

# **IRF European Finance Investments Limited**



European Finance Investments

## **Consolidated Interim Financial Statements for the six-month period ended at 30 June 2007**

The accompanying consolidated interim financial statements of IRF European Finance Investments Limited ("IRF") and its subsidiaries (together "the Group"), for the six-month period ended at 30 June 2007 were approved by the Company's Board of Directors on 31 August 2007.

Consolidated Interim Financial Statements  
for the six month period  
from the 1<sup>st</sup> of January to the 30<sup>th</sup> of June 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 June 2007 and the related consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and the selected explanatory notes. Management is responsible for the preparation and 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.

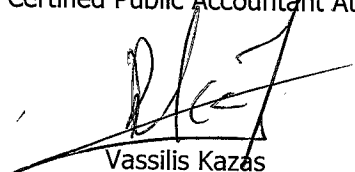
### *Scope of Review*

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, 31 August 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	Six-month period		Three-month period		Year 2006
		01/01- 30/06/07	01/01- 30/06/06	01/04- 30/06/07	01/04- 30/06/06	01/01- 31/12/06
Interest and similar income		51,453	6,480	29,036	6,475	28,992
Interest expense and similar charges		(32,519)	(0.3)	(19,014)	(0.1)	(12,263)
<b>Net interest income</b>		<b>18,934</b>	<b>6,480</b>	<b>10,022</b>	<b>6,475</b>	<b>16,729</b>
Fee and commission income		22,978	-	16,094	-	10,296
Fee and commission expense		(6,591)	-	(3,363)	-	(2,430)
<b>Net fee and commission income</b>		<b>16,387</b>	<b>0</b>	<b>12,731</b>	<b>0</b>	<b>7,866</b>
Income from insurance services		21,389	-	9,443	-	7,284
Expense from insurance services		(8,517)	-	(5,410)	-	506
<b>Net income from insurance services</b>		<b>12,872</b>	<b>0</b>	<b>4,033</b>	<b>0</b>	<b>7,790</b>
Dividend income		15,828	-	15,824	-	1,626
Net trading income		44,649	-	27,064	-	28,555
Net income from financial instruments designated at fair value		2,451	-	2,451	-	-
Gains less losses from investment securities		6	-	6	-	-
Other operating income		739	-	184	(1)	1,299
<b>Operating income</b>		<b>111,866</b>	<b>6,480</b>	<b>72,316</b>	<b>6,474</b>	<b>63,865</b>
Personnel expenses		(14,760)	(100)	(7,502)	(100)	(8,233)
Other operating expenses		(15,948)	(123)	(9,126)	(91)	(12,642)
Depreciation expenses		(3,638)	-	(1,837)	-	(1,920)
Insurance claims		(10,360)	-	(3,377)	-	(4,968)
Impairment losses on financial and non financial assets		(1,310)	-	(287)	-	(558)
<b>Total operating expenses</b>		<b>(46,016)</b>	<b>(223)</b>	<b>(22,128)</b>	<b>(191)</b>	<b>(28,322)</b>
Share of profit of associates		247	-	221	-	240
<b>Profit before tax</b>		<b>66,097</b>	<b>6,257</b>	<b>50,408</b>	<b>6,284</b>	<b>35,783</b>
Income tax expense		(3,583)	-	(1,825)	-	(2,916)
<b>Profit for the period</b>		<b>62,513</b>	<b>6,257</b>	<b>48,584</b>	<b>6,284</b>	<b>32,867</b>
Attributable to:						
Equity holders of the IRF		45,944	6,257	41,070	6,284	23,361
Minority interest		16,569	-	7,513	-	9,506
<b>Earning per share for the profit attributable to equity holders of the IRF during the period (€/share)</b>						
- Basic	5	0.49	0.11	0.41	0.11	0.38
- Diluted	5	0.45	0.10	0.39	0.10	0.34

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

# IRF European Finance Investments Limited

## CONSOLIDATED INTERIM BALANCE SHEET

Amounts presented in € '000

	Note	30 June 2007	30 June 2006	31 December 2006
<b>ASSETS</b>				
Cash and balances with Central Bank	6	32,966	2,217	37,397
Loans and advances to financial institutions	7	476,885	217,170	181,885
Restricted cash held in trust		-	12	-
Loans and receivables	8	1,216,362	276,961	941,214
Trading portfolio and other financial assets at fair value through Profit & Loss	9	549,728	151,560	264,174
Derivative financial instruments		1,161	-	2,611
Insurance assets		22,669	-	18,060
Investment portfolio	10	225,514	-	37,977
Investments in associates		4,447	-	4,604
Property, plant and equipment		34,078	1,125	33,402
Investment property		50	-	50
Non current assets held for sale		174	855	64
Goodwill and other intangible assets	11	188,838	68,843	190,100
Deferred tax assets		-	420	-
Other assets		63,156	22,030	34,886
<b>TOTAL ASSETS</b>		<b>2,816,031</b>	<b>741,194</b>	<b>1,746,424</b>
<b>EQUITY AND LIABILITIES</b>				
Due to financial institutions	12	521,301	44,138	90,897
Due to customers	13	1,300,402	62,705	1,042,157
Trading liabilities		1,434	-	-
Derivative financial instruments		3,299	159	6,319
Issued debt securities		1,500	-	1,500
Provisions for insurance contracts		37,065	-	34,093
Retirement benefit obligations		1,301	221	1,228
Current income tax liabilities		3,451	-	1,349
Deferred tax liability		2,127	-	1,727
Compound financial instrument		-	1,908	-
Other borrowed funds	14	115,000	-	-
Other liabilities		37,428	279,286	21,445
<b>Total liabilities</b>		<b>2,024,309</b>	<b>388,418</b>	<b>1,200,714</b>
<b>Shareholders equity</b>				
Share capital	15	152	71	71
Share premium	15	414,967	198,856	200,174
Revaluation reserve		(6)	-	(2)
Other reserves		16,430	-	16,156
Retained earnings / (losses)		56,785	4,862	21,998
<b>Total equity attributable to shareholders' of IRF</b>		<b>488,328</b>	<b>203,789</b>	<b>238,397</b>
Minority interest		303,394	148,987	307,313
<b>Total equity</b>		<b>791,722</b>	<b>352,776</b>	<b>545,710</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,816,031</b>	<b>741,194</b>	<b>1,746,424</b>

