

FOLLI FOLLIE S.A

INTERIM FINANCIAL STATEMENTS

**COMPILED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS**

**FIRST HALF OF 2007
(Period from January 1st to June 30th 2007)**

It is declared that the accompanying Financial Statements are those, which have been published by posting them on the internet, at the address www.follifollie.com. It is noted that, the published in the press "Condensed Financial Data and Information for the period from 1 January 2007 to 30 June 2007", aim at providing the public with certain general financial data and information but they do not present a comprehensive view of the financial position and of the results of operations of the Company and those of the Group, in accordance with the International Financial Reporting Standards.

Therefore, it is recommended, to any reader, before proceeding to any kind of investment decision or other transaction with the Company, to visit the Company's web site, at the internet address www.follifollie.com where are posted the interim financial statements prepared according to the International Financial Reporting Standards.

Athens, 24 August 2007

For account of FOLLI FOLLIE S.A.

Dimitrios Koutsolioutsos

Chairman of the Board of Directors

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
To the shareholders of FOLLI FOLLIE ABEE

Introduction

We have reviewed the accompanying (separate and consolidated) balance sheet of FOLLI FOLLIE ABEE as of June 30, 2007 and the related (separate and consolidated) statements of income, changes in equity and cash flows for the six month period then ended as well as the selected explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standards, as these are adopted by the European Union and applied to interim financial information ("IAS 34,,"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying (separate and consolidated) condensed interim financial information is not prepared, in all material respects, in accordance with ("IAS 34,,"). Without qualifying our conclusion, we draw attention to note 4 in the Notes, where reference is made to the fact that some of the tax returns of the companies of the Group, have not been examined by the tax authorities as yet and, as a consequence, the possibility exists of additional taxes and penalties being assessed at the time when the returns will be examined and will be accepted as final. The outcome of these tax inspections cannot be predicted at present and, therefore, no provision has been made in this respect.



BAKER TILLY HELLAS

Certified Public Accountants-
Consultants A.E.

76, 3rd Septembriou Str.
104 33 Athens, Greece
SOEL Reg.No: 148

Athens, 29 August 2007
The Certified Public Accountants

GEORGIOS I. VARTHALITIS
SOEL. Reg. No: 10251

1. BALANCE SHEET

BALANCE SHEET (Amounts reported in Euro)					
		THE GROUP		THE COMPANY	
ASSETS	Note	30/6/2007	31/12/2006	30/6/2007	31/12/2006
Tangible Assets	(4)	69.537.167,51	69.403.677,02	16.983.671,90	17.160.799,87
Investments in PPE	(4)	15.380.000,00	15.380.000,00	15.380.000,00	15.380.000,00
Goodwil	(5)	217.349.550,02	217.355.301,67	0,00	0,00
Intangible Assets	(5)	111.485.970,31	112.698.565,61	629.887,60	627.009,14
Investments in associates	(6)	0,00	0,00	387.438.470,75	387.438.470,75
Deferred income tax assets	(15)	1.205.822,86	2.109.039,58	320.059,82	352.870,16
Other long term receivables	(6)	9.068.256,10	6.676.684,23	304.301,03	293.421,34
Total non-current assets (a)		424.026.766,80	423.623.268,11	421.056.391,10	421.252.571,26
Inventories	(7)	150.867.417,79	125.598.481,85	14.045.922,95	13.583.250,86
Trade Receivables	(8)	140.030.919,20	140.239.131,14	15.641.763,74	15.850.440,84
Other Receivables	(9)	42.077.486,85	24.453.461,03	7.010.856,90	2.204.855,35
Other financial assets at fair value through profit or loss	(9)	3.771.341,94	3.419.646,43	1.635.298,20	1.464.116,71
Cash and cash equivalents	(10)	112.323.827,58	109.310.713,75	28.060.021,46	22.402.656,98
Total current assets (b)		449.070.993,36	403.021.434,20	66.393.863,25	55.505.320,74
TOTAL ASSETS (a) + (b)		873.097.760,16	826.644.702,31	487.450.254,35	476.757.892,00
<u>EQUITY & LIABILITIES</u>					
Long-term borrowings	(13)	408.400.729,10	406.901.777,95	341.167.941,15	341.000.000,00
Retirement benefit obligations	13&16	8.882.369,99	8.476.568,05	674.451,00	620.917,00
Deferred income tax liabilities	(15)	14.899.557,39	15.247.131,09	1.095.644,03	1.251.176,41
Provisions for other liabilities and charges	(13)	11.660.245,56	11.105.905,03	511.106,51	524.253,57
Total non-current liabilities		443.842.902,04	441.731.382,12	343.449.142,69	343.396.346,98
Trade payables	(14)	45.821.872,34	34.806.413,96	1.227.112,42	2.874.807,77
Short-term Borrowings	(14)	10.833.456,01	11.811.849,44	8.461.852,28	9.210.173,45
Other current liabilities	(14)	50.208.948,48	68.657.923,18	10.160.622,28	6.671.670,58
Total current liabilities		106.864.276,83	115.276.186,58	19.849.586,98	18.756.651,80
Total Liabilities (a)		550.707.178,87	557.007.568,70	363.298.729,67	362.152.998,78
Share capital	(11)	9.884.062,50	9.884.062,50	9.884.062,50	9.884.062,50
Share premium	(11)	62.531.731,47	62.531.731,47	62.531.731,47	62.531.731,47
Other reserves	(12)	23.953.921,97	8.832.577,14	20.756.127,11	20.184.566,82
Own Stock	(12)	-2.977.716,69	-1.339.856,41	-108.985,61	-108.985,61
Retained earnings	(12)	245.286.885,73	207.356.278,78	31.088.589,21	22.113.518,04
Exchange differences	(12)	-38.192.068,21	-32.706.043,74	0,00	0,00
equity holders of the Company	(12)	-88.927.927,73	-88.927.927,73	0,00	0,00
Total capital and reserves attributable to equity holders of the Company (b)		211.558.889,04	165.630.822,01	124.151.524,68	114.604.893,22
Minority interest (c)		110.831.692,25	104.006.311,60	0,00	0,00
Total Equity (d) = (b)+(c)		322.390.581,29	269.637.133,61	124.151.524,68	114.604.893,22
TOTAL EQUITY AND LIABILITIES (e) = (a)+(d)		873.097.760,16	826.644.702,31	487.450.254,35	476.757.892,00

