

IMO RILA EAD

ANNUAL DIRECTORS' REPORT

ANNUAL FINANCIAL STATEMENTS

REPORT OF THE INDEPENDENT AUDITOR

31 DECEMBER 2012

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**IMO RILA EAD
DIRECTORS' REPORT
31 DECEMBER 2012**

The Directors present the report and the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), for the period ended 31 December 2012. The financial statements have been audited by PricewaterhouseCoopers Audit OOD.

GENERAL INFORMATION

Establishment and activity

Imo Rila EAD, UIK 201397425, is a private limited liability company registered in Bulgaria on 24 January 2011.

The owner of the Company is NEU II Property Holding Ltd. NEU II Property Holding Ltd. is a private company incorporated and existing under the laws of Cyprus, which is 100% owned by Eurobank Ergasias S.A. (Greece). Euroabnk Ergasias S.A. is a listed on the Athens Stock Exchange and until 23 July 2012, it was a member of EFG Group.

The Company's basic activities are purchase, construction and fitting up of properties in order to sell or rent them.

Share capital structure

Share capital is BGN 403,911 and was fully paid. The shares are ordinary and registered. The number of shares is 403,911 of nominal value BGN 1 (one) each.

Board of directors

As at 31 December 2012 the Board of Directors consists of the following members:

Emil Pilafov – Chairman of the Board of Directors and Executive Director
Petia Dimitrova – Deputy Chairperson of the Board of Directors and Executive Director
Iordan Souvandjiev – Member of the Board of Directors and Executive Director

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

In 2012 the members of the Board of Directors did not receive remuneration from the Company in their capacity of Board of Directors members.

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

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

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

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

**The Board of Directors member's ownership in other commercial enterprises, as:
Partners with unlimited liability**

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

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

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

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

Petia Nikolova Dimitrova

- Eurobank Bulgaria AD, Bulgaria – Chairperson of the Management Board and Chief Executive Officer;
- Bulgarian Retails Services AD, Bulgaria – Chairperson of the Board of Directors and Executive Director;
- EFG Property Services Sofia AD, Bulgaria – Member of the Board of Directors;
- IMO Property Investments Sofia EAD, Bulgaria – Member of the Board of Directors and Executive Director;
- IMO Central Office EAD, Bulgaria – Deputy Chairperson of the Board of Directors and Executive Director;
- IMO 03 EAD, Bulgaria – Member of the Board of Directors and Executive Director;
- American Chamber of Commerce in Bulgaria, Bulgaria – Member of the Management Board;
- Bulgarian Business Leaders Forum (BBLF), Bulgaria – Member of the Management Board;
- State-owned enterprise Communicative construction and rehabilitation, Bulgaria – Member of the Management Board;
- Municipal Bank AD, Bulgaria – Member of the Supervisory Board (until 13.08.2012);
- Confederation of Employers & Industrialists in Bulgaria, Bulgaria – Member of the Management Board (from 29.06.2012 to 22.11.2012).

Emil Atanasov Pilafov

- IMO Property Investments Sofia EAD, Bulgaria – Chairman of the BoD and Executive Director;
- IMO Central Office EAD, Bulgaria – Chairman of the BoD and Executive Director;
- IMO 03 EAD, Bulgaria – Chairman of the BoD and Executive Director.

Iordan Marinov Souvandjiev

- Eurobank Bulgaria AD, Bulgaria – Member of the Management Board;
- EFG Property Services Sofia AD, Bulgaria – Member of the Board of Directors;
- IMO Property Investments Sofia EAD, Bulgaria – Member of the Board of Directors;
- IMO Central Office EAD, Bulgaria – Member of the BoD and Executive Director;
- Vinimpeks 21 AD, Bulgaria – Member of the Board of Directors,

The Contracts under Article 240b of the Commerce Act

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

OVERVIEW OF RESULTS

Financial results for the current period

The financial result before tax for 2012 is loss in the amount of BGN 11,540 thousand. The impairment costs are the main part of the expenses – 97% of the total loss for the period.

Investment activity

The scope of activity of the Company is meant to comprise execution of all types of real estate transactions: sale – purchase, renting, leasing and subleasing, as well as property management and maintenance, construction, designing and engineering activity, preparation of investment projects, real estate consultancy, services, project management, valuation services, real estate brokerage and intermediary services, technical consultancy services, architectural, real estate development and engineering studies.

