



F.G. EUROPE
Societe Anonyme for Electric and
Electronic Appliances

ANNUAL REPORT
2005

Glyfada, May 2006

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I. INFORMATION ABOUT THE PREPARATION OF THE ANNUAL REPORT AND THE COMPANY'S AUDITORS

This Annual Report contains all information and financial data necessary for the appropriate valuation of the Company's assets, its financial position, its results of operations and the potential of the Group for investors and investment advisors.

Investors interested in more detailed information can address on working days and working hours to the Company's premises, 128 Vouliagmenis Avenue, 166.74 Glyfada Attikis, Tel. 210-9607770 (Mr. Evangelos Lianopoulos).

The preparation and distribution of this Annual Report has been made according to the provisions of current law in order to cover the information needs of the investors, as defined by the provisions of P.D. 348/1985 and the decision number 5/204/14.11.2000 chapter. ΣΤ' article 16 of the Capital Market Committee (Government Gazette 1487/6.12.2000), as amended by the decision number 7/372/15.2.2006 of the Capital Market Committee.

Responsible for the preparation of the Annual Report of F.G. EUROPE A.E. and the accuracy of the data are:

- Mr. Ioannis Pantousis, Managing Director, domiciled in Glyfada, Attica, 128, Vouliagmenis Avenue, 166.74, Tel. +30 210-9697801.
- Mr. Evangelos Lianopoulos, Deputy General Manager, domiciled in Glyfada, Attica, 128, Vouliagmenis Avenue, 166.74, Tel. +30 210-9607770.

The Board of Directors of the Company declares that all its members have knowledge about the content of this Annual Report and together with the authors certify that:

- a. All information and data contained herein are complete and accurate.
- b. No other data exist and no events occurred, the omission or dissimulation of which could make misleading the total or parts of the data and information contained in the Annual Report.
- c. No pending juridical differences or arbitration exist against the Company or the affiliated companies controlled by the Company, that could have significant impact on its financial condition.

The Company is audited by Certified Auditors. The audit of the Financial Statements, that were prepared according to International Financial Reporting Standards for the year ended December 31, 2005 was concluded by Mr. Michael Kokkinos (SOEL Registration number 12.701) of the audit firm KPMG Kyriakou Certified Auditors, 3, Stratigou Tobra, Ag. Paraskevi, 153 42, Tel. +30 210-6062100 and Mr. Panagiotis Papakonstantinou (SOEL Registration number 16.651) of the audit firm Synergazomeni Orkoti Elegktes S.A., 3, Fokionos Negri, Athens, Tel. +30 210-86.91.100.

The Audit Report of the Certified Auditors is contained in the attached to this Annual Report Company and consolidated Financial Statements.

The subsidiaries:

- FIDAKIS SERVICE S.A.,
- FIDAKIS LOGISTICS S.A.,
- CITY ELECTRIC S.A.,
- HYDROELECTRICAL ACHAIAS S.A.,
- FIDAKIS SERVICE LTD and
- HELLENIC EOLIC KYLINDRIAS LTD.

are audited by Certified Auditors.

The audit of the Financial Statements of the above companies for the year ended December 31, 2005 was concluded by Ms. Martha Skrika (SOEL Registration number 14691) of the audit firm Synergazomeni Orkoti Elegktes S.A., 3, Fokionos Negri, Athens, Tel +30 210-86.91.100.

II. INFORMATION ABOUT THE COMPANY

1. General Information

- ❑ The Company was founded in 1958 by act number 8697/1958 of Athens based notary Athanasios G. Andritsos and by act number 37352/1958 of Thessaloniki based notary Sotirios Vas. Papadimas under the name “VIOMETAL Societe Anonyme of heating and cooling installations and metal wood constructions”.
- ❑ The Company after its registration in the Societe Anonyme Registry of the Athens Prefecture received the registration number 13413/06/B/86/111 and VAT identification number 094016267.
- ❑ In 1968 the Company realized a public share capital increase and listed its shares on the main market of the Athens Securities Exchange.
- ❑ With decision of the General Assembly of shareholders of December 28, 1968 the Company name is changed from “VIOMETAL Societe Anonyme of heating and cooling installations and metal wood constructions” to “VIOMETAL ESKIMO Societe Anonyme Industrial Company for Electricity Application and Metal Constructions”. This amendment has been published in the Government Gazette 31/30.01.69.
- ❑ The Extraordinary General Assembly of Shareholders of October 25, 1999 decided the amendment of article 1 Company name from “ESKIMO A.B.E. Societe Anonyme Industrial Company Electricity Application – Hotel – Touristic Enterprises – Constructions – Food and Beverages Commerce and Representations” to “ESKIMO A.B.E. Societe Anonyme Industrial and Commercial Company” with title “ESKIMO A.B.E.”.
- ❑ The second repetitive Extraordinary General Assembly of the Company’s shareholders of March 7, 2003 that approved the merger of F.G. Europe S.A. and Eskimo S.A. decided the amendment of article 1 name of the Company from “ESKIMO A.B.E. Societe Anonyme Industrial and Commercial Company” to “F.G. EUROPE Societe Anonyme Commercial and Industrial Company of Electric and Electronic Appliances” and with title «F.G. EUROPE A.E.». For international transactions the title will be expressed translated. The related amendment has been approved by decision number K2 3708/11-6-2003 of the Ministry of Development and has been published in the Government Gazette number 5056/13-6-2003 (T.A.E & E.II.E.).
- ❑ The annual General Assembly of April 2, 2004 decided the addition of a second title to the Company’s name and the amendment of article 1 of its Article of Incorporation as follows:

A Societe Anonyme is incorporated with the name “F.G. EUROPE Societe Anonyme Commercial and Industrial Company of Electric and Electronic Appliances” and with title “F.G. EUROPE S.A.” for the segments of air conditioners, mobile telephony and other businesses and with title “F.G. Europe Eskimo S.A.” for the segment of White Electrical Appliances. For the international transactions of the Company the related title will be translated.

The related amendment has been approved by the decision number K2 4400/16-4-2004 of the Minister of Development and has been published in the Government Gazette with number 3047/16-4-2004 (T.A.E & E.II.E.).
- ❑ **The Company’s registered offices**, according to article 3 of its Gazette of Incorporation was initially the Athens Municipality.
- ❑ In 1964 the Company’s registered office has been moved to the Municipality of Metaforfosi, Attica, on privately owned area where its production facilities, offices, warehouses and the after sales service were located.
- ❑ The current registered offices of the Company, after the decision of the General Assembly of shareholders on June 29, 2001, is the Municipality of Glyfada, where the offices of the Company are located on 128, Vouliagmenis Avenue, 166.74. The related amendment has

been approved by decision number K2 11675/27-8-2001 of the Ministry of Development and has been published in the Government Gazette number 7624/28-8-2001 (Issue A.E & E.II.E.).

- ❑ With decision of the General Assembly of Shareholders on June 29, 2001 the common and preference shares were converted from anonymous into registered shares of the Company. The related amendment has been approved with decision number K2 11675/27-8-2001 by the Ministry of Development and was published in the Government Gazette number 7624/28-8-2001 (Issue A.E & E.II.E.).
- ❑ With decision of the General Assembly of Shareholders on January 21, 2004 the preferred rights of preference shares has been ceased and the conversion into common registered shares. The related amendment has been approved with decision number K2 K2 1174/6-2-2004 by the Ministry of Development and was published in the Government Gazette number 1.109/2004 (Band A.E & E.II.E.).
- ❑ With decision of the same as above extraordinary General Assembly of Shareholders on January 21, 2004 the issuance of a Athens Exchange listed convertible bond loan was decided with preference rights for the old shareholders. The Board of Directors of the Company on its meeting on June 6, 2004 defined the special terms of the loan that are contained in the prospectus approved by the Athens Exchange.
- ❑ On May 5, 2005 the Board of Directors of the Company has certified the conversion of forty eight thousand eight hundred forty (48.840) bonds of the Company's convertible bond loan of the 2004 issue, into one million seventy four thousand four hundred eighty (1.074.480) common registered shares with voting rights, of thirty eurocents (0,30) par value each, according to the decision of January 21, 2004 of the Extraordinary General Assembly and the decision of June 11, 2004 of the Board of Directors, concerning the special terms of the issue of the convertible bond loan. Based on the above the Company's share capital has been increased by the amount of three hundred twenty two thousand three hundred forty four (322.344) Euro, with issuance of one million seventy four thousand four hundred eighty (1.074.480) new common registered shares, with par value of thirty (0,30) Eurocents each and totals to sixteen million two hundred seventy eight six hundred ninety six (16.278.696) Euro, divided into fifty four million two hundred sixty two three hundred twenty (54.262.320) common registered shares with voting rights, with par value of thirty (0,30) Eurocents each.
- ❑ On February 6, 2006 the Board of Directors of the Company certified the coverage of the second share capital increase from conversion into shares of 14.457 bonds of the convertible bond loan of the Company with conversion date February 3, 2006. After the above increase, the share capital of the Company amounts to Euro 16.374.112,20, divided into 54.580.374 common registered shares with voting rights of par value Euro 0,30 each.
- ❑ On February 8, 2006 the purchase period of treasury shares ended that was decided by the extraordinary General Assembly of Shareholders of February 8, 2005 for the purchase of up to 10% of the total number of shares with minimum price 2 Euro and maximum price 12 Euro for the period of 12 months from the date of decision by the extraordinary General Assembly. Totally 1.780.220 treasury shares were purchased that represent 3,28% of the total number of shares of the Company with average purchase price of Euro 3,14 per share.
- ❑ **The duration** of the Company according to article 4 of its article of incorporation has been defined until December 31, 2050.

2. Business Segements - Company Operations

According to the Bulletin of Statistical Classification of Sectors of Economic Activity (STAKOD of 03) of the National Statistical Service of Greece (ESYE), the activities of F.G. EUROPE S.A. are classified as follows:

Code 514.3: **Wholesale of home electric appliances.**
Code 519.0: **Other Wholesale (Sales of Air Conditioners).**
Code 518.4: **Wholesale of Office Machines and Equipment – PC.**
Code 642.0: **Mobile Telephony - Telecommunications**

The Company is active in the sectors of import and commerce of:

- a) All types of Air Conditioners
- b) White and consumer electronics home appliances
- c) Mobile Telephony products and services.

The Company is the exclusive distributor of FUJITSU GENERAL LTD, Japan for the Markets of Greece, Italy and the Balkans. More concretely the Company is the exclusive distributor of Air Conditioners under the brand names “FUJITSU”, “GENERAL”, “DYNAMIC” and “FUJI ELECTRIC”, for Greece, Romania, Bulgaria, Serbia, Albania, Montenegro and FYROM and of Air Conditioners under the brand names “GENERAL” and “DYNAMIC” in Italy. Moreover, the Company promotes products under the brand names “ESKIMO” and “INCLIMA” on a world wide range and the central climatization systems of “CLIVET” on the Greek Market.

On the wholesale market of white electric and electronic appliances the Company activates under the brand name ESKIMO. Concretely the Company activates in the import and commerce of a complete range of white household appliances that includes: refrigerators, freezers, washing machines and dish washers, cookers, cooker hoods, vacuum cleaners and ironing presses.

In 2005 the Company reached a cooperation agreement with SHARP CORPORATION JAPAN, for the exclusive distribution in Greece of audiovideo products of Sharp, with main development tool the LCD TVs, that are market leader on a world wide basis with market share exceeding 25% as well the high technology - Plasma Cluster – refrigerators of Sharp.

On the market of mobile telephony products and services, the Company activates, based on the existing cooperations agreements with TIM, in the promotion of Company subscriptions and other TIM products and cooperates with VODAFONE HELLAS, for the promotion of prepaid scratch cards. Moreover, prepaid scratch cards of COSMOTE, Q-TELECOM etc. are promoted as well.

3. Board of Directors

According to article 23 of the article of incorporation the Board of Directors is composed of at least 7 members to 9 member maximum. The composition of the Board of Directors that was elected by the annual General Assembly of Shareholders of the Company on April 2, 2004 with a two year service term is the following:

Name and Surname	Position	Domicile
Georgios Fidakis	Chairman	71, Afroditis Str., Varkisa
Georgios Vlamis	Vice Chairman	8 Odysseos Str. Faliro
Ioannis Pantousis	Managing Director	22 ^A , Konstantinoupoleos Str. Cholargos
Evangelos Mylonas	Executive Member	157, Asklipiou Str., Athens
Konstantinos Demenagas	Executive Member	60, Amazonon Str., Elliniko

Georgios Stroggiopoulos	Independent, non executive member	27, Perikleous Str. Cholargos
Spyros Lioukas	Independent, non executive member	Sofokleous & Miltiadou Str. Nea Erythrea
Nikolaos Piblis	Independent, non executive member	35, Perikleous Str., Neo Psychiko
Ioannis Katsoulakos	Independent, non executive member	76, Patision Str., Athens

According to the details mentioned in the minutes of the Board of Directors of April 5, 2004 (Government Gazette number 3263/23.4.2004) and the provisions of articles 30 and 31 of the Article of Incorporation, the Company is represented and committed by the signatures of:

Georgios Fidakis, Chairman of the Board of Directors and Ioannis Pantousis, Managing Director signing jointly below the Corporate name.

In the case of absence of one of the above signature right is granted to Mr. Georgios Vlamis, Vice Chairman of the Board of Directors.

The Company is represented in the administration and court by the Managing Director Ioannis Pantousis.

4. Corporate Governance Matters – Divisions and Committees

F.G. EUROPE S.A. puts particular emphasis in the assurance of transparency of procedures that concern its activities and transactions, aiming in the development of reliability towards its shareholders and the further investment community.

Corporate Governance Law 3016 that was published in the Government Gazette number 110/17-05-2002 has been applied by the Board of Directors on November 18, 2002 according to its related decisions. The Company's policy is the application of law. Corporate Governance according to the law in combination with the applied practices by the sub commissions of the Board of Directors, is a fundamental factor for the achievement of the corporate goals and the maximization of the shareholders' value. The Company is governed and controlled by the Board of Directors that operates according to the law and the applicable corporate and exchange related legislation and is composed by five executive and four independent non executive members that posses the appropriate qualifications and relevant experience.

Internal Control

Basic practice of the Company is the conclusion of internal audits by an independent department, that is connected with the Board of Directors but reports to the Audit Committee of the Board of Directors. The departments mission is the audit of the correct and complete application of the Board of Directors decisions as well as the approved policies and processes as defined. Moreover, the conclusion of audits and the provision of independent objective information on the correct operation and effectiveness of the individual departments.