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

	Share capital	Share premium	Revaluation reserve	Employee share option plan	Other reserves	Retained earnings / (losses)	Total	Minority interest	Total
<b>Opening balance as at 01 January 2007, as originally published</b>	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)
<b>Restated opening balance as at 01 January 2007 (note 16)</b>	71	200,174	(2)	-	16,156	21,998	238,397	307,313	545,710
Net result for the period 01/01-30/06/2007	-	-	-	-	-	45,944	45,944	16,569	62,513
Gains/ losses directly recognized in equity:	-	-	(3)	-	-	-	(3)	(10)	(13)
- on the valuation of available for sale financial assets	-	-	(1)	-	-	-	(1)	(6)	(7)
- exchange differences	-	-	-	-	-	-	-	-	-
<b>Total profit / (loss) recognized for the period</b>	-	-	(4)	-	-	45,944	45,941	16,553	62,493
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)	(14,013)	(24,924)
Participation in share capital increase (Proton Insurance SA)	-	-	-	-	-	-	-	96	96
Acquisition of additional percentage in subsidiary (Proton Bank)	-	-	-	-	-	-	-	(1,598)	(1,598)
Acquisition of minority interests (Omega Mutual Funds SA)	-	-	-	-	-	-	-	(132)	(132)
Fair value of employee services received	-	-	-	27	-	-	27	107	134
Purchases of treasury shares	-	-	-	-	-	-	-	(4,932)	(4,932)
Capitalization of reserves	-	-	-	-	247	(247)	-	-	-
<b>Balance as at 30 June 2007</b>	81	214,793	-	27	247	(11,158)	203,991	(20,471)	183,519
	152	414,967	(6)	27	16,403	56,785	488,328	303,394	791,722

Consolidated Interim Financial Statements for the six month period from the 1<sup>st</sup> of January to the 30<sup>th</sup> of June 2007

# IRF European Finance Investments Limited

## Attributable to shareholders of IRF

Amounts presented in € '000

### Opening balance as at 01 January 2006

Net profit for the period 01/01-30/06/2006  
 Conversion of compound financial instruments to common shares (after the acquisition of PROTON BANK)  
 Minority interest from the acquisition of PROTON BANK on 30 June 2006  
**Total profit /loss for the period**

Share capital	Share premium	Retained earnings / (losses)	Total	Minority interest	Total
71	10,234	(1,396)	8,910	0	8,910
0	0	6,257	6,257	0	6,257
0	188,622	0	188,622	0	188,622
0	0	0	0	148,987	148,987
<b>0</b>	<b>188,622</b>	<b>6,257</b>	<b>194,880</b>	<b>148,987</b>	<b>343,866</b>
<b>71</b>	<b>198,856</b>	<b>4,862</b>	<b>203,789</b>	<b>148,987</b>	<b>352,776</b>

### Balance as at 30 June 2006

Consolidated Interim Financial Statements  
 for the six month period  
 from the 1<sup>st</sup> of January to the 30<sup>th</sup> of June 2007



# IRF European Finance Investments Limited

Amounts presented in € '000

## Opening balance as at 1st January 2006

Net result as originally published for the year 01/01-31/12/2006

Restatement in net result due to amortization of intangible assets

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 (absorption) of OMEGA BANK by PROTON BANK

Purchase of Treasury Shares of PROTON BANK

Sale of Treasury Shares of PROTON BANK

## Restated Balance as at 31st December 2006

## Balance as originally published at 31st December 2006

Restatement due to amortization of intangible assets

## Restated Balance as at 31st December 2006

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

Attributable to shareholders of IRF						
Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Total	Minority Interest
71	10,234	-	-	(1,396)	8,910	-
-	-	-	-	23,571	23,571	10,338
-	-	-	-	(210)	(210)	(832)
-	-	1,740	-	-	1,740	1,731
-	-	(1,742)	-	-	(1,742)	(1,742)
-	-	-	2	-	2	9
-	-	(2)	2	23,361	23,361	9,506
(0.54)	0.54	-	-	-	(0)	-
-	189,940	-	-	-	189,940	-
-	-	-	16,153	-	16,153	297,677
-	-	-	-	(322)	(322)	(1,275)
-	-	-	-	355	355	1,405
(1)	189,941	-	16,153	33	206,126	297,808
71	200,174	(2)	16,156	21,998	238,397	307,313
71	200,174	(2)	16,156	22,208	238,607	308,145
-	-	-	-	(210)	(210)	(832)
71	200,174	(2)	16,156	21,998	238,397	307,313

