IRF European Finance Investments Ltd

Consolidated Interim Financial Statements
for six-month period
ended 30 June 2010

In accordance with the International Financial Reporting Standards

The accompanying consolidated interim financial statements of IRF European Finance Investments Ltd ("IRF") and its subsidiaries (together "the Group"), for the six-month period ended 30 June 2010 were approved by the Company's Board of Directors on 31 August 2010.

Contents

BOARD OF DIRECTORS

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

INTERIM MANAGEMENT REPORT FOR THE PERIOD ENDED 30 JUNE 2010

Financial highlights

Amounts in € 000		
Income Statement items (six month period)	**30 June 2010**	**30 June 2009**
Continuing operations		
Interest and similar income	1,079	1,208
Dividend income	545	18,198
Exchange differences	10,393	(555)
Interest and similar charges	(4,328)	(5,146)
Impairment losses on available-for-sale portfolio	(88,819)	(17,397)
(Loss)/Profit for the period	(80,503)	9,342
Total comprehensive income for the period	(85,461)	43,302
Basic earnings per share (in euro/share)	(0.64)	0.08
Financial position items	**30 June 2010**	**31 December 2009**
Cash and cash equivalent	7,760	126,842
Trading portfolio	75,955	18,499
Investment portfolio	100,093	193,886
Total Assets	184,705	340,504
Long term loans	-	198,104
Short term loans	158,805	-
Total liabilities	159,139	201,027
Total Equity	25,566	139,478

Significant events

Bermuda law restricted the Company from declaring a dividend during the second quarter of 2010; the Company's board of directors determined that it would be in the best interests of its shareholders to make a payment to its shareholders by reducing the Company's share premium. At the Company's Special General Meeting, held on 19 April 2010, the shareholders agreed to reduce the Company's share premium account from US$495,378,160.37 to US$457,928,442.17, enabling an amount of US$0.30 per common share to be paid to such shareholders The amount was paid to shareholders in early May 2010.

The reduction of share premium account does not reduce the authorised or issued share capital of the Company or the nominal value of the shares of the Company.

Q2 Portfolio review

The market conditions in Greece have been extremely difficult in the first six months of 2010, with conditions materially worsening during Q2 2010. The drivers have mainly been political and other pressure relating to government budget deficits and pre-existing debts of the Hellenic Republic. These drivers along with the fiscal austerity program have caused negative sentiment adversely affecting the liquidity and pricing of securities trading on the Athens Stock Exchange.

Under IAS 39, the amount of any decline in the fair value of an "available for sale" financial asset is recognized in the profit and loss. The amount of such profit or loss is determined based on the difference between the new fair value and the previous evaluation of fair value.

During Q2 2010, the Company recognized an impairment loss of €62,837,754.32. This impairment reflects the deterioration in value of investments in securities available for sale (primarily shares in MIG) from the prior valuation date as of 31 March 2010.

Due to its activities, IRF is exposed mainly to market and credit risk relating to financial instruments.

Debt

On 8 April 2010, the Company repaid €40 million in reduction of the principal amount of the outstanding loan.
On 20 July 2010 the Company signed an agreement to refinance €160 million loan for a 5-year period.
The loan refinancing is expected to occur in the third quarter of 2010

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE SEMI-ANNUAL REPORT AND THE CONDENSED SET OF FINANCIAL STATEMENTS

The directors are responsible for preparing the semi-annual report and the condensed set of 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 annual and interim financial statements in accordance International Financial Reporting Standards as adopted by the European Union.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on 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 condensed set of financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and specifically under IAS 34, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the interim management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, description of important events that have occurred during the year 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 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 review 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 review information and to establish that the auditors are aware of that information.

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of IRF European Finance Investments Ltd

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of IRF European Finance Investments Ltd (the "**Company**") and its subsidiaries (the "**Group**") as of 30 June 2010 and the related interim consolidated statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and the selected explanatory notes.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the International Financial Reporting Standards that have been adopted by the European Union and apply for interim financial information ("**IAS 34**"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Athens, 31 August 2010

The Chartered Accountant

Panagiotis Christopoulos
SOEL Reg. No 28481

Grant Thornton

Chartered Accountants Management Consultants
56, Zefirou str., 175 64, Palaio Faliro, Greece
Registry Number SOEL 127

