FOLLI FOLLIE S.A

ANNUAL FINANCIAL STATEMENTS
COMPILED IN ACCORDANCE WITH
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

YEAR 2005

(Period from 1 January to 31 December 2005)

It is declared that the accompanying Financial Statements are those, which have been published by posting them on the internet, at the address www.follifollie.com. It is noted that, the published in the press "Condensed Financial Data and Information for the Year 2005 from 1 January 2005 to 31 December 2005", according to the Joint Ministerial Decision No. 172/10.01.2006 of the Ministers of Finance and Development, aim at providing the public with certain general financial data and information but they do not present a comprehensive view of the financial position and of the results of operations of the Company and those of the Group, in accordance with the International Financial Reporting Standards.

Therefore, it is recommended, to any reader, before proceeding to any kind of investment decision or other transaction with the Company, to visit the Company's web site, at the internet address **www.follifollie.com** where are posted the annual financial statements prepared according to the International Financial Reporting Standards accompanied with the Auditors' Report of the Certified Public Accountant Auditor.

Athens, 15 March 2006

For account of FOLLI FOLLIE S.A.

Dimitrios Koutsolioutsos

Chairman of the Board of Directors

AUDITORS' REPORT

To the Shareholders of FOLLI – FOLLIE S.A.

We have audited the accompanying financial statements of FOLLI – FOLLIE S.A. of and for the year ended 31 December 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors' Report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company as of 31 December 2005, and of the results of its operations, its cash flows and the changes in shareholders' equity for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' Report is consistent with the aforementioned financial statements.

Athens, 20 March 2006

SOEL Reg. Number 125

DIMITRIOS I. IAKOVIDIS
Certified Public Accountant Auditor
SOEL Reg. No. 13251

SOL S.A. – Certified Public Accountants Auditors
3, Fok. Negri Str. - 11257 Athens, GR

1. DATA FROM BALANCE SHEET

I. BALANCE SHEET

	THE GROUP		THE COMPANY	
	31.12.2005	**31.12.2004**	**31.12.2005**	**31.12.2004**
ASSETS				
Non-current assets				
Property, plant and equipment	29.269.571,73	20.297.157,41	17.175.960,39	16.178.310,13
Investments in PPE	15.380.000,00	13.833.101,12	15.380.000,00	13.833.101,12
Intangible assets	4.185.089,70	4.842.688,58	750.442,44	873.322,82
Investments in associated companies	40.395.445,88	40.296.399,36	159.505.501,95	157.732.962,56
Deferred income tax assets	2.660.750,50	2.708.904,28	703.225,42	889.063,28
Trade and other receivables	6.838.204,67	7.376.012,55	419.574,43	230.891,87
Total non-current assets (a)	**98.729.062,48**	**89.354.263,30**	**193.934.704,63**	**189.737.651,78**
Current assets				
Inventories	71.758.888,21	46.715.326,33	14.134.365,54	11.931.225,67
Trade receivables	121.290.148,36	82.543.791,12	18.872.475,88	12.872.890,96
Other receivables	6.199.578,58	4.702.838,51	2.395.951,33	2.473.060,31
Other financial assets at fair value through profit or loss	2.921.508,63	2.764.756,74	2.921.508,63	2.764.756,74
Cash and cash equivalents	33.892.169,63	33.723.558,93	13.247.662,22	14.509.511,69
Total current assets (b)	**236.062.293,41**	**170.450.271,63**	**51.571.963,60**	**44.551.445,37**
TOTAL ASSETS (a) + (b)	**334.791.355,89**	**259.804.534,93**	**245.506.668,23**	**234.289.097,15**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
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
Exchange differences	-12.980.009,96	-30.831.648,26		
Other reserves	24.513.525,66	23.017.890,72	19.679.018,84	19.679.018,84
Consolidation differences according to previous GAAP	-88.927.927,73	-88.927.927,73		
Retained earnings	161.106.539,24	115.624.130,22	17.234.624,78	9.254.235,30
	156.127.921,18	91.298.238,92	109.329.437,59	101.349.048,11
Minority interest	5.844.540,04	4.609.823,37		
Total Equity (a)	**161.972.461,22**	**95.908.062,29**	**109.329.437,59**	**101.349.048,11**
LIABILITIES				
Non-current liabilities				
Borrowings	125.149.592,17	120.135.587,74	119.499.958,91	119.499.958,91
Deferred income tax liabilities	1.047.943,78	495.035,15	1.035.080,14	486.325,90
Provisions for retirement benefit obligations	3.356.944,74	3.068.805,44	540.126,00	482.542,29
Provisions for liabilities and charges	4.054.878,43	3.542.063,70	698.272,82	836.873,79
Total non-current liabilities	**133.609.359,12**	**127.241.492,03**	**121.773.437,87**	**121.305.700,89**
Current liabilities				
Trade payables	15.829.100,60	13.252.975,46	3.487.817,55	2.203.405,10
Other current liabilities	12.477.552,76	11.427.740,94	4.178.694,91	3.310.899,27
Current income tax liabilities	5.855.424,27	6.722.129,18	1.873.784,69	1.228.943,29
Borrowings	5.047.457,92	5.252.135,03	4.863.495,62	4.891.100,49
Total current liabilities	**39.209.535,55**	**36.654.980,61**	**14.403.792,77**	**11.634.348,15**
Total liabilities (b)	**172.818.894,67**	**163.896.472,64**	**136.177.230,64**	**132.940.049,04**
TOTAL EQUITY AND LIABILITIES (a+b)	**334.791.355,89**	**259.804.534,93**	**245.506.668,23**	**234.289.097,15**

2. DATA FROM INCOME STATEMENT FOR THE YEAR

II. INCOME STATEMENT (PER OPERATION)

	THE GROUP		THE COMPANY	
	1.1 - 31.12.2005	**1.1 - 31.12.2004**	**1.1 - 31.12.2005**	**1.1 - 31.12.2004**
Sales Revenue	222.796.934,45	194.626.963,86	36.980.835,86	35.775.815,91
Cost of goods sold	-88.446.212,13	-77.641.874,54	-12.905.798,37	-11.882.386,88
Gross profit	**134.350.722,32**	**116.985.089,32**	**24.075.037,49**	**23.893.429,03**
Other operating income	6.066.792,76	4.200.812,41	4.643.121,97	1.735.242,46
Selling and marketing costs	-61.797.910,10	-50.773.264,46	-10.346.725,55	-9.486.425,95
Administrative expenses	-11.586.965,70	-9.470.922,70	-4.793.128,43	-3.768.089,52
Other expenses	-2.556.704,96	-2.622.250,46	-792.398,81	-1.624.509,97
Finance cost (net)	-3.817.091,44	-1.928.808,29	-3.668.545,90	-4.928.142,03
Share of profit of associates	9.395.738,69	9.810.830,09	9.671.639,04	8.129.382,08
Profit before income tax (EBT)	**70.054.581,57**	**66.201.485,91**	**18.788.999,81**	**13.950.886,10**
Income tax expense	-13.391.086,52	-12.004.215,98	-3.360.297,83	-2.220.029,99
Profit for the year from continuing operations	**56.663.495,05**	**54.197.269,93**	**15.428.701,98**	**11.730.856,11**
Profit for the year	**56.663.495,05**	**54.197.269,93**	**15.428.701,98**	**11.730.856,11**
Attributable to:				
Equity holders of the Company	55.428.778,38	52.503.238,03	15.428.701,98	11.730.856,11
Minority interest	1.234.716,67	1.694.031,90		
	56.663.495,05	**54.197.269,93**	**15.428.701,98**	**11.730.856,11**
Earnings per share for profit from continuing operations attributable to the equity holders of the Company during the year (expressed in € per share)				
Basic	1,68	1,59	0,47	0,36

