

9 Months 2005 Financial Results



Folli Follie

29 November 2005

9 Months 2005 Highlights



- Ø Record Sales
- Ø Gross Margin slightly lower due to increase of wholesale business
- Ø Net Profit lower due to lower contribution of HDFS and higher tax rate
- Ø Still experiencing negative currency effects

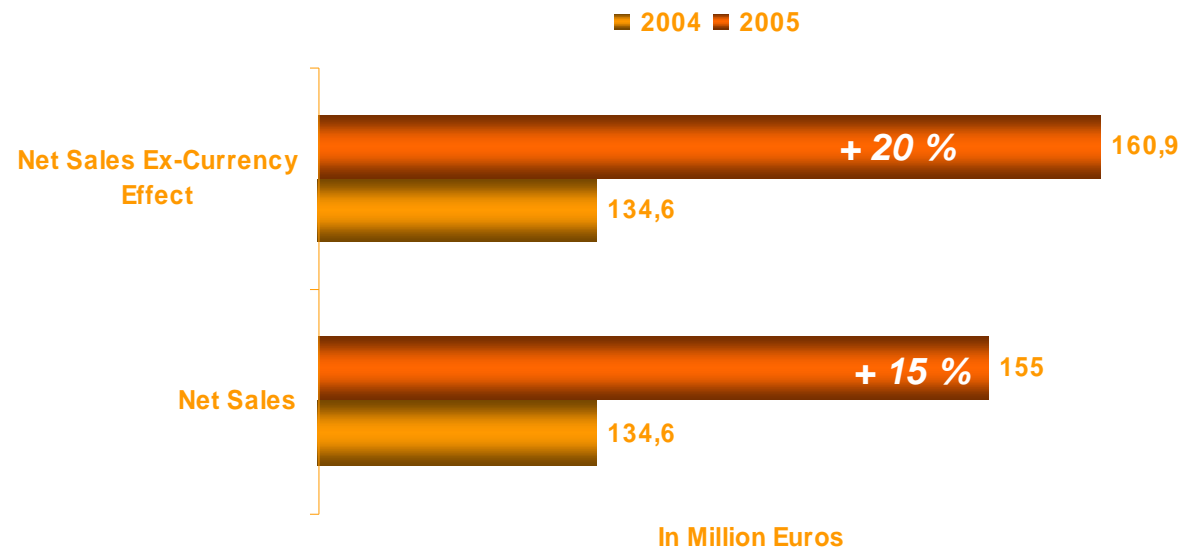
9 Months 2005 Highlights



IFRS Group Results

	2005 IFRS	2004 IFRS	Growth
Sales (Million €)	155	134,6	15 %
EBITDA (Million €)	48,6	45,5	7 %
Gross Margin	61 %	63,5 %	
EBT (Million €)	52,2	52	0 %
Net Profit (Million €)	42	43,9	- 4 %
EPS (€)	1,27	1,32	- 4 %