In 2011 the Company acquired one property - Hotel Rila in Sofia, through Notary deed dated 02 February 2011. Since then there was signed Rental contract with “Hotel Rila” AD at amount of EUR 40 thousand (BGN 79 thousand) per month without VAT, the term of the contract is 4 years. IMO Rila has signed Agreement with “Bulgarian Hotel services” AD, giving to them Option to buy the Hotel within the contract period of 4 years. In January 2012 through Notary invitation the Agreement with “Bulgaria Hotel Services” AD was terminated due to delays of payments.

In the end of 2012 the Management sign an Advisory agreement for disposal of Hotel Rila. In the beginning of 2013 a binding offer from a potential buyer was received. The management is in process of negotiations to finalize the price and conditions of the deal before to conclude.

MAIN OBJECTIVES FOR 2013

For 2013 the Company has not budgeted more acquisitions. The completion of the sale of Hotel Rila is main target for 2013.

FINANCIAL RISK MANAGEMENT

The Company is exposed to variety of financial risks. Detailed description of those risks and the policies and procedures applied by the Management are set out in note 3 of the financial statement as at 31 December 2012.

RESPONSIBILITIES OF MANAGEMENT

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 management has prepared the enclosed financial statements in accordance with IFRS as adopted by the EU.

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 period ended 31 December 2012.

The Directors confirm that the financial statements were prepared in accordance with IFRS as adopted by EU and 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.



Emil Pilafov
Executive Director and Chairman of the Board of Directors



Jordan Souvandjiev
Executive Director and Member of the Board of Directors
25.04.2013

**IMO RILA EAD
BALANCE SHEET
31 DECEMBER 2012**

(All amounts are stated in Bulgarian leva thousands)

	Notes	As at 31 December	
		2012	2011
Non-current assets			
Investment property	10	29,620	38,537
Total non-current assets		29,620	38,537
Current assets			
Other receivables	11	97	1,015
Cash and cash equivalents	12	161	439
Total current assets		258	1,454
Total assets		29,878	39,991
Equity			
Share capital	13	404	400
Share premium		3,907	-
Accumulated losses		(11,968)	(363)
Total equity		(7,657)	37
Current liabilities			
Borrowings from related parties	14	37,377	39,913
VAT payable		15	18
Income tax payable		43	20
Other payables to non-related parties		100	3
Total current liabilities		37,535	39,954
Total equity and liabilities		29,878	39,991

The financial statements have been approved on 25 April 2013 and signed as follows:



Emil Pilafov
Executive Director and
Chairman of the Board of
Directors




Elena Kamenova
Responsible for preparation
of financial statements



Rositsa Boteva
Registered auditor



Petko Dimitrov
PricewaterhouseCoopers
Audit OOD


Date: 25.04.2013
Sofia, Bulgaria

**IMO RILA EAD
STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2012**

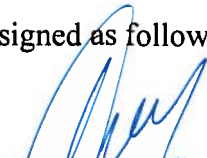
(All amounts are stated in Bulgarian leva thousands)

	Notes	2012 12 months	2011 For the period 24.1.2011- 31.12.2011
Rental income	5	966	1,036
Expenses for investment property	6	(8,955)	(163)
Impairment of receivables		(2,478)	-
Administrative expenses	7	(19)	(22)
Operating income		(10,486)	851
Financial costs, net	8	(1,054)	(1,194)
Loss before income tax		(11,540)	(343)
Income tax expense	9	(65)	(20)
Loss for the period		(11,605)	(363)
Other comprehensive income		-	-
Total comprehensive (loss) for the period		(11,605)	(363)

The financial statements have been approved on 25 April 2013 and signed as follows:


Emil Pilafov
Executive Director and
Chairman of the Board of
Directors



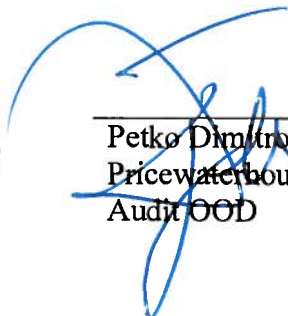

Elena Kamenova
Responsible for preparation of
financial statements

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


Rositsa Boteva
Registered auditor

Date: 25.04.2013
Sofia, Bulgaria




Petko Dimitrov
PricewaterhouseCoopers
Audit OOD

**IMO RILA EAD
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2012**

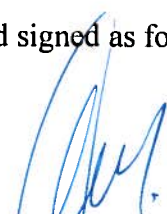
(All amounts are stated in Bulgarian leva thousand)