3. DATA FROM STATEMENT OF CHANGES IN EQUITY FOR THE YEAR (AMOUNTS REPORTED IN EURO)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							MINORITY	
THE GROUP	**Share Capital**	**Share premium**	**Treasury shares**	**Exchange differences**	**Other reserves**	**Retained earnings**	**Total**	**Minority interest**	**Total equity**
Balance at 1 January 2004	9.884.062,50	62.531.731,47	0,00	-20.728.018,30	-70.578.587,26	77.333.882,60	58.443.071,01	2.915.791,47	61.358.862,48
Changes in accounting policies and errors corrections							0,00		0,00
Corrected balance	**9.884.062,50**	**62.531.731,47**	**0,00**	**-20.728.018,30**	**-70.578.587,26**	**77.333.882,60**	**58.443.071,01**	**2.915.791,47**	**61.358.862,48**
Changes in equity 01.01 - 31.12.2004							0,00		0,00
- Currency translation differences				-10.103.629,96		-2.690.038,71	-12.793.668,67		-12.793.668,67
• Transfer to reserves					4.668.550,24	-4.668.550,24	0,00		0,00
- Income tax to and from equity							0,00		0,00
Net income/(expense) recognized directly in equity	**0,00**	**0,00**	**0,00**	**-10.103.629,96**	**4.668.550,24**	**-7.358.588,95**	**-12.793.668,67**		**-12.793.668,67**
- Profit for the year						52.503.238,03	52.503.238,03		52.503.238,03
Total recognized income for 2004	**0,00**	**0,00**	**0,00**	**-10.103.629,96**	**4.668.550,24**	**45.144.649,08**	**39.709.569,36**	**1.694.031,90**	41.403.601,26
- Dividend paid						-6.854.401,50	-6.854.401,50		-6.854.401,50
Balance at 31 December 2004	**9.884.062,50**	**62.531.731,47**	**0,00**	**-30.831.648,26**	**-65.910.037,02**	**115.624.130,18**	**91.298.238,87**	**4.609.823,37**	**95.908.062,24**
							0		
Balance at 1 January 2005	9.884.062,50	62.531.731,47	0,00	-30.831.648,26	-65.910.037,02	115.624.130,18	91.298.238,87	4.609.823,37	95.908.062,24
Changes in accounting policies and errors corrections							0,00		0,00
Corrected balance	**9.884.062,50**	**62.531.731,47**	**0,00**	**-30.831.648,26**	**-65.910.037,02**	**115.624.130,18**	**91.298.238,87**	**4.609.823,37**	**95.908.062,24**
Changes in equity 01.01 - 31.12.2005							0,00		0,00
- Currency translation differences				17.851.638,30			17.851.638,30		17.851.638,30
Change in consolidation method					1.660,89		1.660,89		1.660,89
• Transfer to reserves					1.494.000,00	-1.494.000,00	0,00		0,00
Net income/(expense) recognized directly in equity	**0,00**	**0,00**	**0,00**	**17.851.638,30**	**1.495.660,89**	**-1.494.000,00**	**17.853.299,19**		**17.853.299,19**
- Profit for the year						55.428.778,38	55.428.778,38		55.428.778,38
Total recognized income for 2005	**0,00**	**0,00**	**0,00**	**17.851.638,30**	**1.495.660,89**	**53.934.778,38**	**73.282.077,57**	**1.234.716,67**	**74.516.794,24**
- Dividend paid						-8.452.395,26	-8.452.395,26		-8.452.395,26
Balance at 31 December 2005	**9.884.062,50**	**62.531.731,47**	**0,00**	**-12.980.009,96**	**-64.414.376,13**	**161.106.513,30**	**156.127.921,18**	**5.844.540,04**	**161.972.461,22**

COMPANY	Share Capital	Share premium	Treasury shares	Exchange differences	Other reserves	Retained earnings	Total
Balance at 1 January 2004	9.884.062,50	62.531.731,47	0,00	0,00	17.357.099,57	5.775.735,96	95.548.629,50
Changes in accounting policies and errors corrections							0,00
Corrected balance	**9.884.062,50**	**62.531.731,47**	**0,00**	**0,00**	**17.357.099,57**	**5.775.735,96**	**95.548.629,50**
Changes in equity 01.01 - 31.12.2004							0,00
• Transfer to reserves					2.321.919,27	-2.321.919,27	0,00
Net income/(expense) recognized directly in equity	**0,00**	**0,00**	**0,00**	**0,00**	**2.321.919,27**	**-2.321.919,27**	**0,00**
- Profit for the year						11.730.856,11	11.730.856,11
Total recognized income for 2004	**0,00**	**0,00**	**0,00**	**0,00**	**2.321.919,27**	**9.408.936,84**	**11.730.856,11**
- Dividend paid						-5.930.437,50	-5.930.437,50
Balance at 31 December 2004	**9.884.062,50**	**62.531.731,47**	**0,00**	**0,00**	**19.679.018,84**	**9.254.235,30**	**101.349.048,11**
							0
Balance at 1 January 2005	9.884.062,50	62.531.731,47	0,00	0,00	19.679.018,84	9.254.235,30	101.349.048,11
Changes in accounting policies and errors corrections							0,00
Corrected balance	**9.884.062,50**	**62.531.731,47**	**0,00**	**0,00**	**19.679.018,84**	**9.254.235,30**	**101.349.048,11**
Changes in equity 01.01 - 31.12.2005							0,00
- Currency translation differences							0,00
Change in consolidation method							0,00
• Transfer to reserves							0,00
Net income/(expense) recognized directly in equity	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
- Profit for the year						15.428.701,98	15.428.701,98
Total recognized income for 2005	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**15.428.701,98**	**15.428.701,98**
- Dividend paid						-7.448.312,50	-7.448.312,50
Balance at 31 December 2005	**9.884.062,50**	**62.531.731,47**	**0,00**	**0,00**	**19.679.018,84**	**17.234.624,78**	**109.329.437,59**

