



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

ANNUAL REPORT
2006

Glyfada, April 2007

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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. +30 210-9697816.
- Mr. Evangelos Lianopoulos, Deputy General Manager, domiciled in Glyfada, Attica, 128, Vouliagmenis Avenue, 166.74, Tel. +30 210-9697411.

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 juridicial 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, 2006 was conducted by Mr. Panagiotis Vroustouris (SOEL Registration number 12921) and Mr. Papakonstantinou (SOEL Registration number 16651) 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.,
- EOLIC KYLINDRIAS S.A.

are audited by Certified Auditors.

The audit of the Financial Statements of the above companies for the year ended December 31, 2006 was conducted 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.

The subsidiary company R.F. ENERGY A.E., was consolidated based on the its balance sheet of December 31, 2006 but will prepare its first Financial Statements on December 31, 2007 and therefore did not publish Financial Statements as of December 31, 2006.

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 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.

On the market for consumer electronics the company imports and distributes the whole range of audio-visual products of SHARP CORPORATION JAPAN, for the exclusive distribution in Greece including LCD TVs, home cinemas, audio, DVD, DVDR, with main development tool the LCD TVs, that are market leader on a world wide basis with market share exceeding 25%.

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.

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 May 25, 2006 with a two year service term is the following:

Name and Surname	Position	Domicile
Georgios Fidakis	Chairman	71, Afroditis Str., Varkisa
Konstantinos Koutsoubelis	Vice Chairman	
Ioannis Pantousis	Managing Director	22 ^A , Konstantinoupoleos Str. Cholargos
Georgios Vlamis	Executive Member	8 Odysseos Str. Faliro
Konstantinos Demenagas	Executive Member	60, Amazonon Str., Elliniko
Georgios Stroggylopoulos	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 May 29, 2006 (Government Gazette number 4184/8.6.2006) 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.

Based on the above minutes the right for first signature is granted to Georgios Vlamis, Andreas Demenagas and Evangelos Lianopoulos, committing the company signing together with the Directors of the related departments that are mentioned in detail in the minutes and are granted the right of a second signature.

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

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 possess 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 department's 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:

1. **Audit Committee:** Georgios Stroggylopoulos (in charge) and Spyros Lioukas.
2. **Compensation and Benefits and Retirement Program Committee:** Ioannis Pantousis (in charge) and Spyros Lioukas.
3. **Environmental Issues Committee:** Spyros Lioukas (in charge) and Georgios Stroggylopoulos.
4. **Proposals of Candidatures for the Board of Directors:** Ioannis Pantousis (in charge) and Konstantinos Koutsoubelis.
5. **Solution of Administrative Issues:** Nikolaos Piblis (in charge).
6. **Competition, Transparency and Corporate Governance:** Spyros Lioukas (in charge) and Konstantinos Koutsoubelis

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.

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 2006 OF THE BOARD OF DIRECTORS OF F.G. EUROPE S.A. TO THE GENERAL ASSEMBLY OF SHAREHOLDERS

Dear Shareholders,

The Company for the second time in 2006 fully adopted and prepared the Company and consolidated Financial Statements according to International Financial Reporting Standards (IFRS) (according to the provisions of L. 2992/2002, 3148/2003, P.D. 360/1985 and the decision 17/336/21-04-2005 of the Capital Market Committee as in force).

General

The Group of F.G. EUROPE activates:

Through the parent company in the import and distribution of long living consumer goods and the distribution of products and services of mobile telephony.

Through its subsidiaries additionally in the fields of logistics, installation of central systems, after sale service and in energy production from renewable energy sources (Wind, hydro electrical energy).

The business of long living consumer goods covers:

- The sales of air conditioners products for home use (split units) and central climatization systems for professional use. These sales represent the main business of the Group contributing the most significant part to the Groups results.
In the field of air conditioners, F.G. EUROPE A.E. activates besides Greece, where a dominant market position is hold, also in Italy and the wider area of the Balkans and additionally in Germany and the Czech Republic.
- The sales of white electrical goods under the brand name ESKIMO and SHARP.
- The sales of Consumer Electronics products of SHARP, activity that started the last four months of 2005, developed rapidly though the supplier incurred problems serving the increased demand and contributed significantly to the Group's sales and results in 2006.

In the field of products and services of mobile telephony the Group continued reducing its sales of prepaid cards following the decision of the Management and simultaneously reorganized the department giving emphasis to the increase of new subscriptions and the distribution of corporate products of TIM following the goal to increase revenues from air time.

The services rendered through the subsidiaries in the fields of logistics and technical support cover primarily the Group Company's needs.

Sales

The Group's total sales for 2006 amounted to EURO 156,08 mil., compared to EURO 161,12 mil. in 2005, decreased by 3,13%.

The decrease in sales is mainly due to the decrease in sales of mobile telephony that were reduced from EURO 107,70 mil. in 2005 to EURO 86,56 mil. in 2006 or 19,63%. The reduction in sales of mobile telephony concerns primarily the sales of prepaid phone cards while also exports of mobile telephony products were also reduced from EURO 12,35 mil. in 2005 to EURO 2,25 mil. in 2006.

In the air conditioners business sales amounted in 2006 to EURO 51,28 mil. compared to EURO 42,42 mil. in 2005, posting a significant increase of 20,89%. The increase in air conditioners sales is mainly due to the increase on the domestic market that amounted to EURO 29,44 in 2006 mil. compared to EURO 21,69 mil. in 2005 posting an increase of EURO 7,75 mil. or 35,73% enhancing further the company's dominant position on the Greek market.

The exports of air conditioner products for the Group in 2006 amounted to EURO 21,84 mil. compared to EURO 20,73 mil. in 2005. Exports of air conditioners to Italy increased from EURO 6,56 mil. in 2005 to EURO 10,58 mil. in 2006 (+61,28%), exports to Balkan countries increased by 41,62% amounting to EURO 9,63 mil. compared to EURO 6,8 mil. in 2005 while exports to the rest of Europe were reduced from EURO 7,37 mil. in 2005 to 1,64 mil. in 2006.

The sales of white electrical appliances realized a decrease of 7,75% amounting in 2006 to EURO 6,19 mil. compared to EURO 6,71 mil. in 2005.

The sales of SHARP products though the significant problems for the coverage of the increased demand for LCD TVs amounted to EURO 9,06 mil compared to EURO 3,35 mil. in 2005.

Gross Profit

Gross profit increased by 41,27% and amounted in 2006 to EURO 19,58 mil. compared to EURO 13,86 mil. in 2005. The increase in gross profit given the decrease in sales is due to the increase in gross profit margin which in 2006 amounts to 12,72% compared to 8,60% in 2005, primarily due to the change in sales mix with the significant increase in sales of long living consumer goods and the addition of SHARP products.

EBITDA

In 2006 the earnings before interest, taxes, depreciation and amortization as percentage of sales amounted to 4,02% compared to 3,18% in 2005, realizing an increase of EURO 1,14 mil. or 22,22%. The absolute and relative increase in EBITDA margin did not follow the increase of the gross profit margin due to the realized increase in general expenses in the year 2006 of EURO 4,36 mil.

Administrative – Distribution – Other Expenses

The administrative – distribution and other expenses in 2006 totaled to EURO 15,27 mil. compared to EURO 10,91 mil. in 2005, posting an increase of 39,97%. The increase is based on increased advertising expenses for the promotion of SHARP products as well as on the increased logistics costs that resulted from the realized increase during the year 2006 of the sale of long living consumer goods.

Financial Results

The net financial expenses, decreased by EURO 1,49 mil. or 45,43% and amounted in 2006 to EURO 1,79 mil. compared to EURO 3,28 mil. in 2005. The decrease in net financial expenses is due to foreign exchange gains during the year 2006 of EURO 1,47 mil. compared to foreign exchange losses of EURO 1,00 mil. that were charged to the year 2005 but also to the reduction of net debt by EURO 21,46 mil. that amounted to EURO 35,27 mil. as of December 31, 2006.

Long Term Liabilities

The long term liabilities decreased from EURO 36,93 mil. as of December 31, 2005 to EURO 16,97 mil. as of December 31, 2006 because of the second conversion of 14.457 bonds of the convertible bond loan of the Company, that increased the shareholders' equity by EURO 1,45 mil., the repayment of EURO 7,87 mil. of the second and third tranche of the bonded loan that was issued in 2004 by the Company and the transfer of long term liabilities payable within the next 12 months to short term borrowings of EURO 19,11 mil.

Total Liabilities

The Groups total liabilities increased by 3,24% and totaled in 2006 to EURO 73,26 mil., compared to EURO 70,96 mil. in 2005.

Earnings before Taxes

Earnings before taxes increased significantly by 159% in 2006 and resulted to EURO 4,23 mil. compared to EURO 1,63 mil. in 2005 and resulted as a percentage of sales to 2,71% compared to 1,01% in 2005.

The increase in earnings before taxes is based on the improvement of the gross profit margin as a result of the increased contribution of long living consumer goods to sales, the reduction of financial expenses due to foreign exchange gains and the reduction of net debt.

Net Earnings after Taxes and Minority interest

Net Earnings after Taxes and Minority interest increased by EURO 1,62 mil. or 143% in 2006 resulting to EURO 2,75 mil. compared to EURO 1,13 mil. in 2005.

Other Financial Ratios

- Collection period: 107 days (127 days in 2005)
- Inventory turnover period: 97 days (65 days in 2005)
- Payment period: 54 days (22 in 2005)

- Liabilities / Equity: 2,44 (3,33 in 2005)
- EBITDA / Financial Result: 3,51 (1,56 in 2005)

Other Information

The expansion in the field of energy is assumed a significant step for the Company and the Group. Within this frame the 40% subsidiary company R.F. ENERGY S.A., purchased the 100% of the shares of the company “KALLISTI ENERGIKI S.A.”, that holds an installation license for a 15 MW wind park in the area of Tsouka in the Arkadia Prefecture. The construction works for the wind park will begin directly in 2007. Simultaneously within 2007 the construction of a second hydro electrical plant through the 55,25% subsidiary company HYDROELECTRICAL ACHAIAS S.A. of 1,05 MW at the Kerinitis river in the area of Egialia in the Achaia Prefecture will begin, while shortly the construction of a second wind park of 10 MW capacity in the area of Kylandria in the Kilkis prefecture through the subsidiary company AIOLIKI Kylandrias S.A. will be decided.

Significant for the Company is the cooperation in the field of Energy with RESTIS Group through the subsidiary R.F. ENERGY S.A. in which the Group holds 50%, but also the participation of RESTIS Group with 11% in the share capital of the listed company, indicative for the interest and the trust of a strong financial group with multiple businesses besides Shipping in the growth possibilities of the company and the group of F.G. EUROPE S.A.

For the year 2007 based on the management’s estimates and the data of the first 2 months of the year a significant increase in sales of long living consumer goods and the profitability of the Group is expected. The sales of air conditioners on the domestic market but also on the markets abroad where the company operates are expected to increase significantly because of the climate conditions and the increase in average temperature based on scientists’ predictions, creating the preconditions for the increase in demand for air conditioners for both private and professional use. The increase in demand of air conditioners was also driven through the search for alternative heating sources through the consumers because of the high oil prices that according to analysts will remain on similar levels for the next years.

The cooperation with SHARP is expected to be significant and profitable for the Company and the Group because of the continuously increasing demand for the next years and the exploding sales of LCD TVs given not only the market trends but also the dominant position of SHARP controlling 25% of the world market. The Company expects after the initial problems of SHARP to cover the increased demand this year a significant increase in the sales of LCD but also of the other SHARP products, enhancing significantly the revenues and the results of the Company and the Group in total.

