

# 1st Quarter 2006 Financial Results



Folli Follie

29 May 2006

# Q1 2006 Highlights



- Ø **Solid Sales growth throughout the regions**
- Ø **Increase of gross margin to 61 % due higher sales of watches and increase of accessories prices**
- Ø **Increase of net profits despite high comparables to previous year (2005 vs 2004 + 40 %)**

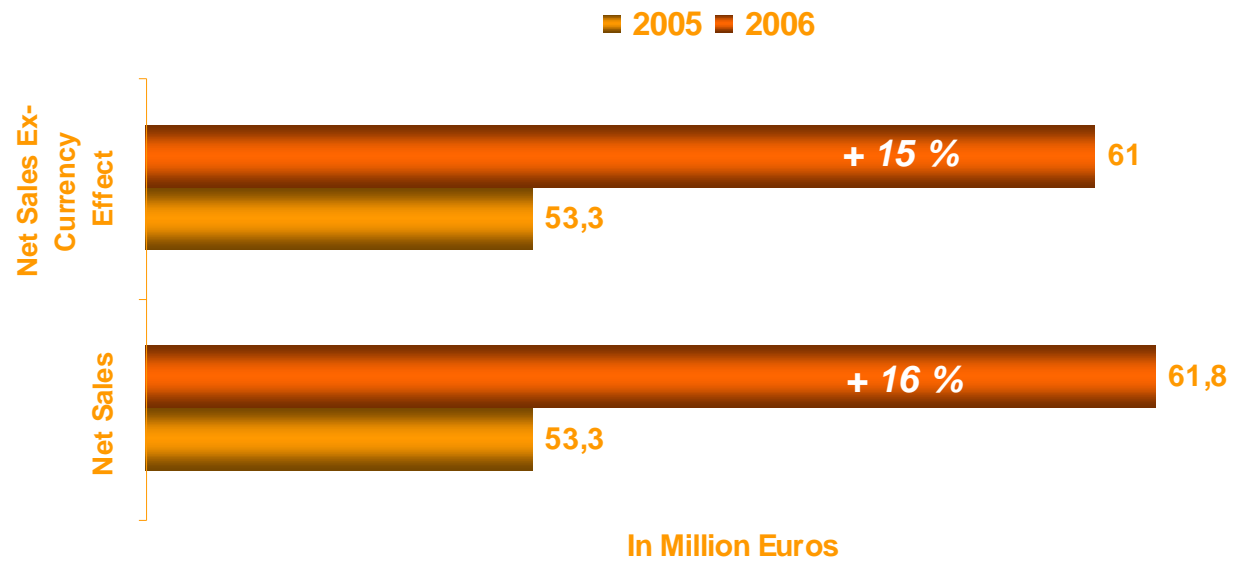
# Q1 2006 Highlights



## IFRS Group Results

	2006 IFRS	2005 IFRS	Growth
Sales (Million €)	61,8	53,3	16 %
EBITDA (Million €)	21	20,2	4 %
Gross Margin	61 %	60 %	
EBT (Million €)	20,6	19,8	4 %
Net Profit (Million €)	16,5	15,6	6 %
EPS (€)	0,50	0,47	6 %

