



**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR 2005**

**IN ACCORDANCE WITH INTERNATIONAL**

**FINANCIAL REPORTING STANDARDS (IFRS)**

This is to certify that the attached Annual Financial Statements are those which have been approved by the Board of Directors of **NEOCHIMIKI L.V. LAVRENTIADIS S.A.** on 20 February 2006 and have been posted on the internet, at the address [www.neochimiki-lavrentiadis.gr](http://www.neochimiki-lavrentiadis.gr). The attention of the reader is drawn to the fact that the extracts published in the press aim at providing the public with certain elements of financial information but they do not present a comprehensive view of the financial position and the results of operations of the Company and the Group, in accordance with International Financial Reporting Standards. Please note, that for purposes of simplification, some accounts in the published financial statements have been abridged or rearranged.

*Lavrentis Lavrentiadis*  
*Chairman of the Board of Directors*  
**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**

**ENGLISH TRANSLATION FROM THE GREEK ORIGINAL**

**AUDITOR'S REPORT**

To the Shareholders of NEOCHIMIKI L.V. LAVRENTIADIS S.A.

We have audited the accompanying financial statements as well as the consolidated financial statements of NEOCHIMIKI L.V. LAVRENTIADIS S.A., as of and for the year ended 31 December 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the account principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors' report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company and that of the Group (of which this Company is the holding company), as of 31 December 2005, and of the results of its operations and those of the Group and their cash flows and changes in shareholders' equity for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' Report is consistent with the aforementioned financial statements.

Athens, 22 February 2006

Georgios Ger. Vrettos  
Certified Auditor Accountant  
Reg. No. 15651  
BKR Prottypos Elegktiki SA

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
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**INCOME STATEMENT**  
**(amounts in thousand Euro)**

	Note	<b>Group</b>	
		<b>1.1.2005-31.12.2005</b>	<b>1.1.2004-31.12.2004</b>
Sales		142.498	82.905
Cost of sales		(99.623)	(56.233)
<b>Gross profit</b>		<b>42.875</b>	<b>26.672</b>
Other operating income – expenses (net)		711	777
Selling, distribution expenses	6	(16.012)	(10.554)
Administrative expenses	6	(7.015)	(4.453)
<b>Operating profit</b>		<b>20.559</b>	<b>12.442</b>
Finance costs (net)	7	(5.546)	(3.980)
<b>Net profit before tax</b>		<b>15.013</b>	<b>8.462</b>
Income tax expense	8	(2.355)	(987)
<b>Net profit for the year</b>		<b>12.659</b>	<b>7.475</b>
<b>Attributable to:</b>			
Equity holders of the parent		12.620	7.325
Minority Interest		39	150
		<b>12.659</b>	<b>7.475</b>
<b>Earnings per share basic (after tax)</b>	9		
<b>(in Euro)</b>		<b>0,35</b>	<b>0,20</b>

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	Note	<u>Company</u>	
		<u>1.1.2005-31.12.2005</u>	<u>1.1.2004-31.12.2004</u>
Sales		81.432	57.269
Cost of sales		(64.461)	(45.118)
<b>Gross profit</b>		<b>16.971</b>	<b>12.151</b>
Other operating income – expenses (net)		237	413
Selling, distribution expenses	6	(7.026)	(4.991)
Administrative expenses	6	(2.746)	(1.567)
<b>Operating profit</b>		<b>7.436</b>	<b>6.006</b>
Finance costs (net)	7	(83)	(1.808)
<b>Net profit before tax</b>		<b>7.353</b>	<b>4.198</b>
Income tax expense	8	(1.144)	(575)
<b>Net profit for the year</b>		<b>6.209</b>	<b>3.623</b>
<b>Earnings per share</b>			
<b>Basic (in euro)</b>	9	<b>0,17</b>	<b>0,10</b>

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
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**BALANCE SHEET (amounts in thousand Euro)**

<b>ASSETS</b>	<b>Note</b>	<b>Group</b>		<b>Company</b>	
<b>Non-current assets</b>		<b>31.12.2005</b>	<b>31.12.2004</b>	<b>31.12.2005</b>	<b>31.12.2004</b>
Property, plant and equipment	10	164.584	107.407	28.581	26.114
Intangible assets	12	11.124	5.956	885	1.160
Deferred tax assets	8	431	644	268	454
Investments in affiliated companies and other long term assets		178	116	52.232	31.781
		<b>176.427</b>	<b>114.123</b>	<b>81.966</b>	<b>59.508</b>
<b>Current Assets</b>					
Stocks	13	36.672	19.135	13.365	8.116
Trade and other receivables	14	24.298	21.449	43.869	15.634
Cash and cash equivalents	16	4.813	1.849	941	521
Financial Assets available for sale		74			
		<b>65.857</b>	<b>42.433</b>	<b>58.175</b>	<b>24.271</b>
<b>Total Assets</b>		<b>242.284</b>	<b>156.556</b>	<b>140.141</b>	<b>83.779</b>
<b>EQUITY</b>					
<b>Of parent shareholders :</b>					
Share capital	17	10.800	10.800	10.800	10.800
Share premium account		5.677	5.677	5.677	5.677
Reserves	18	44.511	35.022	18.079	13.087
Retained earnings (loss)		2.066	2.579	1.358	2.411
		63.054	54.078	35.914	31.975
<b>Minority interest:</b>		4.131	274		
<b>Total equity</b>		<b>67.185</b>	<b>54.352</b>	<b>35.914</b>	<b>31.975</b>
<b>LIABILITIES</b>					
<b>Long-term liabilities</b>					
Long-term debt	20	120.083	62.202	80.000	34.905
Deferred tax liabilities	8	3.618	1.674	50	91
Personnel dismissal and retirement compensation provision	21	137	122	31	50
Provisions and other long-term liabilities		29	50	11	0
		<b>123.867</b>	<b>64.048</b>	<b>80.092</b>	<b>35.046</b>
<b>Short-term liabilities</b>					
Trade and other payables	22	38.263	12.614	14.041	5.348
Income tax payable		3.785	2.427	1.072	659
Short-term borrowings	23	9.184	23.114	9.022	10.750
		<b>51.232</b>	<b>38.155</b>	<b>24.135</b>	<b>16.757</b>
<b>Total Equity and Liabilities</b>		<b>242.284</b>	<b>156.556</b>	<b>140.141</b>	<b>83.779</b>

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
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**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	<b>Group</b>									
	Share Capital	Share <u>premium</u>	Legal reserve	Asset revaluation reserve	Special reserves	Tax-free reserves	Total reserves	Retained earnings	Minority interest	Grand total
<b>Balance 01/01/2004</b>										
<b>Under IFRS</b>	<b>10.800</b>	<b>5.677</b>	<b>551</b>	<b>20.575</b>	<b>132</b>	<b>7.065</b>	<b>28.323</b>	<b>4.028</b>	<b>1.933</b>	<b>50.761</b>
Net income for the period								7.475		7.475
Deferred tax								-60		-60
Acquisition of subsidiary									185	185
Acquisition of minority									-1.993	-1.993
Dividends								-2.016		-2.016
Transfer to minority								-149	149	0
Changes of reserves			287			6.412	6.699	-6.699		0
<b>Balance 31/12/2004</b>	<b>10.800</b>	<b>5.677</b>	<b>838</b>	<b>20.575</b>	<b>132</b>	<b>13.477</b>	<b>35.022</b>	<b>2.579</b>	<b>274</b>	<b>54.352</b>

