FAGE DAIRY INDUSTRY S.A.

QUARTERLY REPORT
For the Nine and Three Months
Ended September 30, 2012

November 14, 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"), and its consolidated subsidiaries (FAGE Luxembourg S.à r.l., FAGE U.K. Limited, FAGE USA Holdings, Inc., FAGE USA, Corp., FAGE USA Dairy Industry, Inc., FAGE Italia S.r.l., FAGE Deutschland GmbH, FAGE Commercial S.A. (Xylouris), Zagas S.A., Agroktima Agios Ioannis S.A. and Iliator S.A.), collectively the "Group", for the nine and three months ended September 30, 2012. The Quarterly Report includes a review, in English, of the Company's unaudited financial information and analysis for the third 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 Group's and the Company's 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.

This report is organised as follows:

Section A: Summary analysis of Senior Notes issued by the Company and other related information.

Section B: Recent Developments.

Section C: Auditor's report on review of interim condensed financial information.

Section D: Unaudited interim condensed consolidated financial statements as of and for the nine and three months ended September 30, 2012.

SECTION A

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 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 Luxembourg S.à r.l., FAGE U.K. Limited, FAGE USA Holdings, Inc., FAGE USA, Corp., FAGE USA Dairy Industry, Inc., FAGE Italia S.r.l., FAGE Deutschland GmbH, 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 U.S. 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.

On October 1, 2012, the Group completed an internal restructuring designed to enhance the efficiency of the Group's corporate structure and to better reflect the increasingly international nature of the Group's business. As a result of the restructuring, FAGE International S.A., a Luxembourg corporation which was incorporated on September 25, 2012 and is beneficially owned and controlled by Messrs. Ioannis and Kyriakos Filippou, is the parent company for all of our subsidiaries. Our operations in Greece are conducted through our Greek subsidiary, FAGE Dairy Industry S.A. (our former parent company). Our operations outside of Greece currently are conducted through our newly formed Luxembourg subsidiary, FAGE Luxembourg S.à r.l.

In connection with the restructuring, on October 1, 2012, FAGE International S.A., our new parent company, became the primary obligor on the 2015 Senior Notes and one of the two primary obligors (together with FAGE USA Dairy Industry, Inc.) on the 2020 Senior Notes. FAGE Dairy Industry S.A., our principal Greek subsidiary, and FAGE Luxembourg S.à r.l., our principal subsidiary for our non-Greek operations, have entered into new guarantees by which they have fully and unconditionally guaranteed the obligations under each series of Senior Notes.

As a consequence of the restructuring, FAGE International S.A. succeeded to the primary obligation on €101.5 million of the 2015 Senior Notes and €23.3 million (US$30.0 million) of the 2020 Senior Notes (Note 17). On October 30, 2012, FAGE Dairy Industry S.A. capitalized its liabilities to FAGE International S.A. by transferring to share capital the amount of €0.9 million and to share premium (above par value) the amount of €123.9 million.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements. The following cautionary statements identify important factors that could cause our actual results to differ materially from those projected in the forward-looking statements made in this Quarterly Report. Any statements that are not statements of historical fact, including statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance, are forward-looking in nature. These forward-looking statements include statements regarding: our financial position; our expectations concerning future operations, strategy, margins, profitability, liquidity and capital resources; other plans and objectives for future operations; and all other statements that are not historical facts. 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”, “future”, “objective”, “probable”, “target”, “goal”, “potential”, “outlook” and similar expressions. These statements involve estimates, assumptions and uncertainties, which could cause actual results to differ materially from those expressed. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these statements are based on reasonable assumptions, they are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. It is also possible that any or all of the events described in forward-looking statements may not occur.

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 and political conditions in Greece, across Europe and in the United States;
- factors affecting our ability to compete in a competitive market;
- consumer demand for our products and loyalty to our brands;
- prices of raw materials that we use in our products;
- currency exchange rates and their effects on our financial condition, business and results of operations;
- the impact of present or future government regulations affecting our operations in the countries where we operate;
- uncertainties associated with our ability to implement our business strategy, including our expansion in the United States; and
- any event that could have a material adverse effect on our brands or reputation, such as product contamination or protracted quality control difficulties.

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 us or on our 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 we undertake 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 us to predict which factors they will be. In addition, we cannot assess the impact of each factor on our 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.

In addition, this Quarterly Report contains certain information concerning the Greek, EU and U.S. markets for dairy products that is forward-looking in nature and is based on a variety of assumptions regarding the ways and trends in which these markets will develop in the future. In certain cases, these assumptions have been derived from independent market research referred to in this Quarterly Report. Some market information is also based on our good faith estimates or derived from our review of internal surveys and statistics and our own knowledge of market conditions. If any of the assumptions regarding the dairy markets in which we operate are incorrect, actual market results could be different from those predicted. Although we do not know what impact any such differences may have on our business, our future results of operations and financial condition could be materially and adversely affected. Any statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Investors are urged to review carefully and consider the various disclosures made in this Quarterly Report relating to factors affecting our business.

Industry Data

This Quarterly Report contains information concerning the U.S. market for yogurt, the Greek dairy market and the dairy markets of certain other countries in which we conduct business. 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 Mintel Group Limited for the U.S. market and AC Nielsen Retail Measurement Services, a division of The Nielsen

Company ("Nielsen"), for the Greek market. 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 dairy industry and our competitive position in the dairy 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 have been verified by independent sources, which may have estimates or opinions regarding industry-related information which differ from ours.

RESPONSIBILITY STATEMENT IN RESPECT OF THE NINE AND THREE MONTHS ENDED SEPTEMBER 30, 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 nine and three months ended September 30, 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 nine and three months ended September 30, 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 nine and three months ended September 30, 2012, and their impact on the Group financial information for the nine and three months ended September 30, 2012;

- the interim management report includes a fair review of related party transactions that have occurred for the nine and three months ended September 30, 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 nine months of the current financial year.

ENFORCEABILITY OF CIVIL LIABILITIES

FAGE International S.A. is a public company limited by shares (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office located at 5 rue du Kiem, L-1857 Luxembourg , Grand Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 171645 and FAGE Luxembourg S.à r.l. is a private limited liability company (*société a responsabilité limitée)* incorporated under the laws of the Grand Duchy of Luxembourg having its registered office located at 5 rue du Kiem, L-1857 Luxembourg , Grand Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 171651 and FAGE Dairy Industry S.A. is organized under the laws of Greece. Certain of the executive officers and directors of the Issuers and the Guarantors and certain experts named herein presently reside outside of the United States, principally in Greece. In addition, a significant portion of our assets are located in Greece. As a result, it will be necessary for investors to comply with Luxembourg or Greek law in order to obtain an enforceable judgment against any such foreign resident persons or assets of such entities, 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 FAGE Greece 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.

Although there is no treaty between Luxembourg and the United States regarding the reciprocal enforcement of judgments, a valid, final and conclusive judgment against FAGE International or FAGE Luxembourg obtained from a state or federal court of the United States, which judgment remains in full force and effect, may be enforced through a court of competent jurisdiction in Luxembourg, subject to compliance with the following enforcement procedures of Article 678 *et seq.* of the Luxembourg New Code of Civil Procedure:

- the foreign court must properly have had jurisdiction to hear and determine the matter, both according to its own laws and to the Luxembourg international private law conflict of jurisdiction rules;

- the foreign court must have applied the law which is designated by the Luxembourg conflict of laws rules or, at least, the order must not contravene the principles underlying those rules (although some first instance decisions rendered in Luxembourg – which have not been confirmed by the Luxembourg Court of Appeal – no longer apply this condition);

- the decision of the foreign court must be enforceable in the jurisdiction in which it was rendered;

- the foreign court has acted in accordance with its own procedural laws;

- the judgment was obtained in compliance with the rights of the defendant (*i.e.*, following proceedings where the defendant had the opportunity to appear, was granted the necessary time to prepare its case and, if it appeared, could present a defense);

- the decision of the foreign court must not have been obtained by fraud; and

- the decisions and the considerations of the foreign court must not be contrary to Luxembourg international public policy rules or have been given in proceedings of a tax, penal or criminal nature (which would include awards of damages made under civil liabilities provisions of the U.S. federal securities laws, or other laws, to the extent that the same would be classified by Luxembourg courts as being of a penal or punitive nature (for example, fines or punitive damages)) or rendered subsequent to an evasion of Luxembourg law (*fraude à la loi*). Ordinarily an award of monetary damages would not be considered as a penalty, but if the monetary damages include punitive damages such punitive damages may be considered as a penalty.

If an original action is brought in Luxembourg, without prejudice to specific conflict of law rules, Luxembourg courts may refuse to apply the designated law (i) if the choice of such foreign law was not made bona fide or (ii) if the foreign law was not pleaded and proved or (iii) if pleaded and proved, such foreign law was contrary to mandatory Luxembourg laws or incompatible with Luxembourg public policy rules. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

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

General

In the nine months ended September 30, 2012, the Group increased its sales, both in volume and value, and improved its profitability mainly due to the increasing sales of our FAGE® Total® strained yogurt in the United States and other international markets.

The Group's sales and EBITDA for the twelve months ended September 30, 2012 amounted to €419.1 million and €66.8 million, respectively. For the twelve months ended September 30, 2012, 29.6% of the Group's EBITDA is attributed to the European operations and 70.4% is attributed to the U.S. operations. The Group's sales and EBITDA for the twelve months ended September 30, 2011 amounted to €375.3 million and €52.2 million, respectively. For the twelve months ended September 30, 2011, 20.5% of the Group's EBITDA is attributed to the European operations and 79.5% is attributed to the U.S. operations.

