IRF European Finance Investments Ltd
Financial Statements

for the year ended
31 December 2012

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 2012 were approved by the Company's Board of Directors on 17 September 2013.

IRF European Finance Investments Ltd

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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

MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

Financial highlights

Amounts in € 000	*31 December 2012*	*31 December 2011*
Statement of comprehensive income items		
Interest and similar income	4,468	4,315
Dividend income	-	1,453
Interest and similar charges	(13,548)	(10,529)
Impairment losses on available-for-sale portfolio	(276)	(64,874)
(Loss)/Profit for the period	(6,634)	(77,870)
Total comprehensive income for the period	1,921	(60,076)
Basic earnings per share (in euro/share)	(0.05)	(0.57)
Statement of financial position items		
Cash and cash equivalent	2,538	4,600
Trading portfolio	25,622	22,694
Investment portfolio	59,187	53,665
Total assets	150,067	141,558
Loans	183,961	177,669
Total liabilities	184,686	178,098
Total Equity	(34,619)	(36,540)
Ratios		
Current assets / current liabilities	0.20	0.20
Total assets / total liabilities	0.81	0.79
Net loss after tax / total assets	(0.04)	(0.55)

Financial Statements for year ended 31 December 2012

2012 Review

Market conditions

The Athens Exchange General Index ended 2012 at 907.90 points, an increase of 33.43% over 2011, but the average share price was significantly lower: the average price of the General Index for 2012 reflected a 38.79% loss over 2011. The first half of 2012 was marked by significant events, such as the completion of the PSI (Private Sector Involvement) in March, when the exchange of Greek government bonds took place, and two elections that took place in May and June. Fears of Greece's exit from the Eurozone led the General Index to the lowest point in the past 20 years of 476.36. Also, the reduction in the capitalization of the banking sector continued in 2012 and is expected to have lasting impact on the size of the stock market and banking industry in Greece.

Investment strategy and objectives

The Company's original investment strategy was to focus primary in South Eastern Europe – including controlling or non-controlling investments in public and private entities. The Company is considering its investment strategy in light of the events that have transpired over the past several years in Southern Europe, but intends to reinvest as practicable to create capital growth and to distribute capital and income on a periodic basis.

Key risk factors

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

Performance and position of the Company

The Company had negative equity of € 34.6 million on December 31, 2012 and did not satisfy its Total Assets to Total Liabilities ratio covenant under its loan agreement. The Company agreed with its lending bank to restructure its existing loan agreement and obtained an appropriate waiver regarding the non-compliance with the financial covenant. Based on this amended loan agreement the Company is generally not required to pay interest on the loan until 31 March 2013, and accrued interest will be capitalized, at an interest margin increase by 3% per annum. During 2013 IRF management was in the process of obtaining a new waiver from the lenders. However on March 26th, 2013, following the Eurogroup and Cyprus Government agreement for Cyprus banking system reform, Piraeus Bank signed an agreement to acquire all of the Greek deposits, loans and branches of Cyprus Popular Bank (CPB) and therefore the debt restructuring and waiver discussions halted.

During 2012, the Company completed the liquidation of its investment in the shares of Cyprus Popular Bank in Greece (formerly MPB) trading on the Athens Stock Exchange. As a result of this divestment, the Company realized a loss totaling €6.1 million and a positive total comprehensive income of approx. €2 million due to the amelioration in value of investments in securities (primarily shares in MIG).

Events after the reporting period

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

In March 2013, Eurogroup and Cyprus Government have reached a budgetary and other agreement. This is not expected to have any impact on the business activity, financial position and operating income of the Company except for the possible indirect influence through the participation of MIG in companies in Cyprus.

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 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

Chairman, Non – Executive Director

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of IRF European Finance Investments Ltd (the "Company") and its subsidiaries (which, with the Company form the "Group"), which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statement of comprehensive income, of changes in equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

Basis for Disclaimer of Opinion
The consolidated Financial Statements have been prepared under the assumption that the parent company and its operating subsidiaries will be able to continue as a going concern. As discussed in note 4d to the consolidated financial statements, Company's ability to continue as a going concern is dependent on the future developments regarding Greek debt crisis and capital markets which cannot be reliably forecasted and on negotiating a comprehensive financing plan with the Company's banks and other stakeholders. Due to the fact that these negotiations have not been concluded at the date of our audit report, we have not been able to obtain sufficient appropriate evidence to provide a basis for the Group going concern.

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

Athens, 20th of September 2013

The Chartered Accountant	The Chartered Accountant
Vassilis Kazas	Dimitris Douvris
I.C.P.A. Reg.: No 13281	I.C.P.A. Reg.: No. 33921

Grant Thornton
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Registry Number SOEL 127

IRF European Finance Investments Ltd

Financial Statements for year ended 31 December 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts presented in € '000	**Note**	**1/1 - 31/12/12**	**1/1 - 31/12/11**
Income			
Interest and similar income	**7**	4,468	4,315
Dividend Income	**8**	-	1,453
Exchange differences		(514)	1,034
Unrealised gain/ (loss) from derivative financial instruments	**9**	524	256
Realised gain from disposal of Available-for-sale financial assets	**10**	44	(6,113)
Unrealised gain/ (loss) from valuation of financial assets at fair value through Profit & Loss	**11**	3,320	(2,583)
Share of profits of associates	**18**	(143)	(271)
Total operating income		**7,700**	**(1,909)**
Expenses			
Interest and similar expenses	**7**	(13,548)	(10,529)
Fee and commission expense	**12**	(7)	(7)
Impairment losses on available-for-sale financial assets	**13**	(276)	(64,874)
Staff costs	**14**	(100)	(100)
Other operating expenses	**15**	(451)	(575)
Total operating expenses		**(14,381)**	**(76,086)**
Loss for the period		**(6,681)**	**(77,995)**
Less: Income tax	**16**	47	125
Loss after tax		**(6,634)**	**(77,870)**
Other comprehensive income			
Items that will be reclassified subsequently to profits or loss			
Current year gains/(losses) from revaluation of available for sale portfolio		8,554	17,798
Exchange differences on translating foreign operations		1	(3)
Other comprehensive income for the period net of tax		**8,555**	**17,794**
Total comprehensive income for the period after tax		**1,921**	**(60,076)**
Profit after tax attributable to:			
Owners of the parent Company		(6,634)	(77,870)
Total comprehensive income attributable to:			
Owners of the parent Company		1,921	(60,076)
Earnings per share attributable to parent company's shareholders (€ /share)			
- Basic and diluted	**28**	**(0.05)**	**(0.57)**

