



The Kruk Group

**Interim Condensed Consolidated
Financial Report
for the third quarter ended September 30th 2012**

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I. Interim condensed consolidated financial statements

1. Consolidated financial highlights

Financial highlights	PLN '000		EUR '000	
	01.01.2012 - 30.09.2012	01.01.2011 - 30.09.2011	01.01.2012 - 30.09.2012	01.01.2011 - 30.09.2011
For period				
Revenue	245,111	190,608	58,431	47,165
Operating profit	96,709	72,252	23,054	17,878
Pre-tax profit	58,355	53,270	13,911	13,181
Net profit attributable to owners of the Parent	53,937	52,134	12,858	12,900
Net cash flows from operating activities	4,426	(275,822)	1,055	(68,250)
Purchase of debt portfolios at prices as per agreement	(190,236)	(425,592)	(45,350)	(105,310)
Cash recoveries	331,959	234,208	79,135	57,953
Net cash flows from investing activities	(3,560)	(2,953)	(849)	(731)
Net cash flows from financing activities	8,402	289,147	2,003	71,547
Change in net cash flows	9,268	(10,372)	2,209	(2,566)
Average number of shares ('000)	16,900	16,304	16,900	16,304
Earnings per share (PLN/EUR)	3.19	3.20	0.76	0.79
Diluted earnings per share (PLN/EUR)	3.18	3.20	0.76	0.79
As at	30.09.2012	31.12.2011	30.09.2012	31.12.2011
Total assets	878,904	800,466	213,648	181,462
Non-current liabilities	344,863	339,497	83,831	76,963
Current liabilities	245,419	222,586	59,657	50,459
Equity	288,622	238,383	70,159	54,040
Share capital	16,900	16,900	4,108	3,831
Book value per ordinary share (PLN/EUR)	17.07	14.09	4.15	3.19

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 – 4.1948
- for the previous period – 4.0413

- 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 – 4.1138
- for the previous period – 4.4168

2. Interim condensed consolidated statement of financial position

As at Sep 30 2012

PLN '000

	30.09.2012	30.06.2012	31.12.2011	30.09.2011
Assets				
Non-current assets				
Property, plant and equipment	15,102	13,672	14,326	11,083
Other intangible assets	7,621	7,387	6,651	4,859
Goodwill	1,024	1,024	1,024	1,024
Deferred tax assets	1,665	1,667	1,837	2,320
Total non-current assets	25,412	23,750	23,838	19,286
Current assets				
Inventories	669	680	537	549
Purchase of debt portfolios	785,404	739,874	718,706	608,746
Other current investments	5,753	5,077	3,222	1,879
Trade receivables	10,084	13,282	12,804	20,248
Other receivables	4,154	3,317	3,354	16,429
Prepayments and accrued income	1,955	1,897	1,800	1,806
Cash and cash equivalents	45,473	32,586	36,205	31,148
Total current assets	853,492	796,713	776,628	680,805
Total assets	878,904	820,463	800,466	700,091
Equity and liabilities				
Equity				
Share capital	16,900	16,900	16,900	16,900
Share premium	45,107	45,107	45,107	45,107
Exchange differences on translation of foreign operations	(5,226)	(292)	330	270
Other capital reserves	45,292	44,711	43,365	2,699
Retained earnings	186,430	164,665	132,493	158,422
Equity attributable to owners of the parent	288 503	271,091	238,195	223,398
Non-controlling interests	119	87	188	124
Total equity	288 622	271,178	238,383	223,522
Non-current liabilities				
Non-current liabilities under loans and borrowings, and other financial liabilities	344,863	323,138	339,497	280,040
Total non-current liabilities	344 863	323,138	339,497	280,040
Current liabilities				
Current liabilities under loans and borrowings, and other financial liabilities	177,678	154,099	137,503	109,426
Trade and other payables	51,121	54,542	66,947	65,487
Current tax payable	91	350	660	-
Employee benefits payable	16,265	16,892	17,212	20,805
Current provisions	264	264	264	811
Total current liabilities	245,419	226,147	222,586	196,529
Total liabilities	590,282	549,285	562,083	476,569
Total equity and liabilities	878,904	820,463	800,466	700,091

3. *Interim condensed consolidated income statement*

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

PLN '000

	01.01.2012 - 30.09.2012	01.07.2012 – 30.09.2012	01.01.2011 - 30.09.2011	01.07.2011 – 30.09.2011
Continuing operations				
Revenue	245,111	85,778	190,608	66,754
Other operating income	1,900	751	939	418
Cost of goods for resale and materials sold	-	-	(248)	(58)
Salaries and wages and other employee benefits	(62,323)	(19,406)	(50,693)	(16,728)
Depreciation and amortisation	(4,814)	(1,677)	(4,040)	(1,499)
Contracted services	(31,642)	(13,636)	(47,738)	(28,680)
Other operating expenses	(51,523)	(15,532)	(16,576)	3,366
	<u>(150,302)</u>	<u>(50,251)</u>	<u>(119,295)</u>	<u>(43,599)</u>
Operating profit	96,709	36,278	72,252	23,573
Finance income	1,025	315	1,261	166
Finance expenses	(39,379)	(13,458)	(20,244)	(9,786)
Net finance expenses	<u>(38,354)</u>	<u>(13,143)</u>	<u>(18,983)</u>	<u>(9,620)</u>
Pre-tax profit	58,355	23,135	53,270	13,954
Income tax	(4,299)	(1,337)	(1,013)	(886)
Net profit for the period	<u>54,056</u>	<u>21,798</u>	<u>52,257</u>	<u>13,068</u>
Net profit attributable to:				
Owners of the parent	53,937	21,765	52,134	13,019
Non-controlling interests	119	33	123	49
Net profit for the period	<u>54,056</u>	<u>21,798</u>	<u>52,257</u>	<u>13,068</u>
Earnings/(loss) per share				
Basic (PLN)	3.19	1.29	3.20	0,80
Diluted (PLN)	3.18	1.28	3.20	0,80

