

ATHENS



KORRESNATURALPRODUCTS

ANNUAL REPORT

YEAR 01.01.2007 – 31.12.2007

TABLE OF CONTENTS

1. Information on the compilation of the Annual Report	2
2. Report of the Board of Directors on the annual Financial Statements and explanatory report	3
3. Audit certificates of chartered auditors-accountants on the annual financial statements.....	8
4. Summary facts and information pursuant to IFRS	10
5. Annual Financial Statements as at 31 December 2006 pursuant to IFRS..	11
6. Report on Company transactions with affiliated parties.....	66
7. Information under Article 10 of Law No 3401/2005.....	68
8. Uploading website	70

1. Information on the compilation of the Annual Report

Compilation and distribution of this Annual Report comply with the provisions of Decision No 5/204/14-11-2000 of the Board of Directors of the Hellenic Capital Market Commission, as amended by Decision No 7/372/15.2.2006 of the Board of the HCMC.

Investors may obtain the Annual Report from the offices of "KORRES S.A. – NATURAL PRODUCTS" (hereinafter KORRES or Company) at Inofyta, Viotia, 57th km of Athens – Lamia National Road, Zip Code 320 11 and electronically at the Company's website (<http://www.korres.com>) (information: Shareholders Service Department, tel.: 22620 54500, contact: Mr. Stelios Giannakopoulos). Investors wishing to obtain more information may refer to the Company's offices during business days and hours and especially to the above Shareholders Service Department.

The following persons are responsible for the preparation of the Annual Report and accuracy of the data therein:

Panagiotis Spyropoulos, Vice-Chairman of the BoD & General Manager,
Manolis Kontos, Chief Financial Officer.

The address of the Company is at the 57th km of Athens-Lamia National Road, GR-32011, Inofyta, Viotia, tel.: 22620 54500.

2. Report of the Board of Directors on the annual Financial Statements and explanatory report

Dear Shareholders,

In accordance with the law and the company's articles of association, we are happy to present the company's activity from 1 January 2007 to 31 December 2007, its 8th fiscal year.

In the fiscal year that ended, motivated by its dynamic development and high level of acceptance of its products, the group's Management set as its main goals to further expand existing product categories, increase sales in foreign markets and create new innovative lines of products.

To achieve the above goals, the group proceeded to take the following actions in 2007:

A) It was listed in the Athens Stock Exchange (Small & Medium Capitalization) on 12 April 2007 in an effort to obtain funds necessary for its further development.

B) It initiated commercial operations through its wholly owned subsidiary Kings & Queens Single-Member Ltd. The new brand distributes its products through the broad and semi-selective distribution channel, as well as from alternative points of special promotion, both in the domestic market and abroad. It focuses on body care products that do not contain mineral oils and parabens and are based on natural raw materials, which had been used by kings, legendary and historical persons throughout history.

C) It founded subsidiary société anonyme PHYTO12 S.A., in which KORRES S.A. has a 60% holding. The purpose of the new company is to trade and distribute raw materials used in the manufacture of cosmetics, pharmaceuticals and diet products, and provide services in the natural product chemistry sector.

D) It acquired 100% of Korres Homeopathy Products S.A. on 30 November 2007.

E) It kept making investments in the enhancement-upgrading of its mechanical and manufacturing equipment, in order to increase its production capacity.

A. Company's financial results

Upon completion of the 8th fiscal year, based on the Financial Statements prepared in accordance with the International Financial Reporting Standards (IAS/IFRS), the group's financial data are as follows:

The Group's sales in 2007 rose by 34% compared to 2006 and amounted to € 35,978 thousand compared to € 26.914 thousand; the increase resulted from a rise in the sales of all product categories. The increase over last year is mainly due to the development of body and hair care products. More specifically, sunscreens made a major contribution in the development of the body care product category, along with the existing foam bath category due to the participation of the new brand. The development in the hair care category is largely due to the significant increase in hair dyeing products. In addition, in expanding its international presence even further, the Group managed to increase its ratio of foreign sales to 22% of the total sales, compared to 15% in 2006.

The gross profit amounted to € 23,086 thousand in 2007 compared to € 17,583 thousand, a 31% increase. The gross profit margin was 64.1% in 2007, 1% less than the previous year. The drop was due to a change in the sales combination mainly on account of the increased ratio of exports, which on the one hand offer a lower gross profit margin, but on the other hand did not require increased distribution expenses.

The company's Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) amounted to € 6,542 thousand compared to € 5,811 thousand in 2006, a 12.5% increase, resulting from the successful offsetting of the increased expenses incurred for supporting the new KINGS & QUEENS brand, existing products and new categories by increasing sales rates.

Finally, the company's Net Profits after Taxes in the same period rose by 13.6% as they amounted to € 3,226 thousand compared to € 2,842 thousand in 2006.

It should be noted that the Group further expanded its presence in the international market (28 countries) by opening 9 new KORRES outlets, reaching a total of 14 outlets in 2007, compared to 5 in 2006, which are managed by local distributors. Thus by the end of 2007, the number of KORRES outlets had risen to a total of 16; 2 in Greece and 14 in foreign countries. The Group intends to further boost its presence in

international markets by setting up a retail sales network through the KORRES outlets, while at the same time promoting its KORRES NATURAL PRODUCTS through selective distribution networks and the KINGS & QUEENS products through the semi-selective distribution network.

Following are additional numerical indicators of the Group's performance:

Net results to Equity percentage: 17% in 2007

Payables to Equity ratio: 1.63 in 2007

Cash ratio: 1.46 in 2007

B. The Group's prospects

Motivated by its ongoing dynamic development and combined with its recent listing in the ASE, the Group's Management has prepared an Action Plan which can be broken down into the following summary areas:

Establishment of the existing brand, "Korres Natural Products", in foreign markets by following a focus and support strategy in each country included in the already extensive sales network, with the emphasis placed on mature and demanding markets.

Further development of the existing brand "Korres Natural Products" in the Greek Market, which shall be realized through the development and placement on the market of innovative lines of products, as well as through product advertising promotion, which has already been evident since 2007 and shall go on throughout 2008.

Following the launch of the new brand "Kings & Queens" in 2007 and in view of the positive response of consumers, its advertising support and promotion both in Greece and abroad will go on. The new brand has been created so as to be promoted through broader distribution channels, both in the Greek and international markets.

Research and development of new products, new lines of products, new innovative manufacturing methods (herbal extracts, etc.) and utilization of the properties of domestic herbs included in the Greek flora.

Further reinforcement of manufacturing processes/infrastructures by installing new mechanical equipment and upgrading computer infrastructure, as part of a scheme aimed at enhancing the company's manufacturing capacity and productivity.

The Group's long term goal is to speed up its export development rate and increase the participation of foreign sales in the total turnover.

The rise in the Group's sales due to its increased turnover allows for a renegotiation of raw and packaging material purchasing prices, whereas its investments in production are expected to improve productivity and cut down on production cost per product unit.

Finally, production modernization investments are expected to boost the Group's capacity, so that it can be able to increase its production and cope with the expected rise in its sales.

C. Important events following the end of the fiscal year

Korres S.A. acquired a 5.13% holding in the share capital of the company MEDITERRA S.A. when the latter was listed in the stock market of the ASE, whose trading started on 3 March 2008.

D. Dividend policy

The Board of Directors will make a proposal to the General Meeting of Shareholders for distributing a dividend from the sum "profit carried forward" amounting to a total of € 1,771,000 corresponding to € 0.23 per share.

E. Company Branches

On 31/12/2007 the Company had the following branches:

1. 57th km of the Athens-Lamia National Road, Inofyta, Viotia
2. 54th km of the Athens-Chalkida Old National Road, Inofyta, Viotia
3. "Nera" Location – Ancient Epidaurus

F. Risk Management

Financial risk factors

The Group is exposed to such financial risks as market risks (exchange rate changes, interest rate, market prices), credit risk, liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial and credit markets and tries to minimize their possible negative effect on the financial performance of the Group.

Risk management is performed by the Group's core financial service operating in compliance with specific rules approved by the Board of Directors. The Board of Directors provides instructions and guidelines on risk management in general, as well as special instructions on the management of specific risks such as exchange rate risk, interest rate risk and credit risk.

Market risk

The Group is active in a number of foreign countries. Most of the Group's transactions are made in Euro, which makes interest rate risk limited.

Cash flow and fair value change risks due to a change in interest rates.

The Group's loan liabilities are linked to floating interest rates which may either remain floating or be converted into fixed ones, depending on the conditions prevailing in the market. The Group does not use any derivative financial instruments.

Credit risk

The Group has established and applied credit control procedures to minimize hazards and provide immediate coverage of receivables through securities. Thus there are no important credit risk accumulations. Products are sold on a wholesale basis mainly to customers having a well-assessed credit record, and their balances are highly diversified (pharmacies).

Liquidity risk

Liquidity risk is maintained at low levels as the Group has ensured adequate credit lines from cooperating banks for meeting its needs for working capital. The Group's management estimates that most of its assets can be cashed in a relatively short time.

G. Information in accordance with article 43 of Law No. 2190/1920, article 11a of Law 3371/2005 and article 30 of Law 3461/2006

(a) Share capital structure

On 31 December 2007, the Company's share capital amounted to € 2,310,000 divided into 7,700,000 ordinary registered shares of a nominal value of € 0.30 each.

Based on the list of shareholders of 31 December 2007, the Shareholders' Structure of the Company was as follows:

Shareholder	Number of Shares	%
Georgios Korres, son of Nikolaos	4,550,850	59.10
Shareholders holding < 5%	3,149,150	40.90
Total	7,700,000	100.0

All Company shares (100%) are ordinary, registered and undivided, and there are no special categories of shares. Such shares are accompanied by such rights and obligations as provided for in Codified Law No. 2190/1920.

Further information and clarifications are given in the Explanatory Report included in Section H hereof.

(b) Restrictions on the transfer of Company shares

The Company is not aware of any restrictions on the right to transfer Company shares other than those referred to in article 205 of the Regulation of the Athens Stock Exchange as amended and in force.

(c) Significant direct or indirect holdings within the meaning of the provisions laid down in Law No. 3556/2007.

On 14 March 2008, Mr. Georgios Korres owned 56.1% of the Company's share capital. In addition, on 14 March, Eleni Filippou owned 5.6% of the Company's share capital.

The Company is not aware of any other shareholders having any direct or indirect holdings in the share capital of KORRES S.A. in excess of 5%.

It should be noted that on 14 March 2008, KORRES S.A. acquired a 5.13% holding in the share capital of the company MEDITERRA S.A. when the latter was listed in the alternative market of the ASE.

(d) Holders of shares providing special audit rights.

There are no Company shares providing special audit rights.

(e) Voting rights restrictions – Deadlines applicable to the exercise of such rights

Apart from the special restriction applicable to the voting rights of the Company shares corresponding to 3% of its share capital, which are owned by Eleni Filippou, as imposed in the Private Agreement for the Conditional Donation of Shares, dated 30.01.2008, entered into between Company Shareholders G. Korres and E. Filippou, the Company is not aware of any other restrictions applicable to the voting rights of Company shares. Further information on the above Private Agreement for the Conditional Donation of Shares, dated 30.01.2008, is given in the Explanatory Report included in Section H hereof.

(f) Shareholder agreements as regards restrictions on the transfer of shares or the exercise of voting rights.

Apart from the Private Agreement for the Conditional Donation of Shares, dated 30.01.2008, entered into between Company shareholders G. Korres and E. Filippou, the Company is not aware of any other shareholder agreements. Further information on the above Private Agreement for the Conditional Donation of Shares, dated 30.01.2008, is given in the Explanatory Report included in Section H hereof.

(g) Rules applicable to the appointment/replacement of members of the Board of Directors and the amendment of the Articles of Association, if in derogation of the provisions laid down in Codified Law No. 2190/1920.

There are no derogations from the provisions laid down in Codified Law No. 2190/1920.

(h) Responsibility of the Board of Directors to issue new shares / purchase own shares in accordance with article 16 of Codified Law No. 2190/20.

There is no such responsibility.

(i) Important Company agreements which are in force / are amended / shall expire if there is a change in Company control following a public offering.

There are no such agreements.

(j) Agreements for making compensation to members of the Board of Directors or staff members if they resign / are dismissed without any well-grounded reasons or if their tenure / employment is terminated due to a public offering.

There are no such agreements.

(k) Methods applied for the measurement of the various assets included in the balance sheet and methods used for calculating provisions.

With regard to the above, reference is made to sections 6.3, 6.4, 6.5, 6.6, 6.7 and 6.12 in the Financial Statements for fiscal year from 1 January to 31 December 2007

H. EXPLANATORY REPORT TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS AS REGARDS THE INFORMATION PROVIDED IN ACCORDANCE WITH ARTICLE 4§7 OF LAW No. 3556/2007.

As regards the detailed information given in accordance with article 4§7 of Law No. 3556/2007, we consider it appropriate to provide the Ordinary General Meeting of shareholders convened in connection with fiscal year 2007 with the following explanations, too, on individual paragraphs (a), (e) and (f) of section G of the Report:

Based on the Private Agreement for a Conditional Donation, dated 30.01.2008, the Company's shareholder Mr. Georgios Korres donated, subject to certain conditions, to Mrs. Eleni Filippou two hundred and thirty one thousand ordinary registered shares, corresponding to 3% of its total paid share capital.

The nominal value of each one of the abovementioned shares amounted at the time of the transfer to thirty cents (€ 0.30); the total nominal amount of the abovementioned donated shares was at the time of

the transfer Euro sixty nine thousand three hundred (€ 69,300.00); and their total market value upon completion of transactions in the ASE on 29 January 2008 was Euro three million three thousand (€ 3,003,000).

In view of the above donation, Mr. Georgios Korres' holding in the Company's share capital dropped from 59.10% to 56.10% and thus, in accordance with the list of shareholders of 14 March 2008, the Company's shareholders' structure was as follows:

Shareholder	Number of Shares	%
Georgios Korres, son of Nikolaos	4,319,850	56.10
Eleni Filippou	431,500	5.60
Ordinary investors and institutional investors	2,948,650	38.3
Total	7,700,000	100.0

We should also note that, in execution of the abovementioned Private Agreement and based on a special irrevocable power of attorney provided by Mrs. E. Pilippou to Mr. G. Korres, the voting rights arising from the donated shares, for as long as such shares are owned by Mrs. E. Filippou, shall be exercised exclusively by Mr. G. Korres. In view of the above, Mr. G. Korres exercises voting rights on Company shares corresponding approximately to 59.10% of its share capital.

KORRES S.A. NATURAL PRODUCTS, in an ongoing effort to keep providing consumers with a wide and complete range of products based on natural raw materials, expects its turnover and profits to rise significantly in the following years. The utilization of the funds derived from the Athens Stock Exchange for realizing its investment plan and boosting its development will also contribute to the achievement of that goal.

In view of the above, we kindly ask you to:

Approve the Annual Financial Statements of the 8th Fiscal Year (1 January 2007 – 31 December 2007) along with the accompanying reports prepared by the Board of Directors and the Chartered Auditors.

Approve the proposal made by the Board of Directors as regards the distribution of the company's profits.

Release us and the auditors of any liability relating to the actions taken during the 8th Fiscal Year (1 January 2007 – 31 December 2007), in accordance with the Law and the Articles of Association.

Approve the fees paid to the Board of Directors for the 8th Fiscal Year (1 January 2007 – 31 December 2007) and provide preliminary approval for the fees to be paid to the Board of Directors for the 9th Fiscal Year (1 January 2008 – 31 December 2008).

Elect one Ordinary and one Deputy Chartered Auditor from the Body of Chartered Auditors for the 9th Fiscal Year (1 January 2008 – 31 December 2008).

Deliberate and pass resolutions on other items of the agenda and announcements.

Athens, 18 March 2008

The Board of Directors".

3. Audit certificates of chartered auditors-accountants on the annual financial statements

To the Shareholders of KORRES S.A. – NATURAL PRODUCTS

Report on the financial statements

We have audited the attached financial statements of KORRES S.A. – NATURAL PRODUCTS (the “Company”) and the consolidated financial statements of the company and of its subsidiaries (the “Group”), which comprise the Company and the consolidated balance sheets of 31 December 2007, as well as the profit and loss accounts, the statements of changes in equity and the cash flow statements of the Company and of the Group for the fiscal year that ended on the above date, along with a summary of important accounting policies and other explanatory notes.

The Management’s responsibility for the financial statements.

Company Management is responsible for preparing and appropriately presenting the financial statements in question in accordance with the International Financial Reporting Standards, as adopted by the European Union. The above responsibility includes planning, implementing and maintaining an internal audit system concerning the preparation and appropriate presentation of financial statements, which should be free from any material inaccuracies that are due to fraud or error. It also includes choosing and implementing appropriate accounting policies and making accounting estimates which are reasonable under the circumstances.

The Auditor’s responsibility

We have the responsibility to express an opinion on the abovementioned financial statements, based on our audit. We have carried out the audit in accordance with the Greek Auditing Standards, which are in compliance with the International Auditing Standards. These Standards require that we comply with ethics rules and plan and perform our audit so as to ensure, to a reasonable degree, that the financial statements are free from any material inaccuracies.

