

A copy of this document (the "**Prospectus**"), which comprises a prospectus relating to IRF European Finance Investments Ltd (the "**Company**") prepared in accordance with the prospectus rules ("**Prospectus Rules**") of the UK Listing Authority ("**UKLA**") made pursuant to Section 73A of the Financial Services and Markets Act 2000 (as amended) ("**FSMA**"), has been delivered to the UKLA for registration in accordance with Rule 3.2 of the Prospectus Rules. Application has been made for all the common shares (the "**Shares**") and all of the warrants (the "**Warrants**") in the Company to be admitted for trading on the Specialist Fund Market ("**SFM**") of the London Stock Exchange plc ("**LSE**") (the "**Admission**"). It is expected that Admission will become effective and that dealings in the Shares and the Warrants (together the "**Securities**") on the SFM will commence on or around 19 January 2009.

The directors of the Company (the "**Directors**"), whose names appear on page 16 under the sub-heading "Board of Directors", and the Company, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors and the Company, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

S Goldman Advisors LLC (the "**Financial Adviser**") is acting for the Company as its exclusive financial adviser in connection with the Admission and will not be responsible to anyone other than the Company for providing advice in relation to the Admission. The Financial Adviser does not accept any responsibility for the contents of this Prospectus or for any other statement made by it or on its behalf in connection with the Company or the Securities. The Financial Adviser accordingly disclaims all and any liability for this Prospectus or any such statement.

IRF European Finance Investments Ltd

(an exempted company incorporated in Bermuda under the Bermuda Companies Act 1981)



Admission to trading on the Specialist Fund Market of the London Stock Exchange of 124,832,394 common shares of U.S.\$0.0015 per share and 13,596,541 warrants to subscribe for common shares

This Prospectus does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, the Securities in any jurisdiction in which such an offer or solicitation is unlawful and is not for distribution in or into Canada, Japan, South Africa, New Zealand, the Republic of Ireland, Australia or the United States (the "**Prohibited Territories**"). The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (as amended) or the Investment Company Act or under the applicable securities laws of any State of the United States or of the other Prohibited Territories and, unless an exemption under such acts or laws is available, may not be offered for sale or subscription or sold or subscribed for directly or indirectly within the United States or the other Prohibited Territories or for the account or benefit of any national, resident or citizen of the United States or the other Prohibited Territories. The distribution of this Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

AN INVESTMENT IN THE SECURITIES INVOLVES A HIGH DEGREE OF RISK. RISK FACTORS IN RELATION TO, INTER ALIA, THE COMPANY AND THE SECURITIES ARE BROUGHT TO THE ATTENTION OF PROSPECTIVE INVESTORS IN THE SECTION BEGINNING ON PAGE 6 OF THIS PROSPECTUS. Prospective investors should be aware that if any of these risks materialise, they could lose all or part of their investment. The Shares and the Warrants are of a specialist nature and should normally only be purchased and traded by investors who are particularly knowledgeable in investment matters.

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I. SUMMARY

The following summary information is extracted from, and should be read as an introduction to and in conjunction with, the more detailed information appearing elsewhere in this Prospectus. Any investment decision relating to the Securities should be based on the consideration of this Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the applicable state of the EEA, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Following the implementation of the relevant provisions of the Prospectus Directive in each member state of the EEA, no civil liability will attach to the responsible persons in any such member state solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

Background

- The Company was incorporated as an exempted company on 8 September 2005 under the Bermuda Companies Act with the name IRF European Finance Investments Ltd. The Company was incorporated as a special purpose acquisition company with a particular focus on acquiring interests in entities in the financial services industry in Europe. The Company is a closed-ended company with limited liability and does not have a fixed term.
- In November 2005, the Company completed its Initial Public Offering. The Shares and the Warrants were admitted to trading on AIM on 14 November 2005.
- The net proceeds of the Initial Public Offering, which were placed in trust, could only be used to finance one or more business combination approved by the Company's shareholders in accordance with the terms set out in the Company's AIM admission document.
- In June 2006, the Company acquired approximately 28 per cent. of Proton Investment Bank. This acquisition qualified as a business combination and, on completion of the acquisition, all of the funds held in trust were released to the Company for use in connection with this acquisition and for future use without further restriction.
- Subsequent to the Company's original acquisition of an interest in Proton Investment Bank, Proton Investment Bank merged with Omega Bank S.A. resulting in the Company's interest in the merged entity, Proton, reducing to approximately 20 per cent. Since its original investment in Proton, the Company has made several disposals of Proton shares, ultimately resulting in its current shareholding.
- The Company has made investments, and divestitures, in a number of financial institutions and currently holds as its principal interests (a) 77,619,467 shares in MIG, representing approximately 10.39 per cent. of MIG's issued share capital; and (b) 212,072 shares in Proton, representing approximately 0.34 per cent. of Proton's issued share capital.
- As at the date of this Prospectus the Company has 124,832,394 Shares and 13,596,541 Warrants in issue.

Group Structure

The Company has two wholly owned subsidiaries, Mimosa Trading S.A. and Myrtle Trading Company, both of which are Marshall Island incorporated companies. Until the middle of 2007 all investments were made through and held by the Subsidiaries. The Subsidiaries do not, however, currently hold any of the Group's investments and their only assets are cash.

Reasons for the Change of Listing

The Company was initially admitted to trading on AIM because AIM was a leading market for small growing companies allowing a unique community of innovative and entrepreneurial companies. AIM provided the benefit of a public market within a regulatory system designed for smaller companies.

The Company has, however, developed from the original special purpose acquisition company which it was when the original admission was sought and, as such, the Directors have, following a lengthy review of other possible markets and strategic alternatives, determined that the SFM should provide a more suitable platform for the Company to carry out its activities as an investment company.

Fees and Expenses

The fees and expenses associated with Admission are expected to be approximately U.S.\$2 million, and will be borne by the Company.

Directors

The Board of Directors is comprised of Angeliki Frangou, Sheldon Goldman, Alexander Meraclis and Loucas Valetopoulos. With the exception of Loucas Valetopoulos, the Directors have received no cash compensation from the Company for services rendered to date. Loucas Valetopoulos has entered into a service contract with the Company, and his current salary is €100,000 per annum.

Major Shareholders

At the date of this Prospectus, Pershing Nominees Limited holds approximately 33% of the Shares in issue.

Investment Strategy and Objectives

The Company's investment strategy is to seek investment opportunities in the financial sector in Europe with a primary focus on financial institutions, investment funds and insurance companies based in South Eastern Europe. These investment opportunities may include controlling or non-controlling positions in both public and private entities. Given the global credit crisis, the Company intends to broaden the scope of its focus to include financial institutions outside of Europe, select distressed opportunities in other industries in the United States and, generally, companies which previously may have been an investment grade.

The Company intends to reinvest capital realisations and income from its investments with the aim of achieving capital growth. The Company may, however, at the discretion of the Directors, distribute capital and income received from investments on a periodic basis by way of either dividend payments or a repurchase/redemption scheme or similar.

All investment decisions are made by the Directors.

Existing Investments

As at the date of this Prospectus, the Company's principal existing investments are:

- (1) 77,619,467 ordinary shares in the capital of MIG, representing an interest of approximately 10.39 per cent.; and
- (2) 212,072 ordinary shares in Proton representing an interest of approximately 0.34 per cent.

Significant Change

Since 30 September 2008, the Group suffered a change in its financial position caused by a decline in the value of its equity securities, primarily its investment in MIG, and by the disposal of approximately 93% of its investment in Proton.

As at 30 September 2008, the Group held investments in equity securities valued at approximately €450 million. Currently, the Group holds investments in equity securities valued at approximately €250 million, reflecting a reduction in value of approximately €200 million.

Save from this change, there has been no significant change in the financial or trading position of the Group since 30 September 2008.

Available cash

As at 30 September 2008 the Group had approximately €169.3 million of available cash.

Dividend Policy

To date distributions on the Shares have been made by way of dividend on an annual basis.

In respect of the financial year ended 31 December 2007, the Company paid a dividend on 25 April 2008 of U.S.\$0.28 per Share. In respect of the financial year ended 31 December 2006, the Company paid a dividend on 18 April 2007 of U.S.\$0.26 per Share.

There can be no assurance that the Company will continue to pay dividends on an annual basis. The future payment of any dividend is at the discretion of the Directors.

Corporate Governance

The Company is not subject to and does not currently comply with the combined code on corporate governance (the "**Combined Code**") applicable to companies listed on the official list of the UKLA (the "**Official List**"). The Directors recognise, however, the importance of sound corporate governance and intend to continue to develop policies and procedures which, taking into account the size and nature of the Company, will create an effective corporate governance regime.

There is no mandatory corporate governance regime applicable to the Company under Bermuda law.

Summary of Financial Information

The following table summarises the unaudited financial data for the Group for the nine month period ended 30 September 2008 and should be read together with the financial information, which is included in Part VII of this Prospectus¹.

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

¹ The table sets out consolidated summary financial information for the Company and its two wholly owned subsidiaries, Mimosa Trading S.A. and Myrtle Trading Company and it includes the results from Proton up to the date it was controlled by the Company (24 September 2008) and the results from the disposal of Proton.

Loans from banks	199,350
Total liability	210,211
Total Equity	409,101

Related Party

Sheldon Goldman, a Director, is the managing director of S Goldman Advisors. The Company has entered into a financial services advisory agreement with S Goldman Advisors in its capacity as financial adviser, including the payment of a fee of U.S.\$1.35 million to S Goldman Advisors.

Auditors

The Company has engaged Grant Thornton in Athens to act as auditors to the Company (the "**Auditors**"). KPMG were appointed as the Company's initial auditors until their resignation on 29 August 2006. Following such resignation Grant Thornton were appointed as auditors on 24 November 2006 and such appointment was approved by the Shareholders at the Company's annual general meeting in December 2006. It is currently intended that Grant Thornton will be re-appointed as the auditors for the Company for the financial year 2009.

Key Risk Factors

The Company's business, operating results and financial condition could be materially and adversely affected by a number of risks relating to the Company and its business. As a result the value of either the Shares or the Warrants could decline and investors could lose all or part of their investment. The Directors consider the risks to include those set out below but investors should read the whole of this Prospectus, including the section titled "Risk Factors", and should and not rely solely on the summary information set out below.

- Economic depression and economic instability could adversely affect the Company's investments
- Volatility in the institutions in which the Company invests could adversely affect the Company's investments
- The possible lack of investment diversification may adversely affect the results of the Company's operations
- The Company currently invests in countries that may not be as developed as those of Western Europe or the United States, and the Company's business may be affected
- It may be difficult to dispose of privately held investments
- Exchange rate fluctuations may adversely impact the Company's business
- The Company could be considered an "investment company" under the Investment Company Act
- Potential conflicts of interest may adversely affect the Company's business
- The Company is dependent on the Board of Directors
- There is a limitation on enforcement of civil liabilities
- The Securities may have limited liquidity
- The share price of SFM traded companies may be highly volatile

- There can be no guarantee as to future performance
- The Company may not be able to identify, make and realise investments in any particular company or portfolio of companies
- Shareholders have no pre-emption rights and may be subject to significant dilution as a result of any future issue of Shares
- The Company may be a passive foreign investment company which could lead to additional taxes for U.S. holders of Shares or Warrants

II. RISK FACTORS

An investment in the Company involves a high degree of risk, including, but not limited to, the risks in relation to the Company and the Securities set out below. Persons considering an investment in the Company should carefully consider the following information about these risks, together with the information contained elsewhere in this Prospectus. Each of these risks could have a material adverse effect on the Company's business, prospects, financial condition or results of operations, and, if any of these were to occur, the trading price of the Securities and/or their Net Asset Value and/or the level of dividends or distributions (if any) received from the Securities could decline significantly and investors could lose all or part of their investment.

Estimates, expectations and plans in this Prospectus are statements of future expectations or intentions of the Company and the Directors. Actual future results could differ materially due to changes in market conditions and regulation. The Company has described the risks and uncertainties that it currently believes are material, but these risks and uncertainties may not be the only risks relating to the Company or an investment in the Company. Prospective investors are urged to consult with their own advisers before deciding to subscribe for Securities. Additional risks and uncertainties, including those the Company currently is not aware of or deems immaterial, could have adverse effects on the performance of the Company. There can be no assurance that the Company's investment objectives will be achieved.

Risks relating to the Company's business

Economic depression and instability could adversely affect the Company's business

The Company's performance is influenced by the economic conditions of the countries in which it invests or plans to invest, including Europe, the United States and the United Kingdom. The current strained global economic conditions and volatility of international markets provide a difficult environment for investing. Further, the stock price of the Company's current investments have been adversely affected due to the recent global economic depression.

Volatility in the institutions in which the Company invests

The financial institutions in which the Company invests, and those in which the Company may target to invest, have been severely affected by the global economic downturn. As a result, this affects the Company's ability to make investments in financial institutions at the current time. Risks affecting these institutions, which in turn affect the Company, include:

- Global economic conditions, particularly in Europe, the United States and the United Kingdom. A further deterioration in the financial markets in these countries could result in a general reduction of business activity, higher incidence of impairments and losses in lending, trading or other portfolios of financial institutions;
- Changes in interest rates, foreign exchange rates and bond and equity prices. One of the significant risks which financial institutions face are interest rate, foreign exchange rate and bond and equity price risks. Given the recent turbulence in the market, it is difficult to predict with accuracy changes in the economic or market conditions;
- Access to the debt capital market. Changes in the market, and potential downgrading of a financial institutions credit rating, may negatively affect the ability of financial institutions to borrow or will result in an increase in borrowing costs;
- Borrower credit quality. Risks arise from changes in credit quality and recoverability of loans and amounts due from counterparties. Adverse changes in the credit quality of a financial institution's borrow or counterparty, or their behaviour, or a general deterioration in global economic conditions, could affect the recoverability and require an increase in the provision for impairment losses and other provisions;
- Valuations of financial instruments. The valuation of financial instruments is determined using financial models which incorporate assumptions, judgements and estimates which may

change over time. These assumptions, judgements and estimates may need to be updated to reflect changing trends and market conditions. The resulting change could materially affect the valuations of the financial instruments used by financial institutions;

- Depressed asset valuations. Financial markets may be subject to significant stress conditions where steep falls in perceived or actual asset values are accompanied by a severe reduction in market liquidity. Severe market events are difficult to foresee and, if they continue to occur, could result in further losses;
- Liquidity risk. Financial institutions are subject to liquidity risk in that they may be unable to meet their obligations as they fall due. This risk is heightened by a number of specific factors such as changes in credit ratings or market-wide phenomena; and
- Financial institutions are subject to substantial regulation. Any significant regulatory developments, including governmental policies, could have an adverse impact on the operation of financial institutions and materially affect their business and value of their assets.

The possible lack of investment diversification may adversely affect the results of the Company's operations

The Company's current investment portfolio is highly concentrated as the Company only participates in a limited number of investments. There is no requirement for the Company to maintain portfolio diversification and there can be no assurance that its portfolio will be diversified beyond its existing investments. The unfavourable performance of a single investment, therefore, may adversely affect the aggregate return of the Company. The Company intends to invest predominantly in the financial sector and will therefore bear the risk of investing in only one sector.

The Company currently makes investments in countries that may not be as developed as those of Western Europe or the United States, and accordingly the Company's business may be affected

The legal, economic and political situations in the jurisdictions where the Company currently invests (including Greece where MIG and Proton principally operate) may not be as stable as those in other parts of Europe or the United States. These circumstances could make an investment in the region subject to greater risks. In addition, such jurisdictions may not use commercially accepted financial accounting principles, such as IFRS, which makes the evaluation of any business more difficult.

It may be difficult to dispose of privately held investments

General movements in local and international stock markets, prevailing economic conditions, investor sentiment and interest rates could have a substantial negative impact on the value of the Company's investments and investment opportunities in general. If an investment is incorrectly valued by the financial markets, the disposition opportunities available for that investment may, in the case of an undervaluation, be unattractive or, in the case of an overvaluation, be limited.

Exchange rate fluctuations may adversely impact the Company's business

The Securities are issued in U.S. dollars. The Company's assets are generally invested in securities and other investments whose income and expenditure are denominated in currencies other than U.S. dollars. Accordingly, the value of an investment may be affected favourably or unfavourably by fluctuations in exchange rates, notwithstanding any efforts made to hedge such fluctuations. In addition, prospective investors whose assets and liabilities are primarily denominated in currencies other than the U.S. dollar should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the U.S. dollar and such other currency. The Company may utilise derivatives such as forwards, futures, options and other derivatives to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective or beneficial in preventing a loss by a Shareholder on its investment. The Company does not use derivatives for investment purposes.

U.S. Investment Company Act

It is possible that the Company could be considered an "investment company" under the Investment Company Act. The Company has not registered with the U.S. Securities and Exchange Commission (the "SEC") as an investment company pursuant to the Investment Company Act in reliance on an exception under Section 3(c)(1) of that Act for investment companies (i) whose outstanding securities are held by fewer than 100 persons in the United States and (ii) which do not make a public offering of their securities in the United States. By a resolution of the Shareholders passed at a general meeting on 27 June 2006 an amendment to the Company's bye-laws was made to empower the Company to force transfers of shares, in order to avoid exceeding this limit.

If the SEC or a court of competent jurisdiction were to find that the Company was required, but in violation of the Investment Company Act had failed, to register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a U.S. federal district court to enjoin the violation; (ii) investors in the Company could sue the Company and recover any damages caused by the violation; and (iii) any contract to which the Company is party that is made in violation of the Investment Company Act or whose performance involves such violation would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Company be subjected to any or all of the foregoing consequences, or if the Company should determine that an exception from Investment Company Act registration was unavailable, it is likely that the Company would seek to modify the nature of its business and make or divest investments so as to avoid being subject to such registration requirements. If the Company were unable to do so within a year after Investment Company Act registration was required, it is likely that the Company would liquidate.

Potential conflicts of interest may adversely affect the Company's business

The Directors may engage in activities, including financial advisory activities, that are independent from and may, from time to time, conflict with those of the Company. If a conflict arises, each Director will at all times have regard to its obligations to act in the best interests of the Shareholders and they will each endeavour to ensure that such conflicts are resolved fairly. The potential conflicts of interest that may arise between the Company and the Directors may adversely affect the Company's investments, business, financial condition and prospects and the market price of the Securities, and may lead to a total loss of a Shareholder's investment.

Dependence on the Board of Directors

The investment business of the Company will be managed exclusively by the Directors and therefore the performance of the Company will be materially dependent on the ability of the Directors to source, acquire, manage and realise investments and, notwithstanding any track record they may have in this field, there is no guarantee that they will be able to do so successfully. In addition, the performance of the Company could be adversely affected should one or more Director leave or cease to be associated with the Company's investment activities.

Limitation on enforcement of civil liabilities

The majority of the Directors and officers reside outside the United States and, given the geographical location of the Company's current investments, it may be difficult for investors in the United States to enforce the legal rights, to effect service of process upon the Directors or officers or enforce judgments of United States courts predicated upon civil liberties of the Directors and officers under United States Federal securities laws.

Risks relating to the Securities

The Securities may have limited liquidity

The SFM is a new market of the LSE and, as such, likely liquidity levels on it are unknown. The Company is not required to appoint a market maker to make a market for the Securities traded on the SFM.

In addition, the liquidity of a securities market is often a function of the volume of the underlying securities that are publicly held by unrelated parties. Accordingly, the Securities may not be traded in sufficient volumes to give liquidity to holders of the Securities. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. If a liquid trading market for the Securities does not develop, the price of the Securities may become more volatile and it may be more difficult to complete a buy or sell order for such Securities.

The share price of SFM traded companies may be highly volatile

The share price of SFM traded companies may be highly volatile. The price at which the Securities are traded on a market and the price at which investors may realise their investment in the Securities is influenced by a large number of factors, some of which may be specific to the Company and its operations and some of which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of the Shares or the Warrants (or the perception that the same may occur), legislative changes and market, economic, political or regulatory conditions.

There can be no guarantee as to future performance

There is no certainty and no representation or warranty is given by any person that the Company will be able to achieve any level of performance referred to in this Prospectus, whether express or implied.

The Company may not be able to identify, make and realise investments in any particular company or portfolio of companies

There can be no assurance that the Company will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that any Shareholder will receive any future distribution from the Company.

Shareholders have no pre-emption rights and may be subject to significant dilution as a result of future issues of Shares

No pre-emption rights have been incorporated in the Bye-Laws. Shareholders may be subject to significant dilution as a result of additional share issues in the future.

Risks Relating to U.S. Taxation

The Company may be a passive foreign investment company

Based on the composition and nature of the Company's income and existing investments the Company may be classified as a passive foreign investment company for U.S. federal income tax purposes. If the Company is a passive foreign investment company, such classification could have material adverse consequences to U.S. taxable shareholders, including subjecting such shareholders: (i) to greater U.S. tax liabilities than might otherwise apply; (ii) to U.S. taxation in advance of when tax otherwise would be imposed; and (iii) to increased U.S. tax reporting requirements. U.S. taxable shareholders may be able to minimise any adverse tax consequences of the Company's PFIC classification by making a "qualified electing fund" election or a "mark-to market" election with respect to their interest in the Company. For more information, see "Taxation -- U.S. Federal Income Tax Consequences -- Tax Consequences if the Company is a Passive Foreign Investment Company".

Prospective investors should consult their own tax advisers regarding the U.S. tax consequences to them of acquiring, holding and/or disposing of interests in the Company.

III. PRESENTATION OF INFORMATION

Forward-looking Statements

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". Forward-looking statements are not historical facts and can often be identified by the use of terms like "estimates", "projects", "anticipates", "expects", "intends", "believes", "will", "continue", "may", "should" or the negative or other variations of these terms. All forward-looking statements, including discussions of strategy, plans, objectives, goals and future events or performance, involve risks and uncertainties.

The forward-looking statements contained in this Prospectus are based on sources believed to be reliable and on the Directors' current knowledge and belief. Nonetheless, they are merely estimates or predictions and cannot be relied upon. The Company cannot assure investors that future results will be achieved. The risks and uncertainties that may cause the Company's actual results to differ materially from the results indicated, expressed or implied in the forward-looking statements used in this Prospectus include but are not limited to those summarised on pages 4 and 5 of this Prospectus and described in more detail in Part II of this Prospectus.

The risk factors set out in Part II of this Prospectus are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of the Company's forward-looking statements. Other unknown or unpredictable factors could also harm the Company's future results. Under no circumstances should the inclusion of such forward-looking statements in this Prospectus be regarded as a representation or warranty by the Company with respect to the achievement of results set out in such statements or that the underlying assumptions used will in fact be the case. The Company believes it is important to communicate the Company's future expectations; nevertheless, investors cannot rely upon them. The forward-looking statements included in this Prospectus are made only as of the date of this Prospectus and the Company cannot assure investors that projected results or events will be achieved. The Company is only obliged to publicly update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise, to the extent required by the Prospectus Rules, Disclosure Rules and Transparency Rules of the UKLA.

Financial Accounting Method

The Company has prepared audited consolidated financial information under International Financial Reporting Standards ("IFRS") for the period ended 31 December 2007 and interim financial statements for the nine month period ending 30 September 2008 which are included in Part VII of this Prospectus.

Rounding adjustments

Certain figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

IV. NOTICE TO INVESTORS

U.S. INVESTORS

The Securities have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State Securities Commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Admission or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The Securities have not been and will not be registered under the Securities Act, and the Company has not been and will not be registered under the Investment Company Act.

UK AND EEA INVESTORS

This Prospectus does not constitute an offer of transferable securities to the public for the purposes of the Prospectus Directive. No person in a member state of the EEA may rely on this Prospectus to buy or subscribe for the Shares or the Warrants.

Securities may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act 2003 and the Exchange Control Act 1972 and related regulations of Bermuda which require the sale of securities in Bermuda. In addition, specific permission is required from the Bermuda Monetary Authority (the "BMA") pursuant to the provisions of the Exchange Control Act 1972 and related regulations for all issuances and transfers of securities of Bermuda companies other than in cases where the BMA has granted a general permission. The BMA in its policy dated 1 June 2005 provides that "where any Equity Securities (an equity security is defined as a share issued by a Bermuda company which entitles the holder to vote for or appoint one or more directors) are listed on an Appointed Stock Exchange (the SFM is deemed to be an Appointed Stock Exchange under the Bermuda Companies Act) general permission has been given for the issue and subsequent transfer of any securities of a company from and/or to a non-resident for as long as any Equity Securities of the company remain so listed".

At or shortly after Admission, the Company will deliver to and file a copy of this Prospectus with the Registrar of Companies in Bermuda in accordance with Bermuda law. Approvals or permissions received from the BMA or Registrar of Companies do not constitute a guarantee by the BMA or Registrar of Companies as to the performance or credit-worthiness of the Company in granting such approvals or permissions. The BMA shall not be liable for the performance or default of the Company or for the correctness, or otherwise, of any statements made in or opinions expressed in this Prospectus.

V. EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of publication of this Prospectus	2 January 2009
Admission to trading and unconditional dealings in Shares and Warrants commence on the SFM	19 January 2009

VI. INFORMATION ON THE COMPANY

The Company

The Company was incorporated as an exempted company on 8 September, 2005 under the Bermuda Companies Act, with the name IRF European Finance Investments Ltd. The Company was principally formed to invest in the financial services industry with a primary focus on credit institutions and insurance companies in South Eastern Europe. The Company is closed-ended and does not have a fixed term.

Investment Strategy and Objectives

The Company's current investment strategy is to seek investment opportunities in the financial sector in Europe with a primary focus on financial institutions, investment funds and insurance companies based in South Eastern Europe. These investment opportunities may include controlling or non-controlling positions in both public and private entities. Given the global credit crisis, the Company intends to broaden the scope of its focus to include financial institutions outside of Europe, select distressed opportunities in other industries in the United States and, generally, companies which previously may have been an investment grade.

The Company intends to reinvest capital realisations and income from its investments with the aim of achieving capital growth. The Company may, however, at the discretion of the Directors, distribute capital and income received from investments on a periodic basis through either dividend payments or a repurchase/redemption scheme or similar.

All investment decisions are made by the Directors.

Amendments to the Investment Strategy

The investment strategy summarised herein represents the Company's current strategy as of the date of this Prospectus. Depending on conditions and trends in the financial markets and the global economy in general, the Directors may employ any investment techniques or purchase any type of security that they consider appropriate and in the best interests of the Company, whether or not described in this section, subject always to any applicable law or regulation. There can be no assurance that the Company's investment strategy will achieve profitable results or a return of capital. The Company's investment programme is speculative and involves a high degree of risk, including without limitation the risk of loss of the entire amount invested.

Following Admission the Directors may amend the investment strategy as they deem necessary or appropriate at their discretion without the need for Shareholder approval.

Typical investors in the Company are expected to be institutional and sophisticated investors. An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's investment objectives will be achieved.

Existing Principal Investments

Proton

The Company currently holds 212,072 ordinary shares in Proton representing approximately a 0.34 per cent. interest. The Company disposed of 2,699,869 ordinary shares in Proton in the period from 30 September 2008 to 31 December 2008.

Proton is a full service financial services institution, including retail and investment banking as well as providing specialised corporate advisory and investment services. Proton is listed on the Athens Stock Exchange.

The Company originally acquired approximately a 28 per cent. interest in Proton Investment Bank in June 2006. Proton Investment Bank subsequently merged with Omega Bank S.A. and the Company's interest in the entity arising from the merger, Proton, was reduced to approximately 20 per cent. In

September 2008, the Company disposed of a significant portion of its interest in Proton, resulting in its current shareholding.

MIG

The Company currently holds 77,619,467 ordinary shares in MIG, representing approximately a 10.39 per cent. interest. Further to depreciation in the value of ordinary shares in MIG, the value of the Group's holding in MIG has been reduced from approximately €388 million to approximately €225 million in the period from 30 September 2008 to 31 December 2008.

MIG is an investment company investing in private equity, privatisations and in infrastructure projects and principally operates in Greece, Cyprus and South East Europe. MIG is based in Greece and was incorporated under Greek law in 1998 (registered number 16836/06/B/88/06). Its offices are at 67 Thisseos, Nea Erythrea, 146 71, Greece. MIG is listed on the Athens Stock Exchange.

The Company originally acquired an interest in MIG in April 2008 and has made a series of further acquisitions, ultimately resulting in its current shareholding.

Available cash

As at 30 September 2008 the Group had approximately €169.3 million of available cash.

Working Capital

The Company believes that the working capital available to the Group is sufficient for its present requirements and for its requirements for at least 12 months from the date of this Prospectus.

Capitalisation and Indebtedness

The following table sets out the capitalisation and indebtedness of the Company as at 30 September 2008. The accounts of the Subsidiaries have been consolidated into the information set out below.

CAPITALISATION AND INDEBTEDNESS	
	As at 30 September 2008
	<i>(amounts in '000 Euros)</i>
Total current debt	-
Guaranteed	-
Secured	-
Unguaranteed / Unsecured	-
Total non current debt (excluding current portion of long term debt)	199.350
Guaranteed	-
Secured ²	199.350
Unguaranteed / Unsecured	-
Shareholders equity	
Share capital	147
Share premium	400.443
Other reserves	(24.293)
Retained earnings	32.804
Total	608.451

² The investment portfolio of IRF has been assigned as collateral to the long term loan by Investment Bank of Greece. The portfolio comprises shares listed on the Athens Stock Exchange.

NET FINANCIAL INDEBTEDNESS

Cash	169.264
Cash equivalents	-
Trading securities	-
Liquidity	169.264
Current financial receivable	-
Current Bank debt	-
Current portion of non current debt	-
Other current financial debt	-
Current financial debt	-
Net current financial indebtedness	169.264
Non current Bank Loan	(199.350)
Bonds issued	-
Other non current loans	-
Non current financial indebtedness	(199.350)
Net financial indebtedness	(30.086)

Contingent and indirect indebtedness

There were no material contingent liabilities as at 30 September 2008.

All transactions in respect of the Securities are carried out in U.S. dollars. Amounts presented above have been converted into Euro, the functional currency of the Company, by using the exchange rate applicable at each transaction date.

Borrowing

Pursuant to its memorandum, the Company has the ability to borrow for investment purposes and there are no limitations or restrictions on the amount which can be borrowed by the Company.

Hedging

Shares and Warrants are issued in U.S. dollars. The Company's assets will primarily be invested in securities and other investments denominated in, or significantly exposed to, other currencies. Accordingly, the value of a Shareholder's shareholding may be affected favourably or unfavourably by fluctuations in exchange rates between the U.S. dollar and such other currencies. In addition, prospective investors whose assets and liabilities are primarily denominated in currencies other than the U.S. dollar should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the U.S. dollar and such other currencies.

The Company does not currently intend to seek to hedge the Company's currency risks. It does, however, review this policy from time to time and may seek to hedge such risks at some point in the future. If the Company were to seek to hedge against such risks there can be no assurance that such hedging transactions would be effective or beneficial.

Investment Restrictions

The Company is not subject to any investment restrictions.

Structure

The Company has two wholly owned subsidiaries, Mimosa Trading S.A. and Myrtle Trading Company, both of which are Marshall Island incorporated companies. Until the middle of 2007 all investments were made through and held by the Subsidiaries. The Subsidiaries do not, however, currently hold any of the Group's investments and their only assets are cash.

All of the Company's investments are, and are expected to continue to be, owned directly by the Company.

Management

Board of Directors

The Directors have overall responsibility for the Company's activities. Brief biographies of the Directors are set out below:

Angeliki Frangou - Ms. Frangou has been Chairman and Chief Executive Officer of the Company since its inception. Ms Frangou is also the Chairman and Chief Executive Officer of Navios Maritime Holdings Inc., Navios Maritime Partners, L.P. and Navios Maritime Acquisition Corporation, all of which are public companies listing on the New York Stock Exchange. Prior to the acquisition of Navios Holdings by International Shipping Enterprises, Inc. ("ISE"), Ms. Frangou was the Chairman, Chief Executive Officer and President of ISE. Ms. Frangou was the Chief Executive Officer of Maritime Enterprises Management SEA., a company located in Piraeus, Greece, that specialises in the management of dry cargo vessels of various types and sizes, from the time she founded the company in October 2001 until August 2005. Ms Frangou was also a member of the board of directors of Emporiki Bank of Greece, the second largest retail bank in Greece, from April 2004 to July 2005 and was Chairman of the board of directors of Proton Bank, based in Athens, Greece from June 2006 to September 2008. Ms. Frangou is a member of the Mediterranean Committee of the China Classification Society and member of the Hellenic and Black Sea Committee of Bureau Verities. Ms. Frangou received a bachelor's degree in mechanical engineering from Farleigh Dickinson University (summa cum laude) and a master's degree in mechanical engineering from Columbia University.

Sheldon Goldman - Mr. Goldman has been a Director since 15 September 2005 and deputy Chairman since October 2005. Mr. Goldman has been Managing Partner of S. Goldman Advisors LLC, a boutique investment bank, since October 2005. He previously acted on behalf of the placing agent for the Initial Public Offering of the Company. Mr. Goldman has been the chief executive officer of Goldman Strategic Value, LLC since 2002 and has been a director of S Goldman Capital LLC since June 2007. Mr. Goldman has a bachelor of arts from Yeshiva University, a law degree from Benjamin N. Cardozo School of Law and a master's in tax law from Georgetown University Law Center.

Alexander Meraclis - Mr. Meraclis has been a Director of the Company since 15 September 2005. Since 2002, Mr. Meraclis has been director for institutional equity sales and trading for Megatrust-Olympic Securities S.A., the equity arm of DEMKO group based in Athens, Greece. From 1999 to 2002, Mr. Meraclis was an equities and derivatives trader at Sigma Securities, S.A., a company based in Athens, Greece. Mr. Meraclis has a bachelor degree in business administration from Athens University of Economics, Greece and a masters degree in business administration from Nijenrode University, The Netherlands.

Loucas Valetopoulos - Mr. Valetopoulos has been a Director since 29 September 2006. Prior to his appointment with the Company, Mr. Valetopoulos worked for over 21 years in corporate and investment banking positions (with Citibank, BNP Paribas and ABN AMRO) and also in other senior managerial positions (General Manager of the Invest in Greece agency, the Greek Government investment promotion agency which he set up). As Vice-Chairman of a publicly listed company, Electra S.A., that was later acquired by Piraeus Bank and turned into a Real Estate investment trust, he oversaw a €55 million share capital raise on the Athens Stock Exchange. He is a major shareholder of a family-owned real estate consultancy, Valeur S.A., of which he is Chairman.

Potential Conflicts of Directors' Interests

To the best of the Company's knowledge, there are no conflicts of interest between the duties owed to the Company by the Directors and their personal interests.

Employees of the Company

Loucas Valetopoulos is the Company's sole employee.

Compensation of Directors and Employees

To date, none of the Directors, other than Loucas Valetopoulos, has received any compensation in respect of services provided to the Company. Certain of the Directors (together with former directors) received shares in the Company in connection with its Initial Public Offering. All of these shares have since vested.

The Company acknowledges the need, as the Company develops further, to recognise the services of its directors and employees. In doing so, it is the Company's aim to continue to align the interests of the board and management with the interests of the shareholders and expects to achieve this through an appropriate mix of share based incentive compensation and cash remuneration.

Stock Option Plan

In connection with the aims set out above, the Company has implemented 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.

Related Party

Sheldon Goldman, a Director, is the managing director of S Goldman Advisors. The Company has entered into a financial services advisory agreement with S Goldman Advisors in its capacity as financial adviser, including the payment of a fee of U.S.\$1.35 million to S Goldman Advisors. For further information on this agreement see paragraph 9 of Part IX of this Prospectus.

Regulatory Status

The Company is not (and is not required to be) regulated or authorised by the FSA but, in common with other investment companies admitted to the SFM, is subject to the Prospectus Rules and is bound to comply with applicable law such as the relevant parts of FSMA.

Corporate Governance

As a Bermuda exempted company there is no corporate governance regime applicable to the Company. However, the Company complies with all the provisions of the Bermuda Companies Act to the extent that the same are applicable and relevant to the Company's activities. The Company is not subject to and does not currently comply with the Combined Code. The Directors recognise, however, the importance of sound corporate governance and intend to continue to develop policies and procedures which, taking into account the size and nature of the Company, will create an effective corporate governance regime.

There is no mandatory corporate governance regime applicable to the Company under Bermuda law.

On 9 June 2006 the Company established an audit committee and a remuneration committee. The audit committee, among other things, reviews and approves the Company's financial statements. The current members of the audit committee are Sheldon Goldman and Alexander Meraclis. The remuneration committee determines and agrees with the Board of Directors the framework for the remuneration of the Company's chief executive, chairman, executive directors, company secretary and other members of the Company's management. The current members of the remuneration committee are Sheldon Goldman and Alexander Meraclis.

Takeover Code

As the Company is not resident or incorporated in the UK, the Takeover Code does not apply to the Company. As a result, any takeover of the Company will not be regulated by the UK Takeover Panel.

Distributions

The Company intends to reinvest capital realisations and income from its investments with the aim of achieving capital growth. The Company may, however, at the discretion of the Directors, but subject at all times to the solvency requirements of the Bermuda Companies Act and the Bye-Laws, distribute capital and income received from investments on a periodic basis by way of either dividend payments or a repurchase/redemption scheme or similar. The Board may, in its discretion, determine that any dividend shall be paid in cash or shall be satisfied, in accordance with the Bye-Laws, by means of an issue of Shares.

To date distributions on the Shares have been made by way of dividend on an annual basis.

In respect of the financial year ended 31 December 2007, the Company paid a dividend on 25 April 2008 of U.S.\$0.28 per Share. In respect of the financial year ended 31 December 2006, the Company paid a dividend on 18 April 2007 of U.S.\$0.26 per Share.

There can be no assurance that the Company will continue to pay dividends on an annual basis. The future payment of any dividend is at the discretion of the Directors.

Investment Valuation Methodology and Net Asset Value Calculation Methodology

The Company values its investments in quoted securities based on the closing share price on the relevant exchange as at any particular date.

The Company calculates its net asset value on a quarterly basis and publishes it with its quarterly reports. The net asset values, as calculated by the Directors, are unaudited.

For the quarter ended 30 September 2008 the Company determined that the Shares had a net asset value of U.S.\$4.62 per Share. The equity holdings portfolio of the Company are marked to market on the balance sheet as at 30 September 2008. As at this date, the total assets of the Company, including the cash balance of €169.3 million, was €619.3 million. The total liabilities were €210.2 million. Consequently, the equity value was €409.1 million. The Euro/U.S.\$ exchange rate of U.S.\$1.4092 on 30 September 2008 was used to compute the net asset value. As of 30 September 2008, the Company had 124,832,394 common shares outstanding.

Limited Liability of Shareholders

The liability of Shareholders for the Company's debts is limited to the amount, if any, unpaid on their Shares.

Fiscal Year

The Company's fiscal year ends on 31 December of each year.

Reports to Shareholders

The Company publishes statutory financial statements prepared on an IFRS basis up to 31 December in each year. In addition, the Company publishes unaudited quarterly reports prepared on an IFRS basis.

Shareholders are sent updates on the Company's activities as and when deemed appropriate by the Board.

Accounting Policy

The audited accounts of the Company are prepared under IFRS. Under IFRS, the Company prepares an income statement which, unlike a statement of total return, does not differentiate between income and capital and also includes net realised and unrealised investment gains.

Plan of Distribution and Allotment

No applications for new Shares have been received or will be accepted prior to Admission.

Buy-Back of Shares and Warrants

Share Buy-Backs

The Board may, at its discretion and without the sanction of the Shareholders, authorise the purchase by the Company of its own shares, at any price, and any shares to be so purchased may be selected in any manner whatsoever, upon such terms as the Board may in its discretion determine, provided always that such purchase is effected in accordance with the provisions of the Bermuda Companies Act and the Bye-Laws.

From time to time the Company has undertaken share buy-backs. In July 2007 the Company purchased for cancellation 3,500,000 Shares at an average price of U.S.\$4.4625 in the open market for a total cost of U.S.\$15.62 million. In December 2007 the Company purchased for cancellation 1,023,810 Shares at an average price of U.S.\$4.50 in the open market for a total cost of U.S.\$4.6 million.

Warrant Programme

During March and April 2007, the Company modified the terms of its Warrants to encourage the early exercise of its Warrants. Under two programs, a private program offered to certain qualified investors (the "**Private Program**") and a subsequent public program offer to all warrant holders (the "**Public Program**"), the Company temporarily (1) increased the number of Shares received upon exercise of a Warrant from one Share to 1.2 Shares upon the payment of U.S.\$5.00 and (2) permitted the exercise of a Warrant such that the holder received one Share in exchange for every 8.75 Warrants surrendered. Warrant holders were permitted to use one or both methods to convert their Shares into Warrants.

The Private Program expired on 23 March 2007. Under this program, 48,214,674 Warrants (representing 52.6 per cent. of the Warrants outstanding at the time of the private program) participated, of which 47,548,029 Warrants were exercised by payment of the U.S.\$5.00 exercise price and 666,645 Warrants were exchanged for Shares. As a result U.S.\$237,740,145 of gross cash proceeds were raised and 57,133,822 new Shares were issued.

The Public Program expired on 26 April 2007. Under this program, 29,855,465 Warrants (representing 68.7 per cent. of the Warrants outstanding at the time of the Public Program (after taking into account the conversion of the Warrants under the Private Program)) participated, of which 11,005,340 Warrants were exercised by payment of the U.S.\$5.00 exercise price and 18,850,125 Warrants were exchanged for Shares. As a result, U.S.\$55,026,700 of gross cash proceeds were raised and 15,360,707 new Shares were issued.

Settlement and Dealing

Application will be made by the Company for all of the Securities to be admitted to trading on the SFM. It is expected that Admission will become effective and that dealings in the Securities will commence on 19 January 2009.

The Securities are in registered form and in certificated form. Given the Company is not a UK entity, the Securities are ineligible for admission to CREST, a paperless settlement procedure enabling securities to be evidenced other than by certificate and transferred otherwise than by written instrument. The Company has facilitated paperless trading by means of Capita IRG Trustees Limited ("**Capita**") issuing depository interests in respect of the underlying Securities (the "**Depository**").

Interests"). These Depositary Interests may be held and transferred within CREST. The Depositary Interests were created and issued pursuant to a deed poll executed by Capita on 16 March 2007 under English law, copies of which are available from Capita.

The Depositary Interests carry the same ISIN in CREST as the Securities.

Unlike transfers of certificated securities, transfers of the Depositary Interests are subject to Stamp Duty Reserve Tax ("**SDRT**") at the rate of 0.5%. This is because the Depositary Interests do not meet all of the criteria set out for SDRT exemption granted in Statutory Instrument 1999 No. 2383 (as amended) (The Stamp Duty Reserve Tax (UK Depositary Interests in Foreign Securities) Regulations 1999).

CREST is a voluntary system and holders of Securities who wish to receive and retain share certificates will be able to do so.

Securities held by U.S. persons, distributors or any of their respective affiliates (as such terms are defined in Regulation 5, under the Securities Act) are ineligible for conversion into Depositary Interests.

Transfer of Securities

The Securities are freely transferable, save that the Securities will not be transferable where the transfer and subsequent holding of such Shares or Warrants may result in a regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or the Shareholders as a whole.

Specific permission is required from the BMA pursuant to the provisions of the Exchange Control Act 1972 and related regulations for all transfers of, and issuances in, securities of Bermuda companies other than in cases where the BMA has granted a general permission. The SFM has been recognised as an "Appointed Stock Exchange" under the Bermuda Companies Act and, as such, the general permission given by the BMA on 1 June 2005 is applicable to the Company. This general permission is revocable by the BMA, but shall otherwise continue to apply to the Company for so long as the Company continues to be quoted on the SFM and the SFM remains recognised as an Appointed Stock Exchange.

In particular, the Securities may only be offered, sold, pledged or otherwise transferred (A) outside the United States to non-U.S. persons in "offshore transactions" not subject to the registration requirements of the Securities Act by virtue of Regulation S thereunder and (B) within the United States only (1) to "qualified institutional buyers" (as defined in Rule 144A) who are also "qualified purchasers" (as defined in the Investment Company Act), in transactions meeting the requirements of Rule 144A and in accordance with all applicable state securities laws in the United States; (2) pursuant to an effective registration statement under the Securities Act; or (3) pursuant to another available exemption from the registration requirements of the Securities Act. In addition, each purchaser and subsequent holder of Securities is required to notify any subsequent purchaser of Securities from it of the transfer restrictions referred to in this paragraph.

Service Providers

Financial Adviser

The Company has engaged S. Goldman Advisors to act as financial adviser to the Company.

Auditor

The Company has engaged Grant Thornton in Athens to act as auditors to the Company. The Auditors may act as auditors to other related entities of the Company.

Counsel to the Company

The Company has engaged Lovells LLP to act as legal counsel to the Company on matters of English and New York law.

The Company has engaged V&P Law to act as legal counsel to the Company on matters of Greek law.

The Company has engaged Appleby Global to act as legal counsel to the Company on matters of Bermuda law.

VII. FINANCIAL INFORMATION ON THE COMPANY (TOGETHER WITH ACCOUNTANT'S REPORT THEREON WHERE APPROPRIATE)

The following section sets out the non-statutory financial information on the Company for the financial period from 8 September 2005 to 30 September 2008. The financial information has been reproduced from the audited financial statements and unaudited quarterly reports of the Company in accordance with paragraph 20.1 and 20.6 of Annex I of the Prospectus Directive Regulation.

IRF EUROPEAN FINANCE INVESTMENTS LIMITED

(A Development Stage Enterprise)

ANNUAL ACCOUNTS

31 December 2005

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL ACCOUNTS

The Directors are responsible for preparing annual accounts for each financial year which present fairly the financial position and the performance of the Company in accordance with applicable law and regulations.

They have elected to prepare the annual accounts in accordance with IFRSs as adopted by the EU.

In preparing these annual accounts, the Directors:

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

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 its annual accounts comply with applicable laws and regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

REPORT OF THE INDEPENDENT AUDITORS TO THE BOARD OF DIRECTORS OF IRF EUROPEAN FINANCE INVESTMENTS LIMITED

We have audited the annual accounts of IRF European Finance Investments Limited (the "**Company**") for the period ended 31 December 2005 which comprise the income statement, the balance sheet, the cash flow statement, the statement of changes in equity and the related notes. These accounts have been prepared under the accounting policies set out therein. The Company's Directors are responsible for the preparation of the accounts in accordance with applicable law and International Financial Reporting Standards ("**IFRSs**") as adopted by the EU. Our responsibility is to express an opinion on these accounts based on our audit conducted in accordance with International Standards on Auditing (UK and Ireland) and our profession's ethical guidance.

This report has been prepared, on terms that have been agreed, for the Company and the Company's Directors, as a body, solely in connection with their wish to have audited accounts. Our audit work has been undertaken so that we might state to the Company's Directors, as a body, those matters that we have agreed to state to them in our report, in order to assist the Company to meet its obligations under the AIM Rules to procure such a report and for no other purpose. This report was designed to meet the agreed requirements of the Company's Directors determined by their needs at the time. This report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company or the Company's Directors, as a body, for any purpose or in any context. Any party other than the Company or the Company's Directors who obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG Audit Plc assumes no responsibility and will accept no liability in respect of our audit work, this report or the opinions we have formed to any other party.

Basis of audit opinion

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

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

Opinion

In our opinion the accounts give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 31 December 2005 and of its loss for the period then ended and have been properly prepared in accordance with the accounting policies described therein.

KPMG Audit Plc June 2006

*Chartered Accountants
Registered Auditor*

INCOME STATEMENT*for the 4 month period from incorporation (8 September 2005) to 31 December 2005*

	<i>NOTE</i>	<i>4 MONTH PERIOD ENDED 31 DECEMBER 2005 €</i>
ADMINISTRATIVE EXPENSES		<u>(72,441)</u>
OPERATING LOSS		(72,441)
FINANCIAL INCOME	5	5,533
FINANCIAL EXPENSES	5	<u>(1,328,617)</u>
NET FINANCING COSTS		<u>(1,323,084)</u>
LOSS BEFORE TAX		(1,395,525)
TAXATION	6	-
LOSS AFTER TAX FOR THE PERIOD		<u>(1,395,525)</u>
RESULTS PER SHARE (€)		
BASIC	12	(0.05)
DILUTED	12	(0.05)

The results above relate to continuing operations.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

for the 4 month period from incorporation (8 September 2005) to 31 December 2005

	4 MONTH PERIOD ENDED 31 DECEMBER 2005 €
LOSS FOR THE PERIOD	(1,395,525)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD	<u>(1,395,525)</u>

BALANCE SHEET
At 31 December 2005

	<i>NOTE</i>	2005 €	2005 €
CURRENT ASSETS			
TRADE AND OTHER RECEIVABLES	9	5,309	
RESTRICTED CASH HELD IN TRUST	7, 13	210,294,081	
CASH AND CASH EQUIVALENTS		2,206,324	
		<hr/>	
TOTAL CURRENT ASSETS			212,505,714
CURRENT LIABILITIES			
RELATED PARTY NOTES PAYABLE	10, 15	17,276	
TRADE AND OTHER PAYABLES	10	152,550	
COMPOUND INSTRUMENT	8, 13	203,426,153	
TOTAL CURRENT LIABILITIES			203,595,979
NET ASSETS			<hr/> 8,909,735 <hr/>
EQUITY			
SHARE CAPITAL	11		71,418
WARRANT RESERVE	11		10,233,842
RETAINED EARNINGS	11		(1,395,525)
TOTAL EQUITY			<hr/> 8,909,735 <hr/>

These annual accounts were approved by the Board of Directors on 9 June 2006 and were signed on its behalf by:

Georgios Kintis
Director

CASH FLOW STATEMENT*for the 4 month period from incorporation (8 September 2005) to 31 December 2005*

	<i>NOTE</i>	<i>2005</i> €
CASH FLOWS FROM OPERATING ACTIVITIES		
LOSS FOR THE PERIOD		(1,395,525)
ADJUSTMENTS FOR:		
FINANCIAL EXPENSE	5	1,328,421
		<hr/>
OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		(67,104)
INCREASE IN TRADE AND OTHER RECEIVABLES	9	(5,309)
INCREASE IN TRADE AND OTHER PAYABLES	10	169,172
INCREASE IN NOTES PAYABLE		655
		<hr/>
NET CASH GENERATED FROM OPERATING ACTIVITIES		97,414
		<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
RESTRICTED CASH PLACED IN TRUST	7	(209,493,368)
		<hr/>
NET CASH FLOW FROM INVESTING ACTIVITIES		(209,493,368)
		<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
GROSS PROCEEDS FROM INITIAL PUBLIC OFFERING	11	228,538,219
PAYMENT OF COSTS OF INITIAL PUBLIC OFFERING	11	(16,950,225)
PROCEEDS FROM THE ISSUE OF SHARE CAPITAL	11	14,284
PROCEEDS FROM SHAREHOLDERS LOANS AND ADVANCES	10, 15	237,133
REPAYMENTS OF SHAREHOLDERS LOANS AND ADVANCES	10, 15	(237,133)
		<hr/>
NET CASH FROM FINANCING ACTIVITIES		211,602,278
		<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,206,324
CASH AND CASH EQUIVALENTS AT 8 SEPTEMBER 2005		-
		<hr/>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2005		2,206,324
		<hr/> <hr/>

NOTES

(forming part of the accounts)

1. ORGANISATION AND BUSINESS OPERATIONS

IRF European Finance Investments Ltd. (the "**Company**") was incorporated in Bermuda on 8 September 2005 as a company with the main objective of acquiring an operating business in the financial services industry. The offering circular for the Company's initial public offering (the "**Offering**") was declared effective on 7 November 2005. The Company consummated the Offering on 14 November 2005 and received proceeds of €228,538,219 (US\$275,000,040) before offering expenses. The Company's management has broad discretion with respect to the specific application of the net proceeds of the Offering, although substantially all of the net proceeds of the Offering are intended to be generally applied toward consummating a business combination with a company that is engaged in the financial services industry (a "**Business Combination**").

€209,493,368 (US\$252,083,370) of the net proceeds of the Offering were placed in a trust account (the "**Trust Fund**") to be held there until the earlier of the completion of a Business Combination, the exercise by any person who acquired common shares and warrants at the offering (a "**New Shareholder**") of his repurchase rights or the distribution of such funds to the New Shareholders. Under the agreement governing the Trust Fund, funds will only be invested in United States government securities having a maturity of 180 days or less. The market value of investments held in Trust amounted to €210,294,081 (US\$253,046,867) at 31 December 2005. The remaining net proceeds received from the Offering, may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses.

The Company, after signing a definitive agreement for the acquisition of a target business, will submit such transaction for shareholder approval. All of the Company's shareholders prior to the Offering, which include all of the Officers and Directors of the Company ("**Founding Shareholders**"), have agreed to vote their 11,458,335 founding shares of common stock in accordance with the vote of the majority in the interest of the New Shareholders of the Company with respect to the Business Combination. After consummation of a Business Combination, these voting provisions will no longer be applicable.

If a business combination has not been consummated within 18 months (or within 24 months if a letter of intent or definitive agreement was entered into prior to the end of the 18 month period or unless extended by majority shareholder approval) after the effective date of the initial registration statement, funds held in the Trust account will be returned to the shareholders of the Company.

2. BASIS OF PREPARATION

The following accounting policies have been applied consistently in dealing with items which are material in relation to the financial information of IRF European Finance Investments Limited set out in this report.

The annual accounts are presented in Euros, the functional currency of the Company and are prepared on the historical cost basis except that financial instruments are recorded at their fair value.