4. *Interim condensed consolidated statement of comprehensive income*

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

PLN '000

	01.01.2012 - 30.09.2012	01.07.2012 – 30.09.2012	01.01.2011 - 30.09.2011	01.07.2011 – 30.09.2011
Net profit attributable to:				
Owners of the parent	53,937	21,765	52,134	13,019
Non-controlling interests	119	33	123	49
Net profit for the period	<u>54,056</u>	<u>21,798</u>	<u>52,257</u>	<u>13,068</u>
Other comprehensive income				
Exchange differences on translation of foreign operations	(5,556)	(4,934)	(115)	(50)
Other comprehensive net income for the period	<u>(5,556)</u>	<u>(4,934)</u>	<u>(115)</u>	<u>(50)</u>
Total comprehensive income for the period	<u>48,500</u>	<u>16,864</u>	<u>52,142</u>	<u>13,018</u>
Total comprehensive income attributable to:				
Owners of the parent	48,381	16,831	52,019	12,969
Non-controlling interests	119	33	123	49
Total comprehensive income for the period	<u>48,500</u>	<u>16,864</u>	<u>52,142</u>	<u>13,018</u>

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

For the reporting period from January 1st to September 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	-	-	-	-	52,134	52,134	123	52,257
Other comprehensive income								
- Exchange differences on translation of foreign operations	-	-	(115)	-	-	(115)	-	(115)
Total comprehensive income for the period	-	-	(115)	-	52,134	52,019	123	52,142
Contributions from and distributions to owners								
- Dividend payable	-	-	-	-	-	-	(41)	(41)
- Share-based payments	-	-	-	224	-	224	-	224
- Issue of shares	1,591	39,799	-	(492)	-	40,898	-	40,898
Contributions from and distributions to owners	1,591	39,799	-	(268)	-	41,122	(41)	41,081
Total equity as at Sep 30 2011	16,900	45,107	270	2,699	158,422	223,174	165	223,522
Equity as at Jan 1 2012	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	-	-	-	40,000	(40,000)	-	-	-
- Share-based payments	-	-	-	890	-	890	-	890
- Issue of shares	1,591	39,799	-	(492)	-	40,898	-	40,898
- Designation of capital reserve	-	-	-	-	-	-	(41)	(41)
Contributions from and distributions to owners	1,591	39,799	-	40,398	(40,000)	41,788	(41)	41,747
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
Comprehensive income for the period								
Net profit for the period	-	-	-	-	53,937	53,937	118	54,055
Other comprehensive income								
- Exchange differences on translation of foreign operations	-	-	(5,556)	-	-	(5,556)	-	(5,556)
Total comprehensive income for the period	-	-	(5,556)	-	53,937	48,381	118	48,499
Contributions from and distributions to owners								
- Payment of dividend	-	-	-	-	-	-	(187)	(187)
- Share-based payments	-	-	-	1,927	-	1,927	-	1,927
Contributions from and distributions to owners	-	-	-	1,927	-	1,927	(187)	1,740
Total equity as at Sep 30 2012	16,900	45,107	(5,226)	45,292	186,430	288,503	119	288,622

6. Interim condensed consolidated statement of cash flows

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

PLN '000

	01.01.2012 - 30.09.2012	01.07.2012 – 30.09.2012	01.01.2011 - 30.09.2011	01.07.2011 – 30.09.2011
Cash flows from operating activities				
Net profit for the period	54,056	21,798	52,257	13,086
<i>Adjustments</i>				
Depreciation of property, plant and equipment	3,183	1,156	2,736	1,010
Amortisation of intangible assets	1,631	521	1,304	489
Net finance expenses	28,560	6,262	17,451	7,991
(Gain)/ loss on sale of property, plant and equipment	(169)	(42)	-	-
Equity-settled share-based payment transactions	1,927	581	-	-
Income tax	4,299	1,337	(591)	(886)
Change in other investments	(2,531)	(678)	(186)	(515)
Change in debt portfolios purchased	(66,698)	(45,530)	(345,400)	(74,819)
Change in inventories	(132)	11	(91)	43
Change in receivables	1,920	2,361	(24,858)	(19,802)
Change in prepayments and accrued income	(155)	(58)	335	(153)
Change in current liabilities, excluding financial liabilities	(16,769)	(4,048)	21,195	3,657
Income tax paid	(4,696)	(1,594)	26	-
Net cash flows from operating activities	4,426	(17,923)	(275,822)	(69,917)
Cash flows from investing activities				
Interest received	1,025	315	1,261	106
Sale of intangible assets and property, plant and equipment	291	135	24	-
Purchase of intangible assets and property, plant and equipment	(4,876)	(2,067)	(4,238)	(1,828)
Net cash flows from investing activities	(3,560)	(1,617)	(2,953)	(1,722)
Cash flows from financing activities				
Net proceeds from share issue	-	-	40,778	13
Proceeds from issue of debt securities	120,000	-	256,000	118,000
Increase in loans and borrowings	238,457	110,257	119,410	33,000
Repayment of loans and borrowings	(197,272)	(5,482)	(77,285)	(36,885)
Payments under finance lease agreements	(1,745)	(363)	(2,517)	(611)
Dividends paid	-	-	(42)	(1)
Redemption of debt securities	(115,478)	(60,000)	(32,597)	(32,597)
Interest paid	(35,560)	(11,985)	(14,600)	(6,043)
Net cash flows from financing activities	8,402	32,427	289,147	74,876
Total net cash flows	9,268	12,887	10,372	3,237
Cash and cash equivalents at beginning of the period	36,205	32,586	20,776	27,911
Cash and cash equivalents at end of the period	45,473	45,473	31,148	31,148

