

**EFG PROPERTY SERVICES SOFIA AD
ANNUAL DIRECTORS' REPORT
ANNUAL FINANCIAL STATEMENTS
REPORT OF THE INDEPENDENT AUDITOR
31 DECEMBER 2010**

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EFG PROPERTY SERVICES SOFIA AD
DIRECTORS' REPORT
31 DECEMBER 2010

The Directors present the report and the financial statements prepared in accordance with International Financial Reporting Standards (IFRS), adopted by EU. 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 and reviewing of appraisals prepared by subcontractors;
- 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 2010 the members of the Board of Directors were:
Theodoros Karakasis – Member and Chairman of the Board of Directors;
Dimitrios Andritsos – Member of the Board of Directors and Executive Director;
Georgios Vasilantonakis - Member of the Board of Directors and Executive Director;
Zizimos Danilatos - Member of the Board of Directors;
Petia Dimitrova - Member of the Board of Directors;
Ioannis Stournaras - Member of the Board of Directors;
Iordan Souvandjiev - Member of the Board of Directors;
Todor Vlaytchev - Member of the Board of Directors and General Manager.

Information on the activity of the Board of Directors of the Company during 2010 pursuant to Art. 247, Para 2 of The Commercial Act of Bulgaria:

Remunerations received generally by the members of the Board of Directors during 2010:

In 2010 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 2010:

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:

Theodoros Karakasis

- Eurobank EFG Bulgaria AD (Bulgaria) – Deputy Chairman of the Board of Directors
- EFG Leasing EAD (Bulgaria) - Member of the Board of Directors
- Bancpost S.A. (Romania) - Member of the Board of Directors
- EFG Retail Services IFN S.A.(Romania)- Chairman of the Board of Directors
- EFG Eurobank Leasing IFN S.A.(Romania)- Chairman of the Board of Directors
- Eurobank Property Services S.A.(Romania) – Chairman of the Board of Directors
- Eurobank EFG a.d. Beograd (Serbia) – Member of the Board of Directors
- EFG Property Services d.o.o. Beograd (Serbia)- Chairman of the Board of Directors

Dimitrios Andritsos

- Eurobank Property Services S.A. (Greece) – Deputy Chairman of the Board of Directors and CEO;
- Eurobank Property Services S.A.(Romania) – Deputy Chairman of the Board of Directors
- EFG Property Services d.o.o. Beograd (Serbia) - Member of the Board of Directors

EFG PROPERTY SERVICES SOFIA AD
DIRECTORS' REPORT (continued)
31 DECEMBER 2010

- IMO Property Investments Bucuresti S.A. (Romania) - Member of the Board of Directors
- IMO Property Investments A.D. Beograd (Serbia) - Member of the Board of Directors
- EFG Property Services Polska Sp. z o.o. (Poland) – Chairman of the Board of Directors
- IMO Property Investments Sofia EAD - Member of the Board of Directors

Georgios Vasilantonakis

- Eurobank Property Services S.A.(Romania) – Member of the Board of Directors
- EFG Property Services d.o.o. Beograd (Serbia) - Member of the Board of Directors
- LLC EFG Property Services Ukraine (Ukraine) – Deputy General Manager
- EFG Property Services Polska Sp. z o.o. (Poland) – Deputy Chairman of the Board of Directors

Zizimos Danilatos

- LAMDA Development Romania Srl (Romania)-Executive Director;
- LAMDA Estate Development S.A. Atena Sucursala (Romania) - Executive Director;
- Robies Proprietati Imobiliare Srl(Romania)- Executive Director;
- LAMDA Investment Properties Srl (Romania)- Executive Director;
- LAMDA Development Sofia EOOD (Bulgaria)- Executive Director;
- TIHI EOOD (Bulgaria)- Executive Director;
- GLS OOD (Bulgaria)- Executive Director;
- LAMDA Development Vitosha EOOD (Bulgaria)- Executive Director;
- LAMDA Development South EOOD (Bulgaria)- Executive Director;
- LAMDA Development Beograd DOO (Serbia) - Executive Director;
- Property Development Beograd DOO (Serbia) – Deputy Chairman of the Board of Directors;
- Singidunum Buildings DOO (Serbia) – Deputy Chairman of the Board of Directors;
- Property Investments DOO (Serbia) – Deputy Chairman of the Board of Directors;
- LAMDA Development Montenegro DOO (Montenegro) - Executive Director;
- S.L. Imobilia DOO Zagreb (Croatia) - Executive Director;
- Lamda MED Srl (Romania) - Executive Director.

Petia Dimitrova

- Eurobank EFG Bulgaria AD – Executive Director and Member of the Board of Directors;
- Bulgarian Retails Services AD – Chairman of the Board of Directors and Executive Director of Directors;

EFG PROPERTY SERVICES SOFIA AD
DIRECTORS' REPORT (continued)
31 DECEMBER 2010

- IMO Property Investments Sofia EAD - Executive Director and Member of the Board of Directors;
- Bulgarian Business Leaders Forum (BBLF) – Member of the Managing Board;
- Communicative construction and rehabilitation (State-owned enterprise), Bulgaria – Chairperson of the Managing Board;
- Audit Bureau of Circulations – Bulgaria – Chairperson of the Monitoring Board.

Ioannis Stournaras

- Eurobank Property Services S.A. (Greece) – Member of the Board of Directors;
- Eurobank Property Services S.A.(Romania) – Member of the Board of Directors LLC;
- LLC EFG Property Services Ukraine (Ukraine) – Member of the Board of Directors;
- EFG Property Services Polska Sp. z o.o. (Poland) – Member of the Board of Directors.