The personnel of the Group companies is 115 persons perfectly trained forming one of the most significant assets of the Company. Basic concern of the management is continuous training of the personnel through the attendance of training and development seminars with the goal of optimal use of human resources of the Group, that in its total is formed through experienced and specialized executives.

F.G. EUROPE S.A. is certified by TUV AUSTRIA HELLAS with ISO 9001/2000.

Finally, managements concern on environment protection issues should be mentioned certified through the Group’s engagement in the energy production through renewable energy sources but also through the participation of F.G. EUROPE S.A. as a founding member in the company ANAKYKLOSI SYSKEVON SYMMETOCHIKI S.A. sole shareholder of the company ANAKYKLOSI SISKEVON S.A. forming the first approved collection system of alternative waste management of electrical and electronic equipment by the Ministry for the Environment, Physical Planning and Public Works.

The results based on the work of the management and the Group’s personnel during the examined fiscal year are significant for the Company but also for the controlled subsidiaries, creating the preconditions for a successful course in the future.

Concluding we would like to mention that the Board of Directors will propose to the Ordinary General Assembly of Shareholders of F.G. Europe S.A. to distribute from the net earnings of the year of total

EURO 3,2 mil. a dividend distribution for the fiscal year 2006 of EURO 0,04 per share representing the total amount of EURO 2,11 mil.

All the above information about the financial position of the Company and the Group can be confirmed by the Financial Statements for 2006 that were prepared according to IFRS.

Narrative Report of L. 3371 Article 11^a.

The Company's share capital as of December 31, 2006 amounts to EURO 16.974.112,2 divided into 54.580.374 common shares with par value of EURO 0,30 each. According to the Company's Article of Incorporation each share represents one vote in the General Assembly.

Shareholders obliged to disclose their participation in the share capital of the Company according to the provisions of P.D. 51/1992 are:

Georgios Fidakis, direct investment: 52,63%

Vasiliki Valianatou, direct investment: 7,67%

FIRST EUROPEAN RETAIL CORP., indirect investment: 10,993%

The preconditions of Article 11 a par. 1 b and 1 d to 1 i of L. 3371 are not fulfilled and therefore additional disclosure is not required.

Glyfada, March 5, 2007

THE
CHAIRMAN OF THE BOARD OF DIRECTORS

GEORGIOS FIDAKIS

F.G. EUROPE S.A.

128, Vouliagmenis Ave.

166 74 Glyfada

P.C. Reg. No. 13413/06/B/86/111

**ANNUAL FINANCIAL STATEMENTS
COMPANY AND CONSOLIDATED FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2006
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING
STANDARDS (IFRS)**

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These Financial Statements have been approved for issue by the Board of Directors of F.G. EUROPE S.A. on March 5, 2007 and are accessible to the public in electronic form on the company website <http://www.fgeurope.gr>.

Chairman of the Board
of Directors

Georgios Fidakis
ΑΔΤ Ν 000657

Managing Director

John Pantousis
ΑΔΤ Ξ 168490

Finance Manager

Michael Poulis
ΑΜ ΟΕΕ 020873

Accounting Supervisor

Athanasios Harbis
ΑΜ ΟΕΕ 0002386

INDEPENDENT AUDITORS' REPORT

To the Shareholders of **F.G. EUROPE SA**

Report on the Financial Statements

We have audited the accompanying financial statements as well as the consolidated financial statements of F.G. EUROPE SA, which comprise the balance sheet as at December 31, 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.¹ An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of F.G. EUROPE SA and the Group as of December 31, 2006, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our audit conclusion, we draw attention to note 8 in the Notes to the financial statements, where reference is made to the fact that the tax returns of the companies of the Group, for the years 2002 to 2006, have not been examined by the tax authorities as yet and, as a consequence, the possibility exists of additional taxes and penalties being assessed at the time when the returns will be examined and will be accepted as final. The outcome of these tax inspections cannot be predicted at present and, therefore, no provision has been made in these financial statements in this respect.

Report on Other Legal and Regulatory Requirements

The content of Report of the Board of Directors is reliable with the attached financial statements

Athens, 6 March 2007

Panagiotis Papakonstantinou
SOEL Reg. No. 16651

Panagiotis Vroustouris
SOEL Reg. No. 12921

SOL S.A. – Certified Public Accountants Auditors

F.G. EUROPE S.A.
Statements of Income (Company and Consolidated)
For the Years ended December 31, 2006 and 2005
(All amounts in Euro thousands unless otherwise stated)

	Note	Consolidated		Company	
		For the Years Ended December 31,			
		2006	2005	2006	2005
Sales.....	6	156.083	161.117	155.289	160.163
Less: Cost of sales.....	7	(136.501)	(147.259)	(135.638)	(145.499)
Gross profit		19.582	13.858	19.651	14.664
Other operating income.....	6	1.696	1.959	1.578	1.961
Distribution expenses.....	7	(12.889)	(7.155)	(13.068)	(8.567)
Administrative expenses.....	7	(2.331)	(3.296)	(2.193)	(2.934)
Other operating expenses.....	7	(47)	(454)	(13)	(367)
Earnings before interests and taxes		6.011	4.912	5.955	4.757
Finance costs, net.....	7	(1.785)	(3.281)	(1.426)	(3.362)
Income from subsidiaries.....		-	-	24	-
Earnings before taxes		4.226	1.631	4.553	1.395
Income tax expense.....	8	(1.472)	(501)	(1.350)	(477)
Net profit from continuing operations.....		2.754	1.130	3.203	918
Net profit from discontinuing operations.....		-	-	-	-
Net profit for the period		2.754	1.130	3.203	918
Attributable as follows:					
Parent company.....		2.673	1.035	3.203	918
Minority interest.....		81	95	-	-
Net profit (after tax) attributable to the Group		2.754	1.130	3.203	918
Earnings per share (expressed in Euros):					
Basic earnings per share.....	9	0,0507	0,0195	0,0607	0,0173

The accompanying Notes on pages 23 to 51 are an integral part of the Financial Statements.

F.G. EUROPE S.A.
Balance Sheets (Company and Consolidated)
As of December 31, 2006 and 2005
(All amounts in Euro thousands unless otherwise stated)

	Note	Consolidated		Company	
		December 31,			
		2006	2005	2006	2005
<u>ASSETS</u>					
Non-current assets					
Property, plant and equipment.....	10	3.524	3.487	418	362
Intangible assets.....		47	61	8	10
Investments in subsidiaries.....		-	-	4.860	695
Investments in associates.....		34	34	34	34
Long term receivables.....		429	380	427	378
Deferred tax assets.....	20	477	686	393	663
Available for sale investments	11	402	477	402	477
Total non-current assets		4.913	5.125	6.542	2.619
Current assets					
Inventories.....	13	36.647	26.455	36.632	26.343
Receivables and prepayments.....	12	46.494	56.845	46.220	56.622
Cash and cash equivalents.....		15.197	3.824	6.249	3.760
Total current assets		98.338	87.124	89.101	86.725
Total assets		103.251	92.249	95.643	89.344
<u>SHAREHOLDERS' EQUITY</u>					
Shareholders equity attributable to the shareholders of the parent company					
Share capital.....	15	16.374	16.279	16.374	16.279
Share premium.....	16	6.687	5.376	7.726	5.376
Reserves.....	17	(1.498)	(290)	(2.448)	(1.226)
Retained earnings.....		2.309	(607)	3.425	384
		23.872	20.758	24.077	20.813
Minority interest.....		6.120	532	-	-
Total shareholders' equity		29.992	21.290	24.077	20.813
<u>LIABILITIES</u>					
Non-current liabilities					
Long term Borrowings.....	19	15.691	35.715	15.691	35.715
Retirement benefit obligations.....	21	291	248	215	174
Deferred government grants.....		983	969	40	-
Total non-current liabilities		16.965	36.932	15.946	35.889
Current liabilities					
Short term Borrowings.....	19	15.657	16.965	15.354	15.869
Short term portion of long term borrowings.....	19	19.114	7.873	19.114	7.873
Current tax liabilities.....		918	98	768	-
Trade and other payables.....	18	20.605	9.091	20.384	8.900
Total current liabilities		56.294	34.027	55.620	32.642
Total liabilities		73.259	70.959	71.566	68.531
Total equity and liabilities		103.251	92.249	95.643	89.344

The accompanying Notes on pages 23 to 51 are an integral part of the Financial Statements.

F.G. EUROPE S.A.

Statements of Changes in Shareholders' Equity (Consolidated)

For the Years ended December 31, 2006 and 2005

(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 December 31, 2004.....	15.956	819	958	30	2.786	-	(430)	20.119	437	20.556
Adjustment	-	-	-	-	-	-	441	441	-	441
Balance on January 1, 2005	15.956	819	958	30	2.786	-	11	20.560	437	20.997
Year's changes:										
Net profit for the year.....	-	-	-	-	-	-	1.035	1.035	95	1.130
Dividend distribution.....	-	-	-	-	-	-	(1.596)	(1.596)	-	(1.596)
Distribution to reserves.....	-	-	57	-	-	-	(57)	-	-	-
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 a-f-s securities.....	-	-	-	79	-	-	-	79	-	79
Balance on December 31, 2005.....	<u>16.279</u>	<u>5.376</u>	<u>1.015</u>	<u>109</u>	<u>2.786</u>	<u>(4.200)</u>	<u>(607)</u>	<u>20.758</u>	<u>532</u>	<u>21.290</u>
Year's changes:										
Net profit for the period....	-	-	-	-	-	-	2.673	2.673	81	2.754
Dividend distribution.....	-	-	-	-	-	-	-	-	(19)	(19)
Distribution to reserves.....	-	-	180	-	(4)	-	(176)	-	-	-
Purchase of treasury shares	-	-	-	-	-	(1.390)	-	(1.390)	-	(1.390)
Share capital increase.....	95	1.350	-	-	-	-	-	1.445	6.001	7.446
Income recognized directly in shareholders' equity:										
Expenses of issuance of shares.....	-	(39)	-	-	-	-	-	(39)	(56)	(95)
Minority interests from sale of subsidiary.....	-	-	-	-	-	-	419	419	(419)	-
Net fair value changes in a-f-s securities.....	-	-	-	6	-	-	-	6	-	6
Balance on December 31, 2006.....	<u>16.374</u>	<u>6.687</u>	<u>1.195</u>	<u>115</u>	<u>2.782</u>	<u>(5.590)</u>	<u>2.309</u>	<u>23.872</u>	<u>6.120</u>	<u>29.992</u>

The accompanying Notes on pages 23 to 51 are an integral part of the Financial Statements.

F.G. EUROPE S.A.
Statements of Changes in Shareholders' Equity (Company)
For the Years ended December 31, 2006 and 2005
(All amounts in Euro thousands unless otherwise stated)

	Company						Retained earnings	Total
	Share capital	Share premium	Legal reserve	Fair value reserves	Special tax reserves	Treasury shares		
Balance on December 31, 2004.....	15.956	819	958	30	1.856	-	672	20.291
Adjustment	-	-	-	-	-	-	441	441
Balance on January 1, 2005.....	15.956	819	958	30	1.856	-	1.113	20.732
Year's changes:								
Net profit for the year.....	-	-	-	-	-	-	918	918
Dividend distribution.....	-	-	-	-	-	-	(1.596)	(1.596)
Distribution to reserves.....	-	-	51	-	-	-	(51)	-
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)	384	20.813
Year's changes:								
Net profit for the year.....	-	-	-	-	-	-	3.203	3.203
Distribution to reserves.....	-	-	162	-	-	-	(162)	-
Purchase of treasury shares...	-	-	-	-	-	(1.390)	-	(1.390)
Share capital increase.....	95	1.351	-	-	-	-	-	1.446
Income recognized directly in shareholders' equity:								
Expenses of issuance of shares	-	(1)	-	-	-	-	-	(1)
Net fair value changes in available-for-sale securities...	-	-	-	6	-	-	-	6
Balance on December 31, 2006.....	16.374	6.726	1.171	115	1.856	(5.590)	3.425	24.077

The accompanying Notes on pages 23 to 51 are an integral part of the Financial Statements.

