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## **NAOUSSA SPINNING MILLS AE**

### **Interim Financial Statements for the three-month period from 1 January to 31 March 2005 (Amounts reported in thousands Euro)**

compiled in accordance with the International Financial Reporting Standards,  
that have been adopted by the European Union

It is declared that the group and the Company prepared for the first time consolidated financial statements based on the International Accounting Standards applying the I.F.R.S.1. These Financial Statements have been approved by the Board of Directors of the company on 27 May 2005 and have been published by posting them on the company's web site, at the address, [www.klonatex.com](http://www.klonatex.com). It is noted that, the published in the press interim financial data aim to provide a general briefing for the financial position and the results of operations of the Company and the Group. Therefore, it is recommended, to any reader, before proceeding to any kind of investment decision or other transaction with the Company, to study the following interim financial statements accompanied with the Review Report of the Certified Auditor Accountant.

The Chairman of the Board of Directors

Thomas Ch. Lanaras  
ID. No. X 085877/03

The Managing Director

Haralambos Vatistas  
Pass No. O244083

The Financial Services Manager

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

The Accounts Dept. Manager

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

**NAOUSSA SPINNING MILLS AE**

**INCOME STATEMENT**

(Amounts reported in thousands Euro)

		<i>THE GROUP</i>		<i>THE COMPANY</i>		
		Quarter 1	Quarter 1	Quarter 1	Quarter 1	
		2005	2004	2005	2004	
Note						
	Sales	28	29.850	48.129	15.435	24.096
	Cost of goods sold		(30.412)	(44.690)	(15.327)	(23.380)
	<b>Gross result</b>		<b>(563)</b>	<b>3.439</b>	<b>108</b>	<b>716</b>
	Other operating income	28	1.813	2.110	794	931
	Selling and marketing costs		(2.830)	(2.899)	(1.436)	(1.136)
	Administrative expenses		(2.579)	(3.526)	(1.285)	(1.797)
	Other operating expenses		(1.913)	(671)	(1.681)	(589)
	<b>Operating result</b>		<b>(6.072)</b>	<b>(1.548)</b>	<b>(3.499)</b>	<b>(1.875)</b>
	Finance costs	29	(2.136)	(2.470)	(1.151)	(1.235)
	Proceeds (loss) from sale or measurement of investments	15	(0)	(13.091)	(377)	(12.477)
	<b>Results before taxes</b>		<b>(8.208)</b>	<b>(17.109)</b>	<b>(5.026)</b>	<b>(15.587)</b>
	Income tax expense	30	(1.699)	(374)	(714)	68
	<b>Result for the period after taxes</b>		<b>(9.907)</b>	<b>(17.483)</b>	<b>(5.740)</b>	<b>(15.519)</b>
	Minority interest		2.977	1.312	0	0
	<b>Net result</b>		<b>(6.930)</b>	<b>(16.170)</b>	<b>(5.740)</b>	<b>(15.519)</b>
	Earning/(loss) per ordinary share €	31	(0,34)	(0,81)	(0,28)	(0,77)
	Weighted number of shares		20.144.871	20.030.391	20.144.871	20.030.391

## NAOUSSA SPINNING MILLS AE

### BALANCE SHEET

(Amounts reported in thousands Euro)

	Note	THE GROUP		THE COMPANY		
		at 31 March	at 31	at 31 March	at 31	
		2005	December	2005	December	
		2004	2004			
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	6	195.748	208.432	100.104	101.914	
Other intangible assets	8	1.098	1.082	953	908	
Investments in subsidiaries	7	0	0	25.713	28.913	
Investments in associates	9	3.267	3.267	3.267	3.267	
Other financial assets	10	13.179	13.169	12.873	12.826	
Non-current assets held for sale	11	7.865	5.042	6.862	4.039	
Deferred income tax assets	24	7.615	9.243	5.179	5.852	
		<b>Total non-current assets</b>	<b>228.773</b>	<b>240.235</b>	<b>154.951</b>	<b>157.718</b>
<b>Current assets</b>						
Inventories	14	43.111	46.297	19.795	17.573	
Trade Receivables	12	45.501	44.339	25.344	23.614	
Other Receivables	13	26.503	27.602	23.834	21.076	
Other Financial assets at fair value through profit or loss	15	255	641	255	641	
Cash and cash equivalents	16	3.743	4.403	1.917	930	
		<b>Total current assets</b>	<b>119.114</b>	<b>123.283</b>	<b>71.146</b>	<b>63.835</b>
		<b>Total Assets</b>	<b>347.887</b>	<b>363.517</b>	<b>226.097</b>	<b>221.553</b>
<b>LIABILITIES</b>						
<b>Equity</b>						
Share capital	18	21.284	6.081	21.284	6.081	
Amounts intended to increase capital	18	0	7.900	0	7.900	
Share premium	19	262.318	262.318	262.318	262.318	
Revaluation surplus	19	20.798	19.891	15.121	14.454	
Differences due to translation of foreign currencies	19	134	113	0	0	
Reserves	19	45.543	46.468	41.602	41.602	
Accumulated losses		(270.136)	(264.130)	(255.046)	(249.306)	
		<b>79.940</b>	<b>78.641</b>	<b>85.278</b>	<b>83.049</b>	
Minority interest		8.375	16.605	0	0	
		<b>Total Equity</b>	<b>88.316</b>	<b>95.246</b>	<b>85.278</b>	<b>83.049</b>
<b>Non-current liabilities</b>						
Borrowings	22	31.612	12.061	21.353	1.353	
Finance lease obligations	21	38.400	39.630	27.202	27.471	
Deferred income tax liabilities	24	15.611	18.031	7.452	8.121	
Retirement benefit obligations	23	6.937	6.904	4.499	4.426	
Grants for PPE	25	15.432	17.737	2.174	2.513	
Deferred income	26	6.045	6.154	6.045	6.154	
Other non-current liabilities	27	1.944	784	1.111	349	
		<b>Total non-current liabilities</b>	<b>115.981</b>	<b>101.302</b>	<b>69.836</b>	<b>50.387</b>
<b>Current liabilities</b>						
Trade and other payables	20	44.587	51.169	20.039	26.880	
Short-term borrowings	22	89.179	105.770	48.087	58.388	
Short-term part of Long-term borrowings	22	519	728	0	0	
Finance lease obligations	21	4.829	4.768	1.065	1.058	
Short-term part of deferred income	26	434	434	434	434	
Grants for PPE	25	4.042	4.065	1.356	1.356	
Current income tax liabilities	30	0	36	0	0	
		<b>Total current liabilities</b>	<b>143.591</b>	<b>166.970</b>	<b>70.982</b>	<b>88.117</b>
		<b>Total Liabilities</b>	<b>347.887</b>	<b>363.517</b>	<b>226.097</b>	<b>221.553</b>

**NAOUSSA SPINNING MILLS AE**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Amounts reported in thousands Euro)

	Ordinary Shares	Share Capital	Share premium	Revaluation surplus	Grants for assets	Reserves	Retained Earnings	Currency translation differences	Consolidation differences	Rights to third parties	Total
<b>As at 1 January 2004 based on I.F.R.S.</b>	<b>20.030.391</b>	<b>101.754</b>	<b>263.753</b>	<b>31.067</b>	<b>0</b>	<b>42.838</b>	<b>-305.089</b>	<b>39</b>	<b>0</b>	<b>22.320</b>	<b>156.682</b>
Increase by acquisition of OLYMPIC TEXTILES AE	239.609	441	0	0	29	3.840	-3.375	0	3.327	-80	4.182
Decrease in share capital by netting off losses	0	-96.283	0	0	0	0	90.900	0	0	5.382	0
Increase in share capital by capitalization of reserves	0	168	0	0	0	-173	0	0	0	5	0
Decrease in share capital of subsidiary FANCO AE by netting off losses	0	0	-1.331	-503	0	-118	2.491	0	0	-437	102
Decrease in share capital of subsidiary TEXTILCO AE by netting off losses	0	0	0	0	0	0	87	0	20	345	452
Decrease in share capital of subsidiary BULFANCO AE by netting off losses	0	0	0	0	0	0	1.072	0	0	0	1.071
Effect due to percentage decrease in FANCO AE	0	0	-103	1.138	0	85	9.014	0	3.452	1.912	15.498
Effect due to percentage increase in OLYMPIC AE	0	0	0	0	0	0	-397	0	274	124	0
Netting off losses with revaluation surplus L.2165/1992	0	0	0	-11.811	448	0	13.403	0	0	-2.040	0
Transfer of assets grants to liabilities	0	0	0	0	-477	0	0	0	0	0	-477
Shareholders' deposits for share capital increase	0	7.900	0	0	0	0	0	0	0	0	7.900
Effect due to unconsolidated LANCO AE	0	0	0	0	0	-4	23	-7	0	-3	8
Effect due to consolidation of ELIX AE	0	0	0	0	0	0	-25	0	-33	0	-58
Currency translation differences from consolidation of foreign companies	0	0	0	0	0	0	0	82	0	0	82
Write-off of surplus	0	0	0	0	0	0	7.041	0	-7.041	0	0
Net loss for the year 1.1.2004-31.12.2004	0	0	0	0	0	0	-79.273	0	0	-10.922	-90.196
<b>As at 31 December 2004</b>	<b>20.270.000</b>	<b>13.981</b>	<b>262.318</b>	<b>19.891</b>	<b>0</b>	<b>46.468</b>	<b>-264.130</b>	<b>113</b>	<b>0</b>	<b>16.605</b>	<b>95.246</b>
Shareholders' deposits for share capital increase	0	-7.900	0	0	0	0	0	0	0	0	-7.900
Issue of share capital	50.675.000	15.203	0	0	0	0	0	0	0	0	15.203
Deferred tax difference (35%-32%) on revaluation surplus	0	0	0	907	0	0	0	0	0	228	1.135
Currency translation differences	0	0	0	0	0	0	0	20	0	0	20
Effect due to unconsolidated THRACE GINNING MILLS AE	0	0	0	0	0	-924	2.573	0	-1.649	-5.480	-5.480
Write-off of surplus	0	0	0	0	0	0	-1.649	0	1.649	0	0
Net loss for the period 1.1.2005 - 31.3.2005	0	0	0	0	0	0	-6.930	0	0	-2.977	-9.907
<b>As at 31 March 2005</b>	<b>70.945.000</b>	<b>21.284</b>	<b>262.318</b>	<b>20.798</b>	<b>0</b>	<b>45.543</b>	<b>-270.136</b>	<b>134</b>	<b>0</b>	<b>8.375</b>	<b>88.316</b>

