



ANNUAL  
REPORT\_2010





**DUTY FREE SHOPS AND INDUSTRIAL  
MANUFACTURING TECHNICAL  
AND BUSINESS COMPANY S.A.**

S.A. Reg. No.: 14216/06/B/86/06

23 km of Athens – Lamia national highway 145 65,  
Ag. Stefanos, Attica

**ANNUAL FINANCIAL STATEMENTS**  
**Fiscal Year\_2010**

\_As per article 4, law 3556/2007

And the pertinent executive decisions issued by  
the board of directors of the hellenic capital market commission

For the fiscal year between 01.01.2010 and 31.12.2010  
The attached annual financial statement was approved by the company board of directors on  
**29/03/2011**, and was published by being posted in the internet at **[www.follifolliegroup.com](http://www.follifolliegroup.com)**  
& **[www.Dutyfreeshops.gr](http://www.Dutyfreeshops.gr)**



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# Chairman's Message



## Dear shareholders,

The year that past had many challenging elements for our Group one very important development in 2010 was the fact that we decided to change our grown group structure and to merge all three companies of the Group, namely Folli Follie, Hellenic Duty Free Shops and Elmec Sport and to create one company under the name Folli Follie Group. First I would like to mention which factors influenced our businesses during the course of 2010.

While the global economies started to pick up again during the year 2010, Greece entered in the second quarter of 2010 into a severe period of recession. Having delivered a very strong first quarter for all our businesses, even on the back of high comparables for the same period of 2009, the second quarter we felt the

impact of the local economic weakness, (mentioning the legislative initiatives, consumer sentiment etc.). At the same time we worked on all our activities to increase our brand awareness in the markets we are already operating, gain new distribution agreements and fine-tune our product assortment.

On our Annual General meeting in June 25th, 2010, we announced the intention to merge all three companies through absorption of Duty Free Shops. This merger was approved with an overwhelming majority on our Extraordinary General Meeting on December 6th, 2010. On December 30th, 2010, the Hellenic Capital Market Commission gave the official approval for the conclusion of the merger and since January 7th 2011 the new share is trading on the Athens Stock Exchange.

A significant influence for the operating performance of the Group, but also for the external perception is the economical situation in the Greek market. During the course of the year 2010, the Group's performance started with a very strong operating performance in the first quarter, after the implementation of the economic measures the local consumers' pessimism has moderated somewhat, yet fears over loss of real income and rise in unemployment have persisted. The Greek households have remained cautious and restrained under the current economic conditions.

In a very challenging environment for our local market, we were able to maintain our revenues as well as our operating profitability. Effective cost-control measures throughout the year could counterbalance an increase of investments in new stores, targeted marketing and advertisement measures as well as the enhancement of our brand portfolio. Apart from our solid operating performance we managed in record time to conclude a merger of the companies Folli Follie, Hellenic Duty Free Shops and Elmec Sport. The effect of this merger will become visible in the current year throughout synergies, the reorganisation of the company and cost control efforts.

## Operating performance:

Revenues in the Full Year 2010 decreased by 0.3% versus 2009 and reached Euro 989.6 million.

The proportion of revenue generated outside Greece continued to grow in 2010, accounting for 52.2% of the Group total, versus 49.4% the previous year (on a comparable basis).

With operating income of €171.7 million in 2010, slight decreased by 3.3% on 2009, the Folli Follie Group could maintain its operating margin at 17.3% from 17.8% in 2009.

Gross margin for 2010 amounted to €498.5 million, up 1.1% on 2009 and settling at 50.4% against 49.7% for the previous year.

Operating expenses increased by 6.5% as reported, mainly driven by the opening of 52 new stores in 2010 as well as increased advertisement and marketing expenses.

The Group has been impacted further on expenses related to the merger process of about Euro 2.3million.

Group EBITDA declined slightly by 3.0% year-on-year on a reported basis to €193.3 million. The related EBITDA margin, remained stable at 19.5% from 20.1% in 2009.

### Financial performance

Profit after tax of the Group totaled €85.1 million in 2010, compared to €115.2 million in 2009 and mainly driven by a) extraordinary one-off financial expenses b) extraordinary one-off expenses related to the merger process c) higher selling and marketing costs related to new store openings.

On an adjusted basis and excluding non-recurring items, profit after tax of the Group would have reached Euro 99.3 million against Euro 105.5 million in 2009, decreased by 5.9%.

**Earnings per share stood** at €1,3965.

### Outlook

Although we expect the challenging environment in our local market to remain unchanged throughout 2011, we are confident that our excellent positioning of all our activities in the local market and abroad our Group operating performance will remain outstanding.

The prospects for our Group are favorable due to a) the conditions in North Africa and the Middle East, provided that the state will make the most of this opportunity. We mention that only in 2009, these countries had 6 million visitors, b) better and higher quality tourism from countries such as Russia, China and Israel which have the best performance per customer, c) enrichment of the portfolio, d) continuing expansion of foreign brands (Asia, Europe, America) e) opening of new points of sale.

Through the merger the former Folli Follie company evolved into a bigger and stronger family, the new Group is ready and prepared for the challenges that lie ahead and despite the difficult local economic environment we face the year 2011 with optimism and confidence in our managerial strength and our strong operational diversification.

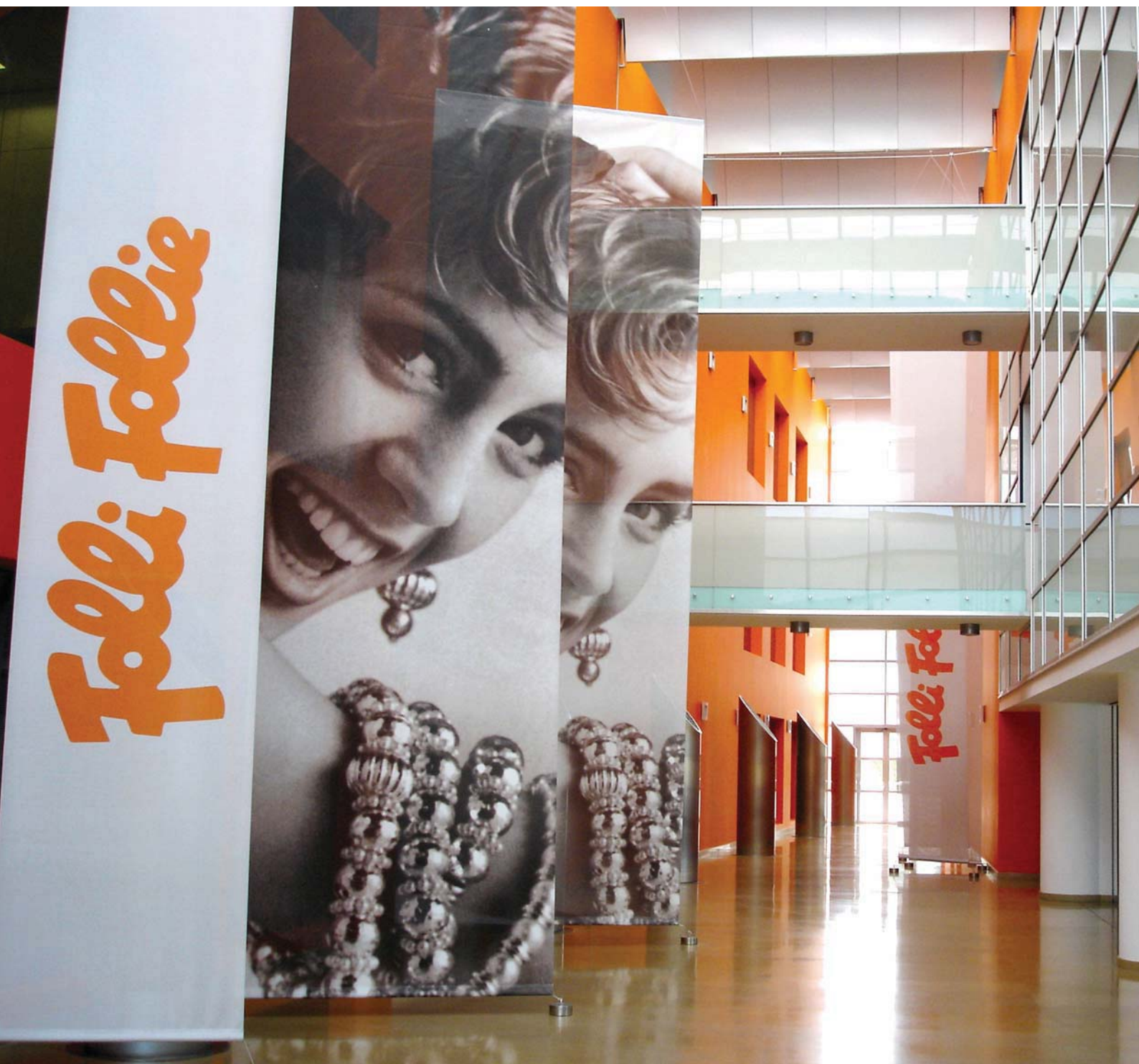
In this sense, I would like to thank our shareholders for their loyalty and for sharing our vision for this group, our customers for their belief in our products, and our companies' personnel for their commitment towards the materialization of our strategic goals.

Yours sincerely,



**Dimitrios Koutsolioutsos**

**Chairman of the Board of Directors**



# Company Profile





Hellenic Duty Free Shops S.A. under the distinctive title FF Group operates actively in more than 28 countries defining new trends at all sectors at which it activates. With a dynamic structure and an impressive portfolio the FF Group “accompanies” a customer through all life phases: from early childhood to adulthood one can relate to the FF Group and its brand portfolio.

The strategic mission of FF Group is to establish and maintain a leading position in the international fashion world through the further development of all individual brands and the attraction of worldwide famous brands. The expansion of the constantly developing distribution network is among the Group’s corporate goals. Hellenic Duty Free Shops aims to retain its position as an internationally recognized travel retail brand.

FF Group designs, produces and markets on a global level its own brands: **Folli Follie** and award winning British jeweler **Links of London**. Famed for high quality and breakthrough design, jewellery, watches, accessories and giftware from Folli Follie and Links of London have won a place in the hearts of millions of consumers globally.

At the same time the Group maintains a leading presence in the **department stores field**, the retail and wholesale channel within Greece and S.E.E. “Factory Outlets”, as well as “attica” department stores, are the Group’s department stores in Greece that cover more than 60,000 m<sup>2</sup>. Brands such as Ermenegildo Zegna, Juicy Couture, UGG Australia, Nike, Converse, Samsonite, Technogym and Harley-Davidson belong to the Group’s brand portfolio.

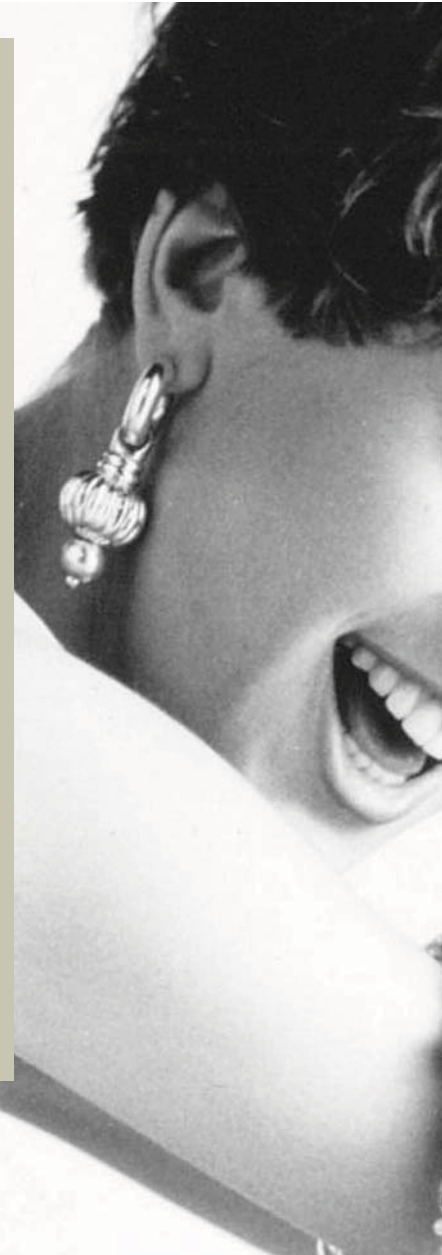
The FF Group also operates exclusively in the Greek travel retail sector, through Hellenic Duty Free Shops, whereas Folli Follie and Links of London products are also available in-flight on major international airlines. The FF Group operates numerous points of sale in airport duty free shops around the world. The dynamic presence of FF Group in the travel retail sector has been acknowledged by the “Duty Free News International” Product Awards 2010 where the FF Group won the following distinctions: Best New Beauty Store for Hellenic Duty Free Stores at the Athens International Airport, Best Watches Campaign for Folli Follie at Asian Airlines and Best New Jewellery Store for Folli Follie at Hong Kong International Airport.

The FF Group creates fashion globally and has established a strong presence counting more than 700 points of sale worldwide and employing more than 5,900 people worldwide.

## Important\_Milestones

- 1979:** Hellenic Duty Free Shops S.A. was set up with 2 stores.
- 1982:** Folli Follie company is founded in Greece by Mr. Dimitris Koutsolioutsos and his wife Ketty. First Folli Follie store opens in downtown Athens.
- 1992:** Mr. George Koutsolioutsos, son of the founders and today’s FOLLI FOLLIE Group CEO, joins the company.
- 1994:** Launch of the Folli Follie women’s watch collection.
- 1995:** Japanese market entry and shop openings in New York, Hawaii, Guam.
- 1997:** Folli Follie listed at the Athens Stock Exchange. An agreement was signed allowing duty free items to be sold exclusively at points of exit from Greece (airports, ports, border stations) until 2048.
- 1998:** Entry in key Asian markets. Launch of the Folli Follie accessories collection. Listing of the Hellenic Duty Free Shops’ shares in the Athens Exchange.

- 1999:** Folli Follie creates subsidiaries in France and UK. Decision of the European Commission for the abolition of duty free sales to passengers traveling within the EU (July 1).
- 2000:** Acquisition of 40% of the Japanese distribution operation. The subsidiary, Hellenic Distributions S.A., was set up. That company provides ship chandling services for cruise liners, ferry boats, merchant vessels and other ships chandlers, army bases and embassies, distributing internationally renowned brands via its network, running retail outlets within Greece.
- 2001:** The new Athens International Airport at Spata officially opened with three Company shops within its premises.
- 2002:** Entering key European and Chinese markets and development of the Travel Retail business.
- 2003:** A shareholders' agreement was signed between the Agricultural Bank of Greece, FolliFollie S.A and Germanos S.A. for the acquisition of 40% of the share capital of the Company and the delegation of the company's management jointly to FolliFollie S.A and Germanos S.A.
- 2006:** Raising the stake in HDFS to 52.28%.  
HDFS acquires Links of London.  
Obtainment of the Chinese retail license.
- 2007:** Entering Macau.  
Opening of the first Links of London store in Athens.
- 2008:** Acquisition of ELMEC Sport via HDFS.  
Acquisition of Folli Follie's affiliate in Japan.
- 2010:** Merger of the companies FolliFollie S.A., HELLENIC DUTY FREE SHOPS S.A. and Elmec Sport S.A. all absorbed into HELLENIC DUTY FREE SHOPS S.A. The merger completed in 31.12.2010.



## Activity Segments

### Jewellery, Watches and Accessories

With the own brands **Folli Follie** and **Links of London**, FF Group has a very strong presence in Asia, Japan, Europe and the US.

**Folli Follie** is a Greek brand which designs, manufactures and distributes jewellery, watches and fashion accessories. Folli Follie creates fashion in 24 countries with more than 430 points of sale worldwide.

The philosophy of the brand lies in offering a "full fashion concept" of branded, trendy jewellery, watches and accessories of high quality at affordable prices, appealing to the needs of the modern, fashion-conscious working woman.

Folli Follie aims in fulfilling the demand of today's global consumer for affordable fashionable luxury.

The launch of Folli Follie in the very demanding Greek jewellery market was followed by an unprecedented success that convinced the owners to steer the brand towards





additional categories of fashion accessories and led the way towards the brand's international expansion through strategic shop locations. In Japan and China alone, Folli Follie has around 80 and 101 points of sale respectively, whereas overall the brand has presence in the most fashionable streets of the world's major cosmopolitan cities: London (New Bond Street), Hong Kong (Central district), New York (Madison Avenue & Prince Street), Dubai, Athens, Beijing, Seoul, Honolulu.

Apart from the flagship stores in strategic locations, Folli Follie products are also sold through stand-alone shops and shop-in-shop in famous department stores, such as Isetan and Takashimaya in Japan, Lotte and Hyundai in Korea and Corte Ingles in Spain. Folli Follie has a direct control of its international distribution network by vertically integrating its operations from production to retail. As a result, it has established a direct line of communication with its customers having adopted the required flexibility to respond to their changing demands.

In addition, Folli Follie has a strong presence in the travel retail market with points of sale in numerous airports duty free shops around the world, such as Beijing, Seoul, Athens, Vancouver, Taipei, Hawaii and Guam among others, whereas Folli Follie products are also available in-flight in major international airlines, such as British Airways, Iberia, Aeroflot, Cathay Pacific, Air China, China Eastern, Japan Airlines, ANA Airlines, Korean Airlines, Qatar Airways, Singapore Airlines, United Airlines, Virgin Atlantic etc.

Folli Follie established itself as a true pioneer in the market when it introduced, amongst its first collections unique jewellery creations made of silver combined with murano glass and later on complete jewellery collections made of stainless steel in silver or gold colour combined with diamonds - a trend followed by many others..

Depending on the materials used (sterling silver, stainless steel, precious and semi-precious stones) and in a wide price range covering all needs, the company offers an unrivaled assortment of styles for the creation of a unique style.

The fact that nowadays, ladies watches are no longer considered as simple time pieces or expensive jewels, but everyday fashion accessories, to be mixed and matched, contributed to the development and establishment of Folli Follie watches in the field of fashion. Thanks to their unique design, their high quality and their affordable price, the watches of the Ceramic Collection, the Rubber Collection, the Jewellery Watches and lately the Emotions, Urban Spin, Water Champ and Heatr4heart Watches are amongst the few that have been embellishing female wrists worldwide.

Furthermore, following the commands of the fashion industry to suit the changing lifestyles of the modern man and his need for both a "primary" and a "secondary" watch, Folli Follie re-launched its men's collection in March 2006 creating various watch designs.

In addition to its jewellery and watches lines, Folli Follie offers comprehensive assortments in fashion accessories, such as handbags, small leather goods, belts, pashminas and sunglasses. Following the same philosophy of "affordable, fashionable luxury", the exclusively designed pieces add breadth to the company's identity and are now globally recognized amongst accessories brands.

All Folli Follie jewellery, watches and accessories lines complement each other, offering a "full fashion concept" and providing at the same time a contemporary, alternative and fresh experience to customers over the world.

Folli Follie's jewellery, accessories and watches collections are presented throughout the year. All collections are enriched throughout the year with special promotions, flash collections and



new creative ideas. The company's experienced design team consists amongst other of Italian, Swiss and Greek top designers, who work together for the presentation of complete jewellery, watches and accessories collections. The collection's highlight is the premium K Collection, which includes unique and limited edition jewellery and accessories pieces, inspired and supervised by Mrs. Ketty Koutsolioutsos. The Folli Follie designer's goal is not only to maintain a fashion orientation complementing the prevalent fashion trends, but also to set them, translating fashion in the daily life and offering special, characteristic fashion tips, with the signature of Folli Follie.

Furthermore, the emphasis given to the unique design does not stop at the product itself but extends into all Folli Follie visible associations and image of the company, such as: shop layout, décor, window display, product presentation, furniture, packaging, promotional material and of course integrated communication strategy. In other words, the company's artistic team in collaboration with the Marketing and Public Relations Department strive to create a "Folli Follie world", which ensures a consistent, characteristic brand image amongst all Folli Follie shops and products, immediately recognizable by the global consumer.







## Links of London

**Links of London** is the iconic international jewellery brand that captures London's wit, spirit and heart.

As one of our most coveted jewellery brands, Links of London has continued to captivate customers with striking jewellery collections, statement watches and a selection of exquisite gifts. Since the beginning, imaginative design, uncompromised craftsmanship and the use of the finest materials have remained integral to each new collection, ensuring that each piece remains a timeless contemporary classic.

The company was founded in 1990 and over the last twenty years Links of London has grown significantly across the globe and now has over 60 stores including London, New York, Tokyo, Athens, Dubai and Hong Kong.

In July 2006, Links of London was acquired by FF Group, the jewellery, watch and accessory brand. The in-house design team has steered the brand through the next stage of growth and evolution, as a result the brand has been cleverly repositioned, challenging the customer's perception whilst retaining its enduring appeal.

Landmarks for 2009 have been the successful and much anticipated launch of the Sweetie watch, alongside the introduction of bespoke friendship bracelets and more fashion forward collections.

The Brit Lines Collection epitomised the brand's vision, drawing inspiration from London's vibrant and dynamic landscape in keeping with Links of London's spirit.

Spring / Summer 2010 saw the iconic Sweetie collection being revisited and updated just in time to celebrate the company's twentieth anniversary and this year the brand launched The Official Jewellery Collection for London 2012 in the UK.

Autumn / Winter 2010 the brand honoured their first ever global brand ambassador Cat Deeley in the advertising campaign, introducing the new collections 20/20, Infinity and Effervescence.

Links of London looks forward to an exciting future, establishing itself in new markets, developing more interactive online content and introducing a new range of leather goods.

Links of London is a subsidiary company of Hellenic Distributions S.A.



## Hellenic Duty Free Shops - Travel Retail

From 1979, Hellenic Duty Free Shops offer travelers the most amazing shopping experience. The 130.000 original, modern, fresh, brand-name products, always available at competitive prices list Hellenic Duty Free Shops to No 1 shopping destination for 29.100.000 Greek and foreign travelers, visiting Greece. Around 7.200.000 passengers, every year, choose Hellenic Duty Free Shops for their purchases.

HELLENIC DUTY FREE SHOPS S.A. is the exclusive duty free operator in Greece. It has the exclusive right for selling duty free products at all exits of Greece. The company is characterized for its rapid growth, development and the high quality of provided services. In 1979, Hellenic Duty Free Shops opened the first two shops. Today, they operate a network of 94 stores at 44 sales points throughout Greece, 21 of which are located in airports, 11 at border stations and 12 at ports all over Greece.

Hellenic Duty Free Shops secure a great variety of products to all travellers in competitive prices. In modern, comfortable, friendly and easily accessible stores, the full collection of brand name perfumes and cosmetics (Dior, Chanel, Estee lauder, Lancôme, Clinique, La Prairie, Paco Rabanne, Burberry, Korres etc), tobacco, liquor, confectionery (Hersey's, Toblerone, Lindt, Cadbury, Kinder etc), luxury and fashion products (Folli-Follie, Hermès, Bvlgari, Juicy Couture, Armani Jeans, Swatch, Lacoste, Zegna, Luxotica) are offered. Furthermore, Greek delicacies - representing the wealth of the Greek land - from all over the country are carefully selected by experts and are available at Hellenic gourmet Store. Hellenic gourmet concept is part of our effort to promote the Greek culture, products and producers and actively support the emerging movement "Buy Greek". The company's aim is to improve product mix and services for the traveler by implementing tailor made promotional activities (offering gifts with purchase, special offers, competitions and happenings) according to its needs and desires, which change frequently. Whilst, new, fresh, brand name products are often launched for the first time at HDFS shops, and in some cases only available exclusively there.

In 1999, when the European Commission decided the abolition of duty free sales to passengers traveling within the EU, Hellenic Duty Free Shops implemented the "Travel Value" concept providing products at the same prices whichever the travelers' final destination (in Greece, in the E.U. or Third countries) and absorbing duties and taxes.

All Hellenic Duty Free Stores are located right after passport control and are strongly signed to attract travelers' attention by providing travelers a wide range of brand name, original, newly launched products at competitive prices and the most amazing shopping experience.

One of the company's core values is that growth and development is not simply a means of survival but lies at the very heart of doing business, and is something to be pursued irrespective of the surrounding circumstances. A simplified organizational structure, economies of scale, more effective management, utilization of economic partnerships and the Group's experience offer the company unique advantages that will enable it to grow on both the national and international market.



Hellenic Duty Free Shops offers to every traveler, executive, tourist the last memorable experience of Greece to carry back home.

### HELLENIC DUTY FREE SHOPS Awards & Acclaims

- 2005:** The "European Business Magazine - 2005" ranked HELLENIC DUTY FREE SHOPS in 7th place among the companies with the best return on equity.
- 2007:** "The Duty Free & Travel-Retail Database & Directory" has recognized HELLENIC DUTY FREE SHOPS amongst the 20 largest companies worldwide in the Travel Retail Industry based on Sales and the 3 largest based on earnings.
- 2008:** The Athens Chamber of Commerce and Industry awarded the company with the 2007 Export Activity prize at an event attended by the President of the Hellenic Republic, the Prime Minister and other leading figures.
- 2010:** According to Generation Research of Sweden which prepared "The World's Top 50 Giant Operators, 2009" the company was in 9th place worldwide.

### Hellenic Distributions S.A.

Hellenic Distributions S.A. was founded in September 2000, as a subsidiary of Hellenic Duty Free Shops S.A. Today the company has an extensive network of stores in airports and ports across Greece.

It actively operates in the in ship handling and duty free goods wholesaling sector from 2005. In more detail it supplies and distributes products of world renowned brands to cruise ships, ferriboats, cargo vessels, ship chandlers, the military forces, embassies etc.

It is the leading company in its sector in Greece, focusing its activities on the merchandising of world tobacco, cigars, wines, liquors, perfumes & cosmetics, confectionery, sunglasses, watches toiletries, accessories etc. Furthermore, it is the exclusive distributor of PHILIP MORRIS, PAPAS-TRATOS, PERNOD RICARD, WORLD BRANDS DUTY FREE, WILLIAM GRANT'S, IAN MACLEOD, QUALITY SPIRITS INTERNATIONAL and FOLLI FOLLIE WINES in Greece.

Hellenic Distributions cooperates with internationally renowned companies, certifying the high quality and the authenticity of the products that it markets.

It has its business headquarters in Piraeus, the country's largest port, where it houses its offices and superior quality storage areas. The company boasts of a well appointed administrative and organizational centre, which delivers well managed and efficient supply and distribution of a wide range of products.

The Company's industry expertise and effective distribution network, guarantees superior quality services to its customers.





## Department Stores

FF Group is active in the field of retail with department stores and outlet stores. The first discount department store in Greece called "Factory Outlet" opened in 1999 in Piraeus street at the southern part of Athens with a space of 13,000 m<sup>2</sup>.

The second discount department store opened in 2006 at the commercial park of Athens International Airport, with a 14,000 m<sup>2</sup> space.

FF Group participates with 50% at "attica, the department store" the largest up-scale department store in the Greek market. The impressive eight-storey department store of 25,000 m<sup>2</sup> is located in the heart of Athens. On November 2008, a second "attica", in which FF Group participates with 35%, opened its doors in the recently renovated shopping mall "Golden Hall" near the Athens Olympic Center, with a total surface of 13,000 m<sup>2</sup>.

Moreover, a reconstruction program is in place for two groups of buildings, a privately owned building of 12,000 m<sup>2</sup> at the centre of Bucharest in Romania, and finally the buildings that have accommodated in the past the department stores "Minion" at Patision street, at the centre of Athens, of 15,000 m<sup>2</sup>.

## Wholesale and Retail Section

FF Group is active in the field of wholesale and retail, exclusively introducing and distributing aspiring fashion brands of apparel, footwear and accessories in the markets of Greece, Cyprus, Romania and Bulgaria.

The Group is involved in the sportswear section, as it distributes exclusively the brand Nike in Romania and Bulgaria, and the whole range of Converse products in the markets of Greece, Cyprus, Romania and Bulgaria. When it comes to Converse apparel, FF Group has the license to design and produce all adult and kids sportswear collections.

FF Group is also involved in fashion and hi-fashion apparel and accessories, initially entering this segment by undertaking the design and production of the apparel collections Harley-Davidson, which are distributed mainly in Greece and subsequently in other European markets. Other fashion brands that are distributed by FF Group are the following: Juicy Couture and UGG Australia (Greece, Romania and Bulgaria), Gas Jeans, Patrizia Pepe, UGG, and 40-Weft (in Greece) Dockers (in Greece and Cyprus), Helly-Hansen (in Greece, Cyprus and Bulgaria), Redskins (in Greece and Bulgaria), as well as the children's collections by Gas, Levi's, Cacao, Papermoon, Monnalisa, Patrizia Pepe, Mariella Burani, Alviero Martini, Ermanno Scervino and Richmond (in Greece). Moreover, from the beginning of 2010, FF Group distributes in Greece the Samsonite bags and accessories, whereas in 2011, the Group, will distribute in Greece Calvin Klein. In Romania, the Group also distributes the fashion brands Calvin Klein, Havaianas, Miss Sixty, Energie, Pepe Jeans, Scotch & Soda and Killah.

FF Group has an impressive retail network in Greece, Romania and Bulgaria comprising of concept stores, mono-brand boutiques and multi-brand fashion stores.

Main pillar of the segment is the store chain selling exclusively Nike items, which comprises 75 selling points today: 35 in Greece, 27 in Romania and 13 in Bulgaria. Meanwhile a network of exclusive Converse stores is under development, which at present integrates the following selling points: 10 in Greece, 2 in Romania and 3 in Bulgaria.

In the market of Romania, the Group focuses on the retail network of fashion brands operating two medium-sized multi-brand galleries (small department stores) and 19 multi-brand & mono-brand stores featuring collections by Calvin Klein Jeans, Trussardi, Polo Ralph Lauren Jeans, Miss Sixty, Energie, Hugo Boss orange, Pepe Jeans, Killah, Replay, Gstar, Diesel, Custo, Napapijri, Patrizia Pepe, True religion, Traffic people, Havaianas, 55DSL, Camper and Marlboro Classics.

Mono-brand and multibrand fashion stores operate in Greece, specifically 30, which feature collections by UGG, Helly-Hansen, Harley-Davidson fashionwear, Gas, Dockers, Patrizia Pepe, Joseph and Monnalisa.

In 2009, FF Group initiated the development of mono-brand Juicy Couture boutiques. Up until 2011, three points of sale operate – two inside the "attica" department stores and one in the Athens International Airport.

In Greece, five exclusive boutiques operate in Kifisia, Kolonaki, Glyfada, Thessaloniki and Mykonos, whereas in April 2011 FF Group opened the first Juicy Couture boutique outside Greece, in Sofia, Bulgaria.





Moreover, signing an agreement with Ermenegildo Zegna for the company's retail network expansion in Greece has led to the opening of two exclusive Zegna boutiques in Athens and that of another three points of sale ("attica" department stores and in Athens International Airport).

## Other Activities

Under this segment fall various activities of FF Group, which cover a wide product range.

FF Group, with a legacy of long-term tradition in fitness equipment, represents in Greece the Italian firm TechnoGym, the world's top manufacturer of fitness equipment.

Moreover, the Group represents and sells the motorcycles, the spares and accessories of Harley-Davidson and Buell, whereas it has also developed an autonomous commercial department which deals with import and distribution of surveillance and security systems.

Planaco yacht yard, which has been known to Greek and foreign yachtsmen alike for over 30 years, and is located on the island of Aegina, is also included in the other activities of FF Group.

## Corporate responsibility

FF Group's corporate responsibility scheme is based upon a wider strategic approach and is defined by the philosophy of each and every distinct company. Every corporate responsibility act is defined by the management's commitments towards the employees, the shareholders, the clients, the suppliers, and the society at large. In a wider sense, these stakeholders constitute the family, in which Folli Follie grows, operating with responsibility and respect.

With the basic axes evolving around Culture and Sports, Society and Environment, the Folli Follie Group has developed a corporate responsibility programme that spreads through both a national and international level.

Being a Group that operates in many different countries FF Group embraces culture and arts as global means of communication that unite civilizations. Thus, culture has been a major feature of the social contribution of FF Group. In the past Folli Follie has sponsored cultural events in Greece and abroad, events such as the renowned Greek singer, Alkistis Protopsalti's concert, in the Forbidden City of Beijing in 2008. Likewise, in 2005 the company was honoured to support the Hong Kong closing concert of the Greek performer Nana Moushouri, who is a UNESCO Good Will Ambassador. A more recent example is the Folli Follie sponsorship of the "Sensitivity Questioned" exhibition that was hosted at Ileana Tounta Gallery in Athens in 2010, whereas along the Sports axis, Folli Follie honoured the Vouliagmeni female polo team - European Champion 2010 - by dedicating and naming a sports watch "Water Champ".

The activities of the FF Group extend to long-lasting charity initiatives throughout Greece, covering the needs of schools, non-profit institutions and NGOs that involve children, the most tender part of society. Indicatively, during 2008 Links of London, offered part of its "Friendship Bra-



chelet" proceeds to the "Mazi gia to Paidi" non-profit organisation, whereas it also organized an ambassadors' initiative, named "Sweetie... It's all about you!", to support the causes of "Make a Wish" foundation.

The Hellenic Duty Free Shops have incorporated in their business strategy the principles of viability through the development of social and environmental responsibility policies, and by giving back to the societies in which they operate. More specifically, the Hellenic Duty Free Shops have donated money for the support of the viability of the local communities of the Greek region such as: Kastanies, Feres, Anixi, Promachonas and the islands Karpathos and Simi.

Donations have been made towards charitable organizations operating in Greece such as the Centre for Babies "Mitera", Kentro Zois and the Centre of Mental Health. The Hellenic Duty Free Shops sponsor events organized in the local communities in which they operate.

Moreover, every October the Hellenic Duty Free Shops actively support the Estee Lauder anti-cancer initiative "Pink Ribbon".

With a people-center corporate stance, the Hellenic Duty Free Shops have created an employee football team, while they also reward annually the distinguished students whose parents are employed by the Hellenic Duty Free Shops.