Judgements made by the Directors, in the application of these accounting policies that have significant affect on the annual accounts and estimates with a significant risk of material adjustment in the next year are discussed in note 13.

Statement of compliance

The accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**Adopted IFRSs**") and effective at the reporting date.

3. ACCOUNTING POLICIES

The accounting policies set out below have been used to prepare the annual accounts on pages 4 to 19.

Use of estimates

Estimates and associated assumptions used in the preparation of the accounts are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Offering costs

Offering costs consist principally of legal and underwriting fees related to the offering and incurred up to the offering date of 14 November 2005. These costs have been charged to equity after receipt of the proceeds raised on the issue of capital.

Loss per share

Loss per share is computed by dividing net loss by the weighted-average number of shares outstanding during the period.

Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost. Trade payables are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Restricted cash held in Trust

Cash held in Trust is recorded at market value at the balance sheet date.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign

exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Classification of financial instruments issued by the Company

In accordance with IAS 32, financial instruments issued by the Company are treated as equity (i.e, forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability and recorded at the discounted fair value of the liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these annual accounts for called up share capital and share premium account exclude amounts in relation to those shares.

The shares issued on 14 November 2005 at the Company's initial public offering are considered to be a financial instrument that contains both equity and financial liability components. These components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

The debt portion of the compound instrument was recognised initially at fair value, calculated as the original sum paid into the Trust, plus interest for two years at the same rate as that earned during the period then discounted to its present value at a rate representing the cost of borrowing a similar amount secured on the Trust assets. The fair value is then increased to

the amount due over the two year period via an interest charge to the income statement. Rates used are reassessed in each accounting period.

The equity portion of the compound instrument was calculated as the proceeds on issue of shares (net of issue costs) less the amount calculated as the debt portion of the instrument. The equity total was then allocated between the equity accounts by recognising the nominal value of the shares in share capital, and the remainder in the warrant reserve representing the equity portion of the contributed surplus paid for the warrants.

The debt portion of the compound instrument is classified as a current liability because although the amount is payable at the latest after 24 months from the date of the offering if no business combination has taken place, if the business combination does take place within one year, the liability will be reallocated to equity and the Company does not have an unconditional right to defer settlement for longer than 12 months.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Investments in debt and equity securities

Restricted cash held in Trust represents amounts invested in short-term treasury bills which are recorded at market value. These funds will be held in Trust until the earlier of the completion of a business combination, the exercise by a New Shareholder of his Repurchase Rights or the distribution of such funds to the New Shareholders. Income on these investments is recorded in the restricted cash account and as an additional liability within the compound instrument.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except as described above.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. At this time the Company has only one segment which is investment business in Europe.

Adopted IFRS not yet applied

The following Adopted IFRSs were available for early application but have not been applied by the Company in these annual accounts:

- IFRS 7 'Financial instruments: Disclosure' applicable for years commencing on or after 1 January 2007

The application of IFRS 7 in 2005 would not have affected the balance sheet or income statement as the standard is concerned only with disclosure. The Company plans to adopt it in 2006.

4. **STAFF NUMBERS AND COSTS**

The Company had no employees other than the Directors during the period. No salaries were paid to the Directors for the period.

5. **FINANCE INCOME AND EXPENSE**

	2005 €
NET EXCHANGE GAIN	5,533
FINANCIAL INCOME	<u>5,533</u>
INTEREST ON COMPOUND INSTRUMENT	1,328,421
BANK CHARGES	196
FINANCIAL EXPENSES	<u>1,328,617</u>

Interest on the compound financial instrument represents the charge for the period to increase the book value of the liability from its initial fair value to the amount payable on the due date.

6. **TAXATION**

Recognised in the income statement

	2005 €
CURRENT TAX EXPENSE	
CURRENT PERIOD	<u>-</u>
DEFERRED TAX EXPENSE	-
ORIGINATION AND REVERSAL OF TEMPORARY DIFFERENCES	-
BENEFIT OF TAX LOSSES RECOGNISED	-
	<u>-</u>
TOTAL TAX IN INCOME STATEMENT	<u>-</u>

	2005 €
RECONCILIATION OF EFFECTIVE TAX RATE	
LOSS BEFORE TAX	<u>(1,395,525)</u>
TAX USING THE BERMUDAN CORPORATION TAX RATE OF 0%	-
NON-DEDUCTIBLE EXPENSES	-
TAX EXEMPT REVENUES	-
EFFECT ON TAX LOSSES UTILISED/GENERATED	-
UNDER/(OVER) PROVIDED IN PRIOR YEARS	-
TOTAL TAX IN INCOME STATEMENT	<u>-</u>

7. OTHER FINANCIAL ASSETS

	2005
	€
<i>CURRENT ASSETS</i>	
RESTRICTED CASH HELD IN TRUST	210,294,081
	<u>210,294,081</u>

€209,493,368 (US\$252,083,370) of the net proceeds of the Offering were placed in a trust account (the "Trust Fund") to be held there until the earlier of the completion of a Business Combination, the exercise by any person who acquired common shares and warrants at the offering (a "New Shareholder") of his repurchase rights or the distribution of such funds to the New Shareholders. Under the agreement governing the Trust Fund, funds will only be invested in United States government securities having a maturity of 180 days or less. The balance is recorded at market value including interest and movements in the value of investments at the balance sheet date. The market value of investments held in Trust amounted to €210,294,081 (US\$253,046,867) at 31 December 2005.

8. OTHER FINANCIAL LIABILITIES

	2005 €
<i>CURRENT LIABILITIES</i>	
COMPOUND FINANCIAL INSTRUMENT	203,426,153
	<u>203,426,153</u>

The compound financial instrument represents the present value of the cash held in Trust, including estimated interest, which will be payable to shareholders within 24 months following the date of the offering if no qualifying business combination has occurred.

9. TRADE AND OTHER RECEIVABLES

	2005 €
OTHER TRADE RECEIVABLES AND PREPAYMENTS	5,309
	<u>5,309</u>

10. TRADE AND OTHER PAYABLES

	2005 €
AMOUNTS PAYABLE TO RELATED PARTIES	17,276
TRADE AND OTHER PAYABLES	152,550

11. CAPITAL AND RESERVES

RECONCILIATION OF MOVEMENT IN CAPITAL AND RESERVES	SHARE CAPITAL €	WARRANT RESERVE €	RETAINED EARNINGS €	TOTAL EQUITY €
BALANCE AT 8 SEPTEMBER 2005	-			
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD	-		(1,395,525)	(1,395,525)
ISSUE OF COMMON STOCK TO INITIAL STOCKHOLDERS	14,284		-	14,284
ISSUE OF SHARES ON OFFERING, NET OF OFFERING COSTS	57,134	10,233,842	-	10,290,976
BALANCE AT 31 DECEMBER 2005	<u>71,418</u>	<u>10,233,842</u>	<u>(1,395,525)</u>	<u>8,909,735</u>

On 15 September 2005, 8,000,000 common shares, having a par value of \$0.0015 each, were issued for a total consideration of \$12,000 and the authorized share capital was increased to 136,500,000 common shares of \$0.0015 each. On 4 November 2005, a further 3,458,335 common shares of \$0.0015 were issued for a total consideration of \$5,187.50 and the authorized share capital was increased to \$148,958,355 common shares of \$0.0015 each.

On 14 November 2005, the Company sold 45,833,340 units in the Offering at a price of \$6.00 per Unit, generating gross offering proceeds of \$275,000,040 (£228,538,220). Each Unit consisted of one share of the Company's common stock (the "**Common Stock**"), and two warrants ("**Warrants**"). Each Warrant entitles the holder to purchase from the Company one share of Common Stock at an exercise price of \$5.00 per share. Each warrant will become exercisable on the earlier of (i) our completion of a business combination which, when combined with all of our 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.

The proceeds received on issue have been allocated between debt and equity according to IAS 32. The total allocated to equity has been allocated to share capital based on the nominal value of the shares, and the remainder to the warrant reserve representing the equity portion of the contributed surplus paid for the warrants.

SHARE CAPITAL	PREFERENCE SHARES OF \$0.0001 EACH 2005	COMMON SHARES 2005 €
<i>IN THOUSANDS OF SHARES</i>		
AT 8 SEPTEMBER 2005	-	-
ISSUED FOR CASH	-	57,292
IN ISSUE AT 31 DECEMBER 2005 - FULLY PAID	-	57,292
 <i>AUTHORISED</i>	 2005	 2005
	\$	€
148,958,355 COMMON SHARES OF \$0.0015 EACH	223,438	185,687
2,500,000 PREFERENCE SHARES OF \$0.0001 EACH	250	208
	223,688	185,895
 <i>ALLOTTED, CALLED UP AND FULLY PAID</i>		
57,291,675 COMMON SHARES OF \$0.0015 EACH	85,938	71,418
NIL PREFERENCE SHARES OF \$0.0001 EACH	-	-
	85,938	71,418
 PROCEEDS FROM SHARES IN ISSUE (NET OF OFFERING COSTS)		221,602,278
 SHARES CLASSIFIED AS LIABILITIES AT DATE OF OFFERING		201,297,018
SHARES CLASSIFIED IN SHAREHOLDERS FUNDS - SHARE CAPITAL		71,418
SHARES CLASSIFIED IN SHAREHOLDERS FUNDS - WARRANTS RESERVE		10,233,842
		211,602,278

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.

During the period the Company issued 57,291,675 common shares for a consideration of €228,552,504 (before offering costs), settled in cash.

The Company is authorised 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.

Shareholders voting against a business combination will be entitled at the time they vote against such business combination either to exercise their repurchase rights if the business combination is approved and completed or to maintain their interest in the Company.

12. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic loss per share at 31 December 2005 is based on the net loss attributable to common shareholders of €1,395,525 and a weighted average number of common shares outstanding during the period ended 31 December 2005 of 28,134,141, calculated as follows:

<i>WEIGHTED AVERAGE NUMBER OF COMMON SHARES</i>	NUMBER OF SHARES
ISSUED COMMON SHARES AT 8 SEPTEMBER 2005	-
EFFECT OF SHARES ISSUED ON 15 SEPTEMBER 2005	7,508,772
EFFECT OF SHARES ISSUED ON 4 NOVEMBER 2005	1,729,168
EFFECT OF SHARES ISSUED ON 14 NOVEMBER 2005	18,896,201
	<u>28,134,141</u>

13. FINANCIAL INSTRUMENTS

Interest rate and exchange rate risk

In managing interest rate and currency risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates would have an impact on earnings.

Effective interest rates analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature or, if earlier, are repriced.

2005	EFFECTIVE INTEREST RATE %	TOTAL €000	0 TO < 1 YEAR €000
RESTRICTED CASH - HELD IN TRUST	2.97	210,294	210,294
COMPOUND FINANCIAL INSTRUMENT (LIABILITY)	5.0	(203,426)	(203,426)
		<u>(9,074)</u>	<u>(9,074)</u>

Fair values

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

	CARRYING AMOUNT 2005 €000	FAIR VALUE 2005 €000
RESTRICTED CASH HELD IN TRUST	210,294	210,294
COMPOUND FINANCIAL INSTRUMENT (LIABILITY)	(203,426)	(203,426)
	(9,074)	(9,074)
UNRECOGNISED (LOSSES)/GAINS		-

Restricted cash held in Trust is recorded at fair value based on the market value of investments at the balance sheet date as notified by the bank. The initial fair value of the compound financial instrument was calculated as the original sum paid into the Trust, plus interest for 2 years at the same rate as that earned during the period (2.97%) then discounted to its present value at a rate of 5% representing the cost of borrowing a similar amount secured on the Trust assets, estimated to be the base rate plus 0.5%. The fair value is then increased to the amount due over the two year period via an interest charge to the income statement.

14. LEASE COMMITMENTS

An affiliated company of the Chairman has agreed to provide services (including office space, utilities and secretarial support) to the Company. The Company has agreed to pay \$10,000 per month for these services until a business combination takes place.

15. RELATED PARTIES

Identity of related parties

Directors and Executive Officers

Angeliki Frangou	Chairman and Director
Andreas Vgenopoulos	Deputy Chairman and Director
Georgios Kintis	Chief Executive Officer and Director
Sheldon Goldman	Director
John Karakadas	Director
Alexander Meraclis	Director
Dennis Malamatinas	Director
Nicos Koulis	Deputy Chief Executive Officer

Transactions with key management personnel

Directors of the Company and their immediate relatives control 31.81 per cent. of the voting shares of the Company.

Other related party transactions

Mrs Frangou, a Director and Founding Shareholder, has committed to providing funds to cover the initial costs of the AIM Admission. These funds are provided on a draw down basis. During the period, €237,133 was drawn down and paid back to the Founding Shareholder. This balance bears no interest. The balance due at 31 December 2005 was repaid on 30 May 2006.

16. EVENTS AFTER THE BALANCE SHEET DATE

On 31 May 2006, the Company announced that it had entered into a definitive agreement with Antonios Athanasoglou and Ilias Lianos to acquire between 28 per cent. and 30 per cent. of the issued share capital of Proton Investment Bank SA ("**Proton**") for between €120.1 million and €128.5 million.

Completion of the Acquisition constitutes a reverse takeover under AIM Rules and is conditioned on approval of the Company's shareholders.

The Acquisition will constitute a "Qualified Business Combination" under the Company's bye-laws.

PART IV

FINANCIAL INFORMATION FOR PROTON

**(A) PROTON'S UNAUDITED PROFIT AND LOSS AND BALANCE SHEET
FOR THE THREE MONTHS ENDED 31 MARCH 2006**

The following financial statements are the audited consolidated financial statements of Proton Investment Bank S.A. as of 31 December 2006 as extracted from the website of Proton Investment Bank S.A. (www.proton.gr).

IRF European Finance Investments Limited

Financial Statements

**for the year ended
31 December 2006**

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

The accompanying financial statements of "IRF European Investment Limited" ("the Company") as well as the consolidated financial statements of the Company and its subsidiaries ("the Group"), for the year ended December 31st 2006 were approved by the Company's Board of Directors on March 16th, 2007.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of IRF EUROPEAN FINANCE INVESTMENTS LIMITED

Report on the Financial Statements

We have audited the accompanying 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"), which comprise (for both the Company and the Group), the balance sheet as at December 31, 2006, and the 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 Company and that of the Group as of December 31, 2006, and the financial performance and the cash flows of the Company and those of the Group for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Emphasis

Without qualifying our opinion, we draw attention to note 50.2 of the consolidated financial statements. Tax returns of the Greek subsidiaries have not been inspected by Greek Tax Authorities yet, and therefore can not be considered as final. It is possible that additional taxes and penalties will be imposed when Tax Authorities examine the relevant tax returns. The outcome of the tax inspection could not be estimated at this stage and therefore no relevant provision has been made.

Athens, March 16th, 2007
The Certified Chartered Accountant

Vassilis Kazas
SOEL Reg. No. 13281

Grant Thornton 

44, Vas. Konstantinou Av.
116 35 Athens, Greece
SOEL Reg. No. 127

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	THE GROUP		THE COMPANY	
		01/01 - 31/12/2006	08/09 - 31/12/2005	01/01 - 31/12/2006	08/09 - 31/12/2005
<i>Amounts presented in € '000</i>					
Interest and similar income		28,992	6	5,797	6
Interest and similar expenses		(12,263)	(1,329)	(756)	(1,329)
Net interest income	8	16,729	(1,323)	5,042	(1,323)
Fee and commission income		10,296	-	-	-
Fee and commission expense		(2,430)	-	(375)	-
Net fee and commission income	9	7,866	-	(375)	-
Income from insurance activities		7,284	-	-	-
Expense from insurance activities		506	-	-	-
Net Income from insurance activities	10	7,790	-	-	-
Dividend income	11	1,626	-	15,095	-
Net result from financial activities	12	28,555	-	-	-
Other operating income	13	1,299	-	897	-
Total Net Income		63,865	(1,323)	20,659	(1,323)
Staff costs	14	(8,233)	-	(155)	-
Other operating expenses	15	(12,642)	(72)	(457)	(72)
Depreciation	16	(878)	-	-	-
Insurance claims	17	(4,968)	-	-	-
Impairment losses	18	(558)	-	-	-
Total operating expenses		(27,280)	(72)	(612)	(72)
Share of profits / (losses) of associates		240	-	-	-
Profit before tax		36,825	(1,396)	20,047	(1,396)
Income tax expense	19	(2,916)	-	-	-
Profit after tax		33,909	(1,396)	20,047	(1,396)
Attributable to:					
Shareholders of the Company		23,571	(1,396)	20,047	(1,396)
Minority Interest		10,338	-	-	-
		33,909	(1,396)	20,047	(1,396)
Earning per Share (€/share)					
- Basic	47	0.41	(0.05)	0.35	(0.05)
- Diluted	47	0.37	(0.05)	0.32	(0.05)

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

BALANCE SHEET

Amounts presented in € '000

	Note	THE GROUP		THE COMPANY	
		31/12/2006	31/12/2005	31/12/2006	31/12/2005
ASSETS					
Cash and balances with Central Bank	20	37,397	-	-	-
Loans and advances to financial institutions	21	181,885	2,206	3,880	2,206
Restricted cash held in Trust	22	-	210,294	-	210,294
Trading Portfolio and other financial assets at fair value through Profit & Loss	23	264,174	-	-	-
Derivative financial instruments	24	2,611	-	-	-
Loans and advances to customers	25	941,214	-	-	-
Insurance Assets	26	18,060	-	-	-
Investment Portfolio	27	37,977	-	-	-
Investments in Subsidiaries	28	-	-	126,687	-
Investments in Associates	29	4,604	-	-	-
Property, plant and equipment	30	33,402	-	-	-
Investment Property	30	50	-	-	-
Non current assets held for sale	31	64	-	-	-
Goodwill and other intangible assets	32	186,216	-	-	-
Deferred Tax Assets	33	3,200	-	-	-
Other Assets	34	34,885	5	88,516	5
TOTAL ASSETS		1,745,739	212,506	219,082	212,506
EQUITY AND LIABILITIES					
Due to financial institutions	35	90,897	-	-	-
Due to Customers	36	1,042,157	-	-	-
Derivative financial instruments	24	6,319	-	-	-
Issued Debt Securities	37	1,500	-	-	-
Compound financial instrument	38	-	203,426	-	203,426
Provisions for insurance contracts	39	34,093	-	-	-
Retirement benefit obligations	40	1,228	-	-	-
Current income tax liabilities	41	1,349	-	-	-
Other liabilities	42	21,445	170	185	170
Total Liabilities		1,198,987	203,596	185	203,596
Shareholders equity					
Share Capital	43	71	71	71	71
Share Premium	43	200,174	10,234	200,174	10,234
Revaluation Reserve	44	(2)	-	-	-
Other reserves	44	16,156	-	-	-
Retained Earnings / (losses)	44	22,208	(1,396)	18,652	(1,396)
Total equity attributable to shareholders' of the Company		238,607	8,910	218,897	8,910
Minority Interest		308,145	-	-	-
Total equity		546,752	8,910	218,897	8,910
TOTAL LIABILITIES AND EQUITY		1,745,739	212,506	219,082	212,506

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts presented in € '000

Note	Attributable to shareholders of the Company					Total	Minority Interest	Total
	Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)			
Opening balance as at 8th September 2005	-	-	-	-	-	-	-	-
Net result for the period 08/09-31/12/2005	-	-	-	-	(1,396)	(1,396)	-	(1,396)
Total profit / (loss) recognized for the financial year	-	-	-	-	(1,396)	(1,396)	-	(1,396)
Issue of common stock to initial shareholders	14	-	-	-	-	14	-	14
Issue of shares on offering, net of offering costs	57	10,234	-	-	-	10,291	-	10,291
	71	10,234	-	-	-	10,305	-	10,305
Balance as at 31st December 2005	71	10,234	-	-	(1,396)	8,910	-	8,910
Opening balance as at 1st January 2006	71	10,234	-	-	(1,396)	8,910	-	8,910
Net result for the year 01/01-31/12/2006	-	-	-	-	23,571	23,571	10,338	33,909
Available for sale instruments:								
- Valuation gains / (losses) taken to equity	-	-	1,740	-	-	1,740	(9)	1,731
- Transferred to Profit & Loss on sale	-	-	(1,742)	-	-	(1,742)	-	(1,742)
Exchange Differences on translating foreign operations	-	-	-	2	-	2	9	11
Total profit / (loss) recognized for the financial year	-	-	(2)	2	23,571	23,571	10,337	33,909
Decrease in Share Capital due to the cancelled shares	43	(0.54)	0.54	-	-	(0)	-	(0)
Conversion of Compound Financial Instruments to Common Shares (after the acquisition of PROTON)	43	-	189,940	-	-	189,940	-	189,940
Acquisition (absorption) of OMEGA BANK by PROTON BANK	-	-	-	16,153	-	16,153	297,677	313,831
Purchase of Treasury Shares of PROTON BANK	-	-	-	-	(322)	(322)	(1,275)	(1,597)
Sale of Treasury Shares of PROTON BANK	-	-	-	-	355	355	1,405	1,760
	(1)	189,941	-	16,153	33	206,126	297,808	503,934
Balance as at 31st December 2006	71	200,174	(2)	16,156	22,208	238,607	308,145	546,752

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

STATEMENT OF CHANGES IN EQUITY (THE COMPANY)

Amounts presented in € '000

	Attributable to shareholders of the Company				
	Note	Share Capital	Share Premium	Retained Earnings / (losses)	Total
Opening balance as at 8th September 2005		-	-	-	-
Net results for the period 08/09-31/12/2005		-	-	(1,396)	(1,396)
Total profit / (loss) recognized for the financial year		-	-	(1,396)	(1,396)
Issue of common stock to initial shareholders		14	-	-	14
Issue of shares on offering, net of offering costs		57	10,234	-	10,291
		71	10,234	-	10,305
Balance as at 31st December 2005		71	10,234	(1,396)	8,910
Opening balance as at 1st January 2006		71	10,234	(1,396)	8,910
Net results for the period		-	-	20,047	20,047
Total profit / (loss) recognized for the financial year		-	-	20,047	20,047
Share Capital return to Shareholders due to cancelled shares	43	(0.54)	0.54	-	-
Conversion of Compound Financial Instruments to Common Shares (after the acquisition of PROTON)	43	-	189,940	-	189,940
		(0.54)	189,941	20,047	209,987
Balance as at 31st December 2006		71	200,174	18,652	218,897

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	THE GROUP		THE COMPANY	
		2006	2005	2006	2005
<i>Amounts presented in € '000</i>					
Cash flows from operating activities					
Profits before tax		36,825	(1,396)	20,047	(1,396)
<i>Adjustments for:</i>					
Depreciation		878	-	-	-
Profit /(Loss) from investment activities		(16,149)	-	-	-
Provision for employee benefit plan		94	-	-	-
Impairment loss on investment and loans		558	-	-	-
Share of profit /loss from associates		(240)	-	-	-
Profit /(loss) from disposal of fixed assets		(2)	-	-	-
Interest and other non cash income /expenses		(1,562)	1,328	(1,562)	1,328
Dividends Received from subsidiaries		-	-	(15,095)	-
Cash flows from operating activities before changes in working capital		20,402	(67)	3,390	(67)
Changes in working capital					
Trading portfolio		(72,346)	-	-	-
Cash reserves held in Central Bank		(4,196)	-	-	-
Loans and advances to customers		26,748	-	-	-
Insurance Receivables		3,455	-	-	-
Reinsurance Receivables		302	-	-	-
Derivatives		1,789	-	-	-
Other Assets		38,941	(5)	(73,415)	(5)
Due to financial institutions		14,926	-	-	-
Due to customers		92,088	-	-	-
Provisions for insurance contracts		(1,243)	-	-	-
Other Liabilities		(145,587)	170	61	170
Cash flows from operating activities before payment of income tax		(24,720)	97	(69,964)	97
Income tax paid		(3,048)	-	-	-
Net cash flows from operating activities		(27,768)	97	(69,964)	97
Investing activities					
Additions /Disposals of investment securities		9,727	-	-	-
Purchase of tangible and intangible assets		(1,081)	-	-	-
Acquisition of subsidiaries and associates	46.3	22,106	-	(126,687)	-
Proceeds from sale of property, plant & equipment & intangible assets		61	-	-	-
Non current assets held for sale		(64)	-	-	-
Release of cash placed on Trust		201,266	(209,493)	201,266	(209,493)
Net cash flow from investing activities		232,014	(209,493)	74,580	(209,493)
Financing activities					
Gross proceeds from initial public offering		-	228,538	-	228,538
Payment of costs of initial public offering		-	(16,950)	-	(16,950)
Issuance of common shares		-	14	-	14
Amount Repayable to Shareholders of Negative Vote	43	(1,915)	-	(1,915)	-
Sales of treasury shares		406	-	-	-
Proceeds from other borrowed funds		75,000	237	75,000	237
Repayments of other borrowed funds		(75,000)	(237)	(75,000)	(237)
Net cash flow from financing activities		(1,509)	211,602	(1,915)	211,602
Net increase / decrease in cash and cash equivalents		202,738	2,206	2,701	2,206
Cash and cash equivalents at the beginning of the financial year		2,206	-	2,206	-
Effect of exchange rate fluctuations on cash held		(1,028)	-	(1,028)	-
Cash and cash equivalents at the end of the financial year	45	203,917	2,206	3,880	2,206

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Country of incorporation

IRF European Finance Investments Ltd. was incorporated on 8th September 2005 under the Bermuda Companies Act. The Company is listed on AIM, a 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, through its subsidiaries, is 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 an entity in the financial services industry in Europe, with a primary focus on credit institutions and insurance companies in Greece, Bulgaria, Romania and Turkey.

In June 2006, the Company acquired a controlling interest in PROTON BANK, a Greek bank, listed on the Athens Stock Exchange. Proton Bank and its subsidiaries operate in the sectors of retail, corporate and investment banking, portfolio management, insurance and other financial services.

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 21 branches. On 7th September 2006, the Extraordinary General Meeting of Shareholders of PROTON BANK decided the merger of the Bank with the companies OMEGA BANK and PROTON SECURITIES. The merger was completed in September 2006.

2. BASIS OF FINANCIAL STATEMENT PREPARATION

2.1 Statement of Compliance

The financial statements of the Company and the Group for the year ended 31 December 2006 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, International Financial Reporting Standards 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.

As part of this approach, management considers various factors stated in IAS 21. Priority is given to factors such as the currency that mainly influences costs and sales. This currency is mainly Euro since the Group is and will be engaged in a business combination in Europe. The Company has also issued financial instruments in US\$. However, according to par. 12 of IAS 21, this factor is not given priority.

All amounts are presented in thousand Euro unless mentioned otherwise. It is essential to mention that due to rounding, numbers presented throughout the condensed separate and consolidated financial statements, may not add up precisely to the totals provided in the financial statements, the same applies to percentages.

2.4 Comparative Figures

The Group's financial statements for the year ended December 31st, 2006 are its first consolidated financial statements. Consolidated balance sheet, Consolidated Income statement and Consolidated Cash flow Statement for the year 2006 include the Company's as well as its subsidiaries' items, while the relevant statements for the year 2005 refer only to the Company. Furthermore, Consolidated and Separate Income Statement for the year 2005 covers the four-month period from the incorporation of the Company (8th September 2005) until the year end (31st December 2005), while Income Statement of 2006 covers the whole twelve-month period. Thereby, the balance sheet, income statement and cash flow of the year for the Company and the Group are not comparable with the respective statements of the prior year.

2.5 Use of Estimates

The preparation of the financial statements 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 and revised IFRS

In the current year, the Group adopted all new and revised International Accounting Standards (IAS) and IFRS, which are relevant to its operations and applicable for annual accounting periods commencing from 1st January, 2006. The adoption of the new and amended standards and interpretations did not have a material effect on the Company's and the Group's financial statements:

- *IAS 39 (Amendment): The Fair Value Option*
- *IAS 39 and IFRS 4 (Amendment): Financial Guarantee Contracts*
- *IAS 19 (Amendment): Employee Benefits*

1. With this amendment, which is compulsory for the financial years commencing as of 01/01/2006, an additional method is introduced for the recognition of actuarial gains or losses. Furthermore, it imposes, in some instances, additional requirements for recognition of benefit programmes in which multiple employers participate. Lastly, it imposes additional disclosures. The Group did not alter its accounting policy for recognition of actuarial gains and losses, nor did it participate in multiple employer programmes. Therefore, the adoption of the amended standard affects only the structure and extent of the disclosures provided. This amendment introduces the option of an alternative recognition approach to

actuarial gains and losses. It also adds new recognition and disclosure requirements for multiemployer plans. The Group did not change the accounting policy adopted for recognition of actuarial gains and losses.

- IAS 21 (Amendment), Net Investment in a Foreign Operation
- IAS 39 (Amendment), Cash flow Hedge Accounting of Forecast Intragroup Transactions
- IFRIC 4, Determining whether an Arrangement contains a Lease

The amended standards below as well as the new interpretations require compulsory application for the financial year presented, but do not have any effect on the Group's financial statements as they are not relevant to its activities:

- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards
- IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and electronic Equipment

2.7 New Standards and Interpretations

On the date of approval of these consolidated financial statements, the following accounting standards have been issued but are not applicable in the preparation of these consolidated financial statements:

(a) IFRS 7, Financial Instruments: Disclosures and IAS 1 (Revised) Presentation of Financial Statements – Capital Disclosures (effective from 1st January, 2007)

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30 Disclosures in the Financial Statements of Banks and similar Financial Institutions, and disclosure requirements in IAS 32 Financial Instruments: Disclosure and Presentation. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and the additional disclosures required. The Group will apply IFRS 7 and the amendment to IAS 1 from 1 January, 2007.

(b) IFRS 8 Operating Segments (effective from 1st January 2009):

IFRS 8 replaces IAS 14 "Reporting Financial Information by Segment". The new IFRS requires a management approach to information presentation regarding the different operational segments of the Group. The information disclosed is the information that management used in assessing the efficiency of each segment as well as the way financial resources are distributed to each segment. This information will probably differ from the information used in preparing the balance sheet and income statement. Lastly, explanations should be provided on the base of preparation of business segments reporting as well as reconciliations with the financial statement accounts. The Group is studying the consequences of IFRS 8 on the quality of disclosures provided as well as the probability of its prior application.

(c) IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on 1st March 2006):

This Interpretation is not applicable to the Group's operations.

(d) IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on 1st May 2006):

The adoption of this interpretation will not affect the Group's financial statements.

(e) IFRIC 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on 1st June 2006):

The Group assesses whether an embedded derivative needs to be separated from the host contract and accounted for as a derivative when the Group first becomes a party to the contract. According to this Interpretation, subsequent reassessment is prohibited unless there is a change in the terms of the contract. The Group applies this Interpretation from 1st January, 2007.

(f) IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on 1st November 2006):

This Interpretation requires an entity not to reverse an impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. The Group intends to apply this Interpretation from 1st January, 2007.

(g) IFRIC 11, Group and Treasury Share Transactions (effective for annual periods beginning on 1st March 2007):

IFRIC 11 refers to various issues relating to IFRS 2 and in particular to share-based payment arrangements involving an entity's own equity instruments and share-based payment arrangements involving equity instruments of the parent. The Group intends to apply this Interpretation from 1st January, 2008.

(h) IFRIC 12, Service Concession Arrangements (effective for annual periods beginning on 1st January 2008)

The specific interpretation is not applicable to the Group's activities.

3. SUMMARY OF IMPORTANT ACCOUNTING POLICIES

3.1 Consolidation

Subsidiaries: Subsidiary 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 "Other 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.

(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 is tainted and reclassified as available-for-sale.

(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 and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

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 method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the items being hedged. The Group designates certain derivatives as either (1) hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge – For fair value hedges that meet the criteria for hedge accounting, any profit or loss from the revaluation of the derivative at fair value is recognized in the income statement. Any profit or loss of the hedged instrument that is due to the hedged risk, adjusts the book value of the hedged instrument and is recognized in the income statement, irrespective of the classification of the financial instrument (e.g. available-for-sale financial instruments).

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

Cash flow hedge – For cash flow hedges that meet the criteria of hedge accounting, the part of the profit or loss from the derivative that is designated as an active hedge is recognized directly in reserves and the part that is designated as a non-active hedge is recognized in the income statement. Any profit or loss that has been recognized directly into reserves is transferred to the income statement in the period when the hedged transaction affects the results.

Hedge accounting is discontinued when the hedging instrument expires or is sold, is terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting. In case a hedged transaction is no longer expected to be realized, the net accumulated profit or loss that has been recognized into the reserves will be transferred to the income statement.

When derivative instruments are used for hedges of net investments in foreign operations and the criteria for hedge accounting as set out by IAS 39 are met, changes in the fair value of the hedging instrument are recognized in reserves.

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.

Since January 1st 2005 risk bearing contracts have been separated into insurance contracts and financial contracts (IFRS 4). 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 -3975/11.10.1999

decision of The Ministry of Development, forming the greater possible reserve. I.B.N.R. provisions are -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 -3975/11.10.1999 decision of The Ministry of Development, forming the greater possible reserve. I.B.N.R. provisions are -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 and other intangible assets

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) 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 are 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 Assets held for sale

This category includes fixed assets that will be sold within 12 months whose carrying amount will be recovered principally through the sale transaction. Assets held for sale, according to IFRS 5 "Non current assets held for sale and discontinued operations", are valued 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.

3.12 Leases

3.12.1 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.

3.12.2 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.

3.13 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. Subsequently, any changes in their fair value are subject to principles described in note 2.13. Liabilities not included in the above categories are carried at amortised cost using the effective interest rate method.

3.14 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. Dividend for the year that is declared after the balance sheet date is disclosed in Note 48.

(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.

3.15 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.

3.16 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.

3.17 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 is 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 is 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 operates defined contribution and benefit plans in Greece. Provisions for employee retirement, such as compensation defined under Law 2112/20, are determined actuarially using the projected unit credit method. A defined benefit plan is a plan that defines an amount of lump sum or pension benefit to be provided upon retirement which is determined by taking into account factors such as years of service and employee salary. Retirement benefit costs relating to the defined benefit plans and which are those included in staff costs are assessed using the projected unit credit method. Under this method, the cost of providing defined benefit pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of professionally qualified actuaries who value the plan at the end of each year.

The obligation for the defined benefit plans is measured at the present value of the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liability less the fair value of the plan assets.

Actuarial gains or losses which exceed 10% of the greater of the present value of the Group's obligation and the fair value of the plan assets, are amortised over the expected average remaining working lives of the participating employees. Actuarial gains or losses below the 10% corridor are not recognised.

(c) Share-based compensation

The Group rewards key management executives, according to their efficiency with options on its own shares. At each balance sheet date, the Group revises its estimates for the number of options that are expected to become exercisable. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense (Staff costs) with a corresponding increase in equity during the grant date and exercise date. The proceeds received are credited to share capital and share premium when the options are exercised.

3.18 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 tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable differences.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

In Greece submitted tax returns are not considered as final until tax authorities audit the companies 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.

3.19 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 losses on loans and advances

The Group reviews its loan portfolio to assess impairment at least quarterly. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is sufficient evidence indicating that the balance of a loan or a portfolio of homogenous loans outstanding will not be fully recovered. This evidence includes:

- violation of the contractual terms resulting in the delay of capital or interest payment,
- significant deterioration in the loan repayment ability,
- legal action,
- bankruptcy, and
- other objective evidence that leads to the conclusion that the Group will not collect the full amount due.

For a loan that has been characterized as impaired, the realisable value of its securities is considered to be the present value of its future cash flows. In addition, for significant amounts other factors such as the financial status of the customer, the alternative sources of funds available and the extent to which credit worthy guarantors can support the customer are considered. The provision amount is calculated as the difference between the loan's carrying amount and the realisable amount, including all securities and guarantees.

(b) Fair value of financial instruments

The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The valuation techniques used are frequently assessed to ensure their validity and appropriateness. Changes in methods and assumptions about these factors could affect the reported fair value of financial instruments.

(c) 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.

(d) Income taxes

The Group is subject to income tax according to the tax legislation in Greece. In order to establish the corporation tax, as presented in the balance sheet, significant assumptions are required. For specific transactions and calculations the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Retirement benefits

The present value of liabilities arising from staff retirement benefits is determined by means of an actuarial valuation using specific assumptions. These assumptions are disclosed in Note 39.

According to the relevant Group's accounting policy for retirement benefits, any changes in the assumptions are likely to have an effect on the level of the unrecognised actuarial gain or loss.

(f) Insurance claims

Insurance liabilities for claims are calculated by using information relating to the claim. The Group assesses each claim separately and the estimated liability is based on the facts of each claim, experience and other relevant factors, on a case-by-case basis. The Group is liable for all events covered by the policy even if the loss is discovered after the policy's expiry date. A provision is made for claims incurred but not yet reported (IBNR). Reserve adequacy test was performed through the link ratio methodology, using last six years data. The methodology assumes persistence of accumulated losses ratios (paid and outstanding claims).

(g) 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.

(h) Control over subsidiaries

The Group has adopted a policy to consider as a subsidiary an entity over which it has the "de facto" power to control its financing and operating activities no matter whether it holds less than half of the voting rights. Management exercises its judgment and has developed certain criteria to determine whether effective control exist, such as representation in the entities governing body, ability to control the General Meeting of Shareholders decision and structure of voting rights of the entity.

5. STRUCTURE OF THE GROUP

The following table indicates the Group structure as at 31/12/2006:

Company Name	Head Office	Direct Shareholding	Indirect Shareholding	Total Shareholding	Proton's Shareholding	Relation that dictated the consolidation
IRF European Finance Investments Limited	Bermudes					Parent
SUBSIDIARIES						
Mimosa Trading SA	Marshall Islands	100.00%	0.00%	100%		The participation percentage
Myrtle Trading Company	Marshall Islands	100.00%	0.00%	100%		The participation percentage
Proton Group						
Proton Bank AE	Greece	20.16%	0.00%	20.16%	Parent of Proton Group	Control over the entity
Proton Asset Management AEFIEY	Greece	0.00%	20.14%	20.14%	99.90%	Control over the entity
Proton Mutual Funds Mgt Co SA	Greece	0.00%	20.14%	20.14%	99.90%	Control over the entity
First Global Brokers SA	Serbia	0.00%	16.63%	16.63%	82.49%	Control over the entity
Omega Mutual Funds Mgt Co SA	Greece	0.00%	18.76%	18.76%	93.07%	Control over the entity
Omega Insurance & Reinsurance Services SA	Greece	0.00%	13.31%	13.31%	66.00%	Control over the entity
Omega Insurance SA	Greece	0.00%	16.69%	16.69%	82.78%	Control over the entity
Intellectron Systems	Greece	0.00%	11.42%	11.42%	56.64%	Control over the entity
Omega Kahn Financial Services SA	Switzerland	0.00%	16.13%	16.13%	80.00%	Control over the entity
Omega SA Financial Advisors - Investments & Real Estate Mgt	Greece	0.00%	20.16%	20.16%	100.00%	Control over the entity
ASSOCIATES						
Omega Portfolio Investment SA	Greece	0.00%	5.80%	5.80%	28.75%	

PROTON BANK is fully consolidated because of the "de facto" power of the Company to control its financial and operating activities. In particular, the Company owns the 20.16% of the voting rights of PROTON while the percentage of voting rights controlled by the Company is increased to 26.14% after taking into consideration the holding of two other shareholders of PROTON who are committed to vote in accordance with IRF's instructions based on an agreement.

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

- IRF has already exercised its effective power and appointed six members in the eleven-member Board of Directors of PROTON, including PROTON's chairman,
- Based on the Purchase Agreement, the vendors, who are currently directors and shareholders of PROTON, agree to vote in such a way that will protect IRF's power to appoint the majority of the PROTON's Board of Directors,
- There is no realistic possibility that all the other shareholders, who represent the 73.86% of the voting rights, will be organized in such a way as to in practice block the exercise of IRF's power. In particular, the 73.86% of the shares of PROTON is held by more than 10.000 investors, the majority of whom do not usually attend the Shareholders' Meeting. Moreover, no one of them controls more than 5% of the entity and d) The relevant judgment is compliance with the relevant Greek regulations.

All other subsidiaries comprising PROTON Group are consolidated because of the indirect, through PROTON Bank, ownership of the majority of their voting rights. The method of consolidation is the Purchase Method. Investment in associates is accounted under the equity method.

5.1 Changes in Group Structure during the Year 2006

During the financial year the following changes took place in the Group Structure:

- 1) PROTON BANK:** On 29th June 2006 IRF European Finance Investments Ltd acquired a 28% stake in the share capital of the listed on the Athens Stock Exchange company "PROTON BANK". The range of activities of PROTON Group of Companies covers almost the whole spectrum of the financial industry. More precisely, PROTON Group is specialized in investment banking. The IRF Group consolidated PROTON BANK for the first time at 30/06/2006, 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 7th September 2006, the Extraordinary General Meeting of shareholders of PROTON 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 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 29th September 2006. Following Proton's Bank merger with Omega and taking into account the shares issued therewith, the Company now owns a 20.16% interest in PROTON BANK. For the above merger the provisions of IFRS 3 "Business Combinations" were followed which applies to business combinations after 31st March 2004.

- 2) ARROW ASSET FINANCE SA:** The consolidated financial statements for the year ended 31st December 2006 do not include ARROW ASSET FINANCE SA, since on 30th September the dissolution of ARROW ASSET FINANCE SA was completed, as the Extraordinary General Meeting of the PROTON's shareholders, approved the start up and liquidation balance sheet according to the article 47 of Law 2190/1920 and 35 of the company's Articles of Association. The dissolution and liquidation of the company had no material effect on the Group's net assets since PROTON's investment in the particular subsidiary with a cost of € 369 thous. was written off. The impairment loss of € 369 thous. was charged against the income statement of PROTON of the year 2005. Consolidated P&L for the year 2006, includes the net result 01/07-30/09/2006.
- 3) MIMOSA TRADING SA:** The Company is duly incorporated and has filed articles of incorporation under the provisions of the Marshall islands Business Corporation Act on 6th July 2006. The IRF European Finance Investments Ltd 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 the Corporation is authorized to issued to issue is five hundred (500) registered and/or bearer shares without par value.
- 4) MYRTLE TRADING COMPANY:** The Company is duly incorporated and has filed articles of incorporation under the provisions of the Marshall islands Business Corporation Act on 6th July 2006. The IRF European Finance Investments Ltd 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 the Corporation is authorized to issued to issue is five hundred (500) registered and/or bearer shares without par value.

6. RISK MANAGEMENT

For risk management purposes, financial risks are monitored at two different levels: risks faced by Proton Group and risks faced by the Company. The nature of these risks and the ways they are dealt with by management are explained below.

The Proton Group is exposed to several risks, as all financial institutions. These risks are continually monitored through various methods so that the concentration of unreasonable risks is avoided.

On the other hand, the Company (including the wholly owned subsidiaries – Myrtle Trading Company and Mimosa Trading SA) is exposed to a limited level of risks. The Company 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.

6.1 Credit Risk

Group is exposed to credit risk, which is the risk of default of a counterparty, regarding its contractual obligations. Specifically in the case of loans, it is the risk of a counterparty to default on part, of its debt. Provisions for losses (impairment) are recognized when it is estimated that losses exist at the balance sheet date. The Group gives great consideration to the proper management of credit risk, due to the fact that significant changes in economy or in business sector represent a material part of the Group's portfolio and might cause losses that exceed existing provisions.

The Group mitigates the level of credit risk it undertakes by setting acceptable risk levels for each counterparty or group of counterparties in each business and geographical segment. The risks are periodically reviewed and adjusted. Limits have been placed on a product and sector level.

The undertaken risk for each borrower including banks, is furthermore reduced by placing sub-limits on and off balance sheet items. Loan balances are compared to credit limits on a daily basis.

The Group controls the exposure to credit risk with regular reviews on the borrowers capability to satisfy their interest and principal obligations by adjusting credit limits when necessary. Credit risk is partially covered with acceptable collaterals.

6.2 Market Risk

The Group takes on exposure to market risks. Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes. The Group applies modern methodologies, such as "value at risk", to measure market risk.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the maximum amount the Bank might lose, but only to a certain level of confidence over a certain period. The method does not estimate the potential loss extreme market movements (non normal). The Group calculates a VAR estimate for a 99% confidence level and a 10 day holding period.

The Group regularly applies on a daily basis a back testing program to control the VAR estimates, by comparing the actual changes in the portfolio with the respective VAR measures.

6.3 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.

The Group uses a large financing base which is achieved through a wide range of products including, deposits, debt securities and equity. This improves its financing capability, reduces the dependence on a single source, and generally lowers its borrowing cost. The Group tries to balance the need between financing and flexibility, by maintaining a portfolio with different maturities. The Group continually assesses liquidity risk by controlling and monitoring the required changes in order to meet its business goals in the frame of its strategy.

The table below presents the Group's net liquidity gap by taking into consideration the contractual maturity assets and liabilities as well as guidelines issued by the Bank of Greece.

<i>Amounts presented in € '000</i>	THE GROUP					Total
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
As at 31st December 2006						
Asset liquidity						
Cash and balances with Central Bank	37,397	-	-	-	-	37,397
Loans and advances to financial institutions	151,903	16,227	13,755	-	-	181,885
Derivative financial instruments	2,611	-	-	-	-	2,611
Trading Portfolio and other financial instruments at fair value through Profit & Loss	117,972	134,390	11,812	-	-	264,174
Loans and advances to customers	220,072	65,563	227,536	428,043	-	941,214
Insurance Receivables	-	-	16,721	-	-	16,721
Investment Portfolio	5,884	-	354	6,739	25,000	37,977
Investments in associates	-	-	-	-	4,604	4,604
Property, plant and equipment	-	-	-	-	33,402	33,402
Investment Property	-	-	-	-	50	50
Non current assets held for sale	-	-	64	-	-	64
Goodwill and other intangible assets	-	-	-	-	186,216	186,216
Reinsurance contracts	-	-	1,339	-	-	1,339
Deferred tax assets	-	-	-	3,200	-	3,200
Other assets	2,767	2,484	10,400	1,203	18,031	34,885
Total assets	538,606	218,664	281,981	439,185	267,303	1,745,739
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Liability liquidity						
Due to financial institutions	33,934	6,165	35,235	15,563	-	90,897
Derivative financial instruments	6,319	-	-	-	-	6,319
Due to Customers	90,379	399,953	398,922	152,903	-	1,042,157
Issued Debt Securities	-	-	-	-	1,500	1,500
Provisions for insurance contracts	-	-	34,093	-	-	34,093
Retirement benefit obligations	-	-	-	1,228	-	1,228
Current income tax liabilities	-	-	1,349	-	-	1,349
Other liabilities	199	-	7,356	13,889	-	21,444
Total liabilities	130,831	406,118	476,955	183,583	1,500	1,198,987
Net liquidity gap	407,776	(187,454)	(194,974)	255,602	265,803	546,752
As at 31st December 2005						
Total assets	538,606	218,664	281,981	439,185	267,303	1,745,739
Total liabilities	130,831	406,118	476,955	183,583	1,500	1,198,987
Net liquidity gap	407,776	(187,454)	(194,974)	255,602	265,803	546,752

	THE GROUP					Total
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
<i>Amounts presented in € '000</i>						
As at 31st December 2005						
Asset liquidity						
Cash and balances with Central Bank	2,206	-	-	-	-	2,206
Restricted cash held in Trust	-	-	210,294	-	-	210,294
Other assets	5	-	-	-	-	5
Total assets	2,212	-	210,294	-	-	212,506
Liability liquidity						
Other liabilities	170	-	-	-	-	170
Compound financial instrument	-	-	-	203,426	-	203,426
Total liabilities	170	-	-	203,426	-	203,596
Net liquidity gap	2,042	-	210,294	(203,426)	-	8,910
As at 31st December 2005						
Total assets	2,212	-	210,294	-	-	212,506
Total liabilities	170	-	-	203,426	-	203,596
Net liquidity gap	2,042	-	210,294	(203,426)	-	8,910

6.4 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 Proton Group sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

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).

	THE GROUP					Total
	EUR	USD	GBP	JPY	Other Currencies	
<i>Amounts presented in € '000</i>						
As at 31st December 2006						
Currency risk for assets						
Cash and balances with Central Bank	37,257	129	9	-	2	37,397
Loans and advances to financial institutions	167,957	7,044	2,466	835	3,582	181,885
Derivative financial instruments	(123,901)	(4,525)	(20)	171,523	(40,466)	2,611
Trading portfolio and other financial assets at fair value through Profit & Loss	253,563	7,504	650	-	2,457	264,174
Loans and advances to customers	849,089	58,168	9	-	33,948	941,214
Investment Portfolio	37,753	224	-	-	-	37,977
Investments in associates	4,550	-	-	-	54	4,604
Goodwill and other intangible assets	186,216	-	-	-	-	186,216
Investment Property	50	-	-	-	-	50
Property, plant and equipment	33,402	-	-	-	-	33,402
Non current assets held for sale	64	-	-	-	-	64
Insurance Receivables	16,721	-	-	-	-	16,721
Reinsurance contracts	1,339	-	-	-	-	1,339
Deferred tax assets	3,200	-	-	-	-	3,200
Other assets	32,178	2,338	227	(38)	179	34,884
Total assets	1,499,439	70,882	3,341	172,320	(244)	1,745,739

Amounts presented in € '000

Currency risk of liabilities	EUR	USD	GBP	JPY	Other Currencies	Total
Due to financial institutions	70,016	20,881	-	-	-	90,897
Derivative financial instruments	6,312	7	-	-	-	6,319
Due to customers	811,020	50,825	3,535	175,636	1,141	1,042,157
Issued Debt Securities	1,500	-	-	-	-	1,500
Provision for insurance contracts	34,093	-	-	-	-	34,093
Retirement benefit obligations	1,228	-	-	-	-	1,228
Current income tax liabilities	1,349	-	-	-	-	1,349
Other liabilities	21,169	494	55	(16)	(257)	21,445
Total liabilities	946,687	72,207	3,590	175,620	884	1,198,987
Net on-balance sheet position	552,752	(1,325)	(249)	(3,300)	(1,128)	546,752
As at 31st December 2006						
Total assets	1,499,439	70,882	3,341	172,320	(244)	1,745,739
Total liabilities	946,687	72,207	3,590	175,620	884	1,198,987
Net on-balance sheet position	552,752	(1,325)	(249)	(3,300)	(1,128)	546,752

THE GROUP

Amounts presented in € '000

Currency risk for assets	EUR	USD	GBP	JPY	Other Currencies	Total
Loans and advances to financial institutions	-	2,206	-	-	-	2,206
Restricted cash held in Trust	-	210,294	-	-	-	210,294
Other Assets	-	5	-	-	-	5
Total assets	-	212,506	-	-	-	212,506
Currency risk of liabilities	EUR	USD	GBP	JPY	Other Currencies	Total
Other liabilities	85	(48)	133	-	-	170
Compound financial instrument	-	203,426	-	-	-	203,426
Total liabilities	85	203,378	133	-	-	203,596
Net on-balance sheet position	(85)	9,127	(133)	-	-	8,910
As at 31st December 2005						
Total assets	-	212,506	-	-	-	212,506
Total liabilities	85	203,378	133	-	-	203,596
Net on-balance sheet position	(85)	9,127	(133)	-	-	8,910

6.5 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. Fluctuations in market interest rates significantly affect the present value of expected future cash flows from investments and liabilities.

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.