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts presented in € '000	Note	1/1 - 30/06/10	1/1 - 30/06/09	1/4/- 30/06/2010	1/4/- 30/06/2009
Income					
Interest and similar income		1,079	1,208	640	344
Dividend and other income		545	18,198	545	18,198
Exchange differences		10,393	-	4,188	(5,806)
Realised gain from disposal of financial assets at fair value through Profit & Loss		178	13,406	33	13,377
Unrealised gain from valuation of financial assets at fair value through Profit & Loss		854	539	(1,389)	539
Total operating income		**13,048**	**33,350**	**4,017**	**26,652**
Expenses					
Interest and similar expenses		(4,328)	(5,146)	(2,080)	(2,475)
Fee and commission expense		-	(307)	-	(307)
Realised loss from derivative financial instruments		(4)	-	-	-
Exchange differences		-	(555)	-	(555)
Unrealised loss from valuation of financial assets at fair value through Profit & Loss		-	-	-	228
Impairment losses on available-for-sale financial assets	**5**	(88,819)	(17,397)	(62,838)	-
Management fees		(50)	(50)	(25)	(25)
Other operating expenses		(301)	(462)	(214)	(279)
Share of losses of associates		(50)	-	(40)	-
Total operating expenses		**(93,552)**	**(23,918)**	**(65,197)**	**(3,413)**
Profit / (Loss) for the period		**(80,503)**	**9,432**	**(61,179)**	**23,239**
Less: Income tax		**-**	**-**	**-**	**-**
Profit / (Loss) after tax		**(80,503)**	**9,432**	**(61,179)**	**23,239**
Other comprehensive income					
Available-for-sale financial assets		(4,975)	33,870	(3,271)	33,870
Exchange differences on translating foreign operations		17	-	24	-
Other comprehensive income for the period net of tax		**(4,957)**	**33,870**	**(3,246)**	**33,870**
Total comprehensive income for the period after tax		**(85,461)**	**43,302**	**(64,426)**	**57,108**
Profit after tax attributable to:					
Shareholders of the parent Company		(80,503)	9,432	(61,179)	23,239
Non-contoling interest		-	-	-	-
Total comprehensive income attributable to:					
Shareholders of the parent Company		(85,461)	43,302	(64,426)	57,108
Non-contoling interest		-	-	-	-
Earnings per share attributable to parent company's shareholders (€/share)					
- Basic	**15**	(0.64)	0.08	(0.49)	0.19

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts presented in € '000	Note	30 June 2010	31 December 2009
ASSETS			
Non-current assets			
Investments in associates	**9**	214	228
Investment portfolio	**8**	100,093	193,886
Total non-current assets		**100,307**	**194,114**
Current assets			
Trading portfolio & other financial assets at fair value through Profit & Loss	**7**	75,955	18,499
Derivative financial instruments		-	80
Other assets	**10**	684	969
Cash and other equivalents	**6**	7,760	126,842
Total current assets		**84,399**	**146,390**
TOTAL ASSETS		**184,705**	**340,504**
EQUITY AND LIABILITIES			
Shareholders equity			
Share capital	**13**	147	147
Share premium	**13**	354,041	382,491
Revaluation reserve		-	4,975
Other reserves		20	3
Retained losses		(328,642)	(248,139)
Total equity attributable to shareholders' of the Parent Company		**25,566**	**139,478**
Non-contoling interest		-	-
TOTAL EQUITY		**25,566**	**139,478**
LIABILITIES			
Non-current			
Long term loans		-	198,104
Total non-current liabilities		**-**	**198,104**
Current liabilities			
Short term loans	**11**	158,805	-
Financial liabilities at fair value through profit & loss		-	1,687
Derivative financial instruments		-	21
Deferred tax liability		116	99
Other liabilities	**12**	218	1,115
Total current liabilities		**159,139**	**2,923**
TOTAL LIABILITIES		**159,139**	**201,027**
TOTAL LIABILITIES AND EQUITY		**184,705**	**340,504**