F.G. EUROPE S.A.
Statements of Cash Flows (Company and Consolidated)
For the Years ended December 31, 2006 and 2005
(All amounts in Euro thousands unless otherwise stated)

	<u>Consolidated</u>		<u>Company</u>	
	<u>For the Years Ended December 31,</u>			
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Profit before tax (and minority interest).....	4.226	1.631	4.553	1.395
Add / (less) adjustments for:				
Depreciation and amortization.....	258	221	120	96
Government grants recognized in income.....	(32)	(54)	(2)	-
Exchange rate differences.....	(1.319)	1.000	(1.319)	1.000
Provisions.....	765	171	997	171
Employee benefits.....	43	20	41	23
Result of investment activity.....	(339)	(1.027)	(1.278)	(1.027)
Interest and similar expenses.....	3.497	3.484	3.461	3.401
Operating result before changes in working capital	<u>7.099</u>	<u>5.446</u>	<u>6.573</u>	<u>5.059</u>
Add / (less) adjustments for changes in working capital items:				
(Increase) / decrease in receivables and prepayments.....	9.851	(7.071)	9.952	(7.042)
(Increase) / decrease in inventories.....	(10.192)	3.615	(10.290)	3.305
Increase / (decrease) in trade and other payables.....	12.387	(10.166)	12.457	(9.407)
(Increase) in long term receivables.....	(49)	(273)	(49)	(291)
Total cash inflow / (outflow) from operating activities	<u>19.096</u>	<u>(8.449)</u>	<u>18.643</u>	<u>(8.376)</u>
Interest and similar expenses paid.....	(2.961)	(2.750)	(2.926)	(2.669)
Income taxes paid.....	(98)	(2.700)	-	(2.700)
Total net inflow / (outflow) from operating activities	<u>16.037</u>	<u>(13.899)</u>	<u>15.717</u>	<u>(13.745)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest income.....	109	506	16	506
Dividend income.....	10	-	34	-
(Purchase) of subsidiaries and other investments.....	-	-	(4.460)	-
Proceeds from the sale of subsidiaries and other investments.....	125	-	1.120	-
Proceeds from government grants.....	-	457	-	-
(Purchase) of PPE and intangible assets.....	(282)	(252)	(177)	(106)
Proceeds from the sale of PPE and intangible assets.....	3	-	3	-
Total net cash inflow / (outflow) from investing activities	<u>(35)</u>	<u>711</u>	<u>(3.450)</u>	<u>400</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Proceeds from short term borrowings.....	-	7.447	-	7.814
Repayments of borrowings.....	(9.219)	-	(8.388)	-
Share capital increase.....	6.000	-	-	-
Dividends paid.....	(20)	(1.596)	-	(1.596)
(Purchase) of treasury shares.....	(1.390)	(4.200)	(1.390)	(4.200)
Total net cash inflow from financing activities	<u>(4.629)</u>	<u>1.651</u>	<u>(9.778)</u>	<u>2.018</u>
Net increase / (decrease) in cash and cash equivalents	<u>11.373</u>	<u>(11.537)</u>	<u>2.489</u>	<u>(11.327)</u>
Cash and cash equivalents at beginning of period	<u>3.824</u>	<u>15.361</u>	<u>3.760</u>	<u>15.087</u>
Cash and cash equivalents at end of period	<u>15.197</u>	<u>3.824</u>	<u>6.249</u>	<u>3.760</u>

The accompanying Notes on pages 23 to 51 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, 2006

(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 and consumer electronics electrical appliances, LCD – Plasma televisions and in the wholesale of products and services of mobile telephony.
- The subsidiaries FIDAKIS SERVICE S.A. and FIDAKIS LOGISTICS S.A. cover supplementary fields like after sales services, inventory management (logistics), etc. while HYDROELECTRICAL ACHAIAS S.A., CITY ELECTRIC S.A. and AEOLIC KYLINDRIAS S.A. and R.F. ENERGY S.A. activate in the electric 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, 2006 is 71 for the Company and 115 for the Group.

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

The company’s and group’s financial statements for the year ended on December 31, 2006 have been approved by the Board of Directors on its meeting on February 28, 2006.

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

<u>Name of Subsidiary</u>	<u>Business</u>	Share as of December 31, 2006
Direct investments:		
• Fidakis Service S.A.	After sales service	100%
• F.G. Logistics S.A.	Logistics	100%
• City Electric S.A.	Energy production	100%
• Hydroelectrical Achaias S.A..	Energy production	55,25%
• Fidakis Service Ltd.	After sales service	100%
• R.F. Energy S.A.	Energy Holding Company	40%
Indirect investments:		
• Aeolic Kylindrias S.A.	Wind energy	39,868%

The investment in F.G. ITALIA S.p.A. has been sold out of the Group on December 20, 2005. Therefore the results of operations and assets and liabilities are contained in the interim Financial Statements for the period January 1, to December 31, 2005 but are not included in the related Financial Statements of the current year from January 1, to December 31, 2006.

On March 30, 2006 the share capital of the subsidiary CITY ELECTRIC S.A. has been increased by EURO 100,5 that has been covered completely by the parent company.

The General Assembly of shareholders of the company HELLENIC AEOLIC KYLINDRIAS Ltd. decided the conversion in to a Societe Anonyme and the change of the company name to AEOLIC KYLINDRIAS S.A. of energy production and distribution.

With the decision number 8550/6-9-2006, the Athens Prefecture granted permission of incorporation and approved the article of incorporation of the S.A. with the company name AEOLIC KYLINDRIAS S.A. of Energy production and distribution and title AEOLIC KYLINDRIAS S.A. that resulted form the conversion into a S.A. of HELLENIC AEOLIC

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(All amounts in Euro thousands unless otherwise stated)

KYLINDRIAS Ltd. Based on the above conversion the share capital of the company was increased by EURO 282 of which EURO 281 was covered through F.G. EUROPE S.A. and the remaining EURO 1 by individuals. Therefore F.G. EUROPE's participation share in AEOLIC KYLINDRIAS S.A. was reduced to 99,67%.

On December 22, 2006 an agreement for the sale of the total shares of AEOLIC KYLINDRIAS S.A. held by F.G. EUROPE S.A. to R.F. Energy S.A. was signed for the amount of EURO 995,67. R.F. ENERGY S.A. paid in cash a down payment of EURO 995. The completion of the transfer is expected to be finalized within the first semester of 2007. F.G. EUROPE's percentage after the transfer amounts to 39,868% as indirect investment.

On May 26, 2006, the General Assembly of shareholders of the company FIDAKIS SERVICE Ltd. decided the merger through absorption by the company FIDAKIS SERVICE S.A.

On June 22, 2006 the share capital of the subsidiary FIDAKIS SERVICE S.A. has been increased by EURO 249,9 that has been covered completely by the parent company.

With the decision number 22218/6-10-2006, the Athens Prefecture has approved the absorption of the company FIDAKIS SERVICE Ltd. by the company FIDAKIS SERVICE S.A.

With the decision number 10480/2-8-2006, the Athens Prefecture granted permission of incorporation and approved the article of incorporation of the S.A. with the company name R.F. Energy S.A. and title R.F. Energy S.A. The initial share capital of R.F. Energy amounts to EURO 10.000 and F.G. Europe's holding share is to 40%. Due to the fact that the main shareholder and Chairman of the Board of Directors of F.G. Europe S.A., Mr. George Fidakis also participates with 10% in R.F. Energy S.A. and the existing shareholders' agreement concerning the appointment of the majority of Board Members through F.G. Europe S.A., R.F. Energy is fully consolidated in the company's financial statements.

The subsidiaries on the company financial statements are valued at cost less any impairment losses. During the period January 1, 2006 to December 31, 2006 an impairment loss of EURO 281 was recognized.

2. Significant Accounting Policies

2.1 Basis of Preparation of Financial Statements

These consolidated and company financial statements (hereinafter referred to as "Financial Statements") have been prepared according to International Financial Reporting Standards (IFRS).

The Financial Statements have been prepared under the historical cost convention as modified for certain assets and liabilities to fair values. The principal accounting policies adopted in the preparation of these Financial Statements are described below.

The preparation of Financial Statements according to IFRS requires the use of accounting estimates and the use of judgment for the application of the accounting principles followed. These cases are described in note 4.

2.2 New Standards, Interpretations and Amendments of Existing Standards

New IFRS, amendments and interpretations that applicable to accounting periods starting from January 1, 2007 or thereafter has been issued. The Group's and the Company's estimations on the impact of these new standards and interpretations is described below:

F.G. EUROPE S.A.

Notes to the Financial Statements (Company and Consolidated)

For the Year ended December 31, 2006

(All amounts in Euro thousands unless otherwise stated)

IFRS 7, Financial Instruments: disclosures and additional adjustment to IAS 1, Presentation of Financial Statements – Capital Disclosures

(effective to annual accounting periods beginning on or after January 1, 2007)

IFRS 7 requires additional disclosures for financial instruments with the intention to improve the presented information and concretely requires the disclosure of the nature and extent of risks arising from financial instruments to which the entity is exposed. Concretely, defines the minimum required disclosures concerning credit risk, liquidity risk and market risk (imposes sensitivity analysis related to market risk). IFRS 7 replaces IAS 30 (Disclosures in the Financial Statements of Banks and Similar Financial Institutions) and the disclosure requirements of IAS 32 (Financial Instruments: Presentation). It is applicable for all companies that prepare financial statements according to IFRS. The related adjustment of IAS 1 requires disclosures concerning the enterprise capital and its management.

The Group's estimate is that there will be no material impact of this standard to the financial statements because only disclosures are required.

IFRS 8, Operating Segments (effective to annual accounting periods beginning on or after January 1, 2009)

IFRS 8 replaces IAS 14 Segment Reporting and applies a managing approach to segment financial information presented. The information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This information can be different from that presented on the balance sheet and the statement of income and the companies must provide explanations and reconciliations for these differences.

The Group's estimate is that there will be no material impact of this standard to the financial statements because it requires primarily information for operating segments. IFRS 8 has not been endorsed yet by the EU.

IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective for financial years beginning on or after 1 March 2006)

IFRIC 7 requires entities to apply *IAS 29 Financial Reporting in Hyperinflationary Economies* in the reporting period in which an entity first identifies the existence of hyperinflation in the economy of its functional currency, as if the economy had always been hyperinflationary. IFRIC 7 is not relevant to the Group's operations.

IFRIC 8, Scope of IFRS 2 (effective for financial years beginning on or after 1 May 2006).

IFRIC 8 clarifies that IFRS 2 *Share-based payment* will apply to any arrangement when equity instruments are granted or liabilities (based on the value of an entity's equity instrument) are incurred by an entity, when the identifiable consideration appears to be less than the fair value of the instruments given. IFRIC 8 is not relevant to the Group's operations.

IFRIC 9, Reassessment of Embedded Derivatives (effective for financial years beginning on or after 1 June 2006)

IFRIC 9 requires an entity to assess whether a contract contains an embedded derivative at the date an entity first becomes a party to the contract and prohibits reassessment unless there is a change to the contract that significantly modifies the cash flows. IFRIC 9 is not relevant to the Group's operations.

IFRIC 10, Interim Financial Reporting and Impairment (effective for financial years beginning on or after 1 November 2006).

