil	BR$
Zobele India Pvt. Ltd.	India	INR

For the year movement refer to the Shareholders Equity Movements.

EQUITY OF MINORITY INTERESTS

13. Equity of Minority Interests

Minority Interests as of December 31, 2009 are represented by the following (in thousands of Euro):

Entity	Country	% Minority	Equity as of 31 December 2009	Net Result of the year
Zobele México, S.A. de C.V.	Mexico	5%	921	450
Zobele Asia Pacific Ltd.	Hong Kong	20%	3,691	675
ZAE Industrial Co. Ltd.	Hong Kong	45%	1,295	401
Zobele Instruments Co. Ltd.	China	20%	*	*
Total Minority Interests			**5,907**	**1,526**

* *Included in Zobele Asia Pacific Ltd. figures*

VIII) BALANCE SHEET INFORMATION (Continued)

NON CURRENT LIABILITIES

14. Long Term Loans current and non-current, shareholder loan and bank overdraft (financial liabilities)

The following table sets forth a breakdown of the Group's total financial liabilities as of December 31, 2009:

In thousands of Euro	As of December 31, 2009	Current as of December 31, 2009	Non current as of December 31, 2009
Bank loan	154,938	5,997	148,941
Shareholder loan	118,921	—	118,921
Bank overdraft (Revolving)	14,796	14,796	—
Other	7,752	3,668	4,084
Total financial liabilities	**296,407**	**24,461**	**271,946**

The following table sets forth a breakdown of the maturity of the Group's total financial liabilities as of December 31, 2009:

In thousands of Euro	Total as of December 31, 2009	Long term over 5 years	Medium term between 1 to 5 years	Short term till 1 year
Term Loan A	53,304	—	46,764	6,540
Term Loan B	55,750	55,750	—	—
Term Loan C	55,750	55,750	—	—
Exchange differences	(1,403)	—	(1,196)	(207)
Transaction costs	(8,463)	(5,726)	(2,401)	(336)
	154,938	**105,774**	**43,167**	**5,997**
Revolving credit facility	14,796	—	—	14,796
Shareholder's loan	118,921	118,921	—	—
Leasing liabilities	—	—	—	—
Fair value on IRS	6,126	—	4,084	2,042
Other financing	1,626	—	—	1,626
Total financial liabilities	**296,407**	**224,695**	**47,251**	**24,461**

The structure of banks loans was modified on 31st October 2008 with a partial repayment for €25 million.

To be noted that on December 2009 the Group has been repayment in advance an instalment of €2,000 thousand.

The following table sets forth certain contractual details of the financial liabilities:

In thousands of Euro	Total as of December 31, 2009	Last due date	Nominal interest rate
Term Loan A	53,304	December 31, 2013	Euribor + 2,50%
Term Loan B	55,750	December 31, 2014	Euribor + 2,875%
Term Loan C	55,750	December 31, 2015	Euribor + 3,250%
Revolving credit facility	14,796	December 31, 2012	Euribor + 2,500%

As of balance sheet date December 31, 2009, €161,1 million of the Term Loans and €15 million of the revolving credit facility (of a total available of €24,7 million) had been utilized.

Term Loan and Revolving Credit Facility

After the acquisition by Doughty Hanson, the Group obtained three long term loans from a syndicate of banks (Term Loan A, B and C), as well as a revolving credit facility. Term Loans A, B and C (together the

VIII) BALANCE SHEET INFORMATION (Continued)

''Term Loan'') were used to re-finance the existing debt at that time and to support the acquisition. The Revolving Credit Facility is used for working capital requirements. The term loans had differing repayment schedules with final repayment of Term Loan A on December 31, 2013, Term Loan B on December 31, 2014 and Term Loan C on December 31, 2015. The Term Loan agreements included certain covenants based on EBITDA, total net debt, total interest costs, capex and cash flow which were required to be measured on a quarterly basis. For additional information with reference to the covenants compliance refer to note 37.

The Term Loan is guaranteed as follow:

— Shares of the main Subsidiaries: Z Beta S.à r.l., Zobele Holding S.p.A., Zobele Bulgaria EooD, Zobele México, S.A. de C.V., Zobele International B.V., Z Gamma B.V.

— Mortgage over Building in Trento (owned by Zobele Holding S.p.A.) equivalent to €9,8 million

— Pledge over Machinery (owned by Zobele Holding S.p.A., Zobele Bulgaria EooD and Zobele México, S.A. de C.V.) equivalent to €5,5 million

— Pledge over Intellectual Properties (Patents owned by Zobele Holding S.p.A. and Zobele España, S.A.U.)

— Pledge on the aggregate value of account receivables of Zobele México, S.A. de C.V.

Shareholders loan

Shareholders loan relates to financing provided to Z Alpha S.A. for a initial amount of €109,200 thousand. This loan bears interest at the rate of 10.125% and matures on December 13, 2055.

As at December 31, 2009, the amount of total loan granted to Z Alpha S.A. is €118,921 thousand.

Fair value on IRS (Interest Rate Swap)

In 2007 the Group entered into interest rate swaps for a total notional amount of €100,000 thousand whereby the Group swaps floating rate interest payments for fixed interest. The maturity of the interest rate swaps is June 29, 2012.