Results of Operations for the Group

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

	Nine months ended September 30,		Three months ended September 30,	
	2012	2011	2012	2011
Sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	(57.3)	(59.6)	(55.7)	(63.4)
Gross profit	42.7	40.4	44.3	36.6
Selling, general and administrative expenses	(30.1)	(32.4)	(31.4)	(29.2)
Other income	0.1	0.2	0.1	0.2
Other expenses	(0.1)	(0.1)	(0.1)	-
Profit from operations	12.6	8.1	12.9	7.6
Financial income/(expenses), net	(5.1)	(5.1)	(4.7)	(4.6)
Impairment loss	(0.1)	-	(0.1)	-
Loss on derivatives	(0.1)	-	(0.1)	(0.1)
Foreign exchange (losses)/gains, net	-	0.1	0.6	(0.4)
Profit before income taxes	7.3	3.1	8.6	2.5
Income taxes	17.1	(1.7)	52.5	(1.7)
Net profit	24.4%	1.4%	61.1%	0.8%

Nine months ended September 30, 2012 compared to nine months ended September 30, 2011

Sales. The Group's sales in value for the nine months ended September 30, 2012 amounted to €324.0 million, whereas the respective amount for the nine months ended September 30, 2011 was €290.1 million, an increase of € 33.9 million or 11.7%. This increase reflects increases in the Group's sales in value by 43.6% in the U.S. market, 23.8% in the U.K. market and 37.0% in the Italian market and a decrease of 22.0% in the Greek market.

The Group's sales in volume for the nine months ended September 30, 2012 as compared to the respective period of 2011 increased by 0.8%. This increase reflects increases in the Group's sales in volume by 39.9% in the U.S. market, 11.1% in the U.K. market and 30.6% in the Italian market and a decrease of 25.8% in the Greek market.

The expansion of our existing product range, the change of our overall product mix towards new higher-value products, increasing household penetration and broader distribution are the main reasons for the sustained growth of the Group's sales in value in the United States and other markets outside of Geece, which was 38.5% on average for the nine months ended September 30, 2012 as compared to the respective period of 2011. The Group's sales outside of Greece accounted for 69.1% of the Group's total sales in value for the nine months ended September 30, 2012, compared to 55.7% for the nine months ended September 30, 2011.

The main reasons for the decrease in the Group's sales in the Greek market were:

- first, the sustained economic crisis in Greece, which not only reduced consumption but also led consumers to resort to either cheaper products produced by small local producers or private label products; and
- second, the fact that since 2011 certain retailers in the Greek 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 less creditworthy clients. Although these factors have had a negative impact on sales volume, they have reduced 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.

Gross profit. Gross profit for the nine months ended September 30, 2012 was €138.4 million, an increase of €21.2 million, or 18.1%, from €117.2 million for the respective period of 2011. Gross profit as a percentage of sales for the nine months ended September 30, 2012 was 42.7%, compared to 40.4% for the respective period of 2011. The main reasons for this improvement were:

- first, the prices for milk collected in the U.S. market and used for the U.S. yogurt facility decreased by 11.0% comparing the nine months ended September 30, 2012 and 2011; and
- second, the prices for milk imported from the European market decreased by 1.5%.

This improvement was offset by the fact that the prices for milk (as a raw material) collected in the Greek market increased by 6.9% comparing the nine months ended September 30, 2012 and 2011.

Selling, general and administrative expenses. Selling, general and administrative expenses ("SG & A") for the nine months ended September 30, 2012 were €97.4 million, an increase of €3.3 million, or 3.5%, from €94.1 million for the nine months ended September 30, 2011. As a percentage of sales, SG & A was 30.1% for the nine months ended September 30, 2012 down from 32.4% for the comparable period of 2011.

The main reasons for this decrease are:

- first, advertising costs decreased from 9.5% of sales in the nine months of 2011 to 7.6% of sales for the respective period of 2012 (See Note 6); and
- second, shipping and handling costs decreased from 9.2% of sales in the nine months of 2011 to 8.5% of sales for the respective period of 2012 (See Note 6).

Profit from operations. Profit from operations for the nine months ended September 30, 2012 was €40.8 million, an increase of €17.2 million, as compared to profit from operations of €23.6 million for the nine months ended September 30, 2011. Profit from operations as a percentage of sales for the nine months ended September 30, 2012 was 12.6% compared to 8.1% for the respective period of 2011. The improvement in the profit from operations by 4.5 percentage points (from 8.1% to 12.6% comparing the nine months ended September 30, 2011 and 2012) was mainly due to:

- first, the improvement in the gross profit by 2.3 percentage points (from 40.4% to 42.7% comparing the nine months ended September 30, 2011 and 2012); and
- second, the decrease in SG & A by 2.3 percentage points (from 32.4% to 30.1% comparing the nine months ended September 30, 2011 and 2012)

Financial income/(expenses) net. Net financial expenses for the nine months ended September 30, 2012 increased by €1.9 million, from €14.8 million for the nine months ended September 30, 2011 to €16.7 million for the nine months ended September 30, 2012. Approximately half of this increase was due to the exchange rate between euro and U.S.$. The interest expense on the U.S.$ denominated Senior Notes due in 2020 was translated at an exchange rate of 1.2890 €/$ for the nine months ended September 30, 2012 whereas the exchange rate for the nine months ended September 30, 2011 was 1.4183 €/$. The other half of the increase in financial expenses for the nine months ended September 30, 2012 as compared to the respective period of 2011, was due to the higher than usual capital expenditures of $35.0 million for the nine months ended September 30, 2011, which led to a decrease in capitalized interest expenses from $1.1 million the nine months ended September 30, 2011 to $0.3 million for the nine months ended September 30, 2012. Financial income/ (expenses) net as a percentage of sales was 5.1% both for the nine months ended September 30, 2012 and the respective period of 2011.

Impairment loss. Impairment loss for the nine months ended September 30, 2012 was €0.2 million. This loss relates to the impairment recognized on the available for sale financial assets. Impairment loss for the nine months ended September 30, 2011 was €0.03 million.

Loss on derivatives. The Company entered into a forward contract agreement in September 2011 in order to avoid sharp fluctuations in the U.K.£/€ rate. This contract for the nine months ended September 30, 2012 resulted in a loss of €0.5 million, of which €0.6 million was a realized loss while the remaining balance of €0.1 million was an unrealized gain. For the respective period of 2011 the loss on derivatives was €0.1 million.

Foreign exchange losses (gains), net. Net foreign exchange gains for the nine months ended September 30, 2012 were €0.02 million mainly relating to cash at bank in U.S.$ and receivables in U.S.$ and U.K. sterling. For the nine months ended September 30, 2011, there were net foreign exchange gains of €0.3 million.

Profit before income taxes. Profit before income taxes for the nine months ended September 30, 2012 was €23.5 million, compared to profit before income taxes of €8.9 million for the nine months ended September 30, 2011. This improvement was mainly due to the improvement in the profit from operations.

Income taxes. For the nine months ended September 30, 2012 income tax benefit was €55.6 million. This is mainly due to the recognition of a deferred tax asset of €62.3 million (see Note 8). Income tax expense for the nine months ended September 30, 2011 amounted to €5.0 million.

Net profit. Net profit for the nine months ended September 30, 2012 was €79.1 million. This is mainly due to the recognition of a deferred tax asset of €62.3 million (see Note 8) and the improvement in profit before income taxes by €14.6 million. The net profit for the nine months ended September 30, 2011, amounted to €3.9 million.

Three months ended September 30, 2012 compared to three months ended September 30, 2011

Sales. The Group's sales in value for the three months ended September 30, 2012 amounted to €115.8 million, whereas the respective amount for the three months ended September 30, 2011 was €102.4 million, an increase of € 13.4 million or 13.1%. This increase reflects increases in the Group's sales in value of 42.7% in the U.S. market, 29.0% in the Italian market and 15.6% in the U.K. market and a decrease of 19.9% in the Greek market.

The Group's sales in volume for the three months ended September 30, 2012 as compared to the respective period of 2011 decreased by 3.3%. This decrease reflects increases in the Group's sales in volume by 29.9% in the U.S. market, 1.7% in the U.K. market and 19.3% in the Italian market and a decrease of 27.4% in the Greek market.

The expansion of our existing product range, the change of our overall product mix towards new higher-value products, increasing household penetration and broader distribution are the main reasons for the sustained growth of the Group's sales in value in the United States and other markets outside of Greece, which was 37.1% on average for the three months ended September 30, 2012 as compared to the respective period of 2011. The Group's sales outside of Greece accounted for 70.3% of the total Group's sales in value for the three months ended September 30, 2012, compared to 58.0% for the three months ended September 30, 2011.

The main reasons for the decrease in the Group's sales in the Greek market were:

- first, the sustained economic crisis in Greece, which not only reduced consumption but also led consumers to resort to either cheaper products produced by small local producers or private label products; and
- second, the fact that since 2011 certain retailers in the Greek 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 less creditworthy clients. Although these factors have had a negative impact on sales volume, they have reduced 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.

Gross profit. Gross profit for the three months ended September 30, 2012 was €51.3 million, an increase of €13.8 million, or 36.8%, from €37.5 million for the respective period of 2011. Gross profit as a percentage of sales for the three months ended September 30, 2012 was 44.3%, compared to 36.6% for the respective period of 2011. This improvement is mainly due to:

- first, the prices for milk collected in the U.S. market and used for the U.S. yogurt facility decreased by 20.6% comparing the nine months ended September 30, 2012 and 2011; and
- second, there were no price increases for milk (as a raw material) collected in the Greek market comparing the three months ended September 30, 2012 and 2011.

This improvement was offset by the fact that the prices for milk imported from European countries other than Greece increased by 13.5%.

Selling, general and administrative expenses. SG & A for the three months ended September 30, 2012 were €36.4 million, an increase of €6.5 million, or 21.7%, from €29.9 million for the three months ended September 30, 2011. As a percentage of sales, SG & A was 31.4% for the three months ended September 30, 2012 up from 29.2% for the comparable period of 2011. The main reason for this increase was the fact that advertising costs increased from 7.1% of sales in the three months of 2011 to 10.0% of sales for the respective period of 2012. This increase was offset by the fact that shipping and handling costs decreased from 9.4% of sales in the three months ended September 30, 2011 to 8.1% of sales for the respective period of 2012.

Profit from operations. Profit from operations for the three months ended September 30, 2012 was €15.0 million, an increase of €7.2 million, as compared to profit from operations of €7.8 million for the three months ended September 30, 2011. Profit from operations as a percentage of sales for the three months ended September 30, 2012 was 12.9% compared to 7.6% for the respective period of 2011. The improvement in profit from operations by 5.3 percentage points (from 7.6% to 12.9% comparing the three months ended September 30, 2011 and 2012) was mainly due to the improvement in the gross profit by 7.7 percentage points (from 36.6% to 44.3% comparing the three months ended September 30, 2011 and 2012). This improvement was offset by the increase in SG & A by 2.2 percentage points (from 29.2% to 31.4% comparing the three months ended September 30, 2011 and 2012).

