

"NAOUSSA SPINNING MILLS" AE

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

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

Data and Information for the period from 1 January 2005 to 30 September 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: Unqualified Review Report (par. 9 Greek Auditing Standard 7700 G.G. 1589/22-10-2004 issue B)

| BALANCE SHEET as at 30 September 2005 | | | | |
|---|----------------|----------------|----------------|----------------|
| | THE GROUP | | THE COMPANY | |
| | 30/9/2005 | 31/12/2004 | 30/9/2005 | 31/12/2004 |
| ASSETS | | | | |
| Non-current assets | 220.670 | 240.235 | 151.848 | 157.718 |
| Inventories | 28.594 | 46.297 | 10.269 | 17.573 |
| Trade Receivables | 36.005 | 44.339 | 21.851 | 23.614 |
| Other assets | 26.001 | 32.646 | 25.358 | 22.648 |
| TOTAL ASSETS | 311.270 | 363.517 | 209.326 | 221.553 |
| LIABILITIES AND EQUITY | | | | |
| Non-current liabilities | 110.363 | 101.302 | 69.017 | 50.387 |
| Short-term Bank borrowings | 90.443 | 106.498 | 48.527 | 58.388 |
| Other current liabilities | 47.603 | 60.472 | 20.895 | 29.728 |
| Total Liabilities (a) | 248.409 | 268.272 | 138.440 | 138.503 |
| Shareholders Equity | 60.895 | 78.641 | 70.887 | 83.049 |
| Minority interest | 1.965 | 16.605 | 0 | 0 |
| Total Equity (b) | 62.861 | 95.246 | 70.887 | 83.049 |
| TOTAL LIABILITIES AND EQUITY (a) + (b) | 311.270 | 363.517 | 209.326 | 221.553 |

| CASH FLOW STATEMENT | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | THE GROUP | | THE COMPANY | |
| | 30/9/2005 | 30/9/2004 | 30/9/2005 | 30/9/2004 |
| Cash Flows from Operating Activities | | | | |
| Cash receipts from receivables | 93.664 | 121.119 | 35.028 | 76.981 |
| Cash paid to suppliers, employees etc. | (100.278) | (88.349) | (41.870) | (65.031) |
| Cash paid (refund received) for taxes | (1.569) | (1.823) | (642) | (1.111) |
| Interest paid | (5.216) | (6.218) | (3.012) | (3.109) |
| Net cash generated from Operating Activities (a) | (13.400) | 24.729 | (10.495) | 7.730 |
| Cash Flows from Investing Activities | | | | |
| Payments for purchases of PPE and intangible assets | (680) | (1.976) | (486) | (1.645) |
| Proceeds from sale of PPE and intangible assets | 40 | 120 | 22 | 110 |
| Proceeds (payments) from sale (acquisition) of subsidiaries, associates etc. | 0 | 426 | (2.600) | (131) |
| Proceeds (payments) from sale (purchase) of financial assets (shares, securities) | 409 | 4.541 | 409 | 3.135 |
| Net cash generated from Investing Activities (b) | (231) | 3.111 | (2.655) | 1.469 |
| 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 | (12.391) | (27.309) | (9.860) | (9.375) |
| Repayments of finance lease obligations (Installments for paying off the debt) | (702) | (6.537) | (702) | (2.763) |
| Net cash generated from Financing Activities (c) | 10.041 | (33.846) | 12.572 | (12.138) |
| Net increase/(decrease) in cash and cash equivalents (a) + (b) + (c) | (3.589) | (6.006) | (579) | (2.939) |
| Cash and cash equivalents at beginning of period | 4.403 | 12.017 | 930 | 6.228 |
| Cash and cash equivalents at end of period | 814 | 6.011 | 352 | 3.288 |

