PPF GROUP N.V.

Condensed interim consolidated financial statements
for the first half of 2013

KPMG

Review report

To: the Board of Directors of PPF Group N.V.

Introduction

We have reviewed the accompanying condensed interim consolidated financial information of PPF Group N.V., Amsterdam, which comprises the interim consolidated statement of financial position as at 30 June 2013, the interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity, and the interim consolidated statement of cash flows for the period of six months ended 30 June 2013, and the notes. Management of the Company is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information 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 information as at 30 June 2013 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 18 October 2013

KPMG Accountants N.V.

B.M. Herngreen RA

KPMG Accountants N.V., registered with the trade register in the Netherlands under number 33263683, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity.

Contents

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed interim consolidated statement of financial position

As at 30 June 2013

In millions of EUR

	Note	30 June 2013	31 December 2012
ASSETS			
Cash and cash equivalents	F1	2,048	1,873
Financial assets at fair value through profit or loss	F2.1	712	510
Financial assets available-for-sale	F2.2	2,169	2,223
Financial assets held-to-maturity	F2.3	47	64
Loans and receivables due from banks and other financial institutions	F2.4	1,291	907
Loans and receivables due from non-banks	F2.5	9,214	8,086
Other loans and receivables	F2.6	727	934
Current income tax receivable		20	10
Deferred tax assets		101	62
Inventories	F3	406	467
Biological assets	F4	21	8
Non-current assets held for sale	F5	23	-
Other assets	F6	675	357
Investments in associates and joint ventures	F7	2,593	4,089
Investment property	F8	843	716
Property, plant and equipment	F9	573	595
Intangible assets	F10	650	637
TOTAL ASSETS		**22,113**	**21,538**
LIABILITIES			
Due to non-banks	F11	9,497	7,991
Due to banks and other financial institutions	F12	3,147	4,231
Debt securities issued	F13	1,406	1,644
Financial liabilities at fair value through profit or loss	F14	354	236
Current income tax liability		30	36
Deferred tax liability		141	128
Provisions	F15	585	23
Liabilities held for sale	F5	3	-
Other liabilities	F16	968	1,240
Subordinated liabilities	F17	325	263
TOTAL LIABILITIES		**16,456**	**15,792**
CONSOLIDATED EQUITY			
Issued capital	F18	1	1
Share premium		677	677
Other reserves		(63)	211
Retained earnings		4,833	4,438
Total equity attributable to equity holders of Parent Company		5,448	5,327
Non-controlling interest		209	419
Total consolidated equity		**5,657**	**5,746**
TOTAL LIABILITIES AND EQUITY		**22,113**	**21,538**

Condensed interim consolidated income statement

For the six months ended 30 June 2013

In millions of EUR

	Note	30 June 2013	30 June 2012
Interest income		1,427	790
Interest expense		(452)	(297)
Net interest income	F19	**975**	**493**
Fee and commission income		367	288
Fee and commission expense		(61)	(33)
Net fee and commission income	F20	**306**	**255**
Net gain/(loss) on financial assets	F21	(11)	(18)
Net impairment losses on financial assets	F22	(609)	(320)
Other banking result		**(620)**	**(338)**
NET BANKING INCOME		**661**	**410**
Net earned premiums		83	-
Net insurance benefits and claims		(9)	-
Acquisition costs		(68)	-
NET INSURANCE INCOME	F23	**6**	**-**
Rental and related income		19	10
Property operating expenses		(7)	(4)
Net valuation gain on investment property		95	14
NET REAL ESTATE INCOME	F24	**107**	**20**
Sales of goods		969	982
Cost of goods sold		(752)	(732)
Other income on retail operations		23	23
NET INCOME ON RETAIL OPERATIONS		**240**	**273**
Net agriculture income/(loss)		2	(5)
Other income	F25	120	26
OTHER OPERATING INCOME		**122**	**21**
General administrative expenses	F26	(738)	(599)
Other operating expenses	F27	(92)	(48)
OPERATING EXPENSE		**(830)**	**(647)**
Net gain/(loss) from disposal of investments in subsidiaries associates and joint ventures		22	(3)
Share of earnings of associates/joint ventures	F7	131	232
PROFIT BEFORE TAX		**459**	**306**
Income tax expense	F28	(67)	(53)
NET PROFIT FOR THE PERIOD		**392**	**253**
Net profit attributable to non-controlling interest		13	5
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT		**379**	**248**

Condensed interim consolidated statement of comprehensive income

For the six months ended 30 June 2013

In millions of EUR

	30 June 2013	30 June 2012
NET PROFIT FOR THE PERIOD	**392**	**253**
Other comprehensive income		
Valuation gains/(losses) on available-for-sale financial assets	(24)	9
AFS revaluation gains/(losses) transferred to income statement	(28)	2
Currency translation differences	(114)	44
Effect of movement in equity of associates	(134)	60
Effect of hedge accounting	2	-
Income tax relating to components of other comprehensive income	3	(1)
Other comprehensive income for the period (net of tax)	**(295)**	**114**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**97**	**367**
Total comprehensive income attributable to non-controlling interest	**12**	**7**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	**85**	**360**

The condensed interim consolidated financial statements were approved by the Board of Directors of the Company on 18 October 2013.

Condensed interim consolidated statement of changes in equity

In millions of EUR, for the for the six months ended 30 June 2013

	Issued capital	Share premium	Available for sale reserve	Legal and statutory reserves*	Translation reserve	Hedging reserve	Retained earnings	Attributable to equity holders of Parent	Attributable to non-controlling interest	Total
Balance at 1 January 2013	**1**	**677**	**122**	**15**	**75**	**(1)**	**4,438**	**5,327**	**419**	**5,746**
Profit for the period	-	-	-	-	-	-	379	379	13	392
Valuation losses taken to equity for AFS	-	-	(24)	-	-	-	-	(24)	-	(24)
AFS revaluation losses transferred to income statement	-	-	(28)	-	-	-	-	(28)	-	(28)
Currency translation	-	-	(1)	-	(112)	-	-	(113)	(1)	(114)
Effect of movement in equity of associates	-	-	(25)	-	(100)	(2)	(7)	(134)	-	(134)
Tax on items taken directly to or transferred from equity	-	-	3	-	-	-	-	3	-	3
Effect of hedge accounting	-	-	-	-	-	2	-	2	-	2
Total comprehensive income for the period	**-**	**-**	**(75)**	**-**	**(212)**	**-**	**372**	**85**	**12**	**97**
Net allocation to legal and statutory reserves	-	-	-	51	-	-	(51)	-	-	-
Effect of acquisition and disposal of subsidiaries	-	-	(36)	-	(2)	-	-	(38)	-	(38)
Acquisition of non-controlling interest	-	-	-	-	-	-	74	74	(101)	(27)
Other changes in non-controlling interest	-	-	-	-	-	-	-	-	(121)	(121)
Total changes	**-**	**-**	**(111)**	**51**	**(214)**	**-**	**395**	**121**	**(210)**	**(89)**
Balance at 30 June 2013	**1**	**677**	**11**	**66**	**(139)**	**(1)**	**4,833**	**5,448**	**209**	**5,657**

In millions of EUR, for the for the six months ended 30 June 2012

	Issued capital	Share premium	Available for sale reserve	Legal and statutory reserves*	Translation reserve	Retained earnings	Attributable to equity holders of Parent	Attributable to non-controlling interest	Total
Balance at 1 January 2012	**1**	**677**	**(43)**	**13**	**(100)**	**3,720**	**4,268**	**224**	**4,492**
Profit for the period	-	-	-	-	-	248	248	5	253
Valuation gains taken to equity for AFS	-	-	9	-	-	-	9	-	9
AFS revaluation gains transferred to income statement	-	-	2	-	-	-	2	-	2
Currency translation	-	-	-	-	42	-	42	2	44
Effect of movement in equity of associates	-	-	61	-	9	(10)	60	-	60
Tax on items taken directly to or transferred from equity	-	-	(1)	-	-	-	(1)	-	(1)
Total comprehensive income for the period	**-**	**-**	**71**	**-**	**51**	**238**	**360**	**7**	**367**
Net allocation to legal and statutory reserves	-	-	-	1	-	(1)	-	-	-
Effect of acquisition and disposal of subsidiaries	-	-	-	-	-	-	-	4	4
Total changes	**-**	**-**	**71**	**1**	**51**	**237**	**360**	**11**	**371**
Balance at 30 June 2012	**1**	**677**	**28**	**14**	**(49)**	**3,957**	**4,628**	**235**	**4,863**

*Legal and statutory reserves represent undistributable reserves of subsidiaries

Condensed interim consolidated statement of cash flows

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

In millions of EUR

	2013	2012
Cash flows from operating activities		
Profit before tax	459	306
Adjustments for:		
Gains/losses on disposal from consolidated subsidiaries/associates	(22)	4
Interest expense	452	297
Interest income	(1,427)	(840)
Other adjustments	(345)	300
Change in assets and liabilities	(110)	567
Net cash from operating activities	**(993)**	**634**
Cash flows from investing activities		
Interest received	1,369	637
Dividends received	191	4
Acquisition of subsidiaries and associates, net of cash acquired	(69)	(265)
Proceeds from disposal of subsidiaries and associates, net of cash disposed	1,317	2
Other movements	(7)	(964)
Net cash from investing activities	**2,801**	**(586)**
Cash flows from financing activities		
Interest paid	(385)	(214)
Change in debt securities issued	(160)	32
Change in loans from banks and other financial institutions	(1,003)	(133)
Cash flow from financing activities	**(1,548)**	**(314)**
Net increase (decrease) in cash and cash equivalents	**260**	**(266)**
Cash and cash equivalents as at 1 January	**1,873**	**721**
Effect of exchange rate changes on cash and cash equivalents	(85)	9
Cash and cash equivalents as at 30 June	**2,048**	**464**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

A. General

A.1. Description of the Group

PPF Group N.V. ("the Parent Company" or the "Parent") 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 2013 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 B of these financial statements for a listing of significant Group entities and changes to the Group in 2013.

