

Folli Follie
ANNUAL
REPORT
2005

Folli Follie
ANNUAL
REPORT
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MAIN FINANCIAL DATA OF POLI FOLLIE BA

Income Statement

	2019	2018	2017
Revenue	1,000,000	1,000,000	1,000,000
Cost of Sales	(500,000)	(500,000)	(500,000)
Gross Profit	500,000	500,000	500,000
Operating Expenses	(200,000)	(200,000)	(200,000)
Operating Profit	300,000	300,000	300,000
Finance Income	50,000	50,000	50,000
Finance Expenses	(20,000)	(20,000)	(20,000)
Profit Before Tax	330,000	330,000	330,000
Income Tax	(66,000)	(66,000)	(66,000)
Profit After Tax	264,000	264,000	264,000
Dividend	(132,000)	(132,000)	(132,000)
Retained Profit	132,000	132,000	132,000

Balance Sheet

	2019	2018	2017
Assets			
Fixed Assets	1,000,000	1,000,000	1,000,000
Current Assets	500,000	500,000	500,000
Total Assets	1,500,000	1,500,000	1,500,000
Liabilities			
Long-Term Liabilities	500,000	500,000	500,000
Current Liabilities	500,000	500,000	500,000
Total Liabilities	1,000,000	1,000,000	1,000,000
Equity			
Share Capital	1,000,000	1,000,000	1,000,000
Reserves	500,000	500,000	500,000
Total Equity	1,500,000	1,500,000	1,500,000

Notes to the financial statements are available on the company website: www.poli-follie-ba.com

For more information, contact:

Polifollie BA - Via Roma 100 - 00187 Roma

Italy - Tel. +39 06 4981 4111 - Fax +39 06 4981 4112

E-mail: info@poli-follie-ba.com

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Operating Profit	300,000	300,000	300,000
Finance Income	50,000	50,000	50,000
Finance Expenses	(20,000)	(20,000)	(20,000)
Profit Before Tax	330,000	330,000	330,000
Income Tax	(66,000)	(66,000)	(66,000)
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Equity			
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INTERNATIONAL MEDIA PRIDENCE & ADVERTISING

There are many reasons why a company should consider advertising in international media. First, it allows a company to reach a wider audience and increase its market share. Second, it helps a company to build its brand and establish a strong presence in new markets. Third, it provides a company with valuable insights into the needs and preferences of its target audience in different countries.

International media advertising can take many forms, including print, television, radio, and online. Each medium has its own strengths and weaknesses, and a company should choose the one that best suits its needs and budget. For example, print advertising is often used for long-term campaigns, while television and radio are better suited for short-term promotions. Online advertising, on the other hand, offers a wide range of options, from display ads to search engine optimization.

Overall, international media advertising is a powerful tool for companies looking to expand their reach and grow their business. By understanding the needs and preferences of their target audience in different countries, a company can create a more effective and targeted advertising campaign.

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2010
2011

FORESEEING 2006



The forecast for 2006 is based on the analysis of the trends that have emerged in the last few years. The forecast is divided into two main categories: **Beauty** and **Fashion**.

Beauty: The forecast for 2006 is based on the analysis of the trends that have emerged in the last few years. The forecast is divided into two main categories: **Beauty** and **Fashion**.

Fashion: The forecast for 2006 is based on the analysis of the trends that have emerged in the last few years. The forecast is divided into two main categories: **Beauty** and **Fashion**.



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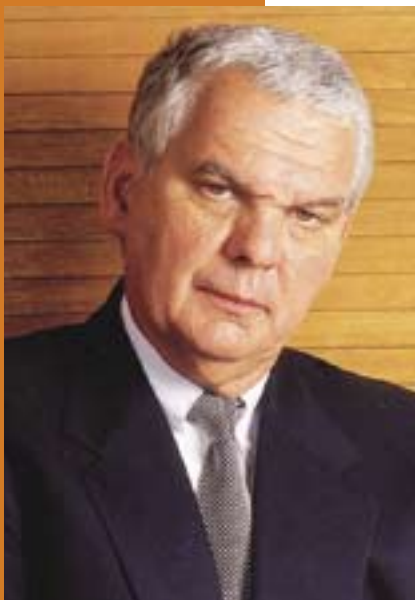
Jewellery, Watches, Accessories

46. INTERNATIONAL MEDIA PRESENCE & ADVERTISING

Sponsorships, Charity

52. FORESEEING 2006

CHAIRMAN'S MESSAGE



Dear Shareholders,

During the course of 2005, Folli Follie maintained its rising and impressive growth rates by successfully achieving the various strategic goals which it had previously set for the year. These particular achievements are presented to you below.

Continued increase in economic growth rates

For a further year, Folli Follie announced remarkably high profits and turnover. The turnover for the period 1/1/05 until 31/12/05 was 222.8 million euro in comparison to 194.6 million euro for 2004, demonstrating an increase of 14.5%. In terms of gross profit, earnings reached 70 million euro, an increase of 5.7% against 66.2 million euro in 2004. Despite its comparison to the "Olympic year" of 2004, the financial results for 2005 clearly demonstrate a positive performance for the company.

Consolidation of the Folli Follie brand name in its existing international markets and the reinforcement of its sales network

During 2005, Folli Follie continued with its strategy to establish its brand name in the existing markets it has a presence in. Special emphasis was given to the Asian markets, specifically China, Japan and Hong Kong as well as the markets of major European countries. By the end of 2005, Folli Follie had successfully opened 308 stores in 22 countries, both strengthening and expanding its sales network considerably.

Investment in the Travel Retail Sector

For many years now, the travel retail sector has been a significant means in the strengthening of the Folli Follie brand name internationally. Through this specific distribution channel, Folli Follie strengthens the foundation of its brand name and offers its product to world wide consumers including those in countries it does not have a direct presence in yet.

By the end of 2005, the company's presence in the travel retail sector reached 22 points of sale. As well as a presence in airports, such as Vancouver, Athens and Seoul, Folli Follie is also listed on board airlines, such as British Airways, Cathay Pacific, Qatar Airlines, United Airlines, Japan Airlines, Korea Airlines and China Southern and Eastern. This investment will continue into 2006, as it is considered an important strategy in establishing a worldwide brand.

Thus, by taking the above into consideration, it is suffice to say the company is following a steady general increase, rendering value to its shareholders and to all who show preference to the Folli Follie brand. For 2006, the company aims to strengthen its presence in its existing markets where particular prominence will be given to the Asian countries. The company will also continue to invest in the rapidly expanding Chinese market, which has shown a special interest in Folli Follie. Objectives for 2006 include further international expansion and ways of strengthening its trademark on a world wide basis.

Finally, I would like to thank the shareholders for their loyalty, our customers for their belief in our product and to the company's personnel worldwide, who have contributed towards the materialization of our goals.

Dimitris Koutsolioutsos
President

HIGHLIGHTS 2005



General

For yet another year, the company presents high growth rates in sales and profits for 2005. This success is a result of several combining factors, which are listed in detail below.

Sales Network

With respect to Folli Follie's sales network, there was a balanced development internationally throughout 2005 with the exception of the Asian market, where the strengthening of the network was highly significant and strengthened even further. The fast developing and promising Chinese market was again emphasized upon in Folli Follie's Sales Network Development Plan. By the end of 2005, Folli Follie had successfully opened 41 stores in the most prestigious shopping areas of Shanghai, Beijing and other areas, such as Ningbo, Hangzhou, Harbin, Shenzhen. The continued growth of Folli Follie is clearly reflected here and by the end of 2005, Folli Follie's points of sales reached over 300, an important increase from 2004 (when shops were 283) and a clear sign of a fast developing brand identity throughout the world.





HIGHLIGHTS 2005

Product Collections

Folli Follie's in-house designers are constantly enriching the collections with new ideas and approaches to jewellery, watch and accessories making.