<i>Amounts presented in € '000</i>	THE GROUP						Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	
As at 31st December 2006							
Assets							
Cash and balances with Central Bank	15,776	-	-	-	-	21,621	37,397
Loans and advances to financial institutions	151,765	16,227	13,765	-	-	128	181,885
Derivative financial instruments	-	-	-	-	-	2,611	2,611
Trading portfolio and other financial assets at fair value through Profit & Loss	-	-	3,197	66,026	68,364	126,587	264,174
Loans and advances to customers	116,712	437,380	240,513	146,609	-	-	941,214
Insurance Receivables	-	-	-	-	-	16,721	16,721
Investment Portfolio	-	-	-	447	31,646	5,884	37,977
Investments in associates	-	-	-	-	-	4,604	4,604
Property, plant and equipment	-	-	-	-	-	33,402	33,402
Investment Property	-	-	-	-	-	50	50
Non current assets held for sale	-	-	-	-	-	64	64
Goodwill and other intangible assets	-	-	-	-	-	186,216	186,216
Reinsurance contracts	-	-	-	-	-	1,339	1,339
Deferred tax assets	-	-	-	-	-	3,200	3,200
Other assets	-	-	-	-	-	34,885	34,885
Total assets	284,253	453,607	257,475	213,082	100,010	437,312	1,745,739
Liabilities							
Due to financial institutions	34,371	6,165	34,798	15,563	-	-	90,897
Derivative financial instruments	-	-	-	-	-	6,319	6,319
Due to customers	768,154	155,005	86,150	32,848	-	-	1,042,157
Obligations from bonds	-	-	-	-	1,500	-	1,500
Provision for insurance contracts	-	-	-	-	-	34,093	34,093
Retirement benefit obligations	-	-	-	-	-	1,228	1,228
Current income tax liabilities	-	-	-	-	-	1,349	1,349
Other liabilities	-	-	-	-	-	21,445	21,445
Total liabilities	802,525	161,170	120,948	48,411	1,500	64,434	1,198,987
Total interest sensitivity gap	(518,272)	292,437	136,527	164,671	98,510	372,878	546,752
As at 31st December 2005							
Total assets	284,253	453,607	257,475	213,082	100,010	437,312	1,745,739
Total liabilities	802,525	161,170	120,948	48,411	1,500	64,434	1,198,987
Net interest sensitivity gap	(518,272)	292,437	136,527	164,671	98,510	372,878	546,752

<i>Amounts presented in € '000</i>	THE GROUP						Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	
As at 31st December 2005							
Asset liquidity							
Cash and balances with Central Bank	2,206	-	-	-	-	-	2,206
Restricted cash held in Trust	-	-	210,294	-	-	-	210,294
Other assets	-	-	-	-	-	5	5
Total assets	2,206	-	210,294	-	-	5	212,506
Liability liquidity							
Other liabilities	-	-	-	-	-	170	170
Compound financial instrument	-	-	-	203,426	-	-	203,426
Total liabilities	-	-	-	203,426	-	170	203,596
Net liquidity gap	2,206	-	210,294	(203,426)	-	(165)	8,910
As at 31st December 2005							
Total assets	2,206	-	210,294	-	-	5	212,506
Total liabilities	-	-	-	203,426	-	170	203,596
Net liquidity gap	2,206	-	210,294	(203,426)	-	(165)	8,910

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

<i>Amounts presented in € '000</i>	Investment Banking	Other Banking Activities	Insurance and other activities	Total
Financial year 1st January - 31st December 2006				
Net Income				
- from interest	8,535	8,231	(37)	16,729
- from fees and commissions	(1,698)	9,569	(5)	7,866
- from insurance activities	-	-	7,790	7,790
- from dividends	1,620	-	6	1,626
- net trading income and other income	28,677	943	234	29,854
Total Net Income	37,133	18,743	7,988	63,864
Profit before tax	27,498	9,699	(372)	36,825
Tax				(2,916)
Result after Tax				33,909
Other items by segment				
Depreciation (Note 16)	(483)	(355)	(40)	(878)
Insurance claims (Note 17)	-	-	(4,968)	(4,968)
Impairment Losses (Note 18)	1,809	(2,367)	-	(558)
Investments in associates	-	-	-	240
Financial Year 8th September - 31st December 2005				
Net Income				
- from interest	(1,323)	-	-	(1,323)
Total Net Income	(1,323)	-	-	(1,323)
Profit before tax	(1,396)			(1,396)
Tax				
Result after Tax				(1,396)

<i>Amounts presented in € '000</i>	Investment Banking	Other Banking Activities	Insurance and other activities	Total
31st December 2006				
Assets	1,066,959	505,359	173,422	1,745,739
Total Liabilities & Equity	822,640	533,216	389,884	1,745,739
31st December 2005				
Assets	212,506	-	-	212,506
Total Liabilities & Equity	212,506	-	-	212,506

7.2 By Geographical segment

A geographical segment is defined as a particular economic environment in which the Group is engaged in providing services 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

Amounts presented in € '000

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Interest and Similar Income				
From loans and advances to banks	8,466	6	5,797	6
From securities	3,070	-	-	-
From Loans and receivables	17,424	-	-	-
Other Interest related income	31	-	-	-
Total	28,992	6	5,797	6
Interest and Similar Expenses				
Due to financial institutions	81	-	-	-
Due to customers	9,281	-	-	-
Contribution Law 128	1,321	-	-	-
Interest on Compound instrument	-	1,328	-	1,328
Interest on Borrowing Funds (Financing Loans)	726	-	726	-
Other Interest related expenses	853	0.2	29	0.2
Total	12,263	1,329	756	1,329
Net Interest Income	16,729	(1,323)	5,042	(1,323)

During the year the Company fully utilized a financial facility of € 75 mil. granted by three banks. The relevant funds were raised in October 2006 and were fully repaid in the end of November.

9. NET FEE AND COMMISSION INCOME

Amounts presented in € '000

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Fee and commission income from:				
Loans and advances to customers	989	-	-	-
Letters of guarantee	111	-	-	-
Imports-Exports	106	-	-	-
Credit Cards	676	-	-	-
Foreign Exchange Transactions	86	-	-	-
Securities brokerage	5,840	-	-	-
Remittance	32	-	-	-
Management of Securities and Investment Banking	2,456	-	-	-
Total	10,296	-	-	-
Fee and commission expense from:				
Guarantees, Credit Cards	275	-	-	-
Securities brokerage	1,780	-	-	-
Loans Fees and Commissions	375	-	375	-
Total	2,430	-	375	-
Net fee and commission income	7,866	-	(375)	-

10. NET INCOME FROM INSURANCE SERVICES

Amounts presented in € '000

	THE GROUP	
	31/12/2006	31/12/2005
Income from insurance activities	7,284	-
Expenses from insurance activities	506	-
Total	7,790	-

11. DIVIDEND INCOME

Amounts presented in € '000

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Dividends from AFS securities	23	-	-	-
Dividends from trading securities	1,603	-	-	-
Dividends from Subsidiaries (Note 49)	-	-	15,095	-
Total	1,626	-	15,095	-

12. NET RESULT FROM FINANCIAL ACTIVITIES

Amounts presented in € '000

	THE GROUP	
	31/12/2006	31/12/2005
Foreign Exchange Differences	522	-
Purchase and sale of securities	24,176	-
Valuation of securities	11,853	-
Foreign Exchange Differences	177	-
Derivative instruments	(8,243)	-
Discount interests	70	-
Total	28,555	-

13. OTHER OPERATING INCOME

Amounts presented in € '000

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Building rentals	20	-	-	-
Non-banking activities	392	-	-	-
Proceeds from sale of fixed assets	2	-	-	-
Exchange Differences (other than trading activities)	897	-	897	-
Other income	(12)	-	-	-
Total	1,299	-	897	-

14. STAFF COSTS

<i>Amounts presented in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Wages and salaries	6,853	-	155	-
Social insurance contribution	1,289	-	-	-
Pension and retirement costs	(8)	-	-	-
Other employee costs	97	-	-	-
Total	8,233	-	155	-

The number of staff is given below:

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Number of employees	640	-	1	-

On 31st December 2006 the Group employed 640 employees, while the Company employed just 1 employee.

15. OTHER OPERATING EXPENSES

<i>Amounts presented in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Rentals	1,151	-	-	-
Maintenance costs	363	-	-	-
Promotion and advertising costs	247	-	-	-
Telephone expenses and postage	556	-	-	-
Other third parties fees	1,484	-	204	-
Contribution to Hellenic Deposit Guarantee Fund	277	-	-	-
Subscriptions and other contribution expenses	3,238	-	-	-
Insurance fees	72	-	-	-
Consumables	259	-	-	-
Taxes (Value Added, Property, etc.)	905	-	-	-
Insurance agency costs	1,994	-	-	-
Other operating expenses	2,096	72	252	72
Total	12,642	72	457	72

16. DEPRECIATION

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Property, plant & equipment	601	-
Intangible assets	277	-
Total	878	-

17. INSURANCE CLAIMS

Amounts presented in € '000

	THE GROUP	
	31/12/2006	31/12/2005
Automobile third party liability	1,838	-
Non-motor property and casualty lines	3,130	-
Total	4,968	-

18. IMPAIRMENT LOSSES

Amounts presented in € '000

	THE GROUP	
	31/12/2006	31/12/2005
Loans and receivables	275	-
Financial investments	261	-
Other assets	22	-
Total impairment charge for credit losses	558	-

19. INCOME TAX EXPENSE

The tax charge for the year is analyzed below:

Amounts presented in € '000

	THE GROUP	
	31/12/2006	31/12/2005
Current Year Tax		
Current Tax expense	2,285	-
Deferred Tax	631	-
Total tax charge	2,916	-

The reconciliation of the income tax expense for the year is as follows:

Amounts presented in € '000

	THE GROUP	
	31/12/2006	31/12/2005
Profit before tax	36,825	-
Less: Taxable profits in other jurisdictions at 0%	(20,047)	-
Taxable in Greece at 24%	16,778	-
Income tax at normal rates (24%)	4,027	-
<i>Adjustments for:</i>		
Non-taxable income	(3,577)	-
Non-deductible expense	8	-
Addition tax on property, plant and equipment	5	-
Special taxation of prior years' reserves	2,453	-
Income tax expense	2,916	-
Current income tax	2,285	-
Deferred tax	631	-
Total income tax expense	2,916	-

The Group operates in a number of different jurisdictions. Income generated by entities established under Greek Law is subject to income tax according to the Greek Income Taxation Code. Profits recorded in the jurisdictions of Bermuda and Marshall Islands are tax free.

Under Greek legislation, normal income tax rates applicable to all entities incorporated in the form of societe anonyme are 29% for the year 2006 and 25% thereafter. PROTON BANK took advantage of the Law 2992/2002 tax incentive scheme, applicable to entities engaged into mergers, and was taxed at a reduced rate of 24% in 2006. In 2007 PROTON BANK will be taxed at the reduced rate of 20%.

Certain types of income, such as profits from trading with securities, are tax-free or taxed at lower rates as long as they are transferred into a special reserve. However, the relevant profits are taxable at normal tax rates in the event of distribution to the shareholders. According to the Ministry of Finance's resolution 1135/22.11.06 a special tax was imposed on those reserves during the year. The relevant income tax charge was € 2.453 thousand. After taking into consideration the above, effective tax rate for the PROTON Group is 17.4%. The Group's effective tax rate is 7.9%.

Income tax liability for Proton Group is not considered as final as it is further analyzed in Note 50.2.

Deferred tax recognized in the income statement is attributable to:

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Loans and receivables	(523)	-
Employee bonuses	(195)	-
Accrued income	(214)	-
Other assets	(43)	-
Financial receivables	(13)	-
Retirement benefit obligations	2	-
Financial liabilities	20	-
Revaluation on OTC forwards	128	-
Property, plant & equipment and intangible assets	207	-
Total deferred tax	(631)	-

20. CASH AND BALANCES WITH CENTRAL BANK

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Cash on hand and cash in course of collection	10,014	-
Cheques receivable	12,018	-
Included in cash and cash equivalents (Note 45)	22,032	-
Mandatory reserve deposits with Central Bank	15,365	-
Total	37,397	-

Mandatory reserves with the central bank are not available for everyday use by the Group.

21. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

<i>Amounts presented in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Deposits placed in other financial institutions	48,264	2,206	3,880	2,206
Nostro accounts	47,877	-	-	-
Time deposits	84,367	-	-	-
Cheques receivables	1,377	-	-	-
Total	181,885	2,206	3,880	2,206

The Company's cash equivalents refer to sight deposits in other financial institutions.

22. RESTRICTED CASH HELD IN TRUST

<i>Amounts presented in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Restricted cash held in Trust	-	210,294	-	210,294
Total	-	210,294	-	210,294

Under the terms of the Offering (Ref. Note 43), the net offering proceeds amounting to € 209,493,368 (\$ 252,083,370) were placed in a trust Account. Under the agreement the Trust Funds would only be invested in United States government securities having a maturity of 180 days or less. The balance recorded at market value, including interest and movements in the value of investments at the balance sheet date at 31st December 2005. The market value of investments held in trust amounted to € 210,294,081 (US \$ 253,046,867) at 31 December 2005.

Following the acquisition of Proton and the relevant decision of the Shareholders the funds held in Trust were released and were available for use by the Company without any restriction.

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

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Government bonds	18,441	-
Corporate entities bonds	119,146	-
Mutual funds	23,996	-
Securities	102,591	-
Total	264,174	-

24. DERIVATIVE FINANCIAL INSTRUMENTS

The notional and fair values of derivatives held at 31st December 2006 were:

<i>Amounts presented in € '000</i>	THE GROUP		
	31st December 2006		
	FAIR VALUE		
	Notional amount	Assets	Liabilities
Derivatives held for trading			
a) trading in Exchanges			
Options	12,648	224	(100)
Forwards / Futures	335,751	-	-
	348,399	224	(100)
b) OTC			
Interest rate swaps	594,452	1,992	(2,427)
Options	3,037	28	(7)
FX Forwards	281,187	-	(3,753)
Credit default swaps	13,417	42	(32)
Total return swap	10,000	325	-
	902,093	2,387	(6,219)
Total recognised derivative assets / liabilities	1,250,492	2,611	(6,319)

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.

25. LOANS AND ADVANCES TO CUSTOMERS

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

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Retail Customers		
Mortgages	51,810	-
Consumer Loans /Loans to individuals	88,372	-
Credit cards	28,197	-
Total loans and receivables to individuals	168,379	-
Corporate Customers		
Agriculture	5,259	-
Mining	1,149	-
Heavy industry	42,373	-
Small Industry	14,957	-
Building / construction	73,454	-
Energy	2,163	-
Commercial / Insurance	202,202	-
Transportation	93,516	-
Services	36,954	-
Other companies	328,720	-
Total loans and receivables to companies	800,745	-
Finance lease receivables	11,388	-
Total Loans and receivables	980,512	-
Less: Allowances for losses (impairment) on loans and advances to customers	(39,298)	-
Total	941,214	-

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>	Allowances for losses on loans to individuals	Allowances for losses on loans to companies	Total
Balance at beginning of year (01.01.2006)	-	-	-
Allowances from acquisitions (Proton Bank)	(265)	(909)	(1,174)
Allowances from acquisitions (Omega Bank)	(16,957)	(23,114)	(40,071)
Expense for the year	(212)	(63)	(275)
Loans written-off	1,163	1,059	2,222
Balance at end of year (31.12.2006)	(16,271)	(23,027)	(39,298)

Loans and advances to customers include finance lease receivables:

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Net investment in finance leases		
Gross Investment in leased equipment	17,185	-
Less: unearned finance income	(5,797)	-
Net investments in leased equipment	11,388	-
The Net finance leases receivables comprises:		
Less than 1 year	1,143	-
Between 1 to 5 years	3,734	-
More than 5 years	6,511	-
Total	11,388	-

26. INSURANCE ASSETS

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Insurance Receivables		
Insurance Debtors	8,498	-
Past due insurance debtors	1,248	-
Cheques receivable	7,520	-
Promissory notes and other receivables	110	-
Less: provisions for losses (impairment)	(655)	-
	16,721	-
Reinsurance Receivables		
Reinsurance Debtors	1,332	-
Receivables from reinsurance activities	7	-
	1,339	-
Total Insurance Assets	18,060	-

27. INVESTMENT PORTFOLIO

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

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Investments held to maturity		
Government bonds	6,646	-
<i>Total investment held to maturity</i>	6,646	-
Available for sale portfolio (at fair value)		
Corporate bonds	28,458	-
Equity securities	5,502	-
Mutual Funds	30	-
Other investments	345	-
Less: Provision for losses (impairment)	(3,004)	-
<i>Total available for sale securities</i>	31,331	-
Total Investment Portfolio	37,977	-

H-T-M investments mainly refer to Greek Government Bonds for which the Group has the ability and the intention to hold to maturity. The fair value of the above mentioned financial instruments at 31 December 2006 is calculated at 6.648 thousands euros.

The movement in the investment portfolio for the year ended 31/12/2006 may be summarized as follows:

<i>Amounts presented in € '000</i>	THE GROUP		
	Investments held-to-maturity	Financial assets available for sale	Total
Balance as at 1st January 2006	-	-	-
Additions from the acquisition of Proton Bank	-	855	855
Additions from the acquisition of Omega Bank	-	31,024	31,024
Additions	6,768	171,317	178,085
Redemptions	-	(171,876)	(171,876)
Gains / (losses) from changes in fair value	-	11	11
Amortization of premium/ discount	(122)	-	(122)
Balance as at 31st December 2006	6,646	31,331	37,977

During the year the Company, through its wholly owned subsidiaries, MYRTLE TRADING COMPANY and MIMOSA TRADING SA, acquired a stake in Piraeus bank (a company listed to ASE) for a total consideration of € 171 million. The investment in Piraeus Bank was disposed in November 2006 at the total amount of € 185 million, generating a profit of € 13.9 million.

28. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are analyzed as follows:

<i>Amounts presented in € '000</i>	THE COMPANY	
	31/12/2006	31/12/2005
Opening balance	-	-
Acquisitions	126,687	-
Closing balance	126,687	-

Investments in Subsidiaries are measured at acquisition cost.

29. INVESTMENTS IN ASSOCIATES

Investment in associates refers to a 28.75% holding of Proton Bank to the closed-end fund Omega AEEX, a company listed on ASE.

Some brief financial information on the associates is given below:

<i>Amounts presented in € '000</i>	Domicile	Assets	Liabilities	Profits /(losses)	Participation %
Omega Portfolio Investment SA	Greece	16,122	83	1,695	5.80%

The movement in the investment in associates account for the year 2006 was as follows:

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Beginning of year	-	-
Additions from acquisitions (Omega Bank)	4,356	-
Transfer from trading portfolio	8	-
Group share of profit /(loss)	240	-
Total	4,604	-

Investments in associates are accounted under the equity method. The market value of the investment in Omega as at 31st December 2006 was € 3,777 thous.

30. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

	THE GROUP					Investment Property
	Land and Buildings	Mechanical Equipment	Transportation means or vehicles	Furniture & other equipment	Total	
<i>Amounts presented in € '000</i>						
Cost or revaluation at 1st January 2005	-	-	-	-	-	-
Less: Accumulated depreciation	-	-	-	-	-	-
Carrying amount at 1st January 2006	-	-	-	-	-	-
Acquisition - PROTON BANK	1,246	23	169	2,304	3,742	-
Acquisition (absorption) - OMEGA BANK	24,666	37	50	7,267	32,020	50
Additions	533	3	-	381	917	-
Write-off /Disposals	-	-	-	(259)	(259)	-
Depreciation for the year	(220)	(4)	(19)	(358)	(601)	-
Depreciation attributable to disposed - written off	-	-	-	200	200	-
Accumulated depreciation of acquired subsidiary (Proton Bank)	(545)	(20)	(64)	(1,988)	(2,617)	-
Carrying amount at 1st January 2006	25,680	39	136	7,547	33,402	50
Cost or Revaluation at 31st December 2006	26,445	63	219	9,693	36,420	50
Less: Accumulated depreciation	(765)	(24)	(83)	(2,146)	(3,018)	-
Carrying amount at 31st December 2006	25,680	39	136	7,547	33,402	50

31. NON CURRENT ASSETS HELD FOR SALE

	THE GROUP	
	31/12/2006	31/12/2005
<i>Amounts presented in € '000</i>		
Land resulting from foreclosure	64	-

The account includes land acquired by means of foreclosure and auctions. According to IFRS 5, the Group must sell any assets of this category within twelve months from the date of acquisition.

32. GOODWILL AND OTHER INTANGIBLE ASSETS

	THE GROUP		
	Goodwill & other intangible assets acquired in business combination	Software	Total
<i>Amounts presented in € '000</i>			
Acquisition cost at 31 st December 2005	-	-	-
Less: Accumulated depreciation	-	-	-
Carrying amount at 31st December 2005	-	-	-
Acquisition of PROTON BANK	68,754	1,124	69,878
Acquisition of OMEGA BANK	114,211	3,384	117,595
Impairment	-	(109)	(109)
Additions	-	164	164
Depreciation for the year	-	(277)	(277)
Accumulated amortization of acquired subsidiary (Proton Bank)	-	(1,035)	(1,035)
	182,965	3,251	186,216
Acquisition cost at 31 st December 2006	182,965	4,563	187,528
Less: Accumulated Amortization	-	(1,312)	(1,312)
Carrying amount at 31st December 2006	182,965	3,251	186,216

"Goodwill and other intangible assets" include business combination differences as described in Note 46. The relevant amount has been determined provisionally, since the process of identifying and measuring the identifiable intangible assets has not been finalised. The significant intangible assets that it is expected to arise are bank customer relationships, brokerage customer relationships, trade name and core deposits. The first impairment test of goodwill and intangible assets will take place when the purchase price allocation is finalised.

33. 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:

	THE GROUP	
	31/12/2006	31/12/2005
<i>Amounts presented in € '000</i>		
Deferred tax assets		
Retirement benefit obligations	392	-
Financial liabilities	242	-
Staff bonuses and allowances	216	-
Property, plant & equipment and Intangible assets	118	-
Tax loss	276	-
Fair value adjustments to loans acquired in business combination	2,492	-
Total deferred tax assets	3,736	-
Deferred tax liabilities		
Financial assets	(6)	-
Loan impairment and other credit risk provisions	(37)	-
Derivatives Listed in ADEX	(10)	-
Deferred income	(440)	-
Leasing	(43)	-
Total deferred tax liabilities	(536)	-
Total	3,200	-

34. OTHER ASSETS

The Group's other assets account is analysed as follows:

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Other Assets		
Advances to employees	26	-
Advances to third parties	50	-
Contributions to Co-Guarantee Fund and Supplementary Fund	4,901	-
Guarantee fees	7,698	-
Prepayments to third parties	68	-
Brokerage fees receivables	8	-
Credit card receivables	2,095	-
Prepaid Taxes and other tax advances	3,946	-
Sundry debtors and other receivables	16,904	5
Bad debts (other than loans and receivables)	1,199	-
	36,895	5
Less: Provisions for losses (impairment) of receivables besides loans	(2,010)	-
Total	34,885	5

The Company's other assets are analyzed as follows:

<i>Amounts presented in € '000</i>	THE COMPANY	
	31/12/2006	31/12/2005
Other Assets		
Sundry debtors and other receivables	26	5
Loans to subsidiaries (Note 49)	73,395	-
Dividend receivables (Note 49)	15,095	-
Total	88,516	5

- The Company is financing its wholly owned subsidiaries, MYRTLE and MIMOSA, for their trading activities. The amount of € 73,395 thous. is the amount due from the subsidiaries as at 31st December 2006. The abovementioned subsidiaries have undertaken the obligation to repay the Company any amounts from time to time lent to them, on first demand.
- The amount of € 15,095 thous. refers to the dividend receivables of the Company from its wholly owned subsidiaries, MYRTLE (amount of € 4,127 thous.) and MIMOSA (amount of € 10,968 thous.).

35. DUE TO FINANCIAL INSTITUTIONS

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Interbank deposits	33,933	-
Short-Term Loans	438	-
Sale and repurchase agreement (REPOS)	56,526	-
Total	90,897	-

All the Sale and repurchase agreements (REPOS) have a maturity of one month from the date of 31st December 2006.

36. DUE TO CUSTOMERS

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Due to Customers		
<i>Retail Customers</i>		
Savings account	64,497	-
Sight deposits	1,122	-
Time deposits	586,410	-
	652,029	
<i>Corporate Customers</i>		
Sight deposits	72,104	-
Time deposits:		
Companies	134,417	-
Public Organizations	7,788	-
Public companies	4,565	-
Other time deposits	84,401	-
Sale and repurchase agreement (REPOS)	920	-
	304,195	
Blocked deposits	29	-
Pledged deposits	50,361	-
Margin accounts	35,543	-
Total	1,042,157	

All the Sale and repurchase agreements (REPOS) have a maturity of one month from the date of 31st December 2006.

37. ISSUED DEBT SECURITIES

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Issued Debt Securities	1,500	-
Total	1,500	

Debt securities refer to a convertible bond issued by Omega Insurance SA and which is hold by the Chief Executive Director of the subsidiary. The basic characteristics of the convertible bond are the following:

ISSUE DATE	:	JUNE 27th, 2006
PAR VALUE	:	€ 1,500 THOUS.
COUPON RATE	:	5%
TITLE FORM AND NUMBER	:	500,000 COUPON BONDS WITH PAR VALUE € 3 EACH, CAN BE FORMED IN A SINGLE OR MULTIPLE CUMULATIVE TITLE.
DURATION	:	PERPETUITY WITH FIVE-YEAR NOTICE OF PREPAYMENT FROM THE ISSUER, OR RELEVANT DECISION OF THE GENERAL ASSEMBLY OF BONDHOLDERS.
CONVERSION RATIO	:	ONE (1) BOND IS CONVERTIBLE TO ONE (1) ORDINARY SHARE WITH PAR VALUE € 3.
USE OF FUNDS	:	IMPROVE SOLVENCY AND CAPITAL ADEQUACY RATIO OF OMEGA INSURANCE.

38. COMPOUND FINANCIAL INSTRUMENT

<i>Amounts presented in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Compound financial instruments	-	203,426	-	203,426
Total	-	203,426	-	203,426

The Company's compound financial instruments at 31st December 2005 represented the present value of the cash held in trust, including estimated interest (\$ 244,783 thous.), which would be payable to shareholders within 24 months following the date of the offering if no qualifying business combination had occurred.

In 2006, following the acquisition of Proton Bank, the amount of € 1,915 thous. (\$ 2,425 thous.) was repaid to shareholders and the balance was transferred to share premium account (ref. Note 43).

39. PROVISION FOR INSURANCE CONTRACTS

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Total provisions for insurance contracts 01/01/2005	-	-
Additions through acquisitions (Omega Bank)	35,336	-
Unearned premiums 01/10-31/12/2006	(1,424)	-
Outstanding claim reserves 01/10-31/12/2006	181	-
Total provisions for insurance contracts 31/12/2006	34,093	-

Analyzed as follows:

AMOUNTS IN € '000	GROSS PROVISION	REINSURE'S SHARE	NET PROVISION
UNEARNED PREMIUMS	10,720	975	9,745
OUTSTANDING CLAIMS	23,373	574	22,799
BALANCE AT 31 DECEMBER 2006	34,093	1,549	32,534

40. RETIREMENT BENEFIT OBLIGATION

The retirement benefit obligations to personnel is described as follows:

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Amount recognized in Balance Sheet		
Present value of defined benefit obligations	1,382	-
Unrecognised actuarial profits / (losses)	(154)	-
Total Liabilities at the end of period	1,228	-

Amounts recognized in Income Statement	THE GROUP	
	31/12/2006	31/12/2005
Current service cost	87	-
Interest cost	6	-
Unrecognised actuarial profits / (losses)	1	-
Expense recognized in Income Statement	94	-

The change in liabilities is described below:

<i>Amounts presented in € '000</i> Change in liabilities:	THE GROUP	
	31/12/2006	31/12/2005
Opening balance	-	-
Increase due to acquisition of Proton Bank	221	-
Increase due to business combination with Omega	1,124	-
Expense for the period	94	-
Compensation paid	(211)	-
Total liability recognized in Balance Sheet	1,228	-

The main actuarial assumptions used are provided below:

	31/12/2006	31/12/2005
Discount Rate	4.10%	3.72%
Future salary increases	4.70%	4.70%
Expected return on plan assets	4.10%	3.72%

41. CURRENT INCOME TAX LIABILITIES

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Income Tax on Taxable Profits	1,349	-
Total	1,349	-

42. OTHER LIABILITIES

<i>Amounts presented in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Withholding taxes arising from salaries	510	-	-	-
Taxes and duties payable from customers' deposits	253	-	-	-
Other withholding taxes and duties	2,332	-	-	-
Prior year income taxes (from tax audit)	1,320	-	-	-
Social security contributions	859	-	-	-
Dividends Payable	34	-	-	-
Withholdings in favour of third parties	2	-	-	-
Salaries Payable	311	-	-	-
Brokerage transactions in foreign derivatives	13,782	-	-	-
Brokerage services securities and derivatives	74	-	-	-
Brokerage services -Cyprus	31	-	-	-
Suppliers and other third party liabilities	1,919	153	167	153
Amounts payable to related parties (Note 49.4)	19	17	19	17
Total	21,445	170	185	170

43. SHARE CAPITAL & SHARE PREMIUM

Amounts presented in € '000	Number of shares	Nominal value (US\$)	Amounts in US \$		Amounts in €		Total
			Share Capital	Share Premium	Share Capital	Share Premium	
Balance at 8 September 2005	-	-	-	-	-	-	-
Issue of common stock to initial shareholders (15/09/2005)	8,000,000	0.0015	12	-	10	-	10
Share capital increase by issuing new shares (04/11/2005)	3,458,335	0.0015	5	-	4	-	4
Issue of shares on offering, net of offering costs	45,833,340	0.0015	69	(69)	57	(57)	-
Expenses related to issue of shares on net offering	-	-	-	12,383	-	10,291	10,291
Balance at 31 December 2005	57,291,675		86	12,314	71	10,234	10,305
Decrease in Share Capital due to the shares cancelled as a result of repurchase rights	(430,000)	0.0015	(0.6)	0.6	(0.54)	0.54	-
Conversion of Compound Financial Instruments to Common Shares (after the acquisition of PROTON BANK at 30th June 2006)	-	-	-	241,449	-	189,940	189,940
Balance at 31 December 2006	56,861,675		85	253,764	71	200,174	200,245

Year 2005

On 15 September 2005, 8,000,000 common shares, having a par value of \$0.0015 each, were issued for a total consideration of \$12,000 and the authorized share capital was increased to 136,500,000 common shares of \$0.0015 each.

On 4 November 2005, further 3,458,335 common shares of \$0.0015 were issued for a total consideration of \$5,187.50 and the authorized share capital was increased to \$148,958,355 common shares of \$0.0015 each.

On 14 November 2005 the Company consummated its initial public offering (the "Offering"). The Company sold 45,833,340 units in the Offering at a price of \$6.00 per Unit, generating gross offering proceeds of \$275,000,040 (€228,538,220). Each Unit consisted of one share of the Company's common stock (the "Common Stock"), and two warrants ("Warrants"). Each Warrant entitles the holder to purchase from the Company one share of Common Stock at an exercise price of \$5.00 per share.

According to the Offering circular, the net proceeds of the Offering, amounting to € 209,493,368 (US\$252,083,370), were placed in a trust account (the "Trust Fund") to be held there until the earlier of the completion of a Business Combination, the exercise by any person who acquired common shares and warrants at the offering (a "New Shareholder") of his repurchase rights or the distribution of such funds to the New Shareholders. Moreover, if a business combination was not completed within 18 months (or within 24 months if a letter of intent or definitive agreement was entered into prior to the end of the 18 month period or unless extended by majority shareholder approval) after the effective date of the initial registration statement, funds held in the Trust account would be returned to the shareholders of the Company

On this basis and according to IAS 32, the proceeds received on issue of the units were allocated between debt and equity. In particular, the amount of € 201,297,018 (\$ 242,220,702) representing the present value of the cash held in trust, including estimated interest, which would be payable to shareholders within 24 months following the date of the offering if no qualifying business combination had occurred was recognized in liabilities (compound financial instruments). The amount allocated to equity was the difference between the net proceeds and the value of the liability and represented the nominal value of the shares issued and the relative fair market value of each warrant attached to the Unit.

Year 2006

On 27 June 2006 the Special General Meeting of the Company's Shareholders approved the acquisition of PROTON BANK. The respective acquisition qualified as a business combination according to the 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 and for any other use.
- The Company was relieved from the obligation to repay the Offering proceeds to the shareholders, except for the shareholder who elected in the General Meeting to redeem their shares. In particular, shareholders of 430.000 shares elected to have their shares repurchased by the Company.

Based on the decision of the General Meeting of the shareholders:

- 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 (refer below).

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

Warrants

On the Offering the Company issued 45,833,340 Units. Each Unit consisted of one share of the Company's common stock and two warrants. Each Warrant entitles the holder to purchase from the Company one share of Common Stock at an exercise price of \$5.00 per share.

According to the Offering, each warrant would become exercisable on the earlier of (i) completion of a business combination which, when combined with all of 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 or 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 by the Special Shareholders Meeting, the 91.666.680 Warrants became exercisable and may be exercised by 14 November 2009.

Amounts presented in €

Authorized	Preference Shares of \$ 0.0001 each			Common Shares of \$ 0.0015 each		
	Number	Amount in \$	Amount in €	Number	Amount in \$	Amount in €
In issue at 31 December 2005	2,500,000	250	208	148,958,355	223,438	185,687
Increase of authorized share capital according the decision of Annual General Meeting (20 December 2006)	-	-	-	51,041,645	76,562	63,627
Authorized at 31 December 2006	2,500,000	250	208	200,000,000	300,000	249,314

Amounts presented in €

Alloted, called up and fully paid	Preference Shares of \$ 0.0001 each			Common Shares of \$ 0.0015 each		
	Number	Amount in \$	Amount in €	Number	Amount in \$	Amount in €
In issue at 31 December 2005	-	-	-	57,291,675	85,938	71,418
Decrease in Share Capital due to the shares cancelled as a result of repurchase rights	-	-	-	(430,000)	(645)	(536)
In issue at 31 December 2006 - fully paid	-	-	-	56,861,675	85,293	70,882

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.

44. OTHER RESERVES AND RETAINED EARNINGS

Amounts presented in € '000

	THE GROUP			THE COMPANY	
	Revaluation Reserve	Other Reserves	Total Reserves	Retained Earnings / (losses)	Retained Earnings / (losses)
Opening balance as at 8th September 2005	-	-	-	-	-
Net result for the period 08/09-31/12/2005	-	-	-	(1,396)	(1,396)
Total profit / (loss) recognized for the financial year	-	-	-	(1,396)	(1,396)
Balance as at 31st December 2005	-	-	-	(1,396)	(1,396)
Opening balance as at 1st January 2006	-	-	-	(1,396)	(1,396)
Net result for the period 01/01-31/12/2006	-	-	-	23,571	20,047
Fair value gains of a.f.s. financial assets	1,740	-	1,740	-	-
Reversal of Revaluation Reserve due to disposal of a.f.s. financial assets	(1,742)	-	(1,742)	-	-
Total profit / (loss) recognized for the financial year	(2)	-	(2)	23,571	20,047
Acquisition of the Subsidiary (PROTON BANK) on 30 June 2006	-	16,153	16,153	(0.43)	-
Exchange Differences on translating foreign operations	-	2	2	-	-
Purchase of Treasury Shares of PROTON BANK	-	-	-	(322)	-
Sale of Treasury Shares of PROTON BANK	-	-	-	355	-
Balance as at 31st December 2006	(2)	16,156	16,153	22,208	18,652

As mentioned in note 5 "Group Structure" on 7th September 2006 the Extraordinary General Meeting of shareholders of PROTON BANK decided on the merger of the Bank with Omega Bank and Proton Securities. According to the Merger Contract, which was approved by the Proton's General Assembly, the exchange ratio was 1 share of the Omega Bank for 0.90 shares of PROTON BANK. As the Bank held 100% of the shares of Proton Securities, there was no exchange ratio.

Due to the share exchange ration, Proton's shareholders increased their portion in the net assets of the combined entity. The net assets of Proton attributable to the Company increased by € 16,156 thous. and the relevant amount was transferred from minority rights to Group's reserves.

45. 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>	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Cash and balances with Central Bank (Note 20)	22,032	-	-	-
Loans and advances to credit institutions (Note 21)	181,885	2,206	3,880	2,206
Total - Included in cash and cash equivalents	203,917	2,206	3,880	2,206

46. BUSINESS ACQUISITIONS

46.1 Acquisition of a 28% stake in the share capital of PROTON BANK

In June 2006 the Company entered into an acquisition agreement which was conditional on approval of the shareholders. At a special shareholders general meeting 75.74% of the votes and 69.67% of the shares voted in favour of the acquisition. On June 29th 2006, the Company acquired a 28.00 per cent stake in the share capital of PROTON BANK, a Greek investment bank, listed on the Athens Stock Exchange. The acquisition was completed after the approval of the Company's shareholders.

Details of net assets acquired and goodwill are as follows:

<i>Amounts presented in € '000</i>	
Purchase consideration:	
- Cash paid	120,061
- Direct costs relating to the acquisition	6,625
Total purchase consideration	126,687
Less: Fair value of net assets acquired	(57,932)
Goodwill & other intangible assets (Note 32)	68,754

The Group is in the process of completing the fair valuation of the net assets acquired, including intangible assets. The excess between the cost of acquisition and the fair value of identifiable assets, liabilities and contingent liabilities, will be recognized as Goodwill and will be subject to impairment testing. Consequently the Group has applied initial accounting determined provisionally according to IFRS 3 "Business Combinations". According to the IFRS3, the purchase price allocation should be completed within one year from the acquisition date.

Through the acquisition the Group achieved banking license, trade name, client relationships and web banking licenses in Greece. The abovementioned licenses will allow the Group to take advantage of significant growth margins of the Greek banking sector.

The assets and liabilities arising from the acquisition are as follows:

<i>Amounts presented in € '000</i>	Fair Value recognized on acquisition	Acquiree's carrying amount
Cash and balances with central bank	2,217	2,217
Loans and advances to financial institutions	14,739	14,739
Trading Portfolio and other financial instruments at fair value through Profit & Loss	151,560	151,560
Loans and advances to customers	276,961	276,961
Investment Portfolio	855	855
Property, plant and equipment	1,125	1,125
Goodwill and Intangible assets	89	422
Deferred tax assets	420	420
Other assets	21,985	21,985
Due to financial institutions	(44,138)	(44,138)
Due to Customers	(62,705)	(62,705)
Derivative financial instruments	(159)	(159)
Retirement benefit obligations	(221)	(221)
Other liabilities	(155,808)	(155,808)
	206,919	207,253
Equity minority interests	(18)	(18)
Shareholders net assets	206,901	207,235
Acquisition Percentage of the Share Capital	28%	28%
Net Assets Acquired	57,932	58,026
Plus: Goodwill & other intangible assets	68,754	
Total consideration	126,687	

The acquisition resulted in an increase of assets and liabilities by € 469,951 thousands and € 263,032 thousands respectively. Proton's net profits for the period 01/07-31/12/2006 amounting to € 13,528 thous. were fully consolidated to the Group's Income Statement. If the acquisition was completed at 1st January 2006, then Group's net revenues and net profit after tax would be increased by € 42,679 thous. and € 20,485 thous. respectively.

46.2 Acquisition (absorption) of OMEGA BANK by PROTON BANK

On 7th September 2006, the Extraordinary General Assembly of shareholders of Proton Bank decided on the merger of the Bank with Omega Bank and Proton Securities (ref. Note 5.1). The acquisition (merger) of Omega Bank was affected by means of issuing and exchanging shares. The purchase consideration was determined based on the market price of Proton's share at the date of exchange.

<i>Amounts presented in € '000</i>	
Purchase consideration:	
Fair value of equity instruments exchanged (17,547,930 x € 9.36 per share)	164,249
Direct costs relating to the acquisition	601
Total Cost of business combination	164,850
Less: Fair Value of net assets acquired	(50,639)
Goodwill & other intangible assets (Note 32)	114,211

The assets and liabilities arising from the acquisition are as follows:

<i>Amounts presented in € '000</i>	Fair Value recognized on acquisition	Acquiree's carrying amount
Cash and balances with Central Bank	11,169	11,169
Loans and advances to financial institutions	155,982	155,982
Loans and advances to customers	756,641	766,608
Insurance Receivables	20,176	20,176
Trading Portfolio and other financial instruments at fair value through Profit & Loss	40,276	40,276
Investment Portfolio	31,024	31,024
Derivative financial instruments	368	368
Investments in associates	4,356	4,356
Property, plant and equipment	32,020	32,632
Property Investment	50	50
Intangible assets	3,384	3,384
Reinsurance Receivables	1,641	1,641
Deferred Tax Asset	3,612	1,120
Other Assets	16,860	16,860
Due to financial institutions	(95,417)	(95,417)
Derivative financial instruments	(2,128)	(2,128)
Due to Customers	(877,363)	(877,363)
Issued Debt Securities	(1,500)	(1,500)
Provisions for insurance contracts	(35,336)	(35,336)
Other liabilities	(13,465)	(13,978)
Retirement benefit obligations	(1,124)	(1,392)
	51,226	58,532
Equity minority interests	(587)	
Net Assets Acquired	50,639	58,532
Plus: Goodwill & other intangible assets	114,211	
Total consideration	164,850	58,532

According to IFRS3 the above combination was accounted for by applying the purchase method. The acquisition date is the date when control is transferred to the Group. The merger of the two banks was approved by the General Meeting of the Shareholders at 7th September 2006. However the merger was effective since 29th September 2006 when it was approved by all relevant authorities.

The Group is in the process of completing the fair valuation of the net assets acquired, including intangible assets. The excess between the cost of acquisition and the fair value of identifiable assets, liabilities and contingent liabilities, will be recognized as Goodwill and will be subject to impairment testing. Consequently the Group has applied initial accounting determined provisionally according to IFRS 3 "Business Combinations". According to IFRS3, the Purchase Price Allocation should be completed within one (1) year from the acquisition date.

The acquisition of OMEGA BANK by PROTON BANK resulted in an increase of assets and liabilities by € 1,077,599 thous. and € 1,026,333 thous. respectively. The business combination had effect in the Group's results for the three month period ended at 31/12/2006 since the date of acquisition was the 29th September 2006. If the acquisition had occurred on 1st January 2006, the Group's net revenues would have been increased by € 61,687 thous. and net profit after tax would have been decreased by € 7.979 thous.

46.3 Net Cash flow from the acquisitions

Net cash flow from the acquisitions

Amounts presented in € '000

Net cash outflow from the acquisition of PROTON BANK at 30/06/2006

Net cash inflow from the absorption of OMEGA BANK by PROTON BANK at 29/09/2006

Acquisition of subsidiaries, net of cash acquired

	THE GROUP 01/01 - 31/12/2006	THE COMPANY 01/01 - 31/12/2006
	(109,730)	(126,687)
	131,836	0
	22,106	(126,687)

The net cash outflow from the acquisition of Proton Bank is analyzed as follows:

Amounts presented in € '000

Cash flow on acquisition:

Cash Paid

Less: "Cash and balances with central bank"

Less: "Due from Banks"

Net cash outflow

(126,687)

2,217

14,739

(109,730)

The net cash inflow from the acquisition (merger) of Omega Bank is analyzed as follows:

Amounts presented in € '000

Cash flow on acquisition:

Cash Paid (costs directly attributable to the acquisition)

Plus: "Loans and advances to Credit Institutions"

Less: "Elimination of cash and cash equivalents between Omega Bank and Proton Bank"

Net cash inflow

(601)

155,982

(23,545)

131,836

47. 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 (Note 43).

Basic and diluted earnings per share are analysed below:

Amounts presented in €

	THE GROUP		THE COMPANY	
	01/01 - 31/12/06	08/09 - 31/12/05	01/01 - 31/12/06	08/09 - 31/12/05
Basic Earnings per share				
Profits / (Loss) attributable to the Company's Shareholders	23,571,472	(1,395,525)	20,047,191	(1,395,527)
Weighted average number of shares in issue	57,118,508	28,134,141	57,118,508	28,134,141
Basic earnings per Share (€/Share)	0.41	(0.05)	0.35	(0.05)
Diluted Earnings per Share				
Profits / (Loss) attributable to the Company's Shareholders according to the Income Statement of the year	23,571,472	(1,395,525)	20,047,191	(1,395,527)
Weighted average number of shares	57,118,508	28,134,141	57,118,508	28,134,141
Plus: Shares with no consideration (adjustment in number of shares due to probable exercise of Warrants)	5,990,329	-	5,990,329	-
Weighted average number of shares for the purposes of diluted earnings per share	63,108,837	28,134,141	63,108,837	28,134,141
Diluted earnings per Share €/Share)	0.37	(0.05)	0.32	(0.05)

48. DIVIDEND PER SHARE

The Company's Board of Directors decided and will propose, at the Regular General Shareholders Meeting the distribution of \$ 0.26 dividend per share for the year 2006. As the distribution of dividends requires approval of the shareholder's meeting, no liability in this respect is recognized in 2006 financial statements.

49. RELATED PARTIES TRANSACTIONS

49.1 Transactions between companies included in Consolidation

	THE COMPANY	
	31/12/2006	31/12/2005
Asset Accounts		
Loans	73,395	-
Receivables from dividends	15,095	-
Total	88,490	-
Income		
Dividend Income	15,095	-
Total	15,095	-

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

The Company is financing its wholly owned subsidiaries, MYRTLE TRADING COMPANY and MIMOSA TRADING SA, for their trading activities. The amount of € 73,395 thous. is the amount due from the subsidiaries as at 31st December 2006. The abovementioned subsidiaries have undertaken the obligation to repay the Company any and all amounts from time to time lent to them, on first demand.

The amount of € 15,095 thous. refers to the dividends of the Company from its wholly owned subsidiaries, MYRTLE TRADING COMPANY (amount of € 4,127 thous.) and MIMOSA TRADING SA (amount of € 10,968 thous.). In particular, at 29th December 2006 the Board of Directors of the abovementioned companies decided to distribute the above amounts within the first quarter of 2007, as cash dividend.

49.2 Transactions with Associates

<i>Amounts presented in € '000</i>	THE GROUP	
	31/12/2006	31/12/2005
Asset Accounts		
Other amounts due	11	-
Total	11	-
Liability Accounts		
Deposits	6,574	-
Total	6,574	-
Income /Expenses		
Interest and similar expenses	28	-
Other income	26	-
Total	54	-

The aforementioned balances regarding transactions have not been eliminated from the consolidated financial statements.

49.3 Transactions with Management and Members of the Board of Directors

<i>Amounts presented in € '000</i>	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Asset accounts				
Loans	8,100	-	-	-
Other assets	375	-	-	-
Total	8,475	-	-	-
Liability accounts				
Deposits	34,868	-	-	-
Other Liabilities	216	-	-	-
Total	35,084	-	-	-
Letters of Guarantee	127	-	-	-
Income				
Interest and similar income	212	-	-	-
Other income	1,405	-	-	-
Total	1,617	-	-	-
Expenses				
Remuneration	2,436	-	155	-
Interest and similar expenses	314	-	-	-
Other expenses	1,119	-	-	-
Total	1,433	-	-	-

Directors of the Company and their immediate relatives control 16,40 per cent of the voting shares of the Company.

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

49.4 Other related party transactions

An affiliated company of Mrs Angeliki Frangou, Chairman of the BoD of the Company, provided general and administrative services including office space, utilities and secretarial support (for \$10,000 per month). All sums due in connection with such services ceased to be payable on the completion of the business combination. During the year the expenses that have been recognized in the Income Statement amount to € 56.756. This balance bears no interest. The amount of € 18.550 due at 31st December 2006 was repaid on 11th January 2007.

On 20, July, 2006, the Company paid a success-based advisory fee of € 790,000 to S Goldman Advisors Limited in connection with the acquisition of PROTON BANK. Sheldon Goldman, then a Director of the Company, is also managing director of S Goldman Advisors Limited.

On 30 June 2006, the Company paid IBG a success-based advisory fee of € 3,300,000 on completion of the acquisition of PROTON BANK. IBG is affiliated with Marfin Financial Group ("MFG") and Marfin Bank A.S. Andreas Vgenopoulos, then the Company's Deputy Chairman, was also the Vice Chairman of MFG and Chairman of Marfin Bank S.A.

50. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

50.1 Contingent Legal Liabilities

As at 31 December, 2006 there were pending litigations against the Group in connection with its activities. Based on legal advice the Board of Directors believes that there is adequate defence against all claims and it is not probable that the Group will suffer any significant damage. Therefore, no provision has been made in the financial statements regarding these cases.

Material litigation settled during the year:

The Company had one claim during the year 2006. In particular, the Amaranth LLC, a shareholder of the Company, issued proceedings against the Company alleging that the Company failed to repurchase shares owned by Amaranth in the Company, in accordance with the Company's bye-laws. On 23rd October 2006, the Supreme Court of Bermuda ordered the legal action previously instituted by Amaranth LLC against the Company to be discontinued. No sums were paid by the Company to Amaranth in connection with this order.

50.2 Contingent Tax Liabilities

Proton Group is subject to Greek tax legislation. Under Greek Law, submitted tax returns are not considered as final and are subject to revision by tax authorities as a result of tax inspection in entities books and records. Tax liabilities are considered as final by stature after the completion of five years from the end of the relevant fiscal year, however it is common that the tax authorities will audit the entity's books and records. The tax authorities commonly seek to disallow expenses on the basis that they are not properly documented or that they do not represent proper business expenses, relying on a substantial degree of subjective judgment on the part of the tax management in order an out-of-court settlement to be reached. In practice, both companies and tax authorities tend to reach an out-of-court settlement at an acceptable level of additional taxes.

The accounting years that have not been inspected yet by the tax authorities for each of the Group's companies are as follows:

Company Name	Domicile	Open tax years
Mimosa Trading SA ¹	Marshall Islands	-
Myrtle Trading Company ¹	Marshall Islands	-
Proton Bank AE	Greece	2005-2006
Proton Asset Management AE	Greece	2005-2006
Proton Mutual Funds Management Co AE	Greece	2005-2006
First Global Brokers SA	Serbia	2002-2006
Intellectron Systems SA	Greece	2001-2006
Omega Kahn Financial Services SA	Switzerland	2004-2006
Omega SA Financial advisors – Investments & Real Estate Mgt	Greece	2006
Omega Mutual Funds Mgt Co SA	Greece	2006
Omega Insurance AE	Greece	2006
OMEGA Insurance Services AE	Greece	2006
Omega Portfolio investment SA	Greece	2006

Note 1: Not subject to income tax

As a result of the above the Group's respective tax obligations for periods covering one to six accounting years have not been finalized. No additional provision was recorded as the outcome of the tax audit cannot be reliably estimated at this stage.

50.3 Off balance sheet items

Amounts presented in € '000

	THE GROUP		THE COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Letters of Guarantee	85.172	-	-	-
Letters of credit	2.804	-	-	-
Total	87.976	-	-	-

50.4 Assets given as Collaterals

Government and Bank bonds of nominal value € 5,500 thous. and € 10,500 respectively have been pledged as securities for liquidity and credit limit purposes.

50.5 Finance lease – Operating lease commitments

(a) The Group as a lessor, has signed non cancellable operating lease agreements with a value of 1,049 thousand euros.

(b) The Group leases for its operating purposes, offices for head quarters and branches. The future minimum lease payments under non cancellable operating leases, are as follow:

<i>Amounts presented in € '000</i>	31/12/2006
Less than 1 year	3,712
Between 1 to 5 years	16,206
More than 5 years	<u>39,969</u>
Total	59,887
Monthly lease payment	309
Guarantees which will be offset at the lease termination	1,123

(c) The Group leases vehicles for private use. The future minimum lease payments for cars under non cancellable operating lease arrangements are as follows:

Leased tangible assets: vehicles for private use

Lease term: 4 years per leased vehicle.

Lease guarantees offset at the end of the lease: 14 thousand euros

Accrued lease payments recognised in the income statement during the period: 101 thousand euros.

<i>Amounts presented in € '000</i>	31/12/2006
Less than 1 year	204
Between 1 to 5 years	309
More than 5 years	<u>-</u>
Total	513

(d) The amount of unutilized approved finance lease facilities at 31st December 2006 was € 3,935 thous.

50.6 Stock Option Plan of Proton Group

On 24th November 2006, the Extraordinary General Meeting of Shareholders of Proton Bank approved a share option plan for the members of the Board of Directors, key management, its employees and the Bank's related companies in the form of stock options according to the article 13 of Law 2190/1920 after the proposition of the Board of Directors and the Remuneration Committee. The program has a contractual term of six years ending in December 2012. According to the plan, if all share options are exercised, then a number of up to 6.268.382 shares will be issued on behalf of the plan beneficiaries. The exercise price will be 10.46 euro per share and the options are exercisable for a three year period from the grand date. In the event that not all shares are exercised and the share capital increase is not fully covered, then according to the provisions of the article 13 §1 of Law 2190/1920, the share capital will increase up to the amount of coverage. The above program has not been implemented yet, since the final details of the program have not been set by the Remuneration Committee and approved by the Board of Directors.

50.7 Purchase of treasury shares by Proton Group

On 24 November 2006, the Extraordinary General Meeting of Shareholders of Proton Bank approved of the acquisition of up to 10% of the Bank's shares (6.268.382), for a price range from five (5) to fifteen (15) euros per share for the twelve month period starting from the date of approval by the General Meeting of Shareholders. No treasury shares were acquired since the decision of the General Meeting of Shareholders.

51. POST-BALANCE SHEET EVENTS

- 1) In the year 2007 the subsidiary of the Company MIMOSA TRADING SA completed the acquisition in the open market of approximately 12,55 million shares in Marfin Popular Bank, a commercial banking group listed on the Athens and Cyprus Stock Exchange, for approximately € 105,1 million. This acquisition was funded through cash balances and a loan facility. The Company's current intention is to retain this minority stake as an investment. Marfin Popular Bank is the result of a merger between Marfin Financial Group, Egnatia and Cyprus Popular Bank which occurred in the last quarter of 2006 and as a result is a significant bank in both Greece and Cyprus, with diversified banking interests in the retail, commercial and investment banking sectors. These shares represent approximately 1.6% of Marfin Popular Bank's outstanding shares as of December 31, 2006.
- 2) On 31 January 2007, Proton Bank and the majority shareholders of the insurance company "International Life SA Life Insurance" agreed to the purchase of 51% of the shares of International Life by the Proton in cash. The agreement provides for the purchase price to be equal to 1.55 the book value of International Life as of 31st December 2006 times the percentage to be acquired. The completion of this agreement is subject to the due diligence on the companies belonging to the International Life Group and the approval of the relevant regulatory authorities. The transaction is expected to be completed within three (3) months by April 30th 2007.

Apart from the events mentioned above there are no other subsequent events, which regard the Company or the Group which, according to the International Financial Reporting Standards, need to be mentioned.

52. 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 2006 were approved by the Company's Board of Directors on March 16th, 2007 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 5 to 6.