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**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	<b>Group</b>									
	Share Capital	Share premium	Legal reserve	Asset revaluation reserve	Special reserves	Tax-free reserves	Total reserves	Retained earnings	Minority interest	Grand total
<b>Balance 01/01/2005</b>	<b>10.800</b>	<b>5.677</b>	<b>838</b>	<b>20.575</b>	<b>132</b>	<b>13.477</b>	<b>35.022</b>	<b>2.579</b>	<b>274</b>	<b>54.352</b>
Under IFRS										
Net income for the period								12.620	39	<b>12.659</b>
Deferred tax								-75		<b>-75</b>
Acquisition or sale of shares									2.462	<b>2.462</b>
Disposal of percentage holding in a subsidiary			-19	-390		-512	<b>-921</b>		1.357	<b>436</b>
Dividends								-2.196		<b>-2.196</b>
Transfer to reserves			460			10.423	10.883	-10.883		<b>0</b>
Revaluation adjustment				-481	-19		<b>-500</b>	19		<b>-481</b>
Exchange differences					26		26			<b>26</b>
<b>Balance 31/12/2005</b>	<b>10.800</b>	<b>5.677</b>	<b>1.279</b>	<b>19.704</b>	<b>139</b>	<b>23.388</b>	<b>44.510</b>	<b>2.064</b>	<b>4.132</b>	<b>67.185</b>

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**STATEMENT OF CHANGES IN  
SHAREHOLDERS' EQUITY**

	<b>Company</b>								
	Share Capital	Share premium	Legal reserve	Asset revaluation reserve	Special reserves	Tax-free reserves	Total reserves	Retained earnings	Grand total
<b>Balance 01/01/2004</b>									
<b>Under IFRS</b>	<b>10.800</b>	<b>5.677</b>	<b>385</b>	<b>6.286</b>	<b>147</b>	<b>3.614</b>	<b>10.432</b>	<b>3.517</b>	<b>30.426</b>
Distribution to reserves			137			2.518	<b>2.655</b>	(2.655)	<b>0</b>
Dividends							(2.016)	<b>(2.016)</b>	
Deferred tax							(59)	<b>(59)</b>	
Net income for the period							3.624	<b>3.623</b>	
<b>Balance 31/12/2004</b>	<b>10.800</b>	<b>5.677</b>	<b>522</b>	<b>6.286</b>	<b>147</b>	<b>6.132</b>	<b>13.087</b>	<b>2.411</b>	<b>31.975</b>
<b>Balance 01/01/2005</b>	<b>10.800</b>	<b>5.677</b>	<b>522</b>	<b>6.286</b>	<b>147</b>	<b>6.132</b>	<b>13.087</b>	<b>2.411</b>	<b>31.975</b>
Distribution to reserves			152			4.840	4.992	(4.992)	<b>0</b>
Dividends							(2.196)	<b>(2.196)</b>	
Deferred tax							(75)	<b>(75)</b>	
Net income for the period							6.209	<b>6.209</b>	
<b>Balance 31/12/2005</b>	<b>10.800</b>	<b>5.677</b>	<b>674</b>	<b>6.286</b>	<b>147</b>	<b>10.972</b>	<b>18.079</b>	<b>1.357</b>	<b>35.914</b>

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**

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(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

**CASH FLOW STATEMENT**

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
<b>Cash flows from operating activities</b>				
<b>Net profit before taxes (and minority interests)</b>	<b>15.013</b>	<b>8.461</b>	<b>7.353</b>	<b>4.198</b>
Net finance costs	6.236	3.340	2.947	1.807
Profit/Loss on disposal of fixed assets	(31)		(31)	
Profit on disposal of subsidiary			(2.864)	
Interest and profits on investments	(686)			
Amortization of government grants		(188)		(188)
Depreciation and amortization	6.980	5.641	1.089	954
	<b>27.512</b>	<b>17.254</b>	<b>8.494</b>	<b>6.771</b>
Increase /(decrease) of inventories	(17.537)	(7.820)	(5.249)	(4.000)
Increase/(decrease) of receivables	(2.849)	(35)	(28.235)	(520)
Increase /(decrease) of liabilities	25.678	7.603	8.704	(194)
Exchange differences	(34)	(27)		
Provisions	649	554		
Increase provision for post-employment benefits	(13)		(20)	11
<b>Cash flows (used in)/ from operating activities</b>	<b>33.406</b>	<b>17.529</b>	<b>(16.306)</b>	<b>2.068</b>
Interest paid	(5.736)	(3.270)	(2.947)	(1.721)
Income tax paid	(1.115)	(1.148)	(660)	(640)
<b>Net cash flows (used in)/ from operating activities</b>	<b>26.556</b>	<b>13.111</b>	<b>(19.913)</b>	<b>(293)</b>
<b>Cash flows used in investing activities</b>				
Purchase of intangible assets	(423)	(1.484)	(61)	(951)
Purchase of tangible assets	(41.925)	(25.226)	(3.189)	(6.617)
Dividends received by subsidiaries			2.864	
Purchases of long-term investments	(24.894)	(7.006)	(20.451)	(14.090)
Purchases of short-term investments		(35)		
Proceeds from sales of subsidiaries	3.300			
<b>Net cash flows used in investing activities</b>	<b>(63.942)</b>	<b>(33.751)</b>	<b>(20.837)</b>	<b>(21.658)</b>
<b>Cash flows from financing activities</b>				
Dividends payable to shareholders	(2.196)	(1.997)	(2.196)	(1.997)
Proceeds of long-term borrowings	82.372	36.669	42.365	16.635
Proceeds of short-term borrowings	1.005	9.917	1.002	7.167
Repayments on long-term borrowings	(20.000)	(12.001)		
Repayments on short-term borrowings	(9.742)	(8.872)		
Finance lease payments	(12.342)	(2.433)		
<b>Net cash flows from financing activities</b>	<b>39.097</b>	<b>21.283</b>	<b>41.171</b>	<b>21.805</b>
<b>Net increase in cash and cash equivalents</b>	<b>1.711</b>	<b>643</b>	<b>421</b>	<b>(146)</b>
Cash and cash equivalents in the beginning of period	1.849	1.206	520	666
Cash and cash equivalents of subsidiary acquired	1.253			
<b>Cash and cash equivalents at the end of the period</b>	<b>4.813</b>	<b>1.849</b>	<b>941</b>	<b>520</b>

# NEOCHIMIKI L.V. LAVRENTIADIS S.A.

## Annual Financial Statement for the year ended 31 December 2005

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

### 1. CORPORATE INFORMATION:

Neochimiki L.V. Lavrentiadis S.A. with distinctive title 'Neochimiki S.A.' (from now on the 'Company' or the 'Parent Company' or 'NEOCHIMIKI') and its subsidiaries (from now on the 'Group') are activated in the distribution of foreign companies' chemical products and in the detergent production. The Company's and the Group's registered office is in P.Faliro at 34 Pentelis Street and they occupy 434 employees.

Company's shares are listed in the Athens Stock Exchange since May of 2003.

The financial statements of the Company and the Group for the period ended 31 December 2005, were approved by the Board of Directors with its meeting in 20 February 2006.

The subsidiaries that were included in the attached consolidated financial statements of the Group, are described by the note 3 a.

### 2. BASIS OF PRESENTATION:

(a) **Basis of Preparation of Financial Statements:** The accompanying stand-alone and consolidated financial statements have been prepared under the historical cost convention, except for land, buildings, machinery and equipment, which at the date of transition to International Financial Reporting Standards (IFRS), (January 1, 2004), were measured at fair value. As more fully discussed in Note 2(c), the accompanying financial statements have been prepared in accordance with IFRS for the first time, by applying IFRS 1 "First-time Adoption of International Financial Reporting Standards" with the transition date being January 1, 2004.

(b) **Statutory Financial Statements:** 'Neochimiki' and its Greek subsidiaries maintain their accounting records and prepare financial statements for statutory purposes in accordance with Greek Corporate Law 2190/1920 and the applicable tax legislation. Neochimiki's foreign subsidiaries maintain their accounting records and prepare financial statements for statutory purposes in accordance with the applicable laws and regulations of the countries in which they operate. With respect to the preparation of the consolidated financial statements, the financial statements of the foreign subsidiaries as well as the tax financial statements of the parent and Greek subsidiaries are appropriately adjusted and reclassified by certain out-of-book adjustments in order to be in conformity with IFRS.

