FAGE DAIRY INDUSTRY S.A.

QUARTERLY REPORT
For the three months
Ended March 31, 2011

May 13, 2011

This report (the "Quarterly Report") sets forth certain information regarding the consolidated financial condition and results of operations of FAGE Dairy Industry S.A., a Greek société anonyme (the "Company" or "FAGE"), for the fiscal quarter ended March 31, 2011. The Quarterly Report encloses a review, in English, of the Company's unaudited financial information and analysis for the first quarter as well as certain other information.

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

For a description of accounting policies see Notes to financial statements in FAGE's 2010 annual report.

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

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

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

The Company is a private limited company incorporated under the laws of the Hellenic Republic on December 30, 1977. Its principal place of business is located at, and the address of each of its directors and executive officers is, 35 Hermou Street, 144 52 Metamorfossi, Athens, Greece, and its telephone number is (30-210) 2892555. The Company's Greek tax identification number is 094061540. The Company's website www.fage.gr .The reference to this website is an inactive textual reference only and none of the information contained on this website is incorporated into this Quarterly Report. References to the Group include, unless the context requires otherwise, the Company and its consolidated subsidiaries (FAGE U.K. Limited, FAGE USA Holdings, Inc., FAGE USA, Corp., FAGE USA Dairy Industry, Inc., FAGE Italia S.r.l, FAGE Commercial S.A. (Xylouris), Zagas S.A., Agroktima Agios Ioannis S.A. and Iliator S.A.). The Company operates principally in the Hellenic Republic, also known as Greece, and unless the context requires otherwise, references herein to the Company's markets, market share or similar terms refer to the relevant Greek market.

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. The Guarantor's US Employer Identification Number is 11-3556476. The Guarantor was incorporated on June 26, 2000. The primary activity of the Guarantor is the distribution of the Company's products in the U.S. The Company is the registered holder of the entire issued capital of the Guarantor.

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

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

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

RESPONSIBILITY STATEMENT IN RESPECT OF THE THREE MONTHS ENDED MARCH 31, 2011

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

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

- the financial information for the three months ended March 31, 2011 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 first three months ended March 31, 2011 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 for the first three months ended March 31, 2011, and their impact on the Group financial information for the first three months ended March 31, 2011;

- the interim management report includes a fair review of related party transactions that have occurred for the first three months ended March 31, 2011, and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first three months of the current financial year.

Industry Data

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

ENFORCEABILITY OF CIVIL LIABILITIES

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

PROPRIETARY MARKS

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

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

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

Greek Dairy Market

The Greek dairy market experienced a decrease of 3.5% in volume and 1.8% in value, comparing the first three months ended March 31, of the years 2011 and 2010. The main reasons for this decrease are the economic crisis in Greece and the imposition of austerity measures by the I.M.F. which have negatively impacted consumption. This volume decrease resulted mainly from a decrease of 3.2% in the milk market and 7.1% in the branded yoghurt market. The volume in the packaged cheese market (excluding Feta cheese) increased by 1.8%, whereas the UHT milk and milk cream products decreased by 7.4% in volume, comparing the first quarters of the years 2011 and 2010. Within the milk business, Fresh milk and Evaporated milk decreased by 3.7% and 5.8%, respectively, comparing the three months ended March 31, of the years 2011 and 2010. The ESL milk increased by 0.5% in volume, whereas the dairy desserts decreased by 7.6%, comparing the first three months ended March 31, of the years 2011 and 2010.

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

The Group's Total Sales

The Group's total volume sales decreased by 2.5% comparing the first three months of the years 2011 and 2010. This decrease reflects a decrease of 24.4% in the Group's sales in volume in the domestic market and an increase of 60.4% in the Group's sales in volume in exports and international sales.
The Group total sales in value increased by 13.9% comparing the first quarter of the years 2011 and 2010. This increase reflects a decrease of 9.4% in the Group's sales in value in the domestic market and an increase of 48.2% in the Group's sales in value in the exports and international sales.

The Group's sales in the Domestic Market

The business environment in the Greek Dairy Market remained very competitive in the first three months of the year 2011, as a result of the continuation of significant promotional activities in the yoghurt and milk businesses by all the big players in the domestic market. The Group's sales in volume decreased by 24.4% in the domestic market, as compared to the first three months of 2010. This is mainly due to:

- first, the economic crisis in Greece which, in turn, reduced consumer consumption; and
- second, the fact that for the first two months of 2010, the Company sold its yoghurt products through the "buy two and get one free" program and its milk products through the program of "price-offs" (reduction) of €0.20 and €0.30. Since March 1, 2010, the Company ceased its policy of selling its yoghurt products through the "buy two and get one free" program, which had resulted in a decrease of approximately 33.0% off the list prices, and applied a new price list for its yoghurt products, whereby the new prices represent on average of 80.0% of the previous list prices. Furthermore, since March 1, 2010 and April 1, 2010, the Company has sold its milk products under the "GALA 10" line and "FARMA" line, respectively, at its list prices with no "price-offs".

Since January 1, 2011, the Company has increased its prices in the domestic market by approximately 3.8% on average.

In the first quarter of 2011, the Company was the market leader in branded yoghurt, with a market share of 29.3%. For the packaged cheese business (excluding Feta cheese) and the Dairy Desserts Business, the Company was the second player with market shares of 7.9% and 14.3%, respectively. Furthermore, the Company was the third player in the ESL milk market with a market share 16.1% and the fourth player in the UHT milk and Milk Creams business with a market share of 14.5%. Applying the new Scan Track Service applied by Nielsen to measure data in the Cheese Market since January 2011, the Company for the years of 2009 and 2010 was the second player in the packaged cheese business (excluding feta cheese) with market shares of 11.0% and 8.6%, respectively.

The Group’s exports and International Sales

The Group’s exports and international sales in volume increased by 60.4%, comparing the first three months of the years 2011 and 2010. This increase mainly came from the US market, where the sales in volume increased by 81.7%. In the UK market, sales in volume increased by 19.1%, whereas in the Italian market the sales in volume increased by 24.7%. Exports sales to other countries decreased by 3.5% in volume.

The respective increase in the Group’s export and international sales in value was 48.2%. The main reason for the lower percentage increase in sales in value, as compared to volume, was the strengthening of the euro against the US$. The average exchange rates during the three months ended March 31, 2011 and 2010 were: 1 €=1.3911 US$ and 1 €=1.3672 US$, respectively.

Export and international sales in volume for the three months ended March 31, 2011 represented 42.5% of the Group’s total sales volume, as compared to 25.9% for the respective period of the year 2010. Furthermore, export and international sales in value for the three months ended March 31, 2011 represented 52.8% of the Group’s total sales in value, as compared to 40.7% for the respective period of the year 2010.

Export and international sales volume in yoghurt represented 68.2% of the Group’s total yoghurt sales volume in the first three months of the years 2011, as compared to 53.7% in the respective period of the year 2010.

