

F.G. EUROPE

[ESKr.AT]

- Domestic A/C sales growth remains strong
- Consumer electronics' demand is currently weak
- RF Energy launched operations of the new 15 MW wind park



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VALUATION & RESEARCH SPECIALISTS (VRS)

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Greek Equities - July 10, 2008

F.G. Europe

Sector : Wholesale & Energy

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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	166.31	175.07
EBITDA	21.80	24.50	27.27
Margin %	14.11%	14.73%	15.58%
Net Income	13.47	15.62	15.78
Margin %	8.72%	9.39%	9.01%

Price (10 / 07 / 2008)	€ 2.09
Shares Outstanding (,000)	52,800
Mkt Cap (in €, 000)	108,768

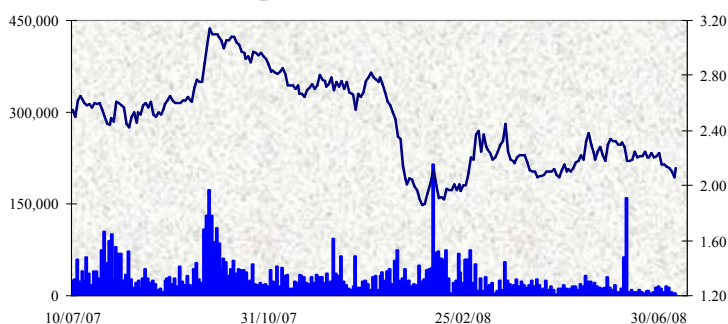
Beta (2 years)	0.8		
Dividend '07	€ 0.22		
Div. Yield	10.53%		
P/E	8.19x	7.07x	6.99x
P/BV	3.13x	2.66x	2.31x
Debt/Equity	7.78x	6.92x	6.16x
ROE	45.57%	40.74%	35.41%

Source: F.G. Europe & VRS Projections

Key Investment Points

- ⊙ The strategic decision of FG Europe's management, to **alter the sales mix of the Group seeking higher margin sales** (and reducing sales of mobile products) are impressively improving the performance of the Group, with 1Q 2008 EBITDA growth standing at +90% y-o-y. EBITDA margin also improved reaching the level of 13% from 5.8% last year. The results were broadly in line with our projections.
- ⊙ For the first 3-month period of the fiscal 2008, turnover decreased by 15% with mobile product sales falling by 63.4%. Turnover excluding mobile products increased by 16.7% y-o-y. **Profit before tax for the Group increased by 230% y-o-y**, attributed to the increase of the higher margin products of the sales mix, the positive exchange rate differences and the net interest income.
- ⊙ The Group is **also expanding operations in the energy sector** (through its 40% subsidiary RF Energy) in collaboration with the Restis family. For the fiscal 2008, revenues are expected to exceed € 2 mn due to the operation (which started in May 2008) of the new 15MW wind park.
- ⊙ We have not altered significantly our projections in our valuation model compared to our previous estimates. For the period 2008-2012, Group's turnover CAGR is estimated at 4.76%, while EBITDA CAGR is estimated at 7.56%, **positively affected by the new sales mix which favors higher margin activities.**

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



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

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Comments on 1st Quarter Result

The strategic decisions of FG Europe's management are impressively improving the performance of the Group, with 1Q 2008 income before tax growth standing at +230% y-o-y. The increase is attributed to:

1. The increase of the high margin sales mix.
 - a. Air condition sales increased by approximately 30% with domestic sales remaining strong elevating by more than 40% y-o-y, above our expectations. 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 18% with sales in Italy falling by more than 20%, while sales in the Balkans increased by a light 3%. The Company reported for the first time sales from Turkey that outpaced the reduction from Italy.
 - b. Mobile product sales reduced by 63.6%, broadly in line with our estimates.
 - c. Electric appliances' sales presented a decrease by approximately 25% y-o-y mostly attributed to the reduction of the market's general demand that has also affected the sales of the Group.

