SATO

INTERIM FINANCIAL STATEMENTS

A΄ Quarter 2005

SATO Group
INTERIM FINANCIAL STATEMENTS AS OF 31ST MARCH 2005
Amounts in € 000

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A. INCOME STATEMENT

	Notes	CONSOLIDATED		SATO	
		31/03/2005	**31/03/2004**	**31/03/2005**	**31/03/2004**
Revenue	5	17.128	16.534	9.257	8.117
Cost of sales		10.167	9.466	4.744	3.870
Gross profit		**6.961**	**7.068**	**4.513**	**4.247**
Other Income		411	807	205	643
Distribution expenses		4.816	5.278	2.828	2.665
Administration expenses		1.757	1.527	1.264	1.087
Other expenses		78	307	78	89
Profit from operating activities		**721**	**763**	**548**	**1.049**
Finance income/(expense)		-653	-722	-361	-407
Share of profit from associates		70	95		
Profit before Tax		**138**	**136**	**187**	**642**
Income Tax expense		95	431	83	496
Profit for the period		**43**	**-295**	**104**	**146**
Attributable to:					
Equity holders of the parent		92	-285	104	146
Minority Interest		-49	-10		
Earnings per share in €	9	0.004	-0.013	0.005	0.006

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B. BALANCE SHEET

	Notes	CONSOLIDATED		SATO	
		31/03/2005	**31/12/2004**	**31/03/2005**	**31/12/2004**
ASSETS					
Non-current Assets	6	55.563	55.828	49.179	48.035
Inventories		15.034	14.281	9.280	8.849
Trade receivables		19.801	24.779	14.066	17.615
Other assets		2.643	1.475	2.661	2.940
Cash and cash equivalents		884	1.139	521	555
TOTAL ASSETS		**93.925**	**97.502**	**75.707**	**77.994**
LIABILITIES					
Non-current liabilities		26.639	26.967	14.991	15.050
Short term bank borrowings		26.268	26.462	20.574	20.974
Other short term liabilities		16.237	19.301	9.977	11.909
Total liabilities (α)		**69.144**	**72.730**	**45.542**	**47.933**
Equity attributable to equity holders of the parent		24.937	25.107	30.165	30.061
Minority interest		-156	-335		
Total equity (β)		**24.781**	**24.772**	**30.165**	**30.061**
Total equity and liabilities (α) + (β)		**93.925**	**97.502**	**75.707**	**77.994**

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C. CASH FLOW STATEMENT

	CONSOLIDATED		SATO	
	1.01-31.03.2005	1.01-31.03.2004	1.01-31.03.2005	1.01-31.03.2004
Cash flows from operating activities				
Profit before Tax	138	136	187	642
Adjustments for:				
Depreciation and amortisation	589	500	291	291
Provisions	147	63	101	26
Foreign exchange loss/(gain)	-32	112		
Share of profit from associates	-70	-95		
Interest expense	614	671	330	377
	1.386	**1.387**	**909**	**1.336**
Adjustments for changes in working capital:				
Increase/(Decrease) in inventories	-753	-1.328	-431	-940
Increase/(Decrease) in receivables	3.756	607	2.429	6
(Increase) / decrease in current liabilities (excl. Bank borrowings)	-3.066	-1.173	-1.910	1.300
Less:				
Interest paid	-647	-701	-391	-402
Income tax paid	-33			
Net cash inflow / (outflow) from operating activities (α)	**643**	**-1208**	**606**	**1.300**
Cash flows from investing activities				
Purchase of tangible and intangible assets	-399	-379	-185	-382
Sale of tangible and intangible assets	69	68		
Dividend received	48		48	
Net cash inflow / (outflow) from investing activities (β)	**-282**	**-311**	**-137**	**-382**
Cash flows from financing activities				
Proceeds from bank borrowings		949		
Loan repayments	-241		-401	-1.352
Payment of finance lease liabilities	-376	-203	-102	-97
Net cash inflow / (outflow) from financing activities (c)	**-617**	**747**	**-503**	**-1.449**
Net increase in cash and cash equivalents for the period [(α)+(β)+(c)]	**-256**	**-773**	**-34**	**-531**
Cash and cash equivalents at beginning of period	**1.140**	**1.748**	**555**	**976**
Cash and cash equivalents at end of period	**884**	**975**	**521**	**445**

