



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

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**IN ACCORDANCE WITH INTERNATIONAL  
FINANCIAL REPORTING STANDARDS (IFRS)**

This is to certify that the attached Annual Financial Statements are those which have been approved by the Board of Directors of NEOCHIMIKI L.V. LAVRENTIADIS S.A. on 8 February 2007 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**

## CONTENTS

Bord of Directors Management Report

Auditor's Report

Income Statement

Balance Sheet

Group's Statement of Changes in Shareholders' Equity

Company's Statement of Changes in Shareholders' Equity

Cash Flow Statement

Notes to the Annual Financial Statements According to IFRS

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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

Shareholders,

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

**A. General Business Overview**

Consolidated turnover marked an increase of 112%, standing at € 301.8 mil. over 142,5 mil. in 2005. More specifically, revenues from production for the fiscal year 2006 stood at € 131.4 mil. over € 60.7 mil. in 2005 marking an increase of 116%. The major part of this increase came from the production of detergents from multinational companies and private labels and from the incorporation of the new production facilities for the production and packaging of chemical products for the paint, lacquer and adhesives industry.

At the same time, revenues from the distribution of chemical raw materials marked an increase of 108% in 2006 and stood at € 170.4 mil. over € 81.8 mil. in the respective period last year. This increase is attributed to the operations of the plastics, paints & lacquers, industrial base oils and fertilizers business units.

The group, remaining focused on the strategic target of geographical expansion in the countries of South-eastern Europe, expanded with the establishment and acquisition of new companies in Poland, Ukraine and Bulgaria and in 2006 recorded sales abroad which amount to € 118.3 mil. over € 23.5 mil. in 2005, marking an increase of 403%. Please note that sales abroad represent 39.1% of consolidated turnover in 2006 over 16.5% in the fiscal year 2005.

Gross profit marked an increase of 101% and stood at € 86.4 mil. over € 42.9 mil. in 2005.

Profits before interest, tax and depreciation (EBITDA) posted in 2006 an increase of 124% and stood at € 61.5 mil. over € 27.5 mil. in 2005. At the same time, profits before taxes amounted to € 111 mil. marking an increase of 640%, while profits after taxes and minority rights stood at € 97 mil. over € 12.6 mil. marking an increase of 670%. Profits after taxes and minority rights include extraordinary capital gains of € 73.9 mil. from the sale of the shares of the subsidiary company Lamda Detergent to foreign institutional investors, If we exclude this, organic net profits after taxes and minority rights stand at € 23.1 mil. over € 12.6 mil. in 2005, marking an increase of 83%.

As regards the mother company results, turnover in 2006 stood at € 124.6 mil. over € 81.4 mil. in 2005 marking an increase of 53%. Gross profit increased by 32%, standing at € 22.3 mil. in 2006 over € 16.9 mil. in 2005. Profits before taxes stood in 2006 at € 78 mil. over € 7.4 mil. in 2005 marking an increase of 954%.

In the last four years, Neochimiki's turnover and profits have marked an increase that overcomes 80% on average on an annual basis. This impressive development lead the management to decide the reorganization of its business structure, by merging fifteen subsidiary companies, aiming at the saving of administrative expenses and the application of a more efficient tax planning, which is expected to improve monthly cash flows for the year 2007.

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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Within fiscal year 2006 the Group proceeded to significant investments and acquisitions in Greece and abroad, which increase considerably the production capability in chemical raw materials, cosmetics, detergents and fertilizers. More specifically, the Group proceeded to the acquisition and operation of 5 new production plants of chemical products, fertilizers and detergents , 4 of which are located in Greece and 1 abroad, and the acquisition of 2 new logistic and distribution centers for chemical products and one chemical terminal (INTERCHEM) in Avlida.

**FINANCIAL RESULTS**  
**2006**

<b>(000 €)</b>	<b>2005</b>	<b>2006</b>	<b>%</b>
<b>Turnover</b>	142.5	301.8	↑ 112 %
<b>Gross Profit</b>	42.8	86.4	↑ 102 %
<b>EBITDA</b>	27.5	61.5	↑ 124 %
<b>Profits before taxes</b>	15.0	111.1	↑ 641 %
<b>Profits after taxes and minority rights</b>	12.6	97.0	↑ 670 %
<b>Organic Profits after taxes and minority rights</b>	12.6	23.1	↑ 83%

**B. 2007 OUTLOOK**

In 2007 consolidated turnover is estimated to stand at € 500 mil. and profits after taxes and minority rights at € 40 mil. Estimated turnover for 2007 is expected to be increased by 66% and net profits by 73% over 2006 results. The above increase in sales will come from the aforementioned acquisitions as well as from the operation of the Group for the first time in the cosmetics markets and from its further penetration in the sectors of agrochemical products and laquers paints.

**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 in the fast growing markets of South Eastern Europe and preparative to maintain its high levels of expansion and respective growth proposes the distribution of dividend equal to 0,03 € / share which is approximately on the same level with the previous fiscal year. More specifically dividend will amount to € 1,080 thousand for the fiscal year 2006 in comparison with € 1,007 thousand in 2005.

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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**AUDITOR'S REPORT**

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

We have audited the accompanying financial statements as well as the consolidated financial statements of NEOCHIMIKI L.V. LAVRENTIADIS S.A., as of and for the year ended 31 December 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 Prottypos Hellenic Auditing Co.

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
(Amounts are at thousand Euro, unless is stated otherwise)

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

	NOTE	GROUP		COMPANY	
		2006	2005	2006	2005
Turnover (sales)		301.840	142.498	124.580	81.432
Cost of goods sold		(215.439)	(99.623)	(102.256)	(64.461)
Gross operating results		<b>86.401</b>	<b>42.875</b>	<b>22.324</b>	<b>16.971</b>
Other operating income (net)		664	711	169	237
Distribution expenses	<b>8</b>	(28.474)	(16.012)	(8.950)	(7.026)
Administrative expenses	<b>8</b>	(11.194)	(7.015)	(2.800)	(2.746)
<b>EBIT</b>		<b>47.397</b>	<b>20.559</b>	<b>10.743</b>	<b>7.436</b>
Net expenses/ income from financing activities	<b>9</b>	63.872	(5.546)	67.319	(83)
<b>Profit before tax</b>		<b>111.269</b>	<b>15.013</b>	<b>78.062</b>	<b>7.353</b>
Income tax	<b>10</b>	(7.952)	(2.355)	(1.237)	(1.144)
<b>Profit/loss after tax from continuous operations</b>		<b>103.317</b>	<b>12.659</b>	<b>76.825</b>	<b>6.209</b>
<b>Attributable to:</b>					
Shareholders		97.061	12.620		
Minority rights		6.256	39		
		<b>103.317</b>	<b>12.659</b>		
Earnings per share basic (after tax) (in € )	<b>11</b>	<b>2,70</b>	<b>0,35</b>	<b>2,13</b>	<b>0,17</b>

*The accompanying notes are an integral part of these financial statements*

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

**BALANCE SHEET**

(amounts in thousand Euro)

	Note	Group		Company	
		2006	2005	2006	2005
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	346.275	164.584	65.552	28.581
Intangible assets	14	1.570	1.408	791	885
Goodwill	13	14.959	9.826		
Investments in subsidiaries	15			78.830	52.153
Deferred tax assets	10	1.152	431	139	268
Long term assets		219	178	80	79
		<b>364.175</b>	<b>176.427</b>	<b>145.392</b>	<b>81.966</b>
<b>Current Assets</b>					
Inventories	17	50.385	36.672	12.278	13.365
Trade and other receivables	18	73.498	24.298	122.879	43.869
Cash and cash equivalents	20	22.041	4.813	5.507	941
Short-term investments			74		
		<b>145.924</b>	<b>65.857</b>	<b>140.664</b>	<b>58.175</b>
<b>Total Assets</b>		<b>510.099</b>	<b>242.284</b>	<b>286.056</b>	<b>140.141</b>
<b>Capital and Reserves</b>					
Share capital	21	10.800	10.800	10.800	10.800
Share Premium		5.677	5.677	5.677	5.677
Reserves from value adjustment and other reserves	22	142.337	44.511	93.153	18.079
Retained earnings		2.175	2.066	2.024	1.358
		160.989	63.054	111.654	35.914
<b>Minority rights</b>		33.794	4.131		
<b>Total Equity</b>		<b>194.783</b>	<b>67.185</b>	<b>111.654</b>	<b>35.914</b>
<b>Capital and Liabilities</b>					
<b>Long term liabilities</b>					
Loans	24	164.500	120.083	85.000	80.000
Deferred taxes	10	5.049	3.618	265	50
Personnel dismissal and retirement compensation provision		1.873	137	52	31
Other short-term Liabilities		48	29	11	11
		<b>171.470</b>	<b>123.867</b>	<b>85.328</b>	<b>80.092</b>
<b>Short-term liabilities</b>					
Suppliers & Other Liabilities	26	46.629	38.263	23.876	14.041
Tax and Duties payable		5.978	3.785	675	1.072
Loans	27	79.672	9.184	63.757	9.022
Other short-term Liabilities		11.567		766	
		<b>143.846</b>	<b>51.232</b>	<b>89.074</b>	<b>24.135</b>
<b>Total capital and liabilities</b>		<b>510.099</b>	<b>242.284</b>	<b>286.056</b>	<b>140.141</b>

