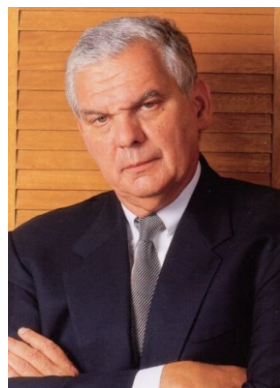


Annual Report 2002



MESSAGE FROM THE PRESIDENT



During 2002, our group, has, once again, experienced solid growth in all aspects of our operations.

In terms of financial results, this year marks a golden decade of continuous growth and profitability. Indeed, in the period between 1/1/1993 and 31/12/2002, our sales have increased by 4,103% and our profits by 17,645%, which is one of the best growth track records worldwide.

The recognition of the Folli Follie brand name around the world continues to grow geometrically with 213 sales locations, in-flight sales in major airlines, as well as international airports. This initial expansion and the important investments related to it, represent an important milestone on the road to establishing Folli Follie as a world class brand name. Indeed, every new location allows us to expand our message of affordable luxury, defined by the understated elegance, youthful freshness and excellent value of our collections of jewelry, watches, handbags and fashion accessories.

The most important aspects of our expansion strategy in 2002 were the setup of our Spain retail operations as well as the continued dynamic establishment of our brand in the huge market of China.

In addition, during 2002 sales in the watch product category have skyrocketed, with watches now representing 1/3 of our total sales worldwide. Once again this reaffirms our core belief that well designed, “comfortable” collections in line with our brand's philosophy of emphasis on quality and good value will always lead to success, even in a competitive and media saturated market such as the international watch market.

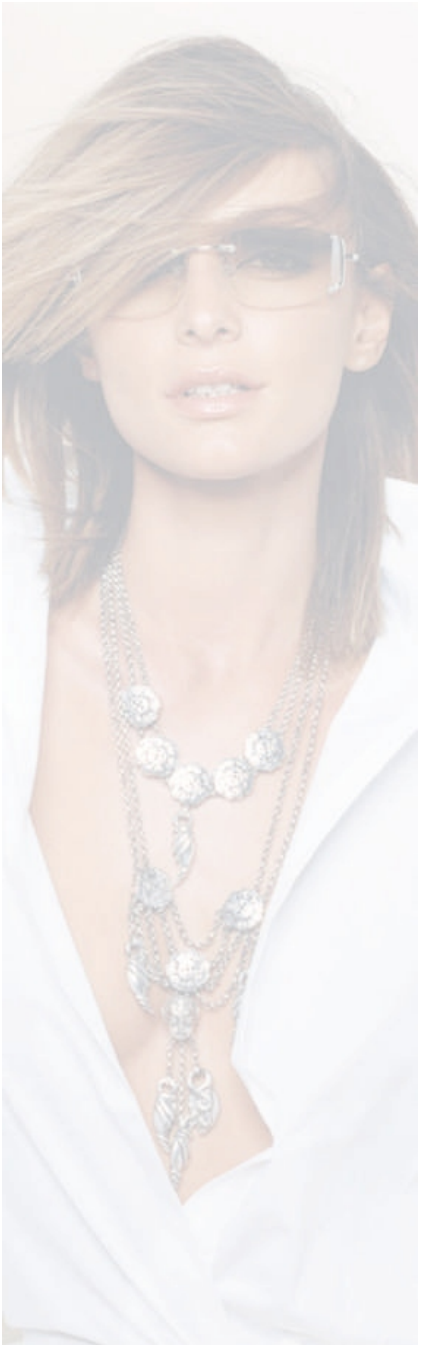
Lastly, I would like to underline the fact that our company's steady growth is also due in large part to its flexibility in all aspects of its operation. Indeed, in an international environment marked by sudden currency fluctuations, wars and diseases which can drastically change market conditions in a country or even a whole region, Folli Follie has had the foresight, and now benefits from the flexibility to have substantial bases of operations on three continents and to produce, purchase and sell in all three major currencies.

Folli Follie is proud, by its worldwide presence, to uphold the age old Greek tradition of successful international commerce.

Dimitri Koutsolioutsos
President

Folli Follie





A year marked by difficulties in the international macro economic and political environments, 2002 has nonetheless proven to be an especially constructive and important year for Folli Follie. Indeed, 2002 has proven that the consistent implementation of a well thought out strategy will ultimately lead to success. As a result, for Folli Follie 2002 has been marked by success in all aspects of our operations, including brisk growth in sales together with remarkably high profits. We firmly believe that our unshakeable commitment of providing our customers with “affordable luxury” continues to be the strategic foundation of our success.

On an operational basis, the first key element of this successful strategy involves the geographic expansion of the brand's presence. This is being achieved with the arrival of the Folli Follie brand in new markets with high growth potential around the world, and, at the same time, with the strengthening of our distribution network in existing markets. In both cases, shop locations are very carefully selected in order to best combine the prestige elements inherent to an international luxury brand, while also ensuring the necessary traffic flow to generate sales.

