F.G. EUROPE

[ESKr.AT]

- Net profit exceeded our projections
- Domestic A/C sales growth remains strong
- International expansion (expanded operations in Turkey this year) will provide future growth

Valuation & Research Specialists (VRS)

Value Invest - www.valueinvest.gr

Investment Research & Analysis Journal - www.iraj.gr

INITIAL STATEMENT

by VALUATION & RESEARCH SPECIALISTS (VRS)

Please see full disclosure and disclaimer statements at the end of this report

VALUATION & RESEARCH SPECIALISTS (VRS)

Value Invest - www.valueinvest.gr Investment Research & Analysis Journal – www.iraj.gr

Contact: research@valueinvest.gr

F.G. Europe

Sector :Wholesale & Energy

Christophoros J. Makrias
Nicholas I. Georgiadis
CA, HCMC

Company Description:

F.G. Europe is a wholesaler, currently active in the 3 different business segments of air-conditioners, home electrical appliances, and mobile telephony products & services. The Group has established a leading position in the Greek air-conditioners sector and is seeking to exploit synergies in consumer electronics. Future growth will come mainly from geographical expansion, new products related to electric appliances, and higher market shares. The Group has recently expanded its activities in the energy sector targeting 28.6 MW production capacity by the end of the fiscal 2009.

In million €	2007	2008 E	2009 E
Turnover	154.48	149.50	155.63
EBITDA	21.80	27.18	28.00
Margin %	14.11%	18.18%	17.99%
Net Income	13.47	15.94	15.88
Margin %	8.72%	10.66%	10.21%

Price (15 / 09 / 2008)	**€ 2.10**
Shares Outstanding (,000)	**52,800**
Mkt Cap (in € ,000)	**110,880**

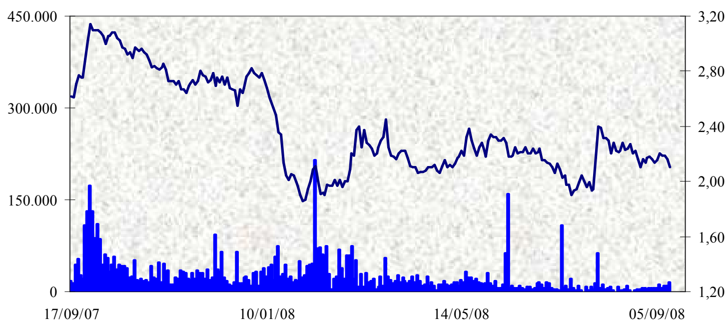
Beta (2 years)			0.8
Dividend '07			€ 0.22
Div. Yield			10.48%
P/E	8.23x	6.96x	6.98x
P/BV	3.15x	3.15x	3.01x
Debt/Equity	7.81x	6.08x	5.99x
ROE	45.57%	45.23%	44.09%

Source: F.G. Europe & VRS Projections

Key Investment Points

- For the first half 2008, the profitability of the Group continue to upbeat our estimates driven by **the altered sales mix of the Group with higher margin sales and the higher than expected sales of air conditions in Greece.** Turnover increased by 5% y-o-y despite the significant reduction of the low margin mobile product sales. EBITDA growth stood at +55% y-o-y. EBITDA margin also improved reaching the level of 19.7% from 13.4% last year. The results were broadly in line with our projections.
- For the first 6-month period of the fiscal 2008, turnover increased by 5% for the first time since the Group's management decision to gradually withdraw from mobile product sales. Turnover excluding mobile products increased by 25.1% y-o-y. **Profit before tax for the Group increased by 78.6% y-o-y,** attributed to the increase of the higher margin products of the sales mix and the positive exchange rate differences.
- The Company distributed a dividend of 0.12 per share (dividend yield of 5.3%) in August 2008. The total dividend yield for the fiscal 2008 is expected to exceed 10%.
- We have altered our projections in our valuation model compared to our previous estimates, in order to become more concervative with regard to future growth of electric appliances. For the period 2008-2012, Group's turnover CAGR is estimated at 1.4% (from 4.62% previously), while EBITDA CAGR is estimated at 5.9% from 7.6%**.**

Share Price Graph (52 Weeks) - **Max: € 3.14 - Min: € 1.86**



VALUATION & RESEARCH SPECIALISTS : 104 Eolou Str., 105 64, Athens, Greece

Tel : + 30 210 32 19 557 FAX: + 30 210 33 16 358 E-mail: info@valueinvest.gr – info@iraj.gr

Blank Page

TABLE of CONTENTS

	Page
Comments on 1st Half Results	7
Estimates' Revision	9
Investment Case	10
Investment Risks	12
Valuation Ratios	12
Valuation based on	
DCF Methodology	13
Sensitivity Analysis	13
Group Historic & Projected Financial Ratios	15
Group Historic & Projected Profit & Loss Account	16
Group Historic & Projected Balance Sheet	17
Group Historic & Projected Cash Flow	18
Notes	19-20
Disclaimer	21-22

Blank Page

Comments on 1st Half 2008 Results

For the first half of the fiscal 2008, the financial results of the Group continue to upbeat our projections with turnover increasing by 5% y-o-y compared to 2.9% of our estimates. The turnover increase is attributed to:

