

**EFG PROPERTY SERVICES SOFIA AD  
ANNUAL DIRECTORS' REPORT  
ANNUAL FINANCIAL STATEMENTS  
REPORT OF THE INDEPENDENT AUDITOR  
31 DECEMBER 2007**

**EFG PROPERTY SERVICES SOFIA AD**  
**CONTENTS**  
**31 DECEMBER 2007**

**CONTENTS**

	<b>PAGE</b>
Directors' report	3-8
Balance sheet	9
Income statement	10
Statement of changes in equity	11
Cash flow statement	12
Notes to the financial statements	13-39
Report of the auditors	

**EFG PROPERTY SERVICES SOFIA AD**  
**DIRECTORS' REPORT**  
**31 DECEMBER 2007**

The Directors present the report and the financial statements prepared in accordance with International Financial Reporting Standards (IFRS), adopted by EU for the year ended 31 December 2007. These financial statements have been audited by PricewaterhouseCoopers Audit OOD.

**BUSINESS DESCRIPTION**

The Company was registered on 2 September 2005. The Company's principal activities include evaluation and intermediary services of operations with real estates, management of real estates, technical and consulting services, architectural and engineering explorations.

**BUSINESS OVERVIEW**

The main aspects for development for the current year include:

- Rendering intermediary services to Eurobank EFG Bulgaria AD for development of its branch network;
- Active offering of agency services related with real estates;
- Development of an evaluation department responsible for appraisals in favour of Eurobank EFG Bulgaria AD;
- Introducing of reforms in order to optimize the procedure of evaluation; and
- Offering of consulting services to potential investors in real estates.

**CAPITAL STRUCTURE**

The share capital of the Company amounts to BGN 150,000, split in 150,000 individual shares with nominal value of BGN 1 each. 80 % of the share capital is owned by EFG Eurobank Ergasias S.A. and 20 % of the share capital is owned by Lamda Development S.A.

The parent company of EFG EUROBANK ERGASIAS SA is EFG Bank European Financial Group (EFG Group), headquartered in Geneva, Switzerland. EFG Bank European Financial Group (EFG Group) is listed on the Swiss Stock Exchange.

**MANAGEMENT**

In accordance with The Commercial Act of Bulgaria the company has one-tier management system with managerial posts, as follows: General Meeting of shareholders and Board of Directors.

On 31 December 2007 the members of the Board of Directors are:  
Charalambos Kyrkos – Chairman of the Board of Directors;  
Aristotelis Karytinis – Deputy Chairman of the Board of Directors;  
Georgios Mantzavinatos – Executive Director;  
Georgios Vasilantonakis - Executive Director;  
Theodoros Karakasis – Member of the Board of Directors;  
Zisimos Danilatos - Member of the Board of Directors;  
Petya Dimitrova - Member of the Board of Directors

**EFG PROPERTY SERVICES SOFIA AD (CONTINUED)**  
**DIRECTORS' REPORT**  
**31 DECEMBER 2007**

Information on the activity of the Board of Directors of the Company during 2007 pursuant to Art. 247, Para 2 of The Commercial Act of Bulgaria:

Remunerations received generally by the members of the Board of Directors during 2007:

In 2007 the members of the Board of Directors didn't receive remunerations from the Company in their capacity of the members of the Board of Directors.

The shares in the Company or the Company's bonds that the members of the Board of Directors have acquired, possessed or transferred during 2007:

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

Rights of the members of the Board of Directors 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 participation of the members of the Board of Directors into commercial companies as:

Partners with unlimited liability:

*None*

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

*None*

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

*Charalambos Kyrkos*

- EFG Eurobank Ergasias S.A.(Greece) - Executive Director(1/1/2007-25/10/2007)
- BE - Business Exchanges S.A.(Greece)- Chairman of the Board(1/1/2007-25/10/2007)
- Eurobank Properties Real Estate Investment Company (REIC) (Greece)- Chairman of the Board
- Eurobank Property Services S.A(Greece)- Chairman of the Board
- Bulgarian Post Bank AD (new business name Eurobank EFG Bulgaria AD )- Board Member
- DZI Bank AD (Bulgaria, terminated without liquidation on 1 November 2007 )- Member of the Supervisory Board
- Bancpost S.A.(Romania)- Board Member(1/1/2007-25/10/2007)
- EFG Eurobank Ergasias Leasing S.A.(Greece)- Board Member(1/1/2007-25/10/2007)

**EFG PROPERTY SERVICES SOFIA AD (CONTINUED)**  
**DIRECTORS' REPORT**  
**31 DECEMBER 2007**

- EFG Eurobank Property Services S.A (Romania)-Chairman of the Board
- EFG Property Services d.o.o Beograd (Serbia)-Chairman of the Board
- EFG Property Services Polska SP.zo.o(Poland)- Chairman of the Board
- Financial Planning Services S.A. – Board Member (1/1/2007-4/12/2007)

*Aristotelis Karytinis*

- Eurobank Properties Real Estate Investment Company (REIC) (Greece)-Executive Member
- Propindex Ltd – Executive Consultant
- Sofitel Athens Airport S.A-President
- EFG Eurobank Ergasias Leasing S.A.(Greece)- Member
- Eurobank Property Services S.A(Greece)- Vice-Chairman and Chief Executive Officer
- Sofia Hotel Balkan A.D- Member
- EFG Eurobank Property Services S.A (Romania)-Member
- EFG Insurance Services S.A-Member
- EFG Property Services d.o.o Beograd (Serbia)-Non executive member
- EFG Property Services Polska SP.zo.o(Poland)-Vice President
- Eliade Tower S.A (Romania)-Chairman
- Filoxenia S.A.- Chairman