The audit includes the performance of procedures for collecting auditing documentation with regard to the sums and details included in the financial statements. The procedures are chosen at the auditor’s discretion and include an assessment of the risk of material inaccuracy in the financial statements, due to fraud or error. To assess such risk, the auditor shall take into account the internal audit system applicable to the preparation and appropriate presentation of the financial statements, in order to plan the auditing procedures under the circumstances and not for expressing an opinion on the effectiveness of the Company’s internal audit system. The audit also includes an evaluation of the suitability of the accounting policies applied and of the reasonableness of the estimates made by the Management, along with an evaluation of the overall presentation of the financial statements.

We feel that the auditing documentation we have collected is sufficient and appropriate for supporting our opinion.

Opinion

In our opinion, the attached Company and consolidated financial statements constitute an appropriate presentation, in all material aspects, of the financial position of the Company and of the Group on 31 December 2007, and of their financial performance and their Cash Flows for the year that ended on the above date, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Reference to other legal and regulatory issues

The Report prepared by the Board of Directors includes the information provided for in article 43a paragraph 3, and/or article 107 paragraph 3, and article 16 paragraph 9 of Codified Law No. 2190/20, as well as in article 11a of Law No. 3371/2005, and its content is in agreement with the attached financial statements.



PricewaterhouseCoopers
Auditing Société Anonyme
268 Kifisias Ave.
SOEL Reg. No. 113

Athens, 19 March 2008
THE
CHARTERED AUDITOR - ACCOUNTANT

Vasilios Goutis
SOEL Reg. No. 10411

5. Annual Financial Statements as at 31 December 2006 pursuant to IFRS

3.1. Balance Sheet

The Balance Sheet for the fiscal year 01/01 – 31/12/2007 and the respective comparable sums of the previous fiscal year are as follows:

	Notes	<u>Group</u>		<u>Company</u>	
		31/12/07	31/12/06	31/12/07	31/12/06
ASSETS					
Non-current assets					
Tangible assets	7.4	13,267,033	10,495,191	13,230,130	10,495,191
Intangible assets	7.5	1,299,079	541,602	1,319,840	541,602
Investments in subsidiaries	7.6	0	0	1,543,780	0
Investments in affiliates	7.7	512,387	0	573,548	0
Company goodwill	7.8	580,406	0	0	0
Deferred tax assets	7.15	149,922	0	0	0
Other long term receivables	7.9	1,933,780	2,712,781	1,927,182	2,712,781
		<u>17,742,606</u>	<u>13,749,574</u>	<u>18,594,480</u>	<u>13,749,574</u>
Current assets					
Inventories	7.10	9,609,320	5,192,404	9,176,609	5,192,404
Customers and other trade receivables	7.11	20,026,370	12,374,694	19,292,842	12,374,694
Cash and cash equivalents	7.12	2,209,200	1,672,078	2,017,809	1,672,078
		<u>31,844,890</u>	<u>19,239,176</u>	<u>30,487,260</u>	<u>19,239,176</u>
Total assets		<u><u>49,587,495</u></u>	<u><u>32,988,750</u></u>	<u><u>49,081,740</u></u>	<u><u>32,988,750</u></u>
EQUITY					
Share Capital	7.13	2,310,000	1,830,000	2,310,000	1,830,000
Share premium	7.13	10,110,000	0	10,110,000	0
Reserves	7.14	707,498	520,851	707,498	520,851
Results carried forward		5,733,523	4,222,560	6,228,839	4,222,560
Equity paid to parent company shareholders		<u>18,861,021</u>	<u>6,573,411</u>	<u>19,356,336</u>	<u>6,573,411</u>
Minority Interest		7,654	0	0	0
Total Equity		<u><u>18,868,674</u></u>	<u><u>6,573,411</u></u>	<u><u>19,356,336</u></u>	<u><u>6,573,411</u></u>
LIABILITIES					
Long term liabilities					
Deferred tax liabilities	7.15	515,415	296,252	514,710	296,252
Liabilities for staff retirement indemnities	7.16	272,523	185,650	271,017	185,650
Loan liabilities	7.17	8,079,431	9,759,600	8,079,431	9,759,600
Total Long Term Liabilities		<u>8,867,369</u>	<u>10,241,502</u>	<u>8,865,158</u>	<u>10,241,502</u>
Short term liabilities					
Suppliers and other liabilities	7.18	15,199,268	7,676,548	14,232,612	7,676,548
Current tax liabilities	7.19	1,325,756	1,441,233	1,303,367	1,441,233
Loan liabilities	7.17	5,326,428	7,056,056	5,324,267	7,056,056
Total Short Term Liabilities		<u>21,851,452</u>	<u>16,173,837</u>	<u>20,860,246</u>	<u>16,173,837</u>
Total liabilities		<u>30,718,821</u>	<u>26,415,339</u>	<u>29,725,404</u>	<u>26,415,339</u>
Total equity and liabilities		<u><u>49,587,495</u></u>	<u><u>32,988,750</u></u>	<u><u>49,081,740</u></u>	<u><u>32,988,750</u></u>

THE CHAIRMAN OF THE
BoD & CEO

THE VICE CHAIRMAN
OF THE BoD & GENERAL
MANAGER

THE CHIEF FINANCIAL
OFFICER

THE HEAD ACCOUNTANT

GEORGIOS KORRES
ID No. ≡ 037060

PANAGIOTIS SPYROPOULOS
ID No. P 060966

EMMANUEL KONTOS
ID No. ≡ 460800

PHILIPPOS SAKOUTIS
ID No. ≡ 410881

3.2. Profit and Loss Account

The profit and loss account for the fiscal year 01/01 – 31/12/2007 and the respective comparable sums of the previous fiscal year are as follows:

	Notes	<u>Group</u>		<u>Company</u>	
		1/1 - 31/12/2007	1/1 - 31/12/2006	1/1 - 31/12/2007	1/1 - 31/12/2006
Sales	7.20	35,977,891	26,914,023	35,393,731	26,914,023
Cost of Sales	7.21	-12,891,586	-9,330,150	-13,259,957	-9,330,150
Gross Profit		23,086,305	17,583,873	22,133,774	17,583,873
Research and Development expenses	7.22	-665,589	-351,009	-666,016	-351,009
Distribution expenses	7.23	-13,688,681	-9,781,904	-12,431,786	-9,781,904
Administrative expenses	7.24	-4,241,281	-2,390,030	-3,932,118	-2,390,030
Other income / expenses	7.25	962,334	37,844	941,463	37,844
Earnings before interest and taxes		5,453,090	5,098,774	6,045,317	5,098,774
Results from affiliates	7.7	-61,161	0	0	0
Financial income	7.26	259,986	215,757	259,986	215,757
Financial expenses	7.26	-1,053,186	-1,273,361	-1,050,553	-1,273,361
Profit before taxes		4,598,728	4,041,170	5,254,751	4,041,170
Income tax	7.27	-1,373,065	-1,199,363	-1,521,825	-1,199,363
Net profit for the fiscal year		3,225,663	2,841,807	3,732,925	2,841,807
Distributed as follows:					
Company Shareholders		3,242,009	2,841,807	3,732,925	2,841,807
Minority Shareholders		-16,346			
		3,225,663	2,841,807	3,732,925	2,841,807
Net profit for the fiscal year		3,225,663	2,841,807	3,732,925	2,841,807
Weighted average number of shares		7,257,260	6,100,000	7,257,260	6,100,000
Earnings per share		0.44	0.47	0.51	0.47

3.3. Cash Flow Statement

The Cash Flow Statement for the fiscal year 01/01 – 31/12/2007 and the respective comparable sums of the previous fiscal year are as follows:

	<u>Group</u>		<u>Company</u>	
	1/1 - 31/12/2007	1/1 - 31/12/2006	1/1 - 31/12/2007	1/1 - 31/12/2006
Operating activities				
Profit before taxes	4,598,728	4,041,170	5,254,751	4,041,170
Plus / minus adjustments for:				
Amortizations	1,089,261	712,555	1,086,000	712,555
Provisions	477,443	237,792	475,937	237,792
Other non-liquid transactions	-119,593	-57,120	-176,354	-57,120
Results (income, expenses, profit and loss from investment activity)	-259,827	26,885	-259,827	26,885
Interest expenses and related expenses	953,051	1,239,039	950,890	1,239,039
Plus / less adjustments for changes in working capital accounts or related to operating activities:				
Decrease / (increase) in inventories	-4,433,583	-1,514,476	-4,111,196	-1,514,476
Decrease / (increase) in receivables	-6,341,299	-2,876,006	-5,760,664	-2,876,006
(Decrease) / increase in liabilities (apart from banks)	7,277,514	2,727,978	6,584,457	2,727,978
Less:				
Interest expenses and related expenses paid	-635,941	-944,173	-633,780	-944,173
Taxes paid	-1,391,307	-959,068	-1,391,307	-959,068
Total inflows / outflows from operating activities (a)	1,214,448	2,634,575	2,018,905	2,634,575
Investment activities				
Acquisition of subsidiary & affiliate	-1,281,328	0	-2,117,328	0
Purchase of tangible and intangible assets	-4,783,492	-2,985,603	-4,784,646	-2,985,603
Proceeds from sales of tangible and intangible assets	800	42,431	800	42,431
Interest received	259,986	0	259,986	0
Total inflows / outflows from investment activities (b)	-5,804,033	-2,943,172	-6,641,188	-2,943,172
Financing activities				
Proceeds for share capital increase and share premium	10,614,000	-17,995	10,590,000	-17,995
Proceeds from issued / received loans	4,946,999	8,832,493	4,644,838	8,832,493
Payments of loans	-8,176,761	-6,181,792	-7,876,761	-6,181,792
Payments of liabilities from financial leases	-850,064	-745,420	-850,064	-745,420
Dividends paid	-1,540,000	-854,000	-1,540,000	-854,000
Total inflows / outflows from financing activities (c)	4,994,173	1,033,286	4,968,012	1,033,286
Net increase (decrease) in cash & cash equivalents for the period (a) + (b) + (c)	404,588	724,689	345,730	724,689
Cash and cash equivalents at the beginning of the period	1,804,611	947,390	1,672,078	947,390
Cash and cash equivalents at the end of the period	2,209,200	1,672,079	2,017,809	1,672,079

3.4. Statement of Changes in Equity

The Statement of Changes in Equity for the fiscal year 01/01 – 31/12/2007 and the respective comparable sums of the previous fiscal year are as follows:

Group

	Share Capital	Share Premium	Reserves	Results carried forward	Total	Minority Interest	Total
Changes in Equity for the period 1/1 – 31.12.06							
Balance as at 1 January 2006	714,920	988,730	362,611	2,537,338	4,603,599	0	4,603,599
Net results for the fiscal year 1/1 – 31/12/2006	0	0	0	2,841,807	2,841,807	0	2,841,807
Dividend distributed for 2005 earnings	0	0	0	-854,000	-854,000	0	-854,000
Share Capital Increase	1,115,080	-988,730	0	-126,350	0	0	0
Transfer of profit to reserve	0	0	158,241	-158,241	0	0	0
Expenses recorded directly in Equity	0	0	0	-17,995	-17,995	0	-17,995
Total Recognized Profit	1,115,080	-988,730	158,241	1,685,221	1,969,812	0	1,969,812
Balance as at 31 December 2006	1,830,000	0	520,852	4,222,559	6,573,411	0	6,573,411
Changes in Equity for the period 1/1 – 31/12/2007							
Balance as at 1 January 2007	1,830,000	0	520,851	4,222,560	6,573,411	0	6,573,411
Net results for the fiscal year 1/1 – 31/12/2007	0	0	0	3,242,009	3,242,009	-16,346	3,225,663
Dividend distributed for 2006 earnings	0	0	0	-1,540,000	-1,540,000	0	-1,540,000
Share Capital Increase and Share Premium	480,000	11,040,000	0	0	11,520,000	0	11,520,000
Transfer of profit to reserve	0	0	186,646	-186,646	0	0	0
Expenses recorded directly in Equity	0	-934,400	0	0	-934,400	0	-934,400
Acquisition of subsidiary	0	0	0	0	0	24,000	24,000
Total Recognized Profit	480,000	10,105,600	186,646	1,515,363	12,287,609	7,654	12,295,263
Balance as at 31 December 2007	2,310,000	10,105,600	707,497	5,737,923	18,861,020	7,654	18,868,674

Company

	Share Capital	Share Premium	Reserves	Results carried forward	Total
Changes in Equity for the period 1/1 – 31.12.06					
Balance as at 1 January 2006	714,920	988,730	362,611	2,537,338	4,603,599
Net results for the fiscal year 1/1 – 31/12/2006	0	0	0	2,841,807	2,841,807
Dividend distributed for 2005 earnings	0	0	0	-854,000	-854,000
Share Capital Increase	1,115,080	-988,730	0	-126,350	0
Transfer of profit to reserve	0	0	158,241	-158,241	0
Expenses recorded directly in Equity	0	0	0	-17,995	-17,995
Total Recognized Profit	1,115,080	-988,730	158,241	1,685,221	1,969,812
Balance as at 31 December 2006	1,830,000	0	520,851,43	4,222,560	6,573,411

Changes in Equity for the period 1/1 – 31/12/2007						
Balance as at 1 January 2007		1,830,000	0	520,851	4,222,560	6,573,411
Net results for the fiscal year 1/1 – 31/12/2007		0	0	0	3,732,925	3,732,925
Dividend distributed for 2006 earnings		0	0	0		-1,540,000
Share Capital Increase and Share Premium	7,13	480,000	11,040,000	0	-1,540,000	11,520,000
Transfer of profit to reserve				186,646	-186,646	0
Expenses recorded directly in Equity	7,13	0	-930,000	0	0	-930,000
Total Recognized Profit		480,000	10,110,000	186,646	2,006,279	12,782,925
Balance as at 31 December 2007		2,310,000	10,110,000	707,498	6,228,839	19,356,336

GENERAL INFORMATION ON THE COMPANY

The Group "Korres S.A. – Natural Products" presents its financial statements for the fiscal year 01/01 – 31/12/2007, along with the "notes" which are an integral part thereof.

The Company focuses mainly on the manufacture, in own or third party factories, distribution and trade of cosmetics, pharmaceuticals and homeopathy products.

The Company's shares have been traded in the Athens Stock Exchange (ASE) since 12 April 2007 in the Small & Medium Capitalization category. The resolution approving the listing of shares was passed by the Board of Directors of the ASE on 3 April 2007. Mr. Georgios Korres owns the majority of the Company's shares.

The Group's companies, in addition to the parent company, are:

- "Kings & Queens Single-Member Ltd.", which is wholly owned by "Korres S.A. – Natural Products" and is included in the consolidated financial statements of the Group in accordance with the Acquisition Method of Accounting (Full Consolidation).
- "Korres Homeopathy Products S.A.", which is wholly owned by "Korres S.A. – Natural Products" and is included in the consolidated financial statements of the Group in accordance with the Acquisition Method of Accounting (Full Consolidation).
- "**Phyto 12 S.A.**", in whose share capital "Korres S.A. – Natural Products" has a 60% holding, which is included in the consolidated financial statements of the Group in accordance with the Acquisition Method of Accounting (Full Consolidation).
- "**Kozani Crocus Products S.A.**", in whose share capital "Korres S.A. – Natural Products" has a 15.60% holding, which is included in the consolidated financial statements of the Group in accordance with the Equity Method of Accounting.

The above affiliates were acquired in the current fiscal year 2007. Additional information regarding the above acquisitions is provided below, in par. 7.5 "Investments in subsidiaries" and 7.6 "Investments in affiliates".

In the period addressed in its Financial Statements, the Group employed an average of two hundred and thirty (230) persons, and in the same period the company employed two hundred and twelve (212) persons; the Group and the Company employed an average of one hundred and sixty nine (169) persons respectively in the previous fiscal year 2006.

The number of employed personnel on 31.12.2007 were two hundred and thirty two (232) for the Company and two hundred and fifty one (251) for the Group; the respective number was one hundred and ninety four (194) on 31.12.2006.

These financial statements were approved by the Company's Board of Directors on 18 March 2008 and are subject to approval by the General Meeting of the Company's shareholders.

FINANCIAL STATEMENT PREPARATION FRAMEWORK

The attached company and consolidated financial statements (hereinafter referred to as the "financial statements") have been prepared by the Management based on the principle of historical cost, as amended by the adjustment of certain assets and liabilities to fair value and the principle of going concern, and they

are in compliance with the International Financial Reporting Standards (hereinafter referred to as "IFRS") and the International Accounting Standards (hereinafter referred to as "IAS"), as adopted by the European Union and issued by the International Accounting Standards Board (IASB), and their interpretations as issued by the International Financial Reporting Interpretations Committee (IFRIC) of IASB.

The financial statements have been prepared in Euro, which is the functional and presentation currency of the Group's companies. All amounts are presented in Euro, unless stated otherwise.

Any possible differences in amounts referred to in the financial statements and respective amounts included in the notes are due to rounding.

The preparation of financial statements in accordance with the IFRS requires the adoption of estimates, principles and assumptions which have an effect on the measurement of assets and liabilities, the recognition of possible liabilities, and the recording of income and expenses in the financial statements.

It also requires judgment on the part of the Management when applying the Company's accounting principles. The areas that require a higher level of judgment or complexity, or where estimates and assumptions are important for the preparation of the financial statements are presented in Note 6.19.

