IRF European Finance Investments Ltd

Consolidated Interim Financial Statements
for six-month period
ended 30 June 2012

In accordance with International
Financial Reporting Standards

The accompanying consolidated interim financial statements of IRF European Finance Investments Ltd ("IRF") and its subsidiaries (together "the Group"), for the six-month period ended 30 June 2012 were approved by the Company's Board of Directors on 07 September 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

INTERIM MANAGEMENT REPORT FOR THE PERIOD ENDED 30 JUNE 2011

Financial highlights

Amounts in € 000			
Income statement items (six month period)	**30 June 2012**	**31 June 2011**	**%**
Interest and similar income	2,133	2,124	0%
Dividend income	-	1,453	(100.00%)
Interest and similar charges	(6,312)	(5,055)	24.86%
Impairment losses on available-for-sale portfolio	(276)	(16,353)	(98.31%)
(Loss)/Profit for the period	(5,845)	(19,349)	(69.79%)
Total comprehensive income for the period	(23,636)	(19,365)	22.06%
Basic earnings per share (in euro/share)	(0.04)	0.14	(130.40%)
Financial position items	**30 June 2012**	**31 December 2011**	
Cash and cash equivalent	1,291	4,600	(71.93%)
Trading portfolio	23,119	22,694	1.87%
Investment portfolio	32,836	53,665	(38.81%)
Total assets	117,262	141,558	(17.16%)
Loans	173,778	177,669	(2.19%)
Total liabilities	177,439	178,098	(0.37%)
Total Equity	(60,177)	(36,540)	64.69%
Ratios			
Current assets / current liabilities	0.19	0.20	(6.73%)
Total assets / total liabilities	0.66	0.79	(16.86%)
Net loss after tax / total assets	(0.05)	(0.55)	(90.94%)

Significant events

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.

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

During H1 2012, the Company recognized an impairment loss of €0.26 million. This impairment reflects the deterioration in value of investments in securities available for sale from the prior valuation date as of 31 December 2011.

Due to the valuations losses, the company appears on June 30, 2012 to have negative equity. 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.

Key risk factors

IRF is exposed mainly to market and credit risk relating to financial instruments. The existing budget deficits in the Hellenic Republic and the anaemic economic recovery have adversely affected investors' appetite for businesses in the Hellenic Republic and securities listed on the Athens Stock Exchange. An important factor that will significantly affect the markets, is the success of the Greek government, to achieve the goals set by the International Monetary Fund and the European Union.

Related parties transactions

All the related parties transactions during the first half presented in note 13 to the financial statements.

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

The directors are responsible for preparing the semi-annual report and the condensed set of financial statements in accordance with applicable law and regulations.

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

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

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

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

- the condensed set of financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and specifically under IAS 34, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the interim management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, description of important events that have occurred during the year together with a description of the principal risks and uncertainties that they face.

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

In so far as the directors are aware:

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

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

Report On Review of Interim Financial Information

To the Shareholders of IRF European Finance Investments Ltd

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of IRF European Finance Investments Ltd (the "**Company**") and its subsidiaries (the "**Group**") as of 30 June 2012 and the related interim consolidated statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and the selected explanatory notes.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with 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.

Because of the matter described in the "Basis for Disclaimer of Conclusion" paragraph, however, we were not able to obtain sufficient appropriate evidence to provide a basis for a review conclusion in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Basis for Disclaimer of Conclusion

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 2.5 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 review report, we have not been able to obtain sufficient appropriate evidence to provide a basis for the Group going concern.

Disclaimer of Conclusion

Because of the significance of the matter described in the "Basis for Disclaimer of Conclusion" paragraph, we have not been able to obtain sufficient appropriate evidence relating to the Company's possibilities of achieving a comprehensive financing plan to provide a basis for a review conclusion; and, accordingly, we do not express a Conclusion on these interim consolidated financial statements.

