

NEOCHIMIKI L.V. LAVRENTIADIS S.A.
Interim Financial Statements
for the three-month period from 1 January to 31 March 2005



This is to certify that the attached Interim Financial Statements are those which have been approved by the Board of Directors of NEOCHIMIKI L.V. LAVRENTIADIS S.A. on 27 April 2005 and have been published by filing them with the Registrar of Companies and by posting them on the internet, at the address 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.

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INCOME STATEMENT
(amounts in thousand Euro)

		Group		Company	
		A Trimester 2005	A Trimester 2004	A Trimester 2005	A Trimester 2004
Sales	3a	24.489	16.541	15.417	13.325
Cost of sales	4	(16.326)	(11.175)	(11.540)	(10.830)
Gross profit	3b	8.163	5.366	3.878	2.495
Other operating income – expenses (net)		121	74	27	55
Selling, distribution expenses	4	(2.999)	(1.833)	(1.460)	(935)
Administrative expenses	4	(983)	(668)	(402)	(234)
Operating profit		4.303	2.939	2.042	1.380
Finance costs (net)	5	(1.154)	(843)	(558)	(369)
Net profit before tax		3.149	2.096	1.485	1.011
Income tax expense	6	(481)	(264)	(232)	(152)
Net profit for the period		2.669	1.832	1.253	860
Attributable to:					
Equity holders of the parent		2.671	1.758		
Minority Interest		(2)	74		
		2.669	1.832		
Earnings per share basic (after tax) (in Euro)		0,07	0,05	0,03	0,02

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BALANCE SHEET (amounts in thousand Euro)

		Group		Company	
		31.3.2005	31.12.2004	31.3.2005	31.12.2004
ASSETS					
Non-current assets					
Intangible assets		5.905	5.956	1.109	1.160
Property, plant and equipment	7	111.123	107.002	30.285	26.114
Deferred tax asset	6			234	363
Investments in affiliated companies				33.740	31.740
Other long-term receivables		152	116	78	41
		117.179	113.074	65.446	59.417
Current Assets					
Stocks	9	23.172	19.135	8.330	8.116
Trade and other receivables	10	28.461	21.449	15.659	15.634
Cash and cash equivalents	12	1.899	1.849	832	521
		53.532	42.432	24.820	24.271
Total Assets		170.711	155.506	90.266	83.688
EQUITY					
Of parent shareholders :					
Share capital	13	10.800	10.800	10.800	10.800
Share premium account		5.677	5.677	5.677	5.677
Reserves	14	34.463	34.489	13.086	13.087
Retained earnings (loss)		5.420	2.822	3.591	2.411
		56.360	53.788	33.154	31.975
Minority interest:		201	274		
Total equity		56.562	54.062	33.154	31.975
LIABILITIES					
Long-term liabilities					
Long-term debt	15	61.640	62.202	37.635	37.635
Deferred tax liabilities	6	1.117	914		
Personnel dismissal and retirement compensation provisions		131	122	54	50
Provisions and other long-term liabilities	16	69	50		
		62.959	63.288	37.689	37.685
Short-term liabilities					
Trade and other payables	17	15.915	12.614	9.346	4.891
Income tax payable		1.920	2.427	1.063	1.116
Short-term borrowings	15	33.357	23.114	9.013	8.020
		51.191	38.156	19.422	14.027
Total Equity and Liabilities		170.711	155.506	90.266	83.688

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	The Group									
	Share Capital	Share premium	Legal reserve	Asset revaluation reserve	Special reserves	Tax-free reserves	Total reserves	Retained earnings	Minority interest	Grand total
Balance 01/01/2004 (according to the previous accounting principles)	10.800	6.525	551		320	7.065	7.936	1.891	1.272	28.424
IFRS adjustments		(848)		6.286	(188)		6.098	2.137	(7)	7.380
Balance 01/01/2004 Under IFRS	10.800	5.677	551	6.286	132	7.065	14.034	4.028	1.265	35.804
Net income for the period							-	1.832		1.832
Exchange differences					16	4	20	(15)	4	9
Transfer to minority								(74)	74	
Balance 31/3/2004	10.800	5.677	551	6.286	148	7.069	14.054	5.772	1.343	37.646
Balance 01/01/2005	10.800	5.677	836	20.043	132	13.477	34.488	2.823	274	54.062
Net income for the period								2.671		2.671
Deferred tax								(73)		(73)
Dividends to minority									(70)	(70)
Exchange differences					(24)		(24)	(4)		(28)
Transfer to minority								2	(2)	
Balance 31/3/2005	10.800	5.677	836	20.043	108	13.477	34.464	5.418	202	56.562