1. The increase of the high margin sales mix.
   a. Air condition sales increased by approximately 33.8% with domestic sales remaining stronger than expected, increasing by approximately 51% y-o-y, above our expectations and above estimates for the domestic market trend (slightly above to last year's levels). We mention that domestic A/C division generates the highest gross margin compared to the other divisions of the Group. International sales increased by approximately 7.3% with sales in Italy falling by more than 20%, while sales in the Balkans increasing by a light 3.5%. The Company reported for the first time sales from Turkey (estimated at about € 3.4 million) that outpaced the sales reduction of Italy.
   b. Mobile product sales reduced by 52%, broadly in line with our estimates, remaining close to management's directions.
   c. Electric appliances' sales presented a decrease by approximately 21% y-o-y (from 25% y-o-y during the 1st Q 2008) mostly attributed to the reduction of the market's general demand that has also affected the sales of the Group. We mention that the domestic market reduction is estimated close to those levels.

(in € million)	1Q 2007 act.	1H 2007 act.	9M 2007 act.	12 M 2007 act.	1Q 2008 act.	1H 2008 act.	1H 2008 est.	9M 2008 est.	12M 2008 prev. est.	12M 2008 new est.
A/C Greek Market	7.33	31.3	54.98	61.5	10.23	47.3	**45.8**	**64.3**	**76.9**	**70.7**
A/C International	6.24	20.4	30.12	36.4	7.4	21.9	**22.0**	**29.9**	**44.4**	**38.9**
W/A Eskimo	1.2	3.0	5.6	6.7	0.93	2.5	**2.5**	**3.9**	**6.3**	**6.3**
W/A Sharp	0.9	2.5	4.7	5.1	0.75	1.8	**1.7**	**3.0**	**4.8**	**4.5**
Sharp Products	2.2	4.3	7.1	8.9	1.46	3.4	**3.5**	**4.8**	**8.5**	**7.5**
Mobile Telephony	11.8	22.4	25.2	34.7	4.28	10.8	**10.8**	**14.5**	**22.6**	**19.1**
Other	0.12	0.44	0.98	1.2	0.199	0.8	**0.5**	**0.8**	**2.9**	**2.4**
Total Turnover	**29.67**	**84.37**	**128.68**	**154.5**	**25.20**	**88.57**	**86.80**	**121.20**	**166.3**	**149.5**

Source: Historic Financial Results, VRS Estimates

2. The improvement of EBT margins (to 18.8% from 12.1% last year) was mostly attributed to gross margin improvement and also – but on a low extent - to exchange rate differences that affected positively the Group.

Historic & Projected Quarterly Results

	2007				2008				
	1Q	**1H**	**9M**	**12M**	**1Q**	**1H**	**1H est**	**9M est**	**12M est.**
Turnover	29,665	84,372	128,678	**154,477**	25,200	88,573	88,238	121,200	149,502
Cost of Sales	24,852	65,199	97,627	**116,351**	17,905	60,307	63,179	83,022	102,351
Gross Profit	**4,813**	**19,173**	**31,051**	**38,126**	**7,295**	**28,266**	**25,060**	**38,178**	**47,151**
Gross Margin	16.2%	22.7%	24.1%	**24.7%**	28.9%	31.9%	28.4%	31.5%	31.5%
Other results	428	920	1,449	**1,814**	330	459	450	750	1,000
Administrative Expenses	859	1,614	2,506	**3,425**	1,021	2,325	3,217	3,300	4,453
Promotion Expenses	2,727	7,344	11,248	**14,713**	3,415	9,369	10,160	12,500	16,515
OPEX	**3,586**	**8,958**	**13,754**	**18,138**	**4,436**	**11,694**	**13,377**	**15,800**	**20,968**
% of turnover	12.1%	10.6%		**11.7%**	17.6%	13.2%	15.2%	13.0%	14.0%
EBITDA	**1,720**	**11,279**	**18,961**	**21,802**	**3,265**	**17,485**	**12,353**	**23,708**	**27,183**
EBITDA Margin	5.8%	13.4%	14.7%	**14.1%**	13.0%	19.7%	14.0%	19.6%	18.2%
Depreciation	65	144	215	**294**	76	454	220	580	694
Financial Results	-505	-926	-1,642	**-2,934**	611	-348	500	-2,500	-5,078
EBT	**1,150**	**10,209**	**17,104**	**18,574**	**3,800**	**16,683**	**12,633**	**20,628**	**21,412**
% of turnover	3.9%	12.1%			15.1%	18.8%	14.3%		
Tax	847	3,139	5,005	**5,347**	1,148	4,351	3,158	5,380	5,353
Minorities	-45	-65	-164	**-241**	-149	-412	-50	-150	121
EAT	**348**	**7,135**	**12,263**	**13,468**	**2,801**	**12,744**	**9,525**	**15,398**	**15,938**

Source: Historic Financial Results, VRS Estimates

Estimates' Revision

We have altered our projections in our valuation model since the last revision 3 months ago in order to deliver a more conservative outcome. Our projections are based on the Company's guidance and our research for the market trend. We believe that:

- Domestic A/C sales will remain strong for the remaining fiscal 2008 and will follow a light uptrend in the next 4 year period (we have assumed about 2-2.5% annual increase from the fiscal 2008 and on). This trend is attributed to FG Europe's higher market shares and the market size that appear to retain at least these levels.
- International A/C sales appear to be weaker compared to our initial estimates affected by the weaker than expected international economy (especially in Italy). The entrance of the Company to the Turkish market enforces exports and has the potential to become the growth factor of the Group in the coming years.
- Electric appliances' sector downtrend is affecting the Group's sales for this year. We believe however, that FG Europe is well positioned to gradually increase its market shares offering a broad range of products.