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**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
(Amounts are at thousand Euro, unless is stated otherwise)

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	<b>Group</b>					
	<b>Share Capital</b>	<b>Share premium</b>	<b>Legal reserve</b>	<b>Asset revaluation reserve</b>	<b>Special reserves</b>	<b>Tax-free reserves</b>
<b>Balance 01/01/2005</b>	<b>10.800</b>	<b>5.677</b>	<b>35.022</b>	<b>2.579</b>	<b>274</b>	<b>54.352</b>
Net income for the period				12.621	38	12.659
Deferred tax				(74)		(74)
Acquisition or sale of shares					2.463	2.463
Disposal of percentage holding in a subsidiary			(921)		1.357	436
Dividends				(2.196)		(2.196)
Transfer to reserves			10.883	(10.883)		
Revaluation adjustment			(498)	18		(480)
Exchange differences			25	1	-1	25
<b>Balance 31/12/2005</b>	<b>10.800</b>	<b>5.677</b>	<b>44.511</b>	<b>2.066</b>	<b>4.131</b>	<b>67.185</b>
<b>Balance 01/01/2006</b>	<b>10.800</b>	<b>5.677</b>	<b>44.511</b>	<b>2.066</b>	<b>4.131</b>	<b>67.185</b>
Net income for the period				97.061	6.256	103.317
Deferred tax			171	(78)		93
Effect o Merger with Ballis Chemicals			1.562	174	(1.736)	
Sale of share in Subsidiary Lamda Detergent					26.356	26.356
Sale of share in Subsidiary Lamda Cosmetics					(1.213)	(1.213)
Exchange differences			130	20		150
Dividends				(1.105)		(1.105)
Transfer to reserves			95.963	(95.963)		
<b>Balance 31/12/2006</b>	<b>10.800</b>	<b>5.677</b>	<b>142.337</b>	<b>2.175</b>	<b>33.794</b>	<b>194.783</b>

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**Annual Financial Statements**  
**for the year ended 31 December 2006**  
(Amounts are at thousand Euro, unless is stated otherwise)

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**Company**

	<b>Share Capital</b>	<b>Share premium</b>	<b>Legal reserve</b>	<b>Asset revaluation reserve</b>	<b>Special reserves</b>
<b>Balance 01/01/2005</b>	<b>10.800</b>	<b>5.677</b>	<b>13.087</b>	<b>2.411</b>	<b>31.975</b>
Transfer to reserves			4.992	(4.992)	
Dividends				(2.196)	(2.196)
Deferred tax				(74)	(74)
Net income for the period				6.209	6.209
<b>Balance 31/12/2005</b>	<b>10.800</b>	<b>5.677</b>	<b>18.079</b>	<b>1.358</b>	<b>35.914</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>
Transfer to reserves			75.074	(75.074)	
Dividends				(1.007)	(1.007)
Deferred tax				(78)	(78)
Net income for the period				76.825	76.825
<b>Balance 31/12/2006</b>	<b>10.800</b>	<b>5.677</b>	<b>93.153</b>	<b>2.024</b>	<b>111.654</b>

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**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
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**Statement of cash flows( amounts in thousand euros)**

	<u>Group</u>		<u>Company</u>	
	2.006	2.005	2.006	2.005
<b>Cash Flows from Operating activities</b>				
<b>Profit before taxes &amp; Extraordinary results</b>	<b>111.269</b>	<b>15.013</b>	<b>78.062</b>	<b>7.353</b>
Depreciation/ amortisation	14.158	6.980	1.813	1.089
Debit interest and similar charges	11.241	6.236	6.372	2.947
Profit from subsidiary placement	(74.479)		(73.536)	
Profit from placement of subsidiaries				(2.864)
Impairment charged on assets	165		165	
Personnel dismissal and retirement compensation provision	215	(13)	21	(20)
Profit/Loss from sale of assets	164	(31)	2	(31)
Credit interest and similar charges	(540)	(686)	(97)	
	<b>62.193</b>	<b>27.499</b>	<b>12.802</b>	<b>8.474</b>
(Increase)/ (Decrease) in Inventories	(13.275)	(17.537)	1.087	(5.249)
(Increase)/ (Decrease) of Receivables	(102.087)	(2.849)	(79.180)	(28.235)
(Increase)/ (Decrease) of Liabilities	8.365	25.678	10.495	8.704
Exchange differences	(57)	(34)	(57)	
Profit from subsidiary placement			73.536	
Other interest receivable	540		97	
Provisions	540	649	170	
<b>Cash Flows from Operating activities</b>	<b>(43.781)</b>	<b>33.406</b>	<b>(18.950)</b>	<b>(16.306)</b>
Other interest payable	(11.655)	(5.735)	(6.372)	(2.947)
Income tax paid	(4.167)	(1.115)	(1.368)	(660)
<b>Total inflows/outflows from operating activities</b>	<b>(59.603)</b>	<b>26.556</b>	<b>(11.210)</b>	<b>(19.913)</b>
Cash flows from investing activities				
Purchase/Sales of tangible and intangible assets	(120.318)	(42.348)	(38.690)	(3.250)
Guarantee paid	(5)		(2)	
Acquisition of subsidiaries	(18.512)	(24.894)	(41.560)	(20.451)
Disposal of subsidiaries	102.748	3.300	14.882	2.864
<b>Total inflows/outflows from investing activities (b)</b>	<b>(36.087)</b>	<b>(63.942)</b>	<b>(65.370)</b>	<b>(20.837)</b>
<b>Cash Flows from Financing Activities</b>				
Dividends paid	(1.107)	(2.196)	(1.009)	(2.196)
Income of long-term loans of the group	10.000			
Income from loans issued	39.500	82.372	5.000	42.365
Proceeds from short-term loans- Banks (except for overdrafts)	64.525	1.005	54.735	1.002
Payments of long-term loans- Banks		(20.000)		
Payments of short term loans		(9.742)		
Payments of financial leasing liabilities (capital installments)		(12.342)		
<b>Total inflows/outflows from financing activities</b>	<b>112.918</b>	<b>39.097</b>	<b>58.726</b>	<b>41.171</b>
Net increase/decrease in cash and equivalents for the period	17.228	1.711	4.566	421
Cash and cash equivalents at the beginning of the period	4.813	1.849	941	520
Cash acquired		1.253		
<b>Cash and cash equivalents at the end of the period</b>	<b>22.041</b>	<b>4.813</b>	<b>5.507</b>	<b>941</b>

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**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
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**1. CORPORATE INFORMATION:**

Neochimiki L.V. Lavrentiadis S.A. with distinctive title 'Neochimiki S.A.' (from now on the 'Company' or the 'Parent Company' or 'NEOCHIMIKI') and its subsidiaries (from now on the 'Group') are activated in the distribution of foreign companies' chemical products and in the detergent production. The Company's and the Group's registered office is in P. Faliro at 34 Pentelis Street and they occupy 50 and 588 employees respectively .

Company's shares are listed in the Athens Stock Exchange since May of 2003. In addition, the shares of the Company's subsidiary Lamda Detergent SA are also quoted in the Athens Stock Exchange following the legal merger with Ballis SA which was listed.

The financial statements of the Company and of the Group for the period ended 31 December 2006, were approved by the Board of Directors in its meeting of February 8, 2007.

The subsidiaries that were included in the attached consolidated financial statements of the Group, are described by the note 3a. The main changes of Group's structures through FY 2006 has as follows:

The Group of NEOCHIMIKI announced at 28.3.2006 the successful completion of the sale, through private placement, of 16.978.729 shares of its subsidiary company LAMDA DETERGENT owned by NEOCHIMIKI L.V. LAVRENTIADIS (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 holds 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 € 68,5 million and realized a capital gain of €48,9 million. 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.

At 11.11.2006 NEOCHIMIKI announced the successful completion of the sale, through private placement, of 6.300.000 shares of the subsidiary company LAMDA DETERGENT (which represent 16.12% of the share capital of LAMDA DETERGENT) to foreign institutional investors. After the sale transaction, through private placement, NEOCHIMIKI L.V. LAVRENTIADIS holds 34,03% from 50.15% of the share capital and respectful voting rights of LAMDA DETERGENT. More specifically 6.300.000 shares of LAMDA DETERGENT were sold through private placement at a total amount of € 35.2 million and realized a capital gain of € 25 million.

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

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
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■ Distribution of polymers for the plastics industry.

At the beginning of FY 2006 founded the company named AGROINNOVATION SA with the aim of distribution of agrochemical products

On March 2006, the subsidiary LAMDA DETERGENT S.A. founded LAMDA DETERGENT LIMITED with the aim of production of detergents, the foundation and participation in other companies. The company is registered in Lemesso, Cyprus. The above company has taken over the 100% percentage of the company Makro B (Lamda Detergent E.O.O.D) which is seated in Sofia, Bulgaria. The company's activity is the production of detergents.

On June 2006, the subsidiary NEOCHIMIKI LAVRENTIADIS LTD (Cyprus) founded the NEOCHIMIKI UKRAINE LTD with the purpose, above other, of selling chemical products. The new company is seated in Kiebo, Ukraine.