Athens, 07 September 2012

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts presented in € '000	Note	1/1 - 30/06/12	1/1 - 30/06/11	1/4/- 30/06/12	1/4/- 30/06/11
Income					
Interest and similar income	5	2,133	2,124	1,117	1,073
Exchange differences		842	(2,417)	1,718	(528)
Unrealised gain from valuation of financial held for trading		(262)	579	(1,333)	(585)
Unrealised gain from valuation of derivative financial		(1,677)	780	(524)	210
Realised gain from disposal of Available for sale financial assets		44	-	-	-
Share of profits / (losses) of associates		(24)	(33)	(30)	(15)
Dividend and other income		-	1,453	-	1,453
Total operating income		**1,057**	**2,486**	**948**	**1,607**
Expenses					
Interest and similar expenses	5	(6,312)	(5,055)	(3,666)	(2,515)
Impairment losses on available-for-sale financial assets		(276)	(16,353)	(276)	(13,011)
Management fees		(50)	(50)	(25)	(25)
Other operating expenses		(264)	(377)	(152)	(195)
Total operating expenses		**(6,901)**	**(21,835)**	**(4,118)**	**(15,747)**
Profit / (Loss) for the period		**(5,845)**	**(19,349)**	**(3,170)**	**(14,140)**
Less: Income tax		-	-	-	-
Profit / (Loss) after tax		**(5,845)**	**(19,348)**	**(3,170)**	**(14,140)**
Other comprehensive income					
Current year gains /(losses) from revaluation of available-for-sale portfolio		(17,798)	-	(6,347)	(8,276)
Exchange differences on translating foreign operations		6	(18)	9	(4)
Other comprehensive income for the period net of tax		**(17,792)**	**(18)**	**(6,338)**	**(8,279)**
Total comprehensive income for the period after tax		**(23,636)**	**(19,365)**	**(9,508)**	**(22,419)**
Profit after tax attributable to:					
Owners of the parent Company		(5,845)	(19,348)	(3,170)	(14,140)
Total comprehensive income attributable to:					
Owners of the parent Company		(23,636)	(19,365)	(9,508)	(22,419)
Earnings per share attributable to parent company's shareholders (€/share)					
- Basic and diluted	12	(0.04)	(0.14)	(0.02)	(0.10)

The items of the consolidated Income Statement for the comparative three month period 30/06/2012 Exchange differences and Share of profits / (losses) of associates have been reclassified to Income for presentation purposes.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts presented in € '000	Note	30 June 2012	31 December 2011
ASSETS			
Non-current assets			
Investments in associates		132	152
Derivative financial instruments		734	2,411
Debt securities	**8**	50,090	49,312
Investment portfolio	**7**	32,836	53,665
Total non-current assets		**83,791**	**105,540**
Current assets			
Trading portfolio and other financial assets at fair value through profit & loss	**6**	23,119	22,694
Loans and receivables		8,993	8,585
Other assets		68	138
Cash and cash equivalents		1,291	4,600
Total current assets		**33,471**	**36,018**
TOTAL ASSETS		**117,262**	**141,558**
EQUITY AND LIABILITIES			
Shareholders equity			
Share capital	**11**	162	162
Share premium	**11**	378,927	378,927
Revaluation reserve		-	17,798
Other reserves		14	8
Retained (losses) /earnings		(439,280)	(433,435)
Total equity attributable to shareholders' of the parent Company		**(60,177)**	**(36,540)**
Non Controlling Interest		-	-
TOTAL EQUITY		**(60,177)**	**(36,540)**
LIABILITIES			
Non-current			
Long term loans	**9**	3,086	-
Deferred tax liability		48	46
Total non-current liabilities		**3,133**	**46**
Current liabilities			
Short term loans	**10**	173,778	177,669
Other liabilities		528	383
Total current liabilities		**174,306**	**178,052**
TOTAL LIABILITIES		**177,439**	**178,098**
TOTAL LIABILITIES AND EQUITY		**117,262**	**141,558**

