ECPC

European Convergence Property Company

EUROPEAN CONVERGENCE PROPERTY COMPANY PLC

(Incorporated in the Isle of Man)

Consolidated Interim Report

30 June 2011

ISIN No. GB00B0B7ZC68

Contents

Management and Administration

Directors * independent	James C. Rosapepe (Non-executive Director) * Donald C. McCrickard (Non-executive Director) * Anderson A. Whamond (Non-executive Director) all of the registered office below
Registered Office	Millennium House 46 Athol Street Douglas Isle of Man IM1 1JB British Isles
Manager	Charlemagne Capital (IOM) Limited St Mary's Court, 20 Hill Street Douglas Isle of Man IM1 1EU British Isles
Administrator and Registrar	Galileo Fund Services Limited Millennium House 46 Athol Street Douglas Isle of Man IM1 1JB British Isles
Placing Agent	Charlemagne Capital (UK) Limited 39 St James's Street London SW1A 1JD United Kingdom
Auditors	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN British Isles

Management and Administration continued

Subsidiaries	Indirect subsidiary	European Convergence Property Company Bulgaria EOOD Office 11, Floor 5 103 Gotze Delchev Blvd Strelbishte Neighbourhood Triaditze Region Sofia 1404 Bulgaria
	Direct subsidiary	European Convergence Property Company (Cayman) Limited PO Box 309, Ugland House Grand Cayman Cayman Islands British West Indies
	Indirect subsidiary	ECPC (Cyprus) Limited 12 Esperidon Street, 4/F PC 1087 Nicosia Cyprus
	Indirect subsidiary	European Convergence Property Company (Malta) Limited 4 V Dimech Street Floriana FRN 1504 Malta

Chairman's Statement

At the end of the 2010 financial year, an international firm of surveyors carried out a valuation of Mall Veliko Turnovo ("MVT"), the Company's one remaining asset which led to a significant impairment in the carrying value of the asset. This impairment was accounted for in the 2010 accounts and is reflected in the carrying value of the consolidated net liabilities of the Group as at 30 June 2011 which was €0.9 million.

The valuation of Mall Veliko Turnovo valued the asset at less than the net loan less cash reserves secured against the asset, and the Manager is in negotiations with the lending bank to find a way forward. However, the Company is not using any of its own funds to finance any working capital deficits which may occur within the subsidiary.

The Board has taken the view that the lenders have no recourse to any other entities within the Group and therefore, although the Group is now in a net liability position, the Company has a net asset position of €0.6 million.

The Board are mindful that any further improvement in the value of the Mall will involve significant work to refurbish the asset, improve the customer experience and encourage tenants to both remain in the development and incentivise prospective tenants to take new space. This work could only be undertaken with additional investment which needs to be injected by the Bank. Without a commitment from the Bank to its continued involvement and financial support for the project, the Board questions whether it would be in the medium term interests of its shareholders to be involved in the work.

The economic trends in Bulgaria in the first half year have generally been positive. Exports have seen some growth and unemployment figures had been trending downwards although they rose slightly at the end of the period. Gross Domestic Product ("GDP") is showing a small increase although the Bulgarian Government have revised their forecast downwards for the next two years from the previous forecast rises of 5% and 6% respectively to an annual 3% for both years. The Country has seen a small budget deficit of 1% and borrowings remain low at 15% of GDP. Counterbalancing this, Foreign Direct Investment ("FDI") continues to see significant declines with a net outflow during the period.

On 19 April 2011 the adjourned Extraordinary General Meeting took place and it was resolved to cancel the Company's admission to trading on AIM. This, combined with the removal of the Company's cash custodian will help reduce the ongoing running costs of the Company.

In June 2011 the Administrative Court in Sofia rejected a claim by the Bulgarian Revenue Authority for refusing the application for Dual Tax Treaty by the Bulgarian subsidiary and the €365k of With-holding tax, interest and penalties on a technical issue. In August, the Revenue Authorities appealed to the Supreme Court against this finding requesting the Court consider its claim on the facts of their submission. The Group is still awaiting the outcome of this hearing. This amount has not been provided for in these accounts however, should it become due, it will be funded from the cash held by Alpha Bank against the Mall loan.

Anderson Whamond
Chairman

27 September 2011

Report of the Manager

The Manager’s report should be read in conjunction with previous financial statements, and previous shareholder’s updates issued by the Company.

