

F.G. EUROPE S.A.

INTERIM FINANCIAL STATEMENTS COMPANY AND CONSOLIDATED AS OF SEPTEMBER 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 S.A. on November 22, 2005 and have been published on the company website <http://www.fgeurope.gr>.

CONTENTS

	Page
• Statement of Income (Company and Consolidated) for the six months periods ending September 30, 2005 and 2004	3
• Balance Sheet (Company and Consolidated) as of September 30, 2005 and December 31, 2004	5
• Statement of Changes in Shareholders' Equity (Company and Consolidated)	6
• Statement of Cash Flows (Company and Consolidated) for the nine months period ending September 30, 2005 and 2004	8
• Notes to the Interim Financial Statements (Company and Consolidated)	9

F.G. EUROPE S.A.

Interim Statements of Income (Consolidated) For the nine months period ended September 30, 2005 and 2004

(All amounts in Euro thousands unless otherwise stated)

	Note	Consolidated			
		For the Nine Months Ended September 30,		For the Three Months Ended September 30,	
		2005	2004	2005	2004
Sales.....	5	120.051	165.659	47.001	52.280
Less: Cost of sales.....	5	(108.622)	(153.202)	(42.622)	(50.134)
Gross profit		11.429	12.457	4.379	2.146
Other operating income.....		1.555	714	249	281
Distribution expenses.....	6	(5.097)	(5.022)	(1.774)	(1.696)
Administrative expenses.....	6	(2.730)	(2.156)	(768)	(596)
Other operating expenses.....		(190)	(410)	(63)	(1)
Earnings before interests, taxes, depreciation and amortization (EBITDA)		4.967	5.583	2.023	134
Depreciation and amortization.....		(214)	(106)	(61)	(35)
Earnings before interests and taxes (EBIT)		4.753	5.477	1.962	99
Finance costs, net.....	6	(2.567)	(547)	(1.163)	(428)
Earnings before taxes		2.186	4.930	799	(329)
Income tax expense.....	7	(906)	(1.694)	(333)	75
Net profit for the period		1.280	3.236	466	(254)
Attributable as follows:					
Parent company.....		1.214	3.252	463	(249)
Minority interest.....		66	(16)	3	(5)
Net profit (after tax) attributable to the Group		1.280	3.236	466	(254)
Earnings per share (expressed in Euros):					
Basic earnings per share.....	8	0.02	0.06		

The accompanying Notes on pages 9 to 39 are an integral part of this interim Consolidated Statements of Income.

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

	Note	Company			
		For the Nine Months Ended September 30,		For the Three Months Ended September 30,	
		2005	2004	2005	2004
Sales.....	5	119.678	165.382	46.361	52.138
Less: Cost of sales.....	5	(107.889)	(152.805)	(41.802)	(50.014)
Gross profit		<u>11.789</u>	<u>12.577</u>	<u>4.559</u>	<u>2.124</u>
Other operating income.....		1.472	714	269	259
Distribution expenses.....	6	(5.801)	(4.986)	(2.169)	(1.609)
Administrative expenses.....	6	(2.416)	(2.070)	(664)	(564)
Other operating expenses.....		<u>(116)</u>	<u>(385)</u>	<u>(62)</u>	<u>(4)</u>
Earnings before interests, taxes, depreciation and amortization (EBITDA)		4.928	5.850	1.933	206
Depreciation and amortization.....		<u>(72)</u>	<u>(70)</u>	<u>(24)</u>	<u>(23)</u>
Earnings before interests and taxes (EBIT)		4.856	5.780	1.909	183
Finance costs, net.....	6	<u>(2.888)</u>	<u>(962)</u>	<u>(1.246)</u>	<u>(509)</u>
Earnings before taxes		1.968	4.818	663	(326)
Income tax expense.....	7	<u>(871)</u>	<u>(1.693)</u>	<u>(305)</u>	<u>74</u>
Net profit for the period		<u><u>1.097</u></u>	<u><u>3.125</u></u>	<u><u>358</u></u>	<u><u>(252)</u></u>
 Earnings per share (expressed in Euros):					
Basic earnings per share.....	8	<u><u>0.02</u></u>	<u><u>0.06</u></u>		

The accompanying Notes on pages 9 to 39 are an integral part of this interim Statements of Income.