	Notes	Share capital	Share premium	Accumulated losses	Total equity
Balance as of 24 January 2011		400	-	-	400
Loss for the period		-	-	(363)	(363)
Balance as at 31 December 2011		400	-	(363)	37
Capital increase		4	3,907	-	3,911
Loss for the year		-	-	(11,605)	(11,605)
Balance as at 31 December 2012	13	404	3,907	(11,968)	(7,657)

The financial statements have been approved on 25 April 2013 and signed as follows:



Emil Pilafov
Executive Director and
Chairman of the Board
of Directors

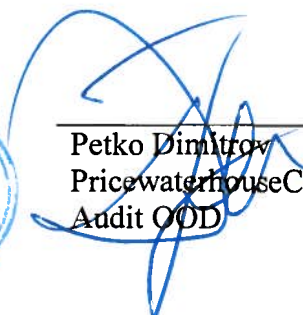
Elena Kamenova
Responsible for preparation
of financial statements

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



Rositsa Boteva
Registered auditor

Date: 25.04. 2013
Sofia, Bulgaria

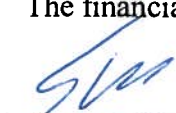
Petko Dimitrov
PricewaterhouseCoopers
Audit OOD

**IMO RILA EAD
STATEMENT OF CASH FLOWS
31 DECEMBER 2012**

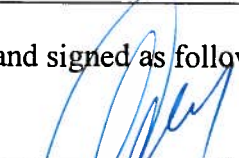
(All amounts are stated in Bulgarian leva thousand)

	Notes	2012	2011
		12 months	For the period 24.1.2011- 31.12.2011
Operating activities			
Receipts from clients		188	735
Payments for administrative expenses		(65)	(22)
Other operating cash flows		(719)	(423)
<i>Net cash used in operating activities</i>		(596)	290
Investing activities			
Purchase of investment property		-	(38,971)
<i>Net cash used in investing activities</i>		-	(38,971)
Financing activities			
Increase of share capital		3,911	400
Borrowings received		1,320	39,899
Interest paid		(1,060)	(1,179)
Borrowings repaid		(3,853)	-
<i>Net cash flows from financing activities</i>		318	39,120
Increase in cash and cash equivalents for the period		(278)	439
Cash and cash equivalents at January		439	-
Cash and cash equivalents at 31 December	12	161	439


The financial statements have been approved on 25 April 2013 and signed as follows:


Emil Pilafov
Executive Director and
Chairman of the Board of
Directors

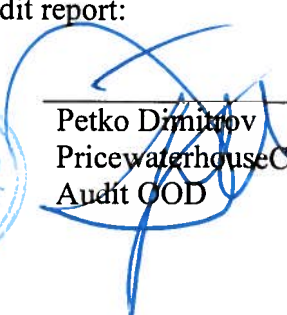



Elena Kamenova
Responsible for preparation
of financial statements

Initiated for identification purposes in the reference to the audit report:


Rositsa Boteva
Registered auditor




Petko Dimitrov
PricewaterhouseCoopers
Audit OOD

Date: 25.04.2013
Sofia, Bulgaria

IMO RILA EAD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2012

1. General information

Imo Rila EAD (“the Company”) is a private limited liability company registered in Republic of Bulgaria.

The Company basic activity is purchase, building and construction of real estate property for the purpose of rent and sale. The company has been established in 2011.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

The policies set out below have been consistently applied in 2012 and 2011. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

Going concern

Financial statements are prepared on the principle of going concern which implies that the company will continue operations in the foreseeable future. In support of that in 2012 the Shareholder increased the share capital and the share premium reserve account of the company with BGN 3,911 thousands. The current credit line was renewed at 28 March 2013 with new maturity date 30 April 2014.

Impact of the economic crisis in Greece

Greece entered into a new funding and restructuring programme with the European Commission, the ECB and the eurozone member-states as agreed in the Eurogroup meeting of 21 February 2012. The programme aimed at bringing the country’s public debt-to-GDP ratio below 120% by 2020.

The new funding and reform programme improved the country’s financial position and outlook, via the reduction of public debt and its servicing costs from 2012 onwards.

