



**PROTON INVESTMENT BANK S.A.**

**Condensed Interim Financial Statements**

**31 March 2006**

**In accordance with  
International Financial Reporting Standards**

The attached financial statements were approved by the Board of Directors of Proton Investment Bank on 22 May 2006 and have been published on  
**[www.proton.gr](http://www.proton.gr)**

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**INCOME STATEMENT**

Income Statement			
Amounts in Euro	NOTES	3 month period ended	
		<u>31.3.2006</u>	<u>31.3.2005</u>
Interest and similar income		1.661.207	921.199
Interest expense and similar charges		(358.049)	(676.521)
<b>Net interest income</b>		<b>1.303.158</b>	<b>244.678</b>
Fee and commission income		183.465	238.798
Fee and commission expense		(71.563)	(64.129)
<b>Net fee and commission income</b>		<b>111.902</b>	<b>174.669</b>
Net trading income		6.985.234	540.856
Net gain/ (loss) from revaluation of marketable securities		8.117.046	36.133
Dividend income		266.212	617.030
Other operating income		100.565	112.367
<b>Total operating income</b>		<b>16.884.117</b>	<b>1.725.733</b>
Total operating expenses		(2.164.519)	(949.488)
<b>Profit before tax</b>		<b>14.719.598</b>	<b>776.245</b>
Tax expense	7	(1.402.886)	(154.638)
<b>Profit after tax</b>		<b>13.316.712</b>	<b>621.607</b>
<b>Earnings per share</b> – Basic & Diluted from continuing operations (expressed in Euro per share)	8	0.30	0.04

The Non-Consolidated Financial Statements on pages 1-13 have been prepared according to the International Financial Reporting Standards (IFRS) as adopted by the European Union and have been approved by the Board of Directors on May 22<sup>nd</sup>, 2006 and are signed by:

The Chairman	The Vice Chairman and Managing Director	The General Manager	The Chief Financial Officer
Antonios I. Athanassoglou	Elias G. Lianos	Athanasios I. Papaspiliou	Georgios S. Nikiforakis

The notes on pages 7 to 13 form an integral part of these condensed interim financial statements.

**BALANCE SHEET**

Balance Sheet			
Amounts in Euro	NOTES	<u>31.03.2006</u>	<u>31.12.2005</u>
<b><u>ASSETS</u></b>			
Cash and balances with central banks		1.168.041	2.249.880
Due from banks		37.430.787	47.860.053
Financial assets at fair value through P&L		97.372.352	110.106.900
Derivative financial instruments		27.154	7.063
Loans and advances to customers (net)	9	133.311.875	72.337.594
Assets classified as held for sale		848.286	734.406
Investments in subsidiary undertakings		51.595.038	51.595.038
Property, plant and equipment		1.044.666	1.102.399
Intangible assets		65.799	92.640
Deferred tax assets		402.721	418.498
Other assets		4.059.842	3.469.556
<b>Total Assets</b>		<b><u>327.326.561</u></b>	<b><u>289.974.027</u></b>
<b><u>LIABILITIES</u></b>			
Due to banks		5.000.000	6.105.942
Due to customers		68.314.664	45.451.296
Derivative financial instruments		19.393	635
Retirement benefit obligations		101.916	96.293
Other liabilities	10	18.694.409	3.423.235
<b>Total Liabilities</b>		<b><u>92.130.382</u></b>	<b><u>55.077.401</u></b>
<b><u>SHAREHOLDERS' EQUITY</u></b>			
Share Capital		202.660.155	202.660.155
Reserves		35.771.467	38.409.516
Retained earnings / (losses)		(3.235.443)	(6.173.045)
<b>Total Shareholders' Equity</b>		<b><u>235.196.179</u></b>	<b><u>234.896.626</u></b>
<b>Total Shareholders' Equity and Liabilities</b>		<b><u>327.326.561</u></b>	<b><u>289.974.027</u></b>

The notes on pages 7 to 13 form an integral part of these condensed interim financial statements.