In this context, during 2002 Folli Follie rapidly established itself in the very promising Spanish market with the opening of 10 locations, and, in November the inauguration of our first Spanish flagship shop in Barcelona's famed Paseo de Gracia Street. At the same time, the initial positive feedback received from the

China market set the stage for an aggressive expansion during 2002, and, as a result, there are now 10 Folli Follie locations in Shanghai and Beijing with plans for continued steady expansion in the years to come. Despite the many difficulties involved, we consider our first steps in China as a preliminary success, and we believe that, as pioneers in this massive market, we are creating a very important strategic advantage for the Folli Follie brand in the years to come. Indeed, our core positioning of “affordable luxury” enables us to view China as a market with tremendous immediate rather than future potential.

As a concrete result of the above strategies, Folli Follie's worldwide shop network now numbers 213 locations in 20 different countries.

At the same time, during 2002 we continued our long term strategy of expanding and strengthening the relative importance of our non-jewelry product lines in the brand's product mix, with emphasis placed, during the year, on our watch segment. As a result, the watch product category was substantially enriched during the year, with the creation of several “casual elegance” product families. These styles, in addition to robbing the top 4 best selling places previously traditionally held by jewellery items, enabled the watch category to account for almost 1/3 of our total sales. We are firmly committed to the continued expansion of the watch segment in the years to come as we believe that each new Folli Follie branded watch worn around the world both reaffirms and strengthens the Folli Follie brand name.

Folli Follie S.A. designs, manufactures and distributes fashion accessories, including jewelry, watches, handbags and personal accessories under the Folli Follie brand name.

The Folli Follie brand's core values are “affordable, fashionable luxury”.

Founded in 1982 by Mr. Dimitri and Mrs. Ketty Koutsolioutsos with the opening of its first location in Athens, the Folli Follie brand has experienced phenomenal growth in the last 20 years. Following its initial success in the Greek market where Folli Follie rapidly expanded during the 1980's 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 1990's saw the creation of Folli Follie boutiques in key European cities such as Paris, London and Geneva and, by the mid 1990's this geographic expansion had reached New York, Hawaii, Guam and had culminated with the brand's launch in Japan in 1995.

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.)

This 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 40%

while the remaining 60% is owned by the founders. This has proven to be an extremely efficient balance, which 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 around the following key objectives:

the re-evaluation and improvement of the existing distribution network: this is being achieved by the replacement of distributor companies with 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 Peoples 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.

Expanding the "Full Fashion" Concept

The core product category of the Folli Follie brand continues to be 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 15% of the market consists of branded products, (mostly positioned in the over 1000 euro price range, such as Bulgari, Cartier etc.), Folli Follie has chosen to be a pioneer by becoming the only global branded player 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, our line of watches will complete 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. In the last few years, our watch lines have played an ever increasing role as Folli Follie

watches, by their design, quality and price characteristics have successfully established themselves as fashionable and cost effective alternatives to the traditional high end brands. Obviously, this phenomenon has 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. One of the main strategic commitments of the company going forward is the continued growth of this category with the enrichment of the assortment and the exploration of new distribution channels for the category.

Similarly, our ever expanding collections of handbags and small leather goods follow the same philosophy of affordable fashionable luxury which is the intrinsic concept of Folli Follie. It is our intention, in the immediate future, to place even greater emphasis on the design and marketing of these lines in order to achieve similar levels of market penetration and brand recognition as we have in the jewellery and watch categories.

Once the above steps are implemented we will have achieved our immediate objective of transforming Folli Follie from a jewellery brand to an well balanced, integrated, "full fashion" accessories brand.

"FOLLI - FOLLIE S.A."

Public Companies (S.A.) Reg. No. 18989/06/B/89/17

BALANCE SHEET

AS AT DECEMBER 31, 2002 (JANUARY 1 - DECEMBER 31, 2002)

13th Year

(Amounts in EURO)

