PPF GROUP N.V.

Condensed interim consolidated financial statements for the first half of 2016

Review report

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

Introduction

We have reviewed the accompanying condensed interim consolidated financial information as at 30 June 2016 of PPF Group N.V., Amsterdam, which comprises the condensed interim consolidated statement of financial position as at 30 June 2016, the condensed interim consolidated statements of comprehensive income, changes in equity, and cash flows for the period of six-months ended 30 June 2016, and the notes. The directors of the Company are responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information as at 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 31 October 2016

KPMG Accountants N.V.

B.M. Herngreen RA

Contents

Glossary of abbreviations

OCI	- other comprehensive income
NCI	- non-controlling interests
AFS	- available for sale
FVTPL	- fair value through profit or loss
PPE	- property, plant and equipment
PVFP	- present value of future profits
IPRD	- in-progress research and development
FX	- foreign exchange
FV	- fair value
RBNS	- provision for claims reported but not settled

Condensed interim consolidated statement of financial position

As at 30 June 2016

In millions of EUR

	Note	30 June 2016	31 December 2015
ASSETS			
Cash and cash equivalents	E1	3,993	2,732
Investment securities	E2	3,112	3,032
Positive fair value of hedging derivatives		-	96
Loans and receivables due from banks and other financial institutions	E3	638	549
Loans due from customers	E4	8,342	7,153
Trade and other receivables	E5	437	432
Current tax assets		15	11
Inventories	E6	460	481
Assets held for sale	E7	174	12
Investments in associates	E8	633	617
Investment property	E9	1,363	1,507
Property, plant and equipment	E10	2,391	2,417
Intangible assets	E11	2,157	2,157
Other assets	E12	298	235
Deferred tax assets		207	180
TOTAL ASSETS		**24,220**	**21,611**
LIABILITIES			
Financial liabilities at fair value through profit or loss	E2.2	533	299
Due to non-banks	E13	8,219	6,756
Due to banks and other financial institutions	E14	6,532	5,342
Debt securities issued	E15	580	1,056
Subordinated liabilities	E16	308	335
Liabilities held for sale	E7	85	5
Current tax liabilities		42	59
Trade and other payables	E17	1,470	1,436
Provisions	E18	175	178
Deferred tax liabilities		466	465
TOTAL LIABILITIES		**18,410**	**15,931**
CONSOLIDATED EQUITY			
Capital issued	E19	1	1
Share premium		677	677
Other reserves		(681)	(737)
Retained earnings		5,415	5,222
Total equity attributable to owners of the Parent		5,412	5,163
Non-controlling interests	E20	398	517
Total consolidated equity		**5,810**	**5,680**
TOTAL LIABILITIES AND EQUITY		**24,220**	**21,611**

Condensed interim consolidated income statement

For the six months ended 30 June

In millions of EUR

	Note	30 June 2016	30 June 2015
Interest income		1,039	1,067
Interest expense		(336)	(407)
Net interest income	E21	**703**	**660**
Fee and commission income		244	207
Fee and commission expense		(57)	(66)
Net fee and commission income	E22	**187**	**141**
Net loss on financial assets	E23	(33)	(7)
Net impairment losses on financial assets	E24	(277)	(472)
Other banking result		**(310)**	**(479)**
NET BANKING INCOME		**580**	**322**
Net earned premiums		49	81
Net insurance benefits and claims		(11)	(14)
Acquisition costs		(17)	(35)
NET INSURANCE INCOME	E25	**21**	**32**
Net rental and related income	E26	70	67
Property operating expenses		(16)	(19)
Net valuation gain/loss on investment property		(48)	(41)
Net income related to construction contracts		2	-
NET REAL ESTATE INCOME		**8**	**7**
Sales of goods		613	586
Cost of goods sold		(487)	(413)
Other income on retail operations		12	12
NET INCOME ON RETAIL OPERATIONS		**138**	**185**
Telecommunication income		847	818
Telecommunication expenses		(305)	(282)
NET TELECOMMUNICATION INCOME	E27	**542**	**536**
Net agriculture income	E28	4	3
Other income	E29	138	126
OTHER OPERATING INCOME		**142**	**129**
General administrative expenses	E30	(874)	(820)
Other operating expenses	E31	(245)	(266)
OPERATING EXPENSES		**(1,119)**	**(1,086)**
Net gain from sale of subsidiaries and associates		1	104
Share of earnings of associates	E8	18	13
PROFIT BEFORE TAX		**331**	**242**
Income tax expense	E32	(83)	(44)
NET PROFIT FOR THE PERIOD		**248**	**198**
Net profit attributable to non-controlling interests	E20	5	12
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT		**243**	**186**

Condensed interim consolidated statement of comprehensive income

For the six months ended 30 June

In millions of EUR

	30 June 2016	30 June 2015
NET PROFIT FOR THE PERIOD	**248**	**198**
Other comprehensive income*		
Valuation gains on available-for-sale financial assets	7	13
AFS revaluation losses transferred to income statement	(12)	(4)
Currency translation differences	56	225
Effect of movement in equity of associates	-	1
Disposal of associates	-	23
Cash flow hedge - effective portion of changes in fair value	-	10
Cash flow hedge - net amount transferred to profit or loss	2	(16)
Income tax relating to components of other comprehensive income	1	(2)
Other comprehensive income for the period (net of tax)	**54**	**250**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**302**	**448**
Total comprehensive income attributable to non-controlling interests	5	40
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	**297**	**408**

* Items that are or may be reclassified to income statement.

The condensed interim consolidated financial statements were approved by the Board of Directors on 31 October 2016.

Condensed interim consolidated statement of changes in equity

In millions of EUR, for the for the six months ended 30 June 2016

	Issued capital	Share premium	Available for sale reserve	Legal and statutory reserves	Translation reserve	Hedging reserve	Retained earnings	Attributable to owners of the Parent	Attributable to non-controlling interests	Total
Balance at 1 January 2016	**1**	**677**	**15**	**44**	**(794)**	**(2)**	**5,222**	**5,163**	**517**	**5,680**
Profit for the period	-	-	-	-	-	-	243	243	5	248
Currency translation differences	-	-	-	-	56	-	-	56	-	56
Valuation gains taken to equity for AFS	-	-	7	-	-	-	-	7	-	7
AFS revaluation gains transferred to income statement	-	-	(12)	-	-	-	-	(12)	-	(12)
Effect of hedge accounting	-	-	-	-	-	2	-	2	-	2
Tax on items taken directly to or transferred from equity	-	-	1	-	-	-	-	1	-	1
Total comprehensive income for the period	**-**	**-**	**(4)**	**-**	**56**	**2**	**243**	**297**	**5**	**302**
Net allocation to legal and statutory reserves	-	-	-	2	-	-	(2)	-	-	-
Dividends to NCI	-	-	-	-	-	-	-	-	(29)	(29)
Other changes in NCI	-	-	-	-	-	-	(48)	(48)	(95)	(143)
Total transactions with owners of the Company	**-**	**-**	**-**	**2**	**-**	**-**	**(50)**	**(48)**	**(124)**	**(172)**
Balance at 30 June 2016	**1**	**677**	**11**	**46**	**(738)**	**-**	**5,415**	**5,412**	**398**	**5,810**

In millions of EUR, for the for the six months ended 30 June 2015

	Issued capital	Share premium	Available for sale reserve	Legal and statutory reserves	Translation reserve	Treasury shares reserve	Hedging reserve	Retained earnings	Attributable to owners of the Parent	Attributable to non-controlling interests	Total
Balance at 1 January 2015	**1**	**677**	**21**	**28**	**(704)**	**(567)**	**6**	**5,417**	**4,879**	**815**	**5,694**
Profit for the period	-	-	-	-	-	-	-	186	186	12	198
Currency translation differences	-	-	-	-	196	-	1	-	197	28	225
Valuation gains taken to equity for AFS	-	-	13	-	-	-	-	-	13	-	13
AFS revaluation gains transferred to income statement	-	-	(4)	-	-	-	-	-	(4)	-	(4)
Effect of hedge accounting	-	-	-	-	-	-	(6)	-	(6)	-	(6)
Effect of movement in equity of associates	-	-	1	-	-	-	-	-	1	-	1
Disposal of associates	-	-	(27)	-	50	-	-	-	23	-	23
Tax on items taken directly to or transferred from equity	-	-	(3)	-	-	-	1	-	(2)	-	(2)
Total comprehensive income for the period	**-**	**-**	**(20)**	**-**	**246**	**-**	**(4)**	**186**	**408**	**40**	**448**
Net allocation to legal and statutory reserves	-	-	-	8	-	-	-	(8)	-	-	-
Acquisition of NCI in Home Credit and Air Bank	-	-	-	-	-	-	-	(49)	(49)	(29)	(78)
Sale of NCI in Eldorado	-	-	-	-	18	-	-	59	77	21	98
Dividends to NCI	-	-	-	-	-	-	-	-	-	(31)	(31)
Other changes in NCI	-	-	-	-	-	-	-	6	6	(140)	(134)
Cancellation of treasury shares	-	-	-	-	-	567	-	(567)	-	-	-
Total transactions with owners of the Company	**-**	**-**	**-**	**8**	**18**	**567**	**-**	**(559)**	**34**	**(179)**	**(145)**
Balance at 30 June 2015	**1**	**677**	**1**	**36**	**(440)**	**-**	**2**	**5,044**	**5,321**	**676**	**5,997**

Condensed interim consolidated statement of cash flows

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

In millions of EUR

	2016	2015
Cash flows from operating activities		
Profit before tax	331	242
Adjustments for:		
Gains/losses on disposal of consolidated subsidiaries/associates	(1)	(104)
Interest expense	336	407
Interest income	(1,039)	(1,067)
Other adjustments	895	1,099
Change in assets and liabilities	(527)	(477)
Net cash (used in)/from operating activities	**(5)**	**100**
Cash flows from investing activities		
Interest received	1,123	1,119
Dividends received	10	27
Purchase of tangible assets and intangible assets	(172)	(163)
Purchase of investment property	(9)	(17)
Acquisition of subsidiaries and associates, net of cash acquired	(174)	(78)
Proceeds from disposal of subsidiaries and associates, net of cash disposed	5	1,344
Other movements	(47)	(127)
Net cash from investing activities	**736**	**2,106**
Cash flows from financing activities		
Interest paid	(380)	(522)
Dividends and other distribution paid to NCI	(29)	(132)
Change in debt securities issued	(474)	(373)
Change in loans from banks and other financial institutions	1,398	(1,222)
Cash flow from/(used in) financing activities	**515**	**(2,249)**
Net increase (decrease) in cash and cash equivalents	**1,246**	**(43)**
Cash and cash equivalents as at 1 January	**2,732**	**2,148**
Effect of exchange rate changes on cash and cash equivalents	15	78
Cash and cash equivalents as at 30 June	**3,993**	**2,183**

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. It invests in multiple market segments such as banking and financial services, telecommunications, real estate, retail, insurance, metal mining, agriculture and biotechnology. Its activities span from Europe to Russia, the US and across Asia.

The condensed interim consolidated financial statements of the Parent Company for the six month period ended 30 June 2016 comprise the Parent Company and its subsidiaries (together referred to as "PPF Group" or the "Group") and the Group's interests in associates and affiliated entities. Refer to Section B of these financial statements for a listing of significant Group entities and changes to the Group in 2016 and 2015.

The registered office address of the Company is Strawinskylaan 933, 1077XX Amsterdam.