Amounts in € 000

D. STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD

D1. SATO CONSOLIDATED

	Share Capital	Share premium	Treasury shares	Statutory reserve and other reserves	Retained Earnings	Minority Interest	Total
1st January 2004	20.520	7.402	-539	6.330	-7.540	1.176	27.349
Exchange difference on translation of foreign subsidiaries					143	-34	109
Transfer to reserves				192	-192		0
Profit for the period	0	0	0		-285	-10	-295
31st March 2004	**20.520**	**7.402**	**-539**	**6.522**	**-7.874**	**1.132**	**27.163**
Dividends	0	0	0	0	-456	0	-456
Increase in shareholding of subsidiaries					393	-393	0
Exchange difference on translation of foreign subsidiaries					-85	-9	-94
Deferred tax on items directly recorded in equity	0	0	0	0	872	0	872
Transfer to reserves				1.041	-1.041		0
Profit for the period	0	0	0	0	-2.318	-395	-2.713
31st December 2004	**20.520**	**7.402**	**-539**	**7.563**	**-10.509**	**335**	**24.772**
Increase in shareholding of subsidiaries					128	-128	0
Exchange difference on translation of foreign subsidiaries					-32	-2	-34
Transfer to reserves				413	-413		0
Profit for the period	0	0	0	0	92	-49	43
31st March 2005	**20.520**	**7.402**	**-539**	**7.976**	**-10.734**	**156**	**24.781**

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D. STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD

D2. SATO

	Share Capital	Share premium	Treasury shares	Statutory reserve and other reserves	Retained Earnings	Minority Interest	Total
1st January 2004	20.520	7.402	-539	6.967	-6.012	0	28.338
Profit for the period	0	0	0		146	0	146
31st March 2004	**20.520**	**7.402**	**-539**	**6.967**	**-5.866**	**0**	**28.484**
Dividend	0	0	0	0	-456	0	-456
Deferred tax on items directly recorded in equity	0	0	0	0	872	0	872
Transfer to reserves				75	-75		0
Profit for the period	0	0	0	0	1.161	0	1.161
31st December 2004	**20.520**	**7.402**	**-539**	**7.042**	**-4.364**	**0**	**30.061**
Profit for the period	0	0	0	0	104	0	104
31st March 2005	**20.520**	**7.402**	**-539**	**7.042**	**-4.260**	**0**	**30.165**

Amounts in € 000

E. RECONCILIATION OF PREVIOUS GAAP TO IFRS EQUITY AND PROFIT

	CONSOLIDATED			SATO		
	31.12.03	**31.03.04**	**31.12.04**	**31.12.03**	**31.03.04**	**31.12.04**
Total Equity under previous N.2190	**23.315**	**24.386**	**17.968**	**34.573**	**34.656**	**34.895**
Revaluation of land and buildings to fair value on transition date and reversal of revaluation per Law 2066	11.281	11.281	11.015	10.529	10.529	10.262
Effect on deprecation charge due to change of useful life	-186	-116	85	-151	-85	103
Effect of IAS17 application for assets under finance lease	-1.265	-1.169	-1.075	-1.829	-1.758	-1.711
Write off of capitalised expenses not recognised under IFRS	-1.648	-1.559	-978	-893	-785	-433
Impairment of investments in subsidiaries, associates and other financial assets	-1.628	-1.628	-1.445	-9.876	-9.876	-9.876
Transfer of Government Grants to Deferred Income	-223	-200	-138	-223	-200	-138
Transfer of proposed dividends to equity (from liabilities)	456	456	684	456	456	684
Provision for staff retirement benefits in accordance with IAS 19	-1.497	-1.520	-1.580	-755	-775	-826
Provision for doubtful receivables	-281	-281	-281	-281	-281	-281
Deferred Tax effect	-665	-846	502	-2.901	-3.146	-2.623
Income tax for the period	-319	-250	0	-319	-250	0
Other	10	-1.391	15	8	0	5
Total Equity under IFRS	**27.350**	**27.163**	**24.772**	**28.338**	**28.485**	**30.061**