Jordan Souvandjiev

- Vinimpex 21 AD (Bulgaria) - Member and Chairman of the Board of Directors;
- IMO Property Investments Sofia EAD - Member of the Board of Directors.

Todor Vlaytchev

None

Contracts under article 240b of The Commercial Act of Bulgaria, entered into in 2010:

The Company has not entered into contracts in the sense of Article 240b, paragraph 1 of The Commercial Act of Bulgaria during 2010.

ORGANIZATIONAL STRUCTURE

The Company consists of three divisions: Administration, Appraisal Division and Agency Division. The total number of the personnel at 31 December 2010 is 14 (2009: 15).

OBJECTIVES OF THE COMPANY FOR 2011

The objectives of the Company for the coming year cover:

- Servicing of the bank business units in connection with orders and review of movable and immovable assets' valuations;
- Servicing of IMO Property Investments Sofia in connection with the portfolio – realizing of assets for sale and rent;
- Renegotiating of the bank branches' rents on purpose to decrease the operating expenses;
- Extending and emphasizing on the services for third party clients: valuations; brokerage; advisory; market analysis and legal compliance reports.

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 2010.

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.

The ongoing global liquidity crisis which commenced in the middle of 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher interbank lending rates and very high volatility in stock markets. The uncertainties in the global financial markets have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

Management is unable to reliably estimate the effects on the Company's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Company's business in the current circumstances.

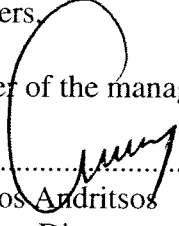
Impact on liquidity

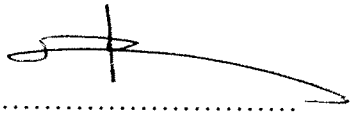
No significant effect on Company's liquidity is expected. The Company is financed through retained earning and maintains sufficient cash reserves to maintain operations.

Impact on customers

Debtors of the Company may be affected by the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating 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. At the time of preparation of the present Financial report the Company do not have any information about such deteriorating operating conditions for its customers.

By order of the management:


.....
Dimitrios Andritsos
Executive Director
EFG Property Services Sofia AD
24 March 2011
Sofia, Bulgaria


.....
Georgios Vasilantonakis
Executive Director

EFG PROPERTY SERVICES SOFIA AD
BALANCE SHEET
31 DECEMBER 2010

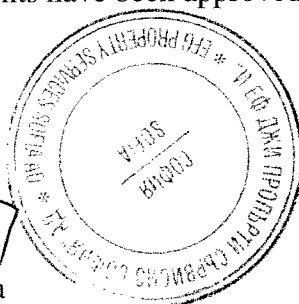
(All amounts in Bulgarian leva thousands)

	Notes	As at 31 December	
		2010	2009
ASSETS			
Non-current assets			
Equipment	5	14	20
Intangible assets	6	15	14
Deferred tax asset	8	4	3
		33	37
Current assets			
Trade receivables	7,9	324	137
Other receivables	10	8	22
Cash and cash equivalents	7,11	3,310	3,017
Corporate tax receivables		3	11
		3,645	3,187
Total assets		3,678	3,224
EQUITY			
Share capital	12	150	150
Other reserves	12	15	15
Retained earnings		3,360	2,943
Total equity		3,525	3,108
LIABILITIES			
Current liabilities			
Trade payables	13	77	47
Other payables	14	76	69
Total current liabilities		153	116
Total equity and liabilities		3,678	3,224

The Financial Statements have been approved on 24 March 2011 and signed as follows:

.....
 Executive Director
 Dimitrios Andritsos

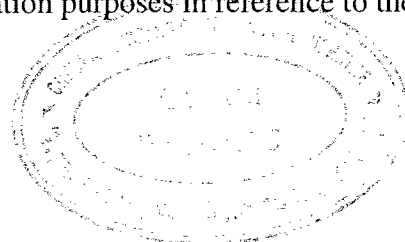
.....
 Financial Manager
 Yordanka Karapatrova



.....
 Executive Director
 Georgios Vasilantonakis

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

.....
 Rositsa Boteva
 Registered auditor
 24 March 2011
 Sofia, Bulgaria

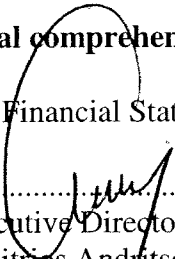


.....
 Petko Dimitrov
 PricewaterhouseCoopers Audit OOD

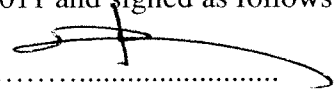
EFG PROPERTY SERVICES SOFIA AD
STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2010

<i>(All amounts in Bulgarian leva thousands)</i>	Notes	Year ended 31 December	
		2010	2009
Revenue	15	1,723	1,810
Consumables used	16	(11)	(10)
Expenses for external services	17	(945)	(832)
Employee benefits expense	18	(450)	(483)
Depreciation and amortisation	5,6	(15)	(14)
Other expenses	19	(7)	(13)
Operating profit		295	458
Financial gain/(loss), net	20	173	146
Profit before income tax		468	604
Income tax	21	(50)	(64)
Profit for the year		418	540
Total comprehensive income for the year		418	540

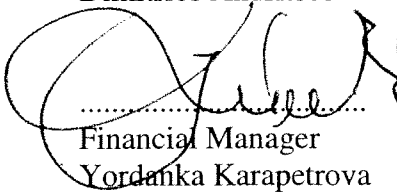
The Financial Statements have been approved on 24 March 2011 and signed as follows:



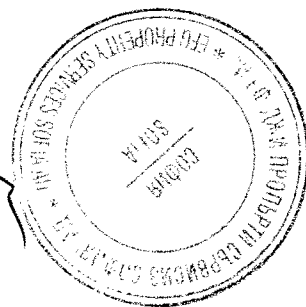
 Executive Director
 Dimitrios Andritsos



