PPF

PPF GROUP N.V.

Condensed interim consolidated financial statements
for the first half of 2011

Review report

To the Directors of PPF Group N.V.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of PPF Group N.V., Amsterdam, which comprises the interim consolidated statement of financial position as at 30 June 2011, the interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity, and the condensed interim consolidated statement of cash flows for the period of six months ended 30 June 2011, and the notes.

Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope

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 interim consolidated financial statements as at 30 June 2011 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 17 October 2011

KPMG ACCOUNTANTS N.V.

B.M. Herngreen RA

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed interim consolidated statement of financial position

As at 30 June 2011

In millions of EUR

	Note	30 June 2011	31 December 2010
ASSETS			
Cash and cash equivalents	F1	521	345
Financial assets at fair value through profit or loss	F2.1	347	262
Financial assets available-for-sale	F2.2	892	835
Loans and receivables due from banks and other financial institutions	F2.3	831	1,015
Loans and receivables due from non-banks	F2.4	3,275	3,065
Other loans and receivables	F2.5	610	579
Current income tax receivable		11	14
Deferred tax assets		45	43
Other assets	F3	227	231
Inventories	F4	407	452
Non-current assets held for sale		231	108
Investments in associates and joint ventures	F5	4,427	4,278
Investment property	F6	112	317
Property, plant and equipment	F7	316	351
Intangible assets	F8	492	488
TOTAL ASSETS		**12,744**	**12,383**
LIABILITIES			
Due to non-banks	F9	2,239	2,063
Due to banks and other financial institutions	F10	2,753	3,169
Debt securities issued	F11	1,747	1,526
Financial liabilities at fair value through profit or loss	F12	279	163
Liabilities held for sale		172	76
Current income tax liability		10	5
Deferred tax liability		74	77
Provisions	F13	17	19
Other liabilities	F14	658	831
TOTAL LIABILITIES		**7,949**	**7,929**
CONSOLIDATED EQUITY			
Issued capital	F15	1	1
Share premium		677	677
Other reserves		108	(72)
Retained earnings		3,973	3,818
Total equity attributable to equity holders of Parent Company		4,759	4,424
Non-controlling interest		36	30
Total consolidated equity		**4,795**	**4,454**
TOTAL LIABILITIES AND EQUITY		**12,744**	**12,383**

Condensed interim consolidated income statement

For the six months ended 30 June 2011

In millions of EUR

	Note	30 June 2011	30 June 2010
Interest income		559	490
Interest expense		(162)	(170)
Net interest income	F16	**397**	**320**
Fee and commission income		156	112
Fee and commission expense		(33)	(25)
Net fee and commission income	F17	**123**	**87**
Net gain/(loss) on financial assets	F18	41	(44)
Net impairment losses on financial assets	F19	(252)	(142)
Other banking result		**(211)**	**(186)**
NET BANKING INCOME		**309**	**221**
Rental and related income		11	10
Property operating expenses		(2)	(2)
Net valuation gain/loss on investment property		(27)	(2)
NET REAL ESTATE INCOME		**(18)**	**6**
Sales of goods		883	865
Cost of goods sold		(650)	(647)
Other income on retail operations		23	15
NET INCOME ON RETAIL OPERATIONS		**256**	**233**
Other income		33	26
OTHER OPERATING INCOME	F20	**33**	**26**
General administrative expenses	F21	(474)	(432)
Other operating expenses	F22	(54)	(60)
OPERATING EXPENSE		**(528)**	**(492)**
Net gain/loss from disposal of investments in subsidiaries		(15)	-
Share of earnings of associates		198	107
PROFIT/(LOSS) BEFORE TAX		**235**	**101**
Income tax expense	F23	(73)	(55)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**162**	**46**
Profit from discontinued operations	A4.2	(9)	(8)
NET PROFIT FOR THE PERIOD		**153**	**38**
Net profit attributable to non-controlling interest		3	(39)
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT		**150**	**77**
Weighted average number of shares	F15	66,738	66,738
Basic and Diluted earnings per share for profit for the period (EUR)		2,248	1,154
Basic and Diluted earnings per share for profit from continuing operations (EUR)		2,382	1,274

Condensed interim consolidated statement of comprehensive income

For the six months ended 30 June 2011

In millions of EUR

	30 June 2011	30 June 2010
NET PROFIT FOR THE PERIOD	**153**	**38**
Other comprehensive income		
Fair value gains on available-for-sale financial assets	116	(98)
Currency translation differences	(44)	294
Share of other comprehensive income of associates	94	30
Other comprehensive income for the period (net of tax)	**166**	**226**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**319**	**264**
Total comprehensive income attributable to non-controlling interest	**8**	**(59)**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	**311**	**323**

The condensed interim consolidated financial statements were approved by the Board of Directors of the Company on 17 October 2011.

Condensed interim consolidated statement of changes in equity

In millions of EUR, for the for the six months ended 30 June 2011

	Issued capital	Share premium	Available for sale reserve	Legal and statutory reserves*	Translation reserve	Share-based compensation reserve**	Retained earnings	Attributable to equity holders of Parent	Attributable to non-controlling interest	Total
Balance at 1 January 2011	**1**	**677**	**(67)**	**11**	**(16)**	**-**	**3,818**	**4,424**	**30**	**4,454**
Profit for the period	-	-	-	-	-	-	150	150	3	153
Valuation gains (losses) taken to equity for AFS	-	-	(4)	-	-	-	-	(4)	-	(4)
AFS revaluation losses transferred to income statement	-	-	120	-	-	-	-	120	-	120
Currency translation	-	-	-	-	(44)	-	-	(44)	-	(44)
Effect of movement in equity of associates	-	-	(16)	-	95	5	5	89	5	94
Total comprehensive income for the period	**-**	**-**	**100**	**-**	**51**	**5**	**155**	**311**	**8**	**319**
Effect of disposal of subsidiaries	-	-	-	-	24	-	-	24	-	24
Other changes	-	-	-	-	-	-	-	-	(2)	(2)
Total changes	**-**	**-**	**100**	**-**	**75**	**5**	**155**	**335**	**6**	**341**
Balance at 30 June 2011	**1**	**677**	**33**	**11**	**59**	**5**	**3,973**	**4,759**	**36**	**4,795**

*Legal and statutory reserves represent undistributable reserves of subsidiaries
**Share-based compensation reserve represents part of Polymetal' equity

In millions of EUR, for the for the six months ended 30 June 2010

	Issued capital	Share premium	Available for sale reserve	Legal and statutory reserves	Translation reserve	Share-based compensation reserve	Retained earnings	Attributable to equity holders of Parent	Attributable to non-controlling interest	Total
Balance at 1 January 2010	**1**	**677**	**19**	**9**	**(271)**	**-**	**3,565**	**4,000**	**(45)**	**3,955**
Profit for the period	-	-	-	-	-	-	77	77	(39)	38
Valuation gains (losses) taken to equity for AFS	-	-	(98)	-	-	-	-	(98)	-	(98)
Currency translation	-	-	-	-	314	-	-	314	(20)	294
Effect of movement in equity of associates	-	-	5	-	38	-	(13)	30	-	30
Total comprehensive income for the period	**-**	**-**	**(93)**	**-**	**352**	**-**	**64**	**323**	**(59)**	**264**
Net allocation to legal and statutory reserves	-	-	-	1	-	-	(1)	-	-	-
Effect of changes of interest in associates	-	-	-	-	-	-	-	-	63	63
Total changes	**-**	**-**	**(93)**	**1**	**352**	**-**	**63**	**323**	**4**	**327**
Balance at 30 June 2010	**1**	**677**	**(74)**	**10**	**81**	**-**	**3,628**	**4,323**	**(41)**	**4,282**

