



**The Kruk Group**

**Interim Condensed Consolidated  
Financial Report  
for the third quarter ended September 30th 2013**

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## I. Interim condensed consolidated financial statements

### 1. Consolidated financial highlights

Financial highlights	PLN '000		EUR '000	
	Jan 1 2013 – Sep 30 2013	Jan 1 2012 – Sep 30 2012	Jan 1 2013 – Sep 30 2013	Jan 1 2012 – Sep 30 2012
<b>For the period</b>				
Revenue	302,259	245,111	71,572	58,431
Operating profit	118,136	96,709	27,974	23,054
Profit before tax	79,468	58,355	18,817	13,911
Net profit attributable to owners of the parent	80,019	53,937	18,948	12,858
Net cash from operating activities	20,638	4,426	4,887	1,055
Purchase of debt portfolios at prices as per agreement	(285,116)	(190,236)	(67,513)	(45,350)
Cash recoveries	382,722	331,959	90,625	79,135
Net cash from investing activities	(4,541)	(3,560)	(1,075)	(849)
Net cash from financing activities	(16,999)	8,402	(4,025)	2,003
Change in net cash	(902)	9,268	(214)	2,209
Average number of shares ('000)	16,907	16,900	16,907	16,900
Earnings per share (PLN/EUR)	4.73	3.19	1.12	0.76
Diluted earnings per share (PLN/EUR)	4.66	3.18	1.10	0.76
<b>As at</b>	<b>Sep 30 2013</b>	<b>Dec 31 2012</b>	<b>Sep 30 2013</b>	<b>Dec 31 2012</b>
Total assets	1,144,245	971,430	271,386	237,618
Non-current liabilities	459,041	409,179	108,873	100,088
Current liabilities	282,399	244,619	66,978	59,835
Equity	402,805	317,632	95,535	77,695
Share capital	16,928	16,900	4,015	4,134
Book value per ordinary share (PLN/EUR)	23.79	14.09	5.64	3.45

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

- items related to statement of profit or loss 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 - 4.2231
- for the previous period – 4.1948

- 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 - 4.2163
- for the previous period – 4.0882.

## 2. Interim condensed consolidated statement of financial position

As at Sep 30 2013  
PLN '000

	Sep 30 2013	Jun 30 2013	Dec 31 2012	Sep 30 2012
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	17,989	17,409	17,209	15 102
Other intangible assets	8,999	9,375	7,646	7 621
Goodwill	1,024	1,024	1,024	1 024
Non-current investments, including derivative instruments	106	-	-	-
Deferred tax assets	2,669	2,064	1,603	1 665
<b>Total non-current assets</b>	<b>30 787</b>	<b>29,872</b>	<b>27,482</b>	<b>25,412</b>
<b>Current assets</b>				
Inventories	571	738	879	669
Investments	1,048,727	1,004,699	880,012	791 157
Trade receivables	10,148	11,268	12,019	10 084
Income tax asset	1,025	1,025	767	-
Other receivables	8,347	7,141	5,160	4 154
Prepayments and accrued income	2,813	1,917	2,382	1 955
Cash and cash equivalents	41,827	28,772	42,729	45 473
<b>Total current assets</b>	<b>1 113 458</b>	<b>1,055,560</b>	<b>943,948</b>	<b>853,492</b>
<b>Total assets</b>	<b>1 144 245</b>	<b>1,085,432</b>	<b>971,430</b>	<b>878,904</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	16,928	16,900	16,900	16 900
Share premium account	46,188	45,107	45,107	45 107
Cash flow hedging reserve	106	-	-	-
Exchange differences on translating foreign operations	(2,074)	5,076	(3,774)	(5 226)
Other capital reserves	48,000	46,536	45,711	45 292
Retained earnings	293,551	264,123	213,532	186 430
<b>Equity attributable to owners of the parent</b>	<b>402 699</b>	<b>377,742</b>	<b>317,476</b>	<b>288,503</b>
<b>Non-controlling interests</b>	<b>106</b>	<b>75</b>	<b>156</b>	<b>119</b>
<b>Total equity</b>	<b>402 805</b>	<b>377,817</b>	<b>317,632</b>	<b>288,622</b>
<b>Non-current liabilities</b>				
Non-current liabilities under borrowings and other debt instruments	459,041	467,034	409,179	344 863
<b>Total non-current liabilities</b>	<b>459 041</b>	<b>467,034</b>	<b>409,179</b>	<b>344,863</b>
<b>Current liabilities</b>				
Current liabilities under borrowings and other debt instruments	160,299	186,749	187,204	177 678
Trade and other payables	100,038	33,445	38,508	51 121
Current tax liability	-	-	-	91
Employee benefit obligations	21,798	20,123	18,643	16 265
Current provisions	264	264	264	264
<b>Total current liabilities</b>	<b>282 399</b>	<b>240,581</b>	<b>244,619</b>	<b>245,419</b>
<b>Total liabilities</b>	<b>741 440</b>	<b>707,615</b>	<b>653,798</b>	<b>590,282</b>
<b>Total equity and liabilities</b>	<b>1 144 245</b>	<b>1,085,432</b>	<b>971,430</b>	<b>878,904</b>

### 3. Interim condensed consolidated statement of profit or loss

For the reporting period from January 1st to September 30th 2013

PLN '000

	<u>Jan 1 2013 – Sep 30 2013</u>	<u>Jul 1 2013 – Sep 30 2013</u>	<u>Jan 1 2012 – Sep 30 2012</u>	<u>Jul 1 2012 – Sep 30 2012</u>
<b>Continuing operations</b>				
Revenue	302,259	103,335	245,111	85,778
Other income	1,500	826	1,900	751
Cost of merchandise and materials sold	-	-	0	-
Employee benefit expense	(84,018)	(29,824)	(62,323)	(19,406)
Depreciation and amortisation expense	(6,842)	(2,382)	(4,814)	(1,677)
Services	(35,657)	(12,347)	(31,642)	(13,636)
Other expenses	(59,106)	(17,508)	(51,523)	(15,532)
	<u>(185,623)</u>	<u>(62,061)</u>	<u>(150,302)</u>	<u>(50 251)</u>
<b>Operating profit</b>	118,136	42,100	96,709	36,278
Finance income	350	70	1,025	315
Finance costs	(39,018)	(13,332)	(39,379)	(13,458)
<b>Net finance costs</b>	<u>(38,668)</u>	<u>(13,262)</u>	<u>(38,354)</u>	<u>(13,143)</u>
<b>Profit before tax</b>	79,468	28,838	58,355	23,135
Income tax	656	620	(4,299)	(1,337)
<b>Net profit for the period</b>	<u>80,124</u>	<u>29,458</u>	<u>54,056</u>	<u>21,798</u>
<b>Net profit attributable to:</b>				
Owners of the parent	80,019	29,428	53,937	21 765
Non-controlling interests	105	30	119	33
<b>Net profit for the period</b>	<u>80,124</u>	<u>29,458</u>	<u>54,056</u>	<u>21,798</u>
<b>Earnings (loss) per share</b>				
Basic (PLN)	4.73	1.74	3.19	1.29
Diluted (PLN)	4.66	1.71	3.18	1.28

**4. Interim condensed consolidated statement of comprehensive income**

**For the reporting period from January 1st to  
September 30th 2013**

*PLN '000*

	<b>Jan 1 2013 – Sep 30 2013</b>	<b>Jul 1 2013 – Sep 30 2013</b>	<b>Jan 1 2012 – Sep 30 2012</b>	<b>Jul 1 2012 – Sep 30 2012</b>
<b>Net profit attributable to:</b>				
Owners of the parent	80,019	29,428	53,937	21,765
Non-controlling interests	105	30	119	33
<b>Net profit for the period</b>	<b>80,124</b>	<b>29,458</b>	<b>54,056</b>	<b>21,798</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit or loss</b>				
Exchange differences on translating foreign operations	1,700	(7,150)	(5,556)	(4,934)
Cash flow hedges	106	-	-	-
<b>Other comprehensive income, net, for the period</b>	<b>1 806</b>	<b>(7,150)</b>	<b>(5,556)</b>	<b>(4,934)</b>
<b>Total comprehensive income for the period</b>	<b>81,930</b>	<b>22,414</b>	<b>48,500</b>	<b>16,864</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	81,825	22,384	48,381	16,831
Non-controlling interests	105	30	119	33
<b>Total comprehensive income for the period</b>	<b>81,930</b>	<b>22,414</b>	<b>48,500</b>	<b>16,864</b>

