

FOLLI FOLLIE A.B.E.E.



INTERIM FINANCIAL REPORT

PERIOD FROM 1/1/2008 UNTIL 31/3/2008

According to International Financial Reporting Standards

The attached interim financial statements for the period of 01/01/2008 – 31/3/2008 are those that were approved by the board of directors of FOLLI FOLLIE ABEE on 26/05/2008 and have been posted on the company's web site.

BALANCE SHEET (Amounts reported in €)

		The Group		The Company	
ASSETS	Σημ.	31/3/2008	31/12/2007	31/3/2008	31/12/2007
Tangible Assets	(4.1)	198.091.783,48	199.152.522,35	23.334.754,88	22.961.724,13
Investments in PPE	(4.1)	0,00	0,00	9.500.000,00	9.500.000,00
Goodwil	(4.2)	359.256.225,45	347.928.082,75	0,00	0,00
Intangible Assets	(4.2)	111.559.165,99	112.747.864,67	705.683,03	727.409,14
Investments in associates	(4.3)	0,00	0,00	400.069.215,20	387.438.470,75
Deferred income tax assets	(4.16)	4.061.928,36	3.703.045,94	262.136,01	316.090,50
Other long term receivables	(4.4)	11.307.693,08	12.566.828,22	297.763,98	294.583,75
Total non-current assets (a)		684.276.796,36	676.098.343,93	434.169.553,10	421.238.278,27
Inventories	(4.5)	215.219.963,74	209.190.323,18	15.644.071,00	15.572.813,03
Trade Receivables	(4.6)	174.751.225,58	195.125.870,28	14.671.552,90	16.359.467,19
Other Receivables	(4.7)	71.708.913,28	49.382.426,72	2.312.256,30	3.461.025,08
Other financial assets at fair value through profit or loss	(4.7)	3.001.191,94	3.341.881,14	1.595.970,74	1.629.392,98
Cash and cash equivalents	(4.9)	87.348.330,96	91.508.554,94	5.624.108,08	14.443.008,70
Total current assets (b)		552.029.625,50	548.549.056,26	39.847.959,02	51.465.706,98
TOTAL ASSETS (a) + (b)		1.236.306.421,86	1.224.647.400,19	474.017.512,12	472.703.985,25
EQUITY & LIABILITIES					
Share capital	(4.10)	9.884.062,50	9.884.062,50	9.884.062,50	9.884.062,50
Share premium	(4.10)	62.531.731,47	62.531.731,47	62.531.731,47	62.531.731,47
Other reserves	(4.11)	25.082.740,10	25.443.170,44	16.527.025,06	16.887.455,40
Own Stock	(4.11)	-8.893.210,85	-7.899.441,83	-108.259,13	-108.259,13
Retained earnings	(4.11)	296.714.266,52	277.332.378,69	24.875.544,92	29.856.696,85
Exchange differences	(4.11)	-81.321.024,27	-59.101.599,04		
Other capital and reserves attributable to equity holders of the Company	(4.11)	-88.927.927,73	-88.927.927,73		
Total capital and reserves attributable to equity holders of the Company		215.070.637,74	219.262.374,50	113.710.104,82	119.051.687,09
Minority interest (b)	(4.11)	130.164.238,88	134.486.641,86		
Total Equity (c) = (a)+(b)		345.234.876,62	353.749.016,36	113.710.104,82	119.051.687,09
Long-term borrowings	(4.12)	551.125.118,97	547.902.213,79	334.500.000,00	334.500.000,00
Retirement benefit obligations	(4.12)	10.826.941,22	10.271.467,22	695.089,01	674.362,00
Deferred income tax liabilities	(4.16)	18.153.341,20	18.091.989,76	1.157.563,85	1.168.104,94
Provisions for other liabilities and charges	(4.12)	8.265.948,16	10.420.084,81	430.994,79	438.732,38
Total non-current liabilities		588.371.349,55	586.685.755,58	336.783.647,65	336.781.199,32
Trade payables	(4.13)	94.426.049,39	94.738.124,89	1.619.475,12	3.319.127,90
Short-term Borrowings	(4.13)	150.437.166,22	122.026.853,87	17.586.631,28	8.115.924,16
Other current liabilities	(4.13)	57.836.980,08	67.447.649,49	4.317.653,25	5.436.046,78
Total current liabilities		302.700.195,69	284.212.628,25	23.523.759,65	16.871.098,84
Total Liabilities (d)		891.071.545,24	870.898.383,83	360.307.407,30	353.652.298,16
TOTAL EQUITY AND LIABILITIES (c)+(d)		1.236.306.421,86	1.224.647.400,19	474.017.512,12	472.703.985,25

DATA FROM INCOME STATEMENT FOR THE PERIOD (Amounts reported in Euro)

		The Group		The Company	
		1/1-31/03/2008	1/1-31/03/2007	1/1-31/03/2008	1/1-31/03/2007
Sales Revenue	(4.17)	189.254.998,30	121.598.551,98	7.502.988,78	7.752.091,77
Cost of goods sold		-92.379.644,15	-50.468.151,75	-2.809.181,25	-2.780.791,91
Gross profit		96.875.354,15	71.130.400,23	4.693.807,53	4.971.299,86
Other Operating income	(4.17)	6.873.933,56	4.166.506,27	503.070,76	417.229,15
Administrative expenses	(4.17)	-11.558.232,91	-9.008.534,31	-1.397.129,80	-1.238.787,60
Selling and marketing costs	(4.17)	-52.662.118,87	-34.298.492,62	-3.122.446,75	-2.915.471,31
Other expenses	(4.17)	-998.714,04	-805.519,93	-459.535,16	-63.477,74
Operating profit		38.530.221,89	31.184.359,64	217.766,58	1.170.792,36
Finance costs - profit	(4.17)	719.619,11	812.387,36	316.481,88	193.255,43
Finance costs - expenses	(4.17)	-10.926.343,05	-6.907.664,09	-5.471.986,99	-5.353.972,49
Share of profit of associates					
Profit/Loss before taxes (EBT)		28.323.497,95	25.089.082,91	-4.937.738,53	-3.989.924,70
Income tax expense	(4.18)	-6.382.247,83	-6.815.727,80	-43.413,40	160.157,94
Profit/Loss for the period (after taxes)		21.941.250,12	18.273.355,11	-4.981.151,93	-3.829.766,76
<u>Attributable to:</u>					
Equity holders of the Company		19.236.887,83	17.443.249,16		
Minority interest		-2.704.362,29	-830.105,95		
Earnings (after taxes) per share - basic (expressed in €)	(4.19)	0,58	0,53	-0,15	-0,12
Amortisation - Depreciation		4.725.017,83	2.656.160,00	278.052,66	263.697,75
Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)		43.255.239,72	33.840.519,64	495.819,24	1.434.490,11
Earnings (profit) before taxes, financing and investing results (EBIT)		38.530.221,89	31.184.359,64	217.766,58	1.170.792,36

Statement of changes in the Group's equity (in €)

	Share Capital	Share Premium	Other Reserves	Own Shares	Retained earnings	Currency exchange differences	Other capital and reserves attributable to equity holders of the company	Total	Minority interest	Total net equity
Balance at 1.1.2007	9.884.062,50	62.531.731,47	8.832.577,14	-1.339.856,41	207.356.278,78	-32.706.043,74	-88.927.927,73	165.630.822,01	104.006.311,60	269.637.133
Dividends					-3.953.625,00			-3.953.625,00		-3.953.625
Directors fees					-250.000,00			-250.000,00		-250.000
Minority interest due to new subsidiaries								0,00	13.611.149,83	13.611.149
Net income recognised directly in equity					18.063.336,86			18.063.336,86		18.063.336
Period results					72.711.928,77			72.711.928,77	16.869.180,43	89.581.109
Share buyback				-6.559.585,42				-6.559.585,42		-6.559.585
Other changes			16.610.593,30		-16.595.540,72	-26.395.555,30		-26.380.502,72		-26.380.502
Balance at 31th of December 2007	9.884.062,50	62.531.731,47	25.443.170,44	-7.899.441,83	277.332.378,69	-59.101.599,04	-88.927.927,73	219.262.374,50	134.486.641,86	353.749.016
Balance at 1.1.2008	9.884.062,50	62.531.731,47	25.443.170,44	-7.899.441,83	277.332.378,69	-59.101.599,04	-88.927.927,73	219.262.374,50	134.486.641,86	353.749.016
Dividends								0,00		0
Directors fees								0,00		0
Minority interest due to new subsidiaries								0,00	-6.909.101,23	-6.909.101
Net income recognised directly in equity			-360.430,34					-360.430,34		-360.430
Period results					19.381.887,83			19.381.887,83	2.704.362,29	22.086.250
Share buyback				-993.769,02				-993.769,02		-993.769
Other changes						-22.219.425,23		-22.219.425,23	-117.664,04	-22.337.089
Balance at 31th of March 2008	9.884.062,50	62.531.731,47	25.082.740,10	-8.893.210,85	296.714.266,52	-81.321.024,27	-88.927.927,73	215.070.637,74	130.164.238,88	345.234.876

Statement of changes in the Company's equity (in €)

	Share Capital	Share Premium	Other Reserves	Own Shares	Retained earnings	Other capital and reserves attributable to equity holders of the company	Total
Balance at 1.1.2007	9.884.062,50	62.531.731,47	20.184.566,82	-108.985,61	22.113.518,04	0,00	114.604.893,22
Dividends					-3.953.625,00		-3.953.625,00
Directors fees					-250.000,00		-250.000,00
Minority interest due to new subsidiaries							0,00
Net income recognised directly in equity				726,48		124.725,65	125.452,13
Period results					8.524.966,74		8.524.966,74
Share buyback							0,00
Other changes			-3.421.837,07		3.421.837,07		0,00
Balance at 31st of December 2007	9.884.062,50	62.531.731,47	16.762.729,75	-108.259,13	29.856.696,85	124.725,65	119.051.687,09
Balance at 1.1.2008	9.884.062,50	62.531.731,47	16.762.729,75	-108.259,13	29.856.696,85	124.725,65	119.051.687,09
Dividends							0,00
Directors fees							0,00
Minority interest due to new subsidiaries							0,00
Net income recognised directly in equity						-360.430,34	-360.430,34
Period results					-4.981.151,93		-4.981.151,93
Share buyback							0,00
Other changes							0,00
Balance at 31 st of March 2008	9.884.062,50	62.531.731,47	16.762.729,75	-108.259,13	24.875.544,92	-235.704,69	113.710.104,82

CASH FLOW STATEMENT (Amounts reported in Euro)

