



The Kruk Group

**Interim Condensed Consolidated
Financial Report
for the first quarter ended March 31st 2014**

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I. Interim condensed consolidated financial statements

1. Consolidated financial highlights

Financial highlights	PLN '000		EUR '000	
For the period	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Revenue	120,117	95,921	28,671	22,982
Operating profit	51,438	33,930	12,278	8,129
Profit before tax	39,084	20,317	9,329	4,868
Net profit attributable to owners of the Parent	39,967	19,702	3,350	4,720
Net cash from operating activities	78,823	25,571	18,815	6,127
Purchase of debt portfolios at prices as per agreement	(269,271)	(48,928)	(64,274)	(11,723)
Cash recoveries	153,791	118,260	36,709	28,334
Net cash from investing activities	(737)	(1,588)	(176)	(380)
Net cash from financing activities	(44,160)	2,448	(10,541)	587
Change in net cash	33,926	(26,431)	8,098	(6,333)
Diluted earnings per share	2,30	1,16	0,55	0,28
Average number of shares ('000)	16,959	16,900	16,959	16,900
Earnings per share	2.36	1.17	0.56	0.28
As at	Mar 31 2014	Dec 31 2013	Mar 31 2014	Dec 31 2013
Total assets	1,423,020	1,162,825	341,145	280,388
Non-current liabilities	477,892	513,451	114,567	123,807
Current liabilities	486,305	233,819	116,584	56,380
Equity	458,823	415,555	109,995	100,201
Share capital	16,959	16,959	4,066	4,089
Carrying amount per ordinary share	27.05	24.50	6.49	5.91

The financial highlights presented in these interim condensed 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 – 4.1894
 - for the previous period – 4.1738
- 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 – 4.1713
 - for the previous period – 4.1472.

2. Interim condensed consolidated statement of financial position

As at Mar 31 2014

PLN '000

	Mar 31 2014	Dec 31 2013	Mar 31 2013
Assets			
Non-current assets			
Property, plant and equipment	21,385	20,079	16,501
Other intangible assets	10,459	10,408	8,267
Goodwill	1,024	1,024	1,024
Deferred tax asset	3,467	2,421	1,594
Total non-current assets	36 335	33,932	27,386
Current assets			
Inventories	387	529	733
Investments	1,287,044	1,063,841	894,768
Trade receivables	10,426	9,045	12,138
Current tax asset	-	-	1,467
Other receivables	16,863	17,768	6,320
Prepayments and accrued income	2,781	2,452	2,159
Cash and cash equivalents	69,184	35,258	69,160
Total current assets	1 386 685	1,128,893	986,745
Total assets	1 423 020	1,162,825	1,014,131
Equity and liabilities			
Equity			
Share capital	16,959	16,959	16,900
Share premium	47,381	47,381	45,107
Cash flow hedging reserve	(770)	(634)	-
Translation reserve	(4,552)	(7,726)	(1,958)
Other capital reserves	48,537	48,289	46,121
Retained earnings	351,124	311,157	233,234
Equity attributable to owners of the Parent	458 679	415,426	339,404
non-controlling interests	144	129	192
Total equity	458 823	415,555	339,596
Non-current liabilities			
Non-current liabilities under borrowings and other debt instruments	477,122	512,817	432,262
Hedge derivatives	770	634	-
Total non-current liabilities	477 892	513,451	432,262
Current liabilities			
Current liabilities under borrowings and other debt instruments	181,278	174,642	179,902
Trade and other payables	280,694	35,572	45,168
Current tax liability	55	99	-
Employee benefit obligations	24,014	23,242	16,939
Current provisions	264	264	264
Total current liabilities	486 305	233,819	242,273
Total liabilities	964 197	747,270	674,535
Total equity and liabilities	1 423 020	1,162,825	1,014,131

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

For the reporting period from January 1st to March 31st 2014

PLN '000

	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Continuing operations		
Revenue	120,117	95,921
Other income	793	525
	,	
Cost of merchandise and materials sold	-	-
Employee benefit expense	(33,103)	(22,311)
Depreciation and amortisation expense	(2,698)	(2,180)
Services	(14,439)	(13,524)
Other expenses	(19,232)	(24,501)
	,	
	(69,472)	(62 516)
	,	
Operating profit	51,438	33,930
	,	
Finance income	116	146
Finance costs	(12,470)	(13,759)
Net finance costs	(12,354)	(13,613)
	,	
	,	
Profit before tax	39,084	20,317
	,	
Income tax	(898)	579
	,	
Net profit for the period	39,982	19,738
	,	
Net profit attributable to:		
owners of the Parent	39,967	19 702
non-controlling interests	15	36
Net profit for the period	39,982	19,738
	,	
Earnings (loss) per share		
Basic (PLN)	2.36	1.17
Diluted (PLN)	2.30	1.16

4. *Interim condensed consolidated statement of comprehensive income*

For the reporting period from January 1st to March 31st 2014

PLN '000

		Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Net profit for the period		39,982	19,738
Other comprehensive income	,		
Exchange differences on translating foreign operations	,	3,174	1,816
Cash flow hedges	,	(770)	-
Other comprehensive income, net, for the period		2,404	1,816
Total comprehensive income for the period	,	2,404	1,816
Total comprehensive income attributable to:	,		
owners of the Parent	,	36,808	17,922
non-controlling interests	,	15	36
Total comprehensive income for the period		36,823	17,958