	2008 E			2009 E			2010 E		
In € thous.	prev.	new	% chg	prev.	new	% chg	prev.	new	% chg
A/C Greek Market	76,888	70,737	-8.0%	78,810	72,505	-8.0%	80,780	74,318	-8.0%
A/C International	44,359	38,905	-12.3%	51,013	41,629	-18.4%	58,665	44,543	-24.1%
W/A Eskimo	6,337	6,337	0.0%	6,495	6,495	0.0%	6,657	6,657	0.0%
W/A Sharp	4,807	4,503	-6.3%	5,528	4,729	-14.5%	5,915	5,060	-14.5%
Sharp Products	8,484	7,501	-11.6%	11,283	9,977	-11.6%	12,976	11,473	-11.6%
Mobile Telephony	22,555	19,085	-15.4%	16,916	15,268	-9.7%	12,687	11,451	-9.7%
Energy	2,345	1,897	-19.1%	4,465	4,465	0.0%	4,840	4,840	0.0%
Other	538	538	0.0%	564	564	0.0%	593	593	0.0%

The different sales mix has altered significantly the operating margins of the Group. We have increased net income only for the fiscal 2008.

	2008 E			2009 E			2010 E		
In € thous.	prev.	new	% chg	prev.	new	% chg	prev.	new	% chg
Turnover	166,311	149,502	-10.1%	175,074	155,631	-11.1%	183,113	158,934	-13.2%
Cost of Sales	44,035	47,151	7.1%	48,331	49,021	1.4%	51,582	50,289	-2.5%
OPEX	21,036	20,968	-0.3%	22,633	22,024	-2.7%	24,236	23,126	-4.6%
EBITDA	24,499	27,183	11.0%	27,273	27,996	2.7%	29,000	28,163	-2.9%
EBIT	23,805	26,490	11.3%	26,114	26,852	2.8%	27,514	26,696	-3.0%
Net Results	15,617	15,938	2.1%	15,777	15,884	0.7%	17,069	15,916	-6.8%

Source: Company Guidance & VRS Projections.

Investment Case (unchanged compared to our previous update report)

➢ Domestic A/C Market

The Group has succeeded in maintaining last year's growth rate favoured by:

1. Its leading market position;
2. The innovative product portfolio with world wide known brands;
3. The Group's strong bargaining power due to its broad and well known sales mix;
4. The broad sales network, with selling points in all major electric appliance retail chains.

Domestic A/C sales currently represent the largest part of consolidated turnover while contribute the highest gross profit margins to the Group. **For the next 5 years, we expect that A/C domestic sales will expand and reach approximately € 77.3 mil. for the Group by the end of the fiscal 2012, growing on a $\mathrm{CAGR}_{2007\text{-}2012}$ of 4.68% (6.7% was the previous estimate), representing about 43.8% of total Group turnover.**

➢ International A/C Market

International A/C sales are expected to increase on a slower pace compared to our previous estimations. This is mostly due to the Italian market where up to the first months of the year demand for A/C reduced due to economic and climate conditions. The diversification of Group's sales outbalanced the reduction from Italy. More specifically, sales in the Balkans increased while in addition, the Group strengthened its presence in Turkey with sales outbalancing the reduction from Italy.

- In South East Europe and mostly in the Balkans, the Group is seeking to expand its sales network, benefiting from the booming construction activity and the low penetration of A/C. The Group targets the market of central and semi-central A/C systems where demand appears stronger, while the products are of value added to the Group. During the fiscal 2007, sales in the Balkans advanced by 87.65% y-o-y, while for the next 5-year period we have projected an average annual growth rate of 12.70%.
- In Turkey the Group is selling Fujitsu and General brands targeting central and semi-central A/C systems where demand appears stronger. Competition in the country is currently weak in these products but the potential is high since A/C penetration remains significantly low. For the fiscal 2008, the management expects sales of about € 7-8 mil. The operating margin is expected to range close to 10% a level significantly lower compared to the other international activities.

We have assumed an average annual growth rate of sales of about 20% for the period until the fiscal 2012 with the operating margins however remaining close to 10%.

For the fiscal 2008, we expect sales from international activities to reach about € 45 million representing approximately 27.6% of the total turnover. For the period 2007-2012, **we expect that international A/C sales will increase on a CAGR of approximately 6.4% (13.37% was the previous estimate), reaching € 49.6 mil., at the end of fiscal 2012.**

- **Electric Appliances**

The reduction (~21.4%) of electric appliances sales during the fist 6 months of the fiscal 2008 is attributed to the overall demand downtrend. During the 2nd half of the fiscal 2008 this division will offset part of the reduction, which will finally result to a 11-12% decrease. We have reduced our growth rates estimates for the next 4 years years, with 2007-2012 CAGR accounting for approximately 3.67% from 5% previously.