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

	Note	Consolidated		Company	
		September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
<u>ASSETS</u>					
Non-current assets					
Property, plant and equipment.....	9	3.371	3.501	295	349
Intangible assets.....		86	16	11	13
Investments in associates.....		34	34	588	822
Long term receivables.....		100	107	81	87
Deferred tax assets.....		271	345	272	346
Total non-current assets		3.862	4.003	1.247	1.617
Current assets					
Inventories.....	10	34.649	30.070	34.283	29.648
Assets held for sale.....	11	423	393	423	393
Receivables and prepayments.....	12	63.095	48.620	63.377	48.372
Cash and cash equivalents.....	13	4.452	15.361	4.297	15.087
Total current assets		102.619	94.444	102.380	93.500
Total assets		106.481	98.447	103.627	95.117
<u>SHAREHOLDERS' EQUITY</u>					
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	(361)	3.774	(1.291)	2.844
Retained earnings.....		(812)	(430)	173	672
		<u>20.482</u>	<u>20.119</u>	<u>20.537</u>	<u>20.291</u>
Minority interest.....		503	437	-	-
Total shareholders' equity		20.985	20.556	20.537	20.291
<u>LIABILITIES</u>					
Non-current liabilities					
Long term Borrowings.....	19	35.470	47.722	35.470	47.722
Retirement benefit obligations.....	18	248	228	162	151
Deferred government grants.....		646	566	-	-
Provisions.....		-	94	-	94
Deferred tax liabilities.....		166	133	145	123
Total non-current liabilities		36.530	48.743	35.777	48.090
Current liabilities					
Short term Borrowings.....	19	25.309	8.254	24.170	6.791
Short term portion of long term borrowings.....	19	7.873	2.010	7.873	2.010
Current tax liabilities.....		800	1.366	777	1.366
Trade and other payables.....	20	14.984	17.518	14.493	16.569
Total current liabilities		48.966	29.148	47.313	26.736
Total liabilities		85.496	77.891	83.090	74.826
Total equity and liabilities		106.481	98.447	103.627	95.117

The accompanying Notes on pages 9 to 39 are an integral part of these interim Balance Sheets.

F.G. EUROPE S.A.
Interim Statement of Changes in Shareholders' Equity (Consolidated)
For the nine months ended September 30, 2005 and 2004
(All amounts in Euro thousands unless otherwise stated)

Consolidated										
	Share capital	Share premium	Legal reserve	Fair value reserves	Special tax reserves	Treasury shares	Retained earnings	Total	Minority interest	Total Shareholders' equity
Balance on January 1, 2004	15.956	819	738	-	2.786	-	(1.459)	18.840	461	19.301
Nine months changes										
Net profit for the period.....	-	-	-	-	-	-	3.252	3.252	(16)	3.236
Dividend distribution.....	-	-	-	-	-	-	(3.191)	(3.191)	-	(3.191)
Net fair value changes in available-for-sale securities.....	-	-	-	2	-	-	-	2	-	2
Balance on September 30, 2004	15.956	819	738	2	2.786	-	(1398)	18.903	445	19.348
4th Quarter changes										
Net profit for the period.....	-	-	-	-	-	-	1.188	1.188	(8)	1.180
Legal reserve.....	-	-	220	-	-	-	(220)	-	-	-
Net fair value changes in available-for-sale securities.....	-	-	-	28	-	-	-	28	-	28
Balance on January 1, 2005	15.956	819	958	30	2.786	-	(430)	20.119	437	20.556
Net profit for the period.....	-	-	-	-	-	-	1.214	1.214	66	1.280
Dividend distribution.....	-	-	-	-	-	-	(1.596)	(1.596)	-	(1.596)
Purchase of treasury shares.....	-	-	-	-	-	(4.200)	-	(4.200)	-	(4.200)
Share capital increase.....	323	4.557	-	-	-	-	-	4.880	-	4.880
Net fair value changes in available-for-sale securities.....	-	-	-	65	-	-	-	65	-	65
Balance on September 30, 2005	<u>16.279</u>	<u>5.376</u>	<u>958</u>	<u>95</u>	<u>2.786</u>	<u>(4.200)</u>	<u>(812)</u>	<u>20.482</u>	<u>503</u>	<u>20.985</u>

The accompanying Notes on pages 9 to 39 are an integral part of these interim Consolidated Statement of Changes in Shareholders' Equity.

F.G. EUROPE S.A.
Interim Statement of Changes in Shareholders' Equity (Company)
For the nine months period ended September 30, 2005 and 2004
(All amounts in Euro thousands unless otherwise stated)

