



**Interim condensed consolidated
extended financial report
for the period January 1st–March 31st 2015**



**The KRUK Group
March 31st 2015**

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I. Interim condensed consolidated financial statements

1. Consolidated financial highlights

Financial highlights	PLN '000		EUR '000	
	Jan 1 2015 – Mar 31 2015	Jan 1 2014 – Mar 31 2014	Jan 1 2015 – Mar 31 2015	Jan 1 2014 – Mar 31 2014
For the period				
Revenue	133,233	120,117	32,113	28,671
Operating profit	60,701	51,438	14,631	12,278
Profit before tax	49,929	39,084	12,034	9,329
Net profit attributable to owners of the Parent	50,596	39,967	3,350	9,540
Net cash from operating activities	51,431	78,823	12,396	18,815
Purchase of debt portfolios at prices as per agreement	(44,920)	(269,271)	(10,827)	(64,274)
Cash recoveries	187,229	153,791	45,128	36,709
Net cash from investing activities	274	(737)	66	(176)
Net cash from financing activities	(84,093)	(44,160)	(20,269)	(10,541)
Change in net cash	(32,388)	33,926	(7,807)	8,098
Diluted earnings per share	2.84	2.30	0.68	0.55
Average number of shares ('000)	17,110	16,959	17,110	16,959
Earnings per share	2.96	2.36	0.71	0.56
As at	Mar 31 2015	Dec 31 2014	Mar 31 2015	Dec 31 2014
Total assets	1,457,275	1,516,647	356,389	355,828
Non-current liabilities	635,740	721,524	155,476	169,280
Current liabilities	183,619	210,040	44,906	49,279
Equity	637,916	585,083	156,008	137,269
Share capital	17,110	17,110	4,184	4,014
Book value per ordinary share	37.28	34.20	9.12	8.02

The financial highlights have been translated into the euro as follows:

- items of or related to the statement of profit or loss and the statement of cash flows have been translated using the arithmetic mean of mid rates quoted by the National Bank of Poland for the last day of each month in the period; the exchange rates thus calculated are:

- for the current period – 4.1489
- for the comparative period – 4.1894

- items of or related to the statement of financial position have been translated using the mid rate quoted by the National Bank of Poland for the end of the reporting period; the exchange rates thus calculated are:

- for the current period – 4.0890
- for the comparative period – 4.2623

2. Interim condensed consolidated statement of financial position

As at March 31st 2015,

PLN '000

	Mar 31 2015	Dec 31 2014	Mar 31 2014
Assets			
Cash and cash equivalents	38,157	70,545	69,184
Trade receivables	11,650	10,949	10,426
Investments in debt portfolios and loans	1,352,222	1,380,179	1,287,044
Other receivables	16,808	16,534	16,863
Inventories	405	524	387
Property, plant and equipment	19,676	20,265	21,385
Other intangible assets	10,400	11,018	10,459
Goodwill	1,024	1,024	1,024
Deferred tax asset	4,384	3,539	3,467
Other assets	2,549	2,070	2,781
Total assets	1,457,275	1,516,647	1,423,020
Equity and liabilities			
Liabilities			
Hedge derivatives	2,265	2,668	770
Trade and other payables	21,616	60,613	280,694
Employee benefit obligations	28,890	27,646	24,014
Current tax liability	-	1,724	55
Liabilities under borrowings and other debt instruments	766,324	838,649	658,400
Liabilities	264	264	264
Total liabilities	819,359	931,564	964,197
Equity			
Share capital	17,110	17,110	16,959
Share premium	53,249	53,249	47,381
Cash flow hedging reserve	-	-	(770)
Translation reserve	(4,362)	(3,859)	(4,552)
Other capital reserves	58,362	55,624	48,537
Retained earnings	513,489	462,893	351,124
Equity attributable to owners of the Parent	637,848	585,017	458,679
Non-controlling interests	68	66	144
Total equity	637,916	585,083	458,823
Total equity and liabilities	1,457,275	1,516,647	1,423,020

3. Interim condensed consolidated statement of profit or loss

For the reporting period from January 1st to March 31st 2015

PLN '000

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Continuing operations		
Revenue	133,233	120,117
Other income	337	793
Merchandise and materials sold	-	-
Employee benefits expense	(39,301)	(33,103)
Depreciation and amortisation expense	(2,944)	(2,698)
Services	(9,180)	(14,439)
Other expenses	(21,444)	(19,232)
	(72,869)	(69,472)
Operating profit	60,701	51,438
Finance income	476	116
Finance costs	(11,248)	(12,470)
Net finance costs	(10,772)	(12,354)
Profit before tax	49,929	39,084
Income tax	(669)	(898)
Net profit for the period	50,598	39,982
Net profit attributable to:		
Owners of the Parent	50,596	39,967
Non-controlling interests	2	15
Net profit for the period	50,598	39,982
Earnings (loss) per share		
Basic (PLN)	2.96	2.36
Diluted (PLN)	2.84	2.30

4. Interim condensed consolidated statement of comprehensive income

For the reporting period from January 1st to March 31st 2015

PLN '000

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Net profit for the period	50,598	39,982
Other comprehensive income		
Translation reserve	(503)	3,174
Cash flow hedges	-	(770)
Other comprehensive income, net, for the period	(503)	2,404
Total comprehensive income for the period	(503)	2,404
Total comprehensive income attributable to:		
Owners of the Parent	50,095	43,156
Non-controlling interests	2	15
Total comprehensive income for the period	50,097	43,171

Total contributions from and distributions to owners	151	5,868	-	-	7,335	-	13,354	(129)	13,225
Total equity as at Dec 31 2014	17,110	53,249	-	(3,859)	55,624	462,893	585,017	66	585,083
Equity as at Jan 1 2015	17,110	53,249	-	(3,859)	55,624	462,893	585,017	66	585,083
Comprehensive income for the period									
Net profit for the period	-	-	-	-	-	50,596	50,596	2	50,598
Other comprehensive income									
- Exchange differences on translating foreign operations	-	-	-	-	-	-	-	-	-
- Valuation of hedging instruments	-	-	-	(503)	-	-	(503)	-	(503)
Total other comprehensive income	-	-	-	(503)	-	-	(503)	-	(503)
Total comprehensive income for the period	-	-	-	(503)	-	50,596	50,093	2	50,095
Contributions from and distributions to owners									
- Share-based payments	-	-	-	-	2,738	-	2,738	-	2,738
Total contributions from and distributions to owners	-	-	-	-	2,738	-	2,738	-	2,738
Total equity as at Mar 31 2015	17,110	53,249	-	(4,362)	58,362	513,489	637,848	68	637,916

6. Interim condensed consolidated statement of cash flows

For the reporting period from January 1st to March 31st 2015

PLN '000

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Cash flows from operating activities		
Net profit for the period	50,598	39,982
<i>Adjustments</i>		
Depreciation of property, plant and equipment	1,851	1,736
Amortisation of intangible assets	1,093	962
Change in debt portfolios purchased	30,430	(223,934)
Change in other investments	(2,473)	566
Net finance costs	8,904	14,863
(Gain)/loss on sale of property, plant and equipment	(52)	(61)
Equity-settled share-based payment transactions	2,738	248
Income tax	(669)	(898)
Change in inventories	119	142
Change in receivables	(975)	(476)
Change in prepayments and accrued income	(480)	(329)
Change in current liabilities, excluding financial liabilities	(37,752)	246,269
Income tax paid	(1,901)	(247)
Net cash from operating activities	51,431	78,823
Cash flows from investing activities		
Interest received	477	161
Sale of intangible assets and property, plant and equipment	73	73
Purchase of intangible assets and property, plant and equipment	(276)	(971)
Net cash from investing activities	274	(737)
Cash flows from financing activities:		
Proceeds from bond issue	-	-
Increase in borrowings	110,350	267,900
Repayment of borrowings	(152,071)	(279,178)
Payments under finance lease agreements	(2,317)	(868)
Redemption of debt securities	(29,000)	(20,000)
Interest paid	(11,055)	(12,014)
Net cash from financing activities	(84,093)	(44,160)
Total net cash flows	(32,388)	33,926
Cash and cash equivalents at beginning of period	70,545	35,258
Cash and cash equivalents at end of period	<u>38,157</u>	<u>69,184</u>

