

Company Registration Number: 05456356

KARTA LNI 1 LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

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KARTA LNI 1 LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

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KARTA LNI 1 LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors	Mr M H Filer Mrs R L Samson Wilmington Trust SP Services (London) Limited
Company secretary	Wilmington Trust SP Services (London) Limited
Company number	05456356
Registered office	c/o Wilmington Trust SP Services (London) Limited Tower 42 (Level 11) 25 Old Broad Street London EC2N 1HQ
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors Southwark Towers 32 London Bridge Street London SE1 9SY

KARTA LNI 1 LIMITED

THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and the audited financial statements of Karta LNI 1 Limited (the "Company") for the year ended 31 December 2006. The comparatives are for the period from 29 July 2005 to 31 December 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company was to facilitate the securitisation of a portfolio of credit card receivables (the "Receivables") originated by EFG Eurobank Ergasias S.A. ("the Originator", a bank incorporated in Greece) through, amongst other things, acquiring Global Loan Notes (the "GLNs" or the "Intra-group loan") from Karta APC Limited (the "APC"), a fellow group company, and issuing the Limited Recourse Loan Notes (the "LRNs") to Karta 2005-1 Plc (the "PLC") a fellow group company. On 29 July 2005, PLC issued Asset-Backed Floating Rate Loan Notes (the "Notes") amounting to €750,000,000 and used the entire proceeds to purchase the LRNs from the Company. The Company used the proceeds to purchase the GLNs from APC. The Notes start to mature in July 2010 and are listed on the London Stock Exchange.

The results for the year and the Company's financial position at the end of the year are shown in the attached financial statements. The profit for the year after taxation was €10,500 (2005: €69). The directors have not recommended payment of a dividend (2005: €nil).

FUTURE DEVELOPMENTS

The directors are confident, subject to unforeseen circumstances, that the current level of performance of the Company will continue and be maintained up to the beginning of the scheduled maturity date of the LRNs in July 2010. Thereafter, due to repayments decreasing the principal value of the GLNs each year, the LRNs, interest income and interest expense are expected to decrease in future years. The rate of decrease will depend on the GLNs future redemptions.

KEY PERFORMANCE INDICATORS

The key performance indicator of the business is considered to be the operating profit margin. During 2006, the Company achieved an operating profit margin of 0.06% (2005: 0.001%). At the year end, the Company had net assets of €10,715 (2005: €215). The details of other key performance indicators are included in the Monthly Investors Report which are publicly available from the Originator's website www.eurobank.gr.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the Company during the year together with their beneficial interests in the shares of the parent company were as follows:

Mr M. H. Filer
Mrs R. L. Samson
Wilmington Trust SP Services (London) Limited

Ordinary shares of £1 in the Company

	No. of shares	
	31 December 2006	31 December 2005
Mr M. H. Filer	-	-
Mrs R. L. Samson	-	-
Wilmington Trust SP Services (London) Limited	<u>100</u>	<u>100</u>

The shares held by Wilmington Trust SP Services (London) Limited in the Company are held under a Declaration of Trust for charitable purposes.

CREDITOR PAYMENT POLICY

The Company's policy concerning the payment of its trade creditors is to pay in accordance with its contractual and other legal obligations.

KARTA LNI 1 LIMITED

THE DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2006

PRINCIPAL RISKS AND UNCERTAINTIES

The Originator considers the Company to be its subsidiary. The Originator also manages the Receivables under the Servicer Agreement with PLC. In managing the Receivables, the Originator applies its own formal structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures. This structure is reviewed regularly by the Originator's Assets and Liabilities Committee (ALCO), which is charged with the responsibility for managing and controlling the balance sheet exposures of the Originator. The minutes of ALCO relating to the operations of the Company are presented to the Board of the Company on a regular basis.

Interest rate risk

The Company is exposed to basis risk due to the timing difference in interest payment dates on the LRNs and the intra-group loan.

After taking into consideration the administered interest rate nature of the Company's intra-group loan, the regular re-pricing of the Company's notes, together with the nature of the Company's other assets and liabilities, the directors do not believe that the Company has any significant interest rate re-pricing exposure.

