IRF European Finance Investments Ltd

Consolidated Interim Financial Statements for nine-month period ended 30 September 2011

In accordance with the International Financial Reporting Standards

The accompanying consolidated interim financial statements of IRF European Finance Investments Ltd ("IRF") and its subsidiaries (together "the Group"), for the nine-month period ended 30 September 2011 were approved by the Company's Board of Directors on 27 April 2012.

Contents

BOARD OF DIRECTORS

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of IRF European Finance Investments Ltd

Introduction
We have reviewed the accompanying interim consolidated statement of financial position of IRF European Finance Investments Ltd (the "**Company**") and its subsidiaries (the "**Group**") as of 30 September 2011 and the related interim consolidated statement of comprehensive income, changes in equity and cash flows for the nine-month period then ended, and the selected explanatory notes.
Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards that have been adopted by the European Union and apply for interim financial information ("**IAS 34**"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

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

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

Emphasis of Matter

Without qualifying our conclusion, we draw attention to the disclosures made in note 2.5 to the consolidated financial statements, which refer to the impact of the impairment losses resulting from the investment portfolio on the Company's equity and the existing uncertainties that could adversely affect the going concern assumption.

Athens, 27 April 2012

The Chartered Accountant

Panagiotis Christopoulos
SOEL Reg. No 28481

Grant Thornton
An instinct for growth™

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts presented in € '000	Note	1/1/-30/09/2011	1/1-30/09/2010	1/7-30/09/2011	1/7 -30/09/2010
Income					
Interest and similar income		3,213	1,837	1,090	758
Dividend and other income		1,453	9,684	-	9,139
Exchange differences		(283)	7,037	2,134	(3,356)
Unrealised gain / (loss) from valuation of derivatives		(1,421)	-	(2,201)	
Realised gain from disposal of financial assets at fair value through Profit & Loss		-	206	-	28
Unrealised gain / (loss) from valuation of financial assets at fair value through Profit & Loss		(1,757)	30	(2,336)	(824)
Share of profits / (losses) of associates		(55)	(68)	(23)	(18)
Total operating income		**1,150**	**18,726**	**(1,337)**	**5,727**
Expenses					
Interest and similar expenses		(7,730)	(7,228)	(2,676)	(2,900)
Realised loss from derivative financial instruments		-	(4)	-	-
Realised loss from disposal of available for sale financial assets		(201)	-	(201)	-
Impairment losses on available-for-sale financial assets	**5**	(69,352)	(108,528)	(52,999)	(19,709)
Staff costs		(75)	(75)	(25)	(25)
Other operating expenses		(457)	(389)	(80)	(88)
Total operating expenses		**(77,815)**	**(116,224)**	**(55,981)**	**(22,722)**
(Loss)/Profit for the period		**(76,666)**	**(97,498)**	**(57,318)**	**(16,995)**
Less: Income tax		-	(4)	-	(4)
(Loss)/Profit after tax		**(76,666)**	**(97,502)**	**(57,318)**	**(16,999)**
Other comprehensive income					
Current year gains /(losses) from revaluation of available-for-sale portfolio		-	(4,498)	-	477
Exchange differences on translating foreign operations		(5)	9	13	(8)
Other comprehensive income for the period net of tax		**(5)**	**(4,489)**	**13**	**469**
Total comprehensive income for the period after tax		**(76,671)**	**(101,991)**	**(57,305)**	**(16,530)**
Profit after tax attributable to:					
Owners of the parent Company		(76,666)	(97,502)	(57,318)	(16,999)
Total comprehensive income attributable to:					
Owners of the parent Company		(76,671)	(101,991)	(57,305)	(16,530)
Earnings per share attributable to parent company's shareholders (€/share)					
- Basic and diluted	**10**	(0.56)	(0.78)	(0.42)	(0.14)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts presented in € '000	Note	30 September 2011	31 December 2010
ASSETS			
Non-current assets			
Investments in associates		367	429
Derivative financial instruments	6	734	-
Debt securities	6	48,931	-
Investment portfolio	7	38,775	84,563
Total non-current assets		**88,807**	**84,992**
Current assets			
Trading portfolio and other financial assets at fair value through profit & loss	8	22,553	74,517
Loans and receivables		8,152	8,010
Other assets		130	138
Cash and cash equivalents		756	653
Total current assets		**31,591**	**83,318**
TOTAL ASSETS		**120,398**	**168,310**
EQUITY AND LIABILITIES			
Shareholders equity			
Share capital	11	162	162
Share premium	11	378,927	363,079
Other reserves		7	12
Retained (losses) /earnings		(432,231)	(355,565)
Total equity attributable to shareholders' of the parent Company		**(53,135)**	**7,687**
TOTAL EQUITY		**(53,135)**	**7,687**
LIABILITIES			
Non-current			
Long term loans	9	-	160,154
Deferred tax liability		174	175
Total non-current liabilities		**174**	**160,330**
Current liabilities			
Short term loans	9	172,939	-
Other liabilities		421	293
Total current liabilities		**173,360**	**293**
TOTAL LIABILITIES		**173,533**	**160,623**
TOTAL LIABILITIES AND EQUITY		**120,398**	**168,310**

