

**ERB PROPERTY SERVICES SOFIA AD
INDEPENDENT AUDITOR'S REPORT
ANNUAL DIRECTORS' REPORT
ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2014**

ERB PROPERTY SERVICES SOFIA AD
CONTENTS
31 DECEMBER 2014

CONTENTS

	PAGE
Independent auditor's report	
Directors' report	1-6
Balance sheet	7
Statement of comprehensive income	8
Statement of changes in equity	9
Cash flow statement	10
Notes to the financial statements	11-33



Independent auditor's report

To Shareholders of the "ERB Property Services Sofia" AD

Report on the Financial Statements

We have audited the accompanying financial statements of "ERB Property Services Sofia" AD which comprise the balance sheet as of 31 December 2014 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.

PricewaterhouseCoopers Audit OOD, 9-11 Maria Louisa Blvd., 1000 Sofia, Bulgaria

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

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.



Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the "ERB Property Services Sofia" AD as of 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

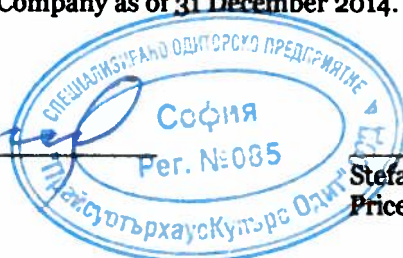
Management is also responsible for preparing the Annual Report in accordance with the Accounting Act.

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

In our opinion, the Annual Report set out on pages 1 to 6, is consistent with the accompanying financial statements of the Company as of 31 December 2014.


Milka Damianova
Registered Auditor

Date: 27.07.2015
Sofia, Bulgaria




Stefan Weiblen
PricewaterhouseCoopers Audit OOD

**ERB PROPERTY SERVICES SOFIA AD
DIRECTORS' REPORT (CONTINUED)
31 DECEMBER 2014**

The Directors present its annual activity report and the financial statements as at 31 December 2014 prepared in accordance with International Financial Reporting Standards (IFRS), adopted by the 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. The address of its registered office is as follows: 260 Okolovrasten pat Str, 1766 Sofia, Bulgaria. The Company's corporate name was amended on 26 March 2013 from " EFG Property Services Sofia" AD to "ERB Property Services Sofia" AD, following Extraordinary General Meeting's resolution on 18 January 2013.

BUSINESS OVERVIEW

The main aspects for development for the current year include:

- Rendering intermediary services to Eurobank 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 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 Eurobank Ergasias S.A. and 20 % of the share capital was owned by Lamda Development S.A. until 14.10.2014. On 14.10.2014 with SPA LAMDA Development S.A. transferred its shares in ERB Property Services Sofia AD (representing 20% of the share capital of the company) to EUROBANK PROPERTY SERVICES S.A., Greece.

MANAGEMENT

With Resolution of the Board of Directors on 24.07.2014 were made changes in the Board of Directors members. The Regular Annual General Meeting of the Shareholders, acknowledges the resignation letters of Mr. Georgios Vasilantonakis and Mr. Dimitar Shoumarov from their position as Members of the Board of Directors of the Company and elected two new members of the Board of Directors: Mrs. Vasiliki Dimou and Mrs. Aikaterini Atsali.

Following the resolution of 31.07.2014 of the Regular Annual General Meeting of the Shareholders of the Company pursuant to which Mr. Georgios Vasilantonakis has been released from his position of a member of the BD, and as a result his being released from his position of Executive Director, the BD resolved to appoint as a new Executive Director Mrs. Vasiliki Dimou.

After registration of the above resolutions in the Trade Register with the Registry Agency under the Ministry of Justice on 14.10.2014, the Board of Directors of the Company consists of the following members:

Theodoros Karakasis –Chairman of the Board of Directors;

Dimitrios Andritsos – Deputy Chairman of the Board of Directors and Executive Director;

Iordan Souvandjiev - Member of the Board of Directors.