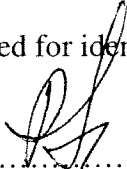
 Executive Director
 Georgios Vasilantonakis



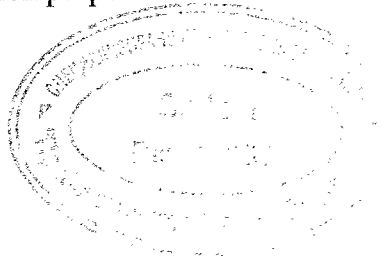
 Financial Manager
 Yordanka Karapetrova

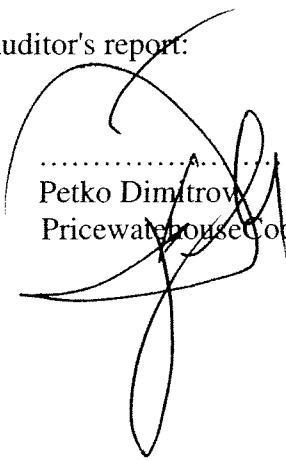


Initialed for identification purposes in reference to the auditor's report:



 Rositsa Boteva
 Registered auditor





 Petko Dimitrov
 PricewaterhouseCoopers Audit OOD

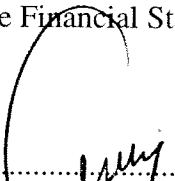
24 March 2011
 Sofia, Bulgaria

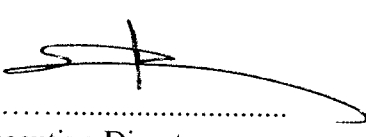
**EFG PROPERTY SERVICES SOFIA AD
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2010**

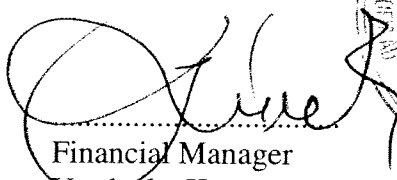
(All amounts in Bulgarian leva thousand)

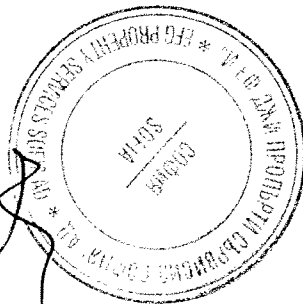
	Note	Share capital	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2009		150	15	2,403	2,568
Profit for the year		-		540	540
Balance as at 31 December 2009	12	150	15	2,943	3,108
Balance as at 1 January 2010		150	15	2,943	3,108
Profit for the year		-	-	418	418
Balance as at 31 December 2010	12	150	15	3,361	3,526

The Financial Statements have been approved on 24 March 2011 and signed as follows:

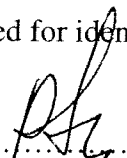

.....
Executive Director
Dimitrios Andritsos


.....
Executive Director
Georgios Vasilantonakis


.....
Financial Manager
Yordanka Karapetrova

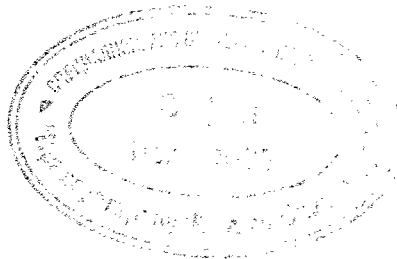


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.....
Rositsa Boteva
Registered auditor


.....
Petko Dimitrov
PricewaterhouseCoopers Audit OOD

24 March 2011
Sofia, Bulgaria



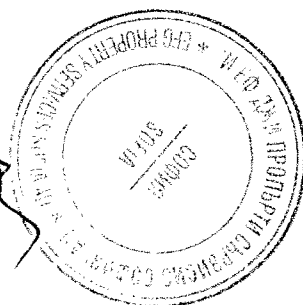
EFG PROPERTY SERVICES SOFIA AD
CASH FLOW STATEMENT
31 DECEMBER 2010

<i>(All amounts in Bulgarian leva thousands)</i>	Note	Year ended 31 December	
		2010	2009
<i>Cash flow from operating activities</i>			
Cash receipts from customers		1,881	2,119
Cash payments to employees and suppliers		(1,707)	(1,724)
Income tax paid		(42)	(38)
Net cash flows from operating activities		132	357
<i>Cash flows from investing activities</i>			
Purchases of property, plant and equipment	5,6	(10)	(12)
Interest received		171	147
Net cash from investing activities		161	135
Net increase in cash		293	492
Cash at beginning of the year		3,017	2,525
Cash at end of the year	11	3,310	3,017

The Financial Statements have been approved on 24 March 2011 and signed as follows:

.....
 Executive Director
 Dimitrios Andriusos

.....
 Financial Manager
 Yordanka Karapetrova

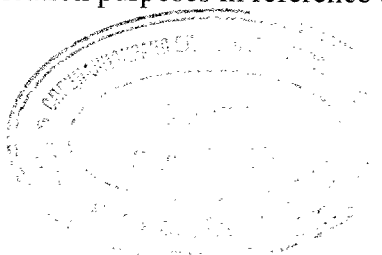


.....
 Executive Director
 Georgios Vasilantonakis

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

.....
 Rositsa Boteva
 Registered auditor

24 March 2011
 Sofia, Bulgaria



.....
 Petko Dimitrov
 PricewaterhouseCoopers Audit OOD

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT
31 DECEMBER 2010

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 30, Tzar Ivan Shishman 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 24 March 2011.

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 of EFG Property Services Sofia AD have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by EU Commission. The financial statements have been prepared under the historic cost convention, as modified by the derivative financial instruments and financial assets and liabilities at fair value through profit or loss.

