IRF European Finance Investments Ltd
Financial Statements

for the year ended
31 December 2017

In accordance with the International Financial Reporting Standards

The accompanying consolidated financial statements of IRF European Finance Investments Ltd (the "Company" or "IRF") and its subsidiaries (together the "Group"), for the year ended 31 December 2017 were approved by the Company's Board of Directors on 28 February 2019.

Contents

BOARD OF DIRECTORS

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

MANAGEMENT REPORT FOR THE YEAR ENDED 31 December 2017

Financial highlights

Income statement items (amounts in € '000)	**31 December 2017**	**31 December 2016**	**%**
Interest and similar income	2,803	4,389	(36)%
Interest and similar charges	(11,777)	(13,991)	(16)%
Unrealized gain/ (loss) from derivative financial instruments	0	42	(100)%
Impairment losses on loan and receivables	(663)	(12,226)	(95)%
Unrealized gain from valuation of financial assets at fair value through Profit & Loss	2,771	2,900	4%
Realized gain/ (loss) from derivative financial instruments	(232)	0	(100)%
Share of profits of associates	-	-	0%
(Loss) / Profit after tax	(8,439)	(17,164)	(51)%
AFS valuation in other comprehensive income	(303)	914	(133)%
Basic earnings per share (in euro/share)	(0.06)	(0.13)	(52)%

Balance sheet items	**31 December 2017**	**31 December 2016**	**%**
Cash and cash equivalents	289	608	(52)%
Trading portfolio	31,334	33,052	(5)%
Investment portfolio	1,433	1,736	(17)%
Total assets	34,326	83,333	(59)%
Loans	151,305	191,617	(21)%
Total liabilities	152,679	193,085	(21)%
Total Equity	(118,353)	(109,752)	(8)%

Ratios			
Current assets / current liabilities	0.21	0.18	17%
Total assets / total liabilities	0.22	0.43	(48)%
Net loss after tax / total assets	(0.25)	(0.21)	(20)%

2014 - 2017 Review

Market Conditions

Investment strategy and objectives

Historically, the Company's primary investment was in Marfin Investment Group Holdings ("MIG"), an investment company with significant investments in defensive sectors, such as food and dairy, healthcare, telecoms and tourism. The Company sought to reinvest capital gains and income from its investments with the aim of achieving capital growth.

Key risk factors

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

Performance and position of the Company

A series of events caused the fortunes of IRF's investments in Greece to deteriorate. Continued austerity requirements, accompanied by political and business uncertainty – including capital controls and banking holiday – combined to create an extraordinarily difficult commercial environment, causing substantial deterioration in the value of the Company's investments. Consequently, the underlying businesses in MIG declined significantly and the business operations of MIG deteriorated in 2017. As you can see from the below, MIG's EBITDA, on a consolidated basis, reduced by over 10.9% in 2017 over 2016. EBITDA for business operations reduced by almost 17% in 2017 over 2016.

(in € millions)	**2017**	**2016**	**2017 - 2016 Growth**
EBITDA business operations (1)	141.6	170.6	(17.0)%
% margin	*13.1%*	*15.8%*	
EBITDA Consolidated (2)	117.8	132.2	(10.9)%
% margin	*10.9%*	*12.2%*	
Net result after tax and minorities	(74.8)	(84.9)	12% improvement

1 - Group reported EBITDA excluding holding companies and non-recurring items

2 - Reported Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization

MIG – Piraeus Bank

In May 2014 MIG (IRFS's primary investment) and Piraeus Bank Group (IRF's primary lender) announced a "strategic relationship" under which Piraeus Bank agreed to purchase bonds of a certain Convertible Bond Loan (CBL) issue, with a maturity date in July 2019. Piraeus Bank agreed to invest approximately €250 million and convert bonds worth at least €90 million into common registered shares of the Company. In September 2014, Piraeus Bank converted these bonds and became a shareholder with a 17.78% stake in Company. As a result, IRF's interest in MIG was diluted to 14.72%.

In 2014, IRF and Piraeus Bank were in discussion regarding restructuring its €170 million secured debt facility. This loan was originally granted by Piraeus Bank's predecessor and was secured, in part, by IRF's shares in MIG. This conversation culminated into what IRF believed was a final agreement in October 2014, pending execution of formal amendments to the existing loan documentation.

However, in January 2015 Piraeus Bank unilaterally acted to acquire 100.4 million MIG shares (the "MIG shares") owned by IRF and pledged as collateral security for the €170 million secured debt facility. Piraeus alleged an acquisition price of the MIG shares of €0.2815 per share, totalling €28 million, well below Piraeus Bank's internal estimates of MIG's value as well as MIG's then latest available published NAV of €0.98 per share.

IRF reserved its rights and in January 2015, filed for injunctive relief. Although in January 2015, the court initially prohibited Piraeus Bank from transferring the MIG shares, subsequently, in April 2015 the court rejected IRF's application for a permanent injunction.

Following the April judgement, IRF filed suit against Piraeus Bank, before the Athens Multi-Member Court of First Instance. The suit requested the annulment of the unilateral acquisition of the MIG shares by Piraeus Bank. IRF continued good faith negotiations towards an amicable settlement with Piraeus Bank and engaged afresh in amicable discussions to resolve the dispute. This led to a series of meetings among IRF and Piraeus Bank officials during the months of April and June 2016. These conversations led IRF to believe, yet again, that a settlement had been reached at the end of June 2016.

Piraeus Bank's Unilateral Action – Seizing 26 Million MIG Shares

Despite lengthy discussions culminating the belief that a settlement had been agreed in principle, Piraeus Bank unilaterally, and without notice, acted on 7 July 2016 to foreclose on 26 million MIG shares owned by IRF, which IRF had pledged as collateral security for the €170 million secured debt facility. In so doing, Piraeus alleged an acquisition price of the MIG shares of €0.118769 per share, totalling €3,087,994; Piraeus Bank only advised IRF of this development on 13 July 2016.

The unilateral acquisition of a total of 126.4 million MIG shares increased Piraeus Bank's position in MIG to 31.2%, followed by Dubai Group with a position of 14.2% and leaving IRF with a position of 1.2%. This enabled Piraeus Bank to effectively acquire control of MIG and its Board of Directors.

In light of these developments, IRF filed a suit against Piraeus Bank on 10 August 2016 before the Athens Multi-Member Court of First Instance requesting the annulment of each of the two unilateral acquisitions of the MIG shares by Piraeus Bank. Once a hearing date was secured, good faith negotiations recommenced, with a view to resolving the matter as it became evident that the true value of the MIG shares (including the advantages such shares afforded Piraeus Bank) were considerably greater than the original value ascribed suggested by Piraeus Bank.

IRF filed a final suit against Piraeus Bank on 14 October 2016 requesting that the court (1) annul Piraeus Bank's MIG share acquisition, (2) determine the fair value of the MIG shares and (3) if deemed appropriate by the court, set off the fair value of the MIG shares against amounts due under IRF's facility. Piraeus Bank filed a counter action against IRF requesting the total of the outstanding indebtedness arising out of the financial agreement dated 20 July 2010 for the amount of €178,138,214.67.

2017 Loan Repayment

In 2017, MIG redeemed the MIG convertible bond with a face amount of €50.0 million plus accrued interest of €687,000. The €50.69 million proceeds were used to repay the outstanding loan due to Piraeus Bank. We estimate the current balance of such loan, after this repayment, to be €136.1 million.

2018 Court Decision & ensuing developments

The Multi-Member Court of Athens issued its judgment nr. 95/2018 rejecting IRF's action and accepting Piraeus Bank's counter claim. On 12 June 2018, IRF filed an appeal against Piraeus Bank and the first-instance judgment (on grounds also concerning the rejection of the action and the acceptance of the cross-action), which has been scheduled for hearing before the Athens Court of Appeals – 14th Three-Member Section of Contractual Disputes on 23 May 2019.

IRF has reserved its rights against Piraeus Bank in full, but remains committed to reaching an overall solution and is thus continuing without prejudice discussions with Piraeus Bank in parallel.