ASSETS	YEAR ENDED 2002			YEAR ENDED 2001			LIABILITIES	YEAR ENDED 2002	YEAR ENDED 2001
	Acquisition cost	Depreciation	Net Book value	Acquisition cost	Depreciation	Net Book value			
B. FORMATION EXPENSES							A. SHAREHOLDERS' EQUITY		
1. Preliminary expenses	475.009,38	320.518,48	154.490,90	471.565,75	274.133,58	197.432,17	I. Share Capital		
4. Other formation expenses	1.650.595,89	1.081.095,31	569.500,58	1.844.252,60	960.375,37	883.877,23	(32.946.875 shares of 0,30 each)		
	<u>2.125.605,27</u>	<u>1.401.613,79</u>	<u>723.991,48</u>	<u>2.315.818,35</u>	<u>1.234.508,95</u>	<u>1.081.309,40</u>	1. Paid-up capital	9.884.062,50	9.668.928,83
C. FIXED ASSETS							II. Share premium account	62.531.731,47	62.531.731,47
I. Intangible Assets							IV. Reserves		
2. Concessions and industrial rights	74.062,44	22.244,17	51.818,27	38.397,28	12.660,61	25.736,67	1. Legal reserve	1.645.248,78	1.430.692,44
5. Other intangible assets	871.900,21	342.074,87	529.825,34	871.900,22	167.694,82	704.205,40	Less: Loss on value decline & sale of securities for netting b/f	<u>10.273.713,36</u>	<u>3.333.778,22</u>
	<u>945.962,65</u>	<u>364.319,04</u>	<u>581.643,61</u>	<u>910.297,50</u>	<u>180.355,43</u>	<u>729.942,07</u>	5. Tax-free reserves under special laws	<u>12.631.662,23</u>	<u>-1.903.085,78</u>
II. Tangible Assets							6b. Reserves taxed at special provisions	<u>704.369,53</u>	<u>703.585,86</u>
1. Land	2.506.907,12	0,00	2.506.907,12	2.506.907,12	0,00	2.506.907,12		<u>4.707.567,18</u>	<u>11.647.295,98</u>
3. Buildings and technical works	841.009,97	616.830,08	224.179,89	841.009,95	492.009,47	349.000,48	V. Results carried forward		
4. Machinery, technical installations and other mechanical equipment	1.478.509,62	808.043,93	670.465,69	1.429.493,73	653.000,42	776.493,31	Profit carried forward	5.351.792,83	5.182.807,66
5. Transportation equipment	387.822,83	189.282,27	198.540,56	393.971,86	160.426,44	233.545,42	Total Shareholders' Equity (AI+All+AlV+AV)	<u>82.475.153,98</u>	<u>89.030.763,94</u>
6. Furniture and fixtures	2.543.036,99	1.586.776,45	956.260,54	1.956.514,27	1.362.942,64	593.571,63			
7. Payments on account and tangible assets in course of construction	11.692.502,27	0,00	11.692.502,27	9.351.113,81	0,00	9.351.113,81	B. PROVISIONS FOR LIABILITIES AND CHARGES		
	<u>19.449.788,80</u>	<u>3.200.932,73</u>	<u>16.248.856,07</u>	<u>16.479.010,74</u>	<u>2.668.378,97</u>	<u>13.810.631,77</u>	1. Provisions for staff retirement benefits	435.205,03	332.709,12
Total Tangible and Intangible Assets (CI+CII)	<u>20.395.751,45</u>	<u>3.565.251,77</u>	<u>16.830.499,68</u>	<u>17.389.308,24</u>	<u>2.848.734,40</u>	<u>14.540.573,84</u>	2. Other provisions	<u>0,00</u>	<u>193.718,49</u>
III. Financial Assets								<u>435.205,03</u>	<u>526.427,61</u>
1. Participating interests in affiliated undertakings			37.759.964,35			31.256.559,46	C. LIABILITIES		
6. Investments held as fixed assets			14.249.971,59			17.438.994,86	E. Long-term debt		
7. Other long-term receivables			<u>265.750,23</u>			<u>257.201,95</u>	2. Bank loans	17.608.217,17	14.086.573,73
			<u>52.275.686,17</u>			<u>48.952.756,27</u>	II. Current Liabilities		
Total Fixed Assets (CI+CII+CIII)			<u>69.106.185,85</u>			<u>63.493.330,11</u>	1. Suppliers	2.840.559,85	2.050.867,32
D. CURRENT ASSETS							2a. Cheques payable	1.025.613,72	567.391,28
I. Inventories							3. Banks	3.925.127,18	4.373.523,50
1. Merchandise			8.828.611,60			7.606.089,26	4. Advances from trade debtors	34.046,73	14.053,99
2. Finished and semi-finished products, by-products and scrap			879.103,69			882.202,56	5. Taxes-duties	2.658.558,70	1.548.271,74
4. Raw and auxiliary material s-consumables- spare parts and packing items			1.850.303,67			1.806.780,97	6. Social security	267.017,19	268.584,59
5. Payments on account for stock purchases			<u>868.494,93</u>			<u>621.768,13</u>	10. Dividends payable	6.212.655,43	5.164.067,73
			<u>12.426.513,89</u>			<u>10.916.840,92</u>	11. Sundry creditors	<u>115.449,34</u>	<u>94.520,70</u>
II. Receivables								<u>17.079.028,14</u>	<u>14.081.280,85</u>
1. Trade debtors	15.941.845,22		15.749.710,75	15.871.937,23		15.582.946,03	Total Liabilities (CI + CII)	<u>34.687.245,31</u>	<u>28.167.854,58</u>
Less: Provisions	<u>192.134,47</u>		<u>1.447.170,44</u>	<u>288.991,20</u>		<u>881.287,47</u>			
3a. Cheques receivable			5.327,95			5.327,95			
3b. Cheques overdue									
6. Amounts owed by other undertakings with which the Company is linked by virtue of interests			212.313,06			184.526,83			
11. Sundry debtors			2.258.966,58			2.512.407,89			
12. Advances to account for			<u>4.255,84</u>			<u>10.319,99</u>			
			<u>19.677.744,62</u>			<u>19.176.816,16</u>			
III. Marketable securities									
1. Shares	19.940.341,10			16.892.123,98					
3. Other securities	2.686.467,65			3.049.922,86					
Less: Provisions for value decline	<u>10.050.873,55</u>		<u>12.575.935,20</u>	<u>3.333.778,22</u>		<u>16.608.268,62</u>			
IV. Cash and cash equivalents									
1. Cash on hand			359.377,16			602.081,10			
3. Current and time deposits			<u>1.678.217,85</u>			<u>5.451.645,07</u>			
			<u>2.037.595,01</u>			<u>6.053.726,17</u>			
Total Current Assets (DI+DII+DIII+DIV)			<u>46.717.788,72</u>			<u>52.755.651,87</u>			
E. PREPAYMENTS AND ACCRUED INCOME							D. ACCRUALS AND DEFERRED INCOME		
1. Prepaid expenses			802.388,45			426.957,36	2. Accrued expenses	18.103,66	220.869,21
3. Other prepayments and accrued income			266.004,79			192.510,78	3. Other accruals and deferred income e	<u>651,31</u>	<u>3.844,18</u>
								<u>18.754,97</u>	<u>224.713,39</u>
GRAND TOTAL-ASSETS (B+C+D+E)			<u>117.616.359,29</u>			<u>117.949.759,52</u>			
DEBIT MEMO. ACCOUNTS									
1. Third party asset items			815.844,66			805.332,43			
4. Other memo. accounts			<u>577.672,52</u>			<u>687.602,51</u>			
			<u>1.393.517,18</u>			<u>1.492.934,94</u>			

