FAGE DAIRY INDUSTRY S.A.

QUARTERLY REPORT
For the three months
Ended March 31, 2012

May 15, 2012

This report (the "Quarterly Report") sets forth certain information regarding the financial condition and results of operations of FAGE Dairy Industry S.A., a Greek *société anonyme* (the "Company" or "FAGE"), for the fiscal quarter ended March 31, 2012. The Quarterly Report includes a review, in English, of the Company's unaudited financial information and analysis for the first quarter as well as certain other information.

The following unaudited financial statements in the opinion of the management reflect all necessary adjustments (which include only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented.

For a description of accounting policies see Notes to financial statements in FAGE's 2011 annual report.

Summary Analysis of Senior Notes issued by FAGE DAIRY INDUSTRY S.A. and FAGE USA DAIRY INDUSTRY, INC.

On January 21, 2005, FAGE Dairy Industry S.A. (the "Company" or "FAGE") issued €130,000,000 principal amount of its 7½% Senior Notes due 2015 (the "2015 Senior Notes"). The 2015 Senior Notes were issued and guaranteed under an indenture (the "2015 Indenture"), dated as of January 21, 2005, by and among the Company, as issuer, FAGE USA Holdings, Inc. and FAGE USA Dairy Industry, Inc., as guarantors, The Bank of New York, as trustee and AIB/BNY Fund Management (Ireland) Limited, as Irish paying agent (the "Irish Paying Agent"). On January 29, 2010, the Company and FAGE USA Dairy Industry, Inc. ("FAGE USA") issued $150,000,000 principal amount of their Senior Notes due 2020 (the "2020 Senior Notes" and, together with the 2015 Senior Notes, the "Senior Notes") under an indenture (the ''2020 Indenture'' and, together with the 2015 Indenture, the "Indentures"), dated as of January 29, 2010, by and among the Company and FAGE USA, as issuers, The Bank of New York Mellon, acting through its London Branch, as trustee, The Bank of New York Mellon, as U.S. registrar and paying agent, and the Bank of New York Mellon (Luxembourg) S.A., as Luxembourg registrar. Neither the 2015 Senior Notes nor the 2020 Senior Notes have been, nor will they be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the 2015 Senior Notes and the 2020 Senior Notes were offered and sold only to "Qualified Institutional Buyers" (as defined in Rule 144A under the Securities Act) and pursuant to offers and sales occurring outside the United States within the meaning of Regulation S under the Securities Act. Neither of the Indentures is required to be, nor will they be, qualified under the U.S. Trust Indenture Act of 1939, as amended.

Copies of the 2015 and 2020 Indentures are available from the Company upon request. This Quarterly Report is being provided (i) to Holders of the 2015 Senior Notes pursuant to Section 4.02 of the 2015 Indenture and (ii) to Holders of the 2020 Senior Notes pursuant to Section 4.02 of the 2020 Indenture. The 2015 Senior Notes are listed on the Irish Stock Exchange. This Quarterly Report is also being made available through the Company's website and at the office of the Irish Paying Agent pursuant to the rules of the Irish Stock Exchange.

The Company is a private limited company incorporated under the laws of the Hellenic Republic on December 30, 1977. Its principal place of business is located at, and the address of each of its directors and executive officers is, 35 Hermou Street, 144 52 Metamorfossi, Athens, Greece, and its telephone number is +(30)-2102892555. The Company's Greek tax identification number is 094061540. The Company's website is www.fage.gr .The reference to this website is an inactive textual reference only and none of the information contained on this website is incorporated into this Quarterly Report. References to the Group include, unless the context requires otherwise, the Company and its consolidated subsidiaries (FAGE U.K. Limited, FAGE USA Holdings, Inc., FAGE USA, Corp., FAGE USA Dairy Industry, Inc., FAGE Italia S.r.l, FAGE Commercial S.A. (Xylouris), Zagas S.A., Agroktima Agios Ioannis S.A. and Iliator S.A.). The Company operates principally in the Hellenic Republic, also known as Greece, and, through its subsidiaries, elsewhere in Europe and in the U.S.

FAGE USA is a corporation organized under the laws of the State of New York on February 17, 2005. Its principal place of business is 1 Opportunity Drive, Johnstown Industrial Park, Johnstown, New York 12095, U.S.A., and its telephone number is +(1)-518-762-5912. FAGE USA's U.S. Employer Identification Number is 83-0419718. FAGE USA is wholly owned by FAGE USA Holdings, Inc., a New York corporation, which in turn is wholly owned by FAGE.

FAGE USA Holdings, Inc. (the "Guarantor") is a corporation organized under the laws of the State of New York, having its principal place of business at 1 Opportunity Drive, Johnstown Industrial Park, Johnstown, NY 12095, U.S.A., and its telephone number is +(1)-518-762-5912. The Guarantor's US Employer Identification Number is 11-3556476. The Guarantor was incorporated on June 26, 2000. The Guarantor is the holding company of FAGE USA Dairy Industry, Inc. and FAGE USA, Corp. The Company is the registered holder of the entire issued capital of the Guarantor.

In accordance with the terms of the 2015 Indenture, FAGE USA entered into a supplemental indenture (the "Supplemental Indenture"), dated as of March 29, 2006, pursuant to which it agreed to unconditionally guarantee all the obligations of the Company under the 2015 Senior Notes and the 2015 Indenture.

Following the issuance of the 2020 Senior Notes, the Company redeemed on March 1, 2010 €20,000,000 of the €121,483,000 aggregate principal amount of its outstanding 2015 Senior Notes and repaid approximately €46.0 million of its other long term loans.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

The following cautionary statements identify important factors that could cause the Group's actual results to differ materially from those projected in the forward-looking statements made in this Quarterly Report. Any statements about the Group's expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as “will likely result,” “are expected to,” “will continue,” “believe,” “is anticipated,” “estimated,” “intends,” “expects,” “plans,” “seek,” “projection” and “outlook.” These statements involve estimates, assumptions and uncertainties which could cause actual results to differ materially from those expressed. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Quarterly Report. Among the key factors that may have a direct bearing on our results of operations are:

- risks associated with our high leverage and debt service obligations;
- the impact of restrictive debt covenants on our operating flexibility;
- uncertainties associated with general economic conditions in Greece, across Europe and the United States;
- factors affecting the Group's ability to compete in a competitive market; and
- uncertainties associated with the Group's ability to implement its business strategy.

These and other factors are discussed in “Risk Factors” and elsewhere in this Quarterly Report.

Because the risk factors referred to in this Quarterly Report could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Quarterly Report by the Group's or on its behalf, you should not place undue reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and the Group undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors will emerge in the future, and it is not possible for the Group to predict which factors they will be. In addition, the Group cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

RESPONSIBILITY STATEMENT IN RESPECT OF THE THREE MONTHS ENDED MARCH 31, 2012

The Directors are responsible for preparing this interim management report and the condensed consolidated financial information in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Hellenic Capital Market Commission and with International Accounting Standards as adopted by the European Union.

The Directors confirm that, to the best of their knowledge:

- the financial information for the three months ended March 31, 2012 has been prepared in accordance with the applicable set of accounting standards adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

- the financial statements for the three months ended March 31, 2012 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;

- the interim management report includes a fair review of the important events that have occurred during the three months ended March 31, 2012, and their impact on the Group financial information for the three months ended March 31, 2012;

- the interim management report includes a fair review of related party transactions that have occurred for the three months ended March 31, 2012, and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first three months of the current financial year.

Industry Data

This Quarterly Report contains information concerning the Greek dairy industry and market, the U.S. market for yogurt and the dairy markets of certain other countries. We operate in an industry in which it is difficult to obtain precise industry and market information. We have obtained the market and competitive position data in this Quarterly Report from industry publications and from surveys or studies conducted by third parties that we believe to be reliable, including research information produced by AC Nielsen Retail Measurement Services, a division of The Nielsen Company. For the United States, market and competitive position data included in this Quarterly Report is based primarily on our estimates. As part of its research for the report, Nielsen received market and company information from us. We cannot assure you of the accuracy and completeness of such information, and we have not independently verified the market and competitive position data contained in this Quarterly Report. In addition, in many cases, statements in this Quarterly Report regarding the Greek dairy industry and our competitive position in the industry are based on our experience and our own investigation of market conditions. There can be no assurance that any of these assumptions are accurate or correctly reflect our competitive position in the industry, and none of these internal surveys or information has been verified by independent sources, which may have estimates or opinions regarding industry-related information which differ from ours.

ENFORCEABILITY OF CIVIL LIABILITIES

FAGE is a Greek *société anonyme*. Most of FAGE's executive officers and directors, certain of FAGE USA's executive officers and directors and certain experts named herein presently reside outside of the United States, principally in Greece. In addition, a significant portion of our assets is located in Greece. As a result, it will be necessary for investors to comply with Greek law in order to obtain an enforceable judgment against any such foreign resident persons or assets of the Company, including an order to foreclose upon such assets. Although we have agreed under the terms of the Indentures pursuant to which the Senior Notes have been issued to accept service of process in the United States by an agent designated for such purpose, it may not be possible for investors to (i) effect service of process within the United States upon our officers, directors and certain experts named herein and (ii) realize in the United States upon judgments against such persons obtained in such courts predicated upon civil liabilities of such persons, including any judgments predicated upon U.S. federal securities laws, to the extent such judgments exceed such person's U.S. assets. We have been advised by G.S. Kostakopoulos & Associates, Greek counsel to the Group, that under the laws of Greece, a Greek court of competent jurisdiction (a) will, other than under certain limited circumstances, recognize and declare enforceable a final and enforceable judgment of a U.S. court having jurisdiction as determined under the Greek Code of Civil Procedure, which declares a liability on the Company or any of its directors or officers for a sum of money assessed as compensatory damages and which is sought to be enforced in Greece, and (b) may, except under certain circumstances, recognize and declare enforceable a final and enforceable judgment of a U.S. court having jurisdiction which is predicated upon civil liabilities contemplated by the federal securities laws of the United States, although presently there is no precedent for such enforcement of liabilities contemplated by such securities laws.

