

IRF European Finance Investments Ltd
("IRF" or the "Company")

Full Year 2008 Results

IRF European Finance Investments Ltd (SFM: IRF) announces its audited financial results for the fiscal year ended 31 December 2008.

Financial Highlights

Amounts in € 000	Fiscal Year ended 31 December 2008	Fiscal Year ended 31 December 2007
Income Statement items		
Net (Loss)/ Income	(216,621)	64,360
(Loss)/Profit before income tax	(218,795)	63,513
Income tax expense	-	-
(Loss)/Profit after tax from continuing operations	(218,795)	63,513
Net (Loss)/Profit from discontinued operations	(87,139)	14,513
(Loss)/Profit after Tax	(305,934)	78,026
Attributable to equity holders of IRF	(264,129)	61,635
Minority Interests	(41,806)	16,391
Basic earnings (loss) per share (in euro/share)	(2,12)	0,56
Basic earnings (loss) per share (in euro/share) from continuing operations	(1,75)	0,57
Balance Sheet Items		
Cash and cash equivalents	148,610	369,083
Total assets	403,689	2,750,355
Total liabilities	200,148	1,973,008
Total Equity	203,541	777,347
Equity attributable to equity holders of the Company	203,541	487,099
Minority Interests	-	290,248

Results of the Proton Group for the fiscal year ended 31 December 2008 have been consolidated in the financials as 'discontinued operations' due to the sale of IRF's entire stake in Proton Bank. The Proton Group suffered significant losses due to adverse economic conditions and the dislocation in the capital markets, especially as it related to the credit markets. The losses from discontinued operations include Proton losses attributed to IRF, the loss from the disposal of Proton shares and related impairment losses on goodwill.

Dividend Payment and Reduction of Share Premium

The Company believes it is appropriate to make periodic distributions to its shareholders. Notwithstanding the Company having sufficient cash reserves to distribute funds to its shareholders, Bermuda law restricts the Company from declaring a dividend currently. The Company therefore intends to propose to shareholders that the Company reduce the share premium account so it can make a distribution to the shareholders.

Commenting on this proposal, Angeliki Frangou said: 'We have previously indicated a desire to provide shareholders with a current return. We believe we can meet this intention in respect of 2008 by agreeing to reduce share premium. We intend to recommend to the shareholders that we reduce share premium to allow a distribution of \$.20 per share and will commence the process of obtaining shareholder approval shortly.'

Net Asset Value

IRF determined that its shares had a net asset value ("NAV") of \$2.27 per share as at 31 December 2008. The equity holdings portfolio of IRF is marked to market on the balance sheet as at 31 December 2008. As of this date, the total assets of the Company, including the cash balance of €148.6 million, was €403.7 million. The total liabilities were €200.1 million. Consequently, the equity value was €203.5 million. The Euro/\$ exchange rate of \$1.3917 on 31 December 2008 was used to compute the NAV. As of 31 December 2008, IRF had 124.8 million common shares outstanding.

IRF intends to determine and publish NAV on a periodic basis. This estimated NAV is provided for information purposes only and should not be relied upon for investment decisions.

Information:

A copy of our annual financial report can be found on our website (www.irf-finance.com) and copies will be sent to our shareholders shortly.

For further information, please contact:

IRF European Finance Investments Ltd
Angeliki Frangou, Chairperson
Sheldon M. Goldman

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About IRF

IRF's principal investment strategy is to seek investment opportunities in global financial institutions, with a complementary focus on investments in distressed opportunities in other industries. The Company was initially listed on AIM until 19 January 2009 when it transferred to the SFM (Specialist Fund Market), both markets operated by the London Stock Exchange plc. The Company's registered office is at Canon's Court 22 Victoria Street, Hamilton HM12, Bermuda.

Forward-looking statements

All statements, other than statements of historical fact, included in this release are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon

current expectations and are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those described in the forward-looking statements. IRF assumes no obligation and expressly disclaims any duty to update the information contained herein except as required by law.



**IRF European Finance Investments Ltd
Financial Statements**

**for the year ended
31 December 2008**

**In accordance with the International
Financial Reporting Standards**

The accompanying consolidated financial statements of "IRF European Finance Investments Ltd" (the "Company" or "IRF") and its subsidiaries (together the "Group"), for the year ended 31 December 2008 were approved by the Company's Board of Directors on 24 April 2009.

IRF European Finance Investments Ltd

Financial Statements for year ended 31 December 2008

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BOARD OF DIRECTORS

Name	Position
Angeliki Frangou	Chairman, Non – Executive Director
Sheldon Goldman	Deputy Chairman, Non – Executive Director
Loukas Valetopoulos	Chief Executive Officer, Director
Alexander Meraclis	Secretary of the Company and Non – Executive Director

Changes in the Board of Directors

On the 27 November 2008, John Karakadas, a Non Executive Director of IRF, submitted his resignation effective from 28 November 2008 and has not been replaced.

MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

Financial highlights

<i>Amounts in € 000</i>	IRF Group
Income Statement items	
Continuing operations	
Net Income/(Loss)	(216,621)
Loss after tax	(218,795)
Attributable to equity holders of the Company	(218,795)
Minority Interests	-
Basic earnings (loss) per share (in euro/share)	(1.75)
Continuing and discontinued operations	
Loss after tax	(305,934)
Attributable to equity holders of the Company	(264,129)
Minority Interests	(41,806)
Basic earnings (loss) per share (in euro/share)	(2.12)
Balance sheet items	
Cash and cash equivalent	148,610
Trading portfolio	5,965
Investment portfolio	248,508
Total Assets	403,689
Loans from banks	198,393
Total liability	200,148
Total Equity	203,541

Major events during the year 2008

IRF European Finance Investments Ltd

Financial Statements for year ended 31 December 2008

Commencing during the second half of year 2008, 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. We 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 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. On 25 September 2008 IRF sold 10 million shares in Proton Bank for gross sales proceeds of €65.0 million, paid in cash. The disposal of these shares resulted in a loss of €26.9 million, as presented under results from discontinued operations. During the fourth quarter and as of 31 December 2008 IRF disposed of its remaining investment in Proton Bank through the open market.

Results of the Proton Group until the date of disposal, 25 September 2008, have been consolidated in IRF's annual financial statement. 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. IRF's loss in respect of Proton 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.

During the year, IRF acquired approximately 10.39% shares of Marfin Investment Group ('MIG'), a public company traded on the Athens Stock Exchange and received a cash distribution from MIG of approximately €21.5 million. This amount has not been recognised in the income statement and has been deducted from the cost of these securities.

As at 31 December 2008, IRF had cash and cash equivalents of €149 million. IRF held investments in equity securities valued at about €255.0 million, including 77.6 million shares in MIG. 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 million has been extended to September 2011. This has strengthened the liquidity position of the company significantly. Securities and deposit accounts have been pledged as collateral for this medium-term facility.

Other events

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

In January 2009, IRF transferred from AIM to the Specialist Fund Market (SFM) of the London Stock Exchange. The Specialist Fund Market is an EU Regulated Market and is compliant with the EU's Financial Services Action Plan (FSAP). On January 19, 2009, IRF has announced the successful admission of its entire issued common shares and all issued warrants to trading on the SFM. As at admission, there were 124,832,394 shares and 13,596,541 warrants in issue.

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ANNUAL ACCOUNTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law and in accordance with appropriate regulations of the listing authority, the directors have elected to prepare financial statements in accordance International Financial Reporting Standards as adopted by the European Union.

IRF European Finance Investments Ltd

Financial Statements for year ended 31 December 2008

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these 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 loss of the Group; and
- the management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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.

In so far as the directors are aware:

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

IRF European Finance Investments Ltd

Financial Statements for year ended 31 December 2008

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of IRF EUROPEAN FINANCE INVESTMENTS LTD

Report on the Financial Statements

We have audited the accompanying Financial Statements of IRF EUROPEAN FINANCE INVESTMENTS LTD (the Company) and its subsidiaries (which, together with the company form the Group), which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards that have been adopted by the European Union. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the abovementioned Financial Statements present fairly, in all material respects, the financial position of the Group as of 31 December 2008, and the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Athens, 27 April 2009

The Chartered Accountant

The Chartered Accountant

IRF European Finance Investments Ltd

Financial Statements for year ended 31 December 2008

Vassilis Kazas
SOEL Reg. No 13281

Panagiotis Christopoulos
SOEL Reg. No 28481



CONSOLIDATED INCOME STATEMENT

Amounts presented in € '000

	Note	1/1/- 31/12/2008	1/1 - 31/12/2007 <i>(as restated)</i>
Interest and similar income		8,158	10,498
Interest and similar expenses		(11,309)	(11,406)
Net interest income	8	(3,151)	(909)
Fee and commission income		86	-
Fee and commission expense		(881)	(7,745)

IRF European Finance Investments Ltd

Financial Statements for year ended 31 December 2008

Net fee and commission income	9	(795)	(7,745)
Dividend income	10	729	12,804
Net trading income	11	(28,258)	60,209
Impairment losses	12	(185,146)	-
Total Net (loss)/income		(216,621)	64,360
Staff costs	13	(100)	(100)
Other operating expenses	14	(2,074)	(748)
Total operating expenses		(2,174)	(848)
(Loss)/Profit before tax		(218,795)	63,513
Income tax expense		-	-
(Loss) /Profit after tax from continuing operations		(218,795)	63,513
Net (loss)/profit from discontinued operations	15	(87,139)	14,513
(Loss)/Profit after tax		(305,934)	78,026
Attributable to:			
Shareholders of the Parent Company		(264,129)	61,635
Minority Interest		(41,806)	16,391
		(305,934)	78,026
Earning per Share attributable to parent company's shareholders (€/share)			
From continuing and discontinued operations			
- Basic	38	(2.12)	0.56
From continuing operations			
- Basic	38	(1.75)	0.57

The accompanying notes constitute an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

Amounts presented in € '000

	Note	31/12/2008	31/12/2007
ASSETS			
Cash and balances with Central Bank	16	-	52,796
Cash and other equivalents	17	148,610	322,355
Loans and advances to financial institutions	18	-	205,055
Trading portfolio and other financial assets at fair value through Profit & Loss	19	5,965	179,802
Derivative financial instruments	20	-	11,529
Loans and advances to customers	21	-	1,368,025
Investment portfolio	22	248,508	259,944
Investments in associates	23	-	3,886

IRF European Finance Investments Ltd

Financial Statements for year ended 31 December 2008

Property, plant and equipment	24	-	27,880
Goodwill and other intangible assets	26	-	166,784
Deferred tax assets	27	-	7,098
Other assets	28	607	91,474
		403,689	2,696,628
Non current assets held for sale	25,39	-	53,727
TOTAL ASSETS		403,689	2,750,355
EQUITY AND LIABILITIES			
Due to financial institutions	29	198,393	433,941
Due to customers	30	-	1,422,139
Derivative financial instruments	20	-	14,570
Issued debt securities	31	-	25,283
Retirement benefit obligations	32	-	1,140
Current income tax liabilities	33	-	10,498
Deferred tax liability	27	-	6,928
Other liabilities	34	1,755	14,170
		200,148	1,928,669
Liabilities directly associated with assets classified as held for sale	39	-	44,339
Total Liabilities		200,148	1,973,008
Shareholders equity			
Share capital	35	147	147
Share premium	35	400,443	400,443
Revaluation reserve		-	(2,570)
Other reserves	36	-	16,587
Retained (losses)/earnings		(197,049)	72,491
Total equity attributable to shareholders' of parent company		203,541	487,099
Minority interest		-	290,248
Total equity		203,541	777,347
TOTAL LIABILITIES AND EQUITY		403,689	2,750,355

The accompanying notes constitute an integral part of the financial statement

IRF European Finance Investments Ltd

Financial Statements for year ended 31 December 2008

Attributable to shareholders of the Parent Company

Note	Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Total	Minority Interest	Total
Consolidated Statement of Changes in Equity								
<i>Amounts presented in € '000</i>								
Opening balance as at 1 January 2008	147	400,443	(2,570)	16,587	72,492	487,099	290,248	777,347
Available for sale:								
-Gains/ losses directly recognized in equity	-	-	(2,318)	-	-	(2,318)	(8,935)	(11,253)
-Transferred to income statement on disposal	15	-	4,888	-	-	4,888	18,964	23,852
Net result for the period 01/01-31/12/2008	-	-	-	-	(264,129)	(264,129)	(41,806)	(305,934)
Total income/(loss) recognized for the period	-	-	2,570	-	(264,129)	(261,559)	(31,776)	(293,336)
Dividend relating to 2007	-	-	-	-	(22,105)	(22,105)	(9,829)	(31,935)
Sale of subsidiary	15	-	-	(16,587)	16,693	106	(248,643)	(248,536)
Balance as at 31 December 2008	147	400,443	-	-	(197,049)	203,541	-	203,541

The accompanying notes constitute an integral part of the financial statements

IRF European Finance Investments Limited

Financial Statements for year ended 31 December 2008

	Attributable to shareholders of the Parent Company					Total	Minority Interest	Total
	Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)			
<i>Amounts presented in € '000</i>								
Opening balance as at 1 January 2007, as originally published	71	200,174	(2)	16,156	22,208	238,607	308,145	546,752
Restatement due to amortization of intangible assets	-	-	-	-	(210)	(210)	(832)	(1,043)
Restated Opening Balance as at 1 January 2007	71	200,174	(2)	16,156	21,998	238,397	307,313	545,709
Net result for the period 01/01-31/12/2007	-	-	-	-	61,635	61,635	16,391	78,026
Gains/ losses directly recognized in equity:	-	-	-	-	-	-	-	-
- on the valuation of available for sale financial assets	-	-	(2,564)	-	-	(2,564)	(10,018)	(12,582)
- exchange differences	-	-	(3)	-	-	(3)	(11)	(14)
Total profit / (loss) recognized for the period	-	-	(2,567)	-	61,635	59,067	6,362	65,430
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)	-	-	-	-	-	-	(1,603)	(1,603)
Acquisition of minority interests (Omega Mutual Funds SA)	-	-	-	-	-	-	(12)	(12)
Fair value of employee services received	-	-	-	200	-	200	783	983
Purchases of treasury shares	(5)	(14,525)	-	-	-	(14,530)	(8,646)	(23,176)
Capitalization of reserves	-	-	-	231	(231)	-	-	-
	77	200,268	-	431	(11,142)	189,634	(23,427)	166,207
Balance as at 31 December 2007	147	400,443	(2,570)	16,586	72,492	487,099	290,248	777,346

The accompanying notes constitute an integral part of the financial statements.

