

F.G. EUROPE S.A.

INTERIM FINANCIAL STATEMENTS COMPANY AND CONSOLIDATED AS OF JUNE 30, 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 August 31, 2005 and have been published on the company website <http://www.fgeurope.gr>.

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Auditor's Review Report

To the Shareholders of
F.G. EUROPE S.A.

We have reviewed the accompanying Interim Financial Statements and Consolidated Financial Statements (the "Financial Statements") of F.G. EUROPE S.A. (the "Company") for the six-month period ended 30 June 2005. The interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the Financial Statements are not prepared, in all material respects, in accordance with the International Financial Reporting Standards (IFRS), which have been adopted by the EU including the assumptions management has made about the standards and interpretations expected to be effective and the policies expected to be adopted, when management prepares its first annual financial statements in accordance with the IFRS adopted by the EU as of 31 December 2005.

Without qualifying our review conclusion, we draw attention to: a) Note 7 to the Financial Statements that explains that the tax obligations of the Company and its subsidiaries have not been audited by the tax authorities for certain years and therefore have not been conclusively decided for these years. The outcome of these tax audits cannot be predicted at this point in time. b) Note 2.2 to the Financial Statements that explains why there is a possibility that the Company's management may determine that changes to the accounting policies adopted in preparing the Financial Statements are necessary when management will prepare its first annual financial statements in accordance with the IFRS adopted by the EU as of 31 December 2005.

Athens, 1 September 2005

KPMG Kyriacou Certified Auditors S.A.

SOL α.ε.ο.ε.

Michael Kokkinos
Certified Auditor Accountant
A.M. S.O.E.L. 12701

Panagiotis Papakonstantinou
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KPMG Kyriacou Certified Auditors AE, a Greek Societe Anonyme, is a member firm of KPMG International, a Swiss cooperative.

F.G. EUROPE S.A.
Interim Statements of Income (Consolidated)
For the six months period ended June 30, 2005 and 2004 (Audited)
(All amounts in Euro thousands unless otherwise stated)

	Note	1 st Half 2005	<u>Consolidated</u> 2 nd Quarter 2005	1 st Half 2004	2 nd Quarter 2004
Sales	5	73.050	40.747	113.379	68.625
Less: Cost of sales	5	(66.000)	(35.754)	(103.068)	(61.046)
Gross profit		<u>7.050</u>	<u>4.993</u>	<u>10.311</u>	<u>7.579</u>
Other operating income		1.306	365	433	216
Distribution expenses	6	(3.323)	(2.011)	(3.326)	(1.937)
Administrative expenses	6	(1.962)	(1.260)	(1.560)	(714)
Other operating expenses		(127)	(101)	(409)	(408)
Earnings before financial result, taxes, depreciation & amortization		<u>2.944</u>	<u>1.986</u>	<u>5.449</u>	<u>4.736</u>
Depreciation & amortization		(153)	(91)	(71)	(43)
Earnings before financial result and taxes		<u>2.791</u>	<u>1.895</u>	<u>5.378</u>	<u>4.693</u>
Finance costs (net)	6	(1.404)	(723)	(119)	88
Earnings before taxes		<u>1.387</u>	<u>1.172</u>	<u>5.259</u>	<u>4.781</u>
Income tax expense	7	(573)	(447)	(1.769)	(1.595)
Earnings after taxes		<u><u>814</u></u>	<u><u>725</u></u>	<u><u>3.490</u></u>	<u><u>3.186</u></u>
Attributable as follows:					
Parent company		751	630	3.501	3.200
Minority interest		63	95	(11)	(14)
Net profit (after tax) attributable to the Group		<u><u>814</u></u>	<u><u>725</u></u>	<u><u>3.490</u></u>	<u><u>3.186</u></u>
Earnings per share (expressed in Euros):					
Basic earning per share for the period	8	<u>0.01</u>		<u>0.07</u>	

The attached Notes on pages 10 to 40 are an integral part of this interim Statements of Income.

F.G. EUROPE S.A.
Interim Statements of Income (Company)
For the six months period ended June 30, 2005 and 2004 (Audited)
(All amounts in Euro thousands unless otherwise stated)

	Note	1 st Half 2005	<u>Company</u> 2 nd Quarter 2005	1 st Half 2004	2 nd Quarter 2004
Sales	5	73.317	41.032	113.244	68.570
Less: Cost of sales	5	(66.087)	(36.208)	(102.791)	(60.783)
Gross profit		<u>7.230</u>	<u>4.824</u>	<u>10.453</u>	<u>7.787</u>
Other operating income		1.203	268	455	225
Distribution expenses	6	(3.632)	(2.094)	(3.377)	(2.111)
Administrative expenses	6	(1.752)	(1.058)	(1.506)	(680)
Other operating expenses		(54)	(28)	(381)	(380)
Earnings before financial result, taxes, depreciation & amortization		<u>2.995</u>	<u>1.912</u>	<u>5.644</u>	<u>4.841</u>
Depreciation & amortization		(48)	(26)	(47)	(25)
Earnings before financial result and taxes		<u>2.947</u>	<u>1.886</u>	<u>5.597</u>	<u>4.816</u>
Finance costs (net)	6	(1.642)	(887)	(453)	(218)
Earnings before taxes		<u>1.305</u>	<u>999</u>	<u>5.144</u>	<u>4.598</u>
Income tax expense	7	(566)	(440)	(1.767)	(1.593)
Earnings after taxes		<u><u>739</u></u>	<u><u>559</u></u>	<u><u>3.377</u></u>	<u><u>3.005</u></u>
 Earnings per share (expressed in Euros):					
Basic earning per share for the period	8	<u>0.01</u>		<u>0.06</u>	

The attached Notes on pages 10 to 40 are an integral part of this interim Statements of Income.

F.G. EUROPE S.A.
Interim Balance Sheets (Company and Consolidated)
As of June 30, 2005 and December 31, 2004 (Audited)
(All amounts in Euro thousand unless otherwise stated)