*Georgios Mantzavinatos*

- Eurobank Property Services S.A. – Board Member (30/5/2007-31/12/2007)
- EFG Property Services S.A.(Romania)- Chief Executive Officer
- EFG Property Services d.o.o. Beograd (Serbia)- Board Member
- EFG Property Services Polska SP.zo.o(Poland)-Member
- Filoxenia S.A.- Board Member

*Georgios Vasilantonakis*

None

**EFG PROPERTY SERVICES SOFIA AD (CONTINUED)**  
**DIRECTORS' REPORT**  
**31 DECEMBER 2007**

*Theodoros Karakasis*

- EFG Factors S.A. – Board Member (1/1/2007-17/1/2007)
- Eurobank Property Services S.A. – Board Member (1/1/2007-30/5/2007)
- Eurobank Property Services S.A.(Romania) – Board Member
- Bulgarian Post Bank AD (new business name -Eurobank EFG Bulgaria AD (Bulgaria) - Deputy Chairman
- DZI Bank AD, Bulgaria (terminated without liquidation) - Member of the Supervisory Board(1/1/2007- 1/11/2007)
- EFG Leasing EAD ( Bulgaria)-Member of the BD
- Bancpost S.A. (Romania)-Member
- EFG Retail Services IFN S.A.( Romania)- Member
- EFG Eurobank Leasing IFN S.A.( Romania)-Member
- EFG Retail Services a.d. Beograd(Serbia)-Member
- EFG Property Services d.o.o. Beograd(Serbia)-Member
- EFG Leasing A.D Beograd– Chairman
- EFG Property Services Sofia A.D. – Board MemberPolbank Dystrybucja Sp.Zo.o ( Poland)- Member of the Supervisory Board

*Zisimos Danilatos*

- LAMDA Development Romania Srl (Romania)-Executive Member
- LAMDA Estate Development S.A. Atena Sucursala Romania (Romania) - Executive Member
- Robies Proprietati Imobiliare Srl(Romania)- Executive Member
- LAMDA Investment Properties Srl (Romania)- Executive Member
- LAMDA Development Sofia EOOD (Bulgaria)- Executive Member
- TIHI EOOD (Bulgaria)- Executive Member
- GLS OOD (Bulgaria)- Executive Member
- LAMDA Development Vitosha EOOD (Bulgaria)- Executive Member

**EFG PROPERTY SERVICES SOFIA AD (CONTINUED)  
DIRECTORS' REPORT  
31 DECEMBER 2007**

- LAMDA Development South EOOD (Bulgaria)- Executive Member
- Property Development d.o.o. (Serbia)- Executive Member
- Lamda Development Beograd d.o.o. (Serbia)- Executive Member
- Singidunum Buildings d.o.o. (Serbia)- Executive Member
- EFG Property Services d.o.o. Beograd (Serbia)
- Lamda Development Montenegro d.o.o. (Montenegro)- Executive Member
- Robies Services Ltd. (Cyprus)- Executive Member
- S.L. Imobilia d.o.o. (Croatia)- Executive Member

*Petya Dimitrova*

- Bulgarian Post Bank AD (new business name Eurobank EFG Bulgaria AD) – Procurist until 01.11.2007, Executive Director as of 01.11.2007
- Bulgarian Retails Services AD(Bulgaria) – Chairman of the BD and Executive Director
- EFG Business Services Bulgaria EAD – Excutive Director and Member of the Board

The contracts under article 240b of The Commercial Act of Bulgaria, entered into in 2007:

The Company has not entered into contracts in the sense of Article 240b, paragraph 1 of The Commercial Act of Bulgaria during 2007.

**ORGANIZATIONAL STRUCTURE**

The Company consists of three divisions: Administration, Appraisal Division and Agency Division. The total number of the personnel at 31 December 2007 is 15 (2006: 11).

**OBJECTIVES OF THE COMPANY FOR 2008**

The objectives of the Company for the coming year cover:

- Further development of the Company and its departments;
- Developing the evaluation department by applying the most efficient system of procedures and activities;
- Persistent cooperation with Eurobank EFG Bulgaria AD at branch network development;
- Offering a wide range of services in real estate's market – agency, evaluation and consulting; and
- Extending the services for third party clients: valuations; brokerage; advisory; market analysis and legal compliance reports.

**EFG PROPERTY SERVICES SOFIA AD (CONTINUED)**  
**DIRECTORS' REPORT**  
**31 DECEMBER 2007**

**Director's responsibilities**

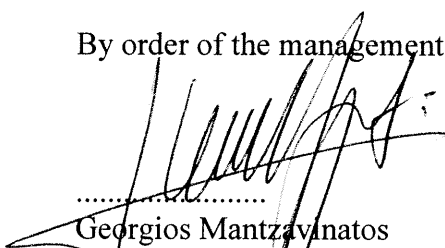
The Directors are required by Bulgarian law to prepare financial statements each financial year that give a true and fair view of the state of affairs of the company as at the year end and of the profit or loss and cash flows for the year.