IRF European Finance Investments Limited

Financial Statements for year ended 31 December 2008

CONSOLIDATED CASH FLOW STATEMENT

<i>Amounts presented in € '000</i>	Note	31 December 2008	31 December 2007
Cash flows from operating activities			
(Loss)/Profit before tax of continuing operations		(218,795)	63,513
<i>Adjustments for:</i>			
Add: Impairment losses on loans, financial and non financial assets		185,146	-
Share of profit/(loss) from revaluation of financial assets at fair value through Profit & Loss		904	-
Profit/(loss) from sale of a.f.s. portfolio at fair value		44,282	-
Interest and other non cash expenses		3,151	-
Dividends received		(729)	(12,804)
Exchange differences		(7,304)	13,812
<i>Cash Flows from operating activities before changes in working capital</i>		<i>6,665</i>	<i>64,521</i>
Changes in working capital:			
Net (increase)/decrease in trading securities		(6,869)	3,865
Net (increase)/decrease in other assets		(1,916)	98
Net increase/(decrease) in other liabilities		(171)	3,002
<i>Cash flows from operating activities before payment of income tax</i>		<i>(2,301)</i>	<i>71,486</i>
Net cash flows from operating activities of discontinued operations		(69,445)	319,080
Net cash flows from operating activities		(71,746)	390,565
Cash flows from investing activities			
Acquisition/Sale of subsidiaries and associates	15	(1,877)	(2,827)
Proceeds from a.f.s. portfolio		(448,727)	-
Interest received		8,158	-
Dividend received from investment activities		729	12,804
Net cash flows from investing activities of discontinued operations		(58,776)	(222,796)
Net cash flow from investing activities		(500,493)	(212,818)
Cash flows from financing activities			
Issuance of common shares		-	214,874
Dividend paid		(22,105)	(10,911)
Repayments of borrowings	29	(70,000)	(287,929)
Interest paid		(11,309)	-
(Purchase)/sale of treasury shares		-	(14,530)
Proceeds from borrowings	29	268,393	287,929
Net cash flows from financing activities of discontinued operations		(10,804)	2,087
Net cash flow from financing activities		154,174	191,521
Net increase/(decrease) in cash and cash equivalents		(418,066)	369,268
Cash and cash equivalents at the beginning of the period		559,372	203,917
Effect of exchange rate fluctuations on cash and cash equivalents		7,304	(13,812)
Cash and cash equivalents at the end of the financial year	37	148,610	559,372

The accompanying notes constitute an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Country of incorporation

IRF was incorporated on 8 September 2005 under the Bermuda Companies Act 1981 . The Company was initially listed on AIM in 14 November 2005 and in 19 January 2009 transferred to the SFM (Specialist Fund Market), a regulated market operated by the London Stock Exchange plc. The Company's registered office is at Canon's Court 22 Victoria Street, Hamilton HM12, Bermuda.

Principal Activities

The Group was initially engaged in the provision of banking, financial and insurance services. IRF was formed as an investing company to serve as a vehicle for the acquisition of one or more businesses in the financial services industry in Europe, with a primary focus on credit institutions and insurance companies in Greece, Bulgaria, Romania and Turkey.

On 29 June 2006, the Company acquired a controlling interest in Proton Investment Bank, a Greek bank, listed on the Athens Stock Exchange. Subsequent to this acquisition, Proton Investment Bank merged with Omega Bank, resulting IRF having an interest in the newly merged entity, Proton Bank. Proton Bank and its subsidiaries operate in the sectors of retail, corporate and investment banking, portfolio management, insurance and other financial services. Proton Bank is licensed by the Bank of Greece to operate as a financial institution in Greece. Proton Bank, which is established in Greece and is supervised by the Bank of Greece, operates through a network of 28 branches.

On 24 September 2008, IRF sold a 15.95% interest in Proton Bank from its 20.6% percent holding in Proton Bank. Following such disposal, the IRF directors holding positions on the Board of Directors of Proton Bank resigned. As of 30 September 2008, IRF held approximately 2.9 million shares in Proton Bank, representing an interest of approximately 4.65%. As of 31 December 2008, IRF had disposed of its entire investment 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 (see notes 5 and 15).

IRF acquired and continues to hold approximately 10.39% shares of Marfin Investment Group ('MIG') which, as of 31 December 2008, is the most significant investment in the company's portfolio. MIG invests in private equity, privatisations and infrastructure projects and principally operates in Greece, Cyprus and South East Europe. All equity holdings are publicly listed on the Athens Stock Exchange.

2. BASIS OF FINANCIAL STATEMENT PREPARATION

2.1 Statement of Compliance

The financial statements of the Group for the year ended 31 December 2008 have been prepared according to the International Financial Reporting standards (IFRS), which were published by the International Accounting Standards Board (IASB) and in compliance with to their interpretations, which have been published by the International Financial Reporting Interpretations Committee (IFRIC) and have been adopted by the European Union.

The Group has adopted all International Accounting Standards, IFRS and their interpretations which apply to the Group's activities.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following items which are measured at fair value:

- Financial assets and liabilities at fair value through Profit & Loss (including derivatives),
- Financial assets available for sale, and
- Investment Properties, and
- Land and Buildings.

2.3 Functional and Presentation Currency

The current financial statements are presented in Euro, which is the functional currency of the Group. The functional currency is the currency of the primary economic environment in which an entity operates and is normally the one in which it primarily generates and expends cash. Management used its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

All amounts are presented in thousand Euros unless mentioned otherwise. Due to rounding, percentages and numbers presented throughout the condensed separate and consolidated financial statements may not match the counterparts in the financial statements. All amount expressed in dollars, are US dollars.

2.4 Comparative Figures

Consolidated balance sheet, income statement, cash flow statement and statement of changes in equity for the comparative period have been adjusted for the reclassification of income statement to reflect results of discontinued operations. Details are provided in note 15.

2.5 Use of Estimates

The preparation of the financial statements in accordance with the IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses.

Assumptions and estimates are reviewed on an ongoing basis and are revised based on experience and other factors. Revisions of the accounting estimated are recognised in the period in which estimates are revised and in any future periods affected. Assumptions and estimates include expectations on future event and outcomes that are considered as reasonable given the current conditions. Actual results may differ from these estimates.

Significant areas of estimates uncertainty and items that are significantly affected by judgements in applying accounting policies are presented in paragraph 4.

2.6 Adoption of new standards, amendments and interpretations with effective date as of 1 January 2008:

(a) IFRIC 12, "Service concession arrangements" (effective for annual periods beginning on or after 1 January 2008):

This interpretation has no application to the Group's activities.

(b) IFRIC 14: "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective from 1 January 2008):

This interpretation has no application to Group activities.

(c) Amendment of International Accounting Standard 39 and International Financial Reporting Standard 7

On 13 October 2008, the International Accounting Standard Board issued an amendment to IAS 39 and IFRS 7 "Financial Instruments: Disclosures", which has been adopted by European Union. The amendment permits, under circumstances, the reclassification of certain financial assets to different categories from the ones they have been classified on the initial recognition. The aforementioned option can be applied from the 1st of July 2008.

New standards, amendments and interpretations issued but not yet effective

(a) IFRS 8, "Operating segments" (effective from 1 January 2009):

IFRS 8 replaces IAS 14 "Segment Reporting". The new IFRS requires a "management approach" to the Group's presentation of financial information under segment reporting. Information disclosed is basically information that the Management uses for internal reporting so as to assess the productivity of segments, as well as the manner in which resources are allocated. Such reporting might differentiate from information used during the preparation of the balance sheet and the income

statement. Furthermore, the standard requires that explanatory notes on the basis of preparation of segment reporting, as well as traces to entries in financial statements should also be disclosed.

(b) IFRIC 13: "Customer Loyalty Programmes (effective for annual accounting periods beginning on or after 1 July 2008):

IFRIC 13 is applied on customer loyalty programmes. This interpretation is applicable to credit card customer loyalty programmes, nevertheless, its adoption will not have a significant impact on the Group's financial position.

(c) IAS 23: (Revised 2007) "Borrowing Costs" (effective from 1 January 2009):

The revised IAS 23 removes the option of immediately expensing borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset. The adoption of the revised IAS will have no significant impact on the Group's financial statements.

(d) IAS 1: "Presentation of Financial Statements" – revised 2007 (effective from 1 January 2009):

The fundamental change in IAS 1 is concerned with the segregation of the presentation of owner changes in equity in those which are due to transactions with owners and because of their capacity as owners (e.g. dividends, capital increase), from those which are due to other changes in equity (e.g. reserves). The revision of the Standard produces changes in both the terminology and the presentation of financial statements.

However, the new terms do not affect the rules of recognition, measurements and disclosure of equity transactions and all other events which are required by other standards. The adoption of the revised standard is expected to transform the structure and description in the presentation of financial statements without, however, causing any alternations to the financial position of an entity.

(e) IFRS 2: "Share-based Payment" – Amendment 2008: Vesting Conditions and Cancellations (effective from 1 January 2009):

This amendment clarifies that only service conditions and performance conditions are vesting conditions, while all other features need to be included in the grant date fair value. The Group is currently assessing the implications from the adoption of the aforementioned amendment.

(f) IAS 32: Financial Instruments: Presentation and IAS 1: Presentation of Financial Statements – Amendment 2008: Puttable Financial Instruments and Obligations Arising on Liquidation (effective from 1 January 2009):

These amendments address the classifications of some puttable financial instruments as well as instruments or their components that impose to the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation. The above mentioned amendments are not applicable at present for Group activities.

(g) IFRIC 11: "Group and treasury share transactions":

IFRIC 11 provides guidance on IFRS 2 application in three cases: i) share-based payment arrangements involving an entity's own equity instruments, ii) share-based payment arrangements involving equity instruments of the parent and iii) a subsidiary granting rights to equity instruments of its parent to its employees. An entity shall apply this Interpretation for annual periods beginning on or after 1 March 2008. The application of the Interpretation is not expected to have significant impact on the Financial Statements of the Group.

Moreover, the following standards, amendments and interpretations have been issued and are subject to endorsement by the European Union.

(a) IFRS 3: "Business Combinations" – Revised 2007 and subsequent amendments in IAS 27, 28 and 31 (effective the first annual reporting period beginning on or after 1 July 2009):

The revised standard introduces significant amendments for the application of the acquisition method for business combinations. Among other changes the standard introduces the possibility of minority interests being measured at fair value. Furthermore, the revised standard requires that the acquirer of a subsidiary recognizes the assets acquired and liabilities assumed as a transaction with owners of the business and any difference should be recognized in equity. The revised IFRS 3 applies for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009, while no consolidation adjustments are required for the

period before the revised standard will become effective. Thus, the adoption of the revised standards will have no significant impact on the Group's financial statements.

b) IFRIC 15: «Agreements for the Construction of Real Estate»

An entity shall apply IFRIC 15 "Agreements for the Construction of Real Estate" for annual periods beginning on or after 1 January 2009. This Interpretation applies to the accounting for revenue which refer to the real estates' disposal.

