



# **Interim Condensed Consolidated Financial Report**

**for the period January 1st–September 30th 2014**



**The KRUK Group  
September 30th 2014**

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## I. Interim condensed consolidated financial statements

### 1. Consolidated financial highlights

Financial highlights	PLN '000		EUR '000	
	Jan 1 – Sep 30 2014	Jan 1 – Sep 30 2013	Jan 1 – Sep 30 2014	Jan 1 – Sep 30 2013
<b>For period</b>				
Revenue	367,534	302,259	87,920	71,572
Operating profit	166,085	118,136	39,730	27,974
Profit before tax	124,485	79,468	29,779	18,817
Net profit attributable to owners of the Parent	126,037	80,019	30,150	18,948
Net cash from operating activities	19,239	20,638	4,602	4,887
Purchase of debt portfolios at prices as per agreement	(354,638)	(285,116)	(84,835)	(67,513)
Cash recoveries	528,316	382,722	126,381	90,625
Net cash from investing activities	(4,406)	(4,541)	(1,054)	(1,075)
Net cash from financing activities	(18)	(16,999)	(4)	(4,025)
Change in net cash	14,815	(902)	3,544	(214)
Average number of shares ('000)	17,003	16,907	17,003	16,907
Earnings per share (PLN/EUR)	7.41	4.73	1.77	1.12
Diluted earnings per share (PLN/EUR)	7.27	4.66	1.74	1.10
<b>As at</b>	<b>Sep 30 2014</b>	<b>Dec 31 2013</b>	<b>Sep 30 2014</b>	<b>Dec 31 2013</b>
Total assets	1,342,345	1,162,825	321,481	280,388
Non-current liabilities	633,635	513,451	151,751	123,807
Current liabilities	152,965	233,819	36,634	56,380
Equity	555,745	415,555	133,097	100,201
Share capital	17,023	16,959	4,077	4,089
Book value per ordinary share (PLN/EUR)	32.65	24.50	7.82	5.91

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 – 4.1803
- for the comparative period – 4.2231

- 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 – 4.1755
- for the comparative period – 4.1472

## 2. Interim condensed consolidated statement of financial position

As at September 30th 2014,

PLN '000

	Sep 30 2014	Jun 30 2014	Dec 31 2013	Sep 30 2013
<b>Assets</b>				
Cash and cash equivalents	50,073	69,433	35,258	41,827
Other receivables	13,194	18,846	17,768	8,347
Trade receivables	11,148	22,122	9,045	10,148
Current tax asset	-	-	-	1,025
Investments in debt portfolios and loans	1,229,095	1,262,319	1,063,841	1,048,727
Inventories	519	453	529	571
Property, plant and equipment	20,143	21,409	20,079	17,989
Other intangible assets	10,490	11,313	10,408	8,999
Goodwill	1,024	1,024	1,024	1,024
Deferred tax asset	4,285	3,224	2,421	2,669
Other assets	2,374	1,647	2,452	2,813
<b>Total assets</b>	<b>1,342,345</b>	<b>1,411,790</b>	<b>1,162,825</b>	<b>1,144,139</b>
<b>Equity and liabilities</b>				
<b>Liabilities</b>				
Hedge derivatives	2,622	1,993	634	(106)
Trade and other payables	31,810	28,063	35,572	100,038
Employee benefit obligations	24,999	23,886	23,242	21,798
Current tax liability	-	-	99	-
Liabilities under borrowings and other debt instruments	726,905	828,408	687,459	619,340
Liabilities	264	264	264	264
<b>Total liabilities</b>	<b>786,600</b>	<b>882,614</b>	<b>747,270</b>	<b>741,334</b>
<b>Equity</b>				
Share capital	17,023	17,023	16,959	16,928
Share premium	49,876	49,876	47,381	46,188
Cash flow hedging reserve	(2,830)	(1,993)	(634)	106
Translation reserve	1,625	1,586	(7,726)	(2,074)
Other capital reserves	52,802	51,462	48,289	48,000
Retained earnings	437,194	411,180	311,157	293,551
<b>Equity attributable to owners of the Parent</b>	<b>555,690</b>	<b>529,134</b>	<b>415,426</b>	<b>402,699</b>
<b>Non-controlling interests</b>	<b>55</b>	<b>42</b>	<b>129</b>	<b>106</b>
<b>Total equity</b>	<b>555,745</b>	<b>529,176</b>	<b>415,555</b>	<b>402,805</b>
<b>Total equity and liabilities</b>	<b>1,342,345</b>	<b>1,411,790</b>	<b>1,162,825</b>	<b>1,144,139</b>

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

For the reporting period from January 1st to September 30th 2014

PLN '000

	Jan 1 – Sep 30 2014	Jul 1 – Sep 30 2014	Jan 1 – Sep 30 2013	Jul 1 – Sep 30 2013
Revenue	367,534	103,806	302,259	103,335
Other income	1,010	151	1,500	826
Merchandise and materials sold	-	-	-	-
Employee benefits expense	(99,148)	(31,974)	(84,018)	(29,824)
Depreciation and amortisation expense	(8,426)	(2,904)	(6,842)	(2,382)
Services	(32,518)	(10,474)	(35,657)	(12,347)
Other expenses	(62,367)	(21,132)	(59,106)	(17,508)
	(202,459)	(66,484)	(185,623)	(62,061)
<b>Operating profit</b>	166,085	37,473	118,136	42,100
Finance income	403	120	350	70
Finance costs	(42,003)	(12,602)	(39,018)	(13,332)
<b>Net finance costs</b>	(41,600)	(12,482)	(38,668)	(13,262)
<b>Profit before tax</b>	124,485	24,991	79,468	28,838
Income tax	1,606	1,036	656	620
<b>Net profit for period</b>	126,091	26,027	80,124	29,458
<b>Net profit attributable to:</b>				
Owners of the Parent	126,037	26,014	80,019	29,428
Non-controlling interests	54	13	105	30
<b>Net profit for period</b>	126,091	26,027	80,124	29,458
<b>Earnings (loss) per share</b>				
Basic (PLN)	7.41	1.52	4.73	1.74
Diluted (PLN)	7.27	1.53	4.66	1.71

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

For the reporting period from January 1st to September 30th  
2014

PLN '000

	Jan 1 – Sep 30 2014	Jul 1 – Sep 30 2014	Jan 1 – Sep 30 2013	Jul 1 – Sep 30 2013
<b>Net profit attributable to:</b>				
owners of the Parent	126,037	26,014	80,019	29,428
non-controlling interests	54	13	105	30
<b>Net profit for period</b>	<b>126,091</b>	<b>26,027</b>	<b>80,124</b>	<b>29,458</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit or loss</b>				
Exchange differences on translating foreign operations	9,351	39	1,700	(7,150)
Cash flow hedges	(2,622)	(629)	106	-
<b>Other comprehensive income, net, for period</b>	<b>6,729</b>	<b>(590)</b>	<b>1,806</b>	<b>(7,150)</b>
<b>Total comprehensive income for period</b>	<b>132,820</b>	<b>25,437</b>	<b>81,930</b>	<b>22,308</b>
<b>Total comprehensive income attributable to:</b>				
owners of the Parent	132,766	25,424	81,811	22,384
non-controlling interests	54	13	119	30
<b>Total comprehensive income for period</b>	<b>132,820</b>	<b>25,437</b>	<b>81,930</b>	<b>22,414</b>

