

F.G. EUROPE S.A.

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

These Financial Statements have been approved for issue by the Board of Directors of F.G. EUROPE A.E. on June 3, 2005 and have been published on the company website <http://www.fgeurope.gr>.

F.G. EUROPE S.A.
Interim Financial Statements (Company and Consolidated)
As of March 31, 2005

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F.G. EUROPE S.A.

Statement of Income (Company and Consolidated) For the three months period ending March 31, 2005 and 2004 (Unaudited)

(All amounts in Euro thousands unless otherwise stated)

	Consolidated		Company	
Note	1st Quarter 2005	1st Quarter 2004	1st Quarter 2005	1st Quarter 2004
Sales	32.303	44.754	32.285	44.674
Less: Cost of Sales	<u>(30.246)</u>	<u>(42.022)</u>	<u>(29.879)</u>	<u>(42.008)</u>
Gross profit	2.057	2.732	2.406	2.666
Other operating income	941	217	935	230
Distribution expenses	(1.312)	(1.389)	(1.538)	(1.266)
Administrative expenses	(764)	(874)	(716)	(848)
Other operating expenses	<u>(26)</u>	<u>(1)</u>	<u>(26)</u>	<u>(1)</u>
Profit from operations	896	685	1.061	781
Finance costs (net)	(681)	(207)	(755)	(235)
Profit before tax	215	478	306	546
Income tax expense	6 <u>(126)</u>	<u>(174)</u>	<u>(126)</u>	<u>(174)</u>
Net profit	89	304	180	372
Allocated as follows:				
Shareholders of parent company	121	301		
Minority interest	<u>(32)</u>	<u>3</u>		
Net profit	89	304		
Basic earnings per share (expressed in Euros)	7 <u>0,00</u>	<u>0,01</u>	<u>0,00</u>	<u>0,01</u>

The attached Notes to the Financial Statements are an integral part of this Statement of Income.

F.G. EUROPE S.A.
Balance Sheet (Company and Consolidated)
As of March 31, 2005 and December 31, 2004
(Unaudited)

(All amounts in Euro thousands unless otherwise stated)

	Note	Consolidated		Company	
		March 31, 2005	December 31, 2004	March 31, 2005	December 31, 2004
ASSETS					
Non-current assets					
Property, plant and equipment	8	3.391	3.501	329	349
Intangible assets		159	16	12	13
Investments in associates		34	34	875	822
Long term receivables		100	107	81	87
Deferred tax assets		299	345	298	346
		<u>3.983</u>	<u>4.003</u>	<u>1.595</u>	<u>1.617</u>
Current assets					
Inventories	9	33.599	30.070	33.173	29.648
Assets held for sale		365	393	365	393
Receivables and prepayments	10	43.787	48.620	43.682	48.372
Cash and cash equivalents	11	9.587	15.361	9.435	15.087
		<u>87.338</u>	<u>94.444</u>	<u>86.655</u>	<u>93.500</u>
Total assets		<u>91.321</u>	<u>98.447</u>	<u>88.250</u>	<u>95.117</u>
SHAREHOLDERS' EQUITY					
Shareholders equity allocated to the shareholders of the parent company					
Share capital	12	15.956	15.956	15.956	15.956
Share premium	13	819	819	819	819
Reserves	14	3.746	3.774	2.816	2.844
Retained earnings	15	(309)	(430)	852	672
		<u>20.212</u>	<u>20.119</u>	<u>20.443</u>	<u>20.291</u>
Minority interest		405	437	-	-
Total shareholders' equity		<u>20.617</u>	<u>20.556</u>	<u>20.443</u>	<u>20.291</u>
LIABILITIES					
Non-current liabilities					
Borrowings	17	40.060	47.722	40.060	47.722
Retirement benefit obligations	16	236	228	159	151
Deferred state subsidies		561	566	-	-
Provisions		126	94	126	94
Deferred tax liabilities		157	133	147	123
		<u>41.140</u>	<u>48.743</u>	<u>40.492</u>	<u>48.090</u>
Current liabilities					
Borrowings	17	2.158	8.254	691	6.791
Short term portion of long term borrowings	17	7.873	2.010	7.873	2.010
Current tax liabilities		1.422	1.366	1.422	1.366
Trade and other payables	18	18.111	17.518	17.329	16.569
		<u>29.564</u>	<u>29.148</u>	<u>27.315</u>	<u>26.736</u>
Total liabilities		<u>70.704</u>	<u>77.891</u>	<u>67.807</u>	<u>74.826</u>
Total equity and liabilities		<u>91.321</u>	<u>98.447</u>	<u>88.250</u>	<u>95.117</u>

