



ANNUAL REPORT  
2005



**Neochimiki**  
L.V. LAVRENTIADIS S.A.





## ANNUAL REPORT 2005

According to the provisions of article 16 of decision No. 5/204/14.11.2000 of the Board of Directors of the Capital Market Commission, as amended under decision No. 7/372/15.02.2006 of the Board of Directors of the Capital Market Commission.





## CONTENTS

<b>1.</b>	<b>INFORMATION ON THE COMPILATION OF THE ANNUAL REPORT AND THE COMPANY'S AUDITORS</b>	<b>5</b>
<b>2.</b>	<b>ANNUAL FINANCIAL STATEMENTS FOR THE YEAR 2005 IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)</b>	<b>7</b>
2.1.	CORPORATE INFORMATION	13
2.2.	BASIS OF PRESENTATION	13
2.3.	PRINCIPAL ACCOUNTING POLICIES	15
2.4.	PAYROLL COST	22
2.5.	DEPRECIATION AND AMORTIZATION	22
2.6.	SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	22
2.7.	FINANCIAL INCOME/(EXPENSES), NET	23
2.8.	INCOME TAXES	23
2.9.	EARNINGS PER SHARE	25
2.10.	PROPERTY, PLANT AND EQUIPMENT	26
2.11.	GOODWIL	28
2.12.	INTANGIBLE ASSETS	30
2.13.	INVENTORIES	31
2.14.	TRADE AND OTHER ACCOUNTS RECEIVABLE	31
2.15.	RELATED PARTY DISCLOSURES	32
2.16.	CASH AND CASH EQUIVALENTS	34
2.17.	SHARE CAPITAL	34
2.18.	LEGAL, TAX FREE AND SPECIAL RESERVES	34
2.19.	DIVIDENDS	35
2.20.	INTEREST BEARING LOANS AND BORROWINGS	35
2.21.	PENSION AND STAFF RETIREMENT INDEMNITIES	37
2.22.	TRADE ACCOUNTS PAYABLE	37
2.23.	SHORT-TERM BORROWINGS	38
2.24.	CONTINGENCIES AND COMMITMENTS	38
2.25.	SEGMENT INFORMATION	38
2.26.	CORRECTIONS REGARDING THE PUBLISHED INTERIM FINANCIAL STATEMENTS	39
	APPENDIX I. Adoption of the International Financial Reporting Standards	40
2.27.	SUMMARY DATA AND INFORMATION	43
<b>3.</b>	<b>BOARD OF DIRECTORS MANAGEMENT REPORT TO THE ANNUAL GENERAL SHAREHOLDERS MEETING</b>	<b>49</b>
<b>4.</b>	<b>AUDITOR'S REPORTS ON THE FY 2005 ANNUAL FINANCIAL STATEMENTS</b>	<b>53</b>
<b>5.</b>	<b>REPORT OF TRANSACTIONS WITH AFFILIATED PARTIES</b>	<b>55</b>
<b>6.</b>	<b>INFORMATION AS PER ARTICLE 10 OF LAW 3401/2005</b>	<b>57</b>
<b>7.</b>	<b>ANNUAL FINANCIAL STATEMENTS OF THE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY</b>	<b>60</b>



**Neochimiki**

L.V. LAVRENTIADIS S.A.

## 1. INFORMATION ON THE COMPILATION OF THE ANNUAL REPORT AND THE COMPANY'S AUDITORS

The present Annual Report contains all the information and financial data deemed necessary for the proper evaluation of the assets, financial status, results, and the prospects of the Company "NEOCHIMIKI – L.V. LAVRENTIADIS SOCIETE ANONYME INDUSTRIAL & COMMERCIAL COMPANY" (hereinafter the Company or NEOCHIMIKI S.A.) by investors and their investment advisors.

Investors interested in additional information and clarifications may contact the Company Central Offices during working days and hours: 34 Pentelis str, 175 64 Palaio Faliro (Person in charge Mr. Ioannis Papavasiliou, tel. + 30 210 9460400). Moreover the present Annual Report is available in electronic format at the Company's web site <http://www.neochimiki-lavrentiadis.gr>.

The preparation and distribution of the present Annual Report has taken place according to the provisions of the current legislation in order to fulfill investors information needs as those are designated by the legal acts of the Presidential Decretal 348/1985 and the resolution no:5/204/14.11.2000 of the Hellenic Capital Market Committee modified by the resolution no: 7/372/15.02.2006 of the Board of Directors of the Hellenic Capital Market Committee.

The persons responsible for the preparation of the Annual Report as well as for the accuracy of the data contained therein are:

- Lavrentis Lavrentiadis, President and Chief Executive Officer of NEOCHIMIKI S.A., Address: 34 Pentelis str, 175 64 Palaio Faliro, tel. + 30 210 9460400
- Ioannis Papavasiliou, Chief Financial Officer of NEOCHIMIKI S.A., Address: 34 Pentelis str, 175 64 Palaio Faliro, tel. + 30 210 9460400

The Board of Directors declares that all of its members have been informed of the content of the Annual Report, and together with the authors responsibly certify that:

- All information and data provided therein are complete and accurate.
- No figures exist and no events have taken place, whose non-disclosure or omission could render the figures and information contained in the Annual Report misleading - partly or in whole.
- There are no pending legal proceedings or arbitrations against the Company, which could have a significant impact on its financial position.



## 2. 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 18 May 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.**

**INCOME STATEMENT**  
(amounts in thousand Euro)

	Note	Group	
		1/1-31/12/2005	1/1-31/12/2004
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>			
<b>(in Euro)</b>	9	<b>0.35</b>	<b>0.20</b>

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

**INCOME STATEMENT**  
(amounts in thousand Euro)

	Note	Company	
		1/1-31/12/2005	1/1-31/12/2004
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>

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

**BALANCE SHEET (amounts in thousand Euro)**

ASSETS	Note	Group		Company	
		31.12.2005	31.12.2004	31.12.2005	31.12.2004
<b>Non-current assets</b>					
Property, plant and equipment	10	164,584	107,407	28,581	26,114
Intangible assets	12	11,234	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
		<b>63,054</b>	<b>54,078</b>	<b>35,914</b>	<b>31,975</b>
<b>Minority interest:</b>		<b>4,131</b>	<b>274</b>		
<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>

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Group					
	Share Capital	Share premium	Legal reserve	Asset revaluation reserve	Special reserves
<b>Balance 01/01/2004 Under IFRS</b>	10,800	5,677	551	20,575	132
Net income for the period					
Deferred tax					
Acquisition of subsidiary					
Acquisition of minority					
Dividends					
Transfer to minority					
Changes of reserves			287		
<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>Balance 01/01/2005 Under IFRS</b>	<b>10,800</b>	<b>5,677</b>	<b>838</b>	<b>20,575</b>	<b>132</b>
Net income for the period					
Deferred tax					
Acquisition or sale of shares					
Disposal of percentage holding in a subsidiary			-19	-390	
Dividends					
Transfer to reserves			460		
Revaluation adjustment				-481	-19
Exchange differences					26
<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>

Company				
	Share Capital	Share premium	Legal reserve	Asset revaluation reserve
<b>Balance 01/01/2004 Under IFRS</b>	10,800	5,677	385	6,286
Distribution to reserves			137	
Dividends				
Deferred tax				
Net income for the period				
<b>Balance 31/12/2004</b>	<b>10,800</b>	<b>5,677</b>	<b>522</b>	<b>6,286</b>
<b>Balance 01/01/2005</b>	<b>10,800</b>	<b>5,677</b>	<b>522</b>	<b>6,286</b>
Distribution to reserves			152	
Dividends				
Deferred tax				
Net income for the period				
<b>Balance 31/12/2005</b>	<b>10,800</b>	<b>5,677</b>	<b>674</b>	<b>6,286</b>