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					
		Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Total
Consolidated Statement of Changes in Equity	**Note**						
Amounts presented in € '000							
Opening balance as at 1st January 2012		**162**	**378,926**	**17,798**	**8**	**(433,435)**	**(36,540)**
Loss for the period 01/01-30/06/2012		**-**	**-**	**-**	**-**	**(5,845)**	**(5,845)**
Other comprehensive income:							
- Gains/ losses directly recognized in equity		-	-	(17,798)	-	-	(17,798)
Exchange differences on translating foreign operations		-	-	-	6	-	6
Total comprehensive income / (loss) recognised for the period		**-**	**-**	**(17,798)**	**6**	**-**	**(17,792)**
Balance as at 30 June 2012		**162**	**378,926**	**-**	**14**	**(439,280)**	**(60,177)**

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

	Note	Share Capital	Share Premium	Revaluation Reserve	Other Reserves	Retained Earnings / (losses)	Total
		Attributable to shareholders of the Parent Company					
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**
Net result for the period 01/01-30/06/2011		**-**	**-**	**-**	**-**	**(19,348)**	**(19,348)**
Other comprehensive income:							
Available for sale:							
- Gains/ losses directly recognized in equity		-	-	-	-	-	-
Exchange differences on translating foreign operations		-	-	-	(18)	-	(18)
Total comprehensive income / (loss) recognised for the period		**-**	**-**	**-**	**(18)**	**(19,348)**	**(19,365)**
Balance as at 30 June 2011		**162**	**363,079**	**-**	**(6)**	**(374,913)**	**(11,678)**

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

CONSOLIDATED CASH FLOW STATEMENT

Amounts presented in € '000	**30 June 2012**	**30 June 2011**
Cash flows from operating activities		
(Loss)/Profit before tax of continuing operations	**(5,845)**	**(19,348)**
Adjustments for:		
Add: Impairment losses on financial assets	276	16,353
(Profit) /loss from revaluation of financial assets at fair value through Profit & Loss	1,939	(1,359)
Share of (profit) /loss from associates	24	33
(Profit) / Loss from sale of A.F.S portfolio at fair value	(44)	-
Interest and other non cash expenses	4,169	3,011
Dividend received	-	(1,453)
Exchange differences	(843)	2,420
Cash flows from operating activities before changes in working capital	*(324)*	*(344)*
Changes in working capital:		
Net (increase)/decrease in other assets	(19)	(13)
Net increase/(decrease) in other liabilities	144	85
Cash flows from operating activities before payment of income tax	*(199)*	*(271)*
Net cash flows from operating activities	**(199)**	**(271)**
Cash flows from investing activities		
Acquisition of available for sale financial assets	-	(6,518)
Proceeds from AFS portfolio	2,800	-
Interest received	1,271	1,188
Net cash flow from investing activities	**4,070**	**(5,331)**
Cash flows from financing activities		
Interest paid	(8,189)	(4,946)
Proceeds from borrowings	1,005	10,000
Net cash flow from financing activities	**(7,184)**	**5,054**
Net increase/(decrease) in cash and cash equivalents	**(3,313)**	**(548)**
Cash and cash equivalents at the beginning of the period	4,600	653
Effect of exchange rate fluctuations on cash and cash equivalents	4	(3)
Cash and cash equivalents at the end of the financial period	**1,291**	**102**

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 holds approximately 17.91% of the issued shares in Marfin Investment Group ('MIG') which, as at 30 June 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.

All Greek equity holdings and debt securities are publicly listed on the Athens Stock Exchange.

2. BASIS OF INTERIM FINANCIAL STATEMENT PREPARATION

2.1 Statement of compliance

The condensed consolidated interim financial statements for the six month period ended 30 June 2012 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 2011.

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 2011 were approved by the Board of Directors on 27 April 2012. In the Independent Auditor's Report on those financial statements an Emphasis of Matter paragraph was included. The opinion of the Auditors, however, remained unqualified.