	<u>Company</u>							
	Share capital	Share premium	Legal reserve	Fair value reserves	Special tax reserves	Treasury shares	Retained earnings	Total
Balance on January 1, 2004	15.956	819	738	-	1.856	-	(366)	19.003
Nine months changes								
Net profit for the period.....	-	-	-	-	-	-	3.125	3.125
Dividend distribution.....	-	-	-	-	-	-	(3.191)	(3.191)
Net fair value changes in available-for-sale securities.....	-	-	-	2	-	-	-	2
Balance on September 30, 2004	15.956	819	738	2	1.856	-	(432)	18.939
4th Quarter changes								
Net profit for the period.....	-	-	-	-	-	-	1.324	1.324
Legal reserve.....	-	-	220	-	-	-	(220)	-
Net fair value changes in available-for-sale securities.....	-	-	-	28	-	-	-	28
Balance on January 1, 2005	15.956	819	958	30	1.856	-	672	20.291
Net profit for the period.....	-	-	-	-	-	-	1.097	1.097
Dividend distribution.....	-	-	-	-	-	-	(1.596)	(1.596)
Purchase of treasury shares.....	-	-	-	-	-	(4.200)	-	(4.200)
Share capital increase.....	323	4.557	-	-	-	-	-	4.880
Net fair value changes in available-for-sale securities.....	-	-	-	65	-	-	-	65
Balance on September 30, 2005	<u>16.279</u>	<u>5.376</u>	<u>958</u>	<u>95</u>	<u>1.856</u>	<u>(4.200)</u>	<u>173</u>	<u>20.537</u>

The accompanying Notes on pages 9 to 39 are an integral part of these interim Statement of Changes in Shareholders' Equity.

F.G. EUROPE S.A.
Interim Statements of Cash Flows
for the nineMonths period ended September 30, 2005 and 2004
(All amounts in Euro thousands unless otherwise stated)

	<u>Consolidated</u>		<u>Company</u>	
	<u>For the Nine Months Ended September 30,</u>		<u>For the Nine Months Ended September 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax (and minority interest).....	2.186	4.930	1.968	4.818
Add / (less) adjustments for:				
Depreciation and amortization.....	214	106	72	70
Government grants recognized.....	(36)	-	-	-
Non-cash impairment of assets.....	42	-	426	433
Exchange rate differences.....	767	(773)	767	(773)
Provisions.....	17	116	(99)	113
Employee benefits.....	20	(3)	11	(3)
Result of investment activity.....	(647)	(703)	(647)	(703)
Interest and similar expenses.....	2.405	2.023	2.342	2.005
Operating result before changes in working capital	4.968	5.696	4.840	5.960
Add / (less) adjustments for changes in working capital items:				
(Increase) / decrease in receivables and prepayments.....	(14.475)	13.370	(15.005)	12.936
(Increase) in inventories.....	(4.579)	(11.722)	(4.635)	(11.721)
(Decrease) in trade and other payables.....	(2.780)	(4.848)	(2.322)	(4.744)
Decrease in long term receivables.....	7	4	6	2
Total cash inflow / (outflow) from operating activities	(16.859)	2.500	(17.116)	2.433
Income taxes paid.....	(1.367)	(1.853)	(1.366)	(1.853)
Interest and similar expenses paid.....	(2.078)	(1.548)	(2.015)	(1.530)
Total net inflow / (outflow) from operating activities	(20.304)	(901)	(20.497)	(950)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received.....	126	73	126	73
Acquisition of subsidiaries and other investments.....	-	-	(150)	(113)
Purchase of PPE and intangible assets.....	(154)	(1.290)	(16)	(69)
Total net cash inflow / (outflow) from investing activities	(28)	(1.217)	(40)	(109)
CASH FLOWS FROM FINANCING ACTIVITIES				
Short term borrowings.....	10.339	15.082	10.663	13.975
Share capital increase.....	4.880	-	4.880	-
Purchase of treasury shares.....	(4.200)	-	(4.200)	-
Cash dividends paid.....	(1.596)	(3.305)	(1.596)	(3.305)
Total net cash inflow / (outflow) from financing activities	9.423	11.777	9.747	10.670
Net increase / (decrease) in cash and cash equivalents	(10.909)	9.659	(10.790)	9.611
Cash and cash equivalents at beginning of period	15.361	1.873	15.087	1.808
Cash and cash equivalents at end of period	4.452	11.532	4.297	11.419

The accompanying Notes on pages 9 to 39 are an integral part of these interim Statement of Cash Flows

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(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 – Plasma televisions and in the wholesale of products and services of mobile telephony.
- The subsidiaries cover supplementary fields like after sales services, inventory management (logistics), etc. while Hydroelectrical Ahaias S.A. and Hellenic Eoliki Kylindrias 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 September 30, 2005 is 68 for the parent and 106 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 nine months period ended on September 30, 2005 have been approved by the Board of Directors on its meeting on November 22, 2005.

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

<u>Name of Subsidiary</u>	<u>Business</u>	Share as of September 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 Ahaias 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 Kylindrias 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 principles 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

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

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 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 September 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 in which the parent company exercises control. 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 the statement of income of the respective period.

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.