The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2007

The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the management:

  
.....  
Georgios Mantzavinatos  
Executive Director  
EFG Property Services Sofia AD  
31 March 2008  
Sofia

  
.....  
Georgios Vasilantonakis  
Executive Director



**EFG PROPERTY SERVICES SOFIA AD**  
**BALANCE SHEET**  
**31 DECEMBER 2007**

*(All amounts in Bulgarian leva thousands)*

	Notes	As at 31 December	
		2007	2006
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	22	54
Intangible assets	6	13	20
Deferred tax asset	8	6	-
		<b>41</b>	<b>74</b>
<b>Current assets</b>			
Trade receivables	7,9	372	1,248
Other receivables	10	24	7
Cash and cash equivalents	7,11	1,838	132
		<b>2,234</b>	<b>1,387</b>
<b>Total assets</b>		<b>2,275</b>	<b>1,461</b>
<b>EQUITY</b>			
Share capital	12	150	150
Other reserves		15	-
Retained earnings		1,745	852
<b>Total equity</b>		<b>1,910</b>	<b>1,002</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	13	143	147
Other payables	14	183	206
Current income tax liabilities		39	106
<b>Total current liabilities</b>		<b>365</b>	<b>459</b>
<b>Total equity and liabilities</b>		<b>2,275</b>	<b>1,461</b>

The Financial Statements have been approved on 31 March 2008 and signed as follows:

.....  
 Executive Director  
 Georgios Mantzavinatos

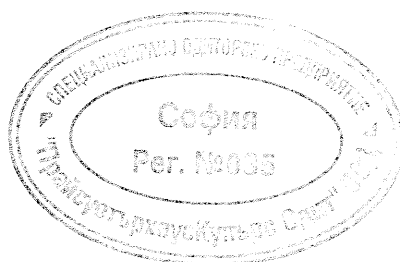
.....  
 Executive Director  
 Georgios Vasilantonakis

.....  
 Financial Manager  
 Yordanka Karapetrova

Initialed for identification purposes in reference to the auditor's report:

Registered auditor  
 Rositsa Boteva  
 31 March 2008

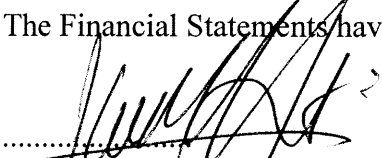
Sofia

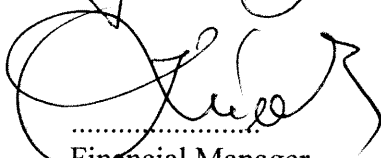



**EFG PROPERTY SERVICES SOFIA AD**  
**INCOME STATEMENT**  
**31 DECEMBER 2007**

	Notes	Year ended 31 December	
		2007	2006
Revenue	15	3,129	2,198
Consumables used	16	(12)	(19)
Expenses for external services	17	(1,484)	(974)
Employee benefits expense	18	(553)	(324)
Depreciation and amortisation	5,6	(47)	(36)
Other expenses	19	(37)	(5)
<b>Operating profit</b>		<b>996</b>	<b>840</b>
Financial gain/(loss), net	20	14	-
<b>Profit before income tax</b>		<b>1,010</b>	<b>840</b>
Income tax	21	(102)	(127)
<b>Profit for the year</b>		<b>908</b>	<b>713</b>

The Financial Statements have been approved on 31 March 2008 and signed as follows:

  
 .....  
 Executive Director  
 Georgios Mantzavinatos

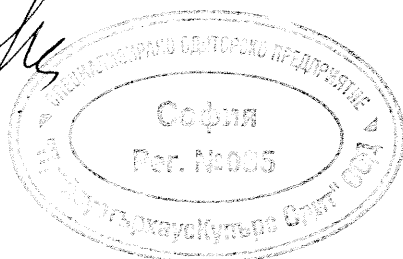
  
 .....  
 Financial Manager  
 Yordanka Karapetrova

  
 .....  
 Executive Director  
 Georgios Vasilantonakis

Initialed for identification purposes in reference to the auditor's report:

Registered auditor  
 Rositsa Boteva  
 31 March 2008

Sofia



**EFG PROPERTY SERVICES SOFIA AD  
STATEMENT OF CHANGES IN EQUITY  
31 DECEMBER 2007**

*(All amounts in Bulgarian leva thousand)*

	Note	Share capital	Other Reserves	Retained earnings	Total equity
Balance as at 1 January 2006		150	-	139	289
Profit for the year		-		713	713
<b>Balance as at 31 December 2006</b>	<b>12</b>	<b>150</b>	<b>-</b>	<b>852</b>	<b>1,002</b>
Balance as at 1 January 2007		150	-	852	1,002
Profit for the year		-		908	908
Transfer to reserves			15	(15)	-
<b>Balance as at 31 December 2007</b>	<b>12</b>	<b>150</b>	<b>15</b>	<b>1,745</b>	<b>1,910</b>

The Financial Statements have been approved on 31 March 2008 and signed as follows:

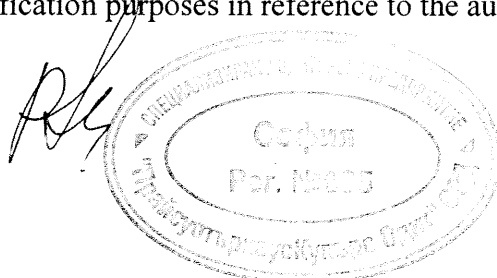
  
.....  
Executive Director  
Georgios Mantzavinatos

  
.....  
Executive Director  
Georgios Vasilantonakis

  
.....  
Financial Manager  
Yordanka Karapetrova

Initialed for identification purposes in reference to the auditor's report:

Registered auditor  
Rositsa Boteva  
31 March 2008

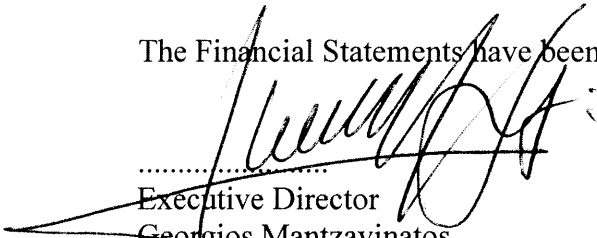


Sofia

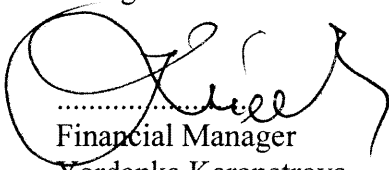
**EFG PROPERTY SERVICES SOFIA AD**  
**CASH FLOW STATEMENT**  
**31 DECEMBER 2007**