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to shareholders of the Parent Company				
Consolidated Statement of Changes in Equity	**Note**	**Share Capital**	**Share Premium**	**Other Reserves**	**Retained Earnings / (losses)**	**Total**
Amounts presented in € '000						
Opening balance as at 1st January 2011	**11**	**162**	**363,079**	**12**	**(355,565)**	**7,687**
Preference shares issue	**11**	-	15,848			**15,848**
Transactions with owners		**-**	**15,848**	**-**	**-**	**15,848**
Net result for the period 01/01-30/09/2011		**-**	**-**	**-**	**(76,666)**	**(76,666)**
Other comprehensive income:						
Available for sale:		-	-	-	-	-
- Gains/ losses directly recognized in equity		-	-	-	-	-
- Reclassification to profit or loss		-	-	-	-	-
Exchange differences on translating foreign operations		-	-	(5)	-	(5)
Total comprehensive income / (loss) recognised for the period		**-**	**-**	**(5)**	**(76,666)**	**(76,671)**
Balance as at 30 September 2011	**11**	**162**	**378,927**	**7**	**(432,231)**	**(53,135)**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Parent Company					
Consolidated Statement of Changes in Equity	**Share Capital**	**Share Premium**	**Revaluation Reserve**	**Other Reserves**	**Retained Earnings / (losses)**	**Total**
Amounts presented in € '000						
Opening balance as at 1st January 2010	**147**	**382,491**	**4,975**	**3**	**(248,139)**	**139,478**
Share premium reduction & return to shareholders	-	(28,451)	-	-	-	(28,451)
Transactions with owners	**-**	**(28,451)**	**-**	**-**	**-**	**(28,451)**
Net result for the period 01/01-30/09/2010	**-**	**-**	**-**	**-**	**(97,502)**	**(97,502)**
Other comprehensive income:						
- Gains/ losses directly recognized in equity	-	-	(4,498)	-	-	(4,498)
Exchange differences on translating foreign operations	-	-	-	9	-	9
Total comprehensive income / (loss) recognised for the period	**-**	**-**	**(4,498)**	**9**	**(97,502)**	**(101,991)**
Balance as at 30 September 2010	**147**	**354,041**	**477**	**12**	**(345,641)**	**9,036**

