

# "FOLLI - FOLLIE" AE

## Companies Registrar No. 18989/06/B/89/17 INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2005

Registered Office: 23rd Km Athens - Lamia National Road - Ag. Stefanos  
Opening Date of Current Year: 1 January 2005  
Closing Date of Current Year: 31 December 2005  
Auditing Company: SOL S.A. Certified Auditors Accountants  
ASSOCIATED CERTIFIED PUBLIC ACCOUNTANTS  
Certified Auditor Accountant: Dimitrios I. Iakovidis  
Auditors' Report: Unaudited

The following data and information aim to provide a general briefing for the financial position and the results of operations of "FOLLI - FOLLIE" A.E. 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 address [www.follifollie.com](http://www.follifollie.com) where are posted the Interim Financial Statements prepared according to the International Financial Reporting Standards accompanied with the Review Report of the Certified Auditor Accountant where it is necessary.

### CASH FLOW STATEMENT Amounts reported in thousands Euro

	THE GROUP		THE COMPANY	
	1/1-31/3/2005	1/1-31/3/2004	1/1-31/3/2005	1/1-31/3/2004
<b>Cash Flows related to Operating Activities</b>				
Net Profit before taxes	19.834.718,90	15.991.016,12	4.963.744,91	4.466.178,26
<i>Adjustments in respect of non-cash transactions:</i>				
Depreciation and Amortisation	842.020,09	837.730,41	265.628,67	231.350,00
Provisions	353.759,68	1.162.408,00	10.689,39	37.645,60
Cash flows from investing activities	-1.554.997,56	-1.477.115,55	-395.226,60	0,00
Debit interest and similar expenses	767.285,25	1.144.965,00	1.110.943,92	1.152.906,98
Other non-cash expense/income				
Operating profit before adjustments of working capital	20.242.786,36	17.659.003,98	5.955.780,29	5.888.080,84
Decrease/(increase) of Inventories	2.374.245,05	2.405.815,00	548.421,48	888.791,08
Decrease/(increase) of Receivables	-6.216.655,72	5.816.195,00	-7.352.685,85	-4.234.688,78
Increase/(decrease) of payable accounts (except Banks)	-2.491.295,99	-10.298.941,56	281.375,58	-3.186.284,71
Interest paid and similar expenses	-1.170.298,54	-1.200.003,00	-1.110.943,92	-1.207.944,98
Income Tax paid	-1.592.403,29	-187.276,44	-127.262,46	-187.276,44
<i>Net cash inflows/(outflows) from Operating Activities</i>	<u>11.146.377,87</u>	<u>14.194.792,98</u>	<u>-1.805.314,88</u>	<u>-2.039.322,99</u>
<b>Cash Flows related to Investing Activities</b>				
Purchases of subsidiaries, associates and other investments				
Purchases of tangible and intangible assets	-310.085,70	-1.961.216,00	-51.927,06	-1.339.647,63
Proceeds from sale of tangible and intangible assets	6.830,16	46.127,00	0,00	0,00
Proceeds from sale of financial assets	658.687,40	0,00	658.687,40	0,00
Dividends received				
Interest received	403.013,29	55.038,00	71.007,75	55.038,00
Decrease/(increase) of other long-term receivables	2.128.143,89	135.920,00	-3.684,68	6.471,27
<i>Net cash inflows/(outflows) from Investing Activities</i>	<u>2.886.589,04</u>	<u>-1.724.131,00</u>	<u>674.083,41</u>	<u>-1.278.138,36</u>
<b>Cash Flows related to Financing Activities</b>				
Cash received from issue of share capital				
Proceeds from Loans		764.512,00		268.139,06
Repayment of Loans	-1.001.148,26	-1.517.599,00	-772.546,30	
Payments for leases	-185.416,09	-307.220,00	-30.664,26	-29.509,91
Dividends paid	-2.700.008,28	0,00	-2.700.008,28	0,00
<i>Net cash inflows/(outflows) from Financing Activities</i>	<u>-3.886.572,63</u>	<u>-1.060.307,00</u>	<u>-3.503.218,84</u>	<u>238.629,15</u>
Net increase/(decrease) in cash and cash equivalents	10.146.394,28	11.410.354,98	-4.634.450,31	-3.078.832,20
Cash and cash equivalents at the beginning of the period	33.723.558,93	23.524.369,13	14.509.511,69	12.696.170,19
Exchange rate differences from the conversion of cash equivalents	-4.197.525,34	-7.820.097,92		
<i>Cash and cash equivalents at the end of the period</i>	<u>39.672.427,87</u>	<u>27.114.626,19</u>	<u>9.875.061,38</u>	<u>9.617.337,99</u>