CORPORATE GOVERNANCE

There is no corporate governance regime applicable to the Company in Bermuda. In addition, companies listed on the SFM are not required to comply with the Combined Code. Nevertheless, the Directors recognize the importance of sound corporate governance and intend to continue to develop policies and procedures which, taking into account the size and nature of the Company, will create an effective corporate governance regime.

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ANNUAL ACCOUNTS

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

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

In so far as the directors are aware:

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

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

Angeliki Frangou

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Chairman, Non – Executive Director

INDEPENDENT AUDITORS' REPORT

To the Shareholders of "**IRF European Finance Investments Ltd**"

Report on the Financial Statements

Disclaimer of Opinion

We were appointed as auditors of the accompanying consolidated financial statements of IRF European Finance Investments Ltd (the "Company") and its subsidiaries (which, with the Company form the "Group"), which comprise the consolidated statement of financial position as at December 31st, 2017, consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the accompanying consolidated financial statement of IRF European Finance Investments Ltd (the "Company") and its subsidiaries (which, with the Company form the "Group").

Basis for Disclaimer of Opinion

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management's intention is to proceed with liquidating the Company and the Group or discontinuing their operations or unless the management has no other realistic option but to proceed with those actions.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing incorporated into the Greek Legislation. However, because of the significance of the matter (matters) described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

We are independent of the Company and its consolidated subsidiaries under the entire conduct of our audit in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements incorporated into the Greek Legislation and those relevant to the audit of separate and consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Report on Other Legal and Regulatory Requirements

1. Rendering Non-audit Services

We have not rendered to the Company and its subsidiaries prohibited non-audit services referred to in Article 5, Regulation (EU) No 537/2014.

2. Auditor's Appointment

We were first appointed the Company's Chartered Accountants following as of 20/12/2006 Decision of the Annual General Meeting of the Shareholders. Since then, our appointment has been constantly renewed for a total period of 12 years in compliance with the Decisions of the Annual General Meetings of the Company Shareholders.

Athens, 01 March 2019

The Chartered Accountant

Pelagia Kaza
I.C.P.A. Reg.: No. 62591

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Chartered Accountants Management Consultants
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Registry Number SOEL 127

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts presented in € '000	Note	1/1/-31/12/2017	1/1/-31/12/2016
Income			
Interest and similar income	7	2,803	4,389
Exchange differences	11	0	1,337
Realized gain from disposal of Available-for-sale financial assets	15	0	1,243
Realised gain from disposal of Debt securities	14	3,783	0
Unrealized gain from valuation of financial assets at fair value through Profit & Loss	9	2,771	2,900
Unrealized gain from valuation of derivative financial instruments	8	0	42
Total operating income		**9,358**	**9,909**
Expenses			
Interest and similar charges	7	(11,777)	(13,991)
Fee and commission expense	10	(7)	(5)
Exchange differences	11	(3,459)	-
Realised loss from of financial assets at fair value through Profit & Loss	9	(36)	-
Realised loss from derivative financial instruments	8	(232)	-
Impairment losses on loan and receivables	16	(663)	(12,226)
Impairment losses on available-for-sale financial assets		-	-
Other operating expenses	12	(1,623)	(821)
Share of losses of associates		-	(32)
Total operating expenses		**(17,797)**	**(27,074)**
Profit/(loss) for the period from continuing operations		**(8,439)**	**(17,164)**
Less: Income tax		-	-
Profit after tax from discount. operations		-	-
(Loss) / Profit after tax		**(8,439)**	**(17,164)**
Attributable to:			
Owners Of the Parent Company		(8,439)	(17,164)
Non Controling Interest		-	-
Other comprehensive income			
Items that will be reclassified subsequently to profits or loss			
Current year gains (losses)	15	(303)	914
Reclassification to profit or loss		-	-
Exchange Differences on translating foreign operations		2	32
Other comprehensive income for the period net of tax		**(301)**	**945**
Total comprehensive income for the period net of tax		**(8,740)**	**(16,219)**
Attributable to:			
Owners Of the Parent Company		(8,740)	(16,219)
Earnings per share attributable to parent company's shareholders (€/share)			
- Basic and diluted	24	(0,0615)	(0,1250)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts presented in € '000	Note	31/12/2017	31/12/2016
ASSETS			
Non-current assets			
Debt securities	14	0	45,907
Derivative financial instruments	14	0	232
Available-for-sale financial assets	15	1,433	1,736
Total non-current assets		**1,433**	**47,875**
Current Assets			
Loans and receivables	16	1,001	1,200
Financial assets at fair value through Profit & Loss	17	31,334	33,052
Other assets	18	80	597
Cash and cash equivalents	19	289	608
Total current assets		**32,704**	**35,458**
TOTAL ASSETS		**34,137**	**83,333**
EQUITY AND LIABILITIES			
Equity			
Share Capital	22	162	162
Share Premium	22	378,927	378,927
Revaluation Reserve	15	611	914
Other reserves	23	233	232
Retained Earnings / (losses)		(498,426)	(489,987)
Total equity attributable to shareholders' of the Parent Company		**(118,493)**	**(109,752)**
Non-Controlling Interest		-	-
TOTAL EQUITY		**(118,493)**	**(109,752)**
Liabilities			
Current liabilities			
Short term loans	20	151,305	191,617
Other liabilities	21	1,325	1,468
Total current liabilities		**152,630**	**193,085**
TOTAL LIABILITIES		**152,630**	**193,085**
TOTAL LIABILITIES & EQUITY		**34,137**	**83,333**

The accompanying notes constitute an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to the shareholders of the Parent Company Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Total	Non-Controlling Interest	Total Equity
Consolidated Statement of Changes in Equity									
Amounts presented in € '000									
Opening balance as at 1st January 2017		**162**	**378,927**	**914**	**232**	**(489,987)**	**(109,752)**	**-**	**(109,752)**
Transactions with owners		-	-	-	-	-	-	-	-
Net result for the period 01/01-31/12/2017		**-**	**-**	**-**	**-**	**(8,439)**	**(8,439)**	**-**	**(8,439)**
Other comprehensive income:									
Available for sale:									
- Gains/ losses directly recognized in equity	15	-	-	(303)	-	-	(303)		(303)
Exchange differences on translating foreign operations		-	-	-	2	-	2		2
Total comprehensive income / (loss) recognized for the period		**-**	**-**	**611**	**2**	**(8,439)**	**(8,740)**	**-**	**(8,740)**
Balance as at 31 December 2017		**162**	**378,927**	**611**	**233**	**(498,426)**	**(118,493)**	**-**	**(118,493)**

	Attributable to the shareholders of the Parent Company Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Total	Non-Controlling Interest	Total Equity
Consolidated Statement of Changes in Equity								
Amounts presented in € '000								
Opening balance as at 1st January 2016	**162**	**378,927**	**0**	**200**	**(472,822)**	**(93,533)**	**-**	**(93,533)**
Transactions with owners	-	-	-	-	-	-	-	-
Net result for the period 01/01-31/12/2016	**-**	**-**	**-**	**-**	**(17,164)**	**(17,164))**	**-**	**(17,164)**
Other comprehensive income:								
Available for sale:								
- Gains/ losses directly recognized in equity	-	-	914	-	-	914		914
Exchange differences on translating foreign operations	-	-	-	32	-	32		32
Total comprehensive income / (loss) recognized for the period	**-**	**-**	**914**	**32**	**(17,164)**	**(16,219)**	**-**	**(16,219)**
Balance as at 31 December 2016	**162**	**378,927**	**914**	**232**	**(489,987)**	**(109,752)**	**-**	**(109,752)**