# ANNUAL FINANCIAL STATEMENTS

Group					
	Tax-free reserves	Total reserves	Retained earnings	Minority interest	Grand total
<b>Balance 01/01/2004 Under IFRS</b>	7,065	28,323	4,028	1,933	50,761
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	6,412	6,699	-6,699		0
<b>Balance 31/12/2004</b>	<b>13,477</b>	<b>35,022</b>	<b>2,579</b>	<b>274</b>	<b>54,352</b>
<b>Balance 01/01/2005 Under IFRS</b>	<b>13,477</b>	<b>35,022</b>	<b>2,579</b>	<b>274</b>	<b>54,352</b>
Net income for the period			12,620	39	12,659
Deferred tax			-75		-75
Acquisition or sale of shares				2,462	2,462
Disposal of percentage holding in a subsidiary	-512	-921		1,357	436
Dividends			-2,196		-2,196
Transfer to reserves	10,423	10,883	-10,883		0
Revaluation adjustment		-500	19		-481
Exchange differences		26			26
<b>Balance 31/12/2005</b>	<b>23,388</b>	<b>44,510</b>	<b>2,064</b>	<b>4,132</b>	<b>67,185</b>

Company					
	Special reserves	Tax-free reserves	Total reserves	Retained earnings	Grand total
<b>Balance 01/01/2004 Under IFRS</b>	147	3,614	10,432	3,517	30,426
Distribution to reserves		2,518	2,655	(2,655)	0
Dividends				(2,016)	(2,016)
Deferred tax				(59)	(59)
Net income for the period				3,624	3,623
<b>Balance 31/12/2004</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>147</b>	<b>6,132</b>	<b>13,087</b>	<b>2,411</b>	<b>31,975</b>
Distribution to reserves		4,840	4,992	(4,992)	0
Dividends				(2,196)	(2,196)
Deferred tax				(75)	(75)
Net income for the period				6,209	6,209
<b>Balance 31/12/2005</b>	<b>147</b>	<b>10,972</b>	<b>18,079</b>	<b>1,357</b>	<b>35,914</b>

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>				
Net profit before taxes (and minority interests)	15,013	8,461	7,353	4,198
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>

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

## 2.1. 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 18 May 2006.

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

## 2.2. 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.

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.

## 2.3. 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.

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%
Petronet S.A.	Greece	Industrial oils – 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%
Agro Innovations S.A.	Greece	Seeds wholesale trade	100%
Novion S.A.	Greece	Chemicals	100%
Ballis Chemicals S.A.	Greece	Chemicals	69.87%
Neochimiki AD Beograd	Serbia	Chemicals	99.99%
Global Galax SA	Serbia	Industrial oils – 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 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:

Classification	Rate of Depreciation
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 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.
- 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.

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 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.

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.

## 2.4. PAYROLL COST

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

	Group		Company	
	2005	2004	2005	2004
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>

## 2.5. DEPRECIATION AND AMORTIZATION

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

	Group		Company	
	2005	2004	2005	2004
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>

## 2.6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

	Group		Company	
	2005	2004	2005	2004
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
Repairs and maintenance	409	563	165	191
Other	5,072	1,198	2,052	1,692
<b>Total</b>	<b>23,027</b>	<b>15,007</b>	<b>9,772</b>	<b>6,557</b>

## 2.7. FINANCIAL INCOME/(EXPENSES), NET

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

	Group		Company	
	2005	2004	2005	2004
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)
<b>Total financial income /(expense), net</b>	<b>(5,546)</b>	<b>(3,981)</b>	<b>(83)</b>	<b>(1,807)</b>

## 2.8. 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:

	Group		Company	
	2005	2004	2005	2004
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)
<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>

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

	Group		Company	
	2005	2004	2005	2004
<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.

	Group	Company
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>

	Group	Company
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>

## ANNUAL FINANCIAL STATEMENTS

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

2004					
	Balance 1.1.2004	Charged to income statement	Charged directly to equity	Acquisition of subsidiary	Balance 31.12.2004
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>

2005					
	Balance 1.1.2005	Charged to income statement	Charged directly to equity	Acquisition of subsidiary	Balance 31.12.2005
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.

## 2.9. EARNINGS PER SHARE

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

	Company	
	31/12/2005	31/12/2004
Net profit attributable to equity holders of the parent	12,620	7,326
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>

## 2.10. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment is analyzed as follows:

	Group					Total
	Land and buildings	Machinery equipment	Motor vehicles	Furniture and fittings	Construction in Progress (CIP)	
<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	30,933
Disposals	(2,901)	(3,370)	(31)	0	0	(6,302)
Transfers from CIP	0	3,433	0	0	(3,433)	0
Leased equipment	0	3,291	0	0	0	3,291
Acquisition of subsidiary	163	0	0	59	0	222
Transfers between classes	115	(115)	0	0	0	0
<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>	(632)	(1,281)	(638)	(441)	0	(2,992)
Charge for the year	(843)	(2,501)	(188)	(208)	0	(3,740)
Disposals	182	402	19	0	0	603
Leased equipment	0	(1,573)	0	0	0	(1,573)
Acquisition of subsidiary	(6)	0	0	(29)	0	(35)
<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	0	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>

Company					
	Land and buildings	Machinery equipment	Motor vehicles	Furniture and fittings	Total
<b>Cost or valuation</b>					
1.1.2004	14,094	7,342	557	728	22,721
Additions	5,328	4,161	7	102	9,597
Disposals	(2,901)	(384)	(31)	0	(3,316)
31.12.2004	16,521	11,119	533	829	29,002
<b>Depreciation</b>					
1.1.2004	(588)	(1,281)	(365)	(327)	(2,562)
Charge for the year	(140)	(377)	(48)	(105)	(670)
Disposals	182	142	19	0	343
31.12.2004	(546)	(1,516)	(394)	(433)	(2,889)
<b>Net Book Value</b>					
31.12.2004	15,975	9,603	139	397	26,114
<b>Cost or valuation</b>					
1.1.2005	16,521	11,119	533	829	29,002
Additions	8,895	3,007	0	187	12,089
Disposals	(8,869)				(8,869)
31.12.2005	16,548	14,126	533	1,016	32,223
<b>Depreciation</b>					
1.1.2005	(546)	(1,516)	(394)	(433)	(2,889)
Charge for the year					
Disposals	(75)	(527)	(29)	(122)	(753)
31.12.2005	(622)	(2,043)	(423)	(554)	(3,642)
<b>Net Book Value</b>					
31.12.2005	15,926	12,083	110	462	28,581

**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.

## 2.11. GOODWILL

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

	January 1, 2004	Additions	Other movements	December 31, 2004
Goodwill of acquisition	0	4,796	0	4,796
	0	4,796	0	4,796

  

	January 1, 2005	Additions	Other movements	December 31, 2005
Goodwill of acquisition	4,796	7,894	(2,864)	9,826
	4,796	7,894	(2,864)	9,826

## ANNUAL FINANCIAL STATEMENTS

Goodwill on acquisition is calculated as follows:

	Global Galax S.A.	Lamda Detergent S.A.	Total 2004	BALLIS Chemicals S.A.	NOBION S.A.	Total 2005
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
				8,116	11,906	20,022
Effective % acquired	60.00%	8.18%		69.67%	100.00%	
<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
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.