Condensed interim consolidated statement of cash flows

For the first half ended 30 June, prepared using the indirect method

In millions of EUR

	2011	2010
Cash flows from operating activities		
Profit before tax	226	93
Adjustments for:		
Consolidated gains/losses on disposal of consolidated subsidiaries	24	-
Interest expense	162	170
Interest income	(559)	(490)
Other adjustments	223	244
Change in assets and liabilities	(205)	194
Net cash from operating activities	**(127)**	**211**
Cash flows from investing activities		
Interest received	488	475
Dividends received	14	60
Acquisition of subsidiaries and associates, net of cash acquired	-	(82)
Proceeds from disposal of subsidiaries and associates, net of cash disposed	23	-
Other movements	(132)	(514)
Net cash from investing activities	**393**	**(61)**
Cash flows from financing activities		
Interest paid	(123)	(144)
Change in debt securities issued	224	(146)
Change in loans from banks and other financial institutions	(192)	305
Cash flow from financing activities	**(91)**	**15**
Net increase (decrease) in cash and cash equivalents	**175**	**165**
Cash and cash equivalents as at 1 January	**345**	**406**
Effect of exchange rate changes on cash and cash equivalents	1	46
Cash and cash equivalents as at 30 June	**521**	**617**

NOTES TO THE CONDENSED INTERIM 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 interim consolidated financial statements of the Parent Company as at and for the six month period ended 30 June 2011 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.

Refer to Section C of these financial statements for a listing of significant Group enterprises and changes to the Group in 2011.

Structure of Ultimate shareholders:
As at 30 June 2011, the shareholder structure was as follows:

Petr Kellner 94.25% (directly and indirectly)
Jiří Šmejc 5% (indirectly)
Ladislav Bartoníček 0.50% (indirectly)
Jean-Pascal Duvieusart 0.25% (indirectly)

Registered Office:
Strawinskylaan 933 Tower B Level 9
1077XX Amsterdam

The Board of Directors authorised the financial statements for issue on 17 October 2011.

A.2. Statement of compliance

These condensed interim consolidated 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 2010.

A.3. Basis of preparation

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

These condensed interim consolidated financial statements are presented in Euros (EUR), rounded to the nearest million.

The financial statements have been prepared on a historical 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 or loss, financial instruments classified as available-for-sale and investment property. Financial assets and liabilities and non-financial assets and liabilities which are valued at historical cost are stated at amortised cost or historical 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 historical 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.

A.4. Assets and liabilities held for sale and discontinued operations

A.4.1. Sale of real estate portfolio

On 15 April 2011, the Group signed a framework agreement with an external counterparty concerning the sale of a real estate portfolio of Czech office buildings. The Group will receive MEUR 59. The transaction was finalized on 30 September 2011. Non-current assets and liabilities held for sale as at 30 June 2011 represent all assets and liabilities of the entities sold in September.

Details of assets and liabilities held for sale are as follows:

In millions of EUR

	30 June 2011
Cash and cash equivalents	5
Loans and receivables due from banks and other financial institutions	11
Other assets	3
Investment property	190
Property, plant and equipment	22
Total assets held for sale	**231**
Liabilities to banks	162
Financial liabilities at fair value through profit or loss	1
Deferred tax liabilities	5
Other liabilities	4
Total liabilities held for sale	**172**

A.4.2. Sale of Ukrainian Home Credit Bank

The Group's 100% ownership interest in Home Credit Bank (PJSC) was the subject matter of a sales transaction entered into on 3 December 2010 and completed on 31 January 2011. Non-current assets and liabilities held for sale as at 31 December 2010 represent all assets and liabilities of Home Credit Bank.

Details of assets and liabilities held for sale are as follows:

In millions of EUR, as at 31 December

	2010
Property, plant and equipment	1
Investment property	1
Financial assets at fair value through profit and loss	32
Loans and receivables due from banks and other financial institutions	2
Loans and receivables due from non-banks	41
Other assets	1
Current income tax receivables	1
Cash and cash equivalents	29
Total assets held for sale	**108**
Liabilities to banks	1
Liabilities to non-banks	73
Other liabilities	1
Deferred tax liabilities	1
Total liabilities held for sale	**76**

Net loss from discontinued operations of MEUR 9 for the six months ended 30 June 2011 represents the loss on the sale of Home Credit Bank. Net loss from discontinued operations for the six month ended 30 June 2010 represents income and expenses of the bank; the 2010 income statement was restated accordingly.

Details of discontinued operations and related cash flows are as follows:

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

	2010
Interest income	7
Interest expense	(5)
Fee and commission income	2
Net impairment losses on financial assets	(2)
General administrative expenses	(5)
Other operating expenses	(3)
Loss before tax	(6)
Income tax expense	(2)
Net loss from discontinued operations	**(8)**

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

	2010
Cash flows from operating activities	3
Cash flows from investing activities	-
Cash flows from financing activities	4
Net cash inflow from discontinued operations	**7**

B. Segment reporting

In accordance with IFRS 8 the Group recognizes reportable segments that are defined in both geographical and sector terms. The Chief Operating Decision Maker is the Board of Directors and the shareholders. In the case of the Home Credit Group, information is provided to the CODM as a whole and separately for individual countries; other banking operations, retail and real estate are not differentiated by region. Business results of the associates and joint ventures are reported and reviewed separately. The associate Nomos-Bank is considered part of the Group's banking operations and included in the "other banking" segment.

The Home Credit consumer finance business is divided into segments based on geographical regions corresponding to the geographical location of customers.

The insurance business reflects the Group's share in Generali PPF Holding B.V., which operates in the CEE region.

The real estate segment covers investment property projects mainly in the CEE region. The construction business comprises a 50% share in PSJ a.s. and is considered a joint venture.

The retail business consists of Eldorado, Russia's largest electronics and domestic appliances retailer, as well as Retail Value Stores, a.s., which operates supermarkets in the Slovak Republic.

The "other banking" segment comprises the operations of PPF banka a.s., PPF B1 B.V., PPF B2 B.V., Air Bank a.s. and Nomos-Bank.

The other segment includes investments in associates related to Polymetal and EP Holding.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis.

Total segment revenue contains interest income, fees and commission income, rental income, sales of goods and other retail income.

Segment assets and liabilities include all assets and liabilities attributable to segments excluding income tax and deferred.

Eliminations represent intercompany balances among individual reporting segments.

The following table shows the main items from the financial statements broken down according to reportable segments for the first half of 2011 and comparative figures for 2010.

