



European Finance Investments

**IRF European Finance Investments Ltd
Financial Statements**

**for the year ended
December 31, 2013**

**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, 2013 were approved by the Company's Board of Directors on 26 February 2015.

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BOARD OF DIRECTORS

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

* Mr Throuvalas was appointed as the new CEO of IRF during June 2014 following Mr Valetopoulos resignation.

MANAGEMENT REPORT FOR THE YEAR ENDED December 31, 2013

Financial highlights

Income statement items (amounts in € '000)	31 December 2013	31 December 2012	%
Interest and similar income	4,090	4,468	(8.5%)
Interest and similar charges	(10,276)	(13,548)	(24.2%)
Unrealised gain from derivative financial instruments	8,666	524	
Initial recognition of debt securities at FV	(7,101)	-	
Unrealized gain/ (loss) from valuation of financial assets at fair value through Profit & Loss	3,714	3,320	11.9%
Impairment losses on available-for-sale portfolio	-	(276)	(100.0%)
Share of profits of associates	1,069	(143)	(849.8%)
(Loss)/Profit for the period	(2,297)	(6,634)	(65.4%)
AFS valuation in other comprehensive income	(6,622)	8,554	(177.4%)
Basic earnings per share (in euro/share)	(0.02)	(0.05)	(65.4%)

Balance sheet items	31 December 2013	31 December 2012	%
Cash and cash equivalent	536	2,538	(78.9%)
Trading portfolio	28,120	25,622	9.8%
Investment portfolio	52,565	59,187	(11.2%)
Total assets	147,915	150,067	(1.4%)
Loans	189,851	183,961	3.2%
Total liabilities	191,475	184,686	3.7%
Total Equity	(43,560)	(34,619)	25.8%

Ratios			%
Current assets / current liabilities	0.20	0.20	(1.3%)
Total assets / total liabilities	0.77	0.81	(4.9%)
Net loss after tax / total assets	(0.02)	(0.04)	(64.9%)

2013 Review

Market conditions

The Athens stock exchange General Index (the ASE) reflecting the Greek stock listed on the Athens Stock Exchange, increased by about 29% in 2013, despite uncertainty regarding bank recapitalizations and the negative rating of Caa2 by Moody's. There was significant volatility during the year, reflecting the underlying social and commercial uncertainty regarding various reforms required within Greece and elsewhere in the EU.

IRF European Finance Investments Ltd

In the end, a reform program and consolidation in financial sector was implemented and the four systemic Greek banks were recapitalized, including the lending institution to IRF

Investment strategy and objectives

The Company's current investment strategy focuses primary in South Eastern Europe. The investment opportunities it explores may include controlling or non-controlling positions in both public and private entities. The Company intends to reinvest capital gains and income from its investments with the aim of achieving capital growth. In addition, the Company intends, at the discretion of the Directors, to distribute capital and income on a periodic basis.

Key risk factors

The Company is exposed to various risks as set forth herein and described in more detail in the notes to the financial statements. A significant risk to the Company is liquidity, and management is taking the necessary and proper action to have sufficient liquidity to satisfy operating costs (including interest on its loan) and to remain a going concern.

Performance and position of the Company

The European sovereign debt and financial crisis resulted in significant volatility in the equity and debt markets as well as most other asset classes. The decline in the Greek stock market has been more pronounced given the lengthy period required to resolve the Greek sovereign debt crises and the crises within its major financial institutions. This dynamic created substantial deterioration in the value of the Company's investments during the last 3-4 years. However, the underlying businesses in IRF's major investment, MIG, have demonstrated significant resiliency. These businesses have performed better in 2014 and there are reasonable expectations for significantly better performance in the near term.

The overall environment in Greece, with significant uncertainty and unemployment, led decrease in the market price of IRF's principal investment, Marfin Investment Group Holdings S.A ("MIG"). This translated into IRF having negative equity of €43.7m on December 31, 2013, compared to €34.6m negative equity in 2012. This deterioration continued to have an adverse impact on our loans, as IRF did not satisfy its Total Assets to Total Liabilities ratio covenant under its loan agreement for a third consecutive year.

In April 2012, the Company agreed to restructure its existing loan agreement and obtained a waiver regarding non-compliance with the financial covenant. Based on this amended loan agreement the Company was generally not required to pay interest on the loan until March 31, 2013.

On July 31, 2013 the Company agreed with Piraeus Bank (successor of Cyprus Popular Bank) that the outstanding payment of €15 million due on March 28, 2013 would be deferred until September 30, 2013. In addition, the interest margin has decreased by 3% and IRF obtained waivers for compliance with Total Assets to Total Liabilities ratio through September 30, 2013.

During the 3d quarter of 2013, IRF participated in MIG's new Convertible Bond Loan (CBL) issuance by exercising its pre-subscription rights as an existing bondholder and exchanged the MIG bonds issued in March 2010 for an equal amount of new bonds. The new callable bonds have duration of 7 years, bearing an annual interest rate of 6.3%. The difference between the carrying amount of the old bond and the fair of the new bond at the time of conversion was recognized in profit or loss and amounted to €7.1m.

Events after the reporting period

MIG – Piraeus Bank

IRF European Finance Investments Ltd

In May 2014 MIG (IRF's primary investment) and Piraeus Bank Group (IRF's primary lender) announced a strategic relationship under which Piraeus Bank agreed to purchase bonds of a certain Convertible Bond Loan (CBL) issue, with a maturity date on July 29, 2019. Piraeus Bank agreed to invest approximately €250 million and convert bonds worth at least €90 million into common registered shares of the Company.

This conversion would make Piraeus Bank the largest shareholder in MIG, holding at least a 17.78% stake and would significantly improve MIG's capital structure. In September 2014, Piraeus Bank converted these bonds and became a shareholder with a 17.78% stake in the Company. As a result, IRF's interest in MIG was diluted to 14.72%.

IRF CEO

During June 2014 Mr Throuvalas was appointed as the new CEO of IRF following Mr Valetopoulos resignation.

As at June 30, 2014 Ms Frangou and Mr Throuvalas were appointed to the Board of Directors of MIG, following the proposal of IRF as Non-Executive Member and as Deputy C.E.O. - Executive Member respectively. The appointment of these two members marks the involvement of IRF as a strategic shareholder in MIG, by exercising significant influence in formulating and implementing the MIG's strategy and is expected to affect the accounting treatment of our investment in MIG (as associate).

Piraeus Bank Activity

Up to October 2014, IRF and Piraeus Bank were in continuous conversations regarding restructuring its € 170 million secured debt facility (the facility was secured in part by IRF's shares in MIG). This conversation culminated into what IRF believed was a final agreement on 17 October 2014, pending execution of formal amendments to the existing loan documentation.

However, in January 2015, IRF management discovered (and was later informed) that Piraeus Bank proceeded unilaterally to acquire 100.4 million shares of MIG (the "MIG shares") owned by IRF which secured the loan made Piraeus Bank's predecessor to IRF. The seizure was accompanied by a statement from the bank that it's acquisition price was 0.2815 euros per share, totaling €28.2 million. This is well below internal estimates of the value of MIG and well below MIG's then most recent published NAV of 1.13euros.

IRF was surprised by the aforesaid action of Piraeus Bank S.A. (as it believed it had reached an agreement with the bank for restructuring of its loan facility) and reserved to exercise all its rights including those for the recovery of all positive and consequential damages as the act of "Piraeus Bank SA" is considered illegal (contrary to, among others, the provisions of Greek Law 3301/2004) and abusive (contrary to relevant provisions of Greek law regarding, among others, good faith and business ethics). On 30/1/2015 IRF management filed at the appropriate Greek court an application (stating in detail the reasons in respect of which the unilateral acquisition of the MIG shares by Piraeus Bank is null and void and requesting the deposit of such shares in the custody of the National Bank of Greece as custodian/escrow agent) for interim measures against the unilaterally acquisition of the MIG shares by Piraeus Bank S.A. and to date has obtained two preliminary injunctions prohibiting Piraeus Bank S.A. from transferring the MIG shares pending the decision of the court in respect of IRF's application.