2.2 Functional and presentation currency

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

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

2.3 Comparative figures

For the preparation of the condensed consolidated statement of financial position, comprehensive income statement, and cash flow statement of the period ended 30 June 2012, comparatives as of 31 December and 30 June 2011 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 estimates 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, Going Concern and Management's Plans

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 71% 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 December 31, 2011 which is also the case for June 30, 2012.

Two factors have adversely affected 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 of 2011 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 June 30, 2012 for the facility of € 170 mil.

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 at least until March 31, 2013.

Furthermore as of June 30, 2012, the Company had net current liabilities of €141 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 directors have concluded that these circumstances represent a material uncertainty that casts significant doubt upon the company's ability to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include any adjustments that might be necessary if the Company were unable to be successful in its efforts.

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 in preparing the interim financial statements.

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 2011.

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, 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:

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 Group does not expect that this amendment will affect its Financial Statements. This amendment was approved by the European Union in November 2011.

3.4 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:

Amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" - Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 01/07/2011)

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 is effective for annual periods beginning on or after 01/07/2011, and the earlier application is permitted. The implementation of the amendment will have no effect on the Group's consolidated Financial Statements. The current amendment has not been approved by the European Union.

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 01/07/2011. Earlier application is permitted. The Group does not expect that this amendment will affect its consolidated Financial Statements. This amendment has not been approved by the European Union.

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 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 implementation of the amendment will not affect the Group consolidated Financial Statements. This amendment has not been approved by the European Union.

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 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 amortised 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 recognised 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 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 EU yet.

IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" (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 01/01/2013, while earlier application is permitted. The Group will examine the effect of the aforementioned Standards on its consolidated Financial Statements. The Standards have not been adopted by the European Union.

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 Group will examine the effect of the aforementioned Standard on its consolidated Financial Statements. The new Standard is effective for annual periods starting on or after 01/01/2013, while earlier application is permitted. The above Standard has not been adopted by the European Union.

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 examine the effect of the aforementioned amendments on its consolidated and separate Financial Statements. The aforementioned amendments are effective for annual periods starting on or after 01/07/2012. The above amendment has not been adopted by the European Union.

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 implementation of the amendment will not affect the Group consolidated Financial Statements. The above Standard has not been adopted by the European Union.

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 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 adopted by the European Union

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 examine whether the application of this amendment will have an impact on its Financial Statements. This amendment has not been adopted by the European Union.

Amendments to IFRS 7 "Financial Instruments: Disclosures" - Offsetting Financial Asserts 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 examine whether the application of this amendment will have an impact on its Financial Statements. This amendment has not been adopted by the European Union.

Amendments to IFRS 9 (2009), IFRS 9 (2010) and IFRS 7: Mandatory Effective Date of IFRS 9 and Transition Disclosures (effective for annual periods starting on or after 01/01/2015)

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.

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 application of the amendment will not affect the Group Financial Statements. This amendment has not been adopted by the European Union.

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 are not particularly significant and will not materially affect the Group Financial Statements. These amendments have not been adopted by the European Union.

- **Annual Improvements 2009–2011 Cycle *(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 IFRSs as part of the Annual Improvements process to make necessary, but non-urgent, amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013, although entities are permitted to apply them earlier. It is not expected that the application of these amendments will have an impact on Group's Financial Statements. This amendment has not been adopted by the European Union.

- **Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (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 examine whether the application of this amendment will have an impact 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 June 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 INVESTMENTS INC	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 the Aurora Fund and receives a management fee under an investment advisory agreement.

5. INTEREST INCOME / EXPENSE

Amounts presented in € '000	30/6/2012	30/06/2011
Interest and similar income		
From deposits in financial institutions	10	14
From securities	1,958	1,970
From loans and receivables	165	140
Total	**2,133**	**2,124**
Interest and similar expenses		
Due to financial institutions	(6,243)	(5,053)
Other interest related expenses	(69)	(2)
Total	**(6,312)**	**(5,055)**

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

Amounts presented in € '000		
Trading Portfolio	**30/06/2012**	**31/12/2011**
Investment fund units	22,871	22,346
Equity securities	248	349
Total	**23,119**	**22,694**

7. INVESTMENT PORTFOLIO

Amounts presented in € '000	30/06/2012	31/12/2011
Available for sale portfolio (at fair value)		
Equity securities	32,836	53,665
Total	**32,836**	**53,665**

Investment in MIG constitutes the major investment in IRF's portfolio as at 30 June 2012.