**STATEMENT OF CHANGES IN EQUITY**

Statement of Changes in Equity					
Amounts in Euro	Share Capital	Revaluation reserves in subsidiary undertakings	Other Reserves	Retained Earnings / (Losses)	Total equity
<b>Balance at 1 January 2005</b>	<b>35.000.000</b>	<b>23.391.406</b>	<b>4.278.256</b>	<b>(1.433.116)</b>	<b>61.236.545</b>
Net Profit/ (loss) for the year	-	-	-	621.607	621.607
<b>Balance at 31 March 2005</b>	<b>35.000.000</b>	<b>23.391.406</b>	<b>4.278.256</b>	<b>(811,509)</b>	<b>61.858.152</b>
Acquisition, disposals & share capital increases	141.747.952				141.747.952
Share capital increase due to the "Purchase method" application between PROTON INVESTMENT BANK SA and ARROW SA, EURODYNAMICS SA and EXELIXI SA	25.652.058			(25.652.058)	-
Share capital increase resulting from reserves from purchases and sales of marketable securities	260.145		(260.145)		-
Profit / (loss) recognised directly in equity		11.000.000			11.000.000
Net Profit/ (Loss) for the year				20.197.624	20.197.624
Other adjusting entries				92.898	92.898
<b>Balance at 1 January 2006</b>	<b>202.660.155</b>	<b>34.391.406</b>	<b>4.018.111</b>	<b>(6.173.045)</b>	<b>234.896.626</b>
Net Profit/ (Loss) for the year				13.316,712	13.316,712
Dividend to ordinary shares			(2.38.050)	(10.000.000)	(12.638.050)
Profit / (loss) recognised directly in equity			0	(379.109)	(379.109)
<b>Balance at 31 March 2006</b>	<b>202.660..55</b>	<b>34.391.406</b>	<b>1.380.061</b>	<b>(3.235.442)</b>	<b>235.196.179</b>

The notes on pages 7 to 13 form an integral part of these condensed interim financial statements.

**STATEMENT OF CASH FLOW**

<b>Cash Flow Statement</b>		
Amounts in Euro	<b>3-month period ended</b>	
	<b><u>31.3.2006</u></b>	<b><u>31.3.2005</u></b>
<b>Cash flows from operating activities</b>		
Profit before tax for the period	14.719.598	776.245
<b>Adjustments for non-cash items</b>		
Depreciation, amortization & impairment on fixed assets	129.390	175.624
Changes in fee and commission income	(28.444)	(30.818)
Changes in provisions	127.360	
Changes in financial assets at fair value	(8.115.713)	(20.733)
Changes in derivatives at fair value	(1.333)	(15.400)
	<b>6.830.858</b>	<b>884.918</b>
<b>Changes in operating assets and liabilities</b>		
Net (increase) / decrease in due from banks	10.429.266	5.540.014
Net (increase) / decrease in financial assets at fair value	6.989.800	(2.593.954)
Net (increase) / decrease in derivative financial instruments	(20.091)	4.632
Net (increase) / decrease in loans and advances to customers	(60.094.241)	(3.155.549)
Net (increase) / decrease in other assets	(752.754)	(2.677.078)
Net increase / (decrease) in due to banks	(1.105.942)	2.646.933
Net increase / (decrease) in due to customers	22.863.368	(2.803.640)
Net increase / (decrease) in derivative financial instruments	18.758	(38.010)
Net increase / (decrease) in other liabilities	13.889.689	(382.720)
<b>Net cash flow from / (used in) operating activities</b>	<b>(7.782.147)</b>	<b>(3.459.372)</b>
<b>Cash flows for investing activities</b>		
Net proceeds / (purchases) of fixed assets	(16.669)	(2.434)
Net proceeds / (purchases) of investment securities–held for sale	(113.880)	-
<b>Net cash flow from / (used in) investing activities</b>	<b>(130.549)</b>	<b>(2.434)</b>
<b>Net cash flow from / (used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1.081.839)</b>	<b>(2.576.888)</b>
Cash and cash equivalents at beginning of period	2.249.880	3.585.293
<b>Cash and cash equivalents at period end</b>	<b>1.168.041</b>	<b>1.008.406</b>

The notes on pages 7 to 13 form an integral part of these condensed interim financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

The Bank operates as a Societe Anonyme under the brand name "PROTON INVESTMENT BANK" (the Bank thereon) and it mainly engages in investment banking. For its operations abroad the Bank uses the brand name "PROTON INVESTMENT BANK S.A."

The Bank's registered office is in Saki Karageorga and Harilaou Trikoupi 1 in the Municipality of Kallithea while the duration of the Bank's incorporation is 99 years, until 2100. The Bank has one branch, which is located in the above-mentioned address.

The Bank is registered in the Registry of Societes Anonymes in the Prefecture of Athens with registration number 49841/06/B/01/31 and has an operating license from the Commission of Banking and Credit Institutions of the Bank of Greece - Approval Number 104/1/18.6.2001.

