

LAMDA DETERGENT S.A.
Annual Financial Statements
for the period from 1 January to 31 December 2006
(Amounts are at thousand Euro, unless is stated otherwise)



ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS (IFRS)

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LAMDA DETERGENT S.A.

**BOARD OF DIRECTORS MANAGEMENT REPORT TO THE ANNUAL
GENERAL SHAREHOLDERS MEETING**

Shareholders,

According to the Law and the Company's Articles of Association, we present you the activities both for the mother company and the Group during 2006.

A. GENERAL BUSINESS OVERVIEW

Consolidated turnover increased by 57% and stood at € 149.0 mil. over € 94.9 mil in 2005. More specifically, revenues from production for the year 2006 amounted to € 105.1 mil. over € 54.8 mil in 2005 marking an increase of 92%. The increase of the production activity is attributed to the incorporation of the two new plants, in Salonika and Sofia, increasing significantly the production capacity from 200 th. tones to 385 th. tones.

At the same time, revenues from the distribution of chemicals raw materials increased by 9% in 2006, at € 43.9 mil. over € 40.1 mil. in the respective period last year.

In 2006 the Group proceeded to its first investment outside of Greece, by acquiring Makro B, which owns a detergent production plant for the production of detergents, with the strategic goal of geographical expansion in Southeastern Europe.

Gross profit increased by 80% and stood at € 31.6 mil. over € 17.6 mil. in 2005.

EBITDA marked a y-o-y increase of 81% and stood at € 28.7 mil. over € 15.9 mil. in 2005. At the same time, earnings before taxes stood at € 16.9 mil. marking an increase of 99%, while earnings after taxes and minority rights stood at € 13.9 mil. over € 8.4 mil. increased by 65%.

As regards the mother company financial results, turnover for 2006 reached € 107,8 mil. over € 94.9 mil. in 2005, marking an increase of 14%. Gross profit increased by 24%, standing at € 21.9 mil. in 2006 over € 17.6 mil. in 2005. Earnings before taxes stood in 2006 at € 7.6 mil. over € 8.5 mil. in 2005, marking an increase of 11%.

In the last quarter of 2006 the merger procedures with Lamda Cosmetics S.A. commenced, which will be complete in the following days. The long-term cooperation of Lamda Detergent S.A with multinational companies and super markets, in conjunction with the excellent infrastructure and state-of-the-art buildings and machineries, that both companies have, will contribute to the faster penetration in the cosmetics market, which is expected to increase further the estimated sales of 2007 by approximately 12-15% and the estimated earnings after taxes by approximately 18-20%.

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FINANCIAL RESULTS
2006

(000 €)	2006	2005
Turnover	149.0	94.9
Gross Profit	31.6	17.6
EBITDA	28.7	15.9
Earnings before Taxes	16.9	8.5
Earnings after taxes and minority rights	13.9	8.4

B. 2007 OUTLOOK

For the year 2007 consolidated sales are expected to rise to € 183 mil. and earnings after taxes and minority rights are expected to rise to € 18 mil. Estimated sales for 2007 are expected to rise by 23% and net earnings are expected to mark an increase of 29%, in relation to 2006 results. The above mentioned increase in sales will come from the full incorporation of the two new plants as well as from the operation of the Group for the first time in the cosmetics market.

C. DIVIDEND POLICY

As far as dividend distribution concerns, the Company's Board of Directors, taking into account the high growth rates of the Group's expansion and preparative to maintain its high levels of expansion proposes the distribution of dividend equal to € 0.048 per share as opposed to € 0.0122 per share in 2005. More specifically total dividend distribution will amount to € 1.876.026 for the fiscal year 2006 in comparison with € 98.186,34 in 2005.

P. Faliro 8-02-2007
The President of the Board of Directors.
Dr. Lavrentis Lavrentiadis

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AUDITOR'S REPORT

To the Shareholders of **LAMDA DETERGENT S.A.**

We have audited the accompanying financial statements as well as the consolidated financial statements of LAMDA DETERGENT S.A., as of and for the year ended 31 December 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company and that of the Group (of which this Company is the holding company), as of 31 December 2006 and of the results of its operations and those of the Group and their cash flows and changes in shareholders' equity for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' Report is consistent with the aforementioned financial statements.

Athens, 9 February 2007

Georgios Ger.Vrettos
Certified Auditor Accountant
Reg. No. 15651
BDO Protypos Hellenic Auditing Co.

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INCOME STATEMENT

	Notes	Group		Company	
		<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Net Sales		149.070	94.992	107.769	94.992
Cost of sales		(117.503)	(77.431)	(85.874)	(77.431)
Gross profit		31.567	17.561	21.895	17.561
Other operating income (net)		146	2.289	146	2.289
Selling, distribution and administrative expenses	6	(11.871)	(9.025)	(11.437)	(9.025)
EBIT		19.842	10.825	10.604	10.825
Net expenses/ income from financing activities	7	(2.845)	(2.298)	(2.942)	(2.298)
Profit before tax		16.997	8.527	7.662	8.527
Income tax	8	(3.046)	(105)	(1.841)	(105)
Profit/loss after tax		13.951	8.422	5.821	8.422
Attributable to:					
Shareholders		13.951	8.422		
Minority rights		0	0		
		13.951	8.422		
Earnings per share basic (after tax) (in €)	9	0,36	0,22	0,15	0,22

