SATO

# INTERIM FINANCIAL STATEMENTS

## 3rd Quarter 2005

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**SATO Group**
**INTERIM FINANCIAL STATEMENTS as at 30September 2005**
**Amounts in thousands of €**

## A. INCOME STATEMENT

| | Notes | CONSOLIDATED | | | | SATO | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | **01/01 – 30/09/05** | **01/01– 30/09/04** | **01/07 – 30/09/05** | **01/07– 30/09/04** | **01/01 – 30/09/05** | **01/01– 30/09/04** | **01/07 – 30/09/05** | **01/07– 30/09/04** |
| Revenue | | 52.321 | 59.664 | 15.800 | 21.984 | 29.889 | 36.353 | 9.027 | 14.145 |
| Cost of sales | | -30.641 | -34.078 | -9.269 | -13.093 | -15.058 | -17.922 | -4.470 | -7.378 |
| **Gross profit** | | **21.680** | **25.586** | **6.531** | **8.891** | **14.831** | **18.431** | **4.557** | **6.767** |
| Other Income | | 2.031 | 1.258 | 884 | 240 | 1.710 | 960 | 937 | 148 |
| Distribution expenses | | -16.056 | -18.976 | -5.105 | -6.880 | -10.086 | -11.296 | -3.302 | -4.240 |
| Administration expenses | | -5.650 | -4.839 | -1.998 | -1.495 | -3.969 | -3.127 | -1.320 | -1.000 |
| Other expenses | | -242 | -475 | -89 | -86 | -242 | -253 | -88 | -80 |
| **Profit from operating activities** | | **1.763** | **2.555** | **223** | **670** | **2.244** | **4.715** | **784** | **1.595** |
| Finance expense | | -2.130 | -2.230 | -771 | -759 | -1.321 | -1.327 | -459 | -468 |
| Finance income | | 53 | 124 | 0 | 57 | 136 | 110 | 34 | 49 |
| Profit from sale of subsidiary | | | 310 | | | | | | |
| Share of profit from associates | | 797 | -1.556 | 561 | -442 | 569 | | 569 | |
| **Profit before Tax** | | **483** | **798** | **13** | **-474** | **1.628** | **3.498** | **928** | **1.176** |
| Income Tax expense | | -131 | -1.131 | 228 | -102 | -104 | -1.500 | 111 | -230 |
| **Profit for the period** | | **352** | **-1.929** | **241** | **-576** | **1.524** | **1.998** | **1.039** | **946** |
| *Attributable to:* | | | | | | | | | |
| Equity holders of the parent | | 458 | -1667 | 262 | -502 | | | | |
| Minority Interest | | -106 | -262 | -21 | -74 | | | | |
| | | **352** | **-1.929** | **241** | **-576** | **1.524** | **1.998** | **1.039** | **946** |
| Earnings per share in € | | 0,020 | -0,074 | 0,012 | -0,065 | 0,067 | 0,089 | 0,051 | 0,042 |

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## B. BALANCE SHEET

| | Note | CONSOLIDATED | | SATO | |
|---|---|---|---|---|---|
| | | **30/09/2005** | **31/12/2004** | **30/09/2005** | **31/12/2004** |
| **ASSETS** | | | | | |
| **NON CURRENT ASSETS** | | | | | |
| Tangible assets | | 42.621 | 40.781 | 27.281 | 25.049 |
| Intangible assets | | 224 | 289 | 173 | 168 |
| Investments in subsidiaries | | 0 | 0 | 10.785 | 10.455 |
| Investments in associates | | 3.526 | 3.746 | 3.454 | 3.893 |
| Available for sale securities | | 6.150 | 7.207 | 6.150 | 7.207 |
| Deferred Tax assets | | 3.442 | 3.332 | | 0 |
| Other non current assets | | 1.520 | 473 | 3.676 | 1.263 |
| | | **57.483** | **55.828** | **51.519** | **48.035** |
| **CURRENT ASSETS** | | | | | |
| Inventory | | 15.595 | 14.281 | 8.999 | 8.849 |
| Trade receivables | | 19.083 | 24.779 | 13.200 | 17.615 |
| Other receivables | | 3.649 | 1.475 | 5.183 | 2.940 |
| Cash and cash equivalents | | 1.703 | 1.139 | 1.425 | 555 |
| | | **40.030** | **41.674** | **28.807** | **29.959** |
| **TOTAL ASSETS** | | **97.513** | **97.502** | **80.326** | **77.994** |
| **EQUITY AND LIABILITIES** | | | | | |
| **EQUITY** | | | | | |
| Share capital | | 20.521 | 20.521 | 20.521 | 20.521 |
| Share premium | | 7.402 | 7.402 | 7.402 | 7.402 |
| Retained loss | | -10.233 | -10.509 | -3.876 | -4.364 |
| Other reserves | | 6.228 | 7.024 | 7.043 | 6.503 |
| Minority Interest | | 110 | 335 | | 0 |
| **Total equity** | | **24.528** | **24.773** | **31.090** | **30.062** |
| **LONG TERM LIABILITIES** | | | | | |
| Long term loans | | 20.544 | 21.224 | 10.470 | 11.470 |
| Provisions | | 3.047 | 2.847 | 976 | 891 |
| Government grants | | 81 | 66 | 81 | 66 |
| Deferred tax liabilities | | 2.976 | 2.829 | 2.727 | 2.623 |
| | | **26.648** | **26.966** | **14.254** | **15.050** |
| **SHORT TERM LIABILITIES** | | | | | |
| Trade payables and other liabilities | | 17.519 | 18.072 | 10.318 | 10.713 |
| Short term bank borrowings | | 28.208 | 26.462 | 24.087 | 20.974 |
| Income Tax payable | | 609 | 1.229 | 577 | 1.195 |
| | | **46.336** | **45.763** | **34.982** | **32.882** |
| **TOTAL EQUITY AND LIABILITIES** | | **97.513** | **97.502** | **80.326** | **77.994** |

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## C. CASH FLOW STATEMENT

| | CONSOLIDATED | | SATO | |
|---|---|---|---|---|
| | 1.01-30.09.2005 | 1.01-30.09.2004 | 1.01-30.09.2005 | 1.01-30.09.2004 |
| **Cash flows from operating activities** | | | | |
| Profit before Tax | 483 | -798 | 1.628 | 3.498 |
| *Adjustments for:* | | | | |
| Depreciation and amortisation | 1.918 | 2.307 | 1.157 | 968 |
| Provisions | 494 | 311 | 379 | 255 |
| Foreign exchange loss/(gain) | -53 | 296 | | |
| Share of profit from associates | -796 | 1.556 | -569 | |
| Interest expense | 1.856 | 1.939 | 1.074 | 1.106 |
| | **3.902** | **5.611** | **3.669** | **5.827** |
| *Adjustments for changes in working capital:* | | | | |
| Increase/(Decrease) in inventories | -1.314 | -2.821 | -151 | -2.282 |
| Increase/(Decrease) in receivables | 3.242 | -5.075 | 2.338 | -5.145 |
| (Increase) / decrease in current liabilities (excl. Bank borrowings) | -602 | 2.159 | -369 | 3.566 |
| *Less:* | | | | |
| Interest paid | -1.950 | -2.042 | -1.164 | -1.195 |
| Income tax paid | -715 | -139 | -618 | -148 |
| **Net cash inflow / (outflow) from operating activities (α)** | **2.563** | **-2.307** | **3.705** | **623** |
| **Cash flows from investing activities** | | | | |
| Purchase of minority interest in subsidiaries | | | -360 | -1.463 |
| Proceeds from sale of associate | 1.038 | | 1.038 | |
| Purchase of tangible and intangible assets | -4.028 | -2.074 | -3.452 | -1.062 |
| Sale of tangible and intangible assets | 277 | 1.028 | | 1.000 |
| Interest received | 95 | 123 | 89 | 110 |
| Dividend received | 47 | | 47 | |
| **Net cash inflow / (outflow) from investing activities (β)** | **-2.571** | **-923** | **-2.638** | **-1.415** |
| ***Cash flows from financing activities*** | | | | |
| Intergroup borrowings | | | -1.815 | -1.321 |
| Proceeds from bank borrowings | 1.711 | 3.741 | 2.421 | 2.651 |
| Loan repayments | | | | |
| Payment of finance lease liabilities | -644 | -617 | -308 | -293 |
| Proceeds from sale of treasury shares | 189 | | 189 | |
| Dividends paid | -684 | -457 | -684 | -457 |
| **Net cash inflow / (outflow) from financing activities (c)** | **572** | **2.667** | **-197** | **580** |
| **Net increase in cash and cash equivalents for the period [(α)+(β)+(c)]** | **564** | **-563** | **870** | **-212** |
| **Cash and cash equivalents at beginning of period** | **1.139** | **1.749** | **555** | **976** |
| **Cash and cash equivalents at end of period** | **1.703** | **1.186** | **1.425** | **764** |