Credit risk

The maximum exposure to credit risk is the carrying amount of financial assets. The Company assesses all counterparties for credit risk before contracting with them. The GLNs are ultimately secured against the Receivables and accordingly its credit risk is dependent on the performance of the Receivables. The directors believe that the credit risk on the GLNs is considered to be minimal because they do not expect the amount of incurred credit losses on the Receivables to exceed the amount of credit enhancement supplied by the Originator to PLC by way of over-collateralisation.

Liquidity risk

In accordance with the requirements of the issue, APC maintain certain funds in reserve, spread and cash collateral accounts to ensure timely payment of interest to the Company. In addition, the scheduled and the final maturity dates of the LRNs match the scheduled and the final maturity of the GLNs, and therefore the directors consider there is a limited liquidity risk facing the Company.

Currency risk

All of the Company's assets and liabilities are denominated in Euros ("€"). The Company's functional currency is € (Note 1 to the financial statements) and therefore the directors consider that there is limited foreign currency risk.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Company has adopted IFRS's for the first time during the current year. Application of IFRS to the 2005 comparatives has had no impact on the reported profit for the year ended 31 December 2006.

Full disclosures are given in the notes to these financial statements for the year ended 31 December 2006 that explain the financial effects of transition to IFRSs.

KARTA LNI 1 LIMITED

THE DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2006

DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial period. Under the law the directors have elected to prepare financial statements in accordance with IFRSs as adopted by the European Union.

The financial statements are required by law and IFRSs as adopted by the European Union ("EU") to give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing the financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are prudent and reasonable,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

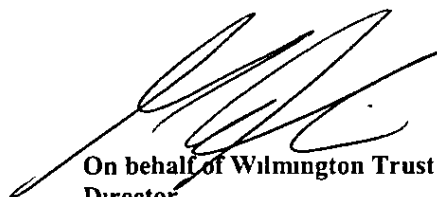
Each of the directors confirms that

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

By order of the Board



On behalf of Wilmington Trust SP Services (London) Limited
Director

Date 24 July 2007

KARTA LNI 1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARTA LNI 1 LIMITED

We have audited the financial statements (the "financial statements") of Karta LNI 1 Limited (the "Company") for the year ended 31 December 2006 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 December 2006 and of its profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

London

Dated 25 July 2007

KARTA LNI 1 LIMITED**INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2006**

		1 January 2006 to 31 December 2006 €	Period from 29 July 2005 to 31 December 2005 €
	Note		
Interest income	3	24,603,599	8,003,006
Interest expense	4	<u>(24,567,647)</u>	<u>(7,981,757)</u>
Net interest income		35,952	21,249
Administrative expenses	5	<u>(20,952)</u>	<u>(21,150)</u>
Profit before tax for the year/period		15,000	99
Income tax expense	6	<u>(4,500)</u>	<u>(30)</u>
Profit for the year/period		<u>10,500</u>	<u>69</u>
Attributable to:			
Equity holders		<u>10,500</u>	<u>69</u>

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2006**

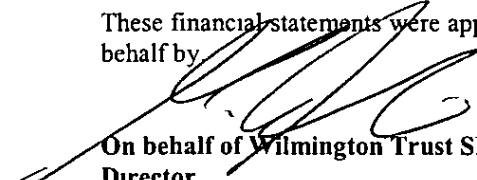
	Share Capital €	Retained Earnings €	Total €
Balance at 29 July 2005	146	-	146
Profit for the period	<u>-</u>	<u>69</u>	<u>69</u>
Balance at 1 January 2006	146	69	215
Profit for the year	<u>-</u>	<u>10,500</u>	<u>10,500</u>
Balance at 31 December 2006	<u>146</u>	<u>10,569</u>	<u>10,715</u>