Consolidated Interim Financial Statements

for the six month period

from the 1<sup>st</sup> of January to the 30<sup>th</sup> of June 2007

# IRF European Finance Investments Limited

## CONSOLIDATED INTERIM CASH FLOW STATEMENT

Amounts presented in € '000

Note	01/01- 30/06/2007	01/01- 30/06/2006	01/01- 31/12/2006
<b>Cash flows from operating activities</b>			
Profits before tax	66,097	6,257	35,783
Adjustments for:			
Add: Depreciation & Amortization	3,638	-	1,920
Add: Retirement Benefit Charge	430	-	94
Add: Impairment Losses on financial assets	1,310	-	558
Gains (-) / Losses (+) from investment activities	(14,378)	-	(16,149)
Share of profit/loss from measurement of financial assets at fair value through Profit & Loss	(34,710)	-	-
Gains (-) / losses (+) from sale of trading securities	1,549	-	-
Fair value employee stock option	134	-	-
Exchange Differences	1,933	(20)	-
Bank Interest Income (trust account)	-	(1,920)	(1,562)
Other	-	-	(242)
<i>Cash Flows from operating activities before changes in operating assets and liabilities</i>	26,003	4,317	20,402
<b>Changes in operating assets and liabilities:</b>			
Net (increase) / decrease in trading securities	(255,538)	-	(72,346)
Net (increase) / decrease in reserves held in Central Bank	2,217	-	(4,196)
Net (increase) / decrease in loans and advances to customers	(279,434)	-	26,748
Net (increase) / decrease in insurance receivables	(4,258)	-	3,455
Net (increase) / decrease in reinsurance receivables	(351)	-	302
Net (increase) / decrease in other assets	(43,474)	(40)	40,730
Net increase / (decrease) in due to banks	430,405	-	14,926
Net increase / (decrease) in due to customers	258,245	-	92,088
Net increase / (decrease) in provisions for insurance contracts	2,972	-	(1,243)
Net increase / (decrease) in other borrowed funds	115,000	-	-
Net increase / (decrease) in other liabilities	29,690	123,308	(145,587)
<i>Cash flows from operating activities before payment of income tax</i>	281,478	127,584	(24,720)
Income tax paid	(111)	-	(3,048)
<b>Net cash flows from operating activities</b>	<b>281,367</b>	<b>127,584</b>	<b>(27,768)</b>
<b>Cash flows from investing activities</b>			
Portfolio available for sale and held to maturity	(183,249)	-	9,727
Purchases / (proceeds) of tangible & intangible assets	(1,947)	-	(1,084)
Acquisition of subsidiaries and associates	(2,831)	(109,730)	22,106
Restricted cash placed on Trust	-	201,254	201,266

# IRF European Finance Investments Limited

Dividend Received from investment activities	399	-	-
Dividends received from financial assets at fair value through P&L	15,813	-	-
<b>Net cash flow from investing activities</b>	<b>(171,815)</b>	<b>91,523</b>	<b>232,014</b>
<b>Cash flows from financing activities</b>			
Issuance of common shares due to exercise of warrants	214,865	-	-
Issuance of common shares in subsidiaries	96	-	-
Dividend paid	(24,870)	-	-
Amount Repayable to Shareholders of Negative Vote	-	-	(1,915)
Purchases / sales of treasury shares	(4,932)	-	406
<b>Net cash flow from financing activities</b>	<b>185,168</b>	<b>0</b>	<b>(1,509)</b>
<b>Net increase / decrease in cash and cash equivalents</b>	<b>294,719</b>	<b>219,109</b>	<b>202,738</b>
Cash and cash equivalents at the beginning of the period	203,917	2,206	2,206
Effect of exchange rate fluctuations on cash and cash equivalents	(1,933)	(1,928)	(1,028)
<b>Cash and cash equivalents at the end of the period</b>	<b>18</b>	<b>496,703</b>	<b>219,387</b>
		<b>203,917</b>	<b>203,917</b>

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

# **IRF European Finance Investments Limited**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. General information**

#### **Country of incorporation**

IRF European Finance Investments Ltd. was incorporated on 08 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 25 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 euros, which is the functional currency of the Group.

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

#### **Significant accounting policies**

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

As from 01 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 Sector 84 of Bermuda Companies Act 1981. The Group's statutory financial statements for the year ended 31 December 2006 will be laid before 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 six-month period ended 30 June 2007 include the Company's as well as its subsidiaries' items, while the relevant comparable statements for the six-month period ended 30 June 2006 include the Company's items. 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 June 2007:

Name	Country	Direct and indirect holding	Relation that dictated the consolidation	Note
IRF EUROPEAN FINANCE INVESTMENTS LIMITED	BERMUDA	Parent		
MIMOSA TRADING SA	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
MYRTLE TRADING COMPANY	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
<b>PROTON BANK GROUP</b>				
PROTON BANK SA	GREECE	20.58%	Control	Direct Stake
PROTON ASSET MANAGEMENT CO SA	GREECE	20.56%	Control	Indirect stake through "PROTON BANK"
PROTON MUTUAL FUNDS MGT CO SA	GREECE	20.56%	Control	Indirect stake through "PROTON BANK"
FIRST GLOBAL BROKERS SA AD	SERBIA	16.63%	Control	Indirect stake through "PROTON BANK"
OMEGA MUTUAL FUNDS SA	GREECE	20.58%	Control	Indirect stake through "PROTON BANK"
OMEGA INSURANCE BROKERS SA	GREECE	13.58%	Control	Indirect stake through "PROTON BANK"
PROTON INSURANCE SA	GREECE	18.79%	Control	Indirect stake through "PROTON BANK"
INTELLECTRON SYSTEMS SA	GREECE	11.66%	Control	Indirect stake through "PROTON BANK"
OMEGA KAHN FINANCIAL SERVICES SA	SWITZERLAND	16.46%	Control	Indirect stake through "PROTON BANK"
PROTON FINANCE SA	GREECE	20.58%	Control	Indirect stake through "PROTON BANK"