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

For the reporting period from January 1st to September 30th 2014

PLN '000

	Share capital	Share premium	Cash flow hedging reserve	Translation reserve	Other capital reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
<b>Equity as at Jan 1 2013</b>	16,900	45,107		(3,774)	45,711	213,532	317,476	156	317,632
Net profit for period	-	-		-	-	80,019	80,019	105	80,124
- Exchange differences on translating foreign operations	-	-		1,700	-	-	1,700	-	1,700
<b>Total comprehensive income for period</b>	-	-	-	1,700	-	80,019	81,719	105	81,824
<b>Contributions from and distributions to owners</b>									
- Payment of dividend	-	-	-	-	-	-	-	(155)	(155)
- Valuation of hedging instruments	-	-	106	-	-	-	106	-	106
- Share-based payments	-	1,081	-	-	2,289	-	3,370	-	3,370
- Issue of shares	28	-	-	-	-	-	28	-	28
<b>Total contributions from and distributions to owners</b>	28	1,081	106	-	2,289	-	3,504	(155)	3,349
<b>Total equity as at Sep 30 2013</b>	16,928	46,188	106	(2,074)	48,000	293,551	402,699	106	402,805
<b>Equity as at Jan 1 2013</b>	16,900	45,107	-	(3,774)	45,711	213,532	317,476	156	317,632
Net profit for period	-	-	-	-	-	97,625	97,625	129	97,754
<b>Other comprehensive income</b>									
- Exchange differences on translating foreign operations	-	-	-	(3,952)	-	-	(3,952)	-	(3,952)
<b>Total comprehensive income for period</b>	-	-	-	(3,952)	-	97,625	93,673	129	93,802
<b>Contributions from and distributions to owners</b>									
- Valuation of hedging instruments	-	-	(634)	-	-	-	(634)	-	(634)
- Payment of dividend	-	-	-	-	-	-	-	(156)	(156)
- Share-based payments	-	-	-	-	2,578	-	2,578	-	2,578
- Issue of shares	59	2,274	-	-	-	-	2,333	-	2,333
<b>Total contributions from and distributions to owners</b>	59	2,274	-	-	2,578	-	4,911	(156)	4,755
<b>Total equity as at Dec 31 2013</b>	16,959	47,381	(634)	(7,726)	48,289	311,157	415,426	129	415,555
<b>Equity as at Jan 1 2014</b>	16,959	47,381	(634)	(7,726)	48,289	311,157	415,426	129	415,555



**Comprehensive income for period**

Net profit for period	-	-	-	-	-	126,037	126,037	54	126,091
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**Other comprehensive income**

- Exchange differences on translating foreign operations	-	-	-	9,351	-	-	9,351	-	9,351
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<b>Total comprehensive income for period</b>	-	-	-	9,351	-	126,037	135,388	54	135,442
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**Contributions from and distributions to owners**

- Valuation of hedging instruments	-	-	(2,196)	-	-	-	(2,196)	-	(2,196)
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- Payment of dividend	-	-	-	-	-	-	-	(128)	(128)
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- Share-based payments	-	-	-	-	4,513	-	4,513	-	4,513
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- Issue of shares	64	2,495	-	-	-	-	2,559	-	2,559
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<b>Total contributions from and distributions to owners</b>	64	2,495	(2,196)	-	4,513	-	4,876	(128)	4,748
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<b>Total equity as at Sep 30 2014</b>	17,023	49,876	(2,830)	1,625	52,802	437,194	555,690	55	555,745
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## 6. Interim condensed consolidated statement of cash flows

For the reporting period from January 1st to September 30th 2014

PLN '000

	Jan 1 – Sep 30 2014	Jul 1 – Sep 30 2014	Jan 1 – Sep 30 2013	Jul 1 – Sep 30 2013
<b>Cash flows from operating activities</b>				
<b>Net profit for period</b>	126,091	26,027	80,124	29,458
<i>Adjustments</i>				
Depreciation of property, plant and equipment	5,892	1,914	4,166	1,490
Amortisation of intangible assets	2,534	750	2,676	892
Net finance costs	47,669	23,303	38,320	13,184
(Gain)/loss on sale of property, plant and equipment	(176)	61	(158)	(78)
Equity-settled share-based payment transactions	4,513	1,340	2,289	1,464
Income tax	(1,606)	(1,335)	(656)	(620)
Change in other investments	(2,761)	(2,490)	(2,205)	(1,319)
Change in debt portfolios purchased	(162,493)	26,532	(166,510)	(51,403)
Change in inventories	10	(66)	308	167
Change in receivables	2,484	16,639	(1,316)	(1,119)
Change in prepayments and accrued income	78	(727)	(431)	(896)
Change in current liabilities, excluding financial liabilities	(2,639)	4,226	65,714	69,297
Income tax paid	(357)	(25)	(1,683)	33
<b>Net cash from operating activities</b>	19,239	96,448	20,638	60,550
<b>Cash flows from investing activities</b>				
Interest received	402	119	350	70
Sale of intangible assets and property, plant and equipment	325	(294)	280	29
Purchase of intangible assets and property, plant and equipment	(5,133)	370	(5,171)	(1,325)
<b>Net cash from investing activities</b>	(4,406)	195	(4,541)	(1,226)
<b>Cash flows from financing activities</b>				
Net proceeds from issue of shares	2,561	-	1,107	1,107
Proceeds from issue of debt securities	-	-	185,000	50,000
Increase in borrowings	1,202,800	312,366	317,405	98,005
Repayment of borrowings	(1,064,577)	(366,488)	(402,093)	(146,711)
Payments under finance lease agreements	(2,805)	(1,269)	(1,940)	(551)
Redemption of debt securities	(100,400)	(47,000)	(79,000)	(36,000)
Interest paid	(37,597)	(13,612)	(37,478)	(12,119)
<b>Net cash from financing activities</b>	(18)	(116,003)	(16,999)	(46,269)
Total net cash flows	14,815	(19,360)	(902)	13,055
Cash and cash equivalents at beginning of period	35,258	69,433	42,729	28,772
Cash and cash equivalents at end of period	50,073	50,073	41,827	41,827

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 – Sep 30 2014	Jan 1 – Sep 30 2013	Jan 1 – Sep 30 2014	Jan 1 – Sep 30 2013
<b>For period</b>				
Revenue	75,550	76,513	18,073	18,118
Operating loss	(28,156)	(16,538)	(6,735)	(3,916)
Profit/(loss) before tax	198,727	(33,313)	47,539	(7,888)
Net profit/(loss)	200,581	(32,020)	47,982	(7,582)
Net cash from operating activities	543	(11,816)	130	(2,798)
Net cash from investing activities	(23,238)	30,779	(5,559)	7,288
Net cash from financing activities	24,650	(25,084)	5,897	(5,940)
Change in net cash	1,955	(6,121)	468	(1,449)
Average number of shares ('000)	17,003	16,907	17,003	16,907
Earnings per share (PLN/EUR)	11.80	(1.89)	2.82	(0.45)
Diluted earnings per share (PLN/EUR)	11.57	(1.86)	2.77	(0.44)
<b>As at</b>	<b>Sep 30 2014 unaudited</b>	<b>Dec 31 2013</b>	<b>Sep 30 2014 unaudited</b>	<b>Dec 31 2013</b>
Total assets	1,111,428	842,706	266,178	203,199
Non-current liabilities	629,825	502,301	150,838	121,118
Current liabilities	136,638	200,897	32,724	48,442
Equity	344,965	139,508	82,616	33,639
Share capital	17,023	16,959	4,077	4,089
Book value per ordinary share (PLN/EUR)	20.26	6.95	4.85	1.68

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 – 4.1803
- for the comparative period – 4.2231

- 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 – 4.1755
- for the comparative period – 4.1472