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	CONSOLIDATED		SATO	
	31.03.04	**31.12.04**	**31.03.04**	**31.12.04**
Net Profit for the period before tax and minority interest under previous Law2190	**-99**	**-2.909**	**425**	**2.339**
Effect on deprecation charge due to change of useful life	66	254	66	254
Effect of IAS17 application for assets under finance lease	96	190	71	118
Write off of previously capitalisable expenses	107	568	108	460
Provision for staff retirement benefits	-23	-83	-20	-71
Deferred tax effect	-180	295	-245	-594
Income tax	-250	-1.341	-250	-1.195
Other	-12	19	-9	-3
Net Profit for the period under IFRS	**-295**	**-3.007**	**146**	**1.308**

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1. CORPORATE INFORMATION

SATO AE (thereon 'the Company') was incorporated in 1973 and has been listed in the Athens Stock Exchange market since 1990 (stock code per Reuters SATr.AT).

The company's registered offices are at 14th km of the Thessaloniki-Polygyros National Road at Thermi, Thesssaloniki.

The operating activities of SATO AE and its subsidiaries (thereon 'the Group') include production and trading of office and home furniture. The Group's dominant market is in Greece, however, it is present in other European countries through its subsidiary in Germany.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of preparation

The consolidated financial statements of the Group ('the financial statements') are prepared in accordance with the International Financial Reporting Standards (IFRS) and are shown in thousands €, the currency of the country in which the parent company operates. The financial statements have been prepared on a historical cost basis.

The preparation of the financial statements in conformity with IFRS, requires management to make estimates and assumptions, that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Sufficient available information and judgmental conclusions are integral parts for making these estimations. Actual results may ultimately differ from the above estimations with significant effect on the Financial Statements.

There are no Standards applied before their effective date.

2.2 Adoption of International Financial Reporting Standards (IFRS)

During the current fiscal year, the Group adopted the IFRS. The transition date was the 1st of January 2004, when the opening balance sheet was prepared in accordance with the requirements of IFRS 1.

The accounting policies, implemented by the group, for the preparation of the Opening Balance Sheet are in compliance with the requirements of the International Accounting Standards (IAS) effective at the date of the Group's first IFRS financial statements, that is 31st December, 2005.

Any adjustments in the asset structure and the financial position of the Group as a result of the transition from the Greek Accounting Standards to IFRS, have been recorded in "Retained earnings" and are analyzed in **Statement E** (Reconciliation of equity reported under Greek GAAP and IFRS).

2.3 Approval of Financial Statements

The Board of Directors approved the Group's and the Company's Financial Statements for the period ended 31st March 2005 at 22nd June 2005.

2.4 Consolidated Financial Statements

Business Combinations

The Group elected not to apply IFRS 3 or IAS 22 retrospectively for business combinations that occurred before the date of transition to IFRS, as allowed by paragraph 15 of IFRS 1.

All business combinations with agreement date on or after the 31st of March are accounted for by applying the purchase method as defined by IFRS 3, from the date of the agreement. The Group has recognized in its consolidated financial statements profits, assets and liabilities as well as any goodwill acquired in a business combination.

All business combinations have been recognized at their cost being the fair values at the date of the exchange, of the consideration given, including costs directly attributable to the business combination. In order to allocate the cost of a business combination, all identifiable assets and liabilities of the acquiree are recognized at their fair values at the date of exhcange and any minority interest is stated at the minority's proportion of the net fair value of those items, in compliance with IFRS 3.