2. INCOME STATEMENT FOR THE PERIOD

(Amounts reported in Euro)	THE GROUP		THE COMPANY	
	1/1-30/6/2007	1/1-30/6/2006	1/1-30/6/2007	1/1-30/6/2006
Sales Revenue	(17) 270.734.497,58	167.278.969,85	15.360.109,56	17.108.821,45
Cost of goods sold	-114.014.018,89	-73.263.844,06	-5.264.362,78	-5.351.175,92
Gross profit	156.720.478,69	94.015.125,79	10.095.746,78	11.757.645,53
Other Operating income	(17) 8.064.039,47	6.538.651,97	855.896,17	950.133,81
Administrative expenses	(17) -20.078.498,86	-8.683.336,00	-3.022.232,60	-2.605.031,49
Selling and marketing costs	(17) -76.610.185,82	-42.195.566,84	-6.493.284,66	-5.883.894,51
Other expenses	(17) -1.551.027,94	-938.303,46	-248.553,85	-499.029,00
Operating profit	66.544.805,54	48.736.571,46	1.187.571,84	3.719.824,34
Finance costs - profit	(17) 5.848.733,62	1.491.212,01	4.137.748,00	581.626,59
Finance costs - expenses	(17) -11.684.946,59	-3.801.784,35	-9.411.809,23	-3.594.838,22
Share of profit of associates	0,00	4.176.574,06	18.175.858,20	20.987.836,25
Profit before taxes (EBT)	60.708.592,57	50.602.573,18	14.089.368,81	21.694.448,96
Income tax expense	(18) -14.793.912,02	-11.402.659,54	-339.112,35	-1.776.601,61
Profit for the period (after taxes)	45.914.680,55	39.199.913,64	13.750.256,46	19.917.847,35
<u>Attributable to:</u>				
Equity holders of the Company	39.079.836,19	34.331.997,86		
Minority interest	-6.834.844,36	-4.867.915,78		
Earnings (after taxes) per share - basic (expressed in €)	1,19	1,04	0,42	0,60
Amortisation - Depreciation	6.211.334,75	2.474.695,17	554.920,01	520.652,94
Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)	72.756.140,29	51.211.266,63	1.742.491,85	4.240.477,28
Earnings (profit) before taxes, financing and investing results (EBIT)	66.544.805,54	48.736.571,46	1.187.571,84	3.719.824,34

	THE GROUP		THE COMPANY	
	1/4-30/6/2007	1/4-30/6/2006	1/4-30/6/2007	1/4-30/6/2006
Sales Revenue	149.135.945,60	105.428.203,28	7.608.017,79	6.938.487,04
Cost of goods sold	-63.545.867,14	-49.063.434,97	-2.483.570,87	-2.068.876,57
Gross profit	85.590.078,46	56.364.768,31	5.124.446,92	4.869.610,47
Other Operating income	3.897.533,20	5.760.227,51	438.667,02	506.368,41
Administrative expenses	-11.069.964,55	-5.599.373,44	-1.783.445,00	-1.403.869,58
Selling and marketing costs	-42.311.693,20	-27.310.050,80	-3.577.813,35	-3.219.948,66
Other expenses	-745.508,01	-568.036,38	-185.076,11	-344.461,44
Operating profit	35.360.445,90	28.647.535,20	16.779,48	407.699,20
Finance costs - profit	5.036.346,26	931.625,56	3.944.492,57	57.086,61
Finance costs - expenses	-4.777.282,50	-2.418.058,33	-4.057.836,74	-2.314.824,22
Share of profit of associates	0,00	2.817.073,61	18.175.858,20	20.987.836,25
Profit before taxes (EBT)	35.619.509,66	29.978.176,04	18.079.293,51	19.137.797,84
Income tax expense	-7.978.184,22	-7.331.971,84	-499.270,29	-922.700,48
Profit for the period (after taxes)	27.641.325,44	22.646.204,20	17.580.023,22	18.215.097,36
<u>Attributable to:</u>				
Equity holders of the Company	21.636.587,03	17.779.888,42		
Minority interest	-6.004.738,41	-4.866.315,78		
Earnings (after taxes) per share - basic (expressed in €)	0,66	0,54	0,53	0,55
Amortisation - Depreciation	3.555.174,75	1.581.295,32	291.222,26	269.724,36
Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)	38.915.620,65	30.228.830,52	308.001,74	677.423,56
Earnings (profit) before taxes, financing and investing results (EBIT)	35.360.445,90	28.647.535,20	16.779,48	407.699,20

3. STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD

THE GROUP

AMOUNTS REPORTED IN €

	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
Balance at 1.1.2006	9.884.062,50	62.531.731,47	24.513.525,66	0,00	161.106.539,24	-12.980.009,96	-88.927.927,73	156.127.921,18	5.844.540,04	161.972.461,22
Dividends					-8.845.951,25			-8.845.951,25		-8.845.951,25
Directors fees					-313.514,50			-313.514,50		-313.514,50
Minority interest due to new subsidiaries								0,00	86.318.196,32	86.318.196,32
Net income recognised directly in equity			9.438.947,00					9.438.947,00		9.438.947,00
Period results					34.332.007,11			34.332.007,11	4.867.906,53	39.199.913,64
Share buyback				-108.985,61				-108.985,61		-108.985,61
Other changes			1.386.767,27		-1.387.569,75	-12.728.926,46		-12.729.728,94		-12.729.728,94
Balance at 30th of June 2006	9.884.062,50	62.531.731,47	35.339.239,93	-108.985,61	184.891.510,85	-25.708.936,42	-88.927.927,73	177.900.694,99	97.030.642,89	274.931.337,88
Balance at 1.1.2007	9.884.062,50	62.531.731,47	8.832.577,14	-1.339.856,41	207.356.278,78	-32.706.043,74	-88.927.927,73	165.630.822,01	104.006.311,60	269.637.133,61
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		0,00
Net income recognised directly in equity					18.175.740,00			18.175.740,00		18.175.740,00
Period results				-1.637.860,28	39.089.299,90			37.451.439,62	6.825.380,65	44.276.820,27
Share buyback				0	0,00			0,00		0,00
Other changes			15.121.344,83		-15.130.807,95	-5.486.024,47		-5.495.487,59		-5.495.487,59
Balance at 30th of June 2007	9.884.062,50	62.531.731,47	23.953.921,97	-2.977.716,69	245.286.885,73	-38.192.068,21	-88.927.927,73	211.558.889,04	110.831.692,25	322.390.581,29

THE COMPANY

AMOUNTS REPORTED IN THOUSAND €

	Share Capital	Share Premium	Other Reserves	Own Shares	Retained earnings	Other capital and reserves attributable to equity holders of the company	Total
Balance at 1.1.2006	9.884.062,50	62.531.731,47	19.679.018,84	0,00	17.234.624,78	0,00	109.329.437,59
Dividends					-8.566.187,50		-8.566.187,50
Directors fees					-250.000,00		-250.000,00
Minority interest due to new subsidiaries							0,00
Net income recognised directly in equity			0,00				0,00
Period results	0	0	0	0	19.917.847,35		19.917.847,35
Share buyback				-108.985,61			-108.985,61
Other changes			505.547,98		-505.547,98		0,00
Balance at 30th of June 2006	9.884.062,50	62.531.731,47	20.184.566,82	-108.985,61	27.830.736,65	0,00	120.322.111,83
Balance at 1.1.2007	9.884.062,50	62.531.731,47	20.184.566,82	-108.985,61	22.113.518,04	0,00	114.604.893,22
Dividends	0	0	0		-3.953.625,00		-3.953.625,00
Directors fees	0	0	0		-250.000,00		-250.000,00
Minority interest due to new subsidiaries	0	0	0				0,00
Net income recognised directly in equity	0	0	0	0	0,00		0,00
Period results	0	0	0	0,00	13.750.256,46		13.750.256,46
Share buyback	0	0	0	0	0,00		0,00
Other changes			571.560,29		-571.560,29		0,00
Balance at 30th of June 2007	9.884.062,50	62.531.731,47	20.756.127,11	-108.985,61	31.088.589,21	0,00	124.151.524,68

