ANNUAL REPORT 2005

EFG Factors

CONTENTS

Timeline - Important Dates 2

Management 3

Greek Trading Environment 4

Greek Factoring Market 5

Bulgarian Business and Factoring Environment 7

EFG Factors' Performance 2005 8

Financial Statements 11

Auditor's Report 48

EFG Factors

TIMELINE - IMPORTANT DATES

1999 Establishment of EFG Factors S.A. as 100% subsidiary of EFG Eurobank Ergasias Group.

2000 EFG Factors becomes an Associate-Member of Factors Chain International (FCI).

2002

- EFG FACTORS applied for Full-Membership at Factors Chain International and was accepted in October of the same year having fulfilled all necessary requirements.
- EFG Factors was accepted as a Full-Member of International Forfaiting Association (IFA), being the first Greek financial institution member of the Association.

2003

- EFG Factors gained the leading position in the Greek Export Factoring market with a market share of 39%.
- EFG Factors became the leading Greek Company in International Factoring Activity with a market share of 36%.
- EFG Factors received from FCI the Award for the Best Import Factor of the year in respect of performance and service improvement.

2004

- Leading Greek Company in Export Factoring with a market share of 43,56%.
- Leading Greek Company in International Factoring Activity with a market share of 39%.
- Establishment of a representative office in Sofia, Bulgaria (July).

2005

- The company broke the limit of EUR 1 billion turnover, achieving EUR 1,36 billion factored-turnover.
- Export Factoring market share climbed up to **51,50%** with a two-Factor turnover of EUR 105.000.000.
- Import Factoring market share reached **53,12%** with a two-Factor turnover of EUR 28.740.000.
- EFG Factors has awarded as one of the “Best Working Places” in Greece (Top-20), by Great Places to Work Institute (supported by the “Economist”).

EFG Factors

MANAGEMENT

- Panos Papatheodorou
  Managing Director / CEO
  Tel: +30-210 6078012
  e-mail: papatheodorou@efgfactors.gr

- Contantine Couroussis
  Chief Financial Officer
  Tel: +30-210 6078009
  e-mail: ccouroussis@efgfactors.gr

- Olga Roussou
  Chief Client Relations Officer
  Tel: +30-210 6078051
  e-mail: oroussou@efgfactors.gr

- Demetris Zouzoukis
  Forfaiting & International Projects Manager
  Tel: +30-210 6078008
  e-mail: dzouzoukis@efgfactors.gr

- George Goumassis
  International Factoring Manager
  Tel: +30-210 6078028
  e-mail: ggoumassis@efgfactors.gr

- Charalambos Kanaloupitis
  Sales Manager / Southern Greece
  Tel: +30-210 6078016
  e-mail: ckanaloupitis@efgfactors.gr

- Yiannis Koutsoumpos
  Northern Greece Branch - Manager
  Tel: +30-2310 376980
  e-mail: ikoutsoumpos@efgfactors.gr

- Spyros Tsolis
  Bulgarian Branch - Manager
  Tel: +359-2 4015003
  e-mail: stsolis@efgfactors.gr

Management's Letter

GREEK TRADING ENVIRONMENT

Trade regime

Commodity imports into Greece are usually free and no import licenses are required. Import duties in most non-EU countries range from 5-7% for manufactured products, but duties tend to be lower on raw materials, while textiles enjoy a higher tariff rate. Agriculture products from outside the EU are subjected to an elaborate EU administrated protection system that includes surcharges. All products regardless of origin are subject to VAT rate generally charged at 19%. On non-EU products, VAT is applied to the total CIF value, plus the import duty, and payable in full upon import.

Major trading partners

The major sources of imports into Greece are Germany, Italy, France, Russia and the Netherlands. The key export markets for Greek products are Germany, Italy, UK, Bulgaria, Cyprus, France and Turkey. The main imports comprise machinery, transport equipment, fuels and chemicals, while exports are largely made up food and drinks, manufactured goods, petroleum products, chemicals and textiles.

Strategic Geopolitical Location

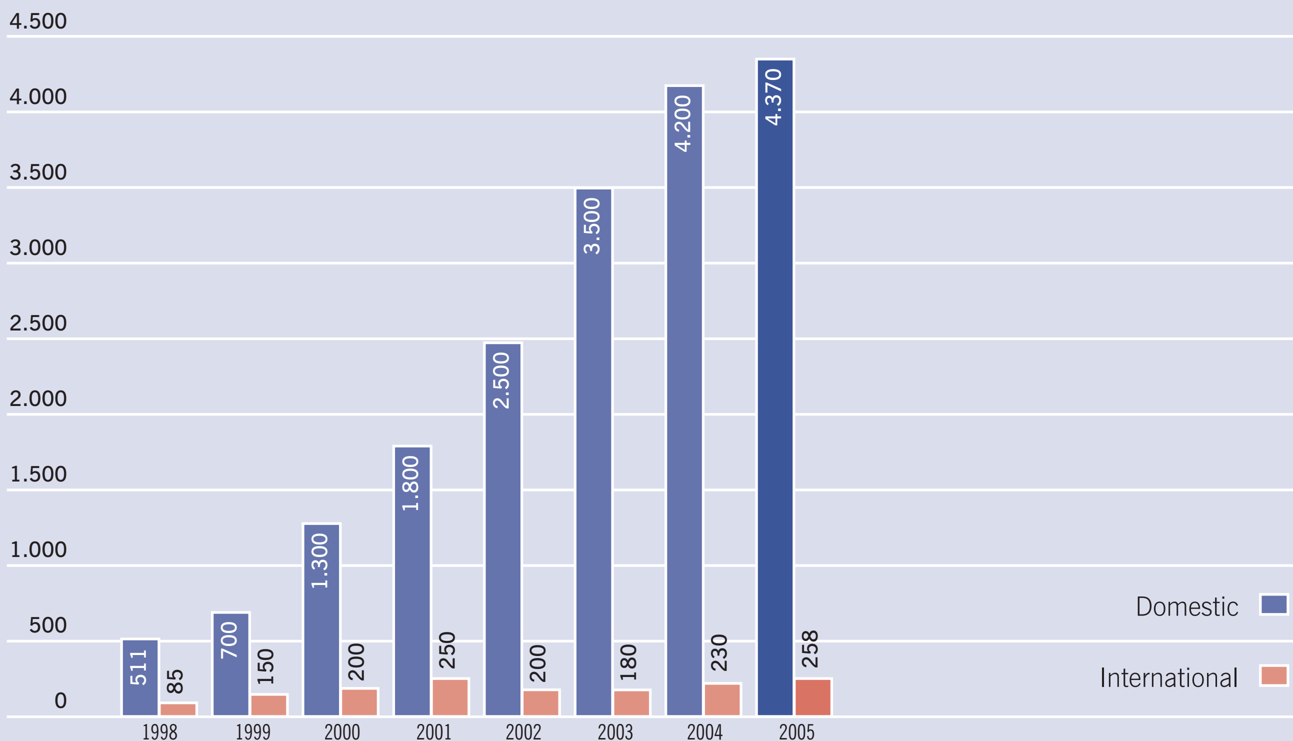
- **The Cross-roads.** Thanks to its key location, Greece links the East with the West, the Mediterranean with the Balkans and serves as the ideal location for trade and investment.
- **The Business Hub.** Greece currently serves as the business hub of some of the biggest multinational companies that established their regional HQs for Central-Eastern Europe, the Mediterranean and/or the Middle East (ex. Coca-Cola, AIG, Diageo, Kodak, Siemens, UPS, Ernst&Young, Toyota)
- **Leading Foreign Investor in the Balkans.** In less than 10 years Greek investments have exceeded 9 billion Euros. Currently is the leading investor in Bulgaria, Albania, and FYROM and third in Romania.
- **The Energy Hub.** In June 2005, Greece signed an Agreement with Russia and Bulgaria for the construction of an oil pipeline connecting Black Sea with the Mediterranean. A pipeline connecting Greece with Turkey and Greece with Italy is under construction.

GREEK FACTORING MARKET

The Factoring industry in Greece is presently on its 12th year of operation. Even at this growth phase, Factoring projects a highly promising upward thrust in terms of turnover and profitability. The total turnover for the Greek factoring industry in 2004 reached the amount of € 4.200 million, a figure that mirrored a 24,7% raise compared with 2003 (€ 3.400 million).

In 2005, and given the problems the market faced at its post-Olympic era, the Greek Factoring market faced a mere increase of 4% to reach € 4,37 billion. In 2006 it is anticipated to continue have a slow growth of around 5%, as it is understood that the Greek market is in a stabilization period.

The Greek manufacturing and commercial enterprises seem to have accepted Factoring, as a powerful instrument to fulfill their commercial and financial needs. Mainly, the domestic factoring turnover, which represents approximately 95% of the total, is with recourse. Nevertheless, factoring without recourse is gradually gaining pace, since SME's and large corporations are seeking to improve their financial and commercial outlook as well as to secure their trade receivables by employing 100% credit risk coverage and benefit from off-balance sheet effects. Especially SME's with a reliable and well-established clientele are considering the advantages of non-recourse factoring to facilitate and support their growth by immediate cash, to secure their sales and decrease their operational expenses. The main industrial sectors that make use of different types of factoring and services are consumer goods, textiles, chemicals, metals, electronics, agricultural products and media/advertising.



International Factoring

In the international arena, EFG Factors captured more than half of the total realized international factoring turnover, achieving a 52% of market share. By end of 2005, EFG Factors realized a turnover in Export Factoring of € 105,1 million (two-factor system) corresponding to a market share of 51,5%, and a € 28,75 million in Import Factoring that corresponds to a 53,12% of market share.

International Factoring activities have grown from € 85 million in 1998 to € 258 million in 2005 (303,5% increase), which justifies a significant trend of SMEs, and large corporations towards export and import Factoring. Nevertheless, the percentage of international factoring in relation to the total factoring turnover has been going up and down, and only in 2005 it managed to be higher than 2001 figures, whereas the Greek domestic market grew by 243% in the same period. The issue of post-dated cheques and the prolongation of the credit period to 4-6 months, have led many companies to consider assigning their receivables to local Factors, in order to obtain a flexible financing, credit risk coverage and cost-efficient management of their sales.

Future Trends

The Greek Factoring market shall continue its expansion in the forthcoming years. It is anticipated that the market will grow on average between 5-15% in the next 3 years. This growth should, however, reflect pure Factoring business transactions, not to be confused with lending products.

The enlargement of the EU and the new regulations imposed by Basel II will create a favorable environment for Factoring companies and a variety of opportunities that ought to be explored carefully and exploited effectively.