NOTES:

1) In the present year, by resolution of the Ordinary General Meeting of Shareholders held on 28.6.2002, was increased the share capital of the company by EURO 215.133,67, due to its conversion into EURO by capitalization of equal part of tax-free reserve and increase of the nominal value of the shares to 0,30 according to the provisions of L. 2842/2000, which was published in the Gov. Gazz 8377/6.8.2002 (issue S.A & LTD). 2) On the fixed assets of the company there are no real or other liens. 3) In the Assets item C.III.1 "Participating interests in affiliated undertakings" are included participations of eight foreign companies, out of which five limited liability companies and one limited company (S.A.) unlisted on the Athens Stock Exchange of EURO 31.660.733,52, the financial statements of which at 31.12.2002 are accompanied by Auditor's Reports of recognized Auditors, a foreign limited liability company unlisted on the Stock Exchange of EURO 3.904.205,83, the Financial Statements of which are not accompanied by a Auditor's Report of a recognized Auditor, because the fiscal year of this company ends at 31.3.2003 and then is issued the Auditor's Report as well as one newly established limited company (S.A.) unlisted on the Stock Exchange of EURO 2.195.025,00 the financial statements of which are not accompanied by an Auditor's Report of a recognized Auditor. Likewise, in the Assets item C.III.6 "Investments held as fixed assets" are included shares of a company listed on the A.S.E. of EURO 14.249.971,59. Their total acquisition cost amounts to EURO 52.009.935,94. Their valuation value as determined by the provisions of article 43 of c.L. 2190/1920 is shorter by EURO 8.728.835,97 to their acquisition cost. Their valuation was made at acquisition cost of the non set up equal provision chargeable to the year's results with the above difference that arises during the valuation, according to the provisions of article 43 of c.L. 2190/1920 at 31.12.2002. 4) In the Assets items D.III.1 "Shares" and D.III.3 "Other securities" are also included shares of companies listed on the A.S.E. of EURO 18.363.156,73, shares of foreign companies listed on a Stock Exchange of EURO 1.577.184,37 as well as units of Mutual Funds of EURO 2.686.467,65 that is totalling amount in acquisition cost of EURO 22.626.808,75, which were valued at 31.12.2002 at their market value. The loss from their value decline of EURO 6.999.614,92 which occurred during their valuation was transferred directly without charging the year's results, in decrease of the shareholders' equity. 5) The results of the present year were charged with EURO 88.662,48 which concerns the 1/3 of debit exchange differences which occurred in the year 2000 during the valuation and payment of the liabilities in JPY, based on the provided option of the decision No. 1294/8.12.2000 of the Ministry of Finance and not in the year 2000. 6) The company has been through tax authorities control also for the year 2001 inclusive. 7) The breakdown of turnover according to the 4-digit classification of economic activity STAKOD 91 is the following:

362.2 Manufacture of jewellery	12.012.283,08
514.9 Wholesale trade of other household items	13.626.353,85
524.3 Retail trade of Footwear & Leather items	956.370,46
525.2 Retail trade of jewellery & watches	6.206.737,84
524.2 Retail trade of accessories	484.028,82
523.3 Retail trade of perfume	39.189,63
517.0 Other Wholesale trade	2.356.784,72
Total sales	35.681.748,40

