Consolidated Financial Results

FY 2008

Korres S.A. Natural Products

57th km Athens-Lamia National Road

32 011 Inofita, Greece

T +30 22620 54651

F +30 22620 54555

E athina.lagou@korres.com
Ir W http://ir.korres.com
W www.korres.com

SIGNIFICANT INCREASE BY 49, 4% IN SALES AND BY 19, 6% IN EARNINGS AFTER TAXES AND MINORITIES FOR KORRES NATURAL PRODUCTS GROUP OF COMPANIES

• Increase by 49, 4% in consolidated sales to €53,7m in 2008 (from €35,9m in 2007)
• Increase by 40, 9% in consolidated EBITDA to €9,2m (from €6,5m in 2007)
• Earnings after taxes and minorities rights increased by 19, 6% to €3,9m (from €3, 2 m in 2007)

In 2008, sales of Korres Natural Products group of companies, presented high growth of 49, 4%, reaching €53,7m from €35,9m in 2007. Significant increase was achieved in all product categories of the Group. In particular, face products continue to be the highest contributor (45%) in total sales, enhanced by 68% due to the positive trend of make up products both in Greece and abroad, the men's care range as well as the organic growth of the existing category products. The second largest category with growth +40%, were the hair products, with the hair colorants consistently being the growth driver.Body products (+23%) have also contributed to the sales' increase, with the organic growth of the category as well as with the contribution of the new brand Kings & Queens (being launched in the 2nd half of 2007) and the new Korres fragrances that started being positioned in the market in December 2008.

International markets continued in being an important growth element for the Group increasing their participation as percentage of total sales by 13pp, reaching 35% from 22%, the corresponding period of 2007.

Earnings before taxes, interest, depreciation and amortizations (EBITDA) reached €9,2m from €6,5m in 2007, presenting an increase of 40,9%, and net profit after taxes and minority rights recorded €3,9m from €3,2m enhanced by 19,6%, a result of the increase in the operating profitability. Earnings per share 0, 34 euros from 0,30euros, enhanced by 13,3%.

In 2008, Group continued to reinforce its brand awareness by opening of 12 new Korres stores, 1 in Greece and 11 abroad. In particular in Greece, the Group opened a Korres store in the new shopping center Golden Hall and abroad (through its local distributors) in several countries such in Paris in France, in La Chaux de Fonds, in Neuchatel and in Geneva in Swiss, in Vienna and in Baden in Austria, in Leukosia in Cyprus, in Gijon in Spain, in Edinburgh in Scotland, in Dubai in UAE and in Brooklyn of NY in US. Thus, Group's network reached 27 stores, 24 abroad and 3 in Greece. At the beginning of 2009, a new Korres store has been opened in Prague, in Czech Republic.

During the examined period, the Group proceeded with certain business actions. Analytically, it acquired 50% of District Two, its local distributor in Germany, a move that consists part of its focus strategy that will be followed by the Group in the future and at the same time targets to the further growth of its 2 brands, Korres Natural Products and Kings & Queens in the particular market that presents high consumption of natural cosmetic products. Furthermore, the Group increased its participation in the Krocus Kozanis Products Company to 45% from 15,6%, the exclusive representative and distributor of Krocus or the Greek saffron, bulk or packaged, abroad apart from Greece, in order to exploit the attributes of the herb to create new products. Indicatively we mention the new range of 5 organic teas with Crocus that has been launched in 2008.

Finally the Group proceeded with the acquisition of 70% of Pharmacon North Greece, its exclusive representative and distributor in North Greece, achieving direct access to an important client basis above 1.700 pharmacies as well as opportunities of further reinforcement of Korres' presence in the particular geographic area.

In 2009, Group's growth strategy in Greece, will be focused on the creation of new products in the existing categories, and new product categories, the renovation of the brand's presence in the major distribution channel –pharmacies- and their positioning to new points of sales.

In the international markets, the Group will follow a focus strategy. The Group, having achieved presence in 30 countries, has selected 4 countries to concentrate its interest in the future, In particular these countries are Germany, France, Spain and US that have common characteristics such as being developed, with high consumption of natural and alternative brands, they have structured distribution channels and Korres' brand enjoys significant awareness. Growth in these particular markets will come from the combination of expanding to new points of sales, such as pharmacies and selective points of sales that have developed natural section, as well as of opening new Korres stores.