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

II. Interim condensed separate financial statements

1. Separate financial highlights

Financial highlights	PLN '000		EUR '000	
	Jan 1 2015 - Mar 31 2015	Jan 1 2014- Mar 31 2014	Jan 1 2015 - Mar 31 2015	Jan 1 2014- Mar 31 2014
For the period				
Revenue	25,579	24,462	6,165	5,839
Operating profit	(11,793)	(8,613)	(2,842)	(2,056)
Profit before tax	(22,856)	44,408	(5,509)	10,600
Net profit	(21,992)	45,417	(5,301)	10,841
Net cash from operating activities	(9,613)	(8,089)	(2,317)	(1,931)
Net cash from investing activities	12,428	43,932	2,996	10,486
Net cash from financing activities	(20,262)	(17,241)	(4,884)	(4,115)
Change in net cash	(17,447)	18,602	(4,205)	4,440
Diluted earnings per share	(1.23)	2.61	(0.30)	0.62
Average number of shares ('000)	17,110	16,959	17,110	16,959
Earnings per share	(1.29)	2.68	(0.31)	0.64
As at	Mar 31 2015	Dec 31 2014	Mar 31 2015	Dec 31 2014
Total assets	1,264,237	1,287,526	309,180	302,073
Non-current liabilities	632,612	736,964	154,711	172,903
Current liabilities	186,002	85,684	45,488	20,103
Equity	445,624	464,878	108,981	109,067
Share capital	17,110	17,110	4,184	4,014
Book value per ordinary share	26.04	27.17	6.28	6.49

The financial highlights have been translated into the euro as follows:

- items of or related to the statement of profit or loss and the statement of cash flows have been translated using the arithmetic mean of mid rates quoted by the National Bank of Poland for the last day of each month in the period; the exchange rates thus calculated are:

- for the current period – 4.1489
- for the comparative period – 4.1894

- items of or related to the statement of financial position have been translated using the mid rate quoted by the National Bank of Poland for the end of the reporting period; the exchange rates thus calculated are:

- for the current period – 4.0890
- for the comparative period – 4.2623

2. Interim condensed separate statement of financial position

As at March 31st 2015,

PLN '000

	Mar 31 2015	Dec 31 2014	Mar 31 2014
Assets			
Cash and cash equivalents	7,069	24,515	24,236
Trade receivables from related entities	9,405	9,889	12,182
Trade receivables from other entities	4,202	4,120	3,941
Investments in debt portfolios and loans	86,987	119,237	124,779
Other receivables	161,434	161,108	17,300
Inventories	169	282	188
Property, plant and equipment	12,464	12,125	13,603
Intangible assets	9,399	9,639	8,399
Deferred tax asset	7,616	3,449	3,290
Investments in subsidiaries	963,701	941,496	674,409
Other assets	1,792	1,666	1,974
Total assets	1,264,237	1,287,526	884,301
Equity and liabilities			
Liabilities			
Hedge derivatives	2,265	2,668	770
Trade and other payables	20,362	14,414	27,977
Employee benefit obligations	20,075	18,716	16,935
Current tax liability	-	1,724	-
Liabilities under borrowings and other debt instruments	775,912	785,126	653,582
Total liabilities	818,614	822,648	699,264
Equity			
Share capital	17,110	17,110	16,959
Share premium	53,249	53,249	47,381
Cash flow hedging reserve	-	-	(770)
Other capital reserves	58,362	55,624	48,537
Retained earnings	316,903	338,895	72,930
Total equity	445,624	464,878	185,037
Total equity and liabilities	1,264,237	1,287,526	884,301

3. Interim condensed separate statement of profit or loss

For the reporting period ended March 31st 2015

PLN '000

	Note	Jan 1 2015 - Mar 31 2015	Jan 1 2014- Mar 31 2014
Revenue		25,579	24,462
Other income		235	320
Merchandise and materials sold		-	-
Employee benefits expense		(24,373)	(18,892)
Depreciation and amortisation expense		(1,954)	(1,873)
Services		(6,400)	(7,269)
Other expenses		(4,880)	(5,361)
		(37,607)	(33,395)
Operating loss		(11,793)	(8,613)
Finance income		1,020	64,979
Finance costs		(12,083)	(11,958)
Net finance income		(11,063)	53,021
Profit before tax		(22,856)	44,408
Income tax		864	1,009
Net profit for the period		(21,992)	45,417
Earnings per share			
Basic (PLN)		(1.29)	2.68
Diluted (PLN)		(1.23)	2.61

4. Interim condensed separate statement of comprehensive income

For the reporting period ended March 31st 2015

PLN '000

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Net profit for the period	(21,992)	45,417
Other comprehensive income		
Items that may be reclassified to profit or loss		
Cash flow hedges	-	(770)
Other comprehensive income, net, for the period	-	(770)
Total comprehensive income for the period	(21,992)	44,647

5. Interim condensed separate statement of changes in equity

For the reporting period ended March 31st 2015

PLN '000

	Share capital	Share premium	Cash flow hedging reserve	Other capital reserves	Retained earnings	Total equity
Equity as at Jan 1 2014	16,959	47,381	(634)	48,289	27,513	139,508
Comprehensive income for the period						
Net profit for the period	-	-	-	-	45,417	45,417
Other comprehensive income						
- Valuation of hedging instruments	-	-	(136)	-	-	(136)
Total other comprehensive income			(136)			(136)
Total comprehensive income for the period	-	-	(136)	-	45,417	45,281
Contributions from and distributions to owners						
- Share-based payment	-	-		248	-	248
Total contributions from and distributions to owners	-	-	-	248	-	248
Total equity as at Mar 31 2014	16,959	47,381	(770)	48,537	72,930	185,037
Equity as at Jan 1 2014	16,959	47,381	(634)	48,289	27,513	139,508
Comprehensive income for the period						
Net profit for the period	-	-	-	-	311,382	311,382
Other comprehensive income						-
- Valuation of hedging instruments	-	-	634	-	-	634
Total other comprehensive income			634			312,016
Total comprehensive income for the period	-	-	634	-	311,382	312,016
Contributions from and distributions to owners						
- Share-based payments	-	-		7,335	-	7,335
- Issue of shares	151	5,868		-	-	6,019
Total contributions from and distributions to owners	151	5,868	-	7,335	-	7,335
Total equity as at Dec 31 2014	17,110	53,249	-	55,624	338,895	464,878
Equity as at Jan 1 2015	17,110	53,249	-	55,624	338,895	464,878

Comprehensive income for the period

Net profit for the period	-	-	-	-	(21,992)	(21,992)
Other comprehensive income	-	-	-	-	-	-
- Valuation of hedging instruments	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(21,992)	(21,992)
Contributions from and distributions to owners						
- Share-based payments	-	-	-	2,738	-	2,738
- Issue of shares	-	-	-	-	-	-
Total contributions from and distributions to owners	-	-	-	2,738	-	2,738
Total equity as at Mar 31 2015	17,110	53,249	-	58,362	316,903	445,624

6. Interim condensed separate statement of cash flows

For the reporting period ended March 31st 2015

PLN '000

	Note	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Cash flows from operating activities			
Net profit for the period		(21,992)	45,417
<i>Adjustments</i>			
Depreciation of property, plant and equipment		1,097	1,102
Amortisation of intangible assets		857	771
Change in debt portfolios purchased		1,989	(911)
Change in other investments		(2,473)	(448)
Net finance income		9,345	(53,113)
(Gain)/loss on sale of property, plant and equipment		(52)	(34)
Equity-settled share-based payment transactions			
		2,738	248
Income tax		(864)	(1,009)
Change in inventories		112	84
Change in receivables		(454)	(3,780)
Change in prepayments and accrued income		(127)	(59)
Change in current liabilities, excluding financial liabilities		575	2,916
Change in employee benefit obligations		1,358	774
Income tax paid		(1,724)	(49)
Net cash from operating activities		(9,613)	(8,089)
Cash flows from investing activities			
Interest received		10	56
Loans advanced		(29,608)	(5,620)
Sale of intangible assets and property, plant and equipment		58	46
Dividend received		-	65,041
Disposal of financial assets		35,543	15,041
Purchase of intangible assets and property, plant and equipment		(917)	(632)
Acquisition of financial assets		(57,748)	(30,000)
Repayment of loans advanced		65,091	-
Net cash from investing activities		12,428	43,932
Cash flows from financing activities:			
Proceeds from bond issue		-	-
Increase in borrowings		85,770	94,400
Repayment of borrowings		(65,728)	(79,478)
Redemption of debt instruments		(29,000)	(20,000)
Payments under finance lease agreements		(678)	(641)
Interest paid		(10,626)	(11,521)
Net cash from financing activities		(20,262)	(17,241)
Total net cash flows		(17,447)	18,602
Cash and cash equivalents at beginning of period		24,515	5,634
Cash and cash equivalents at end of period		7,069	24,236

III. Interim condensed separate financial statements

1. Organisation of the KRUK Group

Parent

Name:

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

Registered office:

ul. Wołowska 8
54-204 Wrocław, Poland

Registration in the National Court Register:

District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register,
ul. Poznańska 16-17, 53-230 Wrocław, Poland

Date of entry: September 7th 2005

Entry number: KRS 0000240829

Principal business activities of the Parent and subsidiaries

The principal business activities of the Parent and most of its subsidiaries consist primarily in the restructuring and recovery of debts purchased by the Group companies and the provision of outsourced debt collection services to financial institutions and other clients.