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

Investments in which the Group does not exercise significant influence (financial assets) are initially recognized at cost being the fair value of the consideration given. After initial recognition, according to the purpose for which the assets were acquired, they are classified in the following categories: financial assets at fair value through profit or loss, held-to-maturity and available for sale financial assets. Financial assets at fair value through profit or loss are measured at fair value and gains or losses are recognized in income. Held-to-maturity investments are measured at amortized cost using the effective interest method and gains or losses through the amortization process are recognized in income. Available for sale financial assets are measured at fair value and gains or losses are recognized directly in equity. The fair value of quoted investments is 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 period 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. As of January 1, 2004, goodwill is no longer amortized, but is instead tested for impairment (at least on an annual basis). 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 will not be reversed in any 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 its production potential or reduce its operating cost.

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

The carrying values of property, plant and equipment are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. When the carrying amount of the asset exceeds the estimated recoverable amount an impairment loss is recognized and the asset is written down to its recoverable amount. The recoverable amount is the greater between 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 obligations arising from the removal of assets 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 and depreciation rates assumed per asset category 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.

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

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 recognized in the statement of income, except for the tax that is related to transactions charged directly to equity. In the latter case, the tax is also charged 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 Group 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:

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

- **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.
- **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 period.

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.

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

- The lease term is greater than or equal to 75% of the economic life of the leased asset.
- The present value of the minimum lease payments is greater than or equal to 90% of the fair value of the leased asset.

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

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

3.17 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.

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

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

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

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

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

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.

4. Disclosures 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 is 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,

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

- the transfer of government grants from shareholders' 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.

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

Balance Sheet reconciliation 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 & Equipment.....	1.871	-	1.871	354	-	354
Intangible assets.....	625	(585)	40	598	(585)	13
Investments.....	34	-	34	3.343	(2.464)	879
Long term receivables...	93	-	93	89	-	89
Deferred taxes.....	0	472	472	-	470	470
Total	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 & cash equivalents.....	1.873	-	1.873	1.808	-	1.808
Total	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 assets						
Borrowings.....	-	-	-	-	-	-
Retirement benefit obligations.....	209	(46)	163	209	(54)	155
Deferred government grants.....	-	-	-	-	-	-
Provisions.....	61	(61)	-	61	(61)	-
Deferred taxes.....	-	140	140	-	140	140
Total	270	33	303	270	25	295
Short term liabilities						
Short term borrowings...	22.121	14.885	37.006	22.121	14.885	37.006
Short term portion of long term debt.....	13.220	-	13.220	13.220	-	13.220
Current tax liabilities....	3.488	(1.576)	1.912	3.457	(2.962)	495
Trade & other payable...	25.239	(2.821)	22.418	24.553	(1.742)	22.811
Total	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

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

Balance Sheet reconciliation 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 attributable 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)
Total	18.018	821	18.839	19.197	(194)	19.003
Consolidation differences.....	(707)	707	-	-	-	-
Minority interest.....	461	-	461	-	-	-
Total shareholders' equity	17.772	1.529	19.300	19.197	(194)	19.003

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

Balance Sheet reconciliation as of September 30, 2004 between IFRS and Law 2190/1920:

	Consolidated			Company		
	September 30, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	September 30, 2004 (According to IFRS)	September 30, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	September 30, 2004 (According to IFRS)
ASSETS						
Non-current assets						
Property, Plant &						
Equipment.....	3.044	36	3.080	352	-	352
Intangible assets.....	1.030	(1.016)	14	995	(981)	14
Investments.....	34	-	34	729	(168)	561
Long term receivables...	123	(34)	89	86	1	87
Deferred taxes.....	-	283	283	-	281	281
Total	4.231	(731)	3.500	2.162	(867)	1.295
Current assets						
Inventories.....	26.919	(165)	26.754	26.419	(166)	26.253
Assets held for sale.....	339	30	369	339	30	369
Receivables and prepayments.....	65.267	(4.258)	61.009	65.246	(3.864)	61.382
Cash & cash equivalents.....	11.532	-	11.532	11.419	-	11.419
Total	104.057	(4.393)	99.664	103.423	(4.000)	99.423
Total assets	108.288	(5.124)	103.164	105.585	(4.867)	100.718
LIABILITIES						
Non current assets						
Borrowings.....	50.121	(2.601)	47.520	50.121	(2.601)	47.520
Retirement benefit obligations.....	222	(62)	160	221	(69)	152
Deferred government grants.....	-	307	307	-	-	-
Provisions.....	434	(434)	-	434	(434)	-
Deferred taxes.....	-	330	330	-	330	330
Total	50.777	(2.460)	48.317	50.776	(2.774)	48.002
Short term liabilities						
Short term borrowings...	16.253	-	16.253	15.146	-	15.146
Short term portion of long term debt.....	-	2.010	2.010	-	2.010	2.010
Current tax liabilities....	1.237	136	1.373	1.227	146	1.373
Trade & other payable...	18.546	(2.683)	15.863	17.944	(2.696)	15.248
Total	36.036	(537)	35.499	34.317	(540)	33.777
Total liabilities	86.813	(2.997)	83.816	85.093	(3.314)	81.779
Total assets less total liabilities	21.475	(2.127)	19.348	20.492	(1.553)	18.939

