

REVIEW REPORT

Introduction

We have reviewed the accompanying condensed consolidated financial statements for the 6 month period ending 30 June 2007 of PPF Group N.V., which comprises the balance sheet as at 30 June 2007, the profit and loss account, the statement of changes in equity, the cash flow statement and the notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Dutch law including standard 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". 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 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 condensed consolidated financial statements as at 30 June 2007 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the EU.

Amstelveen, 28 September 2007

KPMG ACCOUNTANTS N.V.

M. Frikkee RA



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Condensed consolidated financial statements for the first half of 2007



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CONSOLIDATED FINANCIAL STATEMENTS



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Condensed consolidated balance sheet

As at 30 June 2007

In millions of CZK

	Note	30 June 2007	31 December 2006
Intangible assets	F.1.	2 597	7 987
Property, plant and equipment	F.2.	4 800	7 232
Investment property	F.3.	15	2 616
Financial assets available-for-sale	F.4.	225	6 240
Financial assets held to maturity	F.4.	-	2 030
Financial assets at fair value through profit and loss	F.4.	3 835	103 823
Loans and receivables	F.4.	73 554	79 165
Non-current assets held for sale	C.3.	148 164	215
Reinsurance assets		-	1 529
Deferred tax assets		328	1 179
Other assets		98	274
Prepayments and accrued income		354	1 273
Cash and cash equivalents		6 234	11 275
Total assets		240 204	224 838
Issued capital	F.5.	23	23
Share premium	F.5.	18 024	18 024
Reserves	F.5.	553	977
Retained earnings	F.5.	20 692	14 846
Total equity attributable to equity holders of the Parent Company	F.5.	39 292	33 870
Equity component of discretionary participation features ("DPF")	F.5.	-	-
Minority interests	F.5.	130	117
Total equity	F.5.	39 422	33 987
Insurance liabilities	F.6.	-	91 494
Financial liabilities for investment contracts with DPF	F.7.	-	32 347
Other liabilities evidenced by paper		30 204	26 259
Financial liabilities at fair value through profit and loss	F.8.	593	1 169
Non-current liabilities held for sale	C.3.	140 848	-
Liabilities to banks	F.9.	6 871	6 902
Liabilities to non-banks	F.10.	19 399	18 517
Provisions	F.11.	4	2 620
Payables	F.12.	2 524	7 437
Deferred tax liabilities		278	2 367
Net assets attributable to unit-holders		-	193
Accruals and deferred income		61	1 546
Total liabilities		200 782	190 851
Total equity and liabilities		240 204	224 838



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Condensed consolidated income statement

For the six months ended 30 June

In millions of CZK

	Note	30 June 2007	30 June 2006
Continuing operations			
Interest and similar income	F.13.	8 705	6 264
Other income from financial assets and net trading income	F.14.	(225)	(477)
Net fee and commission income, and income from service activities	F.15.	138	531
Other income	F.16.	2 323	3 685
Total revenue		10 941	10 003
Interest and similar expenses	F.17.	(1 664)	(1 372)
Other expenses from financial assets	F.18.	(3 269)	(2 229)
Acquisition costs and other operating expenses	F.19.	(3 307)	(2 384)
Other expenses	F.20.	(2 304)	(3 589)
Total expenses		(10 544)	(9 574)
Profit before tax		397	429
Income tax expense		(372)	(245)
Profit after tax		25	184
Change in net assets attributable to unitholders		-	-
Net profit from continuing operations		25	184
Discontinued operations			
Profit (loss) from discontinued operations		6 014	1 230
Net profit for the period		6 039	1 414
Attributable to:			
Equity holders of the Parent Company		6 026	1 404
Equity component of DPF		-	-
Minority interests		13	10
Net profit for the period		6 039	1 414
Weighted average number of shares	F.5.	66 738	66 738
Basic and Diluted earning per share for profit for the period (CZK)	F.23.	90 293	21 037
Basic and Diluted earning per share for profit from continuing operations (CZK)	F.23.	375	2 742

The condensed consolidated financial statements were approved by the Board of Directors of the Company on 28 September 2007.



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Condensed consolidated statement of changes in equity

For the six months ended 30 June 2007

In millions of CZK for the six months ended 30 June 2007

	Issued capital	Share premium	Available for sale reserve	Other revaluation reserve	Legal and statutory reserves	Translation reserve	Catastrophe and equalisation reserves	Retained earnings	Attributable to equity holders of Parent Company	Attributable to equity component of DPF	Attributable to Minority interests	Total
Balance at 1 January	23	18 024	534	130	513	(739)	539	14 846	33 870	-	117	33 987
Currency translation differences	-	-	-	-	-	356	-	-	356	-	-	356
Revaluation of land and buildings	-	-	-	2	-	-	-	(2)	-	-	-	-
Valuation gains (losses) taken to equity for AFS	-	-	(559)	-	-	-	-	-	(559)	-	-	(559)
AFS revaluation gains transferred to income statement	-	-	(592)	-	-	-	-	-	(592)	-	-	(592)
Tax on items taken directly to or transferred from equity	-	-	187	-	-	-	-	-	187	-	-	187
Total gains and losses recognised directly in equity	-	-	(964)	2	-	356	-	(2)	(608)	-	-	(608)
Net profit for the period	-	-	-	-	-	-	-	6 026	6 026	-	13	6 039
Total recognised income (expense) for the period	-	-	(964)	2	-	356	-	6 024	5 418	-	13	5 431
Net allocation to legal and statutory reserves (other than from Net profit)	-	-	-	-	80	-	-	(30)	-	-	-	-
Disposals and deconsolidation	-	-	-	(4)	-	-	-	8	4	-	-	4
Allocation to equity component of DPF	-	-	-	-	-	-	-	-	-	-	-	-
Changes in catastrophe and equalisation reserves	-	-	-	-	-	-	106	(106)	-	-	-	-
Balance at 30 June	23	18 024	(430)	128	593	(383)	645	20 692	39 292	-	130	39 422

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Amount of MCZK 2 523 subsidiaries' reserves, are not available for distribution to the shareholders.



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Condensed consolidated financial statements for the first half of 2007

In millions of CZK for the six months ended 30 June 2006

	Issued capital	Share premium	Available for sale reserve	Other revaluation reserve	Legal and statutory reserves	Translation reserve	Catastrophe and equalisation reserves	Retained earnings	Attributable to equity holders of Parent Company	Attributable to equity component of DPF	Attributable to Minority interests	Total
Balance at 1 January	23	18 024	896	156	461	(289)	404	4 558	24 233	55	134	24 422
Currency translation differences	-	-	-	-	-	(8)	-	-	(8)	-	-	(8)
Revaluation of land and buildings	-	-	-	(19)	-	-	-	19	-	-	-	-
Valuation gains (losses) taken to equity for AFS	-	-	(33)	-	-	-	-	-	(33)	-	-	(33)
Tax on items taken directly to or transferred from equity	-	-	2	3	-	-	-	-	5	-	-	5
Total gains and losses recognised directly in equity	-	-	(31)	(16)	-	(8)	-	19	(36)	-	-	(36)
Net profit for the period	-	-	-	-	-	-	-	1 404	1 404	-	10	1 414
Total recognised income (expense) for the period	-	-	(31)	(16)	-	(8)	-	1 423	1 368	-	10	1 378
Net allocation to legal and statutory reserves (other than from Net profit)	-	-	-	-	125	-	-	(125)	-	-	-	-
Disposals and deconsolidation	-	-	7	(2)	(18)	20	-	(140)	(133)	-	(7)	(140)
Allocation to equity component of DPF	-	-	-	-	-	-	-	55	55	(55)	-	-
Changes in catastrophe and equalisation reserves	-	-	-	-	-	-	57	(57)	-	-	-	-
Balance at 30 June	23	18 024	872	138	568	(277)	461	5 714	25 523	-	137	25 660