The accompanying notes are an integral part of these financial statements

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BALANCE SHEET AT 31st DECEMBER 2006

	Notes	Group		Company	
		<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
ASSETS					
Non-current assets					
Property, plant and equipment	10	109.086	79.543	66.840	79.543
Intangible assets	11,12	3.262	160	429	160
Investments in affiliated companies		0	0	42.000	0
Other long-term receivables		40	34	39	34
Deferred tax asset	8	94	111	75	111
		112.482	79.848	109.383	79.848
Current Assets					
Inventories	13	19.846	13.652	19.066	13.652
Trade receivables	14	27.550	9.740	7.294	9.740
Other receivables	14	8.356	1.398	926	1.398
Financial Assets available for sale		0	71	0	71
Cash and cash equivalents	16	5.652	2.044	5.317	2.044
		61.404	26.905	32.603	26.905
Total Assets		173.886	106.753	141.986	106.753
Capital and Reserves					
Share capital	17	11.725	11.725	11.725	11.725
Share premium account		901	901	901	901
Retained earnings		11.134	1.462	3.004	1.462
Reserves	18	19.040	14.860	19.040	14.860
Reserves from revaluation adjustment		10.069	9.898	9.898	9.898
Total Equity		52.869	38.846	44.568	38.846
Long-term liabilities					
Long-term debt	20	62.000	40.000	62.000	40.000
Deferred tax liabilities	8	1.751	667	950	667
Personnel dismissal and retirement compensation provisions		93	65	85	65
Other long-term liabilities		6	44	6	44
		63.850	40.776	63.041	40.776
Short-term liabilities					
Suppliers	22	52.256	25.928	30.852	25.928
Other Liabilities	22	1.563	0	1.396	0
Loans		76	0	76	0
Tax & Duties Payable		3.272	1.203	2.053	1.203
		57.167	27.131	34.377	27.131
Total Equity and Liabilities		173.886	106.753	141.986	106.753

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Group				
	Share Capital	Share premium	Total reserves	Retained earnings	Grand total
Balance, 1 January 2005	11.000		17.517	32	28.549
Net income for the period				8.422	8.422
Changes of reserves			7.060	(7.060)	
Revaluation reserve			(480)		(480)
Acquisition of subsidiary	725	901	661	68	2.355
Balance, 31 December 2005	11.725	901	24.758	1.462	38.846
Balance, 1 January 2006	11.725	901	24.758	1.462	38.846
Net income for the period				13.951	13.951
Distribution to reserves			4.181	(4.181)	
Deferred tax			170		170
Dividends				(98)	(98)
Balance, 31 December 2006	11.725	901	29.109	11.134	52.869

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Company				Grand total
	Share Capital	Share premium	Total reserves	Retained earnings	
Balance, 1 January 2005	11.000		17.517	32	28.549
Net income for the period				8.422	8.422
Changes of reserves			7.060	(7.060)	
Revaluation reserve			(480)		(480)
Other	725	901	661	68	2.355
Balance, 31 December 2005	11.725	901	24.758	1.462	38.846
Balance, 1 January 2006	11.725	901	24.758	1.462	38.846
Net income for the period				5.821	5.821
Changes of reserves			4.181	(4.181)	
Dividends				(98)	(98)
Other			(1)		(1)
Balance, 31 December 2006	11.725	901	28.938	3.004	44.568

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CASH FLOW STATEMENT

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Cash flows from operating activities				
Net profit before taxes (and minority interests)	16.997	8.527	7.662	8.527
Net finance costs	2.983	2.319	2.960	2.319
Credit interest and similar charges	(138)	(22)	(18)	(22)
Goodwill charged to the statement of income		2.150		2.150
Depreciation and amortization	8.836	5.070	6.717	5.070
	28.678	18.044	17.321	18.044
Increase / decrease of inventories	(6.131)	(3.347)	(5.472)	(3.347)
Increase / decrease of receivables	(27.486)	(8.241)	2.977	(8.241)
Increase / decrease of liabilities	26.808	15.477	6.690	15.477
Other interest receivables	138	22	18	22
Increase provision for post-employment benefits	20	2	20	2
Cash flows (used in)/ from operating activities	22.027	21.957	21.554	21.957
Interest paid	(3.441)	(2.320)	(3.418)	(2.320)
Income tax paid	(545)	(209)	(549)	(209)
Net cash flows (used in)/ from operating activities	18.041	19.428	17.587	19.428
Cash flows from investing activities				
Purchase/Sale of tangible and intangible assets	(21.516)	(22.253)	5.717	(22.253)
Participations	(22.473)	(5.044)	(42.000)	(5.044)
Paid guarantee	(5)	17	(5)	17
Net cash flows used in investing activities	(43.994)	(27.280)	(36.288)	(27.280)
Cash flows from financing activities				
Dividends payable to shareholders	(98)	(321)	(98)	(321)
Proceeds of long-term loans	29.904	40.000	22.000	40.000
Proceeds of short-term loans			72	
Repayments on long-term loans		(20.000)		(20.000)
Repayments on short-term loans	(245)	(1.500)		(1.500)
Finance lease payments		(12.342)		(12.342)
Net cash flows from financing activities	29.561	5.837	21.974	5.837
Net increase in cash and cash equivalents	3.608	(2.015)	3.273	(2.015)
Cash and cash equivalents in the beginning of the year	2.044	4.059	2.044	4.059
Cash and cash equivalents at the end of the year	5.652	2.044	5.317	2.044