The notes on pages 9 to 18 form part of these financial statements

KARTA LNI 1 LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2006**

	Note	2006 €	2005 €
Non-current Assets			
Intra-group loan	7	<u>750,000,000</u>	<u>750,000,000</u>
Total non-current assets		<u>750,000,000</u>	<u>750,000,000</u>
Current Assets			
Other assets	8	5,831,049	4,795,920
Cash and cash equivalents		<u>154</u>	<u>150</u>
Total current assets		<u>5,831,203</u>	<u>4,796,070</u>
Total assets		<u>755,831,203</u>	<u>754,796,070</u>
Equity			
Issued capital	9	146	146
Retained earnings	9	<u>10,569</u>	<u>69</u>
Total equity	9	<u>10,715</u>	<u>215</u>
Non-current Liabilities			
Liabilities evidenced by paper	10	<u>750,000,000</u>	<u>750,000,000</u>
Total non-current liabilities		<u>750,000,000</u>	<u>750,000,000</u>
Current Liabilities			
Other liabilities	12	5,815,958	4,795,825
Tax payable		<u>4,530</u>	<u>30</u>
Total current liabilities		<u>5,820,488</u>	<u>4,795,855</u>
Total liabilities		<u>755,820,488</u>	<u>754,795,855</u>
Total equity and liabilities		<u>755,831,203</u>	<u>754,796,070</u>

These financial statements were approved by the board of directors on 24 July 2007 and are signed on their behalf by



On behalf of Wilmington Trust SP Services (London) Limited
Director

The notes on pages 9 to 18 form part of these financial statements

KARTA LNI 1 LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	1 January 2006 to 31 December 2006 €	Period from 29 July 2005 to 31 December 2005 €
Cash flows from operating activities			
Profit before tax for the year		<u>15,000</u>	<u>99</u>
Operating profit before changes in operating assets and liabilities		15,000	99
(Increase) in other receivables	8	(1,035,129)	(4,795,920)
Increase in other payables	12	1,020,133	4,795,825
Net (increase) in intra-group loan	7	<u>-</u>	<u>(750,000,000)</u>
Net cash from operating activities before tax		4	(749,999,996)
Tax paid in year		<u>-</u>	<u>-</u>
Net cash from operating activities after tax		<u>4</u>	<u>(749,999,996)</u>
Cash flows from financing activities			
Issue of the LRNs	10	<u>-</u>	<u>750,000,000</u>
Net cash from financing activities		<u>-</u>	<u>750,000,000</u>
Net increase in cash and cash equivalents		4	4
Cash and cash equivalents at start of year		<u>150</u>	<u>146</u>
Cash and cash equivalents at end of year		<u>154</u>	<u>150</u>

The notes on pages 9 to 18 form part of these financial statements

KARTA LNI 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

1. PRINCIPAL ACCOUNTING POLICIES

Karta LNI 1 Limited is a public limited company incorporated and domiciled in the United Kingdom with registered number 05456356.

The principal activity of the Company was to facilitate the securitisation of a portfolio of credit card receivables (the "Receivables") originated by EFG Eurobank Ergasias S A ("the Originator", a bank incorporated in Greece) through, amongst other things, acquiring Global Loan Notes (the "GLNs" or the "Intra-group loan") from Karta APC Limited ("APC"), a fellow group company, and issuing the Limited Recourse Loan Notes (the "LRNs") to Karta 2005-1 Plc ("PLC") a fellow group company. On 29 July 2005, PLC issued Asset-Backed Floating Rate Loan Notes (the "Notes") amounting to €750,000,000 and used the entire proceeds to purchase the LRNs from the Company. The Company used the proceeds to purchase the GLNs from PLC. The Notes start to mature in July 2010 and are listed on the London Stock Exchange.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as adopted by the European Union (EU) and with those parts of the Companies Act, 1985 applicable to companies reporting under IFRS.

The financial statements were prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) until 31 December 2005. The Company has applied IFRS1 "First time adoption of International Financial Reporting Standards" in preparing these financial statements. The IFRS transition date is 29 July 2005 (the date of incorporation). In preparing these financial statements, management has concluded that no changes are required to the accounting and valuation methods of the assets, liabilities, income and expenses of the Company to comply with IFRS. However, certain new disclosures and reclassifications were required to comply with the requirements of IFRS which have been included in these financial statements as explained in Note 14.

The Company mainly transacts in Euros ("€"), and therefore its functional and presentational currency is Euro.

There are no significant uncertainties or estimates applied in the basis of preparing these financial statements.