As for the rest of the world, Folli Follie sponsors various charitable causes dedicated to public welfare, such as the Cancer Fund in Hong Kong, where it has been the major sponsor of the "Pink Revolution" Campaign for the last years. In autumn 2009, Folli Follie designed for Greece and abroad two limited edition bracelets in collaboration with the leading non-profit organisation Save the Children, whereas part of their proceeds was donated to support its remarkable activities. It also donates to organizations dedicated to child care and the protection of children, such as the "Smile Angel" Foundation in China. In addition, Folli Follie continues to demonstrate its sensitivity to issues of social solidarity that are not direct business actions but topics, which the company feels a great responsibility to bring to the public's attention. In May 2008 Folli Follie hosted a Charity Sale in Hong Kong to support the victims of the Sichuan earthquake; the response was massive and all the proceeds of the 3-day sale were donated to the Hong Kong Red Cross China Relief Fund. One month later, in June 2008, Folli Follie Group also delivered a number of works to Artemida village, Municipality of Zacharo, Prefecture of Ilia, Greece, as a contribution of social solidarity after the destructive wildfires that affected the wider area of western Peloponnese in August 2007. Moreover, the Hellenic Duty Free Shops have offered money for the development and viability of local societies in rural areas of Greece.

FF Group also actively demonstrated its support towards those affected by the devastating earthquake and subsequent tsunami that struck Japan on March 2011. The Group's brand Folli Follie donated 10% of the global sales of the entire Heart4Heart Collection and the brand Links of London 10% of the global sales of the classic Friendship Bracelet to support the aims of the Japanese Red Cross.



With the environment and the sustainable development always in mind, the FF Group Headquarters, as well as the Factory Outlet retail stores, are housed in eco-friendly buildings, promoting programmes of recycling and battery recycling, energy saving by which the employees, the third-party partners and the visitors abide.



**DUTY FREE SHOPS AND INDUSTRIAL  
MANUFACTURING TECHNICAL  
AND BUSINESS COMPANY S.A.**

**S.A. Reg. No.: 14216/06/B/86/06**

23 km of Athens – Lamia national highway 145 65,  
Ag. Stefanos, Attica

**ANNUAL FINANCIAL STATEMENTS**

**Fiscal Year \_2010**

\_As per article 4, law 3556/2007

And the pertinent executive decisions issued by  
the board of directors of the hellenic capital market commission

For the fiscal year between 01.01.2010 and 31.12.2010

The attached annual financial statement was approved by the company board of directors on  
**29/03/2011**, and was published by being posted in the internet at **[www.follifolliegroup.com](http://www.follifolliegroup.com)**  
& **[www.Dutyfreeshops.gr](http://www.Dutyfreeshops.gr)**

## A. Statement of Board of Directors' Members (according to article 4 §2 of L. 3556/2007)

Under the aforementioned status, especially being assigned for this purpose by the Board of Directors of the society anonyme under the name "HELLENIC DUTY FREE SHOPS S.A.", we declare and confirm that, to the best of our knowledge:

(i): the Group's Full Year 2010 Financial report, which has been conducted in accordance with the international accounting standards in effect, give a true and fair view of the assets, liabilities, equity and financial results of the Company and the Group "Folli Follie", as well as of the companies that are included in the consolidation taken as a whole, in accordance with § 3-5 of article 5 of Law 3556/2007.

(ii): the Annual Report of the Board of Directors report reflects in a true development, performance and position of Folli Follie Group and the companies included in consolidation as a whole, including the description of principal risks and uncertainties faced.

**Agios Stefanos, 29.03.2011**

- 1. Dimitrios Koutsolioutsos, Chairman** – Executive Member of the Board of Directors
- 2. George Koutsolioutsos, Managing Director** – Executive Member of the Board of Directors
- 3. George Velentzas, A' Deputy Managing Director and General Manager**, - Executive Member of the Board of Directors



## 1. Annual Management Report of Board of Directors, for Financial Year 01.01-31.12.2010

The current Board of Directors' Annual Report was compiled according to the provisions of §6 article 4 of L. 3556/2007 and the issued executive decision 7/448/11.10.2007 of the Securities and Exchange Committee Board of Directors, as well as art. 136 of L. 2190/1920.

The Report includes the information determined in the above provisions which according to the administration provide a correct display of the Company's development, performance and position in the period considered. Also included are additional information, where deemed necessary and suitable, regarding the risks that may emerge in relation to the company's size and complexity, in order to provide essential and documented information on the activity of incorporation "Duty Free Shops SA" and its Group.

The current Report is included unabridged along with the Company's financial statements and other data and statements required by the law, in the Annual Financial Report regarding the 2010 financial year and is divided into the following sections.

### A. Review for the ending financial year 1.1.2010 to 31.12.2010

2010 was a difficult year for the Companies of the Group. The effects of the crisis and all its consequences in Greece and Southeastern Europe were also reflected in our Group. Although there were increasing tendencies in the international economy, particularly in emerging economies such as China and India, recovery was slow in the already developed economies. Tables with the basic data of results follow, showing the effect of the aforementioned events on the financial statements.

#### Consolidated results

—[amounts in € million]

	2010	2009
Sales	989.6	992.5
EBITDA	193.4	199.4
EBT	124.7	157.7
Profit after taxes and minority rights	83.2	113.4
Income after taxes and minority rights	99.2	78.5

#### Sales per activity sector

—[amounts in € million]

	2010	2009	%
Jewelry-Watches	509	478.7	6.5
Department stores	144.4	154.7	-6.6
Travel retail	257.1	274.1	-6%
Retail-Wholesale	140.8	144.9	-2.8
Other	7.4	1.4	422%
Consolidation Differences	-70	-61.4	14%

The Group's consolidated sales for 2010 amounted to € 989.6 million, in comparison to € 992.5 million in 2009, showing a slight decrease by -0.3%. Consolidated profit before taxes, interest and amortization (EBITDA) amounted to € 193.4 million in comparison to € 199.4 million, showing a decrease of 3%. Profit before taxes amounted to € 124.7 million in comparison to € 157.7 million, decreased by 21% while net profit after taxes and minority rights of the Group amounted to € 83.2 million in comparison to € 113.4 million in 2009 -26%. Net revenues after minorities stood at € 99.2 million from € 78.5 million in 2009 posting an increase of 26%

## Sales per segment

Sales at jewelry-watch-accessories segment in 2010 increased by 6.5% to € 509,7 million compared to € 478,7 million in 2009

The sales of the travel retail segment in 2010 were decreased by 6% and amounted to € 257.2 million in comparison to € 274.1 million in 2009.

In particular, the retail sales of the commerce trade are addressed to four basic channels: the Athens International Airport (AIA), Other Airports, Frontier Stations and Ports and are connected to three basic indexes: (i) passenger traffic; (ii) average receipt per customer and (iii) penetration. In particularly, the following are noted for each of the above indexes:

- ✦ 2010 Passenger traffic: 28.7 million departing passengers in comparison to 2009 and 29.3 million, that is, reduction by 2.2%.
- ✦ 2010 Average receipt per customer: € 40.6 vs € 39.4 in 2009, that is, increase of 0.1%.
- ✦ 2010 Penetration: 24.69%, in comparison to 2009 and 25.51%, that is, reduction by 3.21%.

The subsidiary Links of London sales were increased by 0.6% and amounted to € 96.2 million in 2010 in comparison to € 95.6 million in 2009. Also worth noting is the negative effect of the bad weather condition in the UK throughout December.

The department store sector via companies Attika (Attika Department Stores), North Landmark SA and Elmec Sport (Factory Outlet), presented a decrease of 6.6% with sales at € 144.4 million in 2010 from € 154.7 million in 2009.

The retail and wholesale sector via the companies ELMEC SPORT and the companies ELMEC ROMANIA SRL, ELMEC SPORT BULGARIA EOOD, ICS ELMEC SPORT SRL, LOGISTICS EXPRESS SA, ICE CUBE SA, COLLECTIVE PATRON SA, had a drop of 2.8% with the sales at € 140.8 million from € 144.9 million.

The other sectors presented sales of € 7.5 million.

The Board of Directors, taking into consideration the general challenging market environment, and the ambitious expansion plans, will propose to the General Annual meeting of shareholders not to distribute any dividend.

## Group balance sheet data

Available cash was increased by € 14.3 million in comparison to 2009, and net debt was at € 652 million.

Please consult the following numerical indexes for a more complete analysis of the group's activity and performance:

### Liquidity

2010 2009

Current Ratio	Current Assets /	Current Assets / Current Liabilities	2.74	1.24
	Current Liabilities			
Quick Ratio	Current Assets-Inventories /	Current Assets-Inventories / Current Liabilities	1.81	0.80
	Current Liabilities			
Cash Ratio	(Cash+Marketable Securities)	(Cash+Marketable Securities) / Current Liabilities	42.02%	20.00%
	Current Liabilities			
Working Capital in million	(Receivables+Inventories)	(Receivables+Inventories) (Trade payables+other current liabilities)	448.72	364.42
	(Trade payables+other current liabilities)			

### Turnover

Current Assets Turnover	Annual Sales	Annual Sales Current Assets	1.13	1.33
	Current Assets			
Average Collection Period	Average Trade Receivables /	(Average Trade Receivables / Annual Sales) * 365	112.82	103.53
	Annual Sales			
Inventory Turnover	CoGS /	CoGS / Average Inventory	1.74	1.95
	Average Inventory			
Inventory Period	Average Inventory	(Average Inventory / (Annual CoGS / 365))	209.34	187.20
	(Annual CoGS / 365)			

### Financial

Debt Ratio	Total Debt	Total Debt / Total Assets	65.60%	69.30%
	Total Assets			
Debt to Equity Ratio	Total Debt	Total Debt / Total Equityx	1.91	2.26
	Total Equity			

### Profitability

Gross Margin	Gross Margin	Gross Margin / Sales	50.37%	49.70%
	Sales			
Return on Assets	Net Income	Net Income / Total Assets	5.38%	8.02%
	Total Assets			
Return on Equity	Net Income	Net Income / Total Equity	15.63%	26.13%
	Total Equity			

## B. Significant Events in 2010

On January 14th 2010, companies HDFS SA and Elmec Sport S.A., announced that they were both informed by the Administrations of Greek Distributions SA and Ipeiotiki AEKE, that during the meetings of their Boards of Directors, they decided on their merger, with absorption of the latter by the former.

On June 24th 2010 the common wish of companies Elmec Sport S.A. and Folli Follie S.A. to merge with company "Duty Free Shops (HDFS) SA" was announced, with their absorption by HDFS. The new company that will emerge, will be

named Folli-Follie Group. The attached financial statements are also valid as a Transformation Balance Sheet for the above merger. The above corporate transformation approved by the General Assemblies grant their approval and the licenses or approvals provided by the Law are granted by the pertinent Authorities.

FOLLI FOLLIE S.A. signed a common debenture loan contract for €231,500,000 with Banks ALPHA BANK and EMPORIKI BANK, with two-year duration, in order to refinance the existing short-term lending expiring on 30/6/2010. Due to the increased margin of the said financing, the financial cost will be increased by 2 percentile points, a fact which is considered particularly favorable for the company, under the current conditions and the loan's duration.

The granting of a guarantee by former company Folli Follie S.A. in favor of banks ALPHA BANK and EMPORIKI BANK was approved, to reassure a common debenture loan of €60,000,000 issued by the then subsidiary company HDFS SA. The granting of guarantees by the company in favor of bank institutions was approved, to reassure loans that will be provided to its subsidiaries up to the amount of €50,000,000.

On 6/12/2010 the Extraordinary General Assemblies of the merging companies unanimously approved and by majority the absorption of companies Folli Follie and Elmec by HDFS, with transformation balance sheet compilation date 30.6.2010. The merger draft contract was included in the merger contract signed on 22.10.2010 between the absorber and the absorbed companies, in the form of a notary document with deed no. 3098/21.12.2010 issued by the Athens based Notary Mrs. Aggeliki Tzimopoulou. According to the evaluations performed by order of the merging companies' Board of Directors by baking institutions Alpha Bank and Emporiki Bank as well as the sworn auditor – accountant Mr. Panagiotis Vroustouris (Sworn Accountants Registry Number 12921), member of the auditing firm ENEL Auditing Incorporation and according to their relative documenting reports, the following exchange relation suggested by the Absorbing and Absorbed companies' BoDs was approved as reasonable and fair:

a) The shareholders of the 1st Absorbed Company (that is, Folli Follie S.A.) shall exchange each share they own with 1.5355 new shares of the Absorber that shall be issued by the latter.

b) The shareholders of the 2nd Absorbed Company (that is, Elmec Sport S.A.) who own 4.40% in the 2nd Absorbed company (that is, all other shareholders except for the Absorber, the shareholders of which shall be cancelled according to the aforementioned) shall exchange each share they own with 0.0621 new shares of the Absorber that shall be issued by the latter.

c) The shareholders of the Absorber (that is, HDFS SA) owning a percentage of 42.97% of its share capital (that is, all other shareholders except for the 1st Absorbed company, the shares of which shall be cancelled according to the aforementioned) shall exchange each of the shares they own today in the Absorber company, with 0.4349 new shareholders of the Absorber that shall be issued by the latter.

The following table presents all shares of the merging companies before the merger, the share exchange relation, the number of shares they will receive after the merger and the cancellation of the shares due to merger as well as their participation percentage in the issuer which shall derive after the merger:

Shareholders	Shares before Merger	Exchange Relation	Shares After Merger	Participation % in Share Capital after Merger
<b>HDFS</b>	52,675,000	1 old HDFS share to 0.43498235 new HDFS share	9,845,584	16.25%
<b>FOLLI FOLLIE</b>	32,946,875	1 Folli share to 1.53553730 new HDFS shares	50,591,155	83.50%
<b>ELMEC</b>	55,400,000	1 Elmec share to 0.06214769 new HDFS share	151,471	0.25%
<b>Total</b>			<b>60,588,210</b>	<b>100.00%</b>



New shares have participation rights in the profit distribution of the Absorber from the financial year 1.1.2011 - 31.12.2011 onwards.

The Merger approval, by power of decision with prot. no. K2-11763/30.12.2010 of the Ministry of Economy, Competitiveness and Shipping, was registered in the local Incorporations Registry on 30.12.2010.

The Ministry of Economy announced the new tax law where among the company taxation changes, the separation of taxable profit to non-distributed and distributed profit is included, along with the different tax treatment of the latter.

### General Assembly Decisions

The most important decisions of the shareholders' Annual Regular General Assemblies of the merging companies are the following:

The provision of a guarantee was approved by former company Folli Follie S.A. in favor of banks ALPHA BANK and EMPORIKI BANK, to reassure a common debenture loan of €60 mil. issued by then subsidiary company HDFS SA. The provision of guarantees by the bank in favour of bank institution was approved, to reassure loans that will be granted to its subsidiaries up to the amount of €50 mil.

Former company Folli Follie S.A. approved the election of Mr. Tzelepis, Lecturer of the Financial University of Patras, as an Independent - non-executive BoD member and member of the auditing committee, substituting the resigned Mr. Haralampos Papadopoulos.

Former company Folli Follie S.A. decided to purchase own shares according to article 16 of CL 2190/1920 up to 10% of its total number of shares, that is, up to 3,294,680 shares, with lowest purchase price 5 Euros and highest purchase price 30 Euros per share.

Former company Folli Follie S.A. informed its shareholders about the company's course and potential. Among others, the Company Vice President announced the renewal of the loans a) of Folli Follie S.A. for 231,5 mil. Euros with Alpha Bank and Emporiki Bank until 30/06/2012; and b) of Duty Free Shops SA for 60 mil. Euro with Alpha Bank and Emporiki Bank until 30/06/2013.

Former company Folli Follie S.A. approved the payment of dividends for the same financial year, for the amount of 0,12 Euros per share.

The company HDFS S.A. approved the election of Mrs. Nioti Eirini as an Independent- non-executive BoD member, in replacement of the resigned Mr. Efstratios Elissaios, and not to distribute dividend for the year 2009.

### Own shares

During the year's second quarter, Folli Follie S.A. in continuation of the Board of Directors' decision (8/4/2010) and within the lawful three-year deadline from their acquisition date, via the Athens Stock Market, proceeded to the sale of 232,756 own shares. The total own shares owned on 30.06.10 were 6,054, the value of which on the same date amounted to €105,339.60. Further to that, HDFS S.A., in implementation of the 18/06/2009 shareholders' General Assembly decision and during the period 01.01-30.06.2010 proceeded to purchase of 107,052 own shares, that is, 0.2032% of its share capital, with total value 663.5 thousand Euro. On 30.06.2010, HDFS S.A. owned 951,908 own shares with total value 9 million Euro.

## C. Significant events after the financial year's completion and until the report compilation date

According to the announcements to the Athens Exchanges, on 7/01/2011 the company's new shares were inducted in the Athens Stock Exchange. The beneficiaries were the parties owning shares of the three companies on 4/01/2011. The memorandum, that is, the document provided in article 4 of L 3401/2005, was submitted to the pertinent supervisory authorities and further to its approval it is available from the respective websites of the merging companies.

At the same time, the change in HDFS S.A. voting rights was also notified. According to the information received by the company, Mr. Dimitrios Koutsolioutsos owns 37,47% of the share capital directly, the Agricultural Bank of Greece owns 7,6% directly and indirectly and Fidelity International owns 5,93% of the share capital.

A significant development was also the letter-deed of the General Secretariat of Taxation and Customs Issues of the Ministry of Economy, which allowed the re-operation of duty-free diesel fuel stations at the border crossings of Kipoi (Evros), Kakkavia and Evzonoi. In the middle of the current month, a killing tsunami struck Japan, causing complete destruction to one of the 85 shops and smaller damages to 3 other shops. The management expresses its support to the people of Japan and believes in the country's fast recovery, since Japanese people are methodic and disciplined.

## D. Outlook

The negative financial atmosphere is clearly reflected on the microeconomic and macroeconomic figures of the Greek economy: unemployment, inflation, reduction of consumption, negative development rates. The assumed government measures such as VAT increase, reduction of wages and pensions, increase of legal entities income taxation, may aim to the reduction of the public debt, but they seem to have negative effects on the increase of the Gross Domestic Product.

With consumption and entrepreneurship suffering significant damages, the immediate reversal of the financial conditions and the potential of financial enlargement seem to be further away.

For these reasons, the Group remains restrained in the issuing of long-term forecasts and considers as the only possible option a "step-by-step" treatment of financial events, in order to carefully consider all market data as the administration believes that even in such conditions, opportunities in retail trade which may manifest directly are very likely but hard to forecast. All group companies are alert in these new conditions and prepared for any challenge that may lay ahead.

A comparative advantage and important asset for the group is the differentiated portfolio of activities and presence in significant markets internationally. Also, the company merger provided the Group with employees with important knowledge and skills, who can effectively contribute to the creation of added value for the Group, in this changing financial and political context.

The outlook for the Group seems auspicious especially in the travel retail sector where a) the unrest situation in the northern part of Africa and Middle East will benefit the group taking into account that the state will do the most of it, it is worth noting that only in 2009, 6million tourists visited those countries b) better qualitative tourism from the countries such as Russia, Israel and China where there is an increased spending per customer c) enrichment of brand portfolio d) further extension in Europe Asia and America e) opening of new points of sale.

## E. Description of main risks and uncertainties.

The main risks of the current financial year according to the administration's judgment are the following:

### Market Risk

**i) Interest Rate Risk:** The loan liabilities of the company and Group are linked to the Euribor index. Thus, the group is exposed to significant interest rate change risk. In the attempts to deal with this risk, the group uses interest rate swap (IRS) tools. It has also proceeded to the compilation of a common debenture loan with favorable terms.

**ii) Foreign Exchange Risk:** a) Risk of reduced gross profitability due to revaluation of foreign currencies: The risk is derived from the fact that the company (and the group) purchases the greatest part of its products in prices expressed in USD and sells these products to the markets in which it is active in prices expressed in local currencies. The Group's products' sales prices are finalized several months before their receipt and repayment and any possible dollar revaluation, in relation to local currencies, would increase the cost of sales, without allowing the increase of sale prices, thus depriving the Group from a part of its gross profit. Also, part of the Group's disposal expenses, and mostly royalties, is expressed in US dollars. Thus, any possible US dollar revaluation in relation to the Euro would increase the Group's operating expenses. The management of this risk is performed by the Group's cash management department, in collaboration with the pertinent commercial management, and the strategy and general planning are provided by the company's Board of Directors. Commercial managements take into consideration the foreign exchange rate change risk during the determination of their products' retail sale prices. The Group also uses foreign exchange risk setoff products, mostly forward type agreements. B) Risk from the conversion of financial statements expressed in foreign currency: The Group has investments in foreign companies, which operate in currencies other than Euro and thus their financial statements are not prepared in Euro. The Group is exposed to a risk from the conversion of the said financial statements to Euro, in order to be consolidated in the Group's financial statements.

**iii) Price risk - Inflation:** According to the administration, the Group runs no risk from price fluctuation, since it does not own a significant securities portfolio and the prices of the products it sells do not present particular fluctuations. Thus, the international increase of inflation pressure in combination with the disturbance of the international financial system may modify consuming habits, affecting the group's sales and profitability.

### Credit Risk

This is the risk of breaching contractual obligations on part of the other party. With regard to dealing with credit risk from wholesale, the Group performs most of these sales with known department stores in the countries in which it is active and in a network of selected franchisee. Also, as a general measure, it compiles credit insurance contracts.

### Liquidity risk

Despite the unprecedented financial crisis and the limitation of liquidity internationally, the Group retains high liquidity thanks to the retail nature of the largest part of its sales and provides for further reinforcement of this liquidity, with the successful creation of discount outlets to dispose older stock and the limitation of expenses.

### Inventory risk

This risk is created by the retaining of old stock from certain companies of the Group and regards the inability to dispose of this stock or its disposal in prices lower than its evaluation. The management of this risk is provided via specialized disposal area-markets such as: Outlet type discount department stores, discount outlets and large hotel units, in countries in which the group is active. The group has evaluated its older stock at its net realizable value, evaluated based on the administration experience and the actual market data. The administration believes that this evaluation method (essentially forecasting for stock evaluation) fully covers the inventory risk.

### **External factors that may affect the results and share price**

The supply and demand for products and thus the cost, sales and results of the Issuer and the Group in general, are affected by various factors external to their activity, such as political instability, financial uncertainty and the recession, which affect each company in various degrees, regardless of the sectors in which they are active.

The international crisis or the unstable course of the international money markets and capital markets, the adverse financial conditions in Greece, the investors' behaviours, the threat of a significant terrorist attack, the passenger traffic, the pan-Hellenic strikes and demonstrations, the prohibition of smoking in airports, are indicative factors which our Group cannot forecast or control and which may possibly affect the results both on a corporate and group level and consequently, the share price.

## **F. Occupational and environmental issues**

On December 31st 2010, the Group employed 5.969 employees, in comparison to 5.611 employees on December 31st 2009. The respective figures for the company are 2.160 in comparison to 2.127.

The Group employees: (a) open-ended contract employees; (b) day-wage employees; and (c) hour-wage employees.

In HDFS S.A., an employee union has been established and is lawfully operating, with 1.676 members. The company administration cooperates closely and excellently with the union on all issues regarding employees and particularly on workplace security issues. Similarly, an employee union has been established in consolidated companies Attika Department Stores S.A. (with approximately 170 members).

The Group is fully harmonized with the environmental legislation of the countries in which it is active. In particular, it participates in recycling programs and applies all relative legislative provisions with regard to: (a) packaging materials; (b) batteries and other vehicle materials and spare parts; and (c) electrical and electronic equipment. It has signed contracts with acknowledged and licensed recyclable materials' management companies and provides regular contributions. Also, our cooperation with our suppliers is based on standards which prohibit any form of children's labor, discrimination or forced labor, in order to ensure the health and safety, equal wages and respect of life for all employees participating in the production process. We regularly visit our suppliers, to make sure that they all comply with the principles of social responsibility which inspire us.

## **G. Transactions with Affiliates**

The Group companies' receivables and liabilities, from and to the parent company, as well as the income and expenses of each company caused by their transactions with the parent company within 2010, according to IAS 24, are the following:



## For the group

Nature of transaction	1/1- 31/12/2010		1/1- 31/12/2009	
	Directors	Other related parties	Directors	Other related parties
<b>Services</b>				
Duty free S.A.	336,651.10			242,104.96
Hellenic distribution				
<b>Total</b>	<b>336,651.10</b>	<b>0.00</b>	<b>0.00</b>	<b>242,104.96</b>
<b>Transaction and fees of directors and board of members</b>				
Duty free S.A.	4,869,433.00		5,748,852.41	
Hellenic distribution			202,364.00	
<b>Total</b>	<b>4,869,433.00</b>	<b>0.00</b>	<b>5,951,216.41</b>	<b>0.00</b>
<b>Assets</b>				
Duty free S.A.	3,100.00		4,300.00	
Hellenic distribution				
<b>Total</b>	<b>3,100.00</b>	<b>0.00</b>	<b>4,300.00</b>	<b>0.00</b>
<b>Liabilities</b>				
Duty free S.A.	69,394.00	365,369.79	87,709.00	37,826.00
Hellenic distribution				9,032.12
<b>Total</b>	<b>69,394.00</b>	<b>365,369.79</b>	<b>87,709.00</b>	<b>46,858.12</b>

## For the parent

Nature of transaction	1/1- 31/12/2010	1/1- 31/12/2009	Nature of transaction	1/1- 31/12/2010	1/1- 31/12/2009
<b>Selling goods</b>			<b>Services/other income</b>		
FOLLI-FOLLIE JAPAN LTD	0.00	60,437.18	FOLLI-FOLLIE JAPAN LTD	1,234.08	3,257.32
FOLLI-FOLLIE H.K. - Group	212,099.62	427,760.37	FOLLI-FOLLIE H.K. - Group	4,564,450.65	4,317,612.18
FOLLI FOLLIE UK LTD	0.00	0.00	FOLLI FOLLIE UK LTD	0.00	0.00
FOLLI FOLLIE FRANCE SA	-249,181.63	-26,666.09	FOLLI FOLLIE FRANCE SA	7,898.99	13,940.37
FOLLI FOLLIE CZECH	0.00	-88,344.10	FOLLI FOLLIE CZECH	0.00	0.00
FOLLI FOLLIE SLOVAKIA	0.00	-42,506.76	FOLLI FOLLIE SLOVAKIA	0.00	0.00
FOLLI FOLLIE SPAIN SA	27,518.26	10,050.45	FOLLI FOLLIE SPAIN SA	24,818.11	262,925.53
FOLLI FOLLIE GERMANY	0.00	141.00	FOLLI FOLLIE GERMANY	0.00	0.00
MFK FASHION LTD	318,545.59	657,424.59	MFK FASHION LTD	10,607.67	38,350.53
PLANACO SA	0.00	0.00	PLANACO SA	8,223.57	5,053.40
HELLENIC DISTRIBUTION-LINKS	13,597,902.99	10,106,019.49	HELLENIC DISTRIBUTION-LINKS	19,131.84	93,701.70
ELMEC ROMANIA	12,647,518.24	16,092,427.88	ELMEC ROMANIA	10,892.35	27,431.27
ATTICA	3,782,013.01	4,719,196.57	ATTICA	0.00	0.00
NORTHLANDMARK	2,386,325.03	2,715,475.00	NORTHLANDMARK	0.00	0.00
HDFS SKOPJE DOO (Π.Γ.Δ.Μ.)	0.00	0.00	HDFS SKOPJE DOO (Π.Γ.Δ.Μ.)	0.00	0.00
HELLENIC TOURIST BUREAU SA	0.00	0.00	HELLENIC TOURIST BUREAU SA	1,200.00	0.00
ELMEC SPORT BULGARIA EOOD	5,519,454.00	5,603,121.00	ELMEC SPORT BULGARIA EOOD	0.00	0.00
MOUSTAKIS	905,387.00	1,237,495.00	MOUSTAKIS	0.00	0.00
LOGISTICS EXPRESS	901,223.00	320,961.00	LOGISTICS EXPRESS	0.00	0.00
ICS ELMEC SPORT SRL	0.00	0.00	ICS ELMEC SPORT SRL	0.00	0.00
ICE CUBE AE	364,299.00	0.00	ICE CUBE AE	5,538.00	0.00
COLLECTIVE ΠΑΤΡΩΝ	628,786.00	0.00	COLLECTIVE ΠΑΤΡΩΝ	299,492.00	0.00
<b>TOTAL</b>	<b>41,041,890.11</b>	<b>41,792,992.58</b>	<b>TOTAL</b>	<b>4,953,487.26</b>	<b>4,762,272.30</b>

## For the parent

Nature of transaction	1/1-31/12/2010	1/1-31/12/2009	Nature of transaction	1/1-31/12/2010	1/1-31/12/2009
<u>Purchase of goods</u>			<u>Services/other income</u>		
FOLLI-FOLLIE JAPAN LTD	0.00	0.00	FOLLI-FOLLIE JAPAN LTD	0.00	0.00
FOLLI-FOLLIE H.K. - Group	4,755,129.79	0.00	FOLLI-FOLLIE H.K. - Group	0.00	0.00
FOLLI FOLLIE UK LTD	0.00	0.00	FOLLI FOLLIE UK LTD	0.00	0.00
FOLLI FOLLIE FRANCE SA	0.00	0.00	FOLLI FOLLIE FRANCE SA	780.00	0.00
FOLLI FOLLIE CZECH	0.00	0.00	FOLLI FOLLIE CZECH	0.00	0.00
FOLLI FOLLIE SLOVAKIA	0.00	0.00	FOLLI FOLLIE SLOVAKIA	0.00	0.00
FOLLI FOLLIE SPAIN SA	0.00	0.00	FOLLI FOLLIE SPAIN SA	0.00	0.00
FOLLI FOLLIE GERMANY	0.00	0.00	FOLLI FOLLIE GERMANY	0.00	0.00
MFK FASHION LTD	0.00	0.00	MFK FASHION LTD	0.00	0.00
PLANACO SA	435,054.50	299,219.87	PLANACO SA	10,062.39	31,381.12
HELLENIC DISTRIBUTION-LINKS	1,506,570.61	833,797.75	HELLENIC DISTRIBUTION-LINKS	4,511,249.79	36,164.09
ELMEC ROMANIA	189,185.00	84,450.00	ELMEC ROMANIA	0.00	0.00
ATTICA	264,544.00	0.00	ATTICA	100,450.83	105,713.29
NORTHLANDMARK	225,641.00	34,941.57	NORTHLANDMARK	790.55	9,907.00
HDFS SKOPJE DOO (Π.Γ.Δ.Μ.)	0.00	0.00	HDFS SKOPJE DOO (Π.Γ.Δ.Μ.)	0.00	0.00
HELLENIC TOURIST BUREAU SA	0.00	0.00	HELLENIC TOURIST BUREAU SA	0.00	0.00
ELMEC SPORT BULGARIA EOOD	269,772.00	0.00	ELMEC SPORT BULGARIA EOOD	0.00	0.00
MOUSTAKIS	0.00	0.00	MOUSTAKIS	0.00	0.00
LOGISTICS EXPRESS	0.00	0.00	LOGISTICS EXPRESS	0.00	18,968.00
ICS ELMEC SPORT SRL	0.00	0.00	ICS ELMEC SPORT SRL	0.00	0.00
ICE CUBE AE	0.00	0.00	ICE CUBE AE	0.00	0.00
COLLECTIVE ΠΑΤΡΩΝ	0.00	0.00	COLLECTIVE ΠΑΤΡΩΝ	0.00	0.00
<b>TOTAL</b>	<b>7,645,896.90</b>	<b>1,252,409.19</b>	<b>TOTAL</b>	<b>4,623,333.56</b>	<b>202,133.50</b>

Nature of transaction	1/1-31/12/2010	1/1-31/12/2009	Nature of transaction	1/1-31/12/2010	1/1-31/12/2009
<u>Assets</u>			<u>Liabilities</u>		
FOLLI-FOLLIE JAPAN LTD	1,347.68	19,515.81	FOLLI-FOLLIE JAPAN LTD	0.00	0.00
FOLLI-FOLLIE H.K. - Group	1,087,905.44	425,925.09	FOLLI-FOLLIE H.K. - Group	0.00	4,082,465.64
FOLLI FOLLIE UK LTD	4,441.77	4,304.98	FOLLI FOLLIE UK LTD	0.00	0.00
FOLLI FOLLIE FRANCE SA	0.00	876,060.89	FOLLI FOLLIE FRANCE SA	246,577.19	0.00
FOLLI FOLLIE POLAND	0.00	134,310.55	FOLLI FOLLIE POLAND	0.00	0.00
FOLLI FOLLIE CZECH	0.00	0.00	FOLLI FOLLIE CZECH	0.00	0.00
FOLLI FOLLIE SLOVAKIA	0.00	58,085.60	FOLLI FOLLIE SLOVAKIA	0.00	0.00
FOLLI FOLLIE SPAIN SA	1,293,300.10	1,540,963.73	FOLLI FOLLIE SPAIN SA	0.00	0.00
FOLLI FOLLIE GERMANY	0.00	478,572.81	FOLLI FOLLIE GERMANY	0.00	0.00
MFK FASHION LTD	747,792.55	923,709.91	MFK FASHION LTD	0.00	0.00
PLANACO SA	4,946.05	0.00	PLANACO SA	0.00	11,120.10
HELLENIC DISTRIBUTION-LINKS	3,614,461.21	4,347,297.78	HELLENIC DISTRIBUTION-LINKS	6,218,922.22	1,067,099.83
ELMEC ROMANIA	5,869,004.03	7,322,516.40	ELMEC ROMANIA	-69,361.00	99,960.00
ATTICA			ATTICA	156,397.37	21,852.00
-NORTHLANDMARK	4,488,238.70	5,313,562.74	NORTHLANDMARK	80,109.33	34,941.57
NORTHLANDMARK	2,687,645.68	2,512,994.00	HDFS SKOPJE DOO (Π.Γ.Δ.Μ.)	0.00	0.00
HDFS SKOPJE DOO (Π.Γ.Δ.Μ.)	0.00	0.00	HELLENIC TOURIST BUREAU SA	0.00	0.00
HELLENIC TOURIST BUREAU SA	0.00	0.00	ELMEC SPORT BULGARIA EOOD	269,772.00	0.00
ELMEC SPORT BULGARIA EOOD	362,141.00	816,379.00	ΜΟΥΣΤΑΚΗΣ ΑΕΕ	0.00	0.00
ΜΟΥΣΤΑΚΗΣ ΑΕΕ	656,937.00	749,989.00	LOGISTICS EXPRESS	0.00	0.00
LOGISTICS EXPRESS	1,108,931.00	1,273,986.00	ICS ELMEC SPORT SRL	0.00	0.00
ICS ELMEC SPORT SRL	0.00	0.00	ICE CUBE AE	0.00	0.00
ICE CUBE AE	963,137.00	0.00	COLLECTIVE ΠΑΤΡΩΝ	0.00	0.00
COLLECTIVE ΠΑΤΡΩΝ	213,737.00	0.00			
<b>TOTAL</b>	<b>23,103,966.21</b>	<b>26,798,174.29</b>	<b>TOTAL</b>	<b>6,902,417.11</b>	<b>5,317,439.14</b>

## H. Corporate Governance Statement

### A) Corporate Governance Principles

The company has adopted corporate administration principles as determined by the Greek legislation in force and the international practices.

