FOLLI FOLLIE S.A

INTERIM FINANCIAL STATEMENTS
COMPILED IN ACCORDANCE WITH
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

3rd Quarter of 2006

(Period from 1 January to 30 September 2006)

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 2006 to 30 September 2006", according to the Joint Ministerial Decision No. 172/10.01.2006 of the Ministers of Finance and Development, 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 annual financial statements prepared according to the International Financial Reporting Standards accompanied with the Auditors' Report of the Certified Public Accountant Auditor.

Athens, 22 November 2006
For FOLLI FOLLIE S.A.

Dimitrios Koutsolioutsos
Chairman of the Board of Directors

1. DATA FROM BALANCE SHEET

I. BALANCE SHEET

	THE GROUP		THE COMPANY	
ASSETS	30/9/2006	31/12/2005	30/9/2006	31/12/2005
Tangible Assets	65.874.667,71	29.269.571,73	16.768.608,93	17.175.960,39
Investments in PPE	15.380.000,00	15.380.000,00	15.380.000,00	15.380.000,00
Intangible Assets	329.380.118,47	4.185.089,70	661.765,83	750.442,44
Investments in associates	0,00	40.395.445,88	383.888.470,75	159.505.501,95
Deferred income tax assets	2.951.403,68	2.660.750,50	477.187,23	703.225,42
Other long term receivables	10.381.326,42	6.838.204,67	288.546,05	419.574,43
Total non-current assets (a)	*423.967.516,28*	*98.729.062,48*	*417.464.578,79*	*193.934.704,63*
Inventories	134.015.647,79	71.758.888,21	14.793.780,81	14.134.365,54
Trade Receivables	126.389.858,72	121.290.148,36	17.592.107,13	18.872.475,88
Other Receivables	19.425.902,68	6.199.578,58	2.478.326,72	2.395.951,33
Other financial assets at fair value through profit or loss	3.167.016,56	2.921.508,63	1.382.386,77	2.921.508,63
Cash and cash equivalents	122.403.776,68	33.892.169,63	22.845.089,92	13.247.662,22
Total current assets (b)	*405.402.202,43*	*236.062.293,41*	*59.091.691,35*	*51.571.963,60*
TOTAL ASSETS (a) + (b)	829.369.718,71	334.791.355,89	476.556.270,14	245.506.668,23
EQUITY & LIABILITIES				
Long-term borrowings	407.639.724,08	125.149.592,17	341.000.000,00	119.499.958,91
Retirement benefit obligations	8.047.419,66	3.356.944,74	576.589,00	540.126,00
Deferred income tax liabilities	14.888.601,88	1.047.943,78	1.139.142,26	1.035.080,14
Provisions for other liabilities and charges	12.480.307,39	4.054.878,43	783.660,73	698.272,82
Total non-current liabilities	*443.056.053,01*	*133.609.359,12*	*343.499.391,99*	*121.773.437,87*
Trade payables	40.169.088,16	15.829.100,60	1.293.654,97	3.487.817,55
Short-term Borrowings	8.709.289,87	5.047.457,92	7.368.566,97	4.863.495,62
Other current liabilities	42.612.921,60	18.332.977,03	7.405.830,73	6.052.479,60
Total current liabilities	*91.491.299,63*	*39.209.535,55*	*16.068.052,67*	*14.403.792,77*
Total Liabilities (a)	534.547.352,64	172.818.894,67	359.567.444,66	136.177.230,64
Share capital	9.884.062,50	9.884.062,50	9.884.062,50	9.884.062,50
Share premium	62.531.731,47	62.531.731,47	62.531.731,47	62.531.731,47
Other reserves	34.104.812,89	24.513.525,66	20.075.581,21	19.679.018,84
Retained earnings	202.621.737,42	161.106.539,24	24.497.450,30	17.234.624,78
Exchange differences	-25.173.481,59	-12.980.009,96	0,00	0,00
Other capital and reserves attributable to equity holders of the Company	-88.927.927,72	-88.927.927,73	0,00	0,00
Total capital and reserves attributable to equity holders of the Company (b)	*195.040.934,97*	*156.127.921,18*	*116.988.825,48*	*109.329.437,59*
Minority interest (c)	*99.781.431,10*	*5.844.540,04*	*0,00*	*0,00*
Total Equity (d) = (b)+(c)	*294.822.366,07*	*161.972.461,22*	*116.988.825,48*	*109.329.437,59*
TOTAL EQUITY AND LIABILITIES (e) = (a)+(d)	829.369.718,71	334.791.355,89	476.556.270,14	245.506.668,23

2. DATA FROM INCOME STATEMENT FOR THE YEAR

II. INCOME STATEMENT (PER OPERATION)

	THE GROUP		THE COMPANY	
	1/1-30/9/2006	1/1-30/9/2005	1/1-30/9/2006	1/1-30/9/2005
Sales Revenue	331.293.935,61	155.036.185,05	24.386.176,08	27.460.621,21
Cost of goods sold	-156.459.337,50	-60.400.645,38	-7.745.990,88	-9.103.121,82
Gross profit	174.834.598,11	94.635.539,67	16.640.185,20	18.357.499,39
Other Operating income	13.125.152,55	2.804.506,28	1.362.874,70	2.311.468,81
Administrative expenses	-16.692.113,62	-8.015.344,87	-3.993.088,87	-3.227.115,81
Selling and marketing costs	-81.914.371,63	-42.396.447,55	-8.647.850,73	-7.443.770,78
Other expenses	-1.126.067,40	-804.509,67	-596.716,29	-57.564,74
Operating profit	88.227.198,01	46.223.743,86	4.765.404,01	9.940.516,87
Finance costs - profit	1.733.689,51	1.732.213,45	769.127,71	989.430,34
Finance costs - expenses	-8.670.382,81	-3.871.040,85	-8.337.193,05	-3.673.264,56
Share of profit of associates	4.177.374,06	8.095.165,73	20.988.636,25	9.671.639,04
Profit before taxes (EBT)	85.467.878,77	52.180.082,19	18.185.974,92	16.928.321,69
Income tax expense	-20.581.557,52	-10.137.877,45	-1.601.413,92	-2.821.230,21
Profit for the period (after taxes)	64.886.321,25	42.042.204,74	16.584.561,00	14.107.091,48
Attributable to:				
Equity holders of the Company	52.062.224,43	41.719.388,27		
Minority interest	-12.824.096,82	-322.816,47		
Earnings (after taxes) per share - basic (expressed in €)	1,58	1,27	0,50	0,43
Amortisation - Depreciation	5.196.840,13	2.516.096,21	786.260,20	786.879,45
Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)	93.424.038,14	48.739.840,07	5.551.664,21	10.727.396,32
Earnings (profit) before taxes, financing and investing results (EBIT)	88.227.198,01	46.223.743,86	4.765.404,01	9.940.516,87

