



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS (IFRS)**

This is to certify that the attached Financial Statements are those which have been approved by the Board of Directors of Neochimiki L.V. Lavrentiadis SA. on 20 February 2008 and have been published by posting them on the internet, at the address <http://www.neochimiki-lavrentiadis.gr/>. The attention of the reader is drawn to the fact that the extracts published in the press aim at providing the public with certain elements of financial information but they do not present a comprehensive view of the financial position and the results of operations of the Company and the Group, in accordance with International Financial Reporting Standards. Please note, that for purposes of simplification, some accounts in the published financial statements have been abridged or rearranged.

Lavrentis Lavrentiadis
Chairman of the Board of Directors
NEOCHIMIKI L.V. LAVRENTIADIS S.A

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DIRECTORS' REPORT

**TO THE ORDINARY ANNUAL GENERAL MEETING OF THE SHAREHOLDERS
OF NEOCHIMIKI L.V. LAVRENTIADIS S.A.
FOR THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

Shareholders,

According to the Law and the Company's Statutes, we present you the activities both for the mother company and the Group during 2007.

A. General Business Overview

a1. Organisational and Operational Restructuring

During the period under review, a significant organisational and operational restructuring of the Group took place. Specifically, the actions that took place were the following:

The mergers of subsidiary companies of the Group were successfully completed with the goal of restructuring the business strategies and the achievement of significant economies of scales. In particular:

Pursuant to the Decision by the Athens Prefecture, with reference no. 4839/04.05.2007, the merger of LAMDA LAMDA S.A. (trade name) and CHEMICAL SOLUTIONS S.A. (trade name) was completed and a new company was established under the name "LAMDA LAMDA SOCIETE ANONYME INDUSTRIAL & COMMERCIAL COMPANY."

Pursuant to the Decision by the Athens Prefecture, with reference no. 6356/21.05.2007, the merger of the companies NEOCHIMIKI INTERNATIONAL S.A. (trade name), LAMDA POLYMERS INTERNATIONAL S.A. (trade name), LAMDA PACK S.A. (trade name), PLANTERA S.A. (trade name), LAMDA FERTILIZERS S.A. (trade name), AGGROINNOVATION S.A. (trade name), ATLANTIC POLYMERS & CHEMICALS S.A. (trade name), CHEMICAL INNOVATIONS S.A. (trade name), and PETRONET S.A. (trade name) was completed and a new company was established under the corporate name

“NEOCHIMIKI INTERNATIONAL INDUSTRIAL AND COMMERCIAL COMPANY OF CHEMICAL PRODUCTS.”

Pursuant to the Decision by the Athens Prefecture (South District), with reference no. 14537/03.08.2007, the merger of its subsidiary companies INTERCHEM – HELLAS S.A. (trade name) and NOVION S.A. (trade name) was completed and a new company was established under the corporate name “INTERCHEM - HELLAS SOCIETE ANONYME CHEMICAL - CONSTRUCTION - MARITIME PRODUCTS.”

The company’s management sold 13,300,000 shares of LAMDA DETERGENT S.A. on 12 February 2007 and 16 February 2007 for the amount of EUR 105 million, through private placement in foreign institutional investors. The resulting capital gain amounted to EUR 78 million and the participation percentage of the company was reduced from 34.03% to 0%. Moreover, on 31.12.2007, the participation percentage in the subsidiary NEOCHIMIKI LAVRENTIADIS LTD was sold.

The capital gained from the above private placement was used to implement NEOCHIMIKIS Group’s strategic targets both in the Greek market with the buyout of MONOCHEM S.A. and SINTRA S.A. (through its subsidiary PETROSOL S.A.) as well as in the South Eastern European markets with the buyout of RAFINERIJA NAFTE BEOGRAD (RNB), the activities of which include the production and distribution of basic oils and lubricants.

a2. Basic Figures and Results

The Group’s sales regarding the continuing activity of chemical production and trade showed an increase of 88% and amounted to EUR 469.8 million compared to EUR 249.9 million in 2006.

The large increase in sales resulted from: a) the organic growth in Greece and abroad, b) the integration of the purchased companies INTERCHEM HELLAS S.A., SINTRA S.A., MONOCHEM S.A., and RNB c) greater and more effective use of the new production facilities in Lavrio, Volos, and Thiva, and d) the commencement of operation of the Aspropirgos logistic centre and the three new ones in Thessalonica. Specifically, the Group sales by the companies in Greece showed an increase of 103% and amounted to EUR 418.7 million against EUR 205.5 million in 2006, while the respective sales of the foreign-based subsidiaries showed an increase of 15% and amounted to EUR 51.1 million against EUR 44.4 million in 2006.

Gross profit showed an increase of 151% and amounted to EUR 137.6 against EUR 54.8 in 2006.

Profits before interest, tax and depreciation (EBITDA) posted 2007 an increase of 153% and stood at € 83.3 mil. over € 32.9 mil. in 2006. At the same time, profits before taxes amounted to € 58.8 mil. marking an increase of 180%, while profits after taxes and minority rights stood at € 125.5 mil. over € 103.3 mil. increased by 22%. Profits after taxes and minority rights include earnings from discontinued (sold) operations of € 80.7 mil. while 2006 results include earnings from discontinued (sold) operations of the amount of € 87.2 mil., excluding that net operating profits after taxes and minority rights amount € 44.5 mil. increased by 178% over € 16 mil. in 2006.

As regards the mother company results, turnover in 2007 stood at € 432.6 mil. over € 124.6 mil. in 2006, marking an increase of 247%. Gross profit increased by 467%, standing at € 126.6 mil. in 2007 over € 22.3 mil. in 2006. Profits before taxes stood in 2007 at € 132.5 mil. over € 78.1 mil. in 2006, 2005 marking an increase of 70%.

Finally, the Group decided, due to its significant free cash flow and by increasing its cash reserves to EUR 110 million, to further proceed with investments and buyouts in the Southeast European markets, which will significantly increase its capacity in chemical bulk materials and fertilizer production and trade. In particular, the buyout of PRAHOVO and its subsidiaries was completed on 26.10.2007 through which, in combination with investments that will take place, there will be a significant boost in sales in the Balkans in the following years. Furthermore, the Company announced on 29.01.2008, that it proceeded to the acquisition of a 40% stake in the company ASTRON CHEMICALS SA, at a price of € 3 million. ASTRON CHEMICALS SA was established in 1992 and its core business activity is the representation, import and trade of chemical raw materials and specialized chemical products for industrial use in the fields of food and beverage, pharmaceuticals, cosmetics, animal feed, paints, coatings, adhesives and textiles.

FINANCIAL RESULTS OF THE GROUP 2007

<i>(mil. €)</i>	2006	2007	%
<i>Turnover</i>	249.9	469.8	↑ 88 %
<i>Gross Profit</i>	54.8	137.6	↑ 151 %
<i>EBITDA</i>	32.9	83.3	↑ 153 %
<i>Profits before taxes</i>	21.0	58.8	↑ 180 %
<i>Profits after taxes and minority rights</i>	97.1	123.4	↑ 22 %
<i>Organic Profits after taxes and minority rights</i>	16.0	44.5	↑ 178 %

B. RISK MANAGEMENT

Financial Risk Factors

The Group's activities expose it to various financial risks, such as market risk, credit risk, and liquidity risk. The risk management program focuses on the unpredictable factors of the financial markets and attempts to minimize possible negative effects in the Group's performance in the financial field.

Risk management is conducted by a central reserves management department, whose policies are approved by the Board of Directors. The reserves management department identifies, calculates, and counteracts financial risks in close cooperation with the Group's operational units. The Board of Directors draws up written principles for overall risk management as well as the policies which cover specific areas, such as currency exchange risk, interest risk, credit risk, the use of derivatives and non financial instruments, and high liquidity investments.

a) Market Risk

(i) Currency Risk

The Group operates in an international environment and is exposed to currency exchange risk relating to its various currency positions. Currency Risk is derived from future commercial transactions, acknowledged financial assets and liabilities, and investments in companies that are headquartered and are active abroad.

Management has adopted a policy which requires the Group's companies to manage their currency risk in relation to their operational currency. The Group's companies are expected to counteract all their currency risk with the Group's reserves management department. In the case of currency risk that is derived from future commercial transactions and acknowledged financial assets and liabilities, the Group's entities may use futures contracts. Currency Risk is derived from future commercial transactions and acknowledged financial assets and liabilities that are drawn up using a currency that differs from the entity's operational currency.

The Company and its Greek subsidiaries do not have significant assets and liabilities in a currency other than the Euro and as such have no substantial currency risk regarding these elements. In regard to future commercial transactions that are transacted in a currency other than the operational currency, the Group has adopted the policy of transactions with instalments set in advance, aiming to limit currency differences.

The Group has specific investments in foreign businesses, whose assets are exposed to currency risks.

(ii) Price Risk

The Group is not exposed to securities price risk due to its limited investment in entities and their classification in the consolidated balance sheet either as available for sale, or as financial assets at a fair value through the results.

The Group is exposed to fluctuations in the value of the goods it distributes (bulk chemicals and base oils) due to their connection to the price of oil, as it is valued in the current market. This risk is faced with a respective sale price change of the goods it distributes.

(iii) Cash Flows and Fair Value Interest Risk

The Group does not have significant interest-bearing assets and consequently the income and operational cash flows are essentially independent of the changes in the interest rate market.

The Group's interest risk increases by its long-term liabilities. The liabilities could possibly result in variable interest rates and expose the Group to cash flow interest rate risk.

The Group analyzes exposure to interest rate on a dynamic basis. Various scenarios are simulated, as refinancing and renewals of existing positions are taken into consideration. Based on these scenarios, the Group calculates the effect of the profit and the loss of a certain interest rate. The same interest rate is used for every simulation and every exchange rate. The scenarios only apply to liabilities that represent the major interest positions.

The Group, as of 31 December 2007, had received a loan (convertible bond loan) of EUR 100,000 (assessed at EUR 92,331 as of 31 December 2007), which was at a fixed (contractual) interest rate and amounts to 1.25% annually, and as such does not constitute an interest rate risk.

b) Credit Risk

Credit risk is managed on a Group basis. Credit risk results from cash reserves, derivative financial instruments, and bank deposits, as well as credit extensions to whole sale customers, including significant liabilities and active transactions.

The Group has signed credit insurance agreements, which cover up to 85% of liabilities in the event that an inability or delay in their collection is confirmed. Furthermore, the Group accepts letters of guarantee from customers for securing liabilities.

c) Liquidity Risk

Sound management of liquidity risk presupposes adequate assurance of cash reserves and financing availability through adequate credit functions. Due to the dynamic nature of its activities, the Group maintains financing flexibility by maintaining credit availability. Furthermore, the Group has entered into factoring without recourse contracts, aiming to support its operating capital.

Management reviews the rolling forecasts of the cash reserves based on the anticipated cash flows.

The table below analyzes the financial obligations of the Group and the Company classified in related grouped expiration dates, which are calculated according to the time that remains from the balance sheet date until their contractual expiration date.

31 DEC 2007 - The Group	Up to Year 1	From 2 to 5	
		Years	Over 5 Years
Borrowing	0	0	92,331
Commercial and Other Liabilities	101.524	86	0

31 DEC 2007 - The Company	Up to year 1	From 2 to 5	
		years	Over 5 Years
Borrowing	0	0	92,331
Commercial and Other Liabilities	84.605	11	0

Capital Risk Management

The Group's purpose when managing capital is to ensure the ability of continuous activity, to provide profits to the shareholders and benefits to other interested parties, as well as to maintain a capital structure that will reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group has to adjust the amount of the dividends and the capital return to the shareholders, issue new shares, or sell assets in order to reduce debt.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including ‘current and non-current borrowings’ as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as ‘equity’ shown in the consolidated balance sheet plus net debt.

	The Group		The Company	
	2007	2006	2007	2006
Total Borrowing	92,331	244,172	92,331	148,757
Minus: Cash Reserves	110,224	22,041	100,308	5,507
Net Debt	(17,893)	222,132	(7,977)	143,250
Total Equity	294,504	160,989	243,017	111,654
Total Capital	276,611	383,120	235,040	254,905
Leverage Coefficient	-6.47%	57.98%	-3.39%	56.20%

The significant improvement of the Group’s leverage coefficient is due to: (a) the net reduction of existing loans in the amount of EUR 152 million, due to the sale of LAMDA DETERGENT S.A. group of companies in the amount of approximately EUR 62 million and reduction of drawn bank loans in the amount of EUR 89 million, (b) the net increase of the cash reserves in the amount of EUR 88 million, mostly due to the usage of financing via liabilities transfer and (c) the increase in the Group’s equity by EUR 133 million, due to the significant boost in profitability of its continuing activities as well as due to the profit that resulted from the sale of the LAMDA DETERGENT S.A. group of companies.

C. OUTLOOK FOR 2008

In 2008 consolidated turnover is estimated to stand at € 600 mil., earnings before interest, tax, depreciation & amortization (EBITDA) at € 100 mil. and profits after taxes and minority rights at € 60 mil. Estimated turnover for 2008 is expected to be increased by 28%, earnings before interest, tax, depreciation & amortization (EBITDA) by 20% and net profits by 32%, over 2007 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.

Also, in order to further simplify its organizational structure in Greece, the Group decided to proceed with the merger through absorption of the 100% owned subsidiary companies LAMDA

LAMDA S.A., PETROSOL S.A., NEOCHIMIKI INTERNATIONAL S.A., and MONOCHEM S.A. According to the decisions by the Boards of Directors of the five companies dated 27 December 2007, the merger through absorption of the four subsidiary companies by NEOCHIMIKI L.V. LAVRENTIADIS S.A. will take place according to the provisions of the Articles of Law 2190/1920 and Law 2166/1993. 31 December 2007 was set as the date for the transformation balance sheet of the absorbed companies.

It is noted that the above Group financial targets do not constitute Management forecasts or evaluations and are not part of the business plan. These financial targets exclusively aim at presenting the growth trend of the Group's operations and results. Neochimiki's Management is monitoring the developments and trends that are taking place in the markets in which it is active, as well as in the broader macroeconomic environment of the countries in which it is present, and in the event that the present, or other, developments substantially amend its financial targets, as these are mentioned above, it will inform its investors in a timely manner, as has always been the practice.

D. DIVIDEND POLICY

Regarding dividend distribution, the company's management, taking into consideration the increased cash, but also the high growth rates in the Southeast European markets, and in order to maintain its proportional growth rates, as well as satisfy its shareholders, proposes a dividend distribution equal to EUR 0.26 per share, much higher than the previous financial year (2006: € 0.03). More specifically, the dividend will amount to EUR 9,360 th. for financial year 2007 as opposed to EUR 1,030 th. in 2006.

Following the aforementioned we propose to the Shareholders to:

- Approve the Annual Financial Statements for the year 2007.
- Resolve us and the Certified Auditors Accountants from every responsibility concerning the past financial year 2007, in accordance to the Law and the Company's statutes.
- Elect an Ordinary and a Deputy Certified Auditor-Accountant for the financial year 2008.

The President of the Board of Directors

The Members

P. Faliro, 20.02.2008

The President of the Board of Directors

Dr. Lavrentis Lavrentiadis

EXPLANATORY REPORT OF THE BOARD OF DIRECTORS

**OF NEOCHIMIKI L.V. LAVRENTIADIS S.A.
FOR THE YEAR ENDED 31 DECEMBER 2007**

(In Accordance with Article 11a of Law 3371/2005)

The current explanatory report of the Board of Directors addressed to the Ordinary General Meeting of Shareholders contains information regarding the clauses of paragraph 1 of article 11a of Law 3371/2005.

A. Structure of the Company's share capital

The share capital of the Company amounts to ten million eight hundred thousand euro (EUR 10,800,000), and it is divided into thirty six million common registered shares with voting rights (36,000,000 shares), with a nominal value of thirty cents (EUR 0.30) each.