This Interpretation may have an impact on the financial statements should any impairment losses be recognised in the interim financial statements in relation to available for sale equity

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Notes to the Financial Statements (Company and Consolidated)

For the Year ended December 31, 2006

(All amounts in Euro thousands unless otherwise stated)

investments, unquoted equity instruments carried at cost and goodwill as these may not be reversed in later interim periods or when preparing the annual financial statements. This Interpretation has not yet been endorsed by the EU.

IFRIC 11, IFRS 2-Group and Treasury Share Transactions *(effective for financial years beginning on or after 1 March 2007)*

This Interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by an entity even if the entity chooses or is required to buy those equity instruments from another party, or the shareholders of the entity provide the equity instruments needed. The Interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for schemes when their employees receive rights to equity instruments of the parent.

IFRIC 11 is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

IFRIC 12, Service Concession Arrangements *(effective for financial years beginning on or after 1 January 2008)*

The interpretation outlines an approach to account for contractual arrangements arising from entities providing public services. It provides for the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset and / or an intangible asset.

IFRIC 12 is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

2.3 Basis of Consolidation

Subsidiary Companies

The consolidated financial statements include the financial statements of the parent company and all entities in which the parent company exercises control (its subsidiaries) as of December 31, 2006.

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 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.

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.

Minority interest is accounted for according to its percentage of the fair value. In subsequent periods any losses are allocated to minority interest according to its percentage plus the minority interest.

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 financial statements of the subsidiaries are adjusted appropriately to ensure consistency with the accounting policies of the Group.

F.G. EUROPE S.A.
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All intercompany balances and transactions and any intercompany profit or loss on assets remaining within the Group are eliminated during the consolidation.

Investments in other companies

Investments in other companies are entities in which the group exercises substantive influence but not control or joint control. The substantive control is exercised through participation in financial or operational decisions of the economic entity.

The results of operation and the assets and liabilities of these economic entities are consolidated using the equity method excluding the case if classified as available for sale.

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 cost exceeding the fair value of the acquisition (assets – liabilities – contingent liabilities) is recorded as goodwill in the period of acquisition included in the account of investments in other companies.

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.

If the Group undertakes transactions with these companies the related gains or losses are eliminated in the extent of the Group's participation in the related company. Any losses in transactions indicate impairment of the transferred asset, in which case a related impairment provision is recorded.

2.4 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.

2.5 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.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Cost includes all directly related costs for the acquisition of the asset.

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Expenses in subsequent periods 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. 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.

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

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
• Hydroelectrical plant	50	2%
• 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.

2.7 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.

2.8 Intangible assets

a. 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. Goodwill resulting from the acquisition of subsidiaries or associates is contained in the cost of the investment.

The useful life of the intangible assets is reviewed on an annual basis. An impairment loss recognized for goodwill will not be reversed in any subsequent period.

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Gains and losses arising from the sale of an economic entity are determined considering goodwill related to the sold entity.

For controlling purposes of goodwill and in order to determine if impairment exists, goodwill is attributed to the cash flow generating entities that represent the primary segment information (Note 5).

b. Trademarks and licenses

Trademarks and licenses are valued at cost less any accumulated depreciation. Depreciation is calculated using the straight line method during the useful life of the asset that is between 10-15 years.

2.9 Impairment of assets except Goodwill

The intangible assets that have an infinite useful life and are not amortized are reviewed at least annually to determine whether there is an indication of impairment and the carrying amount.

Assets that are depreciated are tested for impairment each time there is an indication that the carrying amount is not recoverable.

The recoverable amount is the maximum between the net selling price representing 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, and the value in use representing the discounted future net cash flows from the continuing use and ultimate disposal of an asset using an appropriate discount rate.

If the recoverable amount is less than the carrying amount the carrying amount is written down to the level of the recoverable amount.

An impairment loss is recognized in the income statement of the related period occurred except if the asset was adjusted in value, when the loss reduces the special value adjustment reserve.

When in subsequent periods the loss must be reversed the carrying amount of the asset is increased to of the reviewed estimated recoverable amount in the extent that the new carrying amount is not greater than the carrying amount that would result as if the impairment was never recorded in prior periods.

The reversal of an impairment loss is recorded as income in the income statement except for the case that the asset was value adjusted, case in which the reversal of the impairment loss increases the related special value adjustment reserve.

2.10 Financial instruments

The financial instruments of the Group are classified in one of the following categories:

a) 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.

b) 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:

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- 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.

c) 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.

d) 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.

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.

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.

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2.11 Inventories

Inventories are stated at the lower of cost or net realizable value. The cost is determined using the annual 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.

2.12 Receivables from customers

Accounts receivable are recognized and carried at originally invoiced amounts and subsequently are valued at amortized cost with the use of the effective interest rate less any impairment losses. Impairment losses (losses from doubtful accounts) are recognized when objective indication exists that the Group will be unable to collect all amounts due. The amount of impairment loss is the difference between the carrying amount of the receivables and the net present value of the discounted with the effective interest rate future cash flows. The amount of impairment loss is charged to the income statement. 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. All accounts receivable for which collection is not considered probable are written-off.

2.13 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.

2.14 Share Capital

The common shares are classified in Equity.

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. The purchase cost of treasury shares less any income tax (if applicable) is presented as a deduction of equity unless the treasury shares are sold or cancelled. Gains or losses from the sale of treasury shares net of any direct transaction costs or income tax, if applicable, are presented as reserve in equity.

2.15 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 or losses through the amortization process are recognized in the statement of income.

2.16 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

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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.

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 intends 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.

2.17 Employee Benefits

a) Short term benefits

Short term employee benefits are recorded on an accrual basis.

b) Provisions for defined benefit plans

The programs for employee benefits concerning their service termination are included in defined benefit plans according to IAS 19 – “Employee benefits”. The obligations resulting from the defined benefit plans are calculated as the discounted fair value of the future benefits to employees accrued as of the balance sheet date. These obligations are calculated based on financial and actuarial assumptions. The net cost for the period / year is charged to the income statement and is comprised from the present value of accrued benefits during the period / year, the discounting of the future obligation, the cost of experience of service and actuarial gains or losses. Unrecorded cost of experience is recognized on a straight basis on the average remaining service time of the employees expected to receive benefits. For discounting purposes the interest rate of long term Greek Government bonds is used.

According to the provisions of Law 2112/20 the Group pays compensation to employees dismissed or resigning depending on the length of service, their current remuneration and the reason for leaving (dismissal or retirement). The termination benefit in case of retirement amounts to 40% of the termination benefit in case of dismissal.

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2.18 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. Contingent assets and contingent liabilities are not recognized.

2.19 Revenues

Revenues consist of the fair value of the sale of goods and services, net of value-added tax, rebates and discounts. 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.
- **Dividend income:** Dividend income is recognized at the period approved by each entity's General Assembly Meeting.

2.20 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. 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.

Criterion for the classification of a lease as finance or operating is the type or transaction itself and not the type of agreement.

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If from a lease agreement arises that 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.

2.21 Dividends

Dividends payable to the shareholders are recognized and presented as liability in the period in which the General Assembly Meeting approves them.

2.22 Government Grants

Government 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.

2.23 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.

2.24 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.

2.25 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. Financial Risk Management

3.1 Financial Risk Factors

- a. **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.
- b. **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.
- c. **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%.

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3.2 Accounting for derivatives financial instruments and hedging

Derivatives initially and subsequently are valued at fair value. The recognition of gains and losses depends on whether the derivatives are used as hedging or trading instruments. The group determines during the derivatives agreement the relation between hedging instrument and hedged risk as well as the related risk management strategy. During the agreement and subsequently assessment exists for the high hedging efficiency as well as for the hedging of the fair value and the hedging of cash flow.

3.3 Determining fair values

The fair value of the financial instruments that are traded on active markets (exchanges) is determined by the published prices as of the balance sheet date.

The fair value of the financial instruments that are not traded on active markets is determined through valuation techniques, with the use of methods and assumptions based on market data as of the balance sheet date.

The fair value of receivables and liabilities is their face value appropriately adjusted in order to reflect the time value of money and assessments for the default resulting from credit risk.

4. 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.

4.1 Significant account estimates and assumptions

The Company / Group makes estimates and assumptions related to the outcome of future events. There are no estimates and assumptions that include significant risk able to require material adjustments to the carrying values of the assets and liabilities within the next 12 months. The estimates and assumptions of the management are under continuous review based on historical data and expectations of future events, that are believed to be appropriate based on the existing.

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 that comprise the segment of Long Living Consumer goods including air conditioners, white electrical and consumer electronics appliances and the segment of Mobile Telephony including products and services and the segment of Other including all other businesses of the subsidiary companies of the Group such as energy production and logistics and after sales services.

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The segment results of the business segments for the Years ended December 31, 2006 and 2005 are presented below:

Year ended December 31, 2006	Long Living Consumer Goods	Mobile Telephony	Other	Total	Intercompany elimination	Group
Sales revenues to third parties.....	68.512	86.562	1.009	156.083	-	156.083
Sales revenues within the Group...	215	-	3.424	3.639	(3.639)	-
Less: Cost of sales.....	(49.520)	(86.118)	(3.719)	(139.357)	2.856	(136.501)
Gross profit.....	<u>19.207</u>	<u>444</u>	<u>714</u>	<u>20.365</u>	<u>(783)</u>	<u>19.582</u>
Other operating income.....	1.255	323	118	1.696	-	1.696
Distribution expenses.....	(12.675)	(393)	(412)	(13.480)	591	(12.889)
Administrative expenses.....	(2.077)	(116)	(323)	(2.516)	185	(2.331)
Other operating expenses.....	(12)	(1)	(28)	(41)	(6)	(47)
Profit from operations.....	<u>5.698</u>	<u>257</u>	<u>69</u>	<u>6.024</u>	<u>(13)</u>	<u>6.011</u>
Finance costs (net).....	(1.433)	6	58	(1.369)	(416)	(1.785)
Income from subsidiaries.....	24	-	-	24	(24)	-
Profits before tax.....	<u>4.289</u>	<u>263</u>	<u>127</u>	<u>4.679</u>	<u>(453)</u>	<u>4.226</u>
Income tax expense.....	(1.273)	(77)	(122)	(1.472)	-	(1.472)
Net profit.....	<u>3.016</u>	<u>186</u>	<u>5</u>	<u>3.207</u>	<u>(453)</u>	<u>2.754</u>

Year ended December 31, 2005	Long Living Consumer Goods	Mobile Telephony	Other	Total	Intercompany elimination	Group
Sales revenues to third parties.....	50.948	107.703	2.466	161.117	-	161.117
Sales revenues within the Group...	398	-	748	1.146	(1.146)	-
Less: Cost of sales.....	(37.600)	(107.071)	(2.533)	(147.204)	(55)	(147.259)
Gross profit.....	<u>13.746</u>	<u>632</u>	<u>681</u>	<u>15.059</u>	<u>(1.201)</u>	<u>13.858</u>
Other operating income third parties.....	1.047	690	222	1.959	-	1.959
Other operating income within the Group.....	560	-	4	564	(564)	-
Distribution expenses.....	(7.988)	(697)	(238)	(8.923)	1.768	(7.155)
Administrative expenses.....	(2.796)	(279)	(224)	(3.299)	3	(3.296)
Other operating expenses.....	(170)	(245)	(39)	(454)	-	(454)
Profit from operations.....	<u>4.399</u>	<u>101</u>	<u>406</u>	<u>4.906</u>	<u>6</u>	<u>4.912</u>
Finance costs (net).....	(3.085)	(67)	(129)	(3.281)	-	(3.281)
Profits before tax.....	<u>1.314</u>	<u>34</u>	<u>277</u>	<u>1.625</u>	<u>6</u>	<u>1.631</u>
Income tax expense.....	(401)	(11)	(89)	(501)	-	(501)
Net profit.....	<u>913</u>	<u>23</u>	<u>188</u>	<u>1.124</u>	<u>6</u>	<u>1.130</u>