The credit period that was gradually prolonged after 2004 Olympic games, the lack of liquidity, and the downturn in many sectors increased the need for immediate financing and credit risk coverage, and can prove to be the major driving force to new domestic factoring business.

Since only 1,2% of the total Greek export activity was served through export factoring, the real opportunity exists for the factoring entities to capture a higher portion of this figure. The business community must be further educated and comprehend the real advantages of using export factoring services.

Moreover, with the expansion of the EU in the 10 new markets, Greek factoring companies should provide integrated export factoring services and assist Greek exporters to increase their sales to new customers and develop a profitable client portfolio. Last but not least, the high visible trade deficit, with the value of imports habitually three times of exports creates an opportunity for substantial import factoring businesses that for the time being is on an embryonic phase.

BULGARIAN BUSINESS AND FACTORING ENVIRONMENT

After the establishment of the Representative office of EFG Factors in Sofia (2004), during 2005 the factoring activities of the group in Bulgaria gained momentum and started being recognized by the corporate entities within the country.

Bulgaria has a stable economic and political environment since 1997. The country became NATO member as of March 2004 and is expected to join EU on January 1st, 2007. The five year average GDP growth is 4,9% while in 2005 GDP grew by 5,5% up to € 21 billion. The local currency is pegged to the euro which established stable level of low inflation and budget surplus. Bulgaria has received investment grade credit rating BBB by S&P and Fitch and foreign direct investment into the country stand at 9,8% of GDP as of end of 2005, one of the highest among Central European countries.

Bulgaria has duty free agreements covering markets of 550 million customers and 58 double taxation treaties and 56 agreements on the mutual protection and promotion of foreign investment. The major sources of import into Bulgaria are Russia, Germany, Italy, Greece, and Turkey. The key export markets for Bulgarian products are Italy, Germany, Greece, Turkey, and Belgium. The main imports comprise fuels, crude oil and natural gas, textiles, machines and equipment, while exports are largely clothing and footwear, metals, petroleum products, machines and equipment, and food.

Factoring services in Bulgaria are at their infancy. The present legal framework supports the assignment of receivables and the offering of pure factoring services. In the year 2005, EFG Factors Sofia Representative office, offered mainly international factoring services to the market, complemented by a few domestic and forfaiting deals. EFG Factors is the only “Factor Chain International” (FCI) and “International Forfaiting Association” (IFA) member covering Bulgaria. The factored turnover of the Representative Office grew rapidly to reach € 10 million at the end of 2005. EFG Factors is one of the first movers into the market and plans to boost its domestic factoring services by establishing a Branch and thus to strengthen its activities in the country.

EFG Factors

EFG Factors' PERFORMANCE 2005

EFG Factors - Points to consider

- During 2005 EFG Factors led the market with an increase of 16,2% in terms of factored turnover, while the factoring market as a whole increased only by 4% as a result of the recession in the post-Olympic era. Factored turnover of our branch in the green-field Bulgarian market reached € 12 million.
- EFG factors' turnover went up to € 1,36 billion (compared with the € 1,17 billion in 2004.
- A market share of 32% was accomplished in the domestic market. Respectively, international factoring market share reached 52%.
- Further strengthening of the Sofia branch via upgrading our activities.
- Pre-tax earnings reached € 6,04 million representing a 16% increase, compared to € 5,3 million in 2004.
- EFG Factors is actively involved in the setup of new Factoring markets in the neighbouring Balkan states, in cooperation with IFC (World Bank), and local institutions and authorities.

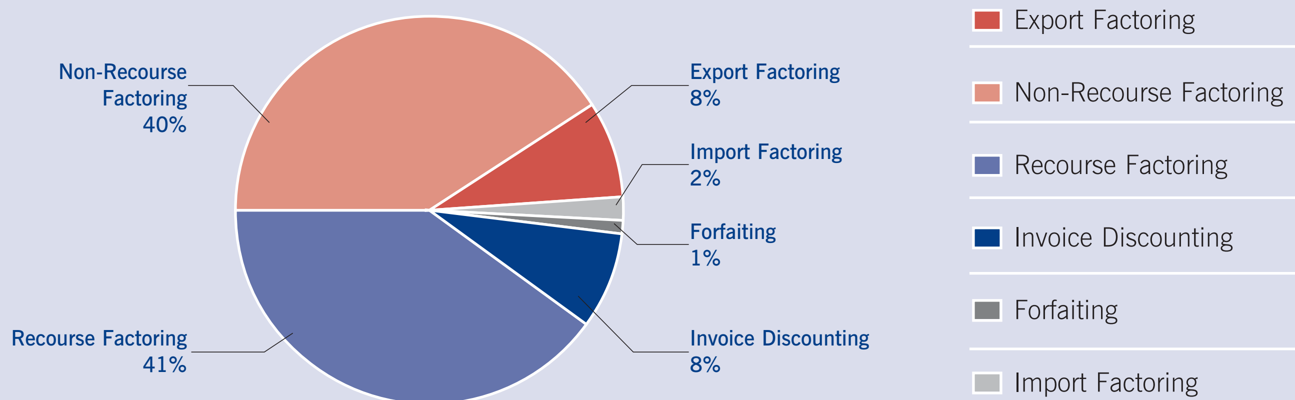
Other Activities

- EFG Factors brought and co-sponsored the 32nd Annual Meeting of International Forfaiting Association, for the first time in Greece (September 2005).
- EFG Factors coorganized the "Export Factoring Promotion Conference" of Factors Chain International (FCI) in Thessaloniki (October 2005).

Contribution by product

Considering the 2005 data, the relative importance-in terms of contribution to total turnover of each Factoring product offered by EFG Factors is as follows:

Contribution per Product in Total Turnover 2005



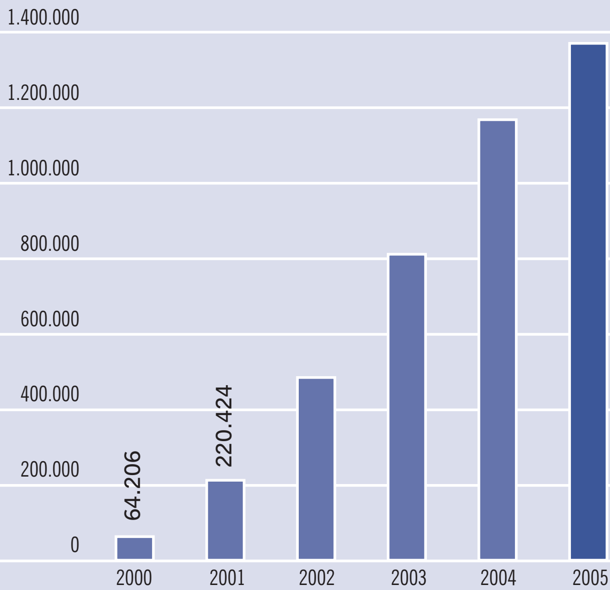
In terms of financial (IAS) figures, EFG Factors showed superb performance. The Profit Before Tax reached the € 6.035 million (from € 5.303 million), showing a 14% increase. The Return on Equity went up to 40,2%. The ratio of Commission / Net Interest Income is found at 54:46, which reveals the company's healthy approach to the to the pure factoring services.

Key Financial highlights

(in '000 €)	YEAR END 2005 / 2004
• Commission Income:	4.693,83 / 4.241,19 = +11,1%
• Interest Income:	4.553,48 / 3.739,03 = +21,8%
• Net Profit:	6.035,27 / 5.303,30 = +13,8%
• Op. Ex / Gross Income:	30,7%

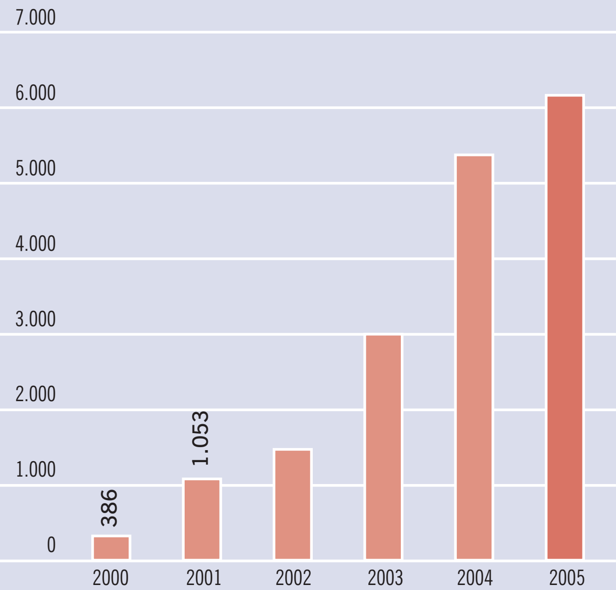
EFG Factors

Assets Purchased Value (2000-2005)



Profits Before Tax

in thousand €



For 2006, the EFG Factors' Management Team expects an increase of the company's annual turnover by at least 75% higher than the market increase. We aim to achieve this objective focusing on businesses that leverage our core competitiveness:

- By further expanding our presence in the surrounding countries (e.g. Serbia).
- Through new product offerings in the market and innovative solutions for our clients.
- By rendering high quality services to create long-lasting values to share with our clients.
- By understanding and adapting rapidly ourselves to the ever-changing financial market environment and demands of our clients.

Commitment

After 6 years of hard work in laying the groundwork of Commercial Finance (Factoring, Forfaiting), EFG Factors earned the trust of its market, and of its global counterparties. Followed by this recognition as a key player in Factoring and Forfaiting in the region, dedicated in rendering high quality services and business communication, it is emerging with more zeal, more equipped to cope with the new challenges with much confidence, sustaining its profitable and continuous growth. For the year 2006, we, EFG Factors Team commit our selves once again to further improve business response and quality of services, enrich our offerings, meet the new market opportunities and create higher values “in-action” to share with our domestic and international partners, and all other stakeholders.