Financial income/(expenses) net. Net financial expenses for the three months ended September 30, 2012 increased by €0.8 million, from €4.7 million for the three months ended September 30, 2011 to €5.5 million for the three months ended September 30, 2012. Financial income/ (expenses) net as a percentage of sales was 4.7% for the three months ended September 30, 2012 and 4.6% for the respective period of 2011.

Impairment loss. Impairment loss for the three months ended September 30, 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 September 30, 2011 was €0.003 million.

Loss on derivatives. The Company entered into a forward contract agreement in September 2011 in order to avoid sharp fluctuations in the U.K.£/€ rate. This contract for the three months ended September 30, 2012 resulted in a loss of €0.2 million, of which €0.3 million was a realized loss while the remaining balance of €0.1 million was an unrealized gain. For the respective period of 2011 the loss on derivatives was €0.1 million.

Foreign exchange losses (gains), net. Net foreign exchange gains for the three months ended September 30, 2012 were €0.7 million mainly relating to cash at bank in U.S.$ and receivables in U.S.$ and U.K. sterling. For the three months ended September 30, 2011, there were net foreign exchange losses of €0.4 million.

Profit before income taxes. Profit before income taxes for the three months ended September 30, 2012 was €10.0 million, compared to profit before income taxes of €2.5 million for the three months ended September 30, 2011. This improvement was mainly due to the improvement in the profit from operations.

Income taxes. For the three months ended September 30, 2012 income tax benefit was €60.8 million. This is mainly due to the recognition of a deferred tax asset of €62.3 million (see Note 8). Income tax expense for the three months ended September 30, 2011 amounted to €1.8 million.

Net profit. Net profit for the three months ended September 30, 2012 was €70.8 million. This is mainly due to the recognition of a deferred tax asset of €62.3 million (see Note 8). The net profit for the nine months ended September 30, 2011, amounted to €0.8 million.

The Company's results for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011 (FAGE DAIRY INDUSTRY S.A. only).

	Nine months ended September 30,	
	2012	**2011**
	(€ thousands)	
Sales	131,846	155,166
Cost of sales	(92,159)	(110,071)
Gross profit	**39,687**	**45,095**
Selling, general and administrative expenses	(47,043)	(57,934)
Other income	16,614	11,849
Other expenses	(587)	(92)
PROFIT/(LOSS) FROM OPERATIONS	**8,671**	**(1,082)**
Financial expenses	(8,771)	(8,703)
Financial income	5	136
Impairment loss	(188)	(25)
Loss on derivatives	(508)	(75)
Foreign exchange gains/(losses), net	21	394
LOSS BEFORE INCOME TAXES	**(770)**	**(9,355)**
Provision for income taxes	1,193	29
NET PROFIT/(LOSS)	**423**	**(9,326)**

Liquidity and Capital Resources

Sources of capital. The Group funds its operating costs and its capital expenditures through:

- first, cash generated from its operations; and
- second, various lines of credit maintained at several banks. The available credit lines for the Group as of September 30, 2012 amounted to €50.7 million out of which €28.8 million were utilized as of September 30, 2012. As of December 31, 2011, the Company had an accounts receivable agreement for financing of up to €10.8 million with RBS (ABN AMRO BANK). In April 2012, the Company repaid the ABN facility in full.

Cash flow data.

	Nine months ended September 30,	
(€ thousands)	**2012**	**2011**
Operating profit before working capital changes	57,592	39,079
Working capital changes	(22,321)	3,202
Income taxes paid	(6,687)	(2,127)
Other items	(1,149)	(1,055)
Net cash from operating activities	27,435	39,099
Net cash used in investing activities	(8,771)	(35,037)
Net cash used in financing activities	(16,088)	(6,826)
Net decrease in cash and cash equivalents	2,576	(2,764)
Effect of exchange rates changes on cash	44	407
Cash and cash equivalents at beginning of period	34,342	40,683
Cash and cash equivalents at period-end	**36,962**	**38,326**

The operating profit before working capital changes for the nine months ended September 30, 2012, amounted to €57.6 million, an increase of €18.5 million from the respective amount for the nine months ended September 30, 2011, which amounted to €39.1 million. This increase is mainly due to the increase in profit before income taxes from €8.9 million in the nine months of 2011 to €23.5 million in the respective period of 2012, an increase of €14.6 million.

The cash generated from the operations of the Group in the nine months of 2012 of €57.6 million was sufficient to support:

- first, the growth of the operations of the Group;
- second, the capex and investment program of the Group; and
- third, the financing activities.

In the first nine months of 2012, €22.3 million of the operating profit of €57.6 million, or 38.7%, was used for working capital needs, including:

- first, the volume growth in the nine months of 2012 by 0.8% led to an increase in inventories from €29.2 million on December 31, 2011 to €31.8 million on September 30, 2012, an increase of €2.6 million. Although the Group used €2.6 million for the increase in the inventories due to volume growth, the inventories as a percentage of sales decreased from 10.9% to 9.8% comparing the nine months ended September 30, 2011 and 2012, respectively.

	Nine months ended September 30,		
(€ thousands)	**2012**	**2011**	**%**
Sales in value	324,035	290,071	11.7
Inventories	31,752	31,598	0.5
Percentage of sales	9.8%	10.9%	

- second, trade and other receivables increased from €67.3 million on December 31, 2011 to €84.0 million on September 30, 2012 (page 16 and note 14), an increase of €16.7 million, as follows:

(€ thousands)	**September 30, 2012**	**December 31, 2011**	**Difference**
Trade receivables	69,366	49,818	19,548
Less: allowance for doubtful accounts	(2,400)	(1,993)	(407)
Trade receivables, net	**66,966**	**47,825**	**19,141**
Other receivables, net	**17,068**	**19,430**	**(2,362)**
Trade and other receivables, net	**84,034**	**67,255**	**16,779**

Analysis of trade receivables:

(€ thousands)	**September 30, 2012**	**December 31, 2011**	**Difference**
Trade receivables in euros	40,354	29,439	10,915
Trade receivables in foreign currencies	29,012	20,379	8,633
	69,366	**49,818**	**19,548**

Trade receivables in euros: The trade receivables in euros increased from €49.8 million on December 31, 2011 to €69.4 million on September 30, 2012, an increase of €19.6 million (See Note 14). This difference comes from the fact that the Company decided starting from January 2012 and gradually until April 2012 to stop utilizing its trade receivables transfer agreement with RBS (ABN AMRO BANK). Under that line on December 31, 2011, the Company had assigned to RBS an amount of trade receivables of €10.8 million which at the date of the balance sheet (December 31, 2011) were derecognized. By ceasing utilization of this facility in April 2012, the balance of trade receivables increased as of September 30, 2012 because the transfer agreement was no longer reducing the trade receivables balance.

Trade receivables in foreign currencies: The trade receivables in foreign currencies (mainly concerning sales in the U.S. and U.K. markets) increased from €20.4 million on December 31, 2011 to €29.0 million on September 30, 2012, an increase of €8.6 million, which was due to the increase in the Group's sales in value in the U.S. and U.K. operations.

Other receivables:
The other receivables (net of any allowance for doubtful accounts) decreased from €19.4 million on December 31, 2011 to €17.1 million on September 30, 2012. Out of the €17.1 million on September 30, 2012, an amount of €13.2 million relates to value added tax claims from the Greek tax authorities (See Note 14). In July 2012, the Greek tax authorities released €8.3 million of such amount, which will be offset against the Company's tax liabilities over the next two years.

- third, the Group's trade accounts payable decreased from €45.5 million on December 31, 2011 to €39.8 million on September 30, 2012. The Group's trade accounts payable decreased comparing December 31, 2011 and September 30, 2012 for two reasons:

(a) the capex and investment activities of the Group in 2011 amounted to €43.1 million. Out of that amount, €8.0 million of capex was executed in the fourth quarter of 2011. On December 31, 2011, a significant part of that capex was still pending and it was paid within the first quarter of 2012; and

(b) since the sales in value concerning the Greek operations in the nine months of 2012 decreased by 22.0%, the accounts payable on September 30, 2012 fluctuate at lower levels than the respective amounts on December 31, 2011.

Cash flow used in investing activities. Net cash used in investing activities amounted to €8.8 million and €35.1 million for the nine months ended September 30, 2012 and 2011, respectively. Out of capex of €8.7 million in the nine months of 2012, an amount of €3.2 million relates to capex maintenance for the facilities in Greece and €5.5 million relates to capex for the expansion of the U.S. facility.

Cash flow from/(used in) financing activities. Net cash used in financing activities for the nine months ended September 30, 2012 was €16.1 million. This resulted from €26.3 million of proceeds from short-term borrowings, €22.1 million repayments of short-term borrowings and €20.3 million of interest paid. Net cash used in financing activities for the nine months ended September 30, 2011 was €6.8 million, which reflects proceeds of €11.9 million from short-term borrowings and interest paid of €18.7 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

EBITDA (profit before income taxes plus financial expenses/income, net plus amortization and depreciation, see Notes 5, 7) for the nine months ended September 30, 2012 amounted to €55.4 million, as compared to €36.8 million for the nine months ended September 30, 2011.
The net debt (interest-bearing loans and borrowings plus short-term borrowings minus cash and cash equivalents) of the Group as of September 30, 2012 amounted to €197.5 million, as compared to €194.9 million as of December 31, 2011.

Principal Risks and Uncertainties for the Remaining Three 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 U.S. dollar and the U.K. 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 U.K. and the U.S.