This interpretation does not apply to the Group's activities.

c) IFRIC 16: Hedges of a Net Investment in a Foreign Operation

An entity shall apply IFRIC 16 for annual periods beginning on or after 1 October 2008. This Interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. The objective of IFRIC 16 is to provide guidance concerning the nature of the hedged risk and the amount of the hedged item for which a hedging relationship may be designated, where in a group the hedging instrument can be held and what amounts should be reclassified from equity to profit or loss as reclassification adjustments on disposal of the foreign operation. This interpretation does not apply to Group activities.

d) IFRIC 17: «Distribution of non-cash assets to owners »

Effective for annual periods beginning on or after 1 July 2009.

This interpretation, issued on 27 November 2008, provides guidance to an entity in order to recognize and subsequently measure a liability arising from the distribution of non-cash assets to owners. The Group is in the process of evaluating the potential effects of this interpretation.

e) I.F.R.I.C. 18 «Transfer of assets from customers»

Effective for annual periods beginning on or after 1 July 2009.

This interpretation, issued on 29 January 2009, clarifies the accounting treatment for agreements under which an entity receives from a customer an item of property, plant and equipment that the entity must then use to serve conventional obligations to him. The interpretation applies also, in cases where the entity receives cash from customers to construct or to buy an item of property, plant and equipment to be used as defined above. This interpretation does not apply to Group activities.

f) IAS 39: Financial instruments: Recognition and Measurement

Eligible Hedged Items Amendment to IAS 39

Amendment to IAS 39 clarifies accounting hedges issues and, in particular, inflation and one-sided risk of a hedged item. An entity shall apply those amendments to IAS 39 for annual periods beginning on or after 1 July 2009.

g) Improvements to International Accounting Standards (Regulation 70/23.1.2009)

As part of the improvements project the International Accounting Standards Board issued on 22 May 2008, certain non urgent but necessary amendments to various standards. The majority of these are effective for annual periods beginning on or after 1 January 2009. The adoption of these improvements is not expected to have a significant impact on the Group's financial statements.

h) IFRS 7 (Amendment 2009): Improvements to the Financial Instruments disclosures (effective from 1 January 2009)

This amendment aims to provide additional and improved disclosures concerning the fair value of the financial instruments and the liquidity risk. Among the changes of the standard, which are estimated to modify the way that the relative information of the Group are presented, are: the introduction of three levels for the definition of the fair value (market prices, valuation based on remarkable market data and valuation based on non-remarkable market data), requirement for disclosure of changes at the valuation methods used and requirement for additional information concerning the third level including the sensitivity analysis.

3. SUMMARY OF IMPORTANT ACCOUNTING POLICIES

3.1 Consolidation

Subsidiaries: Subsidiaries are entities controlled by the Company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist if the Company has ownership, directly or indirectly, over more than half of the voting rights. The Group has also adopted a policy to consider as a subsidiary an entity over which the Company is in the position to have effective control, even though it has the ownership of less than half of the voting rights. The Group has developed several criteria in order to determine whether it has the "de facto" control over the entity, including the actual representation of the Company in the Board of Directors and the management of the subsidiary and the fact that there is no realistic possibility that all the other shareholders of the subsidiary will be organised and take control over the entity.

Subsidiaries are fully consolidated using the purchase method from the date on which control commences until the date that control ceases. The acquisition cost of a subsidiary is measured at the fair value of the assets given, the shares issued and the liabilities undertaken on the date of the exchange, plus any other cost directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair values on the acquisition date. The excess between the cost of acquisition and the fair value of the net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Intra-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. All Group subsidiaries follow the same accounting policies as those adopted by the Group.

Associates: Associates are entities over which the Group has significant influence but not control. Significant influence is presumed to exist if the Group holds between 20% and 50% of the voting rights of another company. Investments in associates are initially recognised at acquisition cost and subsequently are accounted under the equity method. At the each balance sheet date, investments carrying amount is increased by the Group's proportion in the associate's changes in equity and decreases by the amount of dividends received from the associate.

The Group's share in the associate's profits or losses, after the acquisition date, is recognised in the Income Statement whereas, the Group's share in changes in reserves, is recognised directly in equity accounts.

In case when the Group's participation in the associate's losses is equal or exceeds its cost of participation, inclusive of any doubtful debts, the Group does not account for any further losses, except if it has covered all liabilities or has made payments on behalf of the associate as well as those arising in the context of the shareholding.

3.2 Foreign Currency

(a) Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments due to business combinations, are translated into Euro at exchange rates applicable on the balance sheet date. The income and expenses are translated into Euro at exchange rate at the dates of transactions or, if it is impracticable, based on the average exchange rates during the reporting period. Any differences arising from the translation of the assets, liabilities, income and expenses are recognized into "Translation reserves" within equity.

(b) Foreign Currency Transactions

Foreign currency transactions are translated into the respective functional currency of the Group entities at the exchange rates at the dates of transactions. Monetary asset and liability denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date. The non-monetary assets denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair

value was determined. Foreign currency differences arising on the execution of foreign currency transactions and on the retranslation of monetary assets and liabilities are recognized in profit or loss.

3.3 Interest income and expense

Interest income and expense are recognised on an accrual basis in the income statement for all interest bearing assets and liabilities, based on the effective interest method. Interest income and expense include the amortization of any discount or premium, transaction costs or other differences between the initial cost of an interest bearing financial asset and the amount to be received or paid at maturity using the effective interest rate method.

The effective interest rate is the rate that exactly discounts any estimated future payment or receipt through the expected life of a financial instrument (or until the next date of interest reset), to the carrying amount of the financial instrument, including any fees or transaction costs incurred.

3.4 Fee and commissions income

Fees and commissions are generally recognised on an accrual basis when the relevant services have been provided. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party are recognised on completion of the underlying transaction. Portfolio management fees and other advisory and service fees are recognized in the income statement according the applicable service contract, usually on a time-apportionate basis.

3.5 Dividend Income

Dividend income is recognized in the income statement when the right to receive payment is established.

3.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 Initial Recognition

Financial assets and liabilities are recognized at the trade date which is the date when the Group becomes a part to the contractual provision of the instruments. The financial assets and liabilities are initially measured at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

3.6.2 Classification and Measurement of Financial Assets

Management determines the classification of its investments at initial recognition. Financial assets are classified into the following categories:

(a) Financial Assets and Liabilities at Fair Value through Profit & Loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in the held for trading category if acquired principally for the purpose of generating a profit from short-term fluctuations in price. Derivative financial instruments are also categorised as held for trading unless they are designated as accounting hedges in which case hedge accounting is applied. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with a documented investment strategy. Information about these financial assets is provided internally on a fair value basis to key management personnel. Financial assets and liabilities designated as at fair value through profit or loss, are subsequently measured at fair value and any change in the fair value is recorded in the income statement.

(b) Loans and Receivables

These include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which the Group does not intend to sell in the short-term. They arise when

the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are measured at amortized cost using the effective interest method.

(c) Held to maturity investments

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. When the Group to sell other than an insignificant amount of held-to-maturity assets, then the entire category tainted and reclassified as available-for-sale. Held-to-maturity financial assets are measured at amortised cost, using the effective interest method

(d) Available for sale investment

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity, and available-for-sale are recognized at trade date – the date on which the Group commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrowers.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value and any change in fair value is recognized directly into equity.

3.6.3 Off setting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Income and expenses are offset only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

3.6.4 Fair value measurement

For the measurement of assets and liabilities at fair value, the Group uses current market prices for every financial instrument. For those assets and liabilities whose current market price was not available, the values that were derived by applying valuation methods do not differ much from their carrying values.

In particular:

- The listed securities are valued at fair value, which is determined according to the current market price on the day of the balance sheet date.
- Non listed securities are valued at cost of acquisition less any impairment.
- The fair value of derivative financial instruments that are not quoted in active markets is determined by using valuation techniques. These models, even though dependent on measurable data, may require estimates and judgments (i.e. volatility and credit risk). Those estimates are assessed regulatory and when market conditions change.

3.6.5 Impairment of financial assets

(a) Assets carried at amortized cost

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after

the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or a group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

- (i) significant financial difficulty of the obligor;
- (ii) a breach of contract, such as a default or delinquency in interest or principal payments;
- (iii) the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- (iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
or
- (v) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group; including:
 - adverse changes in the payment status of borrower in the group; or
 - national or local economic conditions that correlate with defaults on the assets in the group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets has been incurred, the amount of loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or a held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralized loan reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effect of conditions in the historical period that do not exist currently.

The methodology and assumptions used of estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written-off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

(b) Assets carried at fair value

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

3.6.6 Derivative financial instruments and hedge accounting

Derivative financial instruments include forward exchange contracts, currency and interest rate swaps, stock, currency and index futures, equity and currency options and other derivative financial instruments. These are initially recognised in the balance sheet at fair value, and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and other appropriate pricing models. All derivatives are shown as financial assets at fair value through profit or loss when fair value is positive and as financial liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received).

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contracts is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

The Group has designated all derivatives as trading and has not applied hedging accounting.

3.6.7 Sale and repurchase agreements

The Group enters into agreements for purchases (sales) of investments and to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased, on condition that they will be resold in the future (reverse repos), are not recognized in the balance sheet. The amounts paid for purchase thereof are recognized as receivables from other banks or customers. The difference between the sale and repurchase consideration is recognized as interest income or expense during the repurchase agreement period on an accrual basis.

Investments sold under repurchase agreements continue to be recognized in the balance sheet and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers.

3.7 Insurance contracts

Through its insurance subsidiaries, the Group issues insurance contracts to customers. Under these contracts the Group accepts significant insurance risk, by agreeing to compensate the contract holder on the occurrence of a specified, uncertain future event.

Group's insurance company issues only insurance contracts covering property and casualty risks up to one year of duration.

Property and casualty insurance contracts are separated in two categories:

a) Automobile third party liability. This category includes insurance contracts covering the risk of automobile third party liability.

b) Non-automobile lines. This category includes insurance contracts covering the risk of fire and allied lines, marine, general liability, legal protection, road assistance, etc.

Gross insurance premiums are recognized in the income statement over the period covered by the related insurance contract. The insurance premiums are recognized before the deduction of the relevant commissions.

Contract costs

Costs incurred for the initiation or the renewal of insurance contract, such as brokers commission, are deferred and recognized as an asset. The relevant amounts are amortized to Profit or Loss on a systematic basis over the contractual term of the relevant insurance contract.

Liabilities from insurance contracts

Provisions for outstanding claims are revised at each balance sheet date and any change is recognized in Profit or Loss to the extent that it refers to claim covered by the Group, while any amount covered by reinsurance is recognized as an asset (receivable) according to the reinsurance contracts.

(a) Unearned Premiums

Gross insurance premiums for general insurance business are recognized in the income statement over the period covered by the related insurance contract. The proportion of premiums which relates to periods of risk extending beyond the end of the year is reported as unearned premium and is calculated on a daily basis.

(b) Provisions for claims incurred

Provisions for outstanding claims are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs. The amount of provisions is estimated based on available information (adjuster reports, court decisions etc.) at the balance sheet date.

Provisions for outstanding claims include reserves for incurred claims, which are not reported to the company at the balance sheet date (I.B.N.R.). Provisions for outstanding claims are reported at the balance sheet date according to the requirements of regulatory authority legislation in force (law 400/1970). Specifically the automobile third party liability related claims reserves, are checked according to the K3-3975/11.10.1999 decision of The Ministry of Development, forming the greater possible reserve. I.B.N.R. provisions are estimated based on the K3-3974/11.10.1999 decision of The Ministry of Development.

Provisions for outstanding claims include reserves for incurred claims, which are not reported to the company at the balance sheet date (I.B.N.R.). Provisions for outstanding claims are reported at the balance sheet date according to the requirements of regulatory authority legislation in force (law 400/1970). Specifically the automobile third party liability related claims reserves, are checked according to the K3-3975/11.10.1999 decision of The Ministry of Development, forming the greater possible reserve. I.B.N.R. provisions are estimated based on the K3-3974/11.10.1999 decision of The Ministry of Development.

The difference in non-life insurance contract liabilities (increase / decrease) related to their previous assessment is transferred to the profit and loss accounts as far as the company's own retention, while the rest is transferred to the reinsurance accounts, according to the reinsurance agreements.

Reinsurance contracts

Reinsurance contracts are contracts entered into by the Group's insurance subsidiaries, under which the Group is compensated for losses incurred under insurance contracts issued by the Group's insurance subsidiaries. The reinsurance contracts entered into by the Group's insurance subsidiaries, in which the issuer of the insurance contract is another insurer (inwards reinsurance) are included in reinsurance contracts.