	THE GROUP		THE COMPANY	
	1/7-30/9/2006	1/7-30/9/2005	1/7-30/9/2006	1/7-30/9/2005
Sales Revenue	164.014.965,76	54.271.816,27	7.277.354,63	8.291.522,31
Cost of goods sold	-83.195.493,44	-22.160.421,38	-2.394.814,96	-2.892.216,80
Gross profit	80.819.472,32	32.111.394,89	4.882.539,67	5.399.305,51
Other Operating income	6.586.500,58	621.228,24	412.740,89	445.426,94
Administrative expenses	-8.008.777,62	-2.616.024,52	-1.388.057,38	-1.123.391,96
Selling and marketing costs	-39.718.804,79	-18.051.395,28	-2.763.956,22	-2.359.039,94
Other expenses	-187.763,94	-147.928,93	-97.687,29	-18.346,16
Operating profit	39.490.626,55	11.917.274,40	1.045.579,67	2.343.954,39
Finance costs - profit	242.477,50	575.997,81	187.501,12	411.660,08
Finance costs - expenses	-4.868.598,46	-1.321.901,31	-4.742.354,83	-1.251.424,60
Share of profit of associates	800,00	4.268.564,38	800,00	0,00
Profit before taxes (EBT)	34.865.305,59	15.439.935,28	-3.508.474,04	1.504.189,87
Income tax expense	-9.178.897,98	-2.534.929,21	175.187,69	-898.148,79
Profit for the period (after taxes)	25.686.407,61	12.905.006,07	-3.333.286,35	606.041,08
Attributable to:				
Equity holders of the Company	17.730.226,57	12.265.917,01		
Minority interest	-7.956.181,04	-639.089,06		
Earnings (after taxes) per share - basic (expressed in €)	0,54	0,37	-0,10	0,02
Amortisation - Depreciation	2.722.144,96	685.358,49	265.607,26	259.734,28
Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)	42.212.771,51	12.602.632,89	1.311.186,93	2.603.688,67
Earnings (profit) before taxes, financing and investing results (EBIT)	39.490.626,55	11.917.274,40	1.045.579,67	2.343.954,39

3. DATA FROM STATEMENT OF CHANGES IN EQUITY FOR THE YEAR (AMOUNTS REPORTED IN EURO)

	THE GROUP		THE COMPANY	
	30/9/2006	30/9/2005	30/9/2006	30/9/2005
Net equity of period Open.Balance (1/1/2005 and 1/1/2004 respectively)	161.972.461,22	95.908.062,29	109.329.437,59	101.349.048,11
Issue of share capital				
Dividends	-8.845.951,25	-8.125.853,46	-8.566.187,50	-7.248.312,50
Directors Fees	-313.514,50	-326.541,80	-250.000,00	-200.000,00
Net income recognised directly in Equity	0,00	0,00	0,00	0,00
Minority interest (Due to :New Subsidiaries / Increase of participation)	81.112.721,36	0,00	0,00	0,00
Net amounts effected directly Equity(Due to: New Subsidiaries/Increase of participation)	9.439.947,00	0,00	0,00	0,00
Profit for the period, after taxes	64.886.321,25	42.042.204,74	16.584.561,00	14.107.091,48
Adjustment in foreign currency translation differences	-12.195.154,12	15.246.883,35	0,00	0,00
Own Stock	-1.234.464,89	0,00	-108.985,61	0,00
Net equity of period Closing Balance	294.822.366,07	144.744.755,12	116.988.825,48	108.007.827,09

4. DATA FROM CASH FLOW STATEMENT

(AMOUNTS REPORTED IN EURO)