| 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 - 30/9/2005 | | | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|
| | THE GROUP | | | | THE COMPANY | | | |
| | 1/1-30/9/2005 | 1/7-30/9/2005 | 1/1-30/9/2004 | 1/7-30/9/2004 | 1/1-30/9/2005 | 1/7-30/9/2005 | 1/1-30/9/2004 | 1/7-30/9/2004 |
| Sales | 81.250 | 20.044 | 120.719 | 28.433 | 35.870 | 5.851 | 59.837 | 11.842 |
| Gross profit/(loss) | 205 | 145 | 2.926 | (688) | 536 | 205 | (1.910) | (1.011) |
| Earnings/(loss) before taxes, financing and investing results | (26.070) | (11.279) | (16.928) | (9.197) | (15.106) | (6.353) | (14.745) | (7.634) |
| Earnings/(loss) before taxes, financing and investing results and depreciation - amortisation | (13.305) | (7.006) | (4.587) | (5.049) | (9.503) | (4.518) | (9.567) | (5.823) |
| Profit/(Loss) before taxes | (32.567) | (13.159) | (48.234) | (15.641) | (18.612) | (7.345) | (40.543) | (13.114) |
| Less Taxes | (2.528) | (384) | (1.381) | (712) | (1.257) | (198) | (230) | (281) |
| Profit/(Loss) for the period after taxes | (35.095) | (13.542) | (49.615) | (16.352) | (19.870) | (7.543) | (40.773) | (13.395) |
| Attributable to: | | | | | | | | |
| Equity holders of the Company | (25.758) | (10.027) | (44.323) | (14.207) | (19.870) | (7.543) | (40.773) | (13.395) |
| Minority interest | (9.337) | (3.515) | (5.292) | (2.145) | | | | |
| Losses after taxes per share (expressed in €) | (0,46) | (0,14) | (2,21) | (0,71) | (0,35) | (0,11) | (2,04) | (0,67) |

| STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1/1 - 30/9/2005 | | | | |
|---|---------------|----------------|---------------|----------------|
| | THE GROUP | | THE COMPANY | |
| | 30/9/2005 | 30/9/2004 | 30/9/2005 | 30/9/2004 |
| 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 | 888 | 14.852 | 405 | 0 |
| Loss/(Profit) for the period after taxes | (35.095) | (49.343) | (19.870) | (40.773) |
| Net equity of period Closing Balance | 62.861 | 122.191 | 70.887 | 107.829 |

ADDITIONAL RECORDS AND INFORMATION

1. GROUP STRUCTURE

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

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

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

RODOPI SPINNING MILLS AE – Industrial zone – Komotini

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

ELIX AE – 1, Konstantinoupoleos Str. & Kifissou, 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 – 1, Konstantinoupoleos Str. & Kifissou, Peristeri, Attiki | 22,01% |
| RODOPI SPINNING MILLS AE – Industrial zone – Komotini | 81,87% |
| GALLOP AE – 1, Konstantinoupoleos Str. & Kifissou, Peristeri, Attiki | 17,61% |
| ELIX AE – 1, Konstantinoupoleos Str. & Kifissou, 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% |

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 4,48%, in the consolidated results 0,35% and in net equity 6,4%.

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 KLONATEX GROUP OF COMPANIES AE, 1, Konstantinoupoleos Str. & Kifissou, Peristeri, Attiki, with participation percentage 32,19% 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 € 347 thousands and in total of the Group € 680 thousands for adjudged penalties the payment of which has been suspended by the Administrative Courts.

6. On the property, merchandise and securities of the company there are real liens of € 79.743 thousand and in total of the Group € 135.333 thousand to secure bank borrowings of the company, of an outstanding balance at 30.9.2005 € 68.626 thousand and in total of the Group € 118.356 thousand.

7. The personnel employed at 30/9/2005 amounts for the company to 725 persons and the Group to 3.027 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 € 2.298 thousand and € 5.634 thousand, respectively. The balances of receivables and payables from and to related parties amount to € 15.273 thousand and € 4.914 thousand, 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 immediate approval and financing of the aforesaid business plan which has been submitted to the main credit banks, will give the company and its subsidiaries the opportunity to face the liquidity problems for the realisation of the required actions for their reconstruction and reorganisation. In a contrary case the company and the group will face problems as to whether it will continue its operation at its present status.

Peristeri, 25 November 2005

The Chairman of the Board of Directors

The Managing Director

The Financial Services Manager

The Accounts Dept. Manager

Thomas Ch. Lanaras
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