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Consolidated statement of cash flows

For the six months ended 30 June, prepared using the indirect method

In millions of CZK

	30 June 2007	30 June 2006
Cash flows from operating activities		
Profit before tax	8 105	2 182
Adjustments for:		
Depreciation and amortisation	772	821
Amortisation of PVFP and impairment losses on goodwill and PVFP	(1 613)	(655)
Impairment and reversal of impairment of current and non-current assets	3 294	2 199
Profit/Loss on disposal of PPE, intangible assets and investment property	(18)	(61)
Profit/Loss on sale of financial assets	(2 992)	1 678
Consolidated gains/losses on disposal of consolidated subsidiaries and associates	-	(325)
Interest expense	1 670	1 431
Interest income	(10 521)	(7 776)
Other income/expenses not involving movements of cash	(22)	(2 194)
Purchase of financial assets at fair value through profit and loss held for trading	(11 755)	(9 621)
Proceeds from financial assets at fair value through profit and loss held for trading	11 561	6 670
Change in loans and advances to banks	(4 512)	3 607
Change in loans and advances to customers	(9 801)	6 278
Change in receivables	(820)	44
Change in reinsurance assets	(802)	(441)
Change in other assets, prepayments and accrued income	140	80
Change in payables	561	(1 164)
Change in financial liabilities for investment contracts with DPF	3 507	2 800
Change in financial liabilities at fair value through profit and loss held for trading	757	1 182
Change in liabilities to bank	(31)	(1 813)
Change in liabilities to customers	882	(11 057)
Change in insurance liabilities	139	(148)
Change in other liabilities, accruals and deferred income	(79)	(35)
Change in other provisions	19	(94)
Cash flows arising from taxes on income	(1 361)	(1 201)
Net cash from operating activities	(12 920)	(7 613)



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PPF Group N.V.*Notes to the consolidated financial statements for the first half of 2007*

	30 June 2007	30 June 2006
Cash flows from investing activities		
Interest received	10 186	6 768
Purchase of tangible assets and intangible assets	(1 936)	(1 971)
Purchase of financial assets at fair value through profit and loss not held for trading	(12 530)	(33 141)
Purchase of financial assets available for sale	(9 776)	(757)
Purchase of investment property	(7)	(41)
Acquisition of subsidiaries and associates, net of cash acquired	(160)	-
Proceeds from disposals of tang. and intang. assets	506	284
Proceeds from sale of financial assets at fair value through profit and loss not held for trading	17 315	32 157
Proceeds from sale of financial assets available for sale	3 552	380
Proceeds from sale of investment property	69	29
Proceeds from disposal of subsidiaries and associates, net of cash disposed	(3)	3 059
Other investing activities	(42)	(59)
Net cash from investing activities	7 174	6 708
Cash flows from financing activities		
Repayment of shareholder loans (subordinated loan)	-	(272)
Proceeds from the issue of other liabilities evidenced by paper	3 583	1 691
Payment of other liabilities evidenced by paper	(241)	(2 419)
Interest paid	(704)	(462)
Cash flow from financing activities	2 638	(1 462)
Net increase (decrease) in cash and cash equivalents	(3 108)	(2 367)
Cash and cash equivalents as at 1 January	11 275	10 250
Effect of exchange rate changes on cash and cash equivalents	171	(104)
Cash and cash equivalents as at 30 June	8 338	7 779

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. General

A.1. Description of the Group

PPF Group N.V. ("the Parent Company") is a company domiciled in the Netherlands. The condensed consolidated financial statements of the Parent Company as at and for the six months ended 30 June 2007 comprise the Parent Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates, joint ventures and affiliated entities.

See section C of these financial statements for a listing of significant Group enterprises and changes to the Group in 2007.

Structure of Ultimate shareholders:

As at 30 June 2007, the ultimate shareholder structure was as follows:

Petr Kellner 95% (directly and indirectly)

Jiří Šmejce 5% (indirectly)

Registered Office:

Strawinskylaan 933 Tower B Level 9

1077XX Amsterdam

A.2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2006.



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A.3. Basis of preparation

The Dutch accounting legislation enables the Group to prepare these consolidated financial statements in accordance with IFRS (as adopted by EU).

The financial statements are presented in Czech Crowns ("CZK"), rounded to the nearest million.

The financial statements have been prepared on a historic cost basis, except for the following assets and liabilities which are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments designated upon initial recognition as valued at fair value through profit and loss, financial instruments classified as available-for-sale and investment properties. Financial assets and liabilities and non-financial assets and liabilities which are valued at historic cost are stated at amortised cost or historic cost, as appropriate, net of any relevant impairment.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historic experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgments about the carrying values of assets and liabilities that cannot readily be determined from other sources. The actual values may differ from these estimates.



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B. Segment reporting

Condensed consolidated balance sheet by business segment as at 30 June 2007

In millions of CZK

30 June 2007	Non-life	Life	Banking	Un-allocated	Eliminations	Total
Assets						
Intangible assets	-	-	2 523	74	-	2 597
Property, plant and equipment	-	-	4 749	51	-	4 800
Investment property	-	-	15	-	-	15
Financial assets available-for-sale	-	-	225	-	-	225
Financial assets held to maturity	-	-	-	-	-	-
Financial assets at fair value through profit and loss	-	-	3 834	2	(1)	3 835
Loans and receivables	-	-	73 831	4 614	(4 891)	73 554
Non-current assets held for sale	46 631	118 722	97	1 114	(18 400)	148 164
Reinsurance assets	-	-	-	-	-	-
Deferred tax assets	-	-	-	328	-	328
Other assets	-	-	88	10	-	98
Prepayments and accrued income	-	-	466	8	(120)	354
Cash and cash equivalents	-	-	5 854	2 475	(2 095)	6 234
Total assets	46 631	118 722	91 682	8 676	(25 507)	240 204
Liabilities						
Insurance liabilities	-	-	-	-	-	-
Financial liabilities for investment contracts with DPF	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-
Other liabilities evidenced by paper	-	-	38 581	-	(8 377)	30 204
Financial liabilities at fair value through profit and loss	-	-	593	-	-	593
Non-current liabilities held for sale	32 681	107 461	73	3 287	(2 654)	140 848
Liabilities to banks	-	-	6 871	-	-	6 871
Liabilities to non-banks	-	-	31 829	2 080	(14 510)	19 399
Provisions	-	-	4	-	-	4
Payables	-	-	2 496	117	(89)	2 524
Deferred tax liabilities	-	-	-	278	-	278
Net assets attributable to unit-holders	-	-	-	-	-	-
Accruals and deferred income	-	-	61	-	-	61
Total liabilities	32 681	107 461	80 508	5 762	(25 630)	200 782
Shareholders' equity						39 292
Equity component of discretionary participation features (DPF)						-
Minority interests						130
Total shareholders' equity, minority interests and liabilities						240 204



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PPF Group N.V.*Notes to the consolidated financial statements for the first half of 2007*