These interim condensed consolidated financial statements for the reporting period from January 1st to March 31st 2015 include the financial statements of the Parent and its subsidiaries (jointly the "Group").

KRUK S.A. is the Parent of the Group.

As at March 31st 2015, the Management Board of the Parent consisted of:

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

Since the Management Board's term of office expired on March 19th 2015, the Company's Supervisory Board appointed the Management Board members for another term of office by virtue of resolutions adopted on March 13th 2015.

In Q1 2015 and by the date of issue of this interim report, the composition of the Management Board of KRUK S.A. did not change.

In Q1 2015 and by the date of issue of this interim report, the composition of the Supervisory Board of KRUK S.A. did not change and was as follows:

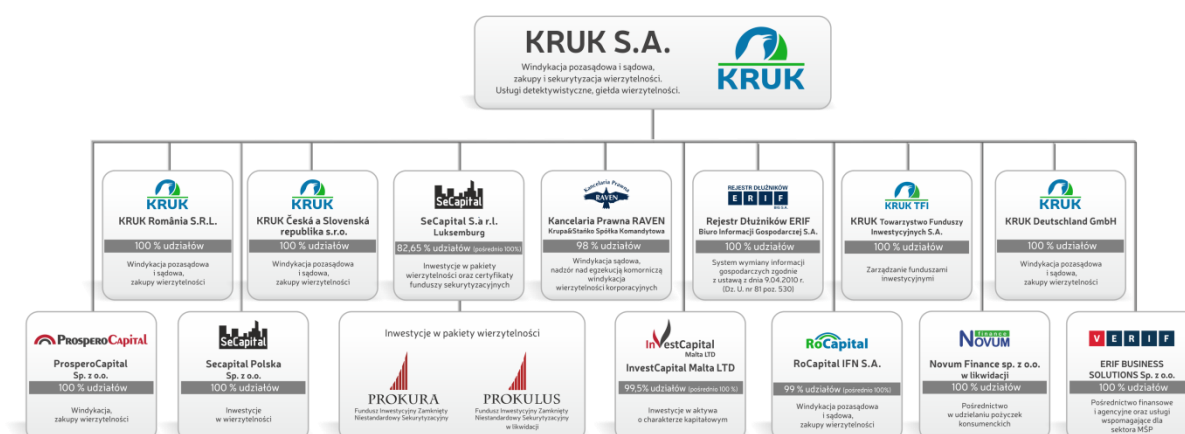
Piotr Stępnia,	Chairman of the Supervisory Board
Katarzyna Beuch,	Member of the Supervisory Board
Tomasz Bieske,	Member of the Supervisory Board
Arkadiusz Orlin Jastrzębski,	Member of the Supervisory Board
Krzysztof Kawalec,	Member of the Supervisory Board
Robert Koński,	Member of the Supervisory Board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

The KRUK Group

As at the date of issue of this report, the Group comprised KRUK S.A. of Wrocław and 15 subsidiaries:

- Kancelaria Prawna RAVEN Krupa & Stańko sp.k. of Wrocław, a law firm providing comprehensive services to support litigation and enforcement, exclusively in connection with the debt collection process carried out by the KRUK Group and its partners;
- Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A. of Warsaw, a credit reference agency serving as a platform for collection, processing and provision of information on natural persons and businesses, both delinquent debtors and timely payers;
- KRUK România s.r.l. of Bucharest, Romania, a company which operates on the market of credit management services and debt 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 (in liquidation), securitisation and investment vehicles which employ professional risk assessment and credit management methodologies. All certificates issued by the securitisation funds are held by Secapital S.a.r.l.;
- Secapital Polska Sp. z o.o. of Wrocław, a company acting as a servicer of securitised debt;
- ERIF Business Solutions Sp. z o.o. of Wrocław, a company whose principal business activities consist in the provision of financial and agency services, and support for small and medium-sized enterprises;
- NOVUM FINANCE Sp. z o.o. w likwidacji of Wrocław, a company in liquidation;
- KRUK Česká a Slovenská republika s.r.o. of Hradec Kralove, Czech Republic, a company which operates on the market of credit management services and debt purchase;
- KRUK Towarzystwo Funduszy Inwestycyjnych S.A. of Wrocław, a fund management company;
- InvestCapital Malta Ltd. of Malta, an investment company whose business purpose is to invest in equity assets, including shares in KRUK Group companies;
- RoCapital IFN S.A. of Bucharest, Romania, an operating company, whose principal business activities consist in purchasing and servicing mortgage-backed debt portfolios;
- ProsperoCapital Sp. z o.o. of Wrocław, a debt collection company, whose principal business activities consist in other financial service activities n.e.c., including trade in receivables and debt collection, except insurance and pension funding;
- KRUK Deutschland GmbH of Berlin, a company whose principal business activities consist in credit management services, collection of debt portfolios purchased by the KRUK Group in Germany and other European countries, as well as debt trading.

All the subsidiaries listed above are consolidated in these condensed consolidated financial statements as at March 31st 2015 and for the period from January 1st to March 31st 2015.



The Company operates eight field offices across Poland, in Poznań, Warsaw, Kraków, Katowice, Bydgoszcz, Łódź, Elbląg, Szczecin, Stalowa Wola and Szczawno-Zdrój.

The ownership interests held by the Parent in the subsidiaries as at the date of issue of this report were as follows:

PLN '000	Country	Share capital held (%)	
		Mar 31 2015	Dec 31 2014
Secapital S.a.r.l. **	Luxembourg	82.7%	84.4%
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 Romania S.r.l.	Romania	100%	100%
Kancelaria Prawna RAVEN Krupa & Stańko Spółka komandytowa	Poland	98%	98%
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	100%	100%
KRUK Česká a Slovenská republika s.r.o.	Czech Republic	100%	100%
Prokura NS FIZ*	Poland	100%	100%
Prokulus NS FIZ*	Poland	100%	100%
ProsperoCapital Sp. z o.o.	Poland	100%	100%
KRUK International Z.r.t. (in liquidation)	Hungary	-	100%
InvestCapital Malta Ltd **	Malta	99.5%	99.5%
RoCapital IFN S.A.	Romania	99.0%	99.0%
Kruk Deutschland GmbH	Germany	100%	100%

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

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

2. Significant accounting policies

Statement of compliance

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

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

Basis of preparation

These consolidated financial statements have been prepared based on the historical cost approach, except with respect to financial instruments at fair value through profit or loss, and include data for the period from January 1st to March 31st 2015 and comparative data for the period from January 1st to March 31st 2014. The presented data has not been audited.

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

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

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

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

Changes in accounting policies

The accounting policies applied to prepare these condensed interim financial statements are consistent with those applied to prepare the most recent full-year consolidated financial statements as at and for the year ended December 31st 2014.

Amendments to current standards and interpretations

The following amendments to International Financial Reporting Standards and their interpretations, endorsed by the European Union (the "EU IFRS") apply to reporting periods beginning on January 1st 2014:

- *IFRS 10 Consolidated Financial Statements and Separate Financial Statements*

IFRS 10 replaces the part of the former IAS 27 Consolidated and Separate Financial Statements concerning consolidated financial statements, and introduces a new definition of control. IFRS 10 may cause changes within a consolidated group with respect to the possibility of consolidating entities which have been consolidated so far, or conversely, does not introduce any changes in consolidation procedures or transaction accounting methods in consolidated financial statements.

These changes had no impact on the Company's financial position or performance.

- *IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures*

IFRS 11 relates to joint arrangements. It defines two categories of joint arrangements: joint operations and joint ventures, and indicates the appropriate methods to account for them.

