

## **INDEPENDENT AUDITOR'S REPORT**

**To: the Director of the Company Sarantis Ltd, Belgrade**

### Report on the Financial Statements

We have audited the accompanying financial statements of SARANTIS Ltd BELGRADE which comprise the balance sheet as at 31 December 2009, and income statement, statement of changes in equity 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 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.


# CONFIDA FINODIT

Belgrade 1 Imotska  
Auditing company

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SARANTIS Ltd BELGRADE as of 31 December 2009, 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, International Accounting Standards and International Auditing Standards.

Belgrade, 26 February 2010

  
Jelena Slovic MSc  
Certified Auditor  
Confida Finodit Ltd  
Belgrade, Serbia




Attachment B

INDEPENDENCE CONFIRMATION  
FOR THE AUDIT OF  
SARANTIS LTD, BELGRADE, SERBIA

We confirm that:

1. We have read and understand the independence requirements applicable to Greece audit clients for local auditors and, with respect to **Sarantis S.A. Greece** and all of its related entities indicated on the listing provided to us. **Confida Finodit, Auditing Company, Belgrade, Serbia** is independent in accordance with the Greece independence rules and the independence rules of Serbia, i.e. International Auditing Standards independence requirements.
2. The partner and staff who work on the audit engagement are independent in accordance with my firm's independence rules, Greece independence rules and the independence rules of Serbia, i.e. International Auditing Standards independence requirements.
3. I have carried out the necessary enquiries and based on my personal knowledge. We are not aware of any actual, or potential, threats to the firm's independence or the objectivity of the engagement partner and audit staff, including those arising from the provision of non-audit services.
4. We will ensure that the group engagement partner is notified of any other relationships which exist between the firm and its related entities and the client entity and its related entities that may reasonably be thought to bear on the firm's independence and the objectivity of the engagement partner and audit staff.

