

ATHENS



ΚΟΡΡΕΣ ΦΥΣΙΚΑ ΠΡΟΪΟΝΤΑ

ANNUAL FINANCIAL REPORT
for the period from January 1st to December 31st 2008

According to article 4 of Law No 3556/2007

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A) STATEMENTS OF BOARD MEMBERS PURSUANT TO ARTICLE 4(2) OF LAW 3556/2007

The members of the Board of Directors:

- 1) Georgios Korres, Chairman of the Board of Directors and Chief Executive Officer
- 2) Panagiotis Spyropoulos, Vice-Chairman of the Board of Directors and General Manager
- 3) Emmanuel Kontos, Member of the Board of Directors

under our capacity as such, and specifically as relevantly assigned by the Board of Directors of the Societe Anonyme under the name "KORRES S.A. – NATURAL PRODUCTS", state and certify by means of the present that to our knowledge:

(a) the annual, individual and consolidated financial statements of the company for the year 1/1/2008-31/12/2008, which were prepared according to the effective International Financial Reporting Standards, accurately present the assets and liabilities, net position and results of "KORRES S.A.- NATURAL PRODUCTS" as well as those of the companies included in the consolidation considered aggregately as a whole;

(b) the annual report of the Board of Directors gives a fair view of the development, performance and position of "KORRES S.A.- NATURAL PRODUCTS" and of the companies included in the consolidation considered as a whole, including the description of the main risks and uncertainties they face.

Athens, 26 March 2009

The Chairman of the Board of Directors
and Chief Executive Officer

Georgios Korres
ID No. Ξ 037060

The Vice-chairman of the
Board of Directors

Panagiotis Spyropoulos
ID No. P 060966

The member of the
Board of Directors

Emmanuel Kontos
ID No. Ξ 460800

B) BOARD OF DIRECTORS' ANNUAL REPORT

(a) Performance and financial position of the Group

Upon completion of the 9th fiscal year, "KORRES S.A." Group based on the Financial Statements prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) presents the following financial data:

During the fiscal year 2008, the Group's **sales** increased significantly by 49.4%, reaching €53,736 thousand from €35,978 thousand during 2007. The increase is due to double digit growth rates posted by all the Group's product categories. Specifically, the largest contribution to increased sales came from facial and hair products with increases of 68% and 40% respectively. The increase in facial products emerged from the significant increased contribution of make-up products both in Greece and abroad, from the increased contribution of the men's series as well as from the organic development of the category's existing products. In hair category, increased sales are the result of strengthening existing products.

Moreover, by further expanding its international presence, the Group achieved an increase in the contribution of foreign sales to 35% of total sales during 2008, compared to 22.0% during the respective year 2007. In addition to the successful upward performance of foreign sales in the existing markets, this significant increase is due to the fact that we now have the holding of the Group's subsidiary in Germany trading as "District Two" where the share increases by 2 per cent through consolidation of sales.

The **gross profit** amounted to € 32,700 thousand in 2008 compared to € 23,086 thousand in 2007, registering a 41.6% increase. The gross profit margin reached 60.9% for 2008, reduced by 3.3% compared to the respective year of 2007. This reduction is due to the differentiation of the sales mix, mainly from increased contribution of exports, which on the one hand present a lower gross profit margin and on the other include reduced distribution expenses.

Operating expenses (administrative and distribution) of the Group stood at €24,140 thousand for 2008 compared to €17,930 thousand for 2007 thus being increased by 34.6% due to participation of the new subsidiaries' relevant expenses which are consolidated for the first time such as those of Pharmacon North Greece SA and District Two. If we consider the category of these expenses as a percentage of sales for 2008, it stands at 44.9% being reduced by 4.9% in comparison with 2007 when it stood at 49.8% for the entire year.

Earnings before interest, tax, depreciation and amortization (EBITDA) stood at € 9,215 thousand for 2008 from € 6,542 thousand during 2007, registering a 40.9% increase, thus following the sales development.

As regards **Earnings from holdings & investments** the Group consolidates in its net position the result from its 45% holding in the share capital of "Kozani Crocus Products S.A." and thus for 2008 it absorbs a loss of €(19) thousand since the said company is currently at a stage of product development and launching.

Financial expenses stood at € (2,279) thousand for 2008, having considerably risen from the amount of € (1,053) thousand established at the end of 2007. This considerable increase is due to the fact that the greatest part of investments in production facilities and in the acquisition of holdings and buy-outs during 2008 as well as the increase in the necessary working capital due to the increased turnover was financed by short-term loans, thus increasing total net loans by €27,731 thousand.

Depreciation stood at €1,572 thousand for 2008 from €1,089 thousand in 2007, being increased by 44% because all investments related to automation of manufacturing process and other improvements of the supply chain were completed during 2008.

Earnings before tax stood at €5,525 thousand for 2008 compared to €4,599 thousand in 2007, being increased by 20.15%. Such less increase of profits compared to the sales increase is due to the increased financial expenses and increased depreciation of the Group.

Income tax stood at € (1,544) thousand for 2008 compared to € (1,373) thousand in 2007, increased by 12.5% due to the favourable effect of the reduced tax rate by 3.09%.

Finally, **earnings after tax and minority interests** stood at €3,879 thousand for 2008 compared to €3,242 thousand in 2007, being increased by 19.6%.

The financials set out above indicate that the Group has undergone an important year of investments and synergies in Greece and abroad that will serve as basis for its development over the years to come. The Group's strategy for the following year will be to capitalize on the investments completed during 2008 so as to improve its profitability and cash flows.

Financial ratios of the Group's performance

The Group's financial ratios for 2008 compared to 2007 were established as follows:

- **Return on equity ratio** rose to 19% in 2008 from 17% in 2007, being increased by 2 base points due to the considerable rise in its post-tax net profitability by 23.4%.

- **Total liabilities to equity** stood at 3.4 in 2008 from 1.63 in 2007, being increased by 1.8 points due to the increased loan liabilities for financing investments in production facilities, acquisition of holdings and buy-outs and the increase of the necessary working capital due to the rise of turnover. In addition, the number of suppliers rose considerably due to the increased needs for raw materials and packaging materials for the new products launched during the year.

- **Loan to Equity ratio** came to 2.2 for 2008 from 0.71 in 2007, increased by 1.49 base points, this rise being due to the reasons cited above on borrowing.

- **Current ratio** came to 0.96 in 2008 from 1.46 in 2007, being reduced by 0.5 base points due to the disproportionate rise of short-term liabilities to current assets for the above reasons such as increased borrowing.

- **Profit pre-tax margin** came to 10% in 2008 from 13%, being reduced by 3 base points due to the increased financial expenses and depreciation which resulted from the loans taken out to finance all investments in production facilities, acquisition of subsidiaries and buy-outs.

(b) Significant events that took place during the ending year

The most significant events that took place during 2008 as well as their effects on the financial statements, are as follows:

(i) Acquisitions – increases in participations

During 2008 the company acquired control of "District Two GmbH" with a stake of 50% in its share capital. The acquisition price amounted to €750 thousand.

"District Two GmbH" is based in Munich, Germany and operates in the broader German market with presence in high profile selective and semi-selective distribution chains, such as Douglas and KaDeWe, while at the same time it has opened 1 Korres store in Frankfurt.

Through this action, the Group anticipates a strategic partnership with the local distributor, which will result in the further development of the Group's two brands "Korres Natural Products" and "Kings & Queens" in the aforementioned market, by strengthening its promotional activities and further penetrating through new partnerships in new semi-selective and selective distribution points, which constitute the basic distribution channels for the Group's products.

The said acquisition took place at the end of the first half of 2008 and thus the effect on the results and net position of the Group is limited. More specifically, we participate by € 1,492 thousand in the Group's consolidated sales with an almost nil effect on post-tax results.

Furthermore, at the end of the first half of 2008 a further participation was acquired by the company in the associate "Kozani Crocus Products S.A." amounting to € 1,700 thousand, which corresponds to 27.20% of the associate company's total share capital. Through the said

acquisition, on 30/6/2008 the company's total participation percentage in "Kozani Crocus Products S.A." amounted to 42.80%, namely to a value of € 2,274,000. At the end of the year, a new share capital increase took place followed by waiver of the other shareholders by € 147 thousand according to a contractual obligation, thus raising total participation percentage to 45% and a value of € 2,421 thousand.

The main scope of activity of "Kozani Crocus Products S.A." is: a) the exclusive representation and commercial promotion of the Kozani crocus product (bulk and packaged) in the largest foreign markets apart from Greece, and the effort to establish itself in such markets, and b) the production, packaging, standardization, distribution, promotion and trade of tea and beverages that will be produced with a mixture or use of the Kozani crocus.

Given that the increase of the participation took place at the end of the first half of 2008 and the company is at the initial stage of operations, there was no effect on the Group's results and net position.

Also, during the first half of 2008, the company acquired a participation of € 741 thousand that corresponds to a 5.13% stake in the capital of "**Mediterra S.A.**". The shares of "MEDITERRA S.A." have been traded on the Alternative Market of ASE as of 28/02/2008.

The entrance of KORRES S.A. in the share capital of "Mediterra S.A." constitutes a movement to support the business plan of the latter and to further reinforce relations with such.

The valuation of the above investment as at 31/12/2008 resulted in goodwill of € 202 thousand, which directly benefited the Company's and Group's Net position.

On 1 October 2008, acquisition of 70% of Pharmacon North Greece S.A., the exclusive agent and distributor of the Company's products in the market of Northern Greece, was completed in exchange for € 3,650 thousand. Pharmacon North Greece S.A. was set up in 1999 at Thessaloniki having as main scope the distribution of cosmetics while being part of Pharmacon D. POLITIS S.A. Group of companies before acquisition. Its association with the Company is long-standing and today more than 95% of its sales involve Korres products.

As regards its financials, the sales of Pharmacon North Greece for 2007 came to € 6.8 million being increased by 19.08% compared to last year and its net profits came to € 298,000, being enhanced by 32.3% compared to 2006.

The said acquisition took place during the 4th quarter of 2008 and thus the effect on the results and net position of the Group is limited. More specifically, we participate by € 2,799 thousand in the Group's consolidated sales and by € 243,000 in Results after tax and minority interests.

Finally, during the second half of 2008, the Board of Directors of the company "Korres S.A. – Natural Products" approved the payment of € 200,000 for the capital increase of the subsidiary "Kings & Queens Single Member LTD". With the completion of the relevant procedure, the share capital of the company "Kings & Queens Single Member LTD" amounts to € 1,200 thousand pursuant to the applicable Appropriation Table of Funds raised of KORRES SA.

(ii) Stock Option Plan

The company's Ordinary General Shareholders' Meeting on 17/04/2008 decided to establish a stock option plan. The Plan's duration is 5 years, with commencement on 1.07.2008.

The Beneficiaries of the Plan are:

- a) Members of the Company's BoD (Executive and non-Executive) and those of its affiliated companies.
- b) Executives of the Company and its affiliated companies, which also include individuals that provide services on a constant basis to such companies.

The issue price of each share towards beneficiaries of the Plan will be the average market price during December of the previous year each time.

The maximum number of shares that will be distributed if all Beneficiaries of the Plan exercise their options, will amount to 7.5% of the paid up share capital of the Company at the time, which currently corresponds to 866,250 ordinary registered shares with a nominal value of 0.39 euro each, and will stem either from a share capital increase and issue of new shares, or from purchase of own shares, as was decided by the Company's General Shareholders Meeting on 17.04.2008, or from a combination of the above.

From the aforementioned plan, there was no effect on the company's interim financial statements given that the date set by the Board of Directors as effective date of the option's exercise for the first series of beneficiaries pursuant to the plan's terms (concession date) is a date subsequent to 30/6/2008 (as of 01/07/2008).

(iii) Share capital increase of the company "Korres S.A. – Natural Products".

On June 28th 2008, the Extraordinary General Meeting of "Korres S.A. – Natural Products" approved the increase of the Company's share capital by €1,039,500 through capitalization of the amount from the "share premium" account, with increase of the nominal price from 0.30 euro per share to 0.39 euro per share and the Company's share capital thus amounted to four million five hundred and four thousand five hundred Euro (4,504,500.00 Euro), divided into eleven million five hundred and fifty thousand (11,550,000) ordinary registered shares.

(c) Important events having occurred after year-end until preparation date of this report

KORRES S.A. announced that on 18/02/2009 and on 19/02/2009 it was notified of the following disclosures of changes in voting rights by Mr. Georgios Korres, son of Nikolaos, Chairman of the Board of Directors and Chief Executive Officer: A) on 13 February 2009, the proportion of the voting rights held in the company by Mr. Georgios Korres rose to 62.32% from 58.1% following acquisition of 493,500 voting rights of the company through irrevocable powers of attorney; A) on 19 February 2009, the proportion of the voting rights held in the company by Mr. Georgios Korres rose to 65.98% from 62.32% following acquisition of 416,250 voting rights through irrevocable powers of attorney.

KORRES SA announced that Mr. Georgios Korres, son of Nikolaos, Chairman of the Board of Directors and Chief Executive Officer of the Company (and Oblige according to Article 13 of Law 3340), on 27/02/09 sold 200,000 ordinary registered shares of the Company at the average price of €5.28, totalling €1,056,000 to an existing shareholder who raised his holding.

On 22 February 2009 the tax audit of KORRES SA for the fiscal years 2006 and 2007 was completed.

Pursuant to audit results, the tax charges per year are set out below;

1. For year 2006, the total amount of € 111 thousand arose which is broken down into additional taxes equal to € 88 thousand and surcharges of € 23,000.
2. For year 2007, the total amount of € 143 thousand arose which is broken down into additional taxes equal to € 128 thousand and surcharges of € 15,000.

The total fiscal charge that arose from the tax audit amounts to € 255,000. In the financial statements as at 31 December 2007 the company presented a provision for open tax years that amounted to € 232,000. The difference of € 22,000 was charged to the results of 2008.

(d) Estimations regarding the development of activities during the following year

Based on the current circumstances of the global financial system, the performance of real economy has also been affected. In this fluid and volatile environment, it is very difficult to make any forecasts for the performance of financials during 2009. Having regard to the aforementioned situation, the Group will set as priority for 2009 to focus on actions that will secure the reduction of production cost and operating expenses and will generate positive cash flows. In addition, restructuring steps will be taken to convert part of short-term loans into long-term ones so as to secure the Group's financials. More specifically:

- Further development of the existing brand "Korres Natural Products" in the Greek market that will take place by launching in the market new innovative lines with some of them already been marketed such as KORRES perfumes. Opening of the brand to a new distribution channel, i.e. semi-selective distribution, by associating with specific Hondos Centre stores where a para-pharmaceutical

department with a pharmacist is set up. Re-assessment and re-allocation of the distribution network through pharmacies so as to attain optimum presence of the brand in South Greece and also lay emphasis on North Greece following the acquisition of 70% of the local distributor (Pharmacon NG) so as to ensure the best possible presence and the economies of scale arising from the service of the sales network by the Group's central distribution department all over Greece.

- As for international markets, a strategy will be implemented that will focus in order of priority on the markets that are already mature for the Group in terms of brand presence in conjunction with the high acceptance of respective natural cosmetics in these markets. The main market at European level is Germany for which a development plan has been prepared via the Group's subsidiary "DISTRICT TWO" by strengthening our presence in the existing semi-selective distribution channels and by placing Korres brand in the distribution channel through pharmacies which are the most appropriate site for promotion of the brand as proven in Greece. In addition, the Group will focus on America, Spain and France given that it has started to perform well in most of them.
- Research and development of new products, new product categories, new innovative production methods (extracts from herbs etc.), as well as utilization of Greek flora herbs' native properties. This activity is one of the top competitive advantages of the Group.
- After having strengthened and improved manufacturing processes/ infrastructures during the first half of 2008 following the successful installation of the new machinery, the Group will be now in position to attain the improvement of its production capacity and productivity with significantly enhanced gross profit margins.
- Emphasis will be laid on optimum management of the supply chain so as to improve considerably the management of suppliers and inventories in order to maintain the correct safety stocks required for the company's operation. At the same time, a rigorous credit policy to the customers of Greece and abroad will be implemented so as to secure the least possible exposure to doubtful debts.

(e) Investments of both Group and Company - Research and development - expansion of activities

As regards the Research & Development Expenses of the Group, these stood at € 1,556 thousand for year 2008 from € 665 thousand for 2007, being increased by € 890 thousand. The Group pursues its significant investments in R&D since this is one of its primary strategic advantages. The greatest part of this investment concerns staffing with scientific associates dedicated to the development and improvement of the products manufactured.

The reinforcement of the Group's presence in foreign markets remained a significant objective during 2008. Thus, having set the Korres stores as one of its basic development tools, the Group proceeded with the opening of 11 new shores in other countries through its local distributors in large cities abroad during last year. In detail, stores operated in Paris, France; La Chaux de Fonds, Neuchatel and in Geneva, Switzerland; Wien and Baden, Austria; Nicosia, Cyprus; Gijon, Spain; Edinburg, Scotland; Dubai in the United Arab Emirates; and in Brooklyn, New York, America. Also during the same period, yet another store was added in Greece, in the shopping mall "Golden Hall". Accordingly the Korres Group store network reached 27 stores, 24 abroad and 2 in Greece.

(f) Main risks and uncertainties during 2008

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

Of the above risks, the Group is mainly exposed to the risk arising from lending rate fluctuation.

The management of this risk is performed by the Group's core financial service operating in compliance with specific rules approved by the Board of Directors. The Financial Service sees to the effective implementation of the procedures and arrangements provided for this effect and in particular:

- records the policy of approaches and value calculation methods involving exposures and adjustment of such value and provisions;
- carries out the relevant sensitivity analyses and applies stress test plans.

Having as reference point the sums of the Group on 31/12/2008 and assuming an increase or decrease of Euribor by +/- 1,5%, the results of the Group would be positively or negatively affected by an amount ranging from € 300 thousand to € 400 thousand (around 10% of the Group's post-tax results).

In addition to interest-rate risk, the Group is also exposed to liquidity risk. In the context of management of this particular risk, the Board of Directors cooperates mainly with the Financial Division in order to manage its liquidity needs by closely monitoring the scheduled payments for long-term liabilities and cash outflows from its everyday activities. Liquidity needs are monitored at different time zones (daily, weekly, monthly basis).

The Group keeps cash and highly-liquid investments so as to meet liquidity needs for up to 30 days. Funding its long-term needs is also protected by an adequate number of credits and its capacity to sell long-term financial assets.

(g) Significant transactions with affiliated parties

The companies affiliated with the Group as per IAS 24 are set out in the table below:

Corporate name	Registered office	Main activity	Participation percentage	Consolidation method
KORRES S.A. – NATURAL PRODUCTS	Greece	Manufacture and trade of cosmetics, pharmaceuticals and homeopathy products	Parent	-
Kings & Queens Single-member Ltd.	Greece	Trade of cosmetics	100%	Full
Korres Homeopathy Products S.A.	Greece	Trade of homeopathy products	100%	Full
Phyto 12 S.A.	Greece	Trade and distribution of herbal extracts	60%	Full
District Two GmbH	Germany	Trade of cosmetics, pharmaceuticals and homeopathy products	50%	Full
Pharmacon North Greece S.A.	Greece	Trade of cosmetics, pharmaceuticals and homeopathy products	70%	Full
Kozani Crocus Products S.A.	Greece	Manufacture and trade of crocus-based products	45%	Net position

In brief, the transactions of the Company with the above companies are set out below:

Amounts at year-end 2008

(Amounts in thousand Euro)

Company	Sales of goods and services	Purchases of goods and services	Receivables	Payables
Subsidiaries				
Kings & Queens Single-member Ltd.	2,253		3,930	8
Korres Homeopathy Products S.A.	31		39	0
Phyto 12 S.A.				
District Two GmbH	122		1,374	114
Pharmacon North Greece S.A.				3,029
Total	2,406	0	5,342	3,151
Affiliate				
Kozani Crocus Products S.A.	178		470	
Total	178	0	470	0
Other affiliated parties				
	217	0	44	
Total	217	0	44	0
Grand Total	2,801	0	5,857	3,151

As regards the transactions carried out between the above companies and the parent, the situation is as follows:

- A. Kings & Queens purchases almost exclusively from KORRES S.A. the cosmetics it trades.
- B. Korres Homeopathy Products S.A. is operating in the field of pharmacies by selling homeopathy preparations purchased from both Korres and third suppliers.
- C. Phyto 12 S.A. is still inactive because the preliminary stage of the study relating to future production and exploitation of herbal extracts has not been completed yet.
- D. As regards District Two that was acquired by the Group during 2008, this is operating in the field of cosmetics in the German market and around 70% of its turnover is generated from the products purchased from KORRES SA.
- E. Pharmacon North Greece acquired during the last quarter of 2008 was the distributor of the company in Northern Greece and, thus, its activity is to serve the network of Northern Greece. It purchases the goods it trades almost exclusively from KORRES SA.
- F. "Kozani Crocus Products S.A." is the unique company at the parent's net position since the latter has a 45% stake. It is the unique company that does not buy from KORRES any type of products since its scope is to manufacture products based on Kozani crocus.