	Note	Consolidated		Company	
		June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
ASSETS					
Non-current assets					
Property, plant and equipment	9	3.360	3.501	312	349
Intangible assets		192	16	11	13
Investments in associates		34	34	690	822
Long term receivables		100	107	81	87
Deferred tax assets					
		<u>183</u>	<u>345</u>	<u>184</u>	<u>346</u>
Total non-current assets		<u>3.869</u>	<u>4.003</u>	<u>1.278</u>	<u>1.617</u>
Current assets					
Inventories	10	41.375	30.070	40.509	29.648
Assets held for sale	11	354	393	354	393
Receivables and prepayments	12	55.847	48.620	56.513	48.372
Cash and cash equivalents	13	5.736	15.361	5.211	15.087
		<u>103.312</u>	<u>94.444</u>	<u>102.587</u>	<u>93.500</u>
Total current assets		<u>103.312</u>	<u>94.444</u>	<u>102.587</u>	<u>93.500</u>
Total assets		<u>107.181</u>	<u>98.447</u>	<u>103.865</u>	<u>95.117</u>
SHAREHOLDERS' EQUITY					
Shareholders equity allocated to the shareholders of the parent company					
Share capital	14	16.279	15.956	16.279	15.956
Share premium	15	5.376	819	5.376	819
Reserves	16	1.237	3.774	307	2.844
Retained earnings					
		<u>(1.275)</u>	<u>(430)</u>	<u>(185)</u>	<u>672</u>
		<u>21.617</u>	<u>20.119</u>	<u>21.777</u>	<u>20.291</u>
Minority interest		500	437	-	-
Total shareholders' equity		<u>22.117</u>	<u>20.556</u>	<u>21.777</u>	<u>20.291</u>
LIABILITIES					
Non-current liabilities					
Long term Borrowings	19	35.107	47.722	35.107	47.722
Retirement benefit obligations	18	234	228	158	151
Deferred state subsidies					
		658	566	-	-
Provisions		-	94	-	94
Deferred tax liabilities		231	133	213	123
		<u>36.230</u>	<u>48.743</u>	<u>35.478</u>	<u>48.090</u>
Current liabilities					
Short term Borrowings	19	20.847	8.254	19.381	6.791
Short term portion of long term borrowings	19	9.883	2.010	9.883	2.010
Current tax liabilities		1.003	1.366	1.003	1.366
Trade and other payables					
	20	<u>17.101</u>	<u>17.518</u>	<u>16.343</u>	<u>16.569</u>
		<u>48.834</u>	<u>29.148</u>	<u>46.610</u>	<u>26.736</u>
Total liabilities		<u>85.064</u>	<u>77.891</u>	<u>82.088</u>	<u>74.826</u>
Total equity and liabilities		<u>107.181</u>	<u>98.447</u>	<u>103.865</u>	<u>95.117</u>

The attached Notes on pages 10 to 40 are an integral part of these interim Balance Sheets.

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Interim Statement of Changes in Shareholders' Equity (Consolidated)
For the six months period ended June 30, 2005 and 2004 (Audited)
(All amounts in Euro thousands unless otherwise stated)

Consolidated

	Share capital	Share premium	Legal reserve	Fair value reserves	Special tax reserves	Treasury shares reserves	Retained earnings	Total	Minority interest	Total Shareholders' equity
Balance on January 1, 2004	15.956	819	738	-	2.786	-	(1.459)	18.840	461	19.301
First half changes										
Net profit for the period	-	-	-	-	-	-	3.501	3.501	(11)	3.490
Dividend distribution	-	-	-	-	-	-	(3.191)	(3.191)	-	(3.191)
Net fair value changes in available for sale securities	-	-	-	(10)	-	-	-	(10)	-	(10)
Balance on June 30, 2004	15.956	819	738	(10)	2.786	-	(1.149)	19.140	450	19.590
Second half changes										
Net profit for the period	-	-	-	-	-	-	939	939	(13)	926
Legal reserve	-	-	220	-	-	-	(220)	-	-	-
Net fair value changes in available for sale securities	-	-	-	40	-	-	-	40	-	40
Balance on January 1, 2005	15.956	819	958	30	2.786	-	(430)	20.119	437	20.556
Net profit for the period	-	-	-	-	-	-	751	751	63	814
Dividend distribution	-	-	-	-	-	-	(1.596)	(1.596)	-	(1.596)
Purchase of treasury shares	-	-	-	-	-	(2.499)	-	(2.499)	-	(2.499)
Share capital increase	323	4.557	-	-	-	-	-	4.880	-	4.880
Net fair value changes in available for sale securities	-	-	-	(38)	-	-	-	(38)	-	(38)
Balance on June 30, 2005	16.279	5.376	958	(8)	2.786	(2.499)	(1.275)	21.617	500	22.117

The attached Notes on pages 10 to 40 are an integral part of these interim Statement of Changes in Shareholders' Equity.

F.G. EUROPE S.A.

Interim Statement of Changes in Shareholders' Equity (Company) For the six months period ended June 30, 2005 and 2004 (Audited) (All amounts in Euro thousands unless otherwise stated)

Company

	<u>Share capital</u>	<u>Share premium</u>	<u>Legal reserve</u>	<u>Fair value reserves</u>	<u>Special tax reserves</u>	<u>Treasury shares reserves</u>	<u>Retained earnings</u>	<u>Total</u>
Balance on January 1, 2004	15.956	819	738	-	1.856	-	(366)	19.003
First half changes								
Net profit for the period	-	-	-	-	-	-	3.377	3.377
Dividend distribution	-	-	-	-	-	-	(3.191)	(3.191)
Net fair value changes in available for sale securities	-	-	-	(10)	-	-	-	(10)
Balance on June 30, 2004	15.956	819	738	(10)	1.856	-	(180)	19.179
Second half changes								
Net profit for the period	-	-	-	-	-	-	1.072	1.072
Legal reserve	-	-	220	-	-	-	(220)	-
Net fair value changes in available for sale securities	-	-	-	40	-	-	-	40
Balance on January 1, 2005	15.956	819	958	30	1.856	-	672	20.291
Net profit for the period	-	-	-	-	-	-	739	739
Dividend distribution	-	-	-	-	-	-	(1.596)	(1.596)
Purchase of treasury shares	-	-	-	-	-	(2.499)	-	(2.499)
Share capital increase	323	4.557	-	-	-	-	-	4.880
Net fair value changes in available for sale securities	-	-	-	(38)	-	-	-	(38)
Balance on June 30, 2005	<u>16.279</u>	<u>5.376</u>	<u>958</u>	<u>(8)</u>	<u>1.856</u>	<u>(2.499)</u>	<u>(185)</u>	<u>21.777</u>

The attached Notes on pages 10 to 40 are an integral part of these interim Statement of Changes in Shareholders' Equity.

