



The Kruk Group

**Condensed Interim Consolidated
Financial Report
for the third quarter ended September 30th 2011**

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I. Condensed interim consolidated financial statements

1. Consolidated financial highlights

Financial highlights	PLN '000		EUR '000	
	Jan 1–Sep 30 2011	Jan 1–Sep 30 2010	Jan 1–Sep 30 2011	Jan 1–Sep 30 2010
For the period				
Sales revenue	190,608	120,424	47,165	30,086
Operating profit	72,252	34,604	17,878	8,645
Pre-tax profit	53,270	28,693	13,181	7,168
Net profit attributable to owners of the Parent	52,134	28,654	12,900	7,159
Net cash flows from operating activities	-275,636	-1,977	-68,204	-494
Purchase of debt portfolios at prices as per agreement	-425,592	-96,409	-105,310	-24,086
Cash recoveries	234,208	139,856	57,953	34,940
Net cash flows from investing activities	-3,139	1,086	-777	271
Net cash flows from financing activities	289,147	57,334	71,547	14,324
Change in net cash flows	10,372	-56,443	2,566	-14,101
Diluted earnings per share	3.19	1.87	0.79	0.47
Average number of shares ('000)	16,304	15,385	16,304	15,385
Earnings per share	3.19	1.87	0.79	0.47
Book value per ordinary share	14.14	8.61	3.50	2.15
As at	Sep 30 2011	Dec 31 2010	Sep 30 2011	Dec 31 2010
Total assets	700,091	317,553	158,708	79,647
Non-current liabilities	280,040	77,996	63,484	19,563
Current liabilities	196,529	107,543	44,552	26,973
Equity	223,522	132,014	50,671	33,111
Share capital	16,900	15,309	3,831	3,840

The financial highlights presented in these condensed interim financial statements have been translated into the euro as follows:

- items related to the statement of comprehensive income and the statement of cash flows have been translated using the arithmetic mean of mid exchange rates quoted by the National Bank of Poland for the last day of each month in a given period; the exchange rate thus calculated was:

- for the current period – 4.0413,
- for the previous period – 4.0027.

- items of the statement of financial position have been translated using the mid exchange rate quoted by the National Bank of Poland for the end of the reporting period; the exchange rate was:

- for the current period – 4.4112,
- for the previous period – 3.9603.

2. *Condensed interim consolidated statement of financial position*

As at Sep 30 2011

PLN '000

	Sep 30 2011	Dec 31 2010	Sep 30 2010
Assets			
Non-current assets			
Property, plant and equipment	11,083	9,577	8,084
Other intangible assets	4,859	4,937	3,463
Goodwill	1,024	1,024	1,024
Non-current receivables	-	-	29
Deferred tax assets	2,320	3,301	2,713
Total non-current assets	19,286	18,839	15,313
Current assets			
Inventories	549	458	762
Purchase of debt portfolios	608,746	263,228	193,173
Other current investments	1,879	1,259	-
Trade receivables	20,248	10,568	12,164
Current tax receivable	-	2	39
Other receivables	16,429	697	1,360
Prepayments and accrued income	1,806	1,726	1,643
Cash and cash equivalents	31,148	20,776	80,238
Total current assets	680,805	298,714	289,379
Total assets	700,091	317,553	304,692
Equity and liabilities			
Equity			
Share capital	16,900	15,309	15,309
Share premium account	45,107	5,308	5,308
Exchange differences on translation of foreign operations	270	385	356
Other capital reserves	2,699	2,967	2,218
Retained earnings	158,422	108,003	100,579
Equity attributable to owners of the Parent	223,398	131,972	123,770
Non-controlling interests	124	42	23
Total equity	223,522	132,014	123,793
Non-current liabilities			
Non-current liabilities under loans and borrowings, and other financial liabilities	280,040	77,996	52,633
Total non-current liabilities	280,040	77,996	52,633
Current liabilities			
Current liabilities under loans and borrowings, and other financial liabilities	109,426	44,144	78,450
Trade and other payables	65,487	49,180	38,059
Current tax payable	-	-	70
Employee benefits payable	20,805	14,045	11,687
Current provisions	811	174	-
Total current liabilities	196,529	107,543	128,266
Total liabilities	476,569	185,539	180,899
Total equity and liabilities	700,091	317,553	304,692

3. Condensed interim consolidated statement of comprehensive income

For the reporting period Jan 1–Sep 30 2011

PLN '000

	<u>Jan 1 2011- Sep 30 2011</u>	<u>Jan 1–Sep 30 2010</u>
Continuing operations		
Revenue	190,608	120,424
Other operating income	939	1,895
Cost of goods for resale and materials sold	248	159
Salaries and wages and other employee benefits	50,693	39,951
Depreciation and amortisation	4,040	2,820
Contracted services	47,738	24,740
Other operating expenses	16,576	20,045
	<u>119,295</u>	<u>87,715</u>
Operating profit	72,252	34,604
Finance income	1,261	1,019
Finance expenses	20,243	6,930
Net finance expenses	<u>(18,982)</u>	<u>(5,911)</u>
Pre-tax profit	53,270	28,693
Income tax	1,013	17
Net profit for the period	<u>52,257</u>	<u>28,676</u>
Other comprehensive income		
Exchange differences on translation of foreign operations	(115)	108
Other comprehensive net income for the period	<u>(115)</u>	<u>108</u>
Total comprehensive income for the period	<u>52,142</u>	<u>28,784</u>
Net profit attributable to:		
Owners of the Parent	52,134	28,654
Non-controlling interests	123	22
Net profit for the period	<u>52,257</u>	<u>28,676</u>
Total comprehensive income attributable to:		
Owners of the Parent	52,019	28,762
Non-controlling interests	123	22
Total comprehensive income for the period	<u>52,142</u>	<u>28,784</u>
Earnings (loss) per share		
Basic (PLN)	3.19	1.87
Diluted (PLN)	3.19	1.87

4. Condensed interim consolidated statement of changes in equity

For the reporting period Jan 1–Sep 30 2011

PLN '000

	Share capital	Share premium account	Exchange differences on translation of foreign operations	Other capital reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Equity as at Jan 1 2010	15,771	9,795	248	2,218	71,925	99,957	79	100,036
Net profit for the period	-	-	-	-	28,654	28,654	22	28,676
- Exchange differences on translation of foreign operations	-	-	108	-	-	108	-	108
Total comprehensive income for the period	-	-	108	-	28,654	28,762	22	28,784
Contributions from and distributions to owners								
- Retirement of own shares	(462)	(4,487)	-	-	-	(4,949)	-	(4,949)
- Share capital increase at a subsidiary undertaking	-	-	-	-	-	-	1	1
- Payment of dividend	-	-	-	-	-	-	(79)	(79)
Total equity as at Sep 30 2010	15,309	5,308	356	2,218	100,579	123,770	23	123,793
Equity as at Jan 1 2010	15,771	9,795	248	2,218	71,925	99,957	79	100,036
Net profit for the period	-	-	-	-	36,078	36,078	41	36,119
- Exchange differences on translation of foreign operations	-	-	137	-	-	137	-	137
Total comprehensive income for the period	-	-	137	-	36,078	36,215	41	36,256
Contributions from and distributions to owners								
- Retirement of own shares	(462)	(4,487)	-	-	-	(4,949)	-	(4,949)
- Share-based payments	-	-	-	257	-	257	-	257
- Issue of shares (unregistered)	-	-	-	492	-	492	1	493
- Payment of dividend	-	-	-	-	-	-	(79)	(79)
Total equity as at Dec 31 2010	15,309	5,308	385	2,967	108,003	131,972	42	132,014
Equity as at Jan 1 2011	15,309	5,308	385	2,967	108,003	131,972	42	132,014
Comprehensive income for the period								
Net profit for the period	-	-	-	-	52,134	52,134	123	52,257
Adjustment of results from previous years	-	-	-	-	(1,715)	(1,715)	-	(1,715)
- Exchange differences on translation of foreign operations	-	-	(115)	-	-	(115)	-	(115)
Total comprehensive income for the period	-	-	(115)	-	50,419	50,304	123	50,427
Contributions from and distributions to owners								
- Payment of dividend	-	-	-	-	-	-	(41)	(41)
- Share-based payments	-	-	-	224	-	224	-	224
- Issue of shares	1,591	39,799	-	(492)	-	40,898	-	40,898
Contributions from and distributions to owners	1,591	39,799	-	(268)	-	41,122	(41)	41,081
Total equity as at Sep 30 2011	16,900	45,107	270	2,699	158,422	223,398	124	223,522

