



VIVARTIA S.A.

**FINANCIAL STATEMENTS
(SEPARATE AND CONSOLIDATED)
FOR THE YEAR ENDED DECEMBER 31, 2007
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS (IFRS)
AS ADOPTED BY THE EUROPEAN UNION**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

“VIVARTIA S.A.”

Report on the Financial Statements

We have audited the accompanying separate financial statements of **“VIVARTIA S.A.”** (the Company) and the consolidated financial statements of the Company and its subsidiaries (the “Group”), which comprise the (separate and consolidated) balance sheet as of December 31, 2007 and the income statement, statement of changes in shareholders' 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 International Financial Reporting Standards as adopted by the European Union. 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 Greek Standards on Auditing which are based on International Standards on Auditing. Those Standards require that we comply with ethical requirements, 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.

Opinion

In our opinion, the aforementioned separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as of December 31, 2007 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of a matter

Without qualifying our opinion as fully described in Notes 33 and 42 (a) to the financial statements, the Greek Competition Committee has imposed to Vivartia S.A. fines, aggregating to €38 million, for alleged participation in horizontal and vertical agreements and adoption of concerted practices with respect to its dairy operation against which a provision of € 19 million has been recorded in the financial statements as of December 31, 2007. Management has filed two appeals in front of the Athens Administrative Court of Appeal is requesting,

among other things to be fully discharged from the fines. In addition, the Greek Competition Committee is currently investigating Vivartia S.A., with respect to its frozen foods operations, for the same reasons and practices referred to above, however a respective decision is still pending. In connection with the above we emphasize the uncertainty in regards of the ultimate outcome that will occur upon finalization of such pending cases.

Report on Other Legal and Regulatory Requirements

The Board of Directors' Report includes the information that is provided by articles 43a paragraph 3 and 107 paragraph 3 of C.L. 2190/20 as well as article 11a of L.3371/2005 and its content are consistent with the aforementioned separate and consolidated financial statements.

Athens, 21 March 2008

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STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2007
 (All amounts in thousands of Euro, except per share data)

	Notes	Company	
		1/1-31/12 2007	1/1-31/12 2006
REVENUES:			
Net sales		598.089	466.458
Cost of sales		(399.845)	(289.328)
Gross profit		198.244	177.130
Selling, general and administrative expenses	10	(196.896)	(150.609)
Provision of penalty Competition Committee		(18.960)	-
Other income/(expenses)	11	19.394	15.552
Financial income	12	60.973	57.160
Financial expenses	12	(58.795)	(50.142)
Loss on disposal of subsidiary		-	(25.193)
PROFIT BEFORE INCOME TAXES		3.960	23.898
Income taxes	13	(9.026)	(16.623)
NET PROFIT / (LOSS)		(5.066)	7.275
(Loss) / Earnings per share (basic)	14	(0,07)	0,12
Weighted average number of shares, basic		75.589.686	58.560.516

The accompanying notes and appendix are an integral part of these financial statements

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2007
(All amounts in thousands of Euro, except per share data)



		Group			
		1/1-31/12/2007	1/1-31/12/2006		
Notes			Continuing Operations	Discontinued Operations (contribution to the group)	Total
REVENUES					
	Net sales	1.118.686	731.274	44.960	776.234
	Cost of sales	(715.766)	(429.240)	(23.957)	(453.197)
	Gross Profit	402.920	302.034	21.003	323.037
	Selling, general and administrative expenses	(348.242)	(245.620)	(19.736)	(265.356)
	Provision of penalty Competition Committee	(18.960)	-	-	-
	Other income/(expenses)	33.903	23.181	(581)	22.600
	Financial income	47.451	46.905	(928)	45.977
	Financial expenses	(65.046)	(51.606)	(1.607)	(53.213)
	Share of losses of associates	(214)	(53)	-	(53)
	Gain on disposal of Delta Ice Cream subgroup	-	-	49.060	49.060
	PROFIT BEFORE INCOME TAXES	51.812	74.841	47.211	122.052
	Income taxes	(23.995)	(25.591)	(220)	(25.811)
	NET PROFIT	27.817	49.250	46.991	96.241
Attributable to:					
	Equity holders of the parent	10.054	43.269	46.991	90.260
	Minority interests	17.763	5.981	-	5.981
		27.817	49.250	46.991	96.241
	Earnings per share (basic)	0,13	0,74	0,80	1,54
	Weighted average number of shares (basic)	75.589.686	58.560.516	58.560.516	58.560.516

The accompanying notes and appendix are an integral part of these interim condensed financial statements

VIVARTIA S.A

**BALANCE SHEET
AT DECEMBER 31, 2007**



(All amounts in thousands of Euro, unless otherwise stated)

	Notes	Group		Company	
		December 31, 2007	December 31, 2006 (Restated)	December 31, 2007	December 31, 2006 (Restated)
ASSETS					
Non-Current Assets:					
Property, plant and equipment	15	695.083	669.819	333.179	342.621
Goodwill	16	224.407	200.515	168.029	168.070
Intangible assets	17	125.737	127.834	111.902	112.482
Investments in subsidiaries	18	-	-	266.254	224.231
Investments in associates	19	6.911	4.652	3.488	3.495
Investments in joint ventures	3(d)	-	-	20.973	630
Available for sale financial assets	20	20.883	23.511	20.549	22.803
Bond loans	39	-	-	8.000	8.500
Other long term assets	21	2.440	4.149	96.572	97.985
Derivative financial instruments		-	112	-	112
Deferred income taxes	13	7.094	11.711	-	-
Total non-current assets		1.082.555	1.042.303	1.028.946	980.929
Current Assets:					
Inventories	22	98.238	83.763	41.267	35.467
Trade accounts receivable	23	182.491	153.533	113.359	112.947
Prepayments and other receivables	24	74.849	48.339	28.539	28.446
Financial assets at fair value through profit and loss	25	3.853	1.912	3.706	1.811
Cash and cash equivalents	26	133.791	135.024	75.731	72.618
Total current assets		493.222	422.571	262.602	251.289
TOTAL ASSETS		1.575.777	1.464.874	1.291.548	1.232.218
EQUITY AND LIABILITIES					
Equity attributable to equity holders of parent					
Share capital	27	190.078	170.801	190.078	170.801
Paid-in surplus		207.864	171.093	207.864	171.093
Retained earnings		19.428	15.301	68.378	73.598
Foreign exchange differences		(4.637)	(1.089)	-	-
Legal, tax free and special reserves	28	126.061	126.061	126.061	126.061
Reserves of merged companies		93.498	93.498	(4.239)	(4.239)
Treasury shares		(478)	-	(478)	-
Fair value reserve		848	1.119	966	1.237
Other reserves		3.056	3.056	11.467	11.467
		635.718	579.840	600.097	550.018
Minority interests		51.642	51.222	-	-
Total Equity		687.360	631.062	600.097	550.018
Non-Current Liabilities:					
Long-term borrowings at amortised cost	30	369.089	214.024	348.500	218.735
Long-term borrowings at fair value through profit and loss	30	-	174.291	-	174.291
Long-term liabilities from financial leases	31	30.124	32.248	29.480	31.457
Grants	34	15.618	18.412	9.439	10.865
Deferred income taxes	13	85.162	84.069	60.510	55.329
Reserve for staff retirement indemnities	32	18.086	16.882	10.836	9.671
Other provisions	33	19.537	1.843	19.180	1.500
Derivative financial instruments	35	1.337	29.372	1.337	29.372
Other long-term liabilities		9.591	1.654	-	-
Total non-current liabilities		548.544	572.795	479.282	531.220
Current Liabilities:					
Trade accounts payable	36	153.622	141.374	91.458	96.355
Short-term borrowings	37	117.137	32.099	81.254	13
Short-term liabilities from financial leases	31	2.738	3.891	2.117	3.582
Current portion of long-term debt	30	5.168	3.056	-	-
Income taxes payable		3.877	17.184	2.280	12.868
Accrued and other current liabilities	38	57.331	63.413	35.060	38.162
Total current liabilities		339.873	261.017	212.169	150.980
TOTAL LIABILITIES AND EQUITY		1.575.777	1.464.874	1.291.548	1.232.218

The accompanying notes and appendix are an integral part of these financial statements

VIVARTIA S.A

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007



(All amounts in thousand of Euro, unless otherwise stated)

	Company								
	Share capital	Paid-in surplus	Legal, tax free and special reserves	Reserve of merged companies	Treasury Shares	Other reserves	Fair value reserve	Retained earnings/ Accumulated deficit	Total equity
Restated Balance January 1, 2007	170.801	171.093	126.061	(4.239)	-	11.467	1.237	73.598	550.018
Loss for the year	-	-	-	-	-	-	-	(5.066)	(5.066)
Equity portion of convertible bond	-	-	-	33.427	-	-	-	-	33.427
Share capital increase	91.632	(91.632)	-	-	-	-	-	-	-
Expenses for share capital increase	-	(1.321)	-	-	-	-	-	-	(1.321)
Decrease of share capital / Capital paid back to shareholders	(91.632)	-	-	-	-	-	-	-	(91.632)
Early conversion of convertible bond	19.277	129.724	-	(33.427)	-	-	-	-	115.574
Treasury Shares	-	-	-	-	(478)	-	-	-	(478)
Movement of fair value reserve	-	-	-	-	-	-	(271)	-	(271)
Other	-	-	-	-	-	-	-	(154)	(154)
Balance December 31, 2007	190.078	207.864	126.061	(4.239)	(478)	11.467	966	68.378	600.097

	Company							
	Share capital	Paid-in surplus	Legal, tax free and special reserves	Reserve of merged companies	Other reserves	Fair value reserve	Retained earnings/ Accumulated deficit	Total equity
Balance January 1, 2006	120.417	93.214	70.221	-	1.300	462	(61.753)	223.861
Share Capital Increase from settlement of convertible bond	10.484	9.575	-	-	-	-	-	20.059
Early conversion of convertible bond	-	(795)	-	-	-	-	7.094	6.299
Share Capital Increase	15.527	(12.110)	-	-	-	-	(1.854)	1.563
Rounding due to the decrease of shares par value	231	(231)	-	(1.563)	-	-	-	(1.563)
Merger of subsidiaries companies	7.758	25.694	29.906	(97.737)	10.167	-	131.138	106.926
Business combinations(merger of Chipita International S.A)	16.384	55.746	25.934	95.061	-	373	2.582	196.080
Dividends	-	-	-	-	-	-	(7.569)	(7.569)
Minority dividends of the merged subsidiaries	-	-	-	-	-	-	(3.336)	(3.336)
Transfer to legal, tax free and special reserves	-	-	-	-	-	-	-	-
Movement of fair value reserve	-	-	-	-	-	402	21	423
Restated Profit for the year (Note 2.3)	-	-	-	-	-	-	7.275	7.275
Restated Balance December 31, 2006	170.801	171.093	126.061	(4.239)	11.467	1.237	73.598	550.018

The accompanying notes and appendix are an integral part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007**


(All amounts in thousand of Euro, unless otherwise stated)

	Group									Minority interests	Total equity	
	Attributable to equity holders of the parent											
	Share capital	Paid-in surplus	Legal, tax free and special reserves	Reserve of merged companies	Other reserves	Treasury Shares	Fair value reserve	Exchange Differences	Retained earnings/ Accumulated deficit			Total
Restated Balance January 1, 2007	170.801	171.093	126.061	93.498	3.056	-	1.119	(1.089)	15.301	579.840	51.222	631.062
Profit for the year	-	-	-	-	-	-	-	-	10.054	10.054	17.763	27.817
Equity portion of convertible bond	-	-	-	-	33.427	-	-	-	-	33.427	-	33.427
Early conversion of convertible bond	19.277	129.724	-	-	(33.427)	-	-	-	-	115.574	-	115.574
Share capital increase	91.632	(91.632)	-	-	-	-	-	-	-	-	-	-
Decrease of share capital / Capital paid back to shareholders	(91.632)	-	-	-	-	-	-	-	-	(91.632)	-	(91.632)
Expenses for share capital increase	-	(1.321)	-	-	-	-	-	-	-	(1.321)	-	(1.321)
Dividends to minority of subsidiaries	-	-	-	-	-	-	-	-	-	-	(4.354)	(4.354)
Acquisition of minority interest of subsidiaries	-	-	-	-	-	-	-	-	(5.927)	(5.927)	(10.367)	(16.294)
Treasury shares	-	-	-	-	-	(478)	-	-	-	(478)	-	(478)
Exchange differences	-	-	-	-	-	-	-	(3.548)	-	(3.548)	(2.622)	(6.170)
Movement of fair value reserve	-	-	-	-	-	-	(271)	-	-	(271)	-	(271)
Balance December 31, 2007	190.078	207.864	126.061	93.498	3.056	(478)	848	(4.637)	19.428	635.718	51.642	687.360

	Group									Minority interests	Total equity
	Attributable to equity holders of the parent										
	Share capital	Paid-in surplus	Legal, tax free and special reserves	Reserve of merged companies	Other reserves	Fair value reserve	Exchange Differences	Retained earnings/ Accumulated deficit	Total		
Balance January 1, 2006	120.417	93.214	83.633	-	3.056	346	(1.854)	(41.124)	257.688	61.450	319.138
Share Capital Increase from settlement of convertible bond	10.484	9.575	-	-	-	-	-	-	20.059	-	20.059
Early conversion of convertible bond	-	(795)	-	-	-	-	-	7.094	6.299	-	6.299
Share Capital Increase	15.527	(12.110)	-	(1.563)	-	-	-	(1.854)	-	-	-
Rounding due to the decrease of shares par value	231	(231)	-	-	-	-	-	-	-	-	-
Acquisition of minority interest and merger of subsidiaries	7.758	25.694	16.492	-	-	-	-	(23.840)	26.104	(28.965)	(2.861)
Business combinations (merger of Chipita International S.A)	16.384	55.746	25.936	95.061	-	371	-	2.582	196.080	18.615	214.695
Acquisition of minority interest of subsidiaries	-	-	-	-	-	-	-	(10.248)	(10.248)	(6.911)	(17.159)
Dividends	-	-	-	-	-	-	-	(7.569)	(7.569)	-	(7.569)
Dividends to minority of subsidiaries	-	-	-	-	-	-	-	-	-	(5.568)	(5.568)
Exchange differences	-	-	-	-	-	-	765	-	765	-	765
Minority of Delta Ice Cream S.A(disposal)	-	-	-	-	-	-	-	-	-	-	-
Movement of fair value reserve	-	-	-	-	-	402	-	-	402	-	402
Acquisition of minority interest /merger of subsidiaries	-	-	-	-	-	-	-	-	-	(391)	(391)
Purchase Price Allocation	-	-	-	-	-	-	-	-	-	7.011	7.011
Restated Profit for the year	-	-	-	-	-	-	-	90.260	90.260	5.981	96.241
Restated Balance December 31, 2006	170.801	171.093	126.061	93.498	3.056	1.119	(1.089)	15.301	579.840	51.222	631.062

The accompanying notes and appendix are an integral part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2007
(All amounts in thousands of Euro, unless otherwise stated)



	Group		Company	
	1/1-31/12/2007	1/1-31/12/2006 Restated	1/1-31/12/2007	1/1-31/12/2006 Restated
Cash flows from operating activities				
Profit before income taxes	51.812	122.052	3.960	23.898
<i>Adjustments to reconcile to net cash provided by operating activities:</i>				
Depreciation and amortisation	56.998	34.590	28.212	19.504
Depreciation of discontinued operations	-	5.070	-	-
Provisions	26.742	4.374	24.311	3.510
Interest and other related income	(16.191)	(30.389)	(25.949)	(4.038)
Interest and other related expenses	65.180	20.830	58.795	22.587
Gain on disposal of Delta Ice Cream subgroup	-	(49.060)	-	-
Bond valuation at fair value through profit and loss	(7.256)	(16.376)	(7.256)	(16.376)
Gain/ (loss) from valuation and disposal of investments, financial assets and derivatives	(17.963)	29.333	(17.963)	30.187
Dividends received	(6.041)	-	(9.804)	(10.574)
Gain/ (loss) on disposal of property, plant and equipment	(24.107)	(4.201)	(354)	(819)
Losses/(Gain) on equity investees	214	53	-	-
Amortization of government grant	(2.154)	-	(1.426)	-
Negative goodwill	-	(5.752)	-	-
Impairment charge	200	-	200	-
Profit before working capital changes	127.434	110.524	52.726	67.879
<i>(Increase)/Decrease in:</i>				
Inventories	(6.697)	(16.713)	(5.800)	(12.572)
Receivables	(49.268)	52.635	7.081	63.631
<i>Increase/(Decrease) in:</i>				
Liabilities (except banks)	(11.030)	(68.695)	(17.772)	(71.547)
Income taxes paid	(32.053)	(23.197)	(16.770)	(25.228)
Interest paid	(66.725)	(20.779)	(58.795)	(22.587)
Cash Flows from Operating Activities:	(38.339)	33.775	(39.330)	(424)
Cash Flows from Investing Activities:				
Capital expenditure for tangible and intangible assets	(77.719)	(34.513)	(23.418)	(12.865)
Proceeds from disposal of property, plant and equipment	57.844	14.849	4.358	7.772
Interest, dividends and other related income received	14.693	7.497	14.693	14.612
(Acquisitions)/Disposals of investments available for sale	(67.023)	(29.986)	(55.984)	(28.311)
Gain/(loss) on disposal of financial assets	11.467	20.697	12.528	-
Grants received	-	1.988	-	1.899
Delta Ice Cream intra group loan received from Nestle	-	205.599	-	205.599
Cash Flows for Investing Activities:	(60.738)	186.131	(47.823)	188.706
Cash Flows from Financing Activities:				
Net change in short-term borrowings	68.103	(111.704)	81.502	(98.162)
Net change of long term borrowings	(19.226)	(84.082)	(44.526)	(83.910)
Increase in share capital/paid-in surplus from conversion of convertible loan	147.680	-	147.680	-
Increase/(Decrease) in Long-term liabilities from financial leases	(2.124)	-	(1.977)	-
Increase/(Decrease) in Short-term liabilities from financial leases	(1.153)	-	(1.465)	-
Minority interests	(4.354)	-	-	-
Dividends paid (Capital paid back to shareholders)	(91.632)	(13.137)	(91.632)	(10.905)
Net Cash used in Financing Activities	97.294	(208.923)	89.582	(192.977)
Effect of exchange rates changes on cash	(134)	213	-	-
Net Increase/Decrease of cash and cash equivalent:	(1.917)	11.196	2.429	(4.695)
Cash and cash equivalents at beginning of year	135.024	101.841	72.618	18.644
<i>Cash and cash equivalents at beginning of year: - acquired entity</i>	684	21.987	684	58.669
Cash and cash equivalents at end of year	133.791	135.024	75.731	72.618

The accompanying notes and appendix are an integral part of these financial statements.



VIVARTIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2007

(All amounts in thousands of Euro, unless otherwise stated)

1. CORPORATE INFORMATION:

Vivartia S.A (hereinafter “VIVARTIA” or “Group”) was incorporated in September 1st 2006 following the merger by absorption of DELTA Dairy S.A, CHIPITA S.A, Goody’s S.A. and General Frozen Foods S.A by the formerly named Delta Holding S.A.(the former parent company). The shares of the Company are traded on the Athens Stock Exchange (“ASE”). References to the «Company » or «VIVARTIA», include, unless the contents indicate otherwise, VIVARTIA S.A and its consolidated subsidiaries

The absorbed companies comprise business divisions of Vivartia. Specifically, Vivartia performs its activities in the market segments of Dairy & Beverages through the former Delta Dairy S.A., Bakery & Confectionery, through the former Chipita, Foodservices and Entertainment through the former Goody’s and Frozen Foods through the former General Frozen Foods S.A.

Its main lines of business are (i) the production and distribution of dairy products, such as milk and related products, yogurt and fruit juices, (ii) quick service restaurants and café bars, (iii) the production and distribution of general frozen foods such as vegetables, ready made recipes/meals and pastries, and (iv) the snacks and other confectionary products based on soft dough.

Vivartia extends its productive and commercial activities through its subsidiaries in countries such as Bulgaria, Cyprus, Egypt, Greece, Mexico, Poland, Portugal, Romania, Russia. It engages in commercial activities in: Czech Republic, Germany, Hungary, Italy, Slovakia, Ukraine and export activities in: Albania, Austria, Belarus, Canada, Croatia, FYROM, Kazakhstan, Lebanon, Malta, Serbia & Montenegro, Slovenia, Spain, United Kingdom and the USA.

As further described in Note 6, in late 2005 the Group concluded a binding agreement with the Nestle Group for the sale of the Delta Ice Cream subgroup, a transaction that was completed in May 2006.

The Company's registered office is in Athens at 10 Ziridi Street, 151 23 Marousi. The life of Vivartia S.A., according to its Articles of Association, is eighty (80) years effective December 31, 1968, with a possible extension permitted following a decision of the General Meeting of its Shareholders.

As at December 31, 2007 and 2006, the Company's average number of employees was approximately 12,754 and 10,838 respectively.

A full list of the consolidated subsidiaries together with their related unaudited years by tax authorities is provided in Appendix I.

On July 13, 2007 MARFIN INVESTMENT GROUP (MIG) Holding S.A. acquired 24,956,398 ordinary nominal shares of VIVARTIA S.A. for € 25 per share corresponding to 34% of the share capital and voting rights of the Company.

Following the acquisition of 34% of VIVARTIA’s share capital MIG (according to relevant announcement to the Athens Stock Exchange) submitted mandatory public offer of the entirety of Company’s shares at the same price per share (€ 25).

MIG executed a series of acquisitive transactions of VIVARTIA’s shares through Athens Stock Exchange as a result of which the participation of MIG in the Company’s share capital amounts in total to 86.37% as at December 31, 2007.