Vasiliki Dimou - Member of the Board of Directors and Executive Director

Aikaterini Atsali - Member of the Board of Directors

The company is presented in front of third parties by the two Executive Directors acting always jointly, namely:

1. Mr. Dimitrios Andritsos
2. Mrs. Vasiliki Dimou

On 31 December 2014 the members of the Board of Directors were:

1. Mr. Theodoros Karakasis –Chairman of the Board of Directors;
2. Mr. Dimitrios Andritsos – Deputy Chairman of the Board of Directors and Executive Director;
3. Mr. Iordan Souvandjiev - Member of the Board of Directors.
4. Mrs. Vasiliki Dimou - Member of the Board of Directors and Executive Director
5. Mrs. Aikaterini Atsali - Member of the Board of Directors

Information on the activity of the Board of Directors of the Company during 2014 pursuant to Art. 247, Para 2 of The Commercial Act of Bulgaria:

Remunerations received generally by the members of the Board of Directors during 2014:

In 2014 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.

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:

**ERB PROPERTY SERVICES SOFIA AD
DIRECTORS' REPORT (CONTINUED)
31 DECEMBER 2014**

MANAGEMENT (CONTINUED)

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 Boards:

Theodoros Karakasis

- Eurobank Bulgaria AD, (Bulgaria) –Chairman of the Supervisory Board
- ERB Leasing EAD (Bulgaria) - Mr. Karakasis was Director of ERB Leasing E.A.D. up to 24.9.2014
- Bulgarian Retail Services A.D (Bulgaria) - Chairman of the Board of Directors
- Bancpost S.A. (Romania) – Deputy Chairman of the Board of Directors
- ERB Retail Services IFN S.A.(Romania) – Member of the Board of Directors
- ERB Leasing IFN S.A.(Romania)- Member of the Board of Directors
- Eurobank Property Services S.A.(Romania) – Chairman of the Board of Directors
- ERB Property Services d.o.o. Beograd (Serbia) - Chairman of the Supervisory Board
- Eurobank a.d. Beograd (Serbia) – Director, MB (effective as of 7.2.2014. Mr. Karakasis was Chairman of the MB up to 6.2.2014)

MANAGEMENT (CONTINUED)

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

Theodoros Karakasis (continued)

- Eurobank Ergasias S.A. (Greece) – Mr. Karakasis was Advisor of Eurobank Ergasias S.A. up to March 2014
- ERB New Europe Finding B.V, (The Netherlands) – Mr. Karakasis was Managing Director A of ERB New Europe Funding B.V. up to March 2014
- ERB New Europe Finding II B.V., (The Netherlands) – Mr. Karakasis was Managing Director A of ERB New Europe Funding II B.V. up to March 2014
- CEH Balkan Holdings Limited (Cyprus) - Director

Dimitrios Andritsos

- Eurobank Property Services S.A. (Greece) –Vice Chairman & Chief Executive Officer
- IMO Property Investments Bucuresti S.A. (Romania) – Director
- IMO II Property Investments S.A. (Romania) – Director
- Eurobank Property Services S.A. (Romania) - Vice Chairman
- IMO Property Investments A.D. Beograd (Serbia) - Director,SB
- ERB Property Services d.o.o Beograd (Serbia) - Director,SB
- IMO Property Investments Sofia E.A.D. (Bulgaria) – Director
- ERB Property Services Ukraine LLC. (Ukraine) - Deputy General Director

Iordan Souvandjiev

- Eurobank Bulgaria AD, (Bulgaria) – Member of the Management Board
- IMO Property Investments Sofia EAD (Bulgaria) – Deputy Chairman of the Board of Directors and Executive Director
- IMO Central Office EAD (Bulgaria) - Deputy Chairman of the Board of Directors and Executive Director
- IMO Rila EAD (Bulgaria) - Deputy Chairman of the Board of Directors and Executive Director

Vasiliki Dimou

- Eurobank Property Services S.A.(Greece) – Director
- ERB Property Services d.o.o. Beograd (Serbia) - Director, SB (effective as of 30.6.2014)

MANAGEMENT (CONTINUED)

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

Aikaterini Atsali

- Eurobank Property Services S.A. (Romania) - Director (effective as of 23.5.2014)
- IMO Property Investments Bucuresti S.A. (Romania) - Director (effective as of 22.5.2014)
- IMO II Property Investments S.A. (Romania) - Director (effective as of 22.5.2014)
- ERB Property Services d.o.o. Beograd (Serbia) - Director, SB (effective as of 30.6.2014)
- IMO Property Investments Sofia E.A.D. (Bulgaria) - Director (effective as of 7.10.2014)

Contracts under article 240b of The Commercial Act of Bulgaria, entered into in 2014:

The Company has not entered into contracts in the sense of Article 240b, paragraph 1 of The Commercial Act of Bulgaria during 2014.

