

# 1<sup>st</sup> Half 2005 Financial Results



Folli Follie

28 September 2005

# H1 2005 Highlights



- Ø Record Sales and Profits
- Ø Minor negative currency effect
- Ø Small pressure on Gross Margin due to increase of wholesale business
- Ø EBITDA Margin increase from 33 % to 36,1 %
- Ø Lower HDFS contribution due to 2004 consolidation of EFSIMON

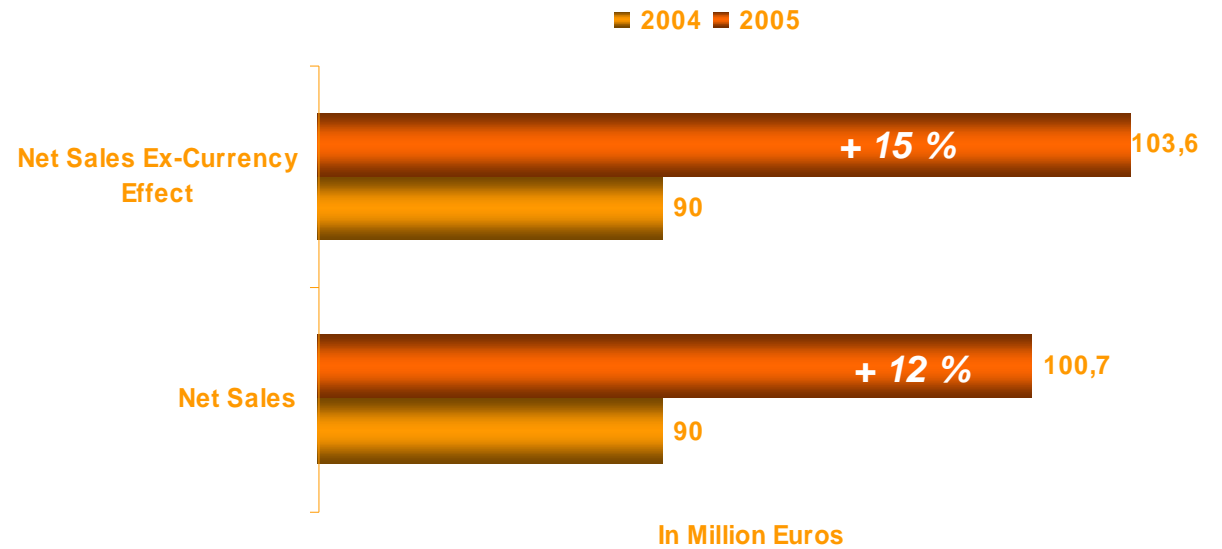
# H1 2005 Highlights



## IFRS Group Results

	2005 IFRS	2004 IFRS	Growth
Sales (Million €)	100,7	90,0	12 %
EBITDA (Million €)	36,1	30,0	20 %
EBITDA Margin	36,1 %	33,0 %	
Gross Margin	62 %	63,5 %	
EBT (Million €)	36,7	33,2	10 %
Net Profit (Million €)	29,1	27,6	5 %
EPS (€)	0,89	0,84	6 %