* 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	
	01.01.2012 - 30.09.2012	01.01.2011- 30.09.2011	01.01.2012 - 30.09.2012	01.01.2011- 30.09.2011
For period				
Revenue	71,720	56,634	17,097	14,014
Operating loss	(11,997)	(15,324)	(2,860)	(3,792)
Pre-tax profit	15,850	(6,816)	3,778	(1,687)
Net profit	11,649	(7,715)	2,777	(1,909)
Net cash flows from operating activities	9,797	(27,383)	2,335	(6,776)
Net cash flows from investing activities	(3,299)	(262,812)	(786)	(65,031)
Net cash flows from financing activities	8,519	289,333	2,031	71,593
Change in net cash flows	15,018	(862)	3,580	(213)
Diluted earnings per share (PLN/EUR)	0.69	(0.50)	0.16	(0.12)
Average number of shares ('000)	16,900	16,900	16,900	16,900
Earnings per share (PLN/EUR)	0.69	(0.50)	0.16	(0.12)
As at	30.09.2012	31.12.2011	30.09.2012	31.12.2011
Total assets	683,983	649,719	166,265	147,102
Non-current liabilities	344,595	339,272	83,766	76,814
Current liabilities	217,834	202,469	52,952	45,841
Equity	121,554	107,978	29,548	24,447
Share capital	16,900	16,900	4,108	3,826
Book value per ordinary share (PLN/EUR)	7.69	6.47	1.83	1.60

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

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

- for the current period – 4.1948
- for the previous period – 4.0413

- 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 – 4.1138
- for the previous period – 4.4168

2. Interim condensed separate statement of financial position

PLN '000

	30.09.2012	30.06.2012	31.12.2011	30.09.2011
Assets				
Non-current assets				
Property, plant and equipment	12,795	11,609	12,144	9,275
Intangible assets	6,533	6,178	6,385	4,682
Investments in subsidiaries	524,807	506,353	483,235	403,537
Deferred tax assets	3,630	1,276	1,671	2,108
Total non-current assets	547,765	525,416	503,435	419,602
Current assets				
Inventories	444	529	393	406
Purchase of debt portfolios	44,411	73,262	90,879	54,290
Other current investments	18,706	19,341	15,687	26,019
Trade receivables from related entities	37,768	9,090	12,599	18,417
Trade receivables from other entities	7,369	4,118	5,799	12,921
Other receivables	932	6,424	9,444	5,338
Prepayments and accrued income	1,547	1,593	1,460	1,638
Cash and cash equivalents	25,041	4,996	10,023	7,647
Total current assets	136,218	119,353	146,284	126,676
Total assets	683,983	644,769	649,719	546,278
Equity and liabilities				
Equity				
Share capital	16,900	16,900	16,900	16,900
Share premium	45,107	45,107	45,107	45,107
Other capital reserves	45,292	44,711	43,365	2,699
Retained earnings	14,255	29,790	2,606	34,374
Total equity	121,554	136,508	107,978	99,080
Non-current liabilities				
Non-current liabilities under loans and borrowings, and other financial liabilities	344,595	322,818	339,272	279,785
Total non-current liabilities	344,595	322,818	339,272	279,785
Current liabilities				
Current liabilities under loans and borrowings, and other financial liabilities	177,469	153,876	137,371	109,593
Trade and other payables	27,355	18,774	50,373	45,050
Current tax payable	26	350	660	-
Employee benefits payable	12,984	12,443	14,065	12,770
Total current liabilities	217,834	185,443	202,469	167,413
Total liabilities	562,429	508,261	541,741	447,198
Total equity and liabilities	683,983	644,769	649,719	546,278

3. *Interim condensed separate statement of profit*

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

PLN '000

	01.01.2012 - 30.09.2012	01.07.2012 - 30.09.2012	01.01.2011- 30.09.2011	01.07.2011 - 30.09.2011
Revenue	71,720	23,700	56,634	23,082
Other operating income	3,454	669	919	243
Cost of goods for resale and materials sold	(104)	(21)	(280)	(58)
Salaries and wages and other employee benefits	(41,730)	(12,342)	(38,981)	(12,783)
Depreciation and amortisation	(3,980)	(1,392)	(3,378)	(1,269)
Contracted services	(22,919)	(8,262)	(18,208)	(7,848)
Other operating expenses	(18,438)	(6,009)	(12,030)	(3,255)
	(87,171)	(28,026)	(72,877)	(25,213)
Operating profit	(11,997)	(3,657)	(15,324)	(1,888)
Finance income	66,010	2,336	26,828	2,071
Finance expenses	(38,163)	(13,063)	(18,320)	(9,052)
Net finance income	27,847	(10,727)	8,508	(6,981)
Pre-tax profit	15,850	(14,384)	(6,816)	(8,869)
Income tax	(4,201)	(1,151)	(899)	(797)
Net profit for the period	11,649	(15,535)	(7,715)	(9,666)
Total comprehensive income for the period	11,649	(15,535)	(7,715)	(9,666)
Earnings per share				
Basic (PLN)	0.69	(0.92)	(0.47)	(0.59)
Diluted (PLN)	0.69	(0.91)	(0.47)	(0.59)