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
<b>PROTON BANK GROUP</b>				
PROTON BANK SA	GREECE	20.16%	Control	Direct Stake
PROTON ASSET MANAGEMENT SA	GREECE	20.14%	Control	Indirect stake through "PROTON BANK"

Consolidated Interim Financial Statements  
for the six month period  
from the 1<sup>st</sup> of January to the 30<sup>th</sup> of June 2007

## IRF European Finance Investments Limited

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 June 2007:

Name	Country	Participation percentage	Note
OMEGA PORTFOLIO INVESTMENT CO SA	GREECE	5.99%	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 six-month period ended at 30 June 2007, IRF acquired at 28 June 2007, 41,891 shares of PROTON BANK and at 29 June 2007, 220,000 shares. After the additional acquisitions, IRF owns a 20.58% 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 20.58% of the voting rights of PROTON while the percentage of voting rights controlled by the Company is increased to 27.07% after taking into consideration the holding of two other shareholders of PROTON who are committed to vote in accordance with IRF's instructions based on an agreement. IRF has already exercised its effective power and appointed six members in the eleven-member Board of Directors of PROTON, including PROTON's chairman.

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

# IRF European Finance Investments Limited

## 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 06 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.

## 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 June 2007	Commercial Banking	Investment Banking	Bank assurance and other financial services	Eliminations	Total
<i>Amounts presented in € '000</i>					
<b>Revenues</b>					
External revenues	51,878	85,998	21,627	-	159,493
Revenues from other segments	228	1,226	326	(1,780)	-
<b>Total</b>	<b>52,106</b>	<b>87,732</b>	<b>21,953</b>	<b>(1,780)</b>	<b>160,011</b>
<b>Net revenues</b>	<b>22,260</b>	<b>76,496</b>	<b>13,110</b>	<b>-</b>	<b>111,866</b>
Share of profits of associates	-	247	-	-	247
<b>Results</b>					
Segment results	9,841	56,653	(397)	-	66,097
Income Tax expense					(3,583)
<b>Profit for the period</b>					<b>62,513</b>

Business segment for the period ended 30 June 2006	Commercial Banking	Investment Banking	Bank assurance and other financial services	Eliminations	Total
<i>Amounts presented in € '000</i>					
<b>Revenues</b>					
External revenues	-	6,480	-	-	6,480
<b>Total</b>	<b>-</b>	<b>6,480</b>	<b>-</b>	<b>-</b>	<b>6,480</b>
<b>Net revenues</b>	<b>-</b>	<b>6,257</b>	<b>-</b>	<b>-</b>	<b>6,257</b>



## IRF European Finance Investments Limited

Business segment for the period ended 30 June 2006	Commercial Banking	Investment Banking	Bank assurance and other financial services	Eliminations	Total
<b>Results</b>					-
Segment results	-	6,257	-	-	6,257
Income tax expense					-
<b>Profit for the period</b>					<b>6,257</b>

### 5. Earnings per share

*Amounts presented in €*

#### Basic earnings per share

**Six-month period ended**  
**30 June 2007      30 June 2006**

Profits / (Loss) attributable to IRF's shareholders	45,944,446	6,257,390
Weighted average number of shares in issue	93,314,557	57,291,676
<b>Basic earnings per share (€/Share)</b>	<b>0.49</b>	<b>0.11</b>

#### Diluted earnings per share

Profits / (Loss) attributable to the IRF's shareholders according to the Income Statement of the period	45,944,446	6,257,390
Weighted average number of shares	93,314,557	57,291,676
Plus: Shares with no consideration (adjustment in number of shares due to probable exercise of warrants)	8,184,796	5,996,886
Weighted average number of shares for the purposes of diluted earnings per share	101,499,353	63,288,562
<b>Diluted earnings per share (€/Share)</b>	<b>0.45</b>	<b>0.10</b>

The terms of the Warrants were temporarily modified in favor 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.

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 and employees of 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 program will have a contractual term of six years ending at December 2012. If all share options in the Plan are exercised, then 6,268,382 shares will be issued on behalf of the plan beneficiaries. The exercise price initially will be 10.46 euros per share, and options are exercisable for a three year period from the grand date.

# IRF European Finance Investments Limited

## 6. Cash and balances with Central Bank

*Amounts presented in € '000*

	30 June 2007	31 December 2006
Cash on hand and cash in course of collection	8,788	10,014
Cheques receivable	11,029	12,018
<b>Included in cash and cash equivalents (note 18)</b>	<b>19,818</b>	<b>22,032</b>
Mandatory reserve deposits with Central Bank	13,149	15,366
<b>Total</b>	<b>32,966</b>	<b>37,397</b>

## 7. Loans and advances to financial institutions

*Amounts presented in € '000*

	30 June 2007	31 December 2006
Deposits placed in other financial institutions	84,686	48,264
Interbank deposits	225,214	47,877
Restricted balances held in other banks	166,711	-
Time deposits	-	84,367
Cheques receivables	274	1,377
<b>Total</b>	<b>476,885</b>	<b>181,885</b>

Restricted balances held in other banks refer to a blocked deposit of the wholly owned subsidiary MIMOSA. The relevant deposit is blocked as a guarantee of an overdraft account.