Subsidiaries are entities in which the Company either holds directly or indirectly more than half of the voting rights or has the power to govern their financial and operating policies. All subsidiaries have been consolidated under the acquisition method. The parent Company consolidates all its subsidiaries from the date control is acquired, and ceases to consolidated them when they are disposed. All temporarily controlled entities, which are held exclusively for sale within one year from their acquisition date are recorded as available for sale investments.

An analysis of the subsidiaries included in the consolidated financial statements is presented in Note 4.

The consolidated Financial statements include the financial statements of SATO AE and its subsidiaries, with the same year –end. The financial Statements of the subsidiaries have been prepared for the same fiscal year as those of the parent company, using the same accounting policies.

All the intercompany balances and transactions, including any unrealized profit that may have occurred from intercompany transactions have been totally eliminated.

2.5 Investments in associates

Investments of the group in associate companies are included in the consolidated financial statements under the equity method. These are companies in which the group has significant influence but are not subsidiaries or joint-ventures. Under the equity method, the investment in associates is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group´s share of net assets of the associate less any provision for impairment less any dividend distributed.
The Consolidated income statement includes the Group's share of the financial results of its associate companies.

The financial statements of the associates are used by the Company for the application of the equity accounting. The dates of the financial statements of the associates do not differ by more than three months from the corresponding of the parent company. Moreover, associates use the same accounting policies as of the parent company.

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2.6 Tangible Assets

Tangible assets include land and buildings, improvements in leasehold assets, machinery and equipment, and vehicles owned by the group and used for operating and administrative purposes.

The tangible assets are initially recorded at their acquisition cost which includes all the necessary expenses to make the asset operational. Assets constructed by the company, are recorded at their construction cost, which includes, contractor's expenses, materials, payroll costs (including employer's social security contribution), as well as the corresponding general expenses that are directly related to the construction.

The group, by implementing the exemption of paragraph 16 of IFRS 1, decided only for the IFRS transition date, to revalue some of its tangible assets (land and building) to their fair-value and used this value as deemed cost.

This valuation of fixed assets was carried out using acknowledged valuation techniques in order to ensure that the revalued items reflect market conditions at the transition date. The total amount of the revaluation over the net book value of the assets is presented in Statement E.

After initial recognition, tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight line method over the useful life of the asset from the date they are fully operational as below:

	Years
Industrial buildings	25
Office buildings	33
Shops	33
Machinery and equipment	6,7-10
Improvements in leasehold assets	9-12
Vehicles	5-10
Furniture and other equipment	3-10

No depreciation is calculated for land and assets under construction. Improvements in leasehold assets are depreciated over the lease period.

The management of the group examines periodically the tangible assets in order to identify indications of impairment. If there is any indication that the book value of a fixed asset is greater than its recoverable amount then a provision for impairment loss is recorded so that the book value of the asset corresponds to its recoverable amount.

The recoverable amount is the higher of the net selling price and the value in use. For the calculation of the value in use, the expected future cash flows are discounted at their present value, using a pre-tax discount rate which reflects the current expectations of the market for the time value of money and the risks related to the asset. Assets which do not create cash flows from their use – separable from the cash flows of other assets- the recoverable amount is identified for the unit of assets that creates cash flows and the asset belongs to that unit.

Tangible assets are derecognized from the balance sheet when they are disposed or when no future financial benefits from their use are expected.

Gains or losses arising from the derecognition of tangible assets are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item; they are included in the Income Statement for the period.

2.7 Leases

The Group as a leasee

Finance leases that transfer (to the Group) substantially all risks and rewards, incidental to the ownership of the leased asset, are recorded as assets and liabilities at amounts equal at the commencement of the lease to the fair value of the leased asset or if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The finance charges are charged to the Income Statement.

The leased assets are depreciated over their useful life as if they were owned by the Group. However, if there is not reasonable certainty that the leased asset will be acquired by the company at the end of the lease period the assets are depreciated over the shorter of the useful life of the asset and the lease period.

Leases where the lessor retains all risks and rewards associated to the leased asset are classified as operating leases. Lease payments for operating leases are recognized as an expense in the Income Statement, on a systematic basis over the lease period. In case that an operating lease contract is terminated before its the due date, the amount payable to the lessor as a compensation, is recognized as an expense in the period the lease is terminated.