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	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Due from:				
- Ioannis Nikolou ULP	915	770	915	770
- Evga S.A.	1,094	1,244	1,094	1,244
	2,009	**2,014**	**2,009**	**2,014**
Due to:				
- Iofil S.A.	2,778	3,873	2,778	3,873
- Mornos S.A.	3,311	3,378	3,062	3,222
- Vis S.A.	341	1,077	341	1,077
- Agan S.A.	852	780	852	780
- Palace S.A.	184	-	184	-
	7,466	**9,108**	**7,217**	**8,952**

Transactions with related companies for the nine months ended September 30, 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	23,386	26,332	1,524	2,153
Advertising and media	1,297	3,912	-	-
Other services	6,661	5,606	-	-
	31,344	**35,850**	**1,524**	**2,153**

THE COMPANY	**Purchases from related parties**		**Sales to related parties**	
	2012	**2011**	**2012**	**2011**
Inventories, materials and supplies	22,128	24,733	1,524	2,153
Advertising and media	1,297	3,912	-	-
Other services	6,661	5,606	-	-
	30,086	**34,251**	**1,524**	**2,153**

SECTION B

Recent Developments

On October 1, 2012, the Group completed an internal restructuring designed to enhance the efficiency of the Group's corporate structure and to better reflect the increasingly international nature of the Group's business. As a result of the restructuring, FAGE International S.A., a Luxembourg corporation which was incorporated on September 25, 2012 and is beneficially owned and controlled by Messrs. Ioannis and Kyriakos Filippou, is the parent company for all of our subsidiaries. Our operations in Greece are conducted through our Greek subsidiary, FAGE Dairy Industry S.A. (our former parent company). Our operations outside of Greece currently are conducted through our newly formed Luxembourg subsidiary, FAGE Luxembourg S.à r.l.

In connection with the restructuring, on October 1, 2012, FAGE International S.A., our new parent company, became the primary obligor on the 2015 Senior Notes and one of the two primary obligors (together with FAGE USA Dairy Industry, Inc.) on the 2020 Senior Notes. FAGE Dairy Industry S.A., our principal Greek subsidiary, and FAGE Luxembourg S.à r.l., our principal subsidiary for our non-Greek operations, have entered into new guarantees by which they have fully and unconditionally guaranteed the obligations under each series of Senior Notes.

As a consequence of the restructuring, FAGE International S.A. succeeded to the primary obligation on €101.5 million of the 2015 Senior Notes and €23.3 million (US$30.0 million) of the 2020 Senior Notes (Note 17). On October 30, 2012, FAGE Dairy Industry S.A. capitalized its liabilities to FAGE International S.A. by transferring to share capital the amount of €0.9 million and to share premium (above par value) the amount of €123.9 million.

Unaudited Pro Forma Consolidated Financial Information

The following tables present the summary unaudited pro forma consolidated statement of income data of FAGE International S.A. and subsidiaries for the nine months ended September 30, 2012 and the summary unaudited pro forma consolidated statement of financial position data of FAGE International S.A. and subsidiaries as of September 30, 2012. The summary unaudited pro forma consolidated financial information is presented solely for purposes of illustrating the impact of the restructuring on our financial statements as if it had occurred on January 1, 2012 for income statement purposes and September 30, 2012 for statement of financial position purposes.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012
(All amounts in thousands of Euro)

	FAGE Greece and its subsidiaries (pre-restructuring)	Pro Forma Adjustments	FAGE International and its subsidiaries (post-restructuring)
Income Statement Data:			
Sales	324,035	-	324,035
Cost of sales	(185,665)	-	(185,665)
Gross profit	**138,370**	**-**	**138,370**
Selling, general and administrative expenses............	(97,377)	(25)(1)	(97,402)
Other income	461	-	461
Other expenses	(610)	-	(610)
Profit from operations............	**40,844**	**(25)(1)**	**40,819**
Financial income/(expenses), net	(16,671)	-	(16,671)
Impairment loss	(188)	-	(188)
Gain/(loss) on derivatives..........	(508)	-	(508)
Foreign exchange gains/(losses), net	21	-	21
Share of losses of associate accounted for under the equity method...........................	-	-	-
Profit before income taxes	**23,498**	**(25)(1)**	**23,473**
Income tax (expense)/benefit.....	55,582	(4)(2)	55,578
Net profit	**79,080**	**(29)**	**79,051**

(1): Represents the operating expenses of FAGE International S.A. for the nine months ended September 30, 2012, as if the new structure occurred on January 1, 2012.

(2): Represents the tax liability for the nine months ended September 30,2012, of the newly established parent Company, FAGE International S.A., and the newly incorporated Luxembourg subsidiary (described in Note 9), FAGE Luxembourg S.à r.l., which is acting as a subholding company of the subsidiaries that conduct our operations outside of Greece.

FAGE International S.A.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT SEPTEMBER 30, 2012
(All amounts in thousands of Euro)

	FAGE Greece and its subsidiaries (pre-restructuring)	Pro Forma Adjustments	FAGE International and its subsidiaries (post-restructuring)
ASSETS			
Non-Current Assets			
Property, plant and equipment	248,086	-	248,086
Intangible assets	2,528	-	2,528
Goodwill	4,885	-	4,885
Investments in subsidiaries			
Investments in associate accounted for under the equity method	-	-	-
Available for sale financial assets	88	-	88
Other non-current assets	628	-	628
Deferred income taxes	85,173	-	85,173
Total non-current assets	**341,388**	**-**	**341,388**
Current Assets:			
Inventories	31,752	-	31,752
Trade and other receivables	84,034	-	84,034
Due from related companies	2,009	-	2,009
Prepaid income taxes	2,371	-	2,371
Available for sale financial assets	197	-	197
Current asset from continuing involvement in transferred trade receivables	-	-	-
Cash and cash equivalents	36,962	-	36,962
Total	**157,325**	**-**	**157,325**
Assets classified as held for sale	676	-	676
Total current assets	**158,001**	**-**	**158,001**
TOTAL ASSETS	**499,389**	**-**	**499,389**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent Company			
Share capital	39,094	(39,055)	39(3)
Share premium	-	40,000	40,000(3)
Land revaluation surplus	33,883	-	33,883
Reversal of fixed assets statutory revaluation surplus	(33,236)	-	(33,236)
Difference between previous share capital, current share capital and share premium	-	(945)(3)	(945) (3)
Accumulated profit/(losses)	83,207	(29)	83,178
Legal, tax free and special reserves	35,516	-	35,516
Other components of equity	1,171	-	1,171
	159,635	**(29)**	**159,606**
Minority interests	**1**	**-**	**1**
Total Equity	**159,636**	**(29)**	**159,607**
Non-Current Liabilities			
Interest-bearing loans and borrowings	205,660	-	205,660
Provision for severance pay on retirement	2,967	-	2,967
Deferred income taxes	36,168	-	36,168
Other non-current liabilities	38	-	38
Total non-current liabilities	**244,833**	**-**	**244,833**
Current Liabilities:			
Trade accounts payable	39,836	-	39,836
Due to related companies	7,466	-	7,466
Short-term borrowings	28,841	-	28,841
Income taxes payable	1,210	4	1,214
Current liability from continuing involvement in transferred trade receivables	-	-	-
Accrued and other current liabilities	17,567	25	17,592
Total current liabilities	**94,920**	**29**	**94,949**
Total liabilities	**339,753**	**29**	**339,782**
TOTAL EQUITY AND LIABILITIES	**499,389**	**-**	**499,389**

(3): Pursuant to the restructuring and given the fact that the consolidated financial statements of FAGE International S.A. are a continuation of the existing group, there is no effect on the Group's consolidated equity except for the additional share capital paid in the Group and certain reclassifications within equity to reflect the new legal structure. The share capital of FAGE International S.A. is €39,000. The shares of FAGE Dairy Industry S.A. that were contributed to FAGE International S.A. as share premium amounted to €40 million. The amount of €945,000 represents the difference between previous share capital and current share capital and share premium arising from the restructuring.

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SECTION C

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION
To the Shareholders of
FAGE Dairy Industry S.A.

Introduction

We have reviewed the accompanying interim condensed separate and consolidated statements of financial position of FAGE Dairy Industry S.A. (the "Company") and its subsidiaries ("the Group") as at 30 September 2012, and the related interim condensed separate and consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended, as well as the selected explanatory notes (the "interim condensed financial information"). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with the Basis of Preparation as described in Note 2 of the accompanying interim condensed separate and consolidated statements. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with the Basis of Preparation as described in Note 2 in the accompanying interim condensed separate and consolidated financial statements.

Athens, November 14, 2012
THE CERTIFIED AUDITOR ACCOUNTANT

CHRISTODOULOS SEFERIS
S.O.E.L. R.N. 23431
ERNST & YOUNG (HELLAS) CERTIFIED AUDITORS ACCOUNTANTS S.A.
11TH KLM NATIONAL ROAD ATHENS – LAMIA, METAMORFOSI
COMPANY S.O.E.L. R.N. 107

SECTION D

FAGE DAIRY INDUSTRY S.A.

INTERIM CONDENSED FINANCIAL STATEMENTS

INDEX

FAGE DAIRY INDUSTRY S.A.
THE GROUP
CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE AND THREE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

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

		THE GROUP			
		Nine months ended September 30,		**Three months ended September 30,**	
	Notes	**2012**	**2011**	**2012**	**2011**
Sales		324,035	290,071	115,833	102,364
Cost of sales		(185,665)	(172,874)	(64,551)	(64,852)
Gross profit		**138,370**	**117,197**	**51,282**	**37,512**
Selling, general and administrative expenses	6	(97,377)	(94,064)	(36,395)	(29,863)
Other income		461	537	182	159
Other expenses		(610)	(108)	(106)	(18)
PROFIT FROM OPERATIONS		**40,844**	**23,562**	**14,963**	**7,790**
Financial expenses	7	(16,677)	(14,948)	(5,501)	(4,765)
Financial income	7	6	148	1	55
Impairment loss	11	(188)	(25)	(77)	(3)
Loss on derivatives	23	(508)	(75)	(156)	(75)
Foreign exchange gains/(losses), net		21	349	741	(429)
Share of losses of associate accounted for under the equity method	10	-	(99)	-	(31)
PROFIT BEFORE INCOME TAXES		**23,498**	**8,912**	**9,971**	**2,542**
Income tax benefit/(expense)	8	55,582	(4,984)	60,819	(1,774)
NET PROFIT		**79,080**	**3,928**	**70,790**	**768**
Attributable to:					
Equity holders of the parent		79,080	3,928	70,790	768
		79,080	**3,928**	**70,790**	**768**
Earnings per share					
Basic and diluted		5.95	0.30	5.32	0.06
Weighted average number of shares, basic and diluted		**13,297,300**	**13,297,300**	**13,297,300**	**13,297,300**

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

FAGE DAIRY INDUSTRY S.A.