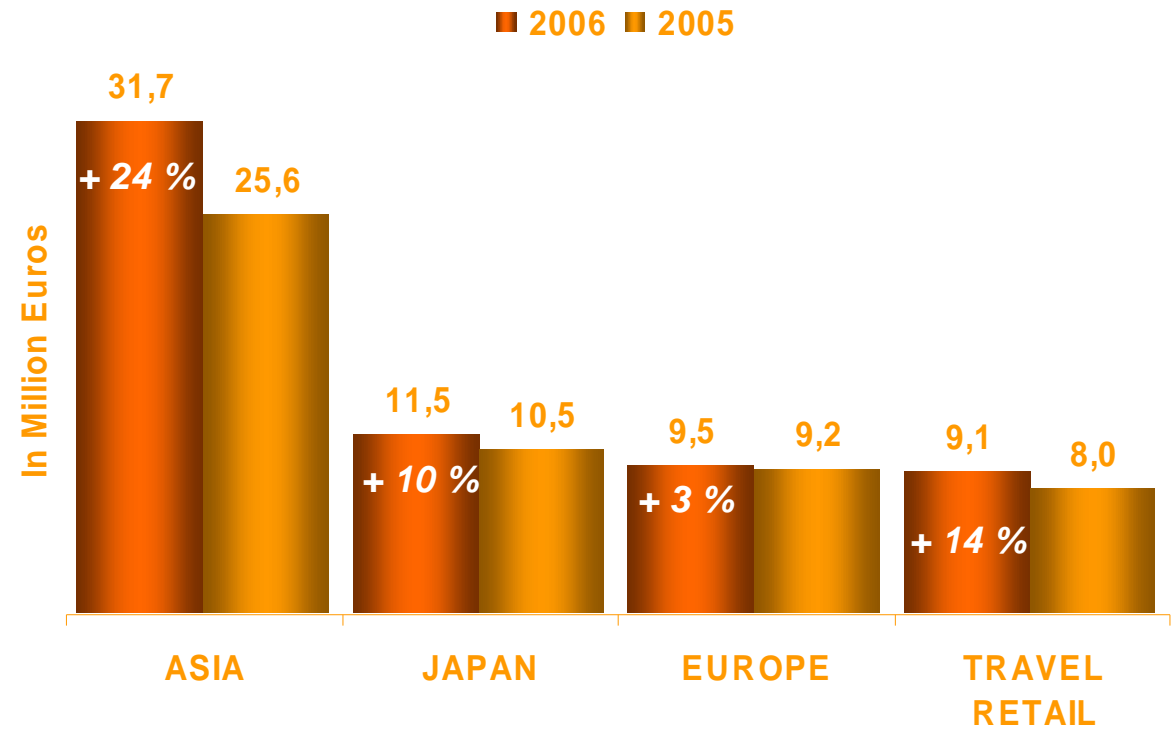
# Net Sales



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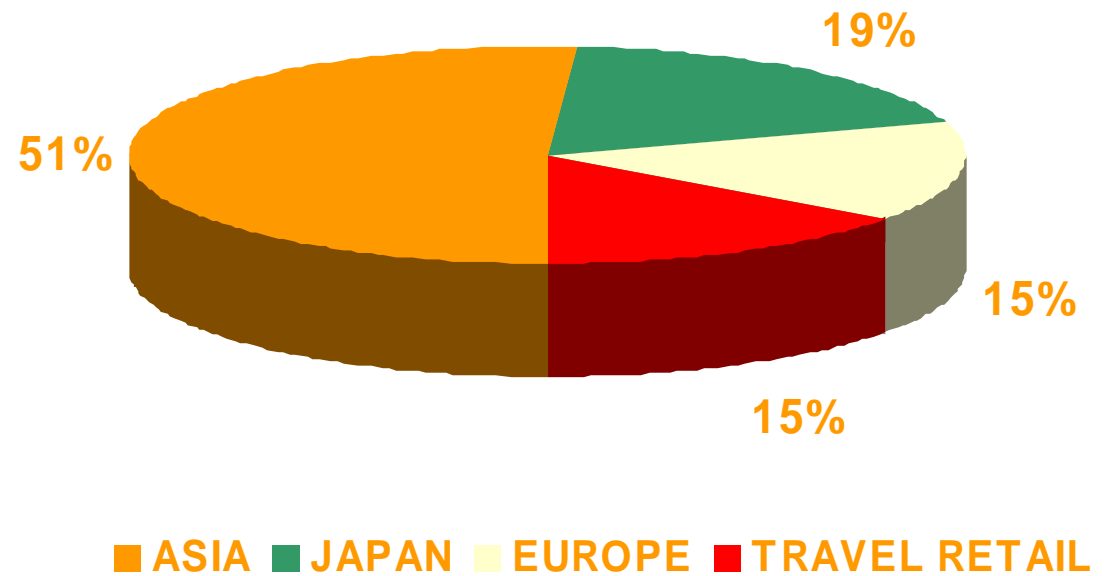
# Net Sales by Region



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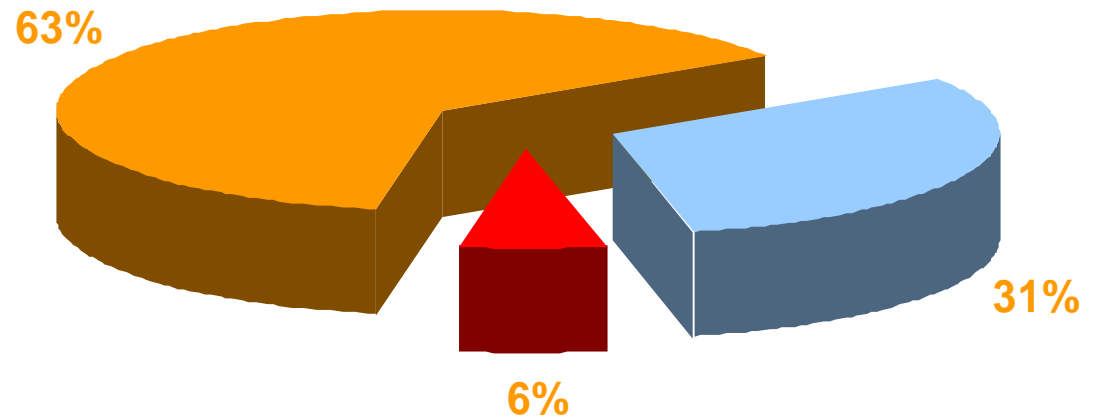
# Net Sales by Region