Condensed consolidated balance sheet by business segment as at 31 December 2006

In millions of CZK

2006	Non-life	Life	Banking	Un-allocated	Eliminations	Total
Assets						
Intangible assets	1 056	4 394	2 464	73	-	7 987
Property, plant and equipment	1 286	2 326	3 547	73	-	7 232
Investment property	-	2 616	-	-	-	2 616
Financial assets available-for-sale	373	5 686	187	4	(10)	6 240
Financial assets held to maturity	-	2 030	-	-	-	2 030
Financial assets at fair value through profit and loss	25 004	84 131	2 446	(3)	(7 755)	103 823
Loans and receivables	11 377	10 776	62 158	4 949	(10 095)	79 165
Non-current assets held for sale	-	-	-	215	-	215
Reinsurance assets	1 523	836	-	-	(830)	1 529
Deferred tax assets	15	95	653	416	-	1 179
Other assets	2	18	98	156	-	274
Prepayments and accrued income	780	102	428	7	(44)	1 273
Cash and cash equivalents	2 697	1 629	6 729	1 300	(1 080)	11 275
Total assets	44 113	114 639	78 710	7 190	(19 814)	224 838
Liabilities						
Insurance liabilities	24 154	69 124	-	-	(1 784)	91 494
Financial liabilities for investment contracts with DPF	-	32 347	-	-	-	32 347
Subordinated liabilities	-	-	268	-	(268)	-
Other liabilities evidenced by paper	-	-	34 480	-	(8 221)	26 259
Financial liabilities at fair value through profit and loss	35	373	761	-	-	1 169
Liabilities to banks	-	277	6 902	-	(277)	6 902
Liabilities to non-banks	11	2	24 098	3 615	(9 209)	18 517
Provisions	2 536	76	3	5	-	2 620
Payables	3 568	1 509	1 715	1 063	(418)	7 437
Deferred tax liabilities	69	11	335	1 952	-	2 367
Net assets attributable to unit-holders	-	193	-	-	-	193
Accruals and deferred income	1 119	426	15	1	(15)	1 546
Total liabilities	31 492	104 338	68 577	6 636	(20 192)	190 851
Shareholders' equity						33 870
Equity component of discretionary participation features (DPF)						-
Minority interests						117
Total shareholders' equity, minority interests and liabilities						224 838



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Condensed consolidated income statement by business segment for the six months ended 30 June 2007

In millions of CZK

	Banking	Other and unallocated	Eliminations	Total
Continuing operations				
Interest and similar income	8 703	87	(85)	8 705
Other income from financial assets	(227)	2	-	(225)
Net fee and commission income, and income from service activities	531	43	(436)	138
Other income	2 109	415	(201)	2 323
Total revenue	11 116	547	(722)	10 941
Interest and similar expenses	(2 059)	(73)	468	(1 664)
Other expenses from financial assets	(3 257)	-	(12)	(3 269)
Acquisition costs and other operating expenses	(3 366)	(42)	101	(3 307)
Other expenses	(2 022)	(402)	120	(2 304)
Total expenses	(10 704)	(517)	677	(10 544)
Profit from operations	412	30	(45)	397
Income tax expense	-	(372)	-	(372)
Profit after tax	412	(342)	(45)	25
Change in net assets attributable to unit-holders	-	-	-	-
Net profit from continuing operations	412	(342)	(45)	25
Discontinued operations				
Profit (loss) from discontinued operations	-	6 231	(217)	6 014
Net profit for the period	412	5 889	(262)	6 039
Minority interests	(13)	-	-	(13)
Profit attributable to equity holders	399	5 889	(262)	6 026

Net income from discontinued operations in column Other and unallocated includes net income from companies mentioned in chapter C.3.1.

Net profit from continued operations in 2007 has decreased in comparison with 2006. The decrease is caused by newly consolidated companies in 2007 which do not make profit yet, and by profit from sale of subsidiaries in 2006.



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PPF Group N.V.*Notes to the consolidated financial statements for the first half of 2007*

Condensed consolidated income statement by business segment for the six months ended 30 June 2006

In millions of CZK

	Banking	Other and unallocated	Eliminations	Total
Continuing operations				
Interest and similar income	6 264	95	(95)	6 264
Other income from financial assets	(477)	-	-	(477)
Net fee and commission income, and income from service activities	530	1	-	531
Other income	3 002	823	(140)	3 685
Total revenue	9 319	919	(235)	10 003
Interest and similar expenses	(1 329)	(136)	93	(1 372)
Other expenses from financial assets	(2 229)	-	-	(2 229)
Acquisition costs and other operating expenses	(2 447)	(27)	90	(2 384)
Other expenses	(2 518)	(1 101)	30	(3 589)
Total expenses	(8 523)	(1 264)	213	(9 574)
Profit from operations	796	(345)	(22)	429
Income tax expense	-	(245)	-	(245)
Profit after tax	796	(590)	(22)	184
Change in net assets attributable to unit-holders	-	-	-	-
Net profit from continuing operations	796	(590)	(22)	184
Discontinued operations				
Profit (loss) from discontinued operations	-	1 230	-	1 230
Net profit for the period	796	640	(22)	1 414
Minority interests	-	(10)	-	(10)
Profit attributable to equity holders	796	630	(22)	1 404



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C. Consolidation

C.1. Group entities

The significant subsidiaries as at 30 June 2007 are the following:

Company	Country of residence	Effective proportion of ownership interest	Effective proportion of voting interest
PPF Group N.V.	Netherlands	Parent Company	Parent Company
CZI Holdings N.V.	Netherlands	100.00%	100.00%
Česká pojišťovna a.s.	Czech Republic	100.00%	100.00%
Agrobank Ukraine CJSC	Ukraine	100.00%	100.00%
CF Commercial Consulting Ltd.	China	100.00%	100.00%
Česká poist'ovna – Slovensko, a.s.	Slovakia	100.00%	100.00%
Česká pojišťovna ZDRAVÍ a.s.	Czech Republic	100.00%	100.00%
ČP DIRECT, a.s.	Czech Republic	100.00%	100.00%
ČP INVEST investiční společnost, a.s.	Czech Republic	100.00%	100.00%
CP Kazakhstan AO	Kazakhstan	100.00%	100.00%
CP Reinsurance company Ltd.	Cyprus	100.00%	100.00%
CP Strategic Investments B.V.	Netherlands	100.00%	100.00%
ČPI Globálních značek*	Czech Republic	78.17%	78.17%
Czech Insurance Company, Ltd.	Russia	100.00%	100.00%
Eurasia Capital S.A.	Luxembourg	0.00%	99.99%
Eurasia Structured Finance S.A.	Luxembourg	0.00%	99.99%
Favour Ocean Ltd.	Hong Kong	100.00%	100.00%
Financial Innovations LLC	Russia	99.99%	99.99%
Global Credit Bureau LLC (in liquidation)	Russia	99.99%	99.99%
HC ASIA N.V.	Netherlands	100.00%	100.00%
HC Holding a.s.	Czech Republic	100.00%	100.00%
HCES N.V.	Netherlands	100.00%	100.00%
Home Credit B.V.	Netherlands	100.00%	100.00%
Home Credit a.s.	Czech Republic	100.00%	100.00%
Home Credit Grand Holding a.s.	Czech Republic	100.00%	100.00%
Home Credit International a.s.	Czech Republic	100.00%	100.00%
Home Credit Kazakhstan	Kazakhstan	100.00%	100.00%
Home Credit Slovakia, a.s.	Slovakia	100.00%	100.00%
Home Credit Finance Bank o.o.o.	Russia	99.99%	99.99%
Chongqing Home Credit Guaranty Co. Ltd.	China	100.00%	100.00%
INFOBOS LLC	Russia	99.99%	99.99%
Jiangsu Home Credit Guaranty Co. Ltd.	China	100.00%	100.00%
Liaoning Home Credit Guaranty Co. Ltd.	China	100.00%	100.00%
LIKO-Technopolis, o.o.o.	Russia	99.99%	99.99%
Lorobank OAO	Belarus	100.00%	100.00%
Penzijní fond České pojišťovny, a.s.	Czech Republic	100.00%	100.00%
PPF a.s.	Czech Republic	100.00%	100.00%
PPF Asset Management a.s.	Czech Republic	100.00%	100.00%