## 2. Interim condensed separate statement of financial position

As at September 30th 2014,  
PLN '000

	Sep 30 2014 unaudited	Jun 30 2014 unaudited	Dec 31 2013	Sep 30 2013 unaudited
<b>Assets</b>				
Cash and cash equivalents	7,589	7,451	5,634	4,435
Other receivables	8,159	9,621	65,432	717
Trade receivables from related entities	17,293	19,309	23,879	33,413
Trade receivables from other entities	5,390	3,450	3,224	3,650
Current tax asset	-	-	-	1,025
Investments in debt portfolios and loans	126,739	121,904	57,664	75,120
Inventories	342	183	272	365
Property, plant and equipment	11,589	12,612	13,330	13,647
Intangible assets	8,987	9,608	8,554	7,361
Deferred tax asset	4,135	3,059	2,280	2,491
Investments in subsidiaries	919,272	944,675	660,520	591,185
Other assets	1,933	1,170	1,917	2,408
<b>Total assets</b>	<b>1,111,428</b>	<b>1,133,042</b>	<b>842,706</b>	<b>735,817</b>
<b>Equity and liabilities</b>				
<b>Liabilities</b>				
Hedge derivatives	2,622	1,993	634	(106.00)
Trade and other payables	29,111	22,393	28,338	23,990
Employee benefit obligations	16,313	15,896	16,161	14,248
Current tax liability	-	-	68	-
Liabilities under borrowings and other debt instruments	718,417	807,947	657,997	608,721
<b>Total liabilities</b>	<b>766,463</b>	<b>848,229</b>	<b>703,198</b>	<b>646,853</b>
<b>Equity</b>				
Share capital	17,023	17,023	16,959	16,928
Share premium	49,876	49,876	47,381	46,188
Cash flow hedging reserve	(2,830)	(1,993)	(634)	106
Other capital reserves	52,802	51,462	48,289	48,000
Retained earnings	228,094	168,445	27,513	(22,258)
<b>Total equity</b>	<b>344,965</b>	<b>284,813</b>	<b>139,508</b>	<b>88,964</b>
<b>Total equity and liabilities</b>	<b>1,111,428</b>	<b>1,133,042</b>	<b>842,706</b>	<b>735,817</b>

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

For the reporting period from January 1st to September

30th 2014

PLN '000

	Jan 1 – Sep 30 2014	Jul 1 – Sep 30 2014	Jan 1 – Sep 30 2013	Jul 1 – Sep 30 2013
Revenue	75,550	24,232	76,513	22,483
Other income	843	126	1,184	510
Merchandise and materials sold	-	-	(133)	(133)
Employee benefits expense	(56,841)	(18,792)	(50,282)	(16,979)
Depreciation and amortisation expense	(5,710)	(1,909)	(5,442)	(1,878)
Services	(21,106)	(7,245)	(22,575)	(6,772)
Other expenses	(20,892)	(7,763)	(15,803)	(6,862)
	(104,549)	(35,709)	(94,235)	(32,624)
<b>Operating loss</b>	(28,156)	(11,351)	(16,538)	(9,631)
Finance income	276,474	82,044	21,242	16,789
Finance costs	(49,591)	(12,121)	(38,017)	(12,855)
<b>Net finance (income)/costs</b>	226,883	69,923	(16,775)	3,934
<b>Profit/(loss) before tax</b>	198,727	58,572	(33,313)	(5,697)
Income tax	1,854	1,077	1,293	891
<b>Net profit/(loss) for period</b>	200,581	59,649	(32,020)	(4,806)
<b>Earnings/(loss) per share</b>				
Basic (PLN)	11.80	3.49	(1.89)	(0.28)
Diluted (PLN)	11.57	3.35	(1.86)	(0.27)

#### 4. Interim condensed separate statement of comprehensive income

For the reporting period from January 1st to September 30th 2014

PLN '000

	Jan 1 – Sep 30 2014	Jul 1 – Sep 30 2014	Jan 1 – Sep 30 2013	Jul 1 – Sep 30 2013
<b>Net profit for period</b>	200,581	59,649	(32,020)	(4,806)
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit or loss</b>				
Cash flow hedges	(2,622)	(629)	106	106
<b>Income tax on other comprehensive income</b>		0		
<b>Other comprehensive income, net, for period</b>	(2,622)	(629)	106	106
<b>Total comprehensive income for period</b>	197,959	59,020	(31,914)	(4,700)

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

For the reporting period from January 1st to September 30th 2014

PLN '000

	Share capital	Share premium	Cash flow hedging reserve	Other capital reserves	Retained earnings	Total equity
<b>Equity as at Jan 1 2013</b>	16,900	45,107		45,711	9,762	117,480
Net profit for period	-	-		-	(32,020)	(32,020)
<b>Total comprehensive income for period</b>	-	-	-	-	(32,020)	(32,020)
<b>Contributions from and distributions to owners</b>						
- Valuation of hedging instruments	-	-	106	-	-	106
- Share-based payments	-	1,081	-	2,289	-	3,370
- Issue of shares	28	-	-	-	-	28
<b>Total contributions from and distributions to owners</b>	28	1,081	106	2,289	-	3,504
<b>Total equity as at Sep 30 2013</b>	16,928	46,188	106	48,000	(22,258)	88,964
<b>Equity as at Jan 1 2013</b>	16,900	45,107		45,711	9,762	117,480
<b>Comprehensive income for period</b>						
Net profit for period	-	-	-	-	17,751	17,751
Other comprehensive income	-	-	-	-		
- Valuation of hedging instruments	-	-	(634)	-	-	(634)
Total other comprehensive income	-	-	(634)	-	-	(634)
<b>Total comprehensive income for period</b>	-	-	(634)	-	17,751	17,117
<b>Contributions from and distributions to owners</b>						
- Share-based payments	-	-	-	2,578	-	2,578
- Issue of shares	59	2,274	-	-	-	2,333
<b>Total contributions from and distributions to owners</b>	59	2,274	-	2,578	-	4,911

<b>Total equity as at Dec 31 2013</b>	16,959	47,381	(634)	48,289	27,513	139,508
<b>Equity as at Jan 1 2014</b>	16,959	47,381	(634)	48,289	27,513	139,508
<b>Comprehensive income for period</b>						
Net profit for period	-	-	-	-	200,581	200,581
- Valuation of hedging instruments	-	-	(2,196)	-	-	(2,196)
Total other comprehensive income	-	-	(2,196)	-	-	(2,196)
<b>Total comprehensive income for period</b>	-	-	(2,196)	-	200,581	198,385
<b>Contributions from and distributions to owners</b>						
- Share-based payments	-	-	-	4,513	-	4,513
- Issue of shares	64	2,495	-	-	-	2,559
<b>Total contributions from and distributions to owners</b>	64	2,495	-	4,513	-	7,072
<b>Total equity as at Sep 30 2014</b>	17,023	49,876	(2,830)	52,802	228,094	344,965



## 6. Interim condensed separate statement of cash flows

For the reporting period from January 1st to September 30th 2014

PLN '000

	Jan 1 – Sep 30 2014	Jul 1 – Sep 30 2014	Jan 1 – Sep 30 2013	Jul 1 – Sep 30 2013
<b>Cash flows from operating activities</b>				
<b>Net profit for period</b>	200,581	59,649	(32,020)	(4,806)
<i>Adjustments</i>				
Depreciation of property, plant and equipment	3,323	1,093	3,460	1,173
Amortisation of intangible assets	2,387	814	1,982	705
Net finance (income)/costs	(225,341)	(68,723)	15,638	(4,805)
(Gain)/loss on sale of property, plant and equipment	(84)	83	(96)	(17)
Equity-settled share-based payment transactions	4,513	1,340	2,289	1,464
Income tax	(1,854)	(1,076)	(1,293)	(891)
Change in other current investments	(2 760)	(1,249)	(5,456)	(3,820)
Change in debt portfolios purchased	2,044	3,314	(171)	701
Change in inventories	(70)	(158)	290	80
Change in receivables	(1,601)	362	(3,336)	(6,824)
Change in prepayments and accrued income	(17)	(12)	(513)	(1,138)
Change in current liabilities, excluding financial liabilities	19,318	15,703	7,302	7,977
Change in employee benefit obligations	152	417	1,135	(359)
Income tax paid	(49)	-	(1,025)	0
<b>Net cash from operating activities</b>	<b>543</b>	<b>11,557</b>	<b>(11,816)</b>	<b>(10,560)</b>
<b>Cash flows from investing activities</b>				
Interest received	123	22	270	149
Interest received on loans	-	-	82	82
Loans advanced	(18,171)	(5,421)	(16,169)	(5,960)
Sale of intangible assets and property, plant and equipment	317	150	303	53
Dividend received	259,882	75,786	19,766	16,766
Disposal of financial assets	86,645	22,528	46,267	4,267
Purchase of intangible assets and property, plant and equipment	(3,209)	(1,102)	(3,346)	(649)
Acquisition of financial assets	(348,835)	(263)	(19,133)	(5,229)
Repayment of loans advanced	10	10	2,740	1,956
<b>Net cash from investing activities</b>	<b>(23,238)</b>	<b>91,710</b>	<b>30,779</b>	<b>11,434</b>
<b>Cash flows from financing activities</b>				
Net proceeds from issue of shares floated on stock exchange	2,561	-	1,107	1,107
Proceeds from issue of debt securities	-	-	185,000	50,000
Increase in borrowings	546,200	67,165	175,700	67,100
Repayment of borrowings	(385,174)	(109,288)	(269,288)	(72,009)
Redemption of debt securities	(100,400)	(47,000)	(79,000)	(36,000)
Payments under finance lease agreements	(2,249)	(796)	(1,840)	(689)
Interest paid	(36,289)	(13,212)	(36,763)	(11,620)