The launch of the stainless steel jewellery range in 2003 was a momentous success for Folli Follie designers, capturing the tastes of Folli Follie customers all over the world. In 2005, the company further enriched this prodigious collection by combining steel, enamel and diamonds to create modern and dynamic jewellery in fashionable shapes and sharp designs.

The introduction of Folli Follie's "Precious Bronze" jewellery range in 2005, marked another turning point in its successful career as a recognized international jewellery designer. The unique combination of silver and bronze embodied a new fashion aspect and pioneering concept in the world of jewellery making.



The Design and Brand Image teams

The year 2005 saw the Folli Follie design team distend further with the additional enlistment of jewellery, accessories and watch designers with successful long time experience in the international fashion field. Their fresh ideas from the fashion world were clearly evident in 2005, as some of their designs were featured in Seasonal collections throughout the year.

New concept Folli Follie shops

A whole new shopping experience was introduced by Folli Follie with a refreshing new shop design concept; the first of which was opened in March 2005 in Hong Kong's flagship store in Harbour City and in Attica, Athen's first major department store. Folli Follie's Brand Image team created a very modern, fresh and innovative store lay out, pondering the fantasies and stimulating the imaginations of existing and new Folli Follie customers alike. Overall, the shops display elegance yet modernity and represent the brand that they stand for: Affordable, fashionable, luxury. This new Folli Follie "experience" concept was a successful move for Folli Follie in 2005 and new openings and renovations of existing Folli Follie boutiques have been planned first for the USA, China, Japan and Spain and gradually for all Folli Follie shops, offering a consistent shopping experience across the world. The Folli Follie customer sees a uniform presentation wherever he or she travels and builds a personal relationship with the brand.



HIGHLIGHTS 2005



Advertising and Public Relations

Advertising and Public Relations are a priority means used to communicate the Folli Follie brand globally. The year 2005 was yet another successful year with further worldwide advertising campaigns launched and supported by thorough Public Relations activities. Distinctly effective forms of advertising and promotion included an impressive campaign in Spain, where 7 Smart Cars drove through the central streets of Madrid, displaying product images from the Autumn - Winter 2005 Collection. Furthermore, Folli Follie impressed the public with a striking outdoor TVC in Central, Hong Kong in December 2005, announcing its new store opening, which also featured images from its forthcoming collections. Folli Follie's objective is to continue building Folli Follie as a Global Brand and constantly enhance its profile on a worldwide spectrum.





"Smart" campaign in Madrid

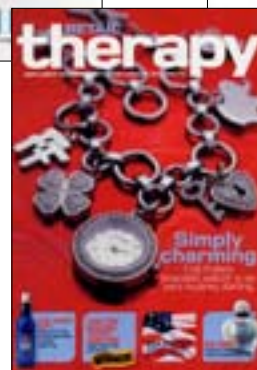


Duty Free Shop at Eleftherios Venizelos Airport, Athens, Greece

Travel Retail Sector

2005 was a beneficial and profitable year for Folli Follie in the travel retail sector with additional investments and further activity in this field. The travel Retail sector is a highly significant strategic channel for Folli Follie not only in terms of financial performance, but also in terms of brand development, as its customers are representative of today's global consumer and therefore of Folli Follie's mission statement, which is to "fulfill the needs of today's global consumer for fashionable and affordable luxury". In 2005, the company became further active in this field by increasing its presence in international airports and airlines. Folli Follie is listed on board airlines such as British Airways, Cathay Pacific, Korean and Japan Airlines. New listings for 2005 include China Southern, China Eastern, Qatar Airlines, United Airlines and Virgin Atlantic.

Folli Follie's enterprising decision to acquire part of the Hellenic Duty Free Shops' (HDFS) share capital in 2003 proved a very successful move, as the invested capital continues to grow with positive performances allowing Folli Follie to set new goals and perspectives. Continued and further commitment to the Hellenic Duty Free Shops is planned for 2006.



MAIN FINANCIAL DATA OF FOLLI FOLLIE GROUP

DATA FROM BALANCE SHEET	31/12/2005	31/12/2004
ASSETS		
Tangible Assets	29.269.571,73	20.297.157,41
Investments in PPE	15.380.000,00	13.833.101,12
Intangible Assets	4.185.089,70	4.842.688,58
Investments in associates	40.395.445,88	40.296.399,36
Deferred income tax assets	2.660.750,50	2.708.904,28
Other long term receivables	6.838.204,67	7.376.012,55
Total non-current assets (a)	98.729.062,48	89.354.263,30
Inventories	71.758.888,21	46.715.326,33
Trade Receivables	121.290.148,36	82.543.791,12
Other Receivables	6.199.578,58	4.702.838,51
Other financial assets at fair value through profit or loss	2.921.508,63	2.764.756,74
Cash and cash equivalents	33.892.169,63	33.723.558,93
Total current assets (b)	236.062.293,41	170.450.271,63
TOTAL ASSETS (a) + (b)	334.791.355,89	259.804.534,93
LIABILITIES		
Non-current liabilities		
Long-term borrowings	125.149.592,17	120.135.587,74
Retirement benefit obligations	3.356.944,74	3.068.805,44
Deferred income tax liabilities	1.047.943,78	495.035,15
Provisions for other liabilities and charges	4.054.878,43	3.542.063,70
Total non-current liabilities	133.609.359,12	127.241.492,03
Current liabilities		
Trade payables	15.829.100,60	13.252.975,46
Short-term Borrowings	5.047.457,92	5.252.135,03
Other current liabilities	18.332.977,03	18.149.870,12
Total current liabilities	39.209.535,55	36.654.980,61
Total Liabilities (a)	172.818.894,67	163.896.472,64
EQUITY		
Share capital	9.884.062,50	9.884.062,50
Share premium	62.531.731,47	62.531.731,47
Other reserves	24.513.525,66	23.017.890,72
Retained earnings	161.106.539,24	115.624.130,22
Exchange differences	-12.980.009,96	-30.831.648,26
Other capital and reserves attributable to equity holders of the Company	-88.927.927,73	-88.927.927,73
Total capital and reserves attributable to equity holders of the Company (b)	156.127.921,18	91.298.238,92
Minority interest (c)	5.844.540,04	4.609.823,37
Total Equity (d) = (b)+(c)	161.972.461,22	95.908.062,29
TOTAL EQUITY AND LIABILITIES (e) = (a)+(d)	334.791.355,89	259.804.534,93

DATA FROM INCOME STATEMENT FOR THE YEAR	1/1-31/12/2005	1/1-31/12/2004
Sales Revenue	222.796.934,45	194.626.963,86
Cost of goods sold	-88.446.212,13	-77.641.874,54
Gross profit	134.350.722,32	116.985.089,32
Other operating income	6.066.792,76	4.200.812,41
Administrative expenses	-11.586.965,70	-9.470.922,70
Selling and marketing costs	-61.797.910,10	-50.773.264,46
Other expenses	-2.556.704,96	-2.622.250,46
Operating profit	64.475.934,32	58.319.464,11
Finance costs - profit	1.331.144,45	3.534.084,78
Finance costs - expenses	-5.148.235,89	-5.462.893,07
Share of profit of associates	9.395.738,69	9.810.830,09
Profit before taxes (EBT)	70.054.581,57	66.201.485,91
Income tax expense	-13.391.086,52	-12.004.215,98
Profit for the period (after taxes)	56.663.495,05	54.197.269,93
<i>Attributable to:</i>		
Equity holders of the Company	55.428.778,38	52.503.238,03
Minority interest	1.234.716,67	1.694.031,90
Earnings (after taxes) per share - basic (expressed in €)	1,68	1,59
Amortisation - Depreciation	3.082.378,44	3.392.365,17
Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)	67.558.312,76	61.711.829,28
Earnings (profit) before taxes, financing and investing results (EBIT)	64.475.934,32	58.319.464,11