PROPRIETARY MARKS

Each of the following trademarks and brand names are protected registered trademarks of the Group:

FAGE®, *Junior®*, *Veloutela®*, *Flair®*, *Total®*, *Total Light®*, *Total 0%®*, *Total 0% with fruit®*, *Total 2%®*, *Total split-cup®*, *Ageladitsa®*, *Silouet®*, *Silouet 0%®*, *Silouet 2%®*, *Silouet 0% with honey croutons®*, *Veloutela®*, *Cocktail®*, *Sheep's®*, *N'Joy®*, *Drossato®*, *Yoko Choco®*, *Trikalino®*, *Playia®*, *Farma®*, *Farma Diet®*, *Farma Plus®*, *ABC®*, *GALA 10®*, *Tzatziki FAGE®*, *FAGE Cream®*, *Family Yiaourti®*, *Junior Tirakia®*, *Glykokoutalies FAGE®* , *Velvet®*, *Total 2% split-cup®*, *Sensia mousse®*, *Dolce Bianco®*, *Crema mia®* and *Nouvelle®*.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

In 2011 and in the first quarter of 2012, the European debt crisis intensified, putting Greece under extreme pressure, as the domestic economic situation continued to deteriorate. Private consumption and investment in Greece continued to contract. Due to the austerity measures taken by the Greek government, a large number of employees both in the public and private sector were dismissed, salaries were reduced and taxes increased, all of which added to the deterioration of consumer sentiment. Almost all sectors were affected by falling demand.
Companies in Greece in general faced:

- first, decreasing demand;
- second, tightened criteria for new loans or refinancing existing loans; and
- third, increasing levels of bad debt losses.

Business insolvencies increased as the economy continued to contract. As a result of all of these factors, there has been noticeable deterioration in the payment behavior of companies in Greece since the beginning of 2011 due to increasing liquidity problems. Both delays of payments and the incidence of default are major issues for companies in Greece. The lack of sufficient capital is seen as the main reason for such weaknesses and delays of payments.

The political uncertainty in Greece after the result in the elections held on May 6, 2012 is high. New elections may be held in June 2012. The risk is high that the Greek economy and Greek society may descend into an environment of persistent economic depression, political instability and social unrest.

Greek Dairy Market

The Greek dairy market experienced a decrease of 5.6% in volume and 3.6% in value, comparing the three months ended March 31, 2012 and 2011. The main reasons for this decrease are the economic crisis in Greece and the imposition of austerity measures by the I.M.F. which have negatively impacted consumption. This volume decrease resulted mainly from a decrease of 4.9% in the milk market and 8.6% in the branded yogurt market. The volume in the packaged cheese market (excluding Feta cheese) decreased by 8.0%, whereas the UHT milk and milk cream products decreased by 3.9% in volume, comparing the first quarters of 2012 and 2011. Within the milk business, Fresh milk and Evaporated milk decreased by 4.9% and 5.6%, respectively, comparing the three months ended March 31, 2012 and 2011. The ESL milk decreased by 3.9% in volume, whereas dairy desserts decreased by 23.6%, comparing the three months ended March 31, 2012 and 2011.

All of the data related to volume and market shares in domestic Greek market have been derived from Nielsen survey figures by extrapolation. The figures include all bi-monthly periods for the four months ended March 2012. From the beginning of 2011, Nielsen measures the cheese market using the Scan Track Service rather than the Market Track Service. For all the other segments of the Greek Dairy Market Nielsen continues to use the Market Track Service. Market Track Service measures data from supermarkets and traditional and dairy shops, whereas the Scan Track Service measures data from supermarkets only.

The Group's Total Sales

The Group's total sales volume increased by 4.2% comparing the three months ended March 31, 2012 and 2011. This increase reflects a decrease of 23.8% in the Group's sales in volume in the domestic market and an increase of 41.0% in the Group's sales in volume in exports and international sales.
The Group total sales in value increased by 13.0% comparing the first quarters of 2012 and 2011. This increase reflects a decrease of 21.8% in the Group's sales in value in the domestic market and an increase of 43.9% in the Group's sales in value in the exports and international sales.

The Group's Sales in the Domestic Market

The Group's sales in volume in the domestic market decreased by 23.8% comparing the three months ended March 31, 2012 and 2011. This is mainly due to:

- first, the sustained economic crisis in Greece, which not only reduced consumer consumption but also led consumers to resort to either cheaper products produced by small local producers or private label products;

- second, the fact that since 2011 certain retailers in the domestic market have had significant liquidity problems resulting in inability to pay or payment delays. Economic conditions remain fragile and incidents of delinquency and insolvency are increasing. In such an environment, the Company has decided to reduce its credit exposure to delinquent clients and, if necessary, reduced or even stopped sales to non-creditworthy clients. Although these factors have had a negative impact on sales volume, they have diminished the Company's risk of bad debt losses. The Company contracts with credit insurers to secure trade credit insurance and services to reduce the Company's exposure to the risk of bad debts. The Company continues to diligently monitor and manage credit risk even though it has had a negative impact on sales.

In the three months ended March 31, 2012, the Company was the market leader in branded yogurt in the domestic market, with a market share of 22.9%. For the packaged cheese business (excluding Feta cheese) the Company was the third player with a market share of 6.4%. Furthermore, the Company was the fourth player in the ESL milk business and the dairy desserts business with market shares of 12.8% and 11.7%, respectively. Finally, the Company was the fifth player in the UHT milk and milk creams business with a market share of 5.8%.

The Group's Exports and International Sales

The Group's exports and international sales in volume increased by 41.0%, comparing the three months ended March 31, 2012 and 2011. This increase mainly came from the US market, where the sales in volume increased by 46.4%. In the UK market, sales in volume increased by 31.0%, whereas in the Italian market the sales in volume increased by 40.4%. Exports sales to other countries decreased by 13.5% in volume.

The respective increase in the Group's export and international sales in value was 43.9%.

Export and international sales in volume for the three months ended March 31, 2012 represented 58.5% of the Group's total sales volume, as compared to 42.5% for the respective period of 2011. Furthermore, export and international sales in value for the three months ended March 31, 2012 represented 67.3% of the Group's total sales in value, as compared to 52.8% for the respective period of 2011.

Export and international sales volume in yogurt represented 80.2% of the Group's total yogurt sales volume in the three months ended March 31, 2012, as compared to 68.2% in the respective period of 2011.

Results of Operations for the Group

The following table sets forth, for the periods indicated, certain items in the Group's consolidated income statements expressed as percentages of sales:

	Three months ended March 31,	
	2012	**2011**
	(Unaudited)	
Sales	100.0%	100.0%
Cost of sales	(59.7)	(57.2)
Gross profit	40.3	42.8
Selling, general and administrative expenses	(28.9)	(32.4)
Other income	0.1	0.2
Other expenses	(0.1)	-
Profit from operations	11.4	10.6
Financial income/(expenses), net	(5.7)	(6.0)
Impairment loss	(0.1)	(0.1)
Foreign exchange (losses)/gains, net	0.7	0.9
Share of losses of associates	-	-
Net profit before income taxes	6.3	5.4
Income tax	(2.4)	(2.3)
Net profit	3.9%	3.1%

Three months ended March 31, 2012 compared to three months ended March 31, 2011

Sales. The Group's sales in volume in the three months ended March 31, 2012 increased by 4.2%, compared to the respective period of 2011. The respective sales in value increased by €11.4 million, or 13.0%, comparing the first quarters of 2012 and 2011. This increase came from the Group's exports and international sales in value which increased by 43.9%. This increase was partly offset by a decrease in the Group's sales in value in the domestic market by 21.8%. The sales in the first quarter of 2012 amounted to €99.2 million, whereas the respective amount in 2011 was €87.8 million.

Gross profit. Gross profit for the three months ended March 31, 2012 was €40.0 million, an increase of €2.4 million, or 6.4%, from €37.6 million for the three months ended March 31, 2011. Gross profit as a percentage of sales for the three months ended March 31, 2012 was 40.3%, compared to 42.8% for the respective period of 2011. This is mainly due to the fact that the prices for milk collected in the domestic Greek market in the first three months of 2012 increased by 16.7% and the prices for milk collected in the US market and used for the US yogurt facility increased by 16.0%. The prices for milk imported from the European market decreased by 10.9%.

Selling, general and administrative expenses. Selling, general and administrative expenses ("SG & A") for the three months ended March 31, 2012 were €28.7 million, an increase of €0.3 million, or 1.1%, from €28.4 million for the three months ended March 31, 2011. As a percentage of sales, SG&A was 28.9% for the three months ended March 31, 2012, down from 32.4% for the comparable period of 2011. This decrease is mainly due to a decrease in the advertising expenses.

Profit from operations. Profit from operations for the three months ended March 31, 2012 was €11.3 million, an increase of €2.0 million, as compared to a profit from operations of €9.3 million for the three months ended March 31, 2011. Profit from operations as a percentage of sales for the three months ended March 31, 2012 was 11.4% compared to 10.6% for the respective period of 2011.The main reason for this improvement was that the decrease in the gross margin was partially offset by the decrease in the SG&A as a percentage of sales.

Financial income/(expenses) net. Net financial expenses for the three months ended March 31, 2012 increased by €0.3 million, from €5.3 million in the first quarter of 2011 to €5.6 million in the first quarter of 2012.

Impairment loss. Impairment loss for the three months ended March 31, 2012 was €0.1 million. This loss relates to the impairment recognized on the available for sale financial assets. Impairment loss for the three months ended March 31, 2011 also was €0.1 million.