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1. Corporate information

The Group consists of the Parent company LAMDA DETERGENT S.A. ('the Company' or the 'Parent Company') and its subsidiaries ('the Group'). The principal activity of the Group is the production of detergents. The Company's registered address is 34, Pentelis Street, 175 64 Palaio Faliro, Greece and it employs a total of 49 people, while the Group employees 94 people.

The Company's shares are traded in the Athens Stock Exchange.

Effective November 25, 2005 Lamda Detergent acquired 69,87% of the total shares of Ballis SA by Mrss C. Ballis and E. Papadopoulou. At the same time the Boards' of Directors of the aforementioned companies decided to merge according to a plan that Ballis was to assume Lamda Detergent. This legal merger was to be implemented following the provisions of Law 2190/1920 and 2166/1993 whereas conversion date was opted the 30th November 2005.

The legal merger concluded following the approval and the subsequent registration to the Companies' Registry on March, 17 2006 for Ballis and on March 20, 2006 for Lamda Detergent.

Following the finalization of the merger, Lamda Detergent's shareholders exchanged each one of their shares, which were bearing a nominal value of € 1 each, by 3.462616 shares of Ballis, which were bearing a nominal value of € 0.30 each. Respectively, Ballis shareholders exchanged each one of their shares, which were bearing a nominal value of € 0.30 each, by 0.411671 shares of Lamda Detergent's, which were bearing a nominal value of € 1 each.

In addition, Ministry of Trade, protocol no. K2-3428/17.03.2006, approved the amendment of the respective company's Articles of Association and Ballis SA renamed to Lamda Detergent SA.

The Company's and the Group's financial statements for the period ended on September 30th 2006 have been authorized for issue on October 31, 2006 by the Board of Directors.

The subsidiary companies included in the attached consolidated financial statements of the Group are presented in the note 3(a)

2. BASIS OF PRESENTATION

(a) Basis of Preparation of Financial Statements:

The accompanying separate and consolidated financial statements (thereon referred to as financial statements) have been prepared under the historical cost convention, except for certain categories of Property, Plant and Equipment, which at the date of transition to International Financial Reporting Standards (IFRS), on January 1, 2004, were measured at fair value, and this fair value was used as deemed cost as of the above date.

All revised or newly issued Standards and interpretations applicable to the Group and are in effect as at December 31, 2006, were used for the preparation of the accompanying financial statements 2(b)

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(b) Statutory Financial Statements:

The Company and its Greek subsidiaries maintain their accounting records in accordance with Greek Corporate Law 2190/1920 and the applicable tax legislation. From January 1, 2005, onwards the Company and its Greek subsidiaries, based on the provisions of applicable legislation are obliged to prepare their statutory financial statements in accordance with the International Financial Reporting Standards that have been adopted by the European Union. However, these entities have the right to continue to maintain their accounting books and records based on the provisions of the Greek tax legislation. The Company'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. Consequently, 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 its Greek subsidiaries are appropriately adjusted and reclassified by certain out-of-book adjustments in order to be in conformity with IFRS.

(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. With respect to significant estimates and judgments made by management in the preparation of the accompanying financial statements please refer to Note 4.

(d) Approval of Financial Statements:

The Board of Directors of the Company approved the accompanying stand-alone and consolidated financial statements for the year ended December 31, 2006 on February 8, 2007.

(e) Newly issued standards, interpretations and amendments of existing standards:

The International Accounting Standards Board, as well as the IFRIC, have already issued a number of new accounting standards and interpretations or have amended valid standards, whose application is mandatory for the periods beginning January 1, 2006 onwards (except if mentioned otherwise below). The Group's and company's management's assessment regarding the effect of these new standards and interpretations is as follows:

IAS 19 (amendment) Employee benefits (effective January 1, 2006):

This amendment provides entities the choice of an alternative method for actuarial gain or loss recognition. It is probable that this amendment will set new recognition criteria for cases where multi-employer retirement plans exist, for which no sufficient information, in order to apply fixed grants accounting. In addition new disclosures are added. This amendment is not applicable for the group.

IAS 39 (amendment) Cash flow hedges accounting for anticipated group transactions (valid since January 1, 2006):

This specific amendment allows the exchange difference risk due to a highly probable anticipated group transaction, to be recognized as a hedging item in the consolidated financial statements, under the condition that (a) this transaction is performed in a currency different

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from the one used by the company, involved in the transaction and (b) the exchange difference risk will influence the consolidated income statement. This amendment is not expected to have effect in the group's financial statements under the condition that the structure an the relevant transactions will remain as they are.