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# Financials – Product Category Sales



■ JEWELLERY ■ WATCHES ■ ACCESSORIES

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<b>BALANCE SHEET</b>				
<b>Amounts reported in Euro</b>				
	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<u>31/3/2006</u>	<u>31/12/2005</u>	<u>31/3/2006</u>	<u>31/12/2005</u>
<b>ASSETS</b>				
Tangible Assets	28.868.503,95	29.269.571,73	16.990.387,68	17.175.960,39
Investments in PPE	15.380.000,00	15.380.000,00	15.380.000,00	15.380.000,00
Intangible Assets	4.367.003,69	4.185.089,70	727.592,81	750.442,44
Investments in associates	41.754.946,33	40.395.445,88	159.505.501,95	159.505.501,95
Deferred income tax assets	2.574.566,69	2.660.750,50	545.325,53	703.225,42
Other long term receivables	6.688.107,36	6.838.204,67	277.222,55	419.574,43
<b>Total non-current assets (a)</b>	<b>99.633.128,02</b>	<b>98.729.062,48</b>	<b>193.426.030,52</b>	<b>193.934.704,63</b>
Inventories	71.046.134,67	71.758.888,21	13.666.838,81	14.134.365,54
Trade Receivables	125.331.689,12	121.290.148,36	20.975.186,04	18.872.475,88
Other Receivables	6.251.803,29	6.199.578,58	4.416.990,76	2.395.951,33
Other financial assets at fair value through profit or loss	1.402.171,74	2.921.508,63	1.402.171,74	2.921.508,63
Cash and cash equivalents	48.394.775,96	33.892.169,63	11.062.585,54	13.247.662,22
<b>Total current assets (b)</b>	<b>252.426.574,78</b>	<b>236.062.293,41</b>	<b>51.523.772,89</b>	<b>51.571.963,60</b>
<b>TOTAL ASSETS (a) + (b)</b>	<b>352.059.702,80</b>	<b>334.791.355,89</b>	<b>244.949.803,41</b>	<b>245.506.668,23</b>
<b>LIABILITIES</b>				
Non-current liabilities				
Long-term borrowings	124.883.269,34	125.149.592,17	119.499.958,91	119.499.958,91
Retirement benefit obligations	3.366.298,67	3.356.944,74	546.390,10	540.126,00
Deferred income tax liabilities	1.078.565,79	1.047.943,78	1.069.871,38	1.035.080,14
Provisions for other liabilities and charges	6.111.001,30	4.054.878,43	882.772,82	698.272,82
<b>Total non-current liabilities</b>	<b>135.439.135,10</b>	<b>133.609.359,12</b>	<b>121.998.993,21</b>	<b>121.773.437,87</b>
Current liabilities				
Trade payables	18.675.248,39	15.829.100,60	1.724.675,83	3.487.817,55
Short-term Borrowings	4.986.785,66	5.047.457,92	4.865.342,43	4.863.495,62
Other current liabilities	19.644.280,78	18.332.977,03	5.328.604,36	6.052.479,60
<b>Total current liabilities</b>	<b>43.306.314,83</b>	<b>39.209.535,55</b>	<b>11.918.622,62</b>	<b>14.403.792,77</b>
<b>Total Liabilities (a)</b>	<b>178.745.449,93</b>	<b>172.818.894,67</b>	<b>133.917.615,83</b>	<b>136.177.230,64</b>
<b>EQUITY</b>				
Share capital	9.884.062,50	9.884.062,50	9.884.062,50	9.884.062,50
Share premium	62.531.731,47	62.531.731,47	62.531.731,47	62.531.731,47
Other reserves	25.007.935,03	24.513.525,66	19.679.018,84	19.679.018,84
Retained earnings	177.164.239,31	161.106.539,24	18.937.374,77	17.234.624,78
Exchange differences	-18.191.927,75	-12.980.009,96		
Other capital and reserves attributable to equity holders of the Company	-88.927.927,73	-88.927.927,73		
<b>Total capital and reserves attributable to equity holders of the Company (b)</b>	<b>167.468.112,83</b>	<b>156.127.921,18</b>	<b>111.032.187,58</b>	<b>109.329.437,59</b>
<b>Minority interest (c)</b>	<b>5.846.140,04</b>	<b>5.844.540,04</b>		
<b>Total Equity (d) = (b)+(c)</b>	<b>173.314.252,87</b>	<b>161.972.461,22</b>	<b>111.032.187,58</b>	<b>109.329.437,59</b>
<b>TOTAL EQUITY AND LIABILITIES (e) = (a)+(d)</b>	<b>352.059.702,80</b>	<b>334.791.355,89</b>	<b>244.949.803,41</b>	<b>245.506.668,23</b>