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

Angeliki Frangou	Loukas Valetopoulos
___________________________	___________________________
Chairman, Non – Executive Director	Chief Executive Officer, Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Parent Company							
Consolidated Statement of Changes in Equity	**Share Capital**	**Share Premium**	**Revaluation Reserve**	**Other Reserves**	**Retained Earnings / (losses)**	**Total**	**Non-contoling interest**	**Total**
Amounts presented in € '000								
Opening balance as at 1st January 2010	**147**	**382,491**	**4,975**	**3**	**(248,139)**	**139,478**	**-**	**139,478**
Share premium reduction & return to shareholders	-	(28,451)	-	-	-	(28,451)	-	(28,451)
Transactions with owners	**-**	**(28,451)**	**-**	**-**	**-**	**(28,451)**	**-**	**(28,451)**
Net result for the period 01/01-30/06/2010	**-**	**-**	**-**	**-**	**(80,503)**	**(80,503)**	**-**	**(80,503)**
Other comprehensive income:								
Available for sale:								
- Gains/ losses directly recognized in equity	-	-	(4,975)	-	-	(4,975)	-	(4,975)
Exchange differences on translating foreign operations	-	-	-	17	-	17	-	17
Total comprehensive income / (loss) recognised for the period	**-**	**-**	**(4,975)**	**17**	**(80,503)**	**(85,461)**	**-**	**(85,461)**
Balance as at 30 June 2010	**147**	**354,041**	**-**	**20**	**(328,642)**	**25,566**	**-**	**25,566**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to shareholders of the Parent Company							
	Note	**Share capital**	**Share premium**	**Revaluation reserve**	**Other reserves**	**Retained earnings / (losses)**	**Total**	**Non-contoling interest**	**Total**
Consolidated Statement of Changes in Equity									
Amounts presented in € '000									
Opening balance as at 1 January 2009		**147**	**400,443**	**-**	**-**	**(197,049)**	**203,541**	**-**	**203,541**
Share premium reduction & return to shareholders	**14**	-	(17,951)	-	-	-	(17,951)	-	(17,951)
Transactions with owners		**-**	**(17,951)**	**-**	**-**	**-**	**(17,951)**	**-**	**(17,951)**
Net result for the period 01/01-30/06/2009		**-**	**-**	**-**	**-**	**9,432**	**9,432**	**-**	**9,432**
Other comprehensive income:									
Gains/ losses directly recognized in equity: - on the valuation of available for sale financial assets	**7**	-	-	33,870	-	-	33,870	-	33,870
Total comprehensive income/(loss) for the period		**-**	**-**	**33,870**	**-**	**-**	**33,870**	**-**	**33,870**
Balance as at 30 June 2009		**147**	**382,491**	**33,870**	**-**	**(187,617)**	**228,892**	**-**	**228,892**

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

CONSOLIDATED CASH FLOW STATEMENT

Amounts presented in € '000	Note	30 June 2010	30 June 2009
Cash flows from operating activities			
Profit / (loss) before tax		**(80,503)**	**9,432**
Adjustments for:			
Add: Impairment losses on financial assets	**5**	88,819	17,397
Profit/(loss) from revaluation of financial assets at fair value through Profit & Loss		(854)	(490)
Share of (profit) /loss from associates		50	-
Interest and other non cash expenses		3,249	3,938
Exchange differences		(5,134)	487
Cash flows from operating activities before changes in working capital		*5,627*	*30,765*
Changes in working capital:			
Net (increase)/decrease in trading securities		(55,070)	1,830
Net (increase)/decrease in other assets		285	(17,647)
Net increase/(decrease) in other liabilities		(899)	(841)
Cash flows from operating activities before payment of income tax		*(50,057)*	*14,106*
Net cash flows from operating activities		**(50,057)**	**14,106**
Cash flows from investing activities			
Proceeds from a.f.s. portfolio		-	(11,384)
Interest received		1,079	1,208
Net cash flow from investing activities		**1,079**	**(10,177)**
Cash flows from financing activities			
Interest paid		(3,627)	(4,887)
Share premium reduction & return to shareholders	**13**	(28,451)	(17,573)
Repayment of borrowings	**11**	(40,000)	(259)
Net cash flow from financing activities		**(72,077)**	**(22,719)**
Net decrease in cash and cash equivalents		**(121,055)**	**(18,790)**
Cash and cash equivalents at the beginning of the period		126,842	148,610
Effect of exchange rate fluctuations on cash and cash equivalents		1,973	(487)
Cash and cash equivalents at the end of the financial period	**14**	**7,760**	**129,333**

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Country of incorporation

IRF was incorporated on 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

The Group was initially engaged in the provision of banking, financial and insurance services. IRF was formed as an investing company to serve as a vehicle for the acquisition of one or more businesses in the financial services industry in Europe, with a primary focus on credit institutions and insurance companies in Greece, Bulgaria, Romania and Turkey.