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## D. STATEMENT OF CHANGES IN SHAREHOLDERS´ EQUITY

D1. CONSOLIDATED

| | Share Capital | Share premium | Treasury shares | Statutory reserve and other reserves | Retained Earnings | Minority Interest | Total |
|---|---|---|---|---|---|---|---|
| **1st January 2004** | 20.521 | 7.402 | -539 | 6.330 | -7.540 | 1.176 | 27.350 |
| Exchange difference on translation of foreign subsidiaries | | | | | 51 | -18 | 33 |
| Purchase of minority interest in subsidiary | | | | | 160 | -338 | -178 |
| Disposal of subsidiary through no participation in share capital increase | | | | | 233 | -55 | 178 |
| Dividends | 0 | 0 | 0 | 0 | -456 | 0 | -456 |
| Transfer | | | | 934 | -934 | | |
| Profit for the period | 0 | 0 | 0 | | -1667 | -262 | -1929 |
| **30th September 2004** | **20.521** | **7.402** | **-539** | **7.264** | **-10.153** | **503** | **24.998** |
| Exchange difference on translation of foreign subsidiaries | | | | | 7 | -25 | -18 |
| Deferred tax on items directly recorded in equity | 0 | 0 | 0 | 0 | 872 | 0 | 872 |
| transfer | | | | 299 | -299 | | 0 |
| Profit for the period | 0 | 0 | 0 | 0 | -936 | -143 | -1079 |
| **31st December 2004** | **20.521** | **7.402** | **-539** | **7.563** | **-10.509** | **335** | **24.773** |
| Purchase of minority interest in subsidiary | | | | | -180 | -134 | -314 |
| Exchange difference on translation of foreign subsidiaries | | | | | 195 | 16 | 211 |
| transfer | | | | -835 | 835 | | 0 |
| Sale of treasury shares | | | 539 | | -350 | | 189 |
| Dividends | | | | | -684 | | -684 |
| Profit for the period | 0 | 0 | 0 | | 460 | -107 | 353 |
| **30th September 2005** | **20.521** | **7.402** | **0** | **6.728** | **-10.233** | **110** | **24.528** |

**Amounts in thousands of €**

## D. STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD

D2. SATO

| | Share Capital | Share premium | Treasury shares | Statutory reserve and other reserves | Retained Earnings | Total |
|---|---|---|---|---|---|---|
| **1st January 2004** | 20.521 | 7.402 | -539 | 6.967 | -6.012 | 28.339 |
| Dividends | | | | | -456 | -456 |
| Profit for the period | | | | | 1998 | 1998 |
| **30th September 2004** | **20.521** | **7.402** | **-539** | **6.967** | **-4470** | **29.881** |
| Deferred tax on items directly recorded in equity | | | | | 872 | 872 |
| Transfer to reserves | | | | 75 | -75 | 0 |
| Profit for the period | | | | | -691 | -692 |
| **31st December 2004** | **20.521** | **7.402** | **-539** | **7.042** | **-4.364** | **30.061** |
| Dividends | | | | | -684 | -684 |
| Sale of treasury shares | | | 539 | | -351 | 188 |
| Profit for the period | 0 | 0 | 0 | 0 | 1.524 | 1.524 |
| **30th September 2005** | **20.521** | **7.402** | **0** | **7.042** | **-3.875** | **31.090** |

Amounts in thousands of €

## E. RECONCILIATION OF PREVIOUS GAAP TO IFRS
## E.1 GROUP RECONCILIATION OF PREVIOUS GAAP TO IFRS
### E.1.1 GROUP RECONCILIATION OF PREVIOUS GAAP TO IFRS-BALANCE SHEET 31-12-2003

| | LOCAL GAAP | | | IFRS |
|---|---|---|---|---|
| | 31/12/2003 | Correction of errors | Change of accounting policies | 31/12/2003 |
| **ASSETS** | | | | |
| **NON CURRENT ASSETS** | | | | |
| Tangible assets | 12.687 | | 30.725 | 43.412 |
| Intangible assets | 1.804 | | -1.666 | 138 |
| Investments in associates | 6.392 | | -1.279 | 5.113 |
| Available for sale securities | 6.150 | | 1.801 | 7.951 |
| Deferred Tax assets | 0 | | 2.492 | 2.492 |
| Other non current assets | 368 | | 220 | 588 |
| | **27.401** | | **32.293** | **59.694** |
| **CURRENT ASSETS** | | | | |
| Inventory | 14.498 | | -282 | 14.216 |
| Trade receivables | 21.102 | -281 | -73 | 20.748 |
| Other receivables | 3.049 | | -1.796 | 1.253 |
| Securities | 1.747 | | 2 | 1.749 |
| Cash and cash equivalents | 2.075 | | -2.075 | 0 |
| | **42.471** | | **-4.224** | **37.966** |
| **TOTAL ASSETS** | **69.872** | **-281** | **28.069** | **97.660** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Share capital | 20.521 | | 0 | 20.521 |
| Share premium | 7.402 | | 0 | 7.402 |
| Retained loss | -7.427 | -281 | 167 | -7.541 |
| Other reserves | 7.001 | | -1.209 | 5.792 |
| Minority Interest | 664 | | 512 | 1.176 |
| Consolidation differences | -4.846 | | 4.846 | 0 |
| **Total equity** | **23.315** | | **4.316** | **27.350** |
| | | | | |
| **LONG TERM LIABILITIES** | | | | |
| Long term loans | 5.964 | | 17.294 | 23.258 |
| Provisions | 2.082 | | 562 | 2.644 |
| Government grants | 0 | | 138 | 138 |
| Deferred tax liabilities | 0 | | 3.155 | 3.155 |
| | **8.046** | | **21.149** | **29.195** |
| **SHORT TERM LIABILITIES** | | | | |
| Trade payables and other liabilities | 13.434 | | 1.332 | 14.766 |
| Short term bank borrowings | 23.972 | | 2.199 | 26.171 |
| Income Tax payable | 1.105 | | -927 | 178 |
| | **38.511** | | **2.604** | **41.115** |

Amounts in thousands of €

| | | | | |
|---|---|---|---|---|
| **TOTAL EQUITY AND LIABILITIES** | **69.872** | **-281** | **28.069** | **97.660** |
| | | | | |

**E.1.2 GROUP RECONCILIATION OF PREVIOUS GAAP TO IFRS-BALANCE SHEET 30.09.04**

| | LOCAL GAAP | | | IFRS |
|---|---|---|---|---|
| | 30/09/2004 | Correction of errors | Change of accounting policies | 30/09/2004 |
| **ASSETS** | | | | |
| **NON CURRENT ASSETS** | | | | |
| Tangible assets | 10.094 | | 30.501 | 40.595 |
| Intangible assets | 1.410 | | -1.136 | 274 |
| Investments in associates, securities and other long term assets | 11.956 | | -929 | 11.027 |
| Deferred Tax assets | 0 | | 2.923 | 2.923 |
| | **23.460** | | **31.359** | **54.819** |
| **CURRENT ASSETS** | | | | |
| Inventory | 16.830 | | -602 | 16.228 |
| Trade receivables | 25.105 | -281 | 304 | 25.082 |
| Other receivables | 2.948 | | -1.434 | 1.514 |
| Cash and cash equivalents | 1.185 | | 0 | 1.185 |
| Securities | 1.058 | | -1.058 | |
| | **47.126** | | **-3.117** | **44.009** |
| **TOTAL ASSETS** | **70.586** | **-281** | **28.523** | **98.828** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Share capital | 20.521 | | 0 | 20.521 |
| Retained loss | -14.025 | -281 | 18.062 | 3.756 |
| Other reserves | 14.028 | | -13.810 | 218 |
| Minority Interest | 176 | | 327 | 503 |
| Consolidation differences | -184 | | 184 | |
| **Total equity** | **20.516** | **-281** | **4.763** | **24.998** |
| **LONG TERM LIABILITIES** | | | | |
| Long term loans and other liabilities | 3.722 | | 17.921 | 21.643 |
| Provisions | 3.841 | | -985 | 2.856 |
| Deferred tax liabilities | 0 | | 3.686 | 3.686 |
| | **7.563** | | **20.622** | **28.185** |
| **SHORT TERM LIABILITIES** | | | | |
| Short term liabilities | **42.507** | | **3.138** | **45.645** |
| **TOTAL EQUITY AND LIABILITIES** | **70.586** | **-281** | **28.523** | **98.828** |

Amounts in thousands of €

**E.1.2 GROUP RECONCILIATION OF PREVIOUS GAAP TO IFRS – INCOME STATEMENT 30.09.04**

| | LOCAL GAAP | | IFRS | LOCAL GAAP |
|---|---|---|---|---|
| | 30/09/04 | Correction of errors | Change of accounting policies | 30/09/04 |
| Revenue | 59.060 | | 604 | 59.664 |
| Cost of sales | -33.505 | | -573 | -34.078 |
| **Gross profit** | **25.555** | | **31** | **25.586** |
| Other Income | 677 | | 582 | 1.259 |
| Distribution expenses | -19.128 | | 152 | -18.976 |
| Administration expenses | -4.917 | | 78 | -4.839 |
| Other expenses | -424 | | -51 | -475 |
| **Profit from operating activities** | **1.763** | | **792** | **2.555** |
| Finance expense | -2.728 | | 620 | -2.108 |
| Profit from sale of subsidiary | | | 311 | 311 |
| Share of profit from associates | | | -1.556 | -1.556 |
| **Operating Profit before Tax** | **-965** | | **167** | **-798** |
| Extraordinary expense | -1.169 | | **1.169** | 0 |
| Extraordinary income | 626 | | **-626** | 0 |
| **Profit before Tax** | **-1.508** | | 710 | **-798** |
| Income Tax expense | | | -1.131 | -1.131 |
| **Profit for the period** | **-1.508** | | **421** | **-1.929** |