Economic Overview

Bulgarian economic information for the first half of 2011 has indicated a continuation of the improvements seen in 2010.

Exports gradually increased over 2010 and this trend has continued in 2011 with exports for the first quarter of 2011 showing a 20% year on year growth, although the growth slowed substantially in the second quarter. Imports showed a much more modest growth of almost 9% for over the same period.

GDP also continued to grow in 2011, albeit only slender due to weak public and private consumption, however, the Bulgarian Finance Minister has recently revised is growth forecast down to an annual 3% for the next two years, against a previous forecast of rises of 5% and 6% respectively.

Unemployment which rose slightly at the end of last year due to seasonal factors has seen steady declines down to 8.9% in May 2011, which is in line with the October 2010 figure and below the peak of 10.3% seen in February 2010. Since May however they have risen slightly, against expectations.

The country’s finances compare very favourably with most other European countries, with a small budget deficit less than 1% as at the end of April 2011 with Government debt standing at approx 15% of GDP.

The major concern for Bulgaria’s economy remains inflation and the continued decline in FDI, which saw a net outflow in the first quarter of 2011. Given the limited global appetite for risk, it is unlikely that FDI inflows will approach the levels seen pre 2008 for some time.

Inflation at the end of June was 4.8% which, with the majority of wages capped, may well have a further detrimental effect on consumption which will impact on retailer’s attitude to the country.

Bulgarian Retail Property

The general drop in consumer spending seen in 2010 has continued into 2011 which has ensured that retailers remain extremely cautious on expansion. The large international brands are still delaying their expansion plans in Bulgaria, whilst local and smaller operators are focusing on optimising costs. Retailers continue to be aggressive in their lease negotiations seeking rent reductions or turnover rent only as they fully appreciate the bargaining position they have.

Some real estate brokers are reporting positive signs and have expectations of an upswing in all real estate segments during the latter part of 2011. Sofia has started to see new development activity with two new projects starting in the first half of 2011 and at least one other expected in the second half of 2011.

Investment activity in the retail sector remains subdued though there has been some limited interest in prime assets, mainly in Sofia where one transaction has been completed at a reported yield of around 9%. A 50% stake in Retail Park, Plovdiv was purchased in February 2011 by Europa Capital at a price which reflected an initial investment yield of just over 10%.

Mall Veliko Turnovo

Asset Overview

The Company's one remaining property asset is the wholly owned Mall Veliko Turnovo ('MVT') in central Bulgaria. MVT continued to face an extremely difficult retail trading environment throughout the quarter and tried to maintain occupancy levels by providing tenants with continued support through further rental concessions which further impacted on rental income during the quarter. There has been a minor reduction of 0.6% in occupancy in the quarter with total occupancy at June of 13,902 sqm or 86.8% of the GLA.

Report of the Manager continued

Financial Results

At the end of June, rental and service charges income were slightly below budget, however savings resulting from tightly managing the operating expenses resulted in the earnings before interest and taxation being slightly ahead of budget.

However, interest charges for the half year led to a loss for the subsidiary, the shortfall being met from the cash held by Alpha Bank in the MVT subsidiary. The Manager is not funding any further expenditure to maintain the asset.

As the Bank are not allowing any funds to be used to pay incentives for new tenants the Manager is unable to attract new tenants in the current climate.

Banking

Following the recent revaluation of MVT the loan is technically in default and the Manager is in discussion with Alpha Bank over the continuation of the loan. The Manager understands that Alpha Bank have appointed an external advisor to recommend various possibilities available to the Bank. The Manager has given all assistance to the advisor.

Revenue Authority

The Group is contesting a With-holding tax assessment by the local tax authorities in Bulgaria.

The Administrative Court declared in June 2011 that, according to the Court, the director who issued the statements refusing the application for DTT was not competent to do so.

The decision is to be appealed by the Revenue Authorities to the Supreme Administrative Court and if successful this would result in the subsidiary’s appeal against the tax assessment being resumed.

Alpha Bank, MVT’s banker and prime lender issued a guarantee of payment to the authorities for the claim and this guarantee will remain in place until a final decision has been obtained.

