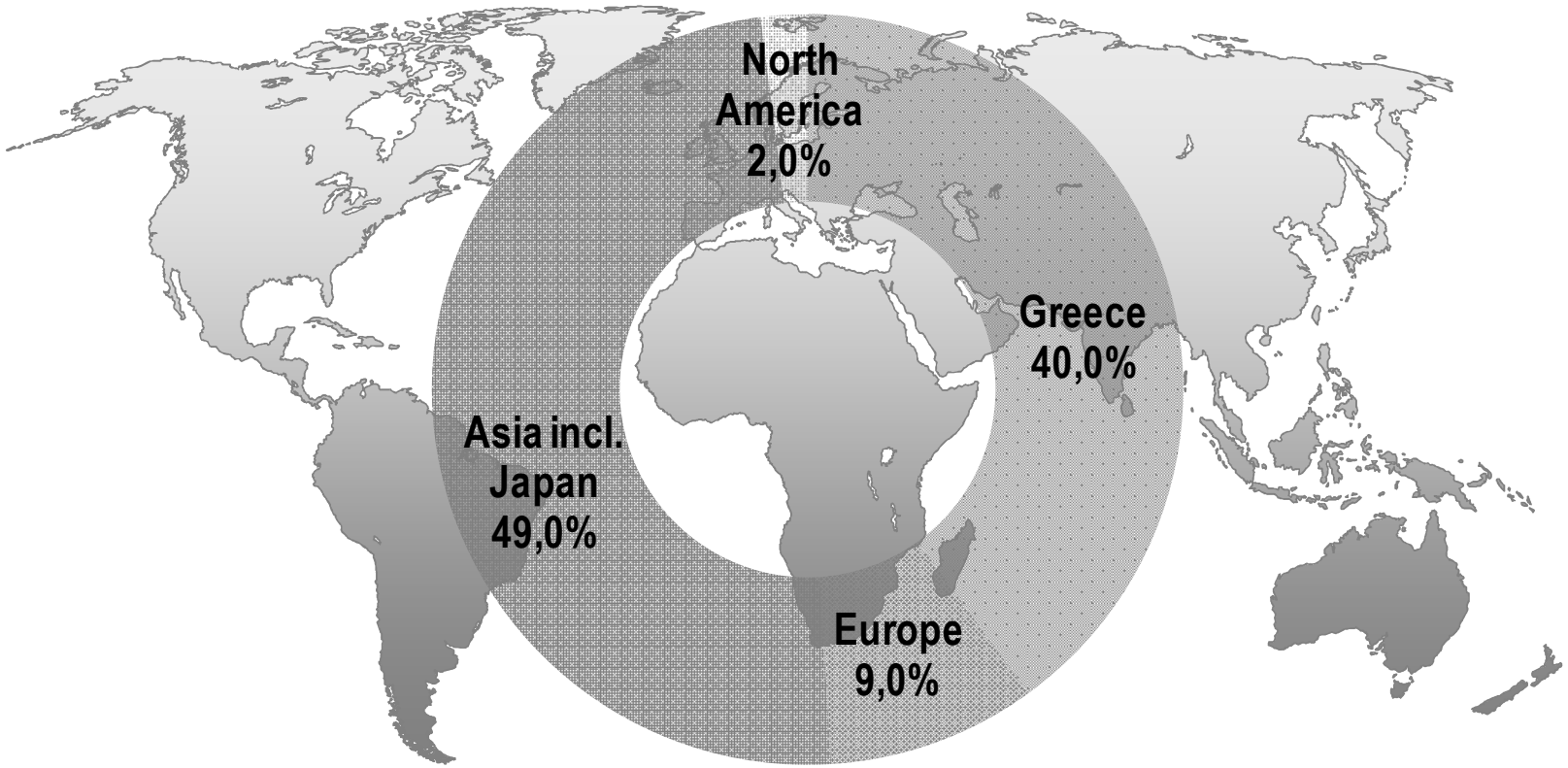
FOLLI FOLLIE GROUP

First Half 2012 Financial Results

August 30th, 2012

Revenue split by geographical region



FF Group – Financial Highlights First Half 2012

- Taking into consideration the strong recession in Greece impacted by double elections, a further hike in unemployment, strong pressure on the socioeconomic environment and pessimism regarding new measures, the FF Group succeeded to increase its top to bottom line performance.