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

CONSOLIDATED CASH FLOW STATEMENT

Amounts presented in € '000	Note	30 September 2011	30 September 2010
Cash flows from operating activities			
(Loss)/Profit before tax on continuing operations		**(76,666)**	**(97,498)**
Adjustments for:			
(Loss)/Profit from revaluation of financial assets at fair value through Profit & Loss		3,178	(30)
Share of profit /loss from associates		55	68
Impairment losses on financial assets	**5**	69,352	108,528
Profit / loss from sale of Available For Sale investments		201	-
Dividend income		(1,453)	(9,684)
Interest and other non cash expenses		4,517	5,391
Exchange differences		286	(259)
Cash flows from operating activities before changes in working capital		**(530)**	**6,515**
Changes in working capital:			
Net (increase)/decrease in trading securities		-	(55,991)
Net (increase)/decrease in other assets		9	772
Net increase/(decrease) in other liabilities		127	(965)
Cash flows from operating activities before payment of income tax		(393)	(49,669)
Tax paid		-	(4)
Net cash flows from operating activities		**(393)**	**(49,673)**
Cash flows from investing activities			
Acquisition of available for sale portfolio		(6,551)	-
Proceeds from disposal of Available for Sale Investments		87	-
Interest received		1,910	1,837
Loans and receivables		-	(6,965)
Dividends Received from investment activities		-	9,504
Dividends received from financial assets at fair value through P&L		-	180
Net cash flow from investing activities		**(4,554)**	**4,556**
Cash flows from financing activities			
Interest paid		(4,946)	(5,419)
Share premium reduction & return to shareholders		-	(28,451)
Proceeds from borrowings		10,000	-
Repayments borrowings		-	(40,000)
Net cash flow from financing activities		**5,054**	**(73,869)**
Net decrease in cash and cash equivalents		**107**	**(118,986)**
Cash and cash equivalents at the beginning of the period		653	126,842
Exchange gains /(losses) on cash and cash equivalents		(4)	(1,058)
Cash and cash equivalents at the end of the financial period		**756**	**6,797**

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Country of incorporation

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

Principal Activities

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 acquired and continues to hold approximately 17.91% of the issued shares in Marfin Investment Group ('**MIG**') which, as at 30 September 2011, is the most significant investment in the company's portfolio. MIG invests in private equity, privatisations and infrastructure projects and principally operates in Greece, Cyprus and South East Europe. All Greek equity holdings are publicly listed on the Athens Stock Exchange.

2. BASIS OF INTERIM FINANCIAL STATEMENT PREPARATION

2.1 Statement of compliance

The condensed consolidated interim financial statements for the nine month period ended 30 September 2011 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' and should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

The financial information set out in this interim report does not constitute statutory financial statements pursuant to Section 84 of Bermuda Companies Act 1981. The Group's statutory financial statements for the year ended 31 December 2010 were approved by the Board of Directors on 27 April 2011. The auditor's report on those financial statements was unqualified.
Going concern is an appropriate basis for the preparation of the financial statements. Relative information is provided in note 2.5 below.

2.2 Functional and presentation currency

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

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

2.3 Comparative figures

For the preparation of the condensed consolidated statement of financial position, comprehensive income statement, and cash flow statement of the period ended 30 September 2011, comparatives as of 31 December and 30 September 2010 respectively, were used.

2.4 Use of estimates

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

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

2.5 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"), which constitutes 69% of total assets. MIG has accumulated a significant group of assets in Greece, many of which are defensive in nature. However, MIG is listed on the Athens Stock Exchange, and its stock price has declined by 90% since 2009. The depressed value of our investment in MIG has resulted in negative book value of equity for the Company as at September 30, 2011.

Two factors have adversely effected the MIG investment.

First, there is great uncertainty relating to the on-going effects on business within Greece from the austerity measures adopted by the Greek government in combating the sovereign crises.

Second, the auditor's opinion to the MIG annual report contained the following matter of emphasis:

"We would like draw your attention …. to the fact that due to non-compliance with established debt covenants for existing long term borrowing liabilities amounting to approximately € 706 mil. and due to contractual expiration of short term borrowing liabilities amounting to approximately € 234 mil., which become mature within the next 12 months, the Group is in the process of negotiating with financial institutions the restructuring of their terms. In the context of the aforementioned, it is noted that contingent liabilities which may arise for the Group from the restructuring of credit terms are uncertain.