The Company's shares are listed for trading on the Athens Exchange (Large Cap Category). The rights of the Company shareholders derived from their share are proportionate to the capital percentage, which corresponds to the paid value of the shares. Every share provides all the rights stipulated by Law and the Company's Articles of Association, and in particular:

* the right to receive a dividend from the Company's annual profits or liquidation proceeds.

After deducting the regular reserve only, 35% of net profits are distributed from each financial year's profit to the shareholders as an initial dividend, whereas the payment of an additional dividend is decided by the General Meeting. Every shareholder is entitled to the dividend according to the date determining dividend beneficiaries. The dividend for each share is paid to the shareholders within two (2) months from the date the Ordinary General Shareholder Meeting which approved the Annual Financial Statements. The manner and place of payment will be announced through the Press. The right to dividends is written-off and the respective amount is paid to the State, after the lapse of 5 years from the end of the year, during which the General Meeting approved the distribution of dividends.

• the right to recover the contribution during liquidation, or, similarly, the right to amortisation of the capital corresponding to the share, provided this has been decided by the General Meeting.

(Amounts are expressed in thousands Euro, unless otherwise stated)

- the pre-emptive right in every Company share capital increase exercised in cash and the acquisition of new shares.
- the right to receive a copy of the financial statements and reports by the chartered accountants/auditors and the Company's Board of Directors.
- the right to participate in the General Meeting, which consists of the following individual rights: legitimisation, attendance, participation in discussions, submission of proposals on agenda items, recording of opinions in the minutes of the meeting, and voting.
- The Company's General Shareholders Meeting reserves all rights during liquidation.

The liability of Company shareholders is limited to the nominal value of the shares they own.

B. Limitations in Transferring Company Shares

Transfer of Company shares is carried out according to the Law, with no restrictions stipulated by the company's Articles of Association as to their transfer, considering that these are intangible shares listed on the Athens Stock Exchange.

C. Significant Direct or Indirect Participations Pursuant to Presidential Decree 51/1992

On 20.02.2008 the shareholders who owned more than 5% of the total voting rights of the Company were:

- Mr. Lavrentis Lavrentiadis, with 20.00 %.
- FORTIS GLOBAL CUSTODY SERVICES NV with 11,17%
- SANTANDER INVESTMENT SA with 9,88%
- COMMERZBANK AG FRANKFURT A/C COMINVEST, with 5,93%

D. Share that provide special rights of audit

There are no shares of the Company that provide to their holders special rights of audit.

E. Restrictions on voting rights

No restrictions on the voting rights deriving from the Company's shares are provided in its Articles.

F. Company's Shareholders' agreements

The Company is not aware of any agreements between its shareholders which might result in restrictions on the transfer of the Company's shares or on the exercise of the voting rights conferred by its shares..

G. Rules of appointment and replacement of Board of Directors members and amendment of Articles of association.

The rules provided in the Company's Articles regarding the appointment and replacement of its Board of Directors members as well as the amendment of its Articles do not differ from those provided for in codified law 2190/1920.

H. Duties of the Board of Directors Regarding the Issuance of New or the Purchase of Own Shares

According to the provisions of the article 5 of the Articles of the Company, and the decision of the General Meeting, which is subject to the publication requirements of article 7b of codified law 2190/1920, the Board of Directors of the Company is entitled to increase the share capital of the Company through the partly or totally issuance of new shares, by virtue of a decision adopted by a majority of at least two thirds (2/3) of the total number of its members. In such case, the share capital may be increased only up to the amount of the capital which is paid-up on the date of adoption of the decision by the General Meeting. Board of Director's responsibility for the acquirement of owned shares does not differ from the one described in the article 16 of codified law 2190/1920. There is no opposite regulation in the Company's Articles of association.

The Group following the decision of the First Extraordinary General Shareholders Meeting of 28.03.2007, decided to give proper authorization to the Board to determine the special terms of the issuance and appropriation of the Convertible Bond Loan. More specifically it was decided to pursue with the issuance of convertible bonds of an amount of € 100 mil., with interest rate of 1,25% and maturity date the year 2014. The Convertible Bonds were subscribed and fully paid by Neochimiki Luxembourg S.A. a wholly owned subsidiary of Neochimiki incorporated in the Grand Duchy of Luxembourg, using the proceeds of the issue of €100,000,000 1.25% exchangeable notes due 2014 guaranteed by Neochimiki. The offering of the Exchangeable Notes was made outside the United States exclusively to institutional investors who are non-US persons and other "qualified investors" (as defined in the E.U. Directive 2003/71/EC and Greek Law 3401/2005) and was completed by way of a book building.

The Exchangeable Notes are exchangeable for the Convertible Bonds, which are automatically convertible into new ordinary shares in Neochimiki in accordance with the terms and conditions of the Convertible Bonds. The initial conversion price is €28.20 per new share in Neochimiki . Such conversion price is subject to adjustment in the case of certain corporate events. Furthermore, a successful application was made for the listing of the Exchangeable Notes on the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's Euro MTF market. Trading in the Exchangeable Notes on the Euro MTF Market commenced on 30 April 2007.

The above mentioned loan, which was issued on 30.04.2007, has been granted without provisions for the supply of any guarantees or any other real or non-real securities.

I. Significant Agreements that Come into Force, are Amended, or Terminated in the Event of Change of Control, Following a Takeover Bid.

There are no agreements which come into force, are amended or terminated in the event of change of Company control following a takeover bid.

G. Agreements that the Company has contracted with the members of the Board of Directors or with its personnel

There are no agreements of the Company with members of its Board of Directors or its personnel, which provide for the payment of compensation especially in case of resignation or release without substantiated reason or in case of termination of their term or employment due to a public offer.

The President of the Board of Directors
Dr. Lavrentis Lavrentiadis

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
"NEOXHMIKI L.V. LAVRENTIADIS S.A."

Report on the Financial Statements

We have audited the accompanying financial statements of "NEOXHMIKI L.V. LAVRENTIADIS S.A." (the Company) and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the balance sheet as of 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Greek Standards on Auditing which conform with International Standards on Auditing. Those Standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Amounts are expressed in thousands Euro, unless otherwise stated)

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and the Group as of 31 December 2007 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal Requirements

In our opinion the content of Board of Directors' Report, is consistent with the aforementioned financial statements.

Athens, 28 February 2008

Certified Auditor Accountant

Vrasidas Sp. Damilakos

Reg. No. 22791



Prototypos Hellenic Auditing Company AE
Certified & Registered Auditors
81 Patission & Heyden Street Athens, GR 104 34
R.N. 111

(Amounts are expressed in thousands Euro, unless otherwise stated)

INCOME STATEMENT

	Notes	The Group		The Company	
		1.1. - 31.12.2007	1.1. - 31.12.2006	1.1. - 31.12.2007	1.1. - 31.12.2006
Turnover (sales)-continuing operations	6	469.825	249.894	432.604	124.580
Cost of goods sold	26	(332.184)	(195.060)	(306.001)	(102.255)
Gross operating results		137.641	54.834	126.603	22.325
Administrative expenses	27	(21.079)	(7.483)	(22.539)	(2.800)
Distribution expenses	28	(52.674)	(20.313)	(55.816)	(8.950)
Other operating income (net)	29	3.740	517	482	168
Operating Results		67.628	27.555	48.730	10.743
Net expenses/ income from financing activities	31	(8.778)	(6.549)	83.794	67.319
Earnings Before Taxes		58.850	21.006	132.524	78.062
Taxes	24	(14.072)	(4.906)	(7.756)	(1.237)
Profit/ loss after tax from continuing operations (a)		44.778	16.100	124.768	76.825
Profit/ loss after tax from discontinued (sold) operations (b)	38	80.687	87.217	-	-
Profit/ loss after tax from continuing & discontinued (sold) operations (a) + (b)		125.465	103.317	-	-
Attributable to:					
Shareholders of the parent		123.443	97.061	-	-
Minority interest from continuing operations		272	132	-	-
Minority share on discontinued (sold) operations		1.750	6.124	-	-
		125.465	103.317		
Earnings per share					
Basic	32	3,43	2,70	3,47	2,13
Diluted	32	3,28	-	3,34	-
Weighted Average number of shares					
Basic	32	36.000.000	36.000.000	36.000.000	36.000.000
Diluted	32	38.364.067	-	38.364.067	-

The accompanying notes are an integral part of these financial statements

(Amounts are expressed in thousands Euro, unless otherwise stated)

BALANCE SHEET

	Notes	The Group		The Company	
		31.12.2007	31.12.2006	31.12.2007	31.12.2006
ASSETS					
Non-current assets					
Property, plant and equipment	7	258.506	346.275	64.222	65.552
Goodwill	8	33.175	14.958	0	0
Intangible Assets	8	463	1.571	393	791
Investment in subsidiaries	9	0	0	195.053	78.830
Short term investments	15	447	0	0	0
Investments and other long-term receivables	10	1.321	219	75	80
Deferred tax asset	24	1.612	1.152	727	139
Total non current assets		295.523	364.175	260.469	145.392
Current Assets					
Inventories	12	42.793	50.385	30.152	12.277
Trade receivables	13	43.457	54.942	25.024	120.797
Advances and other receivables	14	10.404	18.557	7.241	2.082
Cash and cash equivalents	16	110.224	22.041	100.308	5.507
Total Current assets		206.878	145.924	162.724	140.664
Total assets		502.401	510.099	423.194	286.056
EQUITY					
Of parent shareholders :					
Share capital	17	10.800	10.800	10.800	10.800
Share premium	17	5.677	5.677	5.677	5.677
Statutory and special reserves	18	230.825	122.161	204.723	86.867
Other reserves	18	16.636	20.176	6.286	6.286
Retained earnings (loss)	19	30.566	2.175	15.531	2.024
		294.505	160.989		
Minority interest		3.956	33.794		
Total equity		298.461	194.783	243.017	111.654
Long-term Liabilities					
Bond loans	20	92.331	164.500	92.331	85.000
Deferred tax liabilities	24	8.787	5.049	3.163	265
Personnel dismissal and retirement compensation provisions	21	1.213	1.873	67	52
Other Provisions and long-term liabilities	22	86	48	11	11
Total long-term Liabilities		102.417	171.470	95.572	85.328
Short-term liabilities					
Trade receivables	23	57.720	46.629	51.359	23.876
Short-term borrowings	20	0	79.672	0	63.757
Income tax payables	24	14.874	5.978	12.678	675
Other long term liabilities	25	28.930	11.567	20.568	766
Total long term liabilities		101.524	143.846	84.605	89.074
TOTAL EQUITY AND LIABILITIES		502.401	510.099	423.194	286.056

The accompanying notes are an integral part of these financial statements

(Amounts are expressed in thousands Euro, unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	The Group					
	<u>Share Capital</u>	<u>Share Premium</u>	<u>Statutory, Tax Free and Special reserves</u>	<u>Retained earnings</u>	<u>Minority Interest</u>	<u>Total Equity</u>
Balance, 1 January 2006	10.800	5.677	44.511	2.066	4.131	67.185
Dividends				(1.105)		(1.105)
Transfer to reserves			95.963	(95.963)		0
Deferred tax				(78)		(78)
Reserve movements			171			171
Exchange differences			130	20		150
Effect from merger of Ballis Chemicals			1.562	174	(1.736)	0
Disposal of Lamda Detergent					26.356	26.356
Disposal of Lamda Cosmetics					(1.213)	(1.213)
Net income for the period				97.061	6.256	103.317
Balance, 31 December 2006	10.800	5.677	142.337	2.175	33.794	194.783
Balance, 1 January 2007	10.800	5.677	142.337	2.175	33.794	194.783
Dividends				(1.080)		(1.080)
Transfer to reserves			117.723	(117.723)		0
Deferred tax				(42)		(42)
Revaluation reserve movements			5.684			5.684
Exchange differences			(236)	2		(234)
Disposal of Lamda Detergent			(25.366)	23.468	(35.165)	(37.063)
Effect from merger (Raginerija nafte beograd)					3.316	3.316
Purchase of proportion (Global Galax)				31	(31)	0
Purchase of proportion (Petrosol)				(60)	20	(40)
Estimate of Bond loans			7.717			7.717
Estimate of Financial assets			(46)			(46)
Other movemtes			(352)	352		0
Net income for the period				123.443	2.022	125.465
Balance, 31 December 2007	10.800	5.677	247.461	30.566	3.956	298.460

The accompanying notes are an integral part of these financial statements

(Amounts are expressed in thousands Euro, unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	The Company				
	<u>Share Capital</u>	<u>Share Premium</u>	<u>Statutory, Tax Free and Special reserves</u>	<u>Retained earnings</u>	<u>Total Equity</u>
Balance, 1 January 2006	10.800	5.677	18.079	1.358	35.914
Dividends				(1.007)	(1.007)
Transfer to reserves			75.074	(75.074)	0
Deferred tax direct to equity				(78)	(78)
Net income for the period				76.825	76.825
Balance, 31 December 2006	10.800	5.677	93.153	2.024	111.654
Balance, 1 January 2007	10.800	5.677	93.152	2.024	111.654
Dividends				(1.080)	(1.080)
Transfer to reserves			110.139	(110.139)	0
Deferred tax direct to equity				(42)	(42)
Reserve from the valuation of convertible bond			7.717		7.717
Net income for the period				124.768	124.768
Balance, 31 December 2007	10.800	5.677	211.009	15.531	243.017

The accompanying notes are an integral part of these financial statements

CASH FLOW STATEMENT

	The Group		The Company	
	1.1. - 31.12.2007	1.1. - 31.12.2006	1.1. - 31.12.2007	1.1. - 31.12.2006
Cash Flows from Operating activities				
Profit before taxes	139.756	111.270	132.524	78.062
Plus/ (less) adjustments for:				
Depreciation and amortisation	15.699	5.337	4.259	1.813
Debit interest and similar charges	9.333	8.258	7.283	6.372
Revenues from investments and credit interests	(359)	(402)	(502)	(97)
Profit/loss from valuation of securities	(78.034)	(74.479)	(90.570)	(73.536)
Profit/Loss from fixed asset disposal	(184)	161	(101)	(2)
Impairment charge and other provisions	3.503	900	3.440	357
Operating cash flows before changes in working capital	89.714	51.045	56.333	12.969
Inventories	(7.953)	(7.144)	(17.874)	1.087
Trade receivables	25.806	(57.552)	92.348	(77.098)
Other receivables	(42)	(5.321)	(5.159)	(2.082)
Plus/ (less) adjustments for:				
Trade liabilities (except banks)	18.555	(27.695)	27.484	9.835
Other payables	4.901	9.505	10.433	660
Income taxes paid	(6.135)	(3.621)	(675)	(1.368)
Interest paid	4.601	(8.214)	6.707	(6.372)
Exchange differences	61	(57)	(4)	(57)
Cash Flows from Operating activities of discontinued (sold) operations	8.476	775		
	137.984	(48.279)	169.593	(62.426)
Cash Flows from Investing Activities				
Purchase/sales of tangible and intangible assets	(13.929)	(99.024)	(2.531)	(38.691)
Net proceeds from the disposal of subsidiaries	489	253	101	3
Interest and similar revenues	541	402	502	97
Acquisition of subsidiaries	(28.288)	(8.019)	(120.213)	(41.560)
Income/(expenses) from disposal of subsidiaries	91.886	102.748	94.560	88.419
Income from allowance /Guarannte paid	217	0	6	(2)
Cash Flows from Investing activities from discontinuous (sold) operations	(14.367)	(43.770)		
	36.549	(47.410)	(27.575)	8.266
Cash Flows from Financing Activities				
Net (repayments)/proceeds from short-term loans	(85.448)	64.768	(63.758)	54.736
Net (repayments)/proceeds from long-term loans and bonds	(179)	19.596	17.621	5.000
Dividends paid	(1.080)	(1.009)	(1.080)	(1.009)
Cash Flows from Financing activities of discontinued (sold) operations	357	29.561		
	(86.350)	112.916	(47.217)	58.726
Net Increase/ (decrease) in cash and cash equivalents for the year	88.183	17.229	94.802	4.567
Cash and cash equivalents at the beginning of the year	22.041	4.814	5.507	941
Cash and cash equivalents at the end of the year	110.224	22.041	100.308	5.507

The accompanying notes are an integral part of these financial statements

COMPANY DETAILS

Board of Directors: Lavrentis Lavrentiadis, Chairman and CEO
Konstantinos Moutsos, Vice president
Ioannis Minagias, Non executive member
Smaragda Liarmacopoulou, Non executive member (until 20.12.2007)
Grammatiki Arvaniti, Non executive member (until 20.12.2007)
Aristotelis Charalampakis, Non executive member (from 20.12.2007)
Loulou Mavraidi, Non executive member (from 20.12.2007)

Registered Office: 34, Pentelis
175 64, Palaio Faliro
Greece

Company's Number
in the Registry of
Societes Anonymes: 44826/06/B/99/4

Auditors: BDO Protypos Hellenic Auditing Company
81, Patision & 8-10, Heyden
104 34, Athens
Greece

1. GENERAL INFORMATION

The Group consists of the Parent company NEOCHIMIKI –L.V. LAVRENTIADIS S.A. with the distinctive title NEOCHIMIKI S.A. (‘the Company’ or the ‘Parent Company’) and its subsidiaries (‘the Group’). The principal activities of the Group are distribution of chemical products of multinational firms..