- The Jewellery, Watches and Accessories activity exceeded the Group's expectation and increased revenues by 20.3%. Despite the brands expansions margins could be kept at high levels.

- The Travel Retail activity was impacted by a decline in departing passengers, negative news flow on Greece as a travel destination, but also on high last year comparables. The retail activity of the travel retail segment increased revenues in the first half by 5% reaching €109.7, whereas revenues of the wholesale activity declined by 18,1% to €9.3m.

- The Retail and Wholesale segment was clearly affected by adverse local conditions, which intensified especially in the second quarter of the year. First half revenues declined single digit (-6.5%), the second quarter declined by 7.6%.

- Revenues of Department Stores declined by 3.4% in the second quarter, compared to a decline of 11.5% in Q1, mainly supported by the operation of the third attica store in Thessaloniki.

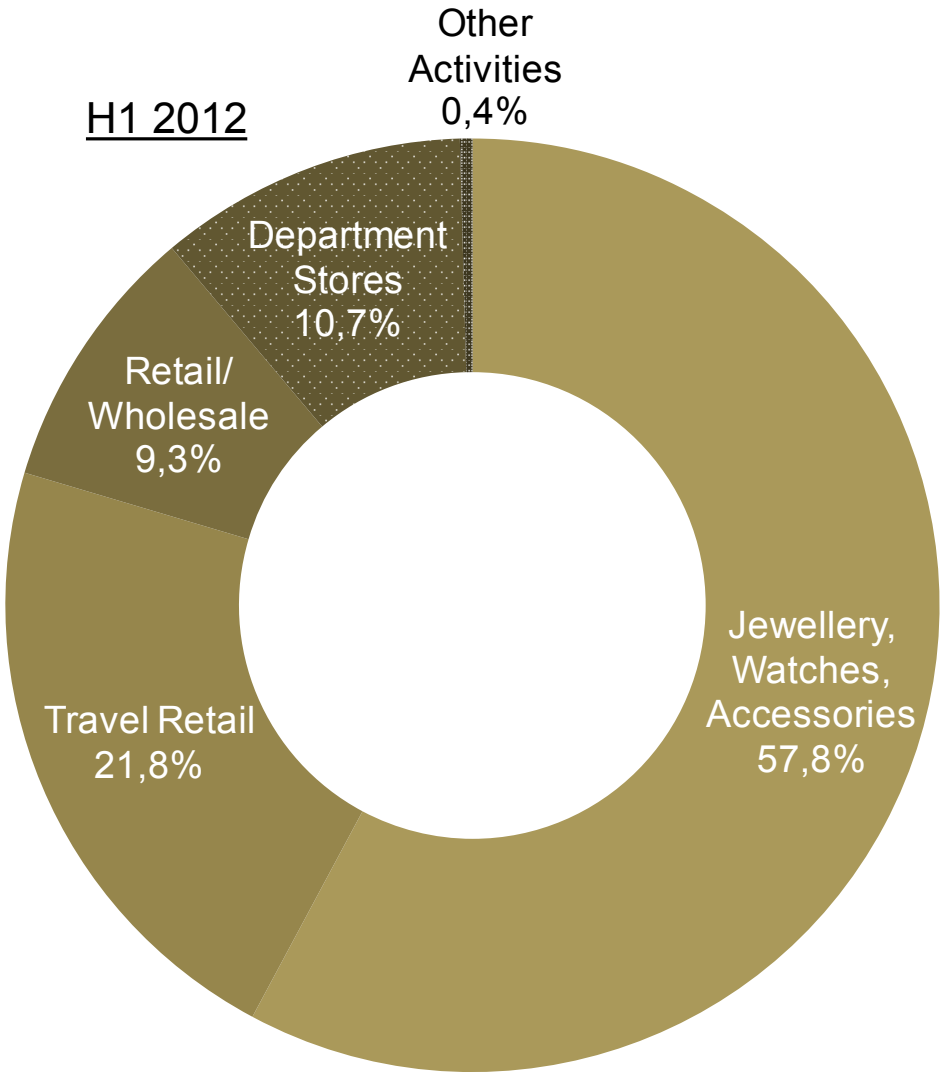
First Half 2012 Summarized Income Statement