The principle out-of-book entries recorded for IFRS purposes on the balance sheets as of January 1, 2004 and December 31, 2004 and on the consolidated statements of income for the year ended December 31, 2005 and for the year December 31, 2004 are presented in Appendix I.

(c) **First Time Adoption of International Financial Reporting Standards:** Pursuant to EU regulation 1606/2002 and according to Law 3229/04 (as amended by Law 3301/04) Greek entities listed on any Stock Exchange (foreign or domestic) are required to prepare their statutory financial statements (stand-alone and consolidated) from fiscal years beginning on January 1, 2005, onwards, in accordance with IFRS. According to IFRS 1 and the prementioned Greek legislation, the above companies are obliged to present comparative financial statements according to IFRS at least for one fiscal year (31 December 2004).

Consequently, the majority of companies that adopt IFRS for the first time, will adopt as date of first application of IFRS 31 December 2005 and as date of transition 1 January 2004.

## NEOCHIMIKI L.V. LAVRENTIADIS S.A.

### Annual Financial Statement for the year ended 31 December 2005

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

The Company applied IFRS 1 ‘First Application of IFRS’ on the preparation of attached financial statements and according to the respective provisions of IFRS 1 the following choices/exemptions were adopted:

- (i) Neochimiki elected to measure its land, buildings and machinery at the date of transition to IFRS at fair value and used those values as values come from revaluation according to IFRS 16. The Company at 31/1/2005 did not revalue its fixed assets because it regarded that these values had not significantly changed in the period 1/1/04-31/12/05. The Company revalues land, buildings and machinery every 3-5 years.
  - (ii) with respect to the reserve for staff retirement indemnities, all cumulative actuarial gains and losses were recognized at the date of transition to IFRS. The “corridor approach” was used for the actuarial gains or losses which were incurred during 2004 and subsequently. This exemption was used for all plans existing at the transition date.
  - (iii) the accumulative translation differences from the currency translation for all foreign operations were deemed to be zero at the date of transition to IFRS (they were included in retained earnings/(accumulated deficit). The gain or loss on a subsequent disposal of any foreign operation, shall exclude translation differences that arose before the date of transition to IFRS and shall include subsequent translation differences.
  - (iv) the estimates made by the Management under IFRS at the date of transition to IFRS were consistent with estimates made for the same date under previous GAAP (after adjustments to reflect any difference in accounting policies), unless there was objective evidence that those estimates were in error.
- (d) **Approval of Financial Statements:** The Board of Directors of Neochimiki L.V. Lavrentiadis S.A. approved the separate and consolidated financial statements for the period ended December 31, 2005 in February 20, 2006.
- (e) **Use of 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.

### 3. 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 Neochimiki L.V. Lavrentiadis S.A. and all subsidiaries where Neochimiki L.V. Lavrentiadis S.A. has control. Control is presumed to exist when Neochimiki L.V. Lavrentiadis 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 transferred to the Company and cease to be consolidated from the date in which control is transferred out of the Company.

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**

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(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

All intercompany balances and transactions 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 Company.

In the table below are presented all the companies included in the consolidation along with the relative participating rates, as well as the activity of every subsidiary:

Company	Country of registered office	Activity	% of participation in the Group
Lamda Detergent S.A.	Greece	Detergent	96,04%
Lamda Lamda S.A.	Greece	Resolvents	99.99%
Lamda Pack S.A.	Greece	Chemicals	99.99%
Lamda Polymers International S.A.	Greece	Polymers	99.99%
	Greece	Industrial oils –	
Petronet S.A.		Lubricants	99.99%
Lamda Fertilizers S.A.	Greece	Fertilizers	99.99%
Spediment S.A.	Greece	Transportation	80.43%
Chemical Solutions S.A.	Greece	Rosins	99.99%
Atlantic Polymers and Chemical S.A.	Greece	Petrochemicals	99.99%
Lamda Cosmetics S.A.	Greece	Cosmetics	100%
Neochimiki International S.A.	Greece	Chemicals	100%
Chemical Innovations S.A.	Greece	Chemicals	100%
	Greece	Seeds wholesale	
Agro Innovations S.A.		trade	100%
Novion S.A.	Greece	Chemicals	100%
Ballis Chemicals S.A.	Greece	Chemicals	69,87%
Neochimiki AD Beograd	Serbia	Chemicals	99.99%
	Serbia	Industrial oils –	
Global Galax SA		Lubricants	60.00%
Neochimiki Lavrentiadis Limited	Cyprus	Chemicals	100%
Neochimiki Romania SA	Romania	Chemicals	99.84%
Neochimiki Bulgaria SA	Bulgaria	Chemicals	100%
Atlantic Polymers & Chemicals SA	Germany	Chemicals	100%

**(b) Functional and Presentation Currency and Foreign Currency Translation:** The functional and presentation currency of Neochimiki L.V. Lavrentiadis 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 Company'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 equity until the disposal or

## NEOCHIMIKI L.V. LAVRENTIADIS S.A.

### Annual Financial Statement for the year ended 31 December 2005

(Amounts in all tables and notes are presented in thousands of Euro unless otherwise stated)

derecognition of a subsidiary in which case it is recognized in the consolidated statement of income

- (c) **Property, Plant and Equipment:** Land, buildings and machinery are measured at fair value less cumulative depreciation and possible provisions for impairment. Transportation equipment and furniture and fixtures are stated at historical cost less accumulated depreciation and any impairment in value.

As more fully described in Note 10 the Company proceeded to a fair valuation of its land, buildings and machinery as at January 1, 2004 and these fair values were used under the application of revaluation method. The resulted revaluation surplus was credited to reserves.

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.

It is noted that during the sale of every fixed asset whose value has been revaluated, the respective surplus value that is liquidated is not revolved through the income statement.

- (d) **Depreciation:** 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>Rate of Depreciation</u>
Buildings	3-4%%
Machinery and equipment	5%-20%
Transportation equipment	12%-15%
Furniture and fixtures	15%-33%

- (e) **Intangible Assets:** Intangible assets mainly consist of purchased software (SAP) and trade marks. Amortization is made over their estimated useful lives which are set to five years.

- (f) **Goodwill:** As more fully described in Note 11, goodwill on business combinations is initially measured at cost being the excess value of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill on acquisitions after March 31, 2004, is not amortized and goodwill already carried in the consolidated balance sheet is not amortized after January 1, 2004. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than

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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.

- (g) **Impairment of 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 net selling price and value in use. Net selling price 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.
- (h) **Participation to affiliated Companies: In the Financial Statements of the Company the participation to subsidiaries is in the acquisition cost.**
- (i) **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 goods is the estimated selling price in the ordinary course of business, 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.
- (j) **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 actual 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. 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.
- (k) **Concentration of credit risk:** the concentration of the credit risk in accordance with the total claims of the company does not almost exist, because of the credit insurances that the companies have and also because the claims of the company are dispersed.
- (l) **Cash and Cash Equivalents:** The Group considers forward deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents.

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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.

- (m) **Interest Bearing Loans and Borrowings:** All loans and borrowings are initially recognized at cost. Loans and borrowings denominated in foreign currency are measured using the spot rate at each reporting date.
- (n) **Borrowing Costs:** Borrowing costs are recognized as an expense in the period in which they are incurred.
- (o) **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 21 and are determined using the projected unit credit actuarial valuation 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 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 are recognized 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, it exceeds 10% of the projected benefit obligation. The retirement benefit obligations are not funded.
- (p) **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.
- (q) **Income Taxes (Current and Deferred):** Current and deferred income taxes are computed based on the standalone 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. Income tax expense consists of income taxes for the current year based on each entity's profits as adjusted in its tax returns, additional income taxes resulting from tax audits by the tax authorities and deferred income taxes, using substantively enacted tax rates.