Results of Operations for the Group

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

	Three months ended March 31,	
	2011	**2010**
	(Unaudited)	
Sales	100.0%	100.0%
Cost of sales	(57.2)	(59.3)
Gross profit	42.8	40.7
Selling, general and administrative expenses	(32.4)	(32.7)
Other income	0.2	-
Other expenses	-	-
Profit from operations	10.6	8.0
Financial income/(expenses), net	(6.0)	(7.9)
Impairment loss	(0.1)	-
Foreign exchange (losses)/gains, net	0.9	2.9
Share of losses of associates	-	-
Net profit before income taxes	5.4	3.0
Income tax	(2.3)	(1.9)
Net profit	3.1%	1.1%

Three months ended March 31, 2011 compared to three months ended March 31, 2010

Sales. The Group’s sales in volume in the first three months ended March 31, 2011 decreased by 2.5%, compared to the respective period of 2010. In spite of this decrease in volume, the respective sales in value increased by €10.7 million, or 13.9%, comparing the first quarters of the years 2011 and 2010. This increase came from the Group’s exports and international sales in value which increased by 48.2%. This increase was partly offset by a decrease in the Group’s sales in value in the domestic market by 9.4%. The sales in the first quarter of the year 2011 amounted to €87.8 million, whereas the respective amount for the first quarter of the year 2010 was €77.1 million.

Gross profit. Gross profit for the three months ended March 31, 2011 was €37.6 million, an increase of €6.3 million, or 20.1%, from €31.3 million for the three months ended March 31, 2010. Gross profit as a percentage of sales for the three months ended March 31, 2011 was 42.8%, compared to 40.7% for the respective period of 2010. The main reasons for this improvement was the contribution to the Group’s gross profit from the US operations and, consequently, the higher gross margin, as the Group’s sales in volume in the US market increased by 81.7%, comparing the first three months ended March 31 of the years 2011 and 2010. This improvement was moderated by the fact that the milk prices (as a raw material) collected in the domestic market increased by 12.0%, comparing the first quarters, of the years 2011 and 2010, and the respective prices for milk imported from the European market increased by 16.0%. The prices for milk collected in the U.S. market and used for U.S. yogurt facility increased by approximately 5.0% comparing the first quarters of the years 2011 and 2010. All the other key factors constituting the cost of goods sold, labour cost, depreciation and other manufacturing costs remained approximately on the same level comparing the first quarters of the years 2011 and 2010 (notes 4, 5).

Selling, general and administrative expenses. Selling, general and administrative expenses ("SG & A") for the three months ended March 31, 2011 were €28.4 million, an increase of €3.2 million, or 12.7%, from €25.2 million for the three months ended March 31, 2010. This mainly came from an increase in the advertising expenses concerning the U.S. operations. As a percentage of sales, SG & A was 32.4% for the three months ended March 31, 2011 down from 32.7% for the comparable period of 2010.

Profit from operations. Profit from operations for the three months ended March 31, 2011 was €9.3 million, an increase of €3.1 million, as compared to a profit from operations of €6.2 million for the three months ended March 31, 2010. This is mainly due to the improvement of the gross profit and gross margin, which was partially offset by the increase in the SG&A.

Financial income/(expenses) net. Net financial expenses for the three months ended March 31, 2011 decreased by €0.8 million, from €6.1 million in the first quarter of the year 2010 to €5.3 million in the first quarter of the year 2011. This decrease is mainly due to the fact that, in the first quarter of the year 2010, the Company paid €0.8 million of amortised costs relating to the €46.0 million loan repayments and the redemption of €20.0 million of the Senior Notes due in 2015, as well as €0.8 million in premium for the early redemption of €20.0 million Senior Notes due in 2015.

Impairment loss. Impairment loss for the three months ended March 31, 2011 was €0.1 million. This loss relates to the impairment recognized in the available for sale financial assets. There was no impairment loss for the three months ended March 31, 2010.

Foreign exchange losses (gains), net. Foreign exchange gains for the three months ended March 31, 2011 were €0.8 million mainly relating to cash at bank in US$ and receivables in US$ and UK sterling. For the three months ended March 31, 2010, there were foreign exchange gains of €2.3 million.

Profit before income taxes. Profit before income taxes for the three months ended March 31, 2011, was €4.8 million, compared to a profit before income taxes of €2.3 million for the three months ended March 31, 2010.

Income taxes. The provision for income taxes for the three months ended March 31, 2011, was €2.0 million. Income tax for the three months ended March 31, 2010 amounted to €1.5 million.

Net profit. Net profit for the three months ended March 31, 2011, was €2.7 million, as compared to a profit of €0.9 million for the respective period of 2010.

The Company's Results for the three months ended March 31, 2011 compared to three months ended March 31, 2010 (FAGE DAIRY INDUSTRY S.A. only).

	Three months ended March 31,	
	2011	2010
	(€ thousands)	
Sales	48,824	52,505
Cost of sales	(33,991)	(36,794)
Gross profit	**14,833**	**15,711**
Selling, general and administrative expenses	(17,743)	(19,495)
Other income	3,513	2,183
Other expenses	(34)	(26)
PROFIT/(LOSS) FROM OPERATIONS	**569**	**(1,627)**
Financial expenses	(2,874)	(4,522)
Financial income	1	671
Impairment loss	(67)	-
Foreign exchange gains/(losses), net	843	2,280
LOSS BEFORE INCOME TAXES	**(1,528)**	**(3,198)**
Provision for income taxes	(73)	538
NET LOSS	**(1,601)**	**(2,660)**

Liquidity and Capital Resources

Sources of capital. The Group funds its operating costs through cash from operations and short-term borrowings under various lines of credit maintained at several banks. The available credit lines for the Company as of March 31, 2011, amounted to €29.6 million. On March 31, 2011, the Company keeps an accounts receivable agreement for financing of up to €16.8 million with ABN Bank, whereas the respective agreement on March 31, 2010 was €20.8 million.

Cash at banks and cash equivalents on March 31, 2011, amounted to €34.7 million (See Note 16). This amount, together with the unused lines of credit, is sufficient to finance the investment program of the Group.

Cash flow data.

	Three months ended March 31,	
	2011	**2010**
(€ thousands)		
Cash flow from/(used in) operating activities	5,245	(11,405)
Cash flow from/(used in) investing activities	(8,503)	(4,341)
Cash flow from/(used in) financing activities	115	22,860
Effect of exchange rates changes on cash	(2,794)	(1,089)
Cash and cash equivalents at beginning of period	40,683	28,907
Cash and cash equivalents at period-end	**34,746**	**34,932**

Net cash from operating activities for the three months ended March 31, 2011 was €5.2 million, compared to net cash used in operating activities of €11.4 million for the respective period of 2010. This improvement is mainly due first to the increase in profit before income taxes by €2.5 million, second to the fact that in the first quarter of 2010 an amount of €7.6 million was paid for the withholding income tax on the dividends paid from FAGE USA Holdings, Inc. to FAGE SA and third the increase in the accounts payable by €6.7 million (coming from a decrease of €4.4 million on March 31, 2010 to an increase of €2.3 million on March 31, 2011). The increase of €6.2 million in the trade and other receivables as of March 31, 2011 as compared to an increase of €2.3 million as of March 31, 2010 is mainly due to a) the Company reduced its line of financing through the ABN AMRO trade account receivable from €20.8 million on March 31, 2010 to €16.8 million on March 31, 2011 and b) there was an increase of €2.5 million in the outstanding balances of the trade receivables in foreign currencies, arising mainly from the significant increase of the Group’s sales in value in the U.S. market. The increase in the inventories by €2.6 million mainly comes from the significant increase in sales both in volume and value in the U.S. market.