CORPORATE GOVERNANCE

There is no corporate governance regime applicable to the Company in Bermuda. In addition, companies listed on the SFM are not required to comply with the Combined Code. Nevertheless, the Directors recognize 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.

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ANNUAL ACCOUNTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law and in accordance with appropriate regulations of the listing authority, the directors have elected to prepare financial statements in accordance with 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

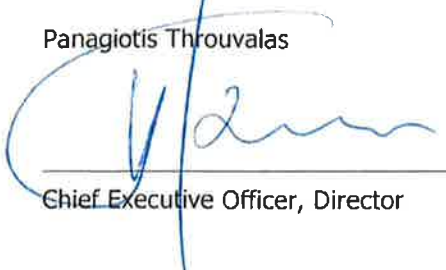
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1981 of Bermuda. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

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

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

Panagiotis Throuvalas



Chief Executive Officer, Director

INDEPENDENT AUDITORS' REPORT

To the Shareholders of "IRF European Finance Investments Ltd"

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of IRF European Finance Investments Ltd (the "Company") and its subsidiaries (which, with the Company form the "Group"), which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of comprehensive income, of changes in equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

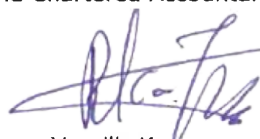
The consolidated Financial Statements have been prepared under the assumption that the parent company and its operating subsidiaries will be able to continue as a going concern. As discussed in note 6.5.1 to the consolidated financial statements, Company's ability to continue as a going concern is dependent on the future developments regarding Greek debt crisis and capital markets which cannot be reliably forecasted and on negotiating a comprehensive financing plan with the Company's banks and other stakeholders. Due to the fact that these negotiations have not been concluded at the date of our audit report, we have not been able to obtain sufficient appropriate evidence to provide a basis for the Group going concern.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements.

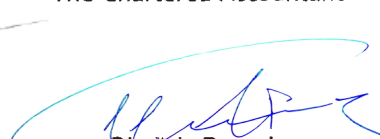
Athens, 26 February 2015

The Chartered Accountant



Vassilis Kazas
I.C.P.A. Reg.: No 13281

The Chartered Accountant



Dimitris Douvris
I.C.P.A. Reg.: No. 33921



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts presented in € '000</i>			1/1/- 31/12/2013	1/1/- 31/12/2012
	Note			
Income				
Interest and similar income	7		4,090	4,468
Exchange differences			(1,465)	(514)
Unrealized gain/ (loss) from derivative financial instruments	8		8,666	524
Realized gain from disposal of financial assets at fair value through Profit & Loss	10		-	44
Unrealized gain/ (loss) from valuation of financial assets at fair value through Profit & Loss	11		3,714	3,320
Share of profits of associates	17		1,069	(143)
Total operating income			16,074	7,700
Expenses				
Interest and similar charges	7		(10,276)	(13,548)
Fee and commission expense	12		(9)	(7)
Unrealised loss from initial recognition of Bonds at FV	18		(7,101)	-
Impairment losses on available-for-sale financial assets	13		-	(276)
Management fees	14		(100)	(100)
Other operating expenses	15		(406)	(451)
Total operating expenses			(17,893)	(14,381)
Profit/(loss) for the period from continuing operations			(1,819)	(6,681)
Less: Income tax	16		(478)	47
(Loss) / Profit after tax			(2,297)	(6,634)
Attributable to:				
Owners Of the Parent Company			(2,297)	(6,634)
Non Controlling Interest			-	-
Other comprehensive income				
Items that will be reclassified subsequently to profits or loss				
Current year gains (losses)	19		(6,622)	8,554
Reclassification to profit or loss			-	-
Exchange Differences on translating foreign operations			(22)	1
Other comprehensive income for the period net of tax			(6,644)	8,555
Total comprehensive income for the period net of tax			(8,941)	1,921
Attributable to:				
Owners Of the Parent Company	28		(8,941)	1,921
Earnings per share attributable to parent company's shareholders (€/share)				
- Basic and diluted			(0.0167)	(0.0483)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts presented in € '000

	Note	31/12/2013	31/12/2012
ASSETS			
Non-current assets			
Debt securities	18	44,789	50,909
Derivative financial instruments	18	11,601	2,935
Investments in associates	17	1,032	3
Available-for-sale financial assets	19	52,565	59,187
Total non-current assets		109,987	113,034
Current Assets			
Loans and receivables		8,655	8,741
Financial assets at fair value through Profit & Loss	20	28,120	25,622
Other assets	21	617	132
Cash and cash equivalents	22	536	2,538
Total current assets		37,928	37,033
TOTAL ASSETS		147,915	150,067
EQUITY AND LIABILITIES			
Equity			
Share Capital	26	162	162
Share Premium	26	378,927	378,927
Revaluation Reserve	19	19,729	26,352
Other reserves		(13)	9
Retained Earnings / (losses)		(442,366)	(440,069)
Total equity attributable to shareholders' of the Parent Company		(43,560)	(34,619)
Non-Controlling Interest		-	-
TOTAL EQUITY		(43,560)	(34,619)
Liabilities			
Non-current			
Long term loans	23	3,000	3,013
Total non-current liabilities		3,000	3,013
Current liabilities			
Short term loans	24	186,851	180,948
Tax Liability	16	461	-
Other liabilities	25	1,164	725
Total current liabilities		188,475	181,673
TOTAL LIABILITIES		191,475	184,686
TOTAL LIABILITIES & EQUITY		147,915	150,067

The accompanying notes constitute an integral part of the financial statements

Athens, 26 February 2015

Angeliki Frangou

Chairman, Non – Executive Director

Panagiotis Throuvalas

Chief Executive Officer, Director

IRF European Finance Investments Ltd

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IRF Financial Statements - SOCIE

Note	Attributable to the shareholder					
	Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Non-Controlling Interest
	162	378,927	26,352	9	(440,069)	(34,619)
	-	-	-	-	-	-
	-	-	-	-	(2,297)	(2,297)
	-	-	(6,622)	-	-	(6,622)
	-	-	-	(22)	-	(22)
	-	-	(6,622)	(22)	(2,297)	(8,941)
	162	378,927	19,729	(13)	(442,366)	(43,560)

Note	Attributable to the shareholder					
	Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Non-Controlling Interest
	162	378,927	17,798	8	(433,435)	(36,540)
	-	-	-	-	-	-
	-	-	-	-	(6,634)	(6,634)
	-	-	8,554	-	-	8,554
	-	-	-	1	-	1
	-	-	8,554	1	(6,634)	1,921
	162	378,927	26,352	9	(440,069)	(34,619)

The accompanying notes constitute an integral part of the financial statements

Financial Statements for year ended 31 December 2013

IRF European Finance Investments Ltd

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts presented in € '000

	Note	31/12/2013	31/12/2012
Cash flows from operating activities			
(Loss)/Profit before tax of continuing operations		(1,819)	(6,634)
<i>Adjustments for:</i>			
Add: Impairment losses on financial assets	13	-	276
(Profit) /loss from revaluation of financial assets at fair value through Profit & Loss	11	(3,434)	(3,320)
(Profit) /loss from debt securities exchange	18	7,101	-
(Profit)/loss from sale of Available for sale financial assets	19	-	(44)
(Profit) /loss from revaluation of derivative financial instruments	8	(8,666)	(524)
Share of (profit) /loss from associates		(1,069)	143
Interest and other non-cash expenses	7	6,186	9,077
FX		1,474	514
Cash Flows from operating activities before changes in working capital		(226)	(513)
Changes in working capital:			
Net (increase)/decrease in other assets		(97)	(1)
Net increase/(decrease) in other liabilities		421	303
Cash flows from operating activities before payment of income tax		98	(212)
Tax paid		-	-
Net cash flows from operating activities		98	(212)
Cash flows from investing activities			
Proceeds from AFS portfolio	19	-	2,800
Interest received		2,139	2,542
Net cash flow from investing activities		2,139	5,341
Cash flows from financing activities			
Interest paid		(4,335)	(8,189)
Proceeds from borrowings	23	95	1,005
Net cash flow from financing activities		(4,240)	(7,184)
Net increase/(decrease) in cash and cash equivalents		(2,003)	(2,055)
Cash and cash equivalents at the beginning of the period		2,538	4,600
Effect of exchange rate fluctuations on cash and cash equivalents		1	(7)
Cash and cash equivalents at the end of the financial year	24	536	2,538

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Country of incorporation

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

Principal Activities

IRF was formed as an investing company to serve as a vehicle for the acquisition of controlling or non-controlling positions in both public and private entities.