<i>In € million</i>	1Q 2007	1H 2007	2007	1Q 2008	1H 2008	2008	
	act.	act.	act.	act.	est.	prev. est.	new est.
A/C Greek Market	7.33	31.29	61.5	10.23	45.8	63.7	76.9
A/C International	6.24	20.42	36.4	7.4	22.0	49.1	45.5
W/A Eskimo	1.2	3.0	6.7	0.93	2.5	6.9	6.3
W/A Sharp	0.9	2.5	5.1	0.75	1.7	6.7	4.8
Sharp Products	2.2	4.3	8.9	1.46	3.4	12.5	8.5
Mobile Telephony	11.8	22.4	34.7	4.28	10.8	26.0	24.3
Other	0.12	0.44	1.2	0.199	0.5	3.0	3.0
Total Sales	29.67	84.37	154.5	25.20	86.70	167.8	169.2

2. The improvement of EBT margins (to 15% from 4% last year) was mostly attributed to exchange rate differences and interest income.

Historic & Projected Quarterly Results

<i>In € thous.</i>	2007			2008		
	1Q	1H	Total 2007	1Q act	1H est	Total 2008 est
Turnover	29,665	84,372	154,477	25,200	86,800	166,311
Cost of Sales	24,852	65,199	116,351	17,905	62,149	122,276
Gross Profit	4,813	19,173	38,126	7,295	24,651	44,035
Gross Margin	16.2%	22.7%	24.7%	28.9%	28.4%	26.5%
Other results	428	920	1,814	330	450	1,500
Administrative Expenses	859	1,614	3,425	1,021	3,217	4,007
Promotion Expenses	2,727	7,344	14,713	3,415	10,160	17,029
OPEX	3,586	8,958	18,138	4,436	13,377	21,036
% of turnover	12.1%	10.6%	11.7%	17.6%	15.4%	12.6%
EBITDA	1,720	11,279	21,802	3,265	11,944	24,499
EBITDA Margin	5.8%	13.4%	14.1%	13.0%	13.8%	14.7%
Depreciation	65	144	294	76	220	694
Financial Results	-505	-926	-2,934	611	500	-2,521
EBT	1,150	10,209	18,574	3,800	12,224	26,909
% of turnover	3.9%	12.1%		15.1%	14.1%	
Tax	847	3,139	5,347	1,148	3,056	5,321
Minorities	-45	-65	-241	-149	-50	346
EAT	348	7,135	13,468	2,801	9,218	15,617

Source: The Company, VRS.

Estimates' Revision

We have altered our projections in our valuation model given the different trend in sales mix compared to our initial estimates that were also based on the Company's guidance.

More specifically:

- We increase domestic A/C sales as they appear to be stronger compared to our expectations. FG Europe has increased its market shares above our projections in a still growing sector.
- We have reduced International A/C sales as they appear to be weaker compared to our previous estimates.
- The same occurs for electric appliances. The sector downtrend is affecting the Company's products as well.

<i>In € thous.</i>	2008 E			2009 E			2010 E		
	old	new	% chg	old	new	% chg	old	new	% chg
A/C Greek Market	63,663	76,888	20.8%	65,254	78,810	20.8%	66,886	80,780	20.8%
A/C International	49,086	44,359	-9.6%	58,903	51,013	-13.4%	67,739	58,665	-13.4%
W/A Eskimo	6,870	6,337	-7.8%	7,042	6,495	-7.8%	7,218	6,657	-7.8%
W/A Sharp	6,679	4,807	-28.0%	7,681	5,528	-28.0%	8,219	5,915	-28.0%
Sharp Products	12,502	8,484	-32.1%	16,628	11,283	-32.1%	19,122	12,976	-32.1%
Mobile Telephony	26,025	22,555	-13.3%	19,519	16,916	-13.3%	14,639	12,687	-13.3%
Energy	2,345	2,345	0.0%	4,465	4,465	0.0%	4,840	4,840	0.0%
Other	627	538	-14.3%	659	564	-14.3%	691	593	-14.3%

The different sales mix has altered significantly the operating margins of the Group (we have not changed our previous estimates for the operating margins). We have also increased financial income for the Group for the fiscal 2008 only.