Application of the standard may result in a change of the method of accounting for joint arrangements (for instance, arrangements previously classified as jointly-controlled entities and accounted for using the proportional consolidation method may now be classified as joint ventures, which are accounted for using the equity method).

IAS 28 has been amended and provides guidelines for applying the equity method to account for joint ventures.

These changes had no impact on the Company's financial position or performance.

- *IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 requires a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements or associates. Application of this standard may result in more extensive disclosures in the financial statements, including for instance:

- key financial information, including information on the risks associated with the Group's undertakings,
- disclosure of interests in unconsolidated structured entities and the risks associated with such investments,
- information on each undertaking in which there are material non-controlling interests,
- disclosure of any significant judgements and assumptions made in classifying an entity as a subsidiary, a jointly-controlled entity or an associate.

These changes had no impact on the Company's financial position or performance.

- *Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27*

These amendments introduce the concept of investment entities which are exempt from the requirement to consolidate subsidiaries, instead measuring those investments at fair value through profit or loss.

These changes had no impact on the Company's financial position or performance.

- *Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32*

The amendments to IAS 32 clarify the concept and the consequences of a legally enforceable right to set off a financial asset and a financial liability, and provide additional guidelines as to the offsetting criteria for gross settlement systems (such as clearing houses).

These changes had no impact on the Company's financial position or performance.

- *Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36*

These amendments removed the unintended consequences of IFRS 13 concerning disclosures required under IAS 36. Also, these amendments have additionally introduced the requirement of disclosure of the recoverable amount of an asset or cash-generating unit (CGU) for which impairment loss was recognised or reversed in the period if the value in use was determined as fair value less costs to sell.

These changes had no impact on the Company's financial position or performance.

- *Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39*

Under the amendments to IAS 39, there is no need to discontinue hedge accounting if a hedging derivative was novated, provided that certain criteria specified in IAS 39 are met.

These changes had no effect on the Company's financial position or performance or on the scope of information presented in the Group's condensed consolidated financial statements.

Standards and interpretations that have been published, but have not yet been adopted

- IFRS 9 Financial Instruments (published on July 24th 2014) – effective for annual periods beginning on or after January 1st 2018; until the date of approval of these financial statements, the standard has not been adopted by the EU; as at the date of approval of these financial statements, the process of adoption of the standard for application within the EU was discontinued,
- IFRIC 21 Levies (published on May 20th 2013) – effective for annual periods beginning on or after January 1st 2014; within the EU, effective at the latest for annual periods beginning on or after September 17th 2014,
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (published on November 21st 2013) – effective for annual periods beginning on or after July 1st 2014; not adopted by the EU by the date of approval of these financial statements,
- Amendments to IFRS introduced as part of the 2010-2012 improvements cycle (published on December 12th 2013) – some of the amendments are effective for annual periods beginning on or after July 1st 2014, while some are effective prospectively for transactions entered into on or after July 1st 2014; until the date of approval of these financial statements, the amendments have not been adopted by the EU,
- Amendments to the IFRS introduced as part of the 2011-2013 improvements cycle (published on December 12th 2013) – effective for annual periods beginning on or after July 1st 2014; until the date of approval of these financial statements, the amendments have not been adopted by the EU,
- IFRS 14 Regulatory Deferral Accounts (published on January 30th 2014) – effective for annual periods beginning on or after January 1st 2016; no decision has been made as to when EFRAG will carry out the individual stages of work leading to the approval of this standard; until the date of approval of these financial statements, the amendments have not been adopted by the EU,
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (published on May 6th 2014) – effective for annual periods beginning on or after January 1st 2016; until the date of approval of these financial statements, the amendments have not been adopted by the EU,
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (published on May 12th 2014) – effective for annual periods beginning on or after January 1st 2016; until the date of approval of these financial statements, the amendments have not been adopted by the EU,
- IFRS 15 Revenue from Contracts with Customers (published on May 28th 2014) – effective for annual periods beginning on or after January 1st 2017; until the date of approval of these financial statements, the amendments have not been adopted by the EU,
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (published on September 30th 2014) – effective for annual periods beginning on or after January 1st 2016; until the date of approval of these financial statements, the amendments have not been adopted by the EU,
- Amendments to IAS 27 Equity Method in Separate Financial Statements (published on August 12th 2014) – effective for annual periods beginning on or after January 1st 2016; until the date of approval of these financial statements, the amendments have not been adopted by the EU,
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (published on September 11th 2014) – effective for annual periods beginning on or after January 1st 2016; until the date of approval of these financial statements, the amendments have not been adopted by the EU,
- Amendments to the IFRS introduced as part of the 2012-2014 improvements cycle (published on September 25th 2014) – effective for annual periods beginning on or after January 1st 2016; until the date of approval of these financial statements, the amendments have not been adopted by the EU,

- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (published on December 18th 2014) – effective for annual periods beginning on or after January 1st 2016; until the date of approval of these financial statements, the amendments have not been adopted by the EU,
- Amendments to IAS 1 – Disclosure Initiative (published on December 18th 2014) – effective for annual periods beginning on or after January 1st 2016; until the date of approval of these financial statements, the amendments have not been adopted by the EU,

3. Reporting and geographical segments

Reporting segments

Below, the Group presents its reporting segments. The President of the Management Board reviews internal management reports relating to each business segment at least quarterly. The Group's reporting segments conduct the following activities:

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

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

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

The Group's operations are divided into the following geographical segments:

- Poland
- Romania
- Other foreign markets

Reporting segments

<i>PLN '000</i>	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Revenue	133,233	120,117
Purchased debt portfolios	121,386	109,117
Credit management	7,603	7,994
Other products	4,243	3,006
Direct and indirect costs	(49,866)	(50,686)
Purchased debt portfolios	(42,753)	(43,601)
Credit management	(5,130)	(5,196)
Other products	(1,983)	(1,889)
Gross profit	83,366	69,431
Purchased debt portfolios	78,634	65,516
Credit management	2,473	2,798
Other products	2,260	1,117
Administrative expenses	(19,194)	(15,501)
Depreciation and amortisation expense	(2,944)	(2,698)
Other income	337	793
Other expenses (unallocated)	(865)	(586)
Finance income/costs	(10,772)	(12,354)
Profit before tax	49,929	39,084
Income tax	669	898
Net profit	50,598	39,982

Geographical segments

<i>PLN '000</i>	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Revenue	133,233	120,117
Poland	70,154	71,671
Romania	58,406	41,159
Other foreign markets	4,672	7,287

Non-financial assets

<i>PLN '000</i>	Mar 31 2015	Dec 31 2014
Poland	23,180	26,796
Romania	7,141	7,665
Other foreign markets	779	1,362
	31,100	35,823

4. Purchased debt portfolios

<i>PLN '000</i>	
Purchased debt portfolios as at Jan 1 2014	1,053,913
Purchase of debt portfolios at prices as per agreement	575,105
Purchase price adjustment for discount	(4,419)
Cash recoveries	(711,841)
Increase/decrease in liabilities to debtors due to overpayments	574
Valuation of loyalty scheme	2,080
Revenue from debt purchase (interest and revaluation)	442,374
Fair value translation differences (*)	8,751
Purchased debt portfolios as at Dec 31 2014	1,366,537
Purchased debt portfolios as at Jan 1 2015	1,366,537
Purchase of debt portfolios at prices as per agreement	44,920
Purchase price adjustment for discount	(68)
Price correction due to transaction costs	768
Return of purchased portfolio price	(1,951)
Cash recoveries	(187,229)
Increase/decrease in liabilities to debtors due to overpayments	150
Valuation of loyalty scheme	798
Revenue from debt purchase	121,386
Fair value translation differences (*)	(9,204)
Purchased debt portfolios as at Mar 31 2015	1,336,107

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

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

Revenue

PLN '000

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Revenue from debt purchase	121,386	109,117
Revenue from credit management	7,603	7,994
Revenue from other services	4,244	3,006
	<u>133,233</u>	<u>120,117</u>

Revenue from debt purchase

PLN '000

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Interest income adjusted for actual recoveries	119,282	103,373
Revaluation of debt portfolios	2,104	5,744
	<u>121,386</u>	<u>109,117</u>

PLN '000

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Revision of recovery forecast	1,239	6,112
Change due to change in discount rate	865	(368)
	<u>2,104</u>	<u>5,744</u>

Revenue from debt purchase includes:

Revenue from debt portfolios measured at fair value

PLN '000

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Interest income adjusted for actual recoveries	91,422	103,373
Revaluation of debt portfolios	(1,113)	5,744
	<u>90,309</u>	<u>109,117</u>

Revaluation of debt portfolios measured at fair value

PLN '000

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Revision of recovery forecast	(1,978)	6,112
Change due to change in discount rate	865	(368)
	<u>(1,113)</u>	<u>5,744</u>

Re-measurement of purchased debt portfolios represents changes in fair value of financial assets measured at fair value through profit or loss which have been designated as such at the time of their initial recognition.

