

ANNUAL REPORT 2003

Folli Follie

jewellery
watches
accessories

ANNUAL REPORT 2003

Folli Follie

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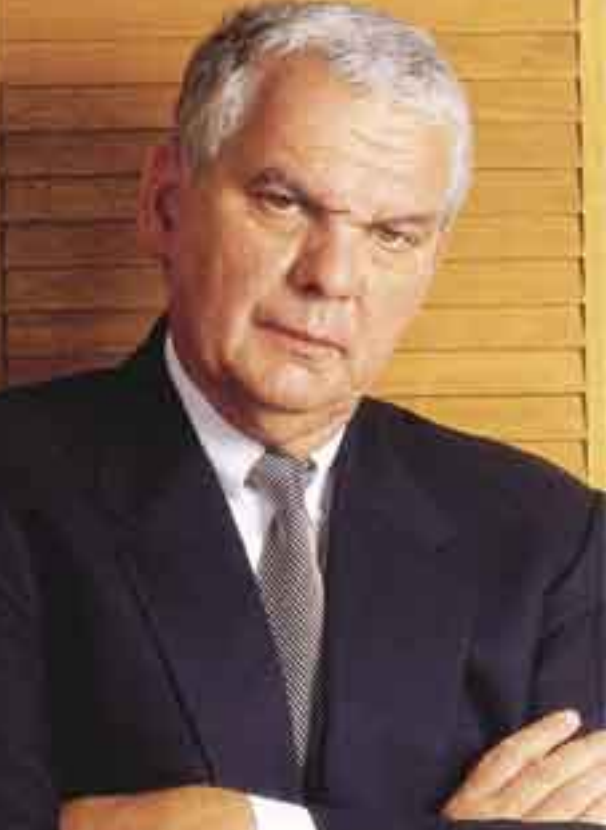
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CHAIRMAN'S MESSAGE

Dear shareholders,

The financial results for 2003 demonstrate another successful year for Folli Follie, achieving high growth rates despite the difficult economic and political environment.

The strategy implemented produced results that are an indication of the Company's future potential. Our sales network reached 250 points-of-sale by the end of 2003, including our presence at international airports and international airlines. Representing Greece all over the globe, Folli Follie represents the "mass luxury" philosophy consisting of modern design, high quality and affordable prices.

Our Watch product category in 2003 continued its successful sales growth, an early indication of which we saw in year 2002. In addition, during 2003 we continued our innovation with the introduction of the impressive "Steel in Style" stainless steel collection. This new collection targets a younger clientele and as a result has created incremental sales, which significantly contributed to the growth of the Jewellery product category.

We feel proud that a Greek brand is internationally recognized. We commit ourselves to continue our intensive and consistent efforts to develop our brand globally by growing into new markets and further developing existing ones.

Dimitris Koutsolioutsos
President



HIGHLIGHTS

General introduction

Despite the unfortunate events of 2003 such as the war in Iraq and SARS disease, Folli Follie succeeded in achieving high growth rates and evolved into the first Greek Company that validated itself as an international brand.



HIGHLIGHTS

Product Collections

The watch category has shown impressive growth rates confirming consumer's preference in Folli Follie and Triton (men's line) watches. Their fashionable design, their high quality and their appealing price are the attributes that have established Folli Follie into a major international player amongst global watch brands. This is also aligned to Folli Follie's vision of establishing itself as a global brand.

Our new "Steel-in-Style" stainless steel collection has achieved a similar success emphasizing the fashionable design and targeting a younger clientele.

International presence

Our year 2003 Sales Network Development Plan placed emphasis on key strategic markets. As an example, Folli Follie increased its sales network in the very promising Chinese market targeting over 150 million middle class consumers. New store openings included cities additional to those of Shanghai and Beijing.

It is important to note that our new store openings include many flagship standalone stores. These stores are located in the most prestigious addresses in the world such as: Roppongi Hills and Ginza in Japan, Pacific Place in Hong Kong, flagship stores in Seoul and Taipei and Serrano in Madrid.



Advertising and Public Relations

The implementation of our Year 2003 International Marketing and Communication Plan strengthened our worldwide brand awareness. One example includes our successful advertisement campaign in Paris in December 2003. It comprised of advertisements placed on buses circulating the French capital to promote Folli Follie's "Les Solaires" campaign. Furthermore, the Company's international brand awareness is also attributable to interviews, advertorials and editorials featured in some of the most influential magazines and newspapers on an international level, as well as other communication and public relations activities.



Duty Free

During 2003, Folli Follie acquired a 20% stake in Hellenic Duty Free (HDF) bringing its total shareholding to 25%. This acquisition is strategic, as the world Duty Free/ Travel Retail market is fast growing and represents a separate and important sales network especially for fashion brands that desire to establish their brand globally.

FINANCIAL HIGHLIGHTS



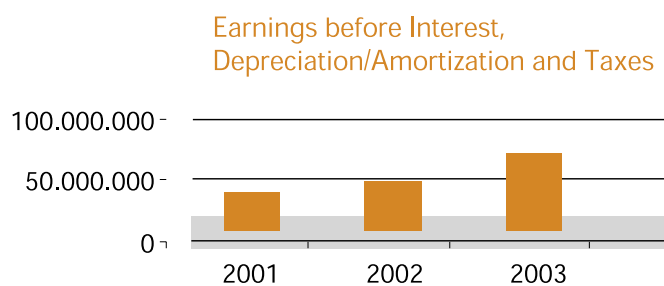
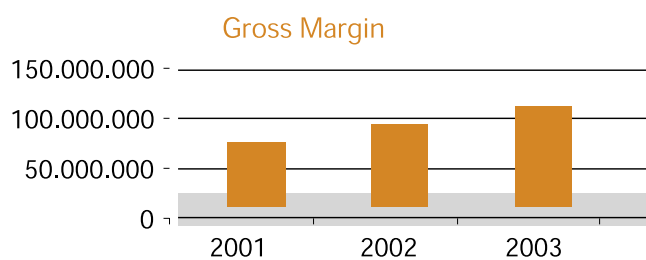
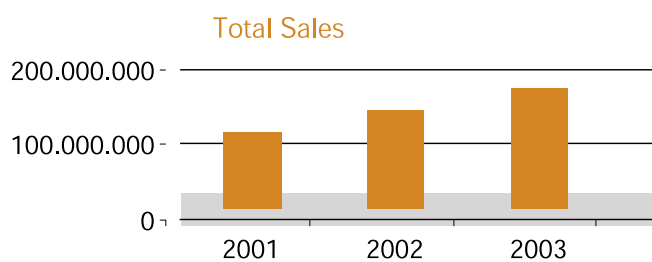
MAIN FINANCIAL DATA OF FOLLI FOLLIE GROUP

Main Data of Profit and Loss Statement	2001	2002	2003
Total Sales	101.769.630	131.594.344	160.583.929
Gross Margin ⁽²⁾	64.883.350	82.473.917	100.580.926
Operating Profit ⁽²⁾	26.594.280	39.890.408	52.029.800
Earnings before Interest, Depreciation/ Amortization and Taxes	30.538.520	39.589.434	62.341.909
Earnings before Depreciation/Amortization and Taxes	29.367.570	38.256.976	59.158.080
Earnings before Taxes	26.259.720	35.890.424	55.448.812
Earnings of the period after Taxes	20.132.060	29.013.789	45.419.963
Earnings after Taxes of the period, previous years tax differences and Minority Interests	18.638.300	25.748.116	43.498.871
Main Data of Balance Sheet	31-12-01	31-12-02	31-12-03
Net Book Value of Capitalized Formation Expenses	4.170.210	3.802.484	6.936.395
Total Fixed Assets	39.565.660	46.041.650	68.162.929
Total Current Assets	119.415.990	131.061.694	149.555.963
Total Assets	164.554.660	183.113.202	226.464.215
Total Shareholders' Equity	108.774.760	123.583.716	61.885.803
Provisions	1.822.450	2.052.200	3.089.007
Total Long-term Liabilities	15.011.010	21.575.106	118.363.713
Total Short-term Liabilities	38.077.780	35.216.193	41.923.954
Total Liabilities	164.554.660	183.113.202	226.464.215
Number of Shares (weighted average)	32.946.875	32.946.875	32.946.875
Number of Shares (as of the end of the period)	32.946.875	32.946.875	32.946.875
Number of Personnel (average)	432	791	820
Data per Share ⁽¹⁾	2001	2002	2003
Earnings before Interest, Depreciation/ Amortization and Taxes	0,93	1,20	1,89
Earnings before Depreciation/Amortization and Taxes	0,89	1,16	1,80
Earnings before Taxes	0,80	1,09	1,68
Earnings of the period after Taxes	0,61	0,88	1,38
Earnings after Taxes of the period, previous years tax differences and Minority Interests	0,57	0,78	1,32