## 2.12. INTANGIBLE ASSETS

Group				
	Goodwill	Software	Other	Total
<b>Cost</b>				
At January 1, 2004		680	64	744
Additions	4,796	951	532	6,279
Impairment			(596)	(596)
<b>At December 31, 2004</b>	<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
<b>At December 31, 2004</b>		<b>(471)</b>	<b>0</b>	<b>(471)</b>
	4,796	1,160	0	5,956

	Goodwill	Software	Trademarks	Total
<b>Cost</b>				
At January 1, 2005	4,796	1,631		6,427
Additions		73	350	423
Acquisition of subsidiary	7,894	289		8,183
Disposal of subsidiary	(2,864)			(2,864)
<b>At December 31, 2005</b>	<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)
<b>At December 31, 2005</b>		<b>(936)</b>		<b>(936)</b>
	9,826	1,057	350	11,234

Company			
Software	2005		2004
<b>Cost</b>			
At January 1		1,631	680
Additions		61	951
At December 31		1,692	1,631
<b>Accumulated amortization</b>			
At January 1		(336)	(326)
Additions		(807)	(471)
<b>At December 31</b>		<b>885</b>	<b>1,160</b>

## 2.13. INVENTORIES

Inventories are analyzed as follows:

	Group		Company	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Finished and semi-finished products	6,775	2,040	41	21
Raw materials and supplies	10,696	7,085	525	205
Merchandise	19,230	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>

## 2.14. TRADE AND OTHER ACCOUNTS RECEIVABLE

Trade and other accounts receivable are analyzed as follows:

	Group		Company	
	2005	2004	2005	2004
<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>

## 2.15. RELATED PARTY DISCLOSURES

### 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:

RECEIVABLES	31.12.2004	31.12.2005
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>

PAYABLES	31.12.2004	31.12.2005
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.

## ANNUAL FINANCIAL STATEMENTS

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

PURCHASES	01.01-31.12.2004	01.01-31.12.2005
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 S.A.	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>TOTAL</b>	<b>20,619</b>	<b>24,608</b>

SALES	01.01-31.12.2004	01.01-31.12.2005
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 S.A.	4,553	2,927
ATLANTIC POLYMERS & CHEMICALS S.A.	3,016	174
GLOBAL GALAX DOO	241	479
NEOCHIMIKI ROMANIA S.A.	687	1,161
NEOCHIMIKI A.D. BEOGRAD	137	1,515
CHEMICAL INNOVATION S.A.	0	217
NEOCHIMIKI INTERNATIONAL S.A.	0	77
BALLIS S.A.	0	52
NEOCHIMIKI BULGARIA S.A.	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.

## 2.16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analyzed as follows:

	Group		Company	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Cash in hand	15	16	2	1
Cash at banks	4,798	1,833	939	520
<b>Total</b>	<b>4,813</b>	<b>1,849</b>	<b>941</b>	<b>521</b>

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

## 2.17. 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.

## 2.18. LEGAL, TAX FREE AND SPECIAL RESERVES

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

	Group		Company	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
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>Total</b>	<b>44,510</b>	<b>35,022</b>	<b>18,079</b>	<b>13,087</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

**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.

## 2.19. 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.

## 2.20. INTEREST BEARING LOANS AND BORROWINGS:

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

	Group		Company	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Long term bank loan	18,017	18,000	18,000	18,000
Bond	102,000	39,635	62,000	19,635
Finance lease	66	29,797	-	-
	<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 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.

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.

## 2.21. 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.

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

	Group	Company
<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:

<b>Principal Assumptions:</b>	
Discount rate	3.5%
Rate of compensation increase	3.6%
Increase in consumer price index	2%

## 2.22. TRADE ACCOUNTS PAYABLE

Trade accounts payable are analyzed as follows:

	Group		Company	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
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>

## 2.23. SHORT-TERM BORROWINGS

	Group		Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
<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>

## 2.24. 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.

## 2.25. 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
<b>Total of sales</b>	<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>

2005	Greece	Other Countries	Total
Trading activity	67,519	14,343	81,862
Industrial activity	51,568	9,110	60,678
<b>Total of sales</b>	<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			(23,027)
<b>Operating result</b>			<b>20,559</b>
Financial Cost			(3,643)
<b>Result before taxes</b>			<b>16,916</b>
Tax revenues			(2,355)
<b>Result after taxes</b>			<b>14,561</b>
Minorities			(317)
<b>Net result of Group</b>			<b>14,244</b>

## 2.26. CORRECTIONS REGARDING THE PUBLISHED INTERIM FINANCIAL STATEMENTS

While compiling the present annual financial statements, the Group and the Company decided to correct some items which regard previous financial years. The said corrections were made according to I.A.S. 8 “Accounting policies, changes in accounting estimates and errors”, i.e. through retrospective correction of prior years’ items. More specifically, the accounting policy rephrased was the one adopted upon transition to the I.F.R.S. regarding the valuation of properties and mechanical equipment of the companies, which was the principle of revaluation at fair values. The readjustment differences resulting on the date of transition were transferred to a relevant readjustment reserve to the Owners’ Equity of the Balance Sheet as of 1.1.2004. Therefore, the attached balance sheet as of December 31, 2004 is reformed compared to that included in the interim financial statements published within the financial year 2005. The cumulative impact from the above revision of the revaluation accounting policy resulted in the increase of the readjustment reserve by € 533 th., the decrease by € 243 th. of the year’s profit from the recalculation of depreciation and to the total impact on Owners’ Equity being an increase of € 290 th.

As a result of the above corrections, tangible assets, deferred tax, revaluation adjustments, and retained earnings of the Interim Consolidated Financial Statements of Financial Year 2005, are changed compared to the ones that have been published. The amounts of the above items changed as follows:

Assets	31/3/05 published amounts	31/3/05 corrected amounts	30/6/05 published amounts	30/6/05 corrected amounts	30/9/05 published amounts	30/9/05 corrected amounts
Tangible assets	111,123	111,528	116,479	116,885	118,894	119,300
Deferred tax assets	0	389	0	0	397	396
<b>Non-current assets</b>	<b>117,179</b>	<b>117,974</b>	<b>122,446</b>	<b>122,851</b>	<b>125,204</b>	<b>125,608</b>
<b>Total assets</b>	<b>170,711</b>	<b>171,506</b>	<b>187,714</b>	<b>188,119</b>	<b>202,435</b>	<b>202,839</b>
<b>Liabilities</b>						
Revaluation adjustments	20,043	20,575	20,043	20,575	20,043	20,575
Retained earnings	5,420	5,177	6,181	5,938	9,350	9,107
<b>Total equity</b>	<b>56,562</b>	<b>56,852</b>	<b>57,357</b>	<b>57,647</b>	<b>60,560</b>	<b>60,850</b>
Deferred tax liabilities	1,117	1,621	1,213	1,328	1,654	1,768
<b>Total Liabilities</b>	<b>170,711</b>	<b>171,506</b>	<b>187,714</b>	<b>188,119</b>	<b>202,435</b>	<b>202,839</b>

Also net profit of the Interim Consolidated Financial Statements of Financial Year 2004 has changed due to the above corrections as follows:

	31/3/04 published amounts	31/3/04 corrected amounts	30/6/04 published amounts	30/6/04 corrected amounts	30/9/04 published amounts	30/9/04 corrected amounts
Net profit of the period after tax	1,832	1,772	3,879	3,758	6,050	5,868
Net profit of the period after tax and minority interest	1,758	1,698	3,739	3,618	5,821	5,639