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	The Company								
	Share Capital	Share premium	Legal reserve	Asset revaluation reserve	Special reserves	Tax-free reserves	Total reserves	Retained earnings	Grand total
Balance 01/01/2004 (according to the previous accounting principles)	10.800	6.525	385		335	3.614	4.334	1.410	23.069
IFRS adjustments		(848)		6.286	(188)		6.098	2.107	7.357
Balance 01/01/2004 Under IFRS	10.800	5.677	385	6.286	147	3.614	10.432	3.517	30.427
Net income for the period								860	860
Deferred tax								(15)	(15)
Balance 31/3/2004	10.800	5.677	385	6.286	147	3.614	10.432	4.361	31.272
Balance 01/01/2005	10.800	5.677	522	6.286	147	6.132	13.087	2.410	31.974
Net income for the period								1.253	1.253
Deferred tax								(73)	(73)
Balance 31/3/2005	10.800	5.677	522	6.286	147	6.132	13.087	3.590	33.154

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	Group		Company	
	1.1. – 31.3.2004	1.1. – 31.3. 2004	1.1. – 31.3.2004	1.1. – 31.3. 2004
Cash flows from operating activities				
Net profit before taxes (and minority interests)	3.149	2.096	1.485	1.005
Net finance costs	1.009	642	558	369
Impairment charge		66		
Amortization of government grants		(47)		(47)
Depreciation and amortization	1.591	1.151	231	159
	5.750	3.908	2.274	1.486
Long-term guarantees paid	(36)			
(Increase)/(decrease) of reserves	(4.037)	(1.554)	(213)	(1.080)
(Increase)/(decrease) of receivables	(10.339)	2.106	(24)	(1.505)
Increase /(decrease) of liabilities	3.307	(3.484)	3.726	353
Provisions	4	47		47
Increase provision for post-employment benefits	2		(4)	
Cash generated from operations	(5.349)	1.023	5.759	(700)
Interest paid	(336)	(648)	(87)	(373)
Income taxes paid	(153)			
Net cash flows (used in)/ from operating activities	(5.838)	375	5.671	(1.073)
Cash flows from investing activities				
Purchase of intangible assets	(32)	(104)	(32)	(18)
Purchase of property, plant and equipment	(5.610)	(2.881)	(4.320)	(2.281)
Acquisition of subsidiaries (net of cash acquired)			(2.000)	(39)
Net cash flows used in investing activities	(5.642)	(2.985)	(6.352)	(2.338)
Cash flows from financing activities				
Proceeds of long-term borrowings	(3)			
Proceeds of short-term borrowings	12.274	1.947	993	3.448
Repayments on long-term borrowings	1			
Repayments on short-term borrowings	1	1.810		
Finance lease payments	(671)	(681)		
Dividends payable to minority rights	(70)			
Net cash flows from financing activities	11.531	3.077	993	3.448
Net increase in cash and cash equivalents	52	467	312	36
Cash and cash equivalents in the beginning of period	1.848	1.205	520	666
Cash and cash equivalents at the end of the period	1.899	1.672	832	702

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A. Corporate information

The Group consists of the Parent company NEOCHIMIKI –L.V. LAVRENTIADIS S.A. with the distinctive title NEOCHIMIKI S.A. ('the Company' or the 'Parent Company') and its subsidiaries ('the Group'). The principal activities of the Group are distribution of chemical products of multinational firms and the production of detergents. The Company's and the Group's registered address is 34, Pentelis Street, 175 64 Palaio Faliro, Greece and they employ a total of 320 people.

The Company's shares are listed in the main market of the Athens Stock Exchange.

The Company's and the Group's financial statements for the period ended on March 31st 2005 have been authorized for issue on April 26, 2005 by the Board of Directors.

The subsidiary companies included in the attached consolidated financial statements of the Group are presented in the note Bii.

B. Summary of significant accounting policies

The basic accounting principles adopted in the preparation of the interim financial statements are presented below:

i. Basis of preparation of financial statements

The financial statements have been prepared on the historical cost basis, with the exception of the evaluation of particular elements of assets and liabilities in current values and based on the principal that the Group will continue its operation.

These interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) that are prescribed by the International Accounting Standards Board (IASB) and which have been adopted by the European Union.

The Group has prepared financial statements in accordance with IFRS for the first time for the period that ended on December 31, 2004. No Standards have been Implemented prior to the commencement date of their implementation.

These financial statements are based in the financial statements prepared by the Group in accordance with the Greek Commercial Law, adjusted with the proper off-balance sheet accounts, in order to comply with IFRS.