## 8. Loans and receivables

*Amounts presented in € '000*

	30 June 2007	31 December 2006
<b>Individuals:</b>		
Mortgages	83,583	51,810
Consumer loans /Loans to individuals	72,215	88,372
Credit cards	37,559	28,197
<b>Total loans and receivables to individuals</b>	<b>193,357</b>	<b>168,379</b>
<b>Corporate entities:</b>		
Agriculture	6,701	5,259
Mining	1,278	1,149
Heavy industry	95,437	42,373
Small industry	13,192	14,957
Building / Construction	100,439	73,454
Energy	2,343	2,163
Commercial / Insurance	268,867	202,202
Transportation	140,252	93,516
Services	26,500	36,954
Other companies	374,716	328,717

## IRF European Finance Investments Limited

<b>Total loans and receivables to companies</b>	<b>1,029,724</b>	<b>800,745</b>
<b>Finance lease receivables (1)</b>	<b>33,868</b>	<b>11,388</b>
<b>Total loans and receivables</b>	<b>1,256,949</b>	<b>980,512</b>
<b>Less: Allowances for impairment</b>		
<b>Individuals:</b>		
Beginning balance	(16,271)	(138)
Acquisitions (accumulated allowances of Omega Bank)	-	(8,889)
Fair value adjustments of acquired loans (Omega Bank)	-	(8,068)
Impairment charge for the period	(611)	(339)
Write offs	-	1,163
<b>Total allowances for individuals</b>	<b>(16,882)</b>	<b>(16,271)</b>
<b>Corporate entities:</b>		
Beginning balance	(23,027)	(453)
Acquisitions (accumulated allowances of Omega Bank)	-	(21,214)
Fair value adjustments of acquired loans (Omega Bank)	-	(1,900)
Impairment charge for the period	(678)	(456)
Write offs	-	996
<b>Total allowances for corporate entities</b>	<b>(23,705)</b>	<b>(23,027)</b>
<b>Total allowances at 30 June 2007:</b>	<b>(40,587)</b>	<b>(39,298)</b>
<b>Net loans and receivables</b>	<b>1,216,362</b>	<b>941,214</b>

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

	<b>30 June 2007</b>	<b>31 December 2006</b>
<b>(1) Finance lease receivables</b>		
Gross investment in lease	45,188	17,185
Less: unearned finance income	(11,320)	(5,797)
<b>Net investments in lease</b>	<b>33,868</b>	<b>11,388</b>
<b>Present value of minimum lease payments receivable at 30 June 2007:</b>		
Less than 1 year	4,982	1,143
Between 1 to 5 years	16,424	3,734
More than 5 years	12,462	6,511
<b>Total</b>	<b>33,868</b>	<b>11,388</b>

# IRF European Finance Investments Limited

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

Amounts presented in € '000

	30 June 2007	31 December 2006
<b>Trading assets</b>		
Government bonds	41,074	18,441
Corporate entities bonds	62,682	119,146
Mutual funds	17,479	23,996
Securities	422,884	102,591
	<b>544,119</b>	<b>264,174</b>
<b>Other financial assets designated at fair value</b>		
Corporate bonds	5,609	-
<b>Total</b>	<b>549,728</b>	<b>264,174</b>

Included in the trading portfolio are 41,440,577 shares of MARFIN POPULAR BANK PUBLIC CO. LTD (representing 5.20% of its total share capital) amounting to € 363,848 thousand, held by the wholly owned subsidiary MIMOSA. A total gain of € 37,104 thousand has been recognized in the profit & loss account regarding the changes of the fair value of these shares.

The Company sold its entire holding of approximately 41.4 mln shares in Marfin Popular Bank in the open market during July 2007, the final disposal being on 27 July 2007 and realized a net gain on this disposal of approximately € 66.9 mil. The Company earlier in the year had acquired about 41.4 mln shares of MPB for roughly € 330.1 mln at the average cost of € 7.97 per share. From the beginning of 2007, IRF's aggregate realized gain amounted to € 67.2 mln and taking into account the dividend received from Marfin, the aggregate gain is approximately € 80 mln, representing a return of 24.2%.

## 10. Investment portfolio

Amounts presented in € '000

	30 June 2007	31 December 2006
<b>Securities held to maturity</b>		
Government bonds	6,651	6,646
Corporate bonds	3,000	-
<b>Total</b>	<b>9,651</b>	<b>6,646</b>
<b>Securities available-for-sale</b>		
Corporate bonds	76,104	28,458
Government bonds	133,705	-
Equity securities	5,643	5,502
Mutual fund shares	50	30
Other investments	360	345
Less: Allowance for impairment	-	(3,004)
<b>Total</b>	<b>215,863</b>	<b>31,331</b>
<b>Total investment portfolio</b>	<b>225,514</b>	<b>37,977</b>

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 June 2007 is € 9,662 thousand.

All available-for-sale securities are carried at fair value.

# IRF European Finance Investments Limited

## 11. Goodwill and other intangible assets

Amounts presented in € '000

### Balance at 01 January 2007

	Goodwill	Other intangible assets	Software	Total
Cost	168,353	19,538	4,563	192,454
Accumulated amortization	-	(1,042)	(1,312)	(2,354)
<b>Net book value</b>	<b>168,353</b>	<b>18,496</b>	<b>3,251</b>	<b>190,100</b>

### Period ended 30 June 2007

Opening net book value	168,353	18,496	3,251	190,100
Additions (note 17)	1,106	-	74	1,180
Disposals	-	-	-	-
Amortization charge	-	(2,086)	(356)	(2,442)
<b>Closing net book value</b>	<b>169,459</b>	<b>16,410</b>	<b>2,969</b>	<b>188,838</b>

### At 30 June 2007

Cost	169,459	19,538	4,637	193,634
Accumulated amortization	-	(3,128)	(1,668)	(4,796)
<b>Net book value</b>	<b>169,459</b>	<b>16,410</b>	<b>2,969</b>	<b>188,838</b>