(g) Information in accordance with article 43a of Law No. 2190/1920, article 11a of Law No. 3371/2005, article 30 of Law No. 3461/2006 and Article 4(7) of Law No. 3556/2007

(a) Share capital structure

On 31 December 2008, the Company's share capital amounted to € 4,504,500 divided into 11,550,000 ordinary registered shares of a nominal value of € 0.39 each.

Based on the list of shareholders of 31 December 2008, the Shareholders' Structure of the Company was as follows:

Shareholder	Number of Shares	%	Number of voting rights	%
Georgios Korres, son of Nikolaos	6,479,775	56.1	6,826,050	59.1
Eleni Filippou, daughter of Ioannis	647,250	5.6	300,300	2.6
Shareholders holding < 5%	4,422,975	38.3	4,423,650	38.3
Total	11,550,000	100	11,550,000	100

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

There are no restrictions on the right to transfer Company shares of which it is aware.

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

On 24 March 2008, Mr. Georgios Korres owned 56.1% of the Company's share capital. In addition, on 24 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 a) KORRES S.A. has a 51.3% holding in the share capital of the company MEDITERRA S.A. when the latter was listed in the alternative market of the ASE, and

b) On 23 March 2009 the Company held as a whole 103,284 own shares corresponding to 0.89% of its share capital.

(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

There are no restrictions on the voting rights of Company shares of which the latter is aware.

(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.

The Board of Directors is competent to buy own shares pursuant to Article 16 of C.L. 2190/20 by virtue of decision dated 17/4/2008 of the company's ordinary general meeting.

(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 2008 with the following explanations, too, on individual paragraphs (a), (e) and (f) of section H 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.

Further, on 27.02.2009 the shareholder of the Company, Mr. Georgios Korres transferred by way of sale two hundred thousand (200,000) ordinary registered shares of the Company which correspond to 1.73% of its paid-up share capital.

In view of the above acts, Mr. Georgios Korres' holding in the Company's share capital dropped from 59.10% to 54.37% from 01/01/2008 to 24/03/2009 and thus, in accordance with the list of shareholders of 24 March 2008, the Company's shareholders' structure, to the best of its knowledge, was as follows:

Shareholder	Number of Shares	%
Georgios Korres, son of Nikolaos	6,279,775	54.37
Eleni Filippou, daughter of Ioannis	647,250	5.60

Ordinary investors and institutional investors	4,422,975	38.30
Total	11,550,000	100.0

We further note that:

A) in execution of the abovementioned Private Agreement and based on a special irrevocable power of attorney provided by Mrs. E. Filippou to Mr. G. Korres, the voting rights arising from the donated shares, for as long as such shares are owned by Mrs. E. Filippou (currently 5.60% of the paid-up share capital), shall be exercised exclusively by Mr. G. Korres.

B) On 13 February 2009, the proportion of the voting rights held by Mr. Georgios Korres in the company rose to 62.32% from 58.1% following acquisition of 493,500 voting rights of the company through irrevocable powers of attorney;

C) On 19 February 2009, the proportion of the voting rights held by Mr. Georgios Korres in the company rose to 65.98% from 62.32% following acquisition of 416,250 voting rights through irrevocable powers of attorney.

In view of the above, Mr. G. Korres exercises voting rights on Company shares corresponding approximately to 65.98% of its share capital.

(i) Data on share - Dividend policy

The closing price of Korres share on 31.12.2008 came to EUR **5.18**, namely 45.4% lower than the closing price as at 31.12.2007. The year's highest price reached EUR **9.66 (30/05/2008)** whereas the year's lowest price stood at EUR **4.9 (2/12/2008)**. Volume Weighted Average Price stood at EUR **7.83**, which corresponds to Company capitalization equal to EUR **90.4** million. Company capitalization on 31.12.2008 stood at EUR **59.8** million.

On average, **3,731** shares were traded daily, this corresponding to **0.03%** of the total number of the Company's shares.

Average daily value of transactions came to EUR **29,193**. As a whole, during 2008 **906,730** shares were traded, this corresponding to **7.8%** of the total number of the Company's shares.

Company Management will recommend to the upcoming Annual Ordinary General Meeting the distribution of dividend for year 2008 equal to EUR 0.12 per share. The tax due will be paid out of the said amount in line with applicable provisions.

The proposed amount of dividend per share for year 2008 corresponds to dividend return equal to 2.3% based on the closing price of the Company's share on 31.12.2008 (compared to 1.6% of previous year).

In addition, the total amount of the distributed dividend as share of post-tax earnings during year 2008 (payout ratio) corresponds to 34.8% (compared to 54.9% of previous year).

(j) Information on labour and environmental issues

KORRES S.A. was certified in June 2008 as per ISO 9001:2000 by Bureau Veritas with the certification referring to the design, development and manufacture of cosmetics, storage, promotion and trade of cosmetics and foodstuff.

At the same time, 20 company executives were trained in the program "ISO 9001:2000 Internal Quality Auditors" by Hellenic Lloyd's S.A.

Continuous improvement is a significant parameter for our success and thus during 2008 we laid the foundations for our Commitment to Business Excellence (Committed to Excellence). This program will be completed during 2009.

As regards environmental issues, the prevention of environmental impact from company activities as well as thorough and continuous legal compliance were amid our priorities.

This was attained by:

- effective operation of the company's waste biological treatment system;
- paper and packaging material collection in a special site and recycling thereof by a specialized recycling company;
- successful external audits (Prefectural Government of Viotia, Body of Auditors, Certification Bodies)
- monitoring and measurements of all factors that are a nuisance for the environment & of emitted pollutants

At the same time, we laid the foundations for the application of an Environmental Management (ISO 14001) & Occupational Health & Safety Management System (OHSAS 18001); this program will be completed during 2009.

As regards the staff employed, on 31/12/2008 they numbered 300 and 249 persons at Group and company level respectively. The respective figures for 2007 were 251 and 232 for the Group and the Company respectively. The major change in the Group is due to the participation of the new subsidiaries such as Pharmacon North Greece and District Two.

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

1. Approve the Annual Financial Statements of the 9th Fiscal Year (1 January 2008 – 31 December 2008) along with the accompanying reports prepared by the Board of Directors and the Chartered Auditors.
2. Approve the proposal made by the Board of Directors as regards the distribution of the company's profits.
3. Release us and the auditors of any liability relating to the actions taken during the 8th Fiscal Year (1 January 2008 – 31 December 2008), in accordance with the Law and the Articles of Association.
4. Approve the fees paid to the Board of Directors for the 9th Fiscal Year (1 January 2008 – 31 December 2008) and provide preliminary approval for the fees to be paid to the Board of Directors for the 10th Fiscal Year (1 January 2009 – 31 December 2009).
5. Elect one Ordinary and one Deputy Chartered Auditor from the Body of Chartered Auditors for the 10th Fiscal Year (1 January 2009 – 31 December 2009).

Athens, 26 March 2009

The Board of Directors”.

**C) AUDIT REPORT BY INDEPENDENT CHARTERED AUDITOR-ACCOUNTANT****Audit Report by the Independent Chartered Auditor - Accountant**

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

Report on the financial statements

We have audited the attached company and consolidated financial statements of KORRES S.A. – NATURAL PRODUCTS (the “Company”), which comprise the Company and consolidated balance sheets of 31 December 2008, as well as the income statements, the statements of changes in equity and the cash flow statements 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 conducted our audit pursuant to 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 to express 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 give a fair view, in all material aspects, of the financial position of the Company and of the Group on 31 December 2008, 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.

Report on other Legal Issues

We verified reconciliation and matching of the content of the Board’s Report with the attached financial statements in the context of the stipulations of Articles 43a, 107 and 37 of Codified Law No. 2190/1920.

Athens, 27 March 2009

PriceWaterhouseCoopers
Societe Anonyme Auditing Firm
Chartered Auditors-Accountants
268 Kifisias Ave.
15232 Halandri
SOEL Reg. No 113

THE CHARTERED AUDITOR - ACCOUNTANT

Konstantinos Mihalatos
SOEL Reg. No. 17701

D) ANNUAL FINANCIAL STATEMENTS FOR THE YEAR 1/1 – 31/12/2008**Balance Sheet**

The Group's and Company's balance sheet for the year ended 31/12/2008 and the respective comparable amounts of the previous fiscal year are as follows:

		Group		Company	
	Notes	31/12/08	31/12/07	31/12/08	31/12/07
ASSETS					
Non-current assets					
Tangible assets	6	19,297,749	13,267,033	18,769,000	13,230,130
Intangible assets	7	2,540,447	1,299,079	2,516,492	1,319,840
Investments in subsidiaries	8	0	0	6,776,555	1,543,780
Investments in affiliates	9	2,340,459	512,387	2,420,640	573,548
Financial assets available for sale	10	942,982	0	942,982	0
Company goodwill	11	6,584,971	580,406	0	0
Deferred tax assets	20	906,046	149,922	0	0
Other long term receivables	12	1,149,304	1,933,780	1,134,754	1,927,182
		33,761,958	17,742,606	32,560,422	18,594,480
Current assets					
Inventories	13	18,003,937	9,609,320	15,305,138	9,176,609
Customers and other trade receivables	14	36,525,168	20,026,370	36,188,448	19,292,842
Cash and cash equivalents	15	3,357,850	2,209,200	2,098,481	2,017,809
		57,886,955	31,844,890	53,592,067	30,487,260
Total assets		91,648,913	49,587,495	86,152,489	49,081,740
EQUITY & LIABILITIES					
Equity					
Share Capital	16	4,504,500	2,310,000	4,504,500	2,310,000
Own shares	18	-87,536	0	-87,536	0
Share premium	16	7,873,819	10,110,000	7,873,819	10,110,000
Reserves	19	1,392,955	707,498	1,392,955	707,498
Results carried forward		7,648,235	5,733,523	8,435,307	6,228,839
Equity attributable to parent company shareholders		21,331,973	18,861,021	22,119,045	19,356,336
Minority Interest		-307,927	7,654	0	0
Total equity		21,024,046	18,868,674	22,119,045	19,356,336
Payables					
Long term liabilities					
Deferred tax liabilities	20	1,373,243	515,415	1,339,642	514,710
Liabilities for staff retirement indemnities	21	403,383	272,523	356,337	271,017
Loan liabilities	22	8,608,322	8,079,431	8,608,322	8,079,431
Total Long Term Liabilities		10,384,948	8,867,369	10,304,302	8,865,158
Short term liabilities					
Suppliers and other liabilities	23	21,665,736	15,199,268	16,747,410	14,232,612
Current tax liabilities	24	949,568	1,325,756	898,744	1,303,367
Loan liabilities	22	37,624,615	5,326,428	36,082,988	5,324,267
Total Short Term Liabilities		60,239,919	21,851,452	53,729,142	20,860,246
Total liabilities		70,624,867	30,718,821	64,033,444	29,725,404
Total equity and liabilities		91,648,913	49,587,495	86,152,489	49,081,740

THE CHAIRMAN OF THE BoD
& CEO

GEORGIOS KORRES
ID No. ≡ 037060

THE VICE CHAIRMAN
OF THE BoD & GENERAL MANAGER

PANAGIOTIS SPYROPOULOS
ID No. P 060966

THE FINANCIAL
MANAGER

EMMANUEL KONTOS
ID No. ≡ 460800

THE HEAD ACCOUNTANT

PHILIPPOS SAKOUTIS
ID No. ≡ 410881

The notes on pages 22 – 71 are an integral part of these annual financial statements.

Income Statement

The income statement of the Group and the Company for the year 01/01 - 31/12/2008 and the respective comparable sums of the previous year are as follows:

	Notes	Group		Company	
		1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Sales	25	53,736,392	35,977,891	46,950,142	35,393,731
Cost of Sales	26	-21,036,470	-12,891,586	-17,792,483	-13,259,957
Gross Profit		32,699,922	23,086,305	29,157,659	22,133,774
Research and Development expenses	27	-1,555,905	-665,589	-1,598,882	-666,016
Distribution expenses	28	-18,813,239	-13,688,681	-15,540,882	-12,431,786
Administrative expenses	29	-5,327,558	-4,241,281	-4,868,514	-3,932,118
Other income / expenses	30	632,336	962,334	631,706	941,463
Earnings before interest and taxes		7,635,555	5,453,088	7,781,087	6,045,317
Financial income	31	188,016	259,986	184,470	259,986
Financial expenses	31	-2,279,386	-1,053,186	-2,214,177	-1,050,553
Results from affiliates	9	-19,019	-61,161	0	0
Profit before taxes		5,525,166	4,598,727	5,751,379	5,254,750
Income tax	32	-1,544,237	-1,373,065	-1,587,330	-1,521,825
Net profit for the fiscal year		3,980,929	3,225,663	4,164,049	3,732,925
Distributed as follows:					
Company Shareholders		3,878,893	3,242,009	4,164,049	3,732,925
Minority Shareholders		102,036	-16,346	-	-
		3,980,929	3,225,663	4,164,049	3,732,925
	Notes	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Earnings allocated to shareholders		3,878,893	3,225,662	4,164,049	3,732,925
Number of shares	37	11,550,000	10,885,890	11,550,000	10,885,890
Earnings per share		0,3358	0,2963	0,3605	0,3429

The notes on pages 22 – 71 are an integral part of these annual financial statements.

Cash Flow Statement

The cash flow of the Group and the Company for the year 01/01 - 31/12/2008 and the respective comparable sums of the previous year are as follows:

	Group		Company	
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Operating activities				
Profit before taxes	5,525,166	4,598,728	5,751,379	5,254,751
Plus / less adjustments for:				
Amortizations	1,565,871	1,089,261	1,525,753	1,086,000
Provisions	708,015	477,443	681,846	475,937
Other non-liquid transactions	-71,076	-119,593	-94,500	-176,354
Results (income, expenses, profit and loss) from investment activity	-184,470	-259,827	-184,470	-259,827
Interest expenses and related expenses	1,913,514	953,051	1,870,885	950,890
Plus / less adjustments for changes in working capital accounts or accounts relating to operating activities:				
Decrease / (increase) in inventories	-2,753,299	-4,433,583	-6,689,476	-4,111,196
Decrease / (increase) in receivables	-10,635,921	-6,341,299	-16,026,831	-5,760,664
(Decrease) / increase in liabilities (apart from banks)	-2,308,643	7,277,514	3,703,513	6,584,457
Less:				
Interest expenses and related paid-up expenses	-1,632,180	-635,941	-1,589,551	-633,780
Taxes paid	-1,274,132	-1,391,307	-1,274,132	-1,391,307
Total inflows / outflows from operating activities (a)	-9,147,156	1,214,447	-12,325,584	2,018,907
Investment activities				
Acquisition of subsidiary & affiliate	-9,284,135	-1,281,328	-8,022,848	-2,117,328
Purchase of tangible and intangible assets	-8,095,822	-4,783,492	-7,978,955	-4,784,646
Proceeds from sales of tangible and intangible assets	-9,995	800	0	800
Interest received	184,470	259,986	184,470	259,986
Total inflows / outflows from investment activities (b)	-17,205,482	-5,804,034	-15,817,334	-6,641,188
Financing activities				
Proceeds for share capital increase and share premium	0	10,614,000	0	10,590,000
Proceeds from issued / received loans	41,789,216	4,946,999	41,527,344	4,644,838
Repayment of loans	-11,677,023	-8,176,761	-10,692,851	-7,876,761
Payments of liabilities from financial leases	-840,503	-850,064	-840,503	-850,064
Dividends paid	-1,770,402	-1,540,000	-1,770,402	-1,540,000
Total inflows / outflows from financing activities (c)	27,501,289	4,994,174	28,223,589	4,968,013
Net increase (decrease) in cash & cash equivalents for the period (a) + (b) + (c)	1,148,650	404,587	80,672	345,732
Cash and cash equivalents at the beginning of the period	2,209,200	1,804,611	2,017,809	1,672,078
Cash and cash equivalents at the end of the period	3,357,850	2,209,200	2,098,481	2,017,809

The notes on pages 22 – 71 are an integral part of these annual financial statements.

Statement of changes in equity

The Statement of changes in equity for the Group is as follows:

Group								
	Share Capital	Share Premium	Own shares	Reserves	Results carried forward	Total	Minority Interest	Total
Changes in Equity for the year 1/1 – 31/12/2007								
Balance as at 1 January 2007	1,830,000	0	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	0	3,242,009	3,242,009	-16,346	3,225,663
Dividend distributed for 2006 earnings	0	0	0	0	-1,540,000	-1,540,000	0	-1,540,000
Share Capital Increase and Share Premium net of increase expenses	480,000	11,040,000	0	0	0	11,520,000	0	11,520,000
Transfer of profit to reserve	0	0	0	186,646	-186,646	0	0	0
Expenses recorded directly in Equity	0	-930,000	0	0	-4,400	-934,400	0	-934,400
Acquisition of subsidiary	0	0	0	0	0	0	24,000	24,000
Total Recognized Profit of the year	480,000	10,110,000	0	186,646	1,510,963	13,222,009	7,654	12,295,263
Balance as at 31 December 2007	2,310,000	10,110,000	0	707,497	5,733,523	18,861,020	7,654	18,868,674
Changes in Equity for the period 1/1 – 31/12/2008								
Balance as at 1 January 2008	2,310,000	10,110,000	0	707,498	5,733,523	18,861,020	7,654	18,868,674
Net results for the fiscal year 1/1 – 31/12/2008	0	0	0	0	3,878,893	3,878,893	102,036	3,980,929
Dividend distributed for 2007 earnings	0	0	0	0	-1,771,000	-1,771,000	0	-1,771,000
Profits from valuation of available-for-sale financial assets, net of taxes	0	0	0	151,486	0	151,486	0	151,486
Capital increase through capitalization of share premium	2,194,500	-2,194,500	0	0	0	0	0	0
Acquisition of own shares	0	0	-87,536	0	0	-87,536	0	-87,536
Value adjustment of self-produced tangible assets, net of taxes	0	0	0	325,769	0	325,769	0	325,769
Transfer of profit to reserve	0	0	0	208,202	-208,202	0	0	0
Expenses recorded directly in Equity	0	-53,406	0	0	-6,600	-60,006	0	-60,006
Acquisition of subsidiaries	0	0	0	0	0	0	-617,616	-617,616
Stock option plan	0	11,725	0	0	0	11,725	0	11,725
Adjustment of deferred tax	0	0	0	0	21,622	21,622	0	21,622
Subsidiary's share capital increase	0	0	0	0	0	0	200,000	200,000
Total Recognized Profit (loss) of the year	2,194,500	-2,236,181	-87,536	685,457	1,914,712	2,470,952	-315,581	2,155,371
Balance as at 31 December 2008	4,504,500	7,873,819	-87,536	1,392,955	7,648,235	21,331,973	-307,927	21,024,046

The notes on pages 22 – 71 are an integral part of these annual financial statements.