Cash flow used in investing activities. Net cash used in investing activities amounted to €8.5 million and €4.3 million for the three months ended March 31, 2011 and 2010, respectively. Out of the capex of €8.5 million in the first three months 2011, an amount of €0.6 million relates to capex maintenance for the facilities in Greece and €7.9 million relates to capex for the expansion of the U.S. facility.

Cash flow from/(used in) financing activities. Net cash from financing activities for the first three months of 2011 was €0.1 million. This result from €9.9 million proceeds from short-term borrowings and €9.8 million of interest paid. Net cash from financing activities for the first three months of 2010 was €22.9 million, which reflects proceeds €95.1 million from the issuance of the Senior Notes due in 2020, the repayment of interest bearing loans and borrowings of €66.0 million and interest paid of €6.2 million.

Pro forma liquidity and capital resources. Upon the completion of the issuance of the 2015 Senior Notes in 2005 and the 2020 Senior Notes in 2010, the Group's principal sources of liquidity are existing cash balances, cash flow from operations and available amounts under the Group's various lines of credit maintained with several banks. The Group's principal liquidity needs are debt service (primarily interest on the Senior Notes), shareholder payments, capital expenditures and working capital. The Group believes that its available capital resources will be sufficient to fund its liquidity needs.

Financial Data-Ratios

The EBITDA for the three months ended, March 31, 2011 amounted to €14.1 million, as compared to €12.6 million for the three months ended March 31, 2010. The net debt of the Group for the three months ended March 31, 2011 amounted to €179.8 million, as compared to €175.6 million for the three months ended March 31, 2010.

Principal Risks and Uncertainties for the Remaining Nine Months of 2011

Risk assessment and evaluation is an integral part of the management process throughout the Group. Risks are identified, 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 summarised below:

- first, the Group is exposed to aggressive competition in the domestic market;

- second, the Group is exposed to currency exchange rate fluctuation, particularly in relation to the US dollar and the UK sterling;
- third, price fluctuations in raw materials could adversely affect the Group's manufacturing costs; and
- fourth, the current economic crisis could adversely affect consumer spending for the Group's products, particularly in Greece, Italy, the UK and the US.

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

Related party transactions

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

Account balances with related companies are as follows:

	THE GROUP		THE COMPANY	
	March 31, 2011	**December 31, 2010**	**March 31, 2011**	**December 31, 2010**
Due from:				
-Ioannis Nikolou ULP	881	706	881	706
- Evga S.A.	154	394	154	394
- Vihep S.A.	-	-	-	-
- Bizios S.A.	-	-	-	-
	1,035	**1,100**	**1,035**	**1,100**
Due to:				
- Iofil S.A.	4,234	5,797	4,234	5,797
- Mornos S.A.	3,863	4,067	3,744	3,726
- Vis S.A.	990	1,022	990	1,022
- Agan S.A.	702	738	702	738
- Palace S.A.	150	-	150	-
	9,939	**11,624**	**9,820**	**11,283**

Transactions with related companies for the three months ended March 31, 2011 and 2010 are analyzed as follows:

THE GROUP	**Purchases from related parties**		**Sales to related parties**	
	2011	**2010**	**2011**	**2010**
Inventories, materials and supplies	7,852	9,064	744	957
Advertising and media	420	854	-	-
Other services	2,219	2,217	-	-
	10,491	**12,135**	**744**	**957**

THE COMPANY	**Purchases from related parties**		**Sales to related parties**	
	2011	**2010**	**2011**	**2010**
Inventories, materials and supplies	7,405	8,619	744	957
Advertising and media	420	854	-	-
Other services	2,219	2,217	-	-
	10,044	**11,690**	**744**	**957**

FAGE DAIRY INDUSTRY S.A.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

INDEX

FAGE DAIRY INDUSTRY S.A.

CONSOLIDATED AND SEPARATE STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2011

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

(UNAUDITED)

		THE GROUP		THE COMPANY	
		March 31,		March 31,	
	Notes	2011	2010	2011	2010
Sales		87,843	77,069	48,824	52,505
Cost of sales		(50,282)	(45,735)	(33,991)	(36,794)
Gross profit		**37,561**	**31,334**	**14,833**	**15,711**
Selling, general and administrative expenses	6	(28,418)	(25,209)	(17,743)	(19,495)
Other income		203	72	3,513	2,183
Other expenses		(36)	(26)	(34)	(26)
PROFIT/(LOSS) FROM OPERATIONS		**9,310**	**6,171**	**569**	**(1,627)**
Financial expenses	7	(5,273)	(6,101)	(2,874)	(4,522)
Financial income	7	6	6	1	671
Impairment loss	11	(67)	-	(67)	-
Foreign exchange gains/(losses), net		824	2,280	843	2,280
Share of (losses)/profits of associate accounted for under the equity method		(33)	(28)	-	-
PROFIT/(LOSS) BEFORE INCOME TAXES		**4,767**	**2,328**	**(1,528)**	**(3,198)**
Income tax (expense)/benefit for the year	8	(2,041)	(1,463)	(73)	538
NET PROFIT/(LOSS)		**2,726**	**865**	**(1,601)**	**(2,660)**

	2011	2010
Attributable to:		
Equity holders of the parent	2,726	865
	2,726	**865**
Earnings/(loss) per share		
Basic and diluted	0.21	0.07
Weighted average number of shares, basic and diluted	**13,297,300**	**13,297,300**

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

FACE DAIRY INDUSTRY S.A.

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2011

(All amounts in thousands of Euro)

(UNAUDITED)

		THE GROUP		THE COMPANY	
		March 31,		March 31,	
	Notes	2011	2010	2011	2010
Net profit/(loss) for the period		**2,726**	**865**	**(1,601)**	**(2,660)**
Exchange gains/(losses) on translation of foreign operations		(1,471)	73	-	-
Net unrealised gains/(losses) on available for sale financial assets		54	(333)	54	(333)
Income tax		(12)	80	(12)	80
	11	42	(253)	42	(253)
Other comprehensive income/(loss) for the period, net of tax		**(1,429)**	**(180)**	**42**	**(253)**
Total comprehensive income/(loss) for the period, net of tax		**1,297**	**685**	**(1,559)**	**(2,913)**
Attributable to:					
Equity holders of the parent		1,297	685		
		1,297	**685**		

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

FACE DAIRY INDUSTRY S.A.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AT MARCH 31, 2011

(All amounts in thousands of Euro)
(UNAUDITED)