Foreign exchange losses (gains), net. Foreign exchange gains for the three months ended March 31, 2012 were €0.6 million mainly relating to cash at bank in US$ and receivables in US$ and UK sterling. For the three months ended March 31, 2011, there were foreign exchange gains of €0.8 million.

Profit before income taxes. Profit before income taxes for the three months ended March 31, 2012 was €6.3 million, compared to a profit before income taxes of €4.8 million for the three months ended March 31, 2011.

Income taxes. The provision for income taxes for the three months ended March 31, 2012 was €2.4 million. Income tax for the three months ended March 31, 2011 amounted to €2.0 million.

Net profit. Net profit for the three months ended March 31, 2012 was €3.9 million, as compared to net profit of €2.7 million for the respective period of 2011.

The Company's results for the three months ended March 31, 2012 compared to three months ended March 31, 2011 (FAGE DAIRY INDUSTRY S.A. only).

	Three months ended March 31,	
	2012	2011
	(€ thousands)	
Sales	41,916	48,824
Cost of sales	(29,451)	(33,991)
Gross profit	**12,465**	**14,833**
Selling, general and administrative expenses	(15,765)	(17,743)
Other income	4,881	3,513
Other expenses	(94)	(34)
PROFIT FROM OPERATIONS	**1,487**	**569**
Financial expenses	(2,989)	(2,874)
Financial income	1	1
Impairment loss	(100)	(67)
Gain on derivatives	76	-
Foreign exchange gains/(losses), net	621	843
LOSS BEFORE INCOME TAXES	**(904)**	**(1,528)**
Provision for income taxes	(82)	(73)
NET LOSS	**(986)**	**(1,601)**

Liquidity and Capital Resources

Sources of capital. The Group funds its operating costs through cash from operations and short-term borrowings under various lines of credit maintained at several banks. The available credit lines for the Company as of March 31, 2012 amounted to €49.4 million out of which €27.2 million were utilized as of March 31, 2012. As of March 31, 2012, the Company had an accounts receivable agreement for financing of up to €6.0 million with ABN Bank, whereas the respective agreement on March 31, 2011 was €16.8 million. On April 2, 2012, the Company repaid the ABN facility in full.

Cash at banks and cash equivalents on March 31, 2012 amounted to €24.0 million (See Note 16). This amount, together with the unused lines of credit, is sufficient to finance the investment program of the Group.

Cash flow data.

	Three months ended March 31,	
	2012	**2011**
(€ thousands)		
Cash flow from/(used in) operating activities	2,898	5,245
Cash flow from/(used in) investing activities	(4,774)	(8,503)
Cash flow from/(used in) financing activities	(7,927)	115
Effect of exchange rates changes on cash	(539)	(2,794)
Cash and cash equivalents at beginning of period	34,342	40,683
Cash and cash equivalents at period-end	**24,000**	**34,746**

Net cash from operating activities for the three months ended March 31, 2012 was €2.9 million, compared to net cash used in operating activities of €5.2 million for the respective period of 2011.

Cash flow used in investing activities. Net cash used in investing activities amounted to €4.8 million and €8.5 million for the three months ended March 31, 2012 and 2011, respectively. Out of the capex of €4.9 million in the first three months of 2012, an amount of €1.2 million relates to capex maintenance for the facilities in Greece and €3.7 million relates to capex for the expansion of the US facility.

Cash flow from/(used in) financing activities. Net cash used in financing activities for the three months ended March 31, 2012 was €7.9 million. This resulted in from €2.2 million of proceeds from short-term borrowings and €10.1 million of interest paid. Net cash from financing activities for the three months ended March 31, 2011 was €0.1 million, which reflects proceeds of €9.9 million from the issuance of the Senior Notes due in 2020 and interest paid of €9.8 million.

The Group's principal sources of liquidity are existing cash balances, cash flow from operations and available amounts under the Group's various lines of credit maintained with several banks. The Group's principal liquidity needs are debt service (primarily interest on the Senior Notes), shareholder payments, capital expenditures and working capital. The Group believes that its available capital resources will be sufficient to fund its liquidity needs.

Financial Data-Ratios

The EBITDA (profit before income taxes plus financial expenses/income, net plus amortization and depreciation, see Notes 5, 7) for the three months ended, March 31, 2012 amounted to €16.7 million, as compared to €14.1 million for the three months ended March 31, 2011. The net debt (interest-bearing loans and borrowings plus short-term borrowings minus cash and cash equivalents) of the Group for the three months ended March 31, 2012 amounted to €204.8 million, as compared to €179.8 million for the three months ended March 31, 2011.

Principal Risks and Uncertainties for the Remaining Nine Months of 2012

Risk assessment and evaluation is an integral part of the management process throughout the Group. Risks are identified and evaluated and appropriate risk management strategies are implemented at each level. The key business risks are identified by the senior management team. The Board of Directors in conjunction with senior management identifies major business risks faced by the Group and determines the appropriate course of action to manage these risks.

The principal risks and uncertainties faced by the Group are summarized below:

- first, the sustained economic crisis in Greece and its impact on household consumption and client creditworthiness;
- second, the Group is exposed to currency exchange rate fluctuation, particularly in relation to the US dollar and the UK sterling;
- third, price fluctuations in raw materials could adversely affect the Group's manufacturing costs; and

- fourth, the current economic crisis could adversely affect consumer spending for the Group's products, particularly in Italy, the UK and the US.

The Board of Directors regularly monitors all of the above risks and appropriate actions are taken to mitigate those risks or address the potential adverse consequences.

Related party transactions

The Company purchases goods and services from and makes sales of goods to certain related companies in the ordinary course of business. Such related companies consist of affiliates or companies which have common ownership and/or management with the Company.

Account balances with related companies are as follows:

	THE GROUP		THE COMPANY	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Due from:				
-Ioannis Nikolou ULP	848	770	848	770
- Evga S.A.	1,183	1,244	1,183	1,244
	2,031	**2,014**	**2,031**	**2,014**
Due to:				
- Iofil S.A.	4,089	3,873	4,089	3,873
- Mornos S.A.	3,623	3,378	3,500	3,222
- Vis S.A.	388	1,077	388	1,077
- Agan S.A.	498	780	498	780
	8,598	**9,108**	**8,475**	**8,952**

Transactions with related companies for the three months ended March 31, 2012 and 2011 are analyzed as follows:

THE GROUP	Purchases from related parties		Sales to related parties	
	2012	2011	2012	2011
Inventories, materials and supplies	7,382	7,852	502	744
Advertising and media	607	420	-	-
Other services	1,610	2,219	-	-
	9,599	**10,491**	**502**	**744**

THE COMPANY	Purchases from related parties		Sales to related parties	
	2012	2011	2012	2011
Inventories, materials and supplies	6,907	7,405	502	744
Advertising and media	607	420	-	-
Other services	1,610	2,219	-	-
	9,124	**10,044**	**502**	**744**

FAGE DAIRY INDUSTRY S.A.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

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FAGE DAIRY INDUSTRY S.A.

CONSOLIDATED AND SEPARATE STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2012

(All amounts in thousands of Euro, except share and per share data)

(UNAUDITED)

		March 31,			
		THE GROUP		THE COMPANY	
	Notes	2012	2011	2012	2011
Sales		99,188	87,843	41,916	48,824
Cost of sales		(59,174)	(50,282)	(29,451)	(33,991)
Gross profit		**40,014**	**37,561**	**12,465**	**14,833**
Selling, general and administrative expenses	6	(28,672)	(28,418)	(15,765)	(17,743)
Other income		52	203	4,881	3,513
Other expenses		(99)	(36)	(94)	(34)
PROFIT FROM OPERATIONS		**11,295**	**9,310**	**1,487**	**569**
Financial expenses	7	(5,606)	(5,273)	(2,989)	(2,874)
Financial income	7	1	6	1	1
Impairment loss	11	(100)	(67)	(100)	(67)
Gain on derivatives		76	-	76	-
Foreign exchange gains/(losses), net		613	824	621	843
Share of losses of associate accounted for under the equity method	10	-	(33)	-	-
PROFIT/(LOSS) BEFORE INCOME TAXES		**6,279**	**4,767**	**(904)**	**(1,528)**
Income tax (expense)/benefit	8	(2,413)	(2,041)	(82)	(73)
NET PROFIT/(LOSS)		**3,866**	**2,726**	**(986)**	**(1,601)**
Attributable to:					
Equity holders of the parent		3,866	2,726		
		3,866	**2,726**		
Earnings per share					
Basic and diluted		0.29	0.21		
Weighted average number of shares, basic and diluted		**13,297,300**	**13,297,300**		

The accompanying notes are an integral part of these financial statements.

FAGE DAIRY INDUSTRY S.A.

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2012

(All amounts in thousands of Euro)

(UNAUDITED)

		March 31,			
		THE GROUP		THE COMPANY	
	Notes	**2012**	**2011**	**2012**	**2011**
Net profit/(loss) for the period		**3,866**	**2,726**	**(986)**	**(1,601)**
Exchange gains/(losses) on translation of foreign operations		(1,266)	(1,471)	-	-
Net unrealized gains/(losses) on available for sale financial assets		4	54	4	54
Income tax		(1)	(12)	(1)	(12)
	11	3	42	3	42
Other comprehensive income/(loss) for the period, net of tax		**(1,263)**	**(1,429)**	**3**	**42**
Total comprehensive income/(loss) for the period, net of tax		**2,603**	**1,297**	**(983)**	**(1,559)**
Attributable to:					
Equity holders of the parent		2,603	1,297		
		2,603	**1,297**		

The accompanying notes are an integral part of these financial statements.