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### E.1.3 GROUP RECONCILIATION OF PREVIOUS GAAP TO IFRS – BALANCE SHEET 31.12.2004

| | LOCAL GAAP | | | IFRS |
|---|---|---|---|---|
| | 31/12/2004 | Correction of errors | Change of accounting policies | 31/12/2004 |
| **ASSETS** | | | | |
| **NON CURRENT ASSETS** | | | | |
| Tangible assets | 10.633 | | 30.148 | 40.781 |
| Intangible assets | 1.270 | | -981 | 289 |
| Investments in associates and other | 5.190 | | -1.426 | 3.764 |
| Available for sale securities | 6.150 | | 1.039 | 7.189 |
| Deferred Tax assets | 0 | | 3.332 | 3.332 |
| Other non current assets | 473 | | 0 | 473 |
| | **23.716** | | **32.112** | **55.828** |
| **CURRENT ASSETS** | | | | |
| Inventory | 14.887 | | -606 | 14.281 |
| Trade receivables | 24.695 | -281 | 365 | 24.779 |
| Other receivables | 2.932 | | -1.457 | 1.475 |
| Cash and cash equivalents | 1.139 | | 0 | 1.139 |
| Securities | 1.058 | | -1.058 | 0 |
| | **44.711** | **-281** | **-2.756** | **41.674** |
| **TOTAL ASSETS** | **68.427** | **-281** | **29.356** | **97.502** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Share capital | 20.521 | | 0 | 20.521 |
| Share premium | 7.402 | | 0 | 7.402 |
| Retained loss | -15.182 | -281 | 4.954 | -10.509 |
| Other reserves | 8.320 | | -1.296 | 7.024 |
| Minority Interest | 115 | | 220 | 335 |
| Consolidation differences | -3.208 | | 3.208 | 0 |
| **Total equity** | **17.968** | **-281** | **7.086** | **24.773** |
| **LONG TERM LIABILITIES** | | | | |
| Long term loans | 3.505 | | 17.719 | 21.224 |
| Provisions | 2.667 | | 180 | 2.847 |
| Government grants | 0 | | 66 | 66 |
| Deferred tax liabilities | 0 | | 2.829 | 2.829 |
| | **6.172** | | **20.794** | **26.966** |
| **SHORT TERM LIABILITIES** | | | | |
| Trade payables and other liabilities | 17.357 | | 715 | 18.072 |
| Short term bank borrowings | 24.416 | | 2.046 | 26.462 |
| Income Tax payable | 2.514 | | -1.285 | 1.229 |
| | **44.287** | | **1.476** | **45.763** |
| **TOTAL EQUITY AND LIABILITIES** | **68.427** | **-281** | **29.355** | **97.502** |

Amounts in thousands of €

**E.1.3 GROUP RECONCILIATION OF PREVIOUS GAAP TO IFRS – INCOME STATEMENT 31.12.2004**

| | LOCAL GAAP | | | IFRS |
|---|---|---|---|---|
| | 31/12/2004 | Correction of errors | Change of accounting policies | 31/12/2004 |
| Revenue | 82.137 | | 604 | 82.741 |
| Cost of sales | -48.261 | | -397 | -48.658 |
| **Gross profit** | **33.876** | | **207** | **34.083** |
| Other Income | 902 | | 796 | 1.698 |
| Distribution expenses | -24.983 | | -900 | -25.883 |
| Administration expenses | -6.665 | | -126 | -6791 |
| Other expenses | -1.785 | | 559 | -1.226 |
| **Profit from operating activities** | **1.345** | | **536** | **1.881** |
| | | | 0 | |
| Finance expense | -2.952 | | 54 | -2.898 |
| Finance income | 97 | | -2 | 95 |
| Profit from sale of subsidiary | 0 | | -1.349 | -1.349 |
| Share of profit from associates | 0 | | 310 | 310 |
| **Operating Profit before Tax** | **-1.510** | | **-451** | **-1.961** |
| Extraordinary expense | -2.723 | | 2.723 | 0 |
| Extraordinary income | 1.324 | | -1.324 | 0 |
| **Profit before Tax** | **-2.909** | | **948** | **-1.961** |
| Income Tax expense | -1.611 | | 565 | -1.046 |
| **Profit for the period** | **-4.520** | | **1.513** | **-3.007** |

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Amounts in thousands of €

## E.2 SATO RECONCILIATION OF PREVIOUS GAAP TO IFRS

### E.2.1 SATO RECONCILIATION OF PREVIOUS GAAP TO IFRS-BALANCE SHEET 31-12-2003

| | LOCAL GAAP | | | IFRS |
|---|---|---|---|---|
| | 31/12/2003 | Correction of errors | Change of accounting policies | 31/12/2003 |
| **ASSETS** | | | | |
| **NON CURRENT ASSETS** | | | | |
| Tangible assets | 7.500 | | 17.478 | 24.978 |
| Intangible assets | 894 | | -894 | 0 |
| Investments in subsidiaries and associates | 22.630 | | -9.876 | 12.754 |
| Available for sale securities | 6.150 | | 2.057 | 8.207 |
| Deferred Tax assets | 0 | | 0 | 0 |
| Other non current assets | 1.371 | | 220 | 1.591 |
| | **38.545** | | **8.985** | **47.530** |
| **CURRENT ASSETS** | | | | |
| Inventory | 8.133 | | -18 | 8.115 |
| Trade receivables | 15.073 | -281 | -1.803 | 12.989 |
| Other receivables | 902 | | 1.424 | 2.326 |
| Cash and cash equivalents | 976 | | 0 | 976 |
| Securities | 2.057 | | -2.057 | 0 |
| | **27.141** | **-281** | **-2.454** | **24.406** |
| **TOTAL ASSETS** | **65.686** | **-281** | **6.531** | **71.936** |
| | | | 0 | |
| **EQUITY AND LIABILITIES** | | | 0 | |
| | | | 0 | |
| **EQUITY** | | | | |
| Share capital | 20.521 | | 0 | 20.521 |
| Share premium | 7.402 | | 0 | 7.402 |
| Retained loss | 0 | -281 | -5.731 | -6.012 |
| Other reserves | 6.650 | | -222 | 6.428 |
| **Total equity** | **34.573** | **-281** | **-5.953** | **28.339** |
| **LONG TERM LIABILITIES** | | | 0 | |
| Long term loans | 4.250 | | 8.535 | 12.785 |
| Provisions | 132 | | 680 | 812 |
| Government grants | 0 | | 138 | 138 |
| Deferred tax liabilities | 0 | | 2.901 | 2.901 |
| | **4.382** | | **12.254** | **16.636** |
| **SHORT TERM LIABILITIES** | | | | |
| Trade payables and other liabilities | 6.466 | | 148 | 6.614 |
| Short term bank borrowings | 19.801 | | 394 | 20.195 |
| Income Tax payable | 464 | | -312 | 152 |
| | **26.731** | | **230** | **26.961** |
| **TOTAL EQUITY AND LIABILITIES** | **65.686** | **-281** | **6.531** | **71.936** |

Amounts in thousands of €

**E.2.2 SATO RECONCILIATION OF PREVIOUS GAAP TO IFRS-BALANCE SHEET 30.09.04**

| | LOCAL GAAP | | | IFRS |
|---|---|---|---|---|
| | 30/09/2004 | Correction of errors | Change of accounting policies | 30/09/2004 |
| **ASSETS** | | | | |
| **NON CURRENT ASSETS** | | | | |
| Tangible assets | 7.313 | | 17.471 | 24.784 |
| Intangible assets | 698 | | -553 | 145 |
| Investments in subsidiaries, associates and other | 31.687 | | -8.599 | 23.088 |
| | **39.698** | | **8.319** | **48.017** |
| **CURRENT ASSETS** | | | | |
| Inventory | 10.784 | | -386 | 10.398 |
| Trade receivables | 19.248 | -281 | 0 | 18.968 |
| Other receivables | 2.408 | | 142 | 2.550 |
| Cash and cash equivalents | 764 | | 0 | 764 |
| Securities | 1.058 | | -1.058 | |
| | **34.262** | | **-1.582** | **32.410** |
| **TOTAL ASSETS** | **73.960** | **-281** | **7.018** | **80.697** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Share capital | 20.521 | | 0 | 20.521 |
| Retained loss | 1.430 | -281 | -5618 | -4.469 |
| Other reserves | 13.986 | | -156 | 13.830 |
| **Total equity** | **35.937** | **-281** | **-5774** | **29.882** |
| **LONG TERM LIABILITIES** | | | | |
| Long term loans | 3.575 | | 8.552 | 12.127 |
| Provisions | 1.393 | | -522 | 871 |
| Government grants | | | 81 | 81 |
| Deferred tax liabilities | | | 3.387 | 3.387 |
| | **4.968** | | **11.498** | **16.466** |
| **SHORT TERM LIABILITIES** | | | | |
| Short term liabilities | **33.055** | | **1.294** | **34.349** |
| **TOTAL EQUITY AND LIABILITIES** | **73.960** | **-281** | **7.223** | **80.697** |