IRF currently focuses its major investments in the Greek market. IRF acquired and continues to hold approximately 11% of the issued shares in Marfin Investment Group ('**MIG**') which, as at 30 June 2010, is the most significant investment in the company's portfolio. MIG invests in private equity, privatisations and infrastructure projects and principally operates in Greece, Cyprus and South East Europe. All Greek equity holdings are publicly listed on the Athens Stock Exchange.

2. BASIS OF INTERIM FINANCIAL STATEMENT PREPARATION

2.1 Statement of compliance

The condensed consolidated interim financial statements for the six month period ended 30 June 2010 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' and should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

The financial information set out in this interim report does not constitute statutory financial statements pursuant to Section 84 of Bermuda Companies Act 1981. The Group's statutory financial statements for the year ended 31 December 2009 were approved by the Board of Directors on 26 March 2010. The auditor's report on those financial statements was unqualified.

2.2 Functional and presentation currency

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

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

2.3 Comparative figures

For the preparation of the condensed consolidated statement of financial position, comprehensive income statement, and cash flow statement of the period ended 30 June 2010, comparatives as of 31 December and 30 June 2009 respectively, were used.

2.4 Use of estimates

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

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

3. SUMMARY OF IMPORTANT ACCOUNTING POLICIES

3.1 Change in accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2009.

3.2 Operating segments

IFRS 8 "Operating Segments" (issued in 2006 and applied by companies for periods starting on or after 01/01/2009), requires a "management approach" to the Group's presentation of financial information under segment reporting. 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 balance sheet and the income statement

The directors determined that IRF's continuing business, as an investment company, would be managed by the directors as a whole and no segmental information would be reported to the CEO. Therefore, IRF does not present segmental financial information.

3.3 New standards, amendments and interpretations with effective date as of 1 January 2010

During 2009, IASB issued the annual improvements to IFRS for 2009, a series of adjustments in 12 Standards, as a part of the annual improvement program. The annual improvement program of IASB aims to make necessary but not urgent adjustments to IFRS's and will not be a part of bigger revision program. The following standards are applicable from the period ending 31 December 2010:

(a) IFRS 3 (Revised) "Business Combinations" and IAS 27 (Amended) "Consolidated and Separate Financial Statements"; The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss. The amended IAS 27 requires that a change in ownership interest of a subsidiary to be accounted for as an equity transaction. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by these standards must be applied prospectively and will affect future acquisitions and transactions with minority interests. This revision will not have significant impact on the Group's financial statement.

(b) IFRS 2 (Amendment) – "Group Cash-settled Share-based Payment Arrangements"; The amendment clarifies how an individual subsidiary in a group, in its own financial statements, should account for some share-based payment arrangements that are settled in cash on group level. This amendment is not applicable for the Group.

(c) IAS 39 (Amended) "Financial Instruments: Recognition and Measurement" – Eligible Hedged Items; This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.. The standard does not apply to the Group.

(d) IFRS 1(Amendment) "First time adoption – Additional exemptions for first time adopters"; The amendments exempt retrospective application of IFRS to assets measurement for oil, gas and lease sectors. This amendment does not apply to the Group.

(e) IFRS 8 "Operating Segments"; the amendment provides clarifications on the disclosure of information about segment assets.

(f) IAS 7 "Statement of Cash Flows"; the amendment requires that only expenditures that result in a recognized asset in the statement of financial position can be classified as investing activities.

(g) IAS 17 "Leases" ; The amendment provides clarification as to the classification of leases of land and buildings as either finance or operating. The standard does not apply to the Group.

(h) IAS 18 "Revenue"; the amendment provides additional guidance regarding the determination as to whether an entity is acting as a principal or an agent.

(i) IAS 36 "Impairment of Assets"; the amendment clarifies that the largest cash-generating unit to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8.

(j) IAS 38 "Intangible assets"; The amendments clarify (a) the requirements under IFRS 3 (revised) , regarding accounting for intangible assets acquired in a business combination and (b) the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets.

