

"NAOUSSA SPINNING MILLS" AE

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

Registered office: Kifissou & 1 Konstantinoupoleos Peristeri Attiki - Website: www.klonatex.com

Data and Information for the period from 1 January 2005 to 30 June 2005 - INTERIM FINANCIAL STATEMENTS (AMOUNTS REPORTED IN THOUSANDS EURO)

The following data and information aim to provide a general briefing for the financial position and the results of operations of "NAOUSSA 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 Public Accountant: Haralambos Kon. Xenos - SOEL Reg. No. 11551
Auditing Company: ASSOCIATED CERTIFIED PUBLIC ACCOUNTANTS - SOL S.A.
Auditors' Report: Review Report par. 9 Greek Auditing Standards 7700 (Gov. Gazz 1589/22-10-2004 issue B)

BALANCE SHEET as at 30 June 2005

	THE GROUP		THE COMPANY	
	30/6/2005	31/12/2004	30/6/2005	31/12/2004
ASSETS				
Non-current assets	224.912	240.235	153.837	157.718
Inventories	34.428	46.297	11.653	17.573
Trade Receivables	44.770	44.339	27.733	23.614
Other assets	28.250	32.646	25.070	22.648
TOTAL ASSETS	332.359	363.517	218.294	221.553
LIABILITIES AND EQUITY				
Non-current liabilities	113.734	101.302	69.025	50.387
Short-term Bank borrowings	92.953	106.498	49.908	58.388
Other current liabilities	49.256	60.472	20.931	29.728
Total Liabilities (a)	255.944	268.272	139.865	138.503
Shareholders Equity	70.925	78.641	78.430	83.049
Minority interest	5.490	16.605	0	0
Total Equity (b)	76.415	95.246	78.430	83.049
TOTAL LIABILITIES AND EQUITY (a) + (b)	332.359	363.517	218.294	221.553

CASH FLOW STATEMENT

	THE GROUP		THE COMPANY	
	30/6/2005	30/6/2004	30/6/2005	30/6/2004
Cash Flows from Operating Activities				
Cash receipts from receivables	62.823	107.910	23.659	58.639
Cash paid to suppliers, employees etc.	(69.280)	(88.398)	(32.605)	(48.595)
Cash paid (refund received) for taxes	(1.293)	(1.228)	(617)	(871)
Interest paid	(3.537)	(4.570)	(2.045)	(2.255)
Net cash generated from Operating Activities (a)	(11.288)	13.714	(11.607)	6.917
Cash Flows from Investing Activities				
Payments for purchases of PPE and intangible assets	(570)	(1.850)	(485)	(1.630)
Proceeds from sale of PPE and intangible assets	33	110	19	103
Proceeds (payments) from sale (acquisition) of subsidiaries, associates etc.	0	322	(2.600)	(234)
Proceeds (payments) from sale (purchase) of financial assets (shares, securities)	406	2.416	406	1.130
Net cash generated from Investing Activities (b)	(131)	998	(2.660)	(632)
Cash Flows from Financing Activities				
Proceeds from shareholders' against capital increase	3.134	0	3.134	0
Proceeds from borrowings	20.000	0	20.000	0
Repayments of borrowings	(13.818)	(14.620)	(8.408)	(6.495)
Repayments of finance lease obligations (Installments for paying off the debt)	(525)	(5.397)	(525)	(2.505)
Net cash generated from Financing Activities (c)	8.791	(20.017)	14.201	(9.000)
Net increase/(decrease) in cash and cash equivalents (a) + (b) + (c)	(2.628)	(5.305)	(66)	(2.714)
Cash and cash equivalents at beginning of period	4.403	12.017	930	6.228
Cash and cash equivalents at end of period	1.775	6.712	864	3.513

TABLE OF ADJUSTMENTS OF THE PERIOD OPENING NET EQUITY (1/1/2005 AND 1/1/2004 RESPECTIVELY) BETWEEN THE GENERAL ACCOUNTING POLICIES EFFECTIVE UNTIL THE 1st ADOPTION AND THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (I.F.R.S.)