Amounts in thousands of €

**E.2.2 SATO RECONCILIATION OF PREVIOUS GAAP TO IFRS - INCOME STATEMENT 30.09.04**

| | LOCAL GAAP | | | IFRS |
|---|---|---|---|---|
| | 30/09/04 | Correction of errors | Change of accounting policies | 30/09/04 |
| Revenue | 36353 | | | 36.353 |
| Cost of sales | -17810 | | -112 | -17.922 |
| **Gross profit** | **18.453** | | | **18.431** |
| Other Income | 427 | | 533 | 960 |
| Distribution expenses | -11.608 | | 311 | -11.297 |
| Administration expenses | -3.165 | | 38 | -3.127 |
| Other expenses | -382 | | 129 | -253 |
| **Profit from operating activities** | **3.815** | | | **4.714** |
| Finance expense | -854 | | -363 | -1.217 |
| **Operating Profit before Tax** | **2.961** | | | **3.497** |
| Extraordinary expense | -580 | | 580 | |
| Extraordinary income | 561 | | -561 | |
| **Profit before Tax** | **2.942** | | | **3.497** |
| Income Tax expense | | | -1500 | -1.500 |
| **Profit for the period** | **2.942** | | | **1.997** |

SATO Group
INTERIM FINANCIAL STATEMENTS as at 30September 2005
Amounts in thousands of €

### E.2.3 SATO RECONCILIATION OF PREVIOUS GAAP TO IFRS – BALANCE SHEET 31.12.04

| | LOCAL GAAP | | | IFRS |
|---|---|---|---|---|
| | 31/12/2004 | Correction of errors | Change of accounting policies | 31/12/2004 |
| **ASSETS** | | | | |
| **NON CURRENT ASSETS** | | | | |
| Tangible assets | 7.859 | | 17.190 | 25.049 |
| Intangible assets | 601 | | -433 | 168 |
| Investments in subsidiaries and associates | 24.224 | | -9.876 | 14.348 |
| Available for sale securities | 6.150 | | 1.057 | 7.207 |
| Deferred Tax assets | 0 | | 0 | 0 |
| Other non current assets | 1.263 | | 0 | 1.263 |
| | **40.097** | | **7.938** | **48.035** |
| **CURRENT ASSETS** | | | | |
| Inventory | 9.324 | | -475 | 8.849 |
| Trade receivables | 19.735 | -281 | -1.839 | 17.615 |
| Other receivables | 627 | | 2.313 | 2.940 |
| Cash and cash equivalents | 555 | | 0 | 555 |
| Securities | 1.057 | | -1.057 | 0 |
| | **31.298** | **-281** | **-1.058** | **29.959** |
| **TOTAL ASSETS** | **71.395** | **-281** | **6.880** | **77.994** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Share capital | 20.521 | | 0 | 20.521 |
| Share premium | 7.402 | | 0 | 7.402 |
| Retained loss | 64 | -281 | -4.147 | -4.364 |
| Other reserves | 6.908 | | -405 | 6.503 |
| **Total equity** | **34.895** | **-281** | **-4.552** | **30.062** |
| **LONG TERM LIABILITIES** | | | | |
| Long term loans | 3.350 | | 8.120 | 11.470 |
| Provisions | 213 | | 678 | 891 |
| Government grants | 0 | | 66 | 66 |
| Deferred tax liabilities | 0 | | 2.623 | 2.623 |
| | **3.563** | | **11.487** | **15.050** |
| **SHORT TERM LIABILITIES** | | | | |
| Trade payables and other liabilities | 10.376 | | 337 | 10.713 |
| Short term bank borrowings | 20.558 | | 416 | 20.974 |
| Income Tax payable | 2.003 | | -808 | 1.195 |
| | **32.937** | | **-55** | **32.882** |
| **TOTAL EQUITY AND LIABILITIES** | **71.395** | **-281** | **6.880** | **77.994** |

Amounts in thousands of €

## E.2.3 SATO RECONCILIATION OF PREVIOUS GAAP TO IFRS – INCOME STATEMENT 31.12.04

| | LOCAL GAAP | | | IFRS |
|---|---|---|---|---|
| | 31/12/2004 | Correction of errors | Change of accounting policies | 31/12/2004 |
| Revenue | 49.254 | | 0 | 49.254 |
| Cost of sales | -25.415 | | -292 | -25.707 |
| **Gross profit** | **23.839** | | **-292** | **23.547** |
| Other Income | 577 | | 736 | 1.313 |
| Distribution expenses | -15.910 | | 430 | -15.480 |
| Administration expenses | -4.330 | | -14 | -4.344 |
| Other expenses | -499 | | 173 | -326 |
| **Profit from operating activities** | **3.677** | | **1.033** | **4.710** |
| Finance expense | -1.318 | | -474 | -1.792 |
| Finance income | 181 | | -2 | 179 |
| **Operating Profit before Tax** | **2.540** | | **557** | **3.097** |
| Extraordinary expense | -1.458 | | 1.458 | 0 |
| Extraordinary income | 1.257 | | -1.257 | 0 |
| **Profit before Tax** | **2.339** | | **758** | **3.097** |
| Income Tax expense | | | -1.789 | -1.789 |
| **Profit for the period** | | | **1.307** | **1.308** |

Amounts in thousands of €

**E.3 RECONCILIATION OF PREVIOUS GAAP TO IFRS EQUITY AND PROFIT**

| | CONSOLIDATED | | | SATO | | |
|---|---|---|---|---|---|---|
| | **31.12.03** | **30.09.04** | **31.12.04** | **31.12.03** | **30.09.04** | **31.12.04** |
| **Total Equity under previous N.2190** | **23.315** | **20.516** | **17.968** | **34.573** | **35937** | **34.895** |
| Revaluation of land and buildings to fair value on transition date and reversal of revaluation per Law 2065 | 11.281 | 11.281 | 11.015 | 10.529 | 10529 | 10.262 |
| Effect on deprecation charge due to change of useful life | -186 | -62 | 85 | -151 | -42 | 103 |
| Effect of IAS17 application for assets under finance lease | -1.265 | -1.159 | -1.075 | -1.829 | -1720 | -1.711 |
| Write off of capitalised expenses not recognised under IFRS | -1.648 | -1.135 | -978 | -893 | -553 | -433 |
| Impairment of investments in subsidiaries, associates and other financial assets | -1.628 | -1.445 | -1.445 | -9.876 | -9876 | -9.876 |
| Transfer of Government Grants to Deferred Income | -223 | -157 | -138 | -223 | -157 | -138 |
| Transfer of proposed dividends to equity (from liabilities) | 456 | 0 | 684 | 456 | 0 | 684 |
| Provision for staff retirement benefits in accordance with IAS 19 | -1.497 | -1.571 | -1.580 | -755 | -819 | -826 |
| Provision for doubtful receivables | -281 | -281 | -281 | -281 | -281 | -281 |
| Deferred Tax effect | -665 | -764 | 502 | -2.901 | -3387 | -2.623 |
| Income tax for the period | -319 | 179 | 0 | -319 | 179 | 0 |
| Impairment of Bo Poland | | -412 | | | | |
| Other | 10 | 8 | 16 | 9 | 71 | 6 |
| **Total Equity under IFRS** | **27.350** | **24.998** | **24.773** | **28.339** | **29.881** | **30.062** |

Amounts in thousands of €

## E.3 RECONCILIATION OF PREVIOUS GAAP TO IFRS EQUITY AND PROFIT

| | CONSOLIDATED | | SATO | |
|---|---|---|---|---|
| | **30.09.04** | **31.12.04** | **30.09.04** | **31.12.04** |
| **Net Profit for the period before tax and minority interest under previous Law2190** | **-1.508** | **-2.909** | **2.942** | **2.339** |
| Effect on deprecation charge due to change of useful life | 124 | 254 | 109 | 254 |
| Effect of IAS17 application for assets under finance lease | 106 | 190 | 109 | 118 |
| Write off of previously capitalisable expenses | 513 | 568 | 340 | 460 |
| Provision for staff retirement benefits | -74 | -83 | -64 | -71 |
| Deferred tax effect | -99 | 295 | -486 | -594 |
| Income tax | -1.014 | -1.341 | -1.014 | -1.195 |
| Other | 23 | 19 | 61 | -3 |
| **Net Profit for the period under IFRS** | **-1.929** | **-3.007** | **1.997** | **1.308** |

## 1. CORPORATE INFORMATION

SATO AE (thereon 'the Company') was incorporated in 1973 and has been listed in the Athens Stock Exchange market since 1990 (stock code per Reuters SATr.AT).

The company's registered offices are at 14th km of the Thessaloniki-Polygyros National Road at Thermi, Thesssaloniki.

The operating activities of SATO AE and its subsidiaries (thereon 'the Group') include production and trading of office and home furniture. The Group's dominant market is in Greece; however, it is present in other European countries through its subsidiary in Germany.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### 2.1 Basis of preparation

The consolidated financial statements of the Group ('the financial statements') are prepared in accordance with the International Financial Reporting Standards (IFRS) and are shown in thousands €, the currency of the country in which the parent company operates. The financial statements have been prepared on a historical cost basis with the exception of available for sale financial assets which are measured at fair value in accordance with the requirements of IAS 39.