For more information please contact the Head of Investor Relations, Ms Athina Lagou, on 22620 54651, or email athina.lagou@korres.com

INCOME STATEMENT

- **Revenues** increased by **49, 4%** to €53,7m (from €36,0m in FY2007). Growth was mainly driven by the double digit performance of all product categories, with major contributors being face products (+67,8% to €24,1m from €14,3m), the hair category (+39, 7% to €11,2m from €8,0m), the pharmaceutical & others (+54,6% to €8,3m from €5,4m).
- **Gross profit** increased by **41, 6%** to €32, 7m (from €23,1m in FY 2007). **Gross margin** reached **60, 9%** (from 64,2% in FY 2007). The decrease of 3,3 pp came from the differentiation of sales mix due to the significant increased participation of exports that although they operate at a lower gross margin, they do not require higher distribution expenses and that way they contribute almost equally on an operating margin level.
- **EBITDA** increased by **40, 9%** to €9,2m (from €6,5m in FY 2007). The **EBITDA margin** declined by 1,0pp to **17, 1%** (from 18, 2% in FY 2007) due to increased marketing and advertising expenses to support both the existing and the new brand as well as the enhanced R&D expenses in order to the continues formula upgrades and development of new products.
- **Profit before tax** increased by **20, 1%** to €5,5m (from €4,6m in FY 2007), due to the growth in the operating profitability. EBT margin declined by 2,5pp to 7,4% from 9,0% due to the increased interest expenses coming from the group's enhanced financial needs as well as the higher depreciation cost.
- **Earnings after taxes and minority rights** increased by **19, 6%** to €3,9m (from €3,2m in FY 2007) driven by the good performance of the whole business.

Income statement (€ m)	FY 2008	FY 2007	Change (%)
Revenues	**53,7**	**36,0**	**49,4%**
Cost of goods sold	-21,0	-12,9	63,2%
Gross profit	**32,7**	**23,1**	**41,6%**
Gross margin (%)	60,9%	64,2%	-3,3%
Operating expenses	**-25,1**	**-17,6**	42,1%
EBITDA	**9,2**	**6,5**	**40,9%**
EBITDA margin (%)	17,1%	18,2%	-1,0%
Depreciation and amortization	1,6	1,1	45,0%
EBIT	**7,6**	**5,5**	**40,0%**
Operating margin (%)	14,2%	15,2%	-0,9%
Net Interest Income/Expenses	-2,1	-0,8	163,7%
Results from related companies	-0,02	-0,06	
Earnings before tax (EBT)	**5,5**	**4,6**	**20,1%**
EBT Margin (%)	10,3%	12,8%	-2,5%
Tax	-1,5	-1,4	
Earnings after taxes (EAT)	**4,0**	**3,2**	**23,4%**
Net income margin (%)	7,4%	9,0%	-1,6%
Minority rights	**0,10**	**-0,02**	
Earnings after taxes and minorities (EAT& AM)	**3,9**	**3,2**	**19,6%**
Net income margin (%)	**7,2%**	**9,0%**	-1,8%
EPS	**0,34**	**0,30**	13,3%

BALANCE SHEET

- **Inventories** increased by **1, 9** times to €18m (from €9,6m in FY 2007) mainly due to the increase in inventories of make up related to the launch of new codes, as well as the increased raw and packaging materials to cover the enhanced demand of finished products, We also have the effect from the first consolidation of the inventory held by the newly acquired entities Pharmacon N.G and District Two.
- **Goodwill** has reached 6, 6 from the acquisition that took place during FY2008 being Pharmacon N.G, District Two adding in total at €6,0M.
- **Customers** and other receivables increased by **1,8** times to €36,5m (from €20,0m in FY2007) driven from the significant increase in sales especially in the export markets with the higher contributors being the 4 major strategic countries US, Spain, France and Germany.
- **Total Debt (Long & short)** increased by **3,4** times to €46,2m (from €13,4m in FY 2007), mainly due to the increased cash needs to cover: a) the increase of Korres' participation in Krocus Kozanis Products (€1,9m) to 45%, from 15,6% b) the acquisition of 50% and the subsequent capital increase in District Two (€1,1m), the former local distributor in Germany c) the participation (5,13%) in Mediterra (€0,7m) d) the capital increase in K&Q's (€0,4m), e) the acquisition of 70% of Pharmacon North Greece (€3,7m) and the last part of investment in fixed assets (€5,5m) as well as the financing of working capital needs.
- **Net debt** increased by **3, 8** times to €42,9m (from €11,2m in FY 2007).