Structure of Ultimate shareholders:
As at 30 June 2013, the shareholder structure was as follows:

Petr Kellner 94% (directly and indirectly)
Jiří Šmejc 5% (indirectly)
Ladislav Bartoníček 0.50% (indirectly)
Jean-Pascal Duvieusart 0.50% (indirectly)

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

A.2. Statutory bodies of the Parent Company

The Board of Directors:
Aleš Minx, Chairman of the Board of Directors
Wilhelmus Jacobus Meyberg, Director
Rudolf Bosveld, Director

The Supervisory Board:
Jiří Šmejc, Chairman of the Supervisory Board
Petr Kellner, Director
Ladislav Bartoníček, Director
Jean-Pascal Duvieusart, Director
Martin Štefunko, Director

A.3. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2012. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

A.4. Basis of preparation

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

The financial statements are presented in Euros (EUR), which is the Company's functional currency and the Group's reporting currency, 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 financial instruments at fair value through profit or loss, financial instruments classified as available-for-sale, investment property and biological assets. Financial assets and liabilities and non-financial assets and liabilities which are measured 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, 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in both the period of the revision and future periods if the revision affects both the current and future periods.

B. Consolidation

B.1. Group entities

The following list shows only significant holding and operating entities that are subsidiaries, associates or joint ventures of the Parent Company as of 30 June 2013.

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 Financing Guarantee Co., Ltd.	China	100.00%	100.00%
Home Credit a. s.	Czech Republic	100.00%	100.00%
Home Credit Advisory Asia, spol. s r. o.	Czech Republic	100.00%	100.00%
Home Credit and Finance Bank LLC	Russia	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 Bank JSC	Kazakhstan	100.00%	100.00%
Home Credit Consumer Finance China Ltd.	China	100.00%	100.00%
Home Credit India Finance Private Ltd.	India	99.13%	99.13%
Home Credit Indonesia PT	Indonesia	70.00%	70.00%
Home Credit International a.s.	Czech Republic	100.00%	100.00%
Home Credit Slovakia, a.s.	Slovakia	100.00%	100.00%
Homer HCI Holdings Philippines, Inc.	Philippines	100.00%	100.00%
Homer Software House LLC	Ukraine	100.00%	100.00%
PPF General Insurance LLC	Russia	100.00%	100.00%
PPF Home Credit IFN S.A.	Romania	100.00%	100.00%
PPF Insurance FICJSC	Belarus	100.00%	100.00%
PPF Insurance PSC	Russia	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 Financing Guarantee Co., Ltd.	China	100.00%	100.00%
Real Estate subgroup - subsidiaries			
PPF Real Estate Holding B.V.	Netherlands	100.00%	100.00%
Anthemona Ltd.	Cyprus	100.00%	100.00%
Aranciata a.s.	Czech Republic	100.00%	100.00%
Art Office Gallery a.s (renamed)	Czech Republic	100.00%	100.00%
Boryspil Project Management Ltd.	Ukraine	100.00%	100.00%
Bucca Properties Ltd.	BVI	100.00%	100.00%
Celestial Holdings Group Ltd.	BVI	100.00%	100.00%
Donskoe LLC	Russia	100.00%	100.00%
Garnet Holding B. V.	Netherlands	100.00%	100.00%
Gen Office Gallery a.s. (renamed)	Czech Republic	100.00%	100.00%
Glancus Investments Inc.	BVI	100.00%	100.00%
Ifaneed a.s.	Czech Republic	100.00%	100.00%
In Vino LLC	Russia	64.94%	64.94%

In Vino Natukhaevskoe LLC	Russia	64.94%	64.94%
ISK Klokovo LLC	Russia	52.00%	52.00%
Karta Realty Ltd.	Cayman Islands	60.07%	60.07%
KEPS LLC	Russia	100.00%	100.00%
KLP LLC	Russia	45.50%	45.50%
TK Permskiy LLC	Russia	100.00%	100.00%
Tower LLC	Russia	100.00%	100.00%
Trust Invest LLC	Russia	100.00%	100.00%
Kvartal Togliatti LLC	Russia	100.00%	100.00%
Logistics-A LLC	Russia	100.00%	100.00%
Longoria a.s.	Czech Republic	100.00%	100.00%
Midataner a.s.	Czech Republic	100.00%	100.00%
Mitino Sport City LLC	Russia	80.00%	80.00%
Office Star Five 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 Two spol. s r. o.	Czech Republic	100.00%	100.00%
PPF Gate, a.s.	Czech Republic	100.00%	100.00%
Retail Star 3, spol. s r.o.	Czech Republic	100.00%	100.00%
Retail Star 22, spol. s r.o.	Czech Republic	100.00%	100.00%
Roko LLC	Russia	100.00%	100.00%
Ryazan Shopping Mall Ltd.	Cyprus	100.00%	100.00%
Russkiy Val LLC	Russia	52.00%	52.00%
Slovak Trade Company, s.r.o.	Slovakia	57.50%	57.50%
Trigon Berlin B.V.	Netherlands	100.00%	100.00%
Vítězné náměstí a.s.	Czech Republic	100.00%	100.00%
Yugo-Vostochnaya promyshlennaya companiya “Kartontara”	Russia	100.00%	100.00%
Real Estate subgroup – associates and joint ventures			
Bohemia LLC	Russia	35.00%	35.00%
Circle Slovakia, s.r.o.	Slovakia	24.50%	24.50%
Feliston Enterprises Ltd.	Cyprus	50.00%	50.00%
Gilbey Ltd.	Cyprus	40.00%	40.00%
Intrust NN	Russia	33.33%	33.33%
Investitsionny Trust ZAO	Russia	50.00%	50.00%
Kendalside Ltd.	United Kingdom	49.00%	49.00%
Komodor LLC	Ukraine	40.00%	40.00%
Moravia LLC	Russia	35.00%	35.00%
Sigurno Ltd.	Cyprus	40.00%	40.00%
Stinctum Holdings Ltd.	Cyprus	33.33%	33.33%
Syner NN LLC	Russia	35.00%	35.00%
Other significant subsidiaries			
Air Bank a.s.	Czech Republic	100.00%	100.00%
AB 1 B.V.	Netherlands	100.00%	100.00%
AB 2 B.V.	Netherlands	100.00%	100.00%
AB 4 B.V.	Netherlands	100.00%	100.00%
AB 5 B.V.	Netherlands	100.00%	100.00%
AB 7 B.V.	Netherlands	100.00%	100.00%
Anthiarose Ltd.	Cyprus	100.00%	100.00%
Bavella B.V.	Netherlands	80.00%	80.00%
Beringov Proliv Delta LLC	Russia	100.00%	100.00%
Eldorado Licensing Ltd.	Cyprus	100.00%	100.00%
Eldorado LLC	Russia	100.00%	100.00%
Facipero Investments Ltd.	Cyprus	100.00%	100.00%
GIM Invest Co. Ltd.	Jersey	100.00%	100.00%
PPF Life Insurance PrJSC	Ukraine	99.98%	99.98%
Invest-Realty LLC	Russia	100.00%	100.00%

