

IRF European Finance Investments Limited



European Finance Investments

Consolidated Interim Financial Statements for the nine-month period ended at 30 September 2007

The accompanying consolidated interim financial statements of IRF European Finance Investments Limited ("IRF") and its subsidiaries (together "the Group"), for the nine-month period ended at 30 September 2007 were approved by the Company's Board of Directors on 1 December 2007.

Consolidated Interim Financial Statements
for the nine month period
from the 1st of January to the 30th of September 2007

IRF European Finance Investments Limited

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IRF European Finance Investments Limited

Board of Directors

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

Changes in the Board of Directors

On the 25 January 2007, Dionysios Malamatinas Director of IRF submitted his resignation effective from 29 January 2007 and has not been replaced.

Statement of Directors' responsibilities in respect of the interim accounts

The Directors are responsible for preparing consolidated interim accounts which present fairly the financial position and the performance of the Group in accordance with applicable law and regulations. The Group has adopted IFRS since incorporation. As a result of IRF's "de facto" power to control PROTON BANK's financial and operating activities, PROTON BANK, and its subsidiaries are consolidated in these financial statements of IRF. See Note 3 to the consolidated interim financial statements for more detail.

In preparing these interim accounts, the Directors:

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that their accounts comply with applicable laws and regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

IRF European Finance Investments Limited

Report on Review of Interim Financial Information

To the Shareholders of "IRF EUROPEAN FINANCE INVESTMENTS LIMITED"

Introduction

We have reviewed the accompanying consolidated balance sheet of "IRF EUROPEAN FINANCE INVESTMENTS LIMITED" as of 30 September 2007 and the related consolidated statements of income, changes in equity and cash flows for the nine-month period then ended, and the selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with the International Financial Reporting Standards that have been adopted by European Union and apply for interim financial information ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.


Scope of Review

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

Conclusion

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

Athens, 1 December 2007
The Certified Public Accountant Auditor

Vassilis Kazas
SOEL Reg. No 13281
Grant Thornton 
Chartered Accountants
Vassileos Konstantinou 44, 116 35 Athens
SOEL Reg. No 127

IRF European Finance Investments Limited

CONSOLIDATED INTERIM INCOME STATEMENT

<i>Amounts presented in € '000</i>	Note	Nine-month period		Three-month period		Year 2006
		01/01-30/09/07	01/01-30/09/06	01/07-30/09/07	01/07-30/09/06	01/01-31/12/06
Interest and similar income		84,883	10,030	33,430	3,550	28,992
Interest expense and similar charges		(54,956)	(1,374)	(22,437)	(1,374)	(12,263)
Net interest income		29,927	8,656	10,993	2,176	16,729
Fee and commission income		34,577	3,065	11,600	3,065	10,296
Fee and commission expense		(11,351)	(2,197)	(4,761)	(2,153)	(2,430)
Net fee and commission income		23,226	867	6,839	912	7,866
Income from insurance services		31,801	-	10,413	-	7,284
Expense from insurance services		(11,374)	-	(2,858)	-	506
Net income from insurance services		20,426	-	7,555	-	7,790
Dividend income		16,181	661	354	661	1,626
Net trading income		83,940	8,338	39,291	8,338	28,555
Net income from financial instruments designated at fair value through profit and loss		2,081	-	(369)	-	-
Gains less losses from investment securities		11	-	4	-	-
Other operating income		1,266	930	527	930	1,299
Operating income		177,060	19,452	65,194	13,016	63,865
Personnel expenses		(21,540)	(1,225)	(6,780)	(1,163)	(8,233)
Other operating expenses		(31,714)	(1,030)	(15,766)	(913)	(12,642)
Depreciation expenses		(5,497)	(134)	(1,859)	(134)	(1,920)
Insurance claims		(16,081)	-	(5,721)	-	(4,968)
Impairment losses on financial and non financial assets		(1,942)	(1,178)	(633)	(1,178)	(558)
Total operating expenses		(76,773)	(3,567)	(30,758)	(3,388)	(28,322)
Share of profit of associates		318		71		240
Profit before tax		100,604	15,886	34,507	9,628	35,783
Income tax expense		(5,443)	(1,534)	(1,860)	(1,534)	(2,916)
Profit for the period		95,161	14,351	32,648	8,094	32,867
Attributable to:						
Equity holders of the IRF		73,199	9,941	27,254	3,684	23,361
Minority interest		21,962	4,410	5,394	4,410	9,506
Earning per share for the profit attributable to equity holders of the IRF during the period (€/share)			14,351		8,094	
- Basic	5	0,70	0,17	0,20	0,06	0,38
- Diluted	5	0,66	0,16	0,21	0,06	0,34

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

IRF European Finance Investments Limited

CONSOLIDATED INTERIM BALANCE SHEET

<i>Amounts presented in € '000</i>	Note	30 September 2007	30 September 2006	31 December 2006
ASSETS				
Cash and balances with Central Bank	6	24,548	31,646	37,397
Loans and advances to financial institutions	7	548,092	159,836	181,885
Loans and receivables	8	1,332,538	839,916	941,214
Trading portfolio and other financial assets at fair value through Profit & Loss	9	219,302	214,744	264,174
Derivative financial instruments		5,290	781	2,611
Insurance assets		22,641	21,817	18,060
Investment portfolio	10	217,568	187,840	37,977
Investments in associates		4,521	4,363	4,604
Property, plant and equipment		29,996	33,662	33,402
Investment property		50	50	50
Non current assets held for sale		148	-	64
Goodwill and other intangible assets	11	187,747	179,180	190,100
Deferred tax assets		-	1,393	-
Other assets		178,519	80,960	34,886
TOTAL ASSETS		2,770,958	1,756,189	1,746,424
EQUITY AND LIABILITIES				
Due to financial institutions	12	352,295	44,221	90,897
Due to customers	13	1,399,276	1,002,643	1,042,157
Derivative financial instruments		4,174	2,413	6,319
Issued debt securities		26,786	1,500	1,500
Provisions for insurance contracts		36,864	35,336	34,093
Retirement benefit obligations		1,296	1,625	1,228
Current income tax liabilities		4,619	-	1,349
Deferred tax liability		2,659	-	1,727
Compound financial instrument		-	134	-
Other borrowed funds	14	115,000	75,000	-
Other liabilities		20,480	67,473	21,445
Total liabilities		1,963,451	1,230,344	1,200,714
Shareholders' equity				
Share capital	15	148	71	71
Share premium	15	403,666	198,856	200,174
Revaluation reserve		(729)	1,742	(2)
Other reserves		16,503	16,099	16,156
Retained earnings / (losses)		84,056	8,278	21,998
Total equity attributable to shareholders' of IRF		503,645	225,047	238,397
Minority interest		303,862	300,799	307,313
Total equity		807,507	525,846	545,710
TOTAL LIABILITIES AND EQUITY		2,770,958	1,756,189	1,746,424