5. Interim condensed consolidated statement of changes in equity

For the reporting period from January 1st to March 31st 2014

PLN '000

	Share capital	Share premium	Cash flow hedging reserve	Translation reserve	Other capital reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Equity as at Jan 1 2013	16,900	45,107	-	(3,774)	45,711	213,532	317,476	156	317,632
Net profit for the period	-	-	-	-	-	19,702	19,702	36	19,738
- Exchange differences on translating foreign operations	-	-	-	1,816	-	-	1,816	-	1,816
Total comprehensive income for the period	-	-	-	1,816	-	19,702	21,518	36	21,554
Contributions from and distributions to owners									
- Share-based payments	-	-	-	-	410	-	410	-	410
Total contributions from and distributions to owners	-	-	-	-	410	-	410	-	410
Total equity as at Mar 31 2013	16,900	45,107	-	(1,958)	46,121	233,234	339,404	192	339,596
Equity as at Jan 1 2013	16,900	45,107	-	(3,774)	45,711	213,532	317,476	156	317,632
Comprehensive income for the period							-		
Net profit for the period	-	-	-	-	-	97,625	97,625	129	97,754
Other comprehensive income	-	-	-	-	-	-	-	-	-
- Exchange differences on translating foreign operations	-	-	-	(3,952)	-	-	(3,952)	-	(3,952)
- Valuation of hedging instruments	-	-	(634)	-	-	-	(634)	-	(634)
Total other comprehensive income	-	-	(634)	(3,952)	-	-	(4,586)	-	(4,586)
Total comprehensive income for the period	-	-	(634)	(3,952)	-	97,625	93,039	129	93,168
Contributions from and distributions to owners									
- Share-based payments	-	-	-	-	2,578	-	2,578	-	2,578
- Issue of shares	59	2,274	-	-	-	-	2,333	-	2,333
- Payment of dividend	-	-	-	-	-	-	-	(156)	(156)
Total contributions from and distributions to owners	59	2,274	-	-	2,578	-	4,911	(156)	4,755
Total equity as at Dec 31 2013	16,959	47,381	(634)	(7,726)	48,289	311,157	415,426	129	415,555
Equity as at Jan 1 2014	16,959	47,381	(634)	(7,726)	48,289	311,157	415,426	129	415,555
Comprehensive income for the period									
Net profit for the period	-	-	-	-	-	39,967	39,967	15	39,982
Other comprehensive income	-	-	-	3,174	-	-	3,174	-	3,174
- Exchange differences on translating foreign operations	-	-	-	3,174	-	-	3,174	-	3,174
- Valuation of hedging instruments	-	-	(136)	-	-	-	(136)	-	(136)
Total other comprehensive income	-	-	(136)	3,174	-	-	3,038	-	3,038
Total comprehensive income for the period	-	-	(136)	3,174	-	39,967	43,005	15	43,020
Contributions from and distributions to owners									
- Share-based payments	-	-	-	-	248	-	248	-	248
Total contributions from and distributions to owners	-	-	-	-	248	-	248	-	248
Total equity as at Mar 31 2014	16,959	47,381	(770)	(4,552)	48,537	351,124	458,679	144	458,823

6. *Interim condensed consolidated statement of cash flows*

For the reporting period from January 1st to March 31st 2014

PLN '000

	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Cash flows from operating activities		
Net profit for the period	39,982	19,738
<i>Adjustments</i>		
Depreciation of property plant and equipment	1,736	1,400
Amortisation of intangible assets	962	780
Change in financial assets at fair value through profit or loss*	(223,934)	(14,843)
Change in other investments	566	(781)
Net finance costs	14,863	14,577
(Gain)/loss on sale of property plant and equipment	(61)	(63)
Equity-settled share-based payment transactions	248	410
Income tax	(898)	579
Change in inventories	142	146
Change in receivables	(476)	(1,279)
Change in prepayments and accrued income	(329)	223
Change in current liabilities excluding financial liabilities	246,269	5,954
Income tax paid	(247)	(1,270)
Net cash from operating activities	78,823	25,571
Cash flows from investing activities		
Interest received	161	146
Sale of intangible assets and property plant and equipment	73	80
Purchase of intangible assets and property plant and equipment	(971)	(1,814)
Net cash from investing activities	(737)	(1,588)
Cash flows from financing activities:		
Proceeds from bond issue	-	60,000
Increase in borrowings	267,900	69,500
Repayment of borrowings	(279,178)	(113,973)
Payments under finance lease agreements	(868)	(497)
Redemption of debt securities	(20,000)	-
Interest paid	(12,014)	(12,582)
Net cash from financing activities	(44,160)	2,448
Total net cash flows	33 926	26,431
Cash and cash equivalents at beginning of the period	35 258	42,729
Cash and cash equivalents at end of the period	69 184	69,160

* 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 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
For period				
Revenue	24,462	29,514	5,839	7,071
Operating profit	(8,613)	(536)	(2,056)	(128)
Profit before tax	44,408	(12,086)	10,600	(2,896)
Net profit	45,417	(12,506)	10,841	(2,996)
Net cash from operating activities	(8,089)	5,211	(1,931)	1,249
Net cash from investing activities	43,932	10,862	10,486	2,602
Net cash from financing activities	(17,241)	2,611	(4,115)	626
Change in net cash	18,602	18,684	4,440	4,476
Diluted earnings per share	2.61	(0.73)	0.62	(0.17)
Average number of shares ('000)	16,959	16,900	16,959	16,900
Earnings per share	2.68	(0.74)	0.64	(0.18)
As at	Mar 31 2014	Dec 31 2013	Mar 31 2014	Dec 31 2013
Total assets	884,301	842,706	211,996	203,199
Non-current liabilities	474,757	502,301	113,815	121,118
Current liabilities	224,507	200,897	53,822	48,442
Equity	185,037	139,508	44,360	33,639
Share capital	16,959	16,959	4,066	4,089
Book value per ordinary share	10.91	8.25	2.60	1.98

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

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- for the current period – 4.1894
- for the previous period – 4.1738

- 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 – 4.1713
- for the previous period – 4.1472.

