

IRF European Finance Investments Ltd



European Finance Investments

Consolidated Interim Financial Statements for the nine-month period ended at 30 September 2008

The accompanying consolidated interim financial statements of IRF European Finance Investments Ltd ("IRF") and its subsidiaries (together "the Group"), for the nine-month period ended at 30 September 2008 were approved by the Company's Board of Directors on 17 December 2008.

Contents

Management Report for the Nine Month Period ended 30 September 2008	2
Statement of Directors' responsibilities in respect of the interim accounts.....	4
Report on Review of Interim Financial Information	5
CONSOLIDATED INTERIM INCOME STATEMENT.....	6
CONSOLIDATED INTERIM BALANCE SHEET.....	7
CONSOLIDATED INTERIM CASH FLOW STATEMENT	11
NOTES TO THE FINANCIAL STATEMENTS.....	13
1. General information.....	13
2. Basis of Presentation	13
3. Significant events.....	14
4. Group structure.....	15
5. Business segment	18
6. Earnings per share.....	19
7. Impairment losses from financial assets.....	19
8. Cash and other equivalents.....	20
9. Investment portfolio	20
10. Due to financial institutions.....	20
11. Current income tax liabilities.....	21
12. Share capital and share premium.....	21
13. Dividend paid	22
14. Cash and cash equivalents – Cash Flow Statement.....	22
15. Related party transactions	22
15.1 Transactions with associates	22
15.2 Transactions with management and members of the Board of Directors	23
15.3 Employees of the Company	23
16. Discontinued operations.....	23
16.1 Net Profit from discontinued operations.....	23
16.2 Loss on disposal of PROTON BANK.....	25
17. Commitments and contingent liabilities	26
17.1 Pending litigation	26
18. Events after 30 September 2008.....	26

Management Report for the Nine Month Period ended 30 September 2008

Financial Highlights

<i>Amounts in € 000</i>	IRF Group
Income Statement items	
Continuing operations	
Net Income	11,476
Profit after tax	11,058
Attributable to equity holders of the Company	11,058
Minority Interests	-
Basic earnings per share (in euro/share)	0.09
Diluted earnings per share (in euro/share)	0.09
Continuing and discontinued operations	
Loss after tax	(76,082)
Attributable to equity holders of the Company	(34,276)
Minority Interests	(41,806)
Basic earnings (loss) per share (in euro/share)	(0.27)
Diluted earnings (loss) per share (in euro/share)	(0.27)
Balance sheet items	
Cash and cash equivalent	169,264
Trading portfolio	2,500
Investment portfolio	447,485
Total Assets	619,312
Loans from banks	199,350
Total liability	210,211
Total Equity	409,101

Major Events during the Period

Commencing during the third quarter of this year, the global markets experienced a seemingly coordinated series of meltdowns. Virtually all industries globally suffered significantly given the pause in economic activity which resulted from the absence of credit. To date, central banks have responded by significantly easing monetary conditions, and we expect further monetary and fiscal stimulus during the balance of 2008 and throughout 2009. We also anticipate that markets will continue to be unsettled for the near to medium term, and that public market valuations will trade without regard to intrinsic value of the related enterprise.

Given the significant volatility affecting financial institutions, IRF decided to dispose of a significant portion of its investment in Proton Bank. IRF was able to take advantage of an opportunity to sell these shares at a 10% premium to the then market price. Consequently, on 25 September 2008 IRF sold 10 million shares in Proton

Bank for gross sales proceeds of €65.0 million, paid in the form of cash. The disposal of these Proton shares resulted in a loss of €26.9 million, as presented under results from discontinued operations.

Results of the Proton Group for the nine-month period ended 30 September 2008 have been consolidated in the financials. Total net income for the nine-month period ended 30 September 2008 was €11.5 million. Profit after tax from continuing operations for the period was €11.1 million. Proton Group suffered significant losses due to the adverse economic conditions and the dislocation in the capital markets, especially as it related to the credit markets. Proton's losses for the period was €52.5 million, while total losses from discontinued operations, including the loss from the disposal of Proton shares and the impairment losses on goodwill recognized before the disposal, was €87.1 million. The loss after tax attributable to IRF shareholders for the period was €34.3 million.

As of 30 September 2008 IRF held approximately 2.9 million shares in Proton Bank, representing an interest of approximately 4.65%. The Company has recognized an impairment loss of €10.3 million on these shares. A majority of these shares were subsequently sold.

During the nine-month period IRF acquired approximately 10.1% shares of Marfin Investment Group ('MIG'). MIG invests in private equity, privatisations and infrastructure projects and principally operates in Greece, Cyprus and South East Europe. For the financial year ended 2007, MIG had assets of €6.87 billion and a post tax profit of €330.4 million. During the period ended 30 September 2008, IRF received a cash dividend of approximately €21.5 million from MIG. This amount has not been recognised in the income statement and has been deducted from the cost of these securities.

IRF has reported a profit of €23.1 million from trading in securities during the quarter. As at September 30 2008, IRF had cash and cash equivalents of €169.3 million.

IRF held investments in equity securities valued at about €450.0 million, including 77.6 million shares in MIG and 2.9 million shares in Proton Bank as at 30 September 2008. All equity holdings are publicly listed on the Athens Stock Exchange.

In September 2008, IRF modified the terms of its loan facility. Under the revised terms, the maturity of the loan facility of €200.0 million has been extended to September 2011. This has strengthened the liquidity position of the company significantly. Securities have been pledged as collateral for this medium-term facility.

Other Events

In March 2008, IRF's Board of Directors declared a \$0.28 dividend per share for 2007. The total amount of €22.1 million was paid in the second quarter of 2008.

Statement of Directors' responsibilities in respect of the interim accounts

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

The interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. In accordance with the AIM regulations the directors have elected to prepare interim financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

In preparing these interim financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors, to the best of their knowledge, state that:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1981 of Bermuda. 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.