Remarks

(1) Based on the Number of Shares (weighted average)

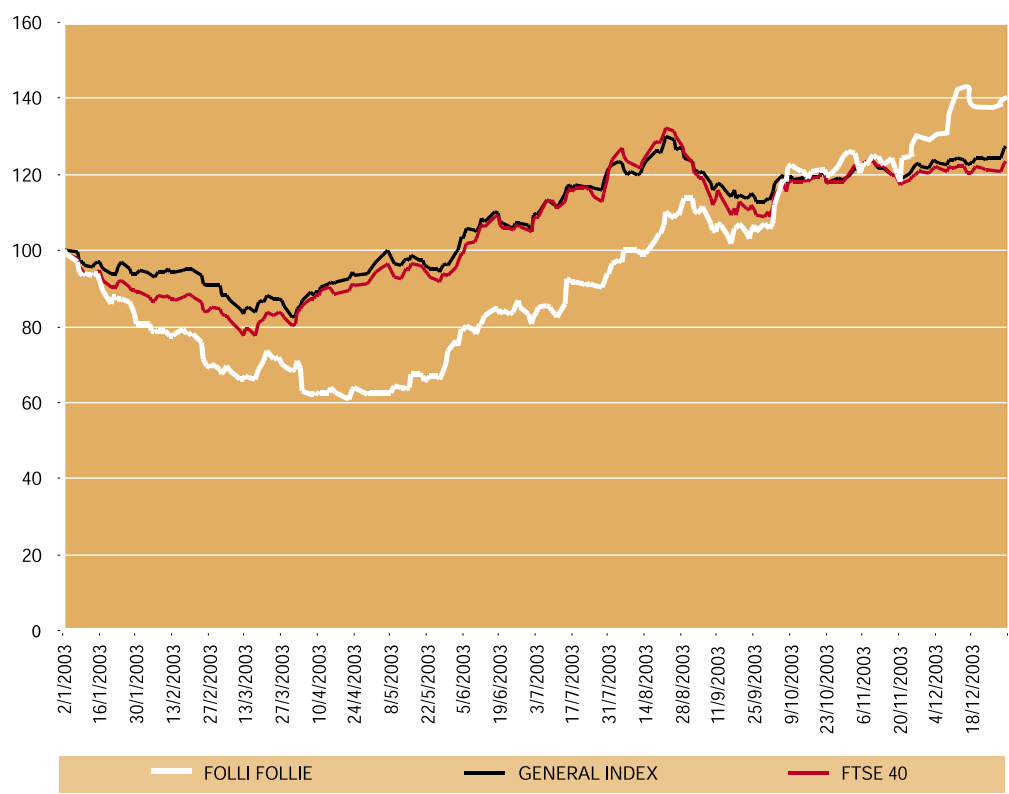
(2) Before Depreciation/Amortization



THE FOLLI FOLLIE SHARE

In 2003, the Folli Follie share performed remarkably well on the stock market. The easing of geopolitical uncertainty in the second half of the year, in conjunction with an improvement in macroeconomic indices worldwide and the end of the SARS crisis, gave a considerable impetus to the Greek stock market and especially to the Folli Follie stock as its exposure in the Asia-area is quite considerable. As shown in the graph below, the impact of the bear market at the first half of the year had a greater impact on the Folli Follie stock, but after summer the stock recovered and outperformed the market. Folli Follie's share led the rise in the wake of the excellent firm's financial results, gaining 39,67% over the beginning of the year, outperforming both the General Index of Athens Stock Exchange and the FTSE 40, where the share participates. The share's marketability remained at high levels and amounted to approximately 68.000 shares per session, indicating the high interest shown from the investors' part, especially institutional investors.

FOLLI FOLLIE vs GENERAL INDEX and FTSE 40





CORPORATE GOVERNANCE

The company' s continuous growth and the steady increase in shareholder value are the two major objectives set by the Board of Directors, Folli Follie' s strategic body. Nominated at the Ordinal General Meeting held in June 28th 2002, Folli Follie has a six-member Board of Directors, whose duty ends in 2007. Three members of the Board of Directors are independent and free of interests with respect of the Company.

BOARD OF DIRECTORS

The board of directors are:

Dimitris Koutsolioutsos
President and Chief Executive Officer,
Executive Member

George Koutsolioutsos
Vice President, Executive Member

Katerina Koutsolioutsos
Member, Executive Member

Elias Culucundis
Member, non Executive Member

Charalambos Papadopoulos
Member, Non Executive Member

Zacharias Mangiavinos
Member, Non Executive Member

Shareholders (31/12/2003)	No. of Shares	%
Dim. Koutsolioutsos	17.552.628	53,275 %
Investors	15.394.247	46,725 %
Total	32.946.875	100%

CORPORATE GOVERNANCE

PARTICIPATION OVER 50%

The table below indicates the list of companies that Folli Follie S.A. has a direct or indirect equity participation of over 50% along with the % equity participation, share capital and shareholders equity.

Consolidated Company	Participation of Folli-Follie (in %)	Share Capital 31/12/2003	Shareholders Equity 31/12/2003
FOLLI FOLLIE HONG KONG LTD	99,99 %	16.293.710	66.461.855
FOLLI FOLLIE UK LTD	99,99 %	2.926.360	5.979.898
FOLLI FOLLIE FRANCE SA	99,94 %	3.350.000	2.533.700
FOLLI FOLLIE SPAIN SA	100,00 %	2.204.021	755.612
FOLLI FOLLIE CZECH SRO	100,00 %	1.240.170	491.705
FOLLI FOLLIE POLAND SZOO	100,00 %	855.505	348.278
FOLLI FOLLIE SLOVAKIA SRO	100,00 %	309.285	165.954
FOLLI FOLLIE ASIA LTD	99,99 %	710.554	2.919.272
FOLLI FOLLIE TAIWAN LTD	99,99 %	22.963	139.669
FOLLKOR (KOREA) LTD	99,99 %	33.195	(715.223)
BLUEFOL SINGAPORE LTD	99,99 %	44.986	(1.043.863)
BLUEFOL GUAM LTD	99,99 %	118.764	697.800
BLUEFOL HAWAII LTD	99,99 %	39.588	(736.506)
BLUEFOL HONG KONG LTD	99,99 %	101	755.253
BLUEFOL MALAYSIA LTD	99,99 %	20.835	(326.403)



CORPORATE GOVERNANCE

GENERAL MANAGEMENT

The General Management team consists of:

Dimitris Koutsolioutsos

President, Managing Director and General Manager since the establishment of the Company. Mr Koutsolioutsos graduated from Athens College high school and from L.BOCCONI University, in Milan with a degree in Economics.

George Koutsolioutsos

Vice President of the Board of Directors. After completing his high school education at the Italian School of Athens, he studied Economics at the University of Hartford, Paris and gained two post graduate degrees; one in Business administration and a second in Marketing both at Hartford University, Connecticut, USA. Mr Koutsolioutsos' work experience started in New York where he spent two years in the jewellery sector.

John Zannos

Tax, Accounting and Financial Consultant. A graduate of ASOEE University of Economics in Athens. Mr Zannos has been working for the Company since 1982.

Dionyssis Frangos

Financial Director. A graduate of the University of Munich in Germany in Business Administration. Mr Frangos joined the company in 2000.

Irene Niotis

Treasurer. Graduated from the College of Economics of Saint-George and has been working for the Company since 1986. Since joining the Company, Mrs. Nioti has been heading treasury management and budget planning.

