

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Interim Financial Statements**  
**for the three-month period from 1 January to 31 March 2006**

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This is to certify that the attached Interim Financial Statements are those which have been approved by the Board of Directors of NEOCHIMIKI L.V. LAVRENTIADIS S.A. on 2 May 2006 and have been published by posting them 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.

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

		Group		Company	
		A Trimester 2006	A Trimester 2005	A Trimester 2006	A Trimester 2005
Sales	<b>1</b>	41.523	24.489	32.661	15.417
Cost of sales		(27.882)	(16.326)	(27.195)	(11.540)
<b>Gross profit</b>	<b>1</b>	<b>13.641</b>	<b>8.163</b>	<b>5.466</b>	<b>3.878</b>
Other operating income – expenses (net)		231	121	65	27
Selling, distribution expenses		(4.482)	(2.999)	(1.693)	(1.460)
Administrative expenses		(1.838)	(983)	(564)	(402)
<b>Operating profit</b>		<b>7.552</b>	<b>4.303</b>	<b>3.274</b>	<b>2.042</b>
Finance costs (net)		46.996	(1.154)	40.016	(558)
<b>Net profit before tax</b>		<b>54.548</b>	<b>3.149</b>	<b>43.290</b>	<b>1.485</b>
Income tax expense	<b>9</b>	(1.149)	(481)	(353)	(232)
<b>Net profit for the period</b>		<b>53.399</b>	<b>2.669</b>	<b>42.937</b>	<b>1.253</b>
<b>Attributable to:</b>					
Equity holders of the parent		53.198	2.671		
Minority Interest		201	(2)		
		<b>53.399</b>	<b>2.669</b>		
<b>Earnings per share basic (after tax)</b> <b>(in Euro)</b>		<b>1,48</b>	<b>0,07</b>	<b>1,19</b>	<b>0,03</b>

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

		<b>Group</b>		<b>Company</b>	
		<b>31.3.2006</b>	<b>31.12.2005</b>	<b>31.3.2006</b>	<b>31.12.2005</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	<b>2</b>	174.850	164.584	28.685	28.581
Intangible assets	<b>3</b>	12.397	11.234	808	885
Deferred tax asset	<b>9</b>	319	431	125	268
Investments and other long-term receivables		177	178	52.788	52.232
		<b>187.743</b>	<b>176.427</b>	<b>82.406</b>	<b>81.966</b>
<b>Current Assets</b>					
Stocks	<b>4</b>	51.290	36.672	10.513	13.365
Trade and other receivables	<b>5</b>	30.447	24.298	45.889	43.869
Cash and cash equivalents	<b>6</b>	73.552	4.813	45.856	941
Financial Assets available for sale		0	74	0	0
		<b>155.289</b>	<b>65.857</b>	<b>102.258</b>	<b>58.175</b>
<b>Total Assets</b>		<b>343.032</b>	<b>242.284</b>	<b>184.664</b>	<b>140.141</b>
<b>EQUITY</b>					
<b>Of parent shareholders :</b>					
Share capital		10.800	10.800	10.800	10.800
Share premium account		6.579	5.677	5.677	5.677
Reserves		45.168	44.511	18.079	18.079
Retained earnings (loss)		55.398	2.066	44.267	1.358
		117.945	63.054	<b>78.823</b>	35.914
<b>Minority interest:</b>		21.109	4.131	0	0
<b>Total equity</b>		<b>139.054</b>	<b>67.185</b>	78.823	<b>35.914</b>
<b>LIABILITIES</b>					
<b>Long-term liabilities</b>					
Long-term debt	<b>8</b>	125.000	120.083	80.000	80.000
Deferred tax liabilities	<b>9</b>	4.868	3.618	<b>65</b>	<b>50</b>
Personnel dismissal and retirement compensation provisions	<b>10</b>	291	137	36	31
Provisions and other long-term liabilities		56	29	11	11
		<b>130.215</b>	<b>123.867</b>	<b>80.112</b>	<b>80.092</b>
<b>Short-term liabilities</b>					
Trade and other payables	<b>7</b>	46.308	38.263	11.544	14.041
Income tax payable		1.844	3.785	1.173	1.072
Short-term borrowings	<b>8</b>	25.611	9.184	13.012	9.022
		<b>73.763</b>	<b>51.232</b>	<b>25.729</b>	<b>24.135</b>
<b>Total Equity and Liabilities</b>		<b>343.032</b>	<b>242.284</b>	<b>184.664</b>	<b>140.141</b>

