



## Financial results

### ■ Q3 2003 consolidated results

The increase of consolidated own sales constitutes the main characteristic of Lavipharm Group's results in the third quarter of 2003. Specifically, consolidated own sales increased by 4%, despite the non-consolidation of Lavicosmetica's sales of €22.2 million, reaching €236.0 million from €226.9 million in the corresponding period of 2002.

Increased sales of Lavipharm Group's subsidiaries were the key factor that contributed to this growth. Specifically, LAS's sales increased by 5% and reached €113.9 million from €108.5 million, while Pharma Logistics' sales presented a significant increase of 588%, reaching €4.1 million from €0.6 million in the third quarter of 2002. Finally, 3rd party sales showed an important increase of 31.7%, reaching €88.1 million from €66.9 million in 2002.

Lavipharm Group's profits before taxes and after minority interests reached €1.1 million from €4.7 million in 2002. For the third quarter of 2003 consolidated EBITDA increased by 75.5% compared to 2002 and reached €9.3 million from €5.3 million (after subtracting joint venture Lavicosmetica for comparability reasons).

In 2002 Lavipharm's consolidated turnover exceeded €300 million while for 2003 consolidated turnover is expected to reach more than €320 million.

### ■ Lavipharm S.A. Q3 2003 results

Lavipharm SA's turnover reached €117.9 million compared to €121.9 million in 2002, mainly because Lavicosmetica's sales are not included. For comparison reasons, if Lavicosmetica's sales were subtracted from the results of 2002, turnover for the third quarter of 2003 would present an important increase of 18.3%, compared to the corresponding period of 2002.

Lavipharm SA's profits before taxes reached €1.4 million compared to €4.2 in 2002. For the third quarter of 2003 Lavipharm SA's EBITDA increased by 67.4%, when compared to the previous year, and reached €7.2 million from €4.3 million.

It is important to note that depreciation is held both for Lavipharm Group and Lavipharm SA (Group: €4.5 million, company: €3.4 million) which may have a negative effect on the financial results on one side, however it constitutes a strong element of the balance-sheet.



## INTERNATIONAL DEVELOPMENTS

### ■ Collaboration Agreement between Lavipharm Group and Lierac in the Cosmetics Sector

Lavipharm Group signed an agreement with Lierac, the French listed company that specializes in high technology dermocosmetic products, thus strengthening further its position in the area of innovative drug delivery systems.

Under the terms of the agreement, Lavipharm's Solid Gel Technology (in the form of a patch) is applied in Lierac's new anti-wrinkle cosmetic product, namely Solupatch. This new product significantly reduces facial skin aging signs. Solupatch has already been launched in the dynamic dermocosmetics market of Korea while other countries will follow.



Solid Gel Technology, the essential differentiator in Solupatch, creates thin films that contain active components which, with the use of serum and with simultaneous inunction, create a gel on the epidermis transporting the drastic substances on the skin safely and successfully when compared to the traditional methods of drug delivery.

Lierac's Solupatch is the second skin care application for the Solid Gel Technology. The first application was on behalf of Yves Saint Laurent's skin brightening line "Clarte Extrême".

This product is manufactured exclusively at Lavipharm's facilities in Greece.

«The collaboration with Lierac confirms once more the trust that

international health care companies place on Lavipharm. Our main objective is to continue to contribute to the health care industry by applying our innovative pharmaceutical technologies», noted Dr. Athanase Lavidas, Chairman and CEO of Lavipharm Group. «By creating new drug delivery forms, Lavipharm becomes one of the pioneers in the international pharmaceutical arena while at the same time opens up new horizons in business development».

As Mr. Andreas Michalopoulos, Director of International Business Development mentioned, «With a capable and highly esteemed team of experienced scientists as well as a focused and entrepreneurial management, we are methodically and steadily becoming the established partner of choice in an industry with unlimited potential».

### Lierac

Lierac, a member of Ales Groupe, was founded in 1975 and is today one of the most well-known brands of high technology innovative dermocosmetic products -sold in pharmacies- for the restructuring of the skin. It has five subsidiaries in the U.S.A., Great Britain, Belgium, Germany and Italy and its portfolio includes more than 120 products sold in 40 countries. In 2002 Lierac's consolidated turnover reached € 60 million.

## DEVELOPMENTS IN GREECE

### ■ Gerassimos K. Drakatos, Chief Financial Officer Lavipharm Group

Continuing its reorganization, Lavipharm Group announced that the new Chief Financial Officer is Mr. Gerassimos Drakatos.