Amounts presented in € '000

### Balance at 01 January 2006

Cost	-	-	-	-
Accumulated amortization	-	-	-	-
<b>Net book value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Year ended 31 December 2006

Opening net book value	-	-	-	-
Acquisition of Proton Bank	68,754	-	1,124	69,878
Acquisition of Omega Bank (Merger)	114,211	-	3,384	117,595
Impairment	-	-	(109)	(109)
Additions	-	-	164	164
Amortization charge	-	-	(277)	(277)
Accumulated amortization of acquired subsidiary	-	-	(1,035)	(1,035)
<b>Closing net book value</b>	<b>182,965</b>	<b>-</b>	<b>3,251</b>	<b>186,216</b>

### At 31 December 2006

Cost	182,965	-	4,563	187,528
Accumulated amortization	-	-	(1,312)	(1,312)

### Net book value as reported

- Fair value adjustments due to finalization of initial accounting (note 16)	(14,612)	19,538	-	4,926
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- 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)
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### Net book value as restated

	<b>168,353</b>	<b>18,496</b>	<b>3,251</b>	<b>190,100</b>
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# IRF European Finance Investments Limited

## 12. Due to financial institutions

Amounts presented in € '000

	30 June 2007	31 December 2006
Deposits from other banks	152,588	33,933
Overdraft facilities from other banks	156,285	-
Bond repurchase agreements	208,207	56,526
Current accounts	4,019	-
Other liabilities to financial institutions	2	-
Short-term loans	200	438
<b>Total</b>	<b>521,301</b>	<b>90,897</b>

The Company, through its wholly owned subsidiary MIMOSA, entered into an overdraft facility agreement on 29 March 2007. The total facility amounts to €185 ml (or the equivalent amount in US Dollars) and its duration is one year. The overdraft facility is secured with a total blocked deposit of € 166,711 thousand (which is analyzed at \$ 195,042 thousand (€ 144,422 thousand) and of € 22,290 thousand). Interest on the outstanding amount of the overdraft accrues at an annual rate of 1.6% over Euribor 3 months.

On 24 August 2007, Mimosa Trading SA repaid the overdraft facility of € 156,285 thousand. As a result of the repayment the remaining amount of the Company's block deposits transferred to the account "Cash and other equivalents".

## 13. Due to customers

Amounts presented in € '000

### Individuals

	30 June 2007	31 December 2006
Savings accounts	56,205	64,497
Current accounts	6,571	1,122
Time deposits	695,882	586,410
	<b>758,658</b>	<b>652,029</b>

### Corporate entities:

Current deposits	69,525	72,104
Time deposits:		
Corporate entities	217,772	134,417
Public organizations	-	7,788
Public corporations	38,258	4,565
Other time deposits	75,083	84,401
Sale and repurchase agreement (REPOS)	-	920
	<b>400,638</b>	<b>304,195</b>
Blocked deposits	201	29
Pledged deposits	52,297	50,361
Margin accounts	88,608	35,543
<b>Total</b>	<b>1,300,402</b>	<b>1,042,157</b>

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## 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 June 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 accrue at an annual rate of 2.25% over Euribor.

Total loan facility available to the Group amounts to 325 ml (overdraft facility €185 ml and short term loan €140 ml, notes 12 and 14).

## 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
<b>Opening balance at 31 December 2006</b>	<b>56,861,675</b>	<b>0.0015</b>	<b>85</b>	<b>253,764</b>	<b>71</b>	<b>200.174</b>	<b>200.245</b>
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)
<b>Closing balance at 30 June 2007</b>	<b>129,356,204</b>		<b>194</b>	<b>540,831</b>	<b>152</b>	<b>414,967</b>	<b>415,120</b>

## 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.

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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 six-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 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 \$ 114.28 (€ 85.97) 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 (€ 178,846,118.26) was raised. As a result, share capital was increased by \$85,586.45 (€ 64,384.60) and share premium was increased by \$ 237,654,558.55 (€178,781,733.66).
- 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 \$3,231.45 (€2,367.54) 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 (€ 40,315,554.28) was raised. As a result, share capital was increased by \$23,041.06 (€ 16,881.13) and share premium was increased by \$ 55,003,658.94 (€40,298,673.15).
- Fees and expenses incurred in connection with the private and public program are amounted to \$ 5,591,256.56 (€4,287,287.09). The relevant amount has been recognized directly in equity as a deduction in the share premium account.

After the above movements, the share capital of the Company as at 30 June 2007 amounted to \$194,034.31 (€ 152,233.87) divided into 129,356,204 common shares of \$0.0015 nominal value. As at 30 June 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 June 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
<b>Total</b>	<b>19.538</b>

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>	<b>As originally published</b>	<b>Effect</b>	<b>Restated</b>
<b>Goodwill and other intangible assets</b>	<b>186,216</b>	<b>3,884</b>	<b>190,100</b>
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
<b>Total equity attributable to shareholders of IRF</b>	<b>238,607</b>	<b>(210)</b>	<b>238,397</b>
Minority interest	308,145	(832)	307,313
<b>Total equity</b>	<b>546,752</b>	<b>(1,042)</b>	<b>545,710</b>

## **17. Business acquisitions**

### **17.1 Acquisition of an additional percentage in PROTON BANK**

During the six-month period ended on 30 June 2007, IRF acquired on 28 June 2007, 41,891 shares of PROTON BANK and on 29 June 2007, 220,000 shares (in aggregate 261,891 shares were purchased), which means an additional 0.42%. As a result of the above transaction the participation percentage of IRF in PROTON BANK's share capital increased from 20.16% to 20.58%. From the above mentioned acquisition an additional amount of € 1,106 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 (though ASE)	2,703,617	382,473,800	1,597,963	261,891	0.418%	1,105,654

### 17.2 Other acquisitions

On 31 January 2007, PROTON BANK and the majority shareholders of the insurance company "International Life SA Life Insurance" agreed to the purchase of 51% of the shares of International Life by the Bank in cash. The agreement provides for the purchase price to be equal to 1.55 the book value of International Life as of 31 December 2006 times the percentage to be acquired. Both sides have agreed on the suspension and re-examination of the process for the coming autumn.