On the back of these developments, and after the implementation/legislation of a long list of structural reforms and fiscal austerity measures for 2013-16 by the Greek Government, the Eurogroup reached on 26 November 2012 an agreement on a set of new measures for the reduction of Greek public debt to 124.0% of GDP by 2020 and 110.0% of GDP in 2022. This debt path is consistent with the debt sustainability required by the IMF.

Position of the Group

Greek sovereign debt exchange programme

On 21 February 2012 the Euro-area finance ministers agreed on a bail out programme for Greece, including financial assistance from the Official Sector and a voluntary debt exchange agreed with the Private Sector forgiving 53.5% of the face value of Greek debt. All exchanged bonds were derecognized and the new Greek government bonds (nGGBs) recognized at fair value, based on market quotes at the date of recognition.

Following the Eurogroup’s decisions on 27 November 2012 and as part of debt reduction measures, the Greek State announced on 3 December 2012 an invitation to eligible holders of

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

nGGBs to submit offers to exchange such securities for six months zero coupon notes to be issued by the European Financial Stability Fund (EFSF). Under its participation to the Greek state's debt buyback program, the Eurobank Ergasias Group submitted for exchange the 100% of its nGGBs portfolio of total face value EUR 2.3 bn.

Recapitalization Framework and Process

Given the severity of the impact of the Greek Government Bond exchange program (PSI+), on 21 February 2012 the Euro Area finance ministers allocated a total of EUR 50 bn of the second support program for Greece specifically for the recapitalisation of the Greek banking system. These funds are directed to the Hellenic Financial Stability Fund (HFSF) whose mandate has been extended and enhanced accordingly. EUR 23 bn of these funds were remitted to Greece in the second quarter of 2012, EUR 16 bn in December 2012 while the final EUR 11 bn are expected within next months.

The Bank of Greece, after assessing the business plan and the capital needs of Eurobank has concluded on 19 April 2012 that Eurobank is a viable bank and, on 8 November 2012, notified the Bank that its Tier I capital should increase by EUR 5,839 million. The Bank, the HFSF and the European Financial Stability Facility ("EFSF") signed on 28 May 2012 and on 21 December 2012 a trilateral presubscription agreement (PSA) for the advance to the Bank of EFSF notes of face value of EUR 3,970 million and EUR 1,341 million (total EUR 5,311 million) as advance payment of its participation in the future share capital increase of the Bank. In addition, HFSF provided to the Bank a commitment letter for additional capital support of € 528 million up to the total level of recapitalisation needs of EUR 5,839 million. Proforma with the full recapitalisation amount of EUR 5,839 million, on 31 December 2012 the Group's regulatory capital stands at EUR 4.4 bn, the Core Tier I capital at EUR 4.1 bn, its Capital Adequacy ratio at 11.6% and the Core Tier I ratio at 10.8%. The above ratios will be negatively affected as of 31 March 2013 following recent changes in the Greek regulatory framework with respect to capital adequacy requirements. Such impact is expected to be mitigated through capital actions that are currently under planning and assessment stage by the Bank.

National Bank of Greece S.A. Voluntary Tender Offer (VTO)

On 5 October 2012, the National Bank of Greece (NBG) announced its intention to launch a voluntary exchange offer to acquire all Eurobank's shares offering 58 new shares of NBG for every 100 shares of Eurobank tendered. NBG also stated that, Eurobank shareholders holding 43.6% of Eurobank's ordinary share capital have committed to tender their shares in the tender offer.

On 11 January 2013, the Board of Directors of Eurobank Ergasias S.A., having considered the content of the VTO information memorandum and the reports provided by the Bank's financial advisors, concluded in summary that the Offer Consideration satisfies the requirements of the Law and is fair from a financial point of view.

On 15 February 2013, NBG announced that all necessary regulatory approvals have been obtained.

On 18 February 2013, NBG announced that during the offering's acceptance period for Eurobank's shareholders, 84,35% of Eurobank's shareholders have accepted legally the VTO; thus NBG holds 84,38% of Eurobank's paid in Share Capital.

IMO RILA EAD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2012

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

As stated in the VTO documentation, the VTO will be followed by the merger of the two banks. In line with this, on 19 March 2013, the boards of Eurobank and NBG resolved to initiate the merger process, with NBG absorbing Eurobank, and set 31 December 2012 as the merger reference date.

On 8 April 2013, Eurobank announced that the relevant regulatory authorities, with the consent of the management of both banks, have decided that NBG and Eurobank will be independently recapitalized in full. As a consequence, the merger process of the two Banks is being suspended.