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Sufficient available information and judgmental conclusions are integral parts for making these estimations. Actual results may ultimately differ from the above estimations with significant effect on the Financial Statements.

There are no Standards applied before their effective date.

### 2.2 First time adoption of IFRS

During the current fiscal year, the Group adopted the IFRS. The transition date was the 1st of January 2004, when the opening balance sheet was prepared in accordance with the requirements of IFRS 1 and the following exceptions provided from other standards:

(ι) Land and building were measured at fair value (by independent appraisals as at 1 January 2004 which was then regarded as deemed cost.

(ιι) total actuarial gains or losses as at 1 January 2004 relevant to defined benefit plans for employees were recorded as at that date.

The remaining exceptions provided under para 13 and 26 of IFRS 1 did not apply.

The accounting policies, implemented by the group, for the preparation of the Opening Balance Sheet are in compliance with the requirements of the International Accounting Standards (IAS) effective at the date of the Group's first IFRS financial statements, that is 31st December, 2005.

Any adjustments in the asset structure and the financial position of the Group as a result of the transition from the Greek Accounting Standards to IFRS, have been recorded in "Retained earnings" and are analyzed in **Statement E** (Reconciliation of equity reported under Greek GAAP and IFRS).

## 2.3 Approval of Financial Statements

The Board of Directors approved the Group's and the Company's Financial Statements for the period ended 30th September 2005 at 28/11/2005.

## 2.4 Consolidated Financial Statements

Business Combinations

The Group elected not to apply IFRS 3 or IAS 22 retrospectively for business combinations that occurred before the date of transition to IFRS, as allowed by paragraph 15 of IFRS 1.

All business combinations with agreement date on or after the 31st of March are accounted for by applying the purchase method as defined by IFRS 3, from the date of the agreement. The Group has recognized in its consolidated financial statements profits, assets and liabilities as well as any goodwill acquired in a business combination.

All business combinations have been recognized at their cost being the fair values at the date of the exchange, of the consideration given, including costs directly attributable to the business combination. In order to allocate the cost of a business combination, all identifiable assets and liabilities of the acquiree are recognized at their fair values at the date of exchange and any minority interest is stated at the minority's proportion of the net fair value of those items, in compliance with IFRS 3.

Goodwill is the difference between the purchase price and the fair value of the assets of the companies acquired.

IFRS 3 was not applied retrospectively for business combinations before 1 January 2004. Goodwill related to those business combinations was deducted from equity and has not been recorded as an asset in the opening IFRS balance sheet of the Group, in accordance with the provisions of IFRS 1.

Goodwill from business combinations that arose after 1 January 2004 is initially recognized at cost being the excess of the purchase price over the acquirer's share on the fair value of net assets acquired at acquisition date. After initial recognition goodwill is amortized over its estimated useful life (not exceeding 10 years). Goodwill is not amortized after 31 December 2004 but it is annually assessed for impairment.

Subsidiaries are entities in which the Company either holds directly or indirectly more than half of the voting rights or has the power to govern their financial and operating policies. All subsidiaries have been consolidated under the acquisition method. The parent Company consolidates all its subsidiaries from the date control is acquired, and ceases to consolidate them when they are disposed. All temporarily controlled entities, which are held exclusively for sale within one year from their acquisition date, are recorded as available for sale investments.

An analysis of the subsidiaries included in the consolidated financial statements is presented in Note 4.

The consolidated financial statements include the financial statements of SATO AE and its subsidiaries, with the same year –end. The financial Statements of the subsidiaries have been prepared for the same fiscal year as those of the parent company, using the same accounting policies.

All the intercompany balances and transactions, including any unrealized profit that may have occurred from intercompany transactions have been totally eliminated.

Amounts in thousands of €

## 2.5 Investments in associates

Investments of the group in associate companies are included in the consolidated financial statements under the equity method. These are companies in which the group has significant influence but are not subsidiaries or joint-ventures. Under the equity method, the investment in associates is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate less any provision for impairment less any dividend distributed.
The Consolidated income statement includes the Group's share of the financial results of its associate companies.

The financial statements of the associates are used by the Company for the application of the equity accounting. The dates of the financial statements of the associates do not differ by more than three months from the corresponding of the parent company. Moreover, associates use the same accounting policies as of the parent company.

## 2.6 Tangible Assets

Tangible assets include land and buildings, improvements in leasehold assets, machinery and equipment, and vehicles owned by the group and used for operating and administrative purposes.

The tangible assets are initially recorded at their acquisition cost which includes all the necessary expenses to make the asset operational. Assets constructed by the company, are recorded at their construction cost, which includes, contractor's expenses, materials, payroll costs (including employer's social security contribution), as well as the corresponding general expenses that are directly related to the construction.

The group, by implementing the exemption of paragraph 16 of IFRS 1, decided only for the IFRS transition date, to revalue some of its tangible assets (land and building) to their fair-value and used this value as deemed cost.

This valuation of fixed assets was carried out using acknowledged valuation techniques in order to ensure that the revalued items reflect market conditions at the transition date. The total amount of the revaluation over the net book value of the assets is presented in Statement E.

After initial recognition, tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight line method over the useful life of the asset from the date they are fully operational as below:

| | Years |
|---|---|
| Industrial buildings | 25 |
| Office buildings | 33 |
| Shops | 33 |
| Machinery and equipment | 6, 7-10 |
| Improvements in leasehold assets | 9-12 |
| Vehicles | 5-10 |
| Furniture and other equipment | 3-10 |

No depreciation is calculated for land and assets under construction. Improvements in leasehold assets are depreciated over the lease period.

The management of the group examines periodically the tangible assets in order to identify indications of impairment. If there is any indication that the book value of a fixed asset is greater than its recoverable amount then a provision for impairment loss is recorded so that the book value of the asset corresponds to its recoverable amount.

The recoverable amount is the higher of the net selling price and the value in use. For the calculation of the value in use, the expected future cash flows are discounted at their present value, using a pre-tax discount rate which reflects the current expectations of the market for the time value of money and the risks related to the asset. Assets which do not create cash flows from their use – separable from the cash flows of other assets- the recoverable amount is identified for the unit of assets that creates cash flows and the asset belongs to that unit.

Tangible assets are derecognized from the balance sheet when they are disposed or when no future financial benefits from their use are expected.

Gains or losses arising from the derecognition of tangible assets are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item; they are included in the Income Statement for the period.

## 2.7 Leases

**The Group as a leasee**

Finance leases that transfer (to the Group) substantially all risks and rewards, incidental to the ownership of the leased asset, are recorded as assets and liabilities at amounts equal at the commencement of the lease to the fair value of the leased asset or if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The finance charges are charged to the Income Statement.

The leased assets are depreciated over their useful life as if they were owned by the Group. However, if there is not reasonable certainty that the leased asset will be acquired by the company at the end of the lease period the assets are depreciated over the shorter of the useful life of the asset and the lease period.

Leases where the lessor retains all risks and rewards associated to the leased asset are classified as operating leases. Lease payments for operating leases are recognized as an expense in the Income Statement, on a systematic basis over the lease period. In case that an operating lease contract is terminated before its the due date, the amount payable to the lessor as a compensation, is recognized as an expense in the period the lease is terminated.

**The Group as a leassor**

Assets under operating leases are shown on the balance sheet according to their nature. These assets are depreciated over their useful life in the same way as other similar operational assets. Revenues from the lease payments are recognised using the straight line method over the lease period.

The group does not operate as a lessor for finance leases.

## 2.8 Borrowing costs

The Company has adopted the benchmark treatment of IAS 23, according to which borrowing costs (independently of its nature) are recorded an expense in period in which they incurred regardless of the borrowings are applied (e.g. for acquisition or construction of assets).

## 2.9 Intangible assets

The intangible assets acquired separately by the Group are recorded at cost. These intangible assets include software purchase cost as well as any expenditure incurred for preparing it for its use. Software is depreciated on a straight line basis method over 3-5 years.

After initial recognition, the management of the Group periodically examines the intangible assets to identify whether there are any indications of impairment. When certain events or changes in the circumstances show that the carrying amount of an intangible asset may not be recoverable then a provision for impairment loss is recorded so as the carrying amount of the asset reflects its recoverable amount.

The recoverable amount of an intangible asset is the higher between the net selling price and its value in use.

## 2.10 Investments

All investments are initially recorded at cost including relevant purchase costs.

After initial recognition, investments classified assorted as available for sale, are measured at their fair value. Gains or losses from investments available for sale are recorded as a separate component of equity until the investment is sold, settled or disposed in any other way, or until there is an indication for impairment in which case any accumulated gains or losses previously recorded in equity are included in the Income Statement.

For investments listed in active markets, fair value is determined as the purchase price from these markets as at the date of the financial statements.

Investments for which there is no active market, their fair value is determined either on the basis of the price of another similar listed financial asset or on the basis of a discounted cash flow analysis of the equity of the issuer.

In the separate financial statements of the parent company, investment in subsidiaries and associates are measure at cost less any provision for impairment.

An investment is considered to be impaired when its carrying amount is higher than its recoverable amount and there is objective evidence that the decrease is such that recovery of the invested amount is not considered possible in the near future.

For financial assets which are measured at amortized cost, impairment losses are calculated as the difference between their carrying amount and the present value of the expected cash flows, discounted at the original effective interest rate of the financial asset.

