PPF GROUP N.V.

Condensed interim consolidated financial statements
for the first half of 2014

Review report

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

Introduction

We have reviewed the accompanying consolidated interim financial information as at 30 June 2014 of PPF Group N.V., Amsterdam, which comprises the statement of financial position as at 30 June 2014, the statements of comprehensive income, changes in equity, and cash flows for the period of six months ended 30 June 2014, and the notes. The directors of the Company are responsible for the preparation and presentation of this consolidated interim 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 consolidated interim financial information as at 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 30 October 2014

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 2014

In millions of EUR

	Note	30 June 2014	31 December 2013
ASSETS			
Cash and cash equivalents	F1	2,961	1,875
Financial assets at fair value through profit or loss	F2.1	306	265
Financial assets available-for-sale	F2.2	1,862	1,671
Financial assets held-to-maturity	F2.3	19	41
Loans and receivables due from banks and other financial institutions	F2.4	544	1,203
Loans and receivables due from non-banks	F2.5	8,661	9,219
Other loans and receivables	F2.6	331	544
Current income tax receivable		38	23
Deferred tax assets		148	112
Inventories	F3	459	471
Biological assets	F4	17	12
Non-current assets held for sale	F5	1,215	19
Other assets	F6	793	541
Investments in associates and joint ventures	F7	688	2,505
Investment property	F8	1,470	1,209
Property, plant and equipment	F9	1,988	555
Intangible assets	F10	2,687	638
TOTAL ASSETS		**24,187**	**20,903**
LIABILITIES			
Due to non-banks	F11	8,606	8,776
Due to banks and other financial institutions	F12	4,328	2,365
Debt securities issued	F13	1,216	1,661
Financial liabilities at fair value through profit or loss	F14	244	274
Current income tax liability		27	33
Deferred tax liability		398	132
Provisions	F15	415	489
Liabilities held for sale	F5	-	2
Other liabilities	F16	1,905	1,196
Subordinated liabilities	F17	479	485
TOTAL LIABILITIES		**17,618**	**15,413**
CONSOLIDATED EQUITY			
Issued capital	F18	1	1
Share premium		677	677
Other reserves		(775)	(797)
Retained earnings		5,545	5,181
Total equity attributable to equity holders of Parent Company		5,448	5,062
Non-controlling interest		1,121	428
Total consolidated equity		**6,569**	**5,490**
TOTAL LIABILITIES AND EQUITY		**24,187**	**20,903**

Condensed interim consolidated income statement

For the six months ended 30 June 2014

In millions of EUR

	Note	30 June 2014	30 June 2013
Interest income		1,330	1,427
Interest expense		(411)	(452)
Net interest income	F19	**919**	**975**
Fee and commission income		279	367
Fee and commission expense		(63)	(61)
Net fee and commission income	F20	**216**	**306**
Net gain/(loss) on financial assets	F21	59	(11)
Net impairment losses on financial assets	F22	(707)	(609)
Other banking result		**(648)**	**(620)**
NET BANKING INCOME		**487**	**661**
Net earned premiums		132	83
Net insurance benefits and claims		(18)	(9)
Acquisition costs		(72)	(68)
NET INSURANCE INCOME	F23	**42**	**6**
Rental and related income		39	19
Property operating expenses		(10)	(7)
Net valuation gain on investment property		(18)	95
NET REAL ESTATE INCOME	F24	**11**	**107**
Sales of goods		896	969
Cost of goods sold		(681)	(752)
Other income on retail operations		20	23
NET INCOME ON RETAIL OPERATIONS		**235**	**240**
Revenues from telecommunication business		659	-
Costs related to telecommunication business		(198)	-
NET TELECOMMUNICTION REVENUES		**461**	**-**
Net agriculture income/(loss)		(5)	2
Other income	F25	46	120
OTHER OPERATING INCOME		**41**	**122**
General administrative expenses	F26	(978)	(738)
Other operating expenses	F27	(344)	(92)
OPERATING EXPENSE		**(1,322)**	**(830)**
Net gain from disposal of investments in subsidiaries, associates and joint ventures		364	22
Share of earnings of associates/joint ventures	F7	43	131
PROFIT BEFORE TAX		**362**	**459**
Income tax expense	F28	(24)	(67)
NET PROFIT FOR THE PERIOD		**338**	**392**
Net profit attributable to non-controlling interest		(8)	13
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT		**346**	**379**

Condensed interim consolidated statement of comprehensive income

For the six months ended 30 June 2014

In millions of EUR

	30 June 2014	30 June 2013
NET PROFIT FOR THE PERIOD	**338**	**392**
Other comprehensive income		
Valuation gains/(losses) on available-for-sale financial assets	17	(24)
AFS revaluation gains/(losses) transferred to income statement	(4)	(28)
Currency translation differences	(48)	(114)
Effect of movement in equity of associates	(1)	(134)
Effect of hedge accounting	7	2
Income tax relating to components of other comprehensive income	(2)	3
Other comprehensive income for the period (net of tax)	**(31)**	**(295)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**307**	**97**
Total comprehensive income attributable to non-controlling interest	**(6)**	**12**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	**313**	**85**

The condensed interim consolidated financial statements were approved by the Board of Directors of the Company on 30 October 2014.

Condensed interim consolidated statement of changes in equity

In millions of EUR, for the for the six months ended 30 June 2014

	Issued capital	Share premium	Available for sale reserve	Legal and statutory reserves*	Translation reserve	Reserve for own shares	Hedging reserve	Retained earnings	Attributable to equity holders of Parent	Attributable to non-controlling interest	Total
Balance at 1 January 2014	**1**	**677**	**29**	**24**	**(357)**	**(458)**	**(35)**	**5,181**	**5,062**	**428**	**5,490**
Profit for the period	-	-	-	-	-	-	-	346	346	(8)	338
Valuation losses taken to equity for AFS	-	-	17	-	-	-	-	-	17	-	17
AFS revaluation losses transferred to income statement	-	-	(4)	-	-	-	-	-	(4)	-	(4)
Currency translation	-	-	-	-	(50)	-	-	-	(50)	2	(48)
Effect of movement in equity of associates	-	-	(1)	-	(13)	-	(1)	14	(1)	-	(1)
Tax on items taken directly to or transferred from equity	-	-	(1)	-	-	-	(1)	-	(2)	-	(2)
Effect of hedge accounting	-	-	-	-	-	-	7	-	7	-	7
Total comprehensive income for the period	**-**	**-**	**11**	**-**	**(63)**	**-**	**5**	**360**	**313**	**(6)**	**307**
Net allocation to legal and statutory reserves	-	-	-	(4)	-	-	-	4	-	-	-
Disposal of associates	-	-	1	-	29	-	35	-	65	-	65
Effect of acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	776	776
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	(73)	(73)
Other changes in non-controlling interest	-	-	2	-	7	-	(1)	-	8	(4)	4
Total changes	**-**	**-**	**14**	**(4)**	**(27)**	**-**	**39**	**364**	**386**	**693**	**1,079**
Balance at 30 June 2014	**1**	**677**	**43**	**20**	**(384)**	**(458)**	**4**	**5,545**	**5,448**	**1,121**	**6,569**

*Legal and statutory reserves represent undistributable reserves of subsidiaries

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**

*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

	2014	2013
Cash flows from operating activities		
Profit before tax	362	459
Adjustments for:		
Gains/losses on disposal from consolidated subsidiaries/associates	(364)	(22)
Interest expense	411	452
Interest income	(1,330)	(1,427)
Other adjustments	573	(345)
Change in assets and liabilities	440	101
Net cash from operating activities	**92**	**(782)**
Cash flows from investing activities		
Interest received	1,316	1,369
Dividends received	46	191
Purchase of tangible assets and intangible assets	(157)	(130)
Purchase of investment property	(154)	(61)
Acquisition of subsidiaries and associates, net of cash acquired	(1,863)	(69)
Proceeds from disposal of subsidiaries and associates, net of cash disposed	1,088	1,317
Other movements	(176)	(27)
Net cash from investing activities	**100**	**2,590**
Cash flows from financing activities		
Interest paid	(419)	(385)
Dividends paid to non-controlling interest	(6)	-
Change in debt securities issued	(444)	(160)
Change in loans from banks and other financial institutions	1,792	(1,003)
Cash flow from financing activities	**923**	**(1,548)**
Net increase (decrease) in cash and cash equivalents	**1,115**	**260**
Cash and cash equivalents as at 1 January	**1,875**	**1,873**
Effect of exchange rate changes on cash and cash equivalents	(29)	(85)
Cash and cash equivalents as at 30 June	**2,961**	**2,048**

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 2014 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 2014.

Structure of Ultimate shareholders:
As at 30 June 2014, the shareholder structure was as follows:

Petr Kellner 98.94% (directly and indirectly)
Ladislav Bartoníček 0.53% (indirectly)
Jean-Pascal Duvieusart 0.53% (indirectly)

The effective ownership percentages of the individual shareholders include the allocation of a 5% stake held by PPF Group N.V. as own shares.

