

# **F.G. EUROPE S.A.**

**INTERIM FINANCIAL STATEMENTS  
COMPANY AND CONSOLIDATED AS OF JUNE 30, 2006  
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING  
STANDARDS (IAS 34)**

These Financial Statements have been approved for issue by the Board of Directors of F.G. EUROPE S.A. on July 21, 2006 and have been published on the company website <http://www.fgeurope.gr>.

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## **REVIEW REPORT**

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

We have reviewed the accompanying interim financial statements as well as the consolidated interim financial statements of F.G. EUROPE SA, as of and for the six-month period ended 30 June 2006. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not presented fairly, in all material respects in accordance with the International Financial Reporting Standards that have been adopted by the European Union.

Without qualifying our review conclusion, we draw attention to note 14 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 2005, 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.

**Athens, 27 July 2006**

**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 (Consolidated)**  
**For the Six-Months periods ended June 30, 2006 and 2005**  
(All amounts in Euro thousands unless otherwise stated)

	Note	<b>Consolidated</b>			
		<b>For the Six-Months Period Ended June 30,</b>		<b>For the Three-Months Period Ended June 30,</b>	
		<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Sales.....	4	79.593	73.050	47.002	40.747
Less: Cost of sales.....	4	(69.546)	(66.000)	(39.748)	(35.754)
<b>Gross profit</b>		<b>10.047</b>	<b>7.050</b>	<b>7.254</b>	<b>4.993</b>
Other operating income.....		1.003	1.306	203	365
Distribution expenses.....	5	(6.226)	(3.323)	(4.548)	(2.011)
Administrative expenses.....	5	(1.230)	(2.115)	(549)	(1.351)
Other operating expenses.....		(21)	(127)	(12)	(101)
<b>Earnings before interests and taxes</b>		<b>3.573</b>	<b>2.791</b>	<b>2.348</b>	<b>1.895</b>
Finance costs, net.....	5	(405)	(1.404)	27	(723)
<b>Earnings before taxes</b>		<b>3.168</b>	<b>1.387</b>	<b>2.375</b>	<b>1.172</b>
Income tax expense.....		(1.011)	(573)	(749)	(447)
<b>Net profit for the period</b>		<b>2.157</b>	<b>814</b>	<b>1.626</b>	<b>725</b>
<b>Attributable as follows:</b>					
Parent company.....		2.007	751	1.576	630
Minority interest.....		150	63	50	95
<b>Net profit (after tax) attributable to the Group</b>		<b>2.157</b>	<b>814</b>	<b>1.626</b>	<b>725</b>
<b>Earnings per share (expressed in Euros):</b>					
Basic earnings per share.....	8	0,04	0,01	0,03	0,01

The accompanying Notes on pages 10 to 21 are an integral part of the interim Financial Statements.

**F.G. EUROPE S.A.**  
**Statements of Income (Company)**  
**For the Six-Months periods ended June 30, 2006 and 2005**  
(All amounts in Euro thousands unless otherwise stated)

	Note	Company			
		For the Six-Months Period Ended June 30,		For the Three-Months Period Ended June 30,	
		2006	2005	2006	2005
Sales.....	4	78.897	73.317	46.725	41.032
Less: Cost of sales.....	4	(69.169)	(66.087)	(40.123)	(36.208)
<b>Gross profit</b>		<b>9.728</b>	<b>7.230</b>	<b>6.602</b>	<b>4.824</b>
Other operating income.....		915	1.203	197	268
Distribution expenses.....	5	(6.208)	(3.632)	(3.856)	(2.094)
Administrative expenses.....	5	(1.154)	(1.800)	(571)	(1.084)
Other operating expenses.....		(11)	(54)	(10)	(28)
<b>Earnings before interests and taxes</b>		<b>3.270</b>	<b>2.947</b>	<b>2.362</b>	<b>1.886</b>
Finance costs, net.....	5	(683)	(1.642)	(243)	(887)
Income from subsidiaries		24	-	24	-
<b>Earnings before taxes</b>		<b>2.611</b>	<b>1.305</b>	<b>2.143</b>	<b>999</b>
Income tax expense.....		(855)	(566)	(706)	(440)
<b>Net profit for the period</b>		<b>1.756</b>	<b>739</b>	<b>1.437</b>	<b>559</b>
<b>Earnings per share (expressed in Euros):</b>					
Basic earnings per share.....	8	0,03	0,01	0,03	0,01

The accompanying Notes on pages 10 to 21 are an integral part of the interim Financial Statements.

**F.G. EUROPE S.A.**  
**Balance Sheets (Company and Consolidated)**  
**As of June 30, 2006 and December 31, 2005**  
(All amounts in Euro thousands unless otherwise stated)