Mr. Drakatos has 13 years of professional experience, three of which at Viohalco Group. Previously he was CFO at Michaniki Group and member of the Board of Directors of Michaniki SA and its subsidiaries. He has also worked for commercial and investment banks such as Bank of Athens and Kidder, Peabody & Co.

He holds a BA in Economics from the National & Kapodistrian University of Athens, School of Economics, and a M.Sc. in Finance, Trade & Shipping from City University Business School of London. He has attended specialized courses at Harvard Business School regarding negotiations, strategic decision making and advanced corporate finance issues. Currently he is Ph.D. candidate at the National & Kapodistrian University of Athens, School of Economics, in the field of Corporate Finance.



PRODUCTS

**Nitrong® TTS by Lavipharm Group**



The Ethical Division of Lavipharm Group launched **Nitrong® TTS**, the new 3rd generation Nitroglycerine transdermal system, a product of the Group's own Research and Development. **Nitrong® TTS** is the evolution of transdermal Nitroglycerine systems that have been constituted one of the key therapeutic methods for coronary disease and cardiac failure for the past 15 years. Specifically, the **Nitrong® TTS** technology provides high release of the drastic substance and effectiveness, while the medicine is small and easy to use. Moreover, as a 3rd generation transdermal system, **Nitrong® TTS** has a rapid onset of action, therapeutic levels by the first hour of the application and stable therapeutic effect.

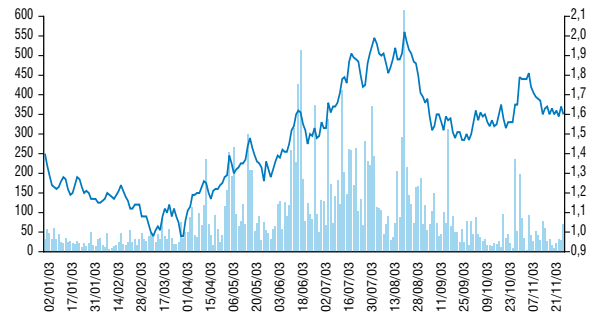
Transdermal TDDS drug delivery systems allow certain pharmaceutical substances to penetrate the skin layers, enter the blood circulation and reach the affected parts. This slow «intravenous infusion» is suitable for systematic application. When compared to other drug delivery methods it presents many advantages such as: Better compliance, avoidance of «first-pass effect» (hepatic metabolism), better safety and lower cost.

The transdermal TDDS delivery method is a very popular route of administration in the drug delivery market and it is used for the treatment of angina pectoris, replacement of sex hormones and pain confrontation.

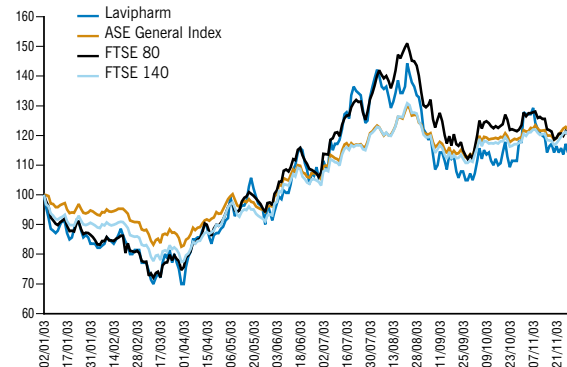
Lavipharm focuses on this area, as it believes that the need for the pharmaceutical industry to improve existing drugs and to extend patent protection with dramatically increase over the coming years. Lavipharm already possesses a patent in this sector, while two others are pending. The Nitroglycerine patch for angina pectoris has been launched since 1996 under different commercial names, for well known companies in many European countries.

Lavipharm's Ethical Division, a leader in Nitrades in the Greek market, launched Nitrong ® TTS in packages of 5 and 10 mg.

