

"NAOUSSA SPINNING MILLS" AE

CONDENSED FINANCIAL DATA AND INFORMATION FOR THE YEAR FROM 1 JANUARY 2005 TO 31 DECEMBER 2005

(Published according to L. 2190, article 135 for enterprises that prepare annual financial statements, consolidated and unconsolidated, according to International Financial Reporting Standards - IFRS)

The following data and information aim at providing a general knowledge for the financial position and the results of operations of "NAOUSSA SPINNING MILLS" A.E. Therefore, it is recommended, the reader who seeks to have an overview of the financial position and results of the company, before proceeding to any kind of investment decision or other transaction with the Company, must visit the Company's web site, at the internet address www.klonatex.com where are posted the Annual Financial Statements prepared according to the International Financial Reporting Standards accompanied with the Auditors' Report of the Certified Public Accountant Auditor.

Registered office: 1, Konstantinoupoleos Str. & Kifissou, Peristeri Attiki
 Companies Register No.: 23302/06/B/90/12
 Supervisory Authority: Ministry of Development - Societes Anonymes of the Ministry of Development
 Date of Approval of Financial Statements: 27/3/2006
 Certified Public Accountant Auditor: Haralambos K. Xenos - SOEL Reg. No. 11551
 Auditing company: Associated Certified Public Accountants - SOL SA
 Type of Auditors' Report: Unqualified
 Website address: www.klonatex.com

Board of Directors

Chairman: Thomas Ch. Lanaras
 Vice Chairman: Michael-Gordon Tzolif
 Managing Director: Haralambos G. Vastatas
 Members: Vasilios N. Tsilibaris
 Nikolaos D. Poulantzas

	BALANCE SHEET (Amounts reported in € thousand)			
	THE GROUP		THE COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
ASSETS				
Non-current assets	198.921	240.235	133.086	157.718
Inventories	25.342	46.297	9.468	17.573
Trade Receivables	29.669	44.339	16.772	23.614
Other assets	21.998	32.646	23.837	22.648
TOTAL ASSETS	275.930	363.517	183.163	221.553
LIABILITIES AND EQUITY				
Non-current liabilities	115.126	101.302	75.516	50.387
Short-term Bank borrowings	80.364	106.498	37.869	58.388
Other current liabilities	44.749	60.472	19.818	29.728
<i>Total Liabilities (a)</i>	240.240	268.272	133.203	138.503
Share Capital	21.284	6.081	21.284	6.081
Other data of shareholders' net equity	13.435	72.560	28.677	76.968
<i>Total shareholders' net equity (b)</i>	34.718	78.641	49.960	83.049
Minority interest (c)	972	16.605	0	0
<i>Total net equity (d) = (b) + (c)</i>	35.690	95.246	49.960	83.049
TOTAL LIABILITIES (e) = (a) + (d)	275.930	363.517	183.163	221.553

	STATEMENT OF CHANGES IN EQUITY FOR THE YEAR (Amounts reported in € thousand)			
	THE GROUP		THE COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Net equity of period Opening Balance	95.246	156.682	83.049	148.602
Profit (loss) for the year after taxes	(63.980)	(90.196)	(41.750)	(73.132)
	31.266	66.486	41.299	75.470
Increase of share capital	15.203	0	15.203	0
Net income recognised directly in equity	(10.778)	28.759	(6.542)	7.579
Net equity of period Closing Balance	35.690	95.246	49.960	83.049