ORGANIZATIONAL STRUCTURE

The Company consists of three divisions: Administration, Appraisal Division and Agency Division. The total number of the personnel at 31 December 2014 is 15 (2013: 13).

OBJECTIVES OF THE COMPANY FOR 2015

The objectives of the Company for the coming year cover:

- Improve the delivery speed of the assigned valuations of movable and immovable assets from the business units of Eurobank Bulgaria;
- Assistance to Eurobank Bulgaria for rents renegotiation of the bank branches to reduce their operational cost;
- Expanding the network of appraisers in the country, with a focus on professional and moral-ethical qualities of the candidates;
- Provision of professional services related to acquired and managed by the IMO Property Investment (a related party company from Eurobank Group) properties for sales or renting;
- Provision of professional services in the real estate sector and expanded number of new external to the group clients including: valuation, agency, advisory services, market analysis and preparation of indexes.
- Provision of new services to existing clients – INDEX, advisory services, technical due-diligence, direct voluntary sales and remarketing of TAG collaterals

**ERB PROPERTY SERVICES SOFIA AD
DIRECTORS' REPORT (CONTINUED)
31 DECEMBER 2014**


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 2014.

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.


Dimitrios Andritsos
Executive Director
ERB Property Services Sofia AD
7 May 2015
Sofia, Bulgaria



**ERB PROPERTY SERVICES SOFIA AD
BALANCE SHEET
31 DECEMBER 2014**

(All amounts are in BGN thousands)


	Notes	As at 31 December	
		2014	2013
ASSETS			
Non-current assets			
Equipment	5	4	4
Intangible assets	6	63	82
Deferred tax asset	8	1	3
		68	89
Current assets			
Trade receivables	7,9	364	247
Other receivables	10	31	26
Cash and cash equivalents	7,11	124	104
Term deposits in bank	11	3,342	3,414
		3,861	3,791
Total assets		3,929	3,880
EQUITY			
Share capital	12	150	150
Other reserves	12	15	15
Retained earnings		3,642	3,617
Total equity		3,807	3,782
LIABILITIES			
Non-current liabilities			
Deferred tax liability	8	5	0
Total non-current liabilities		5	0
Current liabilities			
Trade payables	13	51	56
Other payables	14	66	42
Total current liabilities		117	98
Total liabilities		122	98
Total equity and liabilities		3,929	3,880

The financial statements on page 7 to 33 have been approved on 7 May 2015 and signed as follows:


Executive Director
Dimitrios Andritsos


Financial Manager
Galina Todorova

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


Milka Damianova
Registered auditor
Sofia, Bulgaria
27.04.2015


Stefan Welblen
PricewaterhouseCoopers Audit OOD
27.04.2015

ERB PROPERTY SERVICES SOFIA AD
STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2014

(All amounts are in BGN thousands)

	Notes	Year ended 31 December	
		2014	2013
Revenue	15	1,497	1,447
Consumables used	16	(10)	(9)
Expenses for external services	17	(971)	(1,114)
Employee benefits expense	18	(511)	(386)
Depreciation and amortisation	5,6	(24)	(20)
Other expenses	19	(3)	(15)
Operating loss		(22)	(97)
Financial gain, net	20	54	126
Profit before income tax		32	29
Income tax expense	21	(7)	(1)
Profit for the year		25	28
Total comprehensive income for the year		25	28


The financial statements on page 7 to 33 have been approved on 7 May 2015 and signed as follows:


 Executive Director
 Dimitrios Andritsos




 Financial Manager
 Galina Todorova

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


 Milka Damianova
 Registered auditor
 Sofia, Bulgaria
 27.07.2015




 Stefan Weiblen
 PricewaterhouseCoopers Audit OOD
 27.07.2015

**ERB PROPERTY SERVICES SOFIA AD
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2014**

(All amounts are in BGN thousand)

	Note	Share capital	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2013		150	15	3,589	3,754
Profit for the year		-		28	28
Balance as at 31 December 2013	12	150	15	3,617	3,782
Balance as at 1 January 2014		150	15	3,617	3,782
Profit for the year		-	-	25	25
Balance as at 31 December 2014	12	150	15	3,642	3,807

