



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

**SOCIETE ANONYME WHOLESALER OF ELECTRICAL AND  
ELECTRONIC APPLIANCES  
128, Vouliagmenis Ave.  
166 74 Glyfada - Greece  
P.C. Reg. No. 13413/06/B/86/111**

## **SIX - MONTHS FINANCIAL REPORT**

**Six - months periods ended June 30, 2008**

**In accordance with  
article 5 of L. 3556/2007**

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**DECLARATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS  
(in accordance with article 5 par. 2γ. of L. 3556/2007)**

Members of the Board of Directors, Mr. Georgios Fidakis, Chairman of the Board, Mr. Konstantinos Koutsoumbelis, Vice-President of the Board and Mr. Ioannis Pantousis, Managing Director, under their aforementioned capacity as Members of the Board, declare that to their best knowledge:

- The Interim Financial Statements Company and Consolidated for the period ended on June 30, 2008, which were prepared in accordance with the international accounting standards, present in a truthful manner the figures pertaining to assets, liabilities, shareholders equity and financial results of the Company and the F.G. EUROPE S.A. Group and companies consolidated, in accordance with provisions set forth in paragraphs 3 to 5, article 5 of Law 3556/30-4-2007.
- The Interim Board of Directors Report on the Financial Statements Consolidated and Company for the six-month period ended in June 30, 2008 presents in a truthful manner all information deemed necessary in accordance with provisions set forth in paragraph 6, article 5 of Law 3556/30-4-2007.

**Glyfada, July 21, 2008**

**Chairman of the  
Board of Directors**

**Vice President**

**Managing Director**

**Georgios Fidakis**

**Konstantinos  
Koutsoumbelis**

**John Pantousis**

**F.G. EUROPE S.A.**  
**SOCIETE ANONYME WHOLESALER OF ELECTRICAL AND ELECTRONIC**  
**APPLIANCES**

**BOARD OF DIRECTORS' REPORT ON INTERIM FINANCIAL STATEMENTS**  
**COMPANY AND CONSOLIDATED FOR THE SIX-MONTH PERIOD ENDED**  
**JUNE 30, 2008**

The Report at hand was written in compliance with provisions set forth in par. 6, article 5, L.3556/2007 and the relevant Hellenic Capital Market Commission Rules 1/434/3-7-2007 and 7/448/11-10-2007, issued by the Board of Directors of the Hellenic Capital Market Commission.

The purpose of the report at hand is to inform investors with regard to:

- The financial status, outcome, and course of the Company and the Group during the period in question, as well as any changes having occurred,
- Any important facts that took place during the period in question, and their effect on the Financial Statements of the Company and Consolidated for the same period,
- Any significant risks that may arise for the Company and the Group during the following remaining period of the fiscal year,
- Any transactions that took place between the Company and any Group undertakings, affiliate companies or other related parties.

**A. First Semester 2008 Account**  
**Changes and Progress in Financial Figures of the Company and the Group**

During the first semester of the fiscal year 2008 (1/1/2008-30/6/2008) F.G. EUROPE S.A. posted a spectacular increase of 25% in sales of durable consumer goods that reached a total of € 77.02 million against € 61.58 million respectively for the relevant period of 2007. This can primarily be attributed to the increase noted in sales of air-conditioners.

The aforementioned increase in sales of durable consumer goods affected the Company's earnings before tax, which rose to € 18.14 million against €10.54 million for the relevant period of 2007, posting an increase of 72.11%.

Earnings after tax posted an increase of 84.53%, and rose to € 13.60 million against € 7.37 for the respective period of 2007.

Earnings before interest, tax, depreciation and amortization (EBITDA), reached € 18.74 million against € 11.45 million for the respective period of 2007, posting an increase of 63.70% and consequently affecting EBITDA index to 21.33% against 13.63% for the respective period of 2007.

Total sales for the first semester of 2008 rose to € 87.87 million against sales of € 84.00 million for the relevant period of 2007, posting an increase of 4.61%.

**More specifically, with regard to figures at parent company level:**

Sales in the air-conditioners market segment for the first semester of 2008 increased by 34% and rose to € 69.31 million against € 51.77 million for the respective period of 2007.

A significant increase was noted in air-conditioners sales for the domestic market, which rose to € 47.40 million, against € 31.55 million for the relevant period of 2007, posting an increase of 51%.

It should be noted that this should be taken as a major fact, as it further strengthens and clearly highlights the Company's already established leading position in the market.

Exports of air-conditioners in foreign markets where the Company is currently active reached € 21.91 million, as opposed to € 20.42 million for the respective period of 2007, posting an increase of 7%

Sales of ESKIMO and SHARP white electrical home appliances amounted to € 4.29 million, against € 5.46 million for the relevant period of 2007, posting a decrease of 21%.

Sales of SHARP Consumer Electronics products also posted a decrease of 21% against the relevant period of 2007, amounting to € 3.42 million against € 4.35 million for 2007.

Within the framework of the Company's implemented policy of gradual withdrawal from the low-profit margin mobile telephony market, sales of mobile telephony products decreased by 52%, amounting to € 10.85 million against € 22.42 million for the relevant period of 2007.

The effects from the total decrease noted in sales of white home electrical consumer goods and consumer electronics, as well as the decrease in mobile telephony sales, were offset by the major increase posted in sales of air-conditioners, where demand seemed to remain unaffected, despite the general negative market climate and the recession in consumer's behavior and trends. Besides, the ongoing strike in ports resulted in insufficient supply of white electrical consumer goods products and consumer electronics, thus also affecting sales.

#### **Consolidated group figures, mainly affected by the parent company figures:**

**Sales:** Total sales for the Group amounted for the period ended June 30, 2008 to € 88.57 million against € 84.37 million for the respective period of 2007, posting an increase of 4.98%.

**Gross Profit:** Gross profits are increased by 47.43% for the relevant period, amounting to € 28.27 million, against € 19.17 for the first semester of 2007.

This significant increase in gross profit can mainly be attributed to: a) the change in the sales mix, as a result of the 25% increase in sales of durable consumer goods for the Company, which counterbalanced the decrease in sales of mobile telephony products and b) the decrease in the cost of goods sold.

Gross profit margin closed at 31.91% against 22.72% for the relevant period of 2007.

**EBITDA :** Earnings before interest, tax, depreciation and amortization, as a percentage of sales, reached 21.50% against 13.58% for the relevant period of 2007, posting an increase of € 7.59 million, or 66.24%.

**Administrative – Distribution Expenses – Other:** Administrative, distribution and other expenses rose to a total of €11.70 for the period in question, against € 9.00 million for the relevant period of 2007, posting an increase of € 2.70 million or 30%.

An increase of 27.57% noted in distribution expenses, pertaining mainly to the operations of the parent company, can mainly be attributed to: a) Increased logistics costs, due to the increase in sales of durable consumer products, b) Increased transportation costs, due to the constant increase of the price of oil, c) Increased by 40% approximately cost of promotion and advertising activities, due to the cost of the corporate communication campaign and product advertising campaign executed, which lasted for a significant period of time through various media outlets, and resulted in added expenses of a total of € 2.38 million.

**Financial Result, net:** Net financial result was decreased by 62.36% reaching a total of € 0.35 million, against € 0.93 million for the relevant period of 2007. Positive (credit) exchange rate differences, as well as other financial revenues reaching a total of € 2.50 million for the six-month period ended June 30, 2008 against a total of financial expenses of € 2.85 million for the relevant period of 2007 counted towards shaping of the net financial result.

**Liabilities:** Total liabilities for the Group posted an increase of 40.67%, amounting for the first semester of 2008 to € 142.58 million, against € 101.36 million for the relevant period of 2007. Increase in liabilities was mainly a result of: a) the increase in short-term and long-term debt obligations, due to additional financing needed for the increase in sales of durable consumer goods (which respectively resulted in increased obligations by 31.41%), b) the increase of obligations towards vendors (due to the increase by 41.89% of stock in order to satisfy increased demand, mainly for air-conditioning products), and c) the need to finance development of R.F. ENERGY S.A. subsidiary companies, operating in the energy sector.

**Earnings Before Tax:** Net earnings before tax posted an increase of 63.41%, amounting to € 16.68 million for the first semester of 2008, as opposed to € 10.21 million for the relevant period of 2007, thus forming the EBT/ Sales ratio to 18.84% against 12.10% for the relevant period of 2007.

The increase noted in net earnings before tax came mainly as a result of the increase in sales of durable consumer goods, and also as a result of the gain derived from the major differences in euro/dollar exchange rates noted in 2008 (imports of air-conditioning products are priced in dollars). This contributed towards decreasing the total cost of goods sold, and the consequent improvement of the gross profit index, whereas significant amounts of positive (credit) exchange rate differences were also created which offset financial expenses, to the point that a positive financial result of € 0.97 million was noted.

**Earnings After Tax and Minority Interests:** Net earnings after tax and minority interests amounted for the six-month period ended in June 30, 2008 to € 12.33 million, against € 7.07 million for the respective period of 2007, posting an increase of 74.43%.

**Other Financial Ratios:**

- Current Ratio: 6M 2008 2.54 (6M 2007 : 1.47)
- Quick Ratio: 6M 2008 1.69 (6M 2007 : 1.01)
- Inventory Turnover Ratio: 6M 2008 1.83 (6M 2007 : 1.02)
- Return on Equity Ratio: 6M 2008 35.32 (6M 2007 : 20.11)
- EBITDA Ratio: 6M 2008 21.33 (6M 2007 :13.63)

**B. Significant events occurred**

As of particularly high importance to the Company should be taken the fact that Management had well in advance positively evaluated that demand for air-conditioning products would remain high for the period in question. Management had thus timely planned for and secured adequate stock, which allowed for overcoming any major problems due to lack of stock of air-conditioners, during the long-lasting strike in ports.

On January 18, 2008 the Board of Directors decided the issuance of a syndicated bond loan in accordance with L. 2190/1920 and L. 3156/2003 for the amount of € 75,000,000. The purpose of the loan according to the decision of the Board of Directors is the restructuring of the existing long and short term bank debt of the Company. The payment of the loan was agreed in two installments of which the first for the amount of € 56.250 million was on January 28, 2008 and the second for the amount of € 18.750 million was paid, after decision of the Board of Directors on March 28, 2008, within 60 days after the payment of the first. The loan has duration of five years with the option of prolongation for further two years. The repayment of the loan based of the initial five years duration will be made in ten semi-annual installments of which the first is payable six months after the

issuance of the loan on July 28, 2008. The first nine installments amount to € 5.2 million and the tenth installment to € 28.2 million. The timing for the issuance of the loan, as well as the particularly favorable terms for the loan worked for the Company's benefit, especially in light of the facts that took place later on, that stroke the Banking system, making it more difficult for companies to achieve financing, under favorable terms.