### ADDITIONAL RECORDS AND INFORMATION

- The same Accounting Policies have been followed as for the Balance Sheet at 31.12.2004. The Group applies the IFRS from 1 January 2005.
- There are no real liens on the Fixed Assets.
- There are no disputed or under arbitration cases of national or administrative courts that may have a material effect on the financial position of the Company.
- The personnel employed in the Group, as at 31.3.2005, amounted to 854 and in the A.E. to 256 persons.
- The amounts of Purchases and Sales of the Company, to and from the related parties as these are defined in IAS 24, accumulated from the opening balance of the period come up to the amount of € 1.028.444,89 and € 3.263.164,69 respectively. The receivables and payables balances of the above Companies, as at 31.3.2005, amount to € 11.283.000,82 and € 741.148,46 respectively.
- In the respective Quarter 1 2004 (31.3.2004) in the Items of the Income Statement for the period, the Statement of Changes in Shareholders' Equity and the Cash Flow Statement, was not comprised the company Folli Follie Germany GmbH. It is noted that the FF GmbH was established in December 2004 and the change that was brought about from the beginning of this consolidation during the last Quarter of 2004 was negligible.
- In the consolidated financial statements are included the following companies:

COMPANY	REGISTERED OFFICE	% PARTICIPATION PARENT	RELATION THAT COMMANDED THE CONSOLIDATION	CONSOLIDATION METHOD	UN-AUDITED TAX YEARS
FOLLI FOLLIE A.E.	ATHENS	-	-	-	2004
FOLLI FOLLIE HONG KONG LTD	HONG KONG	99,99%	Direct	Full	1999-2004
FOLLI FOLLIE UK LTD	LONDON	99,99%	Direct	Full	2002-2004
FOLLI FOLLIE FRANCE SA	PARIS	99,94%	Direct	Full	2003-2004
FOLLI FOLLIE SPAIN SA	MADRID	100%	Direct	Full	2002-2004
FOLLI FOLLIE CZECH SRO	PRAGUE	100%	Direct	Full	2001-2004
FOLLI FOLLIE POLAND SZOO	WARSAW	100%	Direct	Full	2001-2004
FOLLI FOLLIE SLOVAKIA SRO	BRATISLAVA	100%	Direct	Full	2001-2004
FOLLI FOLLIE GERMANY GmbH	BRAUNSTADT	100%	Direct	Full	2004
FOLLI FOLLIE JAPAN LTD	TOKYO	40%	Direct	Full	2001-2004
FOLLI FOLLIE ASIA LTD	HONG KONG	99,99%	Indirect	Full	2001-2004
FOLLI FOLLIE TAIWAN LTD	TAIPEI	99,99%	Indirect	Full	2003-2004
FOLLI FOLLIE KOREA LTD	SEOUL	99,99%	Indirect	Full	2003-2004
BLUEFOL SINGAPORE LTD	SINGAPORE	99,99%	Indirect	Full	2003-2004
BLUEFOL GUAM LTD	GUAM	99,99%	Indirect	Full	1998-2004
BLUEFOL HAWAII LTD	HAWAII	99,99%	Indirect	Full	2000-2004
BLUEFOL HONG KONG LTD	HONG KONG	99,99%	Indirect	Full	2001-2004
FOLLI FOLLIE MALAYSIA LTD	KUALA LUMPUR	99,99%	Indirect	Full	2001-2004
BLUEFOL THAILAND LTD	BANGKOK	99,99%	Indirect	Full	2001-2004
DUTY FREE STORES	ATHENS	24,68%	Direct	Net Equity	
MFK FASHION	LIMASSOL	40,00%	Direct	Net Equity	