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

IRF European Finance Investments Ltd

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts presented in € '000	**Note**	**31/12/2017**	**31/12/2016**
Cash flows from operating activities			
(Loss)/Profit before tax of continuing operations		**(8,439)**	**(17,164)**
Adjustments for:			
Impairment losses on financial assets	16	663	-
(Profit) /loss from revaluation of financial assets at fair value through Profit & Loss	9	(2,735)	(2,900)
(Profit) /loss from derivative financial instruments	8	232	-
(Profit) /loss from debt securities exchange		-	-
(Profit)/loss from sale of Available for sale financial assets		-	-
(Profit) /loss from revaluation of derivative financial instruments		-	-
Share of (profit)/loss from associates		-	32
Interest and other non-cash expenses	7,12	10,456	10,423
Foreign exchange differences		3,460	(1,332)
Cash Flows from operating activities before changes in working capital		**3.638**	**(10,942)**
Changes in working capital:			
Net (increase)/decrease in other assets		(85)	11,043
Net increase/(decrease) in other liabilities		(146)	(101)
Cash flows from operating activities before payment of income tax		**3.407**	**0**
Interest and similar expenses paid	7	(16,579)	(12,266)
Tax paid		-	-
Net cash flows from operating activities		**(13,172)**	**(12,266)**
Cash flows from investing activities			
Proceeds from AFS portfolio	15	-	3,088
Proceeds from Financial assets at fair value through Profit & Loss	17	547	1,100
Proceeds for Debt securities	14	50,000	-
Interest received		2,030	2,722
Net cash flow from investing activities		**52,577**	**6,910**
Cash flows from financing activities			
Repayments of borrowings	20	(39,724)	-
Proceeds from borrowings		-	-
Net cash flow from financing activities		**(39,724)**	**-**
Net increase/(decrease) in cash and cash equivalents		**(319)**	**(5,356)**
Cash and cash equivalents at the beginning of the period		608	5,964
Effect of exchange rate fluctuations on cash and cash equivalents			
Cash and cash equivalents at the end of the financial year		**289**	**608**

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Country of incorporation

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

Principal Activities

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

IRF holds approximately 1.23% of the issued shares in Marfin Investment Group ('MIG') which, as at December 31, 2017, along with the related claim against Piraeus Bank, is a significant investment in the Company's portfolio. The company, also holds, 26.912 shares of SG Aurora Fund ltd value of 30.5 million € as at December 31, 2017.

2. BASIS OF FINANCIAL STATEMENT PREPARATION

2.1 Statement of Compliance

The financial statements of the Group for the year ended December 31, 2017 have been prepared according to the International Financial Reporting standards (IFRS), which were published by the International Accounting Standards Board (IASB) and in compliance with their interpretations, which have been published by the International Financial Reporting Interpretations Committee (IFRIC) and have been adopted by the European Union.

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

2.2 Basis of Measurement

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

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

The financial statements have been prepared under the Going concern assumption. Relative information is provided in note 6.5.1 below.

2.3 Functional and Presentation Currency

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

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

2.4 Use of Estimates

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

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

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

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

The following amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), adopted by the European Union, and their application is mandatory from or after 01/01/2017.

• Amendments to IAS 7: "Disclosure Initiative" (effective for annual periods starting on or after 01/01/2017)

In January 2016, the IASB published narrow scope amendments to IAS 7. The objective of the amendments is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The amendments do not affect the consolidated Financial Statements.

• Amendments to IAS 12: "Recognition of Deferred Tax Assets for Unrealized Losses" (effective for annual periods starting on or after 01/01/2017)

In January 2016, the IASB published narrow scope amendments to IAS 12. The objective of the amendments is to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments do not affect the consolidated Financial Statements.

2.6 New Standards, Interpretations and Amendments to existing Standards that have not been applied yet or have not been adopted by the European Union

The following new Standards and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), but their application has not started yet or they have not been adopted by the European Union.

• IFRS 9 "Financial Instruments" (effective for annual periods starting on or after 01/01/2018)

In July 2014, the IASB issued the final version of IFRS 9. The package of improvements introduced by the final version of the Standard, includes a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. The Group will examine the impact of the above on its Financial Statements, though it is not expected to be significant. The above have been adopted by the European Union with effective date of 01/01/2018.

• IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01/01/2018)

In May 2014, the IASB issued a new Standard, IFRS 15. The Standard fully converges with the requirements for the recognition of revenue in both IFRS and US GAAP. The key principles on which the Standard is based are consistent with much of current practice. The new Standard is expected to improve financial reporting by providing a more robust framework for addressing issues as they arise, increasing comparability across industries and capital markets, providing enhanced disclosures and clarifying accounting for contract costs. The new Standard will supersede IAS 11 "Construction Contracts", IAS 18 "Revenue" and several revenue related Interpretations. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2018.

• Clarification to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01/01/2018)

In April 2016, the IASB published clarifications to IFRS 15. The amendments to IFRS 15 do not change the underlying principles of the Standard, but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation in a contract, how to determine whether a company is a principal or an agent and how to determine whether the revenue from granting a license should be recognized at a point in time or over time. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2018.

• Amendments to IFRS 4: "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (effective for annual periods starting on or after 01/01/2018)

In September 2016, the IASB published amendments to IFRS 4. The objective of the amendments is to address the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming insurance contracts Standard. The amendments to existing requirements of IFRS 4 permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until 2021 (the "temporary exemption") and also permit all issuers of insurance contracts to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued (the "overlay approach"). The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2018.

• **IFRS 16 "Leases" (effective for annual periods starting on or after 01/01/2019)**

In January 2016, the IASB issued a new Standard, IFRS 16. The objective of the project was to develop a new Leases Standard that sets out the principles that both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognize assets and liabilities arising from a lease. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2019.

• **Annual Improvements to IFRSs – 2014-2016 Cycle (effective for annual periods starting on or after 01/01/2017 and 01/01/2018)**

In December 2016, the IASB issued Annual Improvements to IFRSs – 2014-2016 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2014-2016 cycle. The issues included in this cycle are the following: IFRS 12: Clarification of the scope of the Standard, IFRS 1: Deletion of short-term exemptions for first-time adopters, IAS 28: Measuring an associate or joint venture at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12, and 1 January 2018 for IFRS 1 and IAS 28. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

• **Amendment to IFRS 2: "Classification and Measurement of Share-based Payment Transactions" (effective for annual periods starting on or after 01/01/2018**)

In June 2016, the IASB published narrow scope amendment to IFRS 2. The objective of this amendment is to clarify how to account for certain types of share-based payment transactions. More specifically, the amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligation, as well as, a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

• **Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods starting on or after 01/01/2018)**

In December 2016, the IASB published narrow-scope amendments to IAS 40. The objective of the amendments is to reinforce the principle for transfers into, or out of, investment property in IAS 40, to specify that (a) a transfer into, or out of investment property should be made only when there has been a change in use of the property, and (b) such a change in use would involve the assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

• **IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods starting on or after 01/01/2018)**

In December 2016, the IASB issued a new Interpretation, IFRIC 22. IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

• **Amendments to IAS 28: "Long-term Interests in Associates and Joint Ventures" (effective for annual periods starting on or after 01/01/2019)**

In October 2017, the IASB published narrow-scope amendments to IAS 28. The objective of the amendments is to clarify that companies account for long-term interests in an associate or joint venture – to which the equity method is not applied – using IFRS 9. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

• Amendments to IFRS 9: "Prepayment Features with Negative Compensation" (effective for annual periods starting on or after 01/01/2019)

In October 2017, the IASB published narrow-scope amendments to IFRS 9. Under the existing requirements of IFRS 9, an entity would have measured a financial asset with negative compensation at fair value through profit or loss as the "negative compensation" feature would have been viewed as introducing potential cash flows that were not solely payments of principal and interest. Under the amendments, companies are allowed to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

• Annual Improvements to IFRSs – 2015-2017 Cycle (effective for annual periods starting on or after 01/01/2019)

In December 2017, the IASB issued Annual Improvements to IFRSs – 2015-2017 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2015-2017 cycle. The issues included in this cycle are the following: IFRS 3 - IFRS 11: Previously held interest in a joint operation, IAS 12: Income tax consequences of payments on financial instruments classified as equity, IAS 23: Borrowing costs eligible for capitalization. The amendments are effective for annual periods beginning on or after 1 January 2019. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

• IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods starting on or after 01/01/2019)

In June 2017, the IASB issued a new Interpretation, IFRIC 23. IAS 12 "Income Taxes" specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

• IFRS 17 "Insurance Contracts" (effective for annual periods starting on or after 01/01/2021)

In May 2017, the IASB issued a new Standard, IFRS 17, which replaces an interim Standard, IFRS 4. The aim of the project was to provide a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. A single principle-based standard would enhance comparability of financial reporting among entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

3. SUMMARY OF IMPORTANT ACCOUNTING POLICIES

3.1 Consolidation

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

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

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

Associates: Associates are entities over which the Group has significant influence but not control. Significant influence is presumed to exist if the Group holds between 20% and 50% of the voting rights of another company, unless such influence can be clearly demonstrated. The existence of significant influence is usually evidenced in one or more of the following ways:

(a) representation on the board of directors or equivalent governing body of the investee;

(b) participation in policy-making processes, including participation in decisions about dividends or other distributions;

(c) material transactions between the entity and its investee;

(d) interchange of managerial personnel; or

(e) provision of essential technical information.