As per the announcement of the Bank of Greece, the recapitalization process for the four systemic banks will be completed before the end of April 2013. The final decisions regarding the merger process will be taken by their future common shareholder, the HFSF.

On 10 April 2013, Eurobank's Board of Directors decided to convene a General Shareholders' Meeting on 30 April 2013 in order to discuss the Bank's €5.8 bn recapitalization

Within the current legal framework, a part of the recapitalization may be executed through the issuance of CoCos (contingent convertible securities) thus reducing the amount of the total Common Shares rights issue by an equal amount. Existing shareholders as well as other private investors will have the right to participate in the rights issue, while the recapitalization amount has already been guaranteed by the Hellenic Financial Stability Fund and EUR 5.3 bn out of EUR 5.8 bn has already been paid in advance to the Bank.

On 22 April 2013, Eurobank's Board of Directors decided to propose to the General Shareholders' Meeting on 30 April 2013 that the share capital increase of EUR 5.8 bn be fully subscribed by the HFSF, leading to the immediate and full recapitalization of the Bank.

Position of the Company

IMO Rila EAD finances its activities through a revolving short term borrowing by Eurobank Private Bank Luxembourg and its capital base.

(a) New and amended standards and interpretations effective in 2012

- IFRS 7, Amendment – Disclosures, Transfers of Financial Assets

(b) Standards and Interpretations issued but not yet effective

- IAS 1, Amendment - Presentation of items of Other Comprehensive Income (effective 1 January 2013)
- IAS 12, Amendment – Deferred tax: Recovery of Underlying Assets (effective 1 January 2013)
- IAS 19, Amendment - Employee Benefits (effective 1 January 2013)
- IAS 27, Amendment - Separate Financial Statements (effective 1 January 2014)
- IAS 28, Amendment - Investments in Associates and Joint Ventures, (effective 1 January 2014)
- IAS 32, Amendment - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014).

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

- IFRS 7, Amendment – Disclosures, Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013).
- IFRS 9, Financial Instruments (effective 1 January 2015, not yet endorsed by EU)
- IFRS 9 and IFRS 7, Amendment – Mandatory Effective Date and Transition Disclosures (effective 1 January 2015, not yet endorsed by EU)
- IFRS 10, Consolidated Financial Statements (effective 1 January 2014),
- IFRS 11, Joint Arrangements (effective 1 January 2014).
- IFRS 12, Disclosure of Interest in Other Entities, (effective 1 January 2014)
- IFRS 13, Fair value measurement, (effective 1 January 2013)
- IFRS 10, 11 and 12 Amendments – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (effective 1 January 2013, not yet endorsed by EU)
- Annual Improvements to IFRSs 2009-2011 Cycle (effective 1 January 2013, not yet endorsed by EU)
- IFRS 10, 12 and 27 Amendments – Investment Entities (effective 1 January 2014, not yet endorsed by EU)

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

The financial statements are prepared under the historical cost convention.

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

2.2 Foreign currency transactions

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2. Summary of significant accounting policies (continued)

2.3 Investment property

According to IAS 40, Investment property is a property, land or a building or part of a building or both held to earn rentals or for capital appreciation or both and that is not occupied by the Company. Investment property is recognised as an asset when it is probable that future economic benefits that are associated with the property will flow to the entity, and the cost of the property can be reliably measured.

After the initial recognition, investment properties are presented as non-current assets and are measured at cost less any accumulated depreciation and any accumulated impairment.

All acquisition costs are accumulated in the book value of investment property. An investment property is measured initially at its cost. Transaction costs are included in the initial measurement. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes, and other transaction costs. The real estate assets acquired, where further construction or development is necessary before they become ready for sale, can be treated as "qualifying assets" and in this case, the borrowing costs directly attributable to the acquisition and construction/development are eligible for capitalization.

Buildings recognized as investment properties are depreciated for a period of 50 years. The annual depreciation rate is 2%.

Land recognized as investment property is not depreciated.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

When an entity uses the cost model, transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

According to IAS 40 and the Company's policy, IMO has to perform an impairment analysis of the acquired properties closer to the year-end reporting date.

2.4. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required.

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

Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

2. Summary of significant accounting policies (continued)

2.4. Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.5 Receivables and other financial assets

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

2.6 Cash and cash equivalent

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

2.7 Payables and other financial liabilities

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

2.8 Accounting for operating lease contracts

Assets leased out under operating leases are included in investment property in the balance sheet. Rental income (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term.