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**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	<b>The Group</b>					
	Share Capital	Share premium	Total reserves	Retained earnings	Minority interest	Grand total
<b>Balance 01/01/2005</b>	<b>10.800</b>	<b>5.677</b>	<b>34.488</b>	<b>2.823</b>	<b>274</b>	<b>54.062</b>
Net income for the period				2.671		2.671
Deferred tax				(73)		(73)
Dividends to minority					(70)	(70)
Exchange differences			(24)	(4)		(28)
Transfer to minority				2	(2)	0
<b>Balance 31/3/2005</b>	<b>10.800</b>	<b>5.677</b>	<b>34.464</b>	<b>5.418</b>	<b>202</b>	<b>56.562</b>
<b>Balance 01/01/2006</b>	<b>10.800</b>	<b>5.677</b>	<b>44.510</b>	<b>2.066</b>	<b>4.131</b>	<b>67.184</b>
Net income for the period				53.198	201	53.399
Deferred tax				(28)		(28)
Dividends to minority						
Exchange differences			(3)	(12)		(15)
Transfer to minority						
Effect from merger of Ballis Chemicals		902	661	174	(1.737)	0
Disposal of Lamda Detergent					18.514	18.514
<b>Balance 31/3/2006</b>	<b>10.800</b>	<b>6.579</b>	<b>45.168</b>	<b>55.398</b>	<b>21.109</b>	<b>139.054</b>

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**The Company**

	Share Capital	Share premium	Total reserves	Retained earnings	Grand total
<b>Balance 01/01/2005</b>	<b>10.800</b>	<b>5.677</b>	<b>13.087</b>	<b>2.410</b>	<b>31.974</b>
Net income for the period				1.253	<b>1.253</b>
Deferred tax				(73)	<b>(73)</b>
<b>Balance 31/3/2005</b>	<b>10.800</b>	<b>5.677</b>	<b>13.087</b>	<b>3.590</b>	<b>33.154</b>
<b>Balance 01/01/2006</b>	<b>10.800</b>	<b>5.677</b>	<b>18.079</b>	<b>1.358</b>	<b>35.914</b>
Net income for the period				42.936	<b>42.936</b>
Deferred tax				(27)	<b>(27)</b>
<b>Balance 31/3/2006</b>	<b>10.800</b>	<b>5.677</b>	<b>18.079</b>	<b>44.267</b>	<b>78.823</b>