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

IRF European Finance Investments Limited

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Amounts presented in € '000

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

Consolidated Interim Financial Statements for the nine month period from the 1st of January to the 30th of September 2007

IRF European Finance Investments Limited

Share Capital Attributable To Shareholders

	Share Capital	Share premium	Revaluati on Reserves	Other Reserves	Retained Earnings / (losses)	Total	Minority Interest	Total
<i>Amounts in thousands €</i>								
Opening balance as at 1 January 2006	71	10,234	0	0	(1,396)	8,910	0	8,910
Net Profit for the period 01/01-30/09/2006	0	0	0	0	9,941	9,941	4,410	14,351
Decrease in Share Capital due to the cancelled shares	0	0	0	0	0	0	0	0
Conversion of Compound Financial Instruments to Common Shares (after the acquisition of PROTON)	0	188,623	0	0	0	188,623	0	188,623
Minority Interest from the Acquisition of the Subsidiary (PROTON BANK) on 30 June 2006	0	0	0	0	0	0	148,987	148,987
Reserves from the revaluation of Available-for-Sale Financial Assets	0	0	1,742	0	0	1,742	0	1,742
Exchange Differences on translating foreign operations	0	0	0	0	0	0	(7)	(7)
Acquisition (absorption) of OMEGA BANK by PROTON BANK	0	0	0	16,099	(267)	15,832	147,409	163,241
Total Profit / Loss for the Period	0	188,623	1,742	16,099	9,673	216,137	300,799	516,936
Total shareholders' equity at 30 September 2006	71	198,856	1,742	16,099	8,278	225,047	300,799	525,846

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for the nine month period
from the 1st of January to the 30th of September 2007

IRF European Finance Investments Limited

Amounts presented in € '000

Opening balance as at 1 January 2006

Net result as previously reported for the year 01/01-31/12/2006

Available for sale instruments:

- Valuation gains / (losses) taken to equity
- Transferred to Profit & Loss on sale

Exchange differences on translating foreign operations

Total profit / (loss) recognized for the financial year

Decrease in share capital due to the cancelled shares

Conversion of compound financial instruments to common shares (after the acquisition of PROTON)

Acquisition of OMEGA BANK by PROTON BANK

Purchase of treasury shares of PROTON BANK

Sale of treasury shares of PROTON BANK

Restated balance as at 31 December 2006

Balance as previously reported at 31 December 2006

Restatement due to amortization of intangible assets

Restated Balance as at 31 December 2006

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

	Attributable to shareholders of IRF						Total
	Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Minority Interest	
	71	10,234	-	-	(1,396)	-	8,910
	-	-	-	-	23,361	9,506	32,867
	-	-	1,740	-	-	(9)	1,731
	-	-	(1,742)	-	-	-	(1,742)
	-	-	-	2	-	9	11
	-	-	(2)	2	23,361	9,506	32,867
	0	0	-	-	-	-	(0)
	-	189,940	-	-	-	-	189,940
	-	-	-	16,153	-	297,677	313,831
	-	-	-	-	(322)	(1,275)	(1,597)
	-	-	-	-	355	1,405	1,760
	(1)	189,941	-	16,153	33	297,808	503,934
	71	200,174	(2)	16,156	21,998	307,313	545,710
	71	200,174	(2)	16,156	22,208	308,145	546,752
	-	-	-	-	(210)	(832)	(1,042)
	71	200,174	(2)	16,156	21,998	307,313	545,710

Consolidated Interim Financial Statements for the nine month period from the 1st of January to the 30th of September 2007

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CONSOLIDATED INTERIM CASH FLOW STATEMENT

Amounts presented in € '000

Note	01/01- 30/09/2007	01/01- 30/09/2006	01/01- 31/12/2006
Cash flows from operating activities			
Profits before tax	100,604	15,886	35,783
<i>Adjustments for:</i>			
Add: Depreciation & amortization	5,496	134	1,920
Add: Retirement benefit charge	529	12	94
Add: Impairment losses on financial assets	1,943	261	558
(Gains) /Losses from investment activities	(18,267)	-	(16,149)
Share of profit/loss from measurement of financial assets at fair value through Profit & Loss	6,122	(5,039)	-
(Gains) /losses from sale of trading securities	(70,790)	-	-
Fair value employee stock option	586	-	-
Exchange differences	8,838	(888)	-
Bank interest income (trust account)	-	-	(1,562)
Other	-	-	(242)
Reverse of provisions	-	(1,944)	(1,944)
<i>Cash flows from operating activities before changes in operating assets and liabilities</i>	<i>35,060</i>	<i>8,422</i>	<i>20,402</i>
Changes in operating assets and liabilities:			
Net (increase) / decrease in trading securities	104,717	(19,503)	(72,346)
Net (increase) / decrease in derivatives	-	(288)	-
Net (increase) / decrease in reserves held in Central Bank	8,770	-	(4,196)
Net (increase) / decrease in loans and advances to customers	(396,803)	144,048	26,748
Net (increase) / decrease in insurance receivables	(4,256)	-	3,455
Net (increase) / decrease in reinsurance receivables	(325)	-	302
Net (increase) / decrease in other assets	(158,717)	(9,465)	40,730
Net increase / (decrease) in due to banks	261,399	(41,750)	14,926
Net increase / (decrease) in due to customers	357,119	62,720	92,088
Net increase / (decrease) in provisions for insurance contracts	2,772	-	(1,243)
Net increase / (decrease) in other borrowed funds	-	-	-
Net increase / (decrease) in other liabilities	12,893	(105,555)	(145,587)
<i>Cash flows from operating activities before payment of income tax</i>	<i>222,629</i>	<i>38,629</i>	<i>(24,720)</i>
Income tax paid	(277)	(1,328)	(3,048)
Net cash flows from operating activities	222,352	37,301	(27,768)
Cash flows from investing activities			
Portfolio available for sale and held to maturity	(177,820)	(154,805)	9,727
Purchases / (proceeds) of tangible & intangible assets	1,329	(69)	(1,084)
Acquisition of subsidiaries and associates	(2,956)	22,105	22,106