The details of the interest rate swap are as follows:

Trade Date	January 9, 2007
Effective Date	June 29, 2007
Termination Date	June 29, 2012
Notional Amount	€100,000,000
Fixed Rate and payer	4.4875% Act/360 by Zobele Group
Payment Date Fixed Rate	Every 29/12 29/6 from December 31, 2007 till June 29, 2012 subject to Following Business Convention
Floating rate and payer	6 months Euribor act/360—Bayerische Hypovereinsbank—Munich
Payment Date Floating Rate	Every 29/12 29/6 from December 31, 2007 till June 29, 2012 subject to Following Business Convention
Additional payment at trade date	€1,852,000 in favour of Zobele Group value January 11, 2007

IAS 39 requires all derivatives to be measured at fair value on the balance sheet, with changes in fair value being accounted for through profit or loss, except for derivatives that qualify as effective hedging instruments in a cash flow or a net investment hedge.

VIII) BALANCE SHEET INFORMATION (Continued)

Therefore the Group verifies periodically if this IRS has the characteristics to be considered as a hedging instrument and in particular the test requested by IFRS is performed in order to ascertain if the condition +/- 80% to 120% of hedging of the underlying debt is respected. Until December 31, 2009 the hedging relationship was treated and the Group applied hedge accounting and, in compliance with IAS 39, the cumulative gain or loss has been recognized in other comprehensive income (Cash Flow Reserve)

The mark to market variance was negative of €6,126 thousand was not accounted in the income statement at period end but it was accounted in the Equity net of deferred tax effect.

The following table sets forth a breakdown of financial liabilities by currency at December, 31 2009:

In thousands of Euro	Amounts in local currency as of December 31, 2009	Exchange rate at year end	Amounts in Euro as of December 31, 2009
Euro (EURO)	283,534	1.0000	283,534
US Dollar (US$)	18,525	1.4406	12,859
Mexican Peso (PMX)	117	18.8136	6
Brasialian Real (BR$)	19	2.5066	8
Total financial liabilities			296,407

15. Deferred Tax Liabilities

The amounts of deferred tax liabilities for which recovery is expected within or beyond the next financial year is as follows:

In thousands of Euro	As of December 31, 2008	P&L movements	Equity movements	As of December 31, 2009
Non current	16,480	(1,773)	—	14,707
Current	1,223	86	—	1,309
Total deferred tax liabilities	**17,703**	**(1,687)**	**—**	**16,016**

Temporary timing differences have been calculated between balance sheet values and values for tax purposes.

VIII) BALANCE SHEET INFORMATION (Continued)

The following table sets forth a breakdown of deferred tax liabilities:

In thousands of Euro	As of December 31, 2008	P&L movements	Change in tax rate (P&L)	Equity movements	As of December 31, 2009
Financial instruments	1,424	(274)	—	—	1,150
Employee termination benefits	102	(37)	—	—	65
Fixed assets	14,742	(1,702)	337	—	13,377
Other	212	(97)	—	—	115
Total non current	**16,480**	**(2,110)**	**337**	**—**	**14,707**
Financial instruments	60	(10)	—	—	50
Employee termination benefits	—	—	—	—	—
Fixed assets	1,145	73	31	—	1,249
Other	18	5	(13)	—	10
Total current	**1,223**	**68**	**18**	**—**	**1,309**
Total deferred tax liabilities	**17,703**	**(2,042)**	**355**	**—**	**16,016**

16. Contingent liability reserve

The Group has recorded a provision for an amount of €1,035 thousand as of December 31, 2009 and 2008 related to some unresolved tax situations within the Group. There were no movements in the provision during 2009.

17. Employee Termination benefits

Following legislative changes which came into force in Italy in the first half of 2007 (reform of ''*Trattamento di Fine Rapporto*'' hereinafter TFR—employee termination indemnity), company obligations to employees, relative to amounts of TFR accumulated to January 1, 2007, are no longer considered as a defined benefits plan and are instead considered to be a defined contribution plan. This change has been already considered in 2007 financials.

The movements due to accruals in the period and utilisation for employee terminations were as detailed below:

In thousands of Euro	As of December 31, 2009
Opening balance	**2,366**
Cost of services provided	244
Actuarial (gain) / loss 2009	5
Utilisation for employee terminations	(234)
Total employee termination benefit	**2,381**

The principal actuarial assumptions used, consistently with 2008, were the following:

	December 31, 2009	December 31, 2008
Discount rate	4,45%	5,00%
Inflation rate	2,00%	2,00%
Rate of increase in wages and salaries	3,00%	3,00%

VIII) BALANCE SHEET INFORMATION (Continued)

CURRENT LIABILITIES

18. Commercial Payables

The following table sets forth a breakdown of commercial payables by entity as of December 31, 2009:

In thousands of Euro	As of December 31, 2009
Zobele México, S.A. de C.V.	21,691
Zobele Asia Pacific Ltd.	8,915
Zobele Holding S.p.A.	6,962
Zobele España, S.A.U.	2,416
Zobele Bulgaria EooD	3,422
Palma Electronic S.r.L.	1,012
Zobele India Pvt. Ltd.	588
Z Beta S.à.r.l.	106
Zobele do Brazil Ltda.	158
Total commercial payables	**45,270**

As of December 31, 2009 there were no significant concentrations of payables on one or a small number of suppliers.

19. Restructuring Contingencies

As of December 31, 2009 restructuring contingencies is equal to zero. The reorganization program started in 2008 was completed during the first half of 2009.