Charlemagne Capital (IOM) Limited

27 September 2011

Consolidated Income Statement

	Note	(Unaudited) 1 January 2011 to 30 June 2011 €'000	(Unaudited) 1 January 2010 to 30 June 2010 €'000
Net loss from fair value adjustment on investment property		**-**	**(23)**
Net rent and related income		**743**	**913**
Manager's fees	6.3	(120)	(134)
Audit and professional fees		(86)	(17)
Other expenses		(452)	(586)
Administrative expenses		**(658)**	**(737)**
Net operating profit before net financing expense		**85**	**153**
Financial income		13	224
Financial expenses		(591)	(564)
Net financing expense		**(578)**	**(340)**
Loss before tax		**(493)**	**(187)**
Income tax credit	16	-	-
Retained loss for the period		**(493)**	**(187)**
Basic and diluted loss per share (€)	8	**(0.0079)**	**(0.0030)**

Consolidated Statement of Comprehensive Income

	Note	(Unaudited) 1 January 2011 to 30 June 2011 €'000	(Unaudited) 1 January 2010 to 30 June 2010 €'000
Loss for the period		(493)	(187)
Other comprehensive income			
Currency translation differences		-	-
Total comprehensive loss for the period		**(493)**	**(187)**

The accompanying Notes form an integral part of these consolidated financial statements

Consolidated Balance Sheet

	Note	(Unaudited) At 30 June 2010 €'000	(Audited) At 31 December 2010 €'000
Investment property	9	16,200	16,200
Total non-current assets		**16,200**	**16,200**
Trade and other receivables	10	280	261
Cash and cash equivalents	11	2,439	2,880
Total current assets		**2,719**	**3,141**
Total assets		**18,919**	**19,341**
Issued share capital		1,803	1,803
Retained earnings		(2,659)	(2,166)
Foreign currency translation reserve		2	2
Total equity		**(854)**	**(361)**
Interest bearing loans and borrowings	12	19,226	19,236
Trade and other payables	13	547	466
Total current liabilities		**19,773**	**19,702**
Total liabilities		**19,773**	**19,702**
Total equity & liabilities		**18,919**	**19,341**

The accompanying Notes form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

	Share capital	Retained earnings	Foreign currency translation reserve	Total
	€'000	€'000	€'000	€'000
Balance at 1 January 2010	3,682	2,569	2	6,253
Loss for the period	-	(187)	-	(187)
Other comprehensive income				
Foreign exchange translation differences	-	-	-	-
Total comprehensive loss	**-**	**(187)**	**-**	**(187)**
Capital distribution	(1,879)	**-**	**-**	(1,879)
Balance at 30 June 2010	**1,803**	**2,382**	**2**	**4,187**

	Share capital	Retained earnings	Foreign currency translation reserve	Total
	€'000	€'000	€'000	€'000
Balance at 1 January 2010	3,682	2,569	2	6,253
Loss for the year	-	(4,735)	-	(4,735)
Other comprehensive income				
Foreign exchange translation differences	-	-	-	-
Total comprehensive loss	**-**	**(4,735)**	**-**	**(4,735)**
Capital distribution	(1,879)	**-**	**-**	(1,879)
Balance at 31 December 2010	**1,803**	**(2,166)**	**2**	**(361)**

	Share capital	Retained earnings	Foreign currency translation reserve	Total
	€'000	€'000	€'000	€'000
Balance at 1 January 2011	1,803	(2,166)	2	(361)
Loss for the period	-	(493)	-	(493)
Other comprehensive income				
Foreign exchange translation differences	-	-	-	-
Total comprehensive loss	**-**	**(493)**	**-**	**(493)**
Capital distribution	-	**-**	**-**	-
Balance at 30 June 2011	**1,803**	**(2,659)**	**2**	**(854)**

The accompanying Notes form an integral part of these consolidated financial statements

Consolidated Cash Flow Statement

	Note	(Unaudited) For the period from 1 January 2011 to 30 June 2011 €'000	(Unaudited) For the period from 1 January 2010 to 30 June 2010 €'000
Operating activities			
Group loss for the period		(493)	(187)
Adjustments for:			
Financial income		(13)	(224)
Financial expense		591	564
Operating profit before changes in working capital		**85**	**153**
(Increase)/decrease in trade and other receivables		(19)	2,509
Increase/(decrease) in trade and other payables		81	(955)
Cash generated from operations		**147**	**1,707**
Interest paid		(591)	(564)
Interest received		13	224
Cash flows (used in)/generated from operating activities		**(431)**	**1,367**
Financing activities			
(Repayment)/increase in long term loans		(10)	11
Capital distribution		-	(1,879)
Cash flows used in financing activities		**(10)**	**(1,868)**
Net decrease in cash and cash equivalents		(441)	(501)
Cash and cash equivalents at beginning of period		2,880	3,890
Cash and cash equivalents at end of period	11	**2,439**	**3,389**

The accompanying Notes form an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

1 The Company

European Convergence Property Company plc (the "Company") was originally incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 on 1 June 2005 as a public company with registered number 113616C. On 21 December 2007 with the approval of Shareholders in general meeting, the Company was re-registered as a company under the Isle of Man Companies Act 2006 with registered number 002085v.