IV. CASH FLOW STATEMENT

Cash Flows related to Operating Activities	1/1-30/9/2006	1/1-30/9/2005	1/1-30/9/2006	1/1-30/9/2005
Net Profit before taxes	85.467.878,77	52.180.082,19	18.185.974,92	16.928.321,69
Adjustments in respect of non-cash transactions:				
Depreciation and Amortisation	5.196.840,13	2.516.096,21	786.260,20	786.879,45
Provisions	855.080,27	432.838,57	166.500,00	171.739,53
Cash flows from investing activities	-4.606.453,47	-8.630.498,35	-21.419.289,70	-9.721.123,40
Debit interest and similar expenses	7.579.288,88	2.805.956,57	7.989.209,02	3.533.888,95
Other non-cash expense/income	0,00	0,00	0,00	-319.183,33
Operating profit before adjustments of working capital	94.492.634,58	49.304.475,19	5.708.654,44	11.380.522,89
Decrease/(increase) of Inventories	-8.423.186,25	-13.611.005,39	-659.415,27	-1.940.783,43
Decrease/(increase) of Receivables	-14.675.778,50	-8.708.932,87	1.197.993,36	-7.170.086,62
Increase/(decrease) of payable accounts (except Banks)	-9.438.820,05	-5.037.734,10	-2.471.741,80	-1.557.550,57
Interest paid and similar expenses	-8.670.382,81	-3.871.040,85	-8.331.293,93	-3.734.468,74
Income Tax paid	-22.003.857,53	-3.431.442,67	-1.145.517,53	-1.154.234,92
Net cash inflows/(outflows) from Operating Activities	31.280.609,44	14.644.319,31	-5.701.320,73	-4.176.601,39
Cash Flows related to Investing Activities				
Purchases of subsidiaries, associates and other investments	-204.464.885,62	0,00	-224.348.416,91	0,00
Purchases of tangible and intangible assets	-4.147.873,21	-9.198.514,84	-301.362,36	-84.064,93
Proceeds from sale of tangible and intangible assets	1.020.313,22	71.005,24	20.640,00	11.694,51
Proceeds from sale of financial assets	1.961.153,98	722.403,84	1.961.153,98	722.403,84
Dividends received	0,00	9.152.004,96	20.990.210,29	9.723.644,00
Interest received	1.091.093,93	1.065.084,28	342.084,91	200.579,79
Decrease/(increase) of other long-term receivables	-722.100,64	-375.242,82	-14.971,62	-32.363,26
Net cash inflows/(outflows) from Investing Activities	-205.262.298,34	1.436.740,66	-201.350.661,71	10.541.893,95
Cash Flows related to Financing Activities				
Cash received from issue of share capital				
Proceeds from Loans	294.232.003,56	4.891.332,94	224.005.112,44	0,00
Repayment of Loans	0,00	-1.118.578,23	0,00	-989.004,99
Payments for leases	-477.670,41	-467.399,75	-78.366,08	-93.479,95
Dividends paid	-28.400.892,57	-7.482.754,48	-7.277.336,22	-6.505.372,68
Net cash inflows/(outflows) from Financing Activities	265.353.440,58	-4.177.399,52	216.649.410,14	-7.587.857,62
Net increase/(decrease) in cash and cash equivalents	91.371.751,68	11.903.660,45	9.597.427,70	-1.222.565,06
Cash and cash equivalents at the beginning of the period	33.892.169,63	33.723.558,93	13.247.662,22	14.509.511,69
Exchange rate differences from the conversion of cash equivalents	-2.860.144,63	-1.512.238,72	0,00	0,00
Cash and cash equivalents at the end of the period	122.403.776,68	44.114.980,66	22.845.089,92	13.286.946,63

5. NOTES TO THE INTERIM COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

1. General information

FOLLI – FOLLIE S.A., trading as “FOLLI FOLLIE” (‘the Company), and its Subsidiaries(together ‘the Group’) operate in the silver and gold products sector, in particular in the manufacturing of jewellery and watches made of precious and semi-precious metals and stones, and in the accessories sector. The Company’s object, as defined in its Articles of Association, also includes the distribution of the aforementioned products in the retail and wholesale domestic and international market.

The Company’s registered office is located at Agios Stefanos, Attica, 23 km Athens – Lamia National Road, its web-site address is www.follifollie.com, and it is has been listed on the Athens Stock Exchange since 1997.

Following its introduction to the Athens Stock Exchange and the ensuing capital increase, Folli Follie extended its development abroad, thus establishing its multinational character. Today, Folli Follie continues to develop its activities in new strategically important markets while strengthening its presence in existing ones.

The present consolidated financial statements refer to Folli Follie S.A. and the subsidiaries of the Group.

These financial statements have been approved by the Company’s Board of Directors on 22 November 2006.

The Structure of the Group Folli Follie has as follows:

COMPANY NAME	REGISTERED OFFICE	SHAREHOLDING %	
FOLLI FOLLIE S.A.	ATHENS	PARENT	
FOLLI FOLLIE HONG KONG LTD	HONG KONG	99,99%	Subsidiary
FOLLI FOLLIE UK LTD	LONDON	99,99%	“
FOLLI FOLLIE FRANCE SA	PARIS	99,94%	“
FOLLI FOLLIE SPAIN SA	MADRID	100%	“
FOLLI FOLLIE CZECH SRO	PRAGUE	100%	“
FOLLI FOLLIE POLAND SZOO	WARSAW	100%	“
FOLLI FOLLIE SLOVAKIA SRO	BRATISLAVA	100%	“
FOLLI FOLLIE GERMANY Gmbh	TRAOUNSTAIN	100%	“
MFK FASHION INV LTD	NICOSIA	100%	“
PLANACO S.A	ATHENS	76,67%	“
HELLENIC DUTY FREE SHOPS	ATHENS	52,28%	“
FOLLI FOLLIE JAPAN LTD	TOKYO	40%	“
FOLLI FOLLIE ASIA LTD	HONG KONG	99,99%	“
FOLLI FOLLIE TAIWAN LTD	TAIPEI	99,99%	“
FOLLI FOLLIE (KOREA) LTD	SEOUL	99,99%	“
FOLLI FOLLIE SINGAPORE LTD	SINGAPORE	99,99%	“
BLUEFOL GUAM LTD	GUAM	99,99%	“
BLUEFOL HAWAII LTD	HAWAII	99,99%	“
BLUEFOL HONG KONG LTD	HONG KONG	99,99%	“
FOLLI FOLLIE MALAYSIA LTD	KUALA LUMPUR	99,99%	“
BLUEFOL THAILAND LTD	BANGKOK	99,99%	“
HELLENIC TOURIST BUREAU S.A.	ATHENS	52,27%	“
HELLENIC DISTRIBUTIONS S.A.	ATHENS	52,27%	“
LINKS OF LONDON LTD	LONDON	52,27%	“
HDFS SKOPJE DOO	SKOPJE	52,28%	“

2. Summary of significant accounting policies applied by the Group

2.1. Basis of preparation

These consolidated and Company financial statements, as of 30 September 2006, have been prepared in accordance with the following principles:

- 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 compliance with the International Financial Reporting Standards (IFRS), as these have been published by the International Accounting Standards Board (IASB), as well as their interpretations issued by the International Financial Reporting Interpretations Committee (I.F.R.I.C.) of the IASB, which have been adopted by the European Union by means of Regulation (EC) No 1606/2002 of the European Union 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. Consolidation – Valuation of subsidiary and associated companies

Subsidiaries are all entities over which the Parent company has the power to govern. Subsidiaries are fully consolidated 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 can be seen from the above table, the subsidiaries are fully consolidated by means of the full consolidation method.
The purchase method of accounting is used to account for the acquisition of Subsidiaries by the Group. The acquisition cost of a subsidiary is measured as the fair value of the assets given, equity instruments issued and liabilities assumed at the date of exchange. Identifiable assets, liabilities and contingent liabilities constituting a business consolidation are valued initially at their fair values at the acquisition date, irrespective of the extent of participation. The excess of the cost of acquisition over the fair value of the individual assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the individual assets 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. The subsidiaries' accounting principles are identical to those adopted by the Group.
Participations in subsidiaries are valued in the parent's separate Balance Sheet at acquisition cost net of any accumulated impairment loss.
The application of the principle to business consolidations that occurred before the date of transition to IFRSs is covered by 10 optional exceptions based on IFRS 1. In particular, based on case (i), goodwill recognised directly as a deduction from equity, under previous GAAP, shall not be recast, and the disposal of the entire company, or part of it, to which the goodwill relates shall not be recorded in the income statement; the same applies 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 the 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 (ELLI NIKES DIANOMES)
    b) H.D.F.S SKOPJE DOO
    c) HELLENIC TOURIST BUREAU S.A.

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.

The acquisition of the additional percentage and the full consolidation for the period between the acquisition date and the closing date (30.06.2006) had the following results:

Positive change in Turnover of the Group (in 000’s) 47.945,00 €

Increase of operating profit before taxes (EBITDA) (in 000’s) 15.070,00 €

Increase of Equity (in 000's) 56.657,00 €

If the Group of Hellenic Duty Free Shops had been fully consolidated from the beginning of the period (1.1.2006), the effect at 30.06.2006 would have been positive both on Turnover (by € 109.872,00) and on Operating profits before taxes (by 27.429,00 €).

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

<u>Total cost of shares</u>

- Cash paid	202.784.400,00 euros
- Direct Expenses related to the acquisition	202.784,00 euros
- Dividends from benefits before the acquisition	(10.398.400,00 euros)
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:

	Book Value (thou. euro)	Fair Value (thou.euro)
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 paybles	(49.211)	(49.211)
Current income tax	(3.369)	(3.369)
Dividends payable	(42.140)	(42.140)
	129.199	167.449
		24,6777 %
Fair Value		41.323

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.

b. 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 30.09.2006 has reached 52.28%.
From the specific increase – acquisition of the additional percentage of 2.92% - the Group acquired a goodwill of 13.490.439,09 euros.

c. 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 30.06.2006 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.

d. 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.

2.3. 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	Greece		Europe		Japan		Other Asian markets		Consolidated items	
	30/9/2006	***30/9/2005***	***30/9/2006***	***30/9/2005***	***30/9/2006***	***30/9/2005***	***30/9/2006***	***30/9/2005***	***30/9/2006***	***30/9/2005***
"Net" sales abroad	166.192	19.305	13.852	8.064	28.595	31.767	122.655	95.900	331.294	155.036
Operating profit/Segment result	84.201	14.516	6.978	4.155	19.734	22.089	63.922	53.876	174.835	94.636
Unallocated expenses									-86.607	-48.412
Operating result									88.228	46.224
Finance costs									-6.937	-2.139
Share of profit of associates	4.177	8.095							4.177	8.095
Profit for the year									85.468	52.180
	30/9/2006	***31/12/2005***	***30/9/2006***	***31/12/2005***	***30/9/2006***	***31/12/2005***	***30/9/2006***	***31/12/2005***	***30/9/2006***	***31/12/2005***
Assets	518.090	75.448	80.391	16.844	19.729	27.524	208.208	171.919	826.418	291.735
Investments in associates	0	40.395							0	40.395
Unallocated Assets									2.952	2.661
Total Consolidation									829.370	334.791
Liabilities	446.084	134.023	16.310	4.043	9.863	14.811	15.873	10.913	488.130	163.790
Unallocated Assets									46.418	9.029
Total Consolidation									534.548	172.819
Capital expenditure	1.290	2.021	3	-107	1.306	691	1.519	7.668	4.148	10.273
Depreciation	3.375	950	495	561	625	885	702	686	5.197	3.082

2.4. Foreign currency translation

(a) <u>Functional and presentation currency</u>

Items included in the financial statements of each of the Group's entities are valued 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) <u>Transactions and balances</u>

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 during the period are recognised in the income statement. Any translation differences on non-momentary financial assets and liabilities valued at fair value are reported as part of the fair value and therefore recognised as also the differences of the fair value.

(c) <u>Group companies</u>

The financial statements of all Group companies having a functional currency that is 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 applying on the date it is incurred.
- Income and expenses are translated at average exchange rates of the period.

All resulting exchange differences are recognised in an equity reserve and are transferred to the income statement 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, 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:

- Buildings (privately owned)	50	Years
- Electro-Mechanical etc. Installations on privately owned buildings	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.
If an asset's carrying amount is greater than it's estimated recoverable amount, the difference is recognised as expenditure in the income statement.

Gains and losses on disposal of tangible assets are determined by comparing proceeds with carrying amount. These are included in the income statement.

b) Investments in Property
All investments in property are valued at fair value. According to this method, the investments, at each balance sheet closing date, are valued at their fair value and the differences from the acquisition value or the previous valuation is recognised in the income statement.