F.G. EUROPE S.A.
Statement of Cash Flow (Company and Consolidated)
For the six months period ended June 30, 2005 and 2004 (Audited)
(All amounts in Euro thousands unless otherwise stated)

	Consolidated		Company		
	Note	1 st Half 2005	1 st Half 2004	1 st Half 2005	1 st Half 2004
Cash flow from operating activities					
Profit before tax (and minority interest)		1.387	5.259	1.305	5.144
Add / (less) adjustments for:					
Depreciation		153	71	48	47
Government grants recognized		(24)	-	-	-
Impairment of assets		50	-	282	338
Exchange differences		765	(240)	765	(240)
Provisions		147	343	147	343
Employee benefits		6	(2)	7	(2)
Result of investment activity		(632)	(648)	(632)	(648)
Interest and similar expenses		1.271	1.007	1.227	1.003
Operating result before changes in working capital		3.123	5.790	3.149	5.985
Add / (less) adjustments for changes in working capital items					
(Increase) / decrease in receivables and prepayments		(7.469)	11.175	(8.383)	11.126
(Increase) / decrease in inventories		(11.356)	(13.230)	(10.861)	(13.233)
Increase / (decrease) in trade and other payables		(559)	19.345	(485)	19.359
(Increase) / decrease in long term receivables		7	1	6	1
Total cash inflow / (outflow) from operating activities		(16.254)	23.081	(16.574)	23.238
Income taxes paid		(677)	(728)	(677)	(728)
Interest and similar expenses paid		(474)	(884)	(430)	(880)
Total net inflow / (outflow) from operating activities		(17.405)	21.469	(17.681)	21.630
Cash flow from investing activities					
Interest received		111	18	111	18
Acquisition of subsidiary		-	-	(150)	(113)
Purchase of PPE and intangible assets		(188)	(469)	(9)	(68)
Total net cash inflow / (outflow) from investing activities		(77)	(451)	(48)	(163)
Cash flow from financing activities					
Repayments of borrowings		7.055	(9.990)	7.051	(10.500)
Share capital increase		4.880	-	4.880	-
Purchase of treasury shares		(2.499)	-	(2.499)	-
Dividend payment		(1.579)	(3.275)	(1.579)	(3.275)
Total net cash inflow / (outflow) from financing activities		7.857	(13.265)	7.853	(13.775)
Net increase / (decrease) in cash and cash equivalents		(9.625)	7.753	(9.876)	7.692
Cash and cash equivalents at beginning of period		15.361	1.873	15.087	1.808
Cash and cash equivalents at end of period		5.736	9.626	5.211	9.500

The attached Notes on pages 10 to 40 are an integral part of these interim Statements of Cash Flow.

F.G. EUROPE S.A.

Notes to the interim Financial Statements (Company and Consolidated)

For the period ended June 30, 2005 (Audited)

(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 electrical appliances, LCD televisions – Plasma and in the wholesale of products and services of mobile telephony.
- The subsidiaries cover supplementary fields like after sales services, inventory managements (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, with registered offices: 128, Vouliagmenis Ave., GR-16674 Glyfada, Greece. The total number of personnel occupied as of June 30, 2005 is 63 for the parent and 107 for the Group.

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

The company’s and group’s interim financial statements for the six months period ending on June 30, 2005 have been approved by the Board of Directors on its meeting on August 31, 2005.

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

<u>Name of Subsidiary</u>	<u>Business</u>	Share as of June 30, 2005
• Fidakis Service S.A.	After sales service	100%
• F.G. Logistics S.A.	Logistics	100%
• City Elektrik S.A.	Retail sales	100%
• Hydroelectrical Achaias S.A..	Energy production	55.25%
• Fidakis Service Ltd.	After sales service	100%
• F.G. Italia S.p.A.	Sales promotion – logistics	98%
• Hellenic Eolic Kyliandrias Ltd.	Energy production	100%

2. Basis of Preparation of Financial Statements

2.1 Statement of Compliance: These interim 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: The Company’s Financial Statements have been prepared until December 31, 2004 according to company law 2190/1920 and the Greek accounting principals which in several cases differ from the accounting principles of IFRS. 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). The

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Notes to the interim Financial Statements (Company and Consolidated)

For the period ended June 30, 2005 (Audited)

(All amounts in Euro thousands unless otherwise stated)

Company will prepare and publish the annual financial statements according to IFRS for the first time within the legal time frame as of December 31, 2005. These interim financial statements as of June 30, 2005 have been prepared based on recognition and valuation principles of IFRS that will be in force as of December 31, 2005, date that will be the first date of annual financial statements preparation date for the Group according to IFRS. Based on these IFRS, the company's management applied the accounting principles outlined below that are expected to be applied for the preparation of the first annual financial statements according to IFRS for the year ending December 31, 2005.

Furthermore, the IFRS principles that will be in force for the preparation of the annual financial statements as of December 31, 2005 are subject to change and therefore cannot be determined securely. Therefore, the accounting principles for the annual period will be finalized when the annual financial statements will be prepared for the year ending December 31, 2005.

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.

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

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Notes to the interim Financial Statements (Company and Consolidated)

For the period ended June 30, 2005 (Audited)

(All amounts in Euro thousands unless otherwise stated)

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.

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.

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 it 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

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Notes to the interim Financial Statements (Company and Consolidated)

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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.

According to IAS 16 the Group recognizes the costs related to its liabilities of tangible assets removal in the period of occurrence and in the extent in which an estimate of its fair value is feasible. The related costs of removal are capitalized in the assets carrying amount and are depreciated relatively.

- 3.6 Depreciation:** Depreciation of property, plant and equipment is computed based on the straight-line method at rates, which approximate average economic useful lives reviewed on an annual basis. The useful lives assumed are set out below:

	Years of useful life	Depreciation rate
Buildings on leased assets	7 – 20	5% - 14%
Plant and equipment	7 – 9	11% - 14%
Furniture and fixture	4 – 7	14% - 25%
Vehicles	7 – 9	11% - 14%
Intangible assets	4 – 5	20% - 25%

Leasehold improvements are amortized over the term of the lease.

- 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,

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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 and Italian tax laws for each of the consolidated subsidiaries. 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.

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 Company writes off deferred tax assets with deferred tax liabilities only if:

- The Company has a legal right to write off current tax assets against current tax obligations and
- The deferred tax assets and the deferred tax liabilities relate to income tax and are imposed by the same tax authority either:
 - To the same taxable entity or
 - To different taxable entities, that intend to write off the current tax obligations and assets or to settle the assets with the liabilities simultaneously in every future period in which significant amounts of deferred tax obligations or assets are expected to be settled.

3.9 Cash and Cash Equivalents: Cash, time deposits and other highly liquid, low risk investments with original maturities of three months or less are considered to be cash equivalents.

3.10 Revenues: 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:

- **Sales 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.

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- **Services:** Revenues for services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total cost.
- **Interest Income:** Interest income is recognized on a time-proportion basis using the effective interest method.
- **Dividend Income:** Dividend income is recognized at the period approved by each entity's General Assembly Meeting.

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.

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 assets are depreciated in 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 a finance lease:

- 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.

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- 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 Financial Instruments: A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The financial instruments of the Group are classified in one of the following categories based on the purpose of the contract and the scope of the acquisition.

3.17.1 Financial assets or liabilities at fair value through the statement of income: A financial asset or financial liability that meets either of the following conditions:

- Is classified as held for trading (including derivatives but excluding instruments designated for hedging purposes, acquired or designed for the purchase or repurchase purposes and finally those who are part of a portfolio including recognized financial instruments).
- Upon initial recognition it is designated by the entity as at fair value through the statement of income.
- On the balance sheet the transactions and the valuation at fair value are presented separately as derivative financial instruments. Changes in fair value of these derivatives are charged to the statement of income.