### BALANCE SHEET Amounts reported in thousands Euro

	THE GROUP		THE COMPANY	
	31/3/2005	31/12/2004	31/3/2005	31/12/2004
<b>ASSETS</b>				
Tangible Assets	33.867.637,06	34.130.258,53	29.830.717,56	30.011.411,25
Intangible Assets	4.755.604,66	4.842.688,58	840.314,90	873.322,82
Investments in associates	41.535.561,10	40.296.399,36	157.732.962,56	157.732.962,56
Deferred income tax assets	2.126.410,62	2.213.167,04	284.910,85	402.737,38
Other long term receivables	5.946.223,79	7.376.012,55	234.576,56	230.891,87
Total non-current assets (a)	<u>88.231.437,23</u>	<u>88.858.526,06</u>	<u>188.923.482,43</u>	<u>189.251.325,88</u>
Inventories	46.327.101,17	46.715.326,33	11.382.804,19	11.931.225,67
Trade Receivables	96.764.116,29	82.543.791,12	19.453.747,40	12.872.890,96
Other Receivables	7.866.583,91	7.467.595,24	5.675.178,53	5.237.817,05
Cash and cash equivalents	39.672.427,87	33.723.558,93	9.875.061,38	14.509.511,69
Total current assets (b)	<u>190.630.229,24</u>	<u>170.450.271,62</u>	<u>46.386.791,50</u>	<u>44.551.445,37</u>
<b>TOTAL ASSETS (a) + (b)</b>	<b>278.861.666,47</b>	<b>259.308.797,68</b>	<b>235.310.273,93</b>	<b>233.802.771,25</b>
<b>LIABILITIES</b>				
Non-current liabilities				
Long-term borrowings	121.556.584,73	120.135.587,74	119.499.958,91	119.499.958,91
Retirement benefit obligations	3.193.736,32	3.272.408,55	493.231,68	482.542,29
Other non-current liabilities	2.994.254,67	3.338.460,59	683.136,15	836.873,79
Total non-current liabilities	<u>127.744.575,72</u>	<u>126.746.456,88</u>	<u>120.676.326,74</u>	<u>120.819.374,99</u>
Current liabilities				
Trade payables	10.927.417,58	13.252.975,46	1.631.223,25	2.203.405,10
Short-term Borrowings	4.711.366,45	5.252.135,03	4.118.554,19	4.891.100,49
Other current liabilities	18.594.923,77	18.149.168,02	4.243.574,25	4.539.842,56
Total current liabilities	<u>34.233.707,80</u>	<u>36.654.278,51</u>	<u>9.993.351,69</u>	<u>11.634.348,15</u>
Total Liabilities (a)	<u>161.978.283,52</u>	<u>163.400.735,39</u>	<u>130.669.678,43</u>	<u>132.453.723,14</u>
<b>EQUITY</b>				
Shareholders Equity	112.257.792,66	91.298.238,92	104.640.595,50	101.349.048,11
Minority interest	4.625.590,29	4.609.823,37		
Total Equity (b)	<u>116.883.382,95</u>	<u>95.908.062,29</u>	<u>104.640.595,50</u>	<u>101.349.048,11</u>
<b>TOTAL EQUITY AND LIABILITIES (a) + (b)</b>	<b>278.861.666,47</b>	<b>259.308.797,68</b>	<b>235.310.273,93</b>	<b>233.802.771,25</b>