2.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method, unless it is capitalised under IAS 23.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.10 Interest expense

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

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash

2. Summary of significant accounting policies (continued)

2.10 Interest expense (continued)

payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.11 Revenue recognition

Rental income

Revenue includes rental income, service charges and management charges from properties and income from property trading.

Rental income from operating leases is recognised in revenue on a straight-line basis over the lease term.

2.12 Deferred tax

Taxation has been provided for in the financial statements in statement of comprehensive income in accordance with Bulgarian legislation currently in force. The charge for taxation in the income statement comprises the current tax and changes in the deferred tax. The current tax is calculated on the basis of the taxable profit for the period, using the tax rates enacted at the balance sheet date. Income tax payable on profits, based on the applicable tax law, is recognised as an expense in the period in which profits arise. Taxes other than on income are recorded within operating expenses.

The deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The principal temporary differences arise from depreciation of investment property.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

3. Financial risk management

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

3.1 Market risk

(a) Currency risk

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

IMO RILA EAD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2012

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

3. Financial risk management (continued)

3.1 Market risk (continued)

(b) Interest rate risk

As the Company has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates. Interest re-pricing period of the borrowings is on a yearly base, thus mitigating to some extent the interest rate risk.

The Company's interest rate risk arises from short-term borrowings (Note 14). Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company's cash flow and interest rate risk is periodically monitored by the Company's management and by the parent Company (i.e. the Group management). As the borrowings are provided by the Eurobank Private Bank Luxembourg S.A., the exposure of the Company to interest rate risk is reviewed individually for each new facility provided.

Trade and other receivables and payables are interest-free and have settlement dates within one year.

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

Impact on liquidity

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

Impact on customers

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

3.2 Credit risk

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

The table below shows balances of cash and cash equivalents as at 31 December 2011 and 2012 to banks, as follows:

Contractor	31 December 2012		31 December 2011	
	Credit rating	Balance	Credit rating	Balance
Eurobank Bulgaria AD	BBB (BCRA)	161	BBB (BCRA)	439
		161		439

IMO RILA EAD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2012

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

3. Financial risk management (continued)

3.2 Credit risk (continued)

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

3.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The liquidity risk is strictly monitored by the Management.

The Management expects positive cash flows for the year ended 2012 and onwards, mainly due to cash inflows from operations.

The table below analyses the Company's financial liabilities into relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Total
As at 31 December 2011				
Payables	14	3	-	17
Other payables	18	20	-	38
Borrowings	-	-	41,056	41,056
Total financial liabilities	32	23	41,056	41,111

	Up to 1 month	Between 1 and 3 months	Over 12 months	Total
As at 31 December 2012				
Payables	-	3	-	3
Other payables	15	140	-	155
Borrowings	11	-	38,300	38,311
Total financial liabilities	26	143	38,300	38,469

3.4 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and to maintain an optimal capital structure to reduce the cost of capital. Total capital is calculated by the management as 'equity' as shown in the balance sheet.

4. Critical accounting estimates and judgments

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

IMO RILA EAD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2012

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

4. Critical accounting estimates and judgments (continued)

Estimate of fair value of investment properties

The fair value of the investment properties, accounted at cost model in accordance with IAS 40 is updated, in order to reflect the market conditions at the end of the reporting period by using of licensed evaluator. The fair value of the investment properties is the amount at which the properties can be sold between knowledgeable and willing parties at an arm's length transaction. „Willing seller” is not a pressed seller who will sell at whatever price.

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Company determines the amount within a range of reasonable fair value estimates. The current practice of the Company to use the services of external valuers to estimate the fair value of the property when it identifies indicators of change in the fair value in the market in which it operates. The fair value estimations of the external valuers are based on estimates such as:

- (i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Net Book Value of the hotel as at 31 December 2012 before 2012 impairment is BGN 38,341 thousands. According to IAS 40, IMO performed impairment analysis based on new market valuation of the hotel close to the year end and the offers received from potential buyers. Based on the offer that is accepted for negotiations, the difference between the present value of the estimated future cash flows, discounted at the cost of funds rate and the net book value in the amount of BGN 8,721 thousands is recognised and booked as impairment as of 31 December 2012.

