

LAVIPHARM GROUP OF COMPANIES
CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS
AS OF 30 JUNE 2007
IN ACCORDANCE WITH INTERNATIONAL ACCOUNTING STANDARD 34

The attached Consolidated Interim Condensed Financial Statements were approved by the Board of Directors of Lavipharm S.A. in July 31st, 2007 and have been posted to the Internet at the company's Web Site address www.lavipharm.gr

LAVIPHARM S.A. GROUP OF COMPANIES

Consolidated Interim Condensed Financial Statements as of June 30, 2007

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Review Report on Interim Financial Information

To the Shareholders of LAVIPHARM AE

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of LAVIPHARM AE (the “Company”) as at 30 June 2007, and the related condensed statements of income, changes in equity and cash flows for the six-month period then ended, as well as the selected explanatory notes. Management is responsible for the preparation and presentation of this interim consolidated condensed financial information in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and apply to interim financial information (“IAS 34”). Our responsibility is to express a conclusion on this interim consolidated condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, to which the Greek Auditing Standards refer. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Greek Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard “IAS 34”.

Without qualifying our review conclusion, we draw attention to:

- a) Note 1 in the selected explanatory notes on the consolidated condensed Balance Sheet, where analytical reference is made to the consolidated companies, of which the Net Equity as at 30/6/2007 is less than one half (1/2) of their Share Capital, or even negative.
- b) Note 8, in the selected explanatory notes on the consolidated condensed Balance Sheet, where reference is made to the companies of the Group that have not been examined by the Tax Authorities as yet and, as a consequence, the tax returns of the companies for the years they have not been examined by the tax authorities, cannot be accepted as final. The outcome of these tax inspections cannot be predicted at present.

Athens, 22 August 2007

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LAVIPHARM S.A. GROUP OF COMPANIES

Consolidated Interim Income Statement for the period ended June 30, 2007

(Amounts in thousand Euros, unless otherwise stated)

	<u>NOTE</u>	01/01/2007- 30/06/2007	01/04/2007- 30/06/2007	01/01/2006- 30/06/2006	01/04/2006- 30/06/2006
Operating revenues	5, 20	125.305	62.708	112.655	59.497
Cost of sales		(102.294)	(52.929)	(92.139)	(47.690)
Gross profit		23.011	9.779	20.516	11.807
Other operating revenues	6, 20	3.174	908	4.208	972
Administration expenses	7	(8.357)	(3.943)	(8.453)	(4.440)
Distribution expenses	7	(8.736)	(4.418)	(6.763)	(3.489)
Research and development expenses	7	(1.046)	(528)	(1.034)	(481)
Other operating (expenses)	6	(1.619)	(210)	(1.627)	(849)
Operating profit		6.427	1.588	6.849	3.520
Financial revenues		124	100	70	35
Financial (expenses)		(8.208)	(4.471)	(4.657)	(2.675)
Net finance costs		(8.084)	(4.371)	(4.587)	(2.640)
Profit/(loss) before taxes		(1.657)	(2.783)	2.262	880
Income taxes	8	(2.101)	(1.948)	(1.170)	(928)
Profit/(loss) after taxes		(3.758)	(4.731)	1.092	(48)
Attributable to:					
Majority Shareholders		(3.779)	(4.035)	1.529	129
Minority Shareholders		21	(696)	(436)	(177)
		(3.758)	(4.731)	1.092	(48)
Basic earnings per share (in Euro's)		(0,10)	(0,10)	0,04	0,00

The attached notes are part of the Consolidated Interim Condensed Financial Statements.

LAVIPHARM S.A. GROUP OF COMPANIES

Consolidated Interim Balance Sheet as of June 30, 2007

(Amounts in thousand Euros, unless otherwise stated)

	NOTE	30/06/2007	31/12/2006
ASSETS			
Non current assets			
Tangible assets/Property, plant and equipment	9	35.122	36.330
Intangible assets	10	46.417	46.790
Investment property	9	961	961
Investments in associates & related companies	11	317	205
Deferred tax assets		1.523	0
Other non-current assets	12	244	242
Total non current assets		84.584	84.528
Current assets			
Inventories	13	20.286	15.442
Trade and other receivables	14	104.089	90.602
Cash and cash equivalents	15	7.824	6.023
Total current assets		132.199	112.067
Total assets		216.783	196.595
SHAREHOLDERS' /EQUITY			
Share Capital		39.293	39.293
Share premium		59.860	59.860
Other Reserves		11.681	11.028
Foreign exchange differences		(721)	(818)
Retained earnings/(losses)		(105.631)	(100.491)
Total shareholders' equity before minority interest		4.482	8.872
Minority interests		561	1.166
Total shareholders' equity		5.043	10.038
LIABILITIES			
Non-current liabilities			
Long-term borrowings	17	49.695	33.920
Deferred tax liabilities		-	116
Provision for staff retirement indemnities		2.203	2.066
Provisions		549	549
Other non-current liabilities		522	2.471
Total non current liabilities		52.969	39.122
Current liabilities			
Trade and other payables	16	63.806	57.547
Current income tax		4.633	2.736
Short-term borrowings	17	88.592	85.581
Short term part of long term loans	17	1.740	1.571
Total current liabilities		158.771	147.435
Total liabilities		211.740	186.557
Total shareholders' equity and liabilities		216.783	196.595

The attached notes are part of the Consolidated Interim Condensed Financial Statements.

LAVIPHARM S.A. GROUP OF COMPANIES

Consolidated Interim Income Statement for the period ended June 30, 2007

(Amounts in thousand Euros, unless otherwise stated)

