



The Kruk Group

**Interim Condensed Consolidated
Financial Report
for the period
January 1st 2012 – June 30th 2012**

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I. Financial highlights

1. Consolidated data

Financial highlights	PLN '000		EUR '000	
	Jan 1 – Jun 30 2012	Jan 1 – Jun 30 2011	Jan 1 – Jun 30 2012	Jan 1 – Jun 30 2011
For period				
Revenue	159,333	123,854	37,716	31,219
Operating profit	60,431	48,679	14,305	12,270
Pre-tax profit	35,220	39,316	8,337	9,910
Net profit attributable to owners of the Parent	32,172	39,115	7,615	9,859
Net cash from operating activities	22,349	(205,572)	5,290	(51,817)
Purchase of debt portfolios at prices as per agreement	(96,277)	(315,137)	(22,790)	(79,434)
Cash recoveries	215,947	143,790	51,117	36,244
Net cash from investing activities	(1,943)	(1,564)	(460)	(394)
Net cash from financing activities	(24,025)	214,271	(5,687)	54,009
Change in net cash	(3,619)	7,135	(857)	1,798
Average number of shares ('000)	16,900	16,090	16,900	16,090
Earnings per share (PLN/EUR)	1.90	2.43	0.45	0.61
Diluted earnings per share (PLN/EUR)	1.90	2.43	0.45	0.61
As at	Jun 30 2012	Dec 31 2011	Jun 30 2012	Dec 31 2011
Total assets	820,463	800,466	192,538	181,232
Non-current liabilities	323,138	339,497	75,831	76,865
Current liabilities	226,147	222,586	53,070	50,395
Equity	271,178	238,383	63,637	53,972
Share capital	16,900	16 900	3,966	3,826
Book value per ordinary share (PLN/EUR)	16.04	14.09	3.76	3.19

The financial highlights 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 – 4.2246
- for the previous period - 3.9673

- 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 – 4.2613
- for the previous period - 4.4168

2. *Separate figures for KRUK S.A.*

Financial highlights	PLN '000		EUR '000	
	Jan 1 – Jun 30	Jan 1 – Jun 30	Jan 1 – Jun 30	Jan 1 – Jun 30
For period	2012	2011	2012	2011
Revenue	48,020	33,552	11,367	8,457
Operating profit	(8,340)	(13,436)	(1,974)	(3,387)
Pre-tax profit	30,234	2,053	7,157	517
Net profit	27,184	1,951	6,435	492
Net cash from operating activities	2,000	211	473	53
Net cash from investing activities	16,583	(217,035)	3,925	(54,706)
Net cash from financing activities	(23,610)	214,404	(5,589)	54,043
Change in net cash	(5,027)	(2,420)	(1,190)	(610)
Average number of shares ('000)	16,900	16,090	16,900	16,090
Earnings per share (PLN/EUR)	1.61	0.12	0.38	0.03
Diluted earnings per share (PLN/EUR)	1.60	0.12	0.38	0.03
As at	Jun 30 2012	Dec 31 2011	Jun 30 2012	Dec 31 2011
Total assets	644,769	649,719	151,308	147,102
Non-current liabilities	322,818	339,272	75,756	76,814
Current liabilities	185,443	202,469	43,518	45,841
Equity	136,508	107,978	32,034	24,447
Share capital	16,900	16,900	3,966	3,826
Book value per ordinary share (PLN/EUR)	8.08	6.39	1.90	1.45

The financial highlights 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 – 4.2246
- for the previous period - 3.9673

- 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 – 4.2613
- for the previous period - 4.4168

II. Auditor's report on the review of the interim condensed consolidated financial statements for the period January 1st – June 30th 2012

**INDEPENDENT AUDITORS' REPORT
ON REVIEW OF THE INTERIM
FINANCIAL INFORMATION OF
THE KRUK GROUP
FOR THE PERIOD
FROM JANUARY 1ST TO JUNE 30TH 2012**

To the Shareholders of KRUK S.A.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of the KRUK Group, with its Parent company's registered office at ul. Legnicka 56, Wrocław, Poland, as at June 30th 2012, the condensed consolidated interim income statement and the condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for 6 month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information").

Management of KRUK S.A. is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with the International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information, based on our review.

Scope of Review

We conducted our review in accordance with the national standard on auditing no. 3 *General principles of review of the financial statements/condensed financial statements and conducting of other assurance services* and the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with national standards on auditing and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on accompanying condensed consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30th 2012 is not prepared, in all material respects, in accordance with IAS 34.

On behalf of KPMG Audyt Spółka z ograniczoną
odpowiedzialnością sp.k. registration number 3546
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

.....
Certified Auditor No. 90100
Karol Wolniakowski

Wrocław, 27 August 2012

Signed on the Polish original

.....
Certified Auditor No. 10615
Limited Liability Partner with power of
attorney
Janusz Charytonowicz

III. Interim condensed consolidated financial statements for the period January 1st – June 30th 2012

Interim condensed consolidated statement of financial position

As at Jun 30 2012

PLN '000

	<i>transformed</i>		
	Jun 30 2012	Dec 31 2011	Jun 30 2011
Assets			
Non-current assets			
Property, plant and equipment	13,672	14,326	10,301
Other intangible assets	7,387	6,651	4,851
Goodwill	1,024	1,024	1,024
Deferred tax assets	1,667	1,837	3,199
Total non-current assets	23,750	23,838	19,375
Current assets			
Inventories	680	537	592
Purchase of debt portfolios	739,874	718,706	533,927
Other current investments	5,077	3,222	1,646
Trade receivables	13,282	12,804	11,934
Other receivables	3,317	3,354	4,369
Prepayments and accrued income	1,897	1,800	1,238
Cash and cash equivalents	32,586	36,205	27,911
Total current assets	796,713	776,628	581,617
Total assets	820,463	800,466	600,992
Equity and liabilities			
Equity			
Share capital	16,900	16,900	16,900
Share premium	45,107	45,107	44,974
Exchange differences on translation of foreign operations	(292)	330	320
Other capital reserves	44,711	43,365	2,475
Retained earnings	164,665	132,493	145,403
Equity attributable to owners of the Parent	271,091	238,195	210,072
Non-controlling interests	87	188	75
Total equity	271,178	238,383	210,147
Non-current liabilities			
Non-current liabilities under loans and borrowings and other financial liabilities	323,138	339,497	221,374
Total non-current liabilities	323,138	339,497	221,374
Current liabilities			
Current liabilities under loans and borrowings and other financial liabilities	154,099	137,503	84,310
Trade and other payables	54,542	66,947	67,877
Current tax payable	350	660	1,715
Employee benefits payable	16,892	17,212	15,395
Current provisions	264	264	174
Total current liabilities	226,147	222,586	169,471
Total liabilities	549,285	562,083	390,845
Total equity and liabilities	820,463	800,466	600,992