2. Interim condensed separate statement of financial position

As at Mar 31 2014

PLN '000

	Mar 31 2014	Dec 31 2013	Mar 31 2013
Assets			
Non-current assets			
Property, plant and equipment	13,603	13,330	13,297
Intangible assets	8,399	8,554	7,533
Investments in subsidiaries	674,409	660,520	602,753
Deferred tax asset	3,290	2,280	1,116
Total non-current assets	699,701	684,684	624,699
Current assets			
Inventories	188	272	480
Investments	124,779	57,664	59,681
Trade receivables from related entities	12,182	23,879	28,752
Trade receivables from other entities	3,941	3,224	3,984
Current tax asset	-	-	1,453
Other receivables	17,300	65,432	486
Prepayments and accrued income	1,974	1,917	1,442
Cash and cash equivalents	24,236	5,634	29,240
Total current assets	184,600	158,022	125,518
Total assets	884,301	842,706	750,217
Equity and liabilities			
Equity			
Share capital	16,959	16,959	16,900
Share premium	47,381	47,381	45,107
Cash flow hedging reserve	(770)	(634)	-
Other capital reserves	48,537	48,289	46,121
Retained earnings	72,930	27,513	(2,744)
Total equity	185,037	139,508	105,384
Non-current liabilities			
Non-current liabilities under borrowings and other debt instruments	473,987	501,667	432,060
Hedge derivatives	770	634	-
Total non-current liabilities	474,757	502,301	432,060
Current liabilities			
Current liabilities under borrowings and other debt instruments	179,595	156,330	179,698
Trade and other payables	27,977	28,338	18,780
Current tax liability	-	68	-
Employee benefit obligations	16,935	16,161	14,295
Total current liabilities	224,507	200,897	212,773
Total liabilities	699,264	703,198	644,833
Total equity and liabilities	884,301	842,706	750,217

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

For the reporting period ended March 31st 2014

PLN '000

	<i>Note</i>	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Revenue		24,462	29,514
Other income		320	305
Cost of merchandise and materials sold		-	-
Employee benefit expense		(18,892)	(16,608)
Depreciation and amortisation expense		(1,873)	(1,743)
Services		(7,269)	(7,636)
Other expenses		(5,361)	(4,368)
		<u>(33,395)</u>	<u>(30 355)</u>
Operating loss		(8,613)	(536)
Finance income		64,979	2,002
Finance costs		(11,958)	(13,552)
Net finance income		<u>53,021</u>	<u>(11,550)</u>
Profit before tax		44,408	(12,086)
Income tax		1,009	(420)
Net profit for the period		<u>45,417</u>	<u>(12,506)</u>
Earnings per share			
Basic (PLN)		2.68	(0.74)
Diluted (PLN)		2.61	(0.73)

4. *Interim condensed separate statement of comprehensive income*

For the reporting period ended March 31st 2014

PLN '000

	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Net profit for the period	45,417	(12,506)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Cash flow hedges	(770)	-
Other comprehensive income, net, for the period	(770)	-
Total comprehensive income for the period	44,647	(12,506)

5. Interim condensed separate statement of changes in equity

For the reporting period ended March 31st 2014

PLN '000

	Share capital	Share premium	Cash flow hedging reserve	Other capital reserves	Retained earnings	Total equity
Equity as at Jan 1 2013	16,900	45,107		45,711	9,762	117,480
Comprehensive income for the period						
Net profit for the period	-	-		-	(12,506)	(12,506)
Total comprehensive income for the period	-	-	-	-	(12,506)	(12,506)
Contributions from and distributions to owners						
- Share-based payment	-	-		410	-	410
Total contributions from and distributions to owners	-	-	-	410	-	410
Total equity as at Mar 31 2013	16,900	45,107	-	46,121	(2,744)	105,384
Equity as at Jan 1 2013	16,900	45,107		45,711	9,762	117,480
Comprehensive income for the period						
Net profit for the period	-	-	-	-	17,751	17,751
Other comprehensive income						-
- Valuation of hedging instruments	-	-	(634)	-	-	(634)
Total other comprehensive income			(634)			17,117
Total comprehensive income for the period	-	-	(634)	-	17,751	17,117
Contributions from and distributions to owners						
- Share-based payments	-	-		2,578	-	2,578
- Issue of shares	59	2,274		-	-	2,333
Total contributions from and distributions to owners	59	2,274	-	2,578	-	2,578
Total equity as at Dec 31 2013	16,959	47,381	(634)	48,289	27,513	139,508
Equity as at Jan 1 2014	16,959	47,381	(634)	48,289	27,513	139,508
Comprehensive income for the period						
Net profit for the period	-	-	-	-	45,417	45,417
Other comprehensive income						-
- Valuation of hedging instruments	-	-	(136)	-	-	(136)
Total other comprehensive income	-	-	(136)	-	-	(136)
Total comprehensive income for the period	-	-	(136)	-	45,417	45,281
Contributions from and distributions to owners						
- Share-based payments	-	-	-	248	-	248
- Issue of shares	-	-	-	-	-	-
Total contributions from and distributions to owners	-	-	-	248	-	248
Total equity as at Mar 31 2014	16,959	47,381	(770)	48,537	72,930	185,037