4. CASH FLOW STATEMENT

(Amounts reported in Euro)	THE GROUP		THE COMPANY	
	1/1-30/6/2007	1/1-30/6/2006	1/1-30/6/2007	1/1-30/6/2006
Cash Flows related to Operating Activities				
Net Profit before taxes	60.708.592,57	50.602.573,18	14.089.368,81	21.694.448,96
<i>Adjustments in respect of non-cash transactions:</i>				
Depreciation and Amortisation	6.211.334,75	2.474.695,71	554.920,01	520.652,94
Provisions	634.253,89	661.205,00	61.260,00	111.000,00
Cash flows from investing activities	-4.085.448,30	-4.610.479,77	-22.080.538,82	-21.405.770,16
Debit interest and similar expenses	9.741.265,45	2.724.909,11	9.230.918,09	3.464.715,72
Other non-cash expense/income	0,00	0,00	0,00	0,00
Operating profit before adjustments of working capital	73.209.998,36	51.852.903,23	1.855.928,09	4.385.047,46
Decrease/(increase) of Inventories	-25.741.740,67	-8.358.655,20	-462.672,09	109.223,35
Decrease/(increase) of Receivables	-15.730.776,86	-15.571.848,03	-4.597.324,45	519.067,23
Increase/(decrease) of payable accounts (except Banks)	10.226.337,65	-9.590.274,78	-4.826.965,65	-2.037.902,58
Interest paid and similar expenses	-5.722.894,31	-3.801.784,35	-4.001.879,53	-3.832.005,54
Income Tax paid	-5.584.505,46	-19.224.675,86	-94.745,46	-858.725,86
<i>Net cash inflows/(outflows) from Operating Activities</i>	30.656.418,71	-4.694.334,99	-12.127.659,09	-1.715.295,94
Cash Flows related to Investing Activities				
Purchases of subsidiaries, associates and other investments	0,00	-202.989.646,90	0,00	-205.798.632,91
Purchases of tangible and intangible assets	-6.095.979,46	-1.292.540,51	-381.030,16	-158.244,89
Proceeds from sale of tangible and intangible assets	498.824,83	113.428,56	106,00	18.227,36
Proceeds from sale of financial assets	9.650,00	1.961.153,98	3.733.752,79	1.961.153,98
Dividends received	0,00	0,00	18.175.858,20	20.987.836,25
Interest received	1.943.681,14	1.076.875,24	232.813,72	167.289,82
Decrease/(increase) of other long-term receivables	-1.766.175,76	-288.507,00	-10.879,69	133.502,91
<i>Net cash inflows/(outflows) from Investing Activities</i>	-5.409.999,25	-201.419.236,63	21.750.620,86	-182.688.867,48
Cash Flows related to Financing Activities				
Own Stock	-1.637.860,28		0,00	
Proceeds from Loans	471.736,95	206.103.807,00	0,00	204.427.020,14
Repayment of Loans	0,00	0,00	-2.000.000,00	0,00
Payments for leases	-74.823,64	-315.046,94	-15.477,10	-61.773,91
Dividends paid	-18.539.880,16	-22.921.236,99	-1.950.120,19	-1.300.681,60
<i>Net cash inflows/(outflows) from Financing Activities</i>	-19.780.827,13	182.867.523,07	-3.965.597,29	203.064.564,63
Net increase/(decrease) in cash and cash equivalents	5.465.592,33	-23.246.048,55	5.657.364,48	18.660.401,21
Cash and cash equivalents at the beginning of the period	109.310.713,75	112.040.529,80	22.402.656,98	13.247.662,22
Exchange rate differences from the conversion of cash equivalents	-2.452.478,50	-1.320.439,35	0,00	0,00
<i>Cash and cash equivalents at the end of the period</i>	112.323.827,58	87.474.041,90	28.060.021,46	31.908.063,43

NOTES TO THE INTERIM COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

1. General information

FOLLI – FOLLIE S.A. (“the Company”) with distinctive title “FOLLI FOLLIE” and its subsidiaries (together “the Group”) is engaged in the sector of silver and gold products, in particular manufactures jewellery and watches from precious and semi-precious metals and stones as also in the sector of accessories. In the object of the Company as stated in the Articles of Association is included the distribution of the aforementioned products by retail and wholesale in the domestic and international market.

The address of the Company's registered office is 23 Km Athens – Lamia National Road, Ag. Stefanos, Attica, its web-site is www.follifollie.com and it has its primary listing on the Athens Stock Exchange since 1997.

Folli Follie following its listing on the Athens Stock Exchange and the increase of the share capital that arose, extended its development abroad, thus placing the foundation of its multinational character. Nowadays, Folli Follie continues to develop its activities in new strategically important markets around the world while strengthening its presence in existing ones.

The consolidated financial statements, which are presented, refer to Folli Follie S.A. and the subsidiaries of the Group.

These financial statements have been approved for issue by the Board of Directors on 24th of August 2007.

The Structure of the Group Folli Follie has as follows:

COMPANY	REGISTERED OFFICE	% PARTICIPATION	RELATION THAT COMMANDED THE CONSOLIDATION
FOLLI FOLLIE S.A	ATHENS	-	-
FOLLI FOLLIE HONG KONG LTD	HONG KONG	99,99%	Direct
FOLLI FOLLIE UK LTD	LONDON	99,99%	Direct
FOLLI FOLLIE FRANCE SA	PARIS	100%	Direct
FOLLI FOLLIE SPAIN SA	MADRID	100%	Direct
FOLLI FOLLIE CZECH SRO	PRAGUE	100%	Direct
FOLLI FOLLIE POLAND SZOO	WARSAW	100%	Direct
FOLLI FOLLIE SLOVAKIA SRO	BRATISLAVA	100%	Direct
FOLLI FOLLIE GERMANY Gmbh	TRAOUNSTAIN	100%	Direct
MFK FASHION LTD	NICOSIA	100%	Direct
PLANACO SA	ATHENS	76,67%	Direct
HELLENIC DUTY FREE SHOPS	ATHENS	52,28%	Direct
FOLLI FOLLIE JAPAN LTD	TOKYO	40%	Direct
FOLLI FOLLIE ASIA LTD	HONG KONG	99,99%	Indirect
FOLLI FOLLIE TAIWAN LTD	TAIPEI	99,99%	Indirect
FOLLI FOLLIE KOREA LTD	SEOUL	99,99%	Indirect
FOLLI FOLLIE SINGAPORE LTD	SINGAPORE	99,99%	Indirect
BLUEFOL GUAM LTD	GUAM	99,99%	Indirect
BLUEFOL HAWAII LTD	HAWAII	99,99%	Indirect
BLUEFOL HONG KONG LTD	HONG KONG	99,99%	Indirect
FOLLI FOLLIE MALAYSIA LTD	KUALA LUMPUR	99,99%	Indirect
BLUEFOL THAILAND LTD	BANGKOK	99,99%	Indirect
FOLLI FOLLIE CHINA (PILION LTD)	SHANGAI	85,00%	Indirect
HELLENIC DISTRIBUTIONS SA	ATHENS	52,27%	Indirect
LINKS (LONDON) LIMITED	LONDON	52,27%	Indirect
LINKS OF LONDON COM LTD (UK)	LONDON	52,27%	Indirect
LINKS OF LONDON ASIA LTD (HK)	HONG KONG	52,27%	Indirect
LINKS OF LONDON INC (USA)	NEW YORK	52,27%	Indirect
LINKS OF LONDON (FRANCE)	PARIS	52,27%	Indirect
HDFS SKOPJE DOO (Π.Γ.Δ.Μ.)	SKOPJE	52,27%	Indirect
HELLENIC TOURIST BUREAU A.E.	ATHENS	52,28%	Indirect

2. Summary of significant accounting policies applied by the Group

2.1. Basis of preparation

These consolidated and parent's separate financial statements of FOLLI FOLLIE S.A. at 30st of June 2007 have been prepared under:

- The historical cost convention
- The going concern basis
- The accrual basis of accounting
- The consistency and relevance of presentation
- The materiality of data

and 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 by the regulation Number 1606/2002 of the European Union as of 31 December 2005.