Maraflex Ltd.	Cyprus	100.00%	100.00%
Moranda a.s.	Czech Republic	100.00%	100.00%
Navis Investments Ltd.	Island of Man	100.00%	100.00%
Pearlmoon Ltd.	Cyprus	100.00%	100.00%
PPF a.s.	Czech Republic	99.99%	99.99%
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 Life Insurance LLC	Russia	100.00%	100.00%
PPF Mobile Services a.s.	Czech Republic	100.00%	100.00%
PPF Partners 1 GP Ltd.	Guernsey	72.50%	72.50%
PPF Partners Ltd.	Guernsey	72.50%	72.50%
RAV Agro LLC (renamed)	Russia	80.00%	80.00%
RAV Molokoproduct LLC	Russia	80.00%	80.00%
Rentol LLC	Russia	100.00%	100.00%
Ruconfin B.V.	Netherlands	92.96%	92.96%
Sotio N.V.	Netherlands	92.00%	92.00%
Sotio a.s.	Czech Republic	89.12%	89.12%
Timeworth Ltd.	Cyprus	100.00%	100.00%
Verdena LLC	Russia	100.00%	100.00%
Other significant associates			
Accord Invest LLC	Russia	40.00%	40.00%
Lindus Sevices Ltd.*	Cyprus	50.00%	50.00%
Polymetal International Plc*	Jersey	20.05%	20.05%
Generali PPF Holding B.V.	Netherlands	24.00%	24.00%
Česká pojišťovna a.s.**	Czech Republic	100.00%	100.00%
Delta Generali Osiguranje a.d.**	Serbia	50.02%	50.02%
Generali Pojistovna a.s.**	Czech Republic	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%
Generali Romania Asigurare Reasigurare S.A.**	Romania	99.99%	99.99%
GP Reinsurance EAD**	Bulgaria	100.00%	100.00%
Penzijní společnost České pojišťovny, a.s.**	Czech Republic	96.70%	96.70%
Energetický a průmyslový holding, a.s.	Czech Republic	44.44%	44.44%
Elektrárny Opatovice, a.s. ***	Czech Republic	100.00%	100.00%
EP Energy Trading, a.s.***	Czech Republic	100.00%	100.00%
Mitteldeutsche Braukohlen Gesselschaft GmbH***	Germany	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	73.26%	73.26%
První energetická a.s.***	Czech Republic	100.00%	100.00%
Przedsiębiorstwo Górnicze Silesia***	Poland	99.91%	99.91%
Slovenský plynárenský priemysel, a.s.***	Slovakia	49.00%	49.00%
United Energy, a.s.***	Czech Republic	100.00%	100.00%

* This associate comprises a group of entities

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

B.2. Acquisitions

B.2.1. Home Credit Bank in Kazakhstan

In January 2013 the Group exercised the option for acqusition of a 90.01% equity stake in Home Credit Bank (JSC) and became the sole shareholder of the bank. The Group started to fully consolidate this entity in December 2012 due to existence of the Group's potential voting rights in Home Credit Bank.

In millions of EUR

Total purchase price (paid in cash)	27
Non-controlling interest derecognised	(101)
Effect recorded to retained earnings (increase)	74

B.2.2. Acquisition of CIS insurance businesses

In March 2013, as a part of the agreement with Assicurazioni Generali the Group acquired several entities operating in the CIS region that were previously owned by Generali PPF Holding B.V. The following tables summarises main non-financial and financial information related to the acquisition.

Acquired entity	Renamed	Domicile	Effective ownership	Description
Generali PPF Life Insurance LLC	PPF Life Insurance LLC	Russia	100.00%	Life insurance
Generali PPF General Insurance LLC	PPF General Insurance LLC	Russia	100.00%	Non-life insurance
Generali PPF Insurance PSC	PPF Insurance PSC	Russia	100.00%	Non-life insurance
Generali FICJSC	PPF Insurance FICJSC	Belarus	100.00%	Non-life insurance
Generali Life Insurance PrJSC	PPF Life Insurance PrJSC	Ukraine	99.98%	Life insurance

In millions of EUR

	PPF Life Insurance LLC	PPF General Insurance LLC	Other
Total purchase price (paid in cash)	51	10	10
Fair value of assets	**577**	**202**	**24**
out of which			
Cash and cash equivalents	25	14	
Due from banks, other financial institutions	47	12	
Financial assets available for sale	140	27	
Deferred tax assets	4	19	
Intangible assets	44	11	
Deferred acquisition costs	303	106	
Other assets	14	13	
Fair value of liabilities	**483**	**165**	**6**
out of which			
Insurance provisions	438	127	
Deferred tax liabilities	12	23	
Other liabilities	33	15	
Badwill	43	27	8

Income from excess of acquired net fair value over costs (badwill) is recognised as a part of other income in the income statement. Such excess of acquired net fair value over costs was primarily attributable to the recognition as of the acquisition date of intangible assets representing the fair value of contractual rights and obligations acquired as well as to the dependence of the acquired entities' business on Group entities.

Two non-life insurance companies PPF General Insurance LLC and PPF Insurance FICJSC serve mainly as support to the consumer finance business by offering insurance services on selected markets. As of 30 June 2013 assets and liabilities of PPF Insurance PSC and PPF Life Insurance PrJSC are reported as assets and liabilities held for sale.

The following table summarises the contribution of the significant entities to the Group's revenues and net profit in the period since the acquisition date to 30 June 2013 and also an estimation of contribution to the same categories as if the acquisition date had been as of the beginning of the accounting period.

In millions of EUR

	PPF Life Insurance LLC	PPF General Insurance LLC	Other
Since acquisition date until 30 June			
Revenue	67	24	2
Net profit	3	1	-
1 January until 30 June			
Revenue	130	47	3
Net profit	5	3	1

B.2.3. New real estate projects in 2013

During the first half of 2013 the Group acquired several Russian real estate projects, the following table summarises significant non-financial and financial information. Projects classified as investment property ("IP") are land plots for potential development, projects classified as property, plant and equipment ("PPE") are shops in which Eldorado operates.

In millions of EUR

Entity	Acquired	Price	Project classification	Fair value of assets	Fair value of liabilities
KEPS LLC	April 2013	1	IP	1	1
Trust Invest LLC	June 2013	3	PPE+IP	4	4
Tower LLC	June 2013	4	PPE	5	1

B.3. Disposals

B.3.1. Generali transaction

On 8 January 2013 the Group, acting through its subsidiary PPF Co1 B.V., signed an agreement with Assicurazioni Generali on the future sale of its 49% stake in Generali PPF Holding B.V. ("Generali PPF Holding") through two partial disposals. On 28 March 2013, Assicurazioni Generali acquired a 25% shareholding in Generali PPF Holding currently held by the Group for consideration of MEUR 1,286. At the same moment the Group repaid a 51% portion of the Calyon facility in an amount of MEUR 1,071 and redeemed MEUR 192 of a MEUR 400 bond issued in November 2009. The remaining balance of the Calyon facility after said repayment is secured by the pledge of a 24% share in Generali PPF Holding and the maximum amount that may be drawn was decreased to MEUR 1,028.

The agreement also required PPF Generali Holding to pay a dividend of MEUR 172 to the Group in January and March 2013 which duly took place on the stipulated dates. At or around 31 December 2014, PPF Group will receive consideration of MEUR 1,235 for its outstanding 24% shareholding in Generali PPF Holding and the remaining obligations on the Calyon facility will be reimbursed at the same time.

The following table summarises financial aspect of the transaction:

In millions of EUR

Date of disposal	28 March 2013
Equity stake sold	25%
Consideration	1,286
Net asset attributable to the Group	1,303
Available-for-sale reserve derecognised	(36)
Translation reserve derecognised	(2)
Net profit from the sale	21

B.3.2. Eastfield projects

In June 2013 the Group sold two Russian real estate projects, of which the first was represented by Eastfield Kazan LLC, the second by Agriko LLC and Agriko Plus LLC. The sale price was MEUR 1 and MEUR 28 MEUR respectively, the net profit of the sale amounted to 1 MEUR and the net loss amounted to 8 MEUR in case of the second sale.

C. Significant accounting policies and assumptions

C.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 2012, except for the changes described below.

C.2. Changes in accounting policies and accounting pronouncements adopted since 1 January 2013

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 2013:

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 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.

Amendments to *IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective from 1 January 2013)

The Amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position; or subject to master netting arrangements or similar agreements.

Annual Improvements 2009-2011 Cycle (effective from 1 January 2013)

In May 2012, the IASB has published Annual Improvements to IFRSs 2009-2011 Cycle as part of its annual improvements process to make non-urgent but necessary amendments to IFRS. The new cycle of improvements contains amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34, with consequential amendments to other standards and interpretations.

C.3. 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 2013, 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 2015)

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.

IFRS 10 Consolidated Financial Statements (effective from 1 January 2013)
IFRS 11 Joint Arrangements (effective from 1 January 2013)
IFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2013)

In May 2011 the IASB issued three new standards as improvements to the accounting requirements for off balance sheet activities and joint arrangements. IASB has declared the efficiency of the standards, inclusive related standards IAS 27 and IAS 28, from 1 January 2013 but the EU requires the application from 1 January 2014.

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*.

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 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.

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.

C.4. 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 2012.

D. 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 2012.

During the six-month period ended 30 June 2013 the Home Credit Group's operations in Russia observed an increase in customer loan delinquencies. In response, the underwriting and collection policies were tightened in order to limit the negative impact of such market changes.

During the interim period there were no other significant changes in the nature or extent of risks arising from financial instruments.