On January 17, 2008 the subsidiary company of the group, R.F. ENERGY S.A. purchased from third parties the 25% of the shares of HYDROELECTRICAL ACHAIAS S.A. for the amount of € 1.34 million and on February 4, 2008 the 10% of the shares for the amount of €0.54 million. Finally, on February 4, 2008 the remaining 32.25% of HYDROELECTRICAL ACHAIAS S.A. was purchased from the parent Company for the amount of €1.46 million. The gain for the parent Company from this transaction amounts to € 0.92. On a Group level the result of these transactions with the minority amounts to €1.88 million analysed to € 2.31 million (loss) to minority interests, € 0.435 million to parent company and was attributed directly in Equity.

Based on the decision of February 11, 2008 of the General Assembly of Shareholders of the Company AIOLIKI KYLINDRIAS S.A. the equity of the company was increased by € 0.35 million (share capital increase € 0.035 million and share premium € 0.315 million). R.F. ENERGY S.A. as sole shareholder of the above company paid on February 20, 2008 the amount of € 0.35 million.

The annual General Assembly of Shareholders of the Company on March 26, 2008 decided the share capital decrease by € 0.534 million with reduction of the total number of shares from 54,580,374 to 52,800,154 common shares due to the cancellation of 1,780,220 treasury shares in accordance to article 16 of C.L 2190/1920. After the decrease the Company's share capital amounts to € 15.84 million, divided into 52,800,154 common shares of value of € 0.30 each. The shares were annulled on April 26, 2008.

The aforementioned General Shareholders Assembly also decided to proceed to the distribution of a dividend yield to shareholders of F.G. EUROPE S.A. shares, amounting to € 0.22 per share. Payment of the dividend yield began on Friday, April 4th, 2008, through the network of the bank EFG Eurobank Ergasias S.A.

Launch of operation of a Wind Park of 15 MW of installed power in Tsouka area of Arkadia Prefecture, Greece, owned by KALLISTI ENERGIAKI S.A., subsidiary to the Company, took place on 16/5/2008.

In accordance to the General Assembly of Shareholders of the Company AIOLIKI KYLINDRIAS S.A. of May 20, 2008, an equity injection was decided for the realizing of the company's investment pertaining to the construction of a Wind Park of 10 MW. Accordingly the equity of the company was increased by € 3.7 million (share capital increase € 0.37 million and share premium € 3.33 million). R.F. ENERGY S.A. as sole shareholder of the above company paid on May 30, 2008 the amount of € 3.7 million.

Based on the decision of May 20, 2008, of the General Assembly of Shareholders of the Company R.F. ENERGY S.A. the equity of the company was increased by € 6.0 million (share capital increase € 3.0 million and share premium of € 3.0 million). Accordingly, F.G. EUROPE S.A. based on its holding share of 40%, paid on May 30, 2008 the amount of € 2.4 million.

## **C. Future Perspectives and Outlook, Main Risks with regard to the second semester of 2008**

### **Future perspectives and outlook**

The spectacular improvement noted in the financial figures and profitability for the Company and the Group during the first six-month period of 2008, which may for some be deemed as transcending Management's initial estimations, sets the ground for equally successful future prospects for the Company and the Group, despite the difficulties arising from the general slowdown in financial markets. Management expects that sales will fall within the same range for the remaining period of 2008, as were in the first semester of 2008.

More specifically, important factors that lay the ground for a relatively successful course of future growth are mainly the ongoing consumer trend towards branded new technology air-conditioning products, the decrease in seasonal demand and spread of demand for air-conditioning products throughout the year, consumers' ongoing need to climate even more household spaces, due to the change in climate conditions, the on-going rise in demand for central and semi-central air-conditioning units, the spectacular increase of the price of oil that makes the use of air-conditioners, and especially those using inverter technology, for heating purposes cheaper in comparison to the use of oil, and finally the on-going expansion of the Company's activities in foreign markets.

Sales of products, other than air-conditioners, in the Company's product portfolio, which were affected negatively during the first semester of 2008 from the general economic slowdown, are expected to cover the lost ground, which in a great part can also be attributed to shortages in stock due to the reasons aforementioned, and achieve for the remaining of 2008 the levels, respective of sales levels for the relevant period of 2007, an estimate which is also based in updated sale figures.

Finally, profits from the Wind Park of KALLISTI ENERGIAKI S.A., which commenced commercial operations in May 2008, are also expected to contribute to the increase of total revenues for the Group, for the remaining six-month period of 2008.

### **Risk factors**

**Foreign exchange risk:** The Group operates internationally and as a result, it is exposed to foreign exchange risks arising from commercial operations in foreign currencies (USD and JPY) with customers and suppliers using currencies other than the Euro. In order to minimize risks the Group on occasion uses forward contracts to hedge its exposure to currency risk in connection with the measurement currency.

**Credit risk:** The Group is exposed to credit risk primarily arising from the existence of potentially doubtful receivables. For credit risk management purposes the Group has policies in place in order to continuously ensure that sales of products and services are made to a vast base of 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 guarantees.

**Cash Flow Risk:** The Group is exposed to cash flow risk that may arise a) 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, b) through the increase of receivables due to extension in the time when receivables are due according to market demands, or c) through the increase of reserves, due to failure to realize the expected sales growth.

**Interest rates risk:** Debt financing loan agreements for the Company and the Group undertakings are entered based on a Euro currency basis and variable interest rates. In case an increase is posted in EURIBOR additional financial liabilities would be noted for the Company or the Group undertakings that entered in loan agreements. According to the bond loan terms under which the Company entered the bond loan agreement, in case of a set back in financial figures of the Company and failure to comply with the terms, the current spread of interest rates of 1.15%, may respectively rise up to 1.6%, thus accordingly having an effect on the cost of the debt financing. In the opposite case of further improvement of the Company's financial rates spread rates would further decrease to 0.9%.

**Seasonal trends in sales of air-conditioners:** Over the last years sales in the air-conditioners market segment showed signs of a seasonal trend mainly during the summer months, which caused troubles with regard to a) satisfying of increased demand within a short period, overcoming the risk of loss of potential sales, b) sustaining added expenses due to maintaining of large stock to satisfy demand, as well as c) potential risks from doubtful debts due to the high number of credit openings in a relatively short period of time.

However over the last couple of years this seasonal trend seems to steadily decrease, and demand seems to spread more evenly throughout the year, nonetheless a relatively high demand sustained during summer months, and especially at times of extreme climate conditions, such as heat waves. This fact contributes towards achievement of better client services and mitigating of aforementioned risks.

#### **D. Related party transactions.**

According to IAS 24, related parties are subsidiary companies, affiliate companies and companies with common shareholding structure and/ or management. Moreover, the members of the Board of Directors and the Directors are also considered related parties. The Company purchases and provides products and services from and to related parties.

Company sales to related parties primarily concern sales of products and merchandise. Sale prices are at cost plus a low profit margin. Services rendered to the Company primarily concern storage services (logistics etc.) as well as after sales services.

The compensation of the members of the Board of Directors concern paid Board's of Directors compensation to Non-executive Independent members.

The compensation of Directors concern compensation of regular payment according to employment contracts

The table below presents the receivables and obligations that arose from transactions with related parties as defined by IAS 24:

<b><u>Subsidiaries :</u></b>	<b><u>Company</u></b>	
	<b><u>30/6/2008</u></b>	<b><u>31/12/2007</u></b>
<b><u>Receivables from :</u></b>		
FIDAKIS LOGISTICS S.A.	298	298
FIDAKIS SERVICE S.A.	36	214
HYDROELECTRIKI ACHAIAS S.A.	-	1
CITY ELECTRIC S.A.	-	1
R.F. ENERGY S.A.	7	7
<b>Total</b>	<b>341</b>	<b>521</b>
<b><u>Obligations to :</u></b>		
FIDAKIS LOGISTICS S.A.	250	69

FIDAKIS SERVICE S.A.	206	-
<b>Total</b>	<b>456</b>	<b>69</b>

	<b>Company</b>	
	<b>1/1- 30/6/2008</b>	<b>1/1- 30/6/2007</b>
<b><u>Sales of goods and services :</u></b>		
Inventories	71	52
Other	2	2
<b>Total</b>	<b>73</b>	<b>54</b>

<b><u>Purchases of goods and services :</u></b>		
Warranties	(644)	(443)
Logistics	(1.687)	(1.471)
<b>Total</b>	<b>(2.331)</b>	<b>(1.914)</b>

<b><u>Companies with same shareholders structure</u></b>	<b>Consolidated</b>		<b>Company</b>	
	<b>30/6/2008</b>	<b>31/12/2007</b>	<b>30/6/2008</b>	<b>31/12/2007</b>
Receivables from :				
CYBERONICA S.A.*	454	511	93	90
<b>Total</b>	<b>454</b>	<b>511</b>	<b>93</b>	<b>90</b>

\* Mr. Georgios Fidakis, main shareholder of F.G. EUROPE S.A. holds a 51 % stake at CYBERONICA S.A. rents offices and storage facilities to companies of the Group. Receivables from CYBERONICA S.A. pertain to rent guarantees given by Group companies.

	<b>1/1- 30/6/2008</b>	<b>1/1- 30/6/2007</b>	<b>1/1- 30/6/2008</b>	<b>1/1- 30/6/2007</b>
<b><u>Obligations</u></b>				
Rent payments	(1.410)	(1.261)	(277)	(254)
<b>Total</b>	<b>(1.410)</b>	<b>(1.261)</b>	<b>(277)</b>	<b>(254)</b>

<b><u>Members of the Board and Directors :</u></b>	<b>Consolidated</b>		<b>Company</b>	
	<b>30/6/2008</b>	<b>31/12/2007</b>	<b>30/6/2008</b>	<b>31/12/2007</b>
Obligations to members of the Board and Directors	11	7	11	7
	<b>11</b>	<b>7</b>	<b>11</b>	<b>7</b>

	<b>Consolidated</b>		<b>Company</b>	
	<b>1/1- 30/6/2008</b>	<b>1/1- 30/6/2007</b>	<b>1/1- 30/6/2008</b>	<b>1/1- 30/6/2007</b>
<b>Compensation :</b>				
Compensation	(923)	(686)	(840)	(686)
Provision for staff leaving indemnity	(32)	(8)	(20)	(8)
<b>Total</b>	<b>(955)</b>	<b>(694)</b>	<b>(860)</b>	<b>(694)</b>

## **Corporate Governance**

F.G. EUROPE S.A. pays great significance and undertakes all necessary actions to secure the necessary levels of transparency for all its actions and internal procedures, aiming to further strengthening its credibility for the sake of its shareholders and the investment community in general.