	Note	Consolidated		Company	
		June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
<b><u>ASSETS</u></b>					
<b>Non-current assets</b>					
Property, plant and equipment.....		3.564	3.487	436	362
Intangible assets.....		52	61	8	10
Investments in associates.....		34	34	773	729
Long term receivables.....		400	380	398	378
Deferred tax assets.....		458	560	444	528
<b>Total non-current assets</b>		<b>4.508</b>	<b>4.522</b>	<b>2.059</b>	<b>2.007</b>
<b>Current assets</b>					
Inventories.....	6	40.982	26.455	40.961	26.343
Assets held for sale.....		475	477	475	477
Receivables and prepayments.....	7	56.773	56.845	56.562	56.622
Cash and cash equivalents.....	9	9.102	3.824	8.788	3.760
<b>Total current assets</b>		<b>107.332</b>	<b>87.601</b>	<b>106.786</b>	<b>87.202</b>
<b>Total assets</b>		<b>111.840</b>	<b>92.123</b>	<b>108.845</b>	<b>89.209</b>
<b><u>SHAREHOLDERS' EQUITY</u></b>					
<b>Shareholders equity attributable to the shareholders of the parent company</b>					
Share capital.....	10	16.374	16.279	16.374	16.279
Share premium.....		6.725	5.376	6.725	5.376
Reserves.....		(1.681)	(290)	(2.617)	(1.226)
Retained earnings.....		959	(1.048)	1.699	(57)
		<b>22.377</b>	<b>20.317</b>	<b>22.181</b>	<b>20.372</b>
Minority interest.....		663	532	-	-
<b>Total shareholders' equity</b>		<b>23.040</b>	<b>20.849</b>	<b>22.181</b>	<b>20.372</b>
<b><u>LIABILITIES</u></b>					
<b>Non-current liabilities</b>					
Long term Borrowings.....	12	30.595	35.715	30.595	35.715
Retirement benefit obligations.....		276	248	201	174
Deferred government grants.....		933	969	-	-
Provisions.....		1	-	-	-
Deferred tax liabilities.....		672	315	662	306
<b>Total non-current liabilities</b>		<b>32.477</b>	<b>37.247</b>	<b>31.458</b>	<b>36.195</b>
<b>Current liabilities</b>					
Short term Borrowings.....	12	9.356	16.965	8.762	15.869
Short term portion of long term borrowings.....	12	7.873	7.873	7.873	7.873
Current tax liabilities.....		176	98	-	-
Trade and other payables.....	13	38.918	9.091	38.571	8.900
<b>Total current liabilities</b>		<b>56.323</b>	<b>34.027</b>	<b>55.206</b>	<b>32.642</b>
<b>Total liabilities</b>		<b>88.800</b>	<b>71.274</b>	<b>86.664</b>	<b>68.837</b>
<b>Total equity and liabilities</b>		<b>111.840</b>	<b>92.123</b>	<b>108.845</b>	<b>89.209</b>

The accompanying Notes on pages 10 to 21 are an integral part of the interim Financial Statements.

**F.G. EUROPE S.A.**  
**Statement of Changes in Shareholders' Equity (Consolidated)**  
**For the Six-Months Periods ended June 30, 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
<b>Balance on January 1, 2005 .....</b>	15.956	819	958	30	2.786	-	(430)	20.119	437	20.556
<b>Period's changes:</b>										
Net profit for the period.....	-	-	-	-	-	-	751	751	63	814
Dividend distribution.....	-	-	-	-	-	-	(1.596)	(1.596)	-	(1.596)
Purchase of treasury shares	-	-	-	-	-	(2.499)	-	(2.499)	-	(2.499)
Share capital increase.....	323	4.557	-	-	-	-	-	4.880	-	4.880
<b>Income recognized directly in shareholders' equity:</b>										
Net fair value changes in available-for-sale securities.....	-	-	-	(38)	-	-	-	(38)	-	(38)
<b>Balance on June 30, 2005.....</b>	<b>16.279</b>	<b>5.376</b>	<b>958</b>	<b>(8)</b>	<b>2.786</b>	<b>(2.499)</b>	<b>(1.275)</b>	<b>21.617</b>	<b>500</b>	<b>22.117</b>
<b>Balance on January 1, 2006 .....</b>	16.279	5.376	1.015	109	2.786	(4.200)	(1.048)	20.317	532	20.849
<b>Period's changes:</b>										
Net profit for the period....	-	-	-	-	-	-	2.007	2.007	150	2.157
Dividend distribution.....	-	-	-	-	-	-	-	-	(19)	(19)
Purchase of treasury shares	-	-	-	-	-	(1.389)	-	(1.389)	-	(1.389)
Share capital increase.....	95	1.349	-	-	-	-	-	1.444	-	1.444
<b>Income recognized directly in shareholders' equity:</b>										
Net fair value changes in available-for-sale securities.....	-	-	-	(2)	-	-	-	(2)	-	(2)
<b>Balance on June 30, 2006.....</b>	<b>16.374</b>	<b>6.725</b>	<b>1.015</b>	<b>107</b>	<b>2.786</b>	<b>(5.589)</b>	<b>(959)</b>	<b>22.377</b>	<b>663</b>	<b>23.040</b>

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**F.G. EUROPE S.A.**  
**Statement of Changes in Shareholders' Equity (Company)**  
**For the Six-Months Periods ended June 30, 2006 and 2005**  
(All amounts in Euro thousands unless otherwise stated)