3.17.2 Loans and receivables: Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Receivables from prepayments for the purchase of goods or services,
- Receivables concerning tax transactions that are imposed by law or the government,
- Anything else not covered contractually giving the entity the right for cash settlement or other financial assets.

Loans and receivables are included in current assets other than those with maturities over 12 months from the balance sheet date. These are included in non-current assets.

3.17.3 Held-to-maturity investments: Held-to-maturity investments include non derivative financial assets with fixed or determined payments and fixed maturity and the Group intends to hold until their maturity.

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3.17.4 Available-for-sale financial assets: available-for-sale financial assets include those non derivative financial assets that are designated in this category and cannot be classified in one of the above categories.

Upon initial recognition the available-for-sale financial assets are valued at fair value and the related gains or losses are directly charged to reserves of equity until these assets are sold or characterized as impaired.

When sold or characterized as impaired the gains or losses are transferred to income. Impairment losses recognized in the statement of income are not reversed through the statement of income.

Acquisitions and disposals of investments are recognized at the date of the transaction that is the date when the Group commits the purchase or sale of the investment. The investments are initially recognized at fair value increased with incremental transaction costs directly attributable to the acquisition or disposal of the investment excluding those investments valued at fair value through the statement of income. The investments are derecognized when the right for cash flows matures or is transferred and the Group has transferred substantially all the risks and rewards associated with the investment.

Loans and receivables are recognized at amortized cost using the effective interest rate method. Realized and unrealized gains or losses that arise from the variation in the fair value of the financial assets valued at fair value through the statement of income are recognized in the statement of income in the period of occurrence.

The fair values of the financial assets that are traded on organized markets are determined through the current ask prices. For non tradable assets the fair values are determined through the use of valuation techniques such as analysis of recent transactions, concrete traded assets and the discounting of cash flows. Equity instruments non traded on active markets have been classified as available-for-sale investments and have been valued at cost when a fair value was not determinable.

On each balance sheet date the Group tests the financial asset for the existence of objective indications of impairment. Shares of companies that have been classified as financial assets available-for-sale, such an indication is the permanent and material decrease of their fair value compared to their purchase cost. If impairment is objectively determinable the accumulated losses in fair value reserves in equity that is the difference between cost and fair value is transferred to the statement of income.

3.18 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.

3.19 Receivables – provision for doubtful accounts: Accounts Receivable are recognized and carried at original invoiced amount. Subsequently they are reduced for any uncollectible amounts for which certainty exists not collecting them. At each reporting period/date, all accounts receivable are assessed based on historical trends and statistical information and a provision is recorded for the probable and reasonably

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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.

3.20 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 of 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 additional 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 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 is 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 is 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 statement of income.

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

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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.

- 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 the Group’s structure. The Group’s financial decision makers review financial information separately as reported by the parent company and each of the Group’s consolidated subsidiaries. The reportable segments are determined using the quantitative thresholds set by the Standard.

A business segment is defined as a group of assets or operations with different risks and returns from other business segments. A geographical segment is defined as a geographical area where goods are sold or services offered that is subject to different risk and returns than do other geographical areas.

- 3.26 Government Grants:** Governments grants are initially recognized as deferred income on the balance sheet, when the reimbursement of the grant is fairly secure and the Group has met its required obligations. Grants related to the Groups expenses are recognized as other operating income on a systematic base in the period the related expenses are recognized. Grants related to the purchase cost of the Group’s assets are recognized as other operating income on a systematic base according to the useful estimated life of the asset.

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4. *Disclosure of Transition to International Financial Reporting Standards*

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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Reconciliation of Balance Sheet as of January 1, 2004 between IFRS and Law 2190/1920:

	Consolidated			Company		
	January 1, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	January 1, 2004 (According to IFRS)	January 1, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	January 1, 2004 (According to IFRS)
ASSETS						
Non-current assets						
Property, plant and equipment	1.871	-	1.871	354	-	354
Intangible assets	625	(585)	40	598	(585)	13
Investments in associates	34	-	34	3.343	(2.464)	879
Long term receivables	93	-	93	89	-	89
Deferred tax assets	0	472	472	-	470	470
Total non-current assets	2.623	(113)	2.510	4.384	(2.579)	1.805
Current assets						
Inventories	15.197	(165)	15.032	14.697	(165)	14.532
Assets held for sale	354	12	366	354	12	366
Receivables and prepayments	62.063	12.315	74.378	61.575	12.744	74.319
Cash and cash equivalents	1.873	-	1.873	1.808	-	1.808
Total current assets	79.487	12.162	91.649	78.434	12.591	91.025
Total assets	82.110	12.049	94.159	82.818	10.012	92.830
LIABILITIES						
Non-current liabilities						
Long term Borrowings	-	-	-	-	-	-
Retirement benefit obligations	209	(46)	163	209	(54)	155
Deferred state subsidies	-	-	-	-	-	-
Provisions	61	(61)	-	61	(61)	-
Deferred tax liabilities	-	140	140	-	140	140
	270	33	303	270	25	295
Current liabilities						
Short term Borrowings	22.121	14.885	37.006	22.121	14.885	37.006
Short term portion of long term borrowings	13.220	-	13.220	13.220	-	13.220
Current tax liabilities	3.488	(1.576)	1.912	3.457	(2.962)	495
Trade and other payables	25.239	(2.821)	22.418	24.553	(1.742)	22.811
	64.068	10.488	74.556	63.351	10.181	73.532
Total liabilities	64.338	10.521	74.859	63.621	10.206	73.827
Total Assets less total liabilities	17.772	1.528	19.300	19.197	(194)	19.003

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Reconciliation of Balance Sheet as of January 1, 2004 between IFRS and Law 2190/1920: (continued)

	Consolidated			Company		
	January 1, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	January 1, 2004 (According to IFRS)	January 1, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	January 1, 2004 (According to IFRS)
<u>SHAREHOLDERS' EQUITY</u>						
Shareholders equity allocated to the shareholders of the parent company						
Share capital	15.956	-	15.956	15.956	-	15.956
Share premium	819	-	819	819	-	819
Reserves	3.331	193	3.524	2.094	500	2.594
Retained earnings	(2.088)	628	(1.460)	328	(694)	(366)
	<u>18.018</u>	<u>821</u>	<u>18.839</u>	<u>19.197</u>	<u>(194)</u>	<u>19.003</u>
Consolidation differences	(707)	707	-	-	-	-
Minority interest	461	-	461	-	-	-
Total shareholders' equity	<u>17.772</u>	<u>1.529</u>	<u>19.300</u>	<u>19.197</u>	<u>(194)</u>	<u>19.003</u>