IRF European Finance Investments Limited

Amounts presented in € '000

	Note	01/01- 30/09/2007	01/01- 30/09/2006	01/01- 31/12/2006
Restricted cash placed on Trust		-	201,266	201,266
Amount payable for compound financial instruments			(1,782)	-
Dividend received from investment activities		414	-	-
Dividends received from financial assets at fair value through profit & loss		16,166	-	-
Net cash flow from investing activities		(162,866)	66,715	232,014
Cash flows from financing activities				
Issuance of common shares due to exercise of warrants		214,874	-	-
Issuance of common shares in subsidiaries		96	-	-
Net increase / (decrease) in other borrowed funds		140,000	75,000	-
Dividend paid		(24,919)	-	-
Amount repayable to shareholders of negative vote		-	-	(1,915)
Purchases of treasury shares		(18,573)	(2,446)	-
Sales of treasury shares		-	2,558	406
Net cash flow from financing activities		311,479	75,112	(1,509)
Net increase / (decrease) in cash and cash equivalents				
		370,965	179,129	202,738
Cash and cash equivalents at the beginning of the period		203,916	2,206	2,206
Effect of exchange rate fluctuations on cash and cash equivalents		(8,838)	(1,021)	(1,028)
Cash and cash equivalents at the end of the period	18	566,043	180,314	203,917

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

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NOTES TO THE FINANCIAL STATEMENTS

1. General information

Country of incorporation

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

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

Principal activities

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

IRF was formed to invest in the financial services industry throughout Europe with a primary focus on credit institutions and insurance companies in South Eastern Europe. In June 2006, IRF completed its acquisition of a controlling interest in PROTON BANK, a Greek bank, listed on the Athens Stock Exchange. PROTON BANK and its subsidiaries operate in the sectors of retail, corporate and investment banking, portfolio management, insurance and other financial services. PROTON BANK is licensed by the Bank of Greece to operate as a financial institution in Greece. PROTON BANK, which is established in Greece and is supervised by the Bank of Greece, operates through a network of 26 branches.

2. Basis of Presentation

Statement of compliance

The consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' and should be read in conjunction with the audited financial statements for the year ended 31 December 2006.

Presentation currency

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

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

Significant accounting policies

The same accounting policies as for the annual financial statements for the year 2006 have been followed in the preparation of the consolidated interim financial statements.

As from 1 January 2007, the Group has adopted all applicable new and revised International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) which are relevant to its operations, including IFRS 7 "Financial Instruments: Disclosures" and amendment to IAS 1 "Presentation of

IRF European Finance Investments Limited

Financial Statements: Disclosures relating to Capital". The full disclosures required by IFRS 7 and revised IAS 1 will be reported in the annual financial statements of the year 2007.

The financial information set out in this interim report does not constitute statutory financial statements pursuant to Section 84 of Bermuda Companies Act 1981. The Group's statutory financial statements for the year ended 31 December 2006 will be approved by the shareholders at the annual general meeting. The auditor's report on those financial statements was unqualified.

Accounting estimates

The important assumptions made by the Group for the estimation of several accounting measurements alongside the uncertainty affecting these estimates are the same as those adopted during the preparation of the annual financial statements for the financial year ending 31 December 2006.

Comparatives

As described in note 3, IRF acquired control of the PROTON BANK on 29 June 2006 and PROTON BANK acquired OMEGA BANK at 29 September 2006. Therefore, the Consolidated Income statement and Consolidated Cash flow Statement for the comparable period ended 30 September 2006 include Proton Bank items for only the three months following the acquisition, while the respective current period include Proton's items for the whole nine month period. Therefore, the items in the condensed income statement and cash flow statement of this period are not comparable with the respective items of the prior period.

Restatement of previous year's comparative figures

As further discussed in note 16, the Group has restated the Balance Sheet as at 31 December 2006 in order to reflect the result of completing the initial accounting of the valuation of intangible assets acquired during the business combinations in which the Company was involved.

IRF European Finance Investments Limited

3. Group structure

a) Entities consolidated under full consolidation method

Entities consolidated under full consolidation method at 30 September 2007:

Name	Country	Direct and indirect holding	Relation that dictated the consolidation	Note
IRF EUROPEAN FINANCE INVESTMENTS LIMITED	BERMUDA	Parent		
MIMOSA TRADING SA	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
MYRTLE TRADING COMPANY	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
PROTON BANK GROUP				
PROTON BANK SA	GREECE	20.60%	Control	Direct Stake
PROTON ASSET MANAGEMENT CO SA	GREECE	20,58%	Control	Indirect stake through "PROTON BANK"
PROTON MUTUAL FUNDS MGT CO SA	GREECE	20,58%	Control	Indirect stake through "PROTON BANK"
FIRST GLOBAL BROKERS SA AD	SERBIA	16,63%	Control	Indirect stake through "PROTON BANK"
OMEGA MUTUAL FUNDS SA	GREECE	20,60%	Control	Indirect stake through "PROTON BANK"
OMEGA INSURANCE BROKERS SA	GREECE	18,32%	Control	Indirect stake through "PROTON BANK"
PROTON INSURANCE SA	GREECE	18,80%	Control	Indirect stake through "PROTON BANK"
INTELLECTRON SYSTEMS SA	GREECE	11,46%	Control	Indirect stake through "PROTON BANK"
OMEGA KAHN FINANCIAL SERVICES SA	SWITZERLAND	16,48%	Control	Indirect stake through "PROTON BANK"
PROTON FINANCE SA	GREECE	20,60%	Control	Indirect stake through "PROTON BANK"

Entities consolidated under full consolidation method at 31 December 2006:

Name	Country	Direct and indirect holding	Relation that dictated the consolidation	Note
IRF EUROPEAN FINANCE INVESTMENTS LIMITED	BERMUDA	Parent		
MIMOSA TRADING SA	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
MYRTLE TRADING COMPANY	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
PROTON BANK GROUP				
PROTON BANK SA	GREECE	20.16%	Control	Direct Stake
PROTON ASSET MANAGEMENT SA	GREECE	20.14%	Control	Indirect stake through "PROTON BANK"

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Name	Country	Direct and indirect holding	Relation that dictated the consolidation	Note
PROTON MUTUAL FUNDS MGT CO SA	GREECE	20.14%	Control	Indirect stake through "PROTON BANK"
FIRST GLOBAL BROKERS SA AD	SERBIA	16.63%	Control	Indirect stake through "PROTON BANK"
OMEGA MUTUAL FUNDS SA	GREECE	18.76%	Control	Indirect stake through "PROTON BANK"
OMEGA INSURANCE BROKERS SA	GREECE	13.31%	Control	Indirect stake through "PROTON BANK"
OMEGA INSURANCE SA	GREECE	16.69%	Control	Indirect stake through "PROTON BANK"
INTELLECTRON SYSTEMS SA	GREECE	11.42%	Control	Indirect stake through "PROTON BANK"
OMEGA KAHN FINANCIAL SERVICES SA	SWITZERLAND	16.13%	Control	Indirect stake through "PROTON BANK"
PROTON FINANCE SA	GREECE	20.16%	Control	Indirect stake through "PROTON BANK"

b) Entities consolidated under the equity method:

Entities consolidated under the equity method at 30 September 2007:

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

Entities consolidated under the equity method at 31 December 2006:

Name	Country	Participation percentage	Note
OMEGA PORTFOLIO INVESTMENT CO SA	GREECE	5.80%	Indirect stake through "PROTON BANK"

Proton Group

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

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

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

Mimosa Trading SA and Myrtle Trading Company

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

Merger of companies within the Proton Group

The Board of Directors of Proton Mutual Funds Management Co SA (the acquirer), Proton Asset Management SA and Omega Mutual Funds SA (the acquirees), decided on 29 September 2006, that the abovementioned companies will be merged to one entity in accordance with articles 68§.2,69 70 and 72-77 of CL.2190/1920, articles 1-5 of Greek Law 2166/ 1993 and article 72 of CL 2190/1920. 31 December 2006 was set as the date of the merger and for the absorption balance sheets to be prepared by the entities to be merged. For that purpose, the "Merger Draft Agreement" was approved by their Board of Directors on 13 March 2007 and signed by authorized representatives. On 25 October 2007 the merger of Proton Mutual Funds Management Co SA (the acquirer), Proton Asset Management SA and Omega Mutual Funds SA (the acquirees) was registered at the Societe Anonyme Records of the Ministry of Development, according to their relevant approval K2-15179/2007.

The Board of Directors of the Bank on 27 September 2007, decided on initiating the merging process of the Bank (acquirer) with its subsidiary Proton Finance S.A.(acquiree) with the joint absorption of the company by the Bank.

The merger will take place according to the clauses of laws 2190/1920, 2166/1993 and 2515/1997 while 30 September 2007 was set as the Balance Sheet Transformation date for merger purposes.

As the Bank holds 100% of the acquiree shares, according to the law 2190/1920, article 78, there is no obligation to issue new shares.

4. Business segment

The Group has defined the following business segments: Commercial Banking, Investment Banking, Bank assurance and other financial services.

Business segment for the period ended 30 September 2007	Commercial Banking	Investment Banking	Bank assurance and other financial services	Eliminations	Total
<i>Amounts presented in € '000</i>					
Net revenues	30,304	125,842	20,914		177,060
Share of profits of associates		318			318
Results					
Segment results	2,473	102,823	325		105,621
Unallocated expenses					(5,017)
Income tax expense					(5,443)
Profit for the period					95,161

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Business segment for the period ended 30 September 2006	Commercial Banking	Investment Banking	Bank assurance and other financial services	Eliminations	Total
<i>Amounts presented in € '000</i>					
Net revenues	2,094	17,821	-	(463)	19,452
Profit for the period	1,879	12,846	-	(374)	14,351

5. Earnings per share

Amounts presented in €

Basic earnings per share	Nine-month period ended	
	30 September 2007	30 September 2006
Profits / (Loss) attributable to IRF's shareholders	73,175,646	9,940,898
Weighted average number of shares in issue	105,138,901	57,199,482
Basic earnings per share (€/Share)	0,70	0,17
Diluted earnings per share		
Profits / (Loss) attributable to the IRF's shareholders according to the Income Statement of the period	73,175,646	9,940,898
Weighted average number of shares	105,138,901	57,199,482
Plus: Shares with no consideration (adjustment in number of shares due to probable exercise of warrants)	5,637,217	6,230,040
Weighted average number of shares for the purposes of diluted earnings per share	110,776,118	63,429,521
Diluted earnings per share (€/Share)	0,66	0,16

The terms of the Warrants were temporarily modified in favour of the holders (see note 15). According to the modified terms the holders had two different options for settlement. For the purpose of calculating the diluted earnings per share, the most advantageous exercise method for the holders was taken into consideration.

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6. Cash and balances with Central Bank

Amounts presented in € '000

	30 September 2007	30 September 2006	31 December 2006
Cash on hand and cash in course of collection	9,195	7,611	10,014
Cheques receivable	8,757	12,866	12,018
Included in cash and cash equivalents (note 18)	17,952	20,477	22,032
Mandatory reserve deposits with Central Bank	6,596	11,169	15,366
Total	24,548	31,646	37,397

7. Loans and advances to financial institutions

Amounts presented in € '000

	30 September 2007	30 September 2006	31 December 2006
Deposits placed in other financial institutions	406,901	23,977	48,264
Interbank deposits	141,191	135,116	47,877
Time deposits	-	-	84,367
Items in course of collection from other banks	-	743	-
Cheques receivable	9	-	1,377
Total	548,092	159,836	181,885

