



*Folli Follie*

ANNUAL  
REPORT  
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**FOLLI FOLLIE A.B.E.E.**

**Folli Follie**

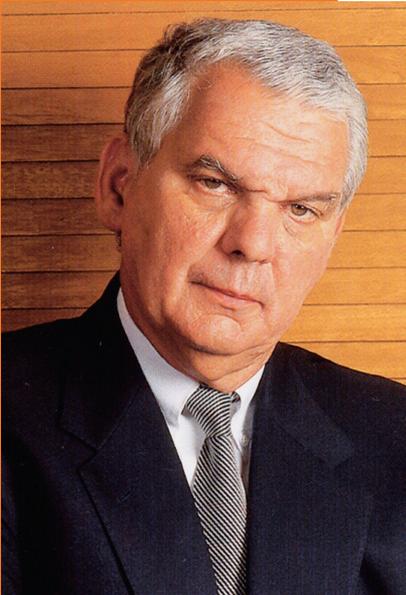
**ANNUAL FINANCIAL REPORT**

**Fiscal Year 2008**

**According to International Financial Reporting Standards**

The attached interim financial statements for the period of 01/01/2008 – 31/12/2008 are those that were approved by the board of directors of FOLLI FOLLIE ABEE on 27/03/2008 and have been posted on the company's web site [www.follifollie.com](http://www.follifollie.com)

# CHAIRMAN'S MESSAGE



Dear Shareholders,

The year 2008 will be remembered to all of us as an eventful and at the same time very difficult year. Especially the second half of last year, brought us all of us whether companies, customers or employees before big challenges. And it is precisely here, where of the Folli Follie group could prove its strength, in times when our newly formed business model was put to the test; it has demonstrated its strategic superiority.

Unlike many other market participants, we were in the fortunate position to stick to the guidance we had provided in spring of 2008 without any change to our objectives. Our financial results have proved, and even stronger in recent months, that the creation of this group was not a random happening, but every single member of this group is valuable and all companies' together work perfectly as one group.

The results of this cooperation are visible in the increase of our profitability, after only a very short integration processes, synergies have been exploited at most to reduce costs further. Links of London is the first member of our corporate family, where the strength of the group has been effectively implemented. More examples will follow, as we have just begun to use the potential that has been provided with the acquisition of Elmec Sports.

A central role is played by the use of the group's of existing platforms and infrastructure in the countries where we already operate. Our ample experience in building, developing and maintaining of brands, our ability to position our brands in new markets, our remarkably motivated and creative employees are the reasons that we have delivered in a difficult market environment on our targets.

Sales rose in the fiscal year 2008 by 32,7% to EUR 937,3 million.

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) rose by 21,0% to EUR 191,0 million from EUR 157,9 million for the full year 2007 and Earnings Before Taxes reached EUR 129,6 million compared to EUR 125,6 million for the business year 2007 (+3,1%).

The Group recorded profit after taxes of EUR 99,3 million, representing an increase of 10,7%, despite

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high comparables and higher interest expenses. Finally Net earnings after taxes and minorities rose by 5,8% to EUR 77,0 million.

Looking back we can be proud of a healthy group of outstanding achievements and expect with great enthusiasm to what still lies ahead of us.

Also in the year 2008 we were actively committed to social issues. We have a range of products offered, whose proceeds benefited charitable institutions.

In August 2007 we had devastating forest fires that affected the conflicting area of western Peloponnese. It has been the greatest natural disaster in the modern history of Greece, which not only destroyed habited areas and vast areas of wealth forestall and agriculture, but most importantly lead to the loss of many human lives. We had been affected by this catastrophe through a Folli Follie employee with origins from Artemida who lost seven members of his family in the wildfires. The Folli Follie Group decided to contribute to the restoration of the village by financing the construction of six buildings with one million euro among those: the community center of Artemida, the church of the cemetery, the local authority office, the medical center etc. All buildings where handed over to the community in spring 2008, nine months after the fires.

I wish to express my special thank to our shareholders for sharing our vision for this group with us, I also want to explicitly thank all our employees who accomplish an immense contribution to the success of this group on a daily basis.

Yours sincerely,



Dimitrios Koutsolioutsos  
Chairman of the Board of Directors

# Statements of the members of the Board of Directors according to the provisions of the article 4 of Law 3556/2007

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Under the aforementioned status, especially being assigned for this purpose by the Board of Directors of the societe anonyme under the name "FOLLI FOLLIE S.A.", we declare and confirm that, to the best of our knowledge:

(α): the Group's Annual Financial report for the period 01.01.2008 – 31.12.2008, which have been conducted in accordance with the international accounting standards in effect, give a true and fair view of the assets, liabilities, equity and financial results of the Company and the Group "Folli Follie S.A.", as well as of the companies that are included in the consolidation taken as a whole, in accordance with § 3-5 of article 5 of Law 3556/2007.

(β): the Annual Board of Directors report provides a fair overview on information required as per § 6 of article 5 of Law 3556/2007.

Agios Stefanos, 27. 03.2009

The members of the Board of Directors.:

1. Dimitrios Koutsolioutsos, Chairman – Executive Member of the Board of Directors
2. George Koutsolioutsos, Vice Chairman – Executive Member of the Board of Directors
3. Aikaterini Koutsolioutsou, - Executive Member of the Board of Directors

# Management Report For The Fiscal Year 2008

This Report of the Board of Directors has been prepared in accordance with the provisions of paragraph 6 Article 4 of the Law 3556/2007, the executive decision 7/448/11.10.2007 of the Board of Directors of the Capital Market Committee and the Article 136 the Law 2190/1920 .

The Report contains the information specified by the above provisions, which at the discretion of the companies' management recommends a proper illustration of the development, performance and position of the Company, at the above mentioned period. Additional information are given where appropriate and a need for better understanding of the content in order to obtain a substantial and detailed information about the activity during that period of a public limited company under the name «FOLLI FOLLIE S.A. and the Folli Follie Group.

This report is included uncut, with the financial statements of the Company and other required by law information and statements, in its full year financial report for the fiscal year 2008 and divided into thematic sections, as below.

## A. Annual Review

During the first half of 2008 the integration of the recently acquired company ELMEC SPORT SA, one of the largest and most rapidly growing Greek commercial groups, into the group of Folli Follie has been completed, along with the realization of strategic objectives for the entire group of companies worldwide. The positive track of the Group, but also the success of strategic design is reflected in the financial results of the first half of the current year 2008, where Elmec Sport has been consolidated for the first time fully. Due to this significant change, results are not comparable. Enclosed table points out key elements of the full year results 2008:

### Consolidated Results:

	2008	2007
Sales	937,3	706,2
EBITDA	191,0	157,9
EBT	129,6	125,7
Earnings after taxes and minorities	77,0	72,8

*Amounts in € million*

Consolidated Folli Follie group sales for 2008 amounted to €937,3 million, from € 706,2 million in the year 2007 and showing an increase of 32.7% influenced by the integration of Elmec Sport. Consolidated profit before tax, interest and amortization (EBITDA) amounted to € 191,0 million from € 157,9 million, registering an increase of 21.%. Profits before tax amounted to € 129,6 million from €125,7 million, up 3.1%, while net profit after tax and minority interests of the Group stood at € 77 million, against € 72,8 million for 2007 (+5.8%), bringing earnings per share to €2,3527 versus € 2,209.

With regard to Folli Follie S.A. stand alone figures the group would have shown the following results:

	2008	2007
Sales	324,7	292,0
EBITDA	95,4	88,1
EBT	93,2	88,8
Earnings after taxes and minorities	77,8	73,5

*Amounts in € million*

In its efforts to continue its stable growth, to smoothly manage any potential risks and to safeguard the shareholders' and investors' interests, Folli Follie Group of companies has adopted a framework of principles, rules and internal procedures which are in line with the respective regulations regarding Corporate Governance (L. 3016/2002, Decision 5/204/2000 of the Capital Market Commission).

As shown in the above table the turnover increased by 11.2%, while net profit after tax increased by 5.7%.

#### **Results at parent company level**

At parent company level, sales stood at €38,2 million from €34,3 million, increasing by 12.35%. Earnings before taxes, interest and amortization (EBITDA) amounted to €10,6 million Earnings before taxes amounted to €7,2 million, versus €10,7 million for 2007, down 32.8%, and net profits to €6,6 million from €8,5, presenting 22.4% decrease, mainly because the change in financial results. Therefore, net earnings per share amounted to €0,2017 reduced by 22.06%.

#### **Balance Sheet Data**

-Despite the gradual acquisitions minority percentages during 2008, goodwill remained at the same level as the previous year because according to IAS 8, paragraph 12, the Group took note of the revised IAS 27, which has implementation of the next year, which in paragraphs 30 and 31 indicate that changes in participation rates already subsidiaries that do not result in loss of control, are considered as transactions with owners of the company. It therefore appears that under the revised IAS 27 should not be recorded further gains in minority buying rates in subsidiaries.

- The increase in inventories in absolute terms, due both to an increase in point of sales of the retail group, and to expand cooperation with new department stores.

The significant increase in trade receivables, which is directly related to the reasons for growth stocks as already mentioned, kept almost unchanged indicator speed recovery.

- The increase in debt due to a new loan to cover the group Elmec dividend and acquisition of minority interests.

A fuller analysis of the activity and performance of the group listed is shown by the following indicators

<b>Liquidity</b>			<b>2008</b>	<b>2007</b>
Current Ratio	=	Current Assets/Current Liabilities	2.1	1.9
Quick Ratio	=	Current Assets-Inventories/Current Liabilities	1.3	1.2
Cash Ratio	=	(Cash+Marketable Securities)/Current Liabilities	23.1%	33.30%
Working Capital	=	(Receivables+Inventories)-(Trade payables+other current liabilities)	390.32	291.5
<b>Turnover</b>				
Current Assets Turnover	=	Annual Sales/Current Assets	1.4	1.3
Average Collection Period	=	(Average Trade Receivables/Annual Sales)*365	93.8	86.7
Inventory Turnover	=	CoGS/Average Inventory	2	1.97
Inventory Period	=	Average Inventory/(Annual CoGS / 365)	179	185
<b>Financial</b>				
Debt Ratio	=	Total Debt/Total Assets	72%	71%
Debt to Equity Ratio	=	Total Debt/Total Equity	2.6	2.5
Interest Coverage	=	Ebit/Interest Charges	3.6	5
<b>Profitability</b>				
Gross Margin	=	Gross Profit/Sales	50.6%	53.20%
Return on Assets	=	Net Income/Total Assets	7.4%	7.30%
Return on Equity	=	Net Income/Total Equity	26.4%	25.40%
<b>Dividend Policy</b>				
Dividend Yield	=	Dividends Per Share/Share Price	1.7%	0.4%
Payout Ratio	=	Dividends Per Share/Earnings Per Share	4.3%	4.5%

## **B.Important Events of 2008**

-The Folli Follie SA has increased its current participation (40%) in Folli Follie Japan, by acquiring the remaining percentage of shares (60%) of the share capital of that company. This trade amounted to 2 billion Japanese yen. Such acquisition is part of strategic planning and development of networks of markets where the company operates. Also by the end of 2008 acquired an additional 4.49% of share capital HDF S.A. shaping the overall participation rate at 56.77%.

- In June 2008 signed a preliminary agreement to transfer shares to Papaioannou family, concerning the acquisition of all shares held by family in Lapin House Company. In October 2008 decided to extend for six months timetables set out in this preliminary.

-Under exploitation of synergies parent company of the group proceeded to the disposal of 4 Folli-Follie shops in Romania, which was until recently owned by a franchisee, to Elmec Romania

-In implementing the new concept to the existing product mix / network, HDF has begun to work on new stores named POWER TEAMS, operating in the Extra Schengen area of Athens International Airport and the port of Patras. Also, in a highly ambitious investment program reshaping border has expanded the range of services to travelers - customers at the station of Kipi Evros.

- The group established the company Elmec North Landmark AE, which created and operates from late November with a new department store called «attica», 13 thousand square meter area inside the new shopping center «Golden Hall» in Maroussi-Attica and founded subsidiary in Moldova under the name ICS Elmec Sport SRL, to create retail network in the country, starting by the end of 2008 the first two stores.

- During the year the group has opened 75 new stores worldwide, 28 of its are in the Folli Follie network (5 in Europe and 23 in Asia and Japan), 34 relate to Elmec group and 13 in the Links of London

### **Decisions of the Annual General Meeting:**

The most important decisions of the General Assemblies of shareholders are:

The modification of the articles of association was resolved, particularly the following articles: 11, 12, 16, 17, 19, 20, 22, 24, 26, 27, 28, 30, 31, 33, 34, 38, 41, 42, 48 and 50, in order to comply with the new provisions of Law c.l. 2190/1920 and its codification accordingly.

Approval of the company's buy back share program through the Athens Exchange in accordance with art. 16 par. 5 of Law 2190/1920, up to 10% of the total number of its stock, namely up to 3.294.680 shares, setting the lowest price at 10 Euro and the highest at 30 Euro per share, for a time period fixed up to twelve months as from today until 19/06/2009.

The issuance of common bond loan till the amount of EURO 335.000.000 has been decided to repay the existing debt of the Company, in coordination with provisions of law 3156/2003 and provision of the relevant proxies to the Board of Directors.

In an extraordinary general meeting held in 31.10.08 was approved a share Buy Back program through the Athens Stock Exchange with a minimum purchase price of Euro 0.50 and a maximum price of 30 euros per share.

### **Post Balance Sheet events**

- The company FOLLI-FOLLIE ABEE, has agreed to issue a common bond, worth 231,500,000 euros, in positive terms of the company, to refinance existing debt. The duration of the FR extended until 30.6.2010 and believes that the impact on financial position that the refinancing loan will be positive in approximately €4m. by reducing the cost of borrowing.

- The company's management decided in the second month of 2009 to liquidate its subsidiaries owned in the Czech Republic, Slovakia, Poland and Germany. The liquidation is expected to be

completed within this year. The participation of the above companies' turnover in 2008 results was 0.03%, while in the net equity stood at 0.09%. Noted that the financial statements of the Folli Follie ABEE is included a €2.2 million, which relates to impairment of the value of holdings above companies.

-In March 2009, Elmec Sport, has renewed its exclusive distribution agreement of Nike products in the markets of Romania and Bulgaria until 31/5/2011.

- The rapid depreciation of the Romanian currency (RON) against the Euro, which risks reducing the profitability of the activities of Elmec Romania SRL.

### **Outlook**

The year 2009 began to a climate of insecurity. In such a situation is difficult to make predictions even for the near future. The group has prepared for a year in very difficult and volatile market environment, and is alert to face the coming challenges, exploiting to the fullest extent of the synergies arising from the structure of the group.

These synergies are expected to bring significant benefit to the group's operating results and improved operational activities, arising from the group's structure.

Significant economies of scale are expected to arise in areas such example: promotion, buying and financing costs.

A group's Shield towards economic recession is the spreading of its activities': Successfully Brands, Travel Retail, the international presence in major department stores and Outlets and the firm representation.

### **Own Shares**

Following decisions of the Annual General Meeting of shareholders on 19.06.2008 and extraordinary General Assembly on 31.10.08 Folli Follie acquired during 2008 232.756 own shares by paying **€2.834.349,74, with an average purchase price of € 11 ,87. The total equity shares as of 31.12.08 is 238.810, whose value on the same date amounted to € 2.942.003,47. .**

## **C. Description of principal risks and uncertainties.**

The main risks of the current financial year at the discretion of the Tribunal are:

### **1) Market Risk**

i) Risk Rate: The loan liabilities of the Company and the Group as well as obligations arising from leasing contracts referred to in note 4.11 and 4.12 of the financial statements, is associated with the index Euribor. Therefore the group is exposed to significant interest rate risk. As part of addressing the risk, the group uses IRS tools. It has a common bond with favorable terms.

ii) Currency risk.

- Risk reduction of gross profit due to revaluation of the dollar: The risk stems from the fact that the group buys the goods at prices denominated in USD and have the goods on the markets operating in prices expressed in local currency. The sales prices of the goods of the Group Settled several months prior to the receipt and repayment of any and appreciation of the dollar against local currencies increased selling costs, without being able to increase selling prices, thus depriving part of the Group's Gross profit. That risk management is held by the Department of Asset Management Group in cooperation with the competent Commercial Addresses. Commercial links take into account the risk of changing exchange rates when setting retail prices of their goods. The Group uses additional products and hedge exchange rate risk, (forwards).

-Risk from the conversion of financial statements denominated in foreign currency The Group has investments in foreign operations, whose functional currency is the euro, hence the financial statements not prepared in euro. Because of this, the Group is exposed to the conversion of these financial statements in euros to the consolidated financial statements of the Group.

### iii) Risk-price inflation

In the management's opinion, the group is not at price risk fluctuation, because is not held a significant portfolio of securities and prices of products marketed in no special variation. The worldwide inflationary increase pressures in conjunction with the disruption of the international financial system may alter patterns of consumption, affecting sales and profitability of the group.

## 2) Credit Risk

Credit risk posed by the particular requirements of wholesale customers and cash positions and derivative instruments. With regard to the requirements of financial institutions, credit risk is considered low because dispersal partnerships and careful selection of Greek, mainly financial institutions with strong capital adequacy. With regard to addressing the credit risk of wholesale sales for the Group as now most make the most of them in major supermarkets in the countries involved, and a network of selected franchisee. Also as an additional mitigation measure, the group concluded insurance funds.

## 3) Liquidity risk

Despite the unprecedented financial crisis and limit liquidity globally, the Group maintains high liquidity due to the retail nature of most sales, and shall further strengthen the liquidity of the successful creation of discount outlets for the disposal of old stocks and containment of costs.