Registered Office:
Strawinskylaan 933
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

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 2013. 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 2014.

Company	Domicile	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	86.62%	86.62%
HC Asia N.V.	Netherlands	86.62%	86.62%
Bank Home Credit SB JSC	Kazakhstan	86.62%	86.62%
CF Commercial Consulting (Beijing) Co., Ltd.	China	100.00%	100.00%
Favour Ocean Ltd.	Hong Kong	86.62%	86.62%
Guangdong Home Credit Financing Guarantee Co., Ltd.	China	86.62%	86.62%
HC Consumer Finance Philippines, Inc.	Philippines	79.48%	79.48%
Home Credit a.s.	Czech Republic	86.62%	86.62%
Home Credit and Finance Bank LLC	Russia	86.62%	86.62%
Home Credit Asia Ltd.	Hong Kong	86.62%	86.62%
Home Credit Bank OJSC	Belarus	86.62%	86.62%
Home Credit Consumer Finance China Ltd.	China	100.00%	100.00%
Home Credit India Finance Private Ltd.	India	86.62%	86.62%
Home Credit Indonesia PT	Indonesia	64.97%	64.97%
Home Credit Insurance LLC	Russia	86.62%	86.62%
Home Credit International a.s.	Czech Republic	86.62%	86.62%
Home Credit Slovakia, a.s.	Slovakia	86.62%	86.62%
Homer Software House LLC	Ukraine	86.62%	86.62%
PPF Home Credit IFN S.A.	Romania	86.62%	86.62%
PPF Insurance FICJSC	Belarus	86.62%	86.62%
PPF Vietnam Finance Company LLC	Vietnam	100.00%	100.00%
Shenzen Home Credit Financial Service Co., Ltd.	China	86.62%	86.62%
Shenzen Home Credit Guarantee Co., Ltd	China	86.62%	86.62%
Sichuan Home Credit Financing Guarantee Co. Ltd.	China	86.62%	86.62%
Real Estate subgroup - subsidiaries			
PPF Real Estate Holding B.V.	Netherlands	100.00%	100.00%
Alrik Ventures Ltd.	Cyprus	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.	Czech Republic	100.00%	100.00%
Boryspil Project Management Ltd.	Ukraine	100.00%	100.00%
BTC-Invest LLC	Russia	100.00%	100.00%
Bucca Properties Ltd.	BVI	100.00%	100.00%
Capellalaan (Hoofddorp) B.V.	Netherlands	100.00%	100.00%
City Tower a.s.	Czech Republic	100.00%	100.00%
Celestial Holdings Group Ltd.	BVI	100.00%	100.00%
De Reling (Dronten) B.V.	Netherlands	100.00%	100.00%
Donskoe LLC	Russia	100.00%	100.00%
EusebiusBS (Arnhern) B.V.	Netherlands	100.00%	100.00%
Fantom LLC	Russia	100.00%	100.00%
Gen Office Gallery a.s.	Czech Republic	100.00%	100.00%
Glancus Investments Inc.	BVI	100.00%	100.00%
Gorod Molodovo Pokoleniya CJSC	Russia	73.00%	73.00%
In Vino LLC	Russia	99.90%	99.90%

In Vino Natukhaevskoe LLC	Russia	64.94%	64.94%
ISK Klokovo LLC	Russia	80.00%	80.00%
Johan II (Amsterdam) B.V.	Netherlands	100.00%	100.00%
Karperstraat (Amsterdam) B.V.	Netherlands	100.00%	100.00%
Karta Realty Ltd.	Cayman Islands	60.07%	60.07%
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%
LvZH (Rijswijk) B.V.	Netherlands	100.00%	100.00%
Midataner a.s.	Czech Republic	100.00%	100.00%
Mitino Sport City LLC	Russia	80.00%	80.00%
Monchyplein (Den Haag) B.V.	Netherlands	100.00%	100.00%
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%
Pompenburg (Rotterdam) B.V.	Netherlands	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%
Slovak Trade Company, s.r.o.	Slovakia	57.50%	57.50%
Spektr LLC	Russia	100.00%	100.00%
Tanaina Holdings Ltd.	Cyprus	100.00%	100.00%
TK Lipetskiy LLC	Russia	100.00%	100.00%
Trigon Berlin B.V.	Netherlands	100.00%	100.00%
Vítězné náměstí a.s.	Czech Republic	100.00%	100.00%
Wilhelminaplein B.V.	Netherlands	100.00%	100.00%
Yugo-Vostochnaya promyshlennaya companiya “Kartontara” LLC	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	86.62%	86.62%
AB 1 B.V.	Netherlands	86.62%	86.62%
AB 2 B.V.	Netherlands	86.62%	86.62%
AB 3 B.V.	Netherlands	86.62%	86.62%
AB 4 B.V.	Netherlands	86.62%	86.62%
AB 5 B.V.	Netherlands	86.62%	86.62%
AB 6 B.V.	Netherlands	86.62%	86.62%
AB 7 B.V.	Netherlands	86.62%	86.62%
Anthiarose Ltd.	Cyprus	100.00%	100.00%
Bavella B.V.	Netherlands	100.00%	100.00%
Bestsport Arena, a.s.	Czech Republic	73.18%	73.18%
Bestsport Services, a.s.	Czech Republic	65.29%	65.29%
Eldomarket LLC (former Beringhof Proliv Delta)	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%

Fodina B.V.	Netherlands	100.00%	100.00%
GIM Invest Co. Ltd.	Jersey	100.00%	100.00%
Invest-Realty LLC	Russia	100.00%	100.00%
Lindus Services Ltd.	Cyprus	100.00%	100.00%
Maraflex s.r.o.	Czech Republic	100.00%	100.00%
Moranda a.s.	Czech Republic	100.00%	100.00%
O2 Czech Republic a.s.	Czech Republic	65.93%	67.09%
O2 Slovakia, s.r.o.	Slovakia	65.93%	67.09%
Oribase Pharma SAS	France	42.40%	42.40%
PPF a.s.	Czech Republic	99.99%	99.99%
PPF Arena 1 B.V.	Netherlands	100.00%	100.00%
PPF Arena 2 B.V.	Netherlands	100.00%	100.00%
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 IT Services s.r.o.	Czech Republic	99.99%	99.99%
PPF Partners Ltd.	Guernsey	100.00%	100.00%
RAV Agro LLC	Russia	100.00%	100.00%
RAV Molokoproduct LLC	Russia	100.00%	100.00%
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	84.64%	84.64%
Sotio Medical Research (Beijing) Co., Ltd.	China	92.00%	92.00%
Timeworth Ltd.	Cyprus	100.00%	100.00%
Other significant associates			
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	100.00%	100.00%
Generali Pojistovna a.s.**	Czech Republic	100.00%	100.00%
Generali 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 Biztosító Zrt.**	Hungary	100.00%	100.00%
GP Reinsurance EAD**	Bulgaria	100.00%	100.00%
Penzijní společnost České pojišťovny, a.s.**	Czech Republic	100.00%	100.00%
Generali Romania Asigurare Reasigurare S.A.**	Romania	99.99%	99.99%

* 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.

B.2. Acquisitions

B.2.1. Acquisition of Telefonica Czech Republic

On 5 November the Group, acting through its subsidiary PPF Arena 2 B.V., signed an agreement with Telefonica S.A. on the sale of a 65.93% stake in Telefónica Czech Republic, a.s. The entity was subsequently renamed to O2 Czech Republic a.s. ("O2 CR"). O2 CR is a Czech publicly listed telecommunication company operating also in the Slovak Republic through its 100% subsidiary O2 Slovakia, s.r.o. (previously named Telefónica Slovakia, s.r.o.). The closing of the transaction, which was subject to approval by European Commission, occurred in January 2014. The following table shows the main non-financial parameters of the transaction:

Date of acquisition	28 January 2014
Stake acquired (proportion of the registered capital)	65.93%
Effective share on voting rights (after elimination of own shares held by O2 CR)	67.09%

From the Group's perspective, the acquisition of Czech and Slovak telecommunication business is considered as a long-term investment that enables better risk diversification by entering new business and potential integration of the product/service portfolio provided by the Group.

The Group financed the transaction partially through a syndicated loan facility provided by a consortium led by Société Générale ("the SG facility"), for more information refer to F.12. The SG facility comprises also loan commitment for funding of shares expected to be acquired as a result of the mandatory tender offer ("MTO"). The MTO process was launched in June and additional shares were finally acquired in August 2014 (refer to G.1).

In the five months to 30 June 2014, consolidated 02 CR contributed revenue of MEUR 661 and profit of MEUR 13 to the Group´s results. If the acquisition had occurred on 1 January 2014 consolidated revenue would have been increased by MEUR 793 and profit by MEUR 17. These amounts comprise depreciation and amortisation adjustments arising from purchase price allocation exercise (see below).

The following table shows the determination of purchase price:

In millions of EUR

Initial instalment (paid in CZK and EUR)*	1,969
Deferred instalments (to be paid in CZK)	379
Deferred period	4 years/8 even instalments
Net present value of deferred instalments	357
Total purchase price	2,326

*the transaction was agreed in Czech Korunas, the Euro equivalents are translated at the exchange rate as of the acquisition date.