<i>In € thous.</i>	2008 E			2009 E			2010 E		
	old	new	% chg	old	new	% chg	old	new	% chg
Turnover	167,797	166,311	-0.9%	180,150	175,074	-2.8%	189,353	183,113	-3.3%
Cost of Sales	43,016	44,035	2.4%	47,643	48,331	1.4%	51,257	51,582	0.6%
OPEX	20,550	21,036	2.4%	22,385	22,633	1.1%	24,077	24,236	0.7%
EBITDA	23,966	24,499	2.2%	26,833	27,273	1.6%	28,833	29,000	0.6%
EBIT	23,273	23,805	2.3%	25,674	26,114	1.7%	27,347	27,514	0.6%
Net Results	14,843	15,617	5.2%	15,447	15,777	2.1%	16,944	17,069	0.7%

Source: Company Guidance & VRS Projections.

Investment Case

➤ 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 € 84 mil. for the Group by the end of the fiscal 2012, growing on a CAGR₂₀₀₇₋₂₀₁₂ of 6.7%, representing about 43% 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 € 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 of about € 44 mil. representing approximately 26.7% of the total turnover. For the period 2007-2012, **we expect that international A/C sales will increase on a CAGR of approximately 13.3%, reaching € 67.8 mil., at the end of fiscal 2012.**

➤ **Electric Appliances**

The reduction (~25.6%) of electric appliances sales during the first 3 months of the fiscal 2008 is attributed to the overall demand downtrend. We believe however that during the 2nd quarter and mostly during the 2nd half of the fiscal 2008 this division will offset most of the reduction, which will finally approach last year's levels. We retain our estimates for the growth rates in the following years.

➤ **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 through the 100% subsidiary company Aeoliki Kylandrias S.A.. This project is expected to cost approximately € 14.5 million (45% government grants). 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

	10 July 2008	2007	2008 E	2009 E	2010 E	2011 E	2012 E
Price (in €)	2.09						
Shares	52,800,154						
Market Capitalization (in €)	108,768,317						
EPS (in €)		0.26	0.30	0.30	0.32	0.34	0.35
Book Value / Share (x)		0.83	0.95	1.09	1.24	1.41	1.59
EV (in € thous.)		169,700	169,609	167,962	161,968	152,823	145,121
P/E (a.t.& m.i.)		8.19x	7.07x	6.99x	6.47x	6.09x	5.90x
P/BV		3.13x	2.66x	2.31x	2.02x	1.77x	1.57x
EV/EBITDA		7.78x	6.92x	6.16x	5.59x	4.96x	4.62x
EV/Sales		1.10x	1.02x	0.96x	0.88x	0.80x	0.74x

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 €210.13 million or € 3.98 per share. The fair price assumes a P/E ratio of 13.45x for the fiscal 2008 and 13.32x for the fiscal 2009.

