IMO 03 EAD

ANNUAL DIRECTORS' REPORT

ANNUAL FINANCIAL STATEMENTS

REPORT OF THE INDEPENDENT AUDITOR

31 DECEMBER 2011

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ANNUAL DIRECTORS' REPORT

The Directors present the report and the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), for the year ended 31 December 2011. The financial statements have been audited by PricewaterhouseCoopers Audit OOD.

BUSINESS DESCRIPTION AND OVERVIEW

On 18 December 2007 EFG Securities Bulgaria EAD was granted a full license for investment intermediary services for the countries in the European Union and non - EU countries. The Company functionally succeeded the activities of Investment Banking and Stock Exchange Brokerage and Trading divisions in Eurobank EFG Bulgaria AD.

On 11 November 2009 the Financial Supervision Commission decided to restrict partially, under the request of EFG Securities Bulgaria EAD, the license for investment intermediary activity.

Subsequently the scope of activity has been announced in the Commercial Register.

On 10 November 2010 the Sole Owner decided to change the scope of the company's activities by settling the relations with the clients, transferring the activities back to Eurobank EFG Bulgaria AD and sending request to the Financial Supervision Commission for revocation of the Company's license as an investment intermediary.

On 4 February 2011 the Sole Owner decided to change Company's trade name to IMO 03 EAD. The Company's scope of activity was changed as well. The scope of activity of the Company is meant to comprise execution of all types of real estate transactions: sale – purchase, renting, leasing and subleasing, as well as property management and maintenance, construction, designing and engineering activity, preparation of investment projects, real estate consultancy, services, project management, valuation services, real estate brokerage and intermediary services, technical consultancy services, architectural, real estate development and engineering studies.

SHARE CAPITAL STRUCTURE

The total authorized number of ordinary shares amounts to BGN 2,500,000 with nominal value of BGN 1 per share.

Sole owner of equity is EFG NEW EUROPE HOLDING B.V., the Netherlands, entered into the Dutch Chamber of Commerce, under registration number 34192535.

FINANCIAL PERFORMANCE

For the financial year ending 31.12.2011 IMO 03 incurred loss in the amount of BGN 17 thousand.

BOARD OF DIRECTORS

At the beginning of the reported period (01.01.2011) until 09.06.2011 the Company was managed by Board of Directors which consisted of the following members:

- Asen Yagodin – Chairman of the Board of Directors
- Dragomir Velikov – Member of the Board of Directors and Executive Director
- Victor Chaim Asser – Member of the Board of Directors
- Abis Levis – Member of the Board of Directors
- Konstantinos Vousvounis – Member of the Board of Directors

Since 09.06.2011 till the end of the reporting period (31.12.2011) the composition of the Board of Directors and the distribution of functions among its members has been the following:

Emil Pilafov – Chairman of the Board of Directors and Executive Director
Petros Angelakis – Deputy Chairman of the Board of Directors and Executive Director
Petya Dimitrova – Member of the Board of Directors and Executive Director

The total annual remuneration of the members of the Board of Directors

In 2011 the members of the Board of Directors did not receive remuneration from the Company in their capacity of Board of Directors members.

Shares and bonds of the Company that are acquired, owned and transferred by the members of the Board of Directors during the year

No member of the Board of Directors has owned or transferred shares or bonds of the Company.

The Board of Directors member's rights to acquire shares and bonds of the company

No member of the Board of Directors holds special rights of acquisition of shares or bonds of the Company.

The Board of Directors members' ownership in other commercial enterprises, as:

Partners with unlimited liability

No member of the Board of Directors has been a partner with unlimited liability in other commercial enterprise.

Partners/shareholders holding more than 25 per cent of the capital of another company:

No member of the Board of Directors holds more than 25 per cent of the capital of another company

Participants in the management of other companies or cooperatives as procurators, managers or board members:

Asen Yagodin

- Eurobank EFG Bulgaria AD, Bulgaria – Member of the Board of Directors and Executive Director (until 05.05.2011);
- Bulgarian Development Bank AD, Bulgaria – Chairman of the Management Board and CEO (effective as of 05.05.2011);
- Bulgarian Banks Association, Bulgaria – Deputy Chairperson of the Management Board;
- Bulgarian Stock Exchange Sofia, Bulgaria – Chairman of the Board of Directors.