Investments in associates are initially recognised at acquisition cost and subsequently are accounted under the equity method. At each financial statement date, the investments carrying amount is increased by the Group's proportion of the associate's changes in equity and decreases by the amount of dividends received from the associate.

The Group's share in the associate's profits or losses, after the acquisition date, is recognised in profit or loss whereas the Group's share of other comprehensive income is recognised directly in other comprehensive income.

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

3.2 Operating segments

Information disclosed is basically information that the management uses for internal reporting so as to assess the productivity of segments, as well as the manner in which resources are allocated. Such reporting might differ from information used during the preparation of the statement of financial position and the statement of comprehensive income.

The directors determined that IRF's continuing business, as an investment company, would be managed by the directors as a whole and no segmental information would be reported. Therefore, IRF does not present segmental financial information. The operating results of IRF for the periods ending December 31, 2017 and December 31, 2016 derive from the following geographical areas:

	1.1.-31.12.2017			1.1.-31.12.2016		
	Europe	**USA**	**Total**	**Europe**	**USA**	**Total**
Amounts presented in € '000						
Interest and similar income	2,803	-	**2,803**	4,389	-	**4,389**
Gain/(loss) from valuation/disposal of financial assets at fair value through Profit & Loss	-	-	**-**	1,243	-	**1,243**
Realized loss from derivative financial instruments	(232)	-	**(232)**	-	-	**-**
Unrealized gain from derivative financial instruments	-	-	**-**	42	-	**42**
Share of profits/(losses) of associates	-	-	**-**	-	(32)	**(32)**

Unrealized gain from valuation of financial assets at fair value through Profit & Loss	2,771	-	**2,771**	2,900	-	**2,900**
Interest and similar charges	(11,777)	-	**(11,777)**	(13,991)	-	**(13,991)**
Realised gain from disposal of Debt Securities	3,783	-	**3,783**	-	-	**-**
Impairment losses on loan and receivables	(663)	-	**(663)**	(12,226)	-	**(12,226)**
Realised loss from disposal of Available-for-sale financial assets	(36)	-	**(36)**	-	-	**-**
Operating expenses and commisions	(1,622)	(8)	**(1,630)**	(820)	(5)	**(825)**
Exchange differences	(3,459)	-	**(3,459)**	1,337		**1,337**
Net operating reults	**(8,431)**	**(8)**	**(8,439)**	**(17,127)**	**(37)**	**(17,164)**
AFS Reserve Movement/Impairment	**(303)**		**(303)**	**914**		**914**
Total	**(8,734)**	**(8)**	**(8,742)**	**(16,213)**	**(37)**	**(16,251)**

3.3 Foreign Currency

(a) Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments due to business combinations, are translated into Euro at exchange rates applicable on the financial statement date. The income and expenses are translated into Euro at the exchange rate on the dates of transactions or, if it is a reasonable approximation, based on the average exchange rates during the reporting period. Any differences arising from the translation of the assets, liabilities, income and expenses are recognized in other comprehensive income into "Other reserves".

(b) Foreign Currency Transactions

Foreign currency transactions are translated into the respective functional currency of the Group entities at the exchange rates on the dates of transactions. Monetary asset and liability denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate on that date. The non-monetary assets denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate on the date that the fair value was determined. Foreign currency differences arising on the execution of foreign currency transactions and on the retranslation of monetary assets and liabilities are recognized in profit or loss.

3.4 Interest income and expense

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

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

3.5 Fee and commission income

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

3.6 Dividend Income

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

3.7 Financial instruments

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

3.7.1 Initial Recognition

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

3.7.2 Classification and Measurement of Financial Assets

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

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

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in the "held for trading" category if acquired principally for the purpose of generating a profit from short-term fluctuations in price.

Derivative financial instruments are also categorised as "held for trading" unless they are designated as accounting hedges in which case hedge accounting is applied. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with a documented investment strategy. Information about these financial assets is provided internally on a fair value basis to key management personnel. Financial assets and liabilities designated as at fair value through profit or loss, are subsequently measured at fair value and any change in the fair value is recorded in profit or loss.

(b) Loans and Receivables

These include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which the Group does not intend to sell in the short-term. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are measured at amortized cost using the effective interest method. The Group classifies in this category bonds containing embedded derivatives, which can be separated from the host contract.

(c) Held to maturity investments

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

(d) Available for sale investment – (AFS)

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

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

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

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

3.7.3 Offsetting

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

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

3.7.4 Fair value measurement

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

3.7.5 Impairment of financial assets

Assets carried at fair value

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

3.7.6 Derivative financial instruments and hedge accounting

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

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

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

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

3.8 Cash and cash equivalents

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

3.9 Financial liabilities

The Group classifies its financial liabilities into the following categories:

1) Financial liabilities are treated as held for trading if:

(a) Acquired principally for the purpose of selling or repurchasing them in the near term;

(b) A derivative financial instrument.

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

2) Financial liabilities at amortised cost:

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

3.10 Share capital

(a) Share issue costs

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

(b) Dividends on ordinary shares

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

(c) Treasury Shares

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

3.11 Provisions

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

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

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

3.12 Income Tax

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

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

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

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

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

a) *Impairment of available for sale financial assets*

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

When the declines in fair value are considered significant or prolonged, the fair value reserve is transferred to profit or loss.

b) *Financial Instruments Classification*

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

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

c) *Financial assets not quoted in active markets*

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

5. STRUCTURE OF THE GROUP

The structure of the IRF group (the "Group") as at December 31, 2017 and December 31, 2016:

Name	Country	Direct and indirect holding	Relation that dictated the consolidation	Note
IRF EUROPEAN FINANCE INVESTMENTS LIMITED	**BERMUDA**	**Parent**		
MIMOSA TRADING SA	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
MYRTLE TRADING COMPANY	MARSHALL ISLANDS	100%	Percentage Ownership	Direct Stake
IRF US	USA	100%	Percentage Ownership	Direct Stake
ASSOCIATES				
S.GOLDMAN ASSET MANAGEMENT LLC	USA	49%		Indirect stake through "IRF US"

Information on consolidation

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

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

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

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

6. RISK MANAGEMENT

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

6.1 Credit Risk

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

6.1.1 Maximum credit risk exposure

The below table presents the maximum credit risk exposure as at December 31, 2017 and December 31, 2016 respectively, without taking into account any collaterals or other credit enhancements pledged.

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

Total exposure to credit risk	**31/12/2017**	**31/12/2016**
Exposure to credit risk of the Statement of Financial Position items:		
Derivative financial instrument	-	232
Debt securities	-	45,907
Loans and receivables	1,001	1,200
Other assets	80	597
Cash and other equivalents	289	608
Total	**1,370**	**48,545**

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

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

Amounts presented in € '000	**Financial institutions**	**Holdings**	**Other industries**	**Total**
Cash and other equivalents	289	-	-	289
Debt securities	-	-	-	-
Derivative financial instrument	-	-	-	-
Loans and receivables	-	-	1.001	1.001
Other assets	-	-	80	80
Total maximum credit risk as at 31 December 2017	**289**	**0**	**1,081**	**1,370**
Total maximum credit risk as at 31 December 2016	**1,077**	**46,139**	**1,328**	**48,545**

6.2 Market Risk

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

Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes.