**NAOUSSA SPINNING MILLS AE**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Amounts reported in thousands Euro)

	Ordinary Shares	Share Capital	Share premium	Revaluation surplus	Grants for assets	Reserves	Retained earnings	Total
<b>As at 1 January 2004 based on I.F.R.S.</b>	<b>20.030.391</b>	<b>101.754</b>	<b>262.318</b>	<b>22.010</b>	<b>0</b>	<b>37.930</b>	<b>-275.411</b>	<b>148.602</b>
Increase by acquisition of OLYMPIC TEXTILES AE	239.609	441	0	0	29	3.840	-4.154	156
Decrease in share capital by netting off losses	0	-96.283	0	0	0	0	96.283	0
Increase in share capital by capitalization of reserves	0	168	0	0	0	-168	0	0
Netting off losses with revaluation surplus L.2165/1992	0	0	0	-7.556	448	0	7.108	0
Transfer of assets grants to liabilities	0	0	0	0	-477	0	0	-477
Shareholders' deposits for share capital increase	0	7.900	0	0	0	0	0	7.900
Net losses for the year 1.1.2004-31.12.2004	0	0	0	0	0	0	-73.132	-73.132
<b>As at 31 December 2004</b>	<b>20.270.000</b>	<b>13.981</b>	<b>262.318</b>	<b>14.454</b>	<b>0</b>	<b>41.602</b>	<b>-249.306</b>	<b>83.049</b>
Shareholders' deposits for share capital increase	0	-7.900	0	0	0	0	0	-7.900
Issue of share capital	50.675.000	15.203	0	0	0	0	0	15.203
Deferred tax difference (35%-32%) on revaluation surplus	0	0	0	667	0	0	0	667
Net losses for the period 1.1.2005 - 31.3.2005	0	0	0	0	0	0	-5.740	-5.740
<b>As at 31 March 2005</b>	<b>70.945.000</b>	<b>21.284</b>	<b>262.318</b>	<b>15.121</b>	<b>0</b>	<b>41.602</b>	<b>-255.046</b>	<b>85.278</b>

## NAOUSSA SPINNING MILLS AE

### CASH FLOW STATEMENT

(Amounts reported in thousands Euro)

	THE GROUP		THE COMPANY	
	31/3/2005	31/3/2004	31/3/2005	31/3/2004
<b><u>Operating activities</u></b>				
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)
<b>Net cash generated from Operating Activities (a)</b>	<b>(11.990)</b>	<b>7.803</b>	<b>(9.056)</b>	<b>2.138</b>
<b><u>Investing activities</u></b>				
Payments for purchase 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
<b>Net cash generated from Investing Activities (b)</b>	<b>223</b>	<b>(636)</b>	<b>(2.337)</b>	<b>(689)</b>
<b><u>Financing activities</u></b>				
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 (instalments for paying off the debt)	(1.652)	(2.008)	(453)	(453)
<b>Net cash generated from Financing Activities (c)</b>	<b>11.107</b>	<b>(12.132)</b>	<b>12.380</b>	<b>(6.030)</b>
<b>Net increase/(decrease) in cash and cash equivalents for period (a)+(b)+(c)</b>	<b>(660)</b>	<b>(4.965)</b>	<b>987</b>	<b>(4.581)</b>
Cash and cash equivalents at beginning of period	4.403	12.017	930	6.228
<b>Cash and cash equivalents at end of period</b>	<b>3.743</b>	<b>7.051</b>	<b>1.917</b>	<b>1.646</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General information

Naoussa Spinning Mills AE (the Company) and its subsidiaries (together the Group) is mainly engaged in the Textile Industry sector.

The Group has manufacturing plants in the region of Macedonia (Imathia, Pella, Thessaloniki), in Thrace (Industrial Zone of Komotini, Palagia Alexandroupolis), in Viotia (Inofita, Avlida) and the Balkan countries (Albania, FYROM, Bulgaria).

Naoussa Spinning Mills AE is a limited liability company and has its primary listing on the Athens Stock Exchange. The address of its registered office is in Peristeri, Kifissou & 1 Konstantinoupoleos Str. and its web site address is [www.klonatex.com](http://www.klonatex.com). These interim financial statements at 31 March 2005, have been approved for issue by the Board of Directors on 27 May 2005.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

The consolidated financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) for the first time. The relative disclosures required by the IFRS 1, are disclosed in Note 34.

These financial statements have been prepared under the historical cost convention, except for the property, plant and equipment and the financial assets and liabilities that have been revalued. The principal accounting policies are described below.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates and the exercise of judgement in the process of applying the accounting policies.

#### 2.2 Consolidation

##### Subsidiaries

The consolidated financial statements comprise the financial statements of the company and the companies audited by it as at 31 March 2005. In particular are included the financial statements of RODOPI SPINNING MILLS AE and the consolidated financial statements of the company FANCO AE, which consolidates the companies GALLOP AE, ELIX AE, BULFANCO A.D., TEXTILKO E.O.O.D., ALFAN AE and KAVASKO LTD.

An audit is achieved over which the Group has the power to govern the financial and operating policies of another entity with the intention of gain from its activities.

The financial statements of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Inter-company transactions, balances, income and expenses and results are eliminated at consolidation.

##### Investments in associates

Associates are entities over which the Group has significant influence, but not control or by joint control. The results and the assets and liabilities of an associate, are incorporated in the financial statements by the equity method. Investments in associates are disclosed in the Balance Sheet at cost, adjusted against the post-acquisition movements of the Group's share at the net assets of the associate and taking into consideration any impairments of the value of separate investments. The Group's right of the share of associates losses, are not recognised.

### 2.3 Non-current assets held for sale

Non-current assets held-for-sale are stated at the lower of carrying amount and fair value. Non-current assets are classified as assets held for sale provided they are a discontinued operation or are available for direct sale and for which management has started the process of their sale.

### 2.4 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. In our circumstance all products and services are included in the textile sector. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

### 2.5 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### (c) Group companies

The results and financial position of all group entities that have functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) Monetary assets and liabilities are translated into Euro at the closing rate at the balance sheet date.
- b) Non-monetary assets and liabilities are translated at historical exchange rates.
- c) Equity is translated at the exchange rates ruling at the date they incurred.
- d) Income and expenses are translated at average exchange rates of the period except if the exchange rates have a significant fluctuation.

The arising exchange differences are recognised in reserves of shareholders' equity and carried to the income statement when a foreign operation is sold.

### 2.6 Property, plant and equipment

Property, plant and equipment are shown at fair value, based on valuations by independent valuers, less subsequent accumulative depreciation and impairment losses. The assets residual values and useful lives are reviewed at each balance sheet date. The other assets' are measured at their carrying amount. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method over their estimated useful lives, as follows:

Buildings	30-50	YEARS
Machinery	8-12	YEARS
Vehicles	4-6	YEARS
Furniture, fittings and equipment	4-5	YEARS

## 2.7 Borrowing costs

Borrowing costs directly related to the acquisition, construction or production of qualifying assets, the completion of which requires a significant period of time, is added to cost, up to the time that is required to prepare the asset for use or sale.

Income arising from temporary placement of capital borrowings intended for acquisition of the above qualifying assets is deducted from respective borrowing costs.

Other borrowing costs are recognised in the income statement in the year they incurred.

## 2.8 Intangible assets

**(a) Computer software** Acquired computer software and/or licences are measured at cost less amortisation. The amortisation is carried out on a straight-line basis over their estimated useful lives, which is 4 to 5 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

## 2.9 Impairment of assets except goodwill

Assets that are subject to amortisation are tested for impairment, whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

## 2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost formula. The cost of finished goods and semi-finished inventories comprises the cost of raw materials, direct labour and general industrial costs. Borrowing costs are not included in cost of inventories.

## 2.11 Trade receivables

Trade receivables are recognised at nominal value. Impairment losses (loss from doubtful debts) are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount of receivables and their present value. The amount of the provision is recognised as an expense in the income statement.

## 2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand and current deposits.

## 2.13 Share capital

The share capital includes the total share's par value. The amount of the share premium is classified in a special account and expenses for increase reduce the issue proceeds.

## 2.14 Borrowings

Borrowings are recognised at nominal value and the costs for the transaction incurred are charged to the income statement for the year. Owing to the relative stability of the interest rate of the functional currency but also the short-term-long-term character of the borrowings, the above nominal value is considered also as fair value.

## 2.15 Deferred income tax

Deferred income tax is determined using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax is determined using tax rates that have been enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## 2.16 Employee benefits

### a) Short - term employee benefits

Short - term employee benefits towards the employees in money and in kind are recognised as an expense when accrued.

### b) Pension obligations

The Group and company determine the future obligation for retirement based on actuarial calculations.

The liability recognised in the balance sheet in respect of defined pension plans is the present value of the defined benefit obligation less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the project unit credit method. For anticipated time of payment it is used the discount rate of Greek Government Bonds.

Actuarial gains and losses arising from experience adjustments based on the historical data and are greater or lower of the margin 10% of the cumulative obligation, are recognised in the income statement over the employees' expected average remaining work lives. Past-Service costs are recognised immediately in income unless the changes to the pension plan are conditional of the employees remaining in service for a specified period of time. In this case, the past-service costs are recognised in the income statement on a straight-line basis over the resting period.

## 2.17 Provisions

Provisions are recognised when:

- there is a present legal or constructive obligation as a result of past events,
- it is more likely than not that an outflow of resources will be required to settle the obligation and,
- the required amount has been reliably estimated.

## 2.18 Revenue recognition

Revenue is recognised at their value before value-added tax and other taxes, after discounts and rebates and after eliminating sales within the Group.

Revenue is recognised as follows:

### a) Sales of goods

Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured. The sales are usually made on credit.

### b) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

### c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

### d) Dividend income

Dividend income is recognised when the right to receive payment is established.

## 2.19 Leases

Leases where substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Other leases are classified as finance leases.

### **Lessor**

Cash receipts made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

### **Lessee**

Lease payments based on operating leases are recognised in expenses on a straight-line basis over the period of the lease.

Assets leased out under finance leases are recognised as assets of the Group valued, at the lease's commencement, at fair value or provided it is lower of the present value of the minimum lease payments. The relative obligation to the lessor is recognised in the balance sheet as a receivable from finance lease. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The finance charge is recognised in expenses except if it directly relates to assets (see above).

## 2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

## 2.21 Government grants

Government grants for training staff or other expenses are recognised in income based on the matching principle and disclosed in the income statement distinctively from the respective expenses. Government grants relating to assets are recognised in liabilities (current or non-current) as grants for PPE and are credited to the income statement according to the respective assets useful life.

## 3. Financial risk management

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk etc.

#### **a) Market risk**

##### i) Foreign exchange risk

The Group operates mainly in Pan-European level as well as in countries in the Mediterranean. The transaction currency is usually € and therefore, significant risk from receivables do not arise. Contrary significant risks are possible to arise from the change of the foreign exchange rates of the currency for supply of raw materials (\$) and the selling currency of finished goods (€).

##### ii) Price risk

The Group is exposed to changes in the value of inventories since the basic raw materials it uses is a commodities exchange expressed in dollars and therefore besides the foreign exchange risk there is a price risk of the supply of raw materials. When there is a significant unbalance between raw material inventories and finished goods, the Group manages the aforesaid risk via purchase or sale options.

#### **b) Credit risk**

The Group has significant concentrations of credit risk as regards to the size and quality of credit risk. For this reason and depending on the category of products and the customer it secures the credit risk to internationally recognised insurance companies specializing as to this.

#### **c) Liquidity risk**

The liquidity risk continues to remain at relative increased levels due to the situation in the textile market as well as the significant decrease of the bank grants in the last years.

**d) Cash flow and fair value interest rate risk**

As the Group has no significant interest-bearing assets and therefore is independent of changes in market interest rates. The same applies for the long-term borrowings, which are considered as short-term borrowings.

Group policy is to contract and renew almost all of its total borrowings using the floating rate.

**3.2 Fair value estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

**4. Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**5. Geographical segments**

The Group operates productively in Greece and the Balkan area. The Group's sales are mainly addressed to three geographical areas in Greece, in Other countries of the Eurozone and in Third World Countries. The total operations of the Company and Group concern production and trade of textile products and services (yarn, fabric, dyeing of fabric (facon) and ready garments.).