<i>(All amounts in Bulgarian leva thousands)</i>	Note	Year ended 31 December	
		2007	2006
<b><i>Cash flow from operating activities</i></b>			
Cash receipts from customers		4,624	1,687
Cash payments to employees and suppliers		(2,749)	(1,469)
Income tax paid		(175)	(36)
<b>Net cash flows from operating activities</b>		<b>1,700</b>	<b>182</b>
<b><i>Cash flows from investing activities</i></b>			
Purchases of property, plant and equipment	5,6	(8)	(63)
Interest received		14	1
<b>Net cash from /(used in) investing activities</b>		<b>6</b>	<b>(62)</b>
<b>Net increase in cash</b>		<b>1,706</b>	<b>120</b>
<b>Cash at beginning of the year</b>	11	132	12
<b>Cash at end of the year</b>	11	<b>1,838</b>	<b>132</b>

The Financial Statements have been approved on 31 March 2008 and signed as follows:

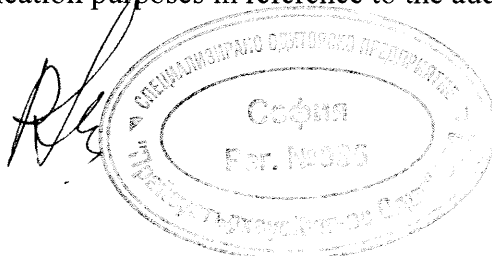
  
 .....  
 Executive Director  
 Georgios Mantzavinatos

  
 .....  
 Executive Director  
 Georgios Vasilantonakis

  
 .....  
 Financial Manager  
 Yordanka Karapetrova

Initialled for identification purposes in reference to the auditor's report:

Registered auditor  
 Rositsa Boteva  
 31 March 2008



Sofia

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2007**

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

**1. General information**

EFG PROPERTY SERVICES SOFIA AD is a joint stock company and is registered under c.c. 9762/2005 in the trade register of the Sofia City Court. The company is domiciled in the Republic of Bulgaria. The address of its registered office is 7A, 6th September Str., Sofia 1000.

The Company's principal activities include appraisal and agency services.

EFG PROPERTY SERVICES SOFIA AD is owned by EFG Eurobank Ergasias S.A. with 80% of the share capital and by Lamda Development S.A. with 20 % of the share capital.

According to the Bulgarian legislation the Company's owners are not allowed to make any changes to the statements after their publication.

These financial statements were authorised for issue by the management of the Company on 31 March 2008.

**2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**2 Accounting policy (continued)**

**2.1 Basis of preparation (continued)**

*Standards, amendment and interpretations effective in 2007*

IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Company's financial instruments, or the disclosures relating to taxation and trade and other payables.

IFRIC 8, 'Scope of IFRS 2', requires consideration of transactions involving the issuance of equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2. This standard does not have any impact on the Company's financial statements.

IFRIC 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Company's financial statements.

*Standards, amendments and interpretations effective in 2007 but not relevant*

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Company's operations:

- IFRS 4, 'Insurance contracts';
- IFRIC 7, 'Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies'; and
- IFRIC 9, 'Re-assessment of embedded derivatives'.

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**2 Accounting policy (continued)**

**2.1 Basis of preparation (continued)**

*Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company*

The following interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2008 or later periods, but the Company has not early adopted them:

- IAS 1, Presentation of Financial Statements (revised September 2007; effective for annual periods beginning on or after 1 January 2009). The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which will also include all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. Alternatively, entities will be allowed to present two statements: a separate income statement and a statement of comprehensive income. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The Company expects the revised IAS 1 to affect the presentation of its financial statements but to have no impact on the recognition or measurement of specific transactions and balances.
- IFRS 3, Business Combinations (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or on the same basis as US GAAP (at fair value). The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill will be measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired. Acquisition-related costs will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer will have to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone.
- Vesting Conditions and Cancellations—Amendment to IFRS 2, Share-based Payment (issued in January 2008; effective for annual periods beginning on or after 1 January 2008). The amendment clarifies that only service conditions and performance conditions are vesting conditions. Other features of a share-based payment are not vesting conditions. The amendment specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**2 Accounting policy (continued)**

**2.1 Basis of preparation (continued)**

*Interpretations to existing standards that are not yet effective and not relevant for the Company's operations*

The following interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Company's operations:

- IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This interpretation does not have an impact on the Company's financial statements.
- Puttable financial instruments and obligations arising on liquidation—IAS 32 and IAS 1 Amendment (effective from 1 January 2009). The amendment requires classification as equity of some financial instruments that meet the definition of a financial liability.
- IFRIC 11, 'IFRS 2 – Group and treasury share transactions'.  
IFRIC 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Company's financial statements.
- IFRIC 12, 'Service concession arrangements' (effective from 1 January 2008). IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is not relevant to the Company's operations because the Company does not provide services for public sector.
- IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the Company's operations because the Company does not operate any loyalty programmes.



**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**2**            *Accounting policy (continued)*

**2.1**          *Basis of preparation (continued)*

*Interpretations to existing standards that are not yet effective and not relevant for the Company's operations (continued)*

- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Company will apply IFRIC 14 from 1 January 2008, but it is not expected to have any impact on the Company's accounts.
- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment to the standard is still subject to endorsement by the European Union. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Company will apply IAS 23 (Amended) from 1 January 2009 but is currently not applicable to the Company as there are no qualifying assets.
- IAS 27, Consolidated and Separate Financial Statements (revised January 2008; effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously "minority interests") even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value.