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 judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

a) New and amended standards adopted by the Company

There are no new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

2 Company background and significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning on or after 1 January 2010 but not currently relevant to the group (although they may affect the accounting for future transactions and events)

IFRIC 12, Service Concession Arrangements (IFRIC 12 as adopted by the EU is effective for annual periods beginning on or after 30 March 2009, with early adoption permitted). The interpretation contains guidance on applying the existing standards by service providers in public-to-private service concession arrangements. Application of IFRIC 12 will not have any impact on the Company's financial statements because it is not subject to any service concession arrangements.

IAS 27 (amendment) Consolidated and Separate Financial Statements requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

IFRS 3 (amendment), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to 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 standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

IFRIC 15, Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009; IFRIC 15 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted). The interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors, and provides guidance for determining whether agreements for the construction of real estate are within the scope of IAS 11 or IAS 18. It also provides criteria for determining when entities should recognise revenue on such transactions.

IFRIC 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Company, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. In particular, the group should clearly document its hedging strategy because of the possibility of different designations at different levels of the Company.

2 Company background and significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning on or after 1 January 2010 but not currently relevant to the Company (although they may affect the accounting for future transactions and events) (Continued)

Eligible Hedged Items—Amendment to IAS 39, Financial Instruments: Recognition and Measurement (effective with retrospective application for annual periods beginning on or after 1 July 2009). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.

IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). IFRIC 17 as adopted by the EU is effective for annual periods beginning after 31 October 2009, with early adoption permitted). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

IFRS 1, First-time Adoption of International Financial Reporting Standards (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after 1 July 2009; restructured IFRS 1 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted).

IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

Embedded Derivatives - Amendments to IFRIC 9 and IAS 39 (effective for annual periods ending on or after 30 June 2009; amendments to IFRIC 19 and IAS 39 as adopted by the EU are effective for annual periods beginning after 31 December 2009, with early adoption permitted). The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for.

Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2, Share-based Payment (effective for annual periods beginning on or after 1 January 2010).

2 Company background and significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning on or after 1 January 2010 but not currently relevant to the Company (although they may affect the accounting for future transactions and events) (Continued)

Additional Exemptions for First-time Adopters - Amendments to IFRS 1, First-time Adoption of IFRS (effective for annual periods beginning on or after 1 January 2010).

IFRS 1 „First-time Adoption of IFRS” – the accounting policy shall be changed in the year of adoption of amendments of IFRS 1. Clarifies that, if a first-time adopter changes its accounting policies or its use of the exemptions in IFRS 1 after it has published an interim financial report in accordance with IAS 34 Interim Financial Reporting, it needs to explain those changes and update the reconciliations between previous GAAP and IFRS. The amendment is applied prospectively. The change in the standard is not applicable for the Company.

IFRS 1 „First-time Adoption of IFRS - Use of deemed cost for operations subject to rate regulation. Expands the scope of ‘deemed cost’ for property, plant and equipment or intangible assets to include items used subject to rate regulated activities. The exemption will be applied on an item-by-item basis. All such assets will also need to be tested for impairment at the date of transition. The amendment allows entities with rate-regulated activities to use the carrying amount of their property, plant and equipment and intangible balances from their previous GAAP as its deemed cost upon transition to IFRS. These balances may include amounts that would not be permitted for capitalisation under IAS 16 Property, Plant and Equipment, IAS 23 Borrowing Costs and IAS 38 Intangible Assets. The amendment is applied prospectively. The change in the standard is not applicable for the Company.

IAS 38 (amendment), ‘Intangible assets’, effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

IAS 1 (amendment), ‘Presentation of financial statements’. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

IAS 34 Interim Financial Reporting- Provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around:

- The circumstances likely to affect fair values of financial instruments and their classification
- Transfers of financial instruments between different levels of the fair value hierarchy
- Changes in classification of financial assets
- Changes in contingent liabilities and assets

2 Company background and significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning on or after 1 January 2010 but not currently relevant to the Company (although they may affect the accounting for future transactions and events) (Continued)

IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).

IFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective from 1 January 2010. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

IAS 32 (amendment) Classification of rights issues, issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'. The group will apply the amended standard from 1 January 2011.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. It is not expected the application of the change to have any impact on the Company's financial statements.

IFRS 7 Financial Instruments: Disclosures- Emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment is applied retrospectively from 1 January 2011.

2 Company background and significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted (continued)

IFRIC 14 (amendment) 'Prepayments of a minimum funding requirement' The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.

IFRS 3 Business Combinations- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS Clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). The amendment is applicable to annual periods beginning on or after 1 July 2010.

IFRS 3 Business Combinations- Measurement of non-controlling interests (NCI) Limits the scope of the measurement choices that only the components of NCI that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, shall be measured either:• At fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. Other components of NCI are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS, e.g., IFRS 2. The amendment is applied prospectively from the date the entity applies IFRS 3 (revised) Business Combinations- Measurement of non-controlling interests (NCI).

IAS 1 Presentation of Financial Statements- Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment is applied prospectively from 1 January 2011.

IAS 27 Consolidated and Separate Financial Statements - Clarify that the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates.

IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier. Applicable to annual periods beginning on or after 1 July 2010.

2 Company background and significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted (continued)

IAS 24 (amendment), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

(d) New or Revised Standards & Interpretations not yet adopted by the European Union.

IFRS 9, Financial Instruments (effective for annual periods beginning on or after 1 January 2013; not yet adopted by the EU). The Company is in a process of estimation of the influence of the new standard.