**GEOGRAPHICAL SEGMENTAL ANALYSIS OF THE GROUP**  
(Amounts reported in thousands Euro)

	Quarter 1 2005				Quarter 1 2004			
	Greece	Other Euro zone Countries	Third world countries	Total	Greece	Other Euro zone Countries	Third world countries	Total
Sales	11.395	17.197	1.257	29.850	19.774	26.347	2.009	48.129
Cost of goods sold	(11.549)	(17.568)	(1.295)	(30.412)	(18.558)	(24.246)	(1.886)	(44.690)
<b>Gross profit (loss)</b>	-154	-371	-37	<b>-563</b>	1.216	2.100	123	<b>3.439</b>
Other operating income	828	927	58	1.813	1.017	1.041	52	2.110
Selling and marketing costs	(827)	(1.861)	(142)	(2.830)	(892)	(1.858)	(149)	(2.899)
Administrative expenses	(1.072)	(1.396)	(111)	(2.579)	(1.414)	(1.936)	(175)	(3.526)
Other operating expenses				(1.913)	0	0	0	(671)
<b>Operating (loss) profit</b>	<b>(1.225)</b>	<b>(2.701)</b>	<b>(233)</b>	<b>(6.072)</b>	<b>(74)</b>	<b>(652)</b>	<b>(150)</b>	<b>(1.548)</b>
Finance costs				(2.136)				(2.470)
Proceeds (loss) from sale or measurement of investments				(0)				(13.091)
<b>Profit (loss) before taxes</b>				<b>(8.208)</b>				<b>(17.109)</b>
Income tax expense				(228)				(66)
Deferred taxes				(1.471)				(308)
<b>Profit (loss) after taxes</b>				<b>(9.907)</b>				<b>(17.483)</b>

**GEOGRAPHICAL SEGMENTAL ANALYSIS OF THE COMPANY**

	Quarter 1 2005				Quarter 1 2004			
	Greece	Other Euro zone Countries	Third world countries	Total	Greece	Other Euro zone Countries	Third world countries	Total
Sales	6.067	8.403	965	15.435	14.591	8.463	1.042	24.096
Cost of goods sold	(6.053)	(8.319)	(955)	(15.327)	(14.307)	(8.079)	(995)	(23.380)
<b>Gross profit (loss)</b>	14	84	10	<b>108</b>	284	385	47	<b>716</b>
Other operating income	312	432	50	794	564	327	40	931
Selling and marketing costs	(397)	(932)	(107)	(1.436)	(343)	(705)	(87)	(1.136)
Administrative expenses	(505)	(699)	(80)	(1.285)	(888)	(810)	(100)	(1.797)
Other operating expenses	0	0	0	(1.681)	0	0	0	(589)
<b>Operating (loss) profit</b>	<b>(576)</b>	<b>(1.114)</b>	<b>(128)</b>	<b>(3.499)</b>	<b>(383)</b>	<b>(804)</b>	<b>(99)</b>	<b>(1.875)</b>
Finance costs				(1.151)				(1.235)
Proceeds (loss) from sale or measurement of investments				(377)				(12.477)
<b>Profit (loss) before taxes</b>				<b>(5.026)</b>				<b>(15.587)</b>
Income tax expense				(714)				68
<b>Profit (loss) after taxes</b>				<b>(5.740)</b>				<b>(15.519)</b>

## 6. Property, plant and equipment

### PROPERTY, PLANT AND EQUIPMENT OF THE GROUP

(Amounts reported in thousands Euro)

#### Property, plant and equipment

	Land	Buildings	Plant & Machinery	Vehicles	Furniture, fittings & equipment	Total
<b>Balance 1/1/2004</b>						
Cost or valuation	28.895	105.057	206.831	2.749	10.969	354.499
Accumulated depreciation	0	-2.028	-119.886	-2.033	-9.134	-133.081
Net book amount	<b>28.895</b>	<b>103.028</b>	<b>86.945</b>	<b>715</b>	<b>1.835</b>	<b>221.418</b>
<b>Movement year 2004</b>						
Opening net book amount	28.895	103.028	86.945	715	1.835	221.418
Additions	0	215	2.483	55	231	2.983
Additions on acquisition cost due to consolidation of subsidiary	0	0	0	0	16	16
Disposals (decrease on acquisition cost)	0	-21	-394	-225	-33	-673
Decreases of acquisition cost due to unconsolidated subsidiary	0	0	-83	-6	-9	-97
Depreciation due to consolidation of subsidiary	0	0	0	0	-8	-8
Disposals (decrease of depreciation)	0	59	300	189	31	580
Decrease of depreciation due to unconsolidated subsidiary	0	0	46	4	5	55
Depreciation charge	0	-2.088	-12.888	-176	-689	-15.841
Net book amount	<b>28.895</b>	<b>101.193</b>	<b>76.409</b>	<b>556</b>	<b>1.378</b>	<b>208.432</b>
<b>Balance 31/12/2004</b>						
Cost or valuation	28.895	105.250	208.837	2.573	11.173	356.727
Accumulated depreciation	0	-4.057	-132.427	-2.016	-9.795	-148.295
Net book amount	<b>28.895</b>	<b>101.193</b>	<b>76.409</b>	<b>556</b>	<b>1.378</b>	<b>208.432</b>
<b>Movement period 1/1-31/3/2005</b>						
Opening net book amount	28.895	101.193	76.409	556	1.378	208.432
Additions	0	21	24	0	11	57
Disposals (decrease on acquisition cost)	0	0	-236	0	-7	-243
Decreases in cost due to unconsolidated subsidiary	-1.546	-7.421	-6.060	-340	-172	-15.538
Disposals (decrease of depreciation)	0	0	234	0	6	240
Decrease of depreciation due to unconsolidated subsidiary	0	1.119	5.390	296	157	6.962
Depreciation charge	0	-712	-3.275	-34	-142	-4.163
Net book amount	<b>27.349</b>	<b>94.200</b>	<b>72.487</b>	<b>480</b>	<b>1.231</b>	<b>195.748</b>
<b>Balance 31/3/2005</b>						
Cost or valuation	27.349	97.850	202.566	2.233	11.006	341.003
Accumulated depreciation	0	-3.650	-130.078	-1.753	-9.774	-145.256
Net book amount	<b>27.349</b>	<b>94.200</b>	<b>72.487</b>	<b>480</b>	<b>1.231</b>	<b>195.748</b>

The Group's land and buildings were last revalued at 31 December 2004 by independent valuers (American Appraisal). Valuations were made on the basis of the fair value of the assets. The revaluation surplus net of applicable deferred income taxes was credited to other reserves in shareholders' equity (Note 19).

The depreciation for the period is analysed as follows:

#### ANALYSIS OF DEPRECIATION

(Amounts reported in thousands Euro)

	THE GROUP	
	31/03/2005	31/03/2004
Depreciation of cost of goods sold	3.528	3.709
Depreciation of selling and marketing costs	18	19
Depreciation of administrative expenses	285	278
Depreciation of other operating expenses	456	51
<b>Total depreciation</b>	<b>4.288</b>	<b>4.056</b>

In the table is included also depreciation relating to intangible assets (Note 8).  
The acquisition cost of buildings and land, the valuation by the independent valuer, goodwill and the revaluation surplus are formed as follows:

**REVALUATION SURPLUS FROM PROPERTY VALUATION**  
(Amounts reported in thousands Euro)

	THE GROUP		
	LAND	BUILDINGS	TOTAL
Cost 31/12/2004	11.424	80.808	92.232
Accumulated depreciation	0	-45.805	-45.805
Net carrying amount	11.424	35.002	46.426
Valuation of independent valuer	17.404	66.848	84.252
Goodwill	5.980	31.845	37.826
Less: Deferred tax 35%	-2.093	-11.146	-13.239
<b>Property revaluation surplus</b>	3.887	20.699	24.587
Plus other revaluation surplus	0	312	312
<b>Revaluation surplus</b>	3.887	21.011	24.898
Less: Minority interest	-782	-4.226	-5.008
<b>Revaluation surplus-balance 31/12/2004</b>	3.105	16.785	<b>19.891</b>
Change due to decrease of tax rate to 32%	113	794	907
<b>Revaluation surplus 31/3/2005</b>	3.219	17.579	<b>20.798</b>

Bank borrowings are secured on land and buildings for the value of € 98.906 (2004:€ 98.906) (Note 22).

The office building of the company's registered office at Kifissou & 1 Konstantinoupoleos Str. Peristeri, is included in the above category of PPE and is held by the company through a finance lease agreement (sales & leaseback). Part of the above building is self-used and is subleased. Moreover, in the above PPE category is included the dyeing & finishing (property, machinery & equipment) of the subsidiary FANCO AE and a group of machinery of Rodopi Spinning Mills of the subsidiary of Rodopi Spinning Mills (Note 11), which are held also through a finance lease agreement.

## PROPERTY, PLANT AND EQUIPMENT OF THE COMPANY

(Amounts reported in thousands Euro)

### Property, plant and equipment

	Land	Buildings	Plant & Machinery	Vehicles	Furniture, fittings & equipment	Total
<b>Balance 1/1/2004</b>						
Cost or valuation	18.736	56.394	97.423	1.337	5.079	178.969
Accumulated depreciation	0	-457	-67.910	-953	-4.657	-73.978
Net book amount	<b>18.736</b>	<b>55.937</b>	<b>29.513</b>	<b>384</b>	<b>421</b>	<b>104.991</b>
<b>Movement year 2004</b>						
Opening net book amount	18.736	55.937	29.513	384	421	104.991
Additions	0	8	2.378	46	123	2.555
Additions on acquisition cost from absorption of subsidiary	0	0	5.339	62	45	5.447
Disposals (decrease of acquisition cost)	0	0	-245	-189	-14	-448
Disposals (decrease of depreciation)	0	0	165	153	13	331
Depreciation from absorption of subsidiary	0	0	-4.434	-56	-43	-4.534
Depreciation charge	0	-1.146	-5.012	-93	-178	-6.429
Net book amount	<b>18.736</b>	<b>54.799</b>	<b>27.704</b>	<b>307</b>	<b>367</b>	<b>101.914</b>
<b>Balance 31/12/2004</b>						
Cost or valuation	18.736	56.403	104.896	1.256	5.233	186.523
Accumulated depreciation	0	-1.603	-77.192	-949	-4.865	-84.609
Net book amount	<b>18.736</b>	<b>54.799</b>	<b>27.704</b>	<b>307</b>	<b>367</b>	<b>101.914</b>
<b>Movement period 1/1-31/3/2005</b>						
Opening net book amount	18.736	54.799	27.704	307	367	101.914
Additions	0	0	1	0	2	3
Disposals (decrease of acquisition cost)	0	0	0	0	-4	-4
Disposals (decrease of depreciation)	0	0	0	0	3	3
Depreciation charge	0	-443	-1.317	-22	-31	-1.813
Net book amount	<b>18.736</b>	<b>54.357</b>	<b>26.388</b>	<b>285</b>	<b>338</b>	<b>100.104</b>
<b>Balance 31/3/2005</b>						
Cost or valuation	18.736	56.403	104.897	1.256	5.231	186.522
Accumulated depreciation	0	-2.046	-78.509	-971	-4.893	-86.419
Net book amount	<b>18.736</b>	<b>54.357</b>	<b>26.388</b>	<b>285</b>	<b>338</b>	<b>100.104</b>

The land and buildings were last revalued at 31 December 2004 by independent valuers (American Appraisal). Valuations were made on the basis of the fair value of the assets. The revaluation surplus net of applicable deferred income taxes was credited to other reserves in shareholders' equity (Note 19).