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PPF Group N.V.**Notes to the consolidated financial statements for the first half of 2007**

PPF banka a.s. (formerly První městská banka, a.s.)	Czech Republic	92.76%	92.76%
PPF burzovní společnost a.s. (in liquidation)	Czech Republic	100.00%	100.00%
PPF GATE a.s.	Czech Republic	100.00%	100.00%
Privat Kredit LLC	Ukraine	100.00%	100.00%
První Callin agentura a.s.	Czech Republic	100.00%	100.00%
REDLIONE Ltd.	Cyprus	100.00%	100.00%
Shenzen Xin Chi Commercial Consulting Co. Ltd.	China	100.00%	100.00%
Sichuan Home Credit Guaranty Co. Ltd.	China	100.00%	100.00%
Union Wealth Engineering Ltd.	Hong Kong	100.00%	100.00%
Univerzální správa majetku a.s.	Czech Republic	100.00%	100.00%
Zhejiang Home Credit Guaranty Co. Ltd	China	100.00%	100.00%

* Denotes open-ended mutual fund

On 1 February 2007 the Board of Directors of Česká pojišťovna a.s. approved a plan to merge the subsidiaries CP Reinsurance Company Ltd. and FOX Credit Services Ltd. The plan for the merge was approved by the statutory bodies of both merging companies. On 19 April 2007 the court has issued an order approving this merge, the effective date is 26 April 2007.

On 23 March 2007 the Parent Company informed its subsidiaries about intention to carry out a merger by acquisition of Home Credit Grand Holding a.s., HC Holding a.s. (the companies ceasing to exist) and HCES N.V. (the successor company). The decisive date of the merger shall be April 1, 2007. The merge has not been approved by the court yet.



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Notes to the consolidated financial statements for the first half of 2007

C.2. Acquisitions

The following table shows the significant acquisitions during first half of 2007:

Acquired company	Description of entities	Method of accounting for combination	Effective date of the combination	Percentage of ownership interest	Cost of acquisition (in millions of CZK)
Lorobank OAO	bank	acquisition	2.2.2007	100.00%	144
PPF GATE a.s.	property lease	acquisition	25.4.2007	100.00%	174

The following table shows details of significant companies acquired during first half of 2007:

In millions of CZK

Acquired company	Fair value of assets acquired	From which cash and cash equivalents	Fair value of liabilities undertaken	Goodwill arising on acquisition	Net profit (loss) for the period included in consolidated first half 2007 result
Lorobank OAO	152	-	-	(7)*	3
PPF GATE a.s.	182	177	12	4	-

*negative goodwill (included in the income statement)

The above acquisitions were settled by cash or cash equivalents.



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Notes to the consolidated financial statements for the first half of 2007

The following table shows the companies established by the Group during first half of 2007:

Established company	Description of entities	Date of first consolidation	Percentage of ownership interest
CP Kazakhstan AO	insurance company	9.2.2007	100.00%
Chongqing Home Credit Guaranty Co. Ltd.	consulting	22.1.2007	100.00%
Jiangsu Home Credit Guaranty Co Ltd.	consulting	13.4.2007	100.00%
Liaoning Home Credit Guaranty Co. Ltd.	consulting	30.1.2007	100.00%
Shenzhen Xin Chi Commercial Consulting Co. Ltd.	consulting	18.1.2007	100.00%
Sichuan Home Credit Guaranty Co. Ltd.	consulting	22.5.2007	100.00%
Zhejiang Home Credit Guaranty Co. Ltd.	consulting	23.1.2007	100.00%



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C.3. Assets and liabilities held for sale and discontinued operations

On 10 July 2007 PPF Group and Generali Group signed a contract for the Generali PPF Holding joint venture. Generali and PPF Group will transfer their insurance assets in Central and Eastern Europe to the new venture. The whole transaction is subject to several approvals of antimonopoly and financial services authorities which may affect the timing and occurrence of the transaction steps.

The Parent Company has established a new holding company PPF Co1 B.V. CZIH Holdings N.V. and all its subsidiaries (CZIH Group) will be transferred from the Parent Company to PPF Co1 B.V. (expected in October 2007).

Additionally, PPF Co1 B.V. has established (together with Generali Group) a new holding company Generali PPF Holding B.V. which shall play a role of the joint venture company. The whole CZIH Group and selected investments from Generali Group will be contributed to Generali PPF Holding B.V. The contract values the whole CZIH Group transferred by PPF Group at EUR 3,6 billion and investments transferred by Generali Group at EUR 1,5 billion. As a result of PPF group's and Generali's contributions, PPF Group N.V. will keep 71 % ownership interest in Generali PPF Holding B.V.

Simultaneously, PPF Co1 B.V. will sell 22 % ownership in Generali PPF Holding B.V. for EUR 1,1, billion. The final phase of the transaction is that PPF Co1 B.V. keeps finally 49 % ownership interest in Generali PPF Holding B.V. and does not control Generali PPF Holding B.V. PPF Group will invest money obtained from selling 22% ownership in Generali PPF Holding B.V. in the further development of consumer finance business .

The whole transaction is from the Parent Company's point of view regarded as an exchange of 100 % ownership interest in CZIH Group for 49 % ownership interest in Generali PPF Holding B.V.

The closing of the transaction including all three steps described above is expected to occur in the 4th quarter 2007 or in 1st quarter 2008.

After this transaction PPF Group does not control any other companies providing insurance business, CZIH Group ceases to be consolidated by the full method of consolidation and starts to be consolidated by using the equity method.

Insurance segment represents a separate major line of business, it meets the definition of discontinued operations and during 2007 until the disposal it meets the definition of Non-current assets held for sale.

Comparative figures relating to discontinued operations for 2006 were restated.

Companies from CZIH Group that provide insurance business and are disclosed as discontinued operations and until the disposal as non-current assets held for sale are:

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- Česká pojišťovna a.s.
- Česká poist'ovna - Slovensko, a.s.
- Česká pojišťovna ZDRAVÍ a.s.
- ČPI Globálních značek
- CP Kazakhstan AO
- CP Reinsurance company Ltd.
- Czech Insurance Company, Ltd.
- Penzijní fond České pojišťovny, a.s.

Companies belonging to the CZIH Group which do not provide insurance business do not represent a separate major line of business and do not meet the definition of discontinued operations. During 2007 until the disposal they meet only the definition of non-current assets held for sale. The companies are:

- CZI Holdings N.V. (other)
- ČP DIRECT, a.s. (other)
- ČP INVEST investiční společnost, a.s. (banking)
- CP Strategic Investments B.V. (other)
- PPF Asset Management a.s. (banking)
- První Callin agentura a.s. (other)
- Univerzální správa majetku a.s. (other)



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C.3.1. Assets and liabilities held for sale

The following table shows details of assets and liabilities of CZIH Group which are disclosed as non-current assets and liabilities held for sale in the balance sheet.