IAS 39 (amendment) fair value measurement considerations (effective January 1, 2006):

This amendment alters the definition of the financial instruments at fair value through profit or loss and limits the ability to classify financial instruments in this category. The group considers that this specific amendment will not materially affect its financial instruments classification, as the group has not classified other financial instruments at fair value through profit or loss, except these held for trading. The group and the company will apply this amendment since January 1, 2006

IAS 39 and IFRS 4 (amendment) Financial guarantee contracts (effective January 1, 2006):

This amendment requires that financial guarantee contracts issued, except the ones that proved by the company to be insurance contracts, to be initially recognized at fair value and later to be valued at the greater value between (a) the balance of relevant fees that have been received and postponed and (b) the expense required to regulate the commitment at the Balance Sheet date. The management has come to the conclusion, that this amendment is not applicable for the group and the company.

IFRS 1 (amendment) First time adoption of International Financial Reporting Standards and IFRS 6 Exploration for and Evaluation of mineral resources (effective January 1, 2006):

These amendments are not relevant with the group's operations.

IFRS 6 Explorations and Evaluation of mineral reserves (effective January 1, 2006) :

Not applicable for the Group and will not affect the financial statements.

IFRS 7 Financial Instruments: Disclosures and supplementary adjustment in IAS 1 Presentation of Financial Statements (effective January 1, 2007): IFRS 7 introduces added disclosures in order to improve the incoming information relating to the financial instruments. It requires the disclosure of quality and quantity information regarding the risk exposure due to financial instruments. More specifically it defines minimum required disclosures relating to credit risk, cash flow risk as well as market risk (imposes the sensitivity analysis concerning the market risk). IFRS 7 replaces the IAS 30 (Disclosures in the Financial Statements of banks and similar Financial Institutions) and the disclosure requirements of IAS 32, (Financial Instruments: disclosure and presentation) It is applicable in all entities that prepare financial statements according to IFRS. The adjustment to IAS 1 introduces disclosures relating the amount of entities' capital as well as its management. The group and the company has assessed the effect of IFRS 7 and the adjustment of IAS 1 and came to the conclusion that the additional disclosure required by their application is the sensitivity analysis regarding the market risk and the capital disclosures. The group will apply IFRS 7 and the amendment of IAS 1 from January 1, 2007

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IFRIC 3, Emission Rights:

This interpretation was not adopted by the E.U. and was later withdrawn by the International Accounting Standards Board. It does not apply to the Group and will not affect the financial statements.

IFRIC 4, Determining whether an arrangement contains a lease (effective January 1, 2006):

IFRIC 4 requires to be determined, whether a business agreement is or includes a lease or not. More specifically it requires an assessment of the following data (a) whether the fulfillment of the agreement depends on the use of specific fixed asset(s) and (b) whether the agreement gives the lessee only the right to use the asset. The application of the Interpretation 4 is not expected to alter the accounting treatment of any of the Group's contracts in force.

IFRIC 5: Right to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective January 1, 2006):

IFRIC 5 is not applicable for the Group and the company.

IFRIC 6: Liabilities arising from participating in a specific market – waste electrical and electronic equipment (effective January 1, 2005):

IFRIC 6 is not applicable for the Group and the company.

IFRIC 7: Applying the restatement approach under IAS 29 financial reporting hyperinflationary economies (effective March 1, 2006):

IFRIC 7 is not applicable for the Group and the company.

IFRIC 8: Scope of IFRS 2 (effective May 1, 2006):

Is not applicable for the Group and will not affect the financial statements.

IFRIC 9: Re-measurement of embedded derivatives (effective June 1, 2006):

Is not applicable for the Group and will not affect the financial statements.

(f) Comparative information

Certain line items of the previous year's financial statements were reclassified in order to conform to the current year's presentation.

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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 Lamda Detergent S.A. and all subsidiaries where Lamda Detergent S.A. has control. Control is presumed to exist when Lamda Detergent S.A. through direct or indirect ownership retains the majority of voting interest or has the power to control the Board of the inv0estee. 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 registration	Activity	% holding of immediate parent
Lamda Detergent Limited	Cyprus	Detergents	100%
Lamda Detergent EOOD	Bulgaria	Detergents	100%
Lamda Cosmetics SA	Greece	Cosmetics	100%

(b) Functional and Presentation Currency and Foreign Currency Translation:

The functional and presentation currency of Lamda Detergent 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 re-measurements 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.

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(c) Property, Plant and Equipment:

Land and buildings comprise mainly factories, distribution hubs and offices. Land and buildings and production machinery are shown at fair value, based on periodic, every four to five years, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the income statement.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

(d) Depreciation:

Depreciation is computed based on the straight-line method at rates, which approximately reflect the average useful lives of relative assets.

The useful lives used are as follows:

<u>Classification</u>	<u>Rate of Depreciation</u>
Buildings	3-4%%
Machinery and equipment	5%-20%
Transportation equipment	12%-15%
Furniture and fixtures	15%-33%

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

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(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 2 & 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, decreased with a possible impairment of their value

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(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.

(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 time deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents.

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

(m) Interest Bearing Loans and Borrowings:

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction cost. After initial recognition, loans and borrowings are measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.

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(n) *Borrowing Costs:*

Borrowing costs are recognized as an expense in the period in which they are incurred.