In millions of EUR

30 June 2011	Czech Republic	Slovak Republic	Russian Federation	East Euro/ Asian countries	China/ Vietnam	**Subtotal Home Credit**	Insurance	Real estate & Construction	Other banking	Retail	Other	Eliminations	**Consolidated 2011**
Revenue from external customers	15	23	487	15	49	589	-	14	96	913	20	-	1,632
Inter-segment revenue	1	-	(3)	-	-	(2)	-	1	4	3	6	(12)	-
Total revenue from continuing operations	**16**	**23**	**484**	**15**	**49**	**587**	**-**	**15**	**100**	**916**	**26**	**(12)**	**1,632**
Segment share of earnings of associates and joint ventures	-	-	-	-	-	-	97	1	48	-	52	-	198
Segment result from continuing operations	**17**	**5**	**183**	**6**	**7**	**218**	**97**	**(18)**	**66**	9	**(137)**	**-**	**235**
Income tax expense													(73)
Net profit from continuing operations													**162**
Segment result from discontinued operations													(9)
Net profit for the year													**153**
Other significant non-cash expenses	(2)	(5)	(65)	-	(6)	(78)	-	-	(29)	-	(157)	-	264
Segment assets	190	171	2,720	80	221	3,382	-	612	2,277	1,818	804	(632)	8,261
Investments in associates and joint ventures	-	-	-	-	-	-	2,738	49	592	-	1,048	-	4,427
Unallocated assets													56
Total assets													**12,744**
Segment liabilities	76	141	2,087	55	130	2,489	-	411	2,055	906	2,604	(600)	7,865
Unallocated liabilities													84
Total liabilities													**7,949**
Segment equity	**111**	**39**	**634**	**25**	**91**	**900**	**2,738**	**229**	**808**	900	**(748)**	**(32)**	**4,795**

In millions of EUR

30 June 2010	Czech Republic	Slovak Republic	Russian Federation	East Euro/ Asian countries	China/ Vietnam	**Subtotal Home Credit**	Insurance	Real estate & Construction	Other banking	Retail	Other	Eliminations	**Consolidated 2010**
Revenue from external customers	13	23	408	11	18	473	-	12	78	895	34	-	1,492
Inter-group revenue	1	-	5	1	-	7	-	-	1	3	11	(22)	-
Total revenue from continuing operations	**14**	**23**	**413**	**12**	**18**	**480**	**-**	**12**	**79**	**898**	**45**	**(22)**	**1,492**
Segment share of earnings of associates and joint ventures	-	-	-	-	-	-	50	-	28	-	29	-	107
Segment result from continuing operations	**20**	**4**	**155**	**4**	**(10)**	**173**	**50**	**6**	**47**	**(59)**	**(70)**	**(46)**	**101**
Income tax expense													(55)
Net profit from continuing operations													**46**
Segment result from discontinued operations													(8)
Net profit for the year													**38**
Other significant non-cash expenses	(3)	(9)	(35)	-	(2)	(49)	-	-	(20)	(56)	(13)	-	(138)
30 December 2010													
Segment assets	194	168	2,469	196	166	3,193	-	578	2,165	1,890	752	(530)	8,048
Investments in associates and joint ventures	-	-	-	-	-	-	2,683	40	539	-	1,016	-	4,278
Unallocated assets													57
Total assets													**12,383**
Segment liabilities	91	142	1,668	129	86	2,116	-	353	1,987	991	2,901	(501)	7,847
Unallocated liabilities													82
Total liabilities													**7,929**
Segment equity	**101**	**35**	**809**	**67**	**79**	**1,091**	**2,683**	**239**	**711**	**891**	**(1,132)**	**(29)**	**4,454**

C. Consolidation

C.1. Group entities

The following list shows significant holding and operating entities that are subsidiaries, associates or joint ventures of the Parent Company as of 30 June 2011.

Company	Domicile	Effective proportion of ownership interest	Effective proportion of voting interest
PPF Group N.V.	Netherlands	Parent Company	Parent Company
Home Credit subgroup			
Home Credit B.V.	Netherlands	100.00%	100.00%
HC Asia N.V.	Netherlands	100.00%	100.00%
CF Commercial Consulting (Beijing) Co., Ltd.	China	100.00%	100.00%
Favour Ocean Ltd.	Hong Kong	100.00%	100.00%
Guangdong Home Credit Guarantee Co., Ltd.	China	100.00%	100.00%
Home Credit a.s.	Czech Republic	100.00%	100.00%
Home Credit Asia Ltd.	Hong Kong	100.00%	100.00%
Home Credit Bank OJSC	Belarus	100.00%	100.00%
Home Credit Business Management (Tianjin) Co., Ltd.	China	100.00%	100.00%
Home Credit and Finance Bank LLC	Russia	100.00%	100.00%
Home Credit Consumer Financial China Ltd.	China	100.00%	100.00%
Home Credit International a.s.	Czech Republic	100.00%	100.00%
Home Credit Kazakhstan JSC	Kazakhstan	100.00%	100.00%
Home Credit Slovakia, a.s.	Slovakia	100.00%	100.00%
Homer Software House LLC	Ukraine	100.00%	100.00%
PPF Home Credit IFN S.A.	Romania	100.00%	100.00%
PPF Vietnam Finance Company LLC	Vietnam	100.00%	100.00%
Shenzen Home Credit Financial Service Co., Ltd.	China	100.00%	100.00%
Shenzen Home Credit Guarantee Co., Ltd	China	100.00%	100.00%
Sichuan Home Credit Guarantee Co. Ltd.	China	100.00%	100.00%
Real Estate subgroup, including construction			
PPF Real Estate Holding B.V.	Netherlands	100.00%	100.00%
PPF Property Ltd.	Jersey	100.00%	100.00%
Agriko LLC	Russia	55.19%	55.19%
Agriko Plus LLC	Russia	55.19%	55.19%
Bastion office center s.r.o.	Slovakia	24.50%	24.50%
Bavaria Complex S. R. L.	Romania	50.39%	50.39%
Bucca Properties Ltd.	BVI	100.00%	100.00%
Bukovec Park, s.r.o.	Czech Republic	100.00%	100.00%
Celestial Holdings Group Ltd.	BVI	100.00%	100.00%
Circle Slovakia, s.r.o.	Slovakia	24.50%	24.50%
DOMUS EVENTIS project One, s.r.o.	Czech Republic	100.00%	100.00%
DOMUS EVENTIS project Two, s.r.o.	Czech Republic	100.00%	100.00%
Eastfield Kazan LLC	Russia	65.00%	65.00%
Feliston Enterprises Ltd.	Cyprus	50.00%	50.00%
Garnet Holding B. V.	Netherlands	100.00%	100.00%
Gilbey Ltd.	Cyprus	40.00%	40.00%

Glancus Investments Inc.	BVI	100.00%	100.00%
In Vino LLC	Russia	64.94%	64.94%
In Vino Anapa 2 LLC	Russia	64.94%	64.94%
In Vino Natukhaevskoe LLC	Russia	64.94%	64.94%
Intrust NN	Russia	33.33%	33.33%
Investitsionny Trust ZAO	Russia	50.00%	50.00%
Kendalside Ltd.	United Kingdom	49.00%	49.00%
KLP LLC	Russia	45.50%	45.50%
Komodor LLC	Ukraine	40.00%	40.00%
Kvartal Togliatti LLC	Russia	100.00%	100.00%
Nivy Rezidence, s.r.o.	Czech Republic	100.00%	100.00%
Office Star Eight spol. s r. o.	Czech Republic	100.00%	100.00%
Office Star Five spol. s r. o.	Czech Republic	100.00%	100.00%
Office Star Four spol. s r. o.	Czech Republic	100.00%	100.00%
Office Star Fourteen spol. s r. o.	Czech Republic	100.00%	100.00%
Office Star Nine spol. s r. o.	Czech Republic	100.00%	100.00%
Office Star One spol. s r. o.	Czech Republic	100.00%	100.00%
Office Star Seven spol. s r. o.	Czech Republic	100.00%	100.00%
Office Star Six spol. s r. o.	Czech Republic	100.00%	100.00%
Office Star Ten spol. s r. o.	Czech Republic	100.00%	100.00%
Office Star Thirteen spol. s r. o.	Czech Republic	100.00%	100.00%
Office Star Three spol. s r. o.	Czech Republic	100.00%	100.00%
Office Star Two spol. s r. o.	Czech Republic	100.00%	100.00%
PPF Gate, a.s.	Czech Republic	100.00%	100.00%
PSJ a.s.	Czech Republic	50.00%	50.00%
PSJ New N. V.	Netherlands	50.00%	50.00%
Retail Star 3, spol. s r.o.	Czech Republic	100.00%	100.00%
Rezidence Chýně, s.r.o.	Czech Republic	100.00%	100.00%
Ryazan Shopping Mall Ltd.	Cyprus	89.32%	50.00%
Rural Capital S. R. L.	Romania	98.50%	98.50%
Rural Capital Doi S. R. L.	Romania	98.50%	98.50%
Rural Dobrogea S. R. L.	Romania	98.50%	98.50%
Rural Moldova S. R. L.	Romania	98.50%	98.50%
Rural Oltenia S. R. L.	Romania	98.50%	98.50%
Russkiy Val LLC	Russia	52.00%	52.00%
Sigurno Ltd.	Cyprus	40.00%	40.00%
Slovak Trade Company, s.r.o.	Slovakia	24.50%	24.50%
Stinctum Holdings Ltd.	Cyprus	33.33%	33.33%
Other significant subsidiaries			
Air Bank a.s.	Czech Republic	100.00%	100.00%
Anthiarose Ltd.	Cyprus	100.00%	100.00%
Bavella B.V.	Netherlands	80.00%	80.00%
Eldorado Licensing Ltd.	Cyprus	50.01%	50.01%
Eldorado LLC	Russia	50.01%	50.01%
Facipero Investments Ltd.	Cyprus	50.01%	50.01%
HC SE	Netherlands	100.00%	100.00%
Kotyla Holding Ltd.	Cyprus	100.00%	100.00%
Moranda a.s.	Czech Republic	100.00%	100.00%
Pearlmoon Ltd.	Cyprus	100.00%	100.00%
PPF a.s.	Czech Republic	99.99%	99.99%
PPF B1 B.V.	Netherlands	92.96%	92.96%
PPF B2 B.V.	Netherlands	92.96%	92.96%
PPF banka, a.s.	Czech Republic	92.96%	92.96%