2.6. Intangible assets

(a) <u>Intangible Market Value of Retail Stores</u>

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

(b) <u>Computer software</u>

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire the specific software less depreciation. 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 ranges between 4 and 7 years approximately.

2.7. <u>Impairment of non-financial assets</u>

<u>Impairment of assets</u>

Assets that have an indefinite useful life are not subject to amortisation and are reviewed 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 coincides with their nominal value and are subsequently valued at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables (bad debt) is established when there is objective evidence that the company will not be able to collect all amounts due, in accordance with 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 in this category its financial assets, including derivatives, that are acquired for the purpose of selling in the short term. Purchases and sales of such investments are initially recognised at fair value and on trade-date. Such 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 valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost formula. The cost of finished products and semi-finished stocks comprises the cost of raw materials, direct labour cost and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price of stocks in the ordinary course of business, less applicable variable selling expenses.

2.10. Cash and cash equivalents

Cash and cash equivalents include 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

Folli Follie shares are ordinary registered shares classified as equity. Direct costs relating to the issuance of shares are shown, following the deduction of the relevant income tax, as a decrease of profits carried forward. Direct costs attributable to the issuance of new shares for company acquisitions are shown in the acquisition cost of the company acquired.

The acquisition cost of own shares, where applicable, is shown as a deduction of the Group's equity until the shares are disposed of or cancelled. Any gain or loss from the disposal of own stocks, net of any directly attributable incremental transaction costs and the related income tax, where applicable, is shown as a reserve in equity.

2.12. Income tax

The Group is subject to various income tax rates in numerous jurisdictions. Thus, significant judgement is required to determine the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audits of the parent company and it's subsidiaries which are situated in Greece, based on estimates from previous audits. The difference is carried in the income statement of the period in which such determination is made.
For the Group subsidiaries, the determination of additional taxes is difficult. Therefore, such tax charges will be carried in the income statement for the period in which such determination is made.

2.13. Borrowings

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

2.14. Deferred income tax

Deferred income tax is determined using the liability method arising from temporary differences between the tax bases of assets and liabilities and their carrying amounts.
Deferred income tax is determined using the tax rates (and laws) that are expected to apply when the book value of assets and liabilities are recovered.
Deferred income tax receivables are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used.

2.15. Employee benefits

(a) Short - term employee benefits

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

(b) Post - employment benefits

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

The liability recognised in the balance sheet in respect of determined benefit pension plans is the present value of the commitment for the determined benefit. The determined benefit commitment is calculated annually by independent actuaries using the projected unit credit method. According to this method, the benefit obligations that relate to past service on the valuation date are accounted for separately from the expected benefits during the year following the valuation date (future service). The major assumptions used for both valuation dates are as follows:

Date of value determination	Discount interest rate	Inflation	Future salary increases
31/12/2005	4.0%	2.5%	3.0%
30/09/2006	4.0%	2.5%	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 the provision of services, net of recoverable 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 sale of goods on a wholesale basis is mainly carried out on credit.

(b) Provision of services

Provision of services is accounted for on the basis of the completion stage of the actual service provided by Folli Follie, as a proportion of its total estimate cost.

(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 terms 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 are disclosed as assets of the Group (and are depreciated) with the respective recognition of the finance liability to the lessor or lessors. The finance cost is carried in the income statement as expenditure, when accrued.

2.20. Dividend distribution

Dividend distribution to the parent company's shareholders is recognised as a liability in the parent company's financial statements as well as 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 standards and I.F.R.I.C interpretations

The International Accounting Standards Board (IASB) as well as the International Financial Reporting Interpretations Committee (I.F.R.I.C) has already published a series of new accounting standards and interpretations, which are not included in the 'IFRS Stable Platform 2005' and are mandatory for accounting periods beginning on 1 January 2006. The Group's assessment of the impact of these new standards and interpretations is set out below:

- **IFRS 6, Exploration for and Evaluation of Mineral Resources**
  The Group does not have any exploration and evaluation assets. This standard will not affect the Group's financial statements.
- **I.F.R.I.C 3, Emission Rights**
  Not applicable to the Group; it will not affect the Group's financial statements.

- **I.F.R.I.C 4, Determining whether an Asset contains a Lease**
  Not applicable to the Group; it will not affect the Group's financial statements.
- **IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds**
  Not applicable to the Group; it will not affect the Group's financial statements.
- **IFRIC 6, Liabilities arising from Participating in a Specific Market: Waste Electrical and Electronic Equipment**
  Not applicable to the Group; it will not affect the Group's financial statements.
- **IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies**
  Not applicable to the Group; it will not affect the Group's financial statements.
- **IFRIC 8, Scope of IFRS 2**
  Not applicable to the Group; it will not affect the Group's financial statements.

2.22. Contingencies

The Group has no contingent assets and contingent liabilities.

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, such as airports, department stores, large airline companies, and to selected new customers from which the Group receives letters of guarantee as a 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. Transition to IFRS

4.1. Basis of transition to IFRS

4.1.1 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.

4.1.2 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.