8. Loans and receivables

Amounts presented in € '000

	30 September 2007	30 September 2006	31 December 2006
Individuals:			
Mortgages	78,949	73,253	51,810
Consumer loans /Loans to individuals	117,790	124,947	88,372
Credit cards	37,426	39,867	28,197
Total loans and receivables to individuals	234,165	238,067	168,379
Corporate entities:			
Agriculture	63,121	5,543	5,259
Mining	1,324	1,146	1,149
Heavy industry	123,129	25,048	42,373
Small industry	13,759	17,278	14,957
Building / Construction	148,066	65,112	73,454
Energy	2,379	199	2,163
Commercial / Insurance	281,526	205,526	202,202
Transportation	149,219	96,893	93,516
Services	26,575	45,464	36,954
Other companies	281,754	170,877	328,717

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<i>Amounts presented in € '000</i>	30 September 2007	30 September 2006	31 December 2006
Total loans and receivables to companies	1,090,852	633,086	800,745
Finance lease receivables (1)	45,238	-	11,388
Total loans and receivables	1,370,255	871,152	980,512
Less: Allowances for impairment			
Individuals:			
Beginning balance	(16,271)	(8,889)	(138)
Acquisitions (accumulated allowances of Omega Bank)	-	-	(8,889)
Fair value adjustments of acquired loans (Omega Bank)	-	-	(8,068)
Impairment charge for the period	(853)	-	(339)
Write offs	-	-	1,163
Total allowances for individuals	(17,124)	(8,889)	(16,271)
Corporate entities:			
Beginning balance	(23,027)	(22,347)	(453)
Acquisitions (accumulated allowances of Omega Bank)	-	-	(21,214)
Fair value adjustments of acquired loans (Omega Bank)	-	-	(1,900)
Impairment charge for the period	(1,039)	-	(456)
Derecognition of financial assets	3,473	-	-
Write offs	-	-	996
Total allowances for corporate entities	(20,593)	(22,347)	(23,027)
Total allowances at 30 September 2007:	(37,717)	(31,236)	(39,298)
Net loans and receivables	1,332,538	839,916	941,214

The net investment in finance lease contracts on leased equipment was determined as follows:

(1) Finance lease receivables	30 September 2007	30 September 2006	31 December 2006
Gross investment in lease	63,502	-	17,185
Less: unearned finance income	(18,264)	-	(5,797)
Net investments in lease	45,238	-	11,388
Present value of minimum lease payments receivable at 30 September 2007:			
Less than 1 year	7,300	-	1,143
Between 1 to 5 years	26,172	-	3,734
More than 5 years	11,766	-	6,511
Total	45,238	-	11,388

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9. Trading portfolio and other financial assets at fair value through profit & loss

<i>Amounts presented in € '000</i>	30 September 2007	30 September 2006	31 December 2006
Trading assets			
Government bonds	35,884	12,973	18,441
Corporate entities bonds	102,661	75,964	119,146
Mutual funds	16,917	26,803	23,996
Securities	58,602	99,004	102,591
	214,064	214,744	264,174
Other financial assets designated at fair value			
Corporate bonds	5,238	-	-
Total	219,302	214,744	264,174

10. Investment portfolio

<i>Amounts presented in € '000</i>	30 September 2007	30 September 2006	31 December 2006
Securities held to maturity			
Government bonds	6,719	-	6,646
Corporate bonds	3,002	-	-
Total	9,721	-	6,646
Securities available-for-sale			
Corporate bonds	72,011	34,727	28,458
Shares	6,229	155,845	-
Government bonds	127,855	-	-
Equity securities	-	-	5,502
Mutual fund shares	50	-	30
Other investments	1,702	272	345
Less: Allowance for impairment	-	(3,004)	(3,004)
Total	207,847	187,840	31,331
Total investment portfolio	217,568	187,840	37,977

Securities held to maturity mainly include Greek Government Bonds, that are held from the issue date and for which the Group intends to hold until maturity. The fair value of the abovementioned bonds as at 30 September 2007 is € 9,662 thousand. All available-for-sale securities are carried at fair value.

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11. Goodwill and other intangible assets

<i>Amounts presented in € '000</i>	Goodwill	Other intangible assets	Software	Total
Balance at 1 January 2007				
Cost	168,353	19,538	3,528	191,419
Accumulated amortization	-	(1,042)	(277)	(1,319)
Net book value	168,353	18,496	3,251	190,100
Period ended 30 September 2007				
Opening net book value				
Additions (note 17)	1,150	-	158	1,308
Disposals	-	-	-	-
Amortization charge	-	(3,129)	(532)	(3,661)
Closing net book value	169,503	15,367	2,877	187,747
At 30 September 2007				
Cost	169,503	19,538	3,686	192,727
Accumulated amortization	-	(4,171)	(809)	(4,980)
Net book value	169,503	15,367	2,877	187,747
<i>Amounts presented in € '000</i>				
Balance at 1 January 2006				
Cost	-	-	-	-
Accumulated amortization	-	-	-	-
Net book value	-	-	-	-
Year ended 31 December 2006				
Opening net book value	-	-	-	-
Acquisition of Proton Bank	68,754	-	89	68,843
Acquisition of Omega Bank	114,211	-	3,384	117,595
Impairment	-	-	(109)	(109)
Additions	-	-	164	164
Amortization charge	-	-	(277)	(277)
Closing net book value	182,965	-	3,251	186,216
At 31 December 2006				
Cost	182,965	-	3,528	186,493
Accumulated amortization	-	-	(277)	(277)
Net book value as reported	182,965	-	3,251	186,216
- Fair value adjustments due to finalization of initial accounting (note 16)	(14,612)	19,538	-	4,926
- Amortization of identifiable intangible assets acquired on acquisition of Omega Bank for the period 01/10 -31/12/2006 (note 16)	-	(1,042)	-	(1,042)
Net book value as restated	168,353	18,496	3,251	190,100

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12. Due to financial institutions

Amounts presented in € '000

	30 September 2007	30 September 2006	31 December 2006
Deposits from other banks	331,852	44,221	33,933
Bond repurchase agreements	19,015	-	56,526
Current accounts	1,426	-	-
Other liabilities to financial institutions	2	-	-
Short-term loans	-	-	438
Total	352,295	44,221	90,897