Revenue forecast update is primarily based on the analysis of:

- debtors' behaviour patterns and effectiveness of the collection tools applied;
- changes in currency exchange rates against PLN (for debt portfolios purchased abroad).

Pursuant to the accounting policies applied by the Company, income and gains on financial instruments at fair value through profit or loss are presented as revenue from purchased debt portfolios under operating income.

Revenue from debt portfolios measured at amortised cost

PLN '000

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Interest income adjusted for actual recoveries	27,860	-
Revaluation of debt portfolios	3,217	-
	31,077	-

Pursuant to the accounting policies applied by the Company, income and gains on financial instruments at amortised cost are presented as revenue from purchased debt portfolios under operating income.

Other expenses

PLN '000

	Jan 1 2015 – Mar 31 2015	Jan 1 2014 – Mar 31 2014
Court fees	(9,842)	(9,621)
Advertising	(209)	(1,356)
Raw materials and energy used	(1,976)	(2,204)
Taxes and charges	(6,938)	(4,170)
Staff training	(329)	(275)
Business trips	(309)	(292)
Entertainment expenses	(55)	(29)
Motor insurance	(151)	(140)
Losses from damage caused by motor vehicles	(130)	(252)
Property insurance	(149)	(79)
Other	(1,356)	(814)
	(21,444)	(19,232)

Finance income*PLN '000*

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Interest income on bank deposits	476	116
	<u>476</u>	<u>116</u>

Finance costs

Interest expense on financial liabilities measured at amortised cost	(10,730)	(12,385)
Net foreign exchange gains/(losses)	(518)	(85)
	<u>(11,248)</u>	<u>(12,470)</u>
Net finance costs recognised in profit or loss	(10,772)	(12,354)

PLN '000

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Total interest income on financial assets	476	116
Total interest expense on financial liabilities	(10,730)	(12,385)

PLN '000

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Exchange differences on translating foreign operations	(503)	3,174
Attributable to:		
Owners of the Parent	(503)	3,174
Finance income recognised directly in other comprehensive income	<u>(503)</u>	<u>3,174</u>

Borrowings and finance lease liabilities

PLN '000

Non-current liabilities

	Mar 31 2015	Dec 31 2014
Secured borrowings	264,649	239,846
Liabilities under debt securities (unsecured)	363,060	470,633
Finance lease liabilities	8,031	8,377
	635,740	718,856

Current liabilities

Current portion of secured borrowings	29,129	96,078
Liabilities under debt securities	97,327	18,859
Current portion of finance lease liabilities	4,128	4,856
	130,584	119,793

Earnings per share

'000

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Number of ordinary shares as at Jan 1	17,110	16,959
Effect of cancellation and issue of shares	-	-
Weighted average number of ordinary shares as at Mar 31	17,110	16,959

PLN

Earnings per share	2.96	2.36
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'000

	Jan 1 2015 - Mar 31 2015	Jan 1 2014 - Mar 31 2014
Number of ordinary shares as at Jan 1	17,110	16,959
Effect of issue of non-registered shares not subscribed for	716	430
Weighted average number of ordinary shares as at Mar 31 (diluted)	17,826	17,389

PLN

Earnings per share (diluted)	2.84	2.30
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Number of employees

Number of employees in Kruk Group at 31 March 2015

2,488

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

In the area of marketing activities, the Kruk Group recorded the following achievements:

- The key element of the Group's communication policy was the continuation of the image-building campaign, presenting the Kruk Group as a trustworthy and reliable partner in debt repayment. We educated Polish, Romanian, Czech and Slovak people in finance through press communications published in the traditional media.
- In Q1 2015, we officially launched the Kruk Deutschland GmbH campaign. During one-on-one meetings with journalists, the Management Board of Kruk S.A. and Kruk Deutschland presented the Kruk Group's unique amicable settlement strategy as well as German versions of our commercial spots to give a thorough overview of our approach. Kruk met with journalists from the major financial newspapers in Germany, including Handelsblatt, Banken+Partner and Frankfurter Allgemeine Zeitung.
- In March, Kruk S.A. won first place in the Listed Company of the Year ranking organised by the Puls Biznesu daily. It is the most prestigious award in Poland, granted to Kruk only four years after its first stock market listing. The Company was recognised by stock-market specialists for its business model and the competence of the Management Board.

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 quarter of 2015, investments totalled PLN 43,900 thousand.

In the corresponding period of the previous year, investments in debt portfolios purchased totalled PLN 269,900 thousand (including purchase of a debt portfolio from Getin Bank S.A. for PLN 260m).

As at March 31st 2015, the Company's investments in debt portfolios accounted for 91% of its assets. Equity accounts for 44% of the financing of the Group's operations.

8. Seasonality and cyclical nature 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 5th 2015, KRUK S.A. repurchased PLN 17,000 thousand worth of unsecured Series I3 bonds.

On March 21st 2015, KRUK S.A. repurchased some of the unsecured Series M1 bonds worth PLN 12,000 thousand. It was a partial obligatory redemption as part of periodic amortisation (10% of the par value of the issue) in accordance with the Terms and Conditions of the Series M1 Bonds and the Terms and Conditions of the Series N1 Bonds (after the issue, Series M1 Bonds and Series N1 Bonds were assimilated).

On May 5th 2015, the KRUK Management Board passed resolutions to issue up to 100,000 Series Z1 bonds.

On May 7th 2015, the KRUK Management Board passed resolutions to issue up to 200,000 Series W1 bonds.

10. Dividend paid out (or declared)

On February 18th 2015, the Management Board of KRUK S.A. passed a resolution to propose to the Company's Annual General Meeting that a dividend of PLN 1.5 per share be distributed to shareholders from the net profit earned in the period January 1st – December 31st 2014.

The proposal concerning the dividend payment and dividend amount was prepared taking into account the KRUK Group's current financial standing, as well as its further growth strategy, plans and prospects.

The Management Board may propose distribution of dividends in the future, but in each case the final decision in this respect will be made with due regard to the Group's strategic plans, growth prospects, investment financing requirements, as well as its current debt level and overall financial standing.

If the Annual General Meeting passes a resolution in line with the Management Board's proposal, the balance of the Company's net profit for 2014 will be allocated to statutory reserve funds.

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

On April 1st 2015, subsidiary PROKURA NS FIZ and KRUK S.A. executed an agreement for the management of securitised debt, as a result of which the estimated aggregate value of all agreements concluded by KRUK Group companies with Secapital S. a r. l. (a subsidiary of KRUK S.A.) and its subsidiary PROKURA NS FIZ over the last twelve months reached PLN 292m, and thus exceeded 10% of the Group's revenue. The highest-value agreement executed in the period was the Management Agreement of April 1st 2015. The aggregate amount of payments to be made under the Management Agreement over a five-year period is estimated at approximately PLN 247m. The Management Agreement was executed after KRUK S.A. changed the profile of services provided to the Fund, from provision of services relating to the Fund's securitised debt to management of such debt. Accordingly, by mutual agreement of the parties, on March 31st 2015 KRUK S.A. and the Fund terminated the agreement on the provision of services relating to securitised debt, executed between KRUK S.A. and the Fund on February 27th 2006. The Management Agreement provides for management of the Fund's Securitised Debt consisting in debt collection, debt

administration, as well as searching for, acquiring, and selling, on behalf of the Fund, of debts which may constitute the Fund's investments in accordance with the Fund's investment policy. The Management Agreement stipulates no conditions precedent or subsequent. Other terms and conditions of the Management Agreement do not differ from those commonly used in agreements of such type. The Management Agreement does not provide for contractual penalties.