FAGE DAIRY INDUSTRY S.A.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION AT MARCH 31, 2012

(All amounts in thousands of Euro)
(UNAUDITED)

		THE GROUP		THE COMPANY	
		March 31,	**December 31,**	**March 31,**	**December 31,**
	Notes	**2012**	**2011**	**2012**	**2011**
ASSETS					
Non-Current Assets					
Property, plant and equipment		249,902	253,556	120,774	122,186
Intangible assets		2,994	3,270	1,786	2,026
Goodwill	9	4,834	4,832	3,418	3,418
Investments in subsidiaries		-	-	12,658	12,608
Investments in associate accounted for under the equity method	10	-	-	828	828
Available for sale financial assets	11	88	88	88	88
Other non-current assets	12	386	384	328	325
Deferred income taxes		21,259	21,449	-	-
Total non-current assets		**279,463**	**283,579**	**139,880**	**141,479**
Current Assets:					
Inventories	13	31,253	29,199	21,094	19,560
Trade and other receivables	14	70,171	67,255	46,470	46,152
Due from related companies	15	2,031	2,014	2,031	2,014
Prepaid income taxes		1,741	3,466	172	172
Available for sale financial assets	11	290	386	290	386
Current asset from continuing involvement in transferred trade receivables	14	284	418	284	418
Cash and cash equivalents	16	24,000	34,342	13,021	24,249
Total		**129,770**	**137,080**	**83,362**	**92,951**
Assets classified as held for sale	3	676	676	526	526
Total current assets		**130,446**	**137,756**	**83,888**	**93,477**
TOTAL ASSETS		**409,909**	**421,335**	**223,768**	**234,956**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent Company					
Share capital		39,094	39,094	39,094	39,094
Land revaluation surplus		33,883	33,883	33,883	33,883
Reversal of fixed assets statutory revaluation surplus		(33,236)	(33,236)	(33,236)	(33,236)
Accumulated profit/(losses)		7,993	4,127	(34,890)	(33,904)
Legal, tax free and special reserves		35,516	35,516	35,516	35,516
Other components of equity		(308)	955	3	-
		82,942	**80,339**	**40,370**	**41,353**
Minority interests		**1**	**1**	**-**	**-**
Total Equity		**82,943**	**80,340**	**40,370**	**41,353**
Non-Current Liabilities					
Interest-bearing loans and borrowings	17	201,561	204,557	120,435	121,003
Provision for severance pay on retirement		2,900	2,855	2,900	2,855
Deferred income taxes		35,886	36,640	8,721	8,675
Other non-current liabilities		36	36	-	-
Total non-current liabilities		**240,383**	**244,088**	**132,056**	**132,533**
Current Liabilities:					
Trade accounts payable	18	38,796	45,498	21,716	30,056
Due to related companies	15	8,598	9,108	8,475	8,952
Short-term borrowings	19	27,208	24,635	11,860	11,883
Income taxes payable		1,138	373	192	154
Current liability from continuing involvement in transferred trade receivables	14	284	418	284	418
Accrued and other current liabilities	20	10,559	16,875	8,815	9,607
Total current liabilities		**86,583**	**96,907**	**51,342**	**61,070**
Total liabilities		**326,966**	**340,995**	**183,398**	**193,603**
TOTAL EQUITY AND LIABILITIES		**409,909**	**421,335**	**223,768**	**234,956**

The accompanying notes are an integral part of these financial statements.

THE GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2012
(All amounts in thousands of Euro)

(UNAUDITED)

	Share capital	Land revaluation surplus	Reversal of Fixed Assets Statutory Revaluation Surplus	Legal, tax free and special reserves	Retained earnings/ (losses)	Unrealized gains/(losses) on available for sale financial assets	Foreign exchange gains/(losses)	Total	Non-controlling interests	Total equity
Balance, December 31, 2011	**39,094**	**33,883**	**(33,236)**	**35,516**	**4,127**	**-**	**955**	**80,339**	**1**	**80,340**
Profit for the period	-	-	-	-	3,866	-	-	3,866	-	3,866
Other comprehensive income/(loss)	-	-	-	-	-	3	(1,266)	(1,263)	-	(1,263)
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**3,866**	**3**	**(1,266)**	**2,603**	**-**	**2,603**
Balance, March 31, 2012	**39,094**	**33,883**	**(33,236)**	**35,516**	**7,993**	**3**	**(311)**	**82,942**	**1**	**82,943**

THE GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2011
(All amounts in thousands of Euro)

(UNAUDITED)

	Share capital	Land revaluation surplus	Reversal of Fixed Assets Statutory Revaluation Surplus	Legal, tax free and special reserves	Retained earnings/ (losses)	Unrealized gains/(losses) on available for sale financial assets	Foreign exchange gains/(losses)	Total	Non-controlling interests	Total equity
Balance, December 31, 2010	**39,094**	**35,924**	**(33,236)**	**35,516**	**495**	**-**	**(1,315)**	**76,478**	**1**	**76,479**
Profit for the period	-	-	-	-	2,726	-	-	2,726	-	2,726
Other comprehensive income/(loss)	-	-	-	-	-	42	(1,471)	(1,429)	-	(1,429)
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**2,726**	**42**	**(1,471)**	**1,297**	**-**	**1,297**
Balance, March 31, 2011	**39,094**	**35,924**	**(33,236)**	**35,516**	**3,221**	**42**	**(2,786)**	**77,775**	**1**	**77,776**

The accompanying notes are an integral part of these financial statements.

FAGE DAIRY INDUSTRY S.A.

THE COMPANY
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2012
(All amounts in thousands of Euro)

(UNAUDITED)

	Share capital	Land revaluation surplus	Reversal of Fixed Assets Statutory Revaluation Surplus	Legal, tax free and special reserves	Retained earnings/ (losses)	Unrealized gains/(losses) on available for sale financial assets	Total equity
Balance, December 31, 2011	**39,094**	**35,924**	**(33,236)**	**35,516**	**(33,904)**	**-**	**41,353**
Loss for the period	-	-	-	-	(986)	-	(986)
Other comprehensive income	-	-	-	-	-	3	3
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**(986)**	**3**	**(983)**
Balance, March 31, 2012	**39,094**	**35,924**	**(33,236)**	**35,516**	**(34,890)**	**3**	**40,370**

THE COMPANY
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2011
(All amounts in thousands of Euro)

(UNAUDITED)

	Share capital	Land revaluation surplus	Reversal of Fixed Assets Statutory Revaluation Surplus	Legal, tax free and special reserves	Retained earnings/ (losses)	Unrealized gains/(losses) on available for sale financial assets	Total equity
Balance, December 31, 2010	**39,094**	**35,924**	**(33,236)**	**35,516**	**(20,095)**	**-**	**57,203**
Loss for the period	-	-	-	-	(1,601)	-	(1,601)
Other comprehensive income	-	-	-	-	-	42	42
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**(1,601)**	**42**	**(1,559)**
Balance, March 31, 2011	**39,094**	**35,924**	**(33,236)**	**35,516**	**(21,696)**	**42**	**55,644**

The accompanying notes are an integral part of these financial statements.

FAGE DAIRY INDUSTRY S.A.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2012
(All amounts in thousands of Euro)
(UNAUDITED)

		THE GROUP		THE COMPANY	
		March 31,		March 31,	
	Notes	2012	2011	2012	2011
Operating activities					
Profit/(loss) before income taxes		6,279	4,767	(904)	(1,528)
Adjustments to reconcile to net cash provided by operating activities:					
Depreciation and amortization	5	4,847	4,080	2,738	2,689
Provision for severance pay on retirement		522	79	522	79
Provision for doubtful accounts receivable	14	304	315	300	310
Financial income	7	(1)	(6)	(1)	(1)
Financial expenses	7	5,606	5,273	2,989	2,874
Valuation of derivatives		(76)	-	(76)	-
(Gain)/loss on disposal of property, plant and equipment		13	(4)	13	(1)
Impairment loss on available for sale financial assets	11	100	67	100	67
Losses on equity investees accounted for under the equity method	10	-	33	-	-
Operating profit before working capital changes		**17,594**	**14,604**	**5,681**	**4,489**
(Increase)/Decrease in:					
Restricted cash		-	300	-	300
Inventories	13	(2,054)	(3,606)	(1,534)	(2,350)
Trade and other receivables	14	(3,220)	(6,188)	(618)	(2,337)
Due from related companies	15	(17)	65	(17)	65
Increase/(Decrease) in:					
Trade accounts payable	18	(6,702)	2,300	(8,340)	(3,904)
Due to related companies	15	(510)	(1,685)	(477)	(1,463)
Accrued and other current liabilities	20	(1,410)	1,309	1,779	(377)
Working capital changes		**(13,913)**	**(7,505)**	**(9,207)**	**(10,066)**
Income taxes paid		(304)	(1,822)	-	-
Payment of staff indemnities		(477)	(54)	(477)	(54)
(Increase)/decrease in other non-current assets	12	(2)	22	(2)	21
Net Cash from/(used in) Operating Activities		**2,898**	**5,245**	**(4,005)**	**(5,610)**
Investing Activities:					
Capital expenditure for property, plant and equipment		(4,851)	(8,531)	(1,175)	(639)
Additions to intangible assets		(50)	-	(50)	-
Proceeds from disposal of property, plant and equipment		126	22	126	4
Interest and other related income received	7	1	6	1	1
Increase in subsidiaries'share capital		-	-	(50)	-
Net Cash used in Investing Activities		**(4,774)**	**(8,503)**	**(1,148)**	**(634)**
Financing Activities:					
Proceeds from short and long-term borrowings		2,198	9,885	-	9,885
Repayments of short and long-term borrowings		(23)	-	(23)	-
Interest paid		(10,102)	(9,770)	(5,328)	(5,220)
Net Cash from/(used in) Financing Activities		**(7,927)**	**115**	**(5,351)**	**4,665**
Net increase/(decrease) in cash and cash equivalents		**(9,803)**	**(3,143)**	**(10,504)**	**(1,579)**
Effect of exchange rates changes on cash		**(539)**	**(2,794)**	**(724)**	**(1,337)**
Cash and cash equivalents at beginning of period	16	**34,342**	**40,683**	**24,249**	**24,283**
Cash and cash equivalents at March 31	16	**24,000**	**34,746**	**13,021**	**21,367**

The accompanying notes are an integral part of these financial statements.