INCOME STATEMENT						APPROPRIATION ACCOUNT		
At December 31, 2002 (January 1 - December 31, 2002)								
	YEAR ENDED 2002		YEAR ENDED 2001			YEAR ENDED 2002	YEAR ENDED 2001	
I. Operating Results								
Net turnover (sales)		35.681.748,40		32.893.573,01				
Less: Cost of sales		16.421.039,71		13.961.702,81	Net results (profit) for the year	6.703.653,56	8.225.967,05	
Gross operating results (profit)		19.260.708,69		18.931.870,20				
Plus: Other operating income		344.783,64		239.946,23	(+) Profit brought forward	5.182.807,66	5.624.157,93	
Total		19.605.492,33		19.171.816,43	(+) Balance of uncovered loss on sale of securities transferred for future netting off	187.952,76	0,00	
LESS: 1. Administrative expenses	2.688.259,39		2.575.713,94		(-) Prior years' tax differences	101.920,00	132.078,65	
2. Research and development costs	363.960,00		246.745,97		Total	11.972.493,98	13.718.046,33	
3. Distribution costs	8.146.237,19	11.198.456,58	8.155.430,60	10.977.890,51	LESS: 1. Income tax	2.341.736,15	1.953.127,98	
Sub-total (profit)		8.407.035,75		8.193.925,92	Profit for appropriation	9.630.757,83	11.764.918,35	
PLUS: 1. Income from participating interests	465.421,14		540.081,82					
2. Income from securities	1.544,00		14.135,65		Appropriated as under:			
3. Gains from sale of participating interests & securities	11.624,57		86.451,56		1. Legal reserve	214.556,34	263.051,37	
4. Credit interest and similar income	8.336,42		32.030,08		2. First dividend	1.426.799,66	1.749.291,63	
Less:		486.926,13		672.699,11	3. Additional dividend	2.526.825,34	2.204.333,37	
2. Expenses and losses from participating interests & securities	193.325,61		125.962,13		6. Tax-free reserves L. 1828/89	0,00	2.266.123,85	
3. Debit interest and similar charges	1.194.817,32	1.388.142,93	-901.216,80	1.036.762,66	6a. Reserves from tax exempted income	783,66	3.450,61	
Total operating results (profit)		7.505.818,95		7.703.900,24	6b. Reserves from income taxed at special provisions	0,00	7.818,78	
II. PLUS: Extraordinary results					7. Directors' remuneration	110.000,00	88.041,08	
1. Extraordinary and non-operating income	382.140,97		1.289.357,37		8. Profit carried forward	5.351.792,83	5.182.807,66	
2. Extraordinary gain	6.998,44		0,00			9.630.757,83	11.764.918,35	
	389.139,41		1.289.357,37					
Less:								
1. Extraordinary and non-operating expenses	1.099.552,18		347.707,95					
2. Extraordinary losses	3.090,14	1.102.642,32	-713.502,91	321,00				
Operating and extraordinary results (profit)		6.792.316,04		348.028,95				
LESS: Total depreciation of fixed assets		1.161.420,03		1.488.609,71				
Less: Charged to the operating cost		1.072.757,55	88.662,48	1.069.348,10				
NET RESULTS (PROFIT) FOR THE YEAR BEFORE TAXES		6.703.653,56		8.225.967,05				

Ag. Stephanos, 16 April 2003

THE CHAIRMAN OF THE
BOARD OF DIRECTORSTHE VICE-CHAIRMAN OF THE
BOARD OF DIRECTORS

THE FINANCE & TAX ADVISOR

THE HEAD OF ACCOUNTS DEPT.

DIM.G.KOUTSOLIOUTSOS
ID.No. Ç 159150GEORG.D.KOUTSOLIOUTSOS
ID.No. İ 433750IOANNIS D.ZANNOS
ID.No. Ε 004406GEORGIOS D.ALAVANOS
ID.No. Ν 520955
H.E.C. License No. 0008211/A' Class**AUDITOR'S REPORT****To the Shareholders of "FOLLI – FOLLIE, S.A Industry & Trade"**

We have audited the above Financial Statements as well as the related Notes on the Accounts and the Cash Flows Statement of "FOLLI – FOLLIE, S.A. Industry & Trade" for the year ended December 31, 2002. We conducted our audit, within the scope of which we obtained also a full accounting report of the Company's Branch operations, in accordance with the provisions of art. 37 of the Companies' Act of Greece (c.L. 2190/1920) and also in conformity with the standards of auditing followed by the Institute of Certified Auditors-Accountants in Greece, which comply with the International Standards on Auditing and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have examined the books of account and records kept by the Company and we obtained all the information and explanations we needed for the purpose of our audit. The Company has applied properly the Hellenic General Accounting Plan. No change in the inventory valuation method has been made, as compared with that of the previous year and the production cost arisen from the accounting books was determined according to the accepted cost accounting principles. We have verified that the Board of Directors' Report to the Annual General Meeting of Shareholders is consistent with the related Financial Statements. The Notes on the Accounts include the information required by the par. 1, art. 43a L. 2190/1920 (Companies' Act of Greece), while the Cash Flows Statement has been compiled based on the financial statements and the books and records kept by the company. As a result of our audit it is noted that: The company valued a) the participations as well as the investments held as fixed assets at their acquisition cost and not according to the provisions of article 43 of c.L. 2190/1920 as mentioned in detail in the company's note No. 3 and b) the shares and the other securities at their market value as mentioned in detail in the company's note No. 4. In our opinion, the above Financial Statements, which are in agreement with the books and records of the Company, together with the Notes on the Accounts and the Cash Flows Statement, after taking into consideration our foregoing note as well as the company's notes under the Balance Sheet, give a true and fair view of the Company's assets, liabilities and financial position as at December 31, 2002 and of the results of its operations for the year ended on that date as well as the Cash Flows from the company's activities for that year, in conformity with legal requirements and generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Ag. Stephanos, 20 May, 2003
The Certified Public Accountant – AuditorDIMITRIOS I. IAKOVIDIS
SOEL Reg. No. 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, 2002 (JANUARY 1 - DECEMBER 31, 2002)
4th Year
(Amounts in EURO)