On June 2006, the mother and the subsidiary of LAMDA LAMDA S.A. founded the company PLANTERA S.A. with the purpose of, above other, selling agrochemicals. The new company is seated in Palaio Faliro, Attica. The foundation of PLANTERA S.A. has the aim of covering the products' variation of the agrochemicals with new corporations, vitalizing the position of the Group and creating the requirements for an additional pervasion in a branch where important changes are expected in the next few years.

Furthermore, the subsidiary NEOCHIMIKI LAVRENTIADIS LTD has taken over the ATLANTIC POLYMERS POLSKA SP ZOO, on March 2006, with the purpose of selling chemicals. The company is seated in Lodz , Poland.

The company NEOCHIMIKI L.V. LAVRENTIADIS S.A. announces its decision for full restructuring of the existing structure of the Group. More specifically:

The subsidiary company LAMDA DETERGENT S.A., fully accomplishing the scope of its business and creating significant synergies regarding i) the production of products for large multinationals, ii) the warehousing areas and iii) the common management of raw materials, acquired 100% (previously held by NEOCHIMIKI L.V. LAVRENTIADIS S.A.) of LAMDA COSMETICS S.A. (which is active in the production and distribution of cosmetics, with possibilities of expanding its activities abroad) for the price of 12 mil. €. At the same time and according to the decisions as of 31/10/06 of their Boards of the Directors, the two companies announce their intention for merger through absorption of LAMDA COSMETICS S.A. by LAMDA DETERGENT S.A.. The new corporate name of the absorbing company will be LAMDA DETERGENT & COSMETICS S.A.. The merger will be performed according to the stipulations of articles of Cod. Law 2190/1920 and Law 2166/1993. The 30/11/2006 is set as merger balance sheet date of the absorbed company.

According to the decisions as of 31/10/2006 of the Boards of Directors of the subsidiaries LAMDA LAMDA S.A. and CHEMICAL SOLUTIONS S.A., the two companies announce their intention to merge with the creation of a new company with the corporate name LAMDA LAMDA S.A., pursuant to the provisions of articles 68-77 of Law 2190/1920 and Law 1297/72. The 30/11/2006 is set as merger balance sheet date of the merging companies.

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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The company NEOCHIMIKI L.V. LAVRENTIADIS S.A., referring to its announcement made on November 1<sup>st</sup> 2006, about its decision for full restructuring of the existing structure of the Group and after the acquisition of a 100% of the company INTERKEM HELLAS S.A., announces that it has proceeded to some alterations for the best reconstruction of its Group structure , as below

According to the decisions as of 31/10/2006 of the Boards of Directors of the subsidiaries NEOCHIMIKI INTERNATIONAL S.A., LAMDA POLYMERS INTERNATIONAL S.A., LAMDA PACK S.A., PLANTERA SA, LAMDA FERTILIZERS S.A., AGGROINNOVATION S.A., ATLANTIC POLYMERS & CHEMICALS S.A. and CHEMICAL INNOVATIONS S.A., and PETRONET the abovementioned companies announce their intention to merge with the creation of a new company with the corporate name NEOCHIMIKI S.A., pursuant to the provisions of articles 68-77 of Law 2190/1920 and Law 1297/72. The 31/12/2006 is set as merger balance sheet date of the merging companies.

According to the decisions as of 27/12/2006 of the Boards of Directors of the subsidiaries INTERKEM HELLAS S.A. and NOVION S.A., the two companies announce their intention to merge with the creation of a new company, pursuant to the provisions of articles 68-77 of Law 2190/1920 and Law 1297/72. The 31/12/2006 is set as merger balance sheet date of the merging companies.

**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.

**(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.

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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*(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 9, 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 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 and 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

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

---

**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

**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.

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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**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.

**IFRIC 10, Interim Financial Reporting and Impairment (effective for financial years beginning on or after 1 November 2006).**

This Interpretation may impact the financial statements should any impairment losses be recognised in the interim financial statements in relation to available for sale equity investments, unquoted equity instruments carried at cost and goodwill as these may not be reversed in later interim periods or when preparing the annual financial statements. This Interpretation has not yet been endorsed by the EU.

**IFRIC 11, IFRS 2-Group and Treasury Share Transactions (effective for financial years beginning on or after 1 March 2007)**

This Interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by an entity even if the entity chooses or is required to buy those equity instruments from another party, or the shareholders of the entity provide the equity instruments needed. The Interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for schemes when their employees receive rights to equity instruments of the parent. IFRIC 11 is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

**IFRIC 12, Service Concession Arrangements (effective for financial years beginning on or after 1 January 2008)**

The interpretation outlines an approach to account for contractual arrangements arising from entities providing public services. It provides for the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset and / or an intangible asset. IFRIC 12 is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

**(f) Comparative information**

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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

**3. PRINCIPAL ACCOUNTING POLICIES:**

The principal accounting policies adopted in the preparation of the accompanying financial statements, are as follows:

**(a) *Basis of Consolidation:***

The accompanying consolidated financial statements of the Company include the accounts of Neochimiki L.V. Lavrentiadis S.A. and all subsidiaries where Neochimiki L.V. Lavrentiadis S.A. has control. Control is presumed to exist when Neochimiki L.V. Lavrentiadis S.A. through direct or indirect ownership retains the majority of voting interest or has the power to control the Board of the investee. Subsidiaries are consolidated from the date on which effective control is transferred to the Company and cease to be consolidated from the date in which control is transferred out of the Company.

All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements. Where necessary, accounting policies for subsidiaries have been revised to ensure consistency with the policies adopted by the Company.

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

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

<u>COMPANY</u>	<u>COUNTRY OF REGISTRATION</u>	<u>ACTIVITY</u>	<u>%HOLDING OF IMMEDIATE PARENT</u>	
			2006	2005
<b>SUBSIDIARIES OF NEOCHIMIKI SA</b>				
Lamda Detergent SA	Greece	Detergents	34,03%	96,04%
Lamd Lamda SA	Greece	Resolvents	99,99%	99,99%
Lamda Pack SA	Greece	Chemicals	99,99%	99,99%
Lamda Polymers International SA	Greece	Polymers	99,99%	99,99%
		Industrial oil -		
Petronet SA	Greece	Lubricants	99,99%	99,99%
Lamda Fertilizers SA	Greece	Ameliotrants	99,99%	99,99%
Spentimet	Greece	Transportation	80,43%	80,43%
Chemical Solutions SA	Greece	Rosins	99,99%	99,99%
Atlantic Polymers and Chemicals SA	Greece	Petrochemicals	99,99%	99,99%
Lamda Cosmetics SA	Greece	Cosmetics		100%
Neochimiki International SA	Greece	Chemicals	100%	100%
Chemical Innovations SA	Greece	Chemicals	100%	100%
Agro Innovations SA	Greece	Airborne Seeds trade	100%	100%
Novion SA	Greece	Chemicals	100%	100%
Ballis Chemicals SA	Greece	Chemicals		69,87%
Neochimiki AD Beograd	Serbia	Chemicals	99,99%	99,99%
		Industrial oil -		
Global Galax DOO	Serbia	Lubricants	60%	60%
Neochimiki Lavrentiadis Limited	Cyprus	Chemicals	100%	100%
Neochimiki Romania SA	Romania	Chemicals	99,84%	99,84%
Neochimiki Bulgaria SA	Bulgaria	Chemicals	100%	100%
Atlantic Polymers & Chemicals SA	Germania	Chemicals	100%	100%
Atlantic Polymers Polska SP ZOO	Poland	Chemicals	100%	100%
Plantera SA	Greece	Chemicals	100%	
Neochimiki Ukraine Ltd	Ukraine	Chemicals	100%	
Interchem Hellas SA	Greece	Chemicals	100%	
<b>SUBSIDIARIES OF LAMDA - DETERGENT SA</b>				
Lamda Detergent LTD	Cyprus	Detergents	100%	
Lamda Detergent EOOD	Bulgaria	Detergents	100%	
Lamda Cosmetis SA	Greece	Cosmetics	100%	

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

---

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

The functional and presentation currency of Neochimiki L.V. Lavrentiadis S.A. and its Greek subsidiaries is the Euro. Transactions involving other currencies are converted into Euro using the exchange rates which are in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are adjusted to reflect the current exchange rates.

Gains or losses resulting from year-end foreign currency 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. The cumulative difference from the above translation is recognized directly in equity until the disposal or de-recognition of a subsidiary in which case it is recognized in the consolidated statement of income

**(c) *Revenue Recognition:***

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

***Sale of goods***

Revenue, net of trade discounts sales incentives and the related VAT, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured.

***Interest***

Revenue is recognized on the accrual basis of accounting.

***Dividend income***

Dividend income is recognized when the right to receive payment is established.

**(d) *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.

**(e) *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

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

---

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.

**(f) 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.

**(g) Goodwill:**

As more fully described in Notes 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.

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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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.

