

# Full Year 2005 Financial Results



Folli Follie

22 March 2006

# Full Year 2005 Highlights



- Ø Record Sales and Profits
- Ø Lower contribution of HDFFS compared to previous year
- Ø Strong results despite high comparables to previous year (Olympic Year)

# Full Year 2005 Highlights

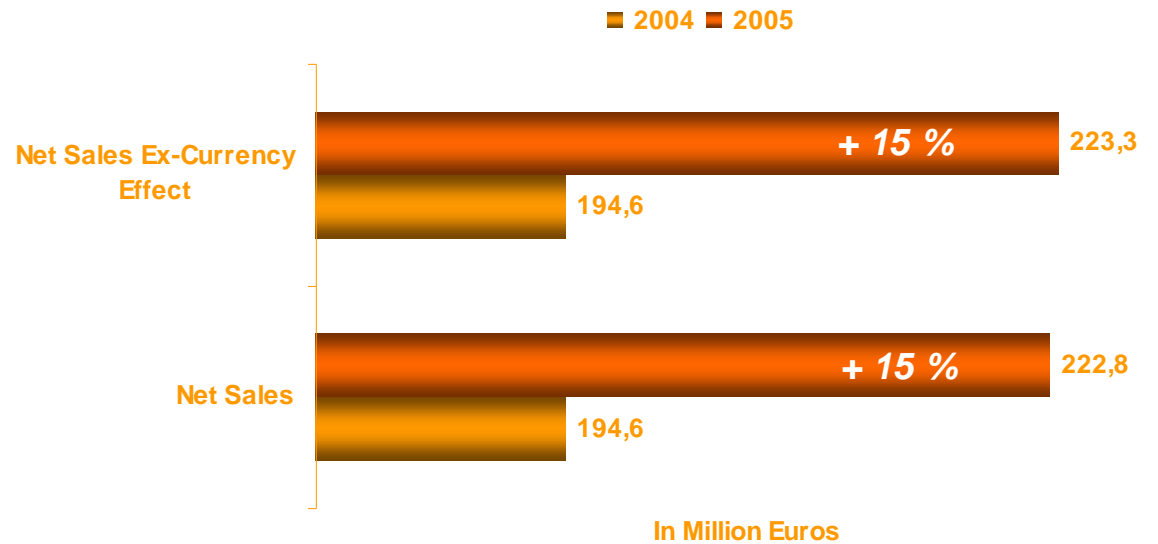


## IFRS Group Results

	2005 IFRS	2004 IFRS	Growth
Sales (Million €)	222,8	194,6	15 %
EBITDA (Million €)	67,6	61,7	10 %
Gross Margin	60,3 %	60,1 %	
EBT (Million €)	70,1	66,2	6 %
Net Profit (Million €)	56,7	54,2	5 %
EPS (€)	1,68	1,59	6 %