The accompanying consolidated financial statements as of December 31, 2007 of VIVARTIA S.A. are included in the consolidated financial statements of the listed to ASE MARFIN INVESTMENT GROUP.



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2.1 GENERAL INFORMATION AND ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements: The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

These financial statements under the historical cost convention, except for available for sale assets, financial assets at fair value through profit and loss, derivative financial instruments and liabilities which were measured at fair value.

The preparation of financial statements, in conformity with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in "Significant accounting estimates and judgments" on Note 2.6.

(b) Approval of Financial Statements: The Board of Directors of VIVARTIA S.A. approved the accompanying separate and consolidated financial statements for the year ended December 31, 2007, on March 20, 2008. It is noted that the accompanying consolidated financial statements are pending to the approval of the parent's Shareholders' General Assembly Meeting.

2.2 PRINCIPAL ACCOUNTING POLICIES:

The principal accounting policies adopted in the preparation of the accompanying financial statements, are as follows:

(a) Basis of Consolidation: The accompanying consolidated financial statements of the Company include the accounts of VIVARTIA S.A. and all subsidiaries where VIVARTIA S.A. has control. Control is presumed to exist when VIVARTIA S.A. through direct or indirect ownership retains the majority of voting interest or has the power to control the Board of the investee. Subsidiaries are consolidated from the date on which effective control is acquired by the parent and cease to be consolidated from the date in which control is transferred out of the Group.

All intercompany balances, transactions and the unrealizable intra-group gain/losses have been eliminated in the accompanying consolidated financial statements. Where necessary, accounting policies for subsidiaries have been revised to ensure consistency with the policies adopted by the Group. A full list of the consolidated subsidiaries together with the related ownership and voting interests is provided in Appendix I.

The financial statements of the subsidiaries are prepared for the same reporting date with the parent company.



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The consolidated financial statements include the financial statements of three subsidiaries (S. Nendos S.A.-Greece, Glyfada Café Patisserie S.A-Greece και Edita S.A.E-Egypt) in which, although the direct parent owns less than 50% of the voting power, it exercises control either through the power to control and appoint the majority of the Board of Directors' members (S. Nendos S.A and Glyfada Café Patisserie S.A-Greece) or based upon a shareholders agreement signed with the other shareholders (Edita S.AE).

(b) Investments in Subsidiaries (separate financial statements): The investments of the parent Company in its consolidated subsidiaries are measured at acquisition cost less any cumulative impairment losses.

(c) Investments in Associates:

- i) Consolidated financial statements:** The Company's investments in other entities in which VIVARTIA exercises significant influence and are not subsidiaries or jointly controlled companies accounted for using the equity method. Under this method the investment in associates is recognized at cost in addition to the changes in the percentage of the Company in the associate's equity after the initial date of acquisition less possible provisions for impairment in value. The consolidated statement of income reflects the Company's share of the results of operations of the associate.
- ii) Separate financial statements:** Investments in associates in the separate financial statements are measured at acquisition cost less any cumulative impairment losses.

The financial statements of the associates are prepared for the same reporting date with the parent company.

(d) Joint ventures (Jointly controlled entities)

(i) Consolidated financial statements:

A joint venture is an entity jointly controlled by the Group and one or more other ventures in terms of a contractual arrangement. The Group's interest in jointly controlled entities is accounted for by the proportional consolidation method of accounting, taking into consideration the percentage controlled by the Group as at the date of consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures.

The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The financial statements of the joint ventures are prepared for the same reporting date with the parent company.

(ii) Separate financial statements:



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Investments in joint ventures in Company’s financial statements are valued at cost less impairment losses.

(e) Functional and Presentation Currency and Foreign Currency Translation: The functional and presentation currency of VIVARTIA S.A. and its Greek subsidiaries is the Euro. Transactions involving other currencies are converted into Euro using the exchange rates which are in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are adjusted to reflect the current exchange rates.

Gains or losses resulting from year-end foreign currency remeasurements are reflected in the accompanying statement of income excluding the transactions that correspond to conditions of compensating cash flows presented in equity.

The functional currency of the Group's foreign subsidiaries is the official currency of the related country in which each subsidiary operates. Accordingly, at each reporting date all balance sheet accounts of these subsidiaries are translated into Euro using the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the weighted average rate of exchange prevailing during the year/period. The cumulative difference from the above translation is recognized directly in separate component of equity until the disposal or derecognition of a subsidiary in which case it is transferred to the profit and loss account.

(f) Intangible Assets (excluding goodwill): Purchased intangible assets acquired separately are capitalised at cost while those acquired from a business combination are capitalised at fair value at the date of acquisition. After the initial recognition, the intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. With the exclusion of the brands and trade names that recognized from the acquisition of Chipita group (7 Days, Molto, Bake Rolls) that estimated as indefinite, all the other intangible assets have definite useful life and are being amortized during the remain period of useful life.

The amortized intangible assets are tested for impairment when there are relevant evidence of impairment in conjunction with the those intangible assets that have not be amortized they reviewed for impairment annually even though there are no relevant evidence. The useful life of the identifiable assets with indefinite useful life are being reviewed annually regarding the circumstances and the evidence of estimating those assets as indefinite are applicable or not. In case they are not, relevant amortization expense will be recorded.

Amortisation of intangible assets is computed based on the straight-line method at rates, which approximate average useful lives. The rates used are as follows:

Classification of Intangible assets	Annual Rates
Software	3-5
Brands/ Trade names	5-10
Technical Assistance	10
Customers Relationships	7
Brands : 7 Days, Molto, Bake Rolls	Indefinite

(g) Research and Product Development Costs: Research costs are expensed as incurred. Development expenditure is mainly incurred for developing products. Costs incurred for the development of an



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individual project are recognized as an intangible asset only when the requirements of IAS 38 "Intangible Assets" are met.

- (h) Revenue Recognition:** Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Sale of goods

Revenue, net of trade discounts sales incentives and the related VAT, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured.

Franchise fees

Franchise fees relate to the division of catering services and entertainment which establishes and develops quick service restaurants and café bars through the use of franchisees. These fees are recognized to income in the period to which they relate.

Interest

Revenue is recognized on the accrual basis of accounting.

Dividends

Revenue from dividends is recognized when the right on such dividends is approved by the respective bodies of the companies' that declare them.

- (i) Property, Plant and Equipment:** Tangible Assets (land, buildings, machinery and technical works, transportation means and furniture and fixtures) are stated at historical cost less accumulated depreciation and any impairment in value.

The Group proceeded to a fair valuation of its land, buildings and machinery and equipment as at January 1, 2004 (transition date to IFRS) and these fair values were used as deemed cost at the date of transition to IFRS. The resulted revaluation surplus was credited to retained earnings.

Repairs and maintenance are charged to expenses as incurred. Major improvements are capitalized to the cost of the asset to which they relate when they extend the life, increase the earnings capacity or improve the efficiency of the respective assets.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset, is included in the consolidated statement of income in the year the item is derecognized.

- (j) Depreciation of tangible assets :** Depreciation is computed based on the straight-line method at rates, which approximately reflect the average useful lives of relative assets.

The useful lives used are as follows:

<u>Classification</u>	<u>Useful Life</u>
Buildings	50 years

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Machinery and equipment	15-20 years
Transportation equipment	6-9 years
Furniture and fixtures	3-6 years

(k) Business combinations, goodwill and changes in minority interests : Business combinations are accounted for using the acquisition accounting method. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities) of the acquired business at fair value. Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortized, but it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. At the acquisition date (or at the date of completion of the relative purchase price allocation) any goodwill acquired is allocated to each of the cash-generating units related to goodwill. Impairment is determined by assessing the recoverable amount of the class of cash-generating units, to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill resulting from acquisitions or business combinations has been allocated to the main cash generating units in group level. The cash generating units have been defined in accordance with the provisions of IAS 36 "Impairment of Assets". The Group, in order to decide whether an impairment of goodwill exists, performed the related impairment tests in the cash generating units in which goodwill was allocated, and based on those tests no impairment loss occurred.

When the Group increases its participation interest to existing subsidiaries (acquisition of minority interests) the total difference between the purchase price and the portion of the minority interests acquired (goodwill or negative goodwill) is transferred directly to equity as it is considered as a transaction among the shareholders (entity concept method). Similarly, when minority interests are sold (without losing control of the subsidiary) then the related gains or losses are recognized directly to equity.

(l) Impairment of Assets:

(i) Non Financial Assets:

With the exception of goodwill and intangibles with indefinite life which are reviewed for impairment at least annually, the carrying values of other non - current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever the carrying value of an asset exceeds its recoverable amount an impairment loss is recognized in the consolidated statement of income. The recoverable amount is measured as the higher of fair value minus selling expenses and value in use. Fair value minus

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selling expenses is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental selling costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of the asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(ii) Financial Assets

At each reporting date the Group assesses any potential indicative factor regarding whether a financial asset or group of financial assets has been impaired.

The financial assets that are reviewed for impairment (provided that the relative indications exist) are assets stated at cost or according to the equity method (investments in subsidiaries and associates in the separate balance sheet), assets measured at amortized cost based on the effective interest rate method (non current receivables) and available for sale investments.

The recoverable amount of investments in subsidiaries and associates is determined similarly with the non-financial assets.

The recoverable amount of the remaining financial assets is generally determined, for the purpose of performing the related impairment tests, based on the estimated future cash flows discounted either at the initial effective interest rate of the financial asset or the group of financial assets, or at the current market rate of return for a similar financial asset. The resulting impairment losses are recognized to the consolidated income statement.

(m) Inventories: Inventories are stated at the lower of cost and net realizable value. Cost of finished and semi-finished products includes all costs incurred in bringing inventories to their current location and state of manufacture and comprises raw materials, labour, an applicable amount of production overhead (based on normal operating capacity, but excluding borrowing costs) and packaging. The cost of raw materials and finished goods are determined based on the weighted average basis. Net realizable value for finished and semi-finished goods is the estimated selling price in the ordinary course of the Group, less estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value for raw materials is the estimated replacement cost in the ordinary course of business. Provision for slow moving or obsolete inventories is made when necessary.

(n) Accounts Receivable (Credit and Collection): Short term receivables are presented in their nominal value, net of provisions for potential non collectible accounts, while long-term receivables (balances that deviate from the normal credit terms) are measured at amortized cost based on the effective interest rate method. The Company has established criteria for granting credit to customers which are generally based upon the size of the customer's operations and consideration of relevant financial data. Business is generally conducted with such customers under normal terms with collection expected within sixty days after shipment. At each balance sheet date all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate allowance for doubtful accounts. The balance of such allowance for doubtful accounts is appropriately adjusted at each balance sheet date in order to reflect the possible risks. Any amount written-off with respect to customer account balances is charged against the existing allowance for doubtful accounts. It is the Group's policy not to write-off an account until all possible legal action has been exhausted.

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(o) Investments and other financial assets: Financial assets (primary) in the scope of IAS 39 are classified based on their nature and their characteristics at the following four categories:

- financial assets at fair value through profit and loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs, in certain cases. The purchase and sale of investments is recognised on the date of the transaction which is the date on which the Group commits to purchase or sale the related financial asset.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

- (i) Financial assets at fair value through profit and loss:
Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in income.
- (ii) Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.
- (iii) Held-to-maturity investments:
Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to-maturity investments are carried at amortized cost using the effective interest method. For investments carried at amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortisation process.
- (iv) Available-for-sale financial assets:
Available-for-sale financial assets (primary) are those non-derivative financial assets that are designated as available-for sale or are not classified in any of the three preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity. On disposal, impairment or derecognition of the investment, the cumulative gain or loss is transferred to the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

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(p) De-recognition of Financial Assets and Liabilities

(i) Financial assets: A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group’s continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(q) Derivative Financial Instruments and hedging: The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps and cross currency swaps to hedge its risks associated with interest rate and foreign currency fluctuations.

Such derivative financial instruments are measured at fair value at the balance sheet date.

The fair value of such derivatives is calculated by reference to market values for similar instruments and it is confirmed with the respective financial institutions.

Any gains or losses arising from changes in the fair value on derivatives during the year that qualify for hedge accounting and are effective are taken directly to equity in the case of cash flow hedges while in the case of fair value hedges they are taken to the income statement. As further described in Note 2.2, some of the hedged liabilities were classified as valued at fair value through profit and loss.

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For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or firm commitment
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or the foreign currency risk in a firm commitment
- hedges of a net investment in a foreign operation.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognized in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss.

Certain derivatives, although characterized as effective hedges based on Group policies, do not meet the criteria for hedge accounting in accordance with the provisions of IAS 39 and, therefore, gains or losses are recognized in the statements of income.

- (r) Cash and Cash Equivalents:** The Group considers time deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents.

For the purpose of the cash flow statements, cash and cash equivalents consist of cash at hand and in banks and of cash and cash equivalents as defined above.

- (s) Bank and Bond Loans:** All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction cost. After initial recognition, loans and borrowings are measured at amortized cost using the effective interest rate method.

Financial liabilities may be designated at initial recognition as at fair value through profit and loss if the following criteria are met:

- (i) the designation eliminates or significantly reduces the inconsistent treatment (accounting mismatch) that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis;
- (ii) or the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a Group's documented risk management strategy;
- (iii) or the financial liability contains an embedded derivative that would need to be separately recorded.

Certain bond loans have been designated as being measured at fair value through profit and loss, on the basis that such measurement method is more representative in connection with above loans. The Group concluded derivative financial instruments (mainly cross currency swaps) to hedge against the foreign currency risk of these loans which are measured at fair value. Accordingly, such measurement basis was applied for the specific loan in order to significantly reduce the measurement inconsistency (accounting mismatch) that would otherwise arise between the derivative and the underlying loan. These contacts (derivatives financial instruments)

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are measured at fair value through profit and loss, on the basis that such measurement method is more representative in connection with above loans. Accordingly, such measurement basis was applied for the specific loan according to IAS 39.

- (t) **Borrowing Costs:** Borrowing costs are recognized as an expense in the period in which they are incurred.
- (u) **Reserve for Staff Retirement Indemnities:** Staff retirement obligations are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end, based on the employees earning retirement benefit rights steadily throughout the working period. Retirement obligations are calculated on the basis of financial and actuarial assumptions detailed in Note 31 and are determined using the projected unit credit actuarial valuation method (Project Unit credit Method). Net pension costs for the period are included in payroll in the accompanying consolidated statement of income and consist of the present value of benefits earned in the year, interest cost on the benefit obligation, past service cost, actuarial gains or losses recognized in the fiscal year and any additional pension charges. Past service costs are recognized on a straight-line basis over the average period until the benefits under the plan become vested. Unrecognized actuarial gains or losses that exceed 10% of the projected benefit obligation at the beginning of each period are recognized based on corridor approach over the average remaining service period of active employees and included as a component of net pension cost for a year if, as of the beginning of the year. The retirement benefit obligations are not funded.
- (v) **State Pension:** The Company's employees are covered by one of several Greek State sponsored pension funds covering post-retirement pensions and healthcare benefits. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under this plan.

(w) Income Taxes (Current and Deferred):

(i) Current Income Taxes

Current income taxes are computed based on the separate financial statements of each of the entities included in the consolidated financial statements, in accordance with the tax rules in force in Greece or other tax jurisdictions in which foreign subsidiaries operate. Current income tax expense consists of income taxes for the current year based on each entity's profits as adjusted in its tax returns and, additional income taxes to cover potential tax assessments which are likely to occur from tax audits by the tax authorities, using the enacted or substantively enacted tax rates.

(ii) Deferred Income Taxes

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities. Deferred income tax liabilities are recognized for all taxable temporary differences:

- Except where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
 - Deferred tax assets are recognized for all discounted temporary differences and transferred tax assets and losses, at the time where it is possible that taxable profit will be available which will be used against the discounted temporary differences and the transferred unused taxable assets and losses.
 - Except where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
 - In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and there will be available taxable profit which will be used against temporary differences.
 - The deferred tax assets are reviewed at each balance sheet date and reduced at the time where it is not considered as possible that enough taxable profits will be presented against which, a part or the total of assets can be utilised.
 - Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.
 - Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.
- (x) Leases:** Finance leases, which transfer to the Company or to the Group substantially all the risks and benefits incidental to ownership of the leased item, 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 between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease period.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on the straight line basis over the lease period.

For sale and leaseback transactions resulting in a finance lease, any excess of sales proceeds over the carrying amount is not recognized as income in the financial statements but, instead, it is deferred and amortized over the lease term.

If the fair value (sale proceeds) at the time of a sale and leaseback transaction is less than the carrying amount of an asset, no adjustment is made unless there has been impairment in value, in which case, the carrying amount is reduced to the recoverable amount according to IAS 36.

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- (y) **Government Grants:** Government grants which primarily relate to the subsidization of property, plant and equipment are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of income over the expected useful life of the relevant asset by equal annual installments, against corresponding amortization expense.

When the grant relates to an expense item, it is recognized against these expenses over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

- (z) **Provisions and Contingent Assets, Liabilities:** Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle this obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Regarding the provisions that are expected to be settled in the long term when the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate the risks specific to the liability.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

- (w) **Treasury shares:** Treasury shares are presented at cost as a separate component in equity. On the purchase, sale, issue or cancellation of the treasury shares, the relevant amounts and the result of each act / settlement are recognized directly in equity.
- (x) **Earnings per Share:** Basic earnings per share (EPS) are computed by dividing net income attributable to parent company shareholders by the weighted average number of common shares outstanding during each year, excluding the average number of common shares purchased by the group as treasury shares.

Diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the parent (after deducting interest on convertible shares, net of tax), by the weighted average number of shares outstanding during the year (adjusted for the effect of dilutive convertible shares).

The weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in resources.

- (y) **Segment Reporting:** The Group presents the required information considering as principal criterion of segment segregation, its business segments and, as a second criterion geographical segments. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

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The dairy and beverages segment produces dairy products (milk, cheese, yogurt and other related products) and fruit juices.

The catering services and entertainment segment includes the Company's chain of quick service restaurants, "Goody's" and its chain of café bars, "Flocafé".

The bakery and confectionery segment division includes mainly the production and distribution of croissants and other dough-based snacks.

The frozen foods includes the production and distribution of frozen vegetables and foods.

Transactions between business segments are set on an arm's length basis in a manner similar to transactions with third parties. The Group's geographical segments are determined by the location of the Group's assets and operations.

(z) Non-current Assets Held for Sale and Discontinued Operations : The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The basic preconditions to classify a non-current asset (or a disposal group) as held for sale are that it must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets / groups and its sale must be highly probable.

For the sale to be highly probable the following preconditions should be met accumulatively:

- the appropriate level of management must be committed to a plan to sell the asset (or disposal group),
- an active program to locate a buyer and complete the plan must have been initiated,
- the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value,
- the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, with some exceptions, and
- actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Immediately before the initial classification of a non current asset (or a disposal group) as held for sale, the asset (or the assets and liabilities included in the disposal group) will be measured in accordance with the applicable IFRS.

Non current assets (or disposal group) classified as held for sale will be measured at the lower of its carrying amount and fair value less costs to sell and any possible resulting impairment losses will be recognized in the income statement. Any subsequent increase in fair value will be recognized, but not in excess of the cumulative impairment loss which was previously recognized.

While a non-current asset (or non-current assets that are included in a disposal group) is classified as held for sale it should not be depreciated or amortized.

(aa) Share Capital: Share capital represents the value of the Parent company's shares in issue. Any excess of the fair value of the consideration received over the par value of the shares issued is recognised as the "share premium" in shareholders' equity. Incremental external costs directly



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attributable to the issue of new shares are shown as a deduction in equity, net of tax, from the proceeds.

2.3 RESTATEMENT OF PRIOR YEARS FIGURES:

Balance Sheet December 31, 2006 as restated :

	Notes	Group			Company		
		Published	Adjustments	Restated	Published	Adjustments	Restated
ASSETS							
Non- Current Assets							
Property, plant and equipment	(a)	647,786	22,033	669,819	343,439	(818)	342,621
Goodwill	(b)	296,614	(96,099)	200,515	243,903	(75,833)	168,070
Intangible Assets	(c)	6,197	121,637	127,834	3,313	109,169	112,482
Other long term assets		3,451	698	4,149	97,985		97,985
Other non- current assets		39,986		39,986	259,771		259,771
Total non- current assets		994,034	48,269	1,042,303	948,411	32,518	980,929
Total current assets	(d)	425,071	(2,500)	422,571	251,289		251,289
TOTAL ASSETS		1,419,105	45,769	1,464,874	1,199,700	32,518	1,232,218
EQUITY AND LIABILITIES							
Equity attributable to equity holders of parent							
Other equity items		564,539		564,539	476,420		476,420
Retained earnings	(e)	16,429	(1,128)	15,301	73,913	(315)	73,598
		580,968	(1,128)	579,840	550,333	(315)	550,018
Minority Interest	(f)	44,211	7,011	51,222	0		0
Total equity		625,179	5,883	631,062	550,333	(315)	550,018
Non- current liabilities:							
Deferred income taxes	(g)	50,788	33,281	84,069	28,243	27,086	55,329
Other long term liabilities		488,726		488,726	475,891		475,891
Total non-current liabilities		539,514	33,281	572,795	504,134	27,086	531,220
Current liabilities:							
Other current liabilities		180,420		180,420	99,950		99,950
Income taxes payable	(j)	11,479	5,705	17,184	7,163	5,705	12,868
Accrued and other current liabilities		62,513	900	63,413	38,120	42	38,162
Total current liabilities		254,412	6,605	261,017	14,233	5,747	150,980
TOTAL LIABILITIES AND EQUITY		1,419,105	45,769	1,464,874	1,199,700	32,518	1,232,218

The major restated figures of the prior year published financial statements are due to the followings :

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- (a): The restatement of property, plant and equipment for the Group and the Company is due to the independent valuation during the finalization of their fair values regarding the purchase price allocation process of the acquired Group Chipita International .
- (b): The decrease of goodwill is due to the recognition of tangible and intangible assets of the acquired Group Chipita International and their related deferred tax liabilities.
- (c): The increase is due to the recognition of intangible assets of the acquired Group Chipita International which mainly related to brands-tradenames, technical assistance and customer relationship.
- (d): The decrease is due to the provision for uncollected amounts of certain receivables of foreign subsidiaries of Chipita International Group.
- (e): The retained earnings are decreased due to the additional depreciation and amortization of the recognized tangible and intangible assets and their related deferred taxes.
- (f): The increase to minority interests is due to the share of certain Chipita International foreign subsidiaries' minority shareholders to the recognized tangible assets.
- (g): The increase to deferred tax liabilities relates to the recognition of tangible and intangible assets as mentioned above.
- (j): The increase to income taxes payable is due to the impose of additional taxes and penalties of the acquired company Chipita International after the tax authorities review of unaudited tax years which relates before the date of the acquisition.