(k) IAS 39 "Financial Instruments: Recognition and Measurement"; The amendments relate to (a) clarification on treating loan pre-payment penalties as closely related derivatives, (b) the scope exemption for business combination contracts and (c) clarification that gains or losses on cash flow hedge of a forecast transaction should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss.

(l) IFRIC 9 "Reassessment of embedded derivatives"; This amendment clarifies that IFRIC 9 does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities under common control.

(m)IFRIC 12 – Service Concession Arrangements (EU endorsed for periods beginning 30 March 2009); This interpretation applies to companies that participate in service concession arrangements. This interpretation is not relevant to the Group's operations.

(n) IFRIC 16 –" Hedges of a net investment in a foreign operation" (effective for annual periods beginning on or after 1 July 2009); This interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and qualifies for hedge accounting in accordance with IAS 39. The interpretation provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. This interpretation is not relevant to the Group as the Group does not apply hedge accounting for any investment in a foreign operation.

(o) IFRIC 17: "Distribution of non-cash assets to owners"; this interpretation provides guidance to an entity in order to recognize and subsequently measure a liability arising from the distribution of non-cash assets to owners;

(p) IFRIC 18 "Transfers of assets from customers" (effective for transfers of assets received on or after 1 July 2009); This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use to provide the customer with an ongoing supply of goods or services. In some cases, the entity receives cash from a customer which must be used only to acquire or construct the item of property, plant and equipment. This interpretation is not relevant to the Group.

3.4 New standards, amendments and interpretations effective for periods beginning 1 January 2011 and own wards.

(a) I.F.R.S 9 – Financial Instruments; In the primary issuance of IFRS 9 from IASB at November 12, 2009, the standard replaces IAS 39 only in the stipulations regarding classification and measurement of financial assets. In its final form, which is expected to be completed by the end of 2010, the new standard will lead to complete replacement of IAS 39. The new standard negates the four classification categories of IAS 39 and imposes the classification of all financial assets in two categories (amortized cost and fair value), according to the business model of each corporate entity and the characteristics of the financial asset. IFRS 9 eliminates the requirement of IAS 39, for the separation of embedded derivates in financial assets. The standard imposes the overall evaluation of both derivative and financial asset for the determination of cash flows being capital and capital on interest. IFRS permits reclassifications between fair value and amortized cost categories only if there is a change in the business management model of the financial assets.

IFRS 9 obligatory adoption is for periods beginning at or after January 1st 2013 and has a retrospective effect. Early adoption is permitted, but it has not been adopted by the European Union. The effect from the application of IFRS 9 is evaluated by the Group because it is expected these changes affect its Equity and results.

(b) IFRS 1 (Amendment) "First time adoption – Limited Scope Exemption for IFRS 7 Disclosures"; (effective for annual periods beginning on or after 1 July 2010). This amendment provides exemptions for first time adopters relating to presentation of comparative financial information that is required from IFRS 7. This amendment does not apply to the Group.

(c) IAS 24 (Amendment) "Related Party Disclosures"; The aforementioned amendment clarifies the definition of related parties and reduces disclosures regarding related parties of the State. In particular, it rescinds the obligation of State entities t disclose details of all transactions with other State parties, it clarifies and simplifies the definition of a related party and endorses the disclosure not only of transactions and balances between related parties, but also undertakings, both in separate and consolidated statements. The aforementioned amendment has not been endorsed yet by the European Union and has obligatory adoption from January 1st 2011. This amendment is not expected to have significant impact on the financial statements.

(d) IFRIC 14 (Amendment) – "Prepayments of a Minimum Funding Requirement" (effective date for mandatory adoption 1st January 2011); The amendment applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. This amendment does not apply to the Group.

(e) IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"; IFRIC 19 considers the accounting treatment when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. Before the issuance of IFRIC 19, there were multiple choices in accounting treatment of these transactions.

The interpretation is effective for annual periods beginning on or after 1 July 2010 with earlier application permitted. IFRIC 19 is relevant only for the debtor's accounting treatment for these transactions. It does not apply when the creditor is also an immediate or intermediate stock holder and acts upon his status, or the debtor and the entity are controlled by the same party after the transaction, and the substance of the transaction relates to a capital return from or to the entity. Financial liabilities that are extinguished with equity instruments in accordance with the initial terms of the financial liability are also outside the scope of this IFRIC.