During the first half of 2009 Spain production plant were closed and the production process were transferred to the new Bulgarian plant.

As an effect of that, most layoffs were effective from January 9. Few employees were kept on board to manage the transition period, machines dismantling and shipping to other group plants, reporting and statutory accounts obligations.

20. Other Payables

The following table sets forth a breakdown of other payables as of December 31, 2009 and 2008.

In thousands of Euro	As of December 31, 2009	As of December 31, 2008
V.A.T.	190	512
Payroll payable	3,175	2,086
Payables social security institutes	1,240	1,131
Employee tax deductions	483	919
Payables to customers	367	1,700
Payable from acquisitions	1,600	2,400
Accrued Expenses	2,002	969
Other	1,100	3,066
Total other payables	**10,157**	**12,783**

Payable from acquisitions represents the debt for the purchase of 25% minority shares of Air Free System S.L. occurred in 2008.

VIII) BALANCE SHEET INFORMATION (Continued)

The following table explains currency detail of commercial and other payable at year end:

In thousands of Euro	Amounts in local currency as of December 31, 2009	Exchange rate at year end	Amounts in Euro as of December 31, 2009
Euro (EURO)	19,634	1.0000	19,634
US Dollar (US$)	38,598	1.4406	26,793
Mexican Peso (PMX)	24,679	18.8136	1,312
Brasilian Real (BR$)	383	2.5066	153
Hong Kong Dollar (HK$)	23,621	11.1709	2,115
Renminbi (RMB)	33,510	9.8350	3,407
Indian Rupia (INR)	44,006	67.0400	656
Bulgarian Leva (BGN)	2,665	1.9558	1,363
Pound (GBP)	(5)	0.8881	(6)
Total commercial external payables and other liabilities tax			**55,427**

IX) INCOME STATEMENT INFORMATION

21. Sales

The following table provides a breakdown of ''Net sales'' by market and geographic area for the year ended December 31, 2009 and 2008:

In thousand of Euro	Year ended December 31, 2009	Year ended December 31, 2008	Variance
Net sales by market			
Air care	135,770	151,579	−10.4%
Pest control	68,910	69,033	−0.2%
Others	6,800	6,732	1.0%
Total net sales	**211,480**	**227,344**	**−7.0%**

In thousand of Euro	Year ended December 31, 2009	Year ended December 31, 2008	
Net sales by product type			
Refill	77,618	72,842	6.6%
Device	49,127	59,382	−17.3%
Set	62,469	68,662	−9.0%
Others	22,266	26,458	−15.8%
Total net sales	**211,480**	**227,344**	**−7.0%**

IX) INCOME STATEMENT INFORMATION (Continued)

In thousand of Euro	Year ended December 31, 2009	Year ended December 31, 2008	
Net sales by geographic area			
Europe	86,792	104,252	− 16.7%
North America	92,910	92,291	0.7%
South America	5,169	5,285	− 2.2%
Africa-M East	9,722	9,631	0.9%
Asia Pacific	16,887	15,885	6.3%
Total net sales	**211,480**	**227,344**	**− 7.0%**

Net sales during the year ended December 31, 2009 were strongly impacted by the exchange rate differences UDS/Euro, Almost 50% of total Group's sales are in fact invoiced in USD. As a consequence, being the North American market mainly represented by sells of air care products, these reflect the exchange rate differences had in 2009.

22. Cost of Sales

The following table provides a breakdown of ''Cost of sales'' by for the year ended December 31, 2009 and 2008:

In thousands of Euro	Year ended December 31, 2009	Year ended December 31, 2008
Materials	125,461	133,682
Director Labor Costs	11,923	15,522
Subcontractor	1,879	1,582
Power	1,571	1,991
Indirect Manufacturing	4,687	5,299
Maintenance	2,948	4,825
Logistic and Purchases	5,944	8,169
Quality Control	1,572	1,739
Commission	311	311
Total cost of sales	**156,296**	**173,120**

23. Overheads

The following table provides a breakdown of ''Overheads'' by for the year ended December 31, 2009 and 2008:

In thousands of Euro	Year ended December 31, 2009	Year ended December 31, 2008
General and Administration	13,347	15,182
Sales and Marketing	4,205	3,891
R&D	4,429	4,866
Operation	1,710	—
Other costs/ (income)	(209)	98
Total overheads	**23,482**	**24,037**

IX) INCOME STATEMENT INFORMATION (Continued)

24. Personnel Costs

The following table provides a breakdown of ''Personnel costs'' by for the year ended December 31, 2009 and 2008:

In thousands of Euro	Year ended December, 31 2009	2008
Wages and salaries	23,204	26,419
Social charges	5,119	6,039
Employee termination indemnity and pension found accruals	879	1,046
Other costs	238	401
Total personnel costs	**29,440**	**33,905**

Personnel costs are included in the income statement as follows:

In thousands of Euro	Year ended December 31, 2009	2008
Cost of sales	15,909	22,323
Overheads	13,531	11,582
Total personnel costs	**29,440**	**33,905**

25. Other (Income)/Expense

The following table provides a breakdown of ''Other (Income)/Expenses'' by for the year ended December 31, 2009 and 2008:

In thousands of Euro	Year ended December 31, 2009	2008
Other income	(2,306)	(261)
Exchange rate gains	(4,114)	11,100
Exchange rate losses	4,098	(13,643)
Total other (Income)/Expenses	**(2,322)**	**(2,804)**