Interim condensed consolidated statement of comprehensive income

For the reporting period from January 1st to June 30th 2012

PLN '000

	Jan 1 – Jun 30 2012	Jan 1 – Jun 30 2011
Continuing operations		
Revenue	159,333	123,854
Other income	1,149	521
Cost of goods for resale and materials sold	-	(190)
Salaries and wages and other employee benefits	(42,917)	(33,965)
Depreciation and amortisation	(3,137)	(2,541)
Contracted services	(18,006)	(19,058)
Other expenses	(35,991)	(19,942)
	<u>(100,051)</u>	<u>(75,696)</u>
Operating profit	60,431	48,679
Finance income	710	1,095
Finance costs	(25,921)	(10,458)
Net finance costs	<u>(25,211)</u>	<u>(9,363)</u>
Pre-tax profit	35,220	39,316
Income tax	(2,962)	(127)
Net profit for the period	<u>32,258</u>	<u>39,189</u>
Other comprehensive income		
Exchange differences on translation of foreign operations	(622)	(65)
Other comprehensive net income for the period	<u>(622)</u>	<u>(65)</u>
Total comprehensive income for the period	<u>31,636</u>	<u>39,124</u>
Net profit attributable to:		
Owners of the Parent	32,172	39,115
Non-controlling interests	86	74
Net profit for the period	<u>32,258</u>	<u>39,189</u>
Total comprehensive income attributable to:		
Owners of the Parent	31,550	39,050
Non-controlling interests	86	74
Total comprehensive income for the period	<u>31,636</u>	<u>39,124</u>
Earnings per share		
Basic (PLN)	1.90	2.43
Diluted (PLN)	1.90	2.43

Interim condensed consolidated statement of changes in equity

For the reporting period from January 1st to June 30th 2012

PLN '000

	Share capital	Share premium account	Exchange differences on translation of foreign operations	Other capital reserves	Retained earnings	Equity attributable to owners of the Parent	Non- controlling interests	Total equity
Equity as at Jan 1 2011	15,309	5,308	385	2,967	106,288	130,257	42	130,299
Net profit for the period	-	-	-	-	39,115	39,115	74	39,189
Other comprehensive income								
Exchange differences on translation of foreign operations	-	-	(65)	-	-	(65)	-	(65)
Total comprehensive income for the period	-	-	(65)	-	39,115	39,050	74	39,124
Contributions from and distributions to owners								
- Dividend payable	-	-	-	-	-	-	(41)	(41)
- Issue of shares	1,591	39,666	-	(492)	-	40,765	-	40,765
Total equity as at Jun 30 2011	16,900	44,974	320	2,475	145,403	210,072	75	210,147
Equity as at Jan 1 2011	15,309	5,308	385	2,967	106,288	130,257	42	130,299
Net profit for the period	-	-	-	-	66,205	66,205	187	66,392
Other comprehensive income								
Exchange differences on translation of foreign operations	-	-	(55)	-	-	(55)	-	(55)
Total comprehensive income for the period	-	-	(55)	-	66,205	66,150	187	66,337
Contributions from and distributions to owners								
- Payment of dividend	-	-	-	-	-	-	(41)	(41)
- Issue of treasury shares	1,591	39,799	-	(492)	-	40,898	-	40,898
- Share-based payments	-	-	-	890	-	890	-	890
- Designation of capital reserve	-	-	-	40,000	(40,000)	-	-	-
Total equity as at Dec 31 2011	16,900	45,107	330	43,365	132,493	238,195	188	238,383
Equity as at Jan 1 2012	16,900	45,107	330	43,365	132,493	238,195	188	238,383
Net profit for the period	-	-	-	-	32,172	32,172	86	32,258
Other comprehensive income								
Exchange differences on translation of foreign operations	-	-	(622)	-	-	(622)	-	(622)
Total comprehensive income for the period	-	-	(622)	-	32,172	31,550	86	31,636
- Payment of dividend	-	-	-	-	-	-	(187)	(187)
- Share-based payments	-	-	-	1,346	-	1,346	-	1,346
Contributions from and distributions to owners	-	-	-	1,346	-	1,346	(187)	1,159
Total equity as at Jun 30 2012	16,900	45,107	(292)	44,711	164,665	271,091	87	271,178

Interim condensed consolidated statement of cash flows

For the reporting period from January 1st to June 30th 2012

PLN '000

	Jan 1 – Jun 30 2012	Jan 1 – Jun 30 2011
Cash flows from operating activities		
Net profit for period	32,258	39,189
<i>Adjustments</i>		
Depreciation of property, plant and equipment	2,027	1,726
Depreciation of intangible assets	1,110	815
Net finance costs	22,298	9,460
(Gain)/ loss on sale of property, plant and equipment	(127)	(4)
Equity-settled share-based payment transactions	1,346	-
Income tax	2,962	127
Change in other investments	(1,845)	-
Change in investments in debts portfolios	(21,168)	(270 699)
Change in inventories	(143)	(134)
Change in receivables	(451)	(5,036)
Change in prepayments and accrued income	(97)	488
Change in current liabilities, excluding financial liabilities	(12,719)	18,522
Income tax paid	(3 102)	(26)
Net cash from operating activities	22,349	(205,572)
Cash flows from investing activities		
Interest received	710	1,155
Loans advanced	-	(5,551)
Sale of intangible assets and property, plant and equipment	156	30
Purchase of intangible assets and property, plant and equipment	(2,809)	(2,401)
Repayment of loans advanced	-	5,203
Net cash from investing activities	(1,943)	(1,564)
Cash flows from financing activities		
Net proceeds from share issue	-	40,765
Proceeds from commercial paper issue	120,000	138,000
Increase in loans and borrowings	128,200	86,410
Repayment of loans and borrowings	(191,790)	(40,400)
Payments under finance lease agreements	(1,382)	(1,906)
Dividends paid	-	(41)
Redemption of debt securities	(55,478)	-
Interest paid	(23,575)	(8,557)
Net cash from financing activities	(24,025)	214,271
Total net cash flows	(3,619)	7,135
Cash and cash equivalents at beginning of the period	36,205	20,776
Cash and cash equivalents at end of the period	32,586	27,911

Due to the limited amount of information on revenue from debt collection and spending on purchase of debt portfolios, this consolidated statement of cash flows should be read in conjunction with the information contained in Note 9 to the interim condensed consolidated financial statements.

Notes to the interim condensed consolidated 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. Grabiszyńska 269, 53-235 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 its subsidiaries consists primarily in the restructuring and recovery of debts purchased by the Group companies and debts held by financial institutions and other clients.

Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A. (until June 28th 2010 operating under the name of Europejski Rejestr Informacji Gospodarczej Biuro Informacji Gospodarczej S.A.; "ERIF"), a subsidiary of Kruk S.A., is a credit information agency providing credit information on private individuals and businesses which is stored and administered by ERIF.

Until April 30th 2012, the Parent also provided loans to private individuals. As from May 1st 2012, this activity was transferred to a subsidiary, NOVUM Finance Sp. z o.o.

These interim condensed consolidated financial statements for the reporting period from January 1st to June 30th 2012 include the financial statements of the Parent and its subsidiaries (jointly the "Group").

The Parent is Kruk S.A.

As at June 30th 2012 and as at the date of these interim condensed financial statements, the Management Board of the Parent was composed of the following members:

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

As at June 30th 2012 and as at the date of these financial statements, the Supervisory Board was composed of the following members:

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

The Group

As at June 30th 2012, the Group comprised KRUK S.A. of Wrocław and 12 subsidiaries:

- Kancelaria Prawna RAVEN Krupa & Stańko of Wrocław, a law firm providing comprehensive services to support litigation and enforcement, exclusively in connection with the debt collection process carried out by the KRUK Group and its partners;
- Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A. of Warsaw, a credit information agency serving as a platform for collection, processing and provision of information on natural persons and businesses, both delinquent debtors and timely payers;
- KRUK International S.R.L. 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 Warsaw, a company which services securitised debts;
- ERIF Business Solutions Sp. z o.o. of Wrocław, a company assisting Rejestr Dłużników ERIF BIG S.A. in sale, marketing and other operating activities;
- NOVUM FINANCE Sp. z o.o. of Wrocław, a company whose main business consists in providing loans to the former debtors of the KRUK Group;
- KRUK International S.R.L. of Prague, Czech Republic, a company active on the market of credit management services and debts purchase;
- KRUK Towarzystwo Funduszy Inwestycyjnych S.A. of Wrocław, a fund management company;
- KRUK International Zrt. of Budapest, Hungary, a company holding a licence for activities comprising credit management services and debts purchase.

On October 7th 2011, KRUK S.A. signed an agreement to purchase a Hungarian company SH Money Ingatlanfinanszírozási és Pénzügyi Zártkörűen Működő Részvénytársaság ("SH Money"). Under its decision of March 9th 2012, the Hungarian financial regulator (PSZÁF) approved the purchase of SH Money by KRUK S.A. The purchase price amounted to PLN 1,318 thousand. The acquired assets comprise cash and a licence for debt collection activities.

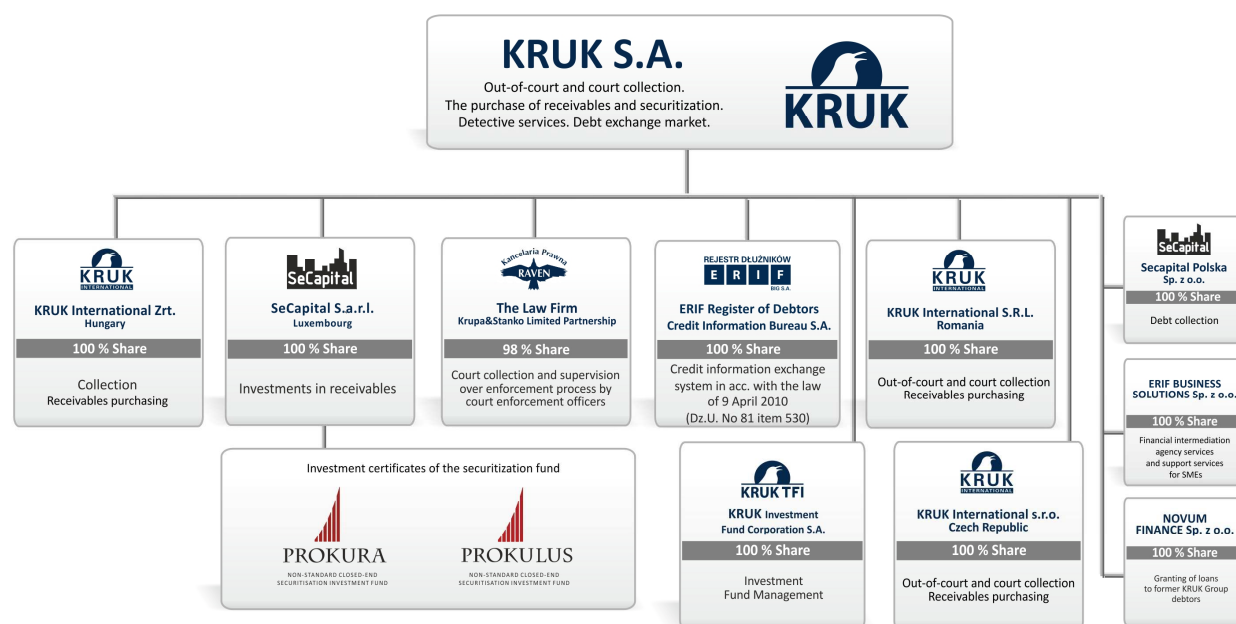
On June 6th 2012, the Management Board of KRUK S.A. resolved to suspend its activities designed to prepare for entering the Hungarian market for indefinite time. The Management Board believes that currently the estimated size of the Hungarian debt purchase market does not guarantee satisfactory development of the KRUK Group's business in Hungary, which, however, does not preclude the possibility of the Company entering that market in the future.

All the subsidiaries listed above were consolidated in these interim condensed consolidated financial statements as at June 30th 2012 and for the period from January 1st to June 30th 2012, with the proviso that:

- KRUK International Zrt. (until April 24th 2012 – SH Money) has been consolidated since April 1st 2012.

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

	Country	Share capital held (%)	
		Jun 30 2012	Dec 31 2011
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 International S.r.l.	Romania	100%	100%
Kancelaria Prawna RAVEN Krupa & Stańko Spółka komandytowa	Poland	98%	98%
Prokura NS FIZ	Poland	100%	100%
Prokulus NS FIZ	Poland	100%	100%
KRUK TFI S.A.	Poland	100%	100%
Kruk International S.r.o.	Czech Republic	100%	100%
Kruk International Z.r.t.	Hungary	100%	-



2. Reporting period

The reporting period is the period from January 1st to June 30th 2012, while the comparative period is the period from January 1st to June 30th 2011. The consolidated statement of financial position has been prepared as at June 30th 2012, while the comparative data is presented as at June 30th 2011 and December 31st 2011.

3. *Statement of compliance*

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *"Interim Financial Reporting"*.

These statements do not include all information required to be disclosed in annual financial statements; accordingly, they should be read in conjunction with the Group's consolidated financial statements as at and for the financial year ended December 31st 2011.