	Notes	THE GROUP March 31, 2011	THE GROUP December 31, 2010	THE COMPANY March 31, 2011	THE COMPANY December 31, 2010
ASSETS					
Non-Current Assets					
Property, plant and equipment		226,651	227,357	127,298	129,104
Intangible assets		3,526	3,870	2,291	2,538
Goodwill	9	4,770	4,799	3,418	3,418
Investments in subsidiaries		-	-	12,608	12,608
Investments in associate accounted for under the equity method	10	101	134	828	828
Available for sale financial assets	11	88	88	88	88
Other non-current assets	12	395	417	339	360
Deferred income taxes		16,001	16,458	-	-
Total non-current assets		**251,532**	**253,123**	**146,870**	**148,944**
Current Assets:					
Inventories	13	28,249	24,643	21,258	18,908
Trade and other receivables	14	59,036	52,252	40,925	38,898
Due from related companies	15	1,035	1,100	1,035	1,100
Prepaid income taxes		1,116	2,027	149	148
Available for sale financial assets	11	497	510	497	510
Current asset from continuing involvement in transferred trade receivables	14	513	370	513	370
Cash and cash equivalents	16	34,746	40,683	21,367	24,283
Cash restricted		-	300	-	300
Total		**125,192**	**121,885**	**85,744**	**84,517**
Assets classified as held for sale	3	829	829	679	679
Total current assets		**126,021**	**122,714**	**86,423**	**85,196**
TOTAL ASSETS		**377,553**	**375,837**	**233,293**	**234,140**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent Company					
Share capital		39,094	39,094	39,094	39,094
Net revaluation surplus		2,688	2,688	2,688	2,688
Accumulated profit/(losses)		3,221	495	(21,696)	(20,095)
Legal, tax free and special reserves		35,516	35,516	35,516	35,516
Other components of equity		(2,744)	(1,315)	42	-
		77,775	**76,478**	**55,644**	**57,203**
Minority interests		**1**	**1**	**-**	**-**
Total Equity		**77,776**	**76,479**	**55,644**	**57,203**
Non-Current Liabilities					
Interest-bearing loans and borrowings	17	194,141	199,956	118,499	119,691
Provision for severance pay on retirement		2,699	2,674	2,699	2,674
Deferred income taxes		25,851	26,737	8,854	8,807
Total non-current liabilities		**222,691**	**229,367**	**130,052**	**131,172**
Current Liabilities:					
Trade accounts payable	18	32,225	29,925	19,588	23,492
Due to related companies	15	9,939	11,624	9,820	11,283
Short-term borrowings	19	20,444	11,226	9,885	-
Income taxes payable		787	179	169	131
Current liability from continuing involvement in transferred trade receivables	14	513	370	513	370
Accrued and other current liabilities	20	13,178	16,667	7,622	10,489
Total current liabilities		**77,086**	**69,991**	**47,597**	**45,765**
Total liabilities		**299,777**	**299,358**	**177,649**	**176,937**
TOTAL EQUITY AND LIABILITIES		**377,553**	**375,837**	**233,293**	**234,140**

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

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

(UNAUDITED)

	Share capital	Net revaluation surplus	Legal, tax free and special reserves	Accumulated (profit/losses)	Unrealised gains/(losses) on available for sale financial assets	Foreign exchange gains/(losses)	Total	Minority interests	Total equity
Balance, December 31, 2010	**39,094**	**2,688**	**35,516**	**495**	**-**	**(1,315)**	**76,478**	**1**	**76,479**
Profit for the period	-	-	-	2,726	-	-	2,726	-	2,726
Other comprehensive income	-	-	-	-	42	(1,471)	(1,429)	-	(1,429)
Total comprehensive income	**-**	**-**	**-**	**2,726**	**42**	**(1,471)**	**1,297**	**-**	**1,297**
Balance, March 31, 2011	**39,094**	**2,688**	**35,516**	**3,221**	**42**	**(2,786)**	**77,775**	**1**	**77,776**

THE GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2010
(All amounts in thousands of Euro)

(UNAUDITED)

	Share capital	Net revaluation surplus	Legal, tax free and special reserves	Accumulated profit/(losses)	Unrealised gains/(losses) on available for sale financial assets	Foreign exchange gains/(losses)	Total	Minority interests	Total equity
Balance, December 31, 2009	**39,094**	**2,688**	**35,516**	**(6,686)**	**164**	**(1,230)**	**69,546**	**1**	**69,547**
Profit for the period	-	-	-	865	-	-	865	-	865
Other comprehensive income	-	-	-	-	(253)	73	(180)	-	(180)
Total comprehensive income	**-**	**-**	**-**	**865**	**(253)**	**73**	**685**	**-**	**685**
Balance, March 31, 2010	**39,094**	**2,688**	**35,516**	**(5,821)**	**(89)**	**(1,157)**	**70,231**	**1**	**70,232**

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

FAGE DAIRY INDUSTRY S.A.

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

(UNAUDITED)

	Share capital	Net revaluation surplus	Legal, tax free and special reserves	Accumulated losses	Unrealised gains/(losses) on available for sale financial assets	Total
Balance, December 31, 2010	**39,094**	**2,688**	**35,516**	**(20,095)**	**-**	**57,203**
Loss for the period	-	-	-	(1,601)	-	(1,601)
Other comprehensive income	-	-	-	-	42	42
Total comprehensive income	**-**	**-**	**-**	**(1,601)**	**42**	**(1,559)**
Balance, March 31, 2011	**39,094**	**2,688**	**35,516**	**(21,696)**	**42**	**55,644**

THE COMPANY
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2010
(All amounts in thousands of Euro)

(UNAUDITED)

	Share capital	Net revaluation surplus	Legal, tax free and special reserves	Accumulated losses	Unrealised gains/(losses) on available for sale financial assets	Total
Balance, December 31, 2009	**39,094**	**2,688**	**35,516**	**(5,831)**	**164**	**71,631**
Loss for the period	-	-	-	(2,660)	-	(2,660)
Other comprehensive income	-	-	-	-	(253)	(253)
Total comprehensive income	**-**	**-**	**-**	**(2,660)**	**(253)**	**(2,913)**
Balance, March 31, 2010	**39,094**	**2,688**	**35,516**	**(8,491)**	**(89)**	**68,718**

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

FAGE DAIRY INDUSTRY S.A.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOW
FOR THE THREE MONTHS ENDED MARCH 31, 2011
(All amounts in thousands of Euro)
(UNAUDITED)