IX) INCOME STATEMENT INFORMATION (Continued)

26. Depreciation, Amortization and Write-downs

The following table provides a breakdown of ''Depreciation, amortization and write-down'' for the year ended December 31, 2009 and 2008:

In thousands of Euro	Year ended December 31, 2009	2008
Patent similar and rights	810	845
Licences and trademarks	122	139
Other intangible assets	18	840
Total amortizations of intangible assets	**950**	**1,824**
Land and buildings	706	712
Machinery and installations	8,652	11,077
Equipment and toolings	771	689
Other intangible assets	860	1,051
Total amortizations of tangible assets	**10,989**	**13,529**
Write downs of fixed assets (tangibles)	**—**	**439**
Total depreciations, amortizations and write-down	**11,939**	**15,792**

27. Cost (Income) from non recurring transaction

Cost from non recurring transaction include for an amount of €1,400 thousand costs related to the change of Group CEO and CFO.

During the year ended on December 31, 2009, the Group booked €700 thousand of restructuring costs related to the reorganization process of Spain started in 2008 and ended during the first half of 2009.

28. Financial (Income)/Expense

The following table provides a breakdown of ''Financial (Income)/Expenses'' by for the year ended December 31, 2009 and 2008:

In thousands of Euro	Year ended December 31, 2009	2008
Interest income	58	704
Other financial income	537	289
Total financial income	**595**	**993**
Interest expenses—Bank overdraft	(480)	(665)
Interest expenses—Long term loans	(12,487)	(13,057)
Interest expenses—Shareholders loans	(13,415)	(12,237)
Interest expenses on leasing and other	(490)	(525)
Total finacial expenses	**(26,872)**	**(26,484)**
Write-downs of financial fixed assets	—	(6)
Write-downs of short term securities	—	(17)
Total financial (Income)/Expenses	**(26,277)**	**(25,514)**

IX) INCOME STATEMENT INFORMATION (Continued)

29. Income Taxes

The following table provides a breakdown of ''Income taxes'' by for the year ended December 31, 2009 and 2008:

In thousands of Euro	Year ended December 31, 2009	Year ended December 31, 2008
Income taxes	5,137	2,364
Deferred taxes variance	2,799	(6,083)
Deferred taxes variance—reclassification	—	985
Change in tax rate trought P&L	(432)	—
Total income taxes	**7,504**	**(2,734)**

Income taxes are related to the accruals for 2009 income taxes that Z Beta and its subsidiaries paid in 2009 and will pay during 2010 related to 2009 results.

For further details relating deferred taxes, please refer to balance sheet sections.

The reconciliation between the theoretical tax charge and that shown in the income statement is as follows:

In thousand of Euro	Year ended December 31, 2009	
Consolidated profit before taxes	(6,356)	
Current income taxes (Group average tax rate)	(1,589)	25%
Permanent differences in tax calculation	6,198	
Deferred tax variance—reclassification	—	
Differences in tax calculation on italian interest expenses	3,326	
Deferred tax variance—variance in tax rate	(431)	
Use of past tax losses not entered inthe accounts in previous financial years	—	
Entry of deferred tax assets for the past losses relating previous financial years	—	
Actual tax charge in the profit and loss account	**7,504**	−118%

The average actual rate of tax on the profit reflected both the different tax regime in some foreign subsidiaries and the effect of taking account of deferred tax assets associated with prior year tax losses.

30. Minority Interests

For net result related to the minorities, see note 13.

31. Earning per share

Earnings per share has been calculated for the year 2009 by dividing group net loss by the number of ordinary shares issued. During the year ended December 31, 2009, there were no potential dilutive instruments in issue, accordingly there were no dilution effects and diluted earnings per share coincides with basic earnings per share.

As of December 31, 2008 dilutive earnings per share has not been calculated as it would have increased the loss per share.

X) OTHER DISCLOSURES

32. Financial Risks and IFRS 7 Disclosures

The Group maintains a policy of minimising financial risks that could have an impact on the financial situation and cash flows of the Group.

These risks are as follows:

a) credit risk

b) liquidity risk

c) market risk (foreign exchange risk, interest rate risk, commodity price risk, other prices risk)

The responsibility for the creation and supervision of a managerial system of financial risks of the Group is the responsibility of the Board of Directors. The formalization of this policy is ongoing, although procedures are already in place to identify, analyze and monitor the exposures of the Group.

Credit risk

Credit risk is linked to a possibility of loss for the Group following a non payment of an obligation from third parties.

For the Group this risk is mainly related to risk of default by one of its customers.

The business strategies to manage this risk are:

— regarding the cash at disposal, Group chooses to work with primary national and international banks;

— regarding trade receivable, the Group works mainly with investment grade rated customers. The credit risk for remaining customers is covered by credit insurance with the exception of a number of long established customers in markets where it is difficult to obtain credit insurance;

— for new customers without an investment grade rating the strategy is to obtain credit insurance or else to request advanced payment;

— for customers to which the Group has agreed specific payment terms and the delivery of products is concentrated in a short time, it is normal to request a guarantee from banks or from its parent company;

— to better manage credit and liquidity risk, during 2009 Group entered in without-recourse factoring agreements for some of the main investment grade rated customers.

For the Group to consider a customer to be investment grade, it must have a minimum rating of BBB. The Group regularly monitors the ratings of its customers and in the event of any downgrade credit terms are agreed with the customer.