Restatement of Profit and Loss account for the year 2006:

Group and Company net gains have been decreased of the amount of Euro 1,128 και Euro 315 respectively, due the increase of depreciation and amortization of the recognized tangible and intangible assets and their related deferred taxes.

Restatement of cash flow statement for the year 2006:

The cash flow statements do not affected due to the fact that the decrease in profit before taxes was equal with the increase of depreciation and amortization.

2.4 ADOPTION OF NEW ACCOUNTING PRINCIPLES:

Within 2007 the Group has adopted certain new standards, interpretations and amendments of standards. These standards and the relative impact on the financial statements was the following:

- (a) **IFRS 7**, Financial Instruments: Disclosures
- (b) **IFRIC 7**, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- (c) **IFRIC 8**, Scope of IFRS 2
- (d) **IFRIC 9**, Reassessment of Embedded Derivatives
- (e) **IFRIC 10**, Interim Financial Reporting and Impairment
- (f) **IAS 1**, Presentation of Financial Statements - Amended

None of the Standards and Interpretations had an impact in the consolidated financial statements, other than IFRS 7 and IAS 1 (amended), which did not have any effect on the financial position of the Group but give rise to additional disclosures.

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2.5 NEW STANDARDS AND INTERPRETATIONS THAT ARE ISSUED BUT NOT YET EFFECTIVE:

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published but are not yet effective for the current reporting period and which the Group has not early adopted, as follows:

(i) Standards and interpretations issued by the International Auditing Standards Board (IASB) and adopted by the EU.

IFRS 8 ‘Operating Segments’ (effective for annual periods beginning on or after 1 January 2009)

IFRS 8 replaces IAS 14 ‘Segment Reporting’ and adopts a management-based approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. The Group is in the process of assessing the impact of the standard on its financial statements.

IFRIC 11, IFRS 2 ‘Group and Treasury Share Transactions’ (effective for annual periods beginning on or after 1 March 2007)

IFRIC 11 requires arrangements whereby an employee is granted options to buy equity shares, to be accounted for as equity-settled schemes by an entity even if the entity chooses or is required to buy those equity shares from another party, or the shareholders of the entity provide the equity instruments granted. The interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to equity instruments of the parent.

This Interpretation applies to the way the Group’s subsidiaries account, in their individual financial statements, for options granted to their employees to buy equity shares of the Company. The accounting treatment followed by the Group is in line with the relevant provisions of the Interpretation.

(ii) Standards and interpretations issued by the IASB but not yet adopted by the EU.

Amendment to IAS 23 ‘Borrowing costs’ (effective for annual periods beginning on or after 1 January 2009)

The benchmark treatment in the existing standard of expensing all borrowing costs to the income statement is eliminated in the case of qualifying assets. All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements of the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

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IFRIC 12 ‘Service Concession Arrangements’ (effective for annual periods beginning on or after 1 January 2008)

IFRIC 12 outlines an approach to account for contractual (service concession) arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognise a financial asset and/or an intangible asset. IFRIC 12 is not relevant to the Group.

IFRIC 13 ‘Customer Loyalty Programmes’ (effective for annual periods beginning on or after 1 July 2008)

IFRIC 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Group expects that this Interpretation will have no impact on its financial statements as no such schemes currently exist.

IFRIC 14 ‘IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction’ (effective for annual periods beginning on or after 1 January 2008)

IFRIC 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. It also explains how this limit, also referred to as the “asset ceiling test”, may be influenced by a minimum funding requirement and aims to standardize current practice. The Group expects that this Interpretation will have no impact on its financial position or performance as all defined benefit schemes are currently in deficit.

Amendments to IAS 1 ‘Presentation of Financial Statements’ (effective for annual periods beginning on or after 1 January 2009)

IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. Of the main revisions are the requirement that the statement of changes in equity includes only transactions with shareholders; the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with “other comprehensive income”; and the requirement to present restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period, i.e. a third column on the balance sheet. The Group will make the necessary changes to the presentation of its financial statements in 2009.

Amendments to IFRS 2 ‘Share Based Payment’ – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009)

The amendment clarifies two issues: The definition of ‘vesting condition’, introducing the term ‘non-vesting condition’ for conditions other than service conditions and performance conditions. It also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty.

The Group is in the process of assessing the impact of the standard on its financial statements.

Revisions to IFRS 3 ‘Business Combinations’ and IAS 27 ‘Consolidated and Separate Financial Statements’ (effective for annual periods beginning on or after 1 July 2009)

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A revised version of IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements were issued by IASB on January 10, 2008. IFRS 3R introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). IAS 27R requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes introduced by IFRS 3R and IAS 27R must be applied prospectively and will affect future acquisitions and transactions with minority interests.

Amendments to IAS 32 and IAS 1 Puttable Financial Instruments (effective for annual periods beginning on or after 1 January 2009)

The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Group does not expect these amendments to impact the financial statements of the Group.

2.6 SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES :

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may ultimately differ from those estimates. Such judgments and estimates are periodically reviewed by management in order to reflect current condition and correspond to anticipation of current risks and are based on Group's Management prior experience in conjunction to the volume / level of such transactions and events.

The principle judgments and estimates referring to events the development of which could significantly affect the items of the financial statements during the forthcoming twelve months period are as follows:

Significant accounting judgments and related uncertainty

(a) Goodwill impairment tests/ intangible assets with identifiable useful life :

The Group determines whether goodwill and intangible assets with identifiable useful life are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flow. More details are given in Note 16.

(b) Provision for income taxes:

Current income tax liabilities for the current and prior periods are measured, in accordance with IAS 12, at the amounts expected to be paid to the taxation authorities and includes provision for current

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income taxes reported in the respective income tax returns and the potential additional tax assessments that may be imposed by the tax authorities upon settlement of the open tax years.

Group entities are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Further details are provided in Note 13.

(c) Deferred tax Assets:

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 13.

(d) Allowance for doubtful receivables:

The Group performs allowance for doubtful receivables regarding specific customers for which certain evidence are shown that the collection of the relevant receivable is doubtful. Group's management periodically reassess the adequacy of the allowance for doubtful receivables in conjunction with its credit policy, taking into account reports from its Legal Department, following the processing of historical data and recent developments of the cases they are assigned to.

(e) Property, plant and equipment:

Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

(f) Provision for staff leaving indemnities:

The cost of staff leaving indemnities is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and increase in consumer price index. Such estimates are subject to significant uncertainty and Group's management make continuing judgments and assumptions about them.

3. BUSINESS COMBINATIONS AND ACQUISITION OF MINORITY INTERESTS:

(a) Acquisition-merger by absorption of Chipita International S.A. Group

On December 19, 2005 the Board of Directors of (former) Delta Holding S.A. (acquirer) announced its decision to merge by absorption Chipita International S.A. (acquiree) according to the provisions of L. 2166/1993.

The merger agreement through absorption was approved by the Shareholders General Assembly on June 1, 2006 and the related legal and financial documents were submitted to the Respective State authorities and the final approval was obtained by the Ministry of Development on August 31, 2006,



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the date on which the new Board of Directors of VIVARTIA S.A was officially assembled. The aforementioned final approval date was considered, in accordance with IFRS 3 «Business Combinations», as the date when VIVARTIA S.A. obtained control over Chipita International S.A.

The carrying and fair values, the cost of acquisition and the final goodwill on the merger transaction with CHIPITA as of August 31, 2006, are as follows:

	Fair values on acquisition date	Carrying values
ASSETS		
Property, plant and equipment	299,122	276,977
Intangible assets	128,196	4,866
Investments in associates	5,077	5,077
Deferred tax assets	1,530	7,287
Other non-current assets	3,440	3,440
Inventories	36,922	36,922
Current assets	76,903	80,307
Cash and cash equivalent	24,139	24,139
Total assets	575,329	439,015
LIABILITIES		
Long and short interest- bearing loans and borrowings	240,560	240,560
Deferred tax liabilities	41,516	9,178
Other long term liabilities	49,724	44,805
Other short term liabilities	93,671	85,463
Total liabilities	425,471	380,006
Net assets	149,858	59,009
Total consideration	196,279	
Net assets acquired	149,858	
Goodwill	46,421	



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The total acquisition cost of € 196,279 was consisted of € 196,081, the amount which was determined according to the provisions of IFRS 3, on the basis of the number of the new shares issued by VIVARTIA S.A (15,993,532 shares) in exchange for the old shares of Chipita International S.A multiplied by the price of the new shares of VIVARTIA S.A. (former Delta Holding S.A.) at the date of acquisition (€ 12,26) plus € 198 related with the acquisition expenses.

It is noted that as the fair value of assets, liabilities and contingent liabilities of acquired Chipita Group and the goodwill arose were finally determined during the third quarter of 2007 (the option is provided by IFRS 3), comparative Balance Sheet at December 31, 2006 and comparative Statement of Income for the year ended December 31, 2006 and the respective financial statements for the third quarter of 2006 were restated in order to carry the final items determined by the completion of the Purchase Price Allocation.

The significant adjustments in the consolidated Balance Sheet of the acquired group that were determined by the finalized fair values are as follows:

- The value of the Property, Plant and Equipment increased by € 21,346.
- Intangible Assets that were recognised at the acquisition date are analysed as follows:

Brands/ Tradenames	84,105
Technical Assistance (Know-how)	26,110
Customer Relationships	13,115
Total	123,330

- There was an increase in the deferred tax liability of € 33,612
- There were recorded additional income taxes € 8,207.

(b) Acquisition of Christies Dairies Public Ltd:

On April 20, 2007, following the relevant approval by the Competition Committee of Cyprus, VIVARTIA S.A. acquired 46% of the share capital of CHRISTIES DAIRIES PUBLIC LTD from N.K.Siakolas Group at a price of 0.29 CYP per share (€ 0.499 per share), obtaining at the same time the majority in the Board of Directors. The aforementioned date was considered, in accordance with IFRS 3 «Business Combinations», as the date when VIVARTIA S.A. obtained control over CHRISTIES DAIRIES PUBLIC LTD. Following the acquisition of 46% of the shares of the company VIVARTIA (according to relevant announcement to the Cyprus Stock Exchange) began the public offer for the acquisition of total shares of Christies Dairies Public LTD at the same price. On December 31, 2007 VIVARTIA has acquired the 93.74% of the shares of the company.

The goodwill arose on due the above acquisition and is presented in the accompanying consolidated balance sheet (€ 1,127) is determined based on the carrying (accounting) values of the acquired entity as of April 20, 2007 and thus is considered provisional. The determination of the fair values of identifiable assets, liabilities and contingent liabilities of the acquiree, the Purchase Price Allocation on the basis and the provisions of IFRS 3 "Business Combinations" and the resulting final determination of goodwill will be concluded subsequently, as the acquirer has opted to use the option provided in the standard. Based on such option the acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date.



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The carrying values, the cost of acquisition and the provisional goodwill on the merger transaction with CHIPITA as of April 20, 2007, are as follows:

ASSETS

Intangibles assets	397
Property, plant and equipment	10,685
Financial assets available for sale	904
Inventories	1,575
Current assets	4,457
Cash and cash equivalent	625
Total assets	18,643

LIABILITIES

Long term interest- bearing loans and borrowings	1,259
Short term interest- bearing loans and borrowings	3,570
Deferred tax liabilities	351
Other short term liabilities	2,007
Total liabilities	7,187

Net assets **11,456**

Total acquisition cost	12,583
Net assets	11,456
Goodwill arising on acquisition	1,127

Cash outflow on acquisition:

Net cash acquired with the subsidiary	625
Cash paid	(12,583)
Net cash outflow:	(11,958)

As mentioned above the Company has acquired 93.74% (51,274,092 shares) of Christies Dairies Public Ltd as at December 31, 2007 at the acquisition cost of € 25,550. The goodwill arose on due to the additional acquisition of minority interest 47.74% amounted to € 1,397 was recognized in the related account as asset and not to the consolidated shareholders' equity in accordance with the accounting policies followed by the Group, since this transaction consisted a stage acquisition through public offering.

(c) Acquisition of UMC

On April 11, 2007 the Company acquired the 99.99% of UNITED MILK COMPANY AD (UMC) a Bulgarian milk company, at the price of 18.7 million. The transaction approved by the Bulgarian Competition Committee on June 13, 2007 and completed on July 3, 2007.



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The goodwill arose on due the above acquisition and is presented in the accompanying consolidated balance sheet is determined based on the carrying (accounting) values of the acquired entity as of July 3, 2007 and thus is considered provisional. The determination of the fair values of identifiable assets, liabilities and contingent liabilities of the acquiree, the Purchase Price Allocation on the basis and the provisions of IFRS 3 "Business Combinations" and the resulting final determination of goodwill will be concluded subsequently, as the acquirer has opted to use the option provided in the standard. Based on such option the acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date.

The carrying values, the cost of acquisition and the provisional goodwill as of July 3, 2007, are as follows:

ASSETS	
Tangible and intangible assets	13,012
Inventories	1,975
Current assets	2,901
Cash and cash equivalents	59
Total assets	<u>17,947</u>
LIABILITIES	
Trade receivables	2,891
Long and short term interest- bearing loans and borrowings	8,474
Deferred tax liability	361
Other short term liabilities	823
Total liabilities	<u>12,549</u>
Net assets	<u>5,398</u>
Total acquisition cost	18,700
Net assets acquired	5,398
Provisional goodwill	<u>13,302</u>
Cash outflow on acquisition:	
Net cash acquired with the subsidiary	59
Cash paid	(18,700)
Net cash outflow:	<u>(18,641)</u>

(d) Share for share agreement 49% of ALESIS S.A and 49% of M.ARAMPATZIS S.A.

On March 27, 2007 VIVARTIA S.A announced the sign of a share for share contract for the exchange of 49% of the company M.ARAMPATZIS S.A with THE 49% of ALESIS S.A which was a 100% subsidiary of VIVARTIA S.A. The transaction approved by the Competition Committee on June 5,2007 and completed on July 13,2007. The signed transaction agreement provides for the common management of the aforementioned entities, which are consolidated with the proportional consolidation based on the provisions of IAS 31 «Investments in Joint Ventures»

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The goodwill arose on due the above acquisition and is presented in the accompanying consolidated balance sheet is determined based on the carrying (accounting) values of the acquired entity as of July 3, 2007 and thus is considered provisional. The determination of the fair values of identifiable assets, liabilities and contingent liabilities of the acquiree, the Purchase Price Allocation on the basis and the provisions of IFRS 3 "Business Combinations" and the resulting final determination of goodwill will be concluded subsequently, as the acquirer has opted to use the option provided in the standard. Based on such option the acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date.

The carrying values, the cost of acquisition and the provisional goodwill as of July 13, 2007, are as follows:

ASSETS	
Fixed assets	5,045
Inventories	661
Other long term assets	51
Current assets	2,389
Cash and cash equivalents	959
Total assets	9,105
LIABILITIES	
Trade receivables	1,828
Long and short term interest- bearing loans and borrowings	1,099
Deferred tax liability	478
Other current liabilities	929
Total liabilities	4,334
Net assets	4,771
Total acquisition cost	14,357
Net assets acquired	4,771
Provisional goodwill	9,586

The transaction in consolidated financial statements was accounted for as two transactions (purchase and sale). From the purchase of 49% of M. ARAMPATZIS S.A arose a provisional goodwill of € 9,586, which is analyzed in the table above. From the sale of 49% of ALESIS S.A arose for the Group a gain of € 5,973 which is recorded in the consolidated profit and loss account.

(e) Other acquisitions:

Within the accounting period of 2007, the Group acquired the majority of two companies – restaurants of Catering services & entertainment (GOODY'S) for the total of € 1,550. The goodwill emerged to € 914 has been registered to the relevant item of assets .

(f) Acquisition of Minority interest:

The major transactions of minority interest buy outs for the year 2007 and 2006 follow below:

♦ **Acquisition of minority interest of subsidiary EDITA SAE:**



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On January 18, 2007, the Group acquired, through its 100% subsidiary Chipita Participations Ltd, additional 5% of the share capital, with voting right, of its subsidiary company EDITA SAE, and as a result the participation percentage at 31 December 2006 amounts to 30%. The buy-out price amounted to € 6,862.

The fair value of the identifiable assets and liabilities as at the date of acquisition were:

	<u>Fair values</u>
Non-current assets	
Tangible and intangible assets	<u>1,389</u>
Current Assets	
Inventories	209
Trade and other receivables	79
Cash and cash equivalents	<u>283</u>
	<u>571</u>
Liabilities	
Trade and other payables	(345)
Deferred Tax Liability	(53)
Loans	<u>(29)</u>
	<u>(427)</u>
Net assets	1,533
Goodwill arising on acquisition	<u>5,329</u>
Total acquisition cost	<u>6,862</u>

The aforementioned goodwill was recognized in the consolidated shareholders' equity, in Group's retained earnings.

- **Acquisition of additional voting shares Charalambides Dairies Public Company Limited**

Between July 27th-29th and between 17th-18th December 2007, VIVARTIA SA acquired additional 10,00% and 15,10% of shares with voting rights of the subsidiary CHARALAMBIDIS DIARIES PUBLIC COMPANY LIMITED and as a result VIVARTIA Group participation on December 31st 2007 reaches 100% (December 31st 2006: 74,90%). The goodwill deriving from the above transactions amounted to € 1,338 was recognized in the consolidated shareholders' equity, in Group's retained earnings.



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4. INVESTMENT IN JOINTLY- CONTROLLED COMPANY:

As of December 31st 2007, the Group held 51.00% shareholding in ALESIS SA and 49.00% in ARABATZIS SA (31 December 2006: 40.00% in CHIPIMA SA), both companies with registered seats in Greece operating in processing, production and distribution of pastry products and other related snack products. The companies in question are consolidated with the proportional consolidation method given that the Group considers having a joint control with the other partner. Shareholding to CHIPIMA SA was sold during 2007.

The following amounts are included in the consolidated financial statements for the financial year 2007 and 2006 represent the Group shareholding in the assets and liabilities accounts as well as the Group share over joint ventures profit after tax:

The amounts below are included in the consolidated financial statements of year 2007 and 2006 and represent the share of the Group to the assets and liabilities as well as to the after tax profit of the joint venture:

	<u>31.12.2007</u>	<u>31.12.2006</u>
Tangible assets	11,359	1,386
Other long-term receivables	121	4
Current assets	<u>12,871</u>	<u>1,978</u>
	<u>24,351</u>	<u>3,368</u>
Other long term liabilities	1,387	-
Other short-term liabilities	<u>11,477</u>	<u>478</u>
	<u>12,864</u>	<u>478</u>
Equity	<u>11,487</u>	<u>2,890</u>
Revenues	<u>16,339</u>	<u>1,589</u>
Profit after tax	<u>758</u>	<u>282</u>

The average number of personnel to the joint venture on December 31, 2007 amounted 450 employees (December 31, 2006: 133 employees)

The cash equivalents of the proportioned consolidated companies which are included in the consolidated balance sheet amounted to € 1,657 and 1,273 as at December 31, 2007 and 2006 respectively.

5. MERGER THROUGH ABSORPTION OF THE SUBSIDIARIES GOODY'S S.A., GENERAL FROZEN FOODS S.A. AND DELTA DAIRY S.A.:

On December 19, 2005 the Board of Directors of Delta Holding S.A. announced its decision to merge by absorption its subsidiaries Goody's S.A. General Frozen Foods S.A. and Delta Dairy S.A.

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according to the provisions of Greek L 2166/1993. December 31, 2005 was determined to be the date of preparation of the conversion Balance Sheets. The parent's and the subsidiaries Shareholders' General Assemblies for the fiscal year 2005 which took place in early June 2006, approved the merger agreement. The merger completed on September 1st 2006.

The acquisition of the minority interests of Goody's (28.95%) and General Frozen Foods (18.29%) (Delta Dairy was a 100% subsidiary) immediately before the above mentioned legal merger, resulted to a goodwill which charged directly to equity in accordance with the accounting treatment followed by the Group.

In connection with the legal merger of the three subsidiaries they were accounted for in the separate financial statements of the parent on the basis of the pooling of interest method as such mergers were made at intragroup level and lacked commercial substance. Accordingly and based on the accounting treatment followed when the pooling of interest applies and the respective provision of Greek L.2166/93 according to which the commercial transaction and activities of the absorbed entities subsequent to the conversion date (31/12/2005) are made in behalf of the legal absorber, the separate income statement of VIVARTIA includes the income statement of the absorbed subsidiaries from January 1, 2006.