## 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 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.

	Group		Company	
	31.12.2003	31.12.2004	31.12.2003	31.12.2004
Equity as previously disclosed	28,428	43,780	23,069	30,532
<b>Adjustments due to IFRS:</b>				
<b><u>To Equity (except for retained earnings)</u></b>				
<b>Reduction of share premium by the expenses of the public offering of shares, that had previously been capitalised (including deferred tax)</b>	-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>

	Group	Company
	01.01-31.12.2004	01.01-31.12.2004
Net profit after tax and after minority share as previously disclosed	7,478	3,560
<b>Adjustments due to IFRS:</b>		
<b>Adjustment of depreciation of tangible assets from the adoption of depreciation rates related to the useful life of the assets</b>	(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>

## 2.27. SUMMARY DATA AND INFORMATION

The Summary financial data and information for the fiscal year 2005 as published in the press are as follows:



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

Ledger Number 44826/06/B/99/4

DATA AND INFORMATION FOR THE PERIOD 1 JANUARY 2005 TO 31 DECEMBER 2005

REGISTERED ADDRESS : 34, PENTELIS STR., PALEO FALIRO, Postal Code: 17564

(Amounts in th. €)

The following data and information aim at providing general information on the financial standing and the financial results of NEOCHIMIKI L.V. LAVRENTIADIS S.A.. We, therefore, recommend the reader, before proceeding to any kind of investment or other transaction with the company, to look to the company's website [www.neochimiki-lavrentiadis.gr](http://www.neochimiki-lavrentiadis.gr), where all periodical financial statements under IFRS together with the Audit report of the external auditor (when necessary) are presented.

COMPANY DETAILS	
Full name:	NEOCHIMIKI - L.V. LAVRENTIADIS S.A.
Registered address :	34, Pentelis Str., Paleo Faliro, Postal Code: 17564
Date of establishment:	21/12/1999
Main activity:	Wholesale trade of chemical products
Ledger Number:	44826/06/B/99/4
VAT Number:	099354964
Board of Directors:	Lavrentios Lavrentiadis: President and Managing Director, Evangelos Lytras: Vice-President, Non-Executive member, Heleni Skoura : Independent Non-Executive member, Theodoros Lytras: Independent Non-Executive Member
End of the current financial year:	31 December 2005
Duration of the financial year :	12 Months
Type of Financial Statements (of which the summary data were drawn):	FY 2005
Date of approval of the Financial Statements (of which the summary data were drawn):	18th May 2006
Certified Auditors- Accountants:	George Vrettos Reg.No. 15651
Auditing Company:	BKR AUDITING S.A.
Type of Supervisory Report:	Audit report with accord
URL where the Financial Statements are published :	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a>

<b>FINANCIAL STATEMENT FOR THE PERIOD</b>				
	<b>GROUP</b>		<b>COMPANY</b>	
<b>ASSETS</b>	<b>31.12.2005</b>	<b>31.12.2004</b>	<b>31.12.2005</b>	<b>31.12.2004</b>
<b>Fixed Assets</b>				
Property, plant and equipment	164,584	107,407	28,581	26,114
Intangible Assets	11,234	5,956	885	1,160
Investments and other long-term receivables	178	116	52,232	31,781
Deferred taxes	431	644	268	454
<b>Total Fixed Assets</b>	<b>176,427</b>	<b>114,123</b>	<b>81,966</b>	<b>59,508</b>
<b>Current Assets</b>				
Inventories	36,672	19,135	13,365	8,116
Trade and other receivables	24,298	21,449	43,869	15,634
Short-term investments	74	0	0	0
Cash	4,813	1,849	941	521
<b>Total Current Assets</b>	<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>CAPITAL &amp; LIABILITIES</b>				
<b>Long-term Liabilities</b>				
Loans	120,083	62,202	80,000	34,905
Deferred taxes	3,618	1,674	50	91
Personnel dismissal and retirement compensation provision	137	122	31	50
Provisions and other long-term liabilities	29	50	11	0
	123,867	64,048	80,092	35,046
<b>Short-term Liabilities</b>				
Suppliers & Other Liabilities	38,263	12,614	14,041	5,348
Tax and Duties payable	3,785	2,427	1,072	659
Loans	9,184	23,114	9,022	10,750
	51,232	38,155	24,135	16,757
<b>Total liabilities (a)</b>	<b>175,099</b>	<b>102,204</b>	<b>104,227</b>	<b>51,804</b>
<b>Capital &amp; Reserves</b>				
Share Capital	10,800	10,800	10,800	10,800
Premium on capital stock	5,677	5,677	5,677	5,677
Reserves from value adjustment and other reserves	44,511	35,022	18,079	13,087
Retained earnings	2,066	2,579	1,358	2,411
Shareholders' Equity	63,054	54,078	35,914	31,975
<b>Minority rights</b>	4,131	274	0	0
Total Equity (b)	67,185	54,352	35,914	31,975
<b>TOTAL CAPITAL AND LIABILITIES (a)+(b)</b>	<b>242,284</b>	<b>156,556</b>	<b>140,141</b>	<b>83,779</b>

# ANNUAL FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE PERIOD				
	GROUP		COMPANY	
	01.01-31.12.2005	01.01-31.12.2004	01.01-31.12.2005	01.01-31.12.2004
Turnover (sales)	142,498	82,905	81,432	57,269
Cost of goods sold	-99,623	-56,233	-64,461	-45,118
<b>Gross operating results</b>	<b>42,875</b>	<b>26,672</b>	<b>16,971</b>	<b>12,151</b>
Other operating income (net)	711	777	237	413
Administrative expenses	-7,015	-4,453	-2,746	-1,567
Distribution expenses	-16,012	-10,554	-7,026	-4,991
<b>EBIT</b>	<b>20,559</b>	<b>12,442</b>	<b>7,436</b>	<b>6,006</b>
EBITDA	27,539	18,083	8,525	6,960
Net expenses/ income from financing activities	-5,546	-3,980	-83	-1,808
Profit before tax	15,013	8,462	7,353	4,198
Income tax				
Taxes	-2,355	-987	-1,144	-575
Profit/ loss after tax	12,658	7,475	6,209	3,623
Attributable to:				
Shareholders	12,620	7,325		
Minority rights	38	150		
Earnings per share - basic (after tax) (in €)	<b>0,35</b>	<b>0,20</b>	<b>0,17</b>	<b>0,10</b>

STATEMENT OF CASH FLOWS				
	GROUP		COMPANY	
	01.01-31.12.2005	01.01-31.12.2004	01.01-31.12.2005	01.01-31.12.2004
<b>Cash Flows from Operating activities</b>				
<b>Profit before taxes &amp; Extraordinary results</b>	15,013	8,461	7,353	4,198
<b>Plus/ less adjustments for:</b>				
Depreciation of subsidies for investments		-188		-188
Depreciation/ amortisation	6,980	5,641	1,089	954
Income from investments / Credit interests	-686		-2,864	
Debit interests				
Finance costs	6,236	3,340	2,947	1,807
Loss from asset disposal	-31	0	-31	0
Long-term guarantees paid				
<b>Changes in working capital (except for impact from acquisition and disposal of companies)</b>				
Trade and other receivables of other companies				
(Increase)/ (Decrease) in Inventories	-17,537	-7,820	-5,249	-4,000
(Increase)/ (Decrease) of Liabilities	25,678	7,603	8,704	-194
(Increase)/ (Decrease) of Receivables	-2,849	-35	-28,235	-520
Exchange differences	-34	-27		
Provisions	649	554	0	0
Personnel dismissal and retirement compensation provision	-13	0	-20	11
Cash Flows from Operating activities	33,406	17,529	-16,306	2,068
Income tax paid	-1,115	-1,148	-660	-640
Other taxes payable	-5,735	-3,270	-2,947	-1,721

