



HELLENIC FABRICS S.A.

Thessaloniki, 31st of March 2008

PRESS RELEASE

In 2007, despite the fact that the Group faced a very competitive environment, it followed an aggressive policy in both existing and new developing markets, thus increasing the sales of its main product, denim fabrics, by 21% while 92% of total turnover was exported to more than 30 countries.

Its two main markets showed an increase in sales of more than 35% while the biggest market remains that of Italy. At the same time, sales in non-European Union countries increased by 30%. Within the Group's clients are most of the well-known brand names in jeans manufacturers internationally.

The parent company's turnover in 2007 reached 75,5 million Euro against 69,72 million in 2006, increased by 8,3% while the Group's turnover was 82,74 million Euro, against 84,17 million in the previous year. Despite the increase in sales of denim fabrics, the drop of the total turnover is mainly due to the decreased sales of raw cotton.

Nevertheless, the Group's efficiency was affected by the following important factors that led to a negative result for the first time in the last decade:

- Maintaining the average selling price of denim fabrics at the 2006 levels.

Within the frame of the aggressive policy for promoting new products and entering new markets and bearing in mind the very negative impact of the exchange rate of Euro against the US dollar, it was decided to maintain the prices at the same levels with those of 2006, since invoicing is in Euro terms.

- Increase of the production cost of indigo denim fabrics.

Despite the fact that the production of indigo denim fabrics was higher in 2007 by 9% towards 2006, the intensively increasing cost of electricity, oil and other chemical materials resulted in the increase of the production cost. It is



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highlighted that part of this increase is also due to additional finishing processing of new products promoted by the Group in 2007.

This increase in the production cost, combined with the maintaining of prices at the same levels, compressed the gross profit margin.

- Sale of old fabric stocks that were produced until 2006, in low prices. This quantity was about 9% of the total sales turnover.
- The annual results were charged by about 2 million Euro, due to sales of raw cotton in conditions of dropping of international prices in the biggest part of 2007, in comparison to those persisting in the end of 2006, when the cost of cotton purchases was formed.
- The last quarter of 2007 bears all actuarial variation method losses of the Group concerning the personnel pensioning cost, amounting to about 0,9 million Euro.

As a result of the above factors, consolidated profit before tax, interest and depreciation (EBITDA) amounted to 0,76 million Euro, while loss before tax to 8,55 million against profit 0,21 million in the same period of 2006. Also, net profit after tax and minority rights decreased from 0,11 million Euro in 2006 to –7,21 million in 2007.

Depreciation in 2007 amounted to 6,25 million Euro.

Shareholders' equity amounted to 77,73 million euro from 85,65 million in 2006, forming the "debt-equity" ratio to 0,89 against 1,12 in 2006. Furthermore, the "basic earnings per share" were formed to –0,53 Euro against 0,06 Euro in 2006. Finally the "price to book value" ratio (P/BV) amounted to 0,36, while the "share price per sales" to 0,35.

Profit before tax, interest and depreciation (EBITDA) of the parent company amounted to 0,24 million Euro against 5,89 million in 2006, while loss before tax to 5,97 million Euro against profit before tax 0,12 million in 2006. Loss after tax amounted to 5,57 million euro against profit after tax 0,14 million last year.

HELLENIC FABRICS S.A. remains among the three biggest manufacturers of denim fabrics in Europe. The year 2008 started with an increase in sales of denim fabrics in quantity and price. In addition, the Group's needs in raw materials are covered till the end of the year, safeguarding the company from the intense fluctuations observed lately in world commodities exchanges, like that of raw cotton.

The Group, giving great emphasis in the energy issue as a measure of reinforcing its competitiveness, is going to start soon all necessary procedures, through its subsidiary HELLENIC ENERGY S.A., in order to acquire the required license for



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steam and electric energy co-production in its main factory, where denim fabrics are produced.

Regarding its participation by 25% to the company BIODIESEL S.A., together with the Groups ELPE and VIOCHALKO and the company PRISMA PARTICIPATIONS, the necessary procedures for the installation of a production unit of biodiesel in Kalochoi, Thessaloniki, are under way.

The Management of HELLENIC FABRICS S.A. Group applies a program that includes specific actions for the improvement of its efficiency, aiming at its turnaround to profitability soon.