As at 30 June 2016, the ultimate shareholder structure was as follows:

Petr Kellner - 98.92% (directly and indirectly)
Ladislav Bartoníček - 0.54% (indirectly)
Jean-Pascal Duvieusart - 0.54% (indirectly)

A.2. Statement of compliance

These condensed interim consolidated 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 2015. These condensed interim 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.3. Basis of preparation

Dutch accounting legislation enables the Group to prepare these condensed interim 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 using the effective interest method 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.

A.4. Use of judgements and estimates

In preparing these condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

B. Consolidated group and the main changes for the period

B.1. Group entities

The following list shows only significant holding and operating entities that are subsidiaries or associates of the Parent Company as of 30 June 2016 and 31 December 2015.

Company	Domicile	Effective proportion of ownership interest June 2016	Effective proportion of ownership interest December 2015
PPF Group N.V.	Netherlands	Parent Company	Parent Company
Home Credit subgroup -subsidiaries			
Home Credit B.V.	Netherlands	88.62%	88.62%
Bank Home Credit SB JSC	Kazakhstan	88.62%	88.62%
CF Commercial Consulting (Beijing) Co., Ltd.	China	88.62%	88.62%
Favour Ocean Ltd.	Hong Kong	88.62%	88.62%
Guangdong Home Credit Financing Guarantee Co., Ltd.	China	88.62%	88.62%
HC Consumer Finance Philippines, Inc.	Philippines	87.61%	87.32%
Home Credit a.s.	Czech Republic	88.62%	88.62%
Home Credit and Finance Bank LLC	Russia	88.62%	88.62%
Home Credit Asia Ltd.	Hong Kong	88.62%	88.62%
Home Credit Bank OJSC	Belarus	88.62%	88.62%
Home Credit Consumer Finance China Ltd.	China	88.62%	88.62%
Home Credit India Finance Private Ltd.	India	88.62%	88.62%
Home Credit Indonesia PT	Indonesia	75.33%	75.33%
Home Credit Insurance LLC	Russia	88.62%	88.62%
Home Credit International a.s.	Czech Republic	88.62%	88.62%
Home Credit Slovakia, a.s.	Slovakia	88.62%	88.62%
Home Credit US, LLC	USA	44.40%	44.40%
Home Credit Vietnam Finance Company Ltd.	Vietnam	88.62%	88.62%
Homer Software House LLC	Ukraine	88.62%	88.62%
PPF Insurance FICJSC	Belarus	88.62%	88.62%
Shenzen Home Credit Financial Service Co., Ltd.	China	88.62%	88.62%
Shenzen Home Credit Number One Consulting Co., Ltd.	China	88.62%	88.62%
Sichuan Home Credit Financing Guarantee Co. Ltd.	China	88.62%	88.62%
Air Bank a.s.	Czech Republic	88.62%	88.62%
AB 1 B.V.	Netherlands	88.62%	88.62%
AB 2 B.V.	Netherlands	88.62%	88.62%
AB 3 B.V.	Netherlands	88.62%	88.62%
AB 4 B.V.	Netherlands	88.62%	88.62%
AB 5 B.V.	Netherlands	88.62%	88.62%
AB 6 B.V.	Netherlands	88.62%	88.62%
AB 7 B.V.	Netherlands	88.62%	88.62%
Other banking subgroup - subsidiaries			
PPF banka, a.s.	Czech Republic	92.96%	92.96%
Ruconfin B.V.	Netherlands	92.96%	92.96%
PPF Co3 B.V.*	Netherlands	92.96%	100.00%
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%

Areál Ďáblice s.r.o.	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%
Celestial Holdings Group Ltd.	BVI	100.00%	100.00%
City Tower a.s.	Czech Republic	100.00%	100.00%
Dadrin Ltd.	Cyprus	100.00%	100.00%
De Reling (Dronten) B.V.	Netherlands	100.00%	100.00%
Donskoe LLC	Russia	100.00%	100.00%
EusebiusBS (Arnhem) 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%
German Properties B.V.	Netherlands	100.00%	100.00%
Glancus Investments Inc.	BVI	100.00%	100.00%
Gorod Molodovo Pokoleniya CJSC	Russia	73.00%	73.00%
Hofplein Offices (Rotterdam) B.V.	Netherlands	100.00%	100.00%
In Vino LLC	Russia	99.90%	99.90%
In Vino Natukhaevskoe LLC	Russia	64.94%	64.94%
Intrust NN CJSC	Russia	66.67%	66.67%
Investitsionny Trust CJSC	Russia	75.24%	75.24%
ISK Klokovo LLC	Russia	100.00%	100.00%
Johan H (Amsterdam) B.V.	Netherlands	100.00%	100.00%
Kvartal Togliatti LLC	Russia	100.00%	100.00%
Langen Property B.V.	Netherlands	100.00%	100.00%
Logistics-A LLC	Russia	100.00%	100.00%
LvZH (Rijswijk) B.V.	Netherlands	100.00%	100.00%
Millennium Tower (Rotterdam) B.V.	Netherlands	100.00%	100.00%
Mitino Sport City LLC	Russia	100.00%	100.00%
Monheim Property B.V.	Netherlands	100.00%	100.00%
Monchyplein (Den Haag) B.V.	Netherlands	100.00%	100.00%
Office Star Nine 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 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%
Skolkovo Gate LLC	Russia	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%
Telistan Ltd.	Cyprus	99.90%	99.90%
TK Lipetskiy LLC	Russia	100.00%	100.00%
Trigon Berlin B.V.	Netherlands	100.00%	100.00%
Velthemia Ltd.	Cyprus	60.07%	60.07%
Wilhelminaplein B.V.	Netherlands	100.00%	100.00%
Yugo-Vostochnaya promyshlennaya companiya “Kartontara” LLC	Russia	100.00%	100.00%
Office Star Five spol. s r. o.	Czech Republic	-	100.00%
Office Star Two spol. s r. o.	Czech Republic	-	100.00%
Vítězné náměstí a.s.	Czech Republic	-	100.00%
Real Estate subgroup – associates			
Bohemia LLC	Russia	35.00%	35.00%
Flowermills Holding B.V.	Netherlands	49.94%	49.94%
Gilbey Ltd.	Cyprus	40.00%	40.00%
Komodor LLC	Ukraine	40.00%	40.00%
Marisana Enterprises Ltd.	Cyprus	49.94%	49.94%
Moravia LLC	Russia	35.00%	35.00%
Sigurno Ltd.	Cyprus	40.00%	40.00%

Syner NN LLC	Russia	35.00%	35.00%
Other significant subsidiaries			
Anthiarose Ltd.	Cyprus	100.00%	100.00%
Bavella B.V.	Netherlands	100.00%	100.00%
Bestsport, a.s.	Czech Republic	100.00%	100.00%
Bestsport Services, a.s. (in liquidation)	Czech Republic	88.03%	88.03%
Česká telekomunikační infrastruktura a.s. ("CETIN")	Czech Republic	100.00%	94.90%
Eldorado LLC	Russia	80.00%	80.00%
Facipero Investments Ltd.	Cyprus	80.00%	80.00%
Fodina B.V.	Netherlands	100.00%	100.00%
Invest-Realty LLC	Russia	80.00%	80.00%
Lindus Services Ltd.	Cyprus	100.00%	100.00%
Moranda a.s.	Czech Republic	100.00%	100.00%
O2 Czech Republic a.s.**	Czech Republic	84.66%	84.06%
O2 IT Services s.r.o.	Czech Republic	84.66%	84.06%
O2 Slovakia, s.r.o.	Slovakia	84.66%	84.06%
Oribase Pharma SAS	France	52.32%	52.32%
PPF a.s.	Czech Republic	99.99%	99.99%
PPF A3 B.V.	Netherlands	100.00%	100.00%
PPF Arena 1 B.V.	Netherlands	100.00%	100.00%
PPF Financial Holdings B.V.	Netherlands	100.00%	100.00%
PPF Infrastructure B.V. ***	Netherlands	100.00%	-
PPF Life Insurance LLC	Russia	100.00%	100.00%
PPF Telco B.V. ***	Netherlands	100.00%	-
RAV Agro LLC	Russia	100.00%	100.00%
RAV Molokoproduct LLC	Russia	100.00%	100.00%
Rentol LLC	Russia	80.00%	80.00%
Sotio N.V.	Netherlands	96.00%	92.00%
Sotio a.s.	Czech Republic	92.16%	88.32%
Sotio Medical Research (Beijing) Co., Ltd.	China	96.00%	92.00%
Vox Ventures B.V.	Netherlands	100.00%	-
Eldorado Licensing Ltd.	Cyprus	-	80%
PPF Arena 2 B.V.	Netherlands	-	100.00%
Other significant associates			
Polymetal International Plc****	Jersey	16.46%	17.85%
The Culture Trip Ltd.	United Kingdom	43.69%	-

*As of 31 December 2015 the entity was part of Other significant subsidiaries.
** As of 30 June 2016, due to existence of treasury shares held by O2 Czech Republic a.s. the direct stake in the registered capital of this company is still 84.06%.
*** Successor entities of PPF Arena B.V.
**** This associate comprises a group of entities.

The principal place of business corresponds to the domicile of respective entity with the following exceptions:

Place of business	Entity
Russia	Anthemona Ltd., Ryazan Shopping Mall Ltd., Flowermills Holding B.V., Marisana Enterprises Ltd.
United Kingdom	Alrik Ventures Ltd., Dadrin Ltd., Tanaina Holdings Ltd.
Germany	Langen Property B.V., Monheim Property B.V., Trigon Berlin B.V.

B.2. Acquisitions and disposals through business combinations in 2016/2015

B.2.1. Sale of Czech real estate projects in 2016

In November 2015, the Group signed an agreement for sale of three entities holding two up-and-running office buildings located in Prague. The transaction was concluded in May 2016 after receipt of approval of the bank financing the projects. The consideration amounted to MEUR 5, the profit from sale was insignificant.

B.2.2. Acquisition of minority stake in The Culture Trip

On 3 June 2016, the Group acquired a 34.58% stake in The Culture Trip Ltd., the UK start-up company dealing with online publishing and book selling. Following the acquisition the Group increased its share to 43.69% through capital contribution. The Group classifies the investment as an associate, the voting share is 49%.

The following table summarises the financial aspects of the transactions described above:

In millions of EUR	
Consideration	8
Capital contribution	18
Total effective ownership acquired	43.69%
Fair value of assets	17
Fair value of liabilities	-
Net asset value attributable to the Group’s share	7
Goodwill	19

B.2.3. O2 Czech Republic/CETIN – telecommunication business

B.2.3.1. Business restructuring in 2015

On 28 April 2015, the Annual General Meeting of O2 Czech Republic approved the company’s demerger into O2 Czech Republic a.s. and Česká telekomunikační infrastruktura, a.s. (“CETIN”). The infrastructure part of the current business, including both the fixed and mobile networks, was spun-off to CETIN, while O2 CR remained a publicly listed operator providing voice, data and TV services. Having been approved by the court of registration, the demerger took effect as at 1 June 2015. The main business purpose of this step was to separate the telecommunication operator from the regulated infrastructure provider, which can then also offer its services to other clients on the market in a more efficient way. Since the demerger, O2 CR and CETIN have acted as two independent business partners with no benefits accruing from PPF Group’s common control. The Group also ceased to apply its active shareholder role in O2 CR and considers its position to be that of a financial investor not interfering in the running of the company. Nevertheless, this has not curbed the Group’s ability to control O2 CR, hence O2 CR is still fully consolidated in accordance with IFRS requirements.