D.1. Liquidity risk

There were no significant acquisitions in the first half of 2013 affecting the liquidity position. Proceeds from the sale of a 25% equity stake in GPH were fully used for partial repayment the Calyon facility and partial redemption of a MEUR 400 bond. The Group has sufficient funds to finance its activities.

D.2. Fair value of financial assets and liabilities

The Group has performed a fair-value assessment of its financial instruments to determine whether it is practicable within the constraints of timeliness and cost to determine their fair values with sufficient reliability.

The fair values of the following financial instruments differ from their carrying amounts shown in the statement of financial position, either in 2013 or in 2012:

In millions of EUR

	30 June 2013 Carrying amount	30 June 2013 Fair value	31 December 2012 Carrying amount	31 December 2012 Fair value
Financial assets held to maturity	47	47	64	65
Due to non-banks	(9,497)	(9,504)	(7,991)	(7,994)
Due to banks and other financial institutions	(3,147)	(3,149)	(4,231)	(4,233)
Debt securities issued	(1,406)	(1,407)	(1,907)	(1,915)

The Group's fair-value estimates for its other financial assets and liabilities are not materially different from their carrying values.

The following table presents an analysis of financial instruments recorded at fair value, broken down by how the fair value calculation is accomplished: i.e., based on quoted market prices (Level 1), calculated using valuation techniques where all the model inputs are observable in the market (Level 2), or calculated using valuation techniques where significant model inputs are not observable in the market (Level 3).

In millions of EUR, as at 30 June 2013

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	506	175	31	712
Financial assets available for sale	2,007	38	124	2,169
Financial liabilities at fair value through profit or loss	(271)	(71)	(12)	(354)
Total	**2,242**	**142**	**143**	**2,527**

In millions of EUR, as at 31 December 2012

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	312	166	32	510
Financial assets available for sale	2,107	26	90	2,223
Financial liabilities at fair value through profit or loss	(143)	(71)	(22)	(236)
Total	**2,276**	**121**	**100**	**2,497**

There were no transfers of financial statements between the three valuation categories.

The following table shows the reconciliation of movements in Level 3:

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

	2013
Balance at 1 January	100
Net losses recorded in profit or loss (included in "Net gain/(loss) on financial assets")	(2)
Net losses recorded in other comprehensive income	(4)
Purchases of financial assets	60
Issues of financial liabilities	(1)
Settlements	(10)
Balance at 30 June	143

The financial assets at fair value through profit or loss presented in Level 3 above include positive fair values of currency derivatives in BYR of MEUR 10 (31 December 2012: MEUR 11) and other derivatives of MEUR 21 (31 December 2012: MEUR 21).

The financial assets available for sale presented in Level 3 consist of debt securities of MEUR 90 (31 December 2012: MEUR 54), equity securities of MEUR 31 (31 December 2012: MEUR 33) and loans and receivables of MEUR 3 (31 December 2012: MEUR 3).

E. Segment reporting

In accordance with IFRS 8 the Group recognises 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 Home Credit consumer finance and real estate businesses are described in more detail in separate sections.

The retail business consists of Eldorado, Russia's largest electronics and domestic appliances retailer.

The insurance business reflects the Group's share in Generali PPF Holding B.V., which operates in the CEE region, and also Russian and Ukrainian life-insurance operations acquired in March 2013 (refer to B.2.2). Russian and Byelorussian non-life operations are included in the Home Credit segment based on their national market focus.

The "other banking" segment comprises the operations of PPF banka a.s., Air Bank a.s., AB1 B.V., AB2 B.V., AB4 B.V., AB5 B.V., AB7 B.V., Ruconfin B.V. and Nomos-Bank (sold in 2012).

The agriculture segment represents Russian agriculture group RAV Agro.

The "other" segment includes investments in associates and joint ventures related to Polymetal, EP Holding and SAZKA (sold in 2012). Sotio as a new business acquired in 2012 is included in the "other" segment as well.

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, fee and commission income, rental income, sales of goods, other income on retail operations and agriculture income.

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

Significant non-cash expenses are comprised mainly of impairment losses on financial and non-financial assets.

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 2013 and comparative figures for 2012:

In millions of EUR

30 June 2013	Home Credit	Real Estate	Retail	Insurance	Other banking	Agriculture	Other	Eliminations	**Consolidated 2013**
Revenue from external customers	1,618	21	1,011	67	158	7	33	-	2,915
Inter-segment revenue	56	5	5	1	(36)	-	23	(54)	-
Total revenue from continuing operations	**1,674**	**26**	**1,016**	**68**	**122**	**7**	**56**	**(54)**	**2,915**
Segment share of earnings of associates	1	-	-	50	-	-	80	-	131
Net profit from continuing operations	**236**	**65**	**(60)**	**74**	**18**	**(3)**	**140**	**(78)**	**392**
Net profit for the year									**392**
Other significant non-cash expenses	(577)	(1)	(29)	-	(32)	-	1	-	(638)
Segment assets	10,623	1,114	1,156	559	5,592	63	2,755	(2,463)	19,399
Investments in associates	2	29	-	1,231	-	-	1,331	-	2,593
Unallocated assets									121
Total assets									**22,113**
Segment liabilities	8,965	641	1,069	461	5,292	61	2,081	(2,285)	16,285
Unallocated liabilities									171
Total liabilities									**16,456**
Segment equity	**1,659**	**435**	**58**	**1,322**	**301**	**2**	**2,058**	**(178)**	**5,657**

In millions of EUR

30 June 2012	Home Credit	Real Estate	Retail	Insurance	Other banking	Agriculture	Other	Eliminations	**Consolidated 2012**
Revenue from external customers	921	15	1,021	-	105	8	43	-	2,113
Inter-segment revenue	(1)	4	5	-	(15)	-	8	(1)	-
Total revenue from continuing operations	**920**	**19**	**1,026**	**-**	**90**	**8**	**51**	**(1)**	**2,113**
Segment share of earnings of associates	3	1	-	76	(28)	-	180	-	232
Net profit from continuing operations	**181**	**(4)**	**(45)**	**76**	**(7)**	**(8)**	**86**	**(26)**	**253**
Net profit for the year									**253**
Other significant non-cash expenses	(219)	-	(6)	-	(28)	-	(72)	-	(325)
31 December 2012									
Segment assets	9,537	917	1,367	-	4,489	55	2,677	(1,665)	17,377
Investments in associates	3	28	-	2,751	-	-	1,307	-	4,089
Unallocated assets									72
Total assets									**21,538**
Segment liabilities	7,957	513	1,142	-	4,148	49	3,377	(1,558)	15,628
Unallocated liabilities									164
Total liabilities									**15,792**
Segment equity	**1,573**	**370**	**196**	**2,751**	**339**	**6**	**618**	**(107)**	**5,746**

E.1. Home Credit business

The Home Credit consumer finance business is divided into segments based on geographical regions corresponding to the geographical location of customers. The Group operates in eight principal geographical areas: the Russian Federation, the Czech Republic, the Slovak Republic, the Republic of Belarus, China, Vietnam, India and Kazakhstan (an acquisition of January 2013, refer to B.2.1).

The following table supplements the information presented for the Home Credit business in the previous table. Eliminations represent intercompany balances among individual reporting segments within Home Credit. Revenue from customers includes revenue realised with other core segments presented in the table above.

In millions of EUR

30 June 2013	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	China	Vietnam/ India	Other	Unallocated	Eliminations	**Consolidated**
Revenue from customers	1,342	19	17	29	93	131	39	-	4	-	1,674
Inter-segment revenue	3	-	-	-	-	-	-	-	1	(4)	-
Total revenue	**1,345**	**19**	**17**	**29**	**93**	**131**	**39**	**-**	**5**	**(4)**	**1,674**
Net interest income from external customers	691	11	12	17	48	93	29	-	(4)	-	897
Inter-segment net interest income	3	-	(1)	(1)	(2)	-	(1)	-	-	-	(2)
Total net interest income	**694**	**11**	**11**	**16**	**46**	**93**	**28**	**-**	**(4)**	**-**	**895**
Income tax expense	(45)	(3)	(4)	(1)	(8)	(9)	(2)	-	(3)	-	(75)
Net profit from continuing operations	**142**	**10**	**14**	**4**	**26**	**32**	**2**	**(12)**	**20**	**(2)**	**236**
Other significant non-cash expenses	(517)	(4)	(4)	(2)	(22)	(18)	(10)	-	-	-	(577)
Segment assets	8,897	148	93	124	468	641	193	86	156	(183)	10,623
Segment liabilities	7,725	77	58	91	325	360	143	48	309	(171)	8,965
Segment equity	**1,176**	**71**	**41**	**31**	**142**	**273**	**50**	**40**	**(153)**	**(12)**	**1,659**