4. DATA FROM CASH FLOW STATEMENT
(AMOUNTS REPORTED IN EURO)

IV. CASH FLOW STATEMENT

	THE GROUP		THE COMPANY	
	1.1 - 31.12.2005	**1.1 - 31.12.2004**	**1.1- 31.12.2005**	**1.1 - 31.12.2004**
Cash Flows from Operating Activities				
Net profit before taxes	70.054.581,57	66.201.485,91	18.788.999,81	13.950.886,10
Adjustments in respect of non-cash transactions:				
• Depreciation and Amortization	3.082.378,44	3.392.365,17	949.794,62	982.516,88
• Provisions	1.188.610,09	516.389,20	854.320,94	215.416,00
• Exchange differences				
• Cash Flows from investing activities	-11.528.844,11	-13.060.830,09	-12.083.378,02	-8.132.250,54
• Debit interest and similar expenses	4.724.103,21	5.175.940,72	4.668.063,61	4.433.504,84
Operating profit before adjustments or working capital	**67.520.829,20**	**62.225.350,91**	**13.177.800,96**	**11.450.073,28**
• Increase/(decrease) of Receivables	-27.046.193,90	-18.377.825,74	-5.963.974,89	-1.146.434,22
• Increase/(decrease) of Inventories	-21.232.011,83	-9.512.471,48	-2.703.139,87	2.755.388,29
• Increase/(decrease) of payable accounts (except banks)	2.119.552,44	-5.451.348,74	1.449.684,59	-6.240.852,40
Cash generated from operations	**21.362.175,91**	**28.883.704,95**	**5.960.370,79**	**6.818.174,95**
Interest paid	-5.148.235,89	-5.462.893,07	-4.950.020,20	-4.641.545,26
Income tax paid	-11.332.373,00	-10.028.849,01	-1.950.571,40	-991.294,75
Net cash generated from Operating Activities	***4.881.567,02***	***13.391.962,87***	***-940.220,81***	***1.185.334,94***
Cash Flows from Investing Activities				
Acquisition of subsidiary	0,00	0,00	-1.772.539,39	-1.555.512,00
Purchases of property, plant and equipment (PPE)	-10.272.671,44	-12.238.235,89	-1.982.571,72	-11.845.985,40
Proceeds from sale of PPE	95.690,76	766.642,72	12.007,22	682.642,72
Interest received	1.067.177,09	300.649,07	925.001,00	221.737,14
Dividends received	9.164.303,46	7.800.000,00	9.735.942,50	8.128.542,08
Net Cash generated from Investing Activities	***54.499,87***	***-3.370.944,10***	***6.917.839,61***	***-4.368.575,46***
Cash Flows from Financing Activities				
Proceeds from issuance of ordinary shares				
Purchase of treasury shares				
Proceeds from borrowings	1.010.172,79	7.122.287,74	0,00	9.301.367,57
Repayments of borrowings	0,00	0,00	-27.604,87	
Dividends paid	-8.069.321,96	-4.304.785,55	-7.211.863,40	-4.304.785,55
Net cash generated from Financing Activities	***-7.059.149,17***	***2.817.502,19***	***-7.239.468,27***	***4.996.582,02***
Net increase/(decrease) in cash and cash equivalents	**-2.123.082,28**	**12.838.520,96**	**-1.261.849,47**	**1.813.341,50**
Cash and cash equivalents at beginning of the year	33.723.558,93	23.524.369,13	14.509.511,69	12.696.170,19
Exchange gains/(losses) on cash and cash equivalents	2.291.692,98	-2.639.331,16		
Cash and cash equivalents at end of the year	**33.892.169,63**	**33.723.558,93**	**13.247.662,22**	**14.509.511,69**

5. NOTES TO THE CONSOLIDATED AND PARENT'S SEPARATE FINANCIAL STATEMENTS

1. General information

FOLLI – FOLLIE S.A. ("the Company") with distinctive title "FOLLI FOLLIE" and its subsidiaries (together "the Group") is engaged in the sector of silver and gold products, in particular manufactures jewellery and watches from precious and semi-precious metals and stones as also in the sector of accessories. In the object of the Company as stated in the Articles of Association is included the distribution of the aforementioned products by retail and wholesale in the domestic and international market.

The address of the Company's registered office is 23 Km Athens – Lamia National Road, Ag. Stefanos, Attica, its web-site is www.follifollie.com and it has its primary listing on the Athens Stock Exchange since 1997.

Folli Follie following its listing on the Athens Stock Exchange and the increase of the share capital that arose, extended its development abroad, thus placing the foundation of its multinational character. Nowadays, Folli Follie is active in 22 countries, has over 295 points of sale, collaborates with 19 airline companies and continues to develop its activities in new strategically important markets around the world while strengthening its presence in existing ones.

The consolidated financial statements, which are presented, refer to Folli Follie S.A. and the subsidiaries of the Group.

These financial statements have been approved for issue by the Board of Directors on 15 March 2006.

The Structure of the Group Folli Follie has as follows:

COMPANY NAME	REGISTERED OFFICE	SHAREHOLDING %	
FOLLI FOLLIE S.A.	ATHENS	PARENT	
FOLLI FOLLIE HONG KONG LTD	HONG KONG	99,99%	Subsidiary
FOLLI FOLLIE UK LTD	LONDON	99,99%	“
FOLLI FOLLIE FRANCE SA	PARIS	99,94%	“
FOLLI FOLLIE SPAIN SA	MADRID	100%	“
FOLLI FOLLIE CZECH SRO	PRAGUE	100%	“
FOLLI FOLLIE POLAND SZOO	WARSAW	100%	“
FOLLI FOLLIE SLOVAKIA SRO	BRATISLAVA	100%	“
FOLLI FOLLIE GERMANY Gmbh	TRAOUNSTAIN	100%	“
FOLLI FOLLIE JAPAN LTD	TOKYO	40%	“
FOLLI FOLLIE ASIA LTD	HONG KONG	99,99%	“
FOLLI FOLLIE TAIWAN LTD	TAIPEI	99,99%	“
FOLLKOR (KOREA) LTD	SEOUL	99,99%	“
BLUEFOL SINGAPORE LTD	SINGAPORE	99,99%	“
BLUEFOL GUAM LTD	GUAM	99,99%	“
BLUEFOL HAWAII LTD	HAWAII	99,99%	“
BLUEFOL HONG KONG LTD	HONG KONG	99,99%	“
FOLLI FOLLIE MALAYSIA LTD	KUALA LUMPUR	99,99%	“
BLUEFOL THAILAND LTD	BANGKOK	99,99%	“
MFK FASHION INV LTD.	LIMASSOL	100%	“
HELLENIC DUTY FREE SHOPS	ATHENS	24,68%	Associate

2. Summary of significant accounting policies applied by the Group

2.1. Basis of preparation

These consolidated and parent's separate financial statements of FOLLI FOLLIE S.A. at 31 December 2005 have been prepared under:

- The historical cost convention
- The going concern basis
- The accrual basis of accounting
- The consistency and relevance of presentation
- The materiality of data

and are in accordance with the International Financial Reporting Standards (IFRS) as these have been published by the International Accounting Standards Board (IASB), as well as their interpretations, as published by the International Financial Reporting Interpretations Committee (I.F.R.I.C.) of the IASB and which have been adopted by the European Union by the regulation Number 1606/2002 of the European Union as of 31 December 2005.