The recoverable amount of financial assets, which are listed in active markets and are measured at their fair value, is considered the present value of the expected future cash flows discounted at the current market rate used for other similar financial assets.

However, the recoverable amount of financial assets, which are not listed in active markets, is calculated using acknowledged valuation techniques.

Revenue from interest and dividends originating from investment securities are recognized as interest and similar income and dividend income respectively.

### 2.11 Inventories

Inventories are measured at the lower of cost and net realizable value. For the measurement of the inventories, the company uses the average cost method. The 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.

### 2.12 Trade and other receivables

These are short term receivables (due in less than 12 months from the recognition date) and are recorded at their fair value; in case of past due receivables and indications of impairment, a provision is recognized (as charge in the Income Statement) to decrease their carrying amount to their recoverable amount, which is the present value of estimated future cash inflows from receipts.

Bad debts are written off against the relevant provision, when they are tax deductible.

### 2.13 Cash and cash equivalents

Cash and cash equivalents include cash at hand and short-term deposits at banks or other highly liquid investments with initial maturity of less than three months.

For Consolidated Cash flow purposes cash and cash equivalents comprise the above less any overdraft balances.

### 2.14 Bank Borrowings

All bank borrowings are initially recognized at an amount equal to the fair value of the funds received less any directly related expenses.

After initial recognition, borrowings are measured at their amortized cost using the effective interest method. The amortized cost is calculated considering any issue costs and the difference between the initially borrowed amount and the principal repayments to maturity.

Gains and losses are shown in the Income Statement when liabilities are derecognized or decrease, or through the amortization process.

### 2.15 Provisions and contingent liabilities, contingent assets

The Group recognizes a provision when:

- There is a current legal or constructive obligation as a result of a past event.
- It is probable that an outflow of resources that embody economic benefits will be required in order to settle the obligation
- A reliable estimate can be made of the amount of the obligation

The management of the Group reassesses the need for a provision at the end of each fiscal year and adjusts it so as to reflect the best estimates which are discounted at a pre-tax discount rate when considered necessary.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of outflows embodying economic benefits is remote.

### 2.16 Employee benefits

The Group companies, depending on the conditions and practices applicable to the countries where they operate, participate in different post-employment benefit plans. These plans include Defined Benefit Plans and Defined Contribution Plans.

A Defined Benefit Plan is a post-employment benefit plan, under which an entities pays a certain amount for retirement benefits which is determined on certain attributes such as age, years of service, salary, etc. The amount recognized as a defined benefit liability is the present value of the defined benefit liability at the balance sheet date less the fair value of plan assets (if any), plus/minus any actuarial gains or losses not yet recognized, minus any past service cost not yet recognized.

The Group applies the corridor approach allowed by IAS 19 in recognizing actuarial gains and losses, which allows part of actuarial gains or losses not to be recognized. However, at transition date the Group recognized all accumulated actuarial gains and losses up to transition date as allowed by paragraph 20 of IFRS 1. The Defined Benefit liability is determined at regular intervals, at least every year, by independent qualified actuaries using the Projected Unit Method. The present value of the liability is determined based on the estimated future outflows, discounted at the rate of the government bonds with maturity corresponding to that of the obligation. The change in the carrying amount of the liability is recorded as income or expense in the Income Statement and the attributed to relevant cost centers.

A Defined Contribution Benefit Plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity (the Fund) and the Group will have no legal or constructive obligation to pay additional contributions if the Fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Group's contributions to such plans are recognized as an expense in the Income Statement for the period services are provided to the Group, under payroll expenses.

**Share option plans to employees:** The Group has set up a share option plan for some of its executives which consist part of their remuneration.

The cost of these transactions is defined as the fair value of the shares at the date these plans are approved by management.

The fair value is defined through the use of a valuation model relevant to the circumstances.

The cost of the share option plans is recognized during the period which any exercise conditions are satisfied; the period ends at the date the executives are entitled to exercise their options. No cost is recognized for options which are not vested unless they are dependant upon certain external market conditions. These options are considered to vest when all other conditions have been satisfied irrespective of external market conditions.

In case such plans are canceled they are measured as if they had vested at the cancellation date and those not yet recognized are immediately recognized in equity.

In case a canceled plan is replaced by another, the new one is dealt as a modification of the initial plan.

As the cost of such plans is not material for the group, not all detailed disclosures (as required by IFRS 2) are presented in the financial statements.

### 2.17 Revenue

Revenues from sale of goods are recognized after deducting any given discounts, when the Group has transferred substantially all risks and rewards from the ownership of the goods to their buyer.

Interest income is recognized in the Income Statement when it occurs, based on a time ratio (using the effective interest method, which is the interest that discounts the estimated future cash inflows throughout the expected life of the financial asset) into the carrying value of the financial asset.

### 2.18 Income Tax (Current and Deferred)

Current and deferred income taxes are calculated on the relevant figures shown in the financial statements and according to the tax laws and regulations applicable in the countries the Group operates. Current income tax concerns tax over the taxable profits of each company as adjusted in accordance with requirements of the tax law, and calculated using the current income tax rate.

Deferred tax is calculated using the liability method for all temporary differences at the Balance sheet date between the tax base and the carrying value of assets and liabilities.

The expected tax consequences of the temporary tax differences are determined and then shown either as future (deferred) tax liabilities or deferred tax assets.

Deferred tax assets are recognized for all temporary tax deductible differences and tax losses carried forward to the extent that expected taxable profits will be available against which the tax-deductible temporary differences can be used.

The carrying value of the deferred tax assets is reviewed at each balance sheet date and is reduced to the extend that taxable profits will not be available against which a part or the total of the deferred tax asset can be used.

Current Income tax assets and liabilities for the current and previous fiscal years are measured at the amount expected to be paid to the tax authorities (or recovered from them), using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Income tax or deferred tax asset or liability on items directly recognized in the equity is also recognized directly in the Group equity and not in the Income Statement.

### 2.19 Transactions in foreign currency

The measurement currency of the parent company is Euro (€). Transactions in other currencies are recorded into Euros by applying the spot exchange rates at the date of transaction.
Foreign currency monetary items at the Balance sheet date are translated into euros using the closing rates. Gains and losses arising from changes in foreign currency rates are recognized in the Income statement as gain/loss from exchange differences.

Assets and liabilities of foreign operations are translated into Euros using the closing exchange rates at the balance sheet date, while revenues and expenses are translated using the average exchange rates for the period. Exchange differences that arise from translating assets and liabilities at closing rate and revenues and expenses at average rates, translating the opening net assets at a closing rate that differs from the previous closing rate, are recognized as a separate component of equity. On the disposal of a foreign operation the cumulative amount of the exchange differences deferred as a separate component of equity relating to that foreign operation is recognized in the profit or loss when the gain or loss on disposal is recognized.

The financial statements of foreign subsidiaries which operate in hyperinflationary economies (Turkey) have been adjusted to reflect certain relevant indices to current values at the balance sheet date, before they are translated into euro which is the currency of the parent company.

### 2.20 Government Grants

Government grants are not recognized in the Group's financial statements unless there is reasonable assurance that
(a) The Group will comply with the conditions attaching to them; and
(b) The grants will be received.

They are initially recognized at the fair value of the consideration received and are recognized as income on a systematic basis relating the grants to the costs subsidized.
Grants relating to purchase of tangible assets are shown as long term liabilities (deferred income) and are recognized as income over the life of the depreciable asset.

### 2.21 Financial Instruments

Financial assets and liabilities include cash and cash equivalents, trade and other receivables, investments in subsidiaries, associates and securities short and long term liabilities.

Financial instruments are shown as assets, liabilities or equity elements on the basis of their substance and content of the relevant contracts from which they arise. Interest, dividends, profits or losses which arise from financial instruments (assets or liabilities) are accounted as income or expense respectively. Dividend distribution to shareholders is recorded in equity. Financial instruments are set off when the Group has a legally enforceable right and intends to do so or recover the asset and set off the liability simultaneously.

The Group does not use derivative financial instruments neither for hedging purposes not for speculation.

### 2.22 Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.
There were not any bonds convertible into shares or other potential shares, which could negatively affect profits for the periods presented in the attached financial statements, and therefore no calculations for diluted earnings per share have been performed.

### 2.23 Dividend distribution

Dividend distribution to the shareholders of the group is shown as a liability in the period it is approved by the Annual shareholders assembly.

### 2.24 Segment reporting

The group operates in two business segments, office furniture and home furniture, which are exposed to different risks and returns. Consequently, segmental analysis of its financial statements is based on these two segments. This is considered primary segment-

As the group operates in different countries, geographical segments provide information for products or services offered in each area that are subject to different risks and returns when compared to other areas.

### 2.25 Related party transactions

Related parties are companies which the Group controls or can significantly influence their financial and operating policies. Moreover, related parties are the members of the Board of directors, their close family members and companies they own, control or significantly influence them.