Pursuant to a prospectus dated 15 June 2005 there was an original placing of up to 100,000,000 Ordinary Shares. Following the closing of the placing on 24 June 2005 62,696,333 Shares were issued.

The Shares of the Company were admitted to trading on the London Stock Exchange's AIM market ("AIM") on 28 June 2005 when dealings also commenced.

The Company's agents and the Manager perform all significant functions. Accordingly, the Company itself has no employees.

Capital Distribution
Following approval of the Company's Shareholders in general meeting and as a consequence of the Directors having determined not to invest surplus cash or reinvest monies received from the sale of certain property assets an amount of approximately €58.9m or €0.94 per share was returned to shareholders pro rata by way of a capital distribution on 31 January 2008. A second return of capital was made on 18 June 2010 returning a further €1.9m or €0.03 per share.

2 The Subsidiaries

For efficient portfolio management purposes, the Company established the following subsidiary companies:-

	Country of incorporation	Percentage of shares held
European Convergence Property Company Bulgaria EOOD	Bulgaria	100%
European Convergence Property Company (Cayman) Limited	Cayman Islands	100%
ECPC (Cyprus) Limited	Cyprus	100%
European Convergence Property Company (Malta) Limited	Malta	100%

3 Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the group in its consolidated financial statements for the 18 month period ended 31 December 2010. The interim report comprises the Company and its subsidiaries (together referred to as the 'Group'). The interim consolidated financial statements are unaudited.

As at 30 June 2011, the Group had net liabilities of €854,333. This net liability position is principally as a result of the net liability position of the Company's subsidiary, European Convergence Property Company Bulgaria EOOD ("ECPC Bulgaria"). ECPC Bulgaria holds the investment property disclosed in note 9 of €16.2m and cash of €1.6m, against which external borrowings of €19.2m are secured (see note 12). The recent independent valuation of the asset has led to it being impaired to a value lower than the value of the loan secured against it. As stated in note 12, the loan is due to mature in October 2011. The third party lenders do not have recourse to other entities within the Group and therefore, notwithstanding the net liability position of the Group's consolidated balance sheet, the Board believes that the Company remains a going concern.

Notes to the Consolidated Financial Statements continued

3 Significant Accounting Policies continued

These interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34: Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the 18 month period ended 31 December 2010.

4 Segment Reporting

Segment information is presented in respect of the Group's business and geographical segments. The segments are managed on a worldwide basis, but operate in two principal geographical areas, Bulgaria and Romania. The location of the customers is the same as the location of the assets.

6 months ended 30 June 2011	Bulgaria	Romania	Unallocated	Total
	€'000	€'000	€'000	€'000
Net rent and associated income	743	-	-	743
Segment results	(198)	-	(295)	(493)
Segment assets	18,056	-	863	18,919
Segment liabilities	(19,536)	-	(237)	(19,773)

Period ended 31 December 2010	Bulgaria €'000	Romania €'000	Unallocated €'000	Total €'000
Net rent and associated income	2,700	-	-	2,700
Segment results	(7,921)	-	174	(7,747)
Segment assets	18,262	-	1,079	19,341
Segment liabilities	(19,460)	-	(242)	(19,702)

5 Net Asset Value per Share

The net asset value per share as at 30 June 2011 is €0.0000 based on net liabilities of €854,333 and 62,616,333 ordinary shares in issue (31 December 2010: €0.0000 based on 62,616,333 shares).

6 Related Party Transactions

6.1 Directors of the Company.

Anderson Whamond is a non-executive director of the Manager, and a shareholder of Charlemagne Capital Limited ("CCL"), the parent of the Manager and Placing Agent. Additionally, Mr Whamond has an indirect family interest in shares of CCL. There are no service agreements between Mr Whamond and CCL that are not determinable within one year.

Erwin Brunner resigned as a director with effect from 30 September 2010.

Charlemagne Capital (Investments) Limited, an entity associated with the Manager, by way of being a subsidiary of Charlemagne Capital Limited, holds 97,478 ordinary shares and the Templeton World Charity Foundation, which is also managed by the Manager, holds 11,875,000 ordinary shares in the Company.