George Alavanos

Chief Accountant since 1994. A graduate of Piraeus University of Industry (ABSP). Mr Alavanos has been working in the private field since 1991.

Vassiliki Anagnostopoulou

Head of Procurement and Technical Department, since the end of 1996. A graduate of The Polytechnic University of Patra in Chemical Engineering. Between 1993-1995, Mrs Anagnostopoulou worked in the Department of Research at ETVA and specifically in the technical support of European programs. During 1995 to 1996, she was an executive member of a Consultancy firm specializing in Research development.

Aphrodite Pighi

Head of Communications and Public Relations. A graduate of Swansea University with a degree in English and Italian Literature. Miss Pighi went on to complete a Masters degree in Public Relations at Stirling University in Scotland. Her professional career began at L'Oreal's headquarters in London and from there continued at Publicom Hill and Knowlton PR in Athens. Her position as Head of Communications and PR began at the beginning of 2003.

Anna Douka

Internal Auditor. A graduate of Pandeion University with a degree in Public Administration. Assistant auditor of the group of chartered accountants. From 1998 until 2003 Miss Douka worked for various auditing companies.

Johnnie Voutsas

New Business Development. Mr Voutsas holds a Bachelor degree and a Masters degree in Electrical Engineering from Rensselaer Polytechnic Institute, New York and an MBA from The London Business School in London. He was Managing Director of Amathus UK, in London, a subsidiary of the Lanitis Group of companies and a Business Consultant at Andersen Consulting in New York, Athens and London. Mr Voutsas joined the company in 1999.

Eleana Pagoulatou

Head of Marketing. Mrs Pagoulatou holds a degree in Statistics and I.T obtained from ASOEE University in Athens and an MBA obtained from Stirling University, Scotland. Her professional career began at Athenian Breweries in Athens and then Virgin Atlantic in the respective marketing departments. She spent 7 years at Ericsson Hellas as Head of Marketing before joining Folli Follie at the beginning of 2003.

The Executives' postal address is:

Folli Follie 23 Km Athens- Lamia National Highway
Aghios Stefanos, Athens 145 65.





CORPORATE PROFILE

Folli Follie is a Greek Company which designs, manufactures and distributes jewellery, watches and fashion accessories in a sales network of over 250 points of sale in more than 20 countries under the Folli Follie brand.



HISTORY

Folli Follie was founded in 1982 in Greece by Dimitris Koutsolioutsos, President of Folli Follie S.A. and his wife Ketty, opening the first shop in down town Athens. The original goal was to create a Company providing branded, fashionable, and affordable jewellery of excellent quality to 20-40 year old women.

Following its initial success in the Greek market where Folli Follie rapidly expanded during the 1980s to a chain of 15 locations and established itself as a leading force in the Greek jewellery market, the Folli Follie brand turned its sights to the international scene. The early 1990s saw the creation of Folli Follie boutiques in key European cities such as Geneva and by the mid 1990s this geographic expansion had reached New York, Hawaii, Guam, and had culminated with the brand's launch in Japan in 1995. Today, Folli Follie is ranked amongst the top 10 brands in luxury goods in Japan.

While increasing its international exposure, the Folli Follie brand was making great strides in expanding and enriching its product assortment with the launch of a watch line in 1994, a handbag and small leather goods collection in 1998, a men's and women's perfume as well as a coordinated line of personal accessories such as sunglasses, pens, scarves etc.

The dynamic combination of geographic and product expansion allowed the Company to reach a critical mass, and in 1997 to be successfully listed in the Athens Stock Exchange. Today, Folli Follie S.A. has a free float of 45% while the remaining 55% is owned by the founders. This has proven to be an extremely efficient balance, while on the one hand provides the Company with substantial financial means while allowing it to maintain its focus and management energy that has always been crucial to its success. As a result of this strategic move, the Company has been able, in these last few years, to successfully begin the implementation of its international growth plans, centered on the following key objectives:

- the reevaluation and improvement of the existing distribution network: this is being achieved by new subsidiaries in certain key markets (France, UK in 1999), acquisition of a 40% stake in the Japanese distribution operation in 2000, opening of a number of prestigious and high traffic flagship shop locations around the world (New Bond Street, Rue Royale, Paseo de Gracia, Pedder Street, Orchard Road, etc.)
- the expansion into new key markets and distribution channels (Hong Kong in 1998, pan Asian expansion during 1999-2002 including the creation of substantial initial presence of 9 locations in the People's Republic of China, Spain in 2002 via subsidiary companies) as well as the expansion into the all important travel retail (airline, airport and down town duty free) market.
- the constant enrichment and expansion of the brand's product lines with additional resources being deployed in exploring new materials and design trends. As a result, Folli Follie has maintained and reinforced its innovative and creative profile, and having diversified its product lines, is successfully undertaking its transition from a purely jewellery brand to an international fashion accessories brand.

CUSTOMER PROFILE

Folli Follie's target customer is the 20-40 years old, fashion-conscious working woman, a rapidly expanding segment and the biggest spender on fashion products. Folli Follie appeals to the modern working lady's needs for branded, trendy jewellery, watches and accessories of high quality at affordable prices.



COLLECTION

“FULL FASHION” CONCEPT

The core product category of the Folli Follie brand is jewellery, which depending on the market, represents between 50% and 70% of total sales. Within this category, in a retail price range from 50 to 1000 euros depending on the materials used (18K gold, sterling silver, stainless steel, precious and semi-precious stones) and a core retail price of 100 to 200 euros, Folli Follie offers an unrivaled assortment of styles. Indeed, in the highly fragmented jewellery market, where, unlike the fashion industry it is estimated that only 20% of the market consists of branded products (mostly positioned in the over 1000 euro price range), Folli Follie has chosen to be a pioneer by becoming the only global branded Company within its chosen market segment.

In addition to its core jewellery line, Folli Follie has in recent years developed comprehensive assortments in the fashion watch, handbags as well as other fashion accessories categories such as pashminas and sunglasses.

In 2004, Folli Follie's line of watches completes a 10-year successful presence in a very competitive field. Folli Follie offers a complete line of women's watches as well as a men's collection under the TRITON brand. After the tremendous success of Folli Follie watches within the more than 240 mono-brand boutiques worldwide, the Greek watchmaker and jeweller is recently developing a distribution network of fine watch retailers worldwide.



In the last few years, the Company's watch lines have played an ever increasing role as Folli Follie watches, with their design, quality and price characteristics, have successfully established themselves as fashionable and cost effective alternatives to the traditional high end brands. This phenomenon has also been strengthened by the fact that ladies watches are no longer considered as simply time pieces or expensive jewels, but, increasingly as everyday fashion accessories, to be mixed and matched at whim.

Similarly, Folli Follie's ever expanding collections of handbags and small leather goods follow the same philosophy of affordable fashionable luxury, which is the fundamental concept of Folli Follie.



THE “DESIGN” STRENGTH

Folli Follie’s design team consists of Swiss, Italian, Greek and British designers who create two collections per year, Autumn / Winter and Spring / Summer. Our designers’ goal is to maintain a fashion orientation complementing the prevalent fashion trends. This fashion orientation is one of our key differentiation factors compared to other branded jewellery companies.

The design however, does not stop at the product itself but extends into all Folli Follie visible associations such as: shop layout, décor, window display, product presentation, furniture, packaging and promotional material. In other words, our design team strives to create a “Folli Follie world”, which ensures a consistent brand image amongst all Folli Follie shops and products immediately recognizable by the global consumer.



CORPORATE PROFILE

INTERNATIONAL PRESENCE

Selecting shop locations is an essential element of Folli Follie's expansion strategy. Folli Follie has a presence in more than 20 countries with over 250 points of sale, including shops in the most fashionable streets of the world's major cosmopolitan cities such as London, Tokyo, Paris, Hawaii, Hong Kong, New York, Athens, Shanghai and Seoul. Folli Follie products are sold through retail standalone shops such as Rue Royale in Paris, New Bond Street in London, Ginza in Tokyo and Central in Hong Kong. Furthermore, one can find Folli Follie products in department stores such as Galleries Lafayette, Isetan, Takashimaya and as of 2002 in Corte Ingles in Spain.