The Company has its headquarters in Paleo Faliro, Pentelis 34 in Athens

Company’s shares are listed in the Athens Exchange.

The attached financial statements of the Company for the period ended 31 December 2007 were approved for issue by the Board of Directors on its meeting of February 20th, 2008.

NEOCHIMIKI announced at 12.02.2007 and 16.02.2007 the successful completion of the sale, through private placement, of 13.300.000 shares of the subsidiary company LAMDA DETERGENT owned by NEOCHIMIKI L.V. LAVRENTIADIS to foreign institutional investors. More specifically 13.300.000 shares of LAMDA DETERGENT were sold through private placement at a total amount of € 104.804, and realized a capital gain of € 78.034. After the sale transaction, NEOCHIMIKI L.V. LAVRENTIADIS holds 0% from 34,03% of the share capital of LAMDA DETERGENT.

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 three main SBUs involved in:

- ▣ Production and distribution of raw materials for the paints and lacquer industry
- ▣ Distribution of agrochemical products and
- ▣ Distribution of polymers for the plastics industry

The subsidiary companies included in the attached consolidated financial statements of the Group are presented in the note 3.3

2. BASIS OF PREPARATION

(a) *Financial statement basis of preparation*

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which have been issued by the International Accounting Standards Board (IASB) and their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and as they have been adopted by the European Union.

The financial statements of the financial year 2007, that cover the period from 1st January to 31st December 2007 have been prepared on the basis of the historical cost convention, as modified by the revaluation of land and buildings, available for sale financial assets, financial assets and financial liabilities at fair value through profit or loss and on a going concern basis.

(b) *Estimations and assumptions*

The preparation of the financial statements according to the IFRS, requires the use of estimations and assumptions that affect the balances of the assets and liabilities, as well as the notification of the contingent receivables and payables on the date of drafting of the financial statements and the reported income and expenses during the financial year in question. The actual results may eventually, differ from these estimations.

(c) *Reclasification*

Certain line items of the previous year's Financial Statements were reclassified in order to conform with the current year's presentation as well as to reflect the effect due to the fact that the Group of Lamda Detergent is presented as discontinued.

(d) *Reporting currency*

The Financial Statements are presented in thousand Euro. It is noted that if any casting differences are due to roundings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. *Newly issued standards, interpretations and amendments of existing standards*

a) to be in effect from the beginning of this financial year

The auditing principles according to which the annual financial statements were prepared are consistent with those used for the preparation of the financial statements of financial year 2006, except from the adoption of new standards which are mandatory for accounting years that begin on or after 1 January 2007. The new standards are as follows and had no effect to the Company and the Group.

IAS 1, (amendment) Capital Disclosures (effective for financial years beginning on or after 1 January 2007).

Due to the issuance of IFRS 7 some amendments were added to IAS 1 that an entity should disclose information that enables users of its financial statements to evaluate the aims, policies and procedures of managing its equity.

IFRS 4, Insurance contracts (effective for financial years beginning on or after 1 January 2007).

IFRS 4 is not relevant to the Group's operations.

IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures: (effective for financial years beginning on or after 1 January 2007).

IFRS 7 introduces added disclosures in order to improve the incoming information relating to the financial instruments. It requires the disclosure of qualitative and quantitative 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.

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

IFRIC 7 requires entities to apply IAS 29 Financial Reporting in Hyperinflationary Economies in the reporting period in which an entity first identifies the existence of hyperinflation in the economy of its functional currency, as if the economy had always been hyperinflationary. IFRIC 7 is not relevant to the Group's operations.

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

IFRIC 8 clarifies that IFRS 2 Share-based payment will apply to any arrangement when equity instruments are granted or liabilities (based on the value of an entity's equity instrument) are incurred by an entity, when the identifiable consideration appears to be less than the fair value of the instruments given. IFRIC 8 is not relevant to the Group's operations.

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

IFRIC 9 requires an entity to assess whether a contract contains an embedded derivative at the date an entity first becomes a party to the contract and prohibits reassessment unless there is a change to the contract that significantly modifies the cash flows. IFRIC 9 is not relevant to the Group's operations.

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.

b) to be in effect in periods after the beginning of the next financial year

The International Accounting Standards Board, as well as the IFRIC, have already issued a number of new accounting standards and interpretations whose application is mandatory for future accounting periods. The Group's assessment regarding the effect of these new standards and interpretations is as follows:

IAS 23 (amendment) Borrowing cost (effective for financial years beginning on or after January 1, 2009).

In the revised IAS 23 Borrowing Cost, the previous benchmark treatment of recognising borrowing costs as an expense has been eliminated. Instead, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets form part of the costs of the asset. IAS 23 is not relevant to the Group's operations.

IFRS 8, Operating segments (effective for financial years beginning on or after 1 January 2009)

IFRS 8 replaces IAS 14 Segment Reporting and adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and for allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. 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 instrument 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.

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 or an intangible asset. IFRIC 12 is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

IFRIC 13 Customer loyalty programmes (effective for financial years beginning on or after July 1, 2008)

The International Financial Reporting Interpretations Committee (IFRIC) issued a new interpretation relating to the application of IAS 18 Revenue Recognition. IFRIC 13 “Customer Loyalty Programmes” clarifies that where entities grant award credits (e.g. loyalty points or reward miles) as part of a sale transaction and customers can redeem those award credits in the future for free or discounted goods or services, IAS 18 paragraph 13 applies. This requires that the award credits are treated as a separate component of the sales transaction and an amount of the consideration received or receivable needs to be allocated to the award credits. The timing of the recognition of this element of revenue is deferred until the entity satisfies its obligations relating to the award credits, either by supplying the rewards directly or by transferring the obligation to a third party. The Group is considering possible effects from the specific amendment.

IFRIC 14, IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction’ (effective from 1 January 2008).

IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The group will apply IFRIC 14 from 1 January 2008, but it is not expected to have any impact on the group’s accounts.

3.2 Segment reporting

Business sector is defined to be a group of assets and activities that provide products and services, which are subject to different risks and returns than those of other business sectors.

Geographical sector is defined to be a geographical area, in which products and services are provided and which is subject to different risks and returns than other areas.

3.3 Consolidation

a) Subsidiaries: are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements of the parent, the investments in subsidiaries are accounted for at acquisition cost less any cumulative impairment losses.

b) Affiliates: are enterprises over which the Group can exercise a significant influence but do not satisfy the conditions to be designated either as subsidiaries or as a joint venture. The assumptions used by the group imply that, a percentage between 20% and 50% of the company's voting rights indicate significant influence over that Company. Investments in affiliates are initially accounted at cost and then considered as using the net position method. On the end of each financial year, the cost increases by the ratio of the investing company in the changes of the net position of the invested company and decreases by the dividends received by the affiliate.

The Company and the Group have no participation in affiliates.

c) Consolidation basis: Consolidated financial statements consist of the financial statements of the parent company and its subsidiaries. In the table below are listed all companies that have been included in the consolidation along with the relevant percentages of group participation, the country of origin and the activity of each subsidiary.

Company	Country of registered office	% of participation in the Group	Activity
		Mother	
1.Neochimiki L.V.Lavrentiadis S.A.	Greece	Company	Chemicals
2.Lamda Lamda S.A.	Greece	100%	Chemicals
			Chemicals
3.Petrosol S.A.(previous called SPEDIMET SA)	Greece	100%	transportation
4.Neochimiki International S.A.	Greece	100%	Chemicals
5.Interchem Hellas S.A	Greece	100%	Chemicals
6.Sintra S.A.	Greece	100%	Chemicals
7.Monochem S.A.	Greece	100%	Chemicals
8.Neochimiki AD Beograd	Serbia	100%	Chemicals
9.Global Galax SA	Serbia	88%	Chemicals
10.Neochimiki Lavrentiadis Limited(up to 31.12.2007)	Cyprus	100%	Chemicals
11.Neochimiki Romania SA	Romania	100%	Chemicals
12.Neochimiki Bulgaria SA	Bulgaria	100%	Chemicals
13.Atlantic Polymers & Chemicals Gmbh	Germany	100%	Chemicals
14.Atlantic Polymers Polska Zoo	Poland	100%	Chemicals
15.Neochimiki Ukraine Ltd	Ukraine	100%	Chemicals
16.Neochimiki Luxemburg S.A	Luxemburg	100%	Holding
17.Rafineria Nafta Beograd DOO	Serbia	70%	Chemicals
18.Lamda Detergents SA(up to 15.02.2007)	Greece	34,03%	Detergents
19.Lamda Detergents Ltd (up to 15.02.2007)	Cyprus	34,03%	Detergents
20.Lamda Detergents EOOD (up to 15.02.207)	Bulgaria	34,03%	Derergents
21.Lamda Cosmetics Ltd	Cyprus	34,03%	Detrergents

At 12.02.2007 and 16.02.2007 Neochimiki LV Lavrentiadis SA sold through private placement its participation to Lamda Detergent SA (as explained in note 1). Lamda Detergent S.A. as well as its direct subsidiaries LAMDA DETERGENT LTD, LAMDA DETERGENT EOOD and LAMDA COSMETICS LTD were included in the consolidated financial statements up to the date of their disposal and presented as discontinued operations (note 38).

At 31.12.2007, the Company disposed of its investment in NEOCHIMIKI LAVRENTIADIS LTD. Due to the minor contribution of NEOCHIMIKI LAVRENTIADIS LTD in the consolidated balance sheet and results of the Group, no further disclosures have been made with respect to this discontinued operation. The respective sales, net loss and the net assets as of and for the period year ended 31.12.2007 were amounted to € 79, € 97 and € 306, whereas the comparative figures of the previous year were amounting of € 1, € 75 and € 403 respectively.

The consolidated financial statements of 2006 did not include the companies, NEOCHIMIKI LUXEMBURG SA, SINTRA S.A. MONOCHEM S.A., and RAFINERIJA NAFTE BEOGRAD due to the fact that this period was prior to their establishment and/or acquisition.

Specifically, the Company at 28.03.2007 proceeded in the foundation of NEOCHIMIKI LUXEMBOURG SA which was established to issue the convertible bond of €100.000. Information about this convertible bond is provided extensive analysis in note 20.

PETROSOL SA at 12.04.2007 acquired 100% of the shares of SINTRA SA, a company incorporated in Greece which operates in the sector of solvents, ethyl alcohol and other alcohol based products. Through this acquisition, the Group became owner of the privately owned storage and chemical products distribution facilities of SINTRA, and obtained direct access to the docking bay for cargo ships in Port of Elefsina.

The Company at 23.04.2007 acquired 100% of the shares of MONOCHEM S.A., a company incorporated in Greece which deals with the production of main ingredients for PUR systems, industrial floorings and tanning and colouring of leather. Through this acquisition the Group will also expand its production capacity through the utilisation of the production plant at Oinofita that is owned by MONOCHEM, broadening as such further its chemical and industrial products portfolio.

On July 4, 2007, the final agreement between the Company and the PRIVATIZATION AGENCY OF SERBIA for the purchase of RAFINERIJA NAFTE BEOGRAD (“RNB”) was signed. As a result the Company, became the owner of 70% of the share capital of RNB.

On October 16, 2007 the Company signed a sale/purchase agreement with the PRIVATIZATION AGENCY OF SERBIA, for the acquisition of 99.06% of the shares of the holding company IHP PRAHOVO A.D. PRAHOVO IN RESTRUCTURING, Prahovo – Serbia, and also for the 20% of the shares of the following companies, in which IHP PRAHOVO A.D. PRAHOVO IN RESTRUCTURING was participating by 80% to each, effectively acquired the minorities, of:

- IHP DUBRIVA DOO PRAHOVO IN RESTRUCTURING (production of fertilizers)
- IHP SOLI DOO PRAHOVO IN RESTRUCTURING (production of inorganic salt)
- IHP MEG DOO PRAHOVO IN RESTRUCTURING (construction and maintenance of mechanical equipment)
- IHP KRAJINA DOO PRAHOVO IN RESTRUCTURING (transfer, charge/discharge, storage and packaging of products).

Until 31.12.2007 the processes of privatisation of the above companies had not been completed and due to the fact that control had not been established by the Group, they were not consolidated.

During 2007, certain of the Group subsidiaries merged by absorption (legal merger). The merger processes completed successfully aiming at the reformation of enterprising strategies and in achieving significant economies of scale. More analytically:

- According to the of 4839/4.05.2007 decision of the Prefecture of Athens, the merger of the companies "LAMDA LAMDA S.A." and "CHEMICAL SOLUTIONS S.A." has been completed with the registration of a new company "LAMDA LAMDA S.A." on May 4, 2007.
- According to the 6356/21.05.2007 decision of the Prefecture of Athens, the merger of the companies NEOCHIMIKI INTERNATIONAL S.A., LAMDA POLYMERS INTERNATIONAL S.A., LAMDA PACK S.A., PLANTERA S.A., LAMDA FERTILISERS S.A., AGRO INNOVATIONS S.A., ATLANTIC POLYMERS AND CHEMICALS S.A., CHEMICAL INOVATIONS S.A., PETRONET S.A. with the registration of the new company named "NEOCHIMIKI INTERNATIONAL HOLDING COMMERCIAL AND INDUSTRIAL SOCIETE ANONYME OF CHEMICAL PRODUCTS on May 10, 2007.
- According to the No. 14537/3.08.2007 decision of the Prefecture of Athens, the merger of the companies "INTERCHEM HELLAS SOCIETE ANONYME OF CHEMICAL - BUILDING - SHIPPING PRODUCT TYPES", with distinctive title "INTERCHEM - HELLAS S.A." and "NOVION SOCIETE ANONYME OF PRODUCTION, TRADE, AND DISTRIBUTION OF CHEMICAL PRODUCTS", with distinctive title "NOVION S.A." was completed, with the composition of a new company named "INTERCHEM - HELLAS SOCIETE ANONYME OF CHEMICAL - BUILDING - SHIPPING PRODUCT TYPES", with distinctive title "INTERCHEM - HELLAS S.A."

The Company has announced that in accordance with its restructuring plans, it will also merge by absorption its 100% subsidiaries: LAMDA LAMDA S.A., PETROSOL S.A., NEOCHIMIKI INTERNATIONAL S.A. and MONOCHEM S.A. The approvals for the mergers with absorption of the four subsidiaries by the Parent, have been given on 27.12.07 by the respective Boards of Directors' of the above mentioned five companies. The merger will be processed in accordance with the provisions of Cod. Law 2190/1920 and Law 2166/1993. The financial statements of the absorbed as of 31/12/2007 will be taken as the conversion balance sheets.