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
- 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.

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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.

- (r) **Leases:** Finance leases, which transfer to the Company 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 term.

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 term.

- (s) **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.

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.

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.

- (t) **Provisions and Contingencies:** 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

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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. If 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.

- (u) **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.

***Interest***

Revenue is recognized on the accrual basis of accounting.

- (v) **Earnings per Share:** Basic earnings per share (EPS) are computed by dividing net income 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).

- (w) **Segment Reporting:** The main segment of the Company is the business one and the secondary is the geographical one. 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.

The trade segment concerns the chemical products distribution on behalf of big multinational companies. Main categories are industry in plastic, detergent, cosmetics, colors and enamel, chafery, spinning mill, water elaboration, agrochemicals, fertilizers and industrial oils.

The segment of production concerns a) the detergent segment where through LAMDA DETERGENT the group produces detergent in solid and liquid form on behalf of big multinational companies, super markets and raw materials for detergent and cosmetics b) gum resin production for the color industry c) production, mix and repacking of chemical raw materials. After the incorporation of the company NOVION in the Group in 2005, it is expected that the Group Neochimiki will be activated in the cream and chemical raw materials production used in color production.

The transportation segment concerns production services and chemical products transportation services that take place on behalf of third parties.

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

**4. PAYROLL COST:**

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

	<u>Group</u>		<u>Company</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Wages and salaries	7.443	5.797	1.385	1.481
Social security costs	2.086	1.684	303	318
Staff retirement indemnities	62	48	15	11
Other staff costs	76	288	70	213
<b>Total payroll</b>	<b>10.037</b>	<b>7.817</b>	<b>1.773</b>	<b>2.023</b>
Less: amount charged to cost of production	5.039	3.012	64	458
<b>Payroll expensed (Note 6)</b>	<b>4.998</b>	<b>4.805</b>	<b>1.709</b>	<b>1.565</b>

**5. DEPRECIATION AND AMORTIZATION:**

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

	<u>Group</u>		<u>Company</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Depreciation on property, plant and equipment (Note 11)	6.644	5.272	753	628
Amortization of intangible assets (Note 13)	336	369	336	326
	<b>6.980</b>	<b>5.641</b>	<b>1.089</b>	<b>954</b>
Less: amounts charged to cost of production	3.800	2.093	47	197
<b>Depreciation and amortization expensed (Note 6)</b>	<b>3.180</b>	<b>3.548</b>	<b>1.042</b>	<b>757</b>

**6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:**

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

	<u>Group</u>		<u>Company</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Payroll (Note 4)	4.998	4.805	1.709	1.565
Advertising and promotion costs	750	670	574	314
Third party fees	5.211	1.107	2.196	603
Depreciation and amortization (Note 5)	3.180	3.548	1.042	757
Rent expense	1.115	1.055	653	501
Transportation cost	2.292	2.061	1.381	934

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Repairs and maintenance	409	563	165	191
Other	5.072	1.198	2.052	1.692
	<hr/>			
<b>Total</b>	<b>23.027</b>	<b>15.007</b>	<b>9.772</b>	<b>6.557</b>

**7. FINANCIAL INCOME/(EXPENSES), NET:**

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

	<u>Group</u>		<u>Company</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Interest on long term loans	(2.266)	(1.648)	(1.485)	(923)
Interest on short-term borrowings	(1.949)	(1.535)	(1.048)	(308)
Interest income on deposits	64	21	7	5
Exchange differences	(34)	(22)	(13)	(5)
Finance lease payments	(880)	(641)		
Profit on sale of investments	610		2.864	
Other financial expenses	(1.091)	(156)	(408)	(576)
	<hr/>			
<b>Total financial income /(expense), net</b>	<b><u>(5.546)</u></b>	<b><u>(3.981)</u></b>	<b><u>(83)</u></b>	<b><u>(1.807)</u></b>

**8. INCOME TAXES:**

According to the tax law, the income tax applicable to companies for the period of 2005 is 32% (35% through December 31, 2004).

In November 2004, a new tax act was approved whereby the corporate tax rate for companies will be gradually reduced from 35% to 25%. Specifically, for fiscal years 2005 and 2006 the tax rate is reduced to 32% and 29%, respectively and from fiscal year 2007 and onwards it is further reduced to 25%.

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

	<u>Group</u>		<u>Company</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current income taxes:				
- current income tax charge	1.026	779	668	589
- adjustments in respect of income tax of previous years	1.313	267	406	
Deferred income taxes	16	(59)	70	(15)
	<hr/>			
<b>Total provision for income taxes reported in the statement of income</b>	<b>2.355</b>	<b>987</b>	<b>1.144</b>	<b>575</b>

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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:

	<u>Group</u>		<u>Company</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Profit before income taxes</b>	<b>15.013</b>	<b>8.461</b>	<b>7.353</b>	<b>4.198</b>
Income taxes calculated at the nominal applicable tax rate (32% and 35%)	4.804	2.997	2.353	1.470
Additional tax assessments	1.313	266	406	
Tax effects of expenses not deductible for tax purposes	490	89	35	
Tax effect on transfers to tax free reserves	(4.252)	(2.374)	(1.549)	(895)
Effect of the change in tax rates		9	(101)	
<b>Income taxes reported in the statements of income</b>	<b>2.355</b>	<b>987</b>	<b>1.144</b>	<b>575</b>

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.

Neochimiki S.A has been audited by the tax authorities through December 31, 2004. With respect to Neochimiki S.A 's subsidiaries, their books and records have not been audited by the tax authorities for the year 2005 except for CHEMICAL SOLUTIONS SA , which hasn't been audited for the financial years 2003 and 2004.

In a future tax examination of the related unaudited years, additional taxes and penalties may be assessed to Neochimiki 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 applicable statutory income tax rate.

	<u>Group</u>	<u>Company</u>
Beginning balance, January 1, 2004	(7.529)	(1.793)
Charged directly to equity	6.440	2.141
Charged to the statement of income	59	15
<b>Ending balance, December 31, 2004</b>	<b>(1.030)</b>	<b>363</b>
	<u>Group</u>	<u>Company</u>
Beginning balance , January 1, 2005	(1.030)	363
Acquisition of subsidiary	(2.067)	
Charged directly to equity	(74)	(74)
Charged to the statement of income	(16)	(70)
<b>Ending balance, December 31, 2005</b>	<b>(3.187)</b>	<b>219</b>

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

<b>2004</b>	<b>Balance 1.1.2004</b>	<b>Charged to income statement</b>	<b>Charged directly to equity</b>	<b>Acquisition of subsidiary</b>	<b>Balance 31.12.2004</b>
Provision for doubtful debts	0	60			60
IPO costs written of to share premium	185	118			303
Write off of intangibles	297		-59		237
Provision for staff indemnities	43	1			44
Depreciation expense based on useful lives	(73)	(15)			(88)
Revaluation of PPE	(7.939)	(13)	6.499		(1.453)
Other	(40)	(94)			(131)
	<b>(7.527)</b>	<b>57</b>	<b>6.440</b>		<b>(1.030)</b>

<b>2005</b>	<b>Balance 1.1.2005</b>	<b>Charged to income statement</b>	<b>Charged directly to equity</b>	<b>Acquisition of subsidiary</b>	<b>Balance 31.12.2005</b>
Provision for doubtful debts	60	(13)		68	115
IPO costs written of to share premium	303	(94)			209
Write off of intangibles	238		(74)		164
Provision for staff indemnities	44	(6)			38
Depreciation expense based on useful lives	(88)	(49)		(2.135)	(2.272)
Revaluation of PPE	(1.453)	140			(1.313)
Other	(134)	5			(129)
	<b>(1.030)</b>	<b>(17)</b>	<b>(74)</b>	<b>(2.067)</b>	<b>(3.188)</b>

In case that parent company's untaxable reserves are distributed to the shareholders, these will be taxed under the tax rate being in force on the date of distribution. In case of distribution of retain earnings no tax is imposed.