(o) *Reserve for Staff Retirement Indemnities:*

Staff retirement obligations are calculated at the discounted value of the future retirement benefits deemed to have accrued at year-end, based on the employees earning retirement benefit rights steadily throughout the working period. Retirement obligations are calculated on the basis of financial and actuarial assumptions detailed in Note 21 and are determined using the projected unit credit actuarial valuation method. Net pension costs for the period are included in payroll in the accompanying consolidated statement of income and consist of the present value of benefits earned in the year, interest cost on the benefit obligation, past service cost, actuarial gains or losses and any additional pension charges. Past service costs are recognized on a straight-line basis over the average period until the benefits under the plan become vested. Unrecognized actuarial gains or losses are recognized over the average remaining service period of active employees and included as a component of net pension cost for a year if, as of the beginning of the year, it exceeds 10% of the projected benefit obligation. The retirement benefit obligations are not funded.

(p) *State Pension:*

The Company's employees are covered by one of several Greek State sponsored pension funds covering post-retirement pensions and healthcare benefits. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under this plan.

(q) *Income Taxes (Current and Deferred):*

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

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

- Except where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred tax assets are recognized for all discounted temporary differences and transferred tax assets and losses, at the time where it is possible that taxable profit will be available which will be used against the discounted temporary differences and the transferred unused taxable assets and losses.

- Except where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and there will be available taxable profit which will be used against temporary differences.

The deferred tax assets are reviewed at each balance sheet date and reduced at the time where it is not considered as possible that enough taxable profits will be presented against which, a part or the total of assets can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

(r) Leases:

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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

(s) Government Grants:

Government grants which primarily relate to the subsidization of property, plant and equipment are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied.

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

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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 good :

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.

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4. PAYROLL COST:

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

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Wages and salaries	2.664	1.735	1.698	1.735
Social security costs	1.036	674	661	674
Staff retirement indemnities	109	2	105	2
Other staff costs	103		103	
Total payroll	3.912	2.411	2.567	2.411
Less: amount charged to cost of production	(1.574)	(1.311)	(1.327)	(1.311)
Payroll expensed (Note 6)	2.338	1.100	1.240	1.100

5. DEPRECIATION AND AMORTIZATION:

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

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Depreciation on property, plant and equipment	8.695	5.070	6.576	5.070
Amortization of intangible assets	141	0	141	0
Total of depreciation	8.836	5.070	6.717	5.070
Less: amounts charged to cost of production	4.729	3.558	2.610	3.558
Depreciation and amortization expensed (Note 6)	4.107	1.512	4.107	1.512

6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

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

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Payroll (Note 4)	2.338	1.100	1.240	1.100
Advertising and promotion costs	581	361	574	361
Third party fees	1.969	2.084	1.729	2.084
Depreciation and amortization (Note 5)	4.107	1.512	4.107	1.512
Rent expense	157	318	157	318
Transportation cost	1.127	722	1.127	722
Repairs and maintenance	731	425	731	425
Other	861	2.503	1.772	2.503
Total	11.871	9.025	11.437	9.025

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7. FINANCIAL INCOME/(EXPENSES), NET:

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

	<u>Group</u> <u>2006</u>	<u>Group</u> <u>2005</u>	<u>Company</u> <u>2006</u>	<u>Company</u> <u>2005</u>
Interest on long term loans	(2.051)	(2.320)	(2.051)	(2.320)
Interest on short-term borrowings	(451)		(451)	
Interest income on deposits	138	22	18	22
Factoring Interest	(209)		(209)	
Other financial expenses	(272)		(249)	
Total	(2.845)	(2.298)	(2.942)	(2.298)

8. INCOME TAXES:

According to the tax law, the income tax applicable to companies for the period of 2006 is 29% (32% through December 31, 2005).

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

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

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current income taxes:				
- current income tax charge	2.362	105	1.157	105
Adjustments in respect of income tax of previous years	365		365	
Deferred income taxes	319		319	
Total provision for income taxes reported in the statement of income	3.046	105	1.841	105

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

<u>Group</u>	<u>2006</u>	<u>2005</u>
Profit before tax	16.997	8.527
Income taxes calculated at the nominal applicable tax rate (32% and 29%) for years 2005 and 2006 respectively	4.928	105
Additional tax assessments	365	
Tax effects of non-taxable income and expenses not deductible for tax purposes	28	
Tax effects of non-taxable reserves	(700)	
Tax effects of losses from subsidiaries for which no deferred tax asset was recognized		
Tax effects of profits from subsidiaries taxed at different rates	(1.575)	
Income taxes reported in the statements of income .	3.046	105

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<u>Company</u>	<u>2006</u>	<u>2005</u>
Profit before tax	7.662	8.527
Income taxes calculated at the nominal applicable tax rate (32% and 29%) for years 2005 and 2006 respectively	2.221	105
Additional tax assessments	365	
Tax effects of non-taxable income and expenses not deductible for tax purposes	(45)	
Tax effects of tax-free reserves		
Tax effects of non-taxable reserves	(700)	
Income taxes reported in the statements of income .	1.841	105

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.

Lamda Detergent S.A has been audited by the tax authorities through December 31, 2005. With respect to Lamda Detergent S.A 's subsidiaries, their books and records have not been audited by the tax authorities for the year 2005.