**(h) 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.

**(i) Inventories:**

Inventories are stated at the lower of cost and net realizable value. Cost of finished and semi-finished products includes all costs incurred in bringing inventories to their current location and state of manufacture and comprises raw materials, labour, an applicable amount of production overhead (based on normal operating capacity, but excluding borrowing costs) and packaging. The cost of raw materials and finished goods are determined based on the weighted average basis. Net realizable value for finished goods is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value for raw materials is the estimated replacement cost in the ordinary course of business. Provision for slow moving or obsolete inventories is made when necessary.

**(j) Accounts Receivable Credit and Collection:**

Short term receivables are presented in their nominal value, net of provisions for potential non collectible accounts, while long-term receivables (balances that deviate from the normal credit terms) are measured at amortized cost based on the actual interest rate method. The Company has established criteria for granting credit to customers which are generally based upon the size of the customer's operations and consideration of relevant financial data. At each balance sheet date all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate allowance for doubtful accounts. The balance of such allowance for doubtful accounts is appropriately adjusted at each balance sheet date in order to reflect the possible risks. Any amount written-off with respect to customer account balances is charged against the existing allowance for doubtful accounts. It is the Group's policy not to write-off an account until all possible legal action has been exhausted.

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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**(k) 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.

**(l) 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.

**(m) Borrowing Costs:**

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

**(n) 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.

**(o) 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.

**(p) 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

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

---

as adjusted in its tax returns, additional income taxes resulting from tax audits by the tax authorities and deferred income taxes, using substantively enacted tax rates.

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

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

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

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

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

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

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

**(q) 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.

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

---

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.

**(r) Government Grants:**

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

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

When the grant relates to an expense item, it is recognized against these expenses over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

**(s) 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.

**(t) 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).

**(u) 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.

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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

The segment of production concerns

a) the detergent segment where through LAMDA DETERGENT the group produces detergents in solid and liquid form on behalf of big multinational companies, super markets and raw materials for detergents

b) gum resin production for the color industry

c) production, mix and repacking of chemical raw materials. After the incorporation of the company NOVION in the Group in 2005, it is expected that the Group Neochimiki will be activated in the cream and chemical raw materials production used in color production.

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

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

#### **4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The Group proceeds to judgments and estimates in order either to apply the most representative accounting methods and policies or in connection with the future development of transactions and events. Such judgments and estimates are periodically reviewed by management in order to reflect current condition and correspond to anticipation of current risks and are based on prior experience in conjunction to the volume / level of such transactions and events.

The principle judgments and estimates referring to events the development of which could significantly affect the items of the financial statements during the forthcoming twelve months period are as follows:

##### **i) Goodwill impairment test**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details are given in Note 13.

##### **ii) Provisions for income taxes**

Income (current) tax liabilities for the current and prior periods are measured at the amounts expected to be paid to the taxation authorities, using the tax rates that have been enacted by the balance sheet date. Provision for income taxes reported in the respective income tax returns and the potential additional tax assessments that may be imposed by the tax authorities upon settlement of the open tax years. Accordingly, the financial settlement of the income

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

---

taxes might differ from the income taxes that have been accounted for in the financial statements. Further details are provided in Note 10

**SEGMENT INFORMATION:**

**Primary segments**

The Group is organized and operates in the European economic environment and its activities include production, trading and provision of services.

Trading activity refers to the distribution of chemical products on behalf of large multinational companies, to clients that operate in the industries related with plastics, detergents, cosmetics, paints, varnishes, metallurgies, textiles, water bottlers, agrochemicals, fertilizers and lubricants.

Production sector refers mainly to detergents where the group via its subsidiary Lamda Detergent is producing detergents in powder and liquid shape for selling to large multinationals, super market chains and cosmetics' producers, in addition to, the production of pet and other resins for the paint and varnish industry and the mixing and packaging of chemicals and related raw materials.

Service sector refers to production services and transportation of chemical products on behalf of third parties.

Following the acquisitions of Novion and Interchem from 2006 the Group extended its activities in the production of emulsions and chemical raw materials for the paint and glue industries. With the acquisition of Lamda Detergent Bulgaria (Makro B) and the establishing of Lamda Detergent Cyprus, detergent related sales were expanded significantly. Considering the above developments, management considers that the overall activity of the Company and its subsidiary can be grouped in two segments as follows:

- Production and trading of chemicals and related products ("chemicals")
- Production and trading of detergents and cosmetics

Detergents and cosmetics segment assumes the activities of Lamda Detergent SA, Lamda Cosmetics, Makro B and Lamda Detergent Ltd, the last two since the date they jointed the group.

For the shake of presenting comparative segment information on the basis explained above, certain financial information of last year was appropriately analysed and grouped in order to become consistent with those of the current year.

The services sector did not qualify as a segment due to comprise not significant size and has been included together with chemicals.

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

The segment results analyzed as follow:

<b>2006</b>	<b>CHEMICALS</b>	<b>DETERGENTS</b>	<b>INTERSEGMENT ELEMENATIONS</b>	<b>CONSOLIDATED</b>
<b>Segment revenues</b>				
Net sales	218.527	149.070	(65.757)	<b>301.840</b>
Operations results	93.313	19.841	(65.757)	<b>47.397</b>
Financial income/(expense), net	63.872	(2.845)	2.845	<b>63.872</b>
Profit before tax	<b>157.185</b>	<b>16.996</b>	<b>(62.912)</b>	<b>111.269</b>
Income taxes	(4.903)	(3.049)	-	<b>(7.952)</b>
Net profit for the period	<b>152.282</b>	<b>13.947</b>	<b>(62.912)</b>	<b>103.317</b>

<b>2005</b>	<b>CHEMICALS</b>	<b>DETERGENTS</b>	<b>INTERSEGMENT ELEMENATIONS</b>	<b>CONSOLIDATED</b>
<b>Segment revenues</b>				
Net sales	92.042	94.992	(44.535)	<b>142.498</b>
Operations results	9.735	10.825	-	<b>20.559</b>
Financial income/(expense), net	(3.248)	(2.298)	-	<b>(5.546)</b>
Profit before tax	<b>6.487</b>	<b>8.527</b>	-	<b>15.013</b>
Income taxes	(1.673)	(681)	-	<b>(2.355)</b>
Net profit for the period	<b>4.813</b>	<b>7.846</b>	-	<b>12.659</b>

**Receivables and liabilities**

	<b>CHEMICALS</b>	<b>DETERGENTS</b>	<b>INTERSEGMENT ELEMENATIONS</b>	<b>CONSOLIDATED</b>
Fixed assets	265.329	110.672	(11.826)	<b>364.175</b>
Other assets	131.749	51.472	(37.297)	<b>145.924</b>
<b>Total assets</b>	<b>397.078</b>	<b>162.144</b>	<b>(49.123)</b>	<b>510.099</b>
<b>Total liabilities</b>	<b>231.546</b>	<b>121.066</b>	<b>(37.297)</b>	<b>315.316</b>

	<b>CHEMICALS</b>	<b>DETERGENTS</b>	<b>INTERSEGMENT ELEMENATIONS</b>	<b>CONSOLIDATED</b>
Fixed assets	124.187	74.804	(22.564)	<b>176.427</b>
Other assets	57.250	26.905	(18.298)	<b>65.857</b>
<b>Total assets</b>	<b>181.437</b>	<b>101.709</b>	<b>(40.862)</b>	<b>242.284</b>
<b>Total liabilities</b>	<b>192.674</b>	<b>67.908</b>	<b>(18.298)</b>	<b>242.284</b>

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

**Other segment information**

<b>2006</b>	<b>CHEMICALS</b>	<b>DETERGENTS</b>	<b>INTERSEGM ENT ELIMINATI ONS</b>	<b>CONSOLIDA TED</b>
<b>Capital expenditure</b>				
Intangible assets	82.959	36.880		<b>119.839</b>
Depreciation	8.411	5.179		<b>13.591</b>

<b>Capital expenditure</b>	<b>CHEMICALS</b>	<b>DETERGENTS</b>	<b>INTERSEGM ENT ELIMINATI ONS</b>	<b>CONSOLIDA TED</b>
Intangible assets	34.953	16.296		<b>51.248</b>
Depreciation	2.235	4.745		<b>6.980</b>

**Secondary segment – geographical**

For a geographical consideration the activities of the Group managed centrally from the head office of the Company.

The major operations of the Company and most of its subsidiaries take place in Greece. The other countries refer to those where clients are based. Other countries sales are mainly Southeast Europe and Middle East.

With the geographical aspect, sales are separated depending on the origin of the final product receiver whereas assets and capital expenditure separated in accordance with the country their are based or purchased for.