The Statement of changes in equity for the Company is as follows:

Company

	Share Capital	Share Premium	Own shares	Reserves	Results carried forward	Total
Changes in Equity for the year 1/1 – 31/12/2007						
Balance as at 1 January 2007	1,830,000	0	0	520,851	4,222,560	6,573,411
Net results of the period 1/1-31/03/2007	0	0	0	0	3,732,925	3,732,925
Dividend distributed for 2006 earnings	0	0	0	0	-1,540,000	-1,540,000
Share Capital Increase and Share Premium	480,000	11,040,000	0	0	0	11,520,000
Transfer of profit to reserve	0	0	0	186,646	-186,646	0
Expenses recorded directly in Equity	0	-930,000	0	0	0	-930,000
Total Recognized Profit of the year	480,000	10,110,000	0	186,646	2,006,279	12,782,925
Balance as at 31 December 2008	2,310,000	10,110,000	0	707,498	6,228,839	19,356,337
Changes in Equity for the period 1/1 – 31/12/2008						
Balance as at 1 January 2008	2,310,000	10,110,000	0	707,498	6,228,839	19,356,336
Net results for the fiscal year 1/1 – 31/12/2008	0	0	0	0	4,164,049	4,164,049
Dividend distributed for 2007 earnings	0	0	0	0	-1,771,000	-1,771,000
Profits from valuation of available-for-sale financial assets, net of taxes	0	0	0	151,486	0	151,486
Capital increase through capitalization of share premium	2,194,500	-2,194,500	0	0	0	0
Acquisition of own shares	0	0	-87,536	0	0	-87,536
Value adjustment of self-produced tangible assets, net of taxes	0	0	0	325,769	0	325,769
Transfer of profit to reserve	0	0	0	208,202	-208,202	0
Expenses recorded directly in Equity	0	-53,406	0	0	0	-53,406
Stock option plan	0	11,725	0	0	0	11,725
Adjustment of deferred tax	0	0	0	0	21,622	21,622
Total Recognized Profit (loss) of the year	2,194,500	-2,236,181	-87,536	685,457	2,206,468	2,729,361
Balance as at 31 December 2008	4,504,500	7,873,819	-87,536	1,392,955	8,435,307	22,119,044

The notes on pages 22 – 71 are an integral part of these annual financial statements.

Explanatory notes

1. General Information

The Group "Korres S.A. – Natural Products" presents its financial statements for the fiscal year 01/01 – 31/12/2008, 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 Medium & Small Capitalization category.

In detail, the Group's structure and company consolidation method are as follows:

Corporate name	Registered office	Main activity	Participation percentage	Consolidation method	Holding relation
KORRES S.A. – NATURAL PRODUCTS	Greece	Manufacture and trade of cosmetics and pharmaceuticals	Parent	-	-
Kings & Queens Single-member Ltd.	Greece	Trade of cosmetics	100%	Full	Direct
Korres Homeopathy Products S.A.	Greece	Trade of homeopathy products	100%	Full	Direct
Phyto 12 S.A.	Greece	Trade and distribution of herbal extracts	60%	Full	Direct
District Two GmbH	Germany	Trade of cosmetics, pharmaceuticals and homeopathy products	50%	Full	Direct
Pharmacon North Greece S.A.	Greece	Trade of cosmetics, pharmaceuticals and homeopathy products	70%	Full	Direct
Kozani Crocus Products S.A.	Greece	Manufacture and trade of crocus-based products	45%	Net position	Direct

The financial statements of District Two GmbH and Pharmacon North Greece S.A. were consolidated for the first time in the Group's financial statements for the current year 1/1 - 31/12/2008 by applying the full consolidation method (relevant information is set out in Note No 8 below).

The number of employed staff on 31.12.2008 was two hundred and forty-nine (249) individuals for the Company and three hundred (300) individuals for the Group, while on 31.12.2007 the respective figures came to two hundred thirty-two (232) and two hundred fifty-one for the Company and the Group respectively.

These financial statements were approved by the Company's Board of Directors on 26 March 2009 and are subject to approval by the General Meeting of the Company's shareholders.

2. 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 through profit and loss 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 contingent 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.

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

3. Basic accounting principles

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.

3.1. 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.

3.2. 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.

3.3. 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.

3.4. 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 fair values, less the accumulated depreciation and every recognized impairment. The Management makes adjustments of the values of such items at appropriate regular intervals based on periodic assessments by independent external chartered

assessors 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. In case a fixed asset is sold, the resultant profit or loss is recognized in results.

The land is shown in the balance sheet at their adjusted value less any recognized impairment. 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 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.

3.5. Intangible assets

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.

Development expenses

The development expenses recognized as intangible assets pertain to expenses arising from the implementation 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 concern products or manufacturing processes which are exactly defined and whose expenditures can be itemized and calculated reliably.

The management recognized an expense as development expense if the following conditions apply:

- 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, and
- 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.

Other intangible assets

Other intangible assets pertain to the value of software programs used by the Group in its various administrative operations. Software cost includes the purchase cost of software programs. The cost of licenses for software use is capitalized based on both acquisition and development cost of the software program concerned.

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.

3.6. 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.

Financial assets at fair value through profit and loss

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

- financial assets acquired with a view of being sold within a short period of time or if characterized by the Management as such (including derivatives save those designated as effective hedging instruments, those acquired or created for the purpose of sale or repurchase and finally those being part of a portfolio consisting 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.

Assets falling under this category are included in current assets either because they are held for sale or will be realized within twelve months from the balance sheet date.

Financial assets measured at fair value through the Group's profit and loss are included in current assets in the sum "**Cash and cash equivalents**".

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;
- 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;
- 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**".

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.

The fair values of financial assets that are traded on active markets are determined by current bid prices. In the case of assets not so traded, fair values are designated using valuation techniques such as recent transaction analysis, reference to traded comparables and cash flow discounts that are customized so as to reflect the issuer's actual circumstances.

On each balance sheet date the Group ascertains if there are objective indications which lead to the conclusion that the financial assets are impaired.

Available-for-sale financial assets of the Group that are included in non-current assets of the Balance sheet concern shares listed on ASE that are held by the Company.

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 unfavourable;
- 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 product 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.

3.7. 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 labour 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.

Estimates of net realizable value also take into account the purpose for which inventories are kept. Therefore, the net realizable value of the quantity of the inventory kept for meeting certain sales agreements of goods or services is based on contractual price. If sales agreements cover less quantities than those of the inventories kept, the net realizable value of the additional quantity is based on general selling prices.

3.8. 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).

3.9. Cash and Cash Equivalents

Cash and cash equivalents include cash, bank deposits, short term highly-liquid, low-risk investments of up to three months. Overdrafts are included in the sum of loan liabilities in the balance sheet.

3.10. 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.

3.11. Own shares

The own shares held by the Company or Group companies are recognized at acquisition cost (paid price plus acquisition expenses) being subtracted from equity. Any result arising from the sale, cancellation or distribution of own shares is recognized directly in equity.

3.12. Employee benefits

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.

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.

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 expense 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.

3.13. 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.

3.14. 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.

Group company as a lessor

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

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.

3.15. 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 do not include non-taxable income or non-deductible tax charges, neither do they include 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.

3.16. 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.

3.17. 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.

3.18. Benefits based on equity instruments

The Company provides the members of the Board of Directors and executives with stock options in exchange for the services they provide.

The services provided by beneficiaries are measured at the fair value of the options assigned on the grant date. The fair value of options is determined using adequate valuation models and options are recognized on the date they are vested. In addition, on the date options are vested, their cost is recognized as expense in profit and loss by increasing equity accordingly. In case fewer options than those estimated are finally exercised, no adjustment will be made of the expenses recognized in previous fiscal years.

3.19. Earnings per share

Basic earnings per share are calculated by dividing net profits by the weighted average number of ordinary shares outstanding during each year, save the average number of ordinary shares acquired as own shares.

3.20. Dividend distribution

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

3.21. 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:

- the valuation of available-for-sale financial assets;
- income tax;
- goodwill impairment; and
- impairment of holdings in subsidiaries and affiliated companies.

3.22. 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.

3.23. 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.

4. New Standards and Interpretations

4.1. Compulsory amendment of standards for the current year 2008

IFRS 39 – Financial instruments: recognition and valuation (amendment applying as of 30/6/2008) and IFRS 7 - Financial instruments: disclosures (amendment applying as of 30/6/2008)

This amendment would permit an entity to reclassify non-derivative financial instruments held for trading and available for sale under certain conditions and circumstances while reclassification options from/to the available-for-sale portfolio to/from the portfolio held until maturity are still in effect. In pursuance of the above amendments, there was no reason to reclassify the financial assets of the Group and, thus, the above amendments have not affected the financial statements of the Group.

4.2. Compulsory New Interpretations for the current year 2008

IFRIC 11 – IFRS 2: Group and Treasury Share Transactions (applying as of 1/3/2008)

The Interpretation clarifies the case where a parent grants rights to its equity instruments to employees of a subsidiary. It also clarifies whether certain types of transactions should be accounted for as equity-settled or as cash-settled.

IFRIC 12 - Service Concession Arrangements (applying as of 1/1/2008)

It provides guidance on how to recognize and measure liabilities and relevant rights in service concession arrangements. The interpretation does not apply to the Group's financial statements.

IFRIC 13 - Customer Loyalty Programs (applying as of 1/07/2008)

It addresses accounting treatment by companies that grant award credits, such as "travel points" or "miles", to customers who buy goods or services. The interpretation does not apply to the Group's financial statements.

IFRIC 14 – The limit on defined benefit assets, minimum funding requirements and their interaction (applying as of 1/1/2008)

It provides guidance on the amount of the surplus arising from a staff benefit plan that can be recognized as asset by an entity. It also explains how retirement assets or liabilities can be affected when there is a limit on minimum funding requirements. The interpretation did not apply to the Group's financial statements.

IFRIC 16 - Hedges of a Net Investment in a Foreign Operation (applying as of 1/10/2008)

It provides guidance on the nature of the risks hedged and the amount recognized in the hedged item for which a hedging relation has been specified. The interpretation did not apply to the Group's financial statements.

4.3. New, revised or amended standards that must be applied as of the current year 2008

IFRS 8 "Operating segments" (new standard applying as of 1/1/2009)

It replaces IAS 14 "Segment reporting". The new standard aims to provide instructions on the disclosure of information about the operating segments of an entity, its products, services, geographical segments of activity and major customers. The standard adopts a management approach regarding the financial information provided per activity sector. The information disclosed must be the one the Management uses internally to evaluate the performance of operating segments and allocate resources to these sectors. The Group will implement this new standard as of 1/1/2009 and thereafter.

IAS 1 - Presentation of Financial Statements (revision of the standard applying as of 1/1/2009)

IAS 1 has been amended to enhance the usefulness of the information presented in financial statements and applies to accounting periods beginning on or after 1 July 2009. The main changes are summed up in the separate presentation of changes in equity arising from transactions with the owners (shareholders) in their capacity as owners (e.g. dividends, share capital increase, etc) apart from other changes in equity. In addition, the revision of the standard brought about changes to the terminology used and to the presentation of Financial Statements. The new definitions do not change the rules of recognition, valuation or disclosure of specific transactions and other events required by other standards. The Group will implement the said revised standard as of 1/1/2009 and thereafter.

IAS 23 - Borrowing costs (revision of the standard applying as of 1/1/2009)

The main difference from the past version lies in the removal of the option of immediately recognizing as a period expense borrowing costs that relate directly to assets that take a substantial period of time to get ready for use or sale. The Group will implement the said revised standard as of 1/1/2009 and thereafter.

IFRS 3 - Business Combinations (revision of the standard applying as of 01.07.09) and

IAS 27 - Consolidated and Separate Financial Statements (amendment of the standard applying as of 01.07.09)

Revised IFRS 3 introduces a series of changes in the accounting treatment of business combinations which will affect the amount of the recognized goodwill, the results of the period during which business combination takes place and the future results. As part of these changes, the costs related to the acquisition are expensed and future changes are recognized at the fair value of the contingent consideration in results. Amended IAS 27 requires that any transactions leading to changes in holding percentages in a subsidiary are posted in equity. All changes of the above standards will be implemented as of 01/07/2009 and will affect future acquisitions and transactions with minority shareholders as of such date and thereafter.

IAS 39 – Financial instruments: Recognition and assessment (amendment of the standard applying as of 01.07.09)

The said amendment clarifies how the principles defining whether a hedged risk or part of cash flows falls under the scope of hedge accounting should be implemented under specific circumstances. The Group will implement the said revised standard as of 01.07.09 and thereafter.

IAS 32 – Financial instruments: Presentation (amendment of the standard applying as of 01.07.09) and

IAS 1 - Presentation of Financial Statements (amendment of the standard applying as of 01.07.09)

The amendment to IAS 32 requires that certain financial instruments held by their owner (puttable instruments) and liabilities arising from the liquidation of an entity are posted as Shareholders Equity if specific criteria are met. The amendment to IAS 1 requires the disclosure of information regarding puttable instruments posted to Shareholders Equity. The above amendments will be applied by the Group but it is not expected that they will affect its financial statements.

IFRS 1 - First-time adoption of IFRS (amendment of the standard applying as of 01.07.09) and

IAS 27 - Consolidated and Separate Financial Statements (amendment of the standard applying as of 01.07.09)

Amendment of IFRS 1 enables an entity adopting the International Financial Reporting Standards for the first time to choose to measure its investments in subsidiaries, joint ventures or associates at their acquisition cost and use fair value or book value as deemed cost on the basis of previous accounting principles. In addition, the amendment abolishes the cost method under IAS 27 and replaces it with the requirement to present dividends as income in the investor's individual financial statements. The above amendments will be applied by the Group as of 1/7/2009 (if new business combinations of the Group take place).

IFRS 2 (Amendment) "Share-based payments" (amendment of the standard applying as of 1/1/2009)

The requirements relating to the accounting treatment of non-vesting conditions of an agreement involving equity instruments have been amended. In addition, the definitions of vesting, vesting conditions and performance conditions were amended. The above amendments will be implemented by the Group as of 1/7/2009.

4.4. New Interpretations that must be applied as of the current year 2008

IFRIC 15 - Agreements for the construction of real estate (applying as of 1/1/2009)

This Interpretation provides guidance on the following issues: (a) whether an agreement for the construction of real estate is within the scope of IAS 11 "Construction Contracts" or IAS 18 "Revenue" and (b) when revenue from the construction should be recognised. The interpretation does not apply to the Group.

IFRIC 17 "Distributions of non-cash assets to owners" (applying as of 1/7/2009)

It provides guidance on the following issues: (a) when an entity should recognize dividends as being payable; (b) how an entity should recognize the dividend payable and (c) when an entity settles payable dividends, how to account for the difference between the carrying

amount of the assets distributed and the book value of payable dividends. The Group will implement the instructions of this IFRIC as of 1/7/2009.

5. Risk Management

5.1. Use of financial instruments

The Group uses financial instruments for commercial, financial and investment purposes. Use of financial instruments by the Group affects substantially its financial standing, profitability and cash flows.

Note No 33 below details the value and categories of the financial instruments held by the Group and the balance sheet accounts in which the said financial instruments are recognized. Note No 3.6 provides information on how financial instruments are recognized and measured while this note provides information on the risks entailed by such possession of financial instruments for the Group.

5.2. Financial risk factors

The Company is exposed to certain financial risks such as market risk (foreign exchange risk, price risk and cash flow risk from changes in interest rates), credit, liquidity and capital risks. Risk management by the Top Management focuses mainly on the recognition and assessment of financial risks such as: market risk, credit risk, liquidity risk and capital risk.

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

The Company holds in assets considerable interest-bearing items such as sight deposits and bank time deposits.

The Company is not exposed to a considerable risk from fluctuations in interest rates since its cash is kept in time deposits of up to three months and guaranteed return.

Trade and other receivables do not bear interest and have short maturity.

The most important risks arising from the financial instruments held by the Group are mainly the following:

- Market risk (interest rate value)
- Credit risk
- Liquidity risk

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.

(i) Foreign exchange risk

As regards foreign exchange risk, it is noted that although the Group is operating in many countries abroad, the greatest part of the commercial transactions of Group companies is held in the currency of the primary economic environment (functional currency) which is Euro.

(ii) Price risk

The Group is not exposed to any risks from changes in securities prices because the Group does not hold any available-for-sale assets or assets measured at fair value through profit or loss.

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

The said risk for the company focuses mainly on the risk of a change in interest rates. Loan liabilities of the Group are linked with floating rates (for more information see Note No 22 below).

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

Note No 34 below sets out a table presenting the exposure of the company to interest rate risk.

It results from the foregoing that in relation to market prices, the Group is mainly exposed to the risk of a change in lending rates.

Credit risk

The Group is exposed to credit risk consisting in the failure of the counterparty to settle fully the amounts due when these incur. More specifically, the said risk focuses rather on the risk of the Group failing to collect its receivables from its customers.

Note No 35 below sets out a table presenting the maximum exposure of the company to credit risk and an analysis of the sums under review into: (a) Non-overdue, (b) overdue and (c) impaired.

Liquidity risk

Liquidity risk is the risk of the Group being faced with difficulties in meeting its commitments which are related to financial liabilities.

Note No 36 sets out a table presenting maturity dates of the financial assets and liabilities of both Group and Company.

Capital risk management

When managing capital, the Group aims to secure its capacity to continue to exist as financial entity and be able in the future to provide returns to its shareholders and benefits to all parties involved and to preserve an adequate capital structure so as to reduce capital cost.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends, return on capital to shareholders, the issue of new shares or recourse to loans.

5.3. Risk Management Policy

The Board of Directors (BoD) is vested with ultimate responsibility for having the Company assume all types of risks and for monitoring them on a regular basis. In addition, the Board of Directors is responsible for monitoring the capital adequacy of the Company and the Group.

Via authorized directors of General or Financial Division, the Board of Directors:

(a) establishes and applies procedures and regulations allowing the identification of risks which are associated with the activities, procedures and operating systems of the Company (especially, credit risk, market risk and operating risk);

(b) specifies the acceptable level of risk;

(c) ensures that the Group has the necessary capital adequacy and overall risk management arising from its operation.

More specifically, as regards the existing risks, the main risk management principles in terms of each separate risk are the following:

Credit risk management principles

In the context of credit risk management, the Board of Directors establishes the procedures and policies required for effective credit risk prevention and management.

Mainly in association with the General, Financial and Trading Division, the Board of Directors:

- establishes and applies credit control procedures to minimize hazards and provide immediate coverage of receivables through securities;
- assesses the needs of the Group for equity so as to deal with credit risk;
- separates receivables and other exposures into: overdue receivables and doubtful debts (impaired);
- performs continuous control on its receivables, either separately or per group, and includes such information in credit audit controls;
- determines the amounts of necessary impairments of doubtful debts;
- determines the policies and procedures for assessing and managing any collateral;
- analyzes the different categories of exposures based on their residual maturity;
- evaluates the collateral provided to the Group;
- checks the integrity, reliability and accuracy of the sources of data employed and their updating procedure;
- in cooperation with the Trading Division, it assesses the creditworthiness of counterparties.

In order to reduce credit risk, the credit rating of the counterparty, country risk and the sector of economy in which it is operating together with quality and quantity characteristics are taken into account.

Note that 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. According to its policy, the Group works only with reliable customers.

Liquidity risk management principles

The Board of Directors cooperates mainly with the Financial Division in order to manage its liquidity needs by closely monitoring the scheduled payments for long-term liabilities and cash outflows from its everyday activities. Liquidity needs are monitored at different time zones (daily, weekly, monthly basis).

The Group keeps cash and highly-liquid investments so as to meet liquidity needs for up to 30 days. Funding its long-term needs is also protected by an adequate number of credits and its capacity to sell long-term financial assets.

Market risk management principles

In the context of market risk management, the Risk Management Officer establishes the procedures and policies required for effective market risk prevention and management. He also sees to the effective implementation of the procedures and arrangements provided for this effect and in particular:

- takes steps to ensure equity adequacy in relation to the Group's financing exposures;
- records the policy of approaches and value calculation methods involving exposures and adjustment of such value and provisions;
- applies a stress testing schedule.