Moreover, …… the….Group's current liabilities exceeded its current assets by approximately € 720 mil., a fact that may indicate the existence of uncertainty regarding Group's ability to continue as a going concern, which is dependent on existing borrowings restructuring…..Management has planned appropriate actions in order to enhance Group's financial position and going concern assumption. Our Opinion paragraph does not express any qualification regarding this issue."

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 September 30, 2011. In addition, the Company did not make one interest payment due in September 2011 on a timely basis.

The Company borrowed $ 3.8 million from certain shareholders under loans agreements dated December 2011 and January 2012 and used the loan proceeds to pay the 2011 interest instalment. In addition, the Company obtained waivers from its lender for compliance with Total Assets to Total Liabilities ratio through March 31, 2013. All interest payments due through that date will be capitalized and added to the loan balance as well.

As a result of this restructuring, the Company will be in compliance with all its obligations for the twelve-month period from the date of these financial statements.

The Company is considering all necessary initiatives to shore up its liquidity.

3. SUMMARY OF IMPORTANT ACCOUNTING POLICIES

3.1 Change in accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2010.

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 profit or loss.

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

3.3 New standards, amendments and interpretations with effective date as of 1 January 2011

In 2010, the IASB issued the annual improvements to IFRS for the year 2010 – a series of adjustments to 7 Standards, as a part of the annual improvement program. The IASB annual improvement program aims to make necessary though not urgent adjustments to IFRSs and will not be a part of bigger revision program. Most Improvements are effective for annual periods starting on or after 01/01/2011. The group has adopted all the new Standards and Interpretations whose implementation is mandatory for the years starting as at January 1, 2011. Paragraph 3.3 presents the Standards adopted as from January 1, 2011. Paragraph 3.4 presents the Standards, Amendments to the Standards and Interpretations that are either not effective yet or have not been adopted by the E.U.

a) IAS 24: "Related Party Disclosures" (revision) : The current amendment clarifies the definition of related parties and reduces disclosures regarding related parties of the State. In particular, it rescinds the obligation of State entities to disclose details of all transactions with other State parties, it clarifies and simplifies the definition of a related party and endorses the disclosure not only of transactions and balances between related parties, but also undertakings, both in separate and consolidated statements. The amendment does not have significant impact on the financial statements.

b) IAS 32 "Financial Instruments: Presentation" - Classification of Rights as Equity : The amendment revises the definition of financial liabilities as provided in IAS 32, with respect to classification of rights issues (rights, options or warrants) as equity. The amendments had no effect on the Group financial statements. The amendment applies to annual accounting periods starting on or after 01/02/2010, while earlier application is permitted. The application of the amendment is not expected to have an effect on the Company Financial Statements. The current Amendment has been approved by the European Union.

c) IFRIC 14 (Amendment) "Minimum Funding Requirements Payments" : The amendment has been issued to raise the limitations that an entity had on the recognition of an asset deriving from voluntary prepaid contributions for minimum funding requirements. The amendment had no effect on the Group operations.

d) Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Limited Exemption from Comparative Disclosures under IFRS 7 for IFRS First-time Adopters : The current amendment provides limited exemptions to IFRS first time adopters from provision of comparative information pertaining to disclosures required by IFRS 7 «Financial Instruments: Disclosures». The amendment had no effect on the Group operations.

e) IFRIC 19: «Extinguishing Financial Liabilities with Equity Instruments»:IFRIC19 considers the accounting treatment when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. Such transactions are sometimes referred to as «debit - equity instruments» transactions or shares transactions, whose frequency increases during the financial crises. The amendment is not applicable to the Group.

3.4 Standards, amendments, and interpretations to existing standards that are either not effective yet or have not been adopted by the E.U.

