



NAOUSSA SPINNING MILLS S.A.

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Peristeri, June 23, 2006

SUMMARY OF THE MERGER PLAN OF THE SOCIETE ANONYMES

(Article 70 par.1 Codified Law 2190/20)

A. "NAOUSSA SPINNING MILLS S.A." resided on 1 Konstantinoupoleos str. & Kifissou Ave. Peristeri, Attica, Companies Register No. 23302/06/B/90/12 (absorbing company) and

B.

a. "FANCO APPAREL S.A." resided on 1 Konstantinoupoleos str. & Kifissou Ave., Peristeri, Attica, Companies Register No. 7553/06/B/86/07

b. "RODOPI SPINNING MILLS S.A." resided in the industrial area of Komotini, Companies Register No. 35497/67/B/96/006

c. "GALLOP APPAREL & UNDERWEAR S.A.", resided on 1 Konstantinoupoleos str. & Kifissou Ave., Peristeri, Attica, Companies Register No. 7824/01DT/B/86/81 (absorbed companies)

On May 29, 2006 representatives of the above companies signed a Merger Plan, following special resolution by their Board of Directors, according to which the above companies will merge through absorption of the absorbed companies by the former (absorbing), according to the related provisions of the C.L. 2190/20 and Law 2166/93. The above plan after approval was submitted to the publicity guidelines of article 7b C.L. 2190/20, and enlisted to the Societe Anonyme Record of the merged Companies. The summary of the above Merger Plan includes the terms below:

1. The shares' **exchange relationship** of the absorbed companies of the shares received by the shareholders of the absorbed by the Absorbing Company is the following:

1.01 The "Absorbing" and the "Absorbed" have the following capital structure:

	ABSORBING	ABSORBED	ABSORBED	ABSORBED
	"NAOUSSA SPINNING MILLS S.A."	"FANCO S.A."	"RODOPI SPINNING MILLS S.A."	"GALLOP S.A."
SHARE CAPITAL	21.283.500,00	3.626.850,00	30.196.500	1.390.708,80
NUMBER OF SHARES	70.945.000	12.089.500	1.025.000	891.480
NOMINAL VALUE	0,30	0,30	29,46	1,56

1.02 The absorbing participates to the share capital of the absorbed companies:

a) FANCO S.A. by 27.26% holding 3,295,768 shares that correspond to Euro 988,730.40 of its share capital, b) RODOPI SPINNING MILLS S.A. by 77.14% holding 790,729 shares that correspond to 23,294,876.34 Euro of its share capital.

The absorbing FANCO S.A. participates in the share capital of the absorbed companies:

a) RODOPI SPINNING MILLS S.A. by 21.48% holding 220,215 shares that correspond to Euro 6,487,553.90 of its share capital, b) GALLOP S.A. by 90.00% holding 802,332 shares that correspond to Euro 1,251,367.92 of its share capital.

The shares of the Absorbed held by the Absorbing, as well as the shares of the absorbed RODOPI SPINNING MILLS S.A. and GALLOP S.A. held by the absorbing FANCO S.A. will be annulled due to amalgamation. Regarding the composition of the share capital of the company arising from the merger, which according to the applied- to the current merger- provisions of Law 2166/93, comprises of the sum of the share capital of the transforming companies (Absorbing & Absorbed), the share capital that concern the participation of the Absorbing to the Absorbed will be obliterated as above. More specifically:

- for FANCO S.A. during the transformation the value of the participation of the absorbing will be depreciated with a balance of contributing capital at Euro 2,638,119.60 (= 3,626,852.00 – 988,730.40)
- for RODOPI SPINNING MILLS S.A. during the transformation the value of the participation (Euro 23,294,876.34) of the absorbing will be depreciated as well as the value of the participation of the absorbing FANCO S.A. (Euro 6,487,533.90) with a balance of contributing capital at Euro 414,089.76 (= 30,196,500 – 23,294,876.34 – 6,487,533.90)
- for GALLOP S.A. during the transformation the value of the participation of the absorbing FANCO S.A. will be depreciated with a balance of contributing capital at Euro 139,070.88 (= 1,390,708.80 – 1,251,637.92)

1.03 Each shareholder of the absorbed companies will receive for each old share cancelled, the following number of shares or participation percent to the Absorbing:

<u>SHAREHOLDERS OF THE ABSORBED</u>	<u>NEW SHARES</u>
(a) FANCO S.A.	0.25000000
(b) RODOPI SPINNING MILLS S.A.	35.93027888
(c) GALLOP S.A.	5.08234621

Based on the relationship of the merged companies the shareholders of the absorbing "NAOUSSA SPINNING MILLS S.A." will receive for each one old share of nominal value 0.30 Euro each, 0.65 of a new share of nominal value 0.50 Euro.

2. as of 4.1.2006 transactions of the Absorbed companies will be considered taking place on behalf of the Absorbing company, while the financial results of the Absorbed companies accrued since this date until conclusion of the merger will be considered as results of the Absorbing Company according to the provisions of articles 74 and 75 of the C.L. 2190/20, in combination with article 2 par.6 of Law 2166/93.

3. The Absorbing company is obliged upon enlistment of the General Meetings resolutions to the Companies Register according to article 72 of C.L. 2190/1920, together with the other documents provided by article 74 C.L. 2190/1920, to deliver to the shareholders of the Absorbed companies the above new shares issued due to absorption of the Absorbed companies' assets and share capital increase of the Absorbing with simultaneous delivery of the Absorbed companies' shares for annulment.

4. There are no shareholders with special rights to the absorbed companies, nor holders of any other securities, except of shares.

5. There are no special advantages to the members of the Board of Directors and the Auditors provided by the corporate charter of the merged companies, neither by decision of the General Meetings, nor granted as a result of this merger.

Athens, 5.29.2006

The Board of Directors of the Merged Companies