**5. Interim condensed consolidated statement of changes in equity**

For the reporting period from January 1st to September 30th 2013

PLN '000

	Share capital	Share premium account	Cash flow hedging reserve	Exchange differences on translating foreign operations	Other capital reserves	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
<b>Equity as at Jan 1 2012</b>	16,900	45,107		330	43,365	132,493	238,195	188	238,383
Net profit for the period	-	-		-	-	53,937	53,937	118	54,055
- Exchange differences on translating foreign operations	-	-		(5,556)	-	-	(5,556)	-	(5,556)
<b>Total comprehensive income for the period</b>	-	-	-	(5,556)	-	53,937	48,381	118	48,499
<b>Contributions from and distributions to owners</b>									
- Payment of dividend		-		-		-	-	(187)	(187)
- Share-based payments		-		-	1,927	-	1,927	-	1,927
<b>Total contributions from and distributions to owners</b>	-	-	-	-	1,927	-	1,927	(187)	1,740
<b>Total equity as at Sep 30 2012</b>	16,900	45,107	-	(5,226)	45,292	186,430	288,503	119	288,622
<b>Equity as at Jan 1 2012</b>	16,900	45,107	-	330	43,365	132,493	238,195	188	238,383
Net profit for the period	-	-		-	-	81,039	81,039	155	81,194
<b>Other comprehensive income</b>									
- Exchange differences on translating foreign operations	-	-		(4,104)	-	-	(4,104)	-	(4,104)
<b>Total comprehensive income for the period</b>	-	-	-	(4,104)	-	81,039	76,935	155	77,090
<b>Contributions from and distributions to owners</b>									
- Payment of dividend	-	-		-	-	-	-	(187)	(187)
- Share-based payments	-	-		-	2,346	-	2,346	-	2,346
<b>Total contributions from and distributions to owners</b>	-	-	-	-	2,346	-	2,346	(187)	2,159
<b>Total equity as at Dec 31 2012</b>	16,900	45,107	-	(3,774)	45,711	213,532	317,476	156	317,632
<b>Equity as at Jan 1 2013</b>	16,900	45,107	-	(3,774)	45,711	213,532	317,476	156	317,632
<b>Comprehensive income for the period</b>									
Net profit for the period	-	-		-	-	80,019	80,019	105	80,124
<b>Other comprehensive income</b>									
- Exchange differences on translating foreign operations	-	-		1,700	-	-	1,700	-	1,700
<b>Total comprehensive income for the period</b>	-	-	-	1,700	-	80,019	81,719	105	81,824
<b>Contributions from and distributions to owners</b>									
- Valuation of hedging instruments			106				106		106
- Payment of dividend	-	-		-	-	-	-	(155)	(155)
- Share-based payments	-	1,081		-	2,289	-	3,370	-	3,370
- Issue of shares	28	-		-	-	-	28	-	28
<b>Total contributions from and distributions to owners</b>	28	1,081	106	-	2,289	-	3,504	(155)	3,349
<b>Total equity as at Sep 30 2013</b>	16,928	46,188	106	(2,074)	48,000	293,551	402,699	106	402,805

## 6. Interim condensed consolidated statement of cash flows

For the reporting period from January 1st to September 30th 2013

PLN '000

	Jan 1 2013 – Sep 30 2013	Jul 1 2013 – Sep 30 2013	Jan 1 2012 – Sep 30 2012	Jul 1 2012 – Sep 30 2012
<b>Cash flows from operating activities</b>				
<b>Net profit for the period</b>	80,124	29,458	54,056	21,798
<i>Adjustments</i>				
Depreciation of property plant and equipment	4,166	1,490	3,183	1,156
Amortisation of intangible assets	2,676	892	1,631	521
Net finance costs	38,320	13,184	28,560	6,262
(Gain)/ loss on sale of property plant and equipment	(158)	(78)	(169)	(42)
Equity-settled share-based payment transactions				
	2,289	1,464	1,927	581
Income tax	(656)	(620)	4,299	1,337
Change in other investments	(2,205)	(1,319)	(2,531)	(678)
Change in debt portfolios purchased	(166,510)	(51,403)	(66,698)	(45,530)
Change in inventories	308	167	(132)	11
Change in receivables	(1,316)	(1,119)	1,920	2,361
Change in prepayments and accrued income	(431)	(896)	(155)	(58)
Change in current liabilities excluding financial liabilities				
	65,714	69,297	(16,769)	(4,048)
Income tax paid	(1,683)	33	(4,696)	(1,594)
<b>Net cash from operating activities</b>	20,638	60,550	4,426	(17,923)
<b>Cash flows from investing activities</b>				
Interest received	350	70	1,025	315
Sale of intangible assets and property plant and equipment	280	29	291	135
Purchase of intangible assets and property plant and equipment	(5,171)	(1,325)	(4,876)	(2,067)
<b>Net cash from investing activities</b>	(4,541)	(1,226)	(3,560)	(1,617)
<b>Cash flows from financing activities:</b>				
Net proceeds from share issue	1,107	1,107	-	-
Proceeds from issue of debt securities	185,000	50,000	120,000	-
Increase in borrowings	317,405	98,005	238,457	110,257
Repayment of borrowings	(402,093)	(146,711)	(197,272)	(5,482)
Payments under finance lease agreements	(1,940)	(551)	(1,745)	(363)
Redemption of debt securities	(79,000)	(36,000)	(115,478)	(60,000)
Interest paid	(37,478)	(12,119)	(35,560)	(11,985)
<b>Net cash from financing activities</b>	(16,999)	(46,269)	8,402	32,427
Total net cash flows	(902)	13,055	9,268	12,887
Cash and cash equivalents at beginning of the period	42,729	28,772	36,205	32,586
Cash and cash equivalents at end of the period	41,827	41,827	45,473	45,473

\* Due to the limited amount of information on revenue from debt collection services 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. Interim condensed separate financial statements

### 1. Separate financial highlights

Financial highlights	PLN '000		EUR '000	
	Jan 1 2013 – Sep 30 2013	Jan 1 2012 – Sep 30 2012	Jan 1 2013 – Sep 30 2013	Jan 1 2012 – Sep 30 2012
Revenue	76,513	71,720	18,118	17,097
Operating loss	(16,538)	(11,997)	(3,916)	(2,860)
Profit/(loss) before tax	(33,313)	15,850	(7,888)	3,778
Net profit/(loss)	(32,020)	11,649	(7,582)	2,777
Net cash from operating activities	(11,816)	9,797	(2,798)	2,335
Net cash from investing activities	30,779	(3,299)	7,288	(786)
Net cash from financing activities	(25,084)	8,519	(5,940)	2,031
Change in net cash	(6,121)	15,018	(1,449)	3,580
Average number of shares ('000)	16,907	16,900	16,900	16,900
Earnings per share (PLN/EUR)	-1.89	0.69	-0.45	0.16
Diluted earnings per share (PLN/EUR)	-1.86	0.69	-0.44	0.16
Total assets	735,923	748,102	174,542	182,991
Non-current liabilities	458,225	408,950	108,679	100,032
Current liabilities	188,734	221,672	44,763	54,222
Equity	88,964	117,480	21,100	28,736
Share capital	16,928	16,900	4,015	4,134
Book value per ordinary share (PLN/EUR)	5.63	6.95	1.33	1.70

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

- items related to the statement of profit or loss and other 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 - 4.2231
- for the previous period – 4.1948

- 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 - 4.2163
- for the previous period – 4.0882.

**2. Interim condensed separate statement of financial position**

As at Sep 30 2013

PLN '000

	Sep 30 2013	Jun 30 2013	Dec 31 2012	Sep 30 2012
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13,647	13,697	13,899	12,795
Intangible assets	7,361	7,802	6,879	6,533
Investments in subsidiaries	591,185	590,858	618,954	524,807
Non-current investments, including derivative instruments	106	-	-	-
Deferred tax assets	2,491	1,599	1,197	3,630
<b>Total non-current assets</b>	<b>614 790</b>	<b>613,956</b>	<b>640,929</b>	<b>547,765</b>
<b>Current assets</b>				
Inventories	365	445	654	444
Investments	41,166	67,758	55,007	63,117
Other current investments	33,954	-	-	-
Trade receivables from related entities	33,413	25,259	27,815	37,768
Trade receivables from other entities	3,650	3,854	5,441	7,369
Income tax asset	1,025	1,025	767	-
Other receivables	717	7,133	5,039	932
Prepayments and accrued income	2,408	1,269	1,894	1,547
Cash and cash equivalents	4,435	5,671	10,556	25,041
<b>Total current assets</b>	<b>121 133</b>	<b>112,414</b>	<b>107,173</b>	<b>136,218</b>
<b>Total assets</b>	<b>735 923</b>	<b>726,370</b>	<b>748,102</b>	<b>683,983</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	16,928	16,900	16,900	16,900
Share premium account	46,188	45,107	45,107	45,107
Cash flow hedging reserve	106	-	-	-
Other capital reserves	48,000	46,536	45,711	45,292
Retained earnings	(22,258)	(17,452)	9,762	14,255
<b>Total equity</b>	<b>88 964</b>	<b>91,091</b>	<b>117,480</b>	<b>121,554</b>
<b>Non-current liabilities</b>				
Non-current liabilities under borrowings and other debt instruments	458,225	449,887	408,950	344 595
<b>Total non-current liabilities</b>	<b>458 225</b>	<b>449,887</b>	<b>408,950</b>	<b>344,595</b>
<b>Current liabilities</b>				
Current liabilities under borrowings and other debt instruments	150,496	149,908	187,007	177,469
Trade and other payables	23,990	20,874	21,549	27,355
Current tax liability	-	-	-	26
Employee benefit obligations	14,248	14,610	13,116	12,984
<b>Total current liabilities</b>	<b>188 734</b>	<b>185,392</b>	<b>221,672</b>	<b>217,834</b>
<b>Total liabilities</b>	<b>646,959</b>	<b>635,279</b>	<b>630,622</b>	<b>562,429</b>
<b>Total equity and liabilities</b>	<b>735,923</b>	<b>726,370</b>	<b>748,102</b>	<b>683,983</b>

### 3. Interim condensed separate statement of profit or loss

For the reporting period from January 1st to September 30th 2013

PLN '000

	<b>Jan 1 2013 – Sep 30 2013</b>	<b>Jul 1 2013 – Sep 30 2013</b>	<b>Jan 1 2012 – Sep 30 2012</b>	<b>Jul 1 2012 – Sep 30 2012</b>
Revenue	76,513	22,483	71,720	23,700
Other income	1,184	510	3,454	669
Cost of merchandise and materials sold	(133)	(133)	(104)	(21)
Employee benefit expense	(50,282)	(16,979)	(41,730)	(12,342)
Depreciation and amortisation expense	(5,442)	(1,878)	(3,980)	(1,392)
Services	(22,575)	(6,772)	(22,919)	(8,262)
Other expenses	(15,803)	(6,862)	(18,438)	(6,009)
	<hr/>	<hr/>	<hr/>	<hr/>
	(94,235)	(32,624)	(87,171)	(28 026)
<b>Operating loss</b>	(16,538)	(9,631)	(11,997)	(3,657)
Finance income	21,242	16,789	66,010	2,336
Finance costs	(38,017)	(12,855)	(38,163)	(13,063)
<b>Net finance income/costs</b>	<hr/>	<hr/>	<hr/>	<hr/>
	(16,775)	3,934	27,847	(10,727)
<b>Profit/loss before tax</b>	(33,313)	(5,697)	15,850	(14,384)
Income tax	1,293	891	(4,201)	(1,151)
<b>Net profit/loss for the period</b>	<hr/>	<hr/>	<hr/>	<hr/>
	(32,020)	(4,806)	11,649	(15,535)
<b>Earnings/loss per share</b>				
Basic (PLN)	(1.89)	(0.28)	0.69	(0.92)
Diluted (PLN)	(1.86)	(0.27)	0.69	(0.91)