The attached notes are an integral part of this balance sheet.

F.G. EUROPE S.A.
Statement of Changes in Shareholders' Equity (Consolidated)
For the three months period ending March 31, 2005 and 2004
(Unaudited)

(All amounts in Euros thousands unless otherwise stated)

Consolidated

	Share capital	Share premium	Legal reserve	Assets value adjustments	Investment subsidies	Fair value reserves	Special tax reserves	Consolidation differences (goodwill)	Retained Earnings	Total	Minority interest	Total Shareholders; equity
Balance at January 1, 2004 according to Greek GAAP	15.956	819	738	230	307	-	2.056	(707)	(2.088)	17.311	461	17.772
IFRS adjustments	-	-	-	(230)	(307)	-	730	707	629	1.529	-	1.529
Balance at January 1, 2004 according to IFRS	15.956	819	738	-	-	-	2.786	-	(1.459)	18.840	461	19.301
Net profit for the period	-	-	-	-	-	-	-	-	301	301	3	304
Net fair value changes in available for sale securities, net of tax	-	-	-	-	-	(9)	-	-	-	(9)	-	(9)
Balance at March 31, 2004	<u>15.956</u>	<u>819</u>	<u>738</u>	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>2.786</u>	<u>-</u>	<u>(1.158)</u>	<u>19.132</u>	<u>464</u>	<u>19.596</u>
Balance at January 1, 2005	15.956	819	958	-	-	30	2.786	-	(430)	20.119	437	20.556
Net profit for the period	-	-	-	-	-	-	-	-	121	121	(32)	89
Net fair value changes in available for sale securities	-	-	-	-	-	(28)	-	-	-	(28)	-	(28)
Balance at March 31, 2005	<u>15.956</u>	<u>819</u>	<u>958</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2.786</u>	<u>-</u>	<u>(309)</u>	<u>20.212</u>	<u>405</u>	<u>20.617</u>

The attached Notes to the Financial Statements are an integral part of this Statement of Changes in Shareholders' Equity.

F.G. EUROPE S.A.
Statement of Changes in Shareholders' Equity (Company)
For the three months period ending March 31, 2005 and 2004
(Unaudited)

(All amounts in Euro thousands unless otherwise stated)

Company

	Share capital	Share premium	Legal reserve	Asset value adjustments	Investment subsidiaries	Fair value reserves	Special tax reserves	Consolidation Differences (Goodwill)	Retained earnings	Total	Minority interest	Total shareholders' equity
Balance at January 1, 2004 according to Greek GAAP	15.956	819	738	230	-	-	1.126	-	328	19.197	-	19.197
IFRS adjustments	-	-	-	(230)	-	-	730	-	(694)	(194)	-	(194)
Balance at January , 2004 according to IFRS	15.956	819	738	-	-	-	1.856	-	(366)	19.003	-	19.003
Net profit for the period	-	-	-	-	-	-	-	-	372	372	-	372
Net fair value changes in available for sale securities, net of tax	-	-	-	-	-	(9)	-	-	-	(9)	-	(9)
Balance at March 31, 2004	<u>15.956</u>	<u>819</u>	<u>738</u>	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>1.856</u>	<u>-</u>	<u>6</u>	<u>19.366</u>	<u>-</u>	<u>19.366</u>
Balance at January 1, 2005	15.956	819	958	-	-	30	1.856	-	672	20.291	-	20.291
Net profit for the period	-	-	-	-	-	-	-	-	180	180	-	180
Net fair value changes in available for sale securities, net of tax	-	-	-	-	-	(28)	-	-	-	(28)	-	(28)
Balance at March 31, 2005	<u>15.956</u>	<u>819</u>	<u>958</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>1.856</u>	<u>-</u>	<u>852</u>	<u>20.443</u>	<u>-</u>	<u>20.443</u>

The attached Notes to the Financial Statements are an integral part of this Statement of Changes in Shareholders' Equity.