		THE GROUP		THE COMPANY	
		March 31,		March 31,	
	Notes	2011	2010	2011	2010
Operating activities					
Profit/(loss) before income taxes		4,767	2,328	(1,528)	(3,198)
Adjustments to reconcile to net cash provided by operating activities:					
Depreciation and amortisation	5	4,080	4,222	2,689	2,757
Provision for severance pay on retirement		79	193	79	193
Provision for doubtful accounts receivable	14	315	325	310	325
Financial income	7	(6)	(6)	(1)	(671)
Financial expenses	7	5,273	6,101	2,874	4,522
(Gain)/Loss on disposal of property, plant and equipment		(4)	(1)	(1)	(1)
Impairment loss on available for sale financial assets	11	67	-	67	-
Losses on equity investees accounted for under the equity method	10	33	28	-	-
Operating profit before working capital changes		**14,604**	**13,190**	**4,489**	**3,927**
(Increase)/Decrease in:					
Restricted cash		300	-	300	-
Inventories	13	(3,606)	(985)	(2,350)	(139)
Trade and other receivables	14	(6,188)	(2,288)	(2,337)	4,598
Due from related companies	15	65	(133)	65	58,269
Increase/(Decrease) in:					
Trade accounts payable	18	2,300	(4,432)	(3,904)	(4,629)
Due to related companies	15	(1,685)	(488)	(1,463)	(775)
Accrued and other current liabilities	20	1,309	(1,591)	(377)	(207)
Working capital changes		**(7,505)**	**(9,917)**	**(10,066)**	**57,117**
Income taxes paid		(1,822)	(14,517)	-	(512)
Payment of staff indemnities		(54)	(158)	(54)	(158)
(Increase)/decrease in other non-current assets	12	22	(3)	21	(1,612)
Net Cash from(used in) Operating Activities		**5,245**	**(11,405)**	**(5,610)**	**58,762**
Investing Activities:					
Capital expenditure for property, plant and equipment		(8,531)	(4,095)	(639)	(775)
Additions to intangible assets		-	(256)	-	(256)
Proceeds from disposal of property, plant and equipment		22	4	4	4
Interest and other related income received	7	6	6	1	671
Net Cash used in Investing Activities		**(8,503)**	**(4,341)**	**(634)**	**(356)**
Financing Activities:					
Proceeds from short and long-term borrowings		9,885	95,125	9,885	19,090
Repayment of short and long-term borrowings		-	(66,000)	-	(66,000)
Interest paid		(9,770)	(6,265)	(5,220)	(6,275)
Net Cash from/(used in) Financing Activities		**115**	**22,860**	**4,665**	**(53,185)**
Net increase/(decrease) in cash and cash equivalents		**(3,143)**	**7,114**	**(1,579)**	**5,221**
Effect of exchange rates changes on cash		**(2,794)**	**(1,089)**	**(1,337)**	**776**
Cash and cash equivalents at beginning of period	16	**40,683**	**28,907**	**24,283**	**17,742**
Cash and cash equivalents at March 31	16	**34,746**	**34,932**	**21,367**	**23,739**

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.

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. All operating activities are conducted in Greece and in the U.S. and the Group’s products are sold under the ***FAGE*** and other related trademarks.

The Company's headquarters are in Athens at 35 Hermou Street, 144 52 Metamorfossi. 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.

2. BASIS OF PRESENTATION:

(a) Basis of Preparation of Financial Statements: The accompanying interim condensed consolidated financial statements have been prepared under the historical cost convention, except for the valuation of available for sale financial assets and derivative financial instruments, that have been measured at fair value and they comply with International Financial Reporting Standards (IFRS). The carrying values of recognized assets and liabilities that are hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged. These Interim Condensed Consolidated Financial Statements have been prepared by management in accordance with IAS 34 (Interim Financial Reporting). The Interim Condensed Consolidated Financial Statements do not include all the information and disclosure required in the Annual Consolidated Financial Statements and should be read in conjunction with the Group’s Annual Consolidated Financial Statements as of December 31, 2010. The interim condensed consolidated financial statements are presented in thousands of Euro, except when otherwise indicated.

(b) Significant accounting Policies: The interim condensed consolidated financial statements have been prepared using accounting policies consistent with those adopted for the preparation of the annual consolidated financial statements as of December 31, 2010 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, 2011 and which did not have any impact on the financial position or performance of the Group:

- **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments**
  The interpretation is effective for annual periods beginning on or after July 1, 2010. This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity’s equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are “consideration paid” in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The Group does not expect that the amendment will have an impact on its financial position or its performance.

- **IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended)**
  The amendment is effective for annual periods beginning on or after January 1, 2011. The purpose of this amendment was to permit entities to recognise as an asset some voluntary prepayments for minimum funding contributions. Earlier application is permitted and must be applied retrospectively. The Group does not expect that the amendment will have an impact on the financial position or performance of the Group.

- **IFRS 9 Financial Instruments – Phase 1 financial assets, classification and measurement**
  The new standard is effective for annual periods beginning on or after January 1, 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

- **IAS 32 Classification on Rights Issues (Amended)**
  The amendment is effective for annual periods beginning on or after February 1, 2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity

regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

- **IAS 24 Related Party Disclosures (Revised)**
  The revision is effective for annual periods beginning on or after January 1, 2011.This revision relates to the judgment which is required so as to assess whether a government and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic integration between those entities. Early application is permitted and adoption shall be applied retrospectively. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

- **Improvements to IFRS's (May 2010)**
  In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning on or after July 1, 2010. Early application is permitted in all cases.

  - IFRS 1 First-time adoption
  - IFRS 3 Business Combinations
  - IFRS 7 Financial Instruments: Disclosures
  - IAS 1 Presentation of Financial Statements
  - IAS 27 Consolidated and Separate Financial Statements
  - IAS 34 Interim Financial Reporting
  - IFRIC 13 Customer Loyalty Programmes
  - IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities (Amended)
  - IAS 12 Deferred tax: Recovery of Underlying Assets (Amended)

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

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

3. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS:

Assets held for sale as at March 31, 2011 and December 31, 2010 amounted to €829 for both periods.

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 & equipment and goodwill related to the milk collection stations concerning the above facilities, which have been classified as of March 31, 2011 and December 31, 2010, 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	
	March 31,		March 31,	
	2011	2010	2011	2010
Wages and salaries	8,009	7,995	5,623	6,487
Social security costs	1,508	1,642	1,251	1,330
Provision for severance pay on retirement	79	193	79	193
Other staff costs	537	240	191	239
Total payroll	**10,133**	**10,070**	**7,144**	**8,249**
Less: amounts charged to cost of production	(5,003)	(5,174)	(3,554)	(4,251)
Payroll expensed (Note 6)	**5,130**	**4,896**	**3,590**	**3,998**

5. DEPRECIATION AND AMORTISATION:

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

	THE GROUP		THE COMPANY	
	March 31,		March 31,	
	2011	2010	2010	2009
Depreciation on property, plant and equipment	3,795	3,884	2,442	2,457
Amortisation of intangible assets	285	338	247	300
Total depreciation and amortisation	**4,080**	**4,222**	**2,689**	**2,757**
Less: amounts charged to cost of production	(3,079)	(3,239)	(1,978)	(1,965)
Depreciation and amortisation expensed (Note 6)	**1,001**	**983**	**711**	**792**

6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

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

	THE GROUP		THE COMPANY	
	March 31,		March 31,	
	2011	2010	2011	2010
Shipping and handling costs	7,333	8,585	4,834	7,314
Advertising costs	7,642	4,365	3,135	2,569
Third party fees	3,488	2,813	2,630	2,167
Payroll (Note 4)	5,130	4,896	3,590	3,998
Compensation paid to shareholders and family members	1,221	1,010	910	724
Depreciation and amortisation (Note 5)	1,001	983	711	792
Repairs and maintenance	514	400	467	382
Travelling and entertainment	409	497	297	417
Allowance for doubtful accounts	315	325	310	325
Other	1,365	1,335	859	807
Total	**28,418**	**25,209**	**17,743**	**19,495**

Compensation paid to directors and executive officers for the three months ended March 31, 2011 and 2010, included in payroll and third party fees, amounted to €1,779 and €1,592, respectively for the Group and €1,182 and €1,114, respectively for the Company. Of these amounts, €1,221 and €1,010 have been paid to the shareholders and family members in the three months ended March 31, 2011 and 2010, respectively, for the Group and €910 and €724, respectively, for the Company.