## 4) Risk stocks

This risk arises from the possession of old stocks of some companies and the Group is unable to dispose of stock or available to them at prices below the value valuation. The management of risk through specialized sites-outlets such as discount department type Outlet, discount outlets and major hotels in countries where the Group. The group has assessed the existing inventories to net realizable value, assessed on the basis of experience of management and real market data. The administration believes that this method of valuation (essentially forecasts for stock valuation), fully covering the risk of stocks

Quantitative data on these risks are listed in Note 3.23 of economic statement

## D. Transactions with associated parties

During 2008, the payables and liabilities of the above companies from and towards the company, as well as the revenues and expenses of any one of these companies from transactions with the Company in accordance with IAS 24 are as follows:

<b>TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES (amounts in .000 €)</b>				
<b>NAME</b>	<b>AMOUNT</b>	<b>TRANSACTION'S NATURE</b>	<b>UNPAID BALANCE</b>	
			<b>CALL</b>	<b>LIABILITY</b>
FOLLI FOLLIE EUROPE COMPANIES	2,061	Goods & Services Sales	3,114	-
FOLLI FOLLIE ASIA COMPANIES	5,359	Goods & Services Sales	-296	-
HDFS GROUP'S COMPANIES	2,702	Goods & Services Sales	622	-
ELMEC GROUP'S COMPANIES	1,324	Goods & Services Sales	1,405	-
<b>TOTAL</b>	<b>11,446</b>		<b>4,845</b>	<b>0</b>
FOLLI FOLLIE EUROPE COMPANIES	101	Other Revenues		-
FOLLI FOLLIE ASIA COMPANIES	4,042	Other Revenues		-
HDFS GROUP'S COMPANIES	1,477	Other Revenues		-
ELMEC GROUP'S COMPANIES	20	Other Revenues		-
<b>TOTAL</b>	<b>5,640</b>			<b>0</b>
FOLLI FOLLIE EUROPE COMPANIES	1,125	Goods & Services Purchases		1,416
FOLLI FOLLIE ASIA COMPANIES		Goods & Services Purchases		
HDFS GROUP'S COMPANIES	1,207	Goods & Services Purchases		1,036
ELMEC GROUP'S COMPANIES	485	Goods & Services Purchases		380
<b>TOTAL</b>	<b>2,817</b>		<b>0</b>	<b>2,832</b>
<b>TRANSACTIONS BETWEEN GROUP AND RELATED PARTIES (amounts in .000 €)</b>				
<b>NAME</b>	<b>AMOUNT</b>	<b>TRANSACTION'S NATURE</b>	<b>UNPAID BALANCE</b>	
			<b>CALL</b>	<b>LIABILITY</b>
Members of the BoDs' Companies	340	Goods & Services Purchases	-	90
Members of Administration & Directors	6,486	WAGES	35	131
<b>TOTAL</b>	<b>6,826</b>		<b>35</b>	<b>221</b>

# Explanatory Report of the Board of Directors according to Law 3371/2005 par. 1 art. 11a

## **Structure of the Company's share capital.**

The Company's share capital amounts € 9,884,062.50 dividend into 32,946,875 common registered shares of a par value €0.30 each. Each share provides the right of one vote. The Company's shares are listed in the Securities Market of the Athens Stock Exchange, under the "Large Capitalization" classification.

Each share incorporates all the rights and obligations established by the Law and Folli Follie's Articles of association, the latter not including any provisions more restrictive than those of the Law. Shareholder liability is limited to the nominal value of the shares they hold. Holders of share certificates automatically accept Folli Follie's Articles of association and the legal decisions of the General Meetings of the Shareholders. Folli Follie's Articles of association do not grant any special rights to specific shareholders, nor do they contain any terms relating to changes to the capital and to the rights of shareholders that are more restrictive than those established by Law. Shareholders exercise their rights regarding the Management of the Company by means of the General Meetings. Each shareholder is entitled to participate in the General Meetings of the Company's shareholders either in person or by proxy. Each share gives right to one vote.

For shareholders to participate in the General Meetings they must first block all or part of their shares through their Operator in the Dematerialized Securities System (SAT) or (if their shares are in the SAT Special Account) through the Central Securities Depository S.A. The relevant certificate attesting to such blocking of shares, together with the representation documents need to be furnished to the Company at least 5 clear days prior to the date set for the General Meeting, and each shareholder must receive a receipt in order to be able to attend such meeting. Each shareholder may request the annual financial statements and the relevant reports of the Company's Board of Directors and Auditors 10 days prior to the date of the Ordinary General Meeting.

Shareholders holding 5% of the Company's paid up share capital shall be entitled to request from the Court of First Instance in the location of the Company's seat to appoint one or more auditors specifically to audit the Company under Articles 40 and 40 (e) of Law 2190/1920. They may also request that an Extraordinary General Meeting of the shareholders is convened. In that case the Board of Directors is required to convene such General Meeting within 30 days from the submission of the request with the Chairman of the Board of Directors. The requesting parties must state in the request the issues on which the General Meeting is called upon to decide.

Shareholders have option rights for each future increase of the Company's share capital in proportion to their participation in the Company's current share capital, as set forth in Article 13 (5) of Codified Law 2190/1920.

The dividend of each share is paid within 2 months from the date of the Ordinary General Meeting that approved the financial statements. The place and terms of payment are communicated to shareholders in the Press. Dividends are distributed from profits already taxed; hence shareholders are not subject to taxation for the dividends they receive. Dividends that have not been claimed for five years are derecognized and are paid to the Government.

Any disputes between the Company and its shareholders or any third party shall fall under the jurisdiction of ordinary Courts, and the Company may only be brought before the courts of the area where its headquarters are.

## **Restrictions on the transfer of the Company's shares.**

The transfer of the Company's shares is affected in accordance with the law and the Athens Exchange Rulebook and there are no restrictions on their transfer pursuant from the Company's Articles of incorporation.

### Significant direct or indirect participations

Shareholder	Shares	(%)
Dimitrios Koutsolioutsos	14.031.717	42,5889
United Capital Investments Corp	1.720.727	5,2237
<b>As of date : 17.02.2009</b>		

No other physical or legal entity holds percentage larger than 5% of the share capital.

### Holders of any type of a share that provide special rights of audit.

There are no shares of the Company that provide special rights of audit.

### Restrictions on voting right.

No restrictions on the voting rights deriving from the Company's shares.

### Company's Shareholders' agreements.

The Company is not aware of any agreements between its shareholders which might result in restrictions on the transfer of the Company's shares or on the voting rights conferred by its shares. The share is undivided with regards to the exercise of rights and fulfilment of obligations that stem from it. Should there be more than one owner or beneficiaries per share, their representation towards the Company will be carried out by a single person determined by joined agreement.

### Rules of appointment and replacement of Board of Directors' members and amendment of Articles of incorporation.

The rules provided in the Company's Articles regarding the appointment and replacement of its Board of Directors members, as well as the amendment of its Articles are in accordance to those provided for in codified law 2190/1920.

Specifically, according to article 16 of the Company's Articles of Association, the Board of Directors consists of three (3) to seven (7) members and is elected by the Company's General Shareholders' Assembly for a five-year term, which is extended until the first General Assembly following the end of its term, which in any case cannot exceed six years. The members of the Board of the Directors can be reelected or assigned freely.

In case of death or resignation or departure for any reason, of a Board of Directors' member, the remaining members of the Board of Directors, at three (3) members, are required to elect a temporary advisor in replacement of the former for the remaining of the relevant member's term. This election is subject to approval by the first, subsequent to the election, General Shareholders' Assembly. The non-ratification of this election does not affect the validity of the Board of Directors' decisions, which were made during the period from the aforementioned election up to the first subsequent General Assembly.

### Competency of the Board of Directors or some of its members to issue new shares or purchase owned shares.

According to article 6 of the Company's Articles of Association, it is stipulated that the Board of Directors has the right, during the first five years since the establishment of the company, by means of a relevant decision made by a majority of at least two thirds (2/3) of its members, to increase the Company's share capital partially or in full through the issuance of new shares, for an amount that cannot exceed the initial share capital.

This authority may also be assigned to the Board of Directors by a decision from the General Assembly, which is subject to the disclosure statements of article 7b of C.L. 2190/1920. In such a case, the share capital can increase up to the amount of capital that is paid up during the date when the relevant authority was granted to the Board of Directors.

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By exception of the provisions of the two aforementioned paragraphs, if the Company's reserves exceed one fourth (1/4) of the paid up share capital, then a decision by the General Assembly is at all times required with the exceptional quorum and majority defined by one twentieth (1/20) of the total paid up share capital, according to article 25 of the Company's Articles of Association.

As regards to the share buy back according to article 13 of the Company's Articles of Association, the Company may go forward with the acquisition of own shares through the Stock Exchange according to the provisions of paragraphs 5 to 14 included, of article 16 of C.L. 2190/1920 as is in effect.

**Important agreement contracted by the Company, which will enter into effect, will be amended or will expire in case of change in the Company's control following a public offer and the results of this agreement.**

There is no such agreement.

**Agreements that the Company has contracted with the members of the Board of Directors or with its personnel, which provide for the payment of compensation in case of resignation or release without substantiated reason or in case of termination of their term or employment due to a public offer.**

There are no agreements of the Company with members of its Board of Directors or its personnel, which provide for the payment of compensation especially in case of termination of their term or employment due to a public offer.

**Dimitrios Koutsolioutsos**

**Chairman of the Board of Directors**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of «FOLLI FOLLIE ABEE»

### Report on the Financial Statements

We have audited the accompanying financial statements of "FOLLI – FOLLIE A.B.E.E " (the company), and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Greek Auditing Standards, which conform to International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of "FOLLI – FOLLIE A.B.E.E" and the Group as of December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

### Report on Other Legal and Regulatory Requirements

We confirm that the information given in the Directors' Report is consistent with the accompanying financial statements in the context of the requirements of articles 43a, 107 and 37 of Codified Law 2190/20.

### BAKER TILLY HELLAS

Certified Public Accountants - Consultants A. E.  
396, Mesogion Avenue, 153 41 Ag.Paraskevi-  
Athens, Greece  
SOEL Reg. No: 148

Athens, 27 March 2009  
The Certified Public Accountant  
**GEORGIOS I. VARTHALITIS**  
SOEL. Reg. No: 10251

# 1. BALANCE SHEET

## (amounts reported in euro)

ASSETS	NOTE	THE GROUP		THE COMPANY	
		31/12/2008	31/12/2007	31/12/2008	31/12/2007
Tangible Assets	(4.1)	221,030,762.52	194,973,089.35	23,781,990.04	22,961,724.13
Investments in PPE	(4.1)	75,620,691.00	82,921,784.00	12,012,793.00	9,500,000.00
Goodwill	(4.2)	253,048,470.45	253,036,477.48	0.00	0.00
Intangible Assets	(4.2)	109,778,320.98	112,747,864.67	630,615.96	727,409.14
Investments in associates	(4.3)			419,566,288.35	387,438,470.75
Deferred income tax assets	(4.16)	6,456,405.50	3,736,007.94	229,959.65	316,090.50
Other long term receivables	(4.4)	14,690,743.70	12,566,828.22	327,809.72	294,583.75
<b>Total non-current assets (a)</b>		<b>680,625,394.15</b>	<b>659,982,051.66</b>	<b>456,549,456.72</b>	<b>421,238,278.27</b>
Inventories	(4.5)	245,760,983.79	209,190,323.18	15,382,354.24	15,572,813.03
Trade Receivables	(4.6)	286,358,008.54	195,125,870.28	14,488,839.37	16,359,467.19
Other Receivables	(4.6)	51,813,166.46	49,382,426.72	2,862,617.71	3,461,025.08
Other financial assets at fair value through profit or loss	(4.7)	388,228.08	3,341,881.14	388,228.08	1,629,392.98
Cash and cash equivalents	(4.8)	73,064,483.75	91,508,554.94	3,983,042.61	14,443,008.70
<b>Total current assets (b)</b>		<b>664,409,286.62</b>	<b>548,549,056.26</b>	<b>37,105,082.01</b>	<b>51,465,706.98</b>
<b>TOTAL ASSETS (a) + (b)</b>		<b>1,345,034,680.77</b>	<b>1,208,531,107.92</b>	<b>493,654,538.73</b>	<b>472,703,985.25</b>
<b>EQUITY &amp; LIABILITIES</b>					
Share capital	(4.9)	9,884,062.50	9,884,062.50	9,884,062.50	9,884,062.50
Share premium	(4.9)	62,531,731.47	62,531,731.47	62,531,731.47	62,531,731.47
Other reserves	(4.10)	28,713,434.37	25,443,170.44	13,144,804.26	16,887,455.40
Own Stock	(4.10)	-13,559,552.05	-7,899,441.83	-2,942,003.47	-108,259.13
Retained earnings	(4.10)	308,621,575.00	261,100,315.60	32,845,171.65	29,856,696.85
Exchange differences	(4.10)	-46,463,425.24	-59,101,599.04		
Other capital and reserves attributable to equity holders of the Company	(4.10)	-88,927,927.73	-88,927,927.73		
Total capital and reserves attributable to equity holders of the Company (a)		<b>260,799,898.32</b>	<b>203,030,311.41</b>	<b>115,463,766.41</b>	<b>119,051,687.09</b>
Minority interest (b)	(4.10)	<b>115,422,340.20</b>	<b>132,792,714.93</b>		
<b>Total Equity (c) = (a)+(b)</b>		<b>376,222,238.52</b>	<b>335,823,026.34</b>	<b>115,463,766.41</b>	<b>119,051,687.09</b>
Long-term borrowings	(4.11)	613,874,811.39	547,902,213.79	334,500,000.00	334,500,000.00
Retirement benefit obligations	(4.15)	8,821,839.38	10,271,467.22	750,070.00	674,362.00
Deferred income tax liabilities	(4.17)	19,159,446.11	19,901,687.51	1,484,130.52	1,168,104.94
Provisions for other liabilities and charges	(4.11)	9,635,092.61	10,420,084.81	506,234.89	438,732.38
<b>Total non-current liabilities</b>		<b>651,491,189.49</b>	<b>588,495,453.33</b>	<b>337,240,435.41</b>	<b>336,781,199.32</b>
Trade payables	(4.12)	146,435,598.53	94,738,124.89	6,719,589.77	3,319,127.90
Short-term Borrowings	(4.12)	116,403,857.57	122,026,853.87	26,905,856.46	8,115,924.16
Other current liabilities	(4.12)	<b>47,181,796.66</b>	<b>67,447,649.49</b>	<b>7,324,890.68</b>	<b>5,436,046.78</b>
Liabilities related to non current assets classified as available for sale	(4.14)	<b>7,300,000.00</b>			
<b>Total current liabilities</b>		<b>317,321,252.76</b>	<b>284,212,628.25</b>	<b>40,950,336.91</b>	<b>16,871,098.84</b>
<b>Total Liabilities (d)</b>		<b>968,812,442.25</b>	<b>872,708,081.58</b>	<b>378,190,772.32</b>	<b>353,652,298.16</b>
<b>TOTAL EQUITY AND LIABILITIES (c)+(d)</b>		<b>1,345,034,680.77</b>	<b>1,208,531,107.92</b>	<b>493,654,538.73</b>	<b>472,703,985.25</b>

## 2. DATA FROM INCOME STATEMENT FOR THE YEAR PER OPERATION (amounts reported in euro)

		THE GROUP		THE COMPANY	
		1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Sales Revenue	(4.18)	937,260,876.98	706,157,190.46	38,205,058.10	33,977,970.77
Cost of goods sold		-462,869,628.87	-329,922,635.01	-14,121,783.71	-10,905,489.19
<b>Gross profit</b>		<b>474,391,248.11</b>	<b>376,234,555.45</b>	<b>24,083,274.39</b>	<b>23,072,481.58</b>
Other Operating income	(4.18)	30,788,084.63	20,709,197.27	9,175,275.87	2,093,106.03
Administrative expenses	(4.18)	-52,388,058.25	-51,185,847.59	-7,183,222.66	-5,654,324.26
Selling and marketing costs	(4.18)	-275,310,436.26	-197,880,836.61	-15,555,215.45	-13,705,589.86
Other expenses	(4.18)	-5,526,732.49	-3,949,117.18	-1,120,009.09	-970,381.71
<b>Earnings (profit) before taxes, financing and investing results (EBIT)</b>		<b>171,954,105.74</b>	<b>143,927,951.34</b>	<b>9,400,103.06</b>	<b>4,835,291.78</b>
Finance costs - profit	(4.18)	5,224,026.99	10,494,967.67	5,609,179.08	5,798,945.52
Finance costs - expenses	(4.18)	-47,559,207.76	-28,759,340.67	-25,938,756.44	-18,106,370.38
Share of profit of associates	(4.18)	0.00	0.00	18,219,789.72	18,175,740.00
<b>Profit/Loss before taxes (EBT)</b>		<b>129,618,924.97</b>	<b>125,663,578.34</b>	<b>7,290,315.42</b>	<b>10,703,606.92</b>
Income tax expense	(4.19)	-30,369,226.00	-35,980,189.14	-691,765.61	-2,178,640.18
<b>Profit/Loss for the period (after taxes)</b>		<b>99,249,698.97</b>	<b>89,683,389.20</b>	<b>6,598,549.81</b>	<b>8,524,966.74</b>
<u>Attributable to:</u>					
Equity holders of the Company		76,953,558.48	72,765,401.90		
Minority interest		22,296,140.49	16,917,987.30		
Earnings (after taxes) per share - basic (expressed in €)	(4.20)	2.3527	2.2247	0.2017	0.2588
Amortisation - Depreciation		19,073,511.68	13,980,423.12	1,209,439.54	1,090,167.46
<b>Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)</b>		<b>191,027,617.42</b>	<b>157,908,374.46</b>	<b>10,609,542.60</b>	<b>5,925,459.24</b>