Currently, the following IASB pronouncements have not yet been approved for use in the European Union:

- IFRS 2 Share-based Payment: Vesting Conditions and Cancellations
- IFRS 3 Business Combinations (2008)
- IAS 1 Presentation of Financial Statements (revised September 2007)
- IAS 23 Borrowing Costs (revised March 2007)
- IAS 27 Consolidated and Separate Financial Statements (2008)
- 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

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**2.2 Going concern**

The Company's financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

**2.3 Foreign currency**

*(a) Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Bulgarian leva, which is the Company's functional and presentation currency.

The Bulgarian Lev is fixed to the Euro by the means of the enforced currency board in the Republic of Bulgaria since 1 January 1999.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates 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 recognised in the income statement.

The closing exchange rates of the BGN against the major foreign currencies relevant to the Company's operations for the reporting periods of the financial statements are as follows:

	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
1 USD	1.33122	1.48506
1 EUR	1.95583	1.95583

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**2 Accounting policy (continued)**

**2.4 Property and equipment**

All property and equipment (machinery, equipment and office furniture) are stated at historical cost less subsequent depreciation. Historical cost includes expenditures directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

*Depreciation method*

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	<b>Years</b>
Machinery and equipment	2-4
Office furniture	6-7

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Note 2.6).

**2.5 Intangible assets**

*(a) Computer Software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (two years).

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**2 Accounting policy (continued)**

**2.6 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.7. Financial assets**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

*Receivables*

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Receivables are classified as 'trade receivables' and 'other receivables' in the balance sheet (Note 9 and Note 10).

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2.8.

The Company has no financial assets held at fair value through profit or loss and available-for-sale financial assets in 2007 and 2006 respectively.

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**2 Accounting policy (continued)**

**2.8 Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. 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. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'other expenses'. 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 against 'other expenses' in the income statement.

**2.9. Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**2.10. Share capital**

The Company reports its share capital on the nominal value of the shares as registered in the court.

**2.11 Trade payables**

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

**2.12 Current and deferred income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**2 Accounting policy (continued)**

**2.13. Employee benefits**

*Social, pension and health funds*

The company is obliged by the current Bulgarian legislation to make fixed contribution on behalf of the employees in a social fund operated by the Government. All those payments/liabilities are recognized as an expense in the period to which those relate.

The Company has no further payment obligations once the contributions have been paid.

**2.14 Provisions**

Provisions for restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**2 Accounting policy (continued)**

**2.15 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

*(a) Rendering of services*

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

*(b) Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

**2.16 Leases**

*The Company is the lessee*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**2.17 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**3 Financial risk management**

**3.1 Financial risk factors**

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

*(a) Foreign exchange risk*

The Company operates in Bulgaria and since the Bulgarian Leva (BGN) has been pegged to the EUR at the fixed rate by the means of the currency board, the Company is exposed to foreign exchange risk to the extent of transactions denominated in currencies other than the EUR. The Company does not believe that the peg will change within the next 12 months and therefore no sensitivity analysis has been performed.

The table below shows the concentration of currency risk of significant financial assets and liabilities.

<b>As at 31 December 2007</b>	<b>BGN</b>	<b>EUR</b>	<b>Total</b>
<b>Assets as per balance sheet</b>			
Related party receivables (Note 24.1)	231	-	<b>231</b>
Trade receivables	127	14	<b>141</b>
Other receivables	7	-	<b>7</b>
Cash and cash equivalents	1,838	-	<b>1,838</b>
	<b>2,203</b>	<b>14</b>	<b>2,217</b>
<b>Liabilities as per balance sheet</b>			
Trade payables	143	-	<b>143</b>
Related party payables (Note 24.1)	-	-	<b>-</b>
	<b>143</b>	<b>-</b>	<b>143</b>
<b>As at 31 December 2006</b>			
<b>Assets as per balance sheet</b>			
Related party receivables (Note 24.1)	914	-	<b>914</b>
Trade receivables	334	-	<b>334</b>
Other receivables	6	-	<b>6</b>
Cash and cash equivalents	132	-	<b>132</b>
	<b>1,386</b>	<b>-</b>	<b>1,386</b>
<b>Liabilities as per balance sheet</b>			
Trade payables	120	-	<b>120</b>
Related party payables (Note 24.1)	27	-	<b>27</b>
	<b>147</b>	<b>-</b>	<b>147</b>



**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**3 Financial risk management (continued)**

**3.1 Financial risk factors (continued)**

*(b) Cash flow interest rate risk*

As the Company has no significant interest-bearing liabilities, the Company's costs, income and operating cash flows are substantially independent of changes in market interest rates.

In 2007 the Company's interest rate risk arises from short-term bank deposits held at Eurobank EFG Bulgaria AD (part of EFG Group) amounting to BGN 1,208 thousand with original maturity of fourteen days, whereas in 2006 there are no any deposits held at banks.

Deposits issued at variable rates expose the Company to cash flow interest rate risk. The management of the Company has performed a sensitivity analysis in order to assess its cash flow interest rate risk. The simulation is done on a monthly basis to verify that the maximum loss potential is within the limit given by the management.

If interest rate decreases by 1% on annual basis in 2007, the impact on post-tax profit would be maximum decrease of BGN 2 thousand.

If interest rate increases by 1% on annual basis in 2007, the impact on post-tax profit would be maximum increase of BGN 2 thousand..

*(c) Credit risk*

The Company has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a satisfactory rating are accepted. Management of the Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored. Sales to customers are settled in cash or by credit.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance.