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

As at 31 December 2017

Amounts presented in € '000

Market Prices	Price Volatility	Impact on Equity and Profit and Loss
Foreign-exchange rate	-2% / 2%	(631)/631
Prices of securities	-20% /20%	(287)/287
Interest Rates	1% / -1%	(1,500)/1,500

As at 31 December 2016

Amounts presented in € '000

Market Prices	Price Volatility	Impact on Equity and Profit and Loss
Foreign-exchange rate	-2% / 2%	(686)/686
Prices of securities	-20% /20%	(347)/347
Interest Rates	1% / -1%	(1,439)/1,439

Foreign-exchange rate

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

Prices of listed securities

For listed securities a price volatile of +/-20% has been considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in the market risk that were reasonably possible at the market date. From the favourable impact of €287k, €287k would be recognized directly to equity as gains of AFS investments, and the rest will recognized in profit and loss accounts in the period.

Interest Rates

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

6.3 Currency Risk

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

As at 31 December 2017

Amounts presented in € '000

ASSETS	EUR	USD	GBP	TOTAL
Cash and other equivalents	1	288	-	289
Trading portfolio and other financial assets at fair value through Profit & Loss	782	30,552	-	31,334
Loans and receivables	-	1,001	-	1,001
Debt securities	-	-	-	-
Investment portfolio securities	1,433	-	-	1,433
Derivative financial instruments	-	-	-	-
Other assets	55	25	0	80
Total assets	**2,271**	**31,866**	**0**	**34,137**

LIABILITIES	EUR	USD	GBP	TOTAL
Short term loans	151,305	-	-	151,305
Other liabilities	882	430	14	1,325
Total liabilities	**152,187**	**430**	**14**	**152,630**
Total exposure	**(149,916)**	**31,437**	**(14)**	**(118,493)**

As at 31 December 2016

Amounts presented in € '000

ASSETS	**EUR**	**USD**	**GBP**	**TOTAL**
Cash and other equivalents	1	607	-	608
Trading portfolio and other financial assets at fair value through Profit & Loss	206	32,846	-	33,052
Loans and receivables	-	1,200	-	1,200
Debt securities	45,907	-	-	45,907
Investment portfolio securities	1,736	-	-	1,736
Derivative financial instruments	232	-	-	232
Other assets	470	127	0	597
Total assets	**48,553**	**34,780**	**0**	**83,333**

LIABILITIES	**EUR**	**USD**	**GBP**	**TOTAL**
Short term loans	191,617	-	-	191,617
Other liabilities	987	477	4	1,468
Total liabilities	**192,604**	**477**	**4**	**193,085**
Total exposure	**(144,053)**	**34,303**	**(4)**	**(109,753)**

6.4 Interest Rate Risk

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

Amounts presented in € '000	**Less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**Non interest bearing**	**Total**
As at 31 December 2017						
ASSETS						
Derivative financial instruments	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Investment portfolio	-	-	-	-	1,433	1,433
Trading portfolio and other financial assets at fair value through Profit & Loss	-	-	-	-	31,334	31,334
Loans and receivables	1,001	-	-	-	-	1,001
Other assets	-	-	-	-	80	80
Cash and other equivalents	289	-	-	-	-	289
Total assets	**1,290**	**-**	**-**	**-**	**32,848**	**34,137**
LIABILITIES						
Short term loans	151,305	-	-	-	-	151,305
Other Liabilities	-	-	-	-	1,325	1,325
Total Liabilities	**151,305**	**-**	**-**	**-**	**1,325**	**152,630**
Net interest gap	**(150,015)**	**-**	**-**	**-**	**31,522**	**(118,493)**

Amounts presented in € '000	**Less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**Non interest bearing**	**Total**
As at 31 December 2016						
ASSETS						
Derivative financial instruments	-	-	-	-	232	232
Debt securities	-	-	-	45,907	-	45,907
Investment portfolio	-	-	-	-	1,736	1,736
Trading portfolio and other financial assets at fair value through Profit & Loss	-	-	-	-	33,052	33,052
Loans and receivables	1,200	-	-	-	-	1,200
Other assets	-	-	-	-	597	597

Cash and other equivalents	608	-	-	-	-	608
Total assets	**1,808**	**-**	**-**	**45,907**	**35,617**	**83,333**
LIABILITIES						
Short term loans	191,617	-	-	-	-	191,617
Other Liabilities	-	-	-	-	1,468	1,468
Total Liabilities	**191,617**	**-**	**-**	**-**	**1,468**	**193,085**
Net interest gap	**(189,809)**	**-**	**-**	**45,907**	**34,149**	**(109,752)**

6.5 Liquidity Risk

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

6.5.1 Non derivative contractual cash flows

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

Liquidity risk

As at 31 December 2017

LIABILITIES	**Less than 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**over 5 years**	**Total**
Short term loans	151,305	-	-	-	-	151,305
Other liabilities	-	1,325	-	-	-	1,325
Total liabilities	**151,305**	**1,325**	**-**	**-**	**-**	**152,630**

As at 31 December 2016

LIABILITIES	**Less than 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**over 5 years**	**Total**
Short term loans	191,617	-	-	-	-	191,617
Other liabilities	-	1,468	-	-	-	1,468
Total liabilities	**191,617**	**1,468**	**-**	**-**	**-**	**193,085**

IRF had a strategic investment in MIG, which at the highest point represented 49% of total assets.

The loss of value in our MIG investment and purported sale of assets to Piraeus Bank created negative book value of equity for the Company as at 31 December 2016.

Since 2013, IRF has been in discussions with its lending institution for a possible restructuring of the loan facility. However, the debt restructuring negotiations were delayed due to the underlying societal change, including (1) regulatory reform of the March 2013 agreement between Cyprus and the Eurogroup regarding the basic elements of a future program of macroeconomic adjustment, and (2) the subsequent acquisition of CPB's Greek branch by Piraeus bank. IRF continues to seek to restructure the debt in a manner that will allow IRF's underlying investments to mature. In July 2013, IRF agreed with Piraeus Bank that the outstanding payment of €15.0 million due on 28 March 2013 was deferred on 30 September 2013. IRF obtained waivers from its lender for compliance with Total Assets to Total Liabilities ratio through 30 September 2013 and the interest margin has decreased by 3%. As at 31 December 2013 IRF had capital outstanding payments of €30 million (payable from 30 September 2013) and the relevant interest for the last quarter of 2013.

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

However, on 14 January 2015 Piraeus Bank unilaterally acted to acquire 100.4 million MIG shares (the "MIG shares") owned by IRF and pledged as collateral security for the €170 million secured debt facility. Piraeus alleged an acquisition price of the MIG shares of €0.2815 per share, totalling €28 million.

IRF discovered the Piraeus Bank's unilateral action through third parties and immediately protested the acquisition and the arbitrary acquisition price alleged by Piraeus Bank, which was well below Piraeus Bank's internal estimates of MIG's value as well as MIG's latest available published NAV of €0.98 per share.

IRF reserved its rights, including for recovering all positive and consequential damages. IRF considered (and continues to consider) Piraeus Bank's actions illegal and abusive. Accordingly, on 22 January 2015, IRF filed for injunctive relief requesting relief against the unilateral acquisition of MIG shares.

At a hearing on 30 January 2015, the court granted an injunction prohibiting Piraeus Bank from transferring the MIG shares pending the decision of the court in respect of IRF's application for injunctive relief. Subsequently, on 20 February 2015, the hearing of IRF's application for injunctive relief was held. The court rejected IRF's application for an injunction in its judgement delivered on 20 April 2015.

In the interim, and more specifically in March 2015, IRF's Chairman, Mrs. Frangou along with two other board members resigned from their positions at the Board of MIG, leaving in total four vacant board positions (one more member had resigned in February). Four Piraeus Bank executives were appointed to fill the vacant board positions, in what was described in the media as an agreement between Piraeus Bank and MIG following Piraeus Bank's foreclosure on the MIG shares owned by IRF.