	Share capital	Share premium	Other reserves	FX differences resulting from conversion	Profit/(Loss) for the year	Total	Minority Interest	Total
Balance at 01/01/2006	39.293	59.860	10.496	(1.059)	(90.491)	18.099	(10.035)	8.064
Minority share of subsidiary companies irrecoverable losses					(10.644)	(10.644)	10.644	-
Balance at 01/01/2006, (as adjusted)	39.293	59.860	10.496	(1.059)	(101.135)	7.455	609	8.064
Profit/(loss), after taxes	-	-	-	-	1.529	1.529	(436)	1.092
<u>Movements directly to equity</u>								
Reserves	-	-	44	-	(44)	-	-	-
FX differences resulting from conversion	-	-	-	908	-	908	639	1.547
Transformation of property status of subsidiary company between consolidated sub-groups without change of participation share	-	-	-	(1.006)	366	(640)	(315)	(955)
Acquisitions and sales of subsidiaries shares	-	-	-	-	(262)	(262)	262	-
Increase in share capital with minority participation	-	-	-	-	-	-	844	844
Minority's dividends (Castalia)	-	-	-	-	-	-	(111)	(111)
Minority's dividends (Pharma Logistics)	-	-	-	-	176	176	(176)	-
Balance at 30/06/2006	39.293	59.860	10.540	(1.157)	(99.371)	9.165	1.316	10.481
Balance at 01/07/2006	39.293	59.860	10.540	(1.157)	(99.371)	9.165	1.316	10.481
Minority share of subsidiary companies irrecoverable losses					362	362	(362)	-
Balance at 01/07/2006, (as adjusted)	39.293	59.860	10.540	(1.157)	(99.009)	9.527	954	10.481
Profit/(loss), after taxes	-	-	-	-	1.191	1.191	882	2.073
<u>Movements directly to equity</u>								
Reserves	-	-	488	-	(488)	-	-	-
FX differences resulting from conversion	-	-	-	102	-	102	71	173
Transformation of property status of subsidiary company between consolidated sub-groups without change of participation share	-	-	-	228	34	262	(262)	0
Acquisitions and sales of subsidiaries shares	-	-	-	-	(1.884)	(1.884)	(788)	(2.672)
Minority's dividends (Pharma Logistics)	-	-	-	-	(176)	(176)	158	(18)
Change to the method of Group consolidation	-	-	-	8	(634)	(626)	626	-
Balance at 31/12/2006	39.293	59.860	11.028	(818)	(100.966)	8.397	1.641	10.038
Balance at 01/01/2007	39.293	59.860	11.028	(818)	(100.966)	8.397	1.641	10.038
Minority share of subsidiary companies irrecoverable losses	-	-	-	-	475	475	(475)	-
Balance at 01/01/2007, (as adjusted)	39.293	59.860	11.028	(818)	(100.491)	8.872	1.166	10.038
Profit/(loss), after taxes	-	-	-	-	(3.779)	(3.779)	21	(3.758)
<u>Movements directly to equity</u>								
FX differences resulting from conversion	-	-	-	97	-	97	69	166
Stock Options	-	-	653	-	-	653	459	1.112
Dividends Lavipharm SA	-	-	-	-	(2.452)	(2.452)	-	(2.452)
Minority's dividends (Pharma Logistics)	-	-	-	-	-	-	(63)	(63)
Balance at 30/06/2007	39.293	59.860	11.681	(721)	(106.722)	3.391	1.652	5.043
Minority share of subsidiary companies irrecoverable losses	-	-	-	-	1.091	1.091	(1.091)	-
Balance at 30/06/2007, (as adjusted)	39.293	59.860	11.681	(721)	(105.631)	4.482	561	5.043

The attached notes are part of the Consolidated Interim Condensed Financial Statements.

LAVIPHARM S.A. GROUP OF COMPANIES

Consolidated Interim Equity Movement for the period ended June 30, 2007
(Amounts in thousand Euros, unless otherwise stated)

EXPLANATIONS OF THE FIGURES OF SHAREHOLDERS' EQUITY MOVEMENT

1. The foreign exchange differences resulting from conversions concerns the consolidated company Lavipharm Corp. (U.S.A.).
2. The stock options were attributed to an employee and to a bank by Lavipharm Corp. sub-group of companies. These options are shown at their fair value according to the relevant I.F.R.S. .
3. Minority share of subsidiaries' irrecoverable losses.

31/12/2006	
Minority interests from L.A.S. Patra S.A	(6)
Minority interests from Pharma Plus S.A	(10)
Minority interests from Lavipharm Distribution Ltd	(729)
Minority interests from Laboratoires Lavipharm S.A.	(539)
Minority interests from Lavipharm Corp. (U.S.A.)	(8.523)
	(9.807)

30/06/2007	
Minority interests from L.A.S. Patra S.A	(5)
Minority interests from Pharma Plus S.A	(21)
Minority interests from Lavipharm Distribution Ltd	-
Minority interests from Laboratoires Lavipharm S.A.	(350)
Minority interests from Lavipharm Corp. (U.S.A.)	(8.340)
	(8.716)

LAVIPHARM S.A. GROUP OF COMPANIES

Consolidated Interim Income Statement for the period ended June 30, 2007

(Amounts in thousand Euros, unless otherwise stated)

Cash Flows from Operating Activities	30/06/2007	30/06/2006
Net Income/(Loss) before taxes	(1.657)	2.262
Adjustments for:		
Depreciation, amortization & assets written off	2.673	2.546
Provisions	392	(2.622)
Foreign ex change differences	324	4.205
(Profit)/loss on sale of assets	(277)	(33)
Interest ex pense	8.208	4.657
	9.663	11.015
Changes in operating activities:		
Inventories	(4.892)	(1.806)
Trade and other receiv ables	(13.199)	(5.779)
Blocked deposits	-	-
Long term receiv ables	-	1.086
Trade and other pay ables	944	(14.620)
Other non current liabilities	-	-
Less:		
Interest paid	(5.592)	(4.657)
Staff leav ing indemnities paid	(8)	(39)
Income tax paid	(1.754)	(1.293)
Net Cash Flows provided by Operating Activities	(14.838)	(16.093)
Cash Flows from Investing Activities		
Investments in subsidiaries and associates	-	(19)
Proceeds from sale of subsidiaries and related companies	149	-
Purchase of assets	(1.978)	(2.225)
Proceeds from sale of assets	11	45
Interest received	86	4
Net Cash Flows used in Investing Activities	(1.732)	(2.195)
Cash Flows from Financing Activities:		
Issue of share capital	-	-
Released deposits	-	-
Sale of own shares	-	-
Proceeds from loans	20.196	844
Loan repay ments	(1.825)	19.680
Div idends paid	-	(8.511)
Net Cash Flows provided by Financing Activities	18.371	12.013
Net increase/(decrease) in cash and cash equivalents	1.801	(6.274)
Cash and cash equiv alents at the beginning of year	6.023	17.682
Cash and cash equivalents at the end of year	7.824	11.408

The attached notes are part of the Consolidated Interim Condensed Financial Statements.

LAVIPHARM S.A. GROUP OF COMPANIES

Notes to the Consolidated Interim Condensed Financial Statements as of June 30, 2007
(Amounts in thousand Euros, unless otherwise stated)

1. General Information

The Group includes the following Companies:

- **LAVIPHARM SA (PARENT COMPANY)**

LAVIPHARM S.A. is a societe anonyme seated in the Municipality of Peania. The Company is active in the area of pharmaceutical, chemical and cosmetic products and it is listed on the Athens Stock Exchange. As of 30 June 2007, the Company employed 227 persons.