### 2.26 New accounting standards and IFRIC interpretations

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee have issued a series of new standards and interpretations which are effective for accounting periods starting 1st January 2006. The Group's assessment as concerns the effect of these standards and interpretations on its financial statements is as follows:

**IFRS 7: Financial instruments disclosures**
It is not expected to affect the financial statements of the Group
**IFRS 6: Exploration for and Evaluation of Mineral Resources**
Not applicable for the Group and will not affect its financial statements.
**IFRIC 3: Emission rights**
Not applicable for the Group and will not affect its financial statements.
**IFRIC 4: Determining whether an arrangement contains a lease**
The Group will apply IFRIC 4 to its 2006 financial statements based on its transitional provisions, which means that it will apply it on the basis of facts and conditions existing as at 1st January 2005. IFRIC 4 application is not expected to change the accounting treatment of any contracts of the Group.
**IFRIC 5: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds**
Not applicable for the Group and will not affect its financial statements.

## 3. RISK MANAGEMENT

The group is exposed to financial risks, mainly market risk (changes in foreign currency rates, interest rates, and market prices), credit risk, liquidity risk, cash flow risk.
The general risk management policy of the Group focuses on credit risk and market risk management.
Risk management is performed through the various business operations of the Group. Before each transaction takes place, approval is obtained from executives having the right to commit towards counterparties.

**Market risk**

*Foreign currency risk*

It does not affect Group operations significantly as foreign currency transactions with customers and suppliers are limited.

*Price risks*

The Group is exposed to changes of prices of the raw materials and other materials or merchandise it purchases.

**Credit risk**

Group sales are mostly with major public sector companies or privately owned but reputable companies and there is no significant concentration of credit risk.

**Liquidity risk**

It is considered low by retaining adequate cash and cash equivalents whereas there are unused credit limits from financial institutions.

**Cash flow risk and fair value risk due to changes in interest rates**

Group operating revenue and cash flows are substantially independent from changes in interest rates. However, the Group has short and long term liabilities (bank loans) bearing variable interest rates based on euribor.

Amounts in thousands of €

## 4. CONSOLIDATED COMPANIES AND INVESTMENTS AVAILABLE FOR SALE

The companies included in the consolidated financial statements along with the consolidation method applied are as follows:

| Company Name | Location | Operation activities | Direct shareholding | Indirect shareholding | Consolidation method | Year end |
|---|---|---|---|---|---|---|
| DENKA HOLDINGS | Denmark | Holding company – parent company of BO Concept Group | 27,32% | | Equity accounting | 30.04.XX |
| SATO OFFICE GmbH (ex- SID Seating) | Germany | Production and trading of office furniture | 95,47% | | Purchase method | 31.12.XX |
| TCC BuroKoltuk Ltd | Turkey | Production and trading of office furniture | | 95,42% | Purchase method SATO OFFICE GmbH | 31.12.XX |
| BO CONCEPT AE | Greece | Import and trading of home furniture | 100% | | Purchase method | 31.12.XX |
| VERSA AE | Greece | Import and trading of home furniture | 100% | | Purchase method | 31.12.XX |
| SATO RAMLER | Greece | Import and trading of furniture | 51,00% | | Purchase method | 31.12.XX |

Consolidated Financial statements for the 3rd quarter 2004 also included BO Concept Poland – subsidiary then with total shareholding of 52,32% (40% direct and 12,32% indirectly through DENKA), where the Group decreased its direct shareholding to 8,93% in August 2004 (through not participating in its share capital increase), thus it is not included in the Consolidated financial statements since. In June 2005 SATO sold its remaining shareholding in BO Concept Poland (8,93%) to CLUB 8 S/A (subsidiary of DENKA a Danish company listed in the Copenhagen stock exchange market) for €30.000. After this transaction Denka is the only shareholder of Bo Concept Poland (SATO hold 27,32% in DENKA).

It is also noted that the merger of BO Concept AE and VERSA AE with the parent company SATO is still in progress. The merger will be in accordance with the provisions of art. 1-5 of Law 2166/93 and 68-78 of Law 2190/20 and effective date 31/12/2004.
In June 2005 SATO AE acquired the minority shareholding of BO Concept AE and ΒΕΡΣΑ AE for € 360.000 (from CLUB 8 S/A 4,4% for €130.000, and from Theodoridis Group 15% for € 230.000) and € 61 (30 shares in the possession of Mr Theodoridis) respectively. Following the above transactions SATO is the only shareholder of these companies
It should also be noted that in order to apply IFRS the parent company performed a valuation of the net realizable value of its subsidiaries and associates using the expected cash flow method and recorded an impairment loss of € 9,8 million in its opening balance sheet (€ 1,6 million for the consolidated opening balance sheet).

Amounts in thousands of €

**Investment in associate (DENKA)**

In the period 1/8/2005 to 23/9/2005 the Group sold 3,47% of its shareholding in DENKA HOLDING A/S thus it reduced to 27,64%. (from 30,79%). Sale proceeds amounted to € 1million and the profit from the transaction to € 568 thousand.
The fair value of the listed in the Copenhagen stock exchange market company DENKA as 30.09.05 amounted to € 8,3 million whereas its carrying amount on the consolidated balance sheet (where it is accounted using the equity method) is € 3,5 million.

**Available for sale securities**

It includes:

- 13,5% shareholding in the non listed company ANASTILOTIKI ATE at a carrying amount of € 6,1 million, which is measured at cost since no available fair value exists and no indications of impairment either.
- Bond of € 1 million, which is not listed in an active market and is measured at amortized cost. The bond matured at 30.06.05 (see note 16)

## 5. SEGMENTAL ANALYSIS

| | Segmental analysis 30/09/2005 | | |
|---|---|---|---|
| | **Office furniture** | **Home furniture** | **Total** |
| Revenue | 43.713 | 8.608 | **52.321** |
| Profit before finance charge and tax | 2.124 | -359 | **1.763** |
| Total assets | 83.522 | 13.991 | **97.513** |
| Total liabilities | 60.796 | 12.188 | **72.984** |

| | Segmental analysis 30/09/2004 | | |
|---|---|---|---|
| | **Office furniture** | **Home furniture** | **Total** |
| Revenue | 51.689 | 7.975 | **59.664** |
| Profit before finance charge and tax | 3.726 | -1.171 | **2.555** |
| | **Segmental analysis 31/12/2004** | | |
| Total assets | 82.336 | 15.166 | **97.502** |
| Total liabilities | 60.075 | 12.654 | **72.729** |

**Amounts in thousands of €**

## 6. TANGIBLE ASSETS

### 6.1 GROUP

| DESCRIPTION | Land | Building | Machinery | Transportation means | Furniture and other equipment | Assets under construction | Total |
|---|---|---|---|---|---|---|---|
| **As at 1/1/05** | | | | | | | |
| Cost | 10.086 | 34.112 | 11.115 | 1.005 | 9.927 | 386 | 66.631 |
| Accumulated depreciation | | -7.638 | -9.356 | -568 | -8.288 | | -25.850 |
| **Net Book Value as at 1/1/05** | **10.086** | **26.474** | **1.759** | **437** | **1.639** | **386** | **40.781** |
| **Add:** | | | | | | | |
| Purchases | 737 | 2.056 | 575 | 46 | 379 | 63 | 3.856 |
| Transfer from assets under construction | | 181 | | | 41 | | 222 |
| **Less:** | | | | | | | |
| Depreciation expense for the period | | -899 | -701 | -72 | -365 | -201 | -2.238 |
| Sales and disposals | | | | | | | |
| Exchange differences | | | | | | | |
| **Net Book Value as at 30/09/2005** | **10.823** | **27.812** | **1.633** | **411** | **1.694** | **248** | **42.621** |
| **30/09/2005** | | | | | | | |
| Cost | **10.823** | **36.349** | **11.690** | **1.051** | **10.347** | **449** | **70.709** |
| **Less:** | | | | | | | |
| Accumulated depreciation | | -8537 | -10.057 | -640 | -8653 | -201 | -28.088 |
| **Net Book Value 30/09/2005** | **10.823** | **27.812** | **1.633** | **411** | **1.694** | **248** | **42.621** |

Amounts in thousands of €

### 6. .2 SATO

| DESCRIPTION | Land | Building | Machinery | Transportation means | Furniture and other equipment | Assets under construction | **Total** |
|---|---|---|---|---|---|---|---|
| **As at 1/1/05** | | | | | | | |
| Cost | 7.881 | 21.042 | 10.373 | 676 | 3.648 | 299 | **43.919** |
| Accumulated depreciation | | -6.792 | -8.847 | -490 | -2.741 | | **-18.870** |
| **Net Book Value as at 1/1/05** | **7.881** | **14.250** | **1.526** | **186** | **907** | **299** | **25.049** |
| **Add:** | | | | | | | |
| Purchases | 737 | 2.223 | 36 | | 327 | 43 | **3.366** |
| Transfer from assets under construction | | 181 | 20 | | | -201 | **0** |
| **Less:** | | | | | | | |
| Depreciation expense for the period | | -592 | -244 | -30 | -267 | | **-1.133** |
| Sales and disposals | | | | | | | |
| **Net Book Value as at 30/09/2005** | **8.618** | **16.062** | **1.338** | **156** | **967** | **141** | **27.282** |
| **30/09/2005** | | | | | | | |
| Cost | 8.618 | 23.446 | 10.429 | 676 | 3.975 | 342 | **47.486** |
| **Less:** | | | | | | | |
| Accumulated depreciation | | -7.384 | -9.091 | -520 | -3.008 | -201 | **-20.204** |
| **Net Book Value 30/09/2005** | **8.618** | **16.062** | **1.338** | **156** | **967** | **141** | **27.282** |

As also reported in the accounting policies, the Group has applied the exception of para 16 IFRS 1, and chose to revalue at fair value as at transition date certain of its tangible assets and use this value as their deemed cost at transition date. Fair value of these assets (land and building valued by independent appraisals) is € 25.035 thousand for SATO and € 30.780 thousand for the Group.
There are no liens on the company's and the group's tangible assets.
Total investments in tangible and intangible assets for the first NINE month period of 2005 amount to €3.919 thousand for the Group and € 3.452 thousand for the company.