Disclosures – Transfers of Financial Assets – Amendments to IFRS 7 (effective for annual periods beginning on or after 1 July 2011; not yet adopted by the EU). The amendment requires additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's balance sheet. Disclosures are also required to enable a user to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities.

Recovery of Underlying Assets – Amendments to IAS 12 (effective for annual periods beginning on or after 1 January 2012; not yet adopted by the EU). The amendments relate to measuring deferred tax liabilities and deferred tax assets relating to investment property measured using the fair value model in IAS 40, Investment Property and introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters – Amendments to IFRS 1 (effective for annual periods beginning on or after 1 July 2011). The amendment regarding severe hyperinflation creates an additional exemption when an entity that has been subject to severe hyperinflation resumes presenting or presents for the first time, financial statements in accordance with IFRSs. The amendment to eliminate references to fixed dates replaces them with the date of transition to IFRSs, eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs

2.2 Comparatives

The accompanying financial statements of the Company include comparative information for one prior year (period).

Where necessary, comparative data is reclassified (and restated) in order to achieve compatibility in view of the current year presentation changes.

2 Company background and significant accounting policies (continued)

2.3 Functional currency and recognition of exchange differences

The functional and presentation currency of the Company is the Bulgarian Lev. Starting from 1 July 1997 the Bulgarian Lev was fixed under the Bulgarian National Bank Act to the German Mark at the ratio of BGN 1: DEM 1, and with the introduction of the Euro as the official currency of the European Union, it was fixed to the Euro at a ratio of BGN 1.95583: EUR 1.

Upon its initial recognition, a foreign currency transaction is recorded in the functional currency whereas the exchange rate to BGN at the date of the transaction or operation is applied to the foreign currency amount. Cash and cash equivalents, receivables and payables, as monetary reporting items, denominated in foreign currency, are recorded in the functional currency by applying the exchange rate as quoted by the Bulgarian National Bank (BNB) for the last working day of the respective month. At 31 December, these amounts are presented in BGN at the closing exchange rate of BNB.

The non-monetary items in the balance sheet, which are initially denominated in a foreign currency, are accounted for in the functional currency by applying the historical exchange rate at the date of the transaction and are not subsequently re-valued at the closing exchange rate.

Foreign exchange gains or losses arising on the settlement of foreign currency transactions or the recording of foreign currency transaction at rates different from those at which they were converted on initial recognition, are included in the income statement when incurred and are presented net as 'other operating income/expenses'.

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:

	As at 31 December	
	2010	2009
1 USD	1.47276	1.36409
1 EUR	1.95583	1.95583

2 Company background and significant accounting policies (continued)

2.4 Revenue

Revenue is recognized on accrual basis and to the extent that it is probable that the economic benefits will flow to the Company and as far as the revenue can be reliably measured.

Upon sale of finished products, goods and materials, revenue is recognized when all significant risks and rewards of ownership have passed to the buyer.

Upon rendering of services, revenue is recognized by reference to the stage of completion of the transaction at the balance sheet date, if this stage as well as the transaction and completion costs, can be measured reliably.

Revenue is measured on the basis of the fair value of the goods and services sold, net of indirect taxes (excise duties and VAT) and any discounts and rebates granted.

The net foreign exchange gains or losses related to cash, trade receivables and payables, denominated in foreign currency, are recognized in the income statement in the period, in which they arise and are presented net under 'other operating income'. The presentation of interest on bank deposits and trade receivables is analogous.

2.5 Expenses

Expenses are recognized as they are incurred, following the accrual and matching concepts.

Prepayments are deferred and are recognized as current expenses in the period when the contracts, whereto they refer, are performed.

Finance costs are included in the income statement when incurred and comprise: interest costs, including bank charges and other direct expenses on loans and bank guarantees; exchange differences on loans denominated in foreign currency (net), gains and losses (net) on derivatives, classified as hedges. They are presented net of finance income on the face of the income statement.

2.6 Property and equipment

Property and equipment are presented in the financial statements at historical cost of acquisition less the accumulated depreciation and any impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's 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 group 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.

The Company applies the straight-line depreciation method for property and equipment. Depreciation of an asset begins when it is available for use. The useful life per group of assets has been determined considering: physical wear, the characteristic features of the equipment, the intentions for future use and the expected obsolescence, and is as follows:

	Years
Machinery and equipment	4,17
Office furniture	6,7

2 Company background and significant accounting policies (continued)

2.6 Property and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the income statement.

2.7 Intangible assets

a) Trademarks and licenses

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation.

Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives.

b) Software licenses

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 of three to five years.

Intangible assets are derecognized from the balance sheet when they are permanently disposed of and no future economic benefits are expected from their use or on sale. The gains or losses arising from the sale of an item of intangible assets are determined as the difference between the disposal proceeds and the carrying amount of the asset at the date of sale. They are stated net under 'other operating income/expenses' on the face of the income statement.

2.8 Trade and other current assets

Trade receivables are recognized and carried at fair value based on the original invoice amount (cost) less any allowance for uncollectable debts. In case of payments deferred over a period exceeding the common credit terms, where no additional interest payment has been envisaged or the interest considerably differs from the common market interest rates, the receivables are initially valued at their fair value and subsequently – at amortized cost, after deducting the interest incorporated in their nominal value and determined following the effective interest rate method. An estimate of allowances for doubtful and bad debts is made when significant uncertainty exists as to the collection of the full amount or a part of it. A provision for impairment of trade receivables is established when objective evidence is available that the Company will be unable to collect all amounts in line with the originally set terms. Significant financial difficulties of the debtor, probability that the debtor will enter insolvency proceedings or other financial reorganization, default or overdue payment (more than 30 days past due) are considered by the management when it defines and classifies a particular receivable as impaired. The impairment amount is the difference between the carrying amount of the receivable and the present value of the estimated future cash flows, discounted at the original effective interest rate.