7. FINANCIAL INCOME/(EXPENSES):

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

	THE GROUP		THE COMPANY	
	March 31,		March 31,	
	2011	2010	2011	2010
Financial expenses on loans and borrowings	(4,840)	(5,816)	(2,555)	(4,309)
Interest on short-term borrowings	(405)	(271)	(262)	(189)
Other	(107)	(37)	(57)	(32)
	(5,352)	(6,124)	(2,874)	(4,530)
Less: amounts capitalized in property, plant and equipment	79	23	-	8
Total financial expenses	**(5,273)**	**(6,101)**	**(2,874)**	**(4,522)**
Interest earned on cash at banks and on time deposits	5	4	-	2
Other financial income	1	2	1	669
Total financial income	**6**	**6**	**1**	**671**
Total financial income/(expense), net	**(5,267)**	**(6,095)**	**(2,873)**	**(3,851)**

Interest expense for the three months ended March 31, 2010 includes 2020 Senior Notes interest which amounted to €1,787 for the Group (€366 for the Company), amortised costs due to loan repayments which amounted to €811 for the Group (€772 for the Company) and premium due to early repayment of 2015 Senior Notes in the amount of €750 for the Group (and the Company).

8. INCOME TAXES:

In accordance with the Greek tax regulations, the corporate tax rate applied by companies for fiscal year 2010 was 24%. According to the tax law for the year 2011 onwards the tax rate will be 20%.

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

	THE GROUP		THE COMPANY	
	March 31,		March 31,	
	2011	2010	2011	2010
Current income taxes:				
—current income tax charge	2,465	2,236	38	37
Deferred income tax charge/(benefit)	(424)	(773)	35	(575)
Total income tax reported in the statements of income	**2,041**	**1,463**	**73**	**(538)**

9. SUBSIDIARIES:

The interim condensed consolidated financial statements as at March 31, 2011, include the financial statements of FAGE Dairy Industry S.A. and its subsidiaries listed below:

	Equity interest			
	March 31, 2011	**December 31, 2010**	**Country of incorporation**	**Activities**
Foods Hellas S.A.	-	-	Greece	Its operations were absorbed by the Group and the entity was liquidated in 2006
Pindos S.A.	-	-	Greece	Cheese producer—merged into FAGE Dairy Industry S.A.
Tamyna S.A.	-	-	Greece	Cheese producer merged into FAGE Dairy Industry S.A.
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 Company's U.S. yogurt production facility and the distribution of its products in the U.S.

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

	THE GROUP		**THE COMPANY**	
	March 31, 2011	**December 31, 2010**	**March 31, 2011**	**December 31, 2010**
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	1,068	1,097	-	-
Total	**4,770**	**4,799**	**3,418**	**3,418**

10. INVESTMENT AN 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 €33 and €28 have been recognized in the accompanying consolidated statements of income for the three months ended March 31, 2011 and 2010, respectively. The carrying value of the investment in Bizios as at March 31, 2011 and December 31, 2010, amounted to €101 and €134, respectively and is included in the accompanying consolidated and separate statements of financial position.

11. AVAILABLE FOR SALE FINANCIAL ASSETS:

Available for sale financial assets are analyzed as follows:

The Group and the Company	March 31, 2011	December 31, 2010
Shares—listed:		
Vis S.A.	258	254
Elbisco Holdings S.A.	239	256
	497	**510**
Shares—unlisted:		
Packing Hellas Development S.A.	**88**	**88**

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

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

For the three months ended March 31, 2011 gains of €42 net of deferred income taxes were recognized and reported in equity while losses of €67 were recognized and reported in the statement of income, as it was determined that the related investments had been impaired. For the three months ended March 31, 2010, losses of €253 net of deferred income taxes were recognized and reported in equity.

12. OTHER NON-CURRENT ASSETS:

Other non-current assets are analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Long-term notes receivable at amortized cost	-	6	-	6
Less: current maturities, included in trade and other accounts receivable	-	(6)	-	(6)
		-	-	-
Utility deposits	287	287	231	230
Other	108	130	108	130
	395	**417**	**339**	**360**

13. INVENTORIES:

Inventories are analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Merchandise	1,870	1,767	1,055	825
Finished and semi-finished products	12,471	9,864	9,527	7,760
Raw materials and supplies	13,908	13,012	10,676	10,323
	28,249	**24,643**	**21,258**	**18,908**

14. TRADE AND OTHER RECEIVABLES:

Trade and other receivables are analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31, 2011	**December 31, 2010**	**March 31, 2011**	**December 31, 2010**
Trade:				
—In Euro	27,104	24,406	25,766	18,884
—In foreign currencies	15,587	13,121	3,068	5,624
	42,691	**37,527**	**28,834**	**24,508**
—Less: allowance for doubtful accounts	(2,082)	(2,015)	(1,594)	(1,532)
	40,609	**35,512**	**27,240**	**22,976**
Other:				
—Value added tax	10,505	11,781	10,493	11,769
—Prepaid taxes, other than income taxes	19	631	-	-
—Prepaid expenses	3,794	403	11	399
—Advances to suppliers	7,421	7,360	6,620	6,559
—Various debtors	2,225	1,854	1,019	1,405
	23,964	**22,029**	**18,143**	**20,132**
—Less: allowance for doubtful accounts	(5,537)	(5,289)	(4,458)	(4,210)
	18,427	**16,740**	**13,685**	**15,922**
	59,036	**52,252**	**40,925**	**38,898**

The Company keeps an accounts receivable agreement for financing of up to €16.8 million with ABN AMRO Bank.

Moreover, an amount of €513 is disclosed both in current assets and current liabilities as of March 31, 2011 (31.12.2010: €370) representing its continuing involvement in the transferred trade receivables.

There was no write-off of accounts receivable during the three months ended March 31, 2011 and 2010 for the Group or the Company.

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

15. DUE FROM (TO) RELATED COMPANIES:

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

Account balances with related companies are as follows:

	THE GROUP		THE COMPANY	
	March 31, 2011	**December 31, 2010**	**March 31, 2011**	**December 31, 2010**
Due from:				
- Ioannis Nikolou ULP	881	706	881	706
- Evga S.A.	154	394	154	394
	1,035	**1,100**	**1,035**	**1,100**
Due to:				
- Iofil S.A.	4,234	5,797	4,234	5,797
- Mornos S.A.	3,863	4,067	3,744	3,726
- Vis S.A.	990	1,022	990	1,022
- Agan S.A.	702	738	702	738
- Palace S.A.	150	-	150	-
	9,939	**11,624**	**9,820**	**11,283**

Transactions with related companies for the three months ended March 31, 2011 and 2010, are analyzed as follows:

THE GROUP	**Purchases from related parties**		**Sales to related parties**	
	2011	**2010**	**2011**	**2010**
Inventories, materials and supplies	7,852	9,064	744	957
Advetising and media	420	854	-	-
Other services	2,219	2,217	-	-
	10,491	**12,135**	**744**	**957**

THE COMPANY	**Purchases from related parties**		**Sales to related parties**	
	2011	**2010**	**2011**	**2010**
Inventories, materials and supplies	7,405	8,619	744	957
Advertising and media	420	854	-	-
Other services	2,219	2,217	-	-
	10,044	**11,690**	**744**	**957**

Purchases of inventories, materials and supplies, represent approximately 17% and 23% of the Group total purchases for the three months ended March 31, 2011 and 2010, respectively (for the Company 26% and 29%, respectively).