5. Rental income

	2012	2011
	12 months	For the period 24.1.2011- 31.12.2011
Revenue from customers	966	1,036
Total	966	1,036

IMO RILA EAD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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(in all notes the amounts are presented in BGN thousands unless otherwise stated)

6. Expenses related to investment property

	2012	2011
	12 months	For the period 24.1.2011- 31.12.2011
Depreciation	(196)	(163)
Maintenance	(38)	-
Impairment	(8,721)	-
Total	(8,955)	(163)

7. Administrative expenses

	2012	2011
	12 months	For the period 24.1.2011- 31.12.2011
Rent	(10)	(12)
Audit fees	(8)	(8)
Other	(1)	(2)
Total	(19)	(22)

8. Finance costs, net

Finance costs, gross	2012	2011
	12 months	For the period 24.1.2011- 31.12.2011
Interest expense	(998)	(1,179)
Other finance costs	(56)	(50)
Total finance costs, gross	(1,054)	(1,229)
Finance income		
Interest income	-	35
Total finance income	-	35
Financial costs, net	(1,054)	(1,194)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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(in all notes the amounts are presented in BGN thousands unless otherwise stated)

9. Income tax

	2012	2011
	12 months	For the period 24.1.2011- 31.12.2011
Current income expense	(65)	(20)
	<u>(65)</u>	<u>(20)</u>
	2012	2011
Accounting loss before income tax	(11,540)	(343)
Increase of Tax base	12,395	706
Decreases of Tax base	(196)	(163)
Tax profit base	<u>659</u>	<u>200</u>
Income tax expense	<u>(65)</u>	<u>(20)</u>

10. Investment property

Carrying amount as at 1 January 2011	-
Additions - building	9,803
Additions - land	28,897
Depreciation	(163)
Carrying amount as at 31 December 2011	<u>38,537</u>
Additions - building	-
Additions - land	-
Depreciation	(196)
Impairment	(8,721)
Carrying amount as at 31 December 2012	<u>29,620</u>

The investment property was acquired in Q1'2011. As of 31 December 2012 based on received and accepted by the management for negotiations offer for acquisition of Hotel Rila, an impairment expense at the amount of BGN 8,721 was recognized and booked. As a result the fair value of the investment property is equal to its carrying amount.

10. a Tangible assets located in investment property – as part of acquisition of property, the Company also bought certain movable assets which represent inseparable part of the property. The policy of the Company is to sell or rent them together with the respective property.

11. Other receivables	2012	2011
<i>Financial assets</i>		
Receivables from clients and others	97	1,015
	<u>97</u>	<u>1,015</u>

IMO RILA EAD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2012

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

11. Other receivables (continued)

As of 31 December 2012 Management made assessment of the receivables from “Bulgarian Hotel Service” and “Hotel Rila” and found that the company will not be able to collect the amounts. A provision for impairment in the amount of 2,478 was recognized and booked.

12. Cash and cash equivalents

	As at 31 December	
	2012	2011
Cash in BGN	145	365
Cash in EUR	16	74
Total cash and cash equivalents	161	439

13. Share capital

	Number of shares	Nominal value of 1 share BGN	Value BGN'000
At 31 December 2011	400,000	1	400
At 31 December 2012	403,911	1	404

As at 31 December 2011 the share capital was divided into 400,000 shares, each with a nominal value of BGN 1. The sole owner of the capital is Imo Property Investments Sofia EAD.

According to Resolution from 21 February 2012, IMO Property Investment EAD transferred its participation in the Share Capital of IMO Rila EAD to NEU II Property Holding Ltd. - Cyprus, namely to transfer 400 000 tangible, by name, ordinary shares, with nominal value 1(one) BGN, representing 100% of the Share of IMO Rila, in consideration of the price in the amount of EUR 19,118. The amount was transferred effectively on 13 March 2012.

On 12 October 2012 the sole shareholder took a decision for increasing the Company’s capital through issue of 3,911 new ordinary registered shares. Each share is with nominal value of BGN 1 (one) and issue value of BGN 1,000 (one thousand). The total issue value of the shares from the increase of the Company’s capital amounts to 3,911,000 (three millions nine hundred and eleven thousand). Upon increase of the capital the total amount of the registered capital of the Company as of 31 December 2012 is 403,911 (four hundred and three thousand nine hundred and eleven) ordinary registered shares with nominal value of BGN 1 (one) each.