5. Property, plant and equipment

The Group

	Land	Buildings & Building Installations	Plant & Machinery	Vehicles	Furniture, fittings & equipment	PPE in course of construction	Total
01.01.2005							
Cost	**4.509.886,92**	**29.105.308,35**	**1.776.013,65**	**622.386,00**	**7.798.539,43**	**0,00**	**43.812.134,35**
Additions	7.895.819,22	3.248.557,06	12.975,76	0,00	1.006.535,45	33.599,64	12.197.487,13
Disposals	0,00	583.551,38	0,00	0,00	366.574,54	0,00	950.125,92
Balance 31.12.05	**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**
Accumulated depreciation							
Balance 01.01.2005	**0,00**	**2.678.658,10**	**1.151.082,68**	**284.019,73**	**4.563.128,15**	**0,00**	**8.676.888,66**
Depreciation charge	0,00	966.603,08	158.158,20	73.083,48	1.382.008,72	0,00	2.579.853,48
Decrease of Depreciation	0,00	489.785,24	0,00	0,00	353.797,57	0,00	843.582,81
Balance 31.12.05	**0,00**	**3.155.475,94**	**1.309.240,88**	**357.103,21**	**5.591.339,30**	**0,00**	**10.413.159,33**
Exchange differences	207.241,95	-672.397,03	2.160,85	4.858,55	459.558,14	1.813,04	3.235,50
Net book amount 31.12.2005	**12.612.948,09**	**27.942.441,06**	**481.909,38**	**270.141,34**	**3.306.719,18**	**35.412,68**	**44.649.571,73**
01.01 – 30.09.2006							
Additions	0,00	1.378.618,37	172.853,06	51.847,97	1.645.781,54	99.965,01	3.349.065,95
New Subsidiaries	2.323.479,35	28.207.041,16	3.866.357,45	1.628.859,03	26.223.101,79	3.664.722,96	65.913.561,74
Disposals	0,00	504.753,88	477,00	165.043,75	251.790,38	0,00	922.065,01
Depreciation charge	0,00	1.082.309,50	220.428,95	1.405,69	2.216.739,49	0,00	3.520.883,63
Depreciation of New Subsidiaries	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 depreciation	0,00	355.233,97	2,74	67.984,74	166.588,55	0,00	589.810,00
Exchange differences	-276.004,26	-146.308,78	230,72	-7.503,66	-15.789,24	-4.050,47	-449.425,69
Net book amount 30.09.2006	**14.660.423,18**	**48.336.262,40**	**1.958.929,81**	**778.792,20**	**11.724.208,03**	**3.796.050,18**	**81.254.665,80**

The Company

	Land	Buildings & Building Installations	Plant & Machinery	Vehicles	Furniture, fittings & equipment	PPE in course of construction	Total
01.01.2005							
Cost	**4.509.886,92**	**24.517.626,36**	**1.578.863,59**	**475.114,42**	**3.003.431,27**	**0,00**	**34.084.922,56**
Additions	4.055.157,82	-1.030.346,53	7.420,00	0,00	329.926,12	0,00	3.362.157,41
Disposals	0,00	0,00	0,00	0,00	11.694,51	0,00	11.694,51
Settlement between Assets							
Balance 31.12.05	**8.565.044,74**	**23.487.279,83**	**1.586.283,59**	**475.114,42**	**3.321.662,88**	**0,00**	**37.435.385,46**
Accumulated depreciation							
Balance 01.01.2005	**0,00**	**869.619,62**	**1.041.272,52**	**269.235,29**	**1.893.383,88**	**0,00**	**4.073.511,31**
Depreciation charge	0,00	383.824,62	113.108,69	38.795,35	281.879,32	0,00	817.607,98
Decrease of Depreciation	0,00	0,00	0,00	0,00	11.694,22	0,00	11.694,22
Balance 31.12.05	**0,00**	**1.253.444,24**	**1.154.381,21**	**308.030,64**	**2.163.568,98**	**0,00**	**4.879.425,07**
Net book amount 31.12.2005	**8.565.044,74**	**22.233.835,59**	**431.902,38**	**167.083,78**	**1.158.093,90**	**0,00**	**32.555.960,39**
01.01 – 30.09.2006							
Additions	0,00	54.790,49	56.817,11	44.163,59	132.837,57	0,00	288.608,76
Disposals	0,00	0,00	0,00	27.467,05	7.517,89	0,00	34.984,94
Depreciation charge	0,00	324.556,09	74.522,14	20.755,73	264.996,03	0,00	684.829,99
Decrease of depreciation	0,00	0,00	0,00	23.241,77	612,94	0,00	23.854,71
Net book amount 30.09.2006	**8.565.044,74**	**21.964.069,99**	**414.197,35**	**186.266,36**	**1.019.030,49**	**0,00**	**32.148.608,93**

6. Intangible Assets

	THE GROUP		THE COMPANY
	Special assessment	Amortisable expenses	Amortisable expenses
01.01.2005			
Cost		**9.622.004,36**	**1.399.039,19**
Additions		-529.792,28	9.306,26
Disposals		89.727,53	0,00
Balance 31.12.05		**9.002.484,55**	**1.408.345,45**
Accumulated amortisation			
Balance 01.01.2005		**2.731.082,55**	**525.716,37**
Amortisation charge		207.795,96	132.186,64
Decrease of amortisation		99.033,79	0,00
Balance 31.12.05		**2.839.844,72**	**657.903,01**
Exchange differences		-1.977.550,13	0,00
Net book amount 31.12.2005		**4.185.089,70**	**750.442,44**
01.01 – 30.09.2006			
Additions		798.807,95	12.753,60
New subsidiary		121.760.064,52	
Disposals		-98.548,20	0,00
Amortisation charge		-1.675.956,50	101.430,21
New subsidiary depreciation		-11.456.954,00	
Decrease of amortisation		62.046,15	0,00
Special assessment	215.855.250,35		
Exchange differences		-49.681,50	
Net book amount 30.09.2006	**215.855.250,35**	**113.524.868,12**	**661.765,83**

7. Inventories

	The Group		The Company	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Products-Merchandise-Raw materials & Packing items	134.515.647,79	72.258.888,21	15.293.780,81	14.634.365,54
Provisions for impairment of inventories	500.000,00	500.000,00	500.000,00	500.000,00
	134.015.647,79	**71.758.888,21**	**14.793.780,81**	**14.134.365,54**

8. Trade receivables

	The Group		The Company	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Trade receivables	**126.389.858,72**	**121.290.148,36**	**17.592.107,13**	**18.872.475,88**