- **Energy**

The subsidiary RF Energy is continuing its investment program having already set in operation the 15 MW wind park. Total annual revenues from this park are expected to reach € 2.4 mil., but we have projected only € 1.6 mil. for the fiscal 2008. In addition, R.F. Energy has already started the construction of a 2nd wind park of 10 MW capacity. Total annual revenues from this park are expected to reach € 1.5 million. The new plant will launch production in 1Q 2009, and we have projected revenues of about € 1.12 million for the fiscal 2009. The Group is seeking to expand, develop or acquire new wind plants, wishing to spend about € 250 million in renewable energy production projects, during the next 3-5 years. The new projects could be in Greece or in South East Europe.

Investment Risks

The following factors highlight the Group's major investment risks:

- Strong competition in the broader wholesale market of electric appliances in the form of a large number of small and medium size commercial companies, most of which are distributors of large multinational groups.
- Seasonal variations and unpredictable weather conditions.
- Changes in technology and environmental requirements (European Union regulations).
- Consumer behavior and tendencies.
- The effect of macroeconomic environment on consumers' purchasing power and interest rates (effect on purchase on credit).

Valuation Ratios

	15 September 2008	2007	2008 E	2009 E	2010 E	2011 E	2012 E
Price (in €)	**2.10**						
Shares	**52,800,154**						
Market Capitalization (in €)	**110,880,323**						
EPS (in €)		0.26	0.30	0.30	0.30	0.31	0.32
Book Value / Share (x)		0.83	0.83	0.87	0.95	1.07	1.20
EV (in € thous.)		170,228	165,310	167,665	163,519	155,875	150,278
P/E (a.t.& m.i.)		8.23x	6.96x	6.98x	6.97x	6.83x	6.61x
P/BV		3.15x	3.15x	3.01x	2.77x	2.47x	2.21x
EV/EBITDA		7.81x	6.08x	5.99x	5.81x	5.44x	5.17x
EV/Sales		1.10x	1.11x	1.08x	1.03x	0.96x	0.91x

Source: Historical Data, Company Guidance & VRS Projections

Valuation (DCF Methodology)

Evaluating our projections on the **DCF model**, we end up with a fair value of €210.14 million or € 3.89 per share (3.98 per share was the previous estimate). The fair price assumes a P/E ratio of 12.89x for the fiscal 2008 and 12.93x for the fiscal 2009.

	2008 E	2009 E	2010 E	2011 E	2012 E	L-Term Assumptions
ASSUMPTIONS						
Growth Rate (Sales)	-3.22%	4.10%	2.12%	2.30%	2.02%	**1.50%**
EBIT Margin	17.72%	17.25%	16.80%	16.55%	16.42%	**16.00%**
Tax Rate	25.00%	25.00%	25.00%	25.00%	25.00%	**25.00%**
Working Capital (% of sales)	-0.10%	0.37%	-0.56%	-0.12%	0.93%	**1.30%**
Capex (% of sales)	2.03%	4.73%	2.32%	0.49%	0.10%	**0.80%**
Cost of Capital	6.68%	6.92%	7.21%	7.63%	8.04%	**8.35%**
Depreciation (% of sales)	0.46%	0.74%	0.92%	1.07%	1.11%	**0.80%**
CASH FLOW STATEMENT						
Turnover	**149,502**	**155,631**	**158,934**	**162,591**	**165,873**	**168,361**
EBIT	26,490	26,852	26,696	26,907	27,236	**26,938**
Less: Adjusted Tax	6,622	6,713	6,674	6,727	6,809	**6,734**
Adjusted Operating Profit	**19,867**	**20,139**	**20,022**	**20,181**	**20,427**	**20,203**
Plus: Depreciation	694	1,144	1,467	1,748	1,848	**1,347**
Operating Cash Flow	**20,561**	**21,283**	**21,489**	**21,928**	**22,275**	**21,550**
Less: Change in Working Capital	-152	583	-892	-197	1,549	**2,189**
Less: Capex	3,035	7,368	3,685	800	160	**1,347**
Cash Flow to the Firm (FCFF)	**17,677**	**13,332**	**18,696**	**21,325**	**20,566**	**18,015**
Discount Factor	0.94	0.87	0.81	0.75	0.68	0.67
Present Value of Cash Flows	16,570	11,663	15,172	15,892	13,973	
Accumulated Present Value	16,570	28,232	43,404	59,296	**73,269**	
Residual Value						263,084
Present Value of Residual Value						**176,198**
VALUATION						
Enterprise Value	249,467					
% Residual Value of Total	70.63%					
Value of firm	**205,404**					
Value of share	**3.89**					
WACC CALCULATION						
Risk Free Rate	5.00%	5.00%	5.00%	5.00%	5.00%	**5.00%**
Beta Factor	1.10	1.10	1.10	1.10	1.10	1.10
Market risk Premium	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Cost of Equity	**10.50%**	**10.50%**	**10.50%**	**10.50%**	**10.50%**	**10.50%**
Debt / Debt + Equity	62.04%	58.24%	53.51%	46.68%	40.05%	35.00%
Cost of Debt	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%
Tax Rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Weighted Average Cost of Capital	**6.68%**	**6.92%**	**7.21%**	**7.63%**	**8.04%**	**8.35%**

Source: Company Guidance & VRS Projections.