Any amounts recovered from reinsurers, that derive from the reinsurance contracts of the Group, are recognized in assets. The amounts recovered from or to reinsurers are calculated based on the amounts related with the reinsurance contracts and are based on the terms of each reinsurance

contract. The reinsurance liabilities are mainly premiums payable for reinsurance contracts and are recognized as expenses on an accrual basis.

The Group evaluates its reinsurance assets for impairment. If there is objective evidence that the reinsurance assets have incurred an impairment, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes the reduction in its value in the income statement.

Liability adequacy test

At each balance sheet date, liability adequacy tests are performed by the Group's insurance companies to ensure the adequacy of liabilities that arise from their operations. In performing these tests, current best estimates of operational and investment income and operational and administration expenses are based on past experience and financial results.

In case when the adequacy test reveals insufficient reserves, provisions are adjusted accordingly. The liability is derecognized when the contract expires, is discharged or is cancelled.

3.8 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity and include cash and non restricted balances with Central Bank, government bonds and treasury bills and amounts due from other banks and short-term government securities.

3.9 Intangible assets

The Group has included in this category goodwill from acquisitions and software which is carried at amortised cost less accumulated amortization.

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in the balance sheet in "Goodwill and other intangible assets".

Negative goodwill is recognised immediately as gain in the income statement.

Goodwill is tested for impairment annually and whenever there are indications of impairment and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing, using the country of operation and economic segment as the allocation bases.

(b) Other intangible assets arisen from business combinations

An intangible acquired in a business combination is recognized if it is identifiable; it is probable that the expected future economic benefits associated with the asset will flow to the Group and its cost can be measured reliably. Identifiable is an asset when it is separable, i.e. is capable of being separated or divided from the entity and transferred individually or together with a related contract, or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Group, has recognized the following intangible assets in their fair value that was acquired at the take-over of Omega Bank as part of a business combination on 30 September 2006:

- Intangible asset from conventions of customer loans
- Intangible asset from conventions of customer deposits
- Intangible asset from conventions of financial brokerage

Amortisation of other intangible assets arising from business combination is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, which extends from 4 to 5 years. Other intangible assets coming from business combination that are subject to amortizations are reviewed for impairment whenever events or changes in circumstances

indicate that the carrying amount may not be recoverable. Amortisation charge is included within "Depreciation" in the income statement.

(c) Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement.

Costs associated with maintenance of computer software programmes are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of five years. Amortisation commences when the computer software is available for use and is included within "Depreciation" in the income statement.

3.10 Property, plant and equipment

All plant and equipment are stated at historical cost less depreciation, except land and buildings which are shown at fair value based on valuations by external independent valuers, less subsequent depreciation for buildings.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Expenditure for repairs and maintenance of property and equipment is charged to the income statement of the year in which they were incurred. Depreciation on buildings and other tangible assets are calculated using the straight line method to allocate their cost or fair value to their residual values over their estimated useful lives.

The carrying amount of impaired assets is written down to their recoverable amounts. Gains and losses from disposals are recognised in the income statement.

Land is not depreciated but is reviewed for impairment. Depreciation on other property and equipment is calculated using the straight-line method to allocate the cost or revalued amount of each asset less their residual values, over their estimated useful lives. The estimated useful lives are as follows:

- Buildings: 50 years
- Lease hold improvements: depreciated on a straight-line basis over the term of the lease
- Computers: 3 years
- Vehicles: 5-7 years
- Furniture and equipment: 10 years
- The commercial value of leased assets is depreciated over the lease period

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposal of property and equipment are determined by comparing proceeds to carrying amount and are included in the income statement.

3.11 Investment property

Investment property are properties held by the Group either to earn rental income or for capital appreciation. The Group records investment property at fair value as determined by an independent valuation company having an appropriate recognised professional qualification. Initially investment property is recorded at cost including acquisition expenses. Any gain or loss arising from a change in fair value is recognised in profit or loss.

3.12 Assets held for sale

The Group classifies an asset as held for sale if it is committed to recover its carrying amount principally through a sale transaction rather than through continuing use. For this to be the case, these assets should be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale is highly probable. The category of assets held for sale comprises of two type of assets:

- Property acquired from auctions with the intention to recover loans and receivables past due.
- Group of assets forming a disposal group that the Group intends to dispose together at a single transaction. Liabilities associated with this disposal group are also classified separately. As of 31 December 2008, the Group has classified into this category the assets of its subsidiary Proton Insurance SA.

Assets held for sale, according to IFRS 5 "Non current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets held for sale are not depreciated but are subject to impairment. Gains/ losses from sale of these assets are recognized in the income statement.

3.13 Leases

3.13.1 A Group company is a lessee

(i) Finance lease

The Group has not entered into a finance lease agreement in the capacity of a lessee.

(ii) Operating leases

Leases where the risks and rewards of ownership remain with the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received by the lessor) are charged to the income statement on a straight line basis over the period of the lease.

3.13.2 A Group company is a lessor

(i) Finance lease

When assets are leased out under finance lease / hire purchase, the present value of the lease payments is recognized as a receivable. Lease income and hire purchase fees are recognized in the income statement in a systematic manner, based on instalments receivable during the year so as to provide a constant periodic rate using the net investment method.

(ii) Operating leases

Assets leased out under operating leases are carried on the Group's financial statements and are depreciated over their useful economic lives. Payments received under operating leases are recorded in the income statement on a straight line basis.

3.14 Financial liabilities

Financial liabilities are treated as held for trading if:

- (a) acquired principally for the purpose of selling or repurchasing them in the near term
 - (b) a derivative financial instrument (except for a designated and effective hedging instrument)
- Financial liabilities are initially recognised at fair value. Subsequently any changes in their fair value are recognised in the income statement.

The Group has classified in this category derivative financial instruments not held and qualifying for hedging purposes.

Derivative financial liabilities that are part of a hedging relationship are measured at fair value. Liabilities not included in the above categories are carried at amortised cost using the effective interest rate method.

3.15 Share capital

(a) Share issue costs

Incremental costs directly attributable to the issue of new shares are deducted from equity.

(b) Dividends on ordinary shares

The dividend distribution to ordinary shareholders is recognized in the period in which the dividend is approved by the Company's shareholders.

(c) Treasury Shares

Where the Company or other members of the Group purchase the Company's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

3.16 Fiduciary activities

Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from these financial statements where the Group acts in a fiduciary capacity such as nominee, trustee or agent.

3.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

3.18 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a plan under which the Company and the employees pay fixed contributions into a separate fund. The benefits provided to the employees participating in defined contribution plans are based on the return of the fund. Each fund is governed by specified regulations as agreed between the two parties and in compliance with relevant statutory obligations. The contributions of the Group to the defined contribution plans are charged to the income statement in the year in which they arise.

The Group's personnel are insured for its main pension to publicly administered pension insurance funds (i.e. Social Security Foundation and other) depending on their specialty. The contributions paid by the Group are included in "Staff costs". The Group's personnel are also insured for medical care in multiemployer funds. In these funds, there are no separate accounts for each company, hence accounting for defined contribution is followed. Once the contribution has been paid, the Group has no further payment obligations.

(b) Defined benefit plans

The Group's defined benefit plan regards the legal commitment to pay lump-sum severance grant, pursuant to L.2112/1920. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. The liability recognised in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated on an annual basis by an independent actuary with the use of the projected unit credit method.

The present value of the liability of the defined benefit plan is calculated by discounting the future cash outflows of the plan with the long-term Greek bonds' rate.

Actuarial gains and losses are not recognised as an expense unless the total unrecognised gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past-service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service

Costs are amortised on a straight-line basis over the vesting period.

(c) Share based employee remuneration

Group's subsidiary (Proton) operates equity-settled share-based remuneration plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based remuneration are measured at their fair values at the date at which they are granted. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in the income statement with a corresponding credit to "stock option reserve", net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates.

No adjustment is made to expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded in share premium account.

3.19 Income Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax liabilities are recognised for all taxable temporary differences.

However, in accordance with the rules set out in IAS 12, no deferred taxes are recognised in conjunction with goodwill.

No deferred taxes are recognised to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

No deferred taxes are recognised from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

In Greece submitted tax returns are not considered as final until tax authorities audit the company's books and records, or until the statute of limitation expires. In Greece the results reported to the tax authorities by an entity are provisional and are subject to revision until the tax authorities examine the books and records of the entity and the related tax returns are accepted as final. Therefore, entities remain contingently liable for additional taxes and penalties which may be assessed on such tax examination. It is common practice in Greece for the tax authorities to audit an entity's books and records and to disallow expenses arbitrarily and to assess additional taxes.

3.20 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment is analyzed in Note 7.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Impairment of available for sale financial assets

The Group follows the guidance in IAS 39 to determine if an investment has been impaired. This decision requires critical judgement. Available for sale equity investments are impaired when there has been a significant or prolonged decline in fair value below its cost. When the declines in fair value are considered significant or prolonged, the fair value reserve is transferred to the income statement. Furthermore, estimates are used to determine the fair value of equity investments which are not quoted in active markets. For those investments, the fair value is determined by using valuation techniques taking under consideration assumptions about industry and sector performances as well as the financial health of the investee.

b) Financial Instruments Classification

The Group's accounting policies require financial assets and liabilities to be classified into different categories at their inception:

- Investments held to maturity. Management judgement is required when applying this classification, which takes into account the Group's intention & ability to hold investment to maturity.
- Financial instruments for trading purposes include Investments and derivatives held to achieve short-term profit.

5. STRUCTURE OF THE GROUP

Entities consolidated under full consolidation method at 31 December 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

The following table indicates the Group structure as at 31 December 2007:

Name	Country	Direct Shareholding %	Indirect Shareholding %	Direct and Indirect Holding	Relation that dictated the consolidation	Note
IRF EUROPEAN FINANCE INVESTMENTS LIMITED				Parent		
	BERMUDAS					
MIMOSA TRADING SA	MARSHALL ISLANDS	100.00%	0.00%	100%	Percentage Ownership	Direct Stake
MYRTLE TRADING COMPANY	MARSHALL ISLANDS	100.00%	0.00%	100%	Percentage Ownership	Direct Stake
PROTON BANK GROUP						
PROTON BANK SA	GREECE	20.60%	0.00%	20.60%	Control	Direct Stake Indirect stake through
FIRST GLOBAL BROKERS SA	SERBIA	0.00%	16.63%	16.63%	Control	"PROTON BANK" Indirect stake through
PROTON MUTUAL FUNDS SA	GREECE	0.00%	20.58%	20.58%	Control	"PROTON BANK" Indirect stake through
OMEGA INSURANCE BROKERS SA	GREECE	0.00%	13.60%	13.60%	Control	"PROTON BANK" Indirect stake through
PROTON INSURANCE SA	GREECE	0.00%	18.80%	18.80%	Control	"PROTON BANK" Indirect stake through
INTELLECTRON SYSTEMS SA	GREECE	0.00%	11.46%	11.46%	Control	"PROTON BANK" Indirect stake through
OMEGA KAHN FINANCIAL SERVICES SA	SWITZERLAND	0.00%	16.48%	16.48%	Control	"PROTON BANK"
ASSOCIATES						
Omega Portfolio Investment SA	Greece	0.00%	6.01%	6.01%		

Changes in group structure during the year 2008

DISPOSAL OF SHAREHOLDING IN PROTON: On 24 September 2008, IRF sold 10 million shares in Proton Bank for a gross sales price of €65 million. The consideration for this disposal was in the form of cash. Following IRF's disposal of these shares in Proton Bank, the IRF directors holding position on the Board of Directors of Proton Bank resigned. As of 30 September 2008, IRF held approximately 2.9 million shares in Proton Bank, representing an interest of approximately 4.65%. As of 31 December 2008, IRF had disposed the entire investment 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 (note 15.2).

Information on consolidation

PROTON BANK is fully consolidated in the 2007 and the 9 month period of 2008 accounts because of the "de facto" power of the Company to control its financial and operating activities. In particular, IRF owned 20.60% of the voting rights of Proton Bank 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 Bank, 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 Bank, including Proton Bank's chairman.

Company's directors used their judgment in order to ascertain whether IRF had the effective control of Proton Bank according to the accounting policy adopted. Based on all relevant information available, Company concluded that it had the ability to control Proton Bank and therefore fully consolidated its financial statements. The following reasons advocate that IRF had control over Proton Bank:

- (a) IRF had exercised its effective power and appointed six members in the eleven-member Board of Directors of Proton Bank, including Proton Bank's chairman,

- (b) Based on the Purchase Agreement, the vendors, who were directors and shareholders of Proton Bank, agreed to vote in such a way that would protect IRF's power to appoint the majority of the Proton Bank's Board of Directors,
- (c) There were no realistic possibility that all the other shareholders, who represented the 72.86% of the voting rights, would be organized in such a way as to in practice block the exercise of IRF's power. In particular, the 72.86% of the shares of Proton Bank was held by more than 10,000 investors, the majority of whom did not usually attend the Shareholders' Meeting. Moreover, only 3 of them controlled more than 5% of the entity and
- (d) The relevant judgment was in compliance with the relevant Greek regulations.