These financial statements give a fair picture of the financial position of the company and of the Group at their date of preparation.

5.1. New standards, standard amendments and interpretations

Specific new standards, standard amendments and interpretations have been issued, which are mandatory for accounting periods starting during or after the present fiscal year. An assessment of the Group as regards the effect of the application of such new standards and interpretations is given below:

5.1.1. Standards mandatory for 2007

IFRS 7 – Financial instruments: Disclosures and additional amendment to IAS 1 – Presentation of Financial Statements: Disclosures on Capital

The standard and the amendment introduce additional disclosures in order to improve the information provided regarding financial instruments and have no effect on the classification and measurement of the company's financial instruments or on the disclosures affecting taxation and suppliers and other liabilities. The provisions laid down in the standard in question have been applied to the preparation of the financial statements.

This standard has been applied retrospectively and thus the disclosures required by the new IFRS also refer to the comparable fiscal year 2006.

As part of the application of the new IFRS in these financial statements, the following are presented:

- a categorization/grouping of the company's financial assets and financial liabilities;
- a sensitivity analysis to justify the Group's exposure to the risks associated with its financial instruments; and
- a maturity analysis of financial liabilities that shows the remaining contractual maturities, for each financial statement presented.

5.1.2. Interpretations mandatory for 2007

IFRIC 7 – Applying the restatement approach under IAS 29

The Interpretation provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the previous period. Since none of the Group's companies operate in a hyperinflationary economy, this interpretation is not applicable to the Group.

IFRIC 8 – Scope of IFRS 2

The interpretation discusses transactions that involve the issue of equity instruments, when the identifiable consideration received is less than the fair value of the equity instruments issued, in order to determine whether they fall within the scope of IFRS 2. The interpretation is not applicable to the Group.

IFRIC 9 – Reassessment of Embedded Derivatives

The Interpretation clarifies that an entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. The interpretation is not applicable to the Group.

IFRIC 10 – Interim Financial Reporting and Impairment

The interpretation states that an impairment loss recognized in an interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost should not be reversed in subsequent balance sheets. The interpretation has no effect on the Group's financial statements.

5.1.3. Interpretations mandatory after 1 January 2008

IFRIC 11 – IFRS 2: Group's Own Equity Instrument Transactions

The interpretation shall apply from 1 March 2008 and it clarifies arrangements where a subsidiary grants rights to equity instruments of its parent to its employees. It also clarifies whether certain types of transactions should be accounted for as equity-settled or as cash-settled. The interpretation will have no effect on the Group's financial statements.

IFRIC 12 – Concession Arrangements

This interpretation applies from 1 January 2008 and refers to companies involved in concession arrangements. The interpretation is not applicable to the Group.

IFRIC 13 – Customer Loyalty Programs

The interpretation shall apply from 1 July 2008 and addresses accounting by companies that grant award credits, such as "travel points" or "miles", to customers who buy goods or services. The interpretation is not applicable to the Group.

IFRIC 14 – The limit on defined benefit assets, minimum funding requirements and their interaction

The interpretation applies from 1 January 2008 and refers to post-employment benefits and other long-term employee defined-benefit plans. The interpretation clarifies when financial benefits in the form of refunds from the plan or reductions in future contributions to the plan must be regarded as available, how a minimum funding requirement might affect the availability of financial benefits in the form of reductions in future contributions, and when a minimum funding requirement might give rise to a liability. Since the Group does not have any such employee benefit plans, the interpretation is not applicable to the Group.

Standards mandatory after 1 January 2008

5.1.4. IFRS 8 – Operating Segments

The standard shall apply from 1 January 2009 and shall replace IAS 14, which stipulated that segments were recognized and presented based on a risk and returns analysis. In accordance with IFRS 8, the segments are components of a financial entity which are regularly reviewed by the financial entity's CEO / Board of Directors and are presented in its financial statements based on this internal categorization. The Group shall apply IFRS 8 from 1 January 2009.

The Group has no intention of applying any of the Standards or Interpretations prior to their mandatory effective date.

BASIC ACCOUNTING PRINCIPLES AND METHODS

The main accounting principles adopted and followed in the preparation of the attached company and consolidated financial statements in accordance with the IFRS are described in the following paragraphs and have been complied with consistently in all reporting years, unless stated otherwise.

6.1. Consolidation Basis

Investments in Subsidiaries: Subsidiaries are enterprises controlled by the Group. The existence of potential voting rights that are exercisable at the time when the financial statements are prepared is taken into account in order to determine whether the parent company exercises control over the subsidiaries. Subsidiaries are fully consolidated from the date when control over them is acquired and are no longer consolidated from the date when such control no longer exists.

The acquisition of a subsidiary by the Group is accounted for using the acquisition method. The cost incurred for the acquisition of a subsidiary is equal to the fair value of the assets provided, of any possible shares issued and of the liabilities undertaken at the date of the exchange, plus any possible cost that is directly linked to the transaction. The individual assets, liabilities and contingent liabilities that are acquired during a business combination are measured upon acquisition at their fair values regardless of the holding. The acquisition cost over and above the fair value of the individual assets acquired is recorded as goodwill. If the total acquisition cost is lower than the fair value of the individual assets acquired, the difference is directly recorded in the profit and loss account.

Intra-company transactions, balances and unrealized profits from transactions between Group companies are written-off. Unrealized losses are also written-off unless the transaction provides indication of impairment of the transferred asset.

When necessary, the subsidiaries' accounting principles are amended so as to conform to the ones adopted by the Group. The company records its investments in subsidiaries at acquisition cost less impairment.

Investments in Affiliates: Affiliates are enterprises upon which the Group has substantial influence, but not control, which is generally true when the holding ranges between 20% and 50% of the voting rights. Investments in affiliates are accounted for in accordance with the equity method and are initially recognized at acquisition cost. The investments in affiliates sum also includes the goodwill that arises upon acquisition (less any possible impairment losses).

The Group's share in the profit or loss of affiliated companies after the acquisition is recognized through profit and loss, while the share of direct changes in reserves following the acquisition is recognized in the reserves. The accumulated changes affect the book value of investments in affiliated companies. When the Group's share in the losses of an affiliate is higher than its participation in the investment in the affiliate, the Group does not recognize any further losses, unless it has made payments or covered further liabilities on behalf of the affiliate.

Unrealized profit from transactions between the Group and its affiliates are written-off depending on the percentage of the Group's holding in the affiliates. Unrealized losses are written-off; however, they are taken into account as an indication of impairment of the transferred asset. The accounting principles of affiliates have been amended so as to conform to the ones adopted by the Group.

The company records its investments in affiliates at acquisition cost less possible impairment.

6.2. Reporting per segment

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and rewards that are different from those of other business segments. A geographical segment is a geographical area engaged in providing products or services within a particular economic environment which is subject to risks and returns which are different from those of other areas. The Group has one business segment, the production/trade of cosmetics in two geographical areas, the Territory of Greece and Foreign Countries.

6.3. Exchange rate changes

(a) Functional and presentation currency.

The 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 (functional currency). The financial statements are presented in Euro, which is both the functional and presentation currency of the Group.

(b) Transactions and balances

A foreign currency transaction shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. The date of the transaction is the date when the transaction meets the conditions for recognition in accordance with the IFRS for the first time.

At each balance sheet date:

- foreign currency monetary items shall be translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in foreign currency shall be translated using the exchange rate at the date of the transaction; and

- non-monetary items that are measured at fair value in foreign currency shall be translated using the exchange rate at the date when the fair value was determined.

Exchange rate differences arising from the application of the above shall be recognized through profit and loss in the period in which they arise.

6.4. Tangible assets

The buildings used for manufacturing and distributing products or services or for meeting the Company's administrative needs are shown in the balance sheet at their adjusted values, less the accumulated depreciation and every provision for impairment. The Management makes adjustments of the values of such items at appropriate regular intervals so that balances in the balance sheet may not be materially different from the fair values at the balance sheet date.

The depreciation is accounted for at the adjusted values of fixed assets and is transferred to profit and loss. If a fixed asset whose value is adjusted is sold, the goodwill balance shown in the relevant reserve account and relating to that asset is transferred to profit and loss.

The lands are shown at cost less any possible accumulated depreciation thereof and less any possible accumulated provisions for impairment thereof. The building facilities in third party real estate and the equipment are shown at cost less any possible accumulated depreciation thereof and less any possible accumulated provisions for impairment thereof.

The depreciation is accounted for in order to reduce the cost or adjusted value less the residual value of tangible fixed assets, apart from lands and fixed assets under construction, in accordance with their estimated useful life by using the straight line method.

The estimated useful life of the most important categories of fixed assets is:

Buildings	30 years
Facilities in third party buildings	5 – 9 years
Machinery and other mechanical equipment	15 years
Vehicles	8 years
Furniture and fixtures	5 – 10 years

The tangible fixed assets under a financial lease shall be subject to depreciation depending on their useful life, like privately-owned fixed assets.

6.5. Intangible assets

6.5.1. Goodwill

When the Group combines with another enterprise (acquires a holding), at the acquisition date the Group shall recognize the goodwill acquired by the combination of the enterprises as an asset. The goodwill shall be measured as the combination cost in excess of the value of the Group's holding in the net fair value of the recognizable assets, liabilities and contingent liabilities of the acquired enterprise.

The goodwill represents a payment by the acquirer in view of future financial benefits from assets that cannot be determined individually and recognized separately.

Following initial recognition, the Group shall measure the goodwill at cost less any accumulated impairment losses. An examination shall be performed annually, or even more frequently, for possible indications of impairment if events or changed circumstances indicate that value could be impaired, in accordance with IAS 36.

6.5.2. Development expenses

The development expenses recognized as intangible assets pertain to expenses arising from the realization of development programs, relate to the planning and testing of new or enhanced products, and can possibly offer future financial benefits for the Group, taking into account their degree of trade viability and on condition that cost can be measured reliably.

All development costs other than the above, such as research expenses, shall be recognized as expenses for the fiscal year. Any development expenses recorded as expenses in previous fiscal years shall not be recorded as intangible assets in a subsequent fiscal year.

Any capitalized development expenses shall be subject to amortization on a straight line basis from the onset of the trade production of a product, over the period of the expected benefits from the product. The amortization period adopted by the Group is no longer than 5 years.

The Company's development expenses recognized as intangible assets relate to:

- Products or manufacturing processes which are exactly defined and whose expenditures can be itemized and calculated reliably.
- It is possible to prove that it is possible to technically utilize a product or process.
- The Company intends to produce and trade or use the product or process.
- It is possible to prove that there is a market for the product or process, or that these shall be useful for the Company if they are to be used instead of being sold.
- There are adequate resources, or it is possible to prove their availability for the completion of the program and the trade or use of the product or process. Development expenses do not exceed the amount expected to be covered by future (financial) benefits after deducting further development expenses, relevant production costs and distribution and administrative costs directly linked to the trade of the product.

6.5.3. Other intangible assets

Other intangible assets pertain to the value of software programs used by the Company in its various administrative operations. Such programs are shown at acquisition value less accumulated amortization which is calculated over their useful life; more specifically, they are amortized over eight (8) years.

6.6. Financial instruments

A financial instrument is any contract that gives rise to a financial asset in an entity and a financial liability or equity instrument in another entity.

The Group's financial instruments are classified in the following categories based on the nature of the contract and their acquisition purpose. The Management shall determine the category in which specific

financial assets are to be included at the initial recognition date and shall re-examine such categorization at each balance sheet date.

6.6.1. Financial assets at fair value through profit and loss

These are financial assets that meet any of the following conditions:

- Financial assets owned for trade purposes (including derivatives, except for those that are designated and effective hedging instruments, those acquired or created to be sold or repurchased and finally those that are part of a portfolio of recognized financial instruments).
- On initial recognition, they are designated by the entity as items measured at fair value, with the fair value changes recognized through profit and loss.

6.6.2. Loans and receivables

They include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category (Loans and Receivables) does not include:

- Receivables that do not require the transfer of cash or other financial assets;
- The amount of prepayments for the purchase of goods, tangible and intangible assets or services, as these are not to be covered with cash or other financial assets, but are covered with inventories, tangible or intangible assets or services.
- The amount of prepaid expenses that are not contractual obligations for the receipt or delivery of cash or other financial assets.
- Receivables that are not contractual, but are required by state regulations.
- Receivables relating to tax transactions which are required by the state through legislation.
- Anything that is not covered by a contract enabling an entity to receive cash or other financial fixed assets.

Loans and Receivables with a fixed maturity are measured at unamortized cost using the effective interest rate method; Loans and Receivables without a fixed maturity are measured at cost. The income or expenses resulting from the measurement shall be recognized through profit and loss.

The Group's Loans and Receivables are included in the current assets, under heading "Customers and other trade receivables", except for those having a maturity longer than 12 months from the Balance Sheet date. The latter are included in the non-current assets, under heading "Other long term receivables".

6.6.3. Available for sale financial assets

They include non-derivative financial assets that are specifically attributed to this category or cannot be attributed to any other category.

Available for sale financial assets are measured at fair value and the relevant gains or losses are recorded in an equity reserve until such assets are written-off, sold or designated as impaired. Upon being sold or designated as impaired, gains or losses are transferred to profit and loss. Impairment losses recognized through profit and loss shall not be reversed through profit and loss.

More specifically any equity instruments whose fair value cannot be estimated reliably are measured at

cost.

No such financial instruments were held by the Group or included in its financial statements.

6.6.4. Financial liabilities

These include contractual obligations:

- to deliver cash or other financial asset to another entity;
- to exchange financial instruments with another entity under conditions that are potentially unfavorable;
- A contract that will or may be settled with the entity's own equity instruments, which is: (a) a non-derivative instrument for which an entity is or may be required to deliver a variable number of its equity instruments; or (b) a derivative instrument which shall be settled in any way other than the exchange of a fixed amount of money or of another financial receivable for a fixed number of the entity's equity instruments.

On initial recognition, financial liabilities are measured at fair value plus (less) the expenses that are directly attributable to the performance of the transaction in question. Normally, fair value means the net cash inflow from the issue of an instrument or the fair value of an asset that is acquired during the creation of the liability.

Apart from a few exceptions (as in the case of financial liabilities through profit and loss), which do not include any of the Group's financial liabilities, financial liabilities are measured at unamortized cost using the effective interest rate method.

The Group's financial liabilities are included in the long term liabilities of the balance sheet under heading "**Loan Liabilities**" and in the short term liabilities under headings "**Loan liabilities**" and "**Suppliers and other liabilities**".

The Group's loan liabilities pertain to interest-bearing bank loans and debit and credit bank accounts, and are recorded in the total net amount received after deducting the direct expenses incurred for concluding the loan agreement, such amount reflecting their fair value. The financial expenses relating to such loans, including any penalties for early payment or settlement expenses, as well as any direct loan issue expenses, are debited, if "accrued", to the profit and loss account and credited to the loan accounts and are shown in the balance of the loan for the period if not paid.

The loan expenses (interests and other expenses) pertaining directly to the acquisition, construction or production of assets shall increase the cost of such assets until they are ready for their intended use or for sale. Any income from interests or other income from a temporary investment of the proceeds of the loans received for the abovementioned purpose shall reduce capitalized loan expenses accordingly.

All other loan expenses (interests and related expenses) shall be transferred to the profit and loss account of the period in which they are incurred.

6.7. Inventories

Inventories are measured at the lower of their acquisition cost and their net realizable value. The cost of products purchased by third parties is determined by the invoice value of a product plus any direct expenses incurred in connection with the product until it is received in its specific condition and at the specific place where it is located at the

time of measurement. The cost of products comprises the cost of direct materials, the direct labor cost, if possible to determine, and the overall industrial or other expenses incurred for the product to reach the specific place and the specific condition at the time of measurement. The cost is calculated by using the weighted average method. The net realizable value reflects the estimated selling value of a product less its estimated selling expenses.

6.8. Impairment of Assets

Any assets that have an indefinite useful life are not subject to amortization and shall undergo an impairment test annually, as well as when there are certain events indicating that their book value may not be recoverable. Assets subject to amortization shall undergo an impairment test when there are indications that their book value is not recoverable. The recoverable value is the higher amount of the net selling price and the value in use. Impairment losses are recognized immediately as expenses and are equal to the difference between the unamortized value and directly recoverable value of the underlying fixed asset.

The recoverable value is the higher amount arising from a comparison between the fair value of the asset less its selling cost and the value in use of the fixed asset. For impairment calculation purposes, fixed assets are categorized at the lowest possible level so as to be linked to recognizable cash flows (cash flow generating units).

6.9. Cash and Cash Equivalents

Cash and cash equivalents include cash, sight deposits, short term highly-liquid investments of up to three months. Overdrafts are included in the balance sheet, in borrowings, as short term liabilities.

6.10. Share Capital

Ordinary shares are included in equity. Direct expenses from the issue of shares are shown in a reduction of the proceeds of the issue. Any direct expenses relating to the issue of shares for the acquisition of entities are included in the acquisition cost of the acquired entity.