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Balance Sheet



DATA FROM INCOME STATEMENT FOR THE YEAR				
Amounts reported in Euro				
	THE GROUP		THE COMPANY	
	1/1-31/3/2006	1/1-31/3/2005	1/1-31/3/2006	1/1-31/3/2005
Sales Revenue	61.850.766,57	53.330.735,91	10.170.334,41	11.625.135,36
Cost of goods sold	-24.200.409,09	-21.302.874,54	-3.282.299,35	-3.814.278,72
<b>Gross profit</b>	<b>37.650.357,48</b>	<b>32.027.861,37</b>	<b>6.888.035,06</b>	<b>7.810.856,64</b>
Other operating income	778.424,46	1.395.347,35	443.765,40	1.019.710,79
Administrative expenses	-3.083.962,56	-2.925.005,96	-1.201.161,91	-981.577,50
Selling and marketing costs	-14.885.516,04	-10.842.056,73	-2.663.945,85	-2.147.176,48
Other expenses	-370.267,08	-293.291,20	-154.567,56	-22.347,22
Operating profit	20.089.036,26	19.362.854,83	3.312.125,14	5.679.466,23
Finance costs - profit	559.586,45	403.013,29	524.539,98	395.222,60
Finance costs - expenses	-1.383.726,02	-1.170.298,54	-1.280.014,00	-1.110.943,92
Share of profit of associates	1.359.500,45	1.239.149,32	0,00	0,00
<b>Profit before taxes (EBT)</b>	<b>20.624.397,14</b>	<b>19.834.718,90</b>	<b>2.556.651,12</b>	<b>4.963.744,91</b>
Income tax expense	-4.070.687,70	-4.179.094,70	-853.901,13	-1.672.197,52
<b>Profit for the period (after taxes)</b>	<b>16.553.709,44</b>	<b>15.655.624,20</b>	<b>1.702.749,99</b>	<b>3.291.547,39</b>
Attributable to:				
Equity holders of the Company	16.552.109,44	15.639.857,28		
Minority interest	1.600,00	15.766,92		
Earnings (after taxes) per share - basic (expressed in €)	0,50	0,47	0,05	0,10
Amortisation - Depreciation	893.399,85	842.020,09	250.928,58	265.628,67
<b>Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)</b>	<b>20.982.436,11</b>	<b>20.204.874,92</b>	<b>3.563.053,72</b>	<b>5.945.094,90</b>
<b>Earnings (profit) before taxes, financing and investing results (EBIT)</b>	<b>20.089.036,26</b>	<b>19.362.854,83</b>	<b>3.312.125,14</b>	<b>5.679.466,23</b>