- The responsible internal auditor is appointed by the Board of Directors of the Company and reports to the Board of Directors and the Audit Committee.
- The Board of Directors is obliged to provide to the Internal Auditor in charge all necessary means for the convenient performance of effective audits.
- The Auditor in Charge has to comply with appropriate qualification in order to perform effectively his work.

Investors Relations Department

The Company has an Investors Relations department that reports to the deputy General Manager with the task among others to inform institutional investors, to observe the Company's, the directors', the members' of the Board of Directors obligations, that arise from the decisions of the Stock Exchange and the Capital Market Committee.

Shareholders Service Department

The Company has a shareholders service department for all shareholders concerning the execution of their rights that reports to the deputy General Manager.

Ad hoc messaging service Department

This service has the objective of direct and equal information of the shareholders, the accurate information of the capital market supervisory authorities as well as the investing community.

The two above Departments have been organized and operate according to decision number 5/204 of the Capital Market Committee.

Committees of the members of the Board of Directors

The Company has the following Board of Directors committees:

Audit Committee: Georgios Stroggiopoulos (in charge) and Spyros Lioukas.

Compensation and Benefits and Retirement Program Committee: Ioannis Katsoulakos (in charge) and Spyros Lioukas.

Environmental Issues Committee: Spyros Lioukas (in charge) and Georgios Stroggiopoulos.

Proposals of Candidatures for the Board of Directors: Evangelos Mylonas (in charge), Ioannis Pantousis and Georgios Vlamis.

Solution of Administrative Issues: Spyros Lioukas (in charge).

The terms of operation of the above committees are based on the related legislature provisions but also on the directives of the Company, specifically with regard to the audit committee.

Internal Operations Manual

The Company has an Internal Operations Manual that is revised and updated on a permanent basis, in order to cover issues arising from corporate governance but also the organization needs of the Company.

Quality Certificate ISO 9001-2000

F.G. Europe S.A. has installed and applies from 2004 a Quality Management System according to ISO 9001:2000 and has been certified by the international certification organization TUV Austria.

For the above project the Company had been included in the subsidized by the third community support frame 2000-2006 business program "Competitiveness".

The installation of the Quality Management System has provided definitely to the improvement of efficiency of the Company, allowing the optimal use of human and material resources and the optimal service to customers, cooperators and shareholders.

III. DIRECTORS REPORT FOR FISCAL YEAR 2005
OF THE BOARD OF DIRECTORS OF F.G. EUROPE S.A.
TO THE GENERAL ASSEMBLY OF SHAREHOLDERS

Dear Shareholders,

The Company for the first time in 2005 (according to the provisions of L. 2992/2002, 3148/2003, and the P.D. 360/1985 and the decision 17/336/21-04-2005 of the Capital Market Committee), fully adopted and prepared the Company and consolidated Financial Statements according to International Financial Reporting Standards (IFRS).

General

The Group of F.G. EUROPE today activates in two main business segments. The import and distribution of long living consumer goods and the distribution of products and services of mobile telephony. Through its subsidiaries additional fields are covered like logistics, after sale service and energy production from renewable energy sources.

The business of long living consumer goods covers:

- The sales of air conditioners for home and professional use that comprise the main business of the Group contributing the most significant part of the Groups results,
- The sales of white electrical goods under the brand name ESKIMO, and
- The sales of Consumer Electronics products of SHARP, activity that started the last four months of 2005.

In the field of air conditioners, F.G. EUROPE A.E. activates also outside of Greece in Italy, Germany, the Czech Republic, Spain and the wider area of the Balkans.

In the field of products and services of mobile telephony the Group realized besides its business on the Greek market exports of mobile telephony products to Cyprus in 2005.

Sales

The Groups total sales for 2005 amounted to EURO 161,12 mil., compared to EURO 208,36 mil. in 2004, which corresponds to a decrease of 22,67%.

The decrease in sales is mainly due to the decrease in sales of mobile telephony products that were reduced from EURO 151,94 mil. in 2004 to EURO 107,70 mil., in 2005 or 29,12%.

The reduction of mobile telephony sales and especially those concerning prepaid scratch cards is a strategic decision of the management because of the low margins of this category of products and the aim to focus on product sales with higher returns.

In the air conditioners business sales amounted in 2005 to EURO 42,42 mil. compared to EURO 49,43 mil. in 2004, decreased by 14,18%. The decrease in air conditioners sales is mainly due to not realization of exports to countries like Spain where the Group in 2004 realized exports of EURO 16 mil. to cover extraordinary demand because of extreme weather conditions. The exports of air conditioners to Italy decreased from EURO 10,56 mil. in 2004 to EURO 6,56 mil. (-37,8%) in 2005. On the other hand exports to the Balkan countries increased by 3% amounting in 2005 to EURO 6,8 mil., compared to EURO 6,6 mil. in 2004.

The total exports of the Group in 2005 amounted to EURO 33,08 mil. compared to EURO 35,87 mil. in 2004, of which EURO 20,73 mil. are exports of air conditioners and EURO 12,35 mil., are exports of mobile telephony products.

The sales of air conditioners on the domestic market though two main retail chains were lost realized a significant increase (59,9%) amounting in 2005 to EURO 21,69 mil. compared to EURO 13,56 mil. in 2004.

The sales of white electrical appliances posted an increase of 2,1% amounting in 2005 to EURO 6,71 mil. compared to EURO 6,57 mil. in 2004.

A significant achievement for the Company and the Group is considered the agreement about the exclusive distribution on the Greek market of Consumer Electronics of SHARP, the sales of which started the last 4 months of 2005 and amounted to EURO 3,35 mil.

Gross Profit

The gross profit decreased by 16% and amounted in 2005 to EURO 13,86 mil. compared to EURO 16,50 mil. in 2004. The lower decrease of gross profit, than the decrease in sales is mainly due to the increase in gross margin which in 2005 amounts to 8,60% compared to 7,92% in 2004, primarily due to the change in sales mix and the addition of SHARP products.

EBITDA

The earnings before interest, taxes, depreciation and amortization as percentage of sales amounted to 3,18% compared to 3,23% in 2004, realizing a decrease of EURO 1,6 mil. (-23,77%), mainly due to promotional expenses of EURO 1 mil. for the placement of the SHARP products.

Administrative – Distribution Expenses

The administrative – distribution expenses in 2005 totaled to EURO 10,45 mil. Compared to EURO 9,31 mil. in 2004, posting an increase of 12,24%, that is primarily due to the increase of EURO 1 mil. approximately for the promotion of the SHARP products.

Financial Results

The net financial expenses, significantly increased and amounted in 2005 to EURO 3,28 mil. Compared to financial income of EURO 0,38 mil. in 2004, primarily due to the increased foreign exchange differences that amounted to expenses of over EURO 1 mil. in 2005 compared income of EURO 1,5 mil. in 2004, but also due to the increase in short term bank borrowings, that is due to the increase in receivables resulting from the increase in sales on the domestic market where a longer credit period is granted to the customers and the decrease in short term liabilities other than to banks that were financed through short term bank borrowings.

Long Term Liabilities

The long term liabilities decreased because of the conversion of 48.840 bonds of the convertible bond loan of the Company, that increased the shareholders equity by EURO 4,88 mil. and the repayment of EURO 2 mil. of the first tranche of the bonded loan that was issued in 2004 by the Company.

Total Liabilities

The Groups total liabilities decreased by 8,5% and totaled in 2005 to EURO 71,27 mil., compared to EURO 77,89 mil. in 2004.

Earnings before Taxes

Earnings before taxes in 2005 amounted to EURO 1,63 mil. Compared to EURO 6,99 mil. in 2004 realizing a decrease by 76,68% and resulting as a percentage of sales to 1,01% compared to 3,35% in 2004.

Net Earnings after Taxes and Minority interest

Present a decrease by 76,58% amounting to EURO 1,04 mil. compared to EURO 4,44 mil. in 2004.

Other Information

In 2005 we completed the restructuring of two subsidiaries that presented satisfactory earnings for the fiscal year 2005. Hydroelectrical Ahaias with earnings before taxes of EURO 282 thousand for the fiscal year 2005 (share 55.25%) has started the electric power production within the year 2005 and F.G. Logistics signed significant agreements in the field of logistics resulting to earnings before taxes of EURO 63 thousand for the fiscal year 2005.

Moreover F.G. EUROPE sold its stake in the Italian subsidiary F.G. ITALIA, (share 98%) and outsourced the services for sales promotion and marketing of the Company's products in Italy to a local specialized Company.

On February 3, 2006 another conversion of 14.457 bonds of the convertible bond loan took place that increased again the shareholders equity of the Company by EURO 1,45 mil.

On February 8, 2006 the repurchase period of treasury shares ended that was decided by the Extraordinary General Assembly of shareholders on February 8, 2005. Totally 1.780.220 treasury shares were purchased that correspond to 3,28% of the total shares of the Company with average purchase price of EURO 3,14 per share.

The achievements during the related period in the Company but also in it controlled subsidiaries is significantly and set the preconditions for a successful path in the future.

For the year 2006 we expect an increase in profitability and operating cash flow for the Group. Sales of air conditioners on the domestic market are expected to increase because of the consumers turn from no name to branded and high technology products like FUJITSU. This turn was initiated by the search for reliable alternative heating solutions because of the high oil prices, which are expected to remain constant during the next years by international analysts. Finally very important for the Company is considered the cooperation with SHARP, considering that in the next years studies predict an explosive increase in the demand for LCD TVs, market that is dominated by SHARP on a world wide level with market share of 25%. These sales are expected to increase significantly our sales and the results of the Group.

Concluding we would like to mention that for the fiscal year 2005, despite the existence of profits, the retained earnings of the Company are marginal negative (EURO 57 thousand) because of the application of IFRS and therefore the Board of Directors will not propose a dividend distribution to the General assembly of Shareholders for the fiscal year 2005.

All the above information about the financial position of the Company and the Group can be confirmed by the Financial Statement for 2005 that were prepared according to IFRS.

Glyfada, February 14, 2006

THE
CHAIRMAN OF THE BOARD OF DIRECTORS

GEORGIOS FIDAKIS

ASSURANCE

We hereby assure that this report comprised of (4) pages is that mentioned in our Audit Report dated February 24, 2006.

Athens, February 24, 2006
KPMG Kyriakou Certified Auditors S.A. SOL S.A.

Michael Kokkinos
Certified Auditor
SOEL Reg. Number 12701

Panagiotis Papakonstantinou
Certified Auditor
SOEL Reg. Number 16651

F.G. EUROPE S.A.

FINANCIAL STATEMENTS COMPANY AND CONSOLIDATED AS OF DECEMBER 31, 2005 ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

These Financial Statements have been approved for issue by the Board of Directors of F.G. EUROPE S.A. on February 14, 2006 and have been published on the company website <http://www.fgeurope.gr>.

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Translated from the original in Greek

Independent Auditors' Report

To the Shareholders of
F.G. EUROPE S.A.

We have audited the accompanying stand alone and consolidated financial statements (the "financial statements") of F.G. EUROPE S.A.(the "Company") which comprise the balance sheet as at 31 December 2005 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory notes. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Greek Auditing Standards, which are based on International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors' report with the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements give a true and fair view of the Company's and Group's financial position as of 31 December 2005, and of the results of its operations, statement of changes in equity and its cash flows for the year then ended, in accordance with International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' Report is consistent with the accompanying financial statements.

Without qualifying our audit report, we draw attention to Note 7 to the financial statements which explains that the tax obligations of the Company and its subsidiaries have not been audited by the tax authorities for certain years and therefore have not been conclusively decided for these years. The outcome of these tax audits cannot be predicted at this point in time.

Athens, 24 February 2006

KPMG Kyriacou Certified Auditors S.A.

SOL α.ε.ο.ε.

Michael Kokkinos
Certified Auditor Accountant
A.M. S.O.E.L. 12701

Panagiotis Papakonstantinou
Certified Auditor Accountant
A.M. S.O.E.L.16651

F.G. EUROPE S.A.
Statements of Income (Company and Consolidated)
For the years ended December 31, 2005 and 2004
(All amounts in Euro thousands unless otherwise stated)

	Note	Consolidated		Company	
		For the Year Ended December 31,		For the Year Ended December 31,	
		2005	2004	2005	2004
Sales.....	5	161.117	208.358	160.163	208.122
Less: Cost of sales.....	5	(147.259)	(191.859)	(145.499)	(190.866)
Gross profit		13.858	16.499	14.664	17.256
Other operating income.....		1.959	737	1.961	767
Distribution expenses.....	6	(7.155)	(6.489)	(8.567)	(7.030)
Administrative expenses.....	6	(3.296)	(2.824)	(2.934)	(2.678)
Other operating expenses.....		(454)	(1.313)	(367)	(1.240)
Earnings before interests and taxes		4.912	6.610	4.757	7.075
Finance costs, net.....	6	(3.281)	380	(3.362)	(86)
Earnings before taxes		1.631	6.990	1.395	6.989
Income tax expense.....	7	(501)	(2.574)	(477)	(2.540)
Net profit for the year		1.130	4.416	918	4.449
Attributable as follows:					
Parent company.....		1.035	4.440		
Minority interest.....		95	(24)		
Net profit (after tax) attributable to the Group		1.130	4.416		
Earnings per share (expressed in Euros):					
Basic earnings per share.....	8	0,02	0,08	0,02	0,08
Diluted earnings per share.....	8	0,03	0,09	0,02	0,09

The accompanying Notes on pages 21 to 48 are an integral part of the Financial Statements.