6. Tangible assets

The reconciliation 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	Fixed assets under construction	Total
A. Acquisition cost							
Balance as at 01/01/2007	973,000	5,608,240	1,450,986	3,991,819	35,731	0	12,059,777
Additions	0	1,072,819	1,779,521	745,082	63,639	0	3,661,061
Reductions	0	0	0	1,403	1,241	0	2,644
Acquisitions through business combinations	0	0	0	4,845	15,367	0	20,211
Balance as at 31/12/2007	973,000	6,681,059	3,230,507	4,740,343	113,496	0	15,738,403
Additions	0	1,597,696	2,070,419	2,197,512	47,572	499,493	6,412,692
Reductions	0	0	104	2,557	52,936	0	55,597
Value adjustment	197,000	237,358	0	0	0	0	434,358
Acquisitions through business combinations	0	9,867	145	203,617	202,811	0	416,439
Balance as at 31/12/2008	1,170,000	8,525,980	5,300,967	7,138,915	310,942	499,493	22,946,297
B. Amortizations							
Balance as at 01/01/2007	0	183,971	205,698	1,162,363	12,554	0	1,564,586
Amortizations	0	208,184	145,875	545,952	8,458	0	908,469
Reductions	0	0	0	614	1,070	0	1,684
Balance as at 31/12/2007	0	392,155	351,573	1,707,701	19,942	0	2,471,371
Amortizations	0	254,015	240,912	726,433	20,567	0	1,241,926
Reductions	0	0	0	28,408	36,343	0	64,750
Balance as at 31/12/2008	0	646,170	592,485	2,405,727	4,166	0	3,648,547
Net book value at 31/12/2007	973,000	6,288,904	2,878,935	3,032,642	93,554	0	13,267,032
Net book value at 31/12/2008	1,170,000	7,879,810	4,708,482	4,733,188	306,777	499,493	19,297,749

Company

	Land - Plots	Buildings – Building facilities	Machinery	Furniture and Fixtures	Vehicles	Fixed assets under construction	Total
A. Acquisition cost							
Balance as at 01/01/2007	973,000	5,608,240	1,450,986	3,991,819	35,731	0	12,059,776
Additions	0	1,072,819	1,779,521	745,082	44,688	0	3,642,110
Reductions	0	0	0	1,403	1,241	0	2,644
Balance as at 31/12/2007	973,000	6,681,059	3,230,507	4,735,498	79,178	0	15,699,242
Additions	0	1,581,578	2,053,611	2,131,711	41,292	499,493	6,307,685
Reductions	0	0	0	0	4,959	0	4,959
Value adjustment	197,000	237,358	0	0	0	0	434,358
Balance as at 31/12/2008	1,170,000	8,499,995	5,284,118	6,867,209	115,510	499,493	22,436,325
B. Amortizations							
Balance as at 01/01/2007	0	183,971	205,698	1,162,363	12,554	0	1,564,586
Amortizations	0	208,184	145,875	545,847	6,304	0	906,210
Reductions	0	0	0	614	1,070	0	1,684
Balance as at 31/12/2007	0	392,155	351,573	1,707,596	17,788	0	2,469,112
Amortizations	0	252,771	240,483	701,641	6,866	0	1,201,761
Reductions	0	0	0	0	3,547	0	3,547
Balance as at 31/12/2008	0	644,926	592,056	2,409,237	21,107	0	3,667,326
Net book value at 31/12/2007	973,000	6,288,904	2,878,935	3,027,902	61,390	0	13,230,130

Net book value at 31/12/2008	1,170,000	7,855,069	4,692,062	4,457,972	94,403	499,493	18,769,000
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Any fixed assets acquired under a financial lease of the Group pertain exclusively to Company's fixed assets and are as follows:

	31/12/08	31/12/2007
Financial Lease regarding a land-plot	973,000	973,000
Financial Lease regarding a building	2,980,163	2,980,163
Financial Leases regarding other equipment	3,536,529	2,524,241
Less: Accumulated depreciation of building	-288,518	-189,279
Less: Accumulated depreciation of other equipment	-1,164,198	-789,920
Net book value of fixed assets acquired under financial lease	6,036,976	5,498,205

In fiscal year 2008, the company proceeded to assess the value of the land and building acquired by the Company by way of financial lease. The assessment was carried out by the company "Danos and Associates S.A." The main method used to assess fair value was the replacement cost method. The value adjustment that arose from the said assessment totalled € 434,358 and concerned the land by € 197,000 and the building by € 237,358. The said adjustment difference net of taxes **was posted to the relevant equity reserve.**

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

	31/12/08	31/12/2007
Cost of sales	309,039	165,424
Research and Development expenses	28,071	37,655
Distribution expenses	333,340	253,220
Administrative expenses	571,476	452,171
Total	1,241,926	908,470

Company

	31/12/08	31/12/2007
Cost of sales	309,039	165,424
Research and Development expenses	28,071	37,655
Distribution expenses	307,060	251,830
Administrative expenses	557,590	451,301
Total	1,201,761	906,210

7. Intangible assets

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

Group

	Software	Licenses	Research & Development	Total
A. Acquisition cost				
Balance as at 01/01/2007	514,101	129,399	209,917	853,417
Additions	380,678	39,468	517,351	937,497
Reductions	0	0	0	0
Acquisitions through business combinations	346	0	0	346
Balance as at 31/12/2007	895,125	168,867	727,268	1,791,260
Additions	670,072	108,274	754,814	1,533,160

Reductions	1,950	81	0	2,031
Acquisitions through business combinations	31,471	1,909	0	33,380
Balance as at 31/12/2008	1,594,717	278,970	1,482,082	3,355,770

B. Amortizations

Balance as at 01/01/2007	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 31/12/2007	218,109	128,356	145,715	492,181
Amortizations	123,802	14,615	185,528	323,945
Reductions	802	0	0	802
Balance as at 31/12/2008	341,109	142,971	331,243	815,323
Net book value at 31/12/2007	677,016	40,511	581,553	1,299,079
Net book value at 31/12/2008	1,253,608	135,999	1,150,840	2,540,447

Company

	Software	Licenses	Research & Development	Total
A. Acquisition cost				
Balance as at 01/01/2007	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 31/12/2007	894,779	159,399	757,268	1,811,446
Additions	669,554	96,275	754,814	1,520,643
Reductions	0	0	0	0
Balance as at 31/12/2008	1,564,333	255,674	1,512,082	3,332,090
B. Amortizations				
Balance as at 01/01/2007	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 31/12/2007	218,054	127,409	146,143	491,606
Amortizations	120,640	11,824	191,527	323,992
Reductions	0	0	0	0
Balance as at 31/12/2008	338,694	139,234	337,670	815,598
Net book value at 31/12/2007	676,725	31,990	611,125	1,319,840
Net book value at 31/12/2008	1,225,639	116,441	1,174,412	2,516,492

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

Group

	31/12/08	31/12/2007
Cost of sales	83,316	32,820
Research and Development expenses	1,568	7,471
Distribution expenses	86,747	50,518
Administrative expenses	152,314	89,556
Total	323,945	180,364

Company

	31/12/08	31/12/2007
Cost of sales	83,316	32,820

Research and Development expenses	7,568	7,471
Distribution expenses	82,783	49,962
Administrative expenses	150,325	89,537
Total	323,992	179,790

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.

8. Investments in Subsidiaries

8.1. Sum breakdown

The "Investments in Subsidiaries" sum of the Assets in the Balance Sheet, amounting to € 6,776,555 pertains to the following:

- € 1,200,000 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."
- € 1,136,920 pertains to the company's holding in the subsidiary "District Two GmbH".
- € 3,695,855 pertains to the company's holding in the subsidiary "Pharmacon North Greece S.A."

8.2. Acquisition of holdings during the current year

Of the holdings owned by the Company, the following were acquired during the current year 2008:

- The entire holding in "District Two GmbH" amounting to € 1,136,920 (initial acquisition cost € 936,920 and participation in share capital increase by € 200,000).
- The entire holding in "Pharmacon North Greece S.A." amounting to € 3,695,855.
- Holding equal to € 400,000 in "Kings & Queens Single-Member Ltd" in the context of an equal increase of the said subsidiary's share capital.

In whole, the development of investments in the Company's subsidiaries is as follows:

	31/12/08	31/12/07
Opening balance	1,543,780	0
Acquisitions - Establishments	4,632,775	803,780
Participation in share capital increase	600,000	40,000
Closing balance	6,776,555	1,543,780

8.3. Acquisition of District Two GmbH

Control over "District Two GmbH" was acquired with a 50% holding in its share capital on 30 June 2008. Holding in "District Two GmbH", which is seated in Munich, Germany, was acquired for the purpose of strategic cooperation with the local distributor, which will lead to further development of the two brands of the Group "Korres Natural Products" and "Kings and Queens" in the German market, by strengthening the relevant promotional activities and further penetrating through new associations in new semi-selective and selective distribution points which are the main distribution channels of Group products.

The price for acquiring the above holding came to € 750,000. The costs directly attributed to acquisition stand at € 186,920.

The acquired company was assessed in May 2008 by the consulting firm "KPMG Consultants S.A.". Valuation was based on Fair Market Value and the method of Discounted Cash Flow was used.

8.4. Acquisition of "Pharmacon North Greece S.A."

Control over "Pharmacon North Greece S.A." was acquired with a 70% holding in its share capital on 1 October 2008. "Pharmacon Northern Greece S.A." is seated in Thessaloniki and is mainly operating in the distribution of cosmetics. This acquisition took place mainly for helping the Group to gain direct access to a considerable clientele (more than 1,700 pharmacies in the regions of Makedonia, Thessalia, Ipirus and Thraki) and opportunities to further strengthen the presence of the brand "Korres Natural Products" in these specific regions. At the same time, the Company's profitability can be enhanced through the economies of scale that will be created and the promotional activities planned by the Company for the future.

The price for acquiring the above holding came to € 3,650,000. The costs directly attributed to acquisition stand at € 45,855.

The acquired company was assessed in May 2008 by the consulting firm "KPMG Consultants S.A.". Valuation was based on Fair Market Value and the method of Discounted Cash Flow was used in conjunction with the equity method of accounting.

8.5. Condensed financials of consolidated subsidiaries

Below are given the main financial items (before consolidation deletions) of each subsidiary whose financial statements are included in the Group's financial statements as established as of their acquisition date:

	Kings & Queens Single-member Ltd.		Phyto 12 S.A.		Korres Homeopathy Products S.A.		District Two GmbH	Pharmacon North Greece S.A.
	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/07	31/12/08	31/12/08
ASSETS								
Non-current assets	389,607	166,824	15,027	13,622	42,549	21,787	143,436	907,253
Current assets	4,458,713	2,160,845	7,432	34,592	591,627	405,196	1,849,665	5,985,221
Total assets	4,848,320	2,327,669	22,459	48,214	634,176	426,983	1,993,101	6,892,474
EQUITY & LIABILITIES								
Share Capital and reserves	1,189,000	795,600	60,000	60,000	60,000	60,000	425,000	188,361
Profit/(Loss) carried forward	-1,026,573	-414,350	-42,082	-40,866	140,934	70,859	-132,536	-1,726,114
Total equity	162,427	381,250	17,918	19,134	200,934	130,859	292,464	-1,537,754
Long term Liabilities	3,824	1,506	0	0	49,952	705	0	21,495
Short term Liabilities	4,682,069	1,944,913	4,542	29,080	383,290	295,419	1,700,637	8,408,732
Total liabilities	4,685,893	1,946,419	4,542	29,080	433,242	296,124	1,700,637	8,430,227
Total equity & liabilities	4,848,320	2,327,669	22,459	48,214	634,176	426,983	1,993,101	6,892,474
RESULTS								
Sales	2,118,841	1,587,099	0	0	918,809	57,139	1,491,636	2,798,544
Result before taxes	-822,371	-550,650	-1,622	-54,488	110,079	4,647	-4,753	470,951
Results after taxes	-612,223	-414,350	-1,217	-40,866	70,074	3,485	-3,565	347,682

It is noted that:

- The financial accounts of "Kings & Queens Single-Member Ltd" were included in the Group's respective consolidated accounts for the first time in the Interim Financial Statements of the Group for the period 1/1 – 31/3/2007.
- The financial accounts of "Phyto 12 S.A." were included in the Group's respective consolidated accounts for the first time in the Annual Financial Statements of the Group for 2007.
- The financial accounts of "Korres Homeopathy Products S.A." were included in the Group's respective consolidated accounts for the first time in the Annual Financial Statements of the Group for 2007.
- The financial accounts of "District Two GmbH" were included in the Group's respective accounts for the first time in the Interim Financial Statements of the Group for the period 1/1 – 30/06/2008.
- The financial accounts of "Pharmacon North Greece S.A." were included in the Group's respective consolidated accounts for the first time in the Annual Financial Statements of the Group.

Further information about the acquisitions made during last year (2007) is set out in the annual financial statements as at 31 December 2007 which are available on the company's website www.korres.com.

8.6. Effects of business combinations acquired during the current year

The table below sets out details on the effect of business combinations acquired during the current year:

	"KORRES S.A. – NATURAL PRODUCTS" Group	District Two GmbH		Pharmacon North Greece S.A.		Total effect of combinations	
		1/7 - 31/12/2008		1/10 - 31/12/2008		Quantitative effect of combination	Percentage effect of combination
		Quantitative effect of combination	Percentage effect of combination	Quantitative effect of combination	Percentage effect of combination		
First-combination sums	1/1 - 31/12/2008						
Sales	53,736,392	1,491,636	2.78%	2,798,544	5.21%	4,290,180	7.98%
Cost of Sales	-21,036,470	-617,154	2.93%	-1,803,883	8.58%	-2,421,037	11.51%
Results after taxes for the period	3,980,929	-3,565	-0.09%	347,682	8.73%	344,118	8.64%
Result for parent	3,878,893	-1,782	-0.05%	243,378	6.27%	241,595	6.23%
Result for Minority	102,036	-1,782	-1.75%	104,305	102.22%	102,522	100.48%

Total result	3,980,929	-3,565	0.00	347,682	8.73%	344,118	8.64%
Equity attributable to shareholders	21,331,973	-1,782	-0.01%	243,378	1.14%	241,595	1.13%
Minority Interest	-307,927	-1,782	0.58%	104,305	-33.87%	102,522	-33.29%
Total Equity	21,024,046	-3,565	-0.02%	347,682	1.65%	344,118	1.64%

The table below sets out details on the effect of business combinations acquired during the current year if these were acquired at the beginning of the year.

	"KORRES S.A. – NATURAL PRODUCTS" Group	District Two GmbH		Pharmacon North Greece S.A.		Total effect of combinations	
		1/1 - 31/12/2008		1/1 - 31/12/2008		Quantitative effect of combination	Percentage effect of combination
		Quantitative effect of combination	Percentage effect of combination	Quantitative effect of combination	Percentage effect of combination		
First-combination sums	1/1 - 31/12/2008						
Sales	53,736,392	2,211,459	4.12%	8,370,236	15.58%	10,581,694	19.69%
Cost of Sales	-21,036,470	-1,029,738	4.90%	-8,847,617	42.06%	-10,017,354	47.62%
Results after taxes for the period	3,980,929	-132,535	-3.33%	-1,950,484	-49.00%	-2,083,019	-52.32%
Total Equity	21,024,046	-132,535	-0.63%	-1,950,484	-9.28%	-2,083,019	-9.91%

9. Investments in Affiliates

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

	31/12/08	31/12/07
Opening balance	512,387	0
Acquisition/ incorporation of affiliates	1,847,092	573,548
Share in losses	-19,019	-61,161
Closing balance	2,340,459	512,387

The entire amount invested in affiliates pertains to the holding of the company in "Kozani Crocus Products S.A.". During the period 01/01 – 31/12/08, "Korres S.A.-Natural Products" acquired an additional holding in "Kozani Crocus Products S.A." valued at € 1,847,092, this corresponding to 29.40% of the entire share capital. This increase was gradually carried out through acquisition of an additional holding of 27.2% in June 2008 and 2.2% in December 2008.

Through such acquisition, on 31/12/2008, overall holding of "Korres S.A.-Natural Products" in "Kozani Crocus Products S.A." came to 45% and was valued at € 2,420,640.

The main scope of activity of "Kozani Crocus Products S.A." is: a) 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 (b) the production, packaging, standardization, distribution, promotion and trade of beverages that will be produced by mixing or using Kozani crocus.

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

The assets, liabilities, income, total losses and the proportionate loss of the Group were as follows:

31/12/08

Affiliate	holding (%)	Country	Assets	Payables	Income	Total losses	Share in losses
Kozani Crocus Products S.A.	45.0%	Greece	3,530,883	484,949	141,598	-237,944	-19,019

31/12/07

Affiliate	holding (%)	Country	Assets	Payables	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 share of the Group in the associate's losses for the periods 1/1 – 31/12/2008 and 31/12/2007 amounting to € 19,019 and € 61,161 respectively were charged to the profit and loss of the Group (Income Statement account "Results from associates").

10. Financial assets available for sale

The available-for-sale financial assets of the company on 31/12/2008 concern shares acquired by the Company in "MEDITERRA S.A. – INDUSTRIAL, COMMERCIAL, COOPERATIVE COMPANY" and account for 5.13% of the capital of the said company. The shares of "MEDITERRA S.A." have been traded on the Alternative Market of ASE as of 28/02/2008.

The entry of the company in the share capital of MEDITERRA S.A. is a move supporting the business plan of the latter's growth and further strengthens their relations.

The above shares were acquired on 26/03/2008 and on 31/12/2008 were assessed at their fair value (current market price). The relevant valuation gain equal to € 201,981 was posted to equity reserve, net of taxes.

The transactions of the account are summed up as follows:

Group

	31/12/08	31/12/07
Opening balance	0	0
Acquisition cost of holding	741,000	0
Profits from holding valuation	201,981	0
Closing balance	942,982	0

Company

	31/12/08	31/12/07
Opening balance	0	0
Acquisition cost of holding	741,000	0
Profits from holding valuation	201,981	0
Closing balance	942,982	0

11. Company goodwill

The allocation of goodwill per subsidiary is analyzed as follows:

	31/12/08	31/12/07
Korres Homeopathy Products S.A.	580,406	580,406
District Two GmbH	988,906	0
Pharmacon North Greece S.A.	5,015,660	0
Total goodwill	6,584,972	580,406

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

Company goodwill	
Book value as at January 1st 2007	0
Gross book value	580,406
Accumulated impairment loss	0
Book value as at 31 December 2007	580,406
Gross book value	6,584,971
Accumulated impairment loss	0
Book value as at 31 December 2008	6,584,971

During the current period 01/01 – 31/12/2008 company goodwill for the Group equal to € 6,004,565 arose, which refers to the acquisition cost of "District Two GmbH" and "Pharmacon North Greece S.A." (see above note No 8), which exceeded the value of the Group's participation in the fair value of recognizable assets, liabilities and contingent liabilities of the acquired companies in question.

Below are given details relating to the net assets and liabilities acquired by the Group on 30/06/2008 as part of the combination of "District Two GmbH" and the goodwill amount that arose:

Acquisition price	
- Proportion of acquisition price covered by cash & cash equivalents	750,000
- Direct costs associated with the acquisition	186,920

Total acquisition price	936,920	
Value of the net assets and liabilities acquired	-51,986	
Goodwill	988,906	
Net assets and liabilities	Book values during acquisition	Fair values upon acquisition
Tangible assets	80,498	80,498
Intangible assets	9,686	9,686
Inventories	273,619	273,619
Trade and other receivables	205,213	205,213
Cash and cash equivalents	35,196	35,196
Suppliers and other liabilities	-667,464	-667,464
Current tax liabilities	-7,714	-7,714
Provisions/ contingent liabilities	-33,005	-33,005
Net assets/ liabilities	-103,972	-103,972
of the participating interest acquired		50%
Net assets/ liabilities acquired		-51,986
Cash flows upon acquisition:		
Cash and cash equivalents of the acquired company		35,196
Cash payment for the price		936,920
Net cash outflow		901,723

Below are given details relating to the net assets and liabilities acquired by the Group on 01/10/2008 as part of the combination of "Pharmacon North Greece S.A." and the goodwill amount that arose:

Acquisition price

- Proportion of acquisition price covered by cash & cash equivalents	3,650,000
- Direct costs associated with the acquisition	45,855
Total acquisition price	3,695,855

Value of the net assets and liabilities acquired	-1,319,805
Goodwill	5,015,660

Net assets and liabilities	Book values during acquisition	Fair values upon acquisition
Tangible assets	335,941	335,941
Intangible assets	23,694	23,694
Deferred tax assets	668,833	668,833
Inventories	2,126,147	2,126,147
Trade and other receivables	2,833,135	2,833,135
Cash and cash equivalents	844,731	844,731
Suppliers and other liabilities	-6,417,048	-6,417,048
Current tax liabilities	-39,103	-39,103
Short term loan liabilities	-2,261,765	-2,261,765
Net assets/ liabilities	-1,885,436	-1,885,436
of the participating interest acquired		70%
Net assets/ liabilities acquired		-1,319,805
Cash flows upon acquisition:		
Cash and cash equivalents of the acquired company		844,731
Cash payment for the price		3,695,855
Net cash outflow		2,851,124

The direct costs linked with the above acquisitions concern mainly the fees of legal and financial advisors who took part in the procedure of acquisitions and valuation of the companies in which holdings were acquired.

Goodwill is allocated to cash generating units for the purpose of impairment test. Allocation is made to the cash generating units that are expected to draw benefits from the acquisition that gave rise to such goodwill.

The recoverable value of a cash generating unit is specified according to calculation of the value in use. This calculation uses provisions of cash flows arising from financial budgets approved by the Management and covering a four-year period.