4. *Interim condensed separate statement of comprehensive income*

For the reporting period from January 1st to September  
30th 2013

PLN '000

	<u>Jan 1 2013 – Sep 30 2013</u>	<u>Jul 1 2013 – Sep 30 2013</u>	<u>Jan 1 2012 – Sep 30 2012</u>	<u>Jul 1 2012 – Sep 30 2012</u>
<b>Net profit for the period</b>	<b>(32,020)</b>	<b>(4,806)</b>	11,649	<b>(15,535)</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit or loss</b>				
Cash flow hedges	106	106	-	-
<b>Income tax on other comprehensive income</b>		-		
<b>Other comprehensive income, net, for the period</b>	<b>106</b>	<b>106</b>	-	-
<b>Total comprehensive income for the period</b>	<b>(31,914)</b>	<b>(4,700)</b>	11,649	<b>(15,535)</b>

5. *Interim condensed separate statement of changes in equity*

For the reporting period from January 1st to September 30th 2013

PLN '000

	Share capital	Share premium account	Cash flow hedging reserve	Other capital reserves	Retained earnings	Total equity
<b>Equity as at Jan 1 2012</b>	16,900	45,107		43,365	2,606	107,978
Net profit for the period	-	-		-	11,649	11,649
<b>Total comprehensive income for the period</b>	-	-	-	-	11,649	11,649
<b>Contributions from and distributions to owners</b>						
- Share-based payments	-	-		1,927	-	1,927
<b>Total contributions from and distributions to owners</b>	-	-	-	1,927	-	1,927
<b>Total equity as at Sep 30 2012</b>	16,900	45,107	-	45,292	14,255	121,554
<b>Equity as at Jan 1 2012</b>	16,900	45,107		43,365	2,606	107,978
<b>Comprehensive income for the period</b>						
Net profit for the period	-	-		-	7,156	7,156
<b>Total comprehensive income for the period</b>	-	-	-	-	7,156	7,156
<b>Contributions from and distributions to owners</b>						
- Share-based payments	-	-		2,346	-	2,346
<b>Total equity as at Dec 31 2012</b>	16,900	45,107	-	45,711	9,762	117,480
<b>Equity as at Jan 1 2013</b>	16,900	45,107	-	45,711	9,762	117,480
<b>Comprehensive income for the period</b>						
Net profit for the period	-	-		-	(32,020)	(32,020)
<b>Total comprehensive income for the period</b>	-	-	-	-	(32,020)	(32,020)
<b>Contributions from and distributions to owners</b>						
- Valuation of hedging instruments	-	-	106	-	-	106
- Share-based payments	-	1,081		2,289	-	3,370
- Issue of shares	28	-		-	-	28
<b>Total contributions from and distributions to owners</b>	28	1,081	106	2,289	-	3,504
<b>Total equity as at Sep 30 2013</b>	16,928	46,188	106	48,000	(22,258)	88,964

**6. Interim condensed separate statement of cash flows**

For the reporting period from January 1st to September 30th 2013

PLN '000

	Jan 1 2013 – Sep 30 2013	Jul 1 2013 – Sep 30 2013	Jan 1 2012 – Sep 30 2012	Jul 1 2012 – Sep 30 2012
<b>Cash flows from operating activities</b>				
<b>Net profit for the period</b>	(32,020)	(4,806)	11,649	(15,535)
<i>Adjustments</i>				
Depreciation of property, plant and equipment	3,460	1,173	2,411	843
Amortisation of intangible assets	1,982	705	1,569	549
Net finance (income)/costs	15,638	(4,805)	(27,582)	12,354
(Gain)/loss on sale of property, plant and equipment	(96)	(17)	122	92
Profit/(loss) on investing activities	-	-	(1,435)	-
Equity-settled share-based payment transactions	2,289	1,464	1,927	581
Income tax	(1,293)	(891)	4,201	1,150
Change in other current investments	(5,456)	(3,820)	(1,654)	635
Change in debt portfolios purchased	(171)	701	46,391	26,437
Change in inventories	290	80	(52)	85
Change in receivables	(3,336)	(6,824)	(15,768)	(26,437)
Change in prepayments and accrued income	(513)	(1,138)	(87)	46
Change in current liabilities, excluding financial liabilities	7,302	7,977	(6,572)	7,896
Change in employee benefit obligations	1,135	(359)	(920)	541
Income tax paid	(1,025)	-	(4,405)	(1,441)
<b>Net cash from operating activities</b>	<b>(11,816)</b>	<b>(10,560)</b>	9,797	7,797
<b>Cash flows from investing activities</b>				
Interest received	270	149	270	36
Interest received on loans	82	82	-	-
Loans advanced	(16,169)	(5,960)	(8,253)	(1,499)
Sale of intangible assets and property, plant and equipment	303	53	-	-
Dividend received	19,766	16,766	41,801	-
Disposal of financial assets	46,267	4,267	-	-
Purchase of other investments	-	-	(230)	(7)
Purchase of intangible assets and property, plant and equipment	(3,346)	(649)	(3,486)	(1,899)
Acquisition of financial assets	(19,133)	(5,229)	(35,335)	(18,447)
Repayment of loans advanced	2,740	1,956	1,934	1,934
<b>Net cash from investing activities</b>	<b>30,779</b>	<b>11,434</b>	(3,299)	(19,882)
<b>Cash flows from financing activities:</b>				
Net proceeds from issue of shares floated on stock exchange	1,107	1,107	-	-
Proceeds from issue of debt securities	185,000	50,000	120,000	-
Increase in borrowings	175,700	67,100	238,457	110,257
Repayment of borrowings	(269,288)	(72,009)	(197,272)	(5,482)
Redemption of debt securities	(79,000)	(36,000)	(115,478)	(60,000)
Payments under finance lease agreements	(1,840)	(689)	(1,625)	(412)
Interest paid	(36,763)	(11,620)	(35,562)	(12,233)
<b>Net cash from financing activities</b>	<b>(25,084)</b>	<b>(2,110)</b>	8,519	32,130
Total net cash flows	(6,121)	(1,236)	15,018	20,045
Cash and cash equivalents at beginning of the period	10,556	5,671	10,023	4,996
Cash and cash equivalents at end of the period	4,435	4,435	25,041	25,041

### III. Notes to the financial statements

#### 1. Organisation of the KRUK Group

##### Parent

*Name:*

KRUK Spółka Akcyjna ("KRUK S.A." or "Parent")

*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. Poznańska 16-17, 53-230 Wrocław, Poland

Date of entry: September 7th 2005

Entry number: KRS 0000240829

*Description of business of the Parent and subsidiaries*

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

Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A. (RD ERIF BIG S.A.), a subsidiary of Kruk S.A., is a credit information agency providing credit information on consumers and businesses which is stored and administered by RD ERIF BIG S.A.

On May 15th 2013, NOVUM Finance Sp. z o.o., KRUK S.A.'s subsidiary active on the lending market, executed a cooperation agreement with the Parent concerning agency operations which involve executing cash loan agreements on behalf of the Parent, administration services with respect to the agreements, and coordination of the sales process. Under the agreement, since its effective date, the cash loans have been advanced by Kruk S.A.

These interim condensed consolidated financial statements for the reporting period from January 1st to September 30th 2013 include the financial statements of the Parent and its subsidiaries (jointly the "Group").

The Parent is Kruk S.A.

As at July 1st 2013, the Management Board of the Parent consisted of:

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 Zasepa	Member of the Management Board

On May 9th 2013, Mr Rafał Janiak resigned from his position as Management Board Member, tendering his resignation to the Chairman of the Company's Supervisory Board, with effect from August 31st 2013. Mr Janiak decided to resign for important personal and family reasons, related in particular to his residence outside of Poland. By way of a resolution of May 9th 2013, the Supervisory Board resolved to assign the function performed by Mr Rafał Janiak to Management Board Member Mr Michał Zasepa as of September 1st 2013, appointing the latter to the position of Management Board Member for Finance with effect from September 1st 2013 and removing him from the position of Management Board Member for Investments and Development

## *The Kruk Group*

with effect from August 31st 2013. Furthermore, the Supervisory Board adopted a resolution changing the number of Management Board members from six to five persons.

As at September 30th 2013 and as at the date of publication of this periodic report, the composition of the Management Board of KRUK S.A. was as follows:

Piotr Krupa	President of the Management Board
Agnieszka Kulton	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

As at January 1st 2013, the Supervisory Board consisted of:

Mr Dariusz Prończuk – Chairman of the Supervisory Board,

Mr Wojciech Małek - Member of the Supervisory Board,

Mr Piotr Stępnik – Member of the Supervisory Board,

Mr Józef Wancer – Member of the Supervisory Board,

Mr Krzysztof Kawalec – Member of the Supervisory Board,

On March 27th 2013, resignations were received from all of the above members of the KRUK S.A. Supervisory Board, effective as of that date.