The financial statements on page 7 to 33 have been approved on 7 May 2015 and signed as follows:


Executive Director
Dimitrios Andritsos




Financial Manager
Galina Todorova

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


Milka Damianova
Registered auditor
Sofia, Bulgaria
27.07.2015




Stefan Weiblen
PricewaterhouseCoopers Audit OOD
27.07.2015

**ERB PROPERTY SERVICES SOFIA AD
CASH FLOW STATEMENT
31 DECEMBER 2014**

(All amounts are in BGN thousands)

	Note	Year ended 31 December	
		2014	2013
Cash flow from operating activities			
Cash receipts from customers		1,684	1,795
Cash payments to employees and suppliers		(1,784)	(1,917)
Income tax payments		(3)	
Net cash flows used in operating activities		(103)	(122)
Cash flows from investing activities			
Purchases of property, plant and equipment	5,6	(4)	(4)
Interest received		127	127
Deposit in Bank			(206)
Net cash from investing activities		123	(83)
Net increase in cash		20	(205)
Cash at beginning of the year		104	309
Cash at end of the year	11	124	104


The financial statements on page 7 to 33 have been approved on 7 May 2015 and signed as follows.


Executive Director
Dimitrios Andritsos




Financial Manager
Galina Todorova

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


Milka Damianova
Registered auditor
Sofia, Bulgaria
27. 04. 2015




Stefan Weiblen
PricewaterhouseCoopers Audit OOD
27. 04. 2015

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

1. General information

ERB 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 270, Okolovrasten pat Str., Sofia 1766.

The Company's principal activities include appraisal services primarily with related parties (Note 24).

ERB PROPERTY SERVICES SOFIA AD is owned by Eurobank Ergasias S.A. with 80% of the share capital and by Eurobank Property Services S.A. with 20 % of the share capital.

The Company's ultimate parent is Hellenic Financial Stability Fund.

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 ERB Property Services Sofia AD have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as endorsed by the European Union (EU), and in particular with those IFRSs and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements.

The policies set out below have been consistently applied to the years 2014 and 2013, except as described below. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Going concern considerations

The annual financial statements have been prepared on a going concern basis, as the Board of the Directors considered as appropriate, taking into consideration the following:

Position of the Group

Since May 2010, Greece has undertaken significant structural reforms to restore competitiveness and promote economic growth through a programme agreed with the EU, the ECB and the IMF ("the Institutions"). This had led to primary fiscal surpluses in 2013 and 2014, but also to reform fatigue and social unrest. Following the recent parliamentary elections of 25 January, the new government negotiated a four-month extension of the Master Financial Assistance Facility Agreement (MFFA), the purpose of which is the successful completion of the review on the basis of the conditions in the current arrangement, making best use of the given flexibility which will be considered jointly with the Greek authorities and the Institutions. This extension would also serve to bridge the time for discussions on a possible follow-up arrangement between the Euro Group, the Institutions and Greece.

2. Summary of significant accounting policies

2.1 Basis of preparation

Position of the Group

On 23 February, the Greek government presented to the Institutions, a first list of reform measures to be further specified and agreed by the end of April 2015. Greece's access to the last instalment of the previous arrangement and/or to further Eurozone funding is conditional, inter alia, to the Institutions approving the conclusion of the review of the extended arrangement. Until such review is satisfactorily completed, any securities issued or guaranteed by the Hellenic Republic are deemed not eligible for ECB MRO (Main Refinancing Operations) funding. These conditions create material uncertainties on the Greek macroeconomic environment, with potentially adverse effects on the liquidity and solvency of the Greek Banking sector.

Liquidity, of the whole Greek banking sector, was negatively affected in the beginning of 2015 due to the combined effect of deposit withdrawals, reduction of wholesale secured funding and the decision of ECB to lift the waiver of minimum credit rating requirements for marketable instruments issued or guaranteed by Hellenic Republic (i.e. Greek government bonds and Pillar 2 & 3 of the Law 3723/2009). As a result Greek banks reverted to the fallback funding source, the Emergency Liquidity Assistance (ELA) mechanism to cover their short term liquidity needs. In this context, the Greek banking system and Eurobank specifically, still maintain ample liquidity buffers to correspond to persevering adverse liquidity conditions and the Eurosystem has demonstrated its commitment to support Greek banks as long as Greece remains within the EU support program.