3.4 Conversion of foreign currency

Transactions in foreign currency are converted to the functional currency using the applicable exchange rates on the date of the transaction.

Profits and losses from foreign exchange differences arising from settlement of such transactions throughout the financial period and from the conversion of the monetary items denominated in foreign currencies at current exchange rates, on the balance sheet date are recorded in the results account.

3.5 Tangible Assets

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 appraisers, 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.

Subsequent expenses are recorded as an increase in the book value of tangible fixed assets or as a separate fixed asset only to the degree that the said expenses increase the future financial rewards anticipated from the use of the fixed asset and their cost can be measured reliably. The cost of repairs and maintenance is recorded in the operating results when those are carried out.

Depreciations of other tangible assets (besides land plots, which are not amortised) is calculated based on the standard method over their estimated useful life using the following factors:

Buildings	3%-4%
Mechanical Equipment	5%-20%
Vehicles	12%-15%
Other Equipment	15%-33%

The residual values and useful lives of tangible fixed assets are reassessed on each balance sheet date. When the book value of tangible assets exceeds their recoverable value, the difference (impairment) is recorded immediately as an expense in the results.

When tangible assets are sold, any difference between the proceeds and their book value is recorded as profit or loss in the results. Repairs and maintenance are recorded as expenses of the period in which they were carried out.

Self-constructed tangible assets constitute an addition to the acquisition cost of tangible assets at a value that includes the direct cost of wages of employees involved in the construction (corresponding employer contributions), cost of materials used and other general costs.

3.6 Intangible assets

Goodwill, software licences are included as intangible assets.

Goodwill: Is the difference between the acquisition cost and fair value of the assets and liabilities of a subsidiary/affiliate company on the date of acquisition. On the date of acquisition, the company recognises the goodwill that amounted from the acquisition as an asset item and it records it at cost. This cost is equal to the amount which the consolidation cost exceeds the company's share in the assets and liabilities items and the contingent liabilities of the acquired company.

After the initial recognition, goodwill is measured at cost, minus the accumulated losses due to a decrease in value. Goodwill cannot be amortised, however it is evaluated annually for any loss in value, if events have occurred that provide grounds for losses according to IAS 36.

In the event that the acquisition cost is less than the company's share in the acquired company's equity, then the former re-calculates the acquisition cost, measures the assets and liabilities items and the contingent liabilities of the acquired company and records directly to the financial year results as a profit any difference remaining after the re-calculation.

Software: Software are measured at acquisition cost minus amortizations. The amortisation is estimated using the standard method throughout the useful life of these items, which may range from 1 to 5 years.

3.7 Impairment of the value of assets

Assets that have an indeterminate useful life are not amortised and are audited for impairment once a year and whenever events or circumstances indicate that the book value may not be recoverable. Assets that are amortised are audited for impairment of their value when indications exist that their book value is not recoverable. The recoverable value is the amount of the net

selling value or value-in-use, whichever is higher. Damage due to value loss of asset items is recognised by the company when the book value of these items (or Cash-Flow Generating Units) is greater than their recoverable amount.

Net sale price is considered the amount obtained from the sale of an asset in the framework of a reciprocal transaction between knowledgeable, willing parties, after subtracting all additional direct costs for the sale of the asset, whereas value in use is the present value of estimated future cash flows expected to accrue to the company from the use of an asset and from its sale at the end of its estimated useful life.

3.8 Financial Instruments

Financial instrument is every contract that creates a financial asset in a company and a financial liability or equity holding in another company.

The Group's and the Company's financial instruments are classified in the following categories based on the subject matter of the contract and the purpose for which they were acquired.

i) Financial assets measured at their fair value through the results (P&L) of the Financial Year Statement

This involves financial assets that satisfy any of the following conditions:

- Financial assets held for commercial purposes (including derivatives, excluding those that are specified and effective as hedges, those that are acquired or created with the intent of sale or re-purchase and finally those that are part of a portfolio of recognised financial instruments).
- Upon initial recognition, the company specifies it as an item measured at fair value by recording the changes in the Financial Year Results Statement.
- Any realized on non realized profits or losses arise from changes in the fair value of financial assets are recognized in the results of the period they have incurred.

ii) Loans and Receivables

These comprise non-derivative financial assets with fixed or defined payments, which are not traded in active markets. This category (Loans and Receivables) does not include:

- a) Receivables from advance payments for the purchase of goods or services,
- b) Receivables involving tax transactions, which have been imposed by the state through legislation,

c) Anything not covered by an agreement, in order to give the company the right to receive cash or other financial fixed assets.

The loans and receivables are recognised at net value based on the actual interest rate method.

The Loans and receivables are included in the working capital, apart from those with a maturity term longer than 12 months from the date of the balance sheet. The latter are included in the long term assets.

iii) Investments held to their maturity

Includes non-derivative financial assets with fixed or determined payments and specific maturity, which the Group has the intention and possibility to retain until their maturity. The Group and the company do not hold any investments of this category.

iv) Financial assets available for sale

Includes non-derivative financial assets which, are either determined in this category or they cannot be included in any of the above.

Subsequently, the financial assets available for sale are measured at fair value and the relevant profits or losses are recorded in the equity reserves until these assets are sold or designated as impaired.

During the sale or when designated as impaired, the profits and losses are carried over to the results. Impairment losses that have been accounted for in the results are not reversed through results.

The purchase and sales of investments are recorded on the date of the transaction, which is the date that the Group commits itself to purchase or sell the asset. The investments are initially accounted for at their fair value plus the direct expenses ascribed to the transaction, with the exception of direct expenses ascribed to the transaction for those assets that are measured at their fair value with changes in the results (P&L). The investments are written-off when the right to the cash flows from investments expires or is transferred and the Group has essentially transferred all of the risks and rewards of ownership.

The realized and non-realised profits or losses arising from the changes in the fair values of the financial assets measured at fair value with changes in the results, are recorded in the results during the period that they arise.

The fair values of the financial assets that are traded in active markets are determined by the current demand prices. For the non-traded assets, the fair values are determined using

evaluation techniques like the analysis of recent transactions, comparative assets that are traded and discount of cash flows. The equity instruments, non-traded in an active market, that have been classified in the category Financial instruments available for sale and the fair value of which cannot be determined in a reliable way, are evaluated at their acquisition cost.

On every balance sheet date the Group estimates whether there is objective evidence leading to the conclusion that the financial assets have been subject to impairment. For shares of companies that have been classified as financial assets available for sale, such an indication would be the significant or extended drop of fair value in relation to the acquisition cost. If impairment is substantiated, the accumulated loss to equity, namely the difference between acquisition cost and fair value, is carried over to the results.

v) Accounting for Derivative Financial Instruments and Hedging Activities

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are measured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as either (1) a hedge of the fair value of a recognised asset or liability (fair value hedge), or (2) a hedge of a forecast transaction or of a firm commitment (cash flow hedge), or (3) a hedge of a net investment in a foreign entity on the date a derivative contract is entered into. Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IFRS.

Gains and Losses on Subsequent Measurement

Gains and losses on subsequent measurement are recognised as follows:

Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net finance cost in the income statement for the period in which they arise.

Gains and losses from measuring fair value hedging instruments, including fair value hedges for foreign currency denominated transactions, are recognised immediately in net finance cost in the income statement.

Gains and losses from measuring cash flow hedging instruments, including cash flow hedges for forecasted foreign currency denominated transactions and for interest rate swaps, are initially recognised directly in currency translation differences on derivative hedging position in other reserves. Should the hedged firm commitment or forecasted transaction result in the recognition of an asset or a liability, then the cumulative amount recognised in equity is

adjusted against the initial measurement of the asset or liability. For other cash flow hedges, the cumulative amount recognised in equity is included in the income statement in the period when the commitment or forecasted transaction affects profit or loss.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss is recognised immediately in other income/expenses in the income statement.

Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. Where the hedging instrument is a derivative, any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in currency translation differences on derivative hedging position in other reserves. The gain or loss relating to the ineffective portion is recognised immediately in other income/expenses in the income statement. However, where the hedging instrument is not a derivative (for example, a foreign currency borrowing), all foreign exchange gains and losses arising on the translation of a borrowing that hedges such an investment (including any ineffective portion of the hedge) are recognised in currency translation differences on derivative hedging position in other reserves.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Offset

Where a legally enforceable right to offset recognised financial assets and financial liabilities exists, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

3.9 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.

3.10 Trade receivables

The receivables from clients are recorded initially at their fair value and later they are measured at unamortized cost using the method of effective rate minus every estimate for a reduction in their value. In the event that the unamortised value or the cost of the financial assets exceeds its current value, then the asset is measured in its recovered cost, namely the current value of the asset's future cash flows that is calculated on the basis of the initial real interest rate. The relevant loss is carried over directly to the results. Impairment loss, i.e. when there is actual evidence that the Group is in no position to collect all of the amounts due pursuant to the contractual terms, is recorded in the results.

3.11 Cash in hand and cash equivalents

The cash-in-hand and cash equivalents include the cash in the bank and at the cashier's office as well as the short-term investments of high liquidity instruments, such as money market products and bank deposits. Money market products are financial assets that are measured at fair value through the results statement.

3.12 Non-current assets classified as held for sale

Assets held for sale include the remaining assets (including goodwill) as well as tangible assets that the Group intends to sell within a year from their classification as “held for sale”.

Assets classified as “held for sale” are measured either at their book value, immediately after their classification as held for sale, or at the fair value minus sales cost, whichever is lower. Assets classified as “held for sale” are not subject to amortisation. Profits or losses arising from the sale and re-evaluation of assets “held for sale” are recorded in the “other profits” and “other losses” respectively, in the financial year results statement.

The Group and the Company have not classified any assets within this category.

3.13 Share capital

Expenses that were made for the issuance of shares are recorded following the subtraction of the relevant income tax, reducing the issue product. Expenses that are related to the issuance of shares for the acquisition of companies are included in the acquisition cost of the company acquired.

Treasury shares are presented at cost, including the price paid and any relevant expenses, as a separate component in equity. On the purchase, sale, issue or cancellation of the treasury shares, the relevant amounts and the result of each act / settlement are recognized directly in equity.

At the end of the financial year the Group and the Company did not have any treasury shares.

3.14 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs are recognised as expenses over the period of the borrowings.

3.16 Income tax and deferred tax

The charge of the financial year with income taxes consists of the current taxes and deferred taxes, i.e. taxes or tax relief related to the economic benefits arising in the period but which have already been accounted for or will be accounted for by the tax authorities in other periods. The income tax is recorded in the financial year results account, apart from the tax that refers to transactions recorded directly to equity, in which case it is recorded directly to equity accordingly.

The current income taxes include the short-term liabilities and/or receivables from the fiscal authorities that are related to the taxes payable on the taxable income of the financial year and any additional income taxes of previous financial years.

The current taxes are calculated in accordance to the tax rates and tax laws applied during the financial periods with which they are related, based on the taxable profit for the year. All of the changes in the short-term tax assets or liabilities are accounted for as part of the tax expenses in the financial year results statement.

The deferred income tax is determined using the method of obligation arising in all of the provisional differences between the book value and the tax base of the assets and liabilities. Deferred income tax is not accounted for when it arises from the initial recording of an asset or liability in transaction, with the exception of company unification, which when the transaction was made did not affect neither the book nor the tax profit or loss.

The deferred tax receivables and liabilities are evaluated based on the tax rates expected to be applied during the period in which the liability or obligation will be settled, taking into account the tax rates (and tax laws) that are into effect or are essentially in effect until the date of the Balance Sheet. In the event that the precise reversal time of the provisional differences cannot be determined, the tax scale in force for the subsequent balance sheet date of the financial year is applied.

Deferred tax receivables are accounted to the extent that there will be future taxable profit for the use of the provisional difference generated by the deferred tax receivables.

Deferred income tax is accounted for the provisional differences arising from investments in subsidiaries and affiliated companies, except in the case where the reversal of the provisional differences is controlled by the Group and it is likely that the provisional differences will not be reversed in the foreseeable future.

The changes in the deferred tax receivables or liabilities are accounted for as a part of the tax expenses in the financial year results statement. Only the changes in assets or liabilities temporarily affecting the differences are accounted for directly in the Group's equity, and which result in a relevant change in deferred tax receivables or liabilities being charged against the relevant account of the net position.

3.17 Personnel benefits

Short-term benefits: Short-term benefits to the employees (apart from the benefits for the termination of the labour relationship) in cash and in goods are recorded for as an expense when they become payable. Any outstanding amount is recorded as a liability, while in the case where the amount already paid exceeds the amount of the benefits, the company records the excess amount as its asset (prepaid expense) only to the extent that the prepayment will lead to the reduction of future payments or to a return.

Benefits after exiting from the service: The Group has no benefit liabilities for personnel exiting from the service, excluding those provided by labour legislation referring to compensation due to termination of employment or retirement.

Termination of employment benefits: 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 (Project Unit credit 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 recognized in the fiscal year 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 that exceed 10% of the projected benefit obligation at the beginning of each period are recognized based on corridor approach 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. The retirement benefit obligations are not funded.

The benefits (compensations) for termination of employment or retirement are estimated at the end of each financial year by an actuary and the account affecting the financial year is included in the results, whereas the accumulated amount of the contingent liability arising from this cause is recorded in a provision account in the liabilities.

If extraordinary retirements are expected to happen that will have a significant effect, then an additional provision for personnel compensations is created against the results.

3.18 Subsidies

The Group records the state subsidies, which satisfy the following criteria cumulatively: a) there is a presumed certainty that the company has complied or will comply with the terms of the subsidy and b) it is likely that the amount of the subsidy will be collected. Those are recorded at fair value and accounted in a systematic way in the income, based on the principle of correlation of the subsidies with the respective costs that they subsidize.

Subsidies that involve assets are included in the long-term liabilities as income of future financial years and are recorded systematically and reasonably in the income item throughout the useful life of the fixed asset.

3.19 Provisions

Provisions are recorded when the Group has current legal or presumed liabilities as a result of past events, and their settlement is likely through the outflow of resources; also the estimation of the exact amount of the liability may be effected in a reliable way. The provisions are reviewed on the date of drafting of each balance sheet and adjusted in order to reflect the current value of the expenditure expected to be required for the settlement of the liability. Contingent liabilities are not recorded in the financial statements but they are notified, unless the likelihood of a resource outflow, which incorporates economic benefits, is minimal.

Contingent receivables are not recorded in the financial statements but they are notified when the inflow of economic benefits is likely.

Provisions for losses that have been created and refer to assets are subtracted from those items in the Balance Sheet.

Each year a re-evaluation of those provisions is made, regarding past due receivables and the difference with respect to the provision of the previous financial year is carried over to the results.

3.20 Earnings per share

Basic earnings per share are computed by dividing net income attributable to parent company shareholders 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).

3.21 Recognition of income and expenses

Income: The income includes the fair value of sales of goods, free from Value Added Tax, discounts and returns. Cross-company income within the Group is written-off entirely. The accounting of income is carried out as follows:

- Sales of Goods: Sales of goods are recorded when the Group delivers the goods to the client and those are accepted and the payment of the price is reasonably guaranteed.
- Services Rendered: The income from services rendered is accounted for in the period during which the services are provided, based on the completion phase of the provided service with respect to all the provided services.
- Income from Interest: Income from interest is recorded based on the time ratio and by applying the actual interest rate method. When there is impairment of receivables, their book value is reduced at their recoverable amount, which is the current value of the expected cash flows discounted at the initial actual rate. Subsequently, the interest is calculated using the same interest rate on the reduced (new accounting) value.
- Dividends: Dividends are recorded as income, when the right for their collection is established.