F.G. EUROPE S.A.
Statement of Cash Flow (Company and Consolidated)
For the three months period ending March 31, 2005 and 2004
(Unaudited)

(All amounts in Euro thousands unless otherwise stated)

	Consolidated		Company		
	1 st quarter 2005	1 st quarter 2004	1 st quarter 2005	1 st quarter 2004	
	Note				
Cash flow from operating activities					
Profit before tax (and minority interest)		215	478	306	546
Add / (less) adjustments for:					
Depreciation		62	28	22	22
Government grants recognized		(5)	-	-	-
Impairment of assets		50	-	147	28
Exchange differences		130	111	130	111
Provisions		32	-	32	0
Employee benefits		8	-	8	-
Result of investment activity		(309)	(322)	(309)	(322)
Interest and similar expenses		860	418	860	418
		<u>1.043</u>	<u>713</u>	<u>1.196</u>	<u>803</u>
Operating result before changes in working capital					
Add / (less) adjustments for changes in working capital items					
(Increase) / decrease in receivables and prepayments		4.833	16.293	4.690	15.830
(Increase) / decrease in inventories		(3.579)	(4.473)	(3.575)	(4.485)
Increase / (decrease) in trade and other payables		291	342	458	588
(Increase) / decrease in long term receivables		7	-	6	-
		<u>2.595</u>	<u>12.875</u>	<u>2.775</u>	<u>12.736</u>
Total cash inflow / (outflow) from operating activities					
Interest and similar expenses paid		(216)	(385)	(216)	(385)
		<u>2.379</u>	<u>12.490</u>	<u>2.559</u>	<u>12.351</u>
Total net inflow / (outflow) from operating activities					
Cash flow from investing activities					
Interest received		49	7	49	7
Acquisition of subsidiary		-	-	(150)	-
Purchase of PPE and intangible assets		(96)	(171)	-	(27)
		<u>(47)</u>	<u>(164)</u>	<u>(101)</u>	<u>(20)</u>
Total net cash inflow / (outflow) from investing activities					
Cash flow from financing activities					
Repayments of borrowings		(8.106)	(12.410)	(8.110)	(12.410)
		<u>(8.106)</u>	<u>(12.410)</u>	<u>(8.110)</u>	<u>(12.410)</u>
Total net cash inflow / (outflow) from financing activities					
Net increase / (decrease) in cash and cash equivalents		(5.774)	(84)	(5.652)	(79)
Cash and cash equivalents at beginning of period		<u>15.361</u>	<u>1.873</u>	<u>15.087</u>	<u>1.808</u>
Cash and cash equivalents at end of period		<u>9.587</u>	<u>1.789</u>	<u>9.435</u>	<u>1.729</u>

The attached Notes to the Financial Statements are an integral part of this Statement of Cash Flow.

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Notes to the Financial Statements (Company and Consolidated)

As at March 31, 2005

(Unaudited)

(All amounts in Euro thousand unless otherwise stated)

1. Incorporation and Business of the Group

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

- The company in the import and wholesale of all types of air conditioners, all types of white electrical appliances and in the wholesale of products and services of mobile telephony.
- The subsidiaries cover supplementary fields like after sales services, logistics, etc. while Hydroelectrical Achaias S.A. and Hellenic Eoliki kyliandrias Ltd. Activate in the energy production sector.

The company and the group are domiciled in the municipality of Glyfada, Greece and occupy a total of 107 employees. The address of the registered office is as follows: 128, Vouliagmenis Ave., GR-16674 Glyfada, Greece.