Whilst the interim financial statements have not been audited, in so far as the directors are aware:

- there is no relevant information of which the company's auditors are unaware in preparing their review opinion; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditors are aware of that information.

Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report on Review of Interim Financial Information

To the Shareholders of "IRF EUROPEAN FINANCE INVESTMENTS LIMITED"

Introduction

We have reviewed the accompanying interim consolidated balance sheet of "IRF EUROPEAN FINANCE INVESTMENT LTD" (the "Company") as of September 30, 2008 and the related interim consolidated statements of income, changes in equity and cash flows for the nine-month period then ended, and the selected explanatory notes.

Management is responsible for the preparation and fair presentation of this interim financial statement in accordance with the International Financial Reporting Standards that have been adopted by European Union and apply for interim financial information ("IAS 34"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" to which the Greek Auditing Standards indict. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Greek Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

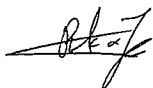
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

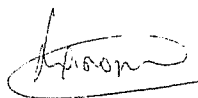
Athens, 17 December 2008

The Certified Public Accountant Auditor

The Certified Public Accountant Auditor



Vassilis Kazas
SOEL Reg. No 13281



Panagiotis Christopoulos
SOEL Reg. No 28481



Grant Thornton

Chartered Accountants
Vassileos Konstantinou 44, 116 35 Athens
SOEL Reg. No 127

Consolidated Interim Financial Statements
for the nine month period
from the 1st of January to the 30th of September 2008

CONSOLIDATED INTERIM INCOME STATEMENT

<i>Amounts presented in € '000</i>	Note	01/01 - 30/09/2008	01/01- 30/09/2007	01/07- 30/09/2008	01/07- 30/09/2007	1/1- 31/12/2007
Interest and similar income		6,829	4,650	1,744	1,789	10,498
Interest and similar expenses		(8,171)	(8,920)	(5,435)	(3,634)	(11,406)
Net interest income		(1,342)	(4,270)	(3,691)	(1,844)	(909)
Fee and commission income		86	-	86	-	-
Fee and commission expense		(874)	(7,451)	(332)	(4,114)	(7,745)
Net fee and commission income		(789)	(7,451)	(246)	(4,114)	(7,745)
Dividend income		729	12,804	-	-	12,804
Net trading income		23,158	76,973	13,139	40,072	60,209
Impairment losses from financial assets	7	(10,281)	-	(10,281)	-	-
Total net income/(expense)		11,476	78,057	(1,078)	34,114	64,360
Staff costs		(75)	(75)	(25)	(25)	(100)
Other operating expenses		(343)	(11,371)	(123)	(8,712)	(748)
Total operating expenses		(418)	(11,446)	(148)	(8,737)	(848)
Share of profit of associates		-	-	-	-	-
Profit (loss) before tax		11,058	66,611	(1,226)	25,377	63,513
Income tax expense		-	-	-	-	-
Profit (loss) after tax from continuing operations		11,058	66,611	(1,226)	25,377	63,513
Net profit (loss) from discontinued operations	16	(87,139)	28,551	(77,662)	7,271	14,513
Profit (loss) after tax		(76,082)	95,161	(78,889)	32,648	78,026
Attributable to:						
Shareholders of the parent		(34,276)	73,199	(38,872)	27,254	61,635
Minority interest		(41,806)	21,962	(40,017)	5,394	16,391
Total						
Earnings per share						
From continuing and discontinued operations						
- Basic	6	(0.27)	0.70	(0.31)	0.21	0.56
- Diluted	6	(0.27)	0.66	(0.31)	0.21	0.53
From continuing operations						
- Basic	6	0.09	0.63	(0.01)	0.19	0.57
- Diluted	6	0.09	0.60	(0.01)	0.19	0.55

The notes on the following pages form an integral part of these consolidated interim financial statements

CONSOLIDATED INTERIM BALANCE SHEET

Amounts presented in € '000

	Note	30 September 2008	30 September 2007	31 December 2007
ASSETS				
Cash and balances with Central Bank		-	24,548	52,796
Cash and other equivalents	8	169,264	363,894	322,355
Loans and advances to financial institutions		-	184,198	205,055
Trading portfolio and other financial assets at fair value through Profit & Loss		2,500	219,302	179,802
Derivative financial instruments		-	5,290	11,529
Loans and advances to customers		-	1,332,538	1,368,025
Insurance Assets		-	22,641	-
Investment portfolio	9	447,485	217,568	259,944
Investments in Subsidiaries		-	-	-
Investments in associates		-	4,521	3,886
Property, plant and equipment		-	29,996	27,880
Investment property		-	50	-
Goodwill and other intangible assets		-	187,747	166,784
Deferred tax assets		-	-	7,098
Other assets		63	178,519	91,474
		619,312	2,770,810	2,696,628
Non current assets held for sale		-	148	53,727
TOTAL ASSETS		619,312	2,770,958	2,750,355
EQUITY AND LIABILITIES				
Due to financial institutions	10	199,350	352,295	433,941
Due to customers		-	1,399,276	1,422,139
Derivative financial instruments		-	4,174	14,570
Issued debt securities		-	26,786	25,283
Provisions for insurance contracts		-	36,864	-
Retirement benefit obligations		-	1,296	1,140
Current income tax liabilities	11	-	4,619	10,498
Deferred tax liability		-	2,659	6,928
Other borrowed funds		-	115,000	-
Other liabilities		10,861	20,480	14,170
		210,211	1,963,451	1,928,669
Liabilities directly associated with assets classified as held for sale		-	-	44,339
Total liabilities		210,211	1,963,451	1,973,008
Shareholders' equity				
Share capital	12	147	148	147
Share premium	12	400,443	403,666	400,443
Revaluation reserve		(24,293)	(729)	(2,570)
Other reserves		-	16,503	16,587
Retained earnings		32,804	84,056	72,491
Total equity attributable to shareholders' of IRF		409,101	503,645	487,099
Minority interest		-	303,862	290,248
Total equity		409,101	807,507	777,347
TOTAL LIABILITIES AND EQUITY		619,312	2,770,958	2,750,355

The notes on the following pages form an integral part of these consolidated interim financial statements.

