

VETERIN IMPEX SRL
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR 2005
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS (IFRS)

INDEPENDENT AUDITORS' REPORT

TO: The Shareholders of Veterin Impex SRL

1. We have audited the accompanying group consolidation schedules (consisting of the balance sheet, income statement, cash flow, statement of changes in equity and tangible and intangible fixed assets movement schedule) of Veterin Impex S.R.L. ("the Company") as of 31 December 2005. These specified schedules do not purport to be financial statements and are prepared in accordance with the accounting principles of International Financial Reporting Standards (IFRS) for the sole purpose of consolidation into the Neochimiki Group's consolidated financial statements, which are prepared in accordance with IFRS. Our responsibility is to conclude, for the purpose of inclusion in the consolidation of Neochimiki Group on the compliance of the specified schedules with the accounting principles of International Financial Reporting Standards. These schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these schedules based on our audit.
2. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures on these schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedules. We believe that our audit provides a reasonable basis for our opinion.
3. Because we were appointed auditors of the Company in January 2006, we were not able to observe the counting of the physical inventories valued at RON 2,137,228 performed at the end of the year for the year ended 31 December 2005, or satisfy ourselves concerning those inventory quantities by alternative procedures. Any adjustments made to this amount will affect the results for the year ended 31 December 2005.
4. We were appointed auditors of the Company in January 2006 and it has not been practicable for us to obtain sufficient evidence to enable us to test the opening balance sheet, which has an impact on 2005 statement of income and cash flow statements and as a result we are not able to express and we do not express an opinion, statement of income, cash flow statement and statement of changes in equity as at 31 December 2005 prepared in accordance with IFRS.
5. In our opinion, except for the impact, if any, that may have arisen if we had been able to undertake audit procedure to obtain assurance on the matters noted in paragraphs 3 and 4 above, we conclude that for the sole purpose of inclusion in the consolidation of the Neochimiki Group, the specified schedules referred to above have been prepared in accordance with the accounting principles of International Financial Reporting Standards.

28 February 2006
Ernst & Young SRL

Adriana Gheorghiu
Partner

Income Statement**For the period ended 31 December 2005**

(Currency: Romanian lei ('RON'))

	<u>31 December 2005</u>	<u>31 December 2004</u>
Operating Income: Total	<u>18.326.394</u>	<u>18.701.924</u>
Sales of residual products	75.081	31.891
Sales	18.025.769	18.351.770
Revenues from sundry activities	8.086	54.322
Other operating income	192.551	263.941
Provisions no longer required	24.907	-
Operating expenses: Total	<u>18.432.827</u>	<u>16.945.076</u>
Cost of goods sold	14.111.607	14.039.235
Other materials consumed	374.933	307.228
Electricity, heating and water	23.181	12.571
Royalties and rental expenses	30.965	15.365
Insurance costs	42.211	27.105
Repair and maintenance	400	2.633
Travel and conveyance	104.936	87.095
Postage and telecommunication	81.777	62.062
Other third party services	586.293	573.711
Staff costs	1.423.173	1.254.938
Depreciation and provisions	897.796	98.927
Other expenses	605.267	330.519
Bank commissions and similar charge	43.394	45.924
Commissions and fees	3.306	6.079
Transport	<u>103.588</u>	<u>81.684</u>
Loss from operations	(106.433)	1.756.848
Finance income: Total	<u>592.946</u>	<u>308.043</u>
Foreign exchange gain	574.102	283.747
Interest income	18.844	24.296
Finance expenses: Total	<u>379.038</u>	<u>231.163</u>
Interest expense	34.352	12.322
Other financial expenses	344.686	218.841
Finance Profit for the period	<u>213.908</u>	<u>76.880</u>
Profit before tax	107.475	1.833.728
Income Tax expense	(<u>149.646</u>)	(<u>471.402</u>)
Profit/(loss) for the year	<u>(42.171)</u>	<u>1.362.326</u>

VETERIN IMPEX SRL
Balance Sheet as at 31 December 2005
(Currency: Romanian lei ('RON'))