The preparation of the financial statements in accordance with generally accepted accounting principles requires the use of estimations and assumptions affecting the balances of the assets and liabilities accounts, and disclosure of potential assets and liabilities records on the preparation date of the financial statements, as well as the disclosed income and expenses during the years in question. Although these estimates are based on the best knowledge of the management (of the Group) the real results may eventually differ from these estimates.

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ii. Consolidation

(1) Base of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The subsidiaries included in these consolidated financial statements are as follows:

A/A	Company's Name	Incorporati on (Country)	Business	% Participation
1.	Lamda Detergent S.A.	Greece	Detergents	100%
2.	Lamda Lamda S.A.	Greece	Solvents	99.99%
3.	Lamda Pack S.A.	Greece	Chemicals	99.99%
4.	Lamda Polymers Int'l S.A.	Greece	Polymers	99.99%
5.	Petronet S.A.	Greece	Base Oils & Lubricants	99.99%
6.	Lamda Fertilizers S.A.	Greece	Fertilizers	99.99%
7.	Spedimet S.A.	Greece	Transportatio n	80,43%
8.	Chemical Solutions S.A. Atlantic Polymers & Chemicals S.A.	Greece	Resins Petrochemica ls	99.99%
9.	Neochimiki Beograd AD	Serbia	Chemicals	99.99%
10.	Global Galax S.A.	Serbia	Base Oils & Lubricants	60,00%
11.	Neochimiki Lavrentiadis Limited	Cyprus	Chemicals	100%
12.	Neochimiki Romania S.A.	Romania	Chemicals	99,84%
13.	Neochimiki Bulgaria S.A.	Bulgaria	Chemicals	100%

(2) *Subsidiary companies*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The accounting method used for the consolidation is the acquisition. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and

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liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions - Intercompany balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

iii. Foreign currency translation

(1) Functional and presentation currency

The functional and presentation currency of the Group from January 1st, 2002 onwards is the Euro (€), the currency under which the parent company is evaluated.

(2) Transactions and balances

Foreign currency transactions are translated into Euros using the exchange rates prevailing at the dates of the transactions. Foreign exchange Receivables and liabilities in foreign currency existing on the preparation date of the financial statements are adjusted in order to reflect the exchange rates prevailing on the preparation date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

(3) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) Equities are modified according to the exchange rates prevailing at the dates that they occurred.
- (c) Income and expenses for each income statement are translated at average exchange rates

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All resulting exchange differences are recorded in equity reserve and transferred to the income statement at the disposal of these entities.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

iv. Property plant and Equipment

All property, plant and equipment is shown initially at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost could also include profits or loss from exchange risk hedges at the purchase of these assets, which were recorded in equity reserve.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Major posterior renovations are capitalized at cost of the relevant assets, given that they increase their useful lives or their production capacity or they reduce their cost of operation.

All property, plant and equipment is valued at fair value, which is held at least every three years from independent appraisers. Increases in the carrying amount arising on revaluation of land, buildings and production equipment are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of each asset to its residual value over its estimated useful life as follows:

• Buildings	25-40 years
• Plant and machinery comprising:	
- Tank farms	10-15 years
- Packaging lines	7 years
- Other production equipment	10 years
• Equipment and motor vehicles	5-10 years
Other Equipment	5-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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At the retirement or sale of an asset, all relative costs and cumulated depreciation are written off the respective accounts of the retirement or sale period and the relative profits or loss are recognised in the statement of income. When the retired or sold fixed assets have been valued at fair value, any equity readjustment reserve is transferred in the retained earnings on retirement or sales.

vi. Intangible assets

(1) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. At the end of every year, the Group evaluates whether there is any indication of impairment of goodwill. If such indications occur, a valuation analysis of the recover of the book value of the goodwill is performed. If the book value exceeds the amount recorded, this directly means the creation of provision for devaluation.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(2) Computer software

Computer software concern the purchase or own production cost of software for payments, material, services, as well as any expenses occurring during software development, in order for it to function. Expenses made to enhance or expand software performance beyond their initial specifications are recognised as capital expenses and are added to the software's initial value. These costs of purchase and development of software are amortised using the straight-line method over their estimated useful lives (three to five years).

vii. Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The net costs to sell are considered the feasible revenue from the sale of an asset within the framework of a reciprocal transaction, in which the parties have full cognizance and enter willingly, after deduction of any

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additional direct disposal costs of the asset. The value in use is the present value of future cash flows, which are expected to occur from the on-going use of an asset and from its disposal at the end of its estimated useful life. If a company has the possibility to assess the recovered amount of an asset, for which there are indications of impairment of its value, then the company defines the recovered amount of the unit generating cash flows, to which the asset belongs.