Panos D. Papatheodorou

Managing Director / CEO

EFG Factors

Register of Companies No. 44428/01AT/B/99/39/03

FINANCIAL STATEMENTS

for the year ending 31st December 2005

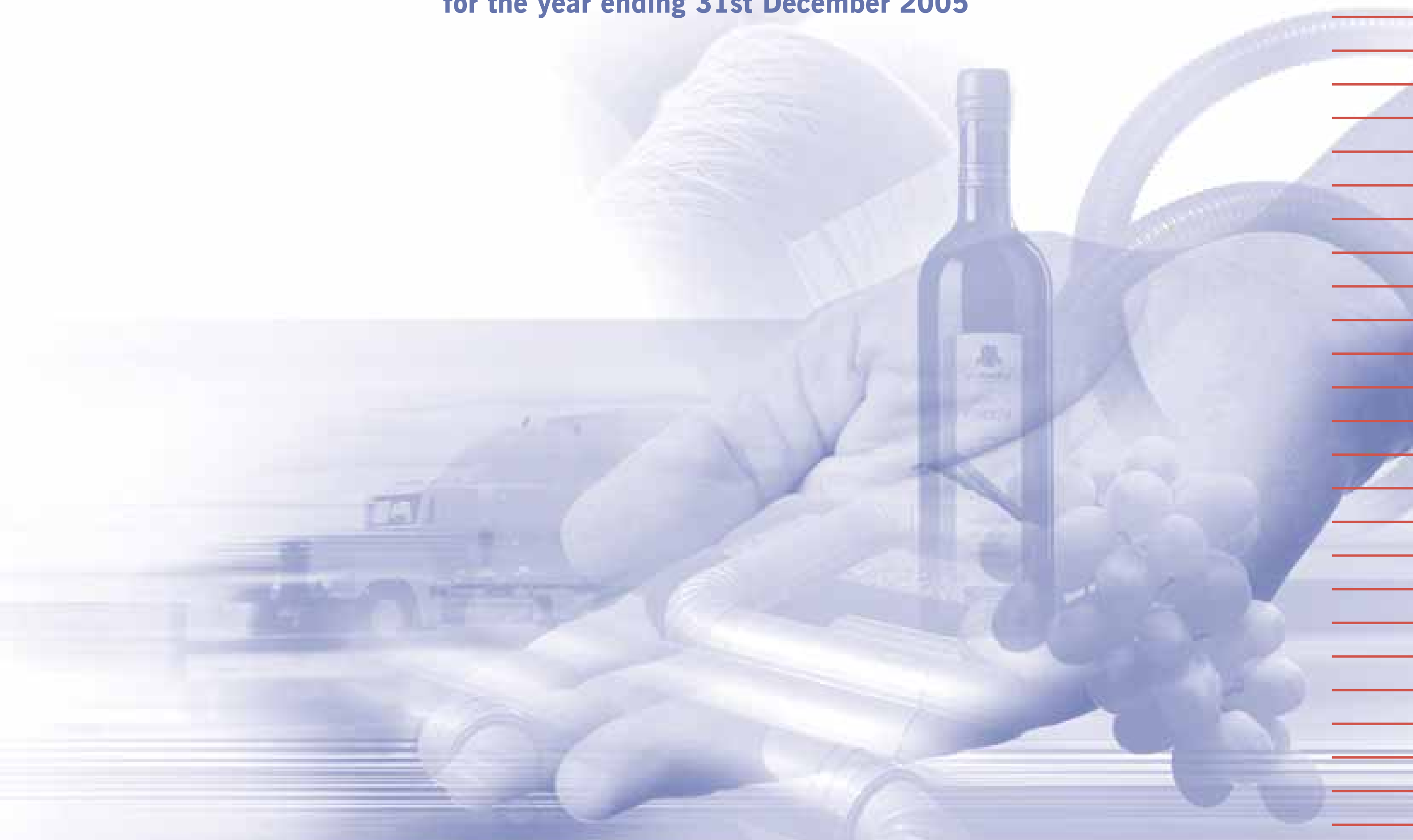


TABLE OF CONTENTS

Profit and loss account		**13**
Balance sheet		**14**
List of changes in net worth		**15**
Cash flow statement		**16**
1	General information	17
2	Summary of important accounting principles	17
3	Management of financial risk	25
4	Important evaluations and concessions	26
5	Adjusting economic statements according to the International Financial Reporting Standards (IFRS)	27
6	Net income from interest	28
7	Net commissions income	28
8	Other income	28
9	Remuneration and other staff expenses	29
10	General administrative expenses	29
11	Impairment of customer receivables	29
12	Income tax	30
13	Due from banks	30
14	Loans and advances to customers	31
15	Intangible fixed assets	32
16	Tangible assets	33
17	Postponed tax claims	34
18	Other assets	34
19	Liabilities towards credit establishments	35
20	Liabilities to customers	35
21	Liabilities deriving from bonded loans	35
22	Liabilities from outgrowth	36
23	Liabilities for current income tax	36
24	Liabilities for staff pension scheme	36
25	Other liabilities	36
26	Called up share capital	37
27	Regular reserves	37
28	Retained earnings	37
29	Credit risk	37
30	Currency exchange risk	38
31	Interest rate risk	41
32	Liquidity risk	43
33	Charges from operational leasing	45
34	Transactions with connecting parts	45
35	Potential liabilities	47
36	Facts after the balance sheet publication date	47
Audit Report by Chartered Accountant		**48**

EFG Factors

Profit and Loss account

6th Fiscal Year (1st January - 31st December 2005)

(amounts in Euro)

		Use ended on 31st December	
	Note	2005	2004
Interests and discount income	6	11.121.955,76	7.800.731,62
Interest expense	6	(6.568.476,03)	(4.061.700,65)
Net interest income		4.553.479,73	3.739.030,97
Commission income	7	5.495.020,51	4.700.354,83
Commission expense	7	(801.191,87)	(459.161,44)
Net commission income		4.693.828,64	4.241.193,39
Other income	8	256.770,24	58.192,88
Total income		**9.504.078,61**	**8.038.417,24**
Impairment of advances to customers	11, 14	**(529.510,31)**	**(417.828,11)**
Staff costs	9	(1.969.510,76)	(1.597.980,78)
General administrative expenses	10	(826.519,65)	(639.387,30)
Depreciation	15, 16	(143.271,85)	(79.924,68)
Total expenses		**(2.939.302,26)**	**(2.317.292,76)**
Profits before tax		**6.035.266,04**	**5.303.296,37**
Income tax	12	(2.074.666,14)	(1.914.643,8912
Net profit after tax		**3.960.599,90**	**3.388.652,48**

EFG Factors

Balance Sheet of 31st December 2005

6th Fiscal Year (1st January - 31st December 2005)

(amounts in Euro)

	Note	2005	2004
ASSETS			
Cash balances	27,13	13,51	
Due from banks	13	2.914.936,30	7.981,94
Loans and advances to customers	14	387.463.765,70	322.821.491,22
Intangible fixed assets	15	56.003,38	63.728,77
Tangible fixed assets	16	433.234,86	407.959,57
Postponed tax claims	17	20.152,12	6.552,02
Other assets	18	571.484,88	166.922,62
Total Assets		**391.459.604,37**	**323.474.649,65**
LIABILITIES			
Due to other banks	19	191.710.693,73	127.515.340,88
Due to customers	20	1.163.200,81	1.158.754,70
Bonded loan	21	167.901.742,65	168.913.085,75
Liabilities due to income tax	23	971.727,90	1.308.447,48
Liabilities for staff pension scheme	24	49.945,00	44.779,29
Financial derivatives	22	2.162.601,07	
Other Liabilities	25	1.668.963,37	2.525.580,61
Total liabilities		**365.628.874,53**	**301.465.988,71**
NET WORTH			
Called up share capital	26	13.500.000,00	13.500.000,00
Difference from shares issued above par	26	1.500.000,00	1.500.000,00
Regular reserves	27	615.683,48	408.005,74
Retained earnings	28	10.215.046,36	6.600.655,20
Net position		25.830.729,84	22.008.660,94
Total liabilities and net worth		**391.459.604,37**	**323.474.649,65**

EFG Factors

List of changes in net worth

(amounts in Euro)

	Equity Stock	Difference from share issuing above par	Regular reserves	Retained earnings	Total
Balance of 01.01.2004	9.000.000,00		232.991,01	3.387.017,45	12.620.008,46
Share Capital increase	4.500.000,00	1.500.000,00			6.000.000,00
Period results				3.388.652,48	3.388.652,48
Regular reserves			175.014,73	(175.014,73)	0,00
Balance of 31.12.2004	**13.500.000,00**	**1.500.000,00**	**408.005,74**	**6.600.655,20**	**22.008.660,94**
Balance of 01.01.2005	13.500.000,00	1.500.000,00	408.005,56	6.600.655,20	22.008.660,94
Effect of Own Capitals from Implementation IAS 32 & 39 from 1.1.2005				(138.531,00)	(138.531,00)
Balance of 01.01.2005	13.500.000,00	1.500.000,00	408.005,56	6.462.124,20	21.870.129,94
Period results				3.960.599,90	3.960.599,90
Regular reserves			207.677,74	(207.677,74)	0,00
Balance of 31.12.2005	**13.500.000,00**	**1.500.000,00**	**615.683,30**	**10.215.046,36**	**25.830.729,84**

EFG Factors

Cash flow Statement

from 1st January until 31st December 2005

(amounts in Euro)

	Note	31.12.2005	31.12.2004
Operational Cash flows			
Profits before tax		6.035.266,04	5.303.296,37
Adjustment for:			
Interest expenses		6.568.476,03	4.061.700,65
Depreciation	15, 16	143.271,85	79.924,68
Provisions	11,24	545.905,44	459.546,66
Other, non fiscal income		(192.945,31)	(34.513,37)
Operating profit before Working capital changes		13.099.974,05	9.869.954,99
Reduction (Increase) of claims		(65.577.768,56)	(112.786.925,52)
Increase (Decrease) of Liabilities		250.792,48	(49.491,14)
Paid interest		(6.584.543,61)	(3.631.749,77)
Paid taxes		(2.316.016,00)	(1.367.986,93)
Net cash flows from operating activities		(61.127.561,64)	(107.966.198,37)
Cash flows from investing activities			
Asset purchases	15, 16	(160.823,23)	(116.879,89)
Net Cash flows used in investing activities		(160.823,23)	(116.879,89)
Cash flows from financing activities			
Cash flows from bonded loan		40.000.000,00	
Capital deriving from banks		64.195.352,85	62.058.354,83
Share Capital increase		6.000.000,00	
Net Cash flows from financing activities		64.195.352,85	108.058.354,83
Net increase (decrease) of cash flows		2.906.967,98	(24.723,43)
Cash and cash equivalents at the beginning of the year	13	7.995,45	32.718,88
Cash and cash equivalents at the end of the year	13	2.914.963,43	7.995,45

1. GENERAL INFORMATION

EFG FACTORS S.A. belongs to the EFG EUROBANK ERGASIAS BANK Group, which participates in the company's equity stock with a percentage of 100%.

The Board of Directors has six members and it has a three year term. Its term begins on the day of the General Assembly that elected the board, in this case on 30th June 2004 and will end with the election of a new Board of Directors by the regular General Assembly that will draw together after three (3) years.

The present financial statements were approved by the Board of Directors of the company on 8th May 2006.

2. SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES

The basic accounting principles applied during the writing of the financial statements are described below: These principles were consistently applied for all periods presented, unless differently stated.