The Group as a leassor

Assets under operating leases are shown on the balance sheet according to their nature. These assets are depreciated over their useful life in the same way as other similar operational assets. Revenues from the lease payments are recognised using the straight line method over the lease period.

The group does not operate as a leassor for finance leases.

2.8 Borrowing costs

The Company has adopted the benchmark treatment of IAS 23, according to which borrowing costs (independently of its nature) are recorded an expense in period in which they incurred regardless of the borrowings are applied (e.g. for acquisition or construction of assets).

2.9 Intangible assets

The intangible assets acquired separately by the Group are recorded at cost. These intangible assets include software purchase cost as well as any expenditure incurred for preparing it for its use. Software is depreciated on a straight line basis method over 3-5 years.

After initial recognition, the management of the Group periodically examines the intangible assets to identify whether there are any indications of impairment. When certain events or changes in the circumstances show that the carrying amount of an intangible asset may not be recoverable then a provision for impairment loss is recorded so as the carrying amount of the asset reflects its recoverable amount.

The recoverable amount of an intangible asset is the higher between the net selling price and its value in use.

2.10 Investments

All investments are initially recorded at cost including relevant purchase costs.

After initial recognition, investments classified assorted as available for sale, are measured at their fair value. Gains or losses from investments available for sale are recorded as a separate component of equity until the investment is sold, settled or disposed in any other way, or until there is an indication for impairment in which case any accumulated gains or losses previously recorded in equity are included in the Income Statement.

For investments listed in active markets, fair value is determined as the purchase price from these markets as at the date of the financial statements.

Investments for which there is no active market, their fair value is determined either on the basis of the price of another similar listed financial asset or on the basis of a discounted cash flow analysis of the equity of the issuer.

In the separate financial statements of the parent company, investment in subsidiaries and associates are measure at cost less any provision for impairment.

An investment is considered to be impaired when its carrying amount is higher than its recoverable amount and there is objective evidence that the decrease is such that recovery of the invested amount is not considered possible in the near future.

For financial assets which are measured at amortized cost, impairment losses are calculated as the difference between their carrying amount and the present value of the expected cash flows, discounted at the original effective interest rate of the financial asset.

The recoverable amount of financial assets, which are listed in active markets and are measured at their fair value, is considered the present value of the expected future cash flows discounted at the current market rate used for other similar financial assets.

However, the recoverable amount of financial assets, which are not listed in active markets, is calculated using acknowledged valuation techniques.

Revenue from interest and dividends originating from investment securities are recognized as interest and similar income an dividend income respectively.

2.11 Inventories

Inventories are measured at the lower of cost and net realizable value. For the measurement of the inventories, the company uses the average cost method. The 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 Trade and other receivables

These are short term receivables (due in less than 12 months from the recognition date) and are recorded at their fair value; in case of past due receivables and indications of impairment, a provision is recognized (as charge in the Income Statement) to decrease their carrying amount to their recoverable amount, which is the present value of estimated future cash inflows from receipts.

Bad debts are written off against the relevant provision, when they are tax deductible.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash at hand and short-term deposits at banks or other highly liquid investments with initial maturity of less than three months.

For Consolidated Cash flow purposes cash and cash equivalents comprise the above less any overdraft balances.

2.14 Bank Borrowings

All bank borrowings are initially recognized at an amount equal to the fair value of the funds received less any directly related expenses.

After initial recognition, borrowings are measured at their amortized cost using the effective interest method. The amortized cost is calculated considering any issue costs and the difference between the initially borrowed amount and the principal repayments to maturity.

Gains and losses are shown in the Income Statement when liabilities are derecognized or decrease, or through the amortization process.