All other subsidiaries comprising Proton Bank Group were consolidated because of the indirect, through Proton Bank, ownership of the majority of their voting rights. The method of consolidation is the Purchase Method. Also associates of Proton Bank (entities where Proton directly owns more than 20%) are considered as associates of IRF as well. Investment in associates is accounted under the equity method.

On 29 June 2006 IRF acquired a 28% stake in the share capital of "Proton Investment Bank", which was listed on the Athens Stock Exchange. The range of activities of the Proton Bank Group of Companies covers almost the whole spectrum of the financial industry. More precisely, Proton Bank Group is specialized in investment banking.

The Group consolidated Proton Investment Bank for the first time at 30 June 2007, the date at which control was deemed to be acquired. "Control" is the right to lead the financial and business policies of an entity in order to receive benefits from its operation.

On 7 September 2006, the Extraordinary General Meeting of shareholders of Proton Investment Bank approved the merger of the Bank with Omega Bank and Proton Securities. According to the Merger Contract, which was approved by the General Assembly, the exchange ratio was 1 share of Omega Bank for 0.90 shares of Proton Investment Bank. As Proton Bank holds 100% of Proton Securities shares, there was no exchange ratio. Additionally, the General Assembly decided the amendment of article 5 of its Articles of Association in order for the bank's share capital to rise after the merger, to a total amount of € 281,450,360.78 divided into 62,683,822 common voting shares of nominal value € 4.49 each. The merger was completed on 29 September 2007. Following Proton Investment Bank's merger with Omega and taking into account the shares issued therewith, the Company owned a 20.16% interest in the newly merged entity, Proton Bank. For the above merger the provisions of IFRS 3 "Business Combinations" were followed which applies to business combinations after 31 March 2004. On 24 September 2008, IRF sold its major participation in Proton Bank and as of 31 December 2008, IRF had disposed of its entire investment in Proton Bank.

MIMOSA TRADING SA: This company is duly incorporated and has filed articles of incorporation under the provisions of the Marshall Islands Business Corporation Act on 6 July 2007. IRF is the owner of five hundred (500) fully paid and non-assessable shares of the capital stock of the corporation. The aggregate number of shares of stock that this company is authorized to issue is five hundred (500) registered and/or bearer shares without par value.

MYRTLE TRADING COMPANY: This company is duly incorporated and has filed articles of incorporation under the provisions of the Marshall Islands Business Corporation Act on 6 July 2007. IRF is the owner of five hundred (500) fully paid and non-assessable shares of the capital stock of the corporation. The aggregate number of shares of stock that this company is authorized to issue is five hundred (500) registered and/or bearer shares without par value.

6. RISK MANAGEMENT

IRF Group is exposed to various risks in relation to financial instruments. After the disposal of Proton Bank, the extent of these risks has been reduced. IRF intends to minimise its exposure to credit, liquidity and interest rate risk, while it is exposed to market risks due to its investments in equity shares. All comparative figures for the year 2007 include the consolidated accounts of Proton Bank Group.

6.1 Credit Risk

The Group is exposed to credit risk, which is the risk that the counterparty of a financial instrument will cause losses to the Group by failing to discharge its obligations.

6.1.2 Maximum credit risk exposure before collateral held or other credit enhancements:

The below table presents the maximum credit risk exposure as at 31 December 2008 and 31 December 2007 respectively, without taking into account any collaterals or other credit enhancements pledged. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

Amounts presented in € '000

Total exposure to credit risk

Exposure to credit risk of the Balance Sheet items:	31.12.2008	31.12.2007
Cash and other equivalents	148,609	322,354
Due from other Banks	-	205,055
Loans and advances to Banks	-	45,906
Loans to retail customers		
-Credit Cards	-	37,232
-Consumer / Personal loans	-	159,010
-Housing	-	48,341
Corporate loans	-	1,113,216
Derivative financial instruments	-	11,529
Trading portfolio and other financial assets at fair value through Profit & Loss	3,688	126,792
Securities at fair value as at initial recognition	-	5,421
Investing portfolio securities		
-Held to maturity	-	9,717
-Available for sale	-	242,144
Other assets	607	91,475
Exposure to credit risk pertaining to off Balance Sheet items:		
Letters of Guarantee & Letters of Credit	-	113,358
Undrawn loans (approved) & other commitments	-	3,830
Total	152,904	2,535,381

6.1.3 Concentration of risks of financial assets with credit risk exposure: analysis per industry

The here below table breaks down the Group's main credit exposure at their carrying amounts, as categorized by the industry sectors of our counterparties.

Amounts presented in € '000	Financial institutions	Manuf/ring	Transport telecomm	Public sector	Trade	Leasing	Other industries	Individuals and households	Total
Cash and other equivalents	148,609	-	-	-	-	-	-	-	148,609
Trading portfolio and other financial assets at fair value through Profit & Loss	-	-	-	-	-	-	3,688	-	3,688
Other assets	542	-	-	-	-	-	65	-	607
-Total maximum credit risk as at 31 December 2008	149,151	-	-	-	-	-	3,753	-	152,904
Total maximum credit risk as at 31 December 2007	836,155	120,820	207,525	160,314	281,160	69,858	497,778	244,583	2,418,193

6.1.4 Concentration of risks of financial assets with credit risk exposure: analysis per geographical region

The Group has a significant credit risk concentration in Greece:

As of 31 December 2008

Amounts presented in € '000

	Greece	Other countries	Total
Cash and other equivalents	148,582	27	148,609
Trading portfolio and other financial assets at fair value through Profit & Loss	3,688	-	3,688
Other assets	565	41	607
Total	152,835	68	152,904

As of 31 December 2007

Amounts presented in € '000

	Greece	Other countries	Total
Due from banks	434,679	92,731	527,410
Loans and advances to customers	1,107,038	296,667	1,403,705
Derivative financial instruments	0	11,529	11,529
Financial assets at fair value through profit and loss	21,039	105,753	126,792
Financial assets designated at fair value	5,421	-	5,421
Investment securities:			
-Held-to-maturity investments	9,717	-	9,717
-Available-for-sale financial assets	204	241,940	242,144
Other assets	81,907	9,568	91,475
Total	1,660,005	758,188	2,418,193

6.2 Market Risk

The Group takes on exposure to market risks. Market risk is the risk of occurring possible losses caused by the fluctuation and volatility of market prices, such as share prices, interest rate and foreign exchange rate fluctuations.

Market risks arise from short-term deposits and equity holdings, all of which are exposed to general and specific market movements and changes.

The table below, presents the results in the carrying value of the assets of the Group as of December 31, 2008 by implementing a stress test scenario on the factors concerning the aforementioned market risks.

Amounts presented in € '000

Market Prices	Price Volatility	Impact on Equity and Profit and Loss
Foreign-exchange rate	-10%	(12,842)
Prices of listed securities	-50%	(127,210)
Interest Rates	+2,5%	(4,390)

6.3 Currency Risk

The Group undertakes currency risk arising from the exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The following tables summarize the Groups' exposure to currency risk. The Group's assets and liabilities at carrying amounts, categorized by currency are included in the table.

As of 31 December 2008

Amounts presented in € '000

ASSETS	EUR	USD	GBP	TOTAL
Cash and other equivalents	20,242	128,367	-	148,610
Trading portfolio and other financial assets at fair value through Profit & Loss	5,965	-	-	5,965
Investment portfolio securities				
-Available for sale	248,508	-	-	248,508
Other assets	565	7	34	607
Total assets	275,280	128,374	34	403,689
LIABILITIES				
Due to banks	198,393	-	-	198,393
Other liabilities	253	916	586	1,755
Total liabilities	198,646	916	586	200,148
Net Balance Sheet position	76,634	127,458	(551)	203,541

As of 31 December 2007

Amounts presented in € '000

	EUR	USD	GBP	JPY	OTHER	TOTAL
Total assets	2,451,882	261,836	4,600	3,397	28,639	2,750,354
Total liabilities	1,622,938	160,859	4,630	183,153	1,429	1,973,009
Net Balance Sheet position	828,944	100,977	(30)	(179,756)	27,21	777,346

6.4 Interest Rate Risk

Interest rate risk is the risk of a negative impact on the Group's financial condition due to its exposure to interest rates.

The following tables summarise the Group's exposure to interest rate risks. Included in the tables are the Group's assets and liabilities at carrying amounts categorized by contractual reprising date for floating rate items and maturity day for fixed rate items.

Amounts presented in € '000

As at 31 December 2008	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Uncategorized	Total
ASSETS							
Cash and balances with Central Bank							
Cash and other equivalents	76,155	72,455	-	-	-	-	148,610
Trading portfolio and other financial assets at fair value through Profit & Loss	-	-	3,688	-	-	2,277	5,965
-Available for sale	-	-	-	-	-	248,508	248,508
Other assets	-	-	-	-	-	607	607
Total assets	76,155	72,455	3,688	-	-	251,392	403,689
As at 31 December 2008							
LIABILITIES							
Due to banks	-	-	198,393	-	-	-	198,393
Other Liabilities	-	-	-	-	-	1,755	1,755
Total Liabilities	-	-	198,393	-	-	1,755	200,148
Net interest gap	76,155	72,455	(194,705)	-	-	249,637	203,541
As at December 31, 2007							
Total assets	1,419,393	435,860	222,226	254,039	15,854	402,975	2,750,347
Total liabilities	1,326,590	418,754	109,784	12,405	28,400	77,076	1,973,009
Net interest gap	92,803	17,106	112,442	241,634	(12,546)	325,899	777,347

6.5 Liquidity Risk

Liquidity risk arises from the Group's financing process and management of the open positions in the market. Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with financing liabilities when they fall due and to replace funds when are withdrawn. The consequence may be the failure, to meet obligations to repay depositors, to fulfil commitments to lend, and to liquidate its financial assets at fair value.

6.5.1 Non derivative contractual cash flows

The table below presents the cash flows payable by the Group under non-derivative financial liabilities remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Amounts presented in € '000

As at 31 December 2008

LIABILITIES	Less than 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
Due to other banks	-	2,976	11,808	220,639	-	235,423
Other liabilities	-	1,755	-	-	-	1,755
Total liabilities	-	4,731	11,808	220,639	-	237,178

As at 31 December 2007

LIABILITIES	Less than 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
Due to other Banks	288,506	145,435	-	-	-	433,941
Due to customers	1,041,364	278,979	112,359	13,852	3,733	1,450,287
Bonds issued	-	580	984	3,998	30,556	36,118
Other liabilities	260	10,615	-	-	5	10,880
Total liabilities	1,330,130	435,609	113,343	17,850	34,294	1,931,226

As of 31 December 2008 the Group, has not entered into any derivative contract or product. Therefore there are no derivative cash flows.

7. SEGMENTAL ANALYSIS

7.1 By Business segment (primary segment)

The Group has defined the following business segments: Investment Banking, Other banking activities and insurance and other activities.