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	<b>Group</b>		<b>Company</b>	
	<b>1.1. – 31.3.2006</b>	<b>1.1. – 31.3. 2005</b>	<b>1.1. – 31.3.2006</b>	<b>1.1. – 31.3. 2005</b>
<b>Cash flows from operating activities</b>				
<b>Net profit before taxes (and minority interests)</b>	<b>54.548</b>	<b>3.149</b>	<b>43.290</b>	<b>1.485</b>
Net finance costs	1.958	1.009	1.208	558
Profit on disposal of Lamda Detergent	(48.954)		(41.224)	
Profit/Loss on disposal of fixed assets	2	0	2	0
Depreciation and amortization	2.679	1.591	305	231
	<b>10.233</b>	<b>5.750</b>	<b>3.581</b>	<b>2.274</b>
Long-term guarantees paid		(36)		
(Increase)/(decrease) of reserves	(14.557)	(4.037)	2.851	(213)
(Increase)/(decrease) of receivables	(7.950)	(10.339)	(2.020)	(24)
Increase /(decrease) of liabilities	7.840	3.307	(2.496)	3.726
Provisions		4	0	
Increase provision for post-employment benefits	155	2	5	(4)
<b>Cash generated from operations</b>	<b>(4.279)</b>	<b>(5.349)</b>	<b>1.921</b>	<b>5.759</b>
Profit from short-term investments	4	0	0	0
Interest paid	(1.975)	(336)	(1.208)	(87)
Income taxes paid	(977)	(153)	(122)	
<b>Net cash flows (used in)/ from operating activities</b>	<b>(7.226)</b>	<b>(5.838)</b>	<b>591</b>	<b>5.671</b>
<b>Cash flows from investing activities</b>				
Purchase of intangible assets	(63)	(32)	(8)	(32)
Purchase of property, plant and equipment	(2.425)	(5.610)	(324)	(4.320)
Acquisition of subsidiaries (net of cash acquired)	(10.493)	0	0	
Sales of property, plant and equipment	70		(1)	
Participations			(3.550)	(2.000)
Disposal of Lamda Detergent	67.468		44.217	
<b>Net cash flows used in investing activities</b>	<b>54.557</b>	<b>(5.642)</b>	<b>40.334</b>	<b>(6.352)</b>
<b>Cash flows from financing activities</b>				
Proceeds of long-term borrowings	5.000	(3)		
Proceeds of short-term borrowings	16.444	12.274	3.990	993
Repayments on long-term borrowings	(44)	1		
Repayments on short-term borrowings		1		
Finance lease payments		(671)		
Dividends payable to minority rights		(70)		
<b>Net cash flows from financing activities</b>	<b>21.400</b>	<b>11.531</b>	<b>3.990</b>	<b>993</b>
<b>Net increase in cash and cash equivalents</b>	<b>68.731</b>	<b>52</b>	<b>44.915</b>	<b>312</b>
Cash and cash equivalents in the beginning of period	4.814	1.848	941	520
Effects from exchange differences	7			
<b>Cash and cash equivalents at the end of the period</b>	<b>73.552</b>	<b>1.899</b>	<b>45.856</b>	<b>832</b>

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A. Corporate information

The Group consists of the Parent company NEOCHIMIKI –L.V. LAVRENTIADIS S.A. with the distinctive title NEOCHIMIKI S.A. ('the Company' or the 'Parent Company') and its subsidiaries ('the Group'). The principal activities of the Group are distribution of chemical products of multinational firms and the production of detergents. The Company's and the Group's registered address is 34, Pentelis Street, 175 64 Palaio Faliro, Greece and they employ a total of 427 people.

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

NEOCHIMIKI announced at 28.3.2006 the successful completion of the sale, through private placement, of 16.978.729 shares of the subsidiary company LAMDA DETERGENT owned by NEOCHIMIKI L.V. LAVRENTIADIS and its subsidiary by 100% companies and issued by LAMDA DETERGENT (which represent 43,44% of the share capital of LAMDA DETERGENT) to foreign institutional investors, which were blocked at the Athens Stock Exchange according to the letter with Reg No. 12248/20.03.2006 for achieving among others a satisfying spread of LAMDA DETERGENT's shares. After the sale transaction, through private placement, NEOCHIMIKI L.V. LAVRENTIADIS will hold 50.15% from 93.59% of the share capital and respectful voting rights of LAMDA DETERGENT. More specifically 16.978.729 shares of LAMDA DETERGENT were sold through private placement at a total amount of € 68.539.488 and realized a capital gain of €48.953.811,30. The shares were sold to institutional foreign investors mainly from the U.K., Italy, Spain, Germany, Austria, Holland, and Belgium, a fact that comes as an affirmation of the investment community unreserved confidence towards the growth potential of the company business.

The proceeds from the private placement will be used for the materialization of NEOCHIMIKI Group of Companies strategic goals both in domestic Greek market as well as in the markets of South-eastern Europe through the development and enhancement of its five main SBUs involved in:

- Production of detergents,
- Production and distribution of raw materials for the paints and lacquer industry
- Production and distribution of cosmetics,
- Distribution of agrochemical products and
- Distribution of polymers for the plastics industry.

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The Company's and the Group's financial statements for the period ended on March 31<sup>st</sup> 2006 have been authorized for issue on May 2, 2006 by the Board of Directors.