<b>Net cash from financing activities</b>	24,650	(103,129)	(25,084)	(2,110)
Total net cash flows	1,955	137	(6,121)	(1,236)
Cash and cash equivalents at beginning of period	5,634	7,451	10,556	5,671
Cash and cash equivalents at end of period	7,589	7,589	4,435	4,435

### 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. Legnicka 56  
54-204 Wrocław, Poland

*Registration in the National Court Register:*

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

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

Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A. (RD ERIF BIG S.A.), a subsidiary of Kruk S.A., is a credit reference agency which stores, manages and provides credit information on consumers and businesses.

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

ProsperoCapital Sp. z o.o. of Wrocław, another subsidiary of KRUK S.A., was registered on July 4th 2014. The company's principal business activity comprises other financial service activities n.e.c., including trade in receivables and debt collection, except insurance and pension funding. KRUK S.A. holds 100% of shares in the company's share capital.

On August 19th 2014, the Articles of Association of KRUK Deutschland GmbH of Berlin were executed. The company's 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. KRUK S.A. holds 100% of shares in the company's share capital.

On September 15th 2014, the process of liquidation of KRUK International Z.r.t. of Budapest, Hungary, a subsidiary of KRUK S.A., was completed.

These interim condensed consolidated financial statements for the reporting period from January 1st to September 30th 2014 include the financial statements of the Parent and its subsidiaries (jointly the "Group").

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

As at September 30th 2014, 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.

In Q3 2014 and by the date of issue of this interim report, the composition of the Management Board of KRUK S.A. did not change.

In Q3 2014 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 which are 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 have been consolidated in these condensed consolidated financial statements as at September 30th 2014 and for the period from January 1st to September 30th 2014.



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 (%)	
		Sep 30 2014	Dec 31 2013
Secapital S.a.r.l. **	Luxembourg	93.8%	93.8%
ERIF Business Solutions Sp. z o.o.	Poland	100%	100%
Secapital Polska Sp. z o.o.	Poland	100%	100%
Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A.	Poland	100%	100%
Novum Finance Sp. z o.o. (in liquidation)	Poland	100%	100%
KRUK Romania S.r.l.	Romania	100%	100%
Kancelaria Prawna RAVEN Krupa & Stańko Spółka komandytowa	Poland	98%	98%
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	100%	100%
KRUK Česká a Slovenská republika s.r.o.	Czech Republic	100%	100%
Prokura NS FIZ*	Poland	100%	100%
Prokulus NS FIZ*	Poland	100%	100%
InvestCapital Malta Ltd **	Malta	99.5%	99.5%
ProsperoCapital Sp. z o.o.	Poland	100%	-
RoCapital IFN S.A. **	Romania	99%	-
KRUK Deutschland GmbH	Germany	100%	-

\* subsidiaries of Secapital Sarl

\*\* 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 September 30th 2014 and comparative data for the period from January 1st to September 30th 2013. The presented data has not been audited.

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

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

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

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

## Changes in accounting policies

The accounting policies 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 2013.

## 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 Group's financial position or results of operation.

- *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 Group's financial position or results of operation.

- *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 Group's financial position or results of operation.

- *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 Group's financial position or results of operation.

- *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 Group's financial position or results of operation.

- *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 Group's financial position or results of operation.

- *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 Group'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,

### 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>	<b>Jan 1 – Sep 30 2014</b>	<b>Jan 1 – Sep 30 2013</b>
<b>Revenue</b>	<b>367,534</b>	<b>302,259</b>
Purchased debt portfolios	333,706	263,425
Credit management	23,942	32,049
Other products	9,886	6,785
<b>Direct and indirect costs</b>	<b>(141,689)</b>	<b>(132,689)</b>
Purchased debt portfolios	(120,956)	(111,240)
Credit management	(14,650)	(15,934)
Other products	(6,084)	(5,515)
<b>Gross profit</b>	<b>225,844</b>	<b>169,570</b>
Purchased debt portfolios	212,750	152,185
Credit management	9,292	16,115
Other products	3,803	1,270
<b>Administrative expenses</b>	<b>(49,788)</b>	<b>(43,816)</b>
Depreciation and amortisation expense	(8,426)	(6,842)
Other income	1,010	1,500
Other expenses	(2,555)	(2,276)
Finance income/costs	(41,601)	(38,668)
<b>Profit before tax</b>	<b>124,485</b>	<b>79,468</b>
Income tax	1,606	656
<b>Net profit</b>	<b>126,091</b>	<b>80,124</b>

## Geographical segments

<i>PLN '000</i>	<b>Jan 1 – Sep 30 2014</b>	<b>Jan 1 – Sep 30 2013</b>
<b>Revenue</b>	<b>367,534</b>	<b>302,259</b>
Poland	214,975	169,994
Romania	138,435	120,353
Other foreign markets	14,124	11,912

## Non-financial assets

<i>PLN '000</i>	<b>Sep 30 2014</b>	<b>Dec 31 2013</b>
Poland	22,155	24,943
Romania	8,392	5,616
Other foreign markets	1,111	952
	<b>31,658</b>	<b>31,511</b>

## 4. Purchased debt portfolios

<i>PLN '000</i>	
<b>Purchased debt portfolios as at Jan 1 2013</b>	<b>873,497</b>
Purchase of debt portfolios	367,188
Purchase price adjustment for discount	(465)
Cash recoveries	(537,727)
Increase/(decrease) in liabilities to debtors due to overpayments	(2,001)
Valuation of loyalty scheme	612
Revenue from debt purchase (interest and revaluation)	355,733
Fair value translation differences (*)	(2,924)
<b>Purchased debt portfolios as at Dec 31 2013</b>	<b>1,053,913</b>
<b>Purchased debt portfolios as at Jan 1 2014</b>	<b>1,053,913</b>
Purchase of debt portfolios	354,638
Purchase price adjustment for discount	(4,419)
Cash recoveries	(528,316)
Increase/(decrease) in liabilities to debtors due to overpayments	343
Valuation of loyalty scheme	1,586
Revenue from debt purchase (interest and revaluation)	333,706
Fair value translation differences (*)	6,232
<b>Purchased debt portfolios as at Sep 30 2014</b>	<b>1,217,683</b>

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

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

### Revenue

PLN '000

	Jan 1 – Sep 30 2014	Jan 1 – Sep 30 2013
Revenue from debt purchase	333,706	263,425
Revenue from fee-based credit management services	23,942	32,049
Revenue from other products	9,886	6,785
Revenue from sale of merchandise and materials	-	-
	<u>367,534</u>	<u>302,259</u>

PLN '000

	Jan 1 – Sep 30 2014	Jan 1 – Sep 30 2013
Interest income adjusted for actual recoveries	346,537	261,553
Revaluation of debt portfolios	4,924	1,872
Cost of debts sold	(17,755)	
	<u>333,706</u>	<u>263,425</u>

### Revaluation of debt portfolios

PLN '000

	Jan 1 – Sep 30 2014	Jan 1 – Sep 30 2013
Revision of forecast	(14,704)	(9,296)
Change due to change in discount rate	19,628	11,168
	<u>4,924</u>	<u>1,872</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.