IRF holds approximately 17.91% of the issued shares in Marfin Investment Group ('MIG') which, as at December 31, 2013, is the most significant investment in the Company's portfolio. MIG invests in private equity, privatisations and infrastructure projects and principally operates in Greece, Cyprus and South East Europe. All Greek equity holdings are publicly listed in stock exchanges.

2. BASIS OF FINANCIAL STATEMENT PREPARATION

2.1 Statement of Compliance

The financial statements of the Group for the year ended December 31, 2013 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 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

Going concern is an appropriate basis for the preparation of the financial statements. Relative information is provided in note 6.5.1 below.

2.3 Functional and Presentation Currency

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

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

2.4 Use of Estimates

The preparation of the financial statements in accordance with 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 accounting estimates are recognised in the period in which estimates are revised and in

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any future periods affected. Assumptions and estimates include expectations on future events and outcomes that are considered as reasonable given the current conditions. Actual results may differ from these estimates.

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

2.5 New Standards, Interpretations, Revisions and Amendments to existing Standards that are effective and have been adopted by the European Union.

The following amendments and interpretations of the IFRS have been issued by IASB and their application is mandatory from or after 01/01/2013. The most significant Standards and Interpretations are as follows:

- **Amendments to IAS 1 "Presentation of Financial Statements" – Presentation of Items of Other Comprehensive Income**

In June 2011, the IASB issued the amendment to IAS 1 "Presentation of Financial Statements". The amendments pertain to the way of other comprehensive income items presentation.

- **IFRS 13 "Fair Value Measurement"**

In May 2011, IASB issued IFRS 13 "Fair Value Measurement". IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. The measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Neither does it change the requirements of other IFRSs regarding the items measured at fair value and makes no reference to the way the changes in fair value are presented in the Financial Statements. The standard affects the consolidated financial statements.

- **Amendments to IAS 19 "Employee Benefits"**

The amendments aim to improve the issues related to defined benefit plans. The amendments do not affect the consolidated financial statements.

- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"**

The interpretation is not applicable to the Group's operations.

- **Amendments to IFRS 7 "Financial Instruments: Disclosures" - Offsetting Financial Assets and Financial Liabilities**

In December 2011, IASB published new requirements for disclosures that enable users of Financial Statements to make better comparison between IFRS and US GAAP based financial statements. The amendments affect the consolidated financial statements.

- **Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Government loans**

The amendment does not affect the consolidated financial statements.

- **Annual Improvements 2009–2011 Cycle**

In May 2012, IASB issued Annual Improvements 2009–2011 Cycle, a collection of amendments to 5 International Financial Reporting Standards (IFRSs), as its latest set of annual improvements. Specifically, includes improvements for IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34. The amendments are not significant and have not a material impact on Group's financial statements.

2.6 New Standards, Interpretations and amendments to existing Standards which have not taken effect yet or have not been adopted by the European Union

IRF European Finance Investments Ltd

The following new Standards, Revised Standards as well as the following Interpretations to the existing Standards have been issued but have not taken effect yet or have not been adopted by the European Union. In particular:

- **IFRS 9 "Financial Instruments" (removal of mandatory effective date)**

The Group's Management is not going to adopt the requirements of IFRS 9 earlier following the relevant approval of the Standard by the European Union. The current Standard has not been adopted by the European Union yet.

- **IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 01/01/2014)**

The Group will assess the impact of new standards in its consolidated financial statements. The Standards have been adopted by the European Union in December 2012.

- **Transition Guidance: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities (Amendments to IFRS 10, IFRS 11 and IFRS 12) (effective for annual periods beginning on or after 01/01/2013).**

The Group will assess the impact of transition guidance in its consolidated financial statements. This transition guidance has been adopted by the European Union in April 2013.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (effective for annual periods beginning on or after 01/01/2014)**

The Group will assess the impact of amendments in its consolidated financial statements. The amendments have been adopted by the European Union in November 2013.

- **Amendments to IAS 32 "Financial Instruments: Presentation" – Offsetting financial assets and financial liabilities (effective for annual periods beginning on or after 01/01/2014)**

The Group will assess the impact of amendments in its consolidated financial statements. These amendments have been adopted by the European Union in December 2012.

- **Amendments to IAS 36 "Impairment of Assets" - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 01/01/2014)**

The Group will assess the impact of amendments in its consolidated financial statements but is not expected to affect them. These amendments have been adopted by the European Union in December 2013.

- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" - Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 01/01/2014)**

The Group will assess the impact of amendments in its consolidated financial statements. These amendments have been adopted by the European Union in December 2013.

- **Interpretation 21: Levies (effective for annual periods beginning on or after 01/01/2014)**

The Group will assess the impact of interpretation in its consolidated financial statements but is not expected to affect them. The Interpretation has not been adopted by the European Union yet.

- **Amendments to IAS 19 "Employee Benefits" – Defined Benefit Plans: Employee Contributions (effective from 01/07/2014)**

The Group will assess the impact of amendments in its consolidated financial statements but is not expected to affect them. These amendments have not been adopted by the European Union yet.

- **Annual improvements to IFRSs 2010-2012 Cycle & 2011-2013 Cycle (effective from 01/07/2014)**

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The Group will assess the impact of the improvements in its consolidated financial statements but is not expected to affect them. These improvements have not been adopted by the European Union yet.

- **IFRS 14 "Regulatory Deferral Accounts" (effective from 01/01/2016)**

The Group will assess the impact of the Standard in its consolidated financial statements but is not expected to affect them. This Standard has not been adopted by the European Union yet.

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 developed several criteria in order to determine whether it has the "de facto" control over the entity, including the actual representation of the Company on 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. 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 profit or loss.

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, unless such influence can be clearly demonstrated. The existence of significant influence is usually evidenced in one or more of the following ways:

- (a) representation on the board of directors or equivalent governing body of the investee;
- (b) participation in policy-making processes, including participation in decisions about dividends or other distributions;
- (c) material transactions between the entity and its investee;
- (d) interchange of managerial personnel; or
- (e) provision of essential technical information.

Investments in associates are initially recognised at acquisition cost and subsequently are accounted under the equity method. At each financial statement date, the investments carrying amount is increased by the Group's proportion of 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 profit or loss whereas the Group's share of other comprehensive income is recognised directly in other comprehensive income.

In instances 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 incurred liabilities or has made payments on behalf of the associate as well as those arising in the context of the shareholding.

3.2 Operating segments

Information disclosed is basically information that the management uses for internal reporting so as to assess the productivity of segments, as well as the manner in which resources are allocated. Such reporting might

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differ from information used during the preparation of the statement of financial position and the statement of comprehensive income.