These financial statements are prepared under IFRS 1 "First-time Adoption of International Financial Reporting Standards", because they are the first financial statements prepared and published in accordance with IFRS (year 2005). The date of transition of the Group to the new standards, according to IFRS 1 is 1 January 2004.

The accounting policies mentioned below, have been applied with consistency for all the periods presented.

The financial statements of FOLLI FOLLIE S.A. have been prepared according to the accounting principles of the Uniform Greek General Chart of Accounts (GGCA) up to the year ended 31 December 2004. The principles of the GGCA differ in some areas from IFRS. The comparative figures in respect of 2004 were restated according to the adopted for the IFRS accounting policies and accounting estimates.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions in the process of applying the company's accounting policies.

2.2. Consolidation – Measurement of subsidiary and associate companies

(a) Subsidiaries

Subsidiaries are all entities over which the Parent company has the power to govern. Subsidiaries are fully consolidated (full consolidation) from the date on which control is transferred to the Group and are de-consolidated from the date on which control ceases. In the case of Folli Follie, as it arises also from the table set out above, the subsidiaries are fully consolidated by the full consolidation method.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains of transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed were necessary to ensure consistency with the policies adopted by the Group.

The investments in subsidiaries in the parent's separate Balance Sheet are measured at acquisition cost net of any accumulated impairment loss.

The application of the policy to business combinations that occurred before the date of transition to IFRSs, is covered by 10 optional exceptions based on IFRS 1. In particular, based on circumstance i, goodwill recognised directly as a deduction from equity, under previous GAAP shall not be recognised and restated in the income statement the disposal of all the entity or part of it with which is related goodwill or if the investment in the subsidiary becomes impaired. This was applied by the company during the first preparation of the consolidated financial statements in accordance with IFRS.

(b) Associates

In the associate Hellenic Duty Free Shops AE, the Group Folli Follie as at 31.12.2005 has significant influence but not control, of a shareholding of 24,68% of the voting rights. It is noted that the Company in July 2005 acquired the remaining 60% of the company MFK FASHION INV. L.T.D. Thus, its financial data is included in the consolidated financial statements by the full consolidation method. Investments in associates are accounted for by Folli Follie, by the equity method of accounting.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3. Segment reporting

Primary reporting format – Geographical segments

The registered office of the Group is in Greece. The segments are mainly the points of sales of inventories and services. The presentation is based on where the assets are located.

Amounts in thousands Euro	***Greece***		***Europe***		***Japan***		***Other Asian markets***		***Consolidated items***	
	31/12/2005	***31/12/2004***	***31/12/2005***	***31/12/2004***	***31/12/2005***	***31/12/2004***	***31/12/2005***	***31/12/2004***	***31/12/2005***	***31/12/2004***
"Net" sales abroad	25.824	25.723	11.632	14.750	50.578	43.165	134.763	110.989	222.797	194.627
Operating profit/Segment result	18.858	18.737	5.624	7.232	35.614	28.049	74.255	62.967	134.351	116.985
Unallocated expenses									-69.874	-58.666
Operating result									64.477	58.319
Finance costs									-3.818	-1.929
Share of profit of associates	9.396	9.811							9.396	9.811
Profit for the year									70.055	66.201
	31/12/2005	***31/12/2004***	***31/12/2005***	***31/12/2004***	***31/12/2005***	***31/12/2004***	***31/12/2005***	***31/12/2004***	***31/12/2005***	***31/12/2004***
Assets	75.948	68.924	16.844	17.087	27.524	27.316	171.919	103.473	292.235	216.800
Investments in associates	40.395	40.296							40.395	40.296
Unallocated Assets									2.661	2.213
Total Consolidation									335.291	259.309
Liabilities	134.023	131.842	4.043	2.349	14.811	15.717	10.913	8.162	163.790	158.070
Unallocated Assets									9.529	5.331
Total Consolidation									173.319	163.401
Capital expenditure	2.021	12.204	-107	713	691	186	7.668	689	10.273	13.792
Depreciation	950	982	561	756	885	928	686	726	3.082	3.392

2.4. Foreign currency translation

(a) <u>Functional and presentation currency</u>

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euros, which is the Company's functional and presentation currency.

(b) <u>Transactions and balances</u>

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-momentary financial assets and liabilities measured at fair value, are reported as part of the fair value and therefore recognised as also the differences of the fair value.

(c) <u>Group companies</u>

The financial statements of all the Group companies, that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Equity is translated at the exchange rates ruling at the date it is incurred.
- Income and expenses are translated at average exchange rates of the period.

All resulting exchange differences are recognised as a separate component of equity and transferred to the income statement recognised as part of the gain or loss on sale when a foreign operation is sold.

2.5. Property, plant and equipment

a) Property, plant and equipment is stated at historical cost less subsequent depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to

the income statement during the financial period in which they are incurred. Installations on third parties' property (establishment of stores) are depreciated over the estimated term of the lease.
Land is not depreciated. Depreciation on other assets is calculated using the straight-line method over their estimated useful lives, as follows:

- Buildings (privately owned)	50	Years
- Electro-Mechanical etc. Installations on privately owned buildings	25	«
- Installations on third parties' property	8-12	«
- Mechanical equipment	6,67-9,09	«
- Motor vehicles	6,67-9,09	«
- Other equipment	6,67	«

Residual values are recognised only on privately owned buildings.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

b) Investments in Property
All investments in property are measured at fair value. According to this method the investments, at each closing balance sheet date, are measured at their fair value and the differences from the cost or the previous measurement is recognised in the income statement.

2.6. Intangible assets

(a) <u>Intangible Market Value of Retail Stores</u>

The Intangible market Value of the Company's retail stores is measured at cost less depreciation. Depreciation is performed based on the lease term of the stores, which is 8 to 12 years.

(b) <u>Computer software</u>

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives, which in the case of Folli Follie is estimated depending on the application of each software and is from 4 to 7 years approximately.

2.7. Impairment of non-financial assets

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognised as expenditure in the income statement when incurred.

2.8. Financial Assets

(a) Loans and receivables

Trade receivables

Trade receivables are recognised initially at fair value which agrees with their nominal value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due, according to the original terms of receivables. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group’s management has the positive intention and ability to hold to maturity.

(c) Financial assets at fair value through profit or loss

Folli Follie classifies its financial assets in this category that are acquired principally for the purpose of selling in the short term including also derivatives. Purchases and sales of investments are initially recognised at fair value and on trade-date. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. The fair value of quoted financial assets are based on current bid prices.

2.9. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost formula. The cost in progress comprises the cost of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, current and time deposits, as formed at the closing of the period from the company and the Group.

2.11. Share capital

The shares of Folli Follie are ordinary registered shares which are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.
Where any Group company purchases the Company's equity share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.12. Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and

calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues of the parent company, based on estimates of whether additional taxes will be due. The difference is carried to the income statement in the period in which such determination is made.
For subsidiary companies of the group, the determination of additional taxes is difficult. Therefore, such tax charges will be carried to the income statement for the period in which such determination is made.