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**3. Financial risk management (continued)**

**3.1. Financial risk factors (continued)**

*(c) Credit risk (continued)*

The table below shows the credit limit and balance of the three major counterparties as at 31 December 2007 and 31 December 2006 respectively.

<b>Counterparty</b>	<b>Rating</b>	<b>As at 31 December</b>	
		<b>2007</b>	<b>2006</b>
<b>Banks</b>			
Eurobank EFG Bulgaria AD (Note 24.1)	A-	1,837	132
		<b>1,837</b>	<b>132</b>
<b>Customers</b>			
Eurobank EFG Bulgaria AD (Note 24.1)	A-	231	837
Sofia Hotel Balkan AD		127	-
Green Invest Bulgaria EOOD		-	272
		<b>358</b>	<b>1,109</b>

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

*(d) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Company's liquidity reserve (comprises of cash and cash equivalents (Note 11)) 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 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.

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

**3. Financial risk management (continued)**

**3.1. Financial risk factors (continued)**

*(d) Liquidity risk (continued)*

<b>As at 31 December 2007</b>	<b>Less than 1 year</b>
Trade payables	143
Related party payables (Note 24.1)	-
	<u>143</u>
<b>As at 31 December 2006</b>	<b>Less than 1 year</b>
Trade payables	120
Related party payables (Note 24.1)	27
	<u>147</u>

**3.2 Fair value estimation**

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

**4 Critical accounting estimates and judgments**

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates at 31.12.2007 that are critical to the carrying value of assets and liabilities.

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**5 Property and equipment**

	<b>Machines &amp; equipment</b>	<b>Furniture &amp; Fittings</b>	<b>Total</b>
<b>As at 1 January 2006</b>			
Cost	22	27	49
Accumulated depreciation	(2)	(1)	(3)
<b>Net book amount</b>	<b>20</b>	<b>26</b>	<b>46</b>
<b>Year ended 31 December 2006</b>			
Opening net book amount	20	26	46
Additions	37	1	38
Depreciation charge	(26)	(4)	(30)
<b>Closing net book amount</b>	<b>31</b>	<b>23</b>	<b>54</b>
<b>As at 31 December 2006</b>			
Cost	59	28	87
Accumulated depreciation	(28)	(5)	(33)
<b>Net book amount</b>	<b>31</b>	<b>23</b>	<b>54</b>
<b>Year ended 31 December 2007</b>			
Opening net book amount	31	23	54
Additions	-	-	-
Depreciation charge	(28)	(4)	(32)
<b>Closing net book amount</b>	<b>3</b>	<b>19</b>	<b>22</b>
<b>As at 31 December 2007</b>			
Cost	59	28	87
Accumulated depreciation	(56)	(9)	(65)
<b>Net book amount</b>	<b>3</b>	<b>19</b>	<b>22</b>

The book amount of property and equipment approximates their fair value.

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**6 Intangible assets**

	<b>Software</b>
<b>As at 1 January 2006</b>	
Cost	1
Accumulated amortization	-
<b>Net book amount</b>	<u>1</u>
<b>Year ended 31 December 2006</b>	
Opening net book amount	1
Additions	25
Amortization charge	(6)
<b>Closing net book amount</b>	<u>20</u>
<b>As at 31 December 2006</b>	
Cost	26
Accumulated amortization	(6)
<b>Net book amount</b>	<u>20</u>
<b>Year ended 31 December 2007</b>	
Opening net book amount	20
Additions	8
Amortization charge	(15)
<b>Closing net book amount</b>	<u>13</u>
<b>As at 31 December 2007</b>	
Cost	34
Accumulated amortization	(21)
<b>Net book amount</b>	<u>13</u>

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**7.1 Financial instruments by category**

**As at 31 December 2007**

<b>Assets as per balance sheet</b>	<b>Loans and receivables</b>
Related party receivables (Note 24.1)	231
Trade receivables	141
Other receivables	7
Cash and cash equivalents	1,838
	<u>2,217</u>
	<b>Other financial liabilities</b>
<b>Liabilities as per balance sheet</b>	
Trade payables	143
Related party payables (Note 24.1)	-
	<u>143</u>

**As at 31 December 2006**

<b>Assets as per balance sheet</b>	<b>Loans and receivables</b>
Related party receivables (Note 24.1)	914
Trade receivables	334
Other receivables	6
Cash and cash equivalents	132
	<u>1,386</u>
	<b>Other financial liabilities</b>
<b>Liabilities as per balance sheet</b>	
Trade payables	120
Related party payables (Note 24.1)	27
	<u>147</u>

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**7.2. Credit quality of financial assets**

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

<b>Trade receivables</b>	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
Counterparties with external credit rating (Fitch's)		
Eurobank EFG Bulgaria AD (Note 24.1): "A-"	231	914
Counterparties without external credit rating		
Existing customers with no defaults in the past	141	334
<b>Total trade receivables</b>	<b>372</b>	<b>1,248</b>
<b>Cash at bank and short-term bank deposits</b>		
Eurobank EFG Bulgaria AD (Note 24.1): "A-"	1,837	132
<b>Total cash at bank and short-term bank deposits</b>	<b>1,837</b>	<b>132</b>

**8 Deferred income tax**

Deferred income tax assets and liabilities are accounted for all temporary differences arising from differences between the accounting and tax carrying values of the assets and the liabilities. Deferred income taxes are calculated at the tax rate that would be effective at the time they are realised. The tax applicable for 2008 is 10% (2007: 10%).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred income taxes relate to the same fiscal authority.