5. Condensed interim consolidated statement of cash flows

For the reporting period Jan 1–Sep 30 2011

PLN '000

	Jan 1–Sep 30 2011	Jan 1–Sep 30 2010
Cash flows from operating activities		
Net profit for period	52,257	28,676
<i>Adjustments</i>		
Depreciation of property, plant and equipment	2,736	1,924
Amortisation of intangible assets	1,304	896
Change in financial assets at fair value through profit or loss*	(345,400)	(41,577)
Net finance expenses	17,451	6,102
(Gain)/ loss on sale of property, plant and equipment	-	(95)
Income tax	(591)	17
Change in inventories	(91)	(33)
Change in receivables	(24,858)	(2,108)
Change in prepayments and accrued income	335	(963)
Change in current liabilities, excluding financial liabilities	21,621	5,260
Change in provisions	(426)	(608)
Income tax paid	26	532
Net cash flows from operating activities	(275,636)	(1,977)
Cash flows from investing activities		
Interest received	1,261	185
Loans advanced	(4,071)	(2,215)
Sale of intangible assets and property, plant and equipment	24	198
Sale of financial assets	-	5,000
Purchase of intangible assets and property, plant and equipment	(4,238)	(2,646)
Repayment of loans advanced	3,885	564
Net cash flows from investing activities	(3,139)	1,086
Cash flows from financing activities		
Proceeds from issue of shares floated on stock exchange	40,778	-
Proceeds from bond issue	256,000	94,147
Increase in loans and borrowings	119,410	4,917
Repayment of loans and borrowings	(77,285)	(27,605)
Payments under finance lease agreements	(2,517)	(2,604)
Dividends paid	(42)	(79)
Redemption of debt securities	(32,597)	(4,949)
Interest paid	(14,600)	(6,493)
Net cash flows from financing activities	289,147	57,334
Total net cash flows	10,372	56,443
Cash and cash equivalents at beginning of period	20,776	23,795
Cash and cash equivalents at end of period	31,148	80,238

* Due to the limited amount of information on revenue from debt purchase and spending on purchase of debt portfolios, this consolidated statement of cash flows should be read together with the information contained in Section III.4.

II. Condensed interim separate financial statements

1. Separate financial highlights

Financial highlights	PLN '000		EUR '000	
	Jan 1–Sep 30 2011	Jan 1–Sep 30 2010	Jan 1–Sep 30 2011	Jan 1–Sep 30 2011
For the period				
Sales revenue	56,634	39,457	14,014	9,858
Operating profit	-15,324	-24,035	-3,792	-6,005
Pre-tax profit	-6,816	-12,037	-1,687	-3,007
Net profit	-7,715	-12,045	-1,909	-3,009
Net cash flows from operating activities	-27,197	9,497	-6,730	2,373
Net cash flows from investing activities	-262,998	-13,636	-65,077	-3,407
Net cash flows from financing activities	289,333	57,012	71,593	14,243
Change in net cash flows	-862	52,873	-213	13,209
Diluted earnings per share	-0.47	-0.77	-0.12	-0.19
Average number of shares ('000)	16,304	15,555	16,304	15,555
Earnings per share	-0.47	-0.77	-0.12	-0.19
Book value per ordinary share	6.27	3.23	1.55	0.81
As at	Sep 30 2011	Dec 31 2010	Sep 30 2011	Dec 31 2010
Total assets	546,278	215,581	123,839	54,071
Non-current liabilities	279,785	77,860	63,426	19,528
Current liabilities	167,413	70,333	37,952	17,641
Equity	99,080	67,388	22,461	16,902
Share capital	16,900	15,309	3,831	3,840

The financial highlights presented in these financial statements have been translated into the euro as follows:

- items related to the statement of comprehensive income and the statement of cash flows have been translated using the arithmetic mean of mid exchange rates quoted by the National Bank of Poland for the last day of each month in a given period; the exchange rate thus calculated was:

- for the current period – 4.0413,
- for the previous period – 4.0027.

- items of the statement of financial position have been translated using the mid exchange rate quoted by the National Bank of Poland for the end of the reporting period; the exchange rate was:

- for the current period – 4.4112,
- for the previous period – 3.9603.

2. Condensed interim separate statement of financial position

As at Sep 30 2011

PLN '000

	Sep 30 2011	Dec 31 2010	Sep 30 2010
Assets			
Non-current assets			
Property, plant and equipment	9,275	8,511	7,064
Intangible assets	4,682	4,796	3,318
Investments in subsidiary undertakings	403,537	133,008	71,151
Deferred tax assets	2,108	3,007	2,592
Total non-current assets	419,602	149,322	84,125
Current assets			
Inventories	406	377	685
Purchase of debt portfolios	54,290	18,630	22,053
Trade receivables	31,338	29,753	28,622
Loans advanced	26,019	5,824	1,408
Other receivables	5,338	1,512	3,542
Prepayments and accrued income	1,638	1,654	1,567
Cash and cash equivalents	7,647	8,509	62,702
Total current assets	126,676	66,259	120,579
Total assets	546,278	215,581	204,704
Equity and liabilities			
Equity			
Share capital	16,900	15,309	15,309
Share premium account	45,107	5,308	5,308
Other capital reserves	2,699	2,967	2,218
Retained earnings	34,374	43,804	27,485
Total equity	99,080	67,388	50,320
Non-current liabilities			
Non-current liabilities under loans and borrowings, and other financial liabilities	279,785	77,860	51,920
Total non-current liabilities	279,785	77,860	51,920
Current liabilities			
Current liabilities under loans and borrowings, and other financial liabilities	109,593	44,048	78,898
Trade and other payables	45,050	14,824	13,683
Employee benefits payable	12,770	11,461	9,883
Total current liabilities	167,413	70,333	102,464
Total liabilities	447,198	148,193	154,384
Total equity and liabilities	546,278	215,581	204,704