Moreover, on March 27th 2013, representations have been received from KRUK S.A.'s shareholders, i.e. Polish Enterprise Fund IV, L.P. and Mr Piotr Krupa, concerning the exercise of their respective rights under KRUK S.A.'s Articles of Association to appoint members of the Supervisory Board. The representations were submitted further to the inclusion in the agenda of the Extraordinary General Meeting called for March 27th 2013 of items concerning the proposed change in the number of members of the Supervisory Board, dismissal and appointment of members of the Supervisory Board of the new term, and setting their remuneration. The Fund represented that in exercise of some of its rights under Art. 11.4 of the Company's Articles of Association it appointed one member of the Supervisory Board of the new term, namely Mr Dariusz Prończuk, with effect from March 27th 2013. At the same time, the Fund represented that it waived its other rights under Art. 11.4 of the Articles of Association. Mr Piotr Krupa represented that in exercise of his rights under Art. 11.5 of the Company's Articles of Association, should the Extraordinary General Meeting resolve to change the number of members of the Supervisory Board from five to seven, Mr Krupa would appoint to the Supervisory Board Mr Robert Koński as of March 27th 2013 and Ms Katarzyna Beuch as of April 1st 2013.

Furthermore, on March 27th 2013 the Extraordinary General Meeting of KRUK S.A. appointed, with effect as of the same date, the following persons to serve on the Supervisory Board: Józef Wancer, Piotr Stępnik, Krzysztof Kawalec and Arkadiusz Jastrzębski (see Current Report No. 19/2013 of March 27th 2013).

On May 31st 2013, the Company received a resignation letter from Mr Dariusz Prończuk, whereby he resigned from membership in the Supervisory Board of Kruk S.A. with effect from July 31st 2013.

On June 27th 2013, the Annual General Meeting of Kruk S.A. appointed Tomasz Bieske to the Company's Supervisory Board, with effect from August 1st 2013. Tomasz Bieske will serve as Member of the Supervisory Board.

On July 31st 2013, the Supervisory Board appointed Mr Piotr Stępnik as Chairman of the Supervisory Board. Therefore, as at September 30th 2013 and as at the date of publication of this periodic report, the composition of the Supervisory Board of Kruk S.A. was as follows:

Piotr Stępnik	Chairman of the Supervisory Board
Katarzyna Beuch	Member of the Supervisory Board
Tomasz Bieske	Member of the Supervisory Board
Arkadiusz Orlin Jastrzębski	Member of the Supervisory Board
Krzysztof Kawalec	Member of the Supervisory Board
Robert Koński	Member of the Supervisory Board
Józef Wancer	Member of the Supervisory Board



## **The Group and its subsidiaries**

As at September 30th 2013, the Group comprised KRUK S.A. of Wrocław and 12 subsidiaries:

- Kancelaria Prawna RAVEN Krupa & Stańko sp.k. 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 ROMÂNIA s.r.l. of Bucharest (Romania) - 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 Secapital S.a.r.l. The above funds are managed by KRUK Towarzystwo Funduszy Inwestycyjnych S.A.;
- Secapital Polska Sp. z o.o. of Wrocław, a company acting as a servicer of securitised debt;
- ERIF Business Solutions Sp. z o.o. of Wrocław, whose core business consists in financial and agency services, and support for small and medium-sized enterprises;
- NOVUM FINANCE Sp. z o.o. of Wrocław, a company whose main business consists in agency services involving intermediation in consumer lending;
- KRUK Česká a Slovenská republika s.r.o. of Prague (Czech Republic) - a company active on the market of credit management services and debt purchase;
- KRUK Towarzystwo Funduszy Inwestycyjnych S.A. of Wrocław, an investment fund management company;
- KRUK International Zrt. of Budapest, Hungary - company in liquidation.

On September 5th 2013, a resolution was adopted by KRUK S.A. to discontinue operations on the Hungarian market and abandon the licence to purchase debts in Hungary that was granted to KRUK International Z.r.t. by the Hungarian Financial Supervision Authority (PSZÁF).

After the end of the reporting period, i.e. on October 8th 2013, the Company was notified on PSZÁF's decision of September 27th 2013 concerning the commencement of liquidation proceedings of KRUK International Z.r.t. The decision had been made upon KRUK International Zrt.'s request of September 11th 2013. Hitelintézeti Felszámoló Nonprofit Kft, with registered office at Damjanich u. 11-15 1071, Budapest, was appointed liquidator of KRUK International Zrt.

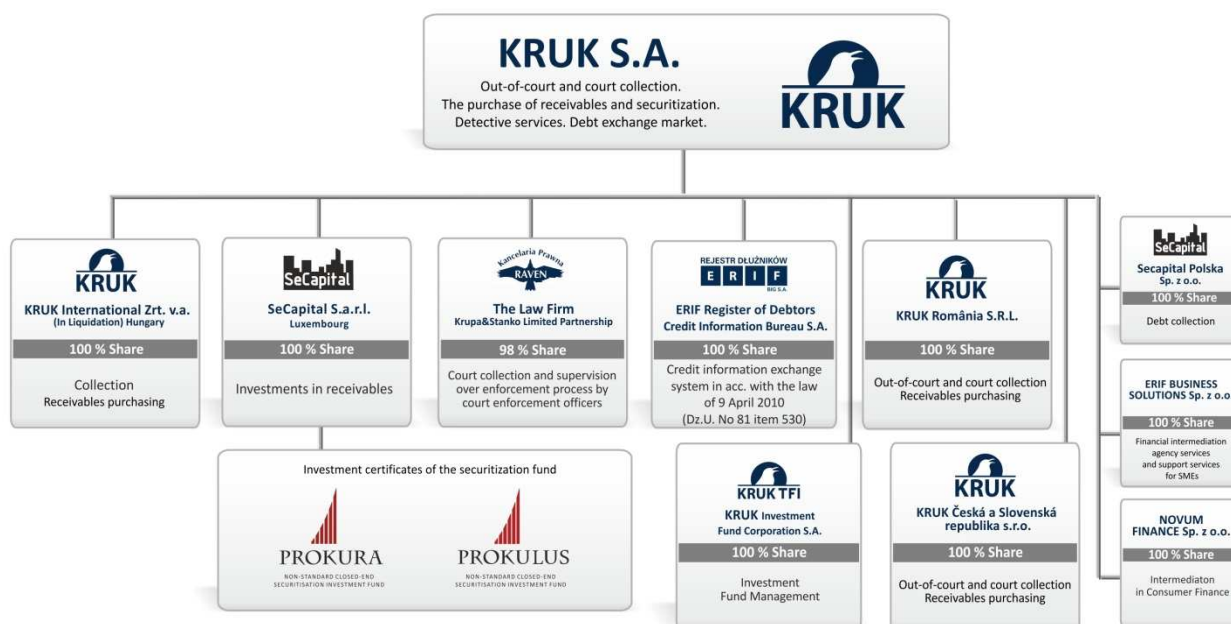
All the subsidiaries listed above were consolidated in these interim condensed consolidated financial statements as at September 30th 2013 and for the period from January 1st to September 30th 2013.

## The Kruk Group

The percentage equity interests held by the Parent in the subsidiaries as on 30<sup>th</sup> September 2013 and at this report release date were as follows:

	Country	Share capital held (%)	
		Sep 30 2013	Dec 31 2012
Secapital S.a.r.l	Luxembourg	100%	100%
ERIF Business Solutions Sp. z o.o.	Poland	100%	100%
Secapital Polska Sp. z o.o.	Poland	100%	100%
Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A.	Poland	100%	100%
Novum Finance Sp. z o.o.	Poland	100%	100%
KRUK România 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%	100%
KRUK Česká a Slovenská republika s.r.o.	Czech Republic	100%	100%
KRUK International Z.r.t.	Hungary	100%	100%

(\* Indirectly; all investment certificates in the Funds are owned by Secapital S.a.r.l.



## **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 interim condensed 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 period from January 1st to September 30th 2013 and comparative data for the period from January 1st to September 30th 2012. 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.

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'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 interim condensed consolidated financial statements are consistent with those used in the preparation of the most recent consolidated annual financial statements as at and for the financial year ended December 31st 2012.

## **Amendments to the effective standards and interpretations**

The following amendments to the International Financial Reporting Standards and interpretations endorsed by the European Union ("EU-IFRS") apply to reporting periods beginning on January 1st 2013:

- IFRS 13 "Fair Value Measurement"
- IFRS 12 "Disclosure of Interests in Other Entities"
- IAS 19 "Employee Benefits"
- IAS 28 "Investments in Associates and Joint Ventures"
- Amendments to IAS 1 "Presentation of Financial Statements"

In the opinion of the Management Board, the above amendments, except for IFRS 13 and the amendments to IAS 1, have no effect on the Group's financial statements.

The amendments to IAS 1 change the presentation of other comprehensive income by introducing separate presentation of those items that will never be reclassified to profit or loss.

The Group has adopted IFRS 13, which provides a single IFRS framework for fair value measurement and fair value disclosures when fair value measurements are required or permitted under other IFRS. In particular, the standard sets out the definition of fair value as the price which would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants as at the measurement date. Additionally, the standard changes or expands the scope of fair value disclosures referred to in other IFRSs, in particular IFRS 7. Some of these disclosures, concerning financial instruments, are specifically required in interim financial statements. The disclosures required under this standard are presented in Note 11.

### ***3. Reporting and geographical segments***

The Group identifies two principal reporting segments. The President of the Management Board of the Parent reviews internal management reports relating to each business segment at least quarterly. The Group's reporting segments conduct the following activities:

- Debt purchase: collection of purchased debt;
- Credit management: fee-based collection of debt on client's behalf;
- Other: financial intermediation, lending, sharing of economic information
- 

Each segment's performance is discussed below. The key performance metric for each reporting segment is gross profit, which is disclosed in the management's internal reports reviewed by the President of the Management Board of the Parent. A segment's gross profit is used to measure its performance, as the management believes the gross profit to be the most appropriate metric for the assessment of the segment's results against other entities operating in the industry.

The Group's operating activities concentrate in a few geographical segments: Poland, Romania, the Czech Republic and Slovakia.