Standards issued but not adopted

The directors considered the following standards which are currently in issue but are not mandatory. The directors do not consider the financial effect or disclosure of these standards to be material to the financial statements.

IAS 1 Presentation of Financial Statements – amendment on Capital Management,

IFRS 7 Financial Instruments Disclosures

These standards will be adopted in the next financial year. A summary of the more important accounting policies which have been used for the preparation of these financial statements is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

Financial assets

The Company's financial assets are comprised of an Intra-group loan, and cash and cash equivalents. The acquisition of the GLNs from PLC is classified as "Intra-group loan" and is carried at amortised cost using the effective interest method.

KARTA LNI 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Intra-group loan

The intra-group loan initially represents the consideration paid by the Company in respect of the acquisition of the GLNs from PLC and is subsequently adjusted due to repayments made by PLC to the Company. The loan is carried at amortised cost using the effective interest method.

The Directors do not expect the amount of incurred credit losses on the Originator's securitised loans and advances to customers underlying the intra-group loan to exceed the amount of credit enhancement supplied by the Originator to PLC and accordingly conclude that there is no objective evidence of impairment of the intra-group loan. Therefore, in accordance with IAS 39, there is no requirement to recognise any impairment loss against the intra-group loan.

Liabilities evidenced by paper

Liabilities evidenced by paper are comprised of the GLNs issued by the Company through its offering circular dated 22 July 2005. The GLNs were initially recognised at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost using the effective interest method.

Cash and cash equivalents

For the purposes of the Cash flow Statement, cash and cash equivalents comprise balances with less than 3 months maturity from the date of acquisition.

Interest income and interest expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Foreign currencies

Assets and liabilities in foreign currencies are translated into Euros at the rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

Taxation

Under the Finance Act 2005 temporary tax regime for securitisation companies, the Company's tax charge for the year ended 31 December 2006 is based on the taxable profits calculated in accordance with the UK GAAP as applicable as of 31 December 2004.

2. SEGMENTAL REPORTING

The principal asset of the Company is the intra-group loan which is ultimately secured against the Receivables originated in Greece and is funded by the LRNs issued to PLC. Cash is held mainly in the UK. The directors do not use any other segments for the purpose of managing the Company.

KARTA LNI 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

3. INTEREST INCOME

Interest income represents the interest income on the Intra-group loan together with interest on bank deposits, as analysed below

	1 January 2006 to 31 December 2006 €	Period from 29 July 2005 to 31 December 2005 €
Interest income on intra group loan	24,603,596	8,003,004
Bank interest receivable	<u>3</u>	<u>2</u>
	<u>24,603,599</u>	<u>8,003,006</u>

The analysis of interest income by geographic location is set out below

Geographic		
United Kingdom	<u>24,603,599</u>	<u>8,003,006</u>
	<u>24,603,599</u>	<u>8,003,006</u>

4. INTEREST EXPENSE

	1 January 2006 to 31 December 2006 €	Period from 29 July 2005 to 31 December 2005 €
Interest on liabilities evidenced by paper	<u>24,567,647</u>	<u>7,981,757</u>
	<u>24,567,647</u>	<u>7,981,757</u>

5. ADMINISTRATIVE EXPENSES

	1 January 2006 to 31 December 2006 €	Period from 29 July 2005 to 31 December 2005 €
Auditors' remuneration – statutory audit work	12,000	12,000
Auditors' remuneration – tax services	2,500	6,000
Auditors' remuneration – other services	3,333	-
Unrecoverable VAT on the above fees	3,121	3,150
Exchange (gains)/losses recognised	<u>(2)</u>	<u>-</u>
	<u>20,952</u>	<u>21,150</u>

The Company has no employees and, other than the fees paid to Wilmington Trust SP Services (London) Limited as set out in note 13, the directors received no remuneration during the period (2005 £nil)

KARTA LNI 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

6. INCOME TAX

(a) Analysis of charge in the year:

	1 January 2006 to 31 December 2006 €	Period from 29 July 2005 to 31 December 2005 €
Current tax:		
Corporation tax charge for the year	<u>4,500</u>	<u>30</u>
Total taxation in income statement	<u>4,500</u>	<u>30</u>