Furthermore, the IASB has proceeded to the issue of the following new IFRSs, amendments and interpretations which are not mandatory for these financial statements and as at the date of issue of these financial statements have not been adopted by the E.U.

a) IFRS 9: «Financial Instruments»: The IASB is planning to fully replace IAS 39 «Financial Instruments: Recognition and Measurement» and will be put in force for annual financial periods starting at 1 January 2015. IFRS 9 constitutes the first stage of the ongoing project for the replacement of IAS 39. The main stages of the project are as follows:

1st stage: Recognition and Measurement

2nd stage: Impairment method

3rd stage: Hedge accounting

Furthermore, an additional stage concerns issues related with derecognition.

IFRS 9 aims to reduce complexity in the accounting treatment of financial instruments by offering fewer categories of financial assets and a principle based on the approach for their classification. According to the new Standard, the entity classifies financial assets either at amortised cost or at fair value based on:

a) the entity's business model for managing financial assets,

b) the characteristics of the contractual terms of the financial asset give rise on specified dates to cash flows (if it has decided not to appoint the financial asset at fair value through profit and loss).

The division of all financial assets into two categories – amortised cost and fair value – means that only one impairment model will be required in the context of the new standard, thus reducing complexity.

The effect from the application of IFRS 9 is evaluated by the company as it is estimated that the business model that will be selected by the company for managing its financial assets will have an impact on its Equity and P&L.

The Standard is effective for annual periods starting on or after 1 January 2015 and has not been approved by the EU yet.

b) Amendment to IFRS 1 «First-time Adoption of International Financial Reporting Standards» - Removal of Fixed Dates for First-time Adopters: The Amendment removes the fixed IFRS transition date (01 January 2004) and replaces it with actual IFRS transition date. At the same time, it removes derecognition requirement regarding the transactions that took place before the fixed transition date. The amendment is effective for annual periods beginning on or after 1 July 2011 and earlier application is permitted. The application of the Amendment will not affect the consolidated Financial Statements of the Group. The current Amendment is not applicable to the Group.

c) IAS 12 - (Amendment) «Income Taxes»: IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. In cases related to investment property and when an asset is measured at fair value, it can be difficult and subjective to assess whether recovery will be through use or through sale. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will be through future sale of the asset. The amendment is effective for annual periods beginning on or after 1 January 2012 and it will be examined whether its implementation will have an impact on the Group consolidated Financial Statements. This amendment has not been approved by the European Union.

d) Amendment to IFRS 1 «First-time Adoption of International Financial Reporting Standards» - Severe Hyperinflation: 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 amendment is effective for annual periods beginning on or after 1 July 2011 and earlier application is permitted. The implementation of the amendment will not affect the Group consolidated Financial Statements. This amendment has not been approved by the European Union.

e) IFRS 7 «Financial Instruments: Disclosures» - Amendments concerning additional disclosures for transfer of financial assets» : The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), 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 effective for annual periods beginning on or after 1 July 2011 and earlier application is permitted. This amendment was approved by the European Union in November 2011.

f) IFRS 10 «Consolidated financial statements» :
The current Standard supersedes IAS 27 «Consolidated and Separate Financial Statements» and SIC 12 «Consolidation — Special Purpose Entities». The new standard changes the definition of control for the purposes of determining which entities shall be consolidated in the consolidated financial statements of the parent. The standard provides additional guidance to assist under defining the control in cases, when it is difficult to estimate. Furthermore, the Group shall make several disclosures regarding the entities consolidated as subsidiaries as well as non-consolidated entities with which there is share based relation. The standard is expected to lead to changes in the structure of conventional groups and in some cases, the effects may be significant.