The Company fully abides by and implements all provisions set forth by the statutory laws and legal framework. Corporate Governance practices implemented by the Board of Directors' relevant sub-committees, are a major factor towards achieving the Company's corporate mission, which is maximizing the value of the shareholders' equity.

## **Internal Policies and Procedures**

The Company operates under an internal code of Policies and Procedures, which is updated and kept abreast of current events, in order to incorporate any issues arising pertaining to matters of corporate governance, as well as any changes in the organizational structure of the Company.

## **ISO 9001-2000 Certified**

F.G. EUROPE S.A implements the Quality Management System ISO 9001:2000 and is certified by the international organization for certification, TUV Austria.

The implementation of the Quality Management System, plays a pivotal role towards improving efficiency for the Company and its daily operations, and thus lays the ground for the optimal use of the Company's resources, as well as for the provision of excellent services for the Company's customers, partners and shareholders.

## **Corporate Social Responsibility**

F.G. EUROPE S.A. is especially sensitive to matters of environmental awareness and protection. Respect for the environment, promoting renewable energy sources, taking part in recycling initiatives and implementing recycling policies, all are guidelines incorporated in F.G. Europe's strategy.

The abovementioned are elements that define the Company's new corporate identity and guided the design of the new corporate logo of F.G. EUROPE S.A.

All the above information mentioned with regard to the financial standing of the Company and the Group can be confirmed through the Financial Statements for the period ending June 30, 2008 that were prepared in accordance to IAS – IFRS.

**Glyfada, July 21, 2008**

**Chairman of the Board of Directors**

**Georgios Fidakis**

## REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

*To the shareholders of F.G. EUROPE S.A.*

### ***Introduction***

We have reviewed the accompanying (separate and consolidated) balance sheet of **F.G. EUROPE S.A.** as of June 30, 2008 and the related (separate and consolidated) statements of income, changes in equity and cash flows for the six month period then ended as well as the selected explanatory notes that constitute the interim financial information, which is an integral part of the interim financial report under article 5 of L. 3556/2007. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standards, as adopted by the European Union and which applied to interim financial information (“IAS 34,,). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### ***Scope of review***

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” to which the Greek Standards on Auditing refer”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Greek Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with (“IAS 34,,).

### ***Report on Other Legal and Regulatory Requirements***

Further to the above interim financial information we have reviewed and all the other data of the interim financial report under article 5 of L. 3556/2007 and the authorized by this Law, Decisions of the Capital Market Commission. From the above review we ascertained that this interim financial report includes the data and information that are prescribed by the Law and the Decisions and is consistent with the accompanying financial information.

Athens, July 25, 2008



**Panagiotis Papakonstantinou**

**SOEL Reg. No. 16651**

**Panagiotis Vroustouris**

**SOEL Reg. No. 12921**

**SOL S.A. – Certified Public Accountants Auditors**

**3 Fokionos Negri, 112 57 Athens**

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

## **INTERIM FINANCIAL STATEMENTS COMPANY AND CONSOLIDATED FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2008 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, 2008 and are accessible to the public in electronic form on the company website <http://www.fgeurope.gr>.

**Chairman of the  
Board of Directors**

**Managing Director**

**Finance Manager**

**Accounting Supervisor**

**Georgios Fidakis  
ΑΔΤ Ν 000657**

**John Pantousis  
ΑΔΤ Ξ 168490**

**Michael Poulis  
ΑΜ ΟΕΕ 020873**

**Athanasios Harbis  
ΑΜ ΟΕΕ 0002386**

**F.G. EUROPE S.A.**  
**Statements of Income (Consolidated)**  
**For the Six-Months periods ended June 30, 2008 and 2007**  
(All amounts in Euro thousands unless otherwise stated)

	Note	<b>Consolidated</b>			
		<b>For the Six-Months Periods Ended June 30,</b>		<b>For the Three-Months Periods Ended June 30,</b>	
		<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Sales.....	3	88.573	84.372	63.373	54.707
Less: Cost of sales.....	3	(60.307)	(65.199)	(42.402)	(40.347)
<b>Gross profit</b>		<b>28.266</b>	<b>19.173</b>	<b>20.971</b>	<b>14.360</b>
Other operating income.....	3	466	962	132	518
Distribution expenses.....	3	(9.369)	(7.344)	(5.954)	(4.617)
Administrative expenses.....	3	(2.325)	(1.614)	(1.304)	(755)
Other operating expenses.....	3	(7)	(42)	(3)	(26)
<b>Earnings before interests and taxes</b>		<b>17.031</b>	<b>11.135</b>	<b>13.842</b>	<b>9.480</b>
Finance costs, net.....	3	(348)	(926)	(959)	(421)
<b>Earnings before taxes</b>		<b>16.683</b>	<b>10.209</b>	<b>12.883</b>	<b>9.059</b>
Income tax expense.....	4	(4.351)	(3.139)	(3.203)	(2.291)
<b>Net profit for the period</b>		<b>12.332</b>	<b>7.070</b>	<b>9.680</b>	<b>6.768</b>
<b>Attributable as follows:</b>					
Parent company.....		12.744	7.135	9.943	6.788
Minority interest.....		(412)	(65)	(263)	(20)
<b>Net profit (after tax) attributable to the Group</b>		<b>12.332</b>	<b>7.070</b>	<b>9.680</b>	<b>6.768</b>
<b>Earnings per share (expressed in Euros):</b>					
Basic earnings per share.....	5	0,2414	0,1351	0,1883	0,1286

The accompanying Notes on pages 20 to 31 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, 2008 and 2007**  
(All amounts in Euro thousands unless otherwise stated)

	Note	<b>Company</b>			
		<b>For the Six-Months Periods Ended June 30,</b>		<b>For the Three-Months Periods Ended June 30,</b>	
		<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Sales.....		87.870	83.999	62.869	54.459
Less: Cost of sales.....		(60.135)	(65.115)	(42.231)	(40.313)
<b>Gross profit</b>		<b>27.735</b>	<b>18.884</b>	<b>20.638</b>	<b>14.146</b>
Other operating income.....		429	947	111	510
Distribution expenses.....		(9.528)	(7.331)	(6.042)	(4.655)
Administrative expenses.....		(1.453)	(1.280)	(791)	(611)
Other operating expenses.....		(12)	(25)	(9)	(25)
<b>Earnings before interests and taxes</b>		<b>17.171</b>	<b>11.195</b>	<b>13.907</b>	<b>9.365</b>
Finance income/ costs, net.....	1	(966)	(884)	(722)	(288)
Income from subsidiaries.....		-	228	-	228
<b>Earnings before taxes</b>		<b>18.137</b>	<b>10.539</b>	<b>13.185</b>	<b>9.305</b>
Income tax expense.....	4	(4.534)	(3.170)	(3.306)	(2.294)
<b>Net profit for the period</b>		<b>13.603</b>	<b>7.369</b>	<b>9.879</b>	<b>7.011</b>
<b>Earnings per share (expressed in Euros):</b>					
Basic earnings per share.....	5	<u>0,2576</u>	<u>0,1396</u>	<u>0,1871</u>	<u>0,1328</u>

The accompanying Notes on pages 20 to 31 are an integral part of the interim Financial Statements.

**F.G. EUROPE S.A.**  
**Balance Sheets (Company and Consolidated)**  
**As of June 30, 2008 and December 31, 2007**  
(All amounts in Euro thousands unless otherwise stated)

	Note	Consolidated		Company	
		June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
<b><u>ASSETS</u></b>					
<b>Non-current assets</b>					
Property, plant and equipment.....	6	26.959	19.087	264	479
Investments in real estate.....	6	335	-	335	-
Intangible assets.....	6	2.097	1.915	5	4
Investments in subsidiaries.....		-	-	8.921	6.713
Long term receivables.....		595	585	533	527
Deferred tax assets.....		193	145	150	322
Available for sale investments	12	449	550	449	550
<b>Total non-current assets</b>		<b>30.628</b>	<b>22.282</b>	<b>10.657</b>	<b>8.595</b>
<b>Current assets</b>					
Inventories.....	7	50.321	35.464	50.279	35.416
Receivables and prepayments.....	8	94.582	71.974	92.041	71.012
Cash and cash equivalents.....	9	13.276	15.464	8.627	7.472
<b>Total current assets</b>		<b>158.179</b>	<b>122.902</b>	<b>150.947</b>	<b>113.900</b>
<b>Total assets</b>		<b>188.807</b>	<b>145.184</b>	<b>161.604</b>	<b>122.495</b>
<b><u>SHAREHOLDERS' EQUITY</u></b>					
<b>Shareholders equity attributable to the shareholders of the parent company</b>					
Share capital.....		15.840	16.374	15.840	16.374
Share premium.....		6.657	6.669	6.726	6.726
Reserves.....		4.836	(615)	3.910	(1.571)
Retained earnings.....		9.352	12.815	12.040	15.109
		<b>36.685</b>	<b>35.243</b>	<b>38.516</b>	<b>36.638</b>
Minority interest.....		9.538	8.582	-	-
<b>Total shareholders' equity</b>		<b>46.223</b>	<b>43.825</b>	<b>38.516</b>	<b>36.638</b>
<b><u>LIABILITIES</u></b>					
<b>Non-current liabilities</b>					
Long term Borrowings.....	10	64.135	7.843	63.937	7.843
Retirement benefit obligations.....		366	334	259	239
Deferred government grants.....		1.024	1.044	26	31
<b>Total non-current liabilities</b>		<b>65.525</b>	<b>9.221</b>	<b>64.222</b>	<b>8.113</b>
<b>Current liabilities</b>					
Short term Borrowings.....	10	16.326	59.096	-	46.006
Short term portion of long term borrowings.....	10	10.400	7.873	10.400	7.873
Current tax liabilities.....		6.764	4.357	6.738	4.340
Trade and other payables.....		43.569	20.812	41.728	19.525
<b>Total current liabilities</b>		<b>77.059</b>	<b>92.138</b>	<b>58.866</b>	<b>77.744</b>
<b>Total liabilities</b>		<b>142.584</b>	<b>101.359</b>	<b>123.088</b>	<b>85.857</b>
<b>Total equity and liabilities</b>		<b>188.807</b>	<b>145.184</b>	<b>161.604</b>	<b>122.495</b>

The accompanying Notes on pages 20 to 31 are an integral part of the interim Financial Statements.