The restructuring process has no impact on the Group’s consolidated financial statements. As the whole telecommunication business was acquired in January 2014, the fair values of acquired assets and assumed liabilities were allocated to the respective entities and no revaluation was performed.

B.2.3.2. Increase in shareholding after the spin-off in 2015

Since 1 June 2015, the Group has made several acquisition and sale transactions, on aggregate selling 2.1 million shares in O2 CR, which resulted in a net decrease of 0.67% in voting rights in O2 CR, and purchasing 31.5 million shares in CETIN, equal to 10.17% of voting rights in CETIN. The O2 CR shares were sold to increase the free float and support their market liquidity on the Prague Stock Exchange, which is in line with the Group strategy described above.

The following tables summarise the financial aspects of the transactions described above:

In millions of EUR

Total net consideration received	58
Net effective ownership in O2 CR decreased	0.67%
Net asset value attributable to non-controlling interests sold	6
Effect recorded in retained earnings (gain)	52
Total consideration (paid in cash)	205
Effective ownership acquired in CETIN	10.17%
Net asset attributable to non-controlling interests acquired	(171)
Effect recorded in retained earnings (decrease)	(34)

B.2.3.3. CETIN squeeze-out in 2016

On 11 January 2016, as a result of a squeeze-out of minority shareholders, the Group became the sole shareholder of CETIN. The squeeze-out price for the residual 5.1% stake amounted to CZK 172.4 per share. The Group started to settle the relevant part of the consideration with eligible individual former shareholders in February.

The following table summarises the financial aspects of the transaction:

In millions of EUR

Consideration	101
Effective ownership acquired in CETIN	5.1%
Net asset attributable to non-controlling interests acquired	(88)
Effect recorded in retained earnings (decrease)	(13)

B.2.4. Acquisition of a 2% share in Home Credit and Air Bank (in 2015)

On 17 June 2015, the Group acquired a 2% stake in Home Credit B.V. and Air Bank a.s. from former PPF Group shareholder Mr Šmejc’s affiliate. The Group increased its shareholding in both companies from 86.62 to 88.62%. The difference between the purchase price and the net asset value attributable to non-controlling interests acquired was recognised directly in equity.

The following tables summarise the financial aspect of the transaction:

In millions of EUR

Consideration	74
Effective ownership acquired in Home Credit	2%
Net asset attributable to non-controlling interests acquired	25
Effect recorded in retained earnings (decrease)	(49)
Consideration	4
Effective ownership acquired in Air Bank	2%
Net asset attributable to non-controlling interests acquired	4
Effect recorded in retained earnings	-

B.2.5. New real estate project (in 2015)

In July 2015, the Group acquired a 49.99% stake in entities holding two up-and-running Moscow office buildings (the Metropolis project). The investment is classified as associate.

The following table summarises the financial aspect of the transaction:

	Flowermills Holding B.V., Marisana Enterprises Ltd.
Transaction date	July 2015
Type of investment property	2 office buildings
Location	Russia
Stake acquired	49.99%*
In millions of EUR	
Purchase price (paid in cash)	37
Fair value of assets acquired	360
of which:	
Investment property	339
Fair value of liabilities acquired	(285)

*The Group's effective ownership is 49.94%.

B.2.6. Sale of Generali PPF Holding in 2015

On 8 January 2013, the Group, acting through its subsidiary PPF Co1 B.V., signed an agreement with Assicurazioni Generali for the future sale of its 49% stake in Generali PPF Holding B.V. ("GPH") through two partial disposals. On 28 March 2013, Assicurazioni Generali acquired a 25% shareholding in GPH, then held by the Group. At the same moment the Group repaid a 51% portion of the Calyon facility (a syndicated bank loan facility of MEUR 2,099 obtained in January 2008) in an amount of MEUR 1,071 and redeemed MEUR 192 of a MEUR 400 bond issued in November 2009.

On 16 January 2015, the Group sold its residual 24% shareholding in Generali PPF Holding B.V. for consideration of MEUR 1,246. At the same moment the outstanding amount of the Calyon facility (MEUR 1,028) and the bond notes (MEUR 208) were repaid. During 2015 (in January and June), the Group received dividend payments of 18 MEUR which are included in the net profit from the sale. The impact of the transaction on 2015 income statements is the following:

In millions of EUR

Consideration	1,246
Carrying value of GPH stake as of 31 December 2014	1,144
Dividend received during 2015	(18)
Carrying value of GPH stake at disposal	1,126
AFS reserve (reclassified to the income statement)	27
Currency translation reserve (reclassified to the income statement)	(50)
Net profit from the sale	97

B.2.7. Sale of a 20% share in Eldorado (in 2015)

On 17 June 2015, the Group sold a 20% stake in Facipero Investments Ltd., the sole shareholder of Eldorado LLC, to Mr Šmejc's affiliate. The difference between the sale price and the net asset value attributable to non-controlling interests sold was recognised directly in equity.

The following table summarises the financial aspect of the transaction:

Consideration	98
Effective ownership sold	20%
Net asset attributable to non-controlling interests sold	21
Currency translation reserve (attributable to NCI)	(18)
Effect recorded in retained earnings (gain)	59

B.3. Other changes

B.3.1. Share buy-back program in O2 CR

On 28 January 2016, O2 CR commenced acquisition of own shares on the regulated market organised by the Prague Stock Exchange, under the conditions published in the connection with the approval of share buy-back program on the regulated market in December 2015. By 30 June 2016 it acquired in total 2.2 million treasury shares for total acquisition price of MEUR 19. The acquisition of the treasury shares resulted in increase of the Group’s effective ownership to 84.66%.

B.3.2. Change in shareholding structure of Air Bank (in 2015)

On 30 June 2015, the Group and Mr Šmejc’s affiliate (as the non-controlling shareholder) contributed their Air Bank shares to Home Credit B.V. Home Credit B.V. became the sole direct shareholder of Air Bank a.s. whereas the effective ownership of both ultimate shareholders did not change (88.62%/11.38%). The transaction has no impact on the Group’s consolidated financial statements.

C. Risk exposures, risk management objectives and procedures

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 2015.

During the interim period there were no other significant changes in the nature or extent of risks arising from financial instruments. There were no significant transactions influencing liquidity position of the Group.

C.1. 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 2016 or in 2015:

In millions of EUR, as at 30 June 2016

	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets held to maturity	31	31	-	31	-
Loans and receivables due from banks and other financial institutions	638	639	-	639	-
Loans due from customers	8,342	8,361	-	-	8,361
Due to non-banks	(8,219)	(8,199)	-	(8,199)	-
Due to banks and other financial institutions	(6,532)	(6,539)	-	(6,539)	-
Debt securities issued	(580)	(578)	(69)	(509)	-
Subordinated liabilities	(308)	(306)	(207)	(99)	-

In millions of EUR, as at 31 December 2015

	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets held to maturity	6	6	-	6	-
Loans and receivables due from banks and other financial institutions	549	549	-	549	-
Loans due from customers	7,153	7,130	-	617	6,513
Due to non-banks	(6,756)	(6,773)	-	(6,773)	-
Due to banks and other financial institutions	(5,342)	(5,344)	-	(5,344)	-
Debt securities issued	(1,056)	(1,052)	(99)	(953)	-
Subordinated liabilities	(335)	(338)	(243)	(95)	-

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 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	779	137	-	916
Financial assets AFS	1,920	156	89	2,165
Financial liabilities at FVTPL	(437)	(84)	(12)	(533)
Total	**2,262**	**209**	**77**	**2,548**

In millions of EUR, as at 31 December 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	559	105	75	739
Financial assets AFS	2,059	144	84	2,287
Positive FV of hedging derivatives	-	96	-	96
Financial liabilities at FVTPL	(254)	(36)	(9)	(299)
Total	**2,364**	**309**	**150**	**2,823**

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

In millions of EUR, for the six months ended 30 June 2016

	Financial assets at FVTPL	Financial assets AFS	Financial liabilities FVTPL	Total
Balance at 1 January	75	84	(9)	150
Net gains/(losses) recorded in profit or loss (included in “Net gain/(loss) on financial assets”)	-	5	(3)	2
Settlements	(75)	-	-	(75)
Balance at 30 June 2016	**-**	**89**	**(12)**	**77**

In millions of EUR, for the year ended 31 December 2015

	Financial assets at FVTPL	Financial assets AFS	Financial liabilities FVTPL	Total
Balance at 1 January	4	62	(9)	57
Net gains/(losses) recorded in profit or loss (included in “Net gain/(loss) on financial assets”)	(3)	-	1	(2)
Purchases of financial assets	77	75	-	152
Additions of financial liabilities	-	-	(1)	(1)
Settlements	(3)	-	-	(3)
Transfers out of Level 3	-	(53)	-	(53)
Balance at 31 December 2015	**75**	**84**	**(9)**	**150**

In 2015, certain available-for-sale assets were transferred out of Level 3 of the fair value hierarchy due to a change in the valuation model, where significant inputs used in their fair value measurements, such as certain credit spreads, that were not previously used, are observable.

In 2015, the financial assets at fair value through profit or loss presented in Level 3 above include positive fair values of interest rate derivatives in KZT of MEUR 1 and other derivatives of MEUR 1. The fair value of the derivative instruments is sensitive to changes in the KZT/EUR foreign currency exchange rate and to changes in interest rates.

The financial assets available for sale presented in Level 3 consist of debt securities of MEUR 80 (2015: MEUR 76) and equity securities of MEUR 9 (2015: MEUR 8). The fair value of debt securities is sensitive to market interest rates. The fair value of equity securities is sensitive to economic developments of the businesses in question.

C.2. Capital management

As of 30 June 2015, the Group restructured its consumer finance and other banking business represented by Home Credit, Air Bank and PPF banka under the new holding entity PPF Financial Holdings B.V. (“the Subgroup”). The Subgroup became a financial holding company and as such became subject to consolidated prudential requirements based on Regulation No 575/2013 of the European Parliament and of the Council, with the Czech National Bank as consolidating supervisor. PPF banka was appointed as a responsible reporting entity for this Subgroup.

In November 2015, by a decision of the Czech National Bank the Subgroup was identified as an “Other Systemically Important Institution” (O-SII). No additional capital requirement was imposed as a result of this classification.

The Group and its individually regulated operations complied with all externally imposed capital requirements throughout the reporting period.

D. Segment reporting

The Group recognises reportable segments that are defined in both geographical and sector terms. These segments offer different products and services, and are managed separately because they operate in completely distinct business sectors. The Group's Board of Directors and shareholders (the Chief Operating Decision Maker) review the internal management reports of individual segments on a regular basis.

The following summary describes the operations and geographic focus of each reportable segment.

