

F.G. EUROPE

[ESKr.AT]

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



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Greek Equities - September 15, 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	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

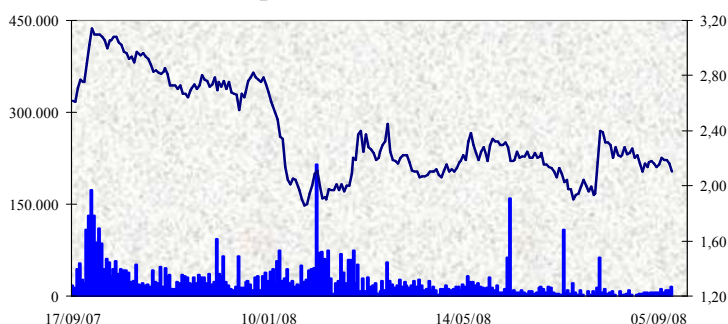
Beta (2 years)	0.8		
Dividend '07	€ 0.22		
Div. Yield	10.48%		
P/E	8.23x	6.96x	6.98x
P/BV	3.15x	3.15x	3.01x
Debt/Equity	7.81x	6.08x	5.99x
ROE	45.57%	45.23%	44.09%

Source: F.G. Europe & VRS Projections

Key Investment Points

- For the first half 2008, the profitability of the Group continues to beat our estimates driven by **the altered sales mix of the Group with higher margin revenues 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 conservative 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



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

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Comments on 1st Half 2008 Results

For the first half of the fiscal 2008, the financial results of the Group continue to beat our projections with turnover increasing by 5% y-o-y compared to 2.9% which was our estimate. 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 increased 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	1H	9M	12 M	1Q	1H	1H	9M	12M
	2007	2007	2007	2007	2008	2008	2008	2008	2008
	act.	act.	act.	act.	act.	act.	est.	est.	prev. est. / 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), which was mostly attributed to gross margin improvement and also – but to a small 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's trends. We believe that:

- Domestic A/C sales will remain strong for the remaining 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 lower 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.

<i>In € thous.</i>	2008 E			2009 E			2010 E		
	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.

<i>In € thous.</i>	2008 E			2009 E			2010 E		
	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 favored 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 CAGR₂₀₀₇₋₂₀₁₂ 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 first 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 an 11-12% decrease. We have reduced our growth rates estimates for the next 4 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

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FG EUROPE	FGE GA	2.10	15 September 2008	2, 4, 5, 6

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