Attributable to shareholders of the Parent Company

Consolidated Statement of Changes in Equity	Note	Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Total	Minority Interest	Total
Opening balance as at 1st January 2008		147	400,443	(2,570)	16,587	72,492	487,099	290,248	777,347
Amounts presented in € '000									
Available for sale:									
Gains/ losses directly recognized in equity:		-	-	(26,611)	-	-	(26,611)	(8,935)	(35,546)
transferred to income statement on disposal	16	-	-	4,888	-	-	4,888	18,964	23,852
Net result for the period 01/01-30/09/2008		-	-	0	-	(34,276)	(34,276)	(41,806)	(75,975)
Total income/(loss) recognized for the period		0	0	(21,723)	0	(34,276)	(55,999)	(31,776)	(87,776)
Dividend relating to 2007		-	-	-	-	(22,105)	(22,105)	(9,829)	(31,935)
Sale of subsidiary	16	-	-	-	(16,587)	16,693	106	(248,643)	(248,643)
Balance as at 30 September 2008		147	400,443	(24,293)	0	32,804	409,101	0	409,101

	Attributable to shareholders of the Parent Company							Minority Interest	Total
	Share capital	Share premium	Revaluation reserve	Employee share option plan	Other reserves	Retained earnings / (losses)	Total		
<i>Amounts presented in € '000</i>									
Opening balance as at 1 January 2007, as previously reported	71	200,174	(2)	-	16,156	22,208	238,607	308,145	546,752
Restatement due to amortization of intangible assets	-	-	-	-	-	(210)	(210)	(832)	(1,042)
Restated opening balance as at 1 January 2007 (note 16)	71	200,174	(2)	-	16,156	21,998	238,397	307,313	545,710
Net result for the period 01/01-30/09/2007	-	-	-	-	-	73,199	73,199	21,962	95,161
Gains/ losses directly recognized in equity:	-	-	(726)	-	-	-	(726)	(2,847)	(3,573)
- on the valuation of available for sale financial assets	-	-	(1)	-	-	-	(1)	(8)	(10)
- exchange differences	-	-	-	-	-	-	-	-	-
Total profit / (loss) recognized for the period	-	-	(727)	-	-	73,199	72,472	19,107	91,579
Issue of new shares after the exercise of warrants	81	219,080	-	-	-	-	219,162	-	219,162
Expenses related to share capital increase	-	(4,287)	-	-	-	-	(4,287)	-	(4,287)
Dividend relating to 2006	-	-	-	-	-	(10,911)	(10,911)	(14,045)	(24,956)
Participation in share capital increase (Proton Insurance SA)	-	-	-	-	-	-	-	96	96
Acquisition of additional percentage in subsidiary (Proton Bank)	-	-	-	-	-	-	-	(1,677)	(1,677)
Acquisition of minority interests (Omega Mutual Funds SA)	-	-	-	-	-	-	-	(132)	(132)
Fair value of employee services received	-	-	-	119	-	-	119	467	586
Purchases of treasury shares	(4)	(11,301)	-	-	-	-	(11,305)	(7,268)	(18,573)
Capitalization of reserves	-	-	-	-	229	(229)	-	-	-
Balance as at 30 September 2007	78	203,492	-	119	229	(11,140)	192,778	(22,559)	170,219
	148	403,666	(729)	119	16,384	84,056	503,645	303,862	807,507

Consolidated Interim Financial Statements
for the nine month period
from the 1st of January to the 30th of September 2008

Consolidated Statement of Changes in Equity

Amounts presented in € '000

Opening balance as at 1st January 2007, as originally published

Restatement due to amortization of intangible assets

Restated Opening Balance as at 1st January 2007

Gains/ losses directly recognized in equity:

- on the valuation of available for sale financial assets

- exchange differences

Net result for the period 01/01-31/12/2007

Total profit / (loss) recognized for the period

Issue of new shares after the exercise of warrants

Expenses related to share capital increase

Dividend relating to 2006

Participation in share capital increase (Proton Insurance SA)

Acquisition of additional percentage in subsidiary (Proton Bank)

Acquisition of minority interests (Omega Mutual Funds SA)

Fair value of employee services received

Purchases of treasury shares

Capitalization of reserves

Balance as at 31 December 2007

	Share Capital	Attributable to shareholders of the Parent Company				Total	Minority Interest	Total
		Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)			
71	71	200,174	(2)	16,156	22,208	238,607	308,145	546,752
	-	-	-	-	(210)	(210)	(832)	(1,043)
71	71	200,174	(2)	16,156	21,998	238,397	307,313	545,709
	-	-	(2,564)	-	-	(2,564)	(10,018)	(12,582)
	-	-	(3)	-	-	(3)	(11)	(14)
	-	-	-	-	61,635	61,635	16,391	78,026
Total profit / (loss) recognized for the period	-	-	(2,567)	-	61,635	59,067	6,362	65,430
81	81	219,080	-	-	-	219,162	-	219,162
-	-	(4,287)	-	-	-	(4,287)	-	(4,287)
-	-	-	-	-	(10,911)	(10,911)	(14,045)	(24,956)
-	-	-	-	-	-	-	96	96
-	-	-	-	-	-	-	(1,603)	(1,603)
-	-	-	-	-	-	-	(12)	(12)
-	-	-	-	200	-	200	783	983
(5)	(5)	(14,525)	-	-	-	(14,530)	(8,646)	(23,176)
-	-	-	-	231	(231)	-	-	-
77	77	200,268	-	431	(11,142)	189,634	(23,427)	166,207
147	147	400,443	(2,570)	16,586	72,492	487,099	290,248	777,346

Consolidated Interim Financial Statements
for the nine month period
from the 1st of January to the 30th of September 2008