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Respectively, the allocation of assets and liabilities to the business segments as of December 31, 2006 and December 31, 2005 is as follows:

December 31, 2006	Long Living Consumer Goods	Mobile Telephony	Other	Total	Intercompany elimination	Group
Property, plant and equipment and intangible assets.....	454	40	3.121	3.615	(44)	3.571
Inventories.....	36.509	123	15	36.647	-	36.647
Receivables and prepaid expenses.....	45.728	529	491	46.748	(254)	46.494
Cash and cash equivalents.....	5.724	525	8.948	15.197	-	15.197
Other assets.....	-	-	-	-	1.342	1.342
Total assets	<u>88.415</u>	<u>1.217</u>	<u>12.575</u>	<u>102.207</u>	<u>1.044</u>	<u>103.251</u>
Long term borrowings.....	15.691	-	-	15.691	-	15.691
Other long term liabilities.....	-	-	-	-	-	-
Short term borrowings.....	15.354	-	303	15.657	-	15.657
Short term portion of long term debt.....	19.114	-	-	19.114	-	19.114
Current tax liabilities.....	-	-	-	-	-	-
Trade and other payables.....	18.852	1.419	588	20.859	(254)	20.605
Other liabilities.....	-	-	-	-	2.192	2.192
Equity.....	-	-	-	-	29.992	29.992
Total liabilities	<u>69.011</u>	<u>1.419</u>	<u>891</u>	<u>71.321</u>	<u>31930</u>	<u>103.251</u>

December 31, 2005	Long Living Consumer Goods	Mobile Telephony	Other	Total	Intercompany elimination	Group
Property, plant and equipment and intangible assets.....	344	28	3.176	3.548	-	3.548
Inventories.....	25.821	522	106	26.449	6	26.455
Receivables and prepaid expenses.....	54.805	1.817	1.870	58.492	(1.647)	56.845
Cash and cash equivalents.....	3.681	79	64	3.824	-	3.824
Other assets.....	-	-	-	-	1.577	1.577
Total assets	<u>84.651</u>	<u>2.446</u>	<u>5.216</u>	<u>92.313</u>	<u>(64)</u>	<u>92.249</u>
Long term borrowings.....	34.965	750	-	35.715	-	35.715
Short term borrowings.....	15.536	333	1.096	16.965	-	16.965
Short term portion of long term debt.....	7.708	165	-	7.873	-	7.873
Trade and other payables.....	8.099	802	1.837	10.738	(1.647)	9.091
Other liabilities.....	-	-	-	-	1.315	1.315
Equity.....	-	-	-	-	21.290	21.290
Total liabilities	<u>66.308</u>	<u>2.050</u>	<u>2.933</u>	<u>71.291</u>	<u>20.958</u>	<u>92.249</u>

6. Income

Analysis of the Groups' income:

	Consolidated		Company	
	Year ended December 31,			
	2006	2005	2006	2005
Sales of goods and services	156.083	161.117	155.289	160.163
Other income	1.696	1.959	1.578	1.961
Total	<u>157.779</u>	<u>163.076</u>	<u>156.867</u>	<u>162.124</u>

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7. Break down of expenses

The main categories of expenses are analyzed as follows:

Consolidated						
Table of allocation of expenses year ended December 31, 2006						
	Cost of Sales	Administrative expenses	Distribution expenses	Financial expenses	Other expenses	Total
Personnel expenses...	679	1.233	2.003	-	-	3.915
Third party expenses...	135	355	2.107	-	-	2.597
Supplies.....	190	299	3.825	-	-	4.314
Taxes and duties.....	-	67	203	-	-	270
Various expenses.....	-	255	3.886	-	47	4.188
Financial expenses.....	-	-	-	1.785	-	1.785
Depreciation & amortization.....	111	47	99	-	-	257
Provisions.....	-	75	766	-	-	841
Inventories.....	135.386	-	-	-	-	135.386
Total	<u>136.501</u>	<u>2.331</u>	<u>12.889</u>	<u>1.785</u>	<u>47</u>	<u>153.553</u>

Company						
Table of allocation of expenses year ended December 31, 2006						
	Cost of Sales	Administrative expenses	Distribution expenses	Financial expenses	Other expenses	Total
Personnel expenses...	-	1.255	1.984	-	-	3.239
Third party expenses...	117	291	2.101	-	-	2.509
Supplies.....	163	290	4.265	-	-	4.718
Taxes and duties.....	-	45	199	-	-	244
Various expenses.....	-	214	3.729	-	13	3.956
Financial expenses.....	-	-	-	1.426	-	1.426
Depreciation & amortization.....	-	46	74	-	-	120
Provisions.....	-	52	716	-	-	768
Inventories.....	135.358	-	-	-	-	135.358
Total	<u>135.638</u>	<u>2.193</u>	<u>13.068</u>	<u>1.426</u>	<u>13</u>	<u>152.338</u>

Consolidated						
Table of allocation of expenses year ended December 31, 2005						
	Cost of Sales	Administrative expenses	Distribution expenses	Financial expenses	Other expenses	Total
Personnel expenses...	657	1.534	1.499	-	-	3.690
Third party expenses...	216	381	719	-	-	1.316
Supplies.....	271	588	2.165	-	-	3.024
Taxes and duties.....	-	150	263	-	-	413
Various expenses.....	-	395	2.486	-	454	3.335
Financial expenses.....	-	-	-	3.281	-	3.281
Depreciation & amortization.....	98	217	18	-	-	333
Provisions.....	41	31	5	-	-	77
Inventories.....	145.976	-	-	-	-	145.976
Total	<u>147.259</u>	<u>3.296</u>	<u>7.155</u>	<u>3.281</u>	<u>454</u>	<u>161.445</u>

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Company						
Table of allocation of expenses year ended December 31, 2005						
	Cost of Sales	Administrative expenses	Distribution expenses	Financial expenses	Other expenses	Total
Personnel expenses...	-	1.249	1.461	-	-	2.710
Third party expenses...	-	345	1.546	-	-	1.891
Supplies.....	-	738	2.978	-	-	3.716
Taxes and duties.....	-	147	214	-	-	361
Various expenses.....	-	328	2.364	-	367	3.059
Financial expenses.....	-	-	-	3.362	-	3.362
Depreciation & amortization.....	-	96	-	-	-	96
Provisions.....	-	31	4	-	-	35
Inventories.....	145.499	-	-	-	-	145.499
Total	<u>145.499</u>	<u>2.934</u>	<u>8.567</u>	<u>3.362</u>	<u>367</u>	<u>160.729</u>

The reduction in administrative expenses during the Year 2006 compared to the related Year 2005 is due to:

- Increased organizational expenses for the first time adoption of IFRS included in the Year 2005.
- Increased promotional expenses in 2005 to potential international institutional investors.
- The transfer of resources from administrative to distributional departments for the coverage of additional needs following the significant increase in sales of long living consumer goods in 2006.

The increase in distribution expenses during the Year 2006 compared to the related Year 2005 is due to:

- The above mentioned transfer of resources.
- The significant increase in advertising expenses, that amounted to EURO 2.083 during the year 2006 compared to EURO 1.032 during the year 2005.
- The increased logistics costs (storage, transports etc.) for the coverage of the increased needs because of the significant increase in sales of long living consumer goods in the year 2006.

The personnel expenses are analyzed as follows:

	Consolidated		Company	
	Year ended December 31,			
	2006	2005	2006	2005
Salaries and wages.....	(3.195)	(2.415)	(3.022)	(2.149)
Employers' social security contributions.....	(667)	(435)	(617)	(435)
Other compensation.....	(10)	(88)	(10)	(102)
Retirement benefits.....	(43)	(20)	(41)	(23)
Total	<u>(3.915)</u>	<u>(2.958)</u>	<u>(3.690)</u>	<u>(2.709)</u>

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Finance income and expenses are analyzed as follows:

	Consolidated		Company	
	Year ended December 31,			
	2006	2005	2006	2005
<u>Finance costs:</u>				
Interest and similar expenses.....	(3.276)	(3.311)	(3.239)	(3.228)
Bank charges and commissions.....	(222)	(173)	(222)	(173)
Provisions for impairment of subsidiaries and securities.....	-	-	(281)	-
Foreign exchange differences (expense).....	(659)	(1.356)	(659)	(1.356)
Other.....	(151)	-	(151)	-
Total Finance costs	<u>(4.308)</u>	<u>(4.840)</u>	<u>(4.552)</u>	<u>(4.757)</u>
<u>Finance income:</u>				
Interest and similar income.....	340	1.027	246	1.027
Foreign exchange differences (income).....	2.129	356	2.129	356
Gain from the sale of subsidiary.....	-	-	697	-
Other.....	54	176	54	12
Total Finance income	<u>2.523</u>	<u>1.559</u>	<u>3.126</u>	<u>1.395</u>
Finance costs, net	<u>(1.785)</u>	<u>(3.281)</u>	<u>(1.426)</u>	<u>(3.362)</u>

8. 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.

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 2006
• Fidakis Service S.A.	2003 to 2006
• Fidakis Logistics S.A.	2003 to 2006
• City Elektrik S.A.	2003 to 2006
• Hydroelectrical Ahaïas S.A.	Unaudited from inception (2002)
• Aeolic Kylindrias S.A.	Unaudited from inception (2004)
• R.F. Energy S.A.	Unaudited from inception (2006)

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Income taxes as presented in the financial statements are analyzed as follows:

	Consolidated		Company	
	Year ended December 31,			
	2006	2005	2006	2005
Income tax (current period).....	(1.230)	(534)	(1.079)	(478)
Deferred tax.....	(242)	33	(271)	1
Income taxes	<u>(1.472)</u>	<u>(501)</u>	<u>(1.350)</u>	<u>(477)</u>

The income tax related to the Groups earnings is different from the amount that would result as if the tax rate would be applied as follows:

	Reconciliation of income tax			
	Consolidated		Company	
	Year ended December 31,			
	2006	2005	2006	2005
Earnings before taxes.....	4.226	1.631	4.553	1.395
Tax rate	29%	32%	29%	32%
Income tax resulting from application of tax rate.....	1.226	522	1.320	446
Non taxable income.....	(16)	(84)	(15)	(32)
Non deductible expenses.....	45	63	45	63
Non deductible losses.....	217	-	-	-
Effective income tax	<u>1.472</u>	<u>501</u>	<u>1.350</u>	<u>477</u>

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

9. 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 average number of shares outstanding as of December 31, 2006 and 2005 are 52.763.815 and 53.173.850 respectively.