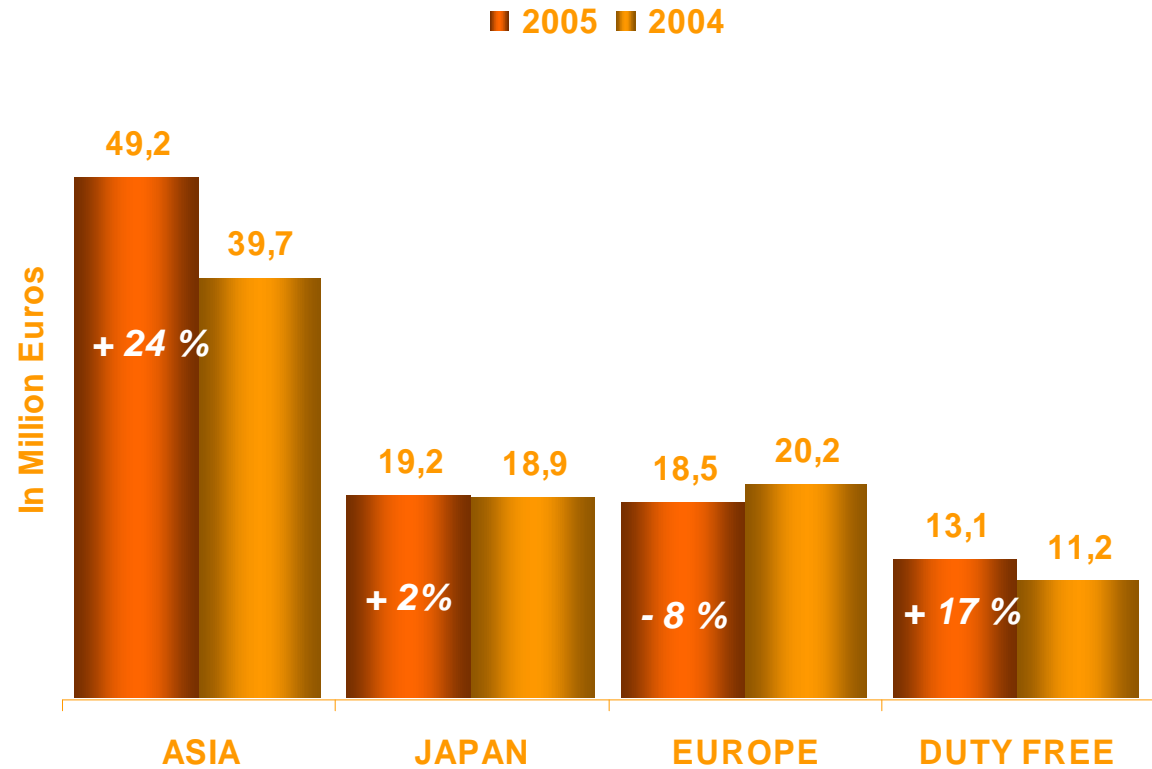
# Net Sales



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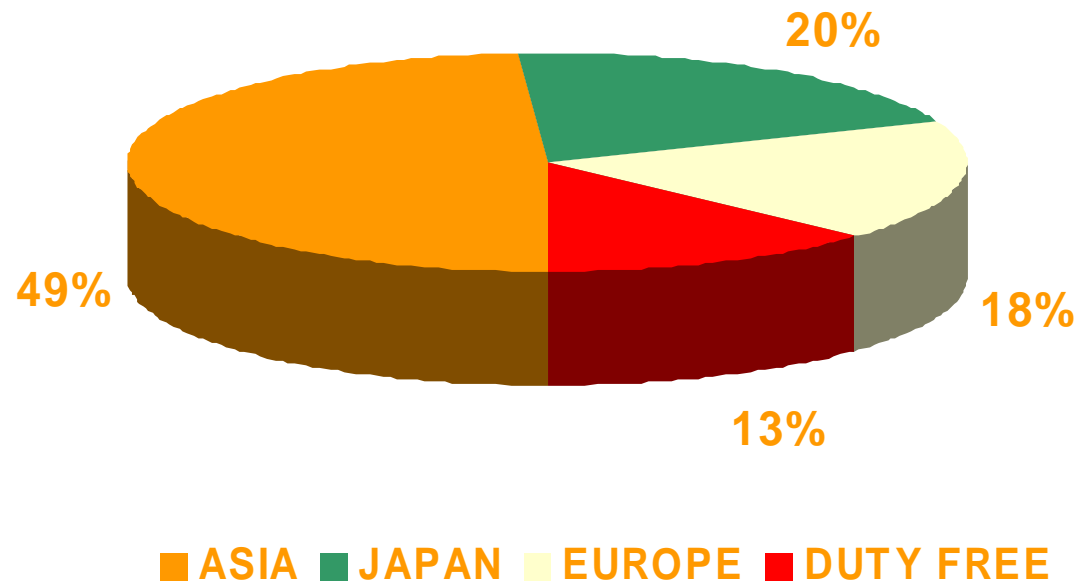
# Net Sales by Region