The depreciation for the period is analysed as follows:

#### ANALYSIS OF DEPRECIATION

(Amounts reported in thousands Euro)

	THE COMPANY	
	31/03/2005	31/03/2004
Depreciation of cost of goods sold	1.257	1.462
Depreciation of selling and marketing costs	0	0
Depreciation of administrative expenses	234	214
Depreciation of other operating expenses	418	0
<b>Total depreciation</b>	<b>1.908</b>	<b>1.676</b>

In the table is included also depreciation relating to intangible assets (Note 8).

The acquisition cost of buildings and land, the valuation by the independent valuer, goodwill and the revaluation surplus are formed as follows:

**REVALUATION SURPLUS FROM PROPERTY VALUATION**  
(Amounts reported in thousands €)

	THE COMPANY		
	LAND	BUILDINGS	TOTAL
Cost 31/12/2004	8.570	40.590	49.160
Accumulated depreciation	0	-27.269	-27.269
Net carrying amount	8.570	13.321	21.891
Valuation of independent valuer	11.252	32.876	44.128
Goodwill	2.682	19.555	22.237
Less: Deferred tax 35%	-939	-6.844	-7.783
<b>Property revaluation surplus</b>	1.743	12.711	<b>14.454</b>
Plus other revaluation surplus	0	0	0
<b>Revaluation surplus</b>	1.743	12.711	<b>14.454</b>
Less: Minority interest	0	0	0
<b>Revaluation surplus-balance 31/12/2004</b>	1.743	12.711	<b>14.454</b>
Change due to decrease of tax rate to 32%	80	587	667
<b>Revaluation surplus 31/3/2005</b>	1.824	13.297	<b>15.121</b>

Bank borrowings are secured on land and buildings for the value of € 52.435 (2004: € 52.435) (Note 22).

## 7. Investments in subsidiaries

Naoussa Spinning Mills AE controls and consolidates the following subsidiary companies with the corresponding equivalent participation:

	Equivalent % participation
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%

Besides FANCO AE and RODOPI SPINNING MILLS AE, the remaining companies are subsidiaries of FANCO AE and are included in the above table with the equivalent participation of Naoussa Spinning Mills AE. Therefore, the participation percentage of the subsidiary FANCO AE in the aforesaid companies, on the participation percentage (22,01%) of Naoussa Spinning Mills AE in FANCO AE, gives the equivalent participation percentage of Naoussa Spinning Mills AE in the aforesaid companies. The subsidiary OLYMPIC TEXTILES AE, which was included in the consolidated financial statements of 2004 was absorbed during the year 2004 by Naoussa Spinning Mills AE.

**ANALYSIS OF PARTICIPATION IN SUBSIDIARIES**  
(Amounts reported in thousands Euro)

	THE COMPANY	
	31/03/2005	31/12/2004
<b>FANCO AE</b>	%	%
Cost	22,01% 12.203	22,01% 12.203
Impairment losses	(11.453)	(11.564)
<b>Fair value</b>	<b>750</b>	<b>639</b>

**RODOPI SPINNING MILLS AE**

Cost	77,14%	68.321	77,14%	68.321
Impairment losses		(43.358)		(42.870)
<b>Fair value</b>		<b>24.964</b>		<b>25.451</b>

**THRACE GINNING MILLS AE**

Cost	34,00%	0	34,00%	6.421
Impairment losses		0		(3.598)
<b>Fair value</b>		<b>0</b>		<b>2.823</b>

**TOTAL SUBSIDIARIES**

Cost		80.524		86.945
Impairment losses		(54.811)		(58.032)
<b>Fair value</b>		<b>25.714</b>		<b>28.913</b>

**8. Intangible assets**

**INTANGIBLE ASSETS**

(Amounts reported in thousands Euro)

	<b>THE GROUP</b>	<b>THE COMPANY</b>
	<b>Software</b>	<b>Software</b>
<b>Balance 1/1/2004</b>		
Cost	1.737	1.282
Accumulated amortisation and impairment	-777	-598
Net book amount 31.12.2003	<b>960</b>	<b>684</b>
<b>Movement year 2004</b>		
Opening net book amount	960	684
Additions	544	530
Impairment of cost	-215	-188
Impairment of amortisation	215	188
Amortisation charge	-423	-306
Net book amount	<b>1.082</b>	<b>908</b>
<b>Balance 31/12/2004</b>		
Cost	2.066	1.623
Accumulated amortisation and impairment	-985	-716
Net book amount	<b>1.082</b>	<b>908</b>
<b>Movement period 1/1-31/3/2005</b>		
Opening net book amount	1.082	908
Additions	141	141
Impairment of cost	0	0
Impairment of amortisation	0	0
Amortisation charge	-125	-96
Net book amount	<b>1.098</b>	<b>953</b>
<b>Balance 31/3/2005</b>		
Cost	2.208	1.765
Accumulated amortisation and impairment	-1.110	-812
Net book amount	<b>1.098</b>	<b>953</b>

The total amortisation is included in administrative expenses.

## 9. Investments in associates

### ANALYSIS OF PARTICIPATIONS IN ASSOCIATES

(Amounts reported in thousands Euro)

	THE GROUP				THE COMPANY			
	31/03/2005		31/12/2004		31/03/2005		31/12/2004	
	%		%	%		%		
<b>DELAN INVESTMENTS</b>								
Cost	33,39%	26.972	33,39%	26.972	33,39%	26.972	33,39%	26.972
Impairment losses		(23.705)		(23.705)		(23.705)		(23.705)
<b>Cost of valuation</b>		<b>3.267</b>		<b>3.267</b>		<b>3.267</b>		<b>3.267</b>
<b>LANCO LTD</b>								
Cost	90,00%	82	90,00%	82		0		0
Impairment losses		(82)		(82)		0		0
<b>Cost of valuation</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>TOTAL ASSOCIATES</b>								
Cost		27.054		27.054		26.972		26.972
Impairment losses		(23.787)		(23.787)		(23.705)		(23.705)
<b>Cost of valuation</b>		<b>3.267</b>		<b>3.267</b>		<b>3.267</b>		<b>3.267</b>

DELAN which is a holding and other financial investments company has no other operational cooperation (purchases – disposals – rendering of services etc.) with Naoussa Spinning Mills AE beyond the participation. LANCO of zero value is under liquidation.

## 10. Other financial assets

In this category are included all kinds of guarantees and payments for provision of services such as (Electricity, Telephone etc.), as well as investments held as fixed assets that concern shares of the company RIVERWATCH LTD and preferred shares of the company NSM INVESTMENTS LTD.

### ANALYSIS OF OTHER FINANCIAL ASSETS

(Amounts reported in thousands Euro)

	THE GROUP		THE COMPANY	
	31/03/2005	31/12/2004	31/03/2005	31/12/2004
Given guarantees to PPC & OTE	658	649	371	325
Given guarantees to third parties	13	12	5	5
Shares of the company RIVERWATCH LTD	11	11	0,00	0,00
Preferred shares of NSM INVESTMENT LTD	12.497	12.497	12.497	12.497
<b>Total</b>	<b>13.179</b>	<b>13.169</b>	<b>12.873</b>	<b>12.826</b>

In the operating records as at 31/3/05 are not included guarantees to the PPC and OTE, which was not consolidated in the Quarter 1, to the contrary of the year 2004, which it had been consolidated and its guarantees at 31/12/04 amounted to € 37 thousand.

## 11. Non-current assets held for sale

### PROPERTY, PLANT AND EQUIPMENT HELD FOR SALE (Amounts reported in thousands Euro)

	THE GROUP		THE COMPANY	
	31/03/2005	31/12/2004	31/03/2005	31/12/2004
Land	2.507	2.507	2.350	2.350
Buildings	2.015	2.015	1.689	1.689
<b>Total (a)</b>	<b>4.521</b>	<b>4.521</b>	<b>4.039</b>	<b>4.039</b>

### ANALYSIS OF THE HELD FOR SALE ASSETS OF THE COMPANY (Amounts reported in thousands Euro)

	Land	Buildings	Total
<b>Balance 31/12/2004</b>			
Cost	2.358	6.001	8.359
Accumulated depreciation	0	-1.917	-1.917
Net book amount	2.358	4.084	6.442
Less: Impairment losses	-8	-2.394	-2.403
<b>Valuation (forced sale-liquidation value) (American Appraisal)</b>	<b>2.350</b>	<b>1.689</b>	<b>4.039</b>

### ANALYSIS OF THE HELD FOR SALE ASSETS OF THE GROUP (Amounts reported in thousands Euro)

	Land	Buildings	Total
<b>Balance 31/12/2004</b>			
Cost	2.603	7.488	10.091
Accumulated depreciation	0	-2.863	-2.863
Net book amount	2.603	4.625	7.227
Less: Impairment losses	-96	-2.610	-2.706
<b>Valuation (forced sale-liquidation value) (American Appraisal)</b>	<b>2.507</b>	<b>2.015</b>	<b>4.521</b>

### OTHER NON CURRENT ASSETS HELD FOR SALE (Amounts reported in thousands Euro)

	THE GROUP		THE COMPANY	
	31/03/2005	31/12/2004	31/03/2005	31/12/2004
Participation in the company THRACE GINNING MILLS AE	6.421	0	6.421	0
Less: Impairment losses	-3.598	0	-3.598	0
	<b>2.823</b>	<b>0</b>	<b>2.823</b>	<b>0</b>
Participation in the company MODAMAGNUM AE	2.899	2.899	0	0
Less: Impairment losses	-2.378	-2.378	0	0
	<b>521</b>	<b>521</b>	<b>0</b>	<b>0</b>
<b>Grand total participations for sale (b)</b>	<b>3.344</b>	<b>521</b>	<b>2.823</b>	<b>0</b>
<b>Grand total (a)+(b)</b>	<b>7.865</b>	<b>5.042</b>	<b>6.862</b>	<b>4.039</b>

In the debenture loan contract of Naoussa Spinning Mills AE with the main credit banks is forecasted the disposal of non-strategic or inactive PPE and participations of the companies of the Group among which the property of Pellis Spinning Mills and the old Factory A of Naoussa Spinning Mills as well as the property at Avlida of the subsidiary company FANCO. Moreover, is forecasted the distribution of the participation in the company THRACE GINNING MILLS AE (participation 34%), which up until the previous year was included in the consolidated financial sizes of the Group by the full consolidation method, while in the current year it was measured at fair value. In MODA MAGNUM participates directly the subsidiary FANCO AE with a participation of 28,51% (equivalent percentage of Naoussa Spinning Mills 6,28%) and deals with the production of ready garments and wholesale and retail sale of children's brand name garments, shoes and accessories, through a chain of privately owned stores.

## 12. Trade receivables

### ANALYSIS OF BALANCES

(Amounts reported in thousands Euro)

	THE GROUP		THE COMPANY	
	31/3/2005	31/12/2004	31/3/2005	31/12/2004
Total balance of trade receivables	67.779	66.200	30.572	28.764
Less: Provision for impairment of receivables	(6.514)	(6.356)	(5.228)	(5.151)
Balance of trade receivables	61.265	59.845	<b>25.344</b>	<b>23.614</b>
Less: Balances of related parties	(15.764)	(15.505)	(3.111)	(1.701)
Balance of trade receivables (third parties)	<b>45.501</b>	<b>44.339</b>	22.233	21.913

In the trade receivables balances are included also cheques post-dated, part of which (Amount € 4.633 thousand from the company and € 9.512 thousand in total from the Group) have been transferred to the banks for the grant of short-term borrowings.