	Consolidated		Company	
	Year ended December 31,			
	2006	2005	2006	2005
Net profit attributable to shareholders.....	2.673	1.035	3.203	918
Weighted average number of shares outstanding.....	52.763.815	53.173.850	52.763.815	53.173.850
Basic earnings per share (in Euro)	<u>0,0507</u>	<u>0,0195</u>	<u>0,0607</u>	<u>0,0173</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 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

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amount of EURO 16.621,2 divided into 166.212 bond with par value of EURO 0,1. 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,			
	2006	2005	2006	2005
Net profit attributable to shareholders.....	2.673	1.035	3.203	918
Interest expense related to the convertible bond (net of tax).....	627	475	627	475
Adjusted net profit attributable to shareholders.....	<u>3.300</u>	<u>1.510</u>	<u>3.830</u>	<u>1.393</u>
Weighted average number of shares outstanding.....	52.763.815	53.173.850	52.763.815	53.173.850
Number of shares resulting from the conversion of the convertible bond.....	2.264.130	3.656.664	2.264.130	3.656.664
Adjusted weighted average number of shares outstanding.....	55.027.945	56.830.514	55.027.945	56.830.514
Diluted earnings per share (in Euro)	<u>0,0600</u>	<u>0,0266</u>	<u>0,0696</u>	<u>0,0245</u>

10. Property, plant and equipment

Property, plant and equipment is analyzed as follows:

	Consolidated						Total
	Land	Buildings	Plant & machinery	Vehicles	Furniture & fixture	Work in progress	
December 31, 2005							
Value at cost.....	5	1.738	1.235	191	786	237	4.192
Accumulated depreciation..	-	(56)	(61)	(56)	(532)	-	(705)
Net book value.....	<u>5</u>	<u>1.682</u>	<u>1.174</u>	<u>135</u>	<u>254</u>	<u>237</u>	<u>3.487</u>
January 1, 2006							
Additions.....	-	22	-	79	170	92	363
Disposals / transfers.....	-	-	-	-	-	(117)	(117)
Depreciation.....	-	(46)	(53)	(31)	(79)	-	(209)
Depreciation of disposals...	-	-	-	-	-	-	-
December 31, 2006							
Value at cost.....	5	1.760	1.235	270	956	212	4.438
Accumulated depreciation..	-	(102)	(114)	(87)	(611)	-	(914)
Net book value.....	<u>5</u>	<u>1.658</u>	<u>1.121</u>	<u>183</u>	<u>345</u>	<u>212</u>	<u>3.524</u>

It is noted that fixed assets are not pledged.

11. Available for Sale Financial Instruments

The available for sale securities contain shares of Athens Exchange listed companies that were valued with closing prices of December 31, 2006 as well as companies with participation percentage of less than 20% that were valued at cost.

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Valuation of Securities						
	Cost	Gain / loss until December 31, 2005	Valuation December 31, 2005	Gain / loss until December 31, 2006	Sale	Valuation December 31, 2006
Alpha Bank S.A.....	74	(21)	53	16	-	69
National Bank of Greece S.A.....	147	(3)	144	(4)	-	140
Emboriki Bank S.A.....	301	(171)	130	-	(130)	-
Vioter S.A.....	53	(44)	9	3	-	12
Mihaniki S.A.....	29	(24)	5	5	-	10
Mohlos S.A.....	41	(40)	1	(1)	-	-
Proodeftiki S.A.....	71	(69)	2	-	-	2
Benrubi S.A.....	77	(68)	9	-	-	9
A/B Vasilopoulos S.A.....	79	(50)	29	11	-	40
EFG Eurobank S.A.....	137	(88)	49	11	-	60
Dionik S.A.....	614	(586)	28	8	-	36
Germanos S.A.....	17	1	18	6	-	24
Total	<u>1.640</u>	<u>(1.163)</u>	<u>477</u>	<u>55</u>	<u>(130)</u>	<u>402</u>

12. Receivables and prepayments

Receivables and prepayments are analyzed as follows:

	Consolidated		Company	
	December 31,			
	2006	2005	2006	2005
Customers.....	20.255	18.557	20.201	18.656
Postdated cheques.....	26.022	33.899	25.984	33.890
Notes receivables.....	148	52	148	52
Provision for doubtful accounts.....	(1.371)	(1.137)	(1.371)	(1.137)
Total	<u>45.054</u>	<u>51.371</u>	<u>44.962</u>	<u>51.461</u>
Other receivables and prepayments.....	1.440	5.474	1.258	5.161
Total	<u>46.494</u>	<u>56.845</u>	<u>46.220</u>	<u>56.622</u>

Other Receivables and prepayments are analyzed as follows:

	Consolidated		Company	
	December 31,			
	2006	2005	2006	2005
Greek state – VAT receivable.....	423	1.886	321	1.886
Greek state – income tax prepayment.....	594	894	547	859
Insurance companies.....	281	378	281	378
Sale of subsidiaries.....	-	465	-	465
Subsidies.....	43	943	43	-
Receivables from associates.....	-	-	-	912
Other	99	908	66	661
Total	<u>1.440</u>	<u>5.474</u>	<u>1.258</u>	<u>5.161</u>

The carrying values of receivables and prepayments do not differ materially from their fair values.

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13. Inventories

Inventories are analyzed as follows:

	Consolidated		Company	
	December 31,			
	2006	2005	2006	2005
Merchandise.....	36.835	26.643	36.820	26.459
Provisions for slow moving inventory.....	(188)	(188)	(188)	(116)
Total	<u>36.647</u>	<u>26.455</u>	<u>36.632</u>	<u>26.343</u>

14. Cash and cash equivalents

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

15. Share capital

As of December 31, 2005 the company's share capital amounts to EURO 16.279 and is divided into 54.262.320 ordinary registered shares with par value of EURO 0,0003 each. As of December 31, 2006 the company's share capital amounts to EURO 16.374 and is divided into 54.580.374 ordinary registered shares with par value of EURO 0,0003 each.

The Board of Directors on its meeting of February 6, 2006 certified the second share capital increase of EURO 95 and the issuance of 318.054 new ordinary registered shares resulting from the conversion of 14.457 convertible bonds on February 3, 2006, being the twelve monthly anniversary of the conversion right for the bondholders according to the terms of the convertible bond.

According to the convertible bond terms, based on the conversion ratio (1/22) the 14.457 converted bonds equal to 318.054 common shares of the company. Based on the number of new shares that resulted from the conversion of the bonds the share capital of the company was increased by EURO 95 and remaining difference of EURO 1.350 that resulted from the premium of the issue price of the bonds ($14.457 \times 0,1 = 1.445 - 95 = 1.350$) was credited to the share premium account.

After the above share capital increase the Company's share capital amounts to EURO 16.374 divided into 54.580.374 ordinary registered shares with par value of EURO 0,0003 each.

It is noted that the average number of shares outstanding during the period is 52.763.815 shares.

16. Share premium

The share premium as of December 31, 2005 amounts to EURO 5.376. Subsequently it was increased by EURO 1.350 as mentioned in the previous paragraph and subtracting the share capital increase expenses of EURO 39 amounts as of December 31, 2006 to EURO 6.687.

17. Reserves

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

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Reserve	January 1, 2005	Additions / (reductions)	December 31, 2005	Additions / (reductions)	December 31, 2006
Legal reserve.....	958	57	1.015	180	1.195
Treasury shares.....	-	(4.200)	(4.200)	(1.390)	(5.590)
Fair value reserves.....	30	79	109	6	115
Extraordinary reserves.....	1.566	-	1.566	-	1.566
Tax free reserves.....	290	-	290	-	290
Special tax reserves Art.44 (L.1892/90).....	930	-	930	(4)	926
Total Reserves	<u>3.774</u>	<u>(4.064)</u>	<u>(290)</u>	<u>1.208</u>	<u>(1.498)</u>

17.1 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.

17.2 Treasury Shares

As of December 31, 2005, the company held 1.330.220 treasury shares with total purchase cost of EURO 4.200 presented in Shareholders' Equity special treasury shares reserves account. Following the decision of the Extraordinary General Assembly of Shareholders of February 8, 2005 and the decision of the Board of Directors of January 10, 2006 450.000 treasury shares were purchased in the time between January 13, 2006 to February 8, 2006 increasing the number of treasury shares to 1.780.220 with the average purchase price of EURO 0,00314 and the treasury shares reserve to EURO 5.590.

17.3 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.

18. Trade and other payables

Trade and other payables are analyzed as follows:

	Consolidated		Company	
	December 31,			
	2006	2005	2006	2005
Suppliers.....	15.951	4.258	16.053	4.349
Cheques payables postdated.....	2.414	1.657	2.149	1.498
Accrued expenses.....	1.230	1.113	1.225	1.111
Derivatives	151	-	151	-
Other short term obligations.....	859	2.063	806	1.942
Total	<u>20.605</u>	<u>9.091</u>	<u>20.384</u>	<u>8.900</u>

Derivatives concern options on exchange rate with underlying value of EURO 11.919 and maturity July 27, 2007.

19. Borrowings

The company's borrowings are analyzed as follows:

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	Consolidated		Company	
	December 31,			
Long term borrowings:	2006	2005	2006	2005
Bonded loan.....	23.563	31.353	23.563	31.353
Convertible bond loan.....	11.242	12.235	11.242	12.235
	<u>34.805</u>	<u>43.588</u>	<u>34.805</u>	<u>43.588</u>
Long term debt payable within the next 12 months.....	(19.114)	(7.873)	(19.114)	(7.873)
Total long term borrowings	<u>15.691</u>	<u>35.715</u>	<u>15.691</u>	<u>35.715</u>
Short term borrowings	<u>15.657</u>	<u>16.965</u>	<u>15.354</u>	<u>15.869</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 16.621,2. 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 month 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 ordinary registered shares of the Company.

Accordingly, the Company's share capital was increased by EURO 323 and the remaining amount of EURO 4.557 was credited to the share premium account.

On February 3, 2006, twelve months after the initial existence of the conversion right, 14.457 bonds were converted based on the conversion ratio of 1:22 into 318.054 ordinary registered shares of the Company.

Accordingly, the Company's share capital was increased by EURO 95 and the remaining amount of EURO 1.350 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 bonded loan according to the provisions of Law 3156/2003 for the amount of EURO 33.500, for a five year term which will be repaid in nine installments of which the first of EURO 2.010 was paid 12 months after the issue date. The remaining installments of EURO 3.936 are payable every six months until the maturity of the loan. The first four installments are already paid.

20. Deferred taxes

Deferred tax assets are offset with deferred tax liabilities when a legal right for offsetting exists and are due to the same tax authority.

The amounts offset are as follows:

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Company					
Deferred tax assets / (liabilities)					
	January 1, 2005	Changes 2005	December 31, 2005	Changes 2006	December 31, 2006
Intangible assets.....	218	(77)	141	(72)	69
Investments.....	-	-	-	75	75
Inventories.....	-	5	5	17	22
Receivables and prepayments.....	516	(135)	382	(95)	287
Long term borrowings.....	(97)	188	90	134	224
Employee benefits.....	38	6	44	10	54
Deferred state subsidies.....	-	-	-	(1)	(1)
Trade and other payables.....	(2)	2	-	(337)	(337)
Other.....	(10)	12	2	(2)	-
Total	<u>663</u>	<u>1</u>	<u>664</u>	<u>(271)</u>	<u>393</u>
Consolidated					
Deferred tax assets / (liabilities)					
	January 1, 2005	Changes 2005	December 31, 2005	Changes 2006	December 31, 2006
Intangible assets.....	218	(77)	141	(75)	66
Investments.....	-	-	-	75	75
Inventories.....	-	5	5	17	22
Receivables and prepayments.....	516	(135)	382	(95)	287
Long term borrowings.....	(97)	188	90	134	224
Employee benefits.....	38	6	44	15	59
Deferred state subsidies.....	-	-	-	(1)	(1)
Trade and other payables.....	(2)	2	-	(337)	(337)
Tax credits on recognized losses.....	-	-	-	50	50
Other.....	(20)	45	25	(25)	-
Total	<u>653</u>	<u>34</u>	<u>687</u>	<u>(242)</u>	<u>445</u>
Deferred tax assets / (liabilities) charged directly to Equity					
Share capital increase expenses.....	-	-	-	32	32
Total	<u>653</u>	<u>34</u>	<u>687</u>	<u>(210)</u>	<u>477</u>

21. 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 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.....	4,1%
Retirement age: men / women.....	65 years / 60 years

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

The movement of the account from January 1, 2005 to December 31, 2006 was as follows:

F.G. EUROPE S.A.