DATA FROM CASH FLOW STATEMENT	1/1-31/12/2005	1/1-31/12/2004
Cash Flows related to Operating Activities		
Net Profit before taxes	70.054.581,57	66.201.485,91
<i>Adjustments in respect of non-cash transactions:</i>		
Depreciation and Amortisation	3.082.378,44	3.392.365,17
Provisions	1.188.610,09	516.389,20
Cash flows from investing activities	-11.528.844,11	-13.060.830,09
Debit interest and similar expenses	4.724.103,21	5.175.940,72
Operating profit before adjustments of working capital	67.520.829,20	62.225.350,91
Decrease/(increase) of Inventories	-21.232.011,83	-9.512.471,48
Decrease/(increase) of Receivables	-28.318.885,55	-15.465.992,28
Increase/(decrease) of payable accounts (except Banks)	2.751.752,10	-4.598.435,14
Interest paid and similar expenses	-5.148.235,89	-5.462.893,07
Income Tax paid	-11.332.373,00	-10.028.849,01
<i>Net cash inflows/(outflows) from Operating Activities</i>	4.241.075,03	17.156.709,93
Cash Flows related to Investing Activities		
Acquisition of subsidiaries, associates and other investments		
Purchases of tangible and intangible assets	-10.272.671,44	-12.238.235,89
Proceeds from sale of tangible and intangible assets	95.690,76	766.642,72
Proceeds from sale of financial assets	643.044,41	13.696,72
Dividends received	9.164.303,46	7.800.000,00
Interest received	424.132,68	286.952,35
Decrease/(increase) of other long-term receivables	1.272.691,65	-2.911.833,46
<i>Net cash inflows/(outflows) from Investing Activities</i>	1.327.191,52	-6.282.777,56
Cash Flows related to Financing Activities		
Cash received from issue of share capital		
Proceeds from borrowings	1.010.172,79	7.122.287,74
Repayment of borrowings		
Payments for leases	-632.199,66	-852.913,60
Dividends paid	-8.069.321,96	-4.304.785,55
<i>Net cash inflows/(outflows) from Financing Activities</i>	-7.691.348,83	1.964.588,59
Net increase/(decrease) in cash and cash equivalents	-2.123.082,28	12.838.520,96
Cash and cash equivalents at the beginning of the year	33.723.558,93	23.524.369,13
Effect of exchange rate changes on cash and cash equivalents	2.291.692,98	-2.639.331,16
<i>Cash and cash equivalents at the end of the year</i>	33.892.169,63	33.723.558,93

MAIN FINANCIAL DATA OF FOLLI FOLLIE SA

DATA FROM BALANCE SHEET	31/12/2005	31/12/2004
ASSETS		
Tangible Assets	17.175.960,39	16.178.310,13
Investments in PPE	15.380.000,00	13.833.101,12
Intangible Assets	750.442,44	873.322,82
Investments in associates	159.505.501,95	157.732.962,56
Deferred income tax assets	703.225,42	889.063,28
Other long term receivables	419.574,43	230.891,87
Total non-current assets (a)	193.934.704,63	189.737.651,78
Inventories	14.134.365,54	11.931.225,67
Trade Receivables	18.872.475,88	12.872.890,96
Other Receivables	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
Cash and cash equivalents	13.247.662,22	14.509.511,69
Total current assets (b)	51.571.963,60	44.551.445,37
TOTAL ASSETS (a) + (b)	245.506.668,23	234.289.097,15
LIABILITIES		
Non-current liabilities		
Long-term borrowings	119.499.958,91	119.499.958,91
Retirement benefit obligations	540.126,00	482.542,29
Deferred income tax liabilities	1.035.080,14	486.325,90
Provisions for other liabilities and charges	698.272,82	836.873,79
Total non-current liabilities	121.773.437,87	121.305.700,89
Current liabilities		
Trade payables	3.487.817,55	2.203.405,10
Short-term Borrowings	4.863.495,62	4.891.100,49
Other current liabilities	6.052.479,60	4.539.842,56
Total current liabilities	14.403.792,77	11.634.348,15
Total Liabilities (a)	136.177.230,64	132.940.049,04
EQUITY		
Share capital	9.884.062,50	9.884.062,50
Share premium	62.531.731,47	62.531.731,47
Other reserves	19.679.018,84	19.679.018,84
Retained earnings	17.234.624,78	9.254.235,30
Exchange differences		
Other capital and reserves attributable to equity holders of the Company		
Total capital and reserves attributable to equity holders of the Company (b)	109.329.437,59	101.349.048,11
Minority interest (c)		
Total Equity (d) = (b)+(c)	109.329.437,59	101.349.048,11
TOTAL EQUITY AND LIABILITIES (e) = (a)+(d)	245.506.668,23	234.289.097,15

DATA FROM INCOME STATEMENT	1/1-31/12/2005	1/1-31/12/2004
Sales Revenue	36.980.835,86	35.775.815,91
Cost of goods sold	-12.905.798,37	-11.882.386,88
Gross profit	24.075.037,49	23.893.429,03
Other operating income	4.643.121,97	1.735.242,46
Administrative expenses	-4.793.128,43	-3.768.089,52
Selling and marketing costs	-10.346.725,55	-9.486.425,95
Other expenses	-792.398,81	-1.624.509,97
Operating profit	12.785.906,67	10.749.646,05
Finance costs - profit	1.188.934,36	241.274,85
Finance costs - expenses	-4.857.480,26	-5.169.416,88
Share of profit of associates	9.671.639,04	8.129.382,08
Profit before taxes (EBT)	18.788.999,81	13.950.886,10
Income tax expense	-3.360.297,83	-2.220.029,99
Profit for the period (after taxes)	15.428.701,98	11.730.856,11
<u>Attributable to:</u>		
Equity holders of the Company	15.428.701,98	11.730.856,11
Minority interest		
Earnings (after taxes) per share - basic (expressed in €)	0,47	0,36
Amortisation - Depreciation	949.794,62	982.516,88
Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)	13.735.701,29	11.732.162,93
Earnings (profit) before taxes, financing and investing results (EBIT)	12.785.906,67	10.749.646,05
Proposed dividend per share (expressed in €)	0,26	0,22
DATA FROM CASH FLOW STATEMENT	1/1-31/12/2005	1/1-31/12/2004
Cash Flows related to Operating Activities		
Net Profit before taxes	18.788.999,81	13.950.886,10
<i>Adjustments in respect of non-cash transactions:</i>		
Depreciation and Amortisation	949.794,62	982.516,88
Provisions	854.320,94	215.416,00
Cash flows from investing activities	-12.083.378,02	-8.132.250,54
Debit interest and similar expenses	4.668.063,61	4.433.504,84
Operating profit before adjustments of working capital	13.177.800,96	11.450.073,28
Decrease/(increase) of Inventories	-2.703.139,87	-1.168.287,20
Decrease/(increase) of Receivables	-5.921.292,33	2.755.388,29
Increase/(decrease) of payable accounts (except Banks)	1.573.232,40	-6.122.812,41
Interest paid and similar expenses	-4.950.020,20	-4.641.545,26
Income Tax paid	-1.950.571,40	-991.294,75
<i>Net cash inflows/(outflows) from Operating Activities</i>	-773.990,44	1.281.521,95
Cash Flows related to Investing Activities		
Acquisition of subsidiaries, associates and other investments	-1.772.539,39	-1.555.512,00
Purchases of tangible and intangible assets	-1.982.571,72	-11.845.985,40
Proceeds from sale of tangible and intangible assets	12.007,22	682.642,72
Proceeds from sale of financial assets	643.044,41	13.696,72
Dividends received	9.735.942,50	8.128.542,08
Interest received	281.956,59	208.040,42
Decrease/(increase) of other long-term receivables	-42.682,56	21.852,98
<i>Net cash inflows/(outflows) from Investing Activities</i>	6.875.157,05	-4.346.722,48
Cash Flows related to Financing Activities		
Cash received from issue of share capital		9.301.367,57
Proceeds from borrowings		
Repayment of borrowings	-27.604,87	
Payments for leases	-123.547,81	-118.039,99
Dividends paid	-7.211.863,40	-4.304.785,55
<i>Net cash inflows/(outflows) from Financing Activities</i>	-7.363.016,08	4.878.542,03
Net increase/(decrease) in cash and cash equivalents	-1.261.849,47	1.813.341,50
Cash and cash equivalents at the beginning of the year	14.509.511,69	12.696.170,19
Effect of exchange rate changes on cash and cash equivalents		
Cash and cash equivalents at the end of the year	13.247.662,22	14.509.511,69