In the operating records of the Group at 31/3/05 are not included trade receivables, which was not consolidated in the first Quarter, to the contrary in the year 2004, where it had been consolidated and its receivables at 31/12/04 amounted to € 352 thousand.

## 13. Other receivables

### ANALYSIS OF OTHER RECEIVABLES

(Amounts reported in thousands Euro)

	THE GROUP		THE COMPANY	
	31/03/2005	31/12/2004	31/03/2005	31/12/2004
Blocked deposits	4.442	4.716	3.906	4.180
Receivables from taxes & grants from the State	6.619	7.990	1.538	1.972
Prepayments to personnel	246	297	168	218
Prepayments to trade payables	4.019	3.952	1.015	536
Deferred expenses – period	305	166	116	19
Accrued income – period	3.627	3.872	411	409
Receivables from related parties	15.350	12.750	15.299	12.699
Other receivables	2.149	1.848	1.379	1.042
<b>Total</b>	<b>36.757</b>	<b>35.591</b>	<b>23.834</b>	<b>21.076</b>
Less: Write-off of inter-company receivables	-10.254	-7.988	-8.581	-5.955
<b>Total receivables</b>	<b>26.503</b>	<b>27.602</b>	15.254	15.122

In the Group's operating records at 31/3/05 are not included receivables from third parties, which was not consolidated in the first Quarter, to the contrary of the year 2004, where it had been consolidated and its receivables at 31/12/04 amounted to € 1.360 thousand.

## 14. Inventories

### ANALYSIS OF INVENTORIES

(Amounts reported in thousands Euro)

	THE GROUP		THE COMPANY	
	31/03/2005	31/12/2004	31/03/2005	31/12/2004
Merchandise	1.494	1.363	224	166
Finished and semi-finished goods-by products and scrap	24.944	28.494	10.380	12.023
Work in progress	3.736	3.893	978	839
Raw materials-Consumables-Spare parts and packing items	13.794	15.588	8.513	4.844
<b>Total</b>	<b>43.968</b>	<b>49.338</b>	<b>20.095</b>	<b>17.873</b>
Less: Provisions for impairment of finished goods	(857)	(3.041)	(300)	(300)
<b>Balance of inventories</b>	<b>43.111</b>	<b>46.297</b>	<b>19.795</b>	<b>17.573</b>

In the Group's operating records at 31/3/05 are not included inventories, which was not consolidated in the first Quarter, to the contrary of the year 2004, where it had been consolidated and its inventories at 31/12/04 amounted to € 5.565 thousand.

Inventories of finished goods of the company and the Group of € 3.706 thousand are pledged in favour of the Agricultural Bank.

## 15. Financial assets at fair value through profit or loss

It concerns securities listed on the Athens Stock Exchange from the management of which in the quarter arose a loss arising mainly from the measurement of shares of a listed subsidiary, which is written off on a Group level, where is presented the marginal result of (€ 430,00). Changes in the value of other financial assets at fair value through profit or loss are recorded in the income statement.

## 16. Cash and cash equivalents

Cash represents the cash in hand of the Group and the company and deposits in current deposits available on first demand.

## 17. Unconsolidated companies

Following the signing of the contract of the debenture loan of the company with the main credit banks, among other things, the company is committed to proceed in the disposal of the non-strategic participations. Thus, to the contrary of the previous year where the company THRACE GINNING MILLS AE had been consolidated by the full consolidation method the first quarter 2005 was valued at fair value and was transferred to the account "Non-current assets held for sale".

Comparative analysis of the income statement of the Group for the first Quarter 2005 and first Quarter 2004 after the write-off of the unconsolidated operation ("THRACE GINNING MILLS AE"):

### INCOME STATEMENT ACCOUNTS

(Amounts reported in thousands Euro)

	<i>THE GROUP</i>			
	Quarter 1 2005	Quarter 1 2004		
		Consolidated operations	Unconsolidated operations	Total
Turnover	29.850	46.603	1.526	48.129
Cost of goods sold	(30.412)	(43.255)	(1.435)	(44.690)
<b>Gross result</b>	<b>(563)</b>	<b>3.348</b>	<b>91</b>	<b>3.439</b>
Other operating income	1.813	2.059	50	2.110
Selling and marketing costs	(2.830)	(2.786)	(113)	(2.899)
Administrative expenses	(2.579)	(3.481)	(45)	(3.526)
Other operating expenses	(1.913)	(668)	(3)	(671)
<b>Operating result</b>	<b>(6.072)</b>	<b>(1.528)</b>	<b>(20)</b>	<b>(1.548)</b>
Finance costs	(2.136)	(2.403)	(67)	(2.470)
Profit (loss) from disposal or measurement of investments	(0)	(13.091)	0	(13.091)
<b>Result before taxes</b>	<b>(8.208)</b>	<b>(17.022)</b>	<b>(87)</b>	<b>(17.109)</b>
Income tax expense	(228)	(66)	0	(66)
Deferred taxes	(1.471)	(307)	(0)	(308)
<b>Result after taxes</b>	<b>(9.907)</b>	<b>(17.395)</b>	<b>(87)</b>	<b>(17.483)</b>
Minority interest	2.977	1.255	58	1.312
<b>Net result</b>	<b>(6.930)</b>	<b>(16.141)</b>	<b>(30)</b>	<b>(16.170)</b>

The companies LANCO AE and Riverwatch LTD subsidiaries of the subsidiary FANCO AE, participation value € 82 thousand (for which has been made a provision for impairment to 100% of the participation value) and € 11 thousand respectively, are found under liquidation and are not included in the consolidation.

## 18. Share capital

At 1/1/04 the company's share capital amounted to € 101.754.386,28 sub-divided into 20.030.391 ordinary registered shares of par value € 5,08 each.

At 29/12/2004 upon resolution of the 2<sup>nd</sup> Repeated Extraordinary General Meeting of Shareholders:

a. The par value of the share's was decreased from € 5,08 to € 5,05 and simultaneously increased the share capital of the Company, owing to merger through acquisition of the company OLYMPIC TEXTILES AE by application of the provisions of L. 2166/93 by € 441.000 and by € 168.113,72 by capitalisation of extraordinary reserves that is, totalling € 609.113,72. Thus, the share capital of the company following the acquisition was formed to € 102.363.500,00 sub-divided into 20.270.000 ordinary registered shares of par value € 5,05 each.

b. Decreased, by € 96.282.500 with set off of accumulated losses and proportional decrease of the share's par value from € 5,05 to € 0,30, without change of the number of shares.

Thus, the paid-up share capital of the company was formed at 31/12/04 to € 6.081.000,00 sub-divided into 20.270.000 ordinary registered shares of par value € 0,30 each.

The same above General Meeting resolved the increase of the Share Capital by € 15.202.500 and the issue of 50.675.000 new ordinary registered shares of par value € 0,30 and issue price € 0,30 in favour of the company's existing shareholders. This increase was realised within the first Quarter of 2005 and was covered by € 11.034.082,50 through cash payments and by € 4.168.417,50 through capitalization of liabilities.

Thus, at 31 March 2005 the company's share capital amounted to € 21.283.500 sub-divided into 70.945.000 ordinary shares of par value € 0,30 each.

The amount of € 7.900.000 found in the Shareholders' equity items of the Group and the company at 31/12/04 concerns the prepayment against increase of share capital of the company as previously analysed.

### Share options

The extraordinary General Meeting held on 24/7/2002 had set up a scheme for the distribution of shares to the members of the B. of D. and employees of the Company, as well as to its related parties, according to the provisions of article 13 par. 9 of c.L. 2190/20, amounting to right of option 3.204.860 shares from the total existing then 80.121.564 shares, that is 4%.

The right of option of the above shares foresaw exercise price the average price in July of each year and owing to the drop of the price of the share was not exercised.

Already, the General Meeting held on 29/12/04 resolved the modification of the scheme for distribution of shares to the members of the B. of D. and to the employees of the Company with exercise price the par value of the share plus 40%, that is, € 0,42, authorizing simultaneously the Company's Board of Directors to decide on the details of the scheme for percentage of issue of shares to 8% of share capital that is, to 5.675.600 shares (= 70.945.000 X 8%).

The Board of Directors up until today has not yet proceeded in the distribution of the above authorised share options.

## 19. Other reserves

### a) Share premium

Concerns share premium of previous increases of the company's share capital as well as of the companies it acquired in the year 2001.

### b) Revaluation surplus

The amounts at 31/12/04 of the Group and the company concern the surplus that arose from the measurement (by an independent valuer) of the property, plant and equipment at fair value, in relation to the value recorded up until that date in the books of the companies of the Group.

The increase of the amounts at 31/3/05 in relation to those at 31/12/04 is due to the decrease of the liability of the deferred taxation owing to the decrease of the tax rates from 35% to 32%.

### c) Currency translation differences of subsidiaries

The amounts of the exchange differences concerns the difference arising from the translation of the financial statements of the foreign companies, which are issued in the local currency, in €.

### d) Reserves

Concern the ordinary, extraordinary and other tax-free reserves of the Group and of the company. The decrease of the items of the Group at 31/3/05 in relation to 31/12/04 by € 924 thousand is exclusively due to the non-consolidation of an operation (Note 17).

## 20. Trade and other payables

### ANALYSIS OF TRADE AND OTHER PAYABLES

(Amounts reported in thousands Euro)

	THE GROUP		THE COMPANY	
	31/03/2005	31/12/2004	31/03/2005	31/12/2004
Trade payables and other creditors	50.376	56.804	14.962	20.798
Taxes – duties	974	1.253	252	282
Social security	2.540	2.269	1.089	1.011
Prepayments from trade receivables	3.956	5.812	2.435	4.279
Dividends payable	81	81	26	26
Accrued expenses – period	4.177	2.580	1.275	483
<b>Total</b>	<b>62.104</b>	<b>68.799</b>	<b>20.039</b>	<b>26.880</b>
Less: Amounts due to related parties	-17.517	-17.594	-2.656	-4.204
<b>Balance of liabilities</b>	<b>44.587</b>	<b>51.205</b>	<b>17.383</b>	<b>22.676</b>

## 21. Finance lease obligations

In the P.P.E. are included the following amounts, which the companies of the Group hold as lessees based on finance leases.