The company tested the impairment of goodwill as for the sums arising from the purchase of holding in Korres Homeopathy Products S.A. and Pharmacon North Greece SA. The company will test impairment of the sum that arose from the purchase of holding in "District Two Cosmetics" on 30.06 2009.

Below are given the main assumptions adopted by the Management for the calculation of future cash flows so as to test impairment of cash generating units. Budgeted gross profits are calculated pursuant to the gross profits generated during the previous year, after being adjusted by the expected improvement of performance.

Main assumptions for calculation of the value in use:

Korres Homeopathy Products S.A.: Present value interest rate: 8.7%, Average gross profit margin: 14.1%, Rate of growth over the long term: 0%. If earnings before interest and tax were lower by 3%, presumed interest rate was higher by 3% and working capital requirements 30% higher, the book value of the goodwill would not have reduced.

Pharmacon North Greece S.A.: Present value interest rate: 8.7%, Average gross profit margin: 27%, Rate of growth over the long term: 0%. If earnings before interest and tax were lower by 4%, presumed interest rate was higher by 2% and working capital requirements 10% higher, the book value of goodwill would not have reduced.

12. Other long term receivables

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

Group	31/12/08	31/12/07
Receivables from Korres USA and Korres LTD	1,046,462	1,846,462
Collateral provided	102,842	87,318
Total	1,149,304	1,933,780

Company

	31/12/08	31/12/07
Receivables from Korres USA and Korres LTD	1,046,462	1,846,462
Collateral provided	88,292	80,720
Total	1,134,754	1,927,182

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.

13. Inventories

The inventories of the Group and the Company are as follows:

Group

	31/12/08	31/12/07
Merchandise	8,450,800	2,835,440
Finished and semi-finished products	7,272,958	4,213,228
Raw and auxiliary materials	3,292,963	2,913,334
Impairment of inventories	-1,012,784	-352,681
Total	18,003,937	9,609,321

Company

	31/12/08	31/12/07
Merchandise	5,724,845	2,402,729
Finished and semi-finished products	7,272,958	4,213,228
Raw and auxiliary materials	3,292,963	2,913,334
Impairment of inventories	-985,628	-352,681
Total	15,305,138	9,176,610

The value of acquisition or consumption of inventories that was posted to the cost of sales of both Company and Group is as follows:

Group

	31/12/08	31/12/07
Cost of consumption-sales	19,577,561	11,433,792
Total	19,577,561	11,433,792

Company

	31/12/08	31/12/07
Cost of consumption-sales	16,290,382	11,716,317
Total	16,290,382	11,716,317

14. Customers and other trade receivables

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

Group

	31/12/08	31/12/07
Receivables from customers	29,218,582	17,591,385
Other trade receivables	7,306,587	2,434,985
Total	36,525,169	20,026,370

Company

	31/12/08	31/12/07
Receivables from customers	30,117,692	17,157,674
Other trade receivables	6,070,756	2,135,169
Total	36,188,448	19,292,843

More specifically, receivables from customers are broken down as follows:

Group

	31/12/08	31/12/07
Domestic customers	6,523,365	4,665,130
Foreign customers	16,626,661	6,942,220
Cheques receivable	6,073,367	6,131,797
Notes receivable	207,055	0
Receivables impairment	-211,865	-147,762
Total	29,218,582	17,591,385

Company

	31/12/08	31/12/07
Domestic customers	10,192,690	5,336,825
Foreign customers	15,359,447	5,931,814
Cheques receivable	4,748,896	6,036,797
Receivables impairment	-183,341	-147,762
Total	30,117,692	17,157,674

Impairment of receivables is analyzed as follows:

Group

	31/12/08	31/12/07
Total provisions at beginning of year	147,762	56,183
Additions during the year	64,103	91,579
Deletions during the year	0	0
Total provisions at end of year	211,865	147,762

Company

	31/12/08	31/12/07
Total provisions at beginning of year	147,762	56,183
Additions during the year	35,579	91,579
Deletions during the year	0	0
Total provisions at end of year	183,341	147,762

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

Group

	31/12/08	31/12/07
Supplier prepayments	2,051,278	709,614
Preliminary remittances through Banks	3,213	0
Personnel prepayments	20,565	9,010
Short term receivables from affiliates	11,609	5,129
Public agencies – prepayments /withholding taxes	925,978	1,059,774

Value Added Tax (VAT)	1,696,747	2,786
Other debtors	378,809	6,966
Personnel – Accounts receivable	11,692	12,420
Other third partners – Accounts receivable	3,657	3,749
Accrued expenses	246,556	37,689
Deferred income	332,784	177,924
Pending purchases	1,623,699	409,924
Total	7,306,587	2,434,985

Company

	31/12/08	31/12/07
Supplier prepayments	2,043,770	679,104
Preliminary remittances through Banks	3,213	0
Personnel prepayments	17,652	9,010
Short term receivables from affiliates	11,609	5,129
Public agencies – prepayments / withholding taxes	838,998	794,477
Value Added Tax (VAT)	964,871	0
Other debtors	45	6,776
Personnel – Accounts receivable	11,692	12,420
Other third partners – Accounts receivable	3,657	3,333
Accrued expenses	218,769	37,072
Deferred income	332,784	177,924
Pending purchases	1,623,699	409,924
Total	6,070,756	2,135,169

The book value of the above receivables reflects their fair value.

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 by € 211,865 (as shown above in the breakdown of the receivables sums). The impaired receivables pertain mainly to Group's customers who are having financial difficulties.

15. Cash and cash equivalents

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

Group

	31/12/08	31/12/07
Cash on hand	27,081	12,881
Sight deposits in € - Highly-liquid receivable cheques	2,293,602	1,187,339
Banks – Short term liabilities accounts with a debit balance	1,037,167	1,008,979
Total	3,357,850	2,209,200

Company

	31/12/08	31/12/07
Cash on hand	3,251	4,501
Sight deposits in € - Highly-liquid receivable cheques	1,077,731	1,004,329
Banks – Short term liabilities accounts with a debit balance	1,017,499	1,008,979
Total	2,098,481	2,017,809

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 amount of € 1,017,499 shown in the sum of short term liabilities with debit balance concerns a guarantee for a bond loan amounting to € 2,000,000 that was taken out by the company with Piraeus Bank.

16. Share Capital and Share Premium

The evolution of share capital and share premium is as follows:

	Number of shares	Share Capital	Share premium	Total
Balance as at 01/01/2007	6,100,000	1,830,000	0	1,830,000
Issue of new shares	1,600,000	480,000	11,040,000	11,520,000
Share capital increase expenses	-	-	-930,000	-930,000
Balance as at 31/12/2007	7,700,000	2,310,000	10,110,000	12,420,000
Issue of new shares	3,850,000	2,194,500	-2,194,500	0
Share capital increase expenses	-	-	-53,406	-53,406
Benefits of options (note 17)	-	-	11,725	11,725
Balance as at 31/12/2008	11,550,000	4,504,500	7,873,819	12,378,319

On April 17th 2008, the company's Extraordinary General Meeting approved the share capital increase of the Company by €1,155,000 with capitalization of an amount from the share premium account, as well as with the issuance of 3,850,000 new ordinary registered shares to be distributed freely to beneficiary shareholders, with a nominal value of 0.30 euro each, at a ratio of one (1) new share for every two (2) existing shares. Following this increase, the Company's share capital amounts to € 3,465,000, divided into eleven million five hundred fifty thousand (11,550,000) ordinary registered shares.

On June 28th 2008, the company's Extraordinary General Meeting approved the share capital increase of the Company by €1,039,500 with capitalization of an amount from the share premium account, as well as with an increase of the nominal value per share from 0.30 euro to 0.39 euro per share. Following this increase, the Company's share capital amounts to four million five hundred and four thousand and five hundred Euro (4,504,500.00 Euro), divided into eleven million five hundred and fifty thousand (11,550,000) ordinary registered shares.

17. Equity instruments provided to personnel

The Management of "KORRES S.A. - Natural Products" elaborated a stock option plan intended for members of the Board of Directors and senior management executives by virtue of Decision dated 17/04/2008 of the Shareholders Ordinary General Meeting. More specifically, by way of a decision of the Company's Board of Directors dated 30/06/2008, following the relevant authorization by the General Meeting, the terms and conditions for granting such options were specified. Pursuant to the criteria set, the relevant options are gradually vested during 2008-2012. Beneficiaries may partially exercise such options during the current year and transfer the balance over the following calendar years.

Options are settled either through the issue of new shares or by allocating treasury stock. The exercise price of options stands at the average market price of the share over the previous year for each exercise period. As a prerequisite for participation in the plan and assignment of options, beneficiaries should be members of the company's BoD or executives thereof. In case a dependent labour relation or other services agreement is terminated, as the case may be, the options corresponding to the current and each following year are cancelled and amortized automatically and their beneficiary ceases to participate in the plan.

By way of the above decision of the BoD, 64,425 options were granted and the plan's beneficiaries were specified. During the year no option was exercised or cancelled. The Company applied IFRS 2 "Share-based payment" in order to recognize the plan.

The fair value of the options granted to beneficiaries was measured on the grant date on the basis of Black & Scholes valuation model. The fair value is uniformly transferred to results during the period the option is vested by beneficiaries. The inputs applied to application of the model are: a) the fair value of share on the grant date: € 5.87; b) exercise price: € 9.44; c) dividend return 2.89%; and d) share price volatility: 41.00%.

The table below presents information on Options.

	2008
	Number
Beginning of plan	866,250
Granted	62,425
Forfeited	0
Exercised	0
Outstanding on 31/12/2008	866,250

Based on the foregoing, an amount of € 11,725 was charged to year results as expense.

18. Own shares

In pursuance of a resolution dated 17/4/2008 of the Ordinary General Meeting of the company's shareholders and decision dated 13/11/2008 of the Board of Directors, the company purchased own shares coming to 17,145 units at year-end which totalled € 87,536 and corresponded to 0.15% of the company's total shares. Closing price of the share on 31/12/2008 came to € 5.18.

The dividend corresponding to own shares increases the dividend of other shareholders on the cut-off date.

19. Reserves

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

	Fair value reserves	Legal reserve	Tax-free reserves	Other reserves	Total
Balance as at 01/01/2007	139,560	284,732	95,524	1,035	520,851
Transfer of year 2007 profits to legal reserve	-	186,646	-	-	186,646
Balance as at 31/12/2007	139,560	471,378	95,524	1,035	707,497
Transfer of year 2008 profits to legal reserve	-	208,202	-	-	208,202
Profits from valuation of available-for-sale financial assets, net of taxes	151,486	-	-	-	151,486
Value adjustment of self-produced tangible assets, net of taxes	325,769	-	-	-	325,769
Balance as at 31/12/2008	616,815	679,580	95,524	1,035	1,392,954

Reserves are broken down into fair value reserves, legal reserve, tax-free and other reserves.

Fair value reserves amount, as shown above, to € 616,815 and concern:

- by € 465,329 reserves set up by the amounts of value adjustment of the land and buildings owned by the Company in the area of Inofyta, Viotia (reference is made above in Note No 6); and
- by € 151,486 reserves set up by the profit of shares valuation (at current market price) held by the Company (reference is made in Note No 10 below).

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 untaxed reserves refer to reserves formed in accordance with the provisions laid down in tax laws from untaxed income and profits or those taxed in special ways and relate to:

- 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.

20. 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
2007	25%
2008	25%
2009	25%
2010	24%
2011	23%
2012	22%
2013	21%
2014	20%

Note that the reduced tax rates of years 2010-2014 were enacted by the relevant legal provisions during year 2008.

Deferred tax assets and liabilities of the Group are calculated at the tax rates which are expected to apply in the period in which the asset or liability will be settled, having regard to the above enacted tax rates.

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.

Group and Company balances of deferred tax assets and liabilities are as follows:

Group

	31/12/08	31/12/07
Deferred tax assets	906,046	149,922
Deferred tax liabilities	1,373,243	515,415
Offset credit balance	467,197	365,493

Company

	31/12/08	31/12/07
Deferred tax assets	627,354	402,319
Deferred tax liabilities	1,966,997	917,029
Offset credit balance	1,339,643	514,710

The total change in deferred income tax is as follows:

Group

	31/12/20 08	31/12/20 07
Balance at beginning of fiscal year	365,494	296,252
Debit / (credit) in the profit and loss account	101,703	69,242
Balance at end of fiscal year	467,197	365,494

Company

	31/12/20 08	31/12/20 07
Balance at beginning of fiscal year	514,710	296,252
Debit / (credit) in the profit and loss account	824,932	218,458
Balance at end of fiscal year	1,339,642	514,710

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 01/01/2007	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 as at 31/12/2007	65,535	276,457	75,181	135,068	552,241
(Debit) / Credit in the profit and loss account	-8,130	118,379	29,465	214,090	353,805
Charge in Equity	0	0	0	0	0
Total change in fiscal year	57,405	394,836	104,646	349,158	353,805
Balance as at 31/12/2008	122,940	671,293	179,827	484,226	906,046

Deferred tax liabilities	Depreciations based on useful life	Financial Leases	Property value adjustment	Other	Total
Balance as at 01/01/2007	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's liability	0	0	0	692	692
Total change in fiscal year	57,248	132,672	0	88,101	278,021
Balance as at 31/12/2007	271,987	506,352	46,520	92,876	917,735
Debit / (Credit) in the profit and loss account	100,485	139,209	0	215,814	455,508
Charge in Equity	0	0	108,590	0	0
Total change in fiscal year	372,472	645,561	155,110	308,690	455,508
Balance as at 31/12/2008	644,459	1,151,913	201,630	401,566	1,373,243

Company

Deferred tax assets	Differences in formation expenses	Financial Leases	Provisions for staff indemnities	Other	Total
Balance as at 01/01/2007	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 31/12/2007	65,535	276,457	75,181	-14,854	402,319
(Debit) / Credit in the profit and loss account	-7,990	118,379	21,330	93,316	225,035
Charge in Equity	0	0	0	0	0
Total change in fiscal year	57,545	394,836	96,511	78,462	225,035
Balance as at 31/12/2008	123,080	671,293	171,692	63,608	627,354

Deferred tax liabilities	Depreciations based on useful life	Financial Leases	Property value adjustment	Other	Total
Balance as at 01/01/2007	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 31/12/2007	271,987	506,352	46,520	92,171	917,029
Debit / (Credit) in the profit and loss account	102,249	139,209	0	699,920	941,378
Charge in Equity	0	0	108,590	0	108,590
Total change in fiscal year	102,249	139,209	108,590	699,920	1,049,968
Balance as at 31/12/2008	374,236	645,561	155,110	792,091	1,966,997

21. Liabilities for staff retirement indemnities

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

Group

	31/12/08	31/12/07
Pension benefits pursuant to Law No. 2112/20	403,383	272,523
Total	403,383	272,523

Company

	31/12/08	31/12/2007
Pension benefits pursuant to Law No. 2112/20	356,337	271,017
Total	356,337	271,017

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

Group

	31/12/08	31/12/2007
Pension benefits	241,704	117,954

Company

	31/12/08	31/12/2007
Pension benefits	141,997	116,448

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

Group

	31/12/08	31/12/2007
Current value of liability	399,909	306,043
Net profits / (losses) that are not recognized	3,474	-33,520
Net liability in the balance sheet	403,383	272,523

Company

	31/12/08	31/12/2007
Current value of liability	355,720	304,537
Net profits / (losses) that are not recognized	617	-33,520
Net liability in the balance sheet	356,337	271,017

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

Group

	31/12/08	31/12/2007
Cost of current employment	89,412	82,886
Liability interest	15,802	10,149
Recognition of actuarial loss/ (gain)	163	2,102
Recognition of past service cost	0	0
	105,377	95,137
Cost of reductions/settlement/termination of service	136,327	22,817
Total charge in the profit and loss account	241,704	117,954

Company

	31/12/08	31/12/2007
Cost of current employment	81,049	81,380
Liability interest	14,313	10,149
Recognition of actuarial loss/ (gain)	163	2,102
Recognition of past service cost	0	0
	95,525	93,631
Cost of reductions/settlement/termination of service	46,472	22,817
Total charge in the profit and loss account	141,997	116,448

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

Group

	31/12/08	31/12/2007
Liability (01.01)	272,523	185,650
Benefits paid	-110,844	-31,081
Total charge in the profit and loss account	241,704	117,954
Liability (31.12)	403,383	272,523

Company

	31/12/08	31/12/2007
Liability (01.01)	271,017	185,650
Benefits paid	-56,677	-31,081
Total charge in the profit and loss account	141,997	116,448
Liability (31.12)	356,337	271,017

The liabilities in the balance sheet included in the financial statements for net profits / (losses) that are not recognized, amounting to € 110,844 and € 31,081 for fiscal years 2007 and 2008 respectively, pertain to non-recognized actuarial losses.

22. Loan liabilities

The Group's Loan liabilities pertain mainly to loans and liabilities from Leasing contracts and are broken down. More specifically, they are detailed as follows:

Group

	31/12/08	31/12/07
Short term loan liabilities	37,624,615	5,326,428
Long term loan liabilities	8,608,322	8,079,431
Total liabilities	46,232,937	13,405,859

Company

	31/12/08	31/12/07
Short term loan liabilities	36,082,988	5,324,267
Long term loan liabilities	8,608,322	8,079,431
Total liabilities	44,691,311	13,403,698

Group

	31/12/08	31/12/07
Up to 1 year	2,700,000	300,000
2 - 5 years	4,125,000	3,825,000
Over 5 years	0	0
Total liability in loans	6,825,000	4,125,000

Total liability in debit accounts	34,247,925	4,571,805
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Up to 1 year	676,690	454,623
2 - 5 years	1,967,300	1,453,875
Over 5 years	2,516,023	2,800,556
Total liability in Leasing	5,160,012	4,709,054

Company

	31/12/08	31/12/07
Up to 1 year	2,700,000	300,000
2 - 5 years	4,125,000	3,825,000
Over 5 years	0	0
Total liability in loans	6,825,000	4,125,000

Total liability in debit accounts	32,706,298	4,571,805
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Up to 1 year	676,690	452,462
2 - 5 years	1,967,300	1,453,875
Over 5 years	2,516,023	2,800,556
Total liability in Leasing	5,160,012	4,706,893

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.

The company will restructure its short-term loans by converting them into long-term ones. In this direction, the company is negotiating the issue of a bond loan amounting to € 30,000,000. The main applicable terms have already been stipulated. This act is subject to the approval of the Shareholders General Meeting of KORRES SA.

All company loans have been entered into on the basis of floating interest rates changing over a 1 to 12 month period. Company loans are guaranteed by Mr. Georgios Korres and accordingly the loans of subsidiaries are guaranteed by KORRES SA.

23. Suppliers and other liabilities

The Group's and Company's liabilities towards suppliers and other liabilities are as follows:

Group

	31/12/08	31/12/07
Domestic suppliers	3,391,107	5,846,210
Foreign suppliers	430,094	1,415,475
Cheques payable (post-dated)	10,919,635	5,133,133
Customer prepayments	3,641,613	936,806
Social Security Institute	480,273	389,926
Accrued expenses payable	1,088,978	358,528
Liabilities relating to holdings in affiliate	0	286,774
Other liabilities	1,714,037	832,416
Total	21,665,736	15,199,268

Company

	31/12/08	31/12/07
Domestic suppliers	6,034,395	5,192,159
Foreign suppliers	402,431	1,397,432
Cheques payable (post-dated)	4,912,175	5,040,923
Customer prepayments	3,450,882	935,631
Social Security Institute	423,463	365,442
Accrued expenses payable	1,088,978	341,412
Liabilities relating to holdings in affiliate	0	286,774
Other liabilities	435,086	672,839
Total	16,747,410	14,232,612

The book value of the above liabilities reflects their fair value.

Other liabilities of the Group and the Company on 31/12/2008 include state subsidies for acquisition of the Company's tangible and intangible assets amounting to € 463,657. On 31/12/2007 the respective amount stood at € 30,195. The above sums are broken down as follows:

Group

	31/12/08	31/12/07
Balance at beginning of fiscal year	30,194	45,223
Additions	700,846	0
Transfer to the profit and loss account	-267,383	-15,029
Balance at end of fiscal year	463,657	30,194

Company

	31/12/08	31/12/07
Balance at beginning of fiscal year	30,194	45,223
Additions	700,846	0
Transfer to the profit and loss account	-267,383	-15,029
Balance at end of fiscal year	463,657	30,194

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.