3. Condensed interim separate statement of comprehensive income

For the reporting period ended Sep 30 2011

PLN '000

	<u>Jan 1–Sep 30 2011</u>	<u>Jan 1–Sep 30 2010</u>
Revenue	56,634	39,457
Other operating income	919	2,813
Cost of goods for resale and materials sold	280	158
Salaries and wages and other employee benefits	38,981	31,227
Depreciation and amortisation	3,378	2,283
Contracted services	18,208	16,704
Other operating expenses	12,030	15,933
	<hr/> 72,877	<hr/> 66,305
Operating profit	(15,324)	(24,035)
Finance income	26,828	18,892
Finance expenses	18,320	6,894
Net finance income	8,508	11,998
	<hr/>	<hr/>
Pre-tax profit	(6,816)	(12,037)
Income tax	899	8
	<hr/>	<hr/>
Net profit for the period	(7,715)	(12,045)
	<hr/>	<hr/>
Total comprehensive income for the period	(7,715)	(12,045)
	<hr/> <hr/>	<hr/> <hr/>
Earnings per share		
Basic (PLN)	(0.47)	(0.77)
Diluted (PLN)	(0.47)	(0.77)

4. Condensed interim separate statement of changes in equity

For the reporting period ended Sep 30 2011

PLN '000

	Share capital	Share premium account	Other capital reserves	Retained earnings	Total equity
Equity as at Jan 1 2010	15,771	9,795	2,218	39,530	67,314
Net profit for the period	-	-	-	(12,045)	(12,045)
Total comprehensive income for the period	-	-	-	(12,045)	(12,045)
Contributions from and distributions to owners					
- Retirement of own shares	(462)	(4,487)	-	-	(4,949)
Total equity as at Sep 30 2010	15,309	5,308	2,218	27,485	50,320
Equity as at Jan 1 2010	15,771	9,795	2,218	39,530	67,314
Comprehensive income for the period					
Net profit for the period	-	-	-	4,274	4,274
Total comprehensive income for the period	-	-	-	4,274	4,274
Contributions from and distributions to owners					
- Share-based payments	-	-	257	-	257
- Issue of shares (unregistered)	-	-	492	-	492
- Retirement of own shares	(462)	(4,487)	-	-	(4,949)
Total equity as at Dec 31 2010	15,309	5,308	2,967	43,804	67,388
Equity as at Jan 1 2011	15,309	5,308	2,967	43,804	67,388
Comprehensive income for the period					
Net profit for the period	-	-	-	(7,715)	(7,715)
Adjustment of results from previous years	-	-	-	(1,715)	(1,715)
Total comprehensive income for the period	-	-	-	(9,430)	(9,430)
Contributions from and distributions to owners					
- Registration of own shares	1,591	-	(492)	-	1,099
- Share-based payments	-	-	224	-	224
- Issue of own shares	-	39,799	-	-	39,799
Contributions from and distributions to owners	1,591	39,799	(268)	-	41,122
Total equity as at Sep 30 2011	16,900	45,107	2,699	34,374	99,080

5. Condensed interim separate statement of cash flows

For the reporting period ended Sep 30 2011

PLN '000

	Jan 1–Sep 30 2011	Jan 1–Sep 30 2010
Cash flows from operating activities		
Net profit for period	(7,715)	(12,045)
<i>Adjustments</i>		
Depreciation of property, plant and equipment	2,141	1,446
Amortisation of intangible assets	1,236	837
Change in financial assets at fair value through profit or loss	(42,389)	19,311
Net finance income	(9,443)	(11,998)
(Gain)/ loss on sale of property, plant and equipment	(7)	(94)
Income tax	(682)	8
Change in inventories	(30)	(63)
Change in receivables	(1,799)	910
Change in prepayments and accrued income	430	(927)
Change in current liabilities, excluding financial liabilities	29,678	10,003
Change in employee benefits payable	1,383	1,578
Income tax paid	-	531
Net cash flows from operating activities	(27,197)	9,497
Cash flows from investing activities		
Interest received	767	1,051
Loans advanced	(21,312)	(2,301)
Sale of intangible assets and property, plant and equipment	-	127
Dividend received	22,900	7,835
Sale of financial assets	31,000	-
Purchase of intangible assets and property, plant and equipment	(3,110)	(2,370)
Acquisition of financial assets	(301,529)	(18,731)
Repayment of loans advanced	8,286	753
Net cash flows from investing activities	(262,998)	(13,636)
Cash flows from financing activities		
Net proceeds from issue of shares floated on stock exchange	40,766	-
Proceeds from bond issue	256,000	94,147
Increase in loans and borrowings	119,410	4,917
Repayment of loans and borrowings	(77,285)	(27,605)
Redemption of debt instruments	(32,597)	-
Payments under finance lease agreements	(2,361)	(2,604)
Retirement of own shares	-	(4,949)
Interest paid	(14,600)	(6,894)
Net cash flows from financing activities	289,333	57,012
Total net cash flows	(862)	52,873
Cash and cash equivalents at beginning of period	8,509	9,829
Cash and cash equivalents at end of period	7,647	62,702

III. Notes to the financial statements

1. Organisation of the KRUK Group

Parent Undertaking

Name:

Kruk Spółka Akcyjna (“Kruk S.A.” or “Parent Undertaking”)

Registered office:

ul. Legnicka 56
54-204 Wrocław, Poland

Registration in the National Court Register:

District Court for Wrocław-Fabryczna in Wrocław, VI Commercial Division of the National Court Register, ul. Grabiszyńska 269, 53-235 Wrocław, Poland

Date of entry: September 7th 2005

Entry number: KRS 0000240829

Description of business of the Parent Undertaking and subsidiaries

The business of the Parent Undertaking and its subsidiaries consists primarily in the restructuring and recovery of debts purchased by the Group companies and debts held by financial institutions and other clients.

The Parent Undertaking also provides loans to private individuals.

These condensed interim consolidated financial statements for the reporting period ended September 30th 2011 include the financial statements of the Parent Undertaking and its subsidiaries (jointly the “Group”).

The ultimate Parent Undertaking of the Group is Kruk S.A.

As at September 30th 2011 and as at this report date, the Management Board of the Parent Undertaking was composed of the following members:

Piotr Krupa	President of the Management Board
Rafał Janiak	Member of the Management Board
Agnieszka Kułton	Member of the Management Board
Urszula Okarma	Member of the Management Board
Iwona Słomska	Member of the Management Board
Michał Zasępa	Member of the Management Board

As at this report date, the Supervisory Board was composed of the following members:

Dariusz Prończuk	Chairman of the Supervisory Board
Piotr Stępiak	Member of the Supervisory Board
Krzysztof Kawalec	Member of the Supervisory Board
Wojciech Małek	Member of the Supervisory Board
Józef Wancer	Member of the Supervisory Board

The Group and its subsidiaries

As at September 30th 2011, the Group comprised KRUK S.A. of Wrocław and eleven subsidiaries:

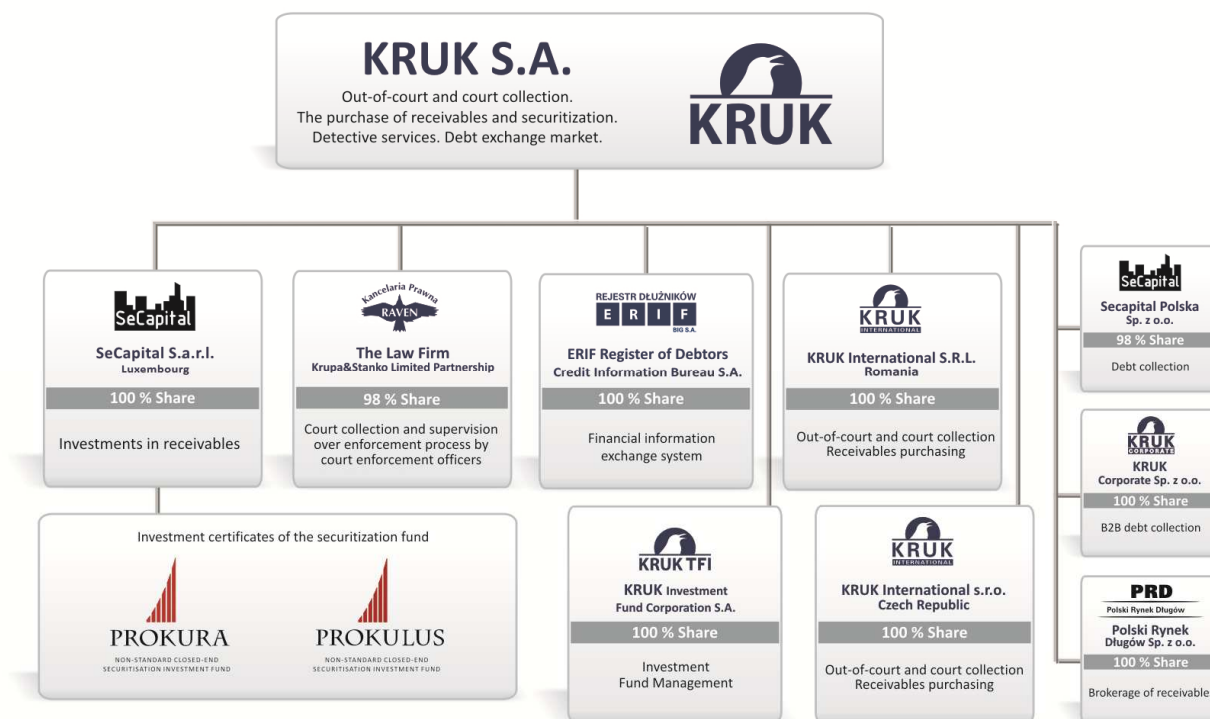
- Kancelaria Prawna RAVEN Krupa & Stańko of Wrocław, a law firm providing comprehensive services to support litigation and enforcement, exclusively in connection with the debt collection process carried out by the KRUK Group and its partners;
- Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A. of Warsaw, a credit information agency serving as a platform for collection, processing and provision of information on natural persons and businesses, both delinquent debtors and timely payers;
- KRUK International S.R.L. (Romania) of Bucharest, a company active on the market of credit management services and debts purchase;
- SeCapital S.a.R.L of Luxembourg, a special-purpose securitisation vehicle whose business consists chiefly in investing in debt or debt-backed assets;
- Prokura NS FIZ and Prokulus NS FIZ securitisation funds which are securitisation and investment vehicles relying on professional risk assessment and credit management methodologies. All certificates issued by the securitisation funds are held by SeCapita S.a.r.l.;
- Secapital Polska Sp. z o.o. of Warsaw, a company which services securitised debts;
- KRUK Corporate Sp. z o.o. of Wrocław, a dedicated company dealing with corporate receivables; Company changed name to: ERIF Business Solutions Sp. z o.o.
- Polski Rynek Długów Sp. z o.o. of Wrocław, a company which supports the debt collection process;
- KRUK International S.R.L. of Prague, Czech Republic, a company active on the market of credit management services and debts purchase;
- KRUK Towarzystwo Funduszy Inwestycyjnych S.A. of Wrocław, a fund management company.

All the subsidiaries listed above have been consolidated in the condensed consolidated financial statements prepared as at September 30th 2011 and for the period January 1st – September 30th 2011. It should be noted, however, that:

- KRUK International S.r.o. has been consolidated for the first time since April 13th 2011, i.e. from the date on which the Group acquired control over the company;
- KRUK Towarzystwo Funduszy Inwestycyjnych S.A. has been consolidated for the first time since May 16th 2011, i.e. from the date of its entry in the National Court Register.

The percentage equity interests held by the Parent Undertaking in the subsidiaries as at this report release date were as follows:

	Country	Share capital held (%)	
		Sep 30 2011	Dec 31 2010
Secapital S.a.r.l	Luxembourg	100%	100%
KRUK Corporate Sp. z o.o.	Poland	100%	100%
Secapital Polska Sp. z o.o.	Poland	98%	98%
Rejestr Dłużników ERIF Biuro Informacji Gospodarczej SA	Poland	100%	100%
Polski Rynek Długów Sp. z o.o.	Poland	100%	100%
KRUK International S.r.l.	Romania	100%	100%
Kancelaria Prawna RAVEN Krupa & Stańko Spółka komandytowa	Poland	98%	98%
Prokura NS FIZ	Poland	100%	100%
Prokulus NS FIZ	Poland	100%	100%
KRUK TFI S.A.	Poland	100%	-
Kruk International S.r.o.	Czech Republic	100%	-



2. Significant accounting policies

Statement of compliance

KRUK S.A. and the KRUK Group prepare their financial statements in accordance with the International Financial Reporting Standards as endorsed by the European Union (the “EU-IFRS”).

These condensed interim consolidated financial statements of the Group have been prepared in the condensed form in accordance with IAS 34 and the accounting standards applicable to interim financial statements, as endorsed by the European Union, which had been published and were effective at the time of preparation of these financial statements.

Basis of preparation

These consolidated financial statements have been prepared based on the historical cost approach, except with respect to financial instruments at fair value through profit or loss, and include data for the nine months from January 1st to September 30th 2011 and comparative data for the nine months from January 1st to September 30th 2010. The presented data has not been audited.

The data contained in these consolidated financial statements is presented in the Polish złoty (PLN), rounded to the nearest thousand. The Polish złoty is the functional currency of the Parent Undertaking.

In order to prepare financial statements in accordance with the EU-IFRS, the Management Board is required to rely on judgements, estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, income and costs, whose actual values may differ from these estimates. The material assumptions underlying the estimates made by the Group and the applied accounting policies have been presented in the most recent consolidated annual financial statements and in the relevant notes.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Any changes in accounting estimates are introduced prospectively, starting from the reporting period in which the estimate is changed.

In the opinion of the Parent Undertaking’s Management Board, there are no facts or circumstances which could pose a significant threat to the consolidated companies of the Group continuing as going concerns. Therefore, these financial statements have been prepared on a going concern basis.

Changes in accounting policies

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the most recent consolidated annual financial statements.

The following amendments to the IFRS are effective as at January 1st 2011:

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
- Revised IAS 24 Related Party Disclosures
- Amendments to IFRS 1 to ensure consistency of the amendment to IFRS 7

In the opinion of the Company's Management Board, the above amendments had no effect on the Group's financial statements for Q3 2011.

These financial statements are condensed interim consolidated financial statements, prepared in accordance with IAS 34.

Clarification of definition of fair value revaluation of purchased debt portfolios

As of January 1st 2011, revaluation of purchased debt portfolios is defined as a change in their fair value caused by interest rate fluctuations and/or change of estimates concerning future cash flows.

In previous reporting periods, any differences between actual payments and the forecasts used to measure the fair value were presented jointly with revaluation as understood based on the current wording of the definition. Starting from January 1st 2011, any differences between the actual and forecast payments have been recognised in "interest income adjusted by actual payments".

This clarification of the definition does not result in any changes to results for the previous years or in any presentation changes in the Group's financial statements. All the specified items were presented as components of revenue from debt purchase.