The directors determined that IRF's continuing business, as an investment company, would be managed by the directors as a whole and no segmental information would be reported to the CEO. Therefore, IRF does not present segmental financial information. The operating results of IRF for the periods ending December 31, 2013 and December 31, 2012 derive from the following geographical areas:

	1.1-31.12.2013			1.1-31.12.2012		
	Europe	USA	Total	Europe	USA	Total
<i>Amounts presented in €'000</i>						
Interest and similar income	4,090	-	4,090	4,468	-	4,468
Gain(loss) from derivative financial instruments	8,666	-	8,666	524	-	524
Gain/(loss) from valuation/disposal of financial assets at fair value through Profit & Loss	(336)	4,050	3,714	245	2,844	3,088
Share of profits/(losses) of associates	-	1,069	1,069	-	(143)	(143)
Interest and similar charges	(10,276)	-	(10,276)	(13,548)	-	(13,548)
Unrealised loss from initial recognition of Bonds at FV	(7,101)	-	(7,101)	-	-	-
Operating expenses and commissions	(505)	(9)	(515)	(548)	(9)	(558)
Exchange differences	-	(1,465)	(1,465)	-	(514)	(514)
Net operating results	(5,463)	3,645	(1,819)	(8,859)	2,178	(6,681)
AFS Reserve Movement/Impairment	(6,622)	-	(6,622)	8,554	-	8,554
Total	(12,085)	3,645	(8,441)	(305)	2,178	1,873

3.3 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 financial statement date. The income and expenses are translated into Euro at the exchange rate on the dates of transactions or, if it is a reasonable approximation, 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 in other comprehensive income into "Other reserves".

(b) Foreign Currency Transactions

Foreign currency transactions are translated into the respective functional currency of the Group entities at the exchange rates on 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 on 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 on 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.

3.4 Interest income and expense

Interest income and expense are recognised on an accrual basis in profit or loss 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.

3.5 Fee and commission 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 is recognised on completion of the underlying transaction. Portfolio management fees and other advisory and service fees are recognized in profit or loss according the applicable service contract, usually on a time-apportion basis.

3.6 Dividend Income

Dividend income is recognized in profit or loss when the right to receive payment is established.

3.7 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.

3.7.1 Initial Recognition

Financial assets and liabilities are recognized at the trade date which is the date when the Group becomes a party 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.

3.7.2 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 profit or loss.

(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. The Group classifies in this category bonds containing embedded derivatives, which can be separated from the host contract.

(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 sells other than an insignificant amount of held-to-maturity assets, then the entire category is 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 – (AFS)

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.

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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 in other comprehensive income.

3.7.3 Offsetting

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position 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.

3.7.4 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 were derived by applying appropriate valuation methods.

3.7.5 Impairment of financial assets

Assets carried at fair value

The Group assesses at each financial statement 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 profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. 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 profit or loss.

3.7.6 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 statement of financial position 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 contract 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.

3.8 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 Financial liabilities

The Group classifies its financial liabilities into the following categories:

1) 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.

Financial liabilities are initially recognised at fair value. Subsequently any changes in their fair value are recognised in the income statement.

2) Financial liabilities at amortised cost:

Borrowings are initially measured at fair value, i.e. at the amount of the cash received (net of transaction fees) or other financial assets. They are then measured at amortised cost under the effective interest rate method and are recognised in statement of financial position under "Long term loans".

3.10 Share capital

(a) Share issue costs

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

(b) Dividends on ordinary shares

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

(c) Treasury Shares

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

3.11 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.

3.12 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 substantively enacted by the financial statement 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

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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 the initial recognition of goodwill.

No deferred taxes are recognised on 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 on 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 financial statement date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly in other comprehensive income, are charged or credited directly in other comprehensive income.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Impairment of available for sale financial assets

The Group follows the guidance in IAS 39 to determine if an investment has been impaired. This decision requires critical judgement. Available for sale equity investments are impaired when there has been a significant or prolonged decline in fair value below its cost.

When the declines in fair value are considered significant or prolonged, the fair value reserve is transferred to profit or loss. Additional information for the current year losses is presented in note 13.

b) Financial Instruments Classification

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

- Financial instruments for trading purposes include Investments and derivatives held to achieve short-term profit.

c) Financial assets not quoted in active markets

By nature, valuations based on estimates include risk and uncertainties relating to their occurrence in the future. Consequently actual future results may differ from these estimates and have a significant impact on the financial statements. The use of estimates primarily concerns the valuation of financial assets that currently do not trade in active market. The valuation estimates currently apply to the financial asset presented in note 6.6 and specifically the asset classified in level 3 of hierarchy. The sensitivity analysis for those estimates is presented in the aforementioned note.

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5. STRUCTURE OF THE GROUP

The structure of the IRF group (the "Group") as at December 31, 2013 and December 31, 2012:

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
IRF US	USA	100%	Percentage Ownership	Direct Stake
ASSOCIATES				
S.GOLDMAN ASSET MANAGEMENT LLC	USA	49%		Indirect stake through "IRF US"

Information on consolidation

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

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

IRF US INVESTMENTS INC: IRF US Investments Inc. (**IRF US**) was organized as a wholly owned subsidiary under the laws of the State of Delaware. IRF US's only activity is to hold the 49% interest in S. Goldman Asset Management LLC (**SGAM**). IRF US is fully consolidated in IRF's Group financial statements.

S. Goldman Asset Management LLC (SGAM) is a limited liability company formed under the law of the State of Delaware. IRF US holds a 49% interest in SGAM. SGAM is an investment manager of managed accounts and funds. SGAM is classified as an associate company and it is consolidated under the equity method.

One of IRF's non – executive directors controls the aforementioned company, which provides investment advisory services to the Aurora Fund and receives fees under an investment advisory agreement.

6. RISK MANAGEMENT

The Group is exposed to various risks in relation to financial instruments. IRF intends to minimise its exposure to credit, liquidity and interest rate risk, while it is exposed to market risks due to its investments in listed 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.

6.1.1 Maximum credit risk exposure

The below table presents the maximum credit risk exposure as at December 31, 2013 and December 31, 2012 respectively, without taking into account any collaterals or other credit enhancements pledged.

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For on-balance-sheet assets, the exposure set out above is based on net carrying amounts as reported in Statement of Financial Position.

Amounts presented in € '000

Total exposure to credit risk	31/12/2013	31/12/2012
Exposure to credit risk of the Statement of Financial Position items:		
Derivative financial instrument	11,601	2,935
Debt securities	44,789	50,909
Loans and receivables	8,655	8,741
Other assets	617	132
Cash and other equivalents	536	2,538
Total	66,198	65,254

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

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

Industry risk

Amounts presented in € '000

	Financial institutions	Holdings	Other industries	Total
Cash and other equivalents	536	-	-	536
Debt securities	-	44,789	-	44,789
Derivative financial instrument	-	11,601	-	11,601
Loans and receivables	-	-	8,655	8,655
Other assets	537	-	80	617
Total maximum credit risk as at 31 December 2013	1,073	56,390	8,735	66,198
Total maximum credit risk as at 31 December 2012	2,538	53,927	8,789	65,254

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.

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

As at December 31, 2013

Amounts presented in € '000

Market Prices	Price Volatility	Impact on Equity and Profit and Loss
Foreign-exchange rate	-2% / 2%	(675)/675
Prices of securities	-20% / 20%	(10,619)/10,619
Interest Rates	1% / -1%	(1,359)/1,359

As at December 31, 2012

Amounts presented in € '000

Market Prices	Price Volatility	Impact on Equity and Profit and Loss
Foreign-exchange rate	-2% / 2%	(609)/609
Prices of securities	-20% / 20%	(17,549)/17,549
Interest Rates	1% / -1%	(1,783)/1,783

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Foreign-exchange rate

The tables above illustrate the sensitivity of profit and equity in relation to the Group's financial assets and financial liabilities and mainly the USD/EURO exchange rates "all other things being equal".