2 Company background and significant accounting policies (continued)

2.8 Trade and other current assets (continued)

The carrying amount is adjusted through the use of an allowance account for accumulating all impairments and the amount of the impairment loss for the period is recognized in the income statement within 'Distribution and selling costs'. In case of subsequent recovery of impairment loss, it is stated under 'other operating income' against a decrease in the allowance account. Bad debts are written-off when the legal grounds for this are available. The write-off is at the expense of the allowance account.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, current accounts and short-term deposits with banks, with original maturity of less than three months.

2.10 Payables to suppliers and other current liabilities

Payables to suppliers and other current amounts payable are carried at original invoice amount (cost), being the fair value of the consideration to be paid in the future for goods and services received.

In case of payments deferred over a period exceeding the common credit terms, where no additional interest payment has been envisaged or the interest considerably differs from the common market interest rates, the payables are initially valued at their fair value and subsequently – at amortized cost, after deducting the interest incorporated in their nominal value and determined following the effective interest rate method.

2.11 Leases

Operating lease

Leases where the lessor keeps a substantial part of all risks and economic benefits incidental to the ownership of the specific asset are classified as operating leases.

Operating lease payments are recognized as expenses in the income statement on a straight-line basis over the lease term.

2.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle (repay) the obligation. The measurement of provisions is based on the best estimate, made by the management at the balance sheet date, concerning the expenses that will be incurred for the settlement of the particular obligation. The estimate is discounted if the obligation is long-term. 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.

2 Company background and significant accounting policies (continued)

2.13 Pensions and other payables to personnel under the social security and labour legislation

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 Share capital and reserves

The Company is a joint-stock one and is obliged to register with the Commercial Register a specified *share capital*, which should serve as a security for the creditors of the Company for execution of their receivables. The shareholders are liable for the obligations of the Company up to the amount of the share of the capital held by each of them and may claim refunding of this share only in case of liquidation or bankruptcy proceedings. The Company reports its share capital at the nominal value of the shares registered in the court.

According to the requirements of the Commercial Act and the Articles of Association, the Company is obliged to set aside a *Reserve Fund* by using the following sources:

- at least one tenth of the profit, which should be allocated to the Fund until its amount reaches one tenth of the share capital or any larger amount as provided in the Articles of Association;
- any premium received in excess of the nominal value of shares upon their issue (share premium reserve);
- other sources as provided for by a decision of the General Meeting.

The amounts in the Fund can only be used to cover current loss or losses from previous years.

When the amount of the Fund reaches the minimum value specified in the Statutes, the excess may be used for increasing share capital.

2.15 Financial instruments

2.15.1 Financial assets

The Company classifies its financial assets in the category 'loans and receivables', including cash and cash equivalents. The classification depends on the nature and purpose (designation) of the financial assets at the date of their acquisition. The management determines the classification of the financial assets of the Company at the time of their initial recognition on the balance sheet.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured in the balance sheet at their amortized cost using the effective interest method less any allowance for impairment. These assets are included in current assets when having maturity within 12 months or within a common operating cycle of the Company while the remaining ones are classified as non-current assets. This group of financial assets includes: loans granted, trade receivables, other receivables from counterparts and third parties, cash and cash equivalents from the balance sheet. Interest income on loans and receivables is recognized by applying the effective interest rate except for short-term receivables (less than three months) where the recognition of such interest would be unjustifiable as immaterial and within the common credit terms.

2 Company background and significant accounting policies (continued)

2.15 Financial instruments (continued)

2.15.1 Financial assets (continued)

b) Available-for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

The Company assesses at each balance sheet date whether events and circumstances have occurred that indicate the existence of objective evidence that an individual asset or a group of assets is impaired.

2.15.2 Financial liabilities

The financial liabilities of the Company include loans and payables to suppliers and other counterparts. They are initially recognized on the balance sheet at fair value net of the directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method.

2 Company background and significant accounting policies (continued)

2.16 Income taxes

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 and its subsidiaries operate 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The nominal income tax rate for year 2010 is 10 % (2009: 10%).

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) 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 only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
31 DECEMBER 2010

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

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

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

As at 31 December 2010	BGN	EUR	Total
Assets as per balance sheet			
Related party receivables (Note 24.1)	324	-	324
Accrued interest	67	59	126
Trade receivables	2	-	2
Other receivables	9	-	9
Cash and cash equivalents	1,717	1,467	3,184
	2,119	1,526	3,645
Liabilities as per balance sheet			
Trade payables	77	-	77
	77	-	77
As at 31 December 2009			
Assets as per balance sheet			
Related party receivables (Note 24.1)	137	-	137
Accrued interest	22	51	73
Trade receivables	6	-	6
Other receivables	27	-	27
Cash and cash equivalents	1,575	1,369	2,944
	1,767	1,420	3,187
Liabilities as per balance sheet			
Trade payables	46	-	46
Related party payables (Note 24.1)	1	-	1
	47	-	47

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
31 DECEMBER 2010

(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 2010 the Company's interest rate risk arises from two short-term bank deposits held at Eurobank EFG Bulgaria AD (part of EFG Group) amounting to BGN 2,747 thousand with renegotiated maturity of 1 year. In 2009 the Company has three short-term bank deposits at Eurobank EFG Bulgaria AD amounting to BGN 2,619 thousand with renegotiated maturity of 1 year.

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 2010, the impact on post-tax profit would be maximum decrease of BGN 12 thousand.

If interest rate increases by 1% on annual basis in 2010, the impact on post-tax profit would be maximum increase of BGN 12 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.