DATA FROM STATEMENT OF CHANGES IN EQUITY

	THE GROUP		THE COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
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
Distribution of dividend based on resolution of G.M.	-8.125.853,46	-6.854.401,50	-7.248.312,50	-5.930.437,50
Directors' fees	-326.541,80	0,00	-200.000,00	0,00
Change in participation percentage- Change in consolidation method	1.660,89			
Net income recognised directly in equity		0,00		0,00
Profit for the period, after taxes	56.663.495,05	54.197.269,98	15.428.701,98	11.730.856,11
Adjustment in foreign currency translation differences	17.851.638,25	-12.793.668,67		0,00
Net equity of period Closing Balance (31/12/2005 and 31/12/2004 respectively)	161.972.461,22	95.908.062,29	109.329.437,59	101.349.048,11



FOLLI FOLLIE SHARE PRICE

The company's shares were listed for trading on the Athens Stock Exchange on October 27th 1997. Data concerning the evolution of the company's share, such as the closing price of the last session of each month and the trade volume in number of shares, for the period 01/01/2005 – 31/12/2005 is presented below.

Date	Volume	Share Price €	ASE	FTSE 20
31-01-05	3.033.076	23,74	2919,93	1612,86
28-02-05	1.767.835	23,88	3145,16	1759,59
31-03-05	981.109	21,90	2854,91	1593,44
28-04-05	1.473.513	21,84	2868,45	1590,00
31-05-05	688.144	22,46	2959,53	1654,40
30-06-05	1.361.700	24,22	3060,73	1714,29
29-07-05	1.378.508	26,00	3271,78	1824,27
31-08-05	1.160.970	25,44	3231,48	1801,25
30-09-05	1.845.293	24,92	3381,96	1876,33
31-10-05	1.416.495	22,52	3307,32	1836,71
30-11-05	2.350.009	22,20	3441,64	1913,84
30-12-05	2.188.548	22,50	3663,90	2019,04

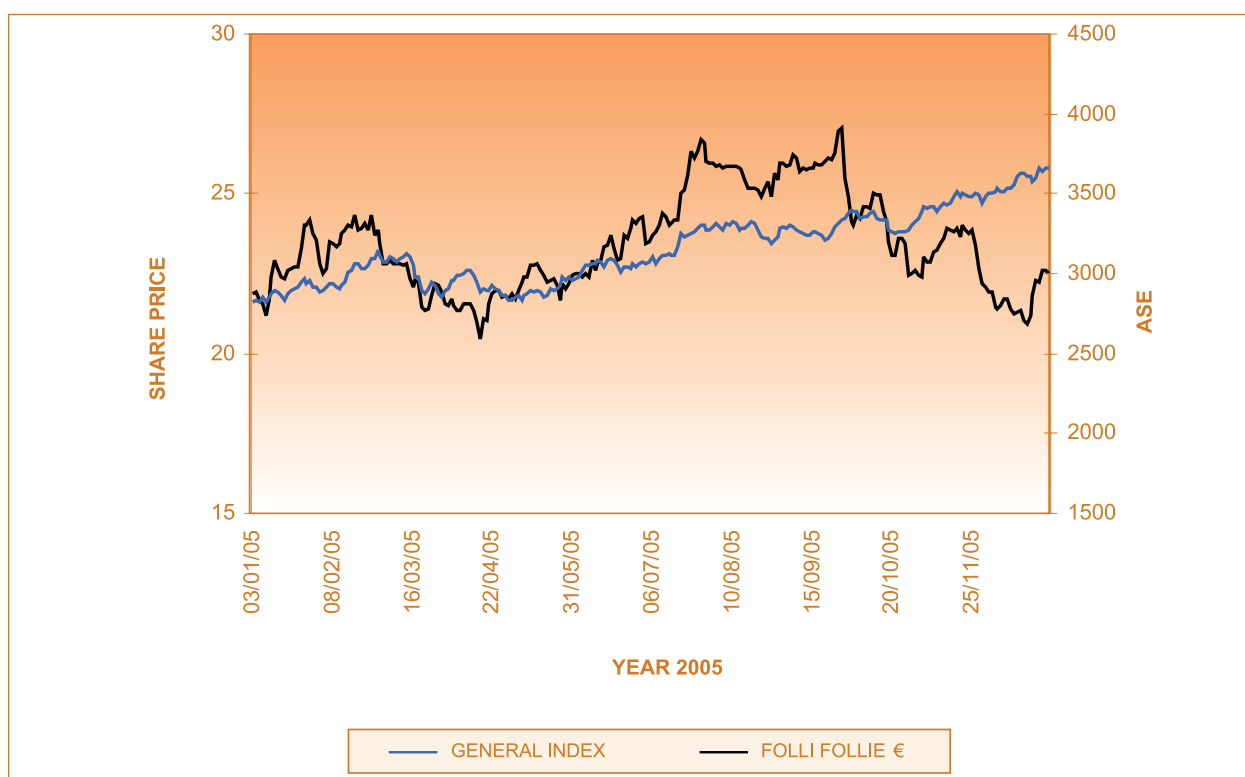
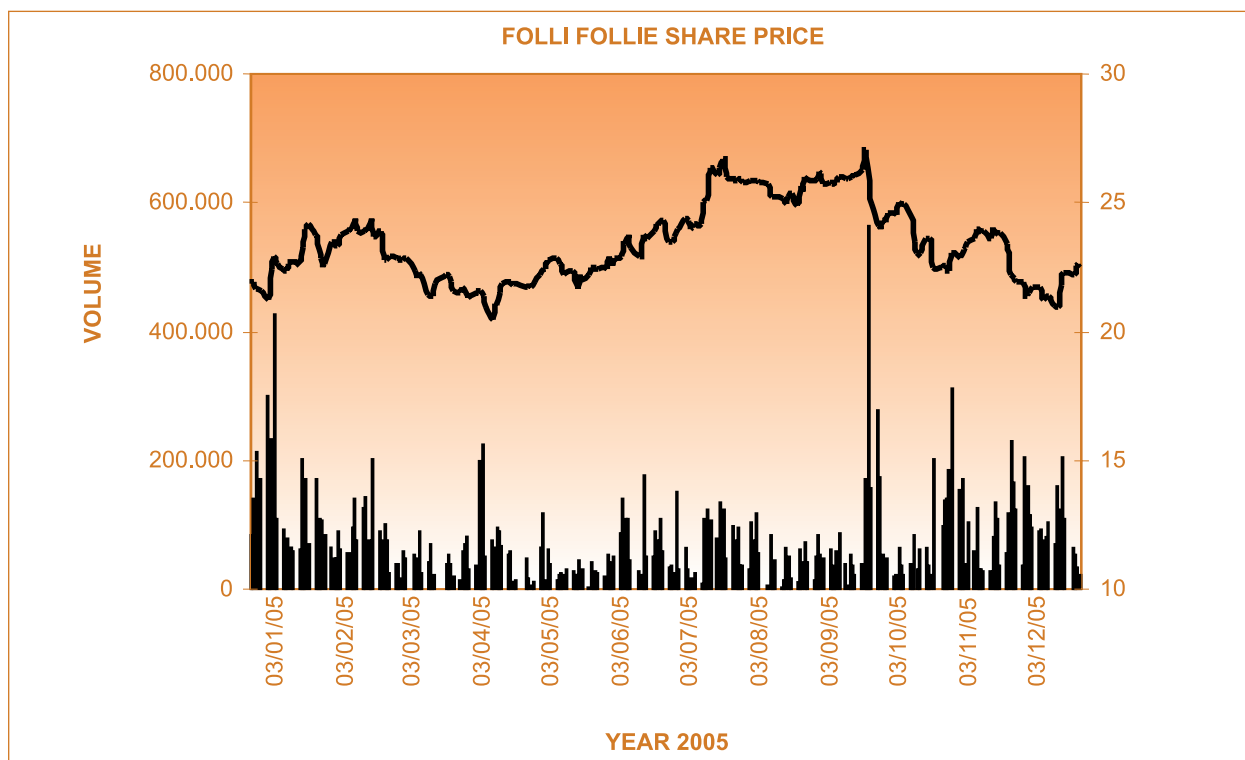
The evolution of the share price in 2005 remained solid throughout the year. Supported by strong financial results and the continuous penetration into growing markets, especially China gave a considerable impetus to the Folli Follie share price peaking to € 27,04 on 28th September 2005.