Offsetting error for loss of impairment asset value calculated in previous years is only performed when there are solid indications that the said impairment no longer exists or is reduced. In these cases, the above-mentioned offsetting error is recognised as revenue.

Management estimates that there is no matter of impairment of the Company's fixed equipment and therefore, has not made calculations for recovered amounts of its fixed assets.

viii. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are defined by the weighted average basis. Costs of end products and semi-finished inventories include the costs of design, the cost of materials, the direct labour cost and a proportion of production overheads, based on normal operating capacity. The cost of borrowings is not included in the purchase cost of inventories. Net realisable value 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.

ix. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently, measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables (losses from doubtful receivables) is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the book value of the receivables and the present value of the estimated future cash flows, discounted with the effective interest rate. The amount of the impairment loss is recognized in the income statement.

x. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, on-site bank deposits and other short term highly liquid investments with original maturities of three months or less and of low risk.

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xi. Share Capital

Ordinary shares are classified as equity. Preference shares that provides for mandatory redemption are a financial liability.

Incremental costs directly attributable to the issue of new shares (except of these related to group consolidation) are shown in equity as a deduction, net of tax, from the proceeds. Expenses related to issuance of share capital related directly to a business combination are included in the acquisition cost.

When the parent company or any of its subsidiaries acquires part of the share capital of the parent company, the acquisition cost plus any incremental external cost except income tax (where applicable) is deducted from the total share capital as own shares until they will be sold or cancelled. Any gain or loss from the sale of own shares net from other direct transaction costs and income tax (where applicable), is stated as reserve in the equity.

xii. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate.

The fair value of a compounded convertible bond is defined using the current interest rate for an equivalent non convertible bond. This liability later is revalued in unamortised cost until exercise of the option or to its maturity. The difference between the fair value of the liability and the proceeds received from the issue is the fair value of the conversion option and is stated as reserve in equity net of transaction and the related income tax.

Company's management believes that the interest rates paid in relation to the agreed loans are equivalent to the reasonable interest rates of the market, and therefore the are no case of any adjustment of the value that these liabilities as it is stated.

Any difference between this provision (except the acquisition cost) and the amount of settlement is recognised in the income statement during the duration of the loans.

xiii. Leases

The financial leases, through which the Group undertakes in effect all the risks and rewards of ownership, are recorded as assets with an amount equal at the lease's inception to the fair value of the leased property, if it is lower, to the present value of the minimum lease payments. Each lease

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payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are directly charged to the income statement.

The leased assets are amortised in the less possible time between the useful life of the asset and the duration of the lease, except in the case when the leased elements concern mechanical equipment, which has been produced especially for the own production purposes of the Company, when the amortization time is defined on the basis of their useful life. Moreover, due to the irreversible decision of the Management of the Group to purchase and continue the use of the mechanical equipment in question till exhaustion of its service life, it has been valued in the financial statements at fair value, following a relative revaluation performed by independent appraisers, which is the same of the rest fixed equipment.

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

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xiv. Income taxes (current and deferred)

Current and deferred income tax are calculated using the relevant accounts of the financial statements for each of the companies included in the consolidation in accordance with tax laws valuable in Greece and in the other companies where foreign subsidiaries are headquartered. The current tax is a tax on taxable profits of the Group's companies, as they were readjusted in accordance with the provisions of the tax law and it was calculated on the basis of the effective tax rate.

The deferred tax charge is calculated with the liability method in all temporary tax differences as of preparation date of the balance sheet occurring between the tax base and the book value of the assets and liabilities.

The expected tax consequences from the temporary tax differences are defined and appear either as deferred tax liabilities or as deferred tax receivables.

A deferred tax asset is recognised, only to the extent that is likely that taxable profits will be generated in the future, sufficient to absorb the tax relief obtained through the recognition of the deferred tax asset. A deferred tax asset is appropriately reduced to the extent that it becomes uncertain whether the anticipated future tax relief will, in fact, be secured.

xvi. Employee benefit plans

According to the articles of Law 2112/20 Group pays indemnities to employees leaving or terminated, the amount of the indemnities is related to the years of services, their salaries and the form of the leave (termination or retirement). In the case of the retirement the amount of indemnity that should be paid is equal to 40% of the amount that should be paid in the case of termination.