### 3. STATEMENT OF CHANGES IN THE COMPANY'S EQUITY (amounts reported in euro)

	Share Capital	Share Premium	Other Reserves	Own Shares	Retained earnings	Currency exchange differences	Other capital and reserves attributable to equity holders of the company	Total	Minority interest	Total net equity
<b>Balance at 1.1.2007</b>	<b>9,884,062.50</b>	<b>62,531,731.47</b>	<b>8,832,577.14</b>	<b>-1,339,856.41</b>	<b>207,356,278.78</b>	<b>-32,706,043.74</b>	<b>-88,927,927.73</b>	<b>165,630,822.01</b>	<b>104,006,311.60</b>	<b>269,637,133.61</b>
Dividends				-3,953,625.00				-3,953,625.00		-3,953,625.00
Directors fees				-250,000.00				-250,000.00		-250,000.00
Minority interest due to new subsidiaries								0.00	13,611,149.83	13,611,149.83
Net income recognised directly in equity					18,063,336.86			18,063,336.86		18,063,336.86
Change in Goodwill accounting policy according to revised IAS 27					-16,285,535.97			-16,285,535.97	-1,742,733.80	-18,028,269.77
Period results					72,765,401.65			72,765,401.65	16,917,987.30	89,683,388.95
Share buyback				-6,559,585.42				-6,559,585.42		-6,559,585.42
Other changes / Adjustments			16,610,593.30		-16,595,540.72	-26,395,555.30		-26,380,502.72		-26,380,502.72
<b>Balance at 31st of December 2007</b>	<b>9,884,062.50</b>	<b>62,531,731.47</b>	<b>25,443,170.44</b>	<b>-7,899,441.83</b>	<b>261,100,315.60</b>	<b>-59,101,599.04</b>	<b>-88,927,927.73</b>	<b>203,030,311.41</b>	<b>132,792,714.93</b>	<b>335,823,026.34</b>
<b>Balance at 1.1.2008</b>	<b>9,884,062.50</b>	<b>62,531,731.47</b>	<b>25,443,170.44</b>	<b>-7,899,441.83</b>	<b>261,100,315.60</b>	<b>-59,101,599.04</b>	<b>-88,927,927.73</b>	<b>203,030,311.41</b>	<b>132,792,714.93</b>	<b>335,823,026.34</b>
Dividends				-3,294,687.50				-3,294,687.50	-20,483,822.99	-23,778,510.49
Deferred taxes in equity								0.00		0.00
Minority interest due to new subsidiaries								599,379.01	-14,573,239.52	-13,973,860.51
Net income recognised directly in equity					495,540.84			-3,697,115.70	223,963.62	-3,473,152.08
Change in Goodwill accounting policy according to revised IAS 27					-24,248,723.89			-24,248,723.89		-24,248,723.89
Period results					76,953,558.48			76,953,558.48	22,296,140.49	99,249,698.97
Share buyback				-5,660,110.22				-5,660,110.22		-5,660,110.22
Other changes / Adjustments			7,462,920.47		-2,983,807.54	12,638,173.80		17,117,286.73	-4,833,416.33	12,283,870.40
<b>Balance at 31st of December 2008</b>	<b>9,884,062.50</b>	<b>62,531,731.47</b>	<b>28,713,434.37</b>	<b>-13,559,552.05</b>	<b>308,621,575.00</b>	<b>-46,463,425.24</b>	<b>-88,927,927.73</b>	<b>260,799,898.32</b>	<b>115,422,340.20</b>	<b>376,222,238.52</b>

## 4. DATA FROM CASH FLOW STATEMENT (amounts reported in euro)

	THE GROUP		THE COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
<b>Cash Flows related to Operating Activities</b>				
Net Profit before taxes	129,618,924.97	125,663,578.34	7,290,315.42	10,703,606.92
<i>Adjustments in respect of non-cash transactions:</i>				
Depreciation and Amortisation	19,073,511.68	13,980,423.12	1,209,439.54	1,090,167.46
Devaluation of tangible and intangible assets				
Provisions	2,883,646.01	1,381,372.80	2,655,186.98	113,629.00
Exchange differences	4,065,375.38	-7,310,346.55		
Cash flows from investing activities	-4,871,910.08	-10,494,967.67	-23,211,156.16	-23,523,650.96
Debit interest and similar expenses	46,663,500.83	28,498,699.11	23,103,016.29	17,653,249.82
<b>Adjustments related to working capital or other operating activities</b>				
Decrease/(increase) of Inventories	-31,625,034.96	-19,704,885.84	-119,541.21	-1,989,562.17
Decrease/(increase) of Receivables	-87,384,646.78	-18,105,948.36	2,419,035.19	-1,640,470.33
Increase/(decrease) of payable accounts (except Banks)	33,956,728.96	13,690,687.72	4,063,101.68	-576,059.82
<b>Minus</b>				
Interest paid and similar expenses	-45,443,033.32	-23,561,028.51	-22,811,400.07	-12,990,446.22
Income Tax paid	-34,101,726.45	-33,473,542.08	-1,726,519.15	-557,384.55
<b>Net cash inflows/(outflows) from Operating Activities (a)</b>	<b>32,835,336.24</b>	<b>70,564,042.08</b>	<b>-7,128,521.49</b>	<b>-11,716,920.85</b>
<b>Cash Flows related to Investing Activities</b>				
Purchases of subsidiaries, associates and other investments	-43,776,338.31	-180,736,700.00	-34,307,322.58	
Purchases of tangible and intangible assets	-47,893,310.64	-25,137,936.55	-2,147,510.26	-1,111,511.71
Proceeds from sale of tangible and intangible assets	9,549,821.87	2,756,450.72	238,476.93	2,106.00
Proceeds from sale of financial assets	3,496,760.90	4,368,430.49	3,695,760.90	5,180,430.49
<i>Dividends received</i>	199,000.00	812,000.00	18,219,888.22	18,175,858.20
Interest received	1,529,511.46	4,337,259.11	137,151.29	453,120.56
Decrease/(increase) of other long-term receivables	-1,849,832.20	-6,552,136.87	-33,225.97	-1,162.41
<b>Net cash inflows/(outflows) from Investing Activities (b)</b>	<b>-78,744,386.92</b>	<b>-200,152,633.10</b>	<b>-14,196,781.47</b>	<b>22,698,841.13</b>
<b>Cash Flows related to Financing Activities</b>				
Own Stock	-5,660,110.22	-6,559,585.42	-2,833,744.34	
Proceeds from Loans	58,213,338.06	141,261,584.91	18,361,164.79	
Repayment of Loans				-12,710,173.45
<i>Payments for leases</i>	-1,563,399.82	-124,920.66	-31,903.82	-30,508.49
Dividends paid	-23,524,848.53	-22,790,646.62	-4,630,179.76	-6,200,886.62
<b>Net cash inflows/(outflows) from Financing Activities (c)</b>	<b>27,464,979.49</b>	<b>111,786,432.21</b>	<b>10,865,336.87</b>	<b>-18,941,568.56</b>
<b>Net increase/(decrease) in cash and cash equivalents (a)+(b)+( c)</b>	<b>-18,444,071.19</b>	<b>-17,802,158.81</b>	<b>-10,459,966.09</b>	<b>-7,959,648.28</b>
Cash and cash equivalents at the beginning of the year	91,508,554.94	109,310,713.75	14,443,008.70	22,402,656.98
<b>Cash and cash equivalents at the end of the year</b>	<b>73,064,483.75</b>	<b>91,508,554.94</b>	<b>3,983,042.61</b>	<b>14,443,008.70</b>

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## 1. General Information about the Group

### 1.1 The Company

The FOLLI FOLLIE Company has the legal entity of societe anonym and is the mother company of the FOLLI FOLLIE.

The Company's seat is registered at 23rd Km ATHENS-LAMIA HIGHWAY, in Greece, where the company's headquarters are located.

The Company's shares are listed in the Securities Market of the Athens Stock Exchange, under the classification of Big Capitalization.

Each share provides the right of one vote.

### 1.2 Object of activity

The Group's primary activities are: a) the construction of Jewelries, Watches, and accessories, b) The representation of foreign Brands and the sales of clothing, c) the retail travel sector.

### 1.3 Structure of the Group

The companies of the Group, which are included in the consolidated financial statements, are as follows:

The Structure of the Group Folli Follie has as follows:

COMPANY	REGISTERED OFFICE	% PARTICIPATION	RELATION THAT COMMANDED THE CONSOLIDATION	UN-AUDITED TAX YEARS
FOLLI FOLLIE S.A.	GREECE		-	2006-2007
FOLLI FOLLIE HONG KONG LTD	HONG KONG	99.99%	Direct	2000-2007
FOLLI FOLLIE UK LTD	GREAT BRITAIN	99.99%	Direct	2005-2007
FOLLI FOLLIE FRANCE SA	FRANCE	100.00%	Direct	2006-2007
FOLLI FOLLIE SPAIN SA	SPAIN	100.00%	Direct	2002-2007
FOLLI FOLLIE CZECH SRO	CZECH REP.	100.00%	Direct	2001-2007
FOLLI FOLLIE POLAND SZOO	POLAND	100.00%	Direct	2001-2007
FOLLI FOLLIE SLOVAKIA SRO	SLOVAKIA	100.00%	Direct	2001-2007
FOLLI FOLLIE GERMANY GmbH	GERMANY	100.00%	Direct	2005-2007
MFK FASHION LTD	CYPRUS	100.00%	Direct	2002-2007
PLANACO SA	GREECE	100.00%	Direct	2003-2007
HELLENIC DUTY FREE SHOPS	GREECE	56.77%	Direct	2005-2007
FOLLI FOLLIE JAPAN LTD	JAPAN	100.00%	Direct	2006-2007
FOLLI FOLLIE ASIA LTD	HONG KONG	99.99%	Indirect	2001-2007
FOLLI FOLLIE TAIWAN LTD	TAIWAN	99.99%	Indirect	2006-2007
FOLLI FOLLIE KOREA LTD	S.KOREA	99.99%	Indirect	2006-2007
FOLLI FOLLIE SINGAPORE LTD	SINGAPORE	99.99%	Indirect	2004-2007
BLUEFOL GUAM LTD	GUAM	99.99%	Indirect	2000-2007
BLUEFOL HAWAII LTD	HAWAII	99.99%	Indirect	2000-2007
BLUEFOL HONG KONG LTD	HONG KONG	99.99%	Indirect	2001-2007
FOLLI FOLLIE MALAYSIA LTD	MALAYSIA	99.99%	Indirect	2004-2007
FOLLI FOLLIE THAILAND LTD	THAILAND	99.99%	Indirect	2001-2007
FOLLI FOLLIE CHINA (PILION LTD)	CHINA	85.00%	Indirect	2006-2007
HELLENIC DISTRIBUTIONS SA	GREECE	53.23%	Indirect	2006-2007
LINKS (LONDON) LIMITED	GREAT BRITAIN	53.23%	Indirect	2006-2007
LINKS OF LONDON (INTERNATIONAL) LTD	GREAT BRITAIN	53.23%	Indirect	2006-2007
LINKS OF LONDON COM LTD (UK)	GREAT BRITAIN	53.23%	Indirect	2006-2007
LINKS OF LONDON ASIA LTD (HK)	HONG KONG	53.23%	Indirect	2006-2007
LINKS OF LONDON INC (USA)	U.S.A.	53.23%	Indirect	2006-2007
LINKS OF LONDON (FRANCE)	FRANCE	53.23%	Indirect	2006-2007
HDFS SKOPJE DOO (F.Y.R.O.M.)	F.Y.R.O.M.	53.23%	Indirect	2004-2007
HELLENIC TOURIST BUREAU A.E.	GREECE	53.23%	Indirect	2006-2007
LAPFOL ( JOINT VENTURE)	HONG KONG	50.00%	Indirect	2007
ELMEC SPORT ABETE	GREECE	50.64%	Indirect	2007
FACTORY OUTLET A.E.E	GREECE	50.64%	Indirect	2007
FACTORY OUTLET AIRPORT A.E.E	GREECE	50.64%	Indirect	2006-2007
ELMEC ROMANIA SRL	ROMANIA	50.64%	Indirect	2007
ELMEC SPORT BULGARIA EOOD	BULGARIA	50.64%	Indirect	2001-2007
CHRONOSPORT A.E.	GREECE	25.32%	Indirect	2003-2007
MOUSTAKIS S.A.	GREECE	50.64%	Indirect	2002-2007
LOGISTICS EXPRESS A.E.	GREECE	50.64%	Indirect	2007
ATTIKA DEPT.STORES SA	GREECE	25.31%	Indirect	2007
IPIROTIKI S.A.	GREECE	50.59%	Indirect	2003-2007
NORTH LANDMARK SA	GREECE	17.72%	Indirect	establishment 2008
ACS ELMEC SPORT SRL	MOLDAVIA	50.64%	Indirect	establishment 2008

The Full consolidation method has been used for all subsidiaries except from LAPFOL Company (JOINT VENTURE), which was consolidated proportionately.

## **2. Basis of Preparation of Financial Statements**

### **2.1. Compliance with the IFRS**

The consolidated and separate financial statements of the FOLLI FOLLIE group are in accordance with the International Financial Reporting Standards (IFRS) as these have been published by the International Accounting Standards Board (IASB), as well as their interpretations, as published by the International Financial Reporting Interpretations Committee (I.F.R.I.C.) of the IASB and which have been adopted by the European Union as of 31 December 2008.

### **2.2. Basis of Preparation of Financial Statements**

The consolidated and separate financial statements of the FOLLI FOLLIE group have been prepared under the going concern basis and the historic cost principle, as amended with the adjustment of certain items of assets and liabilities.

### **2.3. Approval of Financial Statements**

The financial statements have been approved by the Group's Board of Directors on 27th March 2008 and are to obtain final approval by the Shareholders' Ordinary General Assembly.

### **2.4. Applicable Period**

The present financial statements comprise the financial statements of the Company and its subsidiaries, which are jointly referred to as the Group and are applicable over the period from 1 January 2008 until 30 September 2008.

### **2.5. Presentation of Financial Statements**

These financial statements are presented in €, which is the functional currency of the Group, meaning that it is the currency of the primary economic environment, in which the mother company operates, as well as most of its subsidiaries.

All figures are presented in thousands, unless it is otherwise specified.

It should be noted that for purposes of rounding, the actual sums of the figures indicated in the published by the press condensed separate and consolidated financial statements, are likely to differ from the sums indicated in the present financial statements.

### **2.6. Changes in accounting principles**

#### **2.6.1 Standards, amendments and interpretations of already existing standards**

The changes in accounting principles which have been adopted and are consistent with those of the previous years, are analyzed as follows:

Amendments of IAS 39 and IFRS 7 "Reclassification of Financial Instruments" The amendment of IAS 39 issued in October 2008, allows an entity to reclassify non-derivative financial assets (except the ones classified at fair value through results at the initial recognition) in another category than the one of fair value through results, in specific cases. The amendments in IFRS 7 require additional disclosures in the financial statements of the entities that adopt the amendments of IAS 39. Such disclosures are shown in note 4.4 of the Financial Statements.

It is required that IFRS 7 is applied on the annual financial statements which are published as of 1/1/2007 or thereafter. IFRS 7 replaces and amends the necessary disclosures which were previously

determined by IAS 32 and has been adopted by the Group for the 2007 consolidated financial statements.

All disclosures which refer to financial instruments as well as items of the comparative period have been updated so as to respond to the requirements of the new standard.

More specifically, the consolidated financial statements of the Group present for every reported financial statement: A sensitivity analysis which aims at justifying the exposure of the Group to market risks, associated with its financial instruments and An analysis of the termination of financial obligations which shows the conventional liabilities due (3.23).

## **2.6.2 Amendment of the IAS 1 Presentation of the Financial Statements**

Due to the publication of the IFRS 7, certain amendments were deemed necessary in IAS 1 Presentation of the Financial Statements and certain additional requirements were added in IAS 1, which pertain to the publication of information of an economic entity. The Group is publishing from now on information pertaining to the purpose of capital management, the processes and the strategy it follows.

### **2.6.2.1 IFRIC 7 – Adoption of revision method of IAS 29**

This interpretation provides guidelines in regard to the implementation of IAS 29 in a period of presentation, in which a company acknowledges a state of hyperinflation in the economy of its functional currency, under the condition that the economy has not been hyperinflationary in the previous year. Given that none of the companies of the Group operates in a hyperinflationary economy, this interpretation has not affected the financial statements of the Group.

### **2.6.2.2 IFRIC 8 – Scope of IFRS 2**

This interpretation examines the transactions which include the equity instruments issued – when the identifiable received price is smaller than the fair value of the equity instruments issued – so as to define whether or not they fall within the implementation scope of IFRS 2. This interpretation has not affected the financial statements of the Group.

### **2.6.2.3 IFRIC 9 - Reassessment of Embedded Derivatives**

This interpretation requires an economic entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as if it were stand-alone derivative when the entity first becomes party to a contract. This interpretation does not apply to the Group.

### **2.6.2.4 IFRIC 10 - Interim Financial Reporting and Impairment**

This interpretation requires an entity should not reverse in a subsequent interim period impairment loss on goodwill or an investment in an equity instrument or in a financial asset carried at cost that it had recognised in prior years balance sheets. This interpretation has not affected the financial statements of the Group.

## **2.6.3 Standard, amendments and interpretations in the existing standards, not yet in effect and not adopted.**

### **a. New standards, interpretations and amendments mandatory for the financial year 2008**

The Company implemented for the first time the amended Standards IFRS 39 «Financial instruments: Recognition and Measurement» and IFRS 7 «Financial instruments: Disclosures», whose implementation became mandatory in the presented financial year.

The implementation of these two amended Standards resulted to reclassification of the company shares listed in ASE from the “fair value investments through results” to the “investments available

for sale". This reclassification resulted to the direct charge in the net equity of valuation losses of approx. € 233 thousand that refer to the fourth quarter of the financial year.

The three interpretations issued from the International Financial Reporting Interpretation Committee that apply in the financial year 2008 are:

IFRIC 11, Group and Treasury share transactions.

IFRIC 12, Service Concession Arrangements.

IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The financial results of the Group and the Company have not been affected by the implementation of the aforementioned interpretations.

#### **b. New standards, amendments and interpretations not yet effective for the year 2008**

In addition, the following new amended and revised standards, and interpretations are not mandatory for the year 2008:

- IFRS 8 «Operating segments», mandatory for the financial year 2009, introduces the "management approach" in the information per segment. IFRS 8 will require a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Management, however, its implementation is not expected to have significant impact on the consolidated financial statements.
- IFRS 23 "Borrowing Costs" (amendment), mandatory for the financial year 2009, removes the option to expense the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset and requires the capitalization of this cost. The implementation of the amended IFRS 23 is not expected to affect the company's results, however the consolidated results for the years 2009 to 2011 will be positively effected towards future fiscal years.
- IAS 1 «Presentation of Financial Statements» (amendmet), mandatory for the financial year 2009, introduces the term "total comprehensive income" which represent changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. The implementation of the revised IAS 1 is not expected to have significant impact on the financial statements of the Group. For the financial statements of the year 2009, the Group plans to present the total comprehensive income in a separate statement of total comprehensive income.
- IAS 32 «Financial Instruments: Presentation" (amendment) and IAS 1 «Presentation of Financial Statements» (amendment): Puttable financial instuments and obligations arising from liquidation, mandatory from year 2009, requires puttable instruments and instruments that impose on the entity and obligation to deliver to another party a pro rata share of the net assets of the entity on liquidation to be classified as equity if certain conditions are met. The implementation of the said amendment is not expected to have significant impact on the financial statements of the Group.
- IAS 39 «Financial Instruments: Recognition and Measurement" (amendment): Eligible Hedged items clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment will become mandatory for year. The implementation of the said amendment is not expected to have significant impact on the financial statements of the Group.
- IFRS 3 «Business Combinations» (revision) mandatory from the year 2010, in accordance with (a) the definition of a business has been broadened, which is likely to result in more acquisitions being

treated as business combinations, (b) Contingent consideration will be measured at fair value, with subsequent changes to be recognized in profit or loss, (c) Transaction costs, other than costs of share issuance and debt issue costs, will be recognized as expenses as incurred, (d) Any pre existing interest in the acquiree will be measured at fair value with the gain or loss recognized in profit and loss, (e) Any minority interest will be measured at either their fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis. The Group will implement the revised IAS 3 only in future business combinations.