### INCOME STATEMENT FOR THE PERIOD Amounts reported in thousands Euro

	THE GROUP		THE COMPANY	
	1/1-31/3/2005	1/1-31/3/2004	1/1-31/3/2005	1/1-31/3/2004
Sales Revenue	53.330.735,91	47.191.953,15	11.625.135,36	11.007.094,40
Cost of goods sold	-21.302.874,54	-16.234.251,19	-3.814.278,72	-2.909.834,37
<b>Gross profit</b>	<b>32.027.861,37</b>	<b>30.957.701,96</b>	<b>7.810.856,64</b>	<b>8.097.260,03</b>
Other operating income	1.395.347,35	499.640,50	1.019.710,79	338.447,81
Administrative expenses	-2.925.005,96	-3.081.564,78	-981.577,50	-727.887,52
Selling expenses	-10.842.056,73	-12.460.551,35	-2.147.176,48	-2.006.235,08
Other expenses	-293.291,20	-261.588,07	-22.347,22	-82.500,00
Operating profit	<u>19.362.854,83</u>	<u>15.653.638,26</u>	<u>5.679.466,23</u>	<u>5.619.085,24</u>
Finance costs - profit	403.013,29	56.741,72	395.222,60	55.038,00
Finance costs - expenses	-1.170.298,54	-1.196.479,41	-1.110.943,92	-1.207.944,98
Share of profit of associates	1.239.149,32	1.477.115,55	0,00	0,00
<b>Profit before taxes (EBT)</b>	<b>19.834.718,90</b>	<b>15.991.016,12</b>	<b>4.963.744,91</b>	<b>4.466.178,26</b>
Income tax expense	-4.179.094,70	-4.801.309,57	-1.672.197,52	-1.387.808,75
<b>Profit for the period (after taxes)</b>	<b>15.655.624,20</b>	<b>11.189.706,55</b>	<b>3.291.547,39</b>	<b>3.078.369,51</b>
<b>Attributable to:</b>				
Equity holders of the Company	15.639.857,28	10.578.449,79		
Minority interest	15.766,92	611.256,76		
Earnings (after taxes) per share - basic (expressed in €)	0,47	0,32	0,10	0,09
Amortisation - Depreciation	842.020,09	837.730,41	265.628,67	231.350,00
Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)	<u>20.204.874,92</u>	<u>16.491.368,67</u>	<u>5.945.094,90</u>	<u>5.850.435,24</u>
Earnings (profit) before taxes, financing and investing results (EBIT)	<u>19.362.854,83</u>	<u>15.653.638,26</u>	<u>5.679.466,23</u>	<u>5.619.085,24</u>

### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD Amounts reported in thousands Euro

	THE GROUP		THE COMPANY	
	1/1-31/3/2005	1/1-31/3/2004	1/1-31/3/2005	1/1-31/3/2004
Net equity of period				
Opening Balance (1/1/2005 and 1/1/2004 respectively)	95.908.062,29	61.358.862,48	101.349.048,11	95.548.629,50
Issue of share capital	0,00	0,00	0,00	0,00
Net amounts effected directly Equity	0,00	0,00	0,00	0,00
Profit for the period, after taxes	15.655.624,20	11.189.706,55	3.291.547,39	3.078.369,51
Adjustment in foreign currency translation differences	5.319.696,46	-2.057.317,24	0,00	0,00
Decrease in loans hedge reserve for foreign currency differences	0,00	0,00	0,00	0,00
Net equity of period Closing Balance (31/3/2005 and 31/3/2004 respectively)	<u>116.883.382,95</u>	<u>70.491.251,79</u>	<u>104.640.595,50</u>	<u>98.626.999,01</u>

### TABLE OF ADJUSTMENTS OF THE PERIOD OPENING NET EQUITY (1/1/2005 AND 1/1/2004 RESPECTIVELY) BETWEEN THE GENERAL ACCOUNTING POLICIES EFFECTIVE UNTIL THE 1st ADOPTION AND THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (I.F.R.S.) Amounts reported in thousands Euro

	THE GROUP		THE COMPANY	
	1/1/2005	1/1/2004	1/1/2005	1/1/2004
Opening Balance (1/1/2005 and 1/1/2004 respectively) according to the Greek Accounting Standards	92.120.942,19	61.885.803,23	94.906.710,84	91.772.149,06
Provision for staff retirement benefit	-321.714,06	-1.251.091,88	119.536,85	126.912,00
Recognition of deferred tax assets	872.708,98	1.613.828,64	402.737,38	932.575,37
Effect due to use of useful life for depreciation of assets and restatement of revalued acquisition cost to historical cost	-8.449,86	-119.692,48	97.219,06	61.664,92
Effect due to recognition of Leasing	75.330,17	5.280,31	343.115,57	225.075,95
Write-off of Intangibles and reverse of the respective depreciation	-1.163.973,13	-2.251.783,77	-877.796,54	-2.167.231,63
Postpone of recognition of paid dividends to the time of their approval of the General Assembly	7.248.312,50	5.930.437,50	7.248.312,50	5.930.437,50
Adjustment in deferred charges	-290.755,17	-89.532,38	-275.000,00	-330.000,00
Other adjustments	-306.480,38	35.986,09	260.948,33	-16.141,23
Adjustment due to provisions taken to equity	-959.168,39	-958.711,64	-720.567,88	-674.476,44
Adjustment due to accounting of provision for tax differences	-156.168,00	-312.336,		