	2008 E	2009 E	2010 E	2011 E	2012 E	L-Term Assumptions
ASSUMPTIONS						
Growth Rate (Sales)	7.66%	5.27%	4.59%	3.92%	2.43%	1.50%
EBIT Margin	14.31%	14.92%	15.03%	15.27%	15.15%	15.00%
Tax Rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Working Capital (% of sales)	6.65%	0.84%	0.58%	0.55%	1.17%	1.15%
Capex (% of sales)	1.83%	4.21%	2.01%	0.42%	0.08%	0.80%
Cost of Capital	6.88%	7.25%	7.61%	8.04%	8.44%	8.35%
Depreciation (% of sales)	0.42%	0.66%	0.81%	0.92%	0.95%	0.80%
CASH FLOW STATEMENT						
Turnover	166,311	175,074	183,113	190,289	194,921	197,845
EBIT	23,805	26,114	27,514	29,064	29,532	29,677
Less: Adjusted Tax	5,951	6,529	6,879	7,266	7,383	7,419
Adjusted Operating Profit	17,854	19,586	20,636	21,798	22,149	22,258
Plus: Depreciation	694	1,158	1,486	1,748	1,848	1,583
Operating Cash Flow	18,547	20,744	22,121	23,545	23,997	23,840
Less: Change in Working Capital	11,060	1,477	1,064	1,051	2,277	2,275
Less: Capex	3,035	7,368	3,685	800	160	1,583
Cash Flow to the Firm (FCFF)	4,452	11,899	17,372	21,695	21,560	19,982
Discount Factor	0.94	0.87	0.80	0.73	0.67	0.67
Present Value of Cash Flows	4,165	10,345	13,941	15,922	14,378	
Accumulated Present Value	4,165	14,510	28,451	44,373	58,750	
Residual Value						291,819
Present Value of Residual Value						195,443
VALUATION						
Enterprise Value	254,193					
% Residual Value of Total	76.89%					
Value of firm	210,130					
Value of share	3.98					
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	58.80%	52.85%	46.98%	39.98%	33.49%	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	6.88%	7.25%	7.61%	8.04%	8.44%	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 15%.

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%	4.84	4.34	3.70	3.46	3.16
	1.00%	5.50	4.68	4.04	3.65	3.31
	1.50%	5.75	5.07	3.98	3.88	3.49
	2.00%	6.78	5.54	4.49	4.13	3.69
	2.50%	7.70	6.12	4.85	4.42	3.91

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%	26.5%	27.6%	28.2%	28.8%	28.9%
EBITDA Margin	3.3%	3.8%	14.1%	14.7%	15.6%	15.8%	16.2%	16.1%
EBIT Margin	3.0%	3.6%	13.9%	14.3%	14.9%	15.0%	15.3%	15.2%
Pre-tax profit margin	1.0%	2.7%	12.0%	12.8%	12.7%	13.2%	13.7%	13.8%
Net Profit margin	0.6%	1.7%	8.7%	9.4%	9.0%	9.3%	9.5%	9.6%
Cost Absorption								
Cost of sales on sales	91.3%	87.6%	75.3%	73.5%	72.4%	71.8%	71.2%	71.1%
Administrative cost on sales	1.9%	1.5%	2.2%	2.4%	2.5%	2.5%	2.6%	2.6%
Distribution cost on sales	4.4%	8.2%	9.5%	10.2%	10.5%	10.7%	10.9%	11.1%
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	53	47	42	39	40
Operating Cycle	182	204	275	280	270	260	255	255
Cash Cycle	155	171	217	227	223	218	216	215
Capital Structure								
Total Debt/ Equity	3.3	2.4	2.3	2.0	1.7	1.4	1.1	0.9
Net Bank Loans / Equity	2.7	1.2	1.4	1.2	1.0	0.8	0.6	0.4
Bank Loans/ Equity	2.9	1.7	1.7	1.4	1.1	0.9	0.7	0.5
Capital Gearing								
Interest Coverage	1.6	4.1	7.4	8.1	7.2	8.7	10.4	12.0
Bank Debt / EBITDA	11.5	8.5	3.4	2.9	2.4	2.0	1.6	1.3
Liquidity								
Current Ratio	2.6	1.7	1.3	3.7	3.3	3.1	3.0	3.6
Quick Ratio - Acid Ratio	1.8	1.1	0.9	2.5	2.2	2.0	1.9	2.3