**9. EARNINGS PER SHARE:**

The calculation of basic and diluted earnings per share as of December 31, 2005 and 2004, is as follows:

	<b>Company</b>	
	<b>31/12/2005</b>	<b>31/12/2004</b>
Net profit attributable to equity holders of the parent	<u>12.620</u>	<u>12.101</u>
Total weighted average number of shares outstanding	36.000	36.000
<b>Basic Earnings per share</b>	<b>0,35</b>	<b>0,20</b>

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**10. PROPERTY, PLANT AND EQUIPMENT:**

Property, plant and equipment is analyzed as follows:

**Group**

	<b>Land and buildings</b>	<b>Machinery equipment</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Construction in Progress (CIP)</b>	<b>Total</b>
<b>Cost or valuation</b>						
<b>1.1.2004</b>	<b>40.209</b>	<b>40.764</b>	<b>1.320</b>	<b>1.275</b>	<b>3.433</b>	<b>87.001</b>
Additions	7.370	23.036	39	282	206	<b>30.933</b>
Disposals	(2.901)	(3.370)	(31)	0	0	<b>(6.302)</b>
Transfers from CIP	0	3.433	0	0	(3.433)	<b>0</b>
Leased equipment	0	3.291	0	0	0	<b>3.291</b>
Acquisition of subsidiary	163	0	0	59	0	<b>222</b>
Transfers between classes	115	(115)	0	0	0	<b>0</b>
<b>31.12.2004</b>	<b>44.956</b>	<b>67.039</b>	<b>1.328</b>	<b>1.616</b>	<b>206</b>	<b>115.144</b>
<b>Depreciation</b>						
<b>1.1.2004</b>	<b>(632)</b>	<b>(1.281)</b>	<b>(638)</b>	<b>(441)</b>	<b>0</b>	<b>(2.992)</b>
Charge for the year	(843)	(2.501)	(188)	(208)	0	<b>(3.740)</b>
Disposals	182	402	19	0	0	<b>603</b>
Leased equipment	0	(1.573)	0	0	0	<b>(1.573)</b>
Acquisition of subsidiary	(6)	0	0	(29)	0	<b>(35)</b>
<b>31.12.2004</b>	<b>(1.299)</b>	<b>(4.953)</b>	<b>(807)</b>	<b>(678)</b>	<b>0</b>	<b>(7.737)</b>
<b>Net Book Value</b>						
<b>31.12.2004</b>	<b>43.652</b>	<b>62.086</b>	<b>523</b>	<b>940</b>	<b>206</b>	<b>107.407</b>
<b>Cost or valuation</b>						
<b>1.1.2005</b>	<b>44.956</b>	<b>67.039</b>	<b>1.328</b>	<b>1.616</b>	<b>206</b>	<b>115.144</b>
Exchange differences	(11)	66	2	2		60
<b>Total 1.1.2005</b>	<b>44.945</b>	<b>67.105</b>	<b>1.330</b>	<b>1.618</b>	<b>206</b>	<b>115.204</b>
Additions	20.769	28.877	23	1.151	5	50.825
Disposals	(8.869)	0	0	(55)	0	(8.924)
Transfers from CIP	206	0	0	0	(206)	0
Acquisition of subsidiary	9.964	12.227	240	375	0	22.806
<b>31.12.2005</b>	<b>67.015</b>	<b>108.210</b>	<b>1.592</b>	<b>3.089</b>	<b>5</b>	<b>179.910</b>
<b>Depreciation</b>						
<b>1.1.2005</b>	<b>(1.299)</b>	<b>(4.953)</b>	<b>(806)</b>	<b>(678)</b>	<b>0</b>	<b>(7.737)</b>
Exchange differences	0	(29)	(1)	0	0	(30)
<b>Total 1.1.2005</b>	<b>(1.299)</b>	<b>(4.982)</b>	<b>(807)</b>	<b>(678)</b>	<b>0</b>	<b>(7.767)</b>
Charge for the year	(873)	(5.327)	(172)	(273)	0	(6.644)
Disposals	6	1	0	29	0	36
Acquisition of subsidiary	0	(611)	(110)	(231)	0	(952)
<b>31.12.2005</b>	<b>(2.166)</b>	<b>(10.919)</b>	<b>(1.089)</b>	<b>(1.153)</b>	<b>0</b>	<b>(15.327)</b>
<b>Net Book Value</b>						
<b>31.12.2005</b>	<b>64.850</b>	<b>97.291</b>	<b>503</b>	<b>1.936</b>	<b>5</b>	<b>164.584</b>

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**Company**

	<b>Land and buildings</b>	<b>Machinery equipment</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Total</b>
<b>Cost or valuation</b>					
<b>1.1.2004</b>	<b>14.094</b>	<b>7.342</b>	<b>557</b>	<b>728</b>	<b>22.721</b>
Additions	5.328	4.161	7	102	<b>9.597</b>
Disposals	(2.901)	(384)	(31)	-	<b>(3.316)</b>
<b>31.12.2004</b>	<b>16.521</b>	<b>11.119</b>	<b>533</b>	<b>829</b>	<b>29.002</b>
<b>Depreciation</b>					
<b>1.1.2004</b>	(588)	(1.281)	(365)	(327)	<b>(2.562)</b>
Charge for the year	(140)	(377)	(48)	(105)	<b>(670)</b>
Disposals	182	142	19	-	<b>343</b>
<b>31.12.2004</b>	<b>(546)</b>	<b>(1.516)</b>	<b>(394)</b>	<b>(433)</b>	<b>(2.889)</b>
<b>Net Book Value</b>					
<b>31.12.2004</b>	<b>15.975</b>	<b>9.603</b>	<b>139</b>	<b>397</b>	<b>26.114</b>

	<b>Land and buildings</b>	<b>Machinery equipment</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Total</b>
<b>Cost or valuation</b>					
<b>1.1.2005</b>	<b>16.521</b>	<b>11.119</b>	<b>533</b>	<b>829</b>	<b>29.002</b>
Additions	8.895	3.007		187	<b>12.089</b>
Disposals	(8.869)				<b>(8.869)</b>
<b>31.12.2005</b>	<b>16.548</b>	<b>14.126</b>	<b>533</b>	<b>1.016</b>	<b>32.223</b>
<b>Depreciation</b>					
<b>1.1.2005</b>	(546)	(1.516)	(394)	(433)	<b>(2.889)</b>
Charge for the year					
Disposals	(75)	(527)	(29)	(122)	<b>(753)</b>
<b>31.12.2005</b>	<b>(622)</b>	<b>(2.043)</b>	<b>(423)</b>	<b>(554)</b>	<b>(3.642)</b>
<b>Net Book Value</b>					
<b>31.12.2005</b>	<b>15.926</b>	<b>12.083</b>	<b>110</b>	<b>462</b>	<b>28.581</b>

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**Use of fair value as revaluated cost:** Within 2004, the Company engaged an independent firm of appraisers to conduct a valuation of its plots of land, buildings and machinery as of January 1, 2004 (transition date of IFRS). The valuations were performed based on various appropriate valuation techniques depending on the nature and usage of the valued items.

The main valuation techniques used were as follows:

- The market approach for the plots of land,
- The market approach and/or income approach for the urban buildings and,
- The depreciated replacement cost method for the industrial buildings and the machinery.

In addition, the appraisers provided the economic useful lives of the items of property, plant and equipment from the date of acquisition or construction which are set forth in Note 3. Depreciation in the accompanying statements of income has been determined after abstracting from the economic useful life of each fixed asset the years elapsed from the date of acquisition or construction through to the IFRS transition date.