The Group incurred acquisition-related costs of approximately MEUR 2 on legal fees and due diligence costs. These costs are included in consulting costs, mostly part of 2013 income statement.

In accordance with IFRS 3 the Group performed purchase price allocation ("PPA") exercise to identify the fair value of assets and liabilities. The acquired business was divided into two cash-generating units – Czech and Slovak operations (O2 CR/O2 SK). The Group finalised the Slovak part of the exercise. The Czech telecommunication market and operations of O2 CR faces significant uncertainties which impact the valuation of fixed assets.

Specifically, the current LTE (4G) rollout and network sharing initiatives and deals have significant impact on the valuation of towers and rooftops. Potential new and also past investments in the fibre optics/metallic infrastructure faces pressure from the content providers, cost perspective, pricing and mobile data substitution. In general, prices for the telecommunication services were historically falling down and the Group believes that during 2014/2015 there could be some more visibility towards the trends. Forthcoming changes in regulatory field on Czech and European market are also supporting that the current telecommunication environment needs certain changes so that telecommunication market could continue to evolve. Potential consolidation on the CEE market, specifically on the Czech and Slovak market, should also allow better visibility on the competitiveness of other market players.

All these aspects have ultimately impact towards inputs that form the valuation of the fixed assets within the PPA exercise. The Group believes that in the forthcoming months there will be much more visibility towards the development of these inputs and finally it should provide better and more precise valuation and thus better relevance and faithful presentation of the financial information related to the Czech business. From those reasons the Group decided to utilise twelve month period given by IFRS 3 to finalise the PPA so ultimate results will be presented in the year-end consolidated financial statements. This approach applies only for fixed assets and customers relationship (an intangible fixed asset which valuation is partially dependent on the fixed asset value), valuation of all other categories of assets and liabilities was finalised. These interim financial statements contain net book value of fixed assets as the most reasonable estimate.

The following table summarises the recognised amounts of assets and liabilities assumed at the acquisition taking into consideration the facts stated above:

In millions of EUR, as at 28 January 2014

Fair value of assets	**3,257**
Cash and cash equivalents	157
Financial assets at fair value through profit or loss	1
Loans due from non-banks	1
Deferred tax assets	15
Inventories	18
Other assets	274
out of which:	
Trade receivables	230
Prepaid expenses	44
Property, plant and equipment (provisional)	1,499
Intangible assets (provisional)	1,292
Fair value of liabilities	**973**
Due to banks and other financial institutions	109
Current income tax liability	9
Deferred tax liabilities (provisional)	280
Other liabilities	574
out of which:	
Trade payables	504
Deferred income	34
Wages and salaries	19
Social security and health insurance	7
Provisions	1
Fair value of identifiable net assets	**2,284**

The trade receivables comprise gross contractual amounts due of MEUR 374, of which MEUR 144 was expected to be doubtful at the acquisition date.

Goodwill arising from the acquisition has been recognised as follows:

In millions of EUR

Total consideration	2,326
Effective ownership (Share on voting rights)	67.09%
Fair value of identifiable net assets	2,284
Net asset value attributable to non-controlling interest	(752)
Goodwill	794

Non-controlling interest is measured as a proportionate interest in the recognised amount of the identifiable net assets. The goodwill is attributable to the established position of O2 CR in the market, potential synergies with other Group operations affecting revenue growth and the assembled workforce. None of the goodwill recognised is expected to be deducted for tax purposes.

B.2.2. Acquisition of Prague sports hall “O2 Arena”

During 2013 the Group held a 50% stake in Lindus Services Ltd., an entity controlling Bestsport Arena a.s. which operates Prague sports hall “O2 Arena” and Bestsport Services a.s. In October 2013 the Group agreed with the joint venture partner to acquire the remaining 50%. The transaction was completed on 23 January 2014 after receipt of a regulatory approval. Since then the Group has been the controlling shareholder of all three entities in question.

The following table shows the main financial aspects of the transaction described above:

In millions of EUR

Transaction date	23 January 2014
Total purchase price (paid in cash)	22
Stake acquired (in Lindus Services Ltd.)	50%
Fair value of assets acquired	92
Fair value of liabilities acquired	(61)
Net asset value attributable to non-controlling interest (Bestsport Arena a.s. and Bestsport Services a.s.)	(23)
Goodwill (fully impaired)	18
Gain on revaluation of previous 50% shareholding	(4)

B.2.3. New real estate projects in 2014

During 2014 the Group acquired three real estate projects with following details:

	Wilhelminaplein (Rotterdam) B.V.	Spektr LLC	City Tower, a.s.
Transaction date	January 2014	March 2014	May 2014
Type of acquisition	Asset deal	Acquisition of entity	Acquisition of entity
Type of investment property	Office building	Other	Office building
Location	Netherlands	Russia	Czech Republic
Stake acquired	n/a	100%	100%
In millions of EUR			
Price	29	0.1	49
Fair value of assets	n/a	13	147
Fair value of liabilities	n/a	9	89
Badwill	n/a	4	9

Income from the excess of acquired net fair value over costs (badwill) is recognised within other income in the income statement.

B.2.4. Acquisition of Oribase Pharma

In March 2014, the Group entered into investment agreement for acquisition of a minority stake in Oribase Pharma, a French biotechnology company which specialises in the development of new therapies in oncology. The agreement anticipates a gradual increase in the Group's shareholding through further purchases of shares and/or capital injections to up to 83% within three years. As of 30 June 2014, the Group holds a 42.4% stake; however, as it controls Oribase Pharma, the entity is fully consolidated. In September 2014, the Group increased its shareholding to 50.68% through capital contribution.

The following table shows the main financial aspects of the transaction described above:

In millions of EUR

Transaction date	21 March 2014
Total purchase price (paid in cash)	4
Stake acquired	42.4%
Fair value of assets acquired	4
Fair value of liabilities acquired	(1)
Net asset value attributable to non-controlling interest	(2)
Goodwill	3

B.3. Disposals

B.3.1. Sale of EP Holding

During the first half of 2014, the Group fully disposed its 44.44% share in Energetický a průmyslový holding, a.s. ("EP Holding") through two partial sales completed in February (4.44%) and June (40%). In addition, EP Holding fully repaid a MEUR 235 loan owed to the Group in January 2014. The following table shows the main financial aspects of the transaction:

In millions of EUR

Date of disposal	5 February/20 June 2014
Equity stake sold	44.44%
Consideration	1,080
Net assets attributable to the Group	653
Available-for-sale reserve derecognised	(1)
Translation reserve derecognised	(29)
Cash flow hedge reserve derecognised	(35)
Net profit from the sale	362
Share of earnings in associates (in 2014 until disposal)	26

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 2013, except for the changes described below.

C.2. Changes in accounting policies and accounting pronouncements adopted since 1 January 2014

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 2014:

IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities

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

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.

Amendments to IFRS 10, IFRS 12 and IAS 27 _Investment entities_ (effective from 1 January 2014)

The amendments _Investment entities_ were issued in October 2012. The amendments define an investment entity and provide an exception to the consolidation requirements in IFRS 10 for investment entities by instead requiring investment entities to measure their investments in particular subsidiaries at fair value through profit or loss. The amendments also provide related disclosure and separate financial statement requirements for investment entities.

Amendments to IAS 36 _Recoverable Amount Disclosures for Non-Financial Assets_ (effective from 1 January 2014)

The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.

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 2014, 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 2018)

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 15 Revenue from Contracts with Customers (effective from 1 January 2017)

In May 2014 IASB and the Financial Accounting Standards Board (FASB), responsible for US Generally Accepted Accounting Principles (US GAAP) jointly issued a converged Standard on the recognition of revenue from contracts with customers. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue-Barter Transactions Involving Advertising Services. IFRS 15 has not yet been adopted by the EU.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle (effective from 1 July 2014) and *Annual Improvements 2012-2014 Cycle* (effective from 1 January 2016)

In December 2013, the IASB published two Cycles of the Annual Improvements to IFRSs: "2010-2012 Cycle" and "2011-2013 Cycle", and in September 2014 the "2012-2014 Cycle" was published. The Annual Improvements to IFRSs Cycles are part of the annual improvements process to make non-urgent but necessary amendments to IFRS. The first two new cycles of improvements contain amendments to IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 40, with consequential amendments to other standards and interpretations. The "2012-2014 Cycle" contains amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34. All these Annual Improvements have not yet been adopted by the EU.

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 2013.

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 2013.