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	166,311	175,074	183,113	190,289	194,921
y-o-y Change %	-22.67%	-3.34%	-0.81%	7.66%	5.27%	4.59%	3.92%	2.43%
Cost of Sales	147,163	136,389	116,351	122,276	126,743	131,531	135,534	138,586
% of Turnover	91.34%	87.58%	75.32%	73.52%	72.39%	71.83%	71.23%	71.10%
y-o-y Change %	-23.30%	-7.32%	-14.69%	5.09%	3.65%	3.78%	3.04%	2.25%
Total Gross Operating Results	13,954	19,348	38,126	44,035	48,331	51,582	54,755	56,336
Gross Operating Margin	8.66%	12.42%	24.68%	26.48%	27.61%	28.17%	28.77%	28.90%
y-o-y Change %	-15.43%	38.66%	97.05%	15.50%	9.76%	6.73%	6.15%	2.89%
Other operating income	1,505	1,649	1,814	1,500	1,575	1,654	1,736	1,823
Administrative Expenses	3,079	2,284	3,425	4,007	4,328	4,631	4,909	5,154
% of Turnover	1.91%	1.47%	2.22%	2.41%	2.47%	2.53%	2.58%	2.64%
Distribution Cost	7,137	12,790	14,713	17,029	18,306	19,605	20,771	21,625
% of Turnover	4.43%	8.21%	9.52%	10.24%	10.46%	10.71%	10.92%	11.09%
Total Expenses	10,216	15,074	18,138	21,036	22,633	24,236	25,680	26,779
% of Turnover	6.34%	9.68%	11.74%	12.65%	12.93%	13.24%	13.50%	13.74%
y-o-y Change %	11.18%	47.55%	20.33%	15.98%	7.59%	7.08%	5.96%	4.28%
EBITDA	5,243	5,923	21,802	24,499	27,273	29,000	30,811	31,380
EBITDA Margin	3.25%	3.80%	14.11%	14.73%	15.58%	15.84%	16.19%	16.10%
y-o-y Change %	-22.14%	12.97%	268.09%	12.37%	11.32%	6.33%	6.25%	1.85%
Depreciation	331	258	294	694	1,158	1,486	1,748	1,848
% of Turnover	0.21%	0.17%	0.19%	0.42%	0.66%	0.81%	0.92%	0.95%
EBIT	4,912	5,665	21,508	23,805	26,114	27,514	29,064	29,532
% of Turnover	3.05%	3.64%	13.92%	14.31%	14.92%	15.03%	15.27%	15.15%
y-o-y Change %	-25.69%	15.33%	279.66%	10.68%	9.70%	5.36%	5.63%	1.61%
Total Financial Results	-3,281	-1,439	-2,934	-2,521	-3,812	-3,346	-2,957	-2,623
Net Results Before Taxes	1,631	4,226	18,574	21,284	22,302	24,168	26,107	26,909
EBT Margin	1.01%	2.71%	12.02%	12.80%	12.74%	13.20%	13.72%	13.81%
y-o-y Change %	-76.67%	159.10%	339.52%	14.59%	4.78%	8.37%	8.02%	3.07%
Income Tax	501	1,472	5,347	5,321	5,575	6,042	6,527	6,727
Net Results After Taxes	1,130	2,754	13,227	15,963	16,726	18,126	19,580	20,182
EAT Margin	0.70%	1.77%	8.56%	9.60%	9.55%	9.90%	10.29%	10.35%
y-o-y Change %	-74.41%	143.72%	380.28%	20.69%	4.78%	8.37%	8.02%	3.07%
Proportion of Minority rights	95	81	-241	346	949	1,057	1,472	1,472
Consolidated Net Results (a.t.&m.i.)	1,035	2,673	13,468	15,617	15,777	17,069	18,108	18,710
Net Margin	0.64%	1.72%	8.72%	9.39%	9.01%	9.32%	9.52%	9.60%
y-o-y Change %	-76.69%	158.26%	403.85%	15.96%	1.02%	8.19%	6.09%	3.32%