2.15 Provisions and contingent liabilities, contingent assets

The Group recognizes a provision when:

- There is a current legal or constructive obligation as a result of a past event.
- It is probable that an outflow of resources that embody economic benefits will be required in order to settle the obligation
- A reliable estimate can be made of the amount of the obligation

The management of the Group reassesses the need for a provision at the end of each fiscal year and adjusts it so as to reflect the best estimates which are discounted at a pre-tax discount rate when considered necessary.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of outflows embodying economic benefits is remote.

2.16 Employee benefits

The Group companies, depending on the conditions and practices applicable to the countries where they operate, participate in different post-employment benefit plans. These plans include Defined Benefit Plans and Defined Contribution Plans.

A Defined Benefit Plan is a post-employment benefit plan, under which an entities pays a certain amount for retirement benefits which is determined on certain attributes such as age, years of service, salary, etc. The amount recognized as a defined benefit liability is the present value of the defined benefit liability at the balance sheet date less the fair value of plan assets (if any), plus/minus any actuarial gains or losses not yet recognized, minus any past service cost not yet recognized.

The Group applies the corridor approach allowed by IAS 19 in recognizing actuarial gains and losses, which allows part of actuarial gains or losses not to be recognized. However, at transition date the Group recognized all accumulated actuarial gains and losses up to transition date as allowed by paragraph 20 of IFRS 1. The Defined Benefit liability is determined at regular intervals, at least every year, by independent qualified actuaries using the Projected Unit Method. The present value of the liability is determined based on the estimated future outflows, discounted at the rate of the government bonds with maturity corresponding to that of the obligation. The change in the carrying amount of the liability is recorded as income or expense in the Income Statement and the attributed to relevant cost centers.

A Defined Contribution Benefit Plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity (the Fund) and the Group will have no legal or constructive obligation to pay additional contributions if the Fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Group´s contributions to such plans are recognized as an expense in the Income Statement for the period services are provided to the Group, under payroll expenses.

2.17 Revenue

Revenues from sale of goods are recognized after deducting any given discounts, when the Group has transferred substantially all risks and rewards from the ownership of the goods to their buyer.

Interest income is recognized in the Income Statement when it occurs, based on a time ratio (using the effective interest method, which is the interest that discounts the estimated future cash inflows throughout the expected life of the financial asset) into the carrying value of the financial asset.

2.18 Income Tax (Current and Deferred)

Current and deferred income taxes are calculated on the relevant figures shown in the financial statements and according to the tax laws and regulations applicable in the countries the Group operates. Current income tax concerns tax over the taxable profits of each company as adjusted in accordance with requirements of the tax law, and calculated using the current income tax rate.

Deferred tax is calculated using the liability method for all temporary differences at the Balance sheet date between the tax base and the carrying value of assets and liabilities.

The expected tax consequences of the temporary tax differences are determined and then shown either as future (deferred) tax liabilities or deferred tax assets.

Deferred tax assets are recognized for all temporary tax deductible differences and tax losses carried forward to the extent that expected taxable profits will be available against which the tax-deductible temporary differences can be used.

The carrying value of the deferred tax assets is reviewed at each balance sheet date and is reduced to the extend that taxable profits will not be available against which a part or the total of the deferred tax asset can be used.

Current Income tax assets and liabilities for the current and previous fiscal years are measured at the amount expected to be paid to the tax authorities (or recovered from them), using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Income tax or deferred tax asset or liability on items directly recognized in the equity are also recognized directly in the Group equity and not in the Income Statement.

2.19 Transactions in foreign currency

The measurement currency of the parent company is Euro (€). Transactions in other currencies are recorded into Euros by applying the spot exchange rates at the date of transaction.

Foreign currency monetary items at the Balance sheet date are translated into euros using the closing rates. Gains and losses arising from changes in foreign currency rates are recognized in the Income statement as gain/loss from exchange differences.

Assets and liabilities of foreign operations are translated into Euros using the closing exchange rates at the balance sheet date, while revenues and expenses are translated using the average exchange rates for the period. Exchange differences that arise from translating assets and liabilities at closing rate and revenues and expenses at average rates, translating the opening net assets at a closing rate that differs from the previous closing rate, are recognized as a separate component of equity. On the disposal of a foreign operation the cumulative amount of the exchange differences deferred as a separate component of equity relating to that foreign operation is recognized in the profit or loss when the gain or loss on disposal is recognized.