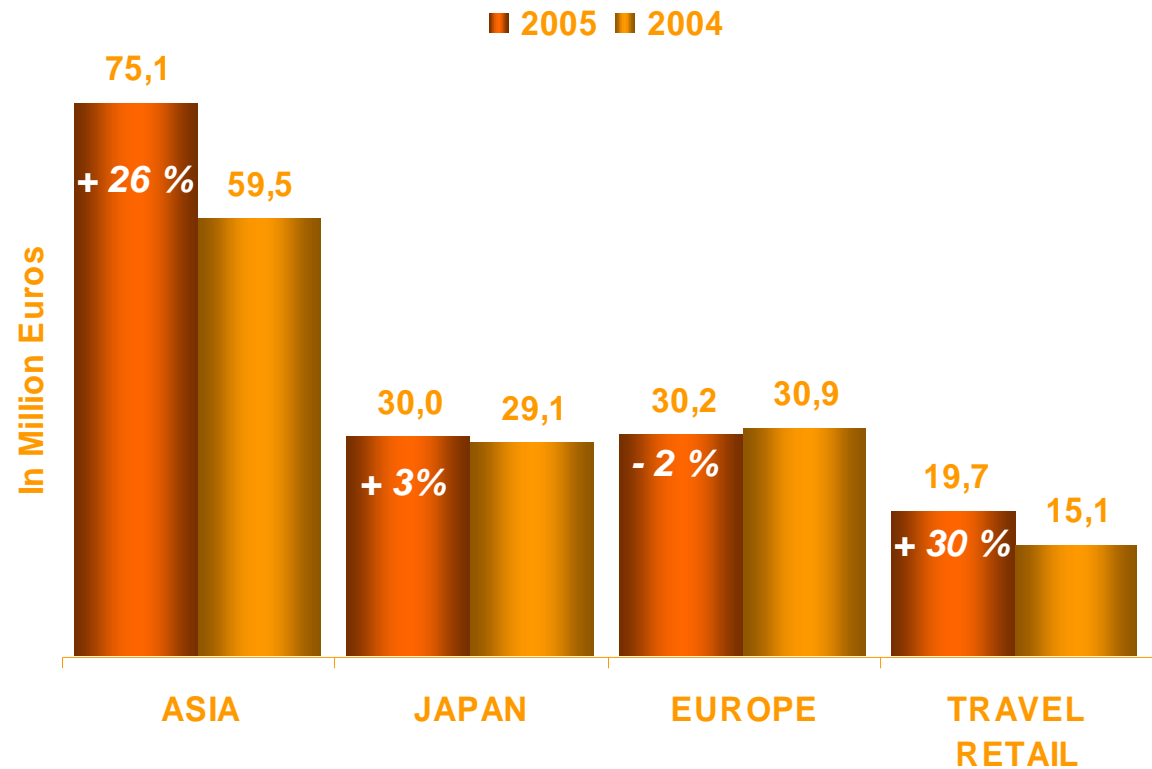
Net Sales



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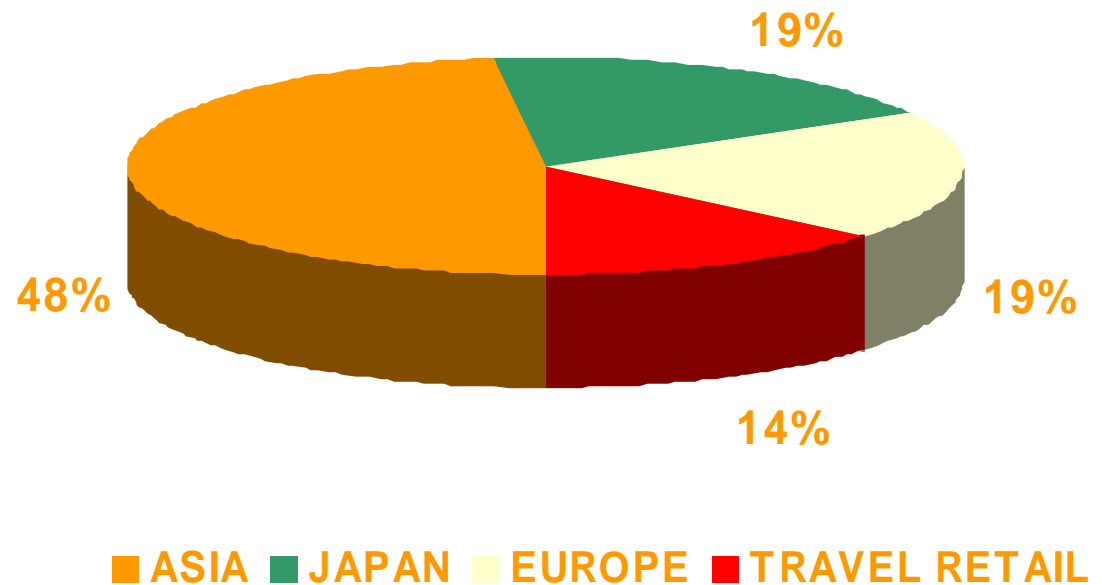
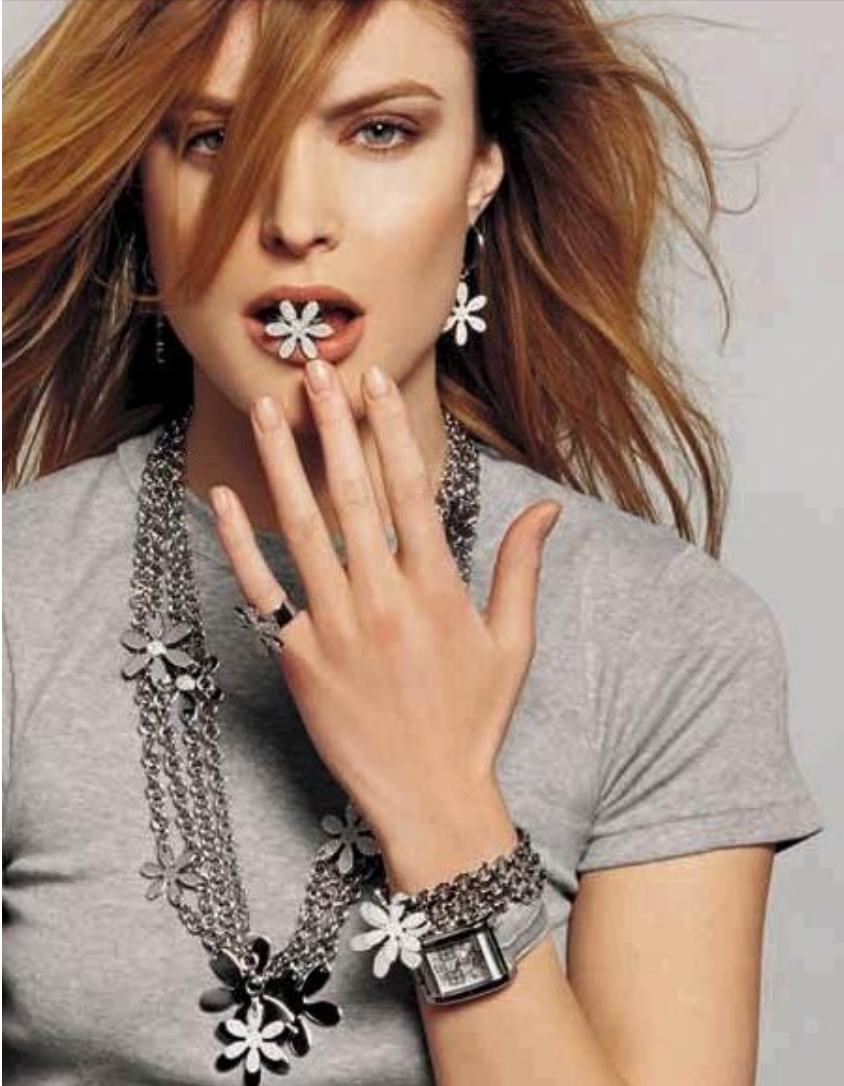
Net Sales by Region