6. Interim condensed separate statement of cash flows

For the reporting period ended March 31st 2014

PLN '000

	Note	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Cash flows from operating activities			
Net profit for the period		45,417	(12,506)
<i>Adjustments</i>			
Depreciation of property, plant and equipment		1,102	1,135
Amortisation of intangible assets		771	608
Change in financial assets at fair value through profit or loss		(911)	428
Change in other investments		(448)	-
Net finance income		(53,113)	10,997
(Gain)/loss on sale of property, plant and equipment		(34)	(63)
Equity-settled share-based payment transactions		248	410
Income tax		(1,009)	420
Change in inventories		84	173
Change in receivables		(3,780)	4,436
Change in prepayments and accrued income		(59)	452
Change in current liabilities, excluding financial liabilities		2,916	(1,437)
Change in employee benefit obligations		774	1,182
Income tax paid		(49)	(1,025)
Net cash from operating activities		(8,089)	5,211
Cash flows from investing activities			
Interest received		56	53
Loans advanced		(5,620)	(4,914)
Sale of intangible assets and property, plant and equipment		46	80
Dividend received		65,041	1,100
Disposal of financial assets		15,041	17,700
Purchase of intangible assets and property, plant and equipment		(632)	(1,656)
Acquisition of financial assets		(30,000)	(1,500)
Net cash from investing activities		43,932	10,862
Cash flows from financing activities:			
Proceeds from bond issue		-	60,000
Increase in borrowings		94,400	69,500
Repayment of borrowings		(79,478)	(113,973)
Redemption of debt instruments		(20,000)	-
Payments under finance lease agreements		(641)	(461)
Interest paid		(11,521)	(12,455)
Net cash from financing activities		(17,241)	2,611
Total net cash flows		18,602	18,684
Cash and cash equivalents at beginning of the period		5,634	10,556
Cash and cash equivalents at end of the period		24,236	29,240

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, 6th Commercial Division of the National Court Register,
ul. Poznańska 16, 53-630 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.

Following the transfer of lending activities from Novum Finance Sp. z o.o. of Wrocław to KRUK S.A. in 2013, on March 17th 2014 the Extraordinary General Meeting of Novum Finance Sp. z o.o. passed a resolution to dissolve the company by liquidation. Michał Zasepa, President of the Management Board of NOVUM Finance Sp. z o.o. w likwidacji (in liquidation), was appointed the liquidator. Under a decision dated March 31st 2014, the District Court for Wrocław-Fabryczna of Wrocław, 6th Commercial Division of the National Court Register entered the changes referred to above into the register.

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 April 11th 2014, ROCAPITAL IFN S.A. of Bucharest, Romania, was registered in Romania. It is an operating company whose business comprises purchasing and servicing mortgage-backed debt portfolios. KRUK S.A. holds 99% of the company's share capital, with the remaining 1% held by KRUK Romania S.r.l. of Bucharest, Romania, a subsidiary of KRUK S.A.

These interim condensed consolidated financial statements for the reporting period ended March 31st 2014 include the financial statements of the Parent and its subsidiaries (jointly the “Group”).

The Parent is Kruk S.A.

As at March 31st 2014 and as at this report date, the Management Board of the Parent was composed of the following members:

Piotr Krupa	President 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

During Q1 2014 and by the date of publication of this periodic report, the composition of the Management Board of KRUK S.A. did not change.

During Q1 2014 and by the date of publication of this periodic report, the composition of the Supervisory Board of KRUK S.A. did not change and was as follows:

Piotr Stępnia	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 March 31st 2014, the Group comprised KRUK S.A. of Wrocław and 13 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 reference 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.;
- 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, a company whose core business consists in financial and agency services, and support for small and medium-sized enterprises;
- NOVUM FINANCE Sp. z o.o. (w likwidacji) of Wrocław, a company undergoing liquidation proceedings;
- KRUK Česká a Slovenská republika s.r.o. 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;
- KRUK International Z.r.t. of Budapest, Hungary, a company in liquidation.
- InvestCapital Malta Ltd. Malta company whose main objective is investing in the capital assets, including the shares in the entities of the Group Kruk.

All the subsidiaries listed above were consolidated in these condensed consolidated financial statements as at March 31st 2014 and for the period from January 1st to March 31st 2014.

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

PLN '000	Country	Share capital held (%)	
		Dec 31 2013	Dec 31 2012
Secapital S.a.r.l. **	Luxembourg	93.8%	93.8%
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. (in liquidation)	Poland	100%	100%
KRUK Romania S.r.l.	Romania	100%	100%
Kancelaria Prawna RAVEN Krupa & Stańko Spółka komandytowa	Poland	98%	98%
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	100%	100%
KRUK Česká a Slovenská republika s.r.o.	Czech Republic	100%	100%
Prokura NS FIZ*	Poland	100%	100%
Prokulus NS FIZ*	Poland	100%	100%
KRUK International Z.r.t. (in liquidation)	Hungary	100%	100%
InvestCapital Malta Ltd **	Malta	99.5%	99.5%

* Subsidiaries of Secapital S.a.r.l.

** Subsidiaries in which the Company indirectly holds 100% of the share capital.



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 three months from January 1st to March 31st 2014 and comparative data for the three months from January 1st to March 31st 2013. 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 revised.

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

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

3. *Reporting and geographical segments*

Reporting segments

Below, the Group presents its reporting segments. The President of the Management Board 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.