Company

	Share capital	Share premium	Legal reserve	Fair value reserves	Special tax reserves	Treasury shares	Retained earnings	Total
<b>Balance on January 1, 2005.....</b>	15.956	819	958	30	1.856	-	672	20.291
<b>Period's changes:</b>								
Net profit for the period.....	-	-	-	-	-	-	739	739
Dividend distribution.....	-	-	-	-	-	-	(1.596)	(1.596)
Purchase of treasury shares...	-	-	-	-	-	(2.499)	-	(2.499)
Share capital increase.....	323	4.557	-	-	-	-	-	4.880
<b>Income recognized directly in shareholders' equity:</b>								
Net fair value changes in available-for-sale securities.....	-	-	-	(38)	-	-	-	(38)
<b>Balance on June 30, 2005....</b>	<u>16.279</u>	<u>5.376</u>	<u>958</u>	<u>(8)</u>	<u>1.856</u>	<u>(2.499)</u>	<u>(185)</u>	<u>21.777</u>
<b>Balance on January 1, 2006.....</b>	16.279	5.376	1.009	109	1.856	(4.200)	(57)	20.372
<b>Period's changes:</b>								
Net profit for the period.....	-	-	-	-	-	-	1.756	1.756
Purchase of treasury shares...	-	-	-	-	-	(1.390)	-	(1.390)
Share capital increase.....	95	1.349	-	-	-	-	-	1.444
<b>Income recognized directly in shareholders' equity:</b>								
Net fair value changes in available-for-sale securities.....	-	-	-	(2)	-	-	-	(2)
<b>Balance on June 30, 2006....</b>	<u>16.374</u>	<u>6.725</u>	<u>1.009</u>	<u>107</u>	<u>1.856</u>	<u>(5.590)</u>	<u>1.699</u>	<u>22.181</u>

The accompanying Notes on pages 10 to 21 are an integral part of the interim Financial Statements.

**F.G. EUROPE S.A.**  
**Statement of Cash Flows (Company and Consolidated)**  
**For the Six-Months Periods ended June 30, 2006 and 2005**  
(All amounts in Euro thousands unless otherwise stated)

	<b>Consolidated</b>		<b>Company</b>	
	<b>For the Six-Months Period Ended June 30,</b>	<b>2005</b>	<b>For the Six-Months Period Ended June 30,</b>	<b>2005</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Profit before tax (and minority interest).....	3.168	1.387	2.611	1.305
<b>Add / (less) adjustments for:</b>				
Depreciation and amortization.....	127	153	56	48
Government grants recognized in income.....	(15)	(24)	-	-
Non-cash impairment of assets.....	-	50	-	282
Exchange rate differences.....	(582)	765	(582)	765
Provisions.....	29	147	331	147
Employee benefits.....	27	6	27	7
Result of investment activity.....	(635)	(632)	(635)	(632)
Interest and similar expenses.....	1.618	1.271	1.594	1.227
<b>Operating result before changes in working capital</b>	<b>3.737</b>	<b>3.123</b>	<b>3.402</b>	<b>3.149</b>
<b>Add / (less) adjustments for changes in working capital items:</b>				
(Increase) in receivables and prepayments.....	(368)	(7.469)	(380)	(8.383)
(Increase) in inventories.....	(14.527)	(11.356)	(14.618)	(10.861)
Increase / (decrease) in trade and other payables.....	30.406	(559)	30.253	(485)
(Increase) / decrease in long term receivables.....	(20)	7	(19)	6
<b>Total cash inflow / (outflow) from operating activities</b>	<b>19.228</b>	<b>(16.254)</b>	<b>18.638</b>	<b>(16.574)</b>
Interest and similar expenses paid.....	(1.599)	(474)	(1.332)	(430)
Income taxes paid.....	(54)	(677)	-	(677)
<b>Total net inflow / (outflow) from operating activities</b>	<b>17.575</b>	<b>(17.405)</b>	<b>17.306</b>	<b>(17.681)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Interest income.....	635	111	635	111
(Purchase) of subsidiaries and other investments.....	-	-	(350)	(150)
Proceeds from government grants.....	(21)	-	-	-
(Purchase) of PPE and intangible assets.....	(195)	(188)	(129)	(9)
<b>Total net cash inflow / (outflow) from investing activities</b>	<b>419</b>	<b>(77)</b>	<b>156</b>	<b>(48)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>				
(Repayment) of Short term borrowings.....	(11.307)	-	(11.044)	-
Proceeds from Short term borrowings.....	-	11.935	-	11.934
Dividends paid.....	(19)	(1.579)	-	-
(Purchase) of treasury shares.....	(1.390)	(2.499)	(1.390)	(2.499)
<b>Total net cash (outflow) from financing activities</b>	<b>(12.716)</b>	<b>7.857</b>	<b>(12.434)</b>	<b>7.853</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>5.258</b>	<b>(9.625)</b>	<b>5.028</b>	<b>(9.876)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3.824</b>	<b>15.361</b>	<b>3.760</b>	<b>15.087</b>
<b>Cash and cash equivalents at end of period</b>	<b>9.102</b>	<b>5.736</b>	<b>8.788</b>	<b>5.211</b>

The accompanying Notes on pages 10 to 21 are an integral part of the interim Financial Statements.

# **F.G. EUROPE S.A.**

## **Notes to the interim Financial Statements (Company and Consolidated)**

**For the Six-Months Period ended June 30, 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 cover supplementary fields like after sales services, inventory management (logistics), etc. while Hydroelectrical Ahaias S.A., City Electric S.A. and Hellenic EolicKylandrias Ltd. activate in the energy production sector.

The Company and the Group are domiciled in the municipality of Glyfada, with registered offices: 128, Vouliagmenis Ave., GR-16674 Glyfada, Greece. The total number of personnel occupied as of June 30, 2006 is 74 for the Company and 122 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 Six-Months Period ended on June 30, 2005 have been approved by the Board of Directors on its meeting on July 21, 2006.