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

The company’s and group’s financial statements for the three months period ending on March 31, 2005 have been approved by the Board of Directors on its meeting on June 3, 2005.

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

<u>Name of subsidiary</u>	<u>Business</u>	Stake as of March 31, 2005
• FIDAKIS SERVICE S.A.	After sales service	100%
• FIDAKIS LOGISTICS S.A.	Logistics	100%
• CITY ELECTRIK S.A.	Retail sales	100%
• HYDROELECTIRCAL ACHAIAS S.A..	Energy production	55.25%
• FIDAKSI SERVICE Ltd.	After sales service	100%
• F.G. ITALIA S.p.A.	Sales promotion – logistics	98%
• ΕΛΛΗΝΙΚΗ ΑΙΟΛΙΚΗ ΚΥΛΙΝΔΡΙΑΣ Μ.Ε.Π.Ε.	Wind energy	100%

2. Basis of Preparation of Financial Statements

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

2.2 First time adoption of International Financial Reporting Standards: According to European Legislation 1606/2002 and based on Law 3229/2004 (as amended by Law 3301/2004) the Greek companies listed on any Stock Exchange of the European Union have to prepare their financial statements for the years beginning from January 1, 2005 and afterwards according to IFRS. According to IFRS 1 and the above mentioned Greek legislation these companies have to present comparative information for at least one previous year (December 31, 2004).

These Financial Statements have been prepared according to International Financial Reporting Standards (IFRS) in accordance with the rules of the International Accounting

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(Unaudited)

(All amounts in Euro thousand unless otherwise stated)

Standards Board (IASB), London, and the interpretation of the Standing Interpretations Committee (SIC) adopted by the European Union.

These consolidated Financial Statements are based on the Financial Statements prepared by the Group according to Greek legislation adjusted with the appropriate out of book entries in order to comply with IFRS.

3. Significant Accounting Policies

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

3.1 Basis of Consolidation: The consolidated financial statements include the accounts of the parent company and all subsidiaries which the parent company has control of. Control is presumed to exist when the parent company has the power to control the financial and operating policies of the subsidiary so as to obtain benefits from its activities. The financial statements of subsidiaries are prepared on the same reporting date with those of the parent, using consistent accounting policies. Appropriate adjustments are made when necessary to ensure consistency in accounting policies used. Intercompany balances and transactions and any intercompany profit or loss on assets remaining within the Group are eliminated in the consolidated financial statements. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The acquisition of subsidiaries is accounted for using the purchase method of accounting that measures the acquirer's assets and liabilities at their fair value at the date of acquisition. The individual assets, liabilities and contingent liabilities acquired during a business combination are valued at the time of acquisition at fair values independent of the percentage of participation. The cost exceeding the fair value of the acquisition is recorded as goodwill. If the total cost is below the fair value of the assets and liabilities the difference is charged directly to income.

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

Dividends received from an investee reduce the carrying amount of the investment.

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

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(Unaudited)

(All amounts in Euro thousand unless otherwise stated)

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

- 3.2 Use of Estimates:** The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Using the available information and the implementation of subjective evaluation are necessary in order to conduct forecasts. Actual results may differ from estimates and deviations can have serious impacts on the Financial Statements.
- 3.3 Foreign currency translation:** The Company'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 to reflect the current exchange rates. Gains or losses resulting from year end foreign currency remeasurement are reflected in the consolidated statements of income.
- 3.4 Goodwill:** Goodwill is the excess of the purchase price over the fair value of net identifiable assets acquired in business combinations accounted for as a purchase. Prior to December 31, 2003, goodwill was amortized on a straight-line basis. As of January 1, 2004, goodwill is no longer amortized, but is instead tested for impairment at least annually. The goodwill impairment test is a process required by IAS 36 "Impairment of assets". Thus, after initial recognition, goodwill is measured at cost less any accumulated impairment losses. An impairment loss recognized for goodwill shall not be reversed in a subsequent period. Goodwill on acquisitions of subsidiaries is presented as an intangible asset. Goodwill on acquisitions of associates is included in investments in associates.
- 3.5 Property, plant and equipment:** Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

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

The carrying values of property, plant and equipment are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. When the carrying amount of the asset exceeds the estimated recoverable amount an impairment loss is recognized and the asset is written down to its recoverable amount. The recoverable amount is the greater of 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.

