

# "FOLLI - FOLLIE" AE

## Companies Registrar No. 18989/06/B/89/17 INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 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: 26/9/2005 Agreeable

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			
	THE GROUP		THE COMPANY	
	1/1-30/6/2005	1/1-30/6/2004	1/1-30/6/2005	1/1-30/6/2004
<b>Cash Flows related to Operating Activities</b>				
Net Profit before taxes	36.740.146,91	33.242.722,87	15.424.131,82	13.277.946,26
<i>Adjustments in respect of non-cash transactions:</i>				
Depreciation and Amortisation	1.830.737,72	1.682.189,04	527.145,17	433.346,23
Provisions	757.489,83	1.752.443,51	114.493,02	116.544,00
Cash flows from investing activities	-4.172.783,30	-7.710.404,66	-9.710.118,42	-8.128.331,80
Debit interest and similar expenses	2.281.622,20	2.178.633,36	2.321.542,57	2.105.164,14
Other non-cash expense/income			-224.129,15	
Operating profit before adjustments of working capital	37.437.213,36	31.145.584,12	8.453.065,01	7.804.668,83
Decrease/(increase) of Inventories	-9.464.724,89	-916.444,08	-868.645,33	-170.572,64
Decrease/(increase) of Receivables	-12.740.838,65	-921.461,25	-7.921.678,81	-2.996.082,08
Increase/(decrease) of payable accounts (except Banks)	-593.943,59	-2.728.708,09	7.869,61	-3.645.639,45
Interest paid and similar expenses	-2.549.139,54	-2.258.251,62	-2.458.058,98	-2.180.870,25
Income Tax paid	-2.084.719,72	-6.423.785,15	-426.032,16	-350.183,65
<i>Net cash inflows/(outflows) from Operating Activities</i>	<u>10.003.846,97</u>	<u>17.896.933,93</u>	<u>-3.213.480,66</u>	<u>-1.538.679,24</u>
<b>Cash Flows related to Investing Activities</b>				
Purchases of subsidiaries, associates and other investments				
Purchases of tangible and intangible assets	-7.798.485,19	-10.697.983,49	-77.916,34	-10.435.743,37
Proceeds from sale of tangible and intangible assets	37.875,81	728.769,65	9.826,75	682.642,65
Proceeds from sale of financial assets	722.403,84	0,00	722.403,84	0,00
Dividends received	9.152.004,96	7.800.000,00	9.712.939,00	8.128.542,08
Interest received	267.517,34	79.618,25	136.516,41	75.706,11
Decrease/(increase) of other long-term receivables	-320.527,39	-266.342,98	-28.805,97	-3.254,61
<i>Net cash inflows/(outflows) from Investing Activities</i>	<u>2.060.789,37</u>	<u>-2.355.938,57</u>	<u>10.474.963,69</u>	<u>-1.552.107,14</u>
<b>Cash Flows related to Financing Activities</b>				
Cash received from issue of share capital				
Proceeds from Loans	5.762.009,14	7.134.645,84	0,00	7.237.586,03
Repayment of Loans	-1.015.864,05	0,00	-1.164.305,72	0,00
Payments for leases	-296.971,80	-426.456,80	-61.823,91	-59.019,82
Dividends paid	-3.696.058,08	-968.941,43	-2.700.008,28	-968.941,43
<i>Net cash inflows/(outflows) from Financing Activities</i>	<u>753.115,21</u>	<u>5.739.247,61</u>	<u>-3.926.137,91</u>	<u>6.209.624,78</u>
Net increase/(decrease) in cash and cash equivalents	12.817.751,55	21.280.242,97	3.335.345,12	3.118.838,40
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	-1.519.857,11	-9.687.514,13		
<i>Cash and cash equivalents at the end of the period</i>	<u>45.021.453,37</u>	<u>35.117.097,97</u>	<u>17.844.856,81</u>	<u>15.815.008,59</u>