## Finance income

PLN '000

	Jan 1 – Sep 30 2014	Jan 1 – Sep 30 2013
Interest income on bank deposits	403	350
	<u>403</u>	<u>350</u>

## Finance costs

Interest expense on financial liabilities measured at amortised cost	(37,409)	(36,773)
Settlement of discount	(4,522)	-
Net foreign exchange gains/(losses)	(72)	(2,245)
	<u>(42,003)</u>	<u>(39,018)</u>
Net finance costs recognised in profit or loss	(41,600)	(38,668)

PLN '000

	Jan 1 – Sep 30 2014	Jan 1 – Sep 30 2013
Total interest income on financial assets	403	350
Total interest expense on financial liabilities	(37,409)	(36,773)

PLN '000

	Jan 1 – Sep 30 2014	Jan 1 – Sep 30 2013
Exchange differences on translating foreign operations	9,351	1,700
Attributable to:		
owners of the Parent	9,351	1,700
Finance income/(costs) recognised directly in other comprehensive income	<u>9,351</u>	<u>1,700</u>

**Borrowings and finance lease liabilities**

PLN '000

	Sep 30 2014	Dec 31 2013	Sep 30 2013
<b>Non-current liabilities</b>			
Secured borrowings	196,141	50,464	33,004
Liabilities under debt securities (unsecured)	425,972	454,076	419,137
Finance lease liabilities	8,900	8,277	6,900
	<b>631,013</b>	<b>512,817</b>	<b>459,041</b>
<b>Current liabilities</b>			
Current portion of secured borrowings	42,830	50,044	43,785
Liabilities under debt securities	48,596	120,463	113,113
Current portion of finance lease liabilities	4,466	4,135	3,401
	<b>95,892</b>	<b>174,642</b>	<b>160,299</b>

**Earnings per share**

'000

	Jan 1–Jun 30 2014 unaudited	Jan 1–Jun 30 2013 unaudited
Number of ordinary shares as at Jan 1	16,959	16,900
Effect of cancellation and issue of shares	44	7
Weighted average number of ordinary shares as at Sep 30	17,003	16,907

PLN

Earnings per share	7.41	(1.89)
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'000

	Jan 1–Jun 30 2014 unaudited	Jan 1–Jun 30 2013 unaudited
Weighted average number of ordinary shares	17,003	16,907
Effect of share option issue	329	281
Weighted average number of ordinary shares as at Sep 30 (diluted)	17,332	17,188

PLN

Earnings per share (diluted)	7.27	(1.86)
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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

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

- In 2014, a new advertising campaign was launched. The purpose of the campaign was to encourage debtors to open a green-envelope letter from KRUK, as the letter brings GOOD NEWS: a proposal to solve the debtor's problem on an amicable basis. The news promises a possibility of contacting a credit management company and thus getting out of debt. The campaign covered Poland and Romania.
- In H1 2014, a satisfaction survey was conducted among debtors and bailiffs offices, and the results of the survey were interpreted

## 7. Factors and events, in particular of non-recurring nature, with a material bearing on the Group's financial performance

The key factor with a bearing on the current period's performance were investments in debt portfolios made in previous periods and in the reporting period. In the first three quarters of 2014, investments totalled PLN 354,638 thousand.

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

As at September 30th 2014, the amount of the company's investments in debt portfolios accounted for 91% of its assets. Equity accounts for 41% of the financing of the Group's operations.

On March 10th 2014, KRUK S.A. executed a loan agreement with its subsidiary, InvestCapital Malta Ltd. The subject matter of the agreement was the loan advanced by KRUK S.A. to InvestCapital for InvestCapital's liabilities owed to KRUK S.A., arising from the sale of a part of SeCapital s.a.r.l. The loan was granted for a period from March 10th 2014 to March 4th 2015. The amount of the loan is PLN 59.3m. The loan bears interest at a fixed rate set on arms' length basis.

Following the transfer of lending activities from Novum Finance sp. z o.o. of Wrocław to KRUK S.A. in 2013, on March 17th 2014 the Extraordinary General Meeting of Novum Finance passed a resolution to dissolve the company.

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

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

Pursuant to a revolving credit facility agreement executed between KRUK S.A. and Bank Zachodni WBK of Wrocław, and to a trilateral revolving credit facility agreement executed between KRUK S.A., PROKURA NS



FIZ and BZ WBK, on May 7th 2014, in order to secure claims arising from these agreements, KRUK S.A. and BZ WBK S.A. entered into an agreement to establish a registered pledge, financial pledge and a first priority pledge under Luxembourg law.

On September 16th 2014, KRUK Romania and SECAPITAL S.à.r.l., KRUK's subsidiaries, executed a debt assignment agreement, as a consequence of which the total value of agreements executed between KRUK Romania and other companies of the KRUK Group over the past 12 months amounted to PLN 44.4m, and thus exceeded the value of 10% of the Group's revenue.

On September 18th 2014, the share capital of SECAPITAL S.à.r.l., KRUK's subsidiary, was increased from PLN 642,708,000 to PLN 879,099,000, through an issue of 236,391 new shares with a par value of PLN 1,000 per share, and a total par value of PLN 236,391,000. All new shares were acquired by KRUK S.A. Following the share capital increase, KRUK S.A. holds directly 839,799 shares with a par value of PLN 1,000 per share, and a total par value of PLN 839,799,000, while the total number of shares held by KRUK S.A. both directly and indirectly is 879,099, with a total par value of PLN 879,099,000.

On August 21st 2014, KRUK S.A. executed a trilateral agreement with Getin Noble Bank S.A. and SECAPITAL S.a.r.l. to establish a pledge over shares under Luxembourg law. The agreement was executed to secure the claims under the revolving credit facility agreement of March 31st 2014 executed between KRUK S.A. and Getin Noble Bank S.A. The agreement provides for a pledge over 246,047 Class G shares in SECAPITAL S.a.r.l., KRUK S.A.'s subsidiary, each with a par value of PLN 1,000, representing 28% of Secapital's share capital. The pledged shares have a total par value of PLN 246,047,000.

The pledge was established to secure Getin Noble Bank's claims (i.e. the principal of PLN 260m and related claims) under the credit facility agreement. The carrying amount of the pledged shares, as disclosed in KRUK S.A.'s accounting books, is PLN 270,651,700.00.

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

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

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

On February 19th 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed. The redemption covered 91,480 Series C investment certificates with a value of PLN 11.91 per certificate, 774,279 Series F investment certificates with a value of PLN 11.91 per certificate, 1,054,300 Series H

investment certificates with a value of PLN 11.91 per certificate and 1,430,066 Series J investment certificates with a value of PLN 11.91 per certificate. All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

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

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

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

On March 21st 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed. The redemption covered 845,012 Series C investment certificates with a value of PLN 12.20 per certificate, 468,750 Series E investment certificates with a value of PLN 12.20 per certificate, 1,248,000 Series G investment certificates with a value of PLN 12.20 per certificate and 708,729 Series H investment certificates with a value of PLN 12.20 per certificate. All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

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

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

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

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

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

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

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

On May 15th 2014, PROKURA NS FIZ issued 2,772,122 Series AE investment certificates with a value of PLN 12.77 per certificate. All of the certificates issued by PROKURA NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On May 21st 2014, a part of investment certificates issued by PROKURA NS FIZ were redeemed (3,153,786 Series L investment certificates with a value of PLN 12.81 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On May 25th 2014, KRUK S.A. repurchased PLN 25,000 thousand worth of unsecured Series I1 bonds.