<b><u>2006</u></b>	<b>Sales</b>	<b>Total assets</b>	<b>Capital expenditures</b>
Domestic	183.549	388.293	92.449
Foreign	118.291	121.806	27.390
	<b>301.840</b>	<b>510.099</b>	<b>119.839</b>

<b><u>2005</u></b>	<b>Sales</b>	<b>Total assets</b>	<b>Capital expenditures</b>
Domestic	119.087	234.953	50.939
Foreign	23.453	7.331	309
	<b>142.540</b>	<b>242.284</b>	<b>51.248</b>

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

**6. 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	10.097	7.443	1.645	1.385
Social security costs	3.932	2.086	640	303
Staff retirement indemnities	300	62	21	15
Other staff costs	201	76	98	70
<b>Total payroll</b>	<b>14.529</b>	<b>9.667</b>	<b>2.404</b>	<b>1.773</b>
Less: amount charged to cost of production	(4.618)	(5.039)	(79)	(64)
<b>Payroll expensed (Note 8)</b>	<b>9.911</b>	<b>4.628</b>	<b>2.325</b>	<b>1.709</b>

**7. 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 (Note 11)	13.591	6.644	1.463	753
Amortization of intangible assets (Note 13)	567	336	350	336
	<b>14.158</b>	<b>6.980</b>	<b>1.813</b>	<b>1.089</b>
	<b>14.158</b>	<b>6.980</b>	<b>1.813</b>	<b>1.089</b>
Less: amounts charged to cost of production	5.636	3.800	66	47
<b>Depreciation and amortization expensed (Note 8)</b>	<b>8.522</b>	<b>3.180</b>	<b>1.748</b>	<b>1.042</b>

**8. 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 6)	9.911	4.628	2.325	1.709
Advertising and promotion costs	1.607	750	552	574
Third party fees	5.409	5.211	2.581	2.196
Depreciation and amortization (Note7)	8.522	3.180	1.747	1.042
Rent expense	2.403	1.115	781	653
Transportation cost	3.559	2.292	1.612	1.381
Repairs and maintenance	1.145	409	295	165
Other	7.112	5.442	1.857	2.052
<b>Total</b>	<b>39.668</b>	<b>23.027</b>	<b>11.750</b>	<b>9.772</b>

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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

Financial income/(expenses), net 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>
Interest on long term loans	(6.648)	(2.266)	(4.096)	(1.485)
Interest on short-term borrowings	(1.930)	(1.949)	(1.218)	(1.048)
Interest income on deposits	540	64	97	7
Exchange differences	101	(34)	57	(13)
Finance lease payments	(1.738)	(880)	(821)	
Profit on sale of investments	74.479	610	73.536	2.864
Other financial expenses	(932)	(1.091)	(236)	(408)
	<b>63.872</b>	<b>(5.546)</b>	<b>67.319</b>	<b>(83)</b>

**10. 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 from fiscal year 2007 and onwards 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	5.855	1.026	633	668
Adjustments in respect of income tax of previous years	1.501	1.313	338	406
Deferred income taxes	596	16	266	70
<b>Total provision for income taxes reported in the statement of income</b>	<b>7.952</b>	<b>2.355</b>	<b>1.237</b>	<b>1.144</b>

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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>
<b>Current income taxes:</b>	<b>111.270</b>	<b>15.013</b>
Income taxes calculated at the nominal applicable tax rate (32% and 29%) for years 2005 and 2006 respectively	32.268	4.804
Additional tax assessments	1.501	1.313
Tax effects of non-taxable income and expenses not deductible for tax purposes	1.903	490
Tax effects of non-taxable reserves	(27.766)	(4.252)
Tax effects of losses from subsidiaries for which no deferred tax asset was recognized	59	
Tax effects of profits from subsidiaries taxed at different rates	(15)	
<b>Income taxes reported in the statements of income</b>	<b>7.952</b>	<b>2.355</b>
 <u>Company</u>	 <u>2006</u>	 <u>2005</u>
<b>Current income taxes:</b>	<b>78.063</b>	<b>7.353</b>
Income taxes calculated at the nominal applicable tax rate (32% and 29%) for years 2005 and 2006 respectively	22.638	2.353
Additional tax assessments	338	406
Tax effects of non-taxable income and expenses not deductible for tax purposes		35
Tax effects of non-taxable reserves	(21.739)	
Tax effects of losses from subsidiaries for which no deferred tax asset was recognized		(101)
Tax effects of profits from subsidiaries taxed at different rates		(1.549)
<b>Income taxes reported in the statements of income</b>	<b>1.237</b>	<b>1.144</b>

Greek tax laws and related regulations are subject to interpretations by the tax authorities. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Tax losses, to the extent accepted by the tax authorities, can be used to offset profits of the five fiscal years following the fiscal year to which they relate.

Neochimiki S.A has been audited by the tax authorities through December 31, 2005. With respect to Neochimiki S.A 's subsidiaries, their books and records have been audited by the tax authorities for the year 2005 except for SPENTIMET and INTERCHEM whose last audited years end to 2004 and 2003 respectively

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

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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.

	<b>Group</b>	<b>Company</b>
<b>Beginning balance , January 1, 2005</b>	(1.029)	363
Charged directly to equity	(74)	(75)
Charged to the statement of income	(16)	(70)
Acquisition of subsidiary	(2.067)	
	<b>(3.187)</b>	<b>218</b>
	<b>Group</b>	<b>Company</b>
<b>Beginning balance , January 1, 2006</b>	(3.187)	218
Charged directly to equity	(78)	(78)
Charged to the statement of income	(598)	(266)
Acquisition of subsidiary	(34)	
	<b>(3.896)</b>	<b>(126)</b>

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

<b><u>Group 2005</u></b>	<b>Opening Balance</b>	<b>Charged to income statement</b>	<b>Charged direct to equity</b>	<b>Acquisition of subsidiary</b>	<b>Closing Balance</b>
Provision for doubtful debts	60	(13)		68	115
Impairment of assets	303	(94)			209
Write off of intangibles	238		(74)		164
Provision for staff indemnities	44	(6)			38
Depreciation expense based on useful lives	(88)	(49)		(2.135)	(2.272)
Revaluation of PPE	(1.452)	140			(1.312)
Other	(134)	5			(129)
	<b>(1.029)</b>	<b>(16)</b>	<b>(74)</b>	<b>(2.067)</b>	<b>(3.187)</b>
<b><u>Group 2006</u></b>	<b>Opening Balance</b>	<b>Charged to income statement</b>	<b>Charged direct to equity</b>	<b>Acquisition of subsidiary</b>	<b>Closing Balance</b>
Provision for doubtful debts	115	135		750	1.000
Impairment of assets	209				209
Write off of intangibles	164	(147)	(78)	(3)	(64)
Provision for staff indemnities	38	54			92
Depreciation expense based on useful lives	(2.272)	(68)			(2.340)
Revaluation of PPE	(1.312)	(571)		(781)	(2.664)
Other	(129)				(129)
	<b>(3.187)</b>	<b>(596)</b>	<b>(78)</b>	<b>(34)</b>	<b>(3.896)</b>

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

**Company 2005**

	<b>Opening Balance</b>	<b>Charged to income statement</b>	<b>Charged direct to equity</b>	<b>Opening Balance</b>
Provision for doubtful debts	60	(13)		47
Impairment of assets	308	(20)	(75)	213
Provision for staff indemnities	13	(5)		8
Depreciation expense based on useful lives	(13)	(37)		(50)
Other	(5)	5		0
	<b>363</b>	<b>(70)</b>	<b>(75)</b>	<b>218</b>

**Company 2006**

	<b>Opening Balance</b>	<b>Charged to income statement</b>	<b>Charged direct to equity</b>	<b>Closing Balance</b>
Provision for doubtful debts	47	43		90
Write off of intangibles	213	(99)	(78)	36
Provision for staff indemnities	8	5		13
Depreciation expense based on useful lives	(50)	(215)		(265)
	<b>218</b>	<b>(266)</b>	<b>(78)</b>	<b>(126)</b>

In case that parent company's tax free 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.

**11. EARNINGS PER SHARE:**

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

	<b><u>Group</u></b>		<b><u>Company</u></b>	
	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Net profit attributable to equity holders of the parent	97.061	12.620	76.826	6.209
Total weighted average number of shares outstanding	36.000.000	36.000.000	36.000.000	36.000.000
<b>Basic Earnings per share</b>	<b>2,70</b>	<b>0,35</b>	<b>2,13</b>	<b>0,17</b>

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

**12. 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	Constraction in Progress (CIP)	Total
<b>Cost or valuation</b>						
<b>1.1.2005</b>	<b>44.956</b>	<b>67.039</b>	<b>1.328</b>	<b>1.616</b>	<b>206</b>	<b>115.144</b>
Exchange differences	(11)	66	2	2	0	<b>60</b>
<b>Balance, 1.1.2005</b>	44.945	67.105	1.330	1.618	206	<b>115.204</b>
Additions	20.769	28.877	23	1.151	5	<b>50.825</b>
Disposals	(8.869)	0	0	(55)	0	<b>(8.924)</b>
Transfers from CIP	206	0	0	0	(206)	<b>0</b>
Acquisition of subsidiary	9.964	12.227	240	375	0	<b>22.806</b>
<b>31.12.2005</b>	<b>67.015</b>	<b>108.210</b>	<b>1.592</b>	<b>3.089</b>	<b>5</b>	<b>179.910</b>
<b>Depreciation</b>						
<b>1.1.2005</b>	<b>(1.299)</b>	<b>(4.953)</b>	<b>(806)</b>	<b>(678)</b>	<b>0</b>	<b>(7.737)</b>
Exchange differences	0	(29)	(1)	0	0	<b>(30)</b>
<b>Balance, 1.1.2005</b>	(1.299)	(4.982)	(807)	(678)	0	<b>(7.767)</b>
Charge for the year	(873)	(5.327)	(172)	(273)	0	<b>(6.644)</b>
Disposals	6	1	0	29	0	<b>36</b>
Acquisition of subsidiary	0	(611)	(110)	(231)	0	<b>(952)</b>
<b>Net Book Value</b>						
<b>31.12.2005</b>	<b>(2.166)</b>	<b>(10.919)</b>	<b>(1.089)</b>	<b>(1.153)</b>	<b>0</b>	<b>(15.327)</b>
<b>Cost or valuation</b>						
<b>31.12.2005</b>	<b>64.850</b>	<b>97.291</b>	<b>503</b>	<b>1.936</b>	<b>5</b>	<b>164.584</b>