As of December 31, 2009, approximately 78% of the Group's trade receivables were with investment rated customers.

Liquidity risk

This risk, also called funding risk, is linked to the possibility of the Group having difficulty in obtaining funds in order to be able to meet their obligations.

As described in note 14, after the acquisition by Doughty Hanson, the Group obtained three loans from a syndicate of banks, as well as a revolving credit facility, and the possibility to get additional facilities with local banks.

The term loans were used to finance the existing whilst the revolving credit facility is used for working capital requirements.

X) OTHER DISCLOSURES (Continued)

Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk, arising from the potential variation in the value of a financial instrument resulting from fluctuations in the exchange value of foreign currencies.

The main currencies of the Group are Euro and US Dollars. The Group has a minor portion of revenues in Canadian Dollars, British Pounds and Australian Dollars. Most of the sales by the Chinese and Mexican Subsidiaries are in US Dollars. The Asian and Mexican subsidiaries also pay the majority of their material purchases in US Dollars. As a result, sales in US Dollars are to a large extent offset by US Dollar expenses. The other subsidiaries' sales are mostly in Euro, with the largest part of costs in Euro or Euro pegged currencies.

On a consolidated basis the Group's transactional foreign exchange risk is low, primarily as a result of the natural hedge of our foreign currency income and expenses. Transactional foreign exchange risk arises when our group entities execute transactions in currencies other than their functional currency. The Group has trade payables and receivables which are denominated in foreign currencies and any significant change in exchange rates could expose us to exchange rates gains and losses. The Group do not consider such exposure to be significant and do not currently use hedging instruments to manage such exposure. The Group's exposure is primarily in the Mexican and Asian subsidiaries, who primarily execute transactions in US Dollars, whilst their functional currency is Mexican Peso and Hong Kong dollar, respectively.

The Mexican branch has a part of the long term loan (loan A) that is expressed in USD that is hedged in term of foreign exchange risk with the credit versus customer that are expressed in the same currency.

Interest rate risk

Interest rate risk is linked to the possibility that a financial instrument and/or the financial flows generated by the same might get a variation in value due to fluctuation of interest rates in the money market.

The Group's financial liabilities with banks bear floating rates of interest, of either ''Euribor Interbank Offered Rate'' Euribor or ''London Interbank Offered Rate'' Libor (mainly for funding in USD).

In order to partially hedge the risk of increase in floating interest rates, the Group entered into a derivative contract IRS with a primary European bank for Term Loan B and Term Loan C, with original maturity of 5 years where the Group collects the floating rate and pays a fixed rate.

The Derivatives were done following the same floating maturity of the underlying debts. For further details please refer to note 14.

Commodity price risk

The Group is exposed to an increase in purchase of materials as a result of an increase in prices in the commodities markets.

The main materials linked to commodities prices that the Group purchases are polypropylene and copper. The prices of these two commodities are very volatile, and for this reason the Group has a policy in place to fix the purchase prices with the suppliers of polypropylene and copper for a period of time, usually between three and six months.

At the end of every year, the procurement division of the Group fixes the prices with the Group's suppliers and, depending on the contractual arrangements with a given customer, any cost variation may be shared with such customer.

X) OTHER DISCLOSURES (Continued)

Other prices risk

The risk is linked to a variation in the price of listed equity or debt instruments. The Group does not have any investments in listed equity or debt and therefore is not exposed to such risk.

Financial instruments ex IAS 39: category of risk and fair value

The following table sets forth a breakdown of the Group's financial assets and liabilities by category:

In thousands of Euro	Total as of December 31, 2009	Commercial receivables	Financial receivables	Derivatives throught IS	Derivatives throught Equity	Other receivables
Other non current assets	424	—	306	—	—	118
Non current assets . . .	**424**	**—**	**306**	**—**	**—**	**118**
Commercial external receivables	63,161	63,161	—	—	—	—
Income tax receivables .	890	—	—	—	—	890
Other receivables	7,239	—	—	—	—	7,239
Cash and banks	17,028	—	17,028	—	—	—
Current assets	**88,318**	**63,161**	**17,028**	**—**	**—**	**8,129**

In thousands of Euro	Total as of December 31, 2009	Commercial payable	Financial payable	Derivatives throught IS	Derivatives throught Equity	Other payable
Long term loans	153,025	—	148,941	—	4,084	—
Shareholder's loan	118,921	—	118,921	—	—	—
Other non current liabilities .	—	—	—	—	—	—
Non current liabilities	**271,946**	**—**	**267,862**	**—**	**4,084**	**—**
Commercial external payables	45,270	45,270	—	—	—	—
Restructuring Contingencies	—	—	—	—	—	—
Other payables	10,157	—	—	—	—	10,157
Current portion on Loans and Bank Overdraft	24,461	—	22,419	—	2,042	—
Current liabilities	**79,888**	**45,270**	**22,419**	**—**	**2,042**	**10,157**

As displayed in above table there is the possibility to look at the different category of financial instruments based on the method of valuation and exposure to the risk:

— Financial instruments measured at amortized cost

- Loans to employees
- Commercial receivables
- Cash
- Commercial payables
- Financial liabilities
- Other payables

X) OTHER DISCLOSURES (Continued)

— Financial instruments estimated at fair value from initial accounting

- Derivative financial assets
- Derivative financial liabilities

Financial instruments estimated at fair value and cash have a very low credit risk. The counterparties for these instruments are highly rated banks.