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	2,513	3,683	5,110	6,637
Total Net Tangible Assets	3,487	3,523	19,087	21,349	27,748	30,088	29,453	28,084
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	30,833	33,032	32,085	30,397
% Total Assets	5.56%	4.76%	15.35%	16.09%	20.03%	21.23%	20.46%	19.22%
Inventories	26,455	36,647	35,464	40,200	41,669	43,243	44,559	45,562
Debtors	51,371	45,054	69,222	72,904	71,948	70,235	70,381	72,094
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	12,543	6,790	6,385	7,129	7,432
Total Current Assets	87,124	98,338	122,902	128,385	123,132	122,573	124,767	127,772
% Total Assets	94.44%	95.24%	84.65%	83.91%	79.97%	78.77%	79.54%	80.78%
Total Assets	92,249	103,251	145,184	153,009	153,965	155,606	156,852	158,169
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	166	955	1,808	2,714	3,649
Profit carried forward	-607	2,309	12,815	18,215	23,702	29,900	36,670	43,770
Minority Rights	532	6,120	8,582	8,893	9,747	10,699	12,023	13,348
Total Capital & Reserves	21,290	29,992	43,825	50,317	57,447	65,450	74,449	83,810
% Total Equity & Liabilities	23.08%	29.05%	30.19%	32.88%	37.31%	42.06%	47.46%	52.99%
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	16,750	15,626	14,414	14,853	15,187
Banks	24,838	34,771	66,969	12,400	15,400	19,400	21,400	14,000
Taxes-duties	98	918	4,357	3,725	3,903	3,927	3,916	4,036
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	34,913	36,936	39,719	42,117	35,142
Total Liabilities	70,959	73,259	101,359	102,692	96,518	90,156	82,402	74,359
% Total Equity & Liabilities	76.92%	70.95%	69.81%	67.12%	62.69%	57.94%	52.54%	47.01%
Total Equity & Liabilities	92,249	103,251	145,184	153,009	153,965	155,606	156,852	158,169

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	15,963	16,726	18,126	19,580	20,182
Plus: Change of Depreciation	126	259	282	694	1,158	1,486	1,748	1,848
Gross Cash Flow	1,256	3,013	13,509	16,657	17,885	19,612	21,328	22,030
<i>Change in:</i>								
(-) Trade Debtors	5,819	-6,317	24,168	3,682	-955	-1,713	146	1,713
(-) Inventory	-3,615	10,192	-1,183	4,736	1,469	1,574	1,316	1,003
(-) Other Receivables	2,406	-4,034	1,312	-14	-14	-14	-14	-13
(+) Trade Creditors	-10,117	12,450	378	-1,993	-1,124	-1,212	439	334
(+) Liabilities for taxes	-1,268	820	3,439	-632	178	25	-11	120
(+) Other Short - term liabilities	1,690	-936	-171	-31	-31	-30	-30	-29
Change in Working Capital	-14,305	12,493	-20,651	-11,060	-1,477	-1,064	-1,051	-2,277
Operating Cash Flow	-13,049	15,506	-7,142	5,596	16,408	18,548	20,277	19,753
<i>Change in:</i>								
(-) 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	311	854	951	1,324	1,324
Cash Flow from Investment	-957	5,598	-15,085	4,277	-4,311	-1,479	773	95
Net C. F. Bef. Financing Activities	-14,006	21,103	-22,227	9,874	12,097	17,069	21,050	19,848
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	6,247	6,311	6,828	7,243	7,484
Minority Interests on Profit	95	81	-241	346	949	1,057	1,472	1,472
Net Cash Flow from Financing	2,076	-9,730	22,494	-12,794	-17,850	-17,474	-20,305	-19,546
Cash at Beginning	15,754	3,824	15,197	15,464	12,543	6,790	6,385	7,129
Change in Cash	-11,930	11,373	267	-2,921	-5,753	-406	745	302
Cash at End	3,824	15,197	15,464	12,543	6,790	6,385	7,129	7,432

Source: Historical Data, Company Guidance & VRS Projections.

Notes

Notes

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