

CONFIDA FINODIT

Belgrade 1 Imotska
Auditing company

PREDUZEĆE ZA REVIZIJU
CONFIDA-FINODIT D.O.O

INDEPENDENT AUDITOR'S REPORT

Br. 6/101
13 06. 2008 god.
BEOGRAD, Imotska 1

TO THE MANAGEMENT BOARD OF THE COMPANY SARANTIS D.O.O., BELGRADE

Report on the Financial Statements

We have audited the accompanying financial statements of SARANTIS d.o.o. Belgrade which comprise the balance sheet as at 31 December 2007, and income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting regulations of the Republic of Serbia applicable to those legal entities which prepare their financial statements in compliance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting

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policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, except for the effect on the special purpose financial information of the matters referred to in the preceding paragraph the financial statements present fairly, in all material respects, the financial position of SARANTIS d.o.o. Zemun Belgrade as of 31 December 2007, and of its financial performance and of its cash flows for the year then ended in accordance with the accounting regulations of the Republic of Serbia to those legal entities which prepare their financial statements in compliance with International Financial Reporting Standards.

Belgrade, 13 June 2008



Prof PHD Dragoslav Slović

Certified Auditor

Confida Finodit, Belgrade

P & L in EUR - YTD	PYr		BGT		CYr	
Volume	4,209,301		4,846,101		5,684,397	
Gross Sales	8,262,516	100.0%	9,559,916	100.0%	10,701,882	100.0%
Price-Off	-	0.0%	(29,173)	0.3%	(71,316)	0.7%
Gross Sales After Price-Off	8,262,516	100.0%	9,530,743	100.0%	10,630,566	100.0%
On Invoice Discounts	(797,040)	9.6%	(1,057,931)	11.1%	(1,159,402)	10.9%
Net Billings	7,465,476	100.0%	8,472,813	100.0%	9,471,163	100.0%
Discounts with Credit Notes-Realised	-	0.0%	-	0.0%	-	0.0%
Trade Allowances Discounts-Forecast	-	0.0%	-	0.0%	-	0.0%
Coupons/ Advertising Discounts	-	0.0%	-	0.0%	-	0.0%
Net Sales	7,465,476	100.0%	8,472,813	100.0%	9,471,163	100.0%
Trade Expenses	(195,198)	2.6%	(213,893)	2.5%	(279,323)	2.9%
Net Net Sales	7,270,278	100.0%	8,258,919	100.0%	9,191,840	100.0%
Cost Of Goods	(3,695,311)	50.8%	(4,032,300)	48.8%	(4,371,484)	47.6%
Gross Profit	3,574,966	49.2%	4,226,619	51.2%	4,820,356	52.4%
Media	(406,171)	5.6%	(527,910)	6.4%	(527,517)	5.7%