Customer's credit risks are linked to non payment or late payment of receivables. Given that the credit profile of the customers is good, the Company Board of Directors considers that the risk of significant loss is low.

Supplier payables are linked to the risk that the Group is not able to pay on time invoices due. Given the bank credit lines available to the Group the risk is very low.

Financial liabilities are linked to the funding granted by the banking system.

Following the estimation at fair value of assets and liabilities divided by category, as per IAS 39 indication and regulated by IFRS 7, the method and the main assumptions for estimation:

In thousands of Euro	Total as of December 31, 2009	Derivatives throught IS	Derivatives throught Equity	IAS 39 receivables	Non IAS 39 receivables
Other non current assets	424	—	—	306	118
Non current assets	**424**	—	—	**306**	**118**
Commercial external receivables	63,161	—	—	63,161	—
Income tax receivables	890	—	—	—	890
Other receivables	7,239	—	—	—	7,239
Cash and banks	17,028	—	—	17,028	—
Current assets	**88,318**	—	—	**80,189**	**8,129**

In thousands of Euro	Total as of December 31, 2009	Derivatives throught IS	Derivatives throught Equity	Ammortised cost liab.	Non IAS 39 payable
Long term loans	153,025	—	4,084	148,941	—
Shareholder's loan	118,921	—	—	—	118,921
Other non current liabilities	—	—	—	—	—
Non current liabilities	**271,946**	—	**4,084**	**148,941**	**118,921**
Commercial external payables	45,270	—	—	45,270	—
Restructuring Contingencies	—	—	—	—	—
Other payables	10,157	—	—	—	10,157
Current portion on Loans and Bank Overdraft	24,461	—	2,042	22,419	—
Current liabilities	**79,888**	—	**2,042**	**67,689**	**10,157**

The fair value of current assets, supplier payables, current financial liabilities and other liabilities approximates their book value, due to their short term nature.

The interest rate swap is measured at fair value, with the mark to market valuation being performed by the counterparty based on the mid price of the IRS with the same maturity at the end of December 2009. Please refer also to the comments reported in the above note 14.

Current financial liabilities relating to loans and bank overdrafts are measured at amortized cost.

X) OTHER DISCLOSURES (Continued)

Additional information on Financial Assets

Commercial external receivables are recorded net of a provision for doubtful receivables. The Group did not consider it necessary to impair any other financial assets or receivables. The Group's maximum exposure to credit risk is the carrying value of the related financial asset.

The following table sets forth a breakdown of the aging of the Group's commercial external receivables.

In thousands of Euro	Total as of December 31, 2009	Overdue written down	Overdue not written down	Not overdue not written down
Gross commercial receivables	63,929	2,007	8,916	53,006
Bad debt provision	(768)	(768)	—	—
Total	**63,161**	**1,239**	**8,916**	**53,006**

Based on its experience, the Group does not believe that there is any necessity to make provisions against receivables for amounts which are not yet due.

There are no financial assets that were renegotiated to avoid reductions in value.

In order to reduce the credit risk of non rated customers, Group purchases credit insurance or requires letters of creditor requires payment in advance.

During the year the Group did not call on any guaranties and did not make any credit insurance claims.

Additional information on Financial Liabilities

The following table sets forth the gross contractual cashflows (including interest payments) of the Group's financial liabilities.

In thousands of Euro	Out flow determinated	Long term over years	Medium term between 1 to 5 years	Short term till 1 year
Long term loans	153,025	105,774	47,251	—
Shareholder's loan	118,921	118,921	—	—
Other non current liabilities	—	—	—	—
Non current liabilities	**271,946**	**224,695**	**47,251**	**—**
Current portion on loans and bank overdraft	24,461	—	—	24,461
Current liabilities	**24,461**	**—**	**—**	**24,461**

For a better understanding please note that:

— when the creditor has the right to choose the timing of payment of debt, the debt was included in the first period;

— the amounts displayed are the contractual ones, inclusive of interest if applicable;

— the amount of loans at a floating rate was estimated based on Euribor at the end of December 2009.

The funding received from a pool of banks was governed by an agreement that provides for the maintenance of Covenants based on Ebitda, Total Net Debt, Total Interest costs, Capex, and Cash Flow. If these Covenants are not maintained the Group will be declared in Default unless within a pre-determined time it is able to rectify the non-compliance with Covenants.

At 31 December 2009 and at 31 March 2010 the Covenants were maintained

The Group has not issued any financial instruments with debt or equity components and has not defaulted on the interest or capital payments of its financial liabilities.

X) OTHER DISCLOSURES (Continued)

The Group has a shareholder loan with its parent, (Z Alpha) for an original nominal amount of €109,200,000 which bears an interest rate of 10,125%. The Group has the possibility to capitalize the interest as part of the loan principal. The final maturity of this loan is 49 years from December 13, 2006. See note 14 for further details.

Derivatives

As described in note 14, the Group entered into interest rate swaps for Term Loan B and Term Loan C. The fair value of such derivative was a liability of €6,126 thousand as of December 31, 2009. The Group does not have any other derivative financial instruments.

Information concerning fair value

The following table presents information of the method applied to determine the fair value of financial instruments designated at fair value. The levels have been defined as follows:

— level 1: quoted prices in active markets;

— level 2: technical assessments based on observable market information, either directly or indirectly; and

— level 3: not based on observable market data.