We apply the following major assumptions in our model:

- Weighted Average Cost of Capital at 8.35% (Cost of Equity = 10.5%) for the terminal value;
- We have estimated sustained growth in all activities during the examined period and infinity sales growth of 1.5%;
- Infinite EBIT margin of 16%.

Sensitivity Analysis

The model's assumptions reflect the ongoing profitability of F.G. Europe Group, and its expansion program under the new strategy designed by the management. The realization of the aforementioned growth and valuation scenarios requires:

- The A/C market value to remain close to fiscal 2007 levels;
- A stable or slightly higher market share in A/C domestic market;
- A growing presence in Italy, the Balkans and especially in Turkey;
- The expansion in energy production according to the scheduled time plan;
- The maintenance of gross operating margin close to our estimates.

Our valuation incorporates a sensitivity analysis based on the discounted free cash flow method employing a discount rate in the range of 6% - 10.0%, and a growth rate ranging between 0.5% - 2.5%.

		WACC				
		6.00%	7.00%	8.35%	9.00%	10.00%
GROWTH	0.50%	4.67	4.24	3.66	3.44	3.17
	1.00%	5.28	4.54	3.97	3.62	3.31
	1.50%	5.48	4.90	**3.89**	3.82	3.47
	2.00%	6.44	5.32	4.37	4.05	3.65
	2.50%	7.27	5.84	4.69	4.31	3.85

Source: VRS Estimates

Historic & Projected Financial Ratios

	2005	2006	2007	2008 E	2009 E	2010 E	2011 E	2012 E
Profit Margins								
Gross Margin	8.7%	12.4%	24.7%	31.5%	31.5%	31.6%	31.9%	32.1%
EBITDA Margin	3.3%	3.8%	14.1%	18.2%	18.0%	17.7%	17.6%	17.5%
EBIT Margin	3.0%	3.6%	13.9%	17.7%	17.3%	16.8%	16.5%	16.4%
Pre-tax profit margin	1.0%	2.7%	12.0%	14.3%	14.2%	14.3%	14.5%	14.7%
Net Profit margin	0.6%	1.7%	8.7%	10.7%	10.2%	10.0%	10.0%	10.1%
Cost Absorption								
Cost of sales on sales	91.3%	87.6%	75.3%	68.5%	68.5%	68.4%	68.1%	67.9%
Administrative cost on sales	1.9%	1.5%	2.2%	3.0%	3.1%	3.1%	3.2%	3.3%
Distribution cost on sales	4.4%	8.2%	9.5%	11.0%	11.1%	11.4%	11.5%	11.7%
Activity								
Stock Days	66	98	111	120	120	120	120	120
Debtors Days	116	106	164	160	150	140	135	135
Creditors Days	27	32	58	58	47	42	40	40
Operating Cycle	182	204	275	280	270	260	255	255
Cash Cycle	155	171	217	222	223	218	215	215
Capital Structure								
Total Debt/ Equity	3.3	2.4	2.3	2.3	2.0	1.7	1.4	1.1
Net Bank Loans / Equity	2.7	1.2	1.4	1.2	1.2	1.1	0.8	0.6
Bank Loans/ Equity	2.9	1.7	1.7	1.6	1.4	1.2	0.9	0.7
Capital Gearing								
Interest Coverage	1.6	4.1	7.4	4.9	6.0	7.2	8.7	10.1
Bank Debt / EBITDA	11.5	8.5	3.4	2.6	2.3	2.1	1.7	1.5
Liquidity								
Current Ratio	2.6	1.7	1.3	3.7	3.2	2.8	2.7	3.3
Quick Ratio - Acid Ratio	1.8	1.1	0.9	2.7	2.2	1.9	1.7	2.1

Source: Historical Data, Company Guidance & VRS Projections.