Reportable segment	Business name/brand	Operations	Geographic focus
Consumer finance	Home Credit	Lending to private individual customers, deposit-taking	Czech Republic, Slovak Republic, Russia, Asia
	subsidiaries of PPF banka and Air Bank	Lending to private individual customers	Czech Republic, Slovak Republic, Russia
Other banking	PPF banka	Loans, deposits and other transactions and balances with corporate customers, trading activities	Czech Republic
	Air Bank	Deposits, loans and other transactions and balances with retail customers	Czech Republic
Real estate	PPF Real Estate Holding	Developing, investing and professional consulting in the property sector	Central and Western Europe, Russia, Ukraine
Retail	Eldorado	Retailing in consumer electronic and domestic appliances	Russia
Telecommunications	O2	Telecommunication operator providing a range of voice and data services (CZ), mobile operator (SK)	Czech Republic, Slovak Republic
	CETIN	Administration and operation of data and communication network	Czech Republic
Insurance	PPF Insurance	Provision of life insurance products	Russia
	Generali PPF Holding *(sold in 2015)*	Provision of life and non-life insurance products	Central and Eastern Europe
Other	Polymetal (associate)	Gold and silver mining	Russia, Kazakhstan
	RAV Holding	Grain and livestock production, storage and trade	Russia
	Sotio	Development of new medical therapies, focusing on the treatment of cancer and autoimmune diseases	Czech Republic, USA, China
	O2 Arena	Operation of multipurpose hall hosting mainly sports and cultural events	Czech Republic

Since 30 June 2015, Air Bank has legally been part of the Home Credit Group (refer to B.3.2), but continues to be presented within the other banking segment together with PPF banka. Subsidiaries of both banks are now included in the consumer finance segment, based on their geographical focus.

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. Segment assets and liabilities include all assets and liabilities attributable to segments.

Significant non-cash expenses comprise mainly impairment losses on financial and non-financial assets. Eliminations represent intercompany balances among individual reporting segments.

Total segment revenue contains the following categories, which may be reconciled to the income statement as follows:

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

	2016	2015
Interest income	1,039	1,067
Fee and commission income	244	207
Net earned premiums	49	81
Net rental and related income	70	67
Net income related to construction contracts	2	-
Sales of goods	613	586
Other income from retail operations	12	12
Revenues from telecommunication business	847	818
Net agriculture income	4	3
Total revenue from external customers	**2,880**	**2,841**

The following table shows the main items from the financial statements broken down according to reportable segments for the first half of 2016 and comparative figures for 2015:

In millions of EUR

30 June 2016	Consumer finance	Other banking	Real estate	Retail	Insurance	Telecommu-nications	Other	Unallocated	Eliminations	**Consolidated**
Revenue from external customers	1,208	61	73	638	34	847	9	10	-	2,880
Inter-segment revenue	6	30	1	2	1	11	-	18	(69)	-
Total revenue from continuing operations	**1,214**	**91**	**74**	**640**	**35**	**858**	**9**	**28**	**(69)**	**2,880**
Segment share of earnings of associates	1	-	(18)	-	-	-	35	-	-	18
Net profit from continuing operations	**68**	**29**	**5**	**(13)**	**2**	**129**	**28**	**(1)**	**1**	**248**
Net profit for the year										**248**
Other significant non-cash expenses	(288)	(5)	-	-	-	(4)	(3)	(2)	-	(302)
Segment assets	8,639	8,220	1,809	913	159	5,228	397	2,326	(4,104)	23,587
Investments in associates	1	-	47	-	-	2	580	3	-	633
Total assets										**24,220**
Segment liabilities	7,550	7,751	1,476	671	124	2,553	272	2,089	(4,076)	18,410
Total liabilities										**18,410**
Segment equity	**1,090**	**469**	**380**	**242**	**35**	**2,677**	**705**	**240**	**(28)**	**5,810**

In millions of EUR

30 June 2015	Consumer finance	Other banking	Real estate	Retail	Insurance	Telecommu-nications	Other	Unallocated	Eliminations	**Consolidated**
Revenue from external customers	1,229	53	73	603	54	818	5	6	-	2,841
Inter-segment revenue	2	40	-	11	2	1	0	18	(74)	-
Total revenue from continuing operations	**1,231**	**93**	**73**	**614**	**56**	**819**	**5**	**24**	**(74)**	**2,841**
Segment share of earnings of associates	1	-	(4)	-	-	-	16	-	-	13
Net profit from continuing operations	**(84)**	**37**	**28**	**20**	**100**	**104**	**12**	**(17)**	**(2)**	**198**
Net profit for the year										**198**
Other significant non-cash expenses	(493)	16	(2)	1	-	(1)	(1)	-	-	(480)
31 December 2015										
Segment assets	7,654	6,591	1,938	889	147	5,244	466	1,637	(3,572)	20,994
Investments in associates	2	-	47	-	-	2	566	-	-	617
Total assets										**21,611**
Segment liabilities	6,650	6,141	1,534	661	120	1,993	315	2,074	(3,557)	15,931
Total liabilities										**15,931**
Segment equity	**1,006**	**450**	**451**	**228**	**27**	**3,253**	**717**	**(437)**	**(15)**	**5,680**

D.1. Consumer finance segment

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, Kazakhstan, China, Vietnam, Belarus, India, Indonesia, and Philippines.

The following table supplements the information presented for the consumer finance business in the previous table. Eliminations represent intercompany balances among individual reporting segments within Home Credit. Inter-segment revenue represents revenue realised with other core segments outside the consumer finance segment.

In millions of EUR

30 June 2016	Russian Federation	Czech Republic	Slovak Republic	Kazakhstan	China	Vietnam	India	Other	Unallocated	Eliminations	**Consolidated**
Revenue from customers	352	53	32	66	559	90	23	36	3	-	1,214
Inter-segment revenue	9	-	-	-	-	-	-	-	1	(10)	-
Total revenue	**361**	**53**	**32**	**66**	**559**	**90**	**23**	**36**	**4**	**(10)**	**1,214**
Net interest income from external customers	150	34	21	37	333	60	16	21	(10)	-	662
Inter-segment net interest income	9	-	-	(5)	-	-	-	(1)	(4)	-	(1)
Total net interest income	**159**	**34**	**21**	**32**	**333**	**60**	**16**	**20**	**(14)**	**-**	**661**
Income tax	(2)	(2)	-	(5)	(21)	(5)	-	-	(1)	-	(36)
Net profit from continuing operations	**16**	**12**	**2**	**17**	**74**	**21**	**(22)**	**(25)**	**(28)**	**1**	**68**
Other significant non-cash expenses	(104)	-	(9)	(5)	(137)	(17)	(9)	(7)	-	-	(288)
Segment assets	3,175	482	293	311	3,780	349	133	259	201	(344)	8,639
Investment in associates	1	-	-	-	-	-	-	-	-	-	1
Segment liabilities	2,703	488	290	230	2,870	262	87	136	820	(336)	7,550
Segment equity	**473**	**(6)**	**3**	**81**	**910**	**87**	**46**	**123**	**(619)**	**(8)**	**1,090**

In millions of EUR

30 June 2015	Russian Federation	Czech Republic	Slovak Republic	Kazakhstan	China	Vietnam	India	Other	Unallocated	Eliminations	**Consolidated**
Revenue from customers	558	55	32	115	344	80	8	34	5	-	1,231
Inter-segment revenue	9	-	-	-	-	-	-	-	-	(9)	-
Total revenue	**567**	**55**	**32**	**115**	**344**	**80**	**8**	**34**	**5**	**(9)**	**1,231**
Net interest income from external customers	203	34	21	62	244	54	4	17	(6)	-	633
Inter-segment net interest income	9	-	-	(1)	-	(2)	-	-	(7)	1	-
Total net interest income	**212**	**34**	**21**	**61**	**244**	**52**	**4**	**17**	**(13)**	**1**	**633**
Income tax expense	32	(4)	(1)	(8)	(24)	(3)	-	-	(1)	-	(8)
Net profit from continuing operations	**(147)**	**20**	**3**	**17**	**72**	**10**	**(10)**	**(19)**	**(25)**	**(5)**	**(84)**
Other significant non-cash expenses	(344)	(4)	(8)	(31)	(79)	(21)	(2)	(4)	-	-	(493)
31 December 2015											
Segment assets	3,287	485	288	319	2,701	305	92	240	212	(275)	7,654
Investment in associates	2	-	-	-	-	-	-	-	-	-	2
Segment liabilities	2,875	485	283	230	2,040	222	61	135	584	(265)	6,650
Segment equity	**414**	**-**	**5**	**89**	**661**	**83**	**31**	**105**	**(372)**	**(10)**	**1,006**

D.2. Telecommunication segment

The telecommunication segment, represented by O2 CR and CETIN, is further divided into two segments based on geographical regions corresponding to the geographical location of customers.

The following table supplements the information presented for the telecommunications business in the previous table. Eliminations represent intercompany balances among individual reporting segments within the segment. Inter-segment revenue represents revenue realised with other core segments outside the telecommunication segment.

In millions of EUR

30 June 2016	Czech Republic	Slovak Republic	Eliminations	**Consolidated**
Revenue from customers	741	116	-	857
Inter-segment revenue	6	2	(7)	1
Total revenue	**747**	**118**	**(7)**	**858**
Cost related to telecommunication business	(259)	(49)	3	(305)
Net telecommunication income	471	67	3	541
Segment result	**159**	**11**	**(41)**	**129**
Other significant non-cash expenses	(3)	(1)	-	(4)
Segment assets	5,015	427	(214)	5,228
Segment liabilities	2,472	97	(16)	2,553
Segment equity	**2,545**	**330**	**(198)**	**2,677**

In millions of EUR

30 June 2015	Czech Republic	Slovak Republic	Eliminations	**Consolidated**
Revenue from customers	705	114	-	819
Inter-segment revenue	6	1	(7)	-
Total revenue	**711**	**115**	**(7)**	**819**
Cost related to telecommunication business	(235)	(50)	3	(282)
Net telecommunication income	469	64	3	536
Segment result	**122**	**13**	**(31)**	**104**
Other significant non-cash expenses	-	(1)	-	(1)
31 December 2015				
Segment assets	5,009	475	(240)	5,244
Segment liabilities	1,919	115	(41)	1,933
Segment equity	**3,092**	**360**	**(199)**	**3,253**

E. Notes to the consolidated financial statements

E.1. Cash and cash equivalents

Cash and cash equivalents comprise the following:

In millions of EUR

	30 June 2016	31 December 2015
Cash on hand	65	137
Current accounts	766	698
Balances with central banks	2,202	1,252
Placements with financial institutions due within one month	960	645
Total cash and cash equivalents	**3,993**	**2,732**

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

E.2. Investment securities

Investment securities comprise the following:

In millions of EUR

	30 June 2016	31 December 2015
Financial assets at fair value through profit or loss	916	739
Financial assets available for sale	2,165	2,287
Financial assets held to maturity	31	6
Total financial securities	**3,112**	**3,032**

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

Financial assets at fair value through profit or loss held for trading (except for part of government bonds which are non-trading) comprise the following:

In millions of EUR

	30 June 2016	31 December 2015
Government and other public-sector bonds	842	585
Corporate bonds	17	100
Shares	-	2
Mutual fund investments	9	9
Positive fair values of derivatives	48	43
Total financial assets at FVTPL	**916**	**739**

The government bonds include non-trading 10-year fixed-interest bonds in an amount of MEUR 203 (2015: 177 MEUR). The fixed interest income from these bonds is economically hedged by interest rate swaps.