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

<b><u>Name of Subsidiary</u></b>	<b><u>Business</u></b>	<b><u>Share as of June 30, 2006</u></b>
• Fidakis Service S.A.	After sales service	100%
• F.G. Logistics S.A.	Logistics	100%
• City Electric S.A.	Energy production	100%
• Hydroelectrical Ahaias S.A..	Energy production	55,25%
• Fidakis Service Ltd.	After sales service	100%
• Hellenic Eolic Kylandrias Ltd.	Energy production	100%

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 June 30, 2005 but are not included in the related Financial Statements of the current period from January 1, to June 30, 2006.

On March 30, 2006 the share capital of the subsidiary City Electric S.A. has been increased by EURO 100.500 that has been covered completely by the parent company.

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

The General Assembly of shareholders of the company Fidakis Service Ltd. decided the merger through absorbtion 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 249.900 that has been covered completely by the parent company.

# **F.G. EUROPE S.A.**

## **Notes to the interim Financial Statements (Company and Consolidated)**

**For the Six-Months Period ended June 30, 2006**

(All amounts in Euro thousands unless otherwise stated)

The subsidiaries on the company financial statements are valued at cost less any impairment losses. During the period January 1, 2006 to June 30, 2006 an impairment loss of EURO 306 was recognized.

### **2. *Basis of Preparation of Financial Statements***

These consolidated and company financial statements (hereinafter referred to as “Financial Statements”) have been prepared under the historical cost convention as modified for certain assets and liabilities to current values and based on the going concern principle for the group.

The Financial Statements have been prepared according to International Financial Reporting Standards (IFRS) that are prescribed by the International Accounting Standards Board (IASB) and which have been adopted by the European Union. The Financial Statements for the Six-Months Period ended on June 30, 2006 have been prepared according to IAS 34 “Interim Financial Statements”. This quarterly report has not been audited. The operating results for the interim periods are not necessarily indicative of the results to be expected for a full year.

The Company prepared for the first time Financial Statements according to International Financial Reporting Standards” with transition date January 1, 2004 applying IFRS 1 “First-time Adoption of International Financial Reporting Standards”. There are no Standards adopted prospectively.

### **3. *Significant Accounting Policies***

The principal accounting policies adopted in the preparation of these interim Financial Statements are those accounting policies adopted for the preparation of the annual Financial Statements for the year ended on December 31, 2005.

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.

The seasonality in the company’s business may positively impact the sales and the results of operations for the periods of the second and third three-months period of the year.

### **4. *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.

## **F.G. EUROPE S.A.**

### **Notes to the interim Financial Statements (Company and Consolidated)**

**For the Six-Months Period ended June 30, 2006**

(All amounts in Euro thousands unless otherwise stated)

The segment results of the business segments for the Six-Months Periods ended June 30, 2006 and 2005 are presented below:

<b>Six-Months Period ended June 30, 2006</b>	<b>Long Living Consumer Goods</b>	<b>Mobile Telephony</b>	<b>Other</b>	<b>Total</b>	<b>Intercompany elimination</b>	<b>Group</b>
Sales revenues.....	33.333	45.564	2.353	81.250	(1.657)	79.593
Less: Cost of sales.....	(23.759)	(45.409)	(1.810)	(70.978)	1.432	(69.546)
<b>Gross profit.....</b>	<b><u>9.574</u></b>	<b><u>155</u></b>	<b><u>543</u></b>	<b><u>10.272</u></b>	<b><u>(225)</u></b>	<b><u>10.047</u></b>
Other operating income.....	605	309	89	1.003	-	1.003
Distribution expenses.....	(5.984)	(225)	(241)	(6.450)	224	(6.226)
Administrative expenses.....	(1.108)	(46)	(78)	(1.232)	2	(1.230)
Other operating expenses.....	(10)	-	(11)	(21)	-	(21)
<b>Profit from operations.....</b>	<b><u>3.077</u></b>	<b><u>193</u></b>	<b><u>302</u></b>	<b><u>3.572</u></b>	<b><u>1</u></b>	<b><u>3.573</u></b>
Finance costs (net).....	(675)	(7)	(29)	(711)	306	(405)
<b>Profits before tax.....</b>	<b><u>2.402</u></b>	<b><u>186</u></b>	<b><u>273</u></b>	<b><u>2.861</u></b>	<b><u>307</u></b>	<b><u>3.168</u></b>
Income tax expense.....	(800)	(55)	(156)	(1.011)	-	(1.011)
<b>Net profit.....</b>	<b><u>1.602</u></b>	<b><u>131</u></b>	<b><u>117</u></b>	<b><u>1.850</u></b>	<b><u>307</u></b>	<b><u>2.157</u></b>

<b>Six-Months Period ended June 30, 2005</b>	<b>Long Living Consumer Goods</b>	<b>Mobile Telephony</b>	<b>Other</b>	<b>Total</b>	<b>Intercompany elimination</b>	<b>Group</b>
Sales revenues.....	21.580	51.200	1.249	74.029	(979)	73.050
Less: Cost of sales.....	(14.573)	(51.004)	(1.017)	(66.594)	594	(66.000)
<b>Gross profit.....</b>	<b><u>7.007</u></b>	<b><u>196</u></b>	<b><u>232</u></b>	<b><u>7.435</u></b>	<b><u>(385)</u></b>	<b><u>7.050</u></b>
Other operating income.....	888	316	382	1.586	(280)	1.306
Distribution expenses.....	(3.421)	(207)	(291)	(3.919)	596	(3.323)
Administrative expenses.....	(1.660)	(277)	(180)	(2.117)	2	(2.115)
Other operating expenses.....	(54)	-	(73)	(127)	-	(127)
<b>Profit from operations.....</b>	<b><u>2.760</u></b>	<b><u>28</u></b>	<b><u>70</u></b>	<b><u>2.858</u></b>	<b><u>(67)</u></b>	<b><u>2.791</u></b>
Finance costs (net).....	(1.627)	(9)	(50)	(1.686)	282	(1.404)
<b>Profits before tax.....</b>	<b><u>1.133</u></b>	<b><u>19</u></b>	<b><u>20</u></b>	<b><u>1.172</u></b>	<b><u>215</u></b>	<b><u>1.387</u></b>
Income tax expense.....	(556)	(9)	(8)	(573)	-	(573)
<b>Net profit.....</b>	<b><u>577</u></b>	<b><u>10</u></b>	<b><u>12</u></b>	<b><u>599</u></b>	<b><u>215</u></b>	<b><u>814</u></b>