The amendment is effective for annual periods beginning on or after 1 July 2013 and earlier application is permitted. The implementation of the amendment will not affect the Group consolidated Financial Statements. This amendment has not been approved by the European Union.

g) IFRS 11 «Joint Arrangements»: The new standard IFRS 11 supersedes IAS 31 «Interests in Joint Ventures». Under the new principles, these arrangements are treated more according to the rights and obligations arising from such kind of arrangements rather than based on their legal form. The new standard removes the proportional consolidation for joint ventures as well as the terminology of IAS 31 for 'jointly controlled operations' or' jointly controlled assets ". Most ventures will involve "joint operations".

The amendment is effective for annual periods beginning on or after 1 January 2013 and earlier application is permitted. The implementation of the amendment will not affect the Group consolidated Financial Statements. This amendment has not been approved by the European Union.

h) IFRS 12 «Disclosure of Interests in Other Entities»: The standard unites, improves and supersedes disclosure requirements for all forms of interests in subsidiaries, associates and non-consolidated entities within a uniform disclosures standard. It also provides better transparency and will assist the investors to estimate the extent to which a reporting entity has participated in creation of special structures and risks to which it is exposed.

The amendment is effective for annual periods beginning on or after 1 January 2013 and earlier application is permitted. The implementation of the amendment is not expected to affect significant the Group Financial Statements. This amendment has not been approved by the European Union.

i) IFRS 13 «Fair Value Measurement»: The new standard 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 amendment is effective for annual periods beginning on or after 1 January 2013 and earlier application is permitted. This amendment has not been approved by the European Union.

j) IAS 27 (Amendment) «Separate Financial Statements»: The standard refers to subsequent changes arising from the publication of new IFRS 10. IAS 27 will apply exclusively to separate financial statements, which requirements remain essentially unchanged.

The amendment is effective for annual periods beginning on or after 1 January 2013 and earlier application is permitted. The implementation of the amendment is not expected to affect significant the Company Financial Statements. This amendment has not been approved by the European Union.

k) IAS 28 (Amendment) «Investments in Associates and Joint Ventures»: The objective of this revised standard is to define the accounting principles to be applied following the changes arising from the publication of IFRS 11. The revised standard continues to define the ways of accounting monitoring under the equity method.

The amendment is effective for annual periods beginning on or after 1 January 2013 and earlier application is permitted. This amendment has not been approved by the European Union.

l) IAS 19 (Amendment) «Employee Benefits»: The amendment to the standard removes the option of recognition of profit and loss under «corridor» method. Moreover, changes from revaluation of assets and liabilities arising from a defined benefit plan will be presented in the statement of other comprehensive income. There will be also provided additional disclosures on defined benefit plans regarding the defined benefit plans characteristics and the risks to which the providers are exposed under their participation in the aforementioned plans.

The amendment is effective for annual periods beginning on or after 1 January 2013 and earlier application is permitted. The implementation of the amendment is not expected to affect the Company Financial Statements. This amendment has not been approved by the European Union.

m) IAS 1 (Amendment) «Presentation of Financial Statements»

The amendments to IAS 1 require that the entities, preparing financial statements in compliance with IFRS, shall present the items in the statement of other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently to facilitate harmonization with US GAAP.

The amendment is effective for annual periods beginning on or after 1 July 2012 and earlier application is permitted. The implementation of the amendment is not expected to affect the Company Financial Statements. This amendment has not been approved by the European Union.

n) IFRIC 20 «Stripping Costs in the Production Phase of a Surface Mine»
In October 2011, IASB issued IFRIC 20. The Interpretation clarifies the requirements foraccounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, 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 operations. This interpretation has not been approved by the European Union.

o) Amendment to IAS – IAS 32 «Financial Instruments: Presentation» – Offsetting financial assets and financial liabilities.