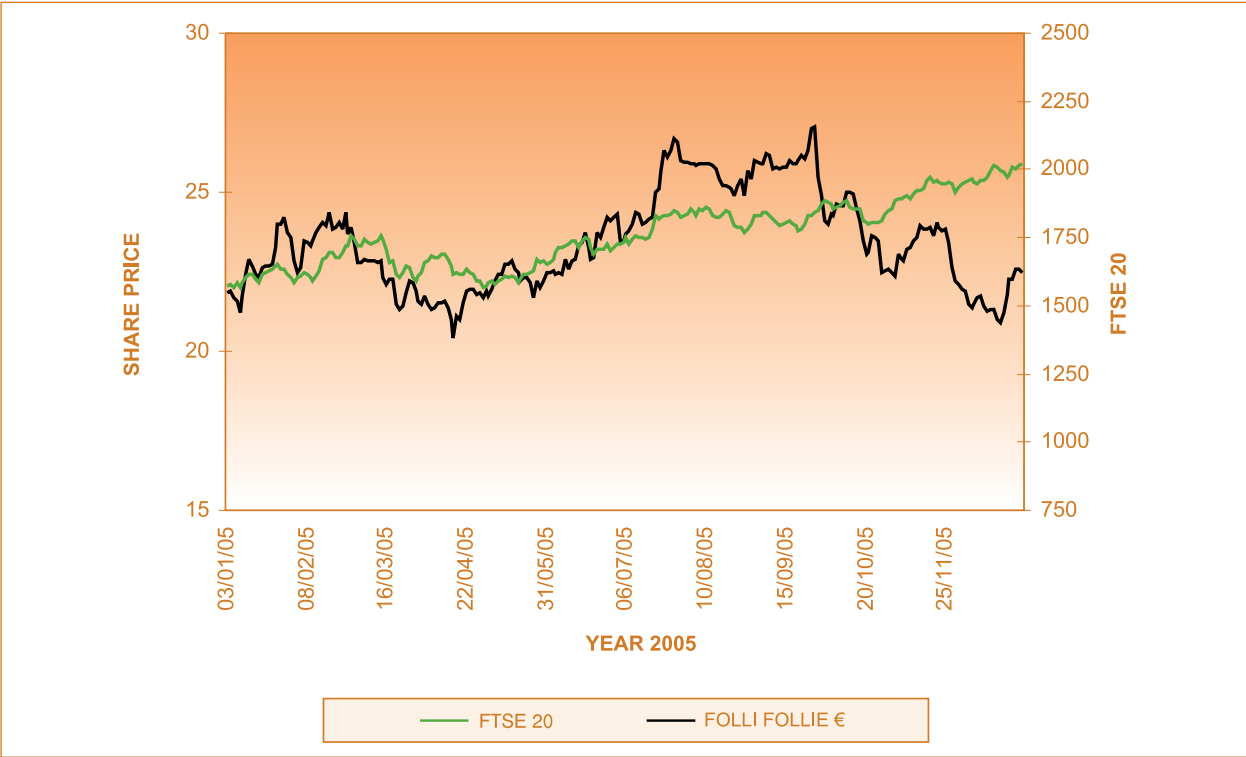
The share's marketability remained at high levels and could even slightly increase to approximately 78.580 shares per session, indicating the high interest shown on the part of investors, especially institutional investors.

Stock Data

High/ Low (52 wk)	€ 20,44 / € 27,04
Market cap. (€ mil)	€741,38*
Shares outstanding	32.95
Free Float (% , € mil)	49%, 363,28 mil
Index constituent & weight	FTSE 20 (0,48%), FTSE 140 (0,36%)

**Market cap calculated on closing price 30th December 2005*





CORPORATE GOVERNANCE



The company's continuous growth and the steady increase in shareholder value are the two major objectives set by the Board of Directors, Folli Follie's strategic body. Nominated at the Ordinal General Meeting held in June 28th 2002, Folli Follie has a six-member Board of Directors, whose duty ends in 2007. Three members of the Board of Directors are independent and free of interests with respect of the Company.

BOARD OF DIRECTORS

The board of directors are:

Dimitris Koutsolioutsos

President and Chief Executive Officer,
Executive Member

George Koutsolioutsos

Vice President, Executive Member

Ketty Koutsolioutsos

Member, Executive Member

Elias Culucundis

Non Executive Independent Member

Charalambos Papadopoulos

Non Executive Independent Member

Zacharias Mangiavinos

Member, Non Executive Member

Shareholders (31/5/2005)	No. of Shares	%
Dim.Koutsolioutsos	16.490.048	50.05%
Investors	16.456.827	49.95%
Total	32,946,875	100%

CORPORATE GOVERNANCE

PARTICIPATION OVER 50%

The table below indicates the list of companies that Folli Follie S.A. has a direct or indirect equity participation of over 50% along with the % equity participation.

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

Folli Follie



CORPORATE GOVERNANCE

GENERAL MANAGEMENT

The General Management team consists of:

Dimitris Koutsolioutsos

President and C.E.O. since the establishment of the Company. Mr Koutsolioutsos graduated from Athens College high school and from L.BOCCONI University, in Milan with a degree in Economics.

George Koutsolioutsos

Vice President of the Board of Directors. After completing his high school education at the Italian School of Athens, he studied Economics at the University of Hartford, Paris and gained two post graduate degrees; one in Business administration and a second in Marketing both at Hartford University, Connecticut, USA. Mr. Koutsolioutsos' work experience started in New York where he spent two years in the jewellery sector.

Vassilis Agapitos

Group General Manager. Mr. Agapitos is a graduate of ASOEE University of Economics in Athens and holds a Master's degree, which he obtained at the University of Warwick in England. He has held amongst others, management positions at Deloitte & Touch, Johnson & Johnson and Bic and joined the company in 2005.

John Zannos

Tax, Accounting and Financial Consultant. A graduate of ASOEE University of Economics in Athens. Mr Zanos has been working for the Company since 1982

John Begietis

Group Finance Director. Mr. Begietis is a financier, who obtained both an MBA (KCBA-TAU) and a Bachelor in Science degree (BSc) in the USA. He has held previous executive positions at P&G, HASBRO and RIDENCO amongst others and joined Folli Follie in 2006.

Irene Niotis

Treasurer. Graduated from the College of Economics of Saint-George and has been working for the Company since 1986. Since joining the Company, Mrs. Nioti has been heading treasury management and budget planning.