	CASH FLOW STATEMENT FOR THE YEAR (Amounts reported in € thousand) Direct Method			
	THE GROUP		THE COMPANY	
	1/1- 31/12/2005	1/1- 31/12/2004	1/1- 31/12/2005	1/1- 31/12/2004
Cash Flows from Operating Activities				
Cash receipts from receivables	122.949	219.058	46.667	98.758
Cash paid to suppliers, employees etc.	(123.866)	(205.461)	(50.174)	(97.637)
Cash paid (refund received) for taxes	621	(176)	(1.466)	(720)
Interest paid	(8.296)	(9.650)	(4.815)	(5.049)
<i>Net cash generated from Operating Activities (a)</i>	(8.592)	3.771	(9.788)	(4.648)
Cash Flows from Investing Activities				
Payments for purchases of PPE and intangible assets	(712)	(2.723)	(487)	(2.260)
Proceeds from sale of PPE and intangible assets	78	172	22	159
Proceeds (payments) from sale (acquisition) of subsidiaries, associates etc.	0	(555)	(2.600)	(109)
Proceeds (payments) from sale (purchase) of financial assets (shares, securities)	448	4.540	448	3.480
<i>Net cash generated from Investing Activities (b)</i>	(186)	1.433	(2.617)	1.270
Cash Flows from Financing Activities				
Proceeds from shareholders' against capital increase	3.134	11.900	3.134	7.900
Proceeds from borrowings	33.757	621	32.000	0
Repayments of borrowings	(25.659)	(18.528)	(21.872)	(8.018)
Repayments of finance lease obligations (Installments for paying off the debt)	(3.459)	(6.731)	(1.551)	(1.801)
<i>Net cash generated from Financing Activities (c)</i>	7.773	(12.738)	11.711	(1.919)
Net increase/(decrease) in cash and cash equivalents (a) + (b) + (c)	(1.005)	(7.534)	(694)	(5.297)
Cash and cash equivalents at beginning of period	1.694	11.937	930	6.228
Cash and cash equivalents at end of period	689	4.403	236	930

Peristeri, 27 March 2006

	The Chairman of the Board of Directors	The Managing Director	The Finance Director	The Accounts Dept. Manager
	Thomas Ch. Lanaras ID. No. X 085877/03	Haralambos G. Vastatas Pass No. O244083	Emmanouil E. Detorakis ID. No. Ξ 084927/86	Dimitrios K. Tsipis ID. No. Σ 003214/95 H.E.C. License No. 15340/A' Class

	INCOME STATEMENT FOR THE YEA (Amounts reported in € thousand)			
	THE GROUP		THE COMPANY	
	1/1- 31/12/2005	1/1- 31/12/2004	1/1-31/12/2005	1/1- 31/12/2004
Sales	97.528	154.383	40.192	80.205
Gross profit/(loss)	(1.385)	(8.157)	365	(7.998)
Earnings/(loss) before taxes, financing and investing results and depreciation - amortisation	(22.230)	(19.605)	(16.000)	(18.867)
Earnings/(loss) before taxes, financing and investing results	(39.311)	(36.827)	(23.338)	(26.512)
Profit/(Loss) before taxes	(61.313)	(89.597)	(40.423)	(72.717)
Less Taxes	(2.667)	(599)	(1.326)	(415)
Profit/(Loss) for the period after taxes	(63.980)	(90.196)	(41.750)	(73.132)
<i>Attributable to:</i>				
Equity holders of the Company	(53.065)	(79.273)	(41.750)	(73.132)
Minority interest	(10.915)	(10.922)		
Losses after taxes per share-basic (expressed in €)	(0,89)	(3,96)	(0,70)	(3,65)

ADDITIONAL RECORDS AND INFORMATION

1. GROUP STRUCTURE

	Direct	Equivalent % participation
NAOUSSA SPINNING MILLS AE – 1, Konstantinoupoleos Str. & Kifissou, Peristeri, Attiki	Parent	Parent
<i>a. Subsidiary companies of the group consolidated by the full consolidation method</i>		
FANCO AE – 1, Konstantinoupoleos Str. & Kifissou, Peristeri, Attiki	Direct	22,01%
RODOPI SPINNING MILLS AE – Industrial zone – Komotini	Direct	77,14%
	Indirect	4,73%
GALLOP AE – 1, Konstantinoupoleos Str. & Kifissou, Peristeri, Attiki	Indirect	19,81%
ELIX AE – 1, Konstantinoupoleos Str. & Kifissou, Peristeri, Attiki	Indirect	22,01%
ALFAN AE - ALBANIA	Indirect	21,96%
BULFANCO A.D. - BULGARIA	Indirect	21,58%
TEXTILKO E.O.O.D - BULGARIA	Indirect	22,01%
KAVASKO L.T.D - F.Y.R.O.M.	Indirect	22,01%
<i>b. Associated companies of the group consolidated by the equity method</i>		
DELAN INVESTMENTS LTD	Direct	33,99%