## **F.G. EUROPE S.A.**

### **Notes to the interim Financial Statements (Company and Consolidated)**

**For the Six-Months Period ended June 30, 2006**

(All amounts in Euro thousands unless otherwise stated)

Respectively, the allocation of assets and liabilities to the business segments as of June 30, 2006 and December 31, 2005 is as follows:

June 30, 2006	Long Living Consumer Goods	Mobile Telephony	Other	Total	Intercompany elimination	Group
Property, plant and equipment and intangible assets.....	404	40	3.172	3.616	-	3.616
Other long term assets.....	847	28	314	1.189	(297)	892
Inventories.....	40.337	594	51	40.982	-	40.982
Other investments.....	454	21	-	475	-	475
Receivables and prepaid expenses.....	56.553	4	443	57.000	(227)	56.773
Cash and cash equivalents.....	8.738	50	314	9.102	-	9.102
<b>Total assets</b>	<b><u>107.333</u></b>	<b><u>737</u></b>	<b><u>4.294</u></b>	<b><u>112.364</u></b>	<b><u>(524)</u></b>	<b><u>111.840</u></b>
Long term borrowings.....	30.425	170	-	30.595	-	30.595
Other long term liabilities.....	798	66	1.315	2.179	(297)	1.882
Short term borrowings.....	8.713	50	593	9.356	-	9.356
Short term portion of long term debt.....	7.828	45	-	7.873	-	7.873
Current tax liabilities.....	-	-	176	176	-	176
Trade and other payables.....	35.572	2.999	574	39.145	(227)	38.918
<b>Total liabilities</b>	<b><u>83.336</u></b>	<b><u>3.330</u></b>	<b><u>2.658</u></b>	<b><u>89.324</u></b>	<b><u>(524)</u></b>	<b><u>88.800</u></b>

  

June 30, 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
Other long term assets.....	807	99	365	1.271	(297)	974
Inventories.....	25.821	522	106	26.449	6	26.455
Other investments.....	467	10	-	477	-	477
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
<b>Total assets</b>	<b><u>85.925</u></b>	<b><u>2.555</u></b>	<b><u>5.581</u></b>	<b><u>94.061</u></b>	<b><u>(1.938)</u></b>	<b><u>92.123</u></b>
Long term borrowings.....	34.965	750	-	35.715	-	35.715
Other long term liabilities.....	444	36	1.349	1.829	(297)	1.532
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
Current tax liabilities.....	-	-	98	98	-	98
Trade and other payables.....	8.099	802	1.837	10.738	(1.647)	9.091
<b>Total liabilities</b>	<b><u>66.752</u></b>	<b><u>2.086</u></b>	<b><u>4.380</u></b>	<b><u>73.218</u></b>	<b><u>(1.944)</u></b>	<b><u>71.274</u></b>

## **F.G. EUROPE S.A.**

### **Notes to the interim Financial Statements (Company and Consolidated)**

**For the Six-Months Period ended June 30, 2006**

(All amounts in Euro thousands unless otherwise stated)

#### **5. Break down of expenses**

The main categories of expenses are analyzed as follows:

	<b>Consolidated</b>				<b>Company</b>			
	<b>Six-Months Period ended June 30,</b>		<b>Three-Months Period ended June 30,</b>		<b>Six-Months Period ended June 30,</b>		<b>Three-Months Period ended June 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Personnel expenses...	(1.627)	(1.372)	(882)	(780)	(1.593)	(1.260)	(864)	(702)
Third party expenses...	(1.011)	(896)	(548)	(576)	(987)	(982)	(530)	(504)
Supplies.....	(2.093)	(1.342)	(1.690)	(685)	(2.244)	(1.542)	(1.159)	(820)
Taxes and duties.....	(193)	(241)	(97)	(209)	(134)	(228)	(83)	(198)
Various expenses.....	(2.430)	(1.098)	(1.890)	(760)	(2.324)	(1.028)	(1.817)	(694)
Depreciation & amortization.....	(78)	(146)	(45)	(119)	(56)	(48)	(29)	(26)
Provisions.....	(24)	(343)	55	(233)	(24)	(344)	55	(234)
<b>Total</b>	<b><u>(7.456)</u></b>	<b><u>(5.438)</u></b>	<b><u>(5.097)</u></b>	<b><u>(3.362)</u></b>	<b><u>(7.362)</u></b>	<b><u>(5.432)</u></b>	<b><u>(4.427)</u></b>	<b><u>(3.178)</u></b>
Distribution expenses..	(6.226)	(3.323)	(4.549)	(2.011)	(6.208)	(3.632)	(3.856)	(2.094)
Administrative expenses.....	(1.230)	(2.115)	(548)	(1.351)	(1.154)	(1.800)	(571)	(1.084)
<b>Total</b>	<b><u>(7.456)</u></b>	<b><u>(5.438)</u></b>	<b><u>(5.097)</u></b>	<b><u>(3.362)</u></b>	<b><u>(7.362)</u></b>	<b><u>(5.432)</u></b>	<b><u>(4.427)</u></b>	<b><u>(3.178)</u></b>