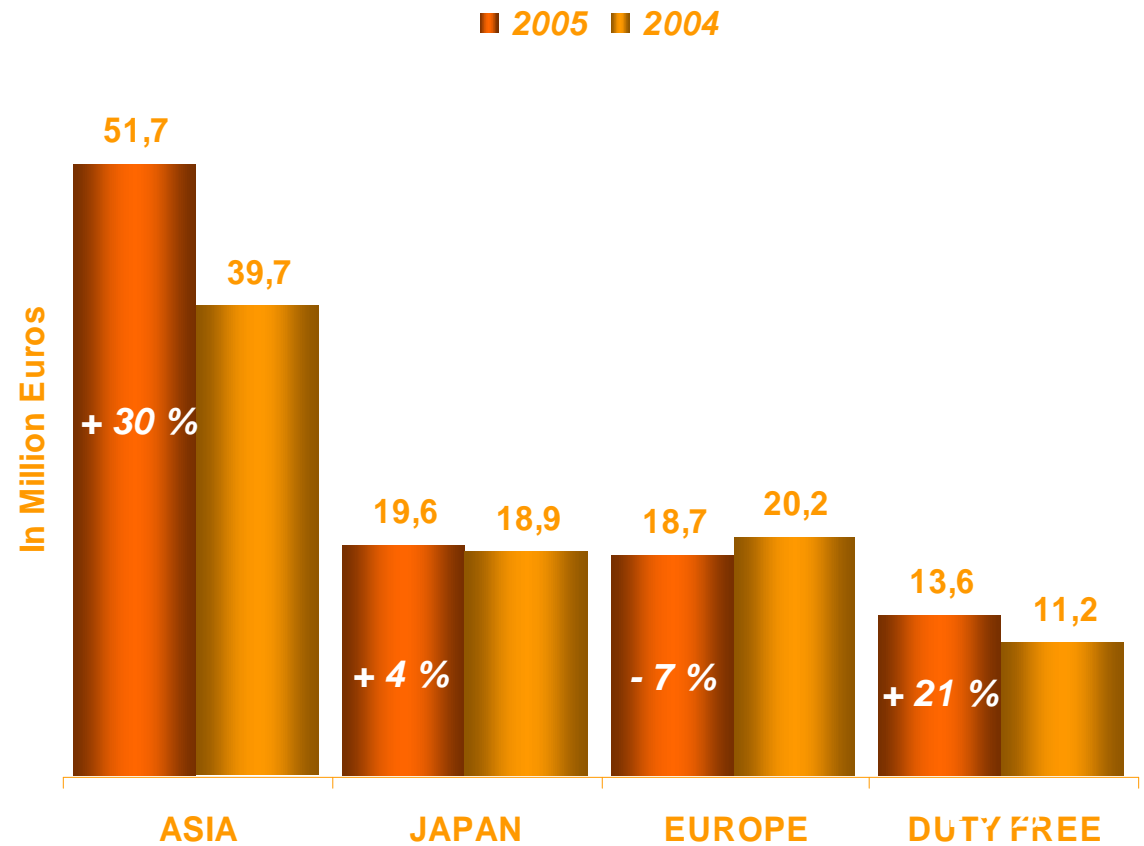
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# Net Sales by Region