Promotion	-	0.0%	(219,964)	2.7%	(316,475)	3.4%
I.B.S.	(80,734)	1.1%	(145,653)	1.8%	(76,948)	0.8%
Customer marketing	(9,357)	0.1%	(27,834)	0.3%	(33,130)	0.4%
Total A&P	(496,263)	6.8%	(921,361)	11.2%	(954,070)	10.4%
Marketing Contribution	3,078,704	42.3%	3,305,258	40.0%	3,866,287	42.1%
Beauticians Expenses	-	0.0%	-	0.0%	-	0.0%
Sales Dpt.	(523,564)	7.2%	(569,153)	6.9%	(595,511)	6.5%
Business Development & Suport	-	0.0%	-	0.0%	-	0.0%
Marketing Dpt.	(33,525)	0.5%	(37,923)	0.5%	(40,340)	0.4%
Marketing Development Expenses	-	0.0%	-	0.0%	-	0.0%
Mass Market Dpt.	(104,215)	1.4%	(110,686)	1.3%	(115,967)	1.3%
Country/B.U. Commercial Expenses	(661,304)	9.1%	(717,762)	8.7%	(751,819)	8.2%
Supply Chain Dpt.	(313,326)	4.3%	(386,321)	4.7%	(393,309)	4.3%
Warehousing	(156,951)	2.2%	(208,531)	2.5%	(207,889)	2.3%
Distribution	(156,376)	2.2%	(177,790)	2.2%	(185,420)	2.0%
Trade Expenses Logistics	-	0.0%	-	0.0%	-	0.0%
Financial Dpt.	(78,169)	1.1%	(99,159)	1.2%	(92,520)	1.0%
EDP Dpt.	(31,849)	0.4%	(47,403)	0.6%	(43,629)	0.5%
Administrative Dpt.	(142,458)	2.0%	(158,407)	1.9%	(172,444)	1.9%
Other Operating Expenses	-	0.0%	-	0.0%	-	0.0%
Extraordinary Revenues-Expenses	8,850	-0.1%	585	0.0%	15,657	-0.2%
Country/B.U. Overheads	(556,952)	7.7%	(690,705)	8.4%	(686,244)	7.5%
Country/B.U. Total Expenses	(1,218,256)	16.8%	(1,408,467)	17.1%	(1,438,063)	15.6%
Country/B.U. E.B.I.T.	1,860,447	25.6%	1,896,791	23.0%	2,428,223	26.4%
Group Supply Chain	(407)	0.0%	(1,440)	0.0%	(636)	0.0%
Cosmetics Category Expenses	(943)	0.0%	(3,000)	0.0%	(1,658)	0.0%
Household Category Expenses	(1,421)	0.0%	(1,080)	0.0%	(9,412)	0.1%
Group Category	(2,365)	0.0%	(4,080)	0.0%	(11,070)	0.1%
Group Financial Dpt.	(457)	0.0%	(1,440)	0.0%	(683)	0.0%
Group EDP Dpt.	-	0.0%	(360)	0.0%	(324)	0.0%
Group Human Resources	-	0.0%	(900)	0.0%	-	0.0%
Group Administrative Dpt.	-	0.0%	(2,160)	0.0%	(516)	0.0%
Group Extraordinary Revenues-Expenses		0.0%		0.0%		0.0%
G. Group Services	(46,023)	0.6%	(64,014)	0.8%	(64,993)	0.7%
Group Administrative Expenses	(46,480)	0.6%	(68,874)	0.8%	(66,516)	0.7%
Total Group Expenses	(49,251)	0.7%	(74,394)	0.9%	(78,222)	0.9%
Income from E.L.						
Income from Meritopoulos						
Group E.B.I.T.	1,811,196	24.9%	1,822,397	22.1%	2,350,001	25.6%
Financial Expenses	3,521	0.0%	(68,961)	0.8%	(26,344)	0.3%
Group E.B.T.	1,814,717	25.0%	1,753,437	21.2%	2,323,657	25.3%