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Reconciliation of Balance Sheet as of June 30, 2004 between IFRS and Law 2190/1920:

	Consolidated			Company		
	June 30, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	June 30, 2004 (According to IFRS)	June 30, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	June 30, 2004 (According to IFRS)
ASSETS						
Non-current assets						
Property, plant and equipment	2.263	-	2.263	373	-	373
Intangible assets	645	(600)	45	616	(600)	16
Investments in associates	34	-	34	3.456	(2.800)	656
Long term receivables	93	(1)	92	87	-	87
Deferred tax assets	-	239	239	-	237	237
Total non-current assets	3.035	(362)	2.673	4.532	(3.163)	1.369
Current assets						
Inventories	28.427	(165)	28.262	27.931	(166)	27.765
Assets held for sale	366	(10)	356	366	(10)	356
Receivables and prepayments	65.283	(2.421)	62.862	64.844	(1.995)	62.849
Cash and cash equivalents	9.626	-	9.626	9.500	-	9.500
Total current assets	103.702	(2.596)	101.106	102.641	(2.171)	100.470
Total assets	106.737	(2.958)	103.779	107.173	(5.334)	101.839
LIABILITIES						
Non-current liabilities						
Long term Borrowings	-	-	-	-	-	-
Retirement benefit obligations	222	(62)	160	221	(68)	153
Deferred state subsidies	-	-	-	-	-	-
Provisions	297	(297)	-	297	(297)	-
Deferred tax liabilities	-	215	215	-	215	215
	519	(144)	375	518	(150)	368
Current liabilities						
Short term Borrowings	37.213	3.146	40.359	36.703	3.146	39.849
Short term portion of long term borrowings	-	-	-	-	-	-
Current tax liabilities	2.479	166	2.645	2.430	213	2.643
Trade and other payables	44.489	(3.683)	40.806	43.841	(4.041)	39.800
	84.181	(371)	83.810	82.974	(682)	82.292
Total liabilities	84.700	(515)	84.185	83.492	(832)	82.660
Total Assets less total liabilities	22.037	(2.443)	19.594	23.681	(4.502)	19.179

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	Consolidated			Company		
	June 30, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	June 30, 2004 (According to IFRS)	June 30, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	June 30, 2004 (According to IFRS)
<u>SHAREHOLDERS' EQUITY</u>						
Shareholders equity allocated to the shareholders of the parent company						
Share capital	15.956	-	15.956	15.956	-	15.956
Share premium	819	-	819	819	-	819
Reserves	3.343	174	3.517	2.105	479	2.584
Retained earnings	2.171	(3.321)	(1.150)	4.801	(4.981)	(180)
	<u>22.289</u>	<u>(3.147)</u>	<u>19.142</u>	<u>23.681</u>	<u>(4.502)</u>	<u>19.179</u>
Consolidation differences	(707)	707	-	-	-	-
Minority interest	455	(3)	452	-	-	-
Total shareholders' equity	<u>22.037</u>	<u>(2.443)</u>	<u>19.594</u>	<u>23.681</u>	<u>(4.502)</u>	<u>19.179</u>

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Reconciliation of Balance Sheet as of December 31, 2004 between IFRS and Law 2190/1920:

	Consolidated			Company		
	December 31, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	December 31, 2004 (According to IFRS)	December 31, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	December 31, 2004 (According to IFRS)
<u>ASSETS</u>						
Non-current assets						
Property, plant and equipment	3.430	71	3.501	349	-	349
Intangible assets	934	(918)	16	887	(874)	13
Investments in associates	34	-	34	720	102	822
Long term receivables	107	-	107	87	-	87
Deferred tax assets	-	345	345	-	346	346
Total non-current assets	4.505	(502)	4.003	2.043	(426)	1.617
Current assets						
Inventories	30.308	(238)	30.070	29.813	(165)	29.648
Assets held for sale	389	4	393	389	4	393
Receivables and prepayments	46.718	1.902	48.620	46.469	1.903	48.372
Cash and cash equivalents	15.361	-	15.361	15.087	-	15.087
Total current assets	92.776	1.668	94.444	91.758	1.742	93.500
Total assets	97.281	1.166	98.447	93.801	1.316	95.117
<u>LIABILITIES</u>						
Non-current liabilities						
Long term Borrowings	48.111	(389)	47.722	48.111	(389)	47.722
Retirement benefit obligations	323	(95)	228	235	(84)	151
Deferred state subsidies	-	566	566	-	-	-
Provisions	267	(173)	94	267	(173)	94
Deferred tax liabilities	-	133	133	-	123	123
	48.701	42	48.743	48.613	(523)	48.090
Current liabilities						
Short term Borrowings	2.733	5.521	8.254	1.270	5.521	6.791
Short term portion of long term borrowings	2.010	-	2.010	2.010	-	2.010
Current tax liabilities	2.859	(1.493)	1.366	2.818	(1.452)	1.366
Trade and other payables	20.708	(3.190)	17.518	19.809	(3.240)	16.569
	28.310	838	29.148	25.907	829	26.736
Total liabilities	77.011	880	77.891	74.520	306	74.826
Total Assets less total liabilities	20.270	286	20.556	19.281	1.010	20.291

F.G. EUROPE S.A.

Notes to the interim Financial Statements (Company and Consolidated)

For the period ended June 30, 2005 (Audited)

(All amounts in Euro thousands unless otherwise stated)

Reconciliation of Balance Sheet as of December 31, 2004 between IFRS and Law 2190/1920: (cont'ed)

	Consolidated			Company		
	December 31, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	December 31, 2004 (According to IFRS)	December 31, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	December 31, 2004 (According to IFRS)
<u>SHAREHOLDERS' EQUITY</u>						
Shareholders equity allocated to the shareholders of the parent company						
Share capital	15.956	-	15.956	15.956	-	15.956
Share premium	819	-	819	819	-	819
Reserves	3.847	(73)	3.774	(373)	3.217	2.844
Retained earnings	(82)	(348)	(430)	2.879	2.207	672
	20.540	(421)	20.119	19.281	1.010	20.291
Consolidation differences	(707)	707	-	-	-	-
Minority interest	437	-	437	-	-	-
Total shareholders' equity	20.270	286	20.556	19.281	1.010	20.291

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Notes to the interim Financial Statements (Company and Consolidated)

For the period ended June 30, 2005 (Audited)

(All amounts in Euro thousands unless otherwise stated)

Reconciliation of Statement of Income for the period ending June 30, 2004 between IFRS and Law 2190/1920:

	Consolidated			Company		
	January 1- June 30, 2004 <small>(According to Law 2190/1920)</small>	<i>Impact of transition to IFRS</i>	January 1- June 30, 2004 <small>(According to IFRS)</small>	January 1- June 30, 2004 <small>(According to Law 2190/1920)</small>	<i>Impact of transition to IFRS</i>	January 1- June 30, 2004 <small>(According to IFRS)</small>
Sales	113.769	(390)	113.379	113.634	(390)	113.244
Less: Cost of sales	(103.068)	-	(103.068)	(102.791)	-	(102.791)
Gross profit	10.701	(390)	10.311	10.843	(390)	10.453
Other operating income	-	433	433	23	432	455
Distribution expenses	(3.327)	1	(3.326)	(3.377)	-	(3.377)
Administrative expenses	(1.781)	150	(1.631)	(1.697)	144	(1.553)
Other operating expenses	-	(409)	(409)	-	(381)	(381)
Profit from operations	5.593	(215)	5.378	5.792	(195)	5.597
Finance costs (net)	(989)	870	(119)	(985)	532	(453)
Extraordinary items (net)	(355)	355	-	(335)	335	-
Profit before tax	4.249	1.010	5.259	4.472	672	5.144
Income tax expense	-	(1.769)	(1.769)	-	(1.767)	(1.767)
Minority interest	10	-	10	-	-	-
Net profit (after tax) attributable to the Group	4.259	(759)	3.500	4.472	(1.095)	3.377

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Notes to the interim Financial Statements (Company and Consolidated)

For the period ended June 30, 2005 (Audited)

(All amounts in Euro thousands unless otherwise stated)

Reconciliation of Statement of Income for the year ending December 31, 2004 between IFRS and Law 2190/1920:

	Consolidated			Company		
	January 1- December 31, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	January 1- December 31, 2004 (According to IFRS)	January 1- December 31, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	January 1- December 31, 2004 (According to IFRS)
Sales	209.916	(1.558)	208.358	209.680	(1.558)	208.122
Less: Cost of sales	(192.024)	165	(191.859)	(191.031)	165	(190.866)
Gross profit	17.892	(1.393)	16.499	18.649	(1.393)	17.256
Other operating income	27	756	783	72	749	821
Distribution expenses	(6.516)	27	(6.489)	(7.029)	-	(7.029)
Administrative expenses	(3.293)	469	(2.824)	(3.144)	466	(2.678)
Other operating expenses	-	(118)	(118)	-	(55)	(55)
Profit from operations	8.110	(259)	7.851	8.548	(233)	8.315
Finance costs (net)	(1.824)	959	(865)	(2.128)	803	(1.325)
Extraordinary items (net)	(5)	5	-	413	(413)	-
Profit before tax	6.281	705	6.986	6.833	157	6.990
Income tax expense	(2.432)	(142)	(2.574)	(2.432)	(108)	(2.540)
Minority interest	28	-	28	-	-	-
Net profit (after tax) attributable to the Group	3.877	563	4.440	4.401	49	4.450

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Notes to the interim Financial Statements (Company and Consolidated)

For the period ended June 30, 2005 (Audited)

(All amounts in Euro thousands unless otherwise stated)

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
Transfer 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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Notes to the interim Financial Statements (Company and Consolidated)

For the period ended June 30, 2005 (Audited)

(All amounts in Euro thousands unless otherwise stated)

The recorded adjustments in the statement of income for the period ended June 30, 2004 are set out below:

	Consolidated June 30, 2004	Company June 30, 2004
	<hr/>	<hr/>
Profit (before tax and minority interest) as previously reported according to Greek GAAP	4.249	4.473
Adjustments of International Financial Reporting Standards		
Value adjustment in associates	-	(338)
Reversal of depreciation of capitalized expenses according to Greek GAAP	130	130
Recognition of foreign currency translation differences during the related period	235	235
Fair value recognition of revenues	630	630
Income tax provision for the period	(1.458)	(1.458)
Deferred income tax	(308)	(308)
Other adjustments	23	13
Total adjustments	<hr/> (748)	<hr/> (1.096)
Net profit (after taxes and minority interest) according to International Financial Reporting Standards	<hr/> 3.501	<hr/> 3.377

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Notes to the interim Financial Statements (Company and Consolidated)

For the period ended June 30, 2005 (Audited)

(All amounts in Euro thousands unless otherwise stated)

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 six months period ended June 30, 2005 and 2004 are presented below:

Six months period ended September 30, 2005	Air conditioners	White electrical appliances	Mobile Telephony	Other	Total	Intercompany elimination	Group
Sales revenues	18.647	2.909	51.200	1.273	74.029	(979)	73.050
Less: Cost of sales	(12.333)	(2.214)	(51.004)	(1.043)	(66.594)	594	(66.000)
Gross profit	6.314	695	196	230	7.435	(385)	7.050
Other operating income	749	139	316	382	1.586	(280)	1.306
Distribution expenses	(3.024)	(397)	(207)	(291)	(3.919)	596	(3.323)
Administrative expenses	(1.391)	(269)	(277)	(180)	(2.117)	2	(2.115)
Other operating expenses	(42)	(12)	-	(73)	(127)	-	(127)
Profit from operations	2.606	156	28	68	2.858	(67)	2.791
Finance costs (net)	(1.552)	(74)	(9)	(51)	(1.686)	282	(1.404)
Profits / (loss) before tax	1.054	82	19	17	1.172	215	1.387
Income tax expense	(516)	(40)	(9)	(8)	(573)	-	(573)
Net profit / (loss)	538	42	10	9	599	215	814
Acquisition of PPE and intangible assets	4	3	2	179	188	-	188
Depreciation and amortization	22	14	12	105	153	-	153
Provisions	67	42	38	-	147	-	147

Six months period ended September 30, 2004	Air conditioners	White electrical appliances	Mobile Telephony	Other	Total	Intercompany elimination	Group
Sales revenues	35.056	2.909	75.183	804	113.952	(573)	113.379
Less: Cost of sales	(25.717)	(2.188)	(74.761)	(729)	(103.395)	327	(103.068)
Gross profit	9.339	721	422	75	10.557	(246)	10.311
Other operating income	9	7	396	44	456	(23)	433
Distribution expenses	(2.815)	(377)	(245)	(152)	(3.589)	263	(3.326)
Administrative expenses	(1.038)	(276)	(288)	(35)	(1.637)	6	(1.631)
Other operating expenses	(176)	(27)	(196)	(10)	(409)	-	(409)
Profit from operations	5.319	48	89	(78)	5.378	-	5.378
Finance costs (net)	(347)	(38)	(68)	(4)	(457)	338	(119)
Profits / (loss) before tax	4.972	10	21	(82)	4.921	338	5.259
Income tax expense	(1.757)	(4)	(8)	-	(1.769)	-	(1.769)
Net profit / (loss)	3.215	6	13	(82)	3.152	338	3.490
Acquisition of PPE and intangible assets	29	20	19	401	469	-	469
Depreciation and amortization	20	14	13	24	71	-	71
Provisions	146	-	197	-	343	-	343

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Notes to the interim Financial Statements (Company and Consolidated)