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

Financial Statements for year ended 31 December 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts presented in € '000	Note	31 December 2012	31 December 2011
ASSETS			
Non-current assets			
Investments in associates	**17**	3	152
Derivative financial instrument	**18**	2,935	2,411
Debt securities	**18**	50,909	49,312
Investment portfolio	**19**	59,187	53,665
Total non-current assets		**113,034**	**105,540**
Current assets			
Trading portfolio and other financial assets at fair value through profit & loss	**20**	25,622	22,694
Loans and receivables		8,741	8,585
Other assets	**21**	132	138
Cash and cash equivalents	**22**	2,538	4,600
Total current assets		**37,033**	**36,018**
TOTAL ASSETS		**150,067**	**141,558**
EQUITY AND LIABILITIES			
Shareholders equity			
Share capital	**26**	162	162
Share premium	**26**	378,927	378,927
Revaluation reserve		26,352	17,798
Other reserves	**27**	9	8
Retained (losses) /earnings		(440,069)	(433,435)
Total equity attributable to shareholders' of the parent Company		**(34,619)**	**(36,540)**
Non-controlling interests		-	-
TOTAL EQUITY		**(34,619)**	**(36,540)**
LIABILITIES			
Non-current			
Long term loans	**23**	3,013	-
Deferred tax liability	**16**	-	46
Total non-current liabilities		**3,013**	**46**
Current liabilities			
Short term loans	**24**	180,948	177,669
Other liabilities	**25**	725	383
Total current liabilities		**181,673**	**178,052**
TOTAL LIABILITIES		**184,686**	**178,098**
TOTAL LIABILITIES AND EQUITY		**150,067**	**141,558**

The accompanying notes constitute an integral part of the financial statements

Athens, 17 September 2013

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

IRF European Finance Investments Ltd

Financial Statements for year ended 31 December 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the shareholders of the Parent Company							
	Share Capital	**Share Premium**	**Revaluation Reserve**	**Other Reserves**	**Retained Earnings / (losses)**	**Total**	**Non controling interest**	**Total**
Consolidated Statement of Changes in Equity								
Amounts presented in € '000								
Opening balance as at 1st January 2012	**162**	**378.927**	**17.798**	**8**	**(433.435)**	**(36.540)**	**-**	**(36.540)**
Preference shares issue	-	-	-	-	-	**-**	**-**	**-**
Transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net result for the period 01/01-31/12/2012	**-**	**-**	**-**	**-**	**(6.634)**	**(6.634)**	**-**	**(6.634)**
Other comprehensive income:								
Available for sale:	-	-	-	-	-	-		-
- Gains/ losses directly recognized in equity	-	-	8.554	-	-	8.554	-	8.554
Exchange differences on translating foreign operations	-	-	-	1	-	1	-	1
Total comprehensive income / (loss) recognised for the period	**-**	**-**	**8.554**	**1**	**(6.484)**	**1.921**	**-**	**1.921**
Balance as at 31 December 2012	**162**	**378.927**	**26.352**	**9**	**(440.069)**	**(34.619)**	**-**	**(34.619)**

The accompanying notes constitute an integral part of the financial statements

IRF European Finance Investments Ltd

Financial Statements for year ended 31 December 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the shareholders of the Parent Company							
	Share Capital	**Share Premium**	**Revaluation Reserve**	**Other Reserves**	**Retained Earnings / (losses)**	**Total**	**Non controling interest**	**Total**
Consolidated Statement of Changes in Equity								
Amounts presented in € '000								
Opening balance as at 1st January 2011	**162**	**363.079**	**-**	**12**	**(355.565)**	**7.687**	**-**	**7.687**
Preference shares issue	-	15.848	-	-	-	**15.848**	**-**	**15.848**
Dividend relating to 2010	-	-	-	-	-	**-**	**-**	**-**
Transactions with owners	**-**	**15.848**	**-**	**-**	**-**	**15.848**	**-**	**15.848**
Net result for the period 01/01-31/12/2011	**-**	**-**	**-**	**-**	**(77.870)**	**(77.870)**	**-**	**(77.870)**
Other comprehensive income:								
Available for sale:	-	-	-	-	-	-	-	-
- Gains/ losses directly recognized in equity	-	-	17.798	-	-	17.798	-	17.798
Exchange differences on translating foreign operations	-	-	-	(3)	-	(3)	-	(3)
Total comprehensive income / (loss) recognised for the period	**-**	**-**	**17.798**	**(3)**	**(77.870)**	**(60.076)**	**-**	**(60.076)**
Balance as at 31 December 2011	**162**	**378.927**	**17.798**	**8**	**(433.435)**	**(36.540)**	**-**	**(36.540)**