## F.G. EUROPE S.A.

### Statements of Changes in Shareholders' Equity (Consolidated)

For the Six-Months Periods ended June 30, 2008 and 2007

(All amounts in Euro thousands unless otherwise stated)

Note	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, 2007</b>	<b>16.374</b>	<b>6.687</b>	<b>1.195</b>	<b>115</b>	<b>2.782</b>	<b>(5.590)</b>	<b>2.309</b>	<b>23.872</b>	<b>6.120</b>	<b>29.992</b>
<b>Period's changes:</b>										
Net profit for the period.....	-	-	-	-	-	-	7.135	7.135	(65)	7.070
Legal reserve.....	-	-	3	-	-	-	(3)	-	-	-
Dividend distribution.....	-	-	-	-	-	-	(2.112)	(2.112)	(185)	(2.297)
Share capital increase.....	-	-	-	-	-	-	-	-	3.091	3.091
<b>Income recognized directly in shareholders' equity:</b>										
Expenses of issuance of shares.....	-	(16)	-	-	-	-	-	(16)	(25)	(41)
Net fair value changes in available-for-sale securities	-	-	-	103	-	-	-	103	-	103
Goodwill.....	-	-	-	-	-	-	-	-	(819)	(819)
<b>Balance on June 30, 2007</b>	<b>16.374</b>	<b>6.671</b>	<b>1.198</b>	<b>218</b>	<b>2.782</b>	<b>(5.590)</b>	<b>7.329</b>	<b>28.982</b>	<b>8.117</b>	<b>37.099</b>
<b>Balance on January 1, 2008</b>	<b>16.374</b>	<b>6.669</b>	<b>1.953</b>	<b>240</b>	<b>2.782</b>	<b>(5.590)</b>	<b>12.815</b>	<b>35.243</b>	<b>8.582</b>	<b>43.825</b>
<b>Period's changes:</b>										
Net profit for the period....	-	-	-	-	-	-	12.744	12.744	(412)	12.332
Dividend distribution.....	-	-	-	-	-	-	(11.616)	(11.616)	-	(11.616)
Cancellation of treasury shares.....	-	-	-	-	-	5.590	(5.056)	534	-	534
Share capital increase (decrease).....	(534)	-	-	-	-	-	-	(534)	3.696	3.162
<b>Income recognized directly in shareholders' equity:</b>										
Expenses of issuance of shares.....	-	(12)	-	-	-	-	-	(12)	(18)	(30)
Minority interests from sale of subsidiary.....	-	-	(30)	-	-	-	465	435	(2.310)	(1.875)
Net fair value changes in available-for-sale securities	-	-	-	(109)	-	-	-	(109)	-	(109)
<b>Balance on June 30, 2008</b>	<b>15.840</b>	<b>6.657</b>	<b>1.923</b>	<b>131</b>	<b>2.782</b>	<b>-</b>	<b>9.352</b>	<b>36.685</b>	<b>9.538</b>	<b>46.223</b>

The accompanying Notes on pages 20 to 31 are an integral part of the interim Financial Statements.

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

### **Statements of Changes in Shareholders' Equity (Company)**

**For the Six-Months Periods ended June 30, 2008 and 2007**

(All amounts in Euro thousands unless otherwise stated)

Note	Company							Total
	Share capital	Share premium	Legal reserve	Fair value reserves	Special tax reserves	Treasury shares	Retained earnings	
<b>Balance on January 1, 2007.....</b>	<b>16.374</b>	<b>6.726</b>	<b>1.171</b>	<b>115</b>	<b>1.856</b>	<b>(5.590)</b>	<b>3.425</b>	<b>24.077</b>
<b>Period's changes:</b>								
Net profit for the period.....	-	-	-	-	-	-	7.369	7.369
Dividend distribution.....	-	-	-	-	-	-	(2.112)	(2.112)
<b>Income recognized directly in shareholders' equity:</b>								
Net fair value changes in available-for-sale securities.....	-	-	-	103	-	-	-	103
<b>Balance on June 30, 2007.....</b>	<b>16.374</b>	<b>6.726</b>	<b>1.171</b>	<b>218</b>	<b>1.856</b>	<b>(5.590)</b>	<b>8.682</b>	<b>29.437</b>
<b>Balance on January 1, 2008.....</b>	<b>16.374</b>	<b>6.726</b>	<b>1.923</b>	<b>240</b>	<b>1.856</b>	<b>(5.590)</b>	<b>15.109</b>	<b>36.638</b>
<b>Period's changes:</b>								
Net profit for the period.....	-	-	-	-	-	-	13.603	13.603
Dividend distribution.....	-	-	-	-	-	-	(11.616)	(11.616)
Cancellation of treasury shares.....	-	-	-	-	-	5.590	(5.056)	534
Share capital increase (decrease).....	(534)	-	-	-	-	-	-	(534)
<b>Income recognized directly in shareholders' equity:</b>								
Net fair value changes in available-for-sale securities....	-	-	-	(109)	-	-	-	(109)
<b>Balance on June 30, 2008.....</b>	<b>15.840</b>	<b>6.726</b>	<b>1.923</b>	<b>131</b>	<b>1.856</b>	<b>-</b>	<b>12.040</b>	<b>38.516</b>

The accompanying Notes on pages 20 to 31 are an integral part of the interim Financial Statements.

**F.G. EUROPE S.A.**  
**Statements of Cash Flows (Company and Consolidated)**  
**For the Six-Months Periods ended June 30, 2008 and 2007**  
(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>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Profit before tax (and minority interest).....	16.683	10.209	18.137	10.539
<b>Add / (less) adjustments for:</b>				
Depreciation and amortization.....	454	144	60	67
Government grants recognized in income.....	(20)	(18)	(5)	(5)
Exchange rate differences.....	(1.576)	(193)	(1.518)	(193)
Provisions.....	569	353	561	237
Employee benefits.....	32	4	20	(3)
Result of investment activity.....	(730)	(352)	(1.645)	(580)
Interest and similar expenses.....	2.675	1.695	2.218	1.664
<b>Operating result before changes in working capital</b>	<b>18.087</b>	<b>11.842</b>	<b>17.828</b>	<b>11.726</b>
<b>Add / (less) adjustments for changes in working capital items:</b>				
(Increase) / decrease in inventories.....	(15.131)	2.957	(15.137)	2.963
(Increase) / decrease in receivables and prepayments.....	(22.908)	(28.749)	(21.321)	(28.542)
Increase / (decrease) in trade and other payables.....	23.546	15.580	22.935	15.596
(Increase)/ decrease in long term receivables.....	(10)	(59)	(6)	(16)
<b>Total cash inflow / (outflow) from operating activities</b>	<b>3.584</b>	<b>1.571</b>	<b>4.299</b>	<b>1.727</b>
Interest and similar expenses paid.....	(2.515)	(992)	(2.059)	(961)
Income taxes paid.....	(1.992)	(589)	(1.964)	(585)
<b>Total net inflow / (outflow) from operating activities</b>	<b>(923)</b>	<b>(10)</b>	<b>276</b>	<b>181</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Interest income.....	711	352	709	352
Dividend income.....	19	-	19	228
(Purchase) of subsidiaries and other investments.....	(1.879)	(1.352)	(2.753)	(2.114)
Proceeds from the sale of subsidiaries and other investments.....	-	23	1.459	23
(Purchase) of PPE and intangible assets.....	(9.028)	(7.367)	(366)	(204)
Proceeds from the sale of PPE and intangible assets.....	185	21	185	21
<b>Total net cash inflow / (outflow) from investing activities</b>	<b>(9.992)</b>	<b>(8.323)</b>	<b>(747)</b>	<b>(1.694)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>				
Repayments of borrowings.....	-	(764)	-	(916)
Share capital increase.....	3.667	3.050	-	-
Dividends paid.....	(11.602)	(2.440)	(11.602)	(2.255)
Proceeds from borrowings.....	16.662	-	13.228	-
<b>Total net cash inflow from financing activities</b>	<b>8.727</b>	<b>(154)</b>	<b>1.626</b>	<b>(3.171)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(2.188)</b>	<b>(8.487)</b>	<b>(1.155)</b>	<b>(4.684)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>15.464</b>	<b>15.197</b>	<b>7.472</b>	<b>6.249</b>
<b>Cash and cash equivalents at end of period</b>	<b>13.276</b>	<b>6.710</b>	<b>8.627</b>	<b>1.565</b>

The accompanying Notes on pages 20 to 31 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, 2008**

(All amounts in Euro thousands unless otherwise stated)

### **1. Incorporation and Business of the Group**

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

- The company in the import and wholesale of all types of air conditioners, all types of white and consumer electronics electrical appliances, LCD – Plasma televisions and in the wholesale of products and services of mobile telephony.
- The subsidiaries FIDAKIS SERVICE S.A. and FIDAKIS LOGISTICS S.A. cover supplementary fields like after sales services, inventory management (logistics), etc. while R.F. ENERGY S.A. and its subsidiaries below activate in the field of electric energy production from renewable energy sources.
  - HYDROELECTRICAL ACHAIAS S.A.
  - CITY ELECTRIC S.A.
  - AEOLIC KYLINDRIAS S.A.
  - KALLISTI ENERGIAKI S.A.
  - R.F. ENERGY S.A. MISOHORIA S.A.
  - R.F. ENERGY S.A. OMALIES S.A.
  - R.F. ENERGY S.A. KORAKOVRAHOS S.A.
  - R.F. ENERGY S.A. DEXAMENES S.A.
  - R.F. ENERGY S.A. LAKOMA S.A.
  - R.F. ENERGY S.A. TSOUKKA S.A.
  - R.F. ENERGY S.A. PRARO S.A.
  - R.F. ENERGY S.A. XESPORTES S.A.
  - R.F. ENERGY S.A. SHIZALI S.A.
  - R.F. ENERGY S.A. KALAMAKI S.A.

The Company and the Group are domiciled in Greece, 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, 2008 is 76 for the Company and 135 for the Group.

