

"NAOUSA SPINNING MILLS" AE

Companies Register No. 23302/06/B/90/12

Registered offices: Kifissou & 1 Konstantinoupolos Peristeri Attiki - Website: www.klonatex.com

Data and information for the period from 1 January 2005 to 31 March 2005 - INTERIM FINANCIAL STATEMENTS

The following data and information aim to provide a general briefing for the financial position and the results of operations of "NAOUSA SPINNING MILLS" AE. Therefore, it is recommended, to any reader, before proceeding to any kind of investment decision or other transaction with the Company, to visit the Company's web site, at the address www.klonatex.com where are posted the Interim Financial Statements prepared according to the International Financial Reporting Standards accompanied with the Review Report of the Certified Auditor Accountant where it is necessary.

Certified Auditor Accountant: Haralambos Kon. Xenos - SOEL Reg. No. 11551

Auditing Company: ASSOCIATED CERTIFIED PUBLIC ACCOUNTANTS

Auditors' Report: Review Report par. 9 Greek Auditing Standards 7700 (Gov. Gazz 1589/22-10-2004 issue B)

BALANCE SHEET AS AT 31 MARCH 2005

	THE GROUP		THE COMPANY	
	31/3/2005	31/12/2004	31/3/2005	31/12/2004
ASSETS				
Non-current assets	228.773	240.235	154.951	157.718
Inventories	43.111	46.297	19.795	17.573
Trade Receivables	45.501	44.339	25.344	23.614
Other assets	30.502	32.646	26.007	22.648
TOTAL ASSETS	347.887	363.517	226.097	221.553
LIABILITIES				
Non-current liabilities	115.981	101.302	69.836	50.387
Short-term Bank borrowings	89.698	106.498	48.087	58.388
Other current liabilities	53.892	60.472	22.895	29.728
Total Liabilities (a)	259.572	268.272	140.819	138.503
EQUITY				
Shareholders Equity	79.940	78.641	85.278	83.049
Minority interest	8.375	16.605	0	0
Total Equity (b)	88.316	95.246	85.278	83.049
TOTAL EQUITY AND LIABILITIES (a) + (b)	347.887	363.517	226.097	221.553

INCOME STATEMENT FOR THE PERIOD 1/1-31/03/2005

	THE GROUP		THE COMPANY	
	31/3/2005	31/3/2004	31/3/2005	31/3/2004
Sales	29.850	48.129	15.435	24.096
Gross profit/(loss)	(563)	3.439	108	716
Earnings (loss) before taxes, financing and investing results	(6.072)	(1.548)	(3.499)	(1.875)
Earnings (loss) before taxes, financing and investing results and depreciation - amortisation	(1.784)	2.562	(1.591)	(158)
Profit/(Loss) before taxes	(8.208)	(17.109)	(5.026)	(15.587)
Less Taxes	(1.699)	(373)	(714)	68
Profit/(Loss) for the period after taxes	(9.907)	(17.483)	(5.740)	(15.519)
<u>Attributable to:</u>				
Equity holders of the Company	(6.930)	(16.170)	(5.740)	(15.519)
Minority interest	(2.977)	(1.312)		
Losses after taxes per share (expressed in €)	(0.34)	(0.81)	(0.28)	(0.77)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1/1-31/03/2005

	THE GROUP		THE COMPANY	
	31/3/2005	31/3/2004	31/3/2005	31/3/2004
Net equity of period	95.246	156.682	83.049	148.602
Increase of share capital	15.203	0	15.203	0
Amounts intended for capital increase	(7.900)	0	(7.900)	0
Decrease due to unconsolidated subsidiary	(5.480)	0	0	0
Net income recognised directly in equity	1.155	11.005	667	0
Loss/(Profit) for the period after taxes	(9.907)	(17.483)	(5.740)	(15.519)
Net equity of period Closing Balance	88.316	160.204	85.278	133.084

TABLE OF ADJUSTMENTS OF THE PERIOD OPENING NET EQUITY (1/1/2005 AND 1/1/2004 RESPECTIVELY)

	THE GROUP		THE COMPANY	
	1/1/2005	1/1/2004	1/1/2005	1/1/2004
Net Equity Opening Balance (1/1/2005 and 1/1/2004 respectively) according to the Greek Accounting Standards	98.605	159.744	153.956	202.008
Revaluation surplus L. 2065/1992	0	14.107	0	7.556
Revaluation surplus IAS 16	24.587	24.587	14.454	14.454
Differences from change of buildings depreciation rates	3.576	2.236	627	0
Transfer to liabilities of grants related to assets	-21.891	-23.335	-3.869	-4.748
Loss from valuation of assets held for sale	-1.640	-1.759	-1.491	-1.562
Loss from write-off of amortisable expenses	-3.494	-3.047	-2.811	-2.027
Loss from impairment of inventories	-1.977	-520	-195	-195
Loss from impairment of receivables	-1.173	-1.173	-585	-374
Provision for employee benefits	-3.248	-2.927	-2.092	-1.816
Other provisions	-183	-9.588	-70.905	-60.205
Currency translation differences	-680	-480	-347	-147
Earnings-(loss) from recognition of finance leases	1.631	-1.162	-3.693	-4.343
Deferred tax assets from tax deductible losses	1.044	0	0	0
Net Equity Opening Balance (1/1/2005 and 1/1/2004 respectively) according to the International Financial Reporting Standards	95.246	156.682	83.049	148.602