	BALANCE SHEET			
	THE GROUP		THE COMPANY	
	30/6/2005	31/12/2004	30/6/2005	31/12/2004
<b>ASSETS</b>				
Tangible Assets	41.219.933,02	34.130.258,53	29.623.197,98	30.011.411,25
Intangible Assets	4.647.098,29	4.842.688,58	812.306,99	873.322,82
Investments in associates	35.023.028,84	40.296.399,36	157.732.962,56	157.732.962,56
Deferred income tax assets	2.119.568,01	2.213.869,13	144.648,63	402.737,38
Other long term receivables	7.311.386,74	7.376.012,55	259.697,84	230.891,87
Total non-current assets (a)	90.321.014,90	88.859.228,15	188.572.814,00	189.251.325,88
Inventories	60.119.833,67	46.715.326,33	12.799.871,00	11.931.225,67
Trade Receivables	108.343.740,39	82.543.791,12	18.963.920,00	12.872.890,96
Other Receivables	7.467.038,43	7.467.595,25	6.770.053,31	5.237.817,05
Cash and cash equivalents	45.021.453,37	33.723.558,93	17.844.856,81	14.509.511,69
Total current assets (b)	220.952.065,86	170.450.271,63	56.378.701,12	44.551.445,37
<b>TOTAL ASSETS (a) + (b)</b>	<u>311.273.080,76</u>	<u>259.309.499,78</u>	<u>244.951.515,12</u>	<u>233.802.771,25</u>
<b>LIABILITIES</b>				
Long-term borrowings	128.258.896,80	120.135.587,74	119.688.175,91	119.499.958,91
Retirement benefit obligations	3.349.800,83	3.272.408,55	507.411,66	482.542,29
Other non-current liabilities	3.274.649,08	3.338.460,59	896.742,52	836.873,79
Total non-current liabilities	134.883.346,71	126.746.456,88	121.092.330,09	120.819.374,99
Trade payables	13.482.567,88	13.252.975,46	2.281.771,98	2.203.405,10
Short-term Borrowings	4.168.492,41	5.252.135,03	3.538.577,77	4.891.100,49
Other current liabilities	27.427.750,95	18.149.870,12	10.637.049,27	4.539.842,56
Total current liabilities	45.078.811,24	36.654.980,61	16.457.399,02	11.634.348,15
Total Liabilities (a)	179.962.157,95	163.401.437,49	137.549.729,11	132.453.723,14
Shareholders Equity	127.017.372,03	91.298.238,92	107.401.786,01	101.349.048,11
Minority interest	4.293.550,78	4.609.823,37		
Total Equity (b)	131.310.922,81	95.908.062,29	107.401.786,01	101.349.048,11
<b>TOTAL EQUITY AND LIABILITIES (a) + (b)</b>	<u>311.273.080,76</u>	<u>259.309.499,78</u>	<u>244.951.515,12</u>	<u>233.802.771,25</u>