- IAS 27 «Consolidated and separate Financial Statements» (amendment), become mandatory from year 2010, requires changes in ownerships interest by the Group in a subsidiary, while maintaining control, to be recognized as an equity transaction. The Company has taken into consideration following § 12 of IAS 8, the revised IAS 27, with regard to accounting policy of goodwill resulted from the acquisition of minority interest in subsidiaries, given that, before the amendment of IAS 27, such transaction was not regulated by any Standard in force.

- IFRS 2 «Share value-based payment» (amendment): Vesting conditions and Cancellations, mandatory from year 2009, clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires the non-vesting conditions to be reflected in grant-date fair value and provides the accounting policy for non-vesting conditions and cancellations. The implementation of the revised IFRS 2 is not expected to have a significant impact on the financial statements of the Group.

- IFRS 1 «First time adoption of International Financial Reporting Standards» (amendment) and IAS 27 «Consolidated and Company Financial Statements» (amendment): Cost of an Investment in Subsidiary, jointly controlled entity or associate, mandatory from year 2009. This amendment provides for those companies that adopt for the first time the International Financial Reporting Standards, relief from certain requirements of IAS 27. As all companies of the Group have already adopted the International Financial Reporting Standards, this amendment will not have an impact in the financial statements of the Group.

- IFRS 13 «Customer Loyalty Programmes», mandatory from year 2009, results to amendments in the measurement of income, in cases of sale of goods when the customer can redeem credits for awards such as free or discounted goods or services. The Group has not defined as yet the probable impact of this interpretation in the financial statements.

- IFRS 15 «Agreements for the construction of real estate», mandatory from year 2009, broadens the cases of transactions incurred in IAS 18 instead of IAS 11. This interpretation will not have any impact in the financial statements of the Group.

- IFRS 16 «Hedges of a net investment in a foreign operation», mandatory from year 2009, clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and the hedging instrument may be held by any entity within the Group. The implementation of this interpretation is not expected to have any impact in the financial statements of the Group.

- IFRS 17 «Distributions of non-cash assets to owners», mandatory from year 2010, provides guidance on when and how a liability for certain distributions of non-cash assets, is recognized and measured and how to account for settlement of that liability. The implementation of this interpretation is not expected to have any impact in the financial statements of the Group.

- IFRS 18 «Transfer of Assets from Customers», mandatory from 2010, refers to entities that receive contributions in tangible assets from their customers and do not apply to the Group.

Besides the adoption of the provided policy by the amended IAS 27 for goodwill resulted from increase of percentage in existing subsidiaries, the Company has not as yet adopted the aforementioned new

or amended/revised standards and interpretations, nor intends to adopt them before the date of their mandatory implementation.

**c. Amendments to existing standards as part of its first annual improvements effective after 2008**

The International Accounting Standard Board made certain amendments to existing standards as part of its first annual improvements.

The Group has not as yet adopted the said amendments, nor intends to adopt them before the date of their mandatory implementation. Based on the existing structure of the Company and the accounting policies applied, Management does not expect significant impact in the financial statements of the Group from the implementation of the said amendments when these become applicable, and therefore will not be presented in detail here below.

The amended standards are as follows:

IAS 1 «Presentation of the Financial Statements», mandatory from year 2009.

IAS 16 «Tangible fixed assets» and subsequent amendment to IAS 7 «Cash Flow statement», mandatory from year 2009.

IAS 19 «Employees Benefits», mandatory from year 2009.

IAS 20 «Accounting of state grants and disclosure of state support», mandatory from year 2009.

IAS 23 «Borrowing Costs», mandatory from year 2009

IAS 27 «Consolidated and company financial statements», mandatory from year 2009.

IAS 28 «Investments in related companies» and subsequent amendments in IAS 32

«Financial Instruments: Presentation» and in International Financial Report Standard 7 «Financial Instruments: Disclosures», mandatory from year 2009.

IAS 29 «Presentation of financial data in overinflated economies», mandatory from year 2009

IAS 31 «Participation in joint ventures» and subsequent amendments in IAS 32 «Financial Instruments: Presentation» and in International Financial Report Standard 7 «Financial Instruments: Disclosures», International Financial Report Standard

IAS 36 «Impairment of current assets value», mandatory from year 2009.

IAS 38 «Intangible assets mandatory from year 2009.

IAS 39 «Financial Instruments: Recognition and measurement», mandatory from year 2009

IAS 40 «Investment in Property» and subsequent amendments in IAS 16 «Tangible fixed assets», mandatory from year 2009.

IAS 41 «Agriculture», mandatory from year 2009.

IFRS 5 «Non current assets possessed for sale and interrupted activities» and subsequent amendments in IFRS 1 «First time adoption of IFRS» mandatory from year 2010.

## **2.7 Management s important judgments and assessments.**

The Financial Statements preparation according to the International Accounting Standards requires the formulation of assessments, judgements and acknowledgements which are likely to affect the

assets and liabilities accounting balances, and necessary disclosures for contingent liabilities and claims, as well as the amount of recognized revenues and expenses.

Providing adequate reporting and applying subjective judgement are integral parts for the measurement of assets valuations, employees' benefits liabilities, devaluation of elements of assets, unaudited fiscal years and pending court cases. These assessments are considered important but not binding. The actual future results are likely to differ from the assessments above.

## **2.7.1 Judgements**

The basic judgements formulated by the Group Management (apart from the judgements that are associated with assessments, which are presented subsequently) and have greater impact on the amounts recognized in the financial statements is mainly related to:

### **2.7.1.1 Classification of investments**

The Management decides during an investment acquisition, whether this investment will be classified into one of the three categories; trading, held-to-maturity, or available-for-sale.

For investments that are characterized as held-to-maturity, the management examines if the criteria of IAS 39 are met and in particular to what extent the Group has the intention and the ability to maintain them until their expiry. The Group classifies its investments as held for trading purposes if these have been acquired in order to generate mainly short-term profit. The classification of investments, measured in the fair value through the results, depends on the way the management monitors the performance of these investments. When they are not classified as held for trading purposes, but remain available and reliable fair values and the changes in the fair values are included in the profit or loss accounts of the management, they are classified as measured in the fair value through the results. All other investments are classified as available-for-sale.

## **2.7.2 Valuations**

Specific amounts, included in or affecting financial statements, as well as the relevant disclosures are assessed, εκτιμώνται, necessitating our formulation of estimates regarding values or circumstances which we are not in a position to know with certainty during the preparation of the financial statements. An accounting assessment is considered important when it is important for the image of the financial status of the company and its results and requires the most difficult, subjective or complex judgements of the management, resulting usually from the need to formulate assessments about the impact of uncertain assumptions. The Group evaluates such assessments constantly, based on previous years results and experience, consultations with specialists, trends and other methods, considered reasonable at the given circumstances, as well as predictions for potential future changes. In note X accounting policies are stated O which have been selected among acceptable alternatives.

### **2.7.2.1 Income taxes**

The FOLLI FOLLIE Company and its subsidiaries are subject to Income taxes from different fiscal authorities. Significant assessments are required in order to define provisions for Income taxes. There are numerous transactions and calculations, for which the accurate measurement of tax is uncertain during the ordinary course of activities of the enterprise. The Group recognizes obligations stemming from expected issues of the fiscal audit based on valuation for the amount of additional taxes potentially due. When the final result of these tax estimates, differs from the amount which was initially recognized in the financial statements, the differences affect the Income taxes and the forecasts for the deferred taxation of the period when these amounts are finalised.

### **2.7.2.2 Provisions**

The high risk accounts present amounts which are likely to be recovered. The estimates for the amounts expected to be reclaimed result from analysis and experience of the group regarding the likelihood of doubtful debt. As soon as it becomes known that a certain account is exposed to a greater risk than the ordinary credit risk (eg low creditability of client, dispute over the nature of the amount of the claim, etc. ), the account is analyzed and subsequently recorded as high risk if conditions denote that the obligation is unpaid.

### **2.7.2.3 Contingent events**

Defining the potential obligations which are related with judiciary claims and requirements is a complex procedure, which includes assessment bearing on the potential consequences and the interpretations of laws and regulations. Changes in judgement or interpretations are likely to lead in the future to the increase or decrease of the potential obligations of the Group.

## **3. Accounting policies summary**

Below follows a summary of significant accounting policies which have been applied during the preparation of the present consolidated financial statements.

It is worth noting that accounting assessments and estimates are applied for the preparation of financial statements. Despite the fact that these estimates are based on the sound knowledge of the management regarding the current events and actions, the actual results are likely to differ in the end from those that have been assessed.

### **3.1 Consolidation Εvonoίνση**

#### **3.1.1 Subsidiaries θυγατρικές**

Subsidiaries are all entities, whose economic and business policies the Group has the power to control. The Group considers that it holds and exerts control when it participates with a higher percentage than half of the voting rights.

While defining to what extent the Group exerts control over the voting rights of another economic entity, it is examined if potential voting rights exist and if influence, which can be exercised or changed, is exerted upon them.

The subsidiaries are consolidated with the method of full consolidation from the date when the Group acquires control, while consolidation is terminated from the date control ceases to exist. In addition, acquired subsidiaries are initially consolidated through the adoption of the market method. The latter includes the readjustment of all the recognized assets and liabilities to the fair value, including potential obligations of the subsidiary, during the time of acquisition, regardless of whether these have been included in the financial statements of the subsidiary before its acquisition. During the initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet in the rearranged values, which are also employed as the basis of their subsequent valuation according to the accounting policies of the Group.

The accounting policies of the subsidiaries are modified where deemed necessary so that they are consistent with the policies adopted by the Group.

Trade receivables and liabilities, as well as transactions, revenues and expenses and pending profits or losses among companies of the Group are omitted in consolidated financial statements.

### **3.1.2 Affiliates**

Affiliates are companies on which the Group has the right to exert significant influence and do not constitute subsidiaries or rights to joint venture. Significant influence is defined as the authority to participate in decisions for the economic and business policies of the company, but not have control over these policies. There is usually significant influence when the Group owns 20% to 50% of voting rights through share ownership μέσω κυριότητας μετοχών or through another kind of agreement.

Investments in affiliated companies are initially recognized at cost while for consolidation purposes the method of net equity is employed. Goodwill is included in the accounting value (cost) of the investment and it is monitored for devaluation as part of this investment.

All subsequent changes in the percentage of participation in the net equity of the affiliated company are recognized in the accounting value of the investment of the Group.

Changes resulting from profits and losses of the affiliated companies are entered in the consolidated financial results.

Changes that have been directly recognized in total equity of affiliated companies are recognized in the consolidated total equity of the Group.

Whichever changes recognized directly in the total equity and are not related to a result, like for instance the distribution of dividends or other transactions with the affiliated company's shareholders, are registered by the accounting value of the participation. Within this framework, no influence is recognized on the net result or total equity.

When the share of losses of the Group in an affiliated company equals or exceeds the accounting value of the investment, including also any other non secure receivables, the Group does not recognize further losses, except if the Group has undertaken commitments or has effected payments on behalf of the affiliated company.

The accounting policies of the affiliated companies are modified when deemed necessary in order to be consistent with the policies adopted by the Group.

## **3.2 Joint ventures**

Economic entities, whose financial activities are controlled jointly by the Group and by other joint ventures independent of the Group are treated accounting-wise by using the proportionate consolidation.

In the case when the Group sells assets to the joint venture, it recognizes only the profit or loss from the transaction that corresponds to the participation of the rest of the parties.

On the contrary, if the Group buys assets from the joint venture, it does not recognize its share on the profit or loss until it sells the asset to a third party. In the case when there are indications of losses due to the decrease of value of the acquired by the joint venture assets, then whichever loss is recognized in its entirety.

## **3.3 Foreign Currency Translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions.

Foreign exchange gains and losses resulting from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, with the rates prevailing at the date of Balance Sheet, are recognised in the income statement.

Translation differences on non-momentary financial assets and liabilities measured at fair value, are reported as part of the fair value and therefore recognised as also the differences of the fair value.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates.

The financial statements of all the Group companies, which participate in the consolidation and have a functional currency different from the presentation currency, are translated into €.

Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet (see par.2.6). Income and expenses are translated at average exchange rates of the period. (See par. 2.6).

All resulting exchange differences are transferred to the income statement recognised as part of the gain or loss on sale when a foreign operation is sold.

### **3.4 Financial information per segment**

#### **3.4.1 IAS 14**

A business segment is defined as a group of assets and activities which provide products and services that is subject to different risks and returns from those of other business segments.

A geographical segment is defined as an economic environment (geographical region) where products and services are provided and that subject to different risks and returns from those of other economic environments.

As primary type of segment information, the Group has selected the geographical information per segment.

### **3.5 Goodwill**

Goodwill which results from a merger between two enterprises is initially recognised at its cost, which exceeds the cost of merger, and is more than the Group's portion in the fair value of the net assets acquired.

### **3.6 Intangible assets (excluding goodwill), Research and Development activities**

The Group intangible assets are recognised initially at the cost of their acquisition. After the initial recognition, intangible assets are measured in their cost less accumulated depreciation and any devaluation loss that may have incurred.

#### **3.6.1 Other intangible assets**

Other intangible assets include the acquired software used by production or management.

The acquired licenses, referring to software are capitalised based on the expenses incurred for the acquisition and instalment of the specific software.

Expenses linked with software maintenance are recognised in the costs of the period when incurred.

### 3.6.2 Trademarks and licenses

The acquired trademarks and licenses are initially recognised at their historical cost.

Licenses have a limited useful life and are recognised at cost less the accumulate epreciation. Depreciation is measured by using the method of useful life with a view to distributing the trademark and licenses in the course of their estimated useful life.

### 3.7 Tangible assets

Property, plant and equipment is stated at historical cost less subsequent depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Installations on third parties' property (establishment of stores) are depreciated over the estimated term of the lease.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method over their estimated useful lives, as follows:

Assets Category	Years of useful life
Buildings (privately owned)	50 Years
Electro-Mechanical etc. Installations on privately owned buildings	20-25 «
Installations on third parties' property	8-12 «
Mechanical equipment	6,67-9,0 «
Motor vehicles	6,67-9,0 «
Other equipment	6,67 «

The self constructed tangible assets consist an addition to the acquisition cost of the tangible assets at values which comprise the direct payroll cost of personnel that participates in manufacturing, the consumed materials cost and other general costs.

Tangible assets' residual values and useful lives are subject to review at the date of the balance sheet. If the residual values, the expected useful life or the expected consumption rate of future benefits that are incorporated in an asset, change, these changes are treated accounting-wise as changes in accounting valuations.

During the sale of tangible assets, the differences between the component received and and its accounting value are recognised as profit or losse in the results.

The accounting value of tangible assets is monitored for devaluation when there are relevant indications, i.e events or changes in circumstances show that the accounting value may not be recoverable. If there is such an indication and the accounting value exceeds the estimated recovered amount, assets or cash flow generating units are devaluated at the recoverable amount. The recoverable amount of property, installations and equipment is greater than the one between their net selling price and their usage value. To calculate the usage value, the expected future cash flow is prepaid at their current value by using a pre-tax interest rate that reflects market's current valuations for the money value and the risks linked to this asset.

When the tangible assets accounting values exceed their recoverable value, the difference (devaluation) is initially recognised as the decrease in the fair value created which is reported on the accounts of net equity. Every devaluation loss incurred that exceeds the created reserve for the specific asset is directly recognised as expense in the income statement.

### **3.8 Investments on property**

Investments in property refer to investments on all property (including land, buildings or parts of buildings μέρη κτιρίων) which are in the Group's possession (either by purchase, or lease) in order to receive either rent from their lease, or to increase their value (capital increase ενίσχυση κεφαλαίου), or for both purposes and are not owned for:

- > Used in production or material/service procurement or administrative purposes and
- > Sale in the ordinary company's course of activities.

Investments on property are recognised initially at their acquisition cost κόστος κτήσης, including transactions expenses.

Subsequently, they are recognised at their fair value. The fair value is determined annually by independent estimators, with adequate experience as to the location and the nature of property investment. The accounting value reported in the Group's financial statements reflects the purchase condition at the balance sheet date. Every profit or loss that stems from change in the fair value of property investment is recognised in the results of the period it is incurred.

Rearrange to the tangible asset (or vice versa) category is acceptable only when there is a change in usage.

For the transfer of the asset from the property investments category that is reported at fair value and its designation as own used, the asset's the cost for its subsequent accounting treatment, constitutes its fair value at the date of the rearranged use.

A property investment is erased (eliminated from the balance sheet) when it is has sold or when no future financial benefits are expected from a potential sell.

Profits or losses resulting from its elimination or sell of the investment in property are recognised in the results of the period of its elimination.

### **3.9 Non-current assets held-for-sale**

Assets held for sale include assets that the Group intends to sell in the due course of one year from the date of their recognition as "Held-for-sale". These items may constitute a constituent part of the Group, a group of assets and liabilities or an independent non current asset.

These assets, recognition as "Held-for-sale" are measured in the lowest price between the accounting and fair value, less the expenses that the company will be called to pay in order to conclude the sale and are not subject to depreciation. Profit or loss from the sale or the readjustment of "Held-for-sale" assets is reported in the income statement at other revenues or other expenses respectively.

### **3.10 Financial assets**

The Group's financial assets are categorized as follows:

- > Loans and receivables,
- > Financial assets at fair value through profit and loss,
- > Held-for-sale assets and
- > Held-to-maturity investments

Financial assets are distinguished into different categories by management according to their characteristics and the purpose of their acquisition.

Each category of financial asset is distinguished from others as different regulations are applicable per category with regards to valuation and recognition method of every potential outcome either in the income statement or directly in Own Capitals.

Financial assets are recognised at the effective accounting date of the commercial transaction.

### **3.10.1 Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial asset with fixed or determinable payments and fixed maturities. Such financial assets are recognized as held-to-maturity investments as long as the management has the positive intention and ability to hold to maturity.

After the initial recognition, investments classified in this category, are subsequently measured at amortised cost, using the effective interest method. Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus any unamortised original premium or discount, calculated with the effective interest method. Inclusive in the calculation are all fees and units that have been paid or received between the contracting parties which constitute an integral part of the effective interest, transaction cost and every increase or discount.

In addition, if there is objective evidence that the financial asset has undergone devaluation of its value, then the investment is measured at present value of estimated future cash flows and every difference with the investment's accounting value is recognised in the profit or loss as liability.