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

The subsidiaries contained with the method of full consolidation in the attached consolidated financial statements of the group are the following:

<b>Name</b>	<b>Country</b>	<b>Share as of June 30, 2008</b>	<b>Method of consolidation</b>
• F.G. EUROPE S.A.	Greece	Parent company	Full consolidation
• FIDAKIS LOGISTICS S.A.	Greece	100,00% (a)	Full consolidation
• FIDAKIS SERVICE S.A.	Greece	100,00% (a)	Full consolidation
• R.F. ENERGY S.A.	Greece	40,00% (a)	Full consolidation
• HYDROELECTRICAL ACHAIAS S.A.	Greece	40,00% (b)	Full consolidation
• CITY ELECTRIC S.A.	Greece	40,00% (b)	Full consolidation
• AEOLIC KYLINDRIAS S.A.	Greece	40,00% (b)	Full consolidation
• KALLISTI ENERGIAKI S.A.	Greece	40,00% (b)	Full consolidation
• R.F. ENERGY S.A. MISOHORIA S.A.	Greece	33,60% (b)	Full consolidation
• R.F. ENERGY S.A. OMALIES S.A.	Greece	33,60% (b)	Full consolidation
• R.F. ENERGY S.A. KORAKOVRAHOS S.A.	Greece	33,60% (b)	Full consolidation
• R.F. ENERGY S.A. DEXAMENES S.A.	Greece	33,60% (b)	Full consolidation
• R.F. ENERGY S.A. LAKOMA S.A.	Greece	33,60% (b)	Full consolidation
• R.F. ENERGY S.A. TSOUKKA S.A.	Greece	33,60% (b)	Full consolidation
• R.F. ENERGY S.A. PRARO S.A.	Greece	33,60% (b)	Full consolidation
• R.F. ENERGY S.A. XESPORTES S.A.	Greece	33,60% (b)	Full consolidation
• R.F. ENERGY S.A. SHIZALI S.A.	Greece	33,60% (b)	Full consolidation
• R.F. ENERGY S.A. KALAMAKI S.A.	Greece	33,60% (b)	Full consolidation

Note: a) Direct investments, b) Indirect investments

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

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

**For the Six-Months Period ended June 30, 2008**

(All amounts in Euro thousands unless otherwise stated)

F.G. EUROPE's holding share in the company R.F. ENERGY S.A. is to 40%. Due to the fact that the main shareholder and Chairman of the Board of Directors of F.G. EUROPE S.A., Mr. George Fidakis also participates with 10% in R.F. ENERGY S.A. and the existing shareholders' agreement concerning the appointment of the majority of Board Members through F.G. EUROPE S.A., R.F. ENERGY is fully consolidated in the Company's financial statements, with the method of full consolidation.

Based on the decision of February 11, 2008 of the General Assembly of Shareholders of the Company AEOLIC KYLINDRIAS S.A. the equity of the company was increased by EURO 350 (share capital increase EURO 35 and share premium EURO 315). R.F. ENERGY S.A. as sole shareholder of the above company paid on February 20, 2008 the amount of EURO 350.

Furthermore, based on the decision of May 20, 2008, of the General Assembly of Shareholders of the Company AEOLIC KYLINDRIAS S.A. the equity of the company was increased by EURO 3.700 (share capital increase EURO 370 and share premium EURO 3.330). ). R.F. ENERGY S.A. as sole shareholder of the above company paid on May 30, 2008 the amount of EURO 3.700.

Based on the decision of May 20, 2008, of the General Assembly of Shareholders of the Company R.F. ENERGY S.A. the equity of the company was increased by EURO 6.000 (share capital increase EURO 3.000 and share premium EURO 3.000). F.G. EUROPE S.A. based on its holding share (40%), paid on May 30, 2008 the amount of EURO 2.400.

During the second three-month period of 2008, R.F. ENERGY S.A. established the below companies having the holding share 84%. The share capital of each company amounts to EURO 60 and until the day June 30, 2008 it hasn't be paid in.

- R.F. ENERGY S.A. MISOHORIA S.A.
- R.F. ENERGY S.A. OMALIES S.A.
- R.F. ENERGY S.A. KORAKOVRAHOS S.A.
- R.F. ENERGY S.A. DEXAMENES S.A.
- R.F. ENERGY S.A. LAKOMA S.A.
- R.F. ENERGY S.A. TSOUKKA S.A.
- R.F. ENERGY S.A. PRARO S.A.
- R.F. ENERGY S.A. XESPORTES S.A.
- R.F. ENERGY S.A. SHIZALI S.A.
- R.F. ENERGY S.A. KALAMAKI S.A.

On January 17, 2008 the subsidiary company of the group, R.F. ENERGY S.A. purchased from third parties the 25% of the shares of HYDROELECTRICAL ACHAIAS S.A. for the amount of EURO 1.340 and on February 4, 2008 the 10% of the shares for the amount of EURO 536. Finally, on February 4, 2008 the remaining 32,25% of HYDROELECTRICAL ACHAIAS S.A. were purchased from the parent Company for the amount of EURO 1.459. The gain for the parent Company from this transaction amounts to EURO 917. On a Group level the result of these transactions with the minority amounts to EURO 1.875 analysed EURO (2.310) to minority interests, EURO 435 to parent company and was recognized directly in Equity.

The annual General Assembly of shareholders of the Company on March 26, 2008 decided the share capital decrease by EURO 534 with reduction of the total number of shares from 54.580.374 to 52.800.154 common shares because of the cancellation of treasury shares according to article 16 of C.L 2190/1920. The above 1.780.220 shares were acquired during the period from April 1, 2005 to February 8, 2006, executing the decision of the extraordinary General Assembly of shareholders of the Company dated February 8, 2008 and the decisions of the Board of Directors dated March 24, 2005, May 10, 2005 and January 10, 2006. After the decrease the Company's share capital amounts to EURO 15.840 divided into 52.800.154 common shares with 0,30 Euro par value each. The shares were cancelled on April 26, 2008.

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

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

**For the Six-Months Period ended June 30, 2008**

(All amounts in Euro thousands unless otherwise stated)

F.G. EUROPE S.A. participates with 11,11% in the share capital of ANAKYKLOSI SYSKEVON SYMMETOCHIKI S.A. which is not included in the consolidated financial statements (Available for sale securities).

The result (loss) of EURO 109, that arose on June 30, 2008 from the valuation of securities classified as available for sale was recognized directly in Group's and Company's Equity. The amount (loss) of EURO 30 that concerns expenses of issuance of shares and the amount (loss) of EURO 1.875 that concerns minority interests from sale of subsidiary were recognized directly in Group's Equity.

The subsidiaries on the Company financial statements are valued at cost less any impairment losses.

## **2. Significant Accounting Policies**

### **2.1 Basis of Preparation of Financial Statements**

These consolidated and company financial statements (hereinafter referred to as "Financial Statements") have been prepared according to International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Interpretations that have been issued by the Standing Interpretations Committee. Concretely these financial statements have been prepared according to IAS 34 (Interim Financial Reporting).

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

The Accounting policies, estimation and calculations adopted for the preparation of these interim Financial Statements are those used for the preparation of the Annual Financial Statements for the year ended December 31, 2007. These attached financial statements should be considered in combination with the audited financial statements as of December 31, 2007 that are accessible on the internet site of the Company.

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 operating results of the three-month period ended June 30, 2008, though significantly increased, are not indicative for the results expected by management for the year ending December 31, 2008 because of the seasonality of the core business. This seasonality results from fact that air conditioners sales that are the company's core business in terms of profitability multiply during the second and third quarter of the year dependent on the weather conditions.

### **2.2 New Standards, Interpretations and Amendments of Existing Standards**

New IFRS, amendments and interpretations that applicable to accounting periods starting from January 1, 2008 or thereafter has been issued. The Group's and the Company's estimations on the impact of these new standards and interpretations is described below:

***Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures***  
*(effective to annual accounting periods beginning on or after January 1, 2009)*

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The amended IAS 1 basically replaces the Statement of Income with the Statement of Comprehensive Income and inserts the additional Statement of Financial Position at the beginning of the first comparative period in case of retrospective application of accounting policy and reporting or reclassification of data of the financial statements. The application of this standard except for the different presentation has no impact on the financial statements.

***Replacement of IAS 23, Borrowing Costs*** (effective to annual accounting periods beginning on or after January 1, 2009)

The new standard removes the option provided by the old standard of immediately recognizing as an expense borrowing costs that relate to assets that need a substantial period of time to get ready for use or sale. The Group's estimate is that there will be no impact of this standard.

***Replacement of IFRS 3, Business Combinations*** (effective to business combinations for annual accounting periods beginning on or after January 1, 2009)

The new standard introduces changes to recognition issues, valuation of assets, liabilities, goodwill and minority interests as well as to the required disclosures during business combination. Its application will impact future purchases of companies. The Group does not intend to apply the standard proactively as allowed for purchases that will be finalized before its effective application date.

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

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

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

***IFRIC 13, Customer Loyalty Programs*** (effective for financial years beginning on or after 1 July 2008)

This interpretation describes the accounting treatment of an entity that grants loyalty award credits to its customers within the transaction of sale of goods and services the use of assets and that will be used in the future through free products or services. This interpretation is not relevant to the Group's operations.

***Amendments of Existing Standards*** (effective to annual accounting periods beginning on or after January 1, 2009)

In May, 2008 the IASB amended totally 20 standards. There will be no material impact on the financial statements from the above amendments.

***Amendments to IAS 27, Company and Consolidated Statements*** (effective to annual accounting periods beginning on or after July 1, 2009)

In January, 2008 the IASB amended the IAS 27. The amendments refer to transactions with minority and disposals of subsidiaries control. Futures companies consolidations will be affected by the above amendments, to which the Group maybe proceed.

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### **3. 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 Six-Month Periods ended June 30, 2008 and 2007 are presented below:

Six-Months Period ended June 30, 2008	Long Living Consumer Goods	Mobile Telephony	Other	Total	Intercompany elimination	Group
Sales revenues to third parties.....	76.958	10.887	728	88.573	-	88.573
Sales revenues within the Group...	25	-	2.502	2.527	(2.527)	-
Less: Cost of sales.....	(49.248)	(10.862)	(197)	(60.307)	-	(60.307)
Cost of sales within the Group.....	(25)	-	(1.979)	(2.004)	2.004	-
<b>Gross profit.....</b>	<b><u>27.710</u></b>	<b><u>25</u></b>	<b><u>1.054</u></b>	<b><u>28.789</u></b>	<b><u>(523)</u></b>	<b><u>28.266</u></b>
Other operating income.....	85	370	12	467	-	467
Distribution expenses.....	(8.786)	(392)	(190)	(9.368)	-	(9.368)
Distribution expenses within the Group.....	(375)	-	-	(375)	375	-
Administrative expenses.....	(1.442)	(10)	(873)	(2.325)	-	(2.325)
Administrative expenses within the Group.....	-	-	(148)	(148)	148	-
Other operating expenses.....	(11)	-	3	(8)	-	(8)
<b>Profit from operations.....</b>	<b><u>17.181</u></b>	<b><u>(7)</u></b>	<b><u>(142)</u></b>	<b><u>17.032</u></b>	<b><u>=</u></b>	<b><u>17.032</u></b>
Finance costs (net).....	956	9	(397)	568	(917)	(349)
<b>Profits before tax.....</b>	<b><u>18.137</u></b>	<b><u>2</u></b>	<b><u>(539)</u></b>	<b><u>17.600</u></b>	<b><u>(917)</u></b>	<b><u>16.683</u></b>
Income tax expense.....	(4.535)	(1)	185	(4.351)	-	(4.351)
<b>Net profit.....</b>	<b><u>13.602</u></b>	<b><u>1</u></b>	<b><u>(354)</u></b>	<b><u>13.249</u></b>	<b><u>(917)</u></b>	<b><u>12.332</u></b>