Following the April judgement, IRF acted to preserve its rights by filing a formal suit against Piraeus Bank, which IRF prepared and filed on 9 November 2015 before the Athens Multi-Member Court of First Instance. The suit requested the annulment of the unilateral acquisition of the MIG shares by Piraeus Bank. Once the suit was filed and hearing date reserved, IRF elected to continue good faith negotiations toward an amicable settlement with Piraeus Bank and engaged afresh in amicable discussions to resolve the dispute. This led to a series of meetings among IRF and Piraeus Bank officials during the months of April and June 2016. These conversations led IRF to believe, yet again, that a settlement had been reached at the end of June 2016.

Despite lengthy discussions culminating the reasonable belief that a settlement had been agreed in principle, Piraeus Bank unilaterally, and without prior notice, acted on 7 July 2016 to foreclose on 26 million MIG shares owned by IRF, which IRF had pledged as collateral security for the €170 million secured debt facility. In so doing, Piraeus alleged an acquisition price of the MIG shares of €0.118769 per share, totalling €3,087,994; Piraeus Bank only advised IRF of this development on 13 July 2016.

The unilateral acquisition of a total of 126.4 million MIG shares increased Piraeus Bank's position in MIG to what is now believed to be 28.5%, leaving IRF with an interest of about 1.23%. This enabled Piraeus Bank to effectively acquire control of MIG and its Board of Directors.

In light of these developments, IRF filed a suit against Piraeus Bank on 10 August 2016 before the Athens Multi-Member Court of First Instance requesting the annulment of each of the two unilateral acquisitions of the MIG shares by Piraeus Bank. Once a hearing date was secured, good faith negotiations recommenced, with a view to resolving the matter as it became evident that the true value of the MIG shares (including the advantages such shares afforded Piraeus Bank) were considerably greater than the original value ascribed suggested by Piraeus Bank.

Once it became apparent that Piraeus Bank was unwilling to engage in constructive conversation toward an overarching settlement, IRF filed a final suit against Piraeus Bank on 14 October 2016. The suit requested that the court (1) annul Piraeus Bank's MIG share acquisition, (2) determined the fair value of the MIG shares and (3) if deemed appropriate by the court, to set off the fair value of the MIG shares against amounts due under IRF's facility. All supporting evidence and pleadings were filed timely and files closed in February 2017. IRF is currently awaiting for the court to set a hearing date. Parallel to the above suit Piraeus Bank filed a counter action against IRF requesting the total of the outstanding indebtedness arising out of the financial agreement dated 20 July 2010 for the amount of €178,138,214.67.

As at 31 December 2016, IRF owed approximately €181.2 million plus interest for the year. However, in 2017, MIG redeemed the MIG Bond with a face amount of €50.0 million plus accrued interest of €687,000. The €50.69 million proceeds were used to repay the outstanding loan to Piraeus Bank. We estimate the current balance of such loan, after this repayment, to be €136.1 million. In 2018 the Multi-Member Court of Athens, by their judgment nr. 95/2018, rejected IRF's action and accepted Piraeus Bank's counter claim. On 12 June 2018, IRF filed an appeal against Piraeus Bank and the first-instance judgment (on grounds also concerning the rejection of the action and the acceptance of the cross-action), which has been scheduled for hearing before the Athens

Court of Appeals – 14th Three-Member Section of Contractual Disputes on 23 May 2019. Furthermore, at 31 December 2017 IRF was not in compliance with its obligations and no waivers have been obtained from its lender for compliance with Total Assets to Total Liabilities ratio.

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

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

6.6 Financial instruments measured at fair value

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

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

• Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

• Level 3: unobservable inputs for the asset or liability

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

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

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 December 2017 and 31 December 2016. There are no financial liabilities measured at fair value.

As at 31 December 2017			
Amounts presented in € '000	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**
Assets			
Listed securities and debentures	2,215	30,552	-
Unlisted derivatives	-	-	-
Total	**2,215**	**30,552**	**-**
Net fair value	**2,215**	**30,552**	**-**

As at 31 December 2016			
Amounts presented in € '000	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**
Assets			
Listed securities and debentures	1,942	32,846	-
Unlisted derivatives	-	-	232
Total	**1,942**	**32,846**	**232**
Net fair value	**1,942**	**32,846**	**232**

Level 3 instrument refers to MIG's embedded derivative (note 14). As observable prices are not available on 31 December 2016 the Company used a valuation technique to derive the fair value. The Company used the following model in order to evaluate the derivative:

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

The following table presents the movement in level 3 instruments for the year ended 31 December 2017.

Amounts presented in € '000	**Derivatives**
Opening balance	232
Gains/ (losses) recognized in profit and loss	(232)
Closing balance	**-**

6.7 CAPITAL MANAGEMENT

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

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

7. INTEREST INCOME & INTEREST EXPENSE

Amounts presented in € '000	**1/1-31/12/2017**	**1/1-31/12/2016**
Interest and similar income		
From securities	2,202	3,823
From loans and receivables	602	566
Total	**2,803**	**4,389**
Interest and similar expenses		
Interest Due to financial institutions	(11,525)	(13,758)
Interest Due to shareholders	(252)	(233)
Total	**(11,777)**	**(13,991)**

8. REALISED AND UNREALISED GAINS/(LOSSES) FROM DERIVATIVE FINANCIAL INSTRUMENTS

Amounts presented in € '000	**1/1-31/12/2017**	**1/1-31/12/2016**
Realised gains/(losses) from unlisted derivatives	(232)	-
Unrealised gains/ (losses) from unlisted derivatives	-	42
Total	**(232)**	**42**

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

Amounts presented in € '000	**1/1-31/12/2017**	**1/1-31/12/2016**
Listed shares	576	57
Investment fund units	2,159	2,843
Total	**2,735**	**2,900**

10. FEE AND COMMISSION INCOME & EXPENSE

Amounts presented in € '000	1/1-31/12/2017	1/1-31/12/2016
Fee and commission expense from:		
Securities brokerage & safekeeping	(7)	(5)
Total	**(7)**	**(5)**

11. EXCHANGE DIFFERENCES

Amounts presented in € '000	1/1-31/12/2017	1/1-31/12/2016
Exchange differences from valuation	(3.456)	1.336
Realised exchange differences	(3)	1
Total	**(3.459)**	**1.337**

12. OTHER OPERATING EXPENSES

Amounts presented in € '000	1/1-31/12/2017	1/1-31/12/2016
Consulting and other third party fees	(227)	(158)
Legal fees	(977)	(143)
Other operating expenses	(419)	(519)
Total	**(1.623)**	**(821)**

13. INVESTMENTS IN ASSOCIATES

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

Amounts presented in € '000	31/12/2017	31/12/2016
Investments in associates	-	-
Total	**-**	**-**

Some brief financial information as at December 31, 2017 on the associate is given below:

Amounts presented in € '000	Domicile	Assets	Liabilities	Profits /(losses)	OCI	Participation %
S.GOLDMAN ASSET MANAGEMENT LLC	USA	141	407	(87)	-	49%

Investments in associates are accounted under the equity method.

14. DEBT SECURITIES

Amounts presented in €'000	31/12/2017	31/12/2016
Debt securities		
Corporate entities bonds	-	45,907
	-	**45,907**

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

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

The new bond contained an embedded derivative, which was separated from the host contract. The embedded derivative was classified in Non-Current Assets as "Derivative financial instrument". At the restructuring date the fair value of the derivative was estimated at €5.2 million. Any subsequent change in its fair value recognized in profit and loss accounts. The net effect from the CBL relating to the derivative as at 31 December 2016 is € 42 thousands and the net effect from the CBL relating to the derivative as at 31 December 2017 is € (232) thousands (note 8).

In July 2017, Piraeus Bank liquidated the convertible bond with a face amount of €50.0 million plus accrued interest of €687,000. The €50.69 million proceeds were used to repay the outstanding loan due to Piraeus Bank.

15. INVESTMENT PORTFOLIO

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

Amounts presented in € '000	**31/12/2017**	**31/12/2016**
Available for sale portfolio (at fair value)		
Equity securities	1,433	1,736
Total	**1,433**	**1,736**

The movement in the investment portfolio for the year ended December 31, 2017 is summarized as follows:

Amounts presented in € '000	**2017**	**2016**
Balance as at 1 January	1,736	2,667
Disposals	-	(3,088)
Realized gain	-	1,243
Gains / (Losses) from changes in fair value through equity	(303)	914
Balance as at 31 December	**1,433**	**1,736**

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

However, on 14 January 2015 Piraeus Bank unilaterally acted to acquire 100.4 million MIG shares (the "MIG shares") owned by IRF and pledged as collateral security for the €170 million secured debt facility. Piraeus alleged an acquisition price of the MIG shares of €0.2815 per share, totalling €28 million.