### INCOME STATEMENT FOR THE PERIOD

	Amounts reported in Euro							
	THE GROUP		THE COMPANY		THE GROUP		THE COMPANY	
	1/1-30/06/2005	1/1-30/06/2004	1/1-30/06/2005	1/1-30/06/2004	1/4-30/6/2005	1/4-30/6/2004	1/4-30/6/2005	1/4-30/6/2004
Sales Revenue	100.764.368,78	90.013.286,37	19.169.098,90	18.290.784,57	47.433.632,87	42.821.333,22	7.543.963,54	7.283.690,17
Cost of goods sold	-38.240.224,00	-32.812.262,82	-6.210.905,02	-5.678.812,83	-16.937.349,46	-16.578.011,63	-2.396.626,30	-2.768.978,46
<b>Gross profit</b>	62.524.144,78	57.201.023,55	12.958.193,88	12.611.971,74	30.496.283,41	26.243.321,59	5.147.337,24	4.514.711,71
Other operating income	2.183.278,04	1.424.757,88	1.866.041,87	1.008.097,36	787.930,69	925.117,38	846.331,08	669.649,55
Administrative expenses	-5.399.320,35	-5.381.665,75	-2.103.723,85	-1.702.101,12	-2.474.314,39	-2.300.100,97	-1.122.146,35	-974.213,60
Selling expenses	-24.345.052,27	-23.398.660,78	-5.084.730,84	-4.345.410,42	-13.502.995,54	-10.938.109,43	-2.937.554,36	-2.339.175,34
Other expenses	-656.580,74	-1.521.223,93	-39.218,58	-114.647,59	-363.289,54	-1.259.635,86	-16.871,36	-32.147,59
Operating profit	34.306.469,46	28.324.230,97	7.596.562,48	7.457.909,97	14.943.614,63	12.670.592,71	1.917.096,25	1.838.824,73
Finance costs - profit	1.156.215,64	3.330.223,43	577.770,26	94.782,30	753.202,35	3.273.481,71	182.547,66	39.744,30
Finance costs - expenses	-2.549.139,54	-2.543.804,39	-2.421.839,96	-2.403.288,09	-1.378.841,00	-1.347.324,98	-1.310.896,04	-1.195.343,11
Share of profit of associates	3.826.601,35	4.132.072,86	9.671.639,04	8.128.542,08	2.587.452,03	2.654.957,31	9.671.639,04	8.128.542,08
<b>Profit before taxes (EBT)</b>	36.740.146,91	33.242.722,87	15.424.131,82	13.277.946,26	16.905.428,01	17.251.706,75	10.460.386,91	8.811.768,00
Income tax expense	-7.602.948,24	-5.544.038,26	-1.923.081,42	-1.527.161,00	-3.423.853,54	-742.728,69	-250.883,90	-139.352,25
<b>Profit for the period (after taxes)</b>	<u>29.137.198,67</u>	<u>27.698.684,61</u>	<u>13.501.050,40</u>	<u>11.750.785,26</u>	<u>13.481.574,47</u>	<u>16.508.978,06</u>	<u>10.209.503,01</u>	<u>8.672.415,75</u>
<i>Attributable to:</i>								
Equity holders of the Company	29.453.471,26	27.823.054,54			13.813.613,98	17.244.604,75		
Minority interest	-316.272,59	-124.369,93			-332.039,51	-735.626,69		
Earnings (after taxes) per share - basic (expressed in €)	0,89	0,84	0,41	0,36	0,42	0,52	0,31	0,26
Amortisation - Depreciation	1.830.737,72	1.682.189,04	527.145,17	433.346,23	988.717,63	844.458,63	261.516,50	201.996,23
Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)	36.137.207,18	30.006.420,01	8.123.707,65	7.891.256,20	15.932.332,26	13.515.051,34	2.178.612,75	2.040.820,96
Earnings (profit) before taxes, financing and investing results (EBIT)	34.306.469,46	28.324.230,97	7.596.562,48	7.457.909,97	14.943.614,63	12.670.592,71	1.917.096,25	1.838.824,73

### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD

	Amounts reported in Euro			
	THE GROUP		THE COMPANY	
	1/1-30/06/2005	1/1-30/06/2004	1/1-30/06/2005	1/1-30/06/2004
Net equity of period	131.310.922,81	74.364.407,62	107.401.786,01	101.368.977,26
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
Dividends	-8.697.492,50	-6.854.401,50	-7.248.312,50	-5.930.437,50
Directors Fees	-326.541,80		-200.000,00	
Net amounts effected directly Equity	0,00	0,00	0,00	0,00
Profit for the period, after taxes	29.137.198,67	27.698.684,61	13.501.050,40	11.750.785,26
Adjustment in foreign currency translation differences	15.289.696,15	-7.838.737,97	0,00	0,00
	0,00	0,00	0,00	0,00
Net equity of period Closing Balance	<u>131.310.922,81</u>	<u>74.364.407,62</u>	<u>107.401.786,01</u>	<u>101.368.977,26</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 30.6.2005, amounted to 853 and in the S.A. 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 € 6.754.103,82 respectively. The receivables and payables balances of the above Companies, as at 30.06.2005, amount to € 12.997.160,88 and € 741.148,46 respectively.
- In the respective period (30.06.2004) 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.
- Purchases of tangible and intangible assets for the period 1/1-30/06/2005 : a)Group € 7.798.485,19 b)Company € 77.916,34
- In the consolidated financial statements are included the following companies:

COMPANY	REGISTERED OFFICE	% PARTICIPATION	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	TRAUNSTAIN	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					