- **LAVIPHARM HELLAS S.A.**

Lavipharm Hellas S.A. was established in 1992 and is seated in the Municipality of Paiania of the Prefecture of Attiki. The company is active in the area of prescription and non-prescription drugs (parapharmaceuticals). As of 30 June 2007, the company employed 92 persons.

- **LAVIPHARM ACTIVE SERVICES S.A. SUB-GROUP OF COMPANIES**

The Lavipharm Active Services S.A. Sub-Group of Companies incorporates the following companies:

- ▶ **LAVIPHARM ACTIVE SERVICES S.A. (PARENT COMPANY)**

Lavipharm Active Services S.A. was established in 1994 and is seated in the Municipality of Paiania of the Prefecture of Attiki. The company is active in the trade of pharmaceutical and similar products that are sold in pharmacies. As of 30 June 2007, the company employed 100 persons.

- ▶ **L.A.S. ΠΑΤΡΑ S.A.**

L.A.S. Patras S.A. was established in 1998 and is seated in Patra. The company is active in the trade of pharmaceutical and similar products that are sold in pharmacies. As of 30 June 2007, the company employed 21 persons.

- ▶ **LARISA PHARMACEUTICALS S.A..**

Larisa Pharmaceuticals S.A. was established in 1999 and is seated Larisa. The company is active in the trade of pharmaceutical and similar products that are sold in pharmacies. As of 30 June 2007, the company employed 15 persons.

- ▶ **NEOPHARM S.A.**

Neopharm S.A. was established in 1998 and is seated Ioannina. The company is active in the trade of pharmaceutical and similar products that are sold in pharmacies. As of 30 June 2007, the company employed 34 persons.

- ▶ **KAVALA PHARMACEUTICALS S.A.**

Kavala Pharmaceuticals S.A. was established in 1999 and is seated Kavala. The company is active in the trade of pharmaceutical and similar products that are sold in pharmacies. As of 30 June 2007, the company employed 20 persons.

- ▶ **L.A.S. THESSALONIKI SINGLE-MEMBER LTD**

L.A.S. Thessaloniki Single-Member Ltd was established in 2004 and is seated in Thessaloniki. The company is active in the trade of pharmaceutical and similar products that are sold in pharmacies. As of 30 June 2007, the company employed 19 persons.

LAVIPHARM S.A. GROUP OF COMPANIES

Notes to the Consolidated Interim Condensed Financial Statements as of June 30, 2007
(Amounts in thousand Euros, unless otherwise stated)

The table below presents the composition of the Lavipharm Active Services S.A. Sub-Group of Companies.

LAVIPHARM ACTIVE SERVICES sub-group	Consolidation Method	Operations	% share	
			30/06/2007	31/12/2006
			Subsidiary Name	
Lavipharm Active Services S.A (Parent)	Full	Wholesaling	100,0%	100,0%
Newpharm S.A.	Full	Wholesaling	70,0%	70,0%
Kavala Pharmaceutical S.A.	Full	Wholesaling	70,0%	70,0%
L.A.S Patra S.A	Full	Wholesaling	98,3%	98,3%
Larissa Pharmaceutical S.A.	Full	Wholesaling	98,3%	98,3%
L.A.S Thessaloniki M.E.P.E	Full	Wholesaling	100,0%	100,0%

- **PHARMA PLUS Pharmacy Services S.A.**

PHARMA PLUS Pharmacy Services S.A. was established in 2000 and is seated in the Municipality of Paiania, Attiki Prefecture. The company is active in the provision of services to pharmacies. As of 30 June 2007, the company employed 9 persons.

- **PHARMA LOGISTICS S.A.**

PHARMA Logistics S.A. was established in 2001 and is seated in the Municipality of Paiania, Attiki Prefecture. The company is active in the provision of logistics services. As of 30 June 2007, the company employed 98 persons.

- **CASTALIA LABORATOIRES DERMATOLOGIQUES S.A.**

Castalia Laboratoires Dermatologiques S.A. was established in 2004 and is seated in the Municipality of Paiania, Attiki Prefecture. The company is active in the area of cosmetic products. As of 30 June 2007, the company employed 19 persons.

- **LABORATOIRES LAVIPHARM S.A. SUB-GROUP OF COMPANIES**

The Laboratoires Lavipharm S.A. Sub-Group of Companies, as of 30 June 2007, employed 16 persons and incorporates the following companies:

- ▶ **LABORATOIRES LAVIPHARM S.A. (PARENT COMPANY)**

Laboratoires Lavipharm S.A. was established in 1990 and is seated in Paris, France. The company is active in the international business development of the sub-group's cosmetic products.

- ▶ **LAVIPHARM FRANCE HOLDING S.A**

Lavipharm France Holding S.A. was established in 2000. The company is a holdings company seated in Paris, France.

- **HITEX S.A.S**

Hitex S.A.S was established in 1997 and is seated in Vannes, France. The company operates a manufacturing department that develops supercritical fluids extraction technologies, which, following a customer's order, may be applied to a wide range of products, aromas and food components, as well as pharmaceutical and cosmetic products.

LAVIPHARM S.A. GROUP OF COMPANIES

Notes to the Consolidated Interim Condensed Financial Statements as of June 30, 2007
(Amounts in thousand Euros, unless otherwise stated)

The table below presents the composition of the Laboratoires Lavipharm S.A. Sub-Group of Companies.

LAVIPHARM LABORATOIRES sub-group				
Subsidiary Name	Consolidation		% share	
	Method	Operations		
			30/06/2007	31/12/2006
Lavipharm Laboratoires S.A (Parent)	Full	Development of cosmetics technologies and products	45,00%	45,00%
Lavipharm France Holding S.A.	Full	Holding	99,72%	100,00%
· Hitex S.A. (Lavipharm France Holding S.A.)	Full	Application of technology of super-critical fluids	99,72%	100,00%
· Separex S.A. (Lavipharm France Holding S.A.)	Equity method	Application of technology of super-critical fluids	0,00%	34,87%

• LAVIPHARM CORP. SUB-GROUP OF COMPANIES

The Lavipharm Corp. Sub-Group of Companies, as of 30 June 2007, employed 23 persons and incorporates the following companies:

▶ **LAVIPHARM CORP. (PARENT COMPANY)**

Lavipharm Corp. was established in October 1998 and is seated in New Jersey, United States of America. The company's sole activity is its holding in Lavipharm Laboratories Inc.