4. Interim condensed separate statement of changes in equity

For the reporting period from January 1st to September 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	43,804	67,388
Net profit for the period	-	-	-	(9,430)	(9,430)
Total comprehensive income for the period	-	-	-	(9,430)	(9,430)
Contributions from and distributions to owners					
- Registration of treasury shares			(492)		(492)
- Share-based payments	-	-	224	-	224
- Issue of shares	1,591	39,799	0	-	41,390
Contributions from and distributions to owners	1,591	39,799	(268)	-	41,122
Total equity as at Sep 30 2011	16,900	45,107	2,699	34,374	99,080
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)	-
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	-	-	-	11,649	11,649
Total comprehensive income for the period	-	-	-	11,649	11,649
Contributions from and distributions to owners					
- Share-based payments	-	-	1,927	-	1,927
Contributions from and distributions to owners	-	-	1,927	-	1,927
Total equity as at Sep 30 2012	16,900	45,107	45,292	14,255	121,554

5. Interim condensed separate statement of cash flows

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

PLN '000

	01.01.2012 - 30.09.2012	01.07.2012 - 30.09.2012	01.01.2011- 30.09.2011	01.07.2011 - 30.09.2011
Cash flows from operating activities				
Net profit for the period	11,649	(15,535)	(7,715)	(9,666)
<i>Adjustments</i>				
Depreciation of property, plant and equipment	2,411	843	2,141	840
Amortisation of intangible assets	1,569	549	1,236	428
Net finance income	(27,582)	12,354	(9,443)	(6,060)
(Gain)/ loss on sale of property, plant and equipment	122	92	(7)	(33)
(Gain)/loss on investing activities	(1,435)	-	-	-
Equity-settled share-based payment transactions	1,927	581	-	-
Income tax	4,201	1,150	(682)	580
Change in other investments	(1,654)	635	(186)	-
Change in debt portfolios purchased	46,391	26,437	(42,389)	(9,082)
Change in inventories	(52)	85	(30)	24
Change in receivables	(15,768)	(26,437)	(1,799)	(8,435)
Change in prepayments and accrued income	(87)	46	430	(461)
Change in current liabilities, excluding financial liabilities	(6,572)	7,896	29,678	587
Change in employee benefits payable	(920)	541	1,383	216
Income tax paid	(4,405)	(1,441)	-	414
Net cash flows from operating activities	9,797	7,797	(27,383)	(30,648)
Cash flows from investing activities				
Interest received	270	36	767	335
Loans advanced	(8,253)	(1,499)	(17,241)	(13,479)
Dividend received	41,801	-	22,900	2,900
Disposal of financial assets	-	-	31,000	24,000
Purchase of other investments	(230)	(7)	-	-
Purchase of intangible assets and property, plant and equipment	(3,486)	(1,899)	(3,110)	(1,504)
Acquisition of financial assets	(35,335)	(18,447)	(301,529)	(56,545)
Repayment of loans advanced	1,934	1,934	4,401	1,570
Net cash flows from investing activities	(3,299)	(19,882)	(262,812)	(42,723)
Cash flows from financing activities				
Net proceeds from issue of shares floated on stock exchange	-	-	40,766	118,000
Proceeds from commercial paper issue	120,000	-	256,000	-
Increase in loans and borrowings	238,457	110,257	119,410	33,000
Repayment of loans and borrowings	(197,272)	(5,482)	(77,285)	(36,885)
Redemption of debt instruments	(115,478)	(60,000)	(32,597)	(32,597)
Payments under finance lease agreements	(1,625)	(412)	(2,361)	(571)
Interest paid	(35,562)	(12,233)	(14,600)	(6,018)
Net cash flows from financing activities	8,519	32,130	289,333	74,929
Total net cash flows	15,018	20,045	(862)	1,558
Cash and cash equivalents at beginning of the period	10,023	4,996	8,509	6,089
Cash and cash equivalents at end of the period	25,041	25,041	7,647	7,647

III. Notes to the financial statements

1. Organisation of the KRUK Group

Parent

Name:

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

Registered office:

ul. Legnicka 56
54-204 Wrocław, Poland

Registration in the National Court Register:

District Court for Wrocław-Fabryczna in Wrocław, VI Commercial Division of the National Court Register,
ul. Poznańska 16, 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 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. ("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.

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 September 30th 2012 include the financial statements of the Parent and its subsidiaries (jointly the "Group").

The Parent is Kruk S.A.

As at September 30th 2012 and as at this report date, the Parent's Management Board consisted of the following members:

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

The persons identified above were appointed to the Management Board by the Supervisory Board of KRUK S.A. for another joint term of three years on March 19th 2012. The composition of the Management Board did not change on the previous term.

The Kruk Group

As at September 30th 2012 and as at the date of these financial statements, the Supervisory Board consisted 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 and its subsidiaries

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

- Kancelaria Prawna RAVEN Krupa & Stańko sp.k. of Wrocław, a law firm providing comprehensive services to support litigation and enforcement, exclusively in connection with the debt collection process carried out by the KRUK Group and its partners;
- Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A. of Warsaw, a credit information agency serving as a platform for collection, processing and provision of information on natural persons and businesses, both delinquent debtors and timely payers;
- KRUK 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. executed 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 that country, 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 September 30th 2012 and for the period from January 1st to September 30th 2012, with the proviso that:

- KRUK International Zrt. (until April 24th 2012 operating under the name of SH Money) has been consolidated since April 1st 2012.

The Kruk Group

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

	Share capital held (%)		
	Country	30.09.2012	31.12.2011
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%
Kancelaria Prawna RAVEN Krupa & Stańko Spółka komandytowa	Poland	98%	98%
NOVUM Finance Sp. z o.o.	Poland	100%	100%
KRUK International S.r.l.	Romania	100%	100%
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%	-

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



2. Significant accounting policies

Statement of compliance

These interim condensed consolidated financial statements of the Group and KRUK S.A. 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 September 30th 2012 and comparative data for the three months from January 1st to September 30th 2011. The presented data has not been audited.

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

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

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

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

Changes in accounting policies

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.