6.11. Employee benefits

6.11.1. Short term benefits:

Short term employee benefits include:

- wages, salaries, social security contributions;
- short term paid leaves of absence, such as paid annual leave and paid sick leave, if they are expected to happen within 12 months from the end of the period in which employees provide the relevant service;
- profit allocation and extraordinary benefits payable within 12 months from the end of the period in which employees provide the relevant service.

Short term employee benefits (except for termination benefits) in cash and in kind are recognized as expenses when they become accrued. Any possible unpaid amount shall be recorded as a liability, and if the already paid amount is higher than the benefit amount, the entity shall recognize the excess amount as an asset (prepaid expense) only to the extent that the prepayment shall give rise to a reduction in future payments or to a refund.

6.11.2. Termination benefits:

Such benefits are created when an enterprise is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. (There are no such benefits for the company.)

Such benefits are recorded as a liability and an expenditure only when an enterprise is committed to provide them. When such benefits fall due more than 12 months after the balance sheet date, they need to be discounted. In the case of an offer made in order to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

When such benefits fall due more than twelve months after the Balance Sheet date, they should be discounted using the discount rate based on the return of high quality corporate bonds or government bonds.

In the case of termination where it is impossible to determine the number of employees that will make use of such benefits, these will not be accounted for but will be disclosed as a contingent liability.

6.11.3. Post employment benefits

Post employment benefits include both defined contribution plans and defined benefits plans.

Defined contribution plan

In accordance with the defined contribution plan, a company's (legal) obligation is limited to the amount agreed to be contributed to the entity (insurance fund) that manages contributions and provides benefits (pensions, medical care, etc.).

The accrued cost of defined contribution plans is recorded as an expenditure over the relevant period.

Defined benefit plans – Staff retirement indemnities

The defined benefit plan pertains to the legal obligation for paying to staff members a lump sum indemnity on the day when each employee leaves employment due to retirement.

The liability recorded in the balance sheet for this plan is the current value of the commitment for the defined benefit depending on the employees' accrued right and in relation to the time when it is expected to be paid.

State-fixed employee benefit obligations are accounted for as liabilities, like the ones relating to defined benefit plans. The Company regards as a liability the current value of future flows for legal or ethical obligations to its employees relating to retirement, dismissal or voluntary early retirement. The current value of each relevant liability is calculated by an actuary at each balance sheet date. Any increase or decrease in such state-fixed obligations for employee benefits is accounted for directly through profit and loss over each period.

The Company's obligations arising from the law on employee indemnities are determined by an actuary and are accounted for by crediting a relevant provision sum.

6.12. Provisions

Provisions are recognized when:

- there is a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Where there are similar obligations, the probability of a required outflow upon settlement is determined through an examination of the overall category of obligations. A provision is recognized even if the probability of an outflow as regards any item included in the same category of obligations is remote.

Provisions are measured at the current value of expenses which, based on the management's best estimate, are necessary to cover this obligation at the balance sheet date. The discount interest rate used for the determination of current value reflects current market assessments of the time value of money and the increases specific to the obligation.

6.13. Leases

Leases are designated as financial leases when the terms of the relevant contracts transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item.

6.13.1. Group company as a lessor

The company does not act as a lessor in financing and operating leases.

6.13.2. Group company as a lessee

Financial leases are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned to finance charges and the lease liability so as to achieve a constant rate of interest on the remaining balance of the financial liability. The corresponding liabilities from lease payments, net of financial charges, are shown in loan liabilities. The part of the financial charge that pertains to financial leases is recognized through profit and loss during the lease. Any leased assets acquired through financial lease are amortized over the shorter of the useful life of the fixed assets and the lease term if classified as fixed assets, and if they pertain to investment real estate they are not amortized and are shown at fair value.

Any leases where ownership risks and benefits are substantially maintained by the lessor are classified as operating leases (net of possible incentives offered by the lessor) are recognized through profit and loss on a straight line basis over the lease term.

6.14. Income tax – Deferred tax

Income tax shown in the profit and loss account is the sum of current income tax and deferred income taxes.

Income tax payable is based on the taxable results of the fiscal year. Taxable profits, however, may be different from the results shown in the profit and loss account, as they neither include non-taxable income or non-deductible tax charges nor any income or charges that are taxable or deductible in subsequent fiscal years.

The Company's current (payable) income tax is calculated on taxable profits using tax rates enacted at the balance sheet date.

Deferred tax is accounted for either as an asset (for taxes expected to be collected or to be offset against tax liabilities in the future), or as a liability (for taxes expected to be paid in the future), for all temporary (from a taxation point of view) differences between the accounting balances and the taxation basis of active assets and liabilities, using the liability method.

Deferred tax liabilities are recognized for all taxable temporary (from a taxation point of view) differences, and deferred tax assets are recognized for all tax deductible differences, to the extent that taxable profits are expected against which such deductible differences might be utilized.

Deferred tax is calculated based on the income tax rates expected to apply when the related deferred tax liabilities are settled or deferred tax assets are realized or offset.

Deferred taxes are transferred to credit or debit in the profit and loss account, except if relating to items (sums) that are directly transferred to equity, in which case deferred taxes are also directly transferred to credit or debit in equity.

Tax assets and liabilities are offset when they pertain to a temporary (from a taxation point of view) difference arising from assets or liabilities of the same nature.

6.15. State subsidies

A subsidy represents a contribution provided by the State in the form of resources transferred to an enterprise, in return for existing or future compliance with certain terms relating to its operation. The above meaning does not include state contributions which, due to their nature, are not measurable, or transactions with the State which are impossible to separate from an enterprise's ordinary transactions.

Any subsidies relating to assets are state subsidies subject to the basic condition that an enterprise entitled to them should purchase, construct or acquire in any other way long term assets. It is also possible to lay down additional terms regarding the type and location of assets or the time period over which they should be acquired or remain under the ownership of the enterprise.

Any subsidies pertaining to results are state subsidies not relating to the acquisition of assets.

The Group recognizes state subsidies which meet the following criteria in aggregate: a) There is presumed certainty that the enterprise has complied or will comply with the terms of the subsidy; and b) the subsidy amount has been collected or its collection is probable. They are recorded at fair value and are systematically recognized in income, on the basis of correlating subsidies to the corresponding costs that are subsidized.

Any subsidies pertaining to assets are included in long term liabilities as income in subsequent fiscal years and are recognized systematically and rationally over the useful life of the fixed asset.

6.16. Recognition of income and expenses

Income: Income includes the fair value of the sale of products and the provision of services, net of Value Added Tax, discounts and refunds. Intra-company income within the Group is completely written-off. Income is recognized as follows:

- Sales of products: The sales of products are recognized when the Group delivers products to customers, products are accepted by them, and the collection of the receivable is reasonably secured.

- **Provision of services:** Income from the provision of services is accounted for over the period when such services are provided, based on the completion stage of the service provided in relation to all the services provided.
- **Income from interest:** Interest income is recognized based on the time ratio using the effective interest rate method.
- **Dividends:** Dividends are accounted for as income when the right to collect them is established. Financial statements do not include dividend income.

Expenses: Expenses are recognized through profit and loss on an accrual basis.

6.17. Earnings per share

Basic earnings per share are calculated by dividing net profits by the average weighted number of shares during each period.

6.18. Dividend distribution

Dividend distribution to parent company shareholders is recognized in the financial statements as a liability when the distribution is approved by the General Meeting of shareholders.

6.19. Important accounting estimates and judgments by the Management

In preparing financial statements it is necessary for the management to make judgments, estimates and assumptions which have an effect on the published assets and liabilities at the financial statement preparation date. They also have an effect on the disclosures of contingent receivables and payables at the financial statement preparation date and on the published income and expenses amounts.

Estimates and judgments are based on past experience and other factors including expected future events which are considered reasonable under the circumstances, and are being continuously reassessed using all available information.

The estimates and judgments that entail a significant risk of causing material adjustments in the book values of assets and liabilities in the next 12 months pertain to:

Income tax

The Company is subject to taxation, and good judgment is required to lay down a provision for income tax. There are lots of transactions and calculations making final tax determination uncertain. The Company recognizes liabilities from anticipated tax audits, based on estimates regarding whether additional taxes shall be imposed. If the final audit result is different from the initially recognized one, the difference shall have an effect on the income tax and the provision for the deferred tax of the period.

Value of investments

The Group examines on an annual basis whether its investments have been impaired, in accordance with accounting practice. The recoverable amounts of cash flow generating units have been determined as the higher of the fair value less the selling cost and the value in use.

6.19.1. Management judgments that are instrumental for the application of accounting principles

There are no areas where it was necessary for the Management to make estimates for the application of accounting principles

NOTES ON THE FINANCIAL STATEMENTS

7.1. Risk management purposes and policies

7.1.1. Financial risk factors

The company is exposed to such financial risks as market risks (exchange rate changes, interest rate, market prices), credit risk, liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize their possible negative effect on the financial performance of the company.

Risk management is performed by the company's central financial service operating in compliance with specific rules approved by the Board of Directors. The Board of Directors provides instructions and guidelines on risk management in general, as well as special instructions on the management of specific risks such as exchange rate risk, interest rate risk and credit risk.

The procedure applied is as follows:

- assessment of risks relating to the group's activities and functions;
- methodology planning and selection of appropriate actions and/or financial instruments for risk mitigation; and
- implementation/application of the risk management procedure, in accordance with the procedure approved by the management.

The financial instruments used by the group include mainly bank deposits, bank overdraft rights, trade debtors and creditors, dividends payable and liabilities from leases.

7.1.2. Market risk

Market risk is the risk of causing fluctuations in the fair value or future cash flows of the Group's financial instruments due to changes in market prices.

The said risk focuses on two types of risks for the company: foreign exchange risk and interest rate risk.

Foreign exchange risk

The Group is active in a number of foreign countries. However, there is no significant risk that could cause fluctuations in the fair value or future cash flows of the Group's or of the Company's financial instruments due to changes in foreign exchange rates.

Most of the trade transactions of the Group companies, which are all domestic, are carried out in the currency of the primary economic environment (functional currency), that is Euro.

Interest rate risk

The Group's loan liabilities are linked to floating interest rates which may either remain floating or be converted into fixed ones, depending on the conditions prevailing in the market (for additional details, see par. 7.14).

The company does not use any derivative financial instruments. As in the previous year, other financial assets and other financial liabilities are not significantly affected by interest rates.

Interest rate sensitivity analysis

The following table presents the sensitivity of the result and of the equity, for a reasonable change of interest rate of the order of +0.5% or -0.5% (2006: +/- 0.6%). Changes in interest rates are estimated to range within a reasonable basis, taking into account recent market conditions.

	Company			
	2007		2006	
	+0.5%	-0.5%	+0.6%	-0.6%
Result of the fiscal year	23,420	-23,420	-96,817	96,817
Net position	23,420	-23,420	-72,612	72,612

The group is not exposed to other significant price risks.

7.1.3. Credit risk

The Group's report as regards credit risk is limited to financial assets, which are detailed as follows:

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Cash and cash equivalents	2,209,200	1,672,078	2,017,809	1,672,078
Receivables from customers	17,603,480	10,599,589	17,169,579	10,599,589
Total	19,812,679	12,271,667	19,187,388	12,271,667

Cash equivalents pertain to short term highly-liquid investments which can be easily converted into cash and are so close to maturity that they present a negligible risk of change in valuation when they are cashed, as well as time deposits.

The remaining part, which pertains to receivables from customers, relates to a balance including provisions for impairment, without taking into account collateral held or other credit enhancements (see par. 7.3).

The Group has established and applied credit control procedures to minimize hazards and provide immediate coverage of receivables through securities. Products are sold on a wholesale basis mainly to customers with a well-assessed credit record, and their balances are highly diversified. Most of the sales are sales to pharmacies. The Group performs continuous control on its receivables, either separately or per group, and includes such information in credit audit controls. According to its policy, the Group works only with reliable customers. If there are indications of doubtful receivables, relevant impairments are performed.

The Group management considers non-impaired receivables as high credit quality receivables, including those in arrears (see par. 7.11).

None of the Group's financial assets have been secured with mortgage or other form of credit collateral.

As for the rest of receivables and other financial items, the Group is not exposed to significant credit risk.

7.1.4. Liquidity risk

The Group manages its liquidity needs by carefully monitoring its debts linked to long term financial liabilities and its everyday payments. Liquidity needs are monitored in different time zones, on a daily and weekly basis, as well as in a 30-day rolling period. Long term liquidity needs for the following 6 months and the following year are determined on a monthly basis.

The maturity of financial liabilities on 31/12/2007 and 31/12/2006 for the Group and the Company is detailed as follows:

Group

31/12/2007

Financial liability	Short term		Long term		Total
	Within 6 months	From 6 to 12 months	From 1 to 5 years	After 5 years	
Long term loan liabilities			3,825,000		3,825,000
Long term financial leases			1,453,875	2,800,556	4,254,431
Short term loan liabilities	4,573,965	300,000			4,873,965
Short term financial leases		452,462			452,462
Trade liabilities	12,394,819				12,394,819
	16,968,784	752,462	5,278,875	2,800,556	25,800,677

31/12/2006

Financial liability	Short term		Long term		Total
	Within 6 months	From 6 to 12 months	From 1 to 5 years	After 5 years	
Long term loan liabilities			5,361,914		5,361,914
Long term financial leases			1,458,733	2,938,953	4,397,687
Short term loan liabilities	6,299,269	267,545			6,566,814
Short term financial leases		489,242			489,242
Trade liabilities	6,349,953				6,349,953
	12,649,222	756,787	6,820,647	2,938,953	23,165,610

Company

31/12/2007

Financial liability	Short term		Long term		Total
	Within 6 months	From 6 to 12 months	From 1 to 5 years	After 5 years	
Long term loan liabilities			3,825,000		3,825,000
Long term financial leases			1,453,875	2,800,556	4,254,431
Short term loan liabilities	4,571,805	300,000			4,871,805
Short term financial leases		452,462			452,462
Trade liabilities	11,630,514				11,630,514

16,202,319 752,462 5,278,875 2,800,556 25,034,212

31/12/2006

Financial liability	Short term		Long term		Total
	Within 6 months	From 6 to 12 months	From 1 to 5 years	After 5 years	
Long term loan liabilities			5,361,914		5,361,914
Long term financial leases			1,458,733	2,938,953	4,397,687
Short term loan liabilities	6,299,269	267,545			6,566,814
Short term financial leases		489,242			489,242
Trade liabilities	6,349,953				6,349,953
	12,649,222	756,787	6,820,647	2,938,953	23,165,610

The above contractual maturity dates reflect the gross cash flows which may be different from the book values of liabilities at the balance sheet date.

7.2. Capital management policies and procedures

The Group's goals as regards capital management are:

- to ensure the Group's ability to continue its activity (going-concern);
- to ensure satisfactory return for its shareholders; and
- to maintain an ideal allocation of capital, thus cutting down on capital cost.

To maintain or adjust its capital structure, the Group may change the dividend paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce its debt.

Based on similar practices, the Group monitors its capital based on the leverage factor. The said factor is calculated by dividing net borrowings by the total capital employed. The net borrowing is calculated as the "Total borrowings" (including "short term and long term borrowings" as shown in the Balance Sheet) less "Cash and cash equivalents". The total capital employed is calculated as "Equity" as shown in the balance sheet plus net borrowings.

The Group's strategy in 2007 was aimed at reducing the factor to 30%-40% through raising funds from the stock exchange and repaying a large part of loan liabilities. The leverage factors on 31 December 2007 and 2006 respectively were as follows:

	31/12/2007	31/12/2006
Total borrowings	13,405,859	16,815,656
Less: Cash and cash equivalents	-2,209,200	-1,672,078
Net borrowings	11,196,659	15,143,578
Equity	18,868,674	6,573,411
Total capital employed	30,065,333	21,716,989
Leverage factor	37%	70%

7.3. Categories of financial instruments and associated risks

The financial instruments included in the Group's and the Company's financial statements are categorized as follows:

Group

Categories of financial assets and financial liabilities	Balance Sheet Sums	31/12/2007	31/12/2006
Non-current assets			
Loans and receivables	Other long term receivables (*)	1,846,462	2,646,462
Total		1,846,462	2,646,462
Current assets			
Loans and receivables	Customers and other trade receivables (*)	17,603,480	10,599,589
Financial assets at fair value through profit and loss	Cash and cash equivalents	2,209,200	1,672,078
Total		19,812,679	12,271,667
Total financial assets		21,659,141	14,918,129
Long term liabilities			
Financial liabilities at depreciated cost	Loan liabilities	8,079,431	9,759,600
Total		8,079,431	9,759,600
Short term liabilities			
Financial liabilities at depreciated cost	Suppliers and other liabilities (*)	12,394,819	6,349,953
	Loan liabilities	5,326,428	7,056,056
Total		17,721,246	13,406,009
Total financial liabilities		25,800,677	23,165,609

Company

Categories of financial assets and financial liabilities	Balance Sheet Sums	31/12/2007	31/12/2006
Non-current assets			
Loans and receivables	Other long term receivables (*)	1,846,462	2,646,462
Total		1,846,462	2,646,462
Current assets			
Loans and receivables	Customers and other trade receivables (*)	17,169,579	10,599,589
Financial assets at fair value through profit and loss	Cash and cash equivalents	2,017,809	1,672,078
Total		19,187,388	12,271,667
Total financial assets		21,033,850	14,918,129
Long term liabilities			
Financial liabilities at depreciated cost	Loan liabilities	8,079,431	9,759,600
Total		8,079,431	9,759,600
Short term liabilities			
Financial liabilities at depreciated cost	Suppliers and other liabilities (*)	11,630,514	6,349,953
	Loan liabilities	5,324,267	7,056,056
Total		16,954,781	13,406,009
Total financial liabilities		25,034,212	23,165,609

(*) The sum, compared to the one appearing in the Balance Sheet, is different with regard to the following:

- the receivables or liabilities that do not require the transfer of cash or other financial assets;
- the amount of prepayments for the purchase of goods, tangible and intangible assets or services, as these are not to be covered with cash or other financial assets, but are covered with inventories, tangible or intangible assets or services;
- the amount of prepayments received from customers for the future sale of inventories;
- the amount of prepaid expenses or pre-collected income that are not contractual obligations for the receipt or delivery of cash or other financial assets;
- receivables that are not contractual, but are required by state regulations.