IRF discovered the Piraeus Bank's unilateral action through third parties and immediately protested the acquisition and the arbitrary acquisition price alleged by Piraeus Bank, which was well below Piraeus Bank's internal estimates of MIG's value as well as MIG's latest available published NAV of €0.98 per share.

IRF reserved its rights, including for recovering all positive and consequential damages. IRF considered (and continues to consider) Piraeus Bank's actions illegal and abusive. Accordingly, on 22 January 2015, IRF filed for injunctive relief requesting relief against the unilateral acquisition of MIG shares.

At a hearing of 30 January 2015, the court granted an injunction prohibiting Piraeus Bank S.A. from transferring the MIG shares pending the decision of the court in respect of IRF's application for injunctive relief. Subsequently, on 20 February 2015, the hearing of IRF's application for injunctive relief was held. The court rejected IRF's application for an injunction in its judgement delivered on 20 April 2015.

Following the April judgement, IRF engaged afresh in amicable negotiations with Piraeus Bank to resolve the dispute, while at the same time acting to preserve its rights by filing a formal suit against Piraeus Bank, which IRF prepared and filed on 9 November 2015 before the Athens Multi-Member Court of First Instance. The suit requested the annulment of the unilateral acquisition of the MIG shares by Piraeus Bank. Once the suit was filed and hearing date reserved, IRF elected to continue good faith negotiations toward an amicable settlement with Piraeus Bank and engaged afresh in amicable discussions to resolve the dispute. This led to a series of meetings among IRF and Piraeus Bank officials during the months of April and June 2016. These conversations led IRF to believe, yet again, that a settlement had been reached at the end of June 2016.

Despite lengthy discussions culminating the reasonable belief that a settlement had been agreed in principle, Piraeus Bank unilaterally, and without prior notice, acted on 7 July 2016 to foreclose on 26 million MIG shares owned by IRF, which IRF had pledged as collateral security for the €170 million secured debt facility. In so doing, Piraeus alleged an acquisition price of the MIG shares of €0.118769 per share, totalling €3,087,994; Piraeus Bank only advised IRF of this development on 13 July 2017.

The unilateral acquisition of a total of 126.4 million MIG shares increased Piraeus Bank's position in MIG to what is now believed to be 32.1 % and leaving IRF with an interest of position of about 1.0%. This enabled Piraeus Bank to effectively acquire control of MIG and its Board of Directors. In light of these developments, IRF filed a suit against Piraeus Bank on 10 August 2016 before the Athens Multi-Member Court of First Instance requesting the annulment of each of the two unilateral acquisitions of the MIG shares by Piraeus Bank. Once a hearing date was secured, good faith negotiations recommenced, with a view to resolving the matter as it became evident that the true value of the MIG shares (including also in light of the advantages such shares afforded to Piraeus Bank) were considerably greater than the original value ascribed suggested by Piraeus Bank originally.

Once it became evident that Piraeus Bank that was unwilling to continue constructive conversation toward an overarching settlement. Accordingly IRF filed a new and final suit against Piraeus Bank on 14 October 2016. The suit, requested that the court address, in addition to the requests for annulment of the share acquisition, the fair value of the shares and to proceed (if so deemed more appropriate by the court) to set off their value against the amounts due under IRF's facility. All supporting evidence and pleadings were filed timely and files closed in February 2017. Piraeus Bank filed a counter action against IRF requesting the total of the outstanding indebtedness arising out of the financial agreement dated 20 July 2010 for the amount of €178,138,214.67. The Multi-Member Court of Athens, by their judgment nr. 95/2018 rejected IRF's action and accepted Piraeus Bank's counter claim. On 12 June 2018, IRF filed an appeal against Piraeus Bank and the first-instance judgment (on grounds also concerning the rejection of the action and the acceptance of the cross-action), which has been scheduled for hearing before the Athens Court of Appeals – 14th Three-Member Section of Contractual Disputes on 23 May 2019.

16. LOANS AND RECEIVABLES

Amounts presented in € '000	**31/12/2017**	**31/12/2016**
Loan and receivables		
Loan and receivables	1.001	1.200
Total	**1.001**	**1.200**

Amounts presented in € '000	**2017**	**2016**
Balance as at 1 January	1.200	12.385
Interest Income	602	635
Exchange Differences	(138)	407
Impairment losses	(663)	(12.226)
Balance as at 31 December	**1.001**	**1.200**

In June 2010, a loan was extended for USD $ 10.5 million. The loan was not repaid in accordance with its terms. The parties entered into a standstill agreement and have negotiated a settlement of the loan based on the value of underlying asset. IRF recognized impairment losses, based on the amount expected to recover.

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

Amounts presented in € '000	**31/12/2017**	**31/12/2016**
Trading Portfolio		
Investment fund units	30,552	32,846
Securities	782	206
	31,334	**33,052**

18. OTHER ASSETS

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

Amounts presented in € '000	**31/12/2017**	**31/12/2016**
Prepayments to third parties	80	81
Sundry debtors and other receivables	0	516
Total	**80**	**597**

19. CASH AND OTHER EQUIVALENTS

Amounts presented in € '000	**31/12/2017**	**31/12/2016**
Petty cash	1	1
Deposits placed in other financial institutions	288	608
Total	**289**	**608**

20. SHORT TERM LOANS

Amounts presented in € '000	**31/12/2017**	**31/12/2016**
Short term borrowings		
Due to financial institutions	139,075	181,229
Accrued interest	7,741	5,563
Due to Shareholders	4,489	4,826
Total	**151,305**	**191,617**

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

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

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

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

At 31 December 2014, the Company was not in compliance with the financial covenants relating to Total Assets to Total Liabilities ratio for the existing loan, and the instalment of accrued interest were past due. The capitalized interest presented in the "Due to financial institutions" account at 31 December 2014, includes accrued and unpaid interest.

However, on 14 January 2015 Piraeus Bank unilaterally acted to acquire 100.4 million MIG shares (the "MIG shares") owned by IRF and pledged as collateral security for the €170 million secured debt facility. Piraeus alleged an acquisition price of the MIG shares of € 0.2815 per share, totalling €28 million.

This amount was used from Piraeus Bank to repay capital €16.03 million and interest €12.23 million.

Despite lengthy discussions regarding its €170 million secured debt facility, culminating the reasonable belief that a settlement had been agreed in principle, Piraeus Bank unilaterally, and without prior notice, acted on 7 July 2016 to foreclose on 26 million MIG shares owned by IRF, which IRF had pledged as collateral security for the €170 million secured debt facility. In so doing, Piraeus alleged an acquisition price of the MIG shares of €0.118769 per share, totalling €3,087,994; Piraeus Bank only advised IRF of this development on 13 July 2016.

The unilateral acquisition of a total of 126.4 million MIG shares increased Piraeus Bank's position in MIG to 31.2%, followed by Dubai Group with a position of 14.2% and leaving IRF with a position of 1.2%. This enabled Piraeus Bank to effectively acquire control of MIG and its Board of Directors.

In light of these developments, IRF filed a suit against Piraeus Bank on 10 August 2016 before the Athens Multi-Member Court of First Instance requesting the annulment of each of the two unilateral acquisitions of the MIG shares by Piraeus Bank. Once a hearing date was secured, good faith negotiations recommenced, with a view to resolving the matter as it became evident that the true value of the MIG shares (including the advantages such shares afforded Piraeus Bank) were considerably greater than the original value ascribed suggested by Piraeus Bank.