Amounts presented in € '000

Financial year 1 January - 31 December 2008

Continuing operations

	Investment Banking	Other Banking Activities	Insurance and other activities	Total
Net Income				
- from interest	(3,151)	-	-	(3,151)
- from fees and commissions	(795)	-	-	(795)
- from dividends	729	-	-	729
- net trading income and other income	(213,404)	-	-	(213,404)
Total net income	(216,621)	-	-	(216,621)
Net segmental profit before tax	(218,795)	-	-	(218,795)
Impairment of Goodwill				-
Operating expenses not allocated				-
Net profit before tax				(218,795)
Tax				-
Profit after tax				(218,795)

Discontinued operations

Net Income				
- from interest	14,135	19,297	80	33,512
- from fees and commissions	9,377	4,741	-	14,118
- from dividends	1,874	-	1	1,875

Amounts presented in € '000

	Investment Banking	Other Banking Activities	Insurance and other activities	Total
- net trading income and other income	(15,985)	-	696	(15,289)
- from insurance activities	-	-	16,926	16,926
- other income	609	257	-	867
Total net Income	10,010	24,295	17,703	52,009
Net segment profit before tax	(4,067)	(7,117)	(665)	(11,848)
Transfers to profit and loss from disposal of Proton				(58,523)
Impairment of subsidiary of Proton Bank				(10,698)
Operating expenses not allocated				(4,449)
Net profit before tax				(85,519)
Tax				(1,621)
Profit after tax				(87,140)
Total segment income	(206,611)	24,295	17,703	(164,613)
Total segment net profit before tax	(222,862)	(7,117)	(665)	(230,644)
Depreciation - amortisation	791	2,857	2,109	5,757
Impairment Losses and Provisions	194,648	5,236	-	199,884
Share on profit from associates	(1,274)	-	-	(1,274)
31 December 2008				
Segment assets	403,689	-	-	403,689
Unallocated assets	-	-	-	-
Total assets	403,689	-	-	403,689
Segment liabilities	200,148	-	-	200,148
Unallocated liabilities	-	-	-	-
Total liabilities	200,148	-	-	200,148
Financial year 1 January - 31 December 2007				
Continuing operations				
Net Income				
- from interest	(909)	-	-	(909)
- from fees and commissions	(7,745)	-	-	(7,745)
- from dividends	12,804	-	-	12,804
- net trading income and other income	60,209	-	-	60,209
Total net Income	64,360	-	-	64,360
Net segmental profit before tax	63,513	-	-	63,513
Impairment of Goodwill				-
Operating expenses not allocated				-
Net profit before tax				63,513
Tax				0
Profit after tax				63,513
Discontinued operations				
Net Income				
- from interest	3,939	40,517	-	44,456
- From fees and commissions	30,568	5,037	-	35,605
- from dividends	3,467	-	-	3,467
- net trading income and other income	10,133	1,052	755	11,940
- from insurance activities	-	-	27,707	27,707
- other income	-	-	2	2
Total net Income	48,107	46,606	28,464	123,177
Net segment profit before tax	32,668	4,602	237	37,507
Impairment of Goodwill				(7,465)
Operating expenses not allocated				(5,781)
Net profit before tax				24,261
Tax				(9,748)
Profit after tax				14,513
Total segment income	112,467	46,606	28,464	187,537
Total segment net profit before tax	96,181	4,602	237	101,020
Depreciation - amortisation	1,006	3,646	140	4,792

<i>Amounts presented in € '000</i>	Investment Banking	Other Banking Activities	Insurance and other activities	Total
Impairment losses and provisions	89	6,892	22,335	29,316
Share on profit from associates	255	-	47	302
31 December 2007				
Segment assets	1,161,197	1,361,679	56,306	2,579,182
Unallocated assets	-	-	-	171,173
Total assets				2,750,355
Segment liabilities	441,381	1,467,435	46,766	1,955,582
Unallocated liabilities	-	-	-	17,426
Total liabilities				1,973,008
Investment in associates	3,886	-	625	4,511

A geographical segment is defined as a particular economic environment in which the Group is engaged in investment activities and that is subject to different risks and return from those in other economic environments. The substantial part of assets and liabilities are currently held in Greece.

8. NET INTEREST INCOME

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
Interest and similar income		
From deposits in financial institutions	7,374	10,498
From securities	52	-
From loans and receivables	732	-
Total	8,158	10,498
Interest and Similar Expenses		
Due to financial institutions	(10,946)	(10,832)
Other interest related expenses	(363)	(574)
Total	(11,309)	(11,406)
Net Interest Income	(3,151)	(909)

9. NET FEE AND COMMISSION INCOME

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
Fee and commission income from:		
Loans and advances to third parties	86	-
Total	86	-
Fee and commission expense from:		
Securities brokerage & safekeeping	(556)	(6,545)
Loans fees and commissions	(325)	(1,199)
Total	(881)	(7,745)
Net fee and commission income	(795)	(7,745)

10. DIVIDEND INCOME

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
Dividends from AFS securities	729	-
Dividends from trading securities	-	12,804
Total	729	12,804

11. NET TRADING INCOME

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
Purchase and sale of securities	(44,282)	77,186
Valuation of securities	(904)	(213)
Foreign exchange differences	7,303	(16,764)

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
Derivative instruments	9,570	-
Other income	54	-
Total	(28,258)	60,209

12. IMPAIRMENT LOSSES

As of 31 December 2008, the total amount of approximately € 185,146,000 is generated from the difference between the acquisition cost of the investments classified as available-for-sale and fair value of the aforementioned portfolio. The management of IRF, taking in consideration the following factors:

- the large decline in the fair value of the investments
- the prolonged vast negative trends in the Greek market
- the combined effect of the aforementioned events with the international economic and market conditions

has come to the conclusion that there is an objective evidence of impairment of the available-for-sale investments. Following the stipulations of IAS 39 paragraphs 59 and 67, when a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised.

13. STAFF COSTS

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
Wages and salaries	(100)	(100)
Total	(100)	(100)

	31/12/2008	31/12/2007
Number of employees	1	1

The CEO, is the sole employe of the Company.

14. OTHER OPERATING EXPENSES

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
Consulting and other third partie fees	(1,740)	(473)
Legal fees	(189)	(97)
Other operating expenses	(144)	(178)
Total	(2,074)	(748)

15. DISCONTINUED OPERATIONS

15.1 NET PROFIT FROM DISCONTINUED OPERATIONS

On 24 September 2008, IRF sold 15.95% investment in Proton Bank from its 20.6% percent interest. 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:

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
Interest and similar income	98,772	112,301
Interest and similar charges	(65,261)	(67,845)
Net interest income	33,511	44,456
Fee and commission income	21,569	43,966
Fee and commission expense	(7,451)	(8,360)
Net fee and commission income	14,118	35,606
Income from insurance services	24,045	39,643
Expenses from insurance services	(7,119)	(11,936)

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
Net Income from insurance services	16,926	27,707
Dividend income	1,872	3,468
Net trading income	(20,455)	8,196
Loss on investment portfolio recognised in profit and loss due to disposal of subsidiary.	(23,852)	-
Net income from financial instruments designated at fair value	4,425	2,263
Gains less losses from investment securities	(40)	-
Other operating income	1,648	1,482
	(36,402)	15,409
Total net income	28,152	123,178
Staff costs	(20,851)	(27,004)
Other operating expenses	(19,078)	(28,071)
Write-off of goodwill	(5,757)	(7,465)
Depreciation	(14,323)	(7,361)
Insurance claims	(17,716)	(22,335)
Impairment losses on financial assets and non financial assets	-	(6,981)
Total operating expenses	(77,726)	(99,219)
Share of (losses)/profits of associates	(1,273)	302
(Loss)/Profit before tax	(50,847)	24,261
Less: Income tax	(1,621)	(9,747)
(Loss)/Profit after tax from discontinued operations	(52,468)	14,513
Loss from disposal of discontinued operations	(26,952)	-
Impairment of goodwill previously recognised	(7,720)	-
Net profit from discontinued operations	(87,139)	14,513

The amount of approximately € 23,852,000 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 approximately € 7,720,000 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.

15.2 LOSS ON DISPOSAL OF PROTON BANK

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

<i>Amounts presented in € '000</i>	
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
<i>Amounts presented in € '000</i>	
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

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:

<i>Amounts presented in € '000</i>	
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:

<i>Amounts presented in € '000</i>	
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)

16. CASH AND BALANCES WITH CENTRAL BANK

<i>Amounts presented in € '000</i>		31/12/2008	31/12/2007
Cash on hand and cash in course of collection	-	-	34,384
Cheques receivable	-	-	12,344
Included in cash and cash equivalents	-	-	46,728
Mandatory reserve deposits with Central Bank	-	-	6,068
Total	-	-	52,796

17. CASH AND OTHER EQUIVALENTS

<i>Amounts presented in € '000</i>		31/12/2008	31/12/2007
Petty cash	1	1	1
Deposits placed in other financial institutions	3,569	3,569	322,354
Time deposits	145,039	145,039	-
Total	148,610	148,610	322,355

18. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

<i>Amounts presented in € '000</i>		31/12/2008	31/12/2007
Deposits placed in other financial institutions	-	-	33,787
Time deposits	-	-	155,133
Cheques receivables	-	-	1,053
Total	-	-	189,972
Placements with other banks (over 90 days)	-	-	15,082
Total	-	-	205,055

19. TRADING PORTFOLIO AND OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS

<i>Amounts presented in € '000</i>		31/12/2008	31/12/2007
Trading Portfolio		-	-
Government bonds	-	-	23,850
Corporate entities bonds	3,688	3,688	102,942
Mutual funds	-	-	8,903
Equity securities	2,276	2,276	38,686
	5,965	5,965	174,381

Amounts presented in € '000

Other financial instruments at fair value through Profit & Loss	31/12/2008	31/12/2007
Corporate entities bonds	-	5,421
Total	-	179,802

20. DERIVATIVE FINANCIAL INSTRUMENTS

There were no derivative financial instruments at 31 December 2008. The notional and fair values of derivatives held at 31 December 2007 were:

<i>Amounts presented in € '000</i>	Notional amount	31st December 2007 FAIR VALUE	
Derivatives held for trading		Assets	Liabilities
a) Trading in exchanges			
Options	3,583	-	136
Forwards / Futures	9,418	-	-
	13,001	-	136
b) OTC			
Interest rate swaps	489,672	4,302	4,240
Options	1,770,193	6,861	6,836
FX forwards	324,064	-	3,358
Credit default swaps	30,000	72	-
Total return swap	10,000	294	-
	2,623,929	11,529	14,434
Total recognised derivative assets /liabilities	2,636,930	11,529	14,570

The notional amount of certain types of derivative financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, to the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

The Group does not apply hedge accounting as described in IAS 39, therefore the gains and losses arising on derivative financial instruments are recognised in the income statement.

21. LOANS AND ADVANCES TO CUSTOMERS

The loan portfolio at a Group level is analyzed as follows:

Loans are measured at amortized cost. Loans fair value is not materially different from their carrying amount.

The movements in the provisions account are as follows:

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
<i>Retail customers</i>		
Mortgages	-	48,341
Consumer loans /Loans to individuals	-	159,010
Credit cards	-	37,232
Total loans and receivables to	-	244,584

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
individuals		
<i>Corporate customers</i>	-	
Agriculture	-	57,847
Mining	-	1,309
Heavy industry	-	113,773
Small Industry	-	12,946
Building / construction	-	139,832
Energy	-	310
Commercial / Insurance	-	259,391
Transportation	-	205,918
Financial institutions	-	45,906
Services	-	29,752
Other companies	-	222,280
Total loans and receivables to companies	-	1,089,263
Finance lease receivables	-	69,858
Total loans and receivables	-	1,403,705
Less: Allowances for losses (impairment) on loans and advances to customers	-	(35,680)
Total	-	1,368,025

Loans and advances to customers include finance lease receivables. Group's finance lease receivables refer to buildings, machineries and vehicles which are leased under a finance lease agreement to corporations.

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
Net investment in finance leases		
<i>Gross Investment in leased equipment</i>		
Less than 1 year	-	15,947
Between 1 to 5 years	-	61,795
More than 5 years	-	20,968
Less: unearned finance income	-	(28,852)
Net investments in leased equipment	-	69,858
The net finance leases receivables comprises:		
Less than 1 year	-	11,286
Between 1 to 5 years	-	43,733
More than 5 years	-	14,839
Total	-	69,858

Movement in allowances for credit losses	31/12/2008	31/12/2007
<i>Amounts presented in € '000</i>		
Balance at the beginning of the year	-	39,298
Allowances from acquisitions (Proton Bank)	-	0
Allowances from acquisitions (Omega Bank)	-	0
Impairment	-	6,892
Writte-offs	-	(10,509)
Balance at the end of the year	-	35,681

22. INVESTMENT PORTFOLIO

The Group's investment portfolio comprises financial instruments available for sale and held to maturity.

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
Investments held to maturity	-	-
Government bonds	-	6,659
Corporate bonds	-	3,058
<i>Total investment held to maturity</i>	-	9,717
Available for sale portfolio (at fair value)		
Corporate bonds	-	112,339
Equity securities	433,654	5,991
Other investments	-	2,092
Government bonds	-	129,805
Less: Provision for losses (impairment)	(185,146)	-
<i>Total available for sale securities</i>	248,508	250,227
Total Investment Portfolio	248,508	259,944

The movement in the investment portfolio for the year ended 31 December 2008 may be summarized as follows:

<i>Amounts presented in € '000</i>	Investments held- to-maturity 2008	Financial assets available for sale 2008	Total 2008
Balance as at 1 January 2008	9,717	250,227	259,944
Decrease from the disposal of Proton Bank	(9,717)	(250,227)	(259,944)
Additions / disposals	-	433,653	433,653
Redemptions	-	-	-
Accruals	-	-	-
Impairment losses	-	(185,146)	(185,146)
Amortization of premium/ discount	-	-	-
Balance as at 31 December 2008	-	248,508	248,508

Investment in Marfin Investment Group (MIG), constitutes the major investment in IRF's portfolio as at 31 December 2008.

23. INVESTMENTS IN ASSOCIATES

All investments in associates refer to a 29.20% holding of Proton Bank to the closed-end fund Omega AEEX, a company listed on ASE. After the disposal of Proton Bank, as of 31 December 2008, IRF does not hold any investment in associates.

The fair value of the investment as of 31 December 2007 is approximately € 3,426,000.