These interim condensed consolidated financial statements were approved by the Parent's Management Board (the "Management Board") on August 27th 2012.

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

4. *Significant accounting policies*

With the exception of changes described below, the accounting policies used in the preparation of these interim condensed 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 2011.

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 2012:

- IFRS 7 "Disclosures - Transfers of Financial Assets"
- Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"

In the opinion of the Management Board, the above amendments have no effect on the Group's financial statements.

5. *Accounting judgements and estimates*

In order to prepare interim consolidated financial statements, 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 those 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 as at and for the financial year ended December 31st 2011.

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

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

6. *Financial risk management*

The rules for financial risk management have been presented in the most recent consolidated annual financial statements as at and for the financial year ended December 31st 2011. In the period from January 1st to June 30th 2012, no material changes occurred in the methods used to manage financial risk.

7. *Reporting and geographical segments*

The Group has identified two key reporting segments, presented below. At least once in a quarter, the President of the Management Board performs a review of internal reports submitted by the management of each identified business segment. The operating activities of the Group's reporting segments are as follows:

- Debt purchase: collection of purchased debt;
- Credit management: fee-based collection of debt on client's behalf.

Information on the performance of each reporting segment is presented below. The key performance metric for each reporting segment is gross profit, which is disclosed in the management's internal reports submitted for review to 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 same industry.

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

Reporting segments

PLN '000

	Jan 1 – Jun 30 2012	Jan 1 – Jun 30 2011
Revenue	159,333	123,854
Purchased debt portfolios	140,378	102,383
Collection services	15,942	20,075
Other products	3,013	1,396
Direct and indirect costs	70,767	53,052
Purchased debt portfolios	57,087	39,058
Collection services	10,601	12,392
Other products	3,079	1,602
Gross profit	88,566	70,802
Purchased debt portfolios	83,291	63,325
Collection services	5,341	7,683
Other products	(66)	(206)
General and administrative expenses	24,993	18,885
Depreciation and amortisation	3,137	2,541
Other income	1,149	521
Other expenses	(1,154)	(1,218)
Finance income/costs	(25,211)	(9,363)
Pre-tax profit	35,220	39,316
Income tax	(2,962)	(127)
Net profit	32,258	39,189

Geographical segments

PLN '000

	Jan 1 – Jun 30 2012	Jan 1 – Jun 30 2011
Revenue	159,333	123,854
Poland	112,560	79,316
Foreign markets	46,773	44,538
Direct and indirect costs	70,767	53,052
Poland	57,295	43,953
Foreign markets	13,472	9,099
Gross profit	88,566	70,802
Poland	55,265	35,363
Foreign markets	33,301	35,439
General and administrative expenses	24,993	18,885
Depreciation and amortisation	3,137	2,541
Other income	1,149	521
Other expenses	(1,154)	(1,218)
Finance income/costs	(25,211)	(9,363)
Pre-tax profit	35,220	39,316
Income tax	(2,962)	(127)
Net profit	32,258	39,189

8. Seasonality or cyclical of operations

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

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

Purchased debt portfolios

In the period covered by these financial statements, expenses incurred by the Group to purchase debt portfolios were PLN 96,277 thousand (PLN 315,137 thousand in H1 2011), while cash recoveries amounted to PLN 215,270 thousand (PLN 143,790 thousand in H1 2011). For a description of changes in the estimates of the debt portfolios' value see Note 10 to the interim condensed consolidated financial statements.

PLN '000

Purchased debt portfolios as at Jan 1 2011	263,228
Purchase of debt portfolios at prices as per agreement	568,879
Acquisition price adjustment for discount	(5,174)
Cash recoveries	(341,122)
Liabilities to debtors in respect of overpayment	2,544
Revenue from debt purchase (interest and revaluation)	230,351
Purchased debt portfolios as at Dec 31 2011	718,706
 Purchased debt portfolios as at Jan 1 2012	 718,706
Purchase of debt portfolios at prices as per agreement	96,227
Acquisition price adjustment for discount	(216)
Cash recoveries	(215,947)
Liabilities to debtors in respect of overpayment	677
Revenue from debt purchase (interest and revaluation)	140 378
Purchased debt portfolios as at Jun 30 2012	739,874

PLN '000

	Jun 30 2012	Dec 31 2011	Jun 30 2011
Purchased debt portfolios			
Bank loans, including:	676,068	655,159	479,009
- consumer loans	674,162	653,042	476,098
- car loans	1,530	1,771	2,128
- mortgage loans	376	346	783
Telecommunication bills	46,070	54,502	52,886
Cash loans (other than granted by banks)	192	381	448
Other	17,542	8,664	1,584
	739,872	718,706	533,927

10. 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 – Jun 30 2012	Jan 1 – Jun 30 2011
Revenue from debt purchase	140,378	102,383
Revenue from fee-based credit management services	15,942	20,075
Revenue from other products	2,992	1,202
Revenue from sales of goods for resale and materials	21	194
	<u>159,333</u>	<u>123,854</u>

PLN '000

	Jan 1 – Jun 30 2012	Jan 1 – Jun 30 2011
Interest income adjusted for actual payments	146,593	95,345
Revaluation of debt portfolios	(6,215)	7,038
	<u>140,378</u>	<u>102,383</u>

Revaluation of debt portfolios

PLN '000

	Jun 30 2012	Jun 30 2011
Revision of forecast	(6,995)	8,330
Change due to change in discount rate	780	(1,292)
	<u>(6,215)</u>	<u>7,038</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 expenses

<i>PLN '000</i>	Jan 1 – Jun 30 2012	Jan 1 – Jun 30 2011
Interest income on bank deposits	710	729
Other interest income	-	366
	<u>710</u>	<u>1,095</u>
Interest expense on financial liabilities measured at amortised cost	(23,629)	(9,239)
Net foreign exchange gains/(losses) and discount	(2,292)	(1,219)
	<u>(25,921)</u>	<u>(10,458)</u>
Net finance costs recognised in profit or loss	(25,211)	(9,363)
<i>PLN '000</i>	Jan 1 – Jun 30 2012	Jan 1 – Jun 30 2011
Total interest income on financial assets	710	1,095
Total interest expense on financial liabilities	(23,629)	(9,239)
<i>PLN '000</i>	Jan 1 – Jun 30 2012	Jan 1 – Jun 30 2011
Exchange differences on translation of foreign operations	(622)	(65)
Attributable to:		
Owners of the Parent	(622)	(65)
Finance income recognised directly in other comprehensive income	<u>(622)</u>	<u>(65)</u>

Purchase and sale of property, plant and equipment

In the reporting period, the Group did not purchase or sell any material items of property, plant and equipment or intangible assets.