As of July 1st 2012, a compartment (or a distinct part of business for which separate accounting is maintained) was established within subsidiary Secapital S.a.r.l, whose purpose is to purchase debt portfolios denominated in the Romanian Leu (RON). The decision was made based on the prevailing economic conditions, in order to reflect the actual economic transactions, developments and factors in the most precise manner possible. A significant portion of debt portfolios purchased by the Group, and hence cash inflows and revenues, is denominated in RON. Therefore RON is the functional currency of the new compartment.

This approach is consistent with IAS 21 which requires each individual entity preparing separate financial statements to determine its functional currency, being the currency in which the majority of its cash flows are generated, and measure its results, assets and financial position in that currency.

Assets and liabilities of foreign operations with functional currencies other than PLN are translated at mid exchange rates quoted by the National Bank of Poland as at the end of a reporting period, and are presented in other comprehensive income. As regards disposals of an investment in such foreign operation or dividend distributions, the cumulative amount of foreign exchange differences presented in equity is recognised in profit or loss.

Consolidated financial statements are presented in the Polish zloty. The Polish zloty is the Group's functional and presentation currency.

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.

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

3. *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.

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

- Poland
- Foreign markets

Reporting segments

<i>PLN '000</i>	01.01.2012 - 30.09.2012	01.01.2011 - 30.09.2011
Revenue	245,111	190,608
Purchased debt portfolios	216,841	157,165
Collection services	23,572	30,736
Other products	4,699	2,707
Direct and indirect costs	(106,211)	(84,629)
Purchased debt portfolios	(86,280)	(63,891)
Collection services	(15,537)	(18,126)
Other products	(4,395)	(2,612)
Gross profit	138,900	105,979
Purchased debt portfolios	130,561	93,274
Collection services	8,035	12,610
Other products	304	95
General and administrative expenses	(37,234)	(28,877)
Depreciation and amortisation	(4,814)	(4,040)
Other operating income	1,900	939
Other operating expenses	(2,044)	(1,750)
Finance income/expenses	(38,354)	(18,982)
Pre-tax profit	58,355	53,270
Income tax	(4,299)	(1,013)
Net profit	54,056	52,257

Geographical segments

<i>PLN '000</i>	01.01.2012 - 30.09.2012	01.01.2011 - 30.09.2011
Revenue	245,111	190,608
Country	172,632	112,365
Foreign markets	72,479	78,243
Direct and indirect costs	(106,211)	(84,629)
Country	(84,931)	(69,292)
Foreign markets	(21,280)	(15,337)
Gross profit	138,900	105,979
Country	87,701	43,073
Foreign markets	51,199	62,906
General and administrative expenses	(37,234)	(28,877)
Depreciation and amortisation	(4,814)	(4,040)
Other operating income	1,900	939
Other operating expenses	(2,044)	(1,750)
Finance income/expenses	(38,354)	(18,982)
Pre-tax profit	58,355	53,155
Income tax	(4,299)	(1,013)
Net profit	54,056	52,142

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

Purchased debt portfolios

In the period covered by these financial statements, expenses incurred by the Group to purchase debt portfolios were PLN 190,236 thousand, while cash recoveries amounted to PLN 331,959 thousand.

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)
Recoveries from debtors	(341,122)
Liabilities to debtors due to overpayments	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	190,236
Adjustment following change in valuation policy (*)	(347)
Acquisition price adjustment for discount	(793)
Recoveries from debtors	(331,959)
Liabilities to debtors due to overpayments	861
Revenue from debt purchase (interest and revaluation)	216,841
Fair value translation differences (**)	(8,141)
Purchased debt portfolios as at Sep 30 2012	785,404

(*) In the current quarter, portfolios purchased by KRUK International S.r.o. in the Czech Republic were translated into CZK, being the company's functional currency. Due to its negligible effect on consolidation, in prior periods the valuation currency was PLN.

(**) RON to PLN fair value translation differences between January 1st and September 30th 2012 for consolidation purposes (following introduction of RON as functional currency at Secapital S.a.r.l. from 1st July)

PLN '000

	30.09.2012	31.12.2011	30.09.2011
Purchased debt portfolios			
Bank loans, including:	712,763	655,159	535,151
- consumer loans	711,002	653,042	532,758
- car loans	1,405	1,771	2,017
- mortgage loans	356	346	376
Telecommunication bills	47,114	54,502	57,672
Cash loans (other than granted by banks)	209	381	456
Mixed portfolios	25,318	8,664	15,467
	785,404	718,706	608,746

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

	01.01.2012 - 30.09.2012	01.01.2011 - 30.09.2011
Revenue from debt purchase	216,841	157,165
Revenue from fee-based credit management services	23,571	30,736
Revenue from other products	4,677	2,529
Revenue from sales of goods for resale and materials	22	178
	<u>245,111</u>	<u>190,608</u>

PLN '000

	01.01.2012 - 30.09.2012	01.01.2011 - 30.09.2011
Interest income adjusted for actual payments	219,325	145,280
Revaluation of debt portfolios	(2,484)	11,885
	<u>216,841</u>	<u>157,165</u>
	-	-

PLN '000

	01.01.2012 - 30.09.2012	01.01.2011 - 30.09.2011
Revision of forecast	(2,430)	13,177
Change due to change in discount rate	(54)	(1,292)
	<u>(2,484)</u>	<u>11,885</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.