In 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. Such measures continued to be applied in 2014

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

In 2014, liquidity position was influenced by two significant transactions. Acquisition of O2 CR was financed by the SG facility (55% of the initial purchase price), any future acquisition of additional shares as a result of the mandatory tender offer will be fully financed by this facility (refer to F.12). The Group expects to use future dividends from O2 CR to repay the deferred purchase price and funding costs. Sale of EP Holding significantly strengthen the liquidity position. 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 2014 or in 2013:

In millions of EUR

	30 June 2014 Carrying amount	30 June 2014 Fair value	31 December 2013 Carrying amount	31 December 2013 Fair value
Loans and receivables due from non-banks	8,661	8,703	9,219	9,203
Due to non-banks	(8,606)	(8,558)	(8,776)	(8,757)
Due to banks and other financial institutions	(4,328)	(4,328)	(2,365)	(2,366)
Debt securities issued	(1,216)	(1,227)	(1,661)	(1,665)
Subordinated liabilities	479	460	485	485

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 2014

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	214	65	27	306
Financial assets available for sale	1,776	11	75	1,862
Financial liabilities at fair value through profit or loss	(169)	(66)	(9)	(244)
Total	**1,821**	**10**	**93**	**1,924**

In millions of EUR, as at 31 December 2013

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	192	46	27	265
Financial assets available for sale	1,562	9	100	1,671
Financial liabilities at fair value through profit or loss	(209)	(53)	(12)	(274)
Total	**1,545**	**2**	**115**	**1,662**

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 2014

	Financial assets FVTPL	Financial assets AFS	Financial liabilities FVTPL	Total
Balance at 1 January	27	100	(12)	115
Net gains/(losses) recorded in profit or loss (included in “Net gain/(loss) on financial assets”)	1	1	3	5
Net gains/(losses) recorded in other comprehensive income	(1)	-	-	(1)
Settlements	-	(26)	-	(26)
Balance at 30 June 2014	**27**	**75**	**(9)**	**93**

In millions of EUR, for the year ended 31 December 2013

	Financial assets FVTPL	Financial assets AFS	Financial liabilities FVTPL	Total
Balance at 1 January	32	90	(22)	100
Net gains/(losses) recorded in profit or loss (included in “Net gain/(loss) on financial assets”)	2	6	(3)	5
Net gains/(losses) recorded in other comprehensive income	(2)	(9)	-	(11)
Purchases of financial assets	3	38	-	41
Additions of financial liabilities	-	-	(2)	(2)
Settlements	(8)	(25)	15	(18)
Balance at 31 December 2013	**27**	**100**	**(12)**	**115**

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 11 (31 December 2013: MEUR 11) and other derivatives of MEUR 16 (31 December 2013: MEUR 16).

The financial assets available for sale presented in Level 3 consist of debt securities of MEUR 44 (31 December 2013: MEUR 66), equity securities of MEUR 31 (31 December 2013: MEUR 30) and loans and receivables of less than MEUR 1 (31 December 2013: MEUR 4).

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 life-insurance operations acquired in March 2013. Russian and Belarusian 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., AB3 B.V., AB4 B.V., AB5 B.V., AB6 B.V., AB7 B.V., Ruconfin B.V.

The telecommunication business comprises Czech and Slovak operations acquired in January 2014 and represented by O2 Czech Republic a.s. and O2 Slovakia, s.r.o.

The agriculture segment represents Russian agriculture group RAV Agro.

The "other" segment includes investments in associates; Polymetal and EP Holding (sold in 2014). Sotio and Oribase as biotech businesses and Bestsport Arena, a.s. (operating Prague sports hall) are 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, insurance income, rental income, sales of goods, other income on retail operations, revenues from telecommunication business 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 2014 and comparative figures for 2013:

In millions of EUR

30 June 2014	Home Credit	Real Estate	Retail	Insurance	Other banking	Agriculture	Telecommunication	Other	Eliminations	**Consolidated 2014**
Revenue from external customers	1,431	42	924	92	202	4	660	15	-	3,370
Inter-segment revenue	3	6	3	1	(40)	-	1	17	9	-
Total revenue from continuing operations	**1,434**	**48**	**927**	**93**	**162**	**4**	**661**	**32**	**9**	**3,370**
Segment share of earnings of associates	1	2	-	-	-	-	-	40	-	43
Net profit from continuing operations	**(63)**	**(17)**	**(29)**	**43**	**25**	**(8)**	**13**	**350**	**24**	**338**
Net profit for the year										**338**
Other significant non-cash expenses	(655)	(1)	(3)	-	(61)	-	(4)	(18)	-	(742)
Segment assets	9,015	1,750	1,204	1,553	6,238	45	3,847	2,478	(2,817)	23,313
Investments in associates	2	28	-	-	-	-	-	658	-	688
Unallocated assets	-	-	-	-	-	-	-	-	-	186
Total assets										**24,187**
Segment liabilities	7,592	1,255	1,170	291	5,863	56	704	2,944	(2,682)	17,193
Unallocated liabilities	-	-	-	-	-	-	-	-	-	425
Total liabilities										**17,618**
Segment equity	**1,496**	**453**	**23**	**1,257**	**372**	**(11)**	**2,891**	**223**	**(135)**	**6,569**

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)
31 December 2013									
Segment assets	9,507	1,484	1,241	452	5,629	45	2,034	(2,129)	18,283
Investments in associates	4	25	-	1,209	-	-	1,267	-	2,505
Unallocated assets	-	-	-	-	-	-	-	-	135
Total assets									**20,903**
Segment liabilities	7,929	966	1,169	356	5,302	49	1,442	(1,965)	15,248
Unallocated liabilities	-	-	-	-	-	-	-	-	165
Total liabilities									**15,413**
Segment equity	**1,603**	**474**	**91**	**1,297**	**329**	**(4)**	**1,864**	**(164)**	**5,490**

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 ten principal geographical areas: the Russian Federation, the Czech Republic, the Slovak Republic, the Republic of Belarus, China, Vietnam, India, Indonesia, Kazakhstan and Philippines.

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 2014	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	China	Vietnam	Other	Unallocated	Eliminations	**Consolidated**
Revenue from customers	971	8	6	43	96	218	78	7	7	-	1,434
Inter-segment revenue	6	-	-	-	-	-	-	-	1	(7)	0
Total revenue	**977**	**8**	**6**	**43**	**96**	**218**	**78**	**7**	**8**	**(7)**	**1,434**
Net interest income from external customers	516	3	3	16	54	151	56	5	(3)	-	801
Inter-segment net interest income	6	-	-	-	(3)	-	(2)	-	(2)	1	-
Total net interest income	**522**	**3**	**3**	**16**	**51**	**151**	**54**	**5**	**(5)**	**1**	**801**
Income tax expense	18	(2)	(1)	(1)	(3)	(17)	(4)	-	(4)	-	(14)
Net profit from continuing operations	**(98)**	**6**	**5**	**3**	**12**	**26**	**14**	**(11)**	**(21)**	**1**	**(63)**
Other significant non-cash expenses	(539)	(1)	(1)	(7)	(31)	(54)	(21)	(1)	-	-	(655)
Segment assets	6,768	100	60	208	440	1,099	256	81	299	(296)	9,015
Segment liabilities	5,877	60	41	174	345	748	196	19	418	(286)	7,592
Segment equity	**956**	**46**	**27**	**34**	**99**	**340**	**61**	**62**	**(119)**	**(10)**	**1,496**

In millions of EUR

30 June 2013	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	China	Vietnam	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)
31 December 2013											
Segment assets	7,509	106	77	170	552	832	224	56	235	(254)	9,507
Segment liabilities	6,449	34	29	134	417	516	177	9	407	(243)	7,929
Segment equity	**1,093**	**77**	**52**	**33**	**136**	**299**	**47**	**47**	**(170)**	**(11)**	**1,603**

E.2. Real Estate business

The real estate segment comprises real estate projects located in the Russian Federation, the Czech Republic, the Slovak Republic, the Netherlands, Germany, Ukraine, the United Kingdom 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 2014	Czech Republic	Russian Federation	Netherlands	Other	Unallocated	Eliminations	**Consolidated**
Revenue from customers	7	26	12	2	1	-	48
Inter-segment revenue	-	-	-	-	8	(8)	-
Total revenue	**7**	**26**	**12**	**2**	**9**	**(8)**	**48**
Rental and related income							
Net valuation gains/losses	**(2)**	**(14)**	**(2)**	**-**	**-**	**-**	**(18)**
Segment share of earnings of associates	0	1	-	1	-	-	2
Income tax expense	(1)	3	1	-	-	-	3
Segment result	**7**	**(12)**	**1**	**(4)**	**(9)**	**-**	**(17)**
Other significant non-cash expenses	-	-	-	(1)	-	-	(1)
Segment assets	331	1,056	235	81	485	(438)	1,750
Investments in associates	-	28	-	-	-	-	28
Segment liabilities	246	729	216	92	410	(438)	1,255
Segment equity	**68**	**298**	**23**	**(11)**	**75**	**-**	**453**

In millions of EUR

30 June 2013	Czech Republic	Russian Federation	Other	Unallocated	Eliminations	**Consolidated**
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)
31 December 2013						
Segment assets	177	983	286	415	(377)	1,484
Investments in associates	-	25	-	-	-	25
Segment liabilities	106	608	279	350	(377)	966
Segment equity	**59**	**340**	**10**	**65**	**-**	**474**

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 2014	31 December 2013
Current accounts	720	641
Current accounts with central banks	1,498	815
Placements with financial institutions due within one month	585	191
Cash on hand	158	228
Total cash and cash equivalents	**2,961**	**1,875**