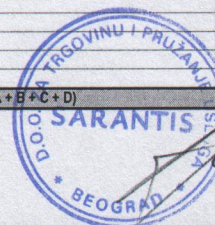
Belgrade, 26 February 2010

  
Jelena Slovic, MSc  
Certified Auditor  
"CONFIDA-FINODIT"  
BELGRADE, SERBIA



ASSETS IN EUR			Acquisition Value	Accumulated Depreciation	Net Value	LIABILITIES IN EUR			Net Value		
A		Capital Due			-	A		Owners Equity			
B		Installation Expenses			-	A	I	Capital			
B	1	First Installation Expenses	-	-	-	A	I 1	Paid-In Capital	897.181		
B	2	Foreign Exchange Differences of Loans to Acquire Assets	-	-	-	A	I 2	Capital Due	-		
B	3	Interest Expenses of Loans of Installation Period	-	-	-	A	I 3	Depreciated	-		
B	4	Other Installation Expenses	-	-	-				897.181		
B		Installation Expenses	-	-	-	A	II	Paid in Capital in Excess of Par	-		
C		Fixed Assets			-	A	III	Revaluations & Grants			
C	I	Intangible Assets			-	A	III 1	Revaluations of Participations & Securities	-		
C	I 1	Research & Development Costs	-	-	-	A	III 2	Revaluations of Other Assets	-		
C	I 2	Property Rights	-	-	-	A	III 3	Investment Grants	-		
C	I 3	Company Goodwill	-	-	-				-		
C	I 4	Advances for Intangible Assets	-	-	-				-		
C	I 5	Other Intangible Assets	59.678	51.850	7.827	A	IV	Reserves			
C	I 6	Consolidation Differences	-	-	-	A	IV 1	Legal Reserves	74.085		
			59.678	51.850	7.827	A	IV 2	Statutory Reserves	(0)		
C	II	Tangible Assets			-	A	IV 3	Special Reserves	-		
C	II 1	Land	-	-	-	A	IV 4	Extraordinary Reserves	-		
C	II 2	Mines	-	-	-	A	IV 5	Tax Free Reserves	-		
C	II 3	Buildings - Technical Works	-	-	-	A	IV 6	Reserves for Own Shares	-		
C	II 4	Equipment	87.037	49.178	37.859	A	IV 7	Consolidation Differences	-		
C	II 5	Means of Transportation	680.128	264.091	416.037	A	IV 8	Depreciation of Goodwill in Affiliated Companies	-		
C	II 6	Furniture	34.300	30.851	3.448				74.085		
C	II 7	Assets Under Construction	2.633	-	2.633				-		
			804.097	344.121	459.976	A	V	Carried Forward Results	-		
		<b>Tangible &amp; Intangible Assets (CI + CII)</b>	<b>863.774</b>	<b>395.971</b>	<b>467.804</b>	A	V 1a	Results of Previous Periods	6.917.128		
						A	V 1b	Results of Current Period	1.755.684		
C	III	Participations & Other Long Term Claims			-	A	V 2	Plus / (Less) Consolidation Recalculation	-		
C	III 1	Participation in Affiliated Companies	-	-	1.479.630	A	V 3	FX Difference on Conversion to reporting currency	(1.135.537)		
C	III 2	Participation in Other Companies	-	-	-	A	V 4	Recalculation of Current Periods' Results	-		
C	III 2a	Less: Installments Due	-	-	-	A	V 5	Tax Penalties for Previous Periods	-		
C	III 3	Long Term Claims from Affiliated Companies	-	-	-				7.537.275		
C	III 4	Long Term Claims from Other Participating Companies	-	-	-	A	VI	Amounts for Capital Increase	-		
C	III 5	Long Term Notes Receivables	-	-	-	A	VI 1	Shareholders' Deposits	-		
C	III 5a	Less: Non-earned Interest	-	-	-	A	VI 2	Available Dividends	-		
C	III 6	Other Titles of Assets' Nature	-	-	-				-		
C	III 7	Other Long Term Claims	-	-	-				-		
					1.479.630	A	VII	FX Difference from Translation of International Affiliates	-		
C		<b>Fixed Assets (CI + CII + CIII)</b>			<b>1.947.433</b>	A	VIII	Consolidation Differences	-		
						A	VIII 1	Less: Transfer to Consolidated Results	-		
D		Working Capital			-						
D	I	Stock			-	A		Total Owner's Equity	8.508.541		
D	I 1	Finished Goods	-	-	759.581				-		
D	I 2	Raw Materials	-	-	-				-		
D	I 3	Packaging & other auxiliary materials	-	-	33.293	B		Provisions			
D	I 4	Work in process and semifinished goods	-	-	-	B	1	Provision for Indemnification of Personnel	-		
D	I 5	POS materials	-	-	-	B	2	Other Provisions	-		
D	I 6	Advances to Suppliers	-	-	6.588	B	3	Provisions for Tax (art 105, par 5, L.2190/20)	-		
D	I 7	Goods in transit	-	-	-	B		Provisions	-		
D	I 9	Stock(Finished Goods, Raw materials, ..)allocated to Affiliates	-	-	-				-		
					799.462				-		
D	II	Claims			-	C		Liabilities			