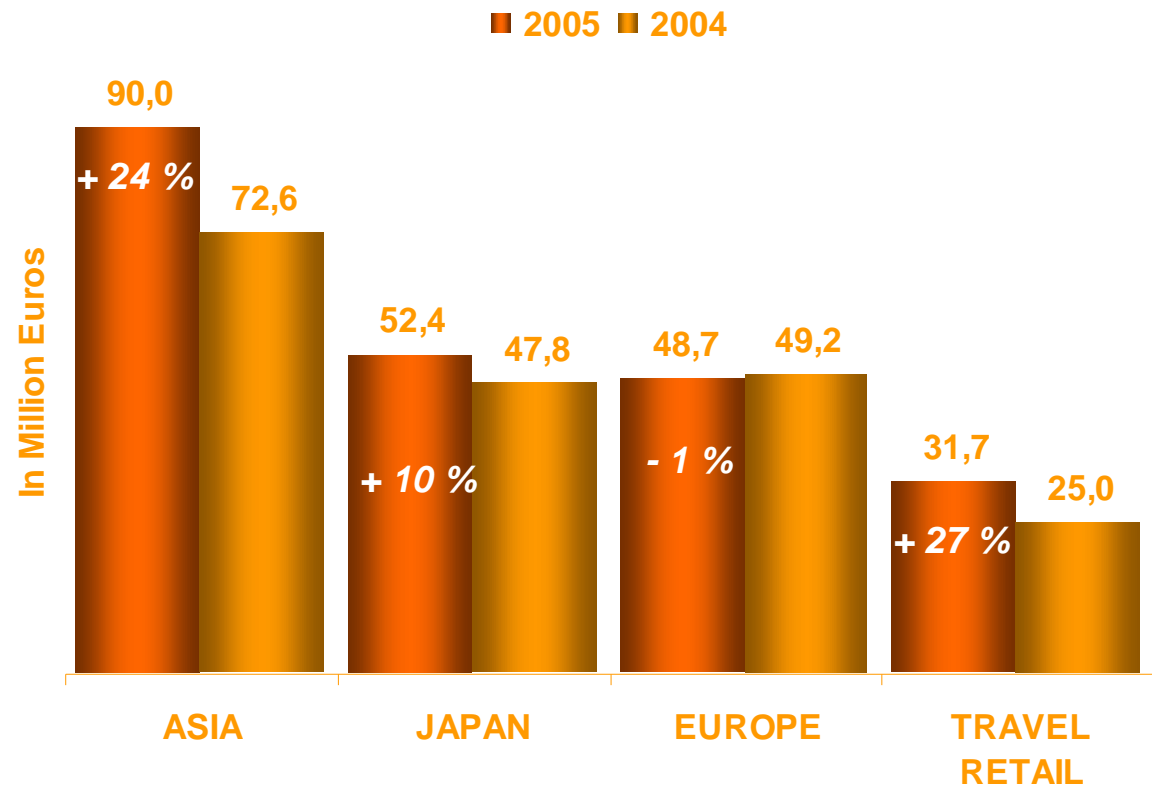
# Net Sales



Folli Follie

22 March 2006

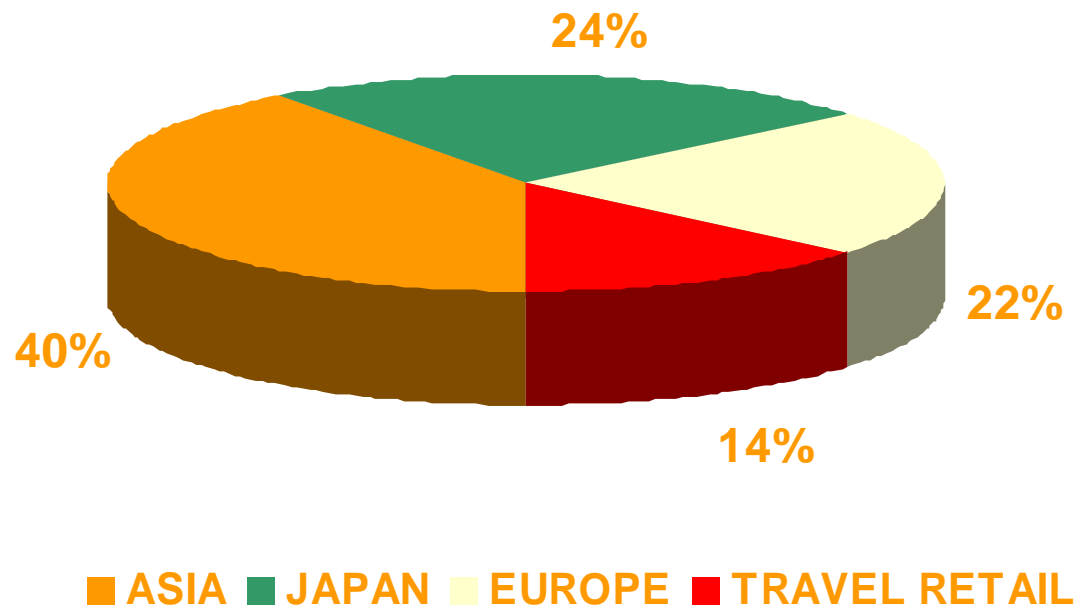
# Net Sales by Region



Folli Follie

22 March 2006

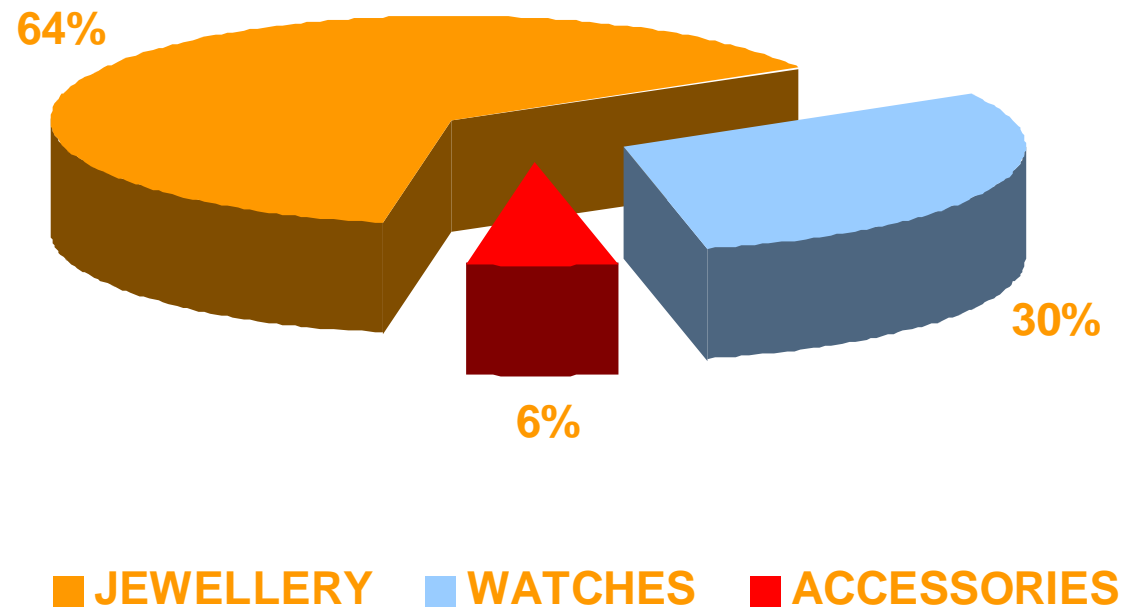
# Net Sales by Region



Folli Follie

22 March 2006

# Financials – Product Category Sales



BALANCE SHEET (Amounts reported in Euro)	THE GROUP		THE COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
<b>ASSETS</b>				
Tangible Assets	29.269.571,73	20.297.157,41	17.175.960,39	16.178.310,13
Investments in PPE	15.380.000,00	13.833.101,12	15.380.000,00	13.833.101,12
Intangible Assets	4.185.089,70	4.842.688,58	750.442,44	873.322,82
Investments in associates	40.395.445,88	40.296.399,36	159.505.501,95	157.732.962,56
Deferred income tax assets	2.660.750,50	2.708.904,28	703.225,42	889.063,28
Other long term receivables	6.838.204,67	7.376.012,55	419.574,43	230.891,87
<b>Total non-current assets (a)</b>	<b>98.729.062,48</b>	<b>89.354.263,30</b>	<b>193.934.704,63</b>	<b>189.737.651,78</b>
Inventories	71.758.888,21	46.715.326,33	14.134.365,54	11.931.225,67
Trade Receivables	121.290.148,36	82.543.791,12	18.872.475,88	12.872.890,96
Other Receivables	6.199.578,58	4.702.838,51	2.395.951,33	2.473.060,31