9. Other receivables

	The Group		The Company	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Participations in related parties	0,00	0,00	383.888.470,75	41.300.601,74
Participations in associates	0,00	40.395.445,88	0,00	118.204.900,21
Other long-term receivables	10.381.326,42	6.838.204,67	288.546,05	419.574,43
Receivables from deferred taxes	2.951.403,68	2.660.750,50	477.187,23	703.225,42
Sundry debtors	14.481.246,38	3.097.109,80	1.080.725,63	1.176.636,85
Marketable securities	3.167.016,56	2.921.508,63	1.382.386,77	2.921.508,63
Other receivables	4.944.656,31	3.102.468,78	1.397.601,09	1.219.314,48
	35.925.649,35	**59.015.488,26**	**388.514.917,52**	**165.945.761,76**

10. Cash and cash equivalents

	The Group		The Company	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Cash in hand	3.505.320,00	885.869,82	113.959,37	362.228,45
Current and time deposits	118.898.456,68	33.006.299,81	22.731.130,55	12.885.433,77
	122.403.776,68	**33.892.169,63**	**22.845.089,92**	**13.247.662,22**

11. Share capital and share premium

	Number of shares	Ordinary shares	Authorised capital	Share premium	Treasury shares	Total
31st December 2004	32.946.875	32.946.875	9.884.062,50	62.531.731,47	0	72.415.793,97
31st December 2005	32.946.875	32.946.875	9.884.062,50	62.531.731,47	0	72.415.793,97
30thSeptember 2006	32.946.875	32.946.875	9.884.062,50	62.531.731,47	0	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.

12. Retained earnings and other reserves

	The Group		The Company	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Profit carried forward	202.621.737,42	161.106.539,24	24.497.450,30	17.234.624,78
Reserves	34.104.812,89	24.513.525,66	20.075.581,21	19.679.018,84
Consolidation differences according to previous Accounting Standards	-88.927.927,72	-88.927.927,74	-	-
Consolidated exchange differences	**-25.173.481,59**	**-12.980.009,96**	**-**	**-**
Third party rights	**99.781.431,10**	**5.844.540,04**	**-**	**-**
	222.406.572,10	**89.556.667,24**	**44.573.031,51**	**36.913.643,62**

13. Non-current liabilities

	The Group		The Company	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Provision for employee benefits	8.047.419,66	3.356.944,74	576.589,00	540.126,00
Guarantees for rent	251.428,35	240.683,52	251.428,35	240.683,52
Provision for taxes for un-audited Years	1.125.000,00	-	240.000,00	-
Debenture Loan	2.258.604,26	1.526.282,82	-	-
Other – Liabilities for Leasing	1.719.985,75	1.258.720,49	281.617,02	359.983,10
Deferred income tax liability	14.888.601,88	1.047.943,78	1.139.142,26	1.035.080,14
Other provisions	7.125.289,03	1.029.191,60	10.615,36	97.606,20
	35.416.328,93	**8.459.766,95**	**2.499.391,99**	**2.273.478,96**

14. Trade and other payables

	The Group		The Company	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Trade payables	40.169.088,16	15.829.100,60	1.293.654,97	3.487.817,55
Taxes – duties	17.205.259,40	5.855.424,27	1.013.391,59	1.873.784,69
Dividends payable	4.751.525,28	2.962.674,96	4.751.525,28	2.962.674,96
Other payables	20.656.136,92	9.364.877,80	1.640.913,86	1.066.019,95
Provision for taxes for un-audited years	-	150.000,00	-	150.000,00
	82.782.009,76	**34.162.077,63**	**8.699.485,70**	**9.540.297,15**

15. Liabilities to Banks

	The Group		The Company	
	30.09.2006	31.12.2005	30.09.2006	31.12.2005
Non-current liabilities	407.639.724,08	125.149.592,17	341.000.000,00	119.499.958,91
Current liabilities	8.709.289,87	5.047.457,92	7.368.566,97	4.863.495,62
	416.349.013,95	**130.197.050,09**	**348.368.566,97**	**124.363.454,53**

16. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The offset amounts are as follows:

COMPANY	**30.09.2006**	**31.12.2005**
Deferred tax assets:		
To be recovered after more than 12 months	432.096,23	605.769,66
To be recovered within 12 months	45.091,00	97.455,76
	477.187,23	703.225,42
Deferred tax liabilities:		
To be recovered after more than 12 months	1.046.933,61	978.631,12
To be recovered within 12 months	92.208,63	56.449,01
	1.139.142,24	1.035.080,13

The movement in deferred tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	**Intangible assets**	**Provisions**	**Other**	**Total**
Balance 1/1/2005	606.380,95	280.429,72	2.252,61	889.063,28
Movement year 2005 (Results)	-381.181,30	197.596,05	-2.252,61	-185.837,87
Balance 31/12/2005	225.199,66	478.025,77	0,00	703.225,42
Movement period 2006 (Results)	-118.149,00	-107.889,19	-	-226.038,19
Balance 30/09/2006	107.050,66	370.136,58	0,00	477.187,23

Deferred tax liabilities	**Tangible assets**	**Finance leases**	**Total**
Balance 1/1/2005	447.065,83	39.260,07	486.325,90
Movement year 2005 (Results)	518.855,47	29.898,76	548.754,23
Balance 31/12/2005	965.921,30	69.158,83	1.035.080,13
Movement period 2006 (Results)	96.745,15	7.316,96	104.062,11
Balance 30/09/2006	1.062.666,45	76.475,79	1.139.142,24

GROUP	30.09.2006	31.12.2005
Deferred tax assets:		
To be recovered after more than 12 months	2.415.710,29	1.985.331,71
To be recovered within 12 months	535.693,39	675.418,79
	2.951.403,68	2.660.750,50
Deferred tax liabilities:		
To be recovered after more than 12 months	14.789.934,28	980.887,48
To be recovered within 12 months	98.667,60	67.056,30
	14.888.601,88	1.047.943,78

The movement in deferred tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets

