

1st Half 2006 Financial Results



*“This marks the beginning
of a new exciting era
for the Folli Follie
group of companies”*

*George Koutsolioutsos
Vice President Folli Follie*

Folli Follie

29th August 2006

H1 2006 Highlights



- Ø Full consolidation of HDFS for a two months period
- Ø Record Sales and Profits
- Ø Rising Earnings per Share
- Ø Decreasing currency exposure
- Ø Diversification of business lines

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29th August 2006

H1 2006 Highlights



IFRS Group Results

	2006 IFRS <small>(HDFS 2-months full consolidated)</small>	2005 IFRS	Growth
Sales (Million €)	167,3	100,7	66%
EBITDA (Million €)	51,2	36,1	42%
EBITDA Margin	30,6 %	35,8 %	
Gross Margin	56,2 %	62 %	
EBT (Million €)	50,6	36,7	38%
Net Profit (Million €)	39,2	29,1	35%
EPS (€)	1,04	0,89	17%

H1 2006 Highlights



IFRS Group Results

Folli Follie stand-alone basis

	2006 IFRS	2005 IFRS	Growth
Sales (Million €)	119,3	100,7	18 %
EBITDA (Million €)	36,5	36,1	1 %
EBITDA Margin	30,6%	35,8 %	
Gross Margin	58,9%	62 %	
EBT (Million €)	40,9	36,7	11 %
Net Profit (Million €)	33,8	29,1	16 %
EPS (€)	1,01	0,89	13 %

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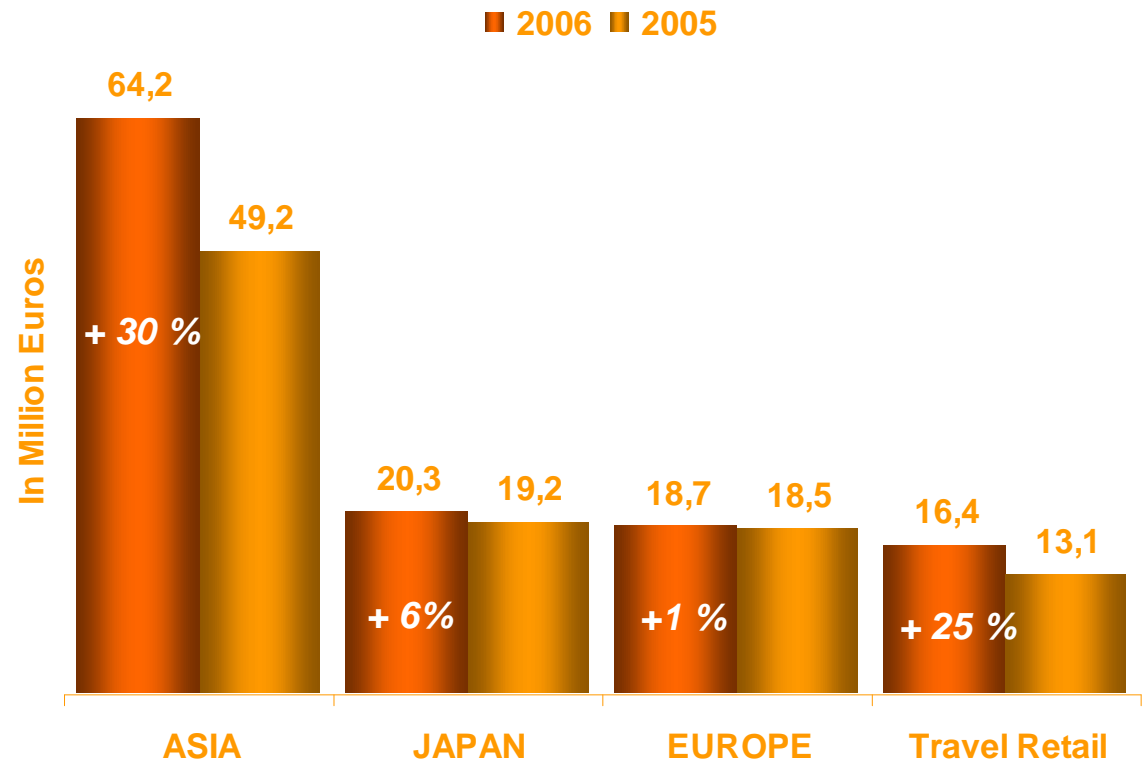
29th August 2006