Advertising, media buying and other services represent approximately 27% and 47% of the Group total respective costs for the three months ended March 31, 2011 and 2010, respectively (for the Company 49% and 64%, respectively).

THE COMPANY:

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

	March 31	**December 31,**
	2011	**2010**
Due from:		
Agroktima Aghios Ioannis	239	238
Iliator	46	45
Zagas	94	92
FAGE Italia S.r.l.	2,890	2,586
FAGE USA Holdings, Inc	496	-
FAGE U.K. Limited	2,580	2,040
	6,345	**5,001**
Due to:		
FAGE Commercial S.A. (ex Xylouris)	(795)	(800)
FAGE USA Holdings, Inc.	-	(349)
	(795)	**(1,149)**

The above balances have been included in the “Trade and other receivables” and “Trade accounts payable” accounts of the accompanying statements of financial position.

The Company’s transactions with its subsidiaries have as follows:

	March 31,	
	2011	2010
Revenues from:		
Sales of inventories	5,167	4,075
Other income-Royalties from FAGE USA Holdings, Inc.	3,314	2,111
Financial income from FAGE USA Holdings, Inc.	-	666

16. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are analyzed as follows:

	THE GROUP		THE COMPANY	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Cash in hand	165	200	131	177
Cash at banks	34,581	40,483	21,236	24,106
	34,746	**40,683**	**21,367**	**24,283**

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 €5 and €4 for the three months ended March 31, 2011 and 2010, respectively for the Group and to €0 and €2, respectively for the Company, and is included in financial income in the accompanying consolidated statements of income.

Cash and cash equivalents for the group at March 31, 2011 consists of €24,578 denominated in foreign currencies and €10,168 in Euro (€32,621 and €8,062 at December 31, 2010, respectively).

Cash and cash equivalents for the Company at March 31, 2011 consists of €11,441 denominated in foreign currencies and €9,926 in Euro (€16,425 and €7,858 at December 31, 2010, respectively).

17. INTEREST BEARING LOANS AND BORROWINGS:

Interest bearing loans and borrowings are analyzed as follows:

		THE GROUP		THE COMPANY	
		March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
(a)	Senior Notes due 2015	101,482	101,482	101,482	101,482
(b)	Senior Notes due 2020	105,582	112,259	21,116	22,452
(c)	Other long-term debt	-	-	-	-
	Total long-term debt	207,064	213,741	122,598	123,934
	Less: Unamortized issuance costs	(12,923)	(13,785)	(4,099)	(4,243)
		194,141	**199,956**	**118,499**	**119,691**

(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 to (i) redeem all of the previously outstanding debt securities plus accrued and interest thereon of approximately €74.5 million, (ii) 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) the acquisition of its distributor in the United Kingdom (Note 9).

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 and commenced 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 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 March 31, 2011 and December 31, 2010.

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 three months ended March 31, 2010 the Group redeemed €20,000 of the 2015 Senior Notes paying a premium for early repayment of €750.

(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 €95.5 million were used to (i) 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 11.30% per annum), payable semi-annually on each February 1 and August 1 and commenced 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 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.

(c) Other Long-Term Loans:

(i) In October 2006, the Company issued a new bond through Alpha Bank in Greece at an aggregate face amount of €20 million. The net proceeds of this bond, after issuance costs, of €19.7 million were used to increase the share capital of FAGE USA Dairy Industry Inc. and for general working capital needs.

This bond bears nominal interest at a rate of Euribor plus 1.85 % per annum payable semi-annually on each April 27 and October 27, commencing on April 27, 2008. The principal amount of the debt securities is repayable in six instalments of €1.0 million semi-annually starting from October 27, 2008 and a balloon payment of €14.0 million on October 27, 2011. During the three months ended March 31, 2010 the outstanding balance of this debt was repaid.

(ii) On March 28, 2007, the Company issued a new bond through CITIGROUP in an aggregate face amount of €10 million to repay short-term borrowings. This bond, which is unsecured, bears nominal interest of Euribor plus 1.85%, payable semi-annually while the principal is repayable in seven instalments of €750 semi-annually starting from September 2008 and a final instalment of €4,750 in March 2012. The issuance costs for this loan amounted to €87. During the first three months of 2009 principal paid amounted to €0.8 million. During the three months ended March 31, 2010 the outstanding balance of this debt was repaid.

(iii) On July 13, 2007, the Company issued a new bond through ABN AMRO Bank N.V. at an aggregate face amount of €10 million to repay short-term borrowings. This bond, which is unsecured, bears nominal interest of Euribor plus 1.60%, payable semi-annually, while the principal is repayable in seven instalments of €500 semi-annually starting from July 2008 and a final instalment of €6.5 million in January 2012. The issuance costs for this loan amounted to €100. During the first three months of 2009 principal paid amounted to €0.5 million. During the three months ended March 31, 2010 the outstanding balance of this debt was repaid.

(iv) On August 6, 2007, the Company issued a new bond through Piraeus Bank at an aggregate face amount of €10 million both to repay short-term borrowings and to finance part of its capital expenditure program. This bond, which is unsecured, bears nominal interest of Euribor plus 1.80%, payable semi-annually, while the principal is repayable in seven instalments of €750 semi-annually starting from February 2009 and a final instalment of €4,750 in August 2012. The issuance costs for this loan amounted to €76. During the first three months of 2009 principal paid amounted to €0.8 million. During the three months ended March 31, 2010 the outstanding balance of this debt was repaid.

(v) On November 30, 2007, the Company issued a new bond through Alpha Bank at an aggregate face amount of €5 million both to repay short-term borrowings and to finance part of its capital expenditure program. This bond which is unsecured bears nominal interest of Euribor plus 1.85%, payable semi-annually, while the principal is repayable in seven installments of € 250 semi-annually starting from October 2008 and a final installment of € 3,250 in April 2012. The issuance costs for this loan amounted to €51. During the three months ended March 31, 2010 the outstanding balance of this debt was repaid.

The indebtedness evidenced by the debt securities constitutes 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 loan agreements contain 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 Company was in compliance with the terms of the loan agreements at the time they were paid within 2010 and as of December 31, 2009.

Finance expenses on the Group's interest bearing loans and borrowings for the three months ended March 31, 2011 and 2010, amounted to €4,840 (€2,555 for the Company) and €5,816, (€4,309, for the Company) respectively and are included in financial expenses in the accompanying consolidated statements of income.