The Interim Non-Consolidated Financial statements were approved by the Board of Directors on May 22<sup>nd</sup>, 2006.

### **2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

The Interim Non-Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) 34 "Interim Financial Statements" as adopted by the European Union and should be examined in relation to the Bank's published annual Financial Statements for the fiscal year that ended on December 31<sup>st</sup>, 2005, prepared in accordance with the International Financial Reporting Standards (IFRS).

The Bank also publishes Consolidated Financial Statements that include the Bank's and its subsidiary companies' Financial Statements.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

For the preparation of the Interim Non-Consolidated Financial Statements the same accounting policies have been applied and the same management assumptions have been employed as published in the Bank's annual Financial Statements for the fiscal year ending on December 31<sup>st</sup>, 2005.

### **4. INCOME SEASONALITY**

The main activity of the Bank is investment banking and therefore its revenue is not subject to seasonality but depends to a large extent on the performance of its trading and investment portfolio in the underlying conditions i.e. changes in interest rates and on the returns from financial transactions.

## 5. COMPARATIVE FIGURES

The Bank presents the financial statements with comparative figures. For the presentation of the financial statements ended on March 31<sup>st</sup>, 2006 the comparatives utilized were the financial statements of December 31<sup>st</sup>, 2005 and the relevant notes. For the preparation of the income statement, the comparatives used were those of March 31<sup>st</sup>, 2006. The Bank, as extensively outlined in the published annual Financial Statements of December 31<sup>st</sup>, 2005 has merged with three listed closed-end funds. Consequently, the income statement figures are not comparable to those of the corresponding previous period.

## 6. SEGMENT REPORTING

Given the current management and operational/business structure of the Bank and that a significant portion of its income derives from activities in the Greek market, the Bank has concentrated in the following activities:

Investment Banking: it includes investment management, brokerage services, consulting and intermediation services that are related to the stock market, corporate advisory, as well as Dealing Room activities and Interbank Market Operations (FX Swaps, Futures, IRS, Bonds, Interbank deposits and advances).

Commercial Banking: it includes the usual banking services as lending, deposits, letters of guarantee, custodian services etc.

<b>SEGMENT REPORTING</b>			
(Amounts in Euro)	<b>From the 1 January to the 31 March 2006</b>		
<b>DESCRIPTION</b>	<b>Investment Banking</b>	<b>Banking Activities</b>	<b>Total</b>
Net interest income	311.468	991.690	<b>1.303.158</b>
Net fee and commission income	115.116	(3.214)	<b>111.902</b>
<b>Total operating income</b>	<b>15.714.147</b>	<b>1.169.970</b>	<b>16.884.117</b>
Total operating expenses	(1.428.677)	(735.842)	<b>(2.164.519)</b>
<b>Profit before tax</b>	<b>14.285.470</b>	<b>434.128</b>	<b>14.719.598</b>
Income tax expense	(1.147.781)	(255.105)	<b>(1.402.886)</b>
<b>Profit after tax</b>	<b>13.137.689</b>	<b>179.023</b>	<b>13.316.712</b>

<b>BUSINESS SEGMENT ANALYSIS</b>			
<b>(Amounts in Euro)</b>			
	<b>From the 1 January to the 31 March 2005</b>		
<b>DESCRIPTION</b>	<b>Investment Banking</b>	<b>Banking Activities</b>	<b>Total</b>
Net interest income	76.381	168.297	<b>244.678</b>
Net fee and commission income	163.813	10.856	<b>174.669</b>
<b>Total operating income</b>	<b>1.423.395</b>	<b>302.338</b>	<b>1.725.733</b>
Total operating expenses	(691.950)	(257.538)	<b>(949.488)</b>
<b>Profit before tax</b>	<b>731.445</b>	<b>44.800</b>	<b>776.245</b>
Income tax expense	(123.710)	(30.928)	<b>(154.638)</b>
<b>Profit after tax</b>	<b>607.735</b>	<b>13.872</b>	<b>621.607</b>

## OTHER NOTES TO THE FINANCIAL STATEMENTS

### 7. INCOME TAX EXPENSE

<b>(Amounts in €)</b>	
<b>DESCRIPTION</b>	<b>31.03.2006</b>
Impact of current income tax from the change in the Tax Rate (due to the merger)	554.040
Tax on the distributed profits (from non taxed reserves)	833.068
Deferred tax	15.778
<b>Total</b>	<b>1.402.886</b>

The taxable profit of the period comes mainly from the sale of tax-free securities not subject to income tax. As such no current revenue tax accrues for the period in question.