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

Balance Sheet reconciliation as of September 30, 2004 between IFRS and Law 2190/1920 (continued):

	Consolidated			Company		
	September 30, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	September 30, 2004 (According to IFRS)	September 30, 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	September 30, 2004 (According to IFRS)
<u>SHAREHOLDERS' EQUITY</u>						
Shareholders' equity attributable to the shareholders of the parent company						
Share capital.....	15.956	-	15.956	15.956	-	15.956
Share premium.....	819	-	819	819	-	819
Reserves.....	3.318	208	3.526	(649)	3.245	2.596
Retained earnings.....	1.641	(3.039)	(1.398)	4.366	(4.798)	(432)
Total	21.734	(2.831)	18.903	20.492	(1.553)	18.939
Consolidation differences.....	(707)	707	-	-	-	-
Minority interest.....	448	(3)	445	-	-	-
Total shareholders' equity	21.475	(2.127)	19.348	20.492	(1.553)	18.939

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

Balance Sheet reconciliation 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)
ASSETS						
Non-current assets						
Property, Plant &						
Equipment.....	3.430	71	3.501	349	-	349
Intangible assets.....	934	(918)	16	887	(874)	13
Investments.....	34	-	34	720	102	822
Long term receivables...	107	-	107	87	-	87
Deferred taxes.....	-	345	345	-	346	346
Total	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 & cash equivalents.....	15.361	-	15.361	15.087	-	15.087
Total	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
LIABILITIES						
Non current assets						
Borrowings.....	48.111	(389)	47.722	48.111	(389)	47.722
Retirement benefit obligations.....	323	(95)	228	235	(84)	151
Deferred government grants.....	-	566	566	-	-	-
Provisions.....	267	(173)	94	267	(173)	94
Deferred taxes.....	-	133	133	-	123	123
Total	48.701	42	48.743	48.613	(523)	48.090
Short term liabilities						
Short term borrowings...	2.733	5.521	8.254	1.270	5.521	6.791
Short term portion of long term debt.....	2.010	-	2.010	2.010	-	2.010
Current tax liabilities....	2.859	(1.493)	1.366	2.818	(1.452)	1.366
Trade & other payable...	20.708	(3.190)	17.518	19.809	(3.240)	16.569
Total	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 nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

Balance Sheet reconciliation as of December 31, 2004 between IFRS and Law 2190/1920 (continued):

	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 attributable 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
Total	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

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

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

	Consolidated			Company		
	Nine months 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	Nine months 2004 (According to IFRS)	Nine months 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	Nine months 2004 (According to IFRS)
Sales.....	166.213	(554)	165.659	165.936	(554)	165.382
Less: Cost of sales.....	(153.217)	15	(153.202)	(152.805)	-	(152.805)
Gross profit	12.996	(539)	12.457	13.131	(554)	12.577
Other operating income.....	111	603	714	111	603	714
Distribution expenses.....	(5.023)	1	(5.022)	(4.985)	(1)	(4.986)
Administrative expenses.....	(2.159)	3	(2.156)	(2.086)	16	(2.070)
Other operating expenses.....	-	(410)	(410)	-	(385)	(385)
Earnings before interests, taxes, depreciation and amortization (EBITDA)	5.925	(342)	5.583	6.171	(321)	5.850
Depreciation.....	(419)	313	(106)	(397)	327	(70)
Earnings before interests and taxes.....	5.506	(29)	5.477	5.774	6	5.780
Finance costs, net.....	(1.819)	1.272	(547)	(1.801)	839	(962)
Extraordinary income / (expenses).....	45	(45)	-	65	(65)	-
Earnings before taxes	3.732	1.198	4.930	4.038	780	4.818
Income tax.....	-	(1.694)	(1.694)	-	(1.693)	(1.693)
Minority interests.....	(17)	33	16	-	-	-
Earnings after taxes	3.715	(463)	3.252	4.038	(913)	3.125

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

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

	Consolidated			Company		
	Twelve months 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	Twelve months 2004 (According to IFRS)	Twelve months 2004 (According to Law 2190/1920)	<i>Impact of transition to IFRS</i>	Twelve months 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)
Earnings before interests, taxes, depreciation and amortization (EBITDA)	8.110	(259)	7.851	8.548	(233)	8.315
Finance cost, net.....	(1.824)	959	(865)	(2.128)	803	(1.325)
Extraordinary income / (expenses).....	(5)	5	-	413	(413)	-
Earnings before taxes	6.281	705	6.986	6.833	157	6.990
Income tax.....	(2.432)	(142)	(2.574)	(2.432)	(108)	(2.540)
Minority interests.....	28	-	28	-	-	-
Earnings after taxes	3.877	563	4.440	4.401	49	4.450