2nd alternative: Indirect Method

	The Group		The Company	
	1/1-31/03/2008	1/1-31/03/2007	1/1-31/03/2008	1/1-31/03/2007
Cash Flows related to Operating Activities				
Net Profit before taxes	28.468.497,95	25.089.082,91	-4.937.738,53	-3.989.924,70
<i>Adjustments in respect of non-cash transactions:</i>				
Depreciation and Amortisation	4.725.017,83	2.656.160,00	278.052,66	263.697,75
Devaluation of tangible and intangible assets				
Provisions	529.573,50	478.777,20	30.875,01	30.630,00
Exchange differences	-11.341.132,28	-186.194,91		
Cash flows from investing activities	-430.160,50	214.377,36	-283.099,64	-73.582,12
Debit interest and similar expenses	10.308.851,09	6.473.240,00	5.438.564,75	5.168.733,00
Adjustments related to working capital or other operating activities				
Decrease/(increase) of Inventories	-8.895.423,21	-8.846.467,14	-71.257,97	-545.217,42
Decrease/(increase) of Receivables	-10.559.210,92	-8.345.127,35	2.476.252,73	-1.329.307,42
Increase/(decrease) of payable accounts (except Banks)	-183.238,43	2.385.121,53	-1.124.990,39	-2.015.095,04
<u>Minus</u>				
Interest paid and similar expenses	-3.401.765,00	-7.211.790,00	-1.647.623,75	-5.284.172,11
Income Tax paid	-7.647.749,18	-1.828.810,63	-1.203.269,76	-63.163,64
<i>Net cash inflows/(outflows) from Operating Activities (a)</i>	<u>1.573.260,85</u>	<u>10.878.368,97</u>	<u>-1.044.234,89</u>	<u>-7.837.401,70</u>
Cash Flows related to Investing Activities				
Purchases of subsidiaries, associates and other investments	-18.509.704,45		-12.630.744,45	
Purchases of tangible and intangible assets	-4.139.866,95	-2.668.740,00	-629.357,30	-198.049,22
Proceeds from sale of tangible and intangible assets	347.215,61	611.435,08	40,00	106,00
Proceeds from sale of financial assets				
Dividends received				
Interest received	553.092,35	738.550,00	316.481,88	115.439,11
Decrease/(increase) of other long-term receivables	1.690.900,66	-592.237,14		-4.851,70
<i>Net cash inflows/(outflows) from Investing Activities (b)</i>	<u>-20.058.362,78</u>	<u>-1.910.992,06</u>	<u>-12.946.760,10</u>	<u>-87.355,81</u>
Cash Flows related to Financing Activities				
Own Stock	-993.769,02	-532.971,92		
Proceeds from Loans	15.901.490,34		5.679.766,12	-2.137.660,89
Repayment of Loans		-1.698.910,63		
Payments for leases	-82.909,21	-94.870,63	-7.737,59	-8.119,65
Dividends paid	-499.934,16	-1.250.120,04	-499.934,16	-1.250.120,04
<i>Net cash inflows/(outflows) from Financing Activities (c)</i>	<u>14.324.877,95</u>	<u>-3.576.873,22</u>	<u>5.172.094,37</u>	<u>-3.395.900,58</u>
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	-4.160.223,98	5.390.503,69	-8.818.900,62	-11.320.658,09
Cash and cash equivalents at the beginning of the period	91.508.554,94	109.310.713,75	14.443.008,70	22.402.656,98
<u>Cash and cash equivalents at the end of the period</u>	<u>87.348.330,96</u>	<u>114.701.217,44</u>	<u>5.624.108,08</u>	<u>11.081.998,89</u>

1 General Information about the Group

1.1 The Company

The FOLLI FOLLIE company has the legal entity of societe anonym and is the mother company of the FOLLI FOLLIE.

The Company's seat is registered at 23rd Km ATHENS-LAMIA HIGHWAY, in Greece, where the company's headquarters are located.

The Company's shares are listed in the Securities Market of the Athens Stock Exchange, under the classification of Big Capitalization.

Each share provides the right of one vote.

1.2 Object of activity

The Group's primary activities are: a) the construction of Jewelries, Watches, and accessories, b) The representation of foreign Brands and the sales of clothing, c) the retail travel sector.

1.3 Structure of the Group

The companies of the Group, which are included in the consolidated financial statements, are as follows:

COMPANY	REGISTERED OFFICE	% PARTICIPATION	RELATION THAT COMMANDED THE CONSOLIDATION
FOLLI FOLLIE S.A.	GREECE	-	-
FOLLI FOLLIE HONG KONG LTD	HONG KONG	99,99%	Direct
FOLLI FOLLIE UK LTD	GREAT BRITAIN	99,99%	Direct
FOLLI FOLLIE FRANCE SA	FRANCE	100%	Direct
FOLLI FOLLIE SPAIN SA	SPAIN	100%	Direct
FOLLI FOLLIE CZECH SRO	CZECH REP.	100%	Direct
FOLLI FOLLIE POLAND SZOO	POLAND	100%	Direct
FOLLI FOLLIE SLOVAKIA SRO	SLOVAKIA	100%	Direct
FOLLI FOLLIE GERMANY Gmbh	GERMANY	100%	Direct
MFK FASHION LTD	CYPRUS	100%	Direct
PLANACO SA	GREECE	76,67%	Direct
HELLENIC DUTY FREE SHOPS	GREECE	52,28%	Direct
FOLLI FOLLIE JAPAN LTD	JAPAN	100%	Direct
FOLLI FOLLIE ASIA LTD	HONG KONG	99,99%	Indirect
FOLLI FOLLIE TAIWAN LTD	TAIWAN	99,99%	Indirect
FOLLI FOLLIE KOREA LTD	S.KOREA	99,99%	Indirect
FOLLI FOLLIE SINGAPORE LTD	SINGAPORE	99,99%	Indirect
BLUEFOL GUAM LTD	GUAM	99,99%	Indirect
BLUEFOL HAWAII LTD	HAWAII	99,99%	Indirect
BLUEFOL HONG KONG LTD	HONG KONG	99,99%	Indirect
FOLLI FOLLIE MALAYSIA LTD	MALAYSIA	99,99%	Indirect
FOLLI FOLLIE THAILAND LTD	THAILAND	99,99%	Indirect
FOLLI FOLLIE CHINA (PILION LTD)	CHINA	85,00%	Indirect
HELLENIC DISTRIBUTIONS SA	GREECE	52,27%	Indirect
LINKS (LONDON) LIMITED	GREAT BRITAIN	52,27%	Indirect
LINKS OF LONDON (INTERNATIONAL) LTD	GREAT BRITAIN	52,27%	Indirect
LINKS OF LONDON COM LTD (UK)	GREAT BRITAIN	52,27%	Indirect
LINKS OF LONDON ASIA LTD (HK)	HONG KONG	52,27%	Indirect
LINKS OF LONDON INC (USA)	U.S.A.	52,27%	Indirect
LINKS OF LONDON (FRANCE)	FRANCE	52,27%	Indirect
HDFS SKOPJE DOO (F.Y.R.O.M.)	F.Y.R.O.M.	52,28%	Indirect
HELLENIC TOURIST BUREAU A.E.	GREECE	52,28%	Indirect
LAPFOL (JOINT VENTURE)	HONG KONG	50,00%	Indirect
ELMEC SPORT ABETE	GREECE	49,51%	Indirect
FACTORY OUTLET A.E.E	GREECE	49,51%	Indirect
FACTORY OUTLET AIRPORT A.E.E	GREECE	49,51%	Indirect
ELMEC ROMANIA SRL	ROMANIA	49,51%	Indirect
ELMEC SPORT BULGARIA EOOD	BULGARIA	49,51%	Indirect
CHRONOSPORT A.E.	GREECE	24,76%	Indirect
MOUSTAKIS S.A.	GREECE	49,51%	Indirect
LOGISTICS EXPRESS A.E.	GREECE	49,51%	Indirect
ATTIKA DEPT.STORES SA	GREECE	24,74%	Indirect
IPIROTIKI S.A.	GREECE	49,46%	Indirect
NORTH LANDMARK SA	GREECE	17,33%	Indirect

2 Basis of Preparation of Financial Statements

2.1 Compliance with the IFRS

The consolidated and separate financial statements of the FOLLI FOLLIE group 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 as of 31 December 2007.

2.2 Basis of Preparation of Financial Statements

The consolidated and separate financial statements of the FOLLI FOLLIE group have been prepared under the going concern basis and the historic cost principle, as amended with the adjustment of certain items of assets and liabilities.

2.3 Approval of Financial Statements

The financial statements have been approved by the Group's Board of Directors on 26th May 2008 and are to obtain final approval by the Shareholders' Ordinary General Assembly.

2.4 Applicable Period

The present financial statements comprise the financial statements of the Company and its subsidiaries, which are jointly referred to as the Group and are applicable over the period from 1 January 2008 until 31 March 2008 .

2.5 Presentation of Financial Statements

These financial statements are presented in €, which is the functional currency of the Group, meaning that it is the currency of the primary economic environment, in which the mother company operates, as well as most of its subsidiaries.

All figures are presented in thousands, unless it is otherwise specified.

It should be noted that for purposes of rounding, the actual sums of the figures indicated in the published by the press condensed separate and consolidated financial statements, are likely to differ from the sums indicated in the present financial statements.

2.6 Exchange rates for the financial statements translation from activities abroad

The exchange rates used for the translation of the financial statements of subsidiaries and branches abroad in € are the following:

	USD	GBP	JPY
31/3/2008	1,5812	0,7958	157,37
1/1-31/3/2008	1,4981	0,7569	157,79
31/3/2007	1,3318	0,6798	157,23

2.7 Changes in accounting principles

2.7.1 Standards, amendments and interpretations of already existing standards

The changes in accounting principles which have been adopted and are consistent with those of the previous years, are analyzed as follows:

2.7.1.1 Amendment of the IAS 1 Presentation of the Financial Statements

Due to the publication of the IFRS 7, certain amendments were deemed necessary in IAS 1 Presentation of the Financial Statements and certain additional requirements were added in IAS 1, which pertain to the publication of information of an economic entity. The Group is publishing from now on information pertaining to the purpose of capital management, the processes and the strategy it follows.

2.7.1.2 Adoption of IFRS 7 Financial instruments: Disclosures

It is required that IFRS 7 is applied on the annual financial statements which are published as of 1/1/2007 or thereafter. IFRS 7 replaces and amends the necessary disclosures which were previously determined by IAS 32 and has been adopted by the Group for the 2007 consolidated financial statements.

All disclosures which refer to financial instruments as well as items of the comparative period have been updated so as to respond to the requirements of the new standard.

More specifically, the consolidated financial statements of the Group present for every reported financial statement:

- Ø A sensitivity analysis which aims at justifying the exposure of the Group to market risks, associated with its financial instruments and
- Ø An analysis of the termination of financial obligations which shows the conventional liabilities due.

The first implementation of the Standard has not led to prior years items revaluation, with regard to financial flows, net results or other items of the Balance Sheet.

2.7.1.3 IFRIC 7 – Adoption of revision method of IAS 29

This interpretation provides guidelines in regard to the implementation of IAS 29 in a period of presentation, in which a company acknowledges a state of hyperinflation in the economy of its functional currency, under the condition that the economy has not been hyperinflationary in the previous year. Given that none of the companies of the Group operates in a hyperinflationary economy, this interpretation has not affected the financial statements of the Group.