	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
<b>Deferred income tax assets:</b>		
– Deferred income tax assets to be recovered after more than 12 months	1	-
– Deferred income tax assets to be recovered within 12 months	5	-
	<b>6</b>	<b>-</b>

	<b>PPE</b>	<b>Accrual for salary bonuses</b>	<b>Total</b>
<b>As at 1 January 2006</b>	-	-	-
(Charged)/credited to the income statement	-	-	-
<b>As at 31 December 2006</b>	-	-	-
(Charged)/credited to the income statement	1	5	6
<b>As at 31 December 2007</b>	<b>1</b>	<b>5</b>	<b>6</b>

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**9 Trade receivables**

	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
Receivables from related parties (Note 24.1)	231	914
Trade receivables	141	334
	<u>372</u>	<u>1,248</u>

The carrying amount of receivables approximates their fair value.

The aging of receivables is as follows:

	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
Up to 1 month	372	1,248
	<u>372</u>	<u>1,248</u>

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
Currency		
BGN	358	1,248
EUR	14	-
	<u>372</u>	<u>1,248</u>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.



**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

<b>10 Other receivables</b>	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
Prepaid expenses	17	1
Cars deposit	6	6
Other	1	-
	<b>24</b>	<b>7</b>

The carrying amount of receivables approximates their fair value.

The aging of receivables is as follows:

	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
Up to 1 month	24	7
	<b>24</b>	<b>7</b>

The carrying amounts of the Company's other receivables are denominated in the following currencies:

	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
Currency		
BGN	24	7
	<b>24</b>	<b>7</b>

<b>11 Cash and cash equivalents</b>	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
Current bank account at Eurobank EFG Bulgaria AD (Note 24.1)	629	132
Short-term bank deposit at Eurobank EFG Bulgaria AD (Note 24.1)	1,208	-
Cash in hand	1	-
	<b>1,838</b>	<b>132</b>

The Company's short-term bank deposits held at Eurobank EFG Bulgaria AD are bearing interest of 3.75% per annum.

For the purposes of the cash flow statement the cash and cash equivalents include cash in hand and cash at banks.

The Company has no bank overdrafts at each date of the balance sheets.

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**11 Cash and cash equivalents (continued)**

The carrying amounts of the Company's cash and cash equivalents are denominated in the following currencies:

	<b>As at 31 December</b>	
Currency	<b>2007</b>	<b>2006</b>
BGN	1,838	132
	<u>1,838</u>	<u>132</u>

**12 Share capital**

	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
Share capital	150	150
Other reserve	15	-
	<u>165</u>	<u>150</u>

	<b>Number of Shares</b>	<b>Ordinary Shares BGN 000</b>
<b>At 31 December 2006</b>	<u>150,000</u>	<u>150</u>
<b>At 31 December 2007</b>	<u>150,000</u>	<u>150</u>

The total authorized number of ordinary shares is 150 thousands with a par value of BGN 1. All issued shares are fully paid.

In 2007 the Company has transferred from retained earnings to other reserves the amount equal to 1/10 (one tenth) of the Company's registered share capital as to form legal reserves in accordance with the requirements of the Commercial Law.

The legal reserves are non-distributable to the Company's shareholders as they could only be used for covering accumulated losses from prior years.

**13 Trade payables**

	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
Trade payables	143	120
Payables to related parties (Note 24.1)	-	27
	<u>143</u>	<u>147</u>

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

<b>14 Other payables</b>	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
VAT payable	106	188
Accrual for salary bonuses	50	-
Payables to employees	13	14
Other tax payables	9	4
Accrual for unused paid leave	5	-
	<b>183</b>	<b>206</b>

<b>15 Revenue</b>	<b>2007</b>	<b>2006</b>
	Sales of:	
Providing evaluation and intermediary services to related parties (Note 24.1)	2,807	1,808
Providing evaluation and intermediary services to clients	322	390
	<b>3,129</b>	<b>2,198</b>

<b>16 Consumables used</b>	<b>2007</b>	<b>2006</b>
	Expenses for:	
- fuel	(6)	(5)
- stationery	(3)	(7)
- office equipment	(1)	(5)
- others	(2)	(2)
	<b>(12)</b>	<b>(19)</b>

<b>17 Expenses for external services</b>	<b>2007</b>	<b>2006</b>
	Expenses for:	
- subcontractors	(1,288)	(798)
- rent	(67)	(58)
- agency services	(42)	(43)
- technical services	(18)	-
- audit	(17)	(12)
- couriers	(12)	(10)
- phones	(8)	(5)
- entertainment expenses	(7)	(4)
- maintenance	(5)	-
- fuel	(3)	(5)
- stationery	(2)	(8)
- heating	(1)	(2)
- lawyers	-	(15)
- others	(14)	(14)
	<b>(1,484)</b>	<b>(974)</b>

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**18 Employee benefits expense**

	<b>2007</b>	<b>2006</b>
Salaries	(445)	(285)
Salary bonuses	(50)	-
Social securities and health insurance contribution	(47)	(39)
Life insurance	(6)	-
Unused paid leave	(5)	-
	<u>(553)</u>	<u>(324)</u>

The total number of employees as at 31 December 2007 is 15 (As at 31 December 2006: 11)

**19 Other expense**

	<b>2007</b>	<b>2006</b>
Business trips abroad	(21)	-
Business trips in the country	(9)	-
Unrecognized VAT credit	(4)	-
One-off taxes	(3)	(5)
	<u>(37)</u>	<u>(5)</u>

**20 Financial gain/(loss), net**

	<b>2007</b>	<b>2006</b>
Interest income - bank accounts (Note 24.1)	16	1
Bank charges (Note 24.1)	(2)	(1)
	<u>14</u>	<u>-</u>

**21 Income tax expense**

	<b>2007</b>	<b>2006</b>
Current tax	108	127
Deferred tax (Note 8)	(6)	-
<b>Tax charge</b>	<u>102</u>	<u>127</u>

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	<b>2007</b>	<b>2006</b>
Profit before income tax	1,010	840
Tax calculated at a tax rate applicable to profits 10% (2006: 15 %)	101	127
Expenses not deductible for tax purposes	1	-
<b>Tax charge</b>	<u>102</u>	<u>127</u>

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**22 Contingent liabilities**

The company is no defendant on any court cases. The management does not expect the company to suffer any significant losses.