- 3.6 Depreciation:** Depreciation is computed based on the straight-line method at rates, which approximate average economic useful lives. The useful lives assumed are set out below:

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(Unaudited)

(All amounts in Euro thousand unless otherwise stated)

	<u>Years of useful life</u>
▪ Buildings on leased assets	7 – 50
▪ Plant and equipment	7 – 25
▪ Furniture and fixture	4 – 7
▪ Vehicles	7 – 9
▪ Intangible assets	4 – 5

Leasehold improvements are amortized over the term of the lease.

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

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

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

- 3.8 *Income tax:*** Income Tax 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 presented in the statements of income, except for the tax that is related to transactions accounted directly to equity. In the latter case, the tax is also accounted directly to equity.

Current income taxes are recognized based on taxable income of the period, in accordance with the Greek tax laws and the laws of the other countries where the consolidated subsidiaries are incorporated at balance sheet date in addition to any additional taxes imposed in the current period that relate to prior periods. The current income tax is based on taxable profits of the Group companies adjusted according to the requirements of tax legislation and is calculated with the current tax rate in force.

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.

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(Unaudited)

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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 income 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 current tax assets and obligations are valued at the amount expected to be paid to the tax authorities (or to be reimbursed from them), using the tax rates (and laws) passed or substantially passed as of the balance sheet date.

3.9 Cash and cash equivalents: For purposes of the consolidated statements of cash flows, time deposits and other highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

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

- **Sale of goods:** Sales of goods are recognized when a Group entity has delivered products to the customer; the customer has accepted the products; and collectibility of the related receivables is reasonably assured.
- **Sale of services:** Sales of 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:** Is recognized on a time-proportion basis using the effective interest method.
- **Dividend income:** Is recognized at the period approved by each entity's General Assembly Meeting.

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

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

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

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Notes to the Financial Statements (Company and Consolidated)

As at March 31, 2005

(Unaudited)

(All amounts in Euro thousand unless otherwise stated)

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

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

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

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

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

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

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

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

3.18 Receivables – provision for doubtful accounts: Accounts Receivable are recognized and carried at original invoiced amount. Subsequently they are reduced for any uncollectible amounts that there is a certainty about not receiving them. At each reporting period/date, all accounts receivable are assessed based on historical trends and statistical information

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and a provision is recorded for the probable and reasonably estimated loss for these accounts. The balance of such allowance for doubtful accounts is adjusted by recording a charge to the consolidated statement of income of the reporting period. Any amount written-off with respect to customer account balances is charged against the existing allowance for doubtful accounts. All accounts receivable for which collection is not considered probable are written-off.

3.19 Impairment of assets: The fixed assets and other non current assets (including Goodwill of intangible assets) are reviewed to determine whether there is an indication if impairment and the carrying amount is not recoverable. An impairment loss is recognized in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its net selling price and value in use. The net selling price represents the possible proceeds from the sale of an asset in an arms length transaction, after deduction of any addition direct cost for the sale of the asset, while value in use represents the discounted future net cash flows from the continuing use and ultimate disposal of an asset. If the company is not able to assess the recoverable amount of an asset for which an indication of impairment exists, then the recoverable amount is determined through the cash flows generated in the unit in which this asset is used.

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

3.21 Asset retirement obligations: According to IAS 16 "Property, plant and equipment" the Group recognizes the costs related to asset retirement obligations in the period in which they are generated if a reasonable estimate of a fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset.