Athens, March 16th 2007

ANGELIKI FRANGO

LOUKAS VALETOPOULOS

CHAIRMAN, NON – EXECUTIVE DIRECTOR

CHIEF EXECUTIVE OFFICER, DIRECTOR



European Finance Investments

**IRF European Finance Investments Ltd
Financial Statements**

**for the year ended
31 December 2007**

**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 December 31 2007 were approved by the Company's Board of Directors on 27 March 2008.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "IRF EUROPEAN FINANCE INVESTMENTS LTD"

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of "IRF EUROPEAN FINANCE INVESTMENTS LTD" (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31, 2007, 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 December 31, 2007, and its 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 March 2008

The Certified Auditor



Vasilis Kazas

 Grant Thornton

44 Vasileos Constantinou
116 35 Athens
. . SOEL 127

CONSOLIDATED INCOME STATEMENT

Amounts presented in € '000

	Note	1/1/- 31/12/2007	1/1 - 31/12/2006
Interest and similar income		122,692	28,990
Interest and similar expenses		(78,939)	(12,225)
Net interest income	8	43,753	16,765
Fee and commission income		43,966	10,296
Fee and commission expense		(16,105)	(2,430)
Net fee and commission income	9	27,861	7,866
Dividend income	10	16,217	1,620
Net trading income	11	68,421	28,517
Net income from financial instruments designated at fair value		2,263	-
Other operating income	12	1,480	1,297
Total Net Income		159,995	56,065
Staff costs	13	(25,136)	(7,838)
Other operating expenses	14	(25,836)	(10,109)
Impairment of goodwill	27	(7,465)	-
Depreciation	15	(7,225)	(1,893)
Impairment losses	16	(6,981)	(558)
Total operating expenses		(72,644)	(20,398)
Share of profits / (losses) of associates		255	240
Profit before tax		87,606	35,907
Income tax expense	17	(9,732)	(2,904)
Profit after tax from continuing operations		77,874	33,003
Net profit from discontinued operations	42	152	(136)
Profit after tax		78,026	32,868
Attributable to:			
Shareholders of the Parent Company		61,635	23,361
Minority Interest		16,391	9,507
		78,026	32,868
Earning per Share attributable to parent company's shareholders (€ /share)	40		
From continuing and discontinued operations			
- Basic		0.56	0.41
- Diluted		0.53	0.37
From continuing operations			
- Basic		0.56	0.41
- Diluted		0.53	0.37

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

CONSOLIDATED BALANCE SHEET

Amounts presented in € '000

	Note	31/12/2007	31/12/2006
ASSETS			
Cash and balances with Central Bank	18	52,796	37,397
Loans and advances to financial institutions	19	527,410	181,885
Trading portfolio and other financial assets at fair value through Profit & Loss	20	179,802	264,174
Derivative financial instruments	21	11,529	2,611
Loans and advances to customers	22	1,368,025	941,214
Insurance assets		-	18,060
Investment portfolio	23	259,944	37,977
Investments in associates	24	3,886	4,604
Property, plant and equipment	25	27,880	33,402
Investment property	28	-	50
Goodwill and other intangible assets	27	166,784	190,100
Deferred tax assets	28	7,098	-
Other assets	29	91,474	34,886
		2,696,628	1,746,360
Non current assets held for sale	26,42	53,727	64
TOTAL ASSETS		2,750,355	1,746,424
EQUITY AND LIABILITIES			
Due to financial institutions	30	433,941	90,897
Due to customers	31	1,422,139	1,042,157
Derivative financial instruments	21	14,570	6,319
Issued debt securities	32	25,283	1,500
Provisions for insurance contracts	42	-	34,093
Retirement benefit obligations	33	1,140	1,228
Current income tax liabilities	34	10,498	1,349
Deferred tax liability	28	6,928	1,727
Other liabilities	35	14,170	21,445
		1,928,669	1,200,714
Liabilities directly associated with assets classified as held for sale	42	44,339	-
Total Liabilities		1,973,008	1,200,714
Shareholders equity			
Share capital	36	147	71
Share premium	36	400,443	200,174
Revaluation reserve	37	(2,570)	(2)
Other reserves	37	16,587	16,156
Retained earnings / (losses)		72,491	21,998
Total equity attributable to shareholders' of parent company		487,099	238,397
Minority interest		290,248	307,313
Total equity		777,347	545,710
TOTAL LIABILITIES AND EQUITY		2,750,355	1,746,424

The accompanying notes constitute an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts presented in € '000</i>	Attributable to shareholders of the Parent Company					Total	Minority Interest	Total
	Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)			
Opening balance as at 1st 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 1st 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

Attributable to shareholders of Parent Company

Amounts presented in € '000

	Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Total	Minority Interest	Total
Opening balance as at 1 January 2006	71	10,234	-	-	(1,396)	8,910	-	8,910
Net result as previously reported for the year 01/01-31/12/2006	-	-	-	-	23,361	23,361	9,506	32,867
<i>Available for sale instruments:</i>								
- Valuation gains /(losses) taken to equity	-	-	1,740	-	-	1,740	(9)	1,731
- Transferred to Profit & Loss on sale	-	-	(1,742)	-	-	(1,742)	-	(1,742)
Exchange differences on translating foreign operations	-	-	-	2	-	2	9	11
Total profit /(loss) recognized for the financial year	-	-	(2)	2	23,361	23,361	9,506	32,867
Conversion of compound financial instruments to common shares (after the acquisition of PROTON)	-	189,940	-	-	-	189,940	-	189,940
Acquisition of OMEGA BANK by PROTON BANK	-	-	-	16,153	-	16,153	297,677	313,831
Purchase of treasury shares of PROTON BANK	-	-	-	-	(322)	(322)	(1,275)	(1,597)
Sale of treasury shares of PROTON BANK	-	-	-	-	355	355	1,405	1,760
	(1)	189,941	-	16,153	33	206,126	297,808	503,934
Restated balance as at 31 December 2006	71	200,174	(2)	16,156	21,998	238,397	307,313	545,710
Balance as previously reported at 31 December 2006	71	200,174	(2)	16,156	22,208	238,607	308,145	546,752
Restatement due to amortization of intangible assets	-	-	-	-	(210)	(210)	(832)	(1,042)
Restated Balance as at 31 December 2006	71	200,174	(2)	16,156	21,998	238,397	307,313	545,710

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

CONSOLIDATED CASH FLOW STATEMENT

<i>Amounts presented in € '000</i>	Note	1/1- 31/12/2007	1/1- 31/12/2006
Cash flows from operating activities			
Profit Before Tax of continuing operations		87,609	36,949
Profit Before Tax of discontinued operations	42	168	(124)
<i>Adjustments for:</i>			
Add: Depreciation & Amortization		7,361	878
Add: Retirement Benefit Charge		712	94
Add: Impairment Losses on financial assets		6,981	558
Gains (-) /Losses (+) from investment activities		(7,993)	(16,149)
Share of profit/loss from measurement of financial assets at fair value through Profit & Loss		-	-
Gains (-) /losses (+) from sale of trading securities		4,495	-
Impairment losses on goodwill		7,465	-
Fair value employee stock option		983	-
Exchange Differences		13,812	-
Bank Interest Income (trust account)		-	(1,562)
Dividends Received		(12,804)	-
Other		-	(242)
<i>Cash Flows from operating activities before changes in operating assets and liabilities</i>		108,790	20,402
Changes in operating assets and liabilities:			
Net (increase) / decrease in trading securities		66,576	(72,346)
Net (increase) / decrease in reserves held in Central Bank		9,298	(4,196)
Net (increase) / decrease in loans and advances to customers		(437,290)	26,748
Net (increase) / decrease in insurance receivables		(2,889)	3,455
Net (increase) / decrease in reinsurance receivables		(293)	302
Net (increase) / decrease in other assets		(60,152)	40,730
Net increase / (decrease) in due to banks		327,962	14,926
Net increase / (decrease) in due to customers		379,983	92,088
Net increase / (decrease) in provisions for insurance contracts		2,001	(1,243)
Net increase / (decrease) in other borrowed funds		-	-
Net increase / (decrease) in other liabilities		(3,404)	(145,587)
<i>Cash flows from operating activities before payment of income tax</i>		390,580	(24,720)
Income tax paid		(189)	(3,048)
Net cash flows from operating activities		390,390	(27,768)
Cash flows from investing activities			
Portfolio available for sale and held to maturity		(227,029)	9,727

<i>Amounts presented in € '000</i>	Note	1/1- 31/12/2007	1/1- 31/12/2006
Purchases / (proceeds) of tangible & intangible assets		506	(1,084)
Acquisition of subsidiaries and associates		(2,963)	22,106
Release of cash placed on Trust		-	201,266
Dividends Received from investment activities		13,215	-
Dividends received from financial assets at fair value through P&L		3,453	-
Net cash flow from investing activities		(212,818)	232,014
Cash flows from financing activities			
Issuance of common shares		214,874	-
Issuance of common shares in subsidiaries		245	-
Dividend paid		(24,919)	-
Net increase / (decrease) in other borrowed funds		24,671	-
Amount Repayable to Shareholders of Negative Vote		-	(1,915)
Purchases / sales of treasury shares		(23,176)	406
Net cash flow from financing activities		191,696	(1,509)
Net increase / decrease in cash and cash equivalents		369,268	202,739
Cash and cash equivalents at the beginning of the period		203,916	2,206
Effect of exchange rate fluctuations on cash and cash equivalents		(13,812)	(1,028)
Cash and cash equivalents at the end of the financial year	38	559,372	203,918

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 8th September 2005 under the Bermuda Companies Act. The Company is listed on AIM, a 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, through its subsidiaries, is 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.

In June 2006, the Company acquired a controlling interest in PROTON BANK, a Greek bank, listed on the Athens Stock Exchange. Proton Bank and its subsidiaries operate in the sectors of retail, corporate and investment banking, portfolio management, insurance and other financial services.

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.

2. BASIS OF FINANCIAL STATEMENT PREPARATION

2.1 Statement of Compliance

The financial statements of the Group for the year ended 31 December 2007 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.

As part of this approach, management considers various factors stated in IAS 21. Priority is given to factors such as the currency that mainly influences costs and sales. This currency is mainly Euro since the Group is and will be engaged in a business combination in Europe. Although IRF has issued financial instruments in US dollars, according to paragraph 12 of IAS 21, this factor is not dispositive.

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 following changes:

- Completion of initial accounting for the business combinations effected in the prior year. Details of the adjustment are provided in note 42.
- Reclassification of income statement to reflect results of discontinued operations. Details are provided in note 42.

Moreover, the consolidated balance sheet, income statement and the consolidated cash flow for 2007 are not comparable with the respective statements of the prior year Proton was fully consolidated since June 2006, when the Group acquired control of Proton.

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 and revised IFRS

The current financial statements have been prepared in accordance with the IFRS and all amendments which have been adopted by the European Union and are effective as at 1 January 2007 for the preparation of financial statements. Moreover, the Group adopted the same accounting policies for its financial statements for the period ended 31 December 2007 that the Group had used for its financial statements for period ended 31 December 2006, apart from the changes that arose due to the adoption of the standards and interpretations mentioned below.

(i) Standards, amendments and interpretations effective in 2007

The Group has adopted for the first time the following standards and amendments which are effective for the preparation and presentation of financial statements in 2007:

(a) IFRS 7, "Financial Instruments: Disclosures"

IFRS 7 introduces new disclosures for the improvement of information relating to financial instruments. It has replaced IAS 30 "Disclosures in the Financial Statements of Banks and similar Financial Institutions" as well as all IAS 32 provisions on disclosures, while IAS 32 has been revised to IAS 32 "Financial Instruments: Presentation". All disclosures concerning financial instruments, as well as, comparative period financial information have been reformulated in order to respond to the requirements of the new standard.

The most significant additional information presented in the consolidated financial statements of the Group is a sensitivity analysis, for the justification of the Group's exposure to market risks in relation to its financial instruments, an analysis of the maturity of financial obligations which identifies conventional remaining debts, as well as qualitative and quantitative analyses of credit risks that the Group is exposed to.

The aforementioned first implementation of the IFRS 7 standard, has not led to adjustments in prior years' entries as far as cash flows, net results, or any other entry in the Balance Sheet are concerned.

(b) IAS 1 Presentation of Financial Statements: "Capital disclosures"

IAS 1 introduces new disclosures concerning the size and the Bank's policy for capital management.

(c) IFRIC 7, "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies".

IFRIC 7 provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group subsidiaries have a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to the Group's operations.

(d) IFRIC 8, "IFRS 2 Share Based Payments"

IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The Group has adopted IFRIC 8 since January 1st, 2007, but this does not have any impact on the Group's accounts.

(e) IFRIC 9, "Reassessment of Embedded Derivatives"

According to IFRIC 9, an entity, in general, can assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative only at first recognition, while a subsequent reassessment is prohibited. The Group has adopted IFRIC 9 since January 1st, 2007, but this does not have any impact on the Group's accounts.

(f) IFRIC 10, "Interim Financial Reporting and Impairment"

IFRIC 10 prohibits impairment losses to be recognized in an interim period on goodwill, investments in equity instruments as well as investments in financial assets to be carried at cost, and be reversed at a subsequent balance sheet date. The Group applies IFRIC 10 since January 1st, 2007, but this does not have any impact on the Group's accounts.

(ii) New standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group

a) IFRS 8, "Operating segments" (effective from January 1st, 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 essentially 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 11, "Group and treasury share transactions" (effective for accounting periods beginning after March 1 2007)

IFRIC 11 provides guidance on three cases: a) the accounting of share based payment arrangements involving an entity's own equity instruments, b) the accounting of share based payment arrangements involving equity instruments of a subsidiary and c) the accounting of share based payment arrangements involving options over a parent's equity instruments.

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

c) 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.

d) IFRIC 13, "Customer Loyalty Programs (effective for annual accounting periods beginning on or after July 1st, 2008)"

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

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

This interpretation has no application to Group activities.

f) IAS 23: (Revised 2007) "Borrowing Costs" (effective from January 1st, 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.

g) IAS 1: "Presentation of Financial Statements" – revised 2007 (effective from January 1st, 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, measurement 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.

h) 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 July 1st, 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, these standards also introduce the following requirements (i) to remeasure interests to fair value when control is obtained or lost, (ii) recognising directly in equity the impact of all transactions between controlling and noncontrolling shareholders where loss of control is not lost and, (iii) focuses on what is given to the vendor as consideration rather than what is spent to achieve the acquisition. More specifically, items such as acquisition-related costs, changes in the value of the contingent consideration, share-based payments and the settlement of pre-existing contracts will generally be accounted for separately from the business combination and will often affect the income statement. 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 July 1st, 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.

i) IFRS 2: "Share-based Payment" – Amendment 2008: Vesting Conditions and Cancellations (effective from January 1st, 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.

j) IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Amendment 2008: Puttable Financial Instruments and Obligations Arising on Liquidation (effective from January 1st, 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.

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:

- (vi) significant financial difficulty of the obligor;
- (vii) a breach of contract, such as a default or delinquency in interest or principal payments;
- (viii) 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;
- (ix) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (x) 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

-3975/11.10.1999 decision of The Ministry of Development, forming the greater possible reserve. I.B.N.R. provisions are

-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

-3975/11.10.1999 decision of The Ministry of Development, forming the greater possible reserve. I.B.N.R. provisions are

-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 December 31st, 2007, 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. Subsequently, any changes in their fair value are subject to principles described in note 2.13. 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. Dividend for the year that is declared after the balance sheet date is disclosed in Note 43.

(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 (such as the revaluation of land, see note 4.8) 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 losses on loans and advances

The Group reviews its loan portfolio to assess impairment at least quarterly. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is sufficient evidence indicating that the balance of a loan or a portfolio of homogenous loans outstanding will not be fully recovered. This evidence includes:

- violation of the contractual terms resulting in the delay of capital or interest payment,
- significant deterioration in the loan repayment ability,
- legal action,
- bankruptcy, and
- other objective evidence that leads to the conclusion that the Group will not collect the full amount due.

For a loan identified as impaired, the recoverable amount is calculated as the present value of the realisable value of any collateral held and any other possible inflow discounted using the loan's effective interest rate. For estimated other inflows factors such as the financial status of the customer, the alternative sources of funds available and the extent to which credit worthy guarantors can support the customer are considered. The provision amount is calculated as the difference between the loan's carrying amount and the realisable amount, including all securities and guarantees.

b) Fair value of financial instruments

The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The valuation techniques used are frequently assessed to ensure their validity and appropriateness. Changes in methods and assumptions about these factors could affect the reported fair value of financial instruments.

c) 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.

d) Income taxes

The Group is subject to income tax according to the tax legislation in Greece. In order to establish the corporation tax, as presented in the balance sheet, significant assumptions are required. For specific transactions and calculations the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

e) Retirement benefits

The present value of liabilities arising from staff retirement benefits is determined by means of an actuarial valuation using specific assumptions. These assumptions are disclosed in Note 33.

According to the relevant Group's accounting policy for retirement benefits, any changes in the assumptions are likely to have an effect on the level of the unrecognised actuarial gain or loss.

f) Insurance claims

Insurance liabilities for claims are calculated by using information relating to the claim. The Group assesses each claim separately and the estimated liability is based on the facts of each claim, experience and other relevant factors, on a case-by-case basis. The Group is liable for all events covered by the policy even if the loss is discovered after the policy's expiry date. A provision is made for claims incurred but not yet reported (IBNR). Reserve adequacy test was performed through the link ratio methodology, using last six years data. The methodology assumes persistence of accumulated losses ratios (paid and outstanding claims).

g) 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.

h) Control over subsidiaries

The Group has adopted a policy to consider as a subsidiary an entity over which it has the "de facto" power to control its financing and operating activities no matter whether it holds less than half of the voting rights. Management exercises its judgment and has developed certain criteria to determine whether effective control exist, such as representation in the entities governing body, ability to control the General Meeting of Shareholders decision and structure of voting rights of the entity.

i) Impairment test of goodwill

Goodwill is tested for impairment losses at least annually or when there is an evidence of impairment. Goodwill is allocated to groups of cash-generating units (CGUs) for the purpose of impairment testing. Impairment losses are recognized when the recoverable amount of the group of CGUs to which goodwill was allocated is below its carrying amount. The recoverable amount is the higher of the fair value less cost to sell and the value in use. Value in use is the present value of the estimated future cash flow of the group of CGUs. Estimating the recoverable amount of a group of CGUs requires a significant degree of estimates and judgments regarding future events, profitability and other market parameters that are considered in various valuation methodologies. All major assumptions as well as their financial impact are described in note 4.

j) Recognition of intangible assets on business combination

The Group identifies a non-monetary asset without physical substance as an intangible asset if it:

- is separable, i.e. capable of being separated or divided from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Bank or from other rights and obligations.

The Group exercises judgment in order to identify the intangible assets which were acquired in the form of a business combination. Also, assigning value to an intangible asset requires the estimations and assumptions, such as customer retention rate, cost of funding future profitability etc.

The amortization method being used to allocate the depreciable amount of the identifiable intangible assets acquired from business combinations is the straight-line method, with a finite useful life between 4 to 5 years.

5. STRUCTURE OF THE GROUP

The following table indicates the Group structure as at 31/12/2007:

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

PROTON BANK is fully consolidated because of the "de facto" power of the Company to control its financial and operating activities. In particular, IRF owns 20.60% of the voting rights of PROTON while the percentage of voting rights controlled by the Company is increased to 27.14% after taking into consideration the holding of two other shareholders of PROTON who are committed to vote in accordance with IRF's instructions based on an agreement. IRF has already exercised its effective power and appointed six members in the eleven-member Board of Directors of PROTON, including PROTON's chairman.

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

- (d) IRF has already exercised its effective power and appointed six members in the eleven-member Board of Directors of PROTON, including PROTON's chairman,
- (e) Based on the Purchase Agreement, the vendors, who are currently directors and shareholders of PROTON, agree to vote in such a way that will protect IRF's power to appoint the majority of the PROTON's Board of Directors,
- (f) There is no realistic possibility that all the other shareholders, who represent the 72.86% of the voting rights, will 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 is held by more than 10,000 investors, the majority of whom do

not usually attend the Shareholders' Meeting. Moreover, only 3 of them controls more than 5% of the entity and

- (g) The relevant judgment is compliance the relevant Greek regulations.

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

PROTON GROUP: On 29 June 2006 IRF acquired a 28% stake in the share capital of the listed on the Athens Stock Exchange company "PROTON BANK". The range of activities of PROTON Group of Companies covers almost the whole spectrum of the financial industry. More precisely, PROTON Group is specialized in investment banking. The IRF Group consolidated PROTON BANK for the first time at 30th June 2006, 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 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 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 2006. Following Proton's Bank merger with Omega and taking into account the shares issued therewith, the Company now owns a 20.16% interest in PROTON BANK. For the above merger the provisions of IFRS 3 "Business Combinations" were followed which applies to business combinations after 31 March 2004.

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 2006. 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 issued 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 2006. 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 issued to issue is five hundred (500) registered and/or bearer shares without par value.

Changes in Group Structure during the Year 2007

During the financial year the following changes took place in the Group Structure:

5) INCREASE IN SHAREHOLDING IN PROTON: Following the merger with OMEGA BANK, the Company owned a 20.16% interest in PROTON BANK. During the year ended at 31 December 2007, IRF acquired at 28 June 2007, 41,891 shares of PROTON BANK, at 29 June 2007, 220,000 shares and at 3 July 2007 12,000 shares. After these additional acquisitions, IRF now owns a 20.60% interest in PROTON BANK SA. The difference between the cost of acquisition of the additional shareholding and the carrying amount of the minority rights acquired, has been recognised to goodwill.

6) MERGER OF SUBSIDIARIES: a) Absorption of Proton Finance by Proton Bank: On 27 September 2007, the Board of Directors of the Bank decided the commencement of merger procedures by absorption of its 100% subsidiary company under the corporate name «PROTON SOCIETE ANONYME PROVISION OF FINANCIAL ADVICE, TECHNOLOGY AND INFORMATION SYSTEMS».

7) Decision to sell Proton Insurance S.A : On 28 December 2007, Proton Bank entered into a contractual agreement with the «COMMERCIAL VALUE SOCIETE ANONYME INSURANCE» to transfer 91,29% of the

outstanding common shares of the «PROTON SOCIETE ANONYME PROVISION INSURANCE». The sale was accomplished with the contract signed by both parties involved on 20.3.2008; the relevant cash inflow for the Bank totalled to 19 million Euros. The sale contract will be finalized after obtaining any relevant regulatory permission, as it is prescribed by the Commerce Law, by the local authorities. The Bank and the «PROTON SOCIETE ANONYME PROVISION INSURANCE» has co-signed an exclusive business agreement in bank assurance, whereas the Bank's network will be used to promote and sell PROTON SOCIETE ANONYME PROVISION INSURANCE insurance products.

6. RISK MANAGEMENT

For risk management purposes, financial risks are monitored at two different levels: risks faced by Proton Group and risks faced by the Company. The nature of these risks and the ways they are dealt with by management are explained below.

The Proton Group is exposed to several risks, as all financial institutions. These risks are continually monitored through various methods so that the concentration of unreasonable risks is avoided.

On the other hand, the Company (including the wholly owned subsidiaries – Myrtle Trading Company and Mimosa Trading SA) is exposed to a limited level of risks. The Company 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.

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. Specifically in the case of loans, it is the risk of a counterparty will default to repay part of its debt. Provisions for credit losses (impairment) are recognized when it is assessed that the carrying amount of a loan will not be recovered. The Group gives great consideration to the proper management of credit risk, due to the fact that significant changes in economy or in business sectors which represent a material part of the Group's portfolio might cause losses that exceed existing provisions.

The Group has established credit limits based on the creditworthiness of the counter party in order to minimize the credit risk that the Group undertakes. The creditworthiness analysis for each client is based on the country domicile, the business sector and other qualitative and quantitative characteristics for the client, the nature of the transaction and the collateral. The risks are periodically reviewed and adjusted. Limits have been placed on a product and sector level.

The undertaken risk for each borrower including banks, is furthermore reduced by placing sub-limits on and off balance sheet items. Loan balances are compared to credit limits on a daily basis.

The Group controls the exposure to credit risk with regular reviews on the borrower's capability to satisfy their interest and principal obligations by adjusting credit limits when necessary. Credit risk is partially covered with acceptable collaterals.

Credit risk exposure

a) Loans and receivables

When assessing the credit risk exposure of each individual item of loans and receivables, the Group considers four components (i) borrower's financial position; (ii) qualitative characteristics for the estimation of a 'probability of default' on the existing contractual obligations; (iii) the historical reimbursement and transactional attitude; and (iv) the probable existence of reliable and solvent collaterals held as security and other credit enhancements and their respective fair value.

Loans and receivables that are neither past due nor impaired, as well as impaired loans with insignificant amount are summarized in pools according to their credit risk characteristics, such as credit cards, consumer/personal loans, mortgage loans etc. As a consequence, the Group reassess all these loans for any potential impairment loss on a pool basis. Factors considered at this stage include volume of probable doubtful debts, time-lag, time horizon of the collectability of doubtful debts, the macroeconomic and microeconomic environment, the industry position and any past empirical evidence related with the level of the expected loss.

Whenever loans and receivables is assessed as doubtful their carrying amount is adjusted to its recoverable amount, which is defined as the net present value of all the expected cash flows including the expected realisable amount of any collateral held as security and other credit enhancements. For doubtful debts past due over 180 days no interest calculation takes place, while the respective claim is depicted on off-balance sheet items.

After all necessary judicial and other procedures have been exhausted and once it is highly expected that doubtful and bad debts will not be collected, the Bank proceeds with write-offs against their allowance for impairment.

b) Debt Securities and Financial Institutions

The methods of evaluation of credibility are modified as depending on the nature of the counterpart in the following categories: central governments (for purchase and holdings of debt instruments), financial institutions, corporate customers , small and medium size entities (SME) and retail customers.

As far as evaluation of central governments and financial institutions is concerned, the Group assess the counter parties and the countries' risks. All the countries and international financial institutions are assessed in accordance with size, economic data and country's prospects as well as the credibility degree by international appraising organizations (Moody's, Standard & Poor's). The credit risk exposure of Group attributable to debt securities is measured on the basis of total fair value positions. Investments in securities constitute an instrument of lower credit risk and at the same time ensure a reliable and direct liquidity.

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 2007 and 31 December 2006 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:

	31.12.2007	31.12.2006
Due from other Banks	527,410	181,885
Loans and advances to customers:		
Loans and advances to Banks	45,906	21,516
Loans to retail customers		
-Credit Cards	37,232	28,197
-Consumer / Personal loans	159,010	116,309
-Housing	48,341	51,810
Corporate loans	1,113,216	762,680
Derivative financial instruments	11,529	2,611
Trading portfolio securities	126,792	137,587
Securities at fair value as at initial recognition	5,421	0
Investing portfolio securities		
-Held to maturity	9,717	6,646
-Available for sale	242,144	28,142
Other assets	91,475	34,885
Exposure to credit risk pertaining to off Balance Sheet items:		
Letters of Guarantee & Letters of Credit	113,358	87,389
Undrawn loans (approved) & other commitments	3,830	3,935
Total	2,535,381	1,463,592

6.1.2.1 Loans and receivables

Loans and receivables are summarized as follows:

<i>Amounts presented in € '000</i>	Loans and receivables	Due from banks	Loans and receivables	Due from banks
Loans neither past due nor impaired	1,265,477	527,410	798,543	181,885
Loans past due but not impaired	72,323		111,060	
Loans with impairment losses	65,905		70,909	
Total loans and receivables without allowance for impairment	1,403,705	527,410	980,512	181,885
Less: Allowance for impairment	(35,680)		(39,298)	
Total loans and receivables after allowance for impairment	1,368,025	527,410	941,214	181,885

a) Loans and receivables neither past due nor impaired:

As at 31 December 2007:

<i>Amounts presented in € '000</i>	Loans to individuals and households			Loans to Banks	Loans to corporate businesses	Total
	Consumer/personal loans	Credit cards	Mortgage loans			
Rating					Corporate loans	
Standard monitoring	135,243	17,844	39,271	45,907	1,027,212	1,265,477

As at 31 December 2006:

<i>Amounts presented in € '000</i>	Loans to individuals and households			Loans to Banks	Loans to corporate businesses	Total
	Consumer/personal loans	Credit cards	Mortgage loans			
Rating					Corporate loans	
Standard monitoring	101,714	19,725	44,654	21,515	610,934	798,543

Under this category, restructured claims from loans are also included which, otherwise, would be included in the past due loans and are analyzed as follows:

<i>Amounts presented in € '000</i>	2007	2006
Loans to individuals and households	32	347
Loans to corporate businesses	11,117	3,624
	<u>11,149</u>	<u>3,971</u>

b) Due to banks without impairment losses:

<i>Amounts presented in € '000</i>	31.12.2007	31.12.2006
Standard monitoring	527,410	181,885
Total	527,410	181,885

c) Loans and receivables past due but not impaired:

As at 31 December 2007:

<i>Amounts presented in € '000</i>	Loans to individuals and households			Loans to corporate businesses	Total
	Consumer/personal loans	Credit cards	Mortgage loans		
Past due up to 1-90 days	13,111	4,864	4,917	34,107	56,999

Past due up to 91-180 days	1,810	761	1,533	6,518	10,622
Past due up to over 180 days	265	29	13	4,394	4,702
Total	15,186	5,655	6,463	45,019	72,323
Fair value of collaterals and other credit enhancements pledged	7,680	-	5,944	29,791	43,415

As at 31 December 2006:

<i>Amounts presented in € '000</i>	Loans to individuals and households			Loans to corporate businesses	Total
	Consumer/personal loans	Credit cards	Mortgage loans	Corporate loans	
Past due up to 1-90 days	9,434	6,412	6,724	72,020	94,590
Past due up to 91-180 days	3,654	1,169	440	2,820	8,083
Past due up to over 180 days	283	893	34	7,177	8,387
Total	13,372	8,473	7,198	82,017	111,060

d) Loans and receivables with impairment losses:

As at 31 December 2007:

<i>Amounts presented in € '000</i>	Loans to individuals and households			Loans to corporate businesses	Total
	Consumer/personal loans	Credit cards	Mortgage loans	Corporate loans	
Loans and receivables with impairment losses	8,582	13,733	2,607	40,983	65,905
Fair value of collaterals and other credit enhancements pledged	3,030	-	1,808	14,860	19,698

As at 31 December 2006:

<i>Amounts presented in € '000</i>	Loans to individuals and households			Loans to corporate businesses	Total
	Consumer/personal loans	Credit cards	Mortgage loans	Corporate loans	
Loans and receivables with impairment losses	3,181	11,058	1,199	55,471	70,909

6.1.3 Debt securities and other eligible bills

The table below presents an analysis of debt securities, and other eligible bills by rating agency designation at 31 December 2007, based on Standard & Poor's rating system :

<i>Amounts presented in € '000</i>	Due from banks	Trading portfolio	Financial assets at fair value through profit or loss	Held-to-maturity investments	Available-for-sale financial assets	Total
AAA	-	4,735	-	-	51,334	56,069
AA- to AA+	14,579	81,733	-	-	12,402	108,714
A- to A+	6,441	18,684	-	6,659	129,805	161,589
Lower than A-	94,590	15,474	-	-	8,531	118,595
Unrated	411,800	6,166	5,421	3,058	40,072	466,517
Total	527,410	126,792	5,421	9,717	242,144	911,484

Due from unrated financial institutions mainly refer to deposits in subsidiaries of banking groups which have not been rated. The parents of these subsidiaries are included in the bracket "Lower than A-".

6.1.4 Repossessed collateral

During 2007, the Group obtained assets by taking possession of collateral held as security, as follows:

Balance sheet item

Amounts presented in € '000

	<u>2007</u>	<u>2006</u>
Land	84	64
Buildings	70	-
Total	154	64

6.1.5 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.

<i>Amounts presented in € '000</i>	Financial institutions	Manuf/ring	Transport telecom	Public sector	Trade	Leasing	Other industries	Individuals and households	Total
Loans and advances to banks	527,410								527,410
Loans and receivables:									
Loans to other financial institutions	45,906								45,906
Loans to individuals and households:									
-Credit cards								37,232	37,232
-Consumer / personal loans								159,010	159,010
-Mortgage loans								48,341	48,341
Loans to corporate businesses:	45,906	113,773	205,918		263,905	69,858	459,762		1,113,216
Derivative financial instruments	11,529								11,529
Financial assets at fair value through profit or loss	63,633	6,602	1,071	23,850	11,247		20,389		126,792
Financial assets designated at fair value					5,421				5,421
Investment securities:									
-Held-to-maturity investments				6,659			3,058		9,717
-Available-for-sale financial assets	96,202	445	536	129,805	587		14,569		242,144
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
Total maximum credit risk as at 31 December 2006	299,524	50,616	95,267	25,087	200,489	11,388	385,918	210,575	1,372,268

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

The Group has a significant credit risk concentration in Greece:

<i>Amounts presented in € '000</i>	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	0	5,421
Investment securities:			
-Held-to-maturity investments	9,717	0	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 open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes. Market risk is measured at two different levels, Proton Group and IRF.

Proton Group

Since the beginning of 2007, ALCO has adopted policies and limits regarding market risk management, which should be monitored on a daily basis. Relevant limits are prescribed and measured utilizing the VAR methodology. Limits pertain to the trading (securities) as well as to and banking (loans and deposits) book of the Group and are set for each product, risk and business unit.

The VAR measure for the overall portfolio of the Group (trading and banking book), as at 31 December 2007, is calculated to € 1,334,940.

VAR methodology used by the Group estimates the possible potential loss within one day on the current portfolio from adverse market movements at a confidence level of 99%. In addition to this methodology and on a daily basis the bank also calculates sensitivity factors for the maximum potential loss under extreme circumstance. The benchmark for the crisis scenario is the historical scenario on 11 September 2001. This scenario has been elected due to the decrease in prices of equity securities in the period under consideration, which represents a primary risk factor for the Group and also for the time proximity of the relevant crisis. The scenario uses the actual historical percentage movements for all variables. With regards with the scenario crisis, based on the aggregate portfolio of the Bank, on 31 December 2007, it has reported a loss of 1.9 millions for price risk, and for interest rate risk and currency risk a gain of € 21,919 and € 4,510 Euros.

The Group also applies regularly a back testing program to control the VAR estimates, by comparing the actual changes in the market price of the portfolio with the respective VAR measures.

In details the Value-at-risk results for the securities portfolio are as follows:

VaR review <i>Amounts presented in € '000</i>	VaR 99% 1day	
	31.12.2007	31.12.2006
Securities-book VAR		
Foreign-exchange risk	66,255	111,449
Interest-rate risk	290,301	363,089
Equities risk	1,074,801	2,596,954
Decrease due to portfolio diversification	(367,127)	(599,944)
Total VAR	1,064,230	2,471,548

IRF Company

As of 31st December 2007, the Company is exposed to limited market risk mainly through its placement in the interbank market. Its placements mainly refer to short-term deposits which are exposed to interest rate risk. The table below described the overall Interest rate risk exposure of the whole Group.

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 Proton Group sets limits on the

level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

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.

Amounts presented in € '000

ASSETS	EUR	USD	GBP	JPY	OTHER	TOTAL
Loans and advances to Central bank	52,796	0	0	0	0	52,796
Due from other Banks	372,863	145,137	4,366	1,566	3,478	527,410
Loans and advances to customers	1,235,071	109,371	12	1,831	21,738	1,368,023
Derivative financial instruments	11,529	0	0	0	0	11,529
Trading portfolio securities	167,413	4,140	178	0	2,650	174,381
Financial instruments at fair value through profit and loss	5,421	0	0	0	0	5,421
Investment portfolio securities	0	0	0	0	0	0
-Held to maturity	9,717	0	0	0	0	9,717
-Available for sale	250,130	0	0	0	97	250,227
Investments in associates and other related parties	3,886	0	0	0	0	3,886
Intangible assets	166,783	0	0	0	1	166,784
Property, plant and equipment	27,828	0	0	0	52	27,880
Non current assets held for trading	53,727	0	0	0	0	53,727
Deferred tax asset	7,098	0	0	0	0	7,098
Other assets	87,620	3,188	44	0	623	91,475
Total assets	2,451,882	261,836	4,600	3,397	28,639	2,750,354
LIABILITIES						
Due to Banks	355,570	78,120	0	0	251	433,941
Due to customers	1,154,236	79,035	4,563	183,144	1,161	1,422,139
Derivative financial instruments	14,570	0	0	0	0	14,570
Bonds issued	25,283	0	0	0	0	25,283
Employee benefits	1,140	0	0	0	0	1,140
Income tax	10,498	0	0	0	0	10,498
Deferred tax liability	6,928	0	0	0	0	6,928
Other liabilities	10,227	627	0	9	17	10,880
Liabilities directly associated with assets classified as held for sale	44,486	3,077	67	0	0	47,630
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
As at December 31, 2006						
	EUR	USD	GBP	JPY	OTHER	TOTAL
Total Assets	1,500,125	70,882	3,341	172,320	(244)	1,746,424
Total Liabilities	948,413	72,207	3,590	175,620	884	1,200,714
Net Balance Sheet position	551,712	(1,325)	(249)	(3,300)	1,128	545,710

Open currency positions are usually hedged by using forward currency contracts. These contracts are considered as derivatives. The Group does not however apply hedging accounting.

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. Fluctuations in market interest rates significantly affect the present value of expected future cash flows from investments and liabilities.

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 December 31, 2007	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	-	-	-	-	-	52,796	52,796
Due from other banks	527,402	-	-	-	-	-	527,402
Loans and advances to customers	739,936	412,781	213,702	398	1,207	-	1,368,024
Derivative financial instruments	-	-	-	-	-	11,529	11,529
Trading portfolio securities	81,801	23,079	5,524	4,780	12,424	46,773	174,381
Financial instruments at fair value through profit or loss	-	-	-	-	2,223	3,198	5,421
Investment portfolio securities :	-	-	-	-	-	-	0
-Held to maturity	-	-	3,000	6,717	-	-	9,717
-Available for sale	-	-	-	242,144	-	8,083	250,227
Investment in associates	-	-	-	-	-	3,886	3,886
Intangible assets	-	-	-	-	-	166,784	166,784
Property, Plant and equipment	-	-	-	-	-	27,880	27,880
Held for trading assets	-	-	-	-	-	53,727	53,727
Deferred tax asset	-	-	-	-	-	7,098	7,098
Other assets	70,254	-	-	-	-	21,221	91,475
Total assets	1,419,393	435,860	222,226	254,039	15,854	402,975	2,750,347
LIABILITIES							
Due to Banks	290,184	143,757	-	-	-	-	433,941
Due to customers	1,021,836	274,997	109,784	12,405	3,117	-	1,422,139
Derivative financial instruments	14,570	-	-	-	-	-	14,570
Bonds issued	-	-	-	-	25,283	-	25,283
Employee benefits	-	-	-	-	-	1,140	1,140
Income tax	-	-	-	-	-	10,498	10,498
Deferred tax liability	-	-	-	-	-	6,928	6,928
Other Liabilities	-	-	-	-	-	14,170	14,170
Liabilities directly associated with assets classified as held for sale	-	-	-	-	-	44,339	44,339
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	114,442	241,634	12,546	325,899	777,347
As at December 31, 2006							
Total assets	284,253	453,607	257,275	213,082	100,010	437,997	1,746,414
Total liabilities	802,525	161,170	120,948	48,415	1,500	66,160	1,200,714
Net interest gap	(518,272)	292,437	136,527	164,671	98,510	371,837	545,710

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.

The Group uses a large financing base which is achieved through a wide range of products including, deposits, debt securities and equity. This improves its financing capability, reduces the dependence on a single source, and generally lowers its borrowing cost. The Group tries to balance the need between financing and flexibility, by maintaining a portfolio with different maturities. The Group continually assesses liquidity risk by controlling and monitoring the required changes in order to meet its business goals in the frame of its strategy.

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

31/12/2007

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

31/12/2006

LIABILITIES	Less than 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
Due to other Banks	33,934	6,165	35,235	15,563	-	90,897
Due to customers	90,379	399,953	398,922	152,903	-	1,042,157
Bonds issued	-	-	75	343	1,575	1,993
Other liabilities	-	-	7,356	13,889	-	21,245
Total liabilities	124,313	406,118	441,588	182,698	1,575	1,156,292

6.5.2 Derivative contractual cash flows

The table below analyses the Group's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading:						
-Foreign exchange derivatives						
-Interest rate derivatives						
-Other derivative contracts	1,444	-	(297)	-	-	1,147
Total	1,444	-	(297)	-	-	1,147

As at 31 December 2007

Derivatives held for trading:

-Foreign exchange derivatives

-Interest rate derivatives						
-Other derivative contracts	7,557	-	(373)	(445)	-	6,738
Total	7,557	-	(373)	(445)	-	6,738

The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2007

	Less than 1					Total
	month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	
Derivatives held for trading:						
-Foreign exchange derivatives						
-Outflow	180,428	46,529	37,258	-	-	264,214
-Inflow	177,738	46,444	36,781	-	-	260,963
-Interest rate derivatives						
-Outflow	197	2,152	6,139	8,943	15,737	33,168
-Inflow	62	1,124	7,730	9,760	15,539	34,215
-Other derivative contracts						
-Outflow						
-Inflow	-	4	13	52	-	70
Total Outflow	180,625	48,681	43,397	8,943	15,737	297,383
Total Inflow	177,800	47,572	44,525	9,812	15,539	295,248

As at 31 December 2006

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading:						
-Foreign exchange derivatives						
-Outflow	116,176	107,848	29,299	1,498	-	254,821
-Inflow	114,447	104,827	28,931	1,430	-	249,635
-Interest rate derivatives						
-Outflow	113	1,585	6,676	16,050	17,615	42,040
-Inflow	-	472	7,719	16,386	18,021	42,598
-Other derivative contracts						
-Outflow	-	22	66	285	-	372
-Inflow	-	1	3	15	1	20
Total Outflow	116,290	109,454	36,041	17,833	17,615	297,233
Total Inflow	114,447	105,301	36,654	17,830	18,022	292,253

6.6 Capital management and capital adequacy

The Group's objectives when managing capital, which is a broader concept than the "equity" on the face of the balance sheets, are:

- To comply with the capital requirements set by the regulators of the Banking markets where the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

IRF is not subject to any specific regulatory capital requirements. As of 31 December 2007 IRF has a very strong financial position since there is not any debt outstanding and all of its investments are financed by equity.

Proton Group is subject to the supervision of the Bank of Greece that sets and monitors the demands for capital adequacy as far as the banks are concerned. The Bank of Greece requires that every Financial Institution should have a minimum ratio arising from the proportion between supervisory equity and the assets as well as

off balance sheet items weighed as against the risk involved. This ratio has been generally set at 8% and it is designed in order to cover the foreseeable risks (counter parties, market, and currency).

The capital adequacy of the Bank is monitored at regular intervals by the Financial Department of Proton Bank and the results are presented every three months to the Bank of Greece. The basic objective of the Bank, as far as supervisory capital management is concerned, is on one hand, the compliance with the capital requirements of the Bank of Greece and, on the other hand, maintenance of strong and stable capital basis that supports the business plans of the Bank's management.

The supervisory equity of the Bank is divided into two categories:

- Tier 1 capital: share capital (net of any carrying amount of the treasury shares), minority interests, retained earnings and reserves. The carrying of goodwill is deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The Group's capital adequacy is calculated according to the relevant directive by the Bank of Greece, which is an enforcement of the directive of the European Union for the capital adequacy of financial institutions and investment funds. The basic objective of Proton Bank, as far as supervisory capital management is concerned, is on one hand, the compliance with the capital requirements of the Bank of Greece and, on the other hand, maintenance of strong and stable capital basis that supports the business plans of the Bank's management.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table here below summarizes the composition of regulatory capital of the Group for the years ended 31 December 2007 and 2006 respectively.

Amounts presented in € '000

	31.12.2007	31.12.2006
Tier 1		
Eligible Capital	281,450	281,450
Share Premium	85,478	85,478
Less : Own Shares	7,668	0
Reserves	191	687
Other Reserves	2,656	3,103
Retained Earnings	18,238	15,069
Valuation Differences	12,540	0
Less : Proposed Dividend	12,385	17,551
Less : Balance from air value adjustments of available for sale loans and bonds	12,526	-
Less: F/X differences	13	-
Upper Tier 1 capital	367,961	368,236
Less : Intangible Assets	104,271	117,462
Less : Items deducted from Tier I *	17,242	-
Total TIER 1 items	246,449	250,774
Tier 2		
Less : Items deducted from tier 2*	34,282	18,262
Total TIER 2 items	34,282	18,262
Tier 1 + Tier 2 items	212,167	232,512
Risk-Weighted assets	1,807,109	1,581,224

Capital adequacy ratio	11.74%	14.70%
	31.12.2007	31.12.2006
Deductions From Tier 1 and Tier 2		
Less : Equity Investments On Financial Institutions > 10 %	5,236	13,792
Less : Equity Investments On Insurance Companies	17,040	0
Less : Double Gearing	29,247	4,470
TOTAL DEDUCTIONS	51,523	18,262
Analysed as:		
Tier I items	17,242	-
Tier II items	34,282	18,262
	51,523	18,262

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 1st January - 31st December 2007

Continuing operations

	Investment Banking	Other Banking Activities	Insurance and other activities	Total
Net Income				
- from interest	3,030	40,722		43,752
- from fees and commissions	22,823	5,037		27,860
- from dividends	16,216	0		16,216
- net trading income and other income	70,357	1,052	755	72,164
Total net Income	112,427	46,811	755	159,993
Net segmental profit before tax	96,181	4,602	69	100,852
Impairment of Goodwill				(7,465)
Operating expenses not allocated				(5,784)
Net profit before tax				87,606
Tax				(9,732)
Profit after tax				77,875

Discontinued operations

Net Income				
- from insurance activities			27,707	27,707
- other income			(164)	(164)
Total net Income			27,543	27,543
Net segment profit before tax			168	168
Tax			(16)	(16)
Profit after tax			152	152

Total segment income	112,427	46,811	28,298	187,536
Total segment net profit before tax	96,181	4,602	237	101,020

Depreciation - Amortisation	1,006	3,646	140	4,792
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

	Investment Banking	Other Banking Activities	Insurance and other activities	Total
<i>Amounts presented in € '000</i>				
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

Amounts presented in € '000

Financial year 1st January - 31st December 2006

Continuing operations

	Investment Banking	Other Banking Activities	Insurance and other activities	Total
<i>Amounts presented in € '000</i>				
Net Income				
- from interest	8,534	8,231	0	16,765
- from fees and commissions	(1,698)	9,569	(5)	7,866
- from dividends	1,620	0	0	1,620
- net trading income and other income	28,677	943	195	29,815
Total net Income	37,132	18,743	190	56,065
Net segmental profit before tax	26,523	9,632	(248)	35,906
Impairment of Goodwill				
Operating expenses not allocated				
Net profit before tax				35,906
Tax				(2,904)
Profit after tax				33,002

Discontinued operations

Net Income				
- from insurance activities			7,790	7,790
- other income			8	8
Total net Income			7,798	7,798
Net segment profit before tax			(124)	(124)
Tax			(12)	(12)
Profit after tax			(136)	(136)

Total segment income	37,132	18,743	7,988	63,863
Total segment net profit before tax	26,523	9,632	(372)	35,782

Depreciation - Amortisation	483	1,399	40	1,922
Impairment Losses and Provisions	(1,809)	2,367	4,968	5,526
Share on profit from associates	240			240

Amounts presented in € '000

31 December 2006

	Investment Banking	Other Banking Activities	Insurance and other activities	Total
Segment assets	594,634	948,636	36,044	1,579,314
unallocated assets				167,115
Total assets				1,746,429
Segment liabilities	113,244	1,044,706	41,416	1,199,366
unallocated liabilities				1,348
Total liabilities				1,200,714
Investment in associates	3,646		625	4,604

7.2 By Geographical segment

A geographical segment is defined as a particular economic environment in which the Group is engaged in providing services 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>	31/12/2007	31/12/2006
Interest and Similar Income		
From loans and advances to banks	19,335	8,466
From securities	15,537	3,070
From Loans and receivables	84,652	17,424
Other Interest related income	3,168	29
Total	122,692	28,990
Interest and Similar Expenses		
Due to financial institutions	(6,250)	(81)
Due to customers	(52,740)	(9,281)
Contribution Law 128	(4,849)	(1,321)
Interest on Compound Instrument	-	-
Interest on Borrowing Funds (Financing Loans)	(11,442)	(726)
Other Interest related expenses	(3,658)	(814)
Total	(78,939)	(12,224)
Net Interest Income	43,753	16,765

9. NET FEE AND COMMISSION INCOME

<i>Amounts presented in € '000</i>	31/12/2007	31/12/2006
Fee and commission income from:		
Loans and advances to customers	2,051	989
Letters of guarantee	878	111
Imports-Exports	486	106
Credit Cards	2,111	676
Foreign Exchange Transactions	332	86
Securities brokerage	21,050	5,840
Remittance	142	32
Management of Securities and Investment Banking	16,915	2,456
Total	43,966	10,296
Fee and commission expense from:		
Guarantees, Credit Cards	(887)	(275)
Securities brokerage & safekeeping	(11,576)	(1,780)
Loans Fees and Commissions	(3,642)	(2,587)
Total	(16,105)	(2,430)
Net fee and commission income	27,861	7,866

10. DIVIDEND INCOME

<i>Amounts presented in € '000</i>	31/12/2007	31/12/2006
Dividends from AFS securities	15	23
Dividends from trading securities	16,202	1,597
Dividends from Subsidiaries	-	-
Total	16,217	1,620

11. NET RESULT FROM FINANCIAL ACTIVITIES

<i>Amounts presented in € '000</i>	31/12/2007	31/12/2006
Foreign Exchange Differences	409	522
Purchase and sale of securities	91,909	23,263
Valuation of securities	(8,844)	12,728
Foreign Exchange Differences	(16,762)	177
Derivative instruments	1,708	(8,243)
Discount interests	-	70
Total	68,421	28,517

12. OTHER OPERATING INCOME

<i>Amounts presented in € '000</i>	31/12/2007	31/12/2006
Building rentals	74	20
Non-banking activities	59	388
Proceeds from sale of fixed assets	-	2
Exchange Differences (other than trading activities)	-	897
Other income	1,347	(10)
Total	1,480	1,297

13. STAFF COSTS

<i>Amounts presented in € '000</i>	31/12/2007	31/12/2006
Wages and salaries	(18,451)	(6,515)
Social insurance contribution	(4,066)	(1,200)
Pension and retirement costs	(625)	(41)
Other employee costs	(1,012)	(82)
Stock option cost	(983)	-
Total	(25,136)	(7,838)

	31/12/2007	31/12/2006
Number of employees	669	640

On 31st December 2007 the Group employed 669 employees, while the Company employed just 1 employee.

14. OTHER OPERATING EXPENSES

<i>Amounts presented in € '000</i>	31/12/2007	31/12/2006
Rentals	(4,060)	(1,147)
Maintenance costs	(1,562)	(420)
Promotion and advertising costs	(1,077)	(241)
Telephone expenses and postage	(1,247)	(476)
Other third parties fees	(4,606)	(1,286)
Contribution to Hellenic Deposit Guarantee Fund	(1,455)	(277)
Subscriptions and other contribution expenses	(4,626)	(2,936)
Insurance fees	(338)	(72)
Consumables	(518)	(242)
Taxes (Value Added, Property, etc.)	(2,016)	(877)
Insurance agency costs	-	-
Other operating expenses	(4,331)	(2,135)
Total	(25,836)	(10,109)

15. DEPRECIATION

<i>Amounts presented in € '000</i>	31/12/2007	31/12/2006
Amortization of intangible assets acquired through business combinations	(4,173)	(1,043)
Property, plant & equipment	(2,368)	(574)
Intangible assets	(685)	(275)
Total	(7,225)	(1,893)

16. IMPAIRMENT LOSSES

Amounts presented in € '000

	31/12/2007	31/12/2006
Loans and receivables	(6,892)	(275)
Financial investments	(36)	(261)
Other assets	(53)	(22)
Total impairment charge for credit losses	(6,981)	(558)

17. INCOME TAX EXPENSE

The tax charge for the year is analyzed below:

Amounts presented in € '000

	31/12/2007	31/12/2006
Current Year Tax		
Current Tax expense	10,258	2,285
Income tax provisions	835	-
Deferred Tax	(1,362)	619
Total tax charge	9,732	2,904

The reconciliation of the income tax expense for the year is as follows:

Amounts presented in € '000

	31/12/2007	31/12/2006
Profit before tax	87,606	35,907
Income tax at normal rates (25% / 24%)	21,902	8,618
<i>Adjustments for:</i>		
Income tax saved on profits generated in other jurisdictions (tax free)	(14,319)	(4,812)
Non-taxable income	468	(3,577)
Non-deductible expense	272	216
Addition tax on property, plant and equipment	8	5
Tax on tax inspection differences	557	-
Provision for income tax liabilities	844	-
Special taxation of prior years' reserves	-	2,453
Income tax expense	9,732	2,904

The Group operates in a number of different jurisdictions. Income generated by entities established under Greek Law is subject to income tax according to the Greek Income Taxation Code. Profits recorded in the jurisdictions of Bermuda and Marshall Islands are tax free.

Under Greek legislation, normal income tax rates applicable to all entities incorporated in the form of societe anonyme are 25% for the year 2007 and 29% for the year 2006. PROTON BANK took advantage of the Law 2992/2002 tax incentive scheme, applicable to entities engaged into mergers, and was taxed at a reduced rate of 24% in 2006.

The Proton Bank has been reviewed by the Local Tax Authorities for the years up to and including 2006. The tax audit for the years 2005 and 2006 was finalized on 16 November 2007, where an additional tax expense of 529 thousand Euros was offset in liabilities since the tax calculated exceeds the amount due up to and including 2006. For the un-audited period ended on 31 December 2007 the Bank has charged its profits for potential taxable differences. Due to method according to which tax liabilities are settled in Greece, the Bank remains contingently liable to additional taxes and penalties for un-audited periods.