The table below shows balances of cash and cash equivalents as at 31 December 2010 by banks, as follows:

Contractor	31 December 2010		31 December 2009	
	Credit rating	Balance	Credit rating	Balance
Eurobank EFG Bulgaria AD	BBB+ (FITCH)	3,310	BBB - (FITCH)	3,017
		3,310	-	3,017

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
31 DECEMBER 2010

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

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(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.

As at 31 December 2010	Less than 1 year
Trade payables	77
	<u>77</u>
As at 31 December 2009	Less than 1 year
Trade payables	46
	<u>46</u>

(e) Capital risk

EFG Property Services' objective when managing capital is to maintain a capital structure which safeguards its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders. The Company uses the ratio of net debt to total capital. Net debt is defined as the sum of total borrowings and payables to clients and suppliers less cash and bank balances. Total capital is defined as the sum of shareholders equity and net debt.

The table below summarizes the Company's capital structure:

	2010	2009
Payables to suppliers and clients	153	116
Total borrowed funds	153	116
Cash and bank balances	(3,184)	(2,944)
Net debt	(3,031)	(2,828)
Shareholders equity	3,526	3,108
Total capital	(495)	(280)
Net debt /		
Total capital	0.61 %	1.01 %

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
31 DECEMBER 2010

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

3 Financial risk management (continued)

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 31.12.2010 that are critical to the carrying value of assets and liabilities.

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
31 DECEMBER 2010

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

5 Equipment and other tangible non-current assets

	Machines & equipment	Furniture & Fittings	Total
As at 1 January 2009			
Cost	15	35	50
Accumulated depreciation	(11)	(13)	(24)
Net book amount	4	22	26
Opening net book amount	4	22	26
Depreciation charge	1	-	1
Closing net book amount	(2)	(5)	(7)
	3	17	20
As at 31 December 2009			
Cost			
Accumulated depreciation	16	36	52
Net book amount	(13)	(19)	(32)
	3	17	20
Opening net book amount			
Additions	3	17	20
Depreciation charge	-	-	-
Closing net book amount	(1)	(5)	(6)
	2	12	14
As at 31 December 2010			
Cost			
Accumulated depreciation	16	36	52
Net book amount	(14)	(24)	(38)
	2	12	14

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
31 DECEMBER 2010

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

6 Intangible assets

	Software
As at 1 January 2009	
Cost	39
Accumulated amortization	(30)
Net book amount	<u>9</u>
Opening net book amount	9
Additions	11
Disposals	-
Amortization charge	(7)
Closing net book amount	<u>14</u>
As at 31 December 2009	
Cost	50
Accumulated amortization	(36)
Net book amount	<u>14</u>
Opening net book amount	14
Additions	10
Amortization charge	(9)
Closing net book amount	<u>15</u>
As at 31 December 2010	
Cost	60
Accumulated amortization	(45)
Net book amount	<u>15</u>

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
31 DECEMBER 2010

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

7 Financial instruments by category

As at 31 December 2010

Financial assets as per balance sheet	Loans and receivables
Trade receivables (Note 24.iii)	324
Other receivables	11
Cash and cash equivalents (Note 11)	3,310
	<u>3,645</u>
	Other financial liabilities
Liabilities as per balance sheet	
Trade payables (Note 13)	77
Related party payables	-
	<u>77</u>

As at 31 December 2009

Assets as per balance sheet	Loans and receivables
Trade receivables (Note 24.iii)	137
Other receivables	33
Cash and cash equivalents (Note 11)	3,017
	<u>3,187</u>
	Other financial liabilities
Liabilities as per balance sheet	
Trade payables (Note 13)	46
Related party payables	1
	<u>47</u>

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
31 DECEMBER 2010

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

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 2010 is 10% (2009: 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.

	As at 31 December	
	2010	2009
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	(6)	(5)
	<u>(6)</u>	<u>(5)</u>

	As at 31 December	
	2010	2009
Deferred income tax liabilities:		
– Deferred income tax liabilities to be recovered after more than 12 months	2	2
	<u>2</u>	<u>2</u>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Equipment	Accrual for bonuses	Total
As at 1 January 2009	-	(6)	(6)
Charged to the income statement	-	1	1
As at 31 December 2009	-	(5)	(5)
Credited to the income statement	-	(1)	(1)
As at 31 December 2010	-	(6)	(6)
Deferred tax liabilities	Equipment	Accrual for bonuses	Total
As at 31 December 2009	2	-	2
Charged to the income statement	-	-	-
As at 31 December 2010	2	-	2

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
31 DECEMBER 2010

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

9 Trade receivables

	2010	As at 31 December 2009
Receivables from related parties (Note 24.1.iii)	324	137
	<u>324</u>	<u>137</u>

The carrying amount of receivables approximates their fair value.

The aging of receivables is as follows:

	2010	As at 31 December 2009
Up to 1 month	<u>324</u>	<u>137</u>
	<u>324</u>	<u>137</u>

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

	2010	As at 31 December 2009
Currency		
BGN	<u>324</u>	<u>137</u>
	<u>324</u>	<u>137</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 STATEMENT (CONTINUED)
31 DECEMBER 2010

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

10 Other receivables	As at 31 December	
	2010	2009
Prepaid expenses	6	16
Cars deposit	2	6
	<u>8</u>	<u>22</u>

The carrying amount of receivables approximates their fair value

The aging of receivables is as follows:

	As at 31 December	
	2010	2009
Up to 12 months	8	22
	<u>8</u>	<u>22</u>

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

11 Cash and cash equivalents	As at 31 December	
	2010	2009
Current bank account at Eurobank EFG Bulgaria AD (Note 24.1.iv)	437	325
Short-term bank deposit at Eurobank EFG Bulgaria AD (Note 24.1.iv)	2,747	2,619
Accrued interest	126	73
	<u>3,310</u>	<u>3,017</u>

The Company's short-term bank deposits held at Eurobank EFG Bulgaria AD bear interest between 5.25%; and 6.75% per annum. The bank rating as at 31 December 2010 is BBB +.