D	II 1	Customers			-	C	I	Long Term Liabilities			
D	II 1a	Customers Sarantis Gr.	-	-	-	C	I 1	Bonds	-		
D	II 1b	Customers Other Group Companies	55.486	-	-	C	I 2	Bank Loans	-		
D	II 1c	Customers Other	4.854.590	-	-	C	I 3	Depository Institute Loans	-		
D	II 1d	Less: Bad Debt Provisions	39.796	-	4.870.279	C	I 4	Long Term Liabilities to Affiliated Companies	-		
D	II 2	Notes Receivable	-	-	91.446	C	I 5	Long Term Liabilities to Other Companies	-		
D	II 2a	In Portfolio	-	-	-	C	I 6	Banks, Long Term Credit	-		
D	II 2b	In Banks to Collect	-	-	-	C	I 7	Long Term Notes Payable	-		
D	II 2c	In Banks as Pledge	-	-	-	C	I 7a	Less: Non-earned Interest	-		
D	II 3	Notes Receivable Delayed	-	-	-	C	I 8	Other Long Term Liabilities	20.786		
D	II 3a	Checks Receivable	-	-	-				20.786		
D	II 3b	Checks Delayed	-	-	-				-		
D	II 4	Capital Receivable at Next Financial Period	-	-	-	C	II	Short Term Liabilities			
D	II 5	Short Term Claims from Affiliated Companies	-	-	-	C	II 1a	Suppliers (Goods, Raw Materials, Packaging,Fixed Assets) Other	666.414		
D	II 6	Short Term Claims from Other Participating Companies	-	-	-	C	II 1b	Suppliers (Goods, Raw Materials, Packaging,Fixed Assets) Sarantis Gr.	-		
D	II 7	Claims against Management	-	-	-	C	II 1c	Suppliers (Goods, Raw Materials, Packaging,F. Assets) Other G.Companies	121.023		
D	II 8	Blocked Bank Accounts	-	-	-	C	II 1d	Suppliers (Services, Consumables, other) Other	418.846		
D	II 9	Long Term Claims Receivable at Next Financial Period	-	-	-	C	II 1e	Suppliers (Services, Consumables, other) Sarantis Gr.	-		
D	II 10	Doubtfull Debts	19.383	-	-	C	II 1f	Suppliers (Services, Consumables, other) Other Group Companies	-		
D	II 10a	Less: Provisions	19.383	-	-	C	II 1g	Suppliers (Gothic)	-		
D	II 11	Advances / Sundry Debtors	71.793	-	-	C	II 1h	Suppliers (Other)	1.206.283		
D	II 11a	Advances / Sundry Debtors Affiliated Companies	861.586	-	933.378	C	II 2	Notes Payable	-		
D	II 12	Deferred Tax Asset	-	-	15.800	C	II 2a	Checks Payable	-		
					5.910.904	C	II 3	Banks, Short Term Liabilities in Local Currency	-		
						C	II 3a	Banks, Short Term Liabilities in Foreign Currency	-		
D	III	Securities			-	C	II 4	Customer Advances	2.336		
D	III 1	Shares	-	-	-	C	II 5	Tax Liabilities	116.672		
D	III 2	Bonds	-	-	-	C	II 5a	Tax from Affiliates Dividends	-		
D	III 3	Other Securities	-	-	-	C	II 6	Social Security	-		
D	III 4	Own Shares	-	-	-	C	II 7	Short Term Liabilities Payable at Next Financial Period	34.570		
D	III 4a	Less: Installments Due	-	-	-	C	II 8	Short Term Liabilities to Affiliated Companies	-		
					-	C	II 9	Sundry Creditors	-		
					-	C	II 10	Dividends Payable	-		
D	IV	Cash & Banks			-	C	II 11	Deferred Tax Liability	-		
D	IV 1	Cash	-	-	1.147				1.359.861		
D	IV 2	Share Coupons Receivable	-	-	-				-		
D	IV 3	Banks	-	-	1.223.024				-		
					1.224.171	C		Liabilities (C+CI)	1.380.647		
D		<b>Working Capital (DI + DII + DIII + DIV)</b>			<b>7.934.537</b>	D		Liabilities Transitional Accounts			
E		Assets Transitional Accounts			-	D	1	Deferred Income	-		
E	1	Deferred Expenses	-	-	796	D	1a	Deferred Income Affiliated Companies	-		
E	1a	Deferred Expenses Affiliated Companies	-	-	796	D	2	Accrued Expenses	40.860		
E	2	Accrued Income	-	-	-	D	2a	Accrued Expenses Affiliated Companies	40.860		
E	2a	Accrued Income Affiliated Companies	-	-	-	D	3	Other Transitional Accounts	-		
E	3	Other Transitional Accounts	-	-	47.281	D	3a	Other Transitional Accounts Affiliated Companies	-		
E	3a	Other Transitional Accounts Affiliated Companies	-	-	47.281	D	4	Income Tax Expense Provision	-		
E		<b>Transitional Accounts</b>			<b>48.077</b>	D		<b>Transitional Accounts</b>	<b>40.860</b>		
<b>TOTAL ASSETS (A + B + C + D + E)</b>					<b>9.930.047</b>	<b>Total Liabilities (A + B + C + D)</b>					<b>9.930.047</b>