2.1 Financial statements' organizing framework

These financial statements were drawn up by the management, in accordance with the International Financial Reporting Standards (IFRS) and the Interpretations of the Interpretation Committee of the International Financial Reporting Standards, as adopted by the European Union and the IFRS issued by the Council of International Accounting Standards (CIAS).

The financial statements for the year ending on 31st December 2005 are covered by the "First Application of International Financial Reporting Standards Standards" (IFRS1), as the first, annual financial statements drawn up based on the IFRS.

Until 31st December 2004, the financial statements were drawn up based on the Greek Generally Accepted Accounting Principles. While drawing up these financial statements of 2005, the Management of EFG FACTORS modified certain accounting and estimation methods that had been applied on the financial statements based on the Greek Generally Accepted Accounting Principles, in order for them to be consistent with the ISFI. The comparison details of 2004 have been reclaimed, so as to reflect the discussed modifications.

Note 5 describes the agreements and influence descriptions of the transition from the Greek Generally Accepted Accounting Principles to the IFRS, in the Balance Sheet, Own Capitals and the Results of the EFG FACTORS.

The principles presented below have been applied consistently in all periods except in cases concerning the sorting and counting of financial products (outgrowth).

The company used the exception provided by IFRS1 relative to the implementation of standards IAS 32 and IAS 39 as of 1st January 2005. The principles implemented for financial periods of years 2004 and 2005 are referred to separately below.

The financial statements have been conducted based on the cost history principle that has been amended so as to include the estimation of financial products at a reasonable value.

The conduction of financial statements according to the IFRS requires the adaptation of estimates and acceptances. It moreover requires the criticism by the Management during the implementation of the company's accounting principles. The areas containing the most criticism or where the estimations and acceptances are important for drawing up the financial statements are described in Note 4.

The financial statements are prepared in Euro (€), which is the base currency of the company.

2.2 Financial means compensation

The financial details of assets and liabilities are counterbalanced and the net amount is presented in the Balance Sheet, when there is a legal right for compensation of recognised amounts, while there is also a will for clear settlement.

2.3 Transactions in foreign currencies

The assets and liabilities amounts in foreign currencies are changed into euro, based on the exchange rates valid on the date of the Balance sheet and the exchange differences are recognized in the profit and loss account.

Transactions made in a foreign currency are entered based on the exchange rates valid on the date of the transaction. All differences from the exchange are entered in the profit and loss account.

2.4 Fiscal and other equal funds

The fiscal funds and tantamount include cash in the cash desk, deposit amounts in current bank accounts, other short term investments of high liquidation and low risk rate, with initial expiry dates of three months or less.

2.5 Tangible fixed assets

Properties, plants and equipment are presented in the construction costs section, after the deduction of accumulated amortizations and any loss from waste. Location and equipment are examined periodically for possible waste and any loss from waste is directly recognized in the profit and loss account.

Posterior costs are entered in accretion of the posting value of corporate assets or as a separate asset, only if it is possible that the company's future financial benefits and their cost will be able to be reliably determined. The cost of repairs and maintenance is entered in the profit and loss account of the period they took place in.

Amortizations are calculated based on the fixed amortization method, during their anticipated life term, as follows:

- Improvements in third party properties: for the duration of the lease contract or for the anticipated life term if this is smaller
- Computers and software: 3-5 years
- Other furniture and equipment: 6-7 years
- Vehicles: 5 years

2.6 Intangible fixed assets

When they occur, the costs related to the in-house maintenance of existing software are recognized as expenses. Costs relative to the development of in-house and unique factoring software are expected to bring benefits higher than their cost for longer than a year are recognized as intangible fixed assets and are depreciated through the fixed method during their anticipated life term. Depreciation of software takes 3-4 years.

2.7 Financial assets

(i) Advance payments to customers
The company advances payments to its clientele, offering sales ledger management services deriving from signed factoring agreements.

The company also discounts trading securities deriving from signed forfaiting agreements obtained for non specific period of time, which can be sold due to cash flow shortage or due to interest or exchange rates changes, aiming for maximum return.

(ii) Accounting management and calculation
Purchases and sales of financial elements of assets are evaluated through the pre-payment method of the real interest rate, in the reasonable value of the profit and loss account. Trading securities are entered on the transaction date, that is the date on which the company commits to buying or selling the asset.

Advance payments are recognized when they are drawn cash for the creditors.

Financial details of the assets that are not presented in their reasonable value through the profit and loss account, are initially recognized in the reasonable value. The financial details of assets are no longer recognised when the collection rights of their cash flows are exercised or when, in reality, the company has transferred the risks and returns or premiums entailed by the ownership.

2.8 Impairment of financial assets

On each date of the Balance Sheet the company examines whether there is an objective indication that one ore a group of financial details of assets have undergone waste. Waste of one or more financial details of assets occurs only when there is an objective indication of waste, resulting from one or more events that took place after the original recognition of the asset (a loss causing event) and this or these loss causing events influence the anticipated future cash flows of one or a group of financial details of assets and can be safely calculated. The objective indication of waste of one or a group of financial details of assets includes facts that the company looks at in relevance with the following loss causing events:

a. Significant financial inability of the debtor.

b. Breach of contract, such as non payment or delay of payment of interests or capital.

c. For economic or legal reasons relative to the economic difficulty of the debtor, the company proceeds with settlements that it would not provide under other circumstances.

d. There is a possibility of starting a bankruptcy process or another financial reorganization of the debtors status.

e. Facts implying a countable decrease of the anticipated cash flow of a group of financial details of assets, after the initial recognition, even if the decrease can be connected with specific facts, such as:
   - unfavourable changes in the payment status of the debtors of the group of financial details of assets
   - national or local level economic circumstances that are related to delays in the servicing of the financial details of assets of the group.

f. If there is an objective indication of decrease of the paid advances, the amount of loss due to waste is calculated as the difference between the book value of the assets element and the present value of the estimated future cash flows (excluding future losses from credit risks that have not taken place) prepaid according to the initial, real interest rate of the financial detail of assets. The current amount of asset is reduced through the use of an estimation account for the waste and the amount of loss is recognized in the profit and loss account. If the advance payments to customers result to a floating interest rate, the prepaid interest rate for the account of waste loss is the current, real interest rate specified in the contract.

2.9 Loans

Liabilities due to loans are initially recognized in their reasonable value, determined by the incoming capitals, including issuing costs. Later, the Liabilities due to loans are evaluated according to the non-depreciated cost and the difference between the initial incoming capital and the value on the date of the loan's expiration are entered in the profit and loss account during the period of time of the loan with the real interest rate method.

2.10 Financial means that do not meet the criteria for compensational accounting

Since 01.01.2005 the Derivative financial means are initially recognized in the Balance Sheet with their reasonable value on the day of contract signing and they are re-evaluated afterwards in their reasonable value. Reasonable value is considered to be their market value, taking into account the recent market transactions, while in case when there is no market price, the reasonable value is calculated based on models of prepaid cash flows. When the reasonable value is positive, the outgrowth is included in the assets, but when it is negative they are included in the liabilities.

Profits and losses deriving from changes in the reasonable value of the outgrowth financial means are shown in the profit and loss account in which they occur.

2.11 Leased assets

Accounting for lease when the company is the lessee

Leasing in which the risks and payments for the property remain with the lessor is entered as operational leasing. Payments for operational leasing are recognized in the profit and loss account proportionally during the lease period.

2.12 Postponed taxation

Postponed taxation is calculated based on the full liability method for all temporary differences accruing between the tax basis of the assets and liability elements and their corresponding accounting values, as shown in the financial statements.

The postponed income tax is specified using the expected taxation factors that had been put into power up until the date of the Balance Sheet and are expected to be valid during the period when the tax claims will be required and payments will be payable.

The postponed tax claims are recognized to the extend that it is possible there will be future taxable profits, the temporary differences can be used against.

Income tax on profits is calculated based on taxation laws established in the country in which the company operates and it is debited or credited in the profit and loss account, unless it concerns elements that are debited or credited directly to the own capital, in which case the postponed taxation is also accounted directly to the own capitals.

2.13 Interest income expense

Income and expenses from interest are recognized in the profit and loss account on an accrual basis for all interest-bearing means, using the real interest rate method. Real interest rate is the interest rate that prepays the exactly estimated future cash outflows or inflows for the duration of the anticipated life term of the financial means or whenever appropriate, during a smaller period, in the net book value of the financial element of assets or liabilities.

For the calculation of the real interest rate, cash flow is calculated taking into account all terms and conditions of the financial means, yet not the future losses due to risk of credit. The calculation includes the payments and the base units paid or received between the two parties of the contract and which comprise an integral part of the real interest rate, the transaction costs and all other amounts under or above par amount. Wherever a financial asset or a set of similar financial elements of assets decrease, takings from interest rates is recognized using the interest rate that prepays the future cash flows for the calculation of the waste loss.

2.14 Payments and commissions

Payments and commissions are in general recognized on an accrual basis. Commissions and payments relevant to transactions with Factors from abroad, money transfer costs and bank charges are recognized upon completion of the discussed transaction and sending of the debenture.

2.15 Provisions

Provisions are recognised when the company has an existing legal or documented Liability resulting from past events and it is possible that an outflow of resources will be claimed for the settlement of the liability the amount of which can be estimated reliably. Before the conduct of the financial statements, provisions are checked again, so as to reflect the best current estimations. The possible Liabilities for which the outflow of resources is not possible are reported, unless they are not important. The possible claims are not recognized in the financial statements, but they are reported as long as the inflow of financial benefits is probable.

2.16 Provisions to staff

(i) Pension schemes Liabilities

The company participates in pension scheme programs with specified payments, according to which it pays fixed amounts to insurance funds. Apart from these contributions paid the company does not have any further Liabilities regarding pension payment.The company's payments to pension scheme programs with specified contributions are recognized as benefits for the employees for the period concerned.

(ii) Compensation paid to dismissed staff

According to the Greek law for employment, when employees continue to work until the normal age of retirement, they are entitled to a bounty which is calculated based on the years of employment and their salary amount on the date of their retirement. There is forecast for the proportional value of the bounty, using the method of the forecasted credit unit. According to this method, the cost for the leave compensations is recognized in the profit and loss account during the years of employment, in accordance with the proportional evaluations taking place annually. The Liability for the payment of compensation is calculated as the present value of future fiscal outflows, using interest rates of public bonds with expiry terms approximant to the terms of the relevant Liability.

(iii) Programs for the participation in the profits and for benefits

Periodically, the company pays employees bonuses with high return rate, at its wish. Bonuses that require approval only by the Management are recognized as accrued staff expenses. The distribution of profits to employees requiring approval by the General Assembly ia recognized as staff expense for the working term it is approved in by the company's shareholders.