The accompanying notes constitute an integral part of the financial statements

IRF European Finance Investments Ltd

Financial Statements for year ended 31 December 2012

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts presented in € '000	**Note**	**31/12/2012**	**31/12/2011**
Cash flows from operating activities			
(Loss)/Profit after tax of continuing operations		**(6,634)**	**(77,870)**
Adjustments for:			
Add: Impairment losses on financial assets	13	276	64,874
(Profit) /loss from revaluation of financial assets at fair value through Profit & Loss	11	(3,320)	2,583
(Profit)/loss from sale of Available for sale financial assets	10	(44)	6,113
(Profit) /loss from revaluation of derivative financial instruments	9	(524)	(256)
Share of (profit)/loss from associates		143	271
Interest and other non-cash expenses		9,077	6,558
Dividends received		-	(1,453)
Exchange differences		514	(1,034)
Cash Flows from operating activities before changes in working capital		***(513)***	***(213)***
Changes in working capital:			
Net (increase)/decrease in other assets		(1)	1
Net increase/(decrease) in other liabilities		303	(37)
Cash flows from operating activities before payment of income tax		*(212)*	*(250)*
Tax paid		-	-
Net cash flows from operating activities		**(212)**	**(250)**
Cash flows from investing activities			
Acquisition of available for sale financial asset		-	(6,551)
Proceeds from a.f.s. portfolio	19	2,800	1,560
Interest received		2,542	2,206
Net cash flow from investing activities		**5,341**	**(2,785)**
Cash flows from financing activities			
Interest paid		(8,189)	(4,946)
Proceeds from borrowings	23	1,005	11,932
Net cash flow from financing activities		**(7,184)**	**6,987**
Net increase/(decrease) in cash and cash equivalents		**(2,055)**	**3,952**
Cash and cash equivalents at the beginning of the period		4,600	653
Effect of exchange rate fluctuations on cash and cash equivalents		(7)	(4)
Cash and cash equivalents at the end of the financial year	**22**	**2,538**	**4,600**

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Country of incorporation

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

Principal Activities

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

IRF holds approximately 17.91% of the issued shares in Marfin Investment Group ('MIG') which, as at 31 December 2012, is the most significant investment in the Company's portfolio. MIG invests in private equity, privatisations and infrastructure projects and principally operates in Greece, Cyprus and South East Europe. All Greek equity holdings are publicly listed in stock exchanges.

2. BASIS OF FINANCIAL STATEMENT PREPARATION

2.1 Statement of Compliance

The financial statements of the Group for the year ended 31 December 2012 have been prepared according to the International Financial Reporting standards (IFRS), which were published by the International Accounting Standards Board (IASB) and in compliance with their interpretations, which have been published by the International Financial Reporting Interpretations Committee (IFRIC) and have been adopted by the European Union.

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

2.2 Basis of Measurement

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

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

Going concern is an appropriate basis for the preparation of the financial statements. Relative information is provided in note 4d below.

2.3 Functional and Presentation Currency

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

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

2.4 Use of Estimates

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

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

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

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

The following amendments and interpretations of the IFRS have been issued by IASB and their application is mandatory from or after 01/01/2012. The most significant Standards and Interpretations are as follows:

a) Amendments to IFRS 7 "Financial Instruments: Disclosures - Transfer of Financial Assets" (effective for annual periods beginning on or after 01/07/2011): The amendment will allow users of Financial Statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendment is not expected to affect significantly Group's financial statements. This amendment was approved by the European Union in November 2011.

b) Amendment to IAS 12 "Deferred tax – Recovery of Underlying Assets" (effective for annual periods beginning on or after 01/01/2012): The current amendment to IAS 12 "Income Tax" was issued in December 2010. The amendment introduces a practical guidance on the recovery of the carrying amount of assets held at fair value or adjusted in accordance with the requirements of IAS 40 "Investment Property" recovered or acquired within the year. The amendment is effective for annual periods beginning on or after 01/01/2012. Earlier application is permitted. The amendment is not expected to affect Group's financial statements. The above amendment has been adopted by the European Union in December 2012.

c) Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 01/07/2011): The relevant amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" were issued in December 2010. The amendments replace references to fixed dates for first time adopters of IFRS by defining "IFRS transition date". The amendment removes the use of fixed transition date (01 January 2004) and replaces it with the actual date of transition to IFRS. At the same time, it removes the requirements for derecognition of transactions that had taken place before the scheduled transition date. The amendment proposes guidance on how an entity should resume presenting financial statements in accordance with International Financial Reporting Standards (IFRSs) after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The amendments are effective from 01/07/2011. Earlier application is permitted. The amendment is not expected to affect Group's financial statements. This amendment has been approved by the European Union in December 2012.

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

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

a) Amendments to IAS 1 "Presentation of Financial Statements" – Presentation of Items of Other Comprehensive Income (effective for annual periods starting on or after 01/07/2012): In June 2011, the IASB issued the amendment to IAS 1 "Presentation of Financial Statements". The amendments pertain to the way of other comprehensive income items presentation. The Group will assess the impact of the amendment on its financial statements. The aforementioned amendments are effective for annual periods starting on or after 01/07/2012. The above amendment has been adopted by the European Union in June 2012.

b) IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 01/01/2015): On 12/11/2009 IASB issued the new Standard, the revised IFRS 9 "Financial Instruments: Recognition and Measurement" which is the first step in IASB project to replace IAS 39. In October 2010, IASB expanded IFRS 9 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting. IFRS 9 defines that all financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Subsequent measurement of financial assets is made either at amortized cost or at fair value, depending on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. IFRS 9 generally prohibits reclassification between categories, however, when an entity changes its business model in a way that is significant to its operations, a re-assessment is required of whether the initial determination remains appropriate. The standard requires all investments in equity instruments to be measured at fair value. However, if an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in profit or loss. Fair value profit and loss is not subsequently carried forward to income statement while dividend income shall still be recognized in the income statement. IFRS 9 abolishes "cost exception" for unquoted equities and derivatives in unquoted shares, while providing guidance on when cost represents fair value estimation. The Group Management is going to assess the possibility to adopt the requirements of IFRS 9 earlier following the relevant approval of the Standard by the European Union. The current Standard has not been adopted by the European Union yet.

c) IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" (effective for annual periods starting on or after 01/01/2013): In May 2011, IASB issued three new Standards, namely IFRS 10, IFRS 11 and IFRS 12. IFRS 10 "Consolidated Financial Statements" sets out a new consolidation method, defining control as the basis under consolidation of all types of entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation — Special Purpose Entities". IFRS 11 "Joint Arrangements" sets out the principles regarding financial reporting of joint arrangements participants. IFRS 11 supersedes IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". IFRS 12 "Disclosure of Interests in Other Entities" unites, improves and supersedes disclosure requirements for all forms of interests in subsidiaries, under common audit, associates and non-consolidated entities. As a result of these new standards, IASB has also issued the revised IAS 27 entitled IAS 27 "Separate Financial Statements" and revised IAS 28 entitled IAS 28 "Investments in Associates and Joint Ventures". The new standards are effective for annual periods beginning on or after 01/01/2014, while earlier application is permitted. The Group will assess the impact of the new standards on its consolidated and separate financial statements. The Standards have been adopted by the European Union in December 2012.

d) IFRS 13 "Fair Value Measurement" (effective for annual periods starting on or after 01/01/2013): In May 2011, IASB issued IFRS 13 "Fair Value Measurement". IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. The measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Neither does it change the requirements of other IFRSs regarding the items measured at fair value and makes no reference to the way the changes in fair value are presented in the Financial Statements. The new Standard is effective for annual periods starting on or after 01/01/2014, while earlier application is permitted. The Group will assess the impact of the new standard on its financial statements. The above Standard has been adopted by the European Union in December 2012.

e) Amendments to IAS 19 "Employee Benefits" (effective for annual periods starting on or after 01/01/2013): In June 2011, the IASB issued the amendment to IAS 19 "Employee Benefits". The amendments aim to improve the issues related to defined benefit plans. The new amendments are effective for annual periods starting on or after 01/01/2013 while earlier application is permitted. The Group will assess the impact of the amendments on its financial statements. The above amendment has been adopted by the European Union in June 2012.

f) IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods starting on or after 01/01/2013): In October 2011, IASB issued IFRIC 20. The Interpretation clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognized as an asset, how the asset is initially recognized, and subsequent measurement. The interpretation is effective for annual periods beginning on or after 1 January 2013 and earlier application is permitted. The interpretation is not applicable to the Group's operations. This interpretation has been adopted by the European Union in December 2012.

g) Amendments to IAS 32 "Financial Instruments: Presentation" – Offsetting financial assets and financial liabilities (effective for annual periods starting on or after 01/01/2014): In December 2011, IASB issued amendments to IAS 32 "Financial Instruments: Presentation", which provides clarification on some requirements for offsetting financial assets and liabilities in the statement of financial position. The amendment is effective for annual periods beginning on or after 01/01/2014 and earlier application is permitted. The Group will assess the impact of the amendment on its financial statements. This amendment has been adopted by the European Union in December 2012.

h) Amendments to IFRS 7 "Financial Instruments: Disclosures" - Offsetting Financial Assets and Financial Liabilities (effective for annual periods starting on or after 01/01/2013): In December 2011, IASB published new requirements for disclosures that enable users of Financial Statements to make better comparison between IFRS and US GAAP based financial statements. The amendment is effective for annual periods beginning on or after 01/01/2013. The Group will assess the impact of the amendment on its financial statements. This amendment has been adopted by the European Union in December 2012.

i) Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Government loans (effective for annual periods starting on or after 01/01/2013): In March 2012, IASB issued amendment to IFRS 1, which gives IFRS first-time adopters the option, on a loan by loan basis, of applying the IFRS requirements retrospectively provided that the necessary information to apply the requirements to a particular government loan was obtained at the time of initially accounting for that loan. The amendment is not expected to affect Group's financial statements. This amendment has not been adopted by the European Union yet.

j) Annual Improvements 2009–2011 Cycle (issued in May 2012 – the amendments are effective for annual periods starting on or after 01/01/2013): In May 2012, IASB issued Annual Improvements 2009–2011 Cycle, a collection of amendments to 5 International Financial Reporting Standards (IFRSs), as its latest set of annual improvements. The amendments is not expected to affect significantly Group's financial statements. These amendments have not been adopted by the European Union yet.

k) Transition Guidance: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities (Amendments to IFRS 10, IFRS 11 and IFRS 12) (effective for annual periods starting on or after 01/01/2013): In June 2012 IASB issued Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) to clarify the transition guidance in IFRS 10 Consolidated Financial Statements. The amendments also provide additional transition relief in IFRS 10, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Group will assess the impact of the amendment on its financial statements. This amendment has not been adopted by the European Union yet.

l) Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (effective for annual periods starting on or after 01/01/2014):

In October 2012 IASB issued Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). The amendments apply to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. The Investment Entities amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities. The amendments are effective from 1 January 2014 with early adoption permitted. The Group will assess the impact of the amendment on its financial statements. This amendment has not been adopted by the European Union yet.

3. SUMMARY OF IMPORTANT ACCOUNTING POLICIES

3.1 Consolidation

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

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

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

Associates: Associates are entities over which the Group has significant influence but not control. Significant influence is presumed to exist if the Group holds between 20% and 50% of the voting rights of another company. 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

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 statement of financial position and the statement of comprehensive income.