Loans, borrowings and finance lease liabilities

<i>LN '000</i>	Jun 30 2012	Dec 31 2011	Jun 30 2011
Non-current liabilities			
Secured loans and borrowings	7,146	70,453	32,111
Liabilities under debt securities (unsecured)	312,089	264,888	187,108
Finance lease liabilities	3,903	4,156	2,155
	323,138	339,497	221,374
Current liabilities			
Current portion of secured loans and borrowings	41,546	41,442	34,143
Liabilities under debt securities	111,017	94,097	48,356
Current portion of finance lease liabilities	1,536	1,964	1,811
	154,099	137,503	84,310

Earnings per share

<i>'000</i>	Jan 1 – Jun 30 2012	Jan 1 – Jun 30 2011
Number of ordinary shares as at Jan 1	16,900	15,308
Effect of retirement and issue of own shares	-	782
Weighted average number of ordinary shares as at Jun 30	16,900	16,090
<i>PLN</i>		
Earnings per share	1.90	2.43

<i>'000</i>	Jan 1 – Jun 30 2012	Jan 1 – Jun 30 2011
Weighted average number of ordinary shares as at Jun 30	16,900	16,090
Effect of issue option on shares	54	-
Weighted average number of ordinary shares as at Jun 30 (diluted)	16,954	16,090
<i>PLN</i>		
Earnings per share (diluted)	1.90	2.43

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

A major event for the Group was the organisation of a multi-national satisfaction survey among the strategic customers of KRUK S.A. The survey, conducted in Poland, Czech Republic and Romania, was carried out to analyse debtors' approach to their debts and their behaviour in contact with a debt management company. A noteworthy milestone was exceeding the threshold of 1 million records in the database of the ERIF Debt Register and the first-time entry into the database of information on successful debt repayment.

12. *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 H1 2012, the investments totalled PLN 96,277 thousand (PLN 315,137 thousand in H1 2011).

As at June 30th 2012, the value of the Group's investments in debt portfolios accounted for 90% of its assets. Equity accounts for 33% of the financing of the Group's operations.

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

January 26th 2012 saw partial repurchase and redemption of investment certificates of Prokura NS FIZ (22,639 Series M investment certificates with a value of PLN 7.37 per certificate, and 2,080,481 Series K investment certificates with a value of PLN 7.37 per certificate. All the redeemed certificates had been held by Secapital S.a.r.l. of Luxembourg, the Company's subsidiary. The transaction has been eliminated on consolidation.

On February 20th 2012, a portion of investment certificates issued by PROKURA NS FIZ were repurchased and redeemed (1,604,097 Series M investment certificates with a value of PLN 7.53 per certificate). All the redeemed certificates had been held by Secapital S.ř.r.l. of Luxembourg, the Company's subsidiary. The transaction has been eliminated on consolidation.

On February 24th 2012, KRUK S.A. repurchased unsecured Series B commercial paper worth PLN 15,882 thousand.

On March 21st 2012, KRUK S.A. issued unsecured Series M1 commercial paper with a total value of PLN 70,000 thousand and a maturity period of 48 months. The commercial paper was issued at par. The issue proceeds were used to finance debt portfolio purchases by the KRUK Group companies. The commercial paper is admitted to trading in the alternative trading system on the Catalyst market.

March 22nd 2012 saw a share capital increase at Secapital S.a.r.l. of Luxembourg. The share capital was increased through the creation of 2,727 new class A shares with a par value of PLN 1,000 per share and the total value of PLN 2,727 thousand. All the shares were subscribed for by KRUK S.A. The issue price of the shares subscribed for by KRUK S.A. was PLN 1,100 per share.

On April 13th 2012, KRUK S.A. issued unsecured Series N1 commercial paper with a total value of PLN 50,000 thousand and a maturity period of 47 months.

On April 19th 2012, KRUK S.A. repurchased unsecured Series H1 and Series H2 commercial paper with a value of PLN 6,045 thousand and PLN 5,541 thousand, maturing in 30 and 36 months, respectively.

On April 20th 2012, KRUK S.A. repurchased unsecured Series I2 commercial paper worth PLN 8,496 thousand and maturing in 42 months.

On April 27th 2012, KRUK S.A. repurchased unsecured Series G2 commercial paper worth PLN 4,563 thousand, maturing in 24 months.

On May 22nd 2012, Prokura NS FIZ issued 1,277,372 investment certificates, with a value of PLN 8.22 per certificate. All the certificates issued by Prokura NS FIZ are held by Secapital S.a.r.l. of Luxembourg. The transaction has been eliminated on consolidation.

On May 25th 2012, KRUK S.A. repurchased unsecured Series G2, Series H1, and Series H2 commercial paper with a value of PLN 2,560 thousand, PLN 1,532 thousand, and PLN 1,132 thousand, maturing in 24, 30 and 36 months, respectively.

On June 5th 2012, KRUK S.A. repurchased unsecured Series L1 commercial paper worth PLN 10,000 thousand.

On June 27th 2012, Prokulus NS FIZ issued 500,000 investment certificates, with a value of PLN 0.32 per certificate. All the certificates issued by Prokulus NS FIZ are held by Secapital S.a.r.l. of Luxembourg. The transaction has been eliminated on consolidation.

14. *Dividend paid out (or declared)*

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

15. *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 July 11th 2012, KRUK S.A. repurchased unsecured Series J1 commercial paper worth PLN 10,000 thousand.

On July 15th 2012, KRUK S.A. repurchased unsecured Series E1 commercial paper worth PLN 12,500 thousand.

On July 18th 2012, Prokura NS FIZ issued 501,113 investment certificates, with a value of PLN 8.98 per certificate. All certificates issued by Prokura NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

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

The security of future liabilities

On January 19th 2012, KRUK S.A. and Alior Bank S.A. executed an annex to the payment guarantee agreement securing KRUK S.A.'s payments under an agreement on the lease of office space at ul. Legnicka 56 from Legnicka Business House Sp. z o.o. The guarantee of EUR 168 thousand is valid until January 24th 2013. It is secured with a deposit of PLN 450 thousand and a power of attorney to KRUK S.A.'s accounts held with Alior Bank S.A.

On February 23rd 2012, Kruk S.A. and Towarzystwo Ubezpieczeń Europa S.A. executed an insurance guarantee agreement to secure proper performance by KRUK S.A. of its obligations under the agreement on the lease of office space at Wrocławski Park Biznesu 2, complex B1A, at ul. Wołowska 4 in Wrocław. The guarantee amount is EUR 114.5 thousand. The guarantee remains valid until February 24th 2013 and is secured with a blank promissory note issued by KRUK S.A.