PPF Co1 B.V.	Netherlands	100.00%	100.00%
PPF Co3 B.V.	Netherlands	100.00%	100.00%
PPF Healthcare N.V.	Netherlands	100.00%	100.00%
PPF Partners 1 GP Ltd.	Guernsey	72.50%	72.50%
PPF Partners Ltd.	Guernsey	72.50%	72.50%
Retail Value Stores, a.s.	Slovakia	65.00%	65.00%
Russia Finance Corporation B.V.	Netherlands	100.00%	100.00%
Timeworth Ltd.	Cyprus	72.50%	72.50%
Tsar Holding B. V.	Netherlands	65.00%	65.00%
Other significant associates			
Polymetal, OJSC	Russia	21.88%	21.88%
Nomos-Bank, OJSC	Russia	26.53%	26.53%
Accord Invest LLC	Russia	40.00%	40.00%
Generali PPF Holding B.V.	Netherlands	49.00%	49.00%
Česká pojišťovna a.s.*	Czech Republic	100.00%	100.00%
Delta Generali Osiguranje a.d.*	Serbia	100.00%	100.00%
Generali Pojistovna a.s.*	Czech Republic	100.00%	100.00%
Generali PPF Life Insurance*	Russia	100.00%	100.00%
Generali Slovensko Poisťovňa, a.s.*	Slovakia	100.00%	100.00%
Generali Towarzystwo Ubezpiec.*	Poland	100.00%	100.00%
Generali Zycie S.A.*	Poland	100.00%	100.00%
Generali-Providencia Biztosító*	Hungary	100.00%	100.00%
GP Reinsurance EAD*	Bulgaria	100.00%	100.00%
Penzijní fond České pojišťovny, a.s.*	Czech Republic	100.00%	100.00%
Energetický a průmyslový holding, a.s.	Czech Republic	29.00%	40.00%
United Energy, a.s.**	Czech Republic	100.00%	100.00%
Plzeňská energetika a.s.**	Czech Republic	100.00%	100.00%
POWERSUN a.s.**	Czech Republic	100.00%	100.00%
Pražská teplárenská a.s. **	Czech Republic	72.98%	72.98%
První energetická a.s.**	Czech Republic	100.00%	100.00%
Przedsiębiorstwo Górnicze Silesia**	Poland	99.78%	99.78%
SOR Libchavy spol. S r.o.**	Czech Republic	100.00%	100.00%
United Energy Trading, a.s.**	Czech Republic	100.00%	100.00%
EGEM, s.r.o.**	Czech Republic	88.00%	88.00%
Elektrárny Opatovice, a.s.**	Czech Republic	100.00%	100.00%
Elektrizace železnic Praha a.s.	Czech Republic	100.00%	100.00%
MSEM, a.s.**	Czech Republic	88.00%	88.00%
VČE – montáže, a.s.**	Czech Republic	88.00%	88.00%
Mitteldeutsche Braukohlen Gesselschaft GmbH	Germany	50.00%	50.00%

* The entities listed below Generali PPF Holding B.V. (a holding company) comprise the most significant entities within this insurance group; effective proportions of ownership and voting interest presented relate to Generali PPF Holding B.V. itself.
** The entities listed below Energetický a průmyslový holding a.s. (a holding company) comprise the most significant entities within this group; effective proportions of ownership and voting interest presented relate to Energetický a průmyslový holding a.s. itself.

C.2. Disposals

C.2.1. Sale of Ukrainian Home Credit Bank

On 3 December 2010 the Group entered into a transaction whereby its 100% ownership interest in Home Credit Bank was sold. On 31 January 2011 the transaction was completed and the control over Home Credit Bank was transferred to the purchasing party (refer to A.4.2).

C.2.2. Sale of Euroclinicum

In 2011 the Group decided to dispose of its healthcare business represented by a chain of clinics and hospitals. A 100% share in PPF Healthcare a.s., the holding company for the whole structure, was sold on 31 March 2011 for consideration of MEUR 23.

D. Significant accounting policies and assumptions

D.1. Significant accounting policies

The Group applies the same accounting policies in these condensed interim consolidated financial statements as were applied in the recent annual consolidated financial statements for the year ended 31 December 2010, except for the changes described below.

D.2. Changes in comparative figures

The comparative figures have been regrouped or reclassified, where necessary, on a basis consistent with the current period. In particular, discontinued operations' comparative figures were restated so as to be presented separately from continuing operations. In addition, the comparative income statement has been re-presented as if the operations discontinued during the current period had been discontinued from the beginning of the comparative period (refer to A.4.2).

In 2010 the Group granted consumer loans in Russia under special terms of a marketing campaign with an average contractual interest of 7.8%, which was below the market rate. The balance of such loans granted as at 30 June 2010 was restated so as to reflect the loans' fair value at the market rate of 29.9%. The effect of this restatement is a loss of MEUR 8 reported under other operating income for the six months ended 30 June 2010.

D.3. Changes in accounting policies and accounting pronouncements adopted since 1 January 2011

D.3.1. Amendments and interpretations of IFRS adopted since 1 January 2011

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 2011:

IAS 24 Related Party Disclosures (effective from 1 January 2011)

The revised standard provides a disclosure exemption in respect of related party relationships that arise through common control by the State, unless indicators of influence exist between the entities. The revised IAS 24 also amends the definition of a related party to:
- exclude situations in which two entities are related because a person has significant influence over an entity and a close family member of that person has significant influence over another entity; and
- include other entities in which a significant investor of the reporting entity is a member of key management personnel.

D.3.2. Accounting policies applicable to insurance business

The insurance group (Generali PPF Holding) changed estimates and methodology in the Life Liability Adequacy Testing to comply with requirements of Solvency II and IFRS 4 Phase II in 2013 horizon. The change in accounting policy resulted in a restatement of retained earnings by MEUR 11 in the PPF Group's consolidated accounts and presented as the effect of movement in equity of associates in the consolidated statement of changes in equity.