F.G. EUROPE S.A.
Balance Sheets (Company and Consolidated)
As of December 31, 2005 and 2004
(All amounts in Euro thousands unless otherwise stated)

	Note	Consolidated		Company	
		December 31,	December 31,	December 31,	December 31,
		2005	2004	2005	2004
<u>ASSETS</u>					
Non-current assets					
Property, plant and equipment.....	9	3.487	3.501	362	349
Intangible assets.....		61	16	10	13
Investments in associates.....		34	34	729	822
Long term receivables.....		380	107	378	87
Deferred tax assets.....		560	345	528	346
Total non-current assets		4.522	4.003	2.007	1.617
Current assets					
Inventories.....	10	26.455	30.070	26.343	29.648
Assets held for sale.....	11	477	393	477	393
Receivables and prepayments.....	12	56.845	48.620	56.622	48.372
Cash and cash equivalents.....	13	3.824	15.361	3.760	15.087
Total current assets		87.601	94.444	87.202	93.500
Total assets		92.123	98.447	89.209	95.117
<u>SHAREHOLDERS' EQUITY</u>					
Shareholders equity attributable to the shareholders of the parent company					
Share capital.....	14	16.279	15.956	16.279	15.956
Share premium.....	15	5.376	819	5.376	819
Reserves.....	16	(290)	3.774	(1.226)	2.844
Retained earnings.....		(1.048)	(430)	(57)	672
		20.317	20.119	20.372	20.291
Minority interest.....		532	437	-	-
Total shareholders' equity		20.849	20.556	20.372	20.291
<u>LIABILITIES</u>					
Non-current liabilities					
Long term Borrowings.....	19	35.715	47.722	35.715	47.722
Retirement benefit obligations.....	18	248	228	174	151
Deferred government grants.....		969	566	-	-
Provisions.....		-	94	-	94
Deferred tax liabilities.....		315	133	306	123
Total non-current liabilities		37.247	48.743	36.195	48.090
Current liabilities					
Short term Borrowings.....	19	16.965	8.254	15.869	6.791
Short term portion of long term borrowings.....	19	7.873	2.010	7.873	2.010
Current tax liabilities.....		98	1.366	-	1.366
Trade and other payables.....		9.091	17.518	8.900	16.569
	20	34.027	29.148	32.642	26.736
Total current liabilities		34.027	29.148	32.642	26.736
Total liabilities		71.274	77.891	68.837	74.826
Total equity and liabilities		92.123	98.447	89.209	95.117

The accompanying Notes on pages 21 to 48 are an integral part of the Financial Statements.

F.G. EUROPE S.A.

Statement of Changes in Shareholders' Equity (Consolidated)

For the years ended December 31, 2005 and 2004

(All amounts in Euro thousands unless otherwise stated)

Consolidated

	Share capital	Share premium	Legal reserve	Fair value reserves	Special tax reserves	Treasury shares	Retained earnings	Total	Minority interest	Total Shareholders' equity
Balance on January 1, 2004	15.956	819	738	-	2.786	-	(1.459)	18.840	461	19.301
Years changes:										
Net profit for the year.....	-	-	-	-	-	-	4.440	4.440	(24)	4.416
Dividend distribution.....	-	-	-	-	-	-	(3.191)	(3.191)	-	(3.191)
Legal Reserve.....	-	-	220	-	-	-	(220)	-	-	-
Income recognized directly in shareholders' equity:										
Net fair value changes in avalailable-for-sale securities.....	-	-	-	30	-	-	-	30	-	30
Balance on December 31, 2004.....	15.956	819	958	30	2.786	-	(430)	20.119	437	20.556
Years changes:										
Net profit for the year.....	-	-	-	-	-	-	1.035	1.035	95	1.130
Legal Reserve.....	-	-	57	-	-	-	(57)	-	-	-
Dividend distribution.....	-	-	-	-	-	-	(1.596)	(1.596)	-	(1.596)
Purchase of treasury shares.....	-	-	-	-	-	(4.200)	-	(4.200)	-	(4.200)
Share capital increase.....	323	4.557	-	-	-	-	-	4.880	-	4.880
Income recognized directly in shareholders' equity:										
Net fair value changes in avalailable-for-sale securities.....	-	-	-	79	-	-	-	79	-	79
Balance on December 31, 2005.....	16.279	5.376	1.015	109	2.786	(4.200)	(1.048)	20.317	532	20.849

The accompanying Notes on pages 21 to 48 are an integral part of the Financial Statements.

F.G. EUROPE S.A.
Statement of Changes in Shareholders' Equity (Company)
For the years ended December 31, 2005 and 2004
(All amounts in Euro thousands unless otherwise stated)

	Company							
	Share capital	Share premium	Legal reserve	Fair value reserves	Special tax reserves	Treasury shares	Retained earnings	Total
Balance on January 1, 2004	15.956	819	738	-	1.856	-	(366)	19.003
Years changes:								
Net profit for the year.....	-	-	-	-	-	-	4.449	4.449
Legal Reserve.....	-	-	220	-	-	-	(220)	-
Dividend distribution.....	-	-	-	-	-	-	(3.191)	(3.191)
Income recognized directly in shareholders' equity:								
Net fair value changes in available-for-sale securities.....	-	-	-	30	-	-	-	30
Balance on December 31, 2004.....	15.956	819	958	30	1.856	-	672	20.291
Years changes:								
Net profit for the year.....	-	-	-	-	-	-	918	918
Legal Reserve.....	-	-	51	-	-	-	(51)	-
Dividend distribution.....	-	-	-	-	-	-	(1.596)	(1.596)
Purchase of treasury shares...	-	-	-	-	-	(4.200)	-	(4.200)
Share capital increase.....	323	4.557	-	-	-	-	-	4.880
Income recognized directly in shareholders' equity:								
Net fair value changes in available-for-sale securities.....	-	-	-	79	-	-	-	79
Balance on December 31, 2005.....	16.279	5.376	1.009	109	1.856	(4.200)	(57)	20.372

The accompanying Notes on pages 21 to 48 are an integral part of the Financial Statements.

F.G. EUROPE S.A.
Statement of Cash Flows (Company and Consolidated)
For the years ended December 31, 2005 and 2004
(All amounts in Euro thousands unless otherwise stated)

	Consolidated		Company	
	For the Year Ended December 31,		For the Year Ended December 31,	
	2005	2004	2005	2004
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Profit before tax (and minority interest).....	1.631	6.990	1.395	6.989
Add / (less) adjustments for:				
Depreciation and amortization.....	221	124	96	98
Government grants recognized in income.....	(54)	-	-	-
Non-cash impairment of assets.....	-	-	-	496
Exchange rate differences.....	1.000	(1.559)	1.000	(1.559)
Provisions for doubtful receivables.....	265	1.196	265	1.196
Provisions.....	(94)	94	(94)	94
Employee benefits.....	20	65	23	(4)
Result of investment activity.....	(1.027)	(1.561)	(1.027)	(1.561)
Interest and similar expenses.....	3.484	2.758	3.401	2.723
Operating result before changes in working capital	5.446	8.107	5.059	8.472
Add / (less) adjustments for changes in working capital items:				
(Increase) / decrease in receivables and prepayments.....	(7.592)	24.524	(7.563)	24.734
(Increase) / decrease in inventories.....	3.615	(15.038)	3.305	(15.116)
(Decrease) in trade and other payables.....	(10.166)	(3.761)	(9.407)	(3.996)
(Increase) / decrease in long term receivables.....	(273)	(14)	(291)	2
Total cash inflow / (outflow) from operating activities	(8.970)	13.818	(8.897)	14.096
Income taxes paid.....	(2.700)	(2.962)	(2.700)	(2.962)
Interest and similar expenses paid.....	(2.750)	(1.912)	(2.669)	(1.877)
Total net inflow / (outflow) from operating activities	(14.420)	8.944	(14.266)	(9.257)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest income.....	1.027	1.561	1.027	1.561
Acquisition of subsidiaries and other investments.....	-	-	-	(437)
Proceeds from government grants.....	457	259	-	-
Purchase of PPE and intangible assets.....	(252)	(1.730)	(106)	(93)
Total net cash inflow / (outflow) from investing activities	1.232	90	921	1.031
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Short term borrowings.....	7.447	7.760	7.814	6.297
Purchase of treasury shares.....	(4.200)	-	(4.200)	-
Cash dividends paid.....	(1.596)	(3.306)	(1.596)	(3.306)
Total net cash inflow / (outflow) from financing activities	1.651	4.454	2.018	2.991
Net increase / (decrease) in cash and cash equivalents	(11.537)	13.488	(11.327)	13.279
Cash and cash equivalents at beginning of year	15.361	1.873	15.087	1.808
Cash and cash equivalents at end of year	3.824	15.361	3.760	15.087

The accompanying Notes on pages 21 to 48 are an integral part of the Financial Statements.

F.G. EUROPE S.A.
Notes to the Financial Statements (Company and Consolidated)
For the year ended December 31, 2005
(All amounts in Euro thousands unless otherwise stated)

1. *Incorporation and Business of the Group*

The parent company F.G. EUROPE S.A. (hereinafter referred to as “the Company”) and its subsidiaries (hereinafter referred to as “the Group”) activate:

- The company in the import and wholesale of all types of air conditioners, all types of white electrical appliances, LCD – Plasma televisions and in the wholesale of products and services of mobile telephony.
- The subsidiaries cover supplementary fields like after sales services, inventory management (logistics), etc. while Hydroelectrical Ahaïas S.A., City Electric S.A. and Hellenic EolicKyindrias Ltd. activate in the energy production sector.

The Company and the Group are domiciled in the municipality of Glyfada, with registered offices: 128, Vouliagmenis Ave., GR-16674 Glyfada, Greece. The total number of personnel occupied as of December 31, 2005 is 64 for the parent and 112 for the Group.

The company’s shares are listed on the primary market of the Athens Stock Exchange.

The company’s and group’s financial statements for the year ended on December 31, 2005 have been approved by the Board of Directors on its meeting on February 14, 2006.

The subsidiaries contained in the attached consolidated financial statements of the group are the following:

<u>Name of Subsidiary</u>	<u>Business</u>	<u>Share as of December 31, 2005</u>
• Fidakis Service S.A.	After sales service	100%
• F.G. Logistics S.A.	Logistics	100%
• City Elektrik S.A.	Energy production	100%
• Hydroelectrical Ahaïas S.A..	Energy production	55,25%
• Fidakis Service Ltd.	After sales service	100%
• F.G. Italia S.p.A.	Sales promotion – logistics	(1)
• Hellenic Eolic Kyindrias Ltd.	Energy production	100%

(1) The cotrol of F.G. Italia has been sold out of the Group on December 20, 2005 for the amount of EURO 245 included in Receivables in Prepayments as of December 31, 2005. In February 2006 the first tranche of amount EURO 65 was reimbursed. The assets of F.G. Italia SpA as of the date of sale totalled to EURO 280.

2. *Basis of Preparation of Financial Statements*

2.1 *Statement of Compliance:* These consolidated and company financial statements (hereinafter referred to as “financial Statements”) have been prepared under the historical cost convention as modified for certain assets and liabilities to current values and based on the going concern principle for the group. As further described in note 2.2 these Financial Statements have been prepared for the first time according to IFRS applying IFRS 1 “First-time Adoption of International Financial Reporting Standards” with transition date January 1, 2004. There are no Standards adopted prospectively.

2.2 *First Time Adoption of International Financial Reporting Standards:* The Company’s Financial Statements have been prepared until December 31, 2004 according to company law 2190/1920 and the Greek accounting principles which in several cases differ from the accounting principles of IFRS. According to European Legislation 1606/2002 and based on Law 3229/2004 (as amended by Law 3301/2004) the Greek companies listed

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Notes to the Financial Statements (Company and Consolidated)

For the year ended December 31, 2005

(All amounts in Euro thousands unless otherwise stated)

on any Stock Exchange of the European Union have to prepare their financial statements for the years beginning from January 1, 2005 and afterwards according to IFRS. According to IFRS 1 and the above mentioned Greek legislation these companies have to present comparative information for at least one previous year (December 31, 2004). The Company prepares and publish the annual financial statements according to IFRS for the first time within the legal time frame as of December 31, 2005. The company's management applied the accounting principles outlined below.

3. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements according to IFRS are set out below:

3.1 Basis of Consolidation: The consolidated financial statements include the accounts of the parent company and all subsidiaries in which the parent company exercises control. Control is presumed to exist when the parent company has the power to control the financial and operating policies of the subsidiary so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared on the same reporting date with those of the parent, using consistent accounting policies. Appropriate adjustments are made when necessary to ensure consistency in accounting policies used. All intercompany balances and transactions and any intercompany profit or loss on assets remaining within the Group are eliminated in the consolidated financial statements. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting that measures the acquirer's assets and liabilities at their fair value at the date of acquisition. The individual assets, liabilities and contingent liabilities acquired during a business combination are valued at the time of acquisition at fair values independent of the percentage of participation. The cost exceeding the fair value of the acquisition is recorded as goodwill. If the total cost is below the fair value of the assets and liabilities the difference is charged directly to the statement of income of the respective period.

Investments in other companies, in which the Group exercises significant influence, are accounted for using the equity method. Under this method the investment is recognized at cost, and is adjusted to recognize the investor's share of the earnings or losses of the investee after the date of acquisition and is adjusted for any accumulated impairment loss. The investment is also adjusted to reflect the investor's share of changes in the investee's capital.

Investments in which the Group does not exercise significant influence (financial assets) are initially recognized at cost being the fair value of the consideration given. After initial recognition, according to the purpose for which the assets were acquired, they are classified in the following categories: financial assets at fair value through profit or loss, held-to-maturity and available for sale financial assets. Financial assets at fair value through profit or loss are measured at fair value and gains or losses are recognized in income. Held-to-maturity investments are measured at amortized cost using the effective interest rate method and gains or losses through the amortization process are recognized in the statement of income. Available for sale financial assets are measured at fair value and gains or losses are recognized directly in equity. The fair value of quoted investments is based on quoted market bid prices. For investments for which no quoted market price exists, fair value is determined using valuation techniques.

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Notes to the Financial Statements (Company and Consolidated)
For the year ended December 31, 2005
(All amounts in Euro thousands unless otherwise stated)

In the Company's financial statements, investments in subsidiaries and associates are accounted for at cost and they are adjusted for impairment when necessary.

- 3.2 Use of estimates:** The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Using the available information and the implementation of subjective evaluation are necessary in order to conduct forecasts. Actual results may differ from estimates and deviations can have serious impacts on the Financial Statements.
- 3.3 Foreign currency translation:** The Group's functional currency is the Euro. Transactions involving other currencies are translated into Euro using the exchange rates which are in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities which are denominated in other currencies, are adjusted using the official exchange rates. Gains or losses resulting from period end foreign currency remeasurement are reflected in the statements of income.
- 3.4 Goodwill:** Goodwill is the excess of the purchase price over the fair value of net identifiable assets acquired in business combinations accounted for as a purchase. As of January 1, 2004, goodwill is no longer amortized, but is instead tested for impairment (at least on an annual basis). The goodwill impairment test is a process required by IAS 36 "Impairment of assets". Thus, after initial recognition, goodwill is measured at cost less any accumulated impairment losses. An impairment loss recognized for goodwill will not be reversed in any subsequent period. Goodwill on acquisitions of subsidiaries is presented as an intangible asset. Goodwill on acquisitions of associates is included in investments in associates.
- 3.5 Property, plant and equipment:** Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Repairs and maintenance are charged to the income statement as incurred. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement, and any gain or loss is included in the consolidated statements of income. Material additions and repairs are capitalized in the cost amount of the related assets if they increase the useful life of the asset and / or its production potential or reduce its operating cost.

