

The year 2006 was a transitional and difficult one for the denim manufacturers internationally, due to a global, but cyclical, downward trend in demand. Nevertheless, since the beginning of 2007, there are signs of upturn concerning the demand of these products.

The Group of HELLENIC FABRICS S.A. has faced similar unfavorable conditions, thus directly affecting its financial figures. However, company's data for the first quarter of 2007 shows an increase in denim sales compared to previous year's period.

In addition, last year's cotton harvest in Greece was characterized by the most unfavorable weather conditions of the last twenty years, which resulted both in a cotton quality degradation as well as a production decrease of almost 40%. This fact had a negative impact on the efficiency and the financial results of the two cotton-ginning plants, as well as the Group's turnover.

Based on the consolidated financial statements for the fiscal year 01.01.2006-31.12.2006, turnover amounted to Euro 84.17 mln, in comparison to Euro 88.21 mln of the previous year. Profit before tax, interest and depreciation (EBITDA) amounted to Euro 8.66 mln, decreased by 44.14%, while profit before tax amounted to Euro 0.21 mln compared to Euro 7.34 mln. Moreover, net profit after tax and minority rights decreased from Euro 5.02 mln in 2005 to Euro 0.11 mln in 2006.

Total equity amounted to Euro 85.65 mln from Euro 86.24 mln in 2005, shaping the Debt-equity ratio to 1,12, compared to 1.00 in 2005. Moreover, Earnings per share ratio amounted to Euro 0.01 from Euro 0.38 in 2005. Finally, Price to book value ratio (P/BV) amounted to 0.46, while the ratio Price to book sales amounted to 0.49. Liquidity increased to 2.18 compared to 1.64 in 2005. The Group continues to hold an excellent capital structure and strong cash flow as the trade working capital remained at Euro 57.42 mln and total loans amounted to Euro 50.48 mln.

The Group's export orientation was enhanced, as 87% of the denim sales volume, its main product, is being exported to more than 35 countries.

Its strategy evolves, based on the axes of innovation and creation of fabrics with special characteristics designated for brand name jeans manufacturers.

As it is known, HELLENIC FABRICS S.A. is the most technologically advanced European denim manufacturer, where the average age of the Group's machinery is approximately five years. This year's investments in machinery of Euro 5 mln complete the eight-year investment plan of Euro 82 mln.

The Board of Directors does not intend to propose a dividend distribution to the forthcoming ordinary General Shareholders Meeting.

HELLENIC FABRICS S.A. possesses a modern and flexible production capacity, significant level of know-how, strong pan-European commercial network and is amongst the largest denim production Groups in Europe, both in terms of financial structure as well as market share.

The Management acknowledges the intensely global competitive environment and is determined to push forward the implementation of its aims in order to put the Group at the top of the market in Europe.