(f) IAS 32 (Amendment) – "Financial instruments: Presentation - Classifications of rights issues"; The amendment revises the definition of financial liability of IAS 32 in order to classify options or rights on stocks as debt instruments. The amendment is effective for periods beginning on or after 1 February 2010.

During 2010, IASB issued the annual improvements to IFRS for 2011. The following standards are applicable from the period ending 31 December 2011:

(a) IFRS 3 "Business combinations"; The amendments provide additional guidance with respect to : (i) contingent consideration arrangements arising from business combinations with acquisition dates preceding the application of IFRS 3 (2008) , (ii) measuring non- controlling interests and (iii)accounting for share-based payment transactions that are part of a business combination , including un –replaced and voluntarily replaced share-based payment awrds.

(b) IAS 1 "Presentation of Financial Statements"; The amendment clarifies that entities may present an analysis of the components of other comprehensive income either in the statement of changes in equity or within the notes.

(c) IFRIC 13 " Customer Loyalty Programmes": The amendment clarifies the meaning of the term fair value in the context of measuring award credits under customer loyalty programmes.

4. STRUCTURE OF THE GROUP

The structure of the Group as at 30 June 2010 and 31 December 2009:

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"

The following table indicates the Group structure as at 30 June 2009:

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

Information on consolidation

MIMOSA TRADING SA: This 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: This 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: During 2009, 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 in 2009, 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.

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

5. IMPAIRMENT LOSSES

Amounts presented in € '000	1/1/-30/06/2010	1/1/-30/06/2009	1/4/-30/06/2010	1/4/-30/06/2009
Listed stocks	(88,819)	(17,397)	(62,838)	-
Total	**(88,819)**	**(17,397)**	**(62,838)**	**-**

Under IAS 39, the amount of any decline in the fair value of an "available for sale" financial asset is recognized in the profit and loss. The amount of such profit or loss is determined based on the difference between the new fair value and the previous evaluation of fair value.

During the second quarter of 2010, the Company recognized an impairment loss of €62,837,754.32. This impairment reflects the deterioration in value of investments in securities available for sale (primarily shares in MIG) from the prior valuation date as of 31 March 2010. The impairment loss for the six-month period ending 30 June 2010 was €88.818.754,32.

6. CASH AND OTHER EQUIVALENTS

Amounts presented in € '000	30/6/2010	31/12/2009
Petty cash	1	1
Deposits placed in financial institutions	7,759	4,485
Time deposits	-	122,356
Total	**7,760**	**126,842**

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

Amounts presented in € '000

Trading Portfolio	30/6/2010	31/12/2009
Corporate entities bonds	50,000	15,585
Investment fund units	24,709	-
Securities	1,246	2,914
Total	**75,955**	**18,499**

In January 2010, the Company transferred a managed account valued at $23.8 million to the SG Aurora Fund Ltd (the "Aurora Fund) in exchange for units in the Aurora Fund. The managed account had initially been funded with $20.0 million. The Aurora Fund is an investment fund incorporated under the Companies Act of the Cayman Island. In Q2 2010, the Company invested $5.0 million in the Aurora Fund for additional units

On 19 March 2010, the Company purchased a convertible bond loan issue of MIG with a five-year term. Under the terms of the issue, the Company acquired 10,482,180 bonds for a price of €4.77 per bond, paying approximately €50 million. The bonds bears 5% fixed annual interest and are convertible into common registered shares of MIG. On 26 March 2010, the bonds commenced trading on the Athens Stock Exchange.

8. INVESTMENT PORTFOLIO

Amounts presented in € '000 **Available for sale**	**30/6/2010**	**31/12/2009**
Equity securities	100,093	193,886
Total	**100,093**	**193,886**

Investment in MIG constitutes the major investment in IRF's portfolio as at 30 June 2010.