George Alavanos

Folli Follie S.A. Finance Director. A graduate of Piraeus University of Industry (ABSP). With an experience in the Private field since 1991, Mr Alavanos has worked as an Accountant in the food and industrial sector. Mr Alavanos has been head of the Accounts Department since 1996.

Anna Douka

Internal Auditor. Miss Douka is a graduate of Panteion University with a degree in Public Administration and holds a Master's degree in Financial analysis from Piraeus University. From 1998 until 2003 Miss Douka worked for Auditing Companies and joined Folli Follie in 2003.

Vassiliki Anagnostopoulou

Head of Procurement and Technical Department, since the end of 1996. A graduate of The Polytechnic University of Patra in Chemical Engineering. Between 1993-1995, Mrs. Anagnostopoulou worked in the Department of Research at ETVA and specifically in the technical support of European programs. During 1995 to 1996, she was an executive member of a Consultancy firm specializing in Research development.

Johnnie Voutsas

New Business Development Director. Mr Voutsas holds a Bachelor degree and a Masters degree in Electrical Engineering from Rensselaer Polytechnic Institute, New York and an MBA from The London Business School in London. He was Managing Director of Amathus UK, in London, a subsidiary of the Lanitis Group of companies and a Business Consultant at Andersen Consulting in New York, Athens and London. Mr Voutsas joined the company in 1999.

Eleana Pagoulatou

Head of Marketing. Mrs Pagoulatou holds a degree in Statistics and I.T obtained from ASOEE University in Athens and an MBA specializing in marketing which she obtained from Stirling University, Scotland. Her professional career began at Athenian Breweries in Athens and then Virgin Atlantic in the respective marketing departments. She spent 7 years at Ericsson Hellas as Head of Marketing before joining Folli Follie at the beginning of 2003.

Aphrodite Pighi

Head of Communications and Public Relations. A graduate of Swansea University with a degree in English and Italian Literature. Miss Pighi went on to complete a Masters degree in Public Relations at Stirling University in Scotland. Her professional career began at L'Oreal's headquarters in London and from there continued at Publicom / Hill and Knowlton PR in Athens. Her position as Head of Communications and PR began at the beginning of 2003.

The Executives' postal address is:

Folli Follie

23 Km Athens- Lamia National Highway
Agios Stefanos, Athens 145 65
Greece



CORPORATE PROFILE



Folli Follie is a fashion company which designs, manufactures and distributes jewellery, watches and fashion accessories. The brand's core values are "affordable, fashionable luxury" and the company offers a "full fashion concept", with its highly distinctive designs and approach to jewellery and accessories making. Folli Follie has expanded rapidly from its Greek base and currently has a presence in 20 countries with over 300 points of sale, while it continues to develop new strategically important markets around the world.



CORPORATE PROFILE



HISTORY

Folli Follie was founded in 1982 in Greece by Dimitris Koutsolioutsos, President of Folli Follie S.A. and his wife Ketty Koutsolioutsos. The first Folli Follie store opened in downtown Athens and the company's target was to create a company providing branded, fashionable and affordable jewellery of excellent quality mainly to 20-40 year old women.

Following its initial success in the Greek market, where Folli Follie rapidly expanded during the 1980s to a chain of 15 locations and established itself as a leading force in the Greek jewellery market, the Folli Follie brand turned its sights to the international scene. The early 1990s saw the creation of Folli Follie boutiques in key European cities such as Geneva and by the mid 1990s this geographic expansion had reached New York, Hawaii, Guam, and had culminated with the brand's launch in Japan in 1995.

While increasing its international exposure, the Folli Follie brand was making great strides in expanding and enriching its product assortment with the launch of a watch line in 1994, a handbag and small leather goods collection in 1998, a men's and women's perfume, as well as a coordinated line of personal accessories such as sunglasses, pens, scarves etc.

The dynamic combination of geographic and product expansion allowed the Company to reach a critical mass, and in 1997 to be successfully listed in the Athens Stock Exchange. As a result of this strategic move, the Company has been able, in these last few years, to successfully begin the implementation of its international growth plans, centered on the following key objectives:

- the reevaluation and improvement of the existing distribution network: this is being achieved by new subsidiaries in certain key markets (France, UK in 1999), acquisition of a 40% stake in the Japanese distribution operation in 2000, opening of a number of prestigious and high traffic flagship shop locations around the world (New Bond Street, Rue Royale, Paseo de Gracia, etc.)

- the expansion into new key markets and distribution channels (Hong Kong in 1998, pan Asian expansion during 1999-2002 including the creation of substantial initial presence in the People's Republic of China, Spain in 2002 via subsidiary companies) as well as the expansion into the all important travel retail market (airline, airport and down town duty free).

- the constant enrichment and expansion of the brand's product lines with additional resources being deployed in exploring new materials and design trends. As a result, Folli Follie has maintained and reinforced its innovative and creative profile, and having diversified its product lines, successfully undertook its transition from a purely jewellery brand to an international fashion accessories brand.

CUSTOMER PROFILE

Folli Follie's target customer is mainly the 20-40 years old, fashion-conscious working woman, a rapidly expanding segment and the biggest spender on fashion products. Folli Follie appeals to the modern working lady's needs for branded, trendy jewellery, watches and accessories of high quality at affordable prices.

CORPORATE PROFILE



COLLECTION – “FULL FASHION” CONCEPT

The core product category of the Folli Follie brand is jewellery, which depending on the market, represents between 50% and 70% of total sales. Within this category, in a retail price range from 50 to 1000 euros depending on the materials used (18K gold, diamonds, sterling silver, bronze, stainless steel, precious and semi-precious stones) and a core retail price of 100 to 200 euros, Folli Follie offers an unrivaled assortment of styles. Indeed, in the highly fragmented jewellery market, where, unlike the fashion industry it is estimated that only 20% of the market consists of branded products (mostly positioned in the over 1000 euro price range), Folli Follie has chosen to be a pioneer within its chosen market segment.

In addition to its core jewellery line, Folli Follie has in recent years developed comprehensive assortments in the fashion watch, handbags as well as other fashion accessories categories such as pashminas, wallets, belts and sunglasses.

Folli Follie offers a complete line of women's watches as well as a men's collection. After the tremendous success of Folli Follie watches within the mono-brand boutiques worldwide, the Greek watchmaker and jeweller is recently developing a distribution network of fine watch retailers worldwide.

In the last few years, the company's watch lines have played an ever increasing role as Folli Follie watches, with their design, quality and price characteristics, have successfully established themselves as fashionable and cost effective alternatives to the traditional high end brands. This phenomenon has also been strengthened by the fact that ladies watches are no longer considered as simply time pieces or expensive jewels, but, increasingly as everyday fashion accessories, to be mixed and matched at whim.

Similarly, Folli Follie's ever expanding collections of handbags and small leather goods follow the same philosophy of affordable fashionable luxury, which is the fundamental concept of Folli Follie.

THE “DESIGN” STRENGTH

Folli Follie's design team consists of Swiss, Italian and Greek designers amongst others, who create two collections per year, Autumn / Winter and Spring / Summer. Our designers' goal is to maintain a fashion orientation complementing the prevalent fashion trends. This fashion orientation is one of our key differentiation factors compared to other branded jewellery companies.

The design however, does not stop at the product itself but extends into all Folli Follie visible associations such as: shop layout, décor, window display, product presentation, furniture, packaging and promotional material. In other words, our design team strives to create a “Folli Follie world”, which ensures a consistent brand image amongst all Folli Follie shops and products immediately recognizable by the global consumer.