In millions of CZK

	30 June 2007
Intangible assets	6 952
Property, plant and equipment	1 188
Investment property	767
Financial assets available-for-sale	13 319
Financial assets held to maturity	2 090
Financial assets at fair value through profit and loss	96 624
Loans and receivables	17 211
Non-current assets held for sale	3 896
Reinsurance assets	2 331
Deferred tax assets	515
Other assets	208
Prepayments and other income	959
Cash and cash equivalents	2 104
Total assets held for sale	148 164
Insurance liabilities	91 633
Financial liabilities for investment contracts with DPF	35 854
Financial liabilities at fair value through profit and loss	1 333
Liabilities to banks	-
Liabilities to non-banks	-
Provisions	2 635
Payables	5 523
Deferred tax liabilities	2 229
Net assets attributable to unit-holders	235
Accruals and deferred income	1 406
Total liabilities held for sale	140 848

Balance sheet tables in the Notes (F.1 – F.12) contain both held for sale (“HFS”) and residual balance (“Not HFS”) as of 30 June 2007 to present comparable figures to the previous period.



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C.3.2. Discontinued operations

The following table shows income and expenses, split between continuing operations, discontinued operations and the total balance.

Tables in the Notes (F.13-F.20) which contain a detailed breakdown of the income or expenses balances refer to the relevant continuing operations.

Income and expenses in respect of discontinued operations were as follows:

In millions of CZK, for the six months ended 30 June

	30 June 2007			30 June 2006		
	Discont. operations	Cont. operations	Total	Discont. operations	Cont. operations	Total
Insurance premium revenue	20 548	-	20 548	20 107	-	20 107
Insurance premium ceded to reinsurers	(1 006)	-	(1 006)	(1 402)	-	(1 402)
Premium net income	19 542	-	19 542	18 705	-	18 705
Net income from investments in subsidiaries and associates	5	-	5	-	(71)	(71)
Interest and similar income	1 816	8 705	10 521	1 512	6 264	7 776
Other income from financial assets	1 292	(225)	1 067	(1 156)	(477)	(1 633)
Realized gains	2 105	-	2 105	234	187	421
Reversals of impairment losses on financial assets	8	11	19	15	44	59
Loans and receivables	5	11	16	15	44	59
Other	3	-	3	-	-	-
Dividends from financial assets	123	2	125	253	-	253
Net trading income	(441)	(238)	(679)	(467)	(681)	(1 148)
Net fair value gains on financial assets at fair value through profit and loss not held for trading	(503)	-	(503)	(1 195)	(27)	(1 222)
Other income from financial assets	-	-	-	4	-	4
Income from investment property	26	-	26	48	-	48
Net fee and commission income and income from service activities	74	138	212	104	531	635
Fee and commission income	122	893	1 015	127	1 162	1 289
Fee and commission expense	(48)	(755)	(803)	(23)	(631)	(654)
Other income	1 033	2 323	3 356	438	3 756	4 194
Reversal of impairment losses on property, plant and equipment	-	-	-	-	8	8
Gain on disposal of property, plant, equipment and intangible assets	144	6	150	40	91	131
Other income	889	2 317	3 206	398	3 657	4 055
Total revenue	23 788	10 941	34 729	19 651	10 003	29 654
Insurance claims and benefits incurred	(10 904)	-	(10 904)	(12 335)	-	(12 335)
Insurance claims and benefits recoverable from reinsurers	481	-	481	287	-	287
Insurance technical charges	(10 423)	-	(10 423)	(12 048)	-	(12 048)
Investment contracts benefits	(673)	-	(673)	(558)	-	(558)
Interest and similar expenses	(6)	(1 664)	(1 670)	(59)	(1 372)	(1 431)

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	30 June 2007			30 June 2006		
	Discont. operations	Cont. operations	Total	Discont. operations	Cont. operations	Total
Other expenses from financial assets	(57)	(3 269)	(3 326)	(50)	(2 229)	(2 279)
Realized losses	(4)	-	(4)	(44)	-	(44)
Financial instruments available-for-sale	(4)	-	(4)	(44)	-	(44)
Impairment losses on financial assets	(53)	(3 269)	(3 322)	(6)	(2 229)	(2 235)
Loans and receivables	(12)	(3 264)	(3 276)	-	(2 229)	(2 229)
Other	(41)	(5)	(46)	(6)	-	(6)
Expenses from investment property	(17)	-	(17)	(29)	-	(29)
Other operating expenses	(5 287)	(3 307)	(8 594)	(4 547)	(2 384)	(6 931)
Acquisition costs	(2 837)	(33)	(2 870)	(2 456)	(24)	(2 480)
General administrative expenses	(2 587)	(3 274)	(5 861)	(2 327)	(2 360)	(4 687)
Reinsurance commissions and profit participation	137	-	137	236	-	236
Other expenses	(1 230)	(2 304)	(3 534)	(1 228)	(3 589)	(4 817)
Amortisation on software and other intangible assets	(295)	(62)	(357)	(328)	(55)	(383)
Depreciation on property, plant and equipment	(209)	(206)	(415)	(258)	(201)	(459)
Impairment losses on goodwill	-	-	-	(16)	-	(16)
Impairment losses on non-current assets held for sale	(15)	-	(15)	-	-	-
Impairment losses on property, plant, equipment	-	(3)	(3)	(29)	(1)	(30)
Loss on disposal of property, plant, equipment and intangible assets	(134)	(17)	(151)	(39)	(8)	(47)
Other expenses	(577)	(2 016)	(2 593)	(558)	(3 324)	(3 882)
Amortization of PVFP	1 613	-	1 613	621	-	621
Total expenses	(16 080)	(10 544)	(26 624)	(17 898)	(9 574)	(27 472)
Profit from discontinued operations before tax	7 708	397	8 105	1 753	429	2 182
Income tax expense	(1 681)	(372)	(2 053)	(522)	(245)	(767)
Tax expense related to discontinued operations	(1 681)	(372)	(2 053)	(522)	(245)	(767)
Tax expense related to disposal of discontinued operations	-	-	-	-	-	-
Profit after tax	6 027	25	6 052	1 231	184	1 415
Change in net assets attributable to unitholders	(13)	-	(13)	(1)	-	(1)
Net profit for the period	6 014	25	6 039	1 230	184	1 414
Minority interests	-	(13)	(13)	-	(10)	(10)
Net profit attributable to equity holders	6 014	12	6 026	1 230	174	1 404

Net income from discontinued operations in 2007 was significantly influenced by profit from sale of ČSOB shares in amount of MCZK 2 005 and reversal from impairment losses on PVFP in amount of MCZK 2 066.

Cash flows from discontinued operations were as follows:

	30 June 2007	30 June 2006
Cash flows from operating activities	(3 324)	937
Cash flows from investing activities	1 103	511
Cash flows from financing activities	(5)	(41)
Net cash inflow/outflow from discontinued operations	(2 226)	1 406

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D. Significant accounting policies and assumptions

D.1. Significant accounting policies

The Group applies the same accounting policies in these condensed consolidated financial statements as were applied in the recent annual consolidated financial statements for the year ended 31 December 2006, except for the changes described below.

Since November 2006 the Group has changed prospectively the policy regarding classification of non-trading debt securities. Group companies providing insurance business designate non-trading debt securities primarily as financial assets available for sale.