### FINANCE LEASE OBLIGATIONS

(Amounts reported in thousands Euro)

#### Net carrying amount of finance leases

	THE GROUP		THE COMPANY	
	31/3/2005	31/12/2004	31/3/2005	31/12/2004
Cost-capitalised finance leases	52.190	60.878	30.351	30.351
Accumulated depreciation	(4.680)	(7.383)	(1.029)	(915)
	<b>47.510</b>	<b>53.495</b>	<b>29.322</b>	<b>29.436</b>

#### Finance lease obligations

	THE GROUP		THE COMPANY	
	31/3/2005	31/12/2004	31/3/2005	31/12/2004
Non-current liabilities	38.400	39.630	27.202	27.471
Current liabilities	4.829	4.768	1.065	1.058
	<b>43.229</b>	<b>44.398</b>	<b>28.267</b>	<b>28.529</b>

#### Finance lease obligations – minimum lease payments:

	THE GROUP		THE COMPANY	
	31/3/2005	31/12/2004	31/3/2005	31/12/2004
Not later than 1 year	6.288	6.288	1.803	1.811
Later than 1 year and not later than 5 years	17.249	18.221	7.247	7.240
Later than 5 years	29.542	30.139	26.949	27.401
	<b>53.079</b>	<b>54.647</b>	<b>35.998</b>	<b>36.451</b>
Future finance charges on finance leases	(9.849)	(10.249)	(7.731)	(7.922)
	<b>43.229</b>	<b>44.398</b>	<b>28.267</b>	<b>28.529</b>

#### The present value of finance lease obligations is as follows:

	THE GROUP		THE COMPANY	
	31/3/2005	31/12/2004	31/3/2005	31/12/2004
Not later than 1 year	4.829	4.768	1.065	1.058
Later than 1 year and not later than 5 years	13.429	14.247	4.557	4.525
Later than 5 years	24.970	25.383	22.645	22.946
	<b>43.229</b>	<b>44.398</b>	<b>28.267</b>	<b>28.529</b>

Finance Lease obligations are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

## 22. Borrowings

(Amounts reported in thousands Euro)

### Debenture loan

	THE GROUP		THE COMPANY	
	31/03/2005	31/12/2004	31/03/2005	31/12/2004
NATIONAL BANK OF GREECE	8.038	0	8.038	0
EMPORIKI BANK	5.785	0	5.785	0
AGRIGULTURAL BANK OF GREECE	4.193	0	4.193	0
ALPHA BANK	1.675	0	1.675	0
EUROBANK	309	0	309	0
	<b>20.000</b>	<b>0</b>	<b>20.000</b>	<b>0</b>

### Analysis of long-term borrowings

	THE GROUP		THE COMPANY	
	31/03/2005	31/12/2004	31/03/2005	31/12/2004
ALPHA BANK	5.834	6.163	0	0
NATIONAL BANK OF GREECE	4.698	4.801	1.353	1.353
EMPORIKI BANK	1.080	1.097	0	0
	<b>11.612</b>	<b>12.061</b>	<b>1.353</b>	<b>1.353</b>

### Total debentures and other long-term borrowings

	<b>31.612</b>	<b>12.061</b>	<b>21.353</b>	<b>1.353</b>
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### Analysis of short-term borrowings

	THE GROUP		THE COMPANY	
	31/03/2005	31/12/2004	31/03/2005	31/12/2004
NATIONAL BANK OF GREECE	33.098	33.981	14.470	18.092
EMPORIKI BANK	20.264	29.381	11.956	14.691
AGRIGULTURAL BANK OF GREECE	14.535	16.935	14.535	16.935
ALPHA BANK	12.007	14.894	1.365	1.603
BANK OF ATTICA	3.029	4.234	2.229	3.436
GENIKI BANK	3.514	3.514	3.514	3.514
EUROBANK	2.715	2.715	0	0
EGNATIA BANK	-20	79	-20	79
PIRAEUS BANK	37	36	37	36
HOFMANN BANK	2	1	2	1
	<b>89.179</b>	<b>105.770</b>	<b>48.087</b>	<b>58.388</b>

### Analysis of short-term part of long-term borrowings

	THE GROUP		THE COMPANY	
	31/03/2005	31/12/2004	31/03/2005	31/12/2004
ALPHA BANK	355	413	0	0
NATIONAL BANK OF GREECE	165	309	0	0
EMPORIKI BANK	0	6	0	0
	<b>519</b>	<b>728</b>	<b>0</b>	<b>0</b>

### Grand total borrowings

	<b>121.310</b>	<b>118.558</b>	<b>69.440</b>	<b>59.741</b>
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In the short-term borrowings of the company from the National Bank of Greece is included also an overdraft account of € 2.924 thousand (31/12/04 € 3.061 thousand) which stands as ceiling to insured grants (registration of mortgage € 3.182 thousand).

In the operating records at 31/3/05 is not included borrowings, which was not consolidated in the first Quarter, to the contrary of the year 2004, where it had been consolidated and its borrowings at 31/12/04 amounted to € 5.692 thousand.

From the total above borrowings, borrowings of the Group at 31/3/05 of € 107.989 thousand and of the company € 56.119 thousand are secured by the land and buildings of the Group (Note 6), with transfer of clientele cheques (Note 12), and with pledge on inventories (Note 14).

During the last three years the banks limited considerably the bank borrowings towards the company and the Group, which consisted mainly to renewed short-term grants, in effect of which in July – August 2004 to arise a significant lack of working capital. The companies of the Group, had already within the year 2003, pointed out to the banks that the aforesaid tactic would create liquidity problems. Finally, after significant delays at 9/12/04 was signed a contract for a debenture loan, which among other things forecasted an issue of a debenture loan of € 20.000.000 and its cover from the main credit banks. From the amount of the debenture loan € 9.000.000 concerned refinancing of existing borrowing and € 11.000.000 new liquidity. The cover of the borrowing was realized within the first quarter of 2005, its duration is five-years with right of renegotiation from the banks and its interest rate is equal to EURIBOR six months plus 2,25 percentage units. At the same time it was decided the retaining of the size of the borrowing at the levels at 30 June 2004 and for a period of up to 18 months from the first issue of the debenture loan (February 2005). The interest rate of almost all borrowings is determined based on the EURIBOR 3 to 6 months plus 1,50 – 3,00 percentage units. The par value of the borrowings due to stability of the interest rates and their short-term character is deemed also fair.

The Extraordinary General Meeting held on 29/12/04 among other things resolved the issue of a convertible bond to ordinary registered shares up to the amount of € 5.000.000. The duration of the borrowing will be three – years. The conversion price will be equal to the par value of the share (€ 0,30). The bonds will not have coupons, the yield on maturity will be zero and the exercise of the conversion right of the bonds to shares, will coincide with every monthly anniversary of the issue date. The Board of directors of the company has not yet activated the start of the issue and distribution of the aforesaid debenture loan.

### 23. Provisions for retirement benefits

The Group and the company based on actuarial calculations determined a future liability for retirement benefits. Further to the retirement benefit, based on the provided for by law, the company and Group have no other obligation for any other benefit against the employees.

### 24. Deferred tax assets and liabilities

#### **ANALYSIS OF DEFERRED TAX ASSETS & LIABILITIES**

(Amounts reported in thousands Euro)

	THE GROUP		THE COMPANY	
	31/03/2005	31/12/2004	31/03/2005	31/12/2004
<b>Deferred tax assets from:</b>				
Provisions for impairment of inventories	274	1.064	96	105
Provisions for doubtful debts	578	632	288	315
Provisions for retirement benefits	1.622	1.749	1.053	1.127
Write-off of formation expenses	1.568	1.881	1.280	1.513
Devaluation of assets held for sale	793	883	726	803
From recognition of finance leases (leasing)	1.736	1.988	1.736	1.988
From tax deductible loss carry - forwards	1.044	1.044	0	0
<b>Total</b>	<b>7.615</b>	<b>9.243</b>	<b>5.179</b>	<b>5.852</b>
<b>Deferred tax liabilities from:</b>				
Surplus	12.104	13.239	7.116	7.783
Depreciation differences	804	1.925	336	338
From recognition of finance leases (leasing)	2.703	2.866	0	0
<b>Total</b>	<b>15.611</b>	<b>18.031</b>	<b>7.452</b>	<b>8.121</b>

In the operating records at 31/3/05 are not included deferred operating taxes, which was not consolidated in the first Quarter, to the contrary of the year 2004, where it had been consolidated and its deferred taxes at 31/12/04 amounted to € 1.150 thousand.

## 25. Grants for property, plant and equipment

Concern the company and its subsidiaries and are related to investments realised from 1995 up till today. The percentage of the grant depends on the area and the development law that have been enacted from 20% to 55%. According to the development law and the approved decisions there are various liabilities as well as time limitations regarding the transfer of the granted assets, the change of legal form and the shareholders (only of the unlisted companies).

The aforesaid grants are transferred to the income statement on the proportion of the depreciation of the assets that have been granted. In the current liabilities is included the proportional grants that will be transferred to the income statement during one year (from 1/4/05 onwards), to the income statement. Respectively, in the non-current liabilities is included the amount that concerns the grants that will be transferred to the income statement in the following years, after one year.

## 26. Deferred income

Concerns the balance of profit arising from the sale of the building that houses the registered offices of the company and in continuity its leasing (sales & lease back) on 28 February 2003. The aforesaid profit is transferred to the income statement proportionally during the lease agreement, which expires on 28 February 2020.

## 27. Other non-current liabilities

### ANALYSIS OF OTHER NON-CURRENT LIABILITIES

(Amounts reported in thousands Euro)

	THE GROUP		THE COMPANY	
	31/03/2005	31/12/2004	31/03/2005	31/12/2004
Greek Manpower Employment Organisation (O.A.E.D.)	27	33	0	0
Social security	1.166	0	762	0
Provisions for final fines	680	680	347	347
Other	70	70	2	2
<b>Total</b>	<b>1.944</b>	<b>784</b>	<b>1.111</b>	<b>349</b>

## 28. Income from sales – Other income

(Amounts reported in thousands Euro)

	THE GROUP		THE COMPANY	
	Quarter 1 2005	Quarter 1 2004	Quarter 1 2005	Quarter 1 2004
Disposals	29.850	48.129	15.435	24.096
Other operating income	1.813	2.110	794	931
<b>Total</b>	<b>31.663</b>	<b>50.239</b>	<b>16.229</b>	<b>25.027</b>

## 29. Finance cost

### ANALYSIS OF FINANCE COST

(Amounts reported in thousands Euro)

	THE GROUP		THE COMPANY	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
Interest on short-term & long-term borrowings	1.468	1.637	762	789
Interest on other current liabilities	121	272	121	205
Interest on finance leases	399	427	191	203
Other bank expenses	150	160	76	61
<b>Total</b>	<b>2.138</b>	<b>2.496</b>	<b>1.151</b>	<b>1.258</b>
Less: income from interest	(2)	(26)	(0)	(24)
<b>Total finance cost</b>	<b>2.136</b>	<b>2.470</b>	<b>1.151</b>	<b>1.235</b>

In the records of the Group at 31/3/05 is not included the operating interest, which was not consolidated in the first quarter, to the contrary of the first quarter of 2004 where it had been consolidated and its interest amounted to € 67 thousand.

## 30. Income tax expense

(Amounts reported in thousands €)

	THE GROUP		THE COMPANY	
	Quarter 1 2005	Quarter 1 2004	Quarter 1 2005	Quarter 1 2004
Income tax expense	(228)	(66)	(43)	(62)
Deferred tax	(1.471)	(308)	(671)	130
<b>Total</b>	<b>(1.699)</b>	<b>(374)</b>	<b>(714)</b>	<b>68</b>

The current income tax expense concerns tax control differences and property tax. The deferred tax concerns recognition of future taxation for provisions for impairment of inventories and receivables, retirement benefits etc.

The company has not undergone an audit from the tax authorities for the fiscal years 2003 to 2004, moreover companies of the Group have not undergone an audit from the tax authorities from 2 to 3 fiscal years.