<b>Total inflows/outflows from operating activities (a)</b>	<b>26,556</b>	<b>13,111</b>	<b>-19,913</b>	<b>-293</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of tangible assets	-41,925	-25,226	-3,189	-6,617
Purchase of intangible assets	-423	-1,484	-61	-951
Disposal of tangible assets	0	0	0	
Purchases of long-term investments	-24,894	-7,006	-20,451	-14,090
Disposals of short-term investments	3,300	0	2,864	0
Acquisition of subsidiaries	0	-35	0	0
Interests collected	0	0	0	0
Dividends collected	0	0	0	0
<b>Total inflows/outflows from investing activities (b)</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 paid	-2,196	-1,997	-2,196	-1,997
Proceeds from long-term loans- Banks	82,372	36,669	42,365	16,635
Proceeds from short-term loans- Banks (except for overdrafts)	1,005	9,917	1,002	7,167
Payments of long-term loans- Banks	-20,000	-12,001	0	0
Payments of short-term loans- Banks (except for overdrafts)	-9,742	-8,872	0	0
Proceeds from share capital increase	0	0	0	0
Payments of financial leasing liabilities (capital installments)	-12,342	-2,433	0	0
<b>Total inflows/outflows from financing activities (c)</b>	<b>39,097</b>	<b>21,283</b>	<b>41,171</b>	<b>21,805</b>
<b>Net Increase/ (decrease) in cash and cash equivalents for the period (a+b+c)</b>	<b>1,711</b>	<b>643</b>	<b>421</b>	<b>-146</b>
<b>Change in cash</b>				
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,849</b>	<b>1,206</b>	<b>520</b>	<b>666</b>
<b>Cash aquared</b>	<b>1,253</b>	<b>0</b>	<b>0</b>	<b>0</b>
<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>

**STATEMENT OF CHANGES IN NET EQUITY**

	<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>Equity balance at the beginning (1.01.2005 and 1.01.2004 respectively)</b>	54,352	50,761	31,975	30,427
Increase/ (decrease) of share capital	0	0	0	0
Distributed dividends	-2,196	-2,016	-2,196	-2,016
Value adjustments from leasing buy-out	-480			
Profit/(loss) for the period after tax	12,658	7,475	6,209	3,623
Purchase/ (sale) of own shares	0	0	0	0
Deferred taxes	-74	-60	-74	-59
<b>Subsidiaries take over</b>	<b>2,463</b>	<b>-1,808</b>	<b>0</b>	<b>0</b>
Sale of participation percentage in subsidiary company	436	0	0	0
Exchange differences	26	0	0	0
<b>Equity balance at the end (31.12.2005 and 31.12.2004 respectively)</b>	<b>67,185</b>	<b>54,352</b>	<b>35,914</b>	<b>31,975</b>

## ADDITIONAL DATA AND INFORMATION

1) The Group companies, together with their registered addresses and their share of participation included in the consolidated financial statements are the following:

### Full Consolidation Method (direct participation):

CORPORATE NAME	REGISTERED ADDRESS - COUNTRY	% CONSOLIDATION
NEOCHIMIKI L.V. LAVRENTIADIS S.A.	GREECE	MHTPIKH
LAMDA DETERGENT S.A.	GREECE	96.03%
LAMDA LAMDA S.A.	GREECE	99.99%
LAMDA PACK S.A.	GREECE	99.99%
LAMDA POLYMERS INTERNATIONAL S.A.	GREECE	99.99%
PETRONET S.A.	GREECE	99.99%
LAMDA FERTILIZERS S.A.	GREECE	99.99%
SPEDIMET S.A.	GREECE	80.43%
CHEMICAL SOLUTIONS S.A.	GREECE	99.99%
ATLANTIC POLYMERS AND CHEMICALS S.A.	GREECE	99.99%
LAMDA COSMETICS S.A.	GREECE	100.00%
CHEMICAL INNOVATIONS S.A.	GREECE	100.00%
NEOCHIMIKI INTERNATIONAL S.A.	GREECE	100.00%
AGROINNOVETION S.A	GREECE	100.00%
BALLIS S.A.	GREECE	69.87%
NOVION S.A.	GREECE	100.00%
NEOCHIMIKI BEOGRAD AD	SERBIA	99.99%
GLOBAL GALAX S.A.	SERBIA	60.00%
NEOCHIMIKI LAVRENTIADIS LTD	CYPRUS	100.00%
NEOCHIMIKI ROMANIA SA	ROMANIA	99.84%
NEOCHIMIKI BULGARIA SA	BULGARIA	100.00%
ATLANTIC POLYMERS & CHEMICALS GmbH	GERMANY	100.00%
LAMDA COSMETICS LTD	CYPRUS	100.00%

2) The Company has been tax audited by the tax authorities through FY 2004. The companies consolidated have been tax audited through FY 2004, except from CHEMICAL SOLUTIONS S.A., which has not been tax audited through FY 2003, 2004.

3) There are no mortgages or prenotices on the fixed assets of the company.

4) There are no matters disputed by law or under arbitration, neither decisions of judges or arbitrators, which may have significant repercussions on company's financial operation.

5) Number of people employed at the end of the period : by the Group : 434, by the Company : 47

6) The amounts of sales and purchases of the Company cumulatively from the beginning of the financial year with affiliated as defined in IAS 24, companies amount to € 56,089 thousand and € 24,608 thousand respectively. The balances of the receivables and liabilities of the companies with affiliated, as defined in IAS 24, companies at the end of the current period amount to € 40,629 thousand and € 1,533 respectively. The amounts of consolidated sales and purchases (after eliminating intercompany transactions) cumulatively from the beginning of the financial year with the affiliated, as defined in IAS 24 companies, amount to € 41 thousand and € 309 thousand respectively. There are no balances of receivables and liabilities on a consolidated basis (after eliminating intercompany transactions) at the end of the current period with affiliated, as defined in IAS 24, parties.

7) The Earnings per share were calculated based on the weighted average number on the total number of shares.

8) The 2004 consolidated financial statements do not include the following companies :

LAMDA COSMETICS S.A., CHEMICAL INNOVATIONS S.A., NEOCHIMIKI INTERNATIONAL S.A., AGROINNOVATION S.A.

BALLIS CHEMICALS S.A., NOVION S.A., LAMDA COSMETICS LTD, ATLANTIC POLYMERS & CHEMICALS GmbH.

The company BALLIS CHEMICALS S.A., has been taken over by the subsidiary company LAMDA DETERGENT S.A., with a participation percentage of 69.87%, on November 2004 and it has been decided, that the two companies will proceed to their merger, by the absorption of LAMDA DETERGENT S.A., by BALLIS CHEMICALS S.A. On December 2005, the company NOVION S.A. has been taken over.

9) While compiling the present annual financial statements, the Group and the Company decided to correct some items which regard previous financial years. The said corrections were made according to I.A.S. 8 "Accounting policies, changes in accounting estimates and errors", i.e. through retrospective correction of prior years' items. More specifically, the accounting policy rephrased was the one adopted upon transition to the I.F.R.S. regarding the valuation of properties and mechanical equipment of the companies, which was the principle of revaluation at fair values. The readjustment differences resulting on the date of transition were transferred to a relevant readjustment reserve to the Owners' Equity of the Balance Sheet as of 1.1.2004. Therefore, the attached balance sheet as of December 31, 2004 is reformed compared to that included in the interim financial statements published within the financial year 2005. The cumulative impact from the above revision of the revaluation accounting policy resulted in the increase of the readjustment reserve by € 533 th., the decrease by € 243 th. of the year's profit from the recalculation of depreciation and to the total impact on Owners' Equity being an increase of € 290 th. The management does not consider the above impact important in order to republish the interim financial statements of the financial year 2005.