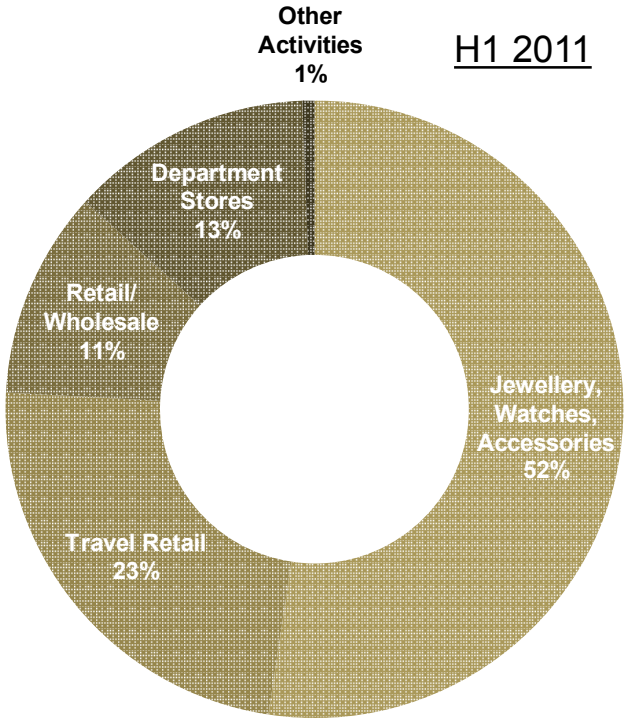
In million EUR	H1 2012	H1 2011	% Change
Revenue	**532,9**	**488,8**	**9,0%**
Gross margin	**264,7**	**240,4**	**10,1%**
Selling expenses	-143,2	-139,3	2,8%
Administrative expenses	-33,7	-25,8	30,6%
Other income and expenses	4,7	10,6	-55,7%
Operating profit	**92,5**	**85,9**	**7,7%**
Net financial income (expense)	-24,4	-24,2	0,8%
Income taxes	-15,1	-11,6	30,2%
Net profit before minority interests	**53,0**	**50,1**	**5,8%**
Minority interests	-0,5	-0,8	**-28,9%**
Group share of net profit	**52,5**	**49,3**	**6,3%**
Amortisation - Depreciation	13,0	11,9	9,2%
EBITDA	**105,5**	**97,8**	**7,9%**

Revenue by activity

In million EUR	H1 2012	H1 2011	chg. in %
Jewellery, Watches, Accessories	308,0	256,0	20,3%
Travel Retail	116,0	114,8	1,0%
Retail & Wholesale	49,5	53,0	-6,6%
Department Stores	57,0	61,9	-7,9%
Other Activities	2,3	3,1	-25,8%
Total	**532,8**	**488,8**	**9,0%**