2.13. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

2.14. Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.
Deferred income tax is determined using tax rates (and laws) that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.15. Employee benefits

(a) Short - term employee benefits

Short - term employee benefits towards the employees in money and in kind, are recognised as an expense when accrued.

(b) Post - employment benefits

Post - employment benefit schemes comprise both defined contribution plans (Government pension insurance) and defined benefit plans (lump sum benefit paid to employee on retirement dependent on years of service that is imposed by the L. 2112/20). Accrued cost of defined contribution plans is recognised as an expense over the vesting period.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. According to this method, the defined benefit obligations that relate to past - service at the date of value determination are accounted for separately from the expected benefits at the year after the date of value determination (employees remaining in service for a specific period of time). The most significant assumptions that were used at the two as above dates are as follows:

Date of value determination	Discount interest rate	Inflation	Future salary increases
31/12/2005	4,0%	2,5%	3,0%
31/12/2004	4,5%	2,5%	3,0%

2.16. Provisions

Provisions are recognised when:

a) There is a present legal or constructive obligation as a result of past events,

b) It is more likely than not that an outflow of resources will be required to settle the obligation and,

c) The required amount has been reliably estimated.

2.17. Government grants

No grants were received during the current year.

2.18. Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value - added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(a) Sales of goods

Sales of goods are recognised when the Company has delivered products to the customer; the customer has accepted the products; and collectibility of the related receivables is reasonably assured. The sales of goods – wholesale are mainly carried out on credit.

(b) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided by Folli Follie, as a proportion of the total services to be provided.

(c) Interest income

Interest income is recognised on a time - proportion basis using the effective interest method.

(d) Income from Rent

Income from rent is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established, that is when approved by the body entitled to pay them out (General Meeting).

2.19. Leases

(a) Operating leases

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(b) Finance leases

Finance leases are treated as hire purchase contracts, as a consequence the leased assets to be disclosed as assets of the Group (and to be depreciated), with respective recognition of the finance liability to the lessor or lessors. The finance cost is carried to the Income Statement as an expense, when accrued.

2.20. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the parent's separate financial statements and in the consolidated financial statements in the period in which the dividends are approved by the General Meeting of the company's Shareholders.

2.21. New accounting standards and IFRIC interpretations

The International Accounting Standards Board (IASB) as well as the International Financial Reporting Interpretations Committee (IFRIC) has already published a series of new accounting standards that interpretations, which are not included in the "IFRS Stable Platform 2005". The IFRS and the IFRIC are mandatory for accounting periods beginning on 1 January 2006. The Group's assessment of the impact of these new standards and interpretations is set out below:

- **IFRS 6, Exploration for and Evaluation of Mineral Resources**
  The Group does not have any exploration and evaluation assets. This standard will not affect the Group's financial statements.
- **IFRIC 3, Emission Rights**
  Not applicable to the Group and will not affect the Group's financial statements.
- **IFRIC 4, Determining whether an Asset contains a Lease**
  Not applicable to the Group and will not affect the Group's financial statements.
- **IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds**
  Not applicable to the Group and will not affect the Group's financial statements.
- **IFRIC 6, Liabilities arising from Participating in a Specific Market: Waste Electrical and Electronic Equipment**
  Not applicable to the Group and will not affect the Group's financial statements.
- **IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies**
  Not applicable to the Group and will not affect the Group's financial statements.
- **IFRIC 8, Scope of IFRS 2**
  Not applicable to the Group and will not affect the Group's financial statements.

2.22. Contingencies

The Group has no contingent assets and contingent liabilities.

3. Financial risk management

3.1. Financial risk factors

(a) Credit risk

The Group has no significant concentrations of credit risk since the wholesale sales of products are made to customers with an appropriate credit history, as they are airports, department stores, large airline companies and also selected new customers from which the Group receives guarantee letters for security. Thus, the credit risk is at low levels.

(b) Liquidity risk

The Group has no liquidity risk, due to the availability of significant cash and cash equivalents and sufficient credit lines.

(c) Cash flow and fair value interest rate risk

The Group has interest-bearing assets due to placing its cash and cash equivalents at bank time deposit accounts, of zero risk, at an interest rate fixed in advance, the floating of which is not significant as such to rise a cash flow and fair value interest rate risk.

The Group's interest-rate risk arises from long-term borrowings. Group policy was to maintain the total of its borrowings at floating interest rate (euribor). The department managing the cash and cash equivalents of the group with continuous following of the course of the interest rates (euribor) from the contracting of the long-term borrowings up until today, aiming to continue the best management of this risk proceeded, before the 1st upward change of the interest rate (euribor), into an Interest Rate Swap contract for a significant part of its long-term borrowings.

(d) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising primarily with respect to the US dollar. The management's object is to hedge the risk balancing the group's receivables and liabilities per currency. The Group buys and sells foreign exchange in advance.

4. Transition to IFRS

4.1. Basis of transition to IFRS

4.1.1 Application of IFRS 1

The Company’s and the Group’s financial statements for the year ended 31 December 2005 are the first annual financial statements that comply with IFRS. These financial statements have been prepared as described in Note 2.1 The Group has applied IFRS 1. The reporting date of these financial statements is 31 December 2005. The IFRS adoption date is 1 January 2005. In preparing these financial statements, the Group has applied certain of the optional exemptions from full retrospective application of IFRS.

4.1.2 Consistency of estimates under Greek GAAP and IFRS

The estimates under IFRSs, as of 01.01.2004 are consistent with the estimates made for the same date under Greek GAAP, with the exception of the cases where there is evidence that those estimates were in error. Such is the case of the assets’ useful lives, which under previous GAAP were based on tax provisions.

4.2. Reconciliations between IFRS and Greek GAAP

The following reconciliations provide an overview of the impact on equity of the transition to IFRS.

TABLE OF ADJUSTMENTS OF THE PERIOD OPENING NET EQUITY (01.01.2005 AND 01.01.2004 RESPECTIVELY) BETWEEN THE GENERAL ACCOUNTING POLICIES EFFECTIVE UNTIL THE 1st ADOPTION AND THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

AMOUNTS REPORTED IN EURO

	THE GROUP		THE COMPANY	
	1/1/2005	**1/1/2004**	**1/1/2005**	**1/1/2004**
Total equity under local GAAP (as at 1/1/2005 and 1/1/2004 respectively)	92.120.942,19	61.885.803,23	94.906.710,84	91.772.149,06
Set - up provision for employee benefits	-321.714,06	-1.251.091,88	119.536,85	126.912,00
Recognition of deferred tax assets	872.708,98	1.613.828,64	402.737,38	932.575,37
Effect due to useful life used for PPE's depreciation and restatement of their revalue cost to historical cost	-8.449,86	-119.692,48	97.219,06	61.664,92
Effect due to recognition of Leasing	75.330,17	5.280,31	343.115,57	225.075,95
Write-off of amortisable expenses	-1.163.973,13	-2.251.783,77	-877.796,54	-2.167.231,63
Postpone of recognition of paid dividends to the time of their approval by the G.M.	7.248.312,50	5.930.437,50	7.248.312,50	5.930.437,50
Adjustment in deferred charges	-290.755,17	-89.532,38	-275.000,00	-330.000,00
Other adjustments	-306.480,38	35.986,09	260.948,33	-16.141,23
Settlement of provisions taken to equity	-959.168,39	-958.711,64	-720.567,88	-674.476,44
Provision for tax differences	-156.168,00	-312.336,00	-156.168,00	-312.336,00
Recognition of differences due to the consolidation of subsidiary-associate companies	-1.202.522,56	-3.129.325,14	0,00	0,00
Total Equity under IFRS (as at 1.1.2005 and 1.1.2004 respectively)	95.908.062,29	61.358.862,48	101.349.048,11	95.548.629,50