H1 2006 Highlights



- Ø Increasing sales numbers despite global uncertainties and worldwide rising consumer expenses
- Ø Higher marketing and renovation expenses and an aggressive sales strategy in order to increase market shares
- Ø Ability to absorb increasing raw material prices

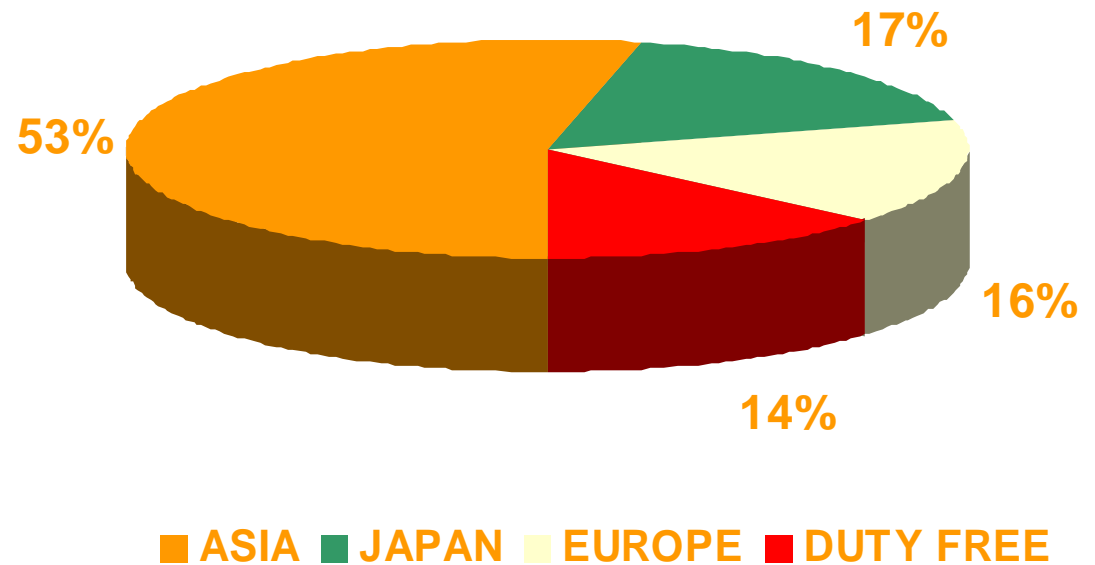
Net Sales by Region



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29th August 2006

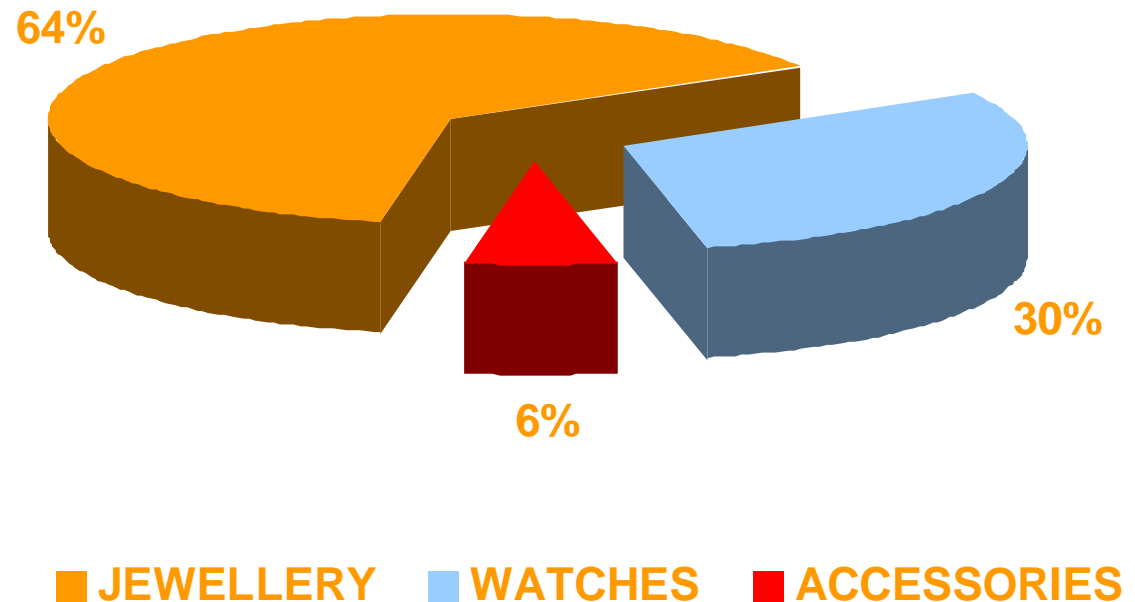
Net Sales by Region



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29th August 2006

Financials – Product Category Sales



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29th August 2006

BALANCE SHEET				
Amounts reported in Euro				
	THE GROUP		THE COMPANY	
	<u>30/6/2006</u>	<u>31/12/2005</u>	<u>30/6/2006</u>	<u>31/12/2005</u>
ASSETS				
Tangible Assets	59.503.562,22	29.269.571,73	16.854.772,37	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	261.778.806,28	4.185.089,70	695.666,03	750.442,44
Investments in associates	0,00	40.395.445,88	365.192.686,75	159.505.501,95
Deferred income tax assets	2.977.830,75	2.660.750,50	508.420,93	703.225,42
Other long term receivables	9.387.309,90	6.838.204,67	286.071,52	419.574,43
Total non-current assets (a)	349.027.509,15	98.729.062,48	398.917.617,60	193.934.704,63
Inventories	133.485.385,97	71.758.888,21	14.025.142,19	14.134.365,54
Trade Receivables	123.164.323,95	121.290.148,36	18.169.538,86	18.872.475,88
Other Receivables	26.664.570,09	6.199.578,58	2.438.219,89	2.395.951,33
Other financial assets at fair value through profit or loss	3.088.708,48	2.921.508,63	1.371.254,78	2.921.508,63
Cash and cash equivalents	87.474.041,90	33.892.169,63	31.908.063,43	13.247.662,22
Total current assets (b)	373.877.030,39	236.062.293,41	67.912.219,15	51.571.963,60