The carrying values of property, plant and equipment are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. When the carrying amount of the asset exceeds the estimated recoverable amount an impairment loss is recognized and the asset is written down to its recoverable amount. The recoverable amount is the greater between fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

According to IAS 16 the Group recognizes the costs related to obligations arising from the removal of assets in the period of occurrence and in the extent in which an estimate

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Notes to the Financial Statements (Company and Consolidated)

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(All amounts in Euro thousands unless otherwise stated)

of its fair value is feasible. The related costs of removal are capitalized in the assets carrying amount and are depreciated relatively.

- 3.6 Depreciation:** Depreciation of property, plant and equipment is computed based on the straight-line method at rates, which approximate average economic useful lives reviewed on an annual basis. The useful lives and depreciation rates assumed per asset category are set out below:

	Years of useful life	Depreciation rate
• Leasehold improvements	7 – 25	4% - 14%
• Plant and equipment	7 – 9	11% - 14%
• Furniture and fixture	4 – 7	14% - 25%
• Vehicles	7 – 9	11% - 14%
• Intangible assets	4 – 5	20% - 25%

Leasehold improvements are amortized over the term of the lease.

- 3.7 Employee benefits:** Staff leaving indemnities result from defined benefits plans according to IAS 19 “Employee benefits”. Obligations derived from defined benefit plans to employees are calculated at the discounted value of the future benefits of the Company’s employees deemed to have accrued at year-end. These obligations are calculated on the basis of financial and actuarial assumptions. Net pension cost for the period is included in payroll in the statements of income and consist of the present value of benefits earned in the year, interest cost on the benefits obligation, prior service cost and actuarial gains or losses. Prior service costs are recognized on a straight-line basis over the average remaining service period of the employees expected to receive benefits under the plan. For discounting purposes the long term interest rate of Greek corporate bonds is used. Actuarial gains or losses are recognized as liability in the period occurred.

According to the provisions of Law N. 2112/20 the Group pays compensation to personnel retired or dismissed, depending on prior service, the gross monthly compensation and the way of leaving (retirement or dismissal). In case of retirement the amount of compensation is equal to 40% of the related amount due in case of dismissal.

Short term benefits to employees either in cash or through contribution are recorded on an accrual basis.

- 3.8 Income tax:** Income Tax expense for the period consists of current and deferred taxes, i.e. the tax (or the tax discount) associated with income (or loss) that are reported, for accounting purposes, in the current period but will generate a tax liability or asset in future accounting periods. Income taxes are recognized in the statement of income, except for the tax that is related to transactions charged directly to equity. In the latter case, the tax is also charged directly to equity.

Current income taxes are recognized based on taxable income of the period, in accordance with the Greek tax laws for each of the consolidated subsidiaries. The current income tax is based on taxable profits of the Group companies adjusted according to the requirements of tax legislation and is calculated with the current tax rate in force.

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Notes to the Financial Statements (Company and Consolidated)

For the year ended December 31, 2005

(All amounts in Euro thousands unless otherwise stated)

Deferred income taxes have been provided using the liability method on all temporary differences arising between financial reporting and tax bases of assets and liabilities, using enacted tax rates in effect in the years in which the differences are expected to reverse.

Deferred taxes are calculated using the liability method for all temporary tax differences as of the balance sheet date between taxable base and accounting base of the assets and liabilities.

Expected impacts from temporary tax differences are recognized and recorded either as future (deferred) tax liabilities or as deferred tax assets.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against the above and can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

The Group writes off deferred tax assets against deferred tax liabilities only if:

- The Company has a legal right to write off current tax assets against current tax obligations and
- The deferred tax assets and the deferred tax liabilities relate to income tax and are imposed by the same tax authority either:
 - To the same taxable entity or
 - To different taxable entities, that intend to write off the current tax obligations and assets or to settle the assets with the liabilities simultaneously in every future period in which significant amounts of deferred tax obligations or assets are expected to be settled.

3.9 Cash and cash equivalents: Cash, time deposits and other highly liquid, low risk investments with original maturities of three months or less are considered to be cash equivalents.

3.10 Revenues: Revenues consist of the fair value of the sale of goods and services, net of value-added tax, rebates and discounts and after eliminating intercompany sales. Revenue is recognized as follows:

- **Sale of goods:** Sales of goods are recognized when a Group entity has delivered products to the customer, net of rebates and discounts, the customer has accepted the products and collectibility of the related receivables is reasonably assured.
- **Services:** Revenues from services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total cost.
- **Interest income:** Interest income is recognized on a time-proportion basis using the effective interest method.

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Notes to the Financial Statements (Company and Consolidated)

For the year ended December 31, 2005

(All amounts in Euro thousands unless otherwise stated)

- **Dividend income:** Dividend income is recognized at the period approved by each entity's General Assembly Meeting.

3.11 Earnings per share: Basic and diluted earnings per share are computed by dividing net income by the weighted average number of shares outstanding during each period.

3.12 Dividends: Dividends payable to the shareholders are recognized in the period in which the General Assembly Meeting approves them.

3.13 Long term Receivables / Payables: Long-term receivables and payables, which are interest free or bear interest significantly lower than the prevailing market rates, are recognized in their net present value. Differences between the present value and the face amounts are created as discount or premium and amortized as interest expense or income over the life of the receivable/payable.

3.14 Stock issuance costs: Stock issuance costs, net of related deferred tax, are reflected as a deduction of Paid-in-Surplus. Stock issuance costs related to business combinations are included in the cost carrying amount.

3.15 Leases: Leases which transfer to the Company substantially all benefits and risks incidental to ownership of the item property are considered financial leases and are accounted for by the lessee as the acquisition of an asset and the incurrence of a liability. Lease payments are apportioned between the financial charges and the reduction of the lease liability. Financial charges are recognized directly to income. Finance leases, that transfer to the Group substantially all risk and benefits following the ownership of the leased asset are recorded as assets with amount equal to the initial lease amount, the fair value of the leased asset or if lower the present value of the minimum future lease payments. Lease payments are included in finance costs and deducted from the remaining liability, in such way that a constant interest rate applies to the remaining liability amount.

Leased assets are depreciated in the shorter time between useful life of the asset and the lease period.

If any one of the following four criteria applies to a lease agreement, then the lease must be classified as a finance lease:

- The lease transfers the ownership of the leased assets to the lessee at the end of the lease term.
- The lease contains a bargain purchase option.
- The lease term is greater than or equal to 75% of the economic life of the leased asset.
- The present value of the minimum lease payments is greater than or equal to 90% of the fair value of the leased asset.

If a lease agreement meets none of the four criteria described above (the lessor substantially holds all benefits and risks incidental to ownership of the asset), it is classified as an operating lease by the lessee and the rental payments are recognized as an expense as incurred.

F.G. EUROPE S.A.

Notes to the Financial Statements (Company and Consolidated)

For the year ended December 31, 2005

(All amounts in Euro thousands unless otherwise stated)

3.16 Related parties: Related party transactions and balances are disclosed separately in the consolidated financial statements. Such related parties mainly refer to major shareholders management, companies with common ownership and/or management with the company and its consolidated subsidiaries, or other affiliates of these companies.

3.17 Financial instruments: A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The financial instruments of the Group are classified in one of the following categories based on the purpose of the contract and the scope of the acquisition.

3.17.1 Financial assets or liabilities at fair value through the statement of income: A financial asset or financial liability that meets either of the following conditions:

- Is classified as held for trading (including derivatives but excluding instruments designated for hedging purposes, acquired or designed for the purchase or repurchase purposes and finally those who are part of a portfolio including recognized financial instruments).
- Upon initial recognition it is designated by the entity as at fair value through the statement of income.
- On the balance sheet the transactions and the valuation at fair value are presented separately as derivative financial instruments. Changes in fair value of these derivatives are charged to the statement of income.

3.17.2 Loans and receivables: Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Receivables from prepayments for the purchase of goods or services,
- Receivables concerning tax transactions that are imposed by law or the government,
- Anything else not covered contractually giving the entity the right for cash settlement or other financial assets.

Loans and receivables are included in current assets other than those with maturities over 12 months from the balance sheet date. These are included in non-current assets.

3.17.3 Held-to-maturity investments: Held-to-maturity investments include non derivative financial assets with fixed or determined payments and fixed maturity and the Group intends to hold until their maturity.

3.17.4 Available-for-sale financial assets: available-for-sale financial assets include those non derivative financial assets that are designated in this category and cannot be classified in one of the above categories.

Upon initial recognition the available-for-sale financial assets are valued at fair value and the related gains or losses are directly charged to reserves of equity until these assets are sold or characterized as impaired.

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Notes to the Financial Statements (Company and Consolidated)

For the year ended December 31, 2005

(All amounts in Euro thousands unless otherwise stated)

When sold or characterized as impaired the gains or losses are transferred to income. Impairment losses recognized in the statement of income are not reversed through the statement of income.

Acquisitions and disposals of investments are recognized at the date of the transaction that is the date when the Group commits the purchase or sale of the investment. The investments are initially recognized at fair value increased with incremental transaction costs directly attributable to the acquisition or disposal of the investment excluding those investments valued at fair value through the statement of income. The investments are derecognized when the right for cash flows matures or is transferred and the Group has transferred substantially all the risks and rewards associated with the investment.

Loans and receivables are recognized at amortized cost using the effective interest rate method. Realized and unrealized gains or losses that arise from the variation in the fair value of the financial assets valued at fair value through the statement of income are recognized in the statement of income in the period of occurrence.

The fair values of the financial assets that are traded on organized markets are determined through the current ask prices. For non tradable assets the fair values are determined through the use of valuation techniques such as analysis of recent transactions, concrete traded assets and the discounting of cash flows. Equity instruments non traded on active markets have been classified as available-for-sale investments and have been valued at cost when a fair value was not determinable.

On each balance sheet date the Group tests the financial asset for the existence of objective indications of impairment. Shares of companies that have been classified as financial assets available-for-sale, such an indication is the permanent and material decrease of their fair value compared to their purchase cost. If impairment is objectively determinable the accumulated losses in fair value reserves in equity that is the difference between cost and fair value is transferred to the statement of income.

3.18 Inventories: Inventories are stated at the lower of cost or net realizable value. The cost is determined using the weighted average cost method. Cost of inventories includes all cost and expenses to bring them to their current location. Borrowing costs are not included in the carrying amount of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.19 Receivables – provision for doubtful accounts: Accounts receivable are recognized and carried at originally invoiced amounts. Subsequently they are reduced for any uncollectible amounts for which certainty exists not collecting them. At each reporting period/date, all accounts receivable are assessed based on historical trends and statistical information and a provision is recorded for the probable and reasonably estimated loss for these accounts. The balance of such allowance for doubtful accounts is adjusted by recording a charge to the consolidated statement of income of the reporting period. Any amount written-off with respect to customer account balances is charged against the existing allowance for doubtful accounts. All accounts receivable for which collection is not considered probable are written-off.

3.20 Impairment of assets: The fixed assets and other non current assets (including Goodwill of intangible assets) are reviewed to determine whether there is an indication if

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impairment and the carrying amount is not recoverable. An impairment loss is recognized in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its net selling price and value in use. The net selling price represents the possible proceeds from the sale of an asset in an arms' length transaction, after deduction of any additional direct cost for the sale of the asset, while value in use represents the discounted future net cash flows from the continuing use and ultimate disposal of an asset. If the company is not able to assess the recoverable amount of an asset for which an indication of impairment exists, then the recoverable amount is determined through the cash flows generated in the unit in which this asset is used.

Reversal of impairments recognized in prior years is only possible if there are sufficient indications that this impairment does no longer exist. In these cases the reversal is recognized in the income statement as income.

- 3.21 *Intangible assets:*** Intangible assets acquired separately are capitalized at cost whereas intangible assets acquired through a business transaction are capitalized at fair value as at the date of acquisition. Subsequently, they are valued at that amount less accumulated amortization and accumulated impairment losses. The useful life of the intangible assets is assessed to be either finite or indefinite. The cost of intangible assets with a finite useful life is amortized with the straight-line method over their estimated useful life. The cost of intangible assets with an indefinite useful life is not amortized. No residual values are recognized. The useful life of the intangible assets is reviewed on an annual basis, and possible adjustments are made prospectively. Intangible assets are tested for impairment at least annually in an individualized level or in a level of generating cash flow.
- 3.22 *External costs of borrowing:*** Underwriting, legal and other direct costs incurred in connection with the issuance of long-term debt adjust the carrying amount of the liability and are amortized using the effective interest rate method over the life of the debt. All borrowing costs are recognized as an expense when incurred
- 3.23 *Borrowings:*** All loans and borrowings are initially recognized at fair value, net of issue costs associated with the borrowing. After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses through the amortization process are recognized in the statement of income.
- 3.24 *Provisions:*** Provisions are recognized when the Group has a present obligation (legal or accrued) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be calculated. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase of the provision due to the passage of time is recognized as a borrowing cost. Provisions are reviewed at each balance sheet date and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed. Provisions are used only for expenditures for which they were originally recognized. Provisions are not recognized for future operating losses. Contingent assets and contingent liabilities are not recognized.

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3.25 Segment Reporting: IAS 14 “Segment Reporting” sets criteria for the determination of the segment reporting format of the entity. Segments are determined based on the Group’s structure. The Group’s financial decision makers review financial information separately as reported by the parent company and each of the Group’s consolidated subsidiaries. The reportable segments are determined using the quantitative thresholds set by the Standard.

A business segment is defined as a group of assets or operations with different risks and returns from other business segments. A geographical segment is defined as a geographical area where goods are sold or services offered that is subject to different risk and returns than do other geographical areas.

3.26 Government Grants: Governments grants are initially recognized as deferred income on the balance sheet, when the reimbursement of the grant is fairly secure and the Group has met its required obligations. Grants related to the Groups expenses are recognized as other operating income on a systematic base in the period the related expenses are recognized. Grants related to the purchase cost of the Group’s assets are recognized as other operating income on a systematic base according to the useful estimated life of the asset.