Notes to the Financial Statements (Company and Consolidated)

For the Year ended December 31, 2006

(All amounts in Euro thousands unless otherwise stated)

	Consolidated	Company
Beginning balance January 1, 2005	<u>133</u>	<u>151</u>
Expense for the year 2005.....	182	88
Paid compensation for the year 2005.....	(67)	(65)
Balance on December 31, 2005	<u>248</u>	<u>174</u>
Expense for the year 2006.....	119	52
Paid compensation for the year 2006.....	(76)	(11)
Balance on December 31, 2005	<u>291</u>	<u>215</u>

22. Dividends

According to Greek Corporate law, companies are obliged to distribute each year to their shareholders at least the maximum between 35% of their net profit after the distribution to legal reserve and 6% of the paid in share capital. The Board of Directors will propose a dividend distribution for the fiscal year 2006 of Eurocent 4 per share.

23. Changes in Accounting – reclassifications of amounts

a.1. Changes in Accounting

	Consolidated								
	January 1, 2004	December 31, 2004	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	March 31, 2006	June 30, 2006	September 30, 2006
Shareholders equity (as reported).....	19.301	20.556	20.617	22.117	20.985	20.849	21.485	23.040	29.774
Adjustment of amounts.....	441	441	441	441	441	441	441	441	441
Adjusted balance.....	<u>19.742</u>	<u>20.997</u>	<u>21.058</u>	<u>22.558</u>	<u>21.426</u>	<u>21.290</u>	<u>21.926</u>	<u>23.481</u>	<u>30.215</u>

	Company								
	January 1, 2004	December 31, 2004	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	March 31, 2006	June 30, 2006	September 30, 2006
Shareholders equity (as reported).....	19.003	20.291	20.443	21.777	20.537	20.372	20.796	22.181	23.009
Adjustment of amounts.....	441	441	441	441	441	441	441	441	441
Adjusted balance.....	<u>19.444</u>	<u>20.732</u>	<u>20.884</u>	<u>22.218</u>	<u>20.978</u>	<u>20.813</u>	<u>21.237</u>	<u>22.622</u>	<u>23.450</u>

a.2. Deferred Tax Assets

	Consolidated							
	December 31, 2004	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	March 31, 2006	June 30, 2006	September 30, 2006
Deferred tax assets (as reported).....	212	142	(48)	105	245	81	(214)	161
Adjustment of amounts.....	441	441	441	441	441	441	441	441
Adjusted balance.....	<u>653</u>	<u>583</u>	<u>393</u>	<u>546</u>	<u>686</u>	<u>522</u>	<u>227</u>	<u>602</u>

F.G. EUROPE S.A.

Notes to the Financial Statements (Company and Consolidated)

For the Year ended December 31, 2006

(All amounts in Euro thousands unless otherwise stated)

	Company							
	December 31, 2004	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	March 31, 2006	June 30, 2006	September 30, 2006
Deferred tax assets (as reported).....	223	151	(29)	127	222	74	(218)	119
Adjustment of amounts.....	441	441	441	441	441	441	441	441
Adjusted balance.....	<u>664</u>	<u>592</u>	<u>412</u>	<u>568</u>	<u>663</u>	<u>515</u>	<u>223</u>	<u>560</u>

The above adjustments are changes in deferred taxes before January 1, 2004 through retained earnings because of the correct calculation of these amounts that were unintentionally not recognized during the write off of capitalized expenses.

b. Reclassification of amounts on the balance sheet for the year ended December 31, 2005 to be comparable with the related balance sheet for the year ended December 31, 2006

b.1. The amounts of “Deferred taxes” assets and liabilities are presented net on the assets of the balance sheet in the case of the net amount representing assets, while it would be presented in liabilities if the net amount would represent a liability.

b.2. The amounts of “Other investments” have been transferred from current assets to “Available for sale financial instruments” in non-current assets.

b.3. The amounts of “Investments” in non-current assets that represented investments in associates have been transferred to “Available for sale financial instruments” included in non-current assets.

b. Reclassification of amounts on the statement of cash flows for the year ended December 31, 2005 to be comparable with the related balance sheet for the year ended December 31, 2006

c.1. The amount of EURO 521 was reclassified from “Investing Activities” / “Interest Income” to “Operating Activities / “(Increase) / decrease in receivables and prepayments” for the correct presentation.

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. The sale prices are at cost plus gross profit. 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 that arose from transactions with related parties as defined by IAS 24:

F.G. EUROPE S.A.

Notes to the Financial Statements (Company and Consolidated)

For the Year ended December 31, 2006

(All amounts in Euro thousands unless otherwise stated)

	Company	
	December 31, 2006	December 31, 2005
Receivables from:		
F.G. Logistics S.A.....	298	1.191
Fidakis Service S.A.....	5	219
City Electric S.A.....	1	19
Hellenic Eolic Kylandrias Ltd.....	-	195
R.F. Energy.....	1	-
Total	<u>305</u>	<u>1.624</u>
Obligations to:		
F.G. Logistics S.A.....	250	243
Fidakis Service S.A.....	114	153
City Electric S.A.....	-	101
Total	<u>364</u>	<u>497</u>

The transactions with the related parties for the Years ended December 31, 2006 and 2005 are analyzed as follows:

	Company	
	Year ended December 31,	
	2006	2005
Sales of goods and services:		
Lease payments.....	-	4
Inventories.....	31	894
Other.....	3	36
Total	<u>215</u>	<u>934</u>
Purchases of goods and services:		
Warranties.....	433	456
Inventories.....	181	1.197
Logistics.....	2.809	748
Third party expenses.....	-	560
Total	<u>3.423</u>	<u>2.961</u>

The compensation and the transactions of the members of the Board of Directors and the Directors analyzed as follows:

	Company	
	Year ended December 31,	
	2006	2006
Compensation and benefits		
Personnel expenses.....	1.376	1.123
Provision for staff leaving indemnity.....	11	8
Total	<u>1.387</u>	<u>1.131</u>

F.G. EUROPE S.A.
Notes to the Financial Statements (Company and Consolidated)
For the Year ended December 31, 2006
(All amounts in Euro thousands unless otherwise stated)

No receivables or obligations exist between the group companies and the members of the Board of Directors and the Directors.

25. Contingencies

The group has contingent liabilities in relation to banks, other guarantees and other issues that arise from the ordinary course of the business. No material impact is expected to arise from contingent liabilities.

26. Commitments

Capital Commitments

The group has no uncompleted purchasing commitments with its suppliers as of December 31, 2006. The future aggregate minimum lease payments arising from building lease agreements until year 2014 are estimated to amount to EURO 1.825 approximately, while the amount charged to the income statement for the year ended December 31, 2006 for lease payments amounted to EURO 495.

27. Post Balance Sheet Events

On January 16, 2007 the subsidiary company R.F. Energy S.A. purchased 100% of the shares of "Kallisti Energiaki Paragogi Ilektrikis Energias S.A. for the amount of EURO 1.350. The purchased company engages in the establishment, construction, operation and distribution of electricity production stations with the use of renewable energy sources and primarily wind energy, the construction of buildings and every similar technical assistance, the commerce and representation of all types of machines and materials useful for the above including all types of generators as well as the research for the production and distribution of all types of energy.

Kallisti Energiaki S.A. is holder of a production and construction license of a 15 MW wind park. The construction works for the wind park will start immediately within the year 2007.

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, 2006, as well as the intercompany balances as of December 31, 2006 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, 2006	Liabilities of F.G. EUROPE S.A. as of December 31, 2006
COMPANY				
FIDAKIS SERVICE S.A.	29.540	602.518	4.608	114.000
FIDAKIS LOGISTICS S.A.	3.172	2.808.905	297.704	248.436
CITY ELECTRIC S.A.	2.082	-	619	-
FIDAKIS SERVICE LTD.	-	11.276	-	-
R.F. ENERGY S.A.	1.176.670	-	670	-
TOTAL	1.211.464	3.422.699	303.601	362.436

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 in its total sales of spare parts.
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 433.090 € and in charged spare parts for the amount of 169.428 €.
Receivables concern in its total balances of the above transactions between the two companies and the liability of 114.000 € concerns the obligation of the parent company to cover the negative equity of FIDAKIS SERVICE S.A., based on the balance sheet of the company as of December 31, 2006.
- FIDAKIS LOGISTICS S.A.: F.G. EUROPE S.A. invoiced its 100% subsidiary with the amount of € 1.786 for the sale of fixed assets and for the amount of 1.386 € for accounting support.
FIDAKIS LOGISTICS S.A. invoiced F.G. EUROPE S.A. the amount of € 2.808.905 for rendered logistics services.
The receivables of F.G. EUROPE S.A. as of December 31, 2006, for the amount of € 297.704 concerns a guarantee payment. The liability of F.G. EUROPE S.A. to FIDAKIS LOGISTICS S.A. as of December 31, 2006 concerns invoiced logistics services for the amount of € 248.436.
- CITY ELECTRIC S.A.: F.G. EUROPE S.A. invoiced its 100% subsidiary CITY ELECTRIC S.A. with the amount of € 2.082 for accounting services offered.
The receivable of F.G. EUROPE S.A. as of December 31, 2006 for the amount of € 619 concerns remaining balance for invoiced accounting services.

- FIDAKIS SERVICE LTD.: The sales of FIDAKIS SERVICE LTD to F.G. EUROPE S.A. for the amount of € 11.276, concern sales of spare parts.
- HYDROELECTRICAL AHAIAS S.A.: No transactions existed with the Company Δεν υπήρξαν συναλλαγές με την εταιρεία HYDROELECTRICAL AHAIAS S.A. during the fiscal year 2006 and therefore no receivables or liabilities exist as of December 31, 2006.
- HELLENIC EOLIC KYLINDRIAS LTD.: No transactions existed with the Company Δεν υπήρξαν συναλλαγές με την εταιρεία HELLENIC EOLIC KYLINDRIAS LTD. during the fiscal year 2006.
- R.F. ENERGY S.A.: The sales of F.G. EUROPE S.A. to the 40% subsidiary company concern for the amount of € 181.000 invoiced administration support services. The amount € 995.670 is the downpayment for the sale of the 100% subsidiary company EOLIKI KYLINDRIAS S.A. to R.F. ENERGY S.A/
The receivable of F.G. EUROPE S.A. as of December 31, 2006 for the amount of 670 € is the remaining balance for the invoiced administration support services.

Glyfada, March 30, 2007

The Board of Directors

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

The Company during fiscal year 2006 informed the investment community about the following issues.

<i>Date</i>	<i>Information</i>
23/11/2006	Nine-Month results of operations of F.G. EUROPE Group
10/10/2006	Notification
5/10/2006	Notification
4/10/2006	Notification
31/7/2006	Consolidated Results of Operations for the Six-Months Period ended June 30, 2006 of F.G. EUROPE S.A.
27/7/2006	Announcement
29/5/2006	New composition of the Board of Directors
26/5/2006	Resolutions General Meeting
25/5/2006	Representation of Restis Group in the Board of Directors of F.G. EUROPE S.A.
25/5/2006	Joint Venture of Fidakis - Restis Groups in the Energy Sector
25/5/2006	Consolidated Results of Operations for the Three-Months Period ended March 31, 2006 of F.G. EUROPE S.A.
3/5/2006	Notification
22/3/2006	Announcement
17/3/2006	Presentation to Analysts
16/3/2006	Presentation to Analysts
14/3/2006	Announcement - Correct Repetition
13/3/2006	Announcement
7/3/2006	Announcement
24/2/2006	Program of intended corporate actions
20/2/2006	F.G. EUROPE Group 2005 Results
9/2/2006	Purchase of own shares
7/2/2006	Replay to letter of the ATHEX
27/1/2006	Sale of Italian Subsidiary
11/1/2006	Announcement

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, 2006
• Fidakis Service S.A.	100%
• F.G. Logistics S.A.	100%
• City Elektrik S.A.	100%
• Hydroelectrical Achaias S.A..	55,25%
• Eolic Kylindrias S.A.	39,87%
• R.F. Energy S.A.	40%

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".