TOTAL ASSETS (a) + (b)	722.904.539,54	334.791.355,89	466.829.836,75	245.506.668,23
LIABILITIES	<u>30/6/2006</u>	<u>31/12/2005</u>	<u>30/6/2006</u>	<u>31/12/2005</u>
<i>Non-current liabilities</i>				
Long-term borrowings	328.797.729,49	125.149.592,17	322.287.143,31	119.499.958,91
Retirement benefit obligations	7.938.772,87	3.356.944,74	560.083,98	540.126,00
Deferred income tax liabilities	14.923.991,28	1.047.943,78	1.097.721,63	1.035.080,14
Provisions for other liabilities and charges	4.961.273,34	4.054.878,43	777.317,11	698.272,82
Total non-current liabilities	356.621.766,98	133.609.359,12	324.722.266,03	121.773.437,87
<i>Current liabilities</i>				
Trade payables	43.399.303,77	15.829.100,60	1.383.372,18	3.487.817,55
Short-term Borrowings	6.972.066,39	5.047.457,92	6.303.331,36	4.863.495,62
Other current liabilities	40.980.064,52	18.332.977,03	14.098.755,35	6.052.479,60
Total current liabilities	91.351.434,68	39.209.535,55	21.785.458,89	14.403.792,77
Total Liabilities (a)	447.973.201,66	172.818.894,67	346.507.724,92	136.177.230,64
EQUITY				
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	35.230.254,32	24.513.525,66	20.075.581,21	19.679.018,84
Retained earnings	184.891.510,85	161.106.539,24	27.830.736,65	17.234.624,78
Exchange differences	-25.708.936,42	-12.980.009,96		
Other capital and reserves attributable to equity	-88.927.927,73	-88.927.927,73		
Total capital and reserves attributable to equity	177.900.694,99	156.127.921,18	120.322.111,83	109.329.437,59
Minority interest (c)	97.030.642,89	5.844.540,04		
Total Equity (d) = (b)+(c)	274.931.337,88	161.972.461,22	120.322.111,83	109.329.437,59
TOTAL EQUITY AND LIABILITIES (e) = (a)+(d)	722.904.539,54	334.791.355,89	466.829.836,75	245.506.668,23