TABLE OF ADJUSTMENTS OF THE RESULTS FOR THE PERIOD 1/1/2004 – 31/12/2004 BETWEEN THE GREEK ACCOUNTING POLICIES (LOCAL GAAP) AND THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

AMOUNTS REPORTED IN EURO

	THE GROUP	**THE COMPANY**
	31/12/2004	**31/12/2004**
Net results after taxes 1/1 – 31/12/2004 under local GAAP	53.616.851,61	11.336.320,05
Set-up provision for employee benefits	465.484,15	-7.375,15
Recognition of deferred tax assets	-231.958,26	-529.837,99
Effect due to useful life used for PPE's depreciation	181.540,19	148.396,45
Effect due to recognition of Leasing	28.019,94	47.211,48
Reversal of amortizable expenses written-off in 2003	1.607.028,02	1.374.180,85
Recognition of differences from adjustments of company consolidated by "Equity method"	-204.690,80	0,00
Adjustment in deferred charges	-189.992,51	55.000,00
Transfer of loss from measurement of securities from Equity to the Results for the period	-463.674,54	-463.674,54
Other adjustments	-409.078,43	-27.105,60
Provision for doubtful receivables	-46.091,44	-46.091,44
Provision for tax differences	-156.168,00	-156.168,00
Net results after taxes 1/1 – 31/12/2004 under IFRS	54.197.269,93	11.730.856,11

5. Property, plant and equipment

The Group

	Land	Buildings & Building Installations	Plant & Machinery	Vehicles	Furniture, fittings & equipment	PPE in course of construction	Total
01.01.2004							
Cost	2.517.373,59	14.154.632,05	1.682.425,66	495.094,40	7.382.639,93	5.180.071,26	31.412.236,89
Additions	1.992.513,33	6.558.686,24	120.719,49	240.301,45	937.086,20	3.783.444,55	13.632.751,26
Disposals	0,00	93.041,02	27.131,50	113.009,85	521.186,70	0,00	754.369,07
Settlement between Assets	0,00	8.485.031,08	0,00	0,00	0,00	-8.963.515,81	-478.484,73
Balance 31.12.04	**4.509.886,92**	**29.105.308,35**	**1.776.013,65**	**622.386,00**	**7.798.539,43**	**0,00**	**43.812.134,35**
Accumulated depreciation							
Balance 01.01.2004	0,00	1.609.517,97	1.001.218,17	230.484,36	3.784.362,89	0,00	6.625.583,39
Depreciation charge	0,00	1.130.669,50	175.047,16	71.091,20	1.348.219,76	0,00	2.725.027,62
Decrease of Depreciation	0,00	61.529,37	25.182,65	17.555,83	569.454,50	0,00	673.722,35
Balance 31.12.04	**0,00**	**2.678.658,10**	**1.151.082,68**	**284.019,73**	**4.563.128,15**	**0,00**	**8.676.888,66**
Exchange differences	**0,00**	**-983.628,45**	**371,60**	**-10.221,22**	**-11.509,09**	**0,00**	**-1.004.987,16**
Net book amount 31.12.2004	**4.509.886,92**	**25.443.021,80**	**625.302,57**	**328.145,05**	**3.223.902,19**	**0,00**	**34.130.258,53**
01.01 – 31.12.2005							
Additions	7.895.819,22	3.248.557,06	12.975,76	0,00	1.006.535,45	33.599,64	12.197.487,13
Disposals	0,00	583.551,38	0,00	0,00	366.574,54	0,00	950.125,92
Depreciation charge	0,00	966.603,08	158.158,20	73.083,48	1.382.008,72	0,00	2.579.853,48
Decrease of depreciation	0,00	489.785,24	0,00	0,00	353.797,57	0,00	843.582,81
Exchange differences	207.241,95	311.231,42	1.789,25	15.079,77	471.067,23	1.813,04	1.008.222,66
Net book amount 31.12.2005	**12.612.948,09**	**27.942.441,06**	**481.909,38**	**270.141,34**	**3.306.719,18**	**35.412,68**	**44.649.571,73**

The Company

	Land	Buildings & Building Installations	Plant & Machinery	Vehicles	Furniture, fittings & equipment	PPE in course of construction	Total
01.01.2004							
Cost	2.517.373,59	9.886.493,45	1.500.935,38	475.114,42	3.286.461,54	5.180.071,26	22.846.449,64
Additions	1.992.513,33	6.146.101,83	102.759,51	0,00	161.634,40	3.783.444,55	12.186.453,62
Disposals	0,00	0,00	24.831,30	0,00	444.664,72		469.496,02
Settlement between Assets	0,00	8.485.031,08	0,00	0,00	0,05	-8.963.515,81	-478.484,68
Balance 31.12.04	**4.509.886,92**	**24.517.626,36**	**1.578.863,59**	**475.114,42**	**3.003.431,27**	**0,00**	**34.084.922,56**
Accumulated depreciation							
Balance 01.01.2004	0,00	522.139,24	940.411,53	222.196,91	2.002.219,63	0,00	3.686.967,31
Depreciation charge	0,00	347.480,38	124.799,65	47.038,38	332.646,56	0,00	851.964,97
Decrease of Depreciation	0,00	0,00	23.938,66	0,00	441.482,31	0,00	465.420,97
Balance 31.12.04	**0,00**	**869.619,62**	**1.041.272,52**	**269.235,29**	**1.893.383,88**	**0,00**	**4.073.511,31**
Net book amount 31.12.2004	**4.509.886,92**	**23.648.006,74**	**537.591,07**	**205.879,13**	**1.110.047,39**	**0,00**	**30.011.411,25**
01.01 – 31.12.2005							
Additions	4.055.157,82	-1.030.346,53	7.420,00	0,00	329.926,12	0,00	3.362.157,41
Disposals	0,00	0,00	0,00	0,00	11.694,51	0,00	11.694,51
Depreciation charge	0,00	383.824,62	113.108,69	38.795,35	281.879,32	0,00	817.607,98
Decrease of depreciation	0,00	0,00	0,00	0,00	11.694,22	0,00	11.694,22
Net book amount 31.12.2005	**8.565.044,74**	**22.233.835,59**	**431.902,38**	**167.083,78**	**1.158.093,90**	**0,00**	**32.555.960,39**