According to article 7 of the bill with the title "National Export Council, tax regulations and other definitions", voted on May 2<sup>nd</sup> 2006 (P. 1068), the tax benefit for societies anonymes which merged with others until December 31<sup>st</sup> 2005 is limited as follows: The merged entity is taxed for the first two years after the merger with a reduced rate by 5%. For the fiscal year ending on December 31<sup>st</sup> 2005, the Bank estimated the income tax according to A.2992/ 2002 with a reduced rate by 10%. The tax coefficient change to the current and deferred compound of current income tax, influenced negatively the results for the period.

There has been no tax audit for fiscal year 2005, so tax obligations have not been finalised for this year. At present it is not possible to forecast the tax audit results.

## 8. PROFITS PER SHARE

The earnings per share are concluded by dividing the net profits corresponding to the shareholders by the weighted average number of shares in circulation during the year, excluding the number of shares that the Bank possessed for its own account during the same period.

DESCRIPTION (amounts in €)	31.3.2006	31.3.2005
Net profits of the period	13.316.712	621.607
Number of shares at 31.3.2006	45.135.892	14.000.000
<b>Basic earnings per share</b>	<b>0,30</b>	<b>0,04</b>

## 9. LOANS AND ADVANCES TO CUSTOMERS

DESCRIPTION (Amounts in €)	31.03.2006	31.12.2005
<b>Loans to Banks</b>	<b>30.000.000</b>	<b>0</b>
Consumer – Investment Loans	36.602.751	36.424.561
Mortgages	1.316.297	1.345.015
<b>Loan to private individuals</b>	<b>37.919.048</b>	<b>37.769.576</b>
Construction sector	5.087.258	4.617.384
Insurance sector	1.350.000	1.350.000
Financial sector	4.097.575	1.930.783
Industrial sector	7.000.000	-
Commercial sector	19.650.285	-
Other	5.481.746	5.387.705
<b>Loans to corporate entities</b>	<b>42.666.864</b>	<b>13.285.872</b>
Loans to related entities	14.159.538	15.918.295
<b>Loans and advances to customers</b>	<b>124.745.450</b>	<b>66.973.743</b>
Other advances	9.446.465	6.116.531
Less: Allowance for uncollectibility	(880.040)	(752.680)
<b>Total</b>	<b>133.311.875</b>	<b>72.337.594</b>

The claims from loans and advances for the fiscal period ending on March 31<sup>st</sup> 2006 have increased compared to the corresponding balance of December 31<sup>st</sup> 2005, mainly due to: a) the granting of a subordinated loan (Tier II Capital), with a 10-year maturity to OMEGA BANK S.A., amounting to € 30,000,000.00, and b) the transfer from OMEGA BANK S.A. of non-listed corporate bonds of total value €26.6 million approximately. According to the relevant contract, the Bank preserves the

right (put option) to sell the bonds back to OMEGA BANK S.A. and OMEGA BANK S.A. has the obligation to re-purchase them.

## 10. OTHER LIABILITIES

DESCRIPTION (Amounts in €)	<u>31.03.2006</u>	<u>31.12.2005</u>
Taxes and duties payable	3.231.692	2.297.830
Creditors and suppliers	-	549.810
Dividends payable	12.675.584	139.004
Prepaid expenses and deferred income	(196.110)	138.447
Fees and payroll payable	-	111.695
Social security contributions	35.312	78.419
Other provisions	30.250	30.250
Other liabilities	2.917.681	77.780
<b>Total</b>	<b>18.694.409</b>	<b>3.423.235</b>

The Bank's liabilities have grown compared to the corresponding balance of December 31<sup>st</sup> 2005, as they include, among others, the amount of € 12,638,050 as a provision for dividend distribution for the fiscal year 2005. This amount was approved by the Annual General Shareholders Meeting on April 14<sup>th</sup> 2006 (Note 14.1) and is related to the minimum payment of dividends according to the provisions of the A.2190/ 20 and consequently fulfils the preconditions of it being recognized as a liability on March 31<sup>st</sup> 2006 according to the International Financial Reporting Standards (IFRS). A relevant reference for the dividend for the fiscal year 2005 is being made in Note 14.1.