GROUP HISTORIC & PROJECTED PROFIT & LOSS ACCOUNT

(in € ,000)	2005	2006	2007	2008 E	2009 E	2010 E	2011 E	2012 E
Turnover	**161,117**	**155,737**	**154,477**	**149,502**	**155,631**	**158,934**	**162,591**	**165,873**
y-o-y Change %	**-22.67%**	**-3.34%**	**-0.81%**	**-3.22%**	**4.10%**	**2.12%**	**2.30%**	**2.02%**
Cost of Sales	147,163	136,389	116,351	102,351	106,610	108,644	110,713	112,673
% of Turnover	91.34%	87.58%	75.32%	68.46%	68.50%	68.36%	68.09%	67.93%
y-o-y Change %	-23.30%	-7.32%	-14.69%	-12.03%	4.16%	1.91%	1.90%	1.77%
Total Gross Operating Results	**13,954**	**19,348**	**38,126**	**47,151**	**49,021**	**50,289**	**51,878**	**53,201**
Gross Operating Margin	8.66%	12.42%	24.68%	31.54%	31.50%	31.64%	31.91%	32.07%
y-o-y Change %	-15.43%	38.66%	97.05%	23.67%	3.96%	2.59%	3.16%	2.55%
Other operating income	1,505	1,649	1,814	1,000	1,000	1,000	800	800
Administrative Expenses	3,079	2,284	3,425	4,453	4,764	5,002	5,253	5,515
% of Turnover	1.91%	1.47%	2.22%	2.98%	3.06%	3.15%	3.23%	3.32%
Distribution Cost	7,137	12,790	14,713	16,515	17,260	18,124	18,770	19,402
% of Turnover	4.43%	8.21%	9.52%	11.05%	11.09%	11.40%	11.54%	11.70%
Total Expenses	**10,216**	**15,074**	**18,138**	**20,968**	**22,024**	**23,126**	**24,023**	**24,917**
% of Turnover	6.34%	9.68%	11.74%	14.03%	14.15%	14.55%	14.77%	15.02%
y-o-y Change %	11.18%	47.55%	20.33%	15.60%	5.04%	5.00%	3.88%	3.72%
EBITDA	**5,243**	**5,923**	**21,802**	**27,183**	**27,996**	**28,163**	**28,655**	**29,084**
EBITDA Margin	**3.25%**	**3.80%**	**14.11%**	**18.18%**	**17.99%**	**17.72%**	**17.62%**	**17.53%**
y-o-y Change %	**-22.14%**	**12.97%**	**268.09%**	**24.68%**	**2.99%**	**0.59%**	**1.75%**	**1.50%**
Depreciation	**331**	**258**	**294**	**694**	**1,144**	**1,467**	**1,748**	**1,848**
% of Turnover	0.21%	0.17%	0.19%	0.46%	0.74%	0.92%	1.07%	1.11%
EBIT	**4,912**	**5,665**	**21,508**	**26,490**	**26,852**	**26,696**	**26,907**	**27,236**
% of Turnover	**3.05%**	**3.64%**	**13.92%**	**17.72%**	**17.25%**	**16.80%**	**16.55%**	**16.42%**
y-o-y Change %	**-25.69%**	**15.33%**	**279.66%**	**23.16%**	**1.37%**	**-0.58%**	**0.79%**	**1.22%**
Total Financial Results	-3,281	-1,439	-2,934	-5,078	-4,675	-3,933	-3,300	-2,893
Net Results Before Taxes	**1,631**	**4,226**	**18,574**	**21,412**	**22,177**	**22,763**	**23,607**	**24,343**
EBT Margin	**1.01%**	**2.71%**	**12.02%**	**14.32%**	**14.25%**	**14.32%**	**14.52%**	**14.68%**
y-o-y Change %	**-76.67%**	**159.10%**	**339.52%**	**15.28%**	**3.57%**	**2.64%**	**3.71%**	**3.12%**
Income Tax	501	1,472	5,347	5,353	5,544	5,691	5,902	6,086
Net Results After Taxes	**1,130**	**2,754**	**13,227**	**16,059**	**16,633**	**17,072**	**17,706**	**18,257**
EAT Margin	**0.70%**	**1.77%**	**8.56%**	**10.74%**	**10.69%**	**10.74%**	**10.89%**	**11.01%**
y-o-y Change %	**-74.41%**	**143.72%**	**380.28%**	**21.41%**	**3.57%**	**2.64%**	**3.71%**	**3.12%**
Proportion of Minority rights	95	81	-241	121	749	1,157	1,472	1,472
Consolidated Net Results (a.t.&m.i.)	**1,035**	**2,673**	**13,468**	**15,938**	**15,884**	**15,916**	**16,234**	**16,786**
Net Margin	**0.64%**	**1.72%**	**8.72%**	**10.66%**	**10.21%**	**10.01%**	**9.98%**	**10.12%**
y-o-y Change %	**-76.69%**	**158.26%**	**403.85%**	**18.34%**	**-0.34%**	**0.20%**	**2.00%**	**3.40%**

Source: Historical Data, Company Guidance & VRS Projections.