7.4. Tangible assets

The settlement of the book value of additions, acquisitions through business combinations and depreciation of tangible assets is as follows:

Group

	Land - Plots	Buildings – Building facilities	Machinery	Furniture and Fixtures	Vehicles	Total
A. Acquisition cost						
Balance as at 31.12.05	973,000	3,892,310	923,640	2,267,041	34,171	8,090,162
Additions	0	1,771,702	557,888	1,757,898	3,560	4,091,047
Reductions	0	55,772	30,541	33,119	2,000	121,432
Balance as at 31.12.06	973,000	5,608,240	1,450,986	3,991,819	35,731	12,059,777
Additions	0	1,072,819	1,779,521	745,082	63,639	3,661,060
Reductions	0	0	0	1,403	1,241	2,644
Acquisitions through business combinations	0	0	0	4,845	15,367	20,211
Balance as at 31.12.07	973,000	6,681,059	3,230,507	4,740,343	113,495	15,738,404
B. Amortizations						
Balance as at 31.12.05	0	104,028	150,732	756,827	9,336	1,020,923
Amortizations	0	105,075	65,439	420,824	4,441	595,780
Reductions	0	25,132	10,473	15,287	1,224	52,116
Balance as at 31.12.06	0	183,971	205,698	1,162,363	12,554	1,564,586
Amortizations	0	208,184	145,875	545,952	8,458	908,470
Reductions	0	0	0	614	1,070	1,684
Balance as at 31.12.07	0	392,156	351,573	1,707,702	19,941	2,471,372
Net Book Value as at 31.12.06	973,000	5,424,269	1,245,289	2,829,456	23,177	10,495,191
Net Book Value as at 31.12.07	973,000	6,288,903	2,878,935	3,032,641	93,554	13,267,033

Company

	Land - Plots	Buildings – Building facilities	Machinery	Furniture and Fixtures	Vehicles	Total
--	-----------------	---------------------------------------	-----------	------------------------------	----------	-------

A. Acquisition cost

Balance as at 31.12.05	973,000	3,892,310	923,640	2,267,041	34,171	8,090,162
Additions	0	1,771,702	557,888	1,757,898	3,560	4,091,047
Reductions	0	55,772	30,541	33,119	2,000	121,432
Balance as at 31.12.06	973,000	5,608,240	1,450,986	3,991,819	35,731	12,059,777
Additions	0	1,072,819	1,779,521	745,082	44,688	3,642,109
Reductions	0	0	0	1,403	1,241	2,644
Balance as at 31.12.07	973,000	6,681,059	3,230,507	4,735,498	79,178	15,699,242

B. Amortizations

Balance as at 31.12.05	0	104,028	150,732	756,827	9,336	1,020,923
Amortizations	0	105,075	65,439	420,824	4,441	595,780
Reductions	0	25,132	10,473	15,287	1,224	52,116
Balance as at 31.12.06	0	183,971	205,698	1,162,363	12,554	1,564,586
Amortizations	0	208,184	145,875	545,847	6,304	906,210
Reductions	0	0	0	614	1,070	1,684
Balance as at 31.12.07	0	392,156	351,573	1,707,597	17,787	2,469,112

Net Book Value as at 31.12.06	973,000	5,424,269	1,245,289	2,829,456	23,177	10,495,191
--------------------------------------	----------------	------------------	------------------	------------------	---------------	-------------------

Net Book Value as at 31.12.07	973,000	6,288,903	2,878,935	3,027,901	61,391	13,230,130
--------------------------------------	----------------	------------------	------------------	------------------	---------------	-------------------

In accordance with IAS 17, fixed assets acquired under a financial lease are accounted for as fixed assets at the lower of their fair value and the current value of the minimum lease fees. The relevant lessee's obligation is shown in liabilities as a financial lease liability. The lease fees paid are broken into the part relating to interest, which is charged to financial expenses, and the part relating to the reduction in the liability, so as to produce a fixed interest rate for each period over the balance of the liability.

Any fixed assets acquired under a financial lease of the Group pertain exclusively to Company's fixed assets and are as follows:

	31/12/2007	31/12/2006
Financial Lease regarding a land-plot	973,000	973,000
Financial Lease regarding a building	2,980,163	2,980,163
Financial Lease regarding other equipment	2,524,241	2,171,322
Less: Accumulated depreciation of building	-189,279	-90,040
Less: Accumulated depreciation of other equipment	-789,920	-508,272
Net book value of fixed assets acquired under financial lease	5,498,205	5,526,173

In fiscal year 2005, the company proceeded to assess the value of its privately owned land and building in the area of Inofyta, Viotia. The assessment was carried out by the company "Danos and Associates S.A." The adjustment difference of a total value of € 186,081 was accounted for in fiscal year 2005. As for fiscal years 2006 and 2007, the Management estimates that the net book value of the land and building is approximately the same as the fair value and thus has not appointed any independent assessor to perform an assessment.

For fixed assets not acquired under a financial lease, there are no encumbrances.

The depreciation of tangible assets in the fiscal year has been apportioned to the following categories of expenses:

Group

	<u>31/12/2007</u>	<u>31/12/2006</u>
Cost of sales	165,424	103,998
Research and Development expenses	37,655	41,720
Distribution expenses	253,220	238,175
Administrative expenses	452,171	211,887
Total	908,470	595,780

Company

	<u>31/12/2007</u>	<u>31/12/2006</u>
Cost of sales	165,424	103,998
Research and Development expenses	37,655	41,720
Distribution expenses	251,830	238,175
Administrative expenses	451,301	211,887
Total	906,210	595,780

7.5. Intangible assets

The settlement of the book value of additions, acquisitions through business combinations and amortization of tangible assets is as follows:

Group

	<u>Software</u>	<u>Licenses</u>	<u>Development</u>	<u>Total</u>
A. Acquisition cost				
Balance as at 31.12.05	298,945	129,399	143,717	572,062
Additions	215,156	0	66,200	281,356
Reductions	0	0	0	0
Balance as at 31.12.06	514,101	129,399	209,917	853,417
Additions	380,678	39,468	517,351	937,496
Reductions	0	0	0	0
Acquisitions through business combinations	346	0	0	346
Balance as at 31.12.07	895,125	168,867	727,268	1,791,260
B. Amortizations				
Balance as at 31.12.05	80,041	75,223	39,777	195,041
Amortizations	52,392	25,880	38,504	116,775
Reductions	0	0	0	0
Balance as at 31.12.06	132,433	101,102	78,281	311,816
Amortizations	85,676	27,254	67,434	180,364
Reductions	0	0	0	0
Balance as at 31.12.07	218,109	128,356	145,715	492,181
Net Book Value as at 31.12.06	381,668	28,297	131,636	541,601
Net Book Value as at 31.12.07	677,016	40,511	581,553	1,299,079

Company

	Software	Licenses	Development	Total
A. Acquisition cost				
Balance as at 31.12.05	298,945	129,399	143,717	572,062
Additions	215,156	0	66,200	281,356
Reductions	0	0	0	0
Balance as at 31.12.06	514,101	129,399	209,917	853,417
Additions	380,678	30,000	547,351	958,029
Reductions	0	0	0	0
Balance as at 31.12.07	894,779	159,399	757,268	1,811,446
B. Amortizations				
Balance as at 31.12.05	80,041	75,223	39,777	195,041
Amortizations	52,392	25,880	38,504	116,775
Reductions	0	0	0	0
Balance as at 31.12.06	132,433	101,102	78,281	311,816
Amortizations	85,621	26,307	67,862	179,790
Reductions	0	0	0	0
Balance as at 31.12.07	218,054	127,410	146,143	491,606
Net Book Value as at 31.12.06	381,668	28,297	131,636	541,601
Net Book Value as at 31.12.07	676,725	31,990	611,125	1,319,840

The depreciation of intangible assets in the fiscal year has been apportioned to the following categories of expenses:

	<u>Group</u>	
	31/12/2007	31/12/2006
Cost of sales	32,820	20,384
Research and Development expenses	7,471	8,177
Distribution expenses	50,518	46,683
Administrative expenses	89,556	41,531
Total	180,364	116,775

	<u>Company</u>	
	31/12/2007	31/12/2006
Cost of sales	32,820	20,384
Research and Development expenses	7,471	8,177
Distribution expenses	49,962	46,683
Administrative expenses	89,537	41,531
Total	179,790	116,775

The cost pertaining to research and development activities has been presented in the Company's financial statements based on IAS 38 "Intangible Assets". Thus research expenses have been charged to relevant sums through profit and loss for the fiscal year, and the amounts invested by the Company in development are accounted for in the balance sheet sums, under heading "Intangible Assets" in particular.

In other words, the so-called Research and Development expenses include expenditures pertaining to the study, creation and monitoring of new technical specifications, new components and procedures and new technologies giving rise to the creation of new products for sale. Research expenses not relating to sales are recorded in the profit and loss account of the fiscal year in which they are incurred.

7.6. Investments in Subsidiaries

The "Investments in Subsidiaries" sum of the Assets in the Balance Sheet, amounting to € 1,543,780 pertains to the following:

- € 800,000 pertains to the company's holding in the subsidiary «Kings and Queens Single-member Ltd.».
- € 707,780 pertains to the company's holding in the subsidiary "Korres Homeopathy Products S.A."
- € 36,000 pertains to the company's holding in the subsidiary "Phyto 12 S.A."

All the above holdings were acquired in the current fiscal year 2007, and the overall development of the Company's investments in subsidiaries is as follows:

	31.12.2007	31.12.2006
Opening balance	0	0
Acquisitions, Establishments	803,780	0
Share Capital Increase	740,000	0
Closing balance	1,543,780	0

Following is information as regards the nature and financial effect of the combinations effected in the current fiscal year:

7.6.1. Establishment of "Kings and Queens Single-member Ltd."

"Kings and Queens Single-member Ltd." (with the trade name "Kings and Queens") was established on 12 January 2007; its initial share capital was € 60,000 and its only member was "Korres S.A. – Natural Products".

In the current fiscal year 2007, the share capital of the subsidiary in question was increased by € 740,000, thus amounting to € 800,000, whereas the entire increase was covered by "Korres S.A. – Natural Products".

The new company proceeded to set up a new brand of cosmetics called "Kings & Queens", which utilizes herbs that are well-known for their properties. It is noted that the broad distribution channel is used for the distribution of the new products, rather than the same distribution channel of existing products (namely pharmacies), while at the same time the emphasis is placed on promotional activities.

In the consolidated financial statements the holding was consolidated with the Acquisition Method of Accounting (Full Consolidation).

The new company started its actual activities in the 2nd quarter of 2007.

7.6.2. Establishment of "Phyto 12 S.A."

On 04/10/ 2007 the company "Phyto 12 S.A." was established (with the trade name "Phyto 12"); its share capital amounted to € 60,000 and "Korres S.A. – Natural Products" had a 60% holding (with voting rights) in the company, which represented € 36,000.

The purpose of the new company is to trade and distribute herbal extracts and raw materials used in the manufacture of cosmetics, pharmaceuticals and diet products, and develop procedures for the extract, isolation, breakdown and composition of raw materials and bioactive substances.

In the consolidated financial statements the holding was consolidated with the Acquisition Method of Accounting (Full Consolidation).

The new company had not actually started its operation by the end of the current fiscal year 2007, so the effect of the combination was immaterial.

7.6.3. Acquisition of "Korres Homeopathy Products S.A."

On 30/11/2007 the parent company "Korres S.A. – Natural Products" acquired 100% of the shares of "Korres Homeopathy Products S.A."

In line with the commitments undertaken by the company in its Prospectus published when its shares were listed in the Small & Medium Capitalization category of the Athens Stock Exchange, it proceeded to acquire 100% of the shares of the société anonyme bearing the name "Korres Homeopathy Products S.A.", which resulted from the conversion into a Société Anonyme of the "G. & A. Korres General Partnership Company (O.E.)", in accordance with the stipulations laid down in articles 10 and 23a of Law No. 2190/1920.

The acquisition price was EUR 700,000.

Measurement was done in accordance with article 9, par. 4 of Codified Law No. 2190/1920 as it is in force today.

7.6.4. Sums of subsidiaries and of the effect of the combinations

The following table includes:

- the basic sums of each one of the subsidiaries acquired in the current fiscal year 2007, as they arose from the combination date until 31/12/2007, as such sums were included in the respective consolidated sums of the Group;
- the effect ratio of the combination on the results and equity of the Group;
- the income, and the profit and loss from the beginning of this fiscal year 1/1/2007 until 31/12/2007, and the effects provided that the combinations had taken place on 1/1/2007.

Summary of the sums of combinations in the fiscal year

	Kings & Queens Single-member Ltd.	Phyto 12 S.A.	Korres Homeopathy Products S.A.	Total
Assets and liabilities as at 31/12/2007				
ASSETS				
Non-current assets	166,824	13,622	21,787	202,234
Current assets	2,160,845	34,592	405,196	2,600,632
Total assets	2,327,669	48,214	426,983	2,802,866
EQUITY & LIABILITIES				
Share Capital and reserves	795,600	60,000	60,000	915,600
Profit/(Loss) carried forward	-414,350	-40,866	70,859	-384,357
Total equity	381,250	19,134	130,859	531,243
Long term Liabilities	1,506	0	705	2,211
Short term Liabilities	1,944,913	29,080	295,419	2,269,412
Total liabilities	1,946,419	29,080	296,124	2,271,623
Profit and Loss from acquisition date until 31/12/2007 (before deletions)				
Sales	1,587,099	0	57,139	1,644,237

Cost of Sales	-709,090	0	-24,329	-733,420
Results after taxes for the period	-414,350	-40,866	3,485	-451,731

Effects of first combination (before deletions)

Results	-12.8%	-1.3%	0.0%	-14.1%
Net position	0.1%	0.0%	0.7%	0.8%

Profit and Loss from 1/1/2007 to 31/12/2007

Sales	1,587,099	0	764,123	2,351,221
Cost of Sales	-709,090	0	-275,368	-984,458
Results after taxes for the period	-414,350	-40,866	66,186	-389,030

Effects if the first combination had taken place on 1/1/2007

Results	-12.8%	-1.3%	2.1%	-12.1%
Net position	0.1%	0.0%	0.7%	0.8%

7.7. Investments in Affiliates

The development of investments in the Group's affiliates is as follows:

	31/12/2007	31/12/2006
Opening balance	0	0
Acquisition/establishment of the company "Kozani Crocus Products S.A."	573,548	0
Share in (losses)/profits	-61,161	0
Closing balance	512,387	0

The entire amount invested in affiliates pertains to the acquisition (holding in the establishment) of the company "Kozani Crocus Products S.A." More specifically, on 4 February 2007 the company "Kozani Crocus Products S.A." was established; its share capital amounted to € 3,676,548, and "KORRES S.A. – NATURAL PRODUCTS" had a 15.6% holding in the company, which represents € 573,548.

The objective of the new company will be

- the exclusive representation and commercial promotion of the Kozani crocus product (bulk and packaged) in major foreign markets apart from Greece, and an effort to establish itself in such markets; and
- the production, packaging, standardization, distribution, promotion and trade of tea products and beverages that will be produced by mixing or using Kozani crocus.

"KORRES S.A. – NATURAL PRODUCTS" will be represented in the Board of Directors of the new company. Moreover, "KORRES S.A. – NATURAL PRODUCTS" is responsible for the **planning and promotion (marketing) of sales for items produced and represented by the affiliated Company**, the provision of advisory, administrative, accounting and management support to the **affiliated Company**. Based on the above, it is apparent that "KORRES S.A. – NATURAL PRODUCTS" will have significant influence on the new company.

The following entities shall also have holdings in the share capital of the new company "Kozani Crocus Products S.A." as follows: "Capital Connect Venture Partners" shall have a 27.2% holding, and "Compulsory Cooperative of Kozani Crocus Producers" shall have a 57.2% holding.

The Group recognized its holding in the new company using the Equity Method of Accounting.

Since the company's establishment date 8/2/2007 and until the end of fiscal year 2007, the assets, liabilities, income and total losses, as well as the Group's share in the losses, were as follows:

31/12/2007

Affiliate	holding (%)	Country	Assets	Liabilities	Income	Total losses	Share in losses
Kozani Crocus Products S.A.	15.6%	Greece	3,591,780	269,243	6,976	-392,059	-61,161

The Group's share in the affiliate's losses amounted to € -61,161, which was charged to the Group's results.