Sloane Street, London

Folli Follie's recent achievement includes the strengthening of the Company's presence in countries such as China, Spain, Japan, France and Korea with the opening of more Folli Follie stores.



Huaihai Zhong Road,
Shanghai

Galeria Mokotow, Warsaw



The Plaza, Guam

In 2003 Folli Follie bought a 40% share of the Hellenic (Greek) Duty Free Shops along with GERMANOS Group of Companies, thus entering into a very promising sales segment. The Company has, thus, acquired a strong presence in the duty free and travel retail sector, with points of sale in the airports of Athens, Heathrow, Vancouver, Seoul and many more. In addition, Folli Follie products are also available in flight in major international airlines such as British Airways, KLM, Cathay Pacific, Korean Airlines.



Rue Royale,
Paris



Kifissia, Athens



THE PRODUCT RANGE



JEWELLERY

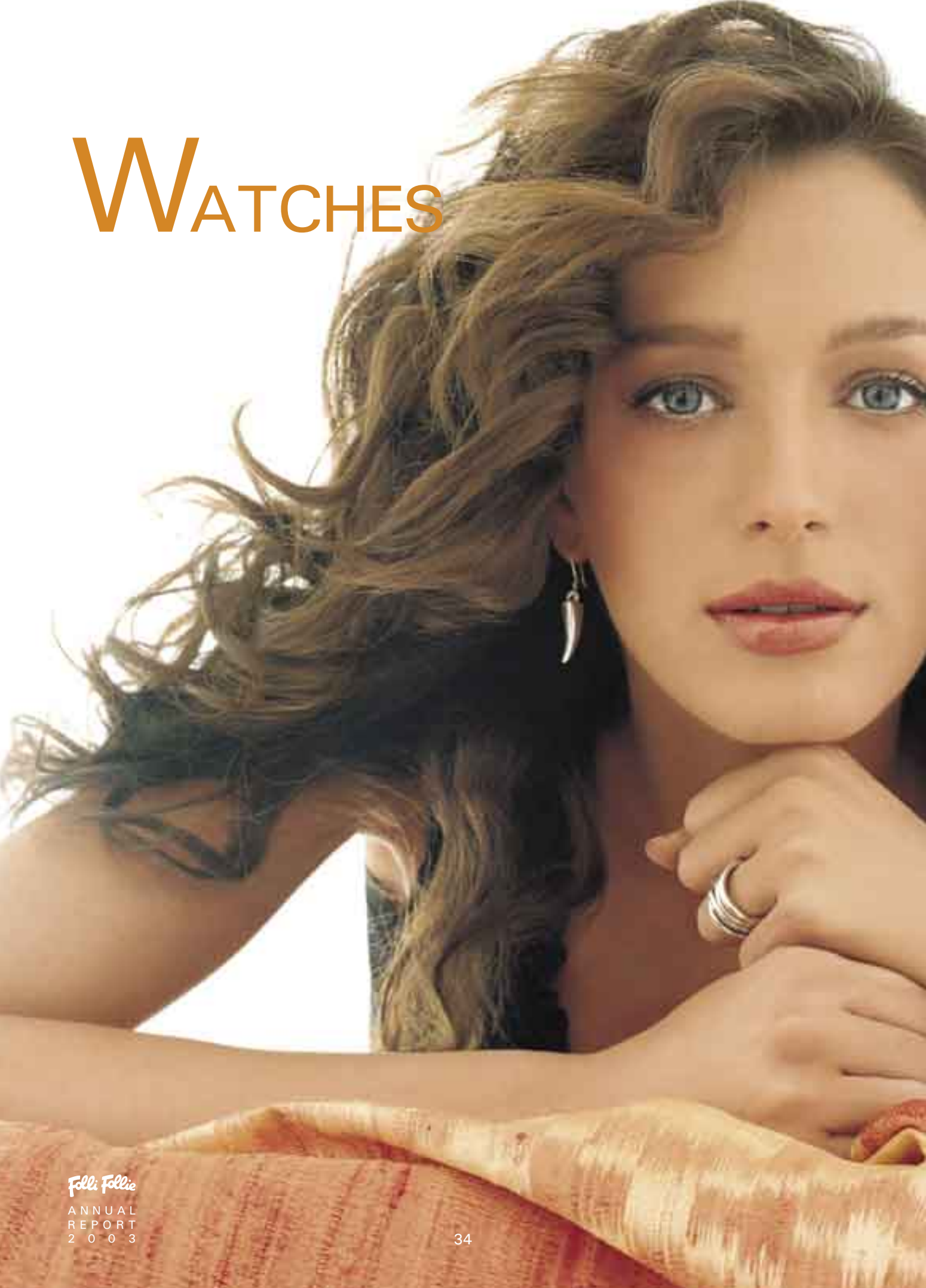
In 2003 the jewellery line was enriched with a new range of jewellery made of stainless steel. The new line, which was initially designed to attract a younger age group, soon became popular amongst various age groups in all markets around the world. The creativity, modern design and affordable price of the collection were highly valued and accounted for the brand's profitability in the jewellery section.

Furthermore, the diamond collection received great attention in many markets, mainly in Asia. With new, unique items added to the existing products, Folli Follie's specific line presented a steady growth in sales.





WATCHES





Folli Follie's existence in the very competitive field of watch makers has proved extremely successful in the last few years.

Folli Follie's designers have kept in line with fashion trends as well as the demands of the stylish and conventional customer.

The fact that ladies' watches are increasingly considered a fashion accessory rather than a "one-time" purchase, has helped Folli Follie promote a complete line of affordable watches with all the attributes of the high end timepieces available in the market today.

The flourishing success of the ladies' watches and the Triton brand has opened new avenues for the Company. Through the strength derived from this momentum, Folli Follie is constantly creating new channels to expand further in this field.

ACCESSORIES

The recognition of Folli Follies' accessories collection has been constant over the last years.

Keeping in line with the company's core values, the exclusively Italian designed accessories collection has proved very popular with consumer needs for high quality accessories. Furthermore, a clear rise in sales has been evident from the beginning of 2003 and subsequently Folli Follie is confident that the uniquely designed collections will prove even more popular throughout 2004 and thereafter.







INTERNATIONAL MEDIA PRESENCE & ADVERTISING



Folli Follie

Vivre à la folie

A significant factor affecting the brand's outstanding performance in 2003 were its media presence worldwide and the advertising campaigns, which when adjusted to local needs had a strong impact on the respective markets.

To mention but a few, 2003 ended with a strong advertising campaign in France just before Christmas: all local buses performing routes in central Paris and to the airport were "dressed" in Folli Follie's advertisement. Additionally, an outdoor campaign with the "Red Collection Watches" created a large impact in Athens during 2003 summer season.

In the same year, all advertising campaigns were backed up by media investments and public relations activities. From events in Folli Follie shops around the world to major press and VIP events, Folli Follie attracted the interest of the international media throughout the year.

In general, the new collections of the year were very popular generating good press coverage and sales growth.



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www.folli.follie.it

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FORESEEING 2004



FORESEEING 2004

The strategic objective of the Company is to be established as an international brand name in the fashion field.

Folli Follie's philosophy is to offer the modern woman between the age of 20-40 years old a high quality and aesthetically designed product range of jewellery, watches and accessories. Defined by the words "Affordable Luxury" Folli Follie's success is based on the fact that it has linked luxurious merchandise with affordable pricing. Different elements that create the Company's profile such as the interior of the stores, product presentation, packaging and product promotion confirm that luxury is identified with Folli Follie. The combination of luxury products at affordable price points is the real differentiating reason as to why the brand has no direct competitors among the so-called premium positioning field.

The strengthening of the sales network forms the basis for the Company's solid move towards fulfilling a strategic expansion. For example it is still essential to strengthen the network of stores in countries Folli Follie already has a presence in. A 10 year presence in Asia does not presuppose the establishment of a worldwide brand name for Folli Follie. Thus in the approaching years the Company will focus more on the countries considered important for the successful route of a trade mark, such as France in Europe and Japan in Asia. The establishment of a brand name in the above named countries should lead to the demand of the Company in other important markets such as the United States and the rest of Europe.