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Balance Sheet

DATA FROM INCOME STATEMENT FOR THE YEAR				
Amounts reported in Euro				
	THE GROUP		THE COMPANY	
	1/1-30/6/2006	1/1-30/6/2005	1/1-30/6/2006	1/1-30/6/2005
Sales Revenue	167.278.969,85	100.764.368,78	17.108.821,45	19.169.098,90
Cost of goods sold	-73.263.844,06	-38.240.224,00	-5.351.175,92	-6.210.905,02
Gross profit	94.015.125,79	62.524.144,78	11.757.645,53	12.958.193,88
Other operating income	6.538.651,97	2.183.278,04	950.133,81	1.866.041,87
Administrative expenses	-8.683.336,00	-5.399.320,35	-2.605.031,49	-2.103.723,85
Selling and marketing costs	-42.195.566,84	-24.345.052,27	-5.883.894,51	-5.084.730,84
Other expenses	-938.303,46	-656.580,74	-499.029,00	-39.218,58
Operating profit	48.736.571,46	34.306.469,46	3.719.824,34	7.596.562,48
Finance costs - profit	1.491.212,01	1.156.215,64	581.626,59	577.770,26
Finance costs - expenses	-3.801.784,35	-2.549.139,54	-3.594.838,22	-2.421.839,96
Share of profit of associates	4.176.574,06	3.826.601,35	20.987.836,25	9.671.639,04
Profit before taxes (EBT)	50.602.573,18	36.740.146,91	21.694.448,96	15.424.131,82
Income tax expense	-11.402.659,54	-7.602.948,24	-1.776.601,61	-1.923.081,42
Profit for the period (after taxes)	39.199.913,64	29.137.198,67	19.917.847,35	13.501.050,40
Attributable to:				
Equity holders of the Company	34.331.997,86	29.453.471,26		
Minority interest	-4.867.915,78	-316.272,59		
Earnings (after taxes) per share - basic (expressed in €)	1,04	0,89	0,60	0,41
Amortisation - Depreciation	2.474.695,17	1.830.737,72	520.652,94	527.145,17
Earnings (profit) before taxes, financing and investing results				
and depreciation - amortisation (EBITDA)	51.211.266,63	36.137.207,18	4.240.477,28	8.123.707,65
Earnings (profit) before taxes, financing and investing results (EBIT)	48.736.571,46	34.306.469,46	3.719.824,34	7.596.562,48