▶ **LAVIPHARM LABORATORIES Inc.**

Lavipharm Laboratories Inc. was established on 16 January 1996 and is seated in New Jersey, United States of America. The company is a research centre with a continuously increasing number of products under development. The company develops its own products and collaborates with pharmaceutical and bio-technological companies in an effort to improve the molecules of its products. The aim of the company's research activities is to apply innovative technologies that improve the performance of pharmaceutical molecules and chemical compounds.

The table below presents the composition of the Lavipharm Corp. Sub-Group of Companies.

LAVIPHARM CORP sub-group				
Subsidiary Name	Consolidation		% share	
	Method	Operations		
			30/06/2007	31/12/2006
Lavipharm Corp (Parent)	Full	Holding	61,41%	61,41%
Lavipharm Laboratories Inc.	Full	Research center	100,00%	100,00%
· Phasex (Lavipharm Laboratories Inc.)	Καθαρή Θέση	Development of technology of super-critical fluids	30,00%	30,00%

Lavipharm Group also incorporates affiliated company Lavipharm Pharmaceutical Services Limited (Parent Company) Sub-Group of Companies that has been consolidated in 2006 with the equity method.

• LAVIPHARM PHARMACEUTICAL SERVICES LTD (LPS) SUB-GROUP OF COMPANIES

The Lavipharm Pharmaceutical Services Ltd (LPS) Sub-Group of Companies, as of 30 June 2007, employed 33 persons and incorporates the following companies

▶ **LAVIPHARM PHARMACEUTICAL SERVICES LIMITED (PARENT COMPANY)**

LAVIPHARM S.A. GROUP OF COMPANIES

Notes to the Consolidated Interim Condensed Financial Statements as of June 30, 2007

(Amounts in thousand Euros, unless otherwise stated)

Lavipharm Pharmaceutical Services Limited was established in 2001 and is seated in Nicosia, Cyprus. The company's main activity is its holdings in Lavipharm Distribution Limited and Lavipharm Cyprus Limited. As of 30 June 2007, the Lavipharm S.A. Group of Companies held 40% of the share capital of Lavipharm Pharmaceutical Services Limited.

► LAVIPHARM DISTRIBUTION LIMITED

Lavipharm Distribution Limited was established in 2001 and is seated in Nicosia, Cyprus. The company is active in the distribution and trade of pharmaceutical products and cosmetics. As of 30 June 2007, the company employed 32 persons.

► LAVIPHARM CYPRUS LIMITED

Lavipharm Cyprus Limited was established in 2001 and is seated in Nicosia, Cyprus. The company is active in the import, promotion and sale of pharmaceutical products and cosmetics. As of 30 June 2007, the company employed 1 person.

The table below presents the composition of the Lavipharm Pharmaceutical Services Ltd (LPS) Sub-Group of Companies.

Lavipharm Pharmaceutical Services sub-group				
Subsidiary Name	Consolidation	Operations	% share	
	Method		30/06/2007	31/12/2006
Lavipharm Pharmaceutical Services Ltd (Parent)	Equity method	Administrative services	40,00%	40,00%
Lavipharm Distribution Ltd	Equity method	Distribution services	51,22%	51,22%
Lavipharm Cyprus Ltd	Equity method	Wholesaling	100,00%	100,00%

TABLE OF HOLDINGS OF THE LAVIPHARM S.A. GROUP OF COMPANIES

LAVIPHARM S.A. GROUP OF COMPANIES				
Company	Consolidation	Operations	% share	
	Method		30/06/2007	31/12/2006
Lavipharm S.A.	Parent	Industrial and Wholesaling	-	-
Lavipharm Hellas S.A.	Full	Industrial and Wholesaling	99,90%	99,90%
L.A.S sub-group of companies	Full	Wholesaling	100,00%	100,00%
Pharma Logistics S.A.	Full	Distribution services	96,52%	96,52%
Pharma Plus S.A.	Full	Services to pharmacies	94,12%	94,12%
Castalia Laboratoires Dermatologiques S.A.	Full	Wholesaling	68,50%	68,50%
Laboratoires Lavipharm sub-group of companies (France)	Full	Development of cosmetics technologies and products	45,00%	45,00%
Lavipharm Corp sub-group of companies(U.S.A.)	Full	Holding	61,41%	61,41%
Lavipharm Pharmaceutical Services Ltd sub-group of companies'	Equity method	Holding	40,00%	40,00%

Lavipharm S.A. has the capacity of electing the majority of the Board of Directors of the companies that are consolidated with the total consolidation method.

LAVIPHARM S.A. GROUP OF COMPANIES

Notes to the Consolidated Interim Condensed Financial Statements as of June 30, 2007

(Amounts in thousand Euros, unless otherwise stated)

CONSOLIDATED SUBSIDIARIES OF LAVIPHARM GROUP OF COMPANIES WITH A SHAREHOLDER EQUITY OF 1/2 OF SHAREHOLDER CAPITAL OR NEGATIVE AT 30/06/2007			
	SHAREHOLDERS EQUITY	% SHARE	COST OF INVESTMENT
	<u>30/06/2007</u>		
LAVIPHARM HELLAS S.A	469	99,90%	15.217
SUB-GROUP LAS	2.619	100,00%	8.213
PHARMA PLUS S.A.	-352	94,12%	3.210
LAVIPHARM CORP SUB-GROUP (USA)	-6.840	61,41%	62.570
ΣΥΝΟΛΟ	-4.104		89.210

CONSOLIDATED SUBSIDIARIES OF LAVIPHARM GROUP OF COMPANIES WITH NEGATIVE SHAREHOLDERS' EQUITY AT 30/06/2007			
	NEGATIVE SHAREHOLDERS EQUITY	% SHARE	COST OF INVESTMENT
	<u>31/12/2006</u>		<u>30/06/2007</u>
LPS SUB-GROUP (CYPRUS)	-1.033	40,00%	261

Since the net worth of the sub-group as of 30 June 2007 remains negative and the cost of participation has been deleted 100% there is no need to change the consolidated financial statements as of 30 June 2007 from the specific company.

As of 30 June 2007, the Lavipharm S.A. Group of Companies employed a total number of 693 persons.

All of the above holdings have been deleted, in their entirety, from the Group's consolidated financial statements due to the application of the total consolidated and equity method for the LPS (CYPRUS) Sub-Group of Companies as stipulated by the I.F.R.S.

With regard to the Group's holding in subsidiary company Lavipharm Corp. (U.S.A.) in particular, the following should be noted: The financial statements have been prepared in accordance with the principle of ongoing concern, whereas the competent authority of the United States of America (Food and Drug Administration), with a document dated 4 August 2006, approved the circulation of the first product (medicine) manufactured by Lavipharm Corp, which the company has already begun manufacturing in order to meet orders that have been requested and, as a result thereof, the company believes that its net worth will gradually be restored.