Victor Chaim Asser

- Eurobank EFG Equities Investment Firm S.A., Greece – Member of the Board of Directors;
- EFG Istanbul Holding A.S., Turkey – Deputy Chairman of the Board of Directors;
- EFG Istanbul Menkul Degerler A.S., Turkey – Member of the Board of Directors.

Konstantinos Vousvounis

- Eurobank EFG Equities Investment Firm S.A., Greece – Deputy Chairman of the Board of Directors;
- Eurobank EFG Factors S.A., Greece – Member of the Board of Directors;
- EFG Istanbul Holding A.S., Turkey – Member of the Board of Directors;
- EFG Eurobank Ergasias S.A., Greece – General Manager, Member of the Executive Committee.

Petia Nikolova Dimitrova

- Eurobank EFG Bulgaria AD, Bulgaria – Member of the Board of Directors and Executive Director (until 05.05.2011); Deputy Chairperson of the Management Board and Executive Director (effective as of 05.05.2011);
- Bulgarian Retail Services AD, Bulgaria – Chairperson of the Board of Directors and Executive Director;
- EFG Property Services Sofia AD, Bulgaria – Member of the Board of Directors;
- IMO Property Investments Sofia EAD, Bulgaria – Member of the Board of Directors and Executive Director;
- IMO Rila EAD, Bulgaria – Deputy Chairperson of the Board of Directors and Executive Director (effective as of 24.01.2011);
- IMO Central Office EAD, Bulgaria – Deputy Chairperson of the Board of Directors and Executive Director (effective as of 24.01.2011);
- AmCham Bulgaria (American Chamber of Commerce in Bulgaria), Bulgaria – Member of the Board of Directors;
- Bulgarian Business Leaders Forum (BBLF), Bulgaria – Member of the Board of Directors;
- State-owned enterprise Communicative construction and rehabilitation, Bulgaria – Member of the Board of Directors;
- Municipal Bank AD, Bulgaria – Member of the Supervisory Board.

Emil Atanasov Pilafov

- IMO Property Investments Sofia EAD, Bulgaria – Chairman of the Board of Directors and Executive Director;
- IMO Central Office EAD, Bulgaria – Chairman of the Board of Directors and Executive Director (effective as of 24.01.2011);
- IMO Rila EAD, Bulgaria – Chairman of the Board of Directors and Executive Director (effective as of 24.01.2011).

Petros Angelakis

- Eurobank EFG Business Services S.A., Greece - Member of the Board of Directors;
- IMO Property Investments Bucuresti S.A., Romania - Deputy Chairman of the Board of Directors;
- S.C. IMO - II PROPERTY INVESTMENTS S.A., Romania - Member of the Board of Directors;
- EFG IT Shared Services S.A, Romania – Member of the Board of Directors;
- IMO Property Investments AD Beograd, Serbia - Member of the Board of Directors;
- IMO Property Investments Sofia EAD, Bulgaria - Deputy Chairman of the Board of Directors and Executive Director;
- EFG Eurobank Ergasias S.A., Greece - Deputy General Manager, Head of IT & Operations, International Activities General Division.

The Contracts under Article 240b of the Commerce Act

The company has not entered into contracts specified in Article 240b, paragraph 1 of the Commerce Act.

MANAGEMENT RESPONSIBILITIES

The Directors are responsible for the preparation and fair presentation of the enclosed 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors confirm that they have complied with the above responsibilities in preparing the financial statements for the year ended 31 December 2011.

The Directors also confirm that to the best of their knowledge the Company will continue on a going concern basis in the foreseeable future.