Income tax liability for Proton Group is not considered as final as it is further analyzed in par. 34.

Deferred tax recognized in the income statement is attributable to:

<i>Amounts presented in € '000</i>	31/12/2007	31/12/2006
Loans and receivables	(769)	(522)
Employee bonuses	(257)	(195)
Accrued income		(214)
Other assets		(43)
Financial assets	1,430	-
Financial receivables	15	(2)
Retirement benefit obligations	23	2
Financial liabilities	(50)	20
Revaluation on OTC forwards	10	128
Property, plant & equipment and intangible assets	1,235	207
Deferred Tax on taxable loss	(275)	
Total deferred tax	(1,362)	619

18. CASH AND BALANCES WITH CENTRAL BANK

<i>Amounts presented in € '000</i>	31/12/2007	31/12/2006
Cash on hand and cash in course of collection	34,384	10,014
Cheques receivable	12,344	12,018
Included in cash and cash equivalents	46,728	22,032
Mandatory reserve deposits with Central Bank	6,068	15,366
Total	52,796	37,398

Mandatory reserves with the central bank are not available for everyday use by the Group.

19. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

<i>Amounts presented in € '000</i>	31/12/2007	31/12/2006
Deposits placed in other financial institutions	356,142	48,264
Nostro accounts	-	47,877
Time deposits	155,133	84,367
Cheques receivables	1,053	1,377
	512,327	181,885
Placements with other banks (over 90 days)	15,082	
Total	527,410	181,885

The Company's cash equivalents refer to sight deposits in other financial institutions.

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

<i>Amounts presented in € '000</i>	31/12/2007	31/12/2006
Trading Portfolio		
Government bonds	23,850	18,441
Corporate entities bonds	102,942	119,146
Mutual funds	8,903	23,996
Equity securities	38,686	102,591
	174,381	264,174
Other financial instruments at fair value through Profit & Loss		
Corporate entities bonds	5,421	

Total	179,802	264,174
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21. DERIVATIVE FINANCIAL INSTRUMENTS

The notional and fair values of derivatives held at 31st December 2007 were:

<i>Amounts presented in € '000</i>	Notional amount	31st December 2007 Assets	Liabilities
Derivatives held for trading			
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	-
Share Swap	10,000	294	-
	2,623,929	11,529	14,434
Total recognised derivative assets /liabilities	2,636,930	11,529	14,570
		31st December 2006 FAIR VALUE	
<i>Amounts presented in € '000</i>	Notional amount	Assets	Liabilities
Derivatives held for trading			
a) trading in Exchanges			
Options	12,648	224	100
Forwards / Futures	335,751	-	-
	348,399	224	100
b) OTC			
Interest rate swaps	594,452	1,992	2,427
Options	3,037	28	7
FX Forwards	281,187	-	3,753
Credit default swaps	13,417	42	32
Total return swap	10,000	325	-
	902,093	2,387	6,219
Total recognised derivative assets /liabilities	1,250,492	2,611	6,319

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.

22. 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>	31/12/2007	31/12/2006
<i>Retail Customers</i>		
Mortgages	48,341	51,810
Consumer Loans /Loans to individuals	159,010	88,372
Credit cards	37,232	28,197
Total loans and receivables to individuals	244,584	168,379
<i>Corporate Customers</i>		
Agriculture	57,847	5,259
Mining	1,309	1,149
Heavy industry	113,773	42,373
Small Industry	12,946	14,957
Building / construction	139,832	73,454
Energy	310	2,163
Commercial / Insurance	259,391	202,202
Transportation	205,918	93,516
Financial institutions	45,906	-
Services	29,752	36,954
Other companies	222,280	328,720
Total loans and receivables to companies	1,089,263	800,745
Finance lease receivables	69,858	11,388
Total Loans and receivables	1,403,705	980,512
Less: Allowances for losses (impairment) on loans and advances to customers	(35,680)	(39,298)
Total	1,368,025	941,214

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>	31/12/2007	31/12/2006
Net investment in finance leases		
<i>Gross Investment in leased equipment</i>		
Less than 1 year	15,947	1,725
Between 1 to 5 years	61,795	5,635
More than 5 years	20,968	9,825
Less: unearned finance income	(28,852)	(5,797)
Net investments in leased equipment	69,858	11,388

The Net finance leases receivables comprises:

Less than 1 year	11,286	1,143
Between 1 to 5 years	43,733	3,734
More than 5 years	14,839	6,511

Total	69,858	11,388
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Movement in allowances for credit losses

Amounts presented in € '000

	31/12/2007	31/12/2006
Balance at the beginning of the year	39,298	0
Allowances from acquisitions (Proton Bank)	0	1,174
Allowances from acquisitions (Omega Bank)	0	40,071
Impairment	6,892	275
Write-offs	(10,509)	(2,222)
Balance at the end of the year	35,681	39,298

23. INVESTMENT PORTFOLIO

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

Amounts presented in € '000

Investments held to maturity

	31/12/2007	31/12/2006
Government bonds	6,659	6,646
Corporate bonds	3,058	-
<i>Total investment held to maturity</i>	<i>9,717</i>	<i>6,646</i>

Available for sale portfolio (at fair value)

Corporate bonds	112,339	28,458
Equity securities	5,991	5,502
Mutual Funds	-	30
Other investments	2,092	345
Government bonds	129,805	-
Less: Provision for losses (impairment)		(3,004)
<i>Total available for sale securities</i>	<i>250,227</i>	<i>31,331</i>

Total Investment Portfolio

259,944	37,977
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Held to maturity investments mainly refer to Greek Government Bonds for which the Group has the ability and the intention to hold to maturity. The fair value of the above mentioned financial instruments at 31 December 2007 is calculated at € 9,785 thousands Euros (plus accrued interest).

The movement in the investment portfolio for the year ended 31/12/2007 may be summarized as follows:

<i>Amounts presented in € '000</i>	Investments held- to-maturity 2007	Financial assets available for sale 2007	Total 2007
Balance as at 1st January 2007	6,646	30,977	37,623
Additions from the acquisition of Proton Bank			-
Additions from the acquisition of Omega Bank			-
Additions	3,000	226,424	229,424
Redemptions			-
Disposal		(238)	(238)
Accruals	71	5,602	5,673
Gains / (losses) from changes in fair value		(13,125)	(13,125)

Amortization of premium/ discount			-
Derecognition of loans and receivables		587	587
Transfer		(3,004)	(3,004)
Transfer of impairment losses to other assets		3,004	3,004
Balance as at 31st December 2007		9,717	250,227
			259,944

24. INVESTMENTS IN ASSOCIATES

Investment in associates refers to a 29.20% holding of Proton Bank to the closed-end fund Omega AEEEX, a company listed on ASE, and its fair value as at December 31, 2007 is € 3,426 thousand (December 31, 2006: € 3,777 thousand).

Some brief financial information 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.

25. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

<i>Amounts presented in € '000</i>	Land	Buildings	Machinery	Vehicles	Furniture	Total	Investment Property
Balance at 1 January 2007							
Cost	11,151	15,294	62	220	9,861	36,588	50
Accumulated depreciation	-	(765)	(24)	(84)	(2,313)	(3,186)	-
Net carrying amount	11,151	14,529	38	136	7,548	33,402	50
Year ended 31 December 2007							
Opening carrying amount	11,151	14,529	38	136	7,548	33,402	
Transfer to assets held for sale						-	
Cost	(813)	(1,301)	-	(36)	(221)	(2,371)	(50)
Accumulated depreciation	-	43	-	6	66	115	
Additions	-	1,855	10	4	1,464	3,333	
Disposals - cost of acquisition	(3,105)	(1,053)	-	(3)	(2)	(4,163)	
Disposals - accumulated depreciation	-	22	-	-	1	23	
Depreciation charge	-	(1,018)	(9)	(38)	(1,393)	(2,458)	
Closing net book value	7,233	13,077	39	69	7,463	27,881	(50)
Balance at 31 December 2007							
Cost	7,233	14,795	72	185	11,102	33,387	-
Accumulated depreciation	-	(1,718)	(34)	(116)	(3,639)	(5,507)	
Net book value	7,233	13,077	38	69	7,463	27,880	-

26. NON CURRENT ASSETS HELD FOR SALE

<i>Amounts presented in € '000</i>	31.12.2007	31.12.2006
Asset of "Proton Insurance" (<i>Note 42</i>)	53,509	-
Land	148	64
Buildings	70	-
Total	53,727	64

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

27. GOODWILL AND OTHER INTANGIBLE ASSETS

<i>Amounts presented in € '000</i>	Goodwill	Customer relations & other intangible assets	Software	Total
Balance at 1 January 2007				
Cost	168,353	19,538	4,564	192,455
Accumulated amortisation		(1,043)	(1,312)	(2,355)
Net carrying amount	168,353	18,495	3,252	190,100
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

Balance at 31 December 2007

Cost	157,184	19,538	4,747	181,469
Accumulated amortisation, impairment	(7,465)	(5,216)	(2,003)	(14,684)
Net carrying amount	149,719	14,322	2,744	166,785

Amounts presented in € '000

Year ended 31 December 2006

Opening net carrying amount	-	-	-	-
Business Combinations effected during the period	168,353	19,538	3,473	191,364
Additions			164	164
Write-off, disposals				
-Cost				
-Accumulated amortisation				
Amortisation charge		(1,043)	(386)	(1,429)
Impairment charge				
Closing net carrying amount	168,353	18,495	3,251	190,099

Additions to goodwill during the year 2007 are attributable to acquisition of additional stake in Proton and other subsidiaries.

"Goodwill and other intangible assets" include business combination differences as described in Note 46. The relevant amount has been determined provisionally, since the process of identifying and measuring the identifiable intangible assets has not been finalised. The significant intangible assets that it is expected to arise are bank customer relationships, brokerage customer relationships, trade name and core deposits. The first impairment test of goodwill and intangible assets will take place when the purchase price allocation is finalised. The entire amount of goodwill has been allocated, for impairment test purposes, to one group of cash-generating units (CGUs) comprising the banking operations in Greece (Proton Group).

The recoverable amount of Proton Group has been determined based on value in use calculations. The cash flows are determined on the basis of maximum dividend available to the parent company after taking into consideration Proton's profitability and its capital requirements. That calculation uses cash flow projections based on financial budgets approved by management covering a four-year period. Proton's cash flows beyond the four-year period are extrapolated using a steady 2% growth rate and 16.2% return on equity. This growth rate does not exceed the average growth rate for the market in which Proton operates.

The estimation of future cash flows requires high degree of management judgment and is based on assumptions about future events and market factors. The key assumptions used for the value in use calculations are the following:

Average growth of loan portfolio for the budgeted period	27.8%
Average growth of customer deposits for the budgeted period	24.3%
Average growth of the risk weighted assets for the budgeted period	22.7%
Minimum capital requirements (Tier I)	8.0%
Average net interest margin	2.1%
Weighted average increase in pre-tax profit	31.1%
Discount rate (pre-tax cost of equity)	10.4%

Management determined budgeted increase in loans and deposits as well as interest margins based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the Greek banking industry.

The Group has reported an impairment loss of € 7,465 being the excess of Proton's carrying amount before the recognition of the impairment over its recoverable amount.

The recoverable amount is particularly sensitive into various assumptions. If management has used different assumptions for the estimation of the value in use, then the amount of the impairment loss would have been different:

- If the discount rate was 10% greater, then an additional impairment loss of € 12,406 would have been recognized, while if the discount rate was decreased by 10% then no impairment loss would have been recognized.
- If the growth rate was decreased to 1.5% then an additional impairment loss of € 2,606 would have been recognized, while if growth rate was set at 2.5% the impairment loss would have been decreased by € 2,937.
- If future cash flows for the budgeted period were decreased by 5%, then an additional impairment loss of € 1,305 would have been recognized, while if future cash flows of the budgeted period are increased by 5% the impairment loss would have been decreased by € 1,305.
- If the return on equity after the budgeted period was decreased by 10% then an additional impairment loss of € 12,406 would have been recognized, while if the return on equity was increased by 10% then no impairment loss would have been recognized.

28. 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>	31/12/2007		31/12/2006	
	Deferred Tax		Deferred Tax	
	Asset	Liability	Asset	Liability
Retirement benefit obligations	296		392	
Financial liabilities	192		242	
Property, plant & equipment	-	548	118	
Intangible assets		3,581	216	
Staff bonuses and allowances	-			
Tax Deductible losses	-		276	
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			2,445
Available for sale financial assets	3,359	2,800		
Other financial assets	9			520
Other assets	16			6
<i>Total</i>	<i>7,095</i>	<i>6,928</i>	<i>1,244</i>	<i>2,971</i>
Amount set-off	(548)	-	(1,244)	(1,244)
Balance at 31 December	6,551	6,928	-	1,727

29. OTHER ASSETS

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

<i>Amounts presented in € '000</i>	<u>31/12/2007</u>	<u>31/12/2006</u>
Other Assets		
Advances to employees	28	26
Advances to third parties	52	50
Contributions to Co-Guarantee Fund and Supplementary Fund	12,640	4,901
Guarantee fees	621	7,698
Prepayments to third parties	139	68
Brokerage fees receivables	15,539	8
Credit card receivables	1,751	2,095
Prepaid Taxes and other tax advances	8,963	3,946
Sundry debtors and other receivables	17,436	16,904
Bad debts (other than loans and receivables)	4,206	1,199
Loans to related parties	0	-
Receivables from related parties	2	-
Receivables from foreign stock exchange	4,608	-
Bond subscriptions	30,411	-
	<u>96,396</u>	<u>36,895</u>
Less: Provisions for losses (impairment) of receivables besides loans	(4,921)	(2,010)
Total	<u>91,474</u>	<u>34,885</u>

30. DUE TO FINANCIAL INSTITUTIONS

<i>Amounts presented in € '000</i>	<u>31/12/2007</u>	<u>31/12/2006</u>
Interbank deposits	392,371	33,933
Sight deposits	201	-
Short-Term Loans	-	438
Time deposits	28,864	-
Sale and repurchase agreement (REPOS)	12,505	56,526
Total	<u>433,941</u>	<u>90,897</u>

All the Sale and repurchase agreements (REPOS) have a maturity of one month from the date of 31st December 2007.

31. DUE TO CUSTOMERS

<i>Amounts presented in € '000</i>	<u>31/12/2007</u>	<u>31/12/2006</u>
Due to Customers		
<i>Retail Customers</i>		
Savings account	57,700	64,497
Sight deposits	18,175	1,122
Time deposits	794,343	586,410
Deposits under notice	1,738	-
	<u>871,956</u>	<u>652,029</u>
<i>Corporate Customers</i>		
Sight deposits	67,898	72,104
	-	-
Time deposits:	-	-
Companies	319,249	134,417

Public Organizations	-	7,788
Public companies	5,838	4,565
Other time deposits	55,694	84,401
Sale and repurchase agreement (REPOS)	986	920
	449,665	304,195
Blocked deposits	184	29
Pledged deposits	59,534	50,361
Margin accounts	40,800	35,543
Total	1,422,139	1,042,157

All the Sale and repurchase agreements (REPOS) have a maturity of one month from the date of 31st December 2007.

32. ISSUED DEBT SECURITIES

	31.12.2007	31.12.2006
Eurobond with maturity 2017	25,283	
Proton Insurance Bond		1,500
Total	25,283	1,500

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:

2007-2008	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.

Proton Insurance Bond

The caption of the balance sheet "Debt securities in issue" as of 31 December 2006 refers to a loan of Proton Insurance. More precisely:

The Managing Director in order to participate in the placement of the bond issued by Omega Insurance S.A., has entered into an equal-amount loan agreement with Omega Bank. Basic characteristics of the bond are the following:

Issue date: June 27, 2006

Par value: 1.500 t

Coupon rate: 5%

Title form and number: 500.000 coupon bonds with par value 3 euro each, can be formed in a single or multiple cumulative title

Duration: Perpetuity with five-year notice of prepayment from the issuer, or relevant decision of the general assembly of the bondholders

Use of funds: Strengthening of capital requirements.

The relevant liability for the year ended 31 December 2007 is presented under the caption "Liabilities directly associated with assets held for sale (note 42).

33. RETIREMENT BENEFIT OBLIGATION

The retirement benefit obligations to personnel is described as follows:

<i>Amounts presented in € '000</i>	31/12/2007	31/12/2006
Amount recognized in Balance Sheet		
Present value of unfunded benefit obligations	1,317	1,382
Unrecognised actuarial profits / (losses)	(178)	(154)
Total Liabilities at the end of period	1,139	1,228
Amounts recognized in Income Statement	31/12/2007	31/12/2006
Current service cost	277	106
Interest cost	44	10
Net actuarial losses recognized	1	12
Settlements	302	1
Total	624	129

The change in liabilities is described below:

<i>Amounts presented in € '000</i>	31/12/2007	31/12/2006
Change in liabilities:		
Opening balance	1,228	200
Less: transfer in discontinued operations	(275)	-
	953	200
Increase due to acquisition of Proton Bank		
Increase due to business combination with Omega		1,086
Expense for the period	625	129
Compensation paid	(438)	(187)
Total liability recognized in Balance Sheet	1,140	1,228

The main actuarial assumptions used are provided below:

	<u>31/12/2007</u>	<u>31/12/2006</u>
Discount Rate	4.90%	4.10%
Future salary increases	4.70%	4.70%
Personnel turnover rate	0.50%	0.50%
	<u>EVK</u>	<u>EVK</u>
Mortality rates	2,000	2,000

34. CURRENT INCOME TAX LIABILITIES

<i>Amounts presented in € '000</i>	<u>31/12/2007</u>	<u>31/12/2006</u>
Income Tax on Taxable Profits	9,671	1,349
Provision of tax liabilities	828	-
Total	<u>10,498</u>	<u>1,349</u>

35. OTHER LIABILITIES

<i>Amounts presented in € '000</i>	<u>31/12/2007</u>	<u>31/12/2006</u>
Withholding taxes arising from salaries	542	510
Taxes and duties payable from customers' deposits	439	253
Other withholding taxes and duties	188	2,332
Prior year income taxes (from tax audit)	541	1,320
Social security contributions	878	859
Dividends Payable	95	34
Withholdings in favour of third parties	0	2
Salaries Payable	239	311
Brokerage transactions in foreign derivatives	0	13,782
Brokerage services securities and derivatives	266	74
Brokerage services -Cyprus	-	31
Suppliers and other third party liabilities	10,983	1,919
Amounts payable to related parties	-	19
Total	<u>14,170</u>	<u>21,445</u>

36. SHARE CAPITAL & SHARE PREMIUM

<i>Amounts in € '000</i>	<u>Number of shares</u>	<u>Nominal value (US\$)</u>	<u>Share capital in US\$</u>	<u>Share capital</u>	<u>Share premium</u>	<u>Total</u>
Opening balance at 31 December 2006	56,861,675	-	85	71	200,174	200,245
Exchange of 666,645 warrants for common shares (Private Program)	76,188	0.0015	0.11	0.09	-	0.09
Exchange of 18,850,125 warrants for common shares (Public Program)	2,154,300	0.0015	3	2	-	2
Exercise of 47,548,029 warrants for the purchase of 1.20 shares for \$ 5.00 each (Private Program)	57,057,634	0.0015	86	64	178,782	178,846
Exercise of 11,005,340 warrants for the purchase of 1.20 shares for \$ 5.00 each (Public Program)	13,206,407	0.0015	20	15	40,299	40,313
Less: Expenses directly attributable to the issue of shares			-	-	(4,287)	(4,287)
Less: Treasury shares buy back and cancellation	(4,523,810)	0.0015	(7)	(4)	(14,525)	(14,529)
Closing balance at 31 December 2007	<u>124,832,394</u>	-	187	147	400,443	400,590

Authorised share capital

	Preference Shares of US\$0.0001 each			Common Shares of US\$0.0015 each		
	Number	Amount in US\$	Amount in €	Number	Amount in US\$	Amount in €
Authorized at 31 December 2007	2,500,000	250	208	200,000,000	300,000	249,314

Year 2007

Movements in share capital and share premium during 2007

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

According to the Offering, each warrant would become exercisable on the earlier of (i) completion of a business combination which, when combined with all of 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 or 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 by the Special Shareholders Meeting, the 91,666,680 Warrants became exercisable and may be exercised by 14 November 2009.

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

Movements in share capital and share premium during the year

- The **Private Program** expired on 23 March 2007. Under this program, 48,214,674 Warrants participated, of which 47,548,029 Warrants were exercised by payment of the \$5.00 exercise price and 666,645 Warrants were exchanged for Common Shares. As a result, 57,133,822 new Common Shares were issued and \$237,740,145 of gross cash proceeds was raised.
 - 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, of which 11,005,340 Warrants were exercised by payment of the \$5.00 exercise price and 18,850,125 Warrants were exchanged for Common Shares. As a result, 15,360,707 new Common Shares were issued and \$55,026,700 of gross cash proceeds was raised.

- 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, in their 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 th.). 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 2007.

Year 2006

On 27 June 2006 the Special General Meeting of the Company's Shareholders approved the acquisition of PROTON BANK. The respective acquisition qualified as a business combination according to the 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 and for any other use.
- The Company was relieved from the obligation to repay the Offering proceeds to the shareholders, except for the shareholder who elected in the General Meeting to redeem their shares. In particular, shareholders of 430.000 shares elected to have their shares repurchased by the Company.

Based on the decision of the General Meeting of the shareholders:

- 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 as follows:

On 20 December 2006 the Annual General Meeting of Shareholders decided the increase of the authorized share capital of the Company from US\$ 223,687.53 to US\$ 300,250 by the creation of an additional 51,041,645 common shares of par value US\$ 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.

37. OTHER RESERVES

Amounts presented in € '000

Revaluation Reserves

	31/12/2007	31/12/2006
Translation Reserve	(5)	(2)
Reserve from the revaluation of Available for sale financial assets	(2,564)	

Total	(2,570)	(2)
Other reserves		
Statutory reserves	275	39
Reserve of subsidiary's stock option program	200	-
Other reserves	16,112	16,117
Total	16,587	16,156

38. 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>	31/12/2007	31/12/2006
Cash and balances with Central Bank (note 18)	46,728	22,032
Loans and advances to financial institutions (note 19)	512,327	181,885
Cash and other equivalents for asset held for sale (note 42)	316	-
Total - Included in cash and cash equivalents	559,371	203,917

39. COMPLETION OF INITIAL ACCOUNTING FOR OMEGA ACQUISITION

39.1 Completion of initial accounting for Omega acquisition

On 7th September 2006, the Extraordinary General Assembly of shareholders of Proton Bank decided on the merger of the Bank with Omega Bank and Proton Securities. The acquisition (merger) of Omega Bank was affected by means of issuing and exchanging shares. The purchase consideration was determined based on the market price of Proton's share at the date of exchange.

According to IFRS 3 "Business Combinations", the above combination was accounted for by applying the purchase method. The acquisition date is the date when control is transferred to the Group. The merger of the two banks was approved by the General Meeting of the Shareholders at 7th September 2006. However the merger was effective since 29th September 2006 when it was approved by all relevant authorities. As of the acquisition date, the Group should, in accordance with IFRS 3 allocate the purchase price to all identifiable assets, liabilities and contingent liabilities of the acquired business. Due to the complexity of this procedure, the Group took advantage of IFRS 3 option to determine the initial accounting of a business provisionally. According to IFRS3, the Purchase Price Allocation should be completed within one (1) year from the acquisition date.

During the current year, the Group completed the identification and the measurement of the net assets acquired, including intangible assets. The relevant assets and liabilities were measured at their fair value at the acquisition date. The fair value of the intangible assets has been determined by discounted cash flow models performed by independent appraisals.

The identifiable assets and liabilities acquired on the date of the acquisition are as follows:

<i>Amounts presented in € '000</i>	Omega Carrying amount	Adjustment	Fair value
Cash and balances with the Central Bank	11,169		11,169
Cash and cash equivalents	155,982		155,982
Loans and receivables	766,608	(9,967)	756,641
Insurance receivables	20,176		20,176
Financial assets at fair value through profit or loss	40,276		40,276
Derivative financial instruments	368		368
Available-for-sale assets	31,024		31,024
Investments in associates	4,356		4,356

<i>Amounts presented in € '000</i>	Omega Carrying amount	Adjustment	Fair value
Property, plant and equipment	32,632	(612)	32,020
Investment property	50		50
Intangible assets	3,384		3,384
Intangible asset from customer relationships - Loans	-	13,881	13,881
Intangible asset from customer relationships - Deposits	-	2,458	2,458
Intangible asset from customer relationships - Securities brokerage	-	3,199	3,199
Reinsurance contracts	1,641		1,641
Deferred tax assets/(liabilities)	1,120	(2,435)	(1,315)
Other assets	16,860		16,860
Due to banks	(95,417)		(95,417)
Due to customers	(877,363)		(877,363)
Derivative financial instruments	(2,128)		(2,128)
Debt securities in issue	(1,500)		(1,500)
Provisions for insurance contracts	(35,336)		(35,336)
Other liabilities	(13,978)	513	(13,465)
Retirement benefit obligations	(1,392)	268	(1,124)
Fair value of net identifiable assets acquired	58,532	7,306	65,838
Less: Minority interests			(587)
Fair value of net identifiable assets acquired attributable to the equity holders of Proton Bank			65,251

The cost of acquisition amounted to € 164,850 thousands and was determined by the market value of the Bank's shares on 29 September 2006. The excess of the cost of acquisition over the fair value of the net assets acquired has been recognized as goodwill. Goodwill refers to resources which do not satisfy the criteria of IFRS for separate recognition as the value of workforce, future synergies, management experience in retail banking, potential in a growing market

<i>Amounts presented in € '000</i>	
Fair value of equity instruments exchanged (17.547.930 x 9,36 € per share)	164,249
Direct costs attributable to the acquisition	601
Total cost of acquisition	164,850
Fair value of net identifiable assets acquired	(65,251)
Goodwill	99,599

39.2 Adjustments as a result of completing the initial accounting of the acquisition of Omega Bank

As described above for the preparation of the financial statements of 2006, the initial accounting of the acquisition of Omega was determined provisionally. During 2007, the Group completed the initial accounting for this acquisition and has finalized the carrying amount of the intangible assets and goodwill. IFRS 3 Business Combinations requires comparative information presented for the periods before the initial accounting for the combination is complete to be presented as if the initial accounting had been completed from the acquisition date. This requires the restatement of the balance sheet and the income statement of the comparative period 2006 in order to reflect, the final carrying amount of intangibles, goodwill and deferred tax and the amount of the additional amortisation attributable to the recognised assets.

In particular adjustments to the balance sheet and income statement for the year 2006 are as follows:

Amounts presented in € '000

Income Statement

Net profits as they were initially published	33,909
less: Additional amortisation charge	<u>(1,043)</u>
Adjusted Net profits	<u><u>32,866</u></u>

Balance sheet items	Amounts initially recognised	Adjustment	Restated Balance sheet
Goodwill and intangible assets	186,216	3,884	190,100
Deferred tax asset	3,200	(3,200)	
Total Assets	1,745,739	685	1,746,424
Deferred tax liability	-	1,727	1,727
Total Liabilities	1,198,987	1,727	1,200,714
Retained Earnings / (losses)	22,208	(210)	21,998
Total equity attributable to shareholders' of the Parent Company	238,607	(210)	238,397
Minority Interest	308,145	(832)	307,313
Total equity	546,752	(1,042)	545,710

40. 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:

Amounts presented in €

Basic Earnings per share

	<u>1/1 - 31/12/07</u>	<u>1/1 - 31/12/06</u>
Net Profit attributable to the Parent Company's Shareholders	61,634,864	23,571,472
Weighted average number of shares in issue	<u>110,750,694</u>	<u>57,118,508</u>
Basic earnings per Share (€/Share)	0.56	0.41

Net profit from continuing operations attributable to the Parent Company's Shareholders	61,606,262	23,594,149
Weighted average number of shares in issue	<u>110,750,694</u>	<u>57,118,508</u>
Basic earnings per Share (€/Share)	0.56	0.41

Amounts presented in €

Diluted Earnings per Share

	<u>1/1 - 31/12/07</u>	<u>1/1 - 31/12/06</u>
Net Profit attributable to the Parent Company's Shareholders	61,634,864	23,571,472
Weighted average number of shares	110,750,694	57,118,508
Plus: Shares with no consideration (adjustment in number of shares due to probable exercise of Warrants)	4,572,520	5,990,329
Weighted average number of shares for the purposes of diluted earnings per share	<u>115,323,214</u>	<u>63,108,837</u>
Diluted earnings per Share €/Share)	0.53	0.37

Net Profit from continuing operations attributable to the Parent Company's Shareholders	61,606,262	23,594,149
Weighted average number of shares	110,750,694	57,118,508
Plus: Shares with no consideration (adjustment in number of shares due to probable exercise of Warrants)	4,572,520	5,990,329

Weighted average number of shares for the purposes of diluted earnings per share	115,323,214	63,108,837
Diluted earnings per Share (€/Share)	0.53	0.37

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

41. RELATED PARTIES TRANSACTIONS

41.1 Transactions between companies included in Consolidation

Transactions of the parent company with Subsidiaries		
	31/12/2007	31/12/2006
Asset Accounts		
Loans		73,395
Time deposit	28,864	
Receivables from dividends		15,095
Total	28,864	88,490
Income		
Dividend Income	-	15,095
Total	-	15,095
Liability Accounts		
Other liabilities	70,199	-
Total	70,199	-

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

41.2 Transactions with Associates

<i>Amounts presented in € '000</i>		
	31/12/2007	31/12/2006
Asset Accounts		
Other amounts due	28	11
Total	28	11
Liability Accounts		
Deposits	5,188	6,574
Other liabilities	18	
Total	5,206	6,574
Income / Expenses		
Interest and similar expenses	193	28
Other income	205	26
Total	398	54

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

41.3 Transactions with Management and Members of the Board of Directors

Directors of the Company and their immediate relatives control 27,40 per cent of the voting shares of the Company.

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>		
	31/12/2007	31/12/2006
Asset accounts		
Loans	22,467	8,100
Other assets	195	375

Transactions with Management and Members of the Board of Directors		
<i>Amounts presented in € '000</i>	31/12/2007	31/12/2006
Total	22,662	8,475
Liability accounts		
Deposits	67,775	34,868
Depts securities in issue	1,539	
Other Liabilities	177	216
Total	69,491	35,084
Letters of Guarantee		
	18,195	127
Income		
Interest and similar income	1,419	212
Other income	394	1,405
Total	1,813	1,617
Expenses		
Remuneration	5,224	2,436
Interest and similar expenses	3,120	314
Other fees & expenses	4,378	1,119
Total	12,722	3,869

42. PROTON INSURANCE S.A.

As further described in note 5, on 28 December 2007 the Group committed to sale 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».

As a result of the above commitment the Group presented all results and cash flows generated from Proton Insurance as discontinued operations. Moreover, as required by IFRS 5, results and cash flows of the comparative year 2006 have been also restated in order to reflect discontinued operations.

Finally 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.

Details about results, cash flows, assets and liabilities of Proton Insurance are provided below.

42.1 Net Profit from discontinued operations

Net profit from discontinued operation is analyzed as follows:

<i>Amounts presented in € '000</i>	1/1- 31/12/2007	1/1- 31/12/2006
Interest and similar income	106	2
Interest and similar expenses	(312)	(39)
Net interest income	(206)	(37)
Income from insurance activities	39,643	7,284
Expense from insurance activities	(11,936)	506
Net Income from insurance activities	27,707	7,790
Dividend income	55	6
Net result from financial activities	(15)	39
Other income	2	2
Total Net Income	27,543	7,800
Staff costs	(1,969)	(395)
Other operating expenses	(2,982)	(2,534)

<i>Amounts presented in € '000</i>	<u>1/1- 31/12/2007</u>	<u>1/1- 31/12/2006</u>
Depreciation	(136)	(27)
Insurance claims	(22,335)	(4,968)
Impairment losses	-	-
Total operating expenses	(27,422)	(7,924)
Share of profits / (losses) of associates	47	-
Profit before tax	168	(124)
Income tax expense	(16)	(12)
Profit after tax	152	(136)
Attributable to:		
- Shareholders of the Parent Company	27	23
- Minority rights	125	113
	152	136

42.2 Cash flows from discontinued operations

Cash flows generated from discontinued operations are analysed as follows:

<i>Amounts presented in € '000</i>	<u>1.1-31.12.2007</u>	<u>1.1-31.12.2006</u>
CASH FLOW STATEMENT		
Net cash flows from discontinued operating activities	(5,612)	966
Net cash flows from discontinued investing activities	55	21
Net cash flows from discontinued financing activities	(908)	1,760
Net increase/ (decrease) in cash and cash equivalents from discontinued operations	(6,465)	2,747

42.3 Assets held for sale and Liabilities associated with assets classified as held for sale

Assets of Proton Insurance, after eliminating all balances with the other group companies, are as follows:

<i>Amounts presented in € '000</i>	31.12.2007
ASSET	
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	53,509
LIABILITIES	31,12,2007
Debt securities in issue (note 32)	1,539
Retirement benefit obligations	275
Provisions for insurance contracts	36,093
Deferred tax liabilities	93
Other liabilities	6,339
Total liabilities	44,339

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".

It is noted that the subsidiary has been reviewed by the Local Tax Authorities for the years up to and including 2005.

The subsidiary employs 59 individuals in 31.12.2006

42.4 Provisions for insurance contracts

Amounts presented in € '000

As at 31 December 2007:

Unearned premiums 1.1.2007	10,721
Reported claims 1.1.2007	23,372

Total provisions for insurance contracts	34,093
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Unearned premiums 1.1.2007 – 31.12.2007	962
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Reported claims 1.1.2007 – 31.12.2007	1,038
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Total provisions for insurance contracts 1.1-31.12.2007	36,093
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As at 31 December 2007:

Unearned premiums 31.12.2007	11,683
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Reported claims 31.12.2007	24,410
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Total provisions for insurance contracts	36,093
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As at 31 December 2006:

Unearned premiums 1.1.2006	11,444
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Reported claims 1.1.2006	13,704
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Total provisions for insurance contracts	25,148
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Unearned premiums 1.1.2007 – 31.12.2006	(723)
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Reported claims 1.1.2007 – 31.12.2006	9,668
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Total provisions for insurance contracts 1.1-31.12.2006	34,093
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As at 31 December 2006:

Unearned premiums 31.12.2006	10,721
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Reported claims 31.12.2006	23,372
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Total provisions for insurance contracts	34,093
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43. DIVIDEND DECLARED

In March 2008, IRF's Board of Directors declared a \$0.28 dividend per share for 2007 payable on April 2008.

44. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

44.1 Contingent Legal Liabilities

As at 31 December, 2007 there were pending litigations against the Group in connection with its activities. Based on legal advice the Board of Directors believes that there is adequate defence against all claims and it is not probable that the Group will suffer any significant damage. Therefore, no provision has been made in the financial statements regarding these cases.

44.2 Contingent Tax Liabilities

Proton Group is subject to Greek tax legislation. Under Greek Law, submitted tax returns are not considered as final and are subject to revision by tax authorities as a result of tax inspection in entities books and records.

Tax liabilities are considered as final by stature after the completion of five years from the end of the relevant fiscal year; however it is common that the tax authorities will audit the entity's books and records. The tax authorities commonly seek to disallow expenses on the basis that they are not properly documented or that they do not represent proper business expenses, relying on a substantial degree of subjective judgment on the part of the tax management in order an out-of-court settlement to be reached. In practice, both companies and tax authorities tend to reach an out-of-court settlement at an acceptable level of additional taxes.

The accounting years that have not been inspected yet by the tax authorities for each of the Group's companies are as follows:

Company Name	Domicile	Open tax years
Mimosa Trading SA ¹	Marshall Islands	-
Myrtle Trading Company ¹	Marshall Islands	-
Proton Bank AE	Greece	2007
Proton Asset Management AE	Greece	2005-2007
Proton Mutual Funds Management Co AE	Greece	2005-2007
First Global Brokers SA	Serbia	2002-2007
Intellectron Systems SA	Greece	2001-2007
Omega Kahn Financial Services SA	Switzerland	2004-2007
Omega Brokerage S.A	Greece	2006-2007
Omega Mutual Funds Mgt Co SA	Greece	2006-2007

Note 1: Not subject to income tax

As a result of the above the Group's respective tax obligations for periods covering one to six accounting years have not been finalized. No additional provision was recorded as the outcome of the tax audit cannot be reliably estimated at this stage.

44.3 Off balance sheet items

The off balance sheet items which represent the Group's commitment to extend credit to its customers are analyzed as follows (in thousands of Euros):

	<u>2007</u>	<u>2006</u>
Letters of guarantee	110,929	84,585
Irrevocable letters of credit	2,480	2,804
Total	113,409	87,389

44.4 Assets given as Collaterals

Greek Government debt securities with a nominal value of 10,500 thousands Euro, have been assigned to HELEX.

Greek Government debt securities with a nominal value of 135,000 thousands of Euro, and DEXIA bond with a nominal value of 50,000 thousands Euros have been assigned to Bank of Greece.

Halcyon debt securities with a nominal value of 12,500 thousands Euros have been assigned to Hypo Vereinsbank.

44.5 Finance lease – Operating lease commitments

a) The Group leases for its operating purposes, offices for head quarters and branches. The future minimum lease payments under non cancellable operating leases, have as follow:

	<u>31.12.2007</u>	<u>31.12.2006</u>
Lease payments no later than 1 year	3,598	3,712
Lease payments later than 1 year and no later than 5 years	15,095	16,206
Lease payments later than 5 years	<u>4,752</u>	<u>39,969</u>
Total	<u>23,446</u>	<u>59,887</u>
Monthly lease payments	300	309
Guarantees which will be offset at lease termination	557	1,123

(b) The Group leases vehicles for private use. The future minimum lease payments for cars under non cancellable operating lease arrangements, have as follow:

Leased tangible assets: vehicles for private use

Lease term: 4 years per leased vehicle

Lease guarantees offset at the end of the lease: 15 thousands of Euros

Accrued lease payments recognized in the income statement during the period: 331 thousands of euros.

	<u>2007</u>	<u>2006</u>
Lease payments no later than 1 year	289	204
Lease payments later than 1 year and no later than 5 years	594	309
Lease payments later than 5 years	-	-
Total	<u>883</u>	<u>513</u>

(c) As of 31 December 2007, the Group as a lessor, had signed non cancellable lease agreements for the acquisition of equipment for finance lease purposes amounting to 3,830 thousands of euros for which no payment had been made.

44.6 Stock Option Plan of Proton Group

On 24 November 2006, the Extraordinary General Shareholders' Meeting of Proton Bank approved a share option plan for the members of the Board of Directors, key management personnel, its employees and the Bank's related companies in the form of stock options according to the article 13 section 9 of Law 2190/1920 after the proposition of the Board of Directors and the Compensation Committee. The options are conditional on the beneficiaries remaining during the options life under employment or other relationship with the Bank or Group companies (vesting period). The options are exercisable every November starting from the year of the grand and have a contractual option term of three (3) years. The Bank has no legal or constructive obligation to repurchase or settle the options in cash.

Share options were granted on 15 June 2007 with an exercise price of 10,46 euro.

The fair value of options granted during the period determined using the Black-Scholes valuation model with the methodology of Monte Carlo simulation to 0.55 per option (0.28 euro for the period A, 0.57 euro for the period B, and 0.80 euro for the period C). The significant inputs into the model were: share price at the grand date (9.96 euro), the exercise price, option life (as described above), expected volatility of share prices (12%), expected dividend yield (2,5%) and the risk free rate (swap rate yield curve). Expected volatility was

determined on the basis of historic volatility of stock index representing European banks. Thus, an analysis of the existing stock option plan is as follows:

Exercise date	Exercise price (in euros)	Fair value (in euros)	31.12.2007	31.12.2006
30.11.2007	10.46	0.28	1,547,618	-
30.11.2008	10.46	0.57	1,547,618	-
30.11.2009	10.46	0.80	1,547,618	-
Outstanding stock options:			4,642,854	-

On 30 November 2007 the first exercise period expired without any stock options being exercised. Under the stock option plan, the non exercised stock options, can be exercised during the following 2 years. As a result of there being no options exercised, the share capital of Proton Bank was unaltered.

The change of the number of stock options for this period presents as follows:

	31.12.2007	31.12.2006
Balance as at 1 January 2007	-	-
Options granted	4,943,815	-
Options exercised	-	-
Options forfeited	(300,960)	-
Balance as at 31 December 2007	4,642,855	-

44.7 Purchase of treasury shares by Proton Group

On 24 November 2006, the Extraordinary General Meeting of Shareholders of Proton Bank approved of the acquisition of up to 10% of the Bank's shares (6,268,382), for a price range from five (5) to fifteen (15) euros per share for the twelve month period starting from the date of approval by the General Meeting of Shareholders. No treasury shares were acquired since the decision of the General Meeting of Shareholders.

Till 31 December 2007, the Bank repurchased 760,483 shares totalled to 7,668 thousands euros, which represent the 1,2% of the total authorized and issued number of ordinary shares. Furthermore, the group companies have bought 99,000 shares of the Proton Bank,

45 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 items of transaction portfolio, the derivatives and securities available for sale are presented in the financial statements at their fair value. Loans and other advances, securities held to maturity and financial liabilities are presented at amortized cost. The carrying amount of the aforementioned items, as presented in the financial statements, does not materially differ from their fair value. In particular:

(a) Loans and advances to banks

Loans and advances to bank mainly include short term interbank placements and other collectibles. The vast majority of the placements have their maturity date within one month and, therefore, their fair value is quite similar to their carrying amount.

(b) Loans and advances to customers

Loans and advances to customers are presented following the deduction of the corresponding provision for their impairment. The vast majority of loans (84%) refer to loans of fluctuating interest that will be re-estimated (or the loan will mature) within three months as from the balance sheet date. Thus, the carrying

amount of the loans and advances to customers does not materially differ from their fair value as at balance sheet date.

(c) Held-to-maturity securities

The fair value of held-to-maturity securities amounts to € 9,700 thousand. (2006: € 6,648 thousand). The fair value of the aforementioned securities is defined through reference to secondary acquisition or prices provided by brokers/agents. In the event no such information is available, the fair value is calculated using the market price of the securities similar to those in question, maturity period and return characteristics.

(d) Deposits

The fair value of deposits without fixed maturity date (saving and current accounts), is the amount that the Bank should pay when demanded by a customer, equal to their carrying amount. Deposits from customers as well as placements from other banks have average maturity period as that lower than three months. Therefore, their estimated fair value does not materially differ from their carrying amount.

(e) Debt securities

The fair value of the issued debt securities as of 31 December 2007 does not materially differ from its carrying amount.

46 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Assets

31/12/2007

Assets	Fair value through profit or loss	Available for sale	Held to maturity	Loans & advances	Total
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

31/12/2006

Assets	Fair value through profit or loss	Available for sale	Held to maturity	Loans & advances	Total
Loans & advances to financial institutions				181,885	181,885
Trading portfolio and other financial assets at fair value through Profit & Loss	264,174				264,174
Derivative financial instruments	2,611				2,611
Loans and advances to customers				941,214	941,214
Investment portfolio		31,331	6,646		37,977
Other assets				34,886	34,886
Total	266,785	31,331	6,646	1,157,985	1,462,747

Liabilities

31/12/2007

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

31/12/2006

LIABILITIES	At amortized cost	At fair value through profit or loss	Total
Due to financial institutions	90,897		90,897
Due to customers	1,042,157		1,042,157
Derivative financial instruments		6,319	6,319
Issued debt securities	1,500		1,500
Total liabilities	1,134,554	6,319	1,140,873

47 SUPPLEMENTARY PROFORMA FINANCIAL INFORMATION-THE COMPANY

IRF was formed to invest in the financial services industry throughout Europe with a primary focus on credit institutions and insurance companies in South Eastern Europe. In 2006, IRF formed two wholly owned subsidiaries in Marshall Islands, Mimosa Trading SA and Myrtle Trading Company, to serve as vehicles for the acquisition of investments in the financial services industry. Assets, liabilities, results and cash flows of these three entities are managed together. Management has prepared proforma financial information, consolidating all items of the three entities and presents them under the term of "Company". According to IAS 27, a parent should consolidate all of its subsidiaries. However, management has prepared these supplementary proforma financial information which do not comply with IAS 27, in order to present the results and the financial position of the "Company" (i.e. the parent and the wholly owned subsidiaries managed together). The financial position and the performance of the "Company", as at 31 December 2007 and 31 December 2006 were as follows:

<i>Amounts presented in € '000</i>	31 December 2007	31 December 2006
ASSETS		
Investments in Subsidiaries	129,514	126,687
Trading Portfolio and other financial instruments at fair value through Profit & Loss	0	3,865
Other assets	55	64
Cash and Cash equivalents	350,503	88,481
Total Assets	480,072	219,097
SHAREHOLDERS EQUITY		
Share Capital	147	71
Share Premium	400,443	200,174
Retained earnings	76,192	18,652
Total Equity	476,781	218,897
LIABILITIES		
Loans to Banks	0	0

<i>Amounts presented in € '000</i>	31 December 2007	31 December 2006
Other liabilities	3,291	200
Total Liabilities	3,291	200
Total Equity and Liabilities	480,072	219,097

As at 31 December 2007, IRF had made the following major investments:

- Acquisition during 2006 of 20.16% of PROTON BANK and an additional acquisition during 2007 of 0.44% (directly through IRF). Consequently, IRF acquired a 20.60% of PROTON BANK for a total cost of € 122,985 thousand and a current fair market value of € 134,284 thousand.
- Acquisition during the year up to 5.20% of MPB (indirectly through MIMOSA) which has been sold through the open market.

The financial performance of the Company for the period ended at 2007 is presented as follows:

<i>Amounts presented in € '000</i>	1/1 - 31/12/2007	1/1 - 31/12/2006
Net trading income	60,209	16,149
Interest Income	11,897	6,464
Other operating income	-	897
Dividend Income	16,343	74
Total Income	88,449	23,584
Personnel expenses	(100)	(155)
Other operating expenses	(748)	(464)
Finance cost	(19,151)	(2,903)
Total Expenses	(19,999)	(3,522)
Profit before tax	68,451	20,062
Less: Income tax	-	(15)
Profit after tax	68,451	20,047
Earning per Share attributable to the company's shareholders (€/share)		
- Basic	0.62	0.35
- Diluted	0.59	0.32

During the year 2007, the Company sold its entire holding of shares in Marfin Popular Bank in the open market. As a result of these trading activities, the Company realized a net gain of approximately € 69.7 mln.

Also, during the year 2007, the Company received the amount of € 3,539 thousand as dividend from PROTON BANK and the amount of € 12,804 thousand as dividend from Marfin Popular Bank. The amount of €12,804 thousand has been also recognised in the Group's consolidated income statement.

48 POST-BALANCE SHEET EVENTS

Apart from the events mentioned above there are no other subsequent events, which regard the Company or the Group which, according to the International Financial Reporting Standards, need to be mentioned.

49 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 2007 were approved by the Company's Board of Directors on 27th March, 2008 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, March 27th 2008

Angeliki Frangou

Loukas Valetopoulos

Chairman, Non – Executive Director

Chief Executive Officer, Director



**Consolidated Interim Financial Statements
for the three-month period
ended at 31 March 2008**

The accompanying consolidated interim financial statements of IRF European Finance Investments Ltd ("IRF") and its subsidiaries (together "the Group"), for the three-month period ended at 31 March 2008 were approved by the Company's Board of Directors on 30 May 2008.

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Report on Review of Interim Financial Information

To the Shareholders of **"IRF EUROPEAN FINANCE INVESTMENTS LIMITED"**

Introduction

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

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

Scope of Review

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

Conclusion

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

Athens, 30 May 2008

VASSILIS KAZAS

PANAGIOTIS CHRISTOPOULOS

SOEL REG. NO 13281

SOEL REG. NO 28481



CHARTERED ACCOUNTANTS

VASSILEOS KONSTANTINOU 44, 116 35 ATHENS

SOEL REG. NO 127

CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Three-month period	
		31 March 2008	31 March 2007
<i>Amounts presented in € '000</i>			
Interest and similar income		34,791	22,418
Interest and similar expenses		(21,813)	(13,505)
Net interest income		12,978	8,913
Fee and commission income		10,428	6,885
Fee and commission expense		(1,066)	(3,228)
Net fee and commission income		9,362	3,656
Dividend income		3	3
Net trading income		(16,880)	17,513
Net income from financial instruments designated at fair value through profit and loss		7,425	-
Other operating income		471	554
Total net income		13,358	30,640
Staff costs		(6,423)	(6,751)
Other operating expenses		(5,382)	(5,964)
Depreciation		(1,872)	(1,768)
Impairment losses		(52)	(1,023)
Total operating expenses		(13,729)	(15,506)
Share of profit of associates		(603)	22
Profit before tax		(974)	15,155
Income tax expense		(2,139)	(1,752)
Profit after tax from continuing operations		(3,112)	13,404
Net profit from discontinued operations		76	526

Profit after tax		(3,036)	13,930
Attributable to:			
Shareholders of the parent company		(7,029)	4,874
Minority interest		3,992	9,056
Total		(3,036)	13,930
Earning per share attributable to the parent company's shareholders (€/share)	5		
From continuing and discontinued operations			
- Basic		(0.06)	0.09
- Diluted		(0.06)	0.08
From continuing operations			
- Basic		(0.06)	0.07
- Diluted		(0.06)	0.06

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

CONSOLIDATED INTERIM BALANCE SHEET

	Note	31 March 2008	31 December 2007 (as restated)
<i>Amounts presented in € '000</i>			
ASSETS			
Cash and balances with Central Bank	6	51,558	52,796
Loans and advances to financial institutions	7	606,333	527,410
Trading portfolio and other financial assets at fair value through Profit & Loss	9	242,214	179,802
Derivative financial instruments		10,485	11,529
Loans and advances to customers	8	1,346,372	1,368,025
Investment portfolio	10	318,332	259,944
Investments in associates	10	3,286	3,886
Property, plant and equipment		27,566	27,880
Goodwill and other intangible assets	11	165,562	166,784
Deferred tax assets	12	8,610	7,098
Other assets	13	47,498	91,474
		2,827,816	2,696,628
Non current assets held for sale		56,272	53,727
TOTAL ASSETS		2,884,088	2,750,355
EQUITY AND LIABILITIES			
Due to financial institutions	14	604,778	433,941
Due to customers	15	1,389,192	1,422,139
Derivative financial instruments		10,279	14,570
Issued debt securities		25,249	25,283
Retirement benefit obligations		1,269	1,140

Current income tax liabilities	16	12,013	10,498
Deferred tax liability	12	6,951	6,928
Other liabilities	17	40,617	14,170
		2,090,347	1,928,669
Liabilities directly associated with assets classified as held for sale		46,182	44,339
Total liabilities		2,136,529	1,973,008
Shareholders' equity			
Share capital	18	147	147
Share premium	18	400,443	400,443
Revaluation reserve		(2,315)	(2,570)
Other reserves		16,638	16,587
Retained earnings / (losses)		43,353	72,491
Total equity attributable to shareholders' of IRF		458,266	487,099
Minority interest		289,293	290,248
Total equity		747,559	777,347
TOTAL LIABILITIES AND EQUITY		2,884,088	2,750,355

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity

Attributable to shareholders of the Parent Company

Amounts presented in € '000	Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Total	Minority Interest	Total
Opening balance as at 1st January 2008	147	400,443	(2,570)	16,586	72,492	487,099	290,248	777,347
Net result for the period 01/01-31/03/2008	-	-	-	-	(7,029)	(7,029)	3,992	(3,036)
Gains/ losses directly recognized in equity:								
- on the valuation of available for sale financial assets	-	-	255	-	-	255	(5,128)	(4,874)
- exchange differences on translating foreign operations	-	-	-	-	(4)	(4)	(17)	(22)
Total recognized income and expense for the period	-	-	255	-	(7,033)	(6,778)	(1,153)	(7,932)
Equity share options granted to employees	-	-	-	51	-	51	198	249
Dividend declared	-	-	-	-	(22,105)	(22,105)		(22,105)
	-	-	-	51	(22,105)	(22,054)	198	21,856
Balance as at 31March 2008	147	400,443	(2,315)	16,637	43,353	458,266	289,293	747,559

Consolidated Statement of Changes in Equity

Attributable to shareholders of the Parent Company

Amounts presented in € '000	Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Total	Minority Interest	Total
Opening balance as at 1st January 2006, 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)	(833)	(1,043)
Restated Opening Balance as at 1st January 2006	71	200,174	(2)	16,156	21,998	238,397	307,312	545,709

Net result for the period 01/01-31/03/2007	-	-	-	-	4,874	4,874	9,056	13,930
Gains/ losses directly recognized in equity:								
- on the valuation of available for sale financial assets	-	-	(0)	-	-	(0)	(1)	(2)
- Exchange differences on translating foreign operation	-	-	-	-	(2)	(2)	(12)	(14)
Total profit /(loss) recognized for the period	-	-	(0)	-	4,872	4,871	9,042	13,914
Issue of new shares after the exercise of Warrants	64	178,782	-	-	-	178,846	-	178,846
Share issue expenses	-	(1,815)	-	-	-	(1,815)	-	(1,815)
Capital increase in subsidiaries	-	-	-	-	-	-	96	96
Acquisition of non-controlling interest in subsidiary	-	-	-	-	-	-	(132)	(132)
Transfer within equity	-	-	(0)	(627)	627	-	-	-
	64	176,967	(0)	(627)	627	177,031	(36)	176,995
Balance as at 31st March 2007	135	377,141	(3)	15,528	27,497	420,299	316,319	736,618

CONSOLIDATED INTERIM CASH FLOW STATEMENT

Amounts presented in € '000

Note	31 March 2008	31 March 2007
Cash flows from operating activities		
Profit Before Tax	(894)	15,688
<i>Adjustments for:</i>		
Add: Depreciation & amortization	1,912	1,801
Add: Retirement benefit charge	138	84
Add: Impairment losses on financial assets	52	1,023
Gains (-) /Losses (+) from investment activities	(951)	(85)
Share of profit/loss from measurement of financial assets at fair value through Profit & Loss	(4,034)	(605)
Fair value employee options	249	-
Exchange differences	8,815	-
<i>Cash Flows from operating activities before changes in operating assets and liabilities</i>	<i>5,287</i>	<i>17,907</i>
Changes in operating assets and liabilities:		
Net (increase) / decrease in trading securities	(61,180)	(323,150)
Net (increase) / decrease in reserves held in Central Bank	(11,830)	(756)
Net (increase) / decrease in loans and advances to customers	21,653	(67,616)
Net (increase) / decrease in insurance receivables	(3,033)	(5,071)
Net (increase) / decrease in reinsurance receivables	(472)	(700)
Net (increase) / decrease in other assets	44,093	71,700
Net increase / (decrease) in due to banks	(14,580)	288,389
Net increase / (decrease) in due to customers	(32,948)	185,913
Net increase / (decrease) in provisions for insurance contracts	(283)	1,828
Net increase / (decrease) in other borrowed funds	-	115,000
Net increase / (decrease) in other liabilities	6,416	(73,205)
<i>Cash flows from operating activities before payment of income tax</i>	<i>(46,876)</i>	<i>210,238</i>
Income tax paid	-	(2,042)
Net cash flows from operating activities	(46,876)	208,196

Amounts presented in € '000

Note	31 March 2008	31 March 2007
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Cash flows from investing activities

Portfolio available for sale and held to maturity		(63,408)	(50,097)
Acquisition of financial assets at fair value through Profit & Loss		3	-
Purchases / (proceeds) of tangible & intangible assets		(350)	(705)
Acquisition of subsidiaries and associates	10	(3)	(132)
Net cash flow from investing activities		(63,757)	(50,933)
Cash flows from financing activities			
Issuance of common shares		-	178,942
Net increase / (decrease) in other borrowed funds		184,675	-
Net cash flow from financing activities		184,675	178,942
Net increase / decrease in cash and cash equivalents		74,041	336,205
Cash and cash equivalents at the beginning of the period		559,372	203,916
Effect of exchange rate fluctuations on cash and cash equivalents		(8,815)	-
Cash and cash equivalents at the end of the financial year		624,598	540,121

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

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Country of incorporation

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

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

Principal activities

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

IRF was formed to invest in the financial services industry throughout Europe with a primary focus on credit institutions and insurance companies in South Eastern Europe. In June 2006, IRF completed its acquisition of a controlling interest in PROTON BANK, a Greek bank, listed on the Athens Stock Exchange. PROTON BANK and its subsidiaries operate in the sectors of retail, corporate and investment banking, portfolio management, insurance and other financial services. 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 29 branches.