THE COMPANY
SEPARATE STATEMENTS OF INCOME
FOR THE NINE AND THREE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

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

		THE COMPANY			
		Nine months ended September 30,		Three months ended September 30,	
	Notes	2012	2011	2012	2011
Sales		131,846	155,166	45,878	52,823
Cost of sales		(92,159)	(110,071)	(32,448)	(38,984)
Gross profit		**39,687**	**45,095**	**13,430**	**13,839**
Selling, general and administrative expenses	6	(47,043)	(57,934)	(14,625)	(20,075)
Other income		16,614	11,849	5,912	4,213
Other expenses		(587)	(92)	(99)	(15)
PROFIT/(LOSS) FROM OPERATIONS		**8,671**	**(1,082)**	**4,618**	**(2,038)**
Financial expenses	7	(8,771)	(8,703)	(2,881)	(2,954)
Financial income	7	5	136	-	52
Impairment loss	11	(188)	(25)	(77)	(3)
Loss on derivatives	23	(508)	(75)	(156)	(75)
Foreign exchange gains/(losses), net		21	394	730	(436)
PROFIT/(LOSS) BEFORE INCOME TAXES		**(770)**	**(9,355)**	**2,234**	**(5,454)**
Income tax benefit	8	1,193	29	1,028	145
NET PROFIT/(LOSS)		**423**	**(9,326)**	**3,262**	**(5,309)**

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 NINE AND THREE MONTHS ENDED SEPTEMBER 30, 2012 (All amounts in thousands of Euro)

		For the nine months ended September 30,			
		THE GROUP		THE COMPANY	
	Notes	2012	2011	2012	2011
Net profit/(loss) for the period		**79,080**	**3,928**	**423**	**(9,326)**
Exchange gains/(losses) on translation of foreign operations		216	460	-	-
Net unrealized gains/(losses) on available for sale financial assets		-	31	-	31
Income tax		-	(6)	-	(6)
	11	-	25		25
Other comprehensive income/(loss) for the period, net of tax		**216**	**485**	**-**	**25**
Total comprehensive income/(loss) for the period, net of tax		**79,296**	**4,413**	**423**	**(9,301)**
Attributable to:					
Equity holders of the parent		79,296	4,413		
		79,296	**4,413**		

		For the three months ended September 30,			
		THE GROUP		THE COMPANY	
	Notes	2012	2011	2012	2011
Net profit/(loss) for the period		**70,790**	**768**	**3,262**	**(5,309)**
Exchange gains/(losses) on translation of foreign operations		(1,472)	2,395	-	-
Net unrealized gains/(losses) on available for sale financial assets		(85)	31	(85)	31
Income tax		17	(6)	17	(6)
		(68)	25	(68)	25
Other comprehensive income/(loss) for the period, net of tax		**(1,540)**	**2,420**	**(68)**	**25**
Total comprehensive income/(loss) for the period, net of tax		**69,250**	**3,188**	**3,194**	**(5,284)**
Attributable to:					
Equity holders of the parent		69,250	3,188		
		69,250	**3,188**		

The accompanying notes are an integral part of these financial statements

FAGE DAIRY INDUSTRY S.A.
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AT SEPTEMBER 30, 2012
(All amounts in thousands of Euro)

		THE GROUP		THE COMPANY	
	Notes	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
ASSETS					
Non-Current Assets					
Property, plant and equipment		248,086	253,556	117,931	122,186
Intangible assets		2,528	3,270	736	2,026
Goodwill	9	4,885	4,832	3,418	3,418
Investments in subsidiaries			-	13,480	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	628	384	288	325
Deferred income taxes		85,173	21,449	-	-
Total non-current assets		**341,388**	**283,579**	**136,769**	**141,479**
Current Assets:					
Inventories	13	31,752	29,199	20,972	19,560
Trade and other receivables	14	84,034	67,255	54,160	46,152
Due from related companies	15	2,009	2,014	2,009	2,014
Prepaid income taxes		2,371	3,466	120	172
Available for sale financial assets	11	197	386	197	386
Current asset from continuing involvement in transferred trade receivables	14	-	418	-	418
Cash and cash equivalents	16	36,962	34,342	9,038	24,249
Total		**157,325**	**137,080**	**86,496**	**92,951**
Assets classified as held for sale	3	676	676	526	526
Total current assets		**158,001**	**137,756**	**87,022**	**93,477**
TOTAL ASSETS		**499,389**	**421,335**	**223,791**	**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)		83,207	4,127	(33,481)	(33,904)
Legal, tax free and special reserves		35,516	35,516	35,516	35,516
Other components of equity		1,171	955	-	-
		159,635	**80,339**	**41,776**	**41,353**
Minority interests		**1**	**1**	**-**	**-**
Total Equity		**159,636**	**80,340**	**41,776**	**41,353**
Non-Current Liabilities					
Interest-bearing loans and borrowings	17	205,660	204,557	121,488	121,003
Provision for severance pay on retirement		2,967	2,855	2,967	2,855
Deferred income taxes		36,168	36,640	7,368	8,675
Other non-current liabilities		38	36	-	-
Total non-current liabilities		**244,833**	**244,088**	**131,823**	**132,533**
Current Liabilities:					
Trade accounts payable	18	39,836	45,498	23,461	30,056
Due to related companies	15	7,466	9,108	7,217	8,952
Short-term borrowings	19	28,841	24,635	11,826	11,883
Income taxes payable		1,210	373	114	154
Current liability from continuing involvement in transferred trade receivables	14	-	418	-	418
Accrued and other current liabilities	20	17,567	16,875	7,574	9,607
Total current liabilities		**94,920**	**96,907**	**50,192**	**61,070**
Total liabilities		**339,753**	**340,995**	**182,015**	**193,603**
TOTAL EQUITY AND LIABILITIES		**499,389**	**421,335**	**223,791**	**234,956**

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

FAGE DAIRY INDUSTRY S.A.
THE GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012
(All amounts in thousands of Euro)

	Share capital	Land revaluation surplus.	Reversal of Fixed Assets Statutory Revaluation Surplus.	Legal, tax free and special reserves	Retained earnings/ (losses)	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	-	-	-	-	79,080	-	79,080	-	79,080
Other comprehensive income	-	-	-	-	-	216	216	-	216
Total comprehensive income	**-**	**-**	**-**	**-**	**79,080**	**216**	**79,296**	**-**	**79,296**
Balance, September 30, 2012	**39,094**	**33,883**	**(33,236)**	**35,516**	**83,207**	**1,171**	**159,635**	**1**	**159,636**

THE GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011
(All amounts in thousands of Euro)

	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	-	-	-	-	3,928	-	-	3,928	-	3,928
Other comprehensive income/(loss)	-	-	-	-	-	25	460	485	-	485
Total comprehensive income	**-**	**-**	**-**	**-**	**3,928**	**25**	**460**	**4,413**	**-**	**4,413**
Balance, September 30, 2011	**39,094**	**35,924**	**(33,236)**	**35,516**	**4,423**	**25**	**(855)**	**80,891**	**1**	**80,892**

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 NINE MONTHS ENDED SEPTEMBER 30, 2012
(All amounts in thousands of Euro)

	Share capital	Land revaluation surplus.	Reversal of Fixed Assets Statutory Revaluation Surplus.	Legal, tax free and special reserves	Retained earnings/ (losses)	Total equity
Balance, December 31, 2011	**39,094**	**33,883**	**(33,236)**	**35,516**	**(33,904)**	**41,353**
Profit for the period	-	-	-	-	423	423
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**423**	**423**
Balance, September 30, 2012	**39,094**	**33,883**	**(33,236)**	**35,516**	**(33,481)**	**41,776**

THE COMPANY
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011
(All amounts in thousands of Euro)

	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	-	-	-	-	(9,326)	-	(9,326)
Other comprehensive income	-	-	-	-	-	25	25
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**(9,326)**	**25**	**(9,301)**
Balance, September 30, 2011	**39,094**	**35,924**	**(33,236)**	**35,516**	**(29,421)**	**25**	**47,902**

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 NINE MONTHS ENDED SEPTEMBER 30, 2012
(All amounts in thousands of Euro)

		THE GROUP		THE COMPANY	
		September 30,		September 30,	
	Notes	2012	2011	2012	2011
Operating activities					
Profit/(loss) before income taxes		23,498	8,912	(770)	(9,355)
Adjustments to reconcile to net cash provided by operating activities:					
Depreciation and amortization	5	15,213	13,079	8,281	8,104
Provision for severance pay on retirement		990	1,147	990	1,147
Provision for doubtful accounts receivable	14	1,074	953	1,054	938
Financial income	7	(6)	(148)	(5)	(136)
Financial expenses	7	16,677	14,948	8,771	8,703
Valuation of derivatives	23	(53)	75	(53)	75
(Gain)/loss on disposal of property, plant and equipment		11	(11)	3	(10)
Impairment loss on available for sale financial assets	11	188	25	188	25
Losses on equity investees accounted for under the equity method	10	-	99	-	-
Operating profit before working capital changes		**57,592**	**39,079**	**18,459**	**9,491**
(Increase)/Decrease in:					
Restricted cash		-	(664)	-	300
Inventories	13	(2,553)	(6,955)	(1,412)	(3,222)
Trade and other receivables	14	(17,853)	(6,277)	(9,062)	(6,672)
Due from related companies	15	5	65	5	65
Increase/(Decrease) in:					
Trade accounts payable	18	(5,662)	9,357	(6,595)	1,388
Due to related companies	15	(1,642)	2,681	(1,735)	2,828
Accrued and other current liabilities	20	5,384	4,995	468	(1,652)
Working capital changes		**(22,321)**	**3,202**	**(18,331)**	**(6,965)**
Income taxes paid		(6,687)	(2,127)	(102)	(173)
Payment of staff indemnities		(878)	(1,073)	(878)	(1,073)
(Increase)/decrease in other non-current assets	12	(273)	18	8	18
Increase/(decrease) in other non-current liabilities		2	-	-	-
Net Cash from/(used in) Operating Activities		**27,435**	**39,099**	**(844)**	**1,298**
Investing Activities:					
Capital expenditure for property, plant and equipment		(8,706)	(35,053)	(3,186)	(3,081)
Additions to intangible assets		(225)	(225)	(225)	(225)
Proceeds from disposal of property, plant and equipment		154	93	139	33
Interest and other related income received	7	6	148	5	136
Increase in subsidiaries' share capital		-	-	(310)	(1,000)
Net Cash used in Investing Activities		**(8,771)**	**(35,037)**	**(3,577)**	**(4,137)**
Financing Activities:					
Proceeds from short and long-term borrowings		26,295	11,870	-	11,870
Repayments of short and long-term borrowings		(22,098)	-	(57)	-
Interest paid		(20,285)	(18,696)	(10,749)	(10,674)
Net Cash from/(used in) Financing Activities		**(16,088)**	**(6,826)**	**(10,806)**	**1,196**
Net increase/(decrease) in cash and cash equivalents		**2,576**	**(2,764)**	**(15,227)**	**(1,643)**
Effect of exchange rates changes on cash		**44**	**407**	**16**	**(236)**
Cash and cash equivalents at beginning of period	16	**34,342**	**40,683**	**24,249**	**24,283**
Cash and cash equivalents at September 30	16	**36,962**	**38,326**	**9,038**	**22,404**