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

- Poland
- Romania
- Other foreign markets

**Reporting segments**

<i>PLN '000</i>	<b>Jan 1 2013 – Sep 30 2013</b>	<b>Jan 1 2012 – Sep 30 2012</b>
<b>Revenue</b>	302,259	245,111
Purchased debt portfolios	263,425	216,841
Credit management	32,049	23,572
Other products	6,785	4,699
<b>Direct and indirect costs</b>	(132,689)	(106,212)
Purchased debt portfolios	(111,240)	(86,280)
Credit management	(15,934)	(15,537)
Other products	(5,515)	(4,395)
<b>Gross profit</b>	169,570	138,900
Purchased debt portfolios	152,185	130,561
Credit management	16,115	8,035
Other products	1,270	304
<b>General and administrative expenses</b>	(43,816)	(37,234)
Depreciation and amortisation expense	(6,842)	(4,814)
Other income	1,500	1,900
Other expenses	(2,276)	(2,044)
Finance income/costs	(38,668)	(38,354)
<b>Profit before tax</b>	79,468	58,355
Income tax	656	(4,299)
<b>Net profit</b>	80,124	54,056

## Geographical segments

<i>PLN '000</i>	<b>Jan 1 2013 – Sep 30 2013</b>	<b>Jan 1 2012 – Sep 30 2012</b>
<b>Revenue</b>	<u>302,258</u>	<u>245,111</u>
Poland	169,994	172,610
Romania	120,353	59,983
Other foreign markets	11,912	12,518

### Non-current assets

A major part of the Group's non-current assets is located in Poland.

### Purchased debt portfolios

In the period covered by these financial statements, expenses incurred by the Group to purchase debt portfolios were PLN 285,116 thousand, while cash recoveries amounted to PLN 382,722 thousand.

<i>PLN '000</i>	
<b>Purchased debt portfolios as at Jan 1 2012</b>	<b>718,706</b>
Purchase of debt portfolios	309,269
Adjustment following change in valuation policy	(347)
Purchase price adjustment for discount	(793)
Cash recoveries	(451,329)
Change in liabilities to debtors due to overpayments	1,097
Revenue from debt purchase (interest and revaluation, recognised in statement of profit or loss as revenue)	302 996
Currency translation differences (*)	(6,102)
<b>Purchased debt portfolios as at Dec 31 2012</b>	<b>873,497</b>
<b>Purchased debt portfolios as at Jan 1 2013</b>	<b>873,497</b>
Purchase of debt portfolios	285,116
Adjustment following change in valuation policy	(62)
Purchase price adjustment for discount	(465)
Cash recoveries	(382,722)
Liabilities to debtors due to overpayments	(2,086)
Revenue from debt purchase (interest and revaluation, recognised in statement of profit or loss as revenue)	263 425
Currency translation differences (*)	3,424
<b>Purchased debt portfolios as at Sep 30 2013</b>	<b>1,040,127</b>

(\*) Applicable to portfolios held by the subsidiaries whose functional currencies are other than the zloty.



**4. 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**

**Revenue**

PLN '000

	<b>Jan 1 2013 – Sep 30 2013</b>	<b>Jan 1 2012 – Sep 30 2012</b>
Revenue from debt purchase	263,425	216,841
Revenue from fee-based credit management services	32,049	23,571
Revenue from other products	6,785	4,677
Revenue from sale of merchandise and materials	-	22
	<u>302,259</u>	<u>245,111</u>

PLN '000

	<b>Jan 1 2013 – Sep 30 2013</b>	<b>Jan 1 2012 – Sep 30 2012</b>
Interest income adjusted for actual recoveries	261,553	219,325
Revaluation of debt portfolios	1,872	(2,484)
	<u>263,425</u>	<u>216,841</u>
	-	-

PLN '000

	<b>Jan 1 2013 – Sep 30 2013</b>	<b>Jan 1 2012 – Sep 30 2012</b>
Revision of forecast	(9,296)	(2,430)
Change due to change in discount rate	11,168	(54)
	<u>1,872</u>	<u>(2,484)</u>

The revaluation of debt portfolios pertains to changes in the fair value of purchased debt portfolios which were designated as measured at fair value through profit or loss at the time of their initial recognition.



**Net finance costs**

*PLN '000*

	<b>Jan 1 2013 – Sep 30 2013</b>	<b>Jan 1 2012 – Sep 30 2012</b>
Interest income on bank deposits	350	1 025
	<u>350</u>	<u>1 025</u>
Interest expense on financial liabilities measured at amortised cost	(36,773)	(35,711)
Net foreign exchange gains/(losses)	(2,245)	(3,668)
	<u>(39,018)</u>	<u>(39,379)</u>
Net finance costs recognised in profit or loss	(38,668)	(38,354)

*PLN '000*

	<b>Jan 1 2013 – Sep 30 2013</b>	<b>Jan 1 2012 – Sep 30 2012</b>
Total interest income on financial assets	350	1,025
Total interest expense on financial liabilities	(36,773)	(35,711)

*PLN '000*

	<b>Jan 1 2013 – Sep 30 2013</b>	<b>Jan 1 2012 – Sep 30 2012</b>
Exchange differences on translating foreign operations	1,700	(5,556)
Attributable to:		
Owners of the parent	1,700	(5,556)
Finance income/(cost) recognised directly in other comprehensive income	<u>1,700</u>	<u>(5,556)</u>

## Loans, borrowings and finance lease liabilities

<i>PLN '000</i>	<b>Sep 30 2013</b>	<b>Dec 31 2012</b>	<b>Sep 30 2012</b>
<b>Non-current liabilities</b>			
Secured borrowings	33,004	79,955	64,247
Liabilities under debt securities (unsecured)	419,137	323,477	276,346
Finance lease liabilities	6,900	5,747	4,270
	<b>459,041</b>	<b>409,179</b>	<b>344,863</b>
<b>Current liabilities</b>			
Current portion of secured borrowings	43,785	81,248	89,529
Liabilities under debt securities	113,113	103,953	86,494
Current portion of finance lease liabilities	3,401	2,003	1,655
	<b>160,299</b>	<b>187,204</b>	<b>177,678</b>

## Earnings per share

<i>'000</i>	<b>Jan 1 2013 – Sep 30 2013</b>	<b>Jan 1 2012 – Sep 30 2012</b>
Number of ordinary shares as at Jan 1	16,900	16,900
Effect of retirement and issue of own shares	7	-
Weighted average number of ordinary shares as at Sep 30	16,907	16,900
<i>PLN</i>		
Earnings per share	4.73	3.20
<i>'000</i>		
Weighted average number of ordinary shares as at Sep 30	16,907	16,900
Effect of share option issue	281	-
Weighted average number of ordinary shares as at Sep 30 (diluted)	17,188	16,900
<i>PLN</i>		
Earnings per share (diluted)	4.66	3.20

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

In the area of marketing Kruk Group made the following achievements:

- Education of the public, communication with the communities, charity initiatives and surveys of debtors' profiles were the key elements of the KRUK Group's communication activities in 2013.
- At the beginning of the year, the Group conducted its first survey among debtors in the Czech Republic. The results showed that debtors in the Czech Republic, similarly to Polish and Romanian debtors, need education on financial matters and assistance in resolving their debt problems by arranging for debt repayment in instalments that they can afford to pay.

- In Romania, the KRUK Group decided to make an advertising video and invite Sofia Vicoveanca, the most popular singer of ethno music, to become the ambassador of the KRUK brand. In the Czech Republic, an educational campaign was run in lifestyle magazines, where dedicated articles were published encouraging indebted individuals to seek an amicable solution with creditors and pay their debts in instalments.
- In March, an official press conference was held in Bratislava to mark the launch of the Company's operations in the Slovakian market.
- In Q2 2013, the Company launched a bonus programme addressed to debtors, called "Dreams Guaranteed to Come True". As part of the programme, each debtor who enters into a settlement with KRUK and joins the programme receives bonus points for each timely repayment of their instalments. The points may be redeemed for practical items used in every household.
- In Q3 2013, the KRUK Group commenced another information and education campaign targeted at debtors. In television and radio spots, as well as in advertisements published in the press and the Internet, KRUK seeks to convince debtors to face their debt problem, contact the company administering the debt and try to reach an agreement, so that their financial matters can take a favourable turn. The KRUK Group is running its campaign in Poland and Romania, on the television and radio, in the press and, for the first time, in the Internet. Also, the mailing materials sent to debtors are thematically related to the message of the campaign.
- Furthermore, the Group organised the second edition of the 'Dobry Plan' (Good Plan) competition in Poland, designed for people who succeeded in getting out of debt.

#### ***6. 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. In the first three quarters of 2013, investments totalled PLN 285,116 thousand.

As at September 30th 2013, the value of the Group's investments in debt portfolios accounted for 91% of its assets. Equity accounts for 34% of the financing of the Group's operations.

Following the execution on January 16th 2013 by KRUK and PROKURA NS FIZ of another annex to the agreement on the provision of services relating to securitised debt of February 27th 2006, the total value of agreements concluded between the KRUK Group and Secapital S.a.r.l., a subsidiary of KRUK S.A., and PROKURA NS FIZ, a subsidiary of Secapital S. a r. l., in the period from November 5th 2012, i.e. from the date of release of Current Report No. 42/2012, to January 16th 2013, reached PLN 34m.

On February 27th 2013, the Company's subsidiary Secapital S.a.r.l. and Ceska sporitelna a.s., the Erste Group company, executed a framework debt assignment agreement, as a result of which the total value of agreements executed between the KRUK Group and the Erste Group within the previous 12 months reached PLN 47m.

On April 19th 2013, a lease agreement was executed between KRUK S.A. and DEVCO Sp. z o. o., providing for the lease of 7,335 sq. metres of floor space, comprising offices and storage areas forming part of an office building to be located in Wrocław at ul. Wołowska 8, within the Wrocław Business Park 2 complex, along with parking spaces.