### 3. BOARD OF DIRECTORS MANAGEMENT REPORT TO THE ANNUAL GENERAL SHAREHOLDERS MEETING

The Board of Directors of NEOCHIMIKI – L.V. LAVRENTIADIS SOCIETE ANONYME INDUSTRIAL & COMMERCIAL COMPANY presents its management report as far as the annual financial statements concerns both for the mother company and the Group for the fiscal year ended in December 31st 2005, according to the article 136 of the law act 2190/1920.

#### A. General Business Overview

Consolidated sales reached 142.5 mil. Euro over 82.9 mil. Euro in 2004 marking an increase of 71.9%. More specifically, revenues from production for the year 2005 amounted to 60.7 mil. Euro compared to 32.4 mil. Euro in 2004 marking a y-o-y increase of 87.3%. The main part of the above increase is attributed to the production of detergents for multinationals and private label companies business unit.

At the same time, revenues from distribution of chemical raw materials posted an increase of 62% for 2005 and amounted to 81.8 mil. Euro as compared to 50.5 mil. Euro in the respective period last year. This increase is due to the activity of the business units of plastics, paints & lacquer, industrial oils and fertilizers.

Remaining focused on its strategic goal for geographical expansion in South Eastern European countries, Group posted within 2005 foreign sales of 23.5 mil. Euro as compared to 11.19 mil. Euro during 2004 showing an increase of 110%. More specifically foreign sales for the year 2005 represent 16.5% of consolidated turnover as opposed to 13.5% for the year 2004.

Gross profit rose by 60.7% at 42.9 mil. Euro over 26.7 mil. Euro in 2004.

EBITDA marked a y-o-y increase of 52.3%, amounted to 27.5 mil. Euro as compared to 18.1 mil. Euro in 2004. At the same time, profit before tax amounted to 15 mil. Euro marking an increase of 77.4% while net earnings after tax and minority rights rose by 72.3% standing at 12.6 mil. Euro.

As far as the mother company financial results, turnover for 2005 reached 81,4 mil. Euro as opposed to 57,3 mil. Euro in 2004 posting an increase of 42.05%. Gross profit increased by 38.5% , reaching 16,9 mil. Euro in 2005 as opposed to 12,2 mil. Euro for the year 2004. Earnings before tax for 2005 stood at 7.4 mil. Euro compared with 4.2 mil. Euro in 2004 marking an increase of 76.19%.

Within the last three months of the year 2005, the Group made two takeovers through its subsidiaries, further enhancing its production capacity. Initially, Group's subsidiary LAMDA DETERGENT S.A., took over BALLIS CHEMICALS S.A. with which it then merged. Through the above merger, Group's production activities are expected to further expand, namely in the field of chemical products and detergents for professional use, where BALLIS possesses advanced know-how and expertise.

Moreover, through its subsidiaries, the Group acquired the total number of shares of the company NOVION S.A. (former Celanese), which has privately-owned facilities in Vathi, Avlida and produces emulsions and chemical raw materials for the paints, lacquer and glue products industries.

**GROUP FINANCIAL RESULTS 2005**

(000 €)	2004	2005	%
Sales	82,905	142,498	↑ 71.9 %
Gross Profit	26,673	42,875	↑ 60.7 %
EBITDA	18,084	27,539	↑ 52.3 %
EBT	8,462	15,013	↑ 77.4 %
EAT & Minorities	7,326	12,620	↑ 72.3 %

**B. 2006 OUTLOOK**

For the year 2006 consolidated sales are expected to rise to 230 mil. Euro and earnings after tax and minority rights are expected to rise to 17.2 mil. Euro. Based on the above, estimated sales for 2006 are expected to rise by 61% and net earnings are expected to mark an increase of 37%, in relation to 2005 results. The expected increase in 2006 results is due to the abovementioned takeovers, as well as the Group's first-time involvement in the cosmetics market and its penetration in the agrochemical products market.

**C. BASE OF PREPARATION FOR THE FINANCIAL STATEMENTS**

**(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 "Firsttime 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. 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 revaluates 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.

(v) 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.

#### **D. Companies included in the consolidation:**

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%
Petronet S.A.	Greece	Industrial oils –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%
Agro Innovations S.A.	Greece	Seeds wholesale trade	100%
Novion S.A.	Greece	Chemicals	100%
Ballis Chemicals S.A.	Greece	Chemicals	69.87%
Neochimiki AD Beograd	Serbia	Chemicals	99.99%
Global Galax SA	Serbia	Industrial oils –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%

#### **E. DIVIDEND POLICY**

As far as dividend distribution concerns, the Company's Board of Directors, taking into account the high levels of Group expansion in the fast growing markets of South Eastern Europe and preparative to maintain its high levels of expansion and respective growth proposes the distribution of dividend equal to 0,03 € / share as opposed to 0,06 € / share in the year 2004. More specifically total dividend distribution will amount to 1.007 thousand Euro for the fiscal year 2005 in comparison with 2.196 thousand Euro in 2004.

**P. Faliro 20-02-2006**

**The President of the Board of Directors.**

**Dr. Lavrentis Lavrentiadis**

## 4. AUDITOR'S REPORTS ON THE FY 2005 ANNUAL FINANCIAL STATEMENTS

### AUDITOR'S REPORT

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

We have audited the accompanying financial statements as well as the republished 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, 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.

Without qualifying our opinion, we draw attention to the fact that tangible assets, deferred tax, revaluation reserve, retained earnings referred to the interim consolidated financial statements as of 31 December 2005, as well as the net profits referred to the respective interim periods for the year ended 31 December 2004, have been adjusted and presented as amended in the consolidated financial statements for the year ended 31 December 2005 that have been prepared in accordance with International Financial Reporting Standards. The amounts of the adjustments that have been done by retrospective correction of the items in the related periods are analyzed in Note 26 to the accompanying financial statements.

**Athens, 18 May 2006**

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



**Neochimiki**

L.V. LAVRENTIADIS S.A.

## 5. REPORT OF TRANSACTIONS WITH AFFILIATED PARTIES

According to article 2 par. 4 of Law 3016/2002 the Board of Directors of the Company should prepare a Report of transactions with affiliated parties. The following table presents the said transactions in thousand Euro.

<b>INTERCOMPANY PURCHASES</b>	<b>01.01-31.12.2005</b>
LAMDA DETERGENT S.A.	19,217
LAMDA LAMDA S.A.	2,655
LAMDA PACK S.A.	94
LAMDA POLYMERS INTERNATIONAL S.A.	113
PETRONET S.A.	374
LAMDA FERTILIZERS. (former TRIA LAMDA S.A.)	1,857
SPEDIMET S.A.	108
ATLANTIC POLYMERS & CHEMICALS S.A.	120
NEOCHIMIKI ROMANIA S.A.	0
CHEMICAL SOLUTIONS S.A.	24
NEOCHIMIKI INTERNATIONAL S.A.	20
BALLIS S.A.	26
NEOCHIMIKI A.D. BEOGRAD	0
<b>TOTAL PURCHASES</b>	<b>24,608</b>