1. CORPORATE INFORMATION:

FAGE Dairy Industry S.A., a corporation formed under the laws of the Hellenic Republic (also known as Greece), is the successor to a business founded in Athens in 1926 by the family of Mr. Athanassios Filippou, the father of the current shareholders, Messrs. Ioannis and Kyriakos Filippou. References to the Company or FAGE refer to, unless the contents indicate otherwise, FAGE Dairy Industry S.A. References to the Group refer to FAGE Dairy Industry S.A. and its consolidated subsidiaries.

Its objectives and purposes, as specified in its Memorandum and Articles of Association, include the production and trading of dairy products, the distribution of other food products and the trading, import and export and representation of firms in Greece and abroad in connection with such products. The Group's primary operating activities are conducted in Greece and, through its subsidiaries, in the US, the UK and Italy. More information on the Group's subsidiaries and their operations is provided in Note 13. The Group's products are sold under the ***FAGE®*** and other related trademarks.

The Group's and the Company's headquarters are in Athens at 35 Hermou Street, 144 52 Metamorphossi. The life of FAGE Dairy Industry S.A. according to its Articles of Association is ninety (90) years as of December 30, 1977, with a possible extension permitted following a decision of the General Meeting of its Shareholders.

The Group's total number of employees as of March 31, 2012 and 2011, was approximately 1,061 and 1,013, respectively (for the Company 794 and 871, respectively).

2. BASIS OF PRESENTATION:

(a) Basis of Preparation of Financial Statements: The accompanying interim condensed consolidated financial statements have been prepared under the historical cost convention, except for the valuation of available for sale financial assets and derivative financial instruments, that have been measured at fair value and they comply with International Financial Reporting Standards (IFRS). The carrying values of recognized assets and liabilities that are hedged items in fair value hedges that would otherwise be carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged. These Interim Condensed Consolidated and Separate Financial Statements have been prepared by management in accordance with IAS 34 (Interim Financial Reporting). The Interim Condensed Consolidated Financial Statements do not include all the information and disclosure required in the Annual Consolidated Financial Statements and should be read in conjunction with the Group's Annual Consolidated Financial Statements as of December 31, 2011. The interim condensed consolidated financial statements are presented in thousands of Euro, except when otherwise indicated.

(b) Significant Accounting Policies: The interim condensed consolidated financial statements have been prepared using accounting policies consistent with those adopted for the preparation of the annual consolidated financial statements as of December 31, 2011 and which are comprehensively presented in the notes of the annual financial statements, except for the adoption of the following new and amended IFRS and IFRIC interpretations which became effective for the accounting periods beginning January 1, 2012 and which did not have any impact on the financial position or performance of the Group:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income**
  The amendment is effective for annual periods beginning on or after July 1, 2012. The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance. This amendment has not yet been endorsed by the EU. The Group is in the process of assessing the impact of this amendment on its financial position and results of operations.

- **IAS 12 Income Taxes (Amended) – Recovery of Underlying Assets**
  The amendment is effective for annual periods beginning on or after January 1, 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. This amendment has

not yet been endorsed by the EU. The Group does not expect that the amendment will have an impact on its financial position or results of operations.

- **IAS 19 Employee Benefits (Amended)**
  The amendment is effective for annual periods beginning on or after January 1, 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Early application is permitted. This amendment has not yet been endorsed by the EU. The Group is in the process of assessing the impact of this amendment on its financial position and results of operations.

- **IAS 27 Separate Financial Statements (Revised)**
  The Standard is effective for annual periods beginning on or after January 1, 2013. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. This amendment has not yet been endorsed by the EU. The Group is in the process of assessing the impact of this amendment on its financial position and results of operations.

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**
  The Standard is effective for annual periods beginning on or after January 1, 2013. As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Earlier application is permitted. This amendment has not yet been endorsed by the EU. The Group is in the process of assessing the impact of this amendment on its financial position and results of operations.

- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**
  The amendment is effective for annual periods beginning on or after January 1, 2014.This amendment clarifies the meaning of “currently has a legally enforceable right to set-off” and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments to IAS 32 are to be retrospectively applied. Earlier application is permitted. However, if an entity chooses to early adopt, it must disclose that fact and also make the disclosures required by the IFRS 7 Offsetting Financial Assets and Financial Liabilities. This amendment has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the amendment on its financial position and results of operations.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Enhanced Derecognition Disclosure Requirements**
  The amendment is effective for annual periods beginning on or after July 1, 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity’s continuing involvement in those derecognized assets. The amendment has only disclosure effects. The Group does not expect that the amendment will have an impact on its financial position and results of operations.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities**
  The amendment is effective for annual periods beginning on or after January 1, 2013.The amendment introduces common disclosure requirements. These disclosures would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity’s financial position. The amendments to IFRS 7 are to be retrospectively applied. This amendment has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the amendment on its financial position and results of operations.

- **IFRS 9 Financial Instruments - Classification and Measurement**
  The new standard is effective for annual periods beginning on or after January 1, 2015. IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. Phase 1 of IFRS 9 will have a significant impact on (i) the classification and measurement of financial assets and (ii) a change in reporting for those entities that have designated financial liabilities using the FVO. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected

over the first half of 2012. Early application is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on its financial position and results of operations.

- **IFRS 10 Consolidated Financial Statements**
  The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27.This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on its financial position and results of operations.

- **IFRS 11 Joint Arrangements**
  The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on its financial position and results of operations.

- **IFRS 12 Disclosures of Involvement with Other Entities**
  The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on its financial position and results of operations.

- **IFRS 13 Fair Value Measurement**
  The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard should be applied prospectively and early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on its financial position and results of operations.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

(c) Use of Estimates: The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may ultimately differ from those estimates.

3. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS:

Assets held for sale as at each of March 31, 2012 and December 31, 2011 amounted to €676 (€526 for the Company).

In September 2008, the Group in the context of its efforts to improve its profitability, decided to withdraw from the business of Feta cheese and Graviera of Crete, both from the domestic and international markets, since both these operations were highly unprofitable. The Group started negotiations with various companies to disinvest by selling all the property, plant and equipment of the plants which are related either to the milk collection stations (Zagas S.A., Aliveri or ex-cheese producer Tamyna) or to the facilities at Ioannina (producing Feta cheese) and Crete (concerning the subsidiary Xylouris S.A. which produces Graviera).

As a result of the above actions and in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", property, plant and equipment and goodwill related to the milk collection stations concerning the above facilities, which have been classified as of March 31, 2012 and December 31, 2011 as held for sale, are carried at the lower of carrying amount and fair value less costs to sell.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

4. PAYROLL COST:

Payroll cost in the accompanying interim condensed consolidated and separate financial statements is analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31,		March 31,	
	2012	2011	2012	2011
Wages and salaries	7,972	8,009	4,829	5,623
Social security costs	1,582	1,508	1,213	1,251
Provision for severance pay on retirement	522	79	522	79
Other staff costs	671	537	153	191
Total payroll	**10,747**	**10,133**	**6,717**	**7,144**
Less: amounts charged to cost of production	(5,715)	(5,003)	(3,365)	(3,554)
Payroll expensed (Note 6)	**5,032**	**5,130**	**3,352**	**3,590**

5. DEPRECIATION AND AMORTIZATION:

Depreciation and amortization in the accompanying interim condensed consolidated and separate financial statements is analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31,		March 31,	
	2012	2011	2012	2011
Depreciation on property, plant and equipment	4,518	3,795	2,448	2,442
Amortization of intangible assets	329	285	290	247
Total depreciation and amortization	**4,847**	**4,080**	**2,738**	**2,689**
Less: amounts charged to cost of production	(3,530)	(3,079)	(1,993)	(1,978)
Depreciation and amortization expensed (Note 6)	**1,317**	**1,001**	**745**	**711**

6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

Selling, general and administrative expenses in the accompanying consolidated and separate statements of income are analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31,		March 31,	
	2012	2011	2012	2011
Shipping and handling costs	8,630	7,333	4,338	4,834
Advertising costs	6,116	7,642	1,980	3,135
Third party fees	5,057	4,709	3,525	3,540
Payroll (Note 4)	5,032	5,130	3,352	3,590
Depreciation and amortization (Note 5)	1,317	1,001	745	711
Repairs and maintenance	438	514	403	467
Travelling and entertainment	374	409	223	297
Allowance for doubtful accounts	304	315	300	310
Other	1,404	1,365	899	859
Total	**28,672**	**28,418**	**15,765**	**17,743**

Compensation paid to directors and executive officers for the three months ended March 31, 2012 and 2011, included in payroll and third party fees, amounted to €1,745 and €1,779, respectively, for the Group and €1,247 and €1,182, respectively, for the Company. Of these amounts, €1,385 and €1,221 have been paid to the shareholders and family members in the three months ended March 31, 2012 and 2011, respectively, for the Group and €1,065 and €910, respectively, for the Company.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

7. FINANCIAL INCOME/(EXPENSES):

Financial income/(expense) in the accompanying consolidated and separate statements of income is analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31,		March 31,	
	2012	2011	2012	2011
Financial expenses on loans and borrowings	(5,032)	(4,840)	(2,617)	(2,555)
Interest on short-term borrowings	(585)	(405)	(360)	(262)
Other	(37)	(107)	(18)	(57)
	(5,654)	(5,352)	(2,995)	(2,874)
Less: amounts capitalized in property, plant and equipment	48	79	6	-
Total financial expenses	**(5,606)**	**(5,273)**	**(2,989)**	**(2,874)**
Interest earned on cash at banks and on time deposits	1	5	1	-
Other financial income	-	1	-	1
Total financial income	**1**	**6**	**1**	**1**
Total financial income/(expense), net	**(5,605)**	**(5,267)**	**(2,988)**	**(2,873)**

8. INCOME TAXES:

In accordance with the Greek tax regulations, the corporate tax rate applied by companies for fiscal year 2011 was 20%. According to the tax law for the year 2012 onwards the tax rate will not change.