<u>Group 2006</u>	Land and buildings	Machinery equipment	Motor vehicles	Furniture and fittings	Constraction in Progress (CIP)	Total
<b>Cost or valuation</b>						
<b>1.1.2006</b>	<b>67.015</b>	<b>108.210</b>	<b>1.592</b>	<b>3.089</b>	<b>5</b>	<b>179.911</b>
Exchange differences	(17)	(6)	3	4	0	<b>(16)</b>
<b>Balance, 1.1.2006</b>	<b>66.998</b>	<b>108.204</b>	<b>1.595</b>	<b>3.093</b>	<b>5</b>	<b>179.895</b>
Additions	84.102	33.652	148	1.100	836	<b>119.839</b>
Disposals	0	(253)	0	0	0	<b>(253)</b>
Acquisition of subsidiary	34.476	46.979	256	1.021	0	<b>82.732</b>
<b>31.12.2006</b>	<b>185.576</b>	<b>188.582</b>	<b>1.999</b>	<b>5.214</b>	<b>841</b>	<b>382.213</b>
<b>Depreciation</b>						
<b>1.1.2006</b>	<b>(2.166)</b>	<b>(10.919)</b>	<b>(1.089)</b>	<b>(1.153)</b>	<b>0</b>	<b>(15.327)</b>
Exchange differences	0	1	(1)	1	0	<b>1</b>
<b>Balance, 1.1.2006</b>	(2.166)	(10.918)	(1.090)	(1.152)	0	<b>(15.326)</b>
Charge for the year	(4.413)	(8.437)	(201)	(540)	0	<b>(13.591)</b>
Acquisition of subsidiary	0	(5.831)	(221)	(968)	0	<b>(7.021)</b>
<b>31.12.2006</b>	<b>(6.579)</b>	<b>(25.186)</b>	<b>(1.512)</b>	<b>(2.660)</b>	<b>0</b>	<b>(35.937)</b>
<b>Net Book Value</b>						
<b>31.12.2006</b>	<b>178.997</b>	<b>163.396</b>	<b>487</b>	<b>2.554</b>	<b>841</b>	<b>346.275</b>

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

<u>Company 2005</u>	Land and buildings	Machinery equipment	Motor vehicles	Furniture and fittings	Constrac tion in Progress (CIP)	Total
<b>Cost or valuation</b>						
<b>1.1.2005</b>	16.521	11.119	533	829		29.002
Additions	8.895	3.007	0	187		12.089
Disposals	(8.869)					(8.869)
<b>31.12.2005</b>	<b>16.548</b>	<b>14.126</b>	<b>533</b>	<b>1.016</b>		<b>32.223</b>
<b>Depreciation</b>						
<b>1.1.2005</b>	(546)	(1.516)	(394)	(433)		(2.889)
Charge for the year	(75)	(527)	(29)	(122)		(753)
<b>31.12.2005</b>	<b>(622)</b>	<b>(2.043)</b>	<b>(423)</b>	<b>(554)</b>		<b>(3.642)</b>
<b>Net Book Value</b>						
<b>31.12.2005</b>	<b>15.926</b>	<b>12.083</b>	<b>110</b>	<b>462</b>		<b>28.581</b>
<u>Company 2006</u>	Land and buildings	Machinery equipment	Motor vehicles	Furniture and fittings	Constraction in Progress (CIP)	Total
<b>Cost or valuation</b>						
<b>1.1.2006</b>	16.548	14.126	533	1.016	0	32.223
Additions	24.710	12.550	1	333	841	38.436
Disposals		(2)				(2)
<b>31.12.2006</b>	<b>41.258</b>	<b>26.674</b>	<b>534</b>	<b>1.349</b>	<b>841</b>	<b>70.656</b>
<b>Depreciation</b>						
<b>1.1.2006</b>	(622)	(2.043)	(423)	(554)		(3.642)
Charge for the year	(490)	(815)	(28)	(131)		(1.464)
<b>31.12.2005</b>		2				2
<b>Net Book Value</b>	<b>(490)</b>	<b>(813)</b>	<b>(28)</b>	<b>(131)</b>		<b>(1.462)</b>
<b>31.12.2006</b>						
<b>Cost or valuation</b>	<b>40.146</b>	<b>23.818</b>	<b>83</b>	<b>664</b>	<b>841</b>	<b>65.552</b>

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

The main valuation techniques used were as follows:

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

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

Neochimiki used the fair values to estimate land, buildings and machinery, adopting the revaluation method for these fixed assets according to the IFRS 16. The revaluations surplus

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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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.

**13. GOODWILL:**

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

	<u>2006</u>	<u>2005</u>
<b>January 1, 2006</b>	<b>9.826</b>	<b>4.796</b>
<b>Additions</b>		
- Novion SA		7.894
- Macro B	952	
- Interchem SA	4.201	
- Atlantic Polymers POLSKA	29	
<b>Disposals</b>		
- Lamda Detergent SA	(49)	(2.864)
	<b>14.959</b>	<b>9.826</b>

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

Goodwill on acquisition is calculated as follows:

	<b>BALLIS SA</b>	<b>NOVION A.E.</b>	<b>TOTAL 2005</b>	<b>MAKRO B</b>	<b>INTERCHEM</b>	<b>TOTAL 2006</b>
Property, plant and equipment	7.611	14.403	22.014	10.457	50.328	75.785
Inventories	1.420		1.420	105	4.562	4.667
Receivables and other assets	1.808	117	1.925	83	13.165	13.249
Cash and cash equivalents	1.213	60	1.273	7	5.981	5.988
Payables	(3.946)	(539)	(4.485)	(210)	(63.489)	(63.699)
Liability for staff indemnity	(27)		(27)		(1.500)	(1.500)
Other liabilities	(44)		(44)		(6)	(6)
Deferred income taxes	69	(2.135)	(2.067)	(1.173)	758	(415)
Net assets at acquisition	8.102	11.906	20.008	9.270	9.799	34.069
Less: results of December 2005	14		14			-
	<b>8.116</b>	<b>11.906</b>	<b>20.022</b>	<b>9.270</b>	<b>9.799</b>	<b>34.069</b>
Effective % acquired	<b>69,67%</b>	<b>100%</b>		<b>100%</b>	<b>100%</b>	
<b>Net assets acquired</b>	<b>5.645</b>	<b>11.906</b>	<b>17.551</b>	<b>9.270</b>	<b>9.799</b>	<b>34.069</b>
Cash paid	5.044	19.800	24.844	10.500	14.000	39.500
			(17.55)			
Net assets acquired	(5.645)	(11.906)	1)	(9.270)	(9.799)	(34.069)
<b>Goodwill</b>	<b>(601)</b>	<b>7.894</b>	<b>7.293</b>	<b>1.230</b>	<b>4.201</b>	<b>5.431</b>
Written off to income statement	601					
Other adjustments				(278)		(278)
<b>Amount shown in balance sheet</b>	<b>-</b>	<b>7.894</b>	<b>7.894</b>	<b>952</b>	<b>4.201</b>	<b>5.153</b>

Goodwill on acquisition of Atlantic Polymers Poland (€ 29) states the difference between the actual amount paid and the net assets of that company at the date of transaction.

Goodwill decreases are due to the amounts of previously recognized goodwill related to Lamda Detergent that were transferred into income statement in calculating the net profit on disposals of percentages of its shares held by the group. As a result, all goodwill with respect to Lamda Detergent has been transferred to income statement.

The goodwill arose on due the above acquisitions was tentatively determined based on the carrying (accounting) values of the acquired entities as of the dates of the respective transactions and thus, is considered provisional. The determination of the fair values of identifiable assets, liabilities and contingent liabilities of the acquiree, the Purchase Price Allocation on the basis and the provisions of IFRS 3 "Business Combinations" and the resulting final determination of goodwill will be concluded subsequently, as the acquirer has opted to use the option provided in the standard. Based on such option the acquirer shall recognise any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date.

For the purpose of cash flow presentation due to the above acquisitions there should be considered the following:

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

	<b>BALLIS SA</b>	<b>NOVION A.E.</b>	<b>Total 2005</b>	<b>MAKRO B</b>	<b>INTERCHEM</b>	<b>TOTAL 2006</b>
Cash paid	5.044	19.800	24.844	10.500	14.000	24.500
Cash acquired				(7)	(5.981)	(5.988)
<b>Net assets acquired</b>	<b>5.044</b>	<b>19.800</b>	<b>24.844</b>	<b>10.493</b>	<b>8.019</b>	<b>18.512</b>

Management has examined goodwill for impairment and no respective charge was considered necessary. The assumptions adopted in the calculation of the value in use were as follows:

*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.