D.2. Changes in accounting policies and accounting pronouncements adopted since 1 January 2007

The following published amendments and interpretations to existing standards are mandatory and relevant for the Group's accounting periods and have been applied by the Group since 1 January 2007:

IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007)

IFRS 7 introduces new disclosures to improve the information about the financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including a sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and the disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group applies IFRS 7 since 1 January 2007 but as it relates to risk disclosure requirements it influences mainly the annual financial statements. The risk management disclosures (quantitative/qualitative) as such which for 2007 should be based on management reporting, will not significantly change. However, because of the change in the business structure of the Group this will affect risk management reporting.

Amendment to IAS 23, Borrowing Costs (effective from 1 January 2009)

This amendment removes the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The revised standard requires that an entity capitalise such borrowing costs as part of the cost of that asset. This was a permitted alternative treatment under IAS 23. This treatment was not previously relevant for the Group and it will be applied for newly occurring events.

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D.3. Principal assumptions used in preparation of the interim financial statements

The Group has applied the same assumptions in these financial statements as were applied in the recently published annual financial statements for the year ended 31 December 2006.

E. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2006.



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F. Notes to the consolidated balance sheet and income statement

F.1. Intangible assets

Intangible assets comprise the following:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Goodwill	741	2 075	2 765
Software	1 310	419	1 824
Present value of future profits from portfolios acquired	4 874	-	3 252
Other intangible assets	27	31	74
Customers lists and relationship	-	72	72
Total intangible assets	6 952	2 597	7 987

F.1.1. Goodwill

The following table shows the roll-forward of goodwill for the six months ended 30 June 2007.

In millions of CZK for the six months ended 30 June

	30 June 2007
Balance at 1 January	2 765
Transfer to non-current assets held for sale	(731)
Additions from business combinations	4
Other	37
Balance at 30 June	2 075



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F.2. Property, plant and equipment

The following table shows the roll-forward of property, plant and equipment:

In millions of CZK for the six months ended 30 June 2007

	Land and buildings	Other tangible assets and equipment	Tangible assets under construction	Total	Thereof under finance lease
Cost					
Balance at 1 January 2007	7 298	4 075	282	11 655	126
Acquisition through business combinations	-	10	-	10	-
Additions	861	364	59	1 284	4
Disposals	(13)	(233)	(14)	(260)	(5)
Transfer to held for sale	(4 601)	(3 052)	(278)	(7 931)	(79)
Other movements	-	58	-	58	-
Net exchange differences	122	53	1	176	-
Balance at 30 June 2007	3 667	1 275	50	4 992	46
Accumulated depreciation and impairment losses					
Balance at 1 January 2007	(1 871)	(2 548)	(4)	(4 423)	(56)
Depreciation charge for the period	(30)	(173)	-	(203)	(7)
Impairment losses recognised	-	(3)	-	(3)	-
Disposals	-	222	-	222	8
Transfer to held for sale	1 866	2 433	4	4 303	17
Other movements	4	(61)	(4)	(61)	9
Net exchange differences	(2)	(25)	-	(27)	-
Balance at 30 June 2007	(33)	(155)	(4)	(192)	(29)
Carrying amount at 30 June 2007	3 634	1 120	46	4 800	17

F.3. Investment property

The following table shows the roll-forward of investment property:

In millions of CZK, for the period from 1 January 2007 to 30 June

	30 June 2007
Balance at 1 January	2 616
Additions	15
Transfer to assets classified as held for sale	(2 616)
Balance at 30 June	15



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F.4. Financial instruments

Financial instruments comprise the following:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Financial assets available for sale	13 319	225	6 240
Financial assets held to maturity	2 090	-	2 030
Financial assets at fair value through profit and loss held for trading	16 305	3 835	18 583
Financial assets at fair value through profit and loss not held for trading	80 319	-	85 240
Loans and receivables	17 211	73 554	79 165
Total financial instruments	129 244	77 614	191 258

Since November 2006 the Group has changed prospectively the accounting policy regarding classification of non-trading debt securities (see note D.1).

F.4.1. Financial assets available for sale

Financial assets available for sale comprise the following:

In millions of CZK as at 30 June 2007

	Carrying amount	Unrealized gains/losses recognized in equity	FX differences recognized through profit and loss	Impairment recognized directly in profit and loss	Amortized cost
Bonds	-	-	-	-	-
Government bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Shares	225	(11)	-	-	214
Equity securities	225	(11)	-	-	214
Other	-	-	-	-	-
Total	225	(11)	-	-	214



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In millions of CZK as at 31 December 2006

	Carrying amount	Unrealized gains/losses recognized in equity	FX differences recognized through profit and loss	Impairment recognized directly in profit and loss	Amortized cost
Bonds	5 139	(4)	(25)	-	5 160
Government bonds	4 858	(1)	(17)	-	4 874
Corporate bonds	281	(3)	(8)	-	286
Shares	1 101	(604)	1	(4)	500
Equity securities	1 101	(604)	1	(4)	500
Other	-	74	-	74	-
Total	6 240	(534)	(24)	70	5 660

F.4.2. Financial assets held to maturity

Financial assets held to maturity as at 31 December 2006 comprise the following:

In millions of CZK as at 31 December 2006

	Fair value	Amortised cost	Impairment losses	Carrying amount
Bonds	2 307	2 030	-	2 030
Government bonds	87	77	-	77
Corporate bonds	2 220	1 953	-	1 953
Total financial assets held to maturity	2 307	2 030	-	2 030

F.4.3. Financial assets at fair value through profit and loss held for trading

Financial assets at fair value through profit and loss held for trading comprise the following:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Bonds	-	3 117	1 455
Government bonds	-	817	524
Other public-sector bonds	-	49	-
Corporate bonds	-	2 251	931
Other debt securities	-	-	546
Shares	15 769	677	15 357
Positive fair values of derivatives	536	41	1 225
Total	16 305	3 835	18 583



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F.4.4. Financial assets at fair value through profit and loss not held for trading

Financial assets at fair value through profit and loss not held for trading comprise the following:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Bonds	62 783	-	71 585
Government bonds	33 023	-	38 799
Other public-sector bonds	1 399	-	1 596
Corporate bonds	28 361	-	31 190
Other debt securities	763	-	928
Shares	15 986	-	12 510
Equity securities	4 973	-	4 463
Mutual funds investments	11 013	-	8 047
Other	787	-	217
Total	80 319	-	85 240

F.4.5. Loans and advances to banks

Loans and advances to banks comprise the following:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Term deposits at banks	11 401	6 572	15 852
Loans to banks	254	307	651
Loans and advances provided under repo operations	-	11 346	8 673
Other	1	221	346
Total loans and advances to banks	11 656	18 446	25 522

The following table shows gross loans and advances to banks and impairment losses thereon.

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Loans and advances to banks – performing	11 402	18 446	25 268
Loans and advances to banks – non-performing	4 044	-	4 044
Subtotal loans and advances to banks	15 446	18 446	29 312
Less impairment losses	(3 790)	-	(3 790)
Total loans and advances to banks, net of impairments	11 656	18 446	25 522

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F.4.6. Loans and advances to non-banks

Loans and advances to non-banks comprise the following:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Loans to non-banks including policyholder loans	7	52 491	45 787
Net investment in the finance leases to non-banks	-	8	6
Loans and advances provided under repo operations	46	635	1 184
Other	3	57	156
Total loans and advances to customers	56	53 191	47 133

The following table shows gross loans and advances to non-banks and related impairment losses.