The following table presents liabilities designated at fair value as of December 31, 2009 and 2008 in thousand of Euro:

	As of December 31, 2009		
In thousands of Euro	Level 1	Level 2	Level 3
Derivative financial intruments	—	6,126	—
Total	**—**	**6,126**	**—**

	As of December 31, 2008		
In thousands of Euro	Level 1	Level 2	Level 3
Derivative financial intruments	—	4,920	—
Total	**—**	**4,920**	**—**

Sensitivity Analysis

The Group operates internationally and therefore is exposed for foreign exchange risk. Most of the Group's net sales are invoiced in Euro or USD, with the Group's European entities invoicing in Euro and the non-European entities invoicing in USD. Similarly, most of the Group's non European entities incur their costs in USD. Therefore, the Group considers that for non European entities there is a natural hedge of net sales and expenses.

X) OTHER DISCLOSURES (Continued)

The total exposure to foreign exchange risk at December 31, 2009 is as follows:

In thousands of Euro	Amounts in local currency as of December 31, 2009	Exchange rate at year end	Amounts in Euro as of December 31, 2009
Euro (EURO)	(275,372)	1.0000	(275,372)
US Dollar (US $)	16,346	1.4406	11,347
Mexican Peso (PMX)	20,679	18.8136	1,099
Brasilian Real (BR $)	977	2.5066	390
Hong Kong Dollar (HK $)	(16,559)	11.1709	(1,482)
Renminbi (RMB)	(10,628)	9.8350	(1,081)
Indian Rupia (INR)	63,917	67.0400	953
Bulgarian Leva (BGN)	(1,375)	1.9558	(703)
Pound (GBP)	262	0.8881	295
Canadian Dollar (CAD)	225	1.5128	148
TOTAL			**(264,406)**

During the year, the Group used forward foreign exchange contracts to hedge commercial exposure. At the end of the year there are no outstanding contracts.

Regarding the currency rate risk, a variance of the exchange rate of +10% or −10% will result in the following impact:

TOTAL	Euro with change rate + 10%	Further change difference at Profit & Loss	Euro with change rate—10%	Further change difference at Profit & Loss
Euro (EURO)				
US Dollar (US $)	10,610	(737)	12,193	846
Mexican Peso (PMX)	1,093	(6)	1,105	6
Brasilian Real (BR $)	375	(15)	406	16
Hong Kong Dollar (HK $)	(1,469)	13	(1,496)	(13)
Renminbi (RMB)	(1,070)	11	(1,092)	(11)
Indian Rupia (INR)	952	(1)	955	1
Bulgarian Leva (BGN)	(669)	34	(741)	(38)
Pound (GBP)	265	(30)	332	37
Canadian Dollar (CAD)	139	(9)	159	11
TOTAL		**(740)**		**855**

Given that the Group presents the consolidated balance sheet in Euro there is a translation foreign exchange risk linked to the conversion of the subsidiary balance sheets denominated in non-Euro currencies. This risk was not hedged.

Regarding the interest rate risk, the Group loans are linked to a floating rate.

With a movement of the interest curve of +1% or −1% the Group will get a negative or positive impact of €9 million on the interests to pay to the banks over the life time of the financing contracts. This impact if it occurred, would affect future years and not current year. Considering that the Group dealt an IRS described above, the effect of an interest curve movement is limited to the difference between the total loan and the nominal amount of the IRS that gets a negative or positive impact of €4 million.

The sensitivity analysis of the Goodwill has been reported in previous note 3.

X) OTHER DISCLOSURES (Continued)

33. Related party transactions

All intercompany transactions are conducted at ''arm's length'', including transactions with subsidiaries having minority shareholdings.

In addition, transactions with related parties outside of the Group are conducted at ''arm's length''.

The subscribed capital, amounting to €14,000,000, is represented by 560,000 shares with a nominal value of €25 fully paid and fully owned by Z Alpha S.A.

Furthermore, the shareholder, Z Alpha, has granted a subordinate bullet shareholder loan. Please see the explanations under note 14 ''long term loan current and non-current, shareholder loan and bank overdraft''.

34. Compensation

Remuneration and other benefits

We do not pay any compensation or provide any pension, retirement or similar benefits to the Directors of the Company, other than to the Chairman and the Chief Executive Officer respectively.

We compensate our executives in accordance with their respective positions within the Company, our financial performance and industry practice. The aggregate cash compensation paid to the members of senior management for the year ended 31 December 2009 was €0,9 million. This amount included pension accruals as well as bonuses and similar benefits.

Bonus plan

Senior management participates with other management in our bonus scheme. The scheme rewards managers for achievement of both individual and collective targets, with collective targets set on measures of earnings before interest, tax, depreciation and amortization (''EBITDA'') and cash flow.

35. Commitments and guarantees

Lease commitments

As of December 31, 2009, the Group had outstanding commitments in connection with rental and lease agreements totalling €7,126 thousand. The following sets forth a breakdown of the minimum payments under agreements to which the Group is a party as of December 31, 2009:

	Less than 1 year	1 to 5 years	More than 5 years	Total
Financial leases	8	0	0	8
Lease and rental obbligations	1,411	4,986	721	7,118
Total	1,419	4,986	721	7,126

Financial lease agreements relate to machinery and equipment. The rental and operating lease agreements largely relate to buildings.