2.17 Share Capital

Public shares are entered as own capital. The capital increase costs are presented after tax, subtractive to the own capital, as a reduction of the issuing product.

2.18 Transactions with connected parties

Connected parties include the Parent Bank, relevant, connecting companies of the Parent Bank Group. All transactions conducted with connecting parties are within the usual framework of business and are made according to clearly commercial terms.

2.19 New IFRS and interpretations

There are new IFRSs, modifications and interpretations issued, that are mandatory for accounting periods starting from 1st January 2006 and later. The evaluation of the Company with regards to the effect of the implementation of these new standards and interpretations is listed below:

- **IAS 19 (Amendment), Staff benefits (Valid from 1.1.2006)**
  This amendment provides companies with the choice of an alternative recognition method of the proportional profits and losses. It is possible that new recognition requirements are necessary when there are multi employer plans for which there is not enough information for the implementation of the specific benefits accounting. Moreover, it adds new reporting requirements. The amendment is not expected to influence the Company substantially.
- **IAS 39 (Amendment), Compensatory Accounting of Fiscal Flows for the calculation of in-house transactions of the company (Valid from 1st January 2006).**
  The amendment is not expected to influence the Company substantially.
- **IAS 39 (Amendment), Selection of Reasonable Value (Valid from 1st January 2006).**
  This amendment changes the definition of financial means that have been sorted at a reasonable value through results and limits the possibility of characterizing financial means as part of this category. The Company believes that this amendment should not influence the financial statements. However, the company can apply this choice for annual periods beginning on 1st January 2006 in case it maintains such financial means in future periods.

- **IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (Valid from 1 January 2006).**
  This amendment requires all issued financial guarantees, apart from those that have been proven by the Company to be insurance contracts, to be initially recognized as reasonable value and then be evaluated in the highest value between (a) the non--depreciated balance of relevant payments that have been received and postponed and (b) the expense required for the settlement of the charge on the date of the Balance Sheet. The Management has come to the conclusion that this amendment is not relevant to the Company.

- **IFRS 1 (Amendment), First Implementation of the IFRS 6 (Amendment), Research and Evaluation of Mineral Resources (implemented from 1 January 2006).**
  These amendments are not relevant with the operations of the Company, as the Company does not have any mineral resources.

- **IFRS 7, Financial details: Notifications and completed amendment in IAS 1, Presentation of the Financial Statements Capital Notifications (Valid from 1.1.2007).**
  The IFRS enters further notifications with the aim to improve the provided information with regards to the financial details. It requires the notification for qualitative and quantitative information regarding the report at risk coming from financial details. Specifically, it predetermines minimum required notifications that relate to the credit risk, the liquidity risk and the market risk (it leads to the analysis of sensitivity regarding the market risk). IFRS 7 replaces IAS 30: Notifications in the Financial Statements of Banks and Credit Establishments and the notification requirements of IAS 32, Financial Details: Notifications and Presentation: It applies to all companies conducting financial statements according to the IFRS. The amendment in IAS enters notifications with regards to the amount of capital of a company, as well as the way the capital is managed. The Company evaluated the influence of IFRS 7 and the amendment of IAS 1 and concluded that further notifications that are required by their implementation are the sensitivity analysis regarding the market risk and the capital notifications. The Company will implement IFRS 7 and the amendment of IAS 1 from 1st January 2007.

- **Interpretation 4. Determination of corporate agreements including lease financing (Valid from 01.01.2006).**
  According to Interpretation 4, it is required to determine whether a corporate agreement is or includes lease financing or not. In specific, the following data has to be evaluated: a. if the fulfillment of the agreement depends on the use of specific assets and b. if the agreement allows the lease-holder to only use the asset. According to the Management, IFRIC 4 is not expected to affect the accounting picture of the existing corporate agreements.

- **Interpretation 5, Rights for Participations to Position Funds Out of Commission, Reinstatement Funds and Environment Restoration (Valid from 1st December 2006).**
  Interpretation 5 is not relevant to the operations of the Company.

- **Interpretation 6. Liabilities deriving from the participation in specific markets - Electrical and Electronic Equipment to be rejected (Valid from 1st December 2005).**
  Interpretation 6 is not relevant to the operations of the Company.

3. MANAGEMENT OF FINANCIAL RISK

The company is exposed to financial risks, such as the credit risk, liquidity risk, currency risk and interest rate risk. The risk management is performed by the management of the company, based on the support of specific directions of the Parent company EFG EUROBANK ERGASIAS S.A.

a. Credit risk

The company is exposed to credit risk when the other contracting party is unable to make full payment of the amounts owed, either as liable party from trade transactions (buyer) or as the debtor due to receipt of advance payment of the assigned claims (supplier). The company forms levels acceptable credit risk, on the basis of the financial analysis of the credit holder or the group of credit holders, the sector of their business, their position in the market and the dispersion of their credit risks.

b. FX risk

The company provides its clientele with advance payments for the claims assigned to it, in the currency the assigned transactions were invoiced. However, the risk the company takes is limited, due to its policy to withdraw the necessary liquidity from the current account, in the currency corresponding to that of the advance payments to its clientelle. The currency risk is limited only to the company's funds in foreign currency from profits of a term, that are regularly exchanged to euros, the company's basic currency.

c. Liquidity risk

The company is exposed to daily liquidity risks due to the management of the customers' claims portfolio. The analysis of cash flows from the customer portfolio is indicative and not absolute, because it is determined based on corporate agreements of the suppliers towards debtors - buyers, but is able to determine the liquidity needs of the company for adequate planning and improvement of its lending needs. The company maintains adequate liquidity deriving from bonded loan, on the basis of which it covers the largest part of its cash flow. The rest of the required liquidity amount is covered by loans in the corresponding currency of the required cash flow, in order for the company to be able to manage its cash flow for the best possible performance. In case of temporary surplus cash flow the company closes its cash funds in an overnight deposit.

d. Interest rate risk

The company is exposed to interest rate risk due to the effect of fluctuation in the money market interest rates. These changes can increase the margins of interest rates or they can even reduce them and cause a decrease of the expected profits. The company's policy is to form fixed interest rates for its clientele, for every currency, based on interest rates of specific period of time formed by the market (euribor of one or three months), Covering its liquidity with an equivalent agreement with the bank. In some cases, where a fixed interest rate is retained, the market tendency is monitored and the interest rate is readjusted at regular intervals, following the policy of the Parent Bank.

4. IMPORTANT EVALUATIONS AND CONCESSIONS

a. Main concessions of the Management for the evaluation of the way forecasts are calculated

The Company constantly examines the portfolio of granted advance payments to Factoring clients, in order to evaluate if there has been any waste. In determining whether waste loss should be recognized in the profit and loss account, the company, using its judgment, examines if there are indications showing that there is determinable reduction of the cash flows from one portfolio, before they can relate this decrease to a specific customer or debtor of the portfolio. Such an indication can include data that were observed and indicate that there was a negative differentiation in the repayment ability of the creditors group, due either to unfavorable economic incident in a specific economic sector or in the national or local economic conditions relating to the breach of contract against an economic sector of creditors, or to circumstantial events such as flood, fire etc. and it is estimated that these will affect the repayment of the amounts due to the company. The Management, while determining future cash flows, it uses estimates based on the history of losses from assets with similar credit risk characteristics and similar, objective indications of waste with those of the portfolio. The methodology and assumptions used for the calculation of the amount and the time of the future cash flows is regularly re-examined, so as to reduce any differences between the loss estimations and the actual losses.

The amount of claims waste derives from the difference between the accounted receivable and the estimated, retrievable value. The retrievable value is the present value of the future fund inflows of the precarious claims, after taking into account any guarantees prepaid based on the actual interest rate of the contract.

The events that differentiate and reverse previous loss estimates, accordingly form the formed forecasts and are recognized in the profit and loss account.

b. Reasonable value of the financial derivatives

The reasonable value of financial means that are not negotiated in an active market is determined using evaluation methods. When evaluation methods are used for the determination of reasonable value, they are conducted by experienced and specialized staff of the Parent Bank.

c. Income tax

The company's Management makes estimations for the determination of the income tax forecast. The company recognizes liabilities for anticipated issues deriving from tax auditing, on the basis of estimating whether extra taxes will come up for payment. Where the final taxation result of these assumptions is different from the amounts initially recognized, the differences will affect the tax liabilities and the postponed tax liabilities in the period for which the determination takes place.

5. ADJUSTING ECONOMIC STATEMENTS
according to the International Financial Reporting Standards (IFRS)

According to the EU Regulation 160/2002 and Law 2190/1920, the implementation of the IFRS concerns the preparation of the financial statements of EFG FACTORS for periods after 01.01.2005.

Due to the obligation for listing comparative details for 2004 term, through implementation of the same accounting principles, the IFRS transition date is specified as the beginning of the comparison period (01.01.2004), a date on which the Balance Sheet is conducted.

a. The Company's date for transition to the IFRS is 1st January 2004 and the Company composed the beginning balance sheet according to the IFRSs of the specific date. The date of presenting these financial statements is 31st December 2005. The date of implementing the IFSRs for the Company is 1st January 2005.

In order to draft these financial statements according to IFRS 1, the Company has implemented obligatory and certain optional exclusions from the full retrospective implementation of the IFRSs.

b. The Company has used certain of the optional exclusions of the IFRS 1 from the full retrospective implementation of the IFRSs, as described below:

- Exclusion of the reasonable value as an estimated cost.
  The Company has chosen to implement the evaluation of reasonable value in the tanginbleassets
- Exclusion of the reformulation of comparative details for IAS 32 and IAS 39
  The Company has chosen to implement this exclusion. This is the reason why the comparative financial details have not been reformulated. The Company implements former GGAF (Greek General Accounting Framework), with regards to derivatives, to financial details of assets and liabilities and the hedging transactions for the comparative details of 2004. The required readjustments for the differences between the GGAF and IAS 32 and 39 are determined and recognized as of 1st January 2005.
  The readjustment is relative to the evaluation of financial derivative.