6. Intangible Assets

	THE GROUP	THE COMPANY
	Amortisable expenses	Amortisable expenses
01.01.2004		
Cost	9.564.193,80	1.381.102,75
Additions	158.910,79	17.936,44
Disposals	101.100,23	0,00
Balance 31.12.04	**9.622.004,36**	**1.399.039,19**
Accumulated amortisation		
Balance 01.01.2004	2.063.745,00	395.164,46
Amortisation charge	667.337,55	130.551,91
Decrease of amortisation	0,00	0,00
Balance 31.12.04	**2.731.082,55**	**525.716,37**
Exchange differences	**-2.048.233,23**	**0,00**
Net book amount 31.12.2004	**4.842.688,58**	**873.322,82**
01.01 – 31.12.2005		
Additions	-529.792,28	9.306,26
Disposals	89.727,53	0,00
Amortisation charge	207.795,96	132.186,64
Decrease of amortisation	99.033,79	0,00
Exchange differences	70.683,10	0,00
Net book amount 31.12.2005	**4.185.089,70**	**750.442,44**

7. Inventories

	The Group		**The Company**	
	31.12.2005	**31.12.2004**	**31.12.2005**	**31.12.2004**
Products-Merchandise-Raw materials & Packing items	72.258.888,21	46.715.326,33	14.634.365,54	11.931.225,67
Provisions for impairment of inventories	500.000,00	-	500.000,00	-
	71.758.888,21	**46.715.326,33**	**14.134.365,54**	**11.931.225,67**

8. Trade receivables

	The Group		The Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Trade receivables	**121.290.148,36**	**82.543.791,12**	**18.872.475,88**	**12.872.890,96**

9. Other receivables

	The Group		The Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Participations in related parties	0,00	0,00	41.300.601,74	39.528.062,35
Participations in associates	40.395.445,88	40.296.399,36	118.204.900,21	118.204.900,21
Other long-term receivables	6.838.204,67	7.376.012,55	419.574,43	230.891,87
Receivables from deferred taxes	2.660.750,50	2.708.904,28	703.225,42	889.063,28
Sundry debtors	3.097.109,80	3.767.668,48	1.176.636,85	220.260,98
Marketable securities	2.921.508,63	2.764.756,74	2.921.508,63	2.764.756,74
Other receivables	3.102.468,78	935.170,03	1.219.314,48	2.252.799,33
	59.015.488,26	**57.848.911,44**	**165.945.761,76**	**164.090.734,76**

10. Cash and cash equivalents

	The Group		The Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Cash in hand	885.869,82	640.747,62	362.228,45	213.854,70
Current and time deposits	33.006.299,81	33.082.811,31	12.885.433,77	14.295.656,99
	33.892.169,63	**33.723.558,93**	**13.247.662,22**	**14.509.511,69**

11. Share capital and share premium

	Number of shares	Ordinary shares	Authorised capital	Share premium	Treasury shares	Total
1st January 2004	32.946.875	32.946.875	9.884.062,50	62.531.731,47	0	72.415.793,97
31st December 2004	32.946.875	32.946.875	9.884.062,50	62.531.731,47	0	72.415.793,97
31st December 2005	32.946.875	32.946.875	9.884.062,50	62.531.731,47	0	72.415.793,97

The total authorized number of ordinary shares is 32.946.875 million shares with a par value of € 0,30 per share. All issued shares are fully paid.

12. Retained earnings and other reserves

	The Group		The Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Profit carried forward	161.106.539,24	115.624.130,22	17.234.624,78	9.254.235,30
Reserves	24.513.525,66	23.017.890,72	19.679.018,84	19.679.018,84
Consolidation differences according to previous Accounting Standards	-88.927.927,74	-88.927.927,74	-	-
Consolidated exchange differences	**-12.980.009,96**	**-30.831.648,26**	-	-
Third party rights	**5.844.540,04**	**4.609.823,37**	-	-
	89.556.667,24	**23.492.268,31**	**36.913.643,62**	**28.933.254,14**

13. Non-current liabilities

	The Group		The Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Provision for employee benefits	3.356.944,74	3.068.805,44	540.126,00	482.542,29
Guarantees for rent	**240.683,52**	**230.269,50**	**240.683,52**	**230.269,50**
Provision for taxes for un-audited Years	-	156.168,00	-	156.168,00
Debenture Loan	1.526.282,82	2.118.690,96	-	-
Other – Liabilities for Leasing	1.258.720,49	1.036.935,24	359.983,10	450.436,29
Deferred income tax liability	**1.047.943,78**	**495.035,15**	1.035.080,14	486.325,90
Other provisions	**1.029.191,60**	-	**97.606,20**	-
	8.459.766,95	**7.105.904,29**	**2.273.478,96**	**1.805.741.98**

14. Trade and other payables

	The Group		The Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Trade payables	15.829.100,60	13.252.975,46	3.487.817,55	2.203.405,10
Taxes – duties	5.855.424,27	6.722.129,18	1.873.784,69	1.228.943,29
Dividends payable	2.962.674,96	2.926.225,86	2.962.674,96	2.926.225,86
Other payables	9.364.877,80	8.501.515,08	1.066.019,95	384.673,41
Provision for taxes for un-audited years	150.000,00	-	150.000,00	-
	34.162.077,63	**31.402.845,58**	**9.540.297,15**	**6.743.247,66**

15. Liabilities to Banks

	The Group		The Company	
	31.12.2005	**31.12.2004**	**31.12.2005**	**31.12.2004**
Non-current liabilities	125.149.592,17	120.135.587,74	119.499.958,91	119.499.958,95
Current liabilities	5.047.457,92	5.252.135,03	4.863.495,62	4.891.100,49
	130.197.050,09	**125.387.722,77**	**124.363.454,53**	**124.391.059,44**

16. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The offset amounts are as follows:

COMPANY	**31.12.2005**	**31.12.2004**
Deferred tax assets:		
To be recovered after more than 12 months	605.769,66	797.709,92
To be recovered within 12 months	97.455,76	91.353,36
	703.225,42	889.063,28
Deferred tax liabilities:		
To be recovered after more than 12 months	978.631,12	483.908,05
To be recovered within 12 months	56.449,01	2.417,85
	1.035.080,13	486.325,90

The movement in deferred tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	**Intangible assets**	**Provisions**	**Other**	**Total**
Balance 1/1/2004	887.269,83	274.403,61	0,00	1.161.673,44
Movement year 2004 (Results)	-280.888,88	6.026,11	2.252,61	-272.610,16
Balance 31/12/2004	606.380,95	280.429,72	2.252,61	889.063,28
Movement period 2005 (Results)	-381.181,30	197.596,05	-2.252,61	-185.837,87
Balance 31/12/2005	225.199,66	478.025,77	0,00	703.225,42

	Tangible assets	Finance leases	Total
Deferred tax liabilities			
Balance 1/1/2004	213.577,25	15.520,82	229.098,07
Movement year 2004 (Results)	233.488,58	23.739,25	257.227,83
Balance 31/12/2004	447.065,83	39.260,07	486.325,90
Movement period 2005 (Results)	518.855,47	29.898,76	548.754,23
Balance 31/12/2005	965.921,30	69.158,83	1.035.080,13