Prices of listed securities

For listed securities a price volatile of +/-20% has been considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in the market risk that were reasonably possible at the market date. From the favourable impact of €10.6m, €10.5m would be recognized directly to equity as gains of AFS investments, and the rest will be recognized in profit and loss accounts in the period.

Interest Rates

The changes in the tables above are considered to be reasonably possible based on observations of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

6.3 Currency Risk

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

As at December 31, 2013

Amounts presented in € '000

ASSETS	EUR	USD	GBP	TOTAL
Cash and other equivalents	533	3	-	536
Trading portfolio and other financial assets at fair value through Profit & Loss	528	27,592	-	28,120
Loans and receivables	-	8,655	-	8,655
Investments in associates	-	1,032	-	1,032
Debt securities	44,789	-	-	44,789
Investment portfolio securities	52,565	-	-	52,565
Derivative financial instruments	11,601	-	-	11,601
Other assets	590	25	1	617
Total assets	110,606	37,307	1	147,915
LIABILITIES	EUR	USD	GBP	TOTAL
Long term loans	-	3,000	-	3,000
Tax Liability	-	461	-	461
Short term loans	186,851	-	-	186,851
Other liabilities	1,062	99	3	1,164
Total liabilities	187,913	3,559	3	191,475
Total exposure	(77,307)	33,748	(2)	(43,560)

As at December 31, 2012

Amounts presented in € '000

ASSETS	EUR	USD	GBP	TOTAL
Cash and other equivalents	2,524	14	-	2,538
Trading portfolio and other financial assets at fair value through Profit & Loss	864	24,758	-	25,622
Loans and receivables	-	8,741	-	8,741
Investments in associates	-	3	-	3
Debt securities	50,909	-	-	50,909
Investment portfolio securities	59,187	-	-	59,187
Derivative financial instruments	2,935	-	-	2,935
Other assets	107	25	-	132
Total assets	116,527	33,540	-	150,067

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LIABILITIES

	EUR	USD	GBP	TOTAL
Long term loans	-	3,013	-	3,013
Short term loans	180,948	-	-	180,948
Other liabilities	688	34	4	725
Total liabilities	181,636	3,047	4	184,686
Total exposure	(65,108)	30,493	(4)	(34,619)

6.4 Interest Rate Risk

Interest rate risk is the risk of a negative impact on the Group's financial condition due to its exposure to interest rates. The following tables summarise the Group's exposure to interest rate risks. Included in the tables are the Group's assets and liabilities at carrying amounts categorized by contractual re-pricing date for floating rate items and maturity day for fixed rate items.

Amounts presented in € '000

As at December 31, 2013

ASSETS

	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Non interest bearing	Total
Investments in associates	-	-	-	-	1,032	1,032
Derivative financial instruments	-	-	-	-	11,601	11,601
Debt securities	-	-	-	44,789	-	44,789
Investment portfolio	-	-	-	-	52,565	52,565
Trading portfolio and other financial assets at fair value through Profit & Loss	-	-	-	-	28,120	28,120
Loans and receivables	8,655	-	-	-	-	8,655
Other assets	-	-	-	-	617	617
Cash and other equivalents	536	-	-	-	-	536
Total assets	9,191	-	-	44,789	93,935	147,915

LIABILITIES

Long term loans	-	-	-	3,000	-	3,000
Tax liability	-	-	-	-	461	461
Short term loans	186,851	-	-	-	-	186,851
Other Liabilities	-	-	-	-	1,164	1,164
Total Liabilities	186,851	-	-	3,000	1,624	191,475
Net interest gap	(177,660)	-	-	41,789	92,311	(43,560)

Amounts presented in € '000

As at December 31, 2012

ASSETS

Investments in associates	-	-	-	-	3	3
Derivative financial instruments	-	-	-	-	2,935	2,935
Debt securities	-	-	-	50,909	-	50,909
Investment portfolio	-	-	-	-	59,187	59,187
Trading portfolio and other financial assets at fair value through Profit & Loss	-	-	-	-	25,622	25,622
Loans and receivables	8,741	-	-	-	-	8,741
Other assets	-	-	-	-	132	132
Cash and other equivalents	2,538	-	-	-	-	2,538
Total assets	11,279	-	-	50,909	87,879	150,067

LIABILITIES

Long term loans	-	-	-	3,013	-	3,013
Short term loans	180,948	-	-	-	-	180,948
Other Liabilities	-	-	-	-	725	725
Total Liabilities	180,948	-	-	3,013	725	184,686
Net interest gap	(169,669)	-	-	47,895	87,154	(34,619)

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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 they are withdrawn. The consequence may be the failure to meet obligations to repay depositors, to fulfil commitments to lend, and to liquidate its financial assets at fair value.

6.5.1 Non derivative contractual cash flows

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

Liquidity risk

As at 31 December 2013

LIABILITIES	Less than 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
Long term loans	-	-	-	3,376	-	3,376
Short term loans	186,851	-	-	-	-	186,851
Other liabilities	-	1,624	-	-	-	1,624
Total liabilities	186,851	1,624	-	3,376	-	191,851

As at 31 December 2012

LIABILITIES	Less than 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
Long term loans	-	-	-	3,153	-	3,153
Short term loans	180,948	-	-	-	-	180,948
Other liabilities	-	725	-	-	-	725
Total liabilities	180,948	725	-	3,153	-	184,826

IRF has a strategic investment in Marfin Investment Group ("MIG"), constituting 66% of total assets. MIG has accumulated a significant group of assets in Greece, many of which are defensive in nature. MIG is listed on the Athens Stock Exchange, and its stock price has declined significantly since 2009.

The loss of value in our MIG investment has created negative book value of equity for the Company as at December 31, 2013.

Several factors have adversely affected our investment in MIG and its financial position as presented in MIG's financial statements, including uncertainty relating to the on-going effects on business within Greece from the austerity measures adopted by the Greek government in combating the sovereign crises.

IRF was in compliance with its obligations until March 31, 2013. During 2013, IRF management was discussing with its lending institution a possible restructuring of the loan facility. However, the debt restructuring negotiations were delayed due to the underlying societal change, including (1) regulatory reform of the March 2013 agreement between Cyprus and the Eurogroup regarding the basic elements of a future program of macroeconomic adjustment, and (2) the subsequent acquisition of CPB's Greek branch by Piraeus bank.

It is in the intentions of IRF management to continue to seek to restructure the debt in a manner that will allow the company's underlying investments to mature. Following the CPB's Greek branch acquisition the debt restructuring and waiver discussions were delayed. On these grounds on July 31, 2013 it has been agreed with the Piraeus Bank that the outstanding payment of €15.0m due on March 28, 2013 was deferred on September 30, 2013. On the same date, IRF obtained waivers from its lender for compliance with Total Assets to Total

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Liabilities ratio through September 30, 2013 and the interest margin has decreased by 3%. As at December 31, 2013 IRF had capital outstanding payments of €30m (payable from September 30, 2013) and the relevant interest for the last quarter of 2013.

Up to October 2014, IRF and Piraeus Bank were in continuous conversations regarding restructuring its € 170 million secured debt facility (the facility was secured in part by IRF's shares in MIG). This conversation culminated into what IRF believed was a final agreement on 17 October 2014, pending execution of formal amendments to the existing loan documentation.

However, in January 2015, IRF management discovered (and was later informed) that Piraeus Bank proceeded unilaterally to acquire 100.4 million shares of MIG (the "MIG shares") owned by IRF which secured the loan made Piraeus Bank's predecessor to IRF. The seizure was accompanied by a statement from the bank that its acquisition price was 0.2815 euros per share, totaling €28.2 million. This is well below internal estimates of the value of MIG and well below MIG's then most recent published NAV of 1.13euros.