<b>INTERCOMPANY SALES</b>	<b>01.01-31.12.2005</b>
LAMDA DETERGENT S.A.	27,456
LAMDA LAMDA S.A.	3,576
LAMDA PACK S.A.	6,403
LAMDA POLYMERS INTERNATIONAL S.A.	5,159
CHEMICAL SOLUTIONS S.A.	102
PETRONET S.A.	6,455
LAMDA FERTILIZERS. (former TRIA LAMDA S.A.)	2,927
ATLANTIC POLYMERS & CHEMICALS S.A.	174
GLOBAL GALAX DOO	479
NEOCHIMIKI ROMANIA S.A.	1,161
NEOCHIMIKI A.D. BEOGRAD	1,515
CHEMICAL INNOVATION S.A.	217
NEOCHIMIKI INTERNATIONAL S.A.	77
BALLIS S.A.	52
NEOCHIMIKI BULGARIA S.A.	335
<b>TOTAL</b>	<b>56,089</b>

As of 31/12/2005 the balances of receivables and liabilities of NEOCHIMIKI L.V. LAVRENTIADIS S.A. from and to affiliated parties were as follows:  
(amounts in thousand Euro)

<b>INTERCOMPANY BALANCES RECEIVABLES</b>	<b>31.12.2005</b>
LAMDA DETERGENT S.A.	14,900
LAMDA LAMDA S.A.	6,347
LAMDA POLYMERS INTERNATIONAL S.A.	2,865
LAMDA PACK S.A.	7,305
LAMDA FERTILIZERS S.A. (former TRIA LAMDA S.A.)	2,647
CHEMICAL SOLUTIONS S.A.	455
BALLIS S.A.	802
NEOCHIMIKI A.D. BEOGRAD	1,183
NEOCHIMIKI ROMANIA S.A.	772
NEOCHIMIKI BULGARIA S.A.	485
NEOCHIMIKI L.V.LAVRENTIADIS LTD	250
LAMDA COSMETICS S.A.	2,533
GLOBAL GALAX DOO	144
<b>TOTAL</b>	<b>40,689</b>

<b>INTERCOMPANY BALANCES LIABILITIES</b>	<b>31.12.2005</b>
ATLANTIC POLYMERS & CHEMICALS S.A.	932
SPEDIMET S.A.	79
NEOCHIMIKI INTERNATIONAL S.A.	522
NEOCHIMIKI ROMANIA S.A.	0
<b>TOTAL</b>	<b>1,533</b>

The Board of Directors unanimously approved, in its session as of 11.5.2006, the company's intercompany transactions with affiliated parties for the period from 1/1/2005 till 31/12/2005, as well as the balances of receivables and liabilities as of 31/12/2005 which are presented in detail in the above tables.

## 6. INFORMATION AS PER ARTICLE 10 OF LAW 3401/2005

According to prevailing legislation, the company released and disclosed to the investing public through its website [www.neochimiki-lavrentiadis.gr](http://www.neochimiki-lavrentiadis.gr) and the website of the Athens Stock Exchange [www.ase.gr](http://www.ase.gr), within 2005, the information presented in the following table:

a/a	DATE	TYPE OF INFORMATION	SUBJECT	WEBSITE
1	12/1/2005 10:27	Announcement regarding corporate developments	EXCLUSIVE DISTRIBUTION ON BEHALF OF POLYMERLATEX IN GREECE, CYPRUS AND ALBANIA	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
2	24/1/2005 14:33	Announcement regarding Other Significant Facts	ANSWER TO A LETTER OF THE ATHEX	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
3	27/1/2005 17:47	Announcement regarding Other Significant Facts	PRESS RELEASE FOR ROAD SHOWS IN MONTREAL, TORONTO	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
4	9/2/2005 17:16	Submission of additional financial reporting data		<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
5	15/2/2005 13:53	Preannouncement for transactions between company-shareholder	LAVRENTIADIS LAVRENTIOS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
6	17/2/2005 14:11	Disclosure for Change in Listed Company Shareholders' Share of Participation	LAVRENTIADIS LAVRENTIOS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
7	18/2/2005 15:41	CORRECT REPETITION - PREANNOUNCEMENT OF TRANSACTIONS	LAVRENTIADIS LAVRENTIOS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
8	23/2/2005 19:57	Announcement of financial statements	ANNUAL BALANCE SHEET FOR THE YEAR 2004	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
9	23/2/2005 20:00	Announcement of financial statements	ANNUAL BALANCE SHEET FOR THE YEAR 2004	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
10	24/2/2005 14:36	Submission of additional financial reporting data	ANNUAL BALANCE SHEET FOR THE YEAR 2004	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
11	28/2/2005 14:18	Announcement of financial statements	ANNUAL BALANCE SHEET FOR THE YEAR 2004	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
12	28/2/2005 15:46	Disclosure of ex dividend/ payment of dividend date	PLAN OF INTENDED CORPORATE ACTIONS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
13	28/2/2005 18:47	Disclosure for Change in Listed Company Shareholders' Share of Participation	LAVRENTIADIS LAVRENTIOS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
14	28/2/2005 18:56	Disclosure for Change in Listed Company Shareholders' Share of Participation	LAVRENTIADIS LAVRENTIOS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
15	28/2/2005 19:32	Announcement regarding corporate developments	PLACEMENT OF FOREIGN INSTITUTIONAL INVESTORS BY 20%	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
16	8/3/2005 21:08	Submission of additional financial reporting data		<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
17	15/3/2005 13:49	Announcement regarding Other Significant Facts	RENAMING OF SUBSIDIARY	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
18	15/4/2005 12:23	Confirmation - Clarifications on published articles	ANSWER TO THE LETTER OF THE ATHEX AS OF 14/4/2005	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
19	15/4/2005 12:52	Confirmation - Clarifications on published articles	ANSWER TO THE LETTER OF THE ATHEX AS OF 14/4/2005 (CORRECT REPETITION)	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
20	21/4/2005 14:36	Announcement regarding Other Significant Facts	RENAMING OF SUBSIDIARY	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
21	27/4/2005 11:52	Announcement regarding Other Significant Facts	COMPANY PRESENTATION TO INSTITUTIONAL INVESTORS IN FRANKFURT	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
22	28/4/2005 2:04	Announcement for comments on financial statements	FIRST QUARTER 2005	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
23	28/4/2005 15:43	Submission of additional financial reporting data		<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
24	6/5/2005 13:18	Announcement regarding Other Significant Facts	ANSWER TO LETTER OF THE HELLENIC CAPITAL MARKET COMMISSION	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
25	24/5/2005 14:39	Preannouncement of Shareholders Meeting	ORDINARY SHAREHOLDERS MEETING 15/6/2005	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>