2. Basis of Presentation

Statement of compliance

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

Presentation currency

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

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

Significant accounting policies

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

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

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

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

Accounting estimates

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

Comparatives

For the preparation of the condensed consolidated interim balance sheet and income statement of the period ended 31 March 2008, comparatives as of 31 December and 31 March 2007 respectively, were used. Consolidated Income Statement for the comparative three-month period ended 31 March 2007, has been restated in order to reflect results of discontinued operations (note 21).

3. Group structure

a) Entities consolidated under full consolidation method

Entities consolidated under full consolidation method at 31 March 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
PROTON BANK GROUP				
PROTON BANK SA	GREECE	20.60%	Control	Direct Stake
FIRST GLOBAL BROKERS SA	SERBIA	16.63%	Control	Indirect stake through "PROTON BANK"
PROTON MUTUAL FUNDS SA	GREECE	20.58%	Control	Indirect stake through "PROTON BANK"
OMEGA INSURANCE BROKERS SA	GREECE	13.60%	Control	Indirect stake through "PROTON BANK"
PROTON INSURANCE SA	GREECE	18.80%	Control	Indirect stake through "PROTON BANK"
INTELLECTRON SYSTEMS SA	GREECE	11.46%	Control	Indirect stake through "PROTON BANK"

Entities consolidated under full consolidation method at 31 December 2007:

Name	Country	Direct and indirect holding	Relation that dictated the consolidation	Note
IRF EUROPEAN FINANCE INVESTMENTS LIMITED	BERMUDA	Parent		
MIMOSA TRADING SA	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
MYRTLE TRADING COMPANY	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
PROTON BANK GROUP				
PROTON BANK SA	GREECE	20.60%	Control	Direct Stake
FIRST GLOBAL BROKERS SA	SERBIA	16.63%	Control	Indirect stake through "PROTON BANK"
PROTON MUTUAL FUNDS SA	GREECE	20.58%	Control	Indirect stake through "PROTON BANK"
OMEGA INSURANCE BROKERS SA	GREECE	13.60%	Control	Indirect stake through "PROTON BANK"

Name	Country	Direct and indirect holding	Relation that dictated the consolidation	Note
PROTON INSURANCE SA	GREECE	18.80%	Control	Indirect stake through "PROTON BANK"
INTELLECTRON SYSTEMS SA	GREECE	11.46%	Control	Indirect stake through "PROTON BANK"
OMEGA KAHN FINANCIAL SERVICES SA	SWITZERLAND	16.48%	Control	Indirect stake through "PROTON BANK"

b) Entities consolidated under the equity method:

Entities consolidated under the equity method at 31 March 2008:

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

Entities consolidated under the equity method at 31 December 2007:

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

Proton Group

On 29 June 2006, the Company acquired a 28% stake in the share capital of PROTON GROUP, listed on the Athens Stock Exchange. The range of activities of PROTON GROUP covered most of the spectrum of the financial industry. On 29 September 2006, PROTON GROUP acquired, by a share to share exchange, 100% of OMEGA BANK and the new merged entity was renamed as PROTON BANK. Following the merger with OMEGA BANK, the Company owned a 20.16% interest in PROTON BANK. During the nine-month period ended at 30 September 2007, IRF acquired at 28 June 2007, 41,891 shares of PROTON BANK, at 29 June 2007, 220,000 shares and at 3 July 2007 12.000 shares. After the additional acquisitions, IRF owns a 20.60% in PROTON BANK SA.

PROTON BANK is fully consolidated because of the "de facto" power of the Company to control its financial and operating activities. In particular, IRF owns the 20.60% of the voting rights of PROTON while the percentage of voting rights controlled by the Company is increased to 27.14% after taking into consideration the holding of two other shareholders of PROTON who are committed to vote in accordance with IRF's instructions based on an agreement. IRF has already exercised its effective power and appointed six members in the eleven-member Board of Directors of PROTON, including PROTON's chairman.

All other subsidiaries comprising PROTON Group are consolidated because of the indirect, through PROTON BANK, ownership of the majority of their voting rights. The method of consolidation is the Purchase Method. Investment in associates is accounted under the equity method.

Decision to sell "Proton Insurance S.A"

On 28 December 2007, Proton Bank entered into a contractual agreement with the «COMMERCIAL VALUE SOCIETE ANONYME INSURANCE» to transfer 91,29% of the outstanding common shares of the «PROTON SOCIETE ANONYME PROVISION INSURANCE». The sale was accomplished with the contract signed by both parties on 20.3.2008 for a total consideration of 19 million euros. The sale contract will be finalized after

receiving the relevant authorization, as it is strictly prescribed by the Commerce Law, by the local authorities. Proton Bank and «COMMERCIAL VALUE SOCIETE ANONYME INSURANCE» have signed a long term exclusive agreement in the bank-assurance activities.

Omega Kahn Financial Services S.A

The Bank, during the period, sold its participation to subsidiary Omega Kahn Financial Services S.A. This disposal had a negative effect of € 54 thous. in Profit & Loss account and equity respectively.

Mimosa Trading SA and Myrtle Trading Company

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

4. Business segment

The Group has defined the following business segments: Commercial Banking, Investment Banking, Bank assurance and other financial services.

Balanced at 31 March 2008	Bank-assurance and other financial services			Group	Discontinued activity	Continuing activity
	Retail Banking	Investment Banking				
Interest and similar income	31,904	2,887	35	34,826	35	34,791
Interest expense and similar charges	(21,809)	62	(167)	(21,914)	(101)	(21,813)
Net interest income	10,095	2,949	(132)	12,912	(66)	12,978
Income from insurance activities	-	-	9,641	9,641	9,641	0
Expense from insurance activities	-	-	(2,019)	(2,019)	(2,019)	-
Net income from insurance activities	-	-	7,622	7,622	7,622	0
Fee and commission income	2,914	7,513	-	10,427	-	10,427
Fee and commission expense	(159)	(906)	-	(1,065)	-	(1,065)
Net fee and commission income	2,755	6,607	-	9,362	-	9,362
Dividend income	-	3	-	3	-	3
Net trading income	(39)	(16,842)	(434)	(17,315)	(434)	(16,881)
Net income from financial instruments designated at fair value	-	7,425	-	7,425	-	7,425
Other operating income	58	212	201	471	-	47
Total net income	12,869	354	7,257	20,480	7,122	13,358
Administrative expenses	(7,912)	(2,966)	(6,395)	(17,273)	(6,249)	(11,024)
Depreciation expenses	(944)	(262)	(648)	(1,854)	(647)	(1,207)
Impairment losses on financial assets and non financial assets	-	(52)	(40)	(92)	(40)	(52)
Profit before tax	4,013	-2,926	177	1,264	186	1,078
Share of profit of associates	-	(712)	-	(712)	(109)	(603)
Non-allocated expenses	-	-	-	(1,448)	-	(1,448)
Income tax expense	-	-	-	(2,140)	(1)	(2,139)
Profit after tax	-	-	-	(3,036)	76	(3,112)

Balanced at 31 March 2007	Bank-assurance and other financial services			Group	Discontinued activity	Continuing activity
	Retail Banking	Investment Banking				

Interest and similar income	17,889	4,551	(23)	22,417	-	22,418
Interest expense and similar charges	(11,738)	(1,813)	-	(13,505)	-	(13,505)
Net interest income	6,151	2,738	(23)	8,913	-	8,913
Income from insurance activities	-	-	11,945	11,945	11,945	0
Expense from insurance activities	-	-	(3,107)	(3,107)	(3,107)	-
Net income from insurance activities	-	-	8,838	8,838	8,838	0
Fee and commission income	1,597	5,293	-	6,890	-	6,890
Fee and commission expense	(170)	(3,059)	(5)	(3,234)	-	(3,234)
Net fee and commission income	1,427	2,234	(5)	3,656	-	3,656
Balanced at 31 March 2007						
	Retail Banking	Investment Banking	Bank-assurance and other financial services	Group	Discontinued activity	Continuing activity
Dividend income	-	3	-	3	-	3
Net trading income	-	17,512	72	17,584	72	17,512
Other operating income	161	180	213	554	-	554
Operating income	7,739	22,668	9,095	39,548	8,910	30,640
Administrative expenses	(3,210)	(8,700)	(1,597)	(13,507)	(1,365)	(12,142)
Depreciation expenses	(460)	(1,296)	(46)	(1,802)	(33)	(1,769)
Impairment losses on financial assets and non financial assets	(1,023)	-	(6,983)	(8,006)	(6,983)	(1,023)
Profit before tax	3,046	12,672	469	16,187	529	15,658
Share of profit of associates	-	26	-	26	4	22
Non-allocated expenses	-	-	-	(525)	-	(525)
Income tax expense	-	-	-	(1,759)	(7)	(1,752)
Profit after tax	-	-	-	13,930	526	13,404

5. Earnings per share

Amounts presented in €

Basic Earnings per share

Profit from continuing operations and discontinued operations attributable to the Parent Company's Shareholders

Weighted average number of shares in issue

Basic earnings per Share (€/Share)

31 March
2008

31 March
2007

(7,028,761)

4,874,078

124,832,395

57,291,675

(0.06)

0.09

Profit from continuing operations attributable to the Parent Company's Shareholders

Weighted average number of shares in issue

Basic earnings per Share (€/Share)

(7,043,036)

4,775,188

124,832,395

57,291,675

(0.06)

0.08

Diluted Earnings per Share

Net Profit attributable to the Parent Company's Shareholders
Weighted average number of shares

Plus: Shares with no consideration (adjustment in number of shares due to probable exercise of Warrants)

Weighted average number of shares for the purposes of diluted earnings per share

Diluted earnings per Share (€/Share)

(7,028,761)

4,874,078

124,832,395

57,291,675

1,829,211

16,414,879

126,661,606

73,706,554

(0.06)

0.07

Net Profit from continuing operations attributable to the Parent Company's Shareholders	(7,043,036)	4,775,188
Weighted average number of shares	124,832,395	57,291,675
Plus: Shares with no consideration (adjustment in number of shares due to probable exercise of Warrants)	1,829,211	16,414,879
Weighted average number of shares for the purposes of diluted earnings per share	126,661,606	73,706,554
Diluted earnings per Share (€/Share)	(0.06)	0.06

The effect of Proton's stock option plan on diluted earnings per share has not been taken into consideration since it is anti-dilutive.

6. Cash and balances with Central Bank

Amounts presented in € '000

	31 March 2008	31 December 2007
Cash on hand and cash in course of collection	11,770	34,384
Cheques receivable	21,890	12,344
Included in cash and cash equivalents	33,660	46,728
Mandatory reserve deposits with Central Bank	17,899	6,068
Total	51,558	52,796

7. Loans and advances to financial institutions

Amounts presented in € '000

	31 March 2008	31 December 2007
Deposits placed in other financial institutions	462,875	356,142
Time deposits	127,577	155,133
Cheques receivable	383	1,053
Total	590,834	512,327
Placements with other banks (over 90 days)	15,499	15,082
Total	606,333	527,410

8. Loans and receivables

Amounts presented in € '000

	31 March 2008	31 December 2007
Individuals:		
Mortgages	48,549	48,341
Consumer loans /Loans to individuals	155,201	159,010
Credit cards	36,865	37,232
Total loans and receivables to individuals	240,615	244,584
Corporate entities:		
Agriculture	60,927	57,847
Mining	1,303	1,309
Heavy industry	125,637	113,773
Small industry	13,042	12,946
Building / Construction	120,871	139,832
Energy	310	310
Commercial / Insurance	239,764	259,391

<i>Amounts presented in € '000</i>	31 March 2008	31December 2007
Transportation	215,765	205,918
Financial institutions	46,298	45,906
Services	23,254	29,752
Other companies	221,383	222,280
Total loans and receivables to companies	1,068,554	1,089,263
Finance lease receivables	72,883	69,858
Total loans and receivables	1,382,052	1,403,705
Less: Allowances for impairment	(35,680)	(35,680)
Total	1,346,372	1,368,025

9. Trading portfolio and other financial assets at fair value through Profit & Loss

<i>Amounts presented in € '000</i>	31 March 2008	31December 2007
Trading assets		
Government bonds	12,792	23,850
Corporate entities bonds	98,144	102,942
Mutual funds	8,239	8,903
Securities	44,713	38,686
	163,889	174,381
Other financial assets designated at fair value		
Corporate bonds	78,325	5,421
Total	242,214	179,802

10. Investment portfolio

<i>Amounts presented in € '000</i>	31 March 2008	31December 2007
Securities held to maturity		
Government bonds	6,736	6,659
Corporate bonds	3,087	3,058
Total	9,823	9,717
Securities available-for-sale		
Corporate bonds	103,793	112,339
Government bonds	131,755	129,805
Equity securities	70,869	5,991
Other investments	2,092	2,092
Total	308,510	250,227
Total investment portfolio	318,332	259,944

Securities held to maturity mainly include Greek Government Bonds, that are held from the issue date and for which the Group intends to hold until maturity. All available-for-sale securities are carried at fair value.

Investment in associates	31 March 2008	31 December 2007
Investments in associates	3,286	3,886
Total	3,286	3,886

In the Bank's separate financial information, investments in associates are carried at fair value according to IAS 39, as available for sale financial assets measured at fair value with changes in fair value recognized in equity.

The Group's interest in associates is analyzed as follows:

At 31 March 2008

Name	Country	% Participation	Assets	Liabilities	Profit	Loss	Carrying value
Omega Portfolio Investment Co. SA	Greece	6,01%	13,354	61	(2,337)	(2,439)	3,286

At 31 December 2007

Name	Country	% Participation	Assets	Liabilities	Profit	Loss	Carrying value
Omega Portfolio Investment Co. SA	Greece	6,01%	15,824	91	1,523	1,034	3,886

During the three-month period, Proton Bank has acquired additional 1,700 shares of "Omega Portfolio Investment Co. SA" for the amount of approximately € 2.6 thousand.

Investments in associates, in the non-consolidated financial information, are reported in their fair value according to IAS 39 as Available-for-sale financial assets at fair value through equity. Its fair value, as at 31 March 2008, is calculated to € 3,286 thousands euro.

11. 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 amortization, impairment	(7,465)	(5,216)	(2,003)	(14,684)
Net carrying amount	149,719	14,322	2,744	166,785
Period ended 31 March 2008				
Opening net carrying amount	149,719	14,322	2,744	166,785
Transfer in assets held for sale:				
-Cost	-	-	-	-
-Accumulated amortization	-	-	-	-
Additions	-	-	4	4
Write-off, disposals				
-Cost	-	-	-	-
-Accumulated amortization	-	-	-	-
Amortization charge	0	(1,043)	(183)	(1,226)
Closing net carrying amount	149,719	13,279	2,565	165,563

Balance at 31 March 2008				
Cost	157,184	19,538	4,751	181,473
Accumulated amortization, impairment	(7,465)	(6,259)	(2,186)	(15,910)
Net carrying amount	149,719	13,279	2,565	165,563
Balance at 1 January 2007				
Cost	168,353	19,538	4,564	192,455
Accumulated amortization		(1,043)	(1,312)	(2,355)
Net carrying amount	168,353	18,495	3,252	190,1
Year ended 31 December 2007				
Opening net carrying amount	168,353	18,495	3,252	190,1
Transfer in assets held for sale:	0			0
-Cost	(12,393)		(126)	(12,519)
-Accumulated amortization	0		46	46
Additions	1,224		309	1,533
Write-off, disposals				
-Cost			(8)	(8)
-Accumulated amortization			1	1
Amortization charge		(4,173)	(730)	(4,903)
Impairment charge	(7,465)			(7,465)
Closing net carrying amount	149,719	14,322	2,744	166,785
Balance at 31 December 2007				
Cost	157,184	19,538	4,747	181,469
Accumulated amortisation, impairment	(7,465)	(5,216)	(2,003)	(14,684)
Net carrying amount	149,719	14,322	2,744	166,785

"Goodwill and other intangible assets" include business combination differences. The entire amount of goodwill has been allocated, for impairment test purposes, to one group of cash-generating units (CGUs) comprising the banking operations in Greece (Proton Group).

The recoverable amount of Proton Group has been determined based on value in use calculations. The cash flows are determined on the basis of maximum dividend available to the parent company after taking into consideration Proton's profitability and its capital requirements. That calculation uses cash flow projections based on financial budgets approved by management covering a four-year period. Proton's cash flows beyond the four-year period are extrapolated using a steady 2% growth rate and 16.2% return on equity. This growth rate does not exceed the average growth rate for the market in which Proton operates.

The estimation of future cash flows requires high degree of management judgment and is based on assumptions about future events and market factors. The key assumptions used for the value in use calculations are the following:

Average growth of loan portfolio for the budgeted period	27.8%
Average growth of customer deposits for the budgeted period	24.3%
Average growth of the risk weighted assets for the budgeted period	22.7%
Minimum capital requirements (Tier I)	8.0%
Average net interest margin	2.1%
Weighted average increase in pre-tax profit	31.1%
Discount rate (pre-tax cost of equity)	10.4%

Management determined budgeted increase in loans and deposits as well as interest margins based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the Greek banking industry.

The Group on 31 December 2007 has reported an impairment loss of € 7,465 being the excess of Proton's carrying amount before the recognition of the impairment over its recoverable amount.

The recoverable amount is particularly sensitive into various assumptions. If management has used different assumptions for the estimation of the value in use, then the amount of the impairment loss would have been different:

- If the discount rate was 10% greater, then an additional impairment loss of € 12,406 would have been recognized, while if the discount rate was decreased by 10% then no impairment loss would have been recognized.
- If the growth rate was decreased to 1.5% then an additional impairment loss of € 2,606 would have been recognized, while if growth rate was set at 2.5% the impairment loss would have been decreased by € 2,937.
- If future cash flows for the budgeted period were decreased by 5%, then an additional impairment loss of € 1,305 would have been recognized, while if future cash flows of the budgeted period are increased by 5% the impairment loss would have been decreased by € 1,305.
- If the return on equity after the budgeted period was decreased by 10% then an additional impairment loss of € 12,406 would have been recognized, while if the return on equity was increased by 10% then no impairment loss would have been recognized.

12. Deferred tax assets/liabilities

Amounts presented in € '000

	31 March 2008	31 December 2007
Deferred tax assets		
Retirement benefit obligations	328	296
Financial liabilities	182	192
Financial assets	22	9
Staff bonuses and allowances	2	-
Commission from loan advances	168	168
Finance Leases	623	567
Provision for bad debts	253	1,063
Financial assets at fair value through profit or loss	1,530	1,430
Financial assets at fair value directly through equity	5,474	3,359
Other assets	29	16
<i>Total deferred tax assets</i>	8,610	7,099
Deferred tax liabilities		
Property, plant & equipment	(832)	(548)
Intangible assets	(3,320)	(3,581)
Financial assets at fair value directly through equity	(2,800)	(2,800)
<i>Total deferred tax liabilities</i>	(6,951)	(6,928)
Total	1,659	170

The movement in the deferred taxes during the period had as follows:

Balance at 1 January 2008	170
Deferred tax assets / (liabilities) from:	
Provisions for bad debts less revaluation of loans and receivables of OMEGA BANK	(810)
Provisions for other assets	13
Derivative financial instruments	2,231
Intangible assets	(23)
Leasing	55
Financial assets, at net present value	(1)
Retirement benefit obligations	32
Financial liabilities	(9)
Balance at 31 March 2008	1,659

13. Other assets

Amounts presented in € '000

	31 March 2008	31 December 2008
Other assets		
Advances to employees	59	28
Advances to third parties	89	52
Contributions to Co-Guarantee Fund and Supplementary Fund	10,654	12,640
Guarantee fees	629	621
Prepayments to third parties	232	139
Brokerage fees receivables	7,036	15,539
Credit card receivables	1,899	1,751
Prepaid taxes and other tax advances	8,178	8,963
Sundry debtors and other receivables	14,544	17,436
Bad debts (other than loans and receivables)	4,206	4,206
Loans to related parties	0	0
Receivables from related parties	7	2
Receivables from foreign stock exchange	4,938	4,608
Bond subscriptions	0	30,411
	52,470	96,396
Less: Provisions for losses (impairment) of receivables besides loans	(4,973)	(4,921)
Total	47,498	91,474

14. Due to financial institutions

Amounts presented in € '000

	31 March 2008	31 December 2008
Interbank deposits	402,704	392,371
Sight deposits	30	201
Short-term loans	185,000	-
Time deposits	17,046	28,864
Sale and repurchase agreement (REPOS)	(1)	12,505
Total	604,778	433,941

15. Due to customers

Amounts presented in € '000

	31 March 2008	31 December 2008
Individuals		
Savings account	60,744	57,700
Sight deposits	24,238	18,175
Time deposits	728,438	794,343
Deposits under notice	24,559	1,738
	837,980	871,956
Corporate entities:		
Sight deposits	69,281	67,898
Companies	325,275	319,249
Public companies	21,184	5,838
Other time deposits	43,758	55,694
Sale and repurchase agreement (REPOS)	-	986
	459,499	449,665
Blocked deposits	81	184
Pledged deposits	59,448	59,534
Margin accounts	32,183	40,800
Total	1,389,192	1,422,139

16. Current income tax liabilities

Amounts presented in € '000

	31 March 2008	31 December 2008
Income tax on taxable profits	11,002	9,671
Provision of tax liabilities	1,011	828
Total	12,013	10,498

17. Other liabilities

Amounts presented in € '000

	31 March 2008	31 December 2008
Withholding taxes arising from salaries	297	542
Taxes and duties payable from customers' deposits	387	439
Other withholding taxes and duties	99	188
Prior year income taxes (from tax audit)	309	541
Social security contributions	557	878
Dividends payable	92	95
Salaries payable	524	239
Brokerage services securities and derivatives	5,451	266
Suppliers and other third party liabilities	10,796	10,983
Dividend declared	22,105	-
Total	40,617	14,170

18. Share capital and share premium

During the three month period there has been no move in share capital and share premium.

Number of shares	Nominal value (US\$)	Share capital in (US\$)	Share capital	Share premium	Total
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Opening balance at 31 December 2007	124,832,394	-	187	147	400,443	400,590
Closing balance at 31 March 2008	124,832,394	-	187	147	400,443	400,590

Authorized share capital

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

Warrants

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

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

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

19. 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 March 2008	31 December 2007
Cash and balances with Central Bank	33,660	17,857
Loans and advances to financial institutions	590,834	522,264
Assets held for sale	104	-
Cash and cash equivalents at the end of the period	624,598	540.121

20. Related party transactions

20.1 Transactions with associates

<i>Amounts presented in € '000</i>	31 March 2008	31 December 2007
Assets		
Other receivables	15	28
Total	15	28
Liabilities		
Deposits	4,716	5,188
Other liabilities	15	18
Total	4,731	5,206
<i>Amounts presented in € '000</i>	31 March 2008	31 December 2007
Income/Expenses		
Interest and similar income	37	22
Interest expense and similar charges	(47)	(50)
Total	(10)	(28)

20.2 Transactions with management and members of the Board of Directors

<i>Amounts presented in € '000</i>	31 March 2008	31 December 2007
Assets		
Loans	25,949	22,467
Other receivables	163	195
Total	26,112	22,662
Liabilities		
Deposits	62,796	67,775
Bond liabilities	-	1,539
Other liabilities	-	177
Total	62,796	69,491
Letters of guarantee	1,332	18,195

<i>Amounts presented in € '000</i>	31 March 2008	31 March 2007
Income / Expenses		
Salaries and other remuneration	(1,047)	(1,106)
Share options	(622)	(622)
Interest and similar income	408	57
Interest expense and similar charges	(659)	(712)
Other operating income	388	465
Other operating expenses	(172)	(224)
Total	216	241

The above figures refer solely to related party transactions of Proton Group except the item of Salaries and other Remuneration in which are also included the Salaries and Remunerations of IRF paid to CEO of the Company amounting to € 17 thousand for the three-month period ended 31 March 2008 and € 34 thousand for the three-month period ended 31 March 2007.

The amount of deposits of € 62,796 thousand refers to normal deposits held by PROTON's Directors and Key Management Personnel. The amounts of loans of € 25,949 thousand refer to loans given to PROTON's Directors and Key Management Personnel.

21. Discontinued operations

On 28 December 2007 the Group committed to sale 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».

As a result of the above commitment the Group presented all results and cash flows generated from Proton Insurance as discontinued operations. Moreover, as required by IFRS 5, results and cash flows of the comparative period ended 31 March 2007 have been also restated in order to reflect discontinued operations. Finally 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.

Details about results, cash flows, assets and liabilities of Proton Insurance are provided below.

21.1 Net Profit from discontinued operations

Net profit from discontinued operation is analyzed as follows:

<i>Amounts presented in € '000</i>	<u>1/1- 31/3/2008</u>	<u>1/1- 31/3/2007</u>
Interest and similar income	35	-
Interest and similar expenses	(101)	-
Net interest income	(66)	-
Income from insurance activities	9,641	11,945
Expense from insurance activities	(2,019)	(3,107)
Net Income from insurance activities	7,622	8,838
Net result from financial activities	(434)	(72)
Total Net Income	7,122	8,910
Staff costs	(689)	(507)
Other operating expenses	(647)	(858)
Depreciation	(40)	(33)
Insurance claims	(5,560)	(6,983)
Impairment losses	-	-
Total operating expenses	(6,936)	(8,381)
Share of profits / (losses) of associates	(109)	4
Profit before tax	77	533
Income tax expense	(1)	(7)
Profit after tax	76	526

21.2 Cash flows from discontinued operations

Cash flows generated from discontinued operations are analyzed as follows:

<i>Amounts presented in € '000</i>	<u>1/1-31/3/2008</u>	<u>1/1-31/3/2007</u>
CASH FLOW STATEMENT		
Net cash flows from discontinued operating activities	(978)	(1.826)
Net cash flows from discontinued investing	(13)	

activities		(20)
Net cash flows from discontinued financing activities	-	96
Net increase/ (decrease) in cash and cash equivalents from discontinued operations	(991)	(1.750)

21.3 Assets held for sale and Liabilities associated with assets classified as held for sale

Assets of Proton Insurance, after eliminating all balances with the other group companies, are as follows:

	31 March 2008
ASSETS	
Cash	20
Loans and advances to banks	84
Financial assets at fair value through profit or loss	12,535
Investments in associates	516
Intangible assets	12,474
Property, plant and equipment	2,531
Investment property	50
Insurance receivables	22,643
Reinsurance contracts	2,105
Deferred tax assets	69
Other assets	3,245
Total assets	56,272
	31 March 2008
LIABILITIES	
Debt securities in issue	1,558
Retirement benefit obligations	275
Provisions for insurance contracts	35,811
Deferred tax liabilities	94
Other liabilities	8,444
Total liabilities	46,182

22. Commitments and contingent liabilities

22.1 Pending litigation

As at 31 March 2008, there were some pending litigations against the Group in connection with its activities. Based on legal advice the Board of Directors believes that there is adequate defense against all claims and it is not probable that the Group will suffer any significant damage. Therefore, no provision has been made in the consolidated interim financial statements regarding these cases.

22.2 Contingent tax liabilities

Proton Group is subject to Greek tax legislation. Under Greek Law, submitted tax returns are not considered as final and are subject to revision by tax authorities as a result of tax inspection in entities books and records. Tax liabilities are considered as final by statute after the completion of five years from the end of the relevant fiscal year, however it is common that the tax authorities will audit the entity's books and records. The tax authorities commonly seek to disallow expenses on the basis that they are not properly documented or that they do not represent proper business expenses, relying on a substantial degree of subjective judgment on the part of the tax management in order an out-of-court settlement to be reached. In practice, both companies and tax authorities tend to reach an out-of-court settlement at an acceptable level of additional taxes.

Proton Bank has been reviewed by the tax authorities for the years up to and including 2006. The tax audit for the years 2005 and 2006 was completed on 16 November 2007, while the tax liability incurred of € 529 thousands was compensated for by a relevant provision,. For the un-audited period (01.01.2007-31.03.2008) a relevant provision has been recognized in accordance with the IFRS's.

The accounting years that have not been inspected yet by the tax authorities for each of the Group's companies are as follows:

Company name	Domicile	Open tax years
IRF European Finance Investments Limited ¹	Bermudas	-
Mimosa Trading SA ¹	Marshall Islands	-
Myrtle Trading Company ¹	Marshall Islands	-
Proton Bank AE	Greece	2007
Proton Asset Management AE	Greece	2005-2007
Proton Mutual Funds Management Co AE	Greece	2005-2007
First Global Brokers SA	Serbia	2002-2007
Intellectron Systems SA	Greece	2001-2007
Omega Brokerage S.A	Greece	2006-2007
Omega Mutual Funds Mgt Co SA	Greece	2006-2007

Note 1: Not subject to income tax

As a result of the above the Group's respective tax obligations for periods covering one to six accounting years have not been finalized. For the un-audited periods a relevant provision has been recognized in accordance with the IFRS's. Due to the method according to which tax liabilities are settled in Greece, the Group remains contingently liable against any additional taxes or penalties imposed for un-audited periods.

22.3 Letters of guarantee / Irrevocable letters of credit

<i>Amounts presented in € '000</i>	31 March 2008	31 December 2007
Letters of guarantee	117,915	110,878
Irrevocable letters of credit	1,835	2,480
Total	119,750	113,358

22.4 Pledged assets

1. Greek Government bonds with a nominal value of € 10,500 thousands, have been pledged by HELEX.
2. Greek Government debt securities with a nominal value of € 139,550 thousands, and DEXIA bond with a nominal value of € 50,000 thousands of euros have been pledged by Bank of Greece

22.5 Subsidiary's share option plan

The Extraordinary General shareholders' Meeting of PROTON BANK on 24 November 2006 approved a share option plan for the members of the Board of Directors, key management, its employees and the Bank's related companies in the form of stock options according to the article 13 of Law 2190/1920 after the proposition of the Board of Directors and the Compensation Committee. The options are conditional on the beneficiaries

remaining during the options life under employment or other relationship with the Bank or Group companies (vesting period). The options are exercisable every November starting from the year of the grant and have a contractual option term of three years. The Bank has no legal or constructive obligation to repurchase or settle the options in cash.

4,897,510 share options were granted on 15 June 2007 with an exercise price of € 10.46 per share. The fair value of options granted during the period determined using the Black-Scholes valuation model. The significant inputs into the model were: share price at the grant date, the exercise price, option life, volatility of share prices and the risk free rate (swap rate yield curve). Volatility measured at the standard deviation of expected share price returns was based on statistical analysis of daily share prices over the last year.

If the stock option is fully exercised then the company's shareholding in Proton will be diluted from 20,60% to 19.11%

23. Supplementary information – The Company

IRF was formed to invest in the financial services industry throughout Europe with a primary focus on credit institutions and insurance companies in South Eastern Europe. In 2006, IRF formed two wholly owned subsidiaries in Marshall Islands, Mimosa Trading SA and Myrtle Trading Company, to serve as vehicles for the acquisition of investments in the financial services industry. Assets, liabilities, results and cash flows of these three entities are managed together. Management has prepared proforma financial information, consolidating all items of the three entities and presents them under the term of "Company". According to IAS 27, a parent should consolidate all of its subsidiaries. However, management has prepared these supplementary proforma financial information which do not comply with IAS 27, in order to present the results and the financial position of the "Company" (i.e. the parent and the wholly owned subsidiaries managed together). The financial position and the performance of the "Company", as at 31 March 2008, 31 December 2007 and 31 March 2007 were as follows:

<i>Amounts presented in € '000</i>	31 March 2008	31 December 2007
ASSETS		
Non current assets		
Investments in subsidiaries	129,514	129,514
Investment portfolio	65,169	-
Total non current assets	194,683	129,514
Current assets		
Other assets	57	55
Cash and cash equivalents	463,997	350,503
Total current assets	464,054	350,558
Total assets	658,736	480,072
	31 March 2008	31 December 2007
SHAREHOLDERS EQUITY		
Share capital	147	147
Share premium	400,443	400,443
Revaluation reserve	1,585	-
Retained earnings	46,016	76,192
Total equity	448,191	476,781
	31 March 2008	31 December 2007
LIABILITIES		
Current liabilities		
Loans to Banks	185,000	-
Other liabilities	25,546	3,291

Total current liabilities	210,546	3,291
Total liabilities	210,546	3,291
Total equity and liabilities	658,736	480,072

<i>Amounts presented in € '000</i>	Three-month period	
	01/01- 31/03/2008	01/01- 31/03/2007
Net trading income / (Loss)	(10,772)	6,722
Interest income	3,179	618
Total income	(7,593)	7,340
Personnel expenses	(17)	(25)
Other operating expenses	(33)	(2,633)
Finance cost	(428)	(2,074)
Total expenses	(478)	(4,732)
Profit before tax	(8,071)	2,609
Less: Income tax	-	-
Profit after tax	(8,071)	2,609
Earning per Share attributable to the company's shareholders (€/share)		
- Basic	(0.06)	0.05
- Diluted	(0.06)	0.04

IRF, MIMOSA and MURTLE, have significant amounts of cash and cash equivalents in United States Dollars. Due to the currency appreciation of the USD against the Euro during the recent quarter, IRF has recorded a loss from translating the cash and cash equivalents from USD to Euros. All trading losses of the company were generated from these exchange differences

24. Events after 31 March 2008

As of mid May 2008, the "Company" has acquired the total of 46,737,892 which represents approximately 6.26% of the issued share capital of "Marfin Investment Group".

Beside the aforesaid, there were no significant events subsequent to the interim balance sheet date which are required to be mentioned.

Athens, 30 May 2008

Angeliki Frangou

Loucas Valetopoulos

Chairman, Non – Executive Director

Chief Executive Officer, Director



**Consolidated Interim Financial Statements
for the six-month period
ended at 30 June 2008**

The accompanying consolidated interim financial statements of IRF European Finance Investments Ltd ("IRF") and its subsidiaries (together "the Group"), for the six-month period ended at 30 June 2008 were approved by the Company's Board of Directors on 4 September 2008.

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Board of Directors

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

Statement of Directors' responsibilities in respect of the interim 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 the AIM regulations the directors have elected to prepare financial statements in accordance International Financial Reporting Standards as adopted by the European Union.

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 profit of the Group; and

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1981 of Bermuda. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Report on Review of Interim Financial Information

To the Shareholders of **"IRF EUROPEAN FINANCE INVESTMENTS LIMITED"**

Introduction

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

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

Scope of Review

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

Conclusion

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

Athens, 4 September 2008

The Certified Public Accountant Auditor

The Certified Public Accountant Auditor

Vassilis Kazas
SOEL Reg. No 13281

Panagiotis Christopoulos
SOEL Reg. No 28481



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

CONSOLIDATED INTERIM INCOME STATEMENT

Amounts presented in € '000	Note	01/01 - 30/06/2008	01/01- 30/06/2007 (as restated)	01/04- 30/06/2008	01/04- 30/06/2007 (as restated)	1/1- 31/12/2007
Interest and similar income		68,801	51,439	34,009	29,021	122,692
Interest and similar expenses		(45,375)	(32,519)	(23,562)	(19,014)	(78,939)
Net interest income		23,426	18,919	10,447	10,007	43,753
Fee and commission income		17,135	22,978	6,707	16,094	43,966
Fee and commission expense		(3,168)	(6,591)	(2,102)	(3,363)	(16,105)
Net fee and commission income		13,967	16,387	4,605	12,731	27,861
Income from insurance		-	409	-	409	-
Expense from insurance services		-	-	-	-	-
Net Income from insurance services		-	409	-	409	-
Dividend income		1,801	15,782	1,798	15,778	16,217
Net trading income		(1,620)	44,472	15,261	26,959	68,421
Net income from financial instruments designated at fair value through profit and loss		7,010	2,451	(415)	2,451	2,263
Gains less losses from investment securities		-	6	-	6	-
Other operating income		1,058	738	587	183	1,480
Total net income		45,641	99,165	32,283	68,525	159,995
Staff costs		(13,791)	(13,683)	(7,368)	(6,932)	(25,136)
Other operating expenses		(11,745)	(14,273)	(6,363)	(8,309)	(25,836)
Impairment of goodwill		(7,720)	-	(7,720)	-	(7,465)
Depreciation		(3,756)	(3,571)	(1,884)	(1,803)	(7,225)
Impairment losses		(3,063)	(1,310)	(3,011)	(287)	(6,981)
Total operating expenses		(40,075)	(32,837)	(26,346)	(17,331)	(72,644)
Share of profit of associates		(761)	208	(158)	187	255
Profit before tax		4,805	66,536	5,778	51,380	87,606
Income tax expense		(1,214)	(3,575)	925	(1,823)	(9,732)
Profit after tax from continuing operations		3,591	62,961	6,703	49,557	77,874
Net profit from discontinued operations		(784)	(448)	(860)	(974)	152
Profit after tax		2,807	62,513	5,843	48,583	78,026
Attributable to:						
Shareholders of the parent		4,596	45,944	11,624	41,070	61,635
Minority interest		(1,789)	16,569	(5,781)	7,513	16,391
Total		2,807	62,513	5,843	48,583	78,026
From continuing and discontinued operations						
- Basic		0.04	0.49	0.09	0.41	0.56
- Diluted		0.04	0.45	0.09	0.37	0.53
From continuing operations						
- Basic		0.04	0.50	0.10	0.43	0.56
- Diluted		0.04	0.46	0.10	0.39	0.53

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

CONSOLIDATED INTERIM BALANCE SHEET

Amounts presented in € '000	Note	30 June 2008	30 June 2007	31 December 2007
-----------------------------	------	-----------------	-----------------	---------------------

ASSETS				
Cash and balances with Central Bank	6	43,626	32,790	52,796
Loans and advances to financial institutions	7	263,350	476,885	527,410
Trading portfolio and other financial assets at fair value through Profit & Loss	9	243,930	536,304	179,802
Derivative financial instruments		12,578	1,161	11,529
Loans and advances to customers	8	1,316,839	1,216,362	1,368,025
Investment portfolio	10	630,828	225,514	259,944
Investments in associates		2,906	3,831	3,886
Property, plant and equipment		27,341	31,789	27,880
Goodwill and other intangible assets	11	156,799	176,343	166,784
Deferred tax assets		9,834	-	7,098
Other assets	12	39,076	59,420	91,474
		2,747,108	2,760,400	2,696,628
Non current assets held for sale		51,129	55,631	53,727
TOTAL ASSETS		2,798,237	2,816,031	2,750,355
EQUITY AND LIABILITIES				
Due to financial institutions	13	616,856	521,301	433,941
Due to customers	14	1,337,951	1,300,402	1,422,139
Trading liabilities		-	1,434	-
Derivative financial instruments		16,213	3,299	14,570
Issued debt securities		25,261	-	25,283
Retirement benefit obligations		1,399	1,063	1,140
Current income tax liabilities	15	13,853	3,451	10,498
Deferred tax liability		6,511	2,110	6,928
Other borrowed funds		-	115,000	-
Other liabilities	16	34,818	28,752	14,170
		2,052,861	1,976,847	1,928,669
Liabilities directly associated with assets classified as held for sale		43,709	47,495	44,339
Total liabilities		2,096,570	2,024,309	1,973,008
Shareholders' equity				
Share capital	17	147	152	147
Share premium	17	400,443	414,967	400,443
Revaluation reserve		(43,466)	(6)	(2,570)
Other reserves		16,885	16,430	16,587
Retained earnings / (losses)		54,784	56,785	72,491
Total equity attributable to shareholders' of IRF		428,793	488,328	487,099
Minority interest		272,874	303,394	290,248
Total equity		701,667	791,722	777,347
TOTAL LIABILITIES AND EQUITY		2,798,237	2,816,031	2,750,355

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity

	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 1st January 2008	147	400,443	(2,570)	16,587	72,492	487,099	290,248	777,347
Gains/ losses directly recognized in equity:								
- on the valuation of available for sale financial assets	-	-	(40,897)	-	-	(40,897)	(6,145)	(47,042)
- exchange differences on translating foreign operations	-	-	-	-	(2)	(2)	(7)	(9)
Total income/(loss) recognized directly to equity	-	-	(40,897)	-	(2)	(40,899)	(6,152)	(47,050)
Net result for the period 01/01-30/06/2008	-	-	-	-	4,596	4,596	(1,789)	2,807
Total income/(loss) recognized for the period	-	-	(40,897)	-	4,594	(36,303)	(7,941)	(44,243)
Equity share options granted to employees	-	-	-	103	-	103	395	498
Dividend relating to 2007	-	-	-	-	(22,105)	(22,105)	(9,829)	(31,935)
Capitalisation to legal reserves	-	-	-	196	(196)	-	-	-
Balance as at 30 June 2008	147	400,443	(43,466)	16,885	54,784	428,793	272,874	701,667

Amounts presented in € '000

Consolidated Statement of Changes in Equity	Attributable to shareholders of the Parent Company					Total	Minority Interest	Total
	Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)			
Opening balance as at 1st 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)	(1,042)
Restated Opening Balance as at 1st January 2007	71	200,174	(2)	16,156	21,998	238,397	307,313	545,710
Gains/ losses directly recognized in equity:								
- on the valuation of available for sale financial assets	-	-	(3)	-	-	(3)	(10)	(13)
- Exchange differences on translating foreign operation	-	-	(1)	-	-	(1)	(6)	(7)
Total income/(loss) recognized directly to equity	-	-	(4)	-	-	(4)	(16)	(20)
Net result for the period 01/01-30/06/2007	-	-	-	-	45,944	45,944	16,569	62,513
Total income/(loss) recognized for the period	-	-	(4)	-	45,944	45,940	16,553	62,493
Issue of new shares after the exercise of Warrants	81	219,080	-	-	-	219,162	-	219,162
Share issue expenses	-	(4,287)	-	-	-	(4,287)	-	(4,287)
Dividend relating to 2006	-	-	-	-	(10,911)	(10,911)	(14,013)	(24,924)
Participation in share capital increase (Proton Insurance SA)	-	-	-	-	-	-	96	96
Acquisition of additional percentage in subsidiary (Proton Bank)	-	-	-	-	-	-	(1,598)	(1,598)
Acquisition of minority interests (Omega Mutual Funds SA)	-	-	-	-	-	-	(132)	(132)
Fair value of employee services received	-	-	-	27	-	27	107	134
Purchases of treasury shares	-	-	-	-	-	-	(4,932)	(4,932)
Capitalization of reserves	-	-	-	247	(247)	-	-	-
Balance as at 30 June 2007	152	414,967	(6)	16,430	56,785	488,328	303,394	791,722

Consolidated Statement of Changes in Equity

Amounts presented in € '000

	Attributable to shareholders of the Parent Company							
	Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Total	Minority Interest	Total
Opening balance as at 1st 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 1st January 2007	71	200,174	(2)	16,156	21,998	238,397	307,313	545,709
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)
Net result for the period 01/01-31/12/2007	-	-	-	-	61,635	61,635	16,391	78,026
Total profit /(loss) recognized for the period	-	-	(2,567)	-	61,635	59,067	6,362	65,430
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

CONSOLIDATED INTERIM CASH FLOW STATEMENT

<i>Amounts presented in € '000</i>	Note	30 June 2008	30 June 2007	31 December 2007
Cash flows from operating activities				
Profit Before Tax		4,023	66,097	87,777
<i>Adjustments for:</i>				
Add: Depreciation & amortization		3,816	3,638	7,361
Add: Retirement benefit charge		259	430	712
Add: Impairment losses on financial assets		3,063	1,310	6,981
Gains (-) /Losses (+) from investment activities		(5,475)	(14,378)	(7,993)
Share of profit/loss from measurement of financial assets at fair value through Profit & Loss		655	(34,710)	-
Gains (-) /losses (+) from sale of trading securities		-	1,549	4,495
Profit /loss from sale of a.f.s. portfolio at fair value		(11,048)	-	-
Impairment losses on goodwill		7,720	-	7,465
Dividends Received		1,853	-	(12,804)
Fair value employee options		498	134	983
Exchange differences		8,506	1,933	13,812
<i>Cash Flows from operating activities before changes in operating assets and liabilities</i>		<i>13,870</i>	<i>26,003</i>	<i>108,790</i>
Changes in operating assets and liabilities:				
Net (increase) / decrease in trading securities		(61,639)	(255,538)	66,576
Net (increase) / decrease in reserves held in Central Bank		(417)	2,217	9,298
Net (increase) / decrease in loans and advances to customers		44,237	(279,434)	(437,390)
Net (increase) / decrease in insurance receivables		(822)	(4,258)	(2,889)
Net (increase) / decrease in reinsurance receivables		141	(351)	(293)
Net (increase) / decrease in other assets		51,328	(43,474)	(60,152)
Net increase / (decrease) in due to banks		182,915	430,405	327,962
Net increase / (decrease) in due to customers		(84,189)	258,245	379,983
Net increase / (decrease) in provisions for insurance contracts		(840)	2,972	2,001
Net increase / (decrease) in other borrowed funds		-	115,000	-
Net increase / (decrease) in other liabilities		27,532	29,690	(3,404)
<i>Cash flows from operating activities before payment of income tax</i>		<i>172,115</i>	<i>281,478</i>	<i>390,580</i>
Income tax paid		(3,640)	(111)	(189)
Net cash flows from operating activities		168,475	281,367	390,390
<i>Amounts presented in € '000</i>				
	Note	30 June 2008	30 June 2007	31 December 2007

Cash flows from investing activities

Portfolio available for sale and held to maturity	3,000	(183,249)	(227,029)
Acquisition of financial assets at fair value through Profit & Loss	-	-	-
Purchases / (proceeds) of tangible & intangible assets	(953)	(1,947)	506
Proceeds from a.f.s. portfolio	(406,066)	-	-
Other Investments	(4)	-	-
Acquisition of subsidiaries and associates		(2,831)	(2,963)
Dividend Received from investment activities	267	399	13,215
Dividends received from financial assets at fair value through P&L	1,073	15,813	3,453

Net cash flow from investing activities**(402,684) (171,815) (212,818)****Cash flows from financing activities**

Issuance of common shares due to exercise of warrants	-	214,865	214,874
Issuance of common shares in subsidiaries	(1)	96	245
Dividend paid	(31,863)	(24,870)	(24,919)
Repayments of other borrowed funds	(710)	-	24,671
Interest paid	(2,394)	-	-
Purchases / sales of treasury shares	-	(4,932)	(23,176)

Net cash flow from financing activities**(34,968) 185,168 191,696****Net increase / decrease in cash and cash equivalents****(269,176) 294,719 369,268**

Cash and cash equivalents at the beginning of the period	559,372	203,917	203,917
Effect of exchange rate fluctuations on cash and cash equivalents	(8,506)	(1,933)	(13,812)

Cash and cash equivalents at the end of the financial year 18**281,689 496,703 559,372**

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

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Country of incorporation

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

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

Principal activities

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

IRF was formed to invest in the financial services industry throughout Europe with a primary focus on credit institutions and insurance companies in South Eastern Europe. In June 2006, IRF completed its acquisition of a controlling interest in PROTON BANK, a Greek bank listed on the Athens Stock Exchange. PROTON BANK and its subsidiaries operate in the sectors of retail, corporate and investment banking, portfolio management, insurance and other financial services. 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 32 branches.

2. Basis of Presentation

Statement of compliance

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

Presentation currency

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

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

Significant accounting policies

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

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

- n) IFRIC 11, "Group and treasury share transactions"

- o) IFRIC 12, "Service concession arrangements"

- p) IFRIC 14: "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

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

Accounting estimates

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

Comparatives

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

Consolidated Income Statement for the comparative six-month period ended 30 June 2007, has been restated in order to reflect results of discontinued operations (note 20).

3. Group structure

c) Entities consolidated under full consolidation method

Entities consolidated under full consolidation method at 30 June 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
PROTON BANK GROUP				
PROTON BANK SA	GREECE	20.60%	Control	Direct Stake
FIRST GLOBAL BROKERS SA	SERBIA	16.99%	Control	Indirect stake through "PROTON BANK"
PROTON MUTUAL FUNDS SA	GREECE	20.58%	Control	Indirect stake through "PROTON BANK"
OMEGA INSURANCE BROKERS SA	GREECE	13.60%	Control	Indirect stake through "PROTON BANK"
PROTON INSURANCE SA	GREECE	18.80%	Control	Indirect stake through "PROTON BANK"
INTELLECTRON SYSTEMS SA	GREECE	11.46%	Control	Indirect stake through "PROTON BANK"

Entities consolidated under full consolidation method at 31 December 2007:

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

Name	Country	Direct and indirect holding	Relation that dictated the consolidation	Note
INTELLECTRON SYSTEMS SA	GREECE	11.46%	Control	Indirect stake through "PROTON BANK"
OMEGA KAHN FINANCIAL SERVICES SA	SWITZERLAND	16.48%	Control	Indirect stake through "PROTON BANK"

Entities consolidated under full consolidation method at 30 June 2007:

Name	Country	Direct and indirect holding	Relation that dictated the consolidation	Note
IRF EUROPEAN FINANCE INVESTMENTS LIMITED	BERMUDA	Parent		
MIMOSA TRADING SA	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
MYRTLE TRADING COMPANY	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
PROTON BANK GROUP				
PROTON BANK SA	GREECE	20.58%	Control	Direct Stake
PROTON ASSET MANAGEMENT CO SA	GREECE	20.56%	Control	Indirect stake through "PROTON BANK"
PROTON MUTUAL FUNDS MGT CO SA	GREECE	20.56%	Control	Indirect stake through "PROTON BANK"
FIRST GLOBAL BROKERS SA AD	SERBIA	16.63%	Control	Indirect stake through "PROTON BANK"
OMEGA MUTUAL FUNDS SA	GREECE	20.58%	Control	Indirect stake through "PROTON BANK"
OMEGA INSURANCE BROKERS SA	GREECE	13.58%	Control	Indirect stake through "PROTON BANK"
PROTON INSURANCE SA	GREECE	18.79%	Control	Indirect stake through "PROTON BANK"
INTELLECTRON SYSTEMS SA	GREECE	11.66%	Control	Indirect stake through "PROTON BANK"
OMEGA KAHN FINANCIAL SERVICES SA	SWITZERLAND	16.46%	Control	Indirect stake through "PROTON BANK"
PROTON FINANCE SA	GREECE	20.58%	Control	Indirect stake through "PROTON BANK"

d) Entities consolidated under the equity method:

Entities consolidated under the equity method at 30 June 2008:

Name	Country	Participation percentage	Note
OMEGA PORTFOLIO INVESTMENT CO SA	GREECE	6.02%	Indirect stake through "PROTON BANK"

Entities consolidated under the equity method at 31 December 2007:

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

Entities consolidated under the equity method at 30 June 2007:

Name	Country	Participation percentage	Note
OMEGA PORTFOLIO INVESTMENT CO SA	GREECE	5.99%	Indirect stake through "PROTON BANK"

Proton Group

On 29 June 2006, the Company acquired a 28% stake in the share capital of PROTON GROUP, listed on the Athens Stock Exchange. The range of activities of PROTON GROUP covered most of the spectrum of the financial industry. On 29 September 2006, PROTON GROUP acquired, by a share to share exchange, 100% of OMEGA BANK and the new merged entity was renamed as PROTON BANK. Following the merger with OMEGA BANK, the Company owned a 20,16% interest in PROTON BANK. During the nine-month period ended at 30 September 2007, IRF acquired at 28 June 2007, 41,891 shares of PROTON BANK, at 29 June 2007, 220,000 shares and at 3 July 2007 12,000 shares. After the additional acquisitions, IRF owns a 20.60% in PROTON BANK SA.