Operating cost

In December 2011 KRUK modified allocation of legal expenses, bank fees and VAT tax and is presenting them within other operating expenses. In previous period these expenses were presented as external services. Comparative data (reallocation of data for 2011) according to modified allocation are as follows:

PLN'000

	01.01.2012 - 30.09.2012	01.07.2012 - 30.09.2012	01.01.2011 - 30.09.2011	01.07.2011 - 30.09.2011
External services	(31,642)	(13,636)	(27,370)	(20,209)
Other operating expenses	(51,523)	(15,532)	(36,944)	(5,105)
	<u>(83,165)</u>	<u>(29,168)</u>	<u>(64,314)</u>	<u>(25,314)</u>

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Net finance expenses

PLN '000

	01.01.2012 - 30.09.2012	01.01.2011 - 30.09.2011
Interest income on bank deposits	1,025	1,261
Interest income on loans and receivables	-	-
	<u>1,025</u>	<u>1,261</u>
Interest expense on financial liabilities measured at amortised cost	(35,711)	(16,328)
Foreign exchange gains/(losses) and discount	(3,668)	(3,915)
	<u>(39,379)</u>	<u>(20,243)</u>
Net finance expenses recognised in profit or loss	(38,354)	(18,982)

PLN '000

	01.01.2012 - 30.09.2012	01.01.2011 - 30.09.2011
Total interest income on financial assets	1,025	1,261
Total interest expense on financial liabilities	(35,711)	(16,328)

PLN '000

	01.01.2012 - 30.09.2012	01.01.2011 - 30.09.2011
Exchange differences on translation of foreign operations	(5,556)	(115)
Attributable to:		
Owners of the parent	(5,556)	(115)
Finance income recognised directly in other comprehensive income	<u>(5,556)</u>	<u>(115)</u>

Loans, borrowings and finance lease liabilities

PLN '000

30.09.2012 31.12.2011 30.09.2011

Non-current liabilities

Secured loans and borrowings	64,247	70,453	32,831
Liabilities under debt securities (unsecured)	276,346	264,888	244,759
Finance lease liabilities	4,270	4,156	2,450
	344,863	339,497	280,040

Current liabilities

Current portion of secured loans and borrowings	89,529	41,442	29,404
Liabilities under debt securities	86,494	94,097	78,296
Current portion of finance lease liabilities	1,655	1,964	1,726
	177,678	137,503	109,426

Earnings per share

'000

**01.01.2012 -
30.09.2012 01.01.2011 -
30.09.2011**

Number of ordinary shares as at Jan 1	16,900	15,308
Effect of retirement and issue of own shares	-	996
Weighted average number of ordinary shares as at Sep 30	16,900	16,304

PLN

Earnings per share	3.19	3.20
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'000

**01.01.2012 -
30.09.2012 01.01.2011 -
30.09.2011**

Weighted average number of ordinary shares as at Sep 30	16,900	16,304
Effect of share option issue	60	-
Weighted average number of ordinary shares as at Sep 30 (diluted)	16,960	16,304

PLN

Earnings per share (diluted)	3.18	3.20
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6. 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.

One of the key initiatives undertaken by the KRUK Group in Q3 2012 was to devise and launch a new campaign called "Dobry Plan" (Good Plan). It was put in motion with an ethnographic survey, a unique exercise in Poland, that presented the profiles of debtors and their approach to financial distress in general and to household budget management. In September 2012, a three-month media campaign was also launched on TV, in lifestyle magazines and in daily press, and a KRUK radio commercial was aired for the first time by regional and public stations. A similar media campaign is currently run in Romania.

In August 2012 KRUK started providing credit management services in Slovakia. First portfolios on Slovakian market were purchased by KRUK in 2011.

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. In the first three quarters of 2012, investments totalled PLN 190,236 thousand.

As at September 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.

8. *Seasonality or cyclicity of operations*

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

9. *Issue, redemption and repayment of non-equity and equity securities*

On January 26th 2012, part of investment certificates issued by Prokura NS FIZ were redeemed. The redeemed certificates included 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 redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, a subsidiary. The transaction has been eliminated on consolidation.

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

On February 24th 2012, KRUK S.A. repurchased PLN 15,822 thousand unsecured Series B commercial paper.

On March 21st 2012, KRUK S.A. issued PLN 70,000 thousand unsecured 48-month Series M1 commercial paper. 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 shares were subscribed for by KRUK S.A. The issue price of the shares was PLN 1,100 per share.

On April 13th 2012, KRUK S.A. issued PLN 50,000 thousand unsecured 47-month Series N1 commercial paper.

On April 19th 2012, KRUK S.A. repurchased PLN 6,045 thousand unsecured 30-month Series H1 commercial paper, and PLN 5,541 thousand unsecured 36-month Series H2 commercial paper.

On April 20th 2012, KRUK S.A. repurchased PLN 8,496 thousand unsecured 42-month Series I2 commercial paper.

The Kruk Group

On April 27th 2012, KRUK S.A. repurchased PLN 4,563 thousand unsecured 24-month Series G2 commercial paper.

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 PLN 2,560 thousand unsecured 24-month Series G2 commercial paper; PLN 1,532 thousand unsecured 30-month Series H1 commercial paper; and PLN 1,132 thousand unsecured 36-month Series H2 commercial paper.

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

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.

On July 11th 2012, KRUK S.A. repurchased PLN 10,000 thousand unsecured 12-month Series J1 commercial paper.

On July 15th 2012, KRUK S.A. repurchased PLN 12,500 thousand unsecured 24-month Series E1 commercial paper.

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.

On September 2nd 2012, KRUK S.A. repurchased PLN 17,500 thousand unsecured 24-month Series E2 commercial paper.

On September 6th 2012, KRUK S.A. repurchased PLN 20,000 thousand unsecured 12-month Series K1 commercial paper.