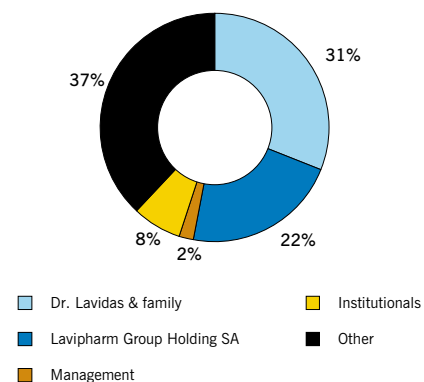
**Lavipharm Value Traded (Euro '000) & Share Price (Euro) Jan - Nov '03**



**Lavipharm S.A. - ASE General Index - FTSE 80 - Wholesale Index - FTSE 140 Jan - Nov '03**



**Lavipharm Shareholders (Nov '03)**



## LAVIPHARM S.A. (amounts in EURO)

| I. BALANCE SHEET for the period:                  | 01/01-30/09/2003      | 01/01-30/09/2002      |
|---|-----------------------|-----------------------|
| ASSETS  | €                     | €                     |
| Establishment Expenses (Net Book value)           | 1.056.653,51          | 1.222.972,46          |
| Fixed Assets                                      | 66.752.041,36         | 59.958.266,87         |
| Less : Depreciation                               | -28.900.002,31        | -24.709.985,66        |
| Participations & other Long-term financial assets | 74.584.452,31         | 67.942.256,58         |
| Inventories                                       | 3.301.697,41          | 3.060.133,09          |
| Customers   | 56.140.133,31         | 53.909.770,49         |
| Other Receivables                                 | 45.937.309,99         | 39.673.692,43         |
| Securities  | 2.525.348,60          | 2.638.334,87          |
| Liquid Assets                                     | 14.754.443,20         | 14.624.088,08         |
| Transitory Assets                                 | 173.809,56            | 151.306,05            |
| <b>TOTAL ASSETS</b>                               | <b>236.325.886,94</b> | <b>218.560.835,26</b> |
| <b>MEMORY ACCOUNTS-ASSETS</b>                     | <b>800.797,29</b>     | <b>1.035.681,51</b>   |

| II. PROFIT & LOSS STATEMENT as of:            | 01/01-30/09/2003     | 01/01-30/09/2002    |
|---|----------------------|---------------------|
| REVENUES                                      | €                    | €                   |
| Sales   | 117.885.656,31       | 121.899.728,58      |
| Own sales                                     | 18.731.148,96        | 21.325.316,44       |
| Sales for third parties                       | 99.154.507,35        | 100.574.412,14      |
| Less: Cost of goods sold                      | 108.533.616,78       | 112.309.403,38      |
| Less: Cost of goods sold-own sales            | 9.379.109,43         | 11.734.991,24       |
| Less: Cost of goods sold-third parties sales  | 99.154.507,35        | 100.574.412,14      |
| Plus: Other Operating Income                  | 3.877.504,48         | 286.829,50          |
| <b>TOTAL</b>                                  | <b>13.229.544,01</b> | <b>9.877.154,70</b> |
| Less: General & Administrative Expenses       | 6.838.278,92         | 6.443.708,13        |
| R/D Expenses                                  | 1.699.590,24         | 645.016,55          |
| Distribution Expenses                         | 970.640,34           | 1.017.558,95        |
| Interest & similar income / expenses          | 1.356.417,89         | -7.427.369,58       |
| <b>TOTAL</b>                                  | <b>10.864.927,39</b> | <b>678.914,05</b>   |
| <b>TOTAL OPERATING RESULTS</b>                | <b>2.364.616,62</b>  | <b>9.198.240,65</b> |
| Plus: Extraordinary income / profit           | 231.395,10           | 1.621.630,64        |
| Less: Extraordinary expenses / loss           | 1.182.581,49         | 6.608.288,32        |
| <b>TOTAL NET RESULTS BEFORE TAX</b>           | <b>1.413.430,23</b>  | <b>4.211.582,97</b> |
| Less : Total depreciation of fixed assets     | 3.463.361,47         | 2.512.107,80        |
| Less: Depreciation included in costs of sales | -3.463.361,47        | -2.512.107,80       |
| <b>EARNINGS BEFORE TAX</b>                    | <b>1.413.430,23</b>  | <b>4.211.582,97</b> |

| LIABILITIES                                    | 01/01-30/09/2003      | 01/01-30/09/2002      |
|--|-----------------------|-----------------------|
|  | €                     | €                     |
| Share Capital                                  | 39.293.100,00         | 39.293.100,00         |
| Reserves & Other Shareholders' equity accounts | 70.127.709,31         | 70.127.709,31         |
| Profit / (Loss) for the period                 | 1.413.430,23          | 4.211.582,97          |
| Previous years' results c/f                    | -616,64               | -3.107.242,85         |
| Open balance of own share's account            | -2.313.885,55         | -2.313.885,55         |
| Sundry provisions                              | 2.967.100,08          | 4.138.634,80          |
| Long Term Obligations                          | 15.265.967,73         | 22.891.539,15         |
| Short Term Obligations                         | 108.475.531,40        | 82.253.700,06         |
| Transitory Liabilities                         | 1.097.550,38          | 1.065.697,37          |
| <b>TOTAL LIABILITIES</b>                       | <b>236.325.886,94</b> | <b>218.560.835,26</b> |
| <b>MEMORY ACCOUNTS-LIABILITIES</b>             | <b>800.797,29</b>     | <b>1.035.681,51</b>   |

