

"FOLLI - FOLLIE" SA

Companies Registrar No. 18989/06/B/89/17
INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2005

Registered Office:	23rd Km Athens - Lamia National Road - Ag. Stefanos
Opening Date of Current Year:	1 January 2005
Closing Date of Current Year:	31 December 2005
Auditing Company:	SOL S.A. Certified Auditors Accountants ASSOCIATED CERTIFIED PUBLIC ACCOUNTANTS
Certified Auditor Accountant:	Dimitrios I. Iakovidis
Auditors' Report:	Unaudited

The following data and information aim to provide a general briefing for the financial position and the results of operations of "FOLLI - FOLLIE" A.E. Therefore, it is recommended, to any reader, before proceeding to any kind of investment decision or other transaction with the Company, to visit the Company's web site, at the address www.folli-follie.com where are posted the Interim Financial Statements prepared according to the International Financial Reporting Standards accompanied with the Review Report of the Certified Auditor Accountant where it is necessary.

CASH FLOW STATEMENT (Amounts reported in Euro)	THE GROUP		THE COMPANY	
	1/1-30/9/2005	1/1-30/9/2004	1/1-30/9/2005	1/1-30/9/2004
Cash Flows related to Operating Activities				
Net Profit before taxes	52,180,082.19	52,033,627.40	16,928,321.69	13,912,211.58
<i>Adjustments in respect of non-cash transactions:</i>				
Depreciation and Amortisation	2,516,096.21	2,537,277.11	786,879.45	689,174.52
Provisions	432,838.57	2,726,777.90	171,739.53	126,423.85
Cash flows from investing activities	-8,630,498.35	-12,718,708.43	-9,721,123.40	-8,132,250.54
Debit interest and similar expenses	2,805,956.57	3,711,193.49	3,533,888.95	3,108,035.23
Other non-cash expense/Income			-319,183.33	248,500.00
Operating profit before adjustments of working capital	49,304,475.19	48,290,167.47	11,380,522.89	9,952,094.64
Decrease/(increase) of Inventories	-13,611,005.39	273,867.66	-1,940,783.43	765,964.33
Decrease/(increase) of Receivables	-8,708,932.87	-6,874,586.66	-7,170,086.62	-471,959.86
Increase/(decrease) of payable accounts (except Banks)	-5,037,734.10	-8,472,516.29	-1,557,550.57	-4,693,201.89
Interest paid and similar expenses	-3,871,040.85	-3,844,066.37	-3,734,468.74	-3,238,378.62
Income Tax paid	-3,431,442.67	-7,542,227.04	-1,154,234.92	-564,989.20
<i>Net cash inflows/(outflows) from Operating Activities</i>	<u>14,644,319.31</u>	<u>21,830,638.77</u>	<u>-4,176,601.39</u>	<u>1,749,529.40</u>
Cash Flows related to Investing Activities				
Purchases of subsidiaries, associates and other investments				
Purchases of tangible and intangible assets	-9,198,514.84	-12,157,197.82	-84,064.93	-11,548,439.93
Proceeds from sale of tangible and intangible assets	71,005.24	728,769.65	11,694.51	682,642.72
Proceeds from sale of financial assets	722,403.84		722,403.84	
Dividends received	9,152,004.96	7,800,000.00	9,723,644.00	8,128,542.08
Interest received	1,065,084.28	132,872.88	200,579.79	130,343.39
Decrease/(increase) of other long-term receivables	-375,242.82	-1,683,268.35	-32,363.26	32,043.63
<i>Net cash inflows/(outflows) from Investing Activities</i>	<u>1,436,740.66</u>	<u>-5,178,823.64</u>	<u>10,541,893.95</u>	<u>-2,574,868.11</u>
Cash Flows related to Financing Activities				
Cash received from issue of share capital				
Proceeds from Loans	4,891,332.94	6,623,539.50		7,174,669.92
Repayment of Loans	-1,118,578.23		-989,004.99	
Payments for leases	-467,399.75	-639,685.20	-93,479.95	-88,530.00
Dividends paid	-7,482,754.48	-4,101,091.91	-6,505,372.68	-4,101,091.91
<i>Net cash inflows/(outflows) from Financing Activities</i>	<u>-4,177,399.52</u>	<u>1,882,762.39</u>	<u>-7,587,857.62</u>	<u>2,985,048.01</u>
Net increase/(decrease) in cash and cash equivalents	11,903,660.45	18,534,577.52	-1,222,565.06	2,159,709.30
Cash and cash equivalents at the beginning of the period	33,723,558.93	23,524,369.13	14,509,511.69	12,696,170.19
Exchange rate differences from the conversion of cash equivalents	-1,512,238.72	-6,762,122.51		
<i>Cash and cash equivalents at the end of the period</i>	<u>44,114,980.66</u>	<u>35,296,824.14</u>	<u>13,286,946.63</u>	<u>14,855,879.49</u>