On June 13th 2013, KRUK S.A. and Bank Zachodni WBK S.A. executed a framework agreement defining the procedure for transaction execution and settlement, under which the parties may execute specific agreements concerning the following treasury transactions:

- (a) term deposit and demand deposit transactions;
- (b) transactions in debt securities and other securities;
- (c) foreign exchange transactions, including forward contracts;
- (d) derivative transactions, including in particular:
  - interest rate swap transactions (IRS)
  - currency interest rate swap transactions (CIRS)

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- forward rate agreements / foreign exchange forwards
  - foreign exchange swaps
  - cross currency swaps
  - foreign currency options
- (e) other transactions similar to those listed in items a)-d), as well as all types of options in respect of any of those transactions or their combinations.

On July 8th 2013, KRUK Romania SRL, a subsidiary, concluded a debt assignment agreement with BRD-Groupe Société Générale S.A., a company of the Societe Generale Group, as a result of which the aggregate value of all agreements concluded by the KRUK Group with the Societe Generale Group in the past twelve months reached PLN 40.5m (VAT exclusive), thus exceeding 10% of the KRUK Group's revenue for the previous four financial quarters. The agreement with the highest value in the period was the debt assignment agreement concluded on September 12th 2012 between PROKURA NS FIZ, a subsidiary, and Euro Bank S.A. Under the agreement, PROKURA NS FIZ purchased a portfolio of debt claims against 15,140 debtors, with a total nominal value of PLN 237.4m, for a price of PLN 23.8m. The debt claims covered by the agreement were related to contracted and outstanding bank loans.

On July 19th 2013, KRUK S.A. and Bank Zachodni WBK entered into an interest rate swap transaction (IRS) to hedge the 3M WIBOR-dependent part of the coupon on Series M1 bonds with a nominal value of PLN 40m.

Key terms of the transaction:

- Contract's notional amount: PLN 40m
- Contract start date: June 23rd 2014
- Contract termination date: March 21st 2016
- Fixed interest rate (paid by KRUK S.A.): 3.28%
- Variable interest rate (paid by BZ WBK): 3M WIBOR
- Interest periods: three months.

On September 6th 2013, PROKURA NSFIZ, a subsidiary, won an auction to purchase a debt portfolio from Credit Agricole Bank Polska S.A. The nominal value of the debt amounts to PLN 358,433,996.54.

On September 27th 2013, PROKURA NSFIZ, a subsidiary, concluded a debt assignment agreement with Credit Agricole Bank Polska S.A., which provided for the purchase of two debt portfolios comprising claims under banking activities with natural persons with a total nominal value of PLN 358.4m, for a price of PLN 61.7m.

## **7. *Seasonality or cyclicity of operations***

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

## **8. *Information on issue, redemption and repayment of non-equity and equity securities***

On January 18th 2013, part of investment certificates issued by PROKURA NS FIZ were redeemed (743,310 Series M investment certificates with a value of PLN 10.09 per certificate). All redeemed certificates were held by SECAPITAL S.à.r.l. of Luxembourg, the Company's subsidiary.

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On February 5th 2013, the Management Board of KRUK S.A. adopted a resolution to issue Series P2 unsecured bonds with a total value of up to PLN 30,000 thousand. The bonds mature 48 months after their allotment.

On February 12th 2013, the Management Board of KRUK S.A. adopted a resolution to issue Series P3 unsecured bonds with a total value of up to PLN 30,000 thousand, maturing on March 7th 2017.

On February 12th 2013, part of investment certificates issued by PROKURA NS FIZ were redeemed (833,334 Series M investment certificates with a value of PLN 10.2 per certificate). All redeemed certificates were held by SECAPITAL S.à.r.l. of Luxembourg, the Company's subsidiary.

On February 21st 2013, part of investment certificates issued by PROKURA NS FIZ were redeemed (736,740 Series M investment certificates with a value of PLN 10.18 per certificate). All redeemed certificates were held by SECAPITAL S.à.r.l. of Luxembourg, the Company's subsidiary.

On March 7th 2013, KRUK S.A. issued PLN 30,000 thousand worth of unsecured 48-month Series P2 bonds. The bonds were issued at par. The issue proceeds were used to finance debt portfolio purchases by the KRUK Group companies. The bonds are admitted to trading in the alternative trading system on the Catalyst market.

On March 14th 2013, KRUK S.A. issued PLN 30,000 thousand worth of unsecured Series P3 bonds. The bonds were issued at par. The issue proceeds were used to finance debt portfolio purchases by the KRUK Group companies. The bonds are admitted to trading in the alternative trading system on the Catalyst market.

On April 2nd 2013, KRUK S.A. repurchased PLN 23,000 thousand worth of unsecured Series G bonds.

On April 15th 2013, the Management Board of KRUK S.A. adopted resolutions to issue up to 40,000 Series P4 bonds and up to 20,000 Series R1 bonds. On April 24th 2013, the Management Board of KRUK S.A. determined the interest rate for the bonds.

On April 22nd 2013, part of investment certificates issued by PROKURA NS FIZ were redeemed (2,336,849 Series M investment certificates with a value of PLN 10.48 per certificate). All redeemed certificates were held by SECAPITAL S.à.r.l. of Luxembourg, the Company's subsidiary.

On May 4th 2013, KRUK S.A. repurchased PLN 20,000 thousand worth of unsecured Series G1 bonds.

On March 20th 2013, KRUK S.A. issued PLN 40,000 thousand worth of unsecured Series P4 bonds. The bonds were issued at par. The issue proceeds were used to finance debt portfolio purchases by the KRUK Group companies. The bonds are admitted to trading in the alternative trading system on the Catalyst market.

On May 20th 2013, KRUK S.A. issued PLN 20,000 thousand worth of unsecured Series R1 bonds. The bonds were issued at par. The issue proceeds were used to finance debt portfolio purchases by the KRUK Group companies. The bonds are admitted to trading in the alternative trading system on the Catalyst market.

On June 4th 2013, the Management Board of KRUK S.A. adopted resolutions to issue up to PLN 15,000 thousand worth of Series R2 bonds and to determine their interest rate.

On June 25th 2013, KRUK S.A. issued PLN 15,000 thousand worth of unsecured Series R2 bonds. The bonds were issued at par. The issue proceeds were used to finance debt portfolio purchases by the KRUK Group companies. The bonds are admitted to trading in the alternative trading system on the Catalyst market.

On July 11th 2013, KRUK S.A. repurchased PLN 11,000 thousand worth of unsecured Series J2 bonds.

On July 22nd 2013, the Company's Management Board adopted resolutions to issue Series R3 unsecured bonds and to determine their interest rate. Furthermore, on August 13th 2013, the Management Board adopted a resolution on the issue of 50,000 bonds referred to above having been successful. The issue of Series R3 bonds totalled PLN 50m.

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On September 3rd 2013, the Management Board of KRUK S.A. adopted resolutions to issue Series R4 and S1 unsecured bonds. Furthermore, after the end of the reporting period, i.e. on October 3rd 2013, the Management Board adopted a resolution to issue:

- 15,000 Series R4 bonds with a total issue value of PLN 15m,
- 25,000 Series S1 bonds with a total issue value of PLN 25m.

On September 6th 2013, KRUK S.A. repurchased PLN 25,000 thousand worth of unsecured Series K2 bonds.

On September 25th 2013, the Management Board of KRUK S.A. adopted a resolution to establish a Bond Issue Programme with a total par value of up to PLN 150m, under which the Company may issue public bonds. The Bonds will be uncertificated and will exist in book-entry form. For the Bond Issue Programme, KRUK S.A. prepared a base issue prospectus. Each series of bonds under the Bond Issue Programme will be issued within 12 months of the date of its approval by the Polish Financial Supervision Authority. The detailed terms and conditions of the issue of each series will be included in the Issue Prospectus, as well as the final terms and conditions of each emission of the bonds. Proceeds from the Bond Issue Programme will be used to finance the operating or investment activities of KRUK Group companies, for the refinancing of KRUK S.A.'s debt, or to finance the Group's growth through acquisitions. On 8 November 2013, KRUK S.A. was notified of the approval by the Financial Supervisory Commission of the Issuer's prospectus prepared in connection with the Plan.

### **9. *Dividend paid out (or declared)***

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

### **10. *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 2013, KRUK S.A. repurchased PLN 20,500 thousand worth of unsecured Series H1 bonds.

On October 16th 2013, KRUK S.A. and Bank Zachodni WBK entered into an interest rate swap transaction (IRS) to hedge the 3M WIBOR-dependent part of the coupon on Series M1 bonds with a par value of PLN 44m.

Key terms of the transaction:

- Contract's notional amount: PLN 44m
- Contract start date: June 23rd 2014
- Contract termination date: March 21st 2016
- Fixed interest rate (paid by KRUK S.A.): 3.50%
- Variable interest rate (paid by BZ WBK): 3M WIBOR
- Interest periods: three months.

On October 22nd 2013, KRUK S.A. and PROKURA NSFIZ concluded another annex to the agreement on the provision of services relating to securitised debt of February 27th 2006. Consequently, the total value of agreements concluded between the KRUK Group and Secapital S.a.r.l., a subsidiary of KRUK S.A., and PROKURA NS FIZ, a subsidiary of Secapital S. a r. l., in the period from January 16th 2013, reached PLN 44m, thus exceeding 10% of the KRUK Group's revenue for the four most recent financial quarters. Of the agreements referred to above, the one with the largest value was the annex of July 29th 2013 to the agreement between KRUK S.A. and PROKURA NSFIZ (the Fund). The subject matter of the agreement is the provision of services relating to securitised debt, consisting in collection by the Service Provider, for the Fund's account,

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of debts purchased by the Fund, through taking steps under and in compliance with the applicable laws. The annex stipulates the rules for determination and payment of the Service Provider's fee under the agreement. The Company estimated the value of the annex over a five-year period at PLN 10m.