The annual principal payments required to be made on all loans subsequent to March 31, 2011 and December 31, 2010 are as follows:

	March 31, 2011	**December 31, 2010**
Within one year	-	-
2-5 years	101,482	101,482
Over 5 years	105,582	112,259
	207,064	**213,741**

18. TRADE ACCOUNTS PAYABLE:

Trade accounts payable are analyzed as follows:

	THE GROUP		**THE COMPANY**	
	March 31, 2011	**December 31, 2010**	**March 31, 2011**	**December 31, 2010**
Domestic suppliers	15,020	18,404	14,997	18,044
Foreign suppliers	17,205	11,521	4,591	5,448
	32,225	**29,925**	**19,588**	**23,492**

Included in trade accounts payable to foreign suppliers for the group are balances denominated in foreign currencies amounting to €11,148 and €4,409 as of March 31, 2011 and December 31, 2010, respectively.

19. SHORT-TERM BORROWINGS:

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

	THE GROUP		THE COMPANY	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Credit lines available	29,559	30,226	19,000	19,000
Unused credit lines	(9,115)	(19,000)	(9,115)	(19,000)
Short-term borrowings	**20,444**	**11,226**	**9,885**	**-**

The weighted average interest rates on short-term borrowings for the three months ended March 31, 2011 and 2010, was 5.79% and 4.10%, respectively.

Interest on short-term borrowings for the three months ended March 31, 2011 and 2010, totalled €405 and €271, respectively, for the Group (€262 and €189 respectively, for the Company) and is included in interest expense in the accompanying consolidated statements of income.

Furthermore, the Company keeps an account receivable agreement for financing of up to €16.8 million with ABN AMRO Bank.

20. ACCRUED AND OTHER CURRENT LIABILITIES:

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

	THE GROUP		THE COMPANY	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Payroll	1	270	1	270
Third parties	11	90	11	90
Milk producers	57	69	57	69
Other	268	279	268	279
	337	**708**	**337**	**708**
Advances from customers	**839**	**871**	**1,635**	**1,671**
Accrued interest	3,383	8,180	1,993	4,484
Social security funds payable	846	1,507	671	1,380
Accrued and other liabilities	7,773	5,401	2,986	2,246
	12,002	**15,088**	**5,650**	**8,110**
Total	**13,178**	**16,667**	**7,622**	**10,489**

21. SEGMENT INFORMATION:

The Group applied IFRS 8 “Operating Segments” which is effective for annual periods beginning on or after January 1, 2009 and which replaced IAS 14 “Segment reporting”. There was no change from this adoption. The Group produces dairy products and operates primarily in Greece and has also certain foreign activities. Due to the nature of the products and the manner in which they are marketed to customers, the business is operated and managed as one business segment distinguished between the Greek operations and the foreign subsidiaries’ operations. Accordingly, 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 three months ended March 31, 2011 and 2010, is analyzed as follows:

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

	Three months ended March 31, 2010			
	European operations	**U.S. operations**	**Eliminations**	**Consolidated**
Revenues				
Sales to external customers	53,934	23,135	-	77,069
Inter-segment sales	4,075	-	(4,075)	-
Segment revenues	58,009	23,135	(4,075)	77,069
Results				
Segment result net profit/(loss)	(2,974)	3,839	-	865
Other segment information:				
Capital expenditures:				
Tangible and intangible fixed assets	1,039	3,312	-	4,351
Depreciation and amortization	2,841	1,381	-	4,222
Financial Expenses	4,527	2,240	(666)	6,101
Income tax (benefit)/expense	(544)	2,007	-	1,463

The following table presents segment assets and liabilities of the Group as at March 31, 2011 and December 31, 2010.

March 31, 2011

	European operations	**U.S. operations**	**Eliminations**	**Consolidated**
Segment assets	231,311	153,102	(6,860)	377,553
Segment liabilities	184,641	121,996	(6,860)	299,777

December 31, 2010

	European operations	**U.S. operations**	**Eliminations**	**Consolidated**
Segment assets	232,616	148,675	(5,454)	375,837
Segment liabilities	183,508	121,304	(5,454)	299,358

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

22. CONTINGENCIES AND COMMITMENTS:

(a) Litigation and claims:

(i) In September 2006, the Greek Competition Authority initiated an investigation into price fixing in the Greek dairy market. FAGE was one of the 17 Greek domestic and foreign companies that have been identified in the investigation. In December 2007, the Greek Competition Authority announced the imposition of fines on certain dairy companies and supermarkets in Greece, including FAGE. The fine imposed on FAGE amounted to € 9,400. The Group understands that the total fines announced by the Competition Authority against all of the identified companies amount to approximately € 76,500. The Company challenged the amount of the fine in the courts in Greece and a provision of €9,400 was recognized and included in the financial statements as at December 31, 2007. During 2009 there was an irrevocable decision in favor of the Company and the fine was reduced by €3,353. Accordingly, a benefit of €3,353 has been 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 Group.

(iii) In addition, the Group is a party to various lawsuits and arbitration proceedings in the normal course of business. According to the Group's management and its legal advisors, all of the lawsuits are expected to be settled without any material adverse effect on the Group's consolidated financial position and consolidated results of operations.

(iv) 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 has issued the final decision No 5313/2010, according to which FAGE is required to pay the amount of €1.4 million. This amount was paid on February 9, 2011. FAGE has filed appeal contesting the above decision before the Supreme Court of Greece, both of which will be heard in April 2012.

(b) Commitments:

(i) Service Agreements:

The Group has entered into agreements with Agan, Iofil and Evga, related companies, for the provision of corporate management and consulting services. The agreement with Agan ended during 2009, while the agreements with Iofil and Evga expire in 2012.

Future minimum amounts payable under these agreements for the Group as at March 31, 2011 and December 31, 2010, are as follows:

The Group and the Company	March 31, 2011	December 31, 2010
Within 1 year	8,620	8,620
2-5 years	6,465	8,620
	15,085	**17,240**

(ii) Operating Lease Commitments:

As of March 31, 2011 and December 31, 2010, the Group has entered into a number of operating lease agreements relating to the rental of buildings and transportation equipment most of which expire on various dates through 2020.

Rental expense included in the accompanying consolidated statements of income for the three months ended March 31, 2011 and 2010, amounted to €416 and €437, respectively.

Future minimum rentals payable under non-cancelable operating leases as at March 31, 2011 and December 31, 2010, are as follows:

	THE GROUP		THE COMPANY	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Within one year	574	680	491	680
2-5 years	817	913	566	913
Over 5 years	417	419	344	419
Total	**1,808**	**2,012**	**1,401**	**2,012**

(iii) Letters of Guarantee:

At March 31, 2011 and December 31, 2010, the Company had outstanding bank letters of guarantee in favor of various parties amounting to €1,734 and €1,744, respectively. Such guarantees have been provided for the good execution of agreements and for the participation in biddings.

(iv) Investment in U.S.A:

To meet increasing demand in the U.S. market the Group is engaged in expanding production and warehouse capacity. The Group has signed agreements with various suppliers for the acquisition of equipment and for additional warehouse space. Future minimum amounts payable under these agreements as at March 31, 2011, amounted to €10,568 which are all due within one year, of which an amount of €8,478 is denominated in US$.