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Loans and advances to non-banks – performing	55	60 174	53 321
Loans and advances to non-banks – non-performing	5 099	590	5 538
Subtotal loans and advances to non-banks	5 154	60 764	58 859
Less impairment losses	(5 098)	(7 573)	(11 726)
Total loans and advances to non-banks, net of impairments	56	53 191	47 133

F.4.7. Receivables

Receivables comprise the following:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Receivables arising from direct insurance operations	5 199	-	5 152
Amounts owed by policyholders	5 158	-	5 110
Amount owed by intermediaries	41	-	42
Receivables arising from reinsurance operations	665	-	628
Trade and other receivables	1 369	1 760	2 451
Tax receivables	73	171	166
Subtotal receivables (gross)	7 306	1 931	8 397
Less impairment losses	(1 807)	(14)	(1 887)
Total receivables, net of impairments	5 499	1 917	6 510



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F.5. Capital and reserves

Capital and reserves attributable to equity holders of the Parent Company comprise the following:

In millions of CZK

	30 June 2007	31 December 2006
Issued capital	23	23
Share premium	18 024	18 024
Revaluation reserve	(302)	664
Legal and statutory reserves	593	513
Translation reserve	(383)	(739)
Catastrophe and equalization reserves	645	539
Fair value adjustments	-	-
Net profit for the period	6 026	10 929
Prior years retained earnings	14 666	3 917
Total attributable to equity holders of the Parent Company	39 292	33 870
Attributable to equity component of DPF	-	-
Attributable to minority interests	130	117
Total equity	39 422	33 987

F.5.1. Issued capital

The following table provides details of authorised and issued shares.

	30 June 2007	31 December 2006
Number of shares authorised	250 000	250 000
Number of shares issued, out of which:		
fully paid	66 738	66 738
Par value per share (EUR)	EUR 10	EUR 10



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F.6. Insurance liabilities

The insurance provisions comprise the following:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Provision for unearned premiums (UPR)	6 351	-	5 603
Claims reported by policyholders but not settled (RBNS)	11 275	-	10 859
Claims incurred but not reported (IBNR)	5 467	-	5 271
Life insurance provision	68 065	-	69 123
Other insurance provisions	475	-	638
Total insurance provisions	91 633	-	91 494

F.7. Financial liabilities for investment contracts with DPF

Financial liabilities for investment contracts with DPF comprise the following:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Guaranteed liability for investment contracts with DPF	35 262	-	31 469
DPF liability for investment contracts	592	-	878
Total financial liabilities for investment contracts with DPF	35 854	-	32 347

F.8. Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss comprise the following:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Negative fair value of derivatives	1 333	287	893
Interest rate derivatives	1 153	30	359
Currency derivatives	171	257	200
Equity derivatives	-	-	322
Other derivatives	9	-	12
Obligation to deliver securities	-	306	276
Total liabilities at fair value through profit and loss	1 333	593	1 169



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F.9. Liabilities to banks

The liabilities to banks comprise the following:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Repayable on demand	-	58	104
With agreed period of notice/with maturity	-	-	-
Bank loans	-	6 762	6 797
Bank loans received under repo operations	-	-	-
Other	-	51	1
Total liabilities to banks	-	6 871	6 902

F.10. Liabilities to non-banks

The liabilities to non-banks comprise the following:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Repayable on demand	-	14 248	10 845
With agreed period of notice/with maturity	-	5 053	4 138
Loans	-	49	3 437
Loans received under repo operations	-	-	13
Other	-	49	84
Total liabilities to non-banks	-	19 399	18 517

F.11. Provisions

Other provisions comprise the following:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Restructuring	4	-	6
Provisions for litigation	3	-	3
MTPL deficit	2 479	-	2 458
Employee insurance	145	-	147
Other provisions	4	4	6
Total other provisions	2 635	4	2 620



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F.12. Payables

Payables comprise the following:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Payables arising out of insurance contracts	1 588	-	1 869
Trade payables	725	1 013	1 759
Payables arising out of reinsurance operations	1 066	-	754
Payables arising out of employers liability insurance	278	-	494
Finance lease liabilities	19	14	43
Wages and salaries	354	311	488
Social security and health insurance	159	61	192
Taxes payable	1 086	251	1 291
Liabilities from foreign payments	7	13	-
Received advanced payments	16	-	11
Other liabilities	44	84	178
Other	181	777	358
Total payables	5 523	2 524	7 437

F.13. Interest and similar income

In millions of CZK for the six months ended 30 June

	2007	2006
Financial instruments held to maturity	-	15
Financial instruments available for sale	-	-
Financial instruments at fair value through profit and loss held for trading	64	29
Financial instruments at fair value through profit and loss not held for trading	-	67
Loans and receivables	8 635	6 151
Other	6	2
Total interest and similar income	8 705	6 264

F.14. Other income from financial assets and net trading income

Other income from investments comprises the following:

In millions of CZK for the six months ended 30 June

	2007	2006
Realised gains	-	187
Reversals of impairment losses on financial assets	11	44
Dividends	2	-
Net trading income	(238)	(681)
Net fair value gains on financial assets and liabilities at fair value through profit and loss not held for trading	-	(27)
Total other income from investments	(225)	(477)

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F.14.1. Net trading income

The net trading income comprises the following:

In millions of CZK for the six months ended 30 June

	2007	2006
Securities trading	103	5
Debt securities	12	5
Equity securities	91	-
FX trading	94	103
Derivatives	(435)	(789)
Total net trading income	(238)	(681)

F.14.2. Net fair value gains on financial assets and liabilities at fair value through profit and loss not held for trading

In millions of CZK for the six months ended 30 June

	2007	2006
Fair value gains on financial assets and liabilities at fair value through profit and loss not held for trading	-	3
Debt securities	-	3
Fair value losses on financial assets and liabilities at fair value through profit and loss not held for trading	-	(30)
Equity securities	-	(30)
Total net fair value gains on financial assets and liabilities at fair value through profit and loss not held for trading	-	(27)

F.15. Net fee and commission income, and income from service activities

Fee and commission income and income from service activities comprises the following:

In millions of CZK for the six months ended 30 June

	2007	2006
Payments transactions	419	556
Commission income	279	359
Loans arrangement fees	72	49
Other	123	198
Total fee and commission income	893	1 162



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Fee and commission expenses and expenses from service activities comprise the following:

In millions of CZK for the six months ended 30 June

	2007	2006
Brokerage fees	(23)	(13)
Payment transactions	(328)	(386)
Commission expense	(173)	(68)
Other	(231)	(164)
Total fee and commission expense	(755)	(631)
Total net fee and commission income and income from service activities	138	531

F.16. Other income

Other income comprises the following:

In millions of CZK for the six months ended 30 June

	2007	2006
Reversal of impairment losses	-	8
Gain on disposal of property, plant, equipment, and intangible assets	6	91
Foreign currency gains	1 428	2 394
Rental income from operating leases	2	2
Recognized income from excess of acquired net fair value over costs	7	-
Income from sale of goods and services	345	300
Penalties and sanctions	426	85
Income from spa services	109	101
Other income	-	704
Total other income	2 323	3 685

F.17. Interest and similar charges

In millions of CZK for the six months ended 30 June

	2007	2006
Subordinated liabilities	-	(24)
Other liabilities evidenced by paper	(1 060)	(863)
Payables	(4)	(6)
Liabilities to banks	(312)	(203)
Liabilities to non-banks	(277)	(298)
Other	(11)	22
Total interest expense and similar charges	(1 664)	(1 372)



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F.18. Other expenses from financial assets

Other expenses from financial assets comprise the following:

In millions of CZK for the six months ended 30 June

	2007	2006
Impairment losses on financial assets	(3 269)	(2 229)
Total other expense from investments	(3 269)	(2 229)

F.18.1. Impairment losses on financial assets

Impairment losses on financial assets comprise the following:

In millions of CZK for the six months ended 30 June

	2007	2006
Loans and receivables	(3 264)	(2 229)
Other	(5)	-
Total impairment losses on financial assets	(3 264)	(2 229)

The increase of impairment losses relates to increase of consumer loans to customers in the banking business.