	<u>31 December 2005</u>	<u>31 December 2004</u>
ASSETS:		
Non-current assets:		
Property, plant and equipment	2.542.888	2.147.039
Intangible assets	3.074	-
Total non-current assets	<u>2.545.962</u>	<u>2.147.039</u>
Current assets:		
Cash and cash equivalents	2.450.925	677.766
Trade receivables	4.255.211	3.783.851
Prepaid expenses	972	45.007
Inventory	2.137.228	3.318.856
Other receivables	12.577	45.594
Total current assets	<u>8.856.913</u>	<u>7.871.074</u>
TOTAL ASSETS	<u>11.402.875</u>	<u>10.018.113</u>
LIABILITIES AND SHAREHOLDERS EQUITY		
Equity:		
Share capital	5.020	5.020
Reserves	3.011.766	4.066.178
Retained earnings	2.416.739	1.362.326
Loss/for the period/year	(42.171)	1.362.326
Distributed profit		(1.362.326)
Total equity	<u>5.391.354</u>	<u>5.433.524</u>
Non current liabilities		
Long- term borrowing	220.766	330.191
Current liabilities:		
Trade payables	4.698.777	4.094.851
Other payables	105.920	126.485
Provisions	737.074	133.062
Short term portion of long term borrowing	248.984	-
Total current liabilities	<u>5.790.755</u>	<u>4.684.589</u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUIT	<u>11.402.875</u>	<u>10.018.113</u>

VETERIN IMPEX SRL
Statement of changes in equity
For the period ended 31 December 2005
(Currency: Romanian lei ("RON"))

	<u>Share capital</u>	<u>Legal Reserves</u>	<u>Asscumulated Losses</u>	<u>Total</u>
Opening balance as at 01 January 2004	57.784	3.067.766	1.054.412	4.179.962
Effect due to denomination of share capital	(52.764)	(56.000)		
(Loss)/ Profit for the period			1.362.326	1.362.326
Balance as at 31 December 2004	5.020	3.011.766	2.416.738	5.433.524
Effect due to denomination of share capital				
Loss for the period 2005			(42171)	
Balance s at 31 December 2005	5.020	3.011.766	2.374.567	5.391.353

VETERIN IMPEX SRL
Cash flow statement
For the period ended 31 December 2005
(Currency: Romanian lei ("RON"))

	<u>31 December 2005</u>
(Loss)/ Profit before income tax	107.475
Adjustments for:	
Depreciation and amortization	193.782
Provisions	604.014
Interest income	(213.908)
(Loss)/Profit before changes in operating assets and liabilities	691.363
Net changes in operating assets and liabilities:	
Inventories	1.181.628
Receivables account	(438.299)
Other receivables	77.052
Trade and other payables	770.457
Net cash from/(used) in operating	2.282.201
Taxation Paid	(269.803)
Cash used in investing activities	
Purchase of property, plant and equipment	(592.705)
Interest received	213.908
Cash used in investing activities	(378.797)
Cash used in financing activities	
Short term loans	139.558
Cash used in financing activities	139.558
Net increase in cash and cash equivalents	1.773.159
Cash and cash equivalents at the beginning of the year	677.766
Cash and cash equivalents at the end of the year	2.450.925

VETERIN IMPEX SRL**Intangible Assets Movement Schedule**

(Currency: Romanian lei ("RON"))

	<u>Set up costs</u>	<u>Other intangibles</u>	<u>Total</u>
At 1 January 2004 net off accumulated depreciation			
Additions			
Depreciation for the period			
At 31 December 2004 net off accumulated depreciation			
Additions		4.025	4.025
Depreciation for the period		951	951
At 31 December 2005 net off accumulated depreciation		3.074	3.074

VETERIN IMPEX SRL**Fixed Assets Movement Schedule**

(Currency: Romanian lei ("RON"))

	<u>Building</u>	<u>Furniture and fixture</u>	<u>Vehicles</u>	<u>Total</u>
At 1 January 2004 net off accumulated depreciation	1.605.621	17.952	211.374	1.834.947
Additions	-	1.341	379.542	380.883
Depreciation for the period	32.396	27	66.504	98.927
Disposal			64.244	64.244
At 31 December 2004 net off accumulated depreciation	1.573.225	19.266	460.168	2.052.659
Additions	245.758	18.554	436.744	701.056
Depreciation for the period	34.544	5.535	152.752	192.831
Disposals			17.996	17.996
At 31 December 2005 net off accumulated depreciation	1.784.439	32.285	726.164	2.542.888