In December 2011, IASB issued amendment 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 1 January 2014 and earlier application is permitted. The Group will examine whether the application of this amendment will have an impact on its Financial Statements. This amendment has not been approved by the European Union.

p) Amendments to IFRS 7 : « Disclosures - Offsetting Financial Asserts and Financial Liabilities»

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 1 January 2013. The Group will examine whether the application of this amendment will have an impact on its Financial Statements. This amendment has not been approved by the European Union.

q) Amendments to IFRS 9 (2009), IFRS 9 (2010) and IFRS 7: Mandatory Effective Date of IFRS 9 and Transition Disclosures .

In December 2011, IASB transferred the mandatory effective date of transition to IFRS 9 to 01/01/2015.
The amendments also provide an exemption from restating comparative information and require additional disclosures (in IFRS 7) to enable users of financial statements to understand the effects of the introduction of the requirements of IFRS 9. The Group will examine the effect of the above on its financial statements. This amendment has not been adopted by the European Union.

4. STRUCTURE OF THE GROUP

The structure of the Group as at 30 September 2011 and 31 December 2010:

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: During 2009, IRF US Investments inc. **(IRF US)** was organized as a wholly owned subsidiary under the laws of the State of Delaware. IRF US's only activity is to hold the 49% interest in S.Goldman Asset Management LLC **(SGAM)**. IRF US is fully consolidated in IRF's Group financial statements.

S.Goldman Asset Management LLC (SGAM) is a limited liability company formed in 2009, under the law of the State of Delaware. IRF US holds a 49% interest in SGAM. SGAM is an investment manager on a "managed account" and fund basis. SGAM is classified as an associate company and it is consolidated under the equity method.

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

5. IMPAIRMENT LOSSES

Amounts presented in € '000	**1/1/-30/09/2011**	**1/1/-30/09/2010**	**1/7/-30/09/2011**	**1/7/-30/09/2010**
Listed stocks	(69,352)	(108,528)	(52,999)	(19,709)
Total	**(69,352)**	**(108,528)**	**(52,999)**	**(19,709)**

Under IAS 39, when a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income shall be removed from other comprehensive income and recognised in profit or loss even though the financial asset has not been derecognised. The amount of such profit or loss is determined based on the difference between the new fair value and the previous evaluation of fair value.

During the third quarter of 2011, the Company recognized an impairment loss of €52,999,422.This impairment reflects the deterioration in value of investments in securities available for sale (primarily shares in MIG) from the prior valuation date as of 30 June 2011. The impairment loss for the nine-month period ending 30 September 2011 was €69,352,055.

6. DEBT SECURITIES

Amounts presented in € '000

Debt securities	**30/09/2011**	**31/12/2010**
Corporate entities bonds	48,931	-
Total	**48,931**	**-**

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.

7. INVESTMENT PORTFOLIO

Amounts presented in € '000

Available for sale	**30/9/2011**	**31/12/2010**
Equity securities	38,775	84,563
Total	**38,775**	**84,563**

Investment in MIG constitutes the major investment in IRF's portfolio as at 30 September 2011.

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

Amounts presented in € '000

Trading Portfolio	**30/9/2011**	**31/12/2010**
Corporate entities bonds	-	50,000
Investment fund units	22,190	23,680
Securities	362	837
Total	**22,553**	**74,517**

As of 1st January 2011 the company reclassified the convertible bond from "Held for trading" category to "Debt securities". Further details are provided in note 6.

9. SHORT TERM LOANS

Amounts presented in € '000	**30/09/2011**	**31/12/2010**
Short-term loans due to banks	172,939	-
Total	**172,939**	**-**

The aforementioned amount 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 first reduction instalment will have to be paid in March 2013. The loan bears a total interest of 6.14% as at 30 September 2011.

As at September 30, 2011, the Company was not in compliance with the financial covenants relating to, Total Assets to Total Liabilities ratio for the existing loan, and the last instalment of accrued interest was past due. During 2012 the Company repaid the accrued interest that was past due.
Based on IAS 1 "Presentation of Financial Statements" requirements, the Company proceeded with a loan reclassification regarding the aforementioned amount, from the line item "Long-term Loans" of the Statement of Financial Position to the line item "Short-term Loans".