Some brief financial information as 31 December 2007 on the associates is given below:

<i>Amounts presented in € '000</i>	Domicile	Assets	Liabilities	Profits /(losses)	Participation %
Omega Portfolio Investment SA	Greece	15,823	91	1,034	6,01%

Investments in associates are accounted under the equity method.

24. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

<i>Amounts presented in € '000</i>	Land	Buildings	Machinery	Vehicles	Furniture	Total
Balance at 1 January 2008						

Cost	7,233	14,900	72	185	10,266	32,656
Accumulated depreciation	-	(1,824)	(34)	(116)	(2,803)	(4,777)
Net carrying amount	7,233	13,076	38	69	7,463	27,880
Year ended 31 December 2008						
Opening carrying amount	7,233	13,076	38	69	7,463	27,880
Exchange differences	-	3	-	-	-	3
Cost						
Accumulated depreciation						
Additions	-	498	6	-	1,010	1,514
Disposals - cost of acquisition	-	-	-	-	(158)	(158)
Disposals - accumulated depreciation	-	-	-	-	32	32
Depreciation charge	-	(778)	(8)	(26)	(1,133)	(1,945)
Transfer to disposal of Proton Bank	(7,233)	(12,799)	(36)	(43)	(7,214)	(27,325)
Closing net carrying amount	-	-	-	-	-	-
Balance at 31 December 2008						
Net carrying amount	-	-	-	-	-	-

25. NON CURRENT ASSETS HELD FOR SALE

<i>Amounts presented in € '000</i>	31.12.2008	31.12.2007
Asset of 'Proton Insurance' (<i>Note 39</i>)	-	53,509
Land	-	148
Buildings	-	70
Total	-	53,727

The account includes land and building acquired by means of foreclosure and auctions.

26. GOODWILL AND OTHER INTANGIBLE ASSETS

<i>Amounts presented in € '000</i>	Goodwill	Customer relations & other intangible assets	Software	Total
Balance at 1 January 2008				
Cost	157,184	19,538	4,747	181,469
Accumulated amortisation	(7,465)	(5,216)	(2,003)	(14,684)
Net carrying amount	149,719	14,322	2,744	166,785
Year ended 31 December 2008				
Opening net carrying amount	149,719	14,322	2,744	166,785
Transfer in assets held for sale:				-
-Cost				-
-Accumulated amortisation				-
Additions			293	293
Write-off, disposals				-
-Cost				-
-Accumulated amortisation	(7,720)			(7,720)
Amortisation charge		(3,129)	(573)	(3,702)
Transfer in disposal of Proton Bank	(141,999)	(11,193)	(2,464)	(155,656)
Closing net carrying amount	-	-	-	-
Balance at 31 December 2008				
Cost	-	-	-	-
Accumulated amortisation, impairment	-	-	-	-

<i>Amounts presented in € '000</i>	Goodwill	Customer relations & other intangible assets	Software	Total
Net carrying amount	-	-	-	-
<i>Amounts presented in € '000</i>				
Year ended 31 December 2007				
Opening net carrying amount	168,353	18,495	3,252	190,100
Transfer in assets held for sale:	0			0
-Cost	(12,393)		(126)	(12,519)
-Accumulated amortisation	0		46	46
Additions	1,224		309	1,533
Write-off, disposals				
-Cost			(8)	(8)
-Accumulated amortisation			1	1
Amortisation charge		(4,173)	(730)	(4,903)
Impairment charge	(7,465)			(7,465)
Closing net carrying amount	149,719	14,322	2,744	166,785

Additions to goodwill during the year 2007 are attributable to acquisition of additional stake in Proton and other subsidiaries. The Group on 30 June 2008 has reported an impairment loss of approximately € 7,720,000 being the excess of Proton's carrying amount.

The recoverable amount of Proton Group has been determined based on value in use calculations. This impairment loss, due to the sale of PROTON BANK, has been transferred to loss from discontinued operations (note 15).

27. DEFERRED TAX

Deferred tax has been calculated based on the nominal tax rate applicable for the financial years in which a temporary taxable and deductible difference reversal is expected.

Deferred income tax assets and liabilities are attributable to the following items:

<i>Amounts presented in € '000</i>	31/12/2008		31/12/2007	
	Deferred Tax		Deferred Tax	
	Asset	Liability	Asset	Liability
Retirement benefit obligations			296	-
Financial liabilities	-	-	192	-
Property, plant & equipment	-	-	-	548
Intangible assets	-	-	-	3,581
Staff bonuses and allowances	-	-	-	-
Tax Deductible losses	-	-	-	-
Commission from loan advances	-	-	168	-
Finance Leases	-	--	567	-
Provision for bad debts	-	-	1,063	-
Financial assets at fair value through profit or loss	-	-	1,430	-
Available for sale financial assets	-	-	3,359	2,800
Other financial assets	-	-	9	-
Other assets	-	-	16	-
<i>Total</i>	-	-	<i>7,095</i>	<i>6,928</i>
Amount set-off	-	-	(548)	-
Balance at 31 December	-	-	6,551	6,928

28. OTHER ASSETS

The Group's other assets and the company's other assets account are analysed as follows:

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
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Other Assets

Advances to employees	-	28
Advances to third parties	-	52
Contributions to Co-Guarantee Fund and Supplementary Fund	-	12,640
Guarantee fees	-	621
Prepayments to third parties	63	139
Brokerage fees receivables	381	15,539
Credit card receivables	-	1,751
Prepaid Taxes and other tax advances	-	8,963
Sundry debtors and other receivables	163	17,436
Bad debts (other than loans and receivables)	-	4,206
Receivables from related parties	-	2
Receivables from foreign stock exchange	-	4,608
Bond subscriptions	-	30,411
	607	96,396
Less: Provisions for losses (impairment) of receivables besides loans	-	(4,921)
Total	607	91,474

29. DUE TO FINANCIAL INSTITUTIONS

Amounts presented in € '000

	<u>31/12/2008</u>	<u>31/12/2007</u>
Interbank deposits	-	392,371
Sight deposits	-	201
Long-Term Loans	198,393	-
Time deposits	-	28,864
Sale and repurchase agreement (REPOS)	-	12,505
Total	198,393	433,941

During 2008, IRF has utilized the total of the € 270m loan facility that has been provided by a Bank. In September 2008, IRF repaid € 70m. The loan bears interest of 3 month Euribor plus 2.25% spread and 0.6% Law contribution. From the implementation of IAS 39, the effective rate has been calculated to 6.37%. All investment portfolio and cash accounts of IRF, are assigned as collateral to the loan which is repayable in full by September 2011.

30. DUE TO CUSTOMERS

Amounts presented in € '000

Due to Customers

Retail Customers

	<u>31/12/2008</u>	<u>31/12/2007</u>
Savings account	-	57,700
Sight deposits	-	18,175
Time deposits	-	794,343
Deposits under notice	-	1,738
	-	871,956

Corporate Customers

Sight deposits	-	67,898
Time deposits:		
Companies	-	319,249
Public organizations	-	-
Public companies	-	5,838
Other time deposits	-	55,694
Sale and repurchase agreement (REPOS)	-	986
	-	449,665
Blocked deposits	-	184
Pledged deposits	-	59,534
Margin accounts	-	40,800
Total	-	1,422,139

31. ISSUED DEBT SECURITIES

	31.12.2008	31.12.2007
Eurobond with maturity 2017	-	<u>25,283</u>
Total	-	25,283

Issued debt securities refer to a bond issued by PROTON BANK. Some brief financial information as of 31 December 2007 is given below:

Eurobond with maturity 2017

Standard loan Eurobond with a duration of 10 years, till 13 July 2017, closely related with DBFRB USD Index. The main elements of the debt securities in issue are as follows:

Issue date: 13 July 2007

Principal amount: 25.000.000 euros

Bond coupons: quarterly

Interest rate:

2008-2008	5.15 per cent.
2008-2009	5.15 per cent.
2009-2010	8.75 per cent less the cumulative return of the DBFRB USD Index (max 8,75%, min 0,00%)
2010-2011	9.00 per cent less the cumulative return of the DBFRB USD Index (max 9,00%, min 0,00%)
2011-2012	9.50 per cent less the cumulative return of the DBFRB USD Index (max 9,50%, min 0,00%)
2012-2013	9.50 per cent less the cumulative return of the DBFRB USD Index (max 9,50%, min 0,00%)
2013-2014	10.00 per cent less the cumulative return of the DBFRB USD Index (max 10,00%, min 0,00%)
2014-2015	10.00 per cent less the cumulative return of the DBFRB USD Index (max 10,00%, min 0,00%)
2015-2016	10.00 per cent less the cumulative return of the DBFRB USD Index (max 10,00%, min 0,00%)
2016-2017	10.00 per cent less the cumulative return of the DBFRB USD Index (max 10,00%, min 0,00%)

Form and denomination: The Bond Loan is constituted by five hundred (500) Bonds and the nominal amount of each Bond is EUR 50,000.

The aggregate nominal amount of the Bonds shall be EUR 25,000,000. The Bonds will be issued in Bond Certificates each one of which comprises one or more Bonds.

Duration: 10 years

Scheduled redemption: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Final Maturity Date.

Purpose of the issuance : To strengthen solvency.

32. RETIREMENT BENEFIT OBLIGATION

The retirement benefit obligations refer to PROTON GROUP's personnel and it is described as follows:

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
Amount recognized in Balance Sheet	-	-
Present value of unfunded benefit obligations	-	1,317

Unrecognised actuarial profits / (losses)	-	(178)
Total Liabilities at the end of period	-	1,140

Amounts recognized in Income Statement	31/12/2008	31/12/2007
Current service cost		277
Interest cost	-	44
Net actuarial losses recognized	-	1
Settlements	-	302
Total	-	624

The change in liabilities is described below:

Amounts presented in € '000

Change in liabilities:	31/12/2008	31/12/2007
Opening balance	-	1,228
Less: transfer in discontinued operations	-	(275)
	-	953
Increase due to acquisition of Proton Bank		
Increase due to business combination with Omega		
Expense for the period	-	625
Compensation paid	-	(438)
Total liability recognized in Balance Sheet	-	1,140

The main actuarial assumptions used are provided below:

	31/12/2008	31/12/2007
Discount Rate	-	4.90%
Future salary increases	-	4.70%
Personnel turnover rate	-	0.50%
	<u>EVK</u>	<u>EVK</u>
Mortality rates	-	2,000

33. CURRENT INCOME TAX LIABILITIES

Amounts presented in € '000

	31/12/2008	31/12/2007
Income Tax on Taxable Profits	-	9,671
Provision of tax liabilities	-	828
Total	-	10,498

Profits recorded in the jurisdictions of Bermuda and Marshall Islands are tax free.

34. OTHER LIABILITIES

Amounts presented in € '000

	31/12/2008	31/12/2007
Withholding taxes arising from salaries	-	542
Taxes and duties payable from customers' deposits	-	439
Other withholding taxes and duties	-	188
Prior year income taxes (from tax audit)	-	541
Social security contributions	-	878
Dividends payable	-	95
Salaries payable	17	239
Brokerage services securities and derivatives	-	266
Suppliers and other third party liabilities	1,739	10,983
Total	1,755	14,170

35. SHARE CAPITAL & SHARE PREMIUM

<i>Amounts in €' 000</i>	Number of shares	Nominal value \$	Share capital in \$	Share capital	Share premium	Total
Opening balance at 31 December 2007	124,832,394	-	187	147	400,443	400,590
Closing balance at 31 December 2008	124,832,394	-	187	147	400,443	400,590

Authorised share capital

	Preference Shares of \$0.0001 each			Common Shares of \$0.0015 each		
	Number	Amount in \$	Amount in €	Number	Amount in \$	Amount in €
Authorized at 31 December 2008	2,500,000	250	208	200,000,000	300,000	249,314

Movements in share capital and share premium

The Company issued and publicly offered 45,833,340 Units on 14 November 2005 ("Offering"). Each Unit consisted of one Common Share and two Warrants. Each Warrant entitles the holder to purchase from the Company one Common Share at an exercise price of \$5.00 per share.

The terms of the Offering provided that each Warrant would become exercisable on the earlier of (i) completion of a business combination which, when combined with all previous business combinations, has an aggregate transaction value of at least 50 per cent of the initial amount placed in trust together with such funds as are deposited in the trust fund following the stabilization period (a "Qualified Business Combination") and (ii) where a business combination has occurred but a Qualified Business Combination is not completed within 18 months after admission, or within 24 months after admission if a letter of intent, agreement in principle or definitive agreement has been signed by the Company during the initial 18 month period but such acquisition has not been consummated, or unless extended by majority shareholder approval (the date by which such Qualified Business Combination has to occur in any of these circumstances being the "Extended Date"), the relevant date shall be the extended date and will expire on the earlier of redemption or the date that is four years after the admission date.