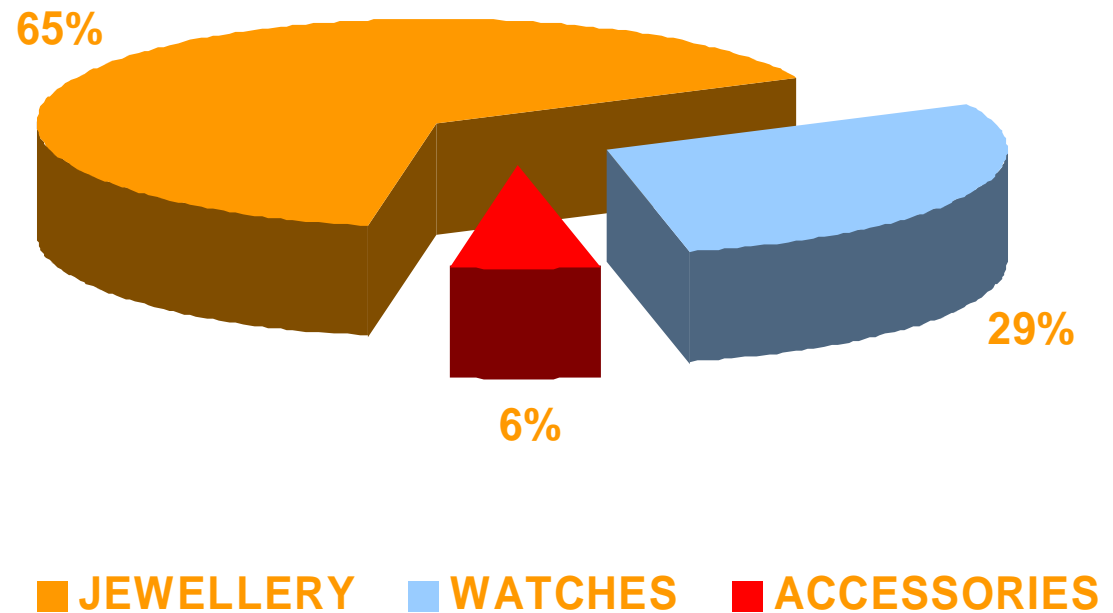
# Net Sales Ex-currency by Region



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# Financials – Product Category Sales





<b>BALANCE SHEET</b>				
Amounts reported in Euro				
	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>30/6/2005</b>	<b>31/12/2004</b>	<b>30/6/2005</b>	<b>31/12/2004</b>
<b>ASSETS</b>				
Tangible Assets	41.219.933,02	34.130.258,53	29.623.197,98	30.011.411,25
Intangible Assets	4.647.098,29	4.842.688,58	812.306,99	873.322,82
Investments in associates	35.023.028,84	40.296.399,36	157.732.962,56	157.732.962,56
Deferred income tax assets	2.119.568,01	2.213.869,13	144.648,63	402.737,38
Other long term receivables	7.311.386,74	7.376.012,55	259.697,84	230.891,87
<b>Total non-current assets (a)</b>	<b>90.321.014,90</b>	<b>88.859.228,15</b>	<b>188.572.814,00</b>	<b>189.251.325,88</b>
Inventories	60.119.833,67	46.715.326,33	12.799.871,00	11.931.225,67
Trade Receivables	108.343.740,39	82.543.791,12	18.963.920,00	12.872.890,96
Other Receivables	7.467.038,43	7.467.595,25	6.770.053,31	5.237.817,05
Cash and cash equivalents	45.021.453,37	33.723.558,93	17.844.856,81	14.509.511,69
<b>Total current assets (b)</b>	<b>220.952.065,86</b>	<b>170.450.271,63</b>	<b>56.378.701,12</b>	<b>44.551.445,37</b>
<b>TOTAL ASSETS (a) + (b)</b>	<b>311.273.080,76</b>	<b>259.309.499,78</b>	<b>244.951.515,12</b>	<b>233.802.771,25</b>
<b>LIABILITIES</b>				
Long-term borrowings	128.258.896,80	120.135.587,74	119.688.175,91	119.499.958,91
Retirement benefit obligations	3.349.800,83	3.272.408,55	507.411,66	482.542,29
Other non-current liabilities	3.274.649,08	3.338.460,59	896.742,52	836.873,79
<b>Total non-current liabilities</b>	<b>134.883.346,71</b>	<b>126.746.456,88</b>	<b>121.092.330,09</b>	<b>120.819.374,99</b>
Trade payables	13.482.567,88	13.252.975,46	2.281.771,98	2.203.405,10
Short-term Borrowings	4.168.492,41	5.252.135,03	3.538.577,77	4.891.100,49
Other current liabilities	27.427.750,95	18.149.870,12	10.637.049,27	4.539.842,56
<b>Total current liabilities</b>	<b>45.078.811,24</b>	<b>36.654.980,61</b>	<b>16.457.399,02</b>	<b>11.634.348,15</b>
<b>Total Liabilities (a)</b>	<b>179.962.157,95</b>	<b>163.401.437,49</b>	<b>137.549.729,11</b>	<b>132.453.723,14</b>
Shareholders Equity	127.017.372,03	91.298.238,92	107.401.786,01	101.349.048,11
Minority interest	4.293.550,78	4.609.823,37		
<b>Total Equity (b)</b>	<b>131.310.922,81</b>	<b>95.908.062,29</b>	<b>107.401.786,01</b>	<b>101.349.048,11</b>
<b>TOTAL EQUITY AND LIABILITIES (a) + (b)</b>	<b>311.273.080,76</b>	<b>259.309.499,78</b>	<b>244.951.515,12</b>	<b>233.802.771,25</b>