(b) Reconciliation of effective tax rate

The tax assessed on the profit on ordinary activities for the year is less than (2005 equal to) the standard rate of corporation tax in the UK of 30% (2005 30%)

	1 January 2006 to 31 December 2006 €	Period from 29 July 2005 to 31 December 2005 €
Profit before tax	<u>15,000</u>	<u>99</u>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	<u>4,500</u>	<u>30</u>
Total taxation	<u>4,500</u>	<u>30</u>

The Finance Act 2005 provided that corporation tax for a 'securitisation company' within the meaning of the Act, would be calculated with reference to UK GAAP as applicable up to 31 December 2004, for accounting periods ending by 1 January 2008

Under the powers conferred by the Finance Act 2005, secondary legislation was enacted in November 2006 which ensures that, for periods commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the retained profit of the securitisation company required. As a consequence, the taxation treatment of securitisation companies will remain largely unchanged as a result of the introduction of IFRS.

The directors are satisfied that this Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise.

As at 31 December 2006, there are no tax-related contingent assets or contingent liabilities in accordance with International Accounting Standard No. 37 'Provisions, Contingent Liabilities and Contingent Assets' (IAS37).

KARTA LNI 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

7. INTRA-GROUP LOAN

	2006 €	2005 €
At start of year/period	750,000,000	-
Acquisition of Global Loan Notes	-	750,000,000
At 31 December	<u>750,000,000</u>	<u>750,000,000</u>

The intra-group loan consists of the GLNs acquired from APC to fund the acquisition from the Originator of legal ownership of its credit cards portfolio. Credit card receivables are due to be repaid at various times before July 2010. Credit Card receivables may be redeemed at any time at the option of the borrower.

Interest on the GLNs is payable on a quarterly basis at three month EURIBOR, plus agreed margins. The effective interest rate on the intra-group loan during the year was 3.280% (2005: 2.497%).

The GLNs were purchased on 29 July 2005. During the period to 15 July 2010 (the scheduled redemption date), except in situations where certain triggering events occur, there will be no repayments by APC to the Company. In July 2010, the proceeds collected by APC from the Receivables will be applied in a defined priority to repay the GLNs. Thereafter, the GLNs will be repaid on monthly basis as and when cash is collected by PLC from the Receivables. If not already repaid, the final maturity date of GLNs will be 15 July 2012.

8. OTHER ASSETS

	2006 €	2005 €
Prepayments and accrued income	5,831,049	4,795,920
	<u>5,831,049</u>	<u>4,795,920</u>

9. TOTAL EQUITY

Reconciliation of movement in capital and reserves

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2006	146	69	215
Profit for the year	-	10,500	10,500
Balance at 31 December 2006	<u>146</u>	<u>10,569</u>	<u>10,715</u>

	Share capital €	Retained earnings €	Total €
Balance at 29 July 2005	146	-	146
Profit for the period	-	69	69
Balance at 31 December 2005	<u>146</u>	<u>69</u>	<u>215</u>

There are 12,700 authorised ordinary shares of £1 each (2005: 12,700). The issued share capital consists of 100 (2005: 100) fully paid ordinary shares. The issued share capital is reflected in the financial statements as €146 based on the prevailing exchange rate on the date the Company changed its functional and presentational currency from sterling to euros on 29 July 2005.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

KARTA LNI 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

10. LIABILITIES EVIDENCED BY PAPER

	2006	2005
	€	€
Non-current liabilities		
Limited Recourse Loan Notes	<u>750,000,000</u>	<u>750,000,000</u>
Total	<u>750,000,000</u>	<u>750,000,000</u>

The LRNs were issued on 29 July 2005 and are scheduled to mature between 15 July 2010 and 15 July 2012, unless certain triggering events occur which will require early repayment. In July 2010, in a defined priority, cash collected by the Company from the GLNs will be used to repay the LRNs. Thereafter, repayment of the LRNs will be on a monthly basis subject to collection by the Company from PLC against the GLNs. If not repaid earlier, the final maturity date of the LRNs will be 15 July 2012. The LRNs are secured against GLNs issued by PLC.