CORPORATE PROFILE



Miramar, Hong Kong

INTERNATIONAL PRESENCE

Selecting shops locations is an essential element of Folli Follie's expansion strategy. Folli Follie has a presence in 20 countries with over 300 points of sale, including shops in the most fashionable streets of the world's major cosmopolitan cities such as London, Tokyo, Paris, Hawaii, Hong Kong, New York, Athens, Shanghai and Seoul. Folli Follie products are sold through retail standalone shops such as Rue Royale in Paris, New Bond Street in London, Ginza in Tokyo and Central in Hong Kong. Furthermore, one can find Folli Follie products in department stores such as Galleries Lafayette, Isetan, Takashimaya and in Corte Ingles in Spain.



Xin Dong An, Beijing, China

Folli Follie's recent achievement includes the strengthening of the Company's presence in countries such as China and Japan with the opening of more Folli Follie stores.

In 2003 Folli Follie bought a 40% share of the Hellenic (Greek) Duty Free Shops, thus entering into a very promising sales segment. The Company has, thus, acquired a strong presence in the duty free and travel retail sector, with points of sale in the airports of Athens, Vancouver, Seoul and many more. In addition, Folli Follie products are also available in flight in major international airlines such as British Airways, KLM, Cathay Pacific, Japan Airlines and Korean Airlines.



Mall of the Emirates, Dubai, UAE



Rodeo Boutique, Seoul, Korea



The Mall, Athens, Greece



Marunouchi Shop, Tokyo, Japan

THE PRODUCT RANGE





J E W E L L E R Y

Throughout 2005, Folli Follie's jewellery collection showed a substantial increase in sales and continued its strong growth as expected, according to the company's suppositions for the year.

The stainless steel jewellery collection continued to excel, accounting for a big percentage of the company's profitability in the jewellery section. In 2005, Folli Follie's pioneering creations in stainless steel extended to designs, which were formed from a combination of steel, enamel and diamonds. This specific collection flourished into real high impact designs with plenty of styles for a multiplicity of tastes. Butterfly and flower shapes were the principal inspiration for this collection, but classic shapes synonymous with Folli Follie such as the heart, star and cross also made an appearance. The high quality and affordable price are two underlying factors, which initiated the successful results of the stainless steel collection, which was first introduced by Folli Follie in 2003. It also drove other companies in the fashion jewellery field to follow in its footsteps, as Folli Follie was in fact one of the first companies to introduce this approach to jewellery making.

In 2005, Folli Follie launched the "Precious Bronze" line as part of its AW0506 Collection. An inspiration for all, these beautifully made pieces of jewellery consist of a combination of bronze and silver, which embodies a new fashion aspect and is a pioneering concept in the world of jewellery making. Creating this line was a refreshing idea in the already popular concept of mixing and matching metals in jewellery design (originally silver and yellow gold).

The K Collection, linked to Mrs Ketty Koutsolioutsos, the Image director of Folli Follie, also recorded further record sales in 2005 proving that the popularity of natural stones in jewellery design is increasing and unusual styles are becoming more desirable. The overall design concept of the collection is supervised by Mrs Koutsolioutsos and the designs, which feature gold, silver, precious and semi-precious stones have been popular in Europe but also in Asia. Natural elements are the main inspiration for this line, which is both original and unique. K Collection jewellery conveys an originality, evident in the designs, which are characterized by a cultural blend and interesting mix of materials.

Folli Follie's perfectly proportioned collection of white gold and diamond jewellery has again been working remarkably well in Asian countries. In 2005, Japan accomplished record sales with this collection of jewellery, which features strong and clean motifs, as well as designs inspired by nature.

The jewellery line continues to record the highest percentage of sales and Folli Follie believes that with the creativity and unique design of the jewellery collection, the brand will strengthen its presence in the market further.



The year 2005 was a very vigorous year for Folli Follie watches. A remarkable increase in sales was recorded, which verified Folli Follie's emergence as an established watch brand in the fashion watch market. In recent years women's watches have assumed a degree of importance, which they never had before; they are recognized as a fashion accessory and no longer as a simple time keeper. Folli Follie's rich variety of womens designs includes sporty and everyday watches to evening timepieces combining luxury and glamour at an affordable price. Colour variations are their main characteristic; by incorporating fashion codes into the design of modern and trendy, feminine and fashionable watches, Folli Follie created watch collections with the same themes as its handbag and jewellery collections.

With a fashion driven philosophy behind the design, the increasing power of Folli Follie watches meant that Folli Follie was able to expand in all major watch markets in 2005, posting exceptionally strong performances all over the world. Furthermore, this achievement assisted in the inauguration of a selected distribution network throughout Europe.

During 2005, Folli Follie participated for its second consecutive year at Baselworld, one of the world's biggest watch and jewellery fairs held in Basel, Switzerland. As the most prestigious watch and jewellery exhibition worldwide, Baselworld was the ideal location for Folli Follie to present its enamel flower watch line, which fused fashion and watchmaking impeccably. Folli Follie's presence at Baselworld generated huge coverage within the press and media as many journalists and fashion editors attended the fair and arranged meetings at the Folli Follie stand. As well as Baselworld, Folli Follie partook at the Inhorgenta Exhibition in Munich, where buyers were presented with Folli Follie watches and stainless steel jewellery.





Folli Follie's leather accessories collections intensified during the course of 2005 as the company introduced new and creative talent to the design team. As a result, the 2005 collections were enthusiastically received by customers and were highly successful with the press. The accessories line, which includes handbags, small leather goods, belts, scarves and accessories follows Folli Follie's philosophy for affordable, fashionable luxury and record sales were documented during 2005. Folli Follie will focus further on this category in 2006 and continue to develop innovative and fashionable accessories.

The reassertion of the accessories line should be a great growth driver for Folli Follie and plans include thorough means of media communications, such as concentrated advertisement campaigns and extensive PR support.

The wide range of styles, designs, sizes and materials will continue to fulfill existing and new customers' need for affordable, fashionable luxury.

The Folli Follie logo was a source of inspiration for the accessories designers in 2005. The brand launched its "Logomania" Line, using the company's distinguished brand name as its main design factor. Fresh designs and attractive shapes paved the way for this collection which proved very popular with customers. This emblematic collection will remain a staple line in all of Folli Follie's future seasonal accessories collections and plans for 2006 include developing ideas further with new and innovative materials and designs.

The international success of Folli Follie's "Classic" line proceeded into 2005 with seasonal renewals of the company's best selling accessories. All time key silhouette styles featured a palette of colours such as blue, red and orange for Spring/Summer, while Autumn/Winter shades included black, camel and fashionable bronze.

The Italian designed accessories collections also included stunning creations from materials such as canvas, tweed, corduroy, velvet and jacquard. Both the Spring/Summer and Autumn/Winter collections revealed Folli Follie's exceptional know-how in accessories design and its genuine drive for fashionable luxury.

INTERNATIONAL MEDIA PRESENCE & ADVERTISING



Folli Follie continues to enhance its image on a world wide spectrum through various forms of marketing, advertising and promotional activities. Within the year 2005, the company effectuated various global campaigns, which were executed and coordinated from its Athens Headquarters to guarantee a united image and harmonious advertising concept throughout the world. In keeping with the bold images introduced in 2004, Folli Follie's in-house stylists collaborated with top photographers for a further year creating once again, bold, alluring yet elegant imagery, synonymous with Folli Follie's fresh and innovative approach to the world of fashion jewellery, watches and accessories. As a pivotal factor in the overall awareness of the company, advertising imagery should be captivating, inspiring and creative. Folli Follie subsequently incorporated all these aspects into some very fine imagery with its Spring Summer 2005 Collections featuring fabulous lifestyle shots, as well as effective product shots. Colour was the prime moving spirit, with bold shades and vivid styling resulting in powerful images, which oozed attitude and vitality. Identical images were displayed in Folli Follie's store windows and light boxes universally and presented in the same uniform catalogue deployed all over the world.