### B) Corporate Governance Code

Our company hereby states the adoption of the widely accepted Corporate Governance Code of the Hellenic Federation of Enterprises (SEV) for Listed Companies. This code can be found at the SEV's website, under the following address:

[http://www.sev.org.gr/Uploads/pdf/KED\\_TELIK0\\_JAN2011.pdf](http://www.sev.org.gr/Uploads/pdf/KED_TELIK0_JAN2011.pdf)

The company may proceed to amendments on the Code and Corporate Governance Principles it applies.

## Deviations from the Corporate Governance Code and justification

### Board of Directors' role and competencies

- ✦ The Board of Directors has not proceeded to the establishment of a separate committee supervising the procedure of candidacy submission for election in the Board of Directors and preparing suggestions to the Board of Directors with regard to the rewards of the executive members and main top executives, given that the Company's policy in relation to these rewards is not fixed and settled.

### Board of Directors' size and composition

- ✦ The Board of Directors consists of 6 executive members, 5 non-executive members and 2 independent, non-executive members. This balance has provided the Board with effective and productive operation during the last years.
- ✦ The Board of Directors does not appoint an independent Vice Chairman among its independent members, but an executive one, since the assistance of the Board of Directors' Vice Chairman and Chairman is considered extremely important for the exercise of the Board's executive duties.

### Duties and behavior of Board of Directors' Members

- ✦ The detailed notification of any occupational commitments of the Board of Directors' members is not required (including significant non-executive commitments in companies and non profit foundations) before their appointment in the Board of Directors.
- ✦ The Board of Directors' approval is not required for the appointment of one of its executive members in a company which is not a subsidiary or affiliate.

### Board of Directors' candidate members

- ✦ There is no committee promoting the candidacies for the Board of Directors, since due to the company's structure and operation, this type of committee is not considered necessary at the moment.

### Board of Directors' operation

- ✦ In the beginning of each calendar year, the Board of Directors does not endorse a calendar of meetings or a 12-month action plan, since its convention and meeting are easy to arrange whenever the company needs or the law provides it, without requiring a predetermined action plan.
- ✦ The Chairman does not have regular meetings with non-executive members, without the presence of executive members, to discuss their performance and rewards and other relative issues, since any issue is discussed with the presence of all members.
- ✦ There are no introductory information programs ensured by the Board of Directors for new members, nor a constant occupational training for other members, since the persons suggested to be elected as Board of Directors' members have proven and ample experience and organizational – administrative skills.

- ⌘ There is no specific term for the provision of sufficient resources to the Board of Directors' committees for the fulfillment of their duties and the recruitment of external consultants, since all relative resources are approved on occasion by the company administration, based on the various corporate needs.

#### **Board of Directors' Evaluation**

- ⌘ There is no established procedure for the evaluation of the Board of Directors' and its committee's evaluation, nor is the performance of the Board of Directors' Chairman evaluated during the procedure presided by the independent Vice Chairman or another non-executive Board of Directors' member in lack of an independent Vice Chairman. This procedure is not considered necessary in light of the company's organizational structure.
- ⌘ Regular and non-executive members do not convene without the presence of executive members, in order to evaluate the performance of executive members and determine their rewards.
- ⌘ The Board of Directors does not briefly describe in the corporate governance annual statement its evaluation procedure, as well as the evaluation procedure for its committees, since no such evaluation procedures are applied.

#### **Internal Audit System**

The internal audit system consists of all auditing arrangements and procedures constantly covering all company activities and contributing to its effective and safe operation, the efficiency and efficacy of corporate tasks, the credibility of financial information and compliance with the applicable laws and regulations.

The company has a sufficient and effective internal audit system with clearly described procedures, aiming to the effective management of its available resources, according to the Board of Directors' decisions and the management of the most significant risks.

#### **In particular, the company's IAS aims are the following:**

- ⌘ Constant implementation of the corporate strategy with effective use of the available resources.
- ⌘ Acknowledgment and management of all sorts of risks assumed by the company.
- ⌘ Reassurance of the completeness and credibility of the data and information required for the accurate and timely determination of its financial condition and the compilation of trustworthy financial statements.
- ⌘ Compliance with the institutional framework governing the company's operation, including internal regulations and codes of ethics.
- ⌘ Prevention and avoidance of erroneous actions and irregularities that could endanger the company's reputation and interests as well as the reputation and interests of its shareholders and other interested parties.

#### **Audit Committee**

The Audit Committee is a Board of Directors' Committee and is convened in order to assist the Board in fulfilling its obligations for the monitoring and evaluation of the Internal Audit System adequacy and effectiveness, based on the findings and comments of internal and external auditors as well as the ones provided by supervisory authorities' audits.

The Audit Committee members are appointed by the Company's shareholders' General Assembly. The Audit Committee consists of at least two (2) non-executive members and one independent non-executive member of the Board of Directors, who presides over its meetings and has sufficient knowledge and experience in accounting and auditing issues. The Audit Committee is convened regularly. The exact time schedule is determined by the Committee itself.

#### **Information on the composition and operation of the Audit Committee**

According to article 37 of L. 3693/2008, all listed companies ("public interest" according to the law) must have an Audit Committee consisting of 3 members of the Board of Directors, at least two non-executive ones and one independent non-executive member.

The Company's Audit Committee consists of the following members of the Board of Directors:



**Mantzavinos Zaharias**, Non-executive member and Audit Committee Chairman

**Kezos Nikolaos**, Non-executive member

**Aronis Georgios**, Independent non-executive member

The Audit Committee monitors and supervises the performance of the internal audit by the internal audit direction. It is convened regularly and during its meetings, it evaluates and utilizes the auditing work findings provided by the supervisory authorities and internal audit division.

The Audit Committee Chairman convenes the Committee, presides in its meetings, introduces the issues to be discussed and in general coordinates and supervises the Committee work. The Committee Chairman informs the BoD on the Committee's work in the framework of the BoD meetings.

#### Rewards

- ✦ The Board of Directors' executive members' contracts do not include any term according to which the Board of Directors may claim the refund of the entire or part of the bonus that has been allocated, due to revised financial statements of previous financial years or in general, based on erroneous financial data used for the estimation of this bonus.
- ✦ There is no rewards committee, consisting exclusively of non-executive members, independent by their majority, dealing with the determination of the Board of Directors' executive and non-executive members' rewards. Thus, there are no provisions for the duties of the said committee, the frequency of its meetings and other issues regarding its operation. The composition of such a committee, in light of the company's structure and operation, has not been considered necessary so far.
- ✦ Each Board of Directors' executive member's reward is not approved by the Board of Directors further to a suggestion by the rewards committee without the presence of its executive members, given that no such rewards committee exists.

#### General Assembly

- ✦ No deviation was found.

### Information on the operation of the shareholders' General Assembly and its basic authorities and description of the shareholders' rights and their exercise

#### General Assembly operation

The Board of Directors ensures that the preparation and performance of the shareholders' General Assembly facilitates the effective exercise of the shareholders' rights, who can be completely updated on all issues related with their participation in the General Assembly, including the agenda issues and their rights during the General Assembly. The Board of Directors utilizes the shareholders' General Assembly to facilitate an effective and open discourse with the company.

In combination with the provisions of Law 3884/2010, the company posts at its website, at least twenty (20) days before the General Assembly, in Greek and English, information regarding the following:

- ✦ The date, time and place of the shareholders' General Assembly;
- ✦ The basic participation rules and practices, including the right to introduce issues in the agenda and submit questions, as well as the deadlines within which the above rights may be exercised;
- ✦ The voting procedures, representation terms and documents used for voting via a representative;
- ✦ The suggested assembly agenda, including drafts of the decisions to be discussed and voted and any other supporting documents;
- ✦ The suggested list of candidate members for the Board of Directors and their CVs (if members are to be elected); and
- ✦ The total number of shares and voting rights on the day the meeting is convened.

At least the company's Board of Directors' Chairman, the Vice Chairman and the Managing Director attend the shareholders' General Assembly, in order to provide information on issues of their competence, placed for discussion, and on questions or clarifications requested by the shareholders. The General Assembly Chairman has ample time for the submission of questions by shareholders.

### **General Assembly basic authorities**

The shareholders' General Assembly is the Company's superior body and has a right to decide generally on any corporate case. Its lawful decisions also commit absent and disagreeing shareholders.

The General Assembly is the only pertinent body to decide on the following:

- ✦ Any issue submitted to it by the Board of Directors or eligible parties, according to the provisions of the Law or the Articles of Association, to call for its convention;
- ✦ Amendments on the Articles of Association. Such amendments are those regarding the increase or reduction of share capital, the Company's dissolution, the extension of its duration and its merger with another company;
- ✦ The election of the Board of Directors' members and the auditors, and determination of their rewards;
- ✦ The approval or amendment of annual financial statements prepared by the Board of Directors and the disposal of net profit;
- ✦ The approval, by special voting performed with nominal call, of the Board of Directors' management and the release of the board of Directors and auditors of any liability further to the voting of the annual financial statements and the hearing of the report on the Board of Directors' activities and the general status of the corporate cases and company. The company's Board of Directors' Members and its employees may participate in the above voting, but only with shares they hold by ownership;
- ✦ The hearing of auditors with regard to the company's books' and accounts' audits they have performed;
- ✦ The issuing of debenture loans with rights over profits, according to article 3b of C.L. 2190/1920 and convertible debenture loans;
- ✦ The appointment of liquidators in case of the company's dissolution;
- ✦ The filing of lawsuits against Board of Directors' members or the auditors, for breach of their duties as deriving from the Law and Articles of Association.

### **Shareholders' rights and their exercise**

All shareholders presented with this property in the archives of the body retaining the company's mobile assets may participate in the company's General Assembly and vote. The exercise of the said rights does not require the undertaking of the beneficiary's shares or the application of any similar procedure. Shareholders with participation rights in the General Assembly may be represented in it by a person they have lawfully authorized.

The company's shareholders' rights deriving from the share are proportionate to the capital percentage to which the share's paid value corresponds. Each share provides all rights determined in C.L. 2190/1920 as amended and in effect, and as determined in the company's articles of association.

The Board of Directors' Chairman and Vice Chairman are available for discussions with the company's shareholders with significant participations and discuss with them issues regarding the company's governance. Also, the Chairman ensures that the shareholders' views are notified to the Board of Directors.

## VI. Information on the Board of Directors' composition and operation

### Board of Directors' composition

The Board of Directors, acting collectively, assumes the administration and management of corporate cases to the company's and its shareholders' benefit, ensuring the application of the corporate strategy and the fair and equivalent treatment of all shareholders. It generally decides on all issues regarding the company, except for those that according to the Law or the Articles of Association, are vested in the competence of the shareholders' General Assembly.

The Board of Directors' members are elected by the General Assembly. The General Assembly also determines which members shall be independent, non-executive ones. The Board of Directors determines which of its members shall be executive and which non-executive.

The company's Board of Directors is the trustee of the Corporate Governance Principles of the company. The Board of Directors consists of seven (7) to fifteen (15) members. It is elected with secret voting by the General Assembly, with a three-year service extended until the regular General Assembly of its retirement year. In any case, this service cannot exceed the number of four years. Board of Directors' members may be shareholders or not, and they are always re-electable.

Today it consists of 6 executive members, 5 non-executive members and 2 independent non-executive members. From the non-executive members, 2 fulfill its prerequisites, according to the provisions of L. 3016/2002 on Corporate Governance and are considered independent. Executive members are employed by the company or provide their services to it, exercising administrative duties. The Board of Directors' non-executive members do not exercise administrative duties in the company.

A table with the Board of Directors' members follows:

NAME	SEAT	SERVICE INITIATION	SERVICE EXPIRATION
1. <b>Koutsolioutsos Dimitrios</b>	Chairman, Executive member	19/1/2011	19/6/2014
2. <b>Koutsolioutsos Kaiti</b>	Vice Chairman, Executive member	19/1/2011	19/6/2014
3. <b>Koutsolioutsos Georgios</b>	Managing Director, Executive member	19/1/2011	19/6/2014
4. <b>Velentzas Georgios</b>	First Deputy Managing Director & General Manager, Executive member	19/1/2011	19/6/2014
5. <b>Zachariou Emmanuel</b>	Second Deputy Managing Director & General Manager, Executive member	19/1/2011	19/6/2014
6. <b>Aronis Georgios</b>	Independent non-executive member	19/1/2011	19/6/2014
7. <b>Dafermos Epaminondas</b>	Independent non-executive member	19/1/2011	19/6/2014
8. <b>Kezos Nikolaos</b>	Non-executive member	19/1/2011	19/6/2014
9. <b>Koukoutsas Ilias</b>	Non-executive member	19/1/2011	19/6/2014
10. <b>Kouloukountzis Ilias</b>	Non-executive member	19/1/2011	19/6/2014
11. <b>Mantzavinos Zacharias</b>	Non-executive member	19/1/2011	19/6/2014
12. <b>Betsis Ilias</b>	Non-executive member	19/1/2011	19/6/2014
13. <b>Nioti Eirini</b>	Executive member	19/1/2011	19/6/2014

\* Note: Members 6, 8 and 11 constitute the Audit Committee.

### Brief CVs of the BoD members

[Dimitrios Koutsolioutsos] Athens College Graduate, he studied Finance at the University of Milan, L. BOCCONI. He is the chairman of the Board of Directors.

**[Kaiti Koutsolioutsos]** She was born in Athens. British University Sociology graduate. She continued her university studies in Italy, where she acquired university degrees in Tourist Sciences and Linguistics. In Italy, she worked in making and selling jewelry for 25 years and in 1982 she returned to Greece to create along with her husband Dimitrios Koutsolioutsos the company FOLLI FOLLIE. Today she is Vice Chairman of the Company's Board of Directors.

**[Georgios Koutsolioutsos]** Athens Italian School Graduate. He studied Finance at the University of Harford in Paris and then acquired postgraduate degrees in business management and Marketing from the Hartford University of Connecticut in America. He started his professional experience in New York, where he worked for approximately two years as a silver/goldsmith.

**[Georgios Velentzas]** Athens Financial University Graduate (former ASOEE) and graduate of Athens University Law School with postgraduate studies in Business Management and working experience in major companies. He is also Managing Director in subsidiary HELLENIC DISTRIBUTIONS SA and Executive Consultant for "HELLENIC TOURIST BUREAU S.A." He has been working in the company since 1980. Since 2004, Mr. Velentzas has occupied the position of General Manager in the company.

**[Emmanuel Zachariou]** He has many years of experience in wholesale & retail of designer clothes. He has served for 18 years as Commercial Manager, BoD Vice Chairman & minority shareholder of the former listed company SPORTSMAN SA (later member of the NOTOS COM Group of Companies) and during the last 10 years he had been the General Manager, BoD Vice Chairman & minority shareholder of company ALOUETTE SA.

**[Georgios Aronis]** He was born in Athens in 1957. He studied Finance and has an MBA, major in Finance, by ALBA. He has been working for Alpha Bank since 2004 as head of Retail Banking and on 17.05.2006 he became Executive General Manager. He has worked for 15 years in multinational banks, most of the time for ABN AMRO in Greece and abroad. For 6 years he worked in National Bank in managerial positions and from 2002 until 2004 he was General Manager of Retail Banking. He is the Chairman of the Alpha insurance Agencies Board of Directors, Vice President of Alpha Asset Management SAD.A.K. and Alpha Life.

**[Epaminondas Dafermos]** He was born in Crete in 1939. He has a Mechanical Engineer degree from the University of Munich, Germany. Since 1965 he has been working as a top business executive for companies such as IZOLA (Direction of Production and Supplies) and AGET IRAKLIS (Managing Director). For the past 18 years he cooperated with Mr. Kiriakos Filippou in his group of companies, as Managing Director and member of his companies' BoDs. He speaks English and German, is married and has a daughter.

**[Nikolaos Kezos]** He was born in Cyprus in 1949. He is a graduate of the Thessaloniki University Geoponic and Forestry School and the Thessaloniki Superior Industrial School and a holder of a postgraduate degree (MSc) in Finance. He was hired by AGROTIKI BANK OF GREECE in 1979. In 1998 he became supervisor of the subsidiary companies' sub-direction and from 2002 he has been exercising supervisor duties in the Group Strategy Direction, to which the sub-directions of subsidiary companies and strategic planning are subject.

**[Ilias Koukoutsas]** He studied at Athens KATEE (Accountants' Department) and ASOEE (Business Management Department). He worked for twenty years at department stores Afoi Labropouloi (1981-2001) and at his resignation he held the position of Commercial Management. He has been a Board of Directors' member in SELPE (Hellenic Retail Sales Association). His cooperation with the Elmec Sport Group of Companies began in 2002. Today Mr. Koukoutsas also serves as Managing Director in subsidiary company North Landmark SA, General Manager in Attika Polykatakastimata SA.

**[Ilias Kouloukountis]** He was born in Athens in 1943. He studied at the Athens College, Psihiko, the Millfield School, Somerset and the King's College of the Durham University, England. He began working in 1966 in company A.G.PAPADAKIS & CO LTD. In 1971 and in combination with his family businesses, he established OFF SHORE CONSULTANCE INC in Piraeus and OFF SHORE UK LTD in London. From 1997 until 2000 he served as manager and general administrator of the company KASSIAN MARITIME NAVIGATION AGENCY LTD. From 2000 until today he has been the President and General Manager of company EQUITY SHIPPING CO LTD.

**[Zacharias Mantzavinos]** He was born in 1936 in Athens and he is a Professor Emeritus at the Dentistry School of the University of Athens, with postgraduate duties in the Dentistry School of the University of Pennsylvania, USA. He has published over 100 scientific theses in Greek and foreign journals and has served as a Dean of the dentistry school and President in two services. He has also served as member of the first Administrative Committee of the University of Aegean, the Superior Scientific State Council and the American Academy of Periodontology, the Pierre Fouchard Academy, the International College of Dentists and other Greek and foreign companies.



**[Ilias Betsis]** He was born in Fiteies, Etoloakarnania in 1952. He studied Law and Financial & Political Science in the Aristotelian University of Thessaloniki. He is a High Court Lawyer and Legal Services Manager in Agrotiki Bank of Greece. He has served as Board of Directors member for company "Agrotiki Asfalistiki SA", the Business Recovery Organization (OAE), the Public Oil Corporation SA (ELPE) and the First Business Bank SA (FBB). Today he is a Board of Directors' member in companies ATE CARD SA and ATExelixa S.A.

**[Eirini Nioti]** She was born in Athens. She has studied finance at the SAINT GEORGE COMMERCIAL COLLEGE. She has been working for FOLLI FOLLIE since 1986 and is supervisor of the Group's available cash management. She speaks English, French and Italian.

## Relations with shareholders\_Communication with shareholders

No deviation was found

### I. The explanatory report of the Board of Directors to the Shareholders' Regular General Assembly. (According to §7 of article 4, L.3556/2007)

#### Share Capital Structure.

The following tables provides the share capital development of the Company, before and after the merger:

#### HDFS share capital before & after the merger

<b>I. HDFS Share Capital before the Merger:</b>	15,802,500.00
Share Nominal Value	0.30
Number of Shares	52,675,000
<b>II. Change of share capital due to cancellation of own funds and capitalization of Reserves:</b>	
Cancellation of own shares	-38,889.30
Capitalization of Reserves	39,706.80
<b>III. Change of share capital due to Merger:</b>	
Increase corresponding to the contributed share capital of the 1st Absorbed company	9,884,062.50
Reduction due to cancellation of the Absorber shares owned by the 1st Absorbed company	-8,973,277.20
Increase corresponding to the contributed share capital of the 2nd Absorbed company	33,240,000.00
Reduction due to cancellation of the 2nd Absorbed company shares owned by the Absorber	-31,777,639.80
<b>HDFS Share Capital after Merger (I + II + III)</b>	<b>18,176,463.00</b>
Share Nominal Value	0.30
Number of Shares after Merger	60,588,210

The Company's share capital amounts to € 18,176,463 divided into 60,588,210 common nominal shares with nominal value € 0.30 each and paid in full. Each share provides the right of one vote. All shares are listed for negotiations in the Value market of the Athens Stock Exchange in the category of Major Capitalization.

Each share embodies all rights and obligations determined by the Law and the HDFS S.A. Articles of Association, which do not contain any provisions more limiting than those provided by the Law. The shareholders' liability is limited to the nominal value of the shares they own. The ownership of the share deed de jure entails the acceptance of the HDFS S.A. Articles of Association and the lawful decisions of the shareholders' General Assemblies by its owner. The HDFS S.A. Articles of Association do not provide special rights in favor of specific shareholders or change terms for the capital and amendment of the shareholders' rights which are more limiting than the provisions of the Law. Shareholders exercise their rights in relation to the company administration via the General Assemblies. Each shareholder has a right to participate in the company's shareholders' General Assembly either in person or via a representative. Each share provides the right of one vote.

Each shareholder may request 10 days before the Regular General Assembly the annual financial statements and relative reports of the company's Board of Directors and Auditors.

Shareholders representing 5% of the paid-up share capital of the Company have the right to request from the company's pertinent Court of First Instance the appointment of one or several auditors particularly for the company audit, according to articles 40 and 40e of L. 2190/1920. They may also request for a shareholders' Extraordinary General Assembly to be convened. In such a case, the Board of Directors must convene this Assembly within 30 days after the submission of the request to the Board of Directors' Chairman. In this request, the shareholders must state the issues on which the General Assembly must decide. Shareholders have a preference privilege in each future increase of the company's share capital, according to their participation in the existing share capital as determined in article 13, paragraph 5 of C.L. 2190/1920.

Each share's dividend will be paid within two months further to the date of the Regular General Assembly which approved the annual financial statements. The place and way of payment shall be notified to the shareholders via the press. Dividends are distributed from profit already taxed to the legal entity and thus the shareholder has no tax obligations on the amount of dividends they collect. Dividends that have not been claimed for five years shall be deleted in favor of the State.

Any difference between the company on the one hand and the shareholders or any third party on the other hand, are subject to the exclusive competence of the regular courts and the company is defended only before the courts pertinent at its head offices area.

#### Limitations in the transfer of company shares.

The transfer of company shares takes place according to the procedures determined by the law and the Regulation of the Athens Stock Exchange and based on the company's articles of association, no limitations apply to their transfer.

#### Significant direct or indirect interests.

The HDFS company share composition on December 6th 2010, the date on which the Company's shareholders' Extraordinary General Assembly was convened and decided on the current merger, as well as after the completion of the current merger, based on the exchange relations determined in the 22.10.2010 merger draft contract, are provided in the following table:

### HDFS SHARE COMPOSITION BEFORE AND AFTER THE MERGER (l. 3556/2007)

Shareholder	Before the Merger				After the Merger			
	Number of Shares	%	Voting Right <sup>(1)</sup>	%	Number of Shares	%	Voting Right <sup>(1)</sup>	%
Folli-Follie	29,910,924	56.78%	29,910,924	56.78%	0	-	0	-
Agrotiki Bank	10,529,732	19.99%	10,529,732	19.99%	4,580,248	7.56%	4,580,248	7.56%
Dimitrios Koutsolioutsos	-	-	-	-	23,273,704	38.41%	23,273,704	38.41%
Fidelity International	-	-	-	-	3,378,182	5.58%	3,378,182	5.58%
Own Shares <sup>(2)</sup>	951,908	1.81%	-	-	357,676 <sup>(3)</sup>	0.59%	-	-
Investors -	11,282,436	21.42%	11,282,436	21.42%	28,998,400	47.86%	28,998,400	47.86%
Other Shareholders < 5%								
<b>Total</b>	<b>52,675,000</b>	<b>100.00%</b>	<b>51,723,092</b>		<b>60,588,210</b>	<b>100.00%</b>	<b>60,230,534</b>	

(1) Voting rights are provided according to L. 3556/2007.

(2) Own shares are not estimated for the formation of quorum and General Assembly attendance rights and voting rights for these shares are suspended for as long as they are at the Company's occupation (art. 16 of C.L. 2190/20).

(3) As shaped after the cancellation of 129,631 own shares, decided by the 6.12.2010 Extraordinary General Assembly and based on the exchange relations determined in the 22.10.2010 Merger Contract Plan.

**Owners of all sorts of shareholders providing special control rights.**

No company shares exist providing their owners with special control rights.

**Limitations in voting rights.**

No limitations in voting rights are derived from the company's shares.

**Agreements between the company's shareholders.**

The company is not aware of the existence of any agreements between its shareholders or in the exercise of voting rights deriving from its shares.

The share is indivisible with regard to the exercise of rights and fulfillment of obligations deriving from it. If for any reason there are several co-owners or beneficiaries of one share, they are represented before the company by one person appointed by common agreement.

**Rules of appointment and replacement of Board of Directors' members and amendment of Articles of Association.**

In the appointment and replacement of Board of Directors' members as well as the amendment of the Articles of Association, the company complies with the provisions of C.L. 2190/1920, as in effect.

In particular, according to article 9 of the company's Articles of Association, the Board of Directors consists of nine (9) to thirteen (13) members and is elected by the company's shareholders' general assembly for a five-year service, extended until the first general assembly following the expiration of its service, which cannot last longer than six years. Board of Directors' members may be re-elected or revoked freely.

**Competence of Board of Directors or certain of its members on the issuing of new shares or the purchase of own shares.**

The above may be assigned to the Board of Directors also by decision of the General Assembly, according to the publication formalities determined in article 7b of C.L. 2190/1920, as in effect. The above Board of Directors' authority may be renewed by the General Assembly for a period not exceeding five years for each renewal and its validity begins after the expiration of each five-year period. This General Assembly decision is subject to the publication formalities determined in article 7b of C.L. 2190/1920. By exception of the provisions of the previous paragraph, when the company's reserves exceed one fourth (1/4) of the paid share capital, its increase requires a General Assembly decision issued according to the provisions of articles 29 paragraphs 3 and 4 and 31 paragraph 2 of C.L. 2190/1920, as in effect and respective amendment of the share capital article in the current document.

Regarding the purchase of own shares, companies the shares of which are listed in the Athens Exchanges, may proceed to acquiring own shares via the Athens Exchanges, in accordance with the terms and prerequisites of article 16, C.L. 2190/1920 as in effect.

**An important agreement compiled by the company and which is placed in effect, is amended or expires in case of change in the company's control further to a public proposal and the results of this agreement.**

**Does not exist.**

**Any agreement the company has compiled with members of its Board of Directors or its personnel, which provides compensation in case of resignation or dismissal without justified reasons or termination of the service or employment due to public proposal.**

There are no agreements between the company and members of the Board of Directors or personnel providing the payment of compensation particularly in case of resignation or dismissal without justified reasons or termination of the service or their employment due to public proposal.

CHIEF EXECUTIVE OFFICER  
**George Koutsolioutsos**

DEPUTY EXECUTIVE OFFICER AND  
& GENERAL MANAGER  
**George Velentzas**

## 2. Independent auditor's report

To the Shareholders of **"DUTY FREE SHOPS, A CORPORATION OPERATING DUTY FREE SHOPS AND LARGE AND SMALL SCALE INDUSTRIAL OPERATIONS, TECHNICAL AND COMMERCIAL COMPANY S.A."**

### Report on Stand-alone and Consolidated Financial Statements

We have audited the accompanying stand alone and consolidated financial statements of "DUTY FREE SHOPS, A CORPORATION OPERATING DUTY FREE SHOPS AND LARGE AND SMALL SCALE INDUSTRIAL OPERATIONS, TECHNICAL AND COMMERCIAL COMPANY S.A." with the distinctive title "FOLLI FOLLIE GROUP" and its subsidiaries, which comprise the stand alone and consolidated statement of financial position as at 31 December 2010, and the stand alone and consolidated statement of comprehensive income, of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the company Stand-alone and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these stand-alone and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of stand-alone and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these stand-alone and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the stand-alone and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the stand-alone and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the stand-alone and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the stand-alone and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the stand-alone and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the accompanying stand-alone and consolidated financial statements present fairly, in all material respects, the financial position of the Company **"DUTY FREE SHOPS, A CORPORATION OPERATING DUTY FREE SHOPS AND LARGE AND SMALL SCALE INDUSTRIAL OPERATIONS, TECHNICAL AND COMMERCIAL COMPANY S.A."** and of its subsidiaries as at December 31, 2010, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.



### **Report on Other Legal and Regulatory Requirements**

a] The Director's Report includes a statement of corporate governance which contains the information required by paragraph 3d article 43a of Codified law 2190/1920.

β] We confirm that the information given in the Director's Report is consistent with the accompanying stand alone and consolidated financial statements and complete in the context of the requirements of articles 43a, 108 and 37 of Codified Law 2190/1290.