Similarly, the constant enrichment of the product range is of high importance to the Company. The successful incorporation of the Stainless Steel and Diamond Collection into its existing jewellery line confirms Folli Follie's intention of differentiating itself from other companies in the fashion field. Acclaimed for its product variety, wide range of price points and attraction to the general consumer, the Company will continue to look for methods that will generate new fashion trends and list itself amongst the biggest trademarks in the fashion field.

Through well thought out methods, the Company is currently on a steady road to accomplish the above. Relations with famous international designers and other consultants, successful in their own fields, have been established this year and these associations will continue to thrive in 2005.



ADDITIONAL FINANCIAL DATA

The following table indicates Folli Follie's development of Consolidated Financial Data in the period 2001-2003.

INCOME STATEMENT

	2001	2002	2003
Net Turnover (Sales)	101.769.630	131.594.344	160.583.929
Less: Cost of Sales ¹	36.886.280	49.120.427	60.003.003
Gross Margin	64.883.350	82.473.917	100.580.926
(% Sales)	63,76%	62,67%	62,63%
Other Operating Income	481.290	1.537.502	1.047.598
Gross Operating Profit	65.364.640	84.011.419	101.628.524
(% Sales)	64,23%	63,84%	63,28%
Administrative Expenses ¹	8.862.800	9.117.236	10.303.831
(% Sales)	8,7%	6,9%	6,4%
Research and Development Expenses ¹	771.830	351.305	438.098
(% Sales)	0,76%	0,27%	0,27%
Selling Expenses ¹	29.047.690	34.542.470	38.706.795
(% Sales)	28,5%	26,2%	24,1%
Directors' Remuneration	88.040	110.000	150.000
Net Operating Profit	26.594.280	39.890.408	52.029.800
(% Sales)	26,13%	30,31%	32,4%
Income from Participations	2.406.460	332.806	11.649.370
Gains from sale of Participations and Securities	88.040	14.332	78.464
Expenses and Losses from Participations and Securities	126.200	193.326	97.786
Extraordinary Results	1.575.940	-454.786	-1.317.939
Earnings before Interest, Depreciation/Amortization and Taxes	30.538.520	39.589.434	62.341.909
(% Sales)	30,0%	30,1%	38,8%
Interest income/expenses and Similar Income/Expenses	-1.170.950	-1.332.458	-3.183.829
Earnings before Depreciation/Amortization and Taxes	29.367.570	38.256.976	59.158.080
(% Sales)	28,9%	29,1%	36,8%
Depreciation/Amortization	3.107.850	2.366.552	3.709.268
Earnings before Taxes	26.259.720	35.890.424	55.448.812
(% Sales)	25,8%	27,3%	34,5%
Income Tax	6.127.660	6.876.635	10.028.849
Net Profit for the Period	20.132.060	29.013.789	45.419.964
(% Sales)	19,8%	22,05%	28,3%
Prior years' tax differences	132.060	101.920	0
Minority Interests	1.361.700	3.163.753	1.921.091
Earnings after Taxes of the period, prior years' tax differences and Minority Interests	18.638.300	25.748.116	43.498.872
(% Sales)	18,3%	19,56%	27,1%

1. Before Depreciation

ADDITIONAL FINANCIAL DATA

The allocation of the Depreciation per year is shown in the following table:

	2001	2002	2003
A. Depreciation charged to:			
Cost of Sales	184.890	175.784	144.398
Administrative Expenses	933.240	548.978	1.230.755
Selling Expenses	1.561.260	1.540.473	1.728.062
Research and Development Expenses	5.870	12.655	51.417
<i>B. Depreciation not charged to the Operating Expenses</i>	<i>419.660</i>	<i>88.662</i>	<i>554.636</i>
TOTAL DEPRECIATION (A + B)	3.104.920	2.366.552	3.709.268

RECALCULATION OF EARNINGS BASED ON NOTES	2003
Net Earnings for the year before Taxes	55.448.812
Recalculated Net Operating Profit	48.875.168
Recalculated Total Profits of the period	56.649.237
Recalculated Operating Profits of the period	54.312.025
Recalculated Earnings before Taxes based on Company's Note (No.3) and Remarks (No. 1 & 2) of Auditors' Report	53.757.389

RECALCULATED SHAREHOLDERS' EQUITY	2003
Total Shareholders' Equity after Recalculation based on Company's Notes and Remarks of Auditors' Report	60.776.531

BALANCE SHEET DATA OF THE YEARS 2001-2003

ASSETS	2001	2002	2003
Formation Expenses	5.606.358	5.563.687	9.734.357
Less: Amortization (accumulated)	1.437.589	1.761.203	2.797.962
Net Book Value of Formation Expenses	4.168.769	3.802.484	6.936.395
Total Tangible & Intangible Assets	26.362.387	30.334.821	31.794.728
Less: Depreciation (accumulated)	5.841.526	7.541.368	8.484.423
Net Book Value of Tangible & Intangible Assets	20.520.861	22.793.453	23.310.304
Participating Interests in Associated Companies	17.438.995	14.249.972	39.283.401
Long-term Receivables	1.604.997	8.998.225	5.569.224
Total Fixed Assets	39.564.853	46.041.650	68.162.929
Inventories	24.426.998	29.750.322	42.276.486
Receivables	63.634.891	78.351.193	80.530.261
Marketable Securities	16.608.269	12.575.935	3.224.824
Cash and Cash Equivalents	14.745.990	10.384.244	23.524.393
Total Current Assets	119.416.148	131.061.694	149.555.963
Prepayments and Accrued Income	1.405.696	2.207.374	1.808.928
GRANDTOTAL ASSETS	164.555.466	183.113.202	226.464.215
<i>Debit Memo. Accounts</i>	1.492.935	1.393.517	2.061.068
LIABILITIES	2001	2002	2003
Share Capital	9.668.929	9.884.063	9.884.063
Share Premium Account	62.531.731	62.531.731	62.531.731
Reserves and Profits Carried Forward	34.472.388	49.585.075	84.734.497
Exchange difference from translation of foreign Subsidiaries' Balance Sheets	1.090.112	-853.168	-10.822.236
Consolidation differences and Valuation differences of Associated Companies	-1.464.179	-1.464.179	-89.279.134
Minority Interest	2.476.934	3.900.194	4.836.883
Total Shareholders' Equity	108.775.915	123.583.716	61.885.803
Provisions	1.822.790	2.052.200	3.089.007
Long-term Debt	15.011.067	21.575.106	118.363.713
Suppliers-Cheques Payable	12.808.537	11.606.608	16.667.083
Short-term liabilities to banks	9.362.893	6.890.401	3.241.469
Advance payments from Trade Debtors	14.054	34.173	105.984
Taxes and social security	6.588.244	5.498.818	7.435.909
Other short-term liabilities	9.301.845	11.186.193	14.473.509
Total Short-term Liabilities	38.075.573	35.216.193	41.923.954
Accruals and Deferred Income	870.121	685.987	1.201.738
TOTAL LIABILITIES	164.555.466	183.113.202	226.464.215
<i>Credit Memo. Accounts</i>	1.492.935	1.393.517	2.061.068

“FOLLI-FOLLIE S.A.” Public Companies (S.A.) Reg. No. 18989/06/B/89/17
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD 01/01 - 31/12/2003

