

EXPLANATORY REPORT ON THE POINTS CONSIDERED IN ARTICLE 116 BIS OF THE SECURITIES MARKET ACT, IN RELATION TO THE YEAR ENDED 31ST DECEMBER 2007.

In accordance with the provisions of article 116 bis of the Securities Market Act 24/1988, of 28th July, introduced by Act 6/2007, of 12th April, the following information is hereby presented below

a) *The capital structure, including any securities not traded on a regulated community market, indicating, as the case may be, the different classes of shares and, for each class of shares, the rights and obligations conferred and the percentage of the share capital it represents*

At 31st December 2007, the share capital of Dogi International Fabrics, S.A. is represented by 60,329,212 bearer shares with a par value of 0.60 euros each, fully subscribed and paid-up, and which confer the same rights and obligations. No minimum number of shares held is required in order to be entitled to attend Shareholders' Meetings.

The shares constitute a single class and series, and each share entitles its holder to one vote

b) *Any restriction on the transfer of securities*

No restrictions are established in the Articles of Association on the transfer of the securities representing the share capital.

c) *Significant direct or indirect stakes in the capital*

The shareholders with significant stakes in the share capital of Dogi International Fabrics, S.A., both direct and indirect, are as follows:

Shareholder	No. of Shares Held			% of capital
	Direct	Indirect	Total	
Bolquet, S.L.	5,640,626	-		9.350%
Mr Josep Domenech Giménez	7,184,563	7,806,724*	14,991,287	24.850%

* This also includes the indirect stake held by Mr Doménech Jiménez through the company Bolquet, S.L.

d) *Any restriction on voting rights*

There are no restrictions on voting rights.

e) *Shareholders' agreements*

There are no shareholders' agreements between the shareholders of Dogi International Fabrics, S.A.

f) Rules applicable to the appointment and replacement of members of the governing body and to the modification of the Company's Articles of Association.

Procedure for appointment, re-election and removal of Directors

The Board of Directors will be made up of a minimum of three and a maximum of ten members, who may be natural or legal persons. At 31st December 2007 it was made up of ten members.

The members of the Board of Directors will be elected by the General Shareholders' Meeting. Their election will be carried out in the manner established by law, and it shall not be necessary to be a shareholder in order to be appointed a member of the Board of Directors.

The appointment of the Directors will come into effect as of acceptance of the post, and must be submitted for registration in the Mercantile Registry within ten days after such acceptance, expressly stating the full name, marital status, age by indicating the date of birth, address, nationality and identification circumstances of the persons appointed, and any other circumstances required by law.

The term of the post of Director is five years, and Directors may be re-elected on one or more occasions for terms of the same maximum duration.

If, during the term of the posts, any vacancies should arise, the Board of Directors may designate from among the shareholders the persons who are to fill any such vacancies until the first General Shareholders' Meeting is held. The Directors elected to fill vacancies will remain in the post for the time remaining until completion of the term of the post of the Director they are replacing.

Situations for removal or obligation to resign of Directors

The General Shareholders' Meeting may, at any time, remove one or more members of the Board of Directors, with no need for due cause, provided that the resolution for removal is passed by the majorities established for that purpose in the law and in the Articles of Association.

Furthermore, Directors are required to resign in the cases established by law and, especially, as soon as they incur in any of the incompatibilities established by law. In addition, on reaching the age of 70, they must place their post at the disposal of the Board, which may ratify them.

Modification of the Articles of Association

Article eleven of the company's Articles of Association establishes that the General Shareholders' Meeting has the authority to approve any modification thereof, for which it will be necessary, on first call, that the Meeting be attended by shareholders present or represented who are the holders of at least fifty per cent (50%) of the subscribed share capital with voting rights. On second call, the Meeting will be valid when twenty-five per cent (25%) of the aforesaid capital attends. However, when shareholders representing less than fifty per cent (50%) of the subscribed capital with voting rights attend the Meeting, the modification of the Articles of Association may only be resolved upon validly if two thirds of the capital present or represented at the Meeting vote in favour.

g) Powers of the members of the Board of Directors and, in particular, powers to issue or repurchase shares

The holders of powers of attorney of the company are the persons listed below, with the following faculties:

- Mr Carlos Jaime Miguel Schröder Quijano: Managing Director of the company.
- Mr Eduard Doménech Alvaro: wide management powers.
- Mr Sergi Doménech Alvaro: wide management powers.

h) Significant agreements entered into by the Company and which come into effect, are modified or terminated in the event of a change of control of the Company as a result of a take-over bid, and the effects thereof, except when disclosure is seriously damaging to the Company. This exception will not be applied when the Company is legally obliged to publish this information

The joint venture agreement entered into between DOGI INTERNATIONAL FABRICS, S.A. and the Sri Lankan company MAS CAPITAL (PRIVATE) LIMITED, in order to carry on activities in that territory, may be reviewed in the event that the shareholding in DOGI INTERNATIONAL FABRICS, S.A. of the Doménech family were to be reduced significantly.

i) Agreements between the Company and its directors or employees that establish severance compensation in the event of resignation or unfair dismissal, or if the employment relations are terminated as a result of a take-over bid

At present there are no contracts with members of the Company's Board of Directors or with members of Senior Management of the Company or any of its subsidiaries that established benefits upon termination of their functions.

The contracts with members of Senior Management are employment contracts governed by ruling labour legislation.

In El Masnou (Barcelona). on ____ February 2008

The Chairman

Mr Josep Doménech Giménez

The Secretary

Mr Antonio Peñarroja Castell