4. Disclosures of the transition to International Financial Reporting Standards

As already mentioned in Note 2 the financial statements have been prepared according to IFRS. The accounting principles defined through IFRS have been applied for the preparation of the Financial Statements and the preparation of the opening balance sheet as of January 1, 2004.

For the preparation of the financial statements, according to IFRS, some amounts have been modified compared to previously published financial statements which had been prepared according to previous GAAP (Law 2190/1920).

The quantitative impact of IFRS to the Financial Statements prepared under the previous GAAP is presented in the following tables.

The necessary adjustments are primarily related to:

- The direct expense of several expenses that had been capitalized in the past and were depreciated according to the prior standards,
- the accounting recognition of the Company’s and the Group’s obligations to employees in relation with future benefit payments based on the employees prior service in the company,
- the reversal of impairment concerning the subsidiaries which according to the previous GAAP was presented in equity and the reassessment of the impairment based on the principles of IFRS,
- the valuation of inventories,
- the transfer of government grants from shareholders’ equity to liabilities and their presentation as deferred income,
- the adjustment in the value of receivables,
- the transfer of dividends to the time of their approval by the General Assembly,
- the increase of receivables and the related borrowings from reversal of factoring,
- the write off of postdated cheques receivables against customers’ prepayments,
- the separation of interest income included in the sales price (according to previous GAAP) and the subsequent accounting for accrued income,
- the accounting for income tax and
- the accounting recognition of the impact from deferred taxation.

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Balance Sheet reconciliation as of January 1, 2004 between IFRS and Law 2190/1920:

	Consolidated			Company		
	January 1, 2004 (According to Law 2190/1920)	Impact of transition to IFRS	January 1, 2004 (According to IFRS)	January 1, 2004 (According to Law 2190/1920)	Impact of transition to IFRS	January 1, 2004 (According to IFRS)
ASSETS						
Non-current assets						
Property, Plant &						
Equipment.....	1.871	-	1.871	354	-	354
Intangible assets.....	625	(585)	40	598	(585)	13
Investments.....	34	-	34	3.343	(2.464)	879
Long term receivables...	93	-	93	89	-	89
Deferred taxes.....	-	472	472	-	470	470
Total	2.623	(113)	2.510	4.384	(2.579)	1.805
Current assets						
Inventories.....	15.197	(166)	15.031	14.697	(165)	14.532
Assets held for sale.....	354	12	366	354	12	366
Receivables and prepayments.....	62.063	12.315	74.378	61.575	12.744	74.319
Cash & cash equivalents.....	1.873	-	1.873	1.808	-	1.808
Total	79.487	12.161	91.648	78.434	12.591	91.025
Total assets	82.110	12.048	94.158	82.818	10.012	92.830
LIABILITIES						
Non current assets						
Borrowings.....	-	-	-	-	-	-
Retirement benefit obligations.....	209	(48)	161	209	(54)	155
Deferred government grants.....	-	-	-	-	-	-
Provisions.....	61	(61)	-	61	(61)	-
Deferred taxes.....	-	140	140	-	140	140
Total	270	31	301	270	25	295
Short term liabilities						
Short term borrowings...	22.121	14.885	37.006	22.121	14.885	37.006
Short term portion of long term debt.....	13.220	-	13.220	13.220	-	13.220
Current tax liabilities....	3.488	(1.576)	1.912	3.457	(2.962)	495
Trade & other payable...	25.239	(2.821)	22.418	24.553	(1.742)	22.811
Total	64.068	10.488	74.556	63.351	10.181	73.532
Total liabilities	64.338	10.519	74.857	63.621	10.206	73.827
Total assets less total liabilities	17.772	1.529	19.301	19.197	(194)	19.003

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Balance Sheet reconciliation as of January 1, 2004 between IFRS and Law 2190/1920 (continued):

	Consolidated			Company		
	January 1, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	January 1, 2004 (According to IFRS)	January 1, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	January 1, 2004 (According to IFRS)
<u>SHAREHOLDERS' EQUITY</u>						
Shareholders' equity attributable to the shareholders of the parent company						
Share capital.....	15.956	-	15.956	15.956	-	15.956
Share premium.....	819	-	819	819	-	819
Reserves.....	3.331	193	3.524	2.094	500	2.594
Retained earnings.....	(2.088)	629	(1.459)	328	(694)	(366)
Total	18.018	822	18.840	19.197	(194)	19.003
Consolidation differences.....	(707)	707	-	-	-	-
Minority interest.....	461	-	461	-	-	-
Total shareholders' equity	17.772	1.529	19.301	19.197	(194)	19.003

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Balance Sheet reconciliation as of December 31, 2004 between IFRS and Law 2190/1920:

	Consolidated			Company		
	December 31, 2004 (According to Law 2190/1920)	Impact of transition to IFRS	December 31, 2004 (According to IFRS)	December 31, 2004 (According to Law 2190/1920)	Impact of transition to IFRS	December 31, 2004 (According to IFRS)
ASSETS						
Non-current assets						
Property, Plant & Equipment.....	3.430	71	3.501	349	-	349
Intangible assets.....	934	(918)	16	887	(874)	13
Investments.....	34	-	34	720	102	822
Long term receivables...	107	-	107	87	-	87
Deferred taxes.....	-	345	345	-	346	346
Total	4.505	(502)	4.003	2.043	(426)	1.617
Current assets						
Inventories.....	30.308	(238)	30.070	29.813	(165)	29.648
Assets held for sale.....	389	4	393	389	4	393
Receivables and prepayments.....	46.718	1.902	48.620	46.469	1.903	48.372
Cash & cash equivalents.....	15.361	-	15.361	15.087	-	15.087
Total	92.776	1.668	94.444	91.758	1.742	93.500
Total assets	97.281	1.166	98.447	93.801	1.316	95.117
LIABILITIES						
Non current assets						
Borrowings.....	48.111	(389)	47.722	48.111	(389)	47.722
Retirement benefit obligations.....	323	(95)	228	235	(84)	151
Deferred government grants.....	-	566	566	-	-	-
Provisions.....	267	(173)	94	267	(173)	94
Deferred taxes.....	-	133	133	-	123	123
Total	48.701	42	48.743	48.613	(523)	48.090
Short term liabilities						
Short term borrowings...	2.733	5.521	8.254	1.270	5.521	6.791
Short term portion of long term debt.....	2.010	-	2.010	2.010	-	2.010
Current tax liabilities....	2.859	(1.493)	1.366	2.818	(1.452)	1.366
Trade & other payable...	20.708	(3.190)	17.518	19.809	(3.240)	16.569
Total	28.310	838	29.148	25.907	829	26.736
Total liabilities	77.011	880	77.891	74.520	306	74.826
Total assets less total liabilities	20.270	286	20.556	19.281	1.010	20.291

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Balance Sheet reconciliation as of December 31, 2004 between IFRS and Law 2190/1920 (continued):

	Consolidated			Company		
	December 31, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	December 31, 2004 (According to IFRS)	December 31, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	December 31, 2004 (According to IFRS)
<u>SHAREHOLDERS' EQUITY</u>						
Shareholders' equity attributable to the shareholders of the parent company						
Share capital.....	15.956	-	15.956	15.956	-	15.956
Share premium.....	819	-	819	819	-	819
Reserves.....	3.847	(73)	3.774	(373)	3.217	2.844
Retained earnings.....	(82)	(348)	(430)	2.879	(2.207)	672
Total	20.540	(421)	20.119	19.281	1.010	20.291
Consolidation differences.....	(707)	707	-	-	-	-
Minority interest.....	437	-	437	-	-	-
Total shareholders' equity	20.270	286	20.556	19.281	1.010	20.291

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Reconciliation of Statement of Income for the year ended December 31, 2004 between IFRS and Law 2190/1920:

	Consolidated			Company		
	Year 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	Year 2004 (According to IFRS)	Year 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	Year 2004 (According to IFRS)
Sales.....	209.916	(1.558)	208.358	209.680	(1.558)	208.122
Less: Cost of sales.....	(192.024)	165	(191.859)	(191.031)	165	(190.866)
Gross profit	17.892	(1393)	16.499	18.649	(1.393)	17.256
Other operating income...	27	710	737	72	695	767
Distribution expenses.....	(6.516)	27	(6.489)	(7.029)	(1)	(7.030)
Administrative expenses...	(3.293)	469	(2.824)	(3.144)	466	(2.678)
Other operating expenses	-	(1.313)	(1.313)	-	(1.240)	(1.240)
Earnings before interests and taxes	8.110	(1.500)	6.610	8.548	(1.473)	7.075
Finance cost, net.....	(1.824)	2.204	380	(2.128)	2.042	(86)
Extraordinary income / (expenses).....	(5)	5	-	413	(413)	-
Earnings before taxes	6.281	709	6.990	6.833	156	6.989
Income tax.....	(2.432)	(142)	(2.574)	(2.432)	(108)	(2.540)
Minority interests.....	24	-	24	-	-	-
Earnings after taxes	3.873	567	4.440	4.401	48	4.449

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The recorded adjustments in shareholders' equity as of January 1 and December 31, 2004 are set out below:

	Consolidated		Company	
	January 1, 2004	December 31, 2004	January 1, 2004	December 31, 2004
Shareholders' equity as previously reported according to Greek GAAP	<u>17.772</u>	<u>20.270</u>	<u>19.197</u>	<u>19.281</u>
International Financial Reporting Standards adjustments				
<u>In shareholders equity (excluding retained earnings)</u>				
Value decline of investments in associates presented in equity according to Greek GAAP.....	-	-	-	2.723
Valuation of available for sale securities.....	-	4	-	4
Reclassification of state subsidies from shareholders equity to deferred income.....	(307)	(567)	-	-
<u>Retained earnings</u>				
Write off of capitalized expenses and their related depreciation.....	(585)	(339)	(585)	(339)
Recording of external expenses occurred during the issuance of convertible bond loans and reversal of capitalized expenses and related depreciation.....	-	(146)	-	(146)
Value adjustment of subsidiaries.....	-	-	(2.462)	(2.958)
Recognition of long term employee benefits.....	48	112	54	84
Recognition of gains from foreign currency translation resulting from payables and receivables.....	61	7	61	7
Fair value recognition of receivables.....	(630)	(521)	(630)	(521)
Fair value adjustment of receivables.....	(427)	-	-	-
Valuation of inventory.....	(166)	(72)	(166)	-
Reversal of value decline in available for sale securities recorded under Greek GAAP.....	-	-	-	337
Transfer of dividends to time of approval.....	3.191	1.596	3.191	1.596
Deferred income taxes.....	332	212	332	223
Other adjustments.....	12	-	11	-
Total adjustments	<u>1.529</u>	<u>286</u>	<u>(194)</u>	<u>1.010</u>
Total shareholders' equity according to International Financial Reporting Standards	<u>19.301</u>	<u>20.556</u>	<u>19.003</u>	<u>20.291</u>

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The recorded adjustments in the statement of income for the year ended December 31, 2004 are set out below:

	<u>Consolidated</u> <u>December</u> <u>31, 2004</u>	<u>Company</u> <u>December</u> <u>31, 2004</u>
Profit (before tax and minority interest) as previously reported according to Greek GAAP	<u>6.281</u>	<u>6.833</u>
<u>Adjustments of International Financial Reporting Standards</u>		
Value adjustment in associates.....	-	(158)
Reversal of depreciation of capitalized expenses according to Greek GAAP.....	437	437
Recognition of foreign currency translation differences during the related period.....	(54)	(54)
Fair value recognition of revenues.....	109	109
Income tax provision for the year.....	(2.454)	(2.432)
Deferred income tax.....	(120)	(109)
Recording of the impact through the use of the effective interest rate on the borrowings.....	(336)	(336)
Reversal of provisions of Greek Accounting Standards that had been recorded in previous years for I.F.R.S. purposes.....	341	-
Other adjustments.....	<u>212</u>	<u>159</u>
Total adjustments	<u>(1.865)</u>	<u>(2.384)</u>
Net profit (after taxes and minority interest) according to International Financial Reporting Standards	<u>4.416</u>	<u>4.449</u>

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5. Segment reporting

The group's business segments cover primarily one geographical area of Europe with Greece as country of origin and main area of business plus the countries of the European Union and furthermore the countries of South East Europe. Therefore the only financial reporting format is focused on the different business segments of the group where different business practices meet different business risks and opportunities.