#### **BAKER TILLY HELLAS**

##### **Certified Public Accountants SA**

396, Mesogion Avenue  
15341 Ag.Paraskevi - Athens, Greece  
SOEL Reg.No: 148

**Athens, 30 March 2011**

The Certified Public Accountant

**George I. Varthalitis**

SOEL Reg.: 10251

### 3. Annual financial statements

#### 3.1 Statement of financial position

			THE GROUP	
		31.12.2010	31.12.2009	1.01.2009
<b>Assets</b>				
<b>Non-current assets</b>				
	Note			
Tangible Assets	6.1	232,028,033.67	227,525,975.57	221,030,762.52
Investments in PPE	6.1	74,851,786.86	75,539,833.43	75,620,691.00
Intangible Assets	6.2	105,464,913.61	107,623,140.23	109,778,320.98
Goodwill	6.2	252,828,647.37	253,052,516.22	253,048,470.45
Investments in Subsidiaries	6.3	0.00	0.00	0.00
Investments available for sale	6.4	485,950.80	686,945.20	991,922.92
Investments in associates	6.3	0.00	0.00	0.00
Deferred income tax assets	6.15	12,541,435.19	11,561,019.76	6,456,405.50
Other long term receivables	6.5	27,270,988.72	14,529,582.97	13,698,820.78
<b>Total non-current assets (a)</b>		<b>705,471,756.22</b>	<b>690,519,013.38</b>	<b>680,625,394.15</b>
<b>Current assets</b>				
Inventories	6.6	296,954,560.36	266,355,588.80	245,760,983.79
Trade Receivables	6.7	335,068,910.51	276,672,307.49	286,358,008.54
Other Receivables	6.7	110,843,864.44	83,074,684.19	51,813,166.46
Derivatives financial instruments		285,452.08	121,585.00	0.00
Non Current assets available for sale	6.8	0.00	0.00	7,024,416.00
Cash and cash equivalents	6.8	133,765,665.18	119,476,328.10	73,064,483.75
Financial assets at fair value through profit or loss	6.9	382,128.20	509,380.12	388,228.08
<b>Total current assets (b)</b>		<b>877,300,580.77</b>	<b>746,209,873.70</b>	<b>664,409,286.62</b>
<b>TOTAL ASSETS (a) + (b)</b>		<b>1,582,772,336.99</b>	<b>1,436,728,887.08</b>	<b>1,345,034,680.77</b>
<b>Equity &amp; liabilities</b>				
<b>Owners of the parent equity</b>				
Share capital	6.10	18,176,463.00	18,176,463.00	18,234,052.65
Share premium	6.10	62,531,731.47	62,531,731.47	62,531,731.47
Other reserves	6.10	-12,922,626.41	-6,483,085.39	15,153,882.32
Other components of equity	6.10	-124,141,821.67	-148,643,719.25	-135,391,352.97
Retained earnings	6.10	585,529,812.67	501,893,092.92	403,313,393.23
<b>Total equity attributable to owners of the Parent (a)</b>		<b>529,173,559.06</b>	<b>427,474,482.75</b>	<b>363,841,706.70</b>
Non controlling interests (b)		15,287,457.27	13,621,543.80	12,380,531.47
<b>Total Equity (c) = (a)+(b)</b>		<b>544,461,016.33</b>	<b>441,096,026.55</b>	<b>376,222,238.17</b>
<b>Liabilities</b>				
<b>Long-term Liabilities</b>				
Long-term borrowings	6.11	649,430,022.20	330,431,457.62	613,874,811.39
Deferred income tax liabilities	6.15	20,837,117.96	18,560,458.71	19,159,446.46
Retirement benefit obligations	6.12	9,426,821.76	9,307,366.20	8,821,839.38
Other long Term Provisions	6.13	4,328,843.92	4,420,692.29	3,562,776.52
Other long Term Liabilities	6.14	34,367,737.19	32,355,189.01	6,072,316.09
<b>Total non-current liabilities</b>		<b>718,390,543.03</b>	<b>395,075,163.83</b>	<b>651,491,189.84</b>
<b>Current liabilities</b>				
Short-term Borrowings	6.11	136,621,173.23	421,950,057.37	116,403,857.57
Derivatives financial instruments		242,246.00	0.00	0.00
Trade and other Liabilities	6.16	163,246,129.25	148,107,211.25	174,313,869.00
Current income tax	6.17	13,056,914.47	21,168,008.84	13,475,313.24
Current tax Liabilities	6.17	6,674,422.27	9,130,314.82	5,613,388.01
Dividends Payable		79,892.41	202,104.42	214,824.94
Liabilities related to non current assets available for sale		0.00	0.00	7,300,000.00
<b>Total current liabilities</b>		<b>319,920,777.63</b>	<b>600,557,696.70</b>	<b>317,321,252.76</b>
<b>Total Liabilities (d)</b>		<b>1,038,311,320.66</b>	<b>995,632,860.53</b>	<b>968,812,442.60</b>
<b>TOTAL EQUITY AND LIABILITIES (c)+(d)</b>		<b>1,582,772,336.99</b>	<b>1,436,728,887.08</b>	<b>1,345,034,680.77</b>

		THE COMPANY		
		31.12.2010	31.12.2009	1.01.2009
<b>Assets</b>				
<b>Non-current assets</b>	Note			
Tangible Assets	6.1	108,317,089.63	109,255,122.89	105,236,712.17
Investments in PPE	6.1	74,851,786.86	75,539,833.43	75,620,691.00
Intangible Assets	6.2	96,216,358.41	97,524,649.94	100,445,203.09
Goodwil	6.2	200,171,794.84	200,171,794.84	200,171,794.84
Investments in Subsidiaries	6.3	88,623,104.98	127,624,810.35	121,302,798.70
Investments available for sale	6.4	483,456.80	684,451.20	989,428.94
Investments in associates	6.3	42,422,082.00	0.00	
Deferred income tax assets	6.15	8,666,423.10	7,951,028.21	1,692,481.69
Other long term receivables	6.5	16,148,081.54	6,484,739.67	5,662,614.51
<b>Total non-current assets (a)</b>		<b>635,900,178.16</b>	<b>625,236,430.53</b>	<b>611,121,724.94</b>
<b>Current assets</b>				
Inventories	6.6	97,242,586.17	90,756,414.91	93,923,128.23
Trade Receivables	6.7	68,231,554.52	61,194,015.41	42,230,356.28
Other Receivables	6.7	26,931,065.13	18,527,420.07	18,260,419.30
Derivatives financial instruments		186,640.00	20,265.00	164,611.00
Non Current assets available for sale	6.8	12,585,398.80	28,974,494.31	18,288,090.50
Cash and cash equivalents				
Financial assets at fair value through profit or loss	6.9	382,128.20	509,380.12	388,228.08
<b>Total current assets (b)</b>		<b>205,559,372.82</b>	<b>199,981,989.82</b>	<b>173,254,833.39</b>
<b>TOTAL ASSETS (a) + (b)</b>		<b>841,459,550.98</b>	<b>825,218,420.35</b>	<b>784,376,558.33</b>
<b>Equity &amp; liabilities</b>				
<b>Owners of the parent equity</b>				
Share capital	6.10	18,176,463.00	18,176,463.00	18,234,052.65
Share premium	6.10	62,531,731.47	62,531,731.47	62,531,731.47
Other reserves	6.10	-17,204,960.59	-15,286,180.24	6,291,491.00
Other components of equity	6.10	-85,554,366.48	-85,554,366.48	-85,554,366.48
Retained earnings	6.10	61,958,587.29	79,804,789.93	86,730,987.60
<b>Total equity attributable to owners of the Parent (a)</b>		<b>39,907,454.69</b>	<b>59,672,437.68</b>	<b>88,233,896.24</b>
Non controlling interests (b)		0.00	0.00	0.00
<b>Total Equity (c) = (a)+(b)</b>		<b>39,907,454.69</b>	<b>59,672,437.68</b>	<b>88,233,896.24</b>
<b>Liabilities</b>				
<b>Long-term Liabilities</b>				
Long-term borrowings	6.11	555,501,410.00	248,931,586.19	528,926,121.00
Deferred income tax liabilities	6.15	19,513,480.66	16,151,593.22	4,815,378.63
Retirement benefit obligations	6.12	8,180,539.61	8,014,426.00	7,739,130.00
Other long Term Provisions	6.13	3,471,874.00	3,316,178.00	3,872,351.89
Other long Term Liabilities	6.14	34,329,737.19	31,662,106.79	0.00
<b>Total non-current liabilities</b>		<b>620,997,041.46</b>	<b>308,075,890.20</b>	<b>545,352,981.52</b>
<b>Current liabilities</b>				
<b>Short-term Borrowings</b>				
Derivatives financial instruments	6.11	106,243,124.52	393,923,146.68	91,258,304.57
Trade and other Liabilities	6.16	242,246.00	0.00	0.00
Current income tax	6.17	67,983,949.85	50,086,599.91	56,122,842.33
Current tax Liabilities	6.17	5,017,541.70	9,352,869.12	781,806.53
Dividends Payable		988,300.35	3,905,372.34	2,411,959.70
Liabilities related to non current assets available for sale		79,892.41	202,104.42	214,767.44
		0.00	0.00	0.00
<b>Total current liabilities</b>		<b>180,555,054.83</b>	<b>457,470,092.47</b>	<b>150,789,680.57</b>
<b>Total Liabilities (d)</b>		<b>801,552,096.29</b>	<b>765,545,982.67</b>	<b>696,142,662.09</b>
<b>TOTAL EQUITY AND LIABILITIES (c)+(d)</b>		<b>841,459,550.98</b>	<b>825,218,420.35</b>	<b>784,376,558.33</b>

## 3.2 Statement of comprehensive income

		THE GROUP	
		01.01-31.12.2010	01.01-31.12.2009
		CONTINUING ACTIVITY	CONTINUING ACTIVITY
	Note		
Sales Revenue	6.18	989,600,917.39	992,502,394.88
Cost of goods sold		-491,095,119.99	-499,250,938.63
<b>Gross profit</b>		<b>498,505,797.40</b>	<b>493,251,456.25</b>
Other Operating income	6.18	33,056,356.97	30,904,969.23
Administrative expenses	6.18	-55,525,876.87	-56,501,564.05
Selling and marketing costs	6.18	-297,811,268.79	-279,901,709.88
Other expenses	6.18	-6,552,004.53	-10,240,218.60
<b>Earnings (profit) before taxes, financing and investing results (EBIT)</b>		<b>171,673,004.18</b>	<b>177,512,932.95</b>
Finance income	6.18	23,575,392.01	17,227,594.49
Finance expenses	6.18	-70,536,356.33	-36,980,226.87
<b>Profit/Loss before taxes (EBT)</b>		<b>124,712,039.87</b>	<b>157,760,300.57</b>
Income tax expense	6.19	-39,607,531.82	-42,518,229.82
<b>Profit for the period after taxes (A)</b>		<b>85,104,508.05</b>	<b>115,242,070.75</b>
<b>Other comprehensive income:</b>			
Financial assets available for sale		-4,120.00	0.00
Revaluation of Assets		0.00	750,692.83
Revaluation of Financial instruments		-7,916,129.69	-27,282,954.87
Income tax relating to components of other comprehensive income		0.00	6,110,041.14
Deferred tax not calculated in profit for the period		657,456.73	0.00
Profit/Loss from associates		0.00	0.00
Other income not calculated in profit for the period		0.00	0.00
Exchange differences on translating foreign operations		23,229,789.21	-14,495,863.51
<b>Other comprehensive income for the period, net of tax</b>		<b>15,966,996.25</b>	<b>-34,918,084.41</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>101,071,504.30</b>	<b>80,323,986.34</b>
<b>Profit is attributable to:</b>			
Equity holders of the Company		83,279,446.42	113,431,136.08
Minority interest		1,825,061.62	1,810,934.67
<b>Total</b>		<b>85,104,508.05</b>	<b>115,242,070.75</b>
Other comprehensive is attributable to:			
Equity holders of the Company		99,246,442.67	78,513,049.27
Minority interest		1,825,061.62	1,810,937.07
<b>Total</b>		<b>101,071,504.30</b>	<b>80,323,986.34</b>
<b>Earnings (after taxes) per share - basic (expressed in €)</b>		<b>1.39650</b>	<b>1.90540</b>
Amortisation - Depreciation		21,674,979.54	21,863,118.54
Taxes		-39,607,531.82	-42,518,229.82
Income from financial and investment activities		-46,960,964.32	-19,752,632.38
<b>Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)</b>		<b>193,347,983.72</b>	<b>199,376,051.49</b>

THE COMPANY

		01.01-31.12.2010	01.01-31.12.2009
		CONTINUING ACTIVITY	CONTINUING ACTIVITY
	Note		
Sales Revenue	6.18	379,008,882.89	397,548,090.43
Cost of goods sold		-197,532,462.78	-210,173,289.11
<b>Gross profit</b>		<b>181,476,420.11</b>	<b>187,374,801.32</b>
Other Operating income	6.18	18,204,303.58	16,477,019.65
Administrative expenses	6.18	-22,328,565.90	-24,660,782.12
Selling and marketing costs	6.18	-123,567,979.15	-120,506,178.98
Other expenses	6.18	-8,169,733.49	-3,310,212.61
<b>Earnings (profit) before taxes, financing and investing results (EBIT)</b>		<b>45,614,445.15</b>	<b>55,374,647.26</b>
Finance income	6.18	21,843,580.89	16,011,485.43
Finance expenses	6.18	-64,934,308.69	-30,984,500.57
<b>Profit/Loss before taxes (EBT)</b>		<b>2,523,717.35</b>	<b>40,401,632.12</b>
Income tax expense	6.19	-16,844,826.73	-17,945,712.19
<b>Profit for the period after taxes (A)</b>		<b>-14,321,109.38</b>	<b>22,455,919.93</b>
<b>Other comprehensive income:</b>			
Financial assets available for sale		-4,120.00	161,088.66
Revaluation of Assets		0.00	750,692.83
Revaluation of Financial instruments		-7,916,129.69	-27,363,695.54
Income tax relating to components of other comprehensive income		0.00	6,109,263.15
Deferred tax not calculated in profit for the period		664,684.73	0.00
Profit/Loss from associates		0.00	0.00
Other income not calculated in profit for the period		0.00	0.00
Exchange differences on translating foreign operations		0.00	0.00
<b>Other comprehensive income for the period, net of tax</b>		<b>-7,255,564.96</b>	<b>-20,342,650.90</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>-21,576,674.34</b>	<b>2,113,269.03</b>
<b>Profit is attributable to:</b>			
Equity holders of the Company		-14,321,109.38	22,455,919.93
Minority interest		0.00	0.00
<b>Total</b>		<b>-14,321,109.38</b>	<b>22,455,919.93</b>
Other comprehensive is attributable to:			
Equity holders of the Company		-21,576,674.34	2,113,269.03
Minority interest		0.00	0.00
<b>Total</b>		<b>-21,576,674.34</b>	<b>2,113,269.03</b>
<b>Earnings (after taxes) per share - basic (expressed in €)</b>		<b>-0.24010</b>	<b>0.37720</b>
Amortisation - Depreciation		10,769,094.16	9,568,404.83
Taxes		-16,844,826.73	-17,945,712.19
Income from financial and investment activities		-43,090,727.80	-14,973,015.14
<b>Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)</b>		<b>56,383,539.31</b>	<b>64,943,052.09</b>

Since in the closing year the merger through acquisition by HELLENIC DUTY FREE SHOPS S.A. of "FOLLI - FOLLIE S.A." and "ELMEC SPORT S.A." was completed, the separate financial statements of the Company include, for comparison, the results and assets and liabilities of the two acquired companies, for the entire 2010 fiscal year, as well as for the 2009 fiscal year, along with the Assets and Liabilities for 01.01.2009. As a result, the present figures and information of the separate financial statements of the Company, in regards to 2009 fiscal year figures, are different from those initially published.



### 3.3.1 Statement of Changes in Equity for the Group In regards to the structure of equity, as such were formed after the acquisition, refer to note 6.10.

Note	Share Capital	Share Premium	Consolidation Differences	Fair Value Reserves	Other Reserves	Own shares	Retained earnings	Currency exchange differences	Total shareholders' equity (b)	Minority Interests (C)	Total Equity (d)=(b)+ (c)
<b>Balance at 1.1.2009</b>	<b>18,234,052.65</b>	<b>62,531,731.47</b>	<b>-88,927,927.73</b>	<b>0.00</b>	<b>28,713,434.37</b>	<b>-13,659,552.05</b>	<b>403,313,393.23</b>	<b>-46,463,425.24</b>	<b>363,841,706.70</b>	<b>12,380,531.47</b>	<b>376,222,238.17</b>
Earnings After taxes	0.00	0.00	0.00	0.00	0.00	0.00	113,431,136.08	0.00	113,431,136.08	1,810,934.67	115,242,070.75
Valuation of financial assets	0.00	0.00	0.00	0.00	-20,422,220.90	0.00	0.00	-14,495,863.51	-34,918,084.41	0.00	-34,918,084.41
Exchange Differences	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other income not calculated in profit for the period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Affiliate's deferred tax in equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total comprehensive income for the period,net of tax</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Συγκριση των ανωτέρω στοιχείων με τα στοιχεία της προηγούμενης περιόδου	0.00	0.00	0.00	0.00	-20,422,220.90	0.00	113,431,136.08	-14,495,863.51	78,513,051.67	1,810,934.67	80,323,986.34
Capital Return to minority shareholders	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-600,000.00	-600,000.00
Variou Expenses/Income in Equity	0.00	0.00	0.00	0.00	0.00	0.00	1,006,537.42	0.00	1,006,537.42	0.00	1,006,537.42
Subsidiary's capital increase expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Minority interest resulted from Subsidiaries' rates change	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends payed	0.00	0.00	0.00	0.00	0.00	0.00	-14,524,430.19	0.00	-14,524,430.19	-232,176.10	-232,176.10
Acquisition of minority shareholding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-14,524,430.19
Transfers	-57,589.65	0.00	0.00	0.00	-172,207.39	0.02	-1,333,543.62	1,243,497.23	-319,843.41	262,253.76	-57,589.65
Purchase of own shares	0.00	0.00	0.00	0.00	0.00	-1,042,539.44	0.00	0.00	-1,042,539.44	0.00	-1,042,539.44
<b>Balance at 31st December 2009</b>	<b>18,176,463.00</b>	<b>62,531,731.47</b>	<b>-88,927,927.73</b>	<b>0.00</b>	<b>8,119,006.08</b>	<b>-14,602,091.47</b>	<b>501,893,092.92</b>	<b>-59,715,791.52</b>	<b>427,474,482.75</b>	<b>13,621,543.80</b>	<b>441,096,026.55</b>
<b>Balance at 1.1.2010</b>	<b>18,176,463.00</b>	<b>62,531,731.47</b>	<b>-88,927,927.73</b>	<b>0.00</b>	<b>8,119,006.08</b>	<b>-14,602,091.47</b>	<b>501,893,092.92</b>	<b>-59,715,791.52</b>	<b>427,474,482.75</b>	<b>13,621,543.80</b>	<b>441,096,026.55</b>
Earnings After taxes	0.00	0.00	0.00	0.00	0.00	0.00	83,279,446.43	0.00	83,279,446.43	1,825,061.62	85,104,508.05
Valuation of investments available for sale	0.00	0.00	0.00	0.00	-4,120.00	0.00	0.00	0.00	-4,120.00	0.00	-4,120.00
Valuation of financial assets	0.00	0.00	0.00	0.00	-7,916,129.69	0.00	0.00	0.00	-7,916,129.69	0.00	-7,916,129.69
Exchange Differences	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23,229,789.21	23,229,789.21	0.00	23,229,789.21
Affiliate's deferred tax in equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subsidiary's Capital increase Expenses	0.00	0.00	0.00	0.00	657,456.73	0.00	0.00	0.00	657,456.73	0.00	657,456.73
Affiliate's Capital increase Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total comprehensive income for the period,net of tax</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-7,262,792.96</b>	<b>0.00</b>	<b>83,279,446.43</b>	<b>23,229,789.21</b>	<b>99,246,442.68</b>	<b>1,825,061.62</b>	<b>101,071,504.30</b>
Capital Return to minority shareholders	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variou Expenses/Income in Equity	0.00	0.00	0.00	0.00	0.00	0.00	-81,000.00	0.00	-81,000.00	0.00	-81,000.00
Subsidiary's Capital increase Expenses	0.00	0.00	0.00	0.00	0.00	0.00	-3,953,623.22	0.00	-3,953,623.22	0.00	-3,953,623.22
Dividends payed	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-598,064.97	-598,064.97
Acquisition of minority shareholding	0.00	0.00	0.00	0.00	-3,713,389.80	0.00	3,274,472.97	0.01	-438,916.82	438,916.82	0.00
Transfers	0.00	0.00	0.00	0.00	-1,073,106.81	5,609,748.55	1,117,423.57	0.00	5,654,065.31	0.00	5,654,065.31
Purchase of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-627,964.51	1,272,108.36	0.00	1,272,108.36
Liquidation of Participations	0.00	0.00	1,900,072.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance at 31st December 2010</b>	<b>18,176,463.00</b>	<b>62,531,731.47</b>	<b>-87,027,854.86</b>	<b>0.00</b>	<b>-3,930,283.49</b>	<b>-8,992,342.92</b>	<b>585,529,812.67</b>	<b>-37,113,966.81</b>	<b>529,173,559.06</b>	<b>15,287,457.27</b>	<b>544,461,016.33</b>

### 3.3.2 Statement of Changes in Equity for the Company

Note	Share Capital	Share Premium	Consolidation Differences	Fair Value Reserves	Other Reserves	Own shares	Retained earnings	Currency exchange differences	Total shareholders' equity (b)	Minority Interests (C)	Total Equity (d)=(b)+ (c)
<b>Balance at 1.1.2009</b>	<b>18,176,463.00</b>	<b>62,531,731.47</b>	<b>-85,554,366.48</b>	<b>0.00</b>	<b>19,851,043.05</b>	<b>-13,670,801.29</b>	<b>86,899,825.84</b>	<b>0.00</b>	<b>88,233,895.59</b>	<b>88,233,895.59</b>	<b>176,470,791.18</b>
Profit for the period after taxes	0.00	0.00	0.00	0.00	0.00	0.00	22,455,919.93	0.00	22,455,919.93	0.00	22,455,919.93
Valuation of financial assets	0.00	0.00	0.00	0.00	-20,423,882.56	0.00	81,231.66	0.00	-20,342,650.90	0.00	-20,342,650.90
<b>Total comprehensive income for the period,net of tax</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-20,423,882.56</b>	<b>0.00</b>	<b>22,537,151.59</b>	<b>0.00</b>	<b>2,113,269.03</b>	<b>0.00</b>	<b>2,113,269.03</b>
Dividends payed	0.00	0.00	0.00	0.00	0.00	0.00	-29,632,187.50	0.00	-29,632,187.50	0.00	-29,632,187.50
Purchase of own shares	0.00	0.00	0.00	0.00	0.00	-1,042,539.44	0.00	0.00	-1,042,539.44	0.00	-1,042,539.44
Transfers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance at 31st December 2009</b>	<b>18,176,463.00</b>	<b>62,531,731.47</b>	<b>-85,554,366.48</b>	<b>0.00</b>	<b>-572,839.51</b>	<b>-14,713,340.73</b>	<b>79,804,789.93</b>	<b>0.00</b>	<b>59,672,437.68</b>	<b>0.00</b>	<b>59,672,437.68</b>
<b>Balance at 1.1.2010</b>	<b>18,176,463.00</b>	<b>62,531,731.47</b>	<b>-85,554,366.48</b>	<b>0.00</b>	<b>-572,839.51</b>	<b>-14,713,340.73</b>	<b>79,804,789.93</b>	<b>0.00</b>	<b>59,672,437.68</b>	<b>59,672,437.68</b>	<b>119,349,875.36</b>
Earnings After taxes	0.00	0.00	0.00	0.00	0.00	0.00	14,321,109.38	0.00	-14,321,109.38	0.00	0.00
Valuation of investments available for sale	0.00	0.00	0.00	0.00	-200,994.40	0.00	0.00	0.00	-200,994.40	0.00	-200,994.40
Valuation of financial assets	0.00	0.00	0.00	0.00	-7,719,255.29	0.00	58,139.00	0.00	-7,719,255.29	0.00	-7,719,255.29
Affiliate's deferred tax in equity	0.00	0.00	0.00	0.00	606,545.73	0.00	0.00	0.00	664,684.73	0.00	664,684.73
<b>Total comprehensive income for the period,net of tax</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-7,313,703.96</b>	<b>0.00</b>	<b>-14,262,970.38</b>	<b>0.00</b>	<b>-21,576,674.34</b>	<b>0.00</b>	<b>-21,576,674.34</b>
Dividends payed	0.00	0.00	0.00	0.00	0.00	0.00	-3,953,623.22	0.00	-3,953,623.22	0.00	-3,953,623.22
Purchase/ sale of own shares	0.00	0.00	0.00	0.00	-1,073,106.81	5,720,997.81	1,117,423.57	0.00	5,765,314.57	0.00	5,765,314.57
Transfers	0.00	0.00	0.00	0.00	747,032.61	0.00	-747,032.61	0.00	0.00	0.00	0.00
<b>Balance at 31st December 2010</b>	<b>18,176,463.00</b>	<b>62,531,731.47</b>	<b>-85,554,366.48</b>	<b>0.00</b>	<b>-8,212,617.67</b>	<b>-8,992,342.92</b>	<b>61,958,587.29</b>	<b>0.00</b>	<b>39,907,454.69</b>	<b>0.00</b>	<b>39,907,454.69</b>

### 3.4 Cash flow statement

#### 2nd Alternative: Indirect method

##### Cash Flows related to Operating Activities

	31.12.2010 CONTINUING OPERATIONS	31.12.2009 CONTINUING OPERATIONS	31.12.2010 CONTINUING OPERATIONS	31.12.2009 CONTINUING OPERATIONS
Net Profit before taxes (Continuing operations)	124,712,039.87	157,760,300.57	2,523,717.35	40,401,632.12
Adjustments:				
Depreciation and Amortisation	21,674,979.54	21,863,118.54	10,769,094.16	9,568,404.83
Provisions	1,376,205.55	5,750,168.21	1,114,140.13	1,388,149.01
Exchange differences	15,022,444.82	-3,723,505.12	0.00	0.00
Results (income, expenses, gains and losses) from investing activities	7,410,376.23	-15,249,183.29	5,812,306.70	-9,912,412.80
Interest and related expenses	34,005,036.00	32,511,915.10	31,467,372.44	25,131,951.90
Adjustments related to working capital or other operating activities				
Decrease/(increase) of Inventories	-28,146,832.02	-28,158,985.05	-5,920,980.70	3,398,595.75
Decrease/(increase) of Receivables	-83,525,552.35	-22,200,171.49	-14,703,959.48	-18,877,683.73
Increase/(decrease) of payable accounts (except Banks)	16,885,115.20	-29,310,808.95	11,605,729.20	-4,198,077.98
Minus:				
Interest paid and similar expenses	-33,307,227.27	-31,475,378.63	-30,769,563.71	-25,313,831.54
Income Tax paid	-46,161,070.27	-32,364,075.35	-19,232,954.70	-12,804,491.93
<b>Net cash inflows/(outflows) from Operating Activities (a)</b>	<b>29,945,515.30</b>	<b>55,403,394.54</b>	<b>-7,335,098.61</b>	<b>8,782,235.63</b>

##### Investing Activities

Purchases of subsidiaries, associates and other investments	-83,154.00	-220,295.00	-83,154.00	-8,019,866.21
Purchases of tangible and intangible assets	-23,198,894.61	-29,267,423.43	-9,372,838.61	-12,069,783.13
Proceeds from sale of tangible and intangible assets	437,397.77	3,213,077.67	278,944.13	214,941.49
Interest received	1,349,270.88	613,980.72	381,898.40	217,543.36
Dividends received	90,604.00	102,269.87	90,604.00	15,457,665.50
Proceeds from sale of financial assets	-18,576,576.91	14,156,518.43	-18,576,576.91	14,153,112.43
Decrease/(increase) of other long-term receivables	-2,405,646.84	-620,205.60	373,423.27	-90,018.90
<b>Net cash inflows/(outflows) from Investing Activities (b)</b>	<b>-42,386,999.71</b>	<b>-12,022,077.34</b>	<b>-26,907,699.72</b>	<b>9,863,594.54</b>

##### Financing Activities

Capital returning to Minorities	0.00	-600,000.00	0.00	0.00
Proceeds from Loans	87,937,835.62	128,990,421.91	64,922,934.00	74,091,765.00
Proceeds from leases	5,002,503.70	0.00	5,000,000.00	35,722,997.00
Payment of Loans	-62,731,046.48	-107,694,094.09	-48,771,876.08	-86,005,935.06
Payments for leases	-2,795,686.35	-2,129,065.36	-2,614,570.10	-1,092,794.36
Own Stock	3,394,320.22	-1,042,539.44	3,394,320.22	-1,042,539.44
Expenses related to capital increase	0.00	0.00	0.00	0.00
Dividends paid	-4,077,105.22	-14,494,195.87	-4,077,105.22	-29,632,919.50
<b>Net cash inflows/(outflows) from Financing Activities (c)</b>	<b>26,730,821.49</b>	<b>3,030,527.15</b>	<b>17,853,702.82</b>	<b>-7,959,426.36</b>

##### Net increase/(decrease) in cash and cash equivalents (a)+(b)+( c )

<b>Net increase/(decrease) in cash and cash equivalents (a)+(b)+( c )</b>	<b>14,289,337.08</b>	<b>46,411,844.35</b>	<b>-16,389,095.51</b>	<b>10,686,403.81</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>119,476,328.10</b>	<b>73,064,483.75</b>	<b>28,974,494.31</b>	<b>18,288,090.50</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>133,765,665.18</b>	<b>119,476,328.10</b>	<b>12,585,398.80</b>	<b>28,974,494.31</b>

## 4. Information about the Group

### 4.1 General Information

The company titled "Duty Free Shops, Exploitation of Stores, Duty-Free Items and Industrial, Manufacturing, Technical and Commercial Societe Anonyme" is a societe anonyme registered in Greece, in the Registry of Societes Anonymes with number: 14216/06/B/86/06 and its registered seat is in Ag.Stefanos, Attica. The company is active in the fields of retail travel goods, manufacturing of jewelry and in the field of apparel and footwear.

In fiscal year 2010, there have been significant changes in the Group; the most important one was the completion of the acquisition of "FOLLI-FOLLIE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME FOR JEWELRY - CLOCKS - APPAREL - FOOTWEAR - ACCESSORIES" and "ELMEC SPORT INDUSTRIAL, COMMERCIAL, TECHNICAL SOCIETE ANONYME" Companies by "HELLENIC DUTY-FREE SHOPS S.A." In particular, the Board of Directors of "HELLENIC DUTY-FREE SHOPS S.A." (HDFS), as well as of "FOLLI -FOLLIE S.A." and "ELMEC SPORT S.A." companies decided, through their meetings on 24.6.2010, to suggest to the General Assemblies of their shareholders their merger, through the acquisition by DUTY-FREE SHOPS S.A. of FOLLI-FOLLIE S.A. (acquired company, owns 56,78% of the acquiring company) and of ELMEC SPORT S.A. (2nd acquired company, and subsidiary, par 95,6%, of the acquiring company), by following the clauses of codified law 2190/1920, article 1 to 5, law 2166/1993 and in general of the commercial and pertinent legislation of the capital market, as such currently apply, setting 30.06.2010 as the starting date for the merger procedure and for the preparation of the transformation balance. On 03.11.2010, the pertinent draft of the merger contract was registered in the Registry of Societes Anonymes. The final approval of this merger, by company shareholders, was performed through an Extraordinary General Assembly on 06.12.2010, in the offices of the company, as well as with the decision, ref. no.: K2-11763/30.12.2010, issued by the Ministry for Finance, Competitiveness and Mercantile Marine, which was registered on 30.12.2010 in the pertinent Register of Societes Anonymes.

The new company name resulting after the merger is the following: **"DUTY-FREE SHOPS, SOCIETE ANONYME EXPLOITING DUTY FREE STORES AND INDUSTRIAL, MANUFACTURING, TECHNICAL AND COMMERCIAL SOCIETE ANONYME")**, with the trade title: **"FOLLI - FOLLIE GROUP"**.

In the above company, as well as in its Group, the participation percentages of the shareholders for the three companies are now as follows:

☞ Shareholders of <b>FOLLI-FOLLIE SA</b>	<b>83.5%</b> of the shares
☞ Minority shareholders of <b>HDFS SA</b>	<b>16.25%</b> of the shares
☞ Minority shareholders of <b>ELMEC SPORT SA</b>	<b>0.25%</b> of the shares

The Group resulting after the completion of the merger is considered as the direct descendant of FOLLI-FOLLIE S.A. Group.

#### The members of the Board of Directors of the Company are:

1. DIMITRIS KOUTSOLIOUTSOS, **Chairman**, Executive Member,
2. KAITI KOUTSOLIOUTSOS, **Vice President**, Executive Member,
3. GEORGE KOUTSOLIOUTSOS, **Managing Director**, Executive Member,
4. GEORGE VELENTZAS, **A' Deputy Managing Director & General Manager**, Executive Member,
5. EMMANOUIL ZACHARIOU, **B' Deputy Managing Director & General Manager**, Executive Member,
6. GEORGE ARONIS, Independent non-Executive Member,
7. EPAMINONDAS DAERMOS, Independent non-Executive Member,
8. NICKOS KEZOS, Non-Executive Member,
9. ELIAS KOUKOUTSAS, Non-Executive Member,
10. ELIAS KOULOUKOUNTIS, Non-Executive Member,
11. ZACHARIAS MANTZAVINOS, Non-Executive Member,
12. ELIAS BETSIS, Non-Executive Member,
13. EIRINI NIOTII, Executive Member

The present financial statements include the financial statements of FOLLIE FOLLIE GROUP and its subsidiaries, which are jointly referred as the Group and cover the fiscal year between January 1, 2010 until December 31, 2010; these were approved by the company's BoD on March 29, 2011, and are subjected to the approval of the General Assembly which is lawfully authorized to amend them.

## 4.2 Group structure

The merger, in terms of accounting based on the IFRS, is a transaction between jointly controlled businesses (every merging business is under the control of FOLLI-FOLLIE S.A.); as a result, it cannot be considered as a purchase (acquisition), based on IFRS 3 "Business Combinations". Since, as stated in par. 4.1, the Group is considered as the direct descendant of FOLLI-FOLLIE S.A. Group, this transaction was considered as a reverse acquisition of the non-controlling interests of HDF S.A. and ELMEC SPORT S.A. by FOLLI-FOLLIE S.A. As a result, it was accounted as an acquisition of non-controlling interests based on paragraphs 30 and 31 of IAS 27 "Consolidated and Separate Financial Statements", based on which the acquisition of non-controlling interests in a subsidiary is considered as a transaction of net position and the difference between the acquisition price and the accounting value of the non-controlling interests is registered directly in net position (equity).

The price for acquiring non-controlling interests has been defined as follows:

HDFS S.A. shares before acquisition	52,675,000
New shares to be issued as a result of the acquisition	7,913,210
Total of company shares	60,588,210

Based on the aforementioned shares, the participation of shareholders in the capital stock of the company is the following:

Shareholders of FOLLI-FOLLIE S.A.	83.5%
Minority shareholders of HDF S.A.	16.25%
Minority shareholders of ELMEC SPORT S.A.	0.25%

If the acquisition of the non-controlling interests had been performed directly by FOLLI-FOLLIE S.A., whose capital stock consists of 32,946,875 shares, in order to maintain the same participation ratio in the company's capital stock after the acquisition (i.e. FOLLI-FOLLIE S.A. shareholders 83.5%, minority shareholders of HDF S.A. 16.25% and minority shareholders of ELMEC SPORT S.A. 0.25%), the issuing of 6,510,460.33 shares would be required. Based on the closing price of the share of FOLLI-FOLLIE S.A., on the date the merger was announced by the Boards of Directors of the companies (24.06.2010), the resulting price for acquiring non-controlling interests is  $6,510,460.33 * 16.7 = 108,724,687.50$ .

The remaining accounting policies applied during the preparation of the consolidated financial information comply with the accounting policies adopted by the three Groups of merged companies.

The consolidated financial statements include the financial statements of the parent company and of its subsidiaries. The structure of the Group, as this has been formed after the merger of the two companies, is presented in the following table:

Nm	Company Name *	Country	Direct Participation %	Indirect Participation %	Total
1	HELLENIC DISTRIBUTION SA	GREECE	100.00%		100.00%
2	HELLENIC TOURIST BUREAU A.E.	GREECE	100.00%		100.00%
3	MOUSTAKIS SA	GREECE	100.00%		100.00%
4	ATTICA DEPARTMENT STORES	GREECE	25.00%	25.00%	50.00%
5	LOGISTICS EXPRESS SA	GREECE	100.00%		100.00%
6	NORTH LANDMARK AE	GREECE	35.00%		35.00%
7	FOLLI FOLLIE UK LTD	UK	99.99%		99.99%
8	FOLLI FOLLIE FRANCE SA	FRANCE	100.00%		100.00%
9	FOLLI FOLLIE SPAIN SA	SPAIN	100.00%		100.00%
10	MFK FASHION	CYPRUS	100.00%		100.00%
11	FOLLI FOLLIE JAPAN LTD	JAPAN	100.00%		100.00%
12	FOLLI FOLLIE HONG KONG LTD	HONG KONG	99.99%		99.99%
13	HDFS SKOPJE DOO (FYROM)	FYROM	100.00%		100.00%
14	ELMEC ROMANIA SRL	ROMANIA	100.00%		100.00%
15	ELMEC SPORT BULGARIA EOOD	BULGARIA	100.00%		100.00%
16	PLANACO ABEE	GREECE	100.00%		100.00%
17	ICE GUBE A.E	GREECE	25.00%		25.00%
18	COLLECTIVE A.E	GREECE	80.00%		80.00%
19	FOLLI FOLLIE ASIA LTD	HONG KONG		100%	99.99%
20	FOLLI FOLLIE TAIWAN LTD	TAIWAN		100%	99.99%
21	FOLLI FOLLIE KOREA LTD	S. KOREA		100%	99.99%
22	FOLLI FOLLIE SINGAPORE LTD	SINGAPORE		100%	99.99%
23	BLUEFOL GUAM LTD	GUAM		100%	99.99%
24	BLUEFOL HAWAII LTD	XHAWAII		100%	99.99%
25	BLUEFOL HONG KONG LTD	HONG KONG		100%	99.99%
26	FOLLI FOLLIE MALAYSIA LTD	MALAYSIA		100%	99.99%
27	FOLLI FOLLIE THAILAND LTD	THAILAND		100%	99.99%
28	FOLLI FOLLIE CHINA (PILION LTD)	CHINA		100%	99.99%
29	LAPFOL (JOINT VENTURE)	HONG KONG		75.00%	75.00%
30	LINKS (LONDON) LIMITED	UK		100.00%	100.00%
31	LINKS OF LONDON (INTERNATIONAL) LTD	UK		100.00%	100.00%
32	LINKS OF LONDON COM LTD (UK)	UK		100.00%	100.00%
33	LINKS OF LONDON ASIA LTD (HK)	HONG KONG		100.00%	100.00%
34	LINKS OF LONDON INC (USA)	USA		100.00%	100.00%
35	LINKS OF LONDON (FRANCE)	FRANCE		100.00%	100.00%

**\*all the above companies are fully consolidated**

The attached financial statements include the financial details of Ice Cube SA and Collective Patras SA companies, which have not been included in the respective period of the previous fiscal year. The consolidation of these companies has not changed the financial volumes of the Group at a percentage greater than 25%.