2.7.1.4 IFRIC 8 – Scope of IFRS 2

This interpretation examines the transactions which include the equity instruments issued – when the identifiable received price is smaller than the fair value of the equity instruments issued – so as to define whether or not they fall within the implementation scope of IFRS 2. This interpretation has not affected the financial statements of the Group.

2.7.1.5 IFRIC 9 - Reassessment of Embedded Derivatives

This interpretation requires an economic entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as if it were stand-alone derivative when the entity first becomes party to a contract. This interpretation does not apply to the Group.

2.7.1.6 IFRIC 10 - Interim Financial Reporting and Impairment

This interpretation requires an entity should not reverse in a subsequent interim period impairment loss on goodwill or an investment in an equity instrument or in a financial asset carried at cost that it

had recognised in prior years balance sheets. This interpretation has not affected the financial statements of the Group.

2.7.2 Standard, amendments and interpretations in the existing standards, not yet in effect and not adopted.

2.7.2.1 IAS 1: Presentation of financial statements

The basic changes of this Standard are summarized in the separate presentation of the net equity changes deriving from transactions with the shareholders, under their property as shareholders (eg dividends, capital increases) from other net equity changes (eg currency translation reserves). Furthermore, the improved revision of the Standard presents changes in terminology as well as the presentation of financial statements.

The new definitions of the Standard, do not change, however, the rules of recognition, measurement or disclosure of specific transactions and other information required by the rest of the Standards.

The amendment of IAS 1 is mandatory for the period that begins on or after 1 January 2009, while these requirements are applicable also in the IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. These changes which stem from the amendment of IAS 1 are applied in retrospect.

The Group does not intend to adopt the revised Standard earlier.

2.7.2.2 IAS 23 Borrowing costs (amendment)

In the revised edition of IAS 23 “Borrowing costs”, what was previously considered as basic method of recognizing the borrowing costs in the results, has been eliminated. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, as stipulated in the IAS 23, should form part of the cost of that asset. The revised edition of IAS 23 is mandatory for annual periods beginning on or after 1 January 2009. The Group will not be affected by this particular amendment. The Group does not intend to apply the revised standard earlier.

2.7.2.3 IFRS 8 – Operating Segments

The standard is effective as of 1 January 2009 and replaces IAS 14, according to which segments are recognized and presented on the basis of efficiency and risk analysis. As per IFRS 8, segments are components of an economic entity, which are regularly examined by the management of the enterprise and presented in the financial statements, based on this internal categorisation. The Group will apply IFRS 8 beginning 1 January 2009.

2.7.2.4 IFRIC 11 - IFRS 2: Group and Treasury Share Transactions

This interpretation clarifies the accounting treatment of transactions in which a subsidiary's employees obtain treasury shares of the mother company. Furthermore, it clarifies if certain transaction types should be accounted for as equity settled or cash-settled transactions. This interpretation shall not affect the financial statements of the Group.

2.7.2.5 IFRIC 12 – Service Concession Arrangements

This interpretation is effective for annual periods beginning on or after 1 January 2008 and refers to enterprises that participate in service concession agreements. This interpretation is not applicable to the Group.

2.7.2.6 IFRIC 13 Customer Loyalty Programmes

IFRIC has published an interpretation which is related to the implementation of what is provided by IAS 18 for the recognition of revenues. IFRIC 13 “Customer Loyalty Programmes” specifies that when companies grant their customer’s loyalty award credits (eg ‘points’) as part of a sales transaction and customers can redeem the points in the future for the free or discounted purchase of goods or services, paragraph 13 of IAS 18 should be applied. The latter requires that these awards are accounted for as a separate element of the sales transaction and as a part of the money received or the claim which was recognized to be attributed to these awards. The recognition time of this element is postponed until the enterprise satisfies the obligations which are linked with these awards, either by supplying promptly the awards or engaging a third party to do so. The application of IFRIC 13 is mandatory for periods beginning on or after 1 July 2008. This interpretation shall not affect the financial statements of the Group. The Group does not intend to apply this interpretation earlier.

2.7.2.7 IFRIC 14: IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 14 addresses the interaction between minimum funding requirements (which are usually imposed by laws and regulations) and the measurement of a defined benefit asset. The issue of IFRIC 14 under review is related solely to the limited cases of defined benefit retirement programmes, which are “in surplus” or are subject to minimum funding requirements. Among other issues, it addresses the concept “availability”, used in IAS 19. In general, this interpretation explains that a financial benefit is available when the company has the unreserved right to recognise the benefit during or throughout the transaction of a defined benefit programme. The recognition of this element does not depend on whether the financial benefits are directly recognizable during the date of the balance sheet or how the potential surplus is to be used. Furthermore, the interpretation is dealing with the accounting treatment of an obligation for the minimum funding requirements incurred by services that have already been granted to the company. IFRIC 14 is effective for periods beginning on or after 1 January 2008. As an exception, IFRIC 14 does not require a full retrospective application. Application is required upon the commencement of the first period when the Interpretation is effective. This interpretation is not applicable to the Group

2.8 Management’s important judgments and assessments.

The Financial Statements preparation according to the International Accounting Standards requires the formulation of assessments, judgements and acknowledgements which are likely to affect the assets and liabilities accounting balances, and necessary disclosures for contingent liabilities and claims, as well as the amount of recognized revenues and expenses.

Providing adequate reporting and applying subjective judgement are integral parts for the measurement of assets valuations, employees’ benefits liabilities, devaluation of elements of assets, unaudited fiscal years and pending court cases. These assessments are considered important but not binding. The actual future results are likely to differ from the assessments above.

2.8.1 Judgements

The basic judgements formulated by the Group Management (apart from the judgements that are associated with assessments, which are presented subsequently) and have greater impact on the amounts recognized in the financial statements is mainly related to:

2.8.1.1 Classification of investments

The Management decides during an investment acquisition, whether this investment will be classified into one of the three categories; trading, held-to-maturity, or available-for-sale.

For investments that are characterized as held-to-maturity, the management examines if the criteria of IAS 39 are met and in particular to what extent the Group has the intention and the ability to maintain them until their expiry. The Group classifies its investments as held for trading purposes if these have been acquired in order to generate mainly short-term profit. The classification of investments, measured in the fair value through the results, depends on the way the management monitors the performance of these investments. When they are not classified as held for trading purposes, but remain available and reliable fair values and the changes in the fair values are included in the profit or loss accounts of the management, they are classified as measured in the fair value through the results. All other investments are classified as available-for-sale.

2.8.2 Valuations

Specific amounts, included in or affecting financial statements, as well as the relevant disclosures are assessed, εκτιμώνται, necessitating our formulation of estimates regarding values or circumstances which we are not in a position to know with certainty during the preparation of the financial statements. An accounting assessment is considered important when it is important for the image of the financial status of the company and its results and requires the most difficult, subjective or complex judgements of the management, resulting usually from the need to formulate assessments about the impact of uncertain assumptions. The Group evaluates such assessments constantly, based on previous years results and experience, consultations with specialists, trends and other methods, considered reasonable at the given circumstances, as well as predictions for potential future changes. In note X accounting policies are stated O which have been selected among acceptable alternatives.

2.8.2.1 Income taxes

The FOLLI FOLLIE Company and its subsidiaries are subject to Income taxes from different fiscal authorities. Significant assessments are required in order to define provisions for Income taxes. There are numerous transactions and calculations, for which the accurate measurement of tax is uncertain during the ordinary course of activities of the enterprise. The Group recognizes obligations stemming from expected issues of the fiscal audit based on valuation for the amount of additional taxes potentially due. When the final result of these tax estimates, differs from the amount which was initially recognized in the financial statements, the differences affect the Income taxes and the forecasts for the deferred taxation of the period when these amounts are finalised.

2.8.2.2 Provisions

The high risk accounts present amounts which are likely to be recovered. The estimates for the amounts expected to be reclaimed result from analysis and experience of the group regarding the likelihood of doubtful debt. As soon as it becomes known that a certain account is exposed to a greater risk than the ordinary credit risk (eg low creditability of client, dispute over the nature of the amount of the claim, etc.), the account is analyzed and subsequently recorded as high risk if conditions denote that the obligation is unpaid.

2.8.2.3 Contingent events

Defining the potential obligations which are related with judiciary claims and requirements is a complex procedure, which includes assessment bearing on the potential consequences and the

interpretations of laws and regulations. Changes in judgement or interpretations are likely to lead in the future to the increase or decrease of the potential obligations of the Group.

3 Accounting policies summary

Below follows a summary of significant accounting policies which have been applied during the preparation of the present consolidated financial statements.

It is worth noting that accounting assessments and estimates are applied for the preparation of financial statements. Despite the fact that these estimates are based on the sound knowledge of the management regarding the current events and actions, the actual results are likely to differ in the end from those that have been assessed.

3.1 Consolidation Ενοποίηση

3.1.1 Subsidiaries Ουγατρικές

Subsidiaries are all entities, whose economic and business policies the Group has the power to control. The Group considers that it holds and exerts control when it participates with a higher percentage than half of the voting rights.

While defining to what extent the Group exerts control over the voting rights of another economic entity, it is examined if potential voting rights exist and if influence, which can be exercised or changed, is exerted upon them.

The subsidiaries are consolidated with the method of full consolidation from the date when the Group acquires control, while consolidation is terminated from the date control ceases to exist. In addition, acquired subsidiaries are initially consolidated through the adoption of the market method. The latter includes the readjustment of all the recognized assets and liabilities to the fair value, including potential obligations of the subsidiary, during the time of acquisition, regardless of whether these have been included in the financial statements of the subsidiary before its acquisition. During the initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet in the rearranged values, which are also employed as the basis of their subsequent valuation according to the accounting policies of the Group.

The accounting policies of the subsidiaries are modified where deemed necessary so that they are consistent with the policies adopted by the Group.

Trade receivables and liabilities, as well as transactions, revenues and expenses and pending profits or losses among companies of the Group are omitted in consolidated financial statements.

3.1.2 Affiliates

Affiliates are companies on which the Group has the right to exert significant influence and do not constitute subsidiaries or rights to joint venture. Significant influence is defined as the authority to participate in decisions for the economic and business policies of the company, but not have control over these policies. There is usually significant influence when the Group owns 20% to 50% of voting rights through share ownership μέσω κυριότητας μετοχών or through another kind of agreement.

Investments in affiliated companies are initially recognized at cost while for consolidation purposes the method of net equity is employed. Goodwill is included in the accounting value (cost) of the investment and it is monitored for devaluation as part of this investment.

All subsequent changes in the percentage of participation in the net equity of the affiliated company

are recognized in the accounting value of the investment of the Group.

Changes resulting from profits and losses of the affiliated companies are entered in the consolidated financial results.

Changes that have been directly recognized in total equity of affiliated companies are recognized in the consolidated total equity of the Group.