6. DISPOSAL OF SUBGROUP ICE CREAM- DISCONTINUED OPERATIONS

In late 2005, the Group reached a binding agreement with NESTLE Group for the sale of Delta Ice Cream SA and its subsidiaries (Delta Ice Cream subgroup). The criteria set forth in IFRS 5 in connection with the classification and measurement of Delta Ice Cream subgroup as disposal group held for sale were satisfied within the last days of December 2005. The consideration price agreed between the two parties was determined as a multiple of earnings before interest, income taxes, depreciation and amortization (EBITDA) for the rolling twelve month period from October 1, 2004 to September 30, 2005, less the net debt of the subgroup as of September 30, 2005 plus or minus the net change in the working capital through to the date of the completion of the transaction. The sale was completed in May 31, 2006 and the net consideration price was Euro 111,173 plus an amount of € 96,000 which represents the intra –group loan that was issued by the parent company to Delta Ice Cream . The net cash flow from sale amounted to € 207,173.

It is noted that at the end of the year 2006, was judged at prime level, pendency between the disposed DELTA ICE CREAM's subsidiary, by the name DELYUG, on which were imposed compensation and interests by the amount of € 7,955. The amount was charged the results of discontinued operations, taken for granted that according to the sale contract any contingent liabilities would burden the seller. Consequently the net consideration received € 111,173 was decreased at the amount of the charges derived from the aforementioned pendency € 7,955 and was set at the amount of € 103,218.

Delta Ice Cream's income statements for the period 1/1 -31/5/2006 are separately presented in the consolidated Statement of Income under "DISCONTINUED OPERATIONS".



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7. SEGMENT INFORMATION(GROUP):

Segment Information

31 December 2007

	Dairy & Beverages	Frozen Foods	Catering services & entertainment	Bakery & confectionery	Other	Eliminations	Consolidated
Segment revenues	455,154	92,166	171,856	411,644	640	(12,774)	1,118,686
Segment results, profit from operations	49,351	14,321	19,063	32,617	(45,731)	-	69,621
Financial income/(expense), net	(3,475)	(1,877)	1,154	(14,468)	1,998	(927)	(17,595)
Share losses of associates	-	-	(27)	(187)	-	-	(214)
Profit before tax	45,876	12,444	20,190	17,962	(43,733)	(927)	51,812
Income taxes	-	-	-	-	-	-	(23,995)
Net profit for the period	-	-	-	-	-	-	27,817

31 December 2006

	Dairy & Beverages	Frozen Foods	Catering services & entertainment	Bakery & confectionery	Other	Eliminations	Continuing operations	Discontinued operations	Consolidated
Segment revenues	374,214	73,438	156,541	128,477	3,377	(4,773)	731,274	44,960	776,234
Segment results, profit from operations	44,727	13,949	17,766	13,448	(606)	(9,729)	79,555	686	80,241
Financial income/(expense), net	(1,548)	(736)	(76)	(3,858)	332	1,185	(4,701)	(2,535)	(7,236)
Gain on disposal of discontinued operations	-	-	-	-	-	-	-	49,060	49,060
Share of profits/(losses) of associates	-	-	-	(53)	-	-	(53)	-	(53)



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Profit before tax	43,179	13,213	17,690	9,537	(274)	(8,544)	74,801	47,211	122,012
Income taxes	-	-	-	-	-	-	(25,591)	(220)	(25,811)
Net profit for the period	-	-	-	-	-	-	49,210	46,991	96,201

Assets and Liabilities

31 December 2007

	Dairy & Beverages	Frozen Foods	Catering services & entertainment	Bakery & confectionery	Other	Eliminations	Consolidated
Tangible and intangible fixed assets	264,315	62,377	72,386	304,219	348,398	(7,865)	1,043,830
Investments	-	-	-	-	312,874	(312,874)	-
Investments in Associates	-	-	299	6,612	-	-	6,911
Other assets	203,631	53,879	68,454	143,332	562,131	(507,788)	523,639
Total assets	467,946	116,256	141,139	454,163	1,223,403	(828,527)	1,574,380
Segment liabilities	(357,445)	(85,209)	(56,987)	(380,832)	(511,273)	503,329	(888,417)
Total liabilities	(357,445)	(85,209)	(56,987)	(380,832)	(511,273)	503,329	(888,417)

31 December 2006

	Dairy & Beverages	Frozen Foods	Catering services & entertainment	Bakery & confectionery	Other	Eliminations	Continuing operations	Discontinued operations	Consolidated
Tangible and intangible fixed assets	247,194	56,580	69,805	327,011	250,830	46,748	998,168	-	998,168
Investments	-	-	-	-	253,355	(253,355)	-	-	-
Investments in Associates	-	-	-	-	4,652	-	4,652	-	4,652
Other assets	125,757	54,401	63,075	138,352	503,455	(422,986)	462,054	-	462,054



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Total assets	372,951	110,981	132,880	465,363	1,012,292	(629,593)	1,464,874	-	1,464,874
Segment liabilities	(283,119)	(76,399)	(50,010)	(394,156)	(471,091)	440,963	(833,812)	-	(833,812)
Total liabilities	(283,119)	(76,399)	(50,010)	(394,156)	(471,091)	440,963	(833,812)	-	(833,812)

Other Segment Information

31 December 2007

	Dairy & Beverages	Frozen Foods	Catering services & entertainment	Bakery & pastry	Other	Consolidated
Capital expenditure:						
Tangible fixed assets	9,967	7,009	11,586	43,912	1,326	73,800
Intangible fixed assets	144	10	-	192	3,573	3,919
Total	10,111	7,019	11,586	44,104	4,899	77,719
Depreciation	18,151	2,678	7,177	21,347	1,130	50,483
Amortization	72	193	-	2,917	3,333	6,515
Total	18,223	2,871	7,177	24,264	4,463	56,998

31 December 2006

	Dairy & Beverages	Frozen Foods	Catering services & entertainment	Bakery & pastry	Other	Continuing operations	Discontinued operations	Consolidated
Capital expenditure:								
Tangible fixed assets	6,156	5,315	6,616	13,890	595	32,572	-	32,572
Intangible fixed assets	316	2	-	623	645	1,586	-	1,586
Total	6,472	5,317	6,616	14,513	1,240	34,158	-	34,158
Depreciation	15,743	2,201	6,673	6,735	1,035	32,387	5,010	37,397
Amortization	49	2	-	2,143	9	2,203	60	2,263
Total	15,792	2,203	6,673	8,878	1,044	34,590	5,070	39,660



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The following tables present revenues, expenditure and certain asset information regarding the Group's geographical segments for the years ended December 31, 2007 and December 31, 2006.

31 December 2007

	<u>Greece</u>	<u>Europe</u>	<u>Other</u>	<u>Eliminations</u>	<u>Consolidated</u>
Segment revenues	772,620	326,324	67,748	(48,006)	1,118,686
Total segment assets	1,380,876	380,714	60,720	(247,930)	1,574,380
Purchase of tangible assets	3,584	335	-	-	3,919
Purchase of intangible assets	32,762	24,734	16,304	-	73,800

31 December 2006

	<u>Greece</u>	<u>Europe</u>	<u>Other</u>	<u>Eliminations</u>	<u>Continuing operations</u>	<u>Discontinued operations</u>	<u>Consolidated</u>
Segment revenues	694,735	138,464	32,044	(133,969)	731,274	44,960	776,234
Total segment assets	1,790,029	685,269	39,662	(1,050,086))	1,464,874	-	1,464,874
Purchase of tangible assets	1,347	593	-	(354)	1,586	-	1,586
Purchase of intangible assets	17,540	11,838	3,194	-	32,572	-	32,572



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8. PAYROLL COST:

Payroll cost in the accompanying financial statements is analyzed as follows:

	Group		Company	
	2007	2006	2007	2006
Wages and salaries	166,937	112,982	82,068	59,058
Social security costs	33,276	25,574	18,198	12,944
Staff retirement indemnities (Note 32)	3,894	4,416	2,872	3,707
Other staff costs	205	2,388	150	617
Total payroll of continuing operations	204,312	145,360	103,288	76,326
Total payroll from discontinued operations	-	6,219	-	-
Total payroll	204,312	151,579	103,288	76,326
Less: amounts charged to production cost of continuing operations	(88,150)	(48,263)	(45,833)	(31,816)
Less: amounts charged to production cost of discontinued operations	-	(6,219)	-	-
Payroll (Note 10)	116,162	97,097	57,455	44,510

9. DEPRECIATION AND AMORTISATION:

Depreciation and amortization in the accompanying financial statements is analyzed as follows:

	Group		Company	
	2007	2006	2007	2006
Depreciation on property, plant and equipment (Note 15)	50,483	32,387	24,265	18,169
Amortization of intangible assets (Note 17)	6,515	2,203	3,947	1,337
Depreciation and amortization from continuing operations	56,998	34,590	28,212	19,504
Depreciation and amortization from discontinued operations	-	5,070	-	-
	56,998	39,660	28,212	19,504
Less: amounts charged to production cost of continuing operations	(35,323)	(22,956)	(16,853)	(13,724)
Less: amounts charged to production cost of discontinued operations	-	(5,070)	-	-
Depreciation and amortization (Note 10)	21,675	11,634	11,359	5,780



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10. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

Selling, general and administrative expenses in the accompanying financial statements are analyzed as follows:

	Group		Company	
	2007	2006	2007	2006
Payroll (Note 8)	116,162	97,097	57,455	44,510
Advertising and promotion costs	86,062	61,210	67,533	57,389
Third parties fees	13,384	8,585	9,518	10,729
Depreciation and amortization (Note 9)	21,675	11,634	11,359	5,780
Rent expense	15,026	12,640	4,550	4,039
Commissions	15,872	2,252	11,158	3,026
Utilities	5,781	4,414	4,017	2,778
Insurances	1,516	986	560	585
Repairs and maintenance	6,526	5,021	4,178	3,476
Shipping and handling costs	32,626	13,476	11,637	8,304
Stationery and other consumables	2,865	2,480	746	968
Traveling and entertainment	3,422	2,086	2,070	1,547
Subscriptions and contributions	1,017	675	779	413
Bad debt provision	3,511	1,108	2,480	448
Other taxes	5,094	4,250	3,182	3,495
Other	17,703	17,706	5,674	3,122
Selling, general and administrative expenses from continuing operations	348,242	245,620	196,896	150,609
Selling, general and administrative expenses from discontinued operations	-	19,736	-	-
Total	348,242	265,356	196,896	150,609

11. OTHER INCOME/ (EXPENSES):

Other income / (expenses) are analyzed as follows :

	Group		Company	
	2007	2006	2007	2006
Income from services	5,811	10,117	8,330	7,139
Subsidies	556	958	330	498
Management fees & royalties	255	10	8,012	1,738
Rental income	1,508	1,535	1,471	1,999
Gain/(loss) from sales of fixed assets	24,107	4,106	354	3,351
Negative goodwill of milk production sector Nestle	-	5,752	-	-
Other	1,666	703	8397	827
Other income/(expenses) from continuing operations	33,903	23,181	19,394	15,552
Other income/(expenses) from discontinued operations	-	(581)	-	-
Total	33,903	22,600	19,394	15,552

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12. FINANCIAL INCOME/(EXPENSES), NET:

Financial income/(expenses), net in the accompanying financial statements is analyzed as follows:

	Group		Company	
	2007	2006	2007	2006
Interest on long term loans and borrowings (Note 30)	(21,963)	(18,715)	(21,535)	(21,615)
Interest on short-term borrowings (Note 37)	(3,307)	(2,063)	(1,608)	(970)
Interest on derivatives	(11,197)	(6,590)	(11,197)	(6,590)
Other financial expenses	(5,583)	(1,396)	(3,904)	(314)
Loss from valuation and sale of subsidiaries, derivatives and other investments at fair values	(13,536)	(22,689)	(11,210)	(20,484)
Penalty for early prepayment of convertible bond	(7,032)	-	(7,032)	-
Interest on financial leasing (Note 31)	(2,044)	(262)	(2,041)	(167)
Foreign exchange differences	(384)	109	(268)	-
Total financial expenses from continuing operations	(65,046)	(51,606)	(58,795)	(50,142)
Total financial expenses from discontinued operations	-	(1,607)	-	-
Total financial expenses	(65,046)	(53,213)	(58,795)	(50,142)
Interest earned on derivative financial instruments	14,693	15,752	14,693	15,752
Dividends	6,041	-	9,804	10,574
Interests on deposits (Note 26)	1,498	4,760	352	4,037
Foreign exchange differences	518	(810)	158	113
Gain from valuation and sale of subsidiaries, derivatives and other investments at fair values	24,701	27,204	30,072	24,842
Interest income from loans receivable	-	-	5,894	1,842
Total financial income from continuing operations	47,451	45,033	60,973	57,160
Total financial income from discontinued operations	-	928	-	-
Total financial income	47,451	45,977	60,973	57,160
Total financial income /(expenses), net	(17,595)	(7,304)	2,178	7,018

The item "Gain from valuation of subsidiaries, derivatives and other investments at fair value" includes the profit arose from shares' exchange between the subsidiary ALESIS S.A and ARAMBATZIZ S.A (note 3d), which is amounted to € 5,973 and € 8,035 for the Group and the Company respectively.

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13. INCOME TAX:

According to the tax law, the income tax applicable to Greek companies for the period of 2007 είναι 25% (29% until 31st December 2006).

The provision for income taxes reflected in the accompanying financial statements is analyzed as follows:

	Group		Company	
	2007	2006	2007	2006
Current income taxes:				
- current income tax charge	12,224	20,518	-	13,127
- provisions for unaudited periods	1,770	910	1,600	780
- adjustments in respect of income tax of previous years	3,765	3,007	2,245	1,457
Deferred income taxes	6,236	1,376	5,181	1,259
Total provision for income taxes reported in the statement of income	23,995	25,811	9,026	16,623
Less: Provision for income taxes from discontinued operations	-	(220)	-	-
	23,995	25,591	9,026	16,623

The reconciliation of the provision for income taxes to the amount determined by the application of the Greek statutory tax rate to pretax income is summarized as follows:

	Group		Company	
	2007	2006	2007	2006
Profit before income taxes	51,812	122,012	3,960	23,701
Income taxes calculated at the nominal applicable tax rate (25% and 29%)	12,953	35,383	990	6,873
Additional tax assessments	5,535	3,917	3,845	2,337
Tax effects of non-taxable income and expenses not deductible for tax purposes	8,713	4,225	6,204	1,308
Tax provision for reserve L. 3220/2004	-	1,593	-	1,250
Tax effects of losses from subsidiaries for which no deferred tax asset was recognized for the period	3,416	-	-	-
Tax effects of losses from subsidiaries for which no deferred tax asset was recognized for previous periods	-	(3,932)	-	(2,451)
Tax effects of profits from subsidiaries taxed at different rates	(5,129)	(1,368)	-	-
Tax effect of for tax-exempted gain/losses on disposal of subsidiaries	(1,493)	(14,227)	(2,013)	7,306
Income taxes reported in the statements of income	23,995	25,591	9,026	16,623

Greek tax laws and related regulations are subject to interpretations by the tax authorities. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Tax losses, to the extent accepted by the tax authorities, can be used to offset profits of the five fiscal years following the fiscal year to which they relate. During 2006 the absorbed companies by the parent company Delta Dairy, Goody's and General Foods were audited by tax authorities and additional taxes and penalties were imposed, while the remaining difference from the formed provisions was recorded in the consolidated statement of income. For the absorbed company CHIPITA S.A. the audit by tax authorities for the unaudited tax years 2001 up to 2005 was completed during the year of 2007 and additional taxes and penalties of € 8,207 were imposed.



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VIVARTIA S.A, (former DELTA HOLDING S.A.) has been audited from the tax authorities up to 31st December 2005. The subsidiaries of VIVARTIA S.A. their books and records have not been audited by the tax authorities for the certain years as analyzed in Appendix I.

In a future tax examination of the related unaudited years, additional taxes and penalties may be assessed VIVARTIA S.A. and to its subsidiaries. Pending the outcome of these future tax examinations, the Company, based upon previous years' tax examinations and past interpretations of the tax laws, believes they have provided adequate provisions for probable future tax assessments.

The deferred income taxes relate to the temporary differences between the book values and the tax bases of assets and liabilities and are calculated using the statutory income tax rate, which is estimated to be applicable at the time of assessment.

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The movement of deferred tax during the period ended 31st December 2007 and 2006 for the Group has as follows:

<u>Group</u>	<u>1 January 2007</u>	<u>(Debit)/ Credit to P&L</u>	<u>(Debit)/ Credit to equity</u>	<u>Foreign exchange differences</u>	<u>Additions due to disposal of subsidiaries</u>	<u>Additions due to acquisition of subsidiaries</u>	<u>31 December 2007</u>
Deferred income tax assets/ (income tax liability):					-	-	
Deferred costs	3,099	(96)	-	-	(9)	25	3,019
Recognition of intangible assets	(33,282)	4,616	-	-	-	-	(28,666)
Staff retirement indemnities	4,220	248	-	-	-	37	4,505
Tax losses carried forward	2,640	1,245	-	-	-	-	3,885
Provisions for doubtful debts	1,798	943	-	-	-	6	2,747
Tangible assets	(54,923)	(9,740)	1,605	3	624	(1,630)	(64,061)
Impairment of assets	729	(639)	-	-	-	-	90
Financial assets	894	(310)	-	-	-	-	584
Accrued and other current liabilities	1,910	(1,871)	-	-	-	-	39
other	557	(632)	-	-	(79)	(56)	(210)
Total	(72,358)	(6,236)	1,605	3	536	(1,618)	(78,068)

<u>Group</u>	<u>1 January 2006</u>	<u>(Debit)/ Credit to P&L</u>	<u>(Debit)/ Credit to equity</u>	<u>Foreign exchange differences</u>	<u>Additions due to disposal of subsidiaries</u>	<u>Additions due to acquisition of subsidiaries</u>	<u>31 December 2006</u>
Deferred income tax assets/ (income tax liability):	-						
Deferred costs	2,512	(221)	-			808	3,099
Recognition of intangible assts	-	340	-			(33,622)	(33,282)
Staff retirement indemnities	2,209	451				1,560	4,220
Tax losses carried forward	249	316		(315)		2,390	2,640
Provisions for doubtful debts	4,016	(2,218)					1,798
Tangible assets	(42,215)	446				(13,154)	(54,923)
Impairment of assets	-	-				729	729
Financial assets	665	229					894
Accrued and other current liabilities	1,532	378					1,910
Other	1,349	(1,097)		71		234	557
Total	(29,683)	(1,376)	-	(244)	0	(41,055)	(72,358)

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The movement of deferred tax during the period ended 31st December 2007 and 2006 for the Company has as follows:

Company	1 January 2007	(Debit)/ Credit to P&L	(Debit)/ Credit to equity	Due to absorption of subsidiaries	Due to acquisition of subsidiaries	31 December 2007
Deferred income tax assets/ (income tax liability):						
Deferred costs	1,096	(341)				755
Recognition of intangible assets	(27,084)	509				(26,575)
Staff retirement indemnities	2,414	319				2,733
Tax losses carried forward	40	1,186				1,226
Provisions for doubtful debts	2,215	75				2,290
Tangible assets	(40,468)	(1,769)				(42,237)
Impairment of assets	904	(462)				442
Financial assets	6,357	(5,813)				544
Other	(803)	1,115				312
Total	(55,329)	(5,181)	-	0	0	(60,510)

Company	1 January 2006	(Debit)/ Credit to P&L	(Debit)/ Credit to equity	Due to absorption of subsidiaries	Due to acquisition of subsidiaries	31 December 2006
Deferred income tax assets/ (income tax liability):						
Deferred costs		50		305	741	1,096
Recognition of intangible assets		178			(27,262)	(27,084)
Staff retirement indemnities	253	295		1,718	148	2,414
Tax losses carried forward			(315)		355	40
Provisions for doubtful debts	218	(691)		2,688		2,215
Tangible assets	275	(534)		(34,990)	(5,219)	(40,468)
Impairment of assets		50		125	729	904
Financial assets	3,927	2,458		(28)		6,357
Accrued and other current liabilities	2,313	(2,400)		87		0
Other		(665)	71	(704)	495	(803)
Total	6,986	(1,259)	(244)	(30,799)	(30,013)	(55,329)

Deferred income tax assets and liabilities are disclosed in the accompanying balance sheets as follows:



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	Group	
	2007	2006
Deferred income tax liabilities	(85,162)	(84,069)
Deferred income tax assets	7,094	11,711
Net deferred tax liabilities	(78,068)	(72,358)

The European Commission, following its recent Announcement 2006/C20/05 stated that these tax exempt reserves have the form of a government subsidy and has requested the Greek Government to comment. The European Commission finally concluded that the relevant reserves are a form of government subsidy and companies should be required to submit to the taxation authorities the applicable income tax.

As a result the Group during the year 2006 has decided to account for the income tax expense related to the above tax free reserves using the rates in effect at the date such reserves were created (Note 33).

During the year ended December 31, 2007, the carrying value of recognised tax losses was € 5,280 for the Group and € 4,743 for the Company(December 31,2006 €11,820 for the Group and € 8,860 for the Company). Deferred tax assets are recognized for all unused tax losses that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

As at December 31, 2007, certain foreign subsidiaries had accumulated tax losses € 27 mill. approximately (December 31,2006: € 58 mill. approximately), for which no deferred tax asset was recognized, to the extent that the Group's management believes that the recovery of these tax losses through profits of the following years remains uncertain.