During 2007 the company has not been subject to any tax audits.

Tax authorities may challenge the way of calculating tax losses carried forward as well as assess additional taxes, including value added tax (VAT), penalties and interest, which can be significant.

The tax authorities could check the financial reports and records for the five successive tax years of the current tax period and impose additional penalties. Management of the Company is not aware of any circumstances that could lead to substantial obligations in this area.

**23 Commitments**

EFG PROPERTY SERVICES SOFIA AD has commitments according to agreement for rent of an office and three operating lease agreement for cars.

The future aggregate minimum lease payments under non-cancellable leases are as follows:

	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
Not later than 1 year	6	7
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**24 Related-party transactions**

The Company policy for related-party transactions is that those should be made on terms equivalent to those that prevail in arm's length transactions.

EFG PROPERTY SERVICES SOFIA AD is owned by EFG Eurobank Ergasias S.A. with 80% of the share capital and by Lamda Development S.A. with 20% of the share capital.

The parent company of EFG EUROBANK ERGASIAS SA is EFG Bank European Financial Group (EFG Group), headquartered in Geneva, Switzerland. EFG Bank European Financial Group (EFG Group) is listed on the Swiss Stock Exchange.

**24.1 Transactions and balances with other related parties**

**i) Rendering of services**

	<b>2007</b>	<b>2006</b>
Eurobank EFG Bulgaria AD	2,751	1,731
Lamda Development Sofia LTD	55	70
EFG Leasing EAD	1	7
	<u>2,807</u>	<u>1,808</u>

**ii) Supplies of services**

	<b>2007</b>	<b>2006</b>
EFG Audit & Consulting Services	-	27

**iii) Receivables from related parties relating to sales of services**

	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
Eurobank EFG Bulgaria AD	231	837
Lamda Development Sofia LTD	-	70
EFG Leasing EAD	-	7
	<u>231</u>	<u>914</u>

**iv) Payables to related parties relating to sales of services:**

	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
EFG Audit & Consulting Services	-	27
	<u>-</u>	<u>27</u>

**EFG PROPERTY SERVICES SOFIA AD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**31 DECEMBER 2007**

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

**24 Related-party transactions (continued)**

**24.1 Transactions and balances with other related parties (continued)**

	<b>As at 31 December</b>	
	<b>2007</b>	<b>2006</b>
<b>v) Cash and cash equivalents held at related parties</b>		
<b>Eurobank EFG Bulgaria AD</b>		
Current bank account	629	132
Short-term bank deposit	1,208	-
	<u>1,837</u>	<u>132</u>
<b>vi) Interest income</b>		
<b>Eurobank EFG Bulgaria AD</b>		
Interest income on bank accounts	16	1
	<u>16</u>	<u>1</u>
<b>vii) Bank charges</b>		
<b>Eurobank EFG Bulgaria AD</b>		
Bank charges on bank accounts	2	1
	<u>2</u>	<u>1</u>
<b>viii) Key management compensation</b>		
Short term employee benefits	81	46
Life insurance	1	-
	<u>1</u>	<u>-</u>

As at 31 December 2007 the company has no payables to the management.

**25 Events after the balance sheet date**

There are no significant post balance sheet events with effect on the financial statements.

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF EFG PROPERTY SERVICES SOFIA AD

#### Report on the Financial Statements

We have audited the accompanying financial statements of EFG PROPERTY SERVICES SOFIA AD (the "Company") which comprise the balance sheet as of 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted in 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.

#### *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.

This version of our report/the accompanying documents is a translation from the original, which was prepared in Bulgarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*


In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted for use in the European Union.

## **Report on Other Legal and Regulatory Requirements**

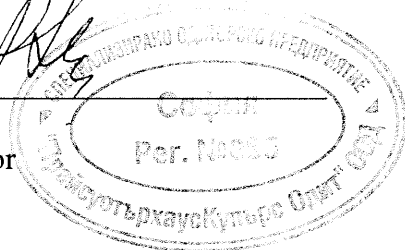
Management is also responsible for preparing the Directors' Report in accordance with the Accounting Act.

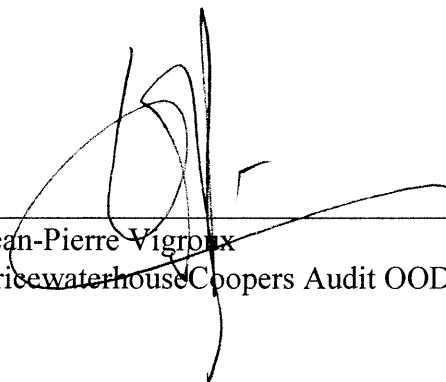
We are required by the Accounting Act to express an opinion whether the Directors' Report is consistent with the annual financial statements of the Company.

In our opinion, the Directors' Report set out on pages 3 to 8, is consistent with the accompanying financial statements of the Company as of 31 December 2007.

  
\_\_\_\_\_  
Rositsa Boteva  
Registered auditor

31 March 2008  
Sofia



  
\_\_\_\_\_  
Jean-Pierre Vigroux  
PricewaterhouseCoopers Audit OOD