For the period ended June 30, 2005 (Audited)

(All amounts in Euro thousands unless otherwise stated)

Respectively, the allocation of assets and liabilities to the business segments as of June 30, 2005 and December 31, 2004 is as follows:

June 30, 2005	Air conditioners	White electrical appliances	Mobile Telephony	Other	Total	Intercompany elimination	Group
Property, plant and equipment and intangible assets.....	148	92	83	3.229	3.552	-	3.552
Other long term assets.....	145	91	81	-	317	-	317
Inventories.....	35.906	1.745	2.558	1.232	41.441	(66)	41.375
Other investments.....	318	30	4	2	354	-	354
Receivables and prepaid expenses....	41.945	7.299	6.545	1.181	56.970	(1.123)	55.847
Cash and cash equivalents.....	4.680	433	57	566	5.736	-	5.736
Total assets	83.142	9.690	9.328	6.210	108.370	(1.189)	107.181
Long term borrowings.....	31.529	2.917	383	278	35.107	-	35.107
Other long term liabilities.....	213	133	120	657	1.123	-	1.123
Short term borrowings.....	17.335	1.604	290	1.618	20.847	-	20.847
Short term portion of long term debts.....	8.875	821	108	79	9.883	-	9.883
Current tax liabilities.....	-	1.003	-	-	1.003	-	1.003
Trade and other payables.....	5.436	2.568	8.073	2.147	18.224	(1.123)	17.101
Total liabilities	63.388	9.046	8.974	4.779	86.187	(1.123)	85.064
December 31, 2004	Air conditioners	White electrical appliances	Mobile Telephony	Other	Total	Intercompany elimination	Group
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

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(All amounts in Euro thousands unless otherwise stated)

6. Break down of Expenses

The main expenses are analyzed as follows:

	Consolidated		Company	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Personnel expenses.....	(1.372)	(1.399)	(1.260)	(1.285)
Third party expenses.....	(896)	(633)	(982)	(870)
Supplies.....	(1.342)	(1.542)	(1.542)	(1.462)
Taxes and duties.....	(241)	(191)	(228)	(187)
Various expenses.....	(1.098)	(982)	(1.028)	(934)
Depreciation.....	(146)	(64)	(48)	(47)
Provisions.....	<u>(343)</u>	<u>(146)</u>	<u>(344)</u>	<u>(145)</u>
Total	<u>(5.438)</u>	<u>(4.957)</u>	<u>(5.432)</u>	<u>(4.930)</u>

The personnel expenses are analyzed as follows:

	Consolidated		Company	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Salaries and wages.....	(1.109)	(1.156)	(1.026)	(1.067)
Employers' social security contributions.....	(246)	(235)	(218)	(211)
Other compensation.....	(11)	(10)	(9)	(9)
Retirement employee benefits.....	<u>(6)</u>	<u>2</u>	<u>(7)</u>	<u>2</u>
Total	<u>(1.372)</u>	<u>(1.399)</u>	<u>(1.260)</u>	<u>(1.285)</u>

The above expenses are included in the statement of income as follows:

	Consolidated		Company	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Distribution expenses	(3.323)	(3.326)	(3.632)	(3.377)
Administrative expenses	<u>(2.115)</u>	<u>(1.631)</u>	<u>(1.800)</u>	<u>(1.553)</u>
Total	<u>(5.438)</u>	<u>(4.957)</u>	<u>(5.432)</u>	<u>(4.930)</u>

Finance costs and income are analyzed as follows:

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	Consolidated		Company	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Interest and similar expenses	(1.264)	(1.007)	(1.220)	(1.003)
Provisions for impairment of subsidiaries and securities	-	-	(282)	(338)
Foreign exchange differences (expense)	(1.095)	(56)	(1.095)	(56)
Other	(7)	-	(7)	-
Total Finance costs	(2.366)	(1.063)	(2.604)	(1.397)
Finance income:				
Interest and similar income	625	643	625	643
Foreign exchange differences (income)	330	296	330	296
Other	7	5	7	5
Total Finance income	962	944	962	944
Finance costs (net)	<u>(1.404)</u>	<u>(119)</u>	<u>(1.642)</u>	<u>(453)</u>

7. 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
• 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	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Income tax (current period)	(315)	(1.461)	(315)	(1.459)
Deferred tax	(258)	(308)	(251)	(308)
Income tax	<u>(573)</u>	<u>(1.769)</u>	<u>(566)</u>	<u>(1.767)</u>

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(All amounts in Euro thousands unless otherwise stated)

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.

8. 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 June 30, 2005 and June 30, 2004 amounts to 53.189.430 and 53.187.840 shares respectively.

	Consolidated		Company	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Net profit attributable to shareholders	751	3.501	739	3.377
Weighted average number of shares outstanding	53.189.430	53.187.840	53.189.430	53.187.840
Basic earnings per share (in Euro)	0,01	0,07	0,01	0,06

9. 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	-	-	358	1	-	8	367
Disposals / transfers	-	(382)	-	(2)	(54)	-	(438)
Depreciation	-	(36)	(27)	(19)	(45)	-	(127)
Depreciation of disposals	-	-	-	-	57	-	57
June 30, 2005							
Value at cost	5	1.711	1.237	239	798	19	4.009
Accumulated depreciation	-	(51)	(34)	(67)	(497)	-	(649)
Net book value	5	1.660	1.203	172	301	19	3.360

It is noted that fixed assets are not pledged.

10. Inventories

Inventories are analyzed as follows:

	Consolidated		Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Merchandise	15.569	14.243	14.703	13.821
Prepayments for the purchase of merchandise	25.806	15.827	25.806	15.827
Total	41.375	30.070	40.509	29.648

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The cost of inventory charged to cost of sales amounts to EURO 66.000 (EURO 103.068 in 2004) for the Group and for the Company to EURO 66.087 (EURO 102.791 in 2004).

11. Other Investments

Other investments comprise share listed on the Athens Stock Exchange, which were valued with current closing prices of June 30, 2005.

12. Receivables and Prepayments

Receivables and prepayments are analyzed as follows:

	Consolidated		Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Customers	11.804	8.117	12.646	8.254
Postdated cheques	39.906	39.001	39.891	38.905
Notes receivables	88	104	88	104
Provision for doubtful accounts	(1.936)	(1.670)	(1.936)	(1.670)
	49.862	45.552	50.689	45.593
Other receivables	5.985	3.068	5.824	2.779
Total	55.847	48.620	56.513	48.372

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

13. Cash and Cash Equivalents

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

14. Share Capital

As of December 31, 2004 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 and as of June 30, 2005 to EURO 16.279 divided into 54.262.320 common shares with par value of EURO 0,0003 each.