14. EARNINGS PER SHARE:

The calculation of basic and diluted earnings per share as of December 31, 2007 and 2006 is as follows:

	Group		Company	
	2007	2006	2007	2006
Net profit attributable to equity holders of the parent	10,054	90,260	(5,066)	7,275
Weighted average number of shares outstanding	75,598,555	58,560,819	75,598,555	58,560,819
Less: Weighted average number of treasury shares	(8,868)	-	(8,868)	-
Total weighted average number of shares outstanding	75,589,686	58,560,819	75,589,686	58,560,819
Basic Earnings per share	0.13	1.54	(0.07)	0.12



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15. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment is analyzed as follows:

GROUP	Land	Buildings and installations	Machinery and equipment	Transportation equipment	Furniture and fixtures	Construction in progress (CIP)	Total
COST							
At January 1st, 2007	99,343	253,094	414,454	41,758	68,637	20,653	897,939
Additions	6,674	6,258	16,573	3,376	7,663	33,256	73,800
Transfers from CIP	-	5,285	23,963	304	530	(30,082)	-
Disposals	(13,541)	(10,929)	(13,701)	(3,785)	(4,480)	(693)	(47,129)
Business combination	9,653	12,172	24,381	5,369	4,399	3,039	59,013
Other transfers	(69)	(109)	1,629	(31)	392	(4,075)	(2,263)
Translation adjust.	(935)	(1,078)	(1,738)	(756)	(36)	(141)	(4,684)
At December 31st, 2007	101,125	264,693	465,561	46,235	77,105	21,957	976,676
ACCUMULATED DEPRECIATION							
At January 1st 2007	-	(42,364)	(109,803)	(28,313)	(47,640)	-	(228,120)
Depreciation expense	-	(6,524)	(30,329)	(4,410)	(9,220)	-	(50,483)
Disposals	-	2,297	4,595	3,220	3,280	-	13,392
Business combination	-	(742)	(6,173)	(3,272)	(2,908)	-	(13,095)
Other transfers	-	(684)	(2,816)	30	(72)	-	(3,542)
Translation adjust.	-	221	(617)	267	384	-	255
At December 31st 2007	-	(47,796)	(145,143)	(32,478)	(56,176)	-	(281,593)
NET VALUE							
At December 31st 2007	101,125	216,897	320,418	13,757	20,929	21,957	695,083



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GROUP	Land	Buildings and installations	Machinery and equipment	Transportation equipment	Furniture and fixtures	Construction in progress (CIP)	Total
COST							
At January 1st, 2006	67,342	104,328	202,572	28,632	47,675	9,404	459,953
Additions	15	2,978	6,737	2,251	6,189	14,402	32,572
Transfers from CIP	6	11,002	15,949	379	35	(27,371)	-
Disposals	(765)	(3,059)	(10,227)	(3,111)	(3,504)	-	(20,666)
Business combination	18,180	128,241	201,004	12,632	18,475	23,896	402,428
Other transfers	-	2	53	1,073	(322)	(63)	743
Translation adjust.	(44)	550	681	(98)	89	385	1,563
At December 31st, 2006	84,734	244,042	416,769	41,758	68,637	20,653	876,593
Effect of finalization of Chipita Group PPA (Purchase Price Allocation)	14,609	9,052	(2,315)	-	-	-	21,346
At December 31st, 2006 (Restated)	99,343	253,094	414,454	41,758	68,637	20,653	897,939
ACCUMULATED DEPRECIATION							
At January 1st, 2006	-	(10,229)	(31,786)	(21,196)	(31,848)	-	(95,059)
Depreciation expense	-	(4,076)	(18,833)	(2,904)	(6,757)	-	(32,570)
Disposals	-	838	4,013	2,433	2,790	-	10,074
Business combination	-	(27,677)	(64,969)	(6,241)	(12,183)	-	(111,070)
Other transfers	-	(2)	(4)	(433)	390	-	(49)
Translation adjust.	-	(24)	(105)	28	(32)	-	(133)
At December 31st, 2006	-	(41,170)	(111,684)	(28,313)	(47,640)	-	(228,807)
Effect of finalization of Chipita group PPA (Purchase Price Allocation) in accumulated depreciation	-	(1,240)	1,744	-	-	-	504
Effect of finalization of Chipita group PPA (Purchase Price Allocation) in depreciation of year 2006	-	46	137	-	-	-	183
At December 31st, 2006 (Restated)	-	(42,364)	(109,803)	(28,313)	(47,640)	-	(228,120)
NET VALUE							
At December 31st, 2006	84,734	202,872	305,085	13,445	20,997	20,653	647,786
At December 31st, 2006 (Restated)	99,343	210,730	304,651	13,445	20,997	20,653	669,819



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COMPANY	Land	Buildings and installations	Machinery and equipment	Transportation equipment	Furniture and fixtures	Construction in progress (CIP)	Total
COST							
At January 1st, 2007	56,584	122,871	224,405	18,398	33,991	3,910	460,159
Additions	309	1,797	4,266	546	4,170	8,978	20,066
Disposals	(1,150)	(2,225)	(1,582)	(2,057)	(1,611)	(6)	(8,631)
Transfers from CIP	-	85	4,034	304	234	(4,657)	-
Other transfers	-	658	(998)	3	446	(138)	(29)
At December 31st, 2007	55,743	123,186	230,125	17,194	37,230	8,087	471,565
ACCUMULATED DEPRECIATION							
At January 1st, 2007	-	(20,725)	(58,277)	(15,006)	(23,530)	-	(117,538)
Depreciation expense	-	(2,741)	(14,970)	(1,201)	(5,353)	-	(24,265)
Disposals	-	312	951	1,931	1,434	-	4,628
Other transfer	-	(1,265)	94	-	(40)	-	(1,211)
At December 31st, 2007	-	(24,419)	(72,202)	(14,276)	(27,489)	-	(138,386)
NET BOOK VALUE							
At December 31st, 2007	55,743	98,767	157,923	2,918	9,741	8,087	333,179



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COMPANY	Land	Buildings and installations	Machinery and equipment	Transportation equipment	Furniture and fixtures	Construction in progress (CIP)	Total
COST							
At January 1st, 2006	2,920	925	30	1,090	6,266	-	11,231
Additions	-	1,146	2,234	640	3,845	3,912	11,777
Absorbed companies	43,180	51,631	155,414	15,541	17,808	1,631	285,205
Business combination	7,758	72,888	75,975	2,599	8,677	2,312	170,209
Disposals	-	(961)	(9,718)	(1,851)	(2,080)	-	(14,610)
Transfers from CIP	6	301	3,224	379	35	(3,945)	-
Other transfers	-	-	-	-	(560)	-	(560)
At December 31st, 2006	53,864	125,930	227,159	18,398	33,991	3,910	463,252
Effect of finalization of Chipita Group PPA (Purchase Price Allocation)	2,720	(3,059)	(2,754)	-	-	-	(3,093)
At December 31st, 2006 (Restated)	56,584	122,871	224,405	18,398	33,991	3,910	460,159
ACCUMULATED DEPRECIATION							
At January 1st, 2006	-	(58)	(12)	(939)	(3,995)	-	(5,004)
Depreciation expense	-	(1,774)	(11,955)	(1,186)	(3,609)	-	(18,524)
Absorbed companies	-	(2,512)	(20,127)	(12,409)	(12,245)	-	(47,293)
Business combination	-	(17,808)	(31,458)	(1,947)	(5,856)	-	(57,069)
Disposals	-	571	3,856	1,475	1,756	-	7,658
Other transfer	-	-	-	-	419	-	419
At December 31st, 2006	-	(21,581)	(59,696)	(15,006)	(23,530)	-	(119,813)
Effect of finalization of Chipita group PPA (Purchase Price Allocation) in accumulated depreciation	-	767	1,153	-	-	-	1,920
Effect of finalization of Chipita group PPA (Purchase Price Allocation) in depreciation of year 2006	-	89	266	-	-	-	355
At December 31st, 2006	-	(21,581)	(59,696)	(15,006)	(23,530)	-	(119,813)
NET BOOK VALUE							
At December 31st, 2006	53,864	104,349	167,463	3,392	10,461	3,910	343,439
At December 31st, 2006 (Restated)	56,584	102,146	166,128	3,392	10,461	3,910	342,621

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Tax revaluation of land and buildings: In accordance with Greek tax legislation, land and buildings are revalued every four years based on non industry specific indices that were announced through respective Ministerial Decisions. The latest of these revaluations which was applied in December 31, 2005, was reversed for IFRS reporting purposes on the basis of not meeting the criteria set forth in IAS 16, however, it resulted to an increase of the tax base of the related assets. The net surplus occurred on land and buildings on the above tax revaluation was taxed at 2% and 8%, respectively.

As at December 31, 2007 there are restrictions on title or transfer or other encumbrances in Group's subsidiary Christies Dairies PLC amounted to € 7,917 (December 31, 2006: € 7,917). With the exclusion of the above, there are no restrictions on title or transfer or other encumbrances on the Company's and the Group's property .

As at December 31, 2007 the net book value of the purchased through financial leases intangible assets for the Group and the Company amount to € 41,161 (December 31, 2006: €44,144 and € 43,238) respectively and analyzed as follows:

	December 31, 2007		December 31, 2006	
	Group	Company	Group	Company
Land	8,316	8,316	5,625	5,625
Buildings	28,031	28,031	32,281	32,281
Machinery and equipment	4,814	4,814	5,332	5,332
Transportation equipment	-	-	906	-
Total	41,161	41,161	44,144	43,238

16. GOODWILL:

The movement of goodwill for the years ended December 31, 2007 and 2006 in the consolidated financial statements has as follows:

Group

	January 1st, 2006	Additions	Impairment losses	December 31st, 2006
Goodwill of Catering Services & entertainment Division	118,441	2,775	-	121,216
Goodwill of Bakery & Confectionery Division	-	46,421	-	46,421
Goodwill of Frozen Food Division	31,325	2	-	31,327
Goodwill of Dairy & Beverages Division	1,551	-	-	1,551
	151,317	49,198	-	200,515

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	<u>January 1st, 2007</u>	<u>Additions</u>	<u>Impairment losses</u>	<u>December 31st, 2007</u>
Goodwill of Catering Services & entertainment Division	121,216	914 (371)	-	121,759
Goodwill of Bakery & Confectionery Division	46,421	-	-	46,421
Goodwill of Frozen Food Division	31,327	9,586 (2,065)	-	38,848
Goodwill of Dairy & Beverages Division	1,551	15,828	-	17,379
	<u>200,515</u>	<u>23,892</u>	<u>-</u>	<u>224,407</u>

Company

	<u>At January 1st, 2006</u>	<u>Additions</u>	<u>Impairment losses</u>	<u>At December 31st, 2006</u>
Goodwill of Catering Services & entertainment Division	-	111,295	-	111,295
Goodwill of Bakery & Confectionery Division	-	28,987	-	28,987
Goodwill of Frozen Food Division	-	27,747	-	27,747
Goodwill of Dairy & Beverages Division	-	-	-	-
	<u>-</u>	<u>168,029</u>	<u>-</u>	<u>168,029</u>

	<u>At January 1st, 2007</u>	<u>Additions</u>	<u>Impairment losses</u>	<u>At December 31st, 2007</u>
Goodwill of Catering Services & entertainment Division	111,295	-	-	111,295
Goodwill of Bakery & Confectionery Division	28,987	-	-	28,987
Goodwill of Frozen Food Division	27,747	-	-	27,747
Goodwill of Dairy & Beverages Division	-	-	-	-
	<u>168,029</u>	<u>-</u>	<u>-</u>	<u>168,029</u>

Impairment tests were performed at December 31, 2007 with the exception of the goodwill arisen due to the merge/acquisition of the dairy and beverages division's subsidiaries CHRISTIES DAIRIES PLC και UMC A.D of amount € 1,127 και € 13,302 (note 3b, 3c) and of frozen food's division MICHALIS ARABATZIS S.A of amount € 9,586 (note 3d), considered that the purchase price allocation of the assets, liabilities and contingent liabilities of the acquiree and the value in use of the cash-generating units to which the goodwill is allocated is in progress.

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The decreases related to disposals of investments in subsidiaries for which goodwill had been recorded at the acquisition date.

The recoverable amount of the divisions has been determined based on a value in use calculation of net discounted cash flows expected to arise from the every divisions' activity (value in use). To assess this, each division was valued as a unified cash-generating unit and cash flow projections are based on financial forecasts approved by management covering a five-year period.

- (a) **CATERING SERVICES & ENTERTAINMENT DIVISION:** The discount rate applied to cash flow projections fluctuates between 7.89% (2008) and 8.07% (2013) (2006: 6.96%) and cash flow beyond the five-year period were extrapolated using a 2% growth rate (2006: 2%) which is the expected average growth rate for the specific industry division.
- (b) **BAKERY AND CONFECTIONERY DIVISION:** The discount rate applied to cash flow projections fluctuates between 7.89% and 7.93% and cash flow beyond the five-year period were extrapolated using a 2% growth rate (2006: 2%) which is the expected average growth rate for the specific industry division. It is noted that the year ended December 31,2007 is the first in which impairment tests are performed in Bakery and Confectionery Division considered that the purchase price allocation of the assets and liabilities of CHIPITA GROUP of the previous year was still in progress.
- (c) **FROZEN FOOD DIVISION:** The discount rate applied to cash flow projections fluctuates between 7.84 % and 7.96% (2006:6.79 %) and cash flow beyond the five-year period were extrapolated using a 2% growth rate (2006: 2%) which is the expected average growth rate for the specific industry division.
- (d) **DAIRY AND BEVERAGES DIVISION:** The recoverable amount of Dairy and Beverages Division has been determined based on a value in use calculation of Charalambides Dairies LTD, in connection with the finalized division goodwill has been recorded in the table above. To assess this, Charalambides Dairies LTD was valued as cash generating unit and the cash flows projections were based on financial forecasts approved by the management covering a five-year period. The discount rate applied to cash flow projections fluctuates between 8.13% and 8.16% (2006: 8.34%) and cash flow beyond the five-year period were extrapolated using a 2% growth rate (2006: 2%) which is the expected average growth rate for the specific industry division.

Key assumptions used in value in use of calculation of above impairment tests:

Budgeted gross margins: The basis used to determine the value assigned to the budgeted gross margins is the average actual gross margins achieved by each cash-generating unit in the preceding five years period. Specific weight was given to the gross margins of the last two years, as they were estimated to be more representative of the current conditions.

Capital Needs: All the necessary estimated acquisitions of fixed as well as working capital needs were taken into account, based on the latest five years actual needs, in order for the cash-generating units to maintain their production capacity and market share.

Bond rates: The yield on a 10 year Greek government bond rate at the beginning of the budgeted year is utilized and the value assigned to the key assumption is consistent with the external information sources.



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17. INTANGIBLE ASSETS:

GROUP	Trademarks	Technical assistance	Customer relationship	Software	Other	Total
COST						
At January 1, 2007	94,444	26,110	13,115	3,222	2,059	138,950
Additions	347	-	-	3,572	-	3,919
Business Combination	1,243	-	-	-	134	1,377
Disposals	(768)	-	-	-	(7)	(775)
Other transfers	247	-	-	-	(130)	117
Translation adjustments	(79)	-	-	-	-	(79)
At December 31, 2007	95,434	26,110	13,115	6,794	2,056	143,509
ACCUMULATED AMORTIZATION						
At January 1, 2007	(6,768)	(870)	(625)	(1,603)	(1,250)	(11,116)
Amortization for the year	(1,163)	(2,611)	(1,873)	(861)	(7)	(6,515)
Business Combination	(254)	-	-	-	(133)	(387)
Disposals	271	-	-	-	7	278
Other transfers	603	(9)	-	-	(673)	(79)
Translation adjustments	47	-	-	-	-	47
At December 31, 2007	(7,264)	(3,490)	(2,498)	(2,464)	(2,056)	(17,772)
NET BOOK VALUE						
At December 31, 2007	88,170	22,620	10,617	4,330	-	125,737



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GROUP	Technical assistance					Total
	Trademarks		Customer relationship	Software	Other	
COST						
At January 1, 2006	3,581	-	-	-	148	3,729
Additions	1,147	-	-	138	301	1,586
Business Combination	5,540	-	-	3,084	1,603	10,227
Translation adjustments	71	-	-		7	78
At December 31, 2006	10,339	-	-	3,222	2,059	15,620
Effect of finalization of Chipita Group PPA (Purchase Price Allocation)	84,105	26,110	13,115	-	-	123,330
At December 31, 2006 (Restated)	94,444	26,110	13,115	3,222	2,059	138,950
ACCUMULATED AMORTIZATION						
At January 1, 2006	(3,366)	-	-	-	(148)	(3,514)
Amortization for the year	(236)	-	-	(267)	(7)	(510)
Business Combination	(2,899)	-	-	(1,336)	(1,090)	(5,325)
Translation adjustments	(69)	-	-		(5)	(74)
At December 31, 2006	(6,570)	-	-	(1,603)	(1,250)	(9,423)
Effect of finalization of Chipita Group PPA (Purchase Price Allocation) in amortization expense of year 2006	(198)	(870)	(625)	-	-	(1,693)
At December 31, 2006 (Restated)	(6,768)	(870)	(625)	(1,603)	(1,250)	(11,116)
NET BOOK VALUE						
At December 31, 2006	3,769	-	-	1,619	809	6,197
At December 31, 2006 (Restated)	87,676	25,240	12,490	1,619	809	127,834



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COMPANY	Trademarks	Technical assistance	Software	Total
COST				
January 1, 2007	89,103	26,110	3,310	118,523
Additions	-	-	3,351	3,351
December 31, 2007	89,103	26,110	6,661	121,874
ACCUMULATED AMORTIZATION				
January 1, 2007	(3,568)	(870)	(1,603)	(6,041)
Amortization for the year	(475)	(2,611)	(861)	(3,947)
Other	16	-	-	16
December 31, 2007	(4,027)	(3,481)	(2,464)	(9,972)
NET BOOK VALUE				
December 31, 2007	85,076	22,629	4,197	111,902

COMPANY	Trademarks	Technical assistance	Software	Total
COST				
At January 1, 2006	3	-	-	3
Absorbed Companies	3,210	-	-	3,210
Business Combination	774	-	3,235	4,009
Additions	1,011	-	75	1,086
At December 31, 2006	4,998	-	3,310	8,308
Effect of the finalization of the Chipita Group PPA (Purchase Price Allocation)	84,105	26,110	-	110,215
At December 31, 2006 (Restated)	89,103	26,110	3,310	118,523
ACCUMULATED AMORTIZATION				
At January 1, 2006	(2)	-	-	(2)
Absorbed Companies	(3,080)	-	-	(3,080)
Business Combination	(189)	-	(1,433)	(1,622)
Amortization for the year	(121)	-	(170)	(291)
At December 31, 2006	(3,392)	-	(1,603)	(4,995)
Effect of the finalization of the Chipita Group PPA (Purchase Price Allocation) in amortization expense for the year 2006	(176)	(870)	-	(1,046)
At December 31, 2006 (Restated)	(3,568)	(870)	(1,603)	(6,041)
NET BOOK VALUE				
At December 31, 2006	1,606	-	1,707	3,313
At December 31, 2006 (Restated)	85,535	25,240	1,707	112,482

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18. INVESTMENTS IN SUBSIDIARIES:

Investments of Company in direct subsidiaries and their movements for the year 2007 are analyzed as follows:

ENTITY	Balance at 1.1.2007	Additions	Increase of Capital Share	Disposals /Transfers	Decrease of capital Share	Impairment	Balance at 31.12.2007
HELLENIC CATERING S.A	19,270	-	-	-	-	-	19,270
VIOMAR S.A	2,084	-	-	-	-	-	2,084
BALKAN RESTAURANTS S.A	-	-	700	-	-	-	700
ENDEKA S.A	723	-	180	-	-	-	903
PARALIA CAFÉ-PÂTISSERIES S.A	317	-	-	-	-	-	317
EFKARPIA RESTAURANTS S.A	45	-	-	-	-	-	45
MEGARA RESTAURANTS-PÂTISSERIES S.A	675	-	-	-	(193)	-	482
PANORAMA RESTAURANTS S.A	75	-	-	-	(44)	-	31
ZEFXI RESTAURANTS-PÂTISSERIES S.A	-	-	-	-	-	-	-
SERRES RESTAURANTS-PÂTISSERIES S.A	35	-	-	-	-	-	35
DRAMA RESTAURANTS S.A	37	-	-	(37)	-	-	-
KAVALA RESTAURANTS S.A	36	-	-	-	-	-	36
HARILAOU RESTAURANTS S.A	74	-	-	-	(34)	-	40
NAFPLIOS S.A	67	-	-	-	-	-	67
SARANTA S.A	550	-	457	-	-	-	1,007
GEFSIPLOIA S.A	153	-	-	-	-	-	153
MALIAKOS RESTAURANTS S.A	291	-	-	-	(49)	-	242
ATHENINA CAFÉ-PÂTISSERIES S.A	1,275	-	-	-	-	-	1,275
VOLOS COAST RESTAURANTS S.A	110	-	-	-	-	-	110
EASTERN CRETE RESTAURANTS-PÂTISSERIES S.A	-	-	180	-	-	-	180
VERIA CAFÉ-PÂTISSERIES S.A	246	117	-	-	-	-	363
TEMBI CAFÉ- PÂTISSERIES S.A	1,268	-	-	-	-	-	1,268
GREENFOOD S.A	492	-	-	-	-	-	492
ALESIS S.A	15,427	-	-	(12,931)	(2,496)	-	-
EUROFEED HELLAS S.A	8,389	-	-	-	-	-	8,389
CHARALAMBIDES DAIRIES LTD	26,860	10,079	-	-	-	-	36,939
VIGLA S.A	4,858	-	-	-	-	-	4,858
DELTA FOOD HOLDINGS LTD	7,177	-	-	-	-	-	7,177
DELTA FOOD PARTICIP.& INVESTMENTS	44,967	-	-	-	-	-	44,967
MARINA ZEAS S.A	-	354	-	-	-	-	354
AGROTEAM EOD	144	-	-	-	-	-	144
UNCLE STATHIS EOD	192	-	-	-	-	-	192
HELLENIC FOOD INVESTMENTS S.A.	2,535	-	-	-	-	-	2,535
NERATZIOUSSA RESTAURANTS S.A	150	-	-	-	-	-	150
ERMOU RESTAURANTS S.A	395	-	-	-	-	-	395
INVESTAL RESTAURANTS S.A.	957	-	1,000	-	-	-	1,957
IVISKOS S.A	263	-	-	-	-	-	263
PAPAGIANAKIS S.A	319	100	-	-	-	-	419
DESMOS DEVELOPMENTS S.A	-	1,158	-	-	-	-	1,158
VIVARTIA LUXEMBURG S.A	-	31	-	-	-	-	31
CHRISTIES DAIRIES PLC	-	25,550	-	-	-	-	25,550
UNITED MILK COMPANY AD	-	18,700	-	-	-	-	18,700
ANTHEMIA S.A	3,770	-	-	-	-	-	3,770
CREAM LINE S.A	15,548	-	-	-	-	-	15,548
SMKY S.A	321	-	-	-	-	(321)	-
CHIPITA GERMANY GmbH**	478	-	-	(478)	-	-	-
CHIPITA PARTICIPATIONS LTD	63,658	-	-	-	-	-	63,658



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TOTAL	<u>224,231</u>	<u>56,089</u>	<u>2,517</u>	<u>(13,446)</u>	<u>(2,816)</u>	<u>(321)</u>	<u>266,254</u>
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* ALESIS S.A became from a subsidiary a jointly controlled company during the year 2007 (Note 3d)

**Investment in Chipita Germany GmbH was disposed to Group's subsidiary Chipita Participations Ltd.

19. INVESTMENTS IN ASSOCIATES:

The Group has the following interest in associates, which due to significant influence are classified as associates and accounted for under the equity method in the consolidated financial statements and cost of acquisition less possible accumulated impairment losses in the separate financial statements:

Entity	Country of Incorporation	% of ownership		Carrying Amount	
		2007	2006	December 31 , 2007	December 31 , 2006
Arma Investments S.A.	Greece	25.00%	25.00%	101	73
Café Joanna S.A.	Greece	35.00%	-	30	-
Kropia Restaurants-Patisseries S.A	Greece	40.00%	-	238	-
Café Halcyon S.A.	Greece	35.00%	35.00%	-	-
Chipiga S.A	Mexico	35.00%	35.00%	2,115	3,903
Tsimis SA	Greece	30.00%	30.00%	1,787	676
Leventis Snacks Ltd	Nigeria	40.00%	40.00%	2,640	-
				<u>6,911</u>	<u>4,652</u>

None of the above associates is listed on any Stock Exchange and accordingly, there are no published price quotations for the fair value of these investments. The disclosures required by IAS 28 regarding investments in associates are not provided due to immateriality.