Vogue, Elle, Cosmopolitan, In Style, Madame Figaro and Tatler are a few of the European titles Folli Follie regularly advertises in. In Asia, Folli Follie's massive presence is supported with advertisements in both national magazines such as Oggi (Japan and China) and international publications such as Harpers Bazaar, Elle, Cosmopolitan and Vogue. Furthermore, regular advertisements were placed in the New York Magazine in the U.S.



Bus panels in Hong Kong

Besides magazine advertisements, various forms of media communications took shape in the form of outdoor advertising mediums. After the success of the 2004 moving transport campaigns, Folli Follie featured once again on Bus panels in 2005 in both Europe and Asia. During Paris fashion week, Folli Follie imagery from the AW0506 campaign was displayed on local buses which ran through Paris' famous shopping streets and past notable landmarks, such as The Eiffel Tower, Champs Elysee and the Trocadero. At the beginning of the year, the same promotion took place in London, while in the summer season in Hong Kong, bus panels displayed SS05 images and a message inviting the public to "catch a new shopping experience" at Harbour City.



Bus panels in London



U.K.



GREECE



TAIWAN



CHINA



H.K.



INTERNATIONAL MEDIA PRESENCE & ADVERTISING



Throughout the year, advertising campaigns were supported by media investments and public relations activities. Folli Follie initiated very good relations with the press (both in the fashion and financial field) and as a result, a continuous amount of high calibre editorials were generated throughout the countries Folli Follie has a presence in. Consistent communications with the media in the form of press releases, meetings with the press (presentations of collections prior to the seasons) and various press events paved the way for some very high profile coverage. Folli Follie's product has been welcomed and unanimously praised throughout the world, as the company communicates its brand to international media in various forms.



Media trips were organized in which selected titles were invited to Greece by Folli Follie throughout the Summer. As an example, Folli Follie welcomed editors from China's top publication Rayli in June 2005 for an exclusive fashion shoot, which took place at the company's Headquarters and on location at the Acropolis, the ancient citadel at Athens and the beautiful island of Mykonos. Ten pages were dedicated to Folli Follie, which included interviews with Mr. and Mrs. Koutsolioutsos. Folli Follie's presence in China continues to strengthen and such forms of communication are excellent for the brand in such a rapidly evolving country. Special interviews were also conducted in fashion and financial publications in Greece and other countries in Europe and Asia with Mr. George Koutsolioutsos and Mr. Dimitris Koutsolioutsos. Special lifestyle editorials were also frequent with Mrs. Ketty Koutsolioutsos and Mrs. Mariza Koutsolioutsos, top management and owners of Folli Follie.



INTERNATIONAL MEDIA PRESENCE & ADVERTISING



Mr Dimitris Koutsolioutsos, Mrs Nana Mouskouri and Mrs Ketty Koutsolioutsos at the event held to honour Nana in Hong Kong

SPONSORSHIPS

As regards to sponsorship activities, Folli Follie had the ability of authenticating its Greek routes in October when it had the honour of sponsoring Mrs. Nana Mouskouri's farewell concert in Hong Kong as part of her farewell world tour. As the best selling female artist of all time and as UNICEF'S International Goodwill Ambassador, Mrs. Mouskouri has earned the affection of millions of fans in Europe, the Americas, Australia and Asia. Folli Follie, a Greek company, having achieved an internationally renowned reputation, was most honoured to be supporting Mrs. Mouskouri while she disseminated her Greek foundations across the world. An exclusive cocktail party held by Folli Follie, which took place at Hong Kong's Grand Hyatt Hotel, where Mrs. Mouskouri made an exclusive appearance before manifesting herself at the Grand Hall Theatre.

Another interesting sponsorship took place in China, which was the chosen location for 15 renowned Greek artists to exhibit their art in June 2005. Held at the fashionable Apothiki Beijing arts gallery and arranged by the Greek National Tourism Association, Folli Follie sponsored the event where Mr. Dimitris Avramopoulos (Minister of Greek Tourism) and officials from the Greek Embassy and the Greek Delegation Group of China opened the exhibition. The event had great media attention from Chinese and International press and proved a successful promotional achievement for Folli Follie.



Mrs Yuki Tan and Mr Avramopoulos during Folli Follie's sponsorship of Greek artists in Beijing

Folli Follie also sponsored a special concert held at the Benaki Museum Athens. Mr Savvopoulos, the famous Greek music composer, lyricist and singer collaborated with the Dance Theatre of Roes and presented a show centered on songs he wrote for the productions of The Archanians and Plutus. The event, open to the public with no admission charge was a huge success with over 1000 attendees. Consequently, it generated major press coverage for the company and Mr. Savvopoulos himself whose work is a major inspiration for the people of Greece.

The special Valentine's event at the Kifissia Bowling centre in Athens is an annual sponsorship, which gives Folli Follie's employees and members of the public an opportunity to take part in a bowling tournament. In 2005, there were record numbers of attendance and prizes included cash prizes donated by Folli Follie and gifts from its jewellery and watch collections. Team spirit is a top priority at Folli Follie and is something the company encourages also on a professional level.



Folli Follie sponsored Dionyssi Savvopoulos' concert in Athens

CHARITY

Every year, Folli Follie demonstrates its sensitivity to issues of social solidarity by committing itself to the support of various charities in Greece. In 2005 the company donated money to The Hatzikiriakio Institute of childcare, which dedicates itself to the care of girls bereft of protection and advantages in Greece. Furthermore, Folli Follie continues to support Lifeline, whose Patron is HRH Crown Princess Katherine of Yugoslavia and is dedicated to distributing humanitarian aid throughout former Yugoslavian people regardless of their religion or ethnic origin. Folli Follie also supports ELEPAP, a Hellenic Society for disabled children, which is a non-profit non-government organization that aims to provide rehabilitation to physically disabled children in Greece from birth to 16 years of age. Overall, Folli Follie supports several charity institutions either with gift giving or other forms of donations. Amongst the non profit, charity institutions that Folli Follie supports are Association of Friends of Children with Cancer "ELPIDA" ("Hope"), Centre of Life, MDA Hellas, Doctors of the World, Society for the Protection of Spastic, Friends of the Child and more.

As for the rest of Europe, Folli Follie sponsors or donates to various charitable causes dedicated to child care and the protection of children. Folli Follie continues to demonstrate its sensitivity to issues of social solidarity, which are not direct business actions but topics, which the company feels a great responsibility to bring to the public's attention.

FORESEEING 2006



The company's long term aim and strategy is to establish its brand name in the fashion jewellery, watches and accessories field on an international basis.

For 2006, the company aims to strengthen its presence in its existing markets, where particular prominence will be given to the Asian countries. The company will also continue to invest in the rapidly expanding Chinese market, which is expeditiously expanding in the field of fashion and luxury goods and has shown a special interest in Folli Follie. The company aims to open two multi level flagship stores in the central areas of Shanghai and Beijing. Regarding its sales network, it is worth mentioning that the company intends to refresh its existing stores worldwide with a new improved store concept, part of its plan to improve the overall perspective of the company.

As far as the company's product range is concerned, Folli Follie is constantly enriching its jewellery, watches and accessories collections. It is currently evaluating further enhancing its leather accessories collection, which in turn will be intensely supported by various means of communications, such as advertisements and public relations.

Finally, it is worth reiterating how undeniably important the travel retail sector is in the strengthening and recognition of the Folli Follie brand. The company's existing presence in international airports such as Vancouver, Athens and Seoul, as well as listings on board airlines such as British Airways, Cathay Pacific, Qatar Airlines, United Airlines, Japan and Korea Airlines has proved very successful. Folli Follie will continue to invest in international airports and airlines as it considers this venture highly important in its strategy towards establishing a world wide brand name.



23rd km Athens - Lamia Highway, 145 65 Ag. Stefanos
Tel.: +30 210 6241 000, fax: +30 210 6241 100

www.follifollie.com