D.4. Standards, interpretations and amendments to published standards that are not yet effective and are relevant for the Group's financial statements

A number of new Standards, amendments to Standards and Interpretations are not yet effective as of 30 June 2011, and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective. The Group is in the process of analysing the likely impact on its financial statements.

IFRS 9 Financial Instruments (effective from 1 January 2013)

This new standard was published on 12 November 2009 as part of phase I of the IASB's comprehensive project to replace IAS 39. It deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. In October 2010 the IASB added to IFRS 9 the requirements for classification and measurement of financial liabilities while most of the requirements in IAS 39 were carried forward unchanged to IFRS 9. IFRS 9 has not yet been adopted by the EU.

Amendment to *IFRS 7 Financial Instruments: Disclosures* (effective from 1 July 2011)

The amendments to IFRS 7 titled *Disclosures – Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

Amendment to *IAS 1 Presentation of Financial Statements* (effective from 1 July 2012)

The amendments to IAS 1 titled *Presentation of Items of Other Comprehensive Income:*
- require that an entity presents separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss;

- do not change the existing option to present profit or loss and other comprehensive income in two statements; and
- change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles.

IFRS 10 Consolidated Financial Statements (effective from 1 January 2013)
IFRS 11 Joint Arrangements (effective from 1 January 2013)
IFRS 10 Disclosure of Interests in Other Entities (effective from 1 January 2013)

In May 2011 IASB issued these three new standards as improvements to the accounting requirements for off balance sheet activities and joint arrangements. These standards have not yet been adopted by the EU.

IFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees.
An investor controls an investee when:
- it is exposed or has rights to variable returns from its involvement with that investee;
- it has the ability to affect those returns through its power over that investee; and
- there is a link between power and returns.

Control is reassessed as facts and circumstances change.
IFRS 10 supersedes _IAS 27 Consolidated and Separate Financial Statements_ (as amended in 2008) and SIC-12 _Consolidation – Special Purpose Entities_.

IAS 27 Separate Financial Statements was issued concurrently with IFRS 10. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It:
- distinguishes joint arrangements between joint operations and joint ventures; and
- always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation.

IFRS 11 supersedes IAS 31 and SIC-13 _Jointly Controlled Entities – Non-Monetary Contributions by Venturers._

IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate:
- the nature of, and risks associated with, an entity's interests in other entities; and
- the effects of those interests on the entity's financial position, financial performance and cash flows.

IAS 28 Investments in Associates and Joint Ventures (effective from 1 January 2013)

This amended standard supersedes _IAS 28 Investments in Associates_ (2008). IAS 28 (2011) makes the following amendments:
- IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and

- on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or *vice versa*, the entity does not remeasure the retained interest.

IFRS 13 Fair Value Measurement (effective from 1 January 2013)

This new standard was issued in May 2011. It replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. IFRS 13 has not yet been adopted by the EU.

D.5. Principal assumptions used in preparation of the condensed 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 2010.

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 2010.

E.1. Liquidity risk

There were no significant acquisitions in the first half of 2011 affecting the liquidity position. The Group has sufficient funds to finance its activities.

F. Notes to the condensed interim consolidated financial statements

F.1. Cash and cash equivalents

Cash and cash equivalents comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Current accounts	248	186
Current accounts with central banks	104	44
Placements with financial institutions due within one month	121	75
Cash on hand	48	40
Total cash and cash equivalents	**521**	**345**

There are no restrictions on availability of cash and cash equivalents.

F.2. Financial instruments

Financial instruments comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Financial assets at fair value through profit or loss	347	262
Financial assets available-for-sale	892	835
Loans and receivables due from banks and other financial institutions	831	1,015
Loans and receivables due from non-banks	3,275	3,065
Other loans and receivables	610	579
Total financial instruments	**5,955**	**5,756**

During the first half year of 2011 there were no material transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy. More information about the basis of determining fair values of the financial instruments can be found in the 2010 Annual Financial Statements in note F.34 and the related accounting principles in this respect.

F.2.1. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Debt securities	264	184
Government and other public-sector bonds	209	120
Corporate bonds	55	64
Equity securities	52	40
Shares	34	23
Other equity securities	18	17
Positive fair values of derivatives	31	38
Total FVTPL	**347**	**262**

Other equity securities represent the fair value of PPF Group's share as an investor in PPF Partners 1 Fund L.P.

F.2.2. Financial assets available-for-sale

Financial assets available-for-sale comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Debt securities	311	290
Government bonds	112	96
Corporate bonds	160	146
Other debt securities	39	48
Equity securities	571	545
Shares	568	538
Mutual funds investments	3	7
Loans and receivables	10	-
Total AFS	**892**	**835**

F.2.3. Loans and receivables due from banks and other financial institutions

Loans and receivables due from banks and other financial institutions comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Term deposits at banks	204	403
Minimum reserve deposits with central banks	26	26
Loans to banks	24	70
Loans and advances provided under repo operations	548	477
Other	29	39
Total loans and receivables due from banks and other financial institutions	**831**	**1,015**

The minimum reserve deposits are mandatory non-interest bearing deposits calculated in accordance with regulations issued by central banks and whose withdrawability is restricted.

F.2.4. Loans and receivables due from non-banks

Loans and receivables due from non-banks comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Gross amount		
Consumer loan receivables	1,226	1,290
Cash loan receivables	1,166	814
Revolving loan receivables	640	625
Car loan receivables	77	69
Mortgage loan receivables	141	164
Personal loan receivables (secured)	1	-
Loans to corporations	295	313
Loans and advances provided under repo operations	81	112
Other	3	3
Total gross amount	**3,630**	**3,390**
Collective allowances for impairment		
Consumer loan receivables	(113)	(96)
Cash loan receivables	(140)	(117)
Revolving loan receivables	(69)	(73)
Car loan receivables	(11)	(10)
Mortgage loan receivables	(10)	(13)
Personal loan receivables (secured)	-	-
Other	-	(1)
Total collective impairment	**(343)**	**(310)**
Loans to corporations	(12)	(15)
Total individual impairment	**(12)**	**(15)**
Total carrying amount	**3,275**	**3,065**

F.2.5. Other loans and receivables

The following table shows breakdown of other loans and receivables:

In millions of EUR

	30 June 2011	31 December 2010
Loans and receivables	770	736
Individual allowances for impairment	(160)	(157)
Total other loans and receivables	**610**	**579**

This category includes also loans granted to the Group's associates that are used to finance several real estate projects. As of 30 June 2011, the total amount of such loans was MEUR 44

(MEUR 37 in 2010). In 2010, Timeworth Ltd. also granted a loan facility to EP Holding in a total amount of MEUR 200, of which MEUR 57 had been drawn at 31 December 2010. The loan facility agreement was terminated in April 2011 and the loan was repaid. In 2011, the Parent provided a loan to EP Holding in amount of MEUR 31 that was repaid in July.

F.3. Other assets

Other assets comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Settlements with suppliers	48	62
Prepaid expenses	62	59
Other taxes receivable	24	30
Other	108	99
Subtotal other assets (gross)	**242**	**250**
Specific allowances for impairment on settlement with suppliers	(10)	(10)
Specific allowances for impairment on prepayments and other deferrals	(4)	(4)
Specific allowances for impairment on other assets	(1)	(5)
Other assets	**227**	**231**

F.4. Inventories

Inventories relates mainly to the retail business of Eldorado and comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Goods/merchandise for resale	420	470
Other inventory	3	1
Allowance for slow-moving and damaged items	(16)	(19)
Total inventories	**407**	**452**

F.5. Investments in associates and joint ventures

The following table shows break down of individual investments in associates and joint ventures:

In millions of EUR

	30 June 2011	31 December 2010
Generali PPF Holding	2,738	2,683
Nomos-Bank	592	539
Polymetal	644	645
EP Holding	404	371
PSJ	28	26
Real estate projects	21	14
Total investments in associates and joint ventures	**4,427**	**4,278**

The value of individual associates contains PPF Group's share in the equity of the associates and joint ventures and goodwill arising from the acquisition.