On September 6th 2012, Prokulus NS FIZ issued 300,000 investment certificates, with a value of PLN 0.25 per certificate. All the certificates issued by Prokulus NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On September 25th 2012, Prokura NS FIZ issued 1,413,044 investment certificates, with a value of PLN 9.20 per certificate. All certificates issued by Prokura NS FIZ are held by Secapital S.a.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 balance-sheet date, not disclosed in these financial statements, but potentially having a material bearing on the Group's future performance*

On October 26th 2012, KRUK S.A. executed an annex to a revolving credit facility of April 8th 2011 with Bank Zachodni WBK S.A. Under the annex:

- PLN 80m revolving credit line was divided into two separate lines of PLN 63m and PLN 17 m, respectively;
- availability dates were set for July 31st 2014 with respect to the PLN 17m credit line and July 31st 2015 with respect to the PLN 63m credit line;
- final repayment date was changed to July 31st 2016 with respect to the PLN 63m credit line and July 31st 2015 with respect to the PLN 17m credit line.

The other material terms of the agreement remained unchanged.

On November 5th 2012, KRUK S.A. issued PLN 30,000 thousand unsecured 48-month Series O1 commercial paper.

On 04.10.2012 was fulfilled the last condition precedent, which was mentioned in active debts Contract of Sale signed on 21.06.2012 between issuer related group - PROKURA Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (PROKURA NSFIZ) and belonging to Santander Group Bank Zachodni WBK with the seat located in Wrocław. Contract subject was buying three active debts portfolios (Portfolio I, Portfolio II, Portfolio III) encompassing Bank's active debts (around 9308 cases of total value 138.9 MM PLN). By fulfilling the last condition precedent (mentioned above) we understand payment for Portfolio III, which took place on 04.10.2012 i.e. in seven days period from the date of agreement enclosure (determining final buying price) signing. As the result the final amount of active debts was determined as 9269 and its nominal value as 139.6 MM PLN. Total purchase price of three portfolios mentioned above is 22.6 MM PLN. As the result active debts were moved from Portfolio III to buyer i.e. PROKURA NSFIZ.

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

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.

On August 3rd 2012, PROKURA NS FIZ, represented by Copernicus Capital Towarzystwo Funduszy Inwestycyjnych S.A., executed two bank guarantee agreements with Bank Zachodni WBK S.A., valid through September 14th 2012, to secure repayment of liabilities towards Kredyt Bank S.A. related to PROKURA NS FIZ's participation in the sale of non-performing debt portfolios by Kredyt Bank S.A. The amounts covered by the guarantees were PLN 1m and PLN 5m. The bank guarantees were secured by powers of attorney to KRUK S.A. bank accounts held with Bank Zachodni WBK S.A. and sureties under civil law issued by KRUK S.A. The guarantees were not called.

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*

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.

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 this report release date, as well as changes in the ownership of major holdings of the Company shares after the release of the previous interim report*

As at the date of release of the previous periodic report

Shareholder	Number of shares	Ownership interest (%)	Number of votes held	Share in total vote at GM (%)
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 Otwarty 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 Otwarty Fundusz Emerytalny, ul. Postępu 15B, Warsaw, Poland	866,101	5.12	866,101	5.12

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

Name and surname	Position	Number of shares held
Piotr Krupa	President of the Management Board	2,625,928
Rafał Janiak	Member of the Management Board	91,870 and 52,840 shares held indirectly
Urszula Okarma	Member of the Management Board	110,350
Agnieszka Kulon	Member of the Management Board	117,220
Iwona Słomska	Member of the Management Board	40,858
Michał Zasepa	Member of the Management Board	8,000

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

To the best of the Management Board's knowledge, no changes in shareholdings occurred in the period from the publication date of the previous report to this report release date.

Besides since the publishing of the previous quarterly report (Extended consolidated interim report for the first half of 2012)

Mr. Piotr Krupa the Acting Chairman of the Board of Directors sold 29 862 shares of KRUK S.A.

Ms. Iwona Słomska the Acting Member of the Board of Directors sold 8 742 shares of KRUK S.A.

Pursuant to a resolution of the KRUK Supervisory Board of July 20th 2012, issued on the basis of the 2011–2014 Incentive Scheme for key management personnel of the Company and the Group subsidiaries, Management Board Members were presented with an offer to acquire subscription warrants that would entitle

them to purchase new shares in KRUK S.A. at an issue price of PLN 39.70 per share. Subscription warrants were delivered to Management Board Members on September 3rd 2012.

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

Name and surname	Position	Number of warrants allotted in Tranche 1 for 2011:
Rafał Janiak	Member of the Management Board	10,507
Urszula Okarma	Member of the Management Board	10,507
Agnieszka Kulon	Member of the Management Board	10,507
Iwona Słomska	Member of the Management Board	9,257
Michał Zasepa	Member of the Management Board	10,507

The Management Board Members identified above hold no entitlements in respect of shares in KRUK S.A. other than the subscription warrants.

17. *Litigation, arbitration or administrative proceedings*

Litigation in which the value of claims exceeds 10% of the Issuer'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	2006-01-25	PROKURA NSFIZ - Pascal Construction sp. z o.o. w upadłości (in bankruptcy)	The funds specified in the bankruptcy plan were paid out on May 7th 2012. The bankruptcy proceedings are pending; the fund does not expect its claims to be satisfied.