On October 24th 2013, KRUK S.A. and Bank Zachodni WBK entered into an interest rate swap transaction (IRS) to hedge the 3M WIBOR-dependent part of the coupon on Series O2 and P1 bonds with a par value of PLN 40m.

Key terms of the transaction:

- Contract's notional amount: PLN 40m
- Contract start date: June 9th 2014
- Contract termination date: June 6th 2016
- Fixed interest rate (paid by KRUK S.A.): 3.30%
- Variable interest rate (paid by BZ WBK): 3M WIBOR
- Interest periods: three months.

On October 29th 2013, KRUK S.A. and Bank Zachodni WBK S.A. concluded:

- annexes to the revolving credit facility agreement of April 8th 2011 and the trilateral revolving credit facility agreement of February 19th 2013; and
- surety agreement under which the Company issued a surety for PROKURA NSFIZ's liabilities.

Each of the revolving credit facility agreements provides for a facility of PLN 70m. Under the annexes, facility availability dates were changed as follows:

- availability dates for each of the two facilities, with respect to an amount of up to PLN 31.5m, were changed to October 31st 2016, while the final repayment dates of both facilities were changed to October 31st 2017;
- availability dates for each of the two facilities, with respect to an amount of up to PLN 8.5m, were changed to October 31st 2015, while the final repayment dates of both facilities were changed to October 31st 2016;
- repayment dates and availability dates for each of the two additional credit facilities of up to PLN 30m each were changed to October 31st 2014.

Concurrently, in connection with the conclusion of the annex, on October 29th 2013, KRUK S.A. and BZ WBK S.A. concluded a surety agreement under which KRUK S.A. issued a surety for PROKURA NSFIZ's liabilities towards BZ WBK S.A. under the trilateral agreement; the surety agreement also covers the annex described above. Accordingly, KRUK S.A. became a joint and several debtor in respect of the liabilities. Pursuant to the surety agreement, on the basis of Art. 97 of the Banking Law, KRUK S.A. declared it would comply with any enforcement action up to the credit facility amount plus contractual interest, fees, commissions and other costs under the trilateral agreement, up to the total amount of double the limits made available by the Bank, i.e. up to PLN 140m.

The surety was issued for an indefinite time until the expiry of liabilities covered by the surety.

The Bank may request the court to append an enforcement clause to the bank enforcement order until the date of limitation of claims under the trilateral agreement, that is until:

- October 31st 2020 with respect to the credit facility of up to PLN 31.5m provided for in the trilateral agreement,
- October 31st 2019 with respect to the credit facility of up to PLN 8.5m provided for in the trilateral agreement,
- October 31st 2017 with respect to the additional credit facility of up to PLN 30m provided for in the trilateral agreement,

On November 5th 2013, the KRUK Management Board adopted resolutions to issue Series U1 bonds with the value of PLN 10m.

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

On January 14th 2013, KRUK S.A. and Bank Zachodni WBK S.A. entered into a bank guarantee agreement for the period from January 25th 2013 to January 24th 2014, to secure the payment of all liabilities towards LEGNICKA BUSINESS HOUSE Sp. z o.o. under an office space lease agreement between KRUK S.A. and LEGNICKA BUSINESS HOUSE Sp. z o.o. The guarantee amount is EUR 168,000.00. The guarantee is secured with a power of attorney over KRUK's bank accounts held with Bank Zachodni WBK S.A.

On February 18th 2013, KRUK S.A. and Bank Zachodni WBK S.A. entered into a bank guarantee agreement for the period from February 25th 2013 to February 24th 2014, to secure the payment of all liabilities towards DEVCO Sp. z o.o. under the office space lease agreement between KRUK S.A. and DEVCO Sp. z o.o. The guarantee amount is EUR 135,420.75. The guarantee is secured with a power of attorney over KRUK's bank accounts held with Bank Zachodni WBK S.A.

In relation to the framework agreement on the procedure for transaction execution and settlement entered into on June 13th 2013 by KRUK S.A. and Bank Zachodni WBK S.A., KRUK S.A. issued a blank promissory note with promissory note declaration to secure future treasury transactions (if any) concluded under the framework agreement. Pursuant to the promissory note declaration, the Bank has the right to enforce the promissory note for up to PLN 20.7m until July 31st 2019. The execution of the framework agreement on the procedure for transaction execution and settlement does not give rise to an obligation to conclude any treasury transactions.

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

On May 15th 2013, NOVUM Finance Sp. z o.o., KRUK S.A.'s subsidiary, executed a cooperation agreement with KRUK S.A. concerning agency operations which involve executing cash loan agreements on behalf of KRUK S.A., administration services with respect to the agreements, and coordination of the sales process. Under the agreement, since its effective date, the cash loans have been advanced by Kruk S.A.

In Q3 2013, the Company issued 27,896 Series E shares. The shares were issued under a conditional share capital increase approved by Resolution No. 1 of the Extraordinary General Meeting of KRUK S.A. held on March 30th 2011.

Series E shares were issued in connection the eligible persons' exercise of rights to acquire shares, attaching to Series A subscription warrants held by the eligible persons. Series A warrants were issued under an incentive scheme addressed to the key management personnel of KRUK S.A. and KRUK Group companies. The scheme is described in detail in pages 117–119 of the KRUK S.A. Issue Prospectus approved by the Polish Financial Supervision Authority on April 6th 2011.

The Management Board of the Polish National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.), by virtue of Resolution No. 534/13, resolved to conditionally register 27,896 Series E shares of KRUK S.A. in the National Depository as of July 10th 2013. The Management Board of the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A., WSE), by virtue of Resolution No. 815/2013, admitted 27,896 Series E shares of KRUK S.A. to trading on the WSE main market as of July 22nd 2013. On July 24th 2013, Series E shares were registered in the Polish National Depository for Securities and introduced to trading on the WSE main market.

On the Series E shares registration date, that is July 24th 2013, the Company shares were entered into investors' securities accounts. Consequently, in accordance with Art. 452.1, in conjunction with Art. 451.3 of the Polish Commercial Companies Code, the share capital of KRUK S.A. was increased through the issue of Series E shares under the conditional share capital increase.



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

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

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

As at the date of release of the previous periodic report

As at the date of  
release of the  
previous periodic  
report

Shareholder	Number of shares	Ownership interest (%)	Number of votes held	Share in total vote at GM (%)
Piotr Krupa	2,213,928	13.08	2,213,928	13.08
Aviva OFE	1,932,184	11.41	1,932,184	11.41
ING PTE*	1,835,643	10.84	1,835,643	10.84
AMPLICO PTE**	1,310,000	7.74	1,310,000	7.74
Generali OFE	1,575,000	9.30	1,575,000	9.30

**As at the date of release of this periodic report**

**As at the date of  
release of the  
previous periodic  
report**

<b>Shareholder</b>	<b>Number of shares</b>	<b>Ownership interest (%)</b>	<b>Number of votes held</b>	<b>Share in total vote at GM (%)</b>
Piotr Krupa	2,213,928	13.08	2,213,928	13.08
Aviva OFE	1,932,184	11.41	1,932,184	11.41
ING PTE*	1,835,643	10.84	1,835,643	10.84
AMPLICO PTE**	1,310,000	7.74	1,310,000	7.74
Generali OFE	1,575,000	9.30	1,575,000	9.30

(\*) Jointly ING OFE and ING DFE, managed by ING PTE S.A.

(\*\*) Jointly Amplico OFE and Amplico DFE, managed by Amplico PTE S.A.

Since the date of submission of the previous periodic report, that is the H1 2013 extended consolidated report and until the publication date for this periodic report, no changes have occurred in the holdings of KRUK shares held by the Company's major shareholders.

Since the date of publication of the previous quarterly report (the Q1 2013 extended consolidated report), that is May 12th 2013, the following changes have occurred in the structure of major holdings.

On May 28th 2013, the Company received a notification from Mr Piotr Krupa, President of the Management Board of KRUK S.A. and a major shareholder of the Company, given under Art. 160.1 of the Act on Trading in Financial Instruments, to the effect that Mr Piotr Krupa had sold 400,000 shares in KRUK S.A. in an ordinary transaction executed during a trading session on the Warsaw Stock Exchange on May 24th 2013.

Furthermore, the joint share of major shareholders in the total vote at the Company General Meeting has decreased slightly following the issue of 27,896 Series E shares.

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

<b>Name and surname</b>	<b>Position</b>	<b>Number of shares held</b>
Piotr Krupa	President of the Management Board	2,213,928
Urszula Okarma	Member of the Management Board	110,350
Agnieszka Kulton	Member of the Management Board	92,220
Iwona Słomska	Member of the Management Board	44,257
Michał Zasepa	Member of the Management Board	8,000

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

On July 24th 2013, the Company received a notification from Ms Iwona Słomska, Member of the KRUK S.A. Management Board, given under Art. 160.1 of the Act on Trading in Financial Instruments, to the effect that the registration of 9,257 Series E shares in her securities account on July 24th 2013 was related to the exercise of her entitlement to acquire the above number of shares at the issue price of PLN 39.70 per share, resulting from her holding of 9,257 subscription warrants issued under the Incentive Scheme for key management personnel of the Company and other Group companies, adopted by the Extraordinary General Meeting of the Company on March 30th 2011, and amended by a resolution of the Extraordinary General Meeting of the Company on August 29th 2011.

Pursuant to a resolution of the KRUK Supervisory Board of July 20th 2012, issued on the basis of the 2011–2014 Incentive Scheme for key management personnel of the Company and other Group companies, Management Board Members were presented with an offer to acquire subscription warrants that would entitle them to purchase new shares in KRUK S.A. at an issue price of PLN 39.70 per share. The subscription warrants were delivered to Management Board Members on September 3rd 2012.