6. NET INCOME FROM INTEREST

	31.12.2005	31.12.2004
Interests and emulated income		
Loans and advances to customers	9.524.332,41	7.561.567,47
Income from derivatives	1.448.638,38	
Other interest income, of fixed return titles	148.984,97	239.164,15
Total	**11.121.955,76**	**7.800.731,62**
Interests and emulated costs		
Due from banks	632.748,01	663.598,13
Costs from derivatives	1.448.638,38	
From corporate bonds	4.487.089,64	3.398.102,52
Total	**6.568.476,03**	**4.061.700,65**
Net Interest Income	**4.553.479,73**	**3.739.030,97**

7. NET COMMISSIONS INCOME

	31.12.2005	31.12.2004
Commissions Income	5.495.020,51	4.700.354,83
Total	**5.495.020,51**	**4.700.354,83**
Commission and remuneration costs	801.191,87	459.161,44
Total	**801.191,87**	**459.161,44**
Net income from commissions	**4.693.828,64**	**4.241.193,39**

8. OTHER INCOME

	31.12.2005	31.12.2004
Income from tax settlement	35.282,98	34.513,37
Foreign Exchange differences	58.656,82	23.679,51
Other income	5.168,11	
Income from outgrowth evaluation	157.662,33	
Total	**256.770,24**	**58.192,88**

9. REMUNERATION AND OTHER STAFF EXPENSES

	31.12.2005	31.12.2004
Wages	1.247.862,24	1.054.986,50
Employer's contribution	286.446,74	245.565,12
Pension scheme costs	5.165,71	16.473,29
Other costs	430.036,07	280.955,87
Total	**1.969.510,76**	**1.597.980,78**

The average employee number in the Company during 2005 was 56 persons.
(2004: 51 persons)

10. GENERAL ADMINISTRATIVE EXPENSES

	31.12.2005	31.12.2004
Operational leasing of buildings	304.478,09	196.371,47
Remuneration and other expenses for third parties	110.256,34	75.840,89
Telephone - Postal and Information systems	74.654,71	61.348,85
Repairs - Maintenance - Insurance costs	28.254,30	22.541,07
Lighting - Water rates - Cleaning	45.976,42	46.086,19
Promotion and Advertising costs	115.054,75	97.839,32
Subscriptions	18.298,93	12.361,40
Stationary expenses	17.847,97	14.167,95
Other general expenses	111.698,14	112.830,16
Total	**826.519,65**	**639.387,30**

11. IMPAIRMENT OF CUSTOMER RECEIVABLES

	31.12.2005	31.12.2004
From claims against customers	529.510,31	417.828,11
Total	**529.510,31**	**417.828,11**

12. INCOME TAX

	31.12.2005	31.12.2004
Current tax	2.016.901,24	1.899.333,49
Differences of tax auditing of previous terms		6.274,00
Postponed	57.764,90	9.036,40
Total	**2.074.666,14**	**1.914.643,89**

The Greek tax rate for 2005 is 32% (2004: 35%)

		31.12.2005		31.12.2004
Profits before tax		6.035.266,04		5.303.296,37
Income tax	32,00%	1.931.285,13	35,00%	1.856.497,39
Increase or decrease deriving from:				
Differences from tax auditing for previous terms				6.274,00
Income excluded from taxation		(11.290,55)		(12.079,68)
Taxes from expenses not rebated		96.906,66		54.915,78
Difference of tax of postponed taxation		57.764,90		9.036,40
Income tax		**2.074.666,14**		**1.914.643,89**

13. DUE FROM BANKS

(Amounts in €)	31.12.2005	31.12.2004
Current Account	2.914.936,30	7.981,94
Total	**2.914.936,30**	**7.981,94**

Cash and funds

(Amounts in €)	31.12.2005	31.12.2004
Cash	27,13	13,51
Current Account	2.914.936,30	7.981,94
Total	**2.914.963,43**	**7.995,45**

14. LOANS AND ADVACES TO CUSTOMERS

	31.12.2005	31.12.2004
Invoice discounting	26.053.971,35	26.650.212,75
Domestic Factoring with recourse	135.616.912,13	91.801.790,92
Domestic Factoring without recourse	201.409.672,14	192.824.602,98
International Factoring	24.402.871,96	8.516.990,34
Forfaiting transactions	2.455.138,50	4.973.184,30
Total	**389.938.566,08**	**324.766.781,29**
Minus: Provisions for the impairment of advances to customers	(2.474.800,38)	(1.945.290,07)
Total of advances to customers	**387.463.765,70**	**322.821.491,22**

The reasonable value of claims against customers on floating interest rate got near their accounting value in the various dates of the Balance Sheet.

Provisions for the impairment of customer claims

Provisions' balance on 1.1.2004	1.529.573,69
Provisions' impairment due to claims deletion	(2.111,73)
Drawn provisions for advances impairment	417.828,11
Provisions' balance on 31.12.2004	**1.945.290,07**
Provisions' balance on 1.1.2005	1.945.290,07
Drawn provisions for advances impairment	529.510,31
Provisions' balance on 31.12.2005	**2.474.800,38**

The risk concentration per economic sector of each activity relative to claims agaist customers are analysed as follows:

	2005 %	2004 %
Trade and Services	58,15%	50,23%
Industry	39,18%	49,77%
Other sectors	2,67%	
Total	100,00%	100,00%

The geographical distribution of risks regarding the claims against customers is analysed as follows:

	2005		2004	
	€	%	€	%
Greece	379.968.100,70	98,07%	316.231.495,63	97,96%
Countries of Western Europe	2.977.777,00	0,77%	2.052.048,08	0,64%
Countries of Eastern Europe	4.517.888,00	1,17%	4.537.947,51	1,41%
Total	**387.463.765,70**	**100,00%**	**322.821.491,22**	**100,00%**

15. INTANGIBLE FIXED ASSETS

It only includes software

Balances on 1.1.2004	
Occupancy value	**80.094,88**
Accumulated depreciation	**(64.055,69)**
Non depreciated value on 1.1.2004	**16.039,19**
Period from 1.1.2004 to 31.12.2004	
Purchases	57.804,73
Disposals	
Breakages	
Period depreciation	(10.115,15)
Balances on 31.12.2004	
Occupancy value	137.899,61
Accumulated depreciation	(74.170,84)
Non-depreciated value	63.728,77
Period from 1.1.2005 to 31.12.2005	
Purchases	13.093,61
Disposals	
Breakages	
Period depreciation	(20.819,00)
Balances on 31.12.2005	
Occupancy value	150.993,22
Accumulated depreciation	(94.989,84)
Non-depreciated value on 31.12.2005	56.003,38

16. TANGIBLE ASSETS

	Improvements on third party properties	Other equipment	TOTAL
Balances on 1.1.2004			
Occupancy value	375.748,71	240.859,65	616.608,36
Accumulated depreciation	(71.363,35)	(126.551,07)	(197.914,42)
Non-depreciated value on 1.1.2004	**304.385,36**	**114.308,58**	**418.693,94**
Period from 1.1.2004 to 31.12.2004			
Purchases	27.620,62	31.454,54	59.075,16
Disposals			
Value impairment - Breakages			
Period depreciation	(30.087,54)	(39.721,99)	(69.809,53)
Balances on 31.12.2004			
Occupancy value	**403.369,33**	**272.314,19**	**675.683,52**
Accumulated depreciation	**(101.450,89)**	**(166.273,06)**	**(267.723,95)**
Non-depreciated value	**301.918,44**	**106.041,13**	**407.959,57**
Period from 1.1.2005 to 31.12.2005			
Purchases	87.788,93	59.940,69	147.729,62
Disposals			
Value impairment - Breakages			
Period depreciation	(78.651,46)	(43.802,87)	(122.454,33)
Balances on 31.12.2005			
Occupancy value	**491.158,26**	**332.254,88**	**823.413,14**
Accumulated depreciation	**(180.102,35)**	**(210.075,93)**	**(390.178,28)**
Non-depreciated value on 31.12.2005	**311.055,91**	**122.178,95**	**433.234,86**

17. POSTPONED TAX CLAIMS

	Balance of 01.01.2004	Recognition in the Profit and Loss account	Recognition in the Net Position	Balance of 31.12.2004
Postponed tax claims				
Intangible fixed assets	15.588,42		(9.036,40)	6.552,02
Total	**15.588,42**	**0,00**	**(9.036,40)**	**6.552,02**

	Balance of 01.01.2005	Recognition in the Profit and Loss account	Recognition in the Net Position	Balance of 31.12.2005
Postponed tax claims				
Intangible fixed assets	6.552,02	(3.114,90)		3.437,12
Implementation of IAS 32 & 39 *(Note 2.1& 5.3)*				
Derivatives (Swap)	71.365,00	(54.650,00)		16.715,00
Total	**77.917,02**	**(57.764,90)**		**20.152,12**

The postponed tax claims have been calculated with tax rate 29% for 2005 (2004: 32%)

18. OTHER ASSETS

	31.12.2005	31.12.2004
Guarantees - advance payments	9.269,80	6.353,82
Cost brought forward	21.251,21	19.432,03
Other receivables assets	540.963,87	141.136,77
Total	**571.484,88**	**166.922,62**

19. LIABILITIES TOWARDS CREDIT ESTABLISHMENTS

Liabilities to banks arise on the basis of the credit agreement, for open (debit and credit) account at a floating interest rate euribor, signed by EFG Factors and EFG EUROBANK ERGASIAS. The above agreement allows the maintenance of open (debit and credit) accounts in foreign currencies, so that the company will be able to make advance payments to its clients, in the corresponding currencies.

The Balance on 31.12.2005 was € 191.710.693,73 (31/12/2004: € 127.515.340,88). The reasonable value of these loans on floating interest rate got near their accounting value in the various dates of the Balance Sheet.

20. LIABILITIES TO CUSTOMERS

Liabilities to customers are due to credit balances of the debit and credit accounts of customers, which derive from receipts that have not been rendered on the date the financial statements were written.

21. LIABILITIES DERIVING FROM BONDED LOANS

On 29 May 2003 EFG FACTORS S.A issued a tree year bonded loan

CHF: 198.900.000 (3 years) • Date of Issuing: 30/05/03 • Date of **Full repayment: 30.05.2006**

It is maintained in 65 bonds of CHF 3.060.000

Monthly interest (monthly payment of dividends)

Interest rate: CHF Libor on month + margin 0,375%

Current interest rate for this period 2/5-30/5/2006: 1,625% (1,25% + 0,375%)

EUR: 40,000,000 (3 years) • Date of Issuing: 31.12.04 • Date of **Full repayment: 31.12.07**

It is maintained in 40 bonds of EUR: 1.000.000

Monthly interest (monthly payment of dividends)

Interest rate: Euribor of one month + margin 0,375%

Current interest rate for this period 2/5-31/5/2006: 3,041% (2,66% + 0,375%)

	31.12.2005	31.12.2004
Bond in CHF	127.901.742,65	128.913.085,75
Bond in EUR	40.000.000,00	40.000.000,00
Total	**167.901.742,65**	**40.000.000,00**

The estimation of the 198.900.000 CHF bond in euros was performed according to the exchange rate of 31st December, which for year 2005 is 1,5551 EUR/CHF (1,5429 EUR/CHF for 2004).