2.20 Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.
There were not any bonds convertible into shares or other potential shares, which could negatively affect profits for the periods presented in the attached financial statements, and therefore no calculations for diluted earnings per share have been performed.

2.21 Segment reporting

The group operates in two business segments, office furniture and home furniture, which are exposed to different risks and returns. Consequently, segmental analysis of its financial statements is based on this two segments.

As the group operates in different countries, geographical segments provide information for products or services offered in each area that are subject to different risks and returns when compared to other areas.

2.22 Related Parties

Related parties are companies which the Group controls or can significantly influence their financial and operating policies. Moreover, related parties are the members of the Board of directors, their close family members and companies they own, control or significantly influence them.

2.23 New accounting standards and IFRIC interpretations

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee have issued a series of new standards and interpretations which are effective for accounting periods starting 1st January 2006. The Group´s assessment as concerns the effect of these standards and interpretations on its financial statements is as follows:
IFRS 6: Exploration for and Evaluation of Mineral Resources
Not applicable for the Group and will not affect its financial statements.
IFRIC 3: Emission rights
Not applicable for the Group and will not affect its financial statements.
IFRIC 4: Determining whether an arrangement contains a lease
The Group will apply IFRIC 4 to its 2006 financial statements based on its transitional provisions, which means that it will apply it on the basis of facts and conditions existing as at 1st January 2005. IFRIC 4 application is not expected to change the accounting treatment of any contracts of the Group.

IFRIC 5: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

Not applicable for the Group and will not affect its financial statements.

3. RISK MANAGEMENT

The group is exposed to financial risks, mainly market risk (changes in foreign currency rates, interest rates, market prices), credit risk, liquidity risk, cash flow risk.

The general risk management policy of the Group focuses on credit risk and market risk management.

Risk management is performed through the various business operations of the Group. Before each transaction takes place, approval is obtained from executives having the right to commit towards counterparties.

Market risk

Foreign currency risk

It does not affect Group operations significantly as foreign currency transactions with customers and suppliers are limited.

Price risks

The Group is exposed to changes of prices of the raw materials and other materials or merchandise it purchases.

Credit risk

Group sales are mostly with major public sector companies or privately owned but reputable companies and there is no significant concentration of credit risk.

Liquidity risk

It is considered low by retaining adequate cash and cash equivalents whereas there are unused credit limits from financial institutions.

Cashflow risk and fair value risk due to changes in interest rates

Group operating revenue and cashflows are substantially independent from changes in interest rates. However, the Group has short and long term liabilities (bank loans) bearing variable interest rates based on euribor.

Amounts in € 000

4. CONSOLIDATED COMPANIES

The companies included in the consolidated financial statements along with the consolidation method applied are as follows:

Company Name	Location	Operation activities	Direct shareholding	Indirect shareholding	Consolidation method	Year end
DENKA HOLDINGS	Denmark	Holding company – parent company of BO Concept Group	30,79%		Equity accounting	30.04.XX
SATO OFFICE GmbH (ex- SID Seating)	Germany	Production and trading of office furniture	95,47%		Purchase method	31.12.XX
TCC BuroKoltuk Ltd	Turkey	Production and trading of office furniture		95,42%		31.12.XX
BO CONCEPT AE	Greece	Import and trading of home furniture	80,60%		Purchase method	31.12.XX
VERSA AE	Greece	Import and trading of home furniture	99,99%		Purchase method	31.12.XX
SATO RAMLER	Greece	Import and trading of furniture	51,00%		Purchase method	31.12.XX

Consolidated Financial statements for the A΄ quarter 2004 also included BO Concept Poland – subsidiary then with total shareholding of 52,32% (40% direct and 12,32% indirectly through DENKA), where the Group decreased its direct shareholding to 8,93% in August 2004 (through not participating in its share capital increase), thus it is not included in the Consolidated financial statements since.
It is also noted that the merger of BO Concept AE and VERSA AE with the parent company SATO is still in progress. The merger will be in accordance with the provisions of art. 1-5 of Law 2166/93 and 68-78 of Law 2190/20 and effective date 31/12/2004.