A/A	Analysis	Year 2003	Year 2002
A	<u>Cash Flow from Operating Activities</u>		
A	100 <u>Cash Inflows</u>	163.915.262,70	135.018.068,06
	101 Sales	160.583.928,62	131.594.343,65
	102 Other operating income	1.047.597,85	1.537.501,76
	103 Extraordinary and non-operating income	1.485.214,93	922.309,87
	104 Income from previous years		
	105 Interest income (bank deposits etc.)	70.999,61	22.593,95
	106 Income from marketable securities	19.932,35	14.331,89
	107 Sale of marketable securities	707.589,34	926.986,94
	108 Decrease in Receivables		
	Less	2.219.077,68	15.350.243,36
	109 Purchase of marketable securities	49.926,33	633.940,74
	110 Increase in Receivables	2.169.151,35	14.716.302,62
	<u>Total Cash Inflows (A100)</u>	161.696.185,02	119.667.824,70
A	200 <u>Cash Outflows</u>	143.732.737,93	104.063.825,66
	201 Cost of Sales (less depreciation and provisions)	59.979.185,95	49.120.427,30
	202 Administrative Expenses	10.264.963,71	9.205.898,51
	203 Research and Development Expenses	433.687,90	346.215,00
	204 Selling expenses	38.773.888,87	34.801.993,69
	205 Cost of underemployment / Idleness		
	206 Other expenses	21.754.846,61	4.280.155,82
	207 Increase in inventories	12.526.164,89	5.323.323,04
	208 Increase in prepayments and accrued income		801.678,13
	209 Decrease in accruals and deferred income		184.134,17
	210 Decrease in short-term liabilities (less banks-taxes-dividends)		
	Less	5.969.090,04	11.125,95
	211 Decrease in inventories		
	212 Decrease in prepayments and accrued income	398.446,70	
	213 Increase in accruals and deferred income	515.750,92	
	214 Increase in short-term liabilities (less banks)	5.054.892,42	11.125,95
	<u>Total Cash Outflows (A200)</u>	137.763.647,89	104.052.699,71
A	300 <u>Cash Outflows of Taxes</u>	10.028.849,01	8.469.273,93
	301 Income Tax	10.028.849,01	6.876.634,52
	302 Taxes not charged to the operating expenses		
	303 Prior years' tax differences		101.920,00
	304 Decrease in tax & duties liabilities		1.490.719,41
	Less	2.406.470,17	0,00
	305 Increase in tax & duties liabilities	2.406.470,17	
	<u>Total Cash Outflows of Taxes (A300)</u>	7.622.378,84	8.469.273,93
	<u>Cash Flow from Operating Activities</u> <u>(A100-A200-A300) = A</u>	16.310.158,29	7.145.851,06
B	<u>Cash Flow from Investing Activities</u>		
	100 <u>Cash Inflows</u>		
	101 Sale of intangible assets	1.173.921,41	130.831,90
	102 Sale of tangible assets	684.802,75	50.000,00
	103 Sale of participations & investments held as fixed assets		
	104 Decrease in long-term receivables	3.429.001,04	
	105 Income from participations & investments held as fixed assets	5.210.784,53	332.806,34
	106 Interest income (from long-term receivables)		
	<u>Total Cash Inflows (B100)</u>	10.498.509,73	513.638,24
	200 <u>Cash Outflows</u>		
	201 Purchase of intangible assets	2.251.280,00	
	202 Purchase of tangible assets	3.318.631,48	4.164.893,72
	203 Purchase of participations & investments held as fixed assets	88.706.586,00	5.372,85
	204 Increase in long-term receivables		7.393.228,05
	205 Increase in formation expenses	4.170.669,29	223.316,74
	<u>Total Cash Outflows (B200)</u>	98.447.166,77	11.786.811,36
	<u>Cash Flow from Investing Activities</u> <u>(B100-B200) = B</u>	-87.948.657,04	-11.273.173,12

C	<u>Cash Flow from Financing Activities</u>		
100	<u>Cash Inflows</u>		
101	Proceeds from share capital increase and share premium account		
102	Proceeds from fixed assets' subsidies		
103	Increase in long-term liabilities	96.788.606,75	6.564.039,18
104	Increase in short-term liabilities (bank accounts)		
	<u>Total Cash Inflows (C100)</u>	96.788.606,75	6.564.039,18
200	<u>Cash Outflows</u>		
201	Reduction of share capital		
202	Reimbursement of fixed assets' subsidies		
203	Decrease in long-term liabilities		
204	Decrease in short-term liabilities (bank accounts)	3.648.932,29	2.472.491,76
205	Interest paid	3.254.828,70	1.355.051,52
206	Dividends paid	4.956.198,09	2.860.920,73
207	Personnel profit sharing		
208	Directors' remuneration	150.000,00	110.000,00
	<u>Total Cash Outflows (C200)</u>	12.009.959,08	6.798.464,01
	<u>Cash Flow from Financing Activities (C100 - C200) = C</u>	84.778.647,67	-234.424,83
	<u>CASH FLOW OF THE COMPANY (sum A + B + C)</u>	13.140.148,92	-4.361.746,89
	<u>PLUS:</u>		
	<u>CASH & CASH EQUIVALENTS AS OF THE BEGINNING OF THE PERIOD</u>	10.384.243,63	14.745.990,52
	<u>CONSOLIDATED CASH & CASH EQUIVALENTS AS OF THE END OF THE PERIOD</u>	23.524.392,55	10.384.243,63

Ag. Stefanos, 10 May 2004

THE CHAIRMAN OF THE
BOARD OF DIRECTORS

DIM.G.KOUTSOLIOUTSOS

THE VICE-CHAIRMAN
OF THE BOARD OF DIRECTORS

GEORG.D.KOUTSOLIOUTSOS

THE HEAD
OF ACCOUNTS DEPT.

GEORGIOS D.ALAVANOS

AUDITORS' REPORT

We have audited the above Consolidated Cash Flow Statement of FOLLI-FOLLIE S.A. and its subsidiaries for the year 2003 and it is identical to the statement mentioned in our Auditors' Report of 14 May 2004 relating to the Consolidated Financial Statements of this year.

In our opinion the above mentioned Consolidated Cash Flow Statement reflects the Cash Inflows and Outflows from the activities of this period of all the companies which are included in the consolidation as at 31 December 2003.

Ag. Stefanos, 14 May 2004

THE CERTIFIED
PUBLIC ACCOUNTANT-AUDITOR

DIMITRIOS IAKOVIDIS

SOEL 13251

SOL S.A. - Certified Auditors Accountants

"FOLLI - FOLLIE S.A." Public Companies (S.A.) Reg. No. 18989/06/B/89/17
CONSOLIDATED BALANCE SHEET AS AT
DECEMBER 31, 2003 (JANUARY 1 - DECEMBER 31, 2003) 5th Year (Amounts in EURO)