The financial statements for the previous year were prepared under IFRS 1 "First-time Adoption of International Financial Reporting Standards", given that they were the first financial statements prepared, and were published in accordance with IFRS (year 2005). The date of the Group's transition to the new standards, in accordance with IFRS 1, is 1 January 2004.

The accounting principles mentioned below, have been applied with consistency to all periods presented.

The financial statements of FOLLI FOLLIE S.A. have been prepared in accordance with the accounting principles of the Uniform Greek General Chart of Accounts (GGCA) up to the year that ended on 31 December 2004. The principles of the GGCA differ in some respects from those of the IFRS. The comparative figures for 2004 were restated in accordance with the adopted accounting principles and accounting estimates for the IFRS.

The preparation of financial statements in conformity with the IFRS requires the use of analytical accounting estimates and assumptions in the process of applying the accounting principles.

2.2. Basis of transition to IFRS

2.2.1. Application of IFRS 1

The Company's and the Group's financial statements for the year ended 31 December 2005 were the first annual financial statements that comply with IFRS. These financial statements had been prepared as described in Note 2.1 The Group had applied IFRS 1. The reporting date of those financial statements was 31 December 2005. The IFRS adoption date was 1 January 2005. In preparing these financial statements, the Group had applied certain of the optional exemptions from full retrospective application of IFRS.

2.2.2 Consistency of estimates under Greek GAAP and IFRS and reconciliations between IFRS and Greek GAAP

The consistency of estimates between Greek GAAP and IFRS, the Table of adjustments of the period opening net equity (01.01.2005 and 01.01.2004 respectively) and the Table of adjustments of the results for the period 01.01.2004-31.12.2004 are analyzed at the annual Financial Statements of 31.12.2005, pages 24-25.

2.3 Consolidation – Measurement of subsidiary and associate companies

Subsidiaries are all entities over which the Parent company has the power to govern. Subsidiaries are fully consolidated (full consolidation) from the date on which control is transferred to the Group and are de-consolidated from the date on which control ceases. In the case of Folli Follie, as it arises also from the table set out above, the subsidiaries are fully consolidated by the full consolidation method.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair

value of the assets given, equity instruments issued and liabilities assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains of transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The investments in subsidiaries in the parent's separate Balance Sheet are measured at acquisition cost net of any accumulated impairment loss.

The application of the policy to business combinations that occurred before the date of transition to IFRSs, is covered by 10 optional exceptions based on IFRS 1. In particular, based on circumstance i, goodwill recognised directly as a deduction from equity, under previous GAAP shall not be recognised and restated in the income statement the disposal of all the entity or part of it with which is related goodwill or if the investment in the subsidiary becomes impaired. This was applied by the company during the first preparation of the consolidated financial statements in accordance with IFRS.

In accordance with the Group's standard practice, investments in affiliates are recorded according to the equity method. The Group's share following the participation acquisition in the affiliates is recorded directly to the Profit and Loss Account, whereas the changes in reserves for the same period are recorded to the Group's reserves. The accumulated changes affect the accounting value of the investments in associated Companies.

Unrealized gain from transactions between the Group and its related parties are eliminated according to the Group's participation percentage in these related parties. The accounting principles followed by the related parties have been modified in order to be in conformity with those adopted by the Group.

- a. Until 30.04.2006, the Folli-Follie Group exercised a significant influence over KAE (Hellenic Duty Free Shops) having a 24.68% stake of the Company's total voting rights. In May 2006, the Group increased its stake by 24.6777%, paying a consideration of 202,987,184.00 euros, and thus on 30.06.2006 the Group held 49.36% of the share capital of Hellenic Duty Free Shops (KAE), a company listed on the Athens Stock Exchange, namely 25,999,000 shares. Through this increase, the Group also increased its percentage of indirect participation in the subsidiaries of KAE, which are the following:
 - a) Hellenic Distributions (ELLINIKES DIANOMES)
 - b) H.D.F.S SKOPJE DOO
 - c) HELLENIC TOURIST BUREAU S.A.

Moreover, on 17/07/2006 the Folli Follie Group acquired 1.540.000 shares of H.D.F.S. Following this acquisition representing 2.92% of H.D.F.S.' total number of shares, the total participation of Folli Follie to H.D.F.S. at 31.12.2006 reached the percentage of 52.28%.

The Group had included on 30.06.2006 in its consolidated financial statements the Hellenic Duty Free Shops S.A for the period, applying the full consolidation method, from 05/05/2006, date on which it acquired control of the company; for previous periods the consolidation was performed by applying the equity method.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Folli Follie Poland szoo, member company of the group, has concluded the operation of two retail points of sales during the first semester of 2007. The group intends to exploit new channels of distribution in this particular market.

2.4. Foreign currency translation

(a) Functional and presentation currency

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 functional currency"). The consolidated financial statements are presented in Euros, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at 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 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.

(c) Group companies

The financial statements of all the Group companies, that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Equity is translated at the exchange rates ruling at the date it is incurred.
- Income and expenses are translated at average exchange rates of the period.

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

2.5. Property, plant and equipment

a) 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	6,67-9,09	«
- Motor vehicles	6,67-9,09	«
- Other equipment	6,67	«

Residual values are recognised only on privately owned buildings.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

b) **Investments in Property**

All investments in property are measured at fair value. According to this method the investments, at each closing balance sheet date, are measured at their fair value and the differences from the cost or the previous measurement is recognised in the income statement.

2.6. Intangible assets

(a) Intangible Market Value of Retail Stores

The Intangible market Value of the Company's retail stores is measured at cost less depreciation. Depreciation is performed based on the lease term of the stores, which is 8 to 12 years.

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives, which in the case of Folli Follie is estimated depending on the application of each software and is from 4 to 7 years approximately.

2.7. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognised as expenditure in the income statement when incurred.

2.8. Financial Assets

(a) Loans and receivables

Trade receivables

Trade receivables are recognised initially at fair value which agrees with their nominal value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due, according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(c) Financial assets at fair value through profit or loss

Folli Follie classifies its financial assets in this category that are acquired principally for the purpose of selling in the short term including also derivatives. Purchases and sales of investments are initially recognised at fair value and on trade-date. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. The fair value of quoted financial assets are based on current bid prices.

2.9. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost formula. The cost in progress comprises the cost of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, current and time deposits, as formed at the closing of the period from the company and the Group.

2.11. Share capital

The shares of Folli Follie are ordinary registered shares which are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the

related income tax effects, is included in equity attributable to the Company's equity holders.

2.12. Income taxes

The Group is subject to various income tax rates depending upon the country of establishment. Furthermore, it must be noted that with regards to the matter of tax audit of the companies that participate in the consolidated statements, in the country where Folli Follie Hong Kong Ltd., Folli Follie Asia Ltd. and Bluefol Hong Kong Ltd. operate the tax audit for finalizing the fiscal period taxes is not mandatory. The authorities accept the data as declared by the companies following the audit by Certified Auditors. The tax authorities may conduct a select audit, only for the last seven fiscal years reported. After the lapse of seven years, the fiscal periods are rendered final.