The segment results of the business segments for the years ended December 31, 2005 and 2004 are presented below:

Year ended December 31, 2005	Air conditio- ners	White electrical appliances	Mobile Telephony	Sharp and Other	Total	Intercompany elimination	Group
Sales revenues.....	42.420	6.714	107.703	5.426	162.263	(1.146)	161.117
Less: Cost of sales.....	(30.943)	(5.117)	(107.071)	(4.073)	(147.204)	(55)	(147.259)
Gross profit.....	11.477	1.597	632	1.353	15.059	(1.201)	13.858
Other operating income.....	1.263	5	690	565	2.523	(564)	1.959
Distribution expenses.....	(6.048)	(1.048)	(597)	(1.230)	(8.923)	1.768	(7.155)
Administrative expenses.....	(2.033)	(327)	(379)	(560)	(3.299)	3	(3.296)
Other operating expenses.....	(75)	(37)	(245)	(97)	(454)	-	(454)
Profit from operations.....	4.584	190	101	31	4.906	6	4.912
Finance costs (net).....	(2.731)	(160)	(67)	(323)	(3.281)	-	(3.281)
Profits / (loss) before tax.....	1.853	30	34	(292)	1.625	6	1.631
Income tax expense.....	(501)	-	-	-	(501)	-	(501)
Net profit / (loss).....	1.352	30	34	(292)	1.124	6	1.130

Year ended December 31, 2004	Air conditio- ners	White electrical appliances	Mobile Telephony	Sharp and Other	Total	Intercompany elimination	Group
Sales revenues.....	49.432	6.569	151.942	1.811	209.754	(1.396)	208.358
Less: Cost of sales.....	(34.967)	(5.122)	(150.586)	(1.739)	(192.414)	555	(191.859)
Gross profit.....	14.465	1.447	1.356	72	17.340	(841)	16.499
Other operating income.....	11	56	700	16	783	(46)	737
Distribution expenses.....	(5.188)	(918)	(926)	(119)	(7.151)	662	(6.489)
Administrative expenses.....	(1.166)	(692)	(830)	(361)	(3.049)	225	(2.824)
Other operating expenses.....	(690)	(63)	(487)	(73)	(1.313)	-	(1.313)
Profit / (loss) from operations.....	7.432	(170)	(187)	(465)	6.610	-	6.610
Finance costs (net).....	178	(112)	(148)	(34)	(116)	496	380
Profits / (loss) before tax.....	7.610	(282)	(335)	(499)	6.494	496	6.990
Income tax expense.....	(2.574)	-	-	-	(2.574)	-	(2.574)
Net profit / (loss).....	5.036	(282)	(335)	(499)	3.920	496	4.416

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Respectively, the allocation of assets and liabilities to the business segments as of December 31, 2005 and 2004 is as follows:

December 31, 2005	Air condition- ers	White electrical appliances	Mobile Telephony	Sharp and Other	Total	Intercompany elimination	Group
Property, plant and equipment and intangible assets.....	289	37	28	3.194	3.548	-	3.548
Other long term assets.....	1.031	130	99	11	1.271	(297)	974
Inventories.....	20.839	1.498	522	3.590	26.449	6	26.455
Other investments.....	406	34	10	27	477	-	477
Receivables and prepaid expenses.....	47.111	5.746	1.817	3.818	58.492	(1.647)	56.845
Cash and cash equivalents.....	3.199	271	79	275	3.824	-	3.824
Total assets	72.875	7.716	2.555	10.915	94.061	(1.938)	92.123
Long term borrowings.....	30.394	2.571	750	2.000	35.715	-	35.715
Other long term liabilities.....	376	48	36	1.369	1.829	(297)	1.532
Short term borrowings.....	13.504	1.143	333	1.985	16.965	-	16.965
Short term portion of long term debt.....	6.700	567	165	441	7.873	-	7.873
Current tax liabilities.....	-	-	-	98	98	-	98
Trade and other payables.....	4.488	1.863	802	3.585	10.738	(1.647)	9.091
Total liabilities	55.462	6.192	2.086	9.478	73.218	(1.944)	71.274

December 31, 2004	Air condition- ers	White electrical appliances	Mobile Telephony	Sharp and Other	Total	Intercompany elimination	Group
Property, plant and equipment and intangible assets.....	117	166	78	3.168	3.529	(12)	3.517
Other long term assets.....	151	215	101	19	486	-	486
Inventories.....	23.353	1.261	4.963	493	30.070	-	30.070
Other investments.....	341	42	9	1	393	-	393
Receivables and prepaid expenses.....	35.042	6.524	6.768	737	49.071	(451)	48.620
Cash and cash equivalents.....	8.290	1.031	5.750	290	15.361	-	15.361
Total assets	67.294	9.239	17.669	4.708	98.910	(463)	98.447
Long term borrowings.....	41.358	5.145	1.142	77	47.722	-	47.722
Other long term liabilities.....	119	169	80	653	1.021	-	1.021
Short term borrowings.....	1.101	137	5.551	1.465	8.254	-	8.254
Short term portion of long term debt.....	1.742	217	48	3	2.010	-	2.010
Current tax liabilities.....	1.366	-	-	-	1.366	-	1.366
Trade and other payables.....	4.356	1.682	10.518	1.413	17.969	(451)	17.518
Total liabilities	50.042	7.350	17.339	3.611	78.342	(451)	77.891

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6. Break down of expenses

The main expenses are analyzed as follows:

	Consolidated		Company	
	Year ended December 31,		Year ended December 31,	
	2005	2004	2005	2004
Personnel expenses.....	(2.958)	(2.427)	(2.709)	(2.403)
Third party expenses.....	(1.097)	(1.280)	(1.891)	(2.016)
Supplies.....	(3.000)	(2.880)	(3.715)	(2.776)
Taxes and duties.....	(389)	(276)	(360)	(243)
Various expenses.....	(2.786)	(2.326)	(2.730)	(2.172)
Depreciation.....	(221)	(124)	(96)	(98)
Total	<u>(10.451)</u>	<u>(9.313)</u>	<u>(11.501)</u>	<u>(9.708)</u>

The personnel expenses are analyzed as follows:

	Consolidated		Company	
	Year ended December 31,		Year ended December 31,	
	2005	2004	2005	2004
Salaries and wages.....	(2.415)	(2.004)	(2.149)	(1.980)
Employers' social security contributions.....	(435)	(402)	(435)	(402)
Other compensation.....	(108)	(21)	(125)	(21)
Total	<u>(2.958)</u>	<u>(2.427)</u>	<u>(2.709)</u>	<u>(2.403)</u>

Finance income and expenses are analyzed as follows:

	Consolidated		Company	
	Year ended December 31,		Year ended December 31,	
	2005	2004	2005	2004
<u>Finance costs:</u>				
Interest and similar expenses.....	(3.484)	(2.758)	(3.401)	(2.723)
Provisions for impairment of subsidiaries and securities.....	-	-	-	(496)
Foreign exchange differences (expense).....	(1.356)	(344)	(1.356)	(344)
Total Finance costs	<u>(4.840)</u>	<u>(3.102)</u>	<u>(4.757)</u>	<u>(3.563)</u>
<u>Finance income:</u>				
Interest and similar income.....	1.027	1.561	1.027	1.561
Foreign exchange differences (income).....	356	1.903	356	1.903
Other.....	176	18	12	13
Total Finance income	<u>1.559</u>	<u>3.482</u>	<u>1.395</u>	<u>3.477</u>
Finance costs, net	<u>(3.281)</u>	<u>380</u>	<u>(3.362)</u>	<u>(86)</u>

7. Income taxes

According to the provisions of the Greek tax legislation (Law 2992/2002, Article 9 Par. 1) and due to the completed merger as of June 11, 2003 the applicable taxation rate as of December 31, 2004 was 30%. According to Law 3296/2004, the taxation rate for the fiscal year 2005 amounts to 32%, for the fiscal year 2006 to 29% and to 25% for fiscal years 2007 onwards.

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The Greek tax legislation and the respective provisions are subject to interpretation of the tax authorities. Income tax returns are submitted to the tax authorities on an annual basis but the profits or losses submitted for tax purposes remain temporary until the tax authorities conclude audits of the tax returns and records of the company, time at which the respective tax liabilities of the company become final. Tax losses, as far recognized by the tax authorities can be offset with profits for the next five years after their occurrence.

The parent company and its subsidiaries have not been audited by the tax authorities for the following fiscal years:

Company	Unaudited fiscal years
• F.G. Europe S.A.	2003 to 2005
• Fidakis Service S.A.	2003 to 2005
• F.G. Logistics S.A.	2003 to 2005
• City Elektrik S.A.	2003 to 2005
• Hydroelectrical Ahaia S.A.	Unaudited from inception (2002)
• Fidakis Service Ltd.	Unaudited from inception (2003)
• Hellenic Eolic Kyllindrias Ltd	Unaudited from inception (2004)

The provision for income taxes as presented in the financial statements is analyzed as follows:

	Consolidated		Company	
	Year ended December 31,		Year ended December 31,	
	2005	2004	2005	2004
Income tax (current period).....	(534)	(2.454)	(478)	(2.432)
Deferred tax.....	<u>33</u>	<u>(120)</u>	<u>1</u>	<u>(108)</u>
Income tax	<u>(501)</u>	<u>(2.574)</u>	<u>(477)</u>	<u>(2.540)</u>

Deferred income taxes arise from the temporary differences between accounting basis and taxation base of assets and liabilities and are calculated based on the current income tax rate.

8. Earnings per share

The basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares outstanding during the year excluding ordinary shares purchased by the company and held as treasury shares. The weighted average number of ordinary shares outstanding as of December 31, 2005 and 2004 is 53.173.850 and 53.187.840 shares respectively.

	Consolidated		Company	
	Year ended December 31,		Year ended December 31,	
	2005	2004	2005	2004
Net profit attributable to shareholders.....	1.035	4.440	918	4.449
Weighted average number of shares outstanding.....	<u>53.173.850</u>	<u>53.187.840</u>	<u>53.173.850</u>	<u>53.187.840</u>
Basic earnings per share (in Euro)	<u>0.02</u>	<u>0.08</u>	<u>0.02</u>	<u>0.08</u>

The diluted earnings per share are calculated by adjusting the amount of net profit for the year attributable to ordinary shareholders by the after-tax effect of any interest recognized in the period for the dilutive potential ordinary shares and any changes in income or expense that would result from the conversion of the dilutive potential ordinary shares. For the purpose of

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calculating diluted earnings per share the dilutive potential ordinary shares should be deemed to have been converted into ordinary shares at the beginning of the year or if later the date of the issue of the potential ordinary shares. The company has issued a convertible bond on August 3, 2004 for the amount of EURO 16.621.200 divided into 166.212 bond with par value of EURO 100. Each bond is convertible into 22 common shares of the Company. The convertible bond is repayable after 3 years.

	Consolidated		Company	
	Year ended December 31,		Year ended December 31,	
	2005	2004	2005	2004
Net profit attributable to shareholders.....	1.035	4.440	918	4.449
Interest expense related to the convertible bond (net of tax).....	<u>475</u>	<u>388</u>	<u>475</u>	<u>388</u>
Adjusted net profit attributable to shareholders.....	<u>1.510</u>	<u>4.828</u>	<u>1.393</u>	<u>4.837</u>
Weighted average number of shares outstanding.....	53.173.850	53.187.840	53.173.850	53.187.840
Number of shares resulting from the conversion of the convertible bond.....	<u>2.582.184</u>	<u>1.523.610</u>	<u>2.582.184</u>	<u>1.523.610</u>
Adjusted weighted average number of shares outstanding.....	<u>55.756.034</u>	<u>54.711.450</u>	<u>55.756.034</u>	<u>54.711.450</u>
Diluted earnings per share (in Euro)	<u>0.03</u>	<u>0.09</u>	<u>0.02</u>	<u>0.09</u>

9. Property, plant and equipment

Property, plant and equipment is analyzed as follows:

	Consolidated						
	Land	Buildings	Plant & machinery	Vehicles	Furniture & fixture	Work in progress	Total
December 31, 2004							
Value at cost.....	5	2.093	879	240	852	11	4.080
Accumulated depreciation..	=	<u>(15)</u>	<u>(7)</u>	<u>(48)</u>	<u>(509)</u>	=	<u>(579)</u>
Net book value.....	<u>5</u>	<u>2.078</u>	<u>872</u>	<u>192</u>	<u>343</u>	<u>11</u>	<u>3.501</u>
January 1, 2005							
Additions.....	-	-	356	-	-	226	582
Disposals / transfers.....	-	(355)	-	(37)	(78)	-	(470)
Depreciation.....	-	(41)	(54)	(8)	(95)	-	(198)
Depreciation of disposals...	-	-	-	-	72	-	72
December 31, 2005							
Value at cost.....	5	1.738	1.235	203	774	237	4.192
Accumulated depreciation..	=	<u>(56)</u>	<u>(61)</u>	<u>(56)</u>	<u>(532)</u>	=	<u>(705)</u>
Net book value.....	<u>5</u>	<u>1.682</u>	<u>1.174</u>	<u>147</u>	<u>242</u>	<u>237</u>	<u>3.487</u>

It is noted that fixed assets are not pledged.

10. Inventories

Inventories are analyzed as follows:

	Consolidated		Company	
	December 31,		December 31,	
	2005	2004	2005	2004
Merchandise.....	12.281	14.243	12.169	13.821
Merchandise in bonded warehouses.....	<u>14.174</u>	<u>15.827</u>	<u>14.174</u>	<u>15.827</u>
Total	<u>26.455</u>	<u>30.070</u>	<u>26.343</u>	<u>29.648</u>

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The cost of inventory charged to cost of sales amounts to EURO 147.259 (EURO 191.859 in 2004) for the Group and for the Company to EURO 145.499 (EURO 190.866 in 2004).

11. *Other investments*

Other investments comprise shares listed on the Athens Stock Exchange, which were valued with current closing prices of December 31, 2005.

12. *Receivables and prepayments*

Receivables and prepayments are analyzed as follows:

	Consolidated		Company	
	December 31,		December 31,	
	2005	2004	2005	2004
Customers.....	18.557	8.117	18.656	8.254
Postdated cheques.....	33.899	39.001	33.890	38.905
Notes receivables.....	52	104	52	104
Provision for doubtful accounts.....	<u>(1.137)</u>	<u>(1.670)</u>	<u>(1.137)</u>	<u>(1.670)</u>
	51.371	45.552	51.461	45.593
Other receivables.....	<u>5.474</u>	<u>3.068</u>	<u>5.161</u>	<u>2.779</u>
Total	<u>56.845</u>	<u>48.620</u>	<u>56.622</u>	<u>48.372</u>

13. *Cash and cash equivalents*

Cash and cash equivalents comprise petty cash of the group and short term bank deposits callable within 90 days.

14. *Share capital*

As of December 31, 2004 the company's share capital amounts to EURO 15.956 and is divided into 53.187.840 common shares with par value of EURO 0,0003 each and as of December 31, 2005 to EURO 16.279 divided into 54.262.320 common shares with par value of EURO 0,0003 each.

The Board of Directors on its meeting of May 5, 2005 certified the share capital increase of EURO 323 and the issuance of 1.074.480 new ordinary shares resulting from the conversion of 48.840 convertible bonds and the credit to the share premium account of EURO 4.557 resulting from the premium of the issue price of the bonds.

As of December 31, 2005 the company holds 1.330.220 treasury shares of par value EURO 0,0003 with purchase cost of EURO 4.200 presented in reserves in an treasury shares account.

15. *Share premium*

The share premium as of December 31, 2004 amounts to EURO 819. Subsequently it was increased by EURO 4.557 as mentioned in the previous paragraph and as of December 31, 2005 amounts to EURO 5.376.