### **3.10.2 Financial assets measured at fair value through profit or loss**

Financial assets measured at fair value through profit or loss comprise financial assets held principally for trading purposes and are determined by the Group as measured at fair value through profit or loss upon their initial recognition. Furthermore, in this category derivative financial assets are classified that do not meet the criteria of hedging accounting

Financial assets included in this category are measured at fair value through profit or loss and cannot be reclassified in a different category.

Financial assets classified in this category by the Group include shares listed in Athens and Cyprus Stock Exchanges.

### **3.10.3 Loans and Receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that have no quoted stock price in the active market. They come into existence when the Group provides money, products or services directly to a debtor with no intention of commercial claim εμπορικής εκμετάλλευσης.

Loans and receivables are measured at amortised cost, using the effective interest method, less any devaluation provision. Every change in the value of loans and receivables is recognised in profit or loss when loans and receivables are eliminated or undergo value discount, as well as during the application of the effective interest method.

For certain receivables a review is conducted for potential devaluation separately in cases when the receivable payment has been designated overdue at the date of financial statements or in cases when objective evidence indicate devaluation need. Other receivables are grouped and reviewed for potential devaluation in their entirety. The grouping of receivables is affected on the basis of common credit risk characteristic that they manifest.

Receivables and loans are included in current assets, excluding those that expire after twelve months time from the date of the balance sheet. These are designated as non current assets. In the balance sheet they are classified as commercial and other claims and constitute the greatest part of the Group's financial assets.

#### **3.10.4 Financial assets available-for-sale**

Financial assets available-for-sale comprise non-derivative financial assets which are classified as available-for-sale or do not meet the criteria for classification in other financial assets categories. All financial assets that are classified in this category are measured at fair value, assuming that this can be determined reliably, while changes in their value are recognised in net equity, after calculation of any effect incurred by taxes.

Upon the sale or devaluation of the available-for-sale assets, the cumulative profits or losses, that have been recognised in net equity are recognised in the profit or loss statement.

In a case of permanent devaluation, the sum of cumulative losses which is transferred from the income statement and recognised in the profit or loss is a result of the difference between the acquisition value and the fair value.

Devaluation losses that have been recognised in profit or loss for equity investment classified as available-for-sale are not reversed through profit or loss.

Losses that have been recognised in previous years' financial statements and do not result from devaluation of debit titles are reversed through profit or loss, if the increase (devaluation reversal) is associated with events that occurred before the devaluation recognition in the profit and loss statement.

The Group has not classified financial assets in this category.

#### **3.10.5 Fair Value**

The fair value of investments occurring in an active market is evidenced by mention of stock prices at the date of balance sheet. If the market for an investment is inactive, the Management determines the fair value by using valuation techniques. The purpose of using a valuation technique is to determine the transaction price quoted at valuation date for this transaction on a purely commercial basis, triggered by ordinary business factors. Included in valuation techniques are among others the use of recent transactions on a purely commercial basis, the reference to the current fair value of similar asset and its prepaid cash flow analysis.

### **3.11 Financial liabilities**

The Group's financial liabilities consist in bank loans and overdraft accounts, commercial and other obligations/liabilities and financial leasing.

#### **3.11.1 Financial liabilities (other than loans)**

Financial liabilities are recognised when the Group participates in a conventional agreement of financial instrument and are eliminated when the Group is relieved of this obligation or if this obligation is cancelled or expires.

Liabilities incurring from financial leasing are measured at their initial value less the amount of capital payments while interests are recognised as expense in "financial expenses" account of the income statement.

Commercial liabilities are initially recognised at their nominal value and subsequently measured at amortised cost.

Gains and losses are recognised in the profit or loss statement when liabilities are eliminated and when effective interest method is applied.

Dividends to shareholders are recognised in κονδύλι "Other short-term financial liabilities", when dividends are approved by the General Annual Shareholders Meeting.

### **3.11.2 Loans**

Bank loans provide long-term financing to the Group's functions. All loans are initially recognised at cost, which is the fair value of the received payment, other than the direct issuance expenses.

## **3.12 Financial assets and liabilities**

### **3.12.1 Initial recognition**

Financial assets and financial liabilities are reported in the Group's balance sheet, at the moment that the Group becomes one of the contracting parties of the financial instrument.

The Group's financial instruments consist in:

- > deposits
- > Trade receivables
- > Trade payables
- > bank loans
- > common shares

### **3.12.2 Classification and valuation**

#### **3.12.2.1 Cash equivalents**

Cash and cash equivalents comprise cash in the bank and in the cash in hand as well as short-term high liquidity investments such as repos and deposits with less than three months maturity date.

For the preparation of the Cash Flow Statement, cash and cash equivalents consist of those as determined above, excluding pending ones of bank overdrafts.

#### **3.12.2.1 Trade receivables**

Claims from commercial activities are initially recognised at their fair value and subsequently measured at undepreciated cost with the effective interest method.

Appropriate provisions for estimated non recoverable amounts are recognized in profit or loss when there is factual evidence that the asset has been devaluated. The recognized provision is measured as the difference between the asset's accounting value and the current value of the estimated cash flows, prepay able with the prevailing effective interest during the initial recognition.

#### **3.12.2.1 Trade liabilities**

Trade liabilities are initially recognized at their fair value and subsequently measured at the undepreciated cost by using the effective interest method.

#### **3.12.2.1 Bank loans**

Bank loans provide long-term financing of the Group's operations. All loans are initially recognized at cost, which is the fair value of the received return, net of the issuance cost related to the loan.

After the initial recognition, loans are measured at their amortised cost on the basis of the effective interest method and any difference is recorded in the income statement at the period of the borrowing.

#### **3.12.2.1 Common shares**

The company's issued share capital is recognized at net revenues minus direct issuance costs, after corresponding income tax calculation.

When the Group acquires own shares, they are deducted from equity. At the time of the acquisition, sale, issuance or cancellation of the financial entity's own shares no profit or loss is recorded in the income statement.

### **3.13 Inventories**

Inventories include raw materials and goods purchased for the purpose of future sale.

Inventories cost is calculated using the weighted average cost method and includes all the expenses incurred to bring the inventories at their current location and condition which are directly attributable to the production process, as well as a portion of general expenses that is related to the production process and it is absorbed on the basis of the production facilities regular capacities.

Inventories cost does not include financial expenses.

At the balance sheet date, inventories are valued at the lowest between the acquisition cost and net realisable value.

Net realisable value is the estimated sales price during the normal course of business, less any estimated relevant sales expenses.

### **3.14 Income tax accounting**

#### **3.14.1 Current income tax**

Current income tax claim/liability includes all the liabilities or claims from tax authorities that relate to the current or previous reference periods and have not been paid until the balance sheet date. Current taxes are measured according to the tax rates and tax laws in effect during the financial years to which they relate based on the taxable profit for the fiscal year. All changes to the tax claims or liabilities are recognized as tax expense in the income statement.

#### **3.14.2 Deferred Income tax**

Deferred income taxes are measured with the liability method that focuses on temporary differences. This includes the comparison of the book value of assets and liabilities of consolidated financial statements with their respective tax bases. Deferred tax assets are recognized to the extent that it is possible to be offset by future income taxes.

The Group recognizes a previously not recognized deferred tax asset to the extent that it is possible that future taxable profit will allow the recovery of the deferred tax asset.

Deferred tax assets are re-examined at every balance sheet date and are reduced to the extent that it is no longer possible that a taxable income will be available to allow the use of benefit in total or partially of the deferred tax asset.

Deferred tax liabilities are recognized for all temporary tax differences.

Tax losses that can be carried forward to upcoming periods are recognized as deferred tax claims.

Deferred tax assets and liabilities are measured at tax rates that are expected to be enacted when the asset will be recovered or the liability settled taking into account the tax rates (and tax laws) enacted or materially enacted up to the date of the balance sheet.

Most changes in deferred tax assets or liabilities are recognized as a part of income tax in the income statement. Only changes in deferred assets or liabilities related with change in the amount of a claim or liability that is directly recorded in the Group's equity, such as assets revaluation and changes resulting in deferred tax claims or liabilities are debited or credited in equity.

### **3.15 Grants**

The Group recognises government grants which cumulatively meet the following criteria:

- > There is presumed certainty that the undertaking has complied or will comply with the terms of the grant and
- > It is fairly probable that the grant's amount will be collected.

Grants relating to fixed assets are recorded under liabilities as deferred income and transferred to the income statement over the useful life of these assets.

### **3.16 Employee benefits due to retirement and short-term benefits to employees**

#### **3.16.1 Short-term benefits**

Employee short-term benefits (with the exception of employment termination benefits) in money and in kind are recognized as an expense when they become accrued. Any unpaid amount will be recorded as a liability while in the event that the amount already paid exceeds the benefits amount, the Group will recognize the excess amount as an asset item (prepaid expense) only to the extent that prepayment will lead to a reduction of future payments or to a refund.

#### **3.16.2 Benefits due to retirement**

The Group has set defined benefits schemes as well as defined contribution schemes.

##### **3.16.2.1 Specified benefits scheme**

The liability recorded in the balance sheet in respect of specified benefit pension schemes is the present value of the specified benefit obligation for the specified benefit based on law 2112/20 and the changes resulting from any actuarial gains and losses and past service costs. The specified benefit obligation is calculated annually by independent actuary using the projected unit credit method.

Actuarial gains and losses arising from empirical adjustments and changes in actuarial assumptions in the end of the previous period in excess of the greater of 10 per cent of the fair value of scheme assets are debited or credited on the basis of the extended average remaining working lives of the employees included in the scheme. Past service costs are recognized directly in income unless the changes to the pension scheme are conditional on the employee's remaining in service for a specified period of time (the vesting period).

In this case, the past service costs are amortized on a straight line basis over the vesting period.

##### **3.16.2.2 Specified contribution schemes**

The Group's employees are primarily insured by the Public Insurance Fund which refers to the private sectors (IKA) that provides retirement and medical benefits. Every employee is required to contribute a portion of its monthly salary to the fund, while part of the total contribution is covered

by the Group. Upon retirement, the retirement fund is responsible for providing retirement benefits to the employees. Consequently, the Group has no legal or constructive obligations for further payment of future benefits on the basis of this scheme.

Under the specified contributions scheme, the Group's obligation (legal or presumptive) is limited to the amount it has agreed to contribute to the organization (e.g. fund) that manages contributions and provides benefits.

Consequently, the amount of benefits that the employee will receive shall be determined by the amount paid by the Group (and/or the employee) and by the paid investment return on these contributions. The contribution payable by the Group to a specified contributions scheme is recognized either as a liability after the deduction of the contribution paid, or as an expense.

### **3.16.3 Termination benefits**

Termination benefits are payable when employment is terminated in the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

### **3.17 Other provisions**

Provisions are recognized when a present obligation is possible to lead to an outflow of the Group's financial resources and it be measured accurately. The materialization time or the amount of the outflow can be uncertain. An existing obligation originates from the presence of a legal or constructive liability that has occurred from events of the past. A provision is used only for expenses that it was originally made for. Provisions are tested at every balance sheet date and adjusted in order to illustrate the best current estimation.

Provisions are evaluated at the expected cost that is required for the determination of the current commitment, on the basis of reliable evidence that is available at the balance sheet date including all risks and uncertainties related to the current commitment.

When the effect of the time value of money is significant the amount of the provision is the present value of the expenses that are expected to be claimed in order to settle the liability.

When the discount method is used, the book value of a provision increases in every period in order to reflect the lapse of time. This increase is recognized as financial cost in the income statement.

When a number of similar commitments exists the possibility that an outflow will be needed for settlement, is determined by taking into account the category of commitments as a whole. A provision is recognized even if the possibility of an outflow for an element included in the commitments category is small.

If an outflow of resources that encompass financial benefits is henceforth not possible to be claimed for liability settlement, the provision is reversed.

### **3.18 Contingent liabilities**

Contingent liabilities are not recognized in the financial statements but are disclosed, unless the possibility of the outflow of resources incorporated in the financial benefits is minimal.

### **3.19 Contingent assets**

Possible financial benefits inflows for the Group that do not yet fulfill the criteria of an asset are considered as possible claim and are reported in the financial statements notes.

### **3.20 Leasing**

The estimate on whether an agreement contains the element of leasing is made at the beginning of the agreement taking into account all available data and specific prevailing conditions.

#### **3.20.1 Group as the leaseholder**

##### **3.20.1.1 Financial Lease contracts**

The ownership of a leased asset is transferred to the leaseholder if all risks and benefits related to the leased asset are transferred to the leaseholder regardless of the legal type of the contract. At the beginning of the lease the asset is recognized at its fair value or if lower at the present value of the minimum lease payment, including additional payments if any, that are covered by the leaseholder.

A relevant amount is recognized as financial lease liability regardless of the fact that some of the lease payments may be in advance at the beginning of the lease.

The posterior accounting treatment of assets that have been acquired through financial lease contracts i.e. the used depreciation method and the determination of its useful life, is identical to the one applied in comparatively acquired, except leasing contract, assets.

The accounting treatment of the respective liability concerns its gradual decrease on the basis of the minimum lease payments less financial charges, which are recognized as an expense in the financial expenses. Financial charges are allocated throughout the leasing period and represent a fixed periodic interest rate on the remaining financial liability.

##### **3.20.1.2 Operational Leases**

Other leases are treated as operational leases. The payments of operational leases contracts are recognized as an expense in the income statement using the straight method (association of fiscal years revenue and expense). The associated expenses such as maintenance and insurance are recognized as expenses when they occur.

#### **3.20.2 Group Company as the lessor**

##### **3.20.2.1 Operational Leases**

The leases, where the Group does not in effect transfer all risks and benefits of the assets are classified as operational leases. Initial direct costs charged to the lessors at the negotiation and agreement of an operational lease are added to the book value of the leased asset and recognized throughout the entire period of the lease as leasing revenues.

### **3.21 Recognition of revenue**

Revenue is recognized when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is net of value added tax, discount and returns. Revenues among group companies which are consolidated with the full consolidation method, are entirely eliminated.

The recognition of revenue is as follows:

### 3.21.1 Sales of goods

Revenue on sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

### 3.21.1 Provision of service

Revenue from service contracts with specified price is recognized on the basis of transaction completion at the balance sheet date. According to this method, revenue is recognized on the basis of the completion percentage of the service rendered at the financial statements date in relation to the total service package to be rendered.

When the outcome of this service related transaction cannot be estimated reliably, the revenue is recognized only to the extent that the recognizable expenses are recoverable.

If the initial revenue estimates, expenses or completion percentage change these changes may lead to the increase or reduction of the estimated revenue or cost and are reported in the period's revenue.

### 3.21.2 Dividend income

Dividend income is recognized when the collection right of shareholders is finalized.

## 3.22 Borrowing cost

Borrowing cost is recognized at the date it occurs, according to the basic method of IAS 23 "Borrowing cost".

## 3.23 Risk Management

### 3.23.1 Exchange rates for the financial statements translation from activities abroad

The exchange rates used for the translation of the financial statements of subsidiaries and branches abroad in € are the following:

Date of value determination	USD	GBP	JPY
31/12/08	1.3917	0.9525	126.14
1/1-31/12/2008	1.4707	0.7965	152.41
31/12/07	1.4721	0.7334	164.93
1/1-31/12/2007	1.370989855	0.6845	161.29

Attempting an analysis of sensitivity of earnings to changes in U.S. currency makes the following observations: The results of the parent company, at the rate of USD 2007, it would be increased by approximately € 360.000. If the same currency depreciated / appreciated by 10% then the outcome would be reduced / increased by € 450.000 / € 549.000.

For the Group depreciation / appreciation of the three foreign currencies of the table above by 10%, the results would have disparaged / upwards by € 6.000.000 and € 7.300.000, respectively.

For the effect of exchange rates on net worth (exchange differences) is the image indicative of the balance sheet. The difference of € 12.638.173,8 between 2007 and 2008 is the overall result of the

appreciation of the dollar (\$) and Yen (¥) at 5.78% and 30.75% respectively and the depreciation of sterling (£) by 23%.

### 3.23.2 Risk and price sensitivity.

the group not at risk of price fluctuation, and not held a significant portfolio of securities and prices of products marketed no special variation. The Folli Follie through regular recycling of stocks, directly recover significant material value (precious metals). This approach, assisted by the significant increase in the price of precious metals, leading to saving significant amounts of any purchases raw materials, while helping to release and slow moving stocks

### 3.23.3 Capital Management

The Capital Management intends to secure the continuation of the operations of the Group in order to provide profits to the shareholders and benefits to other interested parties. The tools for the capital management are the dividend policy the issuance or return of capital and sale and purchase of assets.