(€ m)	FY 2008	FY 2007	X(Times)
Assets			
Property, plant and equipment	19,3	13,3	1,5
Intangible assets	2,5	1,3	2,0
Investments in subsidiary & associated companies	2,3	0,5	4,6
Financial assets for sale	0,9		
Good will	6,6	0,6	11,3
Deferred Taxation	0,9	0,1	6,0
Other long-term receivables	1,1	1,9	0,6
Total non-current assets	**33,8**	**17,7**	**1,9**
Inventories	18,0	9,6	1,9
Customers and other receivables	36,5	20,0	1,8
Cash and equivalent	3,4	2,2	1,5
Total current assets	**57,9**	**31,8**	**1,8**
Total assets	**91,6**	**49,6**	**1,8**
Shareholder's equity and liabilities			
Share capital	4,5	2,3	2,0
Buy back shares	-0,1		
Paid up Capital	7,9	10,1	0,8
Reserves	1,4	0,7	2,0
Retained Earnings	7,6	5,7	1,3
Shareholders Equity to the shareholders of the company	**21,3**	**18,9**	1,1
Minorities	-0,3	0,0	-40,2
Total Shareholders Equity	**21,0**	**18,9**	**1,1**
Long-term loans	8,6	8,1	1,1

Deferred tax liabilities	1,4	0,5	2,7
Retirement benefit obligations	0,4	0,3	1,5
Total long-term liabilities	**10,4**	**8,9**	**1,2**
Suppliers and other liabilities	21,7	15,2	1,4
Short-term loans	37,6	5,3	7,1
Current tax liabilities	0,9	1,3	0,7
Total current liabilities	**60,2**	**21,9**	**2,8**
Total shareholder’s equity and liabilities	**91,6**	**49,6**	**1,8**

CASH FLOW

- **Operating cash flow** reached €-9,1m (from €1,2m in FY2007), primarily due to the increase in inventories of make up related to the launch of new codes in the last quarter , and the increased receivables coming from the significant sales growth of export markets.
- **Investment cash flow** reached -€17,2m (from -€5,8m in FY2007) due to the increased capital expenditures, coming from the acquisition of subsidiaries and participations that amounted to €9,3m (from €1,3m in FY2007). The amount concerns the following acquisitions a) 50% of District Two, its local distributor in Germany b) 5, 13% of MEDITERRA which was listed recently to the Alternative Market of the Athens Stock Exchange and finally c) the increase of Korres' participation in Krocus Kozanis Products to 45% from 15,6% and the 70% acquisition of Pharmacon North Greece, its former local distributor in Northern Greece. Further more investment cash flow includes CAPEX related to new equipment finalizing the investment plan of the company and Intangible assets that reached 8,2m in 2008 from 4,8m in FY2007.
- **Financing cash flow** reached €27,5m (from €5,0m in FY 2007), mainly driven by the temporary debt increase (€42m)to cover needs concerning the acquisition of participations & subsidiaries, new equipments and working capital needs.

Cash flow (€ m)	FY 2008	FY 2007	Change (%)
Operating cash flow	**-9,1**	**1,2**	-852%
Investment cash flow	**-17,2**	**-5,8**	197%
Financing cash flow	**27,5**	**5,0**	451%
Net change in cash	**1,1**	**0,4**	184%
Cash and cash equivalents, beginning of the period	**2,2**	**1,8**	22%
Cash and cash equivalents, end of the period	**3,4**	**2,2**	52%

APPENDIX: TURNOVER ANALYSIS

Turnover by category (€ m)	FY 2008	FY 2007	Change (%)
Face	**24,1**	**14,3**	**67,8%**
Of Total (%)	44,8	39,9	**4,9pp**
Hair	**11,2**	**8,0**	**39,7%**
Of Total (%)	20,9	22,3	**-1,4pp**
Body	**10,1**	**8,2**	**23,1%**
Of Total (%)	18,8	22,8	**-4,0pp**
Pharmaceuticals & Others	**8,3**	**5,4**	**54,6%**
Of Total (%)	15,5	15,0	**0,5pp**
Total	**53,7**	**36,0**	**49,4%**