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

**B. Summary of significant accounting policies**

**i. Basis of preparation of financial statements**

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

These interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) that are prescribed by the International Accounting Standards Board (IASB) and which have been adopted by the European Union. In particular these interim financial statements are in accordance with the provisions of the IAS 34 "Interim Financial Information".

The Group has prepared financial statements in accordance with IFRS for the first time for the period that ended on December 31, 2005, with transition date January 1<sup>st</sup>, 2004. No Standards have been implemented prior to the commencement date of their implementation.

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

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

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The basic accounting principles adopted in the Interim Financial Statements are the same that have been adopted in the preparation of the Financial Statements for the year ended at 31<sup>st</sup> December 2005.

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ii. Consolidation

Base of Consolidation

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

Company	Country of registered office	Activity	% of participation in the Group
Lamda Detergent S.A.	Greece	Detergent	50,15%
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%
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%
Lamda Detergent Limited	Cyprus	Detergent	100%

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Lamda Cosmetics Limited	Cyprus	Cosmetics	100%
Makro B	Βουλγαρία	Detergent	100%

## 1. Segmental analysis

### Prime and secondary segments of analysis

On March 31, 2006 the Group's activities constitute one business segment, namely that of distribution of chemical products for multinationals and the production of detergents. Therefore, the key interest in financial reporting is focused in the geographical segmentation of the Group's activity, where different financial backgrounds come with different risks and benefits.

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

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

Financial results per segment for the three month periods ending on March 31, 2005 and March 31, 2006 are as follows:

	Greece	Other Countries	Group Total
<b><u>Quarter 1 2005</u></b>			
Third-party sales	21.537	2.952	24.489
<b>Gross Profit</b>			8.163
Other income for the period			121
Operating expenses (selling and administrative)			(3.982)
<b>Operating Profit of segments</b>			4.303
Finance costs			(1.154)
<b>Profit before tax</b>			3.149
Income tax expense			(481)
<b>Profit after tax</b>			2.669
Minority Interest			2
<b>Profit, after taxes, attributable to the Group</b>			2.671

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<u>Quarter 1 2006</u>	Greece	Other Countries	Group Total
Third-party sales	28.893	12.630	41.523
<b>Gross Profit</b>			<b>13.641</b>
Other income for the period			231
Operating expenses (selling and administrative)			(6.320)
<b>Operating Profit</b>			<b>7.552</b>
Finance costs			46.996
<b>Profit before tax</b>			<b>54.548</b>
Income tax expense			(1.149)
<b>Profit after tax</b>			<b>53.399</b>
Minority Interest			(201)
<b>Profit, after taxes, attributable to the Group</b>			<b>53.198</b>

## 2. Tangible Fixed Assets

### Transactions 1<sup>st</sup> Quarter 2006 –The Group

	Total Tangible Fixed Assets
<b>At cost or evaluation</b>	
<b>1.1.2006</b>	<b>179.896</b>
Exchange differences	(3)
Additions for the period	12.831
<b>31.3.2006</b>	<b>192.724</b>
<b>Depreciation</b>	
<b>1.1.2006</b>	(15.325)
Exchange differences	
Depreciation for the period	(2.549)
<b>31.3.2006</b>	<b>(17.874)</b>
<b>Net book value</b>	
<b>31.3.2006</b>	<b>174.850</b>

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**Transactions 1<sup>st</sup> Quarter 2006 –The Company**

	Total Tangible Fixed Assets
<b>At cost or evaluation</b>	
1.1.2006	32.223
Additions for the period	324
Sales for the period	(3)
<b>31.3.2006</b>	<b>32.544</b>
<b>Depreciation</b>	
1.1.2006	(3.641)
Depreciation for the period	(220)
Sales for the period	2
<b>31.3.2006</b>	<b>(3.859)</b>
<b>Net book value</b>	
<b>31.3.2006</b>	<b>28.685</b>

No mortgages and prenotices exist on fixed assets for loans.