## 11. CONTINGENT LIABILITIES

### 11.1. Litigation

The Bank is engaged in certain claims and legal actions arising in the ordinary course of business.

Specifically the Bank has a number of pending legal cases against third parties in the amount of € 607.117 while there are no legal cases pending against the Bank.

In relation to the EMPHASIS case, no change has been reported in the legal development of the case, apart from what has been published in the financial statements of the Bank on December 31<sup>st</sup> 2005.

In management's opinion, the pending legal cases are not expected to have a material adverse effect on the financial condition of the Bank.

### 11.2 Letters of Guarantee

The Bank in the normal course of its business has issued a number of Letters of Guarantee for its customers amounting to € 4.8 million. It has also issued a number of Letters of Guarantee for associate companies amounting to approximately € 53.1 million and more specifically, € 52.3 million for PROTON Securities S.A., € 234,776 million for PROTON Asset Management and € 500,000 for FIRST GLOBAL BROKERS S.A. .

The usual procedure of approval of the credit limit is followed and the respective collaterals are taken in order to issue Letters of Guarantee to third parties. No collaterals are required for the issuance of Letters of Guarantee for associate companies.

## 12. RELATED PARTY TRANSACTIONS

A number of related party transactions have been carried out in the normal course of business. These transactions are carried out with market conditions and terms and are approved by authorized personnel.

The transactions between related parties are presented on the table below:

	Board of Directors & Key Management Personnel	Related companies	Board of Directors & Key Management Personnel	Related companies
	<u>31.03.2006</u>	<u>31.03.2006</u>	<u>31.03.2005</u>	<u>31.03.2005</u>
<b>Loans</b>	9.443.448	14.394.786	13.952.375	14.367.566
<b>Deposits</b>	1.794.448	16.625.144	1.671.459	11.759.178
<b>Loan interests</b>	205.061	129.690	208.700	124.085
<b>Deposit interests</b>	7.273	58.778	19.646	35.831
<b>Other revenues - commissions</b>	-	104.418	-	-
<b>Other expenses</b>	-	270.057	-	-
<b>Key Management Personnel Fees</b>	266.642	-	190.017	-
<b>Letters of Guarantee</b>	117.000	53.066.076	117.000	30.634.369

## 13. MERGER WITH OMEGA BANK S.A. AND PROTON SECURITIES S.A.

The Board of Directors of the Bank on 26th January 2006, decided on initiating the merging process of the Bank with OMEGA BANK S.A. (or OMEGA) and PROTON SECURITIES S.A. with the joint absorption of these two companies by the Bank.

The suggested exchange ratio for the shares of the merged companies is: 1 share of OMEGA per 0,9 shares of the Bank. The merger will take place according to the clauses of laws 2190/1920, 2166/1993 and 2515/1997 while March 31<sup>st</sup> 2006 was set as the Balance Sheet Transformation date

for merger purposes. The financial and legal due diligence on the reformed IFRS financial statements of OMEGA BANK S.A. is in course and the Merger Contract Draft is expected to be completed within the deadline.

#### **14. SUBSEQUENT EVENTS**

##### **14.1 Distribution of Dividend**

The Annual General Shareholders Meeting of the bank on April 14<sup>th</sup> 2006 approved the distribution of dividend amounting to € 12,638,049.76 (i.e. € 0.28 per share). The dividend arose by € 10,000,000 from the net gains of 2005 and by € 2,638,049.75 from prior years reserves. The dividend was paid on May 4<sup>th</sup>, 2006.

##### **14.2 Dissolution and Liquidation of Arrow Asset Finance**

The Annual General Shareholders Meeting, on March 30<sup>th</sup> 2006 has unanimously decided on the dissolution and liquidation of the company according to the provisions of the articles 47a of the P.B. 2190/ 20 and 35 of the company's charter. This decision was based on the fact that the scope of the company as stated in its articles of association is overlapped by the parent company "PROTON INVESTMENT BANK S.A." Furthermore, the equity of the company is lower than one tenth 1/10 of its share capital and consequently, the provisions of article definitions 47 and 48 of the P.A. 2190/ 20 are applicable.

##### **14.3 Change of Tax Coefficients**

According to article 7 of the draft of law titled "National Export Council, tax regulations and other definitions", voted on May 2<sup>nd</sup> 2006 (P. 1068), the tax benefit is restricted for the companies which merged or acquired other companies until December 31<sup>st</sup> 2005 . The effect from the above change is described in Note 7.