In millions of EUR

30 June 2012	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	China	Vietnam/ India	Other	Unallocated	Eliminations	**Consolidated**
Revenue from customers	763	16	25	17	-	62	33	-	4	-	920
Inter-segment revenue	-	-	-	-	-	-	-	-	1	(1)	-
Total revenue	**763**	**16**	**25**	**17**	**-**	**62**	**33**	**-**	**5**	**(1)**	**920**
Net interest income from external customers	375	9	20	7	-	43	21	-	(4)	-	471
Inter-segment net interest income	-	-	(1)	-	-	-	-	-	1	-	-
Total net interest income	375	9	19	7	-	43	21	-	(3)	-	471
Income tax expense	(42)	(7)	(1)	-	-	-	-	-	(4)	-	(54)
Net profit from continuing operations	**161**	**28**	**5**	**(3)**	**-**	**5**	**(1)**	**-**	**(12)**	**(2)**	**181**
Other significant non-cash expenses	(191)	(3)	(5)	-	-	(6)	(14)	-	-	-	(219)
31 December 2012											
Segment assets	8,003	185	164	120	400	450	115	26	234	(160)	9,537
Segment liabilities	6,837	97	125	98	284	251	74	2	340	(151)	7,957
Segment equity	**1,161**	**79**	**44**	**22**	**115**	**199**	**41**	**24**	**(103)**	**(9)**	**1,573**

E.2. Real Estate business

The real estate segment is comprised investment property projects located in the Russian Federation, the Czech Republic, the Slovak Republic, Germany, Ukraine, Romania and India. It encompasses completed projects used for rental income, projects under development, and unused land plots for future development or sale.

The following table supplements the information presented for the real estate business in the previous table. Eliminations represent intercompany balances among the individual reporting segments within real estate. Revenue from customers includes revenue realised with other core segments presented in the table above.

In millions of EUR

30 June 2013	Czech Republic	Russian Federation	Other	Unallocated	Eliminations	**Consolidated 2013**
Revenue from customers	7	17	2	-	-	26
Inter-segment revenue	-	-	-	4	(4)	-
Total revenue	**7**	**17**	**2**	**4**	**(4)**	**26**
Rental and related income	7	17	1	-	-	25
Net valuation gains/losses	**2**	**94**	**(1)**	**-**	**-**	**95**
Segment share of earnings of associates	-	-	-	-	-	-
Income tax expense	(2)	(17)	-	-	-	(19)
Segment result	**3**	**70**	**9**	**(17)**	**-**	**65**
Other significant non-cash expenses	-	(1)	-	-	-	(1)
Segment assets	171	833	51	318	(259)	1,114
Investments in associates	-	29	-	-	-	29
Segment liabilities	104	482	68	254	(267)	641
Segment equity	**54**	**326**	**(17)**	**64**	**8**	**435**

In millions of EUR

30 June 2012	Czech Republic	Russian Federation	Other	Unallocated	Eliminations	**Consolidated 2012**
Revenue from customers	7	10	1	1	-	19
Inter-segment revenue	-	-	-	2	(2)	-
Total revenue	**7**	**10**	**1**	**3**	**(2)**	**19**
Rental and related income	7	8	-	-	-	15
Net valuation gains/losses	**6**	**9**	**-**	**-**	**-**	**15**
Segment share of earnings of associates	1	-	-	-	-	1
Income tax expense	(1)	(9)	-	-	-	(10)
Segment result	**7**	**(7)**	**1**	**(5)**	**-**	**(4)**
Other significant non-cash expenses	-	-	-	-	-	-
31 December 2012						
Segment assets	172	636	58	280	(229)	917
Investments in associates	-	27	1	-	-	28
Segment liabilities	107	368	75	200	(237)	513
Segment equity	**52**	**246**	**(16)**	**80**	**8**	**370**

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 2013	31 December 2012
Current accounts	603	799
Current accounts with central banks	330	539
Placements with financial institutions due within one month	932	279
Cash on hand	183	256
Total cash and cash equivalents	**2,048**	**1,873**

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 2013	31 December 2012
Financial assets at fair value through profit or loss	712	510
Financial assets available for sale	2,169	2,223
Financial assets held to maturity	47	64
Loans and receivables due from banks and other financial institutions	1,291	907
Loans and receivables due from non-banks	9,214	8,086
Other loans and receivables	727	934
Total financial instruments	**14,160**	**12,724**

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 2013	31 December 2012
Debt securities	525	333
Government and other public-sector bonds	423	237
Corporate bonds	102	96
Equity securities	116	112
Shares	4	3
Other equity securities	112	109
Positive fair values of derivatives	71	65
Total FVTPL	**712**	**510**

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 2013	31 December 2012
Debt securities	2,079	1,753
Government bonds	1,091	960
Corporate bonds	906	766
Other debt securities	82	27
Equity securities	87	467
Shares	86	466
Mutual funds investments	1	1
Loans and receivables	3	3
Total AFS	**2,169**	**2,223**

F.2.3. Financial assets held to maturity

In millions of EUR

	30 June 2013	31 December 2012
Debt securities	47	64
Government bonds	26	22
Corporate bonds	21	42
Total HTM	**47**	**64**

F.2.4. 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 2013	31 December 2012
Term deposits at banks	674	330
Minimum reserve deposits with central banks	157	134
Loans to banks	47	38
Loans and advances provided under repo operations	335	357
Other	78	48
Total loans and receivables due from banks and other financial institutions	**1,291**	**907**

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

Loans and advances provided under repo operations are associated mainly with PPF banka.

F.2.5. Loans and receivables due from non-banks

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

In millions of EUR

	30 June 2013	31 December 2012
Gross amount		
Consumer loan receivables	2,063	2,039
Cash loan receivables	5,945	4,809
Revolving loan receivables	1,111	928
Car loan receivables	116	113
Mortgage loan receivables	92	95
Loans to corporations	840	769
Loans and advances provided under repo operations	100	51
Other	4	2
Total gross amount	**10,271**	**8,806**
Collective allowances for impairment		
Consumer loan receivables	(199)	(156)
Cash loan receivables	(701)	(447)
Revolving loan receivables	(114)	(84)
Car loan receivables	(20)	(16)
Mortgage loan receivables	(4)	(5)
Loans to corporations	(1)	-
Total collective impairment	**(1,039)**	**(708)**
Loans to corporations	(18)	(12)
Total individual impairment	**(18)**	**(12)**
Total carrying amount	**9,214**	**8,086**

The increase of cash loan receivables corresponds to the growth of Russian consumer finance business. During the six-month period ended 30 June 2013 the Group experienced also an increase in the balance of allowances for impairment, which was primarily attributable to an increase in customer loan delinquencies across the Russian market.

F.2.6. Other loans and receivables

The following table shows breakdown of other loans and receivables:

In millions of EUR

	30 June 2013	31 December 2012
Gross amount	767	1,022
Individual allowances for impairment	(25)	(74)
Investment in associates*	(15)	(14)
Total other loans and receivables	**727**	**934**

*Presentation of negative share in two real estate projects which are funded by a Group loan presented in this section.

"Other loans" represent mainly the provision of funds outside the Group's core banking business. This category also includes loans to the Group's associates that were used to finance several real estate projects. As of 30 June 2013, the total amount of such loans was MEUR 37 (31 December 2012: MEUR 37). In 2012, Timeworth Ltd. granted a loan facility to EP Holding in a total amount of MEUR 325. The loan consisted of a MEUR 100 subordinated loan facility and a MEUR 225 subordinated loan facility convertible into shares of EP Holding at pre-defined terms. In August 2012, the Group swapped a MEUR 90 portion of the loan for EP Holding shares.

As noted above, these financing arrangements contain embedded options to swap outstanding amounts of loan principals into EP Holding shares, under pre-defined conditions. Management of the Group believes that the fair value of the options cannot be reasonably measured due to the fact that it is impossible to reliably determine the time value of the embedded options which is expected to represent a significant portion of the overall options' fair value. As a consequence, embedded derivative shall be subsequently measured at cost which is zero.

F.3. Inventories

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

In millions of EUR

	30 June 2013	31 December 2012
Goods/merchandise for resale	410	462
Other inventory	2	10
Allowance for slow-moving and damaged items	(13)	(13)
Agriculture - Finished goods and goods for resale	1	2
Agriculture - Work in progress	2	1
Agriculture - Raw materials and consumables	4	5
Total inventories	**406**	**467**

F.4. Biological assets

Biological assets relate to the agricultural business of RAV Agro acquired in July 2011 and comprise the following:

In millions of EUR

	30 June 2013	31 December 2012
Non-current		
Balance at 1 January	3	11
Change in fair value of biological assets	1	(8)
Balance at 30 June 2013 / 31 December 2012	**4**	**3**
Current		
Balance at 1 January	**5**	**4**
Additions due to growing	10	22
Change in fair value of biological assets	3	2
Harvested assets transferred to inventory	-	(23)
FX differences from translation to presentation currency	(1)	-
Balance at 30 June 2013 / 31 December 2012	**17**	**5**
Total biological assets	**21**	**8**

Dairy cattle comprises the bulk of non-current biological assets. In the six months ended 30 June 2013, the Group produced 6,470 tons of milk (31 December 2012: 14,920 tons). As of 30 June 2013 the Group held 9,692 head of livestock (31 December 2012: 10,671 head).