On May 27th 2014, PROKURA NS FIZ issued 1,795,472 Series AF investment certificates with a value of PLN 12.81 per certificate. All of the certificates issued by PROKURA NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On September 13th 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed (1,139,240 Series D investment certificates with a value of PLN 12.79 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On June 13th 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed (2,246,217 Series M investment certificates with a value of PLN 12.79 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On June 24th 2014, PROKURA NS FIZ issued 21,705,238 Series AG investment certificates with a value of PLN 12.79 per certificate. All of the certificates issued by PROKURA NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On July 4th 2014, a part of investment certificates issued by PROKURA NS FIZ were redeemed (377,754 Series L investment certificates with a value of PLN 13.10 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On July 4th 2014, a part of investment certificates issued by PROKURA NS FIZ were redeemed (1,781,783 Series M investment certificates with a value of PLN 13.10 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On July 4th 2014, a part of investment certificates issued by PROKURA NS FIZ were redeemed (1,145,806 Series U investment certificates with a value of PLN 13.10 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On July 10th 2014, PROKURA NS FIZ issued 2,008,787 Series AH investment certificates with a value of PLN 13.10 per certificate. All of the certificates issued by PROKURA NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On July 15th 2014, a part of investment certificates issued by PROKURA NS FIZ were redeemed (182,200 Series C investment certificates with a value of PLN 13.10 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On July 15th 2014, a part of investment certificates issued by PROKURA NS FIZ were redeemed (495,294 Series N investment certificates with a value of PLN 13.10 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On July 15th 2014, a part of investment certificates issued by PROKURA NS FIZ were redeemed (1,188,000 Series P investment certificates with a value of PLN 13.10 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On July 15th 2014, a part of investment certificates issued by PROKURA NS FIZ were redeemed (1,439,849 Series U investment certificates with a value of PLN 13.10 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On July 21st 2014, PROKURA NS FIZ issued 2,551,172 Series AI investment certificates with a value of PLN 13.10 per certificate. All of the certificates issued by PROKURA NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On July 24th 2014, a part of investment certificates issued by PROKURA NS FIZ were redeemed (2,380,225 Series N investment certificates with a value of PLN 13.14 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On July 24th 2014, a part of investment certificates issued by PROKURA NS FIZ were redeemed (915,056 Series O investment certificates with a value of PLN 13.14 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On July 30th 2014, PROKURA NS FIZ issued 1,902,587 Series AJ investment certificates with a value of PLN 13.14 per certificate. All of the certificates issued by PROKURA NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On August 6th 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed (2,348,833 Series O investment certificates with a value of PLN 13.27 per certificate and 914,166 Series P investment certificates with a value of PLN 13.27 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On August 12th 2014, PROKURA NS FIZ issued 2,622,457 Series AK investment certificates with a value of PLN 13.27 per certificate. All of the certificates issued by PROKURA NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On August 21st 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed (2,842,889 Series P investment certificates with a value of PLN 13.35 per certificate and 400,556 Series S investment certificates with a value of PLN 13.35 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On August 28th 2014, PROKURA NS FIZ issued 2,812,734 Series AL investment certificates with a value of PLN 13.35 per certificate. All of the certificates issued by PROKURA NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On September 4th 2014, a part of investment certificates issued by PROKURA NS FIZ were redeemed. The redemption covered 876,816 Series S investment certificates with a value of PLN 13.53 per certificate, 1,413,044 Series T investment certificates with a value of PLN 13.53 per certificate, and 910,435 Series U

investment certificates with a value of PLN 13.53 per certificate. All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On September 6th 2014, KRUK S.A. repurchased PLN 35,000 thousand worth of unsecured Series K3 bonds.

On September 10th 2014, PROKURA NS FIZ issued 2,165,558 Series AM investment certificates with a value of PLN 13.53 per certificate. All of the certificates issued by PROKURA NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On September 17th 2014, a part of investment certificates issued by PROKURA NS FIZ were redeemed. The redemption covered 3,095,747 Series U investment certificates with a value of PLN 13.57 per certificate, 280,406 Series W investment certificates with a value of PLN 13.57 per certificate, and 80,000 Series AA investment certificates with a value of PLN 13.57 per certificate. All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On September 21st 2014, KRUK S.A. repurchased some of unsecured Series M1 and Series N1 bonds worth PLN 12,500 thousand.

On September 23rd 2014, PROKURA NS FIZ issued 2,528,696 Series AN investment certificates with a value of PLN 13.57 per certificate. All of the 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 reporting date, not disclosed in these financial statements, but potentially having a material bearing on the Group's future performance**

On October 9th 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed (2,917,519 Series W investment certificates with a value of PLN 13.44 per certificate and 572,064 Series X investment certificates with a value of PLN 13.44 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On October 14th 2014, PROKURA NS FIZ issued 2,019,345 Series AO investment certificates with a value of PLN 13.44 per certificate. All of the certificates issued by PROKURA NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On October 22nd 2014, part of investment certificates issued by PROKURA NS FIZ were redeemed (1,030,663 Series X investment certificates with a value of PLN 13.59 per certificate and 2,420,403 Series Y investment certificates with a value of PLN 13.59 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

On October 28th 2014, KRUK S.A. and Bank Zachodni WBK S.A. signed annexes to the revolving credit facility agreement of April 8th 2011, presented in Supplement No. 1 of April 8th 2011 to the Issue Prospectus of KRUK S.A., and the trilateral revolving credit facility agreement of February 18th 2013, as well as to the surety agreement under which the Company issued a surety for PROKURA NS FIZ's liabilities. Under the annexes, availability dates for the credit facilities, each up to a total amount of PLN 70m, granted under the credit facility agreements were changed as follows: the availability limit and final repayment date for each of the two facilities granted for an amount of up to PLN 31.5m was changed to October 31st 2019; the availability limit and final repayment date for each of the two facilities granted for an amount of up to PLN 8.5m was changed to October 31st 2017; and the repayment date and availability limit for each of the two additional credit facilities granted for an amount of up to PLN 30m was changed to October 31st 2015. Under an annex to the credit facility agreement, the credit facility may be drawn by the borrower up to PLN 70m or the EUR equivalent of this amount. The credit facility was granted to refinance or finance the purchase price of debt portfolios on the Polish, Romanian, Czech, Slovak and German markets. The annexes also changed the type of pledge securing the bank's claims under the credit facility agreements: a registered pledge under Polish law was removed, while a first-ranking pledge under Luxembourg law over KRUK S.A.'s shareholding in SeCapital S.ar.l. of Luxembourg was kept unchanged. All other provisions of the credit facility agreements, including in particular the provisions relating to disbursement of the facilities, default interest and possible withdrawal from or termination of the Agreement, remained unchanged.

On October 28th 2014, annexes to the relevant pledge agreements were signed between KRUK S.A., the bank and Secapital S.a r.l. of Luxembourg. Under the annexes, an existing registered pledge and financial pledge under Polish law were removed, while a first-ranking pledge under Luxembourg law, provided for in the credit facility agreements, was kept unchanged. The pledge agreements were transformed into trilateral agreements. Under the annexes, Secapital S.a r.l., a subsidiary of KRUK S.A., entered into the agreements as the third party. The pledges secure the Bank's claims under the credit facility agreements, i.e. the principal amount totalling up to PLN 140m plus any related interest, fees and commissions, and expenses (if any). All other key provisions of the pledge agreements, in particular relating to the pledged assets and the beneficiary of the pledges, remained unchanged. The pledges will remain in full force and effect until the credit facilities, i.e. the principal amount together with any related interest, fees and commissions, and expenses (if any), are fully repaid.

On October 28th 2014, KRUK S.A. and BNP Paribas entered into a PLN 30,000 thousand credit facility agreement. The credit facility will be made available on December 1st 2014.