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

The deferred income taxes relate to the temporary differences between the book values and the tax bases of assets and liabilities and are calculated using the applicable statutory income tax rate.

	<u>Group</u>	<u>Company</u>
Balance at 1st January 2005	(618)	(618)
Charged directly to equity		
Charged to the income's statement	63	63
Balance at 31st December 2005	(556)	(556)
	<u>Group</u>	<u>Company</u>
Balance at 1st January 2006	(556)	(556)
Charged directly to equity		
Charged to the income's statement	(320)	(319)
Acquisition of subsidiary	(781)	
Balance at 31st December 2006	(1.657)	(875)

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

Group 2005

	Opening Balance	Charged to income statement	Charged direct to equity	Acquisition of subsidiary	Closing Balance
Revaluation of machinery	(681)	110			(571)
Write off intangible assets	164	(37)			127
Provision for staff indemnities	21	(19)			2
Revaluation of PPE		(114)			(114)
Other	(123)	123			
	(619)	63			(556)

Group 2006

	Opening Balance	Charged to income statement	Charged direct to equity	Acquisition of subsidiary	Closing Balance
Provision for doubtful debts				17	17
Write off intangible assets	127	(41)			86
Provision for staff indemnities	2	5			7
Revaluation of PPE	(685)	(283)		(799)	(1.767)
	(556)	(319)		(799)	(1.657)

Company 2005

	Opening Balance	Charged to income statement	Charged direct to equity	Acquisition of subsidiary
Revaluation of machinery	(681)	110		(571)
Write off intangible assets	164	(37)		127
Provision for staff indemnities	21	(19)		2
Revaluation of PPE		(114)		(114)
Other	(123)	123		0
	(619)	(63)		(556)

Company 2006

	Opening Balance	Charged to income statement	Charged direct to equity	Acquisition of subsidiary
Write off intangible assets	126	(41)		85
Provision for staff indemnities	(3)	5		2
Revaluation of PPE	(680)	(283)		(963)
Other				
	(556)	(319)		(875)

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.

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9. EARNINGS PER SHARE:

The calculation of basic and diluted earnings per share as of December 31, 2006 and 2005, is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Net profit attributable to equity holders of the parent	13.951	8.422	5.821	8.422
Total weighted average number of shares outstanding	<u>39.083.875</u>	<u>39.083.875</u>	<u>39.083.875</u>	<u>39.083.875</u>
Basic Earnings per share	0,36	0,22	0,15	0,22

10. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment is analyzed as follows:

<u>Group 2005</u>	Land and buildings	Machinery equipment	Motor vehicles	Furniture and fittings	Construction in Progress (CIP)	Total
Cost or valuation						
1.1.2005	22.113	43.670	407	932	108	67.229
Additions	3.733	16.025	7	287	4	20.058
Disposals			(19)	(15)		(34)
Transfers from CIP	108				(108)	
Adjustments	1.905					1.905
31.12.2005	27.859	59.695	395	1.204	4	89.157
Depreciation						
1.1.2005	(1.410)	(3.537)	(177)	(411)		(5.535)
Charge for the year	(668)	(4.136)	(36)	(151)		(4.990)
Disposals	0	33	31	30		94
Adjustments	817					817
Transfers from CIP						
31.12.2005	(1.261)	(7.640)	(182)	(532)		(9.614)
Net Book Value						
31.12.2005	26.598	52.055	213	672	4	79.543

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Group 2006

	Land and buildings	Machinery equipment	Motor vehicles	Furniture and fittings	Constraction in Progress (CIP)	Total
Cost or valuation						
1.1.2006	27.859	59.695	395	1.204	4	89.157
Additions	29.211	11.761	115	797		41.883
Disposals	(10.244)	(13.411)				(23.654)
Transfers from CIP		4			(4)	
Acquisition of subsidiary	17.497			39		17.536
Transfers from CIP	115	(115)				
31.12.2006	64.323	58.050	510	2.039		124.922
Depreciation						
1.1.2006	(1.261)	(7.640)	(182)	(532)		(9.614)
Charge for the year	(2.949)	(5.490)	(22)	(234)		(8.695)
Disposals	1.244	1.391				2.634
Acquisition of subsidiary	(154)			(5)		(160)
31.12.2006	(3.121)	(11.739)	(204)	(772)		(15.836)
Net Book Value						
31.12.2006	61.202	46.311	306	1.267		109.086

Company 2005

	Land and buildings	Machinery equipment	Motor vehicles	Furniture and fittings	Constraction in Progress (CIP)	Total
Cost or valuation						
1.1.2005	22.113	43.670	407	932	108	67.229
Additions	3.733	16.025	7	287	4	20.058
Disposals			(19)	(15)		(34)
Transfers from CIP	108				(108)	
Adjustments	1.905					1.905
31.12.2005	27.859	59.695	395	1.204	4	89.157
Depreciation						
1.1.2005	(1.410)	(3.537)	(177)	(411)		(5.535)
Charge for the year	(668)	(4.136)	(36)	(151)		(4.990)
Disposals		33	31	30		94
Adjustments	817					817
Transfers from CIP						
31.12.2005	(1.261)	(7.640)	(182)	(532)		(9.614)
Net Book Value						
31.12.2005	26.598	52.055	213	672	4	79.543