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Income Statement

DATA FROM CASH FLOW STATEMENT

Amounts reported in Euro

	THE GROUP		THE COMPANY	
	1/1-30/6/206	1/1-30/6/2005	1/1-30/6/206	1/1-30/6/2005
Cash Flows related to Operating Activities				
Net Profit before taxes	50.602.573,18	36.740.146,91	21.694.448,96	15.424.131,82
<i>Adjustments in respect of non-cash transactions:</i>				
Depreciation and Amortisation	2.474.695,71	1.830.737,72	520.652,94	527.145,17
Provisions	661.205,00	757.489,83	111.000,00	114.493,02
Cash flows from investing activities	-4.610.479,77	-4.172.783,30	-21.405.770,16	-9.710.118,42
Debit interest and similar expenses	2.724.909,11	2.281.622,20	3.464.715,72	2.321.542,57
Other non cash transactions				-224.129,15
Operating profit before adjustments of working capital	51.852.903,23	37.437.213,36	4.385.047,46	8.453.065,01
Decrease/(increase) of Inventories	-8.358.655,20	-9.464.724,89	109.223,35	-868.645,33
Decrease/(increase) of Receivables	-15.571.848,03	-12.740.838,65	519.067,23	-7.921.678,81
Increase/(decrease) of payable accounts (except Banks)	-9.590.274,78	-593.943,59	-2.037.902,58	7.869,61
Interest paid and similar expenses	-3.801.784,35	-2.549.139,54	-3.832.005,54	-2.458.058,98
Income Tax paid	-19.224.675,86	-2.084.719,72	-858.725,86	-426.032,16
<i>Net cash inflows/(outflows) from Operating Activities</i>	<i>-4.694.334,99</i>	<i>10.003.846,97</i>	<i>-1.715.295,94</i>	<i>-3.213.480,66</i>
Cash Flows related to Investing Activities				
Acquisition of subsidiaries, associates and other investments	-202.989.646,90		-205.798.632,91	
Purchases of tangible and intangible assets	-1.292.540,51	-7.798.485,19	-158.244,89	-77.916,34
Proceeds from sale of tangible and intangible assets	113.428,56	37.875,81	18.227,36	9.826,75
Proceeds from sale of financial assets	1.961.153,98	722.403,84	1.961.153,98	722.403,84
Dividends received	0,00	9.152.004,96	20.987.836,25	9.712.939,00
Interest received	1.076.875,24	267.517,34	167.289,82	136.516,41
Decrease/(increase) of other long-term receivables	-288.507,00	-320.527,39	133.502,91	-28.805,97
<i>Net cash inflows/(outflows) from Investing Activities</i>	<i>-201.419.236,63</i>	<i>2.060.789,37</i>	<i>-182.688.867,48</i>	<i>10.474.963,69</i>
Cash Flows related to Financing Activities				
Cash received from issue of share capital				
Proceeds from borrowings	206.103.807,00	5.762.009,14	204.427.020,14	0,00
Repayment of borrowings		-1.015.864,05	0,00	-1.164.305,72
Payments for leases	-315.046,94	-296.971,80	-61.773,91	-61.823,91
Dividends paid	-22.921.236,99	-3.696.058,08	-1.300.681,60	-2.700.008,28
<i>Net cash inflows/(outflows) from Financing Activities</i>	<i>182.867.523,07</i>	<i>753.115,21</i>	<i>203.064.564,63</i>	<i>-3.926.137,91</i>
Net increase/(decrease) in cash and cash equivalents	-23.246.048,55	12.817.751,55	18.660.401,21	3.335.345,12
Cash and cash equivalents at the beginning of the year	112.040.529,80	33.723.558,93	13.247.662,22	14.509.511,69
Effect of exchange rate changes on cash and cash equivalents	-1.320.439,35	-1.519.857,11		
<i>Cash and cash equivalents at the end of the year</i>	<i>87.474.041,90</i>	<i>45.021.453,37</i>	<i>31.908.063,43</i>	<i>17.844.856,81</i>

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Cash Flow Statement

DATA FROM STATEMENT OF CHANGES IN EQUITY FOR THE YEAR

Amounts reported in Euro

	THE GROUP		THE COMPANY	
	30/6/2006	30/6/2005	30/6/2006	30/6/2005
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
Distribution of dividend based on resolution of G.M.	-8.845.951,25	-8.697.492,50	-8.566.187,50	-7.248.312,50
Directors' fees	-313.514,50	-326.541,80	-250.000,00	-200.000,00
Change in participation percentage-Change in consolidation method	95.757.013,26	0,00		0,00
Net income recognised directly in equity				
Profit for the period, after taxes	39.199.913,64	29.137.198,67	19.917.847,35	13.501.050,40
Adjustment in foreign currency translation differences	-12.729.598,88	15.289.696,15		
Own Stock	-108.985,61		-108.985,61	
Net equity of period Closing Balance	274.931.337,88	131.310.922,81	120.322.111,83	107.401.786,01

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Statement on Changes in Equity

Remarks



- Ø During first half of 2006, 9 new points of sale opened, but 3 of them where relocations: 5 in China, 2 in Japan, 1 in Greece and 1 in Spain.
- Ø End of H1 Folli Follie counted 321 points of sale in 22 countries
- Ø 5 % of total turnover in local currency accounted from new openings from 30/6/2005 till 30/6/2006

1st Half 2006 Financial Results



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29th August 2006