IRF was surprised by the aforesaid action of Piraeus Bank S.A. (as it believed it had reached an agreement with the bank for restructuring of its loan facility) and reserved to exercise all its rights including those for the recovery of all positive and consequential damages as the act of "Piraeus Bank SA" is considered illegal (contrary to, among others, the provisions of Greek Law 3301/2004) and abusive (contrary to relevant provisions of Greek law regarding, among others, good faith and business ethics). On 30/1/2015 IRF management filed at the appropriate Greek court an application (stating in detail the reasons in respect of which the unilateral acquisition of the MIG shares by Piraeus Bank is null and void and requesting the deposit of such shares in the custody of the National Bank of Greece as custodian/escrow agent) for interim measures against the unilaterally acquisition of the MIG shares by Piraeus Bank S.A. and to date has obtained two preliminary injunctions prohibiting Piraeus Bank S.A. from transferring the MIG shares pending the decision of the court in respect of IRF's application.

Up to the issuance of the financial statements there is no significant progress relating to the debt restructuring.

Furthermore as of December 31, 2013, IRF had net current liabilities of €147m and no additional borrowing capacity under its credit facility.

IRF's ability to service its indebtedness will depend on its future plans, which will be affected by prevailing economic conditions and financial, business and other factors.

The Company is considering all necessary initiatives to shore up its liquidity through debt restructuring, capital contributions from existing or new stockholders or other sources of financing. There is no assurance, however, that management plans would be achieved on a timely basis or on satisfactory terms, if at all. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting.

6.6 Financial instruments measured at fair value

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Within the reporting period there were no transfers between Levels 1,2 and 3.

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis at December 31, 2013 and December 31, 2012. There are no financial liabilities measured at fair value.

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As at 31 December 2013

Amounts presented in € '000

	LEVEL 1	LEVEL 2	LEVEL 3
Assets			
Listed securities and debentures	53,093	27,592	-
Unlisted derivatives	-	-	11,601
Total	53,093	27,592	11,601
Net fair value	53,093	27,592	11,601

As at 31 December 2012

Amounts presented in € '000

	LEVEL 1	LEVEL 2	LEVEL 3
Assets			
Listed securities and debentures	60,052	24,758	-
Unlisted derivatives	-	-	2,935
Total	60,052	24,758	2,935
Net fair value	60,052	24,758	2,935

Level 3 instrument refers to MIG's embedded derivative (note 18). As observable prices are not available on December 31, 2013 the Company used a valuation technique to derive the fair value. The Company used the following model in order to evaluate the derivative:

Black – Scholes option valuation model: The key parameters employed were a) the share price volatility of MIG's shares and b) the discount rate (the Euro Swap Rate as well as a risk premium whose computation took into account the spreads of bonds of the Hellenic Republic).

The following table presents the movement in level 3 instruments for the year ended December 31, 2013.

Amounts presented in € '000	Derivatives
Opening balance	2,935
Gains and losses recognized in profit and loss	8,666
Closing balance	11,601

Sensitivity analysis test were performed in order to be testing the sensitivity of the base model results to volatility changes and to share price. If the Volatility of MIG's share used in the valuation model was decreased by approximately 20%, this would have resulted in a decrease in value of 20% and if increased by 20% the increase in value would have been 20%. If the share of MIG's share price used in the valuation model was decreased by approximately 20%, this would have resulted in a decrease in value of 20% and if increased by 20% the increase in value would have been 25%.

6.7 CAPITAL MANAGEMENT

The main objective of capital management is to ensure that the Group has the necessary liquidity in order to be able to continue as going concern. All efforts of the Company's management are aimed at this direction.

Detailed description of management's action and measures taken in order to ensure that the Group has the ability to repay all the operating expenses and continue as a going concern is presented in note 6.5.1.

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7. INTEREST INCOME & INTEREST EXPENSE

<i>Amounts presented in € '000</i>	1/1- 31/12/2013	1/1- 31/12/2012
Interest and similar income		
From deposits in financial institutions	4	11
From securities	3,782	4,131
From loans and receivables	304	326
Total	4,090	4,468
Interest and similar expenses		
Due to financial institutions	(10,149)	(13,413)
Due to shareholders	(126)	(133)
Other interest related expenses	(0)	(2)
Total	(10,276)	(13,548)

9. GAINS FROM DERIVATIVE FINANCIAL INSTRUMENTS

<i>Amounts presented in € '000</i>	1/1- 31/12/2013	1/1- 31/12/2012
Unlisted derivatives	8,666	524
Total	8,666	524

For further information see also note 18.

10. REALISED GAINS/ (LOSSES) FROM DISPOSAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

Realised gain from trading portfolio

<i>Amounts presented in € '000</i>	1/1- 31/12/2013	1/1- 31/12/2012
Listed shares	-	44
Total	-	44

11. UNREALISED GAIN / (LOSSES) FROM VALUATION OF FINANCIAL ASSETS AT FAIR VALUE HELD FOR TRADING

<i>Amounts presented in € '000</i>	1/1- 31/12/2013	1/1- 31/12/2012
Listed shares	(336)	516
Investment fund units	4,050	2,804
Total	3,714	3,320

12. FEE AND COMMISSION INCOME & EXPENSE

<i>Amounts presented in € '000</i>	1/1- 31/12/2013	1/1- 31/12/2012
Fee and commission expense from:		
Securities brokerage & safekeeping	(9)	(7)
Total	(9)	(7)

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13. IMPAIRMENT LOSSES

<i>Amounts presented in € '000</i>	1/1- 31/12/2013	1/1- 31/12/2012
Listed shares	-	(276)
Total	-	(276)

As of December 31, 2012 an impairment loss of €276th was reported from the difference between the acquisition cost and fair value of the investments classified as available-for-sale. The management of IRF, taking into consideration the following factors:

- a) the large decline in the fair value of the investments;
- b) the budget crises in the Hellenic Republic;
- c) the prolonged negative trend on the Athens Stock Exchange; and
- d) the combined effect of the above on international economic and market conditions,

concluded that there is an objective evidence of impairment of the available-for-sale investments.

Following the stipulations of IAS 39 paragraphs 59 and 67, when a decline in the fair value of an available-for-sale financial asset was recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that was recognised directly in other comprehensive income must be removed from other comprehensive income and recognised in profit or loss, even though the financial asset has not been derecognised.

14. MANAGEMENT FEES

The CEO is the sole employee of the Company.

<i>Amounts presented in € '000</i>	1/1- 31/12/2013	1/1- 31/12/2012
Wages and salaries	(100)	(100)
Total	(100)	(100)
Number of employees	1	1

15. OTHER OPERATING EXPENSES

<i>Amounts presented in € '000</i>	1/1- 31/12/2013	1/1- 31/12/2012
Consulting and other third party fees	(78)	(79)
Legal fees	(67)	(118)
Other operating expenses	(260)	(254)
Total	(406)	(451)

16. DEFERRED TAX – INCOME TAX EXPENSE

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 taxes are attributable to the investment in associate company (accounts receivable and accrued expenses of associate):

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Amounts presented in € '000

	2013		2012	
	Deferred Tax		Deferred Tax	
	Asset	Liability	Asset	Liability
Investment in associates	-	461	-	-
Total	-	461	-	-
Amount set-off	-	-	-	-
Balance at 31 December	-	461	-	-

The Group operates in a number of different jurisdictions. Profits recorded in the jurisdictions of Bermuda and Marshall Islands are tax free. Income generated by entities established under United States Law is subject to income tax according to United States Tax Law. The companies operating in the United States remain subject to examination for three previous periods by local tax authorities. There are presently no ongoing income tax examinations. The provision for income taxes at December 31, 2013 consists of the following:

Amounts presented in € '000

Current	-
Deferred	
Federal	301
State	84
Local	94
Total	478

Reconciliation of the federal income tax to the effective income tax rate is as follows:

Federal	34.0%
State	8.6%
Local	8.9%
Total	51.5%

17. INVESTMENTS IN ASSOCIATES

In 2009, IRF invested a nominal sum in exchange for a 49% interest in "S. Goldman Asset Management LLC". Shares of "S. Goldman Asset Management LLC" are not publicly listed on a stock exchange and price quotes are thus unavailable.