The performance of each reporting segment is discussed below. The key performance metric for each reporting segment is gross profit, which is disclosed in the internal management reports reviewed by the President of the Management Board. 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 the following geographical segments:

- Poland
- Romania
- Other foreign markets

Reporting segments

<i>PLN '000</i>	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Revenue	120,117	95,921
Purchased debt portfolios	109,117	79,548
Credit management	7,994	14,320
Other products	3,006	2,053
Direct and indirect costs	(50,686)	(45,363)
Purchased debt portfolios	(43,601)	(38,398)
Credit management	(5,196)	(5,094)
Other products	(1,889)	(1,871)
Gross profit	69,431	50,558
Purchased debt portfolios	65,516	41,150
Credit management	2,798	9,226
Other products	1,117	182
Administrative expenses	(15,501)	(13,927)
Depreciation and amortisation expense	(2,698)	(2,180)
Other income	793	(521)
Other expenses (unallocated)	(586)	
Finance income/costs	(12,354)	(13,613)
Profit before tax	39,084	20,317
Income tax	(898)	579
Net profit	39,982	19,738

Geographical segments

<i>PLN '000</i>	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Revenue	120,117	95,921
Poland	71,671	59,123
Romania	41,159	31,282
Other foreign markets	7,287	5,516

Non-financial assets

<i>PLN '000</i>	Mar 31 2014	Dec 31 2013
Poland	26,796	24,943
Romania	7,665	5,616
Other foreign markets	1,362	952
	35,823	31,511

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

Investments

PLN '000

	Mar 31 2014	Dec 31 2013
Current investments		
Financial assets at fair value through profit or loss	1,277,847	1,053,913
Loans advanced	9,197	9,928
	<u>1,287,044</u>	<u>1,063,841</u>

Purchased debt portfolios

In the period covered by these financial statements, expenses incurred by the Group to purchase debt portfolios were PLN 269,271 thousand.

PLN '000

Purchased debt portfolios as at Jan 1 2013	873,497
Purchase of debt portfolios at prices as per agreement	367,188
Purchase price adjustment for discount	(465)
Cash recoveries	(537,727)
Increase/decrease in liabilities to debtors due to overpayments	(2,001)
Valuation of loyalty scheme	612
Revenue from debt purchase (interest and revaluation)	355 733
Fair value translation differences (*)	(2,924)
Purchased debt portfolios as at Dec 31 2013	<u>1,053,913</u>
Purchased debt portfolios as at Jan 1 2014	1,053,913
Purchase of debt portfolios at prices as per agreement	269,271
Purchase price adjustment for discount	(4,345)
Cash recoveries	(153,791)
Increase/decrease in liabilities to debtors due to overpayments	161
Valuation of loyalty scheme	477
Revenue from debt purchase	109 117
Fair value translation differences (*)	3,044
Purchased debt portfolios as at Mar 31 2014	<u>1,277,847</u>

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

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

Revenue

PLN '000

	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Revenue from debt purchase	109,117	79,548
Revenue from credit management	7,994	14,320
Revenue from other services	3,006	2,014
Revenue from sale of merchandise and materials	-	39
	<u>120,117</u>	<u>95,921</u>

PLN '000

	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Interest income adjusted for actual recoveries	103,373	78,547
Revaluation of debt portfolios	5,744	1,001
	<u>109,117</u>	<u>79,548</u>

PLN '000

	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Revision of recovery forecast	6,112	(838)
Change due to change in discount rate	(368)	1,839
	<u>5,744</u>	<u>1,001</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 the current period.

Net finance costs

PLN '000

	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Interest income on bank deposits	116	146
	<u>116</u>	<u>146</u>
Interest expense on financial liabilities measured at amortised cost	(12,385)	(12,842)
Net foreign exchange gains/(losses)	(85)	(917)
	<u>(12,470)</u>	<u>(13,759)</u>
Net finance costs recognised in profit or loss	(12,354)	(13,613)

PLN '000

	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Total interest income on financial assets	116	146
Total interest expense on financial liabilities	(12,385)	(12,842)

PLN '000

	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Exchange differences on translating foreign operations	3,174	1,816
Attributable to:		
owners of the Parent	3,174	1,816
Finance income recognised directly in other comprehensive income	<u>3,174</u>	<u>1,816</u>

Borrowings and finance lease liabilities

PLN '000

	Mar 31 2014	Dec 31 2013
Non-current liabilities		
Secured borrowings	30,354	50,464
Liabilities under debt securities (unsecured)	437,359	454,076
Finance lease liabilities	9,409	8,277
	<u>477,122</u>	<u>512,817</u>
Current liabilities		
Current portion of secured borrowings	58,976	50,044
Liabilities under debt securities	117,318	120,463
Current portion of finance lease liabilities	4,984	4,135
	<u>181,278</u>	<u>174,642</u>

Earnings per share

'000	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Number of ordinary shares as at Jan 1	16,959	16,900
Effect of cancellation and issue of shares	-	-
Weighted average number of ordinary shares as at Mar 31	16,959	16,900
PLN		
Earnings per share	2.36	1.17
'000	Jan 1 2014 – Mar 31 2014	Jan 1 2013 – Mar 31 2013
Number of ordinary shares as at Jan 1	16,959	16,900
Effect of issue of non-registered shares not subscribed for	430	175
Weighted average number of ordinary shares as at Mar 31 (diluted)	17,389	17,075
PLN		
Earnings per share (diluted)	2.30	1.16

6. 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 activities, the KRUK Group recorded the following achievements:

- In Q1 2014, a new advertising campaign was launched. The purpose of the campaign was to encourage debtors to open a green-envelope letter from KRUK, as the letter brings GOOD NEWS: a proposal to solve the debtor's problem on an amicable basis. The news promises a possibility of contacting a credit management company and thus getting out of debt. The campaign covered not only Poland, but also Romania.
- Over the first quarter of 2014, a customer satisfaction survey was run among debtors and its results were interpreted.