ASSETS	YEAR ENDED 2002			YEAR ENDED 2001			LIABILITIES	YEAR ENDED 2002	YEAR ENDED 2001
	Acquisition cost	Depreciation	Net Book value	Acquisition cost	Depreciation	Net Book value			
B. FORMATION EXPENSES							A. SHAREHOLDERS' EQUITY		
1. Preliminary expenses	1.099.926,37	680.108,15	419.818,22	724.282,54	324.471,78	399.810,76	I. Share Capital		
4. Other formation expenses	4.463.760,89	1.081.095,31	3.382.665,58	4.882.075,42	1.113.116,87	3.768.958,55	1. Paid-up capital	9.884.062,50	9.668.928,83
	<u>5.563.687,26</u>	<u>1.761.203,46</u>	<u>3.802.483,80</u>	<u>5.606.357,96</u>	<u>1.437.588,65</u>	<u>4.168.769,31</u>			
C. FIXED ASSETS							II. Share premium account	62.531.731,47	62.531.731,47
I. Intangible Assets							IV. Reserves		
2. Concessions and industrial rights	1.130.154,57	444.681,02	685.473,55	1.142.415,02	233.464,16	908.950,86	1. Legal reserve	3.431.645,91	3.318.767,25
5. Other intangible assets	1.542.173,40	724.260,03	817.913,37	1.660.744,85	505.889,22	1.154.855,63	Less: Loss on value decline & sale of securities for netting off	<u>10.273.713,36</u>	<u>3.333.778,22</u>
	<u>2.672.327,97</u>	<u>1.168.941,05</u>	<u>1.503.386,92</u>	<u>2.803.159,87</u>	<u>739.353,38</u>	<u>2.063.806,49</u>			
II. Tangible Assets							5. Tax-free reserves under special laws	<u>-6.842.067,45</u>	<u>-15.010,97</u>
1. Land	2.506.907,12	0,00	2.506.907,12	2.506.907,12	0,00	2.506.907,12	6b. Reserves taxed at special provisions	<u>12.631.662,23</u>	<u>12.846.795,90</u>
3. Buildings and technical works	4.490.336,16	2.134.114,93	2.356.221,23	4.422.024,89	1.816.871,22	2.605.153,67		<u>704.369,53</u>	<u>703.585,86</u>
4. Machinery, technical installations and other mechanical equipment	1.478.509,62	808.043,93	670.465,69	1.429.493,73	653.000,42	776.493,31	Less: Consolidation differences	<u>-1.464.179,18</u>	<u>-1.464.179,18</u>
5. Transportation equipment	387.822,83	189.282,27	198.540,56	514.392,86	212.388,09	302.004,77			
6. Furniture and fixtures	7.106.414,98	3.240.985,56	3.865.429,42	5.335.294,85	2.419.913,26	2.915.381,59	V. Results carried forward		
7. Payments on account and tangible assets in course of construction	11.692.502,27	0,00	11.692.502,27	9.351.113,81	0,00	9.351.113,81	Profit carried forward	43.091.111,12	20.937.016,78
	<u>27.662.492,98</u>	<u>6.372.426,69</u>	<u>21.290.066,29</u>	<u>23.559.227,26</u>	<u>5.102.172,99</u>	<u>18.457.054,27</u>			
Total Tangible and Intangible Assets (CI+CII)	<u>30.334.820,95</u>	<u>7.541.367,74</u>	<u>22.793.453,21</u>	<u>26.362.387,13</u>	<u>5.841.526,37</u>	<u>20.520.860,76</u>	VII. Exchange difference from translation of foreign subsidiaries' Balance Sheets	<u>-853.167,99</u>	<u>1.090.111,95</u>
III. Financial Assets							IX. Minority Interests	3.900.193,58	2.476.933,78
6. Investments held as fixed assets			14.249.971,59			17.438.994,86	Total Shareholders' Equity (AI+AII+AV+AVI+AVII+AIX)	<u>123.583.715,81</u>	<u>108.775.914,42</u>
7. Other long-term receivables			8.998.224,91			1.604.996,86			
			<u>23.248.196,50</u>			<u>19.043.991,72</u>	B. PROVISIONS FOR LIABILITIES AND CHARGES		
Total Fixed Assets (CI+CII+CIII)			<u>46.041.649,71</u>			<u>39.564.852,48</u>	1. Provisions for staff retirement benefits	1.489.815,81	1.448.130,79
D. CURRENT ASSETS							2. Other provisions	<u>562.384,01</u>	<u>374.659,28</u>
I. Inventories								<u>2.052.199,82</u>	<u>1.822.790,07</u>
1. Merchandise			26.152.419,21			20.725.735,93	C. LIABILITIES		
2. Finished and semi-finished products, by-products and scrap			879.103,69			882.202,56	É Long-term debt		
4. Raw and auxiliary materials-consumables- spare parts and packing items			1.850.303,67			1.986.583,77	2. Bank loans	<u>21.575.106,23</u>	<u>15.011.067,05</u>
5. Payments on account for stock purchases			<u>868.494,93</u>			<u>832.476,20</u>			
			<u>29.750.321,50</u>			<u>24.426.998,46</u>	II. Current Liabilities		
II. Receivables							1. Suppliers	10.580.994,60	12.241.146,17
1. Trade debtors	67.896.078,18		67.694.027,71	44.136.414,56		43.847.423,36	2a. Cheques payable	1.025.613,72	567.391,28
Less: Provisions	<u>202.050,47</u>		<u>1.447.170,44</u>	<u>288.991,20</u>		<u>881.287,47</u>	3. Banks	6.890.401,04	9.362.892,80
3a. Cheques receivable			<u>5.327,95</u>			<u>5.327,95</u>	4. Advances from trade debtors	34.172,73	14.053,99
3b. Cheques overdue			<u>9.200.411,32</u>			<u>18.770.931,37</u>	5. Taxes-duties	4.602.972,72	6.093.692,13
11. Sundry debtors			<u>4.255,84</u>			<u>129.920,49</u>	6. Social security	895.845,44	494.552,21
12. Advances to account for			<u>78.351.193,26</u>			<u>63.634.890,64</u>	10. Dividends payable	6.256.772,00	5.164.067,73
							11. Sundry creditors	<u>4.929.420,37</u>	<u>4.137.777,26</u>
								<u>35.216.192,62</u>	<u>38.075.573,57</u>
III. Marketable securities							Total Liabilities (CI + CII)	<u>56.791.298,85</u>	<u>53.086.640,62</u>
1. Shares	19.940.341,10			16.892.123,98					
3. Other securities	2.686.467,65			3.049.922,86					
Less: Provisions for value decline	<u>10.050.873,55</u>		<u>12.575.935,20</u>	<u>3.333.778,22</u>		<u>16.608.268,62</u>			
IV. Cash and cash equivalents									
1. Cash on hand			2.814.742,14			1.283.370,86			
3. Current and time deposits			<u>7.569.501,49</u>			<u>13.462.619,66</u>			
			<u>10.384.243,63</u>			<u>14.745.990,52</u>			
Total Current Assets (DI+DII+DIII+DIV)			<u>131.061.693,59</u>			<u>119.416.148,24</u>			
E. PREPAYMENTS AND ACCRUED INCOME							D. ACCRUALS AND DEFERRED INCOME		
1. Prepaid expenses			1.931.602,74			1.213.185,75	2. Accrued expenses	685.335,97	866.277,27
3. Other prepayments and accrued income			<u>275.771,92</u>			<u>192.510,78</u>	3. Other accruals and deferred income	<u>651,31</u>	<u>3.844,18</u>
			<u>2.207.374,66</u>			<u>1.405.696,53</u>		<u>685.987,28</u>	<u>870.121,45</u>
GRAND TOTAL-ASSETS (B+C+D+E)			<u>183.113.201,76</u>			<u>164.555.466,56</u>	GRAND TOTAL SHAREHOLDERS' EQUITY & LIABILITIES (A+B+C+D)	<u>183.113.201,76</u>	<u>164.555.466,56</u>
DEBIT MEMO. ACCOUNTS							CREDIT MEMO. ACCOUNTS		
1. Third party asset items			815.844,66			805.332,43	1. Beneficiaries of asset items	815.844,66	805.332,43
4. Other memo.accounts			<u>577.672,52</u>			<u>687.602,51</u>	4. Other memo.accounts	<u>577.672,52</u>	<u>687.602,51</u>
			<u>1.393.517,18</u>			<u>1.492.934,94</u>		<u>1.393.517,18</u>	<u>1.492.934,94</u>