## 31. Earnings (loss) per share

The results per share are calculated by dividing the result attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

(Amounts reported in thousands €)	THE GROUP		THE COMPANY	
	Quarter 1 2005	Quarter 1 2004	Quarter 1 2005	Quarter 1 2004
Earnings/(loss) per ordinary share €	(0,34)	(0,81)	(0,28)	(0,77)
Weighted average number of ordinary shares in issue	20.144.871	20.030.391	20.144.871	20.030.391

## 32. Related – party transactions

The transactions and the balances with the company THRACE GINNING MILLS AE, in which the company participates by 34% were formed in the first quarter of 2005 as follows: With the Group, purchases amount € 849 thousand, balance of liability € 60 thousand.

The transactions with holding companies N. Poulantza member of the B. of D. were formed totalling in the first Quarter of 2005 as follows: With the Group, purchases € 2 thousand, disposals € 564 thousand, balance of receivable € 1.096 thousand.

**PAYROLL AND OTHER KEY MANAGEMENT BENEFITS**

(Amounts reported in thousands Euro)

	THE GROUP		THE COMPANY	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
Fees	400	338	185	146
Other benefits	33	23	18	16
<b>Total</b>	<b>433</b>	<b>361</b>	<b>203</b>	<b>162</b>

The above fees are included in the employee benefit expense (Note 33).

**33. Employee benefit expense**

**PAYROLL EXPENSE**

(Amounts reported in thousands Euro)

	THE GROUP		THE COMPANY	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
Personnel fees	7.316	8.220	3.140	3.039
Social security costs	2.093	2.389	937	875
Other payroll expenses	180	322	116	191
<b>Total</b>	<b>9.589</b>	<b>10.931</b>	<b>4.194</b>	<b>4.105</b>
Employed personnel at the end of the period	3.243	3.465	807	785

**34. DISCLOSURES REQUIRED ACCORDING TO IFRS 1**

According to the law from 1 January 2005 the application of the International Financial Reporting Standards is mandatory for the companies listed on the Athens Stock Exchange. Up until 31 December 2004 the company and the Group had prepared and published their financial statements according to the Greek Legislation. For the presentation of the assets and liabilities and net equity according to the I.A.S. were realized adjustments that were deemed necessary according to the IFRS 1. In particular, was depreciated various expenses of the formation expenses, which are partially depreciated, an adjustment was made on property at fair value, the depreciation rates were modified of various assets so that they coincide with their remaining useful life, the liabilities of the company and the Group were recognised for the retirement benefits, the finance lease obligation was recognised with corresponding recognition in the PPE, the balance of the investment grants of assets to liabilities was transferred, the value of the investments in associated companies was adjusted and an accounting entry of the deferred tax was made etc. As set out in the following tables:

**ADJUSTMENTS OF EQUITY OF THE GROUP FROM THE PREVIOUS ACCOUNTING POLICIES TO THE IFRS**

(Amounts reported in thousands Euro)

	Ordinary Shares	Share Capital	Share premium	Revaluation surplus	Grants for assets	Reserves	Retained Earnings	Currency translation differences	Consolidation differences	Rights to third parties	Total
<b>As at 1 January 2004 based on previous accounting policies</b>	<b>20.030.391</b>	<b>101.754</b>	<b>263.753</b>	<b>16</b>	<b>17.514</b>	<b>42.838</b>	<b>-239.331</b>	<b>39</b>	<b>-48.301</b>	<b>21.461</b>	<b>159.744</b>
Revaluation surplus L. 2165/1992	0	0	0	11.500	0	0	0	0	0	2.607	14.107
Revaluation surplus IAS 16	0	0	0	19.530	0	0	0	0	0	5.057	24.587
Difference from change of buildings depreciation rates	0	0	0	0	0	0	2.236	0	0	0	2.236
Loss from valuation of property held for sale	0	0	0	0	0	0	-1.759	0	0	0	-1.759
Loss from write-off of amortisable expenses	0	0	0	0	0	0	-3.047	0	0	0	-3.047
Loss from impairment of inventories	0	0	0	0	0	0	-520	0	0	0	-520
Loss from impairment of receivables	0	0	0	0	0	0	-1.173	0	0	0	-1.173
Provision for employee benefits	0	0	0	0	0	0	-2.927	0	0	0	-2.927
Provisions for impairment of participations	0	0	0	0	0	0	-9.588	0	0	0	-9.588
Other provisions	0	0	0	0	0	0	-480	0	0	0	-480
Profit from recognition of finance leases	0	0	0	0	0	0	-1.162	0	0	0	-1.162
Difference of third parties rights from change of equity	0	0	0	0	0	0	2.103	0	0	-2.103	0
Revaluation surplus of subsidiaries	0	0	0	21	0	0	0	0	0	-21	0
Grants of assets - subsidiaries	0	0	0	0	5.820	0	0	0	-1.139	-4.681	0
Transfer to liabilities of grants related to assets	0	0	0	0	-23.335	0	0	0	0	0	-23.335
Write-off of surplus	0	0	0	0	0	0	-49.440	0	49.440	0	0
<b>As at 1 January 2004 based on the IFRS</b>	<b>20.030.931</b>	<b>101.754</b>	<b>263.753</b>	<b>31.067</b>	<b>0</b>	<b>42.838</b>	<b>-305.089</b>	<b>39</b>	<b>0</b>	<b>22.320</b>	<b>156.682</b>
<b>As at 1 January 2005 based on the previous accounting policies</b>	<b>20.270.000</b>	<b>13.981</b>	<b>262.318</b>	<b>241</b>	<b>16.050</b>	<b>46.631</b>	<b>-231.490</b>	<b>25</b>	<b>-25.876</b>	<b>16.725</b>	<b>98.605</b>
Revaluation surplus IAS 16	0	0	0	19.530	0	0	0	0	0	5.057	24.587
Difference from change of buildings depreciation rates	0	0	0	0	0	0	3.576	0	0	0	3.576
Loss from valuation of property held for sale	0	0	0	0	0	0	-1.640	0	0	0	-1.640
Loss from write-off of amortisable expenses	0	0	0	0	0	0	-3.494	0	0	0	-3.494
Loss from impairment of inventories	0	0	0	0	0	0	-1.977	0	0	0	-1.977
Loss from impairment of receivables	0	0	0	0	0	0	-1.173	0	0	0	-1.173
Provision for employee benefits	0	0	0	0	0	0	-3.248	0	0	0	-3.248
Provisions for impairment of participations	0	0	0	0	0	0	-183	0	0	0	-183
Other provisions	0	0	0	0	0	0	-680	0	0	0	-680
Profit from recognition of finance leases	0	0	0	0	0	0	1.631	0	0	0	1.631
Deferred tax assets on deductible losses	0	0	0	0	0	0	1.044	0	0	0	1.044
Netting-off reserves with losses	0	0	0	0	0	-163	163	0	0	0	0
Difference of third parties rights from change of equity	0	0	0	0	0	0	70	0	0	-70	0
Revaluation surplus of subsidiaries	0	0	0	120	0	0	0	0	0	-120	0
Grants of assets – subsidiaries	0	0	0	0	5.841	0	0	0	-853	-4.988	0
Transfer to liabilities of grants related to assets	0	0	0	0	-21.891	0	0	0	0	0	-21.891
Currency translation differences	0	0	0	0	0	0	0	88	0	0	88
Write-off of surplus	0	0	0	0	0	0	-26.729	0	26.729	0	0
<b>As at 1 January 2005 based on the IFRS</b>	<b>20.270.000</b>	<b>13.981</b>	<b>262.318</b>	<b>19.891</b>	<b>0</b>	<b>46.468</b>	<b>-264.130</b>	<b>113</b>	<b>0</b>	<b>16.605</b>	<b>95.246</b>

**ADJUSTMENTS OF EQUITY OF THE COMPANY FROM THE PREVIOUS ACCOUNTING POLICIES TO THE IFRS**

(Amounts reported in thousands Euro)

	Ordinary Shares	Share Capital	Share premium	Revaluation surplus	Grants for assets	Reserves	Retained Earnings	Total
<b>As at 1 January 2004 based on the previous accounting policies</b>	20.030.391	101.754	262.318	0	4.748	37.930	-204.743	202.008
Revaluation surplus L. 2165/1992	0	0	0	7.556	0	0	0	7.556
Revaluation surplus IAS 16	0	0	0	14.454	0	0	0	14.454
Transfer to liabilities of grants related to assets	0	0	0	0	-4.748	0	0	-4.748
Loss from valuation of property held for sale	0	0	0	0	0	0	-1.562	-1.562
Loss from write-off of amortisable expenses	0	0	0	0	0	0	-2.027	-2.027
Loss from impairment of inventories	0	0	0	0	0	0	-195	-195
Loss from impairment of receivables	0	0	0	0	0	0	-374	-374
Provision for employee benefits	0	0	0	0	0	0	-1.816	-1.816
Provisions for impairment of participations	0	0	0	0	0	0	-60.205	-60.205
Other provisions	0	0	0	0	0	0	-147	-147
Loss from recognition of finance leases	0	0	0	0	0	0	-4.343	-4.343
<b>As at 1 January 2004 based on the IFRS</b>	<b>20.030.391</b>	<b>101.754</b>	<b>262.318</b>	<b>22.010</b>	<b>0</b>	<b>37.930</b>	<b>-275.411</b>	<b>148.602</b>
<b>As at 1 January 2005 based on the previous accounting policies</b>	20.270.000	13.981	262.318	0	3.869	41.602	-167.815	153.956
Revaluation surplus IAS 16	0	0	0	14.454	0	0	0	14.454
Difference from change of buildings depreciation rates	0	0	0	0	0	0	627	627
Transfer to liabilities of grants related to assets	0	0	0	0	-3.869	0	0	-3.869
Loss from valuation of property held for sale	0	0	0	0	0	0	-1.491	-1.491
Loss from write-off of amortisable expenses	0	0	0	0	0	0	-2.811	-2.811
Loss from impairment of inventories	0	0	0	0	0	0	-195	-195
Loss from impairment of receivables	0	0	0	0	0	0	-585	-585
Provision for employee benefits	0	0	0	0	0	0	-2.092	-2.092
Provisions for impairment of participations	0	0	0	0	0	0	-70.905	-70.905
Other provisions	0	0	0	0	0	0	-347	-347
Loss from recognition of finance leases	0	0	0	0	0	0	-3.693	-3.693
<b>As at 1 January 2005 based on the IFRS</b>	<b>20.270.000</b>	<b>13.981</b>	<b>262.318</b>	<b>14.454</b>	<b>0</b>	<b>41.602</b>	<b>-249.307</b>	<b>83.049</b>

**TABLE OF ADJUSTMENTS OF ASSETS – LIABILITIES OF THE GROUP FOR THE ADJUSTMENT TO THE IFRS**  
(Amounts reported in thousands Euro)