The directors determined that IRF's continuing business, as an investment company, would be managed by the directors as a whole and no segmental information would be reported to the CEO. Therefore, IRF does not present segmental financial information. The revenues of IRF for the periods ending 31 December 2012 and 31 December 2011 derive from the following geographical areas:

As of 31 December 2012

Amounts presented in € '000	**Europe**	**USA**	**Total**
Income / expenses			
Interest and similar income	4.143	326	4.468
Dividend Income		-	-
Net trading income	963	2.412	3.375
Share of profits of associates	-	(143)	(143)
Total operating income	**5.106**	**2.595**	**7.700**

As of 31 December 2011

Amounts presented in € '000	**Europe**	**USA**	**Total**
Income / expenses			
Interest and similar income	4,024	291	4,315
Dividend Income	1,453	-	1,453
Net trading income	(6,345)	(1,061)	(7,405)
Share of profits of associates	-	(271)	(271)
Total operating income	**(868)**	**(1,041)**	**(1,909)**

3.3 Foreign Currency

The consolidated financial statements are presented in Euro, which is also the functional currency of the parent company.

(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-apportionate 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. Moreover financial asset is classified in this category if it includes an embedded derivative which differentiates the cash flows of the primary contract and the Group decides to classify the synthetic financial instrument in this category.

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.

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

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

b) Financial Instruments Classification

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

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

c) Financial assets not quoted in active markets

By nature, valuations based on estimates include risk and uncertainties relating to their occurrence in the future. Consequently actual future results may differ from these estimates and have a significant impact on the financial statements. The use of estimates 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.

d) Liquidity

The European sovereign debt crisis has resulted in significant volatility in the equity and debt markets as well as most other asset classes. The decline in the Greek stock market has been more pronounced given the lengthy period required to resolve the Greek sovereign debt crises. This created substantial deterioration in the value of the Company's investments.

The Company has a strategic investment in Marfin Investment Group ("MIG"), constituting 73% of total assets. MIG has accumulated a significant group of assets in Greece, many of which are defensive in nature. MIG is listed on the Athens Stock Exchange, and its stock price has declined by 76% since 2009. The loss of value in our MIG investment has created negative book value of equity for the Company as at December 31, 2012.

Several factors have adversely affected our investment in MIG, including the uncertainty relating to the on-going effects on business within Greece from the austerity measures adopted by the Greek government in combating the sovereign crisis. In addition, the auditor's opinion to the MIG annual report of 2012 contained certain concerns, including "non-compliance with established debt covenants for existing long term borrowing liabilities" and the fact that "current liabilities exceeded its current assets by approximately € 1.024 mil., a fact that may indicate the existence of uncertainty regarding Group's ability to continue as a going concern."

As a result of the substantial deterioration in value of the Company's investments in MIG and certain other investments, the Company did not satisfy the Total Assets to Total Liabilities loan covenant on December 31, 2012 for the € 170 million debt facility.

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

It is in the intentions of IRF management to continue to seek to restructure the debt in a manner that will allow the companys underlying investments to mature. Accordingly, on 31 July 2013 the Company obtained waivers from its lender for compliance with Total Assets to Total Liabilities ratio through September 30, 2013. Furthermore the applicable margin for the facility decreased from 7% to 4% and the outstanding payment of € 15 milion due on 28 March 2013 was deferred. This amount shall be added to the amount payable on 30 September 2013. Furthermore as of 31 December 2012, IRF had net current liabilities of €144,5 million and no additional borrowing capacity under its credit facility.

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

The Company is considering all necessary initiatives to shore up its liquidity through debt restructuring, capital contributions from existing or new stockholders or other sources of financing. There is no assurance, however, that management plans would be achieved on a timely basis or on satisfactory terms, if at all.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting.

5. STRUCTURE OF THE GROUP

The structure of the IRF group (the "Group") as at 31 December 2012 and 31 December 2011:

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

6. RISK MANAGEMENT

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

6.1 Credit Risk

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

6.1.1 Maximum credit risk exposure

The below table presents the maximum credit risk exposure as at 31 December 2012 and 31 December 2011 respectively, without taking into account any collaterals or other credit enhancements pledged.

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

Amounts presented in € '000

Total exposure to credit risk

Exposure to credit risk of the Statement of Financial Position items:	**31.12.2012**	**31.12.2011**
Derivative financial instrument	2,935	2,411
Debt securities	50,909	49,312
Loans and receivables	8,741	8,585
Other assets	132	138
Cash and other equivalents	2,538	4,600
Total	**65,254**	**65,047**

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	2.538	-	-	2.538
Debt securities	-	50.909	-	50.909
Derivative financial instrument	-	2.935	-	2.935
Loans and receivables	-	-	8.741	8.741
Other assets	-	83	49	132
Total maximum credit risk as at 31 December 2012	**2.538**	**53.927**	**8.789**	**65.254**
Total maximum credit risk as at 31 December 2011	**4.600**	**51.813**	**8.633**	**65.047**

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 of 31 December 2012

Amounts presented in € '000

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

As of 31 December 2011

Amounts presented in € '000

Market Prices	Price Volatility	Impact on Equity and Profit and Loss
Foreign-exchange rate	-3% / +3%	(874) / 874
Prices of securities	-40% /+40%	(31,508) / 31,508
Interest Rates	+1,00% / -1%	(1,645) / 1,645

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% (actual volatility 2011:-15%) 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 €17.5 million, €11.8 million 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 of 31 December 2012

Amounts presented in € '000

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

LIABILITIES	EUR	USD	GBP	TOTAL
Long term loans	-	3,013	-	3,013
Deferred tax liability	-	-	-	-
Short term loans	180,948	-	-	180,948
Other liabilities	688	34	4	725
Total liabilities	**181,635**	**3,047**	**4**	**184,686**
Total exposure	**(65,108)**	**30,493**	**(4)**	**(34,619)**

As of 31 December 2011

Amounts presented in € '000

ASSETS	EUR	USD	GBP	TOTAL
Total assets	110,420	31,139	-	141,558
Total liabilities	176,099	1,994	5	178,098
Total exposure	**(65,680)**	**29,145**	**(5)**	**(36,540)**

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 repricing date for floating rate items and maturity day for fixed rate items.