Emil Pilafov
Executive Director and Chairman of Board of Directors

Petia Dimitrova
Executive Director and Member of Board of Directors
15.05.2012

(All amounts are shown in BGN thousands unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME	Notes	Year-ended 31 December 2011	2010
Fee and commission income	5	38	93
Fee and commission expense	5	-	(42)
Net fee and commission income		**38**	**51**
Interest income		3	9
Dividend income		-	1
Other financial expense		(1)	(2)
Net financial income		**2**	**8**
Staff costs	6	(18)	(453)
Administrative expenses	7	(18)	(330)
Depreciation and amortization, write-offs	8,9	(21)	(54)
Total operating expenses		**(57)**	**(837)**
Loss before income taxes		**(17)**	**(778)**
Income tax	10	-	-
Loss for the year		**(17)**	**(778)**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**(17)**	**(778)**

Emil Pilafov
Chairman of the Board of Directors and
Executive Director

Veselin Glavchev
Responsible for preparation
of financial statements

The Financial statements on page 8 to 24 were authorised by the management on 15 May 2012.

Initialled for identification purposes in reference to the audit report:

Rositza Boteva
Registered Auditor

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ "ПрайсуотърхаусКупърс Одит" ООД София Рег. №085

Petko Dimitrov
PricewaterhouseCoopers Audit OOD

Date: 19 June 2012

The following notes set out on pages 12 to 24 form an integral part of these financial statements.

(All amounts are shown in BGN thousands unless otherwise stated)

BALANCE SHEET

	Notes	As at 31 December 2011	2010
Current assets			
Cash and cash equivalents	11	485	227
Available for sale financial assets	13	-	20
Trade receivables and other assets	12	161	317
Non-current assets			
Equipment	8	-	119
Intangible assets	9	-	21
Total assets		**646**	**704**
Current liabilities			
Trade and other payables	14	17	58
Total liabilities		**17**	**58**
Equity			
Share capital	15	2,500	2,500
Accumulated loss		(1,871)	(1,854)
Total equity		**629**	**646**
Total equity and liabilities		**646**	**704**

Emil Pilafov
Chairman of the Board of Directors
and Executive Director

Veselin Glavchev
Responsible for preparation of
financial statements

The Financial statements on page 8 to 24 were authorised by the management on 15 May 2012.

Initialled for identification purposes in reference to the audit report:

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №085
"ПрайсуотърхаусКупърс Одит" ООД

Rositza Boteva
Registered Auditor

Petko Dimitrov
PricewaterhouseCoopers Audit OOD

Date:

19 June 2012

(All amounts are shown in BGN thousands unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Accumulated deficit	Total
At 1 January 2010	**2,500**	**(1,076)**	**1,424**
Loss for the year	-	(778)	(778)
At 1 January 2011	**2,500**	**(1,854)**	**646**
Loss for the year	-	(17)	(17)
At 31 December 2011	**2,500**	**(1,871)**	**629**

Emil Pilafov
Chairman of the Board of Directors and
Executive Director

Veselin Glavchev
Responsible for preparation
of financial statements

The Financial statements on page 8 to 24 were authorised by the management on 15 May 2012.

Initialled for identification purposes in reference to the audit report:

Rositza Boteva
Registered Auditor

СПЕЦИАЛИЗИРАНО ОДИТОРСКО ПРЕДПРИЯТИЕ
София
Рег. №085
"Прайсуотърхаус Купърс Одит" ООД

Petko Dimitrov
PricewaterhouseCoopers Audit OOD

Date:

19 June 2012

(All amounts are shown in BGN thousands unless otherwise stated)

STATEMENT OF CASH FLOWS

	Notes	2011	2010
Cash flows from operating activities			
Fee and commission income received		350	447
Interest received		3	9
Payment to suppliers and other creditors		(59)	(447)
Payments of salaries, social security and others		(36)	(441)
Net cash used in operating activities		**258**	**(432)**
Cash flows from investing activities			
Purchase of equipment		-	(1)
Purchase of intangible assets		-	(8)
Dividends received		-	1
Net cash used in investing activities		**-**	**(8)**
Increase/(decrease) in cash and cash equivalents		**258**	**(440)**
Cash and cash equivalents at the beginning of the year		227	667
Cash and cash equivalents at end of year	**11**	**485**	**227**

Emil Pilafov
Chairman of the Board of Directors and
Executive Director

Vesselin Glavchev
Responsible for preparation
of financial statements

The Financial statements on page 8 to 24 were authorised by the management on 15 May 2012.