3. *Business segments*

Operating segments

The KRUK Group's core business comprises the restructuring and collection of debt portfolios purchased by the Group companies, as well as debt portfolios of financial institutions and other clients. The KRUK Group manages receivables of banks, loan brokers, insurers, leasing companies, as well as debt portfolios of landline and mobile telecommunications operators, cable TV operators, digital TV operators, and of companies from the FMCG and B2B sectors. The Group focuses on retail debt owed to banks and relies on long-term relations with key accounts.

The Group operates in the Polish and Romanian markets.

The Kruk Group's operations are divided into two core operating segments:

- Debt Purchase Segment, which comprises collection of debt portfolios purchased by the Kruk Group companies,
- Credit Management Segment, which comprises fee-based collection of debt for other businesses.

The Group's operations are also divided into two main geographical segments:

- Poland, and
- Romania.

The Kruk Group
Operating segments

<i>PLN '000</i>	Jan 1–Sep 30 2011	Jan 1–Sep 30 2010
Revenue	190,608	120,424
Purchased debt portfolios	157,165	85,024
Collection services	30,736	33,775
Other products	2,707	1,625
Direct and indirect costs	84,744	63,944
Purchased debt portfolios	63,891	42,709
Collection services	18,126	19,310
Other products	2,727	1,925
Indirect margin	105,864	56,480
Purchased debt portfolios	93,274	42,315
Collection services	12,610	14,465
Other products	(20)	(300)
General and administrative expenses	28,877	19,841
Depreciation and amortisation	4,040	2,820
Other operating income	939	1,895
Other operating expenses	(1,750)	(1,002)
Finance income/expenses	(18,982)	(5,911)
Pre-tax profit	53,155	28,801
Income tax	1,013	17
Net profit	52,142	28,784

Geographical segments

<i>PLN '000</i>	<u>Jan 1–Sep 30 2011</u>	<u>Jan 1–Sep 30 2010</u>
Revenue	190,608	120,424
Poland	112,365	92,822
Romania	78,243	27,602
Direct and indirect costs	84,744	63,944
Poland	69,407	55,201
Romania	15,337	8,743
Indirect margin	105,864	56,480
Poland	42,958	37,621
Romania	62,906	18,859
General and administrative expenses	28,877	19,841
Depreciation and amortisation	4,040	2,820
Other operating income	939	1,895
Other operating expenses	(1,750)	(1,002)
Finance income/expenses	(18,982)	(5,911)
Pre-tax profit	53,155	28,801
Income tax	1,013	17
Net profit	52,142	28,784

4. Type and amounts of changes in estimates presented in previous financial years, with a material effect on the current period

Purchased debt portfolios

In the period covered by these financial statements, expenses incurred by the Group to purchase debt portfolios were PLN 425m, while cash recoveries amounted to PLN 234m.

PLN '000

Purchased debt portfolios as at Jan 1 2010	150,435
Purchase of debt portfolios at prices as per agreement	193,975
Purchase price adjustment for discount	(1,305)
Cash recoveries	(197,939)
Revaluation of portfolios	10,360
Revenue from debt purchase	107,702
Purchased debt portfolios as at Dec 31 2010	263,228
Purchased debt portfolios as at Jan 1 2011	263,228
Purchase of debt portfolios at prices as per agreement	425,592
Purchase price adjustment for discount	(3,032)
Cash recoveries	(234,208)
Revaluation of portfolios	11,885
Revenue from debt purchase	145,281
Purchased debt portfolios as at Sep 30 2011	608,746

PLN '000

	<u>Sep 30 2011</u>	<u>Dec 31 2010</u>
Purchased debt portfolios		
Bank loans, including:		
- consumer loans	535,151	226,033
- car loans	532,758	222,345
- mortgage loans	2,017	2,570
Telecommunication bills	376	1,118
Cash loans (other than granted by banks)	57,672	36,022
Other	456	462
	15,467	711
	<u>608,746</u>	<u>263,228</u>

5. Type and amounts of items affecting the assets, equity and liabilities, capital, net profit/loss or cash flows, which are material due to their type, size or effect

Sales revenue

PLN '000

Continuing operations

	Jan 1–Sep 30 2011	Jan 1–Sep 30 2010
Revenue from debt purchase	157,165	84,930
Revenue from credit management	30,736	33,869
Revenue from other products	2,529	1,428
Revenue from sales of goods for resale and materials	178	197
	<u>190,608</u>	<u>120,424</u>

PLN '000

	Jan 1–Sep 30 2011	Jan 1–Sep 30 2010
Interest income adjusted by actual payments	145,280	76,355
Revaluation of debt portfolios	11,885	8,575
	<u>157,165</u>	<u>84,930</u>

Revaluation of fair value of purchased debt portfolios

PLN '000

	Jan 1–Sep 30 2011	Jan 1–Sep 30 2010
Revision of forecast	13,177	8,284
Change due to change in discount rate	(1,292)	291
	<u>11,885</u>	<u>8,575</u>

In line with the adopted accounting policies, the change in the fair value of assets due to revaluation has been charged to the profit/loss for current period.

Net finance expenses

PLN '000

	<u>Jan 1–Sep 30 2011</u>	<u>Jan 1–Sep 30 2010</u>
Interest income on loans and receivables	-	185
Interest income on bank deposits	1,261	834
Net foreign exchange gains/(losses)	-	-
	<u>1,261</u>	<u>1,019</u>
Interest expense on financial liabilities measured at amortised cost	16,328	6,169
Net foreign exchange gains/(losses)	3,915	272
Impairment losses on financial instruments measured at amortised cost	-	489
	<u>20,243</u>	<u>6,930</u>
Net finance expenses recognised in profit or loss	(18,982)	(5,911)

PLN '000

	<u>Jan 1–Sep 30 2011</u>	<u>Jan 1–Sep 30 2010</u>
Total interest income on financial assets	1,261	1,019
Total interest expense on financial liabilities	16,328	6,169

PLN '000

	<u>Jan 1–Sep 30 2011</u>	<u>Jan 1–Sep 30 2010</u>
Exchange differences on translation of foreign operations	(115)	108
Attributable to:		
Owners of the Parent	(115)	108
Finance income recognised directly in other comprehensive income	(115)	108

Loans, borrowings and finance lease liabilities

PLN '000

	<u>Sep 30 2011</u>	<u>Dec 31 2010</u>
Non-current liabilities		
Secured loans and borrowings	32,831	10,029
Liabilities under debt securities (unsecured)	244,759	65,679
Finance lease liabilities	2,450	2,288
	<u>280,040</u>	<u>77,996</u>
Current liabilities		
Current portion of secured loans and borrowings	29,404	10,110
Liabilities under debt securities	78,296	31,255
Current portion of finance lease liabilities	1,726	2,779
	<u>109,426</u>	<u>44,144</u>

Earnings per share

'000

	<u>Jan 1–Sep 30 2011</u>	<u>Jan 1–Sep 30 2010</u>
Number of ordinary shares as at Jan 1	15,308	15,771
Effect of retirement and issue of own shares	996	(386)
Weighted average number of ordinary shares as at Sep 30	<u>16,304</u>	<u>15,385</u>
<i>PLN</i>		
Earnings per share	<u>3.20</u>	<u>1.87</u>

The value of diluted earnings per share equals the value of basic earnings per share. There are no factors which could result in dilution of earnings per share.