Revenue split by activity

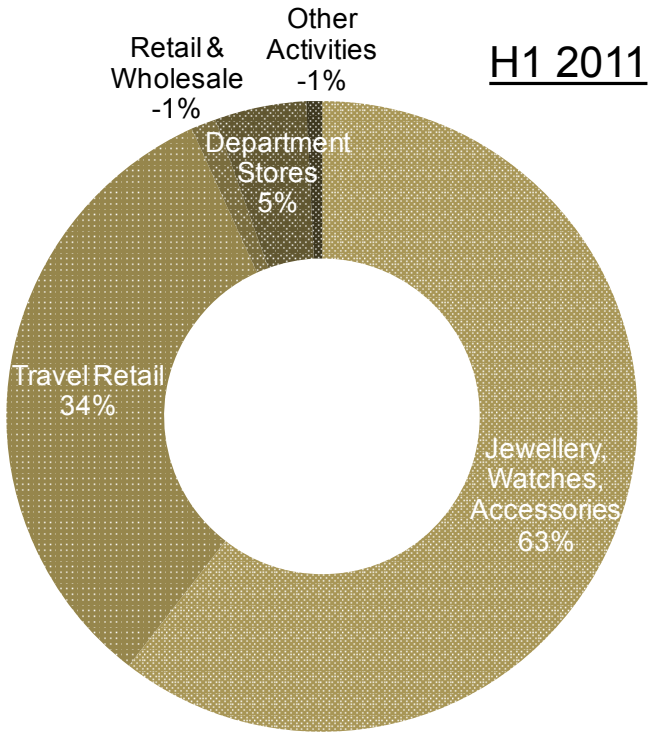




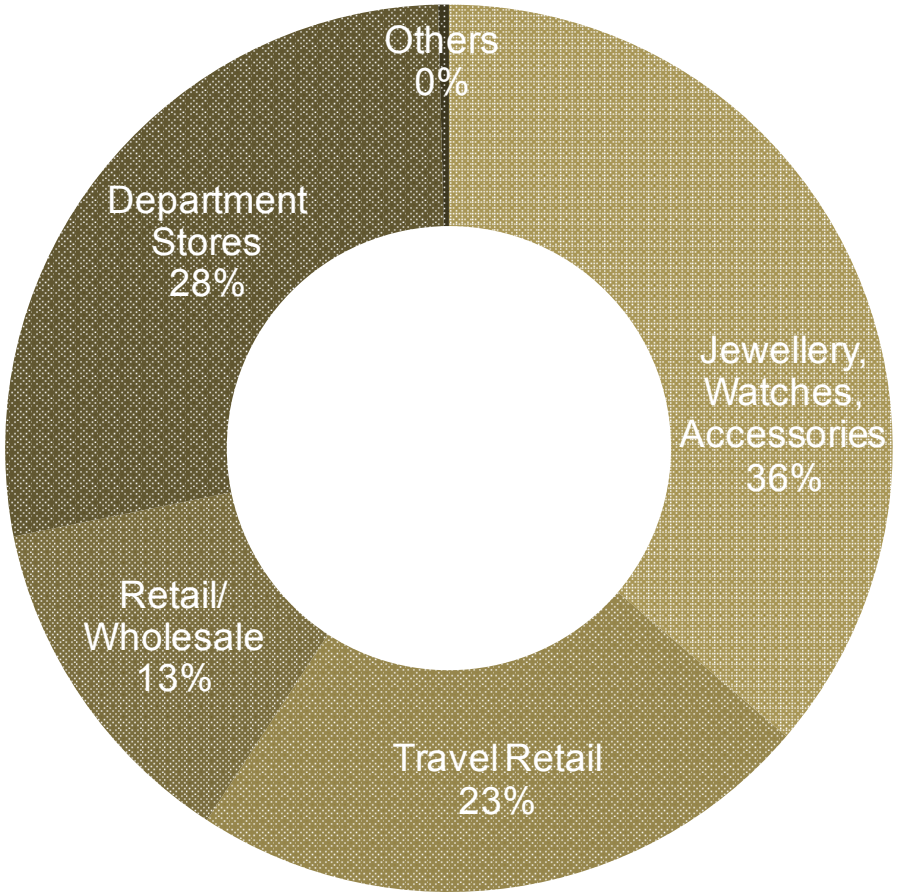
EBITDA by activity

H1 2012

H1 2011

