F.G. Europe

The financial figures of the F.G. Europe Group improved evidently during the year 2006.
The consolidated sales reached 156,08 mil. Euro in 2006 compared to 161,12 mil. Euro in 2005. The decrease in sales is mainly due to the decrease in sales of mobile telephony that were reduced from EURO 107,70 mil. in 2005 to EURO 86,56 mil. in 2006 or 19,63%. The reduction in sales of mobile telephony concerns primarily the sales of prepaid phone cards while also exports of mobile telephony products were also reduced from EURO 12,35 mil. in 2005 to EURO 2,25 mil. in 2006.
Sales of long living consumer goods (air conditioners - white electrical goods - consumer electronics) posted a significant increase of 53% reaching 52,95 mil. Euro compared to 34,66 mil. Euro during 2005. The increase is due to increased sales of air conditioners in Greece, Italy and the Balkans and due to sales of Sharp products.
A significant increase of 34% was realized for the sales of long living consumer goods (air conditioners - white electrical goods - consumer electronics) that amounted to 68,73 mil. Euro compared to 51,35 mil. Euro for the year 2005.
In detail:
In the air conditioners business sales amounted in 2006 to EURO 51,28 mil. compared to EURO 42,42 mil. in 2005, posting a significant increase of 20,89%. The increase in air conditioners sales is mainly due to the increase on the domestic market that amounted to EURO 29,44 in 2006 mil. compared to EURO 21,69 mil. in 2005 posting an increase of EURO 7,75 mil. or 35,73% enhancing further the company's dominant position on the Greek market.
The exports of air conditioner products for the Group in 2006 amounted to EURO 21,84 mil. compared to EURO 20,73 mil. in 2005. Exports of air conditioners to Italy increased from EURO 6,56 mil. in 2005 to EURO 10,58 mil. in 2006 (+61,28%), exports to Balkan countries increased by 41,62% amounting to EURO 9,63 mil. compared to EURO 6,8 mil. in 2005 while exports to the rest of Europe were reduced from EURO 7,37 mil. in 2005 to 1,64 mil. in 2006.
The sales of SHARP products though the incurred shortage in supply through the supplier increased significantly to EURO 9,06 mil compared to EURO 3,35 mil. in 2005.
The sales of white electrical appliances realized a decrease of 7,75% amounting in 2006 to EURO 6,19 mil. compared to EURO 6,71 mil. in 2005.
Because of the better sales mix the gross profit margin which in 2006 amounts to 12,72% compared to 8,60% in 2005 posting an increase of 47,9%. Gross profit increased by 41,27% and amounted in 2006 to EURO 19,58 mil. compared to EURO 13,86 mil. in 2005.
Earnings before interests, taxes, depreciation and amortization (EBITDA) increased by 1,14 mil Euro and amounted to 6,27 mil. Euro compared to 5,13 mil. Euro in 2005. The EBITDA margin amounted to 4,02% compared to 3,18% in 2005, realizing an increase of EURO 1,14 mil. or 22,22%.
The absolute and relative increase in EBITDA margin did not follow the increase of the gross profit margin due to the increase in general expenses in the year 2006 of EURO 4,36 mil. caused by increased advertising expenses for the promotion of SHARP products as well as by increased logistics costs that resulted from the realized increase during the year 2006 of the sale of long living consumer goods.
The net financial expenses, decreased by EURO 1,49 mil. or 45,43% and amounted in 2006 to EURO 1,79 mil. compared to EURO 3,28 mil. in 2005. The decrease in net financial expenses is due to foreign exchange gains during the year 2006 of EURO 1,47 mil. compared to foreign exchange losses of EURO 1,00 mil. that were charged to the year 2005 but also to the reduction of net debt by EURO 21,46 mil. that amounted to EURO 35,27 mil. as of December 31, 2006.

Earnings before taxes increased significantly by 159% in 2006 and resulted in 2006 to EURO 4,23 mil. compared to EURO 1,63 mil. in 2005 and resulted as a percentage of sales to 2,71% compared to 1,01% in 2005. The increase in earnings before taxes is based on the improvement of the gross profit margin as a result of the increased contribution of long living consumer goods to sales, the reduction of financial expenses due to foreign exchange gains and the reduction of net debt.
Net Earnings after Taxes and Minority interest increased by EURO 1,62 mil. or 143% in 2006 resulting to EURO 2,75 mil. compared to EURO 1,13 mil. in 2005 resulting in a percentage of sales of 1,76% compared to 0,70% in 2005.
The Group's Equity also improved amounting as of December 31, 2006 to 29,99 mil. Euro including minority interests and resulting in a ratio of Liabilities / Equity of 2,44 compared to 3,33 in 2005.
Managements choice to focus on operations with satisfactory returns is also reflected in the increased earnings per share. Basic earnings per share more than doubled totaling to 0,0507 Euro compared to 0,0195 Euro for the year 2005. Diluted earnings per share also increased in 2006 totaling to 0,0600 Euro compared to 0,0266 Euro for 2005.
Significant for the Company is the cooperation in the field of Energy with RESTIS Group through the subsidiary R.F. ENERGY S.A. in which the Group holds 50%, but also the participation of RESTIS Group with 11% in the share capital of the listed company.
Within the expansion of the Group in the field of Energy the 40% subsidiary company R.F. ENERGY S.A., purchased the 100% of the shares of the company KALLISTI ENERGIAKI S.A., that holds an installation license for a 15 MW wind park in the area of Tsouka in the Arkadia Prefecture. The construction works for the wind park will begin in April 2007 and will be completed by the end of 2008 or the beginning of 2008. Simultaneously within 2007 the construction of a second hydro electrical plant through the 55,25% subsidiary company HYDROELECTRICAL ACHAIAS S.A. of 1,015 MW at the Kerinitis river in the area of Egialia in the Achaia Prefecture will begin, where already the first hydro electrical

plant is operating with a capacity of 2,6 MW. Also within the year 2007 a second wind park of 10 MW capacity in the area of Kylindria in the Kilkis prefecture through the subsidiary company AIOLIKI Kylindrias S.A. will begin, while the installation license and the related permits for the realization of a third Wind Park of 25 MW in the area of Paparitsa in the Achaia Prefecture through the 100% subsidiary company CITY ELECTRIC S.A. is expected. In the research and development phase are additional wind parks of 48 MW in the area of Peloponnesus.

Finally, the cooperation with SHARP is expected to be significant and profitable for the Company and the Group because of the continuously increasing demand for the next years and the exploding sales of LCD TVs given not only the market trends but also the dominant position of SHARP controlling 25% of the world market.

For the year 2007 based on the management's estimates and the data of the first 2 months of the year a significant increase in sales of long living consumer goods and the profitability of the Group is expected.

Concretely during the first 2 months of 2007:

The sales of air conditioners increased by 32% in units and 65% in value.

The sales of SHARP products increased by 104% in units and 135% in value.

The sales of ESKIMO products increased by 27% in units and 11% in value.

The financial statements for the fiscal year ended December 31, 2006 are accessible in electronic form to the public at http://www.fgeurope.gr under the section Investors Relations.

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