In April, 2012, the Company agreed with the lending banks to restructure its existing loan agreement and obtained an appropriate waiver regarding the non-compliance with the financial covenant. Under this agreement, the Company will not pay any interest amount through March 31, 2013, and such accrued, but unpaid interest will be capitalized. The interest margin will be increased by 3% per annum, throughout the capitalization period, and the maturity date remains unchanged.

10. LOSS PER SHARE

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

Amounts presented in €	Nine month period		Three month period	
Basic Earnings per share	**30/9/2011**	**30/9/2010**	**1/7-30/09/2011**	**1/7-30/09/2010**
Loss attributable to the Parent Company's Shareholders	(76,665,813.10)	(97,502,483.10)	(57,317,831.90)	(16,999,229.03)
Weighted average number of shares in issue	137,315,634	124,832,394	137,315,634	124,832,394
Basic earnings per share (€/Share)	**(0.56)**	**(0.78)**	**(0.42)**	**(0.14)**

11. SHARE CAPITAL & SHARE PREMIUM

Amounts in €' 000	Number of shares	Nominal value $	Share capital in $	Share capital	Share premium	Total
Opening balance at 1 January 2011	**137,315,633**	**0.0015**	**206**	**162**	**363,079**	**363,240**
Preference shares issue	49,834	0.0001	-	-	15,847	15,847
Closing balance at 31 December 2011			**206**	**162**	**378,926**	**379,087**

On 14th July 2011 the Board resolved to issue 49,833.858 preference shares of the Company in exchange for 31,074,302 shares in Marfin Investment Group owned by shareholders of the Company. The MIG shares transferred were valued based on the closing price of such shares on the Athens Stock Exchange as of 14 July 2011.This transaction increased the Company's equity by €15,847,894.The deemed issue price of the IRF Shares was US$0.45 per share, representing a discount of approximately 10% to IRF's bid price. Each preference share could be convertible to 1,000 common shares and rank pari passu.

12. RELATED PARTIES TRANSACTIONS

12.1 Transactions between companies included in consolidation

Transactions of the parent company with Subsidiaries		
Amounts presented in € '000	**30/09/2011**	**31/12/2010**
Liability accounts		
Other liabilities	2,187	2,187
Total	**2,187**	**2,187**

Amounts presented in € '000	**30/09/2011**	**31/12/2010**
Assets accounts		
Other assets	8	8
Total	**8**	**8**

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

12.2 Transactions with Associates

Amounts presented in € '000	30/09/2011	31/12/2010
Liability accounts		
Capital contribution	7	7
Total	**7**	**7**

	30/09/2011	30/09/2010
Other operating expenses	-	(49)
Total	**-**	**(49)**

12.3 Transactions with Management and Members of the Board of Directors

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

Transactions with Management and Members of the Board of Directors

Amounts presented in € '000	30/09/2011	31/12/2010
Liability accounts		
Other Liabilities	25	58
Total	**25**	**58**

Expenses	30/09/2011	30/09/2010
Remuneration	(75)	(75)
Insurance	(45)	(45)
Total	**120**	**120**

13. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

13.1 Contingent legal liabilities

As at 30 September 2011, there was no litigation pending against the Group in connection with its activities.

13.2 Assets given as collateral

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

14. POST FINANCIAL POSITION DATE EVENTS

The Company in April, 2012, agreed with the lending banks to restructure its existing loan agreement and obtained an appropriate waiver regarding the non-compliance with the financial covenant.

More details are provided in note 2.5 above.

In December 2011 and January 2012, certain shareholders funded the Company with short-term loans of $ 3.8 million for the purpose of enhancing the Company's liquidity. The loan's maturirty date was subsequently extended to March, 2015.

15. APPROVAL OF INTERIM FINANCIAL STATEMENTS

Athens, 27 April 2012

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