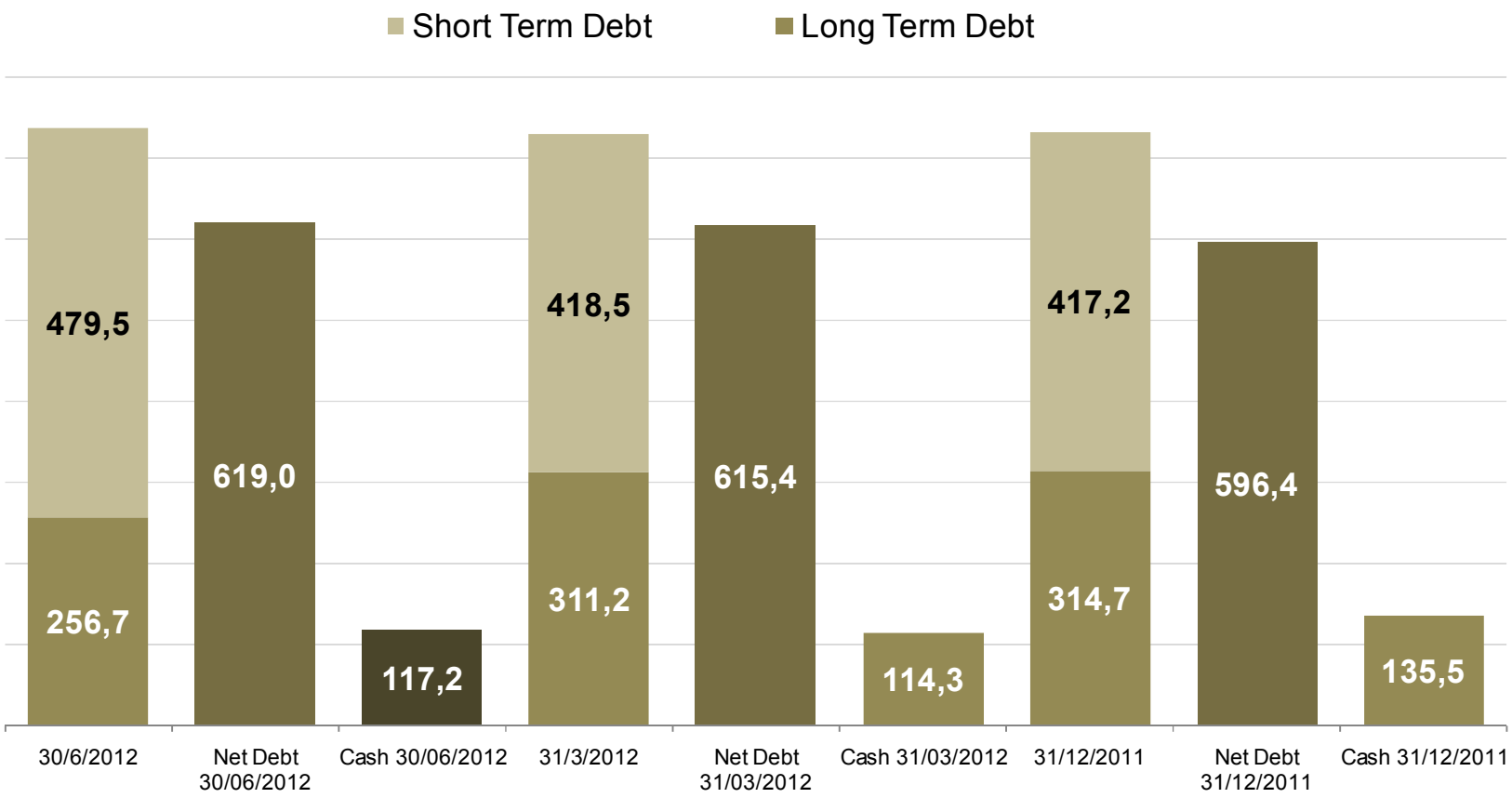


Capex split by activity



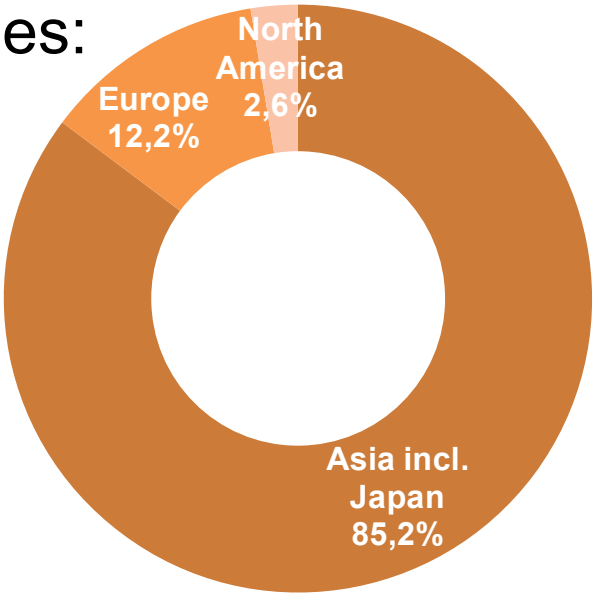
Group capex reached in H1 2012 €13.2 million against €8.9 million in H1 2011