The difference between the nominal and the Company’s capital (the capital share premium) which amounts to 3,907,089 (three millions nine hundred and seven thousand and eighty-nine) are deposited in the Company’s Reserve Fund, pursuant to art. 176, paragraph 3 of the Commerce Act. As of 31 December 2012 the total amount of the capital increase is fully paid.

14. Borrowings

All loans of the Company are with a floating interest rate and are denominated in Euro. The loans have not been collateralised.

IMO RILA EAD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2012

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

14. Borrowings (continued)

Current liabilities	As at 31 December	
	2012	2011
Bank loans	37,366	39,899
Accrued interest	11	14
	<u>37,377</u>	<u>39,913</u>

The carrying amounts of these floating-rate borrowings approximated their fair values at the balance sheet date. All borrowings are contracted with floating rate of (1M EURIBOR) plus margin of 2.075%. There are no covenants included in the loan agreements.

Credit line was renewed at 28 March 2013 for one year period, till 30 April 2014. Credit line limit is EUR 21 million (BGN 41 million).

15. Financial instruments by category

As at 31 December 2012

Financial assets as per balance sheet	Loans and receivables
Trade and other receivables (Note 11)	97
Cash and cash equivalents (Note 12)	161
	<u>258</u>
Liabilities as per balance sheet	Financial liabilities at amortized cost
Trade payables	100
Payables under bank loan to related parties (Note 14)	37,366
Related party payables (Note 14)	11
	<u>37,477</u>

The fair value of all financial assets and liabilities as at the end of 2012 approximates their carrying value.

16. Related party transactions

The Company's immediate parent is NEU II Property Holding Ltd (Cyprus) which is 100% indirectly owned by Eurobank Ergasias S.A (Greece). EFG Eurobank Ergasias is listed on the Athens Stock Exchange and until 23 July 2012, it was a member of the EFG Group, which held 44.7% of the Bank's ordinary shares and voting rights, through wholly owned subsidiaries of the ultimate parent company.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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16. Related party transactions (continued)

On 23 July 2012, 43.55% of the ordinary shares and voting rights held by EFG Group were transferred to ten legal entities, each of which acquire approximately 4.4%, while the EFG Group retained the remaining 1.15%. These entities have formally stated they are independent from each other. As a result, from 23 July 2012, onwards, Eurobank ceased to be under EFG Group's control and will no longer be consolidated in the financial statements of the EFG Group. In addition, the Bank's corporate and trade name have been amended in order to no longer include the "EFG" suffix.

All transactions with related parties are with fellow subsidiaries.

	2012	2011
Borrowings		
Eurobank Private Bank Luxembourg S.A.	37,366	39,899
Accrued Interest		
Eurobank Private Bank Luxembourg S.A.	11	14
Cash and cash equivalents		
Eurobank Bulgaria AD (Note 12)	161	439
	2012	2011
		For the period 24.1.2011- 31.12.2011
	12 months	
Interest income from bank deposits		
Eurobank Bulgaria AD (Note 8)	-	35
Interest expenses		
Eurobank Private Bank Luxembourg S.A. (Note 8)	998	1,179
FX transaction expenses		
Eurobank Bulgaria AD (Note 8)	1	1
Commissions and fees expenses		
Eurobank Bulgaria AD (Note 8)	5	4
Eurobank SA (Note 8)	50	45
Expenses for valuations, broker fees		
ERB Property Services Sofia AD	2	-

The management is compensated virtue of a decision of the Board of Directors. There is nokey management compensation for the year ended 31 December 2012 and 2011.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2012

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

17. Contingent liabilities and commitments

The management has not identified any significant contingent liabilities and commitments valid as at 31 December 2012.

18. Events after the balance sheet date

There are no events after the Balance Sheet Date as defined by IAS 10. In the beginning of 2013 a binding offer from a potential buyer of the Hotel was received. Currently management is in process of negotiations to finalize the price and conditions of the deal before to conclude.



Independent auditor's report

To Shareholder of the Imo Rila EAD

Report on the Financial Statements

We have audited the accompanying financial statements of "Imo Rila" EAD which comprise the balance sheet as of 31 December 2012 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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 "Imo Rila" EAD as of 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

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

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

In our opinion, the Annual Report set out on pages 3 to 6, is consistent with the accompanying financial statements of the Company as of 31 December 2012.


Rositsa Boteva
Registered Auditor

25 April 2013
Sofia, Bulgaria




Petko Dimitrov
PricewaterhouseCoopers Audit OOD