Amounts in thousands of €

## 7. INTANGIBLE ASSETS

### 7.1 GROUP

| | Software | **Total** |
|---|---|---|
| **As at 1/1/05** | | |
| Cost | 2.268 | **2.268** |
| Accumulated depreciation | -1.979 | **-1.979** |
| **Net Book Value as at 1/1/05** | **289** | **289** |
| **Add:** | | |
| Purchases | 100 | **100** |
| **Less:** | | |
| Depreciation expense for the period | -165 | **-165** |
| **Net Book Value as at 30/09/2005** | **224** | **224** |
| **30/09/2005** | | |
| Cost | 2368 | **2.368** |
| Accumulated depreciation | -2144 | **-2144** |
| **Net Book Value as at 30/09/05** | **224** | **224** |

### 7.2 SATO

| **ΠΕΡΙΓΡΑΦΗ** | Software | **Total** |
|---|---|---|
| **As at 1/1/05** | | |
| Cost | 1.619 | **1.619** |
| Accumulated depreciation | -1.451 | **-1.451** |
| **Net Book Value as at 1/1/05** | **168** | **168** |
| **Add:** | | |
| Purchases | 88 | **88** |
| **Less:** | | |
| Depreciation expense for the period | 83 | **83** |
| **Net Book Value as at 30/09/2005** | **173** | **173** |
| **30/09/2005** | | |
| Cost | 1707 | **1707** |
| Accumulated depreciation | -1534 | **-1534** |
| **Net Book Value as at 30/09/05** | **173** | **173** |

Amounts in thousands of €

## 8. OTHER LONG TERM ASSETS

| DESCRIPTION | CONSOLIDATED | | SATO | |
|---|---|---|---|---|
| | 30/09/2005 | 31/12/2004 | 30/09/2005 | 31/12/2004 |
| Advances and guarantees | 462 | 473 | 318 | 313 |
| Receivable from subsidiary (SATO GMBH) | 0 | 0 | 2.300 | 950 |
| **TOTAL** | **462** | **473** | **2.618** | **1.263** |

## 9. SHARE CAPITAL AND RESERVES

The Company's share capital is divided into 22.800.582 shares of nominal value € 0,90 each.

On 16 and 17 June 2005 the Company sold at the Athens Stock Exchange market its total treasury shares ν (277.170) for € 189 thousand thus the loss arisen from the transaction (€ 350 thousand) did not affect the Income Statement but rather equity directly.

The Group's and Company's reserves include € 1 million for Statutory reserve whereas the remaining reserves include special reserves (mainly deferred tax reserves on the provisions of certain tax or development laws) and foreign currency reserves arising from the translation to euro of foreign subsidiaries.

## 10. PROVISIONS

| DESCRIPTION | CONSOLIDATED | | SATO | |
|---|---|---|---|---|
| | 30/09/2005 | 31/12/2004 | 30/09/2005 | 31/12/2004 |
| Defined Benefit Plan Liabilities | 1.741 | 2.847 | 976 | 891 |
| **TOTAL** | **1.741** | **2.847** | **976** | **891** |

The Group hired a qualified actuary to perform the actuarial study for the identification and measurement of all material post employment benefit obligations in accordance with IAS 19 (in Greece from Law 2112/20) so as to recognize them in the financial statements. The actuarial valuation took into account all relevant financial and demographic attributes related to Group employees.

The main actuarial assumptions used by the actuaries are the following:

| | 2005 | 31.12.2004 | 31.12.2003 |
|---|---|---|---|
| Discount rate | 4,5% | 4,5% | 5% |
| Inflation | 2,5% | 2,5% | 2,5% |

As at 30 September 2005 the Group employed **516** persons whereas the company employed **283.**

**Amounts in thousands of €**

The movement of the provision for defined benefit plan liability is shown below:

| | CONSOLIDATED | SATO |
|---|---|---|
| **As at 1.1.05** | **2.847** | **891** |
| Charge for the period | -1.106 | 85 |
| **As at 30.09.05** | **1.741** | **976** |

## 11. GOVERNMENT GRANTS

| DESCRIPTION | CONSOLIDATED | | SATO | |
|---|---|---|---|---|
| | 30/09/2005 | 31/12/2004 | 30/09/2005 | 31/12/2004 |
| Long term portion of government grants (Law.2601/98) | 81 | 66 | 81 | 66 |
| Short term portion of government grants (Law.2601/98) | 76 | 72 | 76 | 72 |
| **TOTAL GOVERNMENT GRANTS** | **157** | **138** | **157** | **138** |

Amounts in thousands of €

## 12. INCOME AND DEFERRED TAXES

| Income Tax | CONSOLIDATED | | SATO | |
|---|---|---|---|---|
| | 30/09/2005 | 30/09/04 | 30/09/2005 | 30/09/2004 |
| Income tax (current period) | 0 | 1.014 | 0 | 1.014 |
| Deferred tax | 130 | 117 | 105 | 486 |
| **Income tax (income statement)** | **130** | **1.131** | **105** | **1.500** |

The income tax of the interim period has been roughly calculated on the basis of tax rates applicable for 2005 profits adjusted for non deductible expenses or non taxable income.

| Deferred tax assets / (liabilities) | CONSOLIDATED | | SATO | |
|---|---|---|---|---|
| | 30/092005 | 31/12/2004 | 30/09/2005 | 31/12/2004 |
| Tax losses carried forwards | 3.443 | 3.308 | 0 | 0 |
| Other temporary differences | | 24 | | 0 |
| **Deferred tax assets** | **3.443** | **3.332** | **0** | **0** |
| Difference in useful life of tangible and intangible assets | 192 | 244 | 40 | 92 |
| Revaluation of tangible assets | -2.452 | -2.525 | -2.090 | -2.150 |
| Provision for defined benefit plans | 252 | 214 | 243 | 206 |
| Other temporary differences | -968 | -762 | -920 | -771 |
| **Deferred tax liabilities** | **-2.976** | **-2.829** | **-2.727** | **-2.623** |

Accounting periods not audited by the tax authorities are shown below for every company included in the consolidation.

| Company | Tax unaudited periods |
|---|---|
| SATO | 2000-2004 |
| SATO OFFICE GmbH (ex SID Seating) | 2001-2004 |
| BO CONCEPT AE | 2003-2004 |
| ΒΕΡΣΑ ΑΕ | 2003-2004 |
| SATO RAMLER | 2002-2004 |

It should be noted that no income tax has been calculated for profits of € 1,6 million for the period to 30.09.2005 of the parent company since it is to set off tax losses carried forward of € 4 million of its subsidiary Bo Concept after the merger in accordance with law 2166 has been completed (30/11/2005). No deferred tax asset has been recognized for the remaining tax losses.

Amounts in thousands of €

## 13. DIVIDENDS and EARNINGS PER SHARE

Earnings per share have been calculated based on the average number shares having deducted the treasury shares held as these were sold the last days of June 2005.
The weighted average number of shares as at 30/9/2004 was 22.523.412.

| | Number of shares outstanding 30/9/04 | Weighted average number of shares 30/9/2005 |
|---|---|---|
| Share capital | 22.800.582 | |
| Treasury shares | (277.170) | |
| **Σύνολο** | **22.523.412** | **22.615.802** |

At the General Assembly of 24.06.05 the Company's shareholders approved the distribution of dividends from 2004 profits of € 684 thousands, corresponding to € 0,03 dividends per share.

## 14. CONTINGENT ASSETS AND LIABILITIES

There are no litigations or arbitration cases which might have a significant effect on the financial position of the Company or the Group.

## 15. RELATED PARTIES

| DESCRIPTION | CONSOLIDATED | | SATO | |
|---|---|---|---|---|
| | 1/1-30/09/2005 | 1/1-30/09/2004 | 1/1-30/09/2005 | 1/1-30/09/2004 |
| **Purchase of goods or services** | 606 | 857 | 745 | 769 |
| **Sales of goods or services** | 118 | 116 | 558 | 1431 |
| Board of Directors fees | 144 | 157 | 144 | 127 |
| | 30/09/2005 | 31/12/2004 | 30/09/2005 | 31/12/2004 |
| **Receivables from related parties** | 248 | 203 | 5.000 | 3.603 |
| **Liabilities to related parties** | 1 | 0 | 48 | 83 |

No loans have been granted to members of the Board of Directors and other Group executives.

## 16. POST BALANCE SHEET EVENTS

On 30.06.2005 the bond of € 1 million issued by CYBARCO and included in the available for sale investment matured but was not paid until to the date these interim financial statements were approved. The Company's legal advisor considers that the receivable will be paid.
No other significant events occurred after the balance sheet date of 30/9/2005.