2. Notice of compliance

The financial statements included herein have been prepared in accordance with the International Accounting Standard 34 regarding Interim Financials Statements. They do not include all the information necessary for the annual financial statements and should be studied in relation to the annual financial statements as of 31 December 2006.

3. Basic Accounting Policies

The basic accounting principles applied in these financial statements are the same with those applied in the annual financial statements as of 31 December 2006 taking into account the standards and the interpretations mentioned below that were issued by the International Accounting Standards Board, adopted by the European Union and their application is obligatory for the accounting periods commencing 1/1/2007 and onwards.

- IFRS 7 – Financial Instruments: Disclosures and IAS 1 (Amendment) Presentation of Financial Statements: Disclosures relating to equity: require additional qualitative and quantitative disclosures

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regarding the financial instruments and the risks undertaken by the company, as well as additional disclosures regarding changes in equity. IFRS 7 and the Amendment to IAS 1 are expected to result in additional disclosures about the company's financial instruments and will be presented in its annual financial statements.

- IFRIC 10 – Interim Financial Reporting and Impairment: No longer allows the reversal of impairment losses that have been recognized in earlier interim financial statements for goodwill, investments in securities or financial assets recognized at acquisition cost. The application of IFRIC 10 is not expected to affect the company's financial statements.
- IFRIC 8 – Scope of IFRS 2 (Share Based Payment), IFRIC 7 – Applying the Restatement Approach under IAS 29 – Financial Reporting in Hyperinflationary Economies and IFRIC 9 – Reassessment of Embedded Derivatives. The interpretations above do not apply to the company and they are therefore not expected to affect the company's financial statements.

Appart from the standards and interpretations mentioned above the European Union in 1/6/2007 adopted according to the regulation 611/2007, IFRIC 11 : "Group and Treasury Share Transactions", which is applied obligatory for the accounting periods commencing 1/3/2007. It is not expected to affect essentially the financial statements of the Group.

Moreover, IASB has issued the following Standards and Interpretations which have not been adopted by the European Union yet:

- IFRS 8 Operating Segments
- IAS 23 Borrowing Costs
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group examines the effects that the above interpretations will have in its financials statements.

The adoption of standards and interpretations by the European Union that will be issued up to 31/12/2007 and their application will be either mandatory or not for the financial periods starting 1/1/2007, is possible to affect the Group's financial statements of those financial periods. Where necessary the comparative figures of the previous financial period will be adjusted in order to reflect changes in the presentation of the current period.

4. Significant accounting estimates and judgments of the management

The preparation of financial statements that are IFRS compliant requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities on the date the financial statements are prepared and the amounts of revenues and expenses recognized during the accounting period. The usage of available information and subjective judgments are necessary in making these estimates. The actual future results may differ from the aforementioned estimates while the variances may have a significant effect on the financial statements. These estimates and the assumptions relating to them are revised on a continual basis. Revisions of accounting estimates are recognized in the period during which they took place if the revisions affect only that period or in the period during which the revision was made if the revision affects the current as well as future periods.

During the first half of 2007 the main accounting estimate and judgment of management is related to the presentation of the assets and liabilities of Lavipharm Corp. Sub-Group of Companies. The management estimates that the market value of the above assets is higher than their book value since the Food and Drug Administration-FDA of the U.S.A. approved the first product of the company. The production of the first batches of

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the product based on existing orders has started in 2006 and the corresponding sales will be realized during the second half of 2007. Therefore, management expects the future cash flows to be positive.

5. Segment information

Primary segment reporting :

On June 30, 2007 the Group had seven operating segments:

- (1) Pharmaceuticals
- (2) Cosmetics
- (3) Parapharmaceuticals
- (4) Distribution Services
- (5) Administration services
- (6) Production (facon) for third parties
- (7) Other

The sales of these segments as of June 30 2007 and as of June 30 2006 are the following:

30/06/2007								
	Pharmaceuticals	Cosmetics	O.T.C.	Distributio n Services	Administra tive Services	Facon	Other	Total
Sales	110.084	3.185	5.176	4.343	33	1.058	1.426	125.305
30/06/2006								
	Pharmaceuticals	Cosmetics	O.T.C.	Distributio n Services	Administra tive Services	Facon	Other	Total
Sales	96.242	3.373	6.048	5.289	220	144	1.339	112.655

Secondary segment reporting-Geographical Segments

The Group operates in three geographical segments. The company's main country of operation (headquarters) is Greece. The areas of operations are mainly the areas in which the goods and services are sold and the areas in which they are produced.

Sales	30/06/2007	30/06/2006
Greece	113.323	93.731
EU	8.037	15.934
Rest of the world	3.945	2.990
	125.305	112.655

The sales refer to the country in which the customers are located.

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6. Other revenues / (expenses)

Other revenues	30/06/2007	30/06/2006
Greek Pharmaceutical Union (Sales)	223	374
Commissions and brokerages	126	305
Lease revenues	182	187
Services revenues	47	4
Compensation from termination of distribution contract	500	-
Other operational income	320	17
Other Income	383	293
Income from used provision of obsolete inventory	932	-
Income from unused provision of doubtful accounts	91	2.781
Foreign exchange gains	103	206
Profit from sale of related company Separex of sub-group Laboratoires	149	-
Attributable profit of period to related company (Phasex)	119	42
	3.174	4.208

Other (expenses)	30/06/2007	30/06/2006
Foreign exchange losses	(443)	(1.439)
Obsolete inventory	(932)	-
Other expenses	(244)	(188)
	(1.619)	(1.627)

7. Administration, Distribution and research & development expenses

Administrative expenses	30/06/2007	30/06/2006
Personnel expenses	3.435	3.459
Third party fees	2.210	1.783
Utilities	1.033	1.069
Taxes and duties	212	185
Other expenses	523	775
Depreciation	945	1.182
	8.357	8.453

Distribution expenses	30/06/2007	30/06/2006
Personnel expenses	3.739	3.204
Third party fees	1.218	966
Utilities	631	596
Taxes and duties	644	433
Other expenses	1.932	1.295
Depreciation	570	269
Provisions	2	-
	8.736	6.763

Research and development expenses	30/06/2007	30/06/2006
Other expenses	446	358
Depreciation	600	676
	1.046	1.034

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8. Income Tax

	30/06/2007	30/06/2006
Income tax for the period	606	762
Other non included taxes	184	(414)
Tax differences	2.950	-
Deferred taxes	(1.639)	822
	2.101	1.170

The income tax rate according to Greek tax laws was 29% on December 31, 2006 and will be 25% from 2007 onwards.