The Board of Directors on its meeting of May 5, 2005 certified the share capital increase of EURO 323 and the issuance of 1.074.480 new ordinary shares resulting from the conversion of 48.840 convertible bonds and the credit to the share premium account of EURO 4.557 resulting from the premium of the issue price of the bonds.

As of June 30, 2005 the company holds 750.660 treasury shares of par value EURO 0,0003 with purchase cost of EURO 2.499 presented in reserves in an treasury shares account.

15. Share Premium

The share premium as of December 31, 2004 amounts to EURO 819. Subsequently it was increased by EURO 4.557 as mentioned in the previous paragraph and as of June 30, 2005 amounts to EURO 5.376.

16. Reserves

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

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Notes to the interim Financial Statements (Company and Consolidated)

For the period ended June 30, 2005 (Audited)

(All amounts in Euro thousands unless otherwise stated)

Reserve	January 1, 2004	Additions / (reductions)	December 31, 2004	Additions / (reductions)	September 30, 2005
Legal reserve.....	738	220	958	-	958
Treasury shares.....	-	-	-	(2.499)	(2.499)
Fair value reserves.....	-	30	30	(38)	(8)
Extraordinary reserves.....	1.566	-	1.566	-	1.566
Tax free reserves.....	290	-	290	-	290
Special tax reserves Art.44 (L.1892/90).....	930	-	930	-	930
	<u>3.524</u>	<u>250</u>	<u>3.774</u>	<u>(2.537)</u>	<u>1.237</u>

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

Reserve	January 1, 2004	Additions / (reductions)	December 31, 2004	Additions / (reductions)	September 30, 2005
Legal reserve.....	738	220	958	-	958
Treasury shares.....	-	-	-	(2.499)	(2.499)
Fair value reserves.....	-	30	30	(38)	(8)
Extraordinary reserves.....	1.566	-	1.566	-	1.566
Tax free reserves.....	290	-	290	-	290
	<u>2.594</u>	<u>250</u>	<u>2.844</u>	<u>(2.537)</u>	<u>307</u>

16.1 Legal Reserve

According to the provisions of the Greek company legislation the transfer of 5% of the net annual profits to form the legal reserve is obligatory until this reserve amounts to 1/3 of the paid in share capital. The legal reserve is only distributable in case of dissolution of the company but can be offset with accumulated losses.

16.2 Treasury Shares

The reserves for treasury shares reflects the purchase cost of the treasury stock held by the Group as of September 30, 2005. The Group holds 1.330.220 treasury shares.

16.3. Special reserve of Article 44 (Law 1892/90)

The subsidiary F.G. Logistics S.A. (formerly General Data Applications S.A.) was submitted to the provisions of Article 44 par. 1 of Law 1892/1990 with decision number 7927/2002 of the appeal court of Athens. According to this decision the liabilities to suppliers, creditors, public except social security organization were reduced effectively December 31, 2001. The resulting surplus is presented in special reserves.

17. 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.

During the six months period a cash dividend distribution of EURO 1.596 i.e. EURO 0,00003 per share was approved.

18. 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.

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The provision for employee termination benefits is presented in the financial statements according to IAS 19 and is based on an independent actuarial study calculated as of December 31, 2004 and has been adjusted by management estimates with 5% in order to include the impact of the six months period 2005.

The basic underlying assumptions of the study are as follows:

	Estimate
Average increase in personnel expenses	4%
Discount rate	5%
Retirement age: men / women	65 years / 60 years

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

19. Borrowings

The company's borrowings are analyzed as follows:

	Consolidated		Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Long term borrowings:				
Bonded loan.....	33.091	33.157	33.091	33.157
Convertible bond loan.....	11.899	16.575	11.899	16.575
	44.990	49.732	44.990	49.732
Long term debt payable within the next 12 months.....	(9.883)	(2.010)	(9.883)	(2.010)
	35.107	47.722	35.107	47.722
Short term borrowings	20.847	8.254	19.381	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 at 3,8% p.a..

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

On May 3, 2005, three months after the initial existence of conversions the right, 48.840 bonds were converted based on the conversion ratio of 1:22 into 1.074.480 common shares of the Company.

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

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 of EURO

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2.010 was due 12 months after the issue date and was already paid. The remaining installments are payable in equal tranches every six months until the maturity of the loan.

20. Trade and other Payables

Trade and other payables are analyzed as follows:

	Consolidated		Company	
	June 30, 2005	December 31, 2004	June 30, 2005	December 31, 2004
Suppliers.....	4.355	3.690	4.295	3.409
Cheques payables postdated.....	8.382	10.935	7.879	10.452
Accrued expenses.....	1.664	1.407	1.664	1.407
Other short term obligations.....	2.700	1.486	2.505	1.301
Total	17.101	17.518	16.343	16.569

21. Post Balance Sheet Events

There are no events after the balance sheet date of June 30, 2005 that are able to have impact on the financial position of the Company and the Group and of the results of its operations and its cash flows.

22. Commitments and Contingencies

The group has no uncompleted purchasing commitments with its suppliers as of June 30, 2005. The future aggregate minimum lease payments arising from building lease agreements until year 2014 are estimated to amount to EURO 3.967 approximately, while the amount charged to income for the period ended June 30, 2005 for lease payments amounts to EURO 428 (491 in 2004).

23. Financial Risk Management

23.1 Foreign exchange risk: The Group operates 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.

23.2 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 sales of products and services are made to customers with an appropriate credit history not exceeding predefined credit levels. Moreover, part of the receivables arising from the international operations is secured through credit insurance and part of receivables in the mobile telephony business is covered through bank guaranties.

23.3 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 20% to 80%.

24. Related Party Transactions

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

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Sales of company's products to related parties concern primarily sales of merchandise (e.g. spare parts). These transactions are executed at an arms' length conditions. The purchase of services from related parties primarily covers (logistics etc.) as well as after sales service. The table below presents the receivables and obligations as of June 30, 2005 and December 31, 2004.

Receivables from:	Company	
	June 30, 2005	December 31, 2004
F.G. Logistics S.A.....	-	-
Fidakis Service S.A.....	323	218
City Elektrik S.A.....	1	-
Hydroelectrical Ahaias S.A.	-	-
F.G. Italia S.p.A.....	577	151
Hellenic Eolic Kylindrias Ltd.....	133	-
Total	1.034	369

Obligations to:	Company	
	June 30, 2005	December 31, 2004
F.G. Logistics S.A.....	38	-
Fidakis Service S.A.....	6	71
Total	44	71

The transactions with the related parties for the period ended September 30, 2005 and 2004 are analyzed as follows:

Income:	Company	
	June 30, 2005	June 30, 2004
Lease payments.....	-	23
Inventories.....	628	250
Other.....	-	4
Total	628	277

Expenses and purchases:	Company	
	June 30, 2005	June 30, 2004
Warranties.....	121	69
Inventories.....	32	9
Logistics.....	192	-
Commissions.....	280	240
Total	625	318