The provision for income taxes reflected in the accompanying consolidated and separate statements of income is analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31,		March 31,	
	2012	2011	2012	2011
Current income taxes:				
—current income tax charge	2,794	2,465	38	38
Deferred income tax charge/(benefit)	(381)	(424)	44	35
Total income tax reported in the statements of income	**2,413**	**2,041**	**82**	**73**

9. SUBSIDIARIES:

The interim condensed consolidated financial statements as at March 31, 2012 include the financial statements of FAGE Dairy Industry S.A. and its subsidiaries listed below:

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

	Equity interest			
	March 31, 2012	**March 31, 2011**	**Country of incorporation**	
Foods Hellas S.A.	-	-	Greece	Its operations were absorbed by the Company and the entity was liquidated in 2006
Voras S.A.	-	-	Greece	Its operations were absorbed by the Company and the entity was liquidated in 2005
FAGE Commercial S.A. (Xylouris)	100.0%	100.0%	Greece	Commercial
Zagas S.A.	100.0%	100.0%	Greece	Cheese producer—non operating
Agroktima Agios Ioannis S.A.	100.0%	100.0%	Greece	Agricultural and farm development-ceased operations
Iliator S.A.	97.0%	97.0%	Greece	Construction—not operating
FAGE Italia S.r.l.	100.0%	100.0%	Italy	Distribution network covering Italy
FAGE USA Holdings, Inc.	100.0%	100.0%	USA	Holding company of FAGE USA Dairy Industry, Inc., and FAGE USA, Corp.
FAGE U.K. Limited	100.0%	100.0%	United Kingdom	Distribution network covering the United Kingdom
FAGE USA, Corp.	100.0%	100.0%	USA	U.S. operating subsidiary (incorporated in July 2009) with primary activity the provision of Sales and Marketing Services to FAGE USA Dairy Industry, Inc.
FAGE USA Dairy Industry, Inc.	100.0%	100.0%	USA	U.S. operating subsidiary with primary activity the operation of the Group's U.S. yogurt production facility and the distribution of its products in the U.S.
FAGE Deutschland GmbH.	100.0%	-	Germany	Distribution network covering Germany

The carrying value of goodwill reflected in the accompanying consolidated and separate statements of financial position is analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31, 2012	**December 31, 2011**	**March 31, 2012**	**December 31, 2011**
Foods Hellas S.A. (FAGE Dairy Industry S.A.)	1,296	1,296	1,296	1,296
Voras S.A. (FAGE Dairy Industry S.A.)	2,122	2,122	2,122	2,122
FAGE Italia S.r.l.	284	284	-	-
FAGE U.K. Limited	1,132	1,130	-	-
Total	**4,834**	**4,832**	**3,418**	**3,418**

10. INVESTMENT IN ASSOCIATE ACCOUNTED FOR UNDER THE EQUITY METHOD:

Bizios S.A. (Bizios) was incorporated on November 10, 1997. During 1997, the Company purchased 45% of the voting shares for a cash consideration of €4,755.

FAGE's investment in Bizios is accounted for using the equity method. In this respect, losses of €0 and €33 have been recognized in the accompanying consolidated statements of income for the three months ended March 31, 2012 and 2011, respectively. The carrying value of the investment in Bizios as at March 31, 2012 and December 31, 2011 amounted to €0 for both periods and is included in the accompanying consolidated and separate statements of financial position.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

11. AVAILABLE FOR SALE FINANCIAL ASSETS:

Available for sale financial assets are analyzed as follows:

	THE GROUP AND THE COMPANY	
	March 31, 2012	December 31, 2011
Shares—listed:		
Vis S.A.	233	229
Elbisco Holdings S.A.	57	157
	290	**386**
Shares—unlisted:		
Packing Hellas Development S.A.	**88**	**88**

Available for sale financial assets consist of investments in ordinary and preferred shares and, therefore, have no fixed maturity date or coupon rate.

The above-mentioned investments have been classified as available for sale and are carried at their fair market value with the difference in the market values reflected in other reserves.

For the three months ended March 31, 2012 gains of €3 net of deferred income taxes were recognized and reported in equity while losses of €100 were recognized and reported in the statement of income, as it was determined that the related investments had been impaired. For the three months ended March 31, 2011, gains of €42 net of deferred income taxes were recognized and reported in equity while losses of €67 were recognized and reported in the statement of income, as it was determined that the related investments had been impaired.

12. OTHER NON-CURRENT ASSETS:

Other non-current assets are analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Utility deposits	299	301	240	242
Other	87	83	88	83
	386	**384**	**328**	**325**

13. INVENTORIES:

Inventories are analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Merchandise	1,564	1,416	351	411
Finished and semi-finished products	14,698	12,928	9,782	8,139
Raw materials and supplies	14,991	14,855	10,961	11,010
	31,253	**29,199**	**21,094**	**19,560**

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

14. TRADE AND OTHER RECEIVABLES:

Trade and other receivables are analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Trade:				
—In Euro	30,238	29,439	30,429	27,401
—In foreign currencies	24,604	20,379	1,893	3,251
	54,842	**49,818**	**32,322**	**30,652**
—Less: allowance for doubtful accounts	(2,075)	(1,993)	(1,889)	(1,811)
	52,767	**47,825**	**30,433**	**28,841**
Other:				
—Value added tax	13,857	14,276	13,749	14,178
—Prepaid taxes, other than income taxes	19	19	-	-
—Prepaid expenses	1,601	1,959	73	387
—Advances to suppliers	7,380	7,336	6,571	6,527
—Various debtors	1,029	2,100	1,047	1,400
	23,886	**25,690**	**21,440**	**22,492**
—Less: allowance for doubtful accounts	(6,482)	(6,260)	(5,403)	(5,181)
	17,404	**19,430**	**16,037**	**17,311**
	70,171	**67,255**	**46,470**	**46,152**

The Company keeps an accounts receivable agreement for financing of up to €6.0 million with ABN AMRO Bank (€10.8 million as at December 31, 2011).

Moreover, an amount of €284 is disclosed both in current assets and current liabilities as of March 31, 2012 (€418 as at December 31, 2011) representing the Company’s continuing involvement in the transferred trade receivables.

There was no write-off of accounts receivable during the three months ended March 31, 2012 and 2011, for the Group or the Company.

It is the Group's policy to attach liens against the property of most of its delinquent customers. Due to the prolonged and complex legal procedures in Greece, it is not unusual for the collection process to take three to five years before a case is finalized.

15. DUE FROM (TO) RELATED COMPANIES:

The Company purchases goods and services from and makes sales of goods to certain related companies in the ordinary course of business. Such related companies consist of affiliates or companies which have common ownership and/or management with the Company.

Account balances with related companies are as follows:

	THE GROUP		THE COMPANY	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Due from:				
- Ioannis Nikolou ULP	848	770	848	770
- Evga S.A.	1,183	1,244	1,183	1,244
	2,031	**2,014**	**2,031**	**2,014**
Due to:				
- Iofil S.A.	4,089	3,873	4,089	3,873
- Mornos S.A.	3,623	3,378	3,500	3,222
- Vis S.A.	388	1,077	388	1,077
- Agan S.A.	498	780	498	780
	8,598	**9,108**	**8,475**	**8,952**

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

Transactions with related companies for the three months ended March 31, 2012 and 2011, are analyzed as follows:

THE GROUP	**Purchases from related parties**		**Sales to related parties**	
	2012	**2011**	**2012**	**2011**
Inventories, materials and supplies	7,382	7,852	502	744
Advertising and media	607	420	-	-
Other services	1,610	2,219	-	-
	9,599	**10,491**	**502**	**744**

THE COMPANY	**Purchases from related parties**		**Sales to related parties**	
	2012	**2011**	**2012**	**2011**
Inventories, materials and supplies	6,907	7,405	502	744
Advertising and media	607	420	-	-
Other services	1,610	2,219	-	-
	9,124	**10,044**	**502**	**744**

Purchases of inventories, materials and supplies, represent approximately 14% and 17% of the Group's total purchases for the three months ended March 31, 2012 and 2011, respectively (for the Company 29% and 26%, respectively).

Advertising, media buying and other services represent approximately 29% and 27% of the Group's total respective costs for the three months ended March 31, 2012 and 2011, respectively (for the Company 62% and 49%, respectively).

THE COMPANY:

Furthermore, the balances and the transactions of FAGE Dairy Industry S.A. with its subsidiaries are as follows:

	March 31 2012	**December 31, 2011**
Due from:		
Agroktima Agios Ioannis	242	242
Iliator	50	50
Zagas	99	98
FAGE Italia S.r.l.	3,585	3,275
FAGE USA Dairy Industry, Inc.	-	1,493
FAGE U.K. Limited	1,893	1,691
	5,869	**6,849**
Due to:		
FAGE Commercial S.A. (ex Xylouris)	801	807
FAGE USA Dairy Industry, Inc.	1,870	-
FAGE Italia S.r.l.	9	-
	2,680	**807**

The above balances have been included in the "Trade and other receivables", "Trade accounts payable" and "Accrued and other current liabilities" accounts of the accompanying statements of financial position.