The personnel expenses are analyzed as follows:

	<b>Consolidated</b>				<b>Company</b>			
	<b>Six-Months Period ended June 30,</b>		<b>Three-Months Period ended June 30,</b>		<b>Six-Months Period ended June 30,</b>		<b>Three-Months Period ended June 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Salaries and wages.....	(1.339)	(1.109)	(723)	(619)	(1.318)	(1.026)	(714)	(564)
Employers' social security contributions..	(260)	(246)	(134)	(145)	(247)	(218)	(125)	(123)
Other compensation...	(1)	(11)	-	(10)	(1)	(9)	-	(8)
Retirement benefits...	(27)	(6)	(25)	(6)	(27)	(7)	(25)	(7)
<b>Total</b>	<b><u>(1.627)</u></b>	<b><u>(1.372)</u></b>	<b><u>(882)</u></b>	<b><u>(780)</u></b>	<b><u>(1.593)</u></b>	<b><u>(1.260)</u></b>	<b><u>(864)</u></b>	<b><u>(702)</u></b>

The reduction in administrative expenses during the Six-months period of 2006 compared to the related Six-months period of 2005 is due to the increased organizational expenses for the first time adoption of IFRS and increased promotional expenses to international institutional investors. Furthermore, in 2006 resources were transferred from administrative to distributional departments according to increased supporting needs arising from increased sales of long living consumer goods. Finally, during the period January 1 to June 30, 2006 the company realized advertising expenses of EURO 1.642 compared to EURO 425 during the related period of 2005 that are included in distribution expenses.

## **F.G. EUROPE S.A.**

### **Notes to the interim Financial Statements (Company and Consolidated)**

**For the Six-Months Period ended June 30, 2006**

(All amounts in Euro thousands unless otherwise stated)

Finance income and expenses are analyzed as follows:

	<b>Consolidated</b>				<b>Company</b>			
	<b>Six-Months Period ended June 30,</b>		<b>Three-Months Period ended June 30,</b>		<b>Six-Months Period ended June 30,</b>		<b>Three-Months Period ended June 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Finance costs:</b>								
Interest and similar expenses.....	(1.623)	(1.264)	(762)	(404)	(1.594)	(1.220)	(748)	(383)
Provisions for impairment of subsidiaries and securities.....	-	-	-	-	(306)	(282)	(284)	(185)
Foreign exchange differences (expense)...	(505)	(1.095)	(435)	(875)	(505)	(1.095)	(435)	(875)
Other.....	-	(7)	-	(7)	-	(7)	-	(7)
<b>Total Finance costs</b>	<b><u>(2.128)</u></b>	<b><u>(2.366)</u></b>	<b><u>(1.197)</u></b>	<b><u>(1.286)</u></b>	<b><u>(2.405)</u></b>	<b><u>(2.604)</u></b>	<b><u>(1.467)</u></b>	<b><u>(1.450)</u></b>
<b>Finance income:</b>								
Interest and similar income.....	635	625	244	316	635	625	244	316
Foreign exchange differences (income)...	1.088	330	980	240	1.087	330	980	240
Other.....	-	7	-	7	-	7	-	7
<b>Total Finance income</b>	<b><u>1.723</u></b>	<b><u>962</u></b>	<b><u>1.225</u></b>	<b><u>563</u></b>	<b><u>1.722</u></b>	<b><u>962</u></b>	<b><u>1.224</u></b>	<b><u>563</u></b>
<b>Finance costs, net</b>	<b><u>(405)</u></b>	<b><u>(1.404)</u></b>	<b><u>27</u></b>	<b><u>(723)</u></b>	<b><u>(683)</u></b>	<b><u>(1.642)</u></b>	<b><u>(243)</u></b>	<b><u>(887)</u></b>

#### **6. Inventories**

Inventories are analyzed as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>June 30, 2006</b>	<b>December 31, 2005</b>	<b>June 30, 2006</b>	<b>December 31, 2005</b>
Merchandise.....	40.982	26.455	40.961	26.343

The cost of inventory for the Three-Months Periods ended June 30, 2006 charged to cost of sales amounts to EURO 67.846 for the Group in 2006 (EURO 66.000 in 2005) and for the Company to EURO 69.099 in 2006 (EURO 66.087 in 2005).

During the period from January 1 to June 30, 2006 the value of inventories was written down by the amount of EURO 92.

#### **7. Receivables and prepayments**

Receivables and prepayments are analyzed as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>June 30, 2006</b>	<b>December 31, 2005</b>	<b>June 30, 2006</b>	<b>December 31, 2005</b>
Customers.....	19.474	18.557	19.489	18.656
Postdated cheques.....	34.426	33.899	34.421	33.890
Notes receivables.....	721	52	721	52
Provision for doubtful accounts.....	(1.161)	(1.137)	(1.161)	(1.137)
<b>Total</b>	<b><u>53.460</u></b>	<b><u>51.371</u></b>	<b><u>53.470</u></b>	<b><u>51.461</u></b>
Other receivables and prepayments.....	3.313	5.474	3.092	5.161
<b>Total</b>	<b><u>56.773</u></b>	<b><u>56.845</u></b>	<b><u>56.562</u></b>	<b><u>56.622</u></b>

# **F.G. EUROPE S.A.**

## **Notes to the interim Financial Statements (Company and Consolidated)**

**For the Six-Months Period ended June 30, 2006**

(All amounts in Euro thousands unless otherwise stated)

### **8. Earnings per share**

The basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares outstanding during the year excluding ordinary shares purchased by the company and held as treasury shares.