Employee benefits plans related to retirement benefits are defined benefit plans, according to IAS 19– «Employee benefits». The amount recognised as defined benefit plan is the present value of the defined benefit obligation, the actuarial gains and losses and the cost of past service.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Greek Government bonds.

Actuarial gains and losses arising from adjustments on the basis of historical data and are in excess of the 10% corridor of the cumulative obligation are recognised in income statement during the average remaining working lives of the employees participating in the plan.

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The cost of past service is recognised directly in the income statement unless in those cases where changes in the plan are dependent from the remaining time of the service of employees. In this case the cost of past service is recognised as expense on a straight –line basis over the average period until the benefits become vested.

Short term benefits to personnel in money or in είδος are recognized in the period they are accrued.

xvi. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and, the amount has been reliably estimated.

The Group recognizes provision for onerous contract when the estimated economic benefits expected to be received from the contract are less than the unavoidable costs of meeting the obligations of the contract.

Provision for restructuring costs include clauses for terminating leases and employee retirement costs, and are recognized in the period in which the Group has a present obligation legal or constructive, for the implementation of the reconstructing plan.

Provisions are estimated in the end of each year and are adjusted in order or present the best possible estimates and in any case that is necessary, are discounted on the basis of a pre-tax discounted interest rate. Contingent liabilities are not recognized in the financial statements but they are disclosed unless a possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but they are disclosed unless the inflow of economic benefits is probable.

xvii. Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value-added tax, rebates and discounts. Intragroup revenues are eliminated in full. Revenue is recognised as follows:

(a) Sales of goods

Sales of goods are recognised when a Group entity has delivered products to the customer; the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) Sales of services

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Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When there is an indication of impairment, their carrying amount is reduced to its recoverable amount which is the estimated future cash flow discounted at original effective interest rate. Then interest income is accounted with the same rate on the impaired (new book) value.

(d) Dividends

Dividends are recognised as income when the right to receive payment is established.

xviii. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

xix. Segment Reporting

Business segment is defined as a group of assets and liabilities that are engaged in providing individual products or services that are subject to risks and returns that are different from those of other business segments. Geographical segment is a geographical area, in which products or services are provided that are subject to risks and returns that are different from those of other geographical areas.

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1. Segmental analysis

Prime and secondary segments of analysis

On March 31, 2005 the Group's activities constitute one business segment, namely that of distribution of chemical products for multinationals and the production of detergents. Therefore, the key interest in financial reporting is focused in the geographical segmentation of the Group's activity, where different financial backgrounds come with different risks and benefits.

The geographical segments of the Group operate mainly in three geographical regions which are administered from the Company's headquarters.

The main country of operations is Greece. All other regions of operations are mostly products selling locations. Group's sales are conducted primarily in countries of the European Union, Southeastern Europe and the Middle East.

Financial results per segment for the three month periods ending on March 31, 2004 and March 31, 2005 are as follows:

<u>Quarter 1 2004</u>	Greece	Other Countries in the European Union	Other Countries	Group Total
Sales	31.336	1.277	1.215	33.828
Minus: Intercompany sales	-17.287			-17.287
Third-party sales	14.050	1.277	1.214	16.541
Gross Profit	4.619	383	364	5.366
Other income for the period				74
Operating expenses (selling and administrative)				-2.501
Operating Profit				2.939
Finance costs				-843
Profit before tax				2.096
Income tax expense				-264
Profit after tax				1.832
Minority Interest				-74
Profit, after taxes, attributable to the Group				1.758

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<u>Quarter 1 2005</u>	Greece	Other Countries in the European Union	Other Countries	Group Total
Sales	38.927	1.358	1.668	41.953
Minus: Intercompany sales	-17.390		-74	-17.464
Third-party sales	21.537	1.358	1.594	24.489
Gross Profit	7.189	448	526	8.163
Other income for the period				121
Operating expenses (selling and administrative)				-3.982
Operating Profit of segments				4.303
Finance costs				-1.154
Profit before tax				3.149
Income tax expense				-481
Profit after tax				2.669
Minority Interest				2
Profit, after taxes, attributable to the Group				2.671

<u>Quarter 1 2004</u>	Greece	Other Countries in the European Union	Other Countries	Elimination of intersegment transactions	Group Total
Intangible assets	571				571
Property, plant and equipment	71.877		27		71.904
Other Assets	37.084		234		37.319
Participations	18.480			-18.480	
Total liabilities	-71.817		-330		-72.147
Net Assets	56.196		-69	-18.480	37.646
					0
Investments in fixed assets	2.985				2.985

<u>Quarter 1 2005</u>	Greece	Other Countries in the European Union	Other Countries	Elimination of intersegment transactions	Group Total
Intangible assets	5.905				5.905
Property, plant and equipment	110.805		318		111.123
Other Assets	51.846		1.838		53.684
Participations	41.597			-41.597	
Total liabilities	-112.243		-1.907		-114.150

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Net Assets	97.910	-41.597	56.562
Investments in fixed assets	23.289	33	23.322

Assets are reported according to their location. Capital Expenditures are reported according to the location of the assets.