6. The Group's material achievements or failures in the reporting period, along with the most significant events related to such achievements or failures

An important event in the Group's operations was a TV campaign targeted at indebted individuals. The campaign was a continuation of activities initiated in 2010. It was run from February 16th to March 31st 2011 on major nationwide and business TV channels. Its primary objective was to encourage individuals with debts to contact the KRUK Group, so as to conclude an agreement on instalment-based repayment of the amount owed.

In September 2011, the KRUK Group launched another information and education campaign, which will continue until the end of November 2011. Another phase of the campaign in Poland aims to make debtors aware that it is worth discussing their indebtedness and signing a settlement agreement to gradually repay the debts. The campaign, conducted through major Polish TV channels, has been supported with a series of articles in women's and lifestyle magazines, tabloids and regional dailies. The KRUK Group and its product also appeared in a popular TV series as part of product placement.

The KRUK Group has operated on the Romanian market for four years now. Due to a growing number of debtors whose debts are processed by the Group in that country, the Company decided to launch a media campaign targeted at indebted individuals in Romania. In addition to advertising, a public relations campaign started in September, which through educational measures has aimed to encourage debtors to contact the KRUK Group and repay their debts.

7. Factors and events, in particular of non-recurring nature, with a material bearing on the Group's financial performance

The key factor with a bearing on the current period's performance were investments in debt portfolios made in previous periods and in the reporting period. The total value of investment expenditure in the reporting period amounted to PLN 425m.

As at September 30th 2011, the value of the Group's investments in debt portfolios accounted for 86% of its assets. Equity accounts for 32% of sources of financing of the Group's operations.

8. Seasonality or cyclicity of operations

The Group's operations are not subject to seasonal or cyclical fluctuations.

9. Information on issue, redemption and repayment of non-equity and equity securities

On March 25th 2011, NS FIZ Prokura issued investment certificates. The fund issued 2,678,571 investment certificates, each with a value of PLN 6.72. All certificates issued by NS FIZ Prokura are held by Secapital S.a.r.l. of Luxembourg. The transaction has been eliminated on consolidation.

On March 30th 2011, KRUK S.A. issued unsecured Series G bonds with a total value of PLN 30,000 thousand and the maturity of 24 months.

The Kruk Group

On April 7th 2011, KRUK S.A. issued unsecured Series H1 and Series H2 bonds with a total value of PLN 45,000 thousand, maturing respectively in 30 and 36 months.

On April 28th 2011, NS FIZ Prokura issued investment certificates. The fund issued 4,287,856 investment certificates, each with a value of PLN 6.67. All certificates issued by NS FIZ Prokura are held by Secapital S.a.r.l. of Luxembourg. The transaction has been eliminated on consolidation.

On May 25th 2011, KRUK S.A. issued unsecured Series I1 and Series I2 bonds with a total value of PLN 63,000 thousand, maturing respectively in 36 and 42 months.

On June 2nd, 2011, NS FIZ Prokura issued investment certificates. The fund issued 10,014,523 investment certificates, each with a value of PLN 6.89. All certificates issued by NS FIZ Prokura are held by Secapital S.a.r.l. of Luxembourg. The transaction has been eliminated on consolidation.

On June 14th, 2011, NS FIZ Prokura issued investment certificates. The fund issued 14,277,539 investment certificates, each with a value of PLN 6.99. All certificates issued by NS FIZ Prokura are held by Secapital S.a.r.l. of Luxembourg. The transaction has been eliminated on consolidation.

In Q2 2011, KRUK S.A. as the Issuer of Series G1 bonds issued in 2010 and Series G2, Series H1 and Series H2 bonds issued in 2011, entered into an arrangement with some of the Bondholders to change one of the covenants defined in the Information Memorandum. Under the arrangement, the acceptable Debt Ratio was raised from 1.75 or 2.2 (depending on the series) to 2.5. In addition, the Issuer agreed to increase the interest margin on these bonds by 0.5 pp per annum in respect of those periods during which the Debt Ratio exceeds 2.2.

On July 5th 2011, KRUK S.A. issued unsecured Series I3 bonds with a total value of PLN 17,000 thousand and the maturity of 42 months.

On July 11th 2011, KRUK S.A. issued unsecured Series J1 and J2 bonds with a total value of PLN 21,000 thousand.

On September 6th 2011, KRUK S.A. issued unsecured Series K1, Series K2 and Series K3 bonds with a value of PLN 20,000 thousand, PLN 25,000 thousand and 35,000 thousand and the maturity of 12, 24 and 36 months, respectively.

On September 26th 2011, NS FIZ Prokura issued investment certificates. The fund issued 9,112,000 investment certificates, each with a value of PLN 7.32. All certificates issued by NS FIZ Prokura are held by Secapital S.a.r.l. of Luxembourg. The transaction has been eliminated on consolidation.

In Q3 2011, KRUK S.A. as the Issuer of Series G1 bonds issued in 2010 and Series G2, Series H1 and Series H2 bonds issued in 2011, entered into an arrangement with the remaining Bondholders to change one of the covenants defined in the Information Memorandum. Under the arrangement, the acceptable Debt Ratio was raised from 1.75 or 2.2 (depending on the series) to 2.5. In addition, the Issuer agreed to increase the interest margin on these bonds by 0.5 pp per annum in respect of those periods during which the Debt Ratio exceeds 2.2.

10. *Dividend paid out (or declared)*

In the reporting period, KRUK S.A. did not pay or declare any dividend.

11. *Events subsequent to the balance-sheet date, not disclosed in these financial statements, but potentially having a material bearing on the Group's future performance*

On October 7th 2011, KRUK S.A. signed an agreement to purchase a Hungarian company SH Money Ingatlanfinanszírozási és Pénzügyi Zártkörűen Működő Részvénytársaság ("SH Money"). SH Money has not conducted any operations but holds licences to purchase debts in Hungary. The transaction will be closed following its approval by the Hungarian Financial Supervision Authority.

On the basis of an authorisation issued by the Company's Supervisory Board in Resolution No. 44/2011 ("the Resolution of the Supervisory Board"), on October 18th 2011, the Management Board of KRUK S.A. adopted Resolution No. 47/2011 concerning the issue of unsecured bonds to raise funds for purchase of debt portfolios by the Group companies.

Pursuant to the Resolution, KRUK S.A. of Wrocław resolved to issue, as part of the Unsecured Bond Issue Programme provided for in the Resolution of the Supervisory Board, up to 20,000 (twenty thousand) Series K4 unsecured bearer bonds with a par value of PLN 1,000 (one thousand złoty) each and a maturity period of 27 (twenty-seven) months starting from the date of resolution on allotment of the bonds ("the Bonds").

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On October 26th 2011, subsidiary Secapital S.à.r.l. of Luxembourg purchased assets of significant value from BANCA COMERCIALA ROMANA S.A. of Romania pursuant to a debt claim assignment agreement of October 26th 2011. Under the agreement, Secapital S.à.r.l. purchased 12,190 (twelve thousand, one hundred and ninety) debt claims with a nominal value of RON 198,049,476.85.

On October 27th 2011, NS FIZ Prokura issued investment certificates. The fund issued 3,263,889 investment certificates, each with a value of PLN 7.20. All certificates issued by NS FIZ Prokura are held by Secapital S.a.r.l. of Luxembourg. The transaction has been eliminated on consolidation.