Debt Structure by quarter



Total debt increased in Q2 2012 by EUR 6.5m, net debt increased by EUR 3.6m

Jewellery, Watches and Accessories:



Key figures (in Eur million)

	H1 2012	H1 2011	change
Revenue	308,0	256,0	20,3%
EBITDA	69,7	61,7	13,0%
EBITDA margin	22,6%	24,1%	
Gross Margin	52,3%	52,0%	

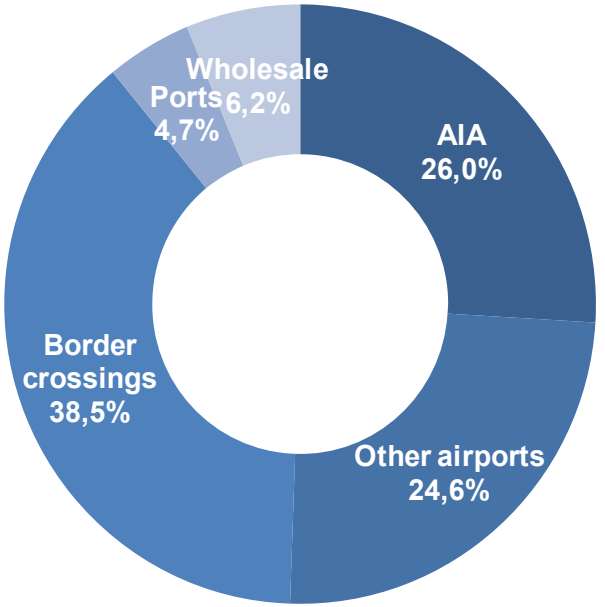
- Strong revenue increase by 20,3%, throughout all regions, led by Asia, (Q2 revenues +27.2%). In constant currency terms, revenues would have reached €290m.
- Gross profit increased by 21.0%, with the respective margin settling at 52,3% against 52.0% in the same period last year.
- EBITDA increased by 13% with the respective margin at 22.6% from 24.1% influenced by increased selling/marketing and administrative expenses due to brand expansion.
- Folli Follie brand opened in the second quarter of 2012 – 7 new POS* with the network reaching now 496 POS.

*14 relocations

Travel Retail:

Key figures (in Eur million)

	H1 2012	H1 2011	change
Revenue	116,0	114,8	1,0%
EBITDA	35,2	33,4	5,4%
EBITDA margin	30,3%	29,1%	
Gross Margin	53,3%	53,4%	