### 3. Intangible fixed assets

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

**Transactions 1<sup>st</sup> Quarter 2006 –The Group**

	Software	Goodwill	Total
<b>Net book value 1.1. 2006</b>	<b>1.407</b>	<b>9.826</b>	<b>11.234</b>
Additions	102	1.230	1.332
Sales / Write-off		(48)	(48)
Depreciation for the period	(120)		(120)
<b>Net book value 31.3.2006</b>	<b>1.389</b>	<b>11.008</b>	<b>12.397</b>

**Transactions 1<sup>st</sup> Quarter 2006 –The Company**

	Software
<b>Net book value 1.1. 2006</b>	<b>885</b>

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Additions	8
Depreciation for the period	<u>(85)</u>
<b>Net book value 31.3.2006</b>	<b>808</b>

As far as the goodwill and the acquisitions concerns for the A Trimester of 2006 the following must be referred:

**MAKRO B**

Tangible and Intangible Assets	10.457
Inventories	105
Trade and other accounts receivable	83
Cash and cash equivalents	7
Trade accounts payable	(60)
Personnel dismissal and retirement compensation	-
Borrowings	(137)
Other Liabilities	(12)
Deferred Tax	<u>(1.173)</u>
Net assets at acquisition	9.270
Effective % acquired	100,00%
<b>Net assets acquired</b>	<b>11.906</b>
Cash paid	10500
<b>Goodwill</b>	<b>1.230</b>
Cash paid	10.500
Cash acquired	7
<b>Cash outflow at acquisition</b>	<b>10.493</b>

Goodwill €48 that was coming from LAMDA DETERGENT S.A. wrote-off because of profit that came up from the disposal of a percentage of LAMDA DETERGENT.

As far as the goodwill and the acquisitions concerns until 2005 and the impairment test the below must be referred:

Company Aquired	Date of acquisition	Percentage of Share Capital	Goodwill
Global Galax S.A.	9 <sup>os</sup> 2004	60%	1.884
Lamda Detergent S.A.	9 <sup>os</sup> 2004	7%	48
NOVION S.A.	12 <sup>os</sup> 2005	100%	<u>7.894</u>
			<b>9.826</b>

The management of the company carried out impairment tests according to the forethought of IAS 36 and there were no reasons for relative provisions.

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**4. Inventories**

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

	The Group		The Company	
	31.3.2006	31.12.2005	31.3.2006	31.12.2005
Merchandise	17.967	19.201	9.969	12.799
Raw and packaging materials	20.032	10.696	464	525
Finished Goods	13.291	6.775	80	41
	51.290	36.672	10.513	13.365

**5. Receivables**

	The Group		The Company	
	31.3.2006	31.12.2005	31.3.2006	31.12.2005
Customers	17.841	17.561	43.175	42.037
Post-dated cheques	4.227	3.240	1.919	638
Notes receivables	103	151	37	6
Debtors	4.220	2.599	165	865
Other receivables	7.207	3.898	782	512
	33.598	27.449	46.078	44.058
Minus: impairment provisions	(3.151)	(3.151)	(189)	(189)
Total	30.447	24.298	45.889	43.869

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

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

**6. Cash and cash equivalents**

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

**7. Suppliers and other liabilities**

	The Group		The Company	
	31.3.2006	31.12.2005	31.3.2006	31.12.2005
Suppliers	35.176	35.189	9.362	13.151
Notes payable	5.897	266	59	122
Cheques payable	239	593	0	
Other liabilities	4.996	2.215	2.123	768
<b>Total</b>	<b>46.308</b>	<b>38.263</b>	<b>11.544</b>	<b>14.041</b>

**8. Loans**

	The Group		The Company	
	31.03.2006	31.12.2005	31.3.2006	31.12.2005
Long – term loans				
Debentures	107.000	102.000	62.000	62.000
Other bank loans	18.000	18.017	18.000	18.000
Finance lease liability		66	0	0
	125.000	120.083	80.000	80.000
Sort – term loans				
Bank short - term loans	25.611	9.022	13.012	9.022
Current portion of non-current borrowings	0	3	0	0
Finance lease liability	0	159	0	0
	25.611	9.184	13.012	9.022
<b>Total loans</b>	<b>150.611</b>	<b>129.267</b>	<b>93.012</b>	<b>89.022</b>

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The Group has issued three 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
Total	62.000

On December 30, 2005, LAMDA DETERGENT 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	

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	16.000
<b>Total</b>	<b>40.000</b>

The third bond was received from LAMDA LAMDA S.A. on March 30 2006 in order to re-finance its existing borrowings with more permanent working capital. The payment in full of this bond will be done after 5 years.