The Company has been audited by the tax authorities for Fiscal Year 2005, therefore Fiscal Year 2006 is not audited at present. For Fiscal Year 2006, the Company decided not to form a relevant provision.

2.13. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

2.14. Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax is determined using tax rates (and laws) that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.15. Employee benefits

(a) Short - term employee benefits

Short - term employee benefits towards the employees in money and in kind, are recognised as an expense when accrued.

(b) Post - employment benefits

Post - employment benefit schemes comprise both defined contribution plans (Government pension insurance) and defined benefit plans (lump sum benefit paid to employee on retirement dependent on years of service that is imposed by the L. 2112/20). Accrued cost of defined contribution plans is recognised as an expense over the vesting period.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. According to this method, the defined benefit obligations that relate to past - service at the date of value determination are accounted for separately from the expected benefits at the year after the date of value determination (employees remaining in service for a specific period of time). The most significant assumptions that were used at the two as above dates are as follows:

Date of value determination	Discount interest rate	Future salary increases
31/12/2005	4,0%	3,0%
31/12/2006	4,0%	3,0%-4,0%

2.16. Provisions

Provisions are recognised when:

- a) There is a present legal or constructive obligation as a result of past events,
- b) It is more likely than not that an outflow of resources will be required to settle the obligation and,
- c) The required amount has been reliably estimated.

2.17. Government grants

No grants were received during the current year.

2.18. Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value - added tax, rebates and discounts and after eliminating sales within the Group.

Revenue is recognised as follows:

(a) Sales of goods

Sales of goods are recognised when the Company has delivered products to the customer; the customer has accepted the products; and collectibility of the related receivables is reasonably assured. The sales of goods – wholesale are mainly carried out on credit.

(b) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided by Folli Follie, as a proportion of the total services to be provided.

(c) Interest income

Interest income is recognised on a time - proportion basis using the effective interest method.

(d) Income from Rent

Income from rent is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established, that is when approved by the body entitled to pay them out (General Meeting).

2.19. Leases

(a) Operating leases

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(b) Finance leases

Finance leases are treated as hire purchase contracts, as a consequence the leased assets to be disclosed as assets of the Group (and to be depreciated),

with respective recognition of the finance liability to the lessor or lessors. The finance cost is carried to the Income Statement as an expense, when accrued.

2.20. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the parent's separate financial statements and in the consolidated financial statements in the period in which the dividends are approved by the General Meeting of the company's Shareholders.

2.21. New accounting principles and interpretations of IFRIC

The International Accounting Standards Board and the Interpretations Committee have issued a series of new accounting standards and interpretations, for the accounting periods beginning on January 1st 2007.

The Group's assessment regarding the effect of the aforementioned new standards and interpretations, is as follows:

- IAS 1 (amendment) Capital disclosures

Due to the issuance of IFRS 7, further disclosures were added to IAS 1 in order for a company to provide useful information to users regarding the objectives, policies and management procedures for its capital. The group, if require, will apply the amendments of IAS 1 for the annual financial statements 01/01 - 31/12/2007.

-IFRS 7, Disclosures of Financial Instruments

IFRS 7 requires, apart from IAS 32, disclosures for all financial instruments (except those that fall under other standards – i.e. IAS 27, 28, 31). IFRS 7 requires the disclosure of the importance of financial instruments for the company's performance and financial status. Also, qualitative and quantitative

information regarding the risks emanating from the use of the financial instruments. The Group, if require, will apply IFRS 7 for the annual financial statements 01/01 - 31/12/2007.

-IFRS 8. Operating Sectors

IFRS 8 replaces IAS 14 and sets different disclosure requirements regarding the information by activity sectors. IFRS 8 is effective from 1/1/2009 and is expected to be adopted by the Group then.

-IFRS 23. (amendment) Borrowing Cost

In the revised standard, the previous benchmark treatment of recognising borrowing costs as an expense has been eliminated. Instead, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets form part of the costs of the asset. The revised version of IAS 23 Borrowing Cost needs to be applied for annual periods beginning on or after 1st January 2009.

IFRIC 11 IFRS 2- Transactions in participating titles of the same company of companies of the same group

The interpretation provides instructions regarding whether a payment agreement based on the value of the entity's shares, which receives goods or services as an exchange for its own participating titles, will be accounted for as a transaction settled with participating titles or as a transaction settled with cash. IFRIC 11 is effective from 1/1/2007 and is not expected to affect the Group's financial statements.

IFRIC 12 Service Concession Agreements

IFRIC 12 handles the way with which the concession managers of a service concession must apply IFRS to account for the liabilities they undertake and the rights provided to them in the service concession agreements. IFRIC 12 is effective from 1/1/2008 and is not expected to affect the Group's financial statements.

IFRIC 13 Customer Loyalty Programmes

The International Financial Reporting Interpretations Committee (IFRIC) issued a new interpretation relating to the application of IAS 18 Revenue Recognition. IFRIC 13 "Customer Loyalty Programmes" clarifies that where entities grant award credits (e.g. loyalty points or reward miles) as part of a sales transaction and customers can redeem those award credits in the future for free or discounted goods or services, IAS 18 paragraph 13 applies. This requires that the award credits are treated as a separate component of the sales transaction and an amount of the consideration received or receivable needs to be allocated to the award credits. The timing of the recognition of this element of revenue is deferred until the entity satisfies its obligations relating to the award credits, either by supplying the rewards directly or by transferring the obligation to a third party. IFRIC 13 needs to be applied for annual periods beginning on or after 1st January 2008.

3. Financial risk management - Financial risk factors

(a) Credit risk

The Group has no significant concentrations of credit risk since the wholesale sales of products are made to customers with an appropriate credit history, as they are airports, department stores, large airline companies and also selected new customers from which the Group receives guarantee letters for security. Thus, the credit risk is at low levels.

(b) Liquidity risk

The Group has no liquidity risk, due to the availability of significant cash and cash equivalents and sufficient credit lines.

(c) Cash flow and fair value interest rate risk

The Group has interest-bearing assets due to placing its cash and cash equivalents at bank time deposit accounts, of zero risk, at an interest rate fixed in advance, the floating of which is not significant as such to rise a cash flow and fair value interest rate risk.

The Group's interest-rate risk arises from long-term borrowings. Group policy was to maintain the total of its borrowings at floating interest rate (euribor). The department managing the cash and cash equivalents of the group with continuous following of the course of the interest rates (euribor) from the contracting of the long-term borrowings up until today, aiming to continue the best management of this risk proceeded, before the 1st upward change of the interest rate (euribor), into an Interest Rate Swap contract for a significant part of its long-term borrowings.

(d) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising primarily with respect to the US dollar. The management's object is to hedge the risk balancing the group's receivables and liabilities per currency. The Group buys and sells foreign exchange in advance.