Other financial assets at fair value through profit or loss	2.921.508,63	2.764.756,74	2.921.508,63	2.764.756,74
Cash and cash equivalents	33.892.169,63	33.723.558,93	13.247.662,22	14.509.511,69
<b>Total current assets (b)</b>	<b>236.062.293,41</b>	<b>170.450.271,63</b>	<b>51.571.963,60</b>	<b>44.551.445,37</b>
<b>TOTAL ASSETS (a) + (b)</b>	<b>334.791.355,89</b>	<b>259.804.534,93</b>	<b>245.506.668,23</b>	<b>234.289.097,15</b>
<b>LIABILITIES</b>				
Non-current liabilities				
Long-term borrowings	125.149.592,17	120.135.587,74	119.499.958,91	119.499.958,91
Retirement benefit obligations	3.356.944,74	3.068.805,44	540.126,00	482.542,29
Deferred income tax liabilities	1.047.943,78	495.035,15	1.035.080,14	486.325,90
Provisions for other liabilities and charges	4.054.878,43	3.542.063,70	698.272,82	836.873,79
<b>Total non-current liabilities</b>	<b>133.609.359,12</b>	<b>127.241.492,03</b>	<b>121.773.437,87</b>	<b>121.305.700,89</b>
Current liabilities				
Trade payables	15.829.100,60	13.252.975,46	3.487.817,55	2.203.405,10
Short-term Borrowings	5.047.457,92	5.252.135,03	4.863.495,62	4.891.100,49
Other current liabilities	18.332.977,03	18.149.870,12	6.052.479,60	4.539.842,56