Six-Months Period ended June 30, 2008	Long Living Consumer Goods	Mobile Telephony	Other	Total	Intercompany elimination	Group
Sales revenues to third parties.....	61.524	22.423	425	84.372	-	84.372
Sales revenues within the Group...	52	-	1.917	1.969	(1.969)	-
Less: Cost of sales.....	(42.654)	(22.409)	(136)	(65.199)	-	(65.199)
Cost of sales within the Group.....	(52)	-	(1.655)	(1.707)	1.707	-
<b>Gross profit.....</b>	<b><u>18.870</u></b>	<b><u>14</u></b>	<b><u>551</u></b>	<b><u>19.435</u></b>	<b><u>(262)</u></b>	<b><u>19.173</u></b>
Other operating income.....	700	246	16	962	-	962
Distribution expenses.....	(6.890)	(179)	(275)	(7.344)	-	(7.344)
Distribution expenses within the Group.....	(262)	-	-	(262)	262	-
Administrative expenses.....	(1.245)	(35)	(334)	(1.614)	-	(1.614)
Other operating expenses.....	(24)	-	(18)	(42)	-	(42)
<b>Profit from operations.....</b>	<b><u>11.149</u></b>	<b><u>46</u></b>	<b><u>(60)</u></b>	<b><u>11.135</u></b>	<b><u>=</u></b>	<b><u>11.135</u></b>
Finance costs (net).....	(750)	(18)	(51)	(819)	(107)	(926)
<b>Profits before tax.....</b>	<b><u>10.399</u></b>	<b><u>28</u></b>	<b><u>(111)</u></b>	<b><u>10.316</u></b>	<b><u>(107)</u></b>	<b><u>10.209</u></b>
Income tax expense.....	(3.162)	(8)	31	(3.139)	-	(3.139)
<b>Net profit.....</b>	<b><u>7.237</u></b>	<b><u>20</u></b>	<b><u>(80)</u></b>	<b><u>7.177</u></b>	<b><u>(107)</u></b>	<b><u>7.070</u></b>

It is noted that the energy segment is included in Other because the segment's companies apart from the HYDROELECTRICAL ACHAIAS S.A. for the hydroelectrical of 2,6 MW is in the stage of realization of investments.

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#### **4. Income taxes**

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.	2006 to 2007
• Fidakis Service S.A.	2003 to 2007
• Fidakis Logistics S.A.	2003 to 2007
• City Elektrik S.A.	2003 to 2007
• Hydroelectrical Achaias S.A.	2004 to 2007
• Aeolic Kylindrias S.A.	Unaudited from inception (2002)
• Kallisti Energiaki S.A.	Unaudited from inception (2004)
• R.F. Energy S.A.	Unaudited from inception (2006)
• R.F. Energy Misohoria S.A.	Unaudited from inception (2008)
• R.F. Energy Omalies S.A.	Unaudited from inception (2008)
• R.F. Energy Korakovrahos S.A.	Unaudited from inception (2008)
• R.F. Energy Dexamenes S.A.	Unaudited from inception (2008)
• R.F. Energy Lakoma S.A.	Unaudited from inception (2008)
• R.F. Energy Tsoukka S.A.	Unaudited from inception (2008)
• R.F. Energy Praro S.A.	Unaudited from inception (2008)
• R.F. Energy Xesportes S.A.	Unaudited from inception (2008)
• R.F. Energy Shizali S.A.	Unaudited from inception (2008)
• R.F. Energy Kalamaki S.A.	Unaudited from inception (2008)

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

	<b>Consolidated</b>				<b>Company</b>			
	<b>Six-months ended</b>		<b>Three-months</b>		<b>Six-months ended</b>		<b>Three-months</b>	
	<b>June 30,</b>	<b>2007</b>	<b>ended June 30,</b>	<b>2007</b>	<b>June 30,</b>	<b>2007</b>	<b>ended June 30,</b>	<b>2007</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Income tax (current period).....	(4.180)	(2.893)	(3.056)	(2.506)	(4.362)	(2.870)	(3.258)	(2.491)
Deferred tax.....	(171)	314	(147)	215	(172)	260	(48)	197
Tax audit differences.....	-	(560)	-	-	-	(560)	-	-
<b>Income taxes</b>	<b><u>(4.351)</u></b>	<b><u>(3.139)</u></b>	<b><u>(3.203)</u></b>	<b><u>(2.291)</u></b>	<b><u>(4.534)</u></b>	<b><u>(3.170)</u></b>	<b><u>(3.306)</u></b>	<b><u>(2.294)</u></b>

During the period from January 1 to June 30, 2008 a tax audit was performed in the company of the group, HYDROELECTRICAL ACHAIAS S.A. for the fiscal years 2002 and 2003 and no additional taxes have been assessed.

The tax returns of the companies of the Group 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.

#### **5. 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.

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**For the Six-Months Period ended June 30, 2008**

(All amounts in Euro thousands unless otherwise stated)

	<b>Consolidated</b>				<b>Company</b>			
	<b>Six-months ended June 30,</b>		<b>Three-months ended June 30,</b>		<b>Six-months ended June 30,</b>		<b>Three-months ended June 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Net profit attributable to shareholders.....	12.744	7.135	9.943	6.788	13.603	7.369	9.879	7.011
Weighted average number of shares outstanding.....	52.800.154	52.800.154	52.800.154	52.800.154	52.800.154	52.800.154	52.800.154	52.800.154
<b>Basic earnings per share (in Euro)</b>	<b><u>0.2414</u></b>	<b><u>0.1351</u></b>	<b><u>0.1883</u></b>	<b><u>0.1286</u></b>	<b><u>0.2576</u></b>	<b><u>0.1396</u></b>	<b><u>0.1871</u></b>	<b><u>0.1328</u></b>

The ordinary annual General Assembly of Shareholders of the company of March 26, 2008 decided to fix Friday, March 28, 2008 as dividend ex date for the dividend of the fiscal year 2007. The dividend authorized by the General Assembly amounts to 0,22 Euro per share. Beneficiaries for the dividend are holders of company shares as of the closing of the Athens Exchange on March 27, 2008. The payment of the dividend began on Friday, April 4, 2008 through the bank EFG Eurobank Ergasias S.A.

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### **6. Property, plant and equipment**

Property, plant and equipment is analyzed as follows:

<b>Fixed Assets</b>							
	<b>Land</b>	<b>Buildings</b>	<b>Total</b>	<b>Vehicles</b>	<b>Furniture &amp; fixture</b>	<b>Work in progress</b>	<b>Total</b>
<b>January 1, 2007</b>							
Value at cost.....	5	1.760	<b>1.235</b>	270	955	212	<b>4.437</b>
Accumulated depreciation..	-	(102)	<b>(114)</b>	(87)	(611)	-	<b>(914)</b>
<b>Net book value.....</b>	<b><u>5</u></b>	<b><u>1.658</u></b>	<b><u>1.121</u></b>	<b><u>183</u></b>	<b><u>344</u></b>	<b><u>212</u></b>	<b><u>3.523</u></b>
<b>January 1 to December 31, 2007</b>							
Additions	-	4	<b>20</b>	45	106	3525	<b>3.700</b>
Work in progress.....	-	-	-	-	-	12.166	<b>12.166</b>
Disposals / Transfers.....	-	-	-	(38)	(4)	-	<b>(42)</b>
Depreciation.....	-	(47)	<b>(56)</b>	(41)	(133)	-	<b>(277)</b>
Depreciation of disposals...	-	-	-	14	2	-	<b>16</b>
<b>December 31, 2007</b>							
Value at cost.....	5	1.764	<b>1.255</b>	277	1.057	15.903	<b>20.261</b>
Accumulated depreciation..	-	(149)	<b>(170)</b>	(114)	(742)	-	<b>(1.175)</b>
<b>Net book value.....</b>	<b><u>5</u></b>	<b><u>1.615</u></b>	<b><u>1.085</u></b>	<b><u>163</u></b>	<b><u>316</u></b>	<b><u>15.903</u></b>	<b><u>19.087</u></b>
<b>January 1 to June 30, 2008</b>							
Additions.....	-	1.920	<b>16.561</b>	26	73	(14.420)	<b>4.160</b>
Work in progress .....	-	-	-	-	-	4.340	<b>4.340</b>
Disposals / transfers.....	-	-	-	(6)	(33)	(183)	<b>(222)</b>
Depreciation.....	-	(55)	<b>(296)</b>	(18)	(70)	-	<b>(439)</b>
Depreciation of disposals...	-	-	-	1	33	-	<b>34</b>
<b>June 30, 2008</b>							
Value at cost.....	5	3.684	<b>17.816</b>	297	1.097	5.640	<b>28.539</b>
Accumulated depreciation..	-	(204)	<b>(466)</b>	(131)	(779)	-	<b>(1.580)</b>
<b>Net book value.....</b>	<b><u>5</u></b>	<b><u>3.480</u></b>	<b><u>17.350</u></b>	<b><u>166</u></b>	<b><u>318</u></b>	<b><u>5.640</u></b>	<b><u>26.959</u></b>

	<b>Investments in real estate</b>			<b>Intangible assets</b>		
	<b>Land</b>	<b>Buildings</b>	<b>Total</b>	<b>License for wind energy</b>	<b>Licenses</b>	<b>Total</b>
<b>January 1, 2007</b>						
Value at cost.....	-	-	-	-	98	<b>98</b>
Accumulated depreciation..	-	-	-	-	(51)	<b>(51)</b>
<b>Net book value.....</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>47</u></b>	<b><u>47</u></b>
<b>January 1 to December 31, 2007</b>						
Additions.....	-	-	-	1.800	89	<b>1.889</b>
Work in progress.....	-	-	-	-	-	-
Disposals / Transfers.....	-	-	-	-	-	-
Depreciation.....	-	-	-	-	(21)	<b>(21)</b>
Depreciation of disposals....	-	-	-	-	-	-
<b>December 31, 2007</b>						
Value at cost.....	-	-	-	1.800	187	<b>1.987</b>
Accumulated depreciation..	-	-	-	-	(72)	<b>(72)</b>
<b>Net book value.....</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1.800</u></b>	<b><u>115</u></b>	<b><u>1.915</u></b>
<b>January 1 to June 30, 2008</b>						
Additions.....	51	285	<b>336</b>	-	196	<b>196</b>
Work in progress .....	-	-	-	-	-	-
Disposals / transfers.....	-	-	-	-	(1)	<b>(1)</b>

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Depreciation.....	-	(1)	(1)	-	(14)	(14)
Depreciation of disposals...	-	-	-	-	1	1
<b>June 30, 2008</b>						
Value at cost.....	51	285	336	1.800	382	2.182
Accumulated depreciation..	-	(1)	(1)	-	(85)	(85)
<b>Net book value.....</b>	<b><u>51</u></b>	<b><u>284</u></b>	<b><u>335</u></b>	<b><u>1.800</u></b>	<b><u>297</u></b>	<b><u>2.097</u></b>

It is noted that fixed assets are not pledged.