E.2.2. 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 2016	31 December 2015
Negative fair values of trading derivatives	84	37
Liabilities from short sales of securities	437	253
Other	12	9
Total financial liabilities at FVTPL	**533**	**299**

E.2.3. Financial assets available for sale

Financial assets available for sale comprise the following:

In millions of EUR as at 30 June 2016

	Carrying amount	Amortised cost
Debt securities	2,098	2,069
Government bonds	1,237	1,202
Corporate bonds	766	770
Other debt securities	95	97
Equity securities	66	89
Shares	66	89
Loans and receivables	1	6
Total AFS assets	**2,165**	**2,164**

In millions of EUR, as at 31 December 2015

	Carrying amount	Amortised cost
Debt securities	2,230	2,192
Government bonds	1,485	1,433
Corporate bonds	671	683
Other debt securities	74	76
Equity securities	57	75
Shares	57	74
Mutual fund investments	-	1
Loans and receivables	-	7
Total AFS assets	**2,287**	**2,274**

E.2.4. Financial assets held to maturity

Financial assets held to maturity comprise the following:

In millions of EUR, as at 30 June 2016

	Carrying amount	Cumulative impairment	Amortised cost
Debt securities			
Government bonds	31	-	31
Total HTM assets	**31**	**-**	**31**

In millions of EUR, as at 31 December 2015

	Carrying amount	Cumulative impairment	Amortised cost
Debt securities			
Government bonds	6	-	6
Total HTM assets	**6**	**-**	**6**

E.3. Loans and receivables due from banks and other financial institutions

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

In millions of EUR

	30 June 2016	31 December 2015
Term deposits at banks	78	130
Minimum reserve deposits with central banks	127	124
Loans to banks	10	11
Loans and advances provided under repos	324	149
Other	99	135
Total loans and receivables due from banks and other financial institutions	**638**	**549**

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

E.4. Loans due from customers

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

In millions of EUR

	30 June 2016	31 December 2015
Gross amount		
Cash loan receivables	3,950	3,363
Consumer loan receivables	2,965	2,440
Revolving loan receivables	612	678
Car loan receivables	112	113
Mortgage loan receivables	93	74
Loans to corporations	1,393	1,277
Loans and advances provided under repos	21	25
Loans to associates	36	36
Other	12	14
Total gross amount	**9,194**	**8,020**
Collective allowances for impairment		
Cash loan receivables	(422)	(460)
Consumer loans receivables	(218)	(175)
Revolving loan receivables	(100)	(124)
Car loan receivables	(23)	(22)
Mortgage loan receivables	(9)	(6)
Other	(1)	(1)
Total collective impairment	**(773)**	**(788)**
Individual allowances for impairment		
Loans to corporations	(45)	(45)
Loans to associates	(34)	(34)
Total individual impairment	**(79)**	**(79)**
Total carrying amount	**8,342**	**7,153**

Loans to associates represent mainly the provision of funds used to finance several real estate projects. Of the associates, two small real estate projects have a negative net asset value. Impairment of loans to associates contains the negative share in the associates attributable to the Parent. The share in the associates in question is presented at nil.

E.5. Trade and other receivables

Trade and other receivables comprise the following:

In millions of EUR

	30 June 2016	31 December 2015
Gross amount		
Trade receivables	458	456
Accrued income	4	1
Individual impairment	(25)	(25)
Total carrying amount	**437**	**432**

E.6. Inventories

Goods are attributable mainly to the retail business of Eldorado and comprise the following:

In millions of EUR

	30 June 2016	31 December 2015
Goods/merchandise for resale	387	405
Trading property	67	71
Agricultural inventories	3	4
Other inventory	3	1
Total inventories	**460**	**481**

E.7. Assets and liabilities held for sale

Assets and liabilities held for sale are as follows:

In millions of EUR

	30 June 2016	31 December 2015
Cash and cash equivalents	7	1
Trade and other receivables	1	-
Investments in associates	-	1
Investment property	161	8
Property, plant and equipment	1	-
Other assets	4	2
Total assets held for sale	**174**	**12**
Due to banks and other financial institutions	67	4
Current tax liabilities	1	-
Other liabilities	5	1
Deferred tax liabilities	12	-
Total liabilities held for sale	**85**	**5**

As of 30 June 2016, the assets and liabilities held for sale comprise mainly real estate project City Tower sold in September 2016 (refer to G.2).

E.8. Investments in associates and joint ventures

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

In millions of EUR

	30 June 2016	31 December 2015
Polymetal	545	561
Metropolis	47	47
The Culture Trip	26	-
Other	15	9
Total investments in associates/joint ventures	**633**	**617**

The following table shows a break-down of the share of earnings of associates and joint ventures:

In millions of EUR

	30 June 2016	30 June 2015
Polymetal	36	16
Metropolis	(18)	-
Other real estate projects	-	(3)
Total share of earnings in associates/joint ventures	**18**	**13**

The difference between the total investment and the Group's share in equity comprises goodwill.

Polymetal

Since 2008 the Group has held a stake in Polymetal International Plc, the Russian precious metals mining company. As of 31 December 2015, the Group held 17.85%. During 2016, the share in Polymetal was decreased to 16.46%. The company is listed on the London Stock Exchange. As of 30 June 2016, the share price of Polymetal was GBP 10.47 (31 December 2015: GBP 5.85). The Group holds 70.2 million shares.

As the investment in Polymetal fell below 20%, the Group continuously assesses the significant qualitative features of the ability to apply significant control such as representation on the board of directors and concentration of other shareholders. Based on this assessment, the Group retains the initial classification of Polymetal as "investment in associate".

In millions of EUR

	30 June 2016	31 December 2015
Total assets	2,246	1,912
Total liabilities	(1,587)	(1,465)
Adjustment for share-based compensation reserve	(6)	(6)
Adjusted net assets (100%)	653	441
Group's share in equity (16.46%; 2015: 17.85%)	**107**	**79**
	30 June 2016	30 June 2015
Total revenue	532	581
Total net profit/(loss)	147	88
Group's share in profit/(loss) (17.28%; 2015: 17.92%)	**25**	**16**

Metropolis

In July 2015, the Group acquired a 49.99% stake in entities holding two up-and-running Moscow office buildings (the Metropolis project; refer to B.2.5). Since the acquisition in 2015, the project has made a significant profit due to a revaluation of investment property in Russian roubles, although the EUR value of the property has not changed significantly. In the six months of 2016, due to the reversed development of the exchange rate, the project has made a revaluation loss compensated by a translation gain of MEUR 40 recorded directly in equity.

In millions of EUR

	30 June 2016	31 December 2015
Total assets	374	377
Total liabilities	(280)	(283)
Group's share in equity (49.94%)	**47**	**47**
	30 June 2016	30 June 2015
Total revenue	20	-
Total net profit/(loss)	(35)	-
Group's share in profit/(loss) (49.94%)	**(17)**	**-**

Other real estate

The Group invests in several real estate projects, with ownership participations ranging from 24.5% to 50%. Two small projects with a negative net asset value of MEUR 26 (31 December 2015: MEUR 26) are valued at nil.

E.9. Investment property

Investment property includes all projects acquired through several acquisitions during the last years. The projects, located in the Russian Federation, the Czech Republic, the Netherlands, Germany, the Slovak Republic, Romania, Ukraine and India, consist mainly of finished office premises already rented, land plots and projects under construction.

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

In millions of EUR for six months ended 30 June 2016

	Russia	Czech Republic	Netherlands	Germany	Total
Land plot	140	9	-	-	149
Office	302	35	243	88	668
Office under development	-	1	-	-	1
Warehouse	371	-	-	-	371
Retail	112	12	34	-	158
Other	15	1	-	-	16
Total investment property	**940**	**58**	**277**	**88**	**1,363**

In millions of EUR, as at 31 December 2015

	Russia	Czech Republic	Netherlands	Germany	Total
Land plot	140	9	-	-	149
Office	269	174	245	88	776
Office under development	-	2	-	-	2
Warehouse	400	-	-	-	400
Retail	111	12	34	-	157
Other	22	1	-	-	23
Total investment property	**942**	**198**	**279**	**88**	**1,507**

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

In millions of EUR

	30 June 2016	31 December 2015
Balance at 1 January	1,507	1,596
Disposals resulting from business combination	(2)	(26)
Additions - acquisition through asset deal	-	21
Additions - capitalised costs	9	30
Disposals	-	(71)
Transfer to assets held for sale	(161)	(5)
Unrealised gains from investment property	24	95
Unrealised losses from investment property	(72)	(78)
Net FX differences	58	(55)
Balance at 30 June 2016 / 31 December 2015	**1,363**	**1,507**

In 2016, the transfer to assets held for sale relates to sale of Prague real estate project City Tower (refer to G.2).

The following table summarises valuation methods used for different categories of investment property:

Country	Category	Valuation method
Netherlands	office/retail	Income approach
Germany	office	Income approach
Czech Republic	office/retail	Income approach
Czech Republic	office under development	Residual
Russia	office (including under development)	Income approach
Russia	warehouse (including under development)	Income approach
All locations	land	Sales comparison

E.10. Property, plant and equipment

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

In millions of EUR, for six months ended 30 June 2016

	Land and buildings	Ducts, cables and related plant	Telecom. technology and related equipment	Vehicles	Other tangible assets and equipment	Total
Carrying amount						
Balance at 1 January	**591**	**1,366**	**298**	**6**	**156**	**2,417**
Additions	7	12	37	1	24	81
Disposals	-	-	(1)	-	(2)	(3)
Transfer to assets held for sale	(1)	-	-	-	-	(1)
Other movements	(1)	1	(2)	-	3	1
Depreciation charge	(16)	(37)	(30)	(2)	(28)	(113)
Depreciation included in Cost of sales (Agriculture)					(1)	(1)
Impairment charge	-	-	-	-	(1)	(1)
Impairment reversal	-	-	-	-	1	1
Net FX differences	13	(5)	(2)	-	4	10
Total	**593**	**1,337**	**300**	**5**	**156**	**2,391**
Cost	706	1,518	506	13	416	3,159
Accumulated depreciation and impairment	(113)	(181)	(206)	(8)	(260)	(768)
Out of this: Not in use	4	8	63	-	8	83

In millions of EUR, for the year ended 31 December 2015

	Land and buildings	Ducts, cables and related plant	Telecom. technology and related equipment	Vehicles	Other tangible assets and equipment	Total
Carrying amount						
Balance at 1 January	625	1,385	259	5	184	2,458
Additions	12	22	101	4	80	219
Disposals	(1)	-	(6)	-	(15)	(22)
Other movements	1	-	9	-	(13)	(3)
Depreciation charge	(33)	(77)	(71)	(2)	(66)	(249)
Depreciation included in cost of sales (agriculture)	-	-	-	-	(2)	(2)
Impairment charge	(2)	-	(1)	-	(6)	(9)
Impairment reversal	-	-	-	-	3	3
Net FX differences	(11)	36	7	(1)	(9)	22
Total	**591**	**1,366**	**298**	**6**	**156**	**2,417**
Cost	685	1,511	478	13	386	3,073
Accumulated depreciation and impairment	(94)	(145)	(180)	(7)	(230)	(656)
Of which: Not in use	6	11	61	-	10	88

E.11. Intangible assets

Intangible assets comprise the following:

In millions of EUR

	30 June 2016	31 December 2015
Goodwill	691	680
Software	321	294
Trademark	188	194
Licences	322	341
Customer relationships	472	501
In-process research and development	143	127
Present value of future profits from portfolios acquired	13	12
Other	7	8
Total intangible assets	**2,157**	**2,157**

E.11.1. Goodwill

Goodwill consists of three significant items arising from acquisition of O2 CR in 2014 and Eldorado in 2009. After the demerger of O2 CR in 2015 the goodwill relates to both entities, O2 CR (80.3%) and CETIN (19.7%). As of 30 June 2016, the carrying value of O2 CR goodwill amounts to MEUR 417 (2015: MEUR 413), the carrying value of CETIN goodwill MEUR 102 (2015: MEUR 104) and the carrying value of Eldorado goodwill MEUR 153 (2015: MEUR 138).