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 2014	31 December 2013
Financial assets at fair value through profit or loss	306	265
Financial assets available for sale	1,862	1,671
Financial assets held to maturity	19	41
Loans and receivables due from banks and other financial institutions	544	1,203
Loans and receivables due from non-banks	8,661	9,219
Other loans and receivables	331	544
Total financial instruments	**11,723**	**12,943**

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 2014	31 December 2013
Debt securities	234	211
Government and other public-sector bonds	137	140
Corporate bonds	97	71
Positive fair values of derivatives	72	54
Total FVTPL	**306**	**265**

F.2.2. Financial assets available for sale

Financial assets available for sale comprise the following:

In millions of EUR

	30 June 2014	31 December 2013
Debt securities	1,822	1,606
Government bonds	1,513	1,304
Corporate bonds	265	239
Other debt securities	44	63
Equity securities	40	61
Shares	40	61
Loans and receivables	-	4
Total AFS	**1,862**	**1,671**

F.2.3. Financial assets held to maturity

In millions of EUR

	30 June 2014	31 December 2013
Debt securities	19	41
Government bonds	-	22
Corporate bonds	19	19
Total HTM	**19**	**41**

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 2014	31 December 2013
Term deposits at banks	123	498
Minimum reserve deposits with central banks	84	158
Loans to banks	26	34
Loans and advances provided under repos	253	460
Other	58	53
Total loans and receivables due from banks and other financial institutions	**544**	**1,203**

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.2.5. Loans and receivables due from non-banks

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

In millions of EUR

	30 June 2014	31 December 2013
Gross amount		
Consumer loan receivables	2,070	2,348
Cash loan receivables	5,605	5,826
Revolving loan receivables	1,325	1,266
Car loan receivables	109	116
Mortgage loan receivables	90	92
Loans to corporations	768	814
Loans and advances provided under repos	203	79
Other	4	2
Total gross amount	**10,174**	**10,543**
Collective allowances for impairment		
Consumer loan receivables	(259)	(229)
Cash loan receivables	(976)	(883)
Revolving loan receivables	(212)	(151)
Car loan receivables	(23)	(23)
Mortgage loan receivables	(3)	(3)
Loans to corporations	(1)	(2)
Total collective impairment	**(1,474)**	**(1,291)**
Loans to corporations	(39)	(33)
Total individual impairment	**(39)**	**(33)**
Total carrying amount	**8,661**	**9,219**

F.2.6. Other loans and receivables

The following table shows breakdown of other loans and receivables:

In millions of EUR

	30 June 2014	31 December 2013
Gross amount	366	579
Individual allowances for impairment	(19)	(21)
Investments in associates and joint ventures*	(16)	(14)
Total other loans and receivables	**331**	**544**

*Presentation of negative share in three 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. Decrease in the category is mainly influenced by repayment of a MEUR 235 loan facility to EP Holding in January 2014.

F.3. Inventories

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

In millions of EUR

	30 June 2014	31 December 2013
Goods/merchandise for resale	463	478
Other inventory	2	-
Allowance for slow-moving and damaged items	(10)	(14)
Agriculture - Finished goods and goods for resale	-	1
Agriculture - Work in progress	1	2
Agriculture - Raw materials and consumables	3	4
Total inventories	**459**	**471**

F.4. Biological assets

Biological assets relate to the agricultural business of RAV Agro comprise the following:

In millions of EUR

	30 June 2014	31 December 2013
Non-current		
Balance at 1 January	9	3
Net increase due to additions, births (deaths)	6	-
Change in fair value of biological assets	(12)	6
Balance at 30 June 2014 / 31 December 2013	**3**	**9**
Current		
Balance at 1 January	**3**	**5**
Additions due to growing	2	21
Change in fair value of biological assets	9	(1)
Harvested assets transferred to inventory	-	(21)
FX differences from translation to presentation currency	-	(1)
Balance at 30 June 2014 / 31 December 2013	**14**	**3**
Total biological assets	**17**	**12**

Dairy cattle comprises the bulk of non-current biological assets. In the six months ended 30 June 2014, the Group produced 5,374 tons of milk (31 December 2013: 11,967 tons). As of 30 June 2014 the Group held 6,523 head of livestock (31 December 2013: 8,009 head).

Current biological assets consist of winter wheat, barley, corn, sunflower, summer wheat, soybean, and triticale crops to be harvested this year. In 2014, the Group plans to harvest 210,338 tons of agricultural produce (31 December 2013: 148,262 tons). As at 30 June 2014 the Group had planted 54,174 hectares of winter wheat, barley, corn, sunflower, summer wheat, soybean, and triticale (31 December 2013: 20,998 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 2014	31 December 2013
Cash and cash equivalents	-	1
Financial assets available for sale	-	4
Loans and receivables due from banks and other financial institutions	-	2
Other assets	6	6
Deferred tax assets	-	1
Intangible assets	-	1
Property, plant and equipment	-	4
Investments in associates (refer to F.7)	1,209	-
Total assets held for sale	**1,215**	**19**
Insurance provisions	-	2
Total liabilities held for sale	**-**	**2**

The held-for-sale investment in associates represents a 24% share in Generali PPF Holding. In July 2014, the Group exercised a put option regarding sale of the residual stake in January 2015.

F.6. Other assets

Other assets comprise the following:

In millions of EUR

	30 June 2014	31 December 2013
Trade receivables	516	112
Prepaid expenses	116	72
Other taxes receivable	61	58
Accrued income from insurance fees	3	3
Trading property	38	35
Insurance related other assets	174	248
Non-life amounts ceded to reinsurers from insurance provisions	2	6
Deferred acquisition costs – insurance business	167	234
Receivables arising out of direct insurance operations	3	5
Receivables arising out of reinsurance operations	2	3
Other	45	29
Subtotal other assets (gross)	**953**	**557**
Specific allowances for impairment on trade receivables	(147)	(4)
Specific allowances for impairment on prepaid expenses	(5)	(5)
Specific allowances for impairment on trading property	(4)	(3)
Specific allowances for impairment on other assets	(4)	(4)
Total other assets (net)	**793**	**541**

The increase in trade receivable is caused by the acquisition of a telecommunication business.

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 2014	31 December 2013
Polymetal	658	631
Real estate projects	28	25
Generali PPF Holding	-	1,209
EP Holding	-	636
Other	2	4
Total investments in associates and joint ventures	**688**	**2,505**

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 2014	30 June 2013
Polymetal	15	(26)
Real estate projects	2	-
Generali PPF Holding	-	50
EP Holding	26	106
Other	-	1
Total share of earnings of associates/joint ventures	**43**	**131**

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)

Polymetal

The company is listed on the London Stock Exchange. As of 30 June 2014, the share price of Polymetal International Plc was GBP 5.79 (31 December 2013: GBP 5.75).

In millions of EUR

	30 June 2014	31 December 2013
Total assets	2,352	2,360
Total liabilities	(1,042)	(1,064)
Group's share in equity (20.05%)	**263**	**260**
	30 June 2014	30 June 2013
Total revenue	530	549
Total net profit/(loss)	73	(174)
Group's share in net profit/(loss) (20.05%)	15	(35)
Dilution gain and other changes in equity of Polymetal	-	9
Total share in profit/(loss) (20.05%)	**15**	**(26)**

Generali PPF Holding

In 2014, the investment in Generali PPF Holding is presented under assets held for sale (refer to F.5). Due to the reclassification of the investment to the held-for-sale category no share in profit is recognised in the income statement.

In millions of EUR

	30 June 2014	31 December 2013
Total assets	15,690	15,607
Total liabilities	(10,628)	(10,525)
Group's share in total equity (24%)	1,215	1,220
Non-controlling interest on subholding level	(2)	(11)
Group's share in equity (24%)	**1,213**	**1,209**
	30 June 2014	30 June 2013
Total revenue	1,590	1,757
Total net profit	168	117
Group's share in net profit (24%; 2013: 49%/24%)	41	52
Non-controlling interests on subholding level	(1)	(2)
Group's share in profit (24%; 2013: 49%/24%)	**40**	**50**

EP Holding

In February 2014, EP Holding acquired 7.41% of its own shares from the Group for MEUR 54. After the transaction, the effective ownership held by the Group decreased from 44.44% to 40%. In June 2014, the Group disposed the entire stake in EP Holding.

In millions of EUR

	30 June 2014	31 December 2013
Total assets	-	12,434
Total liabilities	-	(8,173)
Group's share in total equity (2013: 44.44%)	-	1,894
Non-controlling interest at subholding level	-	(1,352)
Group's share in equity (2013: 44.44%)	**-**	**542**
	30 June 2014	30 June 2013
Total revenue	1,835	2,137
Total net profit	190	315
Group's share in net profit (40%; 2013: 44.44%)	76	140
Non-controlling interest at subholding level	(50)	(34)
Group's share in profit (40%; 2013: 44.44%)	**26**	**106**

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 2014 are MEUR 196 (MEUR 193 at 31 December 2013), while the aggregate total liabilities are MEUR 186 (MEUR 182 at 31 December 2013).