It is also noted that Work in progress amount EURO 5.640 concerns the cost of wind park construction and hydroelectrical plant construction of the subsidiaries of the Group.

The impairment testing of licensees of electrical energy production hasn't resulted to impairment losses.

#### **7. Inventories**

The Company's inventory has been reduced to net realizable value during the period January 1 to June 30, 2008 by EURO 274. During the related period from January 1 to June 30, 2007 no reduction was made.

#### **8. Receivables from customers**

During the period from January 1 to June 30, 2008 Company's Provisions of doubtful accounts of customers amounted to EURO 292 and during the related previous period amounted to EURO 335.

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>June 30, 2008</b>	<b>December 31, 2007</b>	<b>June 30, 2008</b>	<b>December 31, 2007</b>
Cash on hand.....	48	21	23	11
Sight and time deposits.....	13.228	15.443	8.604	7.461
<b>Total</b>	<b><u>13.276</u></b>	<b><u>15.464</u></b>	<b><u>8.627</u></b>	<b><u>7.472</u></b>

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

#### **10. Borrowings**

The company's borrowings are analyzed as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>June 30, 2008</b>	<b>December 31, 2007</b>	<b>June 30, 2008</b>	<b>December 31, 2007</b>
<b><u>Long term borrowings:</u></b>				
Bonded loan.....	74.535	15.716	74.337	15.716
	<u>74.535</u>	<u>15.716</u>	<u>74.337</u>	<u>15.716</u>
Long term debt payable within the next 12 months.....	(10.400)	(7.873)	(10.400)	(7.873)
Long term debt payable between 1 & 5 years.....	(64.135)	(7.843)	(63.937)	(7.843)
<b>Total long term borrowings</b>	<b><u>(74.535)</u></b>	<b><u>(15.716)</u></b>	<b><u>(74.337)</u></b>	<b><u>(15.716)</u></b>
<b>Short term borrowings</b>	<b><u>16.326</u></b>	<b><u>59.096</u></b>	<b>=</b>	<b><u>46.006</u></b>

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On January 18, 2008 the Board of Directors decided the issuance of a syndicated bond loan according to L. 2190/1920 and L. 3156/2003 for the amount of EURO 75.000. Purpose of the loan according to the decision of the Board of Directors is the restructuring of the existing long and short term bank debt of the Company. It is noted that on January 1, 2008 the long term borrowings amount to EURO 15.716 and the short term borrowings amount to EURO 46.006. The payment of the loan was agreed in two installments of which the first for the amount of EURO 56.250 was on January 28, 2008 and the second for the amount of EURO 18.750 will be payable with decision of the Board of Directors within 60 days after the payment of the first. The loan has duration of five years with the option of prolongation for further two years. The repayment of the loan based of the initial five years duration will be proceeded in ten semi-annual installments of which the first is payable six months after the first payment of the loan on July 28, 2008. The first nine installments amount to EURO 5.200 and the tenth installment to EURO 28.200.

The net cash inflows from borrowings during the period from January 1 to June 30, 2008 amounted to EURO 16.662 for the Group and EURO 13.228 for the Company. During the related previous period the net cash inflows amounted to EURO 764 for the Group and EURO 916 for the Company.

### ***11. Related party transactions***

According to IAS 24, related parties are subsidiaries companies, companies with common shareholding structure and/ or management. Moreover, the members of the Board of Directors and the Directors are also considered related parties. The Company purchases and provides products and services from and to related parties.

Sales of company's products to related parties concern primarily sales of merchandise. The sale prices are at cost plus a low profit margin. The receipt of services from company primarily covers (logistics etc.) as well as after sales service.

The compensation of the members of the Board of Directors concern paid Board's of Directors compensation to Non-executive and independent members.

The compensation of Directors concern compensation regular payment according to employment contracts

The table below presents the receivables and obligations that arose from transactions with related parties as defined by IAS 24:

	<b>Company</b>	
	<b>June 30, 2008</b>	<b>December 31, 2007</b>
<b>Receivables from:</b>		
Fidakis Logistics S.A.....	298	298
Fidakis Service S.A.....	36	214
HYDROELECTRICAL ACHAIAS S.A.....	-	1
City Electric S.A.....	-	1
R.F. Energy S.A.....	7	7
<b>Total</b>	<b><u>341</u></b>	<b><u>521</u></b>
	<b>Company</b>	
	<b>June 30, 2008</b>	<b>December 31, 2007</b>
<b>Obligations to:</b>		
Fidakis Logistics S.A.....	250	69

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

### **Notes to the interim Financial Statements (Company and Consolidated) For the Six-Months Period ended June 30, 2008 (All amounts in Euro thousands unless otherwise stated)**

Fidakis Service S.A.....	206	-
<b>Total</b>	<b><u>456</u></b>	<b><u>69</u></b>

	Consolidated		Company	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
<b>Receivables from:</b>				
Cyberonica S.A.....	454	511	93	90
<b>Total</b>	<b><u>454</u></b>	<b><u>511</u></b>	<b><u>93</u></b>	<b><u>90</u></b>

The transactions with the related parties for the period ended June 30, 2008 and 2007 are analyzed as follows:

	Company	
	Six-months period ended June 30,	
	2008	2007
<b>Sales of goods and services:</b>		
Inventories.....	71	52
Other.....	2	2
<b>Total</b>	<b><u>73</u></b>	<b><u>54</u></b>

	Company	
	Six-months period ended June 30,	
	2008	2007
<b>Purchases of goods and services:</b>		
Warranties.....	(644)	(443)
Logistics.....	(1.687)	(1.471)
<b>Total</b>	<b><u>(2.331)</u></b>	<b><u>(1.914)</u></b>

	Consolidated		Company	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
<b>Purchases of goods and services:</b>				
Cyberonica S.A.....	(1.410)	(1.261)	(277)	(254)
<b>Total</b>	<b><u>(1.410)</u></b>	<b><u>(1.261)</u></b>	<b><u>(277)</u></b>	<b><u>(254)</u></b>

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

	Consolidated		Company	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
<b>Obligations to:</b>				
Members of the Board and Directors.....	11	7	11	7
<b>Total</b>	<b><u>11</u></b>	<b><u>7</u></b>	<b><u>11</u></b>	<b><u>7</u></b>

	Consolidated		Company	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
<b>Compensation:</b>				
Personnel expenses.....	(923)	(686)	(840)	(686)
Provision for staff leaving indemnity.....	(32)	(8)	(20)	(8)
<b>Total</b>	<b><u>(955)</u></b>	<b><u>(694)</u></b>	<b><u>(860)</u></b>	<b><u>(694)</u></b>

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

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

**For the Six-Months Period ended June 30, 2008**

(All amounts in Euro thousands unless otherwise stated)

#### ***12. Reclassifications of amounts***

In the balance sheet of the Company and the Group, the investments in associates EURO 34 has been reclassified to available for sale investments for the correct presentation.

#### ***13. Contingencies***

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

#### ***14. Employee benefits: pension obligations***

According to the Greek labour legislation employees are entitled to termination benefits in case of dismissal or retirement dependent on their current remuneration, the length of service and the reason for leaving (dismissal or retirement). Employees who leave or are dismissed with cause are not entitled to termination benefits. The termination benefit in case of retirements amounts to 40% of the termination benefit in case of dismissal.

The obligation for employee termination benefits amounts to EURO 366 for the Group and EURO 259 for the Company as of June 30, 2008. The amount charged to the income statement for the three-month period ended June 30, 2008 is EURO 32 for the Group and EURO 20 for the Company.

#### ***15. Commitments***

##### **Capital Commitments**

The group has no uncompleted purchasing commitments with its suppliers as of June 30, 2008. The future aggregate minimum lease payments arising from building lease agreements until year 2016 are estimated to amount to EURO 20.137 approximately. Furthermore, the future aggregate minimum lease payments arising from car lease agreements until the year 2011 are estimated to amount to EURO 278.

#### ***16. Post Balance Sheet Events***

There are no other significant events after June 30, 2008, that should have been released or are able to adjust the financial statements.



# F.G. EUROPE

## SOCIETE ANONYME FOR ELECTRIC AND ELECTRONIC DEVICES

P.C.S.A. Register Number 13413/06/B/86/111

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

FIGURES AND INFORMATION FOR THE PERIOD OF 1 JANUARY UNTIL 30 JUNE 2008

(In compliance with the stipulations of decision 6/448/11.10.2007 of the Capital Market Commission)

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

Company's website address: <http://www.fgeurope.gr>

The Financial Statements have been approved by the Board of Directors on July 21, 2008.

Auditors: Panagiotis Pappakonstantinou (SOEL Reg. No 16651) - Panagiotis Vroustouris (SOEL Reg. No. 12921)

Audit Company: SOL, S.A. - Certified Auditors

Type of Audit Report: Unqualified audit report

### CONDENSED STATEMENT OF CHANGES IN NET EQUITY (amounts in € thousands)

	CONSOLIDATED		COMPANY	
	30.6.2008	31.12.2007	30.6.2008	31.12.2007
<b>ASSETS</b>				
Tangible assets	26.959	19.087	264	479
Investments in Property	335	-	335	-
Intangible assets	2.097	1.915	5	4
Other current assets	1.237	1.280	10.053	8.112
Inventories	50.321	35.464	50.279	35.416
Trade receivables	94.582	71.974	92.041	71.012
Other current assets	13.276	15.464	8.627	7.472
<b>TOTAL ASSETS</b>	<b>188.807</b>	<b>145.184</b>	<b>161.604</b>	<b>122.495</b>
<b>NET EQUITY AND LIABILITIES</b>				
Share Capital	15.840	16.374	15.840	16.374
Other elements of shareholders' equity	20.845	18.869	22.676	20.264
<b>Total Shareholders' equity attributable to shareholders of parent company (a)</b>	<b>36.685</b>	<b>35.243</b>	<b>38.516</b>	<b>36.638</b>
Minority interests (b)	9.538	8.582	-	-
<b>Total shareholders equity (c) = (a) + (b)</b>	<b>46.223</b>	<b>43.825</b>	<b>38.516</b>	<b>36.638</b>
Long term borrowings	64.135	7.843	63.937	7.843
Provisions / Other long-term liabilities	1.390	1.378	285	270
Short term borrowings	26.726	66.969	10.400	53.879
Other short term liabilities	50.333	25.169	48.466	23.865
<b>Total liabilities (d)</b>	<b>142.584</b>	<b>101.359</b>	<b>123.088</b>	<b>85.857</b>
<b>TOTAL NET EQUITY AND LIABILITIES (e) = (c) + (d)</b>	<b>188.807</b>	<b>145.184</b>	<b>161.604</b>	<b>122.495</b>