In addition, the attached financial statements do not include the financial figures for ICS Elmec Sport Srl company, which is under liquidation; its use value has been impaired for the fiscal year per 100%.

The subsidiaries in the separate financial statements have been evaluated at their acquisition cost, minus any impairment losses.



## 5. Important accounting policies applied by the group and company

### 5.1 Drafting framework for the financial statements

The consolidated financial statements of the Group and the financial statements of the company (hereon referred as the Financial Statements) have been prepared in accordance to the International Financial Reporting Standards (IFRS) that have been adopted by European Union.

### 5.2 Consolidation

#### 5.2.1 Subsidiaries

The consolidated financial statements include the financial statements of the company and of its controlled businesses (subsidiaries). Control is considered when the company is able to define the financial and operational activities of a business with the purpose of acquiring a benefit. The results, assets and liabilities of subsidiaries have been integrated in the financial statements using the complete consolidation method. The financial statements of the subsidiaries have been prepared by following the same accounting policies followed by the company. Company to company transactions, inter-company balances and inter-company incomes and expenses are deleted during consolidation. The goodwill resulting during the acquisition of businesses, if it is positive, is registered as a non-depreciable asset, subjected annually to an audit for the impairment of its value. If it is negative, it is registered as income in the results of operations for the Group. The goodwill refers to the balance between the price for acquiring and the reasonable value of the separate assets, the liabilities and probable liabilities of the acquired business.

### 5.3 Currency translations

#### (a) Operating currency and presentation currency

The figures of the financial statements for the Group's companies and for the company are noted in Euro; which is the currency of the financial environment within which they operate (functional currency).

#### (b) Transactions and balances

Any transactions in foreign currencies are converted to the functional currency, based on the exchange rates valid during the transactions' dates. Any profits and damages from currency differences, resulted from the liquidation of such transactions during the fiscal year and from the conversion of the of the currency elements expressed in a foreign currency with the current exchange rates, applicable on the date of the Balance Sheet are registered in results. Any foreign currency differences from non-currency elements evaluated at their reasonable price are considered as a section of the reasonable value; thus they are registered in the same section with the differences of reasonable value. The figures of the financial statements of the Group's companies are measured based on the currency of the financial environment for the specific country where each Group company is active. The separate financial statements of the companies participating in the consolidation, which had initially presented in a currency other than the Group's presentation currency, have been converted into €. Assets and liabilities have been translated into € at the closing exchange rate on the date of the balance sheet (see par. 8.1.1). Incomes and expenses have been translated to the Group's presentation currency based on the average exchange rate for each stated fiscal year (see par. 8). Any differences resulting from this procedure are transferred to the reserve fund for translating subsidiary balance sheets in a foreign currency, in the net position, through the remaining total earnings.

### 5.4 Financial information per segment

The functional sectors of Group are strategic units selling different goods. They are monitored and managed separately by the board, because this goods of are of completely different nature in terms of market demand and gross margin.

## The sectors of Group are the followings:

### ⌘ Jewellery, Watches, Accessories:

This sector includes the treatment and marketing of jewels, clocks and remaining resembling accessories

### ⌘ Retail Travelling Trade:

The sector travel retail trade including sales tax exempt and taxed the retail done in airport terminal customs and ports

### ⌘ Department Stores:

This sector concerns the operation of the department stores

### ⌘ Clothing - Footware:

It concerns the retail and wholesale sale of branded clothing and footwear

### ⌘ Other:

Are included the sectors where the sales in exterior customers are under the 5%.

The accounting policies for the operating sectors are the same as those used for the financial statements. The outcome of the sectors is calculated upon the profitability, on a pre tax profit and without taking into account figures such as non recurring and fx transactions).

#### a) Balance sheet

Amounts in €,000	Jewelry Watch Accessories	Travel Retail	Department stores	Clothing Footwear	Other segment	Total	Eliminations	Consolidated data
<b>31.12.2010</b>								
Tangible and Intangible assets	75,748	73,085	51,795	45,884	52,265	298,777	366,396	665,173
Inventories	148,689	52,905	47,401	46,985	3,137	299,117	-2,161	296,956
Trade and other receivables	291,221	15,831	4,445	49,013	6,629	367,139	-17,455	349,684
Cash	95,310	10,764	21,450	4,903	1,339	133,766	0	133,766
	<b>610,968</b>	<b>152,585</b>	<b>125,091</b>	<b>146,785</b>	<b>63,370</b>	<b>1,098,799</b>	<b>346,780</b>	<b>1,445,579</b>
Other assets	523,022	301,361	20,735	56,590	6,931	908,639	-771,446	137,193
<b>Total</b>	<b>1,133,990</b>	<b>453,946</b>	<b>145,826</b>	<b>203,375</b>	<b>70,301</b>	<b>2,007,438</b>	<b>-424,666</b>	<b>1,582,772</b>
Long-term loans	346,738	200,000	13,511	68,856	15,325	644,430	0	644,430
Short-term loans	57,015	19,563	14,186	46,876	3,981	141,621	0	141,621
Trade and other liabilities	70,756	13,092	76,592	28,305	6,262	195,007	-11,900	183,107
	<b>474,509</b>	<b>232,655</b>	<b>104,289</b>	<b>144,037</b>	<b>25,568</b>	<b>981,058</b>	<b>-11,900</b>	<b>969,158</b>
Other liabilities	49,452	9,967	2,920	4,099	2,330	68,768	385	69,153
Equity	610,029	211,324	38,617	55,239	42,403	957,612	-413,151	544,461
<b>Total</b>	<b>1,133,990</b>	<b>453,946</b>	<b>145,826</b>	<b>203,375</b>	<b>70,301</b>	<b>2,007,438</b>	<b>-424,666</b>	<b>1,582,772</b>
<b>31.12.2009</b>								
Tangible and Intangible assets	72,226	75,000	53,375	44,959	50,250	295,810	367,930	663,740
Inventories	118,904	48,579	52,243	49,076	504	269,306	-2,949	266,357
Trade and other receivables	251,269	15,164	14,864	42,180	320	323,797	-47,126	276,671
Cash	73,261	12,659	13,332	18,821	1,405	119,478	0	119,478
	<b>515,660</b>	<b>151,402</b>	<b>133,814</b>	<b>155,036</b>	<b>52,479</b>	<b>1,008,391</b>	<b>317,855</b>	<b>1,326,246</b>
Other assets	483,729	306,918	17,814	68,318	2,492	879,271	-768,788	110,483
<b>Total</b>	<b>999,389</b>	<b>458,320</b>	<b>151,628</b>	<b>223,354</b>	<b>54,971</b>	<b>1,887,662</b>	<b>-450,933</b>	<b>1,436,729</b>
Long-term loans	67,598	155,000	13,561	82,102	12,170	330,431	0	330,431
Short-term loans	300,309	74,557	14,400	36,603	2,357	428,226	-6,276	421,950
Trade and other liabilities	74,140	25,842	74,978	38,178	1,759	214,897	-36,289	178,608
	<b>442,047</b>	<b>255,399</b>	<b>102,939</b>	<b>156,883</b>	<b>16,286</b>	<b>973,554</b>	<b>-42,565</b>	<b>930,989</b>
Other liabilities	28,742	20,006	6,024	5,570	1,323	61,665	2,978	64,643
Equity	528,600	182,915	42,665	60,901	37,362	852,443	-411,346	441,097
<b>Total</b>	<b>999,389</b>	<b>458,320</b>	<b>151,628</b>	<b>223,354</b>	<b>54,971</b>	<b>1,887,662</b>	<b>-450,933</b>	<b>1,436,729</b>

## b) Results

Amounts in €,000	Jewelry Watch Accessories	Travel Retail	Department stores	Clothing Footwear	Other segment	Total	Eliminations	Consolidated data
<b>31.12.2010</b>								
Sales to third parties	508,804	257,168	143,627	135,349	6,985	1,051,933	-62,333	989,600
Intersegment sales	942	0	824	5,492	445	7,703	-7,703	0
Less: cost of sales	-231,212	-128,864	-91,375	-91,701	-6,005	-549,157	58,062	-491,095
Less: intersegment cost	-435	-13	-6,167	-947	0	-7,562	7,562	0
<b>Gross Margin</b>	<b>278,099</b>	<b>128,291</b>	<b>46,909</b>	<b>48,193</b>	<b>1,425</b>	<b>502,917</b>	<b>-4,412</b>	<b>498,505</b>
Other operating income	10,013	16,824	3,689	4,450	438	35,414	-2,358	33,056
Selling Cost	-132,487	-81,804	-36,004	-47,798	-2,654	-300,747	2,629	-298,118
Intersegment selling Cost	-26	0	0	-101	0	-127	127	0
Administration cost	-33,073	-12,398	-2,342	-7,745	-797	-56,355	5,603	-50,752
Intersegment Administration Cost	0	-1	0	0	-13	-14	14	0
Other operating cost	-7,441	-712	-142	-2,564	-119	-10,978	-40	-11,018
<b>Segment operating earnings (EBIT)</b>	<b>115,085</b>	<b>50,200</b>	<b>12,110</b>	<b>-5,565</b>	<b>-1,720</b>	<b>170,110</b>	<b>1,563</b>	<b>171,673</b>
<b>31.12.2009</b>								
Sales to third parties	478,710	274,147	152,789	137,341	1,421	1,044,408	-51,906	992,502
Intersegment sales	0	0	1,951	7,173	3	9,127	-9,127	0
Less: cost of sales	-212,079	-143,413	-97,211	-90,533	-1,077	-544,313	45,062	-499,251
Less: intersegment cost	0	-209	-6,677	-1,120	-321	-8,327	8,327	0
<b>Gross Margin</b>	<b>266,631</b>	<b>130,525</b>	<b>50,852</b>	<b>52,861</b>	<b>26</b>	<b>500,895</b>	<b>-7,644</b>	<b>493,251</b>
Other operating income	7,106	16,779	3,821	5,127	0	32,833	-1,928	30,905
Selling Cost	-118,748	-81,269	-37,420	-46,170	-178	-283,785	3,883	-279,902
Intersegment selling Cost	0	0	-125	-796	-1	-922	922	0
Administration cost	-33,941	-14,798	-2,900	-8,106	-1,222	-60,967	4,465	-56,502
Intersegment Administration Cost	0	0	0	0	0	0	0	0
Other operating cost	-5,528	-832	-130	-3,558	-174	-10,222	-17	-10,239
<b>Segment operating earnings (EBIT)</b>	<b>115,520</b>	<b>50,405</b>	<b>14,098</b>	<b>-642</b>	<b>-1,549</b>	<b>177,832</b>	<b>-319</b>	<b>177,513</b>

	Greece	Rest of Europe	Asia	Total
Net external sales	486,577,825.74	138,619,909.20	364,403,182.44	<b>989,600,917.38</b>
Non-current Assets	610,971,584.53	32,248,181.68	21,953,615.30	<b>665,173,381.51</b>
Capital Expenditure	11,844,633.17	7,129,435.49	8,088,328.95	<b>27,062,397.61</b>

## 5.5 Tangible Assets

Tangible Assets consistently valued at cost less depreciation. Cost includes all costs directly attributable to the acquisition of data. Subsequent expenditure recorded an increase in the book value of tangible assets, only if it is probable that future economic benefits will flow to the group and their cost can be measured reliably. Repairs and maintenance are in the results when done.

Establishments in third party property (opening of shops) depreciated in the estimated time of hire. Land is not depreciated.

Depreciation is computed using the straight line method over their useful lives, which detail is as follows:

Assets Categories	Operational Years
Buildings (privately owned)	50
Electro-Mechanical etc. installations on privately owned buildings	20-25
Installations on third parties' property	8-12
Mechanical equipment	7-9
Motor vehicles	7-9
Other equipment	7

The self constructed tangible assets consist an addition to the acquisition cost of the tangible assets at values which comprise the direct payroll cost of personnel that participates in manufacturing, the consumed materials cost and other general costs. Tangible assets' residual values and useful lives are subject to review at the date of the balance sheet. If the residual values, the expected useful life or the expected consumption rate of future benefits that are incorporated in an asset change, these changes are treated accounting-wise as changes in accounting valuations. During the sale of tangible assets, the differences between the component received and its accounting value are recognised as profit or losses in the results.

The accounting value of tangible assets is monitored for devaluation when there are relevant indications, i.e. events or changes in circumstances show that the accounting value may not be recoverable. If there is such an indication and the accounting value exceeds the estimated recovered amount, assets or cash flow generating units are devaluated at the recoverable amount. The recoverable amount of property, installations and equipment is greater than the one between their net selling price and their usage value. To calculate the usage value, the expected future cash flow is prepaid at their current value by using a pre-tax interest rate that reflects market's current valuations for the money value and the risks linked to this asset. When the tangible assets accounting values exceed their recoverable value, the difference (devaluation) is initially recognised as the decrease in the fair value created which is reported on the accounts of net equity. Every devaluation loss incurred that exceeds the created reserve for the specific asset is directly recognised as expense in the income statement.

## 5.6 Investments in real estate

Investments in real estate are investments related to all those properties (including land, buildings or parts of buildings) which are held through the market by the group, or to derive rents from the lease. Investment property allocated initially at cost including transaction costs. Subsequently valued at fair value.

Management determines fair value by using valuation techniques. The purpose of using a valuation technique is to determine the transaction price would result in measurement date in commercial basis, driven by normal business consid-

erations. The technical evaluation included among others the use of recent arm's length transactions, reference to the current fair value of a substantially similar instrument and analysis of discounted cash flows.

The estimated fair value of property made by a registered real estate expert who has the skills and experience in assessing property and unrelated to the group. The reassessment / assessment relates only to land and buildings are not included in engineering or other mobile equipment of the Company. As there is no establishment of horizontal or vertical properties of the buildings, the distinction between the estimated value of the land value and building value was proportional to land area per building, based on the above said structure. The book value is recognized in the financial statements reflect the market conditions at the balance sheet date. Any gain or loss resulting from change in fair value of investment properties is recognized in the income statement as incurred.

Transfers to the category of real estate investments are made only when there is a change in use, evidenced by the end of private assets by the group or by the end of construction of a property or to use an operating lease from a third party. Properties transportation from the category of investment in owner-occupied properties made only when there is a change of use of these, evidenced by the entry of private assets by the group or classification as held for sale. To transfer property from the category of investment in owner-occupied property deemed cost of property for subsequent accounting is its fair value at the date of the change of use. Gains or losses resulting from the removal or disposal of investment property are recognized in profit or loss during the removal or disposal.

Real estate investments of the Group refer to two properties located at Piraeus Street and at the airport. The reasonable value of the investment properties of the Group, equal to approx. €75 mil., was set by an independent and chartered assessor at the beginning of 2010. The same value was taken into consideration for the financial statements of 31.12.2010, since there has been no change in the relative conditions in regards to the fiscal year ending on 31.12.2009.

## 5.7 Intangible assets.

### 5.7.1 Trademarks and Licenses

The acquired trademarks and licenses are initially recognized at historical cost. The licenses have a finite useful life and are carried at cost less accumulated depreciation. Depreciation is calculated using the method of its useful life to share the costs of trademarks and licenses over the estimated useful life.

Grant of the exclusive license for duty free shops: Permitting (right) proprietary (Article 120 N.2533/1997) duty-free and appears in the consolidated statements at fair value as valued by an independent auditor at the date of acquisition of control of the company HDFs SA. Depreciation is calculated by a standard method over the useful life of the assets which is 50 years.

### 5.7.2 Other Intangible assets.

This category includes the group rental rights, which is initially recognized at cost. After initial recognition, intangible assets are measured at cost less accumulated depreciation and any impairment loss that may have occurred. It also includes purchased software used in the production or administration. The acquired licenses related to software capitalized on the basis of expenditure incurred for the acquisition and installation of the software. The costs associated with maintenance of computer software are recognized in the period in which they occur. The costs capitalized are amortized using the straight-line method over the estimated useful lives.



### 5.7.3 Assets Impairment.

Intangible assets with indefinite useful lives are not amortized and are reviewed for impairment in value at least annually. The assets subject to amortization are reviewed for impairment when there are indications that the carrying value may not be recoverable. The recoverable amount is the higher of fair value less the necessary costs to sell and value in use of the asset. The use value is determined by discounting the future flows to the appropriate discount rate. If the recoverable amount is less than the depreciated, then the carrying value is reduced to its recoverable amount. Impairment losses are recognized as expenses in the income statement when incurred, unless the asset is adjusted so that the impairment loss decreases the corresponding revaluation reserve. When a later use the impairment loss should be reversed, the carrying value of the asset is increased to the level of the revised estimate of recoverable amount, provided that the new book value does not exceed the residual value would have determined if it had not registered the loss impairment in prior years. The reversal of the loss is recognized in income unless the asset has been updated, so reversal of the impairment loss increases the corresponding revaluation reserve. For the assessment of impairment losses, assets are included in the smallest possible cash-generating units.

## 5.8 Financial Assets

### 5.8.1 Initial Recognition

Financial assets in the balance sheet of the group once the group becomes part of the contractual provisions of the instrument.

The assets of the group classified in the following asset categories:

- ✚ Loans and receivables, receivables from trading activities
- ✚ Sight and time deposits
- ✚ Financial assets at fair value through profit
- ✚ Available for sale financial assets, and
- ✚ Investments held to maturity.

Financial assets are separated into different categories by management according to their characteristics and the purpose for which acquired.

The category in which each financial instrument is classified, differs from the others as different rules apply with respect to valuation but also on recognition of each designated outcome either in the income statement or directly in equity. Financial assets are recognized through the application of the accounting trade date.

### 5.8.2 Financial assets at fair value through results

Financial assets at fair value through profit or loss include financial assets that are held primarily for commercial purposes identified by the group as at fair value through profit or loss upon initial recognition. In addition, derivative financial data which do not qualify for hedge accounting are classified in this category.

Financial assets included in this category are valued at fair value through profit and cannot be reclassified to another category. The financial assets that have been classified in this in this category, include shares listed on the Athens and Cyprus Stock Exchange and mutual fund shares.

### 5.8.3 Investments held until maturity

The held-to maturity investments are non-derivative financial assets with fixed or determined payments and fixed maturity. The financial assets classified as held-to maturity investments unless management is willing and able to hold to maturity.

After initial recognition, investments that fall into this category are valued at amortized cost using the effective interest rate method. The amortized cost is the amount which initially measured the financial asset or financial liability after the deduction of principal repayments, plus or minus any accumulated depreciation difference between that initial amount and the amount payable at maturity calculated by the method of real rate, after deducting any depreciation. The calculation includes all fees and points paid or received between parties that are an integral part of the real interest rate transaction costs and any discount or premium.

Moreover, if any objective evidence that a financial element has been declining in value, then the investment is valued at the present value of projected cash flows and any difference with the book value of the investment is recognized in profit or loss as a loss.

### Fair Value

The fair value of investments in an active market is demonstrated by reference to quoted market prices on the balance sheet date. If the market for an investment is not active management determines the fair value using valuation techniques. The purpose of using a valuation technique is to determine the transaction price would result in measurement date in an arm's length commercial basis, driven by normal business considerations. The technical evaluation included among others the use of recent arm's length transactions, reference to the current fair value of a substantially similar instrument and analysis of discounted cash flows.

### 5.9 Inventories

Inventories are valued at lower of cost and net realizable value. Cost is determined using the weighted average cost. Net realizable value is estimated based on current selling price in the ordinary course of business and minus any selling expenses where applicable.

### 5.10 Loans, receivables from business and other receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that have no quoted stock price in the active market. They come into existence when the Group provides money, products or services directly to a debtor with no intention of commercial claim.

Loans and receivables are measured at amortised cost, using the effective interest method, less any devaluation provision. Every change in the value of loans and receivables is recognised in profit or loss when loans and receivables are eliminated or undergo value discount, as well as during the application of the effective interest method.

The requirements of commercial activities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Appropriate allowance for estimated irrecoverable amounts are recognized in the income statement when there is objective evidence that the asset has been impaired. The provision recognized is measured as the difference between the book value of the asset and the present value of estimated future cash flows discounted at the effective interest rate on initial recognition. For some requirements it is checked for impairment at the individual requirement (e.g. for each customer separately) where the recovery of the claim has been declared late on the date of the financial statements or in cases where objective evidence indicates the need to write them. Other assets are pooled and tested for impairment at all sources. The amount of impairment loss is the difference between the carrying amount and the estimated future cash flows. The amount of impairment loss is recorded as an expense in the results.

Receivables and loans are included in current assets, except those falling due after twelve months from the balance sheet date. These are characterized as non-current assets. The balance sheet are classified as commercial and other requirements and constitute the majority of financial assets of the group.

### 5.11 Cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as repos and deposits maturing in less than three months.

For the preparation of cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, excluding the outstanding balances of bank overdrafts (bank overdrafts).

### 5.12 Share Capital

Common shares are classified as equity. Estimated costs for the issuance of shares shown after deduction of the income tax, a reduction in the proceeds. Estimated costs associated with issuing shares to acquire companies included in the cost of the company acquired. The acquisition cost of treasury shares with a reduced income tax (if applicable) is shown as a deduction from equity in the group, until the same shares are sold or canceled. Any gain or loss from sale of treasury shares net of direct transaction costs and other income tax, if any, shown as a reserve in equity.

### 5.13 Financial Obligations

#### 5.13.1 Recognition

The financial liabilities in the balance sheet of the group once the group becomes part of the contractual provisions of the instrument. The group's financial liabilities include bank loans and overdraft accounts (overdraft), trade and other liabilities and financial leases.

Financial liabilities are classified in the following categories:

- ⌘ Financial liabilities available at fair value through profit
- ⌘ Financial liabilities available at depreciated cost.

#### 5.13.2 Financial Obligations (other than loans)

Financial liabilities are recognized when the group is involved in a contractual agreement of the financial instrument and are derecognised when the group exempted from or is cancelled or expires. Liabilities from financial leases are measured at initial value less the amount of financial capital repayments and interest is recognized as an expense item in the "Financial expenses" in the Income Statement. Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost. Gains and losses are recognized in the Income Statement when the liabilities are eliminated and in applying the effective interest method. Dividends to shareholders are recognized in the account "Dividends Payable, when approved by the General Meeting of Shareholders.

Liabilities from trading activities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### 5.13.3 Bank loans

Every loan is initially recognized at cost, which is the fair value of the consideration received, save from their direct issuing expenses. After the initial recognition, loans are evaluated at their un-depreciated cost, based on the real interest rate method, and any difference is recognized in results during the loan period.

## 5.14 Accounting for Income Tax

### 5.14.1 Current Income Tax

Current tax asset / liability includes those obligations or claims by tax authorities relating to current or previous reporting periods and not paid up the balance sheet date. Calculated according to the tax rates and tax laws that apply on the basis of taxable profits each year. All changes to current tax assets or liabilities are recognized as expense in the income tax.

### 5.14.2 Deferred Income Tax

Deferred income tax is calculated on the liability method which focuses on temporary differences. This involves comparing the book value of assets and liabilities on the consolidated financial statements with their respective tax bases.

Deferred tax assets are recognized to the extent that is likely to be offset against future income taxes.

The group recognizes a previously unrecognized deferred tax asset to the extent that it is likely that a future taxable profit.

The deferred tax asset is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow recovery of interest or part of this deferred tax asset.

Deferred tax liabilities are recognized for all taxable temporary differences. Tax losses can be transferred to subsequent periods are recognized as deferred tax assets.

Deferred tax assets and liabilities are measured at tax rates expected to apply to the period during which settled the claim or liability, based on tax rates (and tax laws) that have been enacted or substantially prevailing at the date of Balance Sheet.

Changes in deferred tax assets or liabilities are recognized as part of the income tax on the income statement, except those resulting from specific changes in assets or liabilities that are recognized directly in shareholders equity, and result in relative change in deferred tax assets or liabilities being charged / credited to the relevant equity account.

## 5.15 Retirement Benefits and Short-term Employee Benefits

### 5.15.1 Short-term Benefits

Short-term benefits for employees (other than benefits for the termination of employment) in cash and in kind are recognized as an expense when accrued. Any unpaid amount is recorded as an obligation, if the amount already paid exceeds the amount of benefits, the company recognizes the excess as an asset (prepaid expense) only to the extent that the prepayment will lead to lower future payments or refund.

### 5.15.2 Benefits payable after leaving service

The Group has both programs of fixed contributions as well as programs of fixed provisions.

#### 5.15.2.1 Defined Contribution

The staff group is mainly covered by the main State Insurance Agency on the private sector (IKA) provided pension and medical benefits. Each employee is required to contribute part of their monthly salary to the fund, while contributing a portion covered by the group. Upon retirement, the pension fund responsible for paying pension benefits to employees. Consequently the group has no legal or constructive obligation to pay future benefits under this program.

Under the defined contribution plan, the group's obligation (legal or constructive) is limited to the amount agreed to contribute to the organization (eg fund) that manages contributions and provides benefits. Thus the amount of benefits the employee will receive is determined by the amount paid by the group (or the employee) and paid by the investment of contributions after contribution payable by the group in a defined contribution plan is recognized as a liability after removal of the levy paid and a corresponding output.

#### 5.15.2.2 Defined Benefit Liabilities – Retirement Benefit due to Service Exit

The obligation in the balance sheet for defined benefit plans is the present value of the liability for the defined benefit under the Law 2112/20 and changes resulting from any actuarial gains or losses and past service cost. Actuarial gains and losses arising from experience adjustments and changes in the proportional cases at the end of the previous year exceeded 10% of defined benefit obligation, are charged or credited to the results based on the expected average remaining working lives of employees participating in this program.

Past service cost is recognized directly in profit or loss, unless the changes in pension plans are optional for the retention of workers in service for a specified period (vesting date). In this case, the service cost is amortized on a regular basis until the date of vesting of benefits. The termination benefits paid service when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary retirement from service in return for these benefits. The group recognizes these termination benefits when demonstrably committed to either terminate the employment of workers according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of the bid to encourage voluntary redundancy. Where termination benefits attributable to service rendered beyond twelve months after the balance sheet date, discounted to present value.

The actuarial study was conducted by an independent actuary using the method of projected unit credit (projected unit credit method). Specifically, the study involved the investigation and calculation of actuarial sizes required by the standards set by International Accounting Standards (IAS 19) and is required to be registered in the balance sheet and income statement of each company.



## 5.16 Other Provisions

Provisions are recognized when a present obligation is likely to lead to an outflow of economic resources for the group and can be estimated reliably. The timing or the amount of output can be elusive. A present obligation arising from the presence of a legal or constructive obligation resulting from past events. Each formed prediction is used only for expenses that were originally formed. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The provisions are valued at expected costs required to settle the present obligation, based on the best evidence available at the balance sheet date, including the risks and uncertainties related to this commitment. When the effect of time value of money is material, the amount of the provision is the present value of costs expected to be required to settle the obligation.

When using the method of discounting, the book value of a forecast increase in each period to reflect the passage of time. This increase is recognized as an expense in financial results. When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by taking into account the category of commitments, as a whole. A provision is recognized even of the possibility of an outflow component included in the category of commitments is low. If it is now likely that an outflow of resources embodying economic benefits will be required to settle the obligation, to provide reversed.

## 5.17 Contingent liabilities

Contingent liabilities are not recognized in financial statements but are disclosed unless the probability of outflow of resources embodying economic benefits are minimal

## 5.18 Contingent assets

Possible inputs of economic benefits for the group not yet meet the criteria of an asset are considered contingent assets and disclosed in the notes to financial statements.

## 5.19 Leasing

### 5.19.1 Company Group as lessee

#### 5.19.1.1 Finance Leases

The ownership of a leased asset is transferred to the lessee if transferred to him virtually all the risks and benefits associated with the leased asset is independent of the legal form of contract. At the beginning of the lease asset is recognized at fair value or if lower the present value of minimum lease payments including extra payments if any, covered by the tenant. A corresponding amount is recognized as an obligation of the lease whether some of the lease payments are payable in advance at the beginning of the lease.

The ownership of a leased asset is transferred to the lessee if transferred to him virtually all the risks and benefits associated with the leased asset is independent of the legal form of contract. At the beginning of the lease asset is recognized at fair value or if lower the present value of minimum lease payments including extra payments if any, covered by the tenant. A corresponding amount is recognized as an obligation of the lease whether some of the lease payments are payable in advance at the beginning of the lease.

#### 5.19.1.2 Operational Leases

All other leases are treated as operating leases. Payments on operating lease contracts are recognized as expense in the income of the straight-line (links to use revenue and expenses). The related costs such as maintenance and insurance, are recognized as an expense when incurred.

### 5.19.2 Group Company as Lessor

#### 5.19.2.1 Operational Leases

Leases where the Group does not transfer substantially all risks and rewards of the asset are classified as operating leases. Initial direct costs incurred by lessors in negotiating and agreeing an operating lease are added to the book value of the leased asset and recognized over the lease term as rental income.

## 5.20 Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues are net of value added tax, discounts and rebates. Income between group companies which are consolidated by full consolidation method, are eliminated in full.

The recognition of revenue is as follows:

### 5.20.1 Sales of Goods

Revenues are recognized when the significant risks and rewards of ownership of property transferred to the buyer and the collection of receivables is reasonably assured. The wholesale sales of goods are mainly on credit.

### 5.20.2 Services

Revenue from service contracts with a default value is recognized based on the stage of completion of the transaction at the balance sheet date. Under this method, revenue is recognized based on the proportion of services rendered to the date of financial statements in respect of all services to be performed.

When the result is referred to as service can be validly assumed the income is recognized only to the extent that the recognized costs are recoverable.

In cases where no change in the initial estimates of revenue, expenditure and the level of integration, these changes may lead to increases or decreases in estimated revenues or costs and appear to revenue in the period.

### 5.20.3 Dividends

The dividend income is recognized when the right to receive payment.

### 5.20.4 Interest Income

Interest income is recognized on a time proportion basis using the effective interest rate.

### 5.20.5 Income from Rents

Revenues from rent of buildings, shall be construed on the basis of accrued in accordance with what under relevant contracts agreements.

## 5.20.6 New Standards, Interpretations and Amendments of existing Standards and Interpretations

### 5.20.6.1 Standards and Interpretations applicable for 2010 fiscal year

#### **IFRS 3 (Revised) "Business Combinations"**

The above has introduced significant changes in regards to the previous IFRS 3, concerning the measurement of non-controlled rights, for which there is now the option to measure them at fair value during acquisition, register in expenses the cost directly related to the acquisition, and recognize in results the result from the re-measurement of the possible consideration registered as liability. This was not applied for the Group or company.

#### **I.A.S. 27 (Amendment) "Consolidated and separate financial statements"**

Under the revised standard, transactions with shareholders who do not exercise control are recognized in equity if they do not result in loss of control of the subsidiary. In case of loss of control of any remaining part of the investment is measured at fair value and the gain or loss is recognized in the results. This was not applied for the Group or company.

#### **I.F.R.S. 2 (Amendment) "Share-based payment"**

The object of the amendment was the handling of such transactions in the separate of individual financial statements of the entity receiving the goods and services, which is not committed to settle the transaction. These transactions have not been applied by the Group and Company.

#### **IAS 39 (Amendment) "Financial instruments: Recognition and Measurement"**

This defines the manner in which, in specific cases, the principles defining whether a hedged risk or a part of the cash flows falls in the field of hedge accounting must be applied. This was not applied for the Group or company.

#### **I.F.R.S. 1 "First Time Adoption of International Financial Reporting Standards"**

This amendment introduces additional exceptions (use of assumed cost) for assets regarding the research and development by entities exporting oil and natural gas applying IFRS for the first time. This amendment was not applied for the Group or company.

#### **Interpretation 12 – Service Concession Agreements**

This interpretation applies to entities participating in service concession agreements. This was not applied for the Group or company.

#### **Interpretation 17 "Distributions of non-cash assets to owners"**

This interpretation states that the obligation for the distribution of non-cash assets to owners is measured at fair value on the date this distribution is approved by the competent body. At the end of each reference period, and on the settlement date, any balance between the reasonable value of the asset provided and the obligation for distribution is registered in results. This interpretation was not applied for the Group or company.

#### **Interpretation 18 "Transfers of assets from customers"**

This interpretation refers to matters concerning the acquirement of tangible assets from customers, in order to connect them to a network of provide them with on-going access to goods or services, or both. This interpretation does not apply to the Company and Group.