#### 14. INTANGIBLE ASSETS

<b>Group 2005</b>	<b>Other intangible assets</b>		<b>Total</b>
	<b>Software</b>		
<b>Cost</b>			
<b>1.1.2005</b>	<b>1.631</b>	<b>350</b>	<b>1.981</b>
Additions	73		73
Acquisition of subsidiary	289		289
<b>31.12.2005</b>	<b>1.993</b>	<b>350</b>	<b>2.343</b>
<b>Depreciation</b>			
<b>1.1.2005</b>	<b>(471)</b>		<b>(471)</b>
Additions	(335)		(335)
Acquisition of subsidiary	(129)		(129)
<b>31.12.2005</b>	<b>(935)</b>		<b>(935)</b>
<b>Net Book Value</b>			
<b>31.12.2005</b>	<b>1.058</b>	<b>350</b>	<b>1.408</b>

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
(Amounts are at thousand Euro, unless is stated otherwise)

**Group 2006**

	<u>Software</u>	<u>Other</u>	<u>Total</u>
<b>Cost</b>			
<b>1.1.2006</b>	<b>1.993</b>	<b>350</b>	<b>2.343</b>
Additions	728		728
Acquisition of subsidiary	1		1
Disposals	<b>2.722</b>	<b>350</b>	<b>3.072</b>
<b>Depreciation</b>			
<b>1.1.2006</b>	<b>(935)</b>		<b>(935)</b>
Additions	(497)	(70)	(567)
<b>31.12.2006</b>	<b>(1.432)</b>	<b>(70)</b>	<b>(1.502)</b>
<b>Net Book Value</b>	<b>1.290</b>	<b>280</b>	<b>1.570</b>

**Company**

	<u>2006</u>	<u>2005</u>
<b>Cost</b>		
<b>1.1.2006</b>	<b>1.692</b>	<b>1.631</b>
Additions	256	61
<b>31.12.2006</b>	<b>1.948</b>	<b>1.692</b>
<b>Depreciation</b>		
<b>1.1.2006</b>	<b>(807)</b>	<b>(471)</b>
Additions	(350)	(336)
<b>31.12.2006</b>	<b>(1.157)</b>	<b>(807)</b>
<b>Net Book Value</b>		
<b>31.12.2006</b>	<b>791</b>	<b>885</b>

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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**15. INVESTMENTS IN SUBSIDIARIES :**

	<b>2005</b>	<b>Additions</b>	<b>Disposal</b>	<b>2006</b>
LAMDA DETERGENT SA	8.873		(4.883)	3.990
LAMDA PACK SA	3.000			3.000
LAMDA LAMDA SA	2.000			2.000
LAMDA POLYMERS INTERNATIONAL SA	3.000			3.000
SPEDIMET SA	241			241
CHEMICAL SOLUTIONS SA	10.000			10.000
PETRONET SA	6.000			6.000
LAMDA FERTILIZERS SA	2.000	3.000		5.000
ATLANTIC POLYMERS & CHEMICALS SA	3.000			3.000
NEOCHIMIKI AD BEOGRAD	39			39
LAMDA COSMETICS SA	3.000	7.000	(10.000)	
CHEMICAL INNOVATIONS SA	10.000			10.000
NEOCHIMIKI INTERNATIONAL SA	1.000			1.000
AGROINNOVATION S.A.		2.500		2.500
PLANTERA SA		60		60
INTERCHEM HELLAS SA (note 13)		29.000		29.000
	<b>52.153</b>	<b>41.560</b>	<b>(14.883)</b>	<b>78.830</b>

The addition of € 29 mil in the Company's subsidiary in Interchem is analysed to € 14 mil comprising the consideration paid and € 15 mil is due to a subsequent share capital increase. Additions referred to other subsidiaries were due to the respective share capital increases.

With respect to the disposals of the stakes in Lamda Detergent SA and the transfer of entire company Lamda Cosmetics from the Company to Lamda Detergent the group has recognized significant profits in the income statement of the year amounting to € 73,5 mil.

**16. DISPOSALS OF SHARES IN SUBSIDIARIES**

As explained in note 1, the Group disposed part of its shares in Lamda Detergent SA and Lamda Cosmetics by selling part of the first to third parties and transferring the second to the first, resulting to a loss of control to a company that previously was fully owned to a limited percentage of 34,03%. The group recognized in the consolidated income statement the net profits to the extend these attributed to the third parties. The respective amounts are analyzed as follows:

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

	<b>Lamda Detergent Group (44,34%)</b>	<b>Lamda Detergent Group (16,12%)</b>	<b>Lamda cosmetics (65,97%)</b>	<b>Total</b>
Total net assets at disposal	41.750	48.650	10.162	
% of stake disposal	44,34%	16,12%	65,97%	
Net asset disposed	18.512	7.842	6.704	<b>33.058</b>
Goodwill trasfered to income statement	48			<b>48</b>
Total Cost	18.560	7.842	6.704	<b>33.106</b>
Sale proceeds	67.468	32.802	7.315	<b>107.585</b>
<b>Net profit of disposal (note 9)</b>	<b>48.908</b>	<b>24.960</b>	<b>612</b>	<b>74.479</b>

The net profit realized from the transfer of control in Lamda Cosmetics expresses the proportion of the sale proceeds related to the third party after deducting the respective taxes associated with the transaction (€ 0,6 mil).

**17. INVENTORIES:**

Inventories are analyzed as follows:

	<b><u>Group</u></b>		<b><u>Company</u></b>	
	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Finished and semi-finished products	13.459	6.775	66	41
Raw materials and supplies	15.748	10.696	688	525
Merchandise	21.179	19.201	11.524	12.799
<b>Total</b>	<b>50.385</b>	<b>36.672</b>	<b>12.278</b>	<b>13.365</b>

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

**18. 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	50.467	17.561	120.161	42.037
Post-dated cheques receivable	9.218	3.240	994	638
Notes receivable	1.921	151	1	6
VAT receivable	11.418		915	
Prepaid tax withholdings	1.686		401	383
Other debtors	2.069	2.599	45	482
Other receivables	3.383	3.898	721	512
	<b>80.163</b>	<b>27.449</b>	<b>123.238</b>	<b>44.058</b>
Less: allowance for doubtful accounts receivable	(6.664)	(3.151)	(359)	(189)
<b>Total trade debtors</b>	<b>73.498</b>	<b>24.298</b>	<b>122.879</b>	<b>43.869</b>

**19. RELATED PARTY DISCLOSURES:**

*i) Transactions with related parties:*

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

Neochimiki purchases goods and services from and makes sales of goods to certain related companies in the ordinary course of business. Such related companies consist of companies, which have common ownership and/or management with Neochimiki.

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

<b>INTERCOMPANY RECEIVABLE</b>	<u>2006</u>	<u>2005</u>
LAMDA DETERGENT S.A.	20.798	14.900
ΛΑΜΔΑ ΛΑΜΔΑ (LAMDA LAMDA ) S.A.	0	6.347
PETRONET S.A.	5.270	0
LAMDA POLYMERS INTERNATIONAL S.A.	5.239	2.865
LAMDA PACK S.A.	2.836	7.305
LAMDA FERTILIZERS S.A.	36.670	2.647
CHEMICAL SOLUTIONS S.A.	0	455
PLANTERA SA	34	0
NEOCHIMIKI INTERNATIONAL S.A.	4.674	0
INTERCHEM HELLAS S.A.	43.774	0
BALLIS S.A.	0	802
NEOXHM AD BEOGRAD	1.480	1.183
NEOCHIMIKI ROMANIA S.A.	0	772
NEOCHIMIKI BULGARIA SA	0	485
NEOCHIMIKI L.V.LAVRENTIADIS LTD	0	250
LAMDA COSMETICS S.A.	0	2.533

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

LAMDA DETERGENT EOOD	10	0
GLOBAL GALAX DOO	332	144
	<b>121.117</b>	<b>40.689</b>

<b>INTERCOMPANY PAYABLE</b>	<b>2006</b>	<b>2005</b>
ATLANTIC POLYMERS S.A.	846	932
LAMDA LAMDA S.A.	9.092	
SPEDIMET S.A.	165	79
NEOCHIMIKI INTERNATIONAL S.A	0	522
CHEMICAL INNOVATION S.A.	153	
GLOBAL GALAX DOO	20	0
NEOCHIMIKI ROMANIA S.A.	4	0
	<b>10.280</b>	<b>1.533</b>

There are no outstanding balances and transactions for the year associated with related parties as they are prescribed by IAS 24.