Litigation with the largest value of claims, not exceeding 10% of the Issuer'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 88,946.01	2011-07-13	ARICIU GABRIELA ELENA 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 70,782.86	2011-06-17	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 (proceedings suspended).
Action concerning abusive clauses used in a loan agreement between BCR and debtor	PLN 47,904.86	2012-03-23	OLARU OANA DANIELA 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 – 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 SM WSPÓLPRACA	5,538,048.00	2012-05-23	PROKURA NSFIZ – BIURO DORADZTWA REAL S.A.	Application for a summons to a conciliation hearing to suspend the running of statute of limitations; the fund does not expect settlement will be reached during the hearing.
Proceedings instituted upon application for a summons of BIURO DORADZTWA REAL S.A. to a conciliation hearing.	5,219,061.00	2012-08-02	PROKURA NSFIZ – PHU.SARO-POL S.C. L.MIKA I.MIKA	Application for a summons to a conciliation hearing to suspend the running of statute of limitations; the fund does not expect settlement will be reached during the hearing.
Proceedings instituted upon application for a summons of PHU.SARO-POL S.C. to a conciliation hearing. L.MIKA I.MIKA .	5,068,075.17	2000-02-14	PROKURA NSFIZ - SM SAMI SWOI	Bankruptcy proceedings are pending; the fund is awaiting a final bankruptcy plan to be drawn up – the plan is likely to be completed by the end of 2012.
Bankruptcy proceedings concerning SM SAMI SWOI	5,068,075.17	2000-02-14	PROKURA NSFIZ - SM SAMI SWOI	Bankruptcy proceedings are pending; the fund is awaiting a final bankruptcy plan to be drawn up – the plan is likely to be completed by the end of 2012.
Proceedings instituted upon application for a summons of ANDRZEJ DOBIJA to a conciliation hearing.	4,476,769.00	2012-08-02	PROKURA NSFIZ – ANDRZEJ DOBIJA	Application for a summons to a conciliation hearing to suspend the running of statute of limitations; the fund does not expect settlement will be reached during the hearing.

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 balance-sheet date

<i>PLN '000</i>	Liabilities	Receivables	Loans advanced	Interest accrued on loans advanced
Secapital S.a.r.l	10,732	22,654	-	-
ERIF Business Solutions Sp. z o.o.	-	4	-	-
Novum Finance Sp. z o.o.	-	616	-	-
Secapital Polska Sp. z o.o.	-	21	-	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	866	4 784	-	-
KRUK International S.r.l.	429	2,629	4,789	459
Rejestr Dłużników ERIF BIG S.A.	1	371	1 540	39
NFIZ PROKURA	1,268	3,527	-	-
NFIZ PROKULUS	-	8	-	-
KRUK International S.r.o.	42	1,013	12,249	796
KRUK TFI	-	4	-	-
	13,338	35,631	18,578	1,294

Revenue from mutual transactions

<i>PLN '000</i>	Revenue from sales of goods for resale and services	Revenue from sales of debt collection services	Interest and dividends
Secapital S.a.r.l	-	913	57,151
ERIF Business Solutions Sp. z o.o.	18	-	-
Novum Finance Sp. z o.o.	265	23	-
Secapital Polska Sp. z o.o.	14	-	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	1,480	-	5,825
KRUK International S.r.l.	874	-	136
Rejestr Dłużników ERIF BIG S.A.	539	-	39
NFIZ PROKURA	-	16,420	-
NFIZ PROKULUS	-	24	-
KRUK TFI	32	-	-
KRUK International S.r.o.	555	-	583
	3,777	17,380	63,734

Costs of mutual transactions

<i>PLN '000</i>	Purchase of debt collection services
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	2,101
KRUK International S.r.l.	4,734
Rejestr Dłużników ERIF BIG S.A.	1,001
KRUK International S.r.o.	639
	8,475

Investments in subsidiaries

PLN '000	Net value as at Sep 30 2012	
	Country	
Secapital S.a.r.l	Luxembourg	501,267
ERIF Business Solutions Sp. z o.o.	Poland	100
Secapital Polska Sp. z o.o.	Poland	0
Rejestr Dłużników Europejski Rejestr Informacji Finansowej Biuro Informacji Gospodarczej S.A.	Poland	1,564
Novum Finance Sp. z o.o.	Poland	7,250
KRUK International Srl	Romania	11,421
Kancelaria Prawna RAVEN Krupa & Stańko Spółka komandytowa	Poland	300
KRUK TFI S.A.	Poland	1,550
Kruk International S.r.o.	Czech Republic	33
Kruk International Z.r.t.	Hungary	1,322
		<u>524,807</u>

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

On August 3rd 2012, KRUK S.A. executed two surety agreements covering the liabilities of PROKURA NSFIZ towards Bank Zachodni WBK S.A. (under two agreements to issue bank guarantees executed between PROKURA NSFIZ and Bank Zachodni WBK S.A. on August 3rd 2012 and running through September 14th 2012). The sureties issued by KRUK S.A. covered liabilities of up to PLN 2m and PLN 10m, respectively. The sureties expired as the underlying guarantees had not been called.

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

On March 15th 2012, KRUK S.A. obtained approval by the Hungarian financial regulator (PSZÁF) to purchase a Hungarian company SH Money Ingatlanfinanszírozási és Pénzügyi Zártkörűen Működő Részvénytársaság ("SH Money"), which holds licences to purchase debt in Hungary. SH Money did not conduct any activities during the period.

On March 20th 2012, KRUK S.A. executed an annex to the agreement on postal services rendered for payment in arrears, concluded on February 19th 2006 with Poczta Polska S.A., under which the agreement was extended for an indefinite period. Previously, the agreement had been extended annually. As the agreement was extended for an indefinite period, the Company estimated the value of services to be provided under the agreement in the next five years at PLN 30m.

Due to our efforts to make our information policy effective and transparent we provide common availability to the information on financial situation and outlook of KRUK. SA Company as well as KRUK Group on 10.10.2012 its Board of Directors decided to make public information on nominal value of the cases and inputs connected with them until the 10th day of the month following each closed quarter. Besides on 10.10.2012 the Board of Directors decided about nominal value of the cases and expenditure on them in the 3rd quarter of 2012. Information on the decision mentioned above as well as information on nominal value of purchased cases and expenditures connected with them in the 3rd quarter of 2012 the company provided in the current report 39/2012 issued on 10.10.2012.

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

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

Piotr Krupa
*President
of the Management Board*

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, November 9th 2012*