Amounts presented in € '000

	31/12/2013	31/12/2012
Investments in associates	1,032	3
Total	1,032	3

Some brief financial information as at December 31, 2013 on the associate is given below:

Amounts presented in € '000	Domicile	Assets	Liabilities	Profits / (losses)	OCI	Participation %
S.GOLDMAN ASSET MANAGEMENT LLC	USA	2,982	875	2,184	(40)	49%

Investments in associates are accounted under the equity method.

18. DEBT SECURITIES

Amounts presented in €'000

	31/12/2013	31/12/2012
Debt securities		
Corporate entities bonds	44,789	50,909
	44,789	50,909

During the 3d quarter of 2013, pursuant to the decisions of the General Meeting of Shareholders and the decisions of the Board of Directors of MIG, IRF participated in MIG's new Convertible Bond Loan (CBL) issuance by exercising its pre-subscription rights as an existing bondholder through exchanging the bonds issued by MIG on 19/03/2010. The new callable bonds have duration of 7 years, bearing an annual interest rate of 6.3%.

According to IAS 39, at the conversion time the old convertible bond derecognized and the new bond was recognized at its fair value. The difference between the carrying amount of the old bond and the fair of the new bond at the time of conversion was recognized in profit or loss as an impairment loss and amounted to €7.1m presented as "Unrealised loss from initial recognition of Bonds at FV". After initial recognition, IRF designated the CBL at "loans and receivables" category. The relevant bond amortization income is recorded as interest in the profit and loss account.

The new bond contained an embedded derivative, which was separated from the host contract. The embedded derivative was classified in Non-Current Assets as "Derivative financial instrument". At the restructuring date the fair value of the derivative was estimated at €5.2m. Any subsequent change in its fair value recognized in profit and loss accounts. The net effect from the CBL restructuring relating to the derivative as at December 31, 2013 is €8.7m (note 9).

At the re-measurement date, the effective interest rate of the convertible bond was estimated at 8.0% and the recoverable amount to €44.7m (see also note 6.6). As at December 31, 2013 the bond was unrated based on Moody's (or other equivalent) rating system.

19. INVESTMENT PORTFOLIO

The Group's investment portfolio comprises financial instruments available for sale.

Amounts presented in €'000

	31/12/2013	31/12/2012
Available for sale portfolio (at fair value)		
Equity securities	52,565	59,187
Total	52,565	59,187

The movement in the investment portfolio for the year ended December 31, 2013 is summarized as follows:

Amounts presented in €'000

	2013	2012
Balance as at 1 January	59,187	53,665
Disposals	-	(2,800)
Realized gain	-	44
Gains / (Losses) from changes in fair value through equity	(6,622)	8,554
Impairment losses	-	(276)
Balance as at 31 December	52,565	59,187

The accumulated revaluation reserve for investment portfolio amounts to €19.7m (2012: €26.3). Investment in Marfin Investment Group (MIG) constitutes the only investment in IRF's portfolio as at December 31, 2013.

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

Amounts presented in €'000

	31/12/2013	31/12/2012
Trading Portfolio		
Investment fund units	27,592	24,758
Securities	528	864
	28,120	25,622

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21. OTHER ASSETS

The Group's other assets accounts are analysed as follows:

<i>Amounts presented in € '000</i>	31/12/2013	31/12/2012
Prepayments to third parties	80	49
Sundry debtors and other receivables	537	83
Total	617	132

22. CASH AND OTHER EQUIVALENTS

<i>Amounts presented in € '000</i>	31/12/2013	31/12/2012
Petty cash	1	1
Deposits placed in other financial institutions	535	2,537
Total	536	2,538

23. LONG TERM LOANS

<i>Amounts presented in €'000</i>	31/12/2013	31/12/2012
Long term borrowings		
Due to shareholders	3,000	3,013
Total	3,000	3,013

During 2011 and 2012 the main shareholders provided a \$3m loan facility. The loan bears an interest of 3 month LIBOR plus 4.0% spread per annum and is repayable on March, 2015. Interest and principal amount will be repaid at maturity day. The total capitalized interest as at December 31, 2013 amounts to €245th (2012: 133th).

During April 2013 the main shareholders provided with an additional funding of \$120th bearing an interest of 3 month LIBOR plus 4.0% spread per annum repayable on December, 2014 which is classified as short term.

24. SHORT TERM LOANS

<i>Amounts presented in €'000</i>	31/12/2013	31/12/2012
Short term borrowings		
Due to financial institutions	184,104	177,329
Accrued interest	2,657	3,618
Due to Shareholders	90	-
Total	186,851	180,948

The balance "Due to financial institutions" relates to the long term loan facility of IRF. On 20 July 2010 the Company signed an agreement to refinance the loan for a 5-year period. The loan had a total interest of Euribor plus 4% spread. The first reduction instalment was scheduled to be paid in March 2013.

As at March 31, 2012, the Company was not in compliance with the financial covenants relating to Total Assets to Total Liabilities ratio for the existing loan, and the instalment of accrued interest were past due. During April 2012 the Company repaid the accrued interest that was past due.

Also in April, 2012, the Company agreed with the lending bank to restructure its existing loan agreement and obtained waivers from its lender for compliance with Total Assets to Total Liabilities ratio through March 31, 2013. Under this agreement, the Company will not pay any interest amount through March 31, 2013, and such accrued, but unpaid interest will be semi-annually capitalized. The interest margin was increased by 3% per annum, throughout the capitalization period, and the maturity date remains unchanged. The capitalized interest

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presented in the "Due to financial institutions" account includes the four past due interest instalments and amounts to €14.1m (2012: two past due interest instalments amount to €7.2m).

The long term loan facility was initially agreed with the Greek Branch of Cyprus Popular Bank – CPB- (formerly Marfin Popular Bank). At 2013 IRF management was in the process of debt restructuring and obtaining a new waiver from the lenders. However at March 26th, 2013 Piraeus Bank signed an agreement to acquire all of the Greek deposits, loans and branches of Cyprus Popular Bank (CPB), Bank of Cyprus, and Hellenic Bank. The agreement follows the proposal submitted in response to the invitation addressed to Greek banks by the Greek Government, the Bank of Greece and the Hellenic Financial Stability Fund (HFSF), with regard to the acquisition of the branch network and operations of the 3 Cypriot banks in Greece.

Up to October 2014, IRF and Piraeus Bank were in continuous conversations regarding restructuring its € 170 million secured debt facility (the facility was secured in part by IRF's shares in MIG). This conversation culminated into what IRF believed was a final agreement on 17 October 2014, pending execution of formal amendments to the existing loan documentation.

However, in January 2015, IRF management discovered (and was later informed) that Piraeus Bank proceeded unilaterally to acquire 100.4 million shares of MIG (the "MIG shares") owned by IRF which secured the loan made Piraeus Bank's predecessor to IRF. The seizure was accompanied by a statement from the bank that it's acquisition price was 0.2815 euros per share, totaling €28.2 million. This is well below internal estimates of the value of MIG and well below MIG's then most recent published NAV of 1.13euros.

IRF was surprised by the aforesaid action of Piraeus Bank S.A. (as it believed it had reached an agreement with the bank for restructuring of its loan facility) and reserved to exercise all its rights including those for the recovery of all positive and consequential damages as the act of "Piraeus Bank SA" is considered illegal (contrary to, among others, the provisions of Greek Law 3301/2004) and abusive (contrary to relevant provisions of Greek law regarding, among others, good faith and business ethics). On 30/1/2015 IRF management filed at the appropriate Greek court an application (stating in detail the reasons in respect of which the unilateral acquisition of the MIG shares by Piraeus Bank is null and void and requesting the deposit of such shares in the custody of the National Bank of Greece as custodian/escrow agent) for interim measures against the unilaterally acquisition of the MIG shares by Piraeus Bank S.A. and to date has obtained two preliminary injunctions prohibiting Piraeus Bank S.A. from transferring the MIG shares pending the decision of the court in respect of IRF's application.