CASH FLOW STATEMENT

	THE GROUP		THE COMPANY	
	31/3/2005	31/3/2004	31/3/2005	31/3/2004
Cash Flows from Operating Activities				
Cash receipts from receivables	31.600	49.267	14.341	29.581
Cash paid to suppliers and employees	(42.257)	(40.201)	(22.992)	(26.874)
Cash paid (refund received) for taxes	(498)	(256)	(73)	(135)
Interest paid	(835)	(1.007)	(332)	(433)
Net cash generated from Operating Activities (a)	-11.990	7.803	-9.056	2.138
Cash Flows from Investing Activities				
Payments for purchases of PPE and intangible assets	(198)	(1.616)	(144)	(1.614)
Proceeds from sale of PPE and intangible assets	14	58	1	56
Proceeds (payments) from sale (acquisition) of subsidiaries, associates etc.	0	(241)	(2.600)	201
Proceeds (payments) from sale (purchase) of financial assets (shares, securities)				
	406	1.163	406	668
Net cash generated from Investing Activities (b)	223	(656)	(2.337)	(669)
Cash Flows from Financing Activities				
Proceeds from shareholders' against capital increase	3.134	0	3.134	0
Proceeds from borrowings	20.738	0	20.000	0
Repayments of borrowings	(11.113)	(10.124)	(10.301)	(5.577)
Repayments of finance lease obligations (Installments for paying off the debt)	(1.652)	(2.008)	(453)	(453)
Net cash generated from Financing Activities (c)	11.107	(12.132)	12.380	(6.030)
Net increase/(decrease) in cash and cash equivalents (a) + (b) + (c)	-660	-4.965	987	-4.581
Cash and cash equivalents at beginning of period	4.403	12.017	930	6.228
Cash and cash equivalents at end of period	3.743	7.051	1.917	1.646

ADDITIONAL RECORDS AND INFORMATION

	Equivalent % participation
1. GROUP STRUCTURE	
NAOUSA SPINNING MILLS AE - Kifissou & 1 Konstantinoupolos Str. Peristeri, Attiki	Parent
a. Subsidiary companies of the group consolidated by the full consolidation method	
FANCO AE - Kifissou & 1 Konstantinoupolos Str. Peristeri, Attiki	22,01%
RODOPI SPINNING MILLS AE - Industrial zone - Komotini	81,87%
GALLOP AE - 32 Kifissou Algaleo, Attiki	17,61%
ELIX AE - Kifissou & 1 Konstantinoupolos Str. Peristeri, Attiki	22,01%
ALFAN AE - ALBANIA	21,96%
BULFANCO A.D. - BULGARIA	21,58%
TEXTILKO E.O.O.D - BULGARIA	22,01%
KAVASKO L.T.D. - F.Y.R.O.M.	22,01%
b. Associated companies of the group consolidated by the equity method	
DELAN INVESTMENTS LTD	33,99%

In the present period the participation of 34% in the capital of the company THRACE GINNING MILLS AE was recognised as non-current assets held for sale, to the contrary of the previous period, where it was consolidated by the full consolidation method. During the previous period the participation percentage of THRACE GINNING MILLS AE in the consolidated sales amounted to 3,2%, in the consolidated results 0,2% and in net equity 5,7%.

2. The un-audited by the tax authorities fiscal years for the company are 2003 - 2004. The un-audited by the tax authorities fiscal years for the group are mentioned in the Notes to the Financial Statements.

3. The financial statements of the Group of Naoussa Spinning Mills AE are included in the consolidated financial statements of the parent company KLNATEX GROUP OF COMPANIES AE, Kifissou & 1 Konstantinoupolos Peristeri, Attiki, with participation percentage 32,94% in the capital of the company.

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

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 of the Group € 679.705 for adjudged fines 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 € 61.695 and of the Group € 114.577 to secure bank borrowings of the company, of an outstanding balance at 31.3.2005 € 56.107 and of the Group € 107.989.

7. The personnel employed at 31/3/2005 amounts for the company to 807 persons and the Group to 3.243 persons.

8. The amounts of Purchases and Sales of the Company in the current period, to and from the related parties, accumulated to the amount of € 454 and € 2.144 respectively. The receivables and payables balances from and to related parties amount to € 11.691 and € 2.656 respectively.

9. The Group has started the reorganisation of all its operating activities so as to secure its viability and to face the illicit competition of the third world countries. With the contribution of external consultants it is found in the phase of completion of a five-year business plan in which are recorded the actions and conditions for the recovery of the Group. The acceptance and financing of the aforesaid business plan from the banks and the completion of the restructuring will secure the viability and the development of the company and the Group.

Peristeri, 27 May 2005

The Chairman of the Board of Directors

The Managing Director

The Financial Services Manager

The Accounts Dept. Manager

Thomas Ch. Lanaras
ID. No. X 065877/03

Haralambos Vatisas
Pass No. 0244083

Emmanouil E. Detorakis
ID. No. E 084927/86

Dimitrios K. Tsipis
ID. No. E 003214/95
H.E.C. License No. 15340 A' Class