Notwithstanding, the above liquidity pressures and increase of Greek sovereign risks, the capital adequacy position of Eurobank currently stands strong, following April's 2014 Share Capital Increase of € 2.86 billion. More specifically, the CET 1 ratio of the Group as of 31 December 2014 stood at 16.2%. Furthermore, the ECB comprehensive assessment results, as published in October 2014, reaffirmed the solid capital position of the Group stating the lack of any capital shortfall, in both the base and the adverse scenarios.

a) New standards, amendments and interpretations adopted by the Company

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2014:

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. *The amendment did not have a significant effect on the Company's financial statements.*

Amendments to IAS 36, 'Impairment of assets,' on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. *The amendment did not have a significant effect on the Company's financial statements.*

2. Summary of significant accounting policies

2.1 Basis of preparation

a) New standards, amendments and interpretations adopted by the Company (continued)

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Company has applied the amendment and *there has been no significant impact on the Company's financial statements as a result.*

IFRS 10 'Consolidated financial statements' is based on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent company. The standard provides additional guidance on the determination of control where this is difficult to assess. *The standard did not have a significant effect on the Company's financial statements.*

IFRS 11 "Joint actions" focuses on the rights and obligations of the parties under the joint activity, rather than its legal form. There are two types of joint activities: joint operations and joint ventures. Joint operations arise when investors have rights to the assets and obligations for the liabilities of the joint action. Participants in the joint operation take their share of the assets, liabilities, income and expenses. Joint ventures arise when investors have rights to the net assets of the cooperative activities; joint ventures are accounted for using the equity method. Proportional consolidation of joint ventures is no longer allowed. *The standard did not have a significant effect on the Company's financial statements.*

IFRS 12 "Disclosure of interests in other entities " includes the disclosure requirements for all forms of interests in other entities, including joint activities, associates, structured entities and other off-balance sheet investments. *The standard did not have a significant effect on the Company's financial statements.*

Other standards, amendments and interpretations, which are effective for the financial year beginning on 1 January 2014 *are not material to the Company.*

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statement. *None of these is expected to have a significant effect on the financial statements of the Company except the following set out below:*

IFRIC 21, 'Levies,' sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions.' The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. *The Company is not currently subjected to significant levies so the impact on the Company is not material.* Interpretation was approved for use is the EU on 13 June 2014.

2. Summary of significant accounting policies

2.1 Basis of preparation

(b) New standards, amendments and interpretations not yet adopted (continued)

IFRS 9, 'Financial instruments,' addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. It has not yet been endorsed for use in the EU and earlier application is not permitted in the EU. The Company / Group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 but it has not yet been endorsed for use in the EU and earlier application is not permitted in the EU. The Company / Group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company / Group.

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.

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

2. Summary of significant accounting policies

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	
	2014	2013
1 USD	1.60841	1.41902
1 EUR	1.95583	1.95583

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.

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

2 Company background and significant accounting policies (continued)

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

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 licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. This intangible asset has a specific useful time and it depreciates linearly.

b) Software licenses

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three to five years.

2 Company background and significant accounting policies (continued)

2.7 Intangible assets (continued)

Intangible long-term 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.

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 up to 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 Company background and significant accounting policies (continued)

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.

2.13 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);

2 Company background and significant accounting policies (continued)

2.14 Share capital and reserves (continued)

- 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.

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 recognized on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognized 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 recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized 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 amortized cost using the effective interest method.

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

2 Company background and significant accounting policies (continued)

2.15.1 Financial assets (continued)

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for sale equity instruments are recognized 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.

2.16 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.

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.

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

(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.

