HELLENIC FABRICS S.A.

Thessaloniki, 29th of August 2009

PRESS RELEASE

The international negative financial conditions that are observed since the second half-year period of 2008 continue to affect the global economy and the markets that Hellenic Fabrics is active during the first half of 2009. As a result of the above sales and efficiency of the Group were reduced, as the drop in consumption and the limitation of financing led significant customers to limit their orders, applying a conservative reserve policy.

Because of these effects, the Group's financial position and that of the Parent company, for their continued activities, were as followed:

The Group's turnover was reduced by -27.1 % to the amount of €32.97 mln compared to €45.24 mln in the relative last year period, mainly attributed to the reduction of denim sales.

The parent company's turnover amounted to €23.09 mln as compared to €36.05 mln of the same half-year period of 2008, reduced by -35.9% and is attributed mainly to the decrease of sales in denim.

The gross profit margin of the Group amounted to € 1.4 mln (4.24%), in comparison to € 4.37 mln (9.67%) in the relevant last year period, mainly affected by the denim sector of the parent company.

The gross profit margin of the parent company amounted to € 0.45 mln which is 1.96% of its turnover, showing a reduction against the relevant last year period, where the gross profit margin amounted to €3.80 mln a percentage of 10.54% of the period's turnover.

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The reduction of the Group's gross profit margin by €-2.97 mln resulted to a proportional reduction to the Group's EBITDA, from €0.67 mln on the first half-year of 2008 to €-1.85 mln on the relevant period of 2009.

The parent's EBITDA amounted to €-2.51 mln from €0.13 mln in the relative last year period. An adverse effect was also the cost from the underemployment due to-reduced production, which amounted to €884.47 mln and was credited to the other expenses of the parent.

The parent company's financial results before taxes from the continued activities amounted to € -4.86 mln from € -2.41 mln of the relevant last year period, affected by the aforementioned reasons.

The Group's financial results before taxes from the continued activities amounted to € -5.83 mln from € -3.68 mln of the relevant last year period, while the consolidated net results after taxes and minority rights for the continued and discontinued activities, amounted to €-7.08 mln against €-4.53 mln of the relevant half-year period of 2008.

From the beginning of this year, the Group's management took additional measures for cost reduction and improvement of its cash flow, continuing at the same time the program for improving its profitability that is realized since 2008 and includes strict controlling of expenses, reduction of labor costs, decrease in the working capital needs and increased efficiency of all the departments.

For these reasons, the activity of the spinning mill in the industrial area of Sindos Thessaloniki was discontinued and most of its equipment and staff were relocated to the subsidiary company 'KIKLIS SPINNING MILLS S.A.', while it was also decided the sale of the factory, which covers a total area of 20.000 square meters on a plot of 30.000 square meters.

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In this way, the Management aims at the improvement of efficiency of the Group's employed capital and its capital structure with a simultaneous reduction of loans. The results have already begun to be visible as far as the reduction of bank loans is concerned. Particular emphasis was also given to the improvement of the Group's cash flow with the release of working capital through the reduction of inventories and limitation of operating expenses, resulting in the creation of positive cash flow for the Group, € 5.3 mln in the first half-year period of 2009.

The company continued to export the majority of its production and, despite the intense financial crisis, has managed to maintain its market share. At the same time, the Group strengthens and further expands its export presence in the denim fabric market of Tunis, with the establishment of a subsidiary company in July 2009, aiming at commercial activity.

The new company, with the trade name "Blu Cottoni Srl", was founded for expanding the co-operation between Hellenic Fabrics and the Benetton Group and its main object will be the supply of fabrics for the needs of ~~the~~ Benetton Group's factories in Tunis.

The Group's subsidiary Thessaly Cotton Ginning SA, for the fiscal year 01.07.2008-30.06.2009 showed a profit before tax amounting to € 310.88 thous, while its sales presented an increase of 45.8% in comparison with the previous fiscal year and amounted to € 15.7 mln against € 10.8 mln. EBITDA of the fiscal year amounted to € 1.2 mln.

The potential normalization of sales, based on a positive trend observed at the end of the first half-year period of 2009, as well as in July 2009, creates a moderate optimism for the improvement of the Group's financial results in the second half-year period.

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