### 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.

*Amounts presented in € '000*

Cash and balances with Central Bank (note 6)
Loans and advances to financial institutions (note 7)
<b>Cash and cash equivalents at the end of the period</b>

30 June 2007	30 June 2006
19,818	2,217
476,885	217,170
<b>496,703</b>	<b>219,387</b>

### 19. Related party transactions

#### 19.1 Transactions with associates

*Amounts presented in € '000*

##### Assets

Other receivables

##### Total

30 June 2007	31 December 2006
156	11
<b>156</b>	<b>11</b>

##### Liabilities

Deposits

##### Total

4,550	6,574
<b>4,550</b>	<b>6,574</b>

*Amounts presented in € '000*

##### Income/Expenses

Interest expense and similar charges

Other operating income

##### Total

30 June 2007	30 June 2006
(98)	-
146	-
<b>48</b>	<b>-</b>

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## 19.2 Transactions with management and members of the Board of Directors

Amounts presented in € '000

### Assets

	30 June 2007	31 December 2006
Loans	39,166	8,100
Other receivables	149	375
<b>Total</b>	<b>39,315</b>	<b>8,475</b>

### Liabilities

	30 June 2007	31 December 2006
Deposits	137,789	34,868
Other liabilities	1,636	216
<b>Total</b>	<b>180,853</b>	<b>35,084</b>

### Letters of guarantee

127 127

Amounts presented in € '000

### Income / Expenses

	30 June 2007	30 June 2006
Salaries and other remuneration	(2,581)	(100)
Share options	(81)	-
Interest and similar income	543	-
Interest expense and similar charges	(2,384)	-
Other operating income	401	-
Other operating expenses	(226)	-
<b>Total</b>	<b>(4,798)</b>	<b>(100)</b>

The above figures refer solely to related party transactions of Proton Group except the item of Salaries and other Remuneration in which are also included the Salaries and Remunerations of IRF paid to CEO of the Company amounting to € 50 thousand for the six-month period ended 30 June 2007 and € 100 thousand for the six-period ended 30 June 2006.

The amount of deposits of € 137,789 thousand refer to normal deposits held by PROTON's Directors and Key Management Personnel (€ 137,653 thousand personal deposits and € 136 thousand deposits via companies). The amounts of loans of € 39,166 thousand refer to loans given to PROTON's Directors and Key Management Personnel (€ 3,637 thousand personal loans and € 35,529 thousand loans to companies).

Directors of the Company and their immediate relatives control 22.70 per cent of the voting shares of the Company.

## 19.3 Other related party transactions

During the six-month period ended 30 July 2007, S Goldman Advisors Limited charged the Company fees of \$5,215,337.40 in connection with the exercise of the Warrants (Private and Public Program). Sheldon Goldman, a Director of the Company, is also managing director of S Goldman Advisors Limited. The abovementioned amounts have not been paid yet.

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## 20. Commitments and contingent liabilities

### 20.1 Pending litigation

As at 30 June 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 stature after the completion of five years from the end of the relevant fiscal year, however it is common that the tax authorities will audit the entity's books and records. The tax authorities commonly seek to disallow expenses on the basis that they are not properly documented or that they do not represent proper business expenses, relying on a substantial degree of subjective judgment on the part of the tax management in order an out-of-court settlement to be reached. In practice, both companies and tax authorities tend to reach an out-of-court settlement at an acceptable level of additional taxes.

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

Company name	Domicile	Open tax years
IRF European Finance Investments Limited <sup>1</sup>	Bermudas	-
Mimosa Trading SA <sup>1</sup>	Marshall Islands	-
Myrtle Trading Company <sup>1</sup>	Marshall Islands	-
Proton Bank SA	Greece	2005-2006
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>	<b>30 June 2007</b>	<b>31 December 2006</b>
Letters of Guarantee	100,522	84,585
Irrevocable letters of credit	2,037	2,804
<b>Total</b>	<b>103,052</b>	<b>87,976</b>

### 20.4 Pledged assets

Greek Government bonds with a nominal value of € 15,500 thousand have been assigned to HELEX.

Greek Government bonds with a nominal value of € 10,000 thousand have been assigned to the Bank of Greece.

The rights on bonds issued by Halcyon with a nominal value of € 2,500 thousand have been assigned to Hypo Vereinsbank.

The rights on bonds issued by Calyon with a nominal value of € 6,000 thousand have been assigned to Calyon Corporate and Investment Bank.

The rights on bonds issued by Dexia with a nominal value of €5,200 thousand and the rights of Greek Government bonds with a nominal value of €14,000 thousand have been assigned to Deutsche Bank.

The rights on bonds issued by Dexia with a nominal value of €10,000 thous. have been assigned to E.C.B.

As a security for the Loan Facility (note 14) the Company authorized the INVESTMENT BANK OF GREECE (the Agent) to execute a Shares Pledge Agreement on behalf of the subsidiaries MIMOSA TRADING COMPANY and MYRTLE TRADING COMPANY, in the case of an occurrence of a Default, to pledge such number of shares owned by the above subsidiaries as the Agent shall deem appropriate in its sole discretion and, in the plural, means all of them.