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.

Total investments in debt portfolios purchased by the Company in Q1 2014 were PLN 269.3m.

In the corresponding period of the previous year, investments in debt portfolios purchased totalled PLN 48.9m.

On March 31st 2014, PROKURA NS FIZ, KRUK S.A.'s subsidiary, and Getin Noble Bank S.A. concluded a PLN 230m debt purchase agreement.

As at March 31st 2014, the value of the Group's investments in debt portfolios accounted for 90% of its assets. Equity accounts for 32% of the financing of the Group's operations.

On 10 March 2014, Kruk SA conclude with a subsidiary, InvestCapital Malta Ltd. loan agreement. The object of the agreement was to provide InvestCapital by Kruk SA loan, for InvestCapital liabilities towards Kruk SA, which arose as a result of the transaction to sell part of the shares of Secapital Sarl. The loan was granted for the period from 10 March 2014 until the date of final repayment, which was set for March 4, 2015, the value of the loan amounts to 59.3 million zł. The interest rate on the loan is fixed and is based on market rates.

In connection with the transfer in 2013 of the company's lending activities from Novum Finance Ltd. to Kruk SA, the Extraordinary General Meeting of Shareholders Novum Finance, on 17 March 2014 adopted a resolution on its liquidation.

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 January 22nd 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed (3,384,223 Series N investment certificates with a value of PLN 11.79 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On January 29th 2014, PROKURA NS FIZ issued 3,384,223 Series Y investment certificates, with a value of PLN 11.79 per certificate. All of the certificates issued by Prokura NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On February 4th 2014, KRUK S.A. repurchased PLN 20,000 thousand worth of unsecured Series K4 bonds.

On February 19th 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed. The redemption covered 91,480 Series C investment certificates with a value of PLN 11.91 per certificate, 774,279 Series F investment certificates with a value of PLN 11.91 per certificate, 1,054,300 Series H investment certificates with a value of PLN 11.91 per certificate and 1,430,066 Series J investment certificates with a value of PLN 11.91 per certificate. All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On February 28th 2014, PROKURA NS FIZ issued 1,523,929 Series Z investment certificates with a value of PLN 11.79 per certificate. All of the certificates issued by Prokura NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On March 6th 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed (2,212,016 Series C investment certificates with a value of PLN 12.15 per certificate and 1,071,934 Series J investment certificates with a value of PLN 12.15 per certificate). All redeemed certificates had been held by Secapital S.à.r.l.

On March 14th 2014, PROKURA NS FIZ issued 2,460,904 Series AA investment certificates with a value of PLN 12.15 per certificate. All of the certificates issued by Prokura NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On March 21st 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed. The redemption covered 845,012 Series C investment certificates with a value of PLN 12.20 per certificate, 468,750 Series E investment certificates with a value of PLN 12.20 per certificate, 1,248,000 Series G investment certificates with a value of PLN 12.20 per certificate and 708,729 Series H investment certificates

with a value of PLN 12.20 per certificate. All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On March 27th 2014, PROKURA NS FIZ issued 3,270,491 Series AB investment certificates with a value of PLN 12.20 per certificate. All of the certificates issued by Prokura NS FIZ are held by Secapital S.à.r.l. of Luxembourg.

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 reporting date, not disclosed in these financial statements, but potentially having a material bearing on the Group's future performance*

On April 1st 2014, PROKURA NS FIZ (KRUK S.A.'s subsidiary) sold a debt from its secured portfolio and recognised a gain of PLN 18.7m on the transaction in Q2 2014. The transaction was executed as part of the process of managing the secured portfolio.

On April 2nd 2014, **PROKURA NS FIZ** purchased debt portfolios on the Polish market from Santander Consumer Bank S.A. The purchase price was PLN 36.4m.

On April 4th 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed. The redemption covered 356,432 Series H investment certificates with a value of PLN 12.59 per certificate, 2,710,000 Series I investment certificates with a value of PLN 12.59 per certificate, and 102,749 Series L investment certificates with a value of PLN 12.59 per certificate. All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On April 7th 2014, KRUK S.A. repurchased PLN 8,400 thousand worth of unsecured Series H2 bonds.

On April 11th 2014, PROKURA NS FIZ issued 3,169,181 Series AC investment certificates with a value of PLN 12.59 per certificate. All of the certificates issued by PROKURA NS FIZ are held by Secapital S.à.r.l. of Luxembourg.

On April 18th 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed (3,216,560 Series L investment certificates with a value of PLN 12.56 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On April 25th 2014, PROKURA NS FIZ issued 2,468,150 Series AD investment certificates with a value of PLN 12.56 per certificate. All of the certificates issued by PROKURA NS FIZ are held by Secapital S.à.r.l. of Luxembourg.

Under the terms of the revolving credit agreement concluded between Kruk SA and BZ WBK SA and trilateral revolving credit agreement concluded by Kruk SA along with PROKURA NS FIZ with BZ WBK, in order to secure the debt arising from the above contracts, on 7 May 2014 Kruk SA concluded with BZ WBK SA agreement to establish the pledge register, financial, and first lien on the Luxembourg Law. The object of the pledges is 60,164 shares of category E in a subsidiary Secapital Sarl based in Luxembourg. The establishment of these pledges is a security obligations to the Bank arising from the above. loan agreements for a total value of PLN 140 m and receivables, to the amount of PLN 200 m, which is the highest amount of security.