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 U.S., the U.K. 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 September 30, 2012 and 2011,was approximately 1,016 and 1,046, respectively (for the Company 743 and 848, respectively).

2. BASIS OF PRESENTATION:

(a) Basis of Preparation of Financial Statements: The accompanying interim condensed consolidated and separate financial statements have been prepared by management 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. The interim condensed consolidated and separate financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union, with the exception of the application of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as discussed further below.

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. The Interim Condensed Consolidated and Separate Financial Statements do not include all the information and disclosure required in the Annual Consolidated and Separate Financial Statements and should be read in conjunction with the Group's Annual Consolidated Financial Statements and with the Company's annual Separate Financial Statements as of December 31, 2011 which were prepared under IFRS as adopted by the European Union. The interim condensed consolidated and separate financial statements are presented in thousands of Euro, except when otherwise indicated.

These interim condensed financial statements are prepared on the basis of the requirements of the 2015 and 2020 Senior Notes indentures, as well as on the basis of the fact that, since October 1, 2012 and after the restructuring, the successor parent of the Group and primary obligor on the 2015 and 2020 Senior Notes became FAGE International S.A. Under this basis, Group management elected not to apply IFRS 5, which would be applicable under the circumstances, as it believes that the current presentation will provide more relevant and reliable information to the users of these financial statements.

(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 and the Company:

- **IFRS 7 - Disclosures - Transfers of financial assets (Amendment)**

The following Standards and interpretations, in addition to those that have been disclosed in the financial statements for the year ended December 31, 2011, were issued but have not yet become effective within the period ended September 30, 2012 and which the Group and the Company have not early adopted. The Group and the Company are in the process of estimating the impact of these standards and interpretations on the financial statements of the Group and the Company.

The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after January 1, 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the project on the financial position or performance of the Group.

- **IAS 1 Financial Statement Presentation:** Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous. period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. In addition, the opening statement of financial position (known as the third balance sheet) must be presented in the following circumstances: when an entity changes its accounting policies; makes retrospective restatements; or makes reclassifications, and that change has a material effect on the statement of financial position. The opening statement would be at the beginning of the preceding period. However, unlike the voluntary comparative information, the related notes are not required to accompany the third balance sheet.

- **IAS 16 Property, Plant and Equipment:** Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

- **IAS 32 Financial Instruments: Presentation***:* Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

- **IAS 34 Interim Financial Reporting:** Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous. annual financial statements for that reportable segment.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The guidance is effective for annual periods beginning on or after January 1, 2013. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application in IFRS 10 is defined as "the beginning of the annual reporting period in which IFRS 10 is applied for the first time". The assessment of whether control exists is made at "the date of initial application" rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons, the IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the guidance on the financial position or performance of the Group.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The amendments are effective for annual periods beginning on or after January 1, 2014 with early adoption permitted. The amendments apply to a particular class of business that qualify as investment entities. The IASB uses the term "investment entity'' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organizations, venture capital organizations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities. This guidance has not yet been endorsed by the EU.

(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. The estimates used are consistent with those used as of December 31, 2011. Current period significant estimates applied relate to the below:

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

Recognition of a deferred tax asset relating to the increase of the tax basis of the intellectual property of the Group: Deferred tax assets are recognized for all deductible temporary differences and the carry-forward unused tax losses and credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and tax losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. In this respect, in the current period, management of the Group has recognized a deferred tax asset of € 62.3 million, relating to the increase of the tax basis of its intellectual property, as explained further in Note 9. Group management, assessing the tax regime and its applicability in the related case, has concluded that the special provisions of the related tax regime are fully applicable in the case of the Group subsidiary FAGE Luxembourg S.à r.l., and that the related amount is fully recoverable on the basis of the future profits of the related subsidiary and that no changes are expected in the tax deductibility profile of the components comprising the tax basis of its intellectual property, allowing it to reliably measure the resulting deferred tax asset.

.3. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS:

Assets held for sale as at each of September 30, 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 September 30, 2012 and December 31, 2011 as held for sale, are carried at the lower of carrying amount and fair value less costs to sell.

4. PAYROLL COST:

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

	THE GROUP		THE COMPANY	
	Nine months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Wages and salaries	25,526	23,809	15,024	16,105
Social security costs	4,783	4,853	3,825	4,132
Provision for severance pay on retirement	990	1,147	990	1,147
Other staff costs	2,013	1,766	335	605
Total payroll	**33,312**	**31,575**	**20,174**	**21,989**
Less: amounts charged to cost of production	(17,154)	(15,342)	(9,662)	(10,311)
amounts capitalized to tangible and intangible assets	(848)	(411)	(848)	(411)
Payroll expensed (Note 6)	**15,310**	**15,822**	**9,664**	**11,267**

Amounts paid to directors and executive officers included in payroll are described in Note 6.

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	
	Nine months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Depreciation on property, plant and equipment	14,106	12,153	7,299	7,293
Amortization of intangible assets	1,107	926	982	811
Total depreciation and amortization	**15,213**	**13,079**	**8,281**	**8,104**
Less: amounts charged to cost of production	(10,753)	(9,995)	(5,952)	(5,923)
Depreciation and amortization expensed (Note 6)	**4,460**	**3,084**	**2,329**	**2,181**

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

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	
	Nine months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Shipping and handling costs	27,515	26,804	13,543	17,884
Advertising costs	24,691	27,488	5,475	10,929
Third party fees	18,652	13,756	11,163	10,431
Payroll (Note 4)	15,310	15,822	9,664	11,267
Depreciation and amortization (Note 5)	4,460	3,084	2,329	2,181
Repairs and maintenance	1,189	1,057	1,103	956
Travelling and entertainment	1,212	1,202	744	886
Allowance for doubtful accounts (Note 14)	1,074	953	1,054	938
Other	3,274	3,898	1,968	2,462
Total	**97,377**	**94,064**	**47,043**	**57,934**

Compensation paid to directors and executive officers for the nine months ended September 30, 2012 and 2011, included in payroll and third party fees, amounted to €5,827 and €4,894, respectively, for the Group and €4,040 and €3,298, respectively, for the Company. Of these amounts, €4,527 and €3,684 have been paid to the shareholders and family members (in their capacity as directors and executive officers) in the nine months ended September 30, 2012 and 2011, respectively, for the Group and €3,475 and €2,729, respectively, for the Company.

7. FINANCIAL INCOME/(EXPENSES):

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

	THE GROUP		THE COMPANY	
	Nine months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Financial expenses on loans and borrowings	(15,413)	(14,414)	(7,956)	(7,693)
Interest on short-term borrowings	(1,478)	(1,526)	(821)	(1,008)
Other	(90)	(121)	(51)	(64)
	(16,981)	(16,061)	(8,828)	(8,765)
Less: amounts capitalized in property, plant and equipment	304	1,113	57	62
Total financial expenses	**(16,677)**	**(14,948)**	**(8,771)**	**(8,703)**
Interest earned on cash at banks and on time deposits	6	145	5	134
Other financial income	-	3	-	2
Total financial income	**6**	**148**	**5**	**136**
Total financial income/(expenses), net	**(16,671)**	**(14,800)**	**(8,766)**	**(8,567)**

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

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	
	Nine months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Current income taxes:				
—current income tax expense	8,620	2,095	114	139
Deferred income tax expense/(benefit)	(64,202)	2,889	(1,307)	(168)
Income tax expense/(benefit)	**(55,582)**	**4,984**	**(1,193)**	**(29)**

As further discussed in Note 9 below, as part of the restructuring, the Group increased the tax basis of its intellectual property. The tax basis of its intellectual property has been assessed at USD$ 630.5 million or approximately €487.6 million as compared to its reporting base of €0.8 million. Management, considering the tax deductibility profile of the related asset, as well its recoverability, proceeded in recognizing a deferred tax asset of €62.3 million using the substantially enacted tax rate of 29.2% over an amount of €145.5 million and 29.2% over 20% of the remaining amount of €341.9 million.

9. SUBSIDIARIES:

The interim condensed consolidated financial statements as at September 30, 2012 include the financial statements of FAGE Dairy Industry S.A. and its subsidiaries listed below:

	Equity interest			
	September 30, 2012	December 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 Luxembourg S.à r.l.	100.0%	-	Luxembourg	Holding company of FAGE USA Holdings, Inc., FAGE Italia S.r.l., FAGE U.K. Limited and FAGE Deutschland GmbH, incorporated on September 25, 2012
FAGE Deutschland GmbH	100.0%	-	Germany	Distribution network covering Germany

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

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

	THE GROUP		THE COMPANY	
	September 30, 2012	December 31, 2011	September 30, 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	1,183	1,130	-	-
Total	**4,885**	**4,832**	**3,418**	**3,418**

On October 1, 2012, the Group completed an internal restructuring designed to enhance the efficiency of the Group's corporate structure and to better reflect the increasingly international nature of the Group's business.