Neochimiki used the fair values to estimate land, buildings and machinery, adopting the revaluation method for these fixed assets according to the IFRS 16. The revaluations surplus were transferred to revaluation reserve included in equity. The Company every 3-5 years revaluates its fixed assets. The Company at 31 December 2005 did not revaluated its fixed assets because it estimated that their value did not significantly changed during the period 1/1/2004-31/12/2005.

**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, 2004, 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 on land and buildings was taxed at 2% and 8%, respectively.

The Group has no financial leases in force.

There are no restrictions on title or transfer or other encumbrances on the Company's property. In addition, no item of property, plant and equipment has been pledged as security for liabilities.

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**11. GOODWILL:**

The movement of goodwill for the year ended December 31, 2005 and December 31, 2004 in the consolidated financial statements has as follows:

	<u>January 1, 2004</u>	<u>Additions</u>	<u>Other movements</u>	<u>December 31, 2004</u>
Goodwill of acquisition		4.796	-	4.796
		4.796	0	4.796

  

	<u>January 1, 2005</u>	<u>Additions</u>	<u>Other movements</u>	<u>December 31, 2005</u>
Goodwill of acquisition	4.796	7.894	(2.864)	9.826
	4.796	7.894	(2.864)	9.826

Goodwill on acquisition is calculated as follows:

	<b>Global Galax S.A.</b>	<b>Lamda Detergent S.A.</b>	<b>Total</b>	<b>BALLIS Chemicals ABEE</b>	<b>NOBION A.E.</b>	<b>Total</b>
Property, plant and equipment	187	49.885	50.073	7.611	14.403	22.014
Inventories	116	6.995	7.111	1.420	-	1.420
Receivables and other assets	312	10.275	10.586	1.808	117	1.925
Cash and cash equivalents	83	510	594	1.213	60	1.273
Payables	(238)	(43.265)	(43.504)	(3.946)	(539)	(4.485)
Liability for graduity		(31)	(31)	(27)	-	(27)
Other liabilities		(54)	(54)	(44)	-	(44)
Deferred income taxes		43	43	69	(2.135)	(2.067)
Net assets at acquisition	460	24.358	24.818	8.102	11.906	20.008
Less: results of December 2005				14	-	14
Effective % acquired	60,00%	8,18%		8.116 69,67%	11.906 100,00%	20.022
<b>Net assets acquired</b>	<b>276</b>	<b>1.993</b>	<b>2.268</b>	<b>5.645</b>	<b>11.906</b>	<b>17.551</b>
Cash paid	2.160	4.904	7.064	5.044	19.800	24.844
Net assets acquired	(276)	(1.993)	(2.268)	(5.645)	(11.906)	(17.551)
<b>Goodwill (Note 12)</b>	<b>1.884</b>	<b>2.912</b>	<b>4.796</b>	<b>(601)</b>	<b>7.894</b>	<b>7.293</b>
Cash paid	2.160	4.904	7.064	5.044	19.800	24.844

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Cash acquired	(54)	(54)				
<b>Cash outflow at acquisition</b>	<b>2.106</b>	<b>4.904</b>	<b>7.010</b>	<b>5.044</b>	<b>19.800</b>	<b>24.844</b>

**Key assumptions used in value in use of calculation of above impairment tests for January 1, and December 31, 2005.**

*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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**12. INTANGIBLE ASSETS**

**Group**

	<u>Goodwill</u>	<u>Software</u>	<u>Other</u>	<u>Total</u>
<b>Cost</b>				
At January 1, 2004		<b>680</b>	<b>64</b>	<b>744</b>
Additions	4.796	951	532	6279
Impairment			(596)	(596)
At December 31, 2004	<b>4.796</b>	<b>1.631</b>	<b>0</b>	<b>6.427</b>
<b>Accumulated amortization</b>				
At January 1, 2004		(145)	(13)	(158)
Additions		(326)	(42)	(368)
Impairment			55	55
At December 31, 2004		(471)	0	(471)
	<b>4796</b>	<b>1.160</b>	<b>0</b>	<b>5.956</b>

	<u>Goodwill</u>	<u>Software</u>	<u>Trademarks</u>	<u>Total</u>
<b>Cost</b>				
At January 1, 2005	<b>4.796</b>	<b>1.631</b>		<b>6.427</b>
Additions		73	350	423
Acquisition of subsidiary	7.894	289		8.183
Disposal of subsidiary	(2.864)			(2.864)
At December 31, 2005	<b>9.826</b>	<b>1.993</b>	<b>350</b>	<b>12.169</b>
<b>Accumulated amortization</b>				
At January 1, 2005		(471)		(471)
Additions		(336)		(336)
Acquisition of subsidiary		(129)		(129)
At December 31, 2005		(936)		(936)
	<b>9.826</b>	<b>319</b>	<b>350</b>	<b>11.234</b>

**Company**

<b>Software</b>	<u>2005</u>	<u>2004</u>
<b>Cost</b>		
At January 1 200	1.631	680
Additions	61	951
At December 31	<u>1.692</u>	<u>1.631</u>
<b>Accumulated amortization</b>		
At January 1	(471)	(145)
Additions	(336)	(326)
At December 31	<u>(807)</u>	<u>(471)</u>
	<b>885</b>	<b>1.160</b>

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**13. INVENTORIES:**

Inventories are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2005</u>	<u>31/12/2004</u>	<u>31/12/2005</u>	<u>31/12/2004</u>
Finished and semi-finished products	6.775	2.040	41	21
Raw materials and supplies	10.696	7.085	525	205
Merchandise	19.201	10.010	12.799	7.890
<b>Total</b>	<b>36.672</b>	<b>19.135</b>	<b>13.365</b>	<b>8.116</b>

**14. TRADE AND OTHER ACCOUNTS RECEIVABLE:**

Trade and other accounts receivable are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Trade:</b>				
Trade accounts receivable	17.561	17.364	42.037	15.007
Post-dated cheques receivable	3.240	580	638	272
Drafts receivable	151	2	6	2
	20.952	17.946	42.681	15.281
Less: allowance for doubtful accounts receivable	(3.151)	(189)	(189)	(189)
<b>Total trade debtors</b>	<b>17.801</b>	<b>17.757</b>	<b>42.492</b>	<b>15.092</b>
Other debtors	2.599	3.107	865	333
Prepayments and other receivables	3.898	585	512	209
	<b>24.298</b>	<b>21.449</b>	<b>43.869</b>	<b>15.634</b>

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**15. RELATED PARTY DISCLOSURES:***i) Transactions with related parties:*

The consolidated financial statements include the financial statements of Neochimiki L.V. Lavrentiadis S.A. and its subsidiaries listed in Note 3(a)

Neochimiki 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 companies, which have common ownership and/or management with Neochimiki.

Account balances of the company with its associates are as follows:

<b>RECEIVABLES</b>	<b>31.12.2004</b>	<b>31.12.2005</b>
LAMDA DETERGENT S.A.	3.582	14.900
LAMDA LAMDA S.A.	5.742	6.347
LAMDA POLYMERS INTERNATIONAL S.A.	2.475	2.865
LAMDA PACK S.A.	3.331	7.305
LAMDA FERTILIZERS S.A	1.560	2.647
CHEMICAL SOLUTIONS S.A.	0	455
BALLIS S.A.	0	802
NEOCHIMIKI BEOGRAD	137	1.183
NEOCHIMIKI ROMANIA S.A.	619	772
NEOCHIMIKI BULGARIA	0	485
NEOCHIMIKI L.V.LAVRENTIADIS LTD	0	250
LAMDA COSMETICS	0	2.533
GLOBAL GALAX	44	144
<b>TOTAL</b>	<b>17.490</b>	<b>40.689</b>

<b>PAYABLES</b>	<b>31.12.2004</b>	<b>31.12.2005</b>
ATLANTIC POLYMERS	0	932
SPEDIMET S.A.	114	79
NEOCHIMIKI INTERNATIONAL	0	522
NEOCHIMIKI ROMANIA S.A.	1	0
<b>TOTAL</b>	<b>115</b>	<b>1.533</b>

Account balances in consolidated level (after the erasure of intercompany transactions) at the end of the year 2005 according to IFRS 24 does not exist.