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(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

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

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

	Consolidated September 30, 2004	Company September 30, 2004
Profit (before tax and minority interest) as previously reported according to Greek GAAP	3.715	4.038
Adjustments of International Financial Reporting Standards		
Value adjustment in associates	-	(433)
Reversal of depreciation of capitalized expenses according to Greek GAAP	327	327
Recognition of foreign currency translation differences during the related period	372	372
Fair value recognition of revenues	630	630
Income tax provision for the period	(1.314)	(1.314)
Deferred income tax	(380)	(379)
Other adjustments	(98)	(116)
Total adjustments	(463)	(913)
Net profit (after taxes and minority interest) according to International Financial Reporting Standards	<u>3.252</u>	<u>3.125</u>

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(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 nine month period ended September 30, 2005 and 2004 are presented below:

Nine months period ended September 30, 2005	Air conditioners	White electrical appliances	Mobile Telephony	Other	Total	Intercompany elimination	Group
Sales revenues.....	29.693	4.968	84.190	2.024	120.875	(824)	120.051
Less: Cost of sales.....	(19.588)	(3.865)	(83.766)	(1.562)	(108.781)	159	(108.622)
Gross profit.....	10.105	1.103	424	462	12.094	(665)	11.429
Other operating income.....	777	146	508	584	2.015	(460)	1.555
Distribution expenses.....	(4.572)	(603)	(392)	(636)	(6.203)	1.106	(5.097)
Administrative expenses.....	(1.465)	(406)	(380)	(482)	(2.733)	3	(2.730)
Other operating expenses.....	(101)	(10)	(2)	(77)	(190)	-	(190)
Profit from operations.....	4.744	230	158	(149)	4.983	(16)	4.967
Depreciation.....	(32)	(18)	(11)	(153)	(214)	-	(214)
Finance costs (net).....	(2.683)	(113)	(38)	(118)	(2.952)	385	(2.567)
Profits / (loss) before tax.....	2.029	99	109	(420)	1.817	369	2.186
Income tax expense.....	(791)	(38)	(42)	(35)	(906)	-	(906)
Net profit / (loss).....	1.238	61	67	(455)	911	369	1.280

Nine months period ended September 30, 2004	Air conditioners	White electrical appliances	Mobile Telephony	Other	Total	Intercompany elimination	Group
Sales revenues.....	44.113	4.973	116.160	1.187	166.433	(774)	165.659
Less: Cost of sales.....	(33.255)	(3.768)	(115.636)	(911)	(153.570)	368	(153.202)
Gross profit.....	10.858	1.205	524	276	12.863	(406)	12.457
Other operating income.....	92	33	572	17	714	-	714
Distribution expenses.....	(3.681)	(695)	(610)	(433)	(5.419)	397	(5.022)
Administrative expenses.....	(892)	(594)	(584)	(95)	(2.165)	9	(2.156)
Other operating expenses.....	(150)	(5)	(230)	(25)	(410)	-	(410)
Profit from operations.....	6.227	(56)	(328)	(260)	5.583	-	5.583
Depreciation.....	(742)	(187)	(31)	(20)	(980)	433	(547)
Finance costs (net).....	(30)	(21)	(20)	(35)	(106)	-	(106)
Profits / (loss) before tax.....	5.455	(264)	(379)	(315)	4.497	433	4.930
Income tax expense.....	(1.694)	-	-	-	(1.694)	-	(1.694)
Net profit / (loss).....	3.761	(264)	(379)	(315)	2.803	433	3.236

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

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

September 30, 2005	Air conditioners	White electrical appliances	Mobile Telephony	Other	Total	Intercompany elimination	Group
Property, plant and equipment and intangible assets.....	138	77	46	3.196	3.457	-	3.457
Other long term assets.....	182	101	61	61	405	-	405
Inventories.....	29.151	1.296	986	3.232	34.665	(16)	34.649
Other investments.....	369	36	7	11	423	-	423
Receivables and prepaid expenses....	46.211	6.871	9.273	1.583	63.938	(843)	63.095
Cash and cash equivalents.....	3.753	363	72	264	4.452	-	4.452
Total assets	79.804	8.744	10.445	8.347	107.340	(859)	106.481
Long term borrowings.....	30.983	2.994	592	901	35.470	-	35.470
Other long term liabilities.....	186	104	62	708	1.060	-	1.060
Short term borrowings.....	21.112	2.040	404	1.753	25.309	-	25.309
Short term portion of long term debts.....	6.877	664	132	200	7.873	-	7.873
Current tax liabilities.....	-	777	-	23	800	-	800
Trade and other payables.....	2.239	1.541	9.054	2.993	15.827	(843)	14.984
Total liabilities	61.397	8.120	10.244	6.578	86.339	(843)	85.496

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

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

6. Break down of Expenses

The main expenses are analyzed as follows:

	Consolidated		Company	
	Nine month period ended September 30,		Nine month period ended September 30,	
	2005	2004	2005	2004
Personnel expenses.....	(2.226)	(2.148)	(1.963)	(1.896)
Third party expenses.....	(1.099)	(1.063)	(1.349)	(1.085)
Supplies.....	(2.192)	(2.275)	(2.235)	(2.097)
Taxes and duties.....	(309)	(225)	(228)	(218)
Various expenses.....	(2.001)	(1.467)	(2.442)	(1.760)
Depreciation.....	(214)	(106)	(72)	(70)
Total	<u>(8.041)</u>	<u>(7.284)</u>	<u>(8.289)</u>	<u>(7.126)</u>

The personnel expenses are analyzed as follows:

	Consolidated		Company	
	Nine month period ended September 30,		Nine month period ended September 30,	
	2005	2004	2005	2004
Salaries and wages.....	(1.655)	(1.613)	(1.474)	(1.419)
Employers' social security contributions.....	(331)	(322)	(307)	(285)
Other compensation.....	(220)	(216)	(171)	(195)
Retirement employee benefits.....	(20)	3	(11)	3
Total	<u>(2.226)</u>	<u>(2.148)</u>	<u>(1.963)</u>	<u>(1.896)</u>

Finance income and expenses are analyzed as follows:

	Consolidated		Company	
	Nine month period ended September 30,		Nine month period ended September 30,	
	2005	2004	2005	2004
Interest and similar expenses.....	(2.405)	(2.023)	(2.342)	(2.005)
Provisions for impairment of subsidiaries and securities.....	-	-	(426)	(433)
Foreign exchange differences (expense).....	(1.110)	(133)	(1.110)	(133)
Total Finance costs	<u>(3.515)</u>	<u>(2.156)</u>	<u>(3.878)</u>	<u>(2.571)</u>
Interest and similar income.....	647	703	647	703
Foreign exchange differences (income).....	301	906	343	906
Total Finance income	<u>948</u>	<u>1.609</u>	<u>990</u>	<u>1.609</u>
Finance costs, net	<u>(2.567)</u>	<u>(547)</u>	<u>(2.888)</u>	<u>(962)</u>

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated) For the nine months period ended September 30, 2005 (All amounts in Euro thousands unless otherwise stated)

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:

Company	Unaudited fiscal years
• F.G. Europe S.A.	2003 to 2005
• Fidakis Service S.A.	1999 to 2005
• F.G. Logistics S.A.	2003 to 2005
• City Elektrik S.A.	2003 to 2005
• Hydroelectrical Ahaias S.A.	Unaudited from inception (2002)
• Fidakis Service Ltd.	Unaudited from inception (2003)
• F.G. Italia S.p.A.	Unaudited from inception (2004)
• Hellenic Eolic Kylindrias Ltd	Unaudited from inception (2004)

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

	Consolidated		Company	
	Nine month period ended September 30,		Nine month period ended September 30,	
	2005	2004	2005	2004
Income tax (current period).....	(801)	(1.314)	(777)	(1.314)
Deferred tax.....	(105)	(380)	(94)	(379)
Income tax	<u>(906)</u>	<u>(1.694)</u>	<u>(871)</u>	<u>(1.693)</u>

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 are calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares outstanding during the year excluding ordinary shares purchased by the company and held as treasury shares. The weighted average number of ordinary shares outstanding as of September 30, 2005 and 2004 is 53.254.432 and 53.187.840 shares respectively.

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

	Consolidated		Company	
	Nine month period ended September 30,		Nine month period ended September 30,	
	2005	2004	2005	2004
Net profit attributable to shareholders.....	1.214	3.252	1.097	3.125
Weighted average number of shares outstanding.....	53.254.432	53.187.840	53.254.432	53.187.840
Basic earnings per share (in Euro).....	0,02	0,06	0,02	0,06

9. Property, Plant and Equipment

Property, plant and equipment is analyzed as follows:

Consolidated							
	Land	Buildings	Plant & machinery	Vehicles	Furniture & fixture	Work in progress	Total
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.....	<u>5</u>	<u>2.078</u>	<u>872</u>	<u>192</u>	<u>343</u>	<u>11</u>	<u>3.501</u>
January 1, 2005							
Additions.....	-	-	368	-	-	97	465
Disposals / transfers.....	-	(382)	-	(32)	(46)	-	(460)
Depreciation.....	-	(55)	(40)	(27)	(28)	-	(150)
Depreciation of disposals...	-	-	-	-	15	-	15
September 30, 2005							
Value at cost.....	5	1.711	1.247	208	806	108	4.085
Accumulated depreciation..	-	(70)	(47)	(75)	(522)	-	(714)
Net book value.....	<u>5</u>	<u>1.641</u>	<u>1.200</u>	<u>133</u>	<u>284</u>	<u>108</u>	<u>3.371</u>

It is noted that fixed assets are not pledged.