## NOTES:

1. The Company's management values the current value of its participations, in terms of acquisition cost, due to the technological structure of the above mentioned companies and their significant prospects. 2. The generally accepted Accounting Principles were used for the preparation of the financial statements of the first nine months of the fiscal year 2003. 3. The inventories have been counted based on an accounting record and not on a physical count. 4. The Company's headcount on 30/9/2003 was 256 people. 5. On the fixed assets there is a mortgage of 17,312,987 € as a security for short term loans. 6. During Q4 2002 the use of € 61,500,572.00, proceeds from the share capital increase of LAVIPHARM S.A., which was completed in December 1999, was finally completed. The relevant Auditor's Report was published, with the Company's financial statements, in the newspapers KATHIMERINI and IMERISIA on February 28, 2003 and the local newspaper PARON on March 2, 2003. 7. Certain accounts have been reformed for comparability reasons.

Peania, November 24, 2003

|                             |                              |  |                              |
|-----------------------------|------------------------------|--|------------------------------|
| PRESIDENT<br>& CEO          | COMMISSIONED<br>MEMBER       | CHIEF FINANCIAL OFFICER<br>LAVIPHARM GROUP | ACCOUNTING<br>MANAGER        |
| <b>ATHANASE<br/>LAVIDAS</b> | <b>TANIA<br/>VRANOPOULOS</b> | <b>GERASSIMOS<br/>DRAKATOS</b>             | <b>PANAYIOTIS<br/>PAVLOU</b> |

## LAVIPHARM GROUP OF COMPANIES (amounts in EURO)

| I. BALANCE SHEET for the period:                  | 01/01-30/09/2003      | 01/01-30/09/2002      |
|---|-----------------------|-----------------------|
| ASSETS  | €                     | €                     |
| Establishment Expenses (Net Book value)           | 2.034.527,32          | 2.458.799,79          |
| Fixed Assets                                      | 76.519.639,86         | 70.270.882,15         |
| Less : Depreciation                               | -33.279.893,27        | -29.364.366,20        |
| Participations & other Long-term financial assets | 51.346.309,71         | 52.209.458,66         |
| Inventories                                       | 26.249.405,98         | 25.680.028,47         |
| Customers   | 78.737.206,37         | 71.930.242,14         |
| Other Receivables                                 | 65.966.504,72         | 70.474.298,01         |
| Securities  | 2.525.348,60          | 2.638.334,87          |
| Liquid Assets                                     | 20.620.402,27         | 19.493.279,34         |
| Transitory Assets                                 | 571.567,40            | 1.164.221,66          |
| <b>TOTAL ASSETS</b>                               | <b>291.291.018,96</b> | <b>286.955.178,89</b> |
| <b>MEMORY ACCOUNTS-ASSETS</b>                     | <b>800.797,29</b>     | <b>1.435.681,51</b>   |