24. Current tax liabilities

The sum "Current tax liabilities" amounting to € 949,568 and € 898,744 pertains to income tax for the taxable profits of the Group and the Company for fiscal year 2008 (the corresponding amount for fiscal year 2007 for the Group and the Company is € 1,325,756 and € 1,303,367).

25. Income – Reporting per segment

The Group'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

	31/12/08	31/12/07
Sales of Goods	53,003,540	35,761,227
Income from services	732,853	216,665
Total	53,736,392	35,977,891

Company

	31/12/08	31/12/07
Sales of Goods	46,537,622	35,177,067
Income from services	412,519	216,665
Total	46,950,142	35,393,731

Income includes the fair value of the sale of products and the provision of services, net of Value Added Tax, discounts and refunds.

Segments of activity

A segment or part of the Group'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 companies' scope of activity, the Group is organized in one business segment, the production and trade of cosmetics.

The income of the Group and the Company per geographical segment is detailed in the following tables:

Group

	31.12.2008	31.12.2007
Domestic Sales	34,941,358	28,106,043
Foreign Sales	18,795,034	7,871,848
Total	53,736,392	35,977,891

Company

	31,12,2008	31,12,2007
Domestic Sales	30,580,681	28,549,326
Foreign Sales	16,369,461	6,844,405
Total	46,950,142	35,393,731

The results of the Group and the Company per segment of activity are detailed in the following tables:

Group

	31.12.2008	31.12.2007
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	Foreign countries			Foreign countries		
	Greece		Total	Greece		Total
Sales	34,941,358	18,795,034	53,736,392	28,106,043	7,871,848	35,977,891
Cost of Sales	11,850,479	9,185,991	21,036,470	9,122,323	3,769,263	12,891,586
Gross Profit	23,090,879	9,609,043	32,699,922	18,983,720	4,102,586	23,086,305
Research and Development expenses	1,555,905	0	1,555,905	665,589		665,589
Distribution expenses	12,615,620	6,197,620	18,813,239	10,912,267	2,776,414	13,688,681
Administrative expenses	5,327,558	0	5,327,558	4,241,281	0	4,241,281
Other income / expenses	213,216	419,119	632,336	585,717	376,618	962,334
Earnings before interest and taxes	3,805,012	3,830,543	7,635,555	3,750,301	1,702,789	5,453,090

Company

	31,12,2008			31,12,2007		
	Greece	Foreign countries	Total	Greece	Foreign countries	Total
Sales	30,580,681	16,369,461	46,950,142	28,549,326	6,844,405	35,393,731
Cost of Sales	9,734,548	8,057,934	17,792,483	10,100,395	3,159,562	13,259,957
Gross Profit	20,846,132	8,311,527	29,157,659	18,448,930	3,684,844	22,133,774
Research and Development expenses	1,598,882	0	1,598,882	666,016		666,016
Distribution expenses	10,402,718	5,138,164	15,540,882	9,998,907	2,432,879	12,431,786
Administrative expenses	4,868,514	0	4,868,514	3,932,118		3,932,118
Other income / expenses	236,701	395,005	631,706	585,778	355,685	941,463
Earnings before interest and taxes	4,212,719	3,568,368	7,781,087	4,437,667	1,607,651	6,045,317

All the (tangible and intangible) assets of the Group and the company, totalling on 31.12.2008 € 21,838,196 and € 21,285,492 respectively, and on 31.12.2007 € 14,566,112 and € 14,549,970 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 2008 it amounted to € 7,945,852 and € 7,828,328 respectively, and for fiscal year 2007 to € 4,598,556 and € 4,600,138.

The amortizations charged to the result of the domestic segment (Greece) for the group and the company were as follows: for fiscal year 2008 they amounted to € 1,565,871 and € 1,527,759 respectively and for fiscal year 2007 to 1,088,834 and € 1,086,000.

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

Group

	31.12.2008			31.12.2007		
	Greece	Foreign countries	Total	Greece	Foreign countries	Total
Long term receivables	102,842	1,046,462	1,149,304	87,318	1,846,462	1,933,780
Short term receivables	17,498,854	19,026,314	36,525,168	12,616,176	7,410,194	20,026,370

Company

	31,12,2008			31,12,2007		
	Greece	Foreign countries	Total	Greece	Foreign countries	Total
Long term receivables	88,292	1,046,462	1,134,754	80,720	1,846,462	1,927,182
Short term receivables	17,409,587	18,778,861	36,188,448	12,893,054	6,399,788	19,292,842

The liabilities of the Group and the Company per activity segment are detailed as follows:

Group

	31.12.2008	31.12.2007
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	Greece	Foreign countries	Total	Greece	Foreign countries	Total
Long term liabilities	10,384,948	0,00	10,384,948	8,867,369	0	8,867,369
Short term liabilities	59,750,092	489,827	60,239,919	19,968,002	1,883,450	21,851,452

Company

	31,12,2008			31,12,2007		
	Greece	Foreign countries	Total	Greece	Foreign countries	Total
Long term liabilities	10,304,302	0	10,304,302	8,865,158	0	8,865,158
Short term liabilities	53,308,048	421,094	53,729,142	18,994,839	1,865,407	20,860,246

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 13 pertains only to the Greek segment, and the respective provision for doubtful receivables (note 14) is of no significant size and thus no analysis is required.

26. Cost of sales

The cost of sales is detailed as follows:

Group

	31/12/08	31/12/07
Personnel fees and expenses	1,621,071	1,451,577
Third party fees and expenses	196,964	167,675
Third party benefits	220,135	170,634
Taxes – Duties	12,062	10,492
Various expenses	416,307	441,514
Depreciation of tangible assets	309,039	165,424
Amortization of intangible assets	83,316	32,820
Cost of consumption-sales	19,577,561	11,433,792
<i>Less: Own production</i>	-1,399,985	-982,341
Total	21,036,470	12,891,586

Company

	31/12/08	31/12/07
Personnel fees and expenses	1,621,071	1,451,577
Third party fees and expenses	196,964	167,675
Third party benefits	220,135	170,634
Taxes – Duties	12,062	10,492
Various expenses	416,307	441,514
Depreciation of tangible assets	309,039	165,424
Amortization of intangible assets	83,316	32,820
Cost of consumption-sales	16,290,382	11,716,317
<i>Less: Own production</i>	-1,356,794	-896,495
Total	17,792,483	13,259,957

27. Research and Development expenses

The research and development expenses are detailed as follows:

Group

	31/12/08	31/12/07
Personnel fees and expenses	846,632	291,714
Third party fees and expenses	165,549	130,795
Third party benefits	73,150	13,559
Taxes – Duties	7,078	341
Various expenses	427,857	184,053
Depreciation of tangible assets	28,071	37,655
Amortization of intangible assets	7,568	7,471
Total	1,555,905	665,589

Company

	31/12/08	31/12/07
Personnel fees and expenses	889,609	292,142
Third party fees and expenses	165,549	130,795
Third party benefits	73,150	13,559
Taxes – Duties	7,078	341
Various expenses	427,857	184,053
Depreciation of tangible assets	28,071	37,655
Amortization of intangible assets	7,568	7,471
Total	1,598,882	666,016

28. Distribution expenses

The distribution expenses are detailed as follows:

Group

	31/12/08	31/12/07
Personnel fees and expenses	6,598,910	4,561,964
Third party fees and expenses	1,654,341	1,631,264
Third party benefits	1,407,136	915,614
Taxes – Duties	18,687	22,224
Various expenses	8,714,079	6,253,876
Depreciation of tangible assets	333,340	253,220
Amortization of intangible assets	86,747	50,518
Total	18,813,239	13,688,681

Company

	31/12/08	31/12/07
Personnel fees and expenses	5,393,652	4,441,095
Third party fees and expenses	1,248,287	1,403,886
Third party benefits	1,135,711	864,202
Taxes – Duties	16,829	22,010
Various expenses	7,356,560	5,398,801
Depreciation of tangible assets	307,060	251,830
Amortization of intangible assets	82,783	49,962
Total	15,540,882	12,431,786

29. Administrative expenses

The administrative expenses are detailed as follows:

Group

	31/12/08	31/12/07
Personnel fees and expenses	2,056,086	1,500,145
Third party fees and expenses	1,021,040	864,317
Third party benefits	293,611	268,880
Taxes – Duties	324,486	310,361
Various expenses	661,478	568,550
Depreciation of tangible assets	571,476	452,171
Amortization of intangible assets	152,314	89,984
Operating provisions	247,068	186,873
Total	5,327,558	4,241,281

Company

	31/12/08	31/12/07
Personnel fees and expenses	1,755,669	1,405,586
Third party fees and expenses	971,849	862,584
Third party benefits	265,450	257,022

Taxes – Duties	308,718	293,985
Various expenses	638,013	386,735
Depreciation of tangible assets	557,590	451,301
Amortization of intangible assets	150,325	89,537
Operating provisions	220,899	185,367
Total	4,868,514	3,932,118

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 2008-2007:

Group

	31/12/08	31/12/07
Worker-technical Personnel	724,560	490,938
Social Security Contributions and Benefits	212,408	181,008
Total Fees to Part-time Personnel	936,968	671,946
Wages to Administrative Personnel	7,984,432	5,532,603
Social Security Contributions and Benefits	2,244,275	1,601,279
Total Fees to Administrative Personnel	10,228,708	7,133,881
Grand Total	11,165,676	7,805,828

Company

	31/12/08	31/12/07
Worker-technical Personnel	724,560	490,938
Social Security Contributions and Benefits	212,408	181,008
Total Fees to Part-time Personnel	936,968	671,946
Wages to Administrative Personnel	6,706,787	5,355,687
Social Security Contributions and Benefits	2,016,244	1,562,766
Total Fees to Administrative Personnel	8,723,032	6,918,453
Grand Total	9,660,000	7,590,399

30. Other income / expenses

Other income is detailed as follows:

Group

	31/12/08	31/12/07
Special contributions subsidies	29,392	357,505
Building rental fees - Income from brand royalties	426,464	472,327
Commission, brokerage fees	21,673	177,681
Income from sales of promotional material	633,742	55,228
Other income	334,493	200,882
Total	1,445,764	1,263,623

Company

	31/12/08	31/12/07
Special contributions subsidies	29,392	357,505
Building rental fees - Income from brand royalties	426,464	472,327
Commission, brokerage fees	14,302	156,533
Income from sales of promotional material	633,742	55,228
Other income	209,895	201,159
Total	1,313,795	1,242,752

Other expenses are detailed as follows:

Group

	31/12/08	31/12/07
Exchange rate differences	-1,870	-2,861
Provisions for destruction of expired products	-758,901	-197,197
Other expenses	-52,657	-101,231
Total	-813,428	-301,289

Company

	31/12/08	31/12/07
Exchange rate differences	-1,870	-2,861
Impairment of inventories (provisions for destruction of expired products)	-632,947	-288,776
Other expenses	-47,271	-9,652
Total	-682,089	-301,289

31. Financial income - expenses

The financial results are detailed as follows:

Group

Financial income	31/12/08	31/12/07
Deposit interest	188,016	259,986
Total (a)	188,016	259,986

Financial expenses	31/12/08	31/12/07
Interest for financial leases	281,334	317,110
Interest and expenses for bank funding with securities as collateral	1,244,161	343,505
Other financing-related expenses	335,227	95,558
Letter of guarantee commission	7,845	22,115
Interest and expenses for other long term liabilities	410,818	270,793
Fees for foreign exchange loans and other acts	0	4,106
Total (b)	2,279,386	1,053,186
Grand Total (a)-(b)	-2,091,370	-793,200

Company

Financial income	31/12/08	31/12/07
Πιστωτικοί τόκοι καταθέσεων	184,470	259,986
Total (a)	184,470	259,986

Financial expenses	31/12/08	31/12/07
Interest for financial leases	281,334	317,110
Interest and expenses for bank funding with securities as collateral	1,201,312	343,505
Other financing-related expenses	335,447	95,558
Letter of guarantee commission	7,845	22,115
Interest and expenses for other long term loan liabilities	388,239	268,160
Fees for foreign exchange loans and other acts	0	4,106
Total (b)	2,214,177	1,050,553
Grand Total (a)-(b)	-2,029,707	-790,567

32. Income tax

The amounts of taxes that burdened the Group's and Company's results are as follows:

Group

	31/12/08	31/12/07
Current income tax for the fiscal year	-751,390	-1,304,515
Provisions for tax audit adjustments	-169,720	-131,934
Imputation of prior-period tax audit adjustments	-267,285	0
Use of provision for prior-period tax audit adjustments	231,934	0
Deferred tax	-587,776	63,384
Total	-1,544,237	-1,373,065

Company

	31/12/08	31/12/07
Current income tax for the fiscal year	-645,061	-1,303,367
Provisions for tax audit adjustments	-162,813	-131,934
Imputation of prior-period tax audit adjustments	-254,800	0
Use of provision for prior-period tax audit adjustments	231,934	0
Deferred tax	-756,590	-86,525
Total	-1,587,330	-1,521,825

Tax audit adjustments amounting to € 254,800 and charged to the Company's results of the year 1/1 – 31/12/2008 pertain to tax audit adjustments of years 2006 and 2007, such audit being finalized in early 2009.

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

	31/12/08	31/12/07
Profits before taxes for the fiscal year	5,525,166	4,598,728
Tax rate	25%	25%
Taxes calculated on accounting profits based on the current rate	1,381,291	1,149,682
Tax on results that are not recognized for tax purposes	-2,520	147,180
Balance adjustment for the tax rate expected to be applied	-246,501	0
Permanent Differences	206,896	76,204
Setting up or use of provision for prior-period tax audit adjustments	205,071	0
Income tax	1,544,237	1,373,066

Company

	31/12/08	31/12/07
Profits before taxes for the fiscal year	5,751,379	5,254,751
Tax rate	25%	25%
Taxes calculated on accounting profits based on the current rate	1,437,845	1,313,688
Tax on results that are not recognized for tax purposes	-2,934	131,934
Balance adjustment for the tax rate expected to be applied	-240,155	0
Permanent Differences	206,896	76,204
Setting up or use of provision for prior-period tax audit adjustments	185,679	0
Income tax	1,587,330	1,521,826

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

Group

	31/12/08	31/12/07
Accelerated tax amortization	-114,156	-57,364
Deletion/ amortization of establishment expenses	-93,594	-63,257
Financial Leases	-20,829	-37,450
Fixed assets subsidies	50,262	-33,566
Provisions for personnel retirement benefits	27,872	21,718
Expenses recognition/ demarcation	-37,551	104,500
Miscellaneous provisions	-732,553	18,000
Recognition of development expenses	-70,204	-37,043
Holdings expenses	-58,194	-1,945
Recognition of stock options	2,931	0
Adjustment to current rates	246,501	0
Receivables against tax losses	217,042	134,777
Consolidation deletions	-5,375	0
Other cases	70	15,014
Total deferred tax	-587,776	63,384

Company

	31/12/08	31/12/07
Accelerated tax amortization	-102,249	-57,248
Deletion/ amortization of establishment expenses	-92,034	-63,257
Financial Leases	-20,829	-37,450
Fixed assets subsidies	50,262	-33,566
Provisions for personnel retirement benefits	21,330	21,342
Expenses recognition/ demarcation	4,724	104,500
Miscellaneous provisions	-732,553	18,000
Recognition of development expenses	-70,204	-37,043
Holdings expenses	-58,194	-1,945
Recognition of stock options	2,931	0
Adjustment to current rates	240,155	0
Other cases	70	142
Total deferred tax	-756,590	-86,525

Note that the deferred tax assets and liabilities of the Group are calculated at the tax rates which are expected to apply in the period in which the asset or liability will be settled, having regard to the above enacted tax rates. The said adjustment gave rise to benefit to the results of the year 1/1 – 31/12/2008 amounting to € 246,501 and € 240,155 for the Group and the Company respectively.

33. Financial instruments of the company

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

Group

Categories of financial assets and financial liabilities	Balance Sheet Sums	31/12/2008	31/12/2007
Non-current assets			
Financial assets available for sale	Financial assets available for sale	942,982	0
Loans and receivables	Other long term receivables (*)	1,046,462	1,846,462
Total		1,989,444	1,846,462
Current assets			
Loans and receivables	Customers and other trade receivables (*)	29,609,000	17,603,480
Financial assets at fair value through profit and loss	Cash and cash equivalents	3,357,850	2,209,200
Total		32,966,850	19,812,680
Total financial assets		34,956,294	21,659,142
Long term liabilities			
Financial liabilities at depreciated cost	Loan liabilities	8,608,322	8,079,431
Total		8,608,322	8,079,431
Short term liabilities			
Financial liabilities at depreciated cost	Suppliers and other liabilities (*)	14,740,836	12,394,818
	Loan liabilities	37,624,615	5,326,428
Total		52,365,451	17,721,246
Total financial liabilities		60,973,773	25,800,677

Company

Categories of financial assets and financial liabilities	Balance Sheet Sums	31/12/2008	31/12/2007
Non-current assets			
Financial assets available for sale	Financial assets available for sale	942,982	0
Loans and receivables	Other long term receivables (*)	1,046,462	1,846,462
Total		1,989,444	1,846,462
Current assets			
Loans and receivables	Customers and other trade receivables (*)	30,129,345	17,169,579
Financial assets at fair value through profit and loss	Cash and cash equivalents	2,098,481	2,017,809
Total		32,227,826	19,187,388
Total financial assets		34,217,269	21,033,850
Long term liabilities			
Financial liabilities at depreciated cost	Loan liabilities	8,608,322	8,079,431
Total		8,608,322	8,079,431
Short term liabilities			
Financial liabilities at depreciated cost	Suppliers and other liabilities (*)	11,349,002	11,630,514
	Loan liabilities	36,082,988	5,324,267
Total		47,431,990	16,954,781
Total financial liabilities		56,040,312	25,034,212

(*) 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;
- 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;
- prepayments received from customers for the future sale of inventories;
- 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.

34. Interest rate risk

The table below summarizes the exposure of the Group and the Company to interest rate risk on 31/12/2008 and 31/12/2007.

Group

31/12/2008

(a) Financial assets

	Interest-bearing assets at floating rate	Interest-bearing assets at fixed rate	Interest-free	Total
Financial assets available for sale			942,982	942,982
Loans and receivables			30,655,462	30,655,462
Financial assets at fair value through profit and loss	3,330,769		27,081	3,357,850
Total (a)	3,330,769	0	31,625,525	34,956,294

(b) Financial liabilities

	Interest-bearing assets at floating rate	Interest-bearing assets at fixed rate	Interest-free	Total
Suppliers and other liabilities			14,740,836	14,740,836
Long term loan liabilities	8,608,322			8,608,322
Short term loan liabilities	37,624,615			37,624,615
Total (b)	46,232,937	0	14,740,836	60,973,773
Balance of exposure (a)-(b)	-42,902,168			

31/12/2007

(a) Financial assets

	Interest-bearing assets at floating rate	Interest-bearing assets at fixed rate	Interest-free	Total
Financial assets available for sale			0	0
Loans and receivables			19,449,942	19,449,942
Financial assets at fair value through profit and loss	2,196,319		12,881	2,209,200
Total (a)	2,196,319	0	19,462,823	21,659,142

(b) Financial liabilities

	Interest-bearing assets at floating rate	Interest-bearing assets at fixed rate	Interest-free	Total
Suppliers and other liabilities			12,394,818	12,394,818
Long term loan liabilities	8,079,431			8,079,431
Short term loan liabilities	5,326,428			5,326,428
Total (b)	13,405,859	0	12,394,818	25,800,677
Balance of exposure (a)-(b)	-11,209,540			

Company**31/12/2008****(a) Financial assets**

	Interest-bearing assets at floating rate	Interest-bearing assets at fixed rate	Interest-free	Total
Financial assets available for sale			942,982	942,982
Loans and receivables			31,175,807	31,175,807
Financial assets at fair value through profit and loss	2,095,230		3,251	2,098,481
Total (a)	2,095,230	0	32,122,039	34,217,269

(b) Financial liabilities

	Interest-bearing assets at floating rate	Interest-bearing assets at fixed rate	Interest-free	Total
Suppliers and other liabilities			11,349,002	11,349,002
Long term loan liabilities	8,608,322			8,608,322
Short term loan liabilities	36,082,988			36,082,988
Total (b)	44,691,311	0	11,349,002	56,040,312
Balance of exposure (a)-(b)	-42,596,081			

31/12/2007**(a) Financial assets**

	Interest-bearing assets at floating rate	Interest-bearing assets at fixed rate	Interest-free	Total
Financial assets available for sale			0	0
Loans and receivables			19,016,041	19,016,041
Financial assets at fair value through profit and loss	2,013,308		4,501	2,017,809
Total (a)	2,013,308	0	19,020,542	21,033,850

(b) Financial liabilities

	Interest-bearing assets at floating rate	Interest-bearing assets at fixed rate	Interest-free	Total
Suppliers and other liabilities			11,630,514	11,630,514
Long term loan liabilities	8,079,431			8,079,431
Short term loan liabilities	5,324,267			5,324,267
Total (b)	13,403,698	0	11,630,514	25,034,212
Balance of exposure (a)-(b)	-11,390,390			

As shown above, on 31/12/2008 the Group had exposure to the changes in rate market mainly through its loan liabilities subject to floating rates (mainly Euribor, i.e. Euro Interbank Offered Rate).