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Income Statement

DATA FROM CASH FLOW STATEMENT				
Amounts reported in Euro				
	THE GROUP		THE COMPANY	
	1/1-31/3/2006	1/1-31/3/2005	1/1-31/3/2006	1/1-31/3/2005
<b>Cash Flows related to Operating Activities</b>				
Net Profit before taxes	20.624.397,14	19.834.718,90	2.556.651,12	4.963.744,91
<i>Adjustments in respect of non-cash transactions:</i>				
Depreciation and Amortisation	893.399,85	842.020,09	250.928,58	265.628,67
Provisions	301.958,83	353.759,68	60.000,00	10.689,39
Cash flows from investing activities	-1.697.411,74	-1.554.997,56	-452.591,83	-395.226,60
Debit interest and similar expenses	1.271.855,80	767.285,25	1.215.738,30	1.110.943,92
Operating profit before adjustments of working capital	21.394.199,88	20.242.786,36	3.630.726,17	5.955.780,29
Decrease/(increase) of Inventories	-1.793.075,89	2.374.245,05	467.526,73	548.421,48
Decrease/(increase) of Receivables	-7.843.155,70	-6.216.655,72	-2.109.390,99	-7.352.685,85
Increase/(decrease) of payable accounts (except Banks)	4.564.897,50	-2.491.295,99	-1.844.238,84	281.375,58
Interest paid and similar expenses	-1.383.726,02	-1.170.298,54	-1.292.562,05	-1.110.943,92
Income Tax paid	-1.389.039,40	-1.592.403,29	-41.352,27	-127.262,46
<i>Net cash inflows/(outflows) from Operating Activities</i>	<b>13.550.100,37</b>	<b>11.146.377,87</b>	<b>-1.189.291,25</b>	<b>-1.805.314,88</b>
<b>Cash Flows related to Investing Activities</b>				
Acquisition of subsidiaries, associates and other investments	-2.014.358,00	0,00	-2.014.358,00	0,00
Purchases of tangible and intangible assets	-1.360.085,50	-310.085,70	-46.730,97	-51.927,06
Proceeds from sale of tangible and intangible assets	109.912,02	6.830,16	15.000,00	0,00
Proceeds from sale of financial assets	1.961.153,98	658.687,40	1.961.153,98	658.687,40
Dividends received				
Interest received	111.870,22	403.013,29	76.823,75	71.007,75
Decrease/(increase) of other long-term receivables	-204.864,69	2.128.143,89	142.351,88	-3.684,68
<i>Net cash inflows/(outflows) from Investing Activities</i>	<b>-1.396.371,97</b>	<b>2.886.589,04</b>	<b>134.240,64</b>	<b>674.083,41</b>
<b>Cash Flows related to Financing Activities</b>				
Cash received from issue of share capital				
Proceeds from borrowings	606.178,51	0,00	1.846,81	0,00
Repayment of borrowings	0,00	-1.001.148,26	0,00	-772.546,30
Payments for leases	-194.333,36	-185.416,09	-31.494,02	-30.664,26
Dividends paid	-1.100.378,86	-2.700.008,28	-1.100.378,86	-2.700.008,28
<i>Net cash inflows/(outflows) from Financing Activities</i>	<b>-688.533,71</b>	<b>-3.886.572,63</b>	<b>-1.130.026,07</b>	<b>-3.503.218,84</b>
Net increase/(decrease) in cash and cash equivalents	11.465.194,69	10.146.394,28	-2.185.076,68	-4.634.450,31
Cash and cash equivalents at the beginning of the year	33.892.169,63	33.723.558,93	13.247.662,22	14.509.511,69
Effect of exchange rate changes on cash and cash equivalents	3.037.411,64	-4.197.525,34		
<i>Cash and cash equivalents at the end of the year</i>	<b>48.394.775,96</b>	<b>39.672.427,87</b>	<b>11.062.585,54</b>	<b>9.875.061,38</b>

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Cash Flow Statement

<b>DATA FROM STATEMENT OF CHANGES IN EQUITY FOR THE YEAR</b>				
<b>Amounts reported in Euro</b>				
	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	31/3/2006	31/3/2005	31/3/2006	31/3/2005
Net equity of period				
Opening Balance (1/1/2006 and 1/1/2005 respectively)	161.972.461,22	95.908.062,29	109.329.437,59	101.349.048,11
Issue of share capital	0,00	0,00	0,00	0,00
Distribution of dividend based on resolution of G.M.	0,00	0,00	0,00	0,00
Directors' fees	0,00	0,00	0,00	0,00
Change in participation percentage-Change in consolidation method	0,00	0,00	0,00	0,00
Net income recognised directly in equity	0,00	0,00	0,00	0,00
Profit for the period, after taxes	16.553.709,44	15.655.624,20	1.702.749,99	3.291.547,39
Adjustment in foreign currency translation differences	-5.211.917,79	5.319.696,46	0,00	0,00
Net equity of period Closing Balance	173.314.252,87	116.883.382,95	111.032.187,58	104.640.595,50

**Folli Follie** Statement on Changes in Equity

# Remarks



Ø During Q1 of 2006, 14 new points of sale opened (7 of them where relocations) :  
1 in Greece, 1 in Japan, 1 in Korea,  
3 in China and 1 in Mexico.

End of Q1 2006 Folli Follie counted 315 points of sale in 22 countries

Ø 5 New Airlines (Aeroflot, All Nippon, Etihad, Jet Airways, Thai Airways)

Ø 4 % of total turnover in local currency accounted from new openings from 31/3/2005 till 31/3/2006