9. INVESTMENTS IN ASSOCIATES

Amounts presented in € '000	**30/06/2010**	**31/12/2009**
Investments in associates	214	228
Total	**214**	**228**

In 2009, IRF invested a nominal sum in exchange for a 49% interest in "S.Goldman Asset Management LLC". Some brief financial information as at 30 June 2010 is given below:

Amounts presented in € '000	**Domicile**	**Assets**	**Liabilities**	**Profits /(losses)**	**Participation %**
S.GOLDMAN ASSET MANAGEMENT LLC	USA	452	20	(102)	49%

10. OTHER ASSETS

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

Amounts presented in € '000	**30/06/2010**	**31/12/2009**
Other Assets		
Dividend income	545	-
Prepayments to third parties	64	47
Brokerage fees receivables	-	666
Sundry debtors and other receivables	75	256
Total	**684**	**969**

11. SHORT TERM LOANS

Amounts presented in € '000	**30/06/2010**	**31/12/2009**
Short-term loans	158,805	-
Total	**158,805**	**-**

On 8 April 2010, the Company repaid €40 million in reduction of the principal amount of the outstanding loan. On 20 July 2010 the Company signed an agreement to refinance €160 million loan for a 5-year period.
The loan refinancing is expected to occur in the third quarter of 2010

12. OTHER LIABILITIES

Amounts presented in € '000	30/06/2010	31/12/2009
Contribution to associate companies	8	7
Salaries payable	42	17
Brokerage services securities and derivatives	-	985
Suppliers and other third party liabilities	168	107
Total	**218**	**1,115**

13. SHARE CAPITAL & SHARE PREMIUM

Amounts in €' 000	Number of shares	Nominal value $	Share capital in $	Share capital	Share premium	Total
Opening balance at 1 January 2010	**124,832,394**	**-**	**187**	**147**	**382,491**	**382,639**
Share premium returned to shareholders					(28,451)	(28,451)
Closing balance at 30 June 2010	**124,832,394**	**-**	**187**	**147**	**354,041**	**354,187**

The Company's Special General Meeting held on 19 April 2010, resolved to reduce the Company's share premium from US$495,378,160.37 to US$457,928,442.17, enabling an amount of US$0.30 per common share to be paid to holders of the Company's common shares. The amount was paid to shareholders on 6 May 2010. The reduction of share premium reduces neither the authorised or issued share capital of the Company nor the nominal value of the shares of the Company.

14. CASH AND CASH EQUIVALENTS – CASH FLOW STATEMENT

Amounts presented in € '000	30/06/2010	30/06/2009
Petty cash	1	1
Deposits placed in financial institutions	7,759	22,580
Time deposits	-	106,751
Total - Included in cash and cash equivalents	**7,760**	**129,333**

15. 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.

Amounts presented in €	Six month period		Three month period	
Basic Earnings per share	**30/6/2010**	**30/6/2009**	**1/4-30/06/2010**	**1/4-30/06/2009**
Profit / (Loss) attributable to the Parent Company's Shareholders	(80,503,254.07)	9,432,425.60	(61,179,157.02)	23,238,687.78
Weighted average number of shares in issue	124,832,395	124,832,395	124,832,395	124,832,395
Basic earnings per Share (€/Share)	**(0.64)**	**0.08**	**(0.49)**	**0.19**

16. RELATED PARTIES TRANSACTIONS

16.1 Transactions between companies included in consolidation

Transactions of the parent company with Subsidiaries		
Amounts presented in € '000	**30/06/2010**	**31/12/2009**
Liability accounts		
Other liabilities	2,187	-
Total	**2,187**	**-**

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

16.2 Transactions with Associates

Amounts presented in € '000	**30/06/2010**	**31/12/2009**
Liability accounts		
Other liabilities	-	985
Capital contribution	8	7
Total	**8**	**992**

	30/06/2010	**30/06/2009**
Other operating expenses	(49)	-
Total	**(49)**	**-**

16.3 Transactions with Management and Members of the Board of Directors

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

Transactions with Management and Members of the Board of Directors		
Amounts presented in € '000	**30/06/2010**	**31/12/2009**
Liability accounts		
Other Liabilities	42	17
Total	**42**	**17**

	30/06/2010	**30/06/2009**
Expenses		
Insurance	(30)	-
Remuneration	(50)	(50)
Total	**(80)**	**(50)**

17. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

17.1 Contingent legal liabilities

As at 30 June 2010, there was no litigation pending against the Group in connection with its activities.

17.2 Assets given as collateral

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

18. POST-BALANCE SHEET EVENTS

On 29 July 2010, IRF received the amount of €8,958,834.90 in the form of capital refund from the investment in MIG.

19. APPROVAL OF INTERIM FINANCIAL STATEMENTS

Athens, 31 August 2010

Angeliki Frangou	Loukas Valetopoulos
______________________________	______________________________
Chairman, Non – Executive Director	Chief Executive Officer, Director