CONSOLIDATED INTERIM CASH FLOW STATEMENT

<i>Amounts presented in € '000</i>	Note	30 September 2008	30 September 2007	31 December 2007
Cash flows from operating activities				
Profit Before Tax of continuing operations		11,058	66,611	63,513
<i>Adjustments for:</i>				
Add: Impairment losses on loans, financial and non financial assets		10,281	-	-
Share of profit/(loss) from revaluation of financial assets at fair value through Profit & Loss		72	-	-
Gains/(losses) from sale of trading securities		-	(70,790)	-
Profit/(loss) from sale of a.f.s. portfolio at fair value		(11,048)	-	-
Interest and other non cash expenses		2,103	-	-
Dividends received		(729)	(12,804)	(12,804)
Exchange differences		(2,468)	8,838	13,812
<i>Cash Flows from operating activities before changes in working capital</i>		<i>9,178</i>	<i>(8,147)</i>	<i>64,521</i>
Changes in working capital:				
Net (increase)/decrease in trading securities		(2,571)	74,656	3,865
Net (increase)/decrease in other assets		(1,372)	(94,927)	98
Net increase/(decrease) in due to banks		199,350	-	
Net increase/(decrease) in other liabilities		8,935	19,336	3,002
<i>Cash flows from operating activities before payment of income tax</i>		<i>213,519</i>	<i>(9,082)</i>	<i>71,486</i>
Net cash flows from operating activities of discontinued operations		(69,445)	231,461	319,080
Net cash flows from operating activities		144,074	222,378	390,565
Cash flows from investing activities				
Proceeds from a.f.s. portfolio		(441,803)	-	-
Interest received		6,092	-	-
Acquisition/Sale of subsidiaries and associates	16	(1,877)	(2,827)	(2,827)
Dividend Received from investment activities		729	-	12,804
Dividends received from financial assets at fair value through P&L		-	12,804	-
Net cash flows from investing activities of discontinued operations		(58,776)	(172,844)	(222,796)
Net cash flow from investing activities		(495,635)	(162,866)	(212,818)

<i>Amounts presented in € '000</i>		30 September 2008	30 September 2007	31 December 2007
Cash flows from financing activities	Note			
Issuance of common shares		-	214,874	214,874
Dividend paid		(22,105)	(10,911)	(10,911)
Repayments of other borrowed funds		-	-	(287,929)
Interest paid		(8,105)	-	-
(Purchases)/sales of treasury shares		-	(11,305)	(14,530)
Proceeds from borrowings		-	115,000	287,929
Net cash flows from financing activities of discontinued operations		(10,804)	3,793	2,087
Net cash flow from financing activities		(41,015)	311,452	191,521
Net increase/(decrease) in cash and cash equivalents		(392,576)	370,965	369,268
Cash and cash equivalents at the beginning of the period		559,372	203,916	203,917
Effect of exchange rate fluctuations on cash and cash equivalents		2,468	(8,838)	(13,812)
Cash and cash equivalents at the end of the financial year	14	169,264	566,043	559,372

The notes on the following pages form an integral part of these consolidated interim financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Country of incorporation

IRF European Finance Investments Ltd. was incorporated on 8 September 2005 under the Bermuda Companies Act. IRF is listed on AIM, a market operated by the London Stock Exchange plc. IRF's registered office is at Canon's Court 22 Victoria Street, Hamilton HM12, Bermuda.

IRF conducts its business directly and through two wholly-owned subsidiaries, MIMOSA TRADING SA and MYRTLE TRADING COMPANY, duly incorporated under the provisions of the Marshall Islands Business Corporation Act on 06 July 2006. Collectively, these three entities are referred to as the "Company".

Principal activities

The Group, through all of its subsidiaries, is engaged with the provision of banking, financial and insurance services.

IRF was formed to invest in the financial services industry throughout Europe with a primary focus on credit institutions and insurance companies in South Eastern Europe. In June 2006, IRF completed its acquisition of a controlling interest in PROTON BANK, a Greek bank listed on the Athens Stock Exchange. PROTON BANK and its subsidiaries operate in the sectors of retail, corporate and investment banking, portfolio management, insurance and other financial services. On 24 September 2008, IRF sold 15.95% stake in PROTON BANK out of its 20.6% percent holding in PROTON BANK.

2. Basis of Presentation

Statement of compliance

The consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' and should be read in conjunction with the audited financial statements for the year ended 31 December 2007.

Presentation currency

The amounts of the consolidated interim financial statements attached are expressed in thousand Euros, which is the functional currency of the Group.

It should be noted that due to rounding, the actual sums and percentages presented in the Consolidated Interim Financial Statements may not be exactly the same as those presented in the Notes to the Financial Statements.

Significant accounting policies

The same accounting policies as for the annual financial statements for the year 2007 have been followed in the preparation of the consolidated interim financial statements.

As from 1 January 2008, the Group has adopted the following new IFRIC which have no significant effect in financial statements:

- a) IFRIC 11, "Group and treasury share transactions"
- b) IFRIC 12, "Service concession arrangements"
- c) IFRIC 14: "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

The financial information set out in this interim report does not constitute statutory financial statements pursuant to Section 84 of Bermuda Companies Act 1981. The Group's statutory financial statements for the year ended 31 December 2007 were approved by the shareholders at the annual general meeting at 31.3.2008. The auditor's report on those financial statements was unqualified.

Accounting estimates

The important assumptions made by the Group for the estimation of several accounting measurements alongside the uncertainty affecting these estimates are the same as those adopted during the preparation of the annual financial statements for the financial year ending 31 December 2007.

Comparatives

For the preparation of the condensed consolidated interim balance sheet and income statement of the period ended at 30 September 2008, comparatives as of 31 December and 30 September 2007 respectively, were used.

Consolidated Income Statement and Cash Flow Statement for the comparative nine-month period ended at 30 September 2007, have been restated in order to reflect results of discontinued operations.