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The respective sales of goods and services of the company with its associates are as follows:

<b>Purchases :</b>	<b>01.01- 31.12.2004</b>	<b>01.01- 31.12.2005</b>
LAMDA DETERGENT S.A.	17.577	19.217
LAMDA LAMDA S.A.	87	2.655
LAMDA PACK S.A.	1.597	94
LAMDA POLYMERS INTERNATIONAL S.A.	1	113
PETRONET S.A.	10	374
LAMDA FERTILIZERS.	356	1.857
SPEDIMET S.A.	68	108
ATLANTIC POLYMERS & CHEMICALS S.A.	923	120
NEOCHIMIKI ROMANIA S.A.	1	0
CHEMICAL SOLUTIONS S.A.	0	24
NEOCHIMIKI INTERNATIONAL S.A.	0	20
BALLIS S.A.	0	26
NEOCHIMIKI A.D. BEOGRAD	0	0
<b>ΣΥΝΟΛΟ ΑΓΟΡΩΝ</b>	<b>20.619</b>	<b>24.608</b>

<b>ΕΝΔΟΕΤΑΙΡΙΚΕΣ ΠΩΛΗΣΕΙΣ</b>	<b>01.01- 31.12.2004</b>	<b>01.01- 31.12.2005</b>
LAMDA DETERGENT S.A.	4.245	27.456
LAMDA LAMDA S.A.	4.154	3.576
LAMDA PACK S.A.	5.035	6.403
LAMDA POLYMERS INTERNATIONAL S.A.	6.263	5.159
CHEMICAL SOLUTIONS S.A.	1.957	102
PETRONET S.A.	4.539	6.455
LAMDA FERTILIZERS	4.553	2.927
ATLANTIC POLYMERS & CHEMICALS S.A.	3.016	174
GLOBAL GALAX SA	241	479
NEOCHIMIKI ROMANIA S.A.	687	1.161
NEOCHIMIKI A.D. BEOGRAD	137	1.515
CHEMICAL INNOVETION S.A.	0	217
NEOCHIMIKI INTERNATIONAL S.A.	0	77
BALLIS S.A.	0	52
NEOCHIMIKI BULGARIA	0	335
<b>TOTAL</b>	<b>34.827</b>	<b>56.089</b>

The amounts of purchases and sales in consolidated level (after the erasure of intercompany transactions) from the beginning of the year 2005 with connected companies according to IFRS 24 are €309 and €41 thousand respectively and are related to building rents for the head office of the Company and its subsidiaries.

Sales and services are provided at normal price market. Trade balances at the end of the year are not reassured and the arrangement takes place in cash. No assurances were given or received for the above receivables. For the year ended December 31, 2005 the Company has not formed any provision for receivables coming from related parties.

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**16. CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2005</u>	<u>31/12/2004</u>	<u>31/12/2005</u>	<u>31/12/2004</u>
Cash in hand	15	16	2	1
Cash at banks	4.798	1.833	939	520
<b><u>Total</u></b>	<b><u>4.813</u></b>	<b><u>1.849</u></b>	<b><u>941</u></b>	<b><u>521</u></b>

Cash at banks earn interest at floating rates based on monthly bank deposit rates.

**17. SHARE CAPITAL:**

At December 31, 2005, the Company's share capital amounted to € 10.800 and comprised of 36.000 registered shares of € 0,30 per value each.

**18. LEGAL, TAX FREE AND SPECIAL RESERVES:**

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

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2005</u>	<u>31/12/2004</u>	<u>31/12/2005</u>	<u>31/12/2004</u>
Legal reserve	1.281	838	673	522
Revaluation reserve	19.705	20.575	6.286	6.286
Tax free and specially taxed reserves	23.368	13.476	10.973	6.132
Exchange equalisation reserve	8	(18)		
Other reserves	148	151	147	147
<b><u>Total</u></b>	<b><u>44.510</u></b>	<b><u>35.022</u></b>	<b><u>11.793</u></b>	<b><u>13.087</u></b>

**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 books 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 in the stock exchange which are non taxable or has been specially taxed (15%) at source. 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 exempt 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

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**Special Reserves:** Special reserve formation is based on Greek laws. These 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).

Special reserves relate mainly to investments and are not distributed and, accordingly, the Company, has not provided for deferred income tax.

#### 19. DIVIDENDS:

Under Greek corporate law, companies are required each year to declare from their statutory profits, dividends of at least 35% of after-tax statutory profit, after allowing for legal reserve, or a minimum of 6% of the paid-in share capital, whichever is greater. With the unanimous consent of all shareholders, a company may not declare any dividend.

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 February 20, 2006, the Company's Board of Directors approved a dividend distribution from the 2005 statutory profits of € 1.007 thousand (€ 0.17 per share) which is going to be approved by the Annual General Meeting. According to IFRS these dividends are included in the consolidated equity until the approval of the profit distribution from the General Meeting of the shareholders.

#### 20. INTEREST BEARING LOANS AND BORROWINGS:

Interest bearing loans and borrowings outstanding at December 31, 2005 and 2004 are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2005</u>	<u>31/12/2004</u>	<u>31/12/2005</u>	<u>31/12/2004</u>
Long term bank loan	18.017	18.000	18.000	18.000
Bond	102.000	39.635	62.000	19.635
Finance lease	66	29,347	-	-
	<b>120.083</b>	<b>67.432</b>	<b>80.000</b>	<b>37.635</b>
Less: payable within one year		(5.230)		(2.730)
<b>Long-term portion</b>	<b>120.083</b>	<b>62.202</b>	<b>80.000</b>	<b>34.905</b>

The Group has issued two bonds and one long term bank loan. The first bond of € 62 million was bought on 15 December 2005 and financed the repayment of the previously received short term loans. The interest rate of this loan is fluctuant according to Euribor increased by 1.80%. There are no pledges or restrictions to the Company's assets in connection with the loan. The company's bond

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is free of charges. There are covenants (covenants) referring to the maintenance of specific  
financial figures and ratios for all the duration of the bond.

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The repayment timetable is presented in the following table.

Repayment timetable	
Date	(in €'000)
15/12/2008	6.200
15/12/2009	6.200
15/12/2010	12.400
15/12/2011	12.400
15/12/2012	24.800
<b>Total</b>	<b>62.000</b>

On December 30, 2005, the company proceeded to the repayment of the bond of € 20,000 th.as well as of the total of its short-term borrowings. It also issued a new bond of € 40,000 th., with a view to re-finance its existing borrowings with more permanent working capital. The interest rates of the said loan are fluctuant according to Euribor increased by 1.80%. The repayment timetable and the share of participation of each bank to the new bond is presented in the following table.

Repayment timetable	
Date	(in €'000)
30/12/2008	4.000
30/12/2009	4.000
30/12/2010	8.000
30/12/2011	8.000
30/12/2012	16.000
<b>Total</b>	<b>40.000</b>

The company's bond is free of charges. There are covenants (covenants) referring to the maintenance of specific financial figures and ratios for all the duration of the bond.

#### 21. PENSION AND STAFF RETIREMENT INDEMNITIES:

**Staff Retirement Indemnities:** Under the labour law of the countries in which the Company operates , employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's or worker's compensation, length of service and manner of termination (dismissed or retired). 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 retirement (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 pension plans are not funded and recommend defined benefit plans according to IAS 19. In accordance with this practice, the Company does not fund these plans. The Company charges operations for benefits earned in each period with a corresponding increase in pension liability. Benefits payments made each period to retirees are charged against this liability.