The basic Factor that capital management uses and is calculated as net debit divided to the total capital is Leveraged Factor. The above Factor as of 31/12/2008 and 31/12/2007 respectively is:

	THE GROUP		THE COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Loans	730,278,669	669,929,068	361,405,856	342,615,924
Less: Cash	(73,064,484)	(91,508,555)	(3,983,043)	(14,443,009)
Net Debit	657,214,185	578,420,513	357,422,814	328,172,915
Net Equity	376,222,239	335,823,026	115,463,766	119,051,687
Leverage Factor	63.6%	63.3%	75.6%	73.4%

The interest rate for the loans for the the year 2008 was 6,31%. If an increase/decrease of 1% applies on that rate, that would affect the financial income by (-)/(+) €3.615.000

## 4. Notes on the interim financial statements

### 4.1 Property, plant and equipment

#### THE GROUP

	Land	Buildings & Building Installations	Investment Property Buildings	Plant & Machinery	Vehicles	Furniture, fittings & equipment	PPE in course of construction	Total
<b>01.01.2007</b>								
Cost	15,417,945.11	62,798,305.47		6,017,717.17	2,066,847.34	37,515,275.92	4,830,703.05	128,646,794.06
Additions	137,637.93	6,189,556.65		902,857.35	315,142.89	7,701,134.96	5,770,755.57	21,017,085.35
New subsidiary	13,431,689.84	58,529,552.95		3,273,781.42	1,209,667.20	18,095,085.89	29,895,229.70	124,435,007.00
Adjustments-Revaluation	5,591,500.00	-9,770,940.00	82,921,784.00					78,742,344.00
Disposals	0.00	-639,389.88		-160,275.52	-243,495.90	-1,642,169.27	0.00	-2,685,330.57
<b>Balance 31.12.2007</b>	<b>34,578,772.88</b>	<b>117,107,085.19</b>	<b>82,921,784.00</b>	<b>10,034,080.42</b>	<b>3,348,161.53</b>	<b>61,669,327.50</b>	<b>40,496,688.32</b>	<b>350,155,899.84</b>
Accumulated amortisation								
Balance 01.01.2007	0.00	-12,338,162.26		-3,987,715.06	-1,376,017.60	-25,357,343.89	0.00	-43,059,238.81
Depreciation charge	0.00	-4,398,026.40		-989,691.63	-245,604.57	-4,730,520.43	0.00	-10,363,843.03
New subsidiaries depreciation	0.00	-8,893,251.93		-522,349.00	-653,494.00	-7,694,544.26	0.00	-17,763,639.19
Adjustments								<b>0.00</b>
Decrease of amortisation	0.00	604,032.09		156,200.27	160,649.09	1,451,167.54	0.00	2,372,048.99
<b>Balance 31.12.2007</b>	<b>0.00</b>	<b>-25,025,408.50</b>	<b>0.00</b>	<b>-5,343,555.42</b>	<b>-2,114,467.08</b>	<b>-36,331,241.04</b>	<b>0.00</b>	<b>-68,814,672.04</b>
Exchange differences	-697,798.73	-1,258,228.83		-120,358.28	-14,154.85	-405,261.25	-950,552.51	-3,446,354.45
<b>Net book amount 31.12.2007</b>	<b>33,880,974.15</b>	<b>90,823,447.86</b>	<b>82,921,784.00</b>	<b>4,570,166.72</b>	<b>1,219,539.60</b>	<b>24,932,825.21</b>	<b>39,546,135.81</b>	<b>277,894,873.35</b>
<b>01.01 – 31.12.2008</b>								
Additions	2,324,270.00	24,659,111.80	224,844.00	1,568,289.29	280,098.08	13,232,482.16	2,718,837.99	45,007,933.32
New subsidiary								0.00
Disposals		-8,893,659.03	-7,245,013.48	-591,255.23	-197,451.46	-3,718,001.61	-21,836.00	-20,667,216.81
Adjustments		3,728,379.91	54,781.00					3,783,160.91
Depreciation charge		-3,428,717.70	-343,960.52	-2,159,917.98	-375,510.50	-8,497,214.21		-14,805,320.91
New subsidiaries depreciation								0.00
Decrease of amortisation		770,434.90	8,256.00	588,033.46	92,788.05	2,909,182.07		4,368,694.48
Exchange differences	-13,982.48	98,278.92		-416,460.22	10,032.95	338,739.45	1,052,720.56	1,069,329.18
<b>Net book amount 31.12.2008</b>	<b>36,191,261.67</b>	<b>107,757,276.66</b>	<b>75,620,691.00</b>	<b>3,558,856.04</b>	<b>1,029,496.72</b>	<b>29,198,013.07</b>	<b>43,295,858.36</b>	<b>296,651,453.52</b>

## THE COMPANY

	Land	Investment Property Land	Buildings & Building Installations	Investment Property Buildings	Plant & Machinery	Vehicles	Furniture, fittings & equipment	PPE in course of construction	PPE in course of construction
<b>01.01.2007</b>									
Cost	7,165,044.74	1,400,000.00	15,806,589.33	8,100,000.00	1,643,100.70	491,929.82	3,706,416.96	0	38,313,081.55
Additions	0.00		195,999.71		10,150.00	109,434.04	553,641.96	0	869,225.71
Disposals	0		0		0	-14,178.03	-9,915.29	0	-24,093.32
<b>Balance 31.12.2007</b>	<b>7,165,044.74</b>	<b>1,400,000.00</b>	<b>16,002,589.04</b>	<b>8,100,000.00</b>	<b>1,653,250.70</b>	<b>587,185.83</b>	<b>4,250,143.63</b>	<b>0.00</b>	<b>39,158,213.94</b>
<b>Accumulated amortisation</b>									
<b>Balance 01.01.2006</b>	<b>0</b>		<b>-1,688,061.29</b>		<b>-1,251,578.83</b>	<b>-312,418.78</b>	<b>-2,520,222.78</b>	<b>0</b>	<b>-5,772,281.68</b>
Depreciation charge	0		-449,826.87		-89,242.46	-33,060.54	-376,171.59	0	-948,301.46
Decrease of amortisation						14,178.04	9,915.29	0	24,093.33
<b>Balance 31.12.2007</b>	<b>0.00</b>	<b>0.00</b>	<b>-2,137,888.16</b>	<b>0.00</b>	<b>-1,340,821.29</b>	<b>-331,301.28</b>	<b>-2,886,479.08</b>	<b>0.00</b>	<b>-6,696,489.81</b>
<b>Net book amount 31.12.2006</b>	<b>7,165,044.74</b>	<b>1,400,000.00</b>	<b>13,864,700.88</b>	<b>8,100,000.00</b>	<b>312,429.41</b>	<b>255,884.55</b>	<b>1,363,664.55</b>	<b>0.00</b>	<b>32,461,724.13</b>
<b>01.01 – 31.12.2008</b>									
Additions			778,947.24		29,699.21		1,290,818.03	10,000.00	2,109,464.48
Disposals			-95,506.61		-541,555.46		-1,048,612.61		-1,685,674.68
Transfer									0.00
Reevaluation		161,420.80		2,351,372.20					2,512,793.00
Depreciation charge			-477,211.84		-89,983.88	-40,375.06	-467,029.80		-1,074,600.58
Decrease of amortisation			86,987.68		541,555.46		842,533.55		1,471,076.69
<b>Net book amount 31.12.2008</b>	<b>7,165,044.74</b>	<b>1,561,420.80</b>	<b>14,157,917.35</b>	<b>10,451,372.20</b>	<b>252,144.74</b>	<b>215,509.49</b>	<b>1,981,373.72</b>	<b>10,000.00</b>	<b>35,794,783.04</b>

## 4.2 Intangible Assets

### THE GROUP

	Special assessment	Concessions, Licenses & Similar Rights	Amortisable expenses	Total
<b>01.01.2007</b>				
Cost	217,355,301.67	117,392,584.07	13,845,770.15	348,593,655.89
New subsidiary		29,284.69	5,298,990.21	5,328,274.90
Additions	35,415,190.13	54,766.00	843,629.83	36,313,585.96
Disposals			-71,120.15	-71,120.15
<b>Balance 31.12.2007</b>	<b>252,770,491.80</b>	<b>117,476,634.76</b>	<b>19,917,270.04</b>	<b>390,164,396.60</b>
<b>Accumulated amortisation</b>				
Balance 01.01.2007		-11,769,293.44	-4,430,805.58	-16,200,099.02
Amortisation charge		-2,615,574.13	-1,157,926.98	-3,773,501.11
New subsidiaries depreciation		-906,261.00	-792,798.00	-1,699,059.00
Decrease of amortisation		115,842.12	63,006.01	178,848.13
<b>Balance 31.12.2007</b>	<b>0.00</b>	<b>-15,175,286.45</b>	<b>-6,318,524.55</b>	<b>-21,493,811.00</b>
<b>Exchange differences</b>	<b>265,985.68</b>		<b>-3,152,229.13</b>	<b>-2,886,243.45</b>
<b>Net book amount 31.12.2007</b>	<b>253,036,477.48</b>	<b>102,301,348.31</b>	<b>10,446,516.36</b>	<b>365,784,342.15</b>
<b>01.01 – 31.12.2008</b>				
Additions		775,564.18	1,348,142.03	2,123,706.21
New subsidiary				0.00
Disposals		-6,005.00		-6,005.00
Amortisation charge		-3,044,370.03	-1,223,820.74	-4,268,190.77
New subsidiaries depreciation				0.00
Decrease of amortisation				0.00
Exchange differences	11,992.97		-819,054.13	-807,061.16
<b>Net book amount 31.12.2008</b>	<b>253,048,470.45</b>	<b>100,026,537.46</b>	<b>9,751,783.52</b>	<b>362,826,791.43</b>

**THE COMPANY**

	<b>Concessions, Licenses &amp; Similar Rights</b>	<b>Amortisable expenses</b>	<b>Total</b>
<b>01.01.2007</b>			
Cost	871,900.21	549,198.84	1,421,099.05
New subsidiary			
Additions	212,500.00	29,766.00	242,266.00
Disposals			
<b>Balance 31.12.2007</b>	<b>1,084,400.21</b>	<b>578,964.84</b>	<b>1,663,365.05</b>
<b>Accumulated amortisation</b>			
Balance 01.01.2007	-400,773.38	-393,316.53	-794,089.91
Amortisation charge	-54,414.77	-87,451.23	-141,866.00
New subsidiaries depreciation			
Decrease of amortisation			
<b>Balance 31.12.2007</b>	<b>-455,188.15</b>	<b>-480,767.76</b>	<b>-935,955.91</b>
<b>Exchange differences</b>			
<b>Net book amount 31.12.2007</b>	<b>629,212.06</b>	<b>98,197.08</b>	<b>727,409.14</b>
<b>01.01 – 31.12.2008</b>			
Additions	996.18	37,049.60	38,045.78
Disposals			
Amortisation charge	-73,484.17	-61,354.79	-134,838.96
Decrease of amortisation			
Exchange differences			
<b>Net book amount 31.12.2008</b>	<b>556,724.07</b>	<b>73,891.89</b>	<b>630,615.96</b>

**2006 Acquisitions**

A) During the year 2006 Folli Follie acquired consequently the percentages of 24,6777% and 2,92% of the share capital of HDFS. The full consolidation for the period between the acquisition date and the closing date (31.12.2006) had the following results:

Positive change in Turnover of the Group (in 000's) 238.120,00 €

Increase of operating profit before taxes (EBITDA) (in 000's) 52.464,00 €

Increase of Equity (in 000's) 98.792,00 €

If the Group of Hellenic Duty Free Shops had been fully consolidated from the beginning of the period (1.1.2006), the effect at 31.12.2006 would have been positive both on Turnover (by € 300.047,00) and on Operating profits before taxes (by 64.823,00 €).

From the specific increase – acquisition of the additional percentage of 24.6777% - the Group acquired goodwill

of 151.266.165, 00 euros which has been determined as follows:

<b>ASSETS</b>	
Fixed assets	
Tangible fixed assets	25,856,000.00
Intangible fixed assets	103,551,000.00
Deferred taxation	467,000.00
Other long-term debtors	3,268,000.00
	133,142,000.00
Current assets	
Inventory	54,299,000.00
Trade and other short-term receivables	12,556,000.00
Investments fairly valued	1,826,000.00
Cash and other cash equivalents	77,580,000.00
	146,261,000.00
<b>TOTAL ASSETS</b>	<b>279,403,000.00</b>
<b>LIABILITIES</b>	
Long-term liabilities	
Loans & financial leasing	-4,484,000.00
Deferred taxation	-12,750,000.00
	-17,234,000.00
Short-term liabilities	
Loans & financial leasing	-49,211,000.00
Current tax liabilities	-3,369,000.00
Dividends	-42,140,000.00
	-94,720,000.00
<b>TOTAL LIABILITIES</b>	<b>-111,954,000.00</b>
<b>TOTAL EQUITY ( Assets - Liabilities )</b>	<b>167,449,000.00</b>
Group's acquisition percentage	24.6777%
Assets Fair value	41,322,561.87
Goodwill of acquisition	151,266,165.00
Cost of acquisition	192,588,745.00
Less cash and other cash equivalents	-77,580,000.00
Net cash outflow (of subsidiary's acquisition)	125,407,184.00

It should be noted that, the Company performed a first estimation of all assets acquired and also of all liabilities and contingent liabilities.

Also, an independent surveyor performed an estimation of intangible assets, assignment of licenses (royalties) of exclusive use (article 120 of Law 2533/1997) of tax free sales based on future cash flows.

From the increase – acquisition of the additional percentage of 2.92% - the Group acquired a goodwill of €13.490.439,09.

B) At the end of May 2006, the Company acquired 76.67% of the Share Capital of the company PLANACO ABEE by participating in the partial share capital increase with an amount of 2.700.000,00 €. PLANACO ABEE was consolidated for first time at this current period. The Group consolidated PLANACO ABEE in its financial statements since 01/06/2006, date of verification of the share capital increase.

The results of the period ended at 31.12.2006 were not affected by the aforementioned acquisition, while if Planaco S.A. had been consolidated at the beginning of the period, the influence would be immaterial. It should be noted that, the fair value of all assets acquired by the Group, and of all

liabilities, and contingent liabilities undertaken as well as the fair value of the Company's intangible assets were estimated by an independent surveyor.

## 2007 Acquisitions

On 05.10.2007, the affiliate Company HDFS acquired 51.84% of Elmec Sport S.A. Since with this transaction the Company exceeded one third (1/3) of the voting rights of Elmec, the Company submitted a Mandatory Public Offer for the acquisition of the entirety of Elmec shares pursuant to the provisions of Law 3461/2006, at the price of €4.00/ per share. On 15.11.2007 Hellenic Capital Market Commission approved the Public Offer, submitted by the Company. As a result, on 31.12.2007 the Company owned 91.12% of the share capital and the voting rights of Elmec Sport S.A. Acquiring 51.84% of Elmec Sport S.A. had as a result a €70,372,973 goodwill, which was amounted as follows:

<b>ASSETS</b>	
Fixed assets	
Tangible fixed assets	106,855,455.00
Intangible fixed assets	3,560,318.00
Consolidation goodwill	11,170,682.00
Investments available for selling	545,346.00
Deferred taxation	1,566,467.00
Other long-term debtors	1,491,681.00
	125,189,949.00
Current assets	
Inventory	68,069,210.00
Trade and other short-term receivables	75,849,814.00
Investments fairly valued	2,640,094.00
<b>Cash and other cash equivalents</b>	<b>20,927,417.00</b>
	167,486,535.00
<b>TOTAL ASSETS</b>	<b>292,676,484.00</b>
<b>LIABILITIES</b>	
Long-term liabilities	
Loans & financial leasing	-45,916,145.00
Deferred taxation	-1,847,374.00
Employees' retirement	-925,291.00
Tax provision	-840,271.00
	-49,529,081.00
Short-term liabilities	
Loans & financial leasing	-58,404,977.00
<b>Trade creditors and other liabilities</b>	<b>-68,562,595.00</b>
Current tax liabilities	-9,383,474.00
<b>Provisions for risks and expenses</b>	<b>-2,664,375.00</b>
	-139,015,421.00
<b>TOTAL LIABILITIES</b>	<b>-188,544,502.00</b>
Minority interests	-6,508,143.00
<b>TOTAL EQUITY ( Assets - Liabilities )</b>	<b>97,623,839.00</b>
Group's acquisition percentage	51.8390%
Assets Fair value	50,607,222.00
Goodwill of acquisition	70,372,973.00
Cost of acquisition	120,980,195.00
Less cash and other cash equivalents	-20,927,417.00
Net cash outflow (of subsidiary's acquisition)	100,052,778.00

During the period 08.10.2007 – 31.12.2007 the Company purchased 21,760,115 shares of Elmec Sport S.A. for €86,680,445.67 which resulted in an additional goodwill of €48,763,141. Consequently, on 31.12.2007 the total temporary known goodwill came up to €119,136,114. The additional goodwill was counted as follows:

<b>ASSETS</b>	
Fixed assets	
Tangible fixed assets	109,334,834.00
Intangible fixed assets	3,562,885.00
Consolidation goodwill	11,170,682.00
Investments available for selling	411,746.00
Deferred taxation	1,634,473.00
Other long-term Receivables	1,448,325.00
	<b>127,562,945.00</b>
Current assets	
Inventory	69,181,805.00
Trade and other short-term receivables	53,908,024.00
Investments fairly valued	2,561,537.00
Cash and other cash equivalents	26,923,944.00
	<b>152,575,310.00</b>
<b>TOTAL ASSETS</b>	<b>280,138,255.00</b>
<b>LIABILITIES</b>	
Long-term liabilities	
Loans & financial leases	-45,833,839.00
Deferred taxation	-1,863,575.00
Retirement benefit obligations	-1,017,161.00
Tax provision	-610,459.00
	<b>-49,325,034.00</b>
Short-term liabilities	
Loans & financial leases	-44,973,024.00
Trade creditors and other liabilities	-74,200,107.00
Current tax liabilities	-5,868,734.00
Provisions for risks and expenses	-2,664,375.00
	<b>-127,706,240.00</b>
<b>TOTAL LIABILITIES</b>	<b>-177,031,274.00</b>
Minority interests	-5,952,194.00
<b>TOTAL EQUITY ( Assets - Liabilities )</b>	<b>97,154,787.00</b>
Group's acquisition percentage	0.91117
Assets Fair value	88,524,527.00
Goodwill of acquisition	119,136,114.00
Cost of acquisition	207,660,641.00
Less cash and other cash equivalents	-26,923,944.00
Net cash outflow (of subsidiary's acquisition)	180,736,697.00
Less goodwill 05.10.2007	70,372,973.00
Goodwill for the acquisition period	
06.10.2007 - 31.12.2007	48,763,141.00
<b>Total goodwill</b>	<b>119,136,114.00</b>

During the third quarter of 2008, the Group proceeded with the valuation at fair values of the property (land – buildings) of the acquired during the previous fiscal year (5.10.2007) subsidiary “ELMEC SPORT S.A.”, as well as the assets of its subsidiaries FACTORY OUTLET S.A., FACTORY OUTLET AIRPORT S.A., IPIROTIKI AEKE, ELMEC ROMANIA SRL, ELMEC SPORT BULGARIA EOOD.

The valuation has been realised by an Independent Auditor following the IFRS 3 and within the provided 12month period from the said acquisition.

The Group increased the value on which the said assets of the aforementioned companies are recognized in the consolidated balance sheet at the amount of their estimated purchase-fair value, classified them either in tangible assets or in investments in property.