LINDUS

Other investments in associates and joint ventures in 2013 included a direct and indirect (through entity Lindus Services Ltd.) stake in Bestsport Arena a.s. and Bestsport Services a.s., entities connected to Prague sport arena. As at 31 December 2013 Lindus was a jointly-controlled entity. The Group applied significant influence in all those entities. In January

2014 the Group acquired the remaining 50% stake in Lindus Services Ltd. and became the controlling shareholder. From that date, Lindus is fully consolidated (refer to B.2.2).

F.8. Investment property

The following table shows the break-down of investment property by category and country:

In millions of EUR, as at 30 June 2014

	Russia	Czech Republic	Netherlands	Germany	Other	Total
Land plot	111	13	-	-	2	126
Office	-	142	193	43	-	378
Office under development	293	26	-	-	-	319
Warehouse	193	-	-	-	-	193
Warehouse under development	123	-	-	-	-	123
Retail	221	37	31	-	-	289
Other	17	25	-	-	-	42
Total investment property	**958**	**243**	**224**	**43**	**2**	**1,470**

In millions of EUR, as at 31 December 2013

	Russia	Czech Republic	Netherlands	Germany	Other	Total
Land plot	140	13	-	-	2	155
Office	-	15	164	43	-	222
Office under development	225	16	-	-	-	241
Warehouse	188	-	-	-	-	188
Warehouse under development	65	-	-	-	-	65
Retail	242	36	32	-	-	310
Other	7	21	-	-	-	28
Total investment property	**867**	**101**	**196**	**43**	**2**	**1,209**

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

In millions of EUR

	30 June 2014	31 December 2013
Balance at 1 January	1,209	716
Additions	295	556
Disposal	(6)	(55)
Unrealised gains from investment property	28	124
Unrealised losses from investment property	(46)	(53)
Net FX differences	(10)	(79)
Balance at 30 June 2014 / 31 December 2013	**1,470**	**1,209**

The Group categorised Investment property within Level 3 of the fair value hierarchy, as certain inputs for the assessment of the fair value are unobservable.

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 2014

	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	364	438	10	812	6
Additions resulting from business combinations	478	1,023	65	1,566	-
Additions	1	30	34	65	-
Disposals	(1)	(21)	(2)	(24)	-
Other movements	6	47	(52)	1	-
Transfer from Assets held for sale	4	-	-	4	-
Net FX differences	(7)	(12)	-	(19)	-
Balance at 30 June	845	1,505	55	2,405	6
Accumulated depreciation and impairment losses					
Balance at 1 January	(51)	(205)	(1)	(257)	(2)
Depreciation charge for the period	(22)	(147)	-	(169)	-
Depreciation included in Cost of sales (Agriculture)	-	(1)	-	(1)	(1)
Impairment losses recognised	(9)	(3)	-	(12)	-
Reversal of impairment losses	-	1	-	1	-
Disposals	4	13	-	17	-
Net FX differences	1	2	1	4	-
Balance at 30 June	(77)	(340)	-	(417)	(3)
Carrying amount	**768**	**1,165**	**55**	**1,988**	**3**

The increase in property, plant and equipment is caused by the acquisition of a telecommunication business and Prague sports arena. Tangible assets related to the telecommunication business comprise mainly technical installation, machinery and structures related to three main business segments – fix, mobile and internet.

In millions of EUR, for the year ended 31 December 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	32	79	30	141	1
Disposals	(34)	(23)	(3)	(60)	(5)
Other movements	-	30	(31)	(1)	-
Net FX differences	(42)	(44)	(1)	(87)	-
Balance at 31 December	364	438	10	812	6
Accumulated depreciation and impairment losses					
Balance at 1 January	(51)	(165)	(2)	(218)	(2)
Depreciation included in Cost of sales (Agriculture)	-	(3)	-	(3)	-
Depreciation charge for the period	(9)	(73)	-	(82)	(1)
Impairment losses recognised	(5)	(5)	-	(10)	-
Reversal of impairment losses	-	4	-	4	-
Disposals	-	18	-	18	1
Net FX differences	14	19	1	34	-
Balance at 31 December	(51)	(205)	(1)	(257)	(2)
Carrying amount	**313**	**233**	**9**	**555**	**4**

F.10. Intangible assets

Intangible assets comprise the following:

In millions of EUR

	30 June 2014	31 December 2013
Goodwill	1,053	261
Software	222	111
Trademark	128	129
In-process research and development (“IPRD”)	84	72
Present value of future profits from portfolio acquired (“PVFP”)	30	36
Customer relationships	711	-
Other	459	29
Total intangible assets	**2,687**	**638**

Increase of intangible assets is caused by the acquisition of a telecommunication business. The increase in goodwill in amount of MEUR 794 relates to O2 CR. Goodwill is tested for impairment annually.

Customer relationships represent an asset ensuring long-term revenue stream from customers who made commitments to purchase a specific amount of products or services. In case of O2 CR it comprises individuals, small/home offices and corporations. The average useful life of existing agreements is approx. 10 years.

The “Other” category comprises mainly licenses and spectrum enabling the roll-out of mobile services. The average useful life of existing agreements is approx. 13 years.

F.10.1. Other intangible assets

In millions of EUR, for the six months ended 30 June 2014

	Software	Trade-marks	IPRD	PVFP	Customer relation-ships	Other intangible assets	Total
Cost							
Balance at 1 January	236	163	72	45	-	33	549
Additions resulting from business combinations	115	-	-	-	744	435	1,294
Additions	19	-	8	-	-	37	64
Additions from internal development	13	-	3	-	-	10	26
Other changes	15	-	-	-	-	(36)	(21)
Net FX differences	(3)	(4)	1	(1)	1	-	(6)
Balance at 30 June	395	159	84	44	745	479	1,906
Accumulated amortisation and impairment losses							
Balance at 1 January	(125)	(34)	-	(9)	-	(4)	(172)
Amortisation charge for the year	(48)	-	-	(5)	(34)	(16)	(103)
Impairment losses recognised	(1)	-	-	-	-	-	(1)
Other changes	(1)	-	-	-	-	-	(1)
Net FX differences	2	3	-	-	-	-	5
Balance at 30 June	(173)	(31)	-	(14)	(34)	(20)	(272)
Carrying amount	**222**	**128**	**84**	**30**	**711**	**459**	**1,634**

In millions of EUR, for the year ended 31 December 2013

	Software	Trade-marks	IPRD	PVFP	Other intangible assets	Total
Cost						
Balance at 1 January	182	184	61	-	23	450
Additions resulting from business combinations	4	-	-	49	-	53
Additions	35	-	12	-	35	82
Additions from internal development	9	-	4	-	-	13
Disposal	(2)	-	-	-	-	(2)
Other changes	22	-	-	-	(22)	-
Transfers to held-for-sale assets	(1)	-	-	-	-	(1)
Net FX differences	(13)	(21)	(5)	(4)	(3)	(46)
Balance at 31 December	236	163	72	45	33	549
Accumulated amortisation and impairment losses						
Balance at 1 January	(103)	1	-	-	(3)	(105)
Amortisation charge for the year	(33)		-	(10)	-	(43)
Impairment losses recognised	-	(36)	-	-	-	(36)
Disposal	1	-	-	-	-	1
Other changes	(1)	-	-	-	-	(1)
Net FX differences	11	1	-	1	(1)	12
Balance at 31 December	(125)	(34)	-	(9)	(4)	(172)
Carrying amount	**111**	**129**	**72**	**36**	**29**	**377**

F.11. Liabilities to non-banks

Liabilities to non-banks comprise the following:

In millions of EUR

	30 June 2014	31 December 2013
Current accounts and demand deposits	3,310	2,955
Term deposits	5,232	5,265
Loans	27	52
Loans received under repo operations	35	503
Other	2	1
Total liabilities to non-banks	**8,606**	**8,776**

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.

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 2014	31 December 2013
Repayable on demand	1	12
Loans received under repos	248	3
Secured loans (other than repo)	2,998	1,689
Unsecured loans	1,061	625
Intercompany loans	2	-
Other	18	36
Total liabilities to banks	**4,328**	**2,365**

Secured loans comprise two significant loan facilities. A syndicated loan facility (the “Calyon facility”) has maximum amount of MEUR 1,028 (since March 2013) and is secured by a 24% stake in Generali PPF Holding. The Calyon facility is fully drawn in both reported periods and its maturity is January 2015.

The second syndicated loan facility is provided by a consortium led by Société Générale (the “SG facility”) in connection with the acquisition of O2 CR in January 2014. It comprises a 1,066 MEUR term loan financing the initial acquisition price with 5-year maturity, a 94 MEUR revolving loan with 5-year maturity and a 1,000 MEUR term loan commitment financing MTO with 4-year maturity. As of 30 June, only first two loans in question were drawn in an amount of MEUR 1,066 and MEUR 16, respectively. The SG facility is secured by a pledge of the Group’s share in O2 CR.

The majority of residual secured loans comprise financing of real estate projects.