On May 9th 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed (3,163,664 Series L investment certificates with a value of PLN 12.77 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

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

On January 15th 2014, KRUK S.A. and Bank Zachodni WBK S.A. entered into an annex to the bank guarantee agreement of January 14th 2013, valid in the period from January 25th 2013 to January 24th 2014 and securing 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. Under the annex, the guarantee term was extended until January 24th 2015. The guarantee amount has not changed and stands at EUR 168,000.00.

On January 15th 2014, KRUK S.A. and Bank Zachodni WBK S.A. entered into Annex 1 to the bank guarantee agreement of February 18th 2013, valid in the period from February 25th 2013 to February 24th 2014 and securing the payment of all liabilities towards DEVCO Sp. z o.o. under an office space lease agreement between KRUK S.A. and DEVCO Sp. z o.o. Under the annex, the guarantee term was extended until February 24th 2015. The guarantee amount has not changed and stands at EUR 135,420.75.

13. 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

In addition to the opening of the liquidation of the company NOVUM Finance and registration of the company ROCAPITAL IFN SA based in Bucharest during the reporting period as well as the date of this report there were no changes in the Group structure Kruk.

14. 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.

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

As at the date of release of the previous quarterly report, i.e. as at November 13th 2013

Shareholder	Number of shares	Ownership interest (%)	Number of votes held	Share in total voting rights 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

(*) Joint shareholding of ING OFE and ING DFE, managed by ING PTE S.A.

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

Information about changes in the structure of significant shareholders

On 15 January 2014 the Company received from AMPLICO PTE SA A notice informing that managed by AMPLICO PTE AMPLICO Pension Fund decreased its share in the total number of votes in the Company below 5 %.

Reducing the share of other shareholders in the share capital and the total voting rights in the period from the date of publication of the report for the third quarter of 2013 results from an increase on 16 December 2013 the share capital of the Company by issuing 30,859 shares of series E Series E shares were issued in connection with the exercise by the authorized person of the right to subscribe for shares under the subscription warrants of series A.

The share capital of Kruk SA on 31 st March, and on the day of publication of this interim report is 16,959,095 zł and is divided into 16,959,095 shares , of which 16,959,095 are entitled to vote at the general meeting Kruk SA.

Shareholder	Number of shares	Ownership interest (%)	Number of votes held	Share in total voting rights at GM (%)
Piotr Krupa	2,213,928	13.05	2,213,928	13.05
Aviva OFE	1,932,184	11.39	1,932,184	11.39
ING PTE*	1,835,643	10.82	1,835,643	10.82
Generali OFE	1,575,000	9.29	1,575,000	9.29

(*) Joint shareholding of ING OFE and ING DFE, managed by ING PTE S.A.

16. Members of the management or supervisory staff holding Company shares or rights to 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

Name and surname	Position	Number of shares held
Piotr Krupa	President of the Management Board	2,213,928
Urszula Okarma	Member of the Management Board	110,350
Agnieszka Kulon	Member of the Management Board	67,220
Iwona Słomska	Member of the Management Board	40,000
Michał Zasepa	Member of the Management Board	13,000

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

From the date of release of the consolidated report for Q3 2013, published on November 13th 2013, to the date of publication of this report, the following changes occurred in the management and supervisory staff's holdings of KRUK S.A. shares:

- On November 21st 2013, the Company received a notification from Ms Iwona Słomska, Member of the Management Board, given under Art. 160.1 of the Act on Trading in Financial Instruments, to the effect that Ms Iwona Słomska had sold shares in KRUK S.A. in ordinary transactions executed during trading sessions on the Warsaw Stock Exchange: 1,066 shares on November 18th 2013 and 3,191 shares on November 19th 2013.
- On December 16th 2013, the Company received a notification from Mr Michał Zasepa, 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 5,000 Series E shares in his securities account on December 16th 2013 was related to the exercise of his entitlement to acquire the above number of shares at the issue price of PLN 39.70 per share, resulting from his holding of 5,000 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.
- On April 14th 2014, the Company received a notification from Ms Agnieszka Kulon, Member of the Management Board, given under Art. 160.1 of the Act on Trading in Financial Instruments, to the effect that Ms Agnieszka Kulon had sold 25,000 shares in KRUK S.A. in ordinary transactions executed during a trading session on the Warsaw Stock Exchange. In these transactions, Ms Agnieszka Kulon sold 7,000 shares on April 8th 2014, 16,453 shares on April 9th 2014, and 1,547 KRUK S.A. shares on April 11th 2014.

The President of the Management Board of KRUK S.A. holds no rights to Company shares. Information on rights to Company shares held by the other members of the KRUK S.A. Management Board is included in the section entitled 'Incentive Scheme at KRUK S.A.' below.

Incentive Scheme at KRUK S.A.

The KRUK Group operates an incentive scheme for key management personnel of the Parent and Group companies (Incentive Scheme, Scheme).

The rules of the Incentive Scheme for 2011–2014 were adopted by Resolution No. 1/2011 of KRUK's Extraordinary General Meeting of March 30th 2011, and amended by a resolution of the Extraordinary General Meeting of August 29th 2011.

Under Tranche 1 and 2, Eligible Persons have been offered a total of 391,548 subscription warrants.

From January 1st 2014 to the date of publication of this report, no material changes occurred in the Company's Incentive Scheme.