**Amendments in various standards**, within the context of the program for annual improvements regarding standards (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 19, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16). These were not applied for the Group or company.

## 5.20.6.2 New standards and interpretations applicable for fiscal years starting after 01.01.2010.

**Amendment of IAS 32 “Registration of Rights”** issued in October, 2009, applicable to the fiscal years starting on or after 01.02.2010. Based on this amendment, any rights, preference rights, or calls for shares, in order to acquire a fixed number of equity shares of an entity for a fixed amount in any currency, are considered as a participating security, if the entity offers them in proportion to every existing owner of the same category of its non-derivative participating securities. The application of this amendment to the Group and Company is not expected.

**Amendment of IFRIC 1 “Limited exemption from the comparative disclosures of IFRS 7 for entities applying IFRS for the first time”**, issued on January 2010; it applies to the fiscal years starting on or after 01.07.2010. This amendment does not apply to the Group and Company.

**Replacement of IAS 24 “Disclosures of Related Entities”**, issued on November 2009, valid for fiscal years starting on or after 01.01.2011. The new standard has simplified the definition of the related parties and has allowed some exemptions from disclosures regarding entities related to the State. It is not expected to have a significant impact on the financial statements of the Company and Group.

**Amendment of IFRS 7 “Financial Instruments – Disclosures”**; this applies to fiscal years starting on or after 01.07.2011 and provides for the presentation of disclosures in note of the financial statements, concerning transferred financial assets that have not been deleted, as well as any on-going involvement in these assets. It is not expected to have a significant impact on the financial statements of the Company and Group.

**IFRS 9 “Financial Instruments”**, issued on November 2009, applicable to fiscal years starting on or after 01.01.2013. The new standard is the first step for replacing IAS 39 and states that the financial assets shall be registered based on the business model applied for the management and shall be measured either at their reasonable value or at their depreciable acquisition cost. This is not expected to have a substantial impact on the Group and Company.

**Various amendments performed on May, 2010**, valid for fiscal years starting mainly on or after 01.01.2011, for the following standards: “IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, and IFRIC 13, which are not expected to have a substantial impact on the Group and Company.

**IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”**, issued on November 2009, valid for the fiscal years starting on or after 01.07.2010, which defines their accounting handling after extinguishing the liabilities of an entity using its equity instruments. Based on the above Interpretation, the balance between the accounting value of the liability and the reasonable value of the participation titles, is recognized as profit or loss in results. The application of this Interpretation to the Group and Company is not expected.

**“Amendment of IFRIC 14 “Prepayment of the Minimum Funding Requirements”** issued in November, 2009, and applies to the fiscal years starting on or after 01.01.2011. This amendment does not apply to the Group and Company.

## 6. Explanatory notes about the annual Financial Statements

### 6.1 Own-used tangible assets – Investments in real property

The book value of assets, for the Group and Company respectively, as shown in the consolidated balance sheet for the periods presented were as follows:

#### THE GROUP

	Land	Buildings & Building Installations	Plant & Machinery	Vehicles	Furniture, fittings & equipment	PPE in course of construction	Total Property	Investment
<b>Cost</b>								
<b>Balance at 1.1.2009</b>	36,191,261.67	116,561,051.98	11,602,369.71	3,628,259.61	74,901,809.66	43,295,858.36	286,180,610.99	75,956,395.52
Additions	0.00	11,478,783.18	998,511.27	249,093.00	8,596,371.98	4,924,665.94	26,247,425.37	965,215.00
Transfers	0.00	2,550,242.27	0.00	0.00	937,248.33	-2,469,589.43	1,017,901.17	0.00
Exchange Differences	-390,614.59	0.00	0.00	0.00	0.00	0.00	-390,614.59	0.00
Disposals	-944,164.90	-4,467,963.75	-309,350.90	-373,764.48	-2,627,641.85	0.00	-8,722,885.88	-6,385.00
<b>Balance at 31.12.2009</b>	<b>34,856,482.18</b>	<b>126,122,113.68</b>	<b>12,291,530.08</b>	<b>3,503,588.13</b>	<b>81,807,788.12</b>	<b>45,750,934.87</b>	<b>304,332,437.06</b>	<b>76,915,225.52</b>
<b>Balance at 1.1.2010</b>	<b>34,856,482.18</b>	<b>126,122,113.68</b>	<b>12,291,530.08</b>	<b>3,503,588.13</b>	<b>81,807,788.12</b>	<b>45,750,934.87</b>	<b>304,332,437.06</b>	<b>76,915,225.52</b>
Additions	0.00	6,807,980.90	1,482,988.02	273,281.51	8,436,758.78	2,696,226.16	19,697,235.37	371,872.00
Transfers	5,761,736.58	-4,100,873.20	-120,399.55	136.00	-464,338.98	67,956.90	1,144,217.75	0.00
Exchange Differences	172,959.79	1,664,021.13	153,828.89	19,718.41	985,060.95	-49,620.04	2,945,969.13	0.00
Disposals	0.00	-1,381,260.94	-643,184.76	-427,199.75	-1,132,947.97	0.00	-3,584,593.42	-4,840.00
<b>Balance at 31.12.2010</b>	<b>40,791,178.55</b>	<b>129,111,981.57</b>	<b>13,164,762.68</b>	<b>3,369,524.30</b>	<b>89,632,320.90</b>	<b>48,465,497.89</b>	<b>324,535,265.89</b>	<b>77,282,257.52</b>
<b>Accumulated amortisation</b>								
<b>Balance at 1.1.2009</b>	<b>0.00</b>	<b>8,803,775.32</b>	<b>8,043,513.67</b>	<b>2,598,762.89</b>	<b>45,703,796.59</b>	<b>0.00</b>	<b>65,149,848.47</b>	<b>335,704.52</b>
Amortisation charge	0.00	7,399,879.26	1,278,055.31	271,642.77	7,352,396.08	0.00	16,301,973.42	1,043,082.57
Fair value impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange Differences	0.00	725,830.02	-80,476.02	10,077.23	80,211.74	0.00	735,642.97	0.00
Decrease of amortisation	0.00	-2,560,085.76	-288,039.06	-234,214.21	-2,298,664.34	0.00	-5,381,003.37	-3,395.00
<b>Balance at 31.12.2009</b>	<b>0.00</b>	<b>14,369,398.84</b>	<b>8,953,053.90</b>	<b>2,646,268.68</b>	<b>50,837,740.07</b>	<b>0.00</b>	<b>76,806,461.49</b>	<b>1,375,392.09</b>
<b>Balance at 1.1.2010</b>	<b>0.00</b>	<b>14,369,398.84</b>	<b>8,953,053.90</b>	<b>2,646,268.68</b>	<b>50,837,740.07</b>	<b>0.00</b>	<b>76,806,461.49</b>	<b>1,375,392.09</b>
Amortisation charge	0.00	8,030,013.07	1,230,130.53	222,987.17	7,915,344.57	0.00	17,398,475.34	1,055,078.57
Fair value impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers	0.00	-2,111,000	-99,449.94	0.00	-443,557.79	0.00	-545,118.73	0.00
Exchange Differences	0.00	638,982.51	127,477.12	-27,012.95	796,722.42	0.00	1,536,169.10	0.00
Decrease of amortisation	0.00	-1,117,567.93	-649,367.26	-231,615.83	-690,203.96	0.00	-2,688,754.98	0.00
<b>Balance at 31.12.2010</b>	<b>0.00</b>	<b>21,918,715.49</b>	<b>9,561,844.35</b>	<b>2,610,627.07</b>	<b>58,416,045.31</b>	<b>0.00</b>	<b>92,507,232.22</b>	<b>2,430,470.66</b>
<b>Net Book amount</b>								
<b>31.12.2009</b>	<b>34,856,482.18</b>	<b>111,752,714.84</b>	<b>3,338,476.18</b>	<b>857,319.45</b>	<b>30,970,048.05</b>	<b>45,750,934.87</b>	<b>227,525,975.57</b>	<b>75,539,833.43</b>
<b>31.12.2010</b>	<b>40,791,178.55</b>	<b>107,193,266.08</b>	<b>3,602,918.33</b>	<b>758,897.23</b>	<b>31,216,275.59</b>	<b>48,465,497.89</b>	<b>232,028,033.67</b>	<b>74,851,786.86</b>

## THE COMPANY

	Land	Buildings & Building Installations	Plant & Machinery	Vehicles	Furniture, fittings & equipment	PPE in course of construction	Total Property	Investment
<b>Cost</b>								
<b>Balance at 1.1.2009</b>	24,757,243.84	80,592,303.11	5,562,451.12	2,506,993.02	38,642,522.99	3,316,450.76	155,377,964.84	78,264,268.00
Additions	294,565.06	5,693,613.94	286,684.74	206,565.00	3,162,915.93	1,414,809.29	11,059,153.96	965,215.00
Transfers	0.00	134,947.00	0.00	0.00	0.00	-13,140.00	121,807.00	0.00
Exchange Differences	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	-1,737,130.00	-167,738.70	-308,632.48	-1,311,387.68	-121,807.00	-3,646,695.86	-6,385.00
<b>Balance at 31.12.2009</b>	<b>25.051.808.90</b>	<b>84,683,734.05</b>	<b>5,681,397.16</b>	<b>2,404,925.54</b>	<b>40,494,051.24</b>	<b>4,596,313.05</b>	<b>162,912,229.94</b>	<b>79,223,098.00</b>
<b>Balance at 1.1.2010</b>	<b>25.051.808.90</b>	<b>84,683,734.05</b>	<b>5,681,397.16</b>	<b>2,404,925.54</b>	<b>40,494,051.24</b>	<b>4,596,313.05</b>	<b>162,912,229.94</b>	<b>79,223,098.00</b>
Additions	0.00	1,787,755.84	223,714.10	178,576.49	2,976,467.33	1,316,475.31	6,482,989.07	371,872.00
Transfers	0.00	4,367.03	0.00	0.00	0.00	-4,367.03	0.00	0.00
Exchange Differences	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	-1,200.00	-375,137.22	-307,063.86	0.00	-683,401.08	-4,840.00
<b>Balance at 31.12.2010</b>	<b>25.051.808.90</b>	<b>86,475,856.92</b>	<b>5,903,911.26</b>	<b>2,208,364.81</b>	<b>43,163,454.71</b>	<b>5,908,421.33</b>	<b>168,711,817.93</b>	<b>79,590,130.00</b>
<b>Accumulated amortisation</b>								
<b>Balance at 1.1.2009</b>	<b>0.00</b>	<b>18,484,403.53</b>	<b>3,833,960.75</b>	<b>1,807,953.69</b>	<b>26,014,934.70</b>	<b>0.00</b>	<b>50,141,252.67</b>	<b>2,643,577.00</b>
Amortisation charge	0.00	3,024,232.73	359,748.61	139,510.59	3,194,157.08	0.00	6,717,649.01	1,043,082.57
Fair value impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange Differences	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Decrease of amortisation	0.00	-1,603,743.00	-156,339.94	-169,082.21	-1,272,629.48	0.00	-3,201,794.63	-3,395.00
<b>Balance at 31.12.2009</b>	<b>0.00</b>	<b>19,904,893.26</b>	<b>4,037,369.42</b>	<b>1,778,382.07</b>	<b>27,936,462.30</b>	<b>0.00</b>	<b>53,657,107.05</b>	<b>3,683,264.57</b>
<b>Balance at 1.1.2010</b>	<b>0.00</b>	<b>19,904,893.26</b>	<b>4,037,369.42</b>	<b>1,778,382.07</b>	<b>27,936,462.30</b>	<b>0.00</b>	<b>53,657,107.05</b>	<b>3,683,264.57</b>
Amortisation charge	0.00	3,430,032.95	343,339.01	124,326.56	3,255,006.29	0.00	7,152,704.81	1,055,078.57
Fair value impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange Differences	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Decrease of amortisation	0.00	0.00	-293.00	-189,232.70	-225,557.86	0.00	-415,083.56	0.00
<b>Balance at 31.12.2010</b>	<b>0.00</b>	<b>23,334,926.21</b>	<b>4,380,415.43</b>	<b>1,713,475.93</b>	<b>30,965,910.73</b>	<b>0.00</b>	<b>60,394,728.30</b>	<b>4,738,343.14</b>
<b>Net Book amount</b>								
<b>31.12.2009</b>	<b>25.051.808.90</b>	<b>64,778,840.79</b>	<b>1,644,027.74</b>	<b>626,543.47</b>	<b>12,557,588.94</b>	<b>4,596,313.05</b>	<b>109,255,122.89</b>	<b>75,539,833.43</b>
<b>Net Book amount</b>								
<b>31.12.2010</b>	<b>25.051.808.90</b>	<b>63,140,930.71</b>	<b>1,523,495.83</b>	<b>494,888.88</b>	<b>12,197,543.98</b>	<b>5,908,421.33</b>	<b>108,317,089.63</b>	<b>74,851,786.86</b>

The assets under way mainly refer to a property of the Group located at Patission Street (formed MINION), equal to €33.5 million which is under reconstruction, as well as the points of sales of the company under way equal to €4.9 million.



## 6.2 Intangible assets

The analysis of the book value of intangible assets of the group and the company presented in the tables below:

THE GROUP					
	Concessions, Licenses & Similar Rights	Rental rights	Amortisable expenses	Total	Goodwil
<b>Cost</b>					
<b>Balance at 1.1.2009</b>	<b>21,265,412.07</b>	<b>4,143,735.14</b>	<b>114,108,463.80</b>	<b>139,517,611.01</b>	<b>253,048,470.45</b>
Additions	1,248,542.06	590,000.00	4,672.00	1,843,214.06	0.00
Transfers	0.00	0.00	0.00	0.00	4,045.77
Exchange Differences	-3,101,124.44	3,101,124.44	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00
<b>Balance at 31.12.2009</b>	<b>19,412,829.69</b>	<b>7,834,859.58</b>	<b>114,113,135.80</b>	<b>141,360,825.07</b>	<b>253,052,516.22</b>
<b>Balance at 1.1.2010</b>	<b>19,412,829.69</b>	<b>7,834,859.58</b>	<b>114,113,135.80</b>	<b>141,360,825.07</b>	<b>253,052,516.22</b>
Additions	484,133.97	3,233,901.14	3,275,255.13	6,993,290.24	0.00
Transfers	-8,326.71	-1,552,667.53	-3,013,380.30	-4,574,374.54	-514,330.84
Exchange Differences	-3,324,871.62	3,340,000.00	0.00	15,128,380.00	0.00
Disposals	260,275.76	-69,614.28	79,644.53	270,306.01	290,461.99
<b>Balance at 31.12.2010</b>	<b>16,824,041.09</b>	<b>12,786,478.91</b>	<b>114,454,655.16</b>	<b>144,065,175.16</b>	<b>252,828,647.37</b>
<b>Accumulated amortisation</b>					
<b>Balance at 1.1.2009</b>	<b>14,194,793.06</b>	<b>1,347,698.39</b>	<b>14,196,798.58</b>	<b>29,739,290.03</b>	<b>0.00</b>
Amortisation charge	1,573,506.09	386,701.60	2,557,854.86	4,518,062.55	0.00
Transfers	0.00	0.00	0.00	0.00	0.00
Decrease of amortisation	0.00	0.00	0.00	0.00	0.00
Exchange Differences	167,904.04	-291,921.00	-395,650.78	-519,667.74	0.00
<b>Balance at 31.12.2009</b>	<b>15,936,203.19</b>	<b>1,442,478.99</b>	<b>16,359,002.66</b>	<b>33,737,684.84</b>	<b>0.00</b>
<b>Balance at 1.1.2010</b>	<b>15,936,203.19</b>	<b>1,442,478.99</b>	<b>16,359,002.66</b>	<b>33,737,684.84</b>	<b>0.00</b>
Amortisation charge	857,460.91	929,894.56	2,567,779.74	4,355,135.21	0.00
Decrease of amortisation	-7,052.05	-31,044.16	-39,387.00	-77,483.21	0.00
Transfers	-1,583,675.84	1,577,073.78	0.00	-6,602.06	0.00
Exchange Differences	203,861.87	375,351.98	12,312.92	591,526.77	0.00
<b>Balance at 31.12.2010</b>	<b>15,406,798.08</b>	<b>4,293,755.15</b>	<b>18,899,708.32</b>	<b>38,600,261.55</b>	<b>0.00</b>
<b>Net Book amount 31.12.2009</b>	<b>3,476,626.50</b>	<b>6,392,380.59</b>	<b>97,754,133.14</b>	<b>107,623,140.23</b>	<b>253,052,516.22</b>
<b>Net Book Amount 31.12.2010</b>	<b>1,417,243.01</b>	<b>8,492,723.76</b>	<b>95,554,946.84</b>	<b>105,464,913.61</b>	<b>252,828,647.37</b>

The analysis of the goodwill on 31/12/2010, is as follows:

- ☞ An amount equal to €200,171,794.84 appears in the assets of the parent company that resulted after the acquisition and refers to goodwill concerning the purchase of HDFS S.A. by FOLLI FOLLIE SA, and of ELMEC SPORT SA Company by HDFS SA.
- ☞ An amount of €52,366,390.53 refers to the goodwill resulting from the acquisition of LINKS (LONDON) LIMITED company by the Group's subsidiary, and an amount of €290,462 refers to other company acquisitions.

## THE COMPANY

	Concessions, Licenses & Similar Rights	Rental rights	Amortisable expenses	Total	Goodwil
<b>Cost</b>					
<b>Balance at 1.1.2009</b>	<b>7,983,146.97</b>	<b>3,782,735.14</b>	<b>111,237,592.48</b>	<b>123,003,474.59</b>	<b>200,171,794.84</b>
Additions	329,143.46	500,000.00	-33,036.46	796,107.00	0.00
Transfers	0.00	0.00	0.00	0.00	0.00
Exchange Differences	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00
<b>Balance at 31.12.2009</b>	<b>8,312,290.43</b>	<b>4,282,735.14</b>	<b>111,204,556.02</b>	<b>123,799,581.59</b>	<b>200,171,794.84</b>
<b>Balance at 1.1.2010</b>	<b>8,312,290.43</b>	<b>4,282,735.14</b>	<b>111,204,556.02</b>	<b>123,799,581.59</b>	<b>200,171,794.84</b>
Additions	363,665.85	2,014,400.00	139,160.97	2,517,226.82	0.00
Disposals	0.00	0.00	0.00	0.00	0.00
Transfers	-3,340,000.00	0.00	3,340,000.00	0.00	0.00
Exchange Differences	0.00	0.00	0.00	0.00	0.00
<b>Balance at 31.12.2010</b>	<b>5,335,956.28</b>	<b>9,637,135.14</b>	<b>111,343,716.99</b>	<b>126,316,808.41</b>	<b>200,171,794.84</b>
<b>Accumulated amortisation</b>					
<b>Balance at 1.1.2009</b>	<b>4,635,604.79</b>	<b>1,237,932.39</b>	<b>16,684,734.32</b>	<b>22,558,271.50</b>	<b>0.00</b>
Additions	876,541.41	354,527.60	2,485,591.14	3,716,660.15	0.00
Disposals	33,036.46	0.00	-33,036.46	0.00	0.00
Transfers	0.00	0.00	0.00	0.00	0.00
Exchange Differences	0.00	0.00	0.00	0.00	0.00
<b>Balance at 31.12.2009</b>	<b>5,545,182.66</b>	<b>1,592,459.99</b>	<b>19,137,289.00</b>	<b>26,274,931.65</b>	<b>0.00</b>
<b>Balance at 1.1.2010</b>	<b>5,545,182.66</b>	<b>1,592,459.99</b>	<b>19,137,289.00</b>	<b>26,274,931.65</b>	<b>0.00</b>
Additions	494,480.47	839,413.60	2,491,624.28	3,825,518.35	0.00
Disposals	0.00	0.00	0.00	0.00	0.00
Transfers	-1,577,073.78	1,577,073.78	0.00	0.00	0.00
Exchange Differences	0.00	0.00	0.00	0.00	0.00
<b>Balance at 31.12.2010</b>	<b>4,462,589.35</b>	<b>4,008,947.37</b>	<b>21,628,913.28</b>	<b>30,100,450.00</b>	<b>0.00</b>
<b>Net Book amount</b>					
<b>31.12.2009</b>	<b>2,767,107.77</b>	<b>2,690,275.15</b>	<b>92,067,267.02</b>	<b>97,524,649.94</b>	<b>200,171,794.84</b>
<b>Net Book Amount</b>					
<b>31.12.2010</b>	<b>873,366.93</b>	<b>5,628,187.77</b>	<b>89,714,803.71</b>	<b>96,216,358.41</b>	<b>200,171,794.84</b>

### 6.3 Investments in related entities

In the financial statements of the parent company, the following companies are valued at cost less impairment losses, as given in the table below. The consolidated statements incorporated all the full consolidation method.

NAME	THE COMPANY	
	31.12.2010	31.12.2009
FOLLI-FOLLIE HONG KONG LTD	22,627,960.86	22,627,963.86
FOLLI-FOLLIE UK LTD	3,110,450.19	3,110,450.19
FOLLI-FOLLIE FRANCE SA	7,155,791.41	7,155,791.41
FOLLI-FOLLIE JAPAN LTD	15,528,412.86	15,528,409.08
FOLLI-FOLLIE SPAIN SA	5,018,267.21	5,018,267.21
MFK FASHION LTD	367,395.18	367,395.18
PLANACO SA	7,776,221.01	5,276,220.41
HELLENIC DISTRIBUTIONS S.A.	55,022,094.01	12,599,970.01
HELLENIC TURIST BUREAU S.A.	499,950.00	499,950.00
HDFS SCOPJE DOO	960,000.00	960,000.00
ATTICA DEPARTMENT STORES S.A.	1,450,000.00	1,450,000.00
ELMEC ROMANIA SRL	5,545,971.25	5,545,971.00
ELMEC Sport Bulgaria EOOD	1,544,023.00	1,544,023.00
CHRONOSPORT SA	0.00	64,667.00
MOUSTAKIS SA	943,650.00	943,650.00
LOGISTICS EXPRESS SA	60,000.00	60,000.00
IPIROTIKI SA.	0.00	42.422.082,00
NORTH LANDMARK	2,450,000.00	2,450,000.00
ICE CUBE SA	25,000.00	0.00
COLLECTIVE SA	960,000.00	0.00
	<b>131,045,186.98</b>	<b>127,624,810.35</b>

Investments in related entities in the financial statements of the parent company are subjected to value impairment control once per year, and particularly on 31.12 of each year, based on their value in use. If the value in use of the units creating cash flows is found to be less than their accounting value, an impairment loss is registered, equal to the balance.

In regards to the subsidiaries in Asia, there are no impairment indications, since their net position is significantly larger than the participation value; as a result, there is no need to conduct impairment control.

For the remaining subsidiaries (in Europe / Greece), due to the specific nature of the market conditions, particularly in the past two years, they are subjected to value impairment control once per year, and specifically on 31.12. The result of the above is that in 2008 and 2009 fiscal years, impairments were finalized in the specific category, based on their value in use, equal to €2.2 million and €0.5 mil. Respectively, which have reduced the value of participations, while for the same reason, during 2010 fiscal year, impairments were finalized, equal to €0.4million.

## 6.4 Investments available for sale

Analysis of balances of investments available for sale and other long-term requirements of the group and the company presented in the following tables:

THE GROUP							
	Lito S.A.	Lalas S.A.	Advances	Multirama	Agricultural Bank	Varius Securities	Total
<b>Balance at 1.1.2009</b>	<b>338,328.00</b>	<b>1,467.00</b>	<b>69,457.00</b>	<b>322,347.20</b>	<b>229,686.80</b>	<b>30,636.92</b>	<b>991,922.92</b>
Additions	0.00	0.00	10,735.00	0.00	0.00	0.00	10,735.00
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	-80,192.00	-314,985.38	0.00	0.00	-395,177.38
Valuation 01.01.09 - 31.12.09	0.00	-1,467.00	0.00	-7,361.82	88,593.48	-300.00	79,464.66
<b>Balance at 31.12.2009</b>	<b>338,328.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>318,280.28</b>	<b>30,336.92</b>	<b>686,945.20</b>
Additions	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Valuation 01.01.10-30.09.10	0.00	0.00	0.00	0.00	-196,874.40	-4,120.00	-200,994.40
<b>Balance at 31.12.2010</b>	<b>338,328.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>121,405.88</b>	<b>26,216.92</b>	<b>485,950.80</b>

THE COMPANY							
	Lito S.A.	Lalas S.A.	Advances	Multirama	Agricultural Bank	Varius Securities	Total
<b>Balance at 1.1.2009</b>	<b>338,328.00</b>	<b>1,467.00</b>	<b>69,457.00</b>	<b>322,347.20</b>	<b>229,686.80</b>	<b>28,142.92</b>	<b>989,428.92</b>
Additions	0.00	0.00	10,735.00	0.00	0.00	0.00	10,735.00
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	-80,192.00	-314,985.38	0.00	0.00	-395,177.38
Valuation 01.01.09 - 31.12.09	0.00	-1,467.00	0.00	-7,361.82	88,593.48	-300.00	79,464.66
<b>Balance at 31.12.2009</b>	<b>338,328.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>318,280.28</b>	<b>27,842.92</b>	<b>684,451.20</b>
Additions	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Valuation 01.01.10-30.09.10	0.00	0.00	0.00	0.00	-196,874.4	-4,120.00	-200,994.40
<b>Balance at 31.12.2010</b>	<b>338,328.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>121,405.88</b>	<b>23,722.92</b>	<b>483,456.80</b>

Investments available for sale on the group's shares listed on the Athens Stock Exchange are valued at current prices closing meeting of the Stock Exchange on 31 December 2010 (level 1) and shares not quoted on the Athens Stock Exchange are valued at cost and tested at each balance sheet date for impairment through the results. The audit conducted on 31.12.2010 revealed no evidence of further impairment of these.

## 6.5 Other long-term receivables

	THE GROUP		THE COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Bills & Cheques receivable	1,083,383.00	1,314,399.00	1,083,383.00	1,314,399.00
Paid guarantees	14,786,025.04	11,655,880.27	5,064,698.54	5,170,340.67
Other Receivables	1,401,580.68	1,559,303.70	10,000,000.00	0.00
	<b>27,270,988.72</b>	<b>14,529,582.97</b>	<b>16,148,081.54</b>	<b>6,484,739.67</b>

The increase of the "Remaining demands" refers to a fixed term deposit, coming from the revenue of a financial instrument used for interest rate hedging.

## 6.6 Inventories

The inventories of the Group and Company are analyzed as follows:

	THE GROUP		THE COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Merchandise (& Goods in transit)	298,765,232.89	268,812,925.99	95,211,255.38	89,329,282.99
Products-Raw materials-Supplies	4,324,672.73	4,851,258.40	3,754,830.71	3,737,930.89
Packing Materials	813,980.37	0.00	617,442.95	414,287.90
Less: valuation Differences	-6,949,325.63	-7,308,595.59	-2,340,942.87	-2,725,086.87
	<b>296,954,560.36</b>	<b>266,355,588.80</b>	<b>97,242,586.17</b>	<b>90,756,414.91</b>

Inventories are measured at the lowest value between the acquisition value and the clear liquidating value, as provided for by IAS 2.

A significant increase of the amount of inventories, in regards to 31.12.2009, is mainly due to the effect of foreign currency rates, per €6.7 million and €12 million in the markets of Asia (mainly Hong Kong, China, and Japan), where the number of retail shops was increased. For the same reason, there has been an increase in the inventories of LINKS of LONDON subsidiary, equal to €3.5 million.

## 6.7 Trade receivables and other current assets

The amounts recognized in financial statements are analyzed as follows:

Trade receivables	THE GROUP		THE COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Trade receivables-(customers)	317,712,149.81	256,502,018.45	52,455,118.67	47,663,460.81
Cheques receivable (metachron.) & gr.	18,654,845.16	21,217,826.36	16,750,795.85	14,375,411.92
Provision for doubtful debts	-1,298,084.46	-1,047,537.32	-974,360.00	-844,857.32
	<b>335,068,910.51</b>	<b>276,672,307.49</b>	<b>68,231,554.52</b>	<b>61,194,015.41</b>

A significant impact on the increase of the above account was resulted by the exchange rate between USD/ EURO on 31/12/2010, since this was positive per 7.81% versus to 31/12/2009 (increase per €19.8 mil.).

Regarding the formulated provision for doubtful debts, this has resulted from the separate examination of the capability to pay off the outstanding balance for each client - indebted entity, after taking into consideration the age of the debt.

For client balances claimed through courts, the assessment of the legal consultant is taken into consideration. During the fiscal year, the parent company formulated a provision equal to €490 th., while an additional provision, equal to approx. €760 th. was formulated by the Group's subsidiaries.

The amounts of the provisions, as well as the maturity date of the balances of the commercial demands, are presented below.

## THE GROUP THE COMPANY

### Balance provision of bad debts 01.01.2010

Expense for the period 01.01.-12.31.2010

Deletions / Receipts year 01.01.-12.31.2010

### Balance provision of bad debts 31.12.2010

**967,988.32**

**844,857.32**

760,188.46

490,487.00

-430,092.32

-360,984.32

**1,298,084.46**

**974,360.00**

## THE GROUP

## THE COMPANY

### Adult other customers

From 120 days until 180

From 180 to 270 days

From 270 days +

### Overdue claims

From 120 days until 180

From 180 to 270 days

From 270 days +

Impaired claims

### Total requirements

**31.12.2010**

**31.12.2009**

**31.12.2010**

**31.12.2009**

68,928,188.23

52,432,758.33

4,863,112.01

6,966,277.91

43,362,919.29

27,272,979.71

16,111,751.08

11,948,916.15

38,536,437.84

27,736,043.02

25,793,604.81

20,006,319.26

**150,827,545.36**

**107,441,781.06**

**46,768,467.90**

**38,921,513.32**

0.00

0.00

0.00

0.00

68,149.43

10,000.00

51,153.90

46,467.15

362,988.68

1,169,739.00

1,023,078.00

929,343.05

431,138.11

1,179,739.00

1,074,231.90

975,810.20

**151,258,683.47**

**108,621,520.06**

**47,842,699.80**

**39,897,323.52**

## THE GROUP

## THE COMPANY

Trade Receivables via Credit Card

Short Term Loans Receivables

Receivables From Public Sector

Advances to Suppliers

Personnel Advances

Purchases Under Settlement

Other Receivables

Prepayments

Accrued Income

**31.12.2010**

**31.12.2009**

**31.12.2010**

**31.12.2009**

17,656,901.40

22,891,204.65

1,805,807.41

2,245,650.65

453,097.14

0.00

0.00

1,286,517.41

6,504,902.97

9,608,885.56

3,152,786.27

3,650,721.62

48,196,859.05

7,047,159.09

4,942,465.75

4,562,945.86

144,605.71

385,817.41

131,245.66

293,429.23

1,481,882.51

792,909.99

1,355,217.82

66,825.99

28,842,291.00

11,457,794.25

14,408,092.13

5,574,783.90

6,940,474.40

3,813,705.89

619,648.43

845,016.70

622,850.26

5,154.04

515,801.66

1,528.71

**110,843,864.44**

**56,002,630.88**

**26,931,065.13**

**18,527,420.07**

As stated above, this fund was significantly affected by the USD/EUR exchange rate.

The increase of the "advances for acquisition of inventories" fund is mainly due to advances paid to production units with the purpose of having them committed for proper performance and competitive prices concerning large annual orders, as well as in order to acquire special discounts in markets for stock and equipment for points of sale in subsidiary foreign companies, in the area of Southeast Asia, equal to €56 mil. and €39 mil. in 2010 and 2009 respectively.

The fair value of the above demands is not significantly different from their accounting value.



## 6.8 Cash and Cash Equivalents

The cash and cash equivalents comprise the following:

	THE GROUP		THE COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Cash on Hand	10,978,017.36	6,079,810.19	1,253,563.53	1,494,338.56
Bank Accounts	122,787,647.82	113,396,517.91	11,331,835.27	27,480,155.75
	<b>133.765.665,18</b>	<b>119.476.328,10</b>	<b>12.585.398,80</b>	<b>28.974.494,31</b>

## 6.9 Financial assets at fair value through Results

The change in available for sale assets at fair value through profit and loss is as follows:

Investment fair value through profit	THE GROUP			THE COMPANY		
	Shares of Listed Companies	Mutual funds, other securities	Total	Shares of Listed Companies	Mutual funds, other securities	Total
<b>Balance at 1/1/2009</b>	388,228.08	0.00	388,228.08	388,228.08	0.00	388,228.08
Additions	0.00	0.00	0.00	0.00	0.00	0.00
Reductions	0.00	0.00	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00	0.00	0.00
Impairments	0.00	0.00	0.00	0.00	0.00	0.00
Valuation	121,152.04	0.00	121,152.04	121,152.04	0.00	121,152.04
Exchange differences	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance at 31/12/2009</b>	<b>509,380.12</b>	<b>0.00</b>	<b>509,380.12</b>	<b>509,380.12</b>	<b>0.00</b>	<b>509,380.12</b>
<b>Balance 1/1/2010</b>	<b>509,380.12</b>	<b>0.00</b>	<b>509,380.12</b>	<b>509,380.12</b>	<b>0.00</b>	<b>509,380.12</b>
Additions	0.00	0.00	0.00	0.00	0.00	0.00
Reductions	0.00	0.00	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00	0.00	0.00
Impairments	0.00	0.00	0.00	0.00	0.00	0.00
Valuation	-127,251.92	0.00	-127,251.92	-127,251.92	0.00	-127,251.92
Exchange differences	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance 31/12/2010</b>	<b>382,128.20</b>	<b>0.00</b>	<b>382,128.20</b>	<b>382,128.20</b>	<b>0.00</b>	<b>382,128.20</b>

All assets of this category are measured at fair value and are of level 1.