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 2014	31 December 2013
Notes MEUR 208	Fixed	November 2015	215	209
Unsecured CZK bond issue 4 of MCZK 2,900	Fixed	September 2015	98	76
Unsecured RUB bond issue 7 of MRUB 5,000	Variable	April 2015	110	111
Unsecured RUB bond issue 6 of MRUB 5,000	Variable	June 2014	-	113
Unsecured RUB bond issue 1 of MRUB 3,000	Variable	April 2014	-	67
Unsecured RUB bond issue 2 of MRUB 3,000	Variable	February 2016	63	66
USD loan participation notes 6 of MUSD 500	Fixed	March 2014		314
Unsecured CZK bond issue 5 of MCZK 3,750	Fixed	June 2016	120	141
Cash loan receivables-backed note issue of MRUB 5,000	Variable	November 2016	107	109
Unsecured bond issue of MKZT 7,000	Fixed	November 2016	28	32
Unsecured CZK bond issue of MCZK 920	Fixed	November 2017	27	-
Unsecured bond issue of MKZT 6,769	Fixed	February 2019	27	-
Deposit bill of exchange; rate (0% - 1.65%)	Fixed	January 2014-December 2014	366	374
Deposit bill of exchange; rate (0%-1.4%)	Fixed	November 2015	41	37
Deposit bill of exchange; rate 4.00%	Fixed	June 2016	14	12
Total debt securities issued			**1,216**	**1,661**

The Group expects an earlier repayment of 208 MEUR notes (current maturity in November 2015) in connection with the sale of Generali PPF Holding in January 2015.

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 2014	31 December 2013
Negative fair values of derivatives	66	53
Obligation to deliver securities	168	210
Other	10	11
Total financial liabilities FVTPL	**244**	**274**

F.15. Provisions

Provisions comprise the following:

In millions of EUR

	30 June 2014	31 December 2013
Insurance provisions	393	471
Goods returns	9	8
Provision for litigations except for tax issues	5	4
Other provisions	8	6
Total provisions	**415**	**489**

Insurance provisions comprise the following:

In millions of EUR

	30 June 2014	31 December 2013
Non-life insurance provisions	305	389
Provisions for unearned premiums	293	376
Provisions for outstanding claims	12	13
Life insurance provisions	88	82
Provisions for outstanding claims	3	2
Mathematical provisions	82	75
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	3	4
Other insurance provisions	-	1
Total insurance provisions	**393**	**471**

F.16. Other liabilities

Other liabilities comprise the following:

In millions of EUR

	30 June 2014	31 December 2013
Settlements with suppliers	1,025	836
Wages and salaries	117	97
Social security and health insurance	27	15
Other tax payable	57	41
Finance lease liabilities	14	15
Accrued expenses	26	29
Deferred income	94	61
Advances received	49	40
Customer loan overpayments	26	31
Insurance payable net	4	4
Other liabilities	466	27
Total other liabilities	**1,905**	**1,196**

The increase in the settlements with suppliers is caused by the acquisition of a telecommunication business. In 2014, the “Other liability” category comprises a 67 MEUR dividend claimed but unpaid to non-controlling shareholders of O2 CR and a MEUR 362 deferred acquisition price for O2 CR acquisition which is presented at discounted value.

F.17. Subordinated liabilities

Subordinated liabilities comprise the following:

In millions of EUR

	Interest rate	Date of maturity	30 June 2014	31 December 2013
Loan participation notes issue 7 of MUSD 500	Fixed	April 2020	278	300
Loan participation notes issue 8 of MUSD 200	Fixed	April 2021	147	132
Bond issue (rate 6.5%)	Fixed	April 2023	51	53
Bond issue (rate 6%)	Fixed	April 2024	3	-
Total debt securities issued			**479**	**485**

Subordinated loan participation notes issue 7 was issued in October 2012. The Group has an early redemption option exercisable on 24 April 2018 (the reset date). After the reset date the interest rate is determined as a variable rate.

Subordinated loan participation notes issue 8 was issued in October 2013. The Group has an early redemption option exercisable on 17 April 2019 (the reset date). After the reset date the interest rate is determined as a variable rate.

F.18. Issued capital

The following table provides details of authorised and issued shares:

	30 June 2014	31 December 2013
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

	2014	2013
Financial instruments at fair value through profit or loss	7	9
Financial instruments available for sale	17	42
Financial instruments held to maturity	1	1
Due from banks and other financial institutions	17	16
Consumer loan receivables	279	258
Cash loan receivables	791	887
Revolving loan receivables	170	148
Car loan receivables	12	14
Mortgage loan receivables	4	5
Loans to corporations and other loans and receivables	32	47
Total interest income	**1,330**	**1,427**

Interest expense comprises the following:

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

	2014	2013
Due to non-banks	220	292
Due to banks and other financial institutions	117	90
Debt securities issued	42	53
Finance lease liabilities	1	-
Subordinated liabilities	23	14
Other	8	3
Total interest expenses	**411**	**452**
Total net interest income	**919**	**975**

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

	2014	2013
Penalty fees	52	43
Insurance commissions	165	254
Cash transactions	25	30
Customer payment processing and account maintenance	19	16
Retailers' commissions	11	10
Other	7	14
Total fee and commission income	**279**	**367**

Fee and commission expense comprises the following:

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

	2014	2013
Commissions to retailers	19	15
Cash transactions	12	16
Payment processing and account maintenance	11	10
Payments to deposit insurance agencies	11	15
Other	10	5
Total fee and commission expense	**63**	**61**

Total net fee and commission income	**216**	**306**

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

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

	2014	2013
Net trading income	10	(33)
Securities trading	7	1
Debt securities	5	3
Equity securities	2	(2)
FX trading	25	-
Derivatives	(22)	(34)
Net gains on financial assets at fair value through profit or loss	3	2
Equity securities	-	4
Other	3	(2)
Net realised gains	-	14
Financial assets available for sale	3	15
Loans and receivables	(3)	(1)
Dividends	46	6
Total net gains/losses on financial assets	**59**	**(11)**

F.22. Net impairment losses on financial assets

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

	2014	2013
Financial instruments available for sale	-	1
Consumer loan receivables	123	111
Cash loan receivables	451	431
Revolving loan receivables	126	55
Car loan receivables	2	4
Mortgage loan receivables	(1)	-
Loans to corporations and other loans and receivables	6	7
Total net impairment losses on financial assets	**707**	**609**

The increase of impairment losses on consumer finance receivables reflects the current economic situation in Russia.

F.23. Insurance income

In millions of EUR, for the six months ended 30 June 2014

	Non-life	Life	Total 2014
Gross earned premium	107	26	133
Gross premium written	36	26	62
Change in the provisions for unearned premiums related to non-life segment	71	-	71
Earned premiums ceded	(1)	-	(1)
Change in the provisions for unearned premiums	(1)	-	(1)
Net insurance benefits and claims	(5)	(13)	(18)
Claims paid	(3)	(5)	(8)
Change in the provisions for outstanding claims	(1)	-	(1)
Change in the mathematical provisions	-	(8)	(8)
Change in other insurance provision	(1)	-	(1)
Acquisition cost			(72)
Total insurance income			**42**

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

	Non-life	Life	Total 2013
Gross earned premium	76	12	88
Gross premium written	113	12	125
Change in the provisions for unearned premiums	(37)	-	(37)
Earned premiums ceded	(5)	-	(5)
Ceded reinsurance premiums	(5)	-	(5)
Net insurance benefits and claims	(2)	(7)	(9)
Claims paid	(1)	(2)	(3)
Change in provisions for outstanding claims	(1)	-	(1)
Change in mathematical provisions	-	(5)	(5)
Acquisition cost			(68)
Total insurance income			**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

	2014	2013
Gross rental income	34	13
Service income	1	1
Service charge income	8	9
Service charge expenses	(4)	(4)
Total rental and related income	**39**	**19**

Property operating expense comprises the following:

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

	2014	2013
Repairs and maintenance	1	-
Material and energy consumption	1	-
Operating lease expenses	2	1
Employee compensation	-	1
Other expenses	6	5
Total property operating expense	**10**	**7**

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

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

	2014	2013
Valuation gains on investment property	28	99
Valuation losses on investment property	(46)	(4)
Total net valuation gain/(loss) on investment property	**(18)**	**95**

F.25. Other income

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

	2014	2013
Rental income	10	9
Other retail income – sublease charges	5	6
Foreign currency gains	-	8
Recognised income from excess of acquired net fair value over costs	13	77
Loss on monetary position	-	(2)
Other income	18	22
Total other income	**46**	**120**

In 2013, the income from excess of acquired net fair value over costs (badwill) was recognised on acquisitions of the insurance operations in the CIS region.