As part of the restructuring, prior to September 30, 2012 FAGE Dairy Industry S.A. formed a new Luxembourg subsidiary, namely FAGE Luxembourg S.à r.l.. The latter entity became the holder of all non-Greek subsidiaries and intellectual property of the FAGE Group, after they were transferred by FAGE Dairy Industry S.A. to this entity upon its incorporation through a contribution in kind on September 25, 2012.. The contribution in kind, including the unamortized value of intangibles (development costs) of €822, is presented in the separate financial statements of FAGE Dairy Industry S.A.

Prior to September 30, 2012, FAGE International S.A. became the beneficial owner of the shares of Fage Dairy Industry S.A.

On October 1, 2012, FAGE Dairy Industry S.A. transferred the shares of FAGE Luxembourg S.à r.l. to FAGE International S.A., while the latter through a substitution agreement assumed the obligation of FAGE Dairy Industry S.A. with respect to the Senior Notes due 2015 and 2020 with an exchange of promissory notes issued by FAGE Dairy Industry S.A. of an equal nominal amount.

As a result of the restructuring, FAGE International S.A., a Luxembourg corporation which was incorporated on September 25, 2012 and is beneficially owned and controlled by Messrs. Ioannis and Kyriakos Filippou, became the parent company for all of the Group's subsidiaries. Management has concluded that, as the beneficial owners of the Group remained the same, the Group of FAGE International S.A. is a continuation of the FAGE Dairy Industry S.A. Group. Since October 1, 2012, the Group operations in Greece are conducted through the Greek subsidiary, FAGE Dairy Industry S.A. (the former parent company). The Group's operations outside of Greece currently are conducted through the newly formed Luxembourg subsidiary, FAGE Luxembourg S.à r.l.

In connection with the restructuring, FAGE International S.A., the new parent company, became the primary obligor on the 2015 Senior Notes and one of the two primary obligors (together with FAGE USA Dairy Industry, Inc.) on the 2020 Senior Notes. FAGE Dairy Industry S.A., the principal Greek subsidiary, and FAGE Luxembourg S.à. r.l., the principal subsidiary for the non-Greek operations, have entered into new guarantees by which they have fully and unconditionally guaranteed the obligations under each series of Senior Notes.

As part of the restructuring, the Group increased the tax basis of its intellectual property. The tax basis of its intellectual property has been assessed at USD $630.5 million or approximately €487.6 million as compared to its reporting base of €0.8 million. Management, considering the tax deductibility profile of the related asset, as well its recoverability, recognized a deferred tax asset of €62.3 million using the substantially enacted tax rate of 29.2% over an amount of €145.5 million and 29.2% over 20% of the remaining amount of €341.9 million.

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 €99 have been recognized in the accompanying consolidated statements of income for the nine months ended September 30, 2012 and 2011, respectively. The carrying value of the investment in Bizios as at September 30, 2012 and December 31, 2011 amounted to €0 for both periods and is included in the accompanying consolidated and separate statements of financial position. In FAGE's separate financial statements the investment in Bizios is reflected at cost less impairment and amounted to €828 as at September 30, 2012 and December 31, 2011.

(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	September 30, 2012	December 31, 2011
Shares—listed:		
Vis S.A.	**151**	**229**
Elbisco Holdings S.A.	**46**	**157**
	197	**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 except for unlisted available for sale financial assets that are measured at cost based on IAS 39.46(c).

For the nine months ended September 30, 2012, losses of €188 were recognized and reported in the statement of income, as it was determined that the related investments had been impaired. For the nine months ended September 30, 2011, losses of €25 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	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Utility deposits	319	301	239	242
Other	309	83	49	83
	628	**384**	**288**	**325**

13. INVENTORIES:

Inventories are analyzed as follows:

	THE GROUP		THE COMPANY	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Merchandise	1,865	1,416	229	411
Finished and semi-finished products	13,670	12,928	8,903	8,139
Raw materials and supplies	16,217	14,855	11,840	11,010
	31,752	**29,199**	**20,972**	**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	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Trade:				
In Euro	40,354	29,439	38,398	27,401
In foreign currencies	29,012	20,379	2,732	3,251
	69,366	**49,818**	**41,130**	**30,652**
Less: allowance for doubtful accounts	(2,400)	(1,993)	(2,242)	(1,811)
	66,966	**47,825**	**38,888**	**28,841**
Other:				
Value added tax	13,199	14,276	13,007	14,178
Prepaid taxes, other than income taxes	19	19	-	-
Prepaid expenses	1,921	1,959	120	387
Advances to suppliers	7,455	7,336	6,646	6,527
Various debtors	1,357	2,100	1,303	1,400
	23,951	**25,690**	**21,076**	**22,492**
Less: allowance for doubtful accounts	(6,883)	(6,260)	(5,804)	(5,181)
	17,068	**19,430**	**15,272**	**17,311**
	84,034	**67,255**	**54,160**	**46,152**

The Company kept an accounts receivable agreement for financing of up to €10.8 million with ABN AMRO Bank as at December 31, 2011. On April 2, 2012, the Company stopped completely the utilization of the ABN facility.

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

Write-off of accounts receivable during the nine months ended September 30, 2012 and 2011, for the Group amounted to €44 and for the Company amounted to €0. The additional provision of €1,074 for the Group and €1,054 for the Company has been recorded to the income statement for the nine months ended September 30, 2012 (€451 in trade receivables and €623 in other receivables for the Group and €431 in trade receivables and €623 in other receivables for 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	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Due from:				
- Ioannis Nikolou ULP	915	770	915	770
- Evga S.A.	1,094	1,244	1,094	1,244
	2,009	**2,014**	**2,009**	**2,014**
Due to:				
- Iofil S.A.	2,778	3,873	2,778	3,873
- Mornos S.A.	3,311	3,378	3,062	3,222
- Vis S.A.	341	1,077	341	1,077
- Agan S.A.	852	780	852	780
- Palace S.A.	184	-	184	-
	7,466	**9,108**	**7,217**	**8,952**

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

Transactions with related companies for the nine months ended September 30, 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	23,386	26,332	1,524	2,153
Advertising and media	1,297	3,912	-	-
Other services	6,661	5,606	-	-
	31,344	**35,850**	**1,524**	**2,153**

THE COMPANY	**Purchases from related parties**		**Sales to related parties**	
	2012	**2011**	**2012**	**2011**
Inventories, materials and supplies	22,128	24,733	1,524	2,153
Advertising and media	1,297	3,912	-	-
Other services	6,661	5,606	-	-
	30,086	**34,251**	**1,524**	**2,153**

Purchases of inventories, materials and supplies represent approximately 14% and 17% of the Group's total purchases for the nine months ended September 30, 2012 and 2011, respectively (for the Company 31% and 27%, respectively).

Advertising, media buying and other services represent approximately 25% and 29% of the Group's total respective costs for the nine months ended September 30, 2012 and 2011, respectively (for the Company 66% and 58%, respectively).

THE COMPANY:

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

	September 30, 2012	**December 31, 2011**
Due from:		
Agroktima Agios Ioannis	244	242
Iliator	52	50
Zagas	101	98
FAGE Italia S.r.l.	6,678	3,275
FAGE USA Dairy Industry, Inc.	11	1,493
FAGE U.K. Limited	2,568	1,691
	9,654	**6,849**
Due to:		
FAGE Commercial S.A. (ex Xylouris)	782	807
FAGE USA Dairy Industry, Inc.	-	-
FAGE Italia S.r.l.	-	-
	782	**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:

	Nine months ended September 30,	
	2012	**2011**
Revenues from:		
Sales of inventories	23,604	18,246
Other income-Royalties from FAGE USA Dairy Industry, Inc.	16,154	11,316
	39,758	**29,562**

(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	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Cash in hand	289	282	248	252
Cash at banks	36,673	34,060	8,790	23,997
	36,962	**34,342**	**9,038**	**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 €6 and €145 for the nine months ended September 30, 2012 and 2011, respectively, for the Group and to €5 and €134, respectively, for the Company, and is included in financial income in the accompanying consolidated statements of income (Note 7).

Cash and cash equivalents for the Group at September 30, 2012 consists of €27,655 denominated in foreign currencies and €9,307 in Euro (€22,309 and €12,033 at December 31, 2011, respectively).

Cash and cash equivalents for the Company at September 30, 2012 consists of €350 denominated in foreign currencies and €8,688 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	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
(a) Senior Notes due 2015	101,482	101,482	101,482	101,482
(b) Senior Notes due 2020	116,009	115,929	23,202	23,186
Total long-term debt	217,491	217,411	124,684	124,668
Less: Unamortized issuance costs	(11,831)	(12,854)	(3,196)	(3,665)
	205,660	**204,557**	**121,488**	**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.

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 September 30, 2012 and December 31, 2011.

(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. (see Note 24)

(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.

The 2020 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 was in compliance with the terms of the Indenture as of September 30, 2012 and December 31, 2011. (see Note 24)

Finance expenses on the Group's interest bearing loans and borrowings for the nine months ended September 30, 2012 and 2011, amounted to €15,413 (€7,956 for the Company) and €14,414 (€7,693 for the Company), respectively, and are included in financial expenses in the accompanying consolidated statements of income (Note 7).

The annual principal payments required to be made on all loans subsequent to September 30, 2012 and December 31, 2011 are as follows:

	THE GROUP		**THE COMPANY**	
	September 30, 2012	**December 31, 2011**	**September 30, 2012**	**December 31, 2011**
2-5 years	101,482	101,482	101,482	101,482
Over 5 years	116,009	115,929	23,202	23,186
	217,491	**217,411**	**124,684**	**124,668**

On October 1, 2012, FAGE International S.A. succeeded to the primary obligation on €101,482 of the 2015 Senior Notes and €23,297 (US$30,000) of the 2020 Senior Notes (Note 24).