Presentation of the financial statements

The management prepares the financial statements in the format of "order of liquidity" according to IAS 1 due to the nature of the operations of IRF, despite the disposal of PROTON BANK. The management will re-examine the format of the presentation of financial statements, from the period starting 1 January 2009, in order to adopt all the new changes and stipulations of the revised IAS 1.

3. Significant events

On 3 July 2008, IRF received dividend of € 0.38 per share from "Marfin Investment Group". The dividends were generated from the profits of "Marfin Investment Group" for the period ended at 31 December 2007. As a result, the "Company" received the amount of approximately € 21,526 thousand, for the total of 56,647,438 shares (participation at cut-off date). All shares of "Marfin Investment Group" were acquired in 2008. According to IAS 18, when dividends on equity securities are declared from pre-acquisition profits, those dividends are deducted from the cost of the securities. Therefore, the aforementioned amount was not recognised in the profit and loss accounts of IRF and it was deducted from the acquisition cost of the shares of "Marfin Investment Group".

4. Group structure

a) Entities consolidated under full consolidation method

Entities consolidated under full consolidation method at 30 September 2008:

Name	Country	Direct and indirect holding	Relation that dictated the consolidation	Note
IRF EUROPEAN FINANCE INVESTMENTS LIMITED	BERMUDA	Parent		
MIMOSA TRADING SA	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
MYRTLE TRADING COMPANY	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake

On 24 September 2008, IRF has sold 10 million shares in PROTON BANK for a gross sales price of €65 million. The consideration for this disposal is in the form of cash. Following IRF's disposal of these shares in Proton Bank, the related parties of IRF resigned from the Board of Directors of PROTON. As of 30 September 2008, IRF held approximately 2.9 million shares in Proton Bank, representing an interest of approximately 4.65%. The results of PROTON BANK's Group are consolidated in the financial statements of IRF, as discontinued operations, up to the date of the disposal (note 15). IRF has disposed another 2,165,334 shares of Proton Bank after 30 September 2008.

Entities consolidated under full consolidation method at 31 December 2007:

Name	Country	Direct and indirect holding	Relation that dictated the consolidation	Note
IRF EUROPEAN FINANCE INVESTMENTS LIMITED	BERMUDA	Parent		
MIMOSA TRADING SA	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
MYRTLE TRADING COMPANY	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
PROTON BANK GROUP				
PROTON BANK SA	GREECE	20.60%	Control	Direct Stake
FIRST GLOBAL BROKERS SA	SERBIA	16.99%	Control	Indirect stake through "PROTON BANK"
PROTON MUTUAL FUNDS SA	GREECE	20.58%	Control	Indirect stake through "PROTON BANK"
OMEGA INSURANCE BROKERS SA	GREECE	13.60%	Control	Indirect stake through "PROTON BANK"
PROTON INSURANCE SA	GREECE	18.80%	Control	Indirect stake through "PROTON BANK"
INTELLECTRON SYSTEMS SA	GREECE	11.46%	Control	Indirect stake through "PROTON BANK"

Name	Country	Direct and indirect holding	Relation that dictated the consolidation	Note
OMEGA KAHN FINANCIAL SERVICES SA	SWITZERLAND	16.48%	Control	Indirect stake through "PROTON BANK"

Entities consolidated under full consolidation method at 30 September 2007:

Name	Country	Direct and indirect holding	Relation that dictated the consolidation	Note
IRF EUROPEAN FINANCE INVESTMENTS LIMITED	BERMUDA	Parent		
MIMOSA TRADING SA	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
MYRTLE TRADING COMPANY	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
PROTON BANK GROUP				
PROTON BANK SA	GREECE	20.60%	Control	Direct Stake
PROTON ASSET MANAGEMENT CO SA	GREECE	20.58%	Control	Indirect stake through "PROTON BANK"
PROTON MUTUAL FUNDS MGT CO SA	GREECE	20.58%	Control	Indirect stake through "PROTON BANK"
FIRST GLOBAL BROKERS SA AD	SERBIA	16.63%	Control	Indirect stake through "PROTON BANK"
OMEGA MUTUAL FUNDS SA	GREECE	20.60%	Control	Indirect stake through "PROTON BANK"
OMEGA INSURANCE BROKERS SA	GREECE	18.32%	Control	Indirect stake through "PROTON BANK"
PROTON INSURANCE SA	GREECE	18.80%	Control	Indirect stake through "PROTON BANK"
INTELLECTRON SYSTEMS SA	GREECE	11.46%	Control	Indirect stake through "PROTON BANK"
OMEGA KAHN FINANCIAL SERVICES SA	SWITZERLAND	16.48%	Control	Indirect stake through "PROTON BANK"
PROTON FINANCE SA	GREECE	20.60%	Control	Indirect stake through "PROTON BANK"

b) Entities consolidated under the equity method:

Entities consolidated under the equity method at 31 December 2007:

Name	Country	Participation percentage	Note
OMEGA PORTFOLIO INVESTMENT CO SA	GREECE	6.01%	Indirect stake through "PROTON BANK"

Entities consolidated under the equity method at 30 September 2007:

Name	Country	Participation percentage	Note
OMEGA PORTFOLIO INVESTMENT CO SA	GREECE	5.08%	Indirect stake through "PROTON BANK"

Proton Group

On 29 June 2006, the Company acquired a 28% stake in the share capital of PROTON GROUP, listed on the Athens Stock Exchange. The range of activities of PROTON GROUP covered much of the spectrum of the financial industry. On 29 September 2006, PROTON GROUP acquired, by a share to share exchange, 100% of OMEGA BANK and the new merged entity was renamed as PROTON BANK. Following the merger with OMEGA BANK, the Company owned a 20.16% interest in PROTON BANK. During the nine-month period ended at 30 September 2007, IRF acquired at 28 June 2007, 41,891 shares of PROTON BANK, at 29 June 2007, 220,000 shares and at 3 July 2007 12,000 shares. After the additional acquisitions, IRF owned a 20.60% in PROTON BANK SA.