4. Property, plant and equipment

The Group

	Land	Buildings & Building Installations	Plant & Machinery	Vehicles	Furniture, fittings & equipment	PPE in course of construction	Total
01.01.2006							
Cost	12.405.706,14	31.770.314,03	1.788.989,41	622.386,00	8.438.500,34	33.599,64	55.059.495,56
Additions	688.759,62	3.747.938,17	300.900,77	25.438,47	3.264.636,47	851.739,59	8.879.413,09
New subsidiary	2.323.479,35	27.837.840,83	3.928.303,99	1.628.859,03	26.744.546,61	4.472.032,96	66.935.062,77
Disposals	0,00	-557.787,56	-477,00	-209.836,16	-932.407,50	-526.669,14	-2.227.177,36
Balance 31.12.2006	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
Accumulated amortisation							
Balance 01.01.2006	0,00	-3.155.475,94	-1.309.240,88	-357.103,21	-5.591.339,30	0,00	-10.413.159,33
Amortisation charge	0,00	-1.719.860,03	-336.959,33	-52.008,00	-3.484.261,75	0,00	-5.593.089,11
New subsidiaries depreciation	0,00	-7.813.700,00	-2.341.517,59	-1.066.087,78	-17.133.663,92	0,00	-28.354.969,29
Decrease of amortisation	0,00	350.873,71	2,74	99.181,39	851.921,08	0,00	1.301.978,92
Balance 31.12.2006	0,00	-12.338.162,26	-3.987.715,06	-1.376.017,60	-25.357.343,89	0,00	-43.059.238,81
Exchange differences	-246.555,13	-55.999,28	7.736,15	-5.871,98	434.933,46	-938.121,44	-803.878,22
Net book amount							
31.12.2006	15.171.389,98	50.404.143,93	2.037.738,26	684.957,76	12.592.865,49	3.892.581,61	84.783.677,03
01.01 – 30.06.2007							
Additions	0,00	28.412,68	196.834,21	117.499,14	3.189.211,72	1.828.729,53	5.360.687,28
Disposals		-93.165,67	-2.870,00	-4.030,74	-396.713,94	-411.482,20	-908.262,55
Amortisation charge	0,00	-1.596.073,87	-220.694,40	-98.455,50	-2.472.769,02	0,00	-4.387.992,79
Decrease of amortisation		72.352,74	990,66	812,87	344.363,05	0,00	418.519,32
Exchange differences	-106.042,26	-162.112,02	-265,00	-2.327,00	-75.407,61	-3.306,89	-349.460,78
Net book amount							
30.06.2007	15.065.347,72	48.653.557,79	2.011.733,73	698.456,53	13.181.549,69	5.306.522,05	84.917.167,51

The company

	Land	Buildings & Building Installations	Plant & Machinery	Vehicles	Furniture, fittings & equipment	Total
<u>01.01.2006</u>						
Cost	8.565.044,74	23.487.279,83	1.586.283,59	475.114,42	3.321.662,88	37.435.385,46
Additions	0,00	419.309,50	56.817,11	45871,28	392.271,97	914.269,86
Disposals	0	0	0	-29055,88	-7.517,89	-36.573,77
Balance 31.12.2006	8.565.044,74	23.906.589,33	1.643.100,70	491.929,82	3.706.416,96	38.313.081,55
<u>Accumulated</u>						
<u>amortisation</u>						
Balance 01.01.2006	0	-1.253.444,24	-1.154.381,21	-308.030,64	-2.163.568,98	-4.879.425,07
Amortisation charge	0	-434.617,05	-97.197,62	-28.806,68	-357.266,74	-917.888,09
Decrease of amortisation				24418,54	612,94	25.031,48
Balance 31.12.2006	0,00	-1.688.061,29	-1.251.578,83	-312.418,78	-2.520.222,78	-5.772.281,68
Net book amount 31.12.2006	8.565.044,74	22.218.528,04	391.521,87	179.511,04	1.186.194,18	32.540.799,87
<u>01.01 – 30.06.2007</u>						
Additions	0	51825,08	0,00	57.777,56	186.781,86	296.384,50
Disposals					-9.915,29	-9.915,29
Amortisation charge		-227.947,12	-44.503,34	-17.489,03	-183.572,98	-473.512,47
Decrease of amortisation					9915,29	9.915,29
Net book amount 30.06.2007	8.565.044,74	22.042.406,00	347.018,53	219.799,57	1.189.403,06	32.363.671,90

5. Intangible Assets

	THE GROUP			
	Special assessment	Concessions, Licenses & Similar Rights	Amortisable expenses	Total
<u>01.01.2006</u>				
Cost	0,00	871.900,21	8.130.584,34	9.002.484,55
New subsidiary	217.355.301,67	116.520.683,86	5.578.730,00	339.454.715,53
Additions			876.254,35	876.254,35
Disposals			-739.798,54	-739.798,54
Balance 31.12.2006	217.355.301,67	117.392.584,07	13.845.770,15	348.593.655,89
Accumulated amortisation				
Balance 01.01.2006		-333.884,60	-2.505.960,12	-2.839.844,72
Amortisation charge		-1.641.349,84	-965.087,02	-2.606.436,86
New subsidiaries depreciation		-9.794.059,00	-1.662.895,00	-11.456.954,00
Decrease of amortisation			703.136,56	703.136,56
Balance 31.12.2006	0,00	-11.769.293,44	-4.430.805,58	-16.200.099,02
Exchange differences			-2.339.689,59	-2.339.689,59
Net book amount 31.12.2006	217.355.301,67	105.623.290,63	7.075.274,98	330.053.867,28
<u>01.01 – 30.06.2007</u>				
Additions		-3.844.760,67	4.547.187,29	702.426,62
Disposals			-56.562,00	-56.562,00
Amortisation charge		-1.278.811,48	-544.530,48	-1.823.341,96
Decrease of amortisation			-31.164,45	-31.164,45
Exchange differences	-5.751,65		-3.953,51	-9.705,16
Net book amount 30.06.2007	217.349.550,02	100.499.718,48	10.986.251,83	328.835.520,33

	THE COMPANY		
	Concessions, Licenses & Similar Rights	Amortisable expenses	Total
01.01.2006			
Cost	871.900,21	536.445,24	1.408.345,45
New subsidiary			
Additions		12.753,60	12.753,60
Disposals			
Balance 31.12.2006	871.900,21	549.198,84	1.421.099,05
Accumulated amortisation			
Balance 01.01.2006	-333.884,60	-324.018,41	-657.903,01
Amortisation charge	-66.888,78	-69.298,12	-136.186,90
New subsidiaries depreciation			
Decrease of amortisation			
Balance 31.12.2006	-400.773,38	-393.316,53	-794.089,91
Exchange differences			
Net book amount 31.12.2006	471.126,83	155.882,31	627.009,14
01.01 – 30.06.2007	0,00		
Additions	62.500,00	21.786,00	84.286,00
Disposals			0,00
Amortisation charge	-54.878,03	-26.529,51	-81.407,54
Decrease of amortisation			0,00
Exchange differences			0,00
Net book amount 30.06.2007	478.748,80	151.138,80	629.887,60

a. During the year 2006 Folli Follie acquired consequently the percentages of 24,6777% and 2,92% of the share capital of HDFFS. 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 a goodwill of 151.266.165,00 euros which has been determined as follows:

- Date of acquisition	05/05/2006
- Percentage	24,6777%
- Shares (Total amount)	52.675.000
- Shares acquired	12.999.000
- Nominal value per share	0,30 euros
- Purchase value per share	15,60 euros

Total cost of shares

- Cash paid	202.784.400,00 euros
- Direct Expenses related to the acquisition	202.784,00 euros
- Dividends from benefits before the acquisition	<u>(10.398.400,00 euros)</u>
Total Cost of acquisition	192.588.784,00 euros
Less: Fair value of Assets and liabilities	(41.322.619,00 euros)
Goodwill	151.266.165,77 euros