Generali PPF Holding

In millions of EUR

	30 June 2011	31 December 2010
Total assets	16,437	15,981
Total liabilities	(10,812)	(10,469)
Group's share in total equity (49%)	2,756	2,701
Non-controlling interest on subholding level (49%)	(18)	(18)
Group's share in equity (49%)	**2,738**	**2,683**
	30 June 2011	30 June 2010
Total revenue	1,928	1,806
Total net profit	199	104
Group's share in net profit (49%)	98	51
Non-controlling interests on subholding level (49%)	(1)	(1)
Group's share in profit (49%)	**97**	**50**

Nomos-Bank

The economic share held by the Group was diluted in December 2010 to 28.24% and in April 2011 to 26.53%, by an increase in Nomos-Bank's capital in which the Group did not participate.

In millions of EUR

	30 June 2011	31 December 2010
Total assets	14,163	12,989
Total liabilities	(12,438)	(11,570)
Group's share in total equity (26.53%; in 2010 28.24%)	458	401
Non-controlling interest at subholding level (26.53%; in 2010 28.24%)	(82)	(77)
Group's share in equity (26.53%; in 2010 28.24%)	**376**	**324**
	30 June 2011	30 June 2010
Total revenue	698	405
Total net profit	154	93
Group's share in profit (28.24%; in 2010 29.92%)	**43**	**28**
Non-controlling interest at subholding level (28.24%; in 2010 29.92%)	(7)	-
Total share in profit	**36**	**28**

Polymetal

In 2011, the economic share held by the Group was diluted to 21.88% due to sale of treasury shares in exchange for assets in which the Group did not participate.

In millions of EUR

	30 June 2011	31 December 2010
Total assets	2,110	1,717
Total liabilities	(916)	(803)
Group's share in equity (21.88%; in 2010 22.09%)	**261**	**202**

In millions of EUR

	30 June 2011	30 June 2010
Total revenue	388	318
Total net profit	108	71
Group's share in profit (21.88%, in June 2010 21.92%)	**24**	**16**
Gain on dilution of interest	8	-
Total share in profit	**32**	**16**

The company is traded on London and Moscow Stock Exchanges. As of 30 June 2011 the share price of Polymetal was USD 19.30 (USD 18.31 as at 31 December 2010).

EP Holding

The Group's share in equity and profit in EP Holding is based on the effective voting interest of 40%. However, due to an effective ownership interest of 29%, the 11% difference between effective ownership and voting rights is allocated to the non-controlling interest.

In millions of EUR

	30 June 2011	31 December 2010
Total assets	2,338	2,058
Total liabilities	(1,593)	(1,391)
Group's share in equity (29%)	**298**	**267**
	30 June 2011	30 June 2010
Total revenue	654	440
Total net profit	56	35
Group's share in profit (29%)	**22**	**14**

PSJ

In millions of EUR

	30 June 2011	31 December 2010
Total assets	183	158
Total liabilities	(141)	(117)
Group's share in equity (50.00%)	**21**	**20**
	30 June 2011	30 June 2010
Total revenue (since acquisition)	145	-
Total net profit (since acquisition)	2	-
Group's share in profit (50.00%.)	**1**	**-**

Real estate

This investment consists of several projects, with ownership participations ranging from 24.5% to 50%. Moreover, one project with effective ownership of 89.32% is accounted for using the equity method. The aggregate total assets of those entities at 30 June 2011 are MEUR 309 (MEUR 287 at 31 December 2010), while the aggregate total liabilities are MEUR 301 (MEUR 295 at 31 December 2010).

F.6. Investment property

Investment property comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Investment property	97	302
Investment property under construction	15	15
Total investment property	**112**	**317**

In 2011, investment property in the amount of MEUR 190 is classified as held-for-sale assets (refer to A.4.1).

F.7. Property, plant and equipment

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

In millions of EUR for the six months ended 30 June 2011

	Land and buildings	Other tangible assets and equipment	Tangible assets not in use	Total	Thereof under finance lease
Cost					
Balance at 1 January	274	190	11	475	5
Disposal resulting from business combinations	(24)	(3)	(2)	(29)	-
Transfer to held-for-sale	(25)	(1)	-	(26)	-
Additions	1	28	7	36	-
Disposals	(1)	(6)	(1)	(8)	(1)
Net foreign exchange differences	5	(1)	-	4	-
Balance at 30 June	230	207	15	452	4
Accumulated depreciation and impairment losses					
Balance at 1 January	(31)	(91)	(2)	(124)	(3)
Disposal resulting from business combinations	1	1	-	2	-
Transfer to held-for-sale	3	-	-	3	1
Depreciation charge for the period	(4)	(19)	-	(23)	(1)
Reversal of impairment losses	2	-	-	2	-
Disposals	-	4	-	4	-
Net foreign exchange differences	-	-	-	-	-
Balance at 30 June	(29)	(105)	(2)	(136)	(3)
Carrying amount	**201**	**102**	**13**	**316**	**1**

In millions of EUR, for the year ended 31 December 2010

	Land and buildings	Other tangible assets and equipment	Tangible assets not in use	Total	Thereof under finance leases
Cost					
Balance at 1 January	255	129	8	392	5
Additions resulting from business combinations	25	4	1	30	-
Transfer to held-for-sale	(1)	(7)	-	(8)	-
Additions	5	42	7	54	1
Disposals	-	(10)	(5)	(15)	(1)
Other movements	(24)	24	-	-	-
Net foreign exchange differences	14	8	-	22	-
Balance at 31 December	274	190	11	475	5
Accumulated depreciation and impairment losses					
Balance at 1 January	(21)	(58)	(1)	(80)	(2)
Additions resulting from business combinations	-	(1)	-	(1)	-
Transfer to held-for-sale	-	4	-	4	-
Depreciation charge for the year	(7)	(38)	-	(45)	-
Impairment losses recognized	(2)	(1)	(1)	(4)	(1)
Disposals	-	7	-	7	-
Net foreign exchange differences	(1)	(4)	-	(5)	-
Balance at 31 December	(31)	(91)	(2)	(124)	(3)
Carrying amount	**243**	**99**	**9**	**351**	**2**

F.8. Intangible assets

Intangible assets comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Goodwill	254	257
Software	40	41
Trademark	187	185
Other intangible assets	11	5
Total intangible assets	**492**	**488**

F.9. Due to non-banks

Liabilities to non-banks comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Current accounts and demand deposits	679	528
Term deposits	1,346	1,117
Loans	120	137
Loans received under repo operations	94	281
Total liabilities to non-banks	**2,239**	**2,063**

F.10. Due to banks and other financial institutions

Liabilities to banks and other financial institutions comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Repayable on demand	4	-
Loans received under repo operations	-	148
Secured loans (other than repo)	2,496	2,622
Unsecured loans	205	346
Other	48	53
Total liabilities to banks	**2,753**	**3,169**

F.11. Debt securities issued

The following table shows details of bonds issued by the Group:

In millions of EUR

	Interest rate	Date of maturity	30 June 2011	31 December 2010
Notes MEUR 400	fixed	November 2015	416	404
Unsecured CZK bond issue 4 of MCZK 2,900	fixed	September 2015	89	84
Unsecured RUB bond issue 7 of MRUB 5,000	variable	April 2015	121	120
USD loan participation notes 6 of MUSD 500	fixed	March 2014	343	-
Unsecured RUB bond issue 1 of MRUB 3,000	variable	April 2014	75	-
Unsecured RUB bond issue 3 of MRUB 4,000	variable	April 2014	100	-
Unsecured RUB bond issue 6 of MRUB 5,000	variable	June 2014	123	122
Unsecured RUB bond issue 5 of MRUB 4,000	variable	April 2013	99	99
Unsecured CZK bond issue 3 of MCZK 4,000	fixed	June 2012	103	100
Unsecured RUB bond issue 4 of MRUB 3,000	variable	October 2011	60	60
USD loan participation notes 5 of MUSD 301	fixed	August 2011	120	129
USD loan participation notes 3 of MUSD 200	fixed	August 2011	69	116
USD loan participation notes 4 of MUSD 500	fixed	June 2011	-	164
Deposit bill of exchange; rate 2.35%	fixed	November 2011	1	1
Deposit bill of exchange; rate 2.01%	fixed	July 2011	2	-
Deposit bill of exchange; rate 2.16%	fixed	July 2011	1	-
Deposit bill of exchange; rate 1.431%	fixed	August 2011	13	-
Deposit bill of exchange; rate 2.21%	fixed	September 2011	1	-
Deposit bill of exchange; rate 2.00%	fixed	September 2011	1	-
Deposit bill of exchange; rate 2.18%	fixed	October 2011	1	-
Deposit bill of exchange; rate 1.91%	fixed	December 2011	8	-
Deposit bill of exchange; rate 2.36%	fixed	December 2011	1	-
Deposit bill of exchange; rate 0.55%	fixed	January 2011	-	40
Deposit bill of exchange; rate 0.52%	fixed	January 2011	-	22
Deposit bill of exchange; rate 0.25%	fixed	January 2011	-	12
Deposit bill of exchange; rate 1.93%	fixed	May 2011	-	13
Deposit bill of exchange; rate 1.85%	fixed	June 2011	-	40
Total debt securities issued			**1,747**	**1,526**

The USD loan participation notes were issued by the Group through Eurasia Capital S.A. In June 2011 the Group repaid issue 4 at par.

The RUB denominated stock exchange bonds issue 1 were issued by the Group in April 2011 with a fixed coupon rate, resettable at option dates. The bondholders are entitled to require early redemption of the bond at par in April 2012.

The RUB denominated stock exchange bonds issue 3 were issued by the Group in April 2011 with a fixed coupon rate set for the next 30 months. The bondholders are entitled to require early redemption of the bond at par in October 2013.

F.12. Financial liabilities at fair value through profit or loss

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

In millions of EUR

	30 June 2011	31 December 2010
Negative fair values of derivatives	21	37
Obligation to deliver securities	253	123
Other	5	3
Total financial liabilities FVTPL	**279**	**163**

The increase in obligation to deliver securities of MEUR 253 relates to the business of PPF banka.

F.13. Provisions

Provisions comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Warranty repair reserve	1	1
Goods returns	14	16
Provision for litigations except for tax issues	1	1
Other provisions	1	1
Total provisions	**17**	**19**

F.14. Other liabilities

Other liabilities comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Settlements with suppliers	447	549
Wages and salaries	53	83
Social security and health insurance	12	11
Other tax payable	15	14
Finance lease liabilities	1	3
Accrued expenses	11	14
Deferred income	57	73
Insurance payable, net	-	-
Advance received	18	23
Other liabilities	44	61
Total other liabilities	**658**	**831**

F.15. Issued capital

The following table provides details of authorized and issued shares:

	30 June 2011	31 December 2010
Number of shares authorised	250 000	250 000
Number of shares issued and fully paid	66 738	66 738
Par value per share	EUR 10	EUR 10

F.16. Net interest income

Interest income comprises the following:

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

	2011	2010
Financial instruments at fair value through profit or loss	8	5
Financial instruments available-for-sale	8	17
Due from banks and other financial institutions	9	15
Consumer loan receivables	243	197
Cash loan receivables	158	87
Revolving loan receivables	89	107
Car loan receivables	8	8
Mortgage loan receivables	8	11
Loans to corporations and other loans and receivables	28	34
Other	-	9
Total interest income	**559**	**490**

Interest expense comprises the following:

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

	2011	2010
Due to customers	31	47
Due to banks and other financial institutions	62	47
Debt securities issued	64	72
Finance lease liabilities	-	1
Other	5	3
Total interest expenses	**162**	**170**

Total net interest income	**397**	**320**

F.17. Net fee and commission income

Fee and commission income comprises the following:

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

	2011	2010
Penalty fees	36	29
Insurance commissions	64	37
Cash transactions	16	15
Customer payment processing and account maintenance	13	11
Retailers' commissions	4	5
Other	23	15
Total fee and commission income	**156**	**112**

Fee and commission expense comprises the following:

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

	2011	2010
Commissions to retailers	20	13
Cash transactions	5	4
Payment processing and account maintenance	5	5
Other	3	3
Total fee and commission expense	**33**	**25**
Total net fee and commission income	**123**	**87**

F.18. Net gain/loss on financial assets

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

	2011	2010
Net trading income	26	(60)
Securities trading	3	6
Debt securities	8	6
Equity securities	(5)	-
FX trading	2	(3)
Derivatives	21	(63)
Net gains on financial assets at fair value through profit or loss	(2)	(1)
Equity securities	(2)	(1)
Net realized gains	3	6
Financial assets available-for-sale	2	6
Loans and receivables	1	-
Dividends	14	11
Total net gains/losses on financial assets	**41**	**(44)**

F.19. Net impairment losses on financial assets

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

	2011	2010
Financial instruments available-for-sale	145	-
Consumer loan receivables	45	21
Cash loan receivables	45	21
Revolving loan receivables	16	18
Car loan receivables	2	2
Mortgage loan receivables	-	3
Loans to corporations and other loans and receivables	(1)	75
Other financial assets	-	2
Total net impairment losses on financial assets	**252**	**142**

In April 2010 the Group completed a purchase of 31,4 million shares of Assicurazioni Generali, whereby the Group gained a 2.02% interest in the share capital of the company. Due to prolonged decrease in the market value, a MEUR 107 impairment loss was recognized in 2011 income statement.

In late 2010, the Group began investing in shares of the publicly listed Greek bank Piraeus Bank S.A., the Group currently holds a 5.72% stake. Due to existing economic situation in Greece, a MEUR 18 impairment loss was recognized in 2011 income statement.

F.20. Other operating income

In millions of EUR for the six months ended 30 June

	2011	2010
Rental income	8	8
Recognized income from excess of acquired net fair value over costs	4	-
Healthcare income	5	12
Loss on origination of loan at non- market interest rate	-	(8)
Other income	16	14
Total other income	**33**	**26**

In June 2010 the Group granted consumer loans in Russia under special terms of a marketing campaign with an average contractual interest rate of 7.8%, which was below the market rate. The volume of loans granted was adjusted to fair value at the market interest rate of 29.9%. The negative effect of this adjustment of MEUR 8 is shown within other operating income of the comparative period. Similar products were widely introduced by competitors in 2011. The Group’s management believes that such a product became a standard market practice including its interest rate of 7.8%. Consequently, no adjustment was made to fair value of loans granted under similar marketing campaigns in 2011.