<b>Total current liabilities</b>	<b>39.209.535,55</b>	<b>36.654.980,61</b>	<b>14.403.792,77</b>	<b>11.634.348,15</b>
<b>Total Liabilities (a)</b>	<b>172.818.894,67</b>	<b>163.896.472,64</b>	<b>136.177.230,64</b>	<b>132.940.049,04</b>
<b>EQUITY</b>				
Share capital	9.884.062,50	9.884.062,50	9.884.062,50	9.884.062,50
Share premium	62.531.731,47	62.531.731,47	62.531.731,47	62.531.731,47
Other reserves	24.513.525,66	23.017.890,72	19.679.018,84	19.679.018,84
Retained earnings	161.106.539,24	115.624.130,22	17.234.624,78	9.254.235,30
Exchange differences	-12.980.009,96	-30.831.648,26		
Other capital and reserves attributable to equity holders of the Company	-88.927.927,73	-88.927.927,73		
<b>Total capital and reserves attributable to equity holders of the Company (b)</b>	<b>156.127.921,18</b>	<b>91.298.238,92</b>	<b>109.329.437,59</b>	<b>101.349.048,11</b>
<b>Minority interest (c)</b>	<b>5.844.540,04</b>	<b>4.609.823,37</b>		
<b>Total Equity (d) = (b)+(c)</b>	<b>161.972.461,22</b>	<b>95.908.062,29</b>	<b>109.329.437,59</b>	<b>101.349.048,11</b>
<b>TOTAL EQUITY AND LIABILITIES (e) = (a)+(d)</b>	<b>334.791.355,89</b>	<b>259.804.534,93</b>	<b>245.506.668,23</b>	<b>234.289.097,15</b>