Face products that continued to be the highest contributor (45%) to the Group's turnover, gaining 4,9pp compared to the corresponding period of 2007, presented an increase of 67,8% driven by the positive performance of make up products both in Greece and abroad, the men's care products and the organic growth of existing category products. Hair products presented a double digit growth of 39,7% based on the positive trend both of the shampoos, conditioners and styling products as well as excellent performance of the hair colorants in Greece and in the international markets. Pharmaceutical & others presented a significant increase of 54,6% driven by the seasonal products such as gifts and hotel products and the consolidation effect of District Two and Korres Homeopathy . The increase of 23,1% in body category came from the organic growth of body care products, Kings & Queens (launched during the second half of 2007) and the new Korres fragrances, launched in December 2008.

Gross Profit (€ m)	FY 2008	FY 2007	Change (%)
Face	**15,2**	**10,2**	**48,6%**
Gross Margin (%)	63,0	71,2	**-8,1pp**
Of total gross profit (%)	46,4	44,2	**2,2pp**
Hair	**7,2**	**5,4**	**35,1%**
Gross Margin (%)	64,5	66,7	**-2,2pp**
Of total gross profit (%)	22,1	23,2	**-1,1pp**
Body	**6,0**	**4,9**	**24,5%**
Gross Margin (%)	59,8	59,2	**0,7pp**
Of total gross profit (%)	18,5	21,0	**-2,5pp**
Pharmaceuticals & Others	**4,2**	**2,7**	**59,2%**
Gross Margin (%)	50,8	49,4	**1,4pp**
Of total gross profit (%)	13,0	11,5	**1,4pp**
Total	**32,7**	**23,1**	**41,6%**
Gross Margin (%)	60,9	64,2	**-3,3pp**

The gross margin is lower by -3,3pp to 60,9% in FY 2008 (64,2% in FY2007) mainly due to the significant increase of sales in the international markets which operate at a lower gross margin compared to the domestic market but on the other hand do not require higher advertising or operational costs .

Turnover by channel (€ m)	FY 2008	FY 2007	Change (%)
Pharmacies - Selective	**51,6**	**34,4**	**50,1%**
Of Total (%)	96,1	95,6	**0,5pp**
Mass - semi Selective	**2,1**	**1,6**	**33,5%**
Of Total (%)	3,9	4,4	**-0,5pp**
Total	**53,7**	**36,0**	**49,4%**

Sales in pharmacies and selective channels rose by 50, 1%, coming from the further penetration of Korres brand both in Greece and abroad. Mass-semi selective is the major distribution channel of the new brand Kings & Queens. Its contribution to total sales is expected to be more significant in the future.

Turnover by region (€ m)	FY 2008	FY 2007	Change (%)
Greece	**34,9**	**28,1**	**24,3%**
Of Total (%)	65,0	78,1	**-13,1pp**
Export	**18,8**	**7,9**	**138,8%**
Of Total (%)	35,0	21,9	**13,1pp**
Total	**53,7**	**36,0**	**49,4%**

International markets, more than doubled to €18,8m (from €7,9m in FY 2007), increasing their participation in Group's sales by 13,1pp, reaching 35,0% of the total turnover. The biggest contributors to this growth were US, France, Germany and Spain due to the development of make up range and the body products in these markets. The group is currently present in 30 countries.

Gross Profit (€ m)	FY 2008	FY 2007	Change (%)
Greece	**23,1**	**19,0**	**21,6%**
Gross Margin (%)	66,1	67,5	**-1,5pp**
Of total gross profit (%)	70,6	82,2	**-11,6pp**
Export	**9,6**	**4,1**	**134%**
Gross Margin (%)	51,1	52,1	**-1,0pp**
Of total gross profit (%)	29,4	17,8	**11,6pp**
Total	**32,7**	**23,1**	**41,6%**
Gross Margin (%)	60,9	64,2	**-3,3pp**

The decrease of 3,3pp in the total gross margin occurred from the increased – lower margin –sales in the international markets. In particular, **international markets** gross profits more than doubled in FY 2008 and their margin decreased slightly by 1,0pp compared to FY2007 mostly related from the change in the combination of country and category mix

In Greece, the decline of 1,5pp in Gross margin to 66,1% in FY 2008 from 67,5% in FY 2007, came mainly from the consolidation effect of Pharmacon North Greece.