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16. Reserves

The movements in the reserves of the Group are presented in the following table:

Reserve	January 1, 2004	Additions / (reductions)	December 31, 2004	Additions / (reductions)	December 31, 2005
Legal reserve.....	738	220	958	57	1.015
Treasury shares.....	-	-	-	(4.200)	(4.200)
Fair value reserves.....	-	30	30	79	109
Extraordinary reserves.....	1.566	-	1.566	-	1.566
Tax free reserves.....	290	-	290	-	290
Special tax reserves Art.44 (L.1892/90).....	930	-	930	-	930
Total Reserves	<u>3.524</u>	<u>250</u>	<u>3.774</u>	<u>(4.064)</u>	<u>(290)</u>

The movements in the reserves of the Company are presented in the following table:

Reserve	January 1, 2004	Additions / (reductions)	December 31, 2004	Additions / (reductions)	December 31, 2005
Legal reserve.....	738	220	958	51	1.009
Treasury shares.....	-	-	-	(4.200)	(4.200)
Fair value reserves.....	-	30	30	79	109
Extraordinary reserves.....	1.566	-	1.566	-	1.566
Tax free reserves.....	290	-	290	-	290
	<u>2.594</u>	<u>250</u>	<u>2.844</u>	<u>(4.070)</u>	<u>(1.226)</u>

16.1. Legal reserve

According to the provisions of the Greek company legislation the transfer of 5% of the net annual profits to form the legal reserve is obligatory until this reserve amounts to 1/3 of the paid in share capital. The legal reserve is only distributable in case of dissolution of the company but can be offset with accumulated losses.

16.2. Treasury shares

The reserves for treasury shares reflects the purchase cost of the treasury stock held by the Group as of December 31, 2005. The Group holds 1.330.220 treasury shares.

16.3. Special reserve of Article 44 (Law 1892/90)

The subsidiary F.G. Logistics S.A. (formerly General Data Applications S.A.) was submitted to the provisions of Article 44 par. 1 of Law 1892/1990 with decision number 7927/2002 of the appeal court of Athens. According to this decision the liabilities to suppliers, creditors, public except social security organization were reduced effectively December 31, 2001. The resulting surplus is presented in special tax reserves.

17. Dividends

According to the Greek company legislation companies are obliged to distribute to their shareholders the maximum between 35% of the net annual profits after withholdings for legal reserves and 6% of the paid in share capital.

For the fiscal year 2005 a cash dividend distribution of EURO 1.596 i.e. EURO 0,00003 per share was approved and paid.

18. Employee benefits: pension obligations

According to the Greek labour legislation employees are entitled to termination benefits in case of dismissal or retirement dependent on their current remuneration, the length of service and the reason for leaving (dismissal or retirement). Employees who leave or are dismissed with cause

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are not entitled to termination benefits. The termination benefit in case of retirements amounts to 40% of the termination benefit in case of dismissal.

The provision for employee termination benefits is presented in the financial statements according to IAS 19 and is based on an independent actuarial study calculated as of December 31, 2005. The basic underlying assumptions of the study are as follows:

	<u>Estimate / assumption</u>
Average increase in personnel expenses.....	4%
Discount rate.....	5%
Retirement age: men / women.....	65 years / 60 years

Furthermore, the possibility of employees leaving deliberately was also taken into account.

19. Borrowings

The company's borrowings are analyzed as follows:

	<u>Consolidated</u>		<u>Company</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>Long term borrowings:</u>				
Bonded loan.....	31.353	33.157	31.353	33.157
Convertible bond	<u>12.235</u>	<u>16.575</u>	<u>12.235</u>	<u>16.575</u>
	<u>43.588</u>	<u>49.732</u>	<u>43.588</u>	<u>49.732</u>
Long term debt payable within the next 12 months.....	<u>(7.873)</u>	<u>(2.010)</u>	<u>(7.873)</u>	<u>(2.010)</u>
	<u>35.715</u>	<u>47.722</u>	<u>35.715</u>	<u>47.722</u>
Short term borrowings	<u>16.965</u>	<u>8.254</u>	<u>15.869</u>	<u>6.791</u>

Based on the decision of the extraordinary General Assembly of shareholders of January 21, 2004 and the decision of the Board of Directors of June 11, 2004, approved by the decision number K2-1667/6-2-2004 of the Ministry of Development, the company issued a convertible bond listed on the Athens Stock Exchange of nominal value of EURO 16.621. The convertible bond was issued on August 3, 2004 with a maturity of 3 years and is divided into 166.212 bonds with a par value of EURO 0,1 each.

Each bond is convertible into 22 common shares with voting rights. The conversion can be executed for the first time after six months and at each months afterwards until the maturity of the loan. The coupon is fix at 3,8% p.a..

In case of holding until maturity (August 3, 2007) and not converted into ordinary shares the bonds will be redeemed at 112,2% of the nominal value of the bonds (EURO 0,1122 per bond).

On May 3, 2005, three months after the initial existence of conversions the right, 48.840 bonds were converted based on the conversion ratio of 1:22 into 1.074.480 common shares of the Company.

Accordingly, the Company's share capital was increased by EURO 323 and the resulting amount of EURO 4.557 was credited to the share premium account. The fair values of the loan equal the carrying values.

Furthermore, based on the decision of the Board of Directors of July 6, 2004 the company issued a straight bond loan according to the provisions of Law 3156/2003 for the amount of EURO 33.500, for five year term which will be repaid in nine installments of which the first of EURO

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2.010 was due 12 months after the issue date and was already paid. The remaining installments are payable in equal tranches every six months until the maturity of the loan.

20. Trade and other payables

Trade and other payables are analyzed as follows:

	Consolidated		Company	
	December 31,		December 31,	
	2005	2004	2005	2004
Suppliers.....	4.258	3.690	4.349	3.409
Cheques payables postdated.....	1.657	10.935	1.498	10.452
Accrued expenses.....	1.113	1.407	1.111	1.407
Other short term obligations.....	<u>2.063</u>	<u>1.486</u>	<u>1.942</u>	<u>1.301</u>
Total	<u>9.091</u>	<u>17.518</u>	<u>8.900</u>	<u>16.569</u>

21. Post Balance Sheet Events

On February 6, 2006 the Board of Directors of the Company certified the second share capital increase through the conversion of 14.457 convertible bonds of the listed convertible bond on February 3, 2006 being the twelfth date of possible execution of conversion rights. According to the terms of the convertible bond the 14.457 converted bonds correspond to 318.054 common shares of the Company.

Based on the number of new shares from the conversion of the convertible bonds the Company's share capital was increased by the amount of (in Euro) 95.416,20 and the surplus of (in Euro) 1.350.283,80 (i.e. $14.457 \times 100 = 1.445.700 - 95.416,20 = 1.350.283,80$) from the issue price of the convertible bonds was credit to the share premium account.

After this capital increase the Company's share capital amounts to (in Euro) 16.374.112,20 divided into 54.580.374 common shares with voting rights of par value (in Euro) 0,30.

Following the decisions of the extraordinary general assembly of shareholders of February 8, 2005 for the purchase of treasury shares and based on the decision of the Board of Directors of January 10, 2006 in the time form January 13, 2006 to February 8, 2006 450.000 treasury shares were purchased totalling the number of treasury shares to 1.780.220 with average purchase price of (in Euro) 3,14.

22. Commitments and Contingencies

The group has no uncompleted purchasing commitments with its suppliers as of December 31, 2005. The future aggregate minimum lease payments arising from building lease agreements until year 2014 are estimated to amount to EURO 3.816 approximately, while the amount charged to the income statement for the year ended December 31, 2005 for lease payments amounts to EURO 495.

23. Financial risk management

23.1 Foreign exchange risk: The Group operates internationally and is exposed to foreign exchange risks arising from the commercial operations in foreign currency (USD and JPY) with customers and suppliers other than the measurement currency. The Group uses forward contracts to hedge its exposure to currency risk in connection with the measurement currency.

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23.2 Credit risk: The Group is exposed to credit risk primarily arising from the existence of doubtful receivables. For credit risk management the Group has policies in place to continuously ensure that sales of products and services are made to customers with an appropriate credit history not exceeding predefined credit levels. Moreover, part of the receivables arising from the international operations is secured through credit insurance and part of receivables in the mobile telephony business is covered through bank guaranties.

23.3 Cash flow risk: The Group is exposed to cash flow risk that may arise through the fluctuation of variable interest rates and may cause positive or negative fluctuations in cash inflows and/or outflows of assets and/or liabilities connected with these variable interest rates. The structure of the borrowing portfolio between fixed and variable interest rates is 20% to 80%.

24. Related party transactions

The Company purchases and provides products and services from and to related parties. The related parties are companies with common shareholding structure and / or management. Moreover, the members of the Board of Directors and the Directors are also considered related parties.

Sales of company's products to related parties concern primarily sales of merchandise (e.g. spare parts). These transactions are executed at an arms' length conditions. The receipt of services from related parties primarily covers (logistics etc.) as well as after sales service. The table below presents the receivables and obligations as of December 31, 2005 and 2004 from related parties:

	Company	
	December 31, 2005	December 31, 2004
Receivables from:		
F.G. Logistics S.A.....	1.191	-
Fidakis Service S.A.....	219	218
City Elektrik S.A.....	19	-
Hydroelectrical Ahaias S.A.	-	-
F.G. Italia S.p.A.....	-	151
Hellenic Eolic Kylindrias Ltd.....	195	-
Total	<u>1.624</u>	<u>369</u>
	Company	
	December 31, 2005	December 31, 2004
Obligations to:		
F.G. Logistics S.A.....	243	-
Fidakis Service S.A.....	153	71
City Elektrik S.A.....	101	-
Total	<u>497</u>	<u>71</u>

The transactions with the related parties for the years ended December 31, 2005 and 2004 are analyzed as follows:

	Company	
	December 31, 2005	December 31, 2004
Income:		
Lease payments.....	4	46
Inventories.....	894	337
Other.....	36	15
Total	<u>934</u>	<u>398</u>

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	Company	
	December 31, 2005	December 31, 2004
Expenses and purchases:		
Warranties.....	456	281
Inventories.....	1.197	12
Logistics.....	748	408
Commissions.....	560	480
Total	<u>2.961</u>	<u>1.181</u>

The compensation and the provisions for employee benefits for the members of the Board of Directors and the Directors charged to the income statement are analyzed as follows:

	Company	
	December 31, 2005	December 31, 2004
Compensation and benefits		
Personel expenses.....	1.126	994
Provision for staff leaving indemnity.....	8	12
Total	<u>1.131</u>	<u>1.006</u>

No transaction exist between the Group companys and the members of the Board of Directors and the Directors.

V. REPORT OF THE BOARD OF DIRECTORS

(L.3016/2002 Article 2 par.4)

Transactions with related companies (C.L. 2190/1920 Article 42 e. par. 5)

The following table presents all intercompany transactions of F.G. EUROPE S.A. with all related companies according to Article 42 e. par. 5 of C.L. 2190/1920 for the year January 1, – December 31, 2005, as well as the intercompany balances as of December 31, 2005 of the companies related with F.G. EUROPE S.A.

INTERCOMPANY TRANSACTIONS				
<i>(Amounts in €)</i>	F.G. EUROPE S.A. Revenues from related Companies	F.G. EUROPE S.A. Purchases from related Companies	Receivables of F.G. EUROPE S.A. as of December 31, 2005	Liabilities of F.G. EUROPE S.A. as of December 31, 2005
COMPANY				
FIDAKIS SERVICE S.A.	180.460,67	917.807,89	219.420,38	153.215,56
FIDAKIS LOGISTICS S.A.	1.300,00	748.000,00	1.190.816,00	243.076,55
CITY ELECTRIC S.A.	1.983,00	-	19.000,00	100.500,00
FIDAKIS SERVICE LTD.	-	-	-	-
HYDROELECTRICAL AHAIAS S.A.	165,84	-	-	-
F.G. ITALIA S.p.A.	717.955,79	1.295.348,94	-	-
HELLENIC EOLIC KYLINDRIAS LTD.	32.000,00	-	195.365,07	-
TOTAL	933.865,30	2.961.156,83	1.624.601,45	496.792,11

The transaction of F.G. EUROPE S.A. with its related companies as presented on the above table are analyzed as follows:

- FIDAKIS SERVICE S.A.: Sales of F.G. EUROPE S.A. to the 100% subsidiary are sales of spare parts for the amount of 175.978,72 €, rendered services for the amount of 481,95 €, and received lease payments for the amount of 4.000,00 € for the leased building located on 65, Alimou Avenue in Alimos.
Sales of FIDAKIS SERVICE S.A. to F.G. EUROPE S.A. are in its total invoiced services and spare parts for the coverage of air conditioners within guarantee period and are analyzed in rendered services for the amount of 456.033,79 € and in charged spare parts for the amount of 461.774,10 €. Receivables and liabilities concern in its total balances of the above transactions between the two companies.
- FIDAKIS LOGISTICS S.A.: The Company invoiced F.G. EUROPE S.A. the amount of 748.000,00 € for rendered logistics services. F.G. EUROPE S.A. invoiced the 100% subsidiary FIDAKIS LOGISTICS S.A. with the amount of 1.300 € for accounting services offered.
The receivables of F.G. EUROPE S.A. as of December 31, 2005, for the amount of 1.190.816,00 € are analyzed in guarantee payment for the amount of 297.704,00 € and in prepayment for warehousing services based on the agreement between the two Companies for the amount of 893.112,00 €. The liability of F.G. EUROPE S.A. to FIDAKIS LOGISTICS S.A. as of December 31, 2005 concerns invoiced logistics services for the amount of 243.076,55 €.
- CITY ELECTRIC S.A.: F.G. EUROPE S.A. invoiced its 100% subsidiary CITY ELECTRIC S.A. with the amount of 1.983,00 € for accounting services offered.
The receivable of F.G. EUROPE S.A. as of December 31, 2005 for the amount of 19.000,00 € concerns temporary cash overdraft, while the presented liability for the amount of 100.500,00 €, concerns the liability to cover the decided share capital as sole shareholder.

- FIDAKIS SERVICE LTD.: No transactions existed with the Company FIDAKIS SERVICE LTD. during the fiscal year 2005.
- HYDROELECTRICAL AHAIAS S.A.: F.G. EUROPE S.A. invoiced the 55,25% subsidiary HYDROELECTRICAL AHAIAS S.A. with the amount of 165,84 € for the sale of an air conditioner.
- F.G. ITALIA S.p.A.: The Company invoiced for logistics services rendered and the promotion of F.G. EUROPE S.A.'s sales on the Italian market the amount of 560.000,00 €. For the sale of merchandise the company invoiced F.G. EUROPE S.A. with the amount of 735.348,94. F.G. EUROPE S.A. invoiced F.G. ITALIA S.p.A. with the amount of 717.955,79 € for the sale of merchandise.
- HELLENIC EOLIC KYLINDRIAS LTD.: F.G. EUROPE S.A. invoiced its 100% subsidiary the amount of 32.000,00 € for services rendered concerning the licensing process of a wind park. The presented receivable totalling the amount of 195.365,07 € concerns for the amount of 163.365,07 € a temporary cash overdraft to the Company and for the remaining amount of 32.000,00 receivables from the invoiced services.