Amounts presented in € '000

As at 31 December 2012 ASSETS	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Uncategorized	Total
Investments in associates	-	-	-	-	-	3	3
Derivative financial instruments	-	-	-	-	-	2,935	2,935
Debt securities	-	-	-	50,909	-	-	50,909
Investment portfolio	-	-	-	-	-	59,187	59,187
Trading portfolio and other financial assets at fair value through Profit & Loss	-	-	-	-	-	25,622	25,622
Loans and receivables	8,741					-	8,741
Other assets	-	-	-	-	-	132	132
Cash and other equivalents	2,538	-	-	-	-	-	2,538
Total assets	**11,279**	**-**	**-**	**50,909**	**-**	**87,879**	**150,067**
As at 31 December 2012							
LIABILITIES							
Long term loans	-	-	-	3,013	-	-	3,013
Deferred tax liability	-	-	-	-	-	-	-
Short term loans	180,948	-	-	-	-	-	180,948
Other Liabilities	-	-	-	-	-	725	725
Total Liabilities	**180,948**	**-**	**-**	**3,013**	**-**	**725**	**184,686**
Net interest gap	**(169,669)**	**-**	**-**	**47,895**	**-**	**87,154**	**(34,619)**

Amounts presented in € '000

As at 31 December 2011	Less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Uncategorized	Total
Total assets	**4,600**	**8,585**	**-**	**49,312**	**-**	**79,060**	**141,558**
Total Liabilities	**177,669**	**-**	**-**	**-**	**-**	**429**	**178,098**
Net interest gap	**(173,069)**	**8,585**	**-**	**49,312**	**-**	**78,631**	**(36,540)**

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.

Amounts presented in € '000

As at 31 December 2012

LIABILITIES	**Less than 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**over 5 years**	**Total**
Long term loans	-	-	-	3,313	-	3,313
Short term loans	180,948	-	-	-	-	180,948
Other liabilities	-	725	-	-	-	725
Total liabilities	**180,948**	**725**	**-**	**3,313**	**-**	**184,986**

As at 31 December 2011

LIABILITIES	**Less than 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**over 5 years**	**Total**
Short term loans	177,669	-	-	-	-	177,669
Other liabilities	-	383	-	-	-	383
Total liabilities	**177,669**	**383**	**-**	**-**	**-**	**178,052**

6.6 Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- *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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

As at 31 December 2012

Amounts presented in € '000	LEVEL 1	LEVEL 2	LEVEL 3
Assets			
Listed securities and debentures	60,052	24,758	-
Unlisted derivatives	-	-	2,935
Total	**60,052**	**24,758**	**2,935**
Liabilities			
Listed debentures	-	-	-
Listed derivatives	-	-	-
Total	**-**	**-**	**-**
Net fair value	**60,052**	**24,758**	**2,935**

As at 31 December 2011

Amounts presented in € '000	LEVEL 1	LEVEL 2	LEVEL 3
Assets			
Listed securities and debentures	54,014	22,346	-
Unlisted derivatives	-	-	2,411
Total	**54,014**	**22,346**	**2,411**
Liabilities			
Listed debentures	-	-	-
Listed derivatives	-	-	-
Total	**-**	**-**	**-**
Net fair value	**54,014**	**22,346**	**2,411**

There have been no transfers between levels 1, 2 and 3 in the reporting period.

Level 3 instrument refers to MIG's embedded derivative (note 18). As observable prices are not available on 31 December 2012 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 2012.

Amounts presented in € '000	**Bonds**
Opening balance	2,411
Gains and losses recognized in profit and loss	524
Closing balance	**2,935**
Total gains or losses for the year included in the statement of comprehensive income for assets held at the end of the year.	-

Sensitivity analysis test were performed in order to be testing the sensitivity of the base model results to volatility changes. If the Volatility of MIG's share used in the valuation model was decreased by approximately 10%, this would have resulted in a decrease in value of € 0.63 million and if increased by 10% the increase in value would have been € 0.73 million.

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 4d.

7. INTEREST INCOME & INTEREST EXPENSE

Amounts presented in € '000	**31/12/2012**	**31/12/2011**
Interest and similar income		
From deposits in financial institutions	11	18
From securities	4,131	4,002
From loans and receivables	326	295
Total	**4,468**	**4,315**
Interest and similar expenses		
Due to financial institutions	(13,413)	(10,527)
Due to shareholders	(133)	-
Other interest related expenses	(2)	(2)
Total	**(13,548)**	**(10,529)**

8. DIVIDEND INCOME

Amounts presented in € '000	**31/12/2012**	**31/12/2011**
Dividends from available-for-sale securities	-	1,453
Dividends from trading securities	-	-
Total	**-**	**1,453**

9. GAINS FROM DERIVATIVE FINANCIAL INSTRUMENTS

Valuation Gains

Amounts presented in € '000	31/12/2012	31/12/2011
Unlisted derivatives	524	256
Total	**524**	**256**

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

Amounts presented in € '000	31/12/2012	31/12/2011
Listed shares	44	(6,113)
Total	**44**	**(6,113)**

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

Amounts presented in € '000	31/12/2012	31/12/2011
Listed shares	516	(488)
Investment fund units	2,804	(2,095)
Total	**3,320**	**(2,583)**

12. FEE AND COMMISSION INCOME & EXPENSE

Amounts presented in € '000	31/12/2012	31/12/2011
Fee and commission expense from:		
Securities brokerage & safekeeping	(7)	(7)
Total	**(7)**	**(7)**

13. IMPAIRMENT LOSSES

Amounts presented in € '000	31/12/2012	31/12/2011
Listed stocks	(276)	(64,874)
Total	**(276)**	**(64,874)**

As of 31 December 2012 and 31 December 2011, the total of €275,932 and €64,874,442, respectively, was generated from the difference between the acquisition cost and fair value of the investments classified as available-for-sale. The management of IRF, taking into consideration the following factors:

a) the large decline in the fair value of the investments;

b) the budget crises in the Hellenic Republic;

c) the prolonged negative trend on the Athens Stock Exchange; and

d) the combined effect of the above on international economic and market conditions, concluded that there is an objective evidence of impairment of the available-for-sale investments.