Numbers of subscription warrants held by Management Board Members as at the date of publication of this quarterly report, that is May 13th 2014

Name and surname	Position	Number of warrants granted under Tranches 1 and 2 for 2011 and 2012
Urszula Okarma	Member of the Management Board	21,014
Agnieszka Kulon	Member of the Management Board	21,014
Iwona Słomska	Member of the Management Board	9,257
Michał Zasępa	Member of the Management Board	20,014

17. Litigation, arbitration or administrative proceedings

Proceedings 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 Libertów sp. z o.o.	PLN 30,828,937.83	Mar 17 2011	PROKURA NSFIZ – Pascal Libertów sp. z o.o. w upadłości (in bankruptcy)	On March 25th 2014, Prokura NSFIZ's claim was filed. The bankruptcy proceedings are pending; assets have not been sold, nor has a bankruptcy plan been drawn up.

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 a credit facility agreement	PLN 63,484.07	Jun 19 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 for declaring certain clauses used in a loan agreement abusive	PLN 34,951.72	Nov 2 2011	Popa Tunde vs. BCR Aiud, BCR SA and SeCapital Lux	The Company believes the claim to be without merit and expects it to be dismissed.
Suit for payment of	PLN 50,000.00	Jun 28 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 Nonna & Sons sp. z o.o.	PLN 16,308,593.25	May 31 2011	Prokura NSFIZ – Nonna & Sons sp. z o.o. w upadłości (in bankruptcy)	Prokura NS FIZ's claim was filed on March 11th 2014. Bankruptcy proceedings are pending.
Bankruptcy proceedings concerning SM SAMI SWOI	PLN 8,347,490.88	Aug 8 2002	PROKURA NSFIZ vs. SM SAMI SWOI (in bankruptcy)	The bankruptcy proceedings are pending; Prokura NS FIZ is waiting for the final bankruptcy plan to be drawn up.
Bankruptcy proceedings concerning NISCO INVEST SRL	PLN 15,145,902.23	Mar 2 2011	Kruk S.A. – Nisco Invest SRL	The bankruptcy proceedings are pending; negotiations are pending with other creditors concerning the satisfaction of Kruk S.A.'s claims.
Bankruptcy proceedings concerning FREGATA - LIFE BOGUMIŁA MROCZEK SPECJALISTA ODNOWY BIOLOGICZNEJ w upadłości (in bankruptcy)	PLN 7,147,299.74	Nov 22 2013	Prokura NSFIZ – LIFE BOGUMIŁA MROCZEK SPECJALISTA ODNOWY BIOLOGICZNEJ	The bankruptcy proceedings are in their initial phase; projections infeasible in this phase.
Bankruptcy proceedings concerning MBB Constructii SRL	PLN 10,141,324.00	Jun 7 2012	Kruk S.A. – MBB Constructii SRL	The bankruptcy proceedings are pending; Kruk S.A. expects partial satisfaction of its claims.

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

Balance of liabilities, receivables and loans as at the reporting date

<i>PLN '000</i>	Liabilities	Receivables	Loans advanced	Interest accrued on loans advanced
Secapital S.a.r.l.	13,336	7,410	-	-
ERIF Business Solutions Sp. z o.o.	11	-	1,350	38
NOVUM Finance Sp. z o.o.	195	53	-	-
Secapital Polska Sp. z o.o.	-	1	-	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	855	806	-	-
KRUK Romania S.r.l	478	4,850	7,372	123
Rejestr Dłużników ERIF BIG S.A.	9	299	170	71
NFIZ PROKURA	2,140	8,819	-	-
NFIZ PROKULUS	-	12	-	-
KRUK Ceska and Slovenska Republika S.r.o.	40	1,672	21,837	2,183
KRUK TFI S.A.	-	5	-	-
InvestCapital Malta Ltd.	-	-	59,319	234
	17,064	23,927	90,048	2,649

Revenue from mutual transactions

<i>PLN '000</i>	Revenue from sale of debt collection services	Revenue from sale of materials and services	Interest and dividends
Secapital S.a.r.l	267	-	63,241
ERIF Business Solutions Sp. z o.o.	-	14	-
NOVUM Finance Sp. z o.o.	71	-	-
Secapital Polska Sp. z o.o.	-	5	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	-	266	753
KRUK Romania S.r.l	-	335	100
Rejestr Dłużników ERIF BIG S.A.	-	92	3
NFIZ PROKURA	7,064	-	-
NFIZ PROKULUS	31	-	-
KRUK Ceska and Slovenska Republika S.r.o.	-	156	308
KRUK TFI S.A.	-	23	-
	7,433	891	64,405

Costs of mutual transactions

PLN '000

	Purchase of debt collection services
KRUK Ceska and Slovenska Republika S.r.o.	79
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	828
KRUK Romania S.r.l	1,504
Rejestr Dłużników ERIF BIG S.A.	287
NOVUM Finance Sp. z o.o.	456
	3,154

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

In Q1 2014, neither KRUK S.A. nor any of the KRUK Group companies issued any sureties or guarantees for repayment of loans to other business entities.

20. 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

On April 11th 2014, ROCAPITAL IFN S.A. of Bucharest, Romania, was registered in Romania. It is an operating company whose business comprises purchasing and servicing mortgage-backed debt portfolios. KRUK S.A. holds 99% of the company's share capital, with the remaining 1% held by KRUK Romania S.r.l. of Bucharest, Romania, a subsidiary of KRUK S.A.

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

Except as described in this report, 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*

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 Raczkiewicz
*Person responsible for maintaining
the accounting records
Wrocław, May 13th 2014*