Initialled for identification purposes in reference to the audit report:

Специализирано одиторско предприятие "ПрайсуотърхаусКупърс Одит" ООД
София
Рег. №085

Rositza Boteva
Registered Auditor

Petko Dimitrov
PricewaterhouseCoopers Audit OOD

Date: 19 June 2012

The following notes set out on pages 12 to 24 form an integral part of these financial statements.

1. General information

EFG Securities Bulgaria EAD (the 'Company') was established on 18 December 2007, as a joint-stock company, with seat and address of management at 14, Tsar Osvoboditel Blvd., region Sredets, Sofia and with the following subject of activity: Performing in the country, in the territory of the European Union and in the European Economic Area, and in third countries, the following investment services and activities under article 5, Para 2, items 1,2,3,4,5,6 and 7 in Market of Financial Instruments Act :
- acceptance and execution of orders in relation to one or more financial instruments, including intermediation for entering into transactions with financial instruments;

- execution of orders on behalf of clients;

- dealing on own account in financial instruments;

- portfolio management;

- investment advice;

- underwriting of financial instruments and/or offering for initial sale financial instruments in the conditions of unconditional and irrevocable commitment for subscription/acquisition of the financial instruments on own account;

- offering for initial sale of financial instruments without an unconditional and irrevocable commitment for acquisition of the financial instruments on own account;

And the following ancillary services under article 5, para 3 of MiFIA :

-safekeeping and administration of financial instruments for client account, including custodianship (keeping financial instruments and client cash in a depository institution) and related services such as management of the received cash/provided collateral;

- granting loans for carrying out of transactions in one or more financial instruments, provided that the entity granting the loan is involved in the transaction under conditions and procedure, laid down in an ordinance;

- advice to undertakings on capital structure, industrial strategy and related matters, as well as advice and services relating to mergers and the purchase of undertakings;

- providing of services, related to foreign exchange services where these are connected with the provided investment services;

- investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments;

- related to underwriting of issues of financial instruments;

At 11 November 2009 the scope of activity of EFG securities was amended with the issuance of the respective decision by the Financial Supervision commission and after the due registration in the Commercial Register.

At 11 November 2010 the Sole Owner decided to cease the current activities of the company by settling the relations with the clients and sending request to the Financial Supervision Commission for revocation of the Company's license as an investment intermediary.

As of 31 December 2010 all clients' accounts and business contracts were transferred to the bank or third parties.

On 24 January 2011 the Financial Supervision Commission revoked the license for the performance of activities as an investment intermediary from EFG Securities.

1. General information (Continued)

On 4 February 2011 Sole Owner issued Resolution for change of the name and the Company's scope of activity. The Sole Owner of the capital resolved on the change of the Company's trade name from EFG Securities Bulgaria EAD to IMO 03 EAD and resolved on the scope of activity to be changed to property investment activities.

As of 31 December 2011, Company have not done any investments in Properties.

The capital of the Company is BGN 2,500,000 divided into 2,500,000 ordinary, non-physical, registered voting shares with nominal value of BGN 1 each.

The Company basic activity is purchase, building and construction of real estate property for the purpose of rent and sale.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below:

2.1 Basis of presentation

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards issued by the IASB as adopted by the European Union and in particular with those IFRS and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements.

The policies set out below have been consistently applied to the years 2010 and 2011. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Going concern

Financial statements are prepared on the principle of going concern which implies that the company will continue operations in the foreseeable future. The Shareholders of the Company have confirmed the continuing support, which includes possibilities to refinance existing borrowings and receive additional borrowings so that to ensure that the Company will continue operations in the foreseeable future.