Current biological assets consist of winter wheat, burley, corn, sunflower, summer wheat, soybean, and triticale crops to be harvested in the following year. In 2013, the Group plans to harvest 178,480 tons of agricultural produce (31 December 2012: 163,641 tons). As at 30 June 2013 the Group had planted 60,284 hectares of winter wheat, burley, corn, sunflower, summer wheat, soybean, and triticale (31 December 2012: 30,610 hectares).

F.5. Assets and liabilities held for sale

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

In millions of EUR

	30 June 2013	31 December 2012
Financial assets held to maturity	3	-
Loans and receivables due from banks and other financial institutions	9	-
Other assets	7	-
Deferred tax assets	1	-
Intangible assets	1	-
Property, plant and equipment	2	-
Total assets held for sale	**23**	**-**
Liabilities to non- banks	1	-
Insurance provisions	2	-
Total liabilities held for sale	**3**	**-**

The held-for-sale assets and liabilities relate mainly to the activities of PPF Insurance PSC and PPF Life Insurance PrJSC (refer to B.2.2)

F.6. Other assets

Other assets comprise the following:

In millions of EUR

	30 June 2013	31 December 2012
Settlements with suppliers	128	95
Prepaid expenses	72	95
Other taxes receivable	58	48
Accrued income from insurance fees	8	77
Insurance related other assets	358	-
Deferred acquisition costs – insurance business	338	-
Non-life amounts ceded to reinsurers from insurance provisions	9	-
Receivables arising out of direct insurance operations	10	-
Receivables arising out of reinsurance operations	1	-
Other	67	77
Subtotal other assets (gross)	**691**	**392**
Specific allowances for impairment on settlement with suppliers	(6)	(4)
Specific allowances for impairment on prepayments and other deferrals	(6)	(21)
Specific allowances for impairment on other assets	(4)	(10)
Other assets	**675**	**357**

F.7. 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 2013	31 December 2012
Generali PPF Holding	1,231	2,751
Polymetal	656	735
EP Holding	657	572
Real estate projects	29	28
Lindus (incl. Bestsport)	18	-
Other	2	3
Total investments in associates and joint ventures	**2,593**	**4,089**

The following table shows a break-down of the share of earnings of associates and joint ventures, including gains or losses arising from changes in the Group's shares in the respective undertakings:

In millions of EUR

	30 June 2013	30 June 2012
Generali PPF Holding	50	76
Polymetal	(26)	49
EP Holding	106	126
Nomos-Bank	-	(28)
PSJ	-	1
Real estate projects	-	3
SAZKA	-	5
Other	1	-
Total share of earnings of associates/joint ventures	**131**	**232**

The difference between the total investment and Group's share in equity comprises goodwill. The difference between the total share in earnings and Group's share in profit comprises gains or losses arising from changes in the Group's share (e.g. dilution). Negative share of some associates is presented under Other loans (refer to F.2.6)

Generali PPF Holding

In March 2013, the Group sold a 25% shareholding in Generali PPF Holding to Assicurazioni Generali (refer to B.3.1).

In millions of EUR

	30 June 2013	31 December 2012
Total assets	15,934	17,152
Total liabilities	(10,763)	(11,500)
Group's share in total equity (24%; 2012: 49%)	1,241	2,769
Non-controlling interest on subholding level	(10)	(18)
Group's share in equity (24%; 2012: 49%)	**1,231**	**2,751**
	30 June 2013	30 June 2012
Total revenue	1,757	1,882
Total net profit	117	159
Group's share in net profit (49%/24%; 2012: 49%)	52	78
Non-controlling interests on subholding level	(2)	(2)
Group's share in profit (49%/24%; 2012: 49%)	**50**	**76**

Polymetal

In December 2012, the Group's share was 20.83% (20.86% as of 30 June 2012). In 2013, the Group's share was further diluted to 20.05%. The company is listed on the London Stock Exchange. As of 30 June 2013, the share price of Polymetal International Plc was GBP 4.53 (31 December 2012 GBP 11.75).

In millions of EUR

	30 June 2013	31 December 2012
Total assets	2,605	2,731
Total liabilities	(1,279)	(1,121)
Group's share in total equity (20.05%; 2012: 20.83%)	266	335
Non-controlling interest at subholding level	-	-
Group's share in equity (20.05%; 2012: 20.83%)	**266**	**335**
	30 June 2013	30 June 2012
Total revenue	549	592
Total net profit/(loss)	(174)	115
Group's share in profit/(loss) (20.05%; 2012: 20.86%)	(35)	24
Non-controlling interest at subholding level	-	(1)
Dilution gain and other changes in equity of Polymetal	9	26
Total share in profit/(loss) (20.05%; 2012: 20.86%)	**(26)**	**49**

EP Holding

In September 2011, the Group increased its effective economic share in EP Holding from 29% to a direct 40% interest by acquiring shares from PPF Partners. In August 2012, the Group swapped a MEUR 90 portion of an existing loan for EP Holding shares, thereby increasing its economic share in EP Holding from 40% to 44.4%.

In millions of EUR

	30 June 2013	31 December 2012
Total assets	10,661	3,177
Total liabilities	(6,476)	(1,838)
Group's share in total equity (44.4%)	1,858	595
Non-controlling interest at subholding level	(1,300)	(126)
Group's share in equity (44.4%)	**558**	**469**
	30 June 2013	30 June 2012
Total revenue	2,137	490
Total net profit	315	314
Non-controlling interest at subholding level	(34)	-
Group's share in profit (44.4%; 2012: 40%)	**106**	**126**

Nomos-Bank

In August 2012 the Group disposed the entire stake in Nomos bank. The following table summarises the financial performance for six months in 2012.

In millions of EUR

	30 June 2012
Total revenue	911
Total net profit	209
Group's share in profit (27.33%)	**57**
Non-controlling interest at subholding level	(9)
Impairment loss	(76)
Total share in profit (27.33%)	**(28)**

Real estate

This investment consists of several projects, with ownership participations ranging from 24.5% to 50%. The aggregate total assets of those entities in question at 30 June 2013 are MEUR 212 (MEUR 203 at 31 December 2012), while the aggregate total liabilities are MEUR 200 (MEUR 190 at December 2012).

SAZKA

In December 2012 the Group sold its 50% share in SAZKA business.

LINDUS

The Group holds a direct and indirect (through entity Lindus) stake in Bestsport Arena a.s. and Bestsport Services a.s., entities connected to Prague sport arena. Lindus is a jointly-controlled entity. The Group applies significant influence in all those entities, the shares in Bestsport Arena a.s. and Bestsport Services a.s. have been gradually acquired during the first half of 2013 as a part of Bestsport reorganisation plan.

F.8. Investment property

Investment property comprises the following:

In millions of EUR

	30 June 2013	31 December 2012
Investment property	593	551
Investment property under construction	250	165
Total investment property	**843**	**716**

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

In millions of EUR

	30 June 2013	31 December 2012
Balance at 1 January	716	438
Additions	108	217
Disposal	(52)	(9)
Unrealised gains from investment property	99	133
Unrealised losses from investment property	(4)	(67)
Net FX differences	(24)	4
Balance at 30 June 2013 / 31 December 2012	**843**	**716**

F.9. 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 2013

	Land and buildings	Other tangible assets and equipment	Advances and tangible assets not in use	Total	Thereof under finance lease
Cost					
Balance at 1 January	403	395	15	813	10
Additions resulting from business combinations	5	1	-	6	-
Additions	3	43	15	61	1
Disposals	(7)	(11)	(17)	(35)	-
Other movements	(2)	-	-	(2)	-
Net foreign exchange differences	(21)	(21)	(1)	(43)	-
Balance at 30 June	381	407	12	800	11
Accumulated depreciation and impairment losses					
Balance at 1 January	(51)	(165)	(2)	(218)	(2)
Depreciation charge for the period	(5)	(35)	-	(40)	(1)
Depreciation included in Cost of sales (Agriculture)	-	(1)	-	(1)	-
Reversal of impairment losses	9	3	-	12	-
Disposals	-	9	-	9	1
Other movements	(1)	1	-	-	-
Net foreign exchange differences	2	9	-	11	-
Balance at 30 June	(46)	(179)	(2)	(227)	(2)
Carrying amount	**335**	**228**	**10**	**573**	**9**

In millions of EUR for the year ended 31 December 2012

	Land and buildings	Other tangible assets and equipment	Advances and tangible assets not in use	Total	Thereof under finance lease
Cost					
Balance at 1 January	230	274	12	516	2
Additions resulting from business combinations	166	12	-	178	5
Disposal resulting from business combinations	-	(7)	-	(7)	-
Additions	6	121	40	167	4
Disposals	(1)	(15)	(37)	(53)	(1)
Other movements	(4)	4	-	-	-
Net foreign exchange differences	6	6	-	12	-
Balance at 31 December	403	395	15	813	10
Accumulated depreciation and impairment losses					
Balance at 1 January	(33)	(110)	(2)	(145)	(1)
Disposal resulting from business combinations	1	-	-	1	-
Depreciation charge for the period	(8)	(58)	-	(66)	(2)
Depreciation included in Cost of sales (Agriculture)	(1)	(4)	-	(5)	-
Impairment losses recognised	(9)	(4)	-	(13)	-
Disposals	-	13	-	13	1
Other movements	(1)	1	-	-	-
Net foreign exchange differences	-	(3)	-	(3)	-
Balance at 31 December	(51)	(165)	(2)	(218)	(2)
Carrying amount	**352**	**230**	**13**	**595**	**8**

F.10. Intangible assets

Intangible assets comprise the following:

In millions of EUR

	30 June 2013	31 December 2012
Goodwill	279	292
Software	102	79
Trademark	139	185
Present value of future profits from portfolio acquired	46	-
In-process research and development (IPRD)	65	61
Other intangible assets	19	20
Total intangible assets	**650**	**637**

Present value of future profits relates to acquisition of insurance operations in CIS region (refer to B.2.2).