F.19. Acquisition costs and other operating expenses

Acquisition costs and other operating expenses comprise the following:

In millions of CZK for the six months ended 30 June

	2007	2006
Acquisition costs	(33)	(24)
General administrative expenses	(3 274)	(2 360)
Total acquisition costs and other operating expenses	(3 307)	(2 384)

Acquisition costs include commissions.

F.19.1. General administrative expenses

General administrative expenses comprise the following:

In millions of CZK for the six months ended 30 June 2007

	2007	2006
Staff costs	(1 819)	(1 083)
Technology and system costs	(263)	(177)
Rental, maintenance and repair costs	(303)	(184)
Advertising	(180)	(157)
Intermediary services	(28)	-
Other	(681)	(759)
Total general administrative expenses	(3 274)	(2 360)

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The increase of staff costs relates mainly to Home Credit Finance Bank (increase MCZK 515) and to newly consolidated companies.

The increase of Rental, maintenance and repair costs relates mainly to Home Credit Finance Bank (increase MCZK 92).

F.20. Other expenses

Other expenses comprise the following:

In millions of CZK for the six months ended 30 June

	2007	2006
Amortisation on software, customer list and other intangible assets	(62)	(55)
Depreciation on property, plant and equipment	(206)	(201)
Impairment losses	(19)	(4)
Loss on disposal of property, plant, equipment and intangible assets	(17)	(8)
Foreign currency losses	(1 185)	(2 380)
Staff costs	(198)	(308)
Rental expenses	-	(8)
Guarantee fund by insurance	-	(2)
Expenses from spa services	(39)	(39)
Expenses related to sold HELE products	(143)	(167)
Realised losses from disposals of subsidiaries and associates	-	(29)
Other sundry expenses	(435)	(388)
Total other expenses	(2 304)	(3 589)



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F.21. Off balance sheet items**F.21.1. Commitments and contingent liabilities***In millions of CZK*

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Loan commitments	-	21 849	22 341
Revocable with original maturity less than 1 year	-	1 280	5 648
Other	-	20 569	16 693
Guarantees provided	-	178	234
Non-payment guarantees	-	1	1
Payment guarantees	-	177	233
Other off balance sheet liabilities	-	348	-
Payables on shares	-	348	-
Total commitments and contingent liabilities	-	22 375	22 575

F.21.2.**F.21.3. Guarantees received**

Guarantees received were as follows:

In millions of CZK

	30 June 2007 HFS	30 June 2007 Not HFS	31 December 2006
Guarantees – received	6	4 697	4 386
Loan commitments - received	-	4 515	5 833
Value of property received as collateral	34	18 998	16 486
Receivables on shares, bonds and promissory notes	438	-	465
Total contingent assets	478	28 210	27 170



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F.22. Related parties**F.22.1. Related party transactions**

During the first half of 2007 the Group had the following significant transactions at arm's length with related parties.

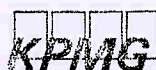
In millions of CZK for the six months ended 30 June

	2007 – cont.	2007 – discount.	2006
Premium income net	-	-	3
Interest and similar income	-	-	12
Other income from financial assets	-	19	-
Other income	-	1	1
Total income	-	20	16
Insurance technical charges	-	-	(32)
Interest and similar expenses	-	-	(65)
Acquisition costs and other operating expenses	-	(20)	(41)
Total expenses	-	(20)	(138)

As at the balance sheet date, the Group has the following balances with related parties:

In millions of CZK

	30 June 2007 – NCA HFS	30 June 2007	31 December 2006
Intangible assets	2	-	-
Property, plant and equipment	1	-	-
Investments in subsidiaries, associates and joint ventures	135	10	103
Financial assets	1 069	-	960
Financial assets at fair value through profit and loss	1 066	-	936
Loans and receivables	3	-	24
Prepayments and accrued income	-	-	5
Receivables	-	-	5
Other assets	-	-	6
Total assets	1 207	10	1079
Financial liabilities	6	-	2
Payables	6	-	2
Accruals and deferred income	-	-	(4)
Total liabilities	6	-	(2)



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F.23. Earnings per share

The next table shows the earnings per share for the six months ended 30 June:

In millions of CZK for the six months ended 30 June

	2007	2006
Net income attributable to shareholders of the Parent Company	6 026	1 404
Net profit from continuing operations attributable to equity holders of the Parent Company	25	183
Net profit from discontinued operations	6 014	1 230
Weighted average number of shares	66 738	66 738
Basic and Diluted earning per share for profit for the year (CZK)	90 293	21 037
Basic and Diluted earning per share for profit from continuing operations (CZK)	375	2 742
Basic and Diluted earning per share for profit from discontinued operations (CZK)	90 114	18 430



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G. Subsequent events

The Group has recognized these important non-adjusting events that have occurred since the balance sheet date up to 31 August 2007:

G.1. Issue of Česká pojišťovna a.s. bonds

On 10 August 2007 the Board of Directors of Česká pojišťovna a.s. approved a MTN programme (issue of Česká pojišťovna a.s. bonds) up to 10 000 millions of CZK.

G.2. Issue of PPF Co2 B.V. bonds

PPF Co2 B.V., 100% non-consolidated subsidiary of PPF Group N.V., will issue during October zero coupon notes in the anticipated aggregate principal amount ranging from CZK 6,000,000,000 to CZK 8,000,000,000. These notes will be secured by a guarantee extended by PPF Group N.V. and shall be redeemed in April 2009 (unless redeemed earlier by the issuer according to the terms and conditions of the notes). If the notes are admitted for trading on the official free market of the Prague Stock Exchange they shall have the status of a listed security.

G.3. New member of the Board of Directors

The new member of the Board of Directors of the Parent Company from 1 August 2007 is Rudolf Bosveld.

G.4. Liquidation of PPF burzovní společnost a.s.

The sole shareholder of PPF burzovní společnost a.s. decided to liquidate the company as at 1 August 2007.

G.5. Agrobank Ukraine and Privat Kredit rename

The company Agrobank Ukraine was renamed to Closed Stock Joint Company "HOME CREDIT BANK" as at 21 August 2007.

The company Privat Kredit was renamed to Limited Liability Company "HOME CREDIT FINANCE" as at 23 August 2007.

G.6. Partnership with Nomos Bank

In accordance with the Memorandum of Understanding signed on 17 May 2007 and based on the mutually-agreed timetable, PPF Group acquired a 5% stake in the Russian Nomos Bank. This initial acquisition was undertaken through the company Russia Finance Corporation B.V., following the decision of the Russian Federal Antimonopoly Service (FAS) of 31 August 2007.

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Notes to the consolidated financial statements for the first half of 2007

2007 to approve the acquisition of 100% stake in Nomos Bank by Russia Finance Corporation B.V., which is controlled by PPF Group.

Both PPF Group and shareholders of Nomos Bank expect the whole transaction to be completed during the fourth quarter of 2007, with the aim of creating a strategic partnership between both companies. The transaction is subject to the approval of the Central Bank of Russia. Both parties will continue working together in order to create a major universal private banking group in Russia.



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[Handwritten signature]

Date:	Signature of the Authorised Representative:
28 September 2007	



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