The valuation of property (land – buildings) of the aforementioned companies is as follows:

<b>A. TANGIBLE ASSETS</b>			
	RESIDUAL VALUE	FAIR VALUE	DIFFERENCE
1. ELMEC SPORT BULGARIA EOOD	127.513,00	156.408,00	-28.895,00
2. ELMEC ROMANIA SRL			
Land	5.275.959,00	13.665.000,00	
Buildings	5.242.672,00	8.952.000,00	
	10.518.631,00	22.617.000,00	-12.098.369,00
3. ELMEC SPORT S.A.	12.283.890,00	22.290.971,00	-10.007.081,00
4. IPIROTIKI S.A.	36.518.980,00	36.728.109,00	-209.129,00
<b>TOTAL ( 1 )</b>	<b>59.449.014,00</b>	<b>81.792.488,00</b>	<b>-22.343.474,00</b>
<b>B. INVESTMENT IN PROPERTY</b>			
1. FACTORY OUTLET S.A.	8.041.753,00	57.975.539,00	-49.933.786,00
2. IPIROTIKI S.A.	2.133.799,00	7.024.416,00	-4.890.617,00
3. FACTORY OUTLET AIRPORT S.A.	16.209.167,00	17.647.268,00	-1.438.101,00
<b>TOTAL ( 2 )</b>	<b>26.384.719,00</b>	<b>82.647.223,00</b>	<b>-56.262.504,00</b>

Based on the above, the accounting and fair value of the ELMEC Group at 05.10.2007 is as follows:

(Amounts in €)	Book Value	Fair Value
<b>ASSETS</b>		
Tangible fixed assets		
Property	106.855.455,00	129.198.929,00
		56.262.504,00
Intangible fixed assets	3.560.318,00	3.560.318,00
Consolidation goodwill	11.170.682,00	0,00
Investments available for sale	545.346,00	545.346,00

Deferred tax receivables	1.566.467,00	1.566.467,00
Other long-term receivables	1.491.681,00	1.491.681,00
	125.189.949,00	192.625.245,00
<b>Current assets</b>		
Inventory	68.069.210,00	68.069.210,00
Trades and other short-term receivables	75.849.814,00	75.849.814,00
Investment at fair value through valuations	2.640.094,00	2.640.094,00
Cash and bank deposits	20.927.417,00	20.927.417,00
	167.486.535,00	167.486.535,00
<b>TOTAL ASSETS</b>	<b>292.676.484,00</b>	<b>360.111.780,00</b>
<b>LIABILITIES</b>		
<b>Long-term liabilities</b>		
Loans and leasing	-45.916.145,00	-45.916.145,00
Deferred tax liabilities	-1.847.374,00	-1.847.374,00
Employees retirement obligations	-925.291,00	-925.291,00
Provision for additional taxes	-840.271,00	-840.271,00
	-49.529.081,00	-49.529.081,00
<b>Short-term liabilities.</b>		
Loans and leasing	-58.404.977,00	-58.404.977,00
Suppliers and other liabilities	-68.562.595,00	-68.562.595,00
Current tax obligations	-9.383.474,00	-9.383.474,00
Provision for risk and expenses	-2.664.375,00	-2.664.375,00
	-139.015.421,00	-139.015.421,00
<b>TOTAL LIABILITIES</b>	<b>-188.544.502,00</b>	<b>-188.544.502,00</b>
Minority interest	-6.508.143,00	-6.508.143,00
<b>TOTAL NET EQUITY</b>		
(Assets-Liabilities)	97.623.839,00	165.059.135,00
Group's acquisition percentage	51,8390%	51,8390%
Value of assets purchased by the Group	50.607.222,00	85.565.004,99
Cost of acquisition	120.980.195,00	120.980.195,00
Less: Value of assets purchased	50.607.222,00	85.565.004,99
Goodwill	70.372.973,00	35.415.190,01

The Group implemented optionally the accounting policy described in the revised IAS 27 which has been issued in January 2008, for the acquisition of minority percentages in existing subsidiaries. Specifically, in par. 30 and 31 of the revised standard it is reported that the changes in participation percentages in the existing subsidiaries that do not lead in the loss of control, are considered as transactions with the owners of the company under their capacity as such. It is therefore evident that in such cases no additional goodwill will be recorded during the acquisition of minority percentages in subsidiary companies.

Therefore, the Group by implementing the above, in accordance with the revised IAS 27, changed the accounting policy and register the goodwill resulted from the successive purchases following the initial acquisition at 05.10.2007, in the reduction of net equity.

Based on the above, the revised goodwill since the initial acquisition of ELMEC amounted to € 35.415.190,01.

The temporary goodwill resulted from the purchases following 8.10.2008 (date of initial acquisition of ELMEC Group) and until 31.12.2007 amounted to € 48.763.141. The above goodwill after the fixing of the fair value of ELMEC Group that amounted to € (165.059.135 – 97.623.839=) 67.435.296 was revised by € 29.592.536 (corresponds to the share percentage acquired in the period 8.10.2007 – 31.12.2007, € 67.435.296 \* 39,278%=29.592.536). The remaining amount of € (48.763.141 – 29.592.536=) 19.170.605 was registered to reduction of net equity.

Within the period 1/1/2008 to 31/12/2008 the company purchased through successive purchases 2.390.104 shares of ELMEC SPORT S.A. for a total price of € 9.470.963. The resulted goodwill of € 4.207.270 was registered in the reduction of net equity. Thus, the total revised goodwill registered in the reduction of net equity on 31.12.2008 amounted to € (19.170.605 + 23.377.875=) 23.377.875.

Additionally,

-Mother company FOLLI FOLLE on 25/01/2008 bought the rest of the share capital (60%) of its subsidiary FOLLI FOLLIE JAPAN at € 12.630.744,45. The Goodwill from the above acquisition amounted at € 6.857.793,21

- On 31/07/2008 bought the rest of the share capital (23,33%) of its subsidiary PLANACO ABEE at €2.576.220,41. The total Goodwill after the above acquisition amounted at €272.304, 62.

Thus, the total revised goodwill registered in the reduction of net equity on 31.12.2008 for the whole group amounted to €30.507.972.83

#### 4.3 Participations to subsidiaries

<b>FOLLI-FOLLIE HONG KONG ltd</b>	<b>22,627,986.94</b>
<b>FOLLI-FOLLIE UK ltd</b>	<b>3,110,450.19</b>
<b>FOLLI-FOLLIE FRANCE SA</b>	<b>7,155,791.41</b>
<b>FOLLI FOLLIE JAPAN ltd</b>	<b>16,534,950.28</b>
<b>FOLLI-FOLLIE SPAIN SA</b>	<b>5,018,267.21</b>
<b>MFK FASHION ltd</b>	<b>367,395.18</b>
<b>PLANACO S.A.</b>	<b>5,276,220.41</b>
<b>HDF'S</b>	<b>358,967,225.66</b>
<b>FOLLI-FOLLIE POLAND</b>	<b>1,017,353.47</b>
<b>FOLLI-FOLLIE SLOVAKIA</b>	<b>299,200.00</b>
<b>FOLLI-FOLLIE CZECH</b>	<b>1,299,952.58</b>
<b>FOLLI-FOLLIE GMBH</b>	<b>50,000.00</b>
<b>IMPAIRMENT</b>	<b>-2,179,504.98</b>
<b>Purchase Advances</b>	<b>21,000.00</b>
<b>Grant total</b>	<b>419,566,288.35</b>

#### 4.4 Receivables and other non current assets

Long Term Receivables	THE GROUP		THE GROUP	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Post Dated Checks Receivables	583,460.00	136,520.00	0.00	0.00
Rental Deposits	11,901,053.73	9,472,911.58	327,809.72	294,583.75
Long Term Loans To Third Parties	1,214,307.05	850,762.49	0.00	0.00
Investments Available for Sale	991,922.92	2,106,634.16	0.00	0.00
Deffered Tax Assets	6,456,405.50	3,736,007.94	229,959.65	316,090.50
	<b>21,147,149.20</b>	<b>16,302,836.16</b>	<b>557,769.37</b>	<b>610,674.25</b>

Investment Available for Sale	THE GROUP			THE GROUP		
	Listed Shares	Not Listed Shares	Σύνολο	Listed Shares	Not listed Shares	Σύνολο
<b>Balance as of 1/1/2007</b>	<b>0.00</b>	<b>518,994.00</b>	<b>518,994.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Additions	0.00	170,695.00	170,695.00	0.00	0.00	0.00
Reductions	0.00	-64,203.00	-64,203.00	0.00	0.00	0.00
Adjustments	0.00	1,694,888.16	1,694,888.16	0.00	0.00	0.00
Impairmentes	0.00	-213,760.00	-213,760.00	0.00	0.00	0.00
Foreing Exchange Diffs	0.00	20.00	20.00	0.00	0.00	0.00
<b>Balance as of 31/12/2007</b>	<b>0.00</b>	<b>2,106,634.16</b>	<b>2,106,634.16</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Balance as of 1/1/2008</b>	<b>0.00</b>	<b>2,106,634.16</b>	<b>2,106,634.16</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Additions	0.00	35,660.00	35,660.00	0.00	0.00	0.00
Reductions	0.00	-35,660.00	-35,660.00	0.00	0.00	0.00
Adjustments	0.00	856,749.76	856,749.76	0.00	0.00	0.00
Impairmentes	0.00	-1,971,461.00	-1,971,461.00	0.00	0.00	0.00
Foreing Exchange Diffs	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance as of 31/12/2008</b>	<b>0.00</b>	<b>991,922.92</b>	<b>991,922.92</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

#### 4.5 Inventories

Inventories	THE GROUP		THE COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Merchandise (& Goods in transit)	244,224,629.53	207,960,338.16	12,021,788.63	12,480,333.14
Products, Row and Packing Material	5,211,835.46	4,913,919.02	4,019,569.80	3,682,479.89
Less: Provisions for Obsolence	-3,675,481.19	-3,683,934.00	-659,004.19	-590,000.00
	<b>245,760,983.79</b>	<b>209,190,323.18</b>	<b>15,382,354.24</b>	<b>15,572,813.03</b>

#### 4.6 Trade and other Receivables

Short Term Receivables	THE GOUP		THE COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Trade Receivables (Customers)	271,112,882.72	180,764,127.84	12,274,397.27	13,923,190.14
Post Dated Checks Receivables	16,111,083.90	15,589,561.60	2,239,859.00	2,460,860.09
Trade Receivables (Credit Card)	17,660,210.56	21,834,107.10	951,715.76	1,247,309.37
Less:Provisions for Bad Debts	-865,958.08	-1,227,819.16	-25,416.96	-24,583.04
Receivables From Public Sector	12,592,414.66	10,041,169.28	14,957.18	31,820.06
Advances to Suppliers	1,365,296.70	1,471,464.64	588,811.97	858,652.20
Purchases Under Settlement	580,023.71	244,467.00	0.00	0.00
Other Receivables	8,364,310.08	3,972,249.90	314,221.81	51,586.53
Other Debtors	7,942,686.34	9,451,366.88	493,252.78	793,687.13
Accrued Income	88,120.02	377,547.30	0.00	340,211.14
Prepayments	3,220,104.39	1,990,054.63	499,658.21	137,758.65
	<b>338,171,175.01</b>	<b>244,508,297.00</b>	<b>17,351,457.02</b>	<b>19,820,492.27</b>

#### 4.7 Financial assets at fair value through Results

Fair value investments	THE GROUP			THE COMPANY		
	Listed Shares	Mutual Funds and other securities	Total	Listed Shares	Mutual Funds and other securities	Total
<b>Balance as of 1/1/2007</b>	<b>2,259,818.54</b>	<b>1,177,427.89</b>	<b>3,437,246.43</b>	<b>324,831.74</b>	<b>1,139,284.97</b>	<b>1,464,116.71</b>
Additions	0.00	0.00	0.00	0.00	0.00	0.00
Reductions	0.00	0.00	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00	0.00	0.00
Impairmentes	0.00	0.00	0.00	0.00	0.00	0.00
Valuation	-106,203.89	10,838.60	-95,365.29	154,437.67	10,838.60	165,276.27
Foreing Exchange Diffs	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance as of 31/12/2007</b>	<b>2,153,614.65</b>	<b>1,188,266.49</b>	<b>3,341,881.14</b>	<b>479,269.41</b>	<b>1,150,123.57</b>	<b>1,629,392.98</b>
Balance as of 1/1/2008	2,153,614.65	1,188,266.49	3,341,881.14	479,269.41	1,150,123.57	1,629,392.98
Additions	0.00	0.00	0.00	0.00	0.00	0.00
Reductions	0.00	0.00	0.00	0.00	0.00	0.00
Adjustments	-552,034.00	-1,188,266.49	-1,740,300.49	0.00	-1,150,123.57	-1,150,123.57
Impairmentes	0.00	0.00	0.00	0.00	0.00	0.00
Valuation	-1,213,352.57	0.00	-1,213,352.57	-91,041.33	0.00	-91,041.33
Foreing Exchange Diffs	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance as of 31/12/2008</b>	<b>388,228.08</b>	<b>0.00</b>	<b>388,228.08</b>	<b>388,228.08</b>	<b>0.00</b>	<b>388,228.08</b>

#### 4.8 Cash and Cash Equivalents

Cash and cash equivalents	THE GROUP		THE COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Cash	4,042,189.40	5,749,400.07	657,741.52	566,152.13
Deposits	69,022,294.35	85,759,154.87	3,325,301.09	13,876,856.57
	<b>73,064,483.75</b>	<b>91,508,554.94</b>	<b>3,983,042.61</b>	<b>14,443,008.70</b>

#### 4.9 Share Capital

	Number of shares	Ordinary shares	Authorised capital	Share premium	Total	Treasury shares
31st December 2007	32,946,875.00	32,946,875.00	9,884,062.50	62,531,731.47	6,054.00	72,415,793.97
31st December 2008	32,946,875.00	32,946,875.00	9,884,062.50	62,531,731.47	238,810.00	72,415,793.97

The total authorized number of ordinary shares is 32.946.875 million shares with a par value of € 0,30 per share. All issued shares are fully paid.

#### 4.10 Retained earnings and other reserves

	THE GROUP		THE COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Profit carried forward	308,621,575.00	261,100,315.60	32,845,171.65	29,856,696.85
Reserves	28,713,434.37	25,443,170.44	13,144,804.26	16,887,455.40
Own Shares	-13,559,552.05	-7,899,441.83	-2,942,003.47	-108,259.13
Consolidation differences according to previous Accounting Standards	-88,927,927.73	-88,927,927.73		
Consolidated exchange differences	-46,463,425.24	-59,101,599.04		
Third party rights	115,422,340.20	132,792,714.93		
	<b>303,806,444.55</b>	<b>263,407,232.37</b>	<b>43,047,972.44</b>	<b>46,635,893.12</b>

#### 4.11 Long term liabilities

	THE GROUP		THE COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Provision For Personnel Compensation	8,821,839.37	10,271,467.22	750,070.00	674,362.00
Rental Deposits/Guarantees	609,291.24	458,251.01	246,437.34	207,031.01
Deferred Tax Liability	19,159,446.11	19,901,687.51	1,484,130.52	1,168,104.94
Other Provisions	3,021,769.78	2,679,310.92	60,000.00	0.00
Banks and Financial Institutions	613,874,811.39	547,902,213.79	334,500,000.00	334,500,000.00
Other Long-term Liabilities	6,004,031.60	7,282,522.89	199,797.55	231,701.37
	<b>651,491,189.49</b>	<b>588,495,453.33</b>	<b>337,240,435.41</b>	<b>336,781,199.32</b>

#### 4.12 Trade payables and other liabilities

Suppliers and Other Liabilities	THE GROUP		THE COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Suppliers	139,575,001.95	89,419,833.23	5,986,773.93	2,481,868.64
Customer Advances	6,860,596.58	5,318,291.66	732,815.84	837,259.26
Short-Term Bank Loans	116,403,857.57	122,026,853.87	26,905,856.46	8,115,924.16
Personnel Payroll Payable	1,848,162.73	1,924,018.32	5,185.11	6,352.96
Divident Payable	214,824.94	1,493,999.60	17,091.44	1,352,588.10
Other Creditors Payable	11,663,982.55	11,321,425.83	2,169,198.52	557,965.70
Income Taxes Payable	19,088,701.25	23,740,566.38	502,748.57	2,161,438.14
Liabilities to Social Security	4,215,943.46	5,181,918.99	460,645.62	420,699.36
Other Liabilities	7,359,252.57	18,198,115.31	3,933,313.00	770,279.21
Accrued expenses	2,626,637.95	5,440,476.22	72,416.86	19,594.47
Accrued income	164,291.56	147,128.84	164,291.56	147,128.84
	<b>310,021,253.11</b>	<b>284,212,628.25</b>	<b>40,950,336.91</b>	<b>16,871,098.84</b>

#### 4.13 Liabilities Maturity

Leasing	THE GROUP		THE COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Over 5 Years	12,549,405.95	14,528,370.45	31,379.95	73,768.45
1 to 5 Years	7,316,897.86	7,102,632.13	136,029.60	126,982.56
Up to 1 year	1,840,819.16	1,771,887.47	32,388.00	30,950.36
	<b>21,707,122.97</b>	<b>23,402,890.05</b>	<b>199,797.55</b>	<b>231,701.37</b>

Loans: Analysis	THE GROUP		THE COMPANY	
	31/12/2008	31/12/2007	31/12/0228	31/12/2007
Bond Loans	414,849,394.07	409,620,019.63	323,000,000.00	323,000,000.00
Bank Loans	293,722,151.93	236,906,157.56	38,405,856.46	19,615,924.16
Leasing	21,707,122.97	23,402,890.47		
	<b>730,278,668.97</b>	<b>669,929,067.66</b>	<b>361,405,856.46</b>	<b>342,615,924.16</b>

#### 4.14 Non current assets classified as available for sale

#### 4.15 Retirement Benefit Obligation

Based on the provisions of L. 2112/20 the company is obliged to pay to the retired employees a lump sum multiple amount of the monthly salary at the time of retirement (determined by the Law), on the basis of the years of service. These benefits were determined by an independent actuary. The main actuarial assumptions used are as follows:

	2007	2006
Discount interest rate (%)	4,7 - 4,1%	3,0-4,0%
Future salary increases	3,0 - 4,0%	3,0-4,0%

The relevant obligations of the Group and the amounts that have been recorded on the income statement are:

	THE GROUP		THE COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
<b>Obligations of Opening Balance</b>	10,271,467.22	8,476,568.05	674,362.00	620,917.00
New subsidiary		925,291.00		
Retirement Benefits (Provisions and Payments)	-1,449,627.84	869,608.17	75,708.00	53,445.00
<b>Total</b>	<b>8,821,839.38</b>	<b>10,271,467.22</b>	<b>750,070.00</b>	<b>674,362.00</b>
<b>Expense Charged</b>				
Retirement Benefits (Provisions and Payments)	1,128,721.73	1,381,372.80	306,451.77	285,726.00
<b>Total</b>	<b>1,128,721.73</b>	<b>1,381,372.80</b>	<b>306,451.77</b>	<b>285,726.00</b>

#### 4.16 Segment Reporting

The information below is provided only for the consolidated amounts

Amounts in thousands Euro	Greece		Europe		Japan		Other Asian markets		Consolidated items	
	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07
"Net" sales	566,239	372,634	87,302	77,076	34,685	37,767	249,035	218,680	937,261	706,157
Operating profit/ Segment result	264,385	179,766	61,765	55,930	23,458	25,620	124,783	114,919	474,391	376,235
<b>Assets</b>	932,619	889,609	52,207	57,168	26,676	22,542	327,076	251,625	1,338,578	1,220,944
<b>Liabilities</b>	880,381	782,222	25,150	23,621	15,159	12,002	15,020	15,494	935,710	833,339
Capital expenditure	44,055	14,297	622	1,129	1,432	235	1,783	5,787	47,892	21,448
Depreciation	15,555	10,475	329	973	952	725	2,237	1,964	19,073	14,137