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

14. STAFF COSTS

Amounts presented in € '000	**31/12/2012**	**31/12/2011**
Wages and salaries	(100)	(100)
Total	**(100)**	**(100)**

	31/12/2012	**31/12/2011**
Number of employees	1	1

The CEO is the sole employee of the Company.

15. OTHER OPERATING EXPENSES

Amounts presented in € '000	**31/12/2012**	**31/12/2011**
Consulting and other third party fees	(79)	(222)
Legal fees	(118)	(97)
Other operating expenses	(254)	(257)
Total	**(451)**	**(575)**

16. DEFERRED TAX – INCOME TAX EXPENSE

Deferred tax has been calculated based on the nominal tax rate applicable for the financial years in which a temporary taxable and deductible difference reversal is expected. Deferred income tax assets and liabilities are attributable to the investment in associate company:

Amounts presented in € '000	**31/12/2012**		**31/12/2011**	
	Deferred Tax		Deferred Tax	
	Asset	Liability	Asset	Liability
Investment in associates		-		46
Total		-		*46*
Amount set-off		-		-
Balance at 31 December		**-**		**46**

The Group operates in a number of different jurisdictions. Profits recorded in the jurisdictions of Bermuda and Marshall Islands are tax free. Income generated by entities established under United States Law is subject to income tax according to United States Tax Law. The companies operating in the United States remain subject to examination for three previous periods by local tax authorities.

17. INVESTMENTS IN ASSOCIATES

Amounts presented in € '000	**31/12/2012**	**31/12/2011**
Investments in associates	3	152
Total	**3**	**152**

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

Some brief financial information as at 31 December 2012 on the associate is given below:

Amounts presented in € '000	**Domicile**	**Assets**	**Liabilities**	**Profits /(losses)**	**Participation %**
S.GOLDMAN ASSET MANAGEMENT LLC	USA	507	506	(374)	49%

Investments in associates are accounted under the equity method.

18. DEBT SECURITIES

Amounts presented in € '000

Debt securities	**31/12/2012**	**31/12/2011**
Corporate entities bonds	50,909	49,312
Total	**50,909**	**49,312**

As of 1 January 2011 the company reclassified the convertible bond from "Held for trading" category to "Debt securities". The Company has no intention to trade or sell it in the foreseeable future.

The reclassification was carried out at 1st January 2011, in compliance with the requirements of IAS 39, at the fair value of the investments at that date. The 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". Any change in its fair value will be recognized in profit and loss accounts.

As at the reclassification date, the effective interest rates of the convertible bond was 8.16% and their recoverable amount came to € 65,770 thousand.

As at 31 December 2012 and 31 December 2011 the bond was unrated based on Moody's (or other equivalent) rating system.

19. INVESTMENT PORTFOLIO

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

Amounts presented in € '000	**31/12/2012**	**31/12/2011**
Available for sale portfolio (at fair value)		
Equity securities	59,187	53,665
Total Investment portfolio	**59,187**	**53,665**

The movement in the investment portfolio for the year ended 31 December 2012 is summarized as follows:

Amounts presented in € '000	**Financial assets available for sale 2012**
Balance as at 1 January 2011	53,665
Additions	-
Disposals	(2,800)
Realized gain	44
Gains / (losses) from changes in fair value through equity	8,554
Impairment losses	(276)
Balance as at 31 December 2011	**59,187**

Investment in Marfin Investment Group (MIG) constitutes the only investment in IRF's portfolio as at 31 December 2012.

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

Amounts presented in € '000

Trading Portfolio	**31/12/2012**	**31/12/2011**
Investment fund units	24,758	22,346
Equity securities	864	349
	25,622	**22,694**

21. OTHER ASSETS

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

Amounts presented in € '000	**31/12/2012**	**31/12/2011**
Other Assets		
Prepayments to third parties	49	48
Sundry debtors and other receivables	83	90
Total	**132**	**138**

22. CASH AND OTHER EQUIVALENTS

Amounts presented in € '000	**31/12/2012**	**31/12/2011**
Petty cash	1	1
Deposits placed in other financial institutions	2.537	4,599
Total	**2.538**	**4,600**

23. LONG TERM LOANS

Amounts presented in € '000	31/12/2012	31/12/2011
Long term borrowings		
Due to shareholders	3,013	-
Total	**3,013**	**-**

The shareholders who had provided the short term loans to the Company in December 2011 (balance as at 31.12.2011 € 1.932 million) and in January 2012 (a shareholder funded the short-term loan of $1.3 million committed to in December of 2011), agreed to extend repayment of such loans until March, 2015 and therefore the loans reclassified from the line item "Short-term Loans" of the Statement of Financial Position to the line item "Long-term Loans". The loan bears an interest of 3 month LIBOR plus 4.0% spread per annum as at 31 December 2012. Interest and principal amount will be repaid at maturity day. The interest for the period (€ 133 thousands) is included in the total balance.

24. SHORT TERM LOANS

Amounts presented in € '000	31/12/2012	31/12/2011
Due to financial institutions	177,329	170,171
Due to shareholders	-	1,932
Accrued interest	3,618	5,566
Total	**180,948**	**177,669**

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

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

Also in April, 2012, the Company agreed with the lending bank to restructure its existing loan agreement and obtained waivers from its lender for compliance with Total Assets to Total Liabilities ratio through March 31, 2013. Under this agreement, the Company will not pay any interest amount through March 31, 2013, and such accrued, but unpaid interest will be semi-annually capitalized. The interest margin was increased by 3% per annum, throughout the capitalization period, and the maturity date remains unchanged. The capitalized interest which has been added to "Due to financial institutions" account includes two past due instalments and amounts to € 7,153 thousands.