On October 29th 2014, PROKURA NS FIZ issued 3,112,582 Series AP investment certificates with a value of PLN 13.59 per certificate. All of the certificates issued by PROKURA NS FIZ are held by Secapital S.a.r.l. of Luxembourg.

On November 5th 2014, the Management Board of KRUK S.A. adopted a resolution to issue 10,000 Series U2 unsecured bonds with a total value of PLN 10m.



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

### Security for future liabilities

On January 15th 2014, KRUK S.A. and Bank Zachodni WBK S.A. executed Annex No. 1 to the bank guarantee agreement of January 14th 2013, valid in the period from January 25th 2013 to January 24th 2014 and securing the payment of all liabilities towards LEGNICKA BUSINESS HOUSE Sp. z o.o. under an office space lease agreement between KRUK S.A. and LEGNICKA BUSINESS HOUSE Sp. z o.o. Under the annex, the guarantee term was extended until January 24th 2015. The guarantee amount did not change and stands at EUR 168,000.00.

On January 15th 2014, KRUK S.A. and Bank Zachodni WBK S.A. executed Annex No. 1 to the bank guarantee agreement of February 18th 2013, valid in the period from February 25th 2013 to February 24th 2014 and securing the payment of all liabilities towards DEVCO Sp. z o.o. under an office space lease agreement between KRUK S.A. and DEVCO Sp. z o.o. Under the annex, the guarantee term was extended until February 24th 2015. The guarantee amount did not change and stands at EUR 135,420.75.

Pursuant to a revolving credit facility agreement executed between KRUK S.A. and Bank Zachodni WBK of Wrocław, and to a trilateral revolving credit facility agreement executed between KRUK S.A., PROKURA NS FIZ and BZ WBK, on May 7th 2014, in order to secure claims arising from these agreements, KRUK S.A. and BZ WBK S.A. entered into an agreement to establish a registered pledge, financial pledge and a first priority pledge under Luxembourg law. The pledges were established over 60,164 Class E shares in Secapital S.a.r.l. of Luxembourg, the Company's subsidiary, to secure the Bank's claims under the above credit facility agreements with a total amount of PLN 140m and any related claims, up to the maximum security amount of PLN 200m.

## 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

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

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

On May 19th 2014, change of registered office of KRUK Česká a Slovenská republika s.r.o. was registered. Following the change, the company has its registered office in Hradec Králové, the Czech Republic.

ProsperoCapital Sp. z o.o. of Wrocław, another subsidiary of KRUK S.A., was registered on July 4th 2014. The company's principal business activity comprises other financial service activities n.e.c., including trade

in receivables and debt collection, except insurance and pension funding. KRUK S.A. holds 100% of shares in the company's share capital.

On August 19th 2014, the Articles of Association of KRUK Deutschland GmbH of Berlin were executed. The company's 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. KRUK S.A. holds 100% of shares in the company's share capital.

On September 15th 2014, the process of liquidation of KRUK International Z.r.t. of Budapest, Hungary, a subsidiary of KRUK S.A., was completed.

#### 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 interim report

Shareholder	Number of shares	Ownership interest (%)	Number of votes held	Share in total voting rights at GM (%)
Piotr Krupa	2,141,704	12.58	2,141,704	12.58
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	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

**Information concerning changes in the structure of large shareholdings**

On January 15th 2014, the Company received a notification from AMPLICO Powszechnie Towarzystwo Emerytalne S.A. to the effect that AMPLICO Otwarty Fundusz Emerytalny, managed by AMPLICO Powszechnie Towarzystwo Emerytalne S.A., reduced its holding of total voting rights at the Company's General Meeting to below 5%.

On March 6th 2014, the National Court Register registered an increase of PLN 30,856 in the share capital of KRUK S.A. through an issue of Series E shares. The entry was of declarative nature. The share capital was increased upon the registration of Series E shares in the investors' securities accounts on December 16th 2013, which is the date of their registration in the Polish National Depository for Securities. 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 30,859 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 subscription warrants by eligible persons. Series A warrants were issued as part of the incentive addressed to key management members at KRUK S.A. and the Group's companies.

On May 21st 2014, the Company received a notification from Mr Piotr Krupa, President of the Management Board of KRUK S.A. and a major shareholder of the Company, to the effect that Mr Piotr Krupa had sold 42,000 shares and 10,000 shares in KRUK S.A. in transactions executed during trading sessions on the Warsaw Stock Exchange on May 15th 2014 and May 20th 2014, respectively.

On June 24th 2014, the Company received a notification from Mr Piotr Krupa, President of the Management Board of KRUK S.A. and a major shareholder of the Company, to the effect that Mr Piotr Krupa had sold 2,988, 2,947, 9,289 and 5,000 shares in KRUK S.A. in transactions executed during trading sessions on the Warsaw Stock Exchange on June 17th, 18th, 20th, and 24th 2014, respectively.

The Management Board of the Polish National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.), by virtue of Resolution No. 576/14 of September 24th 2014, resolved to register 64,501 Series E ordinary bearer shares of KRUK S.A., with a par value of PLN 1.00 per share, issued as part of a conditional share capital increase under Resolution No. 1/2011 of the Extraordinary General Meeting of KRUK S.A. dated March 30th 2011, and to assign to them ISIN code No. PLKRK0000010, provided that the operator of the regulated market agrees to introduce the shares to trading on the regulated market on which other Company shares are traded under ISIN code No. PLKRK0000010.

On July 8th 2014, the Management Board of Giełda Papierów Wartościowych S.A. (Warsaw Stock Exchange) passed Resolution No. 781/2014 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, 64,501 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 July 10th 2014 provided that on the same day the Polish National Depository for Securities registers the shares and assign to them ISIN code No. PLKRK0000010.

Following registration of the Issuer's shares in the investors' securities accounts, the Issuer's share capital is PLN 17,023,596 and is divided into 17,023,596 shares conferring the right to 17,023,596 votes at the Company's General Meeting.

On September 12th 2014, the Company received a notification from Mr Piotr Krupa, President of the Management Board of KRUK S.A. and a major shareholder of the Company, to the effect that Mr Krupa had sold 673 shares at the average price of PLN 106.22 per share on September 8th 2014, 33,730 shares at the average price of PLN 103.50 per share on September 9th 2014, and 7,639 shares at the average price of PLN 108.50 per share on September 11th 2014. The shares were sold in ordinary transactions executed during trading sessions on the Warsaw Stock Exchange.

On September 29th 2014, the Company received a notification from Mr Piotr Krupa, President of the Management Board of KRUK S.A. and a major shareholder of the Company, to the effect that Mr Krupa had sold 10,000 shares at the average price of PLN 107.30 per share on September 22nd 2014, and 20,000 shares at the average price of PLN 107.33 per share on September 23rd 2014. The shares were sold in ordinary transactions executed during trading sessions on the Warsaw Stock Exchange.

#### **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**

<b>Name and surname</b>	<b>Position</b>	<b>Number of shares held</b>
Piotr Krupa	President of the Management Board	2,069,662
Urszula Okarma	Member of the Management Board	110,350
Agnieszka Kułton	Member of the Management Board	67,220
Iwona Słomska	Member of the Management Board	40,000
Michał Zasępa	Member of the Management Board	8,000
Tomasz Bieske	Member of the Supervisory Board	5,680

Apart from the change in the number of shares held by Mr Piotr Krupa, President of the Management Board, referred to in section *Shareholding structure*, in the period from the issue of the previous interim report, i.e. the extended consolidated report for Q1 2014, published on May 13th 2014, to the date of issue of this interim report, there was also a change in the holdings of Company shares owned by Ms Iwona Słomska and Mr Michał Zasępa.

On May 27th 2014, 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 5,000 shares in KRUK S.A. in ordinary transactions executed during a trading session on the Warsaw Stock Exchange.