Guarantees

As described in Note 14, the Term Loan is secured and pledged on certain Group assets and shares.

36. Contingent liabilities

The Group have not any involvement other than as presented above in any present or foreseeable legal or arbitration proceedings which could have a significant influence on its economic situation.

X) OTHER DISCLOSURES (Continued)

37. Subsequent events

Shareholder's contribution

On 19 November 2010, the sole shareholder of the Company decided to contribute to the share premium account as follows:

— a portion of the outstanding interest under the loan granted by Z Alpha S.A. amounting to €9,131 thousand;

— a portion of the accrued interest the loan granted by Z Alpha S.A. for an amount of €110 thousand, for a total increase of €9,241 thousand.

Loan Financing Amendment and Waiver

The situation of Zobele in the first half of 2011 was characterised by significant liquidity shortage, as a result of increasing debt principal repayments as the facilities approached maturity, and by cash flow covenant issues. The latter were caused by the strong growth in the business (+50% pa in the last two years), which absorbed working capital to finance organic growth and new product launches, and by a significant underperformance at EBITDA level (24% below budget in Q1 '11).

Furthermore, the Company had prepared a new Business Plan (''500 by '15'') which outlined the tremendous growth opportunities existing for Zobele across geographies, customers and categories. The new plan also clearly identified potential cash shortages and covenant issues as a key hurdle to achieve the proposed growth, due to the significant investments in infrastructure, equipment and working capital required. It was clear that without overcoming the existing cash flow issues, the Company would not have been able to take up the substantial business opportunities that existed.

In June 2011, the Company commenced negotiations with the banking syndicate to reschedule the loan repayments and amend the covenants. As of 31 December 2011, the Company met the leverage and interest cover covenants parameter and achieved agreement with the banks on suspension of the cash flow covenant compliance.

The approval for the loan amendment and modification of the covenant parameters was obtained in March 2012. Banks approved a loan amendment request rescheduling the debt repayments and modifying the covenant parameters. The rescheduling resulted in a substantial reduction of cash outflows for debt repayments over 2012-2013 and in a significant extension of the average life of the debt.

Breach of covenant at the testing date of 30 June 2012 and equity cure.

As a result of the trading environment in 2012, the Group would have breached its leverage covenant at the testing date of 30 June 2012 (although it respected the 3 remaining covenants). In such case the facility agreement permitted an ''Equity Cure'' procedure which allowed the shareholders to contribute an amount of up to €10 million, which for the purposes of the covenants, is considered as an increase in EBITDA and applied to the quarter when the breach occurred and to the next four quarters.

In September 2012 the shareholders applied the permitted Equity Cure, contributing an amount of €10 million as an increase in the ''shareholders loan''. Following such equity cure, the covenant breach at 30 June 2012 was cured and covenants compliance at the testing date of 30 September 2012 was met.

Subsequently, the Group has completed a business planning exercise and a new Business Plan has been created that was approved in November 2012 by the Board of Directors of Z Beta S.à r.l. This plan shows improvement in the operating results of the Group, however based on this new business plan, it is possible that the Group may not be in the condition to meet the covenants parameter at the testing date of September 30, 2013.

X) OTHER DISCLOSURES (Continued)

The Group has commenced a process for the issuance of senior secured notes for the purposes of entirely re-financing the Group's external bank financing, and the Directors remain confident that the notes issuance will be successfully completed in early 2013. This senior notes issue will replace the current financing package and will remove the constraints of the existing financing.

Therefore, despite the risk of a potential covenant breach set out above, the September 2012 Unaudited Interim Condensed Consolidated Financial Statements have been prepared adopting the going concern basis. If for any reason the notes issuance is not successful, the Directors are confident that the existing financing arrangements can be restructured with the existing lenders to take account of the cash generation of the revised business plan.

Notes issuing procedure

In November 2012 the Group commenced activities relating to the potential issuance of senior secured notes for an amount of €180 million, for the purposes of re-financing the existing bank debt. In addition, on or around the date of issuance of the notes, the Group expects to enter into a new revolving credit facility for an amount of €30 million. In connection with the notes issuance, on December 13, 2012, the Company and its sole shareholder entered into a contribution agreement whereby, conditional upon the issue of the notes, Z Alpha S.A. has agreed to contribute all claims under the shareholder loan, together with all interest accrued thereon, up to and as at the issue date of the notes. Accordingly, with effect on and from the issue date, all claims and outstanding interest under the shareholder loan shall be contributed by way of capital contribution to the Company, and the inter-company loan agreement shall be terminated.

Tax assessment

The Italian Tax Auditor, after two tax inspections held in 2011 in respect of Zobele Holding S.p.A., concerning the tax returns for fiscal years 2006, 2007 and 2008, issued two Tax Audit Report (or ''PVC'', Processo Verbale di Constatazione). The final assessment notice was issued in November 2012 and the Company settled for an amount of €1,4 million.

38. Operating segment information

The board of directors is the Group's chief operating decision-maker.

Management has determined the operating segments based on the information reviewed by the board of directors for the purposes of allocating resources and assessing performance, as follows:

— Air fresheners;

— Insecticide.

At the date of the December 2009 consolidated Financial Statements the Board of Directors assess the performance of the operating segments mainly based on *sales* as detailed in the previous note 21.

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ZOBELE
GROUP

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