### 20.5 Capital commitments

As of 30 June 2007, the Group as a lessor had signed non cancellable lease agreements for the acquisition of equipment for finance lease purposes amounting to €7,353 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 grand and have a contractual option term of three (3) years. The Bank has no legal or constructive obligation to repurchase or settle the options in cash.

4,897,510 share options were granted on 15 June 2007 with an exercise price of 10.46 euros 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 grand 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.

# IRF European Finance Investments Limited

## 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 June 2007 and 31 December 2006 were as follows:

<i>Amounts presented in € '000</i>	<b>30 June 2007</b>	<b>30 June 2006</b>	<b>31 December 2006</b>
<b>ASSETS</b>			
Investments in subsidiaries	129,390	126,687	126,687
Trading portfolio and other financial instruments at fair value through profit & loss	363,848	-	3,865
Blocked deposits	166,711	12	0
Other assets	12	46	64
Cash and cash equivalents	89,498	202,431	88,481
<b>Total assets</b>	<b>749,459</b>	<b>329,175</b>	<b>219,097</b>
<b>SHAREHOLDERS EQUITY</b>			
Share capital	152	71	71
Share premium	414,967	198,856	200,174
Retained earnings	53,034	4,682	18,652
<b>Total equity</b>	<b>468,153</b>	<b>203,789</b>	<b>218,897</b>
<b>LIABILITIES</b>			
Loans to banks	271,285	-	-
Compound financial instrument	-	1,908	-
Other liabilities	10,021	123,478	200
<b>Total liabilities</b>	<b>281,306</b>	<b>125,386</b>	<b>200</b>
<b>Total equity and liabilities</b>	<b>749,459</b>	<b>329,175</b>	<b>219,097</b>

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

- Acquisition during 2006 of 20.16% of PROTON BANK and an additional acquisition during 2007 of 0.42% (directly through IRF). Consequently, IRF acquired a 20.58% of PROTON BANK for a total cost of € 129,330 thousand and a current fair market value of € 133,901 thousand.
- Acquisition during the six-month 2007 of 5.20% of Marfin Popular Bank (indirectly through MIMOSA) for a total cost of € 326,744 thousand and a current fair market value of €363,848 thousand.

## IRF European Finance Investments Limited

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

	Six-month period		Three-month period		Year 2006
<i>Amounts presented in € '000</i>	<b>01/01 - 30/06/2007</b>	<b>01/01 - 30/06/2006</b>	<b>01/04- 30/06/2007</b>	<b>01/04- 30/06/2006</b>	<b>01/01- 31/12/2006</b>
Net trading income	36,901	-	30,178	-	16,149
Interest income	3,381	6,480	2,763	6,475	6,464
Other operating income	-	-	-	-	897
Dividend income	16,343	-	16,343	-	74
<b>Total income</b>	<b>56,625</b>	<b>6,480</b>	<b>49,284</b>	<b>6,475</b>	<b>23,584</b>
Personnel expenses	(50)	(100)	(25)	(100)	(155)
Other operating expenses	(2,659)	(123)	(2,110)	(91)	(464)
Finance cost	(8,623)	(0.3)	(4,465)	(0.1)	(2,903)
<b>Total expenses</b>	<b>(11,332)</b>	<b>(223)</b>	<b>(6,601)</b>	<b>(191)</b>	<b>(3,522)</b>
<b>Profit before tax</b>	<b>45,293</b>	<b>6,257</b>	<b>42,684</b>	<b>6,284</b>	<b>20,062</b>
Less: Income tax	-	-	-	-	(15)
<b>Profit after tax</b>	<b>45,293</b>	<b>6,257</b>	<b>42,684</b>	<b>6,284</b>	<b>20,047</b>

The amount of € 36,901 thousand of "Net Trading Income" includes: € 1,307 thousand loss from the sale of trading portfolio, € 1,104 thousand gain from sale of available-for-sale portfolio and a total gain of € 37,104 regarding the changes of the fair value of the shares of Marfin Popular Bank.

During the six-month period ended at 30 June 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 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 third quarter of 2007.

### 22. Events after 30 June 2007

- 1) On 03 July 2007, IRF purchased 12,000 shares of PROTON BANK for a cash consideration of € 122,933. After the abovementioned purchase IRF holds 12,911,941 shares of PROTON BANK and the Company's holding in PROTON BANK increased from 20.58% to 20.60%.
- 2) On 25 July 2007, IRF purchased for cancellation 3.5 million common shares of \$ 0.0015 each (the 'Purchased Shares') at an average price \$ 4.4625 in the open market, for a total cash of \$ 15.62 million. Following completion of this share buy-back, the Purchased Shares will be cancelled from trading on AIM and accordingly, the reduced issued share trading on AIM will amount to 125,856,204 Common Shares.
- 3) By 27 July 2007 the Company had sold its entire holding of approximately 41.4 mln shares in Marfin Popular Bank in the open market and realized a net gain on this disposal of approximately € 66.9 mil. The Company earlier in the year had acquired about 41.4 mln shares of MPB for roughly € 330.1 mln at the average cost of € 7.97 per share. From the beginning of 2007, IRF's aggregate realized gain amounted to € 67.2 mln and taking into account the dividend received from Marfin, the aggregate gain is approximately € 80 mln, representing a return of 24.2%.

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- 4) On 24 August 2007, Mimosa Trading SA repaid the overdraft facility of € 156,285 thousand. As a result of the repayment the remaining amount of the Company's block deposits transferred to the account "Cash and other equivalents".

*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, 31 August 2007

Angeliki Frangou

Loucas Valetopoulos

Chairman, Non – Executive Director

Chief Executive Officer, Director