2. Tangible Fixed Assets

Transactions 1st Quarter 2005 –The Group

	Land	Buildings	Plant & Machinery	Vehicles	Furniture & office equipment	Assets under construction or installation	Total
At cost or evaluation							
1.1.2005	14.849	29.492	63.194	1.328	1.613	206	110.681
Exchange differences		21			-2		19
Additions for the period		3.537	1.960	9	96	9	5.610
31.3.2005	14.849	33.050	65.153	1.337	1.707	214	116.310
Depreciation							
1.1.2005		-685	-1.516	-806	-672		-3.679
Exchange differences					1		1
Depreciation for the period		-207	-1.201	-44	-57		-1.508
31.3.2005		-892	-2.717	-850	-728		-5.187
Net book value							
31.3.2005	14.849	32.158	62.436	487	979	214	111.123

The last revaluation on lands and buildings was performed on December 31, 2004 by independent appraisers. The revaluation was based on the market value of the properties. The revaluation surplus net from deferred tax was credited to other reserves in shareholders' equity.

Depreciation for the period increased cost of goods sold by € 845 (2004: € 634), distribution expenses by € 580 (2004: € 413) and administrative expenses by € 166 (2004: € 104).

Leases for machinery, amounting to € 671 (2004: € 681) are included in the profit and loss account. The unamortized value of equipment leased under financial leasing is € 12.087.

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If land, buildings, plant & machinery were evaluated on historical cost basis, their book value would be as follows:

31.12.2004	Land	Buildings	Plant & Machinery
Initial Value	3.996	23.251	47.976
Accumulated Depreciation		-1.515	-6.035
Book Value	3.996	21.736	41.941
31.3.2005			
Initial Value	3.996	26.788	49.935
Accumulated Depreciation		-1.722	-7.236
Book Value	3.996	25.066	42.699

No mortgages and prenotices exist on fixed assets for loans.

3. Intangible fixed assets

Intangible fixed assets include purchased software (SAP), which is fully attributed to the Company and goodwill from the purchase of participations. The transactions of the related accounts are as follows:

	1.1. – 31.3. 2005			1.1. – 31.3.2004
	Goodwill	Computer Software	Total	Computer Software
Net book value	4.796	1.160	5.956	535
Additions		32	32	
Depreciation for the period		(83)	(83)	(17)
Net book value	4.796	1.109	5.905	518

Goodwill, amounting to € 1.884 came from the acquisition of Global Galax S.A., a Serbian based company which operates as a local dealer of industrial base oils and lubricants.

The Group holds a 60% of the share capital and the acquisition was typically completed on the second half of 2004. However, the company operated on behalf of the group since the beginning of the year that it was acquired. Moreover, within the third quarter of 2004 the Group acquired the shares owned by the minority of shareholders of the company Lamda Detergent SA and became the owner of the total amount of its share capital.

Goodwill that came up amounts to € 2.912. The goodwill has been recorded on the basis of the acquiring method and represents the difference between the paid price and the fair value of the property acquired as it was evaluated in the dates of the transactions. Given that these transactions were held recently, the impairment of goodwill has not been checked yet and shall be checked at the end of the fiscal year. Operations up to date have shown no indications that the possibility of holding a relevant impairment exercise should be explored.

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4. Inventories

Group's and Company's inventories are analyzed as follows:

	The Group		The Company	
	31.3.2005	31.12.2004	31.3.2005	31.12.2004
Merchandise	11.282	10.010	8.039	7.890
Raw and packaging materials	9.819	7.085	269	205
Finished Goods	2.071	2.040	22	21
	23.172	19.135	8.330	8.116

The cost of inventories, which was recorded as expenditure in cost of sales, amounts to € 13.674 (2004: € 9.182).

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5. Receivables

	The Group		The Company	
	31.3.2005	31.12.2004	31.3.2005	31.12.2004
Customers	24.405	17.364	14.786	15.007
Post-dated cheques	1.215	580	516	271
Minus: impairment provisions	(189)	(188)	(189)	(188)
	<u>25.431</u>	<u>17.756</u>	<u>15.113</u>	<u>15.090</u>
Advances	285	264	105	105
Other receivables	2.520	3.117	371	337
Prepaid expenses	227	312	69	103
	<u>28.461</u>	<u>21.449</u>	<u>15.659</u>	<u>15.634</u>

All receivables are short – term and prepayment is not required at the date of the balance sheet.