13. Due to customers

Amounts presented in € '000

	30 September 2007	30 September 2006	31 December 2006
Individuals			
Savings accounts	56,837	54,694	64,497
Current accounts	7,457	4,866	1,122
Time deposits	747,648	465,110	586,410
	811,942	524,670	652,029
Corporate entities:			
Current deposits	46,052	48,806	72,104
Time deposits:			
Corporate entities	311,904	161,676	134,417
Public organizations		21,502	7,788
Public corporations	36,964	10,752	4,565
Other time deposits	49,057	116,680	84,401
Sale and repurchase agreement (REPOS)	3,000	-	920
	446,977	359,416	304,195
Blocked deposits	270	37,915	29
Pledged deposits	92,566	80,642	50,361
Margin accounts	47,521	-	35,543
Total	1,399,276	1,002,643	1,042,157

14. Other borrowed funds

On 26 September 2006, the Company entered into a financial agreement with three Banks in Greece for a loan facility of up to €75 ml. On the 19 March 2007 the relevant agreement was amended to provide a total facility of up to € 140 ml for the purpose of financing the Company's investment activity. As at 30 September 2007 the Company has utilised € 115 ml of the amended loan facility. The amended loan facility is payable by the Company to the Banks on 26 September 2008. Interest on the outstanding amount of the Facility accrues at an annual rate of 2.25% over Euribor.

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15. Share capital and share premium

The movements in the share capital and share premium accounts are as follows:

	Number of shares	Nominal value (US\$)	Amounts in US \$' 000		Amounts in €' 000		
			Share capital	Share premium	Share capital	Share premium	Total
Opening balance at 31 December 2006	56,861,675	0.0015	85	253,764	71	200,174	200,245
Exchange of 666,645 warrants for common shares (Private Program)	76,188	0.0015	0.11	-	0.09	-	0.09
Exchange of 18,850,125 warrants for common shares (Public Program)	2,154,300	0.0015	3	-	2	-	2
Exercise of 47,548,029 warrants for the purchase of 1.20 shares for \$ 5.00 each (Private Program)	57,057,634	0.0015	86	237,654	64	178,782	178,846
Exercise of 11,005,340 warrants for the purchase of 1.20 shares for \$ 5.00 each (Public Program)	13,206,407	0.0015	20	55,004	15	40,299	40,313
Less: Expenses directly attributable to the issue of shares			-	(5,591)	-	(4,287)	(4,287)
Less: Treasury shares buy back and cancellation	(3,500,000)	0.0015	(5)	(15,692)	(4)	(11,301)	(11,305)
Closing balance at 30 September 2007	125,856,204		189	525,140	148	403,666	403,815

Warrants

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

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

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

Movements in share capital and share premium during the nine-month period

- The **Private Program** expired on 23 March 2007. Under this program, 48,214,674 Warrants participated, of which 47,548,029 Warrants were exercised by payment of the \$5.00 exercise price and

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666,645 Warrants were exchanged for Common Shares. As a result, 57,133,822 new Common Shares were issued and \$237,740,145 of gross cash proceeds was raised.

- 666,645 Warrants were exchanged for 76,188 Common Shares with nominal value of \$0.0015. As a result, the amount of \$ 114 (€ 86) was transferred from the share premium account to the share capital account.
- 47,548,029 Warrants were exercised by payment of the \$5.00 exercise price and 57,057,634 new Common Shares with \$0.0015 nominal value were issued. Total gross cash of \$237,740,145 (€ 178,846,118) was raised. As a result, share capital was increased by \$85,587 (€ 64,385) and share premium was increased by \$ 237,654,559 (€178,781,734).
- The **Public Program** expired on 26 April 2007. Under this program, 29,855,465 Warrants participated, of which 11,005,340 Warrants were exercised by payment of the \$5.00 exercise price and 18,850,125 Warrants were exchanged for Common Shares. As a result, 15,360,707 new Common Shares were issued and \$55,026,700 of gross cash proceeds was raised.
 - 18,850,125 Warrants were exchanged for 2,154,300 Common Shares with nominal value of \$0.0015. As a result, the amount of \$3,231 (€2,368) was transferred from the share premium account to the share capital account.
 - 11,005,340 Warrants were exercised by payment of the \$5.00 exercise price and 13,206,407 new Common Shares with \$0.0015 nominal value were issued. Total gross cash of \$55,026,700 (€ 40,315,555) was raised. As a result, share capital was increased by \$23,041 (€ 16,881) and share premium was increased by \$ 55,003,659 (€40,298,673).
- Fees and expenses incurred in connection with the private and public program are amounted to \$ 5,591,257 (€4,287,287). The relevant amount has been recognized directly in equity as a deduction in the share premium account.
- The Board of Directors of IRF, in their 24 July 2007 meeting, resolve the purchase of up to 11 million treasury shares for cancellation, having a par value of US\$ 0.0015 each at a price of up to US\$ 5.00 each share. The company finally acquired at 12 September 2007 3.5 million common shares at US\$ 0.0015, paying the total amount of US\$ 15,697 million. Since then, there were no additional buy backs or exercise of warrants.

After the above movements, the share capital of the Company as at 30 September 2007 amounted to \$188,784 (€ 148,453) divided into 125,856,205 common shares of \$0.0015 nominal value. As at 30 September 2007 the Company has outstanding 13,596,541 Warrants.

16. Adjustments as a result of completing the initial accounting of the cost acquisition - Results of purchase price allocation for the acquisition of Proton Bank and Omega Bank

The determination of fair values of the identifiable intangible assets acquired on the acquisition of Omega Group on 30 September 2006 was based on estimates of independent appraisers. However, the appraisal was not finalized by the time the Group completed its financial statements for the year ended 31 December 2006, and consequently, provisional fair values were recognized.

By the time the Group prepared its condensed interim financial information for the period ended 30 September 2007, the appraisal was finalized.

IFRS 3 "Business Combinations", requires adjustments to be made to the initial accounting for a business combination after that initial accounting is complete only to correct an error in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

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IAS 8 requires the correction of an error (fair value adjustment) to be accounted for retrospectively, and for the financial information to be presented as if the error (fair value adjustment) had never occurred by correcting the error in the comparative information for the periods presented.