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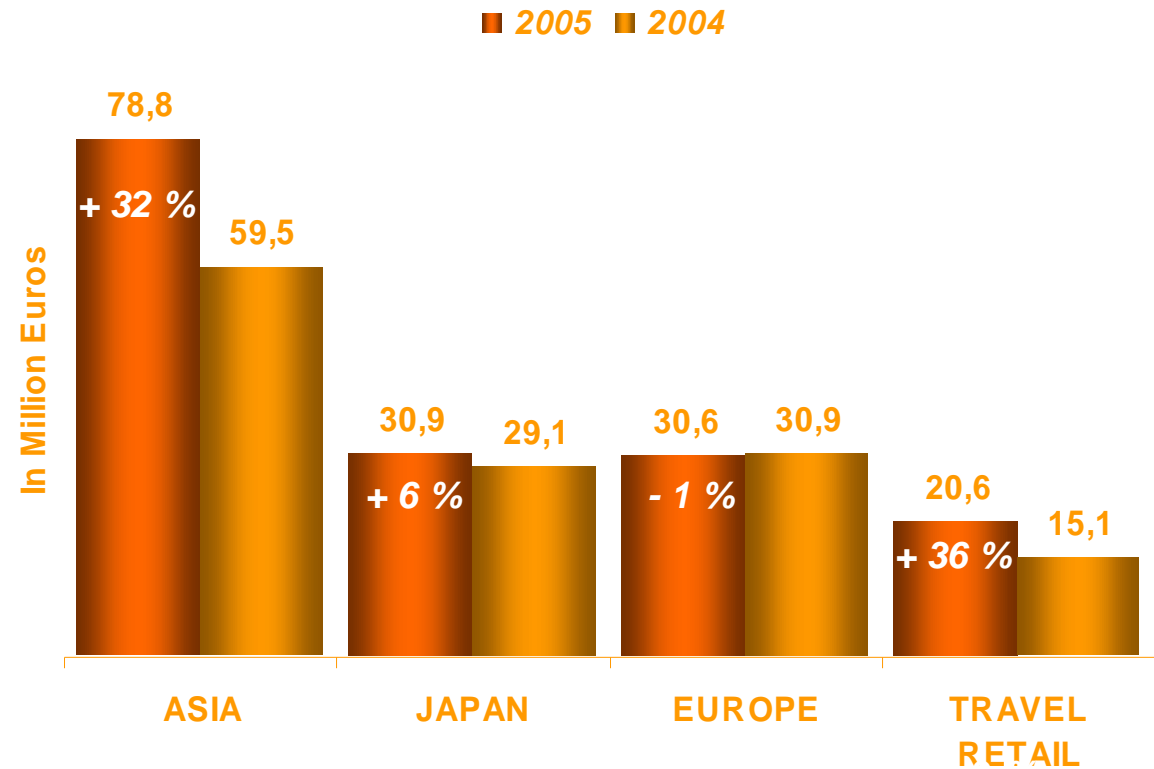
Net Sales by Region