5. SEGMENTAL ANALYSIS

	Segmental analysis 31/3/2005		
	Office furniture	**Home furniture**	**Total**
Revenue	14.017	3.111	**17.128**
Profit before finance charge and tax	740	(19)	**721**
Total assets	78.892	15.033	**93.925**
Total liabilities	56.475	12.669	**69.144**

Amounts in € 000

	Segmental analysis 31/3/2004		
	Office furniture	Home furniture	Total
Revenue	13.781	2.753	**16.534**
Profit before finance charge and tax	875	(112)	**763**
	Segmental analysis 31/12/2004		
Total assets	82.336	15.166	**97.502**
Total liabilities	60.075	12.655	**72.730**

6. TANGIBLE ASSETS

There are no liens on the company's and the groups tangible assets.
Total investments in tangible and intangible assets for the A quarter of 2005 amounts to € 400 thousand for the Group and € 176 thousand for the company.

7. LIABILITIES TO EMPLOYEES

The Group hired a qualified actuary to perform the actuarial study for the identification and measurement of all material post employment benefit obligations in accordance with IAS 19 (in Greece from Law 2112/20) so as to recognize them in the financial statements. The actuarial valuation took into account all relevant financial and demographic attributes related to Group employees. Defined Benefit liability per the actuarial study as at 31-12-2004 amounted at € 2.847 thousand and € 891 thousand for the Group and the Company respectively, and as at 31-3-2005 at € 2.917 thousand and € 920 thousand respectively.

The main actuarial assumptions used by the actuaries are the following:

	2005	31.12.2004	31.12.2003
Discount rate	4,5%	4,5%	5%
Inflation	2,5%	2,5%	2,5%

At the end of the A quarter 2005 the Group employed **539** persons whereas the Company employed **302** persons.

8. INCOME TAX

Accounting periods not audited by the tax authorities are shown below for every company included in the consolidation.

Company	Tax unaudited periods
SATO	2000-2004
SATO OFFICE GmbH (ex SID Seating)	2001-2004
BO CONCEPT AE	2003-2004
ΒΕΡΣΑ ΑΕ	2003-2004
SATO RAMLER	2002-2004

The Group has not recognized deferred tax asset €1.253 thousand for losses carried forward of BoConcept AE. It is expected that tax losses of €4.107 thousand will be used after the merger with the parent company SATO, within the two years after the merger as allowed by law (2166/93), and consequently the deferred tax asset will be recognized

Amounts in € 000

9. EARNINGS PER SHARE

Earnings per share have been calculated based on the average number shares having deducted the treasury shares held.

	Number of shares
Share capital	22.800.582
Treasury shares	(277.170)
Total	**22.523.412**

10. CONTINGENT ASSETS AND LIABILITIES

There are no litigations or arbitration cases which might have a significant effect on the financial position of the Company or the Group. Δεν υπάρχουν επίδικες ή υπό διαιτησία διαφορές δικαστικών ή διαιτητικών οργάνων που να έχουν

11. RELATED PARTIES

DESCRIPTION	**CONSOLIDATED**		**SATO**	
	1/1-31/03/2005	**1/1-31/03/2004**	**1/1-31/03/2005**	**1/1-31/03/2004**
Purchase of goods or services	0	20	41	85
Sales of goods or services	79	27	151	89
Directors and management remuneration				
Salaries and other short term benefits				
Board of Directors fees	52	52	42	42
	31/03/2005	**31/12/2004**	**31/03/2005**	**31/12/2004**
Receivables from related parties	298	94	3.784	3.377
Liabilities to related parties	291	383	262	235

No loans have been granted to members of the Board of Directors and other Group executives.

12. POST BALANCE SHEET EVENTS

Nothing significant to disclose.