According to the results of the appraisal, the Group recognized the following intangible assets at their fair values at the acquisition date:

Amounts presented in € '000

• Intangible asset from customer relationships - loans	13,881
• Intangible asset from customer relationships - Deposits	2,458
• Intangible asset from customer relationships - Securities brokerage	3,199
Total	19,538

Against the above fair values the Group recognized amortization amounting to €1,043 thousand relating to the period ended 31 December 2006 by restating the opening balance of retained earnings. The effect of the above restatement on the annual financial statements of 2006 is presented below:

Amounts presented in € '000

	Effect on 2006
• (increase) in amortization expense	(1,042)
• (decrease) in profit	(1,042)
• (decrease) in basic earnings per share	(0,03)
• (decrease) in intangible assets, net book value	(1,042)

Effect on Balance Sheet as at 31 December 2006

<i>Amounts presented in € '000</i>	As originally published	Effect	Restated
Goodwill and other intangible assets	186,216	3,884	190,100
Total assets	1,745,739	685	1,746,424
Total liabilities	1,198,987	1,727	1,200,714
Retained earnings	22,208	(210)	21,998
Total equity attributable to shareholders of IRF	238,607	(210)	238,397
Minority interest	308,145	(832)	307,313
Total equity	546,752	(1,042)	545,710

17. Business acquisitions

17.1 Acquisition of an additional percentage in PROTON BANK

During the nine-month period ended on 30 September 2007, IRF acquired on 28 June 2007, 41,891 shares of PROTON BANK, on 29 June 2007, 220,000 shares and on 3 July 2007, 12,000 shares (in aggregate 273,891 shares were purchased), which means an additional 0.44%. As a result of the above transaction the participation percentage of IRF in PROTON BANK's share capital increased from 20.16% to 20.60%. From the above mentioned acquisition an additional amount of € 1,150 thousand recognized as goodwill.

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PROTON BANK	Cost of acquisition	Carrying amount of net assets	Share in carrying amount of net assets	No. of shares acquired	% of purchases	Goodwill on acquisition
Purchases in the open market (through ASE)	2,827,072	383,717,495	1,676,617	273,891	0.44%	1,150,455

18. Cash and cash equivalents – Cash Flow Statement

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

<i>Amounts presented in € '000</i>	30 September 2007	30 September 2006
Cash and balances with Central Bank (note 6)	17,952	20,477
Loans and advances to financial institutions (note 7)	548,092	159,836
Cash and cash equivalents at the end of the period	566,044	180,314

19. Related party transactions

19.1 Transactions with associates

<i>Amounts presented in € '000</i>	30 September 2007	30 September 2006	31 December 2006
Assets			
Other receivables	41	54	11
Total	41	54	11
Liabilities			
Deposits	4,673	3,076	6,574
Total	4,673	3,076	6,574
<i>Amounts presented in € '000</i>			
Income/Expenses			
Interest expense and similar charges	(141)	-	-
Other operating income	188	-	-
Total	47	-	-

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19.2 Transactions with management and members of the Board of Directors

	30 September 2007	30 September 2006	31 December 2006
<i>Amounts presented in € '000</i>			
Assets			
Loans	18,871	4,809	8,100
Other receivables	193	1,507	375
Total	19,064	6,316	8,475
	30 September 2007	30 September 2006	31 December 2006
Liabilities			
Deposits	77,998	20,946	34,868
Other liabilities	136	-	216
Total	78,134	20,946	35,084
Letters of guarantee	135	127	127
	30 September 2007	30 September 2006	
<i>Amounts presented in € '000</i>			
Income / Expenses			
Salaries and other remuneration	(3,267)	(354)	
Share options	(359)	-	
Interest and similar income	570	102	
Interest expense and similar charges	(4,741)	(126)	
Other operating income	1,147	-	
Other operating expenses	(385)	-	
Total	(7,035)	(378)	

The above figures refer solely to related party transactions of Proton Group except the item of Salaries and other Remuneration in which are also included the Salaries and Remunerations of IRF paid to CEO of the Company amounting to € 75 thousand for the nine-month period ended 30 September 2007 and € 130 thousand for the nine-period ended 30 September 2006.

The amount of deposits of € 77,998 thousand refers to normal deposits held by PROTON's Directors and Key Management Personnel. The amounts of loans of € 18,871 thousand refer to loans given to PROTON's Directors and Key Management Personnel.

Directors of the Company and their immediate relatives control 26.4 per cent of the voting shares of the Company.

19.3 Other related party transactions

During the nine-month period ended 30 September 2007, S Goldman Advisors LLC as Managing-Dealer Manager, charged the Company fees of \$5,215,337 in connection with its services as Managing-Dealer Manager in each of the Public and Private Programs relating to the early exercise of Warrants. Of this amount, approximately \$1.6 million was for services rendered by unrelated third parties.

Sheldon Goldman, a Director of the Company, is also managing director of S Goldman Advisors LLC.

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20. Commitments and contingent liabilities

20.1 Pending litigation

As at 30 September 2007, there were some pending litigations against the Group in connection with its activities. Based on legal advice the Board of Directors believes that there is adequate defence against all claims and it is not probable that the Group will suffer any significant damage. Therefore, no provision has been made in the consolidated interim financial statements regarding these cases.

20.2 Contingent tax liabilities

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

Proton Bank has been reviewed by the tax authorities for the years up to and including 2006. The tax audit for the years 2005 and 2006 was completed on 16 November 2007, while the tax liability incurred of € 529 thousands will be compensated for by a relevant provision, which has been already done. For the un-audited period (01.01.2007-30.09.2007) a relevant provision has been recognized in accordance with the IFRS's.

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

Company name	Domicile	Open tax years
IRF European Finance Investments Limited ¹	Bermudas	-
Mimosa Trading SA ¹	Marshall Islands	-
Myrtle Trading Company ¹	Marshall Islands	-
Proton Bank SA	Greece	2007
Proton Asset Management SA	Greece	2005-2006
Proton Mutual Funds Management Co SA	Greece	2005-2006
First Global Brokers SA	Serbia	2002-2006
Intellectron Systems SA	Greece	2001-2006
Omega Kahn Financial Services SA	Switzerland	2004-2006
Omega Mutual Funds Mgt Co SA	Greece	2006
Proton Insurance AE	Greece	2006
Proton Finance SA	Greece	2006
Omega Insurance Brokers SA	Greece	2006

Note 1: Not subject to income tax

As a result of the above the Group's respective tax obligations for periods covering one to six accounting years have not been finalized. For the un-audited periods a relevant provision has been recognized in accordance with the IFRS's. Due to the method according to which tax liabilities are settled in Greece, the Group remains contingently liable against any additional taxes or penalties imposed for un-audited periods.