The following table presents the sensitivity of the result and of the equity, for a reasonable change of interest rate of the order of +/- 1.5% (+/- 0.5% for fiscal year 2007). These changes are considered reasonable since they are based on current circumstances (change of the Central Bank Rate).

	31/12/2008	31/12/2007
Result before taxes	-/+ 372,151	-/+ 23,420
Equity	-/+ 279,113	-/+ 17,565

The exposure of the Company to interest rate risk varies during the year in line with the volume of the relevant interest-bearing transactions and balances. Nevertheless, although the above analysis is approximate, it is representative of the Company's exposure to interest rate risk.

35. Credit risk

The Table presenting the maximum exposure of the company to credit risk in relation to its financial assets is as follows:

	<u>Group</u>		<u>Company</u>	
	31/12/08	31/12/07	31/12/08	31/12/07
Cash and cash equivalents	3,357,850	2,209,200	2,098,481	2,017,809
Customers and other trade receivables	29,609,000	17,603,480	30,129,345	17,169,579
Total	32,966,850	19,812,680	32,227,826	19,187,388

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 after impairment, without taking into account collateral held or other credit enhancements.

The Group management considers non-impaired receivables as high credit quality receivables, including those in arrears that have not been impaired.

Group and Company receivables are classified as follows: (a) Non-overdue; (b) Non-impaired overdue; (c) Overdue and (d) Impaired. This sum is different from the one in the balance sheet because, as cited in Note 33, only the sums "Short-term receivables from affiliated companies" and "Other debtors" are included in the table below from the sum "Other trade receivables".

Group

31/12/2008	Non-overdue	Non-impaired overdue	Overdue	Impaired	Total
Customers and other trade receivables	28,797,447	811,553	211,865	0	29,820,865
Receivables impairment	0	0	0	-211,865	-211,865
Total	28,797,447	811,553	211,865	-211,865	29,609,000

31/12/2007	Non-overdue	Non-impaired overdue	Overdue	Impaired	Total
Customers and other trade receivables	17,356,605	246,875	147,762	0	17,751,242
Receivables impairment	0	0	0	-147,762	-147,762
Total	17,356,605		147,762	0	17,603,480

Company

31/12/2008	Non-overdue	Non-impaired overdue	Overdue	Impaired	Total
Customers and other trade receivables	29,317,792	811,553	183,341	0	30,312,686
Receivables impairment	0	0	0	-183,341	-183,341
Total	29,317,792	811,553	183,341	-183,341	30,129,345

31/12/2007	Non-overdue	Non-impaired overdue	Overdue	Impaired	Total
Customers and other trade receivables	16,922,704	246,875	147,762	0	17,317,341
Receivables impairment	0	0	0	-147,762	-147,762
Total	16,922,704	246,875	147,762	-147,762	17,169,579

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.

36. Liquidity risk

The table below details the maturity of financial liabilities. At the same time, details are given with respect to the capacity to liquidate the financial assets of both Group and Company. The sums of liabilities include the interest proportionate to the reported time periods.

Group**31/12/2008****(a) Financial assets**

	Short term		Long term		Total
	Within 6 months	From 6 to 12 months	From 1 to 5 years	After 5 years	
Financial assets available for sale			942,982		942,982
Loans and receivables	29,609,000		1,046,462		30,655,462
Financial assets at fair value through profit and loss	3,357,850				3,357,850
Total (a)	32,966,850	0	1,989,444	0	34,956,294

(b) Financial liabilities

	Short term		Long term		Total
	Within 6 months	From 6 to 12 months	From 1 to 5 years	After 5 years	
Suppliers and other liabilities	14,740,830				14,740,830
Long term financial leases			2,551,650	2,796,267	5,347,917
Long term loan liabilities			4,364,163		4,364,163
Short term financial leases		863,026			863,026
Short term loan liabilities	35,214,622	2,872,324			38,086,946
Total (b)	49,955,452	3,735,350	6,915,813	2,796,267	63,402,882
Offset balance (a)-(b)	-16,988,602	-3,735,350	-4,926,369	-2,796,267	-28,446,588

31/12/2007**(a) Financial assets**

	Short term		Long term		Total
	Within 6 months	From 6 to 12 months	From 1 to 5 years	After 5 years	
Financial assets available for sale					0
Loans and receivables	17,603,480		1,846,462		19,449,942
Financial assets at fair value through profit and loss	2,209,200				2,209,200
Total (a)	19,812,680	0	1,846,462		21,659,142

(b) Financial liabilities

	Short term		Long term		Total
	Within 6 months	From 6 to 12 months	From 1 to 5 years	After 5 years	
Suppliers and other liabilities	12,394,819				12,394,819
Long term financial leases			1,453,875	2,800,556	4,254,431
Long term loan liabilities			3,825,000		3,825,000
Short term financial leases		452,462			452,462
Short term loan liabilities	4,573,965	300,000			4,873,965
Total (b)	16,968,784	752,462	5,278,875	2,800,556	25,800,677
Offset balance (a)-(b)	2,843,896	-752,462	-3,432,413	-2,800,556	-4,141,535

Company**31/12/2008****(a) Financial assets**

	Short term		Long term		Total
	Within 6 months	From 6 to 12 months	From 1 to 5 years	After 5 years	
Financial assets available for sale			942,982		942,982
Loans and receivables	30,129,345		1,046,462		31,175,807
Financial assets at fair value through profit and loss	2,098,481				2,098,481
Total (a)	32,227,826	0	1,989,444	0	34,217,269

(b) Financial liabilities

	Short term		Long term		Total
	Within 6 months	From 6 to 12 months	From 1 to 5 years	After 5 years	
Suppliers and other liabilities	11,349,002				11,349,002
Long term financial leases			2,551,650	2,796,267	5,347,917
Long term loan liabilities			4,364,163		4,364,163
Short term financial leases		863,026			863,026
Short term loan liabilities	33,597,340	2,872,324			36,469,664
Total (b)	44,946,342	3,735,350	6,915,813	2,796,267	58,393,772
Offset balance (a)-(b)	-12,718,516	-3,735,350	-4,926,369	-2,796,267	-24,176,502

31/12/2007**(a) Financial assets**

	Short term		Long term		Total
	Within 6 months	From 6 to 12 months	From 1 to 5 years	After 5 years	
Financial assets available for sale					0
Loans and receivables	17,169,579		1,846,462		19,016,041
Financial assets at fair value through profit and loss	2,017,809				2,017,809
Total (a)	19,187,388	0	1,846,462	0	21,033,850

(b) Financial liabilities

	Short term		Long term		Total
	Within 6 months	From 6 to 12 months	From 1 to 5 years	After 5 years	
Suppliers and other liabilities	11,630,514				11,630,514
Long term financial leases			1,453,875	2,800,556	4,254,431
Long term loan liabilities			3,825,000		3,825,000
Short term financial leases		452,462			452,462
Short term loan liabilities	4,571,805	300,000			4,871,805
Total (b)	16,202,319	752,462	5,278,875	2,800,556	25,034,212
Offset balance (a)-(b)	2,985,069	-752,462	-3,432,413	-2,800,556	-4,000,362

37. Basic earnings per share

The number of shares outstanding on 31.12.2008 amounts to 11,550,000 and includes the share capital increase with free distribution of 3,850,000 new ordinary registered shares, which was approved on 22/5/2008 by the Board of Directors of the Athens Exchange. The weighted average number of shares during the comparative period 01/01-31/12/2007 was adjusted proportionately with the relevant change in outstanding shares.

	Group		Company	
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Net profit for the fiscal year	3,878,893	3,242,008	4,164,049	3,732,925
Weighted Average Number of Shares	11,550,000	10,885,890	11,550,000	10,885,890
Earnings per share	0.3358	0.2978	0.3605	0.3429

38. Dividend Distribution Proposal

The Board of Directors will make a proposal to the General Meeting of Shareholders for distributing a dividend for 2008 from the balance of the sum amounting to € 0.12 per share. A dividend equal to € 0.23 per share had been proposed by the Board of Directors and distributed during 2007.

39. 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. The commercial transactions of the Company with its affiliates during 2008 did not differ proportionately with the respective transactions that took place during the previous period of 2007 and thus do not substantially affect the financial position and performance of the parent company.

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

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Sales of products/ services:				
Subsidiaries	0	0	2,580,184	1,060,077
Affiliates	178,140	217,007	178,140	217,007
Other affiliated parties	216,094	264,266	216,094	264,266
Total	394,234	481,272	2,974,418	1,541,349
Purchases of products				
Subsidiaries	0	0	112,960	37,175
Other affiliated parties	186	757	186	757
Total	186	757	113,146	37,932
Receivables				
Subsidiaries	0	0	5,342,373	1,269,667
Affiliates	470,225	258,238	470,225	258,238
Other affiliated parties	43,680	22,61	43,680	22,61
Total	513,905	258,260	5,856,278	1,527,928
Payables to suppliers/ creditors				
Subsidiaries	0	0	3,151,061	8,538
Affiliates	0	286,774	0	286,774
Other affiliated parties	10,778	20,145	10,778	20,145
Total	10,778	306,919	3,161,838	315,457
Fees of basic management executives				
Basic management executives	754,004	555,051	754,004	555,051
Total	754,004	555,051	754,004	555,051
Receivables of basic management executives				
Basic management executives	0	0	0	0
Total	0	0	0	0
Payables to basic management executives				
Basic management executives	0	0	0	0
Total	0	0	0	0

In the fiscal year that ended on 31/12/2008, 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 31/12/2008 who approved the financial statements were:

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

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	Member
Christos Papadopoulos	Member
Petros Katsoulas	Member
Theodoros Veniamis	Member
Georgios Kintis	Member

40. Events after the financial statements date

By the date the financial statements were approved, the Company had purchased 84,212 own shares more. In addition to the foregoing (implementation of Company's tax audit for years 2006-2007, see Note No 32), no events that could have a material effect on the financial position or operation of the Group took place after the date of the financial statements.

41. Obligations

There are no real collateral assets on the fixed assets owned by the company during the period 1/1 – 31/12/2008 as well as during fiscal year 2007.

The Group's and the Company's obligations relating to agreements in its possession are detailed as follows:

Group

Operating Leases	31/12/08	31/12/07
Up to 1 year	446,523	347,661
2 - 5 years	332,553	374,802
Over 5 years	0	0
Total	779,076	722,463

Rental fees	31/12/08	31/12/07
Up to 1 year	123,660	26,100
2 - 5 years	517,703	118,860
Over 5 years	0	0
Total	641,363	144,960

Company

Operating Leases	31/12/08	31/12/07
Up to 1 year	412,563	347,661
2 - 5 years	304,576	374,802
Over 5 years	0	0
Total	717,139	722,463

Rental fees	31/12/08	31/12/07
Up to 1 year	21,600	26,100
2 - 5 years	102,120	118,860
Over 5 years	0	0
Total	123,720	144,960

42. Contingent liabilities

There are no disputed or under arbitration cases nor any decisions of judicial or administrative bodies that might have a material effect on the financial position of the Group on 31/12/2008.

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

Group

Letters of Guarantee	31/12/08	31/12/07
Shell	3,500	3,500
Hellenic Distributions	436,600	436,600
PAVET 29	28,872	28,872
Digital Future	6,003	6,003
EPAN 436	1,200	1,200
GGET IRON	0	22,000
GREEN TEAM S.A.	0	5,950
THRYLOS S.A.	11,000	11,000
Total	487,175	515,125

Company

Letters of Guarantee	31/12/08	31/12/07
Shell	3,500	3,500
Hellenic Distributions	436,600	436,600
PAVET 29	28,872	28,872
Digital Future	6,003	6,003
EPAN 436	1,200	1,200
GGET IRON	0	22,000
GREEN TEAM S.A.	0	5,950
THRYLOS S.A.	11,000	11,000
Total	487,175	515,125

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

Company	Unaudited fiscal years
KORRES S.A. – NATURAL PRODUCTS	2008
Kings & Queens Single-member Ltd.	2007 - 2008
Phyto 12 S.A.	2008
Korres Homeopathy Products S.A.	2007 - 2008
Kozani Crocus Products S.A.	2008
District Two GmbH	2003 - 2008
Pharmacon North Greece S.A.	2007 - 2008

As regards the above unaudited fiscal years, the Group and the Company have set up the relevant provision against the results of year 2008, which amounts to € 169,720 and € 162,813 respectively. A provision equal to € 131,934 had been set up for the Group and the Company during the previous year 2007 (see above Note No 32).

43. Other disclosures

There is no accounting for income or expenses not relating to 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.

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.

E) INFORMATION UNDER ARTICLE 10 OF LAW NO 3401/2005

During the year 1/1/2008 – 31/12/2008 the Company has published the following information for its investors based on Article 10 of Law 3401/2005, which is uploaded on its website (www.korres.com) and the website of Athens Stock Exchange (www.ase.gr). This information is incorporated in this annual financial report by setting out the table below.

Date	Issue of announcement
Tuesday, 30 December 2008	Disclosure on purchase of own shares Disclosure on purchase of own shares
Monday, 29 December 2008	Increase of the holding of KORRES NATURAL PRODUCTS S.A. in "Kozani Crocus Products S.A." Disclosure on purchase of own shares
Wednesday, 24 December 2008	Disclosure on purchase of own shares
Monday, 22 December 2008	Disclosure of decision on change in funds raised usage Increase in share capital of subsidiary "KINGS & QUEENS SINGLE-MEMBER LTD" Disclosure on purchase of own shares
Thursday, 18 December 2008	Disclosure on purchase of own shares
Wednesday, 17 December 2008	Disclosure on purchase of own shares
Tuesday, 16 December 2008	Disclosure on purchase of own shares
Monday, 15 December 2008	Purchase of own shares
Friday, 12 December 2008	Disclosure on purchase of own shares
Thursday, 11 December 2008	Purchase of own shares
Wednesday, 10 December 2008	Disclosure on purchase of own shares
Tuesday, 9 December 2008	Disclosure on purchase of own shares
Monday, 8 December 2008	Disclosure on purchase of own shares
Friday, 5 December 2008	Disclosure on purchase of own shares
Thursday, 4 December 2008	Disclosure on purchase of own shares
Wednesday, 3 December 2008	Purchase of own shares
Tuesday, 2 December 2008	Disclosure on purchase of own shares
Monday, 1 December 2008	Purchase of own shares
Thursday, 27 November 2008	Disclosure on purchase of own shares
Wednesday, 26 November 2008	Disclosure on purchase of own shares
Friday, 14 November 2008	Disclosure on change in the composition of the Board of Directors Disclosure on decision to purchase own shares
Thursday, 13 November 2008	Announcement on commentary on financial statements for the first three quarters 2008 Breakdown of financial results of the first three quarters 2008
Thursday, 2 October 2008	Acquisition of 70% of Pharmacon North Greece S.A.
Friday, 8 August 2008	Distribution of fractions as a result of free shares distribution

Restatement of Facts and Information on the period from 1 January 2008 to 30 June 2008

Thursday, 7 August 2008	Announcement on commentary on financial statements for the first half of 2008 Breakdown of financial results of the first half of 2008
Wednesday, 30 July 2008	Announcement of regulated information under Law 3556/07
Friday, 25 July 2008	Announcement on share capital increase through change in the share's nominal value
Monday, 30 June 2008	Decisions of Extraordinary General Meeting Company announcement on the amount of share capital and number of shares and voting rights pursuant to Law 3556/2007
Wednesday, 25 June 2008	Increase in share capital of subsidiary "KINGS & QUEENS SINGLE-MEMBER LTD"
Thursday, 12 June 2008	Acquisition of 50% of the distribution company in DISTRICT TWO by KORRES S.A. - NATURAL PRODUCTS A
Thursday, 5 June 2008	Harmonization of Facts and Information for the period 1.1.2008-31.3.2008 Announcement of Extraordinary General Meeting
Monday, 2 June 2008	Increase of the holding of KORRES NATURAL PRODUCTS S.A. in "Kozani Crocus Products S.A."
Friday, 23 May 2008	Announcement on listing of free shares from share capital increase through reserves capitalization
Tuesday, 13 May 2008	Breakdown of financial results of Q1 2008 Announcement on commentary on financial statements for Q1 2008
Thursday, 17 April 2008	Announcement of dividend payment for year 2007 Decisions of General Meeting
Thursday, 10 April 2008	Announcement
Wednesday, 2 April 2008	Announcement on distribution of FY 2007 Annual Report
Friday, 21 March 2008	Announcement of General Meeting
Thursday, 20 March 2008	Breakdown of 2007 financial results (FY 2007 Report) Commentary on financial results of 2007
Tuesday, 26 February 2008	Announcement of acquisition of a 4.92% holding in the share capital of MEDITERRA S.A.
Tuesday, 5 February 2008	Disclosure of important change in participating interest Disclosure of important change in participating interest
Monday, 4 February 2008	Announcement
Friday, 25 January 2008	Disclosure on change in the composition of the Board of Directors

F) DATA AND INFORMATION FOR THE PERIOD 1/1 - 31/12/2008



KORRES S.A. – NATURAL PRODUCTS

S.A. Reg. No: 476000/B/002

20-26, K. Merou St., Athens, GR-11633

FACTS AND INFORMATION ON THE PERIOD FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

(Published according to Article 135 of Law 2190 for entities preparing annual Financial Statements, either consolidated or not, as per IAS)

The facts and information below arising from the financial statements aim to provide general information on the financial position and results of KORRES S.A. – NATURAL PRODUCTS. Therefore, readers are advised before making any investment option or other transaction with the company to refer to the company's website where the financial statements and the audit report of the chartered auditor-accountant are uploaded.