F.11. Liabilities to non-banks

Liabilities to non-banks comprise the following:

In millions of EUR

	30 June 2013	31 December 2012
Current accounts and demand deposits	2,965	2,709
Term deposits	6,107	4,912
Loans	375	370
Loans received under repo operations	39	-
Other	11	-
Total liabilities to non-banks	**9,497**	**7,991**

The table shows the liabilities owed to corporate and individual clients of the Group, the bulk of which relates to the banking business of PPF banka, Home Credit and Finance Bank and Air Bank.

Category “Loans” contains a 325 MEUR loan provided by PPF Partners which is onlent to EP Holding.

F.12. Liabilities to banks and other financial institutions

Liabilities to banks and other financial institutions comprise the following:

In millions of EUR

	30 June 2013	31 December 2012
Repayable on demand	2	1
Loans received under repos	534	417
Secured loans (other than repo)	1,828	2,959
Unsecured loans	737	827
Other	46	27
Total liabilities to banks	**3,147**	**4,231**

F.13. 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 2013	31 December 2012
Unsecured RUB bond issue 5 of MRUB 4,000	Variable	April 2013	-	101
USD loan participation notes 6 of MUSD 500	Fixed	March 2014	337	335
Unsecured RUB bond issue 1 of MRUB 3,000	Variable	April 2014	71	76
Unsecured RUB bond issue 3 of MRUB 4,000	Variable	April 2014	25	101
Unsecured RUB bond issue 6 of MRUB 5,000	Variable	June 2014	117	125
Unsecured RUB bond issue 7 of MRUB 5,000	Variable	April 2015	118	126
Unsecured CZK bond issue 4 of MCZK 2,900	Fixed	September 2015	97	97
Notes MEUR 208 (MEUR 400 in 2012)	Fixed	November 2015	215	403
Unsecured RUB bond issue 2 of MRUB 3,000	Variable	February 2016	70	-
Unsecured CZK bond issue 5 of MCZK 3,750	Fixed	June 2016	128	133
Deposit bills of exchange; rates (0.5% - 4.25%)	Fixed	January 2013-December 2013	143	106
Deposit bills of exchange; rate (0% - 5.00%)	Fixed	January 2014-December 2014	60	31
Deposit bill of exchange; rate 0%	Fixed	November 2015	13	-
Deposit bill of exchange; rate 4.00%	Fixed	June 2016	12	10
Total debt securities issued			**1,406**	**1,644**

In March 2013, the Group redeemed MEUR 192 of a MEUR 400 bond issued in November 2009 (refer to B.3.1).

F.14. 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 2013	31 December 2012
Negative fair values of derivatives	71	71
Obligation to deliver securities	271	143
Other	12	22
Total financial liabilities FVTPL	**354**	**236**

F.15. Provisions

Provisions comprise the following:

In millions of EUR

	30 June 2013	31 December 2012
Insurance provisions	569	-
Goods returns	9	10
Provision for litigations except for tax issues	1	1
Other provisions	6	12
Total provisions	**585**	**23**

Insurance provisions comprise the following:

In millions of EUR

	30 June 2013
Non-life insurance provisions	493
Provisions for unearned premiums	483
Provisions for outstanding claims	10
Life insurance provisions	76
Provisions for outstanding claims	2
Mathematical provisions	72
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	2
Total insurance provisions	**569**

F.16. Other liabilities

Other liabilities comprise the following:

In millions of EUR

	30 June 2013	31 December 2012
Settlements with suppliers	572	667
Wages and salaries	88	125
Social security and health insurance	19	21
Other tax payable	54	69
Finance lease liabilities	16	8
Accrued expenses	22	25
Deferred income	48	53
Advance received	37	35
Customer loan overpayments	27	26
Insurance payable net	6	-
Other liabilities	79	211
Total other liabilities	**968**	**1,240**

F.17. Subordinated liabilities

Subordinated liabilities comprise subordinated debt securities. Loan participation notes issue 7 in amount of MEUR 275 was issued in October 2012 at a fixed rate. The bondholders are entitled to require early redemption of the bond at par in April 2018 (the reset date). After the reset date the interest rate is determined as a variable rate.

Subordinated bond in amount of MEUR 50 was issued in April 2013 at a fixed rate. The bond matures in April 2023. The bondholders are entitled to require early redemption of the bond at par in April 2018.

F.18. Issued capital

The following table provides details of authorised and issued shares:

	30 June 2013	31 December 2012
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.19. Net interest income

Interest income comprises the following:

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

	2013	2012
Financial instruments at fair value through profit or loss	9	7
Financial instruments available for sale	42	24
Financial instruments held to maturity	1	-
Due from banks and other financial institutions	16	23
Consumer loan receivables	258	182
Cash loan receivables	887	386
Revolving loan receivables	148	102
Car loan receivables	14	11
Mortgage loan receivables	5	6
Loans to corporations and other loans and receivables	47	49
Total interest income	**1,427**	**790**

Interest expense comprises the following:

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

	2013	2012
Due to non-banks	292	151
Due to banks and other financial institutions	90	87
Debt securities issued	53	56
Subordinated liabilities	14	-
Other	3	3
Total interest expenses	**452**	**297**
Total net interest income	**975**	**493**

F.20. Net fee and commission income

Fee and commission income comprises the following:

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

	2013	2012
Penalty fees	43	38
Insurance commissions	254	189
Cash transactions	30	25
Customer payment processing and account maintenance	16	13
Retailers’ commissions	10	7
Other	14	16
Total fee and commission income	**367**	**288**

Fee and commission expense comprises the following:

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

	2013	2012
Commissions to retailers	15	12
Cash transactions	16	8
Payment processing and account maintenance	10	8
Payments to deposit insurance agencies	15	3
Other	5	2
Total fee and commission expense	**61**	**33**
Total net fee and commission income	**306**	**255**

F.21. Net gain/(loss) on financial assets

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

	2013	2012
Net trading income	(33)	(23)
Securities trading	1	-
Debt securities	3	4
Equity securities	(2)	(4)
FX trading	-	1
Derivatives	(34)	(24)
Net gains on financial assets at fair value through profit or loss	2	1
Equity securities	4	1
Other	(2)	-
Net realised gains	14	-
Financial assets available for sale	15	1
Loans and receivables	(1)	(1)
Dividends	6	4
Total net gains/losses on financial assets	**(11)**	**(18)**

F.22. Net impairment losses on financial assets

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

	2013	2012
Financial instruments available for sale	1	15
Consumer loan receivables	111	57
Cash loan receivables	431	167
Revolving loan receivables	55	20
Car loan receivables	4	2
Mortgage loan receivables	-	(2)
Loans to corporations and other loans and receivables	7	61
Total net impairment losses on financial assets	**609**	**320**

The increase of impairment losses on cash loan receivables relates to the growth of Russian consumer finance business.

F.23. Insurance income

In millions of EUR

	30 June 2013
Gross earned premium	88
Gross premium written	125
Change in the provisions for unearned premiums related to non-life segment	(37)
Earned premiums ceded	(5)
Ceded reinsurance premiums	(5)
Net insurance benefits and claims	(9)
Claims paid	(3)
Change in the provisions for outstanding claims	(1)
Change in the mathematical provisions	(5)
Acquisition cost	(68)
Total insurance provisions	**6**

F.24. Net real estate income

Rental and related income comprises the following:

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

	2013	2012
Gross rental income	13	9
Service income	1	-
Service charge income	9	5
Service charge expenses	(4)	(4)
Total rental and related income	**19**	**10**

Property operating expense comprises the following:

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

	2013	2012
Operating lease expenses	1	-
Employee compensation	1	-
Other expenses	5	4
Total property operating expense	**7**	**4**

Net valuation gain/loss on investment property comprises the following:

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

	2013	2012
Valuation gains on investment property	99	33
Valuation losses on investment property	(4)	(19)
Total net valuation gain/(loss) on investment property	**95**	**14**

F.25. Other income

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

	2013	2012
Rental income	15	9
Foreign currency gains	8	4
Recognised income from excess of acquired net fair value over costs	77	5
Loss on monetary position	(2)	(2)
Other income	22	10
Total other income	**120**	**26**

The income from excess of acquired net fair value over costs (badwill) was recognised on acquisitions of the insurance operations in the CIS region (refer to B.2.2).