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20.3 Letters of guarantee / Irrevocable letters of credit

<i>Amounts presented in € '000</i>	30 September 2007	30 September 2006	31 December 2006
Letters of guarantee	100,522	75,458	84,585
Irrevocable letters of credit	2,037	1,891	2,804
Total	102,559	77,349	87,976

20.4 Pledged assets

1. Greek Government bonds with a nominal value of € 15,500 thousands have been assigned to HELEX.
2. Greek Government bonds with a nominal value of € 135,000 thousands and the rights on bonds issued by DEXIA with a nominal value of € 50,000 thousands have been assigned to the Bank of Greece.
3. The rights on bonds issued by Halcyon with a nominal value of € 6,000 thousands of euros have been assigned to Hypo Vereinsbank.

20.5 Capital commitments

As of 30 September 2007, the Group as a lessor, had signed non cancelable lease agreements for the acquisition of equipment for finance lease purposes amounting to € 4,340 thousand.

20.6 Subsidiary's share option plan

The Extraordinary General shareholders' Meeting of PROTON BANK on 24 November 2006 approved a share option plan for the members of the Board of Directors, key management, its employees and the Bank's related companies in the form of stock options according to the article 13 of Law 2190/1920 after the proposition of the Board of Directors and the Compensation Committee. The options are conditional on the beneficiaries remaining during the options life under employment or other relationship with the Bank or Group companies (vesting period). The options are exercisable every November starting from the year of the grant and have a contractual option term of three years. The Bank has no legal or constructive obligation to repurchase or settle the options in cash.

4,897,510 share options were granted on 15 June 2007 with an exercise price of € 10.46 per share. The fair value of options granted during the period determined using the Black-Scholes valuation model. The significant inputs into the model were: share price at the grant date, the exercise price, option life, volatility of share prices and the risk free rate (swap rate yield curve). Volatility measured at the standard deviation of expected share price returns was based on statistical analysis of daily share prices over the last year.

If the stock option is fully exercised then the company's shareholding in Proton will be diluted from 20,60% to 19.11%

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21. Supplementary information – The Company

IRF was formed to invest in the financial services industry throughout Europe with a primary focus on credit institutions and insurance companies in South Eastern Europe. In 2006, IRF formed two wholly owned subsidiaries in Marshall Islands, Mimosa Trading SA and Myrtle Trading Company, to serve as vehicles for the acquisition of investments in the financial services industry. These three entities are referred to as the "Company". The financial position and the performance of the Company, as opposed to the entire Group, as at 30 September 2007 and 31 December 2006 were as follows:

<i>Amounts presented in € '000</i>	30 September 2007	30 September 2006	31 December 2006
ASSETS			
Non current assets			
Investments in subsidiaries	129,514	126,687	126,687
Total non current assets	129,514	126,687	126,687
Current assets			
Trading portfolio and other financial instruments at fair value through profit & loss	-	-	3,865
Other assets	79,896	148,942	64
Cash and cash equivalents	392,779	4,685	88,481
Total current assets	472,675	153,627	92,410
Total assets	602,188	280,314	219,097
SHAREHOLDERS EQUITY			
Share capital	148	71	71
Share premium	403,666	198,856	200,174
Retained earnings	78,933	5,746	18,652
Total equity	482,748	204,673	218,897
LIABILITIES			
Non current liabilities			
Compound financial instrument	-	134	-
Other borrowed funds	-	75,000	-
Total non current liabilities	-	75,134	-
Current liabilities			
Other borrowed funds	115,000	-	-
Other liabilities	4,440	507	200
Total current liabilities	119,440	507	200
Total liabilities	119,440	75,641	200
Total equity and liabilities	602,188	280,314	219,097

As at 30 September 2007, IRF had made the following major investments:

- Acquisition during 2006 of 20.16% of PROTON BANK and an additional acquisition during 2007 of 0.44% (directly through IRF). Consequently, IRF acquired a 20.60% of PROTON BANK for a total cost of € 122,985 thousand and a current fair market value of € 134,284 thousand.
- Acquisition during the nine-month of 2007 up to 5.20% of MPB (indirectly through MIMOSA) which has been sold through the open market.

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The financial performance of the Company for the nine-month period ended at 30 September 2007 is presented as follows:

<i>Amounts presented in € '000</i>	Nine-month period		Three-month period		Year 2006
	01/01 - 30/09/2007	01/01 - 30/09/2006	01/07- 30/09/2007	01/07- 30/09/2006	01/01- 31/12/2006
Net trading income	76,973	2,397	40,072	2,397	16,149
Interest income	5,693	7,045	2,312	565	6,464
Other operating income	-	-	-	-	897
Dividend income	16,343	-	-	-	74
Total income	99,009	9,442	42,385	2,962	23,584
Personnel expenses	(75)	(130)	(25)	(30)	(155)
Other operating expenses	(11,371)	(219)	(8,712)	(96)	(464)
Finance cost	(16,370)	(1,198)	(7,748)	(1,198)	(2,903)
Total expenses	(27,817)	(1,548)	(16,485)	(1,325)	(3,522)
Profit before tax	71,192	7,895	25,900	1,637	20,062
Less: Income tax	-	-	-	-	(15)
Profit after tax	71,192	7,895	25,900	1,637	20,047

During the nine-month period ended at 30 September 2007, the Company sold its entire holding of shares in Marfin Popular Bank in the open market. As a result of these trading activities, the Company realized a net gain of approximately € 69.7 mln.

Also, during the nine-month period ended at 30 September 2007, the Company received the amount of € 3,539 thousand as dividend from PROTON BANK and the amount of € 12,804 thousand as dividend from Marfin Popular Bank. The amount of €12,804 thousand also recognised in the Group's consolidated income statement.

IRF's Board of Directors decided to liquidate MIMOSA and MYRTLE and directly take ownership of all assets and assume all relevant liabilities. The relevant transfers will take place in the fourth quarter of 2007.

22. Events after 30 September 2007

Beside the aforesaid, there were no significant events subsequent to the interim balance sheet date which are required to be mentioned.

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

Athens, 1 December 2007

Angeliki Frangou


Chairman, Non – Executive Director

Loucas Valetopoulos


Chief Executive Officer, Director