Whichever changes recognized directly in the total equity and are not related to a result, like for instance the distribution of dividends or other transactions with the affiliated company's shareholders, are registered by the accounting value of the participation. Within this framework, no influence is recognized on the net result or total equity.

When the share of losses of the Group in an affiliated company equals or exceeds the accounting value of the investment, including also any other non secure receivables, the Group does not recognize further losses, except if the Group has undertaken commitments or has effected payments on behalf of the affiliated company.

The accounting policies of the affiliated companies are modified when deemed necessary in order to be consistent with the policies adopted by the Group.

3.2 Joint ventures Κοινοπραξίες

Economic entities, whose financial activities are controlled jointly by the Group and by other joint ventures independent of the Group are treated accounting-wise by using the proportionate consolidation.

In the case when the Group sells assets to the joint venture, it recognizes only the profit or loss from the transaction that corresponds to the participation of the rest of the parties.

On the contrary, if the Group buys assets from the joint venture, it does not recognize its share on the profit or loss until it sells the asset to a third party. In the case when there are indications of losses due to the decrease of value of the acquired by the joint venture assets, then whichever loss is recognized in its entirety.

3.3 Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on 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, with the rates prevailing at the date of Balance Sheet, 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.

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 financial statements of all the Group companies, which participate in the consolidation and have a functional currency different from the presentation currency, are translated into €.

Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet (see par.2.6). Income and expenses are translated at average exchange rates of the

period. (See par. 2.6).

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

3.4 Financial information per segment

3.4.1 IAS 14

A business segment is defined as a group of assets and activities which provide products and services that is subject to different risks and returns from those of other business segments.

A geographical segment is defined as an economic environment (geographical region) where products and services are provided and that subject to different risks and returns from those of other economic environments.

As primary type of segment information, the Group has selected the geographical information per segment.

3.5 Goodwill

Goodwill which results from a merger between two enterprises is initially recognised at its cost, which exceeds the cost of merger, and is more than the Group's portion in the fair value of the net assets acquired.

3.6 Intangible assets (excluding goodwill), Research and Development activities

The Group intangible assets are recognised initially at the cost of their acquisition. After the initial recognition, intangible assets are measured in their cost less accumulated depreciation and any devaluation loss that may have incurred.

3.6.1 Other intangible assets

Other intangible assets include the acquired software used by production or management.

The acquired licenses, referring to software are capitalised based on the expenses incurred for the acquisition and instalment of the specific software.

Expenses linked with software maintenance are recognised in the costs of the period when incurred.

3.6.2 Trademarks and licenses

The acquired trademarks and licenses are initially recognised at their historical cost.

Licenses have a limited useful life and are recognised at cost less the accumulate epreciation. Depreciation is measured by using the method of useful life with a view to distributing the trademark and licenses in the course of their estimated useful life.

3.7 Tangible assets

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:

Assets Category	Years of useful life	
- Buildings (privately owned)	50	Years
- Electro-Mechanical etc. Installations on privately owned buildings	20-25	«
- Installations on third parties' property	8-12	«
- Mechanical equipment	6,67-9,09	«
- Motor vehicles	6,67-9,09	«
- Other equipment	6,67	«

The self constructed tangible assets consist an addition to the acquisition cost of the tangible assets at values which comprise the direct payroll cost of personnel that participates in manufacturing, the consumed materials cost and other general costs.

Tangible assets' residual values and useful lives are subject to review at the date of the balance sheet. If the residual values, the expected useful life or the expected consumption rate of future benefits that are incorporated in an asset, change, these changes are treated accounting-wise as changes in accounting valuations.

During the sale of tangible assets, the differences between the component received and and its accounting value are recognised as profit or losse in the results.

The accounting value of tangible assets is monitored for devaluation when there are relevant indications, i.e events or changes in circumstances show that the accounting value may not be recoverable. If there is such an indication and the accounting value exceeds the estimated recovered amount, assets or cash flow generating units are devaluated at the recoverable amount. The recoverable amount of property, installations and equipment is greater than the one between their net selling price and their usage value. To calculate the usage value, the expected future cash flow is prepaid at their current value by using a pre-tax interest rate that reflects market's current valuations for the money value and the risks linked to this asset.

When the tangible assets accounting values exceed their recoverable value, the difference (devaluation) is initially recognised as the decrease in the fair value created which is reported on the accounts of net equity. Every devaluation loss incurred that exceeds the created reserve for the specific asset is directly recognised as expense in the income statement.

3.8 Investments on property

Investments in property refer to investments on all property (including land, buildings or parts of buildings μέρη κτιρίων) which are in the Group's possession (either by purchase, or lease) in order to receive either rent from their lease , or to increase their value (capital increase ενίσχυση κεφαλαίου), or for both purposes and are not owned for:

- Ø Used in production or material/service procurement or administrative purposes and
- Ø Sale in the ordinary company's course of activities.

Investments on property are recognised initially at their acquisition cost κόστος κτήσης, including

transactions expenses.

Subsequently, they are recognised at their fair value. The fair value is determined annually by independent estimators, with adequate experience as to the location and the nature of property investment. The accounting value reported in the Group's financial statements reflects the purchase condition at the balance sheet date. Every profit or loss that stems from change in the fair value of property investment is recognised in the results of the period it is incurred.

Rearrange to the tangible asset (or vies versa) category is acceptable only when there is a change in usage.

For the transfer of the asset from the property investments category that is reported at fair value and its designation as own used, the asset's the cost for its subsequent accounting treatment, constitutes its fair value at the date of the rearranged use.

A property investment is erased (eliminated from the balance sheet) when it is has sold or when no future financial benefits are expected from a potential sell.

Profits or losses resulting from its elimination or sell of the investment in property are recognised in the results of the period of its elimination.

3.9 Non-current assets held-for-sale

Assets held for sale include assets that the Group intends to sell in the due course of one year from the date of their recognition as "Held-for-sale". These items may constitute a constituent part of the Group, a group of assets and liabilities or an independent non current asset.

These assets, recognition as "Held-for-sale" are measured in the lowest price between the accounting and fair value, less the expenses that the company will be called to pay in order to conclude the sale and are not subject to depreciation. Profit or loss from the sale or the readjustment of "Held-for-sale" assets is reported in the income statement at other revenues or other expenses respectively.

3.10 Financial assets

The Group's financial assets are categorized as follows:

- Ø Loans and receivables,
- Ø Financial assets at fair value through profit and loss,
- Ø Held-for-sale assets and
- Ø Held-to-maturity investments

Financial assets are distinguished into different categories by management according to their characteristics and the purpose of their acquisition.

Each category of financial asset is distinguished from others as different regulations are applicable per category with regards to valuation and recognition method of every potential outcome either in the income statement or directly in Own Capitals.

Financial assets are recognised at the effective accounting date of the commercial transaction.

3.10.1 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial asset with fixed or determinable payments and fixed maturities. Such financial assets are recognized as held-to-maturity investments as long as the management has the positive intention and ability to hold to maturity.

After the initial recognition, investments classified in this category, are subsequently measured at amortised cost, using the effective interest method. Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus any unamortised original premium or discount, calculated with the effective interest method. Inclusive in the calculation are all fees and units that have been paid or received between the contracting parties which constitute an integral part of the effective interest, transaction cost and every increase or discount.

In addition, if there is objective evidence that the financial asset has undergone devaluation of its value, then the investment is measured at present value of estimated future cash flows and every difference with the investment's accounting value is recognised in the profit or loss as liability.

3.10.2 Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss comprise financial assets held principally for trading purposes and are determined by the Group as measured at fair value through profit or loss upon their initial recognition. Furthermore, in this category derivative financial assets are classified that do not meet the criteria of hedging accounting

Financial assets included in this category are measured at fair value through profit or loss and cannot be reclassified in a different category.

Financial assets classified in this category by the Group include shares listed in Athens and Cyprus Stock Exchanges.

3.10.3 Loans and Receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that have no quoted stock price in the active market. They come into existence when the Group provides money, products or services directly to a debtor with no intention of commercial claim εμπορικής εκμετάλλευσης.

Loans and receivables are measured at amortised cost, using the effective interest method, less any devaluation provision. Every change in the value of loans and receivables is recognised in profit or loss when loans and receivables are eliminated or undergo value discount, as well as during the application of the effective interest method.

For certain receivables a review is conducted for potential devaluation separately in cases when the receivable payment has been designated overdue at the date of financial statements or in cases when objective evidence indicate devaluation need. Other receivables are grouped and reviewed for potential devaluation in their entirety. The grouping of receivables is affected on the basis of common credit risk characteristic that they manifest.

Receivables and loans are included in current assets, excluding those that expire after twelve months time from the date of the balance sheet. These are designated as non current assets. In the balance sheet they are classified as commercial and other claims and constitute the greatest part of the Group's financial assets.

3.10.4 Financial assets available-for-sale

Financial assets available-for-sale comprise non-derivative financial assets which are classified as available-for-sale or do not meet the criteria for classification in other financial assets categories. All

financial assets that are classified in this category are measured at fair value, assuming that this can be determined reliably, while changes in their value are recognised in net equity, after calculation of any effect incurred by taxes.

Upon the sale or devaluation of the available-for-sale assets, the cumulative profits or losses, that have been recognised in net equity are recognised in the profit or loss statement.

In a case of permanent devaluation, the sum of cumulative losses which is transferred from the income statement and recognised in the profit or loss is a result of the difference between the acquisition value and the fair value.

Devaluation losses that have been recognised in profit or loss for equity investment classified as available-for-sale are not reversed through profit or loss.

Losses that have been recognised in previous years' financial statements and do not result from devaluation of debit titles are reversed through profit or loss, if the increase (devaluation reversal) is associated with events that occurred before the devaluation recognition in the profit and loss statement.

The Group has not classified financial assets in this category.

3.10.5 Fair Value

The fair value of investments occurring in an active market is evidenced by mention of stock prices at the date of balance sheet. If the market for an investment is inactive, the Management determines the fair value by using valuation techniques. The purpose of using a valuation technique is to determine the transaction price quoted at valuation date for this transaction on a purely commercial basis, triggered by ordinary business factors. Included in valuation techniques are among others the use of recent transactions on a purely commercial basis, the reference to the current fair value of similar asset and its prepaid cash flow analysis.

3.11 Financial liabilities

The Group's financial liabilities consist in bank loans and overdraft accounts, commercial and other obligations/liabilities and financial leasing.

3.11.1 Financial liabilities (other than loans)

Financial liabilities are recognised when the Group participates in a conventional agreement of financial instrument and are eliminated when the Group is relieved of this obligation or if this obligation is cancelled or expires.

Liabilities incurring from financial leasing are measured at their initial value less the amount of capital payments while interests are recognised as expense in "financial expenses" account of the income statement.

Commercial liabilities are initially recognised at their nominal value and subsequently measured at amortised cost.

Gains and losses are recognised in the profit or loss statement when liabilities are eliminated and when effective interest method is applied.