Greek tax laws and related regulations are subject to interpretations by the tax authorities. Income tax statements 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 accounting records of the taxpayer and a final assessment is issued. Tax losses that are accepted by the tax authorities, can be used by corporations to offset profits of the five fiscal years following the fiscal year to which they relate.

The parent company LAVIPHARM S.A. was examined during the current financial period by the tax authorities for the accounting periods 2003, 2004 and 2005. The tax audit resulted in tax differences of € 2.950 and were incorporated in the income statement.

The consolidated companies of the Group have not been audited by the tax authorities for the accounting periods shown in the following table and therefore, their tax liabilities for these periods are not final. It is not possible to foresee the result of the tax audits up to now.

Company's name	Unaudited tax years
Lavipharm S.A.	2006
Castalia Laboratoires Dermatologiques S.A.	2005-2006
Lavipharm Hellas S.A.	2004-2006
Pharma Logistics S.A.	2000-2006
Pharma Plus S.A.	2001-2006
Lavipharm Active Services S.A.	2003-2006
Newpharm S.A. (Group L.A.S.)	2005-2006
Kavala Pharmaceutical S.A. (Group L.A.S.)	2004-2006
L.A.S. Patra S.A.(Group L.A.S.)	2005-2006
Larissa Pharmaceutical S.A. (Group L.A.S.)	2001-2006
L.A.S. Thessaloniki Limited (Group L.A.S.)	2000-2006
Laboratoires Lavipharm France	2000-2006
Lavipharm France Holding S.A	2004-2006
Lavipharm Pharmaceutical Services Ltd	2002-2006
Lavipharm Distribution Ltd	2002-2006
Lavipharm Cyprus Ltd	2002-2006

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9. Tangible Assets

	Land	Buildings & Leasehold Agreements	Motor Vehicles	Machinery & Equipment	Total
1/1/2006					
Cost	9.515	21.094	2.095	23.077	55.781
Accumulated depreciation	-	(3.531)	(1.271)	(13.651)	(18.453)
Net Book Value 01/01/06	9.515	17.563	824	9.426	37.328
1/1/2006					
Net Book Value 01/01/06	9.515	17.563	824	9.426	37.328
Less Cost of Lavipharm Pharmaceutical Services due to change in consolidation method	-	-	(193)	(278)	(471)
Acquisitions	-	3	908	551	1.462
Sales-Write offs	-	-	(477)	(55)	(532)
Assets held for sale	1.400	-	-	-	1.400
Sales-Write offs (accumulated depreciation)	-	-	385	13	398
Depreciation for the period	-	(1.049)	(236)	(1.759)	(3.044)
Less Deprecation of Lavipharm Pharmaceutical Services due to change in coconsolidation method	-	-	152	170	322
Foreign exchange differences (Cost)	(35)	(600)	-	(397)	(1.032)
Foreign exchange differences (Depreciation)	-	132	-	368	500
Net Book Value 31/12/06	10.880	16.049	1.363	8.039	36.331
31/12/2006					
Cost	10.880	20.497	2.333	22.898	56.608
Accumulated depreciation	-	(4.448)	(970)	(14.859)	(20.277)
Net Book Value 31/12/06	10.880	16.049	1.363	8.039	36.331
1/1/2007					
Net Book Value 01/01/07	10.880	16.049	1.363	8.039	36.331
Acquisitions	-	62	-	265	327
Sales-Write offs	-	-	(139)	(5)	(144)
Sales-Write offs (accumulated depreciation)	-	-	139	3	142
Depreciation for the period	-	(517)	(130)	(780)	(1.427)
Foreign exchange differences (Cost)	(7)	(128)	-	(86)	(221)
Foreign exchange differences (Depreciation)	-	32	-	82	114
Net Book Value 30/06/07	10.873	15.498	1.233	7.518	35.122
30/06/2007					
Cost	10.873	20.431	2.194	23.072	56.570
Accumulated depreciation	-	(4.933)	(961)	(15.554)	(21.448)
Net Book Value 30/06/07	10.873	15.499	1.233	7.518	35.122

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INVESTMENT PROPERTY				
	FAIR VALUE		BOOK VALUE	
	30/6/2007	31/12/2006	30/6/2007	31/12/2006
1	190	190	82	82
2	771	771	209	209
	961	961	291	291

1. Concerns an apartment in Kifissia of 95 sq.m.
2. Concerns warehouse, stores and offices in Piraeus Avenue (Municipality of Athens) of 529 sq.m.

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10. Intangible Assets

	Goodwill	Research & Development costs	Marketing and distribution rights	Other intangible assets	Total
1/1/2006					
Cost	143	23.327	29.165	145	52.780
Accumulated depreciation	-	(606)	(6.543)	(96)	(7.245)
Net Book Value 01/01/06	143	22.721	22.622	49	45.535
1/1/2006					
Net Book Value 01/01/06	143	22.721	22.622	49	45.535
Less Acquisition Cost of Lavipharm Pharmaceutical due to change in consolidation method	-	-	-	(61)	(61)
Acquisitions	-	3.337	2.887	-	6.224
Sales-Write offs	-	(28)	(252)	-	(280)
Sales-Write offs (accumulated depreciation)	-	13	269	-	282
Depreciation for the period	-	(315)	(1.750)	(15)	(2.080)
Less Acquisition Cost of Lavipharm Pharmaceutical due to change in consolidation method	-	-	-	46	46
Foreign exchange differences (Cost)	-	(2.372)	(578)	(1)	(2.951)
Foreign exchange differences (Depreciation)	-	10	64	1	75
Net Book Value 31/12/06	143	23.366	23.262	19	46.790
31/12/2006					
Cost	143	24.264	31.222	83	55.712
Accumulated depreciation	-	(898)	(7.960)	(64)	(8.922)
Net Book Value 31/12/06	143	23.366	23.262	19	46.790
1/1/2007					
Net Book Value 01/01/07	143	23.366	23.262	19	46.790
Acquisitions	-	1.550	101	-	1.651
Sales-Write offs	-	-	-	-	-
Depreciation for the period	-	(201)	(1.044)	(1)	(1.246)
Foreign exchange differences (Cost)	-	(600)	(205)	-	(805)
Foreign exchange differences (Depreciation)	-	4	23	-	27
Net Book Value 30/06/07	143	24.119	22.137	18	46.417
30/06/2007					
Cost	143	25.214	31.118	83	56.558
Accumulated depreciation	-	(1.095)	(8.981)	(65)	(10.141)
Net Book Value 30/06/07	143	24.119	22.137	18	46.417

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11. Investments in associates

	30/06/2007	31/12/2006
Beginning balance	205	207
Profit for the period attributable to associated company (Phasex)	118	21
Foreign exchange gains / (losses)	(7)	(23)
Ending balance	317	205

On 15 June 2007, Lavipharm France Holdings subsidiary of sub-group LABORATOIRES LAVIPHARM, sold a 34,87% participation in associated company SEPAREX SA . The sale resulted in a profit of € 149 which had an equal canceling out effect in the Consolidated Financial Statements of 30/6/2007.