ASSETS	YEAR ENDED 2003			YEAR ENDED 2002		
	Acquisition cost	Depreciation	Net Book value	Acquisition cost	Depreciation	Net Book value
B. FORMATION EXPENSES						
1. Preliminary expenses	1.711.307,48	1.218.278,68	493.028,80	1.099.926,37	680.108,15	419.818,22
4. Other formation expenses	8.023.049,07	1.579.683,25	6.443.365,82	4.463.760,89	1.081.095,31	3.382.665,58
	<u>9.734.356,55</u>	<u>2.797.961,93</u>	<u>6.936.394,62</u>	<u>5.563.687,26</u>	<u>1.761.203,46</u>	<u>3.802.483,80</u>
C. FIXED ASSETS						
I. Intangible Assets						
2. Concessions and industrial rights	115.096,48	40.720,55	74.375,93	1.130.154,57	444.681,02	685.473,55
5. Other intangible assets	1.383.310,08	893.177,64	490.132,44	1.542.173,40	724.260,03	817.913,37
	<u>1.498.406,56</u>	<u>933.898,19</u>	<u>564.508,37</u>	<u>2.672.327,97</u>	<u>1.168.941,05</u>	<u>1.503.386,92</u>
II. Tangible Assets						
1. Land	2.008.007,63	0,00	2.008.007,63	2.506.907,12	0,00	2.506.907,12
3. Buildings and technical works	13.757.055,53	2.664.425,37	11.092.630,16	4.490.336,16	2.134.114,93	2.356.221,23
4. Machinery, technical installations and other mechanical equipment	1.500.935,32	940.411,47	560.523,85	1.478.509,62	808.043,93	670.465,69
5. Transportation equipment	475.114,40	222.196,89	252.917,51	387.822,83	189.282,27	198.540,56
6. Furniture and fixtures	7.375.137,57	3.723.491,86	3.651.645,71	7.106.414,98	3.240.985,56	3.865.429,42
7. Payments on account and tangible assets in course of construction	5.180.071,26	0,00	5.180.071,26	11.692.502,27	0,00	11.692.502,27
	<u>30.296.321,71</u>	<u>7.550.525,59</u>	<u>22.745.796,12</u>	<u>27.662.492,98</u>	<u>6.372.426,69</u>	<u>21.290.066,29</u>
Total Tangible and Intangible Assets (CI + CII)	<u>31.794.728,27</u>	<u>8.484.423,78</u>	<u>23.310.304,49</u>	<u>30.334.820,95</u>	<u>7.541.367,74</u>	<u>22.793.453,21</u>
III. Financial Assets						
1a. Participating interests in associated companies			39.283.401,03			0,00
6. Investments held as fixed assets			0,00			14.249.971,59
7. Other long-term receivables			5.569.223,87			8.998.224,91
			<u>44.852.624,90</u>			<u>23.248.196,50</u>
Total Fixed Assets (CI + CII + CIII)			<u>68.162.929,39</u>			<u>46.041.649,71</u>
D. CURRENT ASSETS						
I. Inventories						
1. Merchandise			39.084.405,81			26.152.419,21
2. Finished and semi-finished products, by-products and scrap			719.999,89			879.103,69
4. Raw and auxiliary materials consumables- spare parts and packing items			1.872.353,70			1.850.303,67
5. Payments on account for stock purchases			599.726,99			868.494,93
			<u>42.276.486,39</u>			<u>29.750.321,50</u>
II. Receivables						
1. Trade debtors	73.902.795,47		73.773.391,97	67.896.078,18		67.694.027,71
Less: Provisions	<u>129.403,50</u>		<u>1.245.686,29</u>	<u>202.050,47</u>		<u>1.447.170,44</u>
3a. Cheques receivable			5.327,95			5.327,95
3b. Cheques overdue			5.492.722,73			9.200.411,32
11. Sundry debtors			13.131,67			4.255,84
12. Advances to account for			<u>80.530.260,61</u>			<u>78.351.193,26</u>
III. Marketable securities						
1. Shares	4.468.823,79			19.940.341,10		
3. Other securities	2.019.460,98			2.686.467,65		
Less: Provisions for value decline	<u>3.263.460,91</u>		<u>3.224.823,86</u>	<u>10.050.873,55</u>		<u>12.575.935,20</u>
IV. Cash and cash equivalents						
1. Cash on hand			3.105.071,89			2.814.742,14
3. Current and time deposits			<u>20.419.320,66</u>			<u>7.569.501,49</u>
			<u>23.524.392,55</u>			<u>10.384.243,63</u>
Total Current Assets (DI + DII + DIII + DIV)			<u>149.555.963,41</u>			<u>131.061.693,59</u>
E. PREPAYMENTS AND ACCRUED INCOME						
1. Prepaid expenses			1.625.185,58			1.931.602,74
3. Other prepayments and accrued income			183.742,38			275.771,92
			<u>1.808.927,96</u>			<u>2.207.374,66</u>
GRAND TOTAL-ASSETS (B + C + D + E)			<u>226.464.215,38</u>			<u>183.113.201,76</u>
DEBIT MEMO. ACCOUNTS						
1. Third party asset items			846.026,66			815.844,66
4. Other memo.accounts			<u>1.215.041,32</u>			<u>577.672,52</u>
			<u>2.061.067,98</u>			<u>1.393.517,18</u>

LIABILITIES
YEAR ENDED
YEAR ENDED
2003
2002
A. SHAREHOLDERS' EQUITY
I. Share Capital

1. Paid-up capital

9.884.062,50 9.884.062,50
II. Share premium account
62.531.731,47 62.531.731,47
IV. Reserves

1. Legal reserve

3.729.200,79 3.431.645,91

 Less: Loss on value decline
of securities for netting off

3.404.673,70 10.273.713,36

324.527,09 -6.842.067,45

5. Tax-free reserves under special laws

14.281.662,23 12.631.662,23

6. Reserves taxed at special provisions

709.732,08 704.369,53

15.315.921,40 6.493.964,31

Less: Consolidation differences

-85.563.675,67 0,00

 Less: Valuation differences
of associated companies

-3.715.459,02 -1.464.179,18
V. Results carried forward

Profit carried forward

69.418.575,99 43.091.111,12
VII. Exchange difference from translation

of foreign subsidiaries' Balance Sheets

-10.822.236,49 -853.167,99
IX. Minority Interests
4.836.883,05 3.900.193,58

 Total Shareholders' Equity
(AI + AII + AIV + AV + AVII + AIX)

61.885.803,23 123.583.715,81
**B. PROVISIONS FOR LIABILITIES
AND CHARGES**

1. Provisions for staff retirement benefits

1.539.661,67 1.489.815,81

2. Other provisions

1.549.345,10 562.384,01

3.089.006,77 2.052.199,82
C. LIABILITIES
I. Long-term debt

2. Bank loans

118.363.712,98 21.575.106,23
II. Current Liabilities

1. Suppliers

15.751.224,58 10.580.994,60

2a. Cheques payable

915.858,46 1.025.613,72

3. Banks

3.241.468,75 6.890.401,04

4. Advances from trade debtors

105.984,32 34.172,73

5. Taxes-duties

7.009.442,89 4.602.972,72

6. Social security

426.465,88 895.845,44

10. Dividends payable

7.231.011,41 6.256.772,00

11. Sundry creditors

7.242.497,91 4.929.420,37

41.923.954,20 35.216.192,62

Total Liabilities (CI + CII)

160.287.667,18 56.791.298,85
D. ACCRUALS AND DEFERRED INCOME

2. Accrued expenses

1.201.059,54 685.335,97

3. Other accruals and deferred income

678,66 651,31

1.201.738,20 685.987,28
**GRAND TOTAL SHAREHOLDERS'
EQUITY & LIABILITIES (A + B + C + D)**
226.464.215,38 183.113.201,76
CREDIT MEMO. ACCOUNTS

1. Beneficiaries of asset items

846.026,66 815.844,66

4. Other memo.accounts

1.215.041,32 577.672,52

2.061.067,98 1.393.517,18
NOTES:

1) The above consolidated Balance sheet includes the companies a) FOLLI – FOLLIE S.A. (parent) and the companies b) FOLLI – FOLLIE HONG KONG LTD, with percentage 99,99% (direct participation) c) FOLLI – FOLLIE U.K. LTD with percentage 99,99% (direct participation) d) FOLLI – FOLLIE FRANCE S.A. with participation percentage 99,94% (direct participation) e) FOLLI – FOLLIE JAPAN LTD with percentage 40% (direct participation) f) FOLLI – FOLLIE POLAND S.Z.O.O. with percentage 100% (direct participation) g) FOLLI – FOLLIE SLOVAKIA S.R.O. with percentage 100% (direct participation) h) FOLLI – FOLLIE CZECH S.R.O. with percentage 100% (direct participation) i) FOLLI – FOLLIE SPAIN S.A. with percentage 100% (direct participation) j) FOLLI – FOLLIE ASIA LTD with percentage 99,99% (indirect participation) ja) BLUEFOL GUAM INC with percentage 99,99% (indirect participation) jb) BLUEFOL HAWAII INC with percentage 99,99% (indirect participation) jc) BLUEFOL HONG KONG LTD with percentage 99,99% (indirect participation) jd) BLUEFOL MALAYSIA SDN. BHD with percentage 99,99% (indirect participation) je) BLUEFOL THAILAND CO LTD with percentage 99,99% (indirect participation). jf) BLUEFOL SINGAPORE with percentage 99,99% (indirect participation). jg) FOLLI FOLLIE TAIWAN with percentage 99,99% (indirect participation). jk) FOLLKO LTD with percentage 99,99% (indirect participation) which were consolidated by the full consolidation method, as well as also. jl) DUTY FREE SHOPS S.A. with percentage 24,679% (direct participation), k) MFK FASHION INVESTMENT LTD with participation 40% (direct participation) which were consolidated by the equity method. The consolidation was made, according to the provisions of article 90 until 109 of c.L. 2190/1920 (Companies' Act of Greece). In the items of the previous year were not included the companies "DUTY FREE SHOPS S.A." and "MFK FASHION INVESTMENTS LTD". 2) There are no real or other liens on the fixed assets. 3) In the Assets items D.III.1 "Shares" and D.III.3 "Other securities" which belong to the parent company are also included shares of companies listed on the Stock Exchange of EURO 2.902.228,11, shares of foreign companies listed on the Stock Exchange of EURO 1.566.595,68 as well as units of Mutual Funds of EURO 2.019.460,98 that is totalling in acquisition cost EURO 6.488.284,77, which were valued at 31.12.2003 based on the provisions of L. 2992/2002 at their market value. The loss from their value decline of EURO 582.150,93 which occurred during their valuation in the year, was directly transferred, in decrease of the shareholders' equity. 4) In the current year the parent company computed depreciation using the lowest rates provided for by the P.D. 299/2003. The loss difference which occurred from the application in the present year of these rates in relation to the rates of the P.D. 100/1998 which were in effect up until the year 2002 amounts to approximately EURO 240.000,00. 5) The parent company has undergone tax authorities fiscal control also for the year 2001 inclusive.