	Consolidated				Company			
	Six-Months Period ended June 30,		Three-Months Period ended June 30,		Six-Months Period ended June 30,		Three-Months Period ended June 30,	
	2006	2005	2006	2005	2006	2005	2006	2005
Net profit attributable to shareholders	2.007	751	1.476	630	1.756	739	1.437	559
Weighted average number of shares outstanding	52.726.466	53.189.430	52.726.466	53.189.430	52.726.466	53.189.430	52.726.466	53.189.430
<b>Basic earnings per share (in Euro)</b>	<b><u>0,04</u></b>	<b><u>0,01</u></b>	<b><u>0,03</u></b>	<b><u>0,01</u></b>	<b><u>0,03</u></b>	<b><u>0,01</u></b>	<b><u>0,03</u></b>	<b><u>0,01</u></b>

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 amount of EURO 16.621.200 divided into 166.212 bond with par value of EURO 100. Each bond is convertible into 22 common shares of the Company. The convertible bond is repayable after 3 years.

	Consolidated				Company			
	Six-Months Period ended June 30,		Three-Months Period ended June 30,		Six-Months Period ended June 30,		Three-Months Period ended June 30,	
	2006	2005	2006	2005	2006	2005	2006	2005
Net profit attributable to shareholders	2.007	751	1.476	630	1.756	739	1.437	559
Interest expense related to the convertible bond (net of tax)	289	322	152	78	289	322	152	78
Adjusted net profit attributable to shareholders	<b><u>2.296</u></b>	<b><u>1.073</u></b>	<b><u>1.628</u></b>	<b><u>708</u></b>	<b><u>2.045</u></b>	<b><u>1.061</u></b>	<b><u>1.589</u></b>	<b><u>637</u></b>
Weighted average number of shares outstanding	52.726.466	53.189.430	52.726.466	53.189.430	52.726.466	53.189.430	52.726.466	53.189.430
Number of shares resulting from the conversion of the convertible bond	2.264.130	3.656.664	2.264.130	3.656.664	2.264.130	3.656.664	2.264.130	3.656.664
Adjusted weighted average number of shares outstanding	54.990.596	56.846.094	54.990.596	56.846.094	54.990.596	56.846.094	54.990.596	56.846.094
<b>Diluted earnings per share (in Euro)</b>	<b><u>0,04</u></b>	<b><u>0,02</u></b>	<b><u>0,03</u></b>	<b><u>0,01</u></b>	<b><u>0,04</u></b>	<b><u>0,02</u></b>	<b><u>0,03</u></b>	<b><u>0,01</u></b>

# **F.G. EUROPE S.A.**

## **Notes to the interim Financial Statements (Company and Consolidated)**

**For the Six-Months Period ended June 30, 2006**

(All amounts in Euro thousands unless otherwise stated)

### **9. Cash and cash equivalents**

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

For the fair presentation of the Statement of Cash Flows for the six-months period ended on June 30, 2005, the amount of EURO 4.880 in the section of Cash Flows from financing activities has been reclassified from Share Capital Increase to Proceeds from Short term borrowing. The same reclassification entry was also processed in the Financial Statements of December 31, 2005.

### **10. 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 June 30, 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 and the credit to the share premium account of EURO 1.350 resulting from the premium of the issue price of the bonds.

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.

### **11. 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.

### **12. Borrowings**

The company's borrowings are analyzed as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>June 30, 2006</b>	<b>December 31, 2005</b>	<b>June 30, 2006</b>	<b>December 31, 2005</b>
<b><u>Long term borrowings:</u></b>				
Bonded loan.....	27.472	31.353	27.472	31.353
Convertible bond loan.....	10.996	12.235	10.996	12.235
	<u>38.468</u>	<u>43.588</u>	<u>38.468</u>	<u>43.588</u>
Long term debt payable within the next 12 months.....	(7.873)	(7.873)	(7.873)	(7.873)
<b>Total long term borrowings</b>	<b><u>30.595</u></b>	<b><u>35.715</u></b>	<b><u>30.595</u></b>	<b><u>35.715</u></b>
<b>Short term borrowings</b>	<b><u>9.356</u></b>	<b><u>16.965</u></b>	<b><u>8.762</u></b>	<b><u>15.869</u></b>

## **F.G. EUROPE S.A.**

### **Notes to the interim Financial Statements (Company and Consolidated)**

**For the Six-Months Period ended June 30, 2006**

(All amounts in Euro thousands unless otherwise stated)

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

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

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

On May 3, 2005, three months after the initial existence of conversions the right, 48.840 bonds were converted based on the conversion ratio of 1:22 into 1.074.480 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. The fair values of the loan equal the carrying values.

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 second tranche of EURO 3.936 was paid 18 months after the issue date, while the remaining installments are payable in seven equal tranches every six months until the maturity of the loan.

