

QUARTERLY FINANCIAL INFORMATION

QUARTER

3

YEAR

2006

THE COMPANY:

DOGI INTERNATIONAL FABRICS, S.A.

REGISTERED OFFICE.

TAX ID

CALLE PINTOR DOMÉNECH FARRÉ, 13, EL MASNOU, 08320 BARCELONA

A08276651

A) Quarterly results

	Parent Company		Consolidated (IFRS applied)	
	Current period	Prior period	Current period	Prior period
Net turnover	45.880	48.930	99.847	104.756
Results before taxation/results before taxation of continuing activities	-8.860	-1.292	-7.466	-2.120
Results of continuing activities			-5.914	-2.312
Result for the period	-6.645	-1.187	-5.914	-2.312
Results attributable to minority interests			-4	-27
Results attributable to the parent company			-5.918	-2.339
Share capital	26.947	13.691		
Average n° of employees	593	579	1.828	1.856

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B) BUSINESS DEVELOPMENT

Net turnover for the nine months ended 30 September 2006 amount to 99,8 million euros. The growth of the asian business units (+4,3%), driven by the increased sales of Dogi China (+10%), has partially compensated the decrease in the sales in Europe.

The results for the nine months ended 30 Sept 2006 has been influenced by:

- The downturn in the European market due to the continuing de-localisation of the customers has had an impact in sales volumes as well as in sales prices of the European mills.
- The increased energy costs across the business operations due to increasing fuel prices in the last 12 months, the effect of which is around 1,5 million euros.
- The launching of the new production facilities at Dogi China to increase production capacity has led to underutilisation in the first half of the year, which affected the originally envisaged profitability. The impact of such underutilisation is estimated to be approximately 1 million euros. Since the end of summer, the Chinese plant has been operating on full capacity with a strong order book until March 2007.
- The extraordinary finance costs and interest expense related to the issue of the Convertible debenture bonds in January 2006, as well as the repayment of the Syndicated Bank Loan in February 2006. The effect of these costs up to September 2006 is estimated to be 1,8 million euros.

Under these circumstances, Dogi has initiated an action plan to limit the impact of the above-mentioned factors, the more significant ones are set out below:

- 1) Cost reduction programme of 6 million euros in all the subsidiaries, especially in Europe where businesses have to be re-structured in accordance with the current market conditions. The Company has identified specific areas and these plans can be fully implemented in the first quarter of 2007.
- 2) With regards to increasing energy costs, Dogi has launched a series of action plan orientated to improve efficiencies in the production process. These plans include a re-organisation of the production process aimed at optimising the use of alternative sources of energy, such as use of coal in the factory at Thailand.
- 3) Lastly, Company's Management has decided on a selective sales price increase policy covering all product range in all the markets currently served. The transfer and/sharing of these external costs with our customers are considered necessary and vital in order to main the high level of service and our R&D activities.

The cost reduction plan amounting to 6 million euros the non-recurring financial expense of 1,8 million euros together with the Group's expansion plan will allow the Company to significantly improve consolidated results next year.

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III. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Parent Company (Dogi International Fabrics, S.A.)

The bases of presentation and the accounting policies used in the preparation of the financial statements for the third quarter of 2006 are the same as those applied in the statutory annual accounts for the financial year 2005, i.e., in accordance with generally accepted accounting principles in Spain.

Consolidated accounts (Dogi International Fabrics, S.A and Subsidiaries)

The bases of presentation and the accounting policies used in the preparation of the consolidated financial statements for the third quarter of 2006 are the same as those applied in the consolidated statutory annual accounts for the financial year 2005, prepared in accordance with International Financial Reporting Standards.

Dogi International Fabrics - 30 SEPTEMBER 2006

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IX. DIVIDEND DISTRIBUTION

Not applicalbe

X. Significant events

As previously reported on 10 November 2006, the Company's Board of Directors has convened an Extraordinary Shareholders' Meeting on 14 December 2006 (first call) and 15 December 2006 (second call) so that the shareholders may discuss and approve the Board's proposal to increase the Company's share capital by 50% of the existing share at the date of approval. This authorisation is for a term of 5 years.