ADDITIONAL RECORDS AND INFORMATION

1. The same Accounting Policies have been followed as for the Balance Sheet at 31.12.2004. The Group applies the IFRS from 1 January 2005.
2. There are no real liens on the Fixed Assets. 3. There are no disputed or under arbitration cases of national or administrative courts that may have a material effect on the financial position of the Company.4. The personnel employed in the Group, as at 30.9.2005, amounted to 865 and in the A.E. to 266 persons. 5. The amounts of Purchases and Sales of the Company, to and from the related parties as these are defined in IAS 24, accumulated from the opening balance of the period 1/1/2005 to 30/9/2005, come up to the amount of € 1.028.044,89 and € 9.714.926,11, respectively. The receivables and payables balances of the above Companies, as at 30.9.2005, amount to € 13.505.319,64 and € 741.148,46, respectively.
6. In the respective period of the preceding year (30.9.2004) in the items of the Income Statement for the period, the Statement of Changes in Shareholders' Equity and the Cash Flow Statement, was not comprised the company Folli Follie Germany GmbH. It is noted that the FF GmbH was established in December 2004 and the change that was brought about from the beginning of this consolidation during the last Quarter of 2004 was negligible.
7. The investments in fixed assets over the first nine months of 2005 amounted: a) for the Group, to € 9.198.514,84 and b) for the Company to € 84.064,93.
8. The company at 14/07/2005 acquired also the balance 60%of the company MFK FASHION INV. LTD. Thus, its financial data was incorporated at 30/09/2005 by the method of full consolidation for the after the above acquisition time period. The impact of this change was insignificant.
9. In the consolidated financial statements are included the following companies:

COMPANY	REGISTERED	% PARTICIPATION	RELATION	CONSOLIDATION	UN-AUDITED
	OFFICE	PARENT	THE CONSOLIDATION	METHOD	TAX YEARS
FOLLI FOLLIE A.E.	ATHENS	-	-		2004
FOLLI FOLLIE HONG KONG LTD	HONG KONG	99.99%	Direct	Full	1999-2004
FOLLI FOLLIE UK LTD	LONDON	99.99%	Direct	Full	2002-2004
FOLLI FOLLIE FRANCE SA	PARIS	99.94%	Direct	Full	2003-2004
FOLLI FOLLIE SPAIN SA	MADRID	100%	Direct	Full	2002-2004
FOLLI FOLLIE CZECH SRO	PRAGUE	100%	Direct	Full	2001-2004
FOLLI FOLLIE POLAND SZOO	WARSAW	100%	Direct	Full	2001-2004
FOLLI FOLLIE SLOVAKIA SRO	BRATISLAVA	100%	Direct	Full	2001-2004
FOLLI FOLLIE GERMANY GmbH	TRAUUNSTAIN	100%	Direct	Full	2004
MFK FASHION	LIMASSOL	100%	Direct	Full	2002-2004
FOLLI FOLLIE JAPAN LTD	TOKYO	40%	Direct	Full	2001-2004
FOLLI FOLLIE ASIA LTD	HONG KONG	99.99%	Indirect	Full	2001-2004
FOLLI FOLLIE TAIWAN LTD	TAIPEI	99.99%	Indirect	Full	2003-2004
FOLLKOR (KOREA) LTD	SEOUL	99.99%	Indirect	Full	2003-2004
BLUEFOL SINGAPORE LTD	SINGAPORE	99.99%	Indirect	Full	2003-2004
BLUEFOL GUAM LTD	GUAM	99.99%	Indirect	Full	1998-2004
BLUEFOL HAWAII LTD	HAWAII	99.99%	Indirect	Full	2000-2004
BLUEFOL HONG KONG LTD	HONG KONG	99.99%	Indirect	Full	2001-2004
FOLLI FOLLIE MALAYSIA LTD	KUALA LUMPUR	99.99%	Indirect	Full	2001-2004
BLUEFOL THAILAND LTD	BANGKOK	99.99%	Indirect	Full	2001-2004
DUTY FREE STORES	ATHENS	24.68%	Direct	Net Equity	