12. Other long term receivables

	30/06/2007	31/12/2006
Receivables from associated companies (Note 20)	92	89
Other long-term receivables	152	153
	244	242

13. Inventory

	30/06/2007	31/12/2006
Merchandise	14.117	11.012
Finished goods	2.723	2.329
Raw materials	6.269	5.685
Consumable and pack materials	44	39
Stock devaluation	(2.867)	(3.623)
	20.286	15.442

14. Trade and other receivables

	30/06/2007	31/12/2006
Trade receivables from customers and debtors	40.496	34.437
Trade receivables from associated companies (Note 20)	2.935	2.007
Post-dated checks	43.544	36.671
Checks on delay	1.432	1.149
Notes receivable	1.488	856
Notes receivable on delay	862	726
Other debtors	360	807
Prepayments for inventory purchases	246	1.010
Prepayments to suppliers	7.306	8.687
Prepayments to third parties	3.625	3.033
Receivables from local authorities	5.798	5.855
VAT receivable	2.271	1.817
Less: Provision for bad debts	(6.273)	(6.452)
	104.089	90.602

15. Cash and cash equivalents

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	30/06/2007	31/12/2006
Cash in hand	973	541
Cash at banks	6.851	5.482
	7.824	6.023

16. Trade and other payables

	30/06/2007	31/12/2006
Suppliers	12.996	8.964
Trade payables to associated companies (Note 20)	1.396	642
Post-dated checks	27.151	28.645
Notes payable	2.599	2.849
Social Security Funds payables	782	1.553
Customers advances	3.259	3.362
Taxes and duties	1.051	1.910
Dividends payable	2.524	78
Accrued Expenses	8.580	7.911
Other	3.468	1.633
	63.806	57.547

17. Loans

	30/06/2007	31/12/2006
Long-Term Borrowings		
Syndicated loan	13.925	-
Long-term liabilities under financial lease	2.380	2.650
Other long-term borrowings	33.391	31.270
	49.695	33.920
Short-Term Borrowings		
Long-term loan payable in the next fiscal year	1.740	1.571
Short-term loans from associated companies (Note 20)	50	50
Other short-term borrowings	88.030	85.035
Short-term liabilities under financial lease	512	496
	90.332	87.152
Total loans	140.027	121.072

The Group's long term loans are listed below:

1. A loan which on 30/6/2007 amounted to USD: 3.995 or Euro: 2.958 with a floating rate of 7,78%
2. A loan which on 30/6/2007 amounted to USD: 40.234 or Euro: 29.792 with a floating rate of 13,50%
3. A loan which on 30/6/2007 amounted to Ευρώ: 2.925 with a floating rate of 5,46%
4. A loan which on 30/6/2007 amounted to Euro: 2.060 with a floating rate of 8,72%
5. A loan which on 30/6/2007 amounted to Euro: 1.000 with a floating rate of 6,28%
6. A loan which on 30/6/2007 amounted to Euro: 1.000 with a floating rate of 6,28%
7. A loan which on 30/6/2007 amounted to Euro: 21 with a floating rate of 4,63%
8. A loan which on 30/6/2007 amounted to Euro: 5.300 with a floating rate of 5,60%
9. A loan which on 30/6/2007 amounted to Euro: 1.500 with a floating rate of 5,48%
10. A loan which on 30/6/2007 amounted to Euro: 1.500 with a floating rate of 5,48%
11. A loan which on 30/6/2007 amounted to Euro: 1.000 with a floating rate of 5,39%

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In order to secure the above loans the following guarantees have been granted:

- Pre-notation of tangible assets amounted to Euro : 3.000.
- Collateral on shares and other rights on the shareholder capital of some subsidiaries of the Group.
- Collateral on all tangible and intangible assets of some subsidiaries of the Group.
- Collateral on current and future inventions, patents and patent rights of some subsidiaries of the Group.

The Group's short term loans are listed below:

1. On September 27, 2006, the parent company Lavipharm S.A. took out a loan from a foreign bank for a bond (regular maturity) amounting to 32,500 euro (hereinafter the Loan). This loan is interest bearing and is based on the interbank euro lending rate (EURIBOR), plus a floating rate which begins from (6.25%) annually. The total repayment of the loan is expected to take place at the latest by September 27, 2007, though earlier full or partial repayment is allowed (note 22). This loan was used to pay off the syndicated loan and other short term loans and liabilities.

The loan agreement lists specific instances which would result in a breach of contract, indicatively: failure to pay amounts due according to the loan and related agreed upon amounts, cessation of securities and guaranties, breach of contracts with third parties, loss of credit worthiness, cessation of operations, cessation or revocation of the company's licenses, decrease or loss of capital. Furthermore, the loan carries pecuniary penalties, relating to the obligation to maintain a minimum net borrowing amount to EBITDA ratio.

Furthermore, the company has made several commitments concerning the provisions of financial information to the bank, the usage of the loan, the disposal of its assets, investments, acquisitions and mergers, the maintenance of insurance coverage for the company's operations and compliance with laws and regulations. The loan is secured by a mortgage on fixed assets amounting to 36,017 euro and the pledging of shares of the company and its subsidiaries.

2. The remaining short term portion of the loan amounting to 52,535 euro as at December 31,2006, concerns short term loans for working capital at rates that range from 4.5% to 13.5%. These loans have been granted by various banks under specific terms and for the most part they are secured by Group receivables (trade) amounting to 39,624 euro and pre-notations of mortgage on fixed assets amounting to 1,769 euro.

The average weighted interest rates on the balance sheet date were:

	30/06/2007	31/12/2006
Other short-term loans	8,15%	8,50%

18. Contingent liabilities

The Group has contingent liabilities relating to banks, other guarantees and other issues that arise within the context of ordinary operations. No material charges are expected to result from the contingent liabilities.

19. Contingent commitments

- *Capital commitments*

No capital commitments have been made which had not been carried out on the balance sheet date.