Expenses: The expenses are recorded in the results on an accrual basis. Payments made for operational leases during lease time are carried over to the results as expenses. Expenses from interest are recorded in the results on an accrual basis.

3.22 Leases

Finance leases, which transfer to the Company or to the Group 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 period.

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 period.

For sale and leaseback transactions resulting in a finance lease, any excess of sales proceeds over the carrying amount is not recognized as income in the financial statements but, instead, it is deferred and amortized over the lease term.

If the fair value (sale proceeds) at the time of a sale and leaseback transaction is less than the carrying amount of an asset, no adjustment is made unless there has been impairment in value, in which case, the carrying amount is reduced to the recoverable amount.

3.23 Distribution of dividends

The distribution of dividends to shareholders of the parent company is recorded as a liability in the consolidated financial statements on the date on which the distribution is approved by the General Meeting of shareholders.

4. FINANCIAL RISK MANAGEMENT

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and nonderivative financial instruments, and investment of excess liquidity.

a) Market risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group use forward contracts, transacted with group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The Company and its Greek subsidiaries do not have significant assets and liabilities in a currency other than the Euro and as such have no substantial currency risk regarding these elements. In regard to future commercial transactions that are transacted in a currency other than the

operational currency, the Group has adopted the policy of transactions with instalments set in advance, aiming to limit currency differences.

At 31st of December 2007, if RON concerning the Euro had been depreciated/appreciated by 7%, the net profit of use for the Group would be lower/higher than € 49 and € 56 respectively as a result of the transformation of financial interim results of company NEOCHIMIKI ROMANIA SA from her actual currency to Euro. At the same date, if RON concerning the Euro had been depreciated/appreciated by 7%, the proper funds that contributed in the Group it would be lower/higher than € 325 and € 374 respectively.

At 31st of December 2007, if RSD concerning the Euro had been depreciated/appreciated by 10%, the net profit of use for the Group would be lower/higher than € 27 and € 33 respectively as result of transformation of financial interim results of companies that reside in Serbia from their functional currency to Euro. At the same date, if RSD concerning the Euro had been depreciated/appreciated by 10%, the proper funds that contributed in the Group would be lower/higher than € 1.180 and € 1.442 respectively.

(ii) Price risk

The Group is not exposed to securities price risk due to its limited investment in entities and their classification in the consolidated balance sheet either as available for sale, or as financial assets at a fair value through the results.

The Group is exposed to fluctuations in the value of the goods it distributes (bulk chemicals and base oils) due to their connection to the price of oil, as it is valued in the current market. This risk is faced with a respective sale price change of the goods it distributes.

(iii) Cash flow and fair value interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cashflows are substantially independent of changes in market interest rates.

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The group, at the 31.12.2007, had paid out loan (convertible compulsory loan) of € 92.331, which has constant interest-rate and amounts at 1,25% annually and consequently does not exist any interest-rated danger.

b) Credit risk

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group has significant concentration of trade receivables but limited credit risk since its receivables are related to a small number of customers which are multinational companies or affiliated companies as defined such by IAS 24.

For banks and financial institutions, only independently rated parties with a minimum rating of BBB (Standard & Poor's) are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Following tables it portrays the credit limit and the accountant remainder seven (7) important customers of Group at the 31.12.2007 and 31.12.2006 respectively

	<u>31.12.2007</u>		<u>31.12.2006</u>	
	Credit limit	Open Amount	Credit limit	Open Amount
Customer 1	3.500	2.090	1.000	147
Customer 2	1.800	1.886	500	23
Customer 3	4.000	1.835	1.400	1.349
Customer 4	1.300	1.217	150	24
Customer 5	2.500	996	100	0
Customer 6	2.500	869	880	1
Customer 7	1.000	795	100	0
Total	16.600	9.688	4.130	1.543

The Group has signed credit insurance agreements, which cover up to 85% of liabilities in the event that an inability or delay in their collection is confirmed. Furthermore, the Group accepts letters of guarantee from customers for securing liabilities.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Furthermore, the Group has entered into factoring without recourse contracts, aiming to support its operating capital.

Management monitors rolling forecasts of the group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents on the basis of expected cash flow).

The following table depicts Group's and Company's financial liabilities classified in groups by the time period, estimated from the end of FY 2007 to the date payable.

31.12.2007 – The Group	<u>Up to 1 Year</u>	<u>2-5 years</u>	<u>Above 5 years</u>
Borrowings (note 20)	0	0	92.331
Trade and other liabilities	101.524	86	0

31.12.2007 – The Company	<u>Up to 1 Year</u>	<u>2-5 years</u>	<u>Above 5 years</u>
Borrowings (note 20)	0	0	92.331
Trade and other liabilities	84.605	11	0

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' shown in the consolidated balance sheet plus net debt.

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Total Borrowing (note 20)	92.331	244.172	92.331	148.757
Less: cash (note 16)	110.224	22.041	100.308	5.507
Net Debt	(17.893)	222.132	(7.976)	143.250
Total Equity	294.504	160.990	243.017	111.654
Total	276.611	383.121	235.040	254.904
Gearing ratio	-6,47%	57,98%	-3,39%	56,20%

The significant improvement of the gearing ratio for the Group is due to: (a) the respective reduction of loan balances by € 151.841 which was mainly achieved from the disposal of the Lamda Detergent group by € 62.076 and the respective reduction in borrowings balances by € 89.765, (b) the net increase in cash by € 88.183 mainly due to the inflows received from the factoring of the Company's trade receivables and (c) the increase in the total equity of the Group due to the increased profit of € 133.515 realised from the disposal of the Lamda Detergent group.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Goodwill impairment tests:

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 flow. More details are given in Note 8.

b) Provision for income taxes:

Current income tax liabilities for the current and prior periods are measured, in accordance with IAS 12, at the amounts expected to be paid to the taxation authorities and includes provision for current 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 unaudited tax years.

Group entities are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Further details are provided in Note 24.

6. SEGMENTAL INFORMATION

a) Primary reporting format – business segments

The Group is organized and operates in the Southeastern Europe widely and its activities include production, trading and provision of services.

The segment of trading refers to chemical products that are distributed on behalf of multinational companies, with main categories being the industries related with plastics, detergents, cosmetics, paints, varnishes, metallurgies, textiles, water bottlers, agrochemicals, fertilizers and lubricants.

The sector of production refers to: a) the production, mixing and packaging of chemical raw materials b) the production of PET and other resins for the paint and varnish industry and c) the detergent sector via its subsidiary LAMDA DETERGENT (until its disposal), where the Group is producing detergents in powder and liquid forms for sale to large multinationals, super market chains and raw materials for detergents.

The sector of services refers to productions services and transportation of chemical products and goods on behalf of third parties.

Upon tis disposal on 15.2.2007, the detergents sector was comprised of the operations and assets of LAMDA DETERGENT SA, LAMDA COSMETICS LTD, LAMDA DETERGENTS EOOD.

For the shake of presenting comparative segment information on the basis explained above, certain prior year's financial information of the Group were appropriately grouped in order to become consistent with that of current year.

The services sector did not consist of separate segment and due to its insignificant size it has been incorporated in the sector of chemicals.

The segment results for the year ended 31 December 2007 are as follows:

31.12.2006	Chemicals	Detergents (discontinued)	Inter-segment eliminations	Consolidated
Sales	249.894	149.070	(97.124)	301.840
Operations results	27.555	19.842	0	47.397
Financial income/ (expense)	(6.549)	70.421	0	63.872
	21.006	90.263	0	111.269
Income tax	(4.906)	(3.046)	0	(7.952)
Net Profit	16.100	87.217	0	103.317

31.12.2007	Chemicals	Detergents (discontinued at 15.2.2007)	Inter-segment eliminations	Consolidated
Sales	469.825	26.737	(16.484)	480.078
Operations results	67.628	3.162	0	70.791
Financial income/ (expense)	(8.778)	77.743	0	68.966
	58.850	80.905	0	139.756
Income tax	(14.072)	(218)	0	(14.290)
Net Profit	44.778	80.687	0	125.467

The group, in 2007, concluded the sale of the detergents sector. The result (profit) from the sale of detergents has been attributed, in the discontinued segment. The result (profit) from the disposition of the segment of detergents, which is amounted to €78.034., is concerned in the discontinuous operations for the period. Concerning the equivalent period of 2006, 60,46% of the above segment has been sold and the result (profit), which amounted €73.914, was included in the financial activities of the discontinued segment (note 38).

The key cost elements by segment are as follows:

31.12.2006	Chemicals	Detergents (discontinued)	Consolidated
Depreciation and amortisation (note 7 & 8)	5.322	8.836	14.158
Cost of stuff (note 30)	10.618	3.912	14.530

31.12.2007	Chemicals	Detergents (discontinued)	Consolidated
Depreciation and amortisation (note 7 & 8)	15.699	791	16.490
Cost of stuff (Note 30)	21.863	403	22.266

The allocation of consolidated assets and liabilities in each segment is not depicted since the detergent segment was sold during 2007. The amounts of tangible and intangibles assets purchased is depicted below:

31.12.2006	Chemicals	Detergents (discontinued)	Consolidated
Purchase of tangible and intangible assets (note 7)	98.733	21.106	119.839

31.12.2007	Chemicals	Detergents (discontinued)	Consolidated
Purchase of tangible and intangible assets (note 7)	13.915	14.351	28.266

b) Secondary reporting format – geographical segments

The Group (continued operations) operates mainly in two geographical regions which are administered from the Company's headquarters. The main country of operations is Greece. All other regions of operations are mostly products selling locations. Group's sales are conducted primarily in countries of the European Union, Southeastern Europe and the Middle East.

The home country of the Company, which is also the main operating country, is Greece. The Group, also, organise its business within the Eurozone and other countries.

Revenue	<u>31.12.2007</u>	<u>31.12.2006</u>
Greece	418.657	205.547
Eurozone and other countries	51.168	44.459
Total	469.825	250.006

Revenue is allocated based on the country in which the customer is located.

Total assets	<u>31.12.2007</u>	<u>31.12.2006</u>
Greece	448.443	445.373
Eurozone and other countries	53.958	64.726
Total	502.401	510.099

Total assets are allocated based on where the assets are located.

7. PROPERTY, PLANT AND EQUIPMENT

The tangible assets of the Group and the Company are as follows:

Group

	Land - Buildings	Machinery	Motor Vehicles	Other Equipment	Construction in progress	Total
Cost 1.1.2006	67.005	108.206	1.592	3.089	5	179.896
Exchange differences	(7)	(2)	3	4	0	(2)
Opening balance 1.1.2006	66.998	108.204	1.595	3.093	5	179.895
Additions	84.102	33.652	148	1.100	836	119.839
Disposals	0	(253)	0	0	0	(253)
Aquisition of subsidiaries	34.476	46.979	256	1.021	0	82.732
Closing balance 31.12.2006	185.576	188.583	1.999	5.214	841	382.212
Depreciation 1.1.2006	(2.165)	(10.917)	(1.089)	(1.153)	0	(15.325)
Exchange differences	0	1	(1)	(1)	0	(1)
Opening balance 1.1.2006	(2.165)	(10.916)	(1.091)	(1.154)	0	(15.326)
Depreciation charge for the year	(4.413)	(8.437)	(201)	(540)	0	(13.591)
Aquisition of subsidiaries (note 36)	0	(5.831)	(221)	(968)	0	(7.021)
Closing balance 31.12.2006	(6.578)	(25.184)	(1.512)	(2.663)	0	(35.937)
Net book value 31.12.2006	178.998	163.399	486	2.551	841	346.275
	Land -		Motor	Other	Construction in	
	Buildings	Machinery	Vehicles	Equipment	progress	Total
Cost 1.1.2007	185.576	188.583	1.999	5.214	841	382.212
Exchange differences	35	11	1	8	0	56
Opening balance 1.1.2007	185.611	188.594	2.000	5.222	841	382.269
Additions	8.721	4.492	131	611	14.310	28.265
Disposals	0	(9)	(755)	(6)	0	(770)
Transfers from construction	0	841	0	1	(842)	0
Aquisition of subsidiaries	8.536	7.125	1.080	341	241	17.323
Transfers	(21.734)	18.920	166	(35)	(48)	(2.731)
Revaluation	4.699	(7.149)	(163)	(976)	0	(3.589)
Impairments	(0)	(9)	(7)	(1)	(35)	(52)
Exchange differences	(1)	1	(5)	(14)	0	(18)
Disposal of subsidiaries (note 38)	(43.981)	(78.345)	(580)	(2.103)	(14.303)	(139.311)
Closing balance 31.12.2007	141.852	134.461	1.869	3.041	165	281.387
Depreciation 1.1.2007	(6.578)	(25.184)	(1.512)	(2.663)	0	(35.937)
Exchange differences	(2)	(4)	(2)	(5)	0	(14)
Opening balance 1.1.2007	(6.580)	(25.189)	(1.515)	(2.667)	0	(35.951)
Depreciation charge for the year	(3.647)	(11.780)	(159)	(442)	0	(16.029)
Disposals	0	1	721	5	0	727
Aquisition of subsidiaries (note 36)	(816)	(857)	(238)	(221)	0	(2.131)
Transfers	2.495	251	(74)	58	0	2.731
Revaluation	1.010	9.038	137	976	0	11.162
Exchange differences	0	(1)	5	12	0	16
Disposal of subsidiaries (note 38)	1.999	13.533	243	820	0	16.595
Closing balance 31.12.2007	(5.538)	(15.005)	(880)	(1.459)	0	(22.881)
Net book value 31.12.2007	136.314	119.456	989	1.582	165	258.506

From the total additions for the year, an amount of € 14.351 (2006: € 21.106) related to the discontinued operations.

Company

	Land - Buildings	Machinery	Motor Vehicles	Other Equipment	Construction in progress	Total
Cost 1.1.2006	16.548	14.126	533	1.016	0	32.223
Exchange differences	0	0	0	0	0	0
Opening balance 1.1.2006	16.548	14.126	533	1.016	0	32.223
Additions	24.711	12.551	0	333	841	38.435
Disposals	0	(2)	0	0	0	(2)
Closing balance 31.12.2006	41.258	26.675	533	1.349	841	70.656
Depreciation 1.1.2006	(622)	(2.043)	(423)	(554)	0	(3.642)
Exchange differences	0	0	0	0	0	0
Opening balance 1.1.2006	(622)	(2.043)	(423)	(554)	0	(3.642)
Depreciation charge for the year	(490)	(815)	(28)	(131)	0	(1.464)
Disposals	0	2	0	0	0	2
Closing balance 31.12.2006	(1.111)	(2.857)	(451)	(685)	0	(5.104)
Net book value 31.12.2006	40.147	23.818	82	664	841	65.552

	Land - Buildings	Machinery	Motor Vehicles	Other Equipment	Construction in progress	Total
Cost 1.1.2007	41.258	26.675	533	1.349	841	70.656
Exchange differences	0	0	0	0	0	0
Opening balance 1.1.2007	41.258	26.675	533	1.349	841	70.656
Additions	833	1.332	0	365	0	2.531
Disposals	0	0	(217)	0	0	(217)
Transfers from construction	0	841	0	0	(841)	0
Closing balance 31.12.2007	42.091	28.848	316	1.715	0	72.970
	0	0	0	0	0	0
Depreciation 1.1.2007	(1.111)	(2.857)	(451)	(685)	0	(5.104)
Exchange differences	0	0	0	0	0	0
Opening balance 1.1.2007	(1.111)	(2.857)	(451)	(685)	0	(5.104)
Depreciation charge for the year	(1.225)	(2.441)	(20)	(176)	0	(3.861)
Disposals	0	0	217	0	0	217
Closing balance 31.12.2007	(2.336)	(5.297)	(253)	(861)	0	(8.748)
Net book value 31.12.2007	39.755	23.550	63	854	0	64.222

Land, buildings and machinery and other equipment were re-measured at their fair value. The Company employed an independent firm of appraisers to conduct a valuation of its land, buildings and machinery and other equipment as of January 1, 2007. 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 and equipment.