Interest on the LRNs is payable on a quarterly basis at three month EURIBOR, plus agreed margins. The effective interest rate on the LRNs during the year was 3.276% (2005: 2.490%).

The Company has not had any defaults on principal, interest or any other breaches with respect to their liabilities during the period.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments comprise of investments in the GLNs issued by APC, cash and liquid resources, the LRNs and various receivables and payables that arise directly from its operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments is undertaken. The directors have considered the financial risks affecting the Company and have included the relevant disclosures of interest rate, credit, liquidity and currency risks in the Directors' Report.

The maximum exposure to credit risk is considered to be the carrying amounts as shown in the balance sheet.

The table below provides details of the fair value of financial assets and liabilities.

Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	Note	Carrying amount 2006 €	Fair value 2006 €	Carrying amount 2005 €	Fair value 2005 €
Intra-group loan	7	750,000,000	750,000,000	750,000,000	750,474,000
Other assets	8	5,831,049	5,831,049	4,795,920	4,795,920
Cash and cash equivalents		154	154	150	150
Liabilities evidenced by paper	10	(750,000,000)	(750,000,000)	(750,000,000)	(750,474,000)
Interest payable	12	(5,795,004)	(5,795,004)	(4,774,675)	(4,774,675)
Other payables	12	(20,954)	(20,954)	(21,150)	(21,150)
Tax payable		<u>(4,530)</u>	<u>(4,530)</u>	<u>(30)</u>	<u>(30)</u>
		<u>10,715</u>	<u>10,715</u>	<u>215</u>	<u>215</u>

The fair value of the intra-group loan is estimated using discounted cash flows and market rates. The fair values of liabilities evidenced by paper are based on quoted market prices.

KARTA LNI 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

12. OTHER PAYABLES

	2006	2005
Other liabilities	€	€
Interest payable	5,795,004	4,774,675
Accruals and deferred income	<u>20,954</u>	<u>21,150</u>
	<u>5,815,958</u>	<u>4,795,825</u>

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The shares in the Company are held by Wilmington Trust SP Services (London) Limited and Mrs R L Samson under Declarations of Trust for charitable purposes. EFG Eurobank has no direct ownership interest in the Company. However, in accordance with IFRS, and particularly SIC 12, results of the Company are included in the consolidated financial statements of the Bank. A copy of the consolidated financial statements can be obtained from EFG Eurobank Ergasias, S A, 8 Othonos Street, 105 57 Athens, Greece.

The Company has identified the following transactions which are required to be disclosed under the terms of IAS 24 Related Party Disclosures.

During the period administration and accounting services were provided to Karta APC Limited, Karta 2005-1 Plc, Karta Holdings Limited, Karta Options Limited and Karta LNI 1 Limited by Wilmington Trust SP Services (London) Limited for which Wilmington Trust SP Services (London) Limited earned €31,500 (2005 €26,077). These fees were borne by Karta 2005-1 Plc. Mr M H Filer, who is a director of the Company is also a director of Wilmington Trust SP Services (London) Limited. Mrs R L Samson, who is a director of the Company, is an employee of Wilmington Trust SP Services (London) Limited.

During 2005, the Company issued €750,000,000 LRNs to PLC and used the proceeds to acquire €750,000,000 GLNs from APC. At 31 December 2006, €750,000,000 (2005 €750,000,000) of the GLNs were still outstanding and disclosed as 'Intra-group loan'. At 31 December 2006, €750,000,000 (2005 €750,000,000) of the LRNs were still outstanding and disclosed within 'Liabilities evidenced by paper'.

The interest income on the GLNs for the year was €24,603,596 (2005 €8,003,004) and the interest expense on the LRNs for the year was €24,567,647 (2005 €7,981,757). At 31 December 2006, €5,831,049 (2005 €4,795,920) in respect of interest receivable on the GLNs was still outstanding and disclosed within 'Other assets: Prepayments and accrued income'.

At 31 December 2006, €5,795,004 (2005 €4,774,675) in respect of interest payable on the LRNs was still outstanding and disclosed within 'Other payables: Interest payable'.