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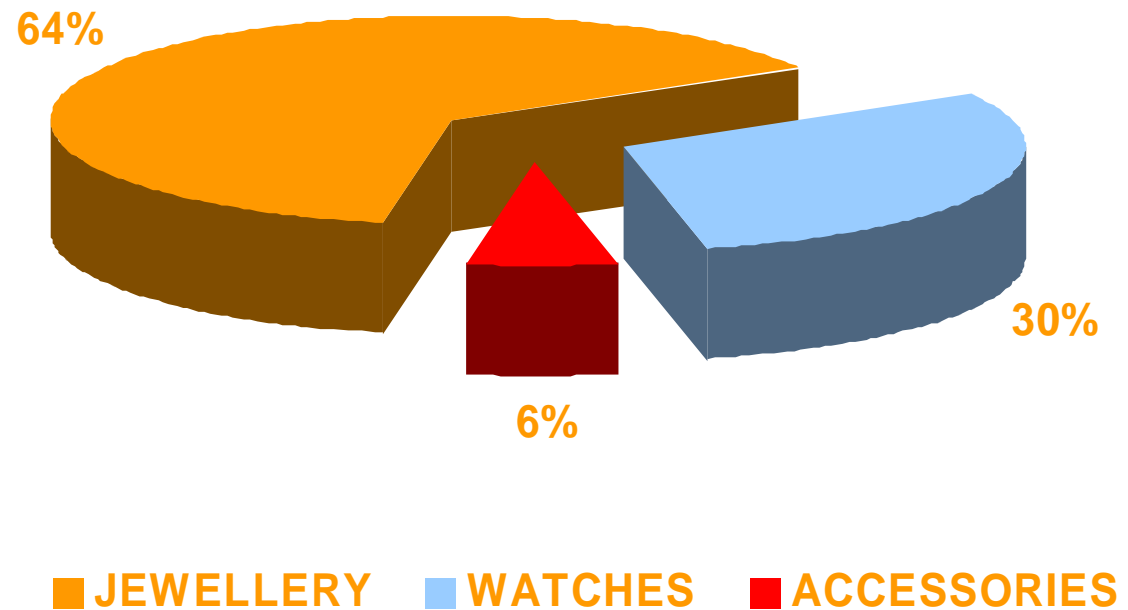
Net Sales Ex-currency by Region



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Financials – Product Category Sales