CONSOLIDATED INCOME STATEMENT

I. Operating Results	YEAR ENDED 2003		
Net turnover (sales)			160.583.928,62
<u>Less:</u> Cost of sales			60.147.400,51
Gross operating results (profit)			100.436.528,11
<u>Plus:</u> Other operating income			1.047.597,85
Total			101.484.125,96
<u>LESS:</u> 1. Administrative expenses	11.534.586,98		
1a. Directors remuneration	150.000,00		
2. Research and development costs	489.514,81		
3. Distribution costs	40.434.856,33		52.608.958,12
Sub-total (profit)			48.875.167,84
<u>PLUS:</u> 1. Income from participating interests	5.210.784,53		
3. Gains from sale of participating interests & securities	78.464,15		
4. Credit interest and similar income	70.999,61		
<u>Plus:</u> Gains from participations in associated companies	6.438.586,48		
	11.798.834,77		
<u>Less:</u>			
2. Expenses and losses from participating interests & securities	97.785,91		
3. Debit interest and similar charges	3.254.828,70	3.352.614,61	8.446.220,16
Total operating results (profit)			57.321.388,00
II. <u>PLUS: Extraordinary results</u>			
1. Extraordinary and non-operating income	1.066.889,75		
2. Extraordinary gain	418.325,18		
	1.485.214,93		
<u>Less:</u>			
1. Extraordinary and non-operating expenses	2.483.259,08		
2. Extraordinary losses	319.895,84		
3. Prior years' expenses	0,00	2.803.154,92	-1.317.939,99
Operating and extraordinary results (profit)			56.003.448,01
<u>LESS:</u> Total depreciation of fixed assets	3.709.268,29		
<u>Less:</u> Charged to the operating cost	3.154.632,20		554.636,09
NET RESULTS (PROFIT) FOR THE YEAR BEFORE TAXES			55.448.811,92
<u>LESS:</u> - Prior years' tax differences			0,00
- Income tax			10.028.849,01
NET RESULTS (PROFIT) FOR THE YEAR			45.419.962,91
<u>Less:</u> Minority interests - quota			1.921.091,58
NET CONSOLIDATED PROFIT			43.498.871,33

THE CHAIRMAN
OF THE BOARD OF DIRECTORS

DIM.G.KOUTSOLIOUTSOS
ID.No. H 159150

THE VICE-CHAIRMAN
OF THE BOARD OF DIRECTORS

GEORG.D.KOUTSOLIOUTSOS
ID.No. E 433750

**YEAR ENDED
2002**

		131.594.343,65	
		49.296.211,30	
		82.298.132,35	
		1.537.501,76	
		83.835.634,11	
	9.666.214,18		
	110.000,00		
	363.960,00		
	36.082.942,72	46.223.116,90	
		37.612.517,21	
	332.806,34		
	14.331,89		
	22.593,95		
	0,00		
	369.732,18		
193.325,61			
1.355.051,52	1.548.377,13	-1.178.644,95	
		36.433.872,26	
	915.311,43		
	6.998,44		
	922.309,87		
1.257.365,84			
119.730,14			
0,00	1.377.095,98	-454.786,11	
		35.979.086,15	
	2.366.551,95		
	2.277.889,47	88.662,48	
		35.890.423,67	
		101.920,00	
		6.876.634,52	
		28.911.869,15	
		3.163.753,28	
		25.748.115,87	

Ag. Stefanos, 10 May 2004

THE FINANCE &
TAX ADVISOR

IOANNIS D.ZANNOS
ID.No. K 004406

THE HEAD OF ACCOUNTS DEPT.

GEORGIOS D.ALAVANOS
ID.No. P 520955
H.E.C. License No. 0008211/A' Class

Ag. Stefanos, 14 May 2004

THE CERTIFIED PUBLIC ACCOUNTANT-AUDITOR

DIMITRIOS I. IAKOVIDIS

SOEL Reg. No. 13251
SOL S.A. – Certified Auditors Accountants

AUDITOR'S REPORT

To the Shareholders of "FOLLI – FOLLIE, S.A." and its subsidiaries

We have audited according to the provisions of art. 108 of c.L. 2190/1920 the 5th Consolidated Financial Statements, the Cash Flows Statement as well as the related Notes on the Accounts of "FOLLI – FOLLIE, S.A." and its subsidiary undertakings, for the year ended December 31, 2003. Our examination, included such auditing procedures as we considered necessary in the circumstances for the purpose of our audit, which are in conformity with the standards of auditing followed by the Institute of Certified Auditors - Accountants in Greece and lastly we verified that the Directors' consolidated report is consistent with the related Consolidated Financial Statements. We have not extended our audit to the examination a) of the financial statements of the companies "FOLLI – FOLLIE HONG KONG LTD", "FOLLI – FOLLIE U.K. LTD", "FOLLI – FOLLIE FRANCE S.A.", "FOLLI – FOLLIE SPAIN S.A.", "FOLLI – FOLLIE CZECH s.r.o." "FOLLI – FOLLIE POLAND s.z.o.o." "FOLLI – FOLLIE SLOVAKIA s.r.o.", which are included in the consolidation and represent 43% and 59% of consolidated total assets and turnover respectively, the company "DUTY FREE SHOPS S.A." which was consolidated by the equity method, the Financial Statements of which are audited by other recognized Certified Auditors, on whose "Auditor's Report" we have relied on, in order to express our opinion hereof, insofar as it relates to the items included in the consolidation of the aforesaid undertakings b) the financial statements of the company "FOLLI – FOLLIE JAPAN LTD" which is included in the consolidation and represents 12,6% and 25% of consolidated total assets and turnover respectively, the financial statements of which are not accompanied by an Auditor's Report of a recognized auditor, because its fiscal year ends on 31.3.2004 and then issues the Auditor's Report and c) the financial statements of the company "MFK FASHION INVESTMENTS LTD", which is included in the consolidation by the equity method, the financial statements of which is not accompanied by an Auditor's Report of a recognized auditor. As a result of our audit it is noted that: 1) The Parent Company valued the shares and the other securities at their market value as stated in detail in the Company's note No. 3. 2) In the net carrying value of the Assets item B.4. "Other Formation Expenses" is included also an amount of € 1.109.272,18 which concerns the 2/3 of debit exchange differences incurred in the year 2003 at the valuation and collection of claims in U.S.D. of the parent company and which will be amortized equally in amount within the following two years, therefore the results for the year and the Shareholders' Equity are equally in amount improved. In our opinion, after taking into consideration our foregoing notes, as well as the Company's notes under the Balance Sheet, the above Consolidated Financial Statements, have been prepared according to the provisions of c.L. 2190/1920 and in conformity with legal requirements and generally accepted accounting principles applied by the parent company on a basis consistent with that of the preceding year, give, a true and fair view of the assets, liabilities and financial position, the results of operations and the Cash Flows of all the companies which are included in the consolidation, as at 31 December, 2003.