At December 31, 2007 and 2006 , the Group's subsidiaries have not provided any guarantees to associates for working capital requirements.

The amount of € 3,488 and € 3,495 at the Company's Financial Statements represents the acquisition cost of the associates:

	December 31	
	2007	2006
Tsimis Printing S.A.	2,647	2,573
Café Halcyon S.A.	245	245
Arma Investments S.A.	15	15
Desmos Developments S.A.	-	308
Marina Zeas S.A.	-	354
Café Joanna S.A.	159	-
Kropia Restaurants-Patisseries S.A	422	-
Total	<u>3,488</u>	<u>3,495</u>



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(a) During 2007 the Company increased its equity participation in the associates Desmos Developments S.A. and Marina Zeas S.A.. As a result of the above acquisitions, Vivartia has acquired 100% and 50.01% of the former associates' share capital respectively and the associates became subsidiaries. In separate financial statements the entities mentioned above were fully consolidated whereas last year had been consolidated under the equity consolidation method.

20. AVAILABLE FOR SALE INVESTMENTS:

Available for sale investments consist of equity participations in unlisted entities which are analyzed below. Except for the investment in Global Capital Investors (II) Limited Partnership, and Global Capital Investors (I) Limited Partnership which is accounted for at fair value, the other available for sale investments are accounted for at cost due to the fact that they are not traded in an active market and their fair value cannot be reliably measured.

	Group		Company	
	December 31		December 31	
	2007	2006	2007	2006
MEVGAL SA	15,050	15,050	15,050	15,050
Global Capital Investors (II) Limited Partnership	4,505	7,255	4,505	7,255
Global Capital Investors (I) Limited Partnership	-	195	-	195
Ioniki Sfoliata S.A.	-	587	-	-
Dodoni Ice Cream S.A.	691	-	691	-
AYS S.A	176	176	176	176
SEV	101	101	101	101
Other	360	147	26	26
Total	20,883	23,511	20,549	22,803

(a) MEVGAL S.A: On June 2006 Group acquired 21% of MEVGAL SA at a consideration price of € 15.050 MEVGAL SA is not listed in the Athens Stock Exchange and it is activated to the milk production sector, mainly in North Greece. The management of MEVGAL SA, according to its articles of association, regards that there are specific limitations on company's shares transfer and consequently management believes that the aforementioned share transfer is invalid. Consequently, taking for granted those conditions, Group has not obtained the control of MEVGAL SA and therefore it has classified that participation as a financial asset available for sale which is valued at cost, due to the fact that there are no elements that permit a reliable measurement of its fair value.

(b) Global Capital Investors (II) Limited Partnership: The Company has an interest stake of 5% in Global Capital Investors (II) Limited Partnership («Global Capital»), which was incorporated in Guernsey Islands on March 24, 2004.

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Global Capital's principle activity is that of an investment vehicle for institutional and sophisticated private investors, with the primary object of achieving long-term capital growth by investing in equity related securities, in unquoted companies in Greece and other countries with developed or emerging market economies, where Greek business is increasingly active.

The Company's investment in Global Capital is accounted for at fair value, as analyzed in Note 2. From the above valuation of the investment at fair value as at December 31, 2007, a loss of € 271 (December 31, 2006: gain € 402) was recognized in fair value reserve within equity. Furthermore, during the year 2006, a capital of €3.300 was returned while an additional investment of € 500 was realized.

21. OTHER LONG TERM ASSETS

Other long term assets are analyzed as follows:

	Group		Company	
	December 31		December 31	
	2007	2006	2007	2006
Loan receivable from subsidiaries (Note 39)	-	-	95,613	97,110
Other long term assets from third parties	1,958	2,834	493	377
Guarantees	482	618	466	498
Other	-	697	-	-
Total	2,440	4,149	96,572	97,985

22. INVENTORIES:

Inventories are analyzed as follows:

	Group		Company	
	December 31		December 31	
	2007	2006	2007	2006
Finished and semi-finished products	26,147	23,741	13,107	9,966
Raw materials and supplies	54,667	44,303	20,963	18,266
Merchandise	18,409	15,873	7,514	7,295
Less: Provision for obsolete inventories	(985)	(154)	(317)	(60)
Total	98,238	83,763	41,267	35,467



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The movement of provisions of obsolete inventories for the year ended December 31, 2007 and December 31, 2006, is as follows:

	Group	Company
Balance January 1, 2006	-	-
Additions	(154)	(60)
Balance December 31, 2006	(154)	(60)
Balance January 1, 2007	(154)	(60)
Additions	(943)	(317)
Disposals	112	60
Balance December 31, 2007	(985)	(317)

23. TRADE ACCOUNTS RECEIVABLE:

Trade accounts receivable are analyzed as follows:

	Group		Company	
	December 31		December 31	
	2007	2006	2007	2006
Trade:				
Accounts receivable	191,330	155,451	119,381	111,093
Post-dated cheques receivable	13,005	17,776	8,074	14,236
Drafts receivable	445	523	41	113
	<u>204,780</u>	<u>173,750</u>	<u>127,496</u>	<u>125,442</u>
-Less: allowance for doubtful accounts receivable	(22,289)	(20,217)	(14,137)	(12,495)
Total	<u>182,491</u>	<u>153,533</u>	<u>113,359</u>	<u>112,947</u>

The movement of the allowance for doubtful accounts receivable for the period ended December 31, 2007 and December 31, 2006, is as follows:

	Group	Company
Balance at January 1, 2006	(16,132)	(871)
Additional provisions for the period	(7,876)	(448)
Business Acquisition	-	(9)
Absorbed Companies	-	(11,517)
Less: Release to the income of Statement	3,791	350
Balance at December 31, 2007	(20,217)	(12,495)
Balance at January 1, 2007	(20,217)	(12,495)
Additional provisions for the period	(3,511)	(2,480)
Business Acquisition	(1,892)	-
Less: Release to the income of Statement	3,331	838
Balance at December 31, 2007	(22,289)	(14,137)



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The ageing analysis of trade receivables is as follows:

	Group		Company	
	December 31		December 31	
	2007	2006	2007	2006
Neither past due nor impaired	116,746	87,798	58,873	58,767
Past due but not impaired:				
Up to 90 days	47,026	45,098	40,239	38,949
91-180 days	11,756	11,275	10,060	9,737
181-360 days	5,084	6,503	2,371	2,767
>360 days	1,879	2,859	1,816	2,727
Total	182,491	153,533	113,359	112,947

Trade receivables are non-interest bearing and are generally on 0-90 day's terms in Group and in Company.

24. PREPAYMENTS AND OTHER RECEIVABLES:

Prepayments and other receivables are analyzed as follows:

	Group		Company	
	December 31		December 31	
	2007	2006	2007	2006
Prepaid and withheld taxes	3,389	2,475	9,968	1,440
Advances for inventory purchases	10,695	13,669	8,535	11,841
VAT receivable	10,887	7,887	3,797	145
Accrued income	329	1,297	881	201
Prepaid expenses	3,923	3,838	840	2,137
Other advances and prepayments	11,515	13,641	2,077	1,927
Payments on account	198	165	153	23
Loans and advances to personnel	1,246	1,364	1,002	1,221
Receivables from associates (Note 38)	75	3,960	633	3,960
Receivable from subsidiary's land disposal	31,036	-	-	-
Other	1,556	43	653	5,551
Total	74,849	48,339	28,539	28,446

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25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS:

Financial instruments at fair value through profit and loss consist of investments in mutual funds and equity participations which are analyzed as follows:

	Group		Company	
	December 31		December 31	
	2007	2006	2007	2006
Mutual Funds:	234	1,790	234	1,694
Bonds:	3,439		3,439	-
Listed:				
- Other	180	122	33	117
Sub total	180	122	33	117
Total	3,853	1,912	3,706	1,811

The measurement of the above financial assets was made at fair values as described in Note 29 (aa).

26. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are analyzed as follows:

	Group		Company	
	December 31		December 31	
	2007	2006	2007	2006
Cash in hand	8,036	14,438	5,155	12,322
Cash at banks				
- sight accounts	49,948	70,099	17,903	23,103
- time deposits	75,807	50,487	52,673	37,193
Total	133,791	135,024	75,731	72,618
	Group		Company	
	2007		2005	
	2007	2006	2007	2005
Sight deposits in Euro	43,169	59,698	17,865	21,638
Time deposits in Euro	65,804	45,982	52,673	37,193
Total deposits in Euro	108,973	105,680	70,538	58,831
Sight deposits in foreign currencies	6,779	10,401	38	1,465
Time deposits in foreign currencies	10,003	4,505	-	-
Total deposits in foreign currencies	16,782	14,906	38	1,465
Total	125,755	120,586	70,576	60,296

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Deposits in foreign currencies as of December 31, 2007 mainly consisted of EGP, HUF, SKK, RUB, CZK, ROL και PLN .Cash at banks earn interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and amounted to € 1,498 and € 4,760 for the years ended at December 31, 2007 and 2006 respectively for the Group (€ 352 and € 4,037 for the years ended December 31, 2007 and 2006 respectively for the Company), and is included in financial income in the accompanying statement of income.

27. SHARE CAPITAL (the amounts per share are in Euros)

At December 31, 2006, the Company's share capital amounted to € 170.801.929,17 and comprised of 73.305.549 registered shares of € 2,33 par value each.

On June 8, 2007 according to the annual shareholders meeting of May 9, 2007: a) the Company's share capital increased by € 91,632 with capitalization of paid-in surplus reserve and b) equally decreased by € 91,632 with return of the whole amount to the shareholders.

The increase of share capital was realised with corresponding increase of share nominal value from € 2.33 to € 3.58 and the share capital return was realized with cash payment to the shareholders € 1.25 per share and with decrease of share nominal value from € 3.58 to € 2.33. As a result, the Company's share capital as at June 30, 2007, amounted to € 170,801 divided into 73,305,549 authorised ordinary shares of € 2.33 par value each

Following the decision of the Board of Directors, the share capital was increased by € 19,277 by the issuance of 8,273,173 new common registered shares of a nominal value of € 2.33 each, as a consequent of the conversion of 2,980 convertible bonds into shares. The nominal value of the above shares was € 50,000 each. The difference between the nominal value of the shares and the carrying value of the bonds amounting to € 129,724 was recognized in share premium (Note 30d). As a result, as at December 31, 2007 the share capital of the company amounted to € 190.078 divided into 81.578.722 ordinary registered shares of € 2,33 per value each.

All issued shares are fully paid as at December 31, 2007.

According to the L. 2190/1920 article 16 paragraph 5 and the relevant decision of the annual shareholders meeting of May 9, 2007 the Company acquired 28,147 treasury shares for € 478.4 during the period 04-06/09/2007.



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28. LEGAL, TAX FREE AND SPECIAL RESERVES:

Legal, tax free and special reserves are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Legal reserve	16,494	16,494	16,494	16,494
Tax free, specially taxed and special reserves	109,567	109,567	109,567	109,567
Total	126,061	126,061	126,061	126,061

Legal Reserve: Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory financial statements to a legal reserve, until such reserve equals one-third of the outstanding share capital. The above reserve cannot be distributed during the existence of the Company.

Tax Free and Specially Taxed Reserves: Tax free and specially taxed reserves represent interest income and investments sales of non listed entities which are non taxable or have been specially taxed at source. These reserves are subject to taxation in case of their distribution. This income is not taxable, assuming there are adequate profits from which the respective tax free reserves can be established. According to the Greek tax regulations, this reserve is exempted from income tax, provided it is not distributed to shareholders. The Company has no intention of distributing this reserve and, accordingly, has not provided for deferred income tax.

Special Reserves: Special reserves are not distributed to the shareholders based on the special provisions of laws (under the condition that there are enough profits for their formation). These reserves relate mainly to investments and are not distributed and, accordingly, the Company, has not provided for deferred income tax.

The tax free reserves of the Company and the Group include also reserves that have been formed by the parent company and by some Greek subsidiaries in accordance with the article 2 of Act 3220/2004 of a total amount € 6.372 και € 5.000 for the Group and the Company respectively. The European Committee has issued the statement 2006/C20/05, according to which, these reserves are considered as a form of not allowed state support and has asked from the Greek Government to levy the relative corporate taxes that have not been imposed on the above reserves, when formed.

As a result, the Group and the Company recorded during 2006 a provision of € 1,593 and € 1,250 respectively, for the amount of tax that proportionated to the above reserves at the date of their formation. During 2007 a tax of € 1,750 was imposed on the above reserves for the Group and the Company and the relative provision was reversed.

VIVARTIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
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29. DIVIDENDS:

Under Greek corporate law, companies are required each year to distribute in cash, to the shareholders and pay at least 35% of net profit, after allowing for the ordinary reserve and several profits from the sale of shares described under the par. 1 of the art. 3, of the Law 148/1967. The above provisions do not apply, if the General Meeting of shareholders by a majority of at least 65% resolves not to distribute profits. In this case, the non distributed - profits are transferred to a "special reserves account" of the company's books. The company is obliged within four years from the formation of reserves to capitalize them by the issuance of new shares which it grants free to the beneficiaries (par. 2 art. 3 of the Law 148/1967). The above provisions of par. 1 and 2 do not apply, if the General Meeting by a majority of at least 70% of the paid up share capital resolves so. Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed, which are as follows:

- (a) No dividends can be distributed to the shareholders as long as the company's net equity, as reflected in the statutory financial statements, is, or after such distribution, will be less than the outstanding capital plus non-distributable reserves and,
- (b) No dividends can be distributed to the shareholders as long as the unamortized balance of "Preoperating Expenses," as reflected in the statutory financial statements exceeds the aggregate of distributable reserves plus retained earnings.

On March 20, 2008, the Company's Board of Directors decided to propose to the General Assembly meeting dividend of € 0.32 per share, that is included in Equity and has not been recognized as liability in the Balance Sheet. The proposal of the Board of Directors is subject to the approval of the Annual General Assembly meeting.

30. INTEREST BEARING LOANS AND BORROWINGS:

Interest bearing loans and borrowings outstanding at December 31, 2007 and December 31, 2006, are analyzed as follows:

		Group		Company	
		December 31		December 31	
		2007	2006	2007	2006
Bond loan in \$ and € (€ 45 million and \$ 176 million)	(a)	-	174,291	-	174,291
Long term loans in fair value through profit and loss		-	174,291	-	174,291
€ 200 million bond loan	(b)	200,000	200,000	200,000	200,000
Bond payables to subsidiaries (note 38)		4,117	-	-	17,600
Other	(c)	170,140	17,080	148,500	1,135
Long Term Loans in unamortized cost		374,257	217,080	348,500	218,735
Minus: Short term portion of long term debt		(5,168)	(3,056)	-	-
Total of long term loans in unamortised cost		369,089	214,024	348,500	218,735

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(a) Bond loan in € and \$

On July 27, 2005 the parent Company issued a non convertible bond loan denominated in € and \$ (USA), equal to the Euro equivalent of € 190,065, with a duration of 7 and 10 years, bearing fixed and floating interest rates and which was exclusively covered through the US private placement market. The 13% of the financing bears floating interest rate at Euribor + 1.25% while the remaining 87% bears fixed interest rates ranging from 4.38% to 5.87%.

The repayment of the bonds will be made at maturity while the Group has the right to repay the bonds at their nominal value under certain conditions.

For the total amount of bonds in foreign currency (\$), Vivartia S.A hedged the interest rate and the currency risk through interest rate and cross-currency swaps. For the part of the bonds denominated in € and bearing fixed interest rate, the Company has carried out an interest rate swap.

The above loan has been classified as measured at fair value through profit and loss, which has been calculated based on current interest rates. The resulting profit from the valuation at fair value as at December 31, 2006, amounting to € 16,376, is included in financial expenses in the statement of income.

The Group repaid the aforementioned loan by € 8,526 on July 27, 2007 and € 181,539 on November 19, 2007.

As a result of the early prepayment arose a penalty of € 7,032. Furthermore a loss of € 2,362 arose considering the early prepayment and the termination of the derivatives agreements . The aforementioned amounts are included in financial expenses for the year (Note 32).

(b) € 200 million – Bond Loan

On July 27, 2005, VIVARTIA S.A. issued a non convertible bond loan denominated in € (based on the provisions of L. 3156) amounting to € 200,000 bearing floating interest rate (Euribor plus margin), of a duration of 5 years, which was covered exclusively by Banks in Greece and abroad. The loan will be repaid at maturity. The Group has the right to proceed to the repayment of the nominal value of the bonds without penalty or other cost. The average annual interest rate as at December 31st 2006 was 4.5%.

The terms of the bond loan contain events of default including, among others, failure to make payments, inability to meet general and economic guarantees, certain events of insolvency, the suspension of business, ownership structure and material adverse changes clause affecting the financial position of the Group.

In addition, the terms contain financial covenants including requirements to maintain minimum ratios of net borrowings to EBITDA, EBITDA to net interest expense and minimum net worth levels.

Furthermore, the Group has also given certain undertakings relating to its compliance with laws and regulations, the disposal of assets, the maintenance of the nature of operations, mergers, investments and environmental matters.

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The above loan was used for the repayment of the bond loan ('Eurobond').

(c) Other loans

The most significant other loans are as follows:

- i) On April 19, 2007 the Group issued a bond loan amounting to € 28,500, bearing floating interest rate (Euribor one-month), five years duration and which was covered by Laiki Bank.
- ii) On November 19, 2007 the Group issued a bond loan amounting to € 70,000, bearing floating interest rate (Euribor), which was covered by Eurobank Ergasias Bank. The bond loan is constituted by twenty (20) bonds and the nominal amount of each bond is € 3,500. The termination date is on November 19, 2012. The first interest payment date will be on February 19, 2008. The annual interest rate is Euribor + 0,75%.

On December 21, 2007 the Group issued a bond loan amounting to € 50,000 bearing floating interest rate (Euribor one-month plus margin 0,75%), five years duration, which was covered by Alpha Bank.

The covenants of the bond are as follows:

The Group has the obligation to cover the following financial ratios during the bond loan duration and until it is fully repaid. The ratios will be calculated on annual and interim audited consolidated financial.

1. The ratio of Net Indebtedness divided by EBITDA shall not exceed 3.25 to 1.
2. The ratio of EBITDA divided by Net Interest Expenses shall not be less than 4,5 to 1.
3. Required minimum net worth € 160,000 plus 25% of Net Profit of each year/period.

Regarding the long term loans the following table shows the future repayments for the Group and the Company as of December 31st 2007 and 2006:

	<u>Group</u>		<u>Company</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Within 1 year	5,168	3,056	-	-
2-5 years	369,089	214,024	348,500	201,135
After 5 years	-	-	-	17,600
Total	<u>374,257</u>	<u>217,080</u>	<u>348,500</u>	<u>218,735</u>

The total interest expense of the long term loans for the years ending December 31st 2007 and 2006 reached € 21,963 and € 18,715 respectively for the Group (€ 21,535 and € 21,615 for the years ending December 31st 2007 and 2006 respectively for the Company) and is included in the financial expenses of the attached results.

(d) Convertible Bond

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VIVARTIA S.A. on June 29, 2007 completed the issue of €150,000 convertible bonds due 2017 bearing interest rate 1.50%. The Convertible Bonds were subscribed and fully paid by Vivartia Luxembourg S.A., a wholly owned subsidiary of Vivartia incorporated in the Luxembourg, using the proceeds of the issue of €150,000 exchangeable notes due 2017 bearing interest rate 1.50%, guaranteed by Vivartia. The offering of the Exchangeable Notes was made outside the United States exclusively to institutional investors who are non-US persons and was completed by way of a book building.