7.8. Company goodwill

The development of the company goodwill owned by the Group is as follows:

Company goodwill	
Book value as at 31.12.06	0
Gross book value	580,406
Accumulated loss due to devaluation	0
	580,406
Book value as at 31 December 2007	580,406

The company goodwill of the Group, amounting to € 580,406, which arose in the fiscal year, pertains to the cost incurred for the acquisition of the company "Korres Homeopathy S.A." (see par. 7.3 above), which exceeded the value of the Group's participation in the net fair value of recognizable assets, liabilities and contingent liabilities of the acquired company in question.

Following are details relating to the net assets acquired by the Group on 30/11/2007 as part of the combination in question and the goodwill amount that arose:

Acquisition price

- Ratio of the acquisition price covered by cash and cash equivalents	700,000
- Direct costs associated with the acquisition	7,780
Total acquisition price	707,780

Fair value of net assets and liabilities acquired	127,374
Goodwill	580,406

Net assets and liabilities	Fair value recognized upon acquisition
Tangible assets	20,211
Intangible assets	346
Inventories	110,324
Trade and other receivables	159,492
Cash and cash equivalents	132,533
Deferred tax liabilities	-692
Suppliers and other liabilities	-259,404
Current tax liabilities	-35,435
Net assets acquired	127,374

Cash flows upon acquisition:

Cash and cash equivalents of the acquired company	132,533
Cash payment for the price	707,780
Net cash outflow	-575,247

7.9. Other long term receivables

The other long term receivables presented in the attached financial statements pertain to:

Group

	<u>31/12/2007</u>	<u>31/12/2006</u>
Receivables from Korres USA and Korres LTD	2,646,462	3,446,462
Receivables form Ribacom Holdings Ltd	0	361,000
Transfer to a short term receivable (payment within the following fiscal year) from Korres USA and Korres UK	-800,000	-800,000
Transfer to a short term receivable (payment within the following fiscal year) from Ribacom Holdings Ltd	0	-361,000
Collateral provided	87,318	66,319
Total	1,933,780	2,712,781

Company

	<u>31/12/2007</u>	<u>31/12/2006</u>
Receivables from Korres USA and Korres LTD	2,646,462	3,446,462
Receivables form Ribacom Holdings Ltd	0	361,000
Transfer to a short term receivable (payment within the following fiscal year) from Korres USA and Korres UK	-800,000	-800,000
Transfer to a short term receivable (payment within the following fiscal year) from Ribacom Holdings Ltd	0	-361,000
Collateral provided	80,720	66,319
Total	1,927,182	2,712,781

All the above receivables are of long term maturity. The fair value of these financial assets is not determined separately as their book value is considered almost the same as their fair value and collection thereof is expected so soon that the effect of the time value of money is considered insignificant.

For all of the Group's receivables, an assessment has been made of any indications of impairment thereof. Based on the above assessment, none of the above long term receivables have been impaired to such an extent that it is necessary to form a relevant provision.

The sum "Collateral provided" pertains to receivables that are blocked by third organizations or enterprises for various types of collateral.

7.10. Inventories

Inventories are detailed as follows:

Group

	<u>31/12/2007</u>	<u>31/12/2006</u>
Merchandise	2,835,440	1,333,279
Provision for devaluation of merchandise	-352,681	-225,690
Finished and semi-finished products	4,213,228	2,829,196
Raw and auxiliary materials	2,913,334	1,255,619
Total	9,609,320	5,192,404

Company

	<u>31/12/2007</u>	<u>31/12/2006</u>
Merchandise	2,402,729	1,333,279
Provision for devaluation of merchandise	-352,681	-225,690

Finished and semi-finished products	4,213,228	2,829,196
Raw and auxiliary materials	2,913,334	1,255,619
Total	9,176,609	5,192,404

The inventories acquisition or consumption cost recorded in the cost of sales for the company and the group amounts to € 11,716,317 and € 11,433,792 respectively for fiscal year 2007, and to € 8,802,232 for fiscal year 2006.

7.11. Customers and other trade receivables

The sum "Customers and other trade receivables" is detailed as follows:

Group

	31/12/2007	31/12/2006
Receivables from customers	17,591,385	10,163,096
Other trade receivables	2,434,985	2,211,598
Total	20,026,370	12,374,694

Company

	31/12/2007	31/12/2006
Receivables from customers	17,157,674	10,163,096
Other trade receivables	2,135,168	2,211,598
Total	19,292,842	12,374,694

More specifically, the sum "receivables from customers" is detailed as follows:

Group

	31/12/2007	31/12/2006
Domestic customers	4,665,130	2,177,493
Foreign customers	6,942,220	2,929,349
Cheques receivable	6,131,797	5,112,437
Provisions	-147,762	-56,183
Total	17,591,385	10,163,096

Company

	31/12/2007	31/12/2006
Domestic customers	5,336,825	2,177,493
Foreign customers	5,931,814	2,929,349
Cheques receivable	6,036,797	5,112,437
Provisions	-147,762	-56,183
Total	17,157,674	10,163,096

More specifically, the sum "other trade receivables" is detailed as follows:

Group

	31/12/2007	31/12/2006
Supplier prepayments	709,614	121,492
Preliminary remittances through Banks	0	274,694
Personnel prepayments	9,010	1,507
Short term receivables from affiliates	5,129	1,085
Greek State – prepayments / deductions Taxes	1,059,774	762,457
Value Added Tax (VAT)	2,786	189,549
Other debtors	6,966	435,408
Personnel – Accounts receivable	12,420	5,807

Other third partners – Accounts receivable	3,749	245
Accrued expenses	37,689	18,922
Deferred income	177,924	269,167
Pending purchases	409,924	131,265
Total	2,434,985	2,211,598

Company

	31/12/2007	31/12/2006
Supplier prepayments	679,104	121,492
Preliminary remittances through Banks	0	274,694
Personnel prepayments	9,010	1,507
Short term receivables from affiliates	5,129	1,085
Greek State – prepayments / deductions Taxes	794,477	762,457
Value Added Tax (VAT)	0	189,549
Other debtors	6,776	435,408
Personnel – Accounts receivable	12,420	5,807
Other third partners – Accounts receivable	3,333	245
Accrued expenses	37,072	18,922
Deferred income	177,924	269,167
Pending purchases	409,924	131,265
Total	2,135,168	2,211,598

The fair values of trade receivables are almost the same as the book values.

For all of the Group's receivables, an assessment has been made of any indications of impairment thereof. Some of the receivables have been impaired and a relevant provision has been set up for them amounting to € 147,762 (as shown above in the detailed presentation of the receivable sums). The impaired receivables pertain mainly to Group's customers who are having financial difficulties.

The maturities of receivables from customers which have not been impaired are shown in the following table:

Group

	31/12/2007	31/12/2006
Less than 3 months	12,844,902	7,136,546
Between 3 and 6 months	3,615,226	2,012,872
Between 6 months and 1 year	1,143,352	1,450,171
Total	17,603,480	10,599,589

Company

	31/12/2007	31/12/2006
Less than 3 months	12,353,551	7,136,546
Between 3 and 6 months	3,551,557	2,012,872
Between 6 months and 1 year	1,264,471	1,450,171
Total	17,169,579	10,599,589

The book value of the above receivables reflects their fair value, and none of them is blocked as collateral.

7.12. Cash and cash equivalents

The cash equivalents presented in the attached financial statements are detailed as follows:

Group

	31/12/2007	31/12/2006
Cash on hand	12,881	4,393
Sight deposits in €	1,187,339	601,233
Banks – Short term liabilities accounts with a debit balance	1,008,979	1,066,453
Total	2,209,200	1,672,079

Company

	31/12/2007	31/12/2006
Cash on hand	4,501	4,393
Sight deposits in €	1,004,329	601,233
Banks – Short term liabilities accounts with a debit balance	1,008,979	1,066,453
Total	2,017,809	1,672,079

Cash equivalents pertain to short term highly-liquid investments which can be easily converted into cash and are so close to maturity that they include a negligible risk of change in valuation when they are cashed, as well as time deposits.

7.13. Share Capital

The share capital and share premium are detailed as follows:

	Number of shares	Share Capital	Share premium	Total
Balance as at 01.01.06	244,000	714,920	988,730	1,703,650
Issue of New Shares	5,856,000	1,115,080	-988,730	126,350
Balance as at 31.12.06	6,100,000	1,830,000	0	1,830,000
Issue of New Shares	1,600,000	480,000	11,040,000	11,040,000
Share Capital increase expenses	-	-	-930,000	-930,000
Balance as at 31.12.07	7,700,000	2,310,000	10,110,000	12,420,000

In accordance with a resolution passed by the Extraordinary General Meeting of shareholders on 04/08/2006, it was decided to increase the share capital by the amount of Euro one million one hundred fifteen thousand eighty (€ 1,115,080) by capitalizing an amount from the "Share premium" account and capitalizing profits, with an increase of the nominal value per share from Euro two and ninety three cents (€ 2.93) to Euro seven and fifty cents (€ 7.50).

According to the same decision, the nominal value per share was reduced to thirty cents (€ 0.30), while each (1) existing share would be replaced with twenty five (25) new shares.

Following that, in application of the resolution passed by the Extraordinary General Meeting of shareholders on 04/08/2006, in the current fiscal year 2007 the following took place:

- The Company's Share Capital was increased by Euro four hundred eighty thousand (€ 480,000), through cash payment and the issue of one million six hundred thousand (1.600.000) new ordinary registered shares with voting rights, of a nominal value of thirty cents (€ 0.30) each, which were made available through a Public Offering and to a restricted group of persons;
- the preemption right in favour of existing shareholders was cancelled in connection with the above increase;
- The sale price of the new shares was set to € 7.20 in accordance with the stock exchange laws and the share premium account amounting to € 11,040,000, namely the difference between the sale

price and the nominal value of the shares issued, was recognized through a credit to the “Share premium” account.

Thus, the Company’s share capital as at 31/12/07 amounted to Euro two million three hundred ten thousand (€ 2,310,000) and was divided into seven million seven hundred thousand (7,700,000) ordinary registered shares with voting rights, of a nominal value of thirty cents (€ 0.30) each.

7.14. Reserves

The Group’s reserves presented in the attached financial statements pertain to the Company’s reserves only and are detailed as follows:

	31/12/2007	31/12/2006
Legal reserve	471,379	284,732
Non-taxable reserves pursuant to special legal provisions	95,524	95,524
Reserve for revaluation of buildings, etc. lands based on the IAS (adjustment goodwill)	139,561	139,560
Other reserves	1,035	1,035
Total	707,498	520,851

Reserves are broken down into fair value reserves and other reserves.

Fair value reserves presented in the attached financial statements for the fiscal years 2007 and 2006, amounting to € 139,560.67, pertain to the adjustment of the building in the area of Inofyta, Viotia.

The reserves pertain to the following:

- The legal reserve is formed in accordance with the provisions laid down in Greek Law (Law No. 2190/20, articles 44 and 45), which requires that amounts at least equal to 5% of the annual net profits (after taxes) are transferred to the Legal Reserve until it reaches a total of one third of the paid up share capital. The legal reserve may be used for covering losses based on a resolution passed by the Ordinary General Meeting of shareholders and thus it cannot be used for any other reason.
- The non-taxable reserves and those that are subject to a special taxation regime are formed in accordance with the provisions laid down in tax laws from non-taxable income and profits and those that are subject to a special taxation regime, and they are as follows:
 - Amount: € 14,863.69, fiscal year 1999 Law No. 1828/89
 - Amount: € 25,315.39, fiscal year 2000 Law No. 1828/89
 - Amount: € 55,344.56, fiscal year 2003 Law No. 3220/04

The above reserves may be capitalized or distributed based on a resolution passed by the Ordinary General Meeting of shareholders, after taking into account the restrictions applying at any given time. The Company has no intention of distributing or capitalizing these reserves and thus it has not calculated the income tax that would be imposed in such an event.

7.15. Deferred tax liabilities – assets

The largest amount of deferred tax assets is recoverable within a period of over 12 months, while the largest amount of deferred tax liabilities is payable also within a period of over 12 months.

The income tax rates to which the company is or will be subject are as follows:

Year	Tax rate
2006	29%
2007	25%

2008

25%

The offset of deferred tax assets and liabilities takes place when, from the company's perspective, there is an applicable legal right for such offsetting and when deferred income taxes refer to the same tax authority.

The offset balances are as follows:

Group

	31/12/2007	31/12/2006
Deferred tax assets	149,922	343,462
Deferred tax liabilities	515,415	639,714
Offset credit balance	365,494	296,252

Company

	31/12/2007	31/12/2006
Deferred tax assets	402,319	343,462
Deferred tax liabilities	917,029	639,714
Offset credit balance	514,710	296,252

The total change in deferred income tax is as follows:

Group

	31/12/2007	31/12/2006
Balance at beginning of fiscal year	296,252	524,556
Debit / (credit) in the profit and loss account	68,550	-228,304
Acquisition of subsidiary liability	692	0
Balance at end of fiscal year	365,494	296,252

Company

	31/12/2007	31/12/2006
Balance at beginning of fiscal year	296,252	524,556
Debit / (credit) in the profit and loss account	218,458	-228,304
Balance at end of fiscal year	514,710	296,252

The changes in deferred tax assets and liabilities in the fiscal year, without taking into account the offset of balances within the same tax authority, are as follows:

Group

Deferred tax assets	Differences in formation expenses	Financial Leases	Provisions for staff indemnities	Other	Total
Balance as at 01.01.06	106,977	101,247	40,855	-18,952	230,127
(Debit) / Credit in the profit and loss account	0	79,988	12,984	20,363	113,335
Charge in Equity	0	0	0	0	0
Total change in fiscal year	0	79,988	12,984	20,363	113,335
Balance as at 31.12.06	106,977	181,235	53,839	1,411	343,462
(Debit) / Credit in the profit and loss account	-41,442	95,222	21,342	133,657	208,779
Charge in Equity	0	0	0	0	0
Total change in fiscal year	-41,442	95,222	21,342	133,657	208,779

Balance before offset as at 31.12.07					
	65,535	276,457	75,181	135,068	552,241
Balance after offset as at 31.12.07					149,922

Deferred tax liabilities	Depreciations based on useful life	Financial Leases	Adjustment of property value	Other	Total
Balance as at 01.01.06	171,339	245,298	46,520	291,527	754,684
Debit / (Credit) in the profit and loss account	43,400	128,382	0	-286,752	-114,970
Charge in Equity	0	0	0	0	0
Total change in fiscal year	43,400	128,382	0	-286,752	-114,970
Balance as at 31.12.06	214,739	373,680	46,520	4,775	639,714
Debit / (Credit) in the profit and loss account	57,248	132,672	0	87,409	277,329
Charge in Equity	0	0	0	0	0
Acquisition of subsidiary liability	0	0	0	692	692
Total change in fiscal year	57,248	132,672	0	88,101	278,021
Balance before offset as at 31.12.07	271,987	506,352	46,520	92,876	917,735
Balance after offset as at 31.12.07					515,415

Company

Deferred tax assets	Differences in formation expenses	Financial Leases	Provisions for staff indemnities	Other	Total
Balance as at 01.01.06	106,977	101,247	40,855	-18,952	230,127
(Debit) / Credit in the profit and loss account	0	79,988	12,984	20,363	113,335
Charge in Equity	0	0	0	0	0
Total change in fiscal year	0	79,988	12,984	20,363	113,335
Balance as at 31.12.06	106,977	181,235	53,839	1,411	343,462
(Debit) / Credit in the profit and loss account	-41,442	95,222	21,342	-16,265	58,857
Charge in Equity	0	0	0	0	0
Total change in fiscal year	-41,442	95,222	21,342	-16,265	58,857
Balance as at 31.12.07	65,535	276,457	75,181	-14,854	402,319

Deferred tax liabilities	Depreciations based on useful life	Financial Leases	Adjustment of property value	Other	Total
Balance as at 01.01.06	171,339	245,298	46,520	291,527	754,684
Debit / (Credit) in the profit and loss account	43,400	128,382	0	-286,752	-114,970
Charge in Equity	0	0	0	0	0
Total change in fiscal year	43,400	128,382	0	-286,752	-114,970
Balance as at 31.12.06	214,739	373,680	46,520	4,775	639,714
Debit / (Credit) in the profit and loss account	57,248	132,672	0	87,396	277,315
Charge in Equity	0	0	0	0	0
Total change in fiscal year	57,248	132,672	0	87,396	277,315
Balance as at 31.12.07	271,987	506,352	46,520	92,171	917,029

7.16. Liabilities for staff retirement indemnities

Liabilities for staff retirement indemnities in the balance sheet pertain to the following:

Group

	31/12/2007	31/12/2006
Pension benefits pursuant to Law No. 2112/20	272,523	185,650
Total	272,523	185,650

Company

	31/12/2007	31/12/2006
Pension benefits pursuant to Law No. 2112/20	271,017	185,650
Total	271,017	185,650

Liabilities for staff retirement indemnities in the profit and loss account for the fiscal year pertain to the following:

Group

	31/12/2007	31/12/2006
Pension benefits	117,954	120,011

Company

	31/12/2007	31/12/2006
Pension benefits	116,448	120,011

The amounts recognized in the balance sheet are detailed as follows:

Group

	31/12/2007	31/12/2006
Current value of liability	306,043	249,533
Net profits / (losses) that are not recognized	-33,520	-63,883
Net liability in the balance sheet	272,523	185,650

Company

	31/12/2007	31/12/2006
Current value of liability	304,537	249,533
Net profits / (losses) that are not recognized	-33,520	-63,883
Net liability in the balance sheet	271,017	185,650

The amounts recognized in the profit and loss account for the fiscal year are detailed as follows:

Group

	31/12/2007	31/12/2006
Cost of current liability	82,886	62,160
Liability interest	10,149	7,732
Amortization of (profits) / losses that are not recognized	2,102	2,115
Amortization of past service cost	0	266
	95,137	72,273
Cost of reductions/settlement/termination of service	22,817	47,738
Total charge in the profit and loss account	117,954	120,011

Company

	31/12/2007	31/12/2006
Cost of current liability	81,380	62,160
Liability interest	10,149	7,732
Amortization of (profits) / losses that are not recognized	2,102	2,115
Amortization of past service cost	0	266
	93,631	72,273
Cost of reductions/settlement/termination of service	22,817	47,738
Total charge in the profit and loss account	116,448	120,011

The sums under heading "Liabilities for staff retirement indemnities" in the balance sheet are detailed as follows:

Group

	31/12/2007	31/12/2006
Liability (01.01)	185,650	133,714
Benefits paid	-31,081	-68,075
Total charge in the profit and loss account	117,954	120,011
Liability (31.12)	272,523	185,650

Company

	31/12/2007	31/12/2006
Liability (01.01)	185,650	133,714
Benefits paid	-31,081	-68,075
Total charge in the profit and loss account	116,448	120,011
Liability (31.12)	271,017	185,650

The liabilities in the balance sheet included in the financial statements for net profits / (losses) that are not recognized, amounting to € 31,081 and € 63,883 for fiscal years 2007 and 2006 respectively, pertain to non-recognized actuarial losses.