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

Following the CPB's Greek branch acquisition the debt restructuring and waiver discussions delayed. On these grounds on 31 July 2013 it has been agreed with the Piraeus Bank that the outstanding payment of € 15 million due on 28 March 2013 is deferred. This amount shall be added to the amount payable on 30 September 2013 and shall be paid on that date. On the same date, IRF obtained waivers from its lender for compliance with Total Assets to Total Liabilities ratio through September 30, 2013 and the interest margin has decreased by 3%.

The shareholders, who had provided the short term loans to the Company in December 2011 agreed to extend repayment of such loans until March, 2015 (see note 23).

25. OTHER LIABILITIES

Amounts presented in € '000	**31/12/2012**	**31/12/2011**
Contribution to subsidiaries	-	8
Salaries payable	150	50
Brokerage services securities and derivatives	123	123
Suppliers and other third party liabilities	452	202
Total	**725**	**383**

26. SHARE CAPITAL & SHARE PREMIUM

Amounts presented in € '000	**Number of common shares**	**Nominal value $**	**Number of preference shares**	**Nominal value $**	**Share capital in $**	**Share capital**	**Share premium**	**Total**
Opening balance at 1 January 2011	137,315,633	0.0015	49,833,858	0.0001	206	162	378,927	379,089
Closing balance at 31 December 2012	**137,315,633**	**0.0015**	**49,833,858**	**0.0001**	**206**	**162**	**378,927**	**379,089**

27. OTHER RESERVES

Amounts presented in € '000	**31/12/2012**	**31/12/2011**
Translation of exchange differences	1	8
Total	**1**	**8**

28. EARNINGS PER SHARE

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

Basic earnings per share are analysed below:

Amounts presented in €

Basic Earnings per share	**1/1 - 31/12/12**	**1/1 - 31/12/11**
Net profit from continuing operations attributable to the Parent Company's Shareholders	(6,633,798.85)	(77,869,810.10)
Weighted average number of shares in issue	137,315,634	137,315,634
Basic earnings per Share (€/Share)	**(0.05)**	**(0.57)**

29. RELATED PARTIES TRANSACTIONS

29.1 Transactions between companies included in Consolidation

Transactions of the parent company with Subsidiaries		
Amounts presented in € '000	**31/12/2012**	**31/12/2011**
Asset accounts		
Other assets	28	21
Total	**28**	**21**
Liability accounts		
Other liabilities	2,186	2,187
Total	**2,186**	**2,187**

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

29.2 Transactions with Associates

Amounts presented in € '000	**31/12/2012**	**31/12/2011**
Liability accounts		
Capital contribution	-	7
Total	**-**	**7**
Income /Expenses		
Other expenses (fees)	-	-
Total	**-**	**-**

29.3 Transactions with Management and Members of the Board of Directors

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

Transactions with Management and Members of the Board of Directors		
Amounts presented in € '000	**31/12/2012**	**31/12/2011**
Liability accounts		
Other Liabilities	150	50
Total	**150**	**50**
Expenses		
Remuneration	100	100
Interest and similar expenses		
Other fees & expenses	59	59
Total	159	**159**

Information concerning shareholder loans provided to the Company is included in note 24 of the financial statements

30. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

30.1 Contingent legal liabilities

As at 31 December 2012 there was no litigation pending against the Group in connection with its activities.

30.2 Assets given as collateral

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

31. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

For the periods ending 31 December 2012 and 31 December 2011, 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.

Assets

Balance at 31 December 2012
Amounts presented in € '000

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

Balance at 31 December 2011
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	22,694	-	-	**22,694**
Loans and receivables	-	-	8,585	**8,585**
Debt securities	-	-	49,312	**49,312**
Investment portfolio	-	53,665	-	**53,665**
Derivative financial instruments	2,411	-	-	**2,411**
Total	**25,105**	**53,665**	**57,898**	**136,668**

Liabilities

Balance at 31 December 2012
Amounts presented in € '000

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

Balance at 31 December 2011
Amounts presented in € '000

LIABILITIES	At amortized cost	At fair value through profit or loss	Total
Short term loans	177,669	-	**177,669**
Total liabilities	**177,669**	-	**177,669**

32. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

Amounts presented in € '000	Book value		Fair value	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Financial assets				
Debt securities	50,909	49,312	39,956	38,334
Loans and receivables	8,741	8,585	8,741	8,585
Financial liabilities				
Long term loans	3,013	-	3,013	-
Short term loans	180,948	177,669	180,948	177,669

33. POST REPORTING DATE EVENTS

During March 2013, Eurogroup and Cyprus Government have reached a budgetary agreement. No material impact is expected on the business activity, financial position and operating income of IRF except through the MIG in companies in Cyprus (see also note 4d). After the disposal of the remaining investment of IRF in CPB (ex MPB) during 2012, IRF's interest in Cyprus is limited only to the indirect investments of MIG, while it holds no securities or other financial instruments issued in Cyprus.

On 31 July 2013, an amendment to the financial agreement of 170 million loan was signed between the Company and Piraeus bank (see also note 24).

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 bonds have a duration of 7 years, bearing an annual interest rate of 6.3%.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of IRF European Finance Investments Limited ("the Company") as well as the consolidated financial statements of the Company and its subsidiaries ("the Group"), for the year ended 31 December 2012 were approved by the Company's Board of Directors on 17 September 2013 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 pages 8 to 9.

Athens, 17 September 2013

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