12. Information on changes in contingent liabilities or contingent assets subsequent to the end of the previous financial year

On January 19th 2011, KRUK S.A. and Alior Bank S.A. executed an annex to the payment guarantee agreement guaranteeing KRUK S.A.'s payments under the agreement for the lease of office space at ul. Legnicka 56 from Legnicka Business House Sp. z o.o. The guarantee, amounting to EUR 167 thousand, is valid until January 24th 2012. The guarantee is secured with a deposit of PLN 440 thousand and a power of attorney to KRUK S.A. accounts held with Alior Bank S.A.

On February 25th 2011, Kruk S.A. and Towarzystwo Ubezpieczeń Europa S.A. executed an insurance guarantee agreement guaranteeing proper performance by KRUK S.A. of its obligations under the agreement for the lease of office space at Wrocławski Park Biznesu 2, complex B1A at ul. Wołowska 4. The amount of the guarantee is EUR 94.6 thousand. The guarantee remains valid until February 24th 2012. The guarantee is secured with a blank promissory note issued by KRUK S.A.

13. Effects of changes in the structure of the Group, including through business combinations, acquisitions or divestments of Group undertakings, long-term investments, divisions, restructurings or discontinuation of operations

On January 17th 2011, KRUK S.A. established a joint-stock company under the name of KRUK Towarzystwo Funduszy Inwestycyjnych S.A., with a share capital of PLN 1,000 thousand, of which PLN 250 thousand has been paid up. The scope of the Company's business includes:

- establishment and management of investment funds,
- management of portfolios of financial instruments,
- investment advisory services.

The company was registered in the National Court Register on May 16th 2011.

On February 9th 2011, a PLN 491 thousand share capital increase at the Parent Undertaking was registered, effected pursuant to the General Shareholders Meeting's resolution of December 9th 2010.

On April 13th 2011, KRUK S.A. acquired 100% of shares in Czech company Reberifa s.r.o., whose share capital amounts to CZK 200,000. The company's name was subsequently changed to KRUK International S.r.o. The goodwill amounted to PLN 138. The acquisition of the Czech company is a part of the process of entering the Czech debt collection market by the KRUK Group.

On April 20th 2011, the General Shareholders Meeting of Secapital Polska Sp. z o.o. of Warsaw resolved to purchase one own share with a value of PLN 1 thousand from CDZ 7 and to reduce its share capital through the retirement of the one share purchased for this purpose. Upon retirement of the share and registration of the share capital decrease, KRUK S.A. will remain the sole shareholder in Secapital Polska Sp. z o.o. of Warsaw.

14. Management Board's position on the feasibility of meeting previously published forecasts for a given year

The Management Board of KRUK S.A. has not published any forecasts concerning the performance of KRUK S.A. or its Group.

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15. Shareholders holding, directly or indirectly through subsidiaries, 5% or more of the total vote at the General Shareholders Meeting of the Company as at the quarterly report release date, as well as changes in the ownership of major holdings of the Company shares since the release of the previous report

As at the date of release of the previous periodic report

Shareholder	Number of shares	% of share capital	Number of votes held	% of total vote at General Shareholders Meeting
Polish Enterprise Fund IV 1209 Orange Street, Wilmington, County of New Castle, State of Delaware, the United States	4,196,550	24.83	4,196,550	24.83
Piotr Krupa	2,655,790	15.71	2,655,790	15.71
Generali Otwarty Fundusz Emerytalny, ul. Postępu 15B, Warsaw, Poland	866,101	5.12	866,101	5.12

In accordance with a notification received by KRUK S.A. on June 1st 2011, published in the form of Current Report No. 16/2011, based on the powers of proxy from its shareholders, PEF IV is entitled to exercise the voting rights attached to 748,000 ordinary bearer shares, representing 4.4% of the Company's share capital and 4.4% of the total vote at its General Shareholders Meeting. In view of the foregoing, in total PEF IV is entitled to exercise voting rights attached to 4,944,550 ordinary bearer shares, representing in aggregate 29.3% of the Company's share capital and carrying the rights to 4,944,550 votes, or 29.3% of the total vote, at the Company's General Shareholders Meeting.

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As at the date of release of this report

Shareholder	Number of shares	% of share capital	Number of votes held	% of total vote at General Shareholders Meeting
Polish Enterprise Fund IV 1209 Orange Street, Wilmington, County of New Castle, State of Delaware, the United States	4,196,550	24.83	4,196,550	24.83
Piotr Krupa	2,655,790	15.71	2,655,790	15.71
Generali Otworthy Fundusz Emerytalny, ul. Postępu 15B, Warsaw, Poland	866,101	5.12	866,101	5.12
ING Otworthy Fundusz Emerytalny, ul. Ludna 2, Warsaw, Poland	863,333	5.11	863,333	5.11

In accordance with a notification received by KRUK S.A. on June 1st 2011, published in the form of Current Report No. 16/2011, based on the powers of proxy from its shareholders, PEF IV is entitled to exercise the voting rights attached to 748,000 ordinary bearer shares, representing 4.4% of the Company's share capital and 4.4% of the total vote at its General Shareholders Meeting. In view of the foregoing, in total PEF IV is entitled to exercise voting rights attached to 4,944,550 ordinary bearer shares, representing in aggregate 29.3% of the Company's share capital and carrying the rights to 4,944,550 votes, or 29.3% of the total vote, at the Company's General Shareholders Meeting.

Concurrently, having obtained the list of persons entitled to participate in the general shareholders meeting of a public company, provided by the Polish NDS, the Company became aware that as at the record date (October 4th 2011) in connection with convening the Extraordinary General Shareholders Meeting of KRUK S.A., Generali Otworthy Fundusz Emerytalny held:

Shareholder	Number of shares	% of share capital	Number of votes held	% of total vote at General Shareholders Meeting
Generali Otworthy Fundusz Emerytalny, ul. Postępu 15B, Warsaw, Poland	1,100,000	6.51	1,100,000	6.51

16. Members of the management or supervisory staff holding the Company shares or rights to the Company shares as at the date of release of the periodic report, including information on changes in their holdings after the release of the previous periodic report

Name and surname	Position	Number of shares held
Piotr Krupa	President of the Management Board	2,655,790
Rafał Janiak	Member of the Management Board	91,870 and 52,840 held indirectly
Urszula Okarma	Member of the Management Board	110,350
Agnieszka Kułton	Member of the Management Board	117,220
Iwona Słomska	Member of the Management Board	49,600
Michał Zasępa	Member of the Management Board	8,000

To the best of the Company's knowledge, none of the Supervisory Board members holds any shares in the Company.

The Company is not aware of any changes in the holdings of the Company shares by its management or supervisory staff in the period from the publication date of the prospectus to this report release date.