E.11.2. Other intangible assets

The following table shows the roll-forward of the remaining categories of intangible assets:

In millions of EUR, for the six months ended 30 June 2016

	Software	Trade-marks	Licences	Customer relation-ships	IPRD	PVFP	Other intangible assets	Total
Carrying amount								
Balance at 1 January	294	194	341	501	127	12	8	1,477
Additions	56	-	-	-	13	-	1	70
Additions from internal development	17	-	-	-	4	-	-	21
Disposal	(2)	-	-	-	-	-	-	(2)
Other changes	(2)	-	-	-	-	-	-	(2)
Amortisation charge	(41)	(17)	(18)	(28)	-	(1)	(2)	(107)
Impairment charge	(4)	-	-	-	-	-	-	(4)
Net FX differences	3	11	(1)	(1)	(1)	2	-	13
Balance at 30 June	**321**	**188**	**322**	**472**	**143**	**13**	**7**	**1,466**
Cost	663	245	393	610	143	29	11	2,094
Accumulated amortisation and impairment losses	(342)	(57)	(71)	(138)	-	(16)	(4)	(628)
Out of this: Not in use	47	-	-	-	-	-	-	47

In millions of EUR, for the year ended 31 December 2015

	Software	Trade-marks	Licences	Customer relation-ships	IPRD	PVFP	Other intangible assets	Total
Carrying amount								
Balance at 1 January	266	217	365	544	93	18	6	1,509
Additions	120	-	18	1	25	-	7	171
Additions from internal development	8	-	-	-	6	-	-	14
Disposal	(3)	-	-	-	-	-	-	(3)
Other changes	5	-	1	1	-	-	(4)	3
Amortisation charge	(94)	(32)	(48)	(56)	-	(4)	(1)	(235)
Impairment charge	(6)	-	-	-	-	-	-	(6)
Impairment reversal	-	23	-	-	-	-	-	23
Net FX differences	(2)	(14)	5	11	3	(2)	-	1
Balance at 31 December	**294**	**194**	**341**	**501**	**127**	**12**	**8**	**1,477**
Cost	585	234	419	610	127	26	10	2,011
Accumulated amortisation and impairment losses	(291)	(40)	(78)	(109)	-	(14)	(2)	(534)
Of which: Not in use	49	-	18	-	-	-	-	67

E.12. Other assets

Other assets comprise the following:

In millions of EUR

	30 June 2016	31 December 2015
Prepaid expenses and advances	128	104
Other taxes receivable	53	52
Biological assets	20	6
Insurance related other assets	21	31
Deferred acquisition costs – insurance business	18	28
Non-life amounts ceded to reinsurers from insurance provisions	1	1
Receivables arising out of direct insurance operations	2	2
Cash collateral for credit card settlement	21	-
Other	74	47
Subtotal other assets (gross)	**317**	**240**
Individual allowances for impairment		
Prepaid expenses and advances	(3)	(2)
Other	(16)	(3)
Total other assets (net)	**298**	**235**

E.13. Liabilities to non-banks

Liabilities to non-banks comprise the following:

In millions of EUR

	30 June 2016	31 December 2015
Current accounts and demand deposits	4,783	4,170
Term deposits	3,304	2,347
Loans	20	17
Loans received under repos	103	215
Other	9	7
Total liabilities to non-banks	**8,219**	**6,756**

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.

E.14. Liabilities to banks and other financial institutions

Liabilities to banks and other financial institutions comprise the following:

In millions of EUR

	30 June 2016	31 December 2015
Repayable on demand	32	3
Loans received under repos	342	206
Secured loans (other than repos)	5,151	4,522
Unsecured loans	1,003	580
Other	4	31
Total liabilities to banks	**6,532**	**5,342**

Secured loans include three significant loan facilities.

The first syndicated loan facility was provided by a consortium led by Société Générale (the "SG facility") in connection with the acquisition of O2 CR in January 2014. It comprised a MEUR 1,300 term loan, financing the initial acquisition price and additional shares acquired during the mandatory tender offer, and a MEUR 63 revolving loan used to cover debt service costs. The SG facility had an original maturity of November 2018 and was secured by a pledge of the Group's share in O2 CR and CETIN (following the demerger of O2 CR). In August 2015, the facility was fully repaid and replaced by a new facility. In August 2015, the Group obtained a new syndicated loan facility through its subsidiary CETIN, which was provided by a bank consortium and totalled MEUR 1,181. On 5 August 2015, the facility – drawn to the maximum amount – fully replaced the SG facility provided for the acquisition of O2 CR in January 2014. The facility, denominated in Czech crowns, consists of a three-year term loan amounting to MEUR 374 and a seven-year term loan amounting to MEUR 807. As of 30 June 2016, the facilities drawn amounted to MEUR 210 and MEUR 811, respectively. Until July 2016, the facility was secured by a pledge of the CETIN share held by PPF Infrastructure and with fixed assets held by CETIN (refer to G.1).

In connection with additional direct purchases of O2 CR shares, the Group received another secured loan of MEUR 270 initially maturing in October 2020. In 2015 the facility was renegotiated which resulted in prolonged maturity in October 2021. The facility is secured by a pledge of O2 CR and CETIN shares (following the demerger of O2 CR) in a proportion financed by the facility.

In November 2015, the Group received a new senior loan facility from a group of banks consisting of a term loan of MEUR 370 and a revolving credit facility of MEUR 10. The term loan was fully drawn to finance the deferred purchase price owed to Telefonica S.A. and for recapitalisation purposes. The facility, denominated in Czech crowns, matures in December 2020 and is secured by a pledge of O2 CR shares.

Significant portion of secured liabilities relates also to funding of real estate projects (MEUR 784 as of 30 June 2016; MEUR 889 as of 31 December 2015).

As of 30 June 2016 the Group complied with all covenants related to the loan facilities with the exception for Russia. In general, the situation in Russia has worsened significantly due to the deeper-than-expected continuation of the economic crisis and the further devaluation of the local currency. This has influenced the underlying market values of individual assets. While all the assets are doing fine in terms of cash flow performance and all the loans are being serviced properly, we are facing LTV (loan-to-value covenant) issues with most of the Russian projects. The Group is in earnest discussions with all the banks and is actively trying to find a mutual solution to this. The most likely solution will be LTV waivers provided by banks. However, the discussions remain open.

As of 30 June 2016, the LTV covenants for the Ryazan shopping mall, Tomilino and South Gate logistic projects had not been fulfilled. In case of Ryazan shopping mall a temporary waiver for any breach of covenants was granted in September 2016 by the financing bank. For South Gate project, additional security was provided to the bank in 2nd half of 2016 bringing the LTV covenant in line with the financing terms. There are also active discussions with the financing bank regarding Tomilino project in order to address this temporary valuation matter.

E.15. Debt securities issued

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

In millions of EUR

	Interest rate	Maturity	30 June 2016	31 December 2015
Cash loan receivables backed note issue of MRUB 5,000	Fixed	2016	70	62
Unsecured bond issue of MKZT 7,000	Fixed	2016	19	19
Unsecured RUB bond issue 2 of MRUB 3,000	Fixed	2016	-	37
Unsecured CZK bond issue 5 of MCZK 3,750	Fixed	2016	-	125
Unsecured CZK bond issue of MCZK 920	Fixed	2017	32	32
Unsecured bond issue of MKZT 6,769	Fixed	2019	18	19
Deposit bill of exchange; zero-coupon rate	Fixed	2016	345	684
Long-term registered certificate of deposit; rates (9.0%- 14%)	Fixed	2016	70	52
Deposit bills of exchange; rates (0.45%-0.71%)	Fixed	2017	4	4
Deposit bill of exchange; zero-coupon rate	Fixed	2018	22	22
Total debt securities issued			**580**	**1,056**

RUB denominated cash loans receivables backed notes were issued in November 2013 with a fixed coupon rate which is valid until the coupon payment date on 19 January 2017 and capped floating coupon rate from 20 January 2017 till the final maturity. The Group issued the public offer to purchase the outstanding cash loans receivables backed notes on 27 November 2016. As at 30 June 2016 cash loan receivables of MEUR 88 (2015: MEUR 79) served as collateral for these notes.

E.16. Subordinated liabilities

Subordinated liabilities comprise the following:

In millions of EUR

	Interest rate	Maturity	30 June 2016	31 December 2015
Loan of MRUB 681	Fixed	2017	10	9
Loan participation notes issue 7 of MUSD 500	Fixed	2020	88	94
Loan participation notes issue 8 of MUSD 200	Fixed	2021	121	149
Bond issue of MCZK 1,400	Fixed	2023	52	54
Bond issue of MCZK 1,000	Fixed	2024	37	29
Total subordinated liabilities			**308**	**335**

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. As at 30 June 2016 the Group bought back the loan participation notes with a cumulative par value of MUSD 272 (2015: a cumulative par value of MUSD 272).

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. As at 30 June 2016 the Group bought back the loan participation notes with a cumulative par value of MUSD 35 (2015: nil).

The bond issue of MCZK 1,400 was issued in April 2013. The Group has an early redemption option exercisable on 4 July 2018.

The bond issue of MCZK 1,000 was issued in April 2014. The Group has an early redemption option exercisable on 30 April 2019.

E.17. Trade and other payables

Trade and other payables comprise the following:

In millions of EUR

	30 June 2016	31 December 2015
Settlements with suppliers	898	902
Wages and salaries	120	112
Social security and health insurance	29	28
Other taxes payable	48	68
Finance lease liabilities	5	5
Accrued expenses	76	44
Deferred income	78	88
Advance received	28	33
Customer loan overpayments	30	30
Other	158	126
Total other liabilities	**1,470**	**1,436**

The “Other” category includes clearing accounts of PPF banka and Air Bank in an amount of MEUR 137 (2015: MEUR 110).

E.18. Provisions

Provisions comprise the following:

In millions of EUR

	30 June 2016	31 December 2015
Insurance provisions	149	152
Goods returns	5	5
Provision for litigation except for tax-related litigation	4	4
Other provisions	17	17
Total provisions	**175**	**178**

Other provisions include mainly asset retirement obligation related to liquidation of technical installation in CETIN.

E.18.1. Insurance provisions

Insurance provisions comprise the following:

In millions of EUR

	30 June 2016	31 December 2015
Non-life insurance provisions	60	78
Provisions for unearned premiums	54	72
Provisions for outstanding claims	6	6
RBNS provisions	6	6
Life insurance provisions	89	74
Provisions for outstanding claims	3	3
Mathematical provisions	79	65
Provisions for profit participation allocated to policyholders	7	6
Total insurance provisions	**149**	**152**

E.19. Capital issued

Capital issued represents capital in respect of which the shareholders' liability for an entity's obligation towards its creditors is limited. The amount is limited to the current nominal capital approved by a shareholder resolution.

The following table provides details of authorised and issued shares:

	30 June 2016	31 December 2015
Number of shares authorised	250,000	250,000
Number of shares issued and fully paid	62,401	62,401
Par value per share	EUR 10	EUR 10

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Parent Company.