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Company 2006

	Land and buildings	Machinery equipment	Motor vehicles	Furniture and fittings	Construction in Progress (CIP)	Total
Cost or valuation						
1.1.2006	27.859	59.695	395	1.204	4	89.157
Charge for the year	2.222	11.761	115	796		14.893
Transfers from CIP		4			(4)	0
Disposals	(10.244)	(13.410)				(23.654)
31.12.2006	19.837	58.050	510	2.000		80.396
Depreciation						
1.1.2006	(1.261)	(7.640)	(182)	(531)		(9.614)
Charge for the year	(831)	(5.490)	(22)	(235)		(6.578)
Disposals	1.244	1.391				2.634
31.12.2006	(848)	(11.739)	(204)	(766)		(13.556)
Net Book Value						
31.12.2006	18.989	46.311	306	1.234		66.840

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.

Lamda Detergent SA 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 2006 did not revaluated its fixed assets because it estimated that the their value did not significantly changed during the period 1/1/2006-31/12/2006.

Tax revaluation of land and buildings: In accordance with Greek tax legislation, land and buildings are revalued every four years based on non industry specific indices that were announced through respective Ministerial Decisions. The latest of these revaluations which was applied in December 31, 2004, was reversed for IFRS reporting purposes on the basis of not meeting the criteria set forth in IAS 16, however, it resulted to an increase of the tax base of the related assets. The net surplus on land and buildings was taxed at 2% and 8%, respectively.

The Group has no financial leases in force.

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

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11. GOODWILL:

The movement of goodwill for the year ended December 31, 2006 and December 31, 2005 in the consolidated financial statements has as follows:

	LAMDA		
	MAKRO B	COSMETICS SA	TOTAL
Tangible and intangible assets	10.457	6.957	17.414
Inventories	105		105
Receivables and other assets	83	5.646	5.729
Cash and cash equivalents	7	21	27
Payables	(210)	(2.454)	(2.664)
Liability for staff indemnity		(8)	(8)
Deferred income taxes	(1.173)	0	(1.172)
Net assets at acquisition	9.270	10.162	19.431
Effective % acquired	100%	100%	
Net assets acquired	9.270	10.162	19.431
Cash paid	10.500	12.000	22.500
Goodwill	1.230	1.838	3.069
Other adjustments	(279)		(279)
Amount shown in balance sheet	952	1.838	2.790

The cash flow of the above acquisitions is as follows:

Cash paid	10.500	12.000	22.500
Cash acquired	(7)	(21)	(27)
Net assets acquired	10.493	11.979	22.473

Basic assumptions of impairment tests of December 31st 2006.

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

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

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

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12. INTANGIBLE ASSETS

The movement of the intangible assets has as follows:

GROUP 2005

	Rights	Other intangible assets	Total
Cost			
1.1.2005	1	239	240
Additions	49	0	49
31.12.2005	50	239	289
Depreciation			
1.1.2005	0	(49)	(49)
Additions	8	(72)	(80)
31.12.2005	8	(121)	(129)
Net Book Value	42	118	160

GROUP 2006

	Rights	Other intangible assets	Total
Cost			
1.1.2006	50	239	289
Additions	250	202	3.492
31.12.2006	300	441	3.531
Depreciation			
1.1.2006	(8)	(121)	(129)
Additions	(3)	(137)	(140)
31.12.2006	(11)	(258)	(269)
Net Book Value	289	183	472

Company 2005

	Rights	Other intangible assets	Total
Cost			
1.1.2005	1	239	240
Additions	49	0	49
31.12.2005	50	239	289
Depreciation			
1.1.2005		(49)	(49)
Additions	8	(72)	(80)
31.12.2005	8	(121)	(129)
Net Book Value	42	118	160

Company 2006

	Rights	Other intangible assets	Total
Cost			
1.1.2006	50	239	289
Additions	250	160	410
31.12.2006	300	399	699
Depreciation			
1.1.2006	(8)	(121)	(129)
Additions	(3)	(137)	(141)
31.12.2006	(11)	(258)	(270)
Net Book Value	289	140	429

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13. INVENTORIES:

Inventories are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Finished and semi-finished products	6.972	5.468	6.972	5.468
Raw materials and supplies	12.006	7.904	12.006	7.904
Merchandise	868	222	88	222
Advances for inventories	0	58	0	58
Total	19.846	13.652	19.066	13.652

14. TRADE AND OTHER ACCOUNTS RECEIVABLE:

Trade and other accounts receivable are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Trade accounts receivable	27.550	9.740	7.294	9.740
Post-dated cheques receivable	1.975	1.945	1.975	1.945
Notes receivable	63	79	63	79
Other debtors	9	1.317	9	1.317
Tax receivables	6.055		749	
Other receivables	3.259	993	1.066	993
	38.911	14.074	11.156	14.074
Less: allowance for doubtful accounts receivable	(3.005)	(2.936)	(2.936)	(2.936)
Total trade debtors	35.906	11.138	8.220	11.138

15. RELATED PARTY DISCLOSURES:

The consolidated financial statements include the financial statements of Lamda Detergent S.A. and its subsidiaries listed in Note 3(a)

Lamda Detergent S.A 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 Lamda Detergent sa.