F.26. General administrative expenses

In millions of EUR for the six months ended 30 June

	2014	2013
Employee compensation	385	301
Payroll related taxes (including pension contribution)	89	67
Rental, maintenance and repair expense	176	139
Advertising and marketing	55	41
Professional services	50	32
Telecommunication and postage	39	31
Travel expenses	11	12
Taxes other than income tax	18	12
Information technologies	57	18
Distribution, transport and storage of goods	19	19
Other	79	66
Total general administrative expenses	**978**	**738**

F.27. Other operating expenses

In millions of EUR for the six months ended 30 June

	2014	2013
Depreciation of property, plant and equipment	169	40
Amortisation of intangible assets	103	19
Net impairment losses on goodwill recognised	18	1
Net impairment losses on other intangible assets	1	36
Net impairment losses on property, plant and equipment recognised	12	(3)
Net impairment losses on trading property	1	-
Loss on disposal of property, plant, equipment, and intangible assets	4	2
Net impairment losses on other assets	4	(3)
Foreign currency losses	32	-
Total other operating expenses	**344**	**92**

F.28. Income tax expense

Income tax expense comprises the following:

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

	2014	2013
Current tax expense	(69)	(91)
Deferred tax expense	45	24
Total income tax expense	**(24)**	**(67)**

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 2014 was 9% (30 June 2013: 15 %). The decline in the effective tax rate is influenced mainly by the gain on sale of EP Holding (refer to B.3.1) which is non-taxable income.

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.

The following legal cases related to O2 CR are significant from the Group's perspective:

On 28 March 2011, VOLNÝ, a.s. filed a legal action with the Municipal Court in Prague against O2 CR for an amount exceeding MEUR 146, regarding alleged abuse of the dominant position in the market of broadband Internet access for households via ADSL technology. Allegedly it is due to a margin squeeze applied by O2 CR on the fix broadband market. O2 CR replied to the petition in July 2011 by noting that both the claim and the calculations submitted by the claimant were unsubstantiated and by pointing at discrepancies in the petition claims. The court started hearings of this case and the hearings continued in 2013, including hearings of experts and witnesses.

A legal action for MEUR 117 filed by company BELL TRADE s.r.o. was delivered to O2 CR in February 2012. The legal action was filed at the District Court in Malacky (the Slovak Republic); it alleges that O2 CR had signed contracts with a company called RVI, a.s. for the delivery of several IT projects back in 2002. BELL TRADE s.r.o., based in Bratislava, allegedly acquired the claims as an agreed fee for services, through a chain of intermediaries. After several stages of hearings at lower Slovak courts' levels, O2 CR filed a constitutional complaint against the decisions on the jurisdiction of Slovak courts. The Slovak Constitutional Court by its decision from 18 March 2014 suspended the decision of the Regional Court in Bratislava and on 2 June 2014 published information on its website that constitutional complaint of O2 CR was successful. The decision of Regional Court in Bratislava which originally left the case in the jurisdiction of the Slovak courts (namely County Court in Malacky), was canceled as unconstitutional.

A legal action for MEUR 113 filed by České Radiokomunikace a.s. (ČRa) was served to O2 CR in October 2012. The claimant states that O2 CR allegedly caused him damage by abusing of the dominant position on the xDSL market, which had impacted ČRa's ability to reach "equitable position on the retail xDSL market". On 7 February 2013, the Municipal Court in Prague interrupted the proceedings pending the end of the administrative proceedings led by the Office for the Protection of Economic Competition. After O2 CR appealed, the High Court in Prague changed the decision in June 2013 and ordered to continue in the proceedings. ČRa filed an extraordinary appeal but it was declined by the Supreme Court on 29 April 2014. Therefore the court will have to deal with the merit without waiting for the outcome of the proceedings led by the Office. First oral hearing has been ordered on 7 October 2014.

The Group believes that all litigation risk has been faithfully reflected in the financial statements.

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 2014	31 December 2013
Loans commitments	1,328	1,304
Revolving loan commitments	943	965
Consumer loan commitments	46	41
Cash loan commitments	32	22
Undrawn overdraft facilities	117	73
Term loan facilities	190	203
Capital expenditure commitments	80	199
Guarantees provided	308	148
Non-payment guarantees	87	102
Non-revocable letters of credit	2	6
Payment guarantees	219	40
Other	33	2,404
Total commitments and contingent liabilities	**1,749**	**4,055**

In 2013, other commitments contained the consideration agreed for acquisition of O2 CR (MEUR 2,348).

The following table shows secured liabilities:

In millions of EUR

	30 June 2014	31 December 2013
Secured bank loans	2,998	1,689
Debt securities issued	106	110
Total secured liabilities	**3,104**	**1,799**

The assets pledged as security were as follows:

In millions of EUR

	30 June 2014	31 December 2013
Financial assets at fair value through profit and loss (repos)	2	390
Financial assets available for sale (repos)	101	-
Loans and receivables due from banks and other financial institutions	-	-
Loans and receivables due from non-banks	230	214
Inventories	138	84
Biological assets	-	1
Non-current assets held for sale	1,209	-
Investments in associates and joint ventures	297	1,209
Investment property	1,159	867
Property, plant and equipment	83	83
Financial assets as off-balance sheet items (repos)	39	112
Total assets pledged as security	**3,258**	**2,960**

In addition, the SG facility is secured by a pledge of shares in O2 CR and PPF Arena 2 (a direct parent of O2 CR).

Collaterals and guarantees received comprise the following:

In millions of EUR

	30 June 2014	31 December 2013
Guarantees – received	388	348
Loan commitments – received	1,081	2,166
Value of property received as collateral	1,374	1,289
Total collaterals received	**2,843**	**3,803**

In 2013, accepted loan commitments contained a financing agreement (the SG facility) entered into in relation to the acquisition of O2 CR (MEUR 2,160). As of 30 June 2014, a MEUR 1,082 part of the facility is drawn.

F.31. Related party transactions

F.31.1. Transactions with associates (including Generali PPF Holding)

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

In millions of EUR

	30 June 2014	30 June 2013
Interest income	2	16
Fee and commission income	-	72
Net gain/loss on financial assets	-	3
Rental and related income	1	-
Operating income	1	1
Total revenue	**4**	**92**
Interest expense	(7)	(17)
Net earned premium	(1)	-
Operating expense	-	(2)
Total expense	**(8)**	**(19)**

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

In millions of EUR

	30 June 2014	31 December 2013
Financial assets available for sale	-	55
Loans and receivables due from non-banks	3	39
Other loans and receivables	27	314
Other assets	3	4
Total assets	**33**	**412**
Current accounts, deposits and loans from non-banks	(160)	(301)
Debt securities issued	(181)	(262)
Financial liabilities at fair value through profit or loss	(1)	(2)
Other liabilities	-	(3)
Total liabilities	**(342)**	**(568)**

F.31.2. Other related parties including key management personnel

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

	2014	2013
Interest income	13	-
Total revenue	**13**	**-**
Net gain/loss on financial assets	(3)	-
General administrative expense	(7)	(8)
Total expenses	**(10)**	**(8)**

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

In millions of EUR

	30 June 2014	31 December 2013
Loans and receivables due from non-banks	56	52
Other loans and receivables	243	227
Intangible assets	2	5
Other assets	1	-
Total assets	**302**	**284**
Current accounts, deposits and loans from non-banks	(4)	(4)
Other liabilities	(5)	(20)
Total liabilities	**(9)**	**(24)**

G. Subsequent events

G.1. Increase in O2 Czech Republic shareholding

On 2 June the Group, acting through its subsidiary PPF Arena 2 B.V., published the mandatory tender offer ("MTO") concerning the shares issued by O2 CR. The offer period ended on 30 June 2014. As a result of the MTO and later independent transactions the Group (through its subsidiaries PPF Arena 2 B.V. and newly established PPF A3 B.V.) acquired 54.4 million shares representing 17.53% of the voting rights in O2 CR (17.22% of the registered capital). The acquisitions occurred in the second half of 2014 and were financed by drawing of the SG facility, other banking facilities and own equity.

G.2. Expected sale of Generali PPF Holding

On 14 July 2014, the Group exercised a put option regarding the sale of the residual 24% stake in Generali PPF Holding in January 2015.

G.3. Real estate in Germany

In July 2014, the Group added two assets, located near Dusseldorf and Frankfurt, to its portfolio of office buildings. Both transactions were an acquisition of an individual assets. The acquisition price was MEUR 16 and MEUR 12, respectively.

G.4. Home Credit Vietnam and China

In September 2012, PPF Group N.V. and Home Credit B.V. entered into agreement for sale of a 100% stake in PPF Vietnam Finance Company LLC and Home Credit Consumer Finance China Ltd. The transfers to Home Credit B.V. were subject to several regulatory approvals which were substantive to close both transactions in question. The regulatory approvals were obtained in July and August 2014, respectively. Since then Home Credit B.V. controls both companies and the effective ownership held by the Group decreased to 86.62%.

G.5. Real estate in Russia

On 22 October 2014, the Group increased its ownership interest in Feliston Enterprises Ltd. and Stictum Holdings Ltd. to 75% and 66%. The companies represent two Russian real estate projects – a logistic park in Tomilino and a land plot in Nizni Novgorod. The Group now applies the control in both projects. The total consideration paid was MEUR 11 and 1 MEUR, respectively.

Date:	Signature of the Authorised Representative:
30 October 2014	