⁽¹⁾ The Company R.F. ENERGY S.A. will prepare its first financial statements on December 31, 2007 and therefore did not publish Financial Statements on December 31, 2006.

The financial information listed below is aiming to provide a general awareness about the financial results of FG EUROPE S.A. and its Group. Consequently, it is recommended to the reader, before any investment decision or transaction performed with the Company, to visit the website of the Company where the interim financial statements prepared in accordance with International Financial Reporting Standards (IFRS) are available together with the auditors review report.

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, Konstantinos Koutsoumpelis, John Pantousis, Georgios Vlamis, Konstantinos Demenagas, Georgios Stroggiopoulos, Spyros Lioukas, Ioannis Katsoulakos, Nikolaos Pibilis
Date of approval of the annual financial statements (from which the condensed data has been extracted):	5/3/2007
Auditors:	Panagiotis Papakonstantinou (SOEL Reg. No 16651) Panagiotis Vroustouris (SOEL Reg. No. 12921)
Audit Companies:	SOL, S.A. - Certified Auditors
Type of Audit Report:	Unqualified audit report - Matters of emphasis
Internet address of Company:	http://www.fgeurope.gr

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (amounts in Euro thousands)				
	CONSOLIDATED		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Shareholders equity at beginning of year (January 1, 2006 and 2005 respectively)	21.290	20.997	20.813	20.732
Net profit after taxes	2.754	1.130	3.203	918
	24.044	22.127	24.016	21.650
Share capital increase	7.446	4.880	1.446	4.880
Dividend distribution	(19)	(1.596)	---	(1.596)
Income recognized directly in shareholders' equity	(89)	79	5	79
Purchase of treasury shares	(1.390)	(4.200)	(1.390)	(4.200)
Shareholders equity at end of year (December 31, 2006 and 2005 respectively)	29.992	21.290	24.077	20.813

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, 2005.				
2) The Group companies contained in the consolidated financial statements are :				
COMPANY	SHARE AT DECEMBER 31 2006	COUNTRY	UNAUDITED FISCAL YEARS	CONSOLIDATION METHOD
F.G. EUROPE A.E.	Parent	Greece	2003 to 2006	Full consolidation
F.G. LOGISTICS A.E.	100,00% (a)	Greece	2003 to 2006	Full consolidation
FIDAKIS SERVICE A.E.	100,00% (a)	Greece	2003 to 2006	Full consolidation
CITY ELECTRIC A.E.	100,00% (a)	Greece	2003 to 2006	Full consolidation
IDROILEKTRIKI ACHAIAS S.A.	55,25% (a)	Greece	Unaudited from inception (2002)	
R.F. ENERGY A.E.	40,00% (a)	Greece	Unaudited from inception (2006)	Full consolidation
AEOLIKI KYLINDRIAS S.A.	39,87% (β)	Greece	Unaudited from inception (2002)	Full consolidation

- Notes :
- (a) Direct investment
(b) Indirect investment
- Certain prior year amounts have been reclassified or corrected (Note 23 of the financial statements)
 - The investment in F.G. Italia S.p.A. has been sold out of the Group on December 31, 2005. Therefore the results of operations and assets and liabilities are contained in the interim Financial Statements for the period January 1, to December 31, 2005 but are not included in the related Financial Statements of the current period from January 1, to December 31, 2006.
 - On March 30, 2006 the share capital of the subsidiary City Electric S.A. has been increased by EURO 100,5 thousands that has been covered completely by the parent company.
 - With the decision number 8550/6-9-2006, the Athens Prefecture granted permission of incorporation and approved the article of incorporation of the S.A. with the company name Aeoliki Kylindrias S.A. of Energy production and distribution and title Aeoliki Kylindrias S.A. that resulted from the conversion into a S.A. of Hellenic Aeoliki Kylindrias Ltd. Based on the above conversion the share capital of the company was increased by EURO 282 thousands of which EURO 281 thousands was covered through F.G. Europe S.A. and the remaining EURO 1 thousand by individuals. Therefore F.G. Europe's participation share in Aeoliki Kylindrias was reduced to 99,67%.
 - On May 26, 2006, the General Assembly of shareholders of the company Fidakis Service Ltd. decided the merger through absorption by the company Fidakis Service S.A. and approved with the decision number 22218/6.10.2006 of the Athens Prefecture.
 - On June 22, 2006 the share capital of the subsidiary Fidakis Service S.A. has been increased by EURO 249,9 thousands that has been covered completely by the parent company.
 - With the decision number 10480/2-8-2006, the Athens Prefecture granted permission of incorporation and approved the article of incorporation of the S.A. with the company name R.F. Energy S.A. and title R.F. Energy S.A. The initial share capital of R.F. Energy amounts to EURO 10.000 thousands and F.G. Europe's holding share is to 40%. Due to the fact that the main shareholder and Chairman of the Board of Directors of F.G. Europe S.A., Mr. George Fidakis also participates with 10% in R.F. Energy S.A. and the existing shareholders' agreement concerning the appointment of the majority of Board Members through F.G. Europe S.A., R.F. Energy is fully consolidated in the company's financial statements.
 - On December 22, 2006 an agreement for the sale of the total shares of AEOLIKI KYLINDRIAS S.A. held by F.G. EUROPE S.A. was signed for the amount of EURO 995,67 thousands payable in cash. The completion of the transfer is expected to be finalized within the first semester of 2007. F.G. EUROPE's percentage after the transfer amounts to 39,87% as indirect investment.
 - On January 16, 2007 the subsidiary company of the Group, R.F. ENERGY S.A. purchased the 100% of the share capital of KALLISTI ENERGY PRODUCTION OF ELECTRICAL POWER JOINED STOCK COMPANY S.A. for the amount of EURO 1.350 thousands.
 - The basic earnings per share have been calculated based on the profit before taxes and minority interest and the weighted average number of shares.
 - The fixed assets of the Company are not pledged.
 - 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.
 - The number of employed personnel as of December 31, 2006 was : Group 115 , Company 71 persons.
December 31, 2005 was : Group 112 , Company 64 persons..
 - The accumulated amounts in euro thousands of revenues and purchases for the period 1/1/2006 until 31/12/2006 and the balances of receivables and liabilities of the company as of 31.12.2006 that arise from transactions with related parties according to IAS 24 are as follows:
- | | CONSOLIDATED | COMPANY |
|--|--------------|---------|
| a) Sales of goods and services | --- | 215 |
| b) Purchases of goods and services | --- | 3.423 |
| c) Receivables from related parties | --- | 305 |
| d) Payables to related parties | --- | 364 |
| e) Key management personnel compensations | 1.387 | 1.387 |
| f) Receivables from key management personnel | --- | --- |
| g) Payables to key management personnel | --- | --- |
- There are no associated companies for the Group according to IAS 24..
 - There are no subsequent events to the financial statements of December 31, 2006 concerning the Group and the Company, that should be reported according to the IAS principles
 - The board of Directors will propose for the 2006 fiscal year a dividend of EURO 0,04 per share (2005 : EURO 0,00)

BALANCE SHEET (all amounts in Euro thousands)				
ASSETS	CONSOLIDATED		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Non-current assets	4.913	5.125	6.542	2.619
Inventories	36.647	26.455	36.632	26.343
Receivables	46.494	56.845	46.220	56.622
Other current assets	15.197	3.824	6.249	3.760
TOTAL ASSETS	103.251	92.249	95.643	89.344
LIABILITIES				
Long term liabilities	16.965	36.932	15.946	35.889
Short term liabilities to Banks	34.771	24.838	34.468	23.742
Other short term liabilities	21.523	9.189	21.152	8.900
Total liabilities (a)	73.259	70.959	71.566	68.531
Share Capital	16.374	16.279	16.374	16.279
Other elements of shareholders' equity attributable	7.498	4.479	7.703	4.534
Total Shareholders' equity attributable to shareholders (b)	23.872	20.758	24.077	20.813
Minority interest (c)	6.120	532	---	---
Total shareholders equity (d)=(b)+(c)	29.992	21.290	24.077	20.813
TOTAL LIABILITIES & SHAREHOLDERS EQUITY (e)=(a)+(d)	103.251	92.249	95.643	89.344

INCOME STATEMENT (all amounts in Euro thousands)				
	CONSOLIDATED		COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Revenues	156.083	161.117	155.289	160.163
Gross profit	19.582	13.858	19.651	14.664
Earnings before interest, depreciation, amortization and taxes	6.269	5.133	6.075	4.853
Earnings before interest and taxes	6.011	4.912	5.955	4.757
Earnings before taxes	4.226	1.631	4.553	1.395
Less: taxes	(1.472)	(501)	(1.350)	(477)
Earnings after taxes	2.754	1.130	3.203	918
Attributable to:				
Shareholders of parent company	2.673	1.035	---	---
Minority interest	81	95	---	---
Earnings per share - basic (in Euro)	0,0507	0,0195	0,0607	0,0173

CASH FLOW STATEMENT (all amounts in Euro thousands)				
	CONSOLIDATED		COMPANY	
	1/1-31/12/2006	1/1-31/12/2005	1/1-31/12/2006	1/1-31/12/2005
Operating Activities				
Operating Activities	4.226	1.631	4.553	1.395
Add / (less) adjustments for:				
Depreciation and amortization	258	221	120	96
Provisions	808	191	1.038	194
Government grants recognized in income	(32)	(54)	(2)	---
Exchange rate differences	(1.319)	1.000	(1.319)	1.000
Result of investment activity	(339)	(1.027)	(1.278)	(1.027)
Interest and similar expenses	3.497	3.484	3.461	3.401
Add/ (less) adjustments for changes working capital items:				
Decrease / (increase) in inventory	(10.192)	3.615	(10.290)	3.305
Increase / (decrease) in receivables	9.802	(7.344)	9.903	(7.333)
(Decrease) / increase in liabilities (other than banks)	12.387	(10.166)	12.457	(9.407)
Less:				
Interest and similar expenses paid	(2.961)	(2.750)	(2.926)	(2.669)
Taxes paid	(98)	(2.700)	---	(2.700)
Total inflow / (outflow) from operating activities (a)	16.037	(13.899)	15.717	(13.745)
Investing Activities				
Acquisition of subsidiaries and other investments	---	---	(4.446)	---
Proceeds from sale of available for sale financial assets	125	---	1.120	---
Purchase of PPE and intangible assets	(282)	(252)	(177)	(106)
Proceeds from the sale of property and equipment	3	---	3	---
Interest income	109	506	16	506
Proceeds from dividends	10	---	34	---
Proceeds from Government grants	---	457	---	---
Total inflow / (outflow) from investing activities (b)	(35)	711	(3.450)	400
Financing Activities				
Proceeds from capital increase	6.000	---	---	---
Purchase of treasury shares	(1.390)	(4.200)	(1.390)	(4.200)
Borrowings from banks	---	7.447	---	7.814
Payments of borrowings	(9.219)	---	(8.388)	---
Dividends paid	(20)	(1.596)	---	(1.596)
Total inflow / (outflow) from financing activities (c)	(4.629)	1.651	(9.778)	2.018
Net increase / (decrease) in cash and cash equivalents for the year (a) + (b) + (c)	11.373	(11.537)	2.489	(11.327)
Cash equivalents at beginning of year	3.824	15.361	3.760	15.087
Cash and cash equivalents at end of year	15.197	3.824	6.249	3.760

GLYFADA, March 5, 2007

CHAIRMAN OF THE BOARD OF DIRECTORS

MANAGING DIRECTOR

FINANCE DIRECTOR

ACCOUNTING CHIEF

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Id No N 000657

JOHN PANTOUSIS
Id. No E 168490

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