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 STATEMENT (CONTINUED)
31 DECEMBER 2010

(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:

Currency	As at 31 December	
	2010	2009
BGN	1,785	1,598
EUR	1,525	1,419
	<u>3,310</u>	<u>3,017</u>

12 Share capital

	Number of shares	Ordinary shares BGN
At 31 December 2009	<u>150,000</u>	<u>150</u>
At 31 December 2010	<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

	As at 31 December	
	2010	2009
Trade payables	77	46
Related party payables	-	1
	<u>77</u>	<u>47</u>

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
31 DECEMBER 2010

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

14 Other payables	As at 31 December	
	2010	2009
Accrual for salary bonuses	54	45
VAT payable	19	21
Accrual for unused paid leave	1	3
Other tax payables	2	-
	76	69
<hr/>		
15 Revenue	2010	2009
Sales of:		
Evaluation and intermediary services to related parties (Note 24.1.i)	1,691	1,780
Evaluation and intermediary services to clients	32	30
	1,723	1,810
<hr/>		
16 Consumables used	2010	2009
Expenses for:		
- fuel	(7)	(6)
- stationery	(3)	(3)
- others	(1)	(1)
	(11)	(10)
<hr/>		
17 Expenses for external services	2010	2009
Expenses for:		
- subcontractors	(818)	(710)
- rent	(77)	(86)
- security	(10)	(1)
- audit	(8)	(8)
- phones	(7)	(9)
- utilities	(6)	(5)
- maintenance	(5)	(2)
- advertising and promotions	(3)	(1)
- couriers	(2)	(3)
- agency services	(2)	(2)
- fuel	(1)	-
- entertainment expenses	-	(1)
- other	(6)	(4)
	(945)	(832)
<hr/>		

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
31 DECEMBER 2010

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

18 Employee benefits expense

	2010	2009
Salaries	(355)	(379)
Social securities and health insurance contribution	(39)	(49)
Salary bonuses	(23)	(27)
Life insurance	(28)	(22)
Other employee benefits	(5)	(6)
	<u>(450)</u>	<u>(483)</u>

The total number of employees as at 31 December 2010 is 14 (As at 31 December 2009: 15).

19 Other expense

	2010	2009
One-off taxes	(5)	(3)
Business trips abroad	(1)	(9)
Business trips in the country	(1)	(1)
	<u>(7)</u>	<u>(13)</u>

20 Financial gain/ (loss), net

	2010	2009
Interest income - bank accounts (Note 24.1.v)	175	148
Bank charges (Note 24.1.vi)	(2)	(2)
	<u>173</u>	<u>146</u>

21 Income tax expense

	2010	2009
Current income tax	51	63
Deferred income tax (Note 8)	(1)	1
Income tax charge	<u>50</u>	<u>64</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:

	2010	2009
Profit before income tax	<u>467</u>	<u>604</u>
Tax calculated at a tax rate applicable to profits 10% (2009: 10 %)	47	61
Tax effect of expenses not deductible for tax purposes	3	3
Tax charge	<u>50</u>	<u>64</u>

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
31 DECEMBER 2010

(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 2010 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:

	As at 31 December	
	2010	2009
Not later than 1 year	2	6
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
31 DECEMBER 2010

(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

	2010	2009
Eurobank EFG Bulgaria AD	1,624	1,715
EFG Leasing EAD	39	50
EFG Auto Leasing EAD	28	15
	1,691	1,780

ii) Supplies of services

	2010	2009
Eurobank EFG Bulgaria AD	97	76

iii) Receivables from related parties relating to sales of services

	As at 31 December	
	2010	2009
Eurobank EFG Bulgaria AD	316	131
EFG Leasing EAD	6	3
EFG Auto Leasing EAD	2	3
	324	137

EFG PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
31 DECEMBER 2010

(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)

	As at 31 December	
	2010	2009
iv) Cash and cash equivalents held at related parties		
Eurobank EFG Bulgaria AD		
Current bank account	437	325
Short-term bank deposit	2,747	2,619
Accrued interest	126	72
	3,310	3,016
v) Interest income		
	2010	2009
Eurobank EFG Bulgaria AD		
Interest income on bank accounts	175	148
	175	148
vi) Bank charges		
	2010	2009
Eurobank EFG Bulgaria AD		
Bank charges on bank accounts	2	2
	2	2
vii) Key management compensation		
	2010	2009
Short term employee benefits	87	87
Life insurance	4	1
	91	88

As at 31 December 2010 the Company has no payables to the management (31 December 2009: 0)

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 Shareholders and Board of Directors of the EFG PROPERTY SERVICES SOFIA AD

Report on the Financial Statements

We have audited the accompanying financial statements of EFG PROPERTY SERVICES SOFIA AD which comprise the balance sheet as of 31 December 2010 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.

Opinion


In our opinion, the accompanying financial statements give a true and fair view of the financial position of EFG PROPERTY SERVICES SOFIA AD as of 31 December 2010, and of 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

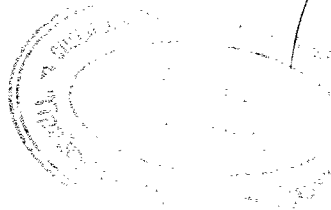
Management is also responsible for preparing the Annual Report in accordance with the Accounting Act.

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 2010.


Rositsa Boteva
Registered Auditor

24 March 2011
Sofia, Bulgaria




Petko Dimitrov
PricewaterhouseCoopers Bulgaria EOOD