Analytically the assets which were acquired, the liabilities and the contingencies which were undertaken by the Group during the acquisition of 24,6777%, are as follows:

	<u>Book Value (thou. euro)</u>	<u>Fair Value (thou. euro)</u>
Tangible Assets	25.856	25.856
Intangible Assets	52.551	103.551
Deferred income tax assets	467	467
Other long term receivables	3.268	3.268
Inventories	54.299	54.299
Trade and other receivables	12.556	12.556
Other financial assets at fair value through profit or loss	1.826	1.826
Cash and cash equivalents	77.580	77.580
Long- term borrowings	(4.484)	(4.484)
Deferred income tax liabilities	-	(12.750)
Trade payables	(49.211)	(49.211)
Current income tax	(3.369)	(3.369)
Dividends payable	<u>(42.140)</u>	<u>(42.140)</u>
	129.199	167.449
		<u>24.6777 %</u>
		<u>41.323</u>

Fair Value

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 euros.

b. At this point it should be mentioned that, at the end of May 2006, the Company acquired 76.67% of the Share Capital of the company Planaco S.A. by participating in the partial share capital increase with an amount of 2.700.000,00 €. Planaco S.A. was consolidated for first time at this current period. The Group consolidated Planaco S.A. 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.

c. In addition to the above, it shall be mentioned that, at the end of July 2006, the Folli Follie Group acquired the British jewellery, watches and luxury items brand LINKS OF LONDON Ltd. Specifically, the company "HELLENIC DISTRIBUTIONS S.A.", fully owned by the company "HELLENIC DUTY FREE SHOPS" and a member of the FOLLI FOLLIE Group, acquired the total number of shares (100%) of the British company.

d. It must be noted that during the last quarter of year 2006, the Group obtained the Retail Licence for operating in China. As a consequence the financial data of the Group for the last quarter of the current fiscal year include the results of the Chinese Market.

6. Participations and other Long-term receivables

	The Group		The Company	
	30.06.2007	31.12.2006	30.06.2007	31.12.2006
Participations to Subsidiaries	0,00	0,00	387.438.470,75	387.438.470,75
Participations in associates	0,00	0,00	0,00	0,00
Other long-term receivables	9.068.256,10	6.676.684,23	304.301,03	293.421,34
	9.068.256,10	6.676.684,23	387.742.771,78	387.731.892,09

7. Inventories

	The Group		The Company	
	30.06.2007	31.12.2006	30.06.2007	31.12.2006
Products-Merchandise-Raw materials & Packing items	151.457.417,79	126.098.481,85	14.635.922,95	14.083.250,86
Provisions for impairment of inventories	590.000,00	500.000,00	590.000,00	500.000,00
	150.867.417,79	125.598.481,85	14.045.922,95	13.583.250,86

8. Trade receivables

	The Group		The Company	
	30.06.2007	31.12.2006	30.06.2007	31.12.2006
Trade receivables	140.030.919,20	140.239.131,14	15.641.763,74	15.850.440,84

9. Other receivables

	The Group		The Company	
	30.06.2007	31.12.2006	30.06.2007	31.12.2006
Sundry debtors	29.229.031,08	20.309.012,13	1.720.224,09	1.823.541,34
Marketable securities	3.771.341,94	3.419.646,43	1.635.298,20	1.464.116,71
Other receivables	12.848.455,77	4.144.448,90	5.290.632,81	381.314,01
	45.848.828,79	27.873.107,46	8.646.155,10	3.668.972,06

10. Cash and cash equivalents

	The Group		The Company	
	30.06.2007	31.12.2006	30.06.2007	31.12.2006
Cash in hand	3.594.362,48	3.253.200,00	316.824,05	528.867,13
Current and time deposits	108.729.465,10	106.057.513,75	27.743.197,41	21.873.789,85
	112.323.827,58	109.310.713,75	28.060.021,46	22.402.656,98

11. Share capital and share premium

	Number of shares	Ordinary shares	Authorised capital	Share premium	Total	Own shares (qty)
31st December 2005	32.946.875,00	32.946.875,00	9.884.062,50	62.531.731,47	72.415.793,97	
31st December 2006	32.946.875,00	32.946.875,00	9.884.062,50	62.531.731,47	72.415.793,97	6.054,00
30st June 2007	32.946.875,00	32.946.875,00	9.884.062,50	62.531.731,47	72.415.793,97	6.054,00

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.

12. Retained earnings and other reserves

	The Group		The Company	
	30.06.2007	31.12.2006	30.06.2007	31.12.2006
Profit carried forward	245.286.885,73	207.356.278,78	31.088.589,21	22.113.518,04
Reserves	23.953.921,97	8.832.577,14	20.756.127,11	20.184.566,82
Own Shares	-2.977.716,69	-1.339.856,41	-108.985,61	-108.985,61
Consolidation differences according to previous Accounting Standards	-88.927.927,73	-88.927.927,73		
Consolidated exchange differences	-38.192.068,21	-32.706.043,74		
Third party rights	110.831.692,25	104.006.311,60		
	249.974.787,32	197.221.339,64	51.735.730,71	42.189.099,25

13. Non-current liabilities

	The Group		The Company	
	30.06.2007	31.12.2006	30.06.2007	31.12.2006
Provision for employee benefits	8.882.369,99	8.476.568,05	674.451,00	620.917,00
Guarantees for rent	0,00	0,00	261.614,05	251.428,35
Debenture Loan	1.125.847,86	1.295.151,81	323.000.000,00	-
Other - Liabilities for Leasing	748.994,23	799.957,11	246.732,76	262.209,86
Deferred income tax liability	14.899.557,39	15.247.131,09	1.095.644,03	1.251.176,41
Other provisions	9.785.403,47	9.010.796,11	2.759,70	10.615,36
Non current liabilities to Banks	408.400.729,10	406.901.777,95	18.167.941,15	341.000.000,00
	443.842.902,04	441.731.382,12	343.449.142,69	343.396.346,98

14. Trade and other payables

	The Group		The Company	
	30.06.2007	31.12.2006	30.06.2007	31.12.2006
Trade payables	45.821.872,34	34.806.413,96	1.227.112,42	2.874.807,77
Taxes - duties	20.925.420,60	13.776.936,38	206.111,43	572.196,80
Current liabilities to Banks	10.833.456,01	11.811.849,44	8.461.852,28	9.210.173,45
Dividends payable	5.604.081,04	38.366.076,20	5.604.081,04	3.600.576,20
Other payables	22.329.077,82	13.672.127,03	3.112.810,79	663.397,58
Customers' prepayments	1.350.369,02	2.842.783,57	1.237.619,02	1.835.500,00
	106.864.276,83	115.276.186,58	19.849.586,98	18.756.651,80

15. Deferred income tax

Deferred income tax assets and liabilities are as follows:

	The Group		The Company	
	1/1- 30/06/2007	1/1-30/06/2006	1/1- 30/06/2007	1/1- 30/06/2006
Obligations of Opening Balance	8.476.568,05	3.356.944,74	620.917,00	540.126,00
Retirement Benefits (Provisions and Payments)	405.801,94	4.581.828,13	53.534,00	19.957,98
Total	8.882.369,99	7.938.772,87	674.451,00	560.083,98