For the comparative periods, PROTON BANK is fully consolidated because of the "de facto" power of the Company to control its financial and operating activities. In particular, IRF owned the 20.60% of the voting rights of PROTON while the percentage of voting rights controlled by the Company was increased to 27.14% after taking into consideration the holding of two other shareholders of PROTON who were committed to vote in accordance with IRF's instructions based on an agreement. IRF had exercised its effective power and appointed six members in the eleven-member Board of Directors of PROTON, including PROTON's chairman. All other subsidiaries comprising PROTON Group are consolidated because of the indirect, through PROTON BANK, ownership of the majority of their voting rights. The method of consolidation is the Purchase Method. Investment in associates is accounted under the equity method.

Due to the disposal of the shares of PROTON BANK (note 4a), for the period ended 30 September 2008, the results of PROTON BANK's Group, are consolidated in the financial statements of IRF, as discontinued operations, up to the date of the disposal.

Mimosa Trading SA and Myrtle Trading Company

These two wholly owned subsidiaries serve as investment vehicles of the Company. Both subsidiaries are duly incorporated and have filed articles of incorporation under the provisions of the Marshall Islands Business Corporation Act on 6 July 2006.

5. Business segment

Before the sale of Proton, the Group had defined the following business segments: Commercial Banking, Investment Banking, Bank assurance and other financial services.

For the nine month period ended at 30 September 2008	Retail Banking	Investment Banking	Bank-assurance and other financial services	Group	Total discontinued activity	Continuing activity (investment)
(Loss)/Profit before tax	(6,462)	7,616	(665)	484	(10,574)	11,058
Share of loss of associates				(1,274)	(1,273)	
Non-allocated expenses				(4,449)	(4,449)	
Impairment loss from participation in associate				(10,698)	(10,698)	
Loss from disposal of Proton Bank				(58,523)	(58,523)	
Income tax expense				(1,621)	(1,621)	
(Loss)/Profit after tax				(76,081)	(87,139)	11,058
Balanced at 30 September 2007						
Profit/(Loss) before tax	3,516	101,488	(4,692)	100,286	33,675	66,611
Share of profit of associates				318	318	
Income tax expense				(5,443)	(5,443)	
Profit after tax				95,161	28,551	66,611
Balanced at 31 December 2007						
Profit before tax	4,602	88,634	190	93,426	121	93,305
Share of profit of associates	-	302	-	302	47	255
Non-allocated expenses				(5,778)		(5,778)
Income tax expense				(9,923)	(16)	(9,907)
Profit after tax				78,027	152	77,875

6. Earnings per share

Amounts presented in €'000

	01/01 - 30/09/08	01/01 - 30/09/07	1/1- 31/12/2007
Basic Earnings per share			
Net Profit/(Loss) attributable to the Parent Company's Shareholders	(34,276)	73,176	61,635
Weighted average number of shares in issue	124,832	105,139	110,751
Basic (loss)/earnings per Share (€/Share)	(0.27)	0.70	0.56
 Profit from continuing operations attributable to the Parent Company's Shareholders	 11,058	 66,611	 63,513
Weighted average number of shares in issue	124,832	105,139	110,751
Basic earnings per Share (€/Share)	0.09	0.63	0.57
 Diluted Earnings per Share			
Net Profit/(Loss) attributable to the Parent Company's Shareholders	(34,276)	73,176	61,635
Weighted average number of shares	124,832	105,139	110,751
Plus: Shares with no consideration (adjustment in number of shares due to probable exercise of Warrants)	2,300	5,637	4,573
Weighted average number of shares for the purposes of diluted earnings per share	127,133	110,776	115,323
Diluted (loss)/earnings per Share (€/Share)	(0.27)	0.66	0.53
 Net Profit from continuing operations attributable to the Parent Company's Shareholders	 11,058	 66,611	 63,513
Weighted average number of shares	124,832	105,139	110,751
Plus: Shares with no consideration (adjustment in number of shares due to probable exercise of Warrants)	2,300	5,637	4,573
Weighted average number of shares for the purposes of diluted earnings per share	127,133	110,776	115,323
Diluted earnings per Share (€/Share)	0.09	0.60	0.55

7. Impairment losses from financial assets

After the initial disposal of the 10 mil shares in PROTON BANK, the remaining 2,911,941 shares in the portfolio of IRF have been submitted to an impairment test by the management, due to the negative trends in the Greek market. The impairment loss of approximately € 10,281 thousand represents the irrecoverable amount between the acquisition cost and the disposal price of the 10 mil shares, for the outstanding number of shares.

8. Cash and other equivalents

Amounts presented in € '000

	30 September 2008	30 September 2007	31 December 2007
Petty Cash	1	-	1
Deposits placed in other financial institutions	137,472	363,893	322,354
Time deposits	31,791	-	-
Total	169,264	363,894	322,355

The amounts in the table above, present the consolidated cash and cash equivalents of IRF, MIMOSA and MYRTLE.

9. Investment portfolio

Amounts presented in € '000

	30 September 2008	30 September 2007	31 December 2007
Securities held to maturity			
Government bonds	-	6,719	6,659
Corporate bonds	-	3,002	3,058
Total	-	9,721	9,717
Securities available-for-sale			
Corporate bonds	-	72,011	112,339
Government bonds	-	127,855	129,805
Equity securities	447,485	6,229	5,991
Mutual fund	-	50	0
Other investments	-	1,702	2,092
Total	447,485	207,847	250,227
Total investment portfolio	447,485	217,568	259,944

All available-for-sale securities are carried at fair value and as of 30 September 2008, represent shares of companies listed in Athens Stock Exchange.