3.22 Intangible assets: Intangible assets acquired separately are capitalized at cost whereas intangible assets acquired through a business transaction are capitalized at fair value as at the date of acquisition. Subsequently, they are valued at that amount less accumulated amortization and accumulated impairment losses. The useful life of the intangible assets are assessed to be either finite or indefinite. The cost of intangible assets with a finite useful life is amortized with the straight-line method over their estimated useful life. The cost of intangible assets with an indefinite useful life is not amortized. No residual values are recognized. The useful life of the intangible assets are reviewed on an annual basis, and possible adjustments are made prospectively. Intangible assets are tested for impairment at least annually in an individualized level or in a level of generating cash flow.

3.22 External costs of borrowing: Underwriting, legal and other direct costs incurred in connection with the issuance of long-term debt adjust the carrying amount of the liability and are amortized using the effective interest rate method over the life of the debt. All borrowing costs are recognized as an expense when incurred.

3.23 Borrowings: All loans and borrowings are initially recognized at fair value, net of issue costs associated with the borrowing. After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses through the amortization process are recognized in the income statement.

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The Group's management estimates that the interest rates applicable to these borrowings reflect the current market interest rates and therefore the value of these liabilities reflect its fair value and is not adjusted.

Any difference between the borrowing value (except their respective initial cost) and the repayment value is recognized in the income statement during the borrowing period.

3.24 Provisions: Provisions are recognized when the Group has a present obligation (legal or accrued) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be calculated. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase of the provision due to the passage of time is recognized as a borrowing cost. Provisions are reviewed at each balance sheet date and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed. Provisions are used only for expenditures for which they were originally recognized. Provisions are not recognized for future operating losses. Contingent assets and contingent liabilities are not recognized.

The Group recognizes provisions for loss contracts if the expected benefits deriving from these contracts are less than the related cost of executing these contracts.

3.25 Segment Reporting: IAS 14 "Segment Reporting" sets criteria for the determination of the segment reporting format of the entity. Segments are determined based on 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.

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4. *Disclosures of transition to IFRS*

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

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

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

The necessary adjustments are primarily related to:

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

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

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

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

	Consolidated March 31, 2004	Company March 31, 2004
Profit (before tax and minority interest) as previously reported according to Greek GAAP	125	223
Adjustments of International Financial Reporting Standards		
Value adjustment in associates	-	(29)
Reversal of depreciation of capitalized expenses according to Greek GAAP	99	99
Recognition of foreign currency translation differences during the related period	(61)	(61)
Fair value recognition of revenues	315	315
Income tax provision for the period	(67)	(67)
Deferred income tax	(107)	(107)
Other adjustments	(3)	(1)
Total adjustments	176	149
Net profit (after taxes and minority interest) according to International Financial Reporting Standards	301	372

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5. Segment reporting

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

The segment results of the business segments for the three month period ending March 31, 2005 and 2004 are presented below:

March 31, 2005	Air conditioners	White electrical appliances	Mobile Telephony	Other	Total	Intercompany elimination	Consolidated
Sales revenues	6.204	1.271	24.786	457	32.718	(415)	32.303
Less: Cost of sales	(4.248)	(958)	(24.648)	(535)	(30.389)	143	(30.246)
Gross profit	1.956	313	138	(78)	2.329	(272)	2.057
Other operating income	751	20	164	6	941	-	941
Distribution expenses	(1.143)	(290)	(105)	(39)	(1.577)	265	(1.312)
Administrative expenses	(303)	(182)	(230)	(50)	(765)	1	(764)
Other operating expenses	(26)	-	-	-	(26)	-	(26)
Profit from operations	1.235	(139)	(33)	(161)	902	(6)	896
Financial costs (net)	(686)	(49)	(18)	(25)	(778)	97	(681)
Profit before tax	549	(188)	(51)	(186)	124	91	215
Income tax expense	(126)	-	-	-	(126)	-	(126)
Net profit	423	(188)	(51)	(186)	(2)	91	89