On April 30th 2015, KRUK S.A.'s subsidiary Secapital S.à.r.l and Pireaus Bank Romania S.A. executed a debt assignment agreement under which the subsidiary purchased unsecured debt with a total nominal value of approximately RON 833.9m (PLN 760.8m at the mid rate quoted by the National Bank of Poland for April 30th 2015) for RON 54.2m (PLN 49.5m at the mid rate quoted by the National Bank of Poland for April 30th 2015). The agreement is subject to a condition precedent that the debts covered by the Agreement will be assigned to the buyer upon payment of the Price. In accordance with the Agreement, the Price will be paid within 45 days from the Agreement date. The Agreement provides for an additional condition precedent consisting in payment of the price and transfer of ownership of the debt covered by an assignment agreement to be executed in future between the bank and KRUK subsidiary ROCAPITAL INF. The Agreement provides for contractual penalties of RON 2m (PLN 1.8m at the mid rate quoted by the National Bank of Poland for April 30th 2015) for failure to pay the Price specified in the Agreement and the price under the additional agreement, by Secapital and Rocapital, respectively. Other terms and conditions of the Agreement do not differ from those commonly used in agreements of such type.

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

Security for future liabilities

The bank guarantee agreement executed by KRUK S.A. and Bank Zachodni WBK S.A. on January 14th 2013 expired on March 31st 2015. The agreement, valid period from January 25th 2013 to March 31st 2015, secured the payment of all liabilities towards LEGNICKA BUSINESS HOUSE Sp. z o.o. under an office space lease agreement between KRUK S.A. and LEGNICKA BUSINESS HOUSE Sp. z o.o. The guarantee amount was EUR 168,000.00.

The bank guarantee agreement executed by KRUK S.A. and Bank Zachodni WBK S.A. on February 18th 2013 expired on February 24th 2015. The agreement, valid from February 25th 2013 to February 24th 2014, secured the payment of liabilities towards DEVCO Sp. z o.o. under an office space lease agreement between KRUK S.A. and DEVCO Sp. z o.o. The guarantee amount was EUR 135,420.75

Following the execution, on October 3rd 2014, of a revolving credit facility agreement between KRUK S.A. and BNP Paribas Bank Polska S.A., on March 11th 2015 KRUK S.A., the bank and SeCapital S.à.r.l executed an agreement to establish a financial pledge under Luxembourg law over shares in SeCapital S.à.r.l. compartment. The pledge secures the Bank's claims under the agreement, i.e. the principal amount of up to PLN 30m plus interest, fees and commissions, and expenses (if any). As at March 31st 2015, a pledge existed over 24,385 Class D shares in Secapital S.à.r.l., with a carrying amount in KRUK S.A.'s accounting books of PLN 26,823,500.

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

In Q1 2015, and by the date of issue of this periodic report, there were no changes in the KRUK Group's structure.

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, 5% or more of total voting rights at the General Meeting of the Company as at the report issue date, and changes in large holdings of Company shares since the issue of the previous interim report.

As at the date of issue of the previous periodic report, i.e. November 11th 2014

Shareholder	Number of shares	Ownership interest (%)	Number of votes held	Share in total voting rights at GM (%)
Piotr Krupa	2,069,662	12.16	2,069,662	12.16
Aviva OFE	1,932,184	11.35	1,932,184	11.35
ING PTE*	1,835,643	10.78	1,835,643	10.78
Generali OFE	1,575,000	9.25	1,575,000	9.25

(*) Joint shareholding of ING OFE and ING DFE, managed by ING PTE S.A. (**) Data based on the list of shareholders holding 5% or more of total voting rights at the Annual General Meeting of KRUK S.A. held on June 27th 2013

As at the date of issue of this interim report

Shareholder	Number of shares	Ownership interest (%)	Number of votes held	Share in total voting rights at GM (%)
Piotr Krupa	2,069,662	11.97	2,069,662	11.97
Aviva OFE	1,676,165	9.69	1,676,165	9.69
ING PTE*	1,835,643	10.62	1,835,643	10.62
Generali OFE	1,545,000	8.93	1,545,000	8.93

(*) Joint shareholding of ING OFE and ING DFE, managed by ING PTE S.A. (**) Data based on the list of shareholders holding 5% or more of total voting rights at the Annual General Meeting of KRUK S.A. held on May 28th 2014

Information concerning changes in the structure of large shareholdings

In the period from the issue of the previous quarterly report, i.e. the extended consolidated report for Q3 2014, to the date of issue of this interim report, the following changes took place in the holdings of Company shares by significant shareholders of KRUK S.A.

On November 19th 2014, the Company received a notification from Aviva Powszechne Towarzystwo Emerytalne Aviva BZ WBK S.A. to the effect that AVIVA Otwarty Fundusz Emerytalny reduced its holding of total voting rights at the Company's General Meeting to below 10%, following the disposal of Company shares on November 12th 2014. According to the notification, as at November 14th 2014 AVIVA OFE held 1,676,165 Company shares, representing 9.85% of the Company's share capital and conferring the right to 1,676,165 votes (9.85% of the total vote).

On December 1st 2014, the share capital of KRUK S.A. was increased through the issue of 87,086 Series E shares. As a result on 31th March 2015, the Company's share capital comprises 17,110,682 shares conferring the right to 17,110,682 votes at the General Meeting.

On January 16th 2015, the Company was notified that on January 16th 2015 the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, registered an increase of PLN 87,086 in the share capital of KRUK S.A. following the issue of Series E shares. The registration is of a declaratory nature. The share capital was increased upon the registration of Series E shares in the investors' securities accounts on the date of their registration with the Polish National Depository for Securities, as indicated in Current Report No. 61/2014. Pursuant to Resolution No. 1 of the Issuer's Extraordinary General Meeting, dated March 30th 2011, the share capital was increased as part of the conditional share capital increase through an issue of 87,086 Series E shares with a par value of PLN 1.00 per share. The issue of E Series shares was related to the exercise of rights attached to Series A and B subscription warrants by eligible persons. Series A i B warrants were issued as part of the incentive addressed to key management members at KRUK S.A. and the Group's companies.

On April 28th 2015, KRUK S.A. received Resolution No. 383/2015 of the Management Board of the Warsaw Stock Exchange of April 28th 2015, to admit and introduce the Series E ordinary bearer shares to trading on the WSE main market. In the Resolution, the WSE Management Board stated that, pursuant to Par. 19.1-2 of the WSE Rules, 181,091 Series E ordinary bearer shares with a par value of PLN 1.00 per share were admitted to trading on the main market. Further, under the Resolution, pursuant to Par. 38.1 and Par. 38.3 of the WSE Rules, the WSE Management Board decided to introduce the Company shares referred to above

to trading on a regulated market on April 30th 2015 provided that on the same day the Polish National Depository for Securities registers the shares and assign to them ISIN code No. PLKRK0000010.

On April 29th 2015, KRUK S.A. was notified of an Announcement of the Operations Department of the National Depository for Securities stating that pursuant to the above resolution, on April 30th 2015 a total of 181,091 shares in the Company was registered with the Polish National Depository for Securities, under ISIN code: PLKRK0000010. On the date of registration with the Polish National Depository for Securities of KRUK S.A. the above shares issued as part of a conditional share capital increase, the shares were registered in the investors' securities accounts, and consequently (in accordance with Art. 452.1 in conjunction with Art. 451.3 of the Commercial Companies Code), an increase in the Company's share capital within the limits of the conditional share capital, through the issue of 181,091 Series E ordinary bearer shares with a par value of PLN 1 per share pursuant to Resolution No. 1/2011 of the Extraordinary General Meeting of March 30th 2011, was effected. Following the registration of KRUK S.A. shares in investors' securities accounts, the Company's share capital amounted to PLN 17,291,773 and was divided into 17,291,773 shares conferring the right to 17,291,773 votes at the Company's General Meeting.

16. Members of the management or supervisory personnel holding Company shares or rights to Company shares as at the date of issue of this interim report, and changes in their holdings after the issue of the previous interim report

Name and surname	Position	Number of shares held
Piotr Krupa	CEO and President of the Management Board	2,069,662
Urszula Okarma	Member of the Management Board	140,871
Agnieszka Kułton	Member of the Management Board	77,741
Iwona Słomska	Member of the Management Board	48,257
Michał Zasępa	Member of the Management Board	5,700
Tomasz Bieske	Member of the Supervisory Board	5,680

In the period from the issue of the previous interim report, i.e. the consolidated report for Q3 2014 issued on November 11th 2014, to the date of issue of this interim report, there were changes in the holdings of Company shares by Ms Urszula Okarma, Ms Agnieszka Kułton, Ms Iwona Słomska and Mr Michał Zasępa (see below).

On December 1st 2014, the Company received a notification from Ms Agnieszka Kułton, Member of the Management Board, given under Art. 160.1 of the Act on Trading in Financial Instruments, to the effect that Ms Agnieszka Kułton had sold 20,000 shares in KRUK S.A. in ordinary transactions executed during a trading session on the Warsaw Stock Exchange. In those transactions, Ms Kułton sold 9,000 shares on November 26th 2014, and 11,000 shares on November 27th 2014.