Save as disclosed above, none of the Directors had any interest during the period in any material contract for the provision of services which was significant to the business of the Company.

Notes to the Consolidated Financial Statements continued

6 Related Party Transactions continued

6.2 Directors of the Subsidiaries

James Houghton and Jane Bates are directors of the Manager and have been appointed directors to a number of the Group subsidiaries. In compliance with local regulations, certain subsidiaries have appointed directors who are employees of or are associated with, the relevant registered office service provider.

6.3 Manager fees

Annual fees

The Manager is entitled to an annual management fee of 1.25% of the net asset value of the Company from time to time plus borrowings of the Group, payable quarterly in arrears.

The Manager shall also be entitled to recharge to the Company all and any costs and disbursements reasonably incurred by it in the performance of its duties including costs of travel save to the extent that such costs are staff costs or other internal costs of the Manager. Accordingly, the Company shall be responsible for paying all the fees and expenses of all valuers, surveyors, legal advisers and other external advisers to the Company in connection with any investments made on its behalf. All amounts payable to the Manager by the Company shall be paid together with any value added tax, if applicable.

Annual management fees payable for the period ended 30 June 2011 amounted to €119,609 (30 June 2010: €167,164).

Performance fees

The Manager is entitled to a performance fee equal to 15% of the total profits generated by the Company. In order for the performance fee to be payable, the Company must firstly have returned to its Shareholders an amount equal to the amount subscribed pursuant to the Placing (ignoring any initial charge paid by Shareholders). Thereafter the Manager shall be entitled to 15% of any further distributions of profit or capital. In determining amounts paid to Shareholders and the amount payable to the Manager pursuant to the performance fee full account will be taken of any dividends paid, other distributions made and distributions made on a winding up of the Company.

The Company may procure payment of the Manager's annual fees and any performance fees from any Group subsidiary company.

Although performance fees are only payable following the distribution of amounts equivalent to amounts initially subscribed by shareholders, the Group's accounting policy is to accrue performance fees based on the net asset value of the Group. Previously as a result of losses made by the Group performance fees accrued were reversed and credited to the profit and loss account of the Group, the amount reversed and applied in the period to 30 June 2011 was €nil (30 June 2010: credit of €33,079).

7 Charges and Fees

7.1 Nominated Adviser and Broker fees

As Nominated Adviser and Broker to the Company for the purposes of the AIM Rules, the nominated advisor and broker is entitled to receive an annual fee of €33,462 (£30,000).

Advisory fees payable to the Nominated Adviser and Broker for the period ended 30 June 2011 amounted to €21,423 (30 June 2010: €21,307).

The Company no longer requires a Nominated Adviser and Broker as it has de-listed.

7.2 Custodian fees

The Company terminated the custodian agreement between the Company and the Custodian with effect from 31 December 2010. The Directors decided that, as the Company is fully invested, the services of a custodian are no longer necessary and no replacement custodian was therefore appointed

Notes to the Consolidated Financial Statements continued

7 Charges and Fees continued

7.2 Custodian fees continued
The Custodian was entitled to receive fees calculated as 1 basis point per annum of the value of the debt securities held on behalf of the Company, subject to a minimum monthly fee of €500, payable quarterly in arrears. Custodian fees payable for the period ended 30 June 2011 amounted to €nil (30 June 2010: €3,525).

7.3 Administrator and Registrar fees
The Administrator is entitled to receive a fee of 4 basis points of the net assets of the Company plus borrowings, subject to a minimum monthly fee of €2,125, payable quarterly in arrears. The Administrator shall assist in the preparation of the financial statements of the Company for which it shall receive a fee of €2,500 per set.

The Administrator shall provide general secretarial services to the Company for which it shall receive a minimum annual fee of €3,750. Additional fees based on time and charges, will apply where the number of Board meetings exceeds four per annum. For attendance at meetings not held in the Isle of Man, an attendance fee of €500 per day or part thereof will be charged.

The Administrator may utilise the services of a CREST accredited registrar for the purposes of settling share transactions through CREST. The cost of this service will be borne by the Company. It is anticipated that the cost will be in the region of £6,000 per annum subject to the number of CREST settled transactions undertaken. The Administrator expects to review and, subject to written agreement between the Company and the Administrator, may amend the foregoing fees on an annual basis.