March 31, 2004	Air conditioners	White electrical appliances	Mobile Telephony	Other	Total	Intercompany elimination	Consolidated
Sales revenues	7.470	1.120	36.057	148	44.795	(41)	44.754
Less: Cost of sales	(4.901)	(855)	(36.198)	(117)	(42.071)	49	(42.022)
Gross profit	2.569	265	(141)	31	2.724	8	2.732
Other operating income	24	18	186	3	231	(14)	217
Distribution expenses	(873)	(276)	(117)	(134)	(1.400)	11	(1.389)
Administrative expenses	(374)	(239)	(235)	(21)	(869)	(5)	(874)
Other operating expenses	(1)	-	-	-	(1)	-	(1)
Profit from operations	1.345	(232)	(307)	(121)	685	-	685
Financial costs (net)	(210)	(3)	(19)	(3)	(235)	28	(207)
Profit before tax	1.135	(235)	(326)	(124)	450	28	478
Income tax expense	(174)	-	-	-	(174)	-	(174)
Net profit	961	(235)	(326)	(124)	276	28	304

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

March 31, 2005	Air conditioners	White electrical appliances	Mobile Telephony	Other	Total	Intercompany elimination	Consolidated
Property, plant and equipment and intangible assets	111	157	74	3.208	3.550	-	3.550
Other long term assets	134	190	89	20	433	-	433
Inventories	28.560	1.192	2.850	997	33.599	-	33.599
Other investments	315	36	11	3	365	-	365
Receivables and prepaid expenses	31.736	5.921	5.756	1.179	44.592	(805)	43.787

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Cash and cash equivalents	7.543	867	938	239	9.587	-	9.587
Total assets	68.399	8.363	9.718	5.646	92.126	(805)	91.321
Long term borrowings	34.515	3.966	1.178	401	40.060	-	40.060
Other long term liabilities	140	199	94	647	1.080	-	1.080
Short term borrowings	1	10	680	1.467	2.158	-	2.158
Short term portion of long term debts	6.783	780	232	78	7.873	-	7.873
Current tax liabilities	-	1.422	-	-	1.422	-	1.422
Trade and other payables	7.321	2.347	6.748	2.500	18.916	(805)	18.111
Total liabilities	48.760	8.724	8.932	5.093	71.509	(805)	70.704

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

6. 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 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:

	Years
• F.G. EUROPE S.A.	2003 to 2005
• FIDAKIS SERVICE S.A.	1999 to 2005
• FIDAKIS LOGISTICS S.A.	2003 to 2005
• CITY ELECTRIK S.A.	2003 to 2005

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- HYDROELECTRICAL ACHAIAS S.A. Unaudited from inception (2002)
- FIDAKIS SERVICE LTD Unaudited from inception (2003)
- F.G. ITALIA S.p.A. Unaudited from inception (2004)
- HELLENIC EOLIKI KYLINDRIAS LTD Unaudited from inception (2004)

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

	Consolidated		Company	
	March 31, 2005	March 31, 2004	March 31, 2005	March 31, 2004
Income tax (current period)	(56)	(67)	(56)	(67)
Deferred tax	(70)	(107)	(70)	(107)
Income tax	(126)	(174)	(126)	(174)

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

7. Earnings per share

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

	Consolidated		Company	
	March 31, 2005	March 31, 2004	March 31, 2005	March 31, 2004
Net profit attributable to shareholders	121	301	180	372
Weighted average number of shares outstanding	53.187.840	53.187.840	53.187.840	53.187.840
Basic earnings per share (in Euro)	0,00	0,01	0,00	0,01

8. 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, 2004							
Value at cost	5	2.093	879	240	852	11	4.080
Accumulated depreciation	-	(15)	(7)	(48)	(509)	-	(579)
Net book value	5	2.078	872	192	343	11	3.501
January 1, 2005							
Additions	-	-	427	1	1	-	429
Disposals / transfers	-	(474)	-	-	(62)	(1)	(537)
Depreciation	-	(18)	(13)	(5)	(19)	-	(55)
Depreciation of disposals	-	-	-	-	53	-	53
March 31, 2005							
Value at cost	5	1.619	1.306	241	791	10	3.972
Accumulated depreciation	-	(33)	(20)	(53)	(475)	-	(581)
Net book value	5	1.586	1.286	188	316	10	3.391

It is noted that fixed assets are not pledged.