8. DEBT SECURITIES

Amounts presented in € '000		
Debt securities	**30/06/2012**	**31/12/2011**
Corporate entities bonds	50,090	49,312
Total	**50,090**	**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 2011 and 30 June 2012 the bond was unrated based on Moody's (or other equivalent) rating system.

9. LONG TERM LOANS

Amounts presented in € '000	30/06/2012	31/12/2011
Long-term loans due to shareholders	3,086	-
Total	**3,086**	**-**

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 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 30 June 2012. Interest and principal amount will be repaid at maturity day.

10. SHORT TERM LOANS

Amounts presented in € '000	30/06/2012	31/12/2011
Short -term loans due to financial institutions	173,778	177,669
Total	**173,778**	**177,669**

Amounts presented in € '000

Short term borrowings	30/6/2012	31/12/2011
Due to financial institutions	170,148	170,171
Due to shareholders	0	1,932
Accrued interest	3,629	5,566
Total	**173,778**	**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 first reduction instalment will have to be paid in March 2013. The loan bears a total interest of 5.99% as at 31 December 2011.

As at June 30, 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 last instalment of accrued interest were past due.

In April, 2012, the Company agreed with the lending banks 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 capitalized. The interest margin was increased by 3% per annum, throughout the capitalization period, and the maturity date remains unchanged.

11. SHARE CAPITAL & SHARE PREMIUM

Amounts 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 2012	**137,315,633**	**0.0015**	**49,833.858**	**0,0001**	**206**	**162**	**378,926**	**379,087**
Closing balance at 30 June 2012	**137,315,633**	**0.0015**	**49,833.858**	**0,0001**	**206**	**162**	**378,926**	**379,087**

12. LOSS PER SHARE

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

Basic Earnings per share	**1/1-30/6/2012**	**1/1-30/6/2011**	**1/4-30/06/2012**	**1/4-30/06/2011**
Loss attributable to the Parent Company's Shareholders *(in €' 000)*	(5,845)	(19,348)	(3,170)	(14,140)
Weighted average number of shares in issue	137,315,633	137,315,633	137,315,633	137,315,633
Basic earnings per share (€/Share)	**(0.04)**	**(0.14)**	**(0.02)**	**(0.10)**

13. RELATED PARTIES TRANSACTIONS

13.1 Transactions between companies included in consolidation

Transactions of the parent company with Subsidiaries

Amounts presented in € '000	**30/06/2012**	**31/12/2011**
Liability accounts		
Other liabilities	2,186	2,187
Total	**2,186**	**2,187**

Amounts presented in € '000	**30/06/2012**	**31/12/2011**
Assets accounts		
Other assets	28	21
Total	**28**	**21**

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

13.2 Transactions with Associates

Amounts presented in € '000	**30/06/2012**	**31/12/2011**
Liability accounts		
Capital contribution	7	7
Total	**7**	**7**

13.3 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.

Transactions with Management and Members of the Board of Directors

Amounts presented in € '000	**30/06/2012**	**31/12/2011**
Liability accounts		
Other Liabilities	92	50
Total	**92**	**50**

	30/06/2012	**30/06/2011**

Expenses		
Insurance	(29)	(29)
Remuneration	(25)	(25)
Total	**(54)**	**(54)**

14. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

14.1 Contingent legal liabilities

As at 30 June 2012, there was no litigation pending against the Group in connection with its activities.

14.2 Assets given as collateral

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

15. POST FINANCIAL POSITION DATE EVENTS

Apart from the aforementioned, there are no events posterior to the Financial Statements, regarding the Group requiring reference by the IFRS.

16. APPROVAL OF INTERIM FINANCIAL STATEMENTS

Athens, 07 September 2012

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