

SARANTIS

Distribution agreement of SARANTIS GROUP in Ukraine and initial orders of the MUSTANG fragrance delivered to the US

A) DISTRIBUTION AGREEMENT OF SARANTIS GROUP IN UKRAINE

SARANTIS Group signed an agreement with the local distributor CONRIL in Ukraine, according to which CONRIL will distribute Sarantis' products for a 3-year period, commencing on May 11th 2007.

The agreement comes to reinforce the Group's new business model of penetrating the market of Ukraine and is in line with the overall re-visited penetration model of the newly established markets of Russia, Turkey and Ukraine.

It is mentioned that in Ukraine, Sarantis Group distributes the own portfolio mass-market cosmetics C-THRU, BU and STR8 and household products FINO, GROSİK and CAMEL.

The above agreement is expected to benefit the Group by maximizing efficiency in distribution, increasing market shares, and improving profitability. The agreement is also due to offset the inefficiencies of the model used so far, which was based on high fixed operating expenses and lacking mass market penetration. At the same time, through the nationwide distribution of CONRIL, the Group ensures a high return on advertising and promotion expenses.

Therefore, the completion of the distribution agreement is expected to fully offset the operating expenses and generate savings which would be invested in further advertising and promotion activities.

CONRIL is one of the top local distributors in Ukraine with at least 10 years of successful operations in a nation wide scale. Specifically, CONRIL maintains a distribution network (warehouses, distribution and order-taking) across all the major cities in Ukraine, employees 250 people and possesses a clientele of more than 3,000 customers.

B) INITIAL ORDERS OF THE MUSTANG FRAGRANCE DELIVERED TO THE US

Following the Group's recent announcement regarding its partnership with Estee Lauder for the launch of Mustang, the new men's fragrance, in the US, the Management is pleased to announce that the first orders were shipped in the US.

It is reminded that Sarantis Group, having acquired extensive knowledge and experience in the development and production of fragrances, had an integral role in this partnership as the designer and manufacturer of the Mustang fragrance as well as in the creation of its advertising campaign. It is noted that Sarantis Group bears responsibility of the exclusive production of the product. Furthermore, it is worth mentioning that it is the first time a Greek company attempts to make a noticeable presence through an important partnership with a prestigious American company by entering into a demanding, widespread, yet very promising market.

The distribution agreement of the Mustang fragrance kicks off in July 2007 on a pilot and selective basis through the chain stores Sears, JCPenney, Kohl's as well as in the wider retail market and pharmacy chains, aiming at a nationwide penetration. This model will form the pilot plan as well as the criterion for future strategic actions in the US market, including the distribution of a wider range of Sarantis' own products.