(a) Amended and new standards and interpretations effective in 2011

IAS 24, Amendment - Related Party Disclosures
IAS 32, Amendment - Classification of Rights Issues
IFRIC 14, Amendment - Prepayments of a Minimum Funding Requirement
IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments
Amendments to various Standards that form part of IASB's 2010 Annual Improvement Project.

(b) Standards and interpretations issued but not yet effective

- IAS 1, Amendment - Presentation of Items of Other Comprehensive Income (effective 1 January 2013, not yet endorsed by EU)

1. General information (continued)

2.1 Basis of presentation (continued)

(b) Standards and interpretations issued but not yet effective (continued)

- IAS 12, Amendment - Deferred tax: Recovery of Underlying Assets (effective 1 January 2012, not yet endorsed by EU)
- IAS 19, Amendment - Employee Benefits (effective 1 January 2013, not yet endorsed by EU)
- IAS 27, Amendment - Separate Financial Statements (effective 1 January 2013, not yet endorsed by EU)
- IAS 28, Amendment - Investments in Associates and Joint Ventures (effective 1 January 2013, not yet endorsed by EU)
- IAS 32, Amendment - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014, not yet endorsed by EU)
- IFRS 7, Amendment - Disclosures, Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013, not yet endorsed by EU)
- IFRS 7, Amendment -Disclosures, Transfers of Financial Assets (effective 1 January 2012)
- IFRS 9, Financial Instruments (effective 1 January 2015, not yet endorsed by EU)
- IFRS 9 and IFRS 7, Amendment - Mandatory Effective Date and Transition Disclosures (effective 1 January 2015, not yet endorsed by EU)
- IFRS 10, Consolidated Financial Statements (effective 1 January 2013, not yet endorsed by EU)
- IFRS 11, Joint Arrangements (effective 1 January 2013, not yet endorsed by EU)
- IFRS 12, Disclosure of Interests in Other Entities (effective 1 January 2013, not yet endorsed by EU)
- IFRS 13, Fair Value Measurement (effective 1 January 2013, not yet endorsed by EU)

IFRS 9 is part of IASB's project to replace IAS 39 Financial Instruments which has not been finalized yet and as a result, it is not practicable to quantify its impact. The application of the other above mentioned standards and interpretations is not expected to have a material impact on the Company's financial statements in the period of the initial application.

The financial statements are prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2.2 Foreign currency transactions

(a) Functional and presentation currency

The functional currency and the presentation currency is 'Bulgarian lev'(BGN). The financial statements are prepared in BGN. All amounts in the financial statements are rounded to the nearest multiple of thousand.

(b) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2. Summary of significant accounting policies (Continued)

2.3.Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required.
Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.
Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.4 Receivables and other financial assets

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established, when there is an objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.
According to IAS 39, „Loans and receivables" of the Company include "Receivables" and „Cash and cash equivalents" in the balance sheet.

2.5 Cash and cash equivalent
Cash and cash equivalents are carried at amortized cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and excludes restricted cash accounts.

2.6 Payables and other financial liabilities

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

2.7 Accounting for operating lease contracts
Assets leased out under operating leases are included in investment property in the balance sheet. Rental income (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term. Operating lease payments are recognized as expenses in the statement of comprehensive income on a straight-line basis over the lease term.

2. Summary of significant accounting policies (Continued)

2.8 Interest expense

Interest expenses for borrowings are recognized within 'finance costs' in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate to the net carrying amount of the financial asset or financial liability.
When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.9. Revenue recognition

Fee income

Fees and commissions are generally recognized on an accrual basis, when the service has been provided.

2.10 Deferred tax

Taxation has been provided for in the financial statements in statement of comprehensive income in accordance with Bulgarian legislation currently in force. The charge for taxation in the income statement comprises the current tax and changes in the deferred tax. The current tax is calculated on the basis of the taxable profit for the year, using the tax rates enacted at the balance sheet date. Income tax payable on profits, based on the applicable tax law, is recognized as an expense in the period in which profits arise. Taxes other than on income are recorded within operating expenses.
The deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The principal temporary differences arise from depreciation of investment property.
Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

3. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk), credit risk, liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The risk management is executed by the management as its policy is approved by the parent company.