As at 31 December 2014	BGN	EUR	Total
Assets as per balance sheet			
Related party receivables (Note 24.1)	364	-	364
Other receivables	31	-	31
Cash and deposits with banks	2,863	603	3,466
	3,258	603	3,861
Liabilities as per balance sheet			
Trade payables	51	-	51
	51	-	51
As at 31 December 2013			
Assets as per balance sheet			
Related party receivables (Note 24.1)	247	-	247
Other receivables	26	-	26
Cash and deposits with banks	2,913	605	3,518
	3,186	605	3,791
Liabilities as per balance sheet			
Trade payables (Note 24)	56	-	150
	56	-	150

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

(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 2014 the Company's interest rate risk arises from two short-term bank deposits held at Eurobank Bulgaria AD amounting to BGN 3,287 thousand with renegotiated maturity of 1 year. In 2013 the Company has two short-term bank deposits at Eurobank Bulgaria AD amounting to BGN 3,287 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 2014, the impact on post-tax profit would be maximum decrease of BGN 32 thousand.

If interest rate increases by 1% on annual basis in 2014, the impact on post-tax profit would be maximum increase of BGN 32 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 2013 and 2012 by banks, as follows:

Contractor	31 December 2014		31 December 2013	
	Credit rating	Balance	Credit rating	Balance
Eurobank Bulgaria AD	BB+ (BCRA)	3,466	BBB (BCRA)	3,518
		<u>3,466</u>		<u>3,518</u>

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.

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

(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 (continued)

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.

3.2 Fair value estimation

As at 31 December 2014

Less than 1 year

Trade payables	51
	<u>51</u>

As at 31 December 2013

Less than 1 year

Trade payables	56
	<u>56</u>

(e) Capital risk

ERB 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. 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 by share capital and net liabilities.

The table below summarizes the Company's capital structure:

	31 December	
	2014	2013
Payables to suppliers and clients (def tax liab excl)	117	98
Cash and bank deposits	(3,466)	(3,518)
Net debt/(cash)	(3,349)	(3,420)
Shareholders equity	3,807	3,782
Total capital	<u>458</u>	<u>362</u>

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

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

instruments.

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

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

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. Reliability of estimates and valuation is reviewed regularly.

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 31.12.2014 that are critical to the carrying value of assets and liabilities.

5. Equipment and other tangible non-current assets

	Machines & equipment	Furniture & fittings	Total
As at 1 January 2013			
Cost	16	37	53
Accumulated depreciation	(16)	(33)	(49)
Net book amount	-	4	4
Opening net book amount	-	4	4
Additions	1	1	2
Depreciation charge	-	(2)	(2)
Closing net book amount	1	3	4
As at 31 December 2013			
Cost	17	37	54
Accumulated depreciation	(16)	(34)	(50)
Net book amount	1	3	4
As at 1 January 2014			
Opening net book amount	1	3	4
Additions	2	-	2
Depreciation charge	-	(2)	(2)
Closing net book amount	3	1	4
As at 31 December 2014			
Cost	19	37	56
Accumulated depreciation	(16)	(36)	(52)
Net book amount	3	1	4

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

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

6. Intangible assets

	Software	Total
As at 1 January 2013		
Cost	78	78
Accumulated amortization	(58)	(58)
Net book amount	20	20
Opening net book amount	20	20
Additions	80	80
Amortization charge	(18)	(18)
Closing net book amount	82	82
As at 31 December 2013		
Cost	158	158
Accumulated amortization	(76)	(76)
Net book amount	82	82
As at 1 January 2014		
Opening net book amount	82	82
Additions	3	3
Amortization charge	(22)	(22)
Closing net book amount	63	63
As at 31 December 2014		
Cost	161	161
Accumulated amortization	(98)	(98)
Net book amount	63	63

7. Financial instruments by category

	As at 31 December	
	2014	2013
Financial assets at amortised cost		
Receivables from related parties (Note 24.1 iii and 9)	364	247
Other receivables	31	26
Cash and deposits with banks (Note 11)	3,466	3,518
	3,861	3,791
Financial liabilities at amortised cost		
Trade payables (Note 13)	51	56
	51	56

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

(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 2014 is 10% (2013: 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	
	2014	2013
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	(1)	(3)
	<u>(1)</u>	<u>(3)</u>
	As at 31 December	
	2014	2013
Deferred income tax liabilities:		
– Deferred income tax liabilities to be recovered after more than 12 months	5	-
	<u>5</u>	<u>-</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	Retirement benefits provision	Accrual for bonuses	Equipment	Total
As at 1 January 2013	(1)	(1)	-	(2)
Charged to the income statement	-	1	(2)	(1)
As at 31 December 2013	(1)	-	(2)	(3)
Charged to the income statement	-	-	2	2
As at 31 December 2014	(1)	-	-	(1)
Deferred tax liabilities	Accrual for bonuses	Equipment	Total	
As at 1 January 2013	-	1	1	
Credited to the income statement	-	(1)	(1)	
As at 31 December 2013	-	-	-	
Charged to the income statement	-	5	5	
As at 31 December 2014	-	5	5	

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2012

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

9. Trade receivables

	As at 31 December	
	2014	2013
Receivables from related parties (Notes 24.1.iii and 7)	364	247

The carrying amount of receivables approximates their fair value.