Piotr Krupa

President of the Management Board

Rafał Janiak

Member of the Management Board

Agnieszka Kułton

Member of the Management Board

Urszula Okarma

Member of the Management Board

Iwona Słomska

Member of the Management Board

Michał Zasępa

Member of the Management Board

Katarzyna Raczkiewicz

Person responsible for maintaining the accounting records

Wrocław, August 27th 2011

IV. Auditor's report on the review of the interim condensed separate financial statements for the period January 1st – June 30th 2012

**INDEPENDENT AUDITORS' REPORT
ON REVIEW OF THE INTERIM
FINANCIAL INFORMATION OF
KRUK S.A.
FOR THE PERIOD
FROM JANUARY 1ST TO JUNE 30TH 2012**

To the Shareholders of KRUK S.A.

Introduction

We have reviewed the accompanying condensed separate interim statement of financial position of KRUK S.A., with its registered office at ul. Legnicka 56, Wrocław, Poland as at June 30th 2012, the condensed separate interim income statement and the condensed separate interim statements of comprehensive income, changes in equity and cash flows for 6 month period then ended, and notes to the interim financial information ("the condensed separate interim financial information").

Management KRUK S.A. is responsible for the preparation and presentation of this condensed separate interim financial information in accordance with the International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this condensed separate interim financial information, based on our review.

Scope of Review

We conducted our review in accordance with the national standard on auditing no. 3 *General principles of review of the financial statements/condensed financial statements and conducting of other assurance services* and the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with national standards on auditing and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on accompanying condensed separate interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial information as at June 30th 2012 is not prepared, in all material respects, in accordance with IAS 34.

On behalf of KPMG Audyt Spółka z ograniczoną
odpowiedzialnością sp.k. registration number 3546
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

.....
Certified Auditor No. 90100
Karol Wolniakowski

Wrocław, 27 August 2012

Signed on the Polish original

.....
Certified Auditor No. 10615
Limited Liability Partner with power of
attorney
Janusz Charytonowicz

**V. Interim condensed separate financial statements for the period
January 1st – June 30th 2012**

Interim condensed separate statement of financial position

As at Jun 30 2012

PLN '000

	transformed		
	Jun 30 2012	Dec 31 2011	Jun 30 2011
Assets			
Non-current assets			
Property, plant and equipment	11,609	12,144	8,649
Intangible assets	6,178	6,385	4,664
Investments in subsidiaries	506,353	483,235	371,936
Deferred tax assets	1,276	1,671	2,904
Total non-current assets	525,416	503,435	388,153
Current assets			
Inventories	529	393	382
Purchase of debt portfolios	73,262	90,879	45,208
Other current investments	19,341	15,687	3,169
Trade receivables from related entities	9,090	12,599	20,029
Trade receivables from other entities	4,118	5,799	3,215
Other receivables	6,424	9,444	4,997
Prepayments and accrued income	1,593	1,460	1,177
Cash and cash equivalents	4,996	10,023	6,089
Total current assets	119 353	146,284	84,266
Total assets	644 769	649,719	472,419
Equity and liabilities			
Equity			
Share capital	16,900	16,900	16,900
Share premium	45,107	45,107	44,974
Other capital reserves	44,711	43,365	2,475
Retained earnings	29,790	2,606	44,040
Total equity	136 508	107,978	108,389
Non-current liabilities			
Non-current liabilities under loans and borrowings, and other financial liabilities	322,818	339,272	221,112
Total non-current liabilities	322 818	339,272	221,112
Current liabilities			
Current liabilities under loans and borrowings, and other financial liabilities	153,876	137,371	84,186
Trade and other payables	18,774	50,373	44,463
Current tax payable	350	660	1,715
Employee benefits payable	12,443	14,065	12,554
Total current liabilities	185 443	202,469	142,918
Total liabilities	508 261	541,741	364,030
Total equity and liabilities	644 769	649,719	472,419

Condensed interim separate statement of comprehensive income

For the reporting period from January 1st to June 30th 2012

PLN '000

	Jan 1 – Jun 30 2012	Jan 1 – Jun 30 2011
Revenue	48,020	33,552
Other income	2,785	676
Cost of goods for resale and materials sold	(83)	(222)
Salaries and wages and other employee benefits	(29,388)	(26,198)
Depreciation and amortisation	(2,588)	(2,109)
Contracted services	(14,657)	(10,360)
Other expenses	(12,429)	(8,775)
	<u>(59,145)</u>	<u>(47,664)</u>
Operating loss	(8,340)	(13,436)
Finance income	63,674	24,757
Finance costs	(25,100)	(9,268)
Net finance income	<u>38,574</u>	<u>15,489</u>
Pre-tax profit/(loss)	30,234	2,053
Income tax	(3,050)	(102)
Net profit/(loss) for the period	<u>27,184</u>	<u>1,951</u>
Total comprehensive income for the period	<u>27,184</u>	<u>1,951</u>
Earnings/(loss) per share		
Basic (PLN)	1.61	0.12
Diluted (PLN)	1.60	0.12

Interim condensed separate statement of changes in equity

For the reporting period from January 1st to June 30th 2012

PLN '000

	Share capital	Share premium	Other capital reserves	Retained earnings	Total equity
Equity as at Jan 1 2011	15,309	5,308	2,967	42,089	65,673
Comprehensive income for the period					
Net profit for the period	-	-	-	1,951	1,951
Total comprehensive income for the period	-	-	-	1,951	1,951
Contributions from and distributions to owners					
- Registration of treasury shares	-	-	-	-	-
- Issue of shares	1,591	39,666	(492)	-	40,765
Total equity as at Jun 30 2011	16,900	44,974	2,475	44,040	108,389
Equity as at Jan 1 2011	15,309	5,308	2,967	42,089	65,673
Comprehensive income for the period					
Net profit for the period	-	-	-	517	517
Total comprehensive income for the period	-	-	-	517	517
Contributions from and distributions to owners					
- Share-based payments	-	-	890	-	890
- Issue of shares	1,591	39,799	(492)	-	40,898
- Designation of capital reserve	-	-	40,000	(40,000)	-
Contributions from and distributions to owners	1,591	39,799	40,398	(40,000)	41,788
Total equity as at Dec 31 2011	16,900	45,107	43,365	2,606	107,978
Equity as at Jan 1 2012	16,900	45,107	43,365	2,606	107,978
Comprehensive income for the period					
Net profit for the period	-	-	-	27,184	27,184
Total comprehensive income for the period	-	-	-	27,184	27,184
Contributions from and distributions to owners					
- Share-based payments	-	-	1,346	-	1,346
Contributions from and distributions to owners	-	-	1,346	-	1,346
Total equity as at Jun 30 2012	16,900	45,107	44,711	29,790	136,508

*Interim condensed separate statement of cash flows***For the reporting period from January 1st to June 30th 2012**