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 € 19.110 thousand and € 53.654 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 € 1.257 thousand and € 21.928 thousand respectively. The amounts of consolidated sales and purchases (after eliminating intercompany transactions) are €19.513 and € 77.754 thousand respectively. The 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 are € 1.670 and € 37.297 respectively. Company's and Group's rewards to Managers and Members of the Board of Directors, as defined in IAS 24, for the period 1.1 – 31.12.2006 comes up to €119 thousand. Receivables of the Company and the Group and payables from the Company and the Group for Managers and Members of the Board of Directors, as defined in IAS 24, do not exist.

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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, 2006 the Company has not formed any provision for receivables coming from related parties.

16. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Cash in hand				
Cash at banks	5.652	2.044	5.317	2.044
<u>Total</u>	5.652	2.044	5.317	2.044

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

17. SHARE CAPITAL:

At December 31, 2006, the Company's share capital amounted to € 11.725.000 and comprised of 39.083.875 registered shares of € 0,30 per value each.

18. LEGAL, TAX FREE AND SPECIAL RESERVES:

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

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Legal reserve	841	594	841	594
Revaluation reserve				
Special reserves	17.205	14.257	17.205	14.257
Tax free and specially taxed reserves	993	8	993	8
Other reserves	1	1	1	1
	19.040	14.860	19.040	14.860

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 at source. This income is not taxable, assuming there are adequate profits from which the respective tax free reserves can be established. According to the Greek tax regulations, this reserve is exempt from income tax, provided it is not distributed to shareholders. The Company has no intention of distributing this reserve and, accordingly, has not provided for deferred income tax

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Special Reserves: Special reserves are not distributed to the shareholders based on the special provisions of laws (under the condition that there are enough profits for their formation).

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

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 8th, 2006, the Company's Board of Directors approved a dividend distribution from the 2006 statutory profits of € 1.876 th (€ 0.048 per share) which was approved by the Annual General Meeting.

20. INTEREST BEARING LOANS AND BORROWINGS:

Interest bearing loans and borrowings outstanding at December 31, 2006 and 2005 are analyzed as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Bond Loan	62.000	40.000	62.000	40.000
Finance Lease		44		44
	62.000	40.044	62.000	40.044

Lamda Detergent S.A., member of the Neochimiki Group of Companies, obtained a bond on December 28, 2006 of a EUR 60 million for the re-financing of its existing bank debt following an issue of notes (the "Notes") through a US Private Placement bond issue. The Notes mature in January 2021 and have a fixed coupon of 5.40% for the first four years. The company's bond is free of charges. There are covenants referring to the maintenance of specific financial figures and ratios for all the duration of the bond.

Bond, amounting € 2.000 has been received on 30/6/2006 by the subsidiary company Lamda Detergent S.A. for refinancing the subordinating loan with operating capital with a more permanent character. The interest rate of this loan is floating based on Euribor increased by 1.80% and matures on 7 July 2009. The company's bond is free of charges and

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is repayable at maturity. There are covenants referring to the maintenance of specific financial figures and ratios for all the duration of the bond.

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

Repayments of loans that fall due within the next 12 months are reclassified to the current liabilities.

21. PENSION AND STAFF RETIREMENT INDEMNITIES:

PENSION AND STAFF RETIREMENT INDEMNITIES:

Staff Retirement Indemnities: Under the labour law 2112/20 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.

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, 2006 have been as follows:

Principal Assumptions:

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

22. TRADE ACCOUNTS PAYABLE:

Trade accounts payable are analyzed as follows:

:

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Trade suppliers	52.198	24.576	30.805	24.576
Notes payable	58	36	47	36
Other liabilities and accrued expenses	1.563	1.316	1.396	1.316
Total	53.819	25.928	32.248	25.928

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23. 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.

24. SEGMENT INFORMATION:

Primary and secondary segments' information

At 31st December 2006 the activities of Group recommend an enterprising sector, which can be distinguished in two main activities, that of production of detergents and chemical raw material and this of distribution of chemical raw material. The results of this sectors at the periods that expired 31 December 2005 and 31 December 2006 have as follows:

<u>2005</u>	Production	Distribution	Total amounts
Turnover	54.845	40.147	94.992
Gross Profit			17.561
Other income of the period			2.289
Selling, distribution and administrative expenses			(9.025)
Segment Operating Profit			10.825
Finance Cost			(2.298)
Profit/Loss before tax			8.527
Tax Income			(105)
Profit/ Loss after tax			8.422

<u>2006</u>	Production	Distribution	Total amounts
Turnover	105.146	43.924	149.070
Gross Profit			31.567
Other income of the period			146
Selling, distribution and administrative expenses			(11.871)
Segment Operating Profit			19.842
Finance Cost			(2.845)
Profit/Loss before tax			16.997
Tax Income			(3.046)
Profit/ Loss after tax			13.951

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25. CONTINGENCIES AND COMMITMENTS:

(a) 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.

26. POST BALANCE SHEET EVENTS:

Do not exist.