BALANCE SHEET (Amounts reported in Euro)				
	THE GROUP		THE COMPANY	
	30/9/2005	31/12/2004	30/9/2005	31/12/2004
ASSETS				
Tangible Assets	41.406.598,62	34.130.258,53	29.399.370,19	30.011.411,25
Intangible Assets	4.911.761,52	4.842.688,58	782.549,07	873.322,82
Investments in associates	39.094.872,92	40.296.399,36	157.896.767,74	157.732.962,56
Deferred income tax assets	1.910.595,83	2.213.869,13	0,00	402.737,38
Other long term receivables	5.852.344,57	7.376.012,55	263.255,13	230.891,87
Total non-current assets (a)	93.176.173,46	88.859.228,15	188.341.942,13	189.251.325,88
Inventories	66.333.874,34	46.715.326,33	13.872.009,10	11.931.225,67
Trade Receivables	100.368.813,14	82.543.791,12	18.616.664,41	12.872.890,96
Other Receivables	13.121.073,64	7.467.595,25	6.794.857,18	5.237.817,05
Cash and cash equivalents	44.114.980,66	33.723.558,93	13.286.946,63	14.509.511,69
Total current assets (b)	223.938.741,78	170.450.271,63	52.570.477,32	44.551.445,37
TOTAL ASSETS (a) + (b)	317.114.915,24	259.309.499,78	240.912.419,45	233.802.771,25
LIABILITIES				
Long-term borrowings	127.302.187,84	120.135.587,74	119.499.958,91	119.499.958,91
Retirement benefit obligations	3.392.850,57	3.068.805,44	525.616,17	482.542,29
Deferred income tax liabilities	0,00	0,00	30.110,27	0,00
Other non-current liabilities	2.660.485,84	3.542.063,70	747.960,48	836.873,79
Total non-current liabilities	133.355.524,25	126.746.456,88	120.803.645,83	120.819.374,99
Trade payables	8.703.861,23	13.252.975,46	686.063,03	2.203.405,10
Short-term Borrowings	4.057.467,02	5.252.135,03	3.902.095,50	4.891.100,49
Other current liabilities	26.253.307,62	18.149.870,12	7.512.788,00	4.539.842,56
Total current liabilities	39.014.635,87	36.654.980,61	12.100.946,53	11.634.348,15
Total Liabilities (a)	172.370.160,12	163.401.437,49	132.904.592,36	132.453.723,14
Shareholders Equity	139.812.115,28	91.298.238,92	108.007.827,09	101.349.048,11
Minority interest	4.932.639,84	4.609.823,37		
Total Equity (b)	144.744.755,12	95.908.062,29	108.007.827,09	101.349.048,11
TOTAL EQUITY AND LIABILITIES (a) + (b)	317.114.915,24	259.309.499,78	240.912.419,45	233.802.771,25

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Balance Sheet

INCOME STATEMENT FOR THE PERIOD (Amount reported in Euro)				
	THE GROUP		THE COMPANY	
	1/1-30/9/2005	1/1-30/9/2004	1/1-30/9/2005	1/1-30/9/2004
Sales Revenue	155.036.185,05	134.602.931,03	27.460.621,21	25.884.098,98
Cost of goods sold	-60.400.645,38	-49.098.527,07	-9.103.121,82	-8.435.641,98
Gross profit	94.635.539,67	85.504.403,96	18.357.499,39	17.448.457,00
Other operating income	2.804.506,28	2.001.865,41	2.311.468,81	1.175.155,51
Administrative expenses	-8.015.344,87	-7.141.097,22	-3.227.115,81	-2.399.180,54
Selling expenses	-42.396.447,55	-35.575.509,87	-7.443.770,78	-6.831.544,16
Other expenses	-804.509,67	-1.757.971,22	-57.564,74	-132.224,17
Operating profit	46.223.743,86	43.031.691,06	9.940.516,87	9.260.663,64
Finance costs - profit	1.732.213,45	3.381.741,68	989.430,34	156.918,71
Finance costs - expenses	-3.871.040,85	-3.844.066,37	-3.673.264,56	-3.633.912,85
Share of profit of associates	8.095.165,73	9.464.261,03	9.671.639,04	8.128.542,08
Profit before taxes (EBT)	52.180.082,19	52.033.627,40	16.928.321,69	13.912.211,58
Income tax expense	-10.137.877,45	-8.067.323,15	-2.821.230,21	-1.871.099,50
Profit for the period (after taxes)	42.042.204,74	43.966.304,25	14.107.091,48	12.041.112,08
<u>Attributable to:</u>				
Equity holders of the Company	41.719.388,27	43.449.910,69		
Minority interest	322.816,47	516.393,56		
Earnings (after taxes) per share - basic (expressed in €)	1,27	1,32	0,43	0,37
Amortisation - Depreciation	2.516.096,21	2.537.277,11	786.879,45	689.174,52
Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)	48.739.840,07	45.568.968,17	10.727.396,32	9.949.838,16
Earnings (profit) before taxes, financing and investing results (EBIT)	46.223.743,86	43.031.691,06	9.940.516,87	9.260.663,64