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

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

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

## 9. Income Taxes

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

	The Group		The Company	
	1 <sup>st</sup> Quarte r 2006	1 <sup>st</sup> Quarte r 2005	1 <sup>st</sup> Quarte r 2006	1 <sup>st</sup> Quarte r 2005
Current tax charge	653	222	223	176
Previous periods tax charges	345	129		
Deferred tax charge	151	129	130	56
	1.149	481	353	232

Tax charges have been calculated on the basis of the effective tax rates for the previous periods. Within the management's constant plans is the minimisation of tax charges, based on the motives provided in the tax laws. On this basis, it has been considered that the profits for the period of the

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Company and its subsidiaries will be distributed to untaxed reserves at the maximum allowed amount.

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

The deferred tax accounts are analyzed as follows:

	Group		Company	
	1Q 2006	1Q 2005	1Q 2006	1Q 2005
Deferred tax receivables	319	389	125	252
Deferred tax liabilities	(4.868)	(1.507)	(65)	(18)
	<u>(4.549)</u>	<u>(1.117)</u>	<u>60</u>	<u>234</u>

  

	Group		Company	
	1Q 2006	1Q 2005	1Q 2006	1Q 2005
Balance at the beginning of the period	(3.188)	(914)	218	363
Tax on results	(151)	(129)	(130)	(56)
Tax on equity	(1.210)	(73)	(28)	(72)
Balance at the end of the period	<u>(4.549)</u>	<u>(1.117)</u>	<u>60</u>	<u>234</u>

The kind of the temporary differences and the analytical transactions for the 1Q 2006 for the Group is as follows:

	Balance at the beginning of the period	Debits / Credits(-) on results	/	Debits / Credits(-) on equity	Balance at the end of the period
Provisions for insecurities	115				115
Impairment of Assets	209				209
Write off of intangible assets	164	(122)		(28)	14
Personnel Indemnities	38	38			76
Correction of Amortization	(2.272)	(67)		(1.182)	(3.521)

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Value adjustment of assets	(1.313)			(1.313)
Other	(129)			(129)
	<hr/>			<hr/>
	(3.188)	(151)	(1.210)	(4.549)

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**10. Obligations towards employees**

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

**Persons employed and related costs**

	The Group		The Company	
	1 <sup>st</sup> Quarter 2006	1 <sup>st</sup> Quarter 2005	1 <sup>st</sup> Quarter 2006	1 <sup>st</sup> Quarter 2005
<b>Number of persons employed</b>				
Salaried employees	334	213	40	41
Workers	93	153	7	5
<b>Total</b>	<b>427</b>	<b>366</b>	<b>47</b>	<b>46</b>
<b>Cost</b>	<b>2.833</b>	<b>1.872</b>	<b>417</b>	<b>405</b>

**11. RELATED PARTY DISCLOSURES:**

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

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.

Receivable balances of the company with its associates at March 31<sup>st</sup>, 2006 are €42.737 thousand and payable balances are €386 thousand at the end of the same period.

Account balances in consolidated level (after the erasure of intercompany transactions) at the end of the period January 1<sup>st</sup> to March 31<sup>st</sup> 2006 according to IFRS 24 does not exist.

The sales and purchase of goods and services of the company with its associates for the same period are € 25.340 and € 9.661 thousand respectively.

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The amounts of purchases and sales in consolidated level (after the erasure of intercompany transactions) from the beginning of the year 2006 until March 31<sup>st</sup> with connected companies according to IFRS 24 are €0 and €89 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 period ended at March 31, 2006 the Company has not formed any provision for receivables coming from related parties.