The maturity of receivables is as follows:

	As at 31 December	
	2014	2013
Up to 1 month	364	247

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

	As at 31 December	
	2014	2013
Currency		
BGN	364	247
	<u>364</u>	<u>247</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.

10. Other receivables

	As at 31 December	
	2014	2013
Premises deposit	14	14
Tax to be reimbursed	13	10
Prepaid expenses	1	1
Other	3	1
Cars deposit	-	-
	<u>31</u>	<u>26</u>

The carrying amount of receivables approximates their fair value

The aging of receivables is as follows:

	As at 31 December	
	2014	2013
Up to 12 months	31	26
	<u>31</u>	<u>26</u>

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

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

11. Cash and cash equivalents and deposits in banks	As at 31 December	
	2014	2013
Current bank account at Eurobank Bulgaria AD (Note 24.1.iv)	124	104
Bank deposit at Eurobank Bulgaria AD (Note 24.1.iv)	3,287	3,287
Accrued interest	55	127
	3,466	3,518

The Company's bank deposits held at Eurobank Bulgaria AD bear interest between 2.00% and 1.00% per annum. The Bank rating as at 31 December 2014 is BB+.

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.

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

	As at 31 December	
	2014	2013
Currency		
BGN	2,863	2,913
EUR	603	605
	3,466	3,518

12. Share capital	Number of	Ordinary
	shares	shares
		BGN
At 31 December 2013	150,000	1
At 31 December 2014	150,000	1

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.

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

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

13. Trade payables	As at 31 December	
	2014	2013
Trade payables	51	56
	51	56
14. Other payables	As at 31 December	
	2014	2013
VAT payable	53	33
Retirement indemnity provision	9	7
Other state taxes	3	2
Accrual for bonuses	-	-
Accrual for unused paid leave	1	-
	66	42
15. Revenue	2014	2013
Sales of:		
Evaluation and intermediary services to related parties (Note 24.1.i)	1,482	1,427
Evaluation and intermediary services to clients	15	20
	1,497	1,447
16. Consumables used	2014	2013
Expenses for:		
- fuel	(8)	(7)
- stationery	(2)	(2)
- others	-	-
	(10)	(9)
17. Expenses for external services	2014	2013
Expenses for:		
- subcontractors	(653)	(784)
- agency services	(121)	(120)
- rent	(99)	(99)
- technical commissions	(33)	(33)
- maintenance	(29)	(30)
- advertising and promotions	(2)	(21)
- audit	(7)	(8)
- phones	(5)	(6)
- utilities	(2)	(4)
- couriers	(3)	(3)
- cars maintenance	(7)	(2)
- entertainment expenses	(1)	(1)
- consultancy expenses	(2)	-
- security	-	-
- other	(7)	(3)
	(971)	(1,114)

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

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

18. Employee benefits expense

	2014	2013
Salaries	(448)	(350)
Social securities and health insurance contribution	(57)	(48)
Life insurance	(1)	(1)
Salary bonuses		12
Retirement indemnity provision	(2)	1
Accrual for unused paid leave	(1)	2
Other employee benefits	(2)	(2)
	<u>(511)</u>	<u>(386)</u>

The total number of employees as at 31 December 2014 is 15 (As at 31 December 2013: 13).