There is no concentration of the credit risk related to receivables from clients given that the Group has a large number of clients and the credit risk is dispersed.

6. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and the Company and bank deposits available on demand.

7. Suppliers and other liabilities

	The Group		The Company	
	31.3.2005	31.12.2004	31.3.2005	31.12.2004
Suppliers	14.424	11.781	8.635	4.644
Bills payable	125	242	102	47
Insurance & pension fund dues	201	377	33	70
Accrued expenses & interests payable	763	39	472	43
Other liabilities	402	175	105	87
	<u>15.915</u>	<u>12.614</u>	<u>9.346</u>	<u>4.891</u>

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8. Loans

	The Group		The Company	
	31.3.2005	31.12.2004	31.3.2005	31.12.2004
Long – term loans				
Debtentures	34.405	34.405	16.905	16.905
Other bank loans	18.000	18.000	18.000	18.000
Finance lease liability	9.235	9.797		
	61.640	62.202	34.905	34.905
Sort – term loans				
Bank short - term loans	26.030	15.820	9.013	8.020
Current portion of non-current borrowings	5.230	5.230	2.730	2.730
Finance lease liability	2.097	2.064		
	33.357	23.114	11.743	10.750
Total loans	94.997	85.316	46.648	45.655

The above mentioned loans have been granted in Euro.

The group has received two syndicated bonds. The first, amounting to € 21.000, was received on December 29, 2003 and replaced previous short – term loans. Its repayment will be completed in 5 years with 8 semi-annual instalments of € 1.365 and a cumulative amount of € 10.800 at the end of the pentad, in December 2008. The second syndicated bond, amounting to € 20.000, was received on May, 17th, 2004 by the subsidiary company Lamda Detergent S.A. in order to finance the expansion of its activities. The bond's repayment is expected to be completed in 8 equal semi-annual installments of € 1.250 and a cumulative amount of € 10.000 on May, 21st, 2009. Interest rates for both bonds are fluctuant according to Euribor increased by 1.80% and 1.85% respectively. According to the relevant bond contracts, there is no right of transforming the above amounts to preferred shares.

The long-term loan, amounting to € 18.000, has been received by the Company for financing the expansion of its activities in the European and Balkan market. Its repayment will be completed in 5 equal annual installments of € 3.600 each, the first starting on October 30th, 2007. The interest rate is also fluctuant and is equal to the Euribor, increased by 1.85%.

The companies are making provisions for the accrued bank interests and charge with the related expenses the income statement of the respective period.

The amounts of the long-term loans which are payable within 12 months from the date of preparation of the financial statements have been transferred and are presented under the short-term liabilities account.

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Liabilities from financial leasing refer to the leasing of production mechanical equipment of the subsidiary company Lamda Detergent S.A. and are analysed as follows:

- *Financial leasing liabilities – Minimum leasing payments:*

	31.3.2005	31.12.2004
Up to 1 year	2.747	2.747
From 1 to 5 years	10.422	10.923
After 5 years	<u>337</u>	<u>560</u>
	13.506	14.230
Future financial cost charges to the financial leasing	<u>-2.173</u>	<u>-2.369</u>
	11.332	11.861

- *The present value of the financial leasing liabilities is as follows:*

	31.3.2005	31.12.2004
Up to 1 year	2.097	2.065
From 1 to 5 years	8.904	9.327
After 5 years	<u>330</u>	<u>471</u>
	11.332	11.861

On the leased assets, a withholding of occupancy exists, which will remain valuable till the end of the leasing period and the full repayment of the leases.

No other guarantees and withholding of occupancy or use exist on the assets and other possessions of the Group.

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9. Income Taxes

The tax charges for the period has been quantified as follows:

	The Group		The Company	
	1 st Quarter 2005	1 st Quarter 2004	1 st Quarter 2005	1 st Quarter 2004
Current tax charge	222	228	176	136
Previous periods tax charges	129			
Deferred tax charge	129	36	56	16
	481	264	232	152

Tax expenditures have been calculated as follows:

	The Group		The Company	
	1 st Quarter 2005	1 st Quarter 2004	1 st Quarter 2005	1 st Quarter 2004
Earnings before taxes	3.149	2.096	1.485	1.012
Tax charges calculated with the company's tax rate (2005: 32%, 2004: 35%)	1.008	734	475	354
Non deductible expenditures	62	14	21	
Attributed tax charges related to previous periods	129			
Non taxable income	-718	-485	-265	-203
Income Tax	481	264	232	152

Tax charges have been calculated on the basis of the effective tax rates for the previous periods. Within the management's constant plans is the minimisation of tax charges, based on the motives provided in the tax laws. On this basis, it has been considered that the profits for the period of the Company and its subsidiaries will be distributed to untaxed reserves at the maximum allowed amount.