The revaluation surplus of € 7.573 net of the related deferred tax of € 1.889, was credited to revaluation reserve in the Group's equity.

Depreciation expense of € 6.028 (2006: € 5.636) has been charged in "cost of goods sold", € 3.015 (2006: € 2.250) in "administrative expenses" and € 6.985 (2006: €5.704) in "selling and marketing costs" of group. For the company, depreciation expense of € 76 (2006: € 66) has been charged in "cost of goods sold", € 1.147 (2006: € 224) in "administrative expenses" and € 2.638 (2006: €1.174.) in "selling and marketing costs"

The amounts of the depreciation expense for the year that relates to the discontinued operations amounts to € 774 (2006: € 8.696)

The Group and the Company has no active leases.

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

8. GOODWILL AND INTANGIBLE ASSETS

The intangible assets of the Group and the Company are analyzed as follows:

Group

	Concessions and			Total
	Goodwill	Trademarks	Software	
Cost - Opening balance 1.1.2006	9.826	400	1.942	12.168
Additions	0	250	483	733
Aquisition of subsidiaries	5.132	0	1	5.132
Closing balance 31.12.2006	14.958	650	2.425	18.033
Depreciation - Opening balance 1.1.2006	0	(8)	(929)	(936)
Additions	0	(74)	(494)	(567)
Aquisition of subsidiaries	0	0	0	0
Closing balance 31.12.2006	0	(81)	(1.422)	(1.503)
Net book value 31.12.2006	14.958	569	1.002	16.529

	Concessions and			Total
	Goodwill	Trademarks	Software	
Cost or valuation 1.1.2007	14.958	650	2.425	18.033
Additions	0	3	11	14
Disposals	0	(280)	0	(280)
Readjustments	0	(70)	(4)	(74)
Transfers	0	0	12	12
Disposal of subsidiaries (note 38)	(952)	(300)	(449)	(1.701)
Interkem's goodwill finalization	350	0	0	350
Aquisition of subsidiaries	18.819	125	17	18.961
Closing balance 31.12.2007	33.175	128	2.012	35.315
Depreciation - Opening balance 1.1.2006	0	(81)	(1.422)	(1.503)
Additions	0	(37)	(424)	(461)
Disposals	0	18	0	18
Readjustments	0	70	4	74
Transfers	0	(0)	(12)	(12)
Disposal of subsidiaries (note 38)	0	11	283	294
Aquisition of subsidiaries (note 36)	0	(81)	(5)	(86)
Closing balance 31.12.2007	0	(101)	(1.576)	(1.677)
Net book value 31.12.2007	33.175	27	436	33.638

Depreciation expense of € 139 (2006: € 171) has been charged in “administrative expenses” and € 322 (2006: €396) in “selling and marketing costs” of group. For the Company, depreciation expense of € 120 (2006: € 105) has been charged in “administrative expenses” and € 278 (2006: € 245) in “selling and marketing costs”

Group additions for the year of € 0 (2006: € 442) and depreciation expense of € 17 (2006: € 140) relate to discontinued operations.

Company

	Other Intangible assets
Cost 1.1.2006	1.692
Additions	255
Closing balance 31.12.2006	1.948
Depreciation 1.1.2006	(807)
Additions	(350)
Closing balance 31.12.2006	(1.157)
Net book value 31.12.2006	791

Company	Other Intangible assets
Cost 1.1.2007	1.948
Additions	0
Disposals	0
Closing balance 31.12.2007	1.948
Depreciation 1.1.2007	(1.157)
Additions	(398)
Closing balance 31.12.2007	(1.554)
Net book value 31.12.2007	393

Impairment tests for goodwill

Goodwill is allocated to the group's cash-generating units (CGUs) identified by subsidiary company.

A goodwill allocation per subsidiary is presented below:.

Goodwill	2007	2006
GLOBAL GALAX DOO BEOGRAD	1.884	1.884
INTERCHEM HELLAS SA	12.445	12.095
SINTRA SA	4.508	0
MONOCHEM SA	3.389	0
RAFINERIJA NAFTE DOO BEOGRAD	10.922	0
LAMDA DETERGENT EOOD	0	952
ATLANTIC POLYMERS & CHEMICALS POLSKA SP ZOO	27	27
Total	33.175	14.958

The goodwill arisen from the acquisition of INTERCHEM HELLAS SA of € 12.446 was finalized in this year. It should be noted that goodwill of INTERCHEM HELLAS SA in above, includes also the respective amount of the goodwill due to the acquisition of NOVION SA (€ 7.894) following the two companies legal merger that took place on 03.08.2007.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates.

The key assumptions used for value-in-use calculations are analyzed as follows:

	<u>Gross margin</u>	<u>Growth rate</u>	<u>Discount rate</u>
GLOBAL GALAX DOO BEOGRAD	10%-12%	4%-5%	10,88%
INTERCHEM HELLAS SA	23%-25%	5%-6%	12,76%
ATLANTIC POLYMERS & CHEMICALS POLSKA SP ZOO	11%-12%	3%-4%	11,59%

Gross Margin: 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.

Growth rate: The basis used in order to determine growth rate is the average actual sales growth rate achieved by each cash-generating unit in the preceding five years period. The growth rate does not exceed the long-term average growth rate for the chemical business in which the CGU operates.

Discount Interest-rate: Was used the internal rate of returns (IRR) for each cash-generating unit in the preceding five years period. The IRR in use reflect specific risks related to the relative business sectors.

With respect to the acquisitions that have been made in 2007, the respective goodwill associated with MONCHEM SA, SINTRA SA and RAFINERIJA NAFTE DOO BEOGRAD is 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. Thus for the aforementioned acquisitions no goodwill impairment test was performed at 31.12.2007.

9. INVESTMENTS IN SUBSIDIARY COMPANIES

The investments of the Company and the corresponding movements of these for 2006 and 2007 are analyzed as follows:

Companies	Balance 01.01.2006	Additions	Issue of share capital	Disposals	Balance 31.12.2006
LAMDA DETERGENTS SA	8.873	0	0	(4.883)	3.990
LAMDA PACK SA	3.000	0	0	0	3.000
LAMDA LAMDA SA	2.000	0	0	0	2.000
LAMDA POLYMERS SA	3.000	0	0	0	3.000
PETROSOL SA	241	0	0	0	241
CHEMICAL SOLUTIONS SA	10.000	0	0	0	10.000
PETRONET SA	6.000	0	0	0	6.000
LAMDA FERTILIZERS	2.000	0	3.000	0	5.000
ATLANTIC POLYMERS AND CHEMICALS SA	3.000	0	0	0	3.000
NEOCHIMIKI BEOGRAD DOO	39	0	0	0	39
LAMDA COSMETICS SA	3.000	0	7.000	(10.000)	0
CHEMICAL INOVATIONS SA	10.000	0	0	0	10.000
NEOCHIMIKI INTERNATIONAL SA	1.000	0	0	0	1.000
AGRO INNONATIONS SA	0	2.500	0	0	2.500
PLANTERA SA	0	60	0	0	60
INTERCHEM SA	0	14.000	15.000	0	29.000
Total	52.153	16.560	25.000	(14.883)	78.830

Companies	Balance 01.01.2007	Additions	Issue of share capital	Disposals	Balance 31.12.2007
LAMDA LAMDA SA	12.000	0	0	0	12.000
NEOCHIMIKI INTERNATIONAL SA	33.560	0	42.000	0	75.560
PETROSOL SA	241	0	9.759	0	10.000
NEOCHIMIKI BULGARIA SA	0	51	0	0	51
NEOCHIMIKI BEOGRAD DOO	39	0	0	0	39
NEOCHIMIKI ROMANIA SA	0	100	0	0	100
ATLANTIC POLYMERS CHEMICALS GMBH	0	99	0	0	99
ATLANTIC POLYMERS POLSKA SP ZOO	0	18	0	0	18
NEOCHIMIKI UKRAINE LTD	0	50	0	0	50
INTERCHEM SA	29.000	0	45.350	0	74.350
MONOCHEM SA	0	4.095	0	0	4.095
RAFINERIJA NAFTE BEOGRAD DOO	0	18.660	0	0	18.660
NEOCHIMIKI LUXEMBOURG SA	0	31	0	0	31
LAMDA DETERGENTS SA	3.990	0	0	(3.990)	0
Total	78.830	23.104	97.109	(3.990)	195.053

From the disposal of LAMDA DETERGENT SA the profit recognized in the income statement of Company of sum of € 90.570 (2006: € 72.135).

With respect to LAMDA LAMDA SA and NEOCHIMIKI INTERNATIONAL SA the acquisition costs have not changed from the prior to the current year but are depicted at different values due to a number of mergers each company concluded within 2007 (note 3).

10. OTHER LONG TERM RECEIVABLES

These comprise mainly given guarantees to third parties (National Electrical Company, Hellenic Telecommunications Organization, lessors of real estates, etc), that are expected to be liquidated in period bigger the twelve (12) months. The relevant amounts are depicted at fair values adjusted each year.

11. FINANCIAL INSTRUMENTS

a) Financial instruments by category

The financial instruments by category are analyzed as follows:

31.12.2006 – The Group	Loans and receivables	Assets at fair value through the profit and loss	held-to-maturity investments	Derivatives used for hedging	Available for sale	Total
Assets as per balance sheet						
Available for sale financial assets	0	0	0	0	0	0
Trade and other Receivables	54.942	0	0	0	0	54.942
Advances and other receivables	18.556	0	0	0	0	18.556
Total	73.498	0	0	0	0	73.498

31.12.2007 – The Group	Loans and receivables	Assets at fair value through the profit and loss	held-to-maturity investments	Derivatives used for hedging	Available for sale	Total
Assets as per balance sheet						
Available for sale financial assets	0	0	0	0	447	447
Trade and other Receivables	43.457	0	0	0	0	43.457
Advances and other receivables	10.404	0	0	0	0	10.404
Total	53.861	0	0	0	447	54.308

31.12.2006 – The Group	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
Long term loans	0	0	164.500	164.500
Short term loans	0	0	79.672	79.672
Total	0	0	244.172	244.172

31.12.2007 – The Group	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
Long term loans	0	0	92.331	92.331
Short term loans	0	0	0	0
Total	0	0	92.331	92.331

31.12.2006 – The Company	Loans and receivables	Assets at fair value through the profit and loss	held-to-maturity investments	Derivatives used for hedging	Available for sale	Total
Assets as per balance sheet						
Available for sale financial assets	0	0	0	0	0	0
Trade and other Receivables	120.797	0	0	0	0	120.797
Advances and other receivables	2.082	0	0	0	0	2.082
Total	122.779	0	0	0	0	122.779

31.12.2007 – The Company	Loans and receivables	Assets at fair value through the profit and loss	held-to-maturity investments	Derivatives used for hedging	Available for sale	Total
Assets as per balance sheet						
Available for sale financial assets	0	0	0	0	0	0
Trade and other Receivables	25.024	0	0	0	0	25.024
Advances and other receivables	7.241	0	0	0	0	7.241
Total	32.265	0	0	0	0	32.265

31.12.2006 – The Company	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
Long term loans	0	0	85.000	85.000
Short term loans	0	0	63.757	63.757
Total	0	0	148.757	148.757

31.12.2007 – The Company	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
Long term loans	0	0	92.331	92.331
Short term loans	0	0	0	0
Total	0	0	92.331	92.331

b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (ICAP) or to historical information about counterparty default rates:

Externak information ICAP	<u>The Group</u>	<u>The Company</u>
*****	15.619	550
****	0	0
***	0	0
Total	15.619	550

Internal infirmation	<u>The Group</u>	<u>The Company</u>
Group 1	3.900	24.712
Group 2	22.790	0
	26.690	24.712
Total of neither past due nor impaired receivables	42.309	24.965
Past due receivables	1.148	59
Total of trade receivables	43.457	25.024

Glossary:

- *****: Highest degree of collection certainty
- ****: Above average degree of collection certainty
- ***: Moderate degree of collection certainty
- Group 1 – Related parties
- Group 2 – existing customers with no defaults in the past

12. INVENTORIES

Invenories are analyzed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Finished goods and semi-finished goods	3.654	13.459	3.245	66
Raw & auxiliary materials, spare parts & pack materials	13.814	15.748	11.300	688
Work in progress	542	0	0	0
Merchandise	24.783	21.179	15.606	11.523
Total	42.793	50.385	30.152	12.278

The cost of inventories recognised as expense and included in “Cost of sales” for the Group and the Company amounted to €313.564 (2006: €193.514) and €303.031 (2006:€101.935) respectively (note 26).

There are no collaterals on the Company’s inventory.

13. TRADE RECEIVABLES

Trade receivables are analyzed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Trade debtors	42.574	50.467	26.753	120.161
Bills receivable	1.612	1.921	118	1
Checks receivable	6.095	9.218	1.937	994
Less: Provision for impairments	(6.824)	(6.664)	(3.784)	(359)
Total	43.457	54.942	25.024	120.797

The book value of the above receivables represent their fair values

As of 31 December 2007, trade receivables of €42.309 (2006: €24.965) were fully performing, according to the Group's credit policy (3 months).

Trade receivables that are less than past due are not considered impaired. As of 31 December 2007, trade receivables of € 1.148 (2006: € 59) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is analyzed as follows:

	<u>The Group</u>	<u>The Company</u>
Up to 6 months	988	59
6 to 12 months	160	0
Total	1.148	59

As of 31 December 2007, trade receivables for the Group and the Company of € 6.824 and € 3.784 respectively were provided for impairment. The individually impaired receivables mainly relate to wholesalers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	<u>The Group</u>	<u>The company</u>
6 to 12 months	6.519	3.487
Over 12 months	305	297
Total	6.824	3.784

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	<u>The Group</u>	
	<u>2007</u>	<u>2006</u>
in €	15.365	27.049
in BGN	12.007	17.601
in RON	6.246	7.629
in PLN	677	2.485
in RSD	9.163	178
Total	43.457	54.942

The trade receivables of the Company are denominated mostly in Euro and BGN which is pegged to Euro.

Movements on the group provision for impairment of trade receivables are as analyzed follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Opening balance	6.664	1.705	359	189
Additional provision for the year	3.635	1.956	3.426	170
Exchange differences	4	3	0	0
Acquisitions	459	3.000	0	0
Disposal of subsidiaries	(2.936)	0	0	0
Amounts reversed due to write-offs	(1.003)	0	0	0
Total	6.824	6.664	3.784	359

The additional provision and the write-offs have been included in "Distribution costs" in the income statement (note 27).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. There are not any pledges on trade receivables of the Group and the Company.

14. OTHER RECEIVABLES

The other receivables are analyzed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Short term receivables from loans	220	5	310	0
Prepayments and loans due to staff	362	0	0	0
Advances to suppliers (for inventories)	286	0	0	0
Other debtors	1.245	1.057	532	45
V.A.T. Receivable - State	361	11.418	0	915
Deferred expenses	67	2.338	31	21
Tax advances - State	6.074	1.667	4.826	401
Other taxes - State	109	19	25	0
Customers' advances	1.233	1.007	1.073	502
Other	447	1.044	443	199
Total	10.404	18.556	7.241	2.082

15. AVAILABLE FOR SALE FINANCIAL ASSETS

Available for sale financial assets at fair value through profit or loss are analyzed as follows:

	<u>The Group</u>	
	<u>2007</u>	<u>2006</u>
Listed securities:		
Privredna Bank	1	0
Commercial Bank	331	0
Politika	11	0
	343	0
Non listed securities:		
Profaco d.o.o.	64	0
Sport center Pinki	34	0
Other	5	0
	104	0
Total	447	0

The financial assets of the group are denominated in the following currencies:

	<u>The Group</u>	
	<u>2007</u>	<u>2006</u>
in €	3	0
in RSD	444	0
Total	447	0

Changes in fair values of the above financial assets are recorded directly in Group's Equity

The fair value of all equity securities is based on their current bid prices in an active market at the date of reference.

16. CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Company and the Group are analyzed as follows

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cash	119	114	16	5
Bank accounts (current & deposit)	110.105	21.926	100.291	5.502
Total	110.224	22.041	100.308	5.507

Bank deposits have floating interest rates based on the monthly bank deposit interest rates.

17. SHARE CAPITAL

On 31 December 2007 the Company's share capital was amounted to € 10.800 consisting of 36.000 ordinary shares with a par value € 0,30 per share. The share premium arose by issuing shares in cash above the nominal value.

18. RESERVES

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Statutory reserve	8.428	2.484	7.039	801
Fair value reserve	16.731	20.056	6.286	6.286
Special reserves	2	6	2	2
Extraordinary reserves	129	145	145	145
Tax-free and special tax reserves	179.662	89.092	164.106	73.536
Tax-free reserves according special laws	34.840	30.433	25.714	12.384
Reserve from the valuation of convertible bond	7.717	0	7.717	0
Exchange Differences	(48)	121	0	0
Total	247.461	142.337	211.009	93.153

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 financial statements 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, unless for that part that exceeds the third of the outstanding share capital, which is considered to be discretionary.

Fair Value Reserve: Fair value reserves represent reserves used to record increases in the fair value of tangibles fixed assets.

Tax Free and Specially Taxed Reserves: Tax free and specially taxed reserves represent interest income and investments sales of non listed entities which are non taxable or have been specially taxed at source. These reserves are subject to taxation in case of their distribution. 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 exempted 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.

Tax-free reserves according special laws: Tax-free reserves according special laws represent non distributable income which are non taxable based on related provisions of specials laws

(assuming that there is sufficient income for their formation). These reserves relate mainly to investments and are not distributed and, accordingly, the Company, has not provided for deferred income tax.

Reserve from the valuation of convertible bond: reserve relevant to the issue of a € 100.000 bond convertible to shares (note 20).

19. RETAINED EARNINGS

The movement in retained earnings is analyzed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Balance at 01.01	2.175	2.066	2.024	1.358
Profit for the period	123.443	97.061	124.768	76.825
Dividends	(1.080)	(1.105)	(1.080)	(1.007)
Transfer to reserves	(117.723)	(95.963)	(110.139)	(75.074)
Exchange differences	1	20	0	0
Differed taxes	(42)	(78)	(42)	(78)
Purchase of proportion	(28)	174	0	0
Disposal of subsidiary	23.468	0	0	0
Other movements	352	0	0	0
Total	30.566	2.175	15.531	2.024

20. BORROWINGS

The borrowings of the Group and the Company are analyzed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Long term loans:				
Bank loans	0	18.000	0	18.000
Bond loans	92.331	146.500	92.331	67.000
Total long term loans	92.331	164.500	92.331	85.000
Short term loans:				
Bank loans	0	79.672	0	63.757
Total short term loans	0	79.672	0	63.757
Total loans	92.331	244.172	92.331	148.757

The Company on April 30, 2007 completed the issue of €100,000 1.25 % convertible bonds due 2014. The Convertible Bonds were subscribed and fully paid by Neochimiki Luxembourg S.A., a wholly owned subsidiary of Neochimiki incorporated in the Grand Duchy of Luxembourg, using the proceeds of the issue of €100,000, 1.25% exchangeable notes due 2014, guaranteed

by Neochimiki. The offering of the Exchangeable Notes was made outside the United States exclusively to institutional investors who are non-US persons and other "qualified investors" (as defined in the E.U. Directive 2003/71/EC and Greek Law 3401/2005) and was completed by way of a book building.

The Exchangeable Notes are exchangeable for the Convertible Bonds, which are automatically convertible into new ordinary shares in Neochimiki in accordance with the terms and conditions of the Convertible Bonds. The initial conversion price is €28.20 per new share in Neochimiki. Such conversion price is subject to adjustment in the case of certain corporate events. A successful application was made for the listing of the Exchangeable Notes on the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's Euro MTF market. Trading in the Exchangeable Notes on the Euro MTF Market commenced on 30 April 2007.

This liability has initially been recognized at the fair value of the consideration received less directly attributable transaction costs. Subsequently to its initial recognition it was measured at amortised cost using the effective interest rate method.

The valuation difference realised was included directly in equity net of the respective deferred tax.

The amount of bond that appears in Balance sheet has calculated as follows:

	<u>2007</u>	<u>2006</u>
The Bond's Fair value on 30.04.2007	100.000	0
Equity	(10.289)	0
Liability on 30.04.2007	89.711	0
Financial expenses for the Period	3.245	0
Financial expenses for the Paid	(625)	0
Liability on 31.12.2007	92.331	0

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).

The Companies make provisions concerning the interest from the loans and the expenses are calculated in the income statement of each period.

The total interest expense of the long term loans for the years ending December 31st 2007 reached € 5.035. (2006: € 6.649) and is included in the financial expenses of the attached results.

The total interest expense of the short term loans of continuing operations for the years ending December 31st 2007 reached € 1.951 (2006: € 3.668) and € 1.664 (2006: € 2.039) for the Group and the Company, respectively and is included in the financial expenses of the attached results.

Regarding the long term loans the following table shows the future repayments for the Group and the Company as of December 31st 2007:

	<u>2007</u>
Up to 1 year	0
2-5 years	0
Over 5 years	92.331
Total	<u>92.331</u>

The long term loans on 31.12.2006 are not included in the above analysis due to their full prepayment in 2007.

At 1.10.2007, the Company signed a contract with a consortium of banks lenders, for a stand by revolving credit facility, for a period of 5 years, up to the amount of € 150 mil, Euribor plus 1%-1,5% margin, fully repayable at the end of the 5 year period, in order to finance acquisitions of companies as well as to cover other financial needs. Up to the date of approval of the financial statements of 2007 the Company had not use this facility.

21. RETIREMENT BENEFIT OBLIGATIONS

(a) State Pension: The Group's and the Company's contributions to the state pension funds for the year ended December 31, 2007, that have been charged to the income statement recorded to expenses and were € 4.192 and € 500 respectively (2006: € 3.932 and € 640 for the Group and the Company).

(b) Staff Retirement Indemnities: Under the Greek labour law, employees and workers are entitled to various types of termination payments in the event of dismissal or retirement. The amount of compensation varies according to the salary, the years of services and the manner of termination (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 such termination schemes are not funded and they represent defined benefit plans. In accordance with this practice, the Company does not fund these plans. The Group charges operations for benefits earned in each period with a corresponding increase in the respective actuarial liability. Benefits payments made during each period to retirees are charged against this liability.

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

	The Group		The Company	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Opening Balance	1.873	137	52	31
Acquisitions	0	1.500	0	0
Disposal of subsidiary	(98)	0	0	0
Pension and dismissal indemnities paid	(858)	(300)	(14)	(21)
Amount recognised in the income statement	296	536	29	42
Closing Balance	1.213	1.873	67	52

An independent international actuary firm was assigned by to calculate the Group's liability arising from its obligation to pay termination indemnities. The details and principal assumptions of the actuarial study as at December 31, 2007 and 2006 have as follows:

Principal Assumptions:	<u>2007</u>	<u>2006</u>
Discount rate	4,80%	4,30%
Rate of compensation increase	4,00%	4,00%
Increase in consumer price index	2,00%	2,00%
Expected remaining labour's life duration	5-6	5-6

22. OTHER LONG TERM LIABILITIES

The other long term liabilities refer to guarantees received from third parties and expected to be paid back after 12 months period. They have been estimated at fair value and are yearly adjusted.

23. TRADE LIABILITIES

The trade and other payables of the Company and the Group are analyzed as follows:

	The Group		The Company	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Trade suppliers	53.186	44.518	50.871	23.527
Bills payable	681	2.028	488	348
Other paybles	3.853	83	0	0
Total	57.720	46.629	51.359	23.876

24. DEFERRED INCOME TAX

In accordance with Greek tax law the tax rate applicable to companies for the fiscal years 2007 and 2006 were 25% and 29% respectively.

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current tax	9.855	5.855	7.496	633
Prior years tax charges	3.959	1.502	565	338
Deffered tax	476	595	(304)	266
	14.290	7.952	7.756	1.237
Less: Taxes from discontinued activities	(218)	(3.046)		
Total	14.072	4.906		

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>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Profit before income tax	139.756	111.270	132.524	78.062
Current income tax	(37.873)	(33.601)	(33.131)	(22.638)
Prior years tax charges	(3.959)	(1.502)	(565)	(338)
Non deductible expense	(73)	(566)	(35)	(23)
Non taxable income	27.543	27.775	25.975	21.761
Tax losses C/F	72	(59)	0	0
Total income tax in PnL statement	(14.290)	(7.952)	(7.756)	(1.237)
Less: Taxes from discontinued activities	(218)	(3.046)		
Total	14.072	4.906		

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. The Non tax audited fiscal years for the Group and the company presented as follow:

COMPANIES	NON AUDITED FISCAL YEARS
NEOCHIMIKI LV LAVRENTIADIS SA	2006-2007
LAMDA LAMDA SA	2007
NEOCHIMIKI INTERNATIONAL SA	2007
PETROSOL SA	2007
NEOCHIMIKI BULGARIA SA	2006-2007
NEOCHIMIKI BEOGRAD DOO	2005-2007
NEOCHIMIKI ROMANIA SA	2007
GLOBAL GALAX DOO	2005-2007
ATLANTIC POLYMERS & CHEMICALS GMBH	2005-2007
ATLANTIC POLYMERS POLSKA SP ZOO	2003-2007
NEOCHIMIKI UKRAINE LTD	2006-2007

INTERCHEM SA	2006-2007
SINTRA SA	2007
MONOKEM SA	2007
RAFINERIJA NAFTE BEOGRAD DOO	2006-2007
NEOCHIMIKI LUXEMBURG SA	2007

The Group, based upon previous years' tax examinations and past interpretations of the tax laws, believes they have provided adequate provisions for probable future tax assessments.

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

The movement of deferred tax during the period ended 31 December 2007 for the Group and the Company has as follows

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Beginning of year	(3.896)	(3.188)	(126)	218
Income statement charge	(476)	(596)	304	(266)
Tax charge directly to equity	(4.502)	(78)	(2.615)	(78)
Acquisition of subsidiary	6	(34)	0	0
Disposal of subsidiary	1.693	0	0	0
Total	(7.175)	(3.896)	(2.437)	(126)

The movement in deferred income tax assets and liabilities for the Group during the period ended 31 December 2006 and 2007 has as follows:

The Group

	<u>Opening Balance</u>	<u>Debit / credit in P&L</u>	<u>Debit credit in Equity</u>	<u>Acquisitions</u>	<u>Disposal of subsidiary</u>	<u>Exchange differences</u>	<u>Closing Balance</u>
1.1. - 31.12.2006							
Provision for doubtful accounts	115	135	0	750	0	0	1.000
Impairment of intangible assets	373	(147)	(78)	(3)	0	0	145
Pension & dismissal	38	54	0	0	0	0	92
Revaluation of fixed assets	(3.584)	(639)	0	(781)	0	0	(5.004)
Estimation of Bond	0	0	0	0	0	0	0
Other movements	(129)	0	0	0	0	0	(129)
Total	(3.187)	(596)	(78)	(34)	0	0	(3.896)
1.1. - 31.12.2007							
Provision for doubtful accounts	1.000	(285)	0	107	(17)	0	805
Impairment of intangible assets	145	(108)	0	4	(88)	1	(46)
Pension & dismissal	92	54	0	0	(5)	0	141
Revaluation of fixed assets	(5.004)	(932)	(1.889)	(105)	1.802	0	(6.126)
Estimation of Bond	0	655	(2.572)	0	0	0	(1.917)
Other movements	(129)	140	(42)	0	0	(1)	(32)
Total	(3.896)	(476)	(4.502)	6	1.693	(0)	(7.175)

The movement in deferred income tax assets and liabilities for the company during the period ended 31 December 2006 and 2007 has as follows:

The Company

	Opening Balance	Debit / credit in P&L	Debit credit in Equity	Acquisitions	Closing Balance
1.1. - 31.12.2006					
Provision for doubtful accounts	47	43	0	0	90
Impairment of intangible assets	213	(99)	(78)	0	36
Pension & dismissal	8	5	0	0	13
Revaluation of fixed assets	(50)	(215)	0	0	(265)
Total	218	(266)	(78)	0	(126)

	Opening Balance	Debit / credit in P&L	Debit credit in Equity	Acquisitions	Closing Balance
1.1. - 31.12.2007					
Provision for doubtful accounts	90	0	0	0	90
Impairment of intangible assets	36	(29)	(42)	0	(35)
Pension & dismissal	13	4	0	0	17
Revaluation of fixed assets	(265)	(326)	0	0	(591)
Valuation of Bond loans	0	655	(2.572)	0	(1.917)
Total	(126)	304	(2.615)	0	(2.437)

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Deferred tax asset	(8.787)	(5.049)	(3.163)	(265)
Deferred tax liability	1.612	1.152	727	139
Deferred tax liabilities (net)	(7.175)	(3.896)	(2.437)	(126)

25. OTHER SHORT TERM LIABILITIES

The other long-term liabilities of the Company and the Group are analyzed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Customers advances	43	0	0	0
Withholding Taxes Payable	9.623	2.921	5.747	414
Due to staff (payroll, etc.)	1.059	546	473	79
Social securities	903	723	167	78
Dividends payable	82	21	16	15
Other Creditors	3.033	3.087	0	0
Accrued income / Next Year	0	3.826	0	0
Accrued expenses - operations	14.186	442	14.164	178
Other liabilities suspense accounts	2	2	1	1
Total	28.930	11.567	20.568	766

26. COST OF SALES

Cost of sales in the accompanying financial statements is analyzed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cost of sales merchandise	313.564	193.415	303.031	101.935
Payroll (note 29)	9.410	4.618	108	79
Third party charges (electric power, water, telecoms, etc.)	713	430	29	5
Third party fees	4.535	5.667	2.535	17
Depreciation (notes 7 & 8)	6.028	5.636	76	66
Taxes and duties	259	97	4	2
Rent expenses	1.139	340	5	12
Goods transportation	814	1.296	125	76
Repair and maintenance	355	580	3	4
Other	1.755	3.360	85	60
	338.573	215.439	306.001	102.255
Less: discontinued activities	(6.389)	(20.379)		
Total	332.184	195.060		

27. ADMINISTRATIVE EXPENSES

Administrative expenses in the accompanying financial statements are analyzed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Payroll (Note 29)	3.865	3.096	1.277	612
Third party charges (electric power, water, telecoms, etc.)	2.027	314	1.714	77
Third party fees	6.874	1.493	15.185	594
Depreciation (Notes 7 & 8)	3.154	2.421	1.267	329
Taxes and duties	163	146	38	21
Rent expenses	589	452	301	180
Goods transportation	1.653	1.021	1.328	371
Repair and maintenance	357	323	191	68
Other	2.674	1.928	1.239	549
	21.354	11.194	22.539	2.800
Less: discontinued activities	(276)	(3.711)		
Total	21.079	7.483		

28. DISTRIBUTION EXPENSES

Distribution expenses in the accompanying financial statements are analyzed as follows:

	The Group		The Company	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Payroll (Note 29)	8.992	6.815	2.700	1.713
Third party charges (electric power, water, telecoms, etc.)	4.758	812	4.000	259
Third party fees	15.868	3.325	35.432	1.988
Depreciation (Notes 7 & 8)	7.308	6.101	2.916	1.419
Taxes and duties	407	375	89	69
Rent expenses	1.669	1.951	701	601
Goods transportation	4.370	2.122	3.098	1.241
Repair and maintenance	787	822	446	228
Receivables impairment (Note 13)	3.635	1.956	3.426	170
Other	5.292	4.193	3.010	1.263
	53.084	28.474	55.816	8.950
Less: discontinued activities	(410)	(8.161)		
Total	52.674	20.313		