Glyfada, March 21, 2006

The Board of Directors

VI. INFORMATION OF ARTICLE 10 OF L. 3401/2005

The Company during fiscal year 2005 informed the investors' community about the following issues.

Date	Information
07/01/2005	Extraordinary General Assembly on Tuesday, February 8, 2005 at 15:00
25/01/2005	F.G. Europe's presentation to Investors in Canada
26/01/2005	F.G. EUROPE increased its Sales by 12,77% and its Air Conditioners Exports by 26,83% during the Fiscal Year 2004
31/01/2005	Interest payment to the holders of convertible bonds issued on August 3, 2004
01/02/2005	Announcement of convertible bond coupon payment
09/02/2005	Decisions of General Assembly
28/02/2005	Increase of Sales – Take off of Exports, coverage of loss from value decline in investments, Dividend distribution 1% approximately, satisfactory capital structure for F.G. EUROPE S.A. in 2004
28/02/2005	Program of intended corporate actions
01/03/2005	Change of OASIS Trading symbol
03/03/2005	Press Release 2004 Results
04/03/2005	Announcement of intended corporate actions
09/03/2005	Announcement of basic results interpretations
21/03/2005	Purchase of treasury shares
13/04/2005	F.G. EUROPE S.A. Presentation at the Association of Institutional Investors
05/05/2005	Invitation to the General Assembly
10/05/2005	Purchase of treasury shares
10/05/2005	Upcoming Annual General Assembly on Wednesday, May 18, 2005 at 14:00
11/05/2005	Intention to purchase common registered shares
13/05/2005	F.G. Europe S.A. presentation at the ATHENS STOCK EXCHANGE MEMBERS ASSOCIATION
18/05/2005	Decisions of the General Assembly
19/05/2005	Decisions of the General Assembly - Correction
19/05/2005	The General Assembly decided Dividend payment of 0,02948 Euro per share
03/06/2005	The trading of its new 1,074,480 common registered shares will begin on the ATHEX
08/06/2005	Listing of new shares
13/06/2005	A Major Collaboration Agreement between F.G. Europe S.A. and SHARP Elec (Europe) G.m.b.H.
13/06/2005	Announcement on the developments of the Company Radio Korasidis
15/06/2005	Announcement of major Collaboration Agreement
28/06/2005	A Major Collaboration Agreement between F.G. Europe S.A. and SHARP CORPORATION JAPAN
29/06/2005	Opening ceremony of Hydroelectric Station
05/07/2005	Announcement of Press Conference
05/09/2005	F.G. EUROPE Group Financial Results for the First Half of 2005
05/09/2005	Announcement of first half financial results
14/09/2005	14/09/2005 – The crisis in two Retail Chains did not affect FG Europe's air-condition sales in the domestic market in the first half of 2005
23/09/2005	Purchase of Treasury Shares
03/10/2005	Disclosure concerning the published financial results
25/11/2005	Group Financial Results for the Nine Month period of 2005
28/11/2005	Press Release Group Financial Results for the Nine Month period of 2005
07/12/2005	Announcement of Change in Directors

All information above is contained in detail on F.G. Europe's website <http://www.fgeurope.gr> under the section Investors Relations, Newswire and Press Releases.

VII. INFORMATION ON THE COMPANIES CONTAINED IN THE FINANCIAL STATEMENTS OF F.G. EUROPE A.E.

The subsidiaries contained in the consolidated financial statements of the group are the following:

<u>Name of Subsidiary</u>	Share as of December 31, 2005
• Fidakis Service S.A.	100%
• F.G. Logistics S.A.	100%
• City Elektrik S.A.	100%
• Hydroelectrical Ahaia S.A..	55,25%
• Fidakis Service Ltd.	100%
• F.G. Italia S.p.A.	(1)
• Hellenic Eolic Kyllindrias Ltd.	100%

(1) The control of F.G. Italia has been sold out of the Group on December 20, 2005 for the amount of EURO 245 included in Receivables in Prepayments as of December 31, 2005. In February 2006 the first tranche of amount EURO 65 was reimbursed. The assets of F.G. Italia SpA as of the date of sale totalled to EURO 280.

The Annual Financial Statements, the Auditors' Reports as well as the Directors' Reports of these companies have been published on the internet site <http://www.fgeurope.gr> and are available for download under the section "Investors Relations\Subsidiaries Profile".

FG.Europe

FIDAKIS GROUP

SOCIETE ANONYME FOR ELECTRIC AND ELECTRONIC DEVICES

CONDENSED FINANCIAL DATA AND INFORMATION FOR THE YEAR from JANUARY 1 to DECEMBER 31, 2005

(Published according to L. 2190, article 135 for companies preparing annual financial statements, company and consolidated, according to IFRS)

The following information intend to present a general information about the financial position and the results of F.G. EUROPE S.A. The reader who intends to have complete insight of the financial position and the results has to ensure access to the annual financial statements that are in accordance with International Financial Reporting Standards as well as the audit report of the certified auditors. For example such access is available at the internet address where these data are published.

COMPANY DATA

Company address:

Municipality of Glyfada, 128, Vouliagmenis Ave., Zip Code 166 74

P.C.S.A. Register Number:

13413/06/B/86/111

Responsible Supervisory Body:

Ministry of Development

Composition of Board if Directors

Georgios Fidakis, Georgios Vlamis, Ioannis Pantousis, Konstantinos Demenagas, Evangelos Mylonas, Georgios Stroggylopoulos, Spyros Lioukas, Ioannis Katsoulakos, Nikolaos Piblis

Date of approval of the annual financial statements (from which the condensed data has been extracted):

February 14, 2006

Auditors:

Michael Kokkinos, Panagiotis Pappakonstantinou

Audit Companies:

KPMG Kyriakou Certified Auditors S.A. S.O.L. S.A.

Type of Audit Report:

Unqualified Audit Report

Internet address of Company:

http://www.fgeurope.gr

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (amounts in Euro thousands)

CONSOLIDATED

COMPANY

31/12/2005

31/12/2004

31/12/2005

31/12/2004

Shareholders equity at beginning of year (January 1, 2005 and 2004 respectively)

20.556

19.301

20.291

19.003

Net profit for the year

1.130

4.416

918

4.449

21.686

23.717

21.209

23.452

Share capital increase

4.880

0

4.880

0

Dividend distribution

(1.596)

(3.191)

(1.596)

(3.191)

Income recognized directly in shareholders' equity

79

30

79

30

Purchase of treasury shares

(4.200)

0

(4.200)

0

Shareholders equity at end of year (December 31, 2005 and 2004 respectively)

20.849

20.556

20.372

20.291

ADDITIONAL DATA AND INFORMATION

1) The accounting policies applied for the preparation of the Financial Statements have not been changed from those applied for the year ended December 31, 2004.

2) The Group companies contained in the consolidated financial statements are:

COMPANY

SHARE AT DECEMBER 31, 2005

COUNTRY

UNAUDITED FISCAL YEARS

CONSOLIDATION METHOD

F.G. EUROPE S.A.

Parent

Greece

2003 to 2005

Full consolidation

F.G. LOGISTICS A.E.

100% (a)

Greece

2003 to 2005

Full consolidation

FIDAKIS SERVICE A.E.

100% (a)

Greece

2003 to 2005

Full consolidation

CITY ELECTRIC A.E.

100% (a)

Greece

2003 to 2005

Full consolidation

IDROILEKTRIKI ACHAIAS S.A.

55,25% (a)

Greece

Unaudited from inception (2002)

Full consolidation

F.G. ITALIA S.p.A.

(c)

Italy

(c)

(c)

HELLENIC AEOLIKH KYLINDRIAS M.E.P.E.

100% (a)

Greece

Unaudited from inception (2004)

Full consolidation

FIDAKIS SERVICE M.E.P.E.

100% (b)

Greece

Unaudited from inception (2003)

Full consolidation

Notes:

(a) Direct investment

(b) Indirect investment

(c) The investment in this company has been sold out of the group's control as of December 20, 2005. Therefore on the profit and loss accounts were consolidated for the period from January 1, to December 20, 2005. The total assets as of the date of sale amounted to Euro 280 thousand.

3) The fixed assets of the Company are not pledged.

4) There are no legal or under arbitration differences or decisions of legal or arbitrary bodies that are able to have significant impact on the financial position of the Company and the Group.

5) The number of employed personnel as of December 31, 2005 was: Group 112, Company 64 persons.
December 31, 2004 was: Group 92, Company 63 persons.

6) The accumulated amounts of revenues and purchases from the beginning of the fiscal year and the balances of receivables and liabilities of the company at the end of the fiscal year that arise from transactions with related parties according to IAS 24 are as follows: Revenues from associated companies Euro 934 thousand, purchases from associated companies Euro 2.961 thousand, receivebals from associated companies Euro 1.624 thousand, liabilities to associated companies Euro 497 thousand

7) There are no associated companies for the Group according to IAS 24.

8) Earnings per share have been calculated based on the weighted average number of shares outstanding during the year.

9) Despite the existence of profits for the year, the retained earnigns of the parent company are marginal negative (Euro 57 thousand) because of the application of I.A.S. and therefore the Board of Directors did not propose a dividend distribution to the General Assembly of Shareholders for the current year.

10) The Financial Statements have been approved by the Board of Directors on February 14, 2006.

BALANCE SHEET (all amounts in Euro thousands)

CONSOLIDATED

COMPANY

31/12/2005

31/12/2004

31/12/2005

31/12/2004

ASSETS

Non-current assets

4.522

4.003

2.007

1.617

Inventories

26.455

30.070

26.343

29.648

Receivables

56.845

48.620

56.622

48.372

Other current assets

4.301

15.754

4.237

15.480

TOTAL ASSETS

92.123

98.447

89.209

95.117

LIABILITIES

Long term liabilities

37.247

48.743

36.195

48.090

Short term liabilities to Banks

24.838

10.264

23.742

8.801

Other short term liabilities

9.189

18.884

8.900

17.935

Total liabilities (a)

71.274

77.891

68.837

74.826

Share Capital

16.279

15.956

16.279

15.956

Other elements of shareholders' equity attributable to shareholders of the parent company

4.038

4.163

4.093

4.335

Total Shareholders' equity attributable to shareholders of parent company (b)

20.317

20.119

20.372

20.291

Minority interest (c)

532

437

Total shareholders equity (d)=(b)+(c)

20.849

20.556

20.372

20.291

TOTAL LIABILITIES & SHAREHOLDERS EQUITY (e)=(a)+(d)

92.123

98.447

89.209

95.117

STATEMENT OF INCOME FOR THE YEAR (all amounts in Euro thousands)

CONSOLIDATED

COMPANY

1/1-31/12/2005

1/1-31/12/2004

1/1-31/12/2005

1/1-31/12/2004

Revenues

161.117

208.358

160.163

208.122

Gross profit

13.858

16.499

14.664

17.256

Earnings before interest, depreciation, amortization and taxes

5.133

6.734

4.853

7.173

Earnings before interest and taxes

4.912

6.610

4.757

7.075

Earnings before taxes

1.631

6.990

1.395

6.989

Less: taxes

(501)

(2.574)

(477)

(2.540)

Earnings after taxes

1.130

4.416

918

4.449

Attributable to:

Shareholders of parent company

1.035

4.440

918

4.449

Minority interest

95

(24)

Earnings per share – basic (in Euro)

0,02

0,08

0,02

0,08

Proposed dividend per share – (in Euro)

0,00

0,00

0,00

0,00

CASH FLOW STATEMENT FOR THE YEAR (all amounts in Euro thousands)

CONSOLIDATED

COMPANY

1/1-31/12/2005

1/1-31/12/2004

1/1-31/12/2005

1/1-31/12/2004

Operating Activities:

Earnings before taxes

1.631

6.990

1.395

6.989

Add / (less) adjustments for:

Depreciation and amortization

221

124

96

98

Provisions

191

1.355

194

1.782

Government grants recognized in income

(54)

0

0

0

Exchange rate differences

1.000

(1.559)

1.000

(1.559)

Result of investment activity

(1.027)

(1.561)

(1.027)

(1.561)

Interest and similar expenses

3.484

2.758

3.401

2.723

Add/ (less) adjustments for changes working capital items:

Decrease / (increase) in inventory

3.615

(15.038)

3.305

(15.116)

Increase / (decrease) in receivables

(7.865)

24.510

(7.854)

24.736

(Decrease) / increase in liabilities (other than banks)

(10.166)

(3.761)

(9.407)

(3.996)

Less:

Interest and similar expenses paid

(2.750)

(1.912)

(2.669)

(1.877)

Taxes paid

(2.700)

(2.962)

(2.700)

(2.962)

Total inflow / (outflow) from operating activities (a)

(14.420)

8.944

(14.266)

9.257

Investing Activities:

Acquisition of subsidiaries and other investments

0

0

0

(437)

Purchase of PPE and intangible assets

(252)

(1.730)

(106)

(93)

Interest income

1.027

1.561

1.027

1.561

Proceeds from Government grants

457

259

0

0

Total inflow from investing activities (b)

1.232

90

921

1.031

Financing Activities

Purchase of treasury shares

(4.200)

0

(4.200)

0

Borrowings from banks

7.447

7.760

7.814

6.297

Dividends paid

(1.596)

(3.306)

(1.596)

(3.306)

Total inflow from financing activities (c)

1.651

4.454

2.018

2.991

Net increase / (decrease) in cash and cash equivalents for the year (a) + (b) + (c)

(11.537)

13.488

(11.327)

13.279

Cash equivalents at beginning of year

15.361

1.873

15.087

1.808

Cash and cash equivalents at end of year

3.824

15.361

3.760

15.087

CHAIRMAN OF THE BOARD OF DIRECTORS

MANAGING DIRECTOR

GLYFADA, ATTIKIS FEBRUARY 14, 2006

FINANCE DIRECTOR

ACCOUNTING CHIEF

GEORGIOS FIDAKIS

AΔT N 000657

IOANNIS PANTOUSIS

AΔT ≡ 168490

MIHALIS POULIS

AM OEE 020873

ATHANASIOS HARBIS

AM OEE 0002386

KRONOS S.A.



**AIR CONDITIONERS – CONSUMER
ELECTRONICS – WHITE ELECTRIC
APPLIANCES – MOBILE TELEPHONY**

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