In addition, on December 1st 2014 the Company received from Ms Urszula Okarma a notification of her acquisition of 21,014 Series E shares in the Company. According to the notification, the shares were acquired on December 1st 2014, when 21,014 Series E shares were registered in the securities account of

the Notifying Party as a result of execution of the rights attached to 21,014 Series A and B subscription warrants issued as part of an incentive scheme, authorising the notifying party to subscribe for the shares at the issue price of PLN 39.70 per share.

On January 19th 2015, the Company received a notification from Mr Michał Zasępa, Member of the Management Board, given under Art. 160.1 of the Act on Trading in Financial Instruments, to the effect that Mr Zasępa had sold 32 shares in KRUK S.A. on December 4th 2014, and 2,268 shares on January 14th 2015, in ordinary transactions executed at trading sessions on the Warsaw Stock Exchange.

In addition, on April 30th 2015 the Company received from Ms Urszula Okarma a notification of her acquisition of 9,507 Series E shares in the Company. According to the notification, the shares were acquired on April 30th 2015, when 9,507 Series E shares were registered in the securities account of the notifying party as a result of execution of the rights attached to 9,507 Series A and B subscription warrants issued as part of an incentive scheme, authorising the notifying party to subscribe for the shares at the issue price of PLN 39.70 per share.

In addition, on April 30th 2015 the Company received from Ms Agnieszka Kulon a notification of her acquisition of 30,521 Series E shares in the Company. According to the notification, the shares were acquired on April 30th 2015, when 30,521 Series E shares were registered in the securities account of the Notifying Party as a result of execution of the rights attached to 30,521 Series A,B and C subscription warrants issued as part of an incentive scheme, authorising the notifying party to subscribe for the shares at the issue price of PLN 39.70 per share.

In addition, on April 30th 2015 the Company received from Ms Iwona Słomska a notification of her acquisition of 8,257 Series E shares in the Company. According to the notification, the shares were acquired on April 30th 2015, when 8,257 Series E shares were registered in the securities account of the Notifying Party as a result of execution of the rights attached to 8,257 Series C subscription warrants issued as part of an incentive scheme, authorising the notifying party to subscribe for the shares at the issue price of PLN 39.70 per share.

To the best of the Company's knowledge, other Supervisory Board members did not hold any Company shares or rights to Company shares in the period from the issue of the previous interim report, i.e. the consolidated report for Q3 2014 issued on November 11th 2014, to the date of issue of this Q1 2015 report, i.e. May 10th 2015.

Incentive Scheme at KRUK S.A.

Incentive scheme for 2011-2014

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

The rules of the Incentive Scheme for 2011–2014 were passed by Resolution No. 1/2011 of KRUK's Extraordinary General Meeting of March 30th 2011, and amended by a resolution of the Extraordinary General Meeting of August 29th 2011. Under the Scheme, eligible persons will have the right to acquire Company shares on preferential terms, set forth in the Resolution and in the Rules of the Incentive Scheme. The eligible persons comprise members of the Management Board (excluding the President), Company employees and employees of the Group companies, on condition they were in an employment relationship with the Parent or its subsidiary or in other legal relationship under which they provided services to the

Parent or its subsidiary for a period of at least twelve months in the calendar year preceding the year in which the offer to acquire/subscribe for subscription warrants is made.

In connection with the Incentive Scheme, the Extraordinary General Meeting approved a conditional share capital increase of up to PLN 845,016 through an issue of up to 845,016 Series E ordinary bearer shares. The purpose of the conditional share capital increase is to grant the right to subscribe for Series E shares to holders of subscription warrants that will be issued under the Incentive Scheme. Holders of subscription warrants will be entitled to exercise their rights to subscribe for Series E Shares at an issue price equal to the issue price of Company shares in the initial public offering, i.e. PLN 39.70 per share, not earlier than six months after the acquisition of the subscription warrants and not later than on June 30th 2016.

Subscription warrants will be issued in four tranches, one for each year of the reference period, i.e. for the financial years 2011–2014.

Subscription warrants for a given financial year will be granted by the KRUK Supervisory Board on condition that two financial ratios reflecting the Group's consolidated results – EPS and EBITDA or ROE – reach predefined levels, according to the following criteria:

- Increase of EPS in the financial year preceding the year in which subscription warrants of a given Tranche are offered is no less than 17.5%;
- In the financial year preceding the year in which the subscription warrants are to be offered in a given tranche, EBITDA increases by at least 17.5%;
- ROE in the financial year preceding the year in which subscription warrants of a given Tranche are offered is no less than 20%.

Tranche 1

Under Tranche 1, eligible persons, including Management Board Members, were offered subscription warrants pursuant to the Supervisory Board's resolution of July 20th 2012 on assessment of the fulfilment of conditions set forth in the Incentive Scheme with a view to granting subscription warrants for performance of the Incentive Scheme provisions in 2011, and determining the list of eligible persons under Tranche 1 for 2011 and the list of persons eligible under Tranche 1 for 2011 from the Reserve Pool.

On this basis, in 2012 Eligible Persons, including Management Board Members, acquired 189,790 subscription warrants, of which 157,830 warrants had been converted into Series E Company shares by the issue date of these financial statements.

As at the issue date of these financial statements, persons eligible under Tranche 1 held a total of 31,960 subscription warrants, carrying the right to subscribe for the same number of Series E shares.

Tranche 2

On August 5th 2013, the KRUK Supervisory Board passed a resolution on assessment of the fulfilment of conditions set forth in the Incentive Scheme with a view to granting subscription warrants for performance of the Incentive Scheme provisions in 2012, and determining the list of eligible persons under Tranche 2 for 2012. The Supervisory Board established that the requirements set forth in the Incentive Scheme for granting the maximum number of subscription warrants in Tranche 2 for 2012 had been fulfilled, and determined the list of eligible persons in Tranche 2 for 2012 and the list of persons eligible in Tranche 2 for 2012 from the Reserve Pool.

Pursuant to the Resolution, the Supervisory Board allotted subscription warrants under the 2012 Management Stock Option Plan to the persons named in the lists, including members of the Management Board. 201,758 subscription warrants were delivered to the eligible persons on October 1st 2013, of which 132,842 warrants had been converted into Series E Company shares by the issue date of these financial statements.

As at the issue date of these financial statements, persons eligible under Tranche 2 held a total of 68,916 subscription warrants, carrying the right to subscribe for the same number of Series E shares.

Tranche 3

On June 12th 2014, the KRUK Supervisory Board passed a resolution on assessment of the fulfilment of conditions set forth in the Incentive Scheme with a view to granting subscription warrants for performance of the Incentive Scheme provisions in 2013, and determining the list of eligible persons under Tranche 3 for 2013. The Supervisory Board established that the requirements set forth in the Incentive Scheme for granting the maximum number of subscription warrants in Tranche 3 for 2013 had been fulfilled, and determined the list of eligible persons in Tranche 3 for 2013 and the list of persons eligible in Tranche 3 for 2013 from the Reserve Pool.

Pursuant to the Resolution, the Supervisory Board allotted subscription warrants under the 2013 Management Stock Option Plan to the persons named in the lists, including Management Board Members. 190,651 subscription warrants were delivered to the eligible persons on June 26th 2014, of which 100,761 warrants were converted into Series E Company shares by the issue date of these financial statements.

As at the issue date of these financial statements, persons eligible under Tranche 2 held a total of 89,890 subscription warrants, carrying the right to subscribe for the same number of Series E shares.

Number of subscription warrants held by Management Board Members as at March 31st 2015

Name and surname	Position	Number of warrants held under Tranches 1, 2 and 3 for 2011, 2012 and 2013
Urszula Okarma	Member of the Management Board	9,507
Agnieszka Kułton	Member of the Management Board	30,521
Iwona Słomska	Member of the Management Board	8,257
Michał Zasępa	Member of the Management Board	34,521

Number of subscription warrants held by Management Board Members as at the date of issue of this report: May 10th 2015

Name and surname	Position	Number of warrants held under Tranches 1, 2 and 3 for 2011, 2012 and 2013
Urszula Okarma	Member of the Management Board	0
Agnieszka Kulon	Member of the Management Board	0
Iwona Słomska	Member of the Management Board	0
Michał Zasępa	Member of the Management Board	34,521

Incentive scheme for 2015-2019

On May 28th 2014, the Annual General Meeting of KRUK passed Resolution No. 26/2014 on setting the rules of an incentive scheme for the years 2015-2019, conditional increase in the Company's share capital and issue of subscription warrants with the Company existing shareholders' pre-emptive rights disapplied in whole with respect to the shares to be issued as part of the conditional share capital increase and subscription warrants, and amendments to the Articles of Association. The incentive scheme for 2015-2019 (the "2015-2019 Scheme") is addressed to the key management personnel of the Parent and Group companies.