| II. PROFIT & LOSS STATEMENT as of:            | 01/01-30/09/2003     | 01/01-30/09/2002     |
|---|----------------------|----------------------|
| REVENUES                                      | €                    | €                    |
| Sales   | 235.983.228,62       | 226.941.722,76       |
| Own sales                                     | 147.874.844,37       | 160.025.368,78       |
| Sales for third parties                       | 88.108.384,25        | 66.916.353,98        |
| Less: Cost of goods sold                      | 210.851.410,66       | 186.825.558,81       |
| Less: Cost of goods sold-own sales            | 122.743.026,41       | 119.909.204,83       |
| Less: Cost of goods sold-third parties sales  | 88.108.384,25        | 66.916.353,98        |
| Plus: Other Operating Income                  | 4.474.712,40         | 1.044.245,86         |
| <b>TOTAL</b>                                  | <b>29.606.530,36</b> | <b>41.160.409,81</b> |
| Less: General & Administrative Expenses       | 10.882.525,03        | 11.555.479,32        |
| R/D Expenses                                  | 1.699.590,24         | 645.016,55           |
| Distribution Expenses                         | 12.258.009,42        | 21.173.267,88        |
| Interest & similar income / expenses          | 3.265.104,40         | -4.898.504,32        |
| <b>TOTAL</b>                                  | <b>28.105.229,09</b> | <b>28.475.259,43</b> |
| <b>TOTAL OPERATING RESULTS</b>                | <b>1.501.301,27</b>  | <b>12.685.150,38</b> |
| Plus: Extraordinary income / profit           | 1.514.822,40         | 1.858.144,99         |
| Less: Extraordinary expenses / loss           | 2.401.325,40         | 7.269.701,97         |
| <b>TOTAL NET RESULTS BEFORE TAX</b>           | <b>614.798,27</b>    | <b>7.273.593,40</b>  |
| Less : Total depreciation of fixed assets     | 4.522.001,53         | 3.577.204,25         |
| Less: Depreciation included in costs of sales | -4.522.001,53        | -3.577.204,25        |
| <b>TOTAL NET RESULTS BEFORE TAX</b>           | <b>614.798,27</b>    | <b>7.273.593,40</b>  |
| Less: Minority interest                       | -444.220,87          | 2.541.908,96         |
| <b>EARNINGS BEFORE TAX</b>                    | <b>1.059.019,14</b>  | <b>4.731.684,44</b>  |

| LIABILITIES                                    | 01/01-30/09/2003      | 01/01-30/09/2002      |
|--|-----------------------|-----------------------|
|  | €                     | €                     |
| Share Capital                                  | 39.293.100,00         | 39.293.100,00         |
| Reserves & Other Shareholders' equity accounts | 70.241.254,43         | 70.322.693,54         |
| Profit / (Loss) for the period                 | 614.798,27            | 7.273.593,40          |
| Previous years' results c/f                    | -15.578.353,67        | -16.789.898,43        |
| Differences in consolidation                   | -4.048.552,64         | -1.014.887,98         |
| Minorities interest                            | 2.118.102,47          | 4.020.361,34          |
| Open balance of own share's account            | -2.313.885,55         | -2.313.885,55         |
| Sundry provisions                              | 4.554.476,94          | 6.751.202,93          |
| Long Term Obligations                          | 20.987.257,11         | 27.433.455,66         |
| Short Term Obligations                         | 173.408.191,04        | 149.255.260,04        |
| Transitory Liabilities                         | 2.014.630,56          | 2.724.183,94          |
| <b>TOTAL LIABILITIES</b>                       | <b>291.291.018,96</b> | <b>286.955.178,89</b> |
| <b>MEMORY ACCOUNTS-LIABILITIES</b>             | <b>800.797,29</b>     | <b>1.435.681,51</b>   |

## NOTES:

1. The consolidated financial statements of the previous fiscal year include the financial results of LAVICOSMETICA. In 2003 LAVICOSMETICA is not included in the consolidated financial statements of LAVIPHARM since the reasons for consolidation (under the Law 2190/1920) are not satisfied any more. 2. The Company's management values the current value of its participations, in terms of acquisition cost, due to the technological structure of the above mentioned companies and their significant prospects. 3. The generally accepted Accounting Principles were used for the preparation of the financial statements of the first nine months of the fiscal year. 4. The inventories have been counted based on an accounting record and not on a physical count. 5. The Company's headcount on 30/9/2003 was 718 people. 6. On the fixed assets there is a mortgage of 17,312,987 € as a security for short term loans. 7. The consolidated financial statements include the companies: LAVIPHARM S.A., LAVIPHARM HELLAS S.A., LAVIPHARM ALLIANCE SANTE GROUP S.A., LAVICO S.A., PHARMA PLUS Pharmacy Services S.A., PHARMA LOGISTICS GROUP S.A. and LAVIPHARM PHARMACEUTICAL SERVICES GROUP LTD. 8. Certain accounts have been reformed for comparability reasons.

Peania, November 24, 2003

|                             |                              |  |                              |
|-----------------------------|------------------------------|--|------------------------------|
| PRESIDENT<br>& CEO          | COMMISSIONED<br>MEMBER       | CHIEF FINANCIAL OFFICER<br>LAVIPHARM GROUP | ACCOUNTING<br>MANAGER        |
| <b>ATHANASE<br/>LAVIDAS</b> | <b>TANIA<br/>VRANOPOULOS</b> | <b>GERASSIMOS<br/>DRAKATOS</b>             | <b>PANAYIOTIS<br/>PAVLOU</b> |