Folli Follie

# Balance Sheet



## DATA FROM INCOME STATEMENT FOR THE YEAR

Amounts reported in Euro

	THE GROUP		THE COMPANY	
	1/1-31/12/2005	1/1-31/12/2004	1/1-31/12/2005	1/1-31/12/2004
	Sales Revenue	222.796.934,45	194.626.963,86	36.980.835,86
Cost of goods sold	-88.446.212,13	-77.641.874,54	-12.905.798,37	-11.882.386,88
<b>Gross profit</b>	<b>134.350.722,32</b>	<b>116.985.089,32</b>	<b>24.075.037,49</b>	<b>23.893.429,03</b>
Other operating income	6.066.792,76	4.200.812,41	4.643.121,97	1.735.242,46
Administrative expenses	-11.586.965,70	-9.470.922,70	-4.793.128,43	-3.768.089,52
Selling and marketing costs	-61.797.910,10	-50.773.264,46	-10.346.725,55	-9.486.425,95
Other expenses	-2.556.704,96	-2.622.250,46	-792.398,81	-1.624.509,97
Operating profit	<b>64.475.934,32</b>	<b>58.319.464,11</b>	<b>12.785.906,67</b>	<b>10.749.646,05</b>
Finance costs - profit	1.331.144,45	3.534.084,78	1.188.934,36	241.274,85
Finance costs - expenses	-5.148.235,89	-5.462.893,07	-4.857.480,26	-5.169.416,88
Share of profit of associates	9.395.738,69	9.810.830,09	9.671.639,04	8.129.382,08
<b>Profit before taxes (EBT)</b>	<b>70.054.581,57</b>	<b>66.201.485,91</b>	<b>18.788.999,81</b>	<b>13.950.886,10</b>
Income tax expense	-13.391.086,52	-12.004.215,98	-3.360.297,83	-2.220.029,99
<b>Profit for the period (after taxes)</b>	<b>56.663.495,05</b>	<b>54.197.269,93</b>	<b>15.428.701,98</b>	<b>11.730.856,11</b>
Attributable to:				
Equity holders of the Company	55.428.778,38	52.503.238,03	15.428.701,98	11.730.856,11
Minority interest	1.234.716,67	1.694.031,90		
Earnings (after taxes) per share - basic (expressed in €)	1,68	1,59	0,47	0,36
Amortisation - Depreciation	3.082.378,44	3.392.365,17	949.794,62	982.516,88
<b>Earnings (profit) before taxes, financing and investing results and depreciation - amortisation (EBITDA)</b>	<b>67.558.312,76</b>	<b>61.711.829,28</b>	<b>13.735.701,29</b>	<b>11.732.162,93</b>
<b>Earnings (profit) before taxes, financing and investing results (EBIT)</b>	<b>64.475.934,32</b>	<b>58.319.464,11</b>	<b>12.785.906,67</b>	<b>10.749.646,05</b>
Proposed dividend per share (expressed in €)			0,26	0,22