Administration fees payable for the period ended 30 June 2011 amounted to €15,300 (30 June 2010: €14,981).

7.4 Other operating expenses
It is anticipated that the costs of managing any properties in the Company's investment portfolio will be satisfied out of the service charges generated by tenants. However, to the extent that this is not the case, all such costs, to include the costs of all other third party service providers, shall be chargeable to and payable by the Company. The costs associated with maintaining the Company's subsidiaries, to include the costs of incorporation and third party service providers shall be chargeable to each subsidiary and payable by the Company.

7.5 Audit fees
Audit fees payable for the period ended 30 June 2011 amounted to €33,750 (30 June 2010: receivable €18,971).

8 Basic and Diluted Earnings per Share
Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period:

	30 June 2011	30 June 2010
Loss attributable to equity holders of the Company (€'000)	(493)	(187)
Weighted average number of ordinary shares in issue (thousands)	62,616	62,616
Basic and diluted loss per share (€ per share)	(0.0079)	(0.0030)

9 Investment Property

	30 June 2011 €000	31 December 2010 €'000
At beginning of period	16,200	23,600
Additions	-	-
Disposals through sale of subsidiaries	-	-
Net loss from fair value adjustments on investment property	-	(7,400)
Balance at end of period	**16,200**	**16,200**

Notes to the Consolidated Financial Statements continued

9 Investment Property continued

The investment property was last valued as at 31 December 2010 by an independent third party, SHM Smith Hodgkinson (Romania) Srl based on discounted cash flow valuation technique. As at 30 June 2011, there was a first rank mortgage on the above property securing the bank loans of €19.2 million (at 31 December 2010: €19.2 million).

10 Trade and Other Receivables

	30 June 2011	31 December 2010
	€'000	€'000
Trade receivables	186	148
Other	94	113
Total	**280**	**261**

Intragroup balances are repayable on demand and bear interest at commercial rates. Loans to subsidiaries outstanding at the year end have been impaired to fair value.

11 Cash and Cash Equivalents

	30 June 2011 €'000	31 December 2010 €'000
Bank balances	2,439	2,880
Bank overdrafts	-	-
Cash and cash equivalents	**2,439**	**2,880**

At 30 June 2011, €1.6m was held in a bank account with Alpha Bank subject to the terms of the loan agreement between Alpha Bank and the Company's Bulgarian subsidiary, under which all obligations to the Bank under the loan agreement must be fulfilled before the Bulgarian subsidiary is free to pay a dividend.

12 Interest-Bearing Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

Current liabilities

	30 June 2011 €'000	31 December 2010 €'000
Secured bank loans	19,226	19,236

Terms and debt repayment schedule:

Loan Amount	Bank	Effective interest rate 30 June 2011	Final Maturity date
€19.2 million	Alpha Bank Sofia SA	6.085%	October 2011

13 Trade and Other Payables

	30 June 2011	31 December 2010
	€'000	€'000
Taxation	291	291
Trade payables	99	95
Accruals	157	80
Total	**547**	**466**

Notes to the Consolidated Financial Statements continued

14 Exchange Rates

The following exchange rates were used to translate assets and liabilities into the reporting currency at 30 June 2011:

Bulgarian Lev	1.9558

15 Directors' Remuneration

The Company

The maximum amount of remuneration payable to the Directors permitted under the Articles of Association is €300,000 p.a. Each Director currently is paid a fee of €22,500 p.a. The Directors are each entitled to receive reimbursement of any expenses incurred in relation to their appointment. Total fees and expenses paid to the Directors for the period ended 30 June 2011 amounted to €36,000 (30 June 2010: €49,145).

The Subsidiaries

No fees are paid to the directors of the subsidiaries except in circumstances where a director is appointed in compliance with local regulations and in such cases the fees payable are nominal.

16 Taxation

Group income tax expense

	6 months to 30 June 2011 €'000	6 months to 30 June 2010 €'000
Current tax expense/(credit)	-	-
Movement in deferred tax liability	-	-
Income tax credit for the period	-	-

Deferred income tax is based on temporary differences between revalued amounts of investment property in the books of the subsidiaries and their respective tax bases. The deferred tax position as at 30 June 2011 is based on the capital gains tax rate of 10% in Bulgaria.

17 Commitments at the Balance Sheet Date

There were no commitments at the balance sheet date.

18 Post Balance Sheet Events

There are no post balance sheet events to note.

Perivan Financial Print 222978