PLN '000

	Jan 1 – Jun 30 2012	Jan 1 – Jun 30 2011
Cash flows from operating activities		
Net profit for the period	27,184	1,951
<i>Adjustments</i>		
Depreciation of property, plant and equipment	1,568	1,301
Depreciation of intangible assets	1,020	808
Net finance income	(39,936)	(15,503)
(Gain)/ loss on sale of property, plant and equipment	30	26
(Gain)/loss on sale of an organised part of business	(1,435)	-
Equity-settled share-based payment transactions	1,346	-
Income tax	3,051	102
Change in other investments	(1,654)	-
Change in investments in debts portfolios	17,617	(26 628)
Change in inventories	(136)	(5)
Change in receivables	9,018	6 968
Change in prepayments and accrued income	(133)	477
Change in current liabilities, excluding financial liabilities	(11,115)	30 114
Change in employee benefits payable	(1,461)	1 014
Income tax paid	(2,964)	(414)
Net cash from operating activities	2 000	211
Cash flows from investing activities		
Interest received	234	432
Loans advanced	(6,754)	(6,902)
Sale of intangible assets and property, plant and equipment	-	-
Dividend received	41,801	20,000
Disposal of financial assets	-	7,000
Other capital expenditure on related entities	(223)	-
Purchase of intangible assets and property, plant and equipment	(1,587)	(1,606)
Acquisition of financial assets	(16,888)	(244,984)
Repayment of loans advanced	-	9,025
Net cash from investing activities	16 583	(217,035)
Cash flows from financing activities		
Proceeds from commercial paper issue	120,000	138,000
Net proceeds from share issue	-	40,766
Increase in loans and borrowings	128,200	86,410
Repayment of loans and borrowings	(191,790)	(40,400)
Payments under finance lease agreements	(1,213)	(1,790)
Redemption of debt securities	(55,478)	-
Interest paid	(23,329)	(8,582)
Net cash from financing activities	(23,610)	214,404
Total net cash flows	(5,027)	(2,420)
Cash and cash equivalents at beginning of the period	10,023	8,509
Cash and cash equivalents at end of the period	4,996	6,089

Notes to the interim condensed separate financial statements

1. *Company details*

Name

KRUK Spółka Akcyjna ("KRUK S.A." or "the Company")

Registered office

ul. Legnicka 56
54-204 Wrocław, Poland

Registration in the National Court Register:

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

Date of entry: September 7th 2005

Entry number: KRS 0000240829

Business profile

The Company's business consists primarily in the restructuring and recovery of debts purchased by the KRUK Group companies ("the Group") and debts held by financial institutions and other clients.

Until April 30th 2012, the Company provided loans to private individuals. On April 30th 2012, the Company sold its lending arm as an organised part of business to its subsidiary NOVUM Finance Sp. z o.o.

2. *Reporting period*

The reporting period starts on January 1st 2012 and ends on June 30th 2012, while the comparative period starts on January 1st 2011 and ends on June 30th 2011. The separate statement of financial position was prepared as at June 30th 2012, while the comparative data was presented as at June 30th 2011 and December 31st 2011.

The comparative data as at June 30th 2011 reflects the correction of previous year's errors described in the separate financial statements for the financial year ended December 31st 2011.

3. *Statement of compliance*

These interim condensed separate financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

These financial statements do not include all information required to be disclosed in annual financial statements; accordingly, they should be read in conjunction with the Group's interim condensed consolidated financial statements for the period from January 1st to June 30th 2012 as well as Kruk S.A.'s separate financial statements and the Group's consolidated financial statements as at and for the financial year ended December 31st 2011.

These interim condensed separate financial statements were approved by the Company's Management Board ("the Management Board") on August 27th 2012.

The data contained in these interim condensed separate financial statements is presented in the Polish złoty (PLN), rounded to the nearest thousand.

4. *Accounting judgements and estimates*

In order to prepare interim separate financial statements, 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 those estimates. The material assumptions underlying the estimates made by the Company and the applied accounting policies have been presented in the most recent consolidated annual financial statements as at and for the financial year ended December 31st 2011.

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

In the opinion of the Management Board, there are no facts or circumstances which could pose a significant threat to the Company continuing as a going concern. Therefore, these interim condensed separate financial statements have been prepared on a going concern basis.

5. *Significant accounting policies*

With the exception of changes described below, the accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the most recent separate annual financial statements as at and for the financial year ended December 31st 2011.

6. *Other explanatory information*

These semi-annual condensed separate financial statements should be read in conjunction with the interim condensed consolidated financial statements of the KRUK Group as at June 30th 2012 and for the period January 1st–June 30th 2012.

Piotr Krupa

President of the Management Board

Rafał Janiak

Member of the Management Board

Agnieszka Kulon

Member of the Management Board

Urszula Okarma

Member of the Management Board

Iwona Słomska

Member of the Management Board

Michał Zasępa

Member of the Management Board

Katarzyna Raczkiewicz

*Person responsible for maintaining
the accounting records*

Wrocław, August 27th 2011

VI. Directors' report

1. 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 April 23rd 2012, the Company's Extraordinary General Meeting adopted a resolution to approve a disposal of an organised part of KRUK S.A.'s business to NOVUM Finance Sp. z o.o., a wholly-owned subsidiary of the Company. Within the Company's internal organisational structure, it was an organisationally, financially and functionally separate Consumer Finance Division whose core business was consumer lending. The organised part of business comprised a portfolio of consumer loans as well as all obligations, infrastructure and personnel relating to this part of business. The employees were transferred pursuant to Art. 23 of the Polish Labour Code. The value of the organised part of business was estimated within the range from PLN 5.4m to PLN 6.2m.

On October 7th 2011, KRUK S.A. signed an agreement to purchase a Hungarian company, SH Money. By virtue of a decision dated March 9th 2012, the Hungarian financial regulator (PSZÁF) approved the acquisition of SH Money by KRUK S.A. On June 6th 2012, the Company's Management Board resolved to suspend its activities designed to enter the Hungarian market for indefinite period. The Management Board believes that currently the estimated size of the Hungarian debt purchase market does not guarantee satisfactory development of the KRUK Group's business in Hungary.

2. 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.