KARTA LNI 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

14. TRANSITION TO IFRS

The following table sets out the effect on the balance sheet and income statement of the transition of the Company to IFRS

Balance Sheet as of 31 December 2005

	Sub-note	31 12 05 UK GAAP €	Reclassifications on transition to IFRS €	1 1 2006 IFRS GAAP €
Non-current assets				
Intra-group loan	1	-	750,000,000	750,000,000
Debtors falling due after more than one year	1	<u>746,833,905</u>	<u>(746,833,905)</u>	-
Total non-current assets		<u>746,833,905</u>	<u>3,166,095</u>	<u>750,000,000</u>
Current Assets				
Other assets		-	4,795,920	4,795,920
Debtors falling due within one year		4,771,245	(4,771,245)	-
Cash at bank	2	<u>150</u>	-	<u>150</u>
Total current assets		<u>4,771,395</u>	<u>24,675</u>	<u>4,796,070</u>
Total assets		<u>751,605,300</u>	<u>3,190,770</u>	<u>754,796,070</u>
Equity				
Called up equity share capital		146	(146)	-
Issued capital		-	146	146
Profit and loss account		69	(69)	-
Retained earnings		-	69	69
Total equity		<u>215</u>	-	<u>215</u>
Non-current liabilities				
Creditors falling due after more than one year		746,833,905	(746,833,905)	-
Liabilities evidenced by paper		-	750,000,000	750,000,000
Total non-current liabilities		<u>746,833,905</u>	<u>3,166,095</u>	<u>750,000,000</u>
Current liabilities				
Creditors falling due within one year		4,771,180	(4771,180)	-
Other liabilities		-	4,795,825	4,795,825
Tax payable		-	30	30
Total current liabilities		<u>4,771,180</u>	<u>24,675</u>	<u>4,795,855</u>
Total liabilities		<u>751,605,085</u>	-	<u>754,795,855</u>
Total equity and liabilities		<u>751,605,300</u>	<u>3,190,770</u>	<u>754,796,070</u>

KARTA LNI 1 LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2006****14. TRANSITION TO IFRS (continued)****Income Statement for the period from 29 July 2005 to 31 December 2005**

	2005 (UK GAAP)	Transition to IFRS	Period to 31 December 2005 IFRS
	€	€	€
Continuing activities			
Interest income	-	8,003,006	8,003,006
Interest expense	-	(7,981,757)	(7,981,757)
Interest receivable and similar income	7,958,103	(7,958,103)	-
Interest payable and similar charges	<u>(7,936,854)</u>	<u>7,936,854</u>	<u>-</u>
Net interest income	21,249	-	21,249
 Administrative expenses	 <u>(21,150)</u>	 <u>-</u>	 <u>(21,150)</u>
Profit before tax for the period	99	-	99
 Income tax expense	 <u>(30)</u>	 <u>-</u>	 <u>(30)</u>
Profit for the period	<u>69</u>	<u>-</u>	<u>69</u>

KARTA LNI 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

14. TRANSITION TO IFRS (continued)

Opening Balance Sheet reconciliation as of 29 July 2005

	Sub-note	UK GAAP €	Transition to IFRS €	29 07 2005 IFRS GAAP €
Current assets				
Cash at bank	2	<u>146</u>	<u>-</u>	<u>146</u>
Total current assets		<u>146</u>	<u>-</u>	<u>146</u>
Total assets		<u>146</u>	<u>-</u>	<u>146</u>
Equity				
Called up equity share capital		146	(146)	-
Issued capital		<u>-</u>	<u>146</u>	<u>146</u>
Total equity		<u>146</u>	<u>-</u>	<u>146</u>
Total equity and liabilities		<u>146</u>	<u>-</u>	<u>146</u>

Transition to IFRS

As stated in note 1, these are the Company's first financial statements prepared in accordance with IFRSs and the accounting policies applied in preparing the financial statements are set out in that note

Sub-notes

- 1 Debtors falling due after more than one year have been reclassified as an Intra-group loan in accordance with the IFRS accounting policies
- 2 There are no material differences between the cash flow statement presented under Adopted IFRSs and the cash flow statement presented under UK GAAP