22. LIABILITIES FROM OUTGROWTH

The company has signed an agreement of mutual cross currency interest rate swap) with EFG Eurobank Ergasias S.A. for the amount of CHF 198.900.000 against EUR 130.000.000, for a three year duration with starting and ending dates the issuing and expiration of the Bond, for the coverage of exchange and interest rate risk due to the issuing of the CHF 198.900.000 Bond. The reasonable value of the above swap on 31.12.2005 was € 2.162.601,07.

23. LIABILITIES FOR CURRENT INCOME TAX

	31.12.2005	31.12.2004
Liabilities for current income tax	971.727,90	1.308.447,48
Total	**971.727,90**	**1.308.447,48**

24. LIABILITIES FOR STAFF PENSION SCHEME

Balance on 1.1.2004	28.306,00
Provision for period	16.473,29
Balance on 31.12.2004	**44.779,29**
Balance on 1.1.2005	44.779,29
Period Provision	5.165,71
Balance on 31.12.2005	**49.945,00**

The provision for the compensation to dismissed or retired staff is calculated based on the expected increase on wages of 4% and prepayment interest rate of 4,5%.

25. OTHER LIABILITIES

	31.12.2005	31.12.2004
Insurance companies	68.491,73	115.666,19
Accruedcosts	148.978,76	53.838,69
Suppliers	73.214,99	108.210,52
Other Liabilities	226.592,76	130.305,71
Other taxes liabilities	696.893,81	559.804,57
Valuation of corporate bond		1.086.914,25
Accrued interest	454.791,32	470.840,68
Total	**1.668.963,37**	**2.525.580,61**

26. CALLED UP SHARE CAPITAL

According to the Decision of the Extraordinary General Assembly of 28th June 2004, the share capital was increased by 4.500.000 EUR, with cash payment, with the issuing of 100.000 new, common shares at the named value price of € 45 and disposal price € 60 each. As a result, following the above increase, the Company's equity stock reached the amount of € 13.500.000 and is divided in 300.000 shares at a nominal value of € 45,00. The total value of € 1.500.000 came to special reserve fund from the issuing of shares above par.

27. REGULAR RESERVES

According to the Greek law the company is obliged to deduct a minimum amount of 5% of the net,accounting profits per annum as a regular reserve fund.

The deduction is not obligatory when the total of the regular reserve fund exceeds 1/3 of the paid equity stock. This reserve fund can be distributed during the whole life term of the Company and is aimed for the coverage of the debit balance of the retained profit and loss account.

The regular reserve fund of the Company on 31.12.2005 was € 615.683,48.

28. RETAINED EARNINGS

This account includes the non taxed reserves of € 62.746,33, created by tax-free income that was not distributed and will not be distributed in the future, and as a result, according to Standard 12, the postponed tax was not calculated.

The total balance of retained profits on 31.12.2005 was € 10.215.046,36.

29. CREDIT RISK

Credit risk derives from the financial inability of the debtor to meet to his/her contract obligations towards the factoring company.

Factoring services are distinguished in three basic categories:

A. Domestic Factoring, B. International Factoring (B1. Import B2. Export) and C Invoice Discounting.

In terms of risk, Factoring is divided in the following services:

A. Factoring with recourse, B. Factoring without recourse, C. Factoring collection only.

The recourse of the Factoring company to turn against the credit-holder for the collection of the claimed amounts remits the credit risk undertaken against the debtor.

The provision of **Factoring services, without recourse** indicates that, should the debtor (buyer) has economic difficulty, the credit risk is taken by the Factoring company.

In order to provide Factoring services **without recourse,** EFG FACTORS thoroughly analyses the borrowing status of the debtor (buyer), his/her trading transactions in the years past, evaluates his/her position in the market, the trading features of the goods or services provided by the debtor and it accordingly accepts (or rejects) the provision of the Services, each time determining the credit limit of the debtor as well.

On 31st December, the Company's receivables from advance payments given for Factoring services without recourse were a total amount of € 225.812.544,10 i.e. 58% of the total advance payments for 2005 and a total amount of € 201.341.593,32, i.e. 62% for 2004 accordingly.

For the Factoring services without recourse provided by EFG FACTORS to its customers, the company also insures the credit risk with an insurance company, if it considers that there is even a slight possibility of a future economic weakness of the debtor.

The company does not have a risk concentration above 10% of the total amount claimed to any of its customers.
EFG FACTORS re-evaluates the credit and financing limits it has approved on the basis of the credit ability of the customer and his/her debtors at regular intervals, so as to determine and confirm that these limits correspond to the customer needs, but also to the limits of his/her credit ability.

30. CURRENCY EXCHANGE RISK

The main transaction currency of EFG FACTORS, as well as the currency of financial statement presentations is EURO. In order to serve its customers, the company makes advance payments in the invoiced currency. The amounts advanced to customers derive mainly from lending in the corresponding currency, in order to minimize the exposure to currency exchange risk due to the fluctuation of the exchange risk. Amounts in foreign currencies deriving from the invoicing of profits in the corresponding foreign currency are regularly changed into euros by the Financial Department. The majority of assets and liabilities are in euros, with the exception of the Bonded loan that was issued in CHF (Swiss Franks), for which the exchange and interest risk were hedged via cross currency interest rate swap.

Risk of currency exchange on 31.12.2005

	CHF	USD	GBP	Other F.C.	EUR	TOTAL
ASSETS						
Cash balances					27,13	27,13
Due from banks				2.121,34	2.912.814,96	2.914.936,30
Loans and advances to customers		277,21	3.647.401,93		383.816.086,56	387.463.765,70
Intangible fixed assets					56.003,38	56.003,38
Tanginble fixed assets					433.234,86	433.234,86
Postponed tax claims					20.152,12	20.152,12
Other assets		4.392,40			567.092,48	571.484,88
Total Assets	**0,00**	**4.669,61**	**3.647.401,93**	**2.121,34**	**387.805.411,49**	**391.459.604,37**
Cross currency interest rate swap	127.901.742,65					
Total of foreign exchange position	**127.901.742,65**	**4.669,61**	**3.647.401,93**	**2.121,34**	**387.805.411,49**	**519.361.347,02**
LIABILITIES						
Due to banks		(78.046,55)	3.335.433,04		188.453.307,24	191.710.693,73
Due to customers		561,13	13,23		1.162.626,45	1.163.200,81
Liabilities deriving from bonded loan	127.901.742,65				40.000.000,00	167.901.742,65
Liabilities for income tax					971.727,90	971.727,90
Liabilities for staff pension scheme					49.945,00	49.945,00
Financial derivatives					2.162.601,07	2.162.601,07
Other Liabilities					1.668.963,37	1.668.963,37
Total liabilities	**127.901.742,65**	**(77.485,42)**	**3.335.446,27**	**0,00**	**234.469.171,03**	**365.628.874,53**
Cross currency interest rate swap					130.000.000,00	130.000.000,00
Total of foreign exchange position	**127.901.742,65**	**(77.485,42)**	**3.335.446,27**	**0,00**	**364.469.171,03**	**495.628.874,53**
Net foreign exchange position	**0,00**	**82.155,03**	**311.955,66**	**2.121,34**	**23.336.240,46**	**23.732.472,49**

Risk of currency exchange on 31.12.2004

	CHF	USD	GBP	Other F.C.	EUR	TOTAL
ASSETS						
Cash balance					13,51	13,51
Due from banks					7.981,94	7.981,94
Loans and advances to customers		750.762,84	266.304,68		321.804.423,70	322.821.491,22
Intangible fixed assets					63.728,77	63.728,77
Tanginble ixed assets					407.959,57	407.959,57
Postponed tax claims					6.552,02	6.552,02
Other assets		2.874,76			164.047,86	166.922,62
Total Assets	**0,00**	**753.637,60**	**266.304,68**	**0,00**	**322.454.707,37**	**323.474.649,65**
Cross currency interest rate swap	128.913.085,75					
Total of foreign exchange position	**128.913.085,75**	**753.637,60**	**266.304,68**	**0,00**	**322.454.707,37**	**452.387.735,40**
LIABILITIES						
Due to banks		712.652,64	194.002,84		126.608.685,40	127.515.340,88
Due to customers					1.158.754,70	1.158.754,70
Liabilities deriving from bonded loan	128.913.085,75				40.000.000,00	168.913.085,75
Liabilities for income tax					1.308.447,48	1.308.447,48
Liabilities for staff pension scheme					44.779,29	44.779,29
Financial derivatives						
Other Liabilities		37.945,06	25.134,21		2.462.501,34	2.525.580,61
Total liabilities	**128.913.085,75**	**750.597,70**	**219.137,05**	**0,00**	**171.583.168,21**	**301.465.988,71**
Cross currency interest rate swap					130.000.000,00	130.000.000,00
Total of foreign exchange position	**128.913.085,75**	**750.597,70**	**219.137,05**	**0,00**	**301.583.168,21**	**431.465.988,71**
Net foreign exchange position	**0,00**	**3.039,90**	**47.167,63**	**0,00**	**20.871.539,16**	**20.921.746,69**

31. INTEREST RATE RISK

The company does not undertake interest rate risk between its claims and liabilities. For invoicing its customers the company follows the floating interest rate policy, as it is accordingly charged for its financing.