19. Other expense

	2014	2013
Business trips abroad	-	(12)
One-off taxes	(3)	(3)
	<u>(3)</u>	<u>(15)</u>

20. Financial gain/ (loss), net

	2014	2013
Interest income - bank accounts (Note 24.1.v)	55	127
Bank charges (Note 24.1.vi)	(1)	(1)
	<u>54</u>	<u>126</u>

21. Income tax expense

	2014	2013
Current income tax	7	4
Deferred income tax (Note 8)	-	(3)
Income tax charge	<u>7</u>	<u>1</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:

	2014	2013
Profit before income tax	<u>32</u>	<u>29</u>
Tax calculated at a tax rate applicable to profits 10% (2013: 10 %)	4	4
Tax effect of not tax deductible expenses	3	(3)
Tax charge	<u>7</u>	<u>1</u>

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

(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 2014 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

ERB PROPERTY SERVICES SOFIA AD has commitments according to agreement for rent of an office and two operating lease agreement for cars. The future aggregate minimum lease payments under non-cancellable leases are as follows:

	As at 31 December	
	2014	2013
Between one and five years	28	14

24. Related-party transactions

ERB PROPERTY SERVICES SOFIA AD is owned by Eurobank Ergasias S.A. Greece with 80% of the share capital and it is the Company parent.

Eurobank Bulgaria AD is a subsidiary of Eurobank Ergasias S.A., which is listed on the Athens Stock Exchange.

Following the successful completion of the recapitalization of the Eurobank Ergasias S.A. from the European Financial Stability Facility (E.F.S.F.) and the introduction of its new shares on the Athens Stock Exchange on June 19, 2013 the E.F.S.F. acquired 3,789,317,358 ordinary shares with voting rights issued by Eurobank Ergasias SA, representing 98.56% of the ordinary voting shares. Following the issuance of 205,804,664 new ordinary shares in July, as resolved at the Annual General Meeting of the Shareholders on 27 June 2013, the percentage of the voting rights held in Eurobank by HFSF decreased to 93.55%. Following the share capital increase approved by the Extraordinary General Meeting of 26 August 2013, the percentage of the voting rights held by HFSF increased to 95.23%.

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

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

24. Related-party transactions (continued)

Following the completion of the Eurobank's share capital increase fully covered by private, institutional and other investors, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 95.23% to 35.41%. In addition, in the context of the Law 3864/2010 (the 'HFSF Law') as amended by Law 4254/2014, the HFSF's voting rights in the Eurobank's General Assemblies have been switched to restricted ones. Accordingly, as of early May, the HFSF is no more the controlling shareholder of the Group but is considered to have significant influence over it. Therefore, the HFSF is considered to be a related party to the Group, whereas Greek Banks significantly influenced by HFSF, within the context of the Greek Banks' recapitalization, are not regarded as such.

24.1 Transactions and balances with other related parties

i) Rendering of services

	As at 31 December	
	2014	2013
Eurobank Bulgaria AD	979	997
IMO Property Investments EAD	469	391
ERB Leasing EAD	22	29
EFG Auto Leasing EAD	1	6
IMO Rila EAD	4	2
IMO Central office EAD	4	2
IMO 03 EOOD	4	
	1,483	1,427

ii) Supplies of services

	2014	2013
Eurobank Bulgaria AD	3	12
Imo Central office EAD	100	103
ERB Leasing EAD	15	
	118	115

iii) Receivables from related parties

	2014	2013
Eurobank Bulgaria AD	61	125
IMO Property Investments EAD	277	98
ERB Leasing EAD	-	3
EFG Auto Leasing EAD	-	1
Deposit IMO Property Investments EAD	14	14
IMO Central office EAD	3	
IMO 03 EOOD	2	
	357	241

ERB PROPERTY SERVICES SOFIA AD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2014

(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	
	2014	2013
iv) Cash and cash equivalents held at related parties		
Eurobank Bulgaria AD		
Current bank account	124	104
Term bank deposit	3,287	3,287
Accrued interest	55	127
	<u>3,466</u>	<u>3,518</u>
v) Interest income		
	2014	2013
Eurobank Bulgaria AD		
Interest income on bank accounts	55	127
	<u>55</u>	<u>127</u>
vi) Bank charges		
	2014	2013
Eurobank Bulgaria AD		
Bank charges on bank accounts	1	1
	<u>1</u>	<u>1</u>
vii) Key management compensation		
	2014	2013
Short term employee benefits	61	47
Life insurance	-	-
	<u>61</u>	<u>47</u>

As at 31 December 2014 the Company has no payables to the management (31 December 2013: 0)

25. Events after the balance sheet date

There are no significant post balance sheet events, as per definition of IAS 10 with effect on the financial statements.