3. Financial risk management (continued)

(a) Currency risk

The Company's policy is not to hold monetary assets, denominated in a currency different from BGN or EUR. The Company has insignificant exposure to currency risk since FX rate EUR/BGN is pegged at 1.95583.

(b) Interest rate risk

As the Company has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.
The Company has no borrowed funds and there are no interest rate risk as at 31 December 2011.
The Company's cash flow and interest rate risk is periodically monitored by the Company's management
Trade and other receivables and payables are interest-free and have settlement dates within one year.

The Company is not exposed to the price risk with respect to financial instruments as it does not hold any equity securities.

3.1 Market risk

Impact of the ongoing global financial and economic crisis

Since late 2009, fears of a European sovereign debt crisis developed among investors as a result of the rising government debt levels, together with a wave of downgrading of government debt in some European states. Concerns intensified in early 2010 making it difficult for some countries in the euro area to re-finance their government debt without external assistance. The three countries most affected by this were Greece, Ireland and Portugal.

On the Greek debt front, a new funding program was agreed with the European Commission, the ECB and the Eurozone member-states, in the Eurogroup meeting held on 21 February 2012. The new program aims to bring the country's public debt-to-GDP ratio to 116.5% by 2020, below the 120.0% target envisioned in the European Council session held on 26 and 27 October 2011 via Private Sector's Involvement (PSI) in the reduction of Greek debt.

The new funding program is expected to have a significant beneficial effect on the country's solvency outlook. This is due, not only to the reduction of public debt, but also to the expected decline of interest expenditure from 2012 onwards. The funding program constitutes a credible opportunity for the Greek economy to remove uncertainty surrounding it from the middle of 2010 onwards, regarding both sustainability of fiscal position as well as preservation of the country's Eurozone participation.

In addition, the Eurogroup confirmed that the necessary elements have been put in place for Member States to carry out the relevant national procedures to allow for the support by EFSF, including the necessary financing for recapitalization of Greek banks (including EFG Eurobank Ergasias) following their participation in the recent sovereign debt restructuring (PSI). In February 2012, the Greek parliament adopted the necessary legal framework to enable the necessary financing for the recapitalization of Greek banks.

Position of the Group

EFG Eurobank Ergasias, although significantly affected by the impairment charge on Greek Government bonds (due to its participation in the PSI), continues to closely monitor these constructive

3. Financial risk management (continued)

3.1 Market risk (continued)

developments and has taken necessary steps and continues adjusting to the new requirements. The shift towards a greater level of collateralized lending, growth in self-funding and the more promising market situation has been in place for some time. Additionally, the Group continues to reduce its cost base in order to increase the efficiency of operations. It also strengthens its collection efforts to maximize loan recoveries by redeploying resources where necessary and implements conservative provisioning policies. Finally and notwithstanding the required recapitalization of the Parent, the Group is improving continuously the effectiveness of balance sheet management and is undertaking significant strategic initiatives in respect of its capital and liquidity positions.

Position of the Company

IMO 03 EAD finances its activities only through its capital base.

Impact on liquidity

The availability of external funding in financial markets has significantly reduced since August 2007. Such circumstances may affect the ability of the Company to obtain new borrowings at terms and conditions similar to those applied to earlier transactions.

Impact on customers

Debtors of the Company may be adversely affected by the financial and economic environment, which could in turn impact their ability to repay the amounts owed. Deteriorating economic conditions for customers may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has properly reflected revised estimates of expected future cash flows.

3.2 Credit risk

Credit risk arises from cash and cash equivalents and bank deposits, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The table below shows balances of cash and cash equivalents as at 31 December 2011 by banks, as follows:

	31 December 2011		**31 December 2010**	
Contractor	**Credit rating**	**Balance**	**Credit rating**	**Balance**
Eurobank EFG Bulgaria AD	BBB (BCRA)	482	BB+ (FITCH)	223
Central Cooperative Bank (CCB)		3		4
		485		**227**

The Company has not suffered losses as a result of default of the counterparties. The fair value of those assets do not differ materially from their carrying amount.