BALANCE SHEET (Amounts reported in Euro)		THE COMPANY	
ASSETS	THE GROUP		THE COMPANY
	30/9/2005	31/12/2004	
Tangible Assets	41,406,598.62	34,130,258.53	29,399,370.19
Intangible Assets	4,911,761.52	4,842,688.58	782,549.07
Investments in associates	39,094,872.92	40,296,399.36	157,896,767.74
Deferred income tax assets	1,910,595.83	2,213,869.13	0.00
Other long term receivables	5,852,344.57	7,376,012.55	263,255.13
Total non-current assets (a)	93,176,173.46	88,859,228.15	188,341,942.13
Inventories	66,333,874.34	46,715,326.33	13,872,009.10
Trade Receivables	100,368,813.14	82,543,791.12	18,616,664.41
Other Receivables	13,121,073.64	7,467,595.25	6,794,857.18
Cash and cash equivalents	44,114,980.66	33,723,558.93	13,286,946.63
Total current assets (b)	223,938,741.78	170,450,271.63	52,570,477.32
TOTAL ASSETS (a) + (b)	<u>317,114,915.24</u>	<u>259,309,499.78</u>	<u>240,912,419.45</u>
LIABILITIES	THE GROUP		THE COMPANY
	30/9/2005	31/12/2004	
Long-term borrowings	127,302,187.84	120,135,587.74	119,499,958.91
Retirement benefit obligations	3,392,850.57	3,068,805.44	525,616.17
Deferred income tax liabilities	0.00	0.00	30,110.27
Other non-current liabilities	2,660,485.84	3,542,063.70	747,960.48
Total non-current liabilities	133,355,524.25	126,746,456.88	120,803,645.83
Trade payables	8,703,861.23	13,252,975.46	686,063.03
Short-term Borrowings	4,057,467.02	5,252,135.03	3,902,095.50
Other current liabilities	26,253,307.62	18,149,870.12	7,512,788.00
Total current liabilities	39,014,635.87	36,654,980.61	12,100,946.53
Total Liabilities (a)	172,370,160.12	163,401,437.49	132,904,592.36
Shareholders Equity	139,812,115.28	91,298,238.92	108,007,827.09
Minority interest	4,932,639.84	4,609,823.37	
Total Equity (b)	144,744,755.12	95,908,062.29	101,349,048.11
TOTAL EQUITY AND LIABILITIES (a) + (b)	<u>317,114,915.24</u>	<u>259,309,499.78</u>	<u>240,912,419.45</u>

INCOME STATEMENT FOR THE PERIOD (Amount reported in Euro)		THE COMPANY	
Sales Revenue	THE GROUP		THE COMPANY
	1/1-30/9/2005	1/1-30/9/2004	
Cost of goods sold	-60,400,645.38	-49,098,527.07	-9,103,121.82
Gross profit	<u>94,635,539.67</u>	<u>85,504,403.96</u>	<u>18,357,499.39</u>
Other operating income	2,804,506.28	2,001,865.41	2,311,468.81
Administrative expenses	-8,015,344.87	-7,141,097.22	-3,227,115.81
Selling expenses	-42,396,447.55	-35,575,509.87	-7,443,770.78
Other expenses	-804,509.67	-1,757,971.22	-57,564.74
Operating profit	46,223,743.86	43,031,691.06	9,940,516.87
Finance costs - profit	1,732,213.45	3,381,741.68	989,430.34
Finance costs - expenses	-3,871,040.85	-3,844,066.37	-3,673,264.56
Share of profit of associates	8,095,165.73	9,464,261.03	8,128,542.08
Profit before taxes (EBT)	<u>52,180,082.19</u>	<u>52,033,627.40</u>	<u>13,912,211.58</u>
Income tax expense	-10,137,877.45	-8,067,323.15	-2,821,230.21
Profit for the period (after taxes)	<u>42,042,204.74</u>	<u>43,966,304.25</u>	<u>14,107,091.48</u>
Attributable to:			
Equity holders of the Company	41,719,388.27	43,449,910.69	
Minority interest	322,816.47	516,393.56	
Earnings (after taxes) per share - basic (expressed in €)	1.27	1.32	0.43
Amortisation - Depreciation	2,516,096.21	2,537,277.11	786,879.45
Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)	48,739,840.07	45,568,968.17	10,727,396.32
Earnings (profit) before taxes, financing and investing results (EBIT)	46,223,743.86	43,031,691.06	9,940,516.87

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD		THE COMPANY	
Net equity of period	THE GROUP		THE COMPANY
	30/9/2005	30/9/2004	
Open.Balance (1/1/2005 and 1/1/2004 respectively)	95,908,062.29	61,358,862.48	101,349,048.11
Issue of share capital	0.00	0.00	0.00
Dividends	-8,125,853.46	-6,854,401.50	-7,248,312.50
Directors Fees	-326,541.80	0	-200,000.00
Net amounts effected directly Equity	0.00	0.00	0.00
Profit for the period, after taxes	42,042,204.74	43,966,304.25	14,107,091.48
Adjustment in foreign currency translation differences	15,246,883.35	-6,775,887.42	0.00
Net equity of period Closing Balance	<u>144,744,755.12</u>	<u>91,694,877.81</u>	<u>108,007,827.09</u>