GROUP	**31.12.2005**	**31.12.2004**
Deferred tax assets:		
To be recovered after more than 12 months	1.985.331,71	1.964.861,32
To be recovered within 12 months	675.418,79	744.042,96
	2.660.750,50	2.708.904,28
Deferred tax liabilities:		
To be recovered after more than 12 months	980.887,48	483.908,05
To be recovered within 12 months	67.056,30	11.127,10
	1.047.943,78	495.035,15

The movement in deferred tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets

	Intangible assets	Tangible assets	Provisions	Finance leases-Other	Total
Balance 1/1/2004	898.493,91	91.839,31	1.414.516,98	235.563,56	2.640.413,76
Movement year 2004 (Results)	-279.837,46	38.437,64	151.415,64	121.560,84	31.576,66
Exchange differences year 2004	-364,02	44.768,71	149,06	-7.639,89	36.913,86
Balance 31/12/2004	618.292,43	175.045,66	1.566.081,68	349.484,51	2.708.904,28
Movement period 2005 (Results)	-375.168,23	62.634,25	218.642,95	12.026,14	-81.864,89
Exchange differences period 2005	8.443,59	1.688,70	20.201,38	3.377,44	33.711,11
Balance 31/12/2005	251.567,79	239.368,61	1.804.926,01	364.888,09	2.660.750,50

Deferred tax liabilities

	Tangible assets	Finance leases	Total
Balance 1/1/2004	214.299,09	15.520,82	229.819,91
Movement year 2004 (Results)	239.795,67	23.739,25	263.534,92
Exchange differences year 2004	1.680,32	0,00	1.680,32
Balance 31/12/2004	455.775,08	39.260,07	495.035,15
Movement period 2005 (Results)	520.348,46	29.898,76	550.247,22
Exchange differences period 2005	2.661,41	0,00	2.661,41
Balance 31/12/2005	978.784,95	69.158,83	1.047.943,78

17. Retirement benefit obligations (L. 2112/20)

Based on the provisions of L. 2112/20 the company is obliged to pay to the retired employees a lump sum multiple amount of the monthly salary at the time of retirement (determined by the Law), on the basis of the years of service. These benefits were determined by an independent actuary. The main actuarial assumptions used are as follows:

	2005	2004
Discount interest rate (%)	4,0%	4,5%
Future salary increases	3,0%	3,0%

The movement of the account from 01.01.2004 to 31.12.2005 had as follows:

	The Group	The Company
Balance of obligations at 01.01.2004	**2.692.562,41**	**423.295,00**
Expense charged to period 2004	**388.036,67**	**76.920,00**
Paid compensation 2004 & Other Movements-Exchange Differences	-11.793,64	-17.672,71
Balance of obligation at 31.12.2004	3.068.805,44	482.542,29
Expense charged to period 01.01.-31.12.2005	**536.903,35**	**100.972,00**
Paid compensation period & Other Movements-Exchange Differences	-248.764,05	-43.388,29
Balance of obligation at 31.12.2005	3.356.944,74	540.126,00

18. Operating results

	The Group		The Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Sales Revenue				
Income from Sales of Inventories	222.796.934,45	194.626.963,86	31.927.427,16	30.611.077,33
Income from Sales of services	-	-	5.053.408,70	5.164.738,58
Total	**222.796.934,45**	**194.626.963,86**	**36.980.835,86**	**35.775.815,91**
Other income	**6.066.792,76**	4.200.812,41	4.643.121,97	1.735.242,46
Grand Total	**228.863.727,21**	**198.827.776,27**	**41.623.957,83**	**37.511.058,37**
Expenses				
Administrative expenses	11.586.965,70	9.470.922,70	4.793.128,43	3.768.089,52
Selling and marketing costs	**61.797.910,10**	**50.773.264,46**	**10.346.725,55**	**9.486.425,95**
Other	2.556.704,96	2.622.250,46	792.398,81	1.624.509,97
Total	**75.941.580,76**	**62.866.437,62**	**15.932.252,79**	**14.879.025,44**
Analysis of Significant Expenses				
Employer's Cost	26.481.654,17	25.639.286,69	7.553.322,95	6.671.101,92
Rent	**8.648.879,06**	**8.299.037,76**	**1.263.576,56**	**1.255.658,62**
Advertising Expenses	7.521.354,35	**9.409.613,96**	2.109.500,58	1.558.452,19
Depreciation	**3.082.378,44**	**3.392.365,17**	**949.794,32**	**982.516,88**
Total	**45.734.266,02**	**46.740.303,58**	**11.876.194,41**	**10.467.729,61**

19. Income tax expense

	The Group		The Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Current tax for the period	12.771.690,10	11.772.257,72	2.625.705,73	1.690.192,00
Deferred tax	619.396,42	231.958,26	734.592,10	529.837,99
	13.391.086,52	**12.004.215,98**	**3.360.297,83**	**2.220.029,99**

20. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

	31.12.2005	31.12.2004
Net profit for the period (Group)	**56.663.495,05**	**54.197.269,93**
Attributable to:		
Equity holders of the Company	**55.428.778,38**	**52.503.238,03**
Minority interest	1.234.716,67	1.694.031,90
Weighted average number of ordinary shares in issue	32.946.875	32.946.875
Basic earnings per share	1,68	1,59

21. Dividends per share

The dividends that are already paid by the Company in 2005, amount to € 7.248.312,50 (€ 0,22 dividend per share) and concern the year 2004 earnings. For the year 2005 the proposed dividend per share amounts to € 0,26.

22. Related – party transactions

The following transactions concern transactions with related parties, as set out in IAS 24.

i) Sales of goods and services

	31.12.2005	31.12.2004
Sales of goods to subsidiaries	11.156.356,10	10.068.560,25
Sales of goods to associates	1.802.897,60	1.212.822,12
	12.959.253,70	11.281.382,37

ii) Year-end balances arising from sale of goods and services

	31.12.2005	31.12.2004
• Subsidiaries	8.933.488,91	6.563.071,61
• Associates	2.725.128,03	2.991.799,97
	11.658.616,94	9.554.871,58

iii) Acquisitions from related parties

	31.12.2005	31.12.2004
• Subsidiaries	1.414.121,63	-
	1.414.121,63	-

iv) Payables to related parties

	31.12.2005	31.12.2004
• Subsidiaries	4.679,41	-
• Associates	3.094,35	-
	7.773,76	-

23. Number of employed personnel

Average number of employed personnel at the end of the current period: Group 912, Company 276 persons.

24. Real liens

There are no real liens on the property assets of company.

25. Contested or under arbitration disputes

There are no contested or under arbitration disputes nor any decisions of national or arbitral courts, which may have a material effect on the financial position or operation of the company.

26. Events after the balance sheet date

Further to that afore-mentioned there are no events after the balance sheet at 31 December 2005, that concern either the Company or the Group, in respect of which, according to the International Financial Reporting Standards a reference should be made in these Notes.