(c) Liquidity risk

Management monitors rolling forecasts of the company's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The company financial liabilities are not interest bearing. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 December 2010	**Up to 3 months**	**Total**
Trade payables	25	**25**
Other payables	33	**33**
Total trade and other payables	**58**	**58**
As at 31 December 2011		
Other payables		
Total trade and other payables	17	**17**

(d) Capital risk management

The minimum capital required by the local regulator (Financial Supervision Commission) is BGN 250 thousands as of 31 December 2010. After the revocation of the license for financial intermediary services, voted in January 2011 by the local regulator, no capital requirements are in force, following the Sole Owner decision (taken in February 2011) the company to be engaged in property investment activities.

The company's objectives when managing capital are to safeguard the company'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.

Total balance sheet Equity amounted to BGN 629 thousand as of 31 December 2011 (2010: BGN 646 thousand).

4. Critical accounting estimates and judgments in applying accounting policies

The Company 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.

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

5. Fee and commission income

	2011	2010
Brokerage income	38	70
Brokerage expenses	-	(42)
Net brokerage income	**38**	**28**
Investment banking fees	-	23
Net investment banking commissions	**-**	**23**
Total fees and commissions, net	**38**	**51**

6. Staff cost

	2011	2010
Salaries	17	386
Social securities	1	67
	18	**453**

7. Administrative expenses

	2011	2010
Rent	-	206
Service charges	-	45
Cleaning	-	4
Financial info distribution	-	34
Telephone call charges	1	6
Membership, subscriptions	1	4
Overseas travel cost	-	6
Audit fees expenses	8	9
Miscellaneous	8	16
	18	**330**

8. Equipment

	Servers	Personal computer systems	Other	Total
2010				
Opening balance	29	13	126	**168**
Depreciation charge	(12)	(5)	(32)	**(49)**
Net book value at the end of the year	**17**	**8**	**94**	**119**
As at 31 December 2010				
Cost	49	23	187	**259**
Accumulated depreciation	(32)	(15)	(93)	**(140)**
Net book value	**17**	**8**	**94**	**119**
2011				
Opening balance	17	8	94	**119**
Sold assets	(15)	(7)	(84)	**(106)**
Depreciation charge	(2)	(1)	(10)	**(13)**
Net book value at the end of the year	**-**	**-**	**-**	**-**

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

9. Intangible assets

	Software
2010	
Net book value at the beginning of the year	18
Additions	8
Amortization charge	(5)
Net book value at the end of the year	**21**
As at 31 December 2010	
Cost	33
Accumulated amortization	(12)
Net book value	**21**
2011	
Net book value at the beginning of the year	21
Sold	(13)
Write off	(7)
Amortization charge	(1)
Net book value at the end of the year	-

10. Current income tax expense

	2011	2010
Accounting loss before income tax	**(17)**	**(778)**
Increase of Tax base	**191**	**77**
Decreases of Tax base	**(127)**	**(46)**
Tax profit (loss) base	**47**	**(747)**
Unrecognized deferred tax for year	**-**	**75**
Deducted profit from accumulated losses	**(5)**	-

Expected income tax credit calculated at a tax rate of 10% (2010:10%)

In 2011 IMO 03 has tax profit in amount of BGN 5 thousand, this tax profit is deducted from accumulated tax losses from previous years, 2006 and 2007, according to art. 76 from Corporate law.

In 2011 IMO 03 does not have unrecognized deferred tax asset (2010: BGN 75 thousand).

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

11. Cash and cash equivalents

	31/12/2011	31/12/2010
Cash at banks	485	227
	485	**227**

12. Trade receivables and other assets

	31/12/2011	31/12/2010
Receivables	91	171
Guarantee deposits	56	56
Prepayments	-	2
Other	14	88
	161	**317**

13. Available for sale financial assets

	31/12/2011	31/12/2010
Shares in Bulgarian Stock Exchange	-	20

There are no available for sale financial assets as at 31/12/2011.