In the present year the participation of 34% in the capital of the company THRACE GINNING MILLS AE was recognised as a non-current asset held for sale, to the contrary of the previous year, where it was consolidated by the full consolidation method. During the previous year the participation percentage of THRACE GINNING MILLS AE in the consolidated sales amounted to 5,26%, in the consolidated results 0,64% and in net equity 8,72%.

2. The un-audited by the tax authorities fiscal years for the company are 2003 – 2005. The un-audited by the tax authorities fiscal years for the group are from 1 to 5 years.

3. The financial statements of the Group of Naoussa Spinning Mills AE are included with the full consolidation method and participation percentage 32,19% in the consolidated financial statements of the parent company KILONATEX GROUP OF COMPANIES AE, 1, Konstantinoupoleos Str. & Kifissou, Peristeri, Attiki.

4. The accounting methods and accounting estimates applied for the preparation for the financial statements of the current year, are the same to those applied in the previous year.

5. There are no disputed or under arbitration cases of national or administrative courts that may have a material effect on the financial position or operation of the company and of the Group. The company has already reduced its net equity with provisions of € 346.735 and in total the Group € 679.705 for adjudged penalties the payment of which has been suspended by the Administrative Courts.

6. On the property, merchandise and securities of the company there are real liens of € 105.417 thousand and in total of the Group € 160.656 thousand.

7. The personnel employed at 31/12/2005 amounts for the company to 648 persons and the Group to 2.538 persons, against 795 and 3.429 employees respectively of the previous year.

8. The amounts of Purchases and Sales of the Company in the current year, to and from the related parties, accumulated to the amount of € 3.305 thousand and € 7.198 thousand, respectively. The amounts of Purchases and Sales of the Group in the current year, to and from the related parties, accumulated to the amount of € 6.809 thousand and € 2.863 thousand, respectively. The balances of receivables and payables from and to related parties of the Company amount to € 23.143 thousand and € 5.538 thousand, respectively. The balances of receivables and payables from and to related parties of the Group amount to € 10.260 thousand and € 2.896 thousand, respectively.

9. The significant decrease of sales is due to lack of working capital for its financing, as well as the cease of production of loss-making units and products.

10. There is a time delay for service of payables and overdue dues, which are foreseen to be arranged with the start of the financing of the business plan.

11. On 17 March 2006 an agreement was reached with the main creditor Banks for financing of the business restructuring and reconstruction plan of the Group companies, under special terms and conditions. Furthermore, it is foreseen the merger via absorption of the companies FANCO AE, RODOPI SPINNING MILLS AE and GALLOP AE by the parent company NAOUSSA SPINNING MILLS AE. The merger will be realized based on the Balance Sheet at 31/3/2006, of the absorbed companies, which will also constitute their transformation balance sheet, according to the 17/3/2006 decisions of the Board of Directors and is subject to approval of the companies' General Meetings. Moreover, it is foreseen a share capital increase up to the amount of at least € 10 million. The underwriting of the share capital increase is guaranteed by the European Textile Investments Ltd via a European bank, an amount with which will be used to reduce the bank loans of the main creditor banks. After completion of the above, it is also foreseen the refinancing of the total bank borrowings of the group up to the amount of € 140 million, under special terms to be agreed. The financing of the Group's restructuring plan will be realized gradually based on the progress of its realization by amount € 25,5 million. The viability of the Group depends on the successful realization of the business plan, its normal financing, refinancing, successful completion of the merger and the capital increase.