PROTON BANK is fully consolidated because of the "de facto" power of the Company to control its financial and operating activities. In particular, IRF owns the 20.60% of the voting rights of PROTON while the percentage of voting rights controlled by the Company is increased to 27.14% after taking into consideration the holding of two other shareholders of PROTON who are committed to vote in accordance with IRF's instructions based on an agreement. IRF has already exercised its effective power and appointed six members in the eleven-member Board of Directors of PROTON, including PROTON's chairman.

All other subsidiaries comprising PROTON Group are consolidated because of the indirect, through PROTON BANK, ownership of the majority of their voting rights. The method of consolidation is the Purchase Method. Investment in associates is accounted under the equity method.

Decision to sell "Proton Insurance S.A."

On 28 December 2007, Proton Bank entered into a contractual agreement with the «COMMERCIAL VALUE SOCIETE ANONYME INSURANCE» to transfer 91.29% of the outstanding common shares of the «PROTON SOCIETE ANONYME PROVISION INSURANCE». The sale was accomplished with the contract signed by both parties on 20 March 2008 for a total consideration of 19 million euros. The sale contract will be finalized after receiving the relevant authorization, as it is strictly prescribed by the Commerce Law, by the local authorities, Proton Bank and «COMMERCIAL VALUE SOCIETE ANONYME INSURANCE» have signed a long term exclusive agreement in the bank-assurance activities.

Omega Kahn Financial Services S.A.

The Bank, during the period, sold its participation to subsidiary Omega Kahn Financial Services S.A. This disposal had a negative effect of € 54 thous. in Profit & Loss account and equity respectively.

Mimosa Trading SA and Myrtle Trading Company

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

4. Business segment

The Group has defined the following business segments: Commercial Banking, Investment Banking, Bank assurance and other financial services.

For the six month period ended at 30 June 2008	Bank- assurance and other financial services			Group	Discontinued activity	Continuing activity
	Retail Banking	Investment Banking				
Profit before tax	8,231	464	(551)	8,144	(644)	8,788
Share of profit of associates	-	(899)	-	(899)	(138)	(761)
Non-allocated expenses				(3,222)	-	(3,222)
Income tax expense				(1,216)	(2)	(1,214)
Profit after tax				2,806	(784)	3,590
Balanced at 30 June 2007						
Profit before tax	9,841	56,938	(928)	65,851	(477)	66,328
Share of profit of associates	-	246	-	246	38	208
Income tax expense				(3,584)	(9)	(3,575)
Profit after tax				62,513	(448)	62,961
Balanced at 31 December 2007						
Profit before tax	4,602	88,634	190	93,426	121	93,305
Share of profit of associates	-	302	-	302	47	255
Non-allocated expenses				(5,778)		(5,778)
Income tax expense				(9,923)	(16)	(9,907)
Profit after tax				78,027	152	77,875

5. Earnings per share

Amounts presented in €

Basic Earnings per share	01/01 - 30/06/08	01/01 - 30/06/07	1/1- 31/12/2007
Profit from continuing operations and discontinued operations attributable to the Parent Company's Shareholders	4,596	45,944	61,635
Weighted average number of shares in issue	124,832	93,315	110,751
Basic earnings per Share (€/Share)	0.04	0.49	0.56
Profit from continuing operations attributable to the Parent Company's Shareholders	5,297	46,392	61,606
Weighted average number of shares in issue	124,832	93,315	110,751
Basic earnings per Share (€/Share)	0.04	0.50	0.56
Diluted Earnings per Share			
Net Profit attributable to the Parent Company's Shareholders	4,596	45,944	61,635
Weighted average number of shares	124,832	93,315	110,751
Plus: Shares with no consideration (adjustment in number of shares due to probable exercise of Warrants)	2,329	8,185	4,573

Weighted average number of shares for the purposes of diluted earnings per share	127,162	101,499	115,323
Diluted earnings per Share (€/Share)	0.04	0.45	0.53
Net Profit from continuing operations attributable to the Parent Company's Shareholders	5,379	46,392	61,606
Weighted average number of shares	124,832	93,315	110,751
Plus: Shares with no consideration (adjustment in number of shares due to probable exercise of Warrants)	2,329	8,185	4,573
Weighted average number of shares for the purposes of diluted earnings per share	127,162	101,499	115,323
Diluted earnings per Share (€/Share)	0.04	0.46	0.53

The effect of Proton's stock option plan on diluted earnings per share has not been taken into consideration since it is anti-dilutive.

6. Cash and balances with Central Bank

Amounts presented in € '000

	30 June 2008	30 June 2007	31 December 2007
Cash on hand and cash in course of collection	9,690	8,612	34,384
Cheques receivable	27,450	11,029	12,344
Included in cash and cash equivalents	37,141	19,641	46,728
Mandatory reserve deposits with Central Bank	6,485	13,149	6,068
Total	43,626	32,790	52,796

7. Loans and advances to financial institutions

Amounts presented in € '000

	30 June 2008	30 June 2007	31 December 2007
Deposits placed in other financial institutions	134,159	84,686	356,142
Time deposits	108,218	-	155,133
Restricted balances held in other banks	-	166,711	-
Interbank deposits	-	225,214	-
Cheques receivable	1,948	274	1,053
Total	244,326	476,885	512,327
Placements with other banks (over 90 days)	19,024	0	15,082
Total	263,350	476,885	527,410

8. Loans and advances to customers

Amounts presented in € '000

	30 June 2008	30 June 2007	31 December 2007
Individuals:			
Mortgages	46,415	83,583	48,341
Consumer loans /Loans to individuals	150,443	72,215	159,010
Credit cards	36,849	37,559	37,232
Total loans and receivables to individuals	233,707	193,357	244,584
Corporate entities:			
Agriculture	60,912	6,701	57,847
Mining	1,243	1,278	1,309
Heavy industry	159,605	95,437	113,773

Small industry	13,902	13,192	12,946
Building / Construction	127,215	100,439	139,832
Energy	327	2,343	310
Commercial / Insurance	223,442	268,867	259,391
Transportation	198,209	140,252	205,918
Financial institutions	35,602	-	45,906
Services	25,854	26,500	29,752
Other companies	196,912	374,716	222,280
Total loans and receivables to companies	1,043,222	1,029,724	1,089,263
Finance lease receivables	78,598	33,868	69,858
Total loans and receivables	1,355,526	1,256,949	1,403,705
Less: Allowances for impairment	(38,687)	(40,587)	(35,680)
Total	1,316,839	1,216,362	1,368,025

9. Trading portfolio and other financial assets at fair value through Profit & Loss

Amounts presented in € '000

	30 June 2008	30 June 2007	31 December 2007
Trading assets			
Government bonds	11,718	37,726	23,850
Corporate entities bonds	93,390	62,546	102,942
Mutual funds	8,113	9,431	8,903
Securities	52,003	420,992	38,686
	165,224	530,695	174,381
Other financial assets designated at fair value			
Corporate bonds	78,706	5,609	5,421
Total	243,930	536,304	179,802

10. Investment portfolio

Amounts presented in € '000

	30 June 2008	30 June 2007	31 December 2007
Securities held to maturity			
Government bonds	6,661	6,651	6,659
Corporate bonds	-	3,000	3,058
Total	6,661	9,651	9,717
Securities available-for-sale			
Corporate bonds	145,571	76,104	112,339
Government bonds	148,015	133,705	129,805
Equity securities	328,503	5,643	5,991
Mutual fund shares	0	50	0
Other investments	2,079	360	2,092
Total	624,167	215,863	250,227
Total investment portfolio	630,828	225,514	259,944

Securities held to maturity solely include Greek Government Bonds, that are held from the issue date and for which the Group intends to hold until maturity. All available-for-sale securities are carried at fair value.

	30 June 2008	30 June 2007	31 December 2007
Investment in associates			
Investments in associates	2,906	3,831	3,886
Total	2,906	3,831	3,886

In the Bank's separate financial information, investments in associates are carried at fair value according to IAS 39, as available for sale financial assets measured at fair value with changes in fair value recognized in equity.

The Group's interest in associates is analyzed as follows:

At 30 June 2008

Name	Country	% Participation	Assets	Liabilities	Profit	Loss	Carrying value
Omega Portfolio Investment Co, SA	Greece	6.02%	11,842	96	(2,871)	(3,077)	3,349

The carrying value presented above, presents € 2,906 thous. from continuing operations and € 443 thous. from discontinued operations.

At 31 December 2007

Name	Country	% Participation	Assets	Liabilities	Profit	Loss	Carrying value
Omega Portfolio Investment Co, SA	Greece	6.01%	15,824	91	1,523	1,034	3,886

During the six-month period, Proton Bank has acquired additional 2,926 shares of "Omega Portfolio Investment Co, SA" for the amount of approximately € 4,2 thousand.

Investments in associates, in the non-consolidated financial information, are reported in their fair value according to IAS 39 as Available-for-sale financial assets at fair value through equity. Its fair value, as at 30 June 2008, is calculated to € 2,985 thousands euro

11. Goodwill and other intangible assets

<i>Amounts presented in € '000</i>	Goodwill	Other intangible assets	Software	Total
Balance at 1 January 2008				
Cost	157,184	19,538	4,747	181,469
Accumulated amortization, impairment	(7,465)	(5,216)	(2,003)	(14,684)
Net carrying amount	149,719	14,322	2,744	166,785
Period ended 30 June 2008				
Opening net carrying amount	149,719	14,322	2,744	166,785
Transfer in assets held for sale:				
-Cost				
-Accumulated amortization				
Additions			194	194
Write-off, disposals				
-Cost				
-Accumulated amortization				
Amortization charge		(2,086)	(374)	(2,460)
Impairment charge	(7,720)			(7,720)
Closing net carrying amount	141,999	12,236	2,564	156,799

<i>Amounts presented in € '000</i>	Goodwill	Other intangible assets	Software	Total
Balance at 30 June 2008				
Cost	157,184	19,538	4,942	181,664
Accumulated amortization, impairment	(15,185)	(7,302)	(2,378)	(24,864)
Net carrying amount	141,999	12,236	2,564	156,799
<hr/>				
<i>Amounts presented in € '000</i>	Goodwill	Other intangible assets	Software	Total
Balance at 01 January 2007				
Cost	168,353	19,349	4,563	192,265
Accumulated amortization	0	(1,106)	(1,312)	(2,290)
Net book value	168,353	18,371	3,251	189,975
Period ended 30 June 2007				
Opening net book value	168,353	18,371	3,251	189,975
Transfer in assets held for sale:				
-Cost	(12,393)	-	-	(12,393)
-Accumulated amortization	-	-	-	-
Additions	1,106	-	74	1,180
Disposals				
Amortization charge		(2,063)	(356)	(2,419)
Closing net book value	157,066	16,308	2,969	176,343
<hr/>				
At 30 June 2007				
Cost	157,066	18,371	3,325	178,762
Accumulated amortization	-	(2,063)	(356)	(2,419)
Net book value	157,066	16,308	2,969	176,343
<hr/>				
Balance at 1 January 2007				
Cost				
Accumulated amortization		(1,043)	(1,312)	(2,355)
Net carrying amount	168,353	18,495	3,252	190,100
<hr/>				
Year ended 31 December 2007				
Opening net carrying amount	168,353	18,495	3,252	190,100
Transfer in assets held for sale:				
-Cost	(12,393)		(126)	(12,519)
-Accumulated amortization			46	46
Additions	1,224		309	1,533
Write-off, disposals				
-Cost			(8)	(8)
-Accumulated amortization			1	1
Amortization charge		(4,173)	(730)	(4,903)
Impairment charge	(7,465)			(7,465)
Closing net carrying amount	149,719	14,322	2,744	166,785
<hr/>				
Balance at 31 December 2007				
Cost	157,184	19,538	4,747	181,469
Accumulated amortisation, impairment	(7,465)	(5,216)	(2,003)	(14,684)
Net carrying amount	149,719	14,322	2,744	166,785

"Goodwill and other intangible assets" include business combination differences. The entire amount of goodwill has been allocated, for impairment test purposes, to one group of cash-generating units (CGUs) comprising the banking operations in Greece (Proton Group).

The Group on 30 June 2008 has reported an impairment loss of € 7,720 thousand being the excess of Proton's carrying amount. The recoverable amount of Proton Group has been determined based on value in use calculations

12. Other assets

Amounts presented in € '000

	30 June 2008	30 June 2007	31 December 2007
Other assets			
Advances to employees	39	68	28
Advances to third parties	75	66	52
Contributions to Co-Guarantee Fund and Supplementary Fund	10,363	9,272	12,640
Guarantee fees	642	654	621
Prepayments to third parties	103	59	139
Brokerage fees receivables	3,701	19,485	15,539
Credit card receivables	1,707	1,925	1,751
Prepaid taxes and other tax advances	13,078	4,977	8,963
Sundry debtors and other receivables	3,689	23,723	17,436
Bad debts (other than loans and receivables)	4,204	4,198	4,206
Receivables from related parties	5	(129)	2
Receivables from foreign stock exchange	6,438	-	4,608
Bond subscriptions	-	-	30,411
	44,043	64,299	96,396
Less: Provisions for losses (impairment) of receivables besides loans	(4,968)	(4,878)	(4,921)
Total	39,076	59,420	91,474

13. Due to financial institutions

Amounts presented in € '000

	30 June 2008	30 June 2007	31 December 2007
Interbank deposits	448,671	152,588	392,371
Sight deposits	1,591	4,019	201
Overdraft facilities from other banks	140,000	156,287	-
Time deposits	11,973		28,864
Short-term loans	0	200	0
Sale and repurchase agreement (REPOS)	14,621	208,207	12,505
Total	616,856	521,301	433,941

14. Due to customers

<i>Amounts presented in € '000</i>	30 June 2008	30 June 2007	31 December 2007
<i>Individuals</i>			
Savings account	56,968	56,205	57,700
Sight deposits	14,912	6,571	18,175
Time deposits	763,151	695,882	794,343
Deposits under notice	9,891	-	1,738
	844,922	758,658	871,956
<i>Corporate entities:</i>			
Sight deposits	79,723	69,525	67,898
<i>Time deposits</i>			
Companies	190,446	217,772	319,249
Public companies	13,909	38,258	5,838
Other time deposits	33,776	75,083	55,694
Sale and repurchase agreement (REPOS)	-	-	986
	317,855	400,638	449,665
Blocked deposits	15,160	201	184
Pledged deposits	54,070	52,297	59,534
Margin accounts	105,944	88,608	40,800
Total	1,337,951	1,300,402	1,422,139

15. Current income tax liabilities

<i>Amounts presented in € '000</i>	30 June 2008	30 June 2007	31 December 2007
Income tax on taxable profits	12,664	3,451	9,671
Provision of tax liabilities	1,189	-	828
Total	13,853	3,451	10,498

16. Other liabilities

<i>Amounts presented in € '000</i>	30 June 2008	30 June 2007	31 December 2007
Withholding taxes arising from salaries	308	424	542

Taxes and duties payable from customers' deposits	461	444	439
Other withholding taxes and duties	132	152	188
Prior year income taxes (from tax audit)	77	1,010	541
Social security contributions	662	642	878
Dividends payable	162	265	95
Salaries payable	760	447	239
Brokerage services securities and derivatives	25,305	10,423	266
Suppliers and other third party liabilities	6,952	11,747	10,983
Other	-	3,199	-
Total	34,818	28,752	14,170

17. Share capital and share premium

During the three month period there has been no moves in share capital and share premium.

	Number of shares	Nominal value (US\$)	Share capital in (US\$)	Share capital	Share premium	Total
Opening balance at 31 December 2007	124,832,394	-	187	147	400,443	400,590
Closing balance at 30 June 2008	124,832,394	-	187	147	400,443	400,590

Authorized share capital

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

Warrants

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

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

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

18. Cash and cash equivalents – Cash Flow Statement

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

<i>Amounts presented in € '000</i>	30 June 2008	30 June 2007	31 December 2007
Cash and balances with Central Bank	37,141	19,641	46,728
Loans and advances to financial institutions	244,326	476,885	512,327
Assets held for sale	223	177	316
Cash and cash equivalents at the end of the period	281,689	496,703	559,372

19. Related party transactions

19.1 Transactions with associates

<i>Amounts presented in € '000</i>	30 June 2008	30 June 2007	31 December 2007
Assets			
Other receivables	9	156	28
Total	9	156	28
Liabilities			
Deposits	3,934	4,550	5,188
Other liabilities	40	-	18
Total	3,974	4,550	5,206

<i>Amounts presented in € '000</i>	30 June 2008	30 June 2007	31 December 2007
Income/Expenses			
Other operating income	70	146	205
Interest expense and similar charges	(95)	(98)	(193)
Total	(25)	48	12

19.2 Transactions with management and members of the Board of Directors

<i>Amounts presented in € '000</i>	30 June 2008	30 June 2007	31 December 2007
Assets			
Loans	32,326	39,166	22,467
Other receivables	72	149	195
Total	32,398	39,315	22,662
Liabilities			
Deposits	68,256	137,789	67,775
Bond liabilities	-	-	1,539
Other liabilities	183	1,636	177
Total	68,439	180,853	69,491

Amounts presented in € '000

	30 June 2008	30 June 2007	31 December 2007
Letters of guarantee	1,310	127	18,195
	30 June 2008	30 June 2007	31 December 2007
<i>Amounts presented in € '000</i>			
Income / Expenses			
Salaries and other remuneration	(2,458)	(2,581)	(5,224)
Interest and similar income	862	543	1,419
Interest expense and similar charges	(1,326)	(1,994)	(3,120)
Stock option	(344)	(81)	-
Other operating income	674	401	394
Other operating expenses	(139)	(226)	(4,378)
Total	(2,731)	(4,798)	(10,909)

The above figures refer solely to related party transactions of Proton Group except the item of Salaries and other Remuneration in which are also included the Salaries and Remunerations of IRF paid to CEO of the Company amounting to € 50 thousand for the six-month period ended 30 March 2008 and € 50 thousand for the six month period ended 30 June 2007.

The amount of deposits of € 67,353 thousand refers to normal deposits held by PROTON's Directors and Key Management Personnel. The amounts of loans of € 29,488 thousand refer to loans given to PROTON's Directors and Key Management Personnel.

20. Discontinued operations

On 28 December 2007 the Group committed to sale 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».

As a result of the above commitment the Group presented all results and cash flows generated from Proton Insurance as discontinued operations. Moreover, as required by IFRS 5, results and cash flows of the comparative period ended 31 March 2007 have been also restated in order to reflect discontinued operations.

Finally 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.

Details about results, cash flows, assets and liabilities of Proton Insurance are provided below.

20.1 Net Profit from discontinued operations

Net profit from discontinued operation is analyzed as follows:

20.2 Cash flows from discontinued operations

Cash flows generated from discontinued operations are analyzed as follows:

Amounts presented in € '000

Amounts presented in € '000	Six month period		Three month period		
	1/1- 30/6/2008	1/1- 30/6/2007	1/4- 30/6/08	1/4- 30/6/07	1/1- 31/12/2007
Interest and similar income	45	15	10	15	106
Interest and similar expenses	(40)	-	(21)	-	(312)
Net interest income	5	15	(11)	15	(206)
Income from insurance activities	17,251	20,979	7,610	9,033	39,643
Expense from insurance activities	(4,209)	(8,517)	(2,190)	(5,410)	(11,936)
Net Income from insurance activities	13,042	12,462	5,420	3,623	27,707
Net result from financial activities	(504)	224	(70)	152	42
Total Net Income	12,543	12,701	5,339	3,790	27,543
Staff costs	(1,104)	(1,076)	(415)	(569)	(1,969)
Other operating expenses	(1,451)	(1,674)	(723)	(817)	(2,982)
Depreciation	(59)	(67)	(19)	(34)	(136)
Insurance claims	(10,572)	(10,360)	(5,012)	(3,377)	(22,335)
Total operating expenses	(13,186)	(13,178)	(6,169)	(4,797)	(27,422)
Share of profits / (losses) of associates	(138)	38	(29)	34	47
Profit before tax	(781)	(439)	(859)	(973)	168
Income tax expense	(2)	(9)	(1)	(1)	(16)
Profit after tax	(783)	(448)	(860)	(974)	152
CASH FLOW STATEMENT			1/1- 30/6/2008	1/1- 30/6/2007	1/1- 31/12/2007
Net cash flows from discontinued operating activities			1,028	(4,929)	(5,612)
Net cash flows from discontinued investing activities			44	59	55
Net cash flows from discontinued financing activities			(87)	(2,210)	(908)
Net increase/ (decrease) in cash and cash equivalents from discontinued operations			986	(7,081)	(6,465)

20.3 Assets held for sale and Liabilities associated with assets classified as held for sale

Amounts presented in € '000

Amounts presented in € '000	30/06/2008	30/06/2007	31/12/2007
Asset of "Proton Insurance"	50,825	55,457	53,509
Land	148	148	148

Buildings	156	-	70
Shares	-	26	-
Total	51,129	55,631	53,727

Assets of Proton Insurance, after eliminating all balances with the other group companies, are as follows:

	30 June 2008
ASSETS	
Cash	10
Loans and advances to banks	213
Trading portfolio and other Financial assets at fair value through profit or loss	10,429
Investments in associates	443
Intangible assets	12,469
Property, plant and equipment	2,203
Investment property	50
Insurance receivables	20,432
Reinsurance contracts	1,491
Deferred tax assets	69
Other assets	3,017
Total assets	50,825

	30 June 2008
LIABILITIES	
Debt securities in issue	1,501
Retirement benefit obligations	275
Provisions for insurance contracts	35,253
Deferred tax liabilities	94
Other liabilities	6,586
Total liabilities	43,709

21. Commitments and contingent liabilities

21.1 Pending litigation

As at 30 June 2008, there were some pending litigations against the Group in connection with its activities. Based on legal advice the Board of Directors believes that there is adequate defense against all claims and it is not probable that the Group will suffer any significant damage. Therefore, no provision has been made in the consolidated interim financial statements regarding these cases.

21.2 Contingent tax liabilities

Proton Group is subject to Greek tax legislation. Under Greek Law, submitted tax returns are not considered as final and are subject to revision by tax authorities as a result of tax inspection in entities books and records. Tax liabilities are considered as final by statute after the completion of five years from the end of the relevant fiscal year, however it is common that the tax authorities will audit the entity's books and records. The tax authorities commonly seek to disallow expenses on the basis that they are not properly documented or that they do not represent proper business expenses, relying on a substantial degree of subjective judgment on the part of the tax management in order an out-of-court settlement to be reached. In practice, both companies and tax authorities tend to reach an out-of-court settlement at an acceptable level of additional taxes.

Proton Bank has been reviewed by the tax authorities for the years up to and including 2006. The tax audit for the years 2005 and 2006 was completed on 16 November 2007, while the tax liability incurred of € 529 thousands was compensated for by a relevant provision. For the un-audited period (01.01.2007-30.06.2008) a relevant provision has been recognized in accordance with the IFRS's.

The accounting years that have not been inspected yet by the tax authorities for each of the Group's companies are as follows:

Company name	Domicile	Open tax years
IRF European Finance Investments Limited ¹	Bermuda	-
Mimosa Trading SA ¹	Marshall Islands	-
Myrtle Trading Company ¹	Marshall Islands	-
Proton Bank AE	Greece	2007
Proton Mutual Funds Management Co AE	Greece	2005-2007
First Global Brokers SA	Serbia	2002-2007
Intellectron Systems SA	Greece	2001-2007
Omega Brokerage S,A	Greece	2006-2007

Note 1: Not subject to income tax

As a result of the above the Group's respective tax obligations for periods covering one to six accounting years have not been finalized. For the un-audited periods a relevant provision has been recognized in accordance with the IFRS's. The total tax provision amounts to € 1,186 thous. for Proton Bank and € 1,189 for Proton's Bank Group. Due to the method according to which tax liabilities are settled in Greece, the Group remains contingently liable against any additional taxes or penalties imposed for un-audited periods.

21.3 Letters of guarantee / Irrevocable letters of credit

<i>Amounts presented in € '000</i>	30 June 2008	30 June 2007	31 December 2007
Letters of guarantee	109,629	100,522	110,929
Irrevocable letters of credit	1,999	2,037	2,480
Total	111,628	102,559	113,409

21.4 Pledged assets

- Greek Government bonds with a nominal value of € 10,500 thousands, have been pledged by HELEX.
- Greek Government debt securities with a nominal value of € 136,630 thous., a DEXIA bond with a nominal value of € 50,000 thous. and non Greek issued bonds with nominal value of € 46,600 thous. have been pledged by Bank of Greece.

21.5 Subsidiary's share option plan

The Extraordinary General shareholders' Meeting of PROTON BANK on 24 November 2006 approved a share option plan for the members of the Board of Directors, key management, its employees and the Bank's related companies in the form of stock options according to the article 13 of Law 2190/1920 after the proposition of the Board of Directors and the Compensation Committee. The options are conditional on the beneficiaries remaining during the options life under employment or other

relationship with the Bank or Group companies (vesting period). The options are exercisable every November starting from the year of the grant and have a contractual option term of three years. The Bank has no legal or constructive obligation to repurchase or settle the options in cash.

4,897,510 share options were granted on 15 June 2007 with an exercise price of € 10.46 per share. The fair value of options granted during the period determined using the Black-Scholes valuation model. The significant inputs into the model were: share price at the grant date, the exercise price, option life, volatility of share prices and the risk free rate (swap rate yield curve). Volatility measured at the standard deviation of expected share price returns was based on statistical analysis of daily share prices over the last year.

If the stock option is fully exercised then the company's shareholding in Proton will be diluted from 20.60% to 19.11%

22. Supplementary information – The Company

IRF was formed to invest in the financial services industry throughout Europe with a primary focus on credit institutions and insurance companies in South Eastern Europe. In 2006, IRF formed two wholly owned subsidiaries in Marshall Islands, Mimoso Trading SA and Myrtle Trading Company, to serve as vehicles for the acquisition of investments in the financial services industry. Assets, liabilities, results and cash flows of these three entities are managed together. Management has prepared proforma financial information, consolidating all items of the three entities and presents them under the term of "Company". According to IAS 27, a parent should consolidate all of its subsidiaries. However, management has prepared this supplementary proforma financial information which does not comply with IAS 27, to present the results and the financial position of the "Company" (the parent and the wholly owned subsidiaries managed together). The financial position and the performance of the "Company", as at 30 June 2008, 31 December 2007 and 30 June 2007 were as follows:

<i>Amounts presented in € '000</i>	30 June 2008	30 June 2007	31 December 2007
ASSETS			
Non current assets			
Investments in subsidiaries	129,514	129,390	129,514
Investment portfolio	322,602	-	-
Total non current assets	452,116	129,390	129,514
Current assets			
Cash and cash equivalents	138,776	89,498	350,503
Blocked deposits	-	166,711	-
Trading portfolio	-	363,848	-
Other assets	47	12	55
Total current assets	138,823	620,069	350,558
Total assets	590,939	749,459	480,072
SHAREHOLDERS EQUITY			
Share capital	147	152	147
Share premium	400,443	414,967	400,443
Revaluation reserve	(39,303)	-	-
Retained earnings	69,386	53,034	76,192
Total equity	430,673	468,153	476,781
LIABILITIES			
Current liabilities			
Loans to Banks	140,000	271,285	-
Other liabilities	20,266	10,021	3,291

<i>Amounts presented in € '000</i>	30 June 2008	30 June 2007	31 December 2007
Total current liabilities	160,266	281,306	3,291
Total liabilities	160,266	281,306	3,291
Total equity and liabilities	590,939	749,459	480,072

	Six-month period		
<i>Amounts presented in € '000</i>	01/01- 30/06/2008	01/01- 30/06/2007	01/01- 31/12/2007
Net trading income / (Loss)	10,018	36,901	60,209
Interest income	5,518	3,381	11,897
Dividend Income	3,312	16,343	16,343
Total income	18,848	56,625	88,449
Personnel expenses	(50)	(50)	(100)
Other operating expenses	(219)	(2,659)	(748)
Finance cost	(3,279)	(8,623)	(19,151)
Total expenses	(3,548)	(11,332)	(19,999)
Profit before tax	15,300	45,293	68,451
Less: Income tax	-	-	-
Profit after tax	15,300	45,293	68,451
Earning per Share attributable to the company's shareholders (€ /share)			
- Basic	0.12	0.49	0.62
- Diluted	0.12	0.45	0.59

For the six month period as of 30 June 2008, the "Company" has made the following major investments:

- Acquisition of the total of 60,988,496 shares, which represents approximately 8.16% of the issued share capital of "Marfin Investment Group".

23. Events after 30 June 2008

At 3 July 2008, "Marfin Investment Group" refunded constructive dividends to its shareholders through payment of € 0.38 per share. As a result, the "Company" received the amount of approximately € 21,526 thousand, for the total of 56,647,438 shares (participation at cut-off date).

As of end of July 2008, the "Company" holds the total of 70,300,641 shares, which represents approximately 9.41% of the issued share capital of "Marfin Investment Group".

Beside the aforesaid, there were no significant events subsequent to the interim balance sheet date which are required to be mentioned.

Athens, 4 September 2008

Angeliki Frangou

Loucas Valetopoulos

Chairman, Non – Executive Director

Chief Executive Officer, Director



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

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

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Management Report for the Nine Month Period ended 30 September 2008

Financial Highlights

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

Major Events during the Period

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

Given the significant volatility affecting financial institutions, IRF decided to dispose of a significant portion of its investment in Proton Bank. IRF was able to take advantage of an opportunity to sell these shares at a 10% premium to the then market price. Consequently, on 25 September 2008 IRF sold 10 million shares in Proton Bank for gross sales proceeds of €65.0 million, paid in the form of cash. The disposal of these Proton shares resulted in a loss of €26.9 million, as presented under results from discontinued operations.

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

recognized before the disposal, was €87.1 million. The loss after tax attributable to IRF shareholders for the period was €34.3 million.

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

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

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

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

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

Other Events

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

Statement of Directors' responsibilities in respect of the interim accounts

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

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

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

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

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

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1981 of Bermuda. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

Report on Review of Interim Financial Information

To the Shareholders of "IRF EUROPEAN FINANCE INVESTMENTS LIMITED"

Introduction

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

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

Scope of Review

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

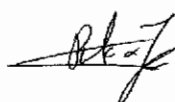
Conclusion

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

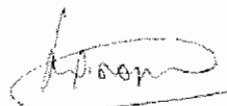
Athens, 17 December 2008

The Certified Public Accountant Auditor

The Certified Public Accountant Auditor



Vassilis Kazas
SOEL Reg. No 13281



Panagiotis Christopoulos
SOEL Reg. No 28481



Chartered Accountants
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SOEL Reg. No 127

CONSOLIDATED INTERIM INCOME STATEMENT

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

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

CONSOLIDATED INTERIM BALANCE SHEET

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

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

Attributable to shareholders of the Parent Company

	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 1st 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:		-	-	(26,611)	-	-	(26,611)	(8,935)	(35,546)
transferred to income statement on disposal	16	-	-	4,888	-	-	4,888	18,964	23,852
Net result for the period 01/01-30/09/2008		-	-	0	-	(34,276)	(34,276)	(41,806)	(75,975)
Total income/(loss) recognized for the period		0	0	(21,723)	0	(34,276)	(55,999)	(31,776)	(87,776)
Dividend relating to 2007		-	-	-	-	(22,105)	(22,105)	(9,829)	(31,935)
Sale of subsidiary	16	-	-	-	(16,587)	16,693	106	(248,643)	(248,643)
Balance as at 30 September 2008		147	400,443	(24,293)	0	32,804	409,101	0	409,101

Amounts presented in € '000

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

Consolidated Statement of Changes in Equity

	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 1st 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 1st January 2007	71	200,174	(2)	16,156	21,998	238,397	307,313	545,709
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)
Net result for the period 01/01-31/12/2007	-	-	-	-	61,635	61,635	16,391	78,026
Total profit / (loss) recognized for the period	-	-	(2,567)	-	61,635	59,067	6,362	65,430
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

CONSOLIDATED INTERIM CASH FLOW STATEMENT

<i>Amounts presented in € '000</i>	Note	30 September 2008	30 September 2007	31 December 2007
Cash flows from operating activities				
Profit Before Tax of continuing operations		11,058	66,611	63,513
<i>Adjustments for:</i>				
Add: Impairment losses on loans, financial and non financial assets		10,281	-	-
Share of profit/(loss) from revaluation of financial assets at fair value through Profit & Loss		72	-	-
Gains/(losses) from sale of trading securities		-	(70,790)	-
Profit/(loss) from sale of a.f.s. portfolio at fair value		(11,048)	-	-
Interest and other non cash expenses		2,103	-	-
Dividends received		(729)	(12,804)	(12,804)
Exchange differences		(2,468)	8,838	13,812
<i>Cash Flows from operating activities before changes in working capital</i>		<i>9,178</i>	<i>(8,147)</i>	<i>64,521</i>
Changes in working capital:				
Net (increase)/decrease in trading securities		(2,571)	74,656	3,865
Net (increase)/decrease in other assets		(1,372)	(94,927)	98
Net increase/(decrease) in due to banks		199,350	-	-
Net increase/(decrease) in other liabilities		8,935	19,336	3,002
<i>Cash flows from operating activities before payment of income tax</i>		<i>213,519</i>	<i>(9,082)</i>	<i>71,486</i>
Net cash flows from operating activities of discontinued operations		(69,445)	231,461	319,080
Net cash flows from operating activities		144,074	222,378	390,565
Cash flows from investing activities				
Proceeds from a.f.s. portfolio		(441,803)	-	-
Interest received		6,092	-	-
Acquisition/Sale of subsidiaries and associates	16	(1,877)	(2,827)	(2,827)
Dividend Received from investment activities		729	-	12,804
Dividends received from financial assets at fair value through P&L		-	12,804	-
Net cash flows from investing activities of discontinued operations		(58,776)	(172,844)	(222,796)
Net cash flow from investing activities		(495,635)	(162,866)	(212,818)
<i>Amounts presented in € '000</i>	Note	30 September 2008	30 September 2007	31 December 2007
Cash flows from financing activities				
Issuance of common shares		-	214,874	214,874

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Country of incorporation

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

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

Principal activities

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

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

2. Basis of Presentation

Statement of compliance

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

Presentation currency

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

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

Significant accounting policies

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

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

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

The financial information set out in this interim report does not constitute statutory financial statements pursuant to Section 84 of Bermuda Companies Act 1981. The Group's statutory financial

statements for the year ended 31 December 2007 were approved by the shareholders at the annual general meeting at 31.3.2008. The auditor's report on those financial statements was unqualified.

Accounting estimates

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

Comparatives

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

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

Presentation of the financial statements

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

3. Significant events

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

4. Group structure

e) Entities consolidated under full consolidation method

Entities consolidated under full consolidation method at 30 September 2008:

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

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

Entities consolidated under full consolidation method at 31 December 2007:

Name	Country	Direct and indirect holding	Relation that dictated the consolidation	Note
IRF EUROPEAN FINANCE INVESTMENTS LIMITED	BERMUDA	Parent		
MIMOSA TRADING SA	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
MYRTLE TRADING COMPANY	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
PROTON BANK GROUP				
PROTON BANK SA	GREECE	20.60%	Control	Direct Stake
FIRST GLOBAL BROKERS SA	SERBIA	16.99%	Control	Indirect stake through "PROTON BANK"
PROTON MUTUAL FUNDS SA	GREECE	20.58%	Control	Indirect stake through "PROTON BANK"
OMEGA INSURANCE BROKERS SA	GREECE	13.60%	Control	Indirect stake through "PROTON BANK"
PROTON INSURANCE SA	GREECE	18.80%	Control	Indirect stake through "PROTON BANK"
INTELLECTRON SYSTEMS SA	GREECE	11.46%	Control	Indirect stake through "PROTON BANK"
OMEGA KAHN FINANCIAL SERVICES SA	SWITZERLAND	16.48%	Control	Indirect stake through "PROTON BANK"

Entities consolidated under full consolidation method at 30 September 2007:

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

PROTON FINANCE SA	GREECE	20.60%	Control	Indirect stake through "PROTON BANK"
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f) Entities consolidated under the equity method:

Entities consolidated under the equity method at 31 December 2007:

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

Entities consolidated under the equity method at 30 September 2007:

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

Proton Group

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

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

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

Mimosa Trading SA and Myrtle Trading Company

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

5. Business segment

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

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

6. Earnings per share

Amounts presented in € '000

Basic Earnings per share	01/01 - 30/09/08	01/01 - 30/09/07	1/1- 31/12/2007
Net Profit/(Loss) attributable to the Parent Company's Shareholders	(34,276)	73,176	61,635
Weighted average number of shares in issue	124,832	105,139	110,751
Basic (loss)/earnings per Share (€/Share)	(0.27)	0.70	0.56
Profit from continuing operations attributable to the Parent Company's Shareholders	11,058	66,611	63,513
Weighted average number of shares in issue	124,832	105,139	110,751
Basic earnings per Share (€/Share)	0.09	0.63	0.57

Diluted Earnings per Share

Net Profit/(Loss) attributable to the Parent Company's Shareholders	(34,276)	73,176	61,635
Weighted average number of shares	124,832	105,139	110,751
Plus: Shares with no consideration (adjustment in number of shares due to probable exercise of Warrants)	2,300	5,637	4,573
Weighted average number of shares for the purposes of diluted earnings per share	127,133	110,776	115,323
Diluted (loss)/earnings per Share (€/Share)	(0.27)	0.66	0.53

Net Profit from continuing operations attributable to the Parent Company's Shareholders	11,058	66,611	63,513
Weighted average number of shares	124,832	105,139	110,751
Plus: Shares with no consideration (adjustment in number of shares due to probable exercise of Warrants)	2,300	5,637	4,573
Weighted average number of shares for the purposes of diluted earnings per share	127,133	110,776	115,323
Diluted earnings per Share (€/Share)	0.09	0.60	0.55

7. Impairment losses from financial assets

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

8. Cash and other equivalents

Amounts presented in € '000

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

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

9. Investment portfolio

Amounts presented in € '000

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

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

10. Due to financial institutions

<i>Amounts presented in € '000</i>	30 September 2008	30 September 2007	31 December 2007
Interbank deposits	-	331,852	392,371
Sight deposits	-	19,015	201
Time deposits	-	-	28,864
Long-term loans	199,350	-	-
Short-term loans	-	2	0
Sale and repurchase agreement (REPOS)	-	-	12,505
Other liabilities to financial institutions	-	1,426	0
Total	199,350	352,295	433,941

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

11. Current income tax liabilities

<i>Amounts presented in € '000</i>	30 September 2008	30 September 2007	31 December 2007
Income tax on taxable profits	-	4,619	9,671
Provision of tax liabilities	-	0	828
Total	-	4,619	10,498

12. Share capital and share premium

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

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

Authorized share capital

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

Warrants

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

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

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

13. Dividend paid

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

14. Cash and cash equivalents – Cash Flow Statement

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

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

15. Related party transactions

15.1 Transactions with associates

<i>Amounts presented in € '000</i>	30 September 2008	30 September 2007	31 December 2007
Assets			
Other receivables	-	41	28
Total	-	41	28
Liabilities			
Deposits	-	4,673	5,188
Other liabilities	-	-	18
Total	-	4,673	5,206
<i>Amounts presented in € '000</i>			
Income/Expenses			
Other operating income	88	188	205
Interest expense and similar charges	(143)	(141)	(193)

Total (55) 47 12

15.2 Transactions with management and members of the Board of Directors

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

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

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

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

15.3 Employees of the Company

Loucas Valetopoulos is IRF's sole employee.

16. Discontinued operations

16.1 Net Profit from discontinued operations

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

Net profit from discontinued operation is analyzed as follows:

Amounts presented in € '000	Nine month period		Three month period		1/1- 31/12/2007
	1/1- 30/9/08	1/1- 30/09/07	1/7- 30/9/08	1/7- 30/9/07	
Interest and Similar Income	98,772	80,233	35,011	31,641	112,301

	Nine month period		Three month period		1/1-
	1/1-	1/1-	1/7-	1/7-	31/12/2007
	30/9/08	30/09/07	30/9/08	30/9/07	
Interest and Similar Charges	(65,261)	(46,037)	(22,582)	(18,803)	(67,845)
Net Interest Income	33,511	34,197	12,429	12,837	44,456
Fee and Commission Income	21,569	34,578	4,434	11,600	43,966
Fee and Commission Expense	(7,451)	(3,901)	(4,825)	(647)	(8,360)
Net Fee and Commission Income	14,118	30,677	(392)	10,953	35,606
Income from insurance services	24,045	31,801	6,794	10,413	39,643
Expenses from insurance services	(7,119)	(11,375)	(2,910)	(2,858)	(11,936)
Net Income from insurance services	16,926	20,426	3,884	7,555	27,707
Dividend Income	1,872	3,377	799	354	3,468
Net trading income	(20,455)	6,967	(8,291)	(781)	8,196
Loss on investment portfolio recognised in profit and loss due to disposal of subsidiary.	(23,852)	-	(23,852)	-	-
Net income from financial instruments designated at fair value	4,425	2,082	(2,585)	(369)	2,263
Gains less losses from investment securities	(40)	11	(40)	4	1,482
Other operating income	1,648	1,266	569	527	-
	(36,402)	13,703	(33,399)	(265)	15,409
Total Net Income	28,152	99,003	(17,477)	31,080	123,178
Staff costs	(20,851)	(21,465)	(6,006)	(6,755)	(27,004)
Other operating expenses	(19,078)	(20,343)	(6,101)	(7,055)	(28,071)
Write-off of goodwill	(5,757)	-	1,962	-	(7,465)
Depreciation	(14,323)	(5,497)	(10,507)	(1,859)	(7,361)
Insurance claims	(17,716)	(16,081)	(7,145)	(5,721)	(22,335)
Impairment losses on financial assets and non financial assets	-	(1,942)	3,063	(633)	(6,981)
Total operating expenses	(77,726)	(65,327)	(24,734)	(22,021)	(99,219)
Share of profits / (losses) of associates	(1,273)	318	(374)	71	302
(Loss)/ Profit before tax	(50,804)	33,994	(42,585)	9,131	24,261
Less: Income tax	(1,621)	(5,443)	(406)	(1,860)	(9,747)
(Loss)/ Profit after tax from discontinued operations	(52,468)	28,551	(42,991)	7,271	14,513
Loss from disposal of discontinued operations	(26,952)	-	(26,952)	-	-
Impairment of goodwill previously recognised	(7,720)	-	(7,720)	-	-

	Nine month period		Three month period		
	1/1- 30/9/08	1/1- 30/09/07	1/7- 30/9/08	1/7- 30/9/07	1/1- 31/12/2007

Net profit from discontinued operations	(87,139)	28,551	(77,662)	7,271	14,513
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The amount of € 23,852 thousand in the nine month period of 2008, refers to losses from the valuation of Proton's available-for-sale portfolio, recognised directly to equity. Because of the disposal of the subsidiary the relevant amount is recognised as a loss in the income statement.

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

16.2 Loss on disposal of PROTON BANK

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

Amounts presented in € '000

Cash and balances with the Central Bank	60,270
Loans and advances to banks	55,646
Loans and receivables	1,316,680
Derivative financial instruments	28,208
Financial assets at fair value through profit or loss	147,123
Financial assets designated at fair value	44,524
Investment portfolio	319,943
Investments in associates	2,617
Intangible assets	155,656
Property, plant and equipment	27,325
Deferred tax assets	12,728
Other assets	47,048
Non-current assets held for sale	41,568
Total assets	2,259,336
less	
Due to banks	354,658
Due to customers	1,419,834
Derivative financial instruments	19,952
Debt securities in issue	25,219
Retirement benefit obligations	1,528
Current income tax liabilities	9,144
Deferred tax liabilities	4,262
Other liabilities	9,634
Liabilities related to non-current assets held for sale	45,163
Total liabilities	1,889,394
Total net assets	369,942
less: Minority rights	(249,055)
Total net assets disposed	120,887

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

Amounts presented in € '000

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

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

Amounts presented in € '000

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

17. Commitments and contingent liabilities

17.1 Pending litigation

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

18. Events after 30 September 2008

There are no other significant events after 30 September 2008.

Athens, 17 December 2008

Angeliki Frangou

Loucas Valetopoulos

Chairman, Non – Executive Director

Chief Executive Officer, Director

VIII. TAXATION

U.S. Federal Income Tax Consequences

TO ENSURE COMPLIANCE WITH THE REQUIREMENTS IMPOSED BY U.S. INTERNAL REVENUE SERVICE (THE "IRS") IN TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN, AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following discussion is for general information purposes only and presents a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of the Shares and Warrants by a U.S. holder. This discussion is based on current provisions of the Code, its legislative history, current and proposed U.S. Treasury Regulations (the "**Regulations**") promulgated thereunder, and administrative and judicial decisions as of the date hereof, all of which are subject to change, possibly on a retroactive basis. Future legislative, judicial or administrative changes or interpretations could be retroactive and could affect the information, beliefs and conclusions set forth in this summary. For the purposes of this discussion, a U.S. holder is a beneficial owner of the Shares and Warrants that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxed as a corporation) created or organised under the laws of the United States or its political subdivisions;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more "United States persons" (within the meaning of the Code) have the authority to control all substantial decisions of the trust, or (ii) it has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular U.S. holder based on such holder's individual circumstances. In particular, this discussion considers only U.S. holders that own Shares and Warrants as capital assets under Section 1221 of the Code and, unless otherwise indicated, does not address the U.S. federal income tax consequences to U.S. holders that are subject to special treatment, including:

- broker-dealers or traders who elect to mark-to-market;
- private foundations;
- insurance companies;
- taxpayers who have elected mark-to-market accounting;
- tax-exempt organisations;
- regulated investment companies;
- financial institutions or "financial services entities";
- taxpayers who hold the Shares or Warrants as part of a straddle, hedge, conversion transaction or other integrated transaction;
- certain expatriates or former long-term residents of the United States;
- holders owning directly, indirectly or by attribution at least 10 per cent. of the Company's voting power; and
- taxpayers whose functional currency is not the U.S. dollar.

This discussion does not address ERISA law, foreign, state, local, or other tax laws or U.S. federal tax consequences (for example, estate and gift tax) other than those pertaining to the federal income tax

(but not including the alternative minimum tax). Additionally, the discussion does not consider the tax treatment of partnerships or other pass-through entities or persons who hold Shares or Warrants through such entities. If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of the Shares or Warrants, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership.

You are advised to consult your tax advisers regarding the specific U.S. tax consequences of acquiring, holding or disposing of Shares and Warrants.

The Company has not sought a ruling from the IRS or any other U.S. federal, state or local agency, nor has it obtained an opinion of counsel, with respect to any U.S. tax issue affecting the Company. There can be no assurance that the IRS will not challenge one or more of the tax consequences discussed herein.

Taxation of Shares and Warrants

Taxation of Dividends Paid on Shares. In the event the Company pays a dividend, subject to the discussion of the PFIC rules below, a U.S. holder will be required to include in gross income as ordinary income the amount of any distribution paid on Shares to the extent the distribution is paid out of the Company's current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Distributions in excess of such earnings and profits will be applied against and will reduce the U.S. holder's basis in the Shares and, to the extent in excess of such basis, will be treated as gain from the sale or exchange of Shares.

We will not compute earnings and profits under U.S. federal income tax principles and therefore (i) financial intermediaries through which our distributions are made will be required to report amounts distributed as dividends and (ii) U.S. holders will not have sufficient information to take an alternative position.

In the case of a U.S. holder that is a corporation, a dividend from a non-U.S. corporation will generally be taxable at regular corporate rates of up to 35 per cent. and generally will not qualify for a dividends-received deduction. In the case of certain non-corporate U.S. holders, dividends will not be eligible for the reduced tax rate that applies to certain dividends from U.S. corporations or qualified non-U.S. corporations and will generally be subject to tax at ordinary income rates of up to 35 per cent..

Distributions of current or accumulated earnings and profits paid in a non-U.S. currency to a U.S. holder will be includible in the income of a U.S. holder in a U.S. dollar amount calculated by reference to the exchange rate on the day the distribution actually or constructively is received. A U.S. holder that receives a non-U.S. currency distribution will have a tax basis in the amount so received equal to the U.S. dollar value of such amount on the day actually or constructively received. A U.S. holder that receives a non-U.S. currency distribution and converts the non-U.S. currency into U.S. dollars on the date of receipt will realise no foreign currency gain or loss. If the U.S. holder converts the non-U.S. currency to U.S. dollars on a date subsequent to receipt, such U.S. holder will have foreign exchange gain or loss based on any appreciation or depreciation in the value of the non-U.S. currency against the U.S. dollar from the date of receipt to the date of conversion, which will generally be U.S. source ordinary income or loss.

U.S. holders will have the option of claiming the amount of any non-U.S. income taxes withheld at source either as a deduction from gross income or as a dollar-for-dollar credit against their U.S. federal income tax liability. Individuals who do not claim itemised deductions, but instead utilise the standard deduction, may not claim a deduction for the amount of the non-U.S. income taxes withheld, but such amount may be claimed as a credit against the individual's U.S. federal income tax liability. The amount of foreign income taxes which may be claimed as a credit in any year is subject to complex limitations and restrictions, which must be determined on an individual basis by each Shareholder. These limitations include, among others, rules which limit foreign tax credits allowable with respect to specific classes of income to the U.S. federal income taxes otherwise payable with respect to each such class of income.

The total amount of allowable foreign tax credits in any year cannot exceed regular U.S. tax liability for the year attributable to foreign source taxable income. Dividends paid by the Company will generally be foreign source passive income for U.S. foreign tax credit purposes. A U.S. holder will be denied a foreign tax credit with respect to non-U.S. income tax withheld from dividends received on the Shares to the extent such U.S. holder has not held the Shares for at least 16 days of the 31-day period beginning 15 days before the ex-dividend date or to the extent such U.S. holder is under an obligation to make related payments with respect to substantially similar or related property. Any days during which a U.S. holder has substantially diminished its risk of loss on the Shares are not counted toward meeting the 16-day holding period required by the statute.

Taxation of the Disposition of Shares. Subject to the discussion of the PFIC rules below, upon the sale, exchange or other disposition of Shares, a U.S. holder will recognise capital gain or loss in an amount equal to the difference between such U.S. holder's tax basis in its Shares, and the amount realised on the disposition. A U.S. holder's basis in its Shares is usually the cost of such Shares. See "Exercise or Lapse of the Warrant" below for a discussion regarding a U.S. holder's basis in Shares acquired pursuant to the exercise of a warrant.

A U.S. holder that uses the cash method of accounting calculates the U.S. dollar value of the proceeds received on the sale date as of the date that the sale settles, while a U.S. holder that uses the accrual method of accounting is required to calculate the value of the proceeds of the sale as of the "trade date," unless such U.S. holder has elected to use the settlement date to determine its proceeds of sale. Capital gain from the sale, exchange or other disposition of Shares held more than one year is long-term capital gain, and is eligible for a reduced rate of taxation for individuals. Long-term capital gains recognised by certain non-corporate holders before 1 January 2011 may qualify for a reduced rate of taxation of 15 per cent. or lower. See "Exercise or Lapse of the Warrant" below for a discussion regarding a U.S. holder's holding period in Shares acquired pursuant to the exercise of a warrant. Gains recognised by a U.S. holder on a sale, exchange or other disposition of Shares generally will be treated as U.S. source income for U.S. foreign tax credit purposes. A loss recognised by a U.S. holder on the sale, exchange or other disposition of Shares generally is allocated to U.S. source income for U.S. foreign tax credit purposes. The deductibility of a capital loss recognised on the sale, exchange or other disposition of Shares is subject to limitations. A U.S. holder that receives a non-U.S. currency upon the sale, exchange or other disposition of Shares will realise an amount calculated by reference to the exchange rate on the date of sale, exchange or other disposition (or, if the Shares are regularly traded on SFM, an established securities market, and the U.S. holder is a cash basis taxpayer or an electing accrual basis taxpayer, the settlement date). The U.S. holder will have a tax basis equal to the U.S. dollar amount realised. Generally, any gain or loss realised upon a subsequent conversion of the non-U.S. currency to U.S. dollars will be U.S. source ordinary income or loss.