Dividends to shareholders are recognised in κονδύλι "Other short-term financial liabilities", when dividends are approved by the General Annual Shareholders Meeting.

3.11.2 Loans

Bank loans provide long-term financing to the Group's functions. All loans are initially recognised at cost, which is the fair value of the received payment, other than the direct issuance expenses.

3.12 Financial assets and liabilities

3.12.1 Initial recognition

Financial assets and financial liabilities are reported in the Group's balance sheet, at the moment that the Group becomes one of the contracting parties of the financial instrument.

The Group's financial instruments consist in:

- Ø deposits
- Ø Trade receivables
- Ø Trade payables
- Ø bank loans
- Ø common shares

3.12.2 Classification and valuation

3.12.2.1 Cash equivalents

Cash and cash equivalents comprise cash in the bank and in the cash in hand as well as short-term high liquidity investments such as repos and deposits with less than three months maturity date.

For the preparation of the Cash Flow Statement, cash and cash equivalents consist of those as determined above, excluding pending ones of bank overdrafts.

3.12.2.1 Trade receivables

Claims from commercial activities are initially recognised at their fair value and subsequently measured at undepreciated cost with the effective interest method.

Appropriate provisions for estimated non recoverable amounts are recognized in profit or loss when there is factual evidence that the asset has been devaluated. The recognized provision is measured as the difference between the asset's accounting value and the current value of the estimated cash flows, prepay able with the prevailing effective interest during the initial recognition.

3.12.2.1 Trade liabilities

Trade liabilities are initially recognized at their fair value and subsequently measured at the undepreciated cost by using the effective interest method.

3.12.2.1 Bank loans

Bank loans provide long-term financing of the Group's operations. All loans are initially recognized at cost, which is the fair value of the received return, net of the issuance cost related to the loan.

After the initial recognition, loans are measured at their amortised cost on the basis of the effective interest method and any difference is recorded in the income statement at the period of the borrowing.

3.12.2.1 Common shares

The company's issued share capital is recognized at net revenues minus direct issuance costs, after corresponding income tax calculation.

When the Group acquires own shares, they are deducted from equity. At the time of the acquisition, sale, issuance or cancellation of the financial entity's own shares no profit or loss is recorded in the income statement.

3.13 Inventories

Inventories include raw materials and goods purchased for the purpose of future sale.

Inventories cost is calculated using the weighted average cost method and includes all the expenses incurred to bring the inventories at their current location and condition which are directly attributable to the production process, as well as a portion of general expenses that is related to the production process and it is absorbed on the basis of the production facilities regular capacities.

Inventories cost does not include financial expenses.

At the balance sheet date, inventories are valued at the lowest between the acquisition cost and net realisable value.

Net realisable value is the estimated sales price during the normal course of business, less any estimated relevant sales expenses.

3.14 Income tax accounting

3.14.1 Current income tax

Current income tax claim/liability includes all the liabilities or claims from tax authorities that relate to the current or previous reference periods and have not been paid until the balance sheet date. Current taxes are measured according to the tax rates and tax laws in effect during the financial years to which they relate based on the taxable profit for the fiscal year. All changes to the tax claims or liabilities are recognized as tax expense in the income statement.

3.14.2 Deferred Income tax

Deferred income taxes are measured with the liability method that focuses on temporary differences. This includes the comparison of the book value of assets and liabilities of consolidated financial statements with their respective tax bases. Deferred tax assets are recognized to the extent that it is possible to be offset by future income taxes.

The Group recognizes a previously not recognized deferred tax asset to the extent that it is possible that future taxable profit will allow the recovery of the deferred tax asset.

Deferred tax assets are re-examined at every balance sheet date and are reduced to the extent that it is no longer possible that a taxable income will be available to allow the use of benefit in total or partially of the deferred tax asset.

Deferred tax liabilities are recognized for all temporary tax differences.

Tax losses that can be carried forward to upcoming periods are recognized as deferred tax claims.

Deferred tax assets and liabilities are measured at tax rates that are expected to be enacted when the asset will be recovered or the liability settled taking into account the tax rates (and tax laws) enacted

or materially enacted up to the date of the balance sheet.

Most changes in deferred tax assets or liabilities are recognized as a part of income tax in the income statement. Only changes in deferred assets or liabilities related with change in the amount of a claim or liability that is directly recorded in the Group's equity, such as assets revaluation and changes resulting in deferred tax claims or liabilities are debited or credited in equity.

3.15 Grants

The Group recognises government grants which cumulatively meet the following criteria:

- Ø There is presumed certainty that the undertaking has complied or will comply with the terms of the grant and
- Ø It is fairly probable that the grant's amount will be collected.

Grants relating to fixed assets are recorded under liabilities as deferred income and transferred to the income statement over the useful life of these assets.

3.16 Employee benefits due to retirement and short-term benefits to employees

3.16.1 Short-term benefits

Employee short-term benefits (with the exception of employment termination benefits) in money and in kind are recognized as an expense when they become accrued. Any unpaid amount will be recorded as a liability while in the event that the amount already paid exceeds the benefits amount, the Group will recognize the excess amount as an asset item (prepaid expense) only to the extent that prepayment will lead to a reduction of future payments or to a refund.

3.16.2 Benefits due to retirement

The Group has set defined benefits schemes as well as defined contribution schemes.

3.16.2.1 Specified benefits scheme

The liability recorded in the balance sheet in respect of specified benefit pension schemes is the present value of the specified benefit obligation for the specified benefit based on law 2112/20 and the changes resulting from any actuarial gains and losses and past service costs. The specified benefit obligation is calculated annually by independent actuary using the projected unit credit method.

Actuarial gains and losses arising from empirical adjustments and changes in actuarial assumptions in the end of the previous period in excess of the greater of 10 per cent of the fair value of scheme assets are debited or credited on the basis of the extended average remaining working lives of the employees included in the scheme. Past service costs are recognized directly in income unless the changes to the pension scheme are conditional on the employee's remaining in service for a specified period of time (the vesting period).

In this case, the past service costs are amortized on a straight line basis over the vesting period.

3.16.2.2 Specified contribution schemes

The Group's employees are primarily insured by the Public Insurance Fund which refers to the private sectors (IKA) that provides retirement and medical benefits. Every employee is required to contribute

a portion of its monthly salary to the fund, while part of the total contribution is covered by the Group. Upon retirement, the retirement fund is responsible for providing retirement benefits to the employees. Consequently, the Group has no legal or constructive obligations for further payment of future benefits on the basis of this scheme.

Under the specified contributions scheme, the Group's obligation (legal or presumptive) is limited to the amount it has agreed to contribute to the organization (e.g. fund) that manages contributions and provides benefits.

Consequently, the amount of benefits that the employee will receive shall be determined by the amount paid by the Group (and/or the employee) and by the paid investment return on these contributions. The contribution payable by the Group to a specified contributions scheme is recognized either as a liability after the deduction of the contribution paid, or as an expense.

3.16.3 Termination benefits

Termination benefits are payable when employment is terminated in the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

3.17 Other provisions

Provisions are recognized when a present obligation is possible to lead to an outflow of the Group's financial resources and it be measured accurately. The materialization time or the amount of the outflow can be uncertain. An existing obligation originates from the presence of a legal or constructive liability that has occurred from events of the past. A provision is used only for expenses that it was originally made for. Provisions are tested at every balance sheet date and adjusted in order to illustrate the best current estimation.

Provisions are evaluated at the expected cost that is required for the determination of the current commitment, on the basis of reliable evidence that is available at the balance sheet date including all risks and uncertainties related to the current commitment.

When the effect of the time value of money is significant the amount of the provision is the present value of the expenses that are expected to be claimed in order to settle the liability.

When the discount method is used, the book value of a provision increases in every period in order to reflect the lapse of time. This increase is recognized as financial cost in the income statement.

When a number of similar commitments exists the possibility that an outflow will be needed for settlement, is determined by taking into account the category of commitments as a whole. A provision is recognized even if the possibility of an outflow for an element included in the commitments category is small.

If an outflow of resources that encompass financial benefits is henceforth not possible to be claimed for liability settlement, the provision is reversed.

3.18 Contingent liabilities

Contingent liabilities are not recognized in the financial statements but are disclosed, unless the possibility of the outflow of resources incorporated in the financial benefits is minimal.

3.19 Contingent assets

Possible financial benefits inflows for the Group that do not yet fulfill the criteria of an asset are considered as possible claim and are reported in the financial statements notes.

3.20 Leasing

The estimate on whether an agreement contains the element of leasing is made at the beginning of the agreement taking into account all available data and specific prevailing conditions.

3.20.1 Group as the leaseholder

3.20.1.1 Financial Lease contracts

The ownership of a leased asset is transferred to the leaseholder if all risks and benefits related to the leased asset are transferred to the leaseholder regardless of the legal type of the contract. At the beginning of the lease the asset is recognized at its fair value or if lower at the present value of the minimum lease payment, including additional payments if any, that are covered by the leaseholder.

A relevant amount is recognized as financial lease liability regardless of the fact that some of the lease payments may be in advance at the beginning of the lease.

The posterior accounting treatment of assets that have been acquired through financial lease contracts i.e. the used depreciation method and the determination of its useful life, is identical to the one applied in comparatively acquired, except leasing contract, assets.

The accounting treatment of the respective liability concerns its gradual decrease on the basis of the minimum lease payments less financial charges, which are recognized as an expense in the financial expenses. Financial charges are allocated throughout the leasing period and represent a fixed periodic interest rate on the remaining financial liability.

3.20.1.2 Operational Leases

Other leases are treated as operational leases. The payments of operational leases contracts are recognized as an expense in the income statement using the straight method (association of fiscal years revenue and expense). The associated expenses such as maintenance and insurance are recognized as expenses when they occur.

3.20.2 Group Company as the lessor

3.20.2.1 Operational Leases

The leases, where the Group does not in effect transfer all risks and benefits of the assets are classified as operational leases. Initial direct costs charged to the lessors at the negotiation and agreement of an operational lease are added to the book value of the leased asset and recognized throughout the entire period of the lease as leasing revenues.

3.21 Recognition of revenue

Revenue is recognized when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is net of value added tax, discount and returns. Revenues among group companies which are consolidated with the full consolidation method, are entirely eliminated.

The recognition of revenue is as follows:

3.21.1 Sales of goods

Revenue on sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

3.21.1 Provision of service

Revenue from service contracts with specified price is recognized on the basis of transaction completion at the balance sheet date. According to this method, revenue is recognized on the basis of the completion percentage of the service rendered at the financial statements date in relation to the total service package to be rendered.

When the outcome of this service related transaction cannot be estimated reliably, the revenue is recognized only to the extent that the recognizable expenses are recoverable.

If the initial revenue estimates, expenses or completion percentage change these changes may lead to the increase or reduction of the estimated revenue or cost and are reported in the period's revenue.

3.21.2 Dividend income

Dividend income is recognized when the collection right of shareholders is finalized.