### ***13. Trade and other payables***

Trade and other payables are analyzed as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>June 30, 2006</b>	<b>December 31, 2005</b>	<b>June 30, 2006</b>	<b>December 31, 2005</b>
Suppliers.....	31.832	4.258	31.698	4.349
Cheques payables postdated.....	3.804	1.657	3.764	1.498
Accrued expenses.....	2.559	1.113	2.510	1.111
Other short term obligations.....	723	2.063	599	1.942
<b>Total</b>	<b><u>38.918</u></b>	<b><u>9.091</u></b>	<b><u>38.571</u></b>	<b><u>8.900</u></b>

For the insurance of realized purchases with its suppliers the company has issued letters of guaranty in favour of domestic suppliers for the amount of EURO 3.050 and in favour of foreign suppliers for the amount of EURO 22.121.

## **F.G. EUROPE S.A.**

### **Notes to the interim Financial Statements (Company and Consolidated)**

**For the Six-Months Period ended June 30, 2006**

(All amounts in Euro thousands unless otherwise stated)

#### **14. 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
• F.G. Logistics S.A.	2003 to 2006
• City Elektrik S.A.	2003 to 2006
• Hydroelectrical Ahaia S.A.	Unaudited from inception (2002)
• Fidakis Service Ltd.	Unaudited from inception (2003)
• Hellenic Eolic Kyliandrias Ltd	Unaudited from inception (2004)

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

	Consolidated				Company			
	Six-Months Period ended June 30,		Three-Months Period ended June 30,		Six-Months Period ended June 30,		Three-Months Period ended June 30,	
	2006	2005	2006	2005	2006	2005	2006	2005
Income tax (current period).....	(552)	(315)	(503)	(259)	(415)	(315)	(460)	(259)
Deferred tax.....	(459)	(258)	(246)	(188)	(441)	(251)	(246)	(181)
<b>Income taxes</b>	<b><u>(1,011)</u></b>	<b><u>(573)</u></b>	<b><u>(749)</u></b>	<b><u>(447)</u></b>	<b><u>(855)</u></b>	<b><u>(566)</u></b>	<b><u>(706)</u></b>	<b><u>(440)</u></b>

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.

#### **15. Post Balance Sheet Events**

There are no events after the balance sheet date of June 30, 2006 that are able to have an impact on the financial condition of the Company or the Group as of the above date or its results of operation or cash flows ended on this date.

#### **16. Capital commitments and Contingencies**

The group has no uncompleted purchasing commitments with its suppliers as of June 30, 2006. The future aggregate minimum lease payments arising from building lease agreements until year 2014 are estimated to amount to EURO 2.073 approximately, while the amount charged to the income statement for the Six-Months period ended June 30, 2006 for lease payments amounted to EURO 247.

## **F.G. EUROPE S.A.**

### **Notes to the interim Financial Statements (Company and Consolidated)**

**For the Six-Months Period ended June 30, 2006**

(All amounts in Euro thousands unless otherwise stated)

#### ***17. Related party transactions***

The Company purchases and provides products and services from and to related parties. The related parties are companies with common shareholding structure and / or management.

Moreover, the members of the Board of Directors and the Directors are also considered related parties.

Sales of company's products to related parties concern primarily sales of merchandise (e.g. spare parts). These transactions are executed at an arms' length conditions. The receipt of services from related parties primarily covers (logistics etc.) as well as after sales service. The table below presents the receivables and obligations as of June 30, 2006 and December 31, 2005 from related parties:

	<b>Company</b>	
	<b>June 30, 2006</b>	<b>December 31, 2005</b>
<b>Receivables from:</b>		
F.G. Logistics S.A.....	300	1.191
Fidakis Service S.A.....	12	219
City Electric S.A.....	1	19
Hellenic Eolic Kyliandrias Ltd.....	212	195
<b>Total</b>	<b><u>525</u></b>	<b><u>1.624</u></b>

  

	<b>Company</b>	
	<b>June 30, 2006</b>	<b>December 31, 2005</b>
<b>Obligations to:</b>		
F.G. Logistics S.A.....	115	243
Fidakis Service S.A.....	4	153
City Electric S.A.....	-	101
<b>Total</b>	<b><u>119</u></b>	<b><u>497</u></b>

The transactions with the related parties for the Six-Months Periods ended June 30, 2006 and 2005 are analyzed as follows:

	<b>Company</b>	
	<b>June 30, 2006</b>	<b>June 30, 2005</b>
<b>Income:</b>		
Lease payments.....		
Inventories.....	12	628
Other.....	2	-
<b>Total</b>	<b><u>14</u></b>	<b><u>628</u></b>

  

	<b>Company</b>	
	<b>June 30, 2006</b>	<b>June 30, 2005</b>
<b>Expenses and purchases:</b>		
Warranties.....	191	121
Inventories.....	169	32
Logistics.....	1.284	192
Third party expenses.....	-	280
<b>Total</b>	<b><u>1.644</u></b>	<b><u>625</u></b>

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

## **F.G. EUROPE S.A.**

### **Notes to the interim Financial Statements (Company and Consolidated)**

**For the Six-Months Period ended June 30, 2006**

(All amounts in Euro thousands unless otherwise stated)

	<b>Company</b>	
	<b>June 30, 2006</b>	<b>June 30, 2005</b>
<b>Compensation and benefits</b>		
Personel expenses.....	631	430
Provision for staff leaving indemnity.....	11	2
<b>Total</b>	<b><u>642</u></b>	<b><u>432</u></b>