Transactions between the Company and its subsidiaries are analysed as follows:

<b>PURCHASES FROM GROUP</b>	<b>2006</b>	<b>2005</b>
LAMDA DETERGENT S.A.	11.750	19.217
LAMDA LAMDA S.A.	3.863	2.655
LAMDA PACK S.A.	3.010	94
LAMDA POLYMERS INTERNATIONAL S.A.	1.008	113
PETRONET S.A.	88	374
LAMDA FERTILIZERS S.A	4.225	1.857
SPEDIMET S.A.	211	108
ATLANTIC POLYMERS & CHEMICALS S.A.	0	120
LAMDA COSMETICS S.A	32	0
NEOCHIMIKI ROMANIA S.A.	9	0
CHEMICAL INNOVATION S.A.	1.164	0
AGROINNIVATION S.A	9	0
NOVION S.A	30	
CHEMICAL SOLUTIONS S.A.	604	24
NEOCHIMIKI INTERNATIONAL S.A.	0	20
BALLIS S.A.	0	26
GLOBAL GALAX DOO	20	0
NEOCHIMIKI BULGARIA S.A.	24	0
NEOCHIMIKI A.D. BEOGRAD	0	0
	<b>26.047</b>	<b>24.608</b>

<b>SALES FROM GROUP</b>	<b>2006</b>	<b>2005</b>
LAMDA DETERGENT S.A.	39.552	27.456
LAMDA LAMDA S.A.	5.525	3.576
LAMDA PACK S.A.	10.683	6.403
LAMDA POLYMERS INTERNATIONAL S.A.	7.207	5.159
CHEMICAL SOLUTIONS S.A.	580	102
PETRONET S.A.	4.653	6.455
LAMDA FERTILIZERS S.A	1.707	2.927
ATLANTIC POLYMERS & CHEMICALS S.A.	1	174

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

AGROINNOVATIONS S.A	364	0
NOVION S.A	9	0
LAMDA COSMETICS S.A	1	0
GLOBAL GALAX DOO	1.463	479
NEOCHIMIKI ROMANIA S.A.	1.232	1.161
NEOXHMIKH A.D. BEOGRAD	2.258	1.515
CHEMICAL INNOVATION S.A.	1.093	217
NEOCHIMIKI INTERNATIONAL S.A.	7.945	77
BALLIS S.A.	0	52
NEOCHIMIKI BULGARIA SA	1.700	335
LAMDA DETERGENT EOOD	11	0
	<b>85.984</b>	<b>56.089</b>

The amounts of consolidated sales and purchases (after eliminating intercompany transactions) cumulatively from the beginning of the financial year with the affiliated, as defined in IAS 24 companies, amount to € 307 thousand and 340 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 amount to € 201 thousand and € 24 respectively.

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.

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 € 289 thousand and € 488 thousand respectively. Receivables of the Company and the Group from Managers and Members of the Board of Directors, as defined in IAS 24, do not exist. The amount of liabilities of the Company and the Group to the Managers and the Members of the Board of Directors, as defined in IAS 24, at 31.12.2006, do not exist.

**20. 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	114	15	5	2
Cash at banks	21.926	4.798	5.502	939
<b><u>Total</u></b>	<b>22.041</b>	<b>4.813</b>	<b>5.507</b>	<b>941</b>

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

**21. SHARE CAPITAL:**

At December 31, 2006 and 2005, the Company's share capital amounted to € 10.800.000 and comprised of 36.000 registered shares of € 0,30 per value each.

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

**22. 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	2.484	1.281	801	673
Revaluation reserve	20.056	19.706	6.286	6.286
Special reserve	6	3	2	2
Tax free and specially taxed reserves	119.525	23.368	85.919	10.973
Other reserves	145	145	145	145
Exchange equalisation reserve	121	8		
<b>Total</b>	<b>142.337</b>	<b>44.511</b>	<b>93.153</b>	<b>18.079</b>

**Legal Reserve:** Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a legal reserve, until such reserve equals one-third of the outstanding share capital. The above reserve cannot be distributed during the existence of the Company.

**Tax Free and Specially Taxed Reserves:** Tax free and specially taxed reserves represent interest income and investments sales of non listed entities in the stock exchange which are non taxable or has been specially taxed at source. This income is not taxable, assuming there are adequate profits from which the respective tax free reserves can be established. According to the Greek tax regulations, this reserve is exempt from income tax, provided it is not distributed to shareholders. The Company has no intention of distributing this reserve and, accordingly, has not provided for deferred income tax

**Special Reserves:** Special 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.

**23. 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.

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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On February 8th, 2006, the Company's Board of Directors approved a dividend distribution from the 2006 statutory profits of € 1,080 th (€ 0.03 per share) which was approved by the Annual General Meeting.

**24. 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>
Bank Loan	18.000	18.017	18.000	18.000
Bond Loan	146.500	102.000	67.000	62.000
Finance Lease		66		
	<b>164.500</b>	<b>120.083</b>	<b>85.000</b>	<b>80.000</b>

The bank long term loan with a capital of Euro 18 million obtained for financing the expansion of the Group's business in Europe and the Balkans. It s repayable in four years through four equal annual instalments of Euro 3.600.000 each the first of which is due on 30 October 2007 and the last on 30 October 2011. It bears an annual interest rate equal to Euribor plus 1,85%.

The bonds of the Group are analysed as follows:

1. Bond of € 62.000 was bought by NEOCHIMIKI on 15 December 2005 and financed the repayment of the previously received short term loans. The interest rate of this loan is floating based on 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 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.

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

2. Bond, amounted € 5.000 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.

3. Bond, amounting € 5.000 has been received on 27/6/2006 by NEOCHIMIKI L.V. LAVRENTIADIS S.A. for refinancing the subordinating loan with operating capital with a

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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more permanent character. The interest rate of this loan is floating based on Euribor increased by 1.80%. The company's bond is free of charges and is repayable at maturity that is on 28 July 2001. There are covenants referring to the maintenance of specific financial figures and ratios for all the duration of the bond.

4. Bond, amounting to € 10.000 has been received on 29/6/2006 by the subsidiary company CHEMICAL INNOVATIONS S.A. for refinancing short-term loan. The interest rate of this loan is floating based on Euribor increased by 1.80%. 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. The repayment timetable is presented in the following table:

<b>Repayment Timetable</b>	
<b>Date</b>	<b>(in €'000)</b>
06/07/2009	2.000
05/07/2010	2.000
04/07/2011	6.000
<b>Total</b>	<b>10.000</b>

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

6. Bond, amounting € 2.500, has been received on 30/6/2006 by the subsidiary company LAMDA LAMDA 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%. 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. The repayment timetable is presented in the following table:

<b>Repayment Timetable</b>	
<b>Date</b>	<b>(in €'000)</b>
30/06/2009	625
30/06/2010	625
30/06/2011	1250
<b>Total</b>	<b>2500</b>

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.

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

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

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

**25. PENSION AND STAFF RETIREMENT INDEMNITIES:**

Staff Retirement Indemnities: Under the labour law of the countries in which the Company operates, employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's or worker's compensation, length of service and manner of termination (dismissed or retired). In respect with the Greek subsidiaries (that consist the largest part of the Group's activities) the amount of compensation varies according to the salary, the years of services and the manner of retirement (dismissal or retirement) of the employee. Employees or workers who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause. In Greece, local practice is that pension plans are not funded and recommend defined benefit plans according to IAS 19. In accordance with this practice, the Company does not fund these plans. The Company charges operations for benefits earned in each period with a corresponding increase in pension liability. Benefits payments made each period to retirees are charged against this liability.

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

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Net liability at beginning of the year/period</b>	<b>180</b>	<b>122</b>	<b>31</b>	<b>50</b>
Acquisition of subsidiary	1.500			
Actual benefits paid - discontinued operations	(300)	(62)	(21)	(35)
Expense recognised in the consolidated statements of income - continuing operations	493	77	42	16
<b>Total actual benefits paid</b>	<b>1.873</b>	<b>137</b>	<b>52</b>	<b>31</b>

An international firm of independent actuaries evaluated the Company's liabilities arising from the obligation to pay retirement indemnities. The principal assumptions of the actuarial study as at December 31, 2006 and 2005 have been as follows:

**Principal Assumptions:**

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

**NEOCHIMIKI L.V. LAVRENTIADIS S.A.**  
**Annual Financial Statements**  
**for the year ended 31 December 2006**  
**(Amounts are at thousand Euro, unless is stated otherwise)**

**26. 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	44.518	35.189	23.528	13.151
Notes payable	2.028	266	348	122
Post-dated cheques payable		593		
Other liabilities and accrued expenses	83	2.215		768
<b>Total</b>	<b>46.629</b>	<b>38.263</b>	<b>23.876</b>	<b>14.041</b>

**27. SHORT-TERM BORROWINGS:**

	<u>Group</u>		<u>Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Bank Loans	79.672	9.022	63.757	9.022
Long Term loans		3		
Finance Lease		159		
	<b>79.672</b>	<b>9.184</b>	<b>63.757</b>	<b>9.022</b>

**28. CONTINGENCIES AND COMMITMENTS:**

**Litigation and claims:**

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

**29. POST BALANCE SHEET EVENTS:**

The company NEOCHIMIKI L.V. LAVRENTIADIS S.A. announced at 4<sup>th</sup> of January that it has been selected as the best bidder by the PRIVATIZATION AGENCY OF SERBIA for the privatization of the company Rafinerija nafte Beograd, and for the sale of 70% of its share capital. The Company is committed for: a) to contribute a purchase price which amounts to 16.38 mil. euro and b) to undertake further investment which amounts to 15 mil. euro, that is according to the 703/05-0301- 2/ 03.01.2007 requirements set by the PRIVATIZATION AGENCY OF SERBIA,. The investment process is expected to complete within 2007.