3.22 Borrowing cost

Borrowing cost is recognized at the date it occurs, according to the basic method of IAS 23 "Borrowing cost".

4 Notes on the interim financial statements

4.1 Property, plant and equipment

The Group

	Land	Buildings & Building Installations	Plant & Machinery	Vehicles	Furniture, fittings & equipment	PPE in course of construction	Total
01.01.2007							
Cost	15.417.945,11	62.798.305,47	6.017.717,17	2.066.847,34	37.515.275,92	4.830.703,05	128.646.794,06
Additions	137.637,93	6.189.556,65	902.857,35	315.142,89	7.701.134,96	5.770.755,57	21.017.085,35
New subsidiary	13.431.689,84	58.529.552,95	3.273.781,42	1.209.667,20	18.095.085,89	29.895.229,70	124.435.007,00
Disposals	0,00	-639.389,88	-160.275,52	-243.495,90	-1.642.169,27	0,00	-2.685.330,57
Balance 31.12.2007	28987272,88	126878025,2	10034080,42	3348161,53	61669327,5	40496688,32	271413555,8
Accumulated amortisation							
Balance 01.01.2007	0,00	-12.338.162,26	-3.987.715,06	-1.376.017,60	-25.357.343,89	0,00	-43.059.238,81
Amortisation charge	0,00	-4.398.026,40	-989.691,63	-245.604,57	-4.730.520,43	0,00	-10.363.843,03
New subsidiaries depreciation		-8.893.251,93	-522.349,00	-653.494,00	-7.694.544,26		-17.763.639,19
Decrease of amortisation	0,00	604.032,09	156.200,27	160.649,09	1.451.167,54	0,00	2.372.048,99
Balance 31.12.2007	0	-25025408,5	-5343555,42	-2114467,08	-36331241,04	0	-68814672,04
Exchange differences	-697.798,73	-1.258.235,83	-120.358,28	-14.154,85	-405.261,25	-950.552,51	-3.446.361,45
Net book amount 31.12.2007	28.289.474,15	100.594.380,86	4.570.166,72	1.219.539,60	24.932.825,21	39.546.135,81	199.152.522,35
01.01 – 31.03.2008							
Additions		1.263.286,21	222.966,64	41.251,00	2.030.672,22	793.539,52	4.351.715,59
New subsidiary							0,00
Disposals		-513.076,75	-615.873,51		-1.040.130,37		-2.169.080,63
Amortisation charge		-1.643.673,70	-252.962,72	-98.003,23	-1.685.728,43		-3.680.368,08
New subsidiaries depreciation							0,00
Decrease of amortisation		328.673,03	541.890,51	20.307,94	1.006.085,07		1.896.956,55
Exchange differences	-264.372,34	-871.983,92	-66.342,44	-8.201,47	-249.062,13		-1.459.962,30
Net book amount 31.03.2008	28.025.101,81	99.157.605,73	4.399.845,20	1.174.893,84	24.994.661,57	40.339.675,33	198.091.783,48

The Company

	Land	Buildings & Building Installations	Plant & Machinery	Vehicles	Furniture, fittings & equipment	Total
01.01.2007						
Cost	8.565.044,74	23.906.589,33	1.643.100,70	491.929,82	3.706.416,96	38.313.081,55
Additions		195.999,71	10.150,00	109.434,04	553.641,96	869.225,71
Disposals	0	0	0	-14.178,03	-9.915,29	-24.093,32
Balance 31.12.2007	8.565.044,74	24.102.589,04	1.653.250,70	587.185,83	4.250.143,63	39.158.213,94
Accumulated amortisation						
Balance 01.01.2007	0	-1.688.061,29	-1.251.578,83	-312.418,78	-2.520.222,78	-5.772.281,68
Amortisation charge		-449.826,87	-89.242,46	-33.060,54	-376.171,59	-948.301,46
Decrease of amortisation				14.178,04	9.915,29	24.093,33
Balance 31.12.2007	0,00	-2.137.888,16	-1.340.821,29	-331.301,28	-2.886.479,08	-6.696.489,81
Net book amount 31.12.2007	8.565.044,74	21.964.700,88	312.429,41	255.884,55	1.363.664,55	32.461.724,13
01.01 – 31.03.2008						
Additions		2.250,00	5.638,00		609.938,31	617.826,31
Disposals		-86.987,68	-541.555,46	-785.311,18		-1.413.854,32
Amortisation charge		-112.341,49	-22.267,09	-10.465,21	-99.721,76	-244.795,55
Decrease of amortisation		86.987,68	541.555,46	785.311,17		1.413.854,31
Net book amount 31.03.2008	8.565.044,74	21.854.609,39	295.800,32	245.419,33	1.873.881,10	32.834.754,88

4.2 Intangible assets

THE GROUP				
	Special assessment	Concessions, Licenses & Similar Rights	Amortisable expenses	Total
01.01.2007				
Cost	217.355.301,67	117.392.584,07	13.845.770,15	348.593.655,89
New subsidiary	11.170.682,00	29.284,69	5.298.990,21	16.498.956,90
Additions	119.136.113,40	54.766,00	843.629,83	120.034.509,23
Disposals			-71.120,15	-71.120,15
Balance 31.12.2007	347.662.097,07	117.476.634,76	19.917.270,04	485.056.001,87
Accumulated amortisation				
Balance 01.01.2007	0,00	-11.769.293,44	-4.430.805,58	-16.200.099,02
Amortisation charge		-2.615.574,13	-1.157.926,98	-3.773.501,11
New subsidiaries depreciation		-906.261,00	-792.798,00	-1.699.059,00
Decrease of amortisation			63.006,01	63.006,01
Balance 31.12.2007	0,00	-15.291.128,57	-6.318.524,55	-21.609.653,12
Exchange differences	265.985,68	-66.888,78	-2.969.498,23	-2.770.401,33
Net book amount 31.12.2007	347.928.082,75	102.118.617,41	10.629.247,26	460.675.947,42
01.01 – 31.03.2008				
Additions	11.342.482,44		137.354,71	11.479.837,15
New subsidiary				0,00
Disposals			-46.291,52	-46.291,52
Amortisation charge		-508.364,14	-316.927,63	-825.291,77
New subsidiaries depreciation				0,00
Decrease of amortisation			36.719,49	36.719,49
Exchange differences	-14.339,74		-491.189,59	-505.529,33
Net book amount 31.03.2008	359.256.225,45	101.610.253,27	9.948.912,72	470.815.391,44

THE COMPANY			
	Concessions, Licenses & Similar Rights	Amortisable expenses	Total
01.01.2007			
Cost	871.900,21	549.198,84	1.421.099,05
New subsidiary			
Additions	212.500,00	29.766,00	242.266,00
Disposals			
Balance 31.12.2007	1.084.400,21	578.964,84	1.663.365,05
Accumulated amortisation			
Balance 01.01.2007	-400.773,38	-393.316,53	-794.089,91
Amortisation charge	-54.414,77	-87.451,23	-141.866,00
New subsidiaries depreciation			
Decrease of amortisation			
Balance 31.12.2007	-455.188,15	-480.767,76	-935.955,91
Exchange differences			
Net book amount 31.12.2007	629.212,06	98.197,08	727.409,14
01.01 – 31.03.2008			
Additions		11.531,00	11.531,00
Disposals			0,00
Amortisation charge	-18.355,56	-14.901,55	-33.257,11
Decrease of amortisation			0,00
Exchange differences			0,00
Net book amount 31.03.2008	610.856,50	94.826,53	705.683,03

2006 Acquisitions

a) During the year 2006 Folli Follie acquired consequently the percentages of 24,6777% and 2,92% of the share capital of HDFS. The full consolidation for the period between the acquisition date and the closing date (31.12.2006) had the following results:

Positive change in Turnover of the Group (in 000's) 238.120,00 €

Increase of operating profit before taxes (EBITDA) (in 000's) 52.464,00 €

Increase of Equity (in 000's) 98.792,00 €

If the Group of Hellenic Duty Free Shops had been fully consolidated from the beginning of the period (1.1.2006), the effect at 31.12.2006 would have been positive both on Turnover (by € 300.047,00) and on Operating profits before taxes (by 64.823,00 €).

From the specific increase – acquisition of the additional percentage of 24.6777% - the Group acquired a goodwill of 151.266.165,00 euros which has been determined as follows:

- Date of acquisition	05/05/2006
- Percentage	24,6777%
- Shares (Total amount)	52.675.000
- Shares acquired	12.999.000
- Nominal value per share	0,30 euros
- Purchase value per share	15,60 euros

Total cost of shares	
- Cash paid	202.784.400,00 euros
- Direct Expenses related to the acquisition	202.784,00 euros
- Dividends from benefits before the acquisition	(10.398.400,00 euros)
Total Cost of acquisition	192.588.784,00 euros
Less: Fair value of Assets and liabilities	(41.322.619,00 euros)
Goodwill	151.266.165,77 euros

Analytically the assets which were acquired, the liabilities and the contingencies which were undertaken by the Group during the acquisition of 24,6777%, are as follows:

	Book Value (thou. euro)	Fair Value (thou. euro)
Tangible Assets	25.856	25.856
Intangible Assets	52.551	103.551
Deferred income tax assets	467	467
Other long term receivables	3.268	3.268
Inventories	54.299	54.299
Trade and other receivables	12.556	12.556
Other financial assets at fair value through profit or loss	1.826	1.826
Cash and cash equivalents	77.580	77.580
Long- term borrowings	(4.484)	(4.484)
Deferred income tax liabilities	-	(12.750)
Trade payables	(49.211)	(49.211)
Current income tax	(3.369)	(3.369)
Dividends payable	(42.140)	(42.140)
Net equity	129.199	167.449
Acquisition %		24,6777 %
Portion in net equity		41.323

It should be noted that, the Company performed a first estimation of all assets acquired and also of all liabilities and contingent liabilities.

Also, an independent surveyor performed an estimation of intangible assets, assignment of licenses (royalties) of exclusive use (article 120 of Law 2533/1997) of tax free sales based on future cash flows.

From the increase – acquisition of the additional percentage of 2.92% - the Group acquired a goodwill of 13.490.439,09 euros.

b) At this point it should be mentioned that, at the end of May 2006, the Company acquired 76.67% of the Share Capital of the company Planaco S.A. by participating in the partial share capital increase with an amount of 2.700.000,00 €. Planaco S.A. was consolidated for first time at this current period. The Group consolidated Planaco S.A. in its financial statements since 01/06/2006, date of verification of the share capital increase.

The results of the period ended at 31.12.2006 were not affected by the aforementioned acquisition, while if Planaco S.A. had been consolidated at the beginning of the period, the influence would be immaterial.

It should be noted that, the fair value of all assets acquired by the Group, and of all liabilities, and contingent liabilities undertaken as well as the fair value of the Company's intangible assets were estimated by an independent surveyor.