10. Due to financial institutions

Amounts presented in € '000

	30 September 2008	30 September 2007	31 December 2007
Interbank deposits	-	331,852	392,371
Sight deposits	-	19,015	201
Time deposits	-	-	28,864
Long-term loans	199,350	-	-
Short-term loans	-	2	0
Sale and repurchase agreement (REPOS)	-	-	12,505
Other liabilities to financial institutions	-	1,426	0
Total	199,350	352,295	433,941

The long term loans for 30 September 2008 present IRF's loan facility of € 200 mil. in Investment Bank of Greece (IBG). In September 2008, IRF and IBG have modified the terms of the loan facility, and the loan capital will be fully repaid in September 2011. The investment portfolio of IRF amounting to € 450 mil. has been assigned as collateral, to the long term loan by Investment Bank of Greece.

11. Current income tax liabilities

Amounts presented in € '000

	30 September 2008	30 September 2007	31 December 2007
Income tax on taxable profits	-	4,619	9,671
Provision of tax liabilities	-	0	828
Total	-	4,619	10,498

12. Share capital and share premium

During the three month period there has been no movement in share capital or share premium.

	Number of shares	Nominal value (US\$)	Share capital in (US\$)	Share capital	Share premium	Total
Opening balance at 1 January 2008	124,832,394	-	187	147	400,443	400,590
Closing balance at 30 September 2008	124,832,394	-	187	147	400,443	400,590

Authorized share capital

	Preference Shares of US\$0,0001 each			Common Shares of US\$0,0015 each		
	Number	Amount in US\$	Amount in €	Number	Amount in US\$	Amount in €
Authorized at 30 September 2008	2,500,000	250	208	200,000,000	300,000	249,314

Warrants

On 14 November 2005 the Company consummated its initial public offering (the "Offering"). The Company sold 45,833,340 units in the Offering at a price of \$6.00 per Unit. Each Unit consisted of one share of the Company's common stock (the "Common Shares"), and two warrants ("Warrants"). Each Warrant, based on its original terms, entitles the holder to purchase from the Company one share of Common Stock at an exercise price of \$5.00 per share. According to the Offering, the 91,666,680 Warrants become exercisable after the approval of the acquisition of PROTON BANK by the Special Shareholders Meeting on 27 June 2006. All Warrants must be exercised by 14 November 2009 or they will expire.

During 2007, the Company modified the terms of its Warrants to induce the early exercise of these Warrants. Under two Warrant programs, a private program offered to certain qualified investors (the "Private Program") and a subsequent public program offered to all warrant holders (the "Public Program"), IRF temporarily (1) increased the number of Common Shares received upon exercise of a Warrant from one Common Share to 1.20 Common Shares on payment of \$5.00, and (2) permitted the exercise of a Warrant such that the Holder received one Common Share in exchange for every 8.75 Warrants surrendered. Warrant holders were able to use one or both methods to convert their Warrants into Common Shares.

As a result of the two programs, a total of \$292,766,845 of gross cash proceeds were raised, and 78,070,139 Warrants were converted. Following the close of the Public Program on 26 April 2007, the total Common Shares and Warrants outstanding were 129,356,204 and 13,596,541, respectively.

13. Dividend paid

In March 2008, IRF's Board of Directors declared a \$0.28 dividend per share for 2007. The total amount of € 22,105 thousand was paid in the second quarter of 2008.

14. Cash and cash equivalents – Cash Flow Statement

For the purposes of preparing the Cash Flow Statement of the Group, the short-term placements in other financial institutions, which are either immediately available or available within 90 days, were included in the cash account.

<i>Amounts presented in € '000</i>	30 September 2008	30 September 2007	31 December 2007
Cash and balances with Central Bank	-	17,952	46,728
Petty cash	1	-	1
Deposits placed in other financial institutions (note 8)	137,472	363,893	322,354
Time deposits	31,791	-	-
Loans and advances to financial institutions	-	184,198	189,974
Asset held for sale	-	-	316
Cash and cash equivalents at the end of the period	169,264	566,043	559,372

15. Related party transactions

15.1 Transactions with associates

<i>Amounts presented in € '000</i>	30 September 2008	30 September 2007	31 December 2007
Assets			
Other receivables	-	41	28
Total	-	41	28
Liabilities			
Deposits	-	4,673	5,188
Other liabilities	-	-	18
Total	-	4,673	5,206

<i>Amounts presented in € '000</i>	30 September 2008	30 September 2007	31 December 2007
Income/Expenses			
Other operating income	88	188	205
Interest expense and similar charges	(143)	(141)	(193)
Total	(55)	47	12

22

Consolidated Interim Financial Statements
for the nine month period
from the 1st of January to the 30th of September 2008

15.2 Transactions with management and members of the Board of Directors

Amounts presented in € '000	30 September 2008	30 September 2007	31 December 2007
Assets			
Loans	24,705	18,871	22,467
Other receivables	86	193	195
Total	24,791	19,064	22,662
Liabilities			
Deposits	80,024	77,998	67,775
Bond liabilities	-	-	1,539
Other liabilities	69	136	177
Total	80,093	78,134	69,491
Letters of guarantee	247	135	18,195

Amounts presented in € '000	30 September 2008	30 September 2007	31 December 2007
Income / Expenses			
Salaries and other remuneration	(3,694)	(3,267)	(5,224)
Interest and similar income	1,178	570	1,419
Interest expense and similar charges	(2,094)	(4,741)	(3,120)
Stock option	(853)	(359)	-
Other operating income	1,186	1,147	394
Other operating expenses	(283)	(385)	(4,378)
Total	(4,560)	(7,035)	(10,909)

The above figures refer solely to related party transactions of Proton Group except the item of Salaries and other Remuneration in which are also included the Salaries and Remunerations of IRF paid to CEO of the Company amounting to € 75 thousand for the nine-month period ended at 30 September 2008 and € 75 thousand for the six month period ended at 30 September 2007.

The amount of deposits of € 80,024 thousand refers to normal deposits held by PROTON'S Directors and Key Management Personnel. The amounts of loans of € 24,705 thousand refer to loans given to PROTON'S Directors and Key Management Personnel.