E.20. Non-controlling interests

The following subsidiaries of the Group have material non-controlling interests:

Name of subsidiary*	Abbr.	Applicable	Country of incorporation
O2 Czech Republic a.s. (subgroup)	O2 CR	2016/2015	Czech Republic
Česká telekomunikační infrastruktura a.s.	CETIN	2015	Czech Republic
Home Credit B.V. (subgroup)	HC	2016/2015	Netherlands
PPF banka, a.s. (subgroup)	PPFB	2016/2015	Czech Republic
Facipero Investments Ltd. (subgroup)	FACI	2016/2015	Cyprus
Velthemia Ltd. (subgroup)	VELT	2016/2015	Cyprus
Investitsionny Trust CJSC	INTR	2016/2015	Russia

*For place of business refer to B.1.

The following table summarises the information relating to these subsidiaries:

In millions of EUR

30 June 2016	O2 CR	HC	PPFB	FACI	VELT	INTR	Other	**Total**
NCI percentage (ownership)	**15.34%**	**11.38%**	**7.04%**	**20.00%**	**39.93%**	**24.76%**	**n/a**	**n/a**
Total assets	1,543	10,871	5,310	776	345	180		
Total liabilities	(678)	(9,608)	(5,009)	(671)	(196)	(134)		
Net assets	**865**	**1,263**	**301**	**105**	**149**	**46**		
Net assets attributable to NCI of the sub-group	-	(6)	-	-	-	-		
Net assets attributable to owners of the Parent	**865**	**1,257**	**301**	**105**	**149**	**46**		
Carrying amount of NCI	133	143	21	21	59	11	10	**398**
NCI percentage during the period	**15.34%**	**11.38%**	**7.04%**	**20.00%**	**39.93%**	**24.76%**		
Profit/(loss)	68	61	29	(12)	(25)	4		
Other comprehensive income	-	7	1	-	-	-		
Total comprehensive income	68	68	30	(12)	(25)	4		
Profit/(loss) allocated to NCI	10	7	2	(2)	(10)	1	(3)	**5**
OCI allocated to NCI	-	1	-	-	-	-	(1)	**-**

In millions of EUR

31 December 2015	O2 CR	CETIN	HC	PPFB	FACI	VELT	INTR	Other	**Total**
NCI percentage (ownership)	**15.94%**	**5.10%**	**11.38%**	**7.04%**	**20.00%**	**39.93%**	**24.76%**	**n/a**	**n/a**
Total assets	1,555	3,227	9,656	3,813	767	395	191		
Total liabilities	(552)	(1,497)	(8,460)	(3,542)	(661)	(218)	(138)		
Net assets	**1,003**	**1,730**	**1,196**	**271**	**106**	**177**	**53**		
Net assets attributable to NCI of the sub-group	-	-	(5)	-	-	-	1		
Net assets attributable to owners of the Parent	**1,003**	**1,730**	**1,191**	**271**	**106**	**177**	**54**		
Carrying amount of NCI	160	88	136	19	21	71	13	9	**517**
30 June 2015									
NCI percentage during the period*	**15.27%**	**15.27%**	**13.38%**	**7.04%**	**-**	**39.93%**	**24.76%**		
Profit/(loss)	47	57	(89)	30	-	3	21		
Other comprehensive income	-	-	112	3	-	-	-		
Total comprehensive income	47	57	23	33	-	3	21		
Profit/(loss) allocated to NCI	7	9	(12)	2	-	1	5	-	**12**
OCI allocated to NCI	-	-	15	-	-	-	-	13	**28**

* The NCIs for some subsidiaries changed during the period as follows: O2 CR and CETIN – due to several transactions the average NCI percentage during the period was used; the HC – NCI percentage decreased on 17 June 2015;
** Facipero – the NCI on profit applies from 17 June 2015.

E.21. Net interest income

Interest income comprises the following:

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

	2016	2015
Financial instruments at FVTPL	4	8
Financial instruments available for sale	29	25
Financial instruments held to maturity	1	-
Due from banks and other financial institutions	14	24
Cash loan receivables	551	596
Consumer loan receivables	317	250
Revolving loan receivables	72	117
Car loan receivables	11	11
Mortgage loan receivables	3	4
Loans to corporations	37	32
Total interest income	**1,039**	**1,067**

Interest expense comprises the following:

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

	2016	2015
Due to customers	108	226
Due to banks and other financial institutions	195	129
Debt securities issued	15	24
Subordinated liabilities	14	20
Finance lease liabilities	-	1
Other	4	7
Total interest expenses	**336**	**407**
Total net interest income	**703**	**660**

E.22. Net fee and commission income

Fee and commission income comprises the following:

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

	2016	2015
Penalty fees	50	50
Insurance commissions	141	111
Cash transactions	9	13
Customer payment processing and account maintenance	18	20
Retailers’ commissions	15	9
Other	11	4
Total fee and commission income	**244**	**207**

Fee and commission expense comprises the following:

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

	2016	2015
Commissions to retailers	14	14
Cash transactions	7	10
Payment processing and account maintenance	16	16
Payments to deposit insurance agencies	10	9
Credit and other register expense	8	-
Other	2	17
Total fee and commission expense	**57**	**66**
Total net fee and commission income	**187**	**141**

E.23. Net gain/loss on financial assets

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

	2016	2015
Net trading income	(50)	7
Debt securities trading	8	19
FX trading	(22)	17
Derivatives	(36)	(29)
Net gains on financial assets at FVTPL	-	(9)
Debt securities	3	(9)
Other	(3)	-
Net realised gains/(losses)	17	(5)
AFS financial assets	17	3
Loans and receivables	-	(11)
Financial liabilities measured at amortised cost	-	3
Total net gain/(loss) on financial assets	**(33)**	**(7)**

E.24. Net impairment losses on financial assets

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

	2016	2015
Financial instruments available for sale	-	(5)
Cash loan receivables	138	311
Consumer loan receivables	108	89
Revolving loan receivables	27	90
Car loan receivables	1	1
Mortgage loan receivables	3	2
Loans to corporations	-	(16)
Total net impairment losses on financial assets	**277**	**472**

E.25. Insurance income

In millions of EUR, for the six months ended 30 June 2016

	Non-life	Life	Total
Gross earned premium	32	17	49
Gross premium written	8	17	25
Change in the provisions for unearned premiums	24	-	24
Net insurance benefits and claims	(1)	(10)	(11)
Claims paid	(2)	(4)	(6)
Change in provisions for outstanding claims	1	-	1
Change in mathematical provisions	-	(5)	(5)
Change in life provisions for profit participation allocated to policyholders	-	(1)	(1)
Acquisition cost	(13)	(4)	(17)
Total insurance income	**18**	**3**	**21**

In millions of EUR, for the six months ended 30 June 2015

	Non-life	Life	Total
Gross earned premium	62	20	82
Gross premium written	23	20	43
Change in the provisions for unearned premiums	39	-	39
Earned premiums ceded	(1)	-	(1)
Ceded reinsurance premiums	(1)	-	(1)
Net insurance benefits and claims	(3)	(11)	(14)
Claims paid	(3)	(6)	(9)
Change in provisions for outstanding claims	(1)	-	(1)
Change in mathematical provisions	1	(5)	(4)
Acquisition cost	(30)	(5)	(35)
Total insurance income	**28**	**4**	**32**

E.26. Net rental and related income

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

	2016	2015
Gross rental income	62	60
Service income	6	5
Service charge income	7	8
Service charge expense	(5)	(6)
Total net rental and related income	**70**	**67**

E.27. Net telecommunication income

Telecommunication income comprises the following:

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

	2016	2015
Revenues from voice services	415	435
Revenues from data services	251	207
Other telecommunication services	181	176
Telecommunication income	**847**	**818**

Telecommunication expenses comprise the following:

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

	2016	2015
Interconnection and roaming	(206)	(178)
Cost of goods sold	(42)	(48)
Commissions	(22)	(22)
Sub-deliveries	(14)	(14)
Other costs	(21)	(20)
Telecommunication expenses	**(305)**	**(282)**

Net telecommunication income	**542**	**536**

E.28. Net agricultural income

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

	2016	2015
Sales of goods	3	2
Cost of sales	(2)	(2)
Change in fair value of biological assets	3	3
Total net agriculture income	**4**	**3**

E.29. Other income

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

	2016	2015
Rental income	8	12
Other retail income – sublease charges	2	2
Gain on disposal of PPE and intangible assets	2	2
Foreign currency income	84	76
Other	42	34
Total other income	**138**	**126**

E.30. General administrative expenses

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

	2016	2015
Employee compensation	385	334
Payroll related taxes (including pension contribution)	92	80
Advertising and marketing	44	41
Professional services	35	46
Telecommunication and postage	29	30
Travel expenses	14	10
Taxes other than income tax	37	26
Information technologies	53	56
Rental, maintenance and repair expense	118	134
Distribution, transport and storage of goods	4	12
Collection agency fees	15	10
Other	48	41
Total general administrative expenses	**874**	**820**

E.31. Other operating expenses

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

	2016	2015
Depreciation of property, plant and equipment	113	134
Amortisation of intangible assets	107	115
Net impairment losses on goodwill recognised	3	-
Net impairment losses on other intangible assets	4	-
Net impairment losses on property, plant and equipment	-	4
Net impairment losses other assets	17	3
Net impairment losses on trading property	(2)	1
Loss on disposal of PPE and intangible assets	3	9
Total other operating expenses	**245**	**266**

E.32. Income tax expense

Income tax expense comprises the following:

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

	2016	2015
Current tax expense	(95)	(96)
Deferred tax expense	12	52
Total income tax expense	**(83)**	**(44)**

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 2016 was 25% (30 June 2015: 19%). The increase in the effective tax rate is caused by the change in the structure of tax deductible expenses and taxable income.

E.33. Off-balance sheet items

E.33.1. Commitments and contingent liabilities

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. The amounts reflected in the table for commitments assume that these amounts have been fully advanced. The amounts set forth in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if the counterparties failed completely to meet their contractual obligations.

The Group companies included in the banking segment engage in providing open credit facilities to allow customers quick access to funds in order to meet their short-term obligations as well as their long-term financing needs. Such credit facilities can take the form of guarantees, whereby the Group might guarantee repayment of a loan taken out by a client with a third party; stand-by letters of credit which are credit enhancement facilities enabling customers to engage in trade finance at lower cost; documentary letters of credit for obtaining lower cost financing for foreign trade on behalf of a customer; documentary letters of credit reimbursable to a Group company later and debt facilities and revolving underwriting facilities that allow customers to issue short or medium-term debt instruments without engaging in the normal underwriting process on each occasion. Revenue from provided guarantees is recognised under "Fee and commission income" and is determined by applying the agreed rates to the nominal amount of the guarantees.

In millions of EUR

	30 June 2016	31 December 2015
Loan commitments	811	770
Revolving loan commitments	511	525
Consumer loan commitments	28	42
Cash loan commitments	29	10
Undrawn overdraft facilities	53	60
Term loan facilities	190	133
Capital expenditure commitments	92	55
Guarantees provided	105	135
Non-payment guarantees	45	52
Non-revocable letters of credit	1	1
Payment guarantees	59	82
Total commitments and contingent liabilities	**1,008**	**960**

These commitments and contingent liabilities have an off-balance sheet credit risk because only organisation fees and accruals for probable losses are recognised in the statement of financial position until the commitments are fulfilled or expire. Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore, the amounts do not represent the expected future cash flows.