The Exchangeable Notes are exchangeable for the Convertible Bonds, which are automatically convertible into new ordinary shares in Vivartia in accordance with the terms and conditions of the Convertible Bonds. The initial conversion price was €21.80 per new share in Vivartia.

A successful application was made for the listing of the Exchangeable Notes on the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's Euro MTF market. Trading in the Exchangeable Notes on the Euro MTF Market commenced on June 29, 2007.

The net proceed from the aforementioned convertible bond loan € 150,000 was accounted for according to IFRS 32 by splitting it into a liability component and an equity component (€ 33,427). This liability has initially been recognized at the fair value of the consideration received less directly attributable transaction costs. Subsequently to its initial recognition it was measured at amortised cost using the effective interest rate method.

On July 13, 2007 MARFIN INVESTMENT GROUP (MIG) acquired after agreement with main shareholders 34% of VIVARTIA's share capital. The percentage increased to 51% on July 17, 2007 after shares' acquisition in Athens Stock Exchange. According to the terms of the bond loan in case the majority of the share capital transfers to third parties the conversion price will be reassessed according to the relevant settlements of the bond loan agreement. The new conversion price arose was € 18.01 per share. Almost all bond-holders had converted their bonds into shares by December 31, 2007 and relevant effects of the conversion to the Balance Sheet at December 31, 2007 are analyzed in note 27.

31. LEASING LIABILITIES:

(a) On June 2004, the merged company through absorption from VIVARTIA S.A., Chipita International S.A. committed an agreement of sale and lease back on its office buildings to Metamorfofi of Attica. The agreement's duration is 15 years. The Company has the right to buy back its buildings, at the end of the contract's duration at a nominal price. The rent paid per month (capital and interest) amounts to €100 and is adjusted in relation to the EURIBOR's fluctuations. The average interest for the sale and lease back contract mentioned above for the year ended on the 31st of December 2006 amounted to 3.79%.

On December 2005, the merged company through absorption from VIVARTIA S.A., Chipita International S.A. committed an agreement of sale and lease back on its industrial buildings to the industrial area of Lamia. The agreement's duration is 12 years. The Company has the right to buy back its buildings, at the end of the contract's duration at a nominal price. The rent paid per month (capital and interest) amounts to € 178 and is adjusted in relation to the EURIBOR's fluctuations. The average interest for the sale and lease back contract mentioned above for the year ended on the 31st of December 2006 amounted to 3.70%.

(b) The subsidiaries of the Group, EDITA S.A. and DIGMA S.A. having its headquarters in Egypt have signed leasing contracts regarding vehicles.

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- (c) The Company has signed a leasing contract regarding machinery of dairy industry that will be fully paid in the year ended.

Leasing liabilities are analysed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Leasing liabilities	32,862	36,139	31,597	35,039
Minus: Short term liabilities	(2,738)	(3,891)	(2,117)	(3,582)
Long term liabilities	<u>30,124</u>	<u>32,248</u>	<u>29,480</u>	<u>31,457</u>

The future minimum payments of the lease contracts in relation to the present value of the net minimum payments for the Group and the Company on the 31st of December 2007 and 2006 are presented as follows:

	<u>Group</u>		<u>Company</u>	
	<u>December 31, 2007</u>		<u>December 31, 2007</u>	
	<u>Minimum Payments</u>	<u>Payments Present Value</u>	<u>Minimum Payments</u>	<u>Payments Present Value</u>
Within a year	4,247	2,738	3,601	2,117
Within 2 to 5 years	17,783	12,249	17,151	11,605
Over 5 years	20,482	17,875	20,482	17,875
Total minimum lease payments	<u>42,512</u>	<u>32,862</u>	<u>41,234</u>	<u>31,597</u>
Minus:				
Finance expenses	(9,650)		(9,637)	-
Present value of minimum lease payments	<u>32,862</u>	<u>32,862</u>	<u>31,597</u>	<u>31,597</u>

	<u>Group</u>		<u>Company</u>	
	<u>December 31, 2006</u>		<u>December 31, 2006</u>	
	<u>Minimum Payments</u>	<u>Payments Present Value</u>	<u>Minimum Payments</u>	<u>Payments Present Value</u>
Within a year	5,673	3,891	5,210	3,582
Within 2 to 5 years	15,407	12,180	14,384	11,403
Over 5 years	27,317	20,068	27,304	20,054
Total minimum lease payments	<u>48,397</u>	<u>36,139</u>	<u>46,898</u>	<u>35,039</u>
Minus:				
Finance expenses	(12,258)	-	(11,859)	-
Present value of minimum lease payments	<u>36,139</u>	<u>36,139</u>	<u>35,039</u>	<u>35,039</u>

Total interest expense on financial leasing for the years ended December 31, 2007 and 2006 amounted to € 2,044 and € 262 for the Group (€ 2,041 and € 167 for the Company respectively) and is included in financial expenses in the accompanying financial statements.

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32. PENSION AND STAFF RETIREMENT INDEMNITIES:

- (a) **State Pension:** The Group's and the Company's contributions to the state pension funds for the year ended December 31, 2007, that have been charged to the income statement recorded to expenses and were € 33,276 and € 18,198 respectively (€ 25,574 and € 12,944, for the Group and the Company respectively for the period ended December 31, 2006).
- (b) **Staff Retirement Indemnities:** Under the labour law of the countries in which the Group operates, employees and workers are entitled to various types of termination payments in the event of dismissal or retirement. In respect with the Greek subsidiaries (that consist the largest part of the Group's activities) the amount of compensation varies according to the salary, the years of services and the manner of termination (dismissal or retirement) of the employee. Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause. In Greece, local practice is that such termination schemes are not funded and they represent defined benefit plans according to IAS 19. In accordance with this practice, the Company does not fund these plans. The Group charges operations for benefits earned in each period with a corresponding increase in the respective actuarial liability. Benefits payments made during each period to retirees are charged against this liability.

The movement in the net liability in the accompanying balance sheets has as follows:

	<u>Group</u>		<u>Company</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net liability at beginning of the year	16,882	10,235	9,671	1,014
Liability emerging from the absorption of subsidiaries		-	-	6,873
Actual benefits paid - continuing operations	(2,705)	(3,287)	(1,707)	(2,929)
Total actual benefits paid	(2,705)	(3,287)	(1,707)	(2,929)
Expense recognized in the consolidated statements of income (Note 8)	3,894	4,416	2,872	3,707
Expense recognized in the consolidated statements of income – discontinued operations	15	50	-	-
Total expenses recognized in the consolidated statement of income	3,909	4,466	2,872	3,707
Liability emerging from the merger of companies	-	5,468	-	1,006
Net liability at end of the year – continuing operations	18,086	16,882	10,836	9,671

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An independent international actuary firm assessed the Group's liabilities arising from the obligation to pay termination indemnities. The details and principal assumptions of the actuarial study as at December 31, 2007 and 2006 have as follows:

	Group		Company	
	December 31		December 31	
	2007	2006	2007	2006
Present value of unfunded obligations	18,790	19,214	11,674	11,710
Unrecognised actuarial net loss	(704)	(2,332)	(838)	(2,039)
Net liability in balance sheet	18,086	16,882	10,836	9,671
Components of net periodic pension cost:				
Service cost	1,374	1,156	935	826
Interest cost	749	561	455	390
Recognition of actuarial loss/(profit)	77	53	64	48
Regular charge to operations	2,199	1,770	1,454	1,264
Additional cost of extra benefits	1,694	2,646	1,418	2,443
Curtailment cost of transfer of employees	-	-	-	-
Total charge to operations	3,894	4,416	2,872	3,707
Reconciliation of benefit obligation:				
Net liability at start of period	19,305	12,132	11,710	1,432
Net liability emerging from absorption of subsidiaries		-	-	8,099
Merger of companies		5,436	-	967
Service cost	1,373	1,156	936	826
Interest cost	749	561	455	390
Benefits paid	(2,787)	(3,287)	(1,707)	(2,929)
Additional cost of extra benefits	1,612	2,646	1,373	2,443
Curtailment cost of transfer of employees	-	-	-	-
Actuarial loss	(1,462)	570	(1,093)	482
Present value of obligation at the end of the year	18,790	19,214	11,674	11,710
Principal Assumptions:				
Discount rate			<u>2007</u>	<u>2006</u>
Rate of compensation increase			4.7%	4.0%
Increase in consumer price index			4.5%	4.5%
Expected remaining labour's life duration			3.9%	2.9%
			13.00	13.60

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The additional cost of extra benefits relate to benefits paid to employees who became redundant. Most of these benefits were not expected within the terms of this plan and, accordingly, the excess of benefit payments over existing reserves has been treated as an additional pension charge. The additional pension charge as at December 31, 2007, amounted to € 1,612 (31 December 2006: € 2,646) for the Group and to € 1,373 (31 December 2006: € 2,443) for the Company.

(c) Stock option plan: On November 9, 2007 the extraordinary Shareholders Meeting unanimously decided to introduce a stock option plan for the members of of the Board of Directors and employees of the Company and of its affiliate companies including persons who provide services to the said companies on a regular basis, while explicitly excluding the members of the Board of Directors and employees of the Company's shareholder "Marfin Investment Group Holdings S.A.". The stock options concern shares that will result from the increase of the share capital of the Company, the par value of which shall equal 1/10 of the paid up capital on the date of the General Meeting, i.e. 8.157.872 shares of a par value of € 2.33 per share, of a total par value of € 19.008.

The purchase price was set at € 28.6 per share which may be adjusted in case of corporate events; the duration of the plan is five (5) years. The Board of Directors was authorized to determine the specific terms of the plan as well as to decide on any relevant issue within the framework of the decisions of the General Meeting and applicable laws in force.

According to the stock option plan and IFRS 2 the grant date will be determined as the date when the Board of Directors will define the specific terms of the stock option plan.

The authorized Board of Directors had not been convened until December 31, 2007.

33. OTHER PROVISIONS:

The movement of the other provisions for the Group and the Company during the years ended on the 31 December 2007 and 2006 has as follows:

	Group	Company
Balance at January 1, 2006	-	-
Additions	1,843	1,500
Balance at December 31, 2006	1,843	1,500
Balance at January 1, 2007	1,843	1,500
Additions	19,337	18,980
Disposals	(1,643)	(1,300)
Balance at December 31, 2007	19,537	19,180

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The additions of other provisions during year 2007 and 2006 for the Group and the Company are analyzed as follows:

	Group		Company	
	2007	2006	2007	2006
Provision for taxation of reserve Law 3220/2004 (a)	-	1,593	-	1,250
Impairment of tangible assets	200	200	200	200
Provision for Greek Competition Committee 's Fine (b)	18,960		18,960	-
Other provisions	377	50	20	50
Total	19,537	1,843	19,180	1,500

It is noted that the above amounts are not discounted considering that (with reference to Competition Committee's fine, the more significant item) no estimation can be made about the time of payment.

- (a) It refers to tax provision concerning the tax free reserves of Law 3220/2004 at the date of their formation (Note 13).
- (b) Competition Committee with the decision 369/V/2007 imposed to VIVARTIA S.A. a fine of € 16.1 approximately concerning horizontal collaborations in dairy division and with the decision 373/V/07 a fine of € 21.8 approximately concerning vertical collaborations in dairy division. Company's management considered sufficient provision the 50% of the fines and recorded the relative provision of € 18,960.

34. GOVERNMENT GRANTS:

The movement of government grants for the year ended December 31, 2007 and 2006, has as follows:

	Group	Company
Balance at January 1, 2006	9,877	-
Absorption of subsidiaries	-	4,600
Mergers of Companies	8,489	5,657
Disposals	(341)	(341)
Additions	1,988	1,899
Depreciation	(1,601)	(950)
Balance at December 31, 2006	18,412	10,865
Balance at January 1, 2007	18,412	10,865
Absorption of subsidiaries	-	-
Mergers of Companies	-	-
Disposals	(644)	(4)
Additions	4	4
Depreciation	(2,154)	(1,426)
Balance at December 31, 2007	15,618	9,439

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35. DERIVATIVE FINANCIAL INSTRUMENTS:

The Group, using the IFRS “First Time Implementation” has implemented IAS 39 «Financial Products: Recognition and Valuation» from January 1st 2005 as follows:

• *Forward currency contracts*

The Group as at December 31, 2007 had two open positions on forward contracts for a total amount of US\$ 5,000 for the hedging of exchange rate risk derived from liabilities in US dollars which have duration of one year and expire through to September 2008. From the measurement at fair values as at December 31, 2007, a loss of € 179 was incurred which was included in financial expense of the year.

Other Interest Rate Swaps: The Group has also entered in the following interest rate swaps as well as other derivative contracts which do not qualify for hedge accounting. From measurement of these derivatives at fair values as of December 31, 2007, a profit of € 8,827 was incurred, which was included in the financial income of the year.

The notional amount and the maturity of such derivatives are as follows:

	<u>Euro</u>
Within one year	-
Between two and five years	-
After five years	<u>240,800</u>
	<u>240,800</u>

Above interest rate swaps bear mainly floating interest rate, which according to the respective contract, are adjusted accordingly in connection with the fulfillment or not of specific factor relating to interest rate currency variable and the maintenance or not of interest rate of specific currencies above of below predetermined levels.

36. TRADE ACCOUNTS PAYABLE:

Trade accounts payable are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Suppliers	129,593	109,035	84,847	80,843
Post-dated cheques payable	20,829	25,416	1,800	13,855
Notes payable	<u>3,200</u>	<u>6,923</u>	<u>4,811</u>	<u>1,657</u>
Total	<u>153,622</u>	<u>141,374</u>	<u>91,458</u>	<u>96,355</u>

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled in Group and Company on 90-day terms.



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37. SHORT-TERM BORROWINGS:

Short-term borrowings are draw-downs under various lines of credit maintained by the Group with several banks. The use of these facilities is presented below:

	Group		Company	
	December 31		December 31	
	2007	2006	2007	2006
Credit lines available	180,000	250,000	130,000	200,000
Unused portion	(62,863)	(217,901)	(48,746)	(199,987)
Used portion	117,137	32,099	81,254	13

Short-term borrowings throughout the year were denominated in various currencies, however, the used portion of the outstanding balance of short-term borrowings at December 31, 2007 and 2006, was mainly denominated in Euro. The analysis of the borrowings per currency for both the Group and the Company as at December 31, 2007 is as follows (all values are expressed in Euro):

	Group		Company	
	December 31		December 31	
	2007	2006	2007	2006
- Euro	114,835	-	81,254	-
- HUF (Hungarian forint)	-	27,602	-	13
- HUF (Hungarian forint)	-	976	-	-
- PLN (Polish Zlotych)	-	1,077	-	-
- EGP (Egyptian pounds)	2,302	2,354	-	-
Total	117,137	32,009	81,254	13

As at December 31 2007 and 2006 the Group has signed short-term loan agreements and overdraft accounts of floating interest rates (Euribor plus spread for the loans in Euro). The above loans have been approved without any guarantees or other securities. The weighted average interest rate on short-term borrowings in Euro as at December 31, 2007 and 2006, was 5.6% and 5.0% respectively, while the weighted average interest rate on short term borrowings in EGP was 11% (weighted average interest rate on short term borrowings in HUF and PLN for the year ending 2006 reached 8.5% and 5.46% respectively).

Interest on short-term borrowings of continuing operations for the year ended December 31, 2007 and 2006, amounted to € 3,307 and € 2,063 respectively for the Group (€ 1,608 and € 972 for the year ended December 31, 2007 and 2006 for the Company respectively) and is included in interest expense in the accompanying income statement.

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38. ACCRUED AND OTHER CURRENT LIABILITIES:

Accrued and other liabilities are analyzed as follows:

	Group		Company	
	31 Δεκεμβρίου		31 Δεκεμβρίου	
	2007	2006	2007	2006
Accrued interest	1,879	8,529	798	7,564
Advances from customers	547	384	225	191
Taxes, other than income taxes, payable	8,244	4,084	4,518	974
Social security payable	9,434	6,710	6,010	3,659
Accrued expenses	5,966	4,390	2,012	1,587
Wages and salaries payable	3,043	2,564	816	1,141
Dividends payable	396	397	609	617
Deferred income	2,838	2,585	2,753	2,568
Payables to related parties	6,946	4,535	6,127	4,535
Payables to subsidiaries' and other investments' acquisitions	14,500	10,000	10,000	10,000
Other	3,538	19,235	1,192	5,326
Total	<u>57,331</u>	<u>63,413</u>	<u>35,060</u>	<u>38,162</u>

Terms and conditions of the above financial liabilities:

- ♦ Accrued and other current liabilities are non-interest bearing and are normally settled on 90-day terms.
- ♦ Payables to related parties are non-interest bearing and are normally settled on 120-day terms.

39. RELATED PARTY DISCLOSURES:

(i) Transactions with related parties:

The consolidated financial statements include the financial statements of Vivartia S.A. and its subsidiaries listed in Appendix I. The Company has also investments in associates. On July 13, 2007 MARFIN INVESTMENT GROUP (MIG) Holding S.A. acquired 24.956.398 ordinary nominal shares of VIVARTIA S.A. for € 25 per share corresponding to 34% of the share capital and voting rights of the Company.

Following the acquisition of 34% of VIVARTIA's share capital MIG (according to relevant announcement to the Athens Stock Exchange) submitted mandatory public offer of the entirety of Company's shares at the same price per share (€ 25).

MIG executed a series of acquisitive transactions of VIVARTIA's shares through Athens Stock Exchange as a result of which the participation of MIG in the Company's share capital amounts in total to 86.37% as at December 31, 2007.

Vivartia purchases goods and services from and makes sales of goods to certain related companies in the ordinary course of business. Such related companies consist of associates or companies, which have common ownership and/or management with Vivartia.

Account balances with related parties are as follows:



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	Group		Company	
	2007	2006	2007	2006
Trade receivables from subsidiaries:	-	-	16,574	23,593
Interest receivable from subsidiaries:	-	-	3,564	121
Loans receivable from subsidiaries (a) :	-	-	95,610	97,112
Bonds receivable from subsidiaries:	-	-	8,000	8,500
Trade receivables from associates:	4,537	3,960	4,336	3,960
Total	4,537	3,960	128,084	133,286
Trade payables to subsidiaries:	-	-	6,298	17,929
Interest payable to subsidiaries:	-	-	-	341
Bond payable to subsidiaries (b) :	-	-	-	17,600
Trade payables to associates:	6,668	4,535	6,127	4,535
Total	6,668	4,535	12,425	40,405

(a) In queue of contracts loan, Vivartia has loaned its subsidiary Chipita East Europe (Cyprus) Ltd, by an annual interest rate of EURIBOR plus 2%. The total of above loans amounting on December 31, 2007 to € 74,910, is depicted in parent company's long term receivables.

Furthermore, in parent company's long term receivables, are included interest loans granted to its subsidiaries Chipita Participations Ltd and Cream Line (Cyprus) Ltd, which amounted to € 18,200 and € 2,500 respectively, on December 31, 2007.

(b) It concerns a loan bond, issued by VIVARTIA S.A. on 22 July, 2005 and was totally covered by its subsidiary. The loan was scheduled to be paid off until 22 July 2012 (seven years after its issue), bears interest rate Euribor plus 1.30% and is payable semi-annually. During the year 2007 the bond was fully repaid.

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Transactions with related parties for the years ended December 31, 2007 and 2006 are analyzed as follows:

	Group		Company	
	2007	2006	2007	2006
Inventory sales to subsidiaries:	-	-	48,930	24,300
Service sales to subsidiaries:	-	-	16,123	12,811
Interest charges to subsidiaries:	-	-	5,891	3,659
Inventory sales to associates:	10,463	3,353	9,998	3,353
Service sales to associates:	464	188	268	188
Fixed assets sales to associates:	1,263	-	1,263	-
Interest charges to associates:	-	4	-	4
Total	12,190	3,545	82,473	44,315
Inventory purchases from subsidiaries:	-	-	80,274	51,645
Service purchases from subsidiaries:	-	-	3,476	3,382
Interest charges from subsidiaries:	-	-	540	1,661
Inventory purchases from associates:	25,481	5,030	24,161	5,030
Service purchases from associates:	-	3	-	3
Total	25,481	5,033	108,451	61,721

Outstanding balances at year-end are unsecured and settlement occurs in cash. No related guarantees have been provided or received for the above receivables. For the years ended December 31, 2007 and 2006, the Company has not raised any provision for doubtful debts relating to amounts owed by related parties.

Key management personnel fees of the Company for the periods ended December 31, 2007 and 2006, have as follows:

	2007	2006
Short-term employee benefits	4,433	4,643
Social security contributions	64	144
Total compensation paid to key management personnel	4,497	4,787

Key management personnel fees of the Group for the period ended December 31, 2007 (employers' contributions were concluded) were amounted to € 7,176 (December 31, 2006: 5,834).

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40. FINANCIAL RISK MANAGEMENT

Financial Risk Factors

The Group's activities give rise to a variety of financial risks, including foreign exchange, interest rate, credit and liquidity risks. The Group's overall risk management program focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group as a whole.

Risk management is carried out by a central treasury department (Group Treasury).

Group treasury provides services to all business units within the Group, co-ordinates access to both domestic and international financial markets and manages the financial risks related to Groups operations.

The Group's financial instruments consist mainly of bank deposits, FX spot and forwards, bank overdrafts, accounts receivable and payable, loans to and from subsidiaries, associates, joint ventures, investments in bonds, swaps to hedge its risks associated with interest rate and foreign currency fluctuations according to IAS 39, dividends payables and lease obligations.

Foreign Exchange Risk

The Group's foreign exchange exposures arises from actual or anticipated cash flows (exports/imports) in currencies other than its base currency as well as investments in overseas operations.