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

18. TRADE ACCOUNTS PAYABLE:

Trade accounts payable are analyzed as follows:

	THE GROUP		THE COMPANY	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Domestic suppliers	18,916	23,186	19,050	23,165
Foreign suppliers	20,920	22,312	4,411	6,891
	39,836	**45,498**	**23,461**	**30,056**

Included in trade accounts payable to foreign suppliers for the Group are balances denominated in foreign currencies amounting to €13,830 and €13,276 as of September 30, 2012 and December 31, 2011, respectively.

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	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Credit lines available	50,670	50,643	12,000	12,000
Unused credit lines	(21,829)	(26,008)	(174)	(117)
Short-term borrowings	**28,841**	**24,635**	**11,826**	**11,883**

The weighted average interest rates on short-term borrowings for the nine months ended September 30, 2012 and 2011, was 6.38% and 5.90%, respectively.

Interest on short-term borrowings for the nine months ended September 30, 2012 and 2011, totalled €1,478 and €1,526, respectively, for the Group (€821 and €1,008, respectively, for the Company) and is included in interest expense in the accompanying consolidated statements of income (Note 7).

During the nine months ended September 30, 2012, the Group repaid short-term borrowings amounting to €22,099 and received proceeds amounted to €26,295. Furthermore, the Company had an accounts receivable agreement for financing of up to €6.0 million with ABN AMRO Bank which was repaid in full in April 2012.

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	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Payroll	160	311	160	311
Third parties	13	17	13	17
Milk producers	38	-	38	-
Other	189	348	189	348
	400	**676**	**400**	**676**
Advances from customers	**63**	**799**	**846**	**1,606**
Accrued interest	3,696	8,334	2,071	4,518
Social security funds payable	703	1,455	561	1,309
Accrued and other liabilities	12,705	5,611	3,696	1,498
	17,104	**15,400**	**6,328**	**7,325**
Total	**17,567**	**16,875**	**7,574**	**9,607**

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

21. SEGMENT INFORMATION:

The Group produces dairy products and operates primarily in the United States, Greece and other European countries. 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 U.S. 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.

Segment information for the nine months ended September 30, 2012 and 2011, is analyzed as follows:

	Nine months ended September 30, 2012			
	European operations	**U.S. operations**	**Eliminations**	**Consolidated**
Revenues				
Net sales to external customers	138,434	185,601	-	324,035
Inter-segment sales	24,061	-	(24,061)	-
Segment revenues	162,495	185,601	(24,061)	324,035
Results				
Segment result net profit/(loss)	63,134	16,177	(231)	79,080
Other segment information:				
Capital expenditures:				
Tangible and intangible fixed assets	3,432	5,499	-	8,931
Depreciation and amortization	8,471	6,742	-	15,213
Impairment losses recognized in statement of income	188	-	-	188
Financial expenses	8,800	7,877	-	16,677
Loss on derivatives	508	-	-	508
Income tax (benefit)/expense	(63,276)	7,694	-	(55,582)

	Nine months ended September 30, 2011			
	European operations	**U.S. operations**	**Eliminations**	**Consolidated**
Revenues				
Net sales to external customers	160,782	129,289	-	290,071
Inter-segment sales	18,246	-	(18,246)	-
Segment revenues	179,028	129,289	(18,246)	290,071
Results				
Segment result net profit/(loss)	(10,004)	13,932	-	3,928
Other segment information:				
Capital expenditures:				
Tangible and intangible fixed assets	3,351	31,927	-	35,278
Depreciation and amortization	8,280	4,799	-	13,079
Impairment losses recognized in statement of income	25	-	-	25
Financial expenses	8,752	6,196	-	14,948
Loss on derivatives	75	-		75
Income tax (benefit)/expense	312	4,672	-	4,984

(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 September 30, 2012 and December 31, 2011.

September 30, 2012	European operations	U.S. operations	Eliminations	Consolidated
Segment assets	291,225	218,797	(10,633)	499,389
Segment liabilities	195,218	155,168	(10,633)	339,753

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

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 filed an appeal contesting the above decision before the Supreme Court of Greece, which was heard in May 2012 after being postponed in April 2012. The Supreme Court of Greece issued a decision, which rejected the plea of FAGE in the Court of Cassation and ordered a retrial (de novo trial) on the Belgian company's counter-petition.

(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 June 4, 2012, the parties filed a joint motion to transfer the Minnesota litigation to New York. The Minnesota court ordered the transfer on June 4, 2012. On June 21, 2012, the New York court entered an order approving the parties' Stipulation to Consolidate the Minnesota litigation with the New York litigation under Civil Action No. 6:11-cv-11774. On July 23, 2012, General Mills applied for leave to file a Second Amended Complaint to add claims under New York State statutes and common law that are similar to claims under Minnesota State statutes and common law that it asserted in the First Amended Complaint. General Mills' application for leave to file a Second Amended Complaint was granted and the FAGE parties have denied the essential elements of General Mills' amended claims. On November 13, 2012, General Mills filed a Stipulation with the court withdrawing its claim for actual damages measured by General Mills' lost sales. General Mills continues to seek monetary remedies under a reasonable royalty theory and disgorgement of profits. General Mills withdrew its Third Claim for Relief for Federal Dilution under 15 U.S.C. § 1152(c), its Sixth Claim for Relief for Minnesota State Law Dilution and its Eighth Claim for Relief under N.Y. Gen. Bus. Law § 360-1. A trial on this matter is scheduled to begin on June 17, 2013.

The Company believes it has meritorious defenses to the claims asserted against it by General Mills now pending in the U.S. District Court for the Northern District of New York and intends to defend itself vigorously. There are no claims for monetary damages asserted against the Company in the cancellation action 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) On September 25, 2012, FAGE UK Limited and FAGE sued Chobani U.K. Limited and Chobani, Inc. of the USA for passing off in the Chancery Division of the English High Court. The claim concerns the Defendants' launch of a range of "Greek Yoghurt" products in the United Kingdom. The FAGE companies applied for an interim injunction.

On October 17, 2012, the Chobani companies served a defense and counterclaim. The latter alleges that the FAGE companies committed a trade libel by making some statements about the Chobani "Greek Yoghurt" products in a letter of September 14, 2012 to the Camden Trading Standards Office in London. On October 22, 2012, the FAGE companies served a reply and defense to the counterclaim and strenuously denied the allegations of trade libel.

The application for an interim injunction was heard on October 31, 2012 in London. On November 1, 2012, the court granted FAGE's application and ordered that the Chobani companies stop selling their "Greek Yoghurt" products by December 1, 2012 and that an expedited trial should take place on or soon after February 18, 2013.

(vi) 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 2013.

Future minimum amounts payable under these agreements for the Group as at September 30, 2012 and December 31, 2011, are as follows:

	THE GROUP AND THE COMPANY	
	September 30, 2012	December 31, 2011
Within 1 year	5,470	8,620
2-5 years	1,105	-
	6,575	8,620

(ii) Operating Lease Commitments:

As of September 30, 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 nine months ended September 30, 2012 and 2011, amounted to €987 and €1,264, respectively.

Future minimum rentals payable under non-cancelable operating leases as at September 30, 2012 and December 31, 2011, are as follows:

	THE GROUP		THE COMPANY	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Within one year	424	505	328	411
2-5 years	805	876	649	662
Over 5 years	418	534	337	457
Total	1,647	1,915	1,314	1,530

(iii) Letters of Guarantee:

At September 30, 2012 and December 31, 2011, the Company had outstanding bank letters of guarantee in favor of various parties amounting to €314 and €1,725, respectively. Such guarantees have been provided for the good execution of agreements and for the participation in biddings.

(iv) Investment in USA:

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 September 30, 2012 amounted to €3,452 which are all due within one year, of which an amount of €2,870 is denominated in U.S.$.

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

23. FINANCIAL ASSETS AND LIABILITIES:

Derivative financial instruments

The Company entered into a forward contract agreement in September 2011 in order to avoid sharp fluctuations in the U.K.£/€ rate. Management believes that derivative financial instruments minimize the Group's exposure to these risks.

Amounts reflected in the statements of comprehensive income for the nine months ended September 30, 2012 and 2011, are analyzed as follows:

	Nine months ended September 30,	
	2012	**2011**
Gains (losses) from:		
- valuation of derivatives	53	(75)
- final settlements of derivatives	(561)	-
Total	**(508)**	**(75)**

All the above derivative financial instruments are measured on Level 2 of the fair value hierarchy.

The Group does not apply hedge accounting and all changes in the fair value of derivatives are recognized as gains or losses in the accompanying statements of comprehensive income.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuing technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the nine-month periods ended September 30, 2012 and 2011, there were no transfers between any level of fair value hierarchy (available for sale assets and fixed rate borrowings are measured on level 1 of fair value hierarchy). There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

24. SUBSEQUENT EVENTS:

On October 1, 2012, the Group completed an internal restructuring designed to enhance the efficiency of the Group's corporate structure and to better reflect the increasingly international nature of the Group's business. As a result of the restructuring, FAGE International S.A., a Luxembourg corporation which was incorporated on September 25, 2012 and is beneficially owned and controlled by Messrs. Ioannis and Kyriakos Filippou, is the parent company for all of our subsidiaries. Our operations in Greece are conducted through our Greek subsidiary, FAGE Dairy Industry S.A. (our former parent company). Our operations outside of Greece currently are conducted through our newly formed Luxembourg subsidiary, FAGE Luxembourg S.à r.l.

In connection with the restructuring, on October 1, 2012, FAGE International S.A., our new parent company, became the primary obligor on the 2015 Senior Notes and one of the two primary obligors (together with FAGE USA Dairy Industry, Inc.) on the 2020 Senior Notes. FAGE Dairy Industry S.A., our principal Greek subsidiary, and FAGE Luxembourg S.à r.l., our principal subsidiary for our non-Greek operations, have entered into new guarantees by which they have fully and unconditionally guaranteed the obligations under each series of Senior Notes.

As a consequence of the restructuring, FAGE International S.A. succeeded to the primary obligation on €101.5 million of the 2015 Senior Notes and €23.3 million (US$30.0 million) of the 2020 Senior Notes (Note 17). On October 30, 2012, FAGE Dairy Industry S.A. capitalized its liabilities to FAGE International S.A. by transferring to share capital the amount of €0.9 million and to share premium (above par value) the amount of €123.9 million.