The following table shows secured liabilities:

In millions of EUR

	30 June 2016	31 December 2015
Secured bank loans	5,151	4,522
Debt securities issued	70	62
Total secured liabilities	**5,221**	**4,584**

The secured bank loans include a loan to the Ryazan project (refer to E.14) which is not fully covered by the investment property pledged: the fair value of the property as of 30 June 2016 was MEUR 56 lower (2015: MEUR 53 lower).

The assets pledged as security were as follows:

In millions of EUR

	30 June 2016	31 December 2015
Cash and cash equivalents	3	2
Financial assets at fair value through profit and loss (repos)	237	224
Financial assets available for sale (repos)	24	10
Financial assets held to maturity (in 2015 repos)	30	2
Loans and receivables due from banks and other financial institutions	10	38
Loans and receivables due from customers	2,683	1,074
Inventories	143	161
Investment in associates (repos)	319	302
Investment property	1,152	1,284
Property, plant and equipment	1,028	1,056
Total assets pledged as security	**5,629**	**4,153**

The Group pledges certain shares in O2 CR and CETIN. As of 30 June 2016, a 60.7% share in O2 CR (31 December 2015: 60.27%) and a 84.73% share in CETIN (31 December 2015: 84.73%) were used as collateral for several funding facilities (refer to E.14 and G.1).

E.33.2. Other contingencies

E.33.2.1. 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. On 16 June 2016, the Municipal Court in Prague fully dismissed the action of the ex-minority shareholders, however these are entitled to appeal such dismissal. 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 plaintiffs.

Furthermore, the Group (through its subsidiary PPF A4 B.V.) is involved in litigations connected to a squeeze-out of minority shareholders in Česká telekomunikační infrastruktura a.s. (CETIN), approved by general meeting of this company on 3 December 2015. Several former minority shareholders filed their actions with the relevant court and asked the court to decide on adequate consideration (i.e. higher than that originally paid by PPF A4 B.V.) for their shares in CETIN. No hearing has been scheduled yet.

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 a dominant position in the market of broadband internet access for households via ADSL technology. Allegedly, this is due to a margin squeeze applied by O2 CR on the fixed 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 first hearings took place in 2013 and 2014. Another hearing in this case was held on 6 May 2016, during which the Court reviewed the possibility of appointing an expert to reassess expert opinions filed by both, O2 CR and Volný, a.s. O2 CR filed objections against the expert proposed by Volný, a.s. on the grounds that the expert is prejudiced in relation to the matter. The court has not yet appointed any other expert, nor it has clarified the set of questions.

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 it damage by abusing a dominant position on the xDSL market, which had impacted ČRa’s ability to reach an “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 held by the Office for the Protection of Competition. After O2 CR appealed, the High Court in Prague changed the decision in June 2013 and ordered the resumption of 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 decide on the merits without waiting for the outcome of the proceedings led by the Office. Oral hearings took place in October and November 2014 and January 2015, where all evidence on paper was put forward. The parties have started negotiations regarding private arrangement after the decision from 22 April 2016, which fully dismissed the legal action against the Company. ČRa has undertook not to appeal against the decision and O2 CR has forgiven ČRa’s liability to pay the cost of the proceeding. At the same time the parties agreed that all potential disputable claims are settled. On 30 August

2016 the Municipal Court in Prague confirmed that ČRa has not appealed against the decision and that the decision came into force.

The legal action under which Vodafone Czech Republic a.s. claims amount MEUR 14 was served on O2 CR on 2 April 2015. Vodafone Czech Republic a.s. claims that O2 CR allegedly breached the competition rules regarding broadband internet connection via xDSL technology during the years 2009 to 2014. The legal action was filed less than a week after the two-page pre-litigation letter had been delivered to O2 CR. According to O2 CR, the legal action is an artificially created case primarily aimed at damaging O2 CR with adverse media coverage. Vodafone Czech Republic a.s. claims that lost profit was caused by the failure to acquire 200,000 xDSL customers. O2 CR sent a statement to the court pointing out that the legal action was not based on the facts. An oral hearing has yet to be scheduled.

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. Although the Constitutional Court of the Slovak Republic already once decided that the jurisdiction of Slovak courts is not given in the matter and proceeding was terminated, O2 CR discovered yet another attempt to start another lawsuit against the Company with different reasoning.

On 14 March 2016 the proposal of BELL TRADE s.r.o. was delivered to the County court in Malacky, where BELL TRADE proposed the re-entry of O2 CR as the defendant into the procedure, which has been led solely between Slovak subjects – BELL TRADE and PET PACK SK s.r.o. on MEUR 1.1, after Constitution court's decision. BELL TRADE tries to base this new claim and new attempt to establish the jurisdiction of the County court in Malacky on the letter from 8 June 2015, in which he stated that "withdraws from all agreements concluded between the RVI, a.s. and O2 CR" and reserves the right to claim recovery of damages caused by such withdrawal. New claim raised against O2 CR represents the amount MEUR 192 with interest from 14 March 2016.

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

E.33.2.2. Taxation

The taxation systems in the Russian Federation, 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, Belarus, Kazakhstan, Vietnam, China, India, Indonesia and Philippines suggests that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

In addition, a number of new laws introducing changes to the Russian tax legislation have been recently adopted. In particular, starting from 1 January 2015 changes aimed at regulating tax consequences of transactions with foreign companies and their activities were introduced, such as concept of beneficial ownership of income, etc. These changes may potentially impact the Group's tax position and create additional tax risks going forward. This legislation is still evolving and the impact of legislative changes should be considered based on the actual circumstances.

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 tax legislation, official pronouncements and court decisions within each country in question.

In terms of other countries where 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.

E.33.3. Guarantee received and off-balance sheet assets

Guarantees received and off-balance sheet assets were as follows:

In millions of EUR

	30 June 2016	31 December 2015
Guarantees received	195	227
Loan commitments received	209	377
Value of assets received as collateral (including repos)	1,375	1,011
Total contingent assets	**1,779**	**1,615**

E.34. Related parties

E.34.1. Transactions with associates

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

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

	2016	2015
Interest income	1	1
Total revenue	**1**	**1**

At the reporting date the Group had the following balances with associates:

In millions of EUR

	30 June 2016	31 December 2015
Loans due from customers	36	36
Total assets	**36**	**36**

E.34.2. 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 six months ended 30 June

	2016	2015
Interest income	10	11
Other income	1	-
Total revenue	**11**	**11**
General administrative expenses	(7)	(5)
Total expenses	**(7)**	**(5)**

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

In millions of EUR

	30 June 2016	31 December 2015
Loans due from customers	363	366
Intangible assets	3	4
Total assets	**366**	**370**
Due to non-banks	(6)	(4)
Trade and other payables	(2)	(5)
Subordinated liabilities	(10)	(9)
Total liabilities	**(18)**	**(18)**

F. Significant accounting policies

F.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 2015, except for the changes described below.

F.2. Changes in accounting policies and accounting pronouncements adopted since 1 January 2016

The following published Standards, 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 2016:

Amendments to IAS 1 Disclosure Initiative (effective from 1 January 2016)
The Amendments to IAS 1 include the following five, narrow-focus improvements to the disclosure requirements contained in the standard.

The guidance on materiality in IAS 1 has been amended to clarify that immaterial information can detract from useful information; materiality applies to the whole of the financial statements as well as to each disclosure requirement in an IFRS.

The guidance on the order of the notes (including the accounting policies) has been amended to remove language from IAS 1 that has been interpreted as prescribing the order of notes to the financial statements and to clarify that entities have flexibility about where they disclose accounting policies in the financial statements.

This standard does not have significant impact on the Group's financial statements.

Annual Improvements 2012-2014 Cycle (effective from 1 January 2016)
In September 2014 the IASB published Annual Improvements to IFRSs 2012-2014 Cycle as part of the annual improvements process to make non-urgent but necessary amendments to IFRS. The new cycle of improvements contains amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

F.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 2016, 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)
IFRS 9 is to be issued in phases and is intended ultimately to replace the International Financial Reporting Standard IAS 39 Financial Instruments: Recognition and Measurement. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and

measurement of financial assets. The second phase regarding the classification and measurement of financial liabilities was published in October 2010. The third phase of IFRS 9 was issued in November 2013 and relates to general hedge accounting. The standard was finalised and published in July 2014. The final phase relates to a new expected credit loss model for calculating impairment.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in a change in the overall level of impairment allowance.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)
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. In April 2016 IASB issued amendments to IFRS 15 clarifying some requirements and providing additional transitional relief for companies that are implementing the new Standard. IFRS 15 has not yet been adopted by the EU.

Given the nature of the Group's operations, this standard is not expected to have significant impact on the Group's financial statements.

IFRS 16 Leases (effective from 1 January 2019)
In January 2016, IASB issued a new Standard on leases. The standard requires companies to bring most leases on-balance sheet, recognising new assets and liabilities. IFRS 16 eliminates the classification of leases as either operating or finance for lessees and, instead, introduces a single lessee accounting model. This model reflects the fact that leases result in a company obtaining the right to use an asset (the "lease asset") at the start of the lease and, because most lease payments are made over time, also obtaining financing. As a result, the new Standard requires lessees to account for all of their leases in a manner similar to the way finance leases were treated in the application of IAS 17. IFRS 16 includes two exemptions from recognising assets and liabilities: for (a) short-term leases (i.e. leases of 12 months or less); and (b) leases of low-value items (such as personal computers).

Applying IFRS 16, a lessee will:
- recognise lease assets (as a separate line item or together with property, plant and equipment) and lease liabilities in the balance sheet;
- recognise depreciation of lease assets and interest on lease liabilities in the income statement; and

- present the amount of cash paid for the principal portion of the lease liability within financing activities, and the amount paid for the interest portion within either operating or financing activities, in the cash flow statement.

IFRS 16 has not yet been adopted by the EU.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16. This standard is expected to have an impact on the Group's financial statements.

Amendments to IAS 7 Statement of Cash Flows (effective from 1 January 2017)
The amendments are part of the IASB's disclosure initiative project and introduce additional disclosure requirements intended to address investors' concerns that financial statements do not currently enable them to understand the entity's cash flows, particularly with respect to the management of financing activities. These Amendments have not yet been adopted by the EU.

This standard is not expected to have significant impact on the Group's financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (effective from 1 January 2017)

In January 2016, IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. These Amendments have not yet been adopted by the EU.

This standard is not expected to have significant impact on the Group's financial statements.

G. Subsequent events

G.1. Release of CETIN collateral

In July 2016, CETIN as a debtor of a 1.2 BEUR secured facility (refer to E.14) received the Moody's investment rating which resulted in release of the pledge of a 74.46% share in CETIN and fixed assets of the said entity amounting to MEUR 952. The facility became unsecured.

G.2. Sale of real estate project – City Tower

In July 2015, the Group signed an agreement for sale of Prague up-and-running office building (City Tower). The transaction was concluded in September 2016, the expected consideration for the sale of an entity owning the property is MEUR 100.

G.3. Sale of Polymetal shares

On 23 September 2016, the Group sold a 3.05% share in Polymetal for MEUR 150. As the Group's effective share in the company fell below 12% the Group decided to change its classification of Polymetal stake from associate to asset available for sale.

G.4. Acquisition of Romanian real estate project

On 10 October 2016, the Group signed an agreement for acquisition of a 100% stake in entity holding up-and-running Bucharest office building complex (the Metropolis project). Total consideration paid for the entity amounted to MEUR 48.

Date:	Signature of the Board of Directors:
31 October 2016	