26	16/6/2005 14:16	Resolutions of Shareholders Meeting	ORDINARY SHAREHOLDERS MEETING 15/6/2005	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
27	23/6/2005 13:45	Preannouncement of Shareholders Meeting	REPETITIVE SHAREHOLDERS MEETING 05/07/2005	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
28	27/6/2005 14:17	Disclosure of ex dividend/ payment of dividend date		<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
29	30/6/2005 18:19	Disclosure regarding the change in the BoD composition or higher officers		<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
30	30/6/2005 18:24	Disclosure regarding the change in the BoD composition or higher officers		<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
31	30/6/2005 21:01	Financial Statements according to IFRS	FIRST QUARTER 2005 PARENT COMPANY	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
32	30/6/2005 21:03	Financial Statements according to IFRS	FIRST QUARTER 2005 CONSOLIDATED	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
33	4/7/2005 13:48	Disclosure regarding the change in the BoD composition or higher officers		<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
34	4/7/2005 14:23	Announcement of Plan of Amendment of the Company's Statutes / Decision of Amendment of the Company's Statutes	REPETITIVE SHAREHOLDERS MEETING 05/07/2005	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
35	6/7/2005 13:38	Resolutions of Shareholders Meeting	REPETITIVE SHAREHOLDERS MEETING 05/07/2005	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
36	7/7/2005 13:23	Preannouncement for transactions between company-shareholder	LAVRENTIADIS LAVRENTIOS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
37	7/7/2005 13:38	Disclosure of transactions	LAVRENTIADIS LAVRENTIOS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
38	7/7/2005 22:38	Announcement regarding Other Significant Facts	PARTICIPATION OF COMPANY TO A ROAD SHOW ORGANISED BY SAL OPPENHEIM BANK IN ZURICH	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
39	11/7/2005 14:28	Announcement regarding Other Significant Facts	ESTABLISHMENT OF THE NEW SUBSIDIARY LAMDA COSMETICS S.A.	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
40	12/7/2005 14:56	Disclosure for Change in Listed Company Shareholders' Share of Participation	LAVRENTIADIS LAVRENTIOS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
41	15/7/2005 10:26	Announcement regarding Other Significant Facts	MARKET MAKING	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
42	15/7/2005 13:39	Announcement regarding Other Significant Facts	NOMINATION OF A THREE-MEMBER AUDIT COMMITTEE	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
43	22/7/2005 13:47	Disclosure for Change in Listed Company Shareholders' Share of Participation	LAVRENTIADIS LAVRENTIOS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
44	22/7/2005 16:40	Disclosure of transactions	LAVRENTIADIS LAVRENTIOS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
45	27/7/2005 12:11	Disclosure of transactions	LAVRENTIADIS LAVRENTIOS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
46	5/8/2005 13:33	Financial Statements according to IFRS	FIRST HALF 2005 PARENT COMPANY	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
47	5/8/2005 13:37	Financial Statements according to IFRS	FIRST HALF 2005 CONSOLIDATED	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
48	5/8/2005 14:32	Announcement for comments on financial statements		<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
49	8/8/2005 13:33	Disclosure of transactions	LAVRENTIADIS LAVRENTIOS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
50	8/8/2005 14:11	Announcement regarding corporate developments	PLACEMENT OF FOREIGN INSTITUTIONAL INVESTORS BY 5.11%	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
51	23/9/2005 12:07	Announcement regarding Other Significant Facts	COMPANY PRESENTATION TO TWO-DAY ROAD SHOW OF SAL OPPENHEIM PRIVATE BANKERS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
52	23/9/2005 12:50	Announcement regarding Other Significant Facts	ESTABLISHMENT OF THE NEW SUBSIDIARY CHEMICAL INNOVATIONS S.A.	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
53	26/9/2005 12:06	Disclosure of transactions	SKOURA ELENI-AFFILIATED PARTY	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>

# INFORMATION AS PER ARTICLE 10 OF LAW 3401/2005

54	30/9/2005 14:11	Announcement regarding Other Significant Facts	ESTABLISHMENT OF THE NEW SUBSIDIARY NEOCHIMIKI INTERNATIONAL S.A.	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
55	13/10/2005 11:57	Disclosure for Change in Listed Company Shareholders' Share of Participation	SANTANDER INVESTMENT SERVICES S.A.	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
56	18/10/2005 18:38	Confirmation - Clarifications on published articles		<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
57	2/11/2005 11:16	Disclosure of decisions for participation in merger, dissosiation, takeover, acquisition, transfer of shares	OF THE SUBSIDIARY LAMDA DETERGENT S.A., WITH BALLIS CHEMICALS S.A.	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
58	2/11/2005 11:21	Disclosure of decisions for participation in merger, dissosiation, takeover, acquisition, transfer of shares	OF THE SUBSIDIARY LAMDA DETERGENT S.A., WITH BALLIS CHEMICALS S.A.	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
59	3/11/2005 10:17	Financial Statements according to IFRS	THIRD QUARTER 2005 PARENT COMPANY	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
60	3/11/2005 10:29	Financial Statements according to IFRS	THIRD QUARTER 2005 CONSOLIDATED	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
61	3/11/2005 10:43	Announcement for comments on financial statements	THRID QUARTER 2005	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
62	3/11/2005 13:01	Financial Statements according to IFRS	THIRD QUARTER 2005 PARENT COMPANY (CORRECT REPETITION)	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
63	3/11/2005 13:04	Financial Statements according to IFRS	THIRD QUARTER 2005 CONSOLIDATED (CORRECT REPETITION)	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
64	4/11/2005 15:52	Preannouncement of Shareholders Meeting	EXTRAORDINARY SHAREHOLDERS MEETING 28.11.2005	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
65	25/11/2005 17:04	Announcement of Plan of Amendment of the Company's Statutes / Decision of Amendment of the Company's Statutes	EXTRAORDINARY SHAREHOLDERS MEETING 28.11.2005	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
66	25/11/2005 17:10	Disclosure of decisions for participation in merger, dissosiation, takeover, acquisition, transfer of shares	TRANSFER OF SHARES OF BALLIS CHEMICALS S.A. TO LAMDA DETERGENT S.A. WITHIN THE FRAMEWORK OF THE SAID MERGER	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
67	29/11/2005 12:40	Resolutions of Shareholders Meeting	EXTRAORDINARY SHAREHOLDERS MEETING 28.11.2005	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
68	8/12/2005 14:57	Announcement regarding Other Significant Facts	9M PERIOD 2005 CORPORATE PRESENTATION	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
69	9/12/2005 14:38	Announcement regarding Other Significant Facts	CORPORATE PRESENTATION TO THE ASSOCIATION OF GREEK INSTITUTIONAL INVESTORS	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
70	16/12/2005 14:35	Announcement regarding Other Significant Facts	ISSUE OF A COMMON SYNDICATED LOAN OF 62 MIL. €	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
71	21/12/2005 23:17	Disclosure of decisions for participation in merger, dissosiation, takeover, acquisition, transfer of shares	SUBMISSION OF THE MERGER AGREEMENT BETWEEN LAMDA DETERGENT S.A. WITH BALLIS S.A. TO THE SUPERVISORY AUTHORITIES	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
72	28/12/2005 13:49	Announcement regarding Other Significant Facts	ESTABLISHMENT OF THE SUBSIDIARIES LAMDA COSMETICS LTD, AGRO INNOVATION S.A.	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
73	29/12/2005 13:51	Disclosure of decisions for participation in merger, dissosiation, takeover, acquisition, transfer of shares	SUMMARY MERGER AGREEMENT FOR THE MERGER OF LAMDA DETERGENT WITH BALLIS S.A.	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
74	29/12/2005 22:04	Announcement regarding Other Significant Facts	ISSUE OF COMMON SYNDICATED LOANS OF 40 MIL. € OF THE SUBSIDIARY LAMDA DETERGENT S.A.	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
75	30/12/2005 16:03	Announcement regarding Other Significant Facts	ACQUISITION OF NOVION S.A.	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>
76	30/12/2005 16:21	Announcement regarding Other Significant Facts (CORRECT REPETITION)	ACQUISITION OF NOVION S.A. (CORRECT REPETITION)	<a href="http://www.neochimiki-lavrentiadis.gr">www.neochimiki-lavrentiadis.gr</a> , <a href="http://www.ase.gr">www.ase.gr</a>

## **7. ANNUAL FINANCIAL STATEMENTS OF THE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY**

The Annual Financial Statements, BoD reports and audit reports of the subsidiaries included in the consolidated financial statements of the Company are available on the Company's website <http://www.neochimiki-lavrentiadis.gr>.





34, Pentelis Str., Paleo Faliro, Postal Code: 17564 . Tel.: +30 210 9460400, Fax: +30 210 9460401.  
[www.neochimiki-lavrentiadis.gr](http://www.neochimiki-lavrentiadis.gr)