F.21. General administrative expenses

In millions of EUR for the six months ended 30 June

	2011	2010
Employee compensation	178	180
Payroll related taxes (including pension contribution)	43	36
Rental, maintenance and repair expense	87	73
Advertising and marketing	30	20
Professional services	28	28
Telecommunication and postage	19	16
Travel expenses	6	4
Taxes other than income tax	5	3
Information technologies	10	9
Distribution, transport and storage of goods	21	26
Other	47	37
Total general administrative expenses	**474**	**432**

F.22. Other operating expenses

In millions of EUR for the six months ended 30 June

	2011	2010
Foreign currency losses	8	30
Depreciation on property, plant and equipment	23	22
Amortisation on intangible assets	10	11
Net impairment losses on goodwill recognized	17	-
Net impairment losses on property, plant and equipment recognized	(2)	-
Loss on disposal of property, plant, equipment, and intangible assets	2	1
Net impairment losses on other assets	(4)	(4)
Total other operating expenses	**54**	**60**

F.23. Income tax expense

Income tax expense comprises the following:

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

	2011	2010
Current tax expense	(71)	(39)
Deferred tax expense	(2)	(16)
Total income tax expense	**(73)**	**(55)**

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2011 was 31% (30 June 2010: 54 %). The change in effective tax rate was caused mainly by operating in several tax jurisdictions with different tax rates.

F.24. Contingencies

F.24.1. Legal

The Group (as a former sole shareholder of Česká pojišťovna a.s.) is involved in one case in which the adequacy of the consideration paid to minority shareholders arising from the decision of the general meeting of Česká pojišťovna a.s. adopted in July 2005 approving a squeeze-out of minority shareholders is being challenged in court. Based on legal analyses carried out by external legal counsel, management of the company believes that it is unlikely that this case will be concluded in favour of the plaintiff.

On March 16, 2011 Bucharest 1st District Court upheld the claim of external party who challenged the land ownership of the initial owner (Mr. Petru) from whom the Group acquired the land (Bavaria project) and decided to cancel his title. This effectively means, that the initial owner would not be considered to be the owner of the land. The Group has submitted an appeal and now is waiting for further court proceedings. Despite that, Mr. Petru still posses restitution claim on other non-specified land of the same size or non-specified amount of shares of Romanian National Land Fund. For that reason the Group has signed an Assignment of those restitution claims with Mr. Petru. As a consequence of this situation, The Group decided to decrease the fair value of this land plot from MEUR 13 to MEUR 4 as of 30 June 2011.

F.24.2. Taxation contingencies

The taxation systems in the Russian Federation, the Republic of Belarus and Ukraine are relatively new and are characterised by frequent changes in legislation which are subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the power to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during several subsequent calendar years. Recent events within the Russian Federation, the Republic of Belarus and Ukraine suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

The facts mentioned above may create tax risks in the respective countries that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian, Belarussian and Ukrainian tax legislation, official pronouncements and court decisions.

F.25. Commitments, guarantees and collaterals

Loan and capital expenditure commitments and guarantee comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Loans commitments	959	982
Revolving loan commitments	702	634
Consumer loan commitments	14	37
Cash loan commitments	8	5
Undrawn overdraft facilities	68	40
Term loan facilities	167	266
Capital expenditure commitments	28	16
Guarantees provided	135	111
Non-payment guarantees	16	10
Non-revocable letters of credit	-	19
Payment guarantees	119	82
Total commitments and contingent liabilities	**1,122**	**1,109**

Collaterals and guarantees received comprise the following:

In millions of EUR

	30 June 2011	31 December 2010
Guarantees – received	121	456
Loan commitments – received	551	390
Value of property received as collateral	1,026	1,159
Assets acquired on the basis of derivatives	19	-
Total collaterals received	**1,717**	**2,005**

F.26. Related party transactions

F.26.1. Transactions with associates

During the period the Group had the following significant transactions at arm's length with associates:

In millions of EUR

	30 June 2011	31 December 2010
Interest income	6	30
Fee and commission income	60	106
Net gain/loss on financial assets	-	1
Rental and related income	5	10
Operating income	3	9
Total revenue	**74**	**156**
Interest expense	(17)	(62)
Operating expense	(1)	(2)
Total expense	**(18)**	**(64)**

As at the end of the reporting period, the Group has the following balances with associates:

In millions of EUR

	30 June 2011	31 December 2010
Cash and cash equivalents	7	4
Financial assets at fair value through profit or loss	1	-
Financial assets available for sale	11	-
Loans and receivables due from banks and other financial institutions	-	74
Loans and receivables due from non banks	85	101
Other assets	12	15
Total assets	**116**	**194**
Current accounts, deposits and loans from non-banks	(463)	(602)
Due to banks and other financial institutions	(424)	(461)
Debt securities issued	(218)	(165)
Financial liabilities at fair value through profit or loss	-	(2)
Other liabilities	(1)	(3)
Total liabilities	**(1,106)**	**(1,233)**

F.26.2. Other related parties

During the reported periods of 2011 and 2010 the Group did not have any significant transactions with other related parties.

G. Subsequent events

G.1. Completed acquisition of 100% share in Eldorado

In 2009, the Group acquired a controlling stake of 50% plus 1 share in Eldorado, the Russian electronics and domestic appliances retailer. In September 2010, the Group completed the acquisition of 100% of the shares in Eldorado. The Group obtained all necessary approvals of the relevant Russian regulator. Total consideration for the residual share is MUSD 250.

G.2. Acquisition of agricultural business in Russia

In July 2011 the Group, through its new subsidiary Bavella B.V., acquired a 100% share in CJSC RAV Agro-Pro, a Russian agricultural holding, based in Voronezh and operating in the crop and livestock production. The transaction has been already approved by the appropriate Russian regulators. Bavella has a 20% minority external shareholder. Total consideration for the stake is MEUR 26 and it also includes the assignment of shareholder loan. The fair value of assets and liabilities acquired is not known at the date of issue of these financial statements.

G.3. Sale of real estate portfolio

On 15 April 2011, the Group signed a framework agreement with an external counterparty concerning the sale of a real estate portfolio of Czech office buildings for the consideration of MEUR 59. The transaction was finalized on 30 September 2011 (refer to A.4.1).

G.4. Call option for purchase of Home Credit Bank

On 16 August 2011, the Group entered into a call option agreement enabling it to purchase a 90.01% stake in Home Credit Bank (JSC), a bank incorporated in the Republic of Kazakhstan, from its current shareholder. The option is exercisable until 31 December 2014, and its exercise is subject to obtaining regulatory approvals.

G.5. Increase of share in EP Holding

On 5 September 2011, PPF Group acquired the whole share in EP Holding held by PPF Partners. PPF Group now holds directly a 40% effective economic share that increased from a 29% share.

G.6. Acquisition of enterprise SAZKA

In September 2011, the Group acquired, through its joint venture with financial group KKCG SE, enterprise SAZKA, the Czech lottery and betting company. The total acquisition price was BCZK 3.81, the Group’s share in the joint venture is 50 %. Closing of the transaction is subject to regulatory approval.

G.7. Development on European market

The Group has significant exposure in Greek and Italian corporate shares (Piraeus Bank and Assicurazioni Generali) which are recorded in the available-for-sale portfolio. As these shares are quoted in an active market the fair values have been determined without any deduction of the transaction costs that might be incurred upon their sale or other disposal.

Under the current market circumstances and given the specific situation in Greece and Italy, the developments in the fair values of the available-for-sale investments are subject to significant uncertainty. We have determined that the fair values of the Greek and Italian shares show further significant losses in the second half of 2011. The impairments on the available-for-sale financial instruments as of 30 June 2011 are commented in F.19.

Date:	Signature of the Authorised Representative:
17 October 2011	