	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)
Provisions for impairment of participations	(183)	(9.588)	(70.905)	(60.205)
Other provisions	(680)	(480)	(347)	(147)
Currency translation differences	88	0	0	0
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

INCOME STATEMENT FOR THE PERIOD 1/1 - 30/6/2005

	THE GROUP				THE COMPANY			
	1/1-30/6/2005	1/4-30/6/2005	1/1-30/6/2004	1/4-30/6/2004	1/1-30/6/2005	1/4-30/6/2005	1/1-30/6/2004	1/4-30/6/2004
	Sales	61.206	31.356	92.287	44.158	30.019	14.584	47.995
Gross profit/(loss)	60	622	3.615	175	331	223	(899)	(1.615)
Earnings/(loss) before taxes, financing and investing results	(14.791)	(8.719)	(7.732)	(6.184)	(8.752)	(5.253)	(7.111)	(5.236)
Earnings/(loss) before taxes, financing and investing results and depreciation - amortisation	(6.298)	(4.514)	462	(2.100)	(4.985)	(3.394)	(3.744)	(3.586)
Profit/(Loss) before taxes	(19.408)	(11.200)	(32.593)	(15.484)	(11.267)	(6.241)	(27.429)	(11.843)
Less Taxes	(2.144)	(445)	(670)	(296)	(1.059)	(345)	51	(17)
Profit/(Loss) for the period after taxes	(21.552)	(11.645)	(33.263)	(15.781)	(12.327)	(6.586)	(27.378)	(11.860)
Attributable to:								
Equity holders of the Company	(15.731)	(8.801)	(30.116)	(13.946)	(12.327)	(6.586)	(27.378)	(11.860)
Minority interest	(5.821)	(2.844)	(3.147)	(1.835)				
Losses after taxes per share (expressed in €)	(0,32)	(0,12)	(1,50)	(0,70)	(0,25)	(0,09)	(1,37)	(0,59)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1/1 - 30/6/2005

	THE GROUP		THE COMPANY	
	30/6/2005	30/6/2004	30/6/2005	30/6/2004
Net equity of period Opening Balance	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	899	14.213	405	0
Loss/(Profit) for the period after taxes	(21.552)	(33.263)	(12.327)	(27.378)
Net equity of period Closing Balance	76.415	137.631	78.430	121.224

ADDITIONAL RECORDS AND INFORMATION

1. GROUP STRUCTURE

NAOUSSA SPINNING MILLS AE – Kifissou & 1 Konstantinoupoleos Str. Peristeri, Attiki

a. Subsidiary companies of the group consolidated by the full consolidation method

FANCO AE – Kifissou & 1 Konstantinoupoleos Str. Peristeri, Attiki

RODOPI SPINNING MILLS AE – Industrial zone – Komotini

GALLOP AE - 32 Kifissou Aigaleo, Attiki

ELIX AE – Kifissou & 1 Konstantinoupoleos Str. Peristeri, Attiki

ALFAN AE - ALBANIA

BULFANCO A.D. - BULGARIA

TEXTILKO E.O.O.D - BULGARIA

KAVASKO L.T.D - F.Y.R.O.M.

b. Associated companies of the group consolidated by the equity method

DELAN INVESTMENTS LTD

Equivalent % participation

Parent

FANCO AE – Kifissou & 1 Konstantinoupoleos Str. Peristeri, Attiki	22,01%
RODOPI SPINNING MILLS AE – Industrial zone – Komotini	81,87%
GALLOP AE - 32 Kifissou Aigaleo, Attiki	17,61%
ELIX AE – Kifissou & 1 Konstantinoupoleos 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%
DELAN INVESTMENTS LTD	33,39%

1. 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 3,54%, in the consolidated results 0,23% and in net equity 5,76%.

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 KLOMATEX GROUP OF COMPANIES AE, Kifissou & 1 Konstantinoupoleos Peristeri, Attiki, with participation percentage 32,30% 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 € 65.536 thousand and of the Group € 121.579 thousand to secure bank borrowings of the company, of an outstanding balance at 30.6.2005 € 58.201 and of the Group € 11.609.

7. The personnel employed at 30/6/2005 amounts for the company to 792 persons and the Group to 3.193 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 € 669 and € 4.145 respectively. The receivables and payables balances from and to related parties amount to € 13.955 and € 3.520 respectively.

9. The Group has started the reorganisation of all its operating activities so as to secure its continuation and to face the illicit competition of the third world countries. With the contribution of external consultants was prepared 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 which has been submitted to the main credit banks, will give the company the opportunity to face the liquidity problems for the realisation of the required actions for its reconstruction and reorganisation. In a contrary case the company will face problems as to whether it will continue its operation as its present status.

Peristeri, 26 September 2005

The Chairman of the Board of Directors

The Managing Director

The Financial Services Manager

The Accounts Dept. Manager

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