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

	<b>Group</b> <b>31/12/2005</b>	<b>Company</b> <b>31/12/2004</b>
<b>Net liability at beginning of the year/period</b>	<b>122</b>	<b>50</b>
Actual benefits paid by the Company	(105)	(35)
Expense recognised in the statements of income (Note 4)	120	16
<b>Net liability at end of the year/period</b>	<b>137</b>	<b>31</b>

An international firm of independent actuaries evaluated the Company's liabilities arising from the obligation to pay retirement indemnities. The principal assumptions of the actuarial study as at December 31, 2005 have been as follows:

**Principal Assumptions:**

Discount rate	3,5%
Rate of compensation increase	3,6%
Increase in consumer price index	2%

**22. TRADE ACCOUNTS PAYABLE:**

Trade accounts payable are analyzed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31/12/2005</b>	<b>31/12/2004</b>	<b>31/12/2005</b>	<b>31/12/2004</b>
Trade suppliers	35.189	11.781	13.151	4.644
Post-dated cheques payable	593			
Notes payable	266	242	122	47
	<b>36.048</b>	<b>12.023</b>	<b>13.273</b>	<b>4.691</b>
Other liabilities and accrued expenses	2.215	591	768	657
	<b>38.263</b>	<b>12.614</b>	<b>14.041</b>	<b>5.348</b>

**23. SHORT-TERM BORROWINGS:**

	<b>Group</b>		<b>Company</b>	
	<b>31.12.2005</b>	<b>31.12.2004</b>	<b>31.12.2005</b>	<b>31.12.2004</b>
<b>Short-term borrowings</b>				
Bank loans	9.022	15.820	9.022	8.020
Long-term loans payable within one year	3	5.230		2.730
Financial Lease	159	2.064		
	<b>9.184</b>	<b>23.114</b>	<b>9.022</b>	<b>10.750</b>

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### 24. CONTINGENCIES AND COMMITMENTS:

#### Litigation and claims:

The Company is involved in different judicial cases. The management and Company's layers estimate that all the open judicial cases will be arranged without negative material consequences at its equity and its operating results.

### 25. SEGMENT INFORMATION:

During December 31, 2005 Group's activities consist one enterprise segment. It is about the segment of chemical products distribution and the detergent production distribution. Consequently, the main interest of financial information is revolved on the geographical allocation of Group's activity, where different economical environments are accompanied by different risks and benefits.

The geographical segments of the Group are two. The main country of Group's activity is Greece. The other regions are the places where products are sold. Group's sales mostly take place in countries of the European Community, the Southern Eastern Europe and the Middle East.

The results of those segments that ended 31 December 2005 and 2004 are as follow:

2004	Greece	Other Countries	Total
<b>Commercial activity</b>			
Trading activity	45.638	4.878	50.516
Industrial activity	26.103	6.286	32.389
Total of sales	<b>71.741</b>	<b>11.164</b>	<b>82.905</b>
<b>Gross profit</b>			<b>26.672</b>
Other revenues of the current period			777
Operating expenses			(15.007)
<b>Operating result</b>			<b>12.442</b>
Financial Cost			(3.981)
<b>Result before taxes</b>			<b>8.461</b>
Tax revenues			(987)
<b>Result after taxes</b>			<b>7.475</b>
Minorities			(150)
<b>Net result of Group</b>			<b>7.325</b>

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<b><u>2005</u></b>	<b>Greece</b>	<b>Other Countries</b>	<b>Total</b>
Trading activity	67.519	14.343	81.862
Industrial activity	51.568	9.110	60.678
Total of sales	<b>119.087</b>	<b>23.453</b>	<b>142.540</b>
<b>Gross profit</b>			
Other revenues of the current period			711
Operating expenses			<u>(23.027)</u>
<b>Operating result</b>			<b>20.559</b>
Financial Cost			<u>(3.643)</u>
<b>Result before taxes</b>			<b>16.916</b>
Tax revenues			<u>(2.355)</u>
<b>Result after taxes</b>			<b>14.561</b>
Minorities			<u>(317)</u>
<b>Net result of Group</b>			<b>14.244</b>

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**APPENDIX I.**

**Adoption of the International Financial Reporting Standards**

These interim financial statements are the first financial statements that are compiled and published by the Group in accordance with the International Financial Reporting Standards.

Due to the obligation to set out comparatives on the same basis as the one used for reporting the amounts of the current period, the valuation and adjustment of the individual assets and liabilities of the Company and the Group was performed on December 31<sup>st</sup>, 2003, resulting in a restatement of the financial statements that have been previously compiled and published in accordance with the preexisting provisions of the Greek Companies' Act.

The most important adjustments that were deemed necessary concern the following:

- The writing - off of various expenses that have been capitalized in the past and were being amortized over a period of time.
- The adjustment of the depreciation rates of the fixed intangible assets, in order to reflect the useful life of these assets.
- The recognition of the Company's and the Group's obligations towards the employees, to provide them in the future benefits depending on each employee's years of service.
- To reclassify "unearned" government grants from shareholders equity to liabilities and report them as deferred income.

and

- To recognize the impact of deferred taxation

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	<b>Group</b>		<b>Company</b>	
	<b>31.12.2003</b>	<b>31.12.2004</b>	<b>31.12.2003</b>	<b>31.12.2004</b>
<b>Equity as previously disclosed</b>				
<b>Adjustments due to IFRS:</b>	<b>28.428</b>	<b>43.780</b>	<b>23.069</b>	<b>30.532</b>
<b><u>To Equity (except for retained earnings)</u></b>				
Reduction of share premium by the expenses of the public offering of shares, that had previously been capitalised (including deferred tax)	-848	-848	-848	-848
Deferred taxes of previous adjustment	7.527	769	296	237
Transfer of government grants from shareholders' equity to deferred revenues	-188		-188	
Effect of fixed asset valuation adjustments on reserves (including deferred tax)	14.290	3.973	6.286	
Goodwill from investment acquisitions previously reported as part of shareholders' equity		4606		
Effect on initially calculated goodwill due to adjustments of the financial statements of the acquired companies from the adoption of IFRS		190		
<b><u>To Retained Earnings</u></b>				
Adjustment of depreciation of tangible assets from the adoption of depreciation rates related to the useful life of the assets	-278	-196		29
Amortization of expenses previously capitalized	-303	-682	-274	-195
Adjustment in reported value of receivables		-189		-189
Recognition of employee benefit obligations due to retirement	-127	187	-61	61
Recognition of deferred tax	113	186	111	139
Recognition of gains from exchange differences resulting from the valuation of liabilities and receivables in foreign currency	19	13	19	13
Adjustment from different accounting treatment of financial leasing	112	331		
Transfer of dividends to the accounting period in which they are declared	2.016	2.196	2.016	2.196
Other adjustments		36		
<b>Total adjustments</b>	<b>22.333</b>	<b>10.572</b>	<b>7.357</b>	<b>1.443</b>
<b>Invested equity funds, per the International Financial Reporting Standards</b>	<b>50.761</b>	<b>54.352</b>	<b>30.426</b>	<b>31.975</b>

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	<b>Group</b>	<b>Company</b>
	<b>01.01-31.12.2004</b>	<b>01.01-31.12.2004</b>
<b>Net profit after tax and after minority share as previously disclosed</b>	<b>7.478</b>	<b>3.560</b>
<i>Adjustments due to IFRS:</i>		
Adjustment of depreciation of tangible assets from the adoption of depreciation rates related to the useful life of the assets	(167)	28
Amortization of expenses previously capitalized	(374)	79
Adjustment in reported value of receivables	(189)	(189)
Recognition of deferred tax	72	28
Recognition of gains from exchange differences resulting from the valuation of liabilities and receivables in foreign currency	(5)	(5)
Adjustment from different accounting treatment of financial leasing	219	
Recognition of employee benefit obligations due to retirement	310	122
Other adjustments	(19)	
<b>Total adjustments</b>	<b>(153)</b>	<b>63</b>
<b>Net profit after tax and minority share per the International Financial Reporting Standards</b>	<b>7.325</b>	<b>3.623</b>