## 6.10 Equity

	THE GROUP		THE COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Share capital	18,176,463.00	18,176,463.00	18,176,463.00	18,176,463.00
Reserve Premium	62,531,731.47	62,531,731.47	62,531,731.47	62,531,731.47
Treasury shares	-8,992,342.92	-14,602,091.47	-8,992,342.92	-14,713,340.73
Other reserves	-3,930,283.49	8,119,006.08	-8,212,617.67	-572,839.51
Exchange differences	-37,113,966.81	-59,715,791.52	0.00	0.00
Consolidation differences	-87,027,854.86	-88,927,927.73	-85,554,366.48	-85,554,366.48
Retained earnings	585,529,812.67	501,893,092.92	61,958,587.29	79,804,789.93
	<b>529,173,559.06</b>	<b>427,474,482.75</b>	<b>39,907,454.69</b>	<b>59,672,437.68</b>

Group equity as on 31.12.2009 were formed after the merger as follows:

Equity	Before merger		After merger
Capital stock	9,884,062.50 <sup>(1)</sup>	8,292,400.50	18,176,463.00
Above par	62,531,731.47		62,531,731.47
Other reserve funds	8,119,006.08		8,119,006.08
Equity Shares	-14,602,091.47		-14,602,091.47
Results carried forward	405,258,014.78 <sup>(2)</sup>	96,635,078.14	501,893,092.92
Foreign Exchange differences	-59,715,791.52		-59,715,791.52
Other net position assets	-88,927,927.73		-88,927,927.73
Total of Company equity	322,547,004.11	104,927,478.64	427,474,482.75
Minority rights	118,549,022.44 <sup>(3)</sup>	-104,927,478.64	13,621,543.80
Total of equity	441,096,026.55	0	441,096,026.55

(1) In particular, the capital stock was formed as follows:

\_AMMOUNTS IN EUROS

	FOLLI-FOLLIE	HDFS	ELMEC	Total
Share capital	9,884,062.50	15,802,500.00	33,240,000.00	58,926,562.50
Elimination of share capital		(8,972,659.50)	(31,777,440.00)	(40,750,099.50)
New share capital	9,884,062.50	6,829,840.50	1,462,560.00	18,176,463.00
Remaining percentage	100%	(100-56.78%)	(100-95.6%)	

(2) The difference in profits carried forward refers to the sum of the capital stock adjustments and of the minority rights, in order to avoid changing the published net position; this is as follows:

\_AMMOUNTS IN EUROS

Adjustment of Share Capital	8,292,400.50
Adjustment of Minority Rights	-104,927,478.64
<b>Balance in profits carried forward</b>	<b>96,635,078.14</b>

(3) Minority rights, as on 31/12/2009, equal to € 104,927,478.64 refer to the acquired minority rights for "DUTY-FREE SHOPS S.A." (HDFS SA) and "ELMEC SPORT SA" Companies, which were acquired due to the merger through absorption; thus, their balance that has remained in net position after the acquisition is as follows:

COMPANY	PERCENTAGE %	AMOUNT (€)
FOLLI FOLLIE HONG KONG	0.01%	37,447.25
FOLLI FOLLIE CHINA	15.00%	455,583.03
LAPFOL (JOINT VENTURE)	25.00%	70,539.36
HELLENIC DISTRIBUTIONS SA	0.00024%	77.63
HELLENIC TOURIST BUREAU SA	0.01000%	49.68
CHRONOSPORT SA	50.00%	64,667.00
ATTICA DEPT. STORES SA	50.00%	6,877,941.50
NORTHLANDMARK SA	65.00%	6,115,238.35
		<b>13,621,543.80</b>

## 6.11 Loan Obligations and Maturity

	THE GROUP		THE COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
<b>Borrowed funds: Analysis</b>				
Bond loans	606,750,639.59	604,693,348.97	541,708,718.99	560,779,159.98
Bank loans	120,202,074.43	91,403,925.23	72,197,640.44	36,622,827.70
Leases	59,098,481.42	56,284,240.80	47,838,175.09	45,452,745.19
	<b>786,051,195.43</b>	<b>752,381,515.00</b>	<b>661,744,534.52</b>	<b>642,854,732.87</b>
Long-term borrowings	649,430,022.20	330,431,457.62	555,501,410.00	248,931,586.19
Short-term borrowings	136,621,173.23	421,950,057.37	106,243,124.52	393,923,146.68
	<b>786,051,195.43</b>	<b>752,381,514.99</b>	<b>661,744,534.52</b>	<b>642,854,732.87</b>
<b>Bond loans</b>				
Over 5 Years	13,693,619.89	13,500,000.00	12,500,000.00	9,888,890.00
From 1 to 5 years	560,345,044.44	233,029,164.30	497,916,670.00	196,222,225.00
Up to 1 year	32,711,975.26	358,164,184.67	31,292,048.99	354,668,044.98
<b>Total</b>	<b>606,750,639.59</b>	<b>604,693,348.97</b>	<b>541,708,718.99</b>	<b>560,779,159.98</b>
<b>Bank loans</b>				
Over 5 Years	15,600,780.42	16,452,707.00	0.00	0.00
From 1 to 5 years	4,495,144.71	15,081,648.00	0.00	0.00
Up to 1 year	100,106,149.30	59,869,570.23	72,197,640.44	36,622,827.70
<b>Total</b>	<b>120,202,074.43</b>	<b>91,403,925.23</b>	<b>72,197,640.44</b>	<b>36,622,827.70</b>
<b>Leases</b>				
Over 5 Years	34,207,200.07	35,987,184.00	33,597,404.00	31,426,221.00
From 1 to 5 years	21,088,232.67	16,380,754.33	11,487,336.00	11,394,250.19
Up to 1 year	3,803,048.68	3,916,302.47	2,753,435.09	2,632,274.00
	<b>59,098,481.42</b>	<b>56,284,240.80</b>	<b>47,838,175.09</b>	<b>45,452,745.19</b>

The parent company, during 2010, performed the following operations in regards to its loans:

- Within June 2010, it refinanced an existing common debenture loan, equal to € 60 mil. expiring on 30/6/2010 and contracted a common debenture loan, as per L.3156/2003, with Alpha Bank and Commercial Bank of Greece, equal to € 60 mil. lasting for 3 years, with floating interest rate (Euribor plus margin).
- Within June 2010, it refinanced an existing common debenture loan, equal to € 231.5 mil. expiring on 30/6/2010 and contracted a common debenture loan, as per L.3156/2003, equal to € 231.5 mil. lasting for 2 years, with floating interest rate (Euribor plus margin).
- In addition, in June 2010, it refinanced an existing common debenture loan, equal to € 20 mil. expiring on

30/6/2010 and contracted a common debenture loan, as per L.3156/2003, equal to € 20 mil. lasting for 2 years, with floating interest rate (Euribor plus margin).

⚡ The Company, in August 2010, acquired a common debenture loan, as per L. 3156/2003, equal to € 25 mil. lasting for 7 years, with floating interest rate (Euribor plus margin).

Finally, it contracted a common debenture loan with the National Bank of Greece, in order to payoff short-term loans. The capital of this loan was €15 mil. and 6 debentures were issued for it.

⚡ On October, 2010, FOLLI FOLLIE HONG KONG subsidiary acquired a long-term loan of 10 million.

## 6.12 Compensation of personnel due to retirement or dismissal

According to IAS 19, the accounting representations of the obligations deriving from L. 2112/20 for the Group and Company are as follows (amounts in €):

### THE GROUP

	1/1/10-31/12/10	1/1/09-31/12/09
<b>Amounts recognized in the income statement</b>		
Cost of current employment	623,407	913,382
Interest in liability	472,001	561,132
Recognition of actuarial loss / (gain)	(37,832)	(120,277)
Recognition of past service cost	287,745	301,040
Cost of reductions / settlements / termination of service	854,214	979,422
<b>Total expense in the income Statement</b>	<b>2,199,535</b>	<b>2,634,699</b>
<b>Changes in net liability recognized in balance sheet</b>		
Net liability at beginning of year	9,307,366	8,821,839
Benefits paid by the employer	(2,080,079)	(2,149,172)
Total expense recognized in the income statement	2,199,535	2,634,699
<b>Net liability at year end</b>	<b>9,426,822</b>	<b>9,307,366</b>
Adjustment	-	-
<b>Net liability at year end</b>	<b>9,426,822</b>	<b>9,307,366</b>

### THE COMPANY

	1/1/10-31/12/10	1/1/09-31/12/09
Present value of non funded obligations	9,332,030	10,246,762
Unrecognized actuarial gains / (losses)	1,061,534	315,386
Unrecognized past service cost	(2,213,024)	(2,547,721)
<b>Net liability recognized in balance sheet</b>	<b>8,180,540</b>	<b>8,014,427</b>
<b>Amounts recognized in the income statement</b>		
Cost of current employment	573,471	516,711
Interest in liability	455,416	525,215
Recognition of actuarial loss / (gain)	-	(91,624)
Recognition of past service cost	282,420	290,959
Cost of reductions / settlements / termination of service	538,054	934,769
<b>Total expense in the income statement</b>	<b>1,849,361</b>	<b>2,176,030</b>
<b>Changes in net liability recognized in balance sheet</b>		
Net liability at beginning of year	8,014,427	7,739,130
Benefits paid by the employer	(1,683,248)	(1,900,733)
Total expense recognized in the income statement	1,849,361	2,176,030
<b>Net liability at year end</b>	<b>8,180,540</b>	<b>8,014,427</b>
Adjustment	-	-
<b>Net liability at year end</b>	<b>8,180,540</b>	<b>8,014,427</b>

#### Change of obligation's present value

Present value of obligation at beginning of period

Cost of current employment

Interest costs

Benefits paid by the employer

Additional payments / costs / (income)

Cost of service during the period

Actuarial loss / (gain)

**Present value of obligation at the end of period**

#### Actuarial assumptions

Discount rate

Future salary increases

Expected remaining working lives

10.246.762

573.471

455.416

(1.683.248)

493.821

-

(754.192)

**9.332.030**

9.830.716

516.711

525.215

(1.900.733)

852.424

83.090

339.339

**10.246.762**

4,65%

1,80%

12,35

4,56%

2,20%

10,83

## 6.13 Other long-term provisions

### THE GROUP

### THE COMPANY

**31.12.2010**

**31.12.2009**

**31.12.2010**

**31.12.2009**

Provisions for additional taxes

1,673,543.16

1,442,142.00

1,321,874.00

1,166,178.00

Provisions for risks & expenses

2,655,300.76

2,978,550.29

2,150,000.00

2,150,000.00

**4,328,843.92**

**4,420,692.29**

**3,471,874.00**

**3,316,178.00**

In regards to the unaudited fiscal years of the parent company, we have the following to state:

- ⌘ HDFS (Duty-Free Shops S.A.) has been audited, tax-wise, until 2004 fiscal year. Currently, a tax audit is under way concerning 2005-2007 fiscal years; its result has not been finalized.
- ⌘ Folli Follie has been audited by ordinary tax audits until 2007 fiscal year, while audit is performed concerning 2008-2009 fiscal years.
- ⌘ Elmec has been audited by ordinary tax audits until 2008 fiscal year.

The unaudited fiscal years of the remaining Group companies are analysed in the table below:

**Name**

**Unaudited**

**Name**

**Unaudited**

FOLLI FOLLIE UK LTD

2005-2010

FOLLI FOLLIE FRANCE SA

2006-2010

FOLLI FOLLIE SPAIN SA

2002-2010

MFK FASHION

2002-2010

PLANACO ABEE

2007-2010

FOLLI FOLLIE JAPAN LTD

2006-2010

FOLLI FOLLIE HONG KONG LTD

2002-2010

FOLLI FOLLIE ASIA LTD

2002-2010

FOLLI FOLLIE TAIWAN LTD

2006-2010

FOLLI FOLLIE KOREA LTD

2006-2010

FOLLI FOLLIE SINGAPORE LTD

2004-2010

FOLLI FOLLIE MACAO LTD

2008-2010

BLUEFOL GUAM LTD

2002-2010

BLUEFOL HAWAII LTD

2002-2010

BLUEFOL HONG KONG LTD

2002-2010

FOLLI FOLLIE MALAYSIA LTD

2004-2010

FOLLI FOLLIE THAILAND LTD

2002-2010

FOLLI FOLLIE CHINA (PILION LTD)

2006-2010

LAPFOL (Joint venture)

2009

HELLENIC DISTRIBUTION

2006-2010

LINKS (LONDON) LIMITED

2006-2010

LINKS OF LONDON (INTER/NAL) LTD

2006-2010

LINKS OF LONDON COM LTD (UK)

2006-2010

LINKS OF LONDON ASIA LTD (HK)

2006-2010

LINKS OF LONDON INC (USA)

2006-2010

LINKS OF LONDON (FRANCE)

2006-2010

LINKS OF LONDON INC (MACAU) LTD

2008-2010

LINKS OF LONDON JAPAN Co LTD

2008-2010

HDFS SKOPJE DOO (П.Г.Δ.М.)

2006-2010

HELLENIC TOURIST BUREAU AE

2006-2010

ELMEC ROMANIA SRL

2007-2010

ELMEC SPORT BULGARIA EOOD

2005-2010

MOUSTAKIS SA

2010

LOGISTICS EXPRESS AE

2010

ATTIKA DEPARTMENT STORES

2007-2010

NORTH LANDMARK AE

2009

ICE CUBE AE

Established 2010

COLLECTIVE PATRAS SA

Established 2010

Apart from the provisions for additional taxes from future tax audits, the companies of the Group have formulated the following provisions: :

### Provision for litigious cases

This provision is equal to €2,150 mil. and is based on the fact that a company of the Group if facing court action; the Greek State is the plaintiff in these cases and the above amount is a reliable evaluation of the amounts required to be paid if the final decision is against the Company.

### Provision for the forfeiture of penalty clauses

This provision is equal to €324 th. and stems from the fact that the Group's subsidiary company may be required to pay certain amounts as penalty clauses to its suppliers with whom the company has contracted a shop-in-shop commercial co-operation contract, if such cooperation is prematurely terminated, under specific conditions and terms.

These provisions are re-examined in each balance sheet date and are adjusted in order to show the present value of the expense anticipated in order to settle the obligation.

## 6.14 Other long-term liabilities

	THE GROUP		THE COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Other Liabilities	38,000.00	365,098.27	0.00	365,098.26
Derivatives Revaluation	34,329,737.19	31,990,090.74	34,329,737.19	31,297,008.53
	<b>34,367,737.19</b>	<b>32,355,189.01</b>	<b>34,329,737.19</b>	<b>31,662,106.79</b>

"Obligations from the evaluation of hedging financial instruments" fund refers to Interest Rate Swaps (IRS), held as hedging tools for cash flows of financial obligations with floating interest, which cover approx. 69% of the capital of the loans. All these swaps expire after 2013. The fair value of derivative financial instruments are based on their market evaluation (mark to market), which is verified by the credit institutions with which the pertinent contracts have been signed. The above changes in the evaluation of the hedging instruments is registered as "reserve" in the equity funds, through the statement of other total income, and are transferred to results when the hedged cash flows affect them.



## 6.15 Deferred Income Tax

Deferred taxes are calculated based on the tax rate applied on a given company's profit for the period that the deferred tax asset or liability is expected to be settled, taking into consideration the tax principles that are in effect at the balance sheet date. Consequently the tax coefficient applied to calculate the deferred taxes is analysed as follows: all the other Greece-based companies of the Group with the coefficient for 2009 at 25%, the coefficient 24% has been applied to temporary divergences expected to be settled within 2010, the coefficient 23% for those to be settled within 2011, the coefficient 22% for those to be settled within 2012, the coefficient 21% for those to be settled within 2013 and the coefficient 20% for those to be settled after 1st January 2014.

The deferred tax claims and obligations are as follow:

### THE GROUP

### THE COMPANY

	31.12.2010		31.12.2009		31.12.2010		31.12.2009	
	Deferred Tax Claim	Deferred Tax Obligation	Deferred Tax Claim	Deferred Tax Obligation	Deferred Tax Claim	Deferred Tax Obligation	Deferred Tax Claim	Deferred Tax Obligation
<b>Fixed Assets</b>								
Tangible Fixed Assets	791,402.50	5,536,941.18	703,991.32	4,614,057.41	519,373.25	5,093,725.88	408,941.98	3,956,442.04
Intangible Fixed Assets	-181,771.71	12,692,790.88	-214,118.29	12,890,957.72	-181,771.71	11,732,902.88	-227,616.21	12,087,946.87
Leases	0.00	1,134,536.43	0.00	1,235,345.06	0.00	1,009,628.43	0.00	622,400.80
Long Term receivables	23,920.78	0.00	0.00	0.00	23,920.78	0.00	32,619.24	0.00
Valuations	28,243.00	0.00	105,035.07	0.00	28,243.00	0.00	20,530.00	0.00
<b>Current Assets</b>								
Receivables	0.00	1,034,395.98	671,403.76	1,034,395.98	0.00	1,034,395.98	201,001.94	1,034,395.98
Provisions	1,124,440.57	0.00	1,047,301.00	0.00	789,276.93	0.00	802,542.00	0.00
Def.Tax recognised in Equity	6,865,947.44	0.00	6,259,401.70	0.00	6,865,947.44	0.00	6,259,401.70	0.00
Losses	3,281,534.92	0.00	4,496,046.82	0.00	0.00	0.00	2,016,067.00	0.00
Long Term liabilities	1,574,673.13	0.00	1,356,006.49	0.00	1,406,963.37	0.00	1,348,813.32	0.00
Post Employment Benefits	-175,508.96	1,229,899.97	-134,128.75	1,515,621.90	-175,508.96	1,252,848.49	-105,203.76	1,256,476.53
Accruals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Liabilities	13,332,881.67	21,628,564.44	14,290,939.12	21,290,378.07	9,276,444.10	20,123,501.66	10,757,097.21	18,957,662.22
<b>Total</b>	-791,446.48	-791,446.48	-2,729,919.36	-2,729,919.36	-610,021.00	-610,021.00	-2,806,069.00	-2,806,069.00
<b>Adjustments</b>								
<b>Total</b>	12,541,435.19	20,837,117.96	11,561,019.76	18,560,458.71	8,666,423.10	19,513,480.66	7,951,028.21	16,151,593.22

## 6.16 Trade and other liabilities

The change of line in the list below:

	THE GROUP		THE COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Suppliers	103,356,005.38	91,805,053.78	42,546,707.92	27,920,842.06
Cheques / Promissory Notes Payable	12,207,183.62	14,145,956.30	5,666,206.55	6,655,950.36
Customer Advances	14,677,004.59	8,236,846.08	13,472,386.24	7,007,159.37
Personnel Payrol Payable	1,037,471.04	1,604,713.34	817,579.94	903,415.39
BoD or Shareholders Liabilities	2,103,268.40	0.00	54,601.30	729,874.14
Social Security Contribution	4,114,696.65	4,314,115.81	2,494,310.62	2,600,455.42
Other Liabilities	19,531,624.88	22,231,252.07	1,998,116.56	1,602,295.09
Accrued Expenses	5,909,656.85	5,224,216.73	931,366.47	2,666,608.00
Deferred Income	309,217.85	545,057.14	2,674.25	0.08
	<b>163,246,129.25</b>	<b>148,107,211.25</b>	<b>67,983,949.85</b>	<b>50,086,599.91</b>

## 6.17 Current income tax and current tax liabilities

	THE GROUP		THE COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Income Taxes	7.828.328,16	14.472.874,96	313.683,39	2.896.549,24
Taxes Resulting From Tax Audits	102.349,00	266.778,00	0.00	27.964,00
Windfall tax law.3808/2009	0.00	6.428.355,88	0.00	6.428.355,88
Windfall tax law.3845/2010	5.126.237,31	0.00	4.703.858,31	0.00
	<b>13.056.914,47</b>	<b>21.168.008,84</b>	<b>5.017.541,70</b>	<b>9.352.869,12</b>

	THE GROUP		THE COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
V.A.T	2.377.393,36	3.343.221,76	0.00	1.822.870,47
Other Tax Liabilities (Other Than Income Tax)	4.297.028,91	5.787.093,06	988.300,35	2.082.501,87
	<b>6.674.422,27</b>	<b>9.130.314,82</b>	<b>988.300,35</b>	<b>3.905.372,34</b>

## 6.18 Analysis of income - expenses per segment

SALES	THE GROUP		THE COMPANY	
	1.1 - 31.12.2010	1.1 - 31.12.2009	1.1 - 31.12.2010	1.1 - 31.12.2009
Merchandise Sales	966,392,336.34	968.251.219,54	353,311,057.76	378,457,985.06
Product Sales	9,556,748.87	7.075.506,92	9,226,360.71	6,266,934.19
Services Sales	13,651,832.17	17.175.668,42	16,471,464.42	12,823,171.18
<b>Total</b>	<b>989,600,917.39</b>	<b>992.502.394,88</b>	<b>379,008,882.89</b>	<b>397,548,090.43</b>

An analysis of the turnover per operational sector is noted in par. 5.4 of the financial information per segment.

	THE GROUP		THE COMPANY	
Other Income	1.1 - 31.12.2010	1.1 - 31.12.2009	1.1 - 31.12.2010	1.1 - 31.12.2009
Income from Marketing/ promotion /promoters & Merch.	16,448,447.90	14,188,598.39	10,400,823.78	8,707,757.24
Other income	7,793,219.77	6,931,555.48	2,372,991.70	2,887,599.04
Received Grants	33,776.88	272,482.36	22,375.00	270,586.36
Rental Income	116,033.80	1,544,199.64	0.00	0.00
Foreing excainge Gain	5,056,980.10	4,333,060.98	2,041,997.25	3,277,071.14
Other Operating Income	3,607,898.53	3,635,072.38	3,366,115.85	1,334,005.87
	<b>33,056,356.97</b>	<b>30,904,969.23</b>	<b>18,204,303.58</b>	<b>16,477,019.65</b>

The funds titled "Income from Marketing / Promoters and Merchandising" and "Other income" include income related to advertisement and promotional actions, as well as income coming from subsidiary companies and refers to services and expenses charged by them to the businesses operating sale corners inside department stores, such as internal decoration expenses, telecom expenses, expenses for joint advertisement actions.

The fund titled "Income from previous fiscal years" mainly refers to credit invoices coming from foreign suppliers for the acquisitions in the previous fiscal year, due to the achievement of predefined quota concerning the acquisition of goods (discounts over total revenue).

	THE GROUP		THE COMPANY	
Administration Expense	1.1 - 31.12.2010	1.1 - 31.12.2009	1.1 - 31.12.2010	1.1 - 31.12.2009
Wages/Salaries/Expenses	26,592,712.29	26,077,555.11	11,101,828.80	13,068,331.08
Legal/Professional/ Other Fees	6,188,576.57	6,841,449.95	2,927,546.14	3,465,104.69
Credit Card Fees & wholesales fees	7.04	0.00	0.00	0.00
Postage and Telecommunications	886,150.43	1,082,713.41	261,717.48	543,303.52
Rent Expenses	3,262,358.99	4,474,072.97	0.00	0.00
Car leases	202,295.91	0.00	197,955.70	146,371.06
Insurance (Other than Staff)	456,862.97	461,539.82	180,605.03	203,380.96
Repairs and Maintainance	1,234,286.99	1,255,370.29	155,715.24	213,439.36
Utilities and Cleaning	861,934.51	580,551.00	455,411.87	274,767.02
Other Taxes (not income)	920,218.26	1,259,585.68	716,828.95	695,201.67
Transportation Expenses	827,375.50	718,300.95	296,122.61	286,216.11
Advertizing and Promotion Expenses	3,987,633.86	3,958,382.66	479,928.85	578,005.73
Fair and Exhibitions Expenses	355,788.68	264,028.15	0.00	1,350.00
Stationary and Consumables	474,295.56	602,664.70	152,246.99	205,691.28
Ancillary expenses	0.00	0.00	0.00	0.00
Other Expenses	2,930,823.13	2,345,630.21	670,464.81	1,654,586.75
Depreciation & Amortization	6,248,834.05	6,464,850.97	4,659,338.78	3,227,999.32
Provisions	95,722.13	114,868.18	72,854.65	97,033.57
	<b>55,525,876.87</b>	<b>56,501,564.05</b>	<b>22,328,565.90</b>	<b>24,660,782.12</b>

THE GROUP		THE COMPANY		
Selling Expenses	1.1 - 31.12.2010	1.1 - 31.12.2009	1.1 - 31.12.2010	1.1 - 31.12.2009
Wages/Salaries/Expenses	117,234,239.05	112,394,644.58	55,639,154.96	55,976,247.55
Legal/Professional/ Other Fees	22,904,653.59	21,986,806.17	8,157,064.83	5,999,954.05
Credit Card Fees				
& wholesales fees	3,483,216.72	2,221,914.69	933,191.12	933,476.36
Postage and Telecommunications	2,001,064.50	1,622,097.14	912,731.43	628,271.53
Rent Expenses	82,101,112.80	75,590,677.81	35,269,135.53	33,685,716.51
Car leases	385,378.83	349,324.00	304,614.83	329,886.22
Insurance (Other than Staff)	1,753,439.83	1,647,601.55	1,183,844.19	1,015,818.22
Repairs and Maintainance	3,824,288.12	3,047,798.01	1,216,436.53	1,133,290.26
Utilities and Cleaning	7,802,197.43	7,713,025.05	2,102,586.94	2,022,027.90
Other Taxes (not income)	1,786,013.47	1,530,319.48	711,622.18	564,975.43
Transportation Expenses	5,107,921.85	5,264,047.14	3,145,605.82	3,273,321.98
Advertizing and				
Promotion Expenses	14,497,202.66	14,484,322.52	4,372,469.32	4,725,172.59
Fair and Exhibitions Expenses	186,670.58	237,201.36	87,222.17	110,699.16
Stationary and Consumables	2,675,715.62	2,369,166.18	954,360.53	1,049,461.44
Ancillary expenses	125,879.76	0.00	125,879.76	23,843.16
Other Expenses	17,112,981.87	15,322,002.46	2,878,583.42	3,801,111.78
Depreciation & Amortization	14,466,471.77	13,688,224.96	5,314,187.94	5,185,300.20
Provisions	362,820.35	432,536.78	259,287.65	47,604.64
	297,811,268.79	279,901,709.88	123,567,979.15	120,506,178.98

THE GROUP		THE COMPANY		
Other Expenses	1.1 - 31.12.2010	1.1 - 31.12.2009	1.1 - 31.12.2010	1.1 - 31.12.2009
Penalties and Fines	182,524.87	349,327.46	48,873.47	30,558.50
Duties and taxes on deficits	372.01	0.00	372.01	130,015.87
Losses from property sale	295,666.31	0.00	0.00	0.00
Non current asset impairment	134,180.62	0.00	0.00	0.00
Stock Losses and Damage	128,700.06	330,662.34	0.00	92,733.00
Provision for bad Debts	147,453.65	0.00	135,443.73	161,629.00
Provision for Risk Exposure				
and Expenses	933,205.28	438,316.26	766,852.00	39,314.36
Foreing excainge Losses	3,578,170.77	3,887,249.92	2,243,264.25	2,154,720.20
Previous Year Expenses	1,151,730.96	5,234,662.62	4,974,928.03	701,241.68
Total	6,552,004.53	10,240,218.60	8,169,733.49	3,310,212.61

	THE GROUP		THE COMPANY	
Financial Income	1.1 - 31.12.2010	1.1 - 31.12.2009	1.1 - 31.12.2010	1.1 - 31.12.2009
Gains from foreign exchange products	9,825,277.58	12,886,207.53	9,825,277.58	12,886,207.53
Fair Value Revaluation	0.00	0.00	0.00	120,423.14
Derivatives income	11,743,014.12	2,193,319.53	11,113,266.86	2,092,224.53
Dividends from other investments	91,208.00	111,259.85	90,604.00	102,173.87
Dividends from investments fair value	0.00	120,423.14	0.00	95,551.00
Interest on cash	1,349,270.88	571,960.19	381,898.40	213,817.81
Other interest	89,638.64	42,020.53	36,243.58	36,243.53
Profits from sale of assets	122,929.79	877,394.43	47,228.47	81,426.02
Other financial income	354,053.00	425,009.29	349,062.00	383,418.00
<b>Total</b>	<b>23,575,392.01</b>	<b>17,227,594.49</b>	<b>21,843,580.89</b>	<b>16,011,485.43</b>

Profits from derivative instruments regarding Interest Rate Swaps, held as hedging tools for cash flows of financial obligations.

	THE GROUP		THE COMPANY	
Financial Expenses	1.1 - 31.12.2010	1.1 - 31.12.2009	1.1 - 31.12.2010	1.1 - 31.12.2009
Losses on valuation of invest. fair value	1,194,287.28	0.00	802,259.92	0.00
Losses from foreign exchange products	24,058,816.09	0.00	24,058,816.09	0.00
Losses from sale of investments and other investments	855,487.08	1,467.00	410,449.87	1,467.00
Losses on valuation of derivatives	7,811,974.87	4,036,155.01	7,060,567.00	4,036,155.01
Losses from sale of assets	174,905.85	777,097.58	42,195.38	192,568.96
Damage on other investment valuation	0.00	0.00	0.00	52,725.00
Other Financial expenses	1,238,678.61	1,122,864.69	1,057,133.35	1,048,108.72
Asset Valuation	0.00	0.00	0.00	487,000.00
Interest and debt expenses	31,428,582.60	27,604,106.09	28,461,869.72	23,637,842.05
Interest on finance leases	1,805,622.05	266,238.13	1,755,947.33	256,410.08
Other Interests	73,022.62	0.00	4,166.80	6,686.28
Bank charges and taxes	1,894,979.27	3,172,298.37	1,280,903.23	1,265,537.47
<b>Total</b>	<b>70,536,356.33</b>	<b>36,980,226.87</b>	<b>64,934,308.69</b>	<b>30,984,500.57</b>

The financial expenses have shown a significant increase in the 2010 fiscal year, in regards to 2009, mainly due to losses from the parent company with short-term currency forward contracts. In addition, a significant increase was noted in the losses of derivatives regarding Interest Rate Swaps, which are held as hedging tools for cash flows; however, these were more than covered by an increase in the income of the same account (see Table of analysis of Financial Income).

## 6.19 Income Tax

	THE GROUP		THE COMPANY	
	1.1 - 31.12.2010	1.1 - 31.12.2009	1.1 - 31.12.2010	1.1 - 31.12.2009
Profit/(loss) before taxes	124,712,039.87	157,760,300.57	2,523,717.35	40,401,632.12
Current tax rate	24.00%	25.00%	24.00%	25.00%
Related tax	<b>29,930,889.57</b>	<b>39,440,075.14</b>	<b>605,692.16</b>	<b>10,100,408.03</b>
Irreversible deviations from tax basis	0.00	0.00	2,632,167.83	0.00
Tax effect of funds not subject to tax	1,840,540.88	-1,145,047.83	0.00	476,732.79
Absorbed companies' Losses				
30/06/2010 (law.2166)	6,744,156.50	0.00	6,744,156.50	0.00
Deleted deferred taxes	2,016,067.00	0.00	2,016,067.00	-24,552.00
Effect of different deferred tax rate	-72,228.29	-209,938.94	0.00	-66,922.94
Effect of different subsidiaries' tax rate	-5,698,637.08	-3,018,859.91	0.00	0.00
Other Taxes	1,075.84	352,888.74	1,075.84	1,075.85
Deductions from tax	0.00	0.00	0.00	0.00
Additional to prior years' taxes	0.00	-359,857.94	0.00	0.00
Provisions for additional taxes	170,000.00	161,511.75	170,000.00	161,511.75
Windfall tax law.3808/2009	0.00	6,428,355.88	0.00	6,428,355.88
Windfall tax law.3845/2010	4,675,667.40	869,102.93	4,675,667.40	869,102.83
Tax refund -Reserve law				
3220/2004	0.00	0.00	0.00	0.00
Prior years tax				
refund / additional	0.00	0.00	0.00	0.00
<b>Total</b>	<b>39,607,531.82</b>	<b>42,518,229.82</b>	<b>16,844,826.73</b>	<b>17,945,712.19</b>

## 6.20 Earnings per share

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.

	THE GROUP		THE COMPANY	
	1.1 - 31.12.2010	1.1 - 31.12.2009	1.1 - 31.12.2010	1.1 - 31.12.2009
Profit / Loss for the year	85,104,508.05	115,242,070.75	-14,321,109.38	22,455,919.33
Attributable to:				
Owners Parent	83,279,446.42	113,431,136.08	-14,321,109.38	22,455,919.33
Rights meipsifias	1,825,061.62	1,810,934.67		
Weighted average number of shares	59,636,302.00	59,532,414.00	59,636,302.00	59,532,414.00
<b>Basic earnings per share (€ / SHARE)</b>	<b>1.3965</b>	<b>1.9054</b>	<b>-0.2401</b>	<b>0.3772</b>

We note that the weighted number of shares for the 2009 fiscal year was calculated,, after the change in the shares resulting from the merger, in order for the profits per share to be comparable with those of the fiscal year of 2010.



## 7. Additional Information

### 7.1 Related- Party Transactions (according to IAS 24)

#### Transactions among parent and affiliates

	1/1- 31/12/2010	1/1- 31/12/2009
Sale of goods	41,041,890.11	41,792,992.58
Sale of services	4,953,487.26	4,762,272.30
Purchase of goods	7,645,896.90	1,252,409.19
Purchase of services-other	4,623,333.56	202,133.50

#### Transactions among parent and other related parties

	1/1- 31/12/2010	1/1- 31/12/2009
Sale of goods	0.00	0.00
Sale of services	0.00	0.00
Purchase of goods	0.00	0.00
Purchase of services-other	336,651.10	242,104.96

#### Transactions and fees with management executives

	1/1- 31/12/2010	1/1- 31/12/2009
Parent	4,629,433.00	5,497,519.26
Group	5,408,415.30	5,951,216.41

#### Group transactions with other related parties

	1/1- 31/12/2010	1/1- 31/12/2009
Sale of goods		0.00
Sale of services		0.00
Purchase of goods	45,085.00	0.00
Purchase of services-other	336,651.10	1,867,104.96

#### Balance at the end of period

	1/1- 31/12/2010	1/1- 31/12/2009
<b>Parent</b>		
<b>From affiliates</b>		
Receivables	23,103,966.21	26,798,174.29
Liabilities	6,902,417.11	5,317,439.14
<b>From related parties</b>		
Receivables		0.00
Liabilities	355,000.24	37,826.00
<b>From directors</b>		
Receivables	3,100.00	4,300.00
Liabilities		87,709.00
<b>Group</b>		
<b>From related parties</b>		
Receivables		
Liabilities	365,369.79	46,858.12
<b>From directors</b>		
Receivables	3,100.00	4,300.00
Liabilities		87,709.00

## 7.2 Probable obligations and unavoidable commitments

The companies of the Group have assigned to third parties letters of guarantee equal to €18.4 mil., in contrast to €19.9 mil. on 31.12.2009, in order to secure probable Group obligations to these parties; these are not presented in the consolidated balance sheet.