**Number of warrants allotted to Management Board Members as part of Tranche 1 for 2011:**

<b>Name and surname</b>	<b>Position</b>	<b>Number of warrants granted under Tranche 1 for 2011</b>
Rafał Janiak	Member of the Management Board	10,507
Urszula Okarma	Member of the Management Board	10,507
Agnieszka Kulton	Member of the Management Board	10,507
Iwona Słomska	Member of the Management Board	9,257
Michał Zasepa	Member of the Management Board	10,507

The Management Board Members named above hold no entitlements in respect of KRUK shares other than the subscription warrants. The President of the KRUK Management Board holds no entitlements to Company shares.

A total of 189,790 warrants were granted to eligible persons under Tranche 1.

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The remaining 21,464 warrants to be allotted in respect of 2011 were transferred to Tranche 2 for 2012. As at the date of publication of this quarterly report, i.e. September 2nd 2013, the rights attached to the granted subscription warrants were exercised on July 24th 2013 by Ms. Iwona Słomska, Member of the Management Board, who thus subscribed for 9,257 Series E shares of the Company.

On August 5th 2013, the KRUK Supervisory Board adopted a resolution on reviewing the fulfilment of conditions set forth in the Management Stock Option Plan with a view to granting subscription warrants for performance of the Incentive Scheme provisions in 2012, and determining the list of eligible persons under Tranche 2 for 2012. The Resolution stated that the conditions to grant the maximum number of warrants under Tranche 2 for 2012 were met, the list of persons eligible to acquire warrants under Tranche 2 for 2012 was determined, and subscription warrants were granted to the persons indicated on the list.

The following number of warrants was granted to Members of the KRUK S.A. Management Board under Tranche 2:

<b>Name and surname</b>	<b>Position</b>	<b>Number of warrants granted under Tranche 2 for 2012</b>
Rafał Janiak	Member of the Management Board	14,507
Urszula Okarma	Member of the Management Board	10,507
Agnieszka Kulon	Member of the Management Board	10,507
Iwona Słomska	Member of the Management Board	9,257
Michał Zasepa	Member of the Management Board	14,507

A total of 201,758 warrants were granted to eligible persons under Tranche 2.

The remaining 30,960 warrants to be allotted in respect of 2012 were transferred to Tranche 3 for 2013.

## 16. Litigation, arbitration or administrative proceedings

### Proceedings for debts recovery in which the value of claim exceeds 10% of KRUK S.A.'s equity

<i>Subject matter</i>	<i>Value of claim [PLN]*</i>	<i>Date instigated</i>	<i>Parties</i>	<i>Kruk S.A.'s position</i>
Bankruptcy proceedings concerning Pascal Construction sp. z o.o. w upadłości (in bankruptcy)	PLN 18,209,415.90	Jan 25th 2006	PROKURA NSFIZ - Pascal Construction sp. z o.o. w upadłości (in bankruptcy)	The funds specified in the bankruptcy plan were paid out on May 7th 2012. The bankruptcy proceedings are pending; the fund does not expect its claims to be satisfied.
Bankruptcy proceedings concerning NISCO INVEST SRL	PLN 14,915,254.62	March 2nd 2011	KRUK S.A. and 15 other creditors	Claim filed against the bankruptcy estate, acknowledged by the bankruptcy administrator
Bankruptcy proceedings concerning LETA S.A.	PLN 8,347,490.88	August 8th 2002	PROKURA NSFIZ-LETA S.A.	Bankruptcy proceedings are pending; the fund does not expect its claims to be satisfied.

### Proceedings with the largest value of claims, not exceeding 10% of KRUK S.A.'s equity

#### Litigation involving potential liabilities – three largest cases

<i>Subject matter</i>	<i>Value of claim [PLN]*</i>	<i>Date instigated</i>	<i>Parties</i>	<i>Kruk S.A.'s position</i>
Nullity suit concerning the credit facility agreement	63 484,07	June 19th 2013	PORCA IOAN vs. BCR, BCR Aiud.; SECAPITAL SARL, KRUK ROMANIA SRL	The Company believes the claim to be without merit and expects it to be dismissed.
Action concerning abusive clauses used in a loan agreement	56 447,62	March 23rd 2012	OLARU OANA DANIELA vs. KRUK INTERNATIONAL SRL	The Company believes the claim to be without merit and expects it to be dismissed.
Suit for payment of	50,000.00	June 28th 2013	STANISŁAWA STOCHNIAŁ vs. KRUK S.A.	The Company believes the claim to be without merit and expects it to be dismissed.

**Litigation involving potential receivables – five major cases**

<i>Subject matter</i>	<i>Value of claim [PLN]*</i>	<i>Date instigated</i>	<i>Parties</i>	<i>Kruk S.A.'s position</i>
Bankruptcy proceedings concerning JORDY IMPEX SRL	5,474,770.31	March 16th 2010	KRUK S.A. and others	Claim filed against the bankruptcy estate, acknowledged by the bankruptcy administrator
Bankruptcy proceedings concerning VAGRIS SRL	5,068,075.17	February 14th 2000	PROKURA NSFIZ vs. SM SAMI SWOI	Bankruptcy proceedings are pending; the fund is awaiting a final bankruptcy plan to be drawn up – the plan is likely to be completed by the end of this year.
Bankruptcy proceedings concerning SM SAMI SWOI	3,805,394.46	August 20th 2003	PROKURA NSFIZ - BUDGRIM SP. Z O.O.	Bankruptcy proceedings are pending, the bankruptcy administrator presented two bankruptcy plans – one of them was implemented, the fund does not expect its claims to be satisfied.
Bankruptcy proceedings concerning BUDGRIM SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	3,805,394.46	August 20th 2003	PROKURA NSFIZ - BUDGRIM SP. Z O.O.	Bankruptcy proceedings are pending, the bankruptcy administrator presented two bankruptcy plans – one of them was implemented, the fund does not expect its claims to be satisfied.
Bankruptcy proceedings concerning Spółdzielcze Zrzeszenie Budowy Domków Jednorodzinnych STOKROTKA	3,310,811.77	May 16th 2002	PROKURA NSFIZ - Spółdzielcze Zrzeszenie Budowy Domków Jednorodzinnych STOKROTKA w upadłości (in bankruptcy)	Bankruptcy proceedings are pending; the fund does not expect its claims to be satisfied.

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.

**17. Information on one or more related-party transactions concluded by the Parent**

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

<i>PLN '000</i>	<b>Liabilities</b>	<b>Receivables</b>	<b>Loans advanced</b>	<b>Interest accrued on loans advanced</b>
ERIF Business Solutions Sp. z o.o.		8	555	8
Secapital S.a.r.l	11,982	14,390	-	-
Novum Finance Sp. z o.o.	203	70	-	-
Secapital Polska Sp. z o.o.	-	1	-	-
Kancelaria Prawna RAVEN Krupa & Stańko sp. k.	585	5 856	-	-
KRUK România S.r.l.	577	5,360	12,303	956
Rejestr Dłużników ERIF BIG S.A.	-	507	170	65
NFIZ PROKURA	1,540	6,008	-	-
NFIZ PROKULUS	-	14	-	-
KRUK Česká a Slovenská republika s.r.o.	77	1,194	15,378	1,615
KRUK TFI	-	5	-	-
	14,964	33,413	28,406	2,644

**Revenue from mutual transactions**

<i>PLN '000</i>	<b>Revenue from sale of materials and services</b>	<b>Revenue from sale of debt collection services</b>	<b>Interest and dividends</b>
Secapital S.a.r.l	-	777	-
ERIF Business Solutions Sp. z o.o.	23	-	8
Novum Finance Sp. z o.o.	328	-	50
Secapital Polska Sp. z o.o.	14	-	-
Kancelaria Prawna RAVEN Krupa & Stańko sp. k.	917	-	5,142
KRUK România S.r.l.	539	-	379
Rejestr Dłużników ERIF BIG S.A.	373	-	30
NFIZ PROKURA	-	16,463	-
NFIZ PROKULUS	-	99	-
KRUK TFI	39	-	-
KRUK Česká a Slovenská republika s.r.o.	395	-	627
	2,628	17,339	6,236

*The Kruk Group*

*Costs of mutual transactions*

<i>PLN '000</i>	<b>Purchase of debt collection services</b>
Kancelaria Prawna RAVEN Krupa & Stańko sp. k.	1,942
KRUK România S.r.l.	4,274
Rejestr Dłużników ERIF BIG S.A.	1,096
KRUK Česká a Slovenská republika s.r.o.	401
Novum Finance Sp. z o.o.	818
	<u>8,531</u>

*Investments in subsidiaries*

<i>PLN '000</i>	<b>Country</b>	<b>Net value as at Sep 30 2013</b>
Secapital S.a.r.l	Luxembourg	580,446
ERIF Business Solutions Sp. z o.o.	Poland	100
Secapital Polska Sp. z o.o.	Poland	-
Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A.	Poland	3,104
Novum Finance Sp. z o.o.	Poland	4,950
KRUK România S.r.l.	Romania	-
Kancelaria Prawna RAVEN Krupa & Stańko Spółka komandytowa	Poland	300
KRUK TFI S.A.	Poland	1,550
KRUK Česká a Slovenská republika s.r.o.	Czech Republic	33
KRUK International Z.r.t.	Hungary	703
		<u>591,185</u>

**18. Sureties for repayment of loans and guarantees issued by KRUK S.A. or its subsidiary**

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

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

In the Company's opinion, there is no information - other than the information disclosed above - relevant to the assessment of the staffing levels, assets, financial standing and financial performance of KRUK S.A. or the KRUK Group, or to the assessment of the Company's or the Group's ability to meet their liabilities.



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

KRUK S.A. did not identify any factors with a potential bearing on its performance in the next quarter or in a longer term.

**Piotr Krupa**

*President of the Management Board*

**Michał Zasepa**

*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*

**Katarzyna Raczkiewicz**

*Person responsible for maintaining the accounting records*

*Wrocław, November 13th 2013*