On May 29th 2014, the Company received a notification from Ms Iwona Słomska, Member of the Management Board, given under Art. 160.1 of the Act on Trading in Financial Instruments, to the effect that Ms Słomska had sold 5,257 shares in KRUK S.A. in ordinary transactions executed during a trading session on the Warsaw Stock Exchange. In addition, on September 10th 2014 the Company received a notification from Ms Iwona Słomska, whereby she informed the Company of acquiring 9,257 Series E shares in the Company. According to the notification, the shares were acquired on July 10th 2014, when 9,257 Series E shares were registered in the securities account of the Notifying Party as a result of execution of the rights attached to 9,257 Series A subscription warrants issued as part of an incentive scheme, authorising Ms Słomska to subscribe for the shares at the issue price of PLN 1 per share.

On July 28th 2014, the Company received a notification from Mr Tomasz Bieske, Member of the Supervisory Board, given under Art. 160.1 of the Act on Trading in Financial Instruments, to the effect that Mr Bieske had acquired 1,750 shares in KRUK S.A. in ordinary transactions executed during a trading session on the Warsaw Stock Exchange. As at August 31st 2014, Mr Bieske held 1,750 shares in the Company. As at the date of issue of the previous interim report, i.e. as at May 13th 2014, Mr Bieske did not hold any Company shares. In the period from the issue of the previous quarterly report to the date of publication of this periodic report, Mr Bieske held no rights to KRUK shares.

On July 31st 2014, the Company received a notification from Mr Tomasz Bieske, Member of the Supervisory Board, given under Art. 160.1 of the Act on Trading in Financial Instruments, to the effect that Mr Bieske had acquired 3,930 shares in KRUK S.A. in ordinary transactions executed during a trading session on the Warsaw Stock Exchange. As at August 31st 2014, Mr Bieske held 5,680 shares in the Company.

**As at August 31st 2014, Mr Bieske held 5,680 shares in the Company.** As at the date of issue of the previous interim report, i.e. as at May 13th 2014, Mr Bieske did not hold any Company shares. In the period from the issue of the previous quarterly report to the date of publication of this periodic report, Mr Bieske held no rights to KRUK shares.

On September 12th 2014, the Company received a notification from Ms Iwona Słomska, Member of the Management Board, given under Art. 160.1 of the Act on Trading in Financial Instruments, to the effect that Ms Słomska had sold 4,000 shares in KRUK S.A. at the average price of PLN 106 per share in an ordinary transaction executed during a trading session on the Warsaw Stock Exchange on September 10th 2014.

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 extended consolidated report for Q1 2014, published on May 13th 2014, to the date of issue of this Q3 2014 report, i.e. to November 11th 2014.

### Incentive Scheme at KRUK S.A.

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

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

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

In its Resolution No. 24/2014, dated September 14th 2014, the Company's Supervisory Board determined the list of persons eligible to acquire warrants under Tranche 3 for 2013, which covers 190,651 subscription warrants, including 41,778 warrants offered to and acquired by Members of the Management Board.

Numbers of subscription warrants held by Management Board Members as at the date of publication of this report:

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	30,521
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

As at the date of this report, eligible persons had exercised rights to acquire 123,256 shares attached to Tranche 1 and 2 subscription warrants by purchasing 123,256 Series E shares in the Company.

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") was 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 Company Series F shares at the price PLN 83.52. 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 847,950.00, 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, i.e. PLN 83.52. 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 average annual EPS (earnings per share) calculated based on the Group's consolidated financial statement increases.

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.

## 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 – 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>
declaring two credit facility agreements invalid and a receivables assignment agreement ineffective	PLN 3,225,000.00	May 13 2014	GRH Nieckowo Sp. z o.o.; PROKURA NSFIZ	We believe the claim is groundless
for release of assets from enforcement	PLN 2,200,600.00	Mar 18 2014	Teresa and Marek Sobociński; PROKURA NSFIZ	We apply for the action to be dismissed;
Suit for discontinuance of enforcement	PLN 218,845.90	Jun 15 2013	Zbigniew Wróbel; PROKURA NSFIZ	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>Parties</i>	<i>Kruk S.A.'s position</i>
Bankruptcy proceedings	PLN 16,308,593.25	May 31 2011	Prokura NSFIZ – Nonna & Sons Sp. z o.o. w upadłości (in bankruptcy)	Bankruptcy proceedings pending; the fund does not expect satisfaction of its claims
Bankruptcy proceedings	PLN 15,330,470.15	Jun 19 2013	Kruk S.A. - Nisco Invest SRL	The claim submitted to be included the list of claims and recognised by the bankruptcy administrator
Bankruptcy proceedings	PLN 10,264,906.37	May 22 2011	Kruk S.A. – MBB Constructii SRL	The claim submitted to be included the list of claims and recognised by the bankruptcy administrator

Bankruptcy proceedings	PLN 8,347,490.88	Aug 8 2002	Prokura NSFIZ - SM Sami Swoi	Bankruptcy proceedings pending; the fund is waiting for the final bankruptcy plan to be drawn up
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Bankruptcy proceedings	PLN 7,147,299.74	Nov 22 2013	Prokura NSFIZ – FREGATA – LIFE BOGUMIŁA MROCZEK SPECJALISTA ODNOWY BIOLOGICZNEJ	Bankruptcy proceedings pending
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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 September 30th 2014

	<i><b>Total number of cases</b></i>	<i><b>Total amount (PLN)</b></i>
Total number of court proceedings (including bankruptcy proceedings) instigated by the Group companies and total value of the Group's claims	68,843	983,402,841.19
Total number of enforcement proceedings instigated by the Group and total value of claims	376,547	4,738,671,214.00
Total number of court proceedings instigated against the Group and total value of claims	98	5,019,455.40

## 18. Related-party transactions concluded by the Parent

### Parent's transactions with its subsidiaries as at September 30th 2014

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

<i>PLN '000</i>	<b>Liabilities</b>	<b>Receivables</b>	<b>Loans advanced</b>	<b>Interest accrued on loans advanced</b>
ERIF Business Solution Sp. z o.o		4	2,185	97
Secapital S.a.r.l	934	7,410	-	-
Novum Finance Sp. z o.o.	407	31	-	-
Secapital Polska Sp. z o.o.	-	1	20	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	1,212	3,700	-	-
KRUK Romania S.r.l.	490	3,925	9,141	534
Rejestr Dłużników ERIF BIG S.A.	-	295	170	78
NFIZ PROKURA	2,859	6,753	-	-
NFIZ PROKULUS	-	15	-	-
KRUK Česká a Slovenská republika s.r.o.	2	1,909	8,346	1,936
KRUK TFI	-	5	-	-
InvestCapital Malta Ltd.	-	-	59,319	2,938
	5,904	24,048	79,181	5,583

#### *Revenue from mutual transactions*

<i>PLN '000</i>	<b>Revenue from sale of materials and services</b>	<b>Revenue from sale of debt collection services</b>	<b>Interest and dividends</b>
Secapital S.a.r.l	-	803	269,564
ERIF Business Solution Sp. z o.o	277	-	77
Novum Finance Sp. z o.o.	97	-	50
Secapital Polska Sp. z o.o.	14	-	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	789	-	2,650
KRUK Romania S.r.l.	557	-	511
Rejestr Dłużników ERIF BIG S.A.	277	-	9
NFIZ PROKURA	-	23,236	-
NFIZ PROKULUS	-	88	-
KRUK TFI	46	-	-
KRUK Česká a Slovenská republika s.r.o.	223	-	1,062
InvestCapital Malta Ltd.	-	-	1,936
	2,280	24,127	275,859



**Costs of mutual transactions**

PLN '000

**Purchase of debt  
collection services**

Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	1,991
KRUK Romania S.r.l.	4,676
Rejestr Dłużników ERIF BIG S.A.	438
KRUK Česká a Slovenská republika s.r.o.	226
Novum Finance Sp. z o.o.	472
	<u>7,803</u>

**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 Zasępa**

*Member of the Management  
Board*

**Katarzyna Racziewicz**

*Person responsible for maintaining  
the accounting records*

*Wrocław, November 11th 2014*