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Balance Sheet

## INCOME STATEMENT FOR THE PERIOD

Amounts reported in Euro

	THE GROUP		THE COMPANY	
	1/1-30/06/2005	1/1-30/06/2004	1/1-30/06/2005	1/1-30/06/2004
Sales Revenue	100.764.368,78	90.013.286,37	19.169.098,90	18.290.784,57
Cost of goods sold	-38.240.224,00	-32.812.262,82	-6.210.905,02	-5.678.812,83
<b>Gross profit</b>	<b>62.524.144,78</b>	<b>57.201.023,55</b>	<b>12.958.193,88</b>	<b>12.611.971,74</b>
Other operating income	2.183.278,04	1.424.757,88	1.866.041,87	1.008.097,36
Administrative expenses	-5.399.320,35	-5.381.665,75	-2.103.723,85	-1.702.101,12
Selling expenses	-24.345.052,27	-23.398.660,78	-5.084.730,84	-4.345.410,42
Other expenses	-656.580,74	-1.521.223,93	-39.218,58	-114.647,59
Operating profit	34.306.469,46	28.324.230,97	7.596.562,48	7.457.909,97
Finance costs - profit	1.156.215,64	3.330.223,43	577.770,26	94.782,30
Finance costs - expenses	-2.549.139,54	-2.543.804,39	-2.421.839,96	-2.403.288,09
Share of profit of associates	3.826.601,35	4.132.072,86	9.671.639,04	8.128.542,08
<b>Profit before taxes (EBT)</b>	<b>36.740.146,91</b>	<b>33.242.722,87</b>	<b>15.424.131,82</b>	<b>13.277.946,26</b>
Income tax expense	-7.602.948,24	-5.544.038,26	-1.923.081,42	-1.527.161,00
<b>Profit for the period (after taxes)</b>	<b>29.137.198,67</b>	<b>27.698.684,61</b>	<b>13.501.050,40</b>	<b>11.750.785,26</b>
Attributable to:				
Equity holders of the Company	29.453.471,26	27.823.054,54		
Minority interest	-316.272,59	-124.369,93		
Earnings (after taxes) per share - basic (expressed in €)	0,89	0,84	0,41	0,36
Amortisation - Depreciation	1.830.737,72	1.682.189,04	527.145,17	433.346,23
Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)	36.137.207,18	30.006.420,01	8.123.707,65	7.891.256,20
Earnings (profit) before taxes, financing and investing results (EBIT)	34.306.469,46	28.324.230,97	7.596.562,48	7.457.909,97