RECONCILIATION OF EQUITY AT DATE OF TRANSITION	THE GROUP 1/1/2004			THE GROUP 1/1/2005		
	Previous Accounting Policies	Effect of transition to IFRS	IFRS	Previous Accounting Policies	Effect of transition to IFRS	IFRS
Formation expenses	5.337	(5.337)	0	6.301	(6.301)	0
Property, plant and equipment	118.255	103.163	221.418	119.035	89.397	208.432
Other intangible assets	311	649	960	156	926	1.082
Investments in associates	28.333	(9.588)	18.745	3.982	(715)	3.267
Other financial assets	13.151	1	13.152	13.158	11	13.169
Non-current assets held for sale	0	4.521	4.521	0	5.042	5.042
Deferred income tax assets	0	7.415	7.415	0	9.243	9.243
<b>Total Non-Current Assets</b>	<b>165.388</b>	<b>100.824</b>	<b>266.211</b>	<b>142.632</b>	<b>97.602</b>	<b>240.235</b>
Inventories	53.105	(800)	52.305	49.338	(3.041)	46.297
Trade receivables	64.321	(81)	64.240	46.144	(1.805)	44.339
Other receivables	38.509	3.538	42.047	27.221	381	27.602
Securities	15.442	(1)	15.441	641	0	641
Cash and cash equivalents	11.395	0	11.395	4.403	0	4.403
<b>Total Current Assets</b>	<b>182.772</b>	<b>2.656</b>	<b>185.428</b>	<b>127.748</b>	<b>(4.465)</b>	<b>123.283</b>
<b>Total Assets</b>	<b>348.160</b>	<b>103.480</b>	<b>451.640</b>	<b>270.380</b>	<b>93.137</b>	<b>363.517</b>
Borrowings	11.283	0	11.283	12.061	0	12.061
Finance lease obligations	0	44.398	44.398	0	39.630	39.630
Deferred income tax liabilities	0	16.156	16.156	0	18.031	18.031
Retirement benefit obligations	57	4.504	4.561	1.907	4.997	6.904
Grants for PPE	0	19.238	19.238	0	17.737	17.737
Deferred income	0	6.588	6.588		6.154	6.154
Other non-current liabilities	73	480	552	104	680	784
<b>Total Non-Current liabilities</b>	<b>11.413</b>	<b>91.364</b>	<b>102.777</b>	<b>14.072</b>	<b>87.230</b>	<b>101.302</b>
Trade and other payables	50.418	1.724	52.142	51.205	0	51.205
Short-term borrowings	121.583	0	121.583	105.770	0	105.770
Short-term part of long-term borrowings	5.002	0	5.002	728	0	728
Finance lease obligations	0	8.923	8.923	0	4.768	4.768
Short-term part of deferred income	0	434	434		434	434
Grants for PPE	0	4.096	4.096	0	4.065	4.065
<b>Total current liabilities</b>	<b>177.003</b>	<b>15.178</b>	<b>192.181</b>	<b>157.703</b>	<b>9.267</b>	<b>166.970</b>
<b>Total liabilities</b>	<b>188.416</b>	<b>106.542</b>	<b>294.958</b>	<b>171.775</b>	<b>96.497</b>	<b>268.272</b>
<b>Difference Assets – Liabilities</b>	<b>159.744</b>	<b>(3.062)</b>	<b>156.682</b>	<b>98.605</b>	<b>(3.359)</b>	<b>95.246</b>
Issued capital	101.754	0	101.754	6.081	0	6.081
Share premium	263.753	0	263.753	262.318	0	262.318
Capital (shares under issue)	0	0	0	7.900	0	7.900
Revaluation surplus	16	31.051	31.067	241	19.649	19.891
Grants for PPE	17.514	(17.514)	0	16.050	(16.050)	0
Reserves	(11.000)	53.838	42.838	(14.448)	60.916	46.468
Accumulated losses	(185.493)	(119.596)	(305.089)	(170.412)	(93.718)	(264.130)
Currency translation differences of subsidiaries	39	0	39	25	88	113
Consolidation differences	(48.301)	48.301	0	(25.876)	25.876	0
<b>Total</b>	<b>138.283</b>	<b>(3.921)</b>	<b>134.362</b>	<b>81.880</b>	<b>(3.239)</b>	<b>78.641</b>
Minority interest	21.461	859	22.320	16.725	(120)	16.605
<b>Total equity</b>	<b>159.744</b>	<b>(3.062)</b>	<b>156.682</b>	<b>98.605</b>	<b>(3.359)</b>	<b>95.246</b>

**TABLE OF ADJUSTMENTS OF ASSETS – LIABILITIES OF THE COMPANY FOR THE ADJUSTMENT TO THE IFRS**  
(Amounts reported in thousands Euro)

RECONCILIATION OF EQUITY AT DATE OF TRANSITION	THE COMPANY 1/1/2004			THE COMPANY 1/1/2005		
	Previous Accounting Policies	Effect of transition to IFRS	IFRS	Previous Accounting Policies	Effect of transition to IFRS	IFRS
Formation expenses	3.802	(3.802)	0	5.232	(5.232)	0
Property, plant and equipment	52.916	52.075	104.991	55.921	45.993	101.914
Other intangible assets	0	684	684	0	908	908
investments in subsidiaries	98.407	(51.457)	46.949	76.113	(47.200)	28.913
Investments in associates	26.972	(8.748)	18.224	29.972	(26.705)	3.267
Other financial assets	12.798	0	12.798	12.826	0	12.826
Non-current assets held for sale	0	4.039	4.039	0	4.039	4.039
Deferred income tax assets	0	5.555	5.555	0	5.852	5.852
<b>Total Non-Current Assets</b>	<b>194.895</b>	<b>(1.654)</b>	<b>193.241</b>	<b>180.063</b>	<b>(22.345)</b>	<b>157.718</b>
Inventories	20.592	(300)	20.292	17.873	(300)	17.573
Trade receivables	37.933	(575)	37.358	24.514	(900)	23.614
Other receivables	20.419	3.169	23.588	17.765	3.311	21.076
Securities	12.402	0	12.402	641	0	641
Cash and cash equivalents	6.228	0	6.228	930	0	930
<b>Total Current Assets</b>	<b>97.573</b>	<b>2.294</b>	<b>99.867</b>	<b>61.723</b>	<b>2.111</b>	<b>63.835</b>
<b>Total Assets</b>	<b>292.468</b>	<b>640</b>	<b>293.109</b>	<b>241.786</b>	<b>(20.234)</b>	<b>221.553</b>
Borrowings	610	0	610	1.353	0	1.353
Finance lease obligations	0	28.529	28.529	0	27.471	27.471
Deferred income tax liabilities	0	7.783	7.783	0	8.121	8.121
Retirement benefit obligations	0	2.793	2.793	1.207	3.219	4.426
Grants for PPE	0	3.392	3.392	0	2.513	2.513
Deferred income	0	6.588	6.588		6.154	6.154
Other non-current liabilities	8	147	155	2	347	349
<b>Total non-current liabilities</b>	<b>618</b>	<b>49.232</b>	<b>49.851</b>	<b>2.562</b>	<b>47.825</b>	<b>50.387</b>
Trade and other payables	23.508	0	23.508	26.880	0	26.880
Short-term borrowings	64.557	0	64.557	58.388	0	58.388
Short-term part of long-term borrowings	1.778	0	1.778	0	0	0
Finance lease obligations	0	3.023	3.023	0	1.058	1.058
Short-term part of deferred income	0	434	434		434	434
Grants for PPE	0	1.356	1.356	0	1.356	1.356
<b>Total current liabilities</b>	<b>89.842</b>	<b>4.814</b>	<b>94.656</b>	<b>85.268</b>	<b>2.848</b>	<b>88.117</b>
<b>Total liabilities</b>	<b>90.460</b>	<b>54.046</b>	<b>144.506</b>	<b>87.830</b>	<b>50.673</b>	<b>138.503</b>
<b>Difference Assets – Liabilities</b>	<b>202.008</b>	<b>(53.406)</b>	<b>148.602</b>	<b>153.956</b>	<b>(70.907)</b>	<b>83.049</b>
Issued capital	101.754	0	101.754	6.081	0	6.081
Share premium	262.318	0	262.318	262.318	0	262.318
Capital (shares under issue)	0	0	0	7.900	0	7.900
Revaluation surplus	0	22.010	22.010	0	14.454	14.454
Grants for PPE	4.748	(4.748)	0	3.869	(3.869)	0
Reserves	(13.064)	50.994	37.930	(27.690)	69.291	41.602
Accumulated losses	(153.749)	(121.662)	(275.411)	(98.523)	(150.783)	(249.306)
<b>Total equity</b>	<b>202.008</b>	<b>(53.406)</b>	<b>148.602</b>	<b>153.956</b>	<b>(70.907)</b>	<b>83.049</b>

**TABLE OF ADJUSTMENTS OF INCOME STATEMENT FOR THE ADJUSTMENT TO IFRS**  
(Amounts reported in thousand Euro)

RECONCILIATION OF PROFIT FOR THE YEAR	THE GROUP 1/1/2005			THE COMPANY 1/1/2005		
	Previous Accounting Policies	Effect of transition to IFRS	IFRS	Previous Accounting Policies	Effect of transition to IFRS	IFRS
Sales	154.383	0	154.383	80.205	0	80.205
Cost of goods sold	(166.133)	3.593	(162.540)	(88.984)	781	(88.203)
<b>Gross result</b>	<b>(11.750)</b>	<b>3.593</b>	<b>(8.157)</b>	<b>(8.779)</b>	<b>781</b>	<b>(7.998)</b>
Other operating income	8.942	434	9.376	3.220	434	3.654
Selling and marketing costs	(10.421)	0	(10.421)	(4.714)	0	(4.714)
Administrative expenses	(12.984)	592	(12.392)	(5.624)	38	(5.586)
Other operating expenses	(14.813)	0	(14.813)	(11.717)	0	(11.717)
<b>Operating results</b>	<b>(41.026)</b>	<b>4.619</b>	<b>(36.407)</b>	<b>(27.615)</b>	<b>1.254</b>	<b>(26.362)</b>
Finance cost	(8.382)	(1.593)	(9.976)	(4.377)	(805)	(5.183)
Earnings (loss) from disposal or measurement of investments	(22.540)	(20.675)	(43.215)	(6.836)	(34.337)	(41.173)
<b>Profit (loss) before taxes</b>	<b>(71.949)</b>	<b>(17.649)</b>	<b>(89.597)</b>	<b>(38.828)</b>	<b>(33.889)</b>	<b>(72.717)</b>
Income tax expense	(539)	(59)	(599)	(213)	(201)	(415)
<b>Profit (loss) after taxes</b>	<b>(72.488)</b>	<b>(17.708)</b>	<b>(90.196)</b>	<b>(39.042)</b>	<b>(34.090)</b>	<b>(73.132)</b>
Minority interest	12.220	0	10.922	0	0	0
<b>Net profit (loss)</b>	<b>(60.268)</b>	<b>(17.708)</b>	<b>(79.273)</b>	<b>(39.042)</b>	<b>(34.090)</b>	<b>(73.132)</b>

### 35. Contingencies

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any other material differentiations will arise from the contingent liabilities. The company and Group have given guarantees to third parties and in favour of their subsidiaries and third parties, for securing mainly bank liabilities. In particular the company has given company guarantees and guarantee letters of € 42.157 thousand. Respectively on a Group level have been given guarantees and guarantees letters of € 45.876 thousand.

### 36. Events after the balance sheet date

Within the frame of the agreement of the Group with the main credit banks for the renegotiation of the bank borrowings and the financing of the companies have been engaged external consultants, in collaboration with which the Group prepares and will submit a five-year business plan for the viability of the companies of the Group. The preparation of the aforesaid plan is found at the stage of completion and foresees among other things the reorganisation of the operating activities and especially the productive installations, decrease of staff and financing of the working capital and the restructuring cost to secure the viability of the company and the Group. After its submission and its approval by the banks it should be recognised the cost to the income statement and equity of the companies, as well as the effect on the anticipated operating cash flows.