- *Commitments arising from leases*

The company leases warehouses, mechanical equipment and trucks through leases that can be cancelled. The leases have different terms, escalation clauses and renewal rights.

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20. Related and associated party transactions (Receivables / Payables / Loans)

<i>Due from:</i>	30/06/2007	31/12/2006
Lavisoft	1.746	833
Alphasoft	268	255
Atlantis	370	368
Telmar	5	4
Eastern Europe	42	42
Lavico Inc	194	212
Lavipharm Group Holding S.A.	32	28
Lavipharm Pharmaceutical Services Ltd	21	21
Lavipharm Distribution Ltd.	25	25
Lavipharm Cyprus Ltd.	168	143
Other related parties	64	76
	2.935	2.007

<i>Due from (other long-term receivables):</i>	30/06/2007	31/12/2006
Lavico Inc	92	89
	92	89

<i>Due to:</i>	30/06/2007	31/12/2006
Lavisoft	1.095	140
Lavico Inc.	7	38
Lavipharm Cyprus Ltd.	24	20
Telmar	43	51
Other related parties	227	393
	1.396	642

<i>Due to (loans):</i>	30/06/2007	31/12/2006
LV Group Holding	50	50
	50	50

Transactions in being with related parties as at June 30, 2007 and June 30, 2006 were:

Revenues	30/06/2007			30/06/2006	
	Sales of Goods	Sales of Services	Other Revenues	Sales of Services	Other Revenues
Lavisoft	-	33	-	22	-
Alphasoft	-	11	7	14	4
Atlantis	-	-	-	-	1
Lavipharm Cyprus LTD	26	-	-	-	-
	26	44	7	36	5

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	30/06/2007	30/06/2006
Expenses	Administration Services	Administration Services
Lavisoft	153	138
Lavico Inc.	16	-
Telmar	26	70
Lavipharm Cyprus LTD	4	-
Other related parties	186	26
	385	234

The relation of the consolidated companies with the companies above derives from the common shareholder proprietary state. There is no participation relation (subsidiary or associated) with the companies above except the companies of LPS group, that is consolidated with the equity method.

The remuneration of the management executives was € 1.878 as at June 30, 2007 and € 1.756 as at June 30, 2006.

21. Litigation and administrative disputes

The main pending court and administrative cases which as of 30 June 2007 concern the Group are as follows:

- Two cases that have been brought before the Hellenic Council of the State; one concerning differences with regard to the Company's income taxation of fiscal year 1984 and one concerning the imposition of the fine stipulated by the provisions of article 5 of Hellenic Law 104/80, of a total amount of approximately 205 Euro, against which the Company has filed relative appeals. The delay in the adjudication of these cases is due to continuous postponements by the Hellenic Council of the State due to a large number of cases that it must try prior to these cases. The Company did not raise a provision with regard to the aforementioned amount whereas it believes that the competent Courts will decide in its favour.
- A lawsuit filed by Saranti Bros Manufacturing & Commercial Societe Anonyme against both the Company and L'Oreal, which was tried on 26 November 1997. The Multi-Member Court of First Instance of Athens issued decision No. 625/1998 against this lawsuit, postponing the case's definitive adjudication until the proceedings of the Administrative Courts regarding the appeals that were filed against decisions No 4591/96 and No 4593/96 of the Administrative Court of First Instance of Athens with regard to the Drainage and Vichy Drainage trade marks are concluded. Relative decisions have been issued on the aforementioned appeals, against which, however, L'Oreal has filed relative appeals before the Hellenic Council of the State. After continuous postponements, the appeals were tried on 12 January 2005, the relative decisions of which have not yet been issued. With its aforementioned lawsuit, Saranti Bros Manufacturing & Commercial Societe Anonyme requests from the defendants, jointly, and with due interest, an amount of approximately 1.500 Euro as compensation on the grounds to loss of profit and an amount of approximately 60 Euro as monetary compensation on the grounds of moral damage.

The Company did not raise a provision with regard to the aforementioned amount whereas it believes that the competent Courts will decide in its favour.

- A lawsuit filed by a former employee against the Company. The plaintiff requests from the Company an amount of approximately 1.200 Euro as compensation due to moral damage that he claims he has sustained on the grounds of false allegations and defamation. The lawsuit will be tried on 14 February 2008. The Company did not raise a provision with regard to the aforementioned amount whereas it believes that the said lawsuit will be rejected.

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Notes to the Consolidated Interim Condensed Financial Statements as of June 30, 2007

(Amounts in thousand Euros, unless otherwise stated)

- A lawsuit filed by former employees against foreign subsidiary of the Group. Αγωγή πρώην εργαζομένων κατά θυγατρικής αλλοδαπής εταιρείας του Ομίλου. The plaintiffs request from the Company an amount of approximately 465 Euro as compensation, claiming they sustained unlawful termination of contract and discrimination. The case is pending before the French Courts. In the financial statements of the Group a sufficient provision has been raised in order to cover this risk.
- Other pendencies of the Group of total amounts of 122 Euro and 20 USD. The Management of the Group estimates that the possibility of negative conclusion is limited and cannot influence in an essential way the financial results and the financial position of the Group unfavorably therefore, did not raise any provisions with regard to the aforementioned amounts in the financial statements of the Group according to IFRS, whereas it believes the competent Courts will decide in its favour.

22. Other significant issues

The Repeat Extraordinary Shareholders Meeting of the May 23, 2007 has resolved the Capital Increase of the Company in cash and pre-emption rights to existing shareholders. The ratio will be 3 new for every 10 shares held. The total new number of shares issues will be 11.787.930 of common stock of a nominal value of 1 Euro and a distribution price of 3.20 Euro. Fractions will not be issued and the difference between the nominal value and the distribution price will be recorded at the share premium account. The total funds expected to be raised from the capital increase will be used for:

- The immediate decrease of the short term bank loans
- The expansion of the production facilities of transdermal systems

The Company intends to use the funds of the capital increase in a period of two years for the expansion of the production facilities and in a period of three months for the decrease of the short-term bank loans.

23. Events after the Balance Sheet Date

No significant events took place after the balance sheet date which must be reported.

Paiania, July 31, 2007

THE CHAIRMAN
& MANAGING DIRECTOR

THE EXECUTIVE DIRECTOR

THE FINANCIAL DIRECTOR
GROUP SERVICES

THE MANAGER OF THE ACCOUNTING DEPARTMENT
GROUP

THANASSIS LAVIDAS
ID CARD No. Σ 280245

TANIA VRANOPOULOU
Number R 163408

CHRISTODOULOS P. MANIATIS
ID CARD No. Σ 702906

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