Expense Charged

Retirement Benefits (Provisions and Payments)	634.253,89	609.331,44	91.962,99	61.918,00
Total	634.253,89	609.331,44	91.962,99	61.918,00

16. Retirement benefit obligations (L. 2112/20)

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 (%)	4,0%	4,0%
Future salary increases	3,0% - 4%	3,0%

	The Group		The Company	
	1/1- 30/06/2007	1/1-30/06/2006	1/1- 30/06/2007	1/1- 30/06/2006
Obligations of Opening Balance	8.476.568,05	3.356.944,74	620.917,00	540.126,00
Retirement Benefits (Provisions and Payments)	405.801,94	4.581.828,13	53.534,00	19.957,98
Total	8.882.369,99	7.938.772,87	674.451,00	560.083,98
Expense Charged				
Retirement Benefits (Provisions and Payments)	634.253,89	609.331,44	91.962,99	61.918,00
Total	634.253,89	609.331,44	91.962,99	61.918,00

17. Operating results

Sales Revenue	The Group		The Company	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
Income from Sales of Inventories -F. F. Group	133.664.530,45	119.333.375,64	13.007.350,03	14.333.493,90
Income from Sales of H.D.F.S.	137.069.967,13	47.945.594,21		
Income from Sales of services			2.352.759,53	2.775.327,55
Total	270.734.497,58	167.278.969,85	15.360.109,56	17.108.821,45
Other income	1.048.679,47	1.455.372,80	855.896,17	950.133,81
Income of Marketing Rights (H.D.F.S.)	7.015.360,00	5.083.279,17	-	-
Grand Total	278.798.537,05	173.817.621,82	16.216.005,73	18.058.955,26

Expenses				
Administrative expenses	-20.078.498,86	-8.683.336,00	-3.022.232,60	-2.605.031,49
Selling and marketing costs	-76.610.185,82	-42.195.566,84	-6.493.284,66	-5.883.894,51
Other	-1.551.027,94	-938.303,46	-248.553,85	-499.029,00
Total	-98.239.712,62	-51.817.206,30	-9.764.071,11	-8.987.955,00

Analysis of Significant Expenses				
Employer's Cost	39.989.635,85	19.875.806,08	4.449.728,63	4.303.322,08
Rent	19.861.662,17	8.522.762,84	880.384,11	815.948,89
Advertising Expenses	6.443.777,14	3.317.097,54	729.851,49	768.055,80
Depreciation	6.211.334,75	2.474.695,17	554.920,01	520.652,94
Total	72.506.409,91	34.190.361,63	6.614.884,24	6.407.979,71

Interest and Financial Income	The Group		The Company	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
Income from Securities	171.299,69	414.336,77	171.181,49	414.336,77
Income from Swaps (Interest Rate Swap)	3.733.752,79	0,00	3.733.752,79	0,00
Credit Bank Interest	1.943.681,14	1.076.875,24	232.813,72	167.289,82
Total	5.848.733,62	1.491.212,01	4.137.748,00	581.626,59

Interest and Financial Expenses	The Group		The Company	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
Bank Interest	11.252.869,42	3.327.233,81	9.278.119,53	3.333.850,22
Other Financing Expenses	432.077,17	474.550,54	133.689,70	260.988,00
Total	11.684.946,59	3.801.784,35	9.411.809,23	3.594.838,22

18. Income tax expense

	The Group		The Company	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
Current tax for the period	14.287.279,09	11.886.713,71	461.834,39	1.519.155,63
Deferred tax	506.632,93	-484.054,17	-122.722,04	257.445,98
	14.793.912,02	11.402.659,54	339.112,35	1.776.601,61

19. Earnings per share

Basic

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.

	30.06.2007	30.06.2006
Net profit for the period (Group)	45.914.680,55	39.199.913,64
Attributable to:		
Equity holders of the Company	39.079.836,19	34.331.997,86
Minority interest	-6.834.844,36	-4.867.915,78
Weighted average number of ordinary shares in issue	32.940.821,00	32.940.821,00
Basic earnings per share	1,19	1,04

20. Dividends per share

For the year 2006 the proposed dividend per share amounts to € 0,12.

FOLLI FOLLIE S.A.

21. Segment reporting

Primary reporting format – Geographical segments

The registered office of the Group is in Greece. The segments are mainly the points of sales of inventories and services. The presentation is based on where the assets are located.

Amounts in thousands Euro	<u>Greece</u>		<u>Europe</u>		<u>Japan</u>		<u>Other Asian markets</u>		<u>Consolidated items</u>	
	30/6/2007	30/6/2006	30/6/2007	30/6/2006	30/6/2007	30/6/2006	30/6/2007	30/6/2006	30/6/2007	30/6/2006
“Net” sales	122.032	60.449	30.192	4.537	15.136	19.071	103.375	83.222	270.734	167.279
<u>Operating profit/Segment result</u>	64.881	33.448	19.778	2.083	10.093	13.153	61.968	45.331	156.720	94.015
	0,5317	0,5533	0,6551	0,4591	0,6668	0,6897	0,5994	0,5447	0,5789	0,5620
	30/6/2007	31/12/2006	30/6/2007	31/12/2006	30/6/2007	31/12/2006	30/6/2007	31/12/2006	30/6/2007	31/12/2005
<u>Assets</u>	514.519	500.048	96.409	98.117	17.822	21.240	243.251	205.131	872.001	824.536
<u>Liabilities</u>	472.536	503.107	12.813	4.438	8.889	11.964	15.388	13.775	509.625	533.284
Capital expenditure	3.800	4.523	596	107	172	1.488	1.528	3.637	6.096	9.755
Depreciation	4.758	5.247	260	1.232	353	625	840	848	6.211	7.952

22. Related – party transactions

The following transactions concern transactions with related parties, as set out in IAS 24.

i) Sales of goods and services

	30.06.2007	30.06.2006
Sales of goods to subsidiaries	6.042.358,85	4.661.898,84
Sales of goods to associates and other related parties as set out in IFRS 24	0,00	546.849,51
	6.042.358,85	5.208.748,35

ii) Year-end balances arising from sale of goods and services

	30.06.2007	30.06.2006
Between Mother Company and Subsidiaries	7.160.648,24	8.863.725,74
Between FF Group and other related parties as set out in IFRS 24	4.600,00	0,00
	7.165.248,24	8.863.725,74

iii) Acquisitions from related parties

	30.06.2007	30.06.2006
Mother Company from Subsidiaries	594.289,86	37.459,12
FF Group with other related parties as set out in IFRS 24	1.418.698,63	47.000,00
	2.012.988,49	84.459,12

iv) Payables to related parties

	30.06.2007	30.06.2006
Mother Company to Subsidiaries	34.787,17	126.564,49
FF Group to other related parties as set out in IFRS 24	0,00	480.447,90
	34.787,17	607.012,39

23. Number of employed personnel

Average number of employed personnel at the end of the current period: Group 3.191, Company 283 persons.

24. Real liens

There are no real liens on the property assets of company.

25. Contested or under arbitration disputes

There are no contested or under arbitration disputes nor any decisions of national or arbitral courts, which may have a material effect on the financial position or operation of the company.

26. Events after the balance sheet date

Further to that afore-mentioned there are no events after the balance sheet at 30 June 2007, that concern either the Company or the Group, in respect of which, according to the International Financial Reporting Standards a reference should be made in these Notes.