10. Inventories

Inventories are analyzed as follows:

	Consolidated		Company	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Merchandise.....	13.399	14.243	13.033	13.821
Prepayments for the purchase of merchandise.....	21.250	15.827	21.250	15.827
Total	<u>34.649</u>	<u>30.070</u>	<u>34.283</u>	<u>29.648</u>

The cost of inventory charged to cost of sales amounts to EURO 108.025 (EURO 153.202 in 2004) for the Group and for the Company to EURO 107.889 (EURO 152.805 in 2004).

11. Other Investments

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

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

12. Receivables and Prepayments

Receivables and prepayments are analyzed as follows:

	Consolidated		Company	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Customers.....	15.274	8.117	15.653	8.254
Postdated cheques.....	43.844	39.001	43.836	38.905
Notes receivables.....	76	104	76	104
Provision for doubtful accounts.....	(1.972)	(1.670)	(1.972)	(1.670)
	57.222	45.552	57.593	45.593
Other receivables.....	5.873	3.068	5.784	2.779
Total	<u>63.095</u>	<u>48.620</u>	<u>63.377</u>	<u>48.372</u>

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 September 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 September 30, 2005 the company holds 1.330.220 treasury shares of par value EURO 0,0003 with purchase cost of EURO 4.200 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 September 30, 2005 amounts to EURO 5.376.

16. Reserves

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

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(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.....	-	-	-	(4.200)	(4.200)
Fair value reserves.....	-	30	30	65	95
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>(4.135)</u>	<u>(361)</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.....	-	-	-	(4.200)	(4.200)
Fair value reserves.....	-	30	30	65	95
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>(4.135)</u>	<u>(1.291)</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 nine months period a cash dividend distribution of EURO 1.596 i.e. EURO 0,00003 per share was approved and paid.

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

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

termination benefit in case of retirements amounts to 40% of the termination benefit in case of dismissal.

The provision for employee termination benefits is presented in the financial statements according to IAS 19 and is based on 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 nine 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	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Long term borrowings:				
Bonded loan.....	31.243	33.157	31.243	33.157
Convertible bond loan.....	12.100	16.575	12.100	16.575
	43.343	49.732	43.343	49.732
Long term debt payable within the next 12 months.....	(7.873)	(2.010)	(7.873)	(2.010)
	<u>35.470</u>	<u>47.722</u>	<u>35.470</u>	<u>47.722</u>
Short term borrowings	<u>25.309</u>	<u>8.254</u>	<u>24.170</u>	<u>6.791</u>

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.

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

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 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	
	September 30, 2005	December 31, 2004	September 30, 2005	December 31, 2004
Suppliers.....	7.271	3.690	7.219	3.409
Cheques payables postdated.....	5.717	10.935	5.481	10.452
Accrued expenses.....	765	1.407	696	1.407
Other short term obligations.....	1.231	1.486	1.097	1.301
Total	<u>14.984</u>	<u>17.518</u>	<u>14.493</u>	<u>16.569</u>

21. Post Balance Sheet Events

In October the share capital of the subsidiary F.G. Italia SpA was increased by the amount of EURO 220 through cash injection covered by the parent company F.G. Europe S.A.

No other events after the balance sheet date of September 30, 2005 exist 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 September 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 September 30, 2005 for lease payments amounts to EURO 642.

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

F.G. EUROPE S.A.

Notes to the Interim Financial Statements (Company and Consolidated)

For the nine months period ended September 30, 2005

(All amounts in Euro thousands unless otherwise stated)

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.

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 September 30, 2005 and December 31, 2004.

	Company	
	September 30, 2005	December 31, 2004
Receivables from:		
F.G. Logistics S.A.....	-	-
Fidakis Service S.A.....	419	218
City Elektrik S.A.....	2	-
Hydroelectrical Ahaias S.A.	89	-
F.G. Italia S.p.A.....	71	151
Hellenic Eolic Kyliandrias Ltd.....	133	-
Total	<u>714</u>	<u>369</u>
	Company	
	September 30, 2005	December 31, 2004
Obligations to:		
F.G. Logistics S.A.....	28	-
Fidakis Service S.A.....	-	71
Total	<u>28</u>	<u>71</u>

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

	Company	
	September 30, 2005	September 30, 2004
Income:		
Lease payments.....	4	34
Inventories.....	175	290
Other.....	2	2
Total	<u>181</u>	<u>326</u>
	Company	
	September 30, 2005	September 30, 2004
Expenses and purchases:		
Warranties.....	301	69
Inventories.....	54	10
Logistics.....	288	-
Commissions.....	460	360
Total	<u>1.103</u>	<u>439</u>