Non-deductible charges mainly include provisions, which are readjusted from the Management on calculation of the income tax.

The deferred tax accounts are analysed as follows:

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	Group		Company	
	1Q 2005	1Q 2004	1Q 2005	1Q 2004
Deferred tax receivables	389	504	252	460
Deferred tax liabilities	-1.507	-176	-18	-78
	-1.117	328	234	382

	Group		Company	
	1Q 2005	1Q 2004	1Q 2005	1Q 2004
Balance at the beginning of the period	-914	410	363	407
Tax on results	-129	-36	-56	-11
Tax on equity	-73	-46	-72	-14
Balance at the end of the period	-1.117	328	234	382

The kind of the temporary differences and the analytical transactions for the 1Q 2005 for the Group is as follows:

	Balance at the beginning of the period	Debits / Credits(-) on results	Debits / Credits(-) on equity	Balance at the end of the period
Financial depreciation	-15	-27		-42
Allowances	60	-13		47
Depreciation of expenses for the listing on the Athens Stock Exchange	237		-73	164
Write off of intangible assets	241	-97		144
Personnel Indemnities	33	1		34
Profits from Exchange Differences	-5	2		-3
Value adjustment of assets	-1.339	-2		-1.339
Accounting handling of leasing	-129	7		-122
	-914	-129	-73	-1.117

The deferred which was charged directly to equity during the year corresponds to tax amortization of expenses for the listing on the ASE, which have been transferred against the premium capital reserve. Moreover, the balance of the deferred tax liability concerning the difference from the reserve of value adjustment of assets (€ 1.339) has been charged (reduce) respectively to the occurring difference between the assets' historical cost and their fair value.

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10. Obligations towards employees

The obligation of the Company and the Group towards its employees in Greece to provide them future benefits depending on their length of service is quantified and reported on the basis of the accrued entitlement, as at the date of the balance sheet, that is anticipated to be paid, discounted to its present value by reference to the anticipated time of payment. The discount rate used (5%) is equal to the yield, as at the balance sheet date, of long-term Greek Government bonds.

11. Persons employed and related costs

	The Group		The Company	
	1 st Quarter 2005	1 st Quarter 2004	1 st Quarter 2005	1 st Quarter 2004
Number of persons employed				
Salaried employees	213	181	41	42
Workers	153	138	5	6
Total	366	319	46	48

	The Group		The Company	
	1 st Quarter 2005	1 st Quarter 2004	1 st Quarter 2005	1 st Quarter 2004
Cost	1.872	1.505	405	452

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12. 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 31st, 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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	Group		Company	
	<u>31.12.2003</u>	<u>31.12.2004</u>	<u>31.12.2003</u>	<u>31.12.2004</u>
Equity as previously disclosed	28.428	43.780	23.069	30.532
Adjustments due to IFRS:				
<u>To Equity (except for retained earnings)</u>				
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	296	237	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)	6.286	3.973	6.286	
Goodwill from investment acquisitions previously reported as part of shareholders' equity		4.606		
Effect on initially calculated goodwill due to adjustments of the financial statements of the acquired companies from the adoption of IFRS		190		
<u>To Retained Earnings</u>				
Adjustment of depreciation of tangible assets from the adoption of depreciation rates related to the useful life of the assets		46		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	2	
Total adjustments	7.376	10.283	7.359	1.443
Invested equity funds, per the International Financial Reporting Standards	35.804	54.062	30.427	31.975

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	<u>Group</u> <u>1st Quarter</u> <u>2004</u>	<u>Company</u> <u>1st Quarter</u> <u>2004</u>
Net profit before tax and after minority share as previously disclosed	1.840	965
<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	103	16
Amortization of expenses previously capitalized	46	78
Adjustment in reported value of receivables	(47)	(47)
Provision for income tax for the period	(228)	(136)
Recognition of deferred tax	(36)	(16)
Recognition of gains from exchange differences resulting from the valuation of liabilities and receivables in foreign currency	(16)	
Adjustment from different accounting treatment of financial leasing	96	
Total adjustments	(82)	(105)
Net profit after tax and minority share per the International Financial Reporting Standards	1.758	860