The respective amount for the company is €9.9 mil. compared to €10.2 mil. on 31.12.2009.

On a real estate property owned by Folli Follie Hong Kong subsidiary, a mortgage attachment has been registered, equal to €12.5 mil. in order to secure bank loans. On a real estate property owned by Elmec Romania SRL subsidiary, in Bucharest, mortgage attachment has been registered in favour of Bancpost Bank, EFG Eurobank Group, in order to secure credit facility. In addition, in favour of Alpha Bank Romania, a mortgage attachment has been noted over a field owned by Elmec Romania SRL, also located in Bucharest, in order to secure credit.

The Company has vouched in favour of loans contracted by its subsidiaries, equal approx. to €86 mil.

Apart from the above liens, there are no further liens, limitations in ownership or transfer or other charges over the private fixed assets of the Group. The fixed assets acquired through financial leases remain to third-party ownership until the contract expires and the pertinent obligation is paid off.

### 7.2.1 Lawsuits

In the company of the Group are pending court cases against the Greek government, which has made provision amounting to € 2,150,000.

## 7.3 Number of employed personnel

The total number of employed personnel at the end of 2010 for the Group was 5,969 and for the Company 2,160. At the end of 2009 the personnel was 5,611 and 2,127 respectively.

	THE GROUP		THE COMPANY	
	1.1 - 31.12.2010	1.1 - 31.12.2009	1.1 - 31.12.2010	1.1 - 31.12.2009
Salaries and wages	116,282,028.89	112,583,084.68	52,375,219.00	53,537,912.26
Social welfare	24,328,793.76	23,267,014.51	13,421,667.57	13,493,247.98
Redundant compensation	4,027,846.62	0.00	1,594,088.81	2,638,727.05
Other personnel expenses	1,065,710.63	4,672,994.24	1,065,710.63	966,431.46
<b>Total</b>	<b>145,704,379.90</b>	<b>140,523,093.43</b>	<b>68,456,686.01</b>	<b>70,636,318.75</b>

## 7.4 Post Balance Sheet events

There are no other events that occurred after December 31, 2010 which could have a significant influence on the financial position and results of the Group as at 31 December 2010.

## 8. Management of financial risk

### 8.1.1 Exchange rates for the translation of the financial statements and sensitivity

The exchange rates used in order to translate the financial statements of the subsidiaries and foreign branches in € are the following:

	USD	GBP	JPY
31/12/2010	1.3362	0.8608	108.65
1/1 - 31/12/2010	1.3257	0.8578	116.2386
31/12/2009	1.4406	0.8881	133.16
1/1 - 31/12/2009	1.3948	0.8907	130.3511

On December 31, 2010, earnings after taxes and the Group's net position would be €1,036 th. less (€288 th. for the company), if the € was weaker against USD and GBP per 10%; these amounts would be €4,058 th. (€ 352 th. for the company) more, if the € was stronger against USD and GBP per 10%.

### 8.1.2 Liquidity risk

Prudent liquidity risk management requires (a) maintaining sufficient cash and (b) the availability of funding through adequate credit lines. Due to the dynamic nature of its activities, the Group maintains flexibility in funding by maintaining high unused credit limits in short-term bank loans. The Treasury Department prepares statements of expected future cash flows which are reviewed by management in order to better plan the management of liquidity.

Despite the financial crisis and the limitation of liquidity at a global level, the Group has maintained increased liquidity, thanks to the retail nature of most of its sales, and takes steps in order to further support its liquidity, by creating discount outlets, in order to dispose old stock, as well as by limiting expenses.

Loan and other liabilities of the Group and Company are classified under the term of repayment, are shown in the table below. The amounts in the table refer to the nominal value of the liability plus interest and therefore may not agree with the amounts in the balance sheet.

#### THE GROUP

##### Liquidity Analysis

##### At 31.12.10

	Average interest rate	Up to 1 year	From 1 to 5 years	Up to 5 year	Total
Floating rate loans	4.500%	137,001,895.48	634,739,162.56	35,226,516.37	806,967,574.41
Liabilities & Financial leases	3.300%	3,865,798.98	22,828,011.86	39,851,388.08	66,545,198.93
Suppliers etc. free liabilities		115,563,189.00	0.00	0.00	115,563,189.00
		<b>256.430.883,46</b>	<b>657.567.174,43</b>	<b>75.077.904,45</b>	<b>989.075.962,33</b>

##### At 31.12.09

Floating rate loans	3.670%	435,224,000.00	295,125,000.00	9,889,000.00	740,238,000.00
Liabilities & Financial leases	2.100%	4,197,000.00	17,741,000.00	35,987,000.00	57,925,000.00
Suppliers etc. free liabilities		105,951,000.00	0.00	0.00	105,951,000.00
		<b>545,372,000.00</b>	<b>312,866,000.00</b>	<b>45,876,000.00</b>	<b>904,114,000.00</b>

## THE COMPANY

### Liquidity Analysis

#### At 31.12.10

	Average interest rate	Up to 1 year	From 1 to 5 years	Up to 5 year	Total
Floating rate loans	4.330%	106,626,461.92	557,206,097.48	14,935,625.00	678,768,184.40
Liabilities & Financial leases	3.300%	2,798,866.77	12,435,041.22	39,140,975.66	54,374,883.65
Suppliers etc. free liabilities		48,212,914.47	0.00	0.00	48,212,914.47
		<b>157.638.243,16</b>	<b>569.641.138,70</b>	<b>54.076.600,66</b>	<b>781.355.982,52</b>

#### At 31.12.09

Floating rate loans	3.500%	400,877,499.06	216,825,558.63	11,446,390.18	629,149,447.86
Liabilities & Financial leases	2.100%	2,659,912.88	11,992,448.32	38,025,727.41	52,678,088.61
Suppliers etc. free liabilities		34,576,792.42	0.00	0.00	34,576,792.42
		<b>438,114,204.36</b>	<b>228,818,006.95</b>	<b>49,472,117.59</b>	<b>716,404,328.89</b>

## 8.1.3 Fund management

Fund management aims to ensure that the Group will continue its activities to provide profits to shareholders and benefits for other shareholders, while maintaining a capital structure that minimizes the cost of capital.

A key indicator used by the fund manager is the leverage ratio, calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including short and long term loans) minus cash. The total capital is calculated as equity in the balance sheet plus net debt.

The leverage ratio stood is depicted below:

## THE GROUP

## THE COMPANY

	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Borrowed funds	786,051,195.43	752,381,515.00	661,744,534.52	642,854,732.87
Less: Cash	133,765,665.18	119,476,328.00	12,585,398.80	28,974,494.31
Net debt	652,285,530.25	632,905,187.00	649,159,135.72	613,880,238.56
Equity	544,461,016.33	441,096,027.00	39,907,454.69	59,672,437.68
Leverage ratio	54.5%	58.9%	94.2%	91.1%

## 9. Restatement of funds due to the acquisition

The company reformulated the funds of the Income Statement and Total Revenue Statement, concerning the Group's 2009 fiscal year, in order to provide more sufficient information, as analysed in the table below:

BALANCE SHEET	2009 (Published)	Pro-forma adjustments	2009 (Pro-forma)
<b>Assets</b>			
<b>Non current Assets</b>			
Tangible Assets	227,525,975.57		227,525,975.57
Investments in PPE	75,539,833.43		75,539,833.43
Intangible Assets	107,623,140.23		107,623,140.23
Goodwill	253,052,516.22		253,052,516.22
Investments available for sale	686,945.20		686,945.20
Deferred income tax assets	11,561,019.76		11,561,019.76
Other long term receivables	14,529,582.97		14,529,582.97
<b>Total non-current assets (a)</b>	<b>690,519,013.38</b>		<b>690,519,013.38</b>
<b>Current Assets</b>	<b>266,355,588.80</b>		<b>266,355,588.80</b>
Inventories	276,672,307.49		276,672,307.49
Trade Receivables	83,196,269.19		83,196,269.19
Derivatives financial instruments	509,380.12		509,380.12
Cash and cash equivalents	119,476,328.10		119,476,328.10
<b>Total current assets (b)</b>	<b>746,209,873.70</b>		<b>746,209,873.70</b>
<b>TOTAL ASSETS (a) + (b)</b>	<b>1,436,728,887.08</b>		<b>1,436,728,887.08</b>
<b>Equity &amp; Liabilities</b>			
<b>Owners of the parent equity</b>			
Share capital	9,884,062.50 (1)	8,292,400.50	18,176,463.00
Share premium	62,531,731.47		62,531,731.47
Other reserves	8,119,006.08		8,119,006.08
Own shares	-14,602,091.47		-14,602,091.47
Retained earnings	405,258,014.78 (2)	96,635,078.14	501,893,092.92
fx differencees	-59,715,791.52		-59,715,791.52
Other components of equity	-88,927,927.73		-88,927,927.73
<b>Total equity attributable to owners of the Parent (a)</b>	<b>322,547,004.11</b>	<b>104,927,478.64</b>	<b>427,474,482.75</b>
<b>Non controlling interests (b)</b>	<b>118,549,022.44 (3)</b>	<b>-104,927,478.64</b>	<b>13,621,543.80</b>
<b>Total Equity (c) = (a)+(b)</b>	<b>441,096,026.55</b>	<b>0</b>	<b>441,096,026.55</b>
<b>Long-term Liabilities</b>			
Long-term borrowings	330,431,457.62		330,431,457.62
Retirement benefit obligations	9,307,366.20		9,307,366.20
Other long Term Provisions	18,560,458.71		18,560,458.71
Other long Term Liabilities	36,775,881.30		36,775,881.30
<b>Total non-current liabilities</b>	<b>395,075,163.83</b>		<b>395,075,163.83</b>
<b>Current liabilities</b>			
Trade and other Liabilities	178,405,534.91		178,405,534.91
Short-term Borrowings	421,950,057.37		421,950,057.37
Dividends Payable	202,104.42		202,104.42
<b>Total current liabilities</b>	<b>600,557,696.70</b>		<b>600,557,696.70</b>
<b>Total Liabilities (d)</b>	<b>995,632,860.53</b>		<b>995,632,860.53</b>
<b>TOTAL EQUITY AND LIABILITIES (c)+(d)</b>	<b>1,436,728,887.08</b>		<b>1,436,728,887.08</b>

**Profit and Loss statement**

Sales Revenue	992,502,394.88		992,502,394.88
Cost of goods sold	-499,250,938.63		-499,250,938.63
<b>Gross profit</b>	<b>493,251,456.25</b>		<b>493,251,456.25</b>
Other Operating income	30,904,969.23		30,904,969.23
Administrative expenses	-56,501,564.05		-56,501,564.05
Selling and marketing costs	-279,901,709.88		-279,901,709.88
Other expenses	-10,240,218.60		-10,240,218.60
<b>Earnings (profit) before taxes, financing and investing results (EBIT)</b>	<b>177,512,932.95</b>		<b>177,512,932.95</b>
Net financial expenses	-19,752,632.38		-19,752,632.38
<b>Profit/Loss before taxes (EBT)</b>	<b>157,760,300.57</b>		<b>157,760,300.57</b>
Income tax expense	-42,518,229.82		-42,518,229.82
<b>Profit for the period after taxes (A)</b>	<b>115,242,070.75</b>		<b>115,242,070.75</b>
<b>Profit is attributable to:</b>			
<b>Equity holders of the Company</b>	<b>98,177,684.58 (4)</b>	<b>15,253,451.50</b>	<b>113.431,136.08</b>
<b>Minority interest</b>	<b>17,064,386.17 (4)</b>	<b>-15,253,451.50</b>	<b>1.810,934.67</b>
<b>Total</b>	<b>115,242,070.75</b>	<b>0.00</b>	<b>115,242,070.75</b>
Other comprehensive income after taxes	-34,918,084.41		-34,918,084.41
<b>Total</b>	<b>80,323,986.34</b>		<b>80,323,986.34</b>
<b>Other comprehensive is attributable to shareholders</b>			
<b>Equity holders of the Company</b>	<b>63,288,570.38 (5)</b>	<b>15,224,478.89</b>	<b>78.513,049.27</b>
<b>Minority interest</b>	<b>17,035,415.96 (5)</b>	<b>-15,224,478.89</b>	<b>1,810,937.07</b>
<b>Total</b>	<b>80,323,986.34</b>	<b>0.00</b>	<b>80,323,986.34</b>

**Ag. Stefanos, 29 March 2011**

THE CHAIRMAN OF THE BOARD

**Dimitrios Koutsolioutsos**

ID Card No. H-159150

THE MANAGING DIRECTOR

**Georgios Koutsolioutsos**

ID Card No. AB-593469

A' DEPUTY MANAGING DIRECTOR

& GENERAL MANAGER

**Georgios Velentzas**

ID Card No. AB-285760

THE FINANCE MANAGER

**Vasileios Kalamatianos**

ID Card No. AE-011034

THE CHIEF ACCOUNTANT

**Georgios Alavanos**

ID Card No. AI-518859

Lic. No. OEE 0008211 A' CLASS

## 9.1 Information according to article 10 of Law 3401/2005

The corporate announcements that have been published in the Athens Exchange Daily Bulletin and the website of Athens Exchange are also available on the FolliFollie website. During 2010, the company released the following press releases and announcements in order to inform investors:

### Folli Follie S.A.

30.12.2010	Suspension of trading of the Folli Follie shares
06.12.2010	EGM on December 6th, 2010
25.11.2010	Folli Follie in the Nine Months of 2010
04.11.2010	Announcement of draft Merger Agreement
30.08.2010	Folli Follie in the First Half 2010
12.07.2010	New Board of Directors was constituted as a body
25.06.2010	Distribution of Dividend
25.06.2010	Decisions of the Annual General Meeting 2010
24.06.2010	Announcement
01.06.2010	Invitation to the Annual Ordinary General Meeting
27.05.2010	Folli Follie in the First Quarter 2010
30.03.2010	Folli Follie in the Full Year 2009
04.03.2010	Links of London - official licensee of London 2012

### HDFS

04.01.2010	Share Buyback
07.01.2010	Share Buyback
12.01.2010	Share Buyback
13.01.2010	Share Buyback
14.01.2010	Share Buyback
14.01.2010	Announcement
15.01.2010	Share Buyback
18.01.2010	Share Buyback
19.01.2010	Share Buyback
19.01.2010	Share Buyback
21.01.2010	Share Buyback
22.01.2010	Share Buyback
25.01.2010	Share Buyback
26.01.2010	Share Buyback
27.01.2010	Share Buyback
28.01.2010	Share Buyback
29.01.2010	Share Buyback
01.02.2010	Share Buyback
02.02.2010	Share Buyback
03.02.2010	Share Buyback
04.02.2010	Share Buyback
05.02.2010	Share Buyback
08.02.2010	Share Buyback



09.02.2010	Share Buyback
10.02.2010	Share Buyback
10.02.2010	Share Buyback
12.02.2010	Share Buyback
16.02.2010	Share Buyback
17.02.2010	Share Buyback
17.02.2010	Share Buyback
19.02.2010	Share Buyback
22.02.2010	Share Buyback
22.02.2010	Share Buyback
24.02.2010	Share Buyback
25.02.2010	Share Buyback
26.02.2010	Share Buyback
26.02.2010	Investors' calendar 2010
01.03.2010	Share Buyback
02.03.2010	Share Buyback
03.03.2010	Share Buyback
03.03.2010	Invitation to an Extraordinary General Assembly
04.03.2010	Share Buyback
16.03.2010	Share Buyback
17.03.2010	Share Buyback
18.03.2010	Share Buyback
19.03.2010	Share Buyback
19.03.2010	Announcement date of the 12M 2009 financial results
19.03.2010	Conference call for the 12M 2009 financial results
23.03.2010	Share Buyback
24.03.2010	Share Buyback
30.03.2010	Extraordinary General Assembly
30.03.2010	Financial results 12M 2009
19.04.2010	Share Buyback
20.05.2010	Announcement date of the 3M 2010 financial results
20.05.2010	Conference call for the 3M 2010 financial results
27.05.2010	Financial results 3M 2010
31.05.2010	Invitation to the Annual Ordinary General Assembly
01.06.2010	Windfall tax of Article 5 of Law 3845/2010
24.06.2010	Announcement
25.06.2010	Annual General Assembly
28.06.2010	Corporate bond
02.07.2010	Investors' calendar 2010
06.08.2010	Change on announcement date of the 6M financial results
24.08.2010	Announcement date of the 6M 2010 financial results
24.08.2010	Conference call for the 6M 2010 financial results
30.08.2010	Financial results 6M 2010
04.11.2010	Registration of Merger Documents

04.11.2010	Availability of Merger Documents
08.11.2010	Invitation to an Extraordinary General Assembly
19.11.2010	Announcement date of the 9M 2010 financial results
19.11.2010	Conference call for the 9M 2010 financial results
25.11.2010	Financial results 9M 2010
26.11.2010	BoD Report on the Merger
06.12.2010	Extraordinary General Assembly
30.12.2010	Suspension of trading shares (merger procedures)

### Elmec S.A.

30.12.2010	Registration of the decision approving the merger through absorption by HELLENIC DUTY FREE SHOPS S.A. of the companies FOLLI - FOLLIE A.B.E.E. and ELMEC SPORT A.B.E.T.E. in the Registry of Societes Anonymes
06.12.2010	Agreement with Ermenegildo Zegna
06.12.2010	Decisions of the Extraordinary general assembly
25.11.2010	Announcement of 9M 2010 financial results
16.11.2010	Withdrawal of business plan
04.11.2010	Announcement availability of merger documents pursuant to the article 73 of law 2190/1920
04.11.2010	Announcement of the registration to the companies' registry of the draft merger agreement
30.08.2010	Announcement of 1H 2010 financial results
24.06.2010	Announcement of merger
27.5.2010	Announcement on 3M 2010 financial results
29.04.2010	Elmec is in talks with "Zegna"
30.03.2010	Announcement of FY 2009 financial results
08.03.2010	Bond loan of 15 mn euro
27.01.2010	Renewal of agreement with Converse Inc.
14.01.2010	Announcement
08.01.2010	Share capital increase of fully owned subsidiary

## 9.2 Financial Data and Information for the period 1 January 2010 - 31 December 2010

### DUTY FREE SHOPS SA

Registration No: 14216/06/B/86/06  
23rd Km Athens - Iania 145 65 Ag Stefanos  
Financial Data and Information for the period  
January 1st, 2010 - December 31st, 2010

(Published according to Law. 21190, article 135, for companies preparing annual financial statements, consolidated or not, according to IFRS)

The following data and information that result from Financial statements aim to provide a general briefing for the financial position and the results of operations of HDF's S.A. with trade mark "FF GROUP" and the Group. It is therefore recommended, to any reader, before proceeding to any kind of investment decision or other transaction with the Company, to visit Company's web site, where the Financial Statements are posted, as well as the relevant Certified Auditors Report whenever that is required by the law.

#### Company Information

Supervisory Authority:  
Website address:  
Financial Statements' approval date  
by the BoD:  
Certified Auditor Accountant:  
Auditing Company:  
Type of Auditors' Report:

MINISTRY OF DEVELOPMENT / General Secretariat of Commerce,  
www.dutyfreeshops.gr

March 29th, 2011  
Yorifallitis Georgios  
BAKER TILLY HELIAS A.E  
Unqualified opinion

#### Members of the Board Directors:

Chairman - Executive Member  
Managing Director - Executive member  
Vice President - Executive Member  
A' Deputy Managing Director & General Manager, Executive Member  
B' Deputy Managing Director & General Manager, Executive Member  
Executive Member  
Non-Executive Member  
Non-Executive Member  
Non-Executive Member  
Non-Executive Member  
Non-Executive Member  
Independent non-Executive Member  
Independent non-Executive Member

Dimitris Koutsoloutsos  
George Koutsoloutsos  
Kaiti Koutsoloutsos  
George Valentzos  
Emmanouil Zachariou  
Eirini Nioti  
Nickos Kezos  
Elias Koukousas  
Elias Koukountis  
Zacharias Mantzavinos  
Elias Betis  
Epaminondas Dafemos  
George Aronis

#### DATA FROM STATEMENT OF FINANCIAL POSITION (consolidated and non consolidated) amounts in €

	THE GROUP		THE COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
<b>ASSETS</b>				
Property, plants and equipment	232,028,033.67	227,525,975.57	108,317,089.63	109,255,122.89
Investment Property	74,851,786.86	75,539,833.43	74,851,786.86	75,539,833.43
Other Intangible Assets	358,293,560.98	360,675,656.45	296,388,153.25	297,696,444.78
Participations	0.00	0.00	131,045,186.98	127,624,810.35
Other non-current assets	40,298,374.71	26,777,547.93	25,297,961.44	15,120,219.08
Inventories	296,954,560.36	266,355,588.80	97,242,586.17	90,736,414.91
Trade Receivables	335,048,910.51	276,672,307.49	68,231,554.52	61,194,015.41
Other current assets	245,277,109.90	203,181,977.41	40,085,232.13	48,031,559.50
<b>TOTAL ASSETS</b>	<b>1,582,772,336.99</b>	<b>1,436,728,887.08</b>	<b>841,459,550.98</b>	<b>825,218,420.35</b>
<b>EQUITY &amp; LIABILITIES</b>				
Share capital	18,176,463.00	18,176,463.00	18,176,463.00	18,176,463.00
Other components of equity	510,997,096.06	409,298,019.75	21,730,991.69	41,495,974.68
<b>Total equity attributable to owners of the Parent (a)</b>	<b>529,173,559.06</b>	<b>427,474,482.75</b>	<b>39,907,454.69</b>	<b>59,672,437.68</b>
Non controlling interests (b)	15,287,457.27	13,621,543.80	0.00	0.00
<b>Total Equity (c) = (a)+(b)</b>	<b>544,461,016.33</b>	<b>441,096,026.55</b>	<b>39,907,454.69</b>	<b>59,672,437.68</b>
Longterm borrowings	649,430,022.20	330,431,457.62	555,501,410.00	248,931,586.19
Provisions / other long term liabilities	68,960,520.83	64,643,706.21	65,495,631.46	59,144,304.01
Shortterm Borrowings	136,621,173.23	421,950,057.37	106,243,124.52	393,923,146.68
Other current liabilities	183,299,604.40	178,607,639.33	74,311,930.31	63,546,945.79
<b>Total Liabilities (d)</b>	<b>1,038,311,320.66</b>	<b>995,632,860.53</b>	<b>801,552,096.29</b>	<b>765,545,982.67</b>
<b>TOTAL EQUITY AND LIABILITIES (c)+(d)</b>	<b>1,582,772,336.99</b>	<b>1,436,728,887.08</b>	<b>841,459,550.98</b>	<b>825,218,420.35</b>

#### DATA FROM STATEMENT OF COMPREHENSIVE INCOME (consolidated and non consolidated) amounts in €

	THE GROUP		THE COMPANY	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Sales Revenue	989,600,917.39	992,502,394.88	379,008,882.89	397,548,090.43
Gross profit	498,505,797.40	493,251,456.25	181,476,420.11	187,374,801.32
Profit before tax, financial and investing results (EBIT)	171,673,004.18	177,512,932.95	45,614,445.15	55,374,647.26
<b>Profit before tax (EBT)</b>	<b>124,712,039.87</b>	<b>157,760,300.57</b>	<b>2,523,717.35</b>	<b>40,401,632.12</b>
<b>Profit for the period (after tax) (A)</b>	<b>85,104,508.05</b>	<b>115,242,070.75</b>	<b>-14,321,109.38</b>	<b>22,455,919.93</b>
Shareholders of the parent Company	83,279,446.42	113,431,136.08	-14,321,109.38	22,455,919.93
Non controlling interests	1,825,061.62	1,810,934.67	0.00	0.00
<b>Other comprehensive income for the period, net of tax (B)</b>	<b>15,946,996.25</b>	<b>-34,918,084.41</b>	<b>-7,255,564.96</b>	<b>-20,342,460.90</b>
<b>Total comprehensive income for the period, net of tax (A) + (B)</b>	<b>101,071,504.30</b>	<b>80,323,986.34</b>	<b>-21,576,674.34</b>	<b>2,113,269.03</b>
Shareholders of the parent Company	99,246,442.67	78,513,049.27	-21,576,674.34	2,113,269.03
Non controlling interests	1,825,061.62	1,810,937.07	0.00	0.00
Basic Earnings/losses (after tax) per share(expressed in €)	1.3965	1.9054	-0.2401	0.3772
<b>Profit before taxes, financing and investing results, depreciation and amortisation (EBITDA)</b>	<b>193,347,983.72</b>	<b>199,376,051.49</b>	<b>56,383,539.31</b>	<b>64,943,052.09</b>

**Additional notes and information:**

1. a) The name and the registered office of each company that included in the consolidated Financial Statements for the period 01.01.2010 - 31.12.2010, along with the respective participation percentage of the Company, direct or indirect, in each of their share capital and b) the consolidation method, which was applied, for each company included in the consolidated Financial Statements for the period 01.01.2010 - 31.12.2010, are mentioned in note 4.1 of the Financial Statements. 2. The unaudited tax fiscal years of the parent Company and its subsidiaries are mentioned in note 6.13 of the Financial Statements. 3. During this fiscal year with the No K2 - 1763/30.12.2010 decision of the Minister for Economic Competitiveness and Marine the merger by absorption of DUTY FREE SHOPS SA (absorbing of FOLI - FOULIE SA (absorbed, which held 56.78% of the acquiring company) and ELMEC SPORT ABETE (B and absorbed 92.6% subsidiary of the acquiring company) was completed, in accordance with the provisions of law 2190/20, the articles 1 to 5 of law 2166/1993 and the trade and other legislation applicable in capital market in general as it stands, with the 30.06.2010 as the starting date of the process of merger and balance sheet transformation. Regarding the financial statements of the Company, these are included, for comparison purposes, results, cash flows and assets and liabilities of the two absorbed companies, for the full 2010 and 2009 financial years and assets and liabilities as of 01.01.2009. Therefore, the present data and information of the individual financial statements of the Company, in terms of 2009 fiscal year data, are different from those originally published. Because of this merger, in a group level, the profit after taxes increased for owners of the parent by € 14,062,345.49 and rate of 21.98% with a corresponding reduction in minority interest (percentage 93.25%), and the equity of the owners of the parent by € 118,062,393.37 rate and 29.27% with a corresponding reduction in minority interest (percentage 88.44%) (Note 6.10 of the financial statements). 4. The personnel employed in the Group amounted, as of 31.12.2010, 5,969 employees and 2,190 for the company. At 31.12.2009 was 5,611 and 2,127 respectively. 5. The financial statements include in total the following provisions a) for the Group provisions for contested disputes € 2,150 thousand Provisions for unaudited tax fiscal years € 1,674 thousand, provisions for employees compensation € 9,427 thousand, and for other provisions € 303 thousands. b) for the company provisions for contested disputes € 2,150 thousands. Provisions for unaudited tax fiscal years € 1,322 thousands and provisions for employees compensation € 8,181 thousands. 6. The total number of Own shares owned by the Company is 951,908 shares valued € 8,992 thousands. 7. The amount mentioned in "Other comprehensive income, net of tax" was a) for the company € 4 thousands for Valuation loss on sale financial assets, amount € 791.6 thousands concerning losses from evaluation of financial instruments, amount € 665 thousands Income from deferred taxes non-participating in the net profit and b) for the Group - € 4 thousands for Valuation loss on sale financial assets, amount € 791.6 thousands concerning losses from evaluation of financial instruments, amount € 657 thousands Income from deferred taxes non-participating in the trading profit of the year and amount € 23,230 thousand on exchange differences (gain) on conversion of foreign operations' exploitation. 8. In the year 2010 with the No 5390/2010 decision of the East Africa Prefect completed the merger of subsidiary "PIROTIKI AEKE" by the subsidiary "GREEK DISTRIBUTIONS S.A." of the parent "HDF" which had no impact on individual and consolidated financial statements. 9. The financial statements for the fiscal year 2010, includes the financial data of the companies a) Ice Cube SA and b) Collective Paros AE which were not included in the previous year. The consolidation of these companies did not effect on the financial results of the Group more than 25%. 10. All transactions (inflows and outflows) from the beginning of the year, cumulative, as well as the balances of assets and liabilities of the Company and the Group at the end of the year, arising from transactions with related parties as defined in IAS 24 are as follows:

Amounts reported in €	THE GROUP	THE COMPANY
A) Income	0.00	45,995.38
B) Expenses	0.00	12,650.97
C) Receivables	0.00	23,103.97
D) Payables	0.00	6,902.42
E) Directors' and members' of the Board of the BoD	5,361.00	4,869.00
F) Receivables from the Directors' and the members' of the BoD	3.10	3.10
G) Payables to the Directors' and the members' of the BoD	365.37	355.00

THE CHAIRMAN OF THE BoD

KOUTSOLOUTSOS DIMITRIS  
ID H159150

THE MANAGING DIRECTOR

KOUTSOLOUTSOS GEORGE  
ID AB593469

Agios Stefanos, March 29th, 2011

THE DEPUTY MANAGING DIRECTOR &  
GENERAL MANAGERVELENITAS GEORGE  
ID AB285760

THE CHIEF FINANCIAL OFFICER

KALAMATANOS VASILIS  
ID AE011034

THE CHIEF ACCOUNTANT

ALAVANOS GEORGE  
ID A518859  
Lic. No.0008211 A' Class**CASH FLOW STATEMENT**  
(consolidated and non consolidated) amounts in €  
**2nd alternative: Indirect method**

	THE GROUP	THE COMPANY
	01.01-31.12.2010	01.01-31.12.2009
<b>Αναρρυθγικές Σπαροπλοήσεις</b>		
Net Profit before taxes (Continuing operations)	124,712,039.87	157,760,300.57
Plus/Minus adjustments in respect of non-cash transactions:		
Depreciation and Amortisation	21,674,979.54	21,863,118.54
Provisions	1,376,205.55	57,50,168.21
Foreign Exchange rate differences	15,022,444.82	-3,723,505.12
Cash flows (Income, expenses profit and loss)		
from investing activities	74,110,376.23	-15,249,183.29
from financing activities	34,005,036.00	32,511,915.10
Debit interest and similar expenses		
Plus/Minus adjustments related to working capital or other operating activities:		
Decrease/(Increase) of Inventories	-28,146,832.02	-28,158,985.05
Decrease/(Increase) of Receivables	-83,525,552.35	-22,200,171.49
Increase/(Decrease) of payable accounts (except Banks Loans)	16,885,115.20	-29,310,808.95
Less		
Interest paid and similar expenses	-33,307,227.27	-37,769,563.71
Income Tax paid	-46,161,070.27	-19,232,954.70
Net cash inflows/(outflows) from		
Operating Activities (a)	29,945,515.30	-7,335,098.61
<b>Cash Flows related to Investing Activities</b>		
Purchases of subsidiaries, associates and other investments	-83,154.00	-220,295.00
Purchases of tangible and intangible assets	-23,198,894.61	-29,267,423.43
Proceeds from sale of tangible and intangible assets	437,397.77	32,137,077.67
Interest received	1,349,270.88	613,980.72
Dividends received	90,604.00	102,269.87
Proceeds from sale of financial assets	-18,576,576.91	14,156,518.43
Decrease/(Increase) of other long-term receivables	-2,405,646.84	-620,205.60
Net cash inflows/(outflows) from Investing Activities (b)	-42,386,999.71	-12,022,077.34
<b>Cash Flows related to Financing Activities</b>		
Capital returning to Minorities shareholders	0.00	-600,000.00
Proceeds from Borrowings	87,937,835.62	128,990,421.91
Proceeds from Leases	5,002,503.70	0.00
Repayment of Loans	-62,731,046.48	-107,694,094.09
Payments for leases	-2,795,686.35	-2,129,065.36
Own Stock	3,394,320.22	-1,042,539.44
Dividends paid	-4,077,105.22	-14,494,195.87
Net cash inflows/(outflows) from Financing Activities (c)	26,730,821.49	3,030,527.15
<b>Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)</b>	<b>14,289,337.08</b>	<b>46,411,844.35</b>
<b>Cash and cash equivalents at the beginning of the Year</b>	<b>119,476,328.10</b>	<b>73,064,483.75</b>
<b>Cash and cash equivalents at the end of the Year</b>	<b>133,765,665.18</b>	<b>119,476,328.10</b>

**DATA FROM STATEMENT OF CHANGES IN EQUITY**  
(consolidated and non consolidated) amounts in €

	THE GROUP	THE COMPANY
	01.01-31.12.2010	01.01-31.12.2009
<b>Equity Opening Balance</b>	<b>441,096,026.55</b>	<b>376,222,238.17</b>
<b>[01.01.2010 and 01.01.2009 respectively]</b>		
Total comprehensive income for the period net of tax (continuing operations)	80,323,986.34	-2,157,674.34
Minority interest due o subsidiaries rates change	-832,176.10	0.00
Other Movements	948,947.77	0.00
Dividends paid	-3,953,623.22	-3,953,623.22
Own Stock purchases	5,654,065.31	-1,042,539.44
<b>Equity Closing Balance</b>	<b>544,461,016.33</b>	<b>441,096,026.55</b>
<b>[31.12.2010 and 31.12.2009 respectively]</b>		

THE CHIEF ACCOUNTANT

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