The Company's transactions with its subsidiaries are as follows:

	March 31,	
	2012	**2011**
Revenues from:		
Sales of inventories	7,060	5,167
Other income-Royalties from FAGE USA Dairy Industry, Inc.	4,832	3,314

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

16. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Cash in hand	243	282	203	252
Cash at banks	23,757	34,060	12,818	23,997
	24,000	**34,342**	**13,021**	**24,249**

Cash at banks earns interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and amounted to €1 and €5 for the three months ended March 31, 2012 and 2011, respectively, for the Group and to €1 and €0, respectively, for the Company, and is included in financial income in the accompanying consolidated statements of income.

Cash and cash equivalents for the Group at March 31, 2012 consists of €11,220 denominated in foreign currencies and €12,780 in Euro (€22,309 and €12,033 at December 31, 2011, respectively).

Cash and cash equivalents for the Company at March 31, 2012 consists of €699 denominated in foreign currencies and €12,322 in Euro (€ 12,574 and €11,675 at December 31, 2011, respectively).

17. INTEREST BEARING LOANS AND BORROWINGS:

Interest bearing loans and borrowings are analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
(a) Senior Notes due 2015	101,482	101,482	101,482	101,482
(b) Senior Notes due 2020	112,309	115,929	22,462	23,186
Total long-term debt	213,791	217,411	123,944	124,668
Less: Unamortized issuance costs	(12,230)	(12,854)	(3,509)	(3,665)
	201,561	**204,557**	**120,435**	**121,003**

(a) Senior Notes due 2015:

In January 2005, the Group completed the issuance of debt securities (2015 Senior Notes) at an aggregate face amount of €130 million with maturity date on January 15, 2015. The net proceeds of the 2015 Senior Notes, after issuance costs, of €125.4 million were used (i) to redeem all of the previously outstanding debt securities plus accrued and interest thereon of approximately €74.5 million, (ii) for the repayment of outstanding short-term borrowings under various lines of credit maintained by the Group with several banks of approximately €35.4 million and (iii) for the acquisition of the Group's distributor in the United Kingdom (Note 13).

The 2015 Senior Notes bear nominal interest at a rate of 7.5% per annum (effective rate 8.03% per annum), payable semi-annually on each January 15 and July 15 commencing on July 15, 2005. The 2015 Senior Notes are redeemable in whole or in part at the option of the Group at any time on or after January 15, 2010. The 2015 Senior Notes are listed on the Irish Stock Exchange.

The indebtedness evidenced by the 2015 Senior Notes constitutes a general unsecured senior obligation of FAGE Dairy Industry S.A. and ranks ***pari passu*** in right of payment with all other senior indebtedness and will rank senior in right of payment to all subordinated indebtedness of FAGE Dairy Industry S.A.

The 2015 Senior Notes Indenture contains certain covenants that, among other things, limit the type and amount of additional indebtedness that may be incurred by FAGE Dairy Industry S.A. and its subsidiaries and imposes certain limitations on investments, loans and advances, sales or transfers of assets, liens, dividends and other payments, the ability of FAGE Dairy Industry S.A. and its subsidiaries to enter into sale-leaseback transactions, certain transactions with affiliates and certain mergers. The Group is in compliance with the terms of the Indenture as of December 31, 2011 and December 31, 2010.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

During 2008, the Group repurchased in privately negotiated transactions 2015 Senior Notes with an aggregate face amount of € 4,046 for € 2,052. The repurchased 2015 Senior Notes have been canceled. The difference of € 1,994 was disclosed as gain from repurchase of Senior Notes, in the 2008 consolidated statement of income. During 2009, the Group repurchased in privately negotiated transactions 2015 Senior Notes with an aggregate face amount of €4,471 for €2,270. The repurchased 2015 Senior Notes have been canceled. The difference of € 2,201 was disclosed as gain from repurchase of Senior Notes, in the 2009 consolidated statement of income. Moreover, during the year ended December 31, 2010 the Group redeemed €20,000 of the 2015 Senior Notes paying a premium for early repayment of €750 which is included in financial expenses.

(b) Senior Notes due 2020:

In January 2010, the Group completed the issuance of debt securities (2020 Senior Notes) at an aggregate face amount of $150 million with maturity date on February 1, 2020. The net proceeds of the 2020 Senior Notes, after issuance costs, of approximately €95.3 million were used (i) to redeem €20.0 million of the 2015 Senior Notes and €46.0 million of other long-term debt, and (ii) the balance for capital expenditures and other general corporate purposes.

The 2020 Senior Notes bear nominal interest at a rate of 9.875% per annum (effective rate 11.74% per annum), payable semi-annually on each February 1 and August 1 commencing on August 1, 2010. The 2020 Senior Notes are redeemable in whole or in part at the option of the Group at any time on or after February 1, 2015.

The indebtedness evidenced by the 2020 Senior Notes constitutes a general unsecured senior obligation of FAGE Dairy Industry S.A. and ranks ***pari passu*** in right of payment with all other senior indebtedness and will rank senior in right of payment to all subordinated indebtedness of FAGE Dairy Industry S.A.

Finance expenses on the Group's interest bearing loans and borrowings for the three months ended March 31, 2012 and 2011, amounted to €5,032 (€2,617 for the Company) and €4,840 (€2,555, for the Company), respectively, and are included in financial expenses in the accompanying consolidated statements of income.

The annual principal payments required to be made on all loans subsequent to March 31, 2012 and December 31, 2011, are as follows:

	THE GROUP		THE COMPANY	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Within one year	-	-	-	-
2-5 years	101,482	101,482	101,482	101,482
Over 5 years	112,309	115,929	22,462	23,186
	213,791	**217,411**	**123,944**	**124,668**

18. TRADE ACCOUNTS PAYABLE:

Trade accounts payable are analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Domestic suppliers	17,406	23,186	17,386	23,165
Foreign suppliers	21,390	22,312	4,330	6,891
	38,796	**45,498**	**21,716**	**30,056**

Included in trade accounts payable to foreign suppliers for the group are balances denominated in foreign currencies amounting to €15,074 and €13,276 as of March 31, 2012 and December 31, 2011, respectively.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

19. SHORT-TERM BORROWINGS:

Short-term borrowings are draw-downs under various lines of credit maintained by the Group and the Company with several banks. The use of these facilities for the Group and the Company is presented below:

	THE GROUP		THE COMPANY	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Credit lines available	49,436	50,643	12,000	12,000
Unused credit lines	(22,228)	(26,008)	(140)	(117)
Short-term borrowings	**27,208**	**24,635**	**11,860**	**11,883**

The weighted average interest rates on short-term borrowings for the three months ended March 31, 2012 and 2011, was 6.77% and 5.79%, respectively.

Interest on short-term borrowings for the three months ended March 31, 2012 and 2011, totaled €585 and €405, respectively, for the Group (€360 and €262, respectively, for the Company) and is included in interest expense in the accompanying consolidated statements of income.

Furthermore, the Company had an account receivable agreement for financing of up to €6.0 million with ABN AMRO Bank.

20. ACCRUED AND OTHER CURRENT LIABILITIES:

The amount reflected in the accompanying consolidated and separate balance sheets is analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Payroll	192	311	192	311
Third parties	6	17	6	17
Milk producers	40	-	40	-
Other	308	348	308	348
	546	**676**	**546**	**676**
Advances from customers	**277**	**799**	**2,948**	**1,606**
Accrued interest	3,502	8,334	2,023	4,518
Social security funds payable	811	1,455	639	1,309
Accrued and other liabilities	5,423	5,611	2,659	1,498
	9,736	**15,400**	**5,321**	**7,325**
Total	**10,559**	**16,875**	**8,815**	**9,607**

21. SEGMENT INFORMATION:

The Group applied IFRS 8 “Operating Segments” which is effective for annual periods beginning on or after January 1, 2009 and which replaced IAS 14 “Segment reporting”. There was no change resulting from this adoption. The Group produces dairy products and operates primarily in Greece and also has certain foreign activities. Due to the nature of the products and the manner in which they are marketed to customers, the business is operated and managed as one business segment distinguished between the European operations and the US operations. No operating results by individual or group of products are produced and neither are the Group's assets and liabilities analyzed by various product groups. Intra-segment balances and transactions have been eliminated on consolidation.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

Segment information for the three months ended March 31, 2012 and 2011, is analyzed as follows:

	Three months ended March 31, 2012			
	European operations	**U.S. operations**	**Eliminations**	**Consolidated**
Revenues				
Net sales to external customers	43,940	55,248		99,188
Inter-segment sales	7,060	-	(7,060)	-
Segment revenues	51,000	55,248	(7,060)	99,188
Results				
Segment result net profit/(loss)	(961)	4,827	-	3,866
Other segment information:				
Capital expenditures:				
Tangible and intangible fixed assets	1,241	3,660	-	4,901
Depreciation and amortization	2,798	2,049	-	4,847
Impairment losses recognized in statement of income	100	-	-	100
Financial expenses	3,008	2,598	-	5,606
Gain on derivatives	76	-	-	76
Income tax (benefit)/expense	177	2,236	-	2,413

	Three months ended March 31, 2011			
	European operations	**U.S. operations**	**Eliminations**	**Consolidated**
Revenues				
Net sales to external customers	50,572	37,271	-	87,843
Inter-segment sales	4,887	-	(4,887)	-
Segment revenues	55,459	37,271	(4,887)	87,843
Results				
Segment result net profit/(loss)	(2,054)	4,780	-	2,726
Other segment information:				
Capital expenditures:				
Tangible and intangible fixed assets	639	7,892	-	8,531
Depreciation and amortization	2,922	1,158	-	4,080
Impairment losses recognized in statement of income	67	-	-	67
Financial expenses	2,884	2,389	-	5,273
Income tax (benefit)/expense	279	1,762	-	2,041

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

The following table presents segment assets and liabilities of the Group as at March 31, 2012 and December 31, 2011.