Exposures are managed through the use of natural hedges and forward exchange contracts.

In other markets where the Group operates, such as certain Balkan countries, the Group assesses the financial needs of the business unit and where possible matches the currency of financing with the underlying asset exposure.

Interest Rate Risk

The Group's income and operating cash flows are substantially independent of fluctuations in the interest rate markets. The risk of interest rate fluctuations relating to floating rate loans expose the Company in cash flow risk, whereas the fixed rate loans expose the Group in the risk of changes in their fair value.

Exposure to interest rate risk on liabilities and investments is monitored on proactive basis. In order to mitigate interest rate risk, the Group's financing is structured at a pre-determined combination of fixed and floating rate debt. Group Treasury steers the Group's fixed- floating rate ratio of net debt according to market conditions, the Group's strategy and its funding needs. Interest rate derivatives may occasionally be used, if deemed necessary, only as a means of mitigating this risk and changing the above mentioned ratio. In 2007, the Group used no interest rate derivatives.

It is the Group's policy to continuously monitor interest rate trends and the duration of financing needs. In this respect, decisions are made on a case by case basis as to the duration and the mix of fixed versus floating interest rate of a new loan. Consequently, all short-term borrowings, medium and long-term borrowings are based on floating interest rates. In this context, based on the net debt levels at a certain period, the change in the base interest rates (EURIBOR or LIBOR), has a proportionate effect in the Group's results.



VIVARTIA S.A.
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Credit Risk

The Group has no significant concentrations of credit risk.

Trade accounts receivable consist mainly of a large, widespread customer base. All Group companies monitor the financial position of their debtors on an ongoing basis.

Credit control assesses the credit quality of the customer either through independent authority or by taking into account its financial position, past experience and other factors and monitors the exposure and the credit limits of accounts receivable. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. Appropriate provision for impairment losses is made for specific credit risks and at the year end management did not consider there to be any material credit risk exposure not already covered by doubtful debt provision.

The Group also has potential credit risk exposure arising from cash and cash equivalents, investments and derivative contracts. To minimize this credit risk, the Group operates within an established counterparty policy approved by the Board of Directors, which limits the amount of credit exposure to any one financial institution. Also, as regards money market instruments, the Group only deals with well-established financial institutions of high credit standing.

The maximum exposure to credit risk at the balance sheet date is the fair value of each class of receivable mentioned above.

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Liquidity Risk

Prudent liquidity risk management implies the availability of funding through adequate amounts of committed credit facilities, cash and marketable securities and the ability to close out those positions as and when required by the business or project.

The Group manages liquidity risk by monitoring forecasted cash flows and ensuring that adequate banking facilities and reserve borrowing facilities are maintained. The Group has sufficient undrawn call/demand borrowing facilities that can be utilised to fund any potential shortfall in cash resources.

The table below summarizes the maturity profile of financial liabilities at 31 December 2007 based on contractual undiscounted payments.

Group

Year ended December 31, 2007	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Borrowings	40.332	77.905	-	397.944		516.181
Derivative financial instrument	-	-	-	-	1,255	1,255
Trade payables	-	122,899	30,723	-	-	153,622
Other current liabilities	-	33,617	22,411	-	-	56,028
Total	40,332	234,421	53,134	397,944	1,255	727,086

Year ended December 31, 2006	On demand	Less than 3 months	3 to 6 months	1 to 5 years	>5 years	Total
Borrowings	32,099	-	-	252,006	251,284	535,389
Derivative financial instrument	-	-			29,372	29,372
Trade payables		113,099	28,275			141,374
Other current liabilities	-	38,048	25,365			63,413
Total	32,099	151,147	53,640	252,640	280,656	769,548

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<u>Company</u>						
<u>Year ended December 31, 2007</u>	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 month s</u>	<u>1 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
Borrowings	10,783	71,480	-	395,967	-	478,230
Derivative financial instrument	-	-	-	-	1,255	1,255
Trade payables		73,166	18,292			91,458
Other current liabilities	-	21,036	14,024	-	-	35,060
Total	10,783	165,682	32,316	395,967	1,255	606,003
<u>Year ended December 31, 2006</u>	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 month s</u>	<u>1 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
Borrowings	13	-	-	253,186	251,284	504,483
Derivative financial instrument					29,372	29,372
Trade payables		77,084	19,271			96,355
Other current liabilities		22,897	15,265			38,162
Total	13	99,981	34,536	253,186	280,656	668,372

Borrowings include the floating and fixed rate outstanding principal amount at year end plus accrued interest up to maturity.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong investment grade credit rating and healthy capital ratios in order to support its operations and maximize shareholders value.

The Group manages its capital structure conservatively on the basis of the gearing ratio. The ratio is calculated as net debt divided by earnings before interest, taxes, depreciation and amortization (gearing ratio). For the years 2007 and 2006 Group's strategy was to maintain the gearing ratio between 2.25 and 3.25. The gearing ratio amounted to 3.09 as at December 31, 2007 (December 31, 2006: 2.29).

Group's policy is to maintain leverage targets in line with an investment grade profile.

The Group monitors capital using net debt to operating results. Net debt includes interest bearing loans and borrowings less cash and cash equivalents.

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41. FINANCIAL INSTRUMENTS

Fair value estimation

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. When interest rate swaps are used, their fair value is calculated as the present value of the estimated future cash flows.

In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long-term debt. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instrument.

The nominal value less any estimated credit adjustment for financial assets and liabilities with a maturity of less than one year is assumed to approximate its fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Set out below is a comparison by category of carrying amounts and fair value of all of the Group's and Company's financial instruments, that are carried in the financial statements:

Group

	Carrying amount		Fair value	
	2007	2006	2007	2006
<i>Financial assets</i>				
Cash and cash equivalents	133,789	135,024	133,789	135,024
Available for sale financial assets	20,883	23,511	20,883	23,511
<i>Financial liabilities</i>				
Interest bearing borrowings:				
Floating interest rate borrowings	482,109	217,080	482,109	217,080
Fixed interest rate borrowings / at fair value	-	174,291	-	174,291

Company

<i>Financial assets</i>				
Cash and cash equivalents	75,731	72,618	75,731	72,618
Available for sale financial assets	20,549	22,803	20,549	22,803
<i>Financial liabilities</i>				
Interest bearing borrowings:				
Floating interest rate borrowings	429,754	218,748	429,754	218,748
Fixed interest rate borrowings / at fair value	-	174,291	-	174,291

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Derivative financial instruments consist of forward currency contracts and interest rate swaps to hedge risks associated with interest rate fluctuations.

Commitments to buy and sell foreign currencies:

The amounts below represent the net Dollar equivalents to purchase and sell foreign currencies. The contracts will be utilized during the next twelve months.

<u>Group</u>					
(all amounts in local currency thousands)	<u>Currency</u>	<u>Foreign amount</u>		<u>Average exchange rate</u>	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		US Dollars (Bought)	EUR/USD	5,000	3,500
<u>Company</u>					
US Dollars (Bought)	EUR/USD	5,000	3,500	1,3960	1,30968

42. CONTINGENCIES AND COMMITMENTS:

(a) Competition Committee's Investigation

In the context of officio investigation of Competition Committee's General Management in Greek Market of production and trading of frozen vegetables, for violation of article 1 of L.703/77, as being in force and the article 81 and 82 of SEK, the General Management issued on October 17, 2007, its proposal 5986 accusing VIVARTIA S.A. of horizontal and vertical collaborations.

The Company submitted note on December 7, 2007, contradicting the proposal of Competition Committee's General Management and the hearing was carried out on January 10, 2008. On January 21, 2008 the Company submitted additional note and the decision's publication of the Competition Committee is pending.

Group's management and its legal advisors cannot estimate the judgment of Competition Committee referred to accusations against Group, the possibility of fine imposition and the possible amount.

(b) Litigation and claims:

The Company and its subsidiaries are parties to various lawsuits (as a defendant or as a plaintiff) and arbitration proceedings in the normal course of business. Management and the Company's legal advisors estimate that all of the lawsuits are expected to be settled without any material adverse effect on the Group's or the Company's financial position or results of operations.



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(c) Commitments:

(i) Guarantees:

The Group has the following contingent liabilities at December 31, 2007:

- It has issued letters of guarantee for good performance for a total amount of € 2,801.
- It has provided guarantees for repayment of bank overdrafts and commercial liabilities of various subsidiaries and associates aggregating to € 990.
- It has provided guarantees for good performance of subsidized investment programs aggregating to € 300.
- It has provided guarantees for its participation in various competitions aggregating to € 232.
- It has provided guarantees for creditors' good payment aggregating to € 2,327.

(ii) Operating Lease Commitments:

As of December 31, 2007, the Group has entered into a number of operating lease agreements relating to the rental of buildings and transportation equipment which expire on various dates through 2025.

Rental expense included in the accompanying consolidated income statement for the year ended December 31, 2007, amounted to € 15,956 and € 4,842 for the Group and the Company respectively (€ 12,640 and € 4,039 as at December 31, 2006 for the Group and the Company respectively).

Future minimum rentals payable under non-cancelable operating leases as at December 31, 2007 and at December 31, 2006, are as follows:

	Group		Company	
	31 December		31 December	
	2006	2005	2006	2005
Within one year	12,293	10,772	4,441	4,060
2-5 years	39,974	36,854	6,820	7,046
After 5 years	43,050	36,323	576	999
Total	95,317	83,949	11,837	12,105

(d) Liabilities from suppliers' agreements:

On December 31, 2007 the unaccomplished part of agreements with suppliers amounted to € 8,500 approximately for the Group.

43. SUBSEQUENT EVENTS:

(a) Acquisition of the US specialty cookie and snack producer Nonni's

On March 6, 2008 Group announced the entry of its Bakery and Confectionery Division into the U.S. market with the signing of an agreement to acquire 100% of Nonni's Food Company, Inc.



VIVARTIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
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(Nonni's), a US-based producer of baked specialty snacks from Wind Point Partners, a private equity firm, and Nonni's management.

The total enterprise value of the acquisition, expected to be completed by April 1, 2008, is 320 million U.S. dollars.

(b) Cooperation between VIVARTIA and EVEREST Group

On March 7, 2008 VIVARTIA S.A. and Greek entrepreneur Mr. Lavrentios Freris announced that they have jointly created a company under the name Alkmini Catering Holdings (“Alkmini Catering”). In the new company, Vivartia will hold a 51% stake while Mr. Freris will be the minority shareholder with a 49% stake.

The intention of the two shareholders is Alkmini Catering to proceed with a voluntary tender offer for the acquisition of up to 100% of the shares of Everest S.A. (“Everest”), which is listed on the Athens Stock Exchange at €3.50 per share with a minimum acceptance level of 50.1%. It is noted that Everest’s controlling shareholder Mr. Freris has agreed to tender his 26% stake in the company during the tender offer.

In parallel, Alkmini Catering will proceed with a voluntary tender offer for the acquisition of up to 100% of the shares of Olympic Catering SA at € 2,65 per share with a minimum acceptance level of 50.1%. Everest already owns 44% of Olympic Catering. Olympic Catering, listed on the Athens Stock Exchange, operates canteens in airports, provides In-flight Catering and Handling services and also operates in Industrial Catering through the manufacturing and distribution of fresh, chilled and frozen meals.

The above mentioned agreement and the public offers are subject to approval from the Hellenic Competition Commission.

THE CHAIR MAN OF
THE BOARD

THE MANAGING
DIRECTOR

THE GROUP CHIEF
FINANCIAL
OFFICER

THE GROUP CHIEF
ACCOUNTING
OFFICER

DENNIS
MALAMATINAS
PASS. No M 09265307

SPYRIDON
THEOTHOROPOULOS
I.D.no. F 090107

MARIA
GEORGALOS
I.D.no. R 609647

NIKOLAOS
KAPPAS
I.D.no AZ 050544

1. The companies included in the consolidation are the following:

	EQUITY PARTICIPATION	COUNTRY OF INCORPORATION	UNAUDITED YEARS
a) Subsidiaries fully consolidated:			
(i) Subsidiaries of VIVARTIA ABEE			
AGROTEAM EOD	100,00%	BULGARIA	-
BALKAN RESTAURANTS S.A.	100,00%	BULGARIA	1999-2007
CHARALAMBIDES DAIRIES LTD	100,00%	CYPRUS	-
CHIPITA PARTICIPATIONS LTD	100,00%	CYPRUS	-
CREAM LINE S.A.	100,00%	GREECE	2003-2007
DELTA FOOD HOLDINGS LTD.	100,00%	CYPRUS	-
DELTA FOOD PARTICIPATION & INVESTMENTS LTD.	100,00%	CYPRUS	-
GREENFOOD S.A.	78,88%	GREECE	2003-2007
HELLENIC CATERING S.A.	98,15%	GREECE	2006-2007
HELLENIC FOOD INVESTMENTS S.A.	51,04%	GREECE	2003-2007
UNCLE STATHIS EOD	100,00%	BULGARIA	-
ATHENINA CAFÉ-PÂTISSERIES S.A.	80,91%	GREECE	2003-2007
ANTHEMIA S.A.	100,00%	GREECE	2005-2007
VIGLA S.A.	100,00%	GREECE	2003-2007
VIOMAR S.A.	86,06%	GREECE	2003-2007
ENDEKA S.A.	100,00%	GREECE	2003-2007
ERMOU RESTAURANTS S.A.	55,00%	GREECE	2005-2007
EFKARPIA RESTAURANTS S.A.	51,00%	GREECE	2003-2007
EASTERN CRETE RESTAURANTS-PÂTISSERIES S.A.	60,00%	GREECE	2004-2007
TEMBI CAFÉ-PÂTISSERIES S.A.	52,10%	GREECE	2004-2007
MEGARA RESTAURANTS-PÂTISSERIES S.A.	54,10%	GREECE	2003-2007
SERRES RESTAURANTS-PÂTISSERIES S.A.	50,05%	GREECE	2003-2007
KAVALA RESTAURANTS S.A.	51,00%	GREECE	2003-2007
MALIAKOS RESTAURANTS S.A.	51,00%	GREECE	2003-2007
NERATZIOUSSA RESTAURANTS S.A.	60,00%	GREECE	2006-2007
PANORAMA RESTAURANTS S.A.	51,00%	GREECE	2003-2007
VOLOS COAST RESTAURANTS S.A.	50,01%	GREECE	2003-2007
HARILAOU RESTAURANTS S.A.	51,00%	GREECE	2003-2007
GEFSIPLIOIA S.A.	51,00%	GREECE	2005-2007
EUROFEED HELLAS S.A.	100,00%	GREECE	2006-2007
VERIA CAFÉ-PÂTISSERIES S.A.	100,00%	GREECE	2004-2007
EXARCHIA CAFÉ-PÂTISSERIES S.A.	97,56%	GREECE	2003-2007
KIFISSIA CAFÉ-PÂTISSERIES S.A.	50,10%	GREECE	2004-2007
PARALIA CAFÉ-PÂTISSERIES S.A.	82,59%	GREECE	2003-2007
NAFPLIOS S.A.	94,71%	GREECE	2003-2007
SARANDA S.A.	99,44%	GREECE	2006-2007
S. NENDOS S.A.	31,41%	GREECE	2006-2007
HELLENIC FOOD SERVICE PATRON S.A.	78,24%	GREECE	2006-2007
INVESTAL RESTAURANTS	100,00%	GREECE	2005-2007
IVISKOS S.A.	50,01%	GREECE	2003-2007
PAPAGIANAKIS S.A.	99,86%	GREECE	NEW COMPANY
DESMOS DEVELOPMENTS S.A.	100,00%	GREECE	2001-2007
MARINA ZEAS S.A.	50,01%	GREECE	2005-2007
CHRISTIES DAIRIES PLC	93,74%	CYPRUS	-
VIVARTIA LUXEMBOURG SA	100,00%	LUXEMBURG	NEW COMPANY
UNITED MILK COMPANY AD	99,94%	BULGARIA	NEW COMPANY
(ii) Subsidiaries of HELLENIC FOOD INVESTMENTS S.A.			
HOLLYWOOD RESTAURANTS-PÂTISSERIES S.A.	95,56%	GREECE	2005-2007
ZEPXI RESTAURANTS-PÂTISSERIES S.A.	96,98%	GREECE	2003-2007
RESTAURANTS SYGROU S.A.	87,50%	GREECE	2006-2007
PAGRATI TECHNICAL AND CATERING COMPANY	100,00%	GREECE	2006-2007
GLYFADA CAFÉ-PÂTISSERIES S.A.	80,00%	GREECE	NEW COMPANY
(iii) Subsidiaries of CREAM LINE S.A.			
CREAM LINE BULGARIA LTD	100,00%	BULGARIA	-
CREAM LINE (CYPRUS) LTD	100,00%	CYPRUS	-
CREAM LINE BULGARIA (CYPRUS) LTD	100,00%	CYPRUS	-
CREAM LINE NISS DOO	100,00%	SERBIA	-
CREAM LINE ROMANIA (CYPRUS) LTD	100,00%	CYPRUS	-
CREAM LINE ROMANIA S.A.	100,00%	ROMANIA	-
iv) Subsidiaries of CHIPITA PARTICIPATIONS LTD			
CHIPITA UKRAINE (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA ZAO	100,00%	RUSSIA	-
EDITA SAE	30,00%	EGYPT	-
CHIPITA NIGERIA (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA EAST EUROPE (CYPRUS) LTD	100,00%	CYPRUS	-
CHIPITA ITALIA SPA	100,00%	ITALY	-
CHIPITA GERMANY GMBH	100,00%	GERMANY	-

v) Subsidiary of EDITA SAE				
DIGMA SAE	100,00%	EGYPT	-	
vi) Subsidiary CHIPITA UKRAINE (CYPRUS) LTD				
TEO PLUS	100,00%	UKRAINE	-	
vii) Subsidiaries of CHIPITA EAST EUROPE (CYPRUS) LTD				
CHIPITA BULGARIA (CYPRUS) LTD	100,00%	CYPRUS	-	
CHIPITA POLAND (CYPRUS) LTD	100,00%	CYPRUS	-	
CHIPITA ROMANIA (CYPRUS) LTD	100,00%	CYPRUS	-	
CHIPITA YUGOSLAVIA (CYPRUS) LTD	100,00%	CYPRUS	-	
CHIPITA HUNGARY (CYPRUS) LTD	100,00%	CYPRUS	-	
CHIPITA RUSSIA (CYPRUS) LTD	100,00%	CYPRUS	-	
CHIPITA RUSSIA TRADING (CYPRUS) LTD	100,00%	CYPRUS	-	
CHIPITA CZECH (CYPRUS) LTD	100,00%	CYPRUS	-	
CHIPITA UKRAINE TRADING (CYPRUS) LTD	100,00%	CYPRUS	-	
CHIPITA FOODS BULGARIA (CYPRUS) LTD	100,00%	CYPRUS	-	
CHIPITA BULGARIA TRANSPORTATION LTD	60,00%	CYPRUS	-	
viii) Subsidiary of CHIPITA BULGARIA (CYPRUS) LTD				
CHIPITA BULGARIA SA	100,00%	BULGARIA	-	
ix) Subsidiary of CHIPITA POLAND (CYPRUS) LTD				
CHIPITA POLAND SP ZOO	100,00%	POLAND	-	
x) Subsidiary of CHIPITA ROMANIA (CYPRUS) LTD				
CHIPITA ROMANIA SRL	100,00%	ROMANIA	-	
xi) Subsidiary of CHIPITA YUGOSLAVIA (CYPRUS) LTD				
CHIPITA BELGRADE SA	100,00%	SERBIA	-	
xii) Subsidiary of CHIPITA HUNGARY (CYPRUS) LTD				
CHIPITA HUNGARY KFT	100,00%	HUNGARY	-	
xiii) Subsidiary of CHIPITA RUSSIA (CYPRUS) LTD				
CHIPITA ST PETERSBURG ZAO	100,00%	RUSSIA	-	
ELDI OOO	100,00%	RUSSIA	-	
xiv) Subsidiary of CHIPITA RUSSIA TRADING (CYPRUS) LTD				
CHIPITA RUSSIA TRADING OOO	100,00%	RUSSIA	-	
xv) Subsidiary of CHIPITA CZECH (CYPRUS) LTD				
CHIPITA CZECH LTD	100,00%	CZECH	-	
CHIPITA SLOVAKIA LTD	100,00%	SLOVAKIA	-	
xvi) Subsidiary of CHIPITA UKRAINE TRADING (CYPRUS) LTD				
CHIPITA UKRAINE TRADING ZBUT	100,00%	UKRAINE	-	
xvii) Subsidiary of CHIPITA FOODS BULGARIA (CYPRUS) LTD				
CHIPITA FOODS BULGARIA EAD	100,00%	BULGARIA	-	
xviii) Subsidiary of CHIPITA BULGARIA TRANSPORTATION LTD				
DIAS TRANSPORTATION LTD	100,00%	BULGARIA	-	
xviii) Subsidiary of CHRISTIES DAIRIES PLC				
CHRISTIES FARMS PLC	93,74%	CYPRUS	-	
b) Joint ventures consolidated under the proportionate method:				
ALESIS S.A.	51,00%	GREECE	2006-2007	
M.ARABATZIS S.A.	49,00%	GREECE	2006-2007	
c) Associates consolidated under the equity consolidation method :				
ARMA INVESTMENTS S.A.	25,00%	GREECE		
CAFÉ HALKYON S.A.	35,00%	GREECE		
CHIPIGA S.A.	35,00%	MEXICO		
TSIMIS S.A.	30,00%	GREECE		
LEVENTIS SNACKS LTD	40,00%	NIGERIA		
CAFÉ JOANNA S.A.	35,00%	GREECE		
KROPIA RESTAURANTS-PATISSERIES S.A.	40,00%	GREECE		