Under the 2015-2019 Scheme, eligible persons will have the right to acquire Series F Company shares on preferential terms set forth in the Resolution. The eligible persons comprise members of the Management Board, including the President, as well as Company employees and employees of the Group companies, on condition they were in an employment relationship with the Parent or its subsidiary or in other legal relationship under which they provided services to the Parent or its subsidiary for a period of at least twelve months in the calendar year preceding the year in which the offer to subscribe for subscription warrants is made.

For the purposes of the 2015-2019 Scheme, the General Meeting approved a conditional share capital increase of up to PLN 847,950, through an issue of up to 847,950 Series F ordinary bearer shares. The objective of the conditional share capital increase is to grant the right to subscribe for Series F shares to holders of subscription warrants that will be issued under the 2015-2019 Scheme. Holders of the subscription warrants will be entitled to exercise the rights to subscribe for Series F Shares attached to subscription warrants at an issue price equivalent to the average closing price of Company shares on all trading days in the period February 27th 2014 to May 27th 2014. Holders of subscription warrants who are not Management Board members will be entitled to exercise the rights to subscribe for Series F Shares attached to the subscription warrants not earlier than six months after the date of subscription for the subscription warrants, whereas Management Board members will be able to exercise these rights twelve months after the date of subscription (lock-up for subscription of Series F shares by holders of subscription warrants). The right to subscribe for Series F shares may be exercised by holders of subscription warrants no later than on December 31st 2021.

Subscription warrants will be issued in five tranches, one for each year of the reference period, i.e. for the financial years 2015–2019.

Subscription warrants for a given financial year will be granted to eligible persons on the condition that the annual EPS, calculated based on the Group's consolidated financial statements, increases by no less than 13.00%.

Under the Scheme, the Company may finance purchase of Series F shares by eligible persons on the terms defined in the resolution.

Subscription Warrants may be inherited, but may not be encumbered and are not transferable.

In its Resolution of September 8th 2014, the Supervisory Board determined and approved Rules for the Management Stock Option Scheme for 2015-2019.

On September 2nd 2014, the Management Board of KRUK S.A. determined the list of persons who are Members of the Company's Management Board and are eligible to participate in the 2015-2019 Stock Option Scheme (the “Base List of Management Board Members”) and the list of persons who are not Members of the Company's Management Board but are eligible to participate in the 2015-2019 Stock Option Scheme (the “Base List of Non-Management Board Members”).

The Company's Management Board Members hold no rights to KRUK shares other than those attached to the subscription warrants.

17. Litigation, arbitration or administrative proceedings.

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

Litigation involving potential liabilities – five largest cases

<i>Subject matter</i>	<i>Value of claim [PLN]*</i>	<i>Date instigated</i>	<i>Plaintiff</i>	<i>Defendant</i>	<i>Kruk S.A.'s position</i>
Action for voiding an assignment agreement	PLN 22,440,485.70	Sep 7 2014	Susman Daniela	SeCapital S.a.R.L.	The claim is groundless
Action for voiding a debt assignment agreement	PLN 4,755,903.21	Oct 20 2014	Andrei Ionut Eugen	SeCapital S.a.R.L.	Action dismissed in the first instance, court ruling not final

Action for voiding a debt assignment agreement	PLN 4,755,903.21	Nov 17 2014	Udisteanu Sebastian	SeCapital S.a.R.L.	We request that the action be dismissed in full due to it being clearly groundless
Action for declaring two credit facility agreements invalid and a debt assignment agreement ineffective	PLN 3,225,000	May 13 2014	GRH Nieckowo sp. z o.o.	PROKURA NSFIZ	We believe the claim is groundless

Litigation involving potential receivables – five largest cases

<i>Subject matter</i>	<i>Value of claim [PLN]*</i>	<i>Date instigated</i>	<i>Plaintiff</i>	<i>Defendant</i>	<i>Kruk S.A.'s position</i>
Bankruptcy proceedings	PLN 30,828,937.83	Mar 17 2001	PROKURA NSFIZ	Libertów Sp. z o.o. w upadłości	Bankruptcy proceedings pending
Action for payment	PLN 22,703,641.97	Aug 22 2014	PROKURA NSFIZ	Zakłady Przetwórstwa Tworzyw Eko-Pet Sp. z o.o.	We believe the action will be granted
Bankruptcy proceedings	PLN 16,308,593.25	May 31 2001	PROKURA NSFIZ	Nonna & Sons sp. z o.o.	Bankruptcy proceedings pending; the fund does not expect satisfaction of its claims
Bankruptcy proceedings	PLN 16,298,062.55	May 22 2012	PROKURA NSFIZ	Steinhauser Sp. z o.o. w upadłości	The fund is awaiting approval of separate division plans
Bankruptcy proceedings	PLN 15,330,470.15	Jun 19 2013	KRUK S.A.	NISCO INVEST SRL	Bankruptcy proceedings pending; the creditor does not expect satisfaction of its

claims

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

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

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

Total number of court cases as at March 31st 2015

	<i>Total number of cases</i>	<i>Total amount (PLN)</i>
Total number of court proceedings (including bankruptcy proceedings) instigated by the Group companies and total value of the Group's claims	54,771	1,112,477,666.59
Total number of enforcement proceedings instigated by the Group and total value of claims	408,197	5,542,992,360.66
Total number of court proceedings instigated against the Group and total value of claims	120	80,313,453.94

18. Related-party transactions concluded by the Parent

Transactions with subsidiaries as at December 31st 2015

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

PLN '000	Liabilities	Receivables	Loans advanced	Interest accrued on loans advanced
Secapital S.a.r.l.	-	5,187	-	-
ERIF Business Solutions Sp. z o.o.	-	40	2,535	173
Novum Finance Sp. z o.o.	760	68	-	-
Secapital Polska Sp. z o.o.	-	8	20	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	1,695	1,124	-	-
KRUK Romania S.r.l.	519	2,370	13,346	80
Rejestr Dłużników ERIF BIG S.A.	35	270	170	83
NSFIZ PROKURA	1,443	5,899	-	-
NSFIZ PROKULUS	-	-	-	-
KRUK Česká a Slovenská republika s.r.o.	10	871	12,743	3,325
KRUK TFI	-	7	-	-
InvestCapital Malta Ltd.	-	147,777	15,640	451
ProsperoCapital Sp. z o.o.	-	12	-	-
Kruk Deustschland GmbH	-	59	-	-
RoCapital IFN S.A.	13,753	-	-	-
	18,215	163,692	44,454	4,112

Revenue from mutual transactions

PLN '000	Revenue from sale of debt collection services	Revenue from sale of materials and services and other revenue	Interest and dividends
Secapital S.a.r.l	358	-	-
ERIF Business Solutions Sp. z o.o.	-	19	115
Novum Finance Sp. z o.o.	-	12	-
Secapital Polska Sp. z o.o.	-	4	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	-	277	96
KRUK Romania S.r.l.	-	410	798
Rejestr Dłużników ERIF BIG S.A.	-	87	13
NSFIZ PROKURA	7,497	-	-
NSFIZ PROKULUS	-	-	-
KRUK Česká a Slovenská republika s.r.o.	-	96	1,587
KRUK TFI	-	16	-
InvestCapital Malta Ltd.	-	-	3,145
ProsperoCapital Sp.z.o.o.	-	4	-
	7,855	921	5,754

Costs of mutual transactions

PLN '000	Value of financial assets sold	Purchase of services
Rejestr Dłużników ERIF BIG S.A.	-	88
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	-	634
KRUK Romania S.r.l.	-	1,598
KRUK Česká a Slovenská republika s.r.o.	-	75
	-	2,395

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

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

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

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.

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

Agnieszka Kułton
Member of the Management Board

Urszula Okarma
Member of the Management Board

Iwona Słomska
Member of the Management Board

Michał Zasepa
Member of the Management Board

Katarzyna Racziewicz
Person responsible for maintaining the accounting records

Wrocław, May 10th 2015