The analysis of the interest rate risk is described below:

Interest rate risk on 31.12.2005

	Up to 3 months	3-12 months	1-5 years	Over 5 years	Elements not influenced	Total
ASSETS						
Cash balances	27,13					27,13
Due from banks	2.914.936,30					2.914.936,30
Loans and advances to customers	387.463.765,70					387.463.765,70
Intangible fixed assets					56.003,38	56.003,38
Tangible fixed assets					433.234,86	433.234,86
Postponed tax claims					20.152,12	20.152,12
Other assets					571.484,88	571.484,88
Total Assets	**390.378.729,13**	**0,00**	**0,00**	**0,00**	**1.080.875,24**	**391.459.604,37**
LIABILITIES						
Due to banks	191.710.693,73					191.710.693,73
Due to customers	1.163.200,81					1.163.200,81
Due from credit titles	167.901.742,65					167.901.742,65
Income tax liabilities					971.727,90	971.727,90
Liabilities for staff pension scheme					49.945,00	49.945,00
Financial derivatives	2.162.601,07					2.162.601,07
Other Liabilities					1.668.963,37	1.668.963,37
Total liabilities	**362.938.238,26**	**0,00**	**0,00**	**0,00**	**2.690.636,27**	**365.628.874,53**
Total interest rate risk within the Balance Sheet	**27.440.490,87**	**0,00**	**0,00**	**0,00**	**(1.609.761,03)**	**25.830.729,84**
Total interest rate risk out of the Balance Sheet					**(2.450.942,68)**	**(2.450.942,68)**

Interest rate risk on 31.12.2004

	Up to 3 months	3-12 months	1-5 years	Over 5 years	Elements not influenced	Total
ASSETS						
Cash balances	13,51					13,51
Due from banks	7.981,94					7.981,94
Loans and advances to customers	322.821.491,22					322.821.491,22
Intangible fixed assets					63.728,77	63.728,77
Tangible fixed assets					407.959,57	407.959,57
Postponed tax claims					6.552,02	6.552,02
Other assets					166.922,62	166.922,62
Total of Assets	**324.590.118,05**	**0,00**	**0,00**	**0,00**	**645.162,98**	**323.474.649,65**
LIABILITIES						
Due to banks	127.515.340,88					127.515.340,88
Due to customers	1.158.754,70					1.158.754,70
Due from corporate bonds	168.913.085,75					168.913.085,75
Income tax liabilities	1.308.447,48					1.308.447,48
Liabilities for staff pension scheme					44.779,29	44.779,29
Other Liabilities					2.525.580,61	2.525.580,61
Total liabilities	**298.895.628,81**	**0,00**	**0,00**	**0,00**	**2.570.359,90**	**301.465.988,71**
Total interest rate risk within the Balance Sheet	**25.694.489,24**	**0,00**	**0,00**	**0,00**	**(1.925.196,92)**	**22.008.660,94**
Total interest rate risk out of the Balance Sheet					**1.086.914,25**	**1.086.914,25**

32. LIQUIDITY RISK

EFG FACTORS covers its liquidity needs for the redemption of its transactional liabilities from its long term lending, such as the bonded loan and the lending to from the parent bank, so as to be able to maintain the best possible cash-flow position, at the least possible cost.

The following table shows the ending of the money flow of claims and liabilities.

Liquidity Risk on 31.12.2005

	Up to 3 months	3-12 months	1-5 years	Over 5 years	Elements not influenced	Total
ASSETS						
Cash balances	27,13					27,13
Due from banks	2.914.936,30					2.914.936,30
Loans and advances to customers	142.089.530,97	121.257.383,71	123.934.936,18	181.914,84		387.463.765,70
Intangible fixed assets				56.003,38		56.003,38
Tangible fixed assets				433.234,86		433.234,86
Postponed tax claims			20.152,12			20.152,12
Other assets		571.484,88				571.484,88
Total Assets	**145.004.494,40**	**121.828.868,59**	**123.955.088,30**	**671.153,08**	**0,00**	**391.459.604,37**
LIABILITIES						
Due to banks	191.710.693,73					191.710.693,73
Due to customers	1.163.200,81					1.163.200,81
Liabilities deriving from corporate bonds			127.901.742,65	40.000.000,00		167.901.742,65
Income tax liabilities			971.727,90			971.727,90
Liabilities for staff pension scheme	49.945,00					49.945,00
Financial derivatives			2.162.601,07			2.162.601,07
Other Liabilities		1.668.963,37				1.668.963,37
Total liabilities	**192.923.839,54**	**1.668.963,37**	**131.036.071,62**	**40.000.000,00**	**0,00**	**365.628.874,53**
Total interest rate risk within the Balance Sheet	**(47.919.345,14)**	**120.159.905,22**	**(7.080.983,32)**	**(39.328.846,92)**	**0,00**	**25.830.729,84**
Total interest rate risk out of the Balance Sheet	**(2.450.942,68)**					**(2.450.942,68)**

Liquidity Risk on 31.12.2004

	Up to 3 months	3-12 months	1-5 years	Over 5 years	Elements not influenced	Total
ASSETS						
Cash balances	13,51					13,51
Due from banks	7.981,94					7.981,94
Loans and advances to customers	133.928.364,34	90.162.451,68	87.285.088,58	11.445.586,62		322.821.491,22
Intangible fixed assets				63.728,77		63.728,77
Tangible fixed assets				407.959,57		407.959,57
Postponed tax claims				6.552,02		6.552,02
Other assets			166.922,62			166.922,62
Total Assets	**324.590.118,05**	**90.162.451,68**	**87.452.011,20**	**11.923.826,98**	**0,00**	**323.474.649,65**
LIABILITIES						
Due to banks	127.515.340,88					127.515.340,88
Due to customers	1.158.754,70					1.158.754,70
Liabilities deriving from corporate bonds				168.913.085,75		168.913.085,75
Liabilities for income tax		1.308.447,48				1.308.447,48
Liabilities for staff pension scheme	44.779,29					44.779,29
Other Liabilities		2.525.580,61				2.525.580,61
Total liabilities	**302.719.988,11**	**3.834.028,09**	**0,00**	**168.913.085,75**	**0,00**	**301.465.988,71**
Total of liquidity risk in the Balance Sheet	**21.870.129,94**	**86.334.975,61**	**87.452.011,20**	**(156.989.258,77)**	**0,00**	**22.008.660,94**
Total of liquidity risk out of the Balance Sheet	**1.086.914,25**					**1.086.914,25**

33. CHARGES FROM OPERATIONAL LEASING

The company leases assets at non-cancellable operational leasing. The leasing contracts have several terms and rights for renewal. The future payable rental amounts are as follows:

	31st December 2005		31st December 2004	
	buildings	vehicles	buildings	vehicles
	€	€	€	€
Rents Payable				
Within one year	310.878,00	33.179,35	298.507,00	32.849,16
From one to five years	1.368.972,43	86.957,03	1.310.398,00	80.902,38
Over five years	1.585.994,71		1.951.901,00	

34. TRANSACTIONS WITH CONNECTING PARTS

The Company is controlled by EFG Eurobank Ergasias (based in Athens and listed in the Athens Stock Exchange), which holds 100% of the Company's share capital. The ultimate, parent company is EFG Eurobank Financial Group, financial institution based in Switzerland.

	31.12.2005 EFG Eurobank Ergasias Bank	31.12.2005 Other connecting parties (EFG Eurobank subsidiaries)
Receivable Assets - Liabilities		
Assets		
Due from banks	497.339,46	
Other assets	74.290,60	
Liabilities		
Due to banks	191.710.693,73	
Liabilities from corporate bonds	167.901.742,65	
Other Liabilities	2.162.601,00	
Income - Expenses		
Interests and emulated costs	5.119.837,65	
Costs from derivatives	1.448.638,38	
Commissions expenses	13.000,00	
General administrative expenses	10.400,00	4.684,80
Income from derivatives	(1.448.638,38)	

	31.12.2004 EFG Eurobank Ergasias Bank	31.12.2004 Other connecting parties (EFG Eurobank subsidiaries)
Receivable Assets - Liabilities		
Assets		
Due from banks	4.551,63	
Other assets	114.310,51	
Liabilities		
Due to banks	127.986.181,56	
Liabilities from corporate bonds	168.913.085,75	
Other Liabilities	1.296.810,25	1.605,79
Income - Expenses		
Interests and emulated costs	4.061.700,65	856,69
General administrative expenses		5.874,69

Transactions in the rest of the connecting parties concern the companies “Be-Business Exchange S.A. Corporate transaction networks, EFG Insurance Services S.A. Insurance brokerage and EFG Eurobank Leasing Financing S.A.”
The financing cash flow needs of the Company are covered by the financing from the parent company EFG Eurobank Ergasias, through a current account, bonded loan, or share capital increase.

	31.12.2005	31.12.2004
Cash flows from financing activities		
Cash flows from bonds		40.000.000,00
Capital deriving from banks	64.195.352,85	62.058.354,83
Share Capital increase		6.000.000,00

Management Remuneration

Wages and other short-term benefits € 375.672 for 2005 (2004: € 282.892)

35. POTENTIAL LIABILITIES

(a) Legal issues

According to estimations of the Management of the Legal Department of the Company, there are no pending cases that are anticipated to have a significant effect on the Company's financial position.

(b) Taxation issues

EFG FACTORS has undergone tax auditing up to the term of year 2004 and as a result its tax claims have been rendered as final. The tax year of 2005 has not yet been audited but a taxation reform has taken place for the determination of the tax profits on the basis of the income tax legislation.

36. FACTS AFTER THE BALANCE SHEET PUBLICATION DATE

The Bonded loan of CHF 198.900.000 will be replaced upon its expiry on 30 May 2006 with a Bonded loan of € 130.000.000. Further than that, there are no other events after the Balance Sheet date which influence the company's financial statements significantly.

AUDIT REPORT

by Chartered Accountant Auditor

To the Shareholders of the S.A. Company EFG FACTORS Trade receivables Agency S.A.

We have audited the attached Balance Sheet of EFG FACTORS S.A. (the Company) of 31st December 2005 and the relevant profit and loss accounts, cash flows and own capitals of the company, for the fiscal year ended 31st December 2005. The Company is responsible for the conduct of the financial statements. Our responsibility is limited to the formation and expression of opinion on the financial statements, on the basis of the audit performed.

Our audit took place according to the Greek Auditing Standards which are harmonious with the International Auditing Standards. These standards require the planning and performance of the audit in a way that reasonably secures that the financial statements do not have substantial inaccuracies and omissions. The auditing includes the examination of evidence, on a sampling basis, that support the amounts and information included in the financial statements. The auditing also includes the evaluation of accounting principles followed, the evaluations of the Company's Management and in general of the presentation of the data in the financial statements, as well as the agreement of the consistency of the content of the Report of the Board of Directors, with the financial statements. We believe that the conducted auditing provides adequate basis for us to form an opinion.

In our opinion, the above-mentioned financial statements present the Company's financial position on 31st December 2005 reasonably from all substantial sides. Moreover, the results of its business and the Company's cash flow for the fiscal year that ended on that date, according to the International Financial Reporting Standards (IFRS) as adopted by the European Union and the content of the Report of the Board of Directors are in agreement with the above-mentioned financial statements.

Athens, 2 June 2006
CHARTERED ACCOUNTANT AUDITOR
KYRIAKOS RIRIS
AM ΣΟΕΛ 12111

Auditors S.A.
268, Kifisias Ave.
Halandri 15232
AM ΣΟΕΛ 113

HEAD OFFICE

3, Kapodistriou St. & Messogion Ave.
GR 153 43 Athens
Tel.: +30 210 6078 000
Fax: +30 210 6078 010 -020 -030
www.efgfactors.gr

THESSALONIKI REPR. OFFICE

13, Karolou Ntil
GR 546 23 Thessaloniki
Tel.: +30 2310 376 980
Fax: +30 2310 376 960
www.efgfactors.gr

SOFIA BRANCH

135, Tsarigradsko Sh. Blvd.,
Office Express Building,
1784 Sofia, Bulgaria
Tel.: + 359 2 4015000
Fax: + 359 2 4015010
www.efgfactors.com

GLOBUSbc • Τηλ.: 210 3615 000