3. 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 report

As at the date of release of the previous report

Shareholder	Number of shares	Ownership interest (%)	Number of votes held	Share in total vote at GM (%)
Polish Enterprise Fund IV1209 Orange Street, Wilmington, County of New Castle, State of Delaware, USA	4,196,550	24.83	4,196,550	24.83
Piotr Krupa	2,655,790	15.71	2,655,790	15.71
Generali Otworthy Fundusz Emerytalny, ul. Postępu 15B, Warsaw, Poland	866,101	5.12	866,101	5.12

As at the date of release of this periodic report

Shareholder	Number of shares	Ownership interest (%)	Number of votes held	Share in total vote at GM (%)
Polish Enterprise Fund IV1209 Orange Street, Wilmington, County of New Castle, State of Delaware, USA	4,196,550	24.83	4,196,550	24.83
Piotr Krupa	2,625,928	15.54	2,625,928	15.54
Generali Otworthy Fundusz Emerytalny, ul. Postępu 15B, Warsaw, Poland	866,101	5.12	866,101	5.12

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

Name and surname	Position	Number of shares held
Piotr Krupa	President of the Management Board	2,625,928
Rafał Janiak	Member of the Management Board	144,710 (including 52,840 shares held indirectly)
Urszula Okarma	Member of the Management Board	110,350
Agnieszka Kułton	Member of the Management Board	117,220
Iwona Słomska	Member of the Management Board	40,858
Michał Zasępa	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.

To the best of the Management Board's knowledge, in the period from the publication date of the previous report to this report release date, Piotr Krupa sold some of his shares.

5. 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 Pascal Construction sp. z o.o. w upadłości (in bankruptcy)*	PLN 18,209,415.90	Jan 25 2006	PROKURA NSFIZ – Pascal Construction Sp. z o.o. w upadłości (in bankruptcy)	The funds as specified in the bankruptcy plan were paid out on May 7th 2012. The bankruptcy proceedings have not been concluded yet; the fund does not expect its claims to be satisfied.

Cases with largest values of claim, 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>
Action concerning abusive clauses used in a loan agreement between BCR and debtor*	PLN 81,342.58	Jun 17 2011	PIVNICERU RADA; S.C. KRUK INTERNATIONAL S.R.L.	The Company believes the claim to be without merit and expects it to be dismissed in its entirety. (The court of first instance dismissed the action; the plaintiff has lodged an appeal.)
Action concerning abusive clauses used in a loan agreement between BCR and debtor*	PLN 55,051.53	Mar 23 2012	OLARU OANA DANIELA; S.C. KRUK INTERNATIONAL SRL	The Company believes the claim to be without merit and expects it to be dismissed in its entirety.
Action concerning abusive clauses used in a loan agreement between BCR and debtor*	PLN 48,031.65	May 6 2011	OLARU EDUARD FLORIN; BANCA COMERCIALA ROMANA SA; KRUK INTERNATIONAL SRL	The Company believes the claim to be without merit and expects it to be dismissed in its entirety.

Litigation involving potential receivables – three 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 SM WSPÓŁPRACA*	6,255,973.08	Jun 27 2006	PROKURA NSFIZ - SPÓŁDZIELNIA MIESZKANIOWA WSPÓŁPRACA	The funds provided for in the bankruptcy plan have been paid out. The bankruptcy proceedings have not been concluded yet; the fund does not expect its claims to be satisfied.
Bankruptcy proceedings concerning SM SAMI SWOI*	5,068,075.17	Feb 14 2000	PROKURA NSFIZ – SM SAMI SWOI	Bankruptcy proceedings are pending; the fund is awaiting a bankruptcy plan to be drawn up – the plan is likely to be completed by the end of 2012.
Bankruptcy proceedings concerning Spółdzielcze Zrzeszenie Budowy Domków Jednorodzinnych STOKROTKA *	3,310,811.77	May 16 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.

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

Transaction of the Parent with its subsidiaries as at June 30th 2012

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

PLN '000

	Liabilities	Receivables	Loans advanced	Interest accrued on loans advanced
Secapital S.a.r.l	10,098	862	-	-
Novum Finance Sp. z o.o.	-	235	-	-
Secapital Polska Sp. z o.o.	-	12	-	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	377	4 468	-	-
KRUK International S.r.l.	465	2,937	5,823	392
Rejestr Dłużników ERIF BIG S.A.	4	71	944	13
NFIZ PROKURA	1,081	5,713	-	-
NFIZ PROKULUS	-	6	-	-
KRUK International S.r.o.	39	662	11,578	606
KRUK TFI	-	3	-	-
	12,064	14,969	18,345	1,011

Revenue from mutual transactions

PLN '000

	Revenue from sales of goods for resale and services	Revenue from sales of debt collection services	Interest and dividends
Secapital S.a.r.l	-	564	58,773
ERIF Business Solutions Sp. z o.o.	11	-	-
Novum Finance Sp. z o.o.	28	-	-
Secapital Polska Sp. z o.o.	10	-	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	95	-	4,203
KRUK International S.r.l.	-	-	57
Rejestr Dłużników ERIF BIG S.A.	113	-	17
NFIZ PROKURA	-	11,256	-
NFIZ PROKULUS	-	15	-
KRUK TFI	10	-	-
KRUK International S.r.o.	255	-	390
	522	11,835	63,440

Costs of mutual transactions

PLN '000

Purchase of debt collection services

Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	1,373
KRUK International S.r.l.	3,183
Rejestr Dłużników ERIF BIG S.A.	595
KRUK International S.r.o.	259
	<u>5,409</u>

Investments in related companies

PLN '000

The value at 30 June 2012

	Country	
Secapital S.a.r.l	Luksemburg	483,166
ERIF Business Solution Sp.z.o.o	Polska	100
Secapital Polska Sp. z o.o.	Polska	0
Rejestr Dłużników Europejski Rejestr Informacji Finansowej Biuro Informacji Gospodarczej SA	Polska	1,564
Novum Finance Sp. z o.o.	Polska	7, 250
KRUK International Srl	Rumunia	11,423
Kancelaria Prawna RAVEN Krupa & Stańko Spółka komandytowa	Polska	300
KRUK TFI S.A.	Polska	1,200
Kruk International S.r.o.	Czechy	33
Kruk International Z.r.t.	Węgry	1,318
		<u>506,353</u>

7. Information on sureties for repayment of loans or borrowings and on 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 or borrowings to other business entities.

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

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

9. 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.

10. Representation of the Management Board

These interim condensed financial statements and comparative data were prepared in compliance with the applicable accounting standards and give a true, fair and clear view of the Issuer Group's assets, financial standing and financial performance, and present a true picture of the development, achievements and standing of the Group, including the description of the key risks and threats.

The qualified auditor of financial statements that reviewed the interim condensed consolidated financial statements was appointed in compliance with applicable laws, and met the conditions required to issue an impartial and independent review report, in accordance with the applicable laws and professional standards.

Piotr Krupa

President of the Management Board

Rafał Janiak

Member of the Management Board

Agnieszka Kułton

Member of the Management Board

Urszula Okarma

Member of the Management Board

Iwona Słomska

Member of the Management Board

Michał Zasępa

Member of the Management Board

Wrocław, August 27th 2011