14. Trade and other payables

	31/12/2011	31/12/2010
Rent payable	-	13
Audit fees payable	3	11
Personnel	-	22
Liabilities for unpaid leave	14	11
Liabilities to Investors Guarantee Fund	-	1
	17	**58**

The fair value of the above financial liabilities do not significantly differ from their caring amount.

15. Share capital

	Number of shares	Nominal value of one share (BGN)	Value (BGN'000)
As of 1 January 2010	**2,500**	**1**	**2,500**
As of 1 January 2011	**2,500**	**1**	**2,500**
As of 31 December 2011	**2,500**	**1**	**2,500**

All shares are owned by NEW EUROPE HOLDING B.V., (the Netherlands), and are fully paid.

16. Related parties transactions and balances

The Company is controlled by NEW EUROPE HOLDING B.V (Netherlands), which owns 100% of its shares as at 31 December 2010. NEW EUROPE HOLDING B.V (Netherlands) is a member of the worldwide EFG Group, which consists of credit institutions, financial services and financial holding companies. The operating parent company of the EFG Group is European Financial Group EFG (Luxembourg) S.A., whilst its ultimate parent company is Private Financial Holdings Limited (PFH), which is owned and controlled indirectly by members of the Latsis family. As at 31 December 2011, the EFG Group held 44.7% of the ordinary shares and voting rights of the Bank through wholly owned subsidiaries of the ultimate parent company, the remaining ordinary shares and voting rights being held by institutional and retail investors, none of which, to the knowledge of the Bank, holds 5% or more.

The Company had the following transactions and balances with related parties:

ii) Key management compensation

There is no key management compensation for the year ended 31 December 2011 (2010: BGN 160 thousand, comprising short term benefits only).

iii) Expenses for hired services	**2011**	**2010**
Other related parties (fellow-subsidiary companies from EFG Group)		
EUROBANK EFG Bulgaria- Operational leasing	-	12
EUROBANK EFG Bulgaria- Other expenses for inform.system	5	5
	5	**17**

iv) Fee and commission income	**2011**	**2010**
Other related parties (fellow-subsidiary companies from EFG Group)		
EUROBANK EFG Securities- brokerage commissions	-	10

v) Interest income	**2011**	**2010**
EUROBANK EFG Bulgaria- received interest income (fellow-subsidiary company)	3	9

vi) Cash balances	**31/12/2011**	**31/12/2010**
EUROBANK EFG Bulgaria- at 31/12 (fellow- subsidiary company)	482	223

(in all notes the amounts are presented in BGN thousands unless otherwise stated)

17. Operating lease commitments – company as a lessee

In 2011 the Company does not have entered into commercial leases on premises, where the Company is the lessee:

	31/12/2011	31/12/2010
No later than 1 year	-	223
Later than 1 year and no later than 5 years	-	269
	-	**492**

18. Off balance sheet items

IMO 03, does not keep any clients' deposits in its accounts and does not keep any clients financial assets under custody as of 31 December 2011.

19. Post Balance Sheet date events

There are no events after the Balance Sheet Date as defined by IAS 10.

Independent auditor's report

To Sole shareholder of the Imo 03 EAD

Report on the Financial Statements

We have audited the accompanying financial statements of Imo 03 EAD which comprise the balance sheet as of 31 December 2011 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 International Standards on Auditing. Those Standards require that we comply with ethical requirements and 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.

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Registered with the Sofia City Court under company file number 13424/1997.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Imo 03 EAD as of 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the Annual Report in accordance with the Accounting Act.

We are required by the Accounting Act to express an opinion whether the Annual Report is consistent with the annual financial statements of the Company.

In our opinion, the Annual Report set out on pages 3 to 7, is consistent with the accompanying financial statements of the Company as of 31 December 2011.

Rositsa Boteva
Registered Auditor

Специализирано одиторско предприятие
София
Рег. №085
"ПрайсуотърхаусКупърс Одит" ООД

Petko Dimitrov
PricewaterhouseCoopers Audit OOD

19.6.2012
Sofia, Bulgaria