GROUP HISTORIC & PROJECTED BALANCE SHEET

(in € ,000)	2005	2006	2007	2008 E	2009 E	2010 E	2011 E	2012 E
Assets								
Total Intangible Assets	61	98	1,987	2,057	2,088	2,132	2,139	2,142
Accumulated depreciation	0	51	72	274	585	902	1,222	1,543
Total Net Intangible Assets	**61**	**47**	**1,915**	**1,783**	**1,503**	**1,230**	**917**	**599**
Tangible Assets	4,192	4,437	20,261	23,015	30,261	33,771	34,563	34,721
Accumulated depreciation	705	914	1,174	1,666	2,499	3,649	5,076	6,603
Total Net Tangible Assets	**3,487**	**3,523**	**19,087**	**21,349**	**27,762**	**30,122**	**29,487**	**28,118**
Financial & Other L-Term Assets	1,577	1,342	1,280	1,491	1,582	1,714	1,714	1,714
Total Fixed Assets	**5,125**	**4,913**	**22,282**	**24,623**	**30,847**	**33,066**	**32,118**	**30,431**
% Total Assets	5.56%	4.76%	15.35%	17.11%	22.00%	23.99%	23.62%	22.66%
Inventories	26,455	36,647	35,464	33,650	35,050	35,719	36,399	37,043
Debtors	51,371	45,054	69,222	65,535	63,958	60,961	60,137	61,350
Other Receivables	5,474	1,440	2,752	2,738	2,725	2,711	2,697	2,684
Cash in bank and at hand	3,824	15,197	15,464	17,370	7,615	5,361	4,605	2,803
Total Current Assets	**87,124**	**98,338**	**122,902**	**119,293**	**109,347**	**104,752**	**103,838**	**103,880**
% Total Assets	94.44%	95.24%	84.65%	82.89%	78.00%	76.01%	76.38%	77.34%
Total Assets	**92,249**	**103,251**	**145,184**	**143,916**	**140,195**	**137,818**	**135,957**	**134,311**
Equity & Liabilities								
Share capital	16,279	16,374	16,374	16,374	16,374	16,374	16,374	16,374
Share premium account	5,376	6,687	6,669	6,669	6,669	6,669	6,669	6,669
Total Reserves	-290	-1,498	-615	182	976	1,772	2,584	3,423
Profit carried forward	-607	2,309	12,815	12,016	12,797	15,177	19,293	23,656
Minority Rights	532	6,120	8,582	8,691	9,365	10,406	11,730	13,055
Total Capital & Reserves	**21,290**	**29,992**	**43,825**	**43,931**	**46,181**	**50,398**	**56,649**	**63,177**
% Total Equity & Liabilities	23.08%	29.05%	30.19%	30.53%	32.94%	36.57%	41.67%	47.04%
L-Term Bank Loans	35,715	15,691	7,843	59,400	49,000	38,600	28,200	28,200
Provisions for Staff Retirement	248	291	334	339	344	349	354	360
Investment Grants	969	983	1,044	8,040	10,238	11,488	11,731	10,657
Total L-Term Liabilities	**36,932**	**16,965**	**9,221**	**67,779**	**59,582**	**50,437**	**40,286**	**39,217**
Suppliers	5,915	18,365	18,743	14,021	13,144	11,906	12,133	12,348
Banks	24,838	34,771	66,969	12,400	15,400	19,400	21,400	14,000
Taxes-duties	98	918	4,357	3,747	3,881	3,699	3,541	3,651
Sundry debtors	3,176	2,240	2,069	2,038	2,007	1,977	1,948	1,918
Total Current Liabilities	**34,027**	**56,294**	**92,138**	**32,206**	**34,432**	**36,983**	**39,022**	**31,918**
Total Liabilities	**70,959**	**73,259**	**101,359**	**99,985**	**94,014**	**87,420**	**79,307**	**71,134**
% Total Equity & Liabilities	76.92%	70.95%	69.81%	69.47%	67.06%	63.43%	58.33%	52.96%
Total Equity & Liabilities	**92,249**	**103,251**	**145,184**	**143,916**	**140,195**	**137,818**	**135,957**	**134,311**

Source: Historical Data, Company Guidance & VRS Projections.

GROUP HISTORIC & PROJECTED CASH FLOW STATEMENT

(in € ,000)	2005	2006	2007	2008 E	2009 E	2010 E	2011 E	2012 E
Profit after tax	1,130	2,754	13,227	16,059	16,633	17,072	17,706	18,257
Plus: Change of Depreciation	126	259	282	694	1,144	1,467	1,748	1,848
Gross Cash Flow	**1,256**	**3,013**	**13,509**	**16,753**	**17,777**	**18,539**	**19,453**	**20,105**
Change in:								
(-) Trade Debtors	5,819	-6,317	24,168	-3,687	-1,577	-2,997	-824	1,214
(-) Inventory	-3,615	10,192	-1,183	-1,814	1,400	669	680	644
(-) Other Receivables	2,406	-4,034	1,312	-14	-14	-14	-14	-13
(+) Trade Creditors	-10,117	12,450	378	-4,722	-877	-1,238	227	215
(+) Liabilities for taxes	-1,268	820	3,439	-610	134	-182	-158	110
(+) Other Short - term liabilities	1,690	-936	-171	-31	-31	-30	-30	-29
Change in Working Capital	-14,305	12,493	-20,651	152	-583	892	197	-1,549
Operating Cash Flow	**-13,049**	**15,506**	**-7,142**	**16,904**	**17,194**	**19,431**	**19,650**	**18,556**
Change in:								
(-) Intangible Assets	45	37	1,889	70	30	44	8	3
(-) Tangible Assets	112	245	15,824	2,754	7,246	3,510	793	158
(-) Other long - term receivables	1,091	-235	-62	211	91	132	0	0
(+) Other Long - term liabilities	196	57	104	7,001	2,203	1,255	249	-1,069
(+) Cons. diff./ Minority Interests	95	5,588	2,462	109	674	1,041	1,324	1,324
Cash Flow from Investment	**-957**	**5,598**	**-15,085**	**4,074**	**-4,491**	**-1,389**	**773**	**95**
Net C. F. Bef. Financing Activities	**-14,006**	**21,103**	**-22,227**	**20,979**	**12,703**	**18,042**	**20,423**	**18,652**
Increase in Share Capital	323	95	0	0	0	0	0	0
Increase in Share Premium Account	4,557	1,311	-18	0	0	0	0	0
Net Change in Reserves	-5,276	1,205	9,537	-3,190	-3,190	-3,190	-3,190	-3,190
Change in Long - Term Debt	-12,007	-20,024	-7,848	51,557	-10,400	-10,400	-10,400	0
Change in Short - Term Debt	14,574	9,934	32,198	-54,569	3,000	4,000	2,000	-7,400
Dividends	0	2,170	11,616	12,751	11,119	9,549	8,117	8,393
Minority Interests on Profit	95	81	-241	121	749	1,157	1,472	1,472
Net Cash Flow from Financing	**2,076**	**-9,730**	**22,494**	**-19,073**	**-22,458**	**-20,296**	**-21,179**	**-20,454**
Cash at Beginning	**15,754**	**3,824**	**15,197**	**15,464**	**17,370**	**7,615**	**5,361**	**4,605**
Change in Cash	**-11,930**	**11,373**	**267**	**1,906**	**-9,755**	**-2,254**	**-756**	**-1,803**
Cash at End	**3,824**	**15,197**	**15,464**	**17,370**	**7,615**	**5,361**	**4,605**	**2,803**