The amounts recognized in the profit and loss account included in the financial statements for the amortization of profits/(losses), amounting to € 266 for fiscal year 2006, pertain to actuarial losses.

7.17. Loan liabilities

The Group's Loan liabilities pertain mainly to loans and liabilities from Leasing contracts entered into by the Company and are detailed as follows:

Group

	31/12/2007	31/12/2006
Short term loan liabilities	5,326,427,81	7,056,056,31
Long term loan liabilities	8,079,430,77	9,759,600,21
Total liabilities	13,405,858,57	16,815,656,51

Company

	31/12/2007	31/12/2006
Short term loan liabilities	5,324,267,03	7,056,056,31
Long term loan liabilities	8,079,430,77	9,759,600,21
Total liabilities	13,403,697,79	16,815,656,51

Following is a more detailed presentation of the loan liabilities:

	31/12/2007	31/12/2006
Up to 1 year	300,000,00	267,545,44
2 - 5 years	3,825,000,00	5,361,913,52
Over 5 years	0,00	0,00
Total liability in loans	4,125,000,00	5,629,458,96
Total liability in debit and credit accounts	4,571,804,69	6,299,269,00
Up to 1 year	452,462,34	489,241,87
2 - 5 years	1,453,874,61	1,458,733,35
Over 5 years	2,800,556,16	2,938,953,33
Total liability in Leasing	4,706,893,10	4,886,928,55

	31/12/2007	31/12/2006
Additional short term loan liabilities of a Group's subsidiary	2,161	0

The actual weighted average loan interest rates at balance sheet dates are as follows:

	31/12/2007	31/12/2006
Liabilities in debit and credit accounts	8%	8%
Loan liabilities	6%	5%
Leasing liabilities	7%	7%

The fair values of bank loans are determined based on their current value at the balance sheet date by using the fixed effective interest rate used in the market. No changes in the fair value of loans have been included in the profit and loss account, as loans are monitored at their unamortized cost.

The book value of long term liabilities reflects their fair value. The company is exposed to interest rate risk due to its borrowings.

All company loans have been entered into on the basis of floating interest rates changing over a 1 to 12 month period.

7.18. Suppliers and other liabilities

The sum "Suppliers and other liabilities" is detailed as follows:

Group

	31/12/2007	31/12/2006
Domestic suppliers	5,846,210	2,056,043
Foreign suppliers	1,415,475	778,689
Cheques payable (post-dated)	5,133,133	3,515,221
Customer prepayments	936,806	166,839
Social Security Organization (IKA)	389,926	385,319
Accrued expenses payable	358,528	278,260
Liabilities relating to holdings in affiliate	286,774	0
Other liabilities	832,416	496,177
Total	15,199,268	7,676,548

Company

	31/12/2007	31/12/2006
Domestic suppliers	5,192,159	2,056,043
Foreign suppliers	1,397,432	778,689
Cheques payable (post-dated)	5,040,923	3,515,221
Customer prepayments	935,631	166,839
Social Security Organization (IKA)	365,442	385,319
Accrued expenses payable	341,412	278,260
Liabilities relating to holdings in affiliate	286,774	0
Other liabilities	672,839	496,177
Total	14,232,612	7,676,548

Any subsidies for fixed equipment which have already been provided or there is basis to believe that they will be provided to the Group in the future include only the relevant subsidies to the Company. Such subsidies are included in 'others' and are detailed as follows:

Subsidies for fixed equipment	31/12/2007	31/12/2006
Balance at beginning of fiscal year	45,223	60,252
Additions	0	0
Transfer to the profit and loss account	-15,029	-15,029
Balance at end of fiscal year	30,194	45,223

All liabilities are considered as short term ones. The fair values of trade and other liabilities are not presented separately because, given their short term duration, the Management feels that the book values recognized in the balance sheet are reasonably the same as fair values.

7.19. Current tax liabilities

The sum "Current tax liabilities" amounting to € 1,325,756 and € 1,303,367 pertains to income tax for the taxable profits of the Group and the Company for fiscal year 2007 (the corresponding amount for fiscal year 2006 for the Group and the Company is € 1,441,233).

7.20. Income – Reporting per segment

The company's sales pertain mainly to sales of products. The income from services offer little benefit to the Group. The sales of the Group and of the Company are detailed as follows:

Group

	31/12/2007	31/12/2006
Sales of Goods	35,761,227	26,914,023
Income from services	216,665	0
Total	35,977,891	26,914,023

Company

	31/12/2007	31/12/2006
Sales of Goods	35,177,067	26,914,023
Income from services	216,665	0
Total	35,393,731	26,914,023

Income includes the fair value of the sale of products and the provision of services, net of Value Added Tax, discounts and refunds. Refunds also include amounts determined by the Group for reduced sales, based on previous experience and other relevant factors.

Segments of activity

A segment or part of the company's activities is any distinct business activity which has peculiar characteristics as to the nature of its activity and the business risks it involves (business segment). A similar distinction is also made based on the business environment in which the activity is taking place (geographical segment).

The criteria for the definition of the Group's segments are as follows:

The following criteria are taken into account for Business Segments:

- The nature of products or services
- The type of the production process
- The type of market in which the products or services are sold or provided
- The categories of customers to which the products or services are sold or provided
- The product distribution and service provision channels

- The general environment in which the company operates, such as banking, insurance, construction etc.

The following criteria are taken into account for Geographical Segments:

- Proximity of operations
- Similarity of economic and political conditions
- Relations between activities in different economic areas
- Special risks, which are linked to operations in specific areas
- Exchange rate regulatory rules
- Existing foreign exchange risks

Due to the nature of its scope of activity, the company is organized in one business segment, i.e. the production and trade of cosmetics.

The activities of the group and of the company per geographical segment are detailed as follows:

Group

	31.12.2007	31.12.2006
Domestic Sales	28,106,043	22,959,934
Foreign Sales	7,871,848	3,954,089
Total	35,977,891	26,914,023

Company

	31.12.2007	31.12.2006
Domestic Sales	28,549,326	22,959,934
Foreign Sales	6,844,405	3,954,089
Total	35,393,731	26,914,023

The results of the group and of the company per geographical segment are detailed in the following tables:

Group

	31.12.2007			31.12.2006		
	Greece	Foreign countries	Total	Greece	Foreign countries	Total
Sales	28,106,043	7,871,848	35,977,891	22,959,934	3,954,089	26,914,023
Cost of Sales	9,122,323	3,769,263	12,891,586	7,381,531	1,948,619	9,330,150
Gross Profit	18,983,720	4,102,586	23,086,305	15,578,403	2,005,469	17,583,872
Research and Development expenses	665,589		665,589	351,009		351,009
Distribution expenses	10,912,267	2,776,414	13,688,681	8,044,011	1,737,893	9,781,904
Administrative expenses	4,241,281	0	4,241,281	2,390,030		2,390,030
Other income / expenses	585,717	376,618	962,334	-126,441	164,285	37,844
Earnings before interest and taxes	3,750,301	1,702,789	5,453,090	4,666,912	431,862	5,098,774

Company

	31,12,2007			31,12,2006		
	Greece	Foreign countries	Total	Greece	Foreign countries	Total
Sales	28,549,326	6,844,405	35,393,731	22,959,934	3,954,089	26,914,023
Cost of Sales	10,100,395	3,159,562	13,259,957	7,381,531	1,948,619	9,330,150
Gross Profit	18,448,930	3,684,844	22,133,774	15,578,403	2,005,469	17,583,872
Research and Development expenses	666,016		666,016	351,009		351,009
Distribution expenses	9,998,907	2,432,879	12,431,786	8,044,011	1,737,893	9,781,904
Administrative expenses	3,932,118		3,932,118	2,390,030		2,390,030
Other income / expenses	585,778	355,685	941,463	-126,441	164,285	37,844
Earnings before interest and taxes	4,437,667	1,607,651	6,045,317	4,666,912	431,862	5,098,774

All the (tangible and intangible) assets of the Group and the company, totalling on 31.12.2007 € 14,566,112 and € 14,549,970 respectively, and on 31.12.2006 € 11,036,792, pertain to the domestic segment (Greece).

The total cost incurred in connection with the domestic segment (Greece) for the acquisition of assets for the group and the company was as follows: for fiscal year 2007 it amounted to € 4,598,556 and € 4.600.138 respectively, and for fiscal year 2006 to € 4,372,403.

The amortizations charged to the result of the domestic segment (Greece) for the group and the companies were as follows: for fiscal year 2007 they amounted to € 1,088,834 and € 1,086,000 respectively, and for fiscal year 2006 to € 712,555.

The receivables of the group and the company per activity segment are detailed as follows:

Group

	31.12.2007			31.12.2006		
	Greece	Foreign countries	Total	Greece	Foreign countries	Total
Long term receivables	87,318	1,846,462	1,933,780	66,319	2,646,462	2,712,781
Short term receivables	12,616,176	7,410,194	20,026,379	9,084,345	3,290,349	12,374,694

Company

	31,12,2007			31,12,2006		
	Greece	Foreign countries	Total	Greece	Foreign countries	Total
Long term receivables	80,720	1,846,462	1,927,182	66,319	2,646,462	2,712,781
Short term receivables	12,893,054	6,399,788	19,292,842	9,084,345	3,290,349	12,374,694

The liabilities of the group and the company per activity segment are detailed as follows:

Group

	31,12,2007			31,12,2006		
	Greece	Foreign	Total	Greece	Foreign	Total

	countries			countries		
Long term liabilities	8,867,369	0	8,867,369	10,241,502	0	10,241,502
Short term liabilities	19,968,002	1,883,450	21,851,452	15,395,147	778,689	16,173,837

Company

	31,12,2007			31,12,2006		
	Greece	Foreign countries	Total	Greece	Foreign countries	Total
Long term liabilities	8,865,158		8,865,158	10,241,502	0	10,241,502
Short term liabilities	18,994,839	1,865,407	20,860,246	15,395,147	778,689	16,173,837

The equity of the group and the company pertains only to the territory of Greece.

Other sums in assets and liabilities pertain to the domestic segment and thus no further analysis is required.

The provision for impairment of inventories referred to in paragraph 7.9 pertains only to the Greek segment, and the respective provision for doubtful receivables (note 7.10) is of no significant size and thus no analysis is required.

7.21. Cost of sales

The cost of sales is detailed as follows:

Group

	31/12/2007	31/12/2006
Personnel fees and expenses	1,451,577	1,340,483
Third party fees and expenses	167,675	100,682
Third party benefits	170,634	104,825
Taxes – Duties	10,492	7,342
Various expenses	441,514	275,373
Depreciation of tangible assets	165,424	103,998
Amortization of intangible assets	32,820	20,384
Cost of consumption-sales	11,433,792	8,802,232
<i>Less: Own production</i>	-982,341	-1,425,169
Total	12,891,586	9,330,150

Company

	31/12/2007	31/12/2006
Personnel fees and expenses	1,451,577	1,340,483
Third party fees and expenses	167,675	100,682
Third party benefits	170,634	104,825
Taxes – Duties	10,492	7,342
Various expenses	441,514	275,373
Depreciation of tangible assets	165,424	103,998
Amortization of intangible assets	32,820	20,384
Cost of consumption-sales	11,716,317	8,802,232
<i>Less: Own production</i>	-896,495	-1,425,169
Total	13,259,957	9,330,150

7.22. Research and Development expenses

The research and development expenses are detailed as follows:

Group

	31/12/2007	31/12/2006
Personnel fees and expenses	291,714	178,943
Third party fees and expenses	130,795	89,249
Third party benefits	13,559	7,431
Taxes – Duties	341	185
Various expenses	184,053	25,304
Depreciation of tangible assets	37,655	41,720
Amortization of intangible assets	7,471	8,177
Total	665,589	351,009

Company

	31/12/2007	31/12/2006
Personnel fees and expenses	292,142	178,943
Third party fees and expenses	130,795	89,249
Third party benefits	13,559	7,431
Taxes – Duties	341	185
Various expenses	184,053	25,304
Depreciation of tangible assets	37,655	41,720
Amortization of intangible assets	7,471	8,177
Total	666,016	351,009

7.23. Distribution expenses

The distribution expenses are detailed as follows:

Group

	31/12/2007	31/12/2006
Personnel fees and expenses	4,561,964	3,338,679
Third party fees and expenses	1,631,264	1,509,030
Third party benefits	915,614	567,007
Taxes – Duties	22,224	19,582
Various expenses	6,253,876	4,062,748
Depreciation of tangible assets	253,220	238,175
Amortization of intangible assets	50,518	46,683
Total	13,688,681	9,781,904

Company

	31/12/2007	31/12/2006
Personnel fees and expenses	4,441,095	3,338,679
Third party fees and expenses	1,403,886	1,509,030
Third party benefits	864,202	567,007
Taxes – Duties	22,010	19,582
Various expenses	5,398,801	4,062,748
Depreciation of tangible assets	251,830	238,175
Amortization of intangible assets	49,962	46,683
Total	12,431,786	9,781,904

7.24. Administrative expenses

The administrative expenses are detailed as follows:

Group

	31/12/2007	31/12/2006
Personnel fees and expenses	1,500,145	823,915

Third party fees and expenses	864,317	465,175
Third party benefits	268,880	175,535
Taxes – Duties	310,361	244,890
Various expenses	568,550	189,305
Depreciation of tangible assets	452,171	211,887
Amortization of intangible assets	89,984	41,531
Operating provisions	186,873	237,792
Total	4,241,281	2,390,030

Company

	31/12/2007	31/12/2006
Personnel fees and expenses	1,405,586	823,915
Third party fees and expenses	862,584	465,175
Third party benefits	257,022	175,535
Taxes – Duties	293,985	244,890
Various expenses	386,735	189,305
Depreciation of tangible assets	451,301	211,887
Amortization of intangible assets	89,537	41,531
Operating provisions	185,367	237,792
Total	3,932,118	2,390,030

As part of the analysis of the sum "Personnel fees and expenses", a table is given listing the total expenditures per category of employees for the years 2007-2006:

Group

	31/12/2007	31/12/2006
Worker-technical Personnel	490,938	379,034
Wages to Part-time Personnel	0	0
Social Security Contributions and Benefits	181,008	142,122
Total Fees to Part-time Personnel	671,946	521,156
Wages to Administrative Personnel	5,532,603	4,017,433
Social Security Contributions and Benefits	1,601,279	1,143,430
Total Fees to Administrative Personnel	7,133,881	5,160,863
Grand Total	7,805,828	5,682,019

Company

	31/12/2007	31/12/2006
Worker-technical Personnel	490,938	379,034
Wages to Part-time Personnel	0	0
Social Security Contributions and Benefits	181,008	142,122
Total Fees to Part-time Personnel	671,946	521,156
Wages to Administrative Personnel	5,355,687	4,017,433
Social Security Contributions and Benefits	1,562,766	1,143,430
Total Fees to Administrative Personnel	6,918,453	5,160,863
Grand Total	7,590,399	5,682,019

7.25. Other income / expenses

Other income / expenses are detailed as follows:

Group

Other income / expenses	31/12/2007	31/12/2006
Special contributions subsidies	357,505	72,872
Rental fees for mechanical-technical installations and other mechanical equipment	472,327	249,631
Exchange rate differences	-2,861	-14,999
Commission, brokerage fees	177,681	91,865
Other income	256,110	0
Other expenses	-298,428	-361,526
Total	962,334	37,844

Company

Other income / expenses	31/12/2007	31/12/2006
Special contributions subsidies	357,505	72,872
Rental fees for mechanical-technical installations and other mechanical equipment	472,327	249,631
Exchange rate differences	-2,861	-14,999
Commission, brokerage fees	156,533	91,865
Other income	256,387	0
Other expenses	-298,428	-361,526
Total	941,463	37,844

7.26. Financial results

The financial results are detailed as follows:

Group

Financial income	31/12/2007	31/12/2006
Other credit interest	259,986	215,757
Total (a)	259,986	215,757

Financial expenses	31/12/2007	31/12/2006
Interest and expenses for other long term liabilities	270,793	181,042
Interest for financial leases	317,110	312,722
Interest and expenses for bank funding with securities as collateral	343,505	622,001
Other financing Expenses	95,558	101,627
Letter of guarantee commission	22,115	21,647
Fees for foreign exchange loans and other acts	4,106	34,322
Total (b)	1,053,186	1,273,361
Grand Total (a)-(b)	-793,200	-1,057,604

Company

Financial income	31/12/2007	31/12/2006
Other credit interest	259,986	215,757
Total (a)	259,986	215,757

Financial expenses	31/12/2007	31/12/2006
---------------------------	-------------------	-------------------

Interest and expenses for other long term liabilities	268,160	181,042
Interest for financial leases	317,110	312,722
Interest and expenses for bank funding with securities as collateral	343,505	622,001
Other financing Expenses	95,558	101,627
Letter of guarantee commission	22,115	21,647
Fees for foreign exchange loans and other acts	4,106	34,322
Total (b)	1,050,553	1,273,361
Grand Total (a)-(b)	-790,567	-1,057,604

7.27. Income tax

The amounts before taxes charged in the fiscal year are as follows:

Group

	31/12/2007	31/12/2006
Income tax for the fiscal year	-1,304,515	-1,173,010
Differences from tax audits of previous fiscal years	0	-254,658
Deferred tax	-68,550	228,305
Total	-1,373,065	-1,199,363

Company

	31/12/2007	31/12/2006
Income tax for the fiscal year	-1,303,367	-1,173,010
Differences from tax audits of previous fiscal years	0	-254,658
Deferred tax	-218,459	228,305
Total	-1,521,825	-1,199,363

In fiscal year 2006, the Company was audited by tax authorities for fiscal years 2003, 2004 and 2005.