The loss on monetary position represents the effect of the application of IAS 29 – Financial Reporting in Hyperinflationary Economies on Home Credit Bank (OJSC), which is incorporated in the Republic of Belarus.

F.26. General administrative expenses

In millions of EUR for the six months ended 30 June

	2013	2012
Employee compensation	301	231
Payroll related taxes (including pension contribution)	67	53
Rental, maintenance and repair expense	139	120
Advertising and marketing	41	39
Professional services	32	24
Telecommunication and postage	31	25
Travel expenses	12	9
Taxes other than income tax	12	10
Information technologies	18	13
Distribution, transport and storage of goods	19	20
Other	66	55
Total general administrative expenses	**738**	**599**

F.27. Other operating expenses

In millions of EUR for the six months ended 30 June

	2013	2012
Depreciation of property, plant and equipment	40	30
Amortisation of intangible assets	19	12
Net impairment losses on goodwill recognised	1	4
Net impairment losses on other intangible assets	36	-
Net impairment losses on property, plant and equipment recognised	(3)	-
Loss on disposal of property, plant, equipment, and intangible assets	2	1
Net impairment losses on other assets	(3)	1
Total other operating expenses	**92**	**48**

F.28. Income tax expense

Income tax expense comprises the following:

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

	2013	2012
Current tax expense	(91)	(70)
Deferred tax expense	24	17
Total income tax expense	**(67)**	**(53)**

Income tax expense is recognised 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 2013 was 15% (30 June 2012: 17 %).

F.29. Other contingencies

F.29.1. Litigation

The Group (as a former sole shareholder of Česká pojišťovna a.s.) is involved in litigation (formally consisting of five disputes merged procedurally into one) 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 believes that it is unlikely that this case will be concluded in favour of the plaintiff.

In March 2012, a tribunal in Bucharest ruled on an appeal brought by the initial owner (Mr. Bleanca Petru) from whom the Group acquired land (the "Bavaria" project) against a decision of the court of first instance annulling Mr. Bleanca Petru's ownership title to the land. The ruling dismissed the appeal, upholding the decision of the Bucharest First District Court. This effectively means that the initial owner would not be considered to be the owner of the land. Further court proceedings are pending (motion of unconstitutionality) but do not have the immediate and direct impact on the decision of the Bucharest tribunal. Despite that, Mr. Petru still possesses a restitution claim on other non-specified land of the same size, or a non-specified amount of shares of the Romanian National Land Fund. As a consequence of this situation, the Group decided to decrease the fair value of this land plot from MEUR 13 in 2010 to nil in 2011. In February 2013 the Group and the minority shareholder of Bavaria Complex S.R.L. concluded an agreement on sale and transfer of all shares in Bavaria Complex S.R.L. and loan receivables towards Bavaria Complex S.R.L. by the Group to the minority shareholder. The net loss on the sale amounted to MEUR 1.

F.29.2. Taxation

The taxation systems in the Russian Federation, the Republic of Belarus, Kazakhstan, Vietnam and China are characterised by frequent changes in legislation which are subject to varying interpretation by diverse 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. Common practice in the Russian Federation, the Republic of Belarus, Kazakhstan, Vietnam and China suggests 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 and that outstanding tax receivables are recoverable based on its interpretations of applicable Russian, Belarusian, Kazakh, Vietnamese and Chinese tax legislation, official pronouncements and court decisions.

In terms of other countries where a group companies operate, several changes in tax legislation have been observed in recent years, especially in Cyprus, the Netherlands, the Czech Republic and the Slovak Republic. However, these changes have had no significant impact on the tax positions of any companies.

F.30. Commitments, guarantees and collaterals

Loan and capital expenditure commitments and guarantee comprise the following:

In millions of EUR

	30 June 2013	31 December 2012
Loans commitments	1,425	1,929
Revolving loan commitments	1,097	1,403
Consumer loan commitments	34	39
Cash loan commitments	23	39
Undrawn overdraft facilities	85	86
Term loan facilities	186	362
Capital expenditure commitments	119	218
Guarantees provided	181	308
Non-payment guarantees	96	79
Non-revocable letters of credit	6	5
Payment guarantees	79	224
Other	10	11
Total commitments and contingent liabilities	**1,735**	**2,466**

The following table shows secured liabilities:

In millions of EUR

	30 June 2013	31 December 2012
Secured bank loans	1,828	2,959
Total secured liabilities	**1,828**	**2,959**

The assets pledged as security were as follows:

In millions of EUR

	30 June 2013	31 December 2012
Financial assets at fair value through profit and loss (repos)	24	6
Financial assets available for sale (repos)	605	485
Loans and receivables due from banks and other financial institutions	-	2
Loans and receivables due from non-banks	168	215
Inventories	152	139
Biological assets	3	3
Investments in associates and joint ventures	1,468	2,984
Investment property	523	335
Property, plant and equipment	90	95
Financial assets as off-balance sheet items (repos)	38	-
Total assets pledged as security	**3,071**	**4,264**

Collaterals and guarantees received comprise the following:

In millions of EUR

	30 June 2013	31 December 2012
Guarantees – received	646	878
Loan commitments – received	41	33
Value of property received as collateral	1,000	1,338
Total collaterals received	**1,687**	**2,249**

F.31. Related party transactions

F.31.1. 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 2013	30 June 2012
Interest income	16	24
Fee and commission income	72	132
Net gain/loss on financial assets	3	2
Rental and related income	-	1
Operating income	1	2
Total revenue	**92**	**161**
Interest expense	(17)	(29)
Operating expense	(2)	(3)
Total expense	**(19)**	**(32)**

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

In millions of EUR

	30 June 2013	31 December 2012
Financial assets at fair value through profit or loss	1	-
Financial assets available for sale	49	25
Loans and receivables due from non-banks	45	1
Other loans and receivables	286	278
Other assets	6	93
Total assets	**387**	**397**
Due to non-banks	616	714
Due to banks and other financial institutions	295	292
Debt securities issued	173	179
Financial liabilities at fair value through profit or loss	-	2
Other liabilities	4	4
Subordinated liabilities	-	2
Total liabilities	**1,088**	**1,193**

F.31.2. Other related parties

During the course of the year the Group had the following significant transactions at arm's length with other related parties:

In millions of EUR, for the year ended 30 June

	2013	2012
General administrative expense	(8)	(1)
Total expenses	**(8)**	**(1)**

At the reporting date the Group had the following balances with other related parties:

In millions of EUR

	30 June 2013	31 December 2012
Other loans and receivables	42	1
Intangible assets	2	-
Total assets	**44**	**1**
Due to non-banks	4	1
Other liabilities	13	8
Total liabilities	**17**	**9**

The other related parties represent mainly unconsolidated entities and the group of entities controlled by one of the minority shareholders. The latter comprises consultancy service provided to the Group and loans granted by the Group.

G. Subsequent events

G.1. Change in shareholders structure

In March 2013, a company being wholly owned subsidiary of Jiří Šmejc entered into an agreement for sale back of its 5.0% stake in PPF Group N.V. After this transaction, the remaining shareholders increased their shareholdings in PPF Group N.V. proportionally. The surrounding agreement includes also acquisition by an affiliate of Mr. Šmejc of a direct 13.37% stake in Home Credit B.V., which is a holding company for Home Credit Group operations and direct stake of the same amount in Air Bank a.s. The remaining 86.63% in both companies is owned by PPF Group N.V. As the change of ownership in Home Credit B.V. and Air Bank a.s. was subject to the necessary regulatory approvals the settlement of both transfers occurred in September 2013. As a part of the deal PPF Group provided a long term loan to the affiliate of Mr. Šmejc.

G.2. Acquisition of Dutch real estate portfolio

In July 2013 the Group acquired a portfolio of seven office buildings scattered in the Netherlands for MEUR 140, in September 2013 the Group acquired an additional Dutch office building for MEUR 47. All the buildings are in operation and occupied by external tenants.

G.3. Supervisory Board

On 26 August 2013, the shareholders of PPF Group approved the resolution to dissolve the Supervisory Board which ceased to exist at the same date.

G.4. Full acquisition of RAV Agro

On 26 September 2013 the Group acquired the remaining 20% stake in Bavella B.V. and became the 100% shareholder of the Russian agriculture group RAV Agro. The consideration paid for the stake was MEUR 7.

Date:	Signature of the Authorised Representative:
18 October 2013	