NOTES:

1) In the present year, by resolution of the Ordinary General Meeting of Shareholders held on 28.6.2002, was increased the Share capital of the parent company by EURO 215.133,67, due to its conversion into EURO by capitalization of an equal part of tax-free reserves and increase of the nominal value of the Shares to EURO 0,30, according to the provisions of L. 2842/2000, which was published in the Gov. Gazz 8377/6.8.2002 (issue S.A. & LTD.). 2) 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 HAWAI 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). The consolidation was made by the full consolidation method, 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 was not included the company "FOLLI – FOLLIE SPAIN S.A." while was included the company "D. KOUTSOLIOUTSOS – RUBINIA O.E." which was absorbed by the parent company based on the provisions of P.D. 1297/72. 3) There are no real or other liens on the fixed assets. 4) In the Assets item C.III.6 "Investments held as fixed assets" which belong to the parent company are included shares of a company listed on the Stock Exchange of EURO 14.249.971,59. The valuation value of which, as determined by the provisions of article 43 of c.L. 2190/1920 is shorter by EURO 6.789.980,40 to their acquisition cost. Their valuation was made at their acquisition cost by not setting up an equal provision chargeable to the year's results, with the above difference that occurs during the valuation, according to the provisions of article 43 of c.L. 2190/1920. 5) 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 18.363.156,73, shares of foreign companies listed on the Stock Exchange of EURO 1.577.184,37 as well as units of Mutual Funds of EURO 2.686.467,65 that is totalling in acquisition cost EURO 22.626.808,75, which were valued at 31.12.2002 at their market value. The loss from their value decline of EURO 6.999.614,92 which occurred during their valuation was directly transferred, without being charged to the year's results, in decrease of the shareholders' equity. 6) The results of the present year were charged with EURO 88.662,48 which concerns the 1/3 of the debit exchange differences which occurred in 2000 during the valuation and the payment of the liabilities in JPY of the parent company, based on the provided option of the decision No. 1294/8.12.2000 of the Ministry of Finance and not in the year 2000. 7) The parent company has been through tax authorities control also for the year 2001 inclusive.

