



# HELLENIC FABRICS S.A.

Thessaloniki, 7th of August 2007

## **PRESS RELEASE**

For the first half-year period of 2007, consolidated turnover of "HELLENIC FABRICS S.A." amounted to € 45.05 mln in comparison to € 47.83 mln of the corresponding period of last year, presenting a fall of 5.8% due to reduced cotton sales against those achieved last year.

Consolidated profit before tax, interest and depreciation (EBITDA) amounted to € 1.44 mln in comparison to € 5.87 mln of the first half-year period of 2006, while net profit after tax and minority rights decreased from € 1.11 mln in the first half-year period of 2006 to € -2.00 mln in the first half-year period of 2007, shaping the "Earnings per share" ratio to € -0.15 from € 0.08 of the corresponding last year's period. During the first half-year of 2007, depreciation realized reached € 3.2 mln.

During the same period, shareholder's equity amounted to € 79.85 mln from € 81.80 mln at the end of 2006, shaping the "Price to book value" ratio (P/BV) to 0.46, while the "Debt-equity" ratio amounted to 1.15, maintaining the Group's strong capital structure.

The financial statements of the first half-year period were substantially influenced by the negative situation in the raw cotton market. As it is already known, the ginning period of 2006/2007 has been developed in a particularly negative environment for the sector in our country, due to unfavorable weather conditions, that resulted in a reduction of seed cotton production by at least 35% and the deterioration of its quality. Consequently, the Group's two ginning mills, instead of contributing in profits, have accumulated important losses, that have almost been completely absorbed by the consolidated financial statements of the first half-year period of 2007.



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However, there were positive developments in the denim fabrics sector. More specifically, during this period, a remarkable improvement in the European market demand resulted in the increase of denim sales during the first half-year period of 2007 by 25%, in comparison to last year's period.

The Group, which is mainly export oriented, with over 80% of its turnover originating from sales to foreign countries, continues to be affected by the negative consequences of the Euro / USD exchange rate.

The Group's important investments, the high specialization and know-how as well as the as the systematic dedication to continuous development for more than three decades, have created a solid, trustworthy company that can adapt quickly and respond successfully to the continuously changing requirements and challenges of the world market.

The Group's management maintains its estimate for performance improvement during the remaining of the fiscal year, mainly based on the upturn of the denim fabrics market.