Following the approval of the acquisition of Proton Bank at a special general meeting, the 91,666,680 Warrants became exercisable and may be exercised by 14 November 2009.

Year 2007

During March and April 2007, the Company modified the terms of its Warrants to encourage 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.

- The **Private Program** expired on 23 March 2007. Under this program, 48,214,674 Warrants participated. As a result, 57,133,822 new Common Shares were issued and \$237,740,145 of gross cash proceeds was raised. More particularly:
 - 666,645 Warrants were exchanged for 76,188 Common Shares with nominal value of \$0.0015. As a result, the amount of \$114 (€ 86) was transferred from the share premium account to the share capital account.
 - 47,548,029 Warrants were exercised by payment of the \$5.00 exercise price and 57,057,634 new Common Shares with \$0.0015 nominal value were issued. Total gross cash of \$237,740,145 (€ 178,846,118) was raised. As a result, share capital was increased by \$85,587 (€ 64,385) and share premium was increased by \$ 237,654,559 (€178,781,734).

- The **Public Program** expired on 26 April 2007. Under this program, 29,855,465 Warrants participated. As a result, 15,360,707 new Common Shares were issued and \$55,026,700 of gross cash proceeds was raised. More particularly:
 - 18,850,125 Warrants were exchanged for 2,154,300 Common Shares with nominal value of \$0.0015. As a result, the amount of \$3,231 (€2,368) was transferred from the share premium account to the share capital account.
 - 11,005,340 Warrants were exercised by payment of the \$5.00 exercise price and 13,206,407 new Common Shares with \$0.0015 nominal value were issued. Total gross cash of \$55,026,700 (€ 40,315,555) was raised. As a result, share capital was increased by \$23,041 (€ 16,881) and share premium was increased by \$ 55,003,659 (€40,298,673).
- Fees and expenses incurred in connection with the private and public program are amounted to \$ 5,591,257 (€4,287,287). The relevant amount has been recognized directly in equity as a deduction in the share premium account.

The Board of Directors of IRF, at a board meeting held on 24 July 2007 meeting, resolved to purchase up to 11 million treasury common shares for cancellation, having a par value of \$ 0.0015. IRF acquired 3.5 million shares on 26 July 2007 and 1,023,810 shares on 24 December 2007 for a total of \$20.34 million (Euro 14,529,000). All of these shares were subsequently cancelled.

All transactions with Common Shares and Warrants are denominated into US dollars. Amounts have been translated into Euro, the functional currency of the Group, by using the exchange rate applicable at each transaction date.

After the above movements, IRF had 124,832,394 Common Shares and 13,596,541 Warrants outstanding on 31 December 2008.

Year 2006

On 27 June 2006, at a Special General Meeting of IRF, its Shareholders approved the acquisition of Proton Investment Bank. The respective acquisition qualified as a business combination according to IRF's initial offering circular with the following consequences:

- Funds held under the Trust Account were released and were available to the Company for the acquisition of Proton Investment Bank and for any other use.
- The Company was relieved from the obligation to repay the offering proceeds to the shareholders, except to those shareholders who elected at the Special General Meeting to redeem their shares. Holders of 430,000 shares elected to have their shares repurchased by the Company.

Based on the decision of the Special General Meeting:

- 430,000 shares were cancelled and therefore the number of common and fully paid shares was reduced to 56,861,675.
- The amount of € 1,914,672 (\$ 2,425,392) was repaid to these shareholders
- The balance of € 189,940,006 (\$ 241,449,403) was transferred from the liabilities (compound financial instrument) to equity (share premium account).
- Warrants issued during the offering became exercisable.

On 20 December 2006, at the Annual General Meeting of IRF, its Shareholders approved the increase of the authorized share capital of the Company from \$ 223,687.53 to \$ 300,250 by the creation of an additional 51,041,645 common shares of par value \$ 0.0015 each and the relevant amendment of the bye-law 3 of the Company's bye-laws in order to reflect the increase.

The holders of Common Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share on a poll at meetings of the Company.

The Company is authorized to issue 2,500,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

36. OTHER RESERVES

As of 31 December 2008 IRF has not formed any kind of reserve. The comparative figures refer to the consolidated reserves of Proton Bank Group.

<i>Amounts presented in € '000</i>	31/12/2008	31/12/2007
Revaluation reserves		
Translation reserve	-	(5)
Reserve from the revaluation of Available for sale financial assets	-	(2,564)
Total	-	(2,570)
Other reserves		
Statutory reserves	-	275
Reserve of subsidiary's stock option program	-	200
Other reserves	-	16,112
Total	-	16,587

37. 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>	31/12/2008	31/12/2007
Cash and balances with Central Bank	-	46,728
Petty cash	1	1
Deposits placed in other financial institutions	3,569	322,354
Time deposits	145,039	-
Loans and advances to financial institutions	-	189,974
Asset held for sale	-	316
Total - Included in cash and cash equivalents	148,610	559,371

38. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of shares in issue during the year. Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume exercise of the warrants.

Basic and diluted earnings per share are analysed below:

<i>Amounts presented in €</i>	1/1 - 31/12/08	1/1 - 31/12/07
Basic Earnings per share		
Net Profit attributable to the Parent Company's Shareholders	(264,129)	61,635
Weighted average number of shares in issue	124,832	110,751
Basic earnings per Share (€/Share)	(2.12)	0.56
Net profit from continuing operations attributable to the Parent Company's Shareholders	(218,795)	63,513
Weighted average number of shares in issue	124,832	110,751
Basic earnings per Share (€/Share)	(1.75)	0.57

The effect of IRF's "Offering" of warrants on diluted earnings per share has not been taken into consideration since it is anti-dilutive. Also, the effect of Proton's stock option plan on diluted earnings per share has not been taken into consideration since, for the year 2007 since it is anti-dilutive.

39. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE.

On 28 December 2007 the Proton Group committed to sell its insurance activities. In particular, Proton Bank entered into a contractual agreement with the «Commercial Value Societe Anonyme Insurance» (Proton Insurance) to transfer 91,29% of the outstanding common shares of the «Proton Societe Anonyme Provision Insurance». Assets and liabilities of Proton Insurance have been classified as "Non current assets held for sale" and "Liabilities associated with assets classified as held for sale" respectively, for the year ended 31 December 2007. Assets of Proton Insurance, after eliminating all balances with the other group companies, are as follows:

<i>Amounts presented in € '000</i>	
ASSET	<u>31.12.2007</u>
Cash	10
Loans and advances to banks	306
Financial assets at fair value through profit or loss	12,980
Investments in associates	625
Intangible assets	12,473
Property, plant and equipment	2,256
Investment property	50
Insurance receivables	19,610
Reinsurance contracts	1,632
Deferred tax assets	69
Other assets	3,497
Total assets	<u>53,509</u>
LIABILITIES	<u>31.12.2007</u>
Debt securities in issue (note 31)	1,539
Retirement benefit obligations	275
Provisions for insurance contracts	36,093
Deferred tax liabilities	93
Other liabilities	6,339
Total liabilities	<u>44,339</u>

Intangible assets include goodwill of € 12,393 thousand which was originally allocated to Proton Insurance. The total net assets (including goodwill) were measured at their carrying amount which does not exceed the fair value of Proton Insurance less cost to sale. Fair value of Proton Insurance was determined on the basis of the binding agreement between the Group and "Commercial Value Societe Anonyme Insurance".

40. RELATED PARTIES TRANSACTIONS

40.1 Transactions between companies included in Consolidation

Transactions of the parent company with Subsidiaries	<u>31/12/2008</u>	<u>31/12/2007</u>
Asset Accounts		
Time deposit	-	28,864
Total	-	<u>28,864</u>
Income		
Dividend Income	2,582	-
Interest Income	656	-
Total	<u>3,238</u>	-

Transactions of the parent company with Subsidiaries

	<u>31/12/2008</u>	<u>31/12/2007</u>
Liability Accounts		
Other liabilities	70,881	70,199
Total	<u>70,881</u>	<u>70,199</u>

The aforementioned balances of the Company have been eliminated from the consolidated financial statements.

40.2 Transactions with Associates

<i>Amounts presented in € '000</i>	<u>31/12/2008</u>	<u>31/12/2007</u>
Asset Accounts		
Other amounts due	-	28
Total	<u>-</u>	<u>28</u>
Liability Accounts		
Deposits	-	5,188
Other liabilities	-	18
Total	<u>-</u>	<u>5,206</u>
Income /Expenses		
Interest and similar expenses	(143)	193
Other income	88	205
Total	<u>(55)</u>	<u>398</u>

The aforementioned balances of the Company with its subsidiaries have been eliminated from the consolidated financial statements

40.3 Transactions with Management and Members of the Board of Directors

No salaries or loans were paid to the Directors of the Company for the period, apart from salaries paid to CEO of the Company.

Transactions with Management and Members of the Board of Directors		
<i>Amounts presented in € '000</i>	<u>31/12/2008</u>	<u>31/12/2007</u>
Asset accounts		
Loans	-	22,467
Other assets	-	195
Total	<u>-</u>	<u>22,662</u>
Liability accounts		
Deposits	-	67,775
Depts securities in issue	-	1,539
Other Liabilities	1,009	177
Total	<u>1,009</u>	<u>69,491</u>
Letters of Guarantee	<u>-</u>	<u>18,195</u>
Income		
Interest and similar income	1,178	1,419
Other income	1,186	394
Total	<u>2,364</u>	<u>1,813</u>
Expenses		
Remuneration	3,719	5,224
Interest and similar expenses	2,094	3,120
Other fees & expenses	1,136	4,378
Total	<u>6,949</u>	<u>12,722</u>

41. STOCK OPTION PLAN

The Company has approved a stock option plan for its directors and employees in respect of up to 10 per cent of Shares in issue from time to time. Pursuant to the plan, holders receive options which vest over a period to be determined by the Board at the date of the granting of each such option. No share options has been granted to the directors or the employees of the company as of 31 December 2008.

42. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

42.1 Contingent legal liabilities

As at 31 December 2008 there was no litigation pending against the Group in connection with its activities.

42.2 Assets given as collateral

All investment portfolio and cash accounts of IRF, is assigned as collateral to IRF's long term loan.

43. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Differences might arise between the carrying amount and the fair value of financial assets and liabilities. The securities available of IRF GROUP are presented in the financial statements at their fair value.

44. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Assets

Balance at 1 January 2008

	Fair value through profit or loss	Available for sale	Held to maturity	Loans & advances	Total
Assets					
Trading portfolio and other financial assets at fair value through Profit & Loss	5,965	-	-	-	5,965
Other assets	-	248,508	-	-	248,508
Total	5,965	248,508	-	-	254,473

Balance at 1 January 2007

	Fair value through profit or loss	Available for sale	Held to maturity	Loans & advances	Total
Assets					
Loans & advances to financial institutions	-	-	-	527,410	527,410
Trading portfolio and other financial assets at fair value through Profit & Loss	179,802	-	-	-	179,802
Derivative financial instruments	11,529	-	-	-	11,529
Loans and advances to customers	-	-	-	1,368,025	1,368,025
Investment portfolio	-	250,227	9,717	-	259,944
Other assets	-	-	-	91,474	91,474
Total	191,331	250,227	9,717	1,986,909	2,438,184

Liabilities

Balance at 1 January 2008

LIABILITIES	At amortized cost	At fair value through profit or loss	Total
Due to financial institutions	198,393		198,393
Total liabilities	198,393		198,393
Balance at 1 January 2007			
LIABILITIES	At amortized cost	At fair value through profit or loss	Total
Due to financial institutions	433,941		433,941
Due to customers	1,422,139		1,422,139
Derivative financial instruments		14,570	14,570
Issued debt securities	25,283		25,283
Total liabilities	1,881,363	14,570	1,895,933

45. POST-BALANCE SHEET EVENTS

Subsequent events, which regard the Group which, according to the International Financial Reporting Standards, need to be mentioned are the following:

On 19 January 2009 IRF announced the successful admission of its entire issued Common Shares and all issued Warrants to trading on the Specialist Fund Market of the London Stock Exchange plc.

Admission had become effective and dealings in the Company's Common's Shares and Warrants commenced on the same date and trading of the Company's Common's Shares and Warrants on AIM was simultaneously cancelled.

As at the date of admission on the SFM, there were 124,832,394 Common Shares and 13,596,541 Warrants in issue.

46. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of "IRF European Finance Investments Limited" ("the Company") as well as the consolidated financial statements of the Company and its subsidiaries ("the Group"), for the year ended 31 December 2008 were approved by the Company's Board of Directors on 24 April 2009 and are subject to the final approval of the General Meeting of the Shareholders according the Company's Bye-laws,

Independent Auditors Report on pages 6 to7.

Athens, 24 April 2009

Angeliki Frangou

Loukas Valetopoulos

Chairman, Non – Executive Director

Chief Executive Officer, Director