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P & L in Local Currency - YTD	PYr		BGT		CYr	
Volume	4,209,301		4,846,101		5,684,397	
Gross Sales	695,339,961	100.0%	803,032,984	100.0%	855,909,537	100.0%
Price-Off	-	0.0%	(2,450,532)	0.3%	(5,703,681)	0.7%
Gross Sales After Price-Off	695,339,961	100.0%	800,582,452	100.0%	850,205,855	100.0%
On Invoice Discounts	(67,075,697)	9.6%	(88,866,191)	11.1%	(92,726,078)	10.9%
Net Billings	628,264,264	100.0%	711,716,261	100.0%	757,479,778	100.0%
Discounts with Credit Notes-Realised	-	0.0%	-	0.0%	-	0.0%
Trade Allowances Discounts-Forecast	-	0.0%	-	0.0%	-	0.0%
Coupons/ Advertising Discounts	-	0.0%	-	0.0%	-	0.0%
Net Sales	628,264,264	100.0%	711,716,261	100.0%	757,479,778	100.0%
Trade Expenses	(16,427,067)	2.6%	(17,967,037)	2.5%	(22,339,574)	2.9%
Net Net Sales	611,837,198	100.0%	693,749,224	100.0%	735,140,204	100.0%
Cost Of Goods	(310,982,463)	50.8%	(338,713,228)	48.8%	(349,620,264)	47.6%
Gross Profit	300,854,735	49.2%	355,035,995	51.2%	385,519,940	52.4%
Media	(34,181,746)	5.6%	(44,344,440)	6.4%	(42,189,461)	5.7%
Promotion	-	0.0%	(18,476,976)	2.7%	(25,310,840)	3.4%
I.B.S.	(6,794,272)	1.1%	(12,234,852)	1.8%	(6,154,140)	0.8%
Customer marketing	(787,438)	0.1%	(2,338,056)	0.3%	(2,649,643)	0.4%
Total A&P	(41,763,457)	6.8%	(77,394,324)	11.2%	(76,304,084)	10.4%
Marketing Contribution	259,091,278	42.3%	277,641,671	40.0%	309,215,856	42.1%
Beauticians Expenses	-	0.0%	-	0.0%	-	0.0%
Sales Dpt.	(44,061,048)	7.2%	(47,808,837)	6.9%	(47,627,506)	6.5%
Business Development & Suport	-	0.0%	-	0.0%	-	0.0%
Marketing Dpt.	(2,821,289)	0.5%	(3,185,545)	0.5%	(3,226,290)	0.4%
Marketing Development Expenses	-	0.0%	-	0.0%	-	0.0%
Mass Market Dpt.	(8,770,354)	1.4%	(9,297,624)	1.3%	(9,274,774)	1.3%
Country/B.U. Commercial Expenses	(55,652,691)	9.1%	(60,292,006)	8.7%	(60,128,571)	8.2%
Supply Chain Dpt.	(26,368,272)	4.3%	(32,451,000)	4.7%	(31,455,853)	4.3%
Warehousing	(13,208,322)	2.2%	(17,516,646)	2.5%	(16,626,422)	2.3%
Distribution	(13,159,950)	2.2%	(14,934,354)	2.2%	(14,829,431)	2.0%
Trade Expenses Logistics	-	0.0%	-	0.0%	-	0.0%
Financial Dpt.	(6,578,404)	1.1%	(8,329,361)	1.2%	(7,399,503)	1.0%
EDP Dpt.	(2,680,262)	0.4%	(3,981,812)	0.6%	(3,489,336)	0.5%
Administrative Dpt.	(11,988,696)	2.0%	(13,306,208)	1.9%	(13,791,606)	1.9%
Other Operating Expenses	-	0.0%	-	0.0%	-	0.0%
Extraordinary Revenues-Expenses	744,783	-0.1%	49,140	0.0%	1,252,205	-0.2%
Country/B.U. Overheads	(46,870,852)	7.7%	(58,019,241)	8.4%	(54,884,094)	7.5%
Country/B.U. Total Expenses	(102,523,542)	16.8%	(118,311,248)	17.1%	(115,012,664)	15.6%
Country/B.U. E.B.I.T.	156,567,736	25.6%	159,330,424	23.0%	194,203,192	26.4%
Group Supply Chain	(34,241)	0.0%	(120,960)	0.0%	(50,868)	0.0%
Cosmetics Category Expenses	(79,376)	0.0%	(252,000)	0.0%	(132,624)	0.0%
Household Category Expenses	(119,614)	0.0%	(90,720)	0.0%	(752,737)	0.1%
Group Category	(198,989)	0.0%	(342,720)	0.0%	(885,361)	0.1%
Group Financial Dpt.	(38,483)	0.0%	(120,960)	0.0%	(54,604)	0.0%
Group EDP Dpt.	-	0.0%	(30,240)	0.0%	(25,891)	0.0%
Group Human Resources	-	0.0%	(75,600)	0.0%	-	0.0%
Group Administrative Dpt.	-	0.0%	(181,440)	0.0%	(41,296)	0.0%
Group Extraordinary Revenues-Expenses		0.0%		0.0%		0.0%
G. Group Services	(3,873,074)	0.6%	(5,377,134)	0.8%	(5,198,012)	0.7%
Group Administrative Expenses	(3,911,557)	0.6%	(5,785,374)	0.8%	(5,319,803)	0.7%
Total Group Expenses	(4,144,787)	0.7%	(6,249,054)	0.9%	(6,256,032)	0.9%
Income from E.L.						
Income from Marinospoulos						
Group E.B.I.T.	152,422,949	24.9%	153,081,370	22.1%	187,947,160	25.6%
Financial Expenses	296,335	0.0%	(5,792,700)	0.8%	(2,106,922)	0.3%
Group E.B.T.	152,719,284	25.0%	147,288,670	21.2%	185,840,237	25.3%

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