17. *Court, arbitration or administrative proceedings*

Proceedings where the value of the claim exceeds 10% of the Issuer's equity

<i>Purpose of the proceedings</i>	<i>Value of the claim [PLN]</i>	<i>Date instigated</i>	<i>Parties to the proceedings</i>	<i>Kruk S.A.'s position</i>
Action for rescission of debt claim assignment agreement between BCR and Secapital*	PLN 328,548,731.26	Jan 25 2011	Brought by: ROȘIANU POIAC PETRICĂ Against: BANCA COMERCIALĂ ROMÂNĂ SECAPITAL SRLKRUK INTERNAȚIONAL SRL	The Company believes the claim to be without merit and expects it to be dismissed in its entirety. In the light of the Romanian laws, the plaintiff has no substantive grounds to seek a recession of the entire debt claim assignment agreement between BCR and Secapital s. a r.l., and therefore the action cannot be supported. Furthermore, taking into consideration the wording of the assignment agreement, the representations made by the party disposing of the debt claim and the Romanian laws, the plaintiff would have no possibility to effectively lodge a claim to have the assignment of its debt claim declared invalid.
Bankruptcy proceedings concerning Pascal Construction Sp. z o.o. w upadłości (in bankruptcy)*	PLN 18,209,415.90	Jan 25 2006	PROKURA NSFIZ - Pascal Construction Sp. z o.o. w upadłości (in bankruptcy)	The Company expects to recover a small fraction of the claim

Proceedings with the largest value of the claim, not exceeding 10% of the Issuer's equity

cases involving potential liabilities – three major cases

<i>Purpose of the proceedings</i>	<i>Value of the claim [PLN]</i>	<i>Date instigated</i>	<i>Parties to the proceedings</i>	<i>Kruk S.A.'s position</i>
Action for payment of compensation for infringement of personal rights	PLN 200,000.00	Sep 27 2010	Brought by Ewa Sierka against KRUK S.A.	The Company believes the claim to be without merit and expects it to be dismissed in its entirety
A suit for a declaratory judgement and payment of PLN 100,000.00 as compensation for infringement of personal rights, and for publication of the court's judgement	PLN 100,000.00	Oct 22 2009	Brought by Beata Kalińska against Lukas Bank (Prokura was summoned to participate in the proceedings under art. 194.1 of the Code of Civil Procedure)	The Company believes the claim to be without merit and expects it to be dismissed in its entirety; the claim has been dismissed by the court of second instance. The court judgement is final, however, the opposing party's attorney has declared the intention to lodge a cassation complaint.
Action for rescission of loan agreement	PLN 44,028.49	May 6 2011	Brought by: OLARU EDUARD FLORIN, Against: BANCA COMERCIALA ROMANA SA KRUK INTERNATIONAL SRL; Secapital SaRL	The Company believes the claim to be without merit and expects it to be dismissed in its entirety

cases involving potential receivables – three major cases

<i>Purpose of the proceedings</i>	<i>Value of the claim [PLN]</i>	<i>Date instigated</i>	<i>Parties to the proceedings</i>	<i>Kruk S.A.'s position</i>
Bankruptcy proceedings concerning SM WSPÓŁPRACA*	PLN 6,255,937.08	Jun 27 2002	PROKURA NSFIZ - SPÓŁDZIELNIA MIESZKANIOWA WSPÓŁPRACA	The Company's claim has been satisfied in part and the Company expects no further payments to be awarded by the court.
Bankruptcy proceedings concerning SM SAMI SWOI *	PLN 5,068,075.17	Feb 14 2000	PROKURA NSFIZ - SM SAMI SWOI	Bankruptcy proceedings are pending; the Company is awaiting a bankruptcy plan to be drawn up.
Proceedings for payment PPH WIKON WIESŁAW KOŃCZAK *	PLN 4,529,592.01	Sep 14 2011	PROKURA NSFIZ - Wiesław and Bożena Kończak	Proceedings for payment of a part of the value of the claim, i.e. PLN 15,000

The cases described above are cases with the largest value of claims from among all court proceedings in which the Group is involved on a mass scale as part of its debt collection business.

Given the nature of the Group's business, placing assets under court proceedings is a typical step in the debt recovery process, provided for in the Group's operating procedures, and the related risk is taken into account in the fair value measurement of the debts.

(*) The value of the claim is based on the nominal value of debts, purchased by the Group for a considerably lower value.

18. Information on one or more related-party transactions concluded by the Parent Undertaking

Balance of liabilities, receivables and loans as at the balance-sheet date

<i>PLN '000</i>	Liabilities	Receivables	Loans advanced	Interest accrued on loans advanced
Secapital S.a.r.l	11,852	-	-	-
KRUK Corporate Sp. z o.o.	32	-	-	-
Polski Rynek Długów Sp. z o.o.	-	299	-	-
Secapital Polska Sp. z o.o.	-	9	-	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	181	4,540	-	-
Kruk International S.r.l.	9,208	1,478	12,264	42
Rejestr Dłużników ERIF BIG S.A.	1	36	-	-
NFIZ PROKURA	1,271	14,855	-	-
NFIZ PROKULUS	-	6	-	-
CDZ7 Sp. z o.o.	-	3	-	-
KRUK TFI S.A.	-	-	-	-
Kruk International S.r.o.	-	-	11,851	-
	22,545	21,226	24,115	42

Revenue from mutual transactions

<i>PLN '000</i>	Revenue from sales of debt collection services	Revenue from sales of goods for resale and services	Revenue from sale of debt portfolio	Interest and dividends
Secapital S.a.r.l	853	-	-	20,000
KRUK Corporate Sp. z o.o.	17	-	-	-
Polski Rynek Długów Sp. z o.o.	11	-	-	-
Secapital Polska Sp. z o.o.	15	-	-	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	114	-	-	6,009
Kruk International S.r.l.	-	69	-	-
Rejestr Dłużników ERIF BIG S.A.	87	-	-	19
NFIZ PROKURA	14,785	-	-	-
CDZ7 Sp. z o.o.	-	-	-	-
NFIZ PROKULUS	-	-	-	-
KRUK TFI S.A.	-	-	-	-
Kruk International S.r.o.	-	-	-	-
	15,882	69	-	26,028

Costs of mutual transactions

<i>PLN '000</i>	Purchase of debt collection services
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The Kruk Group

KRUK Corporate Sp. z o.o.	262
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	2,283
Kruk International Srl	994
Rejestr Dłużników ERIF BIG S.A.	392
	<hr/>
	3,931
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19. Information on sureties for repayment of loans or borrowings and on guarantees issued by KRUK S.A. or its subsidiary undertaking

In the reporting period, neither Kruk S.A. nor any of the Kruk Group companies issued any sureties or guarantees for repayment of loans or borrowings to other business entities.

20. Other information relevant for the assessment of the staffing levels, assets, financial standing and financial performance, or changes in any of the foregoing, and information relevant for the assessment of the Company's ability to meet its obligations

On October 20th 2011, the Extraordinary General Shareholders Meeting adopted a resolution to authorise the Management Board of KRUK S.A. to buy back the Company's own shares as long as the par value of the own shares so purchased does not exceed PLN 1,000 thousand. The shares could be allocated for implementation of the Management Stock Option Plan, for retirement or for further resale.

21. Factors with a potential bearing on the Group's results in the next quarter or in a longer term

On March 30th 2011, the Extraordinary General Shareholders Meeting of KRUK S.A. adopted resolutions on defining the rules for an incentive scheme to be implemented in the years 2011–2014, on a conditional increase of the Company's share capital and on issue of subscription warrants with full disapplication of the existing shareholders' pre-emptive rights with respect to shares issued in connection with the conditional share capital increase and the subscription warrants, as well as on amendments to the Articles of Association and adoption of the consolidated text of the Articles of Association.

Piotr Krupa

President of the Management Board

Rafał Janiak

Member of the Management Board

Agnieszka Kulon

Member of the Management Board

Urszula Okarma

Member of the Management Board

Iwona Słomska

Member of the Management Board

Michał Zasepa

Member of the Management Board

Katarzyna Racziewicz

Person responsible for maintaining the accounting records

Wrocław, November 4th 2011