#### 4.17 Deferred Income Tax

The Deferred tax claims and obligations are as follow:

	THE GROUP				THE COMPANY			
	31/12/08		31/12/07		31/12/08		31/12/07	
	Deferred Tax Claim	Deferred Tax Obligation	Deferred Tax Claim	Deferred Tax Obligation	Deferred Tax Claim	Deferred Tax Obligation	Deferred Tax Claim	Deferred Tax Obligation
<b>Fixed Assets</b>								
Tangible Fixed Assets	385,370.00	3,356,522.62	32,962.00	2,544,207.52		1,453,147.71		1,091,628.16
Intangible Fixed Assets	-248,453.17	13,457,151.84		14,310,949.69	-75,853.17		-33,582.60	
Leases		1,447,212.54		78,114.18		30,982.81		42,894.17
New subsidiaries				1,863,500.00				
<b>Current Assets</b>								
Receivables	1,353,126.73	898,559.11		1,033,910.00				
<b>Long Term Liabilities</b>								
Provisions	1,706,771.01		203,411.86		159,261.16		147,500.00	
Post Employment Benefits	3,259,590.93		1,936,170.20		146,551.66		168,590.50	
New subsidiaries			1,634,470.00					
Adjustments			-71,006.12	71,006.12			33,582.60	33,582.60
<b>Total</b>	<b>6,456,405.50</b>	<b>19,159,446.11</b>	<b>3,736,007.94</b>	<b>19,901,687.51</b>	<b>229,959.65</b>	<b>1,484,130.52</b>	<b>316,090.50</b>	<b>1,168,104.93</b>

#### 4.18 Operating Results (expenses-revenues)

Sales	THE GROUP		THE COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Merchandise Sales	916,082,463.61	693,114,819.12	29,952,571.40	25,130,271.92
Product and Other Goods Sales	4,087,791.85	4,508,085.14	3,888,513.20	4,322,629.15
Services Sales	17,090,621.52	8,534,286.20	4,363,973.50	4,525,069.70
	937,260,876.98	706,157,190.46	38,205,058.10	33,977,970.77

Other Operating Income	THE GROUP		THE COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Income From Secondary Activities	3,314,516.10	2,293,013.33	5,153,971.40	258,781.58
Income From Marketing/promotion HDF Group	13,970,000.00	11,923,000.00		
Rental Income	2,145,816.53	1,367,756.26	1,262,555.28	1,105,839.01
Profit from Assets' Disposal	162,736.94	426,456.28	23,878.94	0.00
Foreing excainge Gain	6,599,963.81	3,323,339.35	1,699,726.58	316,466.01
Other Operating Income	4,595,051.24	1,375,632.05	1,035,143.67	412,019.43
	30,788,084.63	20,709,197.27	9,175,275.87	2,093,106.03

Administration Expenses	THE GROUP		THE COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Wages/Salaries/Expenses	19,832,850.62	14,859,311.03	2,923,651.49	2,594,017.70
Legal/Professional/ Other Fees	6,259,511.97	4,441,398.61	996,164.24	1,047,964.80
Rent Expenses	3,097,871.36	2,209,214.77	48,693.69	47,163.81
Postage and Telecommunications	707,247.41	792,813.04	46,372.74	54,229.08
Insurance (Other than Staff)	434,819.75	164,062.28	95,850.79	10,577.15
Repairs and Maintainance	461,015.15	483,308.73	119,974.93	144,379.46
Utilities and Cleaning	1,021,838.72	663,074.28	282,104.20	225,683.36
Other Taxes (not income)	1,202,649.19	936,464.32	168,962.35	196,536.24
Transportation Expenses	563,199.41	399,550.40	68,622.83	50,501.95
Fair and Exhibitions Expenses	39,615.95	0.00	39,615.95	0.00
Advertizing and Promotion Expenses	1,038,588.22	768,505.64	465,736.59	298,177.29
Stationary and Consumables	575,757.35	384,724.85	115,176.56	97,916.51
Other Expenses	12,198,388.35	20,862,444.24	1,310,778.72	405,429.20
Depreciation & Amortization	4,642,648.89	3,723,297.09	464,818.58	440,375.45
Provisions	312,055.91	497,678.31	36,699.00	41,372.26
	52,388,058.25	51,185,847.59	7,183,222.66	5,654,324.26

Selling Expenses	THE GROUP		THE COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Wages/Salaries/Expenses	96,877,358.55	59,044,097.61	5,983,676.46	5,274,765.31
Legal/Professional/ Other Fees	19,503,137.84	5,265,192.34	822,121.93	776,650.16
Rent Expenses	65,309,329.52	45,170,530.95	1,954,598.90	1,726,595.51
Postage and Telecommunications	1,559,134.54	682,398.55	106,301.36	100,676.66
Insurance (Other than Staff)	1,443,466.49	854,107.90	427,080.49	425,014.62
Repairs and Maintenance	2,944,070.34	1,410,146.81	275,713.57	222,596.28
Utilities and Cleaning	3,475,279.96	2,399,849.96	130,095.11	288,961.86
Other Taxes (not income)	1,453,245.91	577,073.50	206,990.46	160,088.47
Transportation Expenses	5,389,280.24	4,513,774.18	310,389.22	324,047.64
Fair and Exhibitions Expenses	298,837.16	268,088.77	229,730.94	186,146.77
Advertising and Promotion Expenses	17,682,859.58	13,613,139.36	1,924,598.54	1,999,181.19
Stationary and Consumables	3,056,735.71	1,232,047.29	521,512.90	460,023.89
Other Expenses	40,105,499.85	51,942,193.24	1,902,746.00	1,093,274.54
Credit Card Fees	1,763,264.01	597,182.03	102,799.91	111,694.40
Depreciation & Amortization	13,727,652.63	9,470,367.63	590,208.37	506,307.43
Provisions	721,283.93	840,646.50	66,651.29	49,565.13
	275,310,436.27	197,880,836.61	15,555,215.45	13,705,589.86

Other Operating Expenses	THE GROUP		THE COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Penalties and Fines	201,537.41	342,699.53	2,802.43	5,101.70
Losses from Assets' Disposal	445,263.64	49,707.47	0.00	20.00
Assets Devaluation	11,834.64	0.00	0.00	0.00
Stock Losses and Damage	783,379.32	361,219.75	0.00	0.00
Provision for bad Debts	140,541.82	31,420.47	50,000.00	0.00
Provision for Risk Exposure and Expenses	358,214.37	-108,274.91	310,000.00	0.00
Foreing excainge Losses	3,182,980.05	1,795,858.57	735,564.00	924,046.71
Other Expenses	402,981.25	1,476,486.30	21,642.66	41,213.30
	5,526,732.49	3,949,117.18	1,120,009.09	970,381.71

Financial Income	THE GROUP		THE COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Sale of Participations and other Investments	0.00	0.00	0.00	0.00
Forex Instruments	140,362.09	647,378.00	0.00	0.00
Fair Value Revaluation	4,350.00	166,994.47	0.00	165,394.47
Assets' Revaluation	0.00	0.00	2,512,793.00	0.00
Derivatives income	3,051,579.80	6,276,084.51	2,922,927.80	5,180,430.49
Dividends from Subsidiaries	0.00	0.00	18,219,789.72	18,175,740.00
Other Investments' Divident	95,868.10	22,868.68	49.25	0.00
Interest Income	1,593,660.26	2,859,573.01	137,151.29	453,120.56
Other Financial Income	338,206.74	522,069.00	36,257.74	0.00
	5,224,026.99	10,494,967.67	23,828,968.80	23,974,685.52

Financial Expenses	THE GROUP		THE COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Sale of Participations and other Investments	382,013.98	27,192.16	382,013.98	0.00
Forex Instruments	363,378.49	1,210,864.00	363,378.49	0.00
Fair Value Revaluation	990,566.49	340,798.56	91,041.33	0.00
Derivatives Revaluation	59,273.13	91,806.35	59,273.13	91,806.35
Participations' Impairment	0.00	0.00	2,179,504.98	0.00
Acquisition Expenses	1,021,933.91	110,600.00	0.00	0.00
Interest Expenses (Loans)	41,587,065.17	25,311,002.50	22,811,400.07	17,958,624.80
Interest Expenses (Leases)	1,316,358.79	348,317.80	18,434.88	19,625.80
Bank Commission and Fees	1,838,617.80	1,318,759.31	33,709.58	36,313.43
	47,559,207.76	28,759,340.67	25,938,756.44	18,106,370.38

#### 4.19 Income Tax Expense

Tax Liabilities: Analysis	THE GROUP		THE COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
a) Taxes for the Period				
Current Taxes	28,085,992.09	33,233,824.70	34,727.18	835,431.99
Deferred Tax Liabilities	916,877.39	1,209,920.44	402,156.43	-46,291.81
Additional Taxes for Previous Periods	250,797.52	1,739,694.00	194,882.00	1,389,500.00
Provision for Additional Income taxes	1,115,559.00	-203,250.00	60,000.00	0.00
	30,369,226.00	35,980,189.14	691,765.61	2,178,640.18
B) Other Tax Obligations				
Income Taxes	13,306,831.07	11,183,819.01	-295,083.79	-810,297.66
Taxes Resulting From Tax Audits	168,482.18	3,209,012.23	34,727.18	2,025,804.23
V.A.T./Sales Tax	2,090,836.92	2,174,246.53	322,757.41	436,242.61
Tax Liabilities (Other Than Income Tax)	3,522,551.09	7,173,488.60	440,347.77	509,688.96
	19,088,701.25	23,740,566.38	502,748.57	2,161,438.14

#### 4.20 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

	31/12/2008	31/12/2007
<b>Net profit for the period (Group)</b>	<b>99,249,698.97</b>	<b>89,683,389.20</b>
Attributable to:		
Equity holders of the Company	76,953,558.48	72,765,401.90
Minority interest	22,296,140.49	16,917,987.30
Weighted average number of ordinary shares in issue	32,708,065	32,708,065
Basic earnings per share	2.3527	2.2247

## 5. Additional Information (according to IAS 24)

### 5.1 Related- Party Transactions

i)Sales of goods and services		
	31/12/2008	31/12/2007
Sales of goods to subsidiaries	17,086,109.93	9,236,047.98
Sales of goods to associates and other related parties as set out in IFRS 24	1,760.00	0.00
	17,087,869.93	9,236,047.98

ii)Acquisitions from related parties		
	31/12/2008	31/12/2007
Mother Company from Subsidiaries	2,817,283.87	1,277,868.59
FF Group with other related parties as set out in IFRS 24	339,600.00	216,000.00
	3,156,883.87	1,493,868.59

### 5.2 Claims/obligations to Related- Party

i)Year-end balances arising from sale of goods and services		
	31/12/2008	31/12/2007
Between Mother Company and Subsidiaries	4,844,762.17	7,080,851.91
Between FF Group and other related parties as set out in IFRS 24	2,095.00	3,100.00
	4,846,857.17	7,083,951.91

ii)Payables to related parties		
	31/12/2008	31/12/2007
Mother Company to Subsidiaries	2,832,044.92	144,580.97
FF Group to other related parties as set out in IFRS 24	90,241.00	251,648.00
	2,922,285.92	396,228.97

### 5.3 Number of employed personnel

The total number of employed personnel at the end of 2008 for the Group was 5,913 and for the Company 285. At the end of 2007 the personnel was 5,310 and 285 respectively.

### 5.4 Real Liens

A pre-notice of mortgage has been registered on items of Fixed Assets of the Group as a collateral of loan obligations currently amounting to €4 million, whereas, there are not other liens on any fixed assets or buildings/plots of land.

## 5.5 Contested or under arbitration disputes

A company of the Group has pending judicial cases against the Greek State, for which a provision of € 2.150.000 has been made.

## 5.6 Contingencies and undertakings

The companies of the Group have signed over letters of guarantee of €18,733,334 to third parties, against €17,865,692 on 31.12.2007, to secure contingent liabilities of the Group towards those parties, which do not appear in the consolidated balance sheet.

The subsidiary of the group, Elmec Sport, has undertaken the commitment to pay €1,05 million within 2010, due to its participation in the share capital of North Landmark S.A.

## 5.7 Post Balance Sheet events

After 31st December 2008 the following events affect the financial status and results of the Group:

- In March 2009, a subsidiary of the Group, signed with Bank EFG Eurobank Ergasias an agreement for the issuance of a common debenture loan of € 31 million, of duration up to September 2015, which will be used for the change of short term loan liabilities to long term loan liabilities.

- The devaluation of national currency of a foreign country and functional currency of a subsidiary company of the Group active in this country against Euro, during the a' quarter of 2009, and especially by approx. 8% in connection with the exchange rate at 31st December 2008, and by approx. 17% in connection with the average exchange rate of fiscal year 2008. This might result to reduction of profitability from its activities.

The Group faces such risk by readjusting in time the prices of merchandise available in this market so they reflect the new levels of currency exchange rate and having already purchased the highest amount of US Dollar and Euros required for the payment of purchases of current season.

## 5.8 Reclassification of assets

The Group in accordance with IFRS 3, finalized the temporary goodwill initially calculated during the acquisition of the company ELMEC SPORT S.A., in the previous fiscal year (5.10.07), and implemented optionally the accounting management described in the revised IAS 27 which has been issued in January 2008, for the acquisition of minority percentages in existing subsidiaries.

Specifically, in par. 30 and 31 of the revised standard it is reported that the changes in participation percentages in the existing subsidiaries that do not lead in the loss of control, are considered as transactions with the owners of the company under their capacity as such. It is therefore evident that in such cases no additional goodwill will be recorded during the acquisition of minority percentages in subsidiary companies.

Therefore, the aforementioned accounting policies resulted in the following changes in the comparative information of fiscal year 2007:

### - Balance Sheet

The tangible fixed assets of the Group have been decreased by € 4.179.433, the investments in property increased by € 82.921.784, the goodwill decreased by € 94.891.605, the deferred tax receivables increased by € 32.962, the deferred tax liabilities increased by € 1.809.698, the retained earnings decreased by € 16.182.256, the minority interests decreased by € 1.743.734.

### - Financial statement for the period

The administration expenses of the financial statements decreased (due to reduction of depreciation) by € 156.921, the results (expenses) from financial and investing activities increased by € 20.548,

the taxes increased by € 34.093 and the net profit after taxes of the shareholders of the company increased by € 102.280.

- Cash flow

The results before taxes increased by 136.373 €, the depreciations decreased by 156.921 €, the debit interest and other similar income increased by 20.548 €.

-Net equity

The earnings for the year-end after taxes increased by 102.280 €. The net equity decreased by € 18.028.270 due to change of goodwill accounting policy because of the optional implementation of the revised IAS 27. The minority interests decreased due to change of percentage in subsidiary by €237.855 and the net income increased being transferred directly in the net equity by an equal amount and the total of net equity at the year-end 31.12.2007 decreased by € 17.925.990.

### **5.9 Information according to article 10 of Law 3401/2005**

The corporate announcements that have been published in the Athens Exchange Daily Bulletin and the website of Athens Exchange are also available on the FolliFollie website. During 2008, the company released the following press releases and announcements in order to inform investors:

**Tuesday, 9 December 2008:** Announcement

**Thursday, 27 November 2008:** Folli Follie in the first 9-months of 2008

**Monday, 10 November 2008:** Purchase of own shares

**Friday, 7 November 2008:** Purchase of own shares

**Friday, 31 October 2008:** Decisions of the General Extraordinary Meeting

**Wednesday, 15 October 2008:** Purchase of own shares

**Tuesday, 14 October 2008:** Purchase of own shares

**Thursday, 9 October 2008:** Extraordinary General Meeting

**Monday, 6 October 2008:** Purchase of own shares

**Friday, 3 October 2008:** Purchase of own shares

**Thursday, 2 October 2008:** Purchase of own shares

**Wednesday, 1 October 2008:** Announcement

**Tuesday, 30 September 2008:** Purchase of own shares

**Monday, 29 September 2008:** Purchase of own shares

**Friday, 26 September 2008:** Purchase of own shares

**Tuesday, 23 September 2008:** Announcement

**Monday, 22 September 2008:** Purchase of own shares

**Friday, 19 September 2008:** Purchase of own shares

**Thursday, 18 September 2008:** Purchase of own shares

**Wednesday, 17 September 2008:** Purchase of own shares

**Monday, 15 September 2008:** Purchase of own shares

**Thursday, 11 September 2008:** Purchase of own shares.

**Monday, 8 September 2008:** Purchase of own shares

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**Friday, 5 September 2008:** Announcement

**Thursday, 4 September 2008:** Purchase of own shares

**Wednesday, 3 September 2008:** Purchase of own shares

**Monday, 1 September 2008:** Purchase of own shares

**Thursday, 28 August 2008:** Folli Follie in the first half of 2008

**Friday, 22 August 2008:** Purchase of own shares

**Monday, 4 August 2008:** Purchase of own shares

**Friday, 1 August 2008:** Purchase of own shares

**Thursday, 31 July 2008:** Purchase of own shares

**Wednesday, 30 July 2008:** Purchase of own shares

**Tuesday, 29 July 2008:** Purchase of own shares

**Monday, 28 July 2008:** Purchase of own shares

**Friday, 25 July 2008:** Purchase of own shares

**Wednesday, 23 July 2008:** Purchase of own shares

**Wednesday, 16 July 2008:** Dividend payment for the business year 2007

**Tuesday, 8 July 2008:** Decisions of General Meeting

**Friday, 27 June 2008:** Invitation to the First Reiterative Ordinary General Meeting

**Thursday, 19 June 2008:** Dividend for the fiscal year 2007

Decisions of the Annual General Meeting

**Wednesday, 18 June 2008:** Announcement

**Wednesday, 11 June 2008:** Comment on newspaper articles

**Wednesday, 4 June 2008:** Invitation to the Annual Ordinary General Meeting

**Monday, 2 June 2008:** Announcement

**Tuesday, 27 May 2008:** Press Release

**Thursday, 20 March 2008:** Presentation of the FOLLI FOLLIE GROUP to institutional investors

**Friday, 14 March 2008:** Comment on newspaper articles

**Wednesday, 12 March 2008:** Announcement

**Wednesday, 27 February 2008:** Financial calendar 2008

**Tuesday, 19 February 2008:** Comment on newspaper article

**Tuesday, 29 January 2008:** Announcement