Sluzbeno



P & L in EUR	PYr		BGT		CYr	
Volume	7.420.103		8.107.478		8.026.221	
Gross Sales	12.909.452	100,0%	13.186.844	100,0%	11.923.725	100,0%
Price-Off	-	0,0%	-	0,0%	-	0,0%
Gross Sales After Price-Off	12.909.452	100,0%	13.186.844	100,0%	11.923.725	100,0%
On Invoice Discounts	(1.447.637)	11,2%	(1.510.191)	11,5%	(1.403.469)	11,8%
Net Billings	11.461.816	100,0%	11.676.654	100,0%	10.520.256	100,0%
Discounts with Credit Notes-Realised	-	0,0%	-	0,0%	-	0,0%
Trade Allowances Discounts-Forecast	-	0,0%	-	0,0%	(14.058)	0,1%
Coupons/ Advertising Discounts	-	0,0%	-	0,0%	-	0,0%
Net Sales	11.461.816	100,0%	11.676.654	100,0%	10.506.199	99,9%
Trade Expenses/Logistics Discounts	(372.938)	3,3%	(473.103)	4,1%	(482.075)	4,6%
Net Net Sales	11.088.878	100,0%	11.203.551	100,0%	10.024.124	100,0%
Cost Of Goods	(5.719.365)	51,6%	(6.019.214)	53,7%	(5.516.231)	55,0%
Gross Profit	5.369.513	48,4%	5.184.337	46,3%	4.507.893	45,0%
Media	(539.414)	4,9%	(541.500)	4,8%	(468.414)	4,7%
Promotion	(333.572)	3,0%	(385.470)	3,4%	(329.840)	3,3%
I.B.S.	(78.577)	0,7%	(76.205)	0,7%	(67.191)	0,7%
Customer marketing	(75.401)	0,7%	(110.050)	1,0%	(71.938)	0,7%
Total A&P	(1.026.964)	9,3%	(1.113.225)	9,9%	(937.383)	9,4%
Marketing Contribution	4.342.548	39,2%	4.071.112	36,3%	3.570.510	35,6%
Beauticians Expenses	-	0,0%	-	0,0%	-	0,0%
Sales Dpt.	(725.536)	6,5%	(759.728)	6,8%	(689.767)	6,9%
Business Development & Suport	-	0,0%	-	0,0%	-	0,0%
Marketing Dpt.	(20.144)	0,2%	(45.981)	0,4%	(40.035)	0,4%
Marketing Development Expenses	-	0,0%	-	0,0%	-	0,0%
Mass Market Dpt.	(118.294)	1,1%	(108.403)	1,0%	(74.445)	0,7%
Country/B.U. Commercial Expenses	(863.975)	7,8%	(914.113)	8,2%	(804.247)	8,0%
Supply Chain Dpt.	(487.857)	4,4%	(536.885)	4,8%	(542.599)	5,4%
Warehousing	(185.930)	1,7%	(230.603)	2,1%	(226.421)	2,3%
Distribution	(241.107)	2,2%	(237.168)	2,1%	(253.514)	2,5%
Repackaging Cost	-	0,0%	-	0,0%	-	0,0%
Financial Dpt.	(110.928)	1,0%	(119.320)	1,1%	(110.315)	1,1%
EDP Dpt.	(43.693)	0,4%	(63.393)	0,6%	(47.132)	0,5%
Administrative Dpt.	(194.566)	1,8%	(203.953)	1,8%	(173.748)	1,7%
Other Operating Expenses	-	0,0%	-	0,0%	-	0,0%
Extraordinary Revenues-Expenses	(74.879)	0,7%	(17.000)	0,2%	7.831	-0,1%
Country/B.U. Overheads	(911.923)	8,2%	(940.550)	8,4%	(865.963)	8,6%
Country/B.U. Total Expenses	(1.775.898)	16,0%	(1.854.663)	16,6%	(1.670.210)	16,7%
Country/B.U. E.B.I.T.	2.566.651	23,1%	2.216.449	19,8%	1.900.300	19,0%
Group Supply Chain	(295)	0,0%	(2.100)	0,0%	(251)	0,0%
Cosmetics Category Expenses	(1.142)	0,0%	(2.100)	0,0%	(950)	0,0%
Household Category Expenses	(495)	0,0%	(840)	0,0%	(441)	0,0%
Group Category	(1.637)	0,0%	(2.940)	0,0%	(1.390)	0,0%
Group Financial Dpt.	-	0,0%	(420)	0,0%	-	0,0%
Group EDP Dpt.	-	0,0%	(840)	0,0%	-	0,0%
Group Human Resources	-	0,0%	(630)	0,0%	-	0,0%
Group Administrative Dpt.	-	0,0%	(2.730)	0,0%	(145)	0,0%
Group Extraordinary Revenues-Expenses	////	0,0%	////	0,0%	////	0,0%
G. Group Services	(61.686)	0,6%	(86.197)	0,8%	(69.047)	0,7%
Group Administrative Expenses	(61.686)	0,6%	(90.817)	0,8%	(69.192)	0,7%
Total Group Expenses	(63.618)	0,6%	(95.857)	0,9%	(70.833)	0,7%
Group E.B.I.T.	2.503.033	22,6%	2.120.593	18,9%	1.829.466	18,3%
Financial Expenses	242.553	-2,2%	5.883	-0,1%	144.929	-1,4%
Group E.B.T.	2.745.586	24,8%	2.126.429	19,0%	1.974.396	19,7%

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