15.3 Employees of the Company

Loucas Valetopoulos is IRF's sole employee.

16. Discontinued operations

16.1 Net Profit from discontinued operations

On 24 September 2008, IRF sold 15.95% stake in PROTON BANK out of its 20.6% percent holding in PROTON BANK. The results of PROTON BANK's Group are consolidated in the financial statements of IRF, as discontinued operations, up to the date of the disposal and for the comparative periods.

Net profit from discontinued operation is analyzed as follows:

	Nine month period		Three month period		1/1-
	1/1- 30/9/08	1/1- 30/09/07	1/7- 30/9/08	1/7- 30/9/07	31/12/2007
<i>Amounts presented in € '000</i>					
Interest and Similar Income	98,772	80,233	35,011	31,641	112,301
Interest and Similar Charges	(65,261)	(46,037)	(22,582)	(18,803)	(67,845)
Net Interest Income	33,511	34,197	12,429	12,837	44,456
Fee and Commission Income	21,569	34,578	4,434	11,600	43,966
Fee and Commission Expense	(7,451)	(3,901)	(4,825)	(647)	(8,360)
Net Fee and Commission Income	14,118	30,677	(392)	10,953	35,606
Income from insurance services	24,045	31,801	6,794	10,413	39,643
Expenses from insurance services	(7,119)	(11,375)	(2,910)	(2,858)	(11,936)
Net Income from insurance services	16,926	20,426	3,884	7,555	27,707
Dividend Income	1,872	3,377	799	354	3,468
Net trading income	(20,455)	6,967	(8,291)	(781)	8,196
Loss on investment portfolio recognised in profit and loss due to disposal of subsidiary.	(23,852)	-	(23,852)	-	-
Net income from financial instruments designated at fair value	4,425	2,082	(2,585)	(369)	2,263
Gains less losses from investment securities	(40)	11	(40)	4	1,482
Other operating income	1,648	1,266	569	527	-
	(36,402)	13,703	(33,399)	(265)	15,409
Total Net Income	28,152	99,003	(17,477)	31,080	123,178
Staff costs	(20,851)	(21,465)	(6,006)	(6,755)	(27,004)
Other operating expenses	(19,078)	(20,343)	(6,101)	(7,055)	(28,071)
Write-off of goodwill	(5,757)	-	1,962	-	(7,465)
Depreciation	(14,323)	(5,497)	(10,507)	(1,859)	(7,361)
Insurance claims	(17,716)	(16,081)	(7,145)	(5,721)	(22,335)
Impairment losses on financial assets and non financial assets	-	(1,942)	3,063	(633)	(6,981)
Total operating expenses	(77,726)	(65,327)	(24,734)	(22,021)	(99,219)
Share of profits / (losses) of associates	(1,273)	318	(374)	71	302
(Loss)/Profit before tax	(50,804)	33,994	(42,585)	9,131	24,261

	Nine month period		Three month period		1/1-
	1/1- 30/9/08	1/1- 30/09/07	1/7- 30/9/08	1/7- 30/9/07	31/12/2007
Less: Income tax	(1,621)	(5,443)	(406)	(1,860)	(9,747)
(Loss)/Profit after tax from discontinued operations	(52,468)	28,551	(42,991)	7,271	14,513
Loss from disposal of discontinued operations	(26,952)	-	(26,952)	-	-
Impairment of goodwill previously recognised	(7,720)	-	(7,720)	-	-
Net profit from discontinued operations	(87,139)	28,551	(77,662)	7,271	14,513

The amount of € 23,852 thousand in the nine month period of 2008, refers to losses from the valuation of Proton's available-for-sale portfolio, recognised directly to equity. Because of the disposal of the subsidiary the relevant amount is recognised as a loss in the income statement.

The amount of € 7,720 thousand in the nine month period of 2008, refers to an impairment loss recognised during the second quarter of the year, before the sale of the subsidiary.

16.2 Loss on disposal of PROTON BANK

The assets and the liabilities of PROTON as of the disposal date are as follows:

Amounts presented in € '000

Cash and balances with the Central Bank	60,270
Loans and advances to banks	55,646
Loans and receivables	1,316,680
Derivative financial instruments	28,208
Financial assets at fair value through profit or loss	147,123
Financial assets designated at fair value	44,524
Investment portfolio	319,943
Investments in associates	2,617
Intangible assets	155,656
Property, plant and equipment	27,325
Deferred tax assets	12,728
Other assets	47,048
Non-current assets held for sale	41,568
Total assets	2,259,336
less	
Due to banks	354,658
Due to customers	1,419,834
Derivative financial instruments	19,952
Debt securities in issue	25,219
Retirement benefit obligations	1,528
Current income tax liabilities	9,144
Deferred tax liabilities	4,262
Other liabilities	9,634
Liabilities related to non-current assets held for sale	45,163
Total liabilities	1,889,394

Amounts presented in € '000

Total net assets	369,942
less: Minority rights	(249,055)
Total net assets disposed	120,887

The loss from the disposal of Proton Group is analysed as follows:

Amounts presented in € '000

Cash consideration	64,727
Cost of remaining investment transferred to available for sale portfolio	29,208
Total consideration	93,935
Less: Total net assets disposed	(120,887)
Loss on disposal	(26,952)

The net cash flow from the sale of Proton Group is analysed as follows:

Amounts presented in € '000

Consideration paid in cash	64,727
less: cash & cash equivalent of Proton at the date of disposal	(66,604)
Cash received from the sale of Proton, net of cash disposed	(1,877)

17. Commitments and contingent liabilities

17.1 Pending litigation

As at 30 September 2008, there were no significant pending litigations against the Group in connection with its activities.

18. Events after 30 September 2008

There are no other significant events after 30 September 2008.

Athens, 17 December 2008

Angeliki Frangou

Chairman, Non-Executive Director

Loucas Valetopoulos

Chief Executive Officer, Director