*Folli Follie*

# Income Statement

DATA FROM CASH FLOW STATEMENT	THE GROUP		THE COMPANY	
	1/1-31/12/2005	1/1-31/12/2004	1/1-31/12/2005	1/1-31/12/2004
<b>Cash Flows related to Operating Activities</b>				
Net Profit before taxes	70.054.581,57	66.201.485,91	18.788.999,81	13.950.886,10
<i>Adjustments in respect of non-cash transactions:</i>				
Depreciation and Amortisation	3.082.378,44	3.392.365,17	949.794,62	982.516,88
Provisions	1.188.610,09	516.389,20	854.320,94	215.416,00
Cash flows from investing activities	-11.528.844,11	-13.060.830,09	-12.083.378,02	-8.132.250,54
Debit interest and similar expenses	4.724.103,21	5.175.940,72	4.668.063,61	4.433.504,84
Operating profit before adjustments of working capital	67.520.829,20	62.225.350,91	13.177.800,96	11.450.073,28
Decrease/(increase) of Inventories	-21.232.011,83	-9.512.471,48	-2.703.139,87	-1.168.287,20
Decrease/(increase) of Receivables	-28.318.885,55	-15.465.992,28	-5.921.292,33	2.755.388,29
Increase/(decrease) of payable accounts (except Banks)	2.751.752,10	-4.598.435,14	1.573.232,40	-6.122.812,41
Interest paid and similar expenses	-5.148.235,89	-5.462.893,07	-4.950.020,20	-4.641.545,26
Income Tax paid	-11.332.373,00	-10.028.849,01	-1.950.571,40	-991.294,75
<i>Net cash inflows/(outflows) from Operating Activities</i>	<i>4.241.075,03</i>	<i>17.156.709,93</i>	<i>-773.990,44</i>	<i>1.281.521,95</i>
<b>Cash Flows related to Investing Activities</b>				
Acquisition of subsidiaries, associates and other investments			-1.772.539,39	-1.555.512,00
Purchases of tangible and intangible assets	-10.272.671,44	-12.238.235,89	-1.982.571,72	-11.845.985,40
Proceeds from sale of tangible and intangible assets	95.690,76	766.642,72	12.007,22	682.642,72
Proceeds from sale of financial assets	643.044,41	13.696,72	643.044,41	13.696,72
Dividends received	9.164.303,46	7.800.000,00	9.735.942,50	8.128.542,08
Interest received	424.132,68	286.952,35	281.956,59	208.040,42
Decrease/(increase) of other long-term receivables	1.272.691,65	-2.911.833,46	-42.682,56	21.852,98
<i>Net cash inflows/(outflows) from Investing Activities</i>	<i>1.327.191,52</i>	<i>-6.282.777,56</i>	<i>6.875.157,05</i>	<i>-4.346.722,48</i>
<b>Cash Flows related to Financing Activities</b>				
Cash received from issue of share capital				
Proceeds from borrowings	1.010.172,79	7.122.287,74		9.301.367,57
Repayment of borrowings			-27.604,87	
Payments for leases	-632.199,66	-852.913,60	-123.547,81	-118.039,99
Dividends paid	-8.069.321,96	-4.304.785,55	-7.211.863,40	-4.304.785,55
<i>Net cash inflows/(outflows) from Financing Activities</i>	<i>-7.691.348,83</i>	<i>1.964.588,59</i>	<i>-7.363.016,08</i>	<i>4.878.542,03</i>
Net increase/(decrease) in cash and cash equivalents	-2.123.082,28	12.838.520,96	-1.261.849,47	1.813.341,50
Cash and cash equivalents at the beginning of the year	33.723.558,93	23.524.369,13	14.509.511,69	12.696.170,19
Effect of exchange rate changes on cash and cash equivalents	2.291.692,98	-2.639.331,16		
<i>Cash and cash equivalents at the end of the year</i>	<i>33.892.169,63</i>	<i>33.723.558,93</i>	<i>13.247.662,22</i>	<i>14.509.511,69</i>

Folli Follie

# Cash Flow Statement

## DATA FROM STATEMENT OF CHANGES IN EQUITY FOR THE YEAR

Amounts reported in Euro

	THE GROUP		THE COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	Net equity of period			
Opening Balance (1/1/2005 and 1/1/2004 respectively)	95.908.062,29	61.358.862,48	101.349.048,11	95.548.629,50
Issue of share capital	0,00	0,00	0,00	0,00
Distribution of dividend based on resolution of G.M.	-8.125.853,46	-6.854.401,50	-7.248.312,50	-5.930.437,50
Directors' fees	-326.541,80	0,00	-200.000,00	0,00
Change in participation percentage-Change in consolidation method	1.660,89			
Net income recognised directly in equity		0,00		0,00
Profit for the period, after taxes	56.663.495,05	54.197.269,98	15.428.701,98	11.730.856,11
Adjustment in foreign currency translation differences	17.851.638,25	-12.793.668,67		0,00
Net equity of period Closing Balance				
(31/12/2005 and 31/12/2004 respectively)	<u>161.972.461,22</u>	<u>95.908.062,29</u>	<u>109.329.437,59</u>	<u>101.349.048,11</u>

**Folli Follie**

**Statement on Changes in Equity**

# Remarks



Ø During Q4 of 2005, 11 new points of sale opened (6 of them where relocations) :  
1 in Greece, 1 in Taiwan, 1 in Korea,  
1 in Hong Kong and 1 in China.

End of 2005 Folli Follie counted 308  
points of sale in 22 countries

Ø 4 % of total turnover in local currency  
accounted from new openings from  
31/12/2004 till 31/12/2005