2007 Acquisitions

On 05.10.2007, the affiliate Company HDFS acquired 51.84% of Elmec Sport S.A. Since with this transaction the Company exceeded one third (1/3) of the voting rights of Elmec, the Company submitted a Mandatory Public Offer for the acquisition of the entirety of Elmec shares pursuant to the provisions of Law 3461/2006, at the price of €4.00/ per share. On 15.11.2007 Hellenic Capital Market Commission approved the Public Offer, submitted by the Company. As a result, on 31.12.2007 the Company owned 91.12% of the share capital and the voting rights of Elmec Sport S.A.

Acquiring 51.84% of Elmec Sport S.A. had as a result a €70,372,973 goodwill, which was amounted as follows:

ASSETS

Fixed assets

Tangible fixed assets	106,855,455.00
Intangible fixed assets	3,560,318.00
Consolidation goodwill	11,170,682.00
Investments available for selling	545,346.00
Deferred taxation	1,566,467.00
Other long-term debtors	1,491,681.00
	<u>125,189,949.00</u>

Current assets

Inventory	68,069,210.00
Trade and other short-term receivables	75,849,814.00
Investments fairly valued	2,640,094.00
Cash and other cash equivalents	20,927,417.00
	<u>167,486,535.00</u>
TOTAL ASSETS	<u><u>292,676,484.00</u></u>

LIABILITIES

Long-term liabilities

Loans & financial leasing	-45,916,145.00
Deferred taxation	-1,847,374.00
Employees' retirement	-925,291.00
Tax provision	-840,271.00
	<u>-49,529,081.00</u>
Short-term liabilities	
Loans & financial leasing	-58,404,977.00
Trade creditors and other liabilities	-68,562,595.00
Current tax liabilities	-9,383,474.00
Provisions for risks and expenses	-2,664,375.00
	<u>-139,015,421.00</u>
TOTAL LIABILITIES	<u>-188,544,502.00</u>
Minority interests	-6,508,143.00
TOTAL EQUITY (Assets - Liabilities)	97,623,839.00
Group's acquisition percentage	51.8390%
Assets Fair value	50,607,222.00
Goodwill of acquisition	70,372,973.00
Cost of acquisition	120,980,195.00
Less cash and other cash equivalents	-20,927,417.00
Net cash outflow (of subsidiary's acquisition)	100,052,778.00

During the period 08.10.2007 – 31.12.2007 the Company purchased 21,760,115 shares of Elmec Sport S.A. for €86,680,445.67 which resulted in an additional goodwill of €48,763,141. Consequently, on 31.12.2007 the total temporary known goodwill came up to €119,136,114. The additional goodwill was counted as follows:

ASSETS

Fixed assets	
Tangible fixed assets	109,334,834.00
Intangible fixed assets	3,562,885.00
Consolidation goodwill	11,170,682.00
Investments available for selling	411,746.00
Deferred taxation	1,634,473.00
Other long-term Receivables	1,448,325.00
	<u>127,562,945.00</u>
Current assets	
Inventory	69,181,805.00
Trade and other short-term receivables	53,908,024.00
Investments fairly valued	2,561,537.00
Cash and other cash equivalents	26,923,944.00
	<u>152,575,310.00</u>
TOTAL ASSETS	<u>280,138,255.00</u>

LIABILITIES

Long-term liabilities	
Loans & financial leases	-45,833,839.00
Deferred taxation	-1,863,575.00
Retirement benefit obligations	-1,017,161.00
Tax provision	-610,459.00
	-49,325,034.00
Short-term liabilities	
Loans & financial leases	-44,973,024.00
Trade creditors and other liabilities	-74,200,107.00
Current tax liabilities	-5,868,734.00
Provisions for risks and expenses	-2,664,375.00
	-127,706,240.00

TOTAL LIABILITIES	
	-177,031,274.00
Minority interests	
	-5,952,194.00

TOTAL EQUITY (Assets - Liabilities)	97,154,787.00
Group's acquisition percentage	0.91117
Assets Fair value	88,524,527.00
Goodwill of acquisition	119,136,114.00
Cost of acquisition	207,660,641.00
Less cash and other cash equivalents	-26,923,944.00
Net cash outflow (of subsidiary's acquisition)	180,736,697.00
Less goodwill 05.10.2007	70,372,973.00

Goodwill for the acquisition period 06.10.2007 - 31.12.2007	48,763,141.00
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Total goodwill	119,136,114.00
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2008 Acquisitions

A) During the period 01.01.2008 – 11.03.2008 the Company purchased 1,990,492 shares of Elmec Sport S.A. for €7,961,968.00 which resulted in an additional goodwill of €4,484,689.23. Consequently, on 31.03.2008 the total temporary known goodwill came up to €123,620,803.23. The additional goodwill was counted as follows:

ASSETS	Amounts in €
Fixed assets	
Tangible fixed assets	109.334.834,00
Intangible fixed assets	3.562.885,00
Consolidation goodwill	11.170.682,00
Investments available for selling	411.746,00
Deferred taxation	1.634.473,00
Other long-term debtors	1.448.325,00

	127.562.945,00
Current assets	
Inventory	69.181.805,00
Trade and other short-term receivables	53.908.024,00
Investments fairly valued	2.561.537,00
Cash and other cash equivalents	26.923.944,00
	152.575.310,00
TOTAL ASSETS	280.138.255,00
LIABILITIES	
Long-term liabilities	
Loans & financial leasing	-45.833.839,00
Deferred taxation	-1.863.575,00
Employees' retirement	-1.017.161,00
Tax provision	-610.459,00
	-49.325.034,00
Short-term liabilities	
Loans & financial leasing	-44.973.024,00
Trade creditors and other liabilities	-74.200.107,00
Current tax liabilities	-5.868.734,00
Provisions for risks and expenses	-2.664.375,00
	-127.706.240,00
TOTAL LIABILITIES	-177.031.274,00
Minority interests	-5.952.194,00
TOTAL EQUITY	
(Assets - Liabilities)	97.154.787,00
Group's acquisition percentage	0,94710
Group's purchased assets value	92.015.298,77
Plus acquired goodwill	123.620.803,23
Cost of acquisition	215.636.102,00
Less cash and other cash equivalents	-26.923.944,00
Net cash outflow (of subsidiary's acquisition)	188.712.158,00
Less goodwill 31.12.2007	119.136.114,00
Goodwill on 31.12.2007	119.136.114,00
Goodwill on purchased for the period	
01.01.2008 - 31.03.2008	4.484.689,23
Total goodwill	123.620.803,23

It is mentioned that the temporary fair value of the acquired equity, the known intangible assets, the liabilities received, as well as the prospect liabilities, were counted based on the temporary values (according to IFRS 3 par. 62) as the final estimation of their value is still standing as it will be finalized within 12 months, according to IFRS 3. The acquisition goodwill is shown in the Intangible Assets of the Group, temporarily, until an independent auditor estimates the respective elements of the Assets (concession rights, tangible assets e.t.c.)

B) Mother company FOLLI FOLLE on 25/01/2008 bought the rest of the share capital (60%) of its subsidiary FOLLI FOLLIE JAPAN at € 12.630.744,45. The Goodwill from the above acquisition amounted at € 6.857.793,21 and the total Goodwill at 31/3/2008 was € 8.321.972,39. The effect from the consolidation of the total 100% share capital of the company on the revenues, on net profits after taxes and net equity of the group is less than 25%.

4.3 Participations and other Long-term receivables

	The Group		The Company	
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Participations to Subsidiaries			400.069.215,20	387.438.470,75
Participations in associates				0,00
Deferred income tax Claim	4.061.928,36	3.703.045,94	262.136,01	316.090,50
	4.061.928,36	3.703.045,94	400.331.351,21	387.754.561,25

4.4 Other Non Current assets

	The Group		The company	
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Rental deposits/given garanties	5.967.833,98	5.878.853,75	297.763,98	294.583,75
Other Long-term Receivables	5.339.859,10	6.687.974,47	0,00	0,00
	11.307.693,08	12.566.828,22	297.763,98	294.583,75

4.5 Inventories

	The Group		The Company	
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Products-Merchandise- Raw materials & Packing items Provisions for impairment of inventories	218.730.533,74	212.874.253,18	16.234.071,00	16.162.813,03
	3.510.570,00	3.683.930,00	590.000,00	590.000,00
	215.219.963,74	209.190.323,18	15.644.071,00	15.572.813,03

4.6 Trade Receivables

	The Group		The company	
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Trade receivables	174.751.225,58	195.125.870,28	14.671.552,90	16.359.467,19
	174.751.225,58	195.125.870,28	14.671.552,90	16.359.467,19

4.7 Other Receivables

	The Group		The Company	
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Sundry debtors	56.250.960,44	38.259.909,83	1.789.795,59	3.021.771,58
other Liabilities	15.457.952,84	11.122.516,89	522.460,71	439.253,50
	71.708.913,28	49.382.426,72	2.312.256,30	3.461.025,08

4.8 Financial assets fair value through Results

	The Group		The Company	
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Marketable securities	3.001.191,94	3.341.881,14	1.595.970,74	1.629.392,98
	3.001.191,94	3.341.881,14	1.595.970,74	1.629.392,98

4.9 Cash and Cash Equivalents

	The Group		The Company	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Cash in hand	2.802.369,40	2.928.273,75	42.945,23	566.152,13
Current and time deposits	84.545.961,56	88.580.281,19	5.581.162,85	13.876.856,57
	87.348.330,96	91.508.554,94	5.624.108,08	14.443.008,70

4.10 Share Capital

	Number of shares		Authorised capital	Share premium	Total	Own shares (qty)
	Ordinary shares					
31st December 2006	32.946.875,00	32.946.875,00	9.884.062,50	62.531.731,47	72.415.793,97	6.054,00
31st December 2007	32.946.875,00	32.946.875,00	9.884.062,50	62.531.731,47	72.415.793,97	6.054,00
31st March 2008	32.946.875,00	32.946.875,00	9.884.062,50	62.531.731,47	72.415.793,97	6.054,00

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.