29. OTHER INCOME/(EXPENSES)

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

	The Group		The Company	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Rent income	482	155	178	59
Profit on disposal of fixed assets	184	164	101	2
Income from services	12	5	0	5
Income from reversal of provisions	1.476	0	0	0
Prior year income	528	41	6	19
Income from insurance claims	233	4	172	4
Other	810	295	24	79
	3.725	664	482	168
Less: discontinued activities	15	(147)		
Total	3.740	517		

30. EMPLOYEE BENEFITS EXPENSE

Employee benefit expense in the accompanying financial statements is analyzed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Wages and salaries	16.959	10.857	2.736	1.938
Social security costs	4.192	2.935	500	326
Pension costs	296	536	29	42
Other - Payable to Directors	820	201	820	98
	22.267	14.529	4.085	2.404
Less: discontinued activities	(403)	(3.912)		
Total	21.863	10.618		
Number of employees	791	588	106	50

31. FINANCIAL INCOME/(EXPENSES)

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Financial income				
Profit from exchange differences	262	276	262	200
Disposal NEOCHIMIKI LAVRENTIADIS LTD	12	0	0	0
Disposal Lamda Detergents SA and Lamda Cosmetics (Note 38)	78.034	74.479	90.570	73.536
Interest from deposit accounts	4	14	0	0
Others	538	526	502	98
	78.850	75.296	91.335	73.834
Less: discontinued activities	(78.034)	(73.386)		
	816	1.909		
Financial expenses				
Long-term loan interest	(5.035)	(6.649)	(5.035)	(4.096)
Sort-term loan interest	(1.951)	(3.668)	(1.664)	(2.039)
Loss from exchange differences	(258)	(175)	(258)	(143)
Other interest and similar charges	(2.641)	(933)	(584)	(236)
	(9.885)	(11.424)	(7.541)	(6.515)
Less: discontinued activities	291	2.965		
	(9.594)	(8.459)		
FINANCIAL INCOME/(EXPENSES)	(8.778)	(6.549)	83.794	67.319

32. EARNINGS PER SHARE

a) Basic earnings per share

Basic earnings per shares amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted number of ordinary shares outstanding during the year.

The calculation of basic earnings per share as of 31 December 2007 is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Equity attributable to equity holders of parent	123.443	97.061	124.768	76.825
Weighted average number of shares	<u>36.000</u>	<u>36.000</u>	<u>36.000</u>	<u>36.000</u>
Earnings per share	3,43	2,70	3,47	2,13

The calculation of basic earning per share on 31st December 2007 and 2006 for the continuing and the discontinued activities respectively has as follow:

	<u>The Group</u>	
	<u>2007</u>	<u>2006</u>
Net income distributed to shareholders (continuing activity)	44.508	15.994
Net income distributed to shareholders (discontinued activity)	78.937	81.067
Weighted average number of shares (in thousand)	<u>36.000</u>	<u>36.000</u>
Basic earnings per share (continuing activities)	1,24	0,44
Basic earnings per share (discontinued activities)	2,19	2,25

b) Adjusted earnings per Share

The Company on April 30, 2007 completed the issue of €100,000 1.25 % convertible bonds due 2014. diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>The Group</u>		<u>The Company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net income distributed to shareholders	123.445	97.061	124.768	76.825
Net interest expenses for the convertible bonds (after taxes)	<u>2.434</u>	<u>0</u>	<u>3.246</u>	<u>0</u>
Net profit for the calculation of adjusted earnings per share	125.879	97.061	128.014	76.825
Weighted average number of shares(on thousand)	36.000	36.000	36.000	36.000
Adjustments				
Convertible bonds on 30.04.2007	<u>3.546</u>		<u>3.546</u>	<u>0</u>
Weighted average number of shares(on thousand) for the calculation of adjusted earnings per share	38.364	36.000	38.364	36.000
Adjusted earnings per Share	3,28	2,70	3,34	2,13

The calculation of adjusted basic earning per share on 31st December 2007 and 2006 for the continuing and the discontinued activities respectively has as follow

	<u>The Group</u>	
	<u>2007</u>	<u>2006</u>
Net income distributed to shareholders (continuing activity)	44.508	15.994
Net income distributed to shareholders (discontinued activity)	78.937	81.067
	123.445	97.061
Net interest expenses for the convertible bonds (after taxes)	2.434	0
Net profit for the calculation of adjusted earnings per share	125.879	194.122
Weighted average number of shares(on thousand)	36.000	36.000
Adjustments		
Convertible bonds on 30.04.2007	3.546	0
Weighted average number of shares(on thousand) for the calculation of adjusted earnings per share	38.364	36.000
Adjusted basic earnings per share (continuing activities)	1,22	0,44
Adjusted basic earnings per share (discontinued activities)	2,06	2,25

33. DIVIDENDS PER SHARE

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. With the unanimous consent of all shareholders, a company may not declare any dividend. Furthermore, Greek corporate law requires certain conditions to be met before dividends can be distributed, which are as follows:

- a) No dividends can be distributed to the shareholders as long as the company's net equity, as reflected in the statutory financial statements, is, or after such distribution, will be less than the outstanding capital plus non-distributable reserves and,
- b) No dividends can be distributed to the shareholders as long as the unamortized balance of "Preoperating Expenses," as reflected in the statutory financial statements exceeds the aggregate of distributable reserves plus retained earnings.

On February 20, 2008, the Company's Board of Directors decided to propose to the General Assembly meeting dividend of € 0,26 per share, that is included in Equity and has not been recognized as liability in the Balance Sheet. The proposal of the Board of Directors is subject to the approval of the Annual General Assembly meeting.

34. CONTINGENCIES

Litigation and claims

The Company and its subsidiaries are parties to various lawsuits (as a defendant or as a plaintiff) and arbitration proceedings in the normal course of business. Management and the Company's legal advisors estimate that all of the lawsuits are expected to be settled without any material adverse effect on the Group's or the Company's financial position or results of operations.

35. COMMITMENTS

(a) Guarantees

The Group has the following contingent liabilities at December 31, 2007:

- It has issued letters of guarantee for good performance for a total amount of €9.064.
- It has provided guarantees for repayment of bank overdrafts and commercial liabilities of various subsidiaries and associates aggregating to € 7.323.
- It has provided guarantees for its participation in various competitions aggregating to € 711

(b) Operating lease commitments

As of December 31, 2007, the Group has entered into a number of operating lease agreements relating to the rental of buildings and transportation equipment which expire on various dates through 2011.

Rental expense (continuing operations) included in the accompanying consolidated income statement for the year ended 31 December, 2007, amounted to €3.397 and € 1.007 for the Group and the Company respectively € 1.007 and € 793 as of 31 December, 2006 for the Group and the Company respectively.

Future minimum rentals payable under non-cancelable operating leases as at 31 December, 2007 and at December 31, 2006, are as follows:

	<u>The Group</u>		<u>The company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Up to 1 year	492	359	149	72
2-5 years	662	583	202	134
Total	1.154	942	351	206

c) Investment programmes

The Group according the definite agreement for the purchase of 70% of the company RAFINERIJA NAFTE BEOGRAD DOO undertake for investment program € 15.000.

Also on 16.10.2007, the group signed agreement for the purchase of 6 companies in Serbia (note 36) according this agreement undertake for investment program € 20.000.

36. BUSINESS COMBINATIONS

PETROSOL SA (previous called SPEDIMET SA) on April 2007 acquired 100% of SYNTRA SA, which operates in the sector of solvents, ethyl alcohol and other alcohols. Through the acquisition of SYNTRA SA, the Group gains ownership of the privately owned storage and chemical products distribution facilities, as well as access to the docking bay for cargo ships in Elefsina. In addition, through the establishment of economies of scale, a further reduction in the operating cost and an increase in profit margin is guaranteed.

The Company in the same month acquired 100% of MONOCHEM S.A., which operates in the production of main ingredients for PUR systems, industrial floorings and elaboration and dye of leather. Through acquisition of MONOCHEM S.A., the Group expands its production activities acquiring ownership of production plant at Oinofita, broadening further its chemical and industrial products portfolio.

On July 4, 2007, the final agreement between the Company and the PRIVATIZATION AGENCY OF SERBIA for the purchase of Rafinerija Nafte Beograd was signed. Rafinerija Nafte Beograd which operates in the sector of lubricants and chemicals was established in 1934, its main business strategy focuses on the technological improvement of its product range.

The goodwill from the above acquired companies is specified on basis of the book values of acquired companies on the date of purchase and it is temporary. The specification of the fair value of assets, liabilities and expected liabilities of acquired companies, the purchase price allocation according the IFRS 3 «Business Combinations» and the following definition of the goodwill will be finalized within 12 months, according the specific IFRS.

The book value of the acquired companies, the value of purchase and the temporary Goodwill for the group is as follows:

	MONOCHEM S.A.	SINTRA S.A.	RAFINERIJA NAFTE BEOGRAD DOO	Total
Property, plant and equipment	557	5.800	8.915	15.272
Inventories	474	187	3.474	4.135
Receivables and other assets	3.183	148	5.604	8.935
Cash and cash equivalents	97	0	307	404
Payables	(736)	(1.547)	(3.206)	(5.489)
Other Liabilities	(418)	(100)	(3.774)	(4.292)
Bank borrowings	(2.561)	(3.429)	(161)	(6.151)
Deferred income taxes	111	0	(105)	6
Net assets acquired	707	1.059	11.054	12.820
Effective % acquired	100,00%	100,00%	70,00%	
Minority Interest	0	0	3.316	3.316
Net assets acquired	707	1.059	7.738	9.504
Cash paid	4.095	5.565	18.660	28.320
Net assets acquired	(706)	(1.057)	(7.738)	(9.501)
Goodwill	3.389	4.508	10.922	18.819
Cash paid	4.095	5.565	18.660	28.320
Cash acquired	(97)	0	(307)	(404)
Cash outflow at acquisition	3.998	5.565	18.353	27.916

On October 16 it was signed a sale agreement between the Company and the PRIVATIZATION AGENCY OF SERBIA, for the privatization of:

- 1) 99.06% of the Holding company IHP PRAHOVO A.D. PRAHOVO IN RESTRUCTURING and
- 2) 20% of the following companies, in which IHP PRAHOVO A.D. PRAHOVO IN RESTRUCTURING participates with a stake of 80%:
 - IHP DUBRIVA DOO PRAHOVO IN RESTRUCTURING (production of fertilizers)
 - IHP SOLI DOO PRAHOVO IN RESTRUCTURING (production of inorganic salt)
 - IHP MEG DOO PRAHOVO IN RESTRUCTURING (construction and maintenance of mechanical equipment)
 - IHP KRAJINA DOO PRAHOVO IN RESTRUCTURING (transfer, charge / discharge, storage and packaging of products)

The result of the purchase amounts to 5 million € and the complete investment programme amounts to 20 million €. Until 31.12.2007 the processes of privatisation of the above companies had not been completed and due to the fact that control had not been established by the Group, they were not consolidated.

37. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of NEOCHIMIKI L.V. LAVRENTIADIS S.A. and its subsidiaries which are presented in note 3.3. There is no ultimate parent in the form of a legal entity to hold a significant percentage in the Company and its major shareholder is Mr. Lavrentiadis who holds 20% of its shares. There are no other senior shareholders who hold a significant part of the Company's share capital.

The Company 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 associates or companies, which have common ownership and/or management with the Company.

Account balances with associates are as follows

	<u>The Group</u>		<u>The company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Trade receivables from subsidiaries	0	0	24.414	121.117
Trade receivables from associates	778	201	298	0
Total	778	201	24.712	121.117
Trade payables to subsidiaries	0	0	9.540	10.281
Trade payables to associates	3.900	24	3.720	0
Total	3.900	24	13.260	10.281

Transactions with related parties for the years ended 31 December 31, 2007 and 2006 are analyzed as follows:

	<u>The Group</u>		<u>The company</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Inventory sales to subsidiaries	0	0	81.065	85.968
Service sales to subsidiaries	0	0	9	16
Inventory sales to associates	207.278	0	206.887	0
Service sales to associates	261	307	11	0
Total	207.539	307	287.972	85.984
Inventory purchases from subsidiaries	0	0	49.165	25.944
Service purchases from subsidiaries	0	0	30.599	103
Inventory purchases from associates	52.804	0	52.005	0
Service purchases from associates	0	340	0	0
Total	52.804	340	131.769	26.047

Sales and services rendered to related parties are made at normal market prices. Outstanding balances at year-end are unsecured and settlement occurs in cash. No related guarantees have been provided or received for the above receivables. For the year ended 31 December 2007 and

2006, the Company has not raised any provision for doubtful debts relating to amounts owed by related parties.

Key management personnel fees of the Group and the Company for the years ended 31 December 2007 and 2006, has as follows:

	<u>2007</u>	<u>2006</u>
Short-term employee benefits	730	449
Social security contributions	57	39
Total compensation paid to key management personnel	787	488

An amount of € 200 from the key management personnel fees of the Group for the year ended 31 December 2007 refers to the members of management of discontinued operations.

The outstanding balances with respect to key management personnel as of 31 December 2007 as follows:

	<u>2007</u>	<u>2006</u>
Amounts due from management	0	0
Amounts due to management	120	0

38. DISCONTINUED OPERATIONS

Financial information regarding the discontinued operations of the detergents sector, is presented below:

Income statement and cash flow information	<u>1.1. - 15.2.2007</u>	<u>1.1. - 31.12.2006</u>
Revenue	26.737	149.070
Expenses	(23.866)	(132.721)
Profit before tax from discontinued operation	2.871	16.349
Tax	(218)	(3.046)
Profit after income tax of discontinued operations	2.653	13.303
Profit from the disposal	78.034	73.914
Net profit from discontinued activities	80.687	87.217
Cash flows:		
Operating cash flows for discontinued operations	11.347	17.771
Investing cash flows for discontinued operations	(14.367)	(43.770)
Financing cash flows for discontinued operations	357	29.561
Total cash flows	(2.663)	3.562

At the above analysis and particular on items “incomes” and “expenses, included intercompany transactions of € 16.484 (2006: € 97.124), that have been eliminated in the consolidated financial statements of the Group.

Consideration received or receivable:	<u>1.1. - 15.02.2007</u>
– cash received	104.804
– cash disposed of	(10.244)
- Cash on discontinued activities	(2.989)
Total net disposal consideration	91.571

Analysis of the assets and liabilities	<u>15.02.2007</u>
Property, plant and equipment	123.171
Goodwill	951
Inventory	13.339
Receivables	64.430
Others assets	3.143
Trade and other payables	(78.994)
Borrowings	(70.450)
Defined benefit plan	(98)
Other liabilities	(1.791)
Net amount of assets and liabilities	53.702

The discontinuous operation concerns the detergent's segment. The turnover, the EBITDA and the EBT of the discontinuous operation for the period 1.1-31.12.2007 amount to € 26.737 € 3.954 and € 80.905, while for the equivalent period of 2006 amount to € 149.070, € 28.678 and € 90.263 respectively.

39. SUBSEQUENT EVENTS

On 29.01.2007, the Company announced that it proceeded with the acquisition of a 40% stake in ASTRON CHEMICALS SA, at a price of € 3 mil.

ASTRON CHEMICALS SA was established in 1992 and its core business activity is the representation, import and trade of chemical raw materials and specialized chemical products for industrial use in the fields of food and beverage, pharmaceuticals, cosmetics, animal feed, paints/coatings/ adhesives and textiles.

ASTRON CHEMICALS SA reported for the fiscal year 2006 a turnover of € 16,8 mil.