Exercise or Lapse of the Warrant. Subject to the discussion of the PFIC rules below, a U.S. holder generally will not recognise gain or loss upon the exercise of a Warrant, except with respect to any cash received in lieu of a fractional share. Shares acquired pursuant to the exercise of a Warrant will have a tax basis equal to the U.S. holder's tax basis in the Warrant, increased by the premium paid to exercise the Warrant, less the portion of such basis allocable to the fractional share (if any). The holding period of such share would begin on the date of exercise of the Warrant. If the terms of a Warrant provide for any adjustment to the number of Shares for which the Warrant may be exercised or to the exercise price of the Warrants, such adjustment may, under certain circumstances, result in constructive distributions that could be taxable as a dividend to the holder of the Warrants. Conversely, the absence of an appropriate adjustment may result in a constructive distribution that could be taxable as a dividend to the U.S. holders of the Shares. See "Taxation of Dividends Paid on Shares". If a Warrant is allowed to lapse unexercised, a U.S. holder would have a capital loss equal to such holder's tax basis in the Warrant. Holders who elect to exercise a Warrant other than by paying the exercise price in cash should consult their tax advisers regarding the tax treatment of such an exercise, which may vary from that described above.

Tax Consequences if the Company is a Passive Foreign Investment Company. Special U.S. federal income tax rules apply to U.S. holders who own, directly or indirectly, shares of a passive foreign investment company ("PFIC").

The Company will generally be a PFIC in any taxable year in which 75 per cent. or more of the Company's gross income, including the pro rata share of the gross income of any subsidiaries in which it owns 25 per cent. or more of the shares by value, is passive income. Alternatively, the Company will be a PFIC in any taxable year in which at least 50 per cent. of the Company's assets, averaged over the year and ordinarily determined based on fair market value, including the pro rata share of the assets of any subsidiary in which the Company owns 25 per cent. or more of the shares by value are held for the production of, or produce, passive income.

Passive income generally includes dividends, interest, rents, royalties, and gains from the disposition of passive assets. Passive income also includes the excess of gains over losses from some commodities transactions. Net gains from commodities transactions will not be included in the definition of passive income if they are active business gains or losses from the sale of commodities, but only if substantially all of a corporation's commodities are stock in trade or inventory, depreciable or real property used in trade or business, or supplies used in the ordinary course of the trade or business of a corporation. Net gains from commodities transactions will also not be included in the definition of passive income if they arise out of commodity hedging transactions entered into in the ordinary course of a corporation's trade or business.

PFIC status cannot be determined until the close of the year in question and is determined annually. Consequently, the determination as to the Company's status as a PFIC will be made at the end of each taxable year. However, based on the composition and nature of the Company's income and existing investments, the Company may be classified as a PFIC for U.S. federal income tax purposes.

If the Company is a PFIC, each U.S. holder, upon certain excess distributions by the Company and upon disposition of Shares or Warrants at a gain, would be liable to pay tax at the highest then prevailing income tax rate on ordinary income plus interest on the tax, as if the distribution or gain had been recognised ratably over the taxpayer's holding period for the Shares or Warrants. Additionally, if the Company is a PFIC, a U.S. holder who acquires Shares or Warrants from a deceased person who was a U.S. holder would not receive the step-up of the income tax basis to fair market value for such Shares or Warrants. Instead, such U.S. holder would have a tax basis equal to the deceased's tax basis, if lower.

If a U.S. holder who makes a qualifying electing fund ("**QEF**") election, distributions and gains from the disposition of Shares or Warrants will not be taxed as described above for the years in which the QEF election is in effect, nor will the denial of a basis step-up at death described above apply. Instead, a U.S. holder that makes a QEF election is required for each taxable year to include in income the holder's pro rata share of the ordinary earnings of the QEF as ordinary income and a pro rata share of the net capital gains of the QEF as long-term capital gain, regardless of whether such earnings or gains have in fact been distributed.

Undistributed income is subject to a separate election to defer payment of taxes. If deferred, the taxes will be subject to an interest charge. U.S. holders may not make a QEF election with respect to Warrants. As a result, if a U.S. holder sells Warrants, any gain will be subject to the special tax and interest charge rules treating the gain as an excess distribution, as described above, if the Company were a PFIC at any time during the period in which the U.S. holder held the Warrants.

If a U.S. holder sells Warrants, any gain will be subject to the special tax and interest charge rules treating the gain as an excess distribution, as described above, if the Company were a PFIC at any time during the period the U.S. holders held the Warrants. If a U.S. holder that exercises Warrants properly makes a QEF election with respect to the newly acquired Shares, the adverse tax consequences relating to PFIC Shares will continue to apply with respect to the pre-QEF election period, unless the holder makes the "purging election" discussed below. The application of the PFIC and QEF rules to Warrants and to Shares acquired upon exercise of Warrants is subject to significant uncertainties. Accordingly, U.S. holders should consult their tax advisers concerning the PFIC consequences of holding Warrants or of holding Shares acquired through the exercise of such Warrants.

In order to comply with the requirements of a QEF election, a U.S. holder must receive certain information from the Company. The QEF election is made on a U.S. holder-by-U.S. holder basis and can be revoked only with the consent of the IRS. A U.S. holder makes a QEF election by attaching a completed IRS Form 8621, including the information provided in the PFIC annual information statement, to a timely filed U.S. federal income tax return and by filing a copy of the form with the IRS. The Company will endeavor to provide such information as the IRS may require to enable U.S. holders to make the QEF election. However, there is no assurance that the Company will have timely knowledge of the Company's status as a PFIC in the future. Even if a U.S. holder in a PFIC does not make a QEF election, such U.S. holder must annually file with the U.S. holder's tax return a completed Form 8621 in any tax year in which the U.S. holder receives certain distributions from the Company, recognises gain on the disposition of the Shares or makes a mark-to-market election with respect to its Shares. Certain U.S. holders may be able to make retroactive QEF elections for prior taxable years in which the Company was a PFIC.

A U.S. holder who makes a QEF election (an "**electing shareholder**") may or may not continue to be subject to the excess distribution rules discussed above. If the electing shareholder makes a QEF election covering all taxable years during which the holder held the Shares and during which the Company was a PFIC, the electing shareholder will not be subject to the excess distribution rules with respect to such Shares, but rather will be subject to the QEF rules discussed above. If an electing shareholder properly makes a QEF election after the year in which the electing shareholder acquired the Shares, the excess distribution rules relating to the PFIC Shares will continue to apply with respect to the pre-QEF election period, unless the electing shareholder makes a "purging election". The purging election creates a deemed sale, and the gain recognised by the purging election would be subject to the special tax and interest charge rules, treating the gain as an excess distribution, as described above. Loss, however, is not recognised. As a result of the purging election, the U.S. holder would have a new basis and holding period in the Shares that were treated as having been sold when the purging election was made.

Where a U.S. holder has elected the application of the QEF rules to its PFIC Shares, and the excess distribution rules do not apply to such Shares (because of timely election or a purge of the PFIC taint as described above), any gain realised on the appreciation of the PFIC Shares is taxable as capital gain (if the Shares are a capital asset in the hands of the investor) and no interest charge is imposed. U.S. holders of a QEF are currently taxed on their pro rata Shares of the fund's earnings and profits. Where earnings and profits that were included in income under this rule are later distributed, the distribution is not a dividend. The basis of a U.S. holder's Shares in a QEF is increased by amounts that are included in income, and decreased by amounts distributed but not taxed as dividends, under the above rules.

If the Company's Shares became "regularly traded" on a "qualified exchange or other market," as provided in applicable Treasury regulations, a U.S. holder of Shares may elect to mark the Shares to market annually, recognising as ordinary income or loss each year an amount equal to the difference between the U.S. holder's adjusted tax basis in such Shares and their fair market value. Losses would be allowed only to the extent of net mark-to-market gain previously included by the U.S. holder under the election in previous taxable years. As with the QEF election, a U.S. holder who makes a mark-to-market election would not be subject to general PFIC regime and the denial of basis step-up at death described above. However, it is unclear whether Shares will qualify for the mark-to-market election and prospective investors should not assume that Shares will qualify for the mark-to-market election.

The rules dealing with PFICs and with the QEF and mark-to-market elections are very complex and are affected by various factors in addition to those described above. As a result, U.S. holders of Shares or Warrants are strongly encouraged to consult their tax advisers about the PFIC rules in connection with their purchasing, holding or disposing of Shares or Warrants.

If the Company is a PFIC and, at any time, has a non-U.S. subsidiary that is classified as a PFIC, U.S. holders of Shares generally would be deemed to own, and also would be subject to the PFIC rules with respect to, their indirect ownership interests in that lower-tier PFIC. If the Company is a PFIC and a U.S. holder of Shares does not make a QEF election in respect of a lower-tier PFIC, the U.S. holder could incur liability for the deferred tax and interest charge described above if either (1) the Company

receives a distribution from, or disposes of all or part of the Company's interest in, the lower-tier PFIC or (2) the U.S. holder disposes of all or part of its Shares. Upon request, the Company will endeavour to cause any lower-tier PFIC to provide to a U.S. holder no later than ninety days after the request the information that may be required to make a QEF election with respect to the lower-tier PFIC. A mark-to-market election under the PFIC rules with respect to Shares would not apply to a lower-tier PFIC, and a U.S. holder would not be able to make such a mark-to-market election in respect of its indirect ownership interest in that lower-tier PFIC. Consequently, U.S. holders of Shares could be subject to the PFIC rules with respect to income of the lower-tier PFIC the value of which already had been taken into account indirectly via mark-to-market adjustments. Similarly, if a U.S. holder made a mark-to-market election under the PFIC rules in respect of the Shares and made a QEF election in respect of a lower-tier PFIC, that U.S. holder could be subject to current taxation in respect of income from the lower-tier PFIC the value of which already had been taken into account indirectly via mark-to-market adjustments. U.S. holders are urged to consult their own tax advisers regarding the issues raised by lower-tier PFICs.

Tax Consequences for Non-U.S. Holders of Shares or Warrants

Except as described in "Information Reporting and Back-up Withholding" below, a non-U.S. holder of Shares or Warrants will not be subject to U.S. federal income or withholding tax on the payment of dividends on Shares and the proceeds from the disposition of Shares or Warrants unless:

- such item is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States and, in the case of a resident of a country which has a treaty with the United States, such item is attributable to a permanent establishment or, in the case of an individual, a fixed place of business, in the United States; or
- the non-U.S. holder is an individual who holds the Shares or Warrants as a capital asset and is present in the United States for 183 days or more in the taxable year of the disposition, certain other conditions are met, and such non-U.S. holder does not qualify for an exemption.

If the first exception applies, the non-U.S. holder generally will be subject to U.S. federal income tax with respect to such item in the same manner as a U.S. holder unless otherwise provided in an applicable income tax treaty; a non-U.S. holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such item at a rate of 30 per cent. (or at a reduced rate under an applicable income tax treaty). If the second exception applies, the non-U.S. holder generally will be subject to U.S. federal income tax at a rate of 30 per cent. (or at a reduced rate under an applicable income tax treaty) on the amount by which such non-U.S. holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition of the Shares or Warrants.

Information Reporting and Back-up Withholding

U.S. holders generally are subject to information reporting requirements with respect to dividends paid on Shares and on the proceeds from the sale, exchange or disposition of Shares or Warrants. In addition, U.S. holders are subject to back-up withholding (currently at 28 per cent.) on dividends paid on Shares, and on the sale, exchange or other disposition of Shares or Warrants, unless the U.S. holder provides a taxpayer identification number and a duly executed IRS Form W-9 or otherwise establishes an exemption.

Non-U.S. holders generally are not subject to information reporting or back-up withholding with respect to dividends paid on Shares, or the proceeds from the sale, exchange or other disposition of Shares or Warrants, provided that such non-U.S. holder provides a taxpayer identification number and certifies to its foreign status on the applicable duly executed IRS Form W-8 or otherwise establishes an exemption.

Back-up withholding is not an additional tax and the amount of any back-up withholding will be allowed as a credit against a U.S. or non-U.S. holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS.

United Kingdom Tax Consequences

The following is a general description of certain UK tax consequences relating to the acquisition, ownership and disposal of Shares and Warrants based on current law and practice in the UK. It is not a complete analysis of all potential UK tax consequences for holders of Shares or Warrants. It addresses the position of a person resident in the UK for UK tax purposes who is the absolute beneficial owner of the Shares and the Warrants. It may not apply to certain categories of persons such as dealers, or to persons who (together with associates) own 10 per cent. or more of the Company's voting power. A Shareholder's taxation position may be affected if certain anti-avoidance provisions apply. Shareholders should consult their own advisers as to the consequences of the purchase, ownership and disposition of the Shares and the Warrants in light of their particular circumstances.

Taxation of dividends paid on Shares. No UK withholding tax is payable in respect of any dividends the Company may pay on Shares. Holders of Shares who are resident in the UK will in general be subject to UK corporation tax or income tax on dividends paid in respect of Shares. No such liability will arise for individual Shareholders who, though UK resident, are either not domiciled in the UK, or are not ordinarily resident in the UK and who have been resident in the UK for less than seven out of the preceding nine years, except to the extent that amounts are remitted to the UK (or treated for UK tax purposes as remitted to the UK). Such individuals may have to make a claim in order for the remittance basis to apply.

Taxation on the disposition of Shares or Warrants. A holder of Shares who is neither resident nor ordinarily resident in the UK will not be subject to UK tax on capital gains on a disposal of the Shares or Warrants unless the holder of Shares or Warrants is carrying on a trade or profession in the UK through a permanent establishment, branch or agency and the Shares or Warrants are used or acquired for use in or held for the purposes of that trade or profession.

Holders of Shares or Warrants who are either resident or ordinarily resident in the UK will, in general, be subject to UK tax on capital gains on a disposal of Shares or Warrants. In addition, any holders of Shares or Warrants who are individuals and who dispose of Shares or Warrants while they are temporarily non-resident or temporarily not ordinarily resident may be treated as disposing of them in the tax year in which they again become resident in the UK. The Warrants, if unexercised, will be wasting assets for tax purposes and accordingly their base cost will be treated as written off over the life of the Warrant in computing a chargeable gain on disposal of the Warrant. If Warrants are exercised, no capital gains tax will be payable on the exercise, and the full amount of their cost will form part of the base cost in the Shares acquired as a result of the exercise of the Warrants. The taxation of persons holding Warrants within the charge to UK corporation tax may however be determined by the appropriate accounting treatment of the holding. Any profit accruing in such circumstances may as a result be taxed as income of those holders (such amounts then forming part of the base cost of any Shares acquired on exercise).

For corporation tax payers indexation may apply to reduce any such gain. Shareholders who are individuals and resident or ordinarily resident in the UK but who are not domiciled in the UK will not be subject to UK tax on capital gains arising on a disposal of Shares or Warrants unless they remit (or are deemed for UK tax purposes to remit) the proceeds to the UK. Individuals who are not domiciled in the UK but who have been resident or ordinarily resident in the UK for seven out of the preceding nine years will be subject to an optional charge in order to be taxed on the remittance basis, or they will be charged on their worldwide income and gains on an arising basis, (unless their unremitted foreign income and gains are less than £2,000 in the relevant year).

Inheritance tax. No liability to UK inheritance tax will generally arise in respect of Shares or Warrants held by a person who is neither domiciled nor deemed to be domiciled in the UK. UK domiciliaries should seek their own advice as to inheritance tax.

Stamp duty and Stamp Duty Reserve Tax. No charge to SDRT will arise in respect of any agreement to transfer the Shares or Warrants. For holders of Depository Interests, transfers will be subject to SDRT at the rate of 0.5%.

An instrument effecting or evidencing the issue of the Shares or the issue or transfer of the Warrants and executed in the UK or executed outside the UK and which relates to any matter or thing done or to be done in the UK may not, except in criminal proceedings, be given in evidence or be available for any other purpose in the UK unless it is duly stamped. The late presentation of a document for stamping may give rise to interest and/or penalties.

Bermuda Tax Consequences

Taxation. As a Bermuda exempted company and under current Bermuda law, the Company is not subject to tax on profits, income or dividends nor is there any capital gains tax, estate duty or death duty applicable in Bermuda. Profits can be accumulated and it is not obligatory for a company to pay dividends.

Furthermore, the Company has obtained from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 (as amended), an undertaking that, in the event that Bermuda enacts any legislation imposing tax computed on profits, income, any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of such tax will not be applicable to the Company or to any of the Company's operations, or Shares, until 28 March 2016. It is possible that this exemption will not be extended beyond that date or if extended, that it will be extended on less favourable terms. This undertaking does not, however prevent the imposition of property taxes on any company owning real property or leasehold interests in Bermuda.

All Bermudian companies are required to pay an annual government fee (the "**Government Fee**"), which is determined on a sliding scale by reference to a company's authorised share capital and share premium account, with the minimum fee being B.D.\$1,995 and the maximum B.D.\$31,120 (the B.D.\$ is treated at par with the U.S.\$). The Government Fee is payable in the month of January in every year and is based on the authorised share capital and share premium account as they stood at 31 August in the preceding year.

Stamp Duty. In Bermuda, stamp duty is not chargeable in respect of the incorporation, registration or licensing of an exempted company, nor, subject to certain minor exceptions, on their transactions. Accordingly, no stamp duty will be payable on the increase in or the issue or transfer of the share capital of the Company.

ERISA

The following general discussion summarises the applicability of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and section 4975 of the Code to any assets the Company owns and any activities the Company undertakes, as well as the material consequences if such laws applied to the Company's assets and activities. This summary does not purport to be a complete discussion of all of the considerations under ERISA or section 4975 of the Code relating to the acquisition or holding of Shares or Warrants. Moreover, governmental plans, church plans, non-United States benefit plans and other similar investors that are not subject to the fiduciary standards of ERISA or the prohibited transaction rules of ERISA or section 4975 of the Code (collectively, "**Other Plans**") may be subject to substantially similar laws ("**Similar Laws**"). Accordingly, any person considering the acquisition or holding of Shares or Warrants with the assets of any employee benefit plan (whether or not subject to ERISA or section 4975 of the Code) should consult with legal counsel regarding the applicability of ERISA, section 4975 of the Code or Similar Laws.

The United States Department of Labor (the "**DOL**") has issued a regulation, 29 C.F.R. 2510.3-101, (the "**Plan Assets Regulation**") defining what constitutes the assets of an employee benefit plan or other plan subject to the fiduciary standards of ERISA or the prohibited transaction rules of ERISA or section 4975 of the Code. Under a "look-through" rule set forth in the Plan Assets Regulation, the underlying assets owned by an entity in which any such plan owns an equity interest will be treated as if they were "plan assets" of such plans unless an exception applies. The look-through rule does not apply to an entity (i) that qualifies as an "operating company" or (ii) in which participation by "benefit plan investors" is not significant, as determined under the Plan Assets Regulation. Although there are other exceptions to the look-through rule, they are unlikely to apply to the Company.

The Plan Assets Regulation defines an "operating company" as including an entity that is primarily engaged in the production or sale of a product or service (other than the investment of capital). Following the Acquisition the Company should qualify as an "operating company" within the meaning of the Plan Assets Regulation such that the look-through rule will not apply to the Company's assets or the Company's activities thereafter.

IX. ADDITIONAL INFORMATION

1. THE COMPANY

1.1 The Company was incorporated as an exempted company on 8 September 2005 under the Bermuda Companies Act. By a resolution effective as of 4 November 2005 the Company adopted new bye-laws and by resolutions effective 27 June 2006, 20 December 2006 and 31 March 2008, the Company made certain amendments to those bye-laws, which are reflected in this Prospectus.

1.2 The registered office of the Company is:

Canon's Court
22 Victoria Street
Hamilton
HM 12
Bermuda
Telephone number: +1 441 295 2244

Facsimile number: +1 441 292 8666

1.3 The Company is limited by shares and as such the liability of Shareholders for the Company's debts is limited to the amount, if any, unpaid on their Shares.

1.4 The Company's current principal investments are a 10.39 per cent. interest in MIG and a 1.00 per cent. interest in Proton. All of the Company's investments are, and are expected to continue to be, owned directly by the Company.

1.5 The principal legislation governing the Company is the Bermuda Companies Act and any regulations issued thereunder.

1.6 The Company's current auditors are Grant Thornton. KPMG were appointed as the Company's initial auditors until their resignation on 29 August 2006. Following such resignation Grant Thornton were appointed as the Company's auditors on 24 November 2006 and such appointment was approved by the Shareholders at the Company's annual general meeting in December 2006. It is currently intended that Grant Thornton will be re-appointed as the auditors for the Company for the financial year 2009.

1.7 The Auditors and KPMG are both certified accountants and registered auditors.

2. SHARE CAPITAL

2.1 The Company was incorporated with an authorised share capital of U.S.\$12,000, divided into 8,000,000 common shares of par value U.S.\$0.0015. All of the authorised shares were issued to Angeliki Frangou, the Company's chairman, who subsequently made various transfers of these initial Shares to the other members of the board of Directors.

2.2 In connection with the Initial Public Offering, the authorised share capital was increased in September 2005 and November 2005 to U.S.\$223,687.53 by the creation of an additional 140,958,355 Shares and 2,500,000 preference shares.

2.3 On 14 November 2005, the Company issued 45,833,340 Shares and 91,666,680 Warrants to various holders in a placing for cash, at a price of U.S.\$6.00 for one unit comprising of one Share and two Warrants.

2.4 On 20 December 2006, the Company's authorised share capital was increased from U.S.\$223,687.53 to U.S.\$300,250 by the creation of an additional 51,041,645 common shares of par value U.S.\$0.0015 each.

2.5 On 23 March 2007, pursuant to the Private Program, 48,214,674 Warrants were exercised, of which 47,548,029 Warrants were exercised by payment of the U.S.\$5.00 exercise price and

666,645 Warrants were exchanged for Shares. As a result U.S.\$237,740,145 of gross cash proceeds was raised and 57,133,822 new Shares were issued.

- 2.6 On 26 April 2007, pursuant to the Public Program, 29,855,465 Warrants were exercised, of which 11,005,340 Warrants were exercised by payment of the U.S.\$5.00 exercise price and 18,850,125 Warrants were exchanged for Shares. As a result of these exercises U.S.\$55,026,700 of gross cash proceeds were raised and 15,360,707 new Shares were issued.
- 2.7 On 25 July 2007 the Company purchased for cancellation 3,500,000 Shares of U.S.\$0.0015 each at an average price of U.S.\$4.4625 in the open market, for a total cost of approximately U.S.\$15.62 million.
- 2.8 On 24 December 2007 the Company purchased for cancellation 1,023,810 Shares of U.S.\$0.0015 each at an average price of U.S.\$4.50 in the open market, for a total cost of approximately U.S.\$4.6 million.
- 2.9 The authorised and issued share capital of the Company, and the issued Warrants, as at the date of this Prospectus is:

	AUTHORISED	ISSUED
Shares	200,000,000	124,832,394
Preference Shares	2,500,000	0
Warrants	N/A	13,596,541

- 2.10 Pursuant to and in accordance with the Bye-Laws, the Board is generally and unconditionally authorised to allot all unissued Shares of the Company to such persons, at such times, for such consideration and upon such terms and conditions as the Board may determine.
- 2.11 The Bye-Laws authorise the issuance of 2,500,000 Preference Shares which are liable to be redeemed on the happening of a specified event or events or on a given date or dates and/or are liable to be redeemed at the option of the Company and/or at the option of the holder. Subject to the foregoing and to any special rights conferred on the holders of any share or class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may by resolution of the Shareholders determine, or if there has not been such determination or so far as the same shall not make specific provision, as the Board may determine. No Preference Shares have been issued to date. Accordingly, providing the Shareholder have not already resolved as such, the Directors are empowered, without shareholder approval, to issue up to 2,500,000 preference shares with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of Shares. In particular, the preference shares could be utilised as a method of discouraging, delaying or preventing a change in control of the Company.
- 2.12 No Shares are being issued in connection with Admission and accordingly the share capital of the Company at Admission will be as shown in paragraph 2.9 above.
- 2.13 Save in respect of the exercise of the Warrants, no share or loan capital of the Company has been issued or agreed to be issued or is now proposed to be issued, for cash or other consideration and no commission, discounts, brokerages or other specific terms have been agreed or granted by the Company in connection with the issue or sale of any of its share or loan capital since the Initial Public Offering.
- 2.14 The Shares and the Warrants have been created under the Bermuda Companies Act and have been assigned the ISIN codes BMG493831058 and BMG493831132 respectively.
- 2.15 The Shares and Warrants are denominated in U.S. dollars.

2.16 The Shares may not be redeemed at the option of holders.

3. WARRANTS

3.1 Each Warrant entitles the holder to purchase one Share at a price of U.S.\$5.00. The Warrants became exercisable in June 2006.

3.2 The Warrants will expire on 14 November 2009 at 5.00 p.m. New York City time.

3.3 The Company at any time may call the Warrants for redemption in whole but not in part, at a price of U.S.\$0.01 per Warrant, upon a minimum of 30 days' prior written notice, if, and only if: (i) the last independent bid price of the Shares equals or exceeds U.S.\$8.50 per Share for any 20 trading days within a 30 trading day period ending three business days before the Company sends the notice of redemption; and (ii) the weekly trading volume of the Shares has been at least 800,000 Shares for each of the two calendar weeks before the Company sends the notice of redemption.

3.4 The Company has established these criteria to prevent a call for redemption unless there is, at the time of the call, a significant premium to the Warrant exercise price as well as a sufficient degree of liquidity to cushion the market reaction, if any, to any such redemption caused. If the foregoing conditions are satisfied and the Company calls the Warrants for redemption, each Warrant holder shall then be entitled to exercise for cash its Warrants prior to the date scheduled for redemption. However there can be no assurance that the price of the Shares will exceed the call trigger price or the Warrant exercise price after the redemption call is made.

3.5 The Warrants are issued under a Warrant Deed between Capita IRG (Offshore) Limited as Warrant agent, and the Company. The exercise price and number of Shares issuable on exercise of the Warrants may be adjusted in certain circumstances, including in the event of a share dividend, or a recapitalisation, reorganisation, merger or consolidation involving the Company. However, the Warrants will not be adjusted for further issues of Shares at a price below their exercise price.

3.6 The Warrant holders do not have the rights or privileges of Shareholders nor any voting rights until they exercise their Warrants and receive Shares.

3.7 No Warrants will be exercisable by a U.S. Warrant holder unless at the time of exercise, the exercise of the Warrants for Shares has been registered under the Securities Act or is exempt from registration. U.S. Warrant holders will be required to provide appropriate representations, warranties and legal opinions to support any applicable exemption and, if received in an exempt transaction, the Shares received upon exercise of such Warrants will be restricted securities with a certificate bearing a restrictive legend and not saleable in the United States unless registered under the Securities Act or exempt from registration.

3.8 No fractional shares will be issued upon exercise of the Warrants. If, upon exercise of the Warrants, the holder would be entitled to receive a fractional interest in a Share, the Company will, upon exercise, round down to the nearest whole number, the number of Shares to be issued to the Warrant holder.

4. SUMMARY OF THE CONSTITUTION OF THE COMPANY

4.1 Bye-Laws

(a) The Board shall consist of at least three Directors, which may be increased by a resolution of the Directors. The Directors shall serve staggered three-year terms. Directors will usually be elected by resolution of a majority of the votes cast by shareholders present in person or by proxy (if by proxy, provided that a poll vote is requested) in general meeting, although the Board may appoint a new Director to fill a casual vacancy as long as a quorum of Directors remain in office. The quorum for

meetings of the Board is a majority of the Directors then appointed (excluding any vacancies) unless the quorum is fixed by the Board at another number.

Pursuant to the Bermuda Companies Act and the Bye-Laws, the Board is responsible for managing the Company's business. The Directors have wide powers of management, including hiring employees, borrowing funds and giving security for such borrowings, paying expenses and appointing agents, but may delegate their powers to individuals or committees as they see fit. The Board may appoint one or more of its body to be the managing director or to hold any other employment or executive office with the Company for such period and on such terms as it may determine.

The Directors' fees for their services as directors will be such sums (if any) as the Board may from time to time determine. Directors may also be paid all reasonable travel, hotel and incidental expenses properly and reasonably incurred by them in connection with the Company's business or in performing their duties as Directors generally.

The Directors may (by the establishment of schemes or otherwise) provide additional benefits for any past or present director or employee of the Company or any subsidiary and for any member of such person's family or any person who is or was dependent on him.

Subject to the provisions of the Bermuda Companies Act and the Bye-Laws, a Director may, notwithstanding his office, be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested; and be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in whom the Company is interested.

A Director who is interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at a meeting of Directors, and if he or she does so, may vote and be counted in the quorum for the meeting.

So long as, where it is necessary, such Director declares the nature of his interest at the first opportunity at a Board meeting or by writing to the Directors as required by the Bermuda Companies Act, a Director shall not by reason of his office be accountable to the Company for any benefit which he derives from any office or employment to which the Bye-Laws allow him to be appointed or from any transaction or arrangement in which the Bye-Laws allow him to be interested, and no such transaction or arrangement shall be liable to be avoided on the ground of any interest or benefit.

- (b) Subject to the Bermuda Companies Act and other shareholders' rights, the Board may issue all unissued shares with such rights, preferences and restrictions as they shall in their sole discretion decide.

Subject to the Board deciding otherwise, the rights attaching to the Shares shall be:

- (i) Dividends and other distributions - the Company may, subject to the Bermuda Companies Act, by resolution of the Board, declare a dividend to be paid to the Company's shareholders, in accordance with their respective rights, and their interests, from the profits available for distribution. Under the Bermudian Companies Act, a dividend may not be declared or paid if there are reasonable grounds for believing that (A) a company is, or after the payment would be unable to pay its liabilities as they become due, or (B) the realisable value of a company's assets would by the payment be made less than the aggregate of its liabilities and issued share capital and share premium accounts. A dividend may be paid in cash or wholly or partly by the distribution of specific assets and the directors may fix the value for distribution for dividend purposes of any such specific assets. The board of

Directors has a discretion to pay Shareholders in respect of all or part of their holdings of Shares additional Shares, credited as fully paid, instead of cash in respect of all or part of a dividend.

- (ii) Voting - The holders of Shares (subject to the Bye-Laws and any voting restrictions attached to such Shares) are:
- (1) entitled on a poll to one vote per common share;
 - (2) entitled to receive notice of, and attend and vote at, general meeting of the Company;
 - (3) subject to provision being made for payment of any deferred dividend on preference shares, entitled to dividends or other distributions; and
 - (4) in the event of a winding-up or dissolution, entitled to be paid pro rata out of any surplus assets remaining after payment of the Company's liabilities (subject to the rights of any preference shareholders (if any)).
- (iii) Liquidation - The Company may enter liquidation or voluntary winding-up by a resolution of its shareholders. If the Company is wound up, the liquidator may, with the sanction of a resolution of its shareholders and any other sanction required by the Bermuda Companies Act and subject to the prior rights of creditors of the Company as detailed therein, divide amongst the shareholders in specie or kind the whole or any part of the Company's assets (whether they shall consist of property of the same kind or not) and may for such purposes set such values as it deems fair upon any property and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.
- (iv) Transfer of Shares - All transfers of shares may be effected by an instrument of transfer in writing in any usual or common form or in such other form as the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and (where any share is not fully paid) the transferee. Transfer of shares to U.S. persons is restricted by U.S. securities laws and the Bye-Laws (including but not limited to, Bye-Laws 50.1(x) and 50.2(x)). The Directors may, in their absolute discretion and without assigning any reason therefore, decline to register any transfer of any share which is not a fully-paid share and are required to decline to register a transfer that is not accompanied by a certificate and/or an opinion certifying that the transfer restrictions have not been breached. Save for the foregoing, the Bye-Laws do not contain any restriction on the transferability of fully-paid shares provided that the Company has no lien over such shares, the instrument of transfer is in favour of not more than five joint transferees and is in respect of only one class of share, is duly stamped (if so required) and the Directors are satisfied that all applicable approvals under Bermuda law (and the law of any other applicable jurisdiction) required to be obtained prior to such transfer have been obtained.
- (v) Pre-emption on new issues of Shares - Shareholders do not have pre-emption rights under the Bye-Laws or the Bermuda Companies Act over further issues of any class of shares in the Company, and have not resolved otherwise.
- (vi) Return of capital - The Board may resolve to capitalise all or any part of any amount standing to the credit of any reserve or fund which is available for distribution or to the credit of any share premium account and that such amount be set free for distribution amongst the Company's shareholders who would be entitled thereto if distributed by way of dividend and in the same proportions towards paying up amounts for the time being unpaid on any shares in the Company or in payment up in full of unissued shares,

debentures or other obligations, to be allotted and distributed credited as fully paid amongst such shareholders, or partly in one way and partly in the other. Capital may also be returned by way of a reduction of capital pursuant to Section 46 of the Bermuda Companies Act, or by way of a distribution of contributed surplus pursuant to section 54 of the Bermuda Companies Act. Further, the Company has the power pursuant to section 42 of the Bermuda Companies Act and its constitution to issue redeemable preference shares, and pursuant to section 42A of the Bermuda Companies Act, to repurchase its shares.

- (c) The rights attaching to any class of the Company's shares may be altered or abrogated with the consent in writing of the holders of not less than 75 per cent. of the issued shares of that class, or by a resolution passed at a separate general meeting of the holders of the shares of such class voting in person or by proxy.
- (d) Annual general meetings can be called by not less than 20 clear days notice in writing, and special general meetings can be called by not less than 10 clear days notice in writing. Notice shall be given to all shareholders entitled to receive notice from the Company and to each Director and to any resident representative who has delivered a written notice to the Company's registered office and shall specify the place, day and time of the meeting and the nature of the business to be considered. A notice may specify several venues for the same meeting, provided that shareholders attending at each meeting place shall be able to communicate simultaneously with the persons present at the other meeting places and shall have access to all documents which are required to be made available at the meeting. The Board may, from time to time, make any such arrangements as it sees fit for the purpose of controlling the level of attendance at any such simultaneous meetings. The quorum for any general meeting shall be two shareholders present in person or by proxy and entitled to vote representing the holders of not less than 25 per cent. of the issued shares entitled to vote at such meeting.
- (e) As the Company is incorporated in Bermuda, it is subject to Bermuda law. Bermuda law does not contain any provisions similar to those applicable in the United Kingdom which are designed to regulate the way in which takeovers are conducted. It is therefore possible that an offeror may gain control of the Company in circumstances where the non-selling shareholders do not receive, or are not given the opportunity to receive, the benefit of any control premium paid to the selling shareholder(s). Sections 102 and 103 of the Bermuda Companies Act allow for dissenters to seek court ordered appraisals.
- (f) The Company may increase its share capital by such sum to be divided into shares of such class and par value as its shareholders by resolution shall prescribe. The Company may also, by resolution of its shareholders, divide its shares into classes, consolidate all or any of its share capital into shares of larger par value than the Initial Shares, sub-divide its shares or any of them into shares of smaller par value than is fixed by the Company's memorandum, make provision for the issue and/or allotment of shares which do not carry any voting rights, cancel shares which at the date of such resolution have not been taken or agreed to be taken by any person, and change the currency denomination of its share capital.
- (g) To the extent permitted by applicable law:
 - (i) if the aggregate amount of the Shares or Warrants in which a person is interested: (A) exceeds three per cent. by nominal value of the entire issued class of Shares or Warrants; or (B) changes from an aggregate amount which exceeded three per cent. by nominal value of the then issued Shares or Warrants so as to increase or decrease through any single percentage, then in either case such person shall make a notification to us (within the period and including any particulars the Company may specify); or

- (ii) on written request, a registered holder of Shares or Warrants is obliged to notify the Company (within the period and including any particulars the Company may specify) of any person interested in such Shares or Warrants;

and, unless otherwise directed by the Board, for so long as a person is in default of his obligations under (i) or (ii) he shall not be entitled to vote at any meeting nor receive dividends in respect of his common shares, and shall not be entitled to exercise his warrants; and, for the purposes of (i) and (ii) above, interest shall be construed in accordance with the provisions of section 208 of the UK Companies Act 1985.

- (h) The Company may, by a simple majority vote of the Board and a simple majority of the votes cast at a general meeting, resolve to discontinue the place of incorporation out of Bermuda and continue into such other jurisdiction as may from time to time be approved by the Minister of Finance, at which time the laws in respect of Bermuda companies will cease to apply to the Company.

4.2 Memorandum of Association

The objects of the Company are set out in full in the memorandum of association. Among other standard objects, the Company is formed for the object of carrying on the business of an investment holding company.

5. U.S. SECURITIES LAW RESTRICTIONS AND BERMUDA LAW RESTRICTIONS ON TRANSFER OF THE SHARES AND THE WARRANTS

The Shares and Warrants have not been and will not be registered under the Securities Act, and neither may be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons, except in transactions exempt from the registration requirements of the Securities Act. Accordingly, the Securities may only be transferred (A) outside the United States to non-U.S. persons in "offshore transactions" not subject to the registration requirements of the Securities Act by virtue of Regulation S thereunder and (B) within the United States only (1) to "qualified institutional buyers" (as defined in Rule 144A) who are also "qualified purchasers" (as defined in the Investment Company Act), in transactions meeting the requirements of Rule 144A and in accordance with all applicable state securities laws in the United States; (2) pursuant to an effective registration statement under the Securities Act; or (3) pursuant to another available exemption from the registration requirements of the Securities Act.

The Shares and the Warrants initially offered and sold in the United States are restricted securities for the purposes of Rule 144, in that they were issued in private transactions not involving a public offering. In addition, unless registered, the Shares underlying the Warrants will, upon exercise of such Warrants, be restricted securities under Rule 144. The Company has no current intention to register the Shares or the Warrants under the Securities Act. None of the Shares will be eligible for sale in the United States under Rule 144 unless the conditions under Rule 144 are met.

As codified in the SEC's December 2007 amendments to Rule 144, the SEC has taken the position that promoters or affiliates of a blank check company and their transferees, both before and after a business combination, would act as an "underwriter" under the Securities Act when reselling the securities of a blank check company. Accordingly, those securities can be resold in the United States only through a registered offering and Rule 144 would not be available for those resale transactions despite technical compliance with the requirements of Rule 144.

Specific permission is required from the BMA pursuant to the provisions of the Exchange Control Act 1972 and related regulations for all transfers of, and issuances in, securities of Bermuda companies other than in cases where the BMA has granted a general permission. The SFM has been recognised as an "Appointed Stock Exchange" under the Bermuda Companies Act and, as such, the general permission given by the BMA on 1 June 2005 is applicable to the Company. This general permission is revocable by the BMA, but shall

otherwise continue to apply to the Company for so long as the Company continues to be quoted on the SFM and the SFM remains recognised as an Appointed Stock Exchange.

6. DIRECTORS

6.1 The Directors and their respective functions are set out in the section headed "Management" in Part VI of this Prospectus.

6.2 In accordance with the Bye-Laws, the directors have been designated as follows:

Class I directors	Loucas Valetopoulos Alexander Meraclis
Class II director	Sheldon Goldman
Class III director	Angeliki Frangou

6.3 Details of any directorship that is or was in the last five years held by each of the Directors, and any partnership in which each of the Directors is or was in the last five years a partner (excluding the Company and wholly-owned subsidiaries of any company listed below) are set out below:

NAME	CURRENT DIRECTORSHIPS AND PARTNERSHIPS	PREVIOUS DIRECTORSHIPS AND PARTNERSHIPS
Angeliki Frangou	Navios Maritime Holdings Inc. Navios Maritime Partners L.P. Navios Maritime Acquisition Corp.	International Shipping Enterprises, Inc. Maritime Enterprises Management S.A Franser Shipping S.A Emporiki Bank of Greece Proton Bank S.A.
Sheldon Goldman	S Goldman Advisors LLC Goldman Strategic Value, LLC S Goldman Capital LLC	Sunrise Goldman Special Opportunities Fund, LP Goldman Strategic Value LLC 51 Crossway LLC
Alexander Meraclis	Megatruster-Olympic Securities S.A.	
Loucas Valetopoulos	Valeur S.A.	Electra S.A. Proton Bank S.A.

6.4 At the date of this Prospectus none of the Directors named in this Prospectus:

- (a) has any unspent convictions in relation to indictable offences;
- (b) has been declared bankrupt or has entered into an individual voluntary arrangement;
- (c) save as disclosed in paragraph 6.5 below, was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;
- (d) was a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;

- (e) has had his assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or
- (f) has been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor has he ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6.5 In October 2000, Sheldon Goldman resigned from being a director and officer of Viatel, Inc. (and its subsidiaries). Subsequently, in May 2001, Viatel, Inc. filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code. Viatel, Inc. emerged from bankruptcy in June 2002 under the name Viatel Holding (Bermuda) Limited.

6.6 The Directors intend to hold their Board meetings in different locations, which may include Bermuda.

7. DIRECTORS' AND OTHER INTERESTS

7.1 The interests in the Shares of the Company, which are beneficial unless otherwise stated, of the Directors and their related parties are as follows:

NAME	NUMBER OF ISSUED SHARES HELD	APPROXIMATE PERCENTAGE OF ISSUED SHARES
Angeliki Frangou	29,245,110	23.43%
Sheldon Goldman	79,628	0.06%
Alexander Meraclis	10,000	0.01%
Loucas Valetopoulos	0	0%

7.2 The Directors of the Company do not have any interests in the Warrants.

7.3 The interests in the Shares, which are beneficial unless otherwise stated, and which represent three per cent. or more of the issued share capital of the Company as at the date of this Prospectus are (save as set out at paragraph 7.1 above) as follows:

NAME	NUMBER OF ISSUED SHARES HELD	APPROXIMATE PERCENTAGE OF ISSUED SHARES
Pershing Nominees Limited	41,328,279	31.11%
Andreas Vgenopolous and his related persons	16,652,992	13.34%
The Bank of New York (nominees)	5,578,275	4.47%

7.4 The interests in the Warrants, which are beneficial unless otherwise stated, which represent three per cent. or more of the issued class of Warrants as at the date of this Prospectus are as follows:

NAME	NUMBER OF ISSUED WARRANTS HELD	APPROXIMATE PERCENTAGE OF ISSUED WARRANTS
Goldman Sachs Securities Nominees Limited	1,000,000	7.35%
Mariner LC	630,000	4.63%
Riva Ridge Master Fund Ltd.	770,000	5.66%
York Capital Management LP	569,932	4.19%
York Global Value Partners LP	854,904	6.29%
York Select LP	701,460	5.16%
York Select Unit Trust	657,622	4.84%
York Investment Limited	2,466,076	18.14%
Barclayshare Nominees Limited	500,000	3.68%
Vidacos Nominees Limited	4,764,424	35.04%

7.5 Save as disclosed in paragraphs 7.1 to 7.4, the Company is not aware of any person who is at present, either directly or indirectly, interested in three per cent. or more of the issued class of Shares or Warrants of the Company or can, either directly or indirectly, jointly or severally, exercise control over the Company.

7.6 Those persons listed at paragraphs 7.1 and 7.3 above do not have different voting rights.

8. DIRECTORS' REMUNERATION AND SERVICE AGREEMENTS

8.1 To date the Directors, excluding Loucas Valetopoulos, have not received any cash compensation from the Company for services rendered, although they are reimbursed for all out of pocket expenses incurred in connection with their activities on the Company's behalf. The Company recognises the need to incentivise the Directors going forward and has implemented a stock option plan. For further information relating to the compensation of the Directors refer to page 16 of Part VI of this Prospectus.

8.2 Other than with Loucas Valetopoulos, the Company has not entered into service contracts with any of the Directors.

8.3 Loucas Valetopoulos entered into a service contract with the Company, effective from 2 October 2006 (the "**Service Agreement**"). Pursuant to the Service Agreement, Loucas Valetopoulos was appointed as chief executive officer of the Company.

Loucas Valetopoulos' initial remuneration was €100,000, such sum to be reviewed by the Company on an annual basis in each October. His current salary is €100,000 per annum. There is provision in the Service Agreement for the Company to pay a discretionary bonus to Loucas Valetopoulos, although no bonus has been paid to date.

The Service Agreement contains a restrictive covenant preventing Loucas Valetopoulos from engaging in any activity which the Company considers may be harmful to the interests of the Company or which might adversely affect the performance of his duties under his employment. Furthermore, Loucas Valetopoulos cannot be directly or indirectly employed, engaged or interested in any other business or undertaking without prior authority from the Board.

The Service Agreement may be terminated by either party serving three months written notice on the other. The Company may also terminate the Service Agreement immediately, and without paying to Loucas Valetopoulos any compensation, for cause.

8.4 The non-executive directors of the Company are Angeliki Frangou, Sheldon Goldman and Alexander Meraclis. Letters of appointment have been entered into with each of these non-executive directors.

8.5 The Company has put in place directors' and officers' liability insurance to cover all Directors.

9. MATERIAL CONTRACTS

Save as set out in this Prospectus, the following are the only contracts (being contracts otherwise than in the ordinary course of business) which have been entered into by the Company within the two years immediately preceding the date of this Prospectus and which are or may be material or have been entered into by the Company at any time and contain any provision under which the Company and its Subsidiaries has any obligation or entitlement which is material to the Company and its Subsidiaries at the date of this Prospectus.

9.1 *Depositary Agreement*

Pursuant to an agreement entered into between the Company and Capita dated 16 March 2007, the Company appointed Capita to issue, from time to time, uncertificated depositary interests with a view to facilitating the indirect holding of the Securities in CREST. The fees payable to Capita under the terms of this agreement are a basic fee of £2 per Depositary Interest holder account per annum and a depositary and custodian fee of £5,000 per annum. There are additional fees in relation to transfers and dealings of the Warrants. Generally, either party may terminate the agreement upon 30 days written notice if there has been an event of default (as defined therein) or upon 45 written days notice for any other reason.

9.2 *Financial Advisory Services Agreement - Related Party*

Pursuant to an agreement entered into between the Company and the Financial Adviser dated 1 December 2008, the Company appointed the Financial Adviser as its financial adviser in connection with the cancellation of the Company's admission to AIM and its admission to the SFM. The terms of this engagement are that the Financial Adviser shall provide financial advisory services to the Company as are customary and appropriate. The fee payable to the Financial Adviser is U.S.\$1.35 million. The agreement may be terminated by either party upon service of written notice to the other.

9.3 *Dealer Management Agreements - Private and Public Programmes*

Pursuant to dealer management agreements entered into between the Company and S Goldman Advisors Ltd dated 28 March 2007 and 21 March 2007, the Company appointed S Goldman Advisors Ltd and certain other persons, including Collins Stewart, as its advisers in connection with the Company's Public Program and Private Program. For further information on the Private Program and the Public Program see the details set out on page 19 of Part VI of this Prospectus.

The compensation payable in connection with the Public Program and the Private Program was on an arms length basis and customary for deals of this nature.

10. LITIGATION

The Group is not, nor has at any time in the 12 months immediately preceding the date of this Prospectus been, engaged in any governmental, legal or arbitration proceedings, and the Group is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against it, nor of any such proceedings having been pending or threatened at any time in the 12 months preceding the date of this Prospectus in each case which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability.

11. SIGNIFICANT CHANGE

- 11.1 Since 30 September 2008, the Group suffered a change in its financial position caused by a decline in the value of its equity securities, primarily its investment in MIG, and by the disposal of approximately 93% of its investment in Proton.
- 11.2 As at 30 September 2008, the Group held investments in equity securities valued at approximately €450 million. Currently, the Group holds investments in equity securities valued at approximately €250 million, reflecting a reduction in value of approximately €200 million.
- 11.3 Further details relating to the devaluation of the Group's investment in MIG and the disposal of a significant portion of its holding in Proton are set out in the section "Existing Principal Investments" on pages 13 and 14 of this Prospectus.
- 11.4 Save from this change, there has been no significant change in the financial or trading position of the Group since 30 September 2008.

12. AVAILABILITY OF THIS PROSPECTUS

- 12.1 Copies of this Prospectus are available for viewing only during normal business hours, free of charge, at the Document Viewing Facility, the Financial Services Authority, 25 North Colonnade, Canary Wharf, London E14 6HS.
- 12.2 Copies of this Prospectus may be collected, free of charge, from Lovells LLP, Atlantic House, Holborn Viaduct, London, EC1A 2FG during normal business hours on any day (except Saturdays, Sundays and public holidays) until Admission.

13. DOCUMENTS FOR INSPECTION

- 13.1 Copies of the following documents are available for viewing only during normal business hours on any day (except Saturdays, Sundays and public holidays) from Lovells LLP, Atlantic House, Holborn Viaduct, London, EC1A 2FG during normal business hours on any day (except Saturdays, Sundays and public holidays) until Admission:
- (a) the Memorandum and Bye-Laws of the Company; and
 - (b) the material contracts referred to in paragraph 9 above.

X. DEFINITIONS

The following definitions apply throughout this Prospectus unless the context requires otherwise:

"Admission"	admission of the Securities to trading on the SFM pursuant to this Prospectus
"AIM"	a market operated by the LSE
"Auditors"	Grant Thornton S.A. of 44, Vas, Konstantinou Av., 116 35 Athens, Greece, being chartered accountants registered in the Institute of Certified Public Accountants of Greece's official Auditing Firms Registry
"BMA"	the Bermuda Monetary Authority
"Bermuda Companies Act"	the Bermuda Companies Act 1981 (as amended)
"Board" or "Directors"	the directors of the Company named on page 16
"Business Day"	any day (except Saturday or Sunday) on which banks in London are open for business
"Bye-Laws"	the bye-laws of the Company as adopted on 4 November 2005 and last amended on 31 March 2008
"Code"	the U.S. Internal Revenue Code of 1986, as amended
"Combined Code"	the UK combined code on corporate governance
"Company"	IRF European Finance Investments Ltd
"EEA"	the European Economic Area
"ERISA"	the United States Employee Retirement Income Security Act of 1974, as amended
"EU"	the European Union
"Financial Adviser" or "S Goldman Advisors"	S Goldman Advisors LLC
"FSA"	the Financial Services Authority of the United Kingdom
"FSMA"	the Financial Services Markets Act 2000 (as amended)
"Group"	the Company together with the Subsidiaries
"IFRS"	International Financial Reporting Standards
"Initial Public Offering"	the initial public offering in which 45,833,340 units were sold to institutional and other sophisticated investors at a price of U.S.\$6.00 per unit in November 2005. Each unit consisted of one Share and two Warrants
"Investment Company Act"	the U.S. Investment Company Act of 1940, as amended
"KPMG"	KPMG Audit plc of 8 Salisbury Square, London, EC4Y 8BB, being chartered accountants and registered auditors
"LSE"	London Stock Exchange plc

"MIG"	Marfin Investment Group Holdings S.A.
"Net Asset Value" or "NAV"	the value of the assets of the Company less its liabilities, calculated in accordance with the valuation guidelines adopted by the Board
"Official List"	the official list of the UKLA
"PFIC"	passive foreign investment company
"Prohibited Territories"	Canada, Japan, South Africa, New Zealand, the Republic of Ireland, Australia and the United States
"Prospectus"	this document
"Prospectus Directive"	Directive 2003/71/EC of the European Parliament, dated 4 November 2003
"Prospectus Rules"	the prospectus rules of the UK Listing Authority
"Proton"	Proton Bank S.A.
"Proton Investment Bank"	Proton Investment Bank S.A.
"Registrar"	Capita Registrars Limited
"Rule 144A"	Rule 144A under the Securities Act
"Rule 144"	Rule 144 under the Securities Act
"SDRT"	stamp duty reserve tax
"Securities"	the Shares and the Warrants
"Securities Act"	the U.S. Securities Act of 1933, as amended
"SFM"	the Specialist Fund Market of the LSE
"Shares"	the common shares of U.S.\$0.0015 each in the capital of the Company
"Shareholders"	the holders of Shares listed in the Company's Register of Shareholders as held by the Registrar and the Company Secretary
"Subsidiaries"	the Company's two wholly owned subsidiaries, being Mimosa Trading S.A. and Myrtle Trading Company, both of which are Marshall Island incorporated companies
"UK"	the United Kingdom of Great Britain and Northern Ireland
"UKLA"	the UK Listing Authority
"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"U.S. Person"	as defined in Regulation S of the Securities Act
"U.S.\$" or "U.S. dollar"	United States dollars, the lawful currency for the time being of the United States
"Warrants"	the warrants in the Company to subscribe for Shares

XI. DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors:

Angeliki Frangou, of Monte Carlo Sun Building, 74 Boulevard d'Italia, Monte Carlo, 98000 Monaco

Sheldon Myles Goldman, of 641 Lexington Avenue, 18th Floor, New York, NY, 10022 U.S.

Alexander Meraclis, of Taxiarchon 59, Alimos, 16455, Greece

Loucas Valetopoulos of 25, Troados Street, Athens, 15342, Greece

Company Secretary: Alexander Meraclis

Bermuda Resident Company Secretary: Louisa Barbosa
Appleby Services (Bermuda) Ltd.
Canon's Court
22 Victoria Street
HM12
Bermuda

Resident Representative: Appleby Services (Bermuda) Ltd.
Canon's Court
22 Victoria Street
HM12
Bermuda

Registered Office: Canon's Court
22 Victoria Street
Hamilton
HM12
Bermuda

Financial Adviser: S Goldman Advisors LLC
18th Floor
641 Lexington Avenue
New York
NY10022

Counsel to the Company: UK/U.S. Counsel
Lovells LLP
Atlantic House
50 Holborn Viaduct
London EC1A 2FG
United Kingdom

Bermuda Counsel
Appleby Global
Canon's Court
22 Victoria Street
Hamilton HM12
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Greek Counsel
V & P Law Firm
15 Filikis Eterias Square
10673
Athens

Greece

Auditors: Grant Thornton A.E.
44 Vas. Konstantinou Str.
116 35 Athens
Greece

Branch Registrar: Capita IRG (Offshore) Limited
Victorian Chambers
Liberation Square
1/3 The Esplanade
St Helier
Jersey

Principal Registrar: Appleby Management (Bermuda) Ltd
Argyle House
41A Cedar Avenue
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Bermuda

Warrant Agent: Capita IRG (Offshore) Limited
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Jersey