# Income Statement

<b>CASH FLOW STATEMENT</b>				
Amounts reported in Euro				
	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	1/1-30/6/2005	1/1-30/6/2004	1/1-30/6/2005	1/1-30/6/2004
<b>Cash Flows related to Operating Activities</b>				
Net Profit before taxes	36.740.146,91	33.242.722,87	15.424.131,82	13.277.946,26
<i>Adjustments in respect of non-cash transactions:</i>				
Depreciation and Amortisation	1.830.737,72	1.682.189,04	527.145,17	433.346,23
Provisions	757.489,83	1.752.443,51	114.493,02	116.544,00
Cash flows from investing activities	-4.172.783,30	-7.710.404,66	-9.710.118,42	-8.128.331,80
Debit interest and similar expenses	2.281.622,20	2.178.633,36	2.321.542,57	2.105.164,14
Other non-cash expense/income			-224.129,15	
Operating profit before adjustments of working capital	37.437.213,36	31.145.584,12	8.453.065,01	7.804.668,83
Decrease/(increase) of Inventories	-9.464.724,89	-916.444,08	-868.645,33	-170.572,64
Decrease/(increase) of Receivables	-12.740.838,65	-921.461,25	-7.921.678,81	-2.996.082,08
Increase/(decrease) of payable accounts (except Banks)	-593.943,59	-2.728.708,09	7.869,61	-3.645.639,45
Interest paid and similar expenses	-2.549.139,54	-2.258.251,62	-2.458.058,98	-2.180.870,25
Income Tax paid	-2.084.719,72	-6.423.785,15	-426.032,16	-350.183,65
<i>Net cash inflows/(outflows) from Operating Activities</i>	<b>10.003.846,97</b>	<b>17.896.933,93</b>	<b>-3.213.480,66</b>	<b>-1.538.679,24</b>
<b>Cash Flows related to Investing Activities</b>				
Purchases of subsidiaries, associates and other investments				
Purchases of tangible and intangible assets	-7.798.485,19	-10.697.983,49	-77.916,34	-10.435.743,37
Proceeds from sale of tangible and intangible assets	37.875,81	728.769,65	9.826,75	682.642,65
Proceeds from sale of financial assets	722.403,84	0,00	722.403,84	0,00
Dividends received	9.152.004,96	7.800.000,00	9.712.939,00	8.128.542,08
Interest received	267.517,34	79.618,25	136.516,41	75.706,11
Decrease/(increase) of other long-term receivables	-320.527,39	-266.342,98	-28.805,97	-3.254,61
<i>Net cash inflows/(outflows) from Investing Activities</i>	<b>2.060.789,37</b>	<b>-2.355.938,57</b>	<b>10.474.963,69</b>	<b>-1.552.107,14</b>
<b>Cash Flows related to Financing Activities</b>				
Cash received from issue of share capital				
Proceeds from Loans	5.762.009,14	7.134.645,84	0,00	7.237.586,03
Repayment of Loans	-1.015.864,05	0,00	-1.164.305,72	0,00
Payments for leases	-296.971,80	-426.456,80	-61.823,91	-59.019,82
Dividends paid	-3.696.058,08	-968.941,43	-2.700.008,28	-968.941,43
<i>Net cash inflows/(outflows) from Financing Activities</i>	<b>753.115,21</b>	<b>5.739.247,61</b>	<b>-3.926.137,91</b>	<b>6.209.624,78</b>
Net increase/(decrease) in cash and cash equivalents	12.817.751,55	21.280.242,97	3.335.345,12	3.118.838,40
Cash and cash equivalents at the beginning of the period	33.723.558,93	23.524.369,13	14.509.511,69	12.696.170,19
Exchange rate differences from the conversion of cash equivalents	-1.519.857,11	-9.687.514,13		
<i>Cash and cash equivalents at the end of the period</i>	<b>45.021.453,37</b>	<b>35.117.097,97</b>	<b>17.844.856,81</b>	<b>15.815.008,59</b>

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Cash Flow Statement

<b>STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD</b>				
<b>Amounts reported in Euro</b>				
	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>1/1-30/06/2005</b>	<b>1/1-30/06/2004</b>	<b>1/1-30/06/2005</b>	<b>1/1-30/06/2004</b>
Net equity of period				
Opening Balance (1/1/2005 and 1/1/2004 respectively)	95.908.062,29	61.358.862,48	101.349.048,11	95.548.629,50
Issue of share capital	0,00	0,00	0,00	0,00
Dividends	-8.697.492,50	-6.854.401,50	-7.248.312,50	-5.930.437,50
Directors Fees	-326.541,80		-200.000,00	
Net amounts effected directly Equity	0,00	0,00	0,00	0,00
Profit for the period, after taxes	29.137.198,67	27.698.684,61	13.501.050,40	11.750.785,26
Adjustment in foreign currency translation differences	15.289.696,15	-7.838.737,97	0,00	0,00
Net equity of period Closing Balance	<b>131.310.922,81</b>	<b>74.364.407,62</b>	<b>107.401.786,01</b>	<b>101.368.977,26</b>

**Folli Follie** Statement on Changes in Equity

# Remarks



- Ø During first half of 2005, 12 new points of sale opened, but 6 of them were relocations: 3 in China, 2 in Japan, 1 in Greece. End of H1 Folli Follie counted 292 points of sale in 20 countries
- Ø 5 % of total turnover in local currency accounted from new openings from 30/6/2004 till 30/6/2005