4.11 Retained earnings and other reserves

	The Group		The Company	
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Profit carried forward	296.714.266,52	277.332.378,69	24.625.544,92	29.856.696,85
Reserves	25.082.740,10	25.443.170,44	16.527.025,06	16.887.455,40
Own Shares	-8.893.210,85	-7.899.441,83	-108.259,13	-108.259,13
Consolidation differences according to previous Accounting Standards	-88.927.927,73	-88.927.927,73		
Consolidated exchange differences	-81.321.024,27	-59.101.599,04		
Third party rights	130.164.238,88	134.486.641,86		
	272.819.082,65	281.333.222,39	41.044.310,85	46.635.893,12

4.12 Non-current liabilities

	The Group		The Company	
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Provision for employee benefits	10.826.941,22	10.271.467,22	695.089,01	674.362,00
Guarantees for rent			231.614,06	207.031,01
Debenture Loan	504.675,91	606.009,67		-
Other - Liabilities for Leasing		618.403,06	199.380,73	231.701,37
Deferred income tax liability	18.153.341,20	18.091.989,76	1.157.563,85	1.168.104,94
Other provisions	7.761.272,25	9.195.672,08		-
Non current liabilities to Banks	551.125.118,97	547.902.213,79	334.500.000,00	334.500.000,00
	588.371.349,55	586.685.755,58	336.783.647,65	336.781.199,32

4.13 Trade and other payables

	The Group		The Company	
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Trade payables	94.426.049,39	94.738.124,89	1.619.475,12	3.319.127,90
Taxes - duties	12.088.637,06	13.795.642,64	147.622,63	2.161.438,14
Current liabilities to Banks	150.437.166,22	122.026.853,87	17.586.631,28	8.115.924,16
Dividends payable	0,00	0,00	852.653,94	1.352.588,10
Other payables	40.467.973,99	38.899.289,50	2.794.247,65	1.150.804,46
Customers' prepayments	5.280.369,03	14.752.717,35	523.129,03	771.216,08
	302.700.195,69	284.212.628,25	23.523.759,65	16.871.098,84

4.14 Υποχρεώσεις παροχών προσωπικού λόγω εξόδου από την υπηρεσία

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:

	2007	2006
Discount interest rate (%)	4,7%-4,1%	4,0%
Future salary increases	3,0% - 4%	3,0%-4,0%

The relevant obligations of the Group and the amounts that have been recorded on the income statement are:

	The Group		The Company	
	1/1- 31/03/2008	1/1- 31/12/2006	1/1- 31/12/2007	1/1- 31/12/2006
Obligations of Opening Balance	10.271.467,22	8.476.568,05	674.362,00	620.917,00
New subsidiary				
Retirement Benefits (Provisions and Payments)	555.474,00	219.684,69	20.727,01	8.303,48
Total	10.826.941,22	8.696.252,74	695.089,01	629.220,48

Expense Charged

Retirement Benefits (Provisions and Payments)	558.706,01	311.261,78	60.017,52	30.630,00
Total	558.706,01	311.261,78	60.017,52	30.630,00

4.15 Segment Reporting

The information below is provided only for the consolidated amopunts

Amounts in thousands Euro	<u>Greece</u>		<u>Europe</u>		<u>Japan</u>		<u>Other Asian markets</u>		<u>Consolidated items</u>	
	31/3/2008	31/3/2007	31/3/2008	31/3/2007	31/3/2008	31/3/2007	31/3/2008	31/3/2007	31/3/2008	31/3/2007
"Net" sales	104.521	46.375	16.357	13.891	7.295	8.636	61.082	52.696	189.255	121.598
<u>Operating profit/Segment result</u>	46.805	24.450	11.418	9.161	4.989	5.678	33.663	31.841	96.875	71.130
	31/3/2008	31/12/2007	31/3/2008	31/12/2007	31/3/2008	31/12/2007	31/3/2008	31/12/2007	31/3/2008	31/12/2007
<u>Assets</u>	915.091	889.609	47.240	57.168	20.458	22.542	249.455	251.625	1.232.244	1.220.944
<u>Liabilities</u>	799.799	782.222	25.135	23.621	11.570	12.002	8.770	15.494	845.274	833.339
Capital expenditure										
Depreciation	1.733	14.297	1.849	1.129	143	235	415	5.787	4.140	21.448
	2.983	10.475	980	973	150	725	612	1.964	4.725	14.137

4.16 Deferred Income Tax

The Deferred tax claims and obligations are as follow:

	The Group				The Company			
	31/3/2008		31/12/2007		31/3/2008		31/12/2007	
	Deferred Tax Claim	Deferred Tax Obligation	Deferred Tax Claim	Deferred Tax Obligation	Deferred Tax Claim	Deferred Tax Obligation	Deferred Tax Claim	Deferred Tax Obligation
Fixed Assets								
Tangible Fixed Assets	475.460,00	1.125.114,17		734.509,77		1.116.070,22		1.091.628,16
Intangible Fixed Assets		14.330.172,27		14.310.949,69	-62.523,15		-33.582,60	
Leases	45.390,00	41.493,62		78.114,18		41.493,62		42.894,17
New Subsidiaries aquition				1.863.500,00				
CurrentAssets								
Receivables	2.362.202,93	1.034.010,00		1.033.910,00				
Long Term Liabilities								
Provisions	147.500,00		203.411,86		147.500,00		147.500,00	
Post Employment Benefits	1.643.009,16		1.936.170,20		177.159,16		168.590,50	
Other Liabilities	1.428.905,13	3.663.090,00						
New Subsidiaries aquition			1.634.470,00					
Adjustments	-2.040.538,86	-2.040.538,86	-71.006,12	71.006,12			33.582,60	33.582,60
Total	4.061.928,36	18.153.341,20	3.703.045,94	18.091.989,76	262.136,01	1.157.563,84	316.090,50	1.168.104,93

4.17 Operating Results (expenses-revenues)

Sales Revenue	The Group		The Company	
	31.03.2008	31.3.2007	31.03.2008	31.3.2007
Income from Sales of Inventories -F. F . Group	76.982.345,86	68.474.301,98	6.497.457,22	6.542.042,41
Income from Sales of H.D.F.S.	108.817.440,88	53.124.250,00		
Income from Sales of services	3.455.211,56		1.005.531,56	1.210.049,36
Total	#####	121.598.551,98	7.502.988,78	7.752.091,77
Other income	1.567.063,56	568.990,27	503.070,76	417.229,15
Income of Marketing Rights (H.D.F.S.)	5.306.870,00	3.597.516,00		
Grand Total	#####	125.765.058,25	8.006.059,54	8.169.320,92

Expenses				
Administrative expenses	11.558.232,91	9.008.534,31	1.397.129,80	1.238.787,60
Selling and marketing costs	56.662.118,87	34.298.492,62	3.122.446,75	2.915.471,31
Other	853.714,04	805.519,93	459.535,16	63.477,74
Total	69.074.065,82	44.112.546,86	4.979.111,71	4.217.736,65

Analysis of Significant Expenses				
Employer's Cost	23.839.854,31	14.945.201,84	2.420.892,95	2.213.661,34
Rent	12.704.874,15	12.394.792,34	459.559,48	436.424,02
Advertising Expenses	2.888.209,21	2.624.771,53	264.207,87	379.103,69
Depreciation	4.725.017,83	2.656.160,00	278.052,65	263.697,75
Total	44.157.955,50	32.620.925,71	3.422.712,95	3.292.886,80

Interest and Financial Income	The Group		The Company	
	31.03.2008	31.3.2007	31.03.2008	31.3.2007
Income from Securities	-84.952,43	73.835,78		73.835,78
Income from Swaps (Interest Rate Swap)	251.479,19		251.479,19	3.980,54
Credit Bank Interest	553.092,35	738.551,58	65.002,69	115.439,11
Total	719.619,11	812.387,36	316.481,88	193.255,43

Interest and Financial Expenses	The Group		The Company	
	31.03.2008	31.3.2007	31.03.2008	31.3.2007
Bank Interest	10.163.851,09	6.617.458,99	5.429.446,92	5.290.716,41
Other Financing Expenses	617.491,96	290.205,10	42.540,07	63.211,08
Total	10.781.343,05	6.907.664,09	5.471.986,99	5.353.927,49

4.18 Income Tax Expense

	The Group		The Company	
	31.03.2008	31.3.2007	31.03.2008	31.3.2007
Current tax for the period	6.394.663,21	6.319.345,32		0,00
Deferred tax	-12.415,38	496.382,48	43.413,40	-160.157,94
	6.382.247,83	6.815.727,80	43.413,40	-160.157,94

4.19 Κέρδη ανά μετοχή

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.

	31.03.2008	31.03.2007
Net profit for the period (Group)	22.086.250,12	18.273.355,11
Attributable to:		
Equity holders of the Company	19.381.887,83	17.443.249,16
Minority interest	2.704.362,29	830.105,95
Weighted average number of ordinary shares in issue	32.940.821,00	32.940.821,00
Basic earnings per share	0,59	0,53

4.20 Capital Management

The Capital Management intends to secure the continuation of the operations of the Group in order to provide profits to the shareholders and benefits to other interested parties. The tools for the capital management are the dividend policy the issuance or return of capital and sale and purchase of assets.

The basic Factor that capital management uses and is calculated as net debit divided to the total capital is Leveraged Factor. The net debit is calculated as the total debit (both long and short term loans) minus cash on hand and in banks. The total capital is also calculated as Net Equity (as it's shown in the Balance Sheet) plus net debit

The above Factor as of 31/03/2008 and 31/03/2007 respectively is:

amounts in(.000€)	TheGroup		The Company	
	31/3/2008	31/3/2007	31/3/2008	31/3/2007
Loans	1.053.648	417.012	352.086	348.072
Less: cash	(87.348)	(114.701)	(5.624)	(11.082)
Net Debit	<u>966.300</u>	<u>302.311</u>	<u>346.462</u>	<u>336.990</u>
Net Equity	<u>345.234</u>	<u>284.385</u>	<u>113.711</u>	<u>110.775</u>
Leverage Factor	73,7%	51,5%	75,3%	75,3%

5 Additional Information

5.1 Related- Party Transactions

Sales of goods and services		
	31.03.2008	31.03.2007
Sales of goods to subsidiaries	2.405.419,29	3.215.137,39
Sales of goods to associates and other related parties as set out in IFRS 24		0,00
	2.405.419,29	3.215.137,39

Acquisitions from related parties		
	31.03.2008	31.03.2007
Mother Company from Subsidiaries	494.776,78	262.433,39
FF Group with other related parties as set out in IFRS 24	24.000,00	464.660,00
	518.776,78	727.093,39

5.1.1 Claims/obligations to Related- Party

Claims from Related- Party		
	31.03.2008	31.03.2007
Between Mother Company and Subsidiaries	6.862.617,13	7.217.445,63
Between FF Group and other related parties as set out in IFRS 24		0,00
	6.862.617,13	7.217.445,63

Payables to related parties		
	31.03.2008	31.03.2007
Mother Company to Subsidiaries	596.802,64	339,90
FF Group to other related parties as set out in IFRS 24	225.000,00	0,00
	821.802,64	339,90

5.1.2 Transactions with directors & members of Board

Transactions with directors & members of Board		
31.03.2008	The group	The company
Transactions	950.310,14	78.230,14
Claim	1.900,00	1.900,00
Obligation	520.648,00	520.648,00
	1.472.858,14	600.778,14

5.2 Number of employed personnel

The total number of employed personnel at the year-end for the Group was 5,610 and for the Company 277.

5.3 Real Liens

There is a note worth of €12 million over a fixed asset of the Group as a collateral of debt, while there are no pledges or mortgages on the fixed assets of the Company and the Group.

5.4 Contested or under arbitration disputes

On a company of the Group there are pending judicial cases against the Greek State, for which there is a provision of €2,150,000.

5.5 Post Balance Sheet events

There are no post balance sheet events affecting the financial statements.