The tax charged for the Company's profits before taxes is different from the theoretical amount that would result from using the weighted average tax rate on its profits.

The difference is as follows:

Group

	31/12/2007	31/12/2006
Profits before taxes for the fiscal year	4,598,728	4,041,170
Tax rate	25%	29%
Taxes calculated on accounting profits based on the current rate	1,149,682	1,171,939
Tax on results that are not recognized for tax purposes	147,180	38,355
Balance adjustment for the tax rate expected to be applied	0	-72,353
Permanent Differences	76,204	-193,237
Differences from tax audits of previous fiscal years	0	254,658
Income tax	1,373,065	1,199,363

Company

	31/12/2007	31/12/2006
--	------------	------------

Profits before taxes for the fiscal year	5,254,751	4,041,170
Tax rate	25%	29%
Taxes calculated on accounting profits based on the current rate	1,313,688	1,171,939
Tax on results that are not recognized for tax purposes	131,934	38,355
Balance adjustment for the tax rate expected to be applied	0	-72,353
Permanent Differences	76,204	-193,237
Differences from tax audits of previous fiscal years	0	254,658
Income tax	1,521,825	1,199,362

The deferred tax for the fiscal year pertains to the following:

Group

	31/12/2007	31/12/2006
Accelerated tax amortization	-57,364	-43,400
Financial Leases	-37,450	-48,394
Using provision for additional taxes	0	254,658
Forming provision for payable or receivable income tax	2,843	0
Balance adjustment for the tax rate expected to be applied	0	69.631
Provisions for personnel retirement benefits	21,718	12,984
Other	1,703	-17,174
Total deferred tax	-68,550	228,305

Company

	31/12/2007	31/12/2006
Accelerated tax amortization	-57,248	-43,400
Financial Leases	-37,450	-48,394
Using provision for additional taxes	0	254,658
Forming provision for income tax	-131,934	0
Balance adjustment for the tax rate expected to be applied	0	69,631
Provisions for personnel retirement benefits	21,342	12,984
Other	-13,169	-17,174
Total deferred tax	-218,459	228,305

7.28. Dividend Distribution Proposal

The Board of Directors will make a proposal to the General Meeting of Shareholders for distributing a dividend in 2008 from the balance of the sum "Profit Carried Forward" amounting to a total of € 1,771,000.00 corresponding to € 0.23 per share. In fiscal year 2007, the total amount of € 1,540,000, which corresponded to € 0.20, was proposed by the Board of Directors and was distributed as dividend.

7.29. Transactions with affiliated parties

As part of the operating activity, inventories and services come, among others, from a number of the Company's partners. Such transactions also include companies in which the Company has a holding. Transactions with such

companies are performed at arm's length and in accordance with the laws of the market. The Group did not take part in any transaction of unusual nature or content which was material to the Group, or to the companies or persons closely connected to the Group, and has no intention of taking part in such transactions in the future.

No transaction includes special terms and conditions and no collateral was provided or received.

	<u>Group</u>		<u>Company</u>	
Sales of products:	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Subsidiaries	0	0	1.060.077	0
Affiliates	217,007	0	217,007	0
Other affiliated parties	264,266	381,106	264,266	381,106
Total	481,272	381,106	1,541,349	381,106
Purchases of products	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Subsidiaries	0	0	37,175	0
Affiliates				
Basic management executives				
Other affiliated parties	757	254	757	254
Total	757	254	37,932	254
Receivables	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Subsidiaries	0	0	1,269,667	0
Affiliates	258,238	0	258,238	0
Basic management executives				
Other affiliated parties	23	127,208	23	127,208
Total	258,260	127,208	1,527,928	127,208
Suppliers/ creditors	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Subsidiaries	0	0	8,538	0
Affiliates	286,774	0	286,774	0
Other affiliated parties	20,145	10,061	20,145	10,061
Total	306,919	10,061	315,457	10,061
Fees of basic management executives	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Basic management executives	555,051	536,177	555,051	536,177
Total	555,051	536,177	555,051	536,177
Receivables of basic management executives	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Basic management executives	0	0	0	0
Total	0	0	0	0
Payables to basic management executives	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Basic management executives	0	0	0	0
Total	0	0	0	0

Balances are settled in cash. In the fiscal year that ended on 31/12/2007, the Company did not form any provision for doubtful amounts owed by affiliates.

In the above transactions, any transactions and balances with subsidiaries have been deleted in the consolidated financial statements of the Group.

The members of the Company's Board of Directors on 31/12/2007 were:

Name	Status
Georgios Korres	Chairman of the Board and CEO
Panagiotis Spyropoulos	Vice Chairman of the Board
Georgios Tenediotis	Secretary
Christos Papadopoulos	Member
Petros Katsoulas	Member
Theodoros Veniamis	Member
Georgios Kintis	Member

It should be noted that the Board of Directors' members who approved the financial statements were:

Name	Status
Georgios Korres	Chairman of the Board and CEO
Panagiotis Spyropoulos	Vice Chairman of the Board
Georgios Tenediotis	Secretary
Christos Papadopoulos	Member
Petros Katsoulas	Member
Nikolaos Sofokleous	Member
Georgios Kintis	Member

The members of the Company's Board of Directors on 31/12/2006 were:

Name	Status
Georgios Korres	Chairman of the Board and CEO
Panagiotis Spyropoulos	Vice Chairman of the Board
Georgios Tenediotis	Secretary
Christos Papadopoulos	Member
Petros Katsoulas	Member
Theodoros Veniamis	Member
Georgios Kintis	Member

7.30. Events after the financial statements date

Korres S.A. acquired a 5.13% holding in the share capital of the company MEDITERRA S.A. when the latter was listed in the alternative market of the ASE, whose trading started on 3 March 2008.

No events that could have a material effect on the financial position or operation of the Company took place other than the ones referred to above.

7.31. Changes in accounting principles or estimates compared to the previous fiscal year

There are no such changes with regard to the accounting principles followed by the company or the management's estimates relating to the IAS or the IFRS compared to the previous fiscal year.

7.32. Obligations

There are no encumbrances for the fixed assets owned by the company in fiscal years 2007 and 2006.

The company's obligations relating to agreements in its possession are detailed as follows:

Group

Operating Leases	31/12/2007	31/12/2006
Up to 1 year	347,661	218,367
2 - 5 years	374,802	312,141
Over 5 years	0	0
Total	722,463	530,508

Rental fees	31/12/2007	31/12/2006
Up to 1 year	26,100	41,500
2 - 5 years	118,860	164,400
Over 5 years	0	0
Total	144,960	205,900

Company

Operating Leases	31/12/2007	31/12/2006
Up to 1 year	347,661	218,367
2 - 5 years	374,802	312,141
Over 5 years	0	0
Total	722,463	530,508

Rental fees	31/12/2007	31/12/2006
Up to 1 year	26,100	41,500
2 - 5 years	118,860	164,400
Over 5 years	0	0
Total	144,960	205,900

7.33. Contingent liabilities

There are neither any cases disputed or under arbitration nor any decisions of judicial or administrative bodies that might have a material effect on the financial position of the company for fiscal years 2007 and 2006.

The letters of guarantee issued by the Group and the Company are as follows:

Group

Letters of Guarantee	31/12/2007	31/12/2006
Shell	3,500	3,500
ELANET	0	10,800
Hellenic Distributions	436,600	495,600
PAVET 29	28,872	0
Digital Future	6,003	0
EPAN 436	1,200	0
GGET IRON	22,000	0
GREEN TEAM S.A.	5,950	0
THRYLOS S.A.	11,000	0
AMRP Handels AG	0	281,000
Total	515,125	790,900

Company

Letters of Guarantee	31/12/2007	31/12/2006
Shell	3,500	3,500
ELANET	0	10,800
Hellenic Distributions	436,600	495,600
PAVET 29	28,872	0
Digital Future	6,003	0
EPAN 436	1,200	0
GGET IRON	22,000	0
GREEN TEAM S.A.	5,950	0
THRYLOS S.A.	11,000	0
AMRP Handels AG	0	281,000
Total	515,125	790,900

The unaudited fiscal years for the Group companies are as follows:

Company	Unaudited fiscal years
KORRES S.A. – NATURAL PRODUCTS	2006-2007
Kings & Queens Single-member Ltd.	2007
Phyto 12 S.A.	-
Korres Homeopathy Products S.A.	2003-2007
KOZANI CROCUS PRODUCTS S.A.	2007

7.34. Other disclosures

- There is no accounting for income or expenses not relating to this fiscal year.
- No evaluation of assets was performed in this fiscal year.
- There are no unusual sums in the financial statements of the fiscal year.
- There were no changes in the structure of the company in this fiscal year.

6. Report on Company transactions with affiliated parties

7.35. Transactions with affiliated parties

As part of the operating activity, inventories and services come, among others, from a number of the Company's partners. Such transactions also include companies in which the Company has a holding. Transactions with such companies are performed at arm's length and in accordance with the laws of the market. The Group did not take part in any transaction of unusual nature or content which was material to the Group, or to the companies or persons closely connected to the Group, and has no intention of taking part in such transactions in the future.

No transaction includes special terms and conditions and no collateral was provided or received.

	<u>Group</u>		<u>Company</u>	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Sales of products/ services:				
Subsidiaries	0	0	1.060.077	0
Affiliates	217,007	0	217,007	0
Other affiliated parties	264,266	381,106	264,266	381,106
Total	481,272	381,106	1,541,349	381,106
Purchases of products	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Subsidiaries	0	0	37,175	0
Other affiliated parties	757	254	757	254
Total	757	254	37,932	254
Receivables	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Subsidiaries	0	0	1,269,667	0
Affiliates	258,238	0	258,238	0
Other affiliated parties	23	127,208	23	127,208
Total	258,260	127,208	1,527,928	127,208
Suppliers/ creditors	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Subsidiaries	0	0	8,538	0
Affiliates	286,774	0	286,774	0
Other affiliated parties	20,145	10,061	20,145	10,061
Total	306,919	10,061	315,457	10,061
Fees of basic management executives	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Basic management executives	555,051	536,177	555,051	536,177
Total	555,051	536,177	555,051	536,177
Receivables of basic management executives	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Basic management executives	0	0	0	0
Total	0	0	0	0
Payables to basic management executives	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Basic management executives	0	0	0	0
Total	0	0	0	0

Balances are settled in cash. In the fiscal year that ended on 31/12/2007, the Company did not form any provision for doubtful amounts owed by affiliates.

In the above transactions, any transactions and balances with subsidiaries have been deleted in the consolidated financial statements of the Group.

The members of the Company's Board of Directors on 31/12/2007 were:

Name	Status
Georgios Korres	Chairman of the Board and CEO
Panagiotis Spyropoulos	Vice Chairman of the Board
Georgios Tenediotis	Secretary
Christos Papadopoulos	Member
Petros Katsoulas	Member
Theodoros Veniamis	Member
Georgios Kintis	Member

It should be noted that the Board of Directors' members who approved the financial statements were:

Name	Status
Georgios Korres	Chairman of the Board and CEO
Panagiotis Spyropoulos	Vice Chairman of the Board
Georgios Tenediotis	Secretary
Christos Papadopoulos	Member
Petros Katsoulas	Member
Nikolaos Sofokleous	Member
Georgios Kintis	Member

The members of the Company's Board of Directors on 31/12/2006 were:

Name	Status
Georgios Korres	Chairman of the Board and CEO
Panagiotis Spyropoulos	Vice Chairman of the Board
Georgios Tenediotis	Secretary
Christos Papadopoulos	Member
Petros Katsoulas	Member
Theodoros Veniamis	Member
Georgios Kintis	Member

7. Information under Article 10 of Law No 3401/2005

The Company made available to the public the following information that is uploaded at Athens Stock Exchange (www.ase.gr) and concerns the period 1/1/2007 - 31/12/2007, as required by laws.

- 20/12/2007 Announcement of subsidiary's share capital increase
- 18/12/2007 Issue of bond loan
- 18/12/2007 Disclosure of decision on change in funds raised usage
- 30/11/2007 Acquisition of 100% of KORRES HOMEOPATHY PRODUCTS SA
- 19/11/2007 Breakdown of financial results of Q1, Q2 and Q3 of 2007
- 15/11/2007 Decisions of General Meeting
- 15/11/2007 Commentary on Q1, Q2 and Q3 results of 2007
- 6/11/2007 Announcement

- 31/10/2007 Disclosure of major holdings as per Article 27(3) of Law 36556/2007
- 24/9/2007 Announcement regarding the amount of share capital in the context of the provisions of Law 3556/2007
- 24/9/2007 Information regarding the submission of notifications of regulated information provided to the company by obligees under Law 3556/2007
- 21/9/2007 Announcement of guarantee provision for a subsidiary
- 4/9/2007 New Chief Financial Officer
- 30/8/2008 Announcement on the publication of "Facts and Information on the period from 1 January 2007 to 30 June 2007"
- 29/8/2007 Breakdown of financial results of first half of 2007
- 27/8/2007 Press release
- 23/7/2008 Launch of the new brand "Kings & Queens" in the Greek and international market by KORRES SA
- 16/7/2007 Announcement
- 16/7/2007 Establishment of Phyto 12 SA

- 2/7/2007 Disclosure of decision on change in the time schedule of funds raised usage
- 31/5/2007 Announcement of dividend payment for year 2006
- 31/5/2007 Decisions of Ordinary General Meeting
- 23/5/2007 Breakdown of financial results of the first quarter of 2007
- 22/5/2007 Major increase in the financial figures of KORRES SA during Q1 2007 - Increase of exports by 92.64%
- 22/5/2007 Provisional repayment of short-term loans
- 16/5/2007 Distribution of Annual Report for year 2006
- 30/4/2007 Decisions of General Meeting
- 24/4/2007 Commentary on publication
- 23/4/2007 Change of trade name
- 18/4/2007 2006 Financial figures: 58% rise in sales, 151% rise in net profits
- 11/4/2007 Commencement of trading
- 2/4/2007 Announcement pursuant to circular No 23/22.06.2004 of the Hellenic Capital Market Commission

Announcement – invitation to investors for company’s share capital increase through the issue of 1,600,000 new shares with public offering and disposal to a restricted number of persons and listing of its shares in SMALL & MEDIUM CAPITALIZATION category of the Equities Market of ATHENS STOCK EXCHANGE, as decided by the extraordinary general meetings of the company dated 04/08/2006 and 22/12/2006

26/3/2007 meetings of the company dated 04/08/2006 and 22/12/2006

23/3/2007 Errata in Public Offering prospectus

23/3/2007 Invitation to investors for Public Offering

8. Uploading website

The annual financial statements of year 2007, the audit reports of chartered auditors-accountants and the reports of the Boards of the companies incorporated in the consolidated financial statements of the Company are uploaded at <http://www.korres.com>.