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Income Statement

CASH FLOW STATEMENT (Amounts reported in Euro)				
	THE GROUP		THE COMPANY	
	1/1-30/9/2005	1/1-30/9/2004	1/1-30/9/2005	1/1-30/9/2004
Cash Flows related to Operating Activities				
Net Profit before taxes	52.180.082,19	52.033.627,40	16.928.321,69	13.912.211,58
<i>Adjustments in respect of non-cash transactions:</i>				
Depreciation and Amortisation	2.516.096,21	2.537.277,11	786.879,45	689.174,52
Provisions	432.838,57	2.726.777,90	171.739,53	126.423,85
Cash flows from investing activities	-8.630.498,35	-12.718.708,43	-9.721.123,40	-8.132.250,54
Debit interest and similar expenses	2.805.956,57	3.711.193,49	3.533.888,95	3.108.035,23
Other non-cash expense/income			-319.183,33	248.500,00
Operating profit before adjustments of working capital	49.304.475,19	48.290.167,47	11.380.522,89	9.952.094,64
Decrease/(increase) of Inventories	-13.611.005,39	273.867,66	-1.940.783,43	765.964,33
Decrease/(increase) of Receivables	-8.708.932,87	-6.874.586,66	-7.170.086,62	-471.959,86
Increase/(decrease) of payable accounts (except Banks)	-5.037.734,10	-8.472.516,29	-1.557.550,57	-4.693.201,89
Interest paid and similar expenses	-3.871.040,85	-3.844.066,37	-3.734.468,74	-3.238.378,62
Income Tax paid	-3.431.442,67	-7.542.227,04	-1.154.234,92	-564.989,20
<i>Net cash inflows/(outflows) from Operating Activities</i>	14.644.319,31	21.830.638,77	-4.176.601,39	1.749.529,40
Cash Flows related to Investing Activities				
Purchases of subsidiaries, associates and other investments				
Purchases of tangible and intangible assets	-9.198.514,84	-12.157.197,82	-84.064,93	-11.548.439,93
Proceeds from sale of tangible and intangible assets	71.005,24	728.769,65	11.694,51	682.642,72
Proceeds from sale of financial assets	722.403,84		722.403,84	
Dividends received	9.152.004,96	7.800.000,00	9.723.644,00	8.128.542,08
Interest received	1.065.084,28	132.872,88	200.579,79	130.343,39
Decrease/(increase) of other long-term receivables	-375.242,82	-1.683.268,35	-32.363,26	32.043,63
<i>Net cash inflows/(outflows) from Investing Activities</i>	1.436.740,66	-5.178.823,64	10.541.893,95	-2.574.868,11
Cash Flows related to Financing Activities				
Cash received from issue of share capital				
Proceeds from Loans	4.891.332,94	6.623.539,50		7.174.669,92
Repayment of Loans	-1.118.578,23		-989.004,99	
Payments for leases	-467.399,75	-639.685,20	-93.479,95	-88.530,00
Dividends paid	-7.482.754,48	-4.101.091,91	-6.505.372,68	-4.101.091,91
<i>Net cash inflows/(outflows) from Financing Activities</i>	-4.177.399,52	1.882.762,39	-7.587.857,62	2.985.048,01
Net increase/(decrease) in cash and cash equivalents	11.903.660,45	18.534.577,52	-1.222.565,06	2.159.709,30
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	-1.512.238,72	-6.762.122,51		
<i>Cash and cash equivalents at the end of the period</i>	44.114.980,66	35.296.824,14	13.286.946,63	14.855.879,49

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Cash Flow Statement

	STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD			
	THE GROUP		THE COMPANY	
	30/9/2005	30/9/2004	30/9/2005	30/9/2004
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	-8.125.853,46	-6.854.401,50	-7.248.312,50	-5.930.437,50
Directors Fees	-326.541,80	0	-200.000,00	
Net amounts effected directly Equity	0,00	0,00	0,00	0,00
Profit for the period, after taxes	42.042.204,74	43.966.304,25	14.107.091,48	12.041.112,08
Adjustment in foreign currency translation differences	15.246.883,35	-6.775.887,42		0,00
Net equity of period Closing Balance	144.744.755,12	91.694.877,81	108.007.827,09	101.659.304,08

Folli Follie Statement on Changes in Equity

Remarks



- Ø During Q3 of 2005, 16 new points of sale opened (5 of them where relocations) and 7 new airlines: 8 in China, 1 in Japan, 1 in Taiwan, 3 in Korea, 2 in Hong Kong, 1 in UAE. End of 9 Months Folli Follie counted 303 points of sale in 20 countries
- Ø 5 % of total turnover in local currency accounted from new openings from 30/9/2004 till 30/9/2005