### CONDENSED STATEMENT OF CHANGES IN NET EQUITY (amounts in € thousands)

	CONSOLIDATED		COMPANY	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
Equity balance at the beginning of the period (1/1/2008 and 1/1/2007 respectively)	43.825	29.992	36.638	24.077
Net profit after taxes	12.332	7.070	13.603	7.369
	<b>56.157</b>	<b>37.062</b>	<b>50.241</b>	<b>31.446</b>
Share capital increase/(decrease)	3.162	3.091	(534)	-
Dividend distribution	(11.616)	(2.297)	(11.616)	(2.112)
Income recognized directly in shareholders' equity	(2.014)	(757)	(109)	103
Cancellation of treasury shares	534	-	534	-
<b>Shareholders equity at the end of the period (September 30, 2007 and 2006 respectively)</b>	<b>46.223</b>	<b>37.099</b>	<b>38.516</b>	<b>29.437</b>

### CASH FLOW STATEMENT (all amounts in € thousands)

	CONSOLIDATED		COMPANY	
	1.1-30.6.2008	1.1-30.6.2007	1.1-30.6.2008	1.1-30.6.2007
<b>Indirect method</b>				
Operating Activities				
Earnings before taxes	16.683	10.209	18.137	10.539
Add / (less) adjustments for:				
Depreciation and amortization	434	126	55	62
Provisions	601	357	581	234
Exchange rate differences	(1.576)	(193)	(1.518)	(193)
Result of investment activity	(730)	(352)	(1.645)	(580)
Interest and similar expenses	2.675	1.695	2.218	1.664
Add/ (less) adjustments for changes working capital items:				
Decrease / (increase) in inventory	(15.131)	2.957	(15.137)	2.963
Increase / (decrease) in receivables	(22.918)	(28.808)	(21.327)	(28.558)
(Decrease) / increase in liabilities (other than banks)	23.546	15.580	22.935	15.596
Less:				
Interest and similar expenses paid	(2.515)	(992)	(2.059)	(961)
Taxes paid	(1.992)	(589)	(1.964)	(585)
<b>Total inflow / (outflow) from operating activities (a)</b>	<b>(923)</b>	<b>(10)</b>	<b>276</b>	<b>181</b>
<b>Investing Activities</b>				
Acquisition of subsidiaries and other investments	(1.879)	(1.352)	(2.753)	(2.114)
Proceeds from sale of available for sale financial assets	-	23	1.459	23
Purchase from the sale of tangible and intangible assets	(9.028)	(7.367)	(366)	(204)
Proceeds from the sale of tangible and intangible assets	185	21	185	21
Interest income	711	352	709	352
Proceeds from dividends	19	-	19	228
<b>Total inflow / (outflow) from investing activities (b)</b>	<b>(9.992)</b>	<b>(8.323)</b>	<b>(747)</b>	<b>(1.694)</b>
<b>Financing Activities</b>				
Proceeds from capital increase	3.667	3.050	-	-
Borrowings from banks	16.662	-	13.228	-
Payments of borrowings	-	(764)	-	(916)
Dividends paid	(11.602)	(2.440)	(11.602)	(2.255)
<b>Total inflow / (outflow) from financing activities (c)</b>	<b>8.727</b>	<b>(154)</b>	<b>1.626</b>	<b>(3.171)</b>
<b>Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)</b>	<b>(2.188)</b>	<b>(8.487)</b>	<b>1.155</b>	<b>(4.684)</b>
<b>Cash equivalents at beginning of the period</b>	<b>15.464</b>	<b>15.197</b>	<b>7.472</b>	<b>6.249</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>13.276</b>	<b>6.710</b>	<b>8.627</b>	<b>1.565</b>

### CONDENSED INCOME STATEMENT (all amounts in € thousands)

	CONSOLIDATED				COMPANY			
	1.1-30.6.08	1.1-30.6.07	1.4-30.6.08	1.4-30.6.07	1.1-30.6.08	1.1-30.6.07	1.4-30.6.08	1.4-30.6.07
Turnover	88.573	84.372	63.373	54.707	87.870	83.999	62.869	54.459
Gross profit	28.266	19.173	20.971	14.360	27.735	18.884	20.638	14.146
Earnings before taxes, financing and investing activities	18.607	11.328	14.045	9.598	18.689	11.388	14.090	9.483
Earnings before taxes	16.683	10.209	12.883	9.059	18.137	10.539	13.185	9.305
<b>Earnings after taxes</b>	<b>12.332</b>	<b>7.070</b>	<b>9.680</b>	<b>6.768</b>	<b>13.603</b>	<b>7.369</b>	<b>9.879</b>	<b>7.011</b>
Attributable to:								
Shareholders of parent company	12.744	7.135	9.943	6.788	-	-	-	-
Minority interest	(412)	(65)	(263)	(20)	-	-	-	-
Earnings per share								
- basic (in Euro)	0,2414	0,1351	0,1883	0,1286	0,2576	0,1396	0,1871	0,1328
<b>Earnings before interest, depreciation, amortization and taxes</b>	<b>19.041</b>	<b>11.454</b>	<b>14.413</b>	<b>9.669</b>	<b>18.744</b>	<b>11.450</b>	<b>14.117</b>	<b>9.514</b>

### ADDITIONAL DATA AND INFORMATION

- Companies that are included in first Semester 2008 are presented in note (1) in the interim financial statements including locations, percentages, Group ownership and consolidation method.
- Information for the establishment, sales and purchases of companies from the Group are presented in note (1) in the interim financial statements.
- The result (loss) of € 109 thousands, that arose on June 30, 2008 from the valuation of securities classified as available for sale was recognized directly in Group and Company's Equity. The amount (loss) of € 30 thousands that concerns expenses of issuance of shares and the amount (loss) of € 1.875 thousands that concerns minority interests from sale of subsidiary were recognized directly in Group's Equity.
- Certain prior years amounts have been reclassified (Note 12 of the interim financial statements).
- According to the decision 34/24.1.2008 of the Capital Market Commission the "Earnings before taxes, financing and investing activities" for the First Semester 2007 have been restated. The published figures for the period 1/1 - 30/6/2007 was for the Group € 11.135 thousands and for the Company € 11.195 thousands. and for the period 1/4-30/6/2007 was for the Group € 9.480 thousands and for the Company € 9.365 thousands. The "Earnings before interest, depreciation, amortization and taxes" have been restated also and the published figures for the period 1/1-30/6/07 was for the Group € 11.279 thousands and for the Company € 11.262 thousands and for the period 1/4-30/6/07 was for the Group € 9.559 thousands and for the Company € 9.398 thousands.
- Based on the decision of the Board of Directors of January 18, 2008 the company issued a straight bonded loan according to the provisions of Law 2190/20 and 3156/2003 for the amount of EURO 75.000, for a five year term with the right to extend it for two more years. The Company issued the above straight bonded loan in order to reimburse the existing short and long term loans.
- The annual General Assembly of shareholders of the Company on March 26, 2008 decided, the share capital decrease by € 534 thousands with reduction of the total number of shares from 54.580.374 to 52.800.154 common shares because of the cancellation of treasury shares according to article 16 of C.L 2190/1920. After the decrease the Company's share capital amounts to EURO 15.840 thousands divided into 52.800.154 common shares with 0,30 € par value each. The shares were cancelled on April 26, 2008.
- The annual General Assembly of Shareholders of the company of March 26, 2008 decided to fix, March 28, 2008 as dividend ex date for the dividend of the fiscal year 2007. The dividend authorized by the General Assembly amounts to 0,22 Euro per share. Beneficiaries for the dividend are holders of company shares as of the closing of the Athens Exchange on March 27, 2008. The payment of the dividend began on Friday, April 4, 2008.
- During the second three-month period of 2008, R.F. ENERGY S.A. established the below companies having the holding share 84%. The share capital of each company amounts to € 60 thousands and until the day June 30, 2008 it hasn't been paid in.
  - R.F. ENERGY S.A. MISOHORIA S.A. • R.F. ENERGY S.A. TSOUKKA S.A.
  - R.F. ENERGY S.A. OMALIES S.A. • R.F. ENERGY S.A. PRARO S.A.
  - R.F. ENERGY S.A. KORAKOVRAHOS S.A. • R.F. ENERGY S.A. XESPORTES S.A.
  - R.F. ENERGY S.A. DEXAMENES S.A. • R.F. ENERGY S.A. SHIZALI S.A.
  - R.F. ENERGY S.A. LAKOMA S.A. • R.F. ENERGY S.A. KALAMAKI S.A.
- There are not companies which have not included in the consolidated financial statements of the period 1/1-30/6/2008 and had been consolidated in the previous period or in the corresponding period of 2007. Also there are not companies which have not included in the consolidated financial statements and the consolidation method is the same as this applies in the previous periods.
- On 30/6/2008 there in not own shares that are held from the Company or by its subsidiaries and associates companies.
- There are no legal or under arbitration differences or decisions of legal or arbitrary bodies that are able to have significant impact on the financial position of the Company and the Group.
- The tax returns of the companies of the Group 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. The fiscal years that are unaudited by the tax authorities for the Parent Company and the Group's subsidiaries are presented in detail in note (4) in the interim condensed financials statements.
- The Group and the Company have not made "Other provisions" till 30.06.2008.
- The number of employed personnel as of June 30, 2008 was: Group 135, Company 76 persons.  
June 30, 2007 was: Group 128, Company 74 persons.
- The accumulated amounts in € thousands of revenues and purchases for the period 1.1.2008 until 30.6.2008 and the balances of receivables and liabilities of the group companies as of 30.6.2008 that arise from the company's transactions with related parties according to IAS 24 are as follows:

	GROUP	COMPANY
a) Sales of goods and services	-	73
b) Purchases of goods and services	1.410	2.608
c) Receivables from related parties	454	434
d) Payables to related parties	-	456
e) Key management personnel compensations	955	860
f) Receivables from key management personnel	-	-
g) Payables to key management personnel	11	11
- There are no subsequent events to the financial statements of June 30, 2008 concerning the Group and the Company, that should be reported according to the IAS principles.

CHAIRMAN OF THE BOARD OF DIRECTORS

MANAGING DIRECTOR

GLYFADA ATTIKIS, JULY 21, 2008

FINANCE DIRECTOR

ACCOUNTING CHIEF

GEORGIOS FIDAKIS  
ID No N 000657  
ΚΡΟΝΟΣ Α.Ε.

JOHN PANTOUSIS  
ID No Ε 168490

MIHALIS POULIS  
R.G. 020873

ATHANASIOS HARBIS  
R.G. 0002386