25. OTHER LIABILITIES

Amounts presented in € '000

	31/12/2013	31/12/2012
Liabilities to subsidiaries -associates	23	-
Salaries Payable	250	150
Brokerage services securities and derivatives	123	123
Suppliers and other third party liabilities	768	452
Total	1,164	725

26. SHARE CAPITAL & SHARE PREMIUM

Amounts presented in €'000

	Number of common shares	Nominal value \$	Number of preference shares	Nominal value \$	Share capital in \$	Share capital	Share premium	Total
Opening balance at 1 January 2012	137,315,633	0.0015	49,833,858	0.0001	206	162	378,927	379,089
Closing balance at 31 December 2013	137,315,633	0.0015	49,833,858	0.0001	206	162	378,927	379,089

27. OTHER RESERVES

Amounts presented in € '000

	31/12/2013	31/12/2012
Translation of exchange differences	(13)	9
Total	(13)	9

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28. 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.

Basic and diluted earnings per share are analysed below:

	1/1/- 31/12/2013	1/1/- 31/12/2012
Basic Earnings per share		
Loss attributable to the Parent Company's Shareholders (in € '000)	(2,297)	(6,634)
Weighted average number of shares in issue	137,315,633	137,315,633
Basic earnings per share (€/Share)	(0.0167)	(0.0483)

29. RELATED PARTIES TRANSACTIONS

29.1 Transactions between companies included in Consolidation

<i>Amounts presented in €'000</i>	31/12/2013	31/12/2012
Asset accounts		
Other Assets	28	28
Total	28	28
Liability accounts		
Other liabilities	2,186	2,186
Total	2,186	2,186

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

29.2 Transactions with Associates

During 2013 SGAM made payments on behalf of IRF US and IRF European Finance Ltd. It is anticipated that SGAM will be reimbursed for both of these expenditures in 2014.

<i>Amounts presented in €'000</i>	31/12/2013	31/12/2012
Liability accounts		
Other Liabilities	23	-
Total	23	-
Income		
Share from Profit /(Loss)	1,069	(143)
Total	1,069	(143)

29.3 Transactions with Management and Members of the Board of Directors

No salaries or loans were paid to the Directors of the Company for the period.

Transactions with Management and Members of the Board of Directors

<i>Amounts presented in €'000</i>	31/12/2013	31/12/2012
Liability accounts		
Other Liabilities	250	150
Total	250	150

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	1/1/-31/12/2013	1/1/-31/12/2012
Expenses		
Remuneration	100	100
Other fees & expenses	59	59
Total	159	159

Information concerning shareholder loans provided to the Company is included in note 23 of the financial statements.

30. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

30.1 Contingent legal liabilities

There was no litigation pending against the Group in connection with its activities at the reporting period.

30.2 Assets given as collateral

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

31. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

For the periods ending December 31, 2013 and December 31, 2012, all financial assets and liabilities are carried at their fair value, except from loans and receivables, debt securities and short term loans which are carried at amortized cost.

Balance at 31 December 2013

Amounts presented in € '000

Assets	Fair value through profit or loss	Available for sale	Loans & receivables	Total
Trading portfolio and other financial assets at fair value through Profit & Loss	28,120	-	-	28,120
Loans and receivables	-	-	8,655	8,655
Debt securities	-	-	44,789	44,789
Investment portfolio	-	52,565	-	52,565
Derivative financial instruments	11,601	-	-	11,601
Total	39,721	52,565	53,444	145,729

Liabilities	At amortized cost	At fair value through profit or loss	Total
Long term loans	3,000	-	3,000
Short term loans	186,851	-	186,851
Total	189,851	-	189,851

Balance at 31 December 2012

Amounts presented in € '000

Assets	Fair value through profit or loss	Available for sale	Loans & receivables	Total
Trading portfolio and other financial assets at fair value through Profit & Loss	25,622	-	-	25,622
Loans and receivables	-	-	8,741	8,741
Debt securities	-	-	50,909	50,909
Investment portfolio	-	59,187	-	59,187
Derivative financial instruments	2,935	-	-	2,935
Total	28,557	59,187	59,649	147,393

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Liabilities	At amortized cost	At fair value through profit or loss	Total
Long term loans	3,013		3,013
Short term loans	180,948	-	180,948
Total liabilities	183,961	-	183,961

32. 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 following table presents the book and fair values for the financial instruments (assets and liabilities) that are not measured in fair value:

<i>Amounts presented in € '000</i>	Book value		Fair value	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Financial assets				
Debt securities	44,789	50,909	44,789	39,956
Loans and receivables	8,655	8,741	8,655	8,741
Financial liabilities				
Long term loans	3,000	3,013	3,000	3,013
Short term loans	186,851	180,948	186,851	180,948

33. POST REPORTING DATE EVENTS

In June 2014, Mr Throuvalas was appointed as the new CEO of IRF following Mr Valetopoulos' resignation.

As of June 30, 2014 Ms Frangou and Mr Throuvalas were appointed to the Board of Directors of MIG, following the proposal of IRF as Non-Executive Member and as Deputy C.E.O. - Executive Member respectively. The appointment of these two members marks the involvement of IRF as a strategic shareholder in MIG, by exercising significant influence in formulating and implementing the MIG's strategy and is expected to affect the accounting treatment of our investment in MIG (as associate).

Up to October 2014, IRF and Piraeus Bank were in continuous conversations regarding restructuring its € 170 million secured debt facility (the facility was secured in part by IRF's shares in MIG). This conversation culminated into what IRF believed was a final agreement on 17 October 2014, pending execution of formal amendments to the existing loan documentation.

However, in January 2015, IRF management discovered (and was later informed) that Piraeus Bank proceeded unilaterally to acquire 100.4 million shares of MIG (the "MIG shares") owned by IRF which secured the loan made Piraeus Bank's predecessor to IRF. The seizure was accompanied by a statement from the bank that its acquisition price was 0.2815 euros per share, totalling €28.2 million. This is well below internal estimates of the value of MIG and well below MIG's then most recent published NAV of 1.13euros.

IRF was surprised by the aforesaid action of Piraeus Bank S.A. (as it believed it had reached an agreement with the bank for restructuring of its loan facility) and reserved to exercise all its rights including those for the recovery of all positive and consequential damages as the act of "Piraeus Bank SA" is considered illegal (contrary to, among others, the provisions of Greek Law 3301/2004) and abusive (contrary to relevant provisions of Greek law regarding, among others, good faith and business ethics). On 30/1/2015 IRF

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management filed at the appropriate Greek court an application (stating in detail the reasons in respect of which the unilateral acquisition of the MIG shares by Piraeus Bank is null and void and requesting the deposit of such shares in the custody of the National Bank of Greece as custodian/escrow agent) for interim measures against the unilaterally acquisition of the MIG shares by Piraeus Bank S.A. and to date has obtained two preliminary injunctions prohibiting Piraeus Bank S.A. from transferring the MIG shares pending the decision of the court in respect of IRF's application. Apart from the aforementioned in the notes, there are no events posterior to the Financial Statements, regarding either the Group requiring reference by the IFRS.

34. 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 December 31, 2013 were approved by the Company's Board of Directors on 26 February 2015 and are subject to the final approval of the General Meeting of the Shareholders according to the Company's Bye-laws.

Independent Auditors Report on page 7.

Athens, 26 February 2015

Angeliki Frangou


Chairman, Non-Executive Director

Panagiotis Throuvalas


Chief Executive Officer, Director