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9. Inventories

Inventories are analyzed as follows:

	Consolidated		Company	
	March 31, 2005	December 31, 2004	March 31, 2005	December 31, 2004
Merchandise	12.844	14.243	12.418	13.821
Prepayments for the purchase of merchandise	20.755	15.827	20.755	15.827
Total	33.599	30.070	33.173	29.648

The cost of inventory charged to cost of sales amounts to EURO 30.246 (EURO 42.022 in 2004).

10. Receivables and prepayments

Receivables and prepayments are analyzed as follows:

	Consolidated		Company	
	March 31, 2005	December 31, 2004	March 31, 2005	December 31, 2004
Customers	12.115	8.117	12.544	8.254
Postdated cheques	31.799	39.001	31.782	38.905
Notes receivables	114	104	114	104
Provision for doubtful accounts	(1.670)	(1.670)	(1.670)	(1.670)
	42.358	45.552	42.770	45.593
Other receivables	1.429	3.068	912	2.779
Total	43.787	48.620	43.682	48.372

All receivables are short term and are not discounted as of the balance sheet date.

11. Cash and cash equivalents

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

12. Share capital

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

13. Share premium

The share premium has been accumulated in previous periods and amounts to EURO 819 as of March 31, 2005.

14. Reserves

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 $\frac{1}{3}$ 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.

15. Dividends

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

It is noted that the annual general assembly of shareholders held on May 18, 2005 approved the dividend distribution of EURO 1.596.

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16. 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 (other than those with more than 15 years of service) 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 independent actuarial study.

17. Borrowings

The company's borrowings are analyzed as follows:

	Consolidated		Company	
	March 31, 2005	December 31, 2004	March 31, 2005	December 31, 2004
Long term borrowings				
Bonded loan	31.178	33.157	31.178	33.157
Convertible bond loan	16.755	16.575	16.755	16.575
	47.933	49.732	47.933	49.732
Long term debt payable within the next 12 months	(7.873)	(2.010)	(7.873)	(2.010)
	40.060	47.722	40.060	47.722
Short term borrowings	2.158	8.254	691	6.791

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 and amounts to 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).

Furthermore, based on the decision of the Board of Directors of July 6, 2004 the company issued a straight bond loan according to the provisions of Law 3156/2003 for the amount of EURO 33.500, for five year term which will be repaid in nine installments of which the first is due 12 months after the issue date and the remaining installments each six months until the maturity of the loan.

18. Trade and other payables

Trade and other payables for the company and the group are analyzed as follows:

	Consolidated		Company	
	March 31, 2005	December 31, 2004	March 31, 2005	December 31, 2004
Suppliers	7.469	3.690	7.254	3.409
Postdated cheques payables	6.418	10.935	5.978	10.452
Accrued expenses	954	1.407	952	1.407
Other short term liabilities	3.270	1.486	3.145	1.301
Total	18.111	17.518	17.329	16.569

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19. Post balance sheet events

No events took place after March 31, 2005 able to επηρεάζουν the company's or the group's assets as of the above date and the results of operations for the period ending as of this date.

20. Commitments and contingencies

Capital commitments

The group has no uncompleted purchasing commitments with its suppliers as of March 31, 2005. The future aggregate minimum lease payments arising from building lease agreements until year 2014 are estimated to amount to EURO 4.088 approximately.

21. Financial risk management

21.1 Foreign exchange risk: The group operated internationally and is exposed to foreign exchange risks arising from the commercial operations in foreign currency 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.

21.2 Credit risk: The group is exposed to credit risk primarily arising from the existence of doubtful receivables. For credit risk management the group has policies in place to continuously ensure that sale 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.

21.3 Cash flow risk: The group is exposed to cash flow risk that may arise through the fluctuation of variable interest rates and may cause positive or negative fluctuations in cash inflows and/or outflows of assets and/or liabilities connected with these variable interest rates. The structure of the borrowing portfolio between fixed and variable interest rates is 30% to 70%.