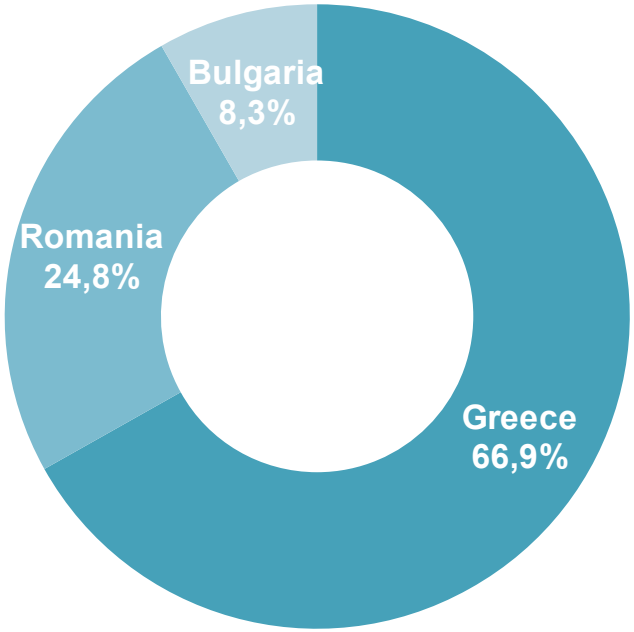


- Solid first half revenue performance on last year high comparables, and by taking into consideration a decline in passenger departures of -7.0%, compared to an increase of passenger departures of 4.2% in the first half of 2011.
- Stable gross profit at +0.8%, with the respective margin reaching 53.3% against 53.4% in the same period last year, supported by a favorable Duty Free vs. Duty Paid mix.
- EBITDA reached €35.2m from €33.4m with the respective margin at 30,3% from 29.1% the same period last year, supported by decreased administrative expenses.
- Duty Free sales increased from 54.0% (H1 2011) to 62.3% (H1 2012).
- Spending per customer increased from €41.79 in H1 2011 to €45.30 in H1 2012.

Retail/Wholesale:

Key figures (in Eur million)

	H1 2012	H1 2011	change
Revenue	49,5	53	-6,6%
EBITDA	-0,4	-1,3	69,0%
EBITDA margin	-0,9%	-2,5%	
Gross Margin	45,0%	42,9%	

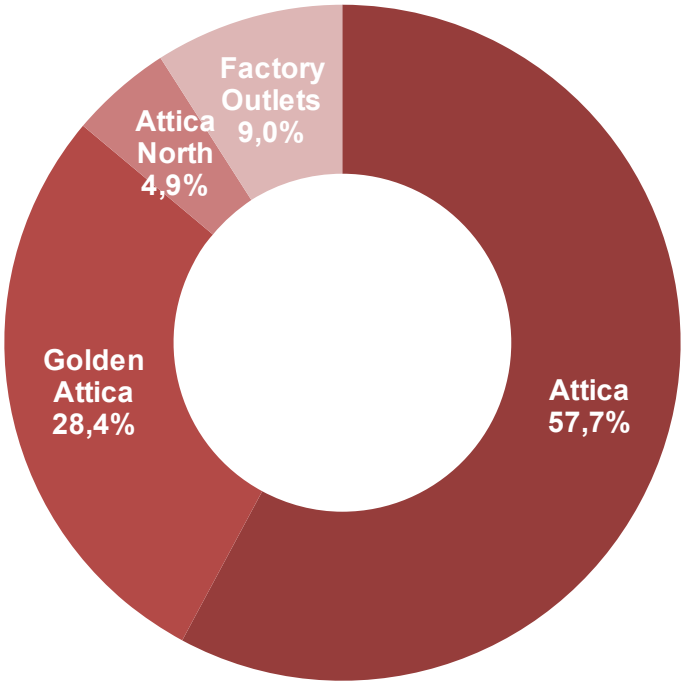


- Revenues decline by 6.6% driven by weaker sales in the Balkans, and impacted by the strong recession in Greece with a deepening decline in private consumption.
- Gross profit decreased slightly by 2% with the respective gross margin increasing from 42.9% to 45.0% in the same period last year, supported by a decline of COGS by 10.0%.
- EBITDA increased by 69.0% with the respective margin at 45.0% from 42.9% the previous year.

Department Stores:

Key figures (in Eur million)

	H1 2012	H1 2011	change
Revenue	57,0	61,9	-7,9%
EBITDA	2,3	4,8	-52,1%
EBITDA margin	3,9%	7,8%	
Gross Margin	33,8%	36,4%	



- Revenues declined in the first half by -7.9%, compared to a sales decline of 11.5% in Q1, supported by the operation of the third attica department store in Thessaloniki, (Q2 revenues -3.4%).
- Gross profit declined by 14.5% reaching €19.3m with the respective gross margin at 33.8% from 36.4% in the same period last year.
- EBITDA decreased from €4.8m in H1 2011 to €2.3m with the respective margin at 3.9% from 7.8% in the previous period.

Other activities:

Key figures (in Eur million)

	H1 2012	H1 2011	change
Revenue	2,3	3,1	-25,8%
EBITDA	-1,2	-0,8	-50,0%
EBITDA margin	-51,7%	-26,5%	
Gross Margin	13,3%	23,1%	

- Revenues decreased by 25.8% to €2,3m from €3.1m.
- Gross profit decreased by 57.1% to €0.31m from €0,72m in the same period last year.
- EBITDA increased by 45.5% to €-1.2m from €-0,82m.

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