CONSOLIDATED INCOME STATEMENT
At December 31, 2002 (January 1 - December 31, 2002)

	YEAR ENDED 2002			YEAR ENDED 2001		
I. Operating Results						
Net turnover (sales)			131.594.343,65			101.770.932,13
Less: Cost of sales			49.296.211,30			37.071.470,49
Gross operating results (profit)			82.298.132,35			64.699.461,64
Plus: Other operating income			1.537.501,76			481.541,46
Total			83.835.634,11			65.181.003,10
LESS: 1. Administrative expenses	9.666.214,18			9.795.214,32		
1a. Directors remuneration	110.000,00			88.041,09		
2. Research and development costs	363.960,00			778.032,65		
3. Distribution costs	36.082.942,72		46.223.116,90	30.607.640,66		41.268.928,72
Sub-total (profit)			37.612.517,21			23.912.074,38
PLUS: 1. Income from participating interests	332.806,34			2.405.101,32		
3. Gains from sale of participating interests & securities	14.331,89			86.451,56		
4. Credit interest and similar income	22.593,95			55.664,65		
	369.732,18			2.547.217,53		
Less:						
2. Expenses and losses from participating interests & securities	193.325,61			125.962,13		
3. Debit interest and similar charges	1.355.051,52	1.548.377,13	-1.178.644,95	1.227.848,45	1.353.810,58	1.193.406,95
Total operating results (profit)			36.433.872,26			25.105.481,33
II. PLUS: Extraordinary results						
1. Extraordinary and non-operating income	915.311,43			2.091.694,25		
2. Extraordinary gain	6.998,44			0,00		
	922.309,87			2.091.694,25		
Less:						
1. Extraordinary and non-operating expenses	1.257.365,84			516.407,76		
2. Extraordinary losses	119.730,14			0,00		
3. Prior years' expenses	0,00	1.377.095,98	-454.786,11	321,00	516.728,76	1.574.965,49
Operating and extraordinary results (profit)			35.979.086,15			26.680.446,82
LESS: Total depreciation of fixed assets	2.366.551,95			3.106.763,12		
Less: Charged to the operating cost	2.277.889,47		88.662,48	2.687.501,50		419.261,62
NET RESULTS (PROFIT) FOR THE YEAR BEFORE TAXES			35.890.423,67			26.261.185,20
LESS: - Prior years' tax differences			101.920,00			132.078,65
- Income tax			6.876.634,52			6.128.943,61
NET RESULTS (PROFIT) FOR THE YEAR			28.911.869,15			20.000.162,94
Less: Minority interests - quota			3.163.753,28			1.362.423,18
NET CONSOLIDATED PROFIT			25.748.115,87			18.637.739,76

Ag. Stephanos, 12 May 2003

THE CHAIRMAN OF THE
BOARD OF DIRECTORS

THE VICE-CHAIRMAN OF THE
BOARD OF DIRECTORS

THE FINANCE & TAX ADVISOR

THE HEAD OF ACCOUNTS DEPT.

DIM.G.KOUTSOLIOUTSOS
ID.No. Ç 159150

GEORG.D.KOUTSOLIOUTSOS
ID.No. İ 433750

IOANNIS D.ZANNOS
ID.No. Ε 004406

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

AUDITOR'S REPORT

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

We have audited according to the provisions of art. 108 of c.L. 2190/1920 the 4th Consolidated Financial Statements, the Cash Flows Statement as well as the related Notes on the Accounts of "FOLLI – FOLLIE, S.A. Industry & Trade" and its subsidiary undertakings, for the year ended December 31, 2002. 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 of the financial statements of the companies "FOLLI – FOLLIE HONG KONG LTD", "FOLLI – FOLLIE U.K. LTD", "FOLLI – FOLLIE FRANCE 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 59% and 80% of consolidated total assets and turnover respectively, 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 14% and 28% 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 31.3.2003 and then issues the Auditor's Report and c) the financial statements of the newly established company "FOLLI – FOLLIE SPAIN S.A." which is included in the consolidation and represents 1% and 0,5% of consolidated total assets and turnover respectively, 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: The parent company valued a) the investments held as fixed assets at their acquisition cost and not according to the provisions of article 43 of c.L. 2190/1920 as mentioned in detail in the company's note No. 4 and b) the Shares and Other securities at their market value as mentioned in detail in the company's note No. 5. 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, 2002.

Ag. Stephanos, 20 May, 2003
The Certified Public Accountant – Auditor

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