March 31, 2012	**European operations**	**U.S. operations**	**Eliminations**	**Consolidated**
Segment assets	223,808	194,632	(8,531)	409,909
Segment liabilities	191,891	143,606	(8,531)	326,966
December 31, 2011	**European operations**	**U.S. operations**	**Eliminations**	**Consolidated**
Segment assets	234,391	194,583	(7,639)	421,335
Segment liabilities	201,537	147,097	(7,639)	340,995

Segment information is determined based on the location of the Group's assets. Transactions between segments are performed on an arm's-length basis.

22. CONTINGENCIES AND COMMITMENTS:

(a) Litigation and claims:

(i) In September 2006, the Greek Competition Authority initiated an investigation into price fixing in the Greek dairy market. FAGE was one of the 17 Greek domestic and foreign companies that have been identified in the investigation. In December 2007, the Greek Competition Authority announced the imposition of fines on certain dairy companies and supermarkets in Greece, including FAGE. The fine imposed on FAGE amounted to € 9,400. The Group understands that the total fines announced by the Competition Authority against all of the identified companies amount to approximately € 76,500. The Company challenged the amount of the fine in the courts in Greece and a provision of €9,400 was recognized and included in the financial statements as at December 31, 2007. During 2009 there was an irrevocable decision in favor of the Company and the fine was reduced by €3,353. Accordingly, a benefit of €3,353 was recognized and included in the 2009 statements of income. Moreover, this amount has been set-off with other tax liabilities. The Company has also challenged at the Supreme Administrative Court the legality of the imposition of the fine itself. The case has not yet been heard.
In addition, following the imposition of this fine, the Company and several other dairy companies have had to defend against lawsuits brought by milk producers claiming damages and loss of income. There are currently two of these lawsuits pending against the Company, which the Company believes that are entirely without merit. Similar lawsuits against other dairy companies already have been dismissed.

(ii) In July 2007, there was a press report suggesting that a preliminary investigation by a State prosecutor had led to sufficient evidence being gathered to charge Greece's four largest dairy companies (including FAGE) with price fixing. According to the report, the State prosecutor is expected to request that the related dairy companies be charged with serial extortion, a criminal offence. During his investigation, the State prosecutor questioned a number of milk producers who alleged that the four companies threatened to stop buying milk from them if they did not lower their prices. The State prosecutor alleged that there was evidence to suggest that the dairy firms colluded and acted as a cartel to force down the price at which they purchased milk. However, FAGE believes that its policy concerning the prices paid to milk producers was on an arm's length basis consistent with proper market practices and that the allegations were unfounded. To date, no charges have been brought against the Company.

(iii) Until 1999, FAGE had for many years purchased UHT extended shelf life milk from a supplier, which in turn purchased the milk from a Belgian producer. As part of the financing arrangements, the Company issued a letter of guarantee to the Belgian company through a bank in Greece and, under the terms of the guarantee, FAGE agreed to pay to the bank any amounts required to be paid by it under the letter of guarantee. Following the discovery of dioxin-contaminated cattle feed in Belgium, the European Commission in June 1999 prohibited the export and distribution of affected products, including milk, and, in turn, the Greek Ministry of Agriculture prohibited the importation and distribution of such animal products originating from Belgium. As a result, FAGE withdrew all of the Belgian company's products from the Greek market, informed the Belgian company that it would not accept further shipments and returned certain shipments of milk to Belgium. In 2000, the Belgian company sought to enforce the letter of guarantee against the bank, which brought third party proceedings against FAGE. A decision was issued by the Court of First Instance in Athens which determined that the bank was required to pay the Belgian company the amount of €1.4 million, including an immediate payment of €0.3 million, and that FAGE was required to pay to the bank whatever amounts it was required to pay to the Belgian company. FAGE has filed an appeal contesting the above decisions, which was heard by the Appeals Court in Greece in September 2010. The Appeals Court of Greece issued the final decision No 5313/2010, according to which FAGE was required to pay the amount of €1.4 million. This amount was paid on February 9, 2011. FAGE has filed an appeal contesting the above decision before the Supreme Court of Greece, which will now be heard in May 2012 after being postponed in April 2012.

(iv) Between 1998 and 2006, FAGE filed applications with the United States Patent and Trademark Office to register the FAGE TOTAL word mark and label designs for Greek strained yogurt and tzatziki. In 2000 and 2008, General Mills, Inc. ("General Mills") filed oppositions to these applications on the grounds that the mark FAGE TOTAL for yogurt and tzatziki is likely to cause confusion with General Mills' trademark TOTAL for wheat flakes and ready-to-eat breakfast cereal. On September 14, 2011, the Trademark Trial and Appeal Board (the "TTAB") held that there is a likelihood of confusion between General Mills' TOTAL mark for cereal and the FAGE TOTAL mark for yogurt, but also found that there was no evidence of confusion during thirteen (13) years of simultaneous use in the marketplace. However, the TTAB held that no likelihood of confusion existed between General Mills' TOTAL mark for cereal and the FAGE TOTAL mark for tzatziki and dismissed General Mills' opposition to FAGE's application to register its FAGE TOTAL mark for tzatziki. On September 16, 2011, General Mills and General Mills IP Holdings II, LLC (collectively the "General Mills Claimants") commenced a lawsuit against FAGE, FAGE USA Holdings, Inc. and FAGE USA Dairy Industry, Inc. in the United States District Court for the District of Minnesota (the "Minnesota Litigation") claiming that FAGE's and FAGE USA Dairy Industry, Inc.'s use of FAGE TOTAL for yogurt infringes General Mills' TOTAL mark for cereal and constitutes unfair competition under the Lanham Act (15 U.S.C.§ 1051, et seq.), Minnesota statutes and common law, and seeking an injunction prohibiting FAGE's and FAGE USA Dairy Industry, Inc.'s use of the FAGE TOTAL mark for yogurt and other dairy products, as well as damages, disgorgement of profits, treble damages and attorney's fees. On September 30, 2011, FAGE and FAGE USA Dairy Industry, Inc. commenced a lawsuit against the General Mills Claimants in the United States District court for the Northern District of New York (the "New York Litigation"), seeking: (a) an appeal of the TTAB decision refusing to register the FAGE TOTAL mark for yogurt pursuant to 15 U.S.C. § 1071(b); and (b) a declaration that FAGE's and FAGE USA Dairy Industry, Inc.'s use of FAGE TOTAL for yogurt and other dairy products does not infringe General Mills' TOTAL mark for wheat flake cereal. In January 2012, the General Mills Claimants filed a cancellation action with the TTAB seeking cancellation of FAGE's incontestable registration for FAGE TOTAL and design for Feta cheese. On May 11, 2012, Judge Susan R. Nelson of the District of Minnesota issued orders (1) denying, without prejudice, FAGE's motion to dismiss it from the Minnesota Litigation for lack of jurisdiction, (2) denying FAGE USA Holdings, Inc.'s motion to dismiss it from the Minnesota Litigation for lack of jurisdiction, and (3) denying the General Mills Claimants' motion to enjoin FAGE and FAGE USA Dairy Industry, Inc. from further prosecution of the New York Litigation. Accordingly, the Minnesota Litigation and the New York Litigation will proceed concurrently.

The Company believes it has meritorious defenses to the claims asserted in the case pending in the U.S. District Court for the District of Minnesota and intends to defend itself vigorously. There are no claims for monetary damages asserted against the Company in any of the other pending actions described above. In connection with the foregoing, management of the Company does not believe that the ultimate outcome of the pending actions described above is reasonably likely to have a material adverse effect on the Company's consolidated financial condition or results of operations.

(v) In addition, the Company is a party to various lawsuits and arbitration proceedings in the normal course of business. The Company's management does not expect any of these other actions to have a material adverse effect on the Company's consolidated financial position or results of operations.

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

(b) Commitments:

(i) Service Agreements:

The Group has entered into agreements with Iofil, Evga and Palace, related companies, for the provision of corporate management and consulting services. These agreements expire in 2012.

Future minimum amounts payable under these agreements for the Group as at March 31, 2012 and December 31, 2011 are as follows:

	THE GROUP AND THE COMPANY	
	March 31, 2012	December 31, 2011
Within 1 year	6,465	8,620
2-5 years	-	-
	6,465	**8,620**

(ii) Operating Lease Commitments:

As of March 31, 2012 and December 31, 2011, the Group has entered into a number of operating lease agreements relating to the rental of buildings and transportation equipment most of which expire on various dates through 2020.

Rental expense included in the accompanying consolidated statements of income for the three months ended March 31, 2012 and 2011, amounted to €419 and €416, respectively.

Future minimum rentals payable under non-cancelable operating leases as at March 31, 2012 and December 31, 2011 are as follows:

	THE GROUP		THE COMPANY	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Within one year	439	505	348	411
2-5 years	851	876	662	662
Over 5 years	535	534	457	457
Total	**1,825**	**1,915**	**1,467**	**1,530**

(iii) Letters of Guarantee:

At March 31, 2012 and December 31, 2011, the Company had outstanding bank letters of guarantee in favor of various parties amounting to €420 and €1,725, respectively. Such guarantees have been provided for the good execution of agreements and for the participation in biddings.

(iv) Investment in U.S.A:

To meet increasing demand in the U.S. market the Group is engaged in expanding production and warehouse capacity. The Group has signed agreements with various suppliers for the acquisition of equipment and for additional warehouse space. Future minimum amounts payable under these agreements as at March 31, 2012 amounted to €3,227 which are all due within one year, of which an amount of €2,415 is denominated in US$.