Once it became apparent that Piraeus Bank was unwilling to engage in constructive conversation toward an overarching settlement, IRF filed a final suit against Piraeus Bank on 14 October 2016. The suit requested that the court (1) annul Piraeus Bank's MIG share acquisition, (2) determined the fair value of the MIG shares and (3) if deemed appropriate by the court, to set off the fair value of the MIG shares against amounts due under IRF's facility. All supporting evidence and pleadings were filed timely and files closed in February 2017. IRF is currently awaiting for the court to set a hearing date. Parallel to the above suit Piraeus Bank filed a counter action against IRF requesting the total of the outstanding indebtedness arising out of the financial agreement dated 20 July 2010 for the amount of €178,138,214.67.

In June 2017, Piraeus Bank liquidated the MIG convertible bond with a face amount of €50.0 million plus accrued interest of € 687,000. The €50.69 million proceeds were used to repay the outstanding loan due to Piraeus Bank.

In 2018, the Multi-Member Court of Athens, by their judgment nr. 95/2018 rejected IRF's action and accepted Piraeus Bank's counter claim. On 12 June 2018, IRF filed an appeal against Piraeus Bank and the first-instance judgment (on grounds also concerning the rejection of the action and the acceptance of the cross-action), which has been scheduled for hearing before the Athens Court of Appeals – 14th Three-Member Section of Contractual Disputes on 23 May 2019.

The balance "Due to Shareholders" relates to the loan facility of IRF provided by the main shareholders.

During 2011 and 2012 the main shareholders provided a $3 million loan facility. The loan bears an interest of 3 month LIBOR plus 4.0% spread per annum and is repayable on March 2015. Interest and principal amount will be repaid at maturity day.

During April 2013 the main shareholders provided with an additional funding of $120 thousand bearing interest of 3 month LIBOR plus 4.0% spread per annum repayable on December 2014.

During October 2014 the main shareholders provided with an additional funding of €50 thousand bearing interest of 3 month LIBOR plus 4.0% spread per annum repayable on December 2015.

At 31 December 2017 the total loan to Shareholders should have been repaid, so the balance "Due to Shareholders" is classified as short term.

21. OTHER LIABILITIES

Amounts presented in € '000	31/12/2017	31/12/2016
Liabilities to subsidiaries –associates	421	428
Brokerage services securities and derivatives	-	25
Suppliers and other third party liabilities	904	1,016
Total	**1,325**	**1,468**

22. SHARE CAPITAL & SHARE PREMIUM

Amounts presented in €'000	Number of common shares	Nominal value $	Number of preference shares	Nominal value $	Share capital in $	Share capital	Share premium	Total
Opening balance at 1 January 2017	137,315,633	0.0015	49,833,858	0.0001	206	162	378,927	379,089
Closing balance at 31 December 2017	**137,315,633**	**0.0015**	**49,833,858**	**0.0001**	**206**	**162**	**378,927**	**379,089**

Amounts presented in €'000	Number of common shares	Nominal value $	Number of preference shares	Nominal value $	Share capital in $	Share capital	Share premium	Total
Opening balance at 1 January 2016	137,315,633	0.0015	49,833,858	0.0001	206	162	378,927	379,089
Closing balance at 31 December 2016	**137,315,633**	**0.0015**	**49,833,858**	**0.0001**	**206**	**162**	**378,927**	**379,089**

23. OTHER RESERVES

Amounts presented in € '000	31/12/2017	31/12/2016
Translation of exchange differences	233	232
Total	**233**	**232**

24. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of shares in issue during the year.

Basic and diluted earnings per share are analysed below:

	1/1/-31/12/2017	1/1/-31/12/2016
Basic Earnings per share		
Loss attributable to the Parent Company's Shareholders (in €' 000)	(8,439)	(17,164)
Weighted average number of shares in issue	137,315,633	137,315,633
Basic earnings per share (€/Share)	**(0.0615)**	**(0.1250)**

25. RELATED PARTIES TRANSACTIONS

25.1 Transactions between companies included in Consolidation

Amounts presented in € '000	31/12/2017	31/12/2016
Asset accounts		
Other Assets	275	582
Total	**275**	**582**
Liability accounts		
Other liabilities	2,184	2,184
Total	**2,184**	**2,184**

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

25.2 Transactions with Associates

SGAM had made payments on behalf of IRF US and IRF European Finance Ltd. It is anticipated that SGAM will be reimbursed for these expenditures.

Amounts presented in € '000	31/12/2017	31/12/2016
Liability accounts		
Other Liabilities	395	395
Total	**395**	**395**
Income		
Share from Profit /(Loss)	-	(32)
Total	**-**	**(32)**

25.3 Transactions with Management and Members of the Board of Directors

No salaries or loans were paid to the Directors of the Company for the year ended 31 December 2017.

Transactions with Management and Members of the Board of Directors

Amounts presented in € '000	31/12/2017	31/12/2016
Liability accounts		
Other Liabilities	-	-
Total	**-**	**-**
	1/1/-31/12/2017	**1/1/-31/12/2016**
Expenses		
Remuneration	-	-
Other fees & expenses	56	56
Total	**56**	**56**

Information concerning shareholder loans provided to the Company is included in note 20 of the financial statements.

26. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

26.1 Contingent legal liabilities

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

26.2 Assets given as collateral

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

27. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

For the periods ending 31 December 2017 and 31 December 2016, all financial assets and liabilities are carried at their fair value, except from loans and receivables, debt securities and short term loans which are carried at amortized cost.

Balance at 31 December 2017

Amounts presented in € '000

Assets	**Fair value through profit or loss**	**Available for sale**	**Loans & receivables**	**Total**
Trading portfolio and other financial assets at fair value through Profit & Loss	31,334	-	-	**31,334**
Loans and receivables	-	-	1,001	**1,001**

Debt securities	-	-	-	-
Investment portfolio	-	1,433	-	**1,433**
Derivative financial instruments	-	-	-	**-**
Total	**31,334**	**1,433**	**1,001**	**33,768**

Liabilities	**At amortized cost**	**At fair value through profit or loss**	**Total**
Long term loans	-	-	**-**
Short term loans	151,305	-	**151,305**
Total	**151,305**	**-**	**151,305**

Balance at 31 December 2016

Amounts presented in € '000

Assets	**Fair value through profit or loss**	**Available for sale**	**Loans & receivables**	**Total**
Trading portfolio and other financial assets at fair value through Profit & Loss	33,052	-	-	**33,052**
Loans and receivables	-	-	1,200	**1,200**
Debt securities	-	-	45,907	**45,907**
Investment portfolio	-	1,736	-	**1,736**
Derivative financial instruments	232	-	-	**232**
Total	**33,285**	**1,736**	**47,107**	**82,127**

Liabilities	**At amortized cost**	**At fair value through profit or loss**	**Total**
Long term loans	-	-	**-**
Short term loans	191,617	-	**191,617**
Total	**191,617**	**-**	**191,617**

28. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

Amounts presented in € '000	**Book value**		**Fair value**	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Financial assets				
Debt securities	-	45,907	-	45,907
Loans and receivables	1,001	1,200	1,001	1,200
Financial liabilities				
Long term loans	-	-	-	-
Short term loans	151,305	191,617	151,305	191,617

29. POST REPORTING DATE EVENTS

2018 Court Decision

The Multi-Member Court of Athens, by their judgment nr. 95/2018 rejected IRF's action and accepted Piraeus Bank's counter claim. On 12 June 2018, IRF filed an appeal against Piraeus Bank and the first-instance judgment (on grounds also concerning the rejection of the action and the acceptance of the cross-action), which has been scheduled for hearing before the Athens Court of Appeals – 14th Three-Member Section of Contractual Disputes on 23 May 2019. IRF remains committed to pursuing the matter judicially until resolution, however it also continuous good faith discussions with Piraeus Bank for an amicable solution.

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of IRF European Finance Investments Limited ("the Company") as well as the consolidated financial statements of the Company and its subsidiaries ("the Group"), for the year ended 31 December 2017 were approved by the Company's Board of Directors on 28 February 2019 and are subject to the final approval of the General Meeting of the Shareholders according to the Company's Bye-laws.

Independent Auditors Report on page 9.

Athens, 28 February 2019

Angeliki Frangou	Sheldon Goldman
Chairman, Non – Executive Director	Deputy Chairman, Non – Executive Director