	Intangible assets	Tangible assets	Provisions	Finance leases-Other	Total
Balance 1/1/2005	618.292,43	175.045,66	1.566.081,68	349.484,51	2.708.904,28
Movement year 2005 (Results)	-375.168,23	62.634,25	218.642,95	12.026,14	-81.864,89
Exchange differences year 2005	8.443,59	1.688,70	20.201,38	3.377,44	33.711,11
Balance 31/12/2005	251.567,79	239.368,61	1.804.926,01	364.888,09	2.660.750,50
Movement period 2006 (Results)					
Exchange differences period 2006	-87.572,57	176.259,00	172.611,70	29.355,05	290.653,18
Balance 30/09/2006	163.995,22	415.627,61	1.977.537,71	394.243,14	2.951.403,68

Deferred tax liabilities

	Intangible assets	Tangible assets	Finance leases	Total
Balance 1/1/2005		455.775,08	39.260,07	495.035,15
Movement year 2005 (Results)	-	520.348,46	29.898,76	550.247,22
Exchange differences year 2005	-	2.661,41	0,00	2.661,41
Balance 31/12/2005	-	978.784,95	69.158,83	1.047.943,78
Movement period 2006 (Results)				
Exchange differences period 2006	13.743.000,65	90.340,49	7.316,96	13.840.658,10
Balance 30/09/2006	13.743.000,65	1.069.125,44	76.475,79	14.888.601,88

17. 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:

	2006	2005
Discount interest rate (%)	4,0%	4,0%
Future salary increases	3,0% - 4,0%	3,0%

The movement of the account from 01.01.2005 to 30.09.2006 had as follows:

	The Group	The Company
Balance of obligations at 01.01.2005	3.068.805,44	482.542,29
Expense charged to period 2005	536.903,35	100.972,00
Paid compensation 2005 & Other Movements-Exchange Differences	-248.764,05	-43.388,29
Balance of obligation at 31.12.2005	**3.356.944,74**	**540.126,00**
Expense charged to period 01.01.-30.09.2006	877.532,21	76.500
Paid compensation period & Other Movements-Exchange Differences	3.812.942,71	40.037,00
Balance of obligation at 30.09.2006	**8.047.419,66**	**576.589,00**

18. Operating results

	The Group		The Company	
	30.09.2006	30.09.2005	30.09.2006	30.09.2005
Sales Revenue				
Income from Sales of Inventories	331.293.935,61	155.036.185,05	20.392.766,86	23.607.458,27
Income from provision of services	-	-	3.993.409,22	3.853.162,94
Total	**331.293.935,61**	**155.036.185,05**	**24.386.176,08**	**27.460.621,21**
Other income	13.125.152,55	2.804.506,28	1.362.874,70	2.311.468,81
Grand Total	**344.419.088,16**	**157.840.691,33**	**25.749.050,78**	**29.772.090,02**
Expenses				
Administrative expenses	16.692.113,62	8.015.344,87	3.993.088,87	3.227.115,81
Selling and marketing costs	81.914.371,63	42.396.447,55	8.647.850,73	7.443.770,78
Other	1.126.067,40	804.509,67	596.716,29	57.564,74
Total	**99.732.552.65**	**51.216.302,09**	**13.237.655,89**	**10.728.451,33**
Breakdown of Significant Expenses				
Employer's Cost	35.235.814,67	19.907.065,81	6.470.979,74	5.439.835,58
Rent	19.762.270,98	8.229.017,83	1.242.393,33	1.012.632,08
Advertising Expenses	6.341.835,90	4.183.765,71	1.148.368,48	1.332.438,45
Depreciation	5.196.840,13	2.516.096,21	786.260,20	786.879,45
Total	**66.536.761,65**	**34.835.945,56**	**9.648.001,75**	**8.571.785,56**

19. Income tax

	The Group		The Company	
	30.09.2006	30.09.2005	30.09.2006	30.09.2005
Current tax for the period	21.001.823,87	9.783.362,45	1.271.313,61	2.388.382,56
Deferred tax	-420.266,35	354.515,00	330.100,31	432.847,65
	20.581.557,52	**10.137.877,45**	**1.601.413,92**	**2.821.230,21**

20. 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.

	30.0.2006	30.06.2005
Net profit for the period (Group)	**64.886.321,25**	**42.042.204,74**
Attributable to:		
Equity holders of the Company	52.062.224,43	**41.719.388,27**
Minority interest	12.824.096,82	322.816,47
Weighted average number of ordinary shares in issue	32.946.875	32.946.875
Basic earnings per share	1,58	1,27

21. Dividends per share

The dividends that will be paid by the Parent Company in 2006, are 8.566.187,50 euros (0,26 euros per share) and concern the year 2005 earnings.

22. Related – party transactions

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

i) Sales of goods and services

	30.09.2006	30.09.2005
Sales of goods to subsidiaries	6.819.568,60	8.155.997,58
Sales of goods to associates	546.849,51	1.558.928,53
	7.366.418,11	**9.714.926,11**

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

	30.09.2006	30.09.2005
Between Mother Company and Subsidiaries	10.455.766,18	10.604.747,98
Between FF Group and other related parties as set out in IFRS 24	0,00	2.900.571,66
	10.455.766,18	13.505.319,64

iii) Acquisitions from related parties

	30.09.2006	30.09.2005
Mother Company from Subsidiaries	232.259,00	1.028.044,89
FF Group from other related parties as set out in IFRS 24	655.000,00	-
	887.259,00	1.028.044,89

iv) Payables to related parties

	30.09.2006	30.09.2005
Mother Company to Subsidiaries	222.442,35	741.148,46
FF Group to other related parties as set out in IFRS 24	642.147,90	-
	864.590,25	741.148,46

23. Number of employed personnel

Average number of employed personnel at the end of the current period: Group 2.832, Company 283 persons.

24. Real liens

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

25. Disputes contested or under arbitration

There are no disputes contested or under arbitration nor any decisions of judicial or arbitration bodies, 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 Financial Statements at 30th September 2006, 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.