Source: Historical Data, Company Guidance & VRS Projections.

Notes

Notes

DISCLOSURE STATEMENT (1)

VRS Cautions on Forward-Looking Statements

VALUATION & RESEARCH SPECIALISTS (**VRS**) cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and VRS assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously disclosed in VRS reports and those identified elsewhere in this communication, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: (1) the introduction, withdrawal, success and timing of business initiatives and strategies; (2) changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in demand for products or services or in the value of assets under management; (3) the impact of increased competition; (4) the impact of capital improvement projects; (5) the impact of future acquisitions or divestitures; (6) the unfavorable resolution of legal proceedings; (7) the extent and timing of any share repurchases; (8) the impact, extent and timing of technological changes and the adequacy of intellectual property protection; (9) the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies; (10) terrorist activities and international hostilities, which may adversely affect the general economy, domestic and local financial and capital markets, as well as specific industries; (11) the ability to attract and retain highly talented professionals; (12) fluctuations in foreign currency exchange rates; (13) the impact of changes to tax legislation and, generally, the tax position of the covered company.

DISCLOSURE STATEMENT (2)

VALUATION & RESEARCH SPECIALISTS (VRS) is an independent firm providing advanced equity research, quality valuations and value-related advisory services to local and international business entities and / or communities. VRS services include valuations of intangible assets, business enterprises, and fixed assets. VRS's focus business is in providing independent equity research to its institutional and retail clients / subscribers.

VRS is not a brokerage firm and does not trade in securities of any kind. VRS is not an investment bank and does not act as an underwriter for any type of securities.

VRS accepts fees from the companies it covers and researches (the "covered companies"), and from major financial institutions. The sole purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little research coverage. In this manner VRS can minimize fees to its clients / subscribers and thus broaden investor's attention to the "covered companies."

VRS analysts are compensated on a per-company basis and not on the basis of their recommendations. Analysts are not allowed to solicit prospective "covered companies" for research coverage by VRS and are not allowed to accept any fees or other consideration from the companies they cover for VRS. Analysts are also not allowed to trade in the shares, warrants, convertible securities, or options of companies they cover for VRS.

Furthermore, VRS, its officers, and directors cannot trade in shares, warrants, convertible securities or options of any of the "covered companies." VRS accepts payment for research only in cash and will not accept payment in shares, warrants, convertible securities or options of "covered companies" by no means.

To ensure complete independence and editorial control over its research, VRS follows certain business practices and compliance procedures, which are also applied internationally. Among other things, fees from "covered companies" are due and payable prior to the commencement of research and, as a contractual right, VRS retains complete editorial control over the research process and the final equity analysis report.

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.

DISCLOSURE CHECKLIST

Covered Company	Bloomberg	Price €	Date	Disclosure
FG EUROPE	FGE GA	2.10	15 September 2008	2, 4, 5, 6

1. VRS has acted as financial consultant for the covered company within the past 24 months.
2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: guidance on financial performance and market trends.
4. VRS has received compensation from the covered company or from a consultant on behalf of the company for the preparation of this report.
5. VRS produces research reports for this company on systematic basis.
6. VRS produces research reports for this company on demand basis.
7. VRS has produced a research report for this company within the past 12 months.

COMPLIANCE WITH EU DIRECTIVES and GREEK LAWS

VRS prepares its equity research reports in a best effort to comply with the provisions of the EU Directive 2003/6/EK of the European Commission (L 339/73/24.12.2003, L 096/16/2003), the Guidelines 2003/125/EK and the Decision 4/347/12.7.2005 of the Hellenic Capital Markets Committee, as well as with the provisions of article 14, Greek Law 3340/2005, and the relevant clarifications with regard to the legal obligations of equity analysts.

VRS analysts are certified by the Hellenic Capital Markets Committee. The latter may request from VRS analysts to justify their views and conclusions with regard to this research report.

ANALYST CERTIFICATION

The views expressed in this report accurately reflect the personal views of the undersigned analyst(s) about the subject issuer and the securities of the issuer. In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this research report.