COMPANY PARTICULARS	
Competent Service: Ministry of Development, S.A. & Credit Division	
Website: www.korres.com	
Date of annual financial statements approved by the Board of Directors: 26 March 2009	
Composition of the Board of Directors:	Georgios Korres, Chairman & Managing Director Panagiotis Spyropoulos, Vice-Chairman & General Manager Emmanuel Kontos, Member Christos Papadimitriou, Member Petros Katsoulas, Member Nikolaos Sotiriou, Member Georgios Kiris, Member
Chartered Auditors: Accountants: Mihalacos Konstantinos	
Litigating company: Proseuderhouse/Copage	
Type of review report: Upon occurrence opinion	

PROFIT AND LOSS ACCOUNT OF THE YEAR (annual consolidated and non-consolidated accounts) Amounts in €	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Turnover	53,736,392	33,977,891	46,996,142	35,993,731
Gross profit/(loss)	32,699,921	23,996,366	29,157,659	22,133,774
Finance (loss) before interest and taxes (E.B.I.T.)	7,635,955	5,493,098	7,791,697	6,945,317
Profit/(loss) before taxes	5,525,166	4,599,277	3,775,378	5,254,756
Profit/(loss) after taxes	3,980,920	3,225,662	4,164,049	3,732,925
Attributable to:				
Company Shareholders	3,878,803	3,242,009	4,164,049	3,732,925
Minority Shareholders	1,026,016	357,268	-	-
Profit tax earnings per share - basic (in €)	0.338	0.2979	0.3600	0.3420
Adjusted earnings (loss) before interest, taxes, depreciation and amortization (E.B.I.T.D.A.)	8,201,425	6,643,325	8,306,839	7,131,317

BALANCE SHEET ACCOUNTS (annual consolidated and non-consolidated)	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
ASSETS				
Self-produced tangible assets	19,297,749	13,267,031	18,769,000	13,230,130
Intangible assets	2,540,497	1,298,079	2,516,492	1,313,861
Other non-current assets	11,923,792	3,176,494	11,274,933	4,044,612
Investments	18,003,937	9,609,320	15,305,139	6,176,800
Receivables from customers	36,625,186	30,008,370	36,166,448	33,202,942
Other current assets	3,387,850	2,200,200	2,098,481	2,017,891
TOTAL ASSETS	91,868,911	62,869,494	86,152,481	60,025,746
EQUITY AND LIABILITIES				
Share Capital	4,504,500	2,310,000	4,504,500	2,310,000
Share equity, basic	16,672,871	16,552,071	17,014,545	17,014,545
Total equity of company shareholders (a)	21,341,973	18,861,021	22,119,045	19,356,336
Minority shareholders (b)	30,787	7,674	-	-
Total equity (c) = (a)+(b)	21,404,646	18,868,674	22,119,045	19,356,336
Loan from bank liabilities	8,008,320	8,079,431	8,008,320	8,079,431
Positions Other financial liabilities	1,778,266	2,222,089	1,895,978	783,722
Short term loan liabilities	37,624,815	5,236,428	36,982,988	5,324,261
Inter-branch liabilities	27,615,162	16,238,024	17,648,154	15,523,070
Total liabilities (d)	75,026,862	30,716,972	64,033,444	29,725,426
TOTAL EQUITY AND LIABILITIES (c)+(d)	91,868,911	62,869,494	86,152,481	60,025,746

CASH FLOW STATEMENT (annual consolidated and non-consolidated accounts) Amounts in €	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Operating activities				
Receipts before taxes (continue activities)	5,525,166	4,599,277	5,751,379	5,254,756
Plus / less adjustments for:				
Amortizations	1,565,871	1,089,261	1,525,753	1,086,000
Provisions	706,016	477,443	681,846	475,037
Results (income, expenses, profit and loss) from investment activity	205,549	-379,420	-278,969	-48,181
Interest expenses and related receivables	1,913,514	933,091	1,870,965	300,890
Plus / less adjustments for changes in working capital accounts or accounts related to operating activities:				
Decrease / (increase) in receivables	-2,763,300	4,433,563	-6,699,470	4,111,159
Increase / (decrease) in payables	-10,636,961	6,341,239	-16,028,831	-5,760,654
Decrease / (increase) in liabilities (asset from bank)	-2,308,945	7,277,544	-	6,564,467
Loss	-1,632,160	835,841	-1,588,521	433,790
Interest expenses and related paid-up expenses	-1,274,192	-1,391,307	-1,274,192	-1,391,307
Total inflows / (outflows) from operating activities (a)	-9,147,196	1,214,447	-12,325,584	2,018,908
Investment activities				
Acquisition of subsidiaries, associates, joint ventures and other investments	-9,284,135	-1,281,328	-8,022,848	-2,117,328
Purchase of intangible and intangible assets	-6,095,822	-4,743,460	-7,979,063	-4,744,646
Proceeds from sales of tangible and intangible assets	-9,995	800	-	-
Interest received	194,471	209,869	194,470	209,869
Total inflows / (outflows) from investment activities (b)	-17,285,482	-5,804,934	-16,817,334	-6,641,188
Financing activities				
Proceeds from share capital increase	-	-	10,814,000	10,590,000
Proceeds from issued / received loans	41,789,216	4,946,999	41,527,344	4,634,838
Payments of loans	-11,677,002	-8,179,781	-10,699,861	-7,879,351
Payments of liabilities from financial leases	-840,930	-820,064	-840,503	-820,064
Dividends paid	-1,770,403	-1,640,000	-1,770,403	-1,640,000
Total inflows / (outflows) from financing activities (c)	27,500,287	4,986,174	28,227,588	4,988,012
Net increase (decrease) in cash & cash equivalents for the year (a) + (b) + (c)	8,067,609	6,395,664	9,095,271	8,355,632
Cash and cash equivalents at the beginning of the year	2,409,200	1,804,611	2,017,899	1,672,878
Cash and cash equivalents at the end of the year	3,557,809	2,209,200	2,096,481	2,017,899

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR (annual consolidated and non-consolidated accounts) Amounts in €	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Total equity at beginning of period (1/1/2008 and 1/1/2007 respectively)	18,868,674	6,673,411	19,356,336	6,573,411
Profit/(loss) after interest and taxes (E.B.I.T.)	200,000	10,639,000	1,771,000	10,590,000
Share Capital increase / (decrease) and Share Premium	17,778,266	-1,540,000	-	-1,540,000
Dividends distributed	-167,021	0	-457,195	0
Partners' (Share) of own shares	37,538	0	47,258	0
Net income/(loss) directly in Equity	18,868,674	18,868,411	22,119,045	19,356,336
Partners' (Share) of own shares	21,404,646	18,868,411	22,119,045	19,356,336

ADDITIONAL FACTS AND INFORMATION	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
1. The staff employed by the Group and the Company numbers:	300	251	243	222
2. There are no encumbrances or other comments on the fixed assets owned by Group companies.				
3. There are no disputes or under arbitration cases nor any decisions of judicial or administrative bodies that might have a material effect on the financial position or the operation of Group companies.				
4. The cumulative amounts of sales and purchases for the entire accounting period and the balances of company receivables and payables at the end of the current period, which have arisen from its transactions with affiliated parties as per IAS 24, are as follows:				
(Amounts in Euro)				
Sales of goods and services	264,231	2,374,413	-	-
Purchases of goods and services	186	113,146	-	-
Receivables	51,305	5,882,278	-	-
Payables	10,778	3,161,838	-	-
Transactions and facts of management executives and administration members	754,004	754,004	-	-
Receivables from senior executives and members of management	0	0	-	-
Payables to management executives and administration members	0	0	-	-

Company	31/12/2008		31/12/2007		Relationship with parent
	% holding	Consolidation method	% holding	Consolidation method	
KORRES S.A. - NATURAL PRODUCTS	Parent	Full	Parent	Full	Parent
Kings & Queens Single-Member Ltd.	100.00%	Full	27% in Athens-Lamia National Highway, Greece	2007 - 2008	Direct
KOZANI CROUOS PRODUCTS S.A.	45.00%	Not available	Municipal District of Neapolis, Neapolis, Greece	2008	Direct
Phyto 12 S.A.	60.00%	Full	27% in Athens-Lamia National Highway, Greece	2008	Direct
Korres Homeopathy Products S.A.	100.00%	Full	20-26, K. Merou St., Athens, GR-11633	2008	Direct
DISTRICT TWO GmbH	50.00%	Full	Munich, Germany	2003 - 2008	Direct
PHARMACON NORTH GREECE S.A.	70.00%	Full	A. Draganiou St., Thessaloniki, GR-55401, Greece	2007 - 2008	Direct

6. "KORRES S.A. - NATURAL PRODUCTS" acquired a 5.13% holding in the share capital of the company "MEDTERRA S.A." when the latter was listed in the alternative market of the ASE, whose trading started on 28 February 2008.

7. The financial statements of the company are not included in the consolidated statements of another company.

8. The amount of € 457,195 directly posted in the Company's equity during the period 1/1 - 31/12/2008 arises from subtraction of € -53,408 relating to share capital increase expenses and from the amount of € 151,488 concerning the profit from valuation of available-for-sale financial assets, as well as the amount of € 345,795 relating to the value adjustment of the land and building at Neapolis according to the re-assessment performed by DANDES S.A. Finally, there is the sum of € 1,1725 concerning the stock option plan and € 21,822 relating to adjustment of deferred tax. The respective amount of € 187,201 that was directly recognized in Group's equity during the period 1/1 - 31/12/2008 pertains to the above amount of € 457,195 decreased by the amount of € 6,600 that concerns a subsidiary's share capital increase and decreased by € 417,618 relating to loss corresponding to the minority interest of acquired subsidiaries.

9. On 17 April 2008 the annual General Meeting of shareholders approved the Company's share capital increase by € 1,550,000 through capitalization of amount from the account "Paid-up share premium" and the issue of 3,892,000 new ordinary registered shares that will be distributed to beneficiaries free of charge as a ratio of one (1) new share to two (2) old ones.

10. On 2 June 2008, the Group further increased its holding in "Kozani Crouos Products S.A." to 42.8% from 15.9%, after acquiring the 27.2% stake held in such company by the Venture Capital "Capital Connect Venture Partners" in exchange for € 1,702,000. On 28/12/2008 the Group further increased its holding in "Kozani Crouos Products S.A." according to a contractual obligation to 46% from 42.8%, through increase of the said company's share capital by € 147,000 and waiver of the other shareholders.

11. On 11 June 2008, acquisition of 50% of cosmetics distribution limited liability company "District Two Cosmetics Distribution GmbH" was completed, such company being the exclusive distributor of the company's products in Germany in return for € 760,000.

12. On 21 June 2008 the Board of Directors of "KORRES S.A. NATURAL PRODUCTS" approved the payment of € 200,000 for share capital increase of its subsidiary. Following completion of the said procedure, the share capital of "KINGS AND QUEENS SINGLE-MEMBER LTD" amounts to € 1,000,000. Finally on 18 December 2008, the BOD approved a new increase of € 200,000 in its subsidiary thus raising its share capital to € 1,200,000 pursuant to the Company's investment plan that was elaborated in the context of its listing in the category "Small & Medium Capitalization" of Athens Stock Exchange.

13. The ordinary General Meeting of the company held on 17/04/2008 decided to establish a stock option plan. The duration of the Plan is set at 5 years and it will take effect as of 1 July 2008.

14. On 26 June 2008 the Extraordinary General Meeting of KORRES S.A. approved the Company's share capital increase by € 1,038,000 through capitalization of such amount from the account "Paid-up share premium", through the issue of nominal value from thirty cents (30) to thirty-nine cents (39) per share thus raising the Company's share capital to four million five hundred four thousand five hundred Euros (€ 4,504,500), divided into eleven million five hundred thirty thousand (11,500,000) ordinary registered shares.

15. On 1 October 2008, acquisition of 70% of "Pharmacoon Northern Greece S.A." was completed, this company being the exclusive distributor of the company's products in Northern Greece in return for € 1,850,000.

16. As regards the amount of cumulative provisions that have been set up, we report the following (as to unvalued fiscal years (see reference in section Note No 32 of the annual financial statements of the year 1/1 - 30/12/2008) until 31/12/2008 a provision equal to € 162,812.91 has been set up for the Group and the Company.

17. No other provisions have been set up within the meaning of paragraphs 10, 11 and 14 of IAS 37.

18. On 31 December 2008, "KORRES S.A. - NATURAL PRODUCTS" held 17,145 own shares totaling € 87,538.

19. No change in the consolidation method of any of the Group companies occurred in relation to last year.

20. On 22 February 2009 the tax audit of KORRES S.A. was completed for the financial years 2006 and 2007. Total tax charge amounts to € 254,799. The Company has set up a provision for € 232,276 in the financial statements as at 31/12/2007 for unvalued fiscal years.

21. The difference of € 22,523 was charged to the results of 2008.

Athens, 26 March 2009

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. E 037098

PANAGIOTIS SPYROPOULOS
ID No. P 609066

EMMANUEL KONTOS
ID No. E 400809

PHILIPPOS SKAMNITSIS
ID No. E 408861

G) APPROPRIATION REPORT OF RAISED CAPITAL



KORRES S.A. - NATURAL PRODUCTS
S.A. Register No: 4780/06/00/2
20-25, K. Mianou St., Athens, GR-11633

REPORT ON APPROPRIATION OF CAPITAL RAISED FROM SHARE CAPITAL INCREASE THROUGH PUBLIC SUBSCRIPTION

It is hereby disclosed that pursuant to Decision No 33/24-11-2005 of Athens Stock Exchange and Article 339(5) of ASE Rulebook the share capital increase of the company through payment in cash and listing of the Company's shares on ASE Equities Market (category "Small and Mid Cap") held in line with the Extraordinary General Meetings of the Company's Shareholders on 4 August 2006 and 22 December 2006 and Decision No 28/19/14-3-2007 of the Hellenic Capital Market Commission (HCMC) led to the issue of 1,600,000 new ordinary registered shares with a nominal value of € 0.30 each and funds equal to EUR 11,520,000.00 were raised which, in relation to the stipulations of the Prospectus, were allocated until 30/6/2008 as follows:

Sector of Funds Raised Usage / Category of Funds Raised Usage	APPROPRIATION TABLE OF FUNDS RAISED ACCORDING TO PROSPECTUS					AMENDED APPROPRIATION TABLE OF FUNDS RAISED BASED ON RESOLUTION No 29/16/2007 OF THE BOARD OF DIRECTORS					AMENDED APPROPRIATION TABLE OF FUNDS RAISED BASED ON RESOLUTION DATED 14/17/2007 OF THE BOARD OF DIRECTORS					AMENDED APPROPRIATION TABLE OF FUNDS RAISED BASED ON RESOLUTION DATED 16/12/2008 OF THE BOARD OF DIRECTORS					ALLOCATED FUNDS DURING 1st HALF 2007	ALLOCATED FUNDS DURING 2nd HALF 2007	ALLOCATED FUNDS DURING 1st HALF 2008	ALLOCATED FUNDS DURING 2nd HALF 2008	NON-ALLOCATED BALANCE UPON EXPIRY OF 2nd HALF 2008
	TOTAL FUNDS RAISED	%	Implementation Time Schedule				TOTAL FUNDS RAISED	%	Implementation Time Schedule				TOTAL FUNDS RAISED	%	Implementation Time Schedule										
			1st HALF 2007	2nd HALF 2007	1st HALF 2008	2nd HALF 2008			1st HALF 2007	2nd HALF 2007	1st HALF 2008	2nd HALF 2008			1st HALF 2007	2nd HALF 2007	1st HALF 2008	2nd HALF 2008							
Product advertising - promotional expenses - sales development	3,000,000	26%	600,000	700,000	800,000	900,000	3,000,000	80%	700,000	1,000,000	1,220,000	3,000,000	80%	700,000	1,000,000	1,220,000	2,500,000	83,379	700,000	1,135,918	580,703	2,500,001	0		
Advertising expenses - promotional investments of the existing brand in Greece	2,000,000	17%	400,000	500,000	500,000	600,000	2,000,000	30%	400,000	600,000	770,000	2,000,000	30%	400,000	600,000	770,000	2,700,000	30,929	1,000,000	969,071	700,000	2,700,000	0		
Establishment of company for promotion of new brand (Kings & Queens)	1,200,000	10%	400,000	400,000	200,000	200,000	1,200,000	400,000	400,000	200,000	200,000	1,200,000	400,000	400,000	200,000	200,000	1,200,000	400,000	400,000	200,000	200,000	1,200,000	0		
Establishment of company for extracts and production of natural raw materials	400,000	3%		200,000		200,000	400,000		200,000		200,000	400,000		200,000		200,000									
Research expenses & investments for development of new products, new product categories, development of new brands, utilization of properties of endemic herbs of Greek flora	400,000	3%	100,000	100,000	100,000	100,000	400,000	70,000	100,000	100,000	130,000	400,000	70,000	100,000	100,000	130,000	600,000	74,023	100,000	225,977	200,000	600,000	0		
Investment for own participation in processes	938,000	8%		938,000			938,000		938,000			938,000		938,000			938,000		938,000		938,000		938,000	0	
Upgrade of computer infrastructure and support	400,000	3%		400,000			400,000		400,000			400,000		400,000			400,000		400,000		400,000		400,000	0	
Issue expenses	955,000	8%	955,000				782,500	745,000	12,500	12,500	12,500	782,500	745,000	12,500	12,500	12,500	782,500	748,073	12,500	9,427	748,073	12,500	9,427	782,500	0
Improvement of financial structure	1,700,000	15%	1,700,000				1,700,000	1,700,000				1,700,000	1,700,000				1,700,000	1,499,254	246		1,499,254	246	1,700,000	0	
Enhancement of working capital	527,000	5%	527,000				699,500	527,000	172,500			699,500	527,000	172,500			699,500	527,588	171,912		527,588	171,912	699,500	0	
Total	11,520,000	100%	4,682,000	1,900,000	2,938,000	2,000,000	11,520,000	3,552,000	2,185,000	3,250,500	2,522,500	11,520,000	3,552,000	2,185,000	3,100,000	2,482,500	11,520,000	3,563,746	2,384,412	3,881,712	1,690,130	11,520,000	0		

Other details:
a. Listing date of new shares on ASE: 12/04/2007.
b. Certification date of increase payment: 4/9/2007.

Notes:

- The table refers to the Appropriation Table of Funds Raised as finally established following completion of public offering for listing Company shares on the Equities Market of ASE ("Small and Medium Capitalization") category. The final amount of funds raised is on the issue came to € 11,520 thousand. The amount is less than the one indicated in the prospectus by € 480 thousand and complies with the announcement of commencement of the Company's trading on 11/4/2007.
- In the context of its statements in the Prospectus when its shares were listed in the Medium & Small Capitalization category of the Athens Stock Exchange, the Company proceeded to loan temporary repayment during the first half of 2007. The funds raised from the said listing of the company on ASE were used for such repayment based on the cost of each loan, giving priority to the repayment of loans with the highest cost at the particular moment. Note that funds will be raised from the credit limits kept by the Company to finance the Company's investment plan, as per its statements in the Prospectus.
- During the 1st half of 2008, the company fully allocated the funds that were anticipated to be earmarked by the end of the 2nd half 2008 to the following categories: a) Advertising expenses - promotional investments of the existing brand in Greece, and b) Research expenses and investments for development of new products, new product categories, development of new brands, utilization of the properties of endemic herbs of Greek flora.

Athens, 24 March 2009

THE CHARMAN OF THE BoD & CEO

VICE-CHARMAN OF THE BoD & GENERAL MANAGER

THE FINANCIAL MANAGER

THE HEAD ACCOUNTANT

GEORGIOS KORRES
ID Card No. I 037060

PANAGIOTIS SPYROPOULOS
ID Card No. P 060966

EMMANUEL KONTOS
ID Card No. I 450800

FILIPPOS SAKOUIIS
ID Card No. I 410881

FINDINGS REPORT FROM EXECUTION OF AGREED-UPON PROCEDURES ON THE "APPROPRIATION REPORT OF RAISED CAPITAL" TO THE BOARD OF DIRECTORS OF KORRES S.A.-NATURAL PRODUCTS

Pursuant to the order provided by the Board of Directors of "KORRES S.A. NATURAL PRODUCTS" (the Company), we carried out the following agreed-upon procedures in the context of the stipulations of the regulatory framework of Athens Stock Exchange and the relevant legal context of the capital market with respect to the Company's Appropriation Report of the Funds Raised, with respect to the share capital increase through public offering held during 2007. Company Management is responsible for preparing the aforementioned Report. Our work was carried out in line with the International Standard on Related Services (4400) which applies to agreed-upon procedures. Pursuant to this standard, our report lays down the findings of the agreed-upon procedures we carried out and does not express any opinion or certification whatsoever.

The agreed-upon procedures aimed solely to ascertain that the items set out in the appropriation table of funds raised are correct and especially:

- Comparison of the amounts designated as allocated funds in the attached "Appropriation Report of Raised Capital from Share Capital Increase through Public Offering" with the respective amounts recognized in the Company's books and records during the period to which they refer.
- Examination of Report integrity and consistency of its content with the stipulations of the Prospectus issued by the Company to this effect and with the relevant decisions and announcements made by the Company's competent bodies.

The findings of the procedures carried out are the following:

a) The amounts per category of use/investment recognized as allocated funds in the attached "Appropriation Report of Raised Capital from Share Capital Increase through Public Offering" arise from the Company's books and records during the period to which they refer.

b) The content of the Report includes the minimum information stipulated for this effect by the regulatory framework of ASE and the relevant legal context of the capital market and is consistent with the stipulations of the relevant Prospectus and the corresponding decisions and announcements made by the Company's competent bodies.

Given that the task we carried out does not equal audit or review in compliance with International Auditing Standards or International Standards on Review Engagements, we do not express any other assurance than those cited above. If we had carried out additional procedures or an audit or review, we might have become aware of other issues than those cited in the preceding paragraph.

This Report is intended solely for the Board of Directors of KORRES SA Natural Products in the context of fulfillment of its obligations to the regulatory framework of ASE and the relevant legal context of the capital market and cannot be used for other purposes or be distributed to third parties without our prior consent. This report is restricted solely to the areas cited above and does not extend to all the financial statements of the company.

PRICEWATERHOUSECOOPERS
PricewaterhouseCoopers
Auditing S.A.
Chartered Auditors-Accountants
206, Kifissias Avenue
15122, Marousi
NOEL Reg. No 113

Athens, 26 March 2009
THE CHARTERED AUDITOR-ACCOUNTANT

KONSTANTINOS MIHALIATOS
SOE Reg. No 17701

