



# **Interim Condensed Extended Consolidated Financial Report**

**for the period January 1st–September 30th 2015**



**The KRUK Group  
September 30th 2015**

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## I. Interim condensed consolidated financial statements

### 1. Consolidated financial highlights

Financial highlights	PLN '000		EUR '000	
	Jan 1 – Sep 30 2015	Jan 1 – Sep 30 2014	Jan 1 – Sep 30 2015	Jan 1 – Sep 30 2014
<b>For the period</b>				
Revenue	449,238	367,534	108,029	87,920
Operating profit	191,541	166,085	46,060	39,730
Profit before tax	159,778	124,485	38,422	29,779
Net profit attributable to owners of the Parent	160,232	126,037	38,531	30,150
Net cash from operating activities	60,644	19,239	14,583	4,602
Purchase of debt portfolios at prices as per agreement	(292,346)	(354,638)	(70,301)	(84,835)
Cash recoveries	604,723	528,316	145,418	126,381
Net cash from investing activities	(2,890)	(4,406)	(695)	(1,054)
Net cash from financing activities	(75,884)	(18)	(18,248)	(4)
Change in net cash	(18,333)	14,815	(4,360)	3,544
Average number of shares ('000)	17,209	17,003	17,209	17,003
Earnings per share (PLN/EUR)	9.31	7.41	2.24	1.77
Diluted earnings per share (PLN/EUR)	9.04	7.27	2.17	1.74
<b>As at</b>	<b>Sep 30 2015</b>	<b>Dec 31 2014</b>	<b>Sep 30 2015</b>	<b>Dec 31 2014</b>
Total assets	1,624,821	1,516,647	383,389	355,828
Non-current liabilities	693,147	721,524	163,532	169,280
Current liabilities	193,577	210,040	45,718	49,279
Equity	738,104	585,083	174,139	137,269
Share capital	17,291	17,110	4,079	4,014
Book value per ordinary share (PLN/EUR)	42.69	34.20	10.07	8.02

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

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

- for the current period – 4.1585
- for the comparative period – 4.1803

- 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 – 4.2386
- for the comparative period – 4.2623

## 2. Interim condensed consolidated statement of financial position

As at September 30th 2015

PLN '000

	Sep 30 2015	Jun 30 2015	Dec 31 2014	Sep 30 2014
<b>Assets</b>				
Cash and cash equivalents	52,212	72,150	70,545	50,073
Trade receivables	8,709	8,739	10,949	11,148
<b>Investments in debt portfolios and loans</b>	1,498,169	1,469,013	1,380,179	1,229,095
Other receivables	28,125	22,753	16,534	13,194
Inventories	449	448	524	519
Property, plant and equipment	18,354	19,536	20,265	20,143
Other intangible assets	10,054	11,885	11,018	10,490
Goodwill	1,024	1,024	1,024	1,024
Deferred tax assets	4,476	5,602	3,539	4,285
Other assets	3,256	1,913	2,070	2,374
<b>Total assets</b>	<b>1,624,828</b>	<b>1,613,063</b>	<b>1,516,647</b>	<b>1,342,345</b>
<b>Equity and liabilities</b>				
<b>Liabilities</b>				
Hedge derivatives	1,190	1,567	2,668	2,622
Trade and other payables	43,228	47,381	60,613	31,810
Employee benefits payable	25,256	25,619	27,646	24,999
Current tax payable	-	-	1,724	-
Liabilities under borrowings and other debt instruments	816,786	858,570	838,649	726,905
Liabilities	264	264	264	264
<b>Total liabilities</b>	<b>886,927</b>	<b>933,401</b>	<b>931,564</b>	<b>786,600</b>
<b>Equity</b>				
Share capital	17,291	17,291	17,110	17,023
Share premium account	60,257	60,257	53,249	49,876
Cash flow hedging reserve	-	-	-	(2,830)
Translation reserve	(3,644)	(6,640)	(3,859)	1,625
Other capital reserves	66,998	64,130	55,624	52,802
Retained earnings	597,186	544,611	462,893	437,194
<b>Equity attributable to owners of the Parent</b>	<b>738,088</b>	<b>679,649</b>	<b>585,017</b>	<b>555,690</b>
<b>Non-controlling interests</b>	<b>16</b>	<b>13</b>	<b>66</b>	<b>55</b>
<b>Total equity</b>	<b>738,104</b>	<b>679,662</b>	<b>585,083</b>	<b>555,745</b>
<b>Total equity and liabilities</b>	<b>1,624,828</b>	<b>1,613,063</b>	<b>1,516,647</b>	<b>1,342,345</b>

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

For the reporting period from January 1st to September 30th 2015

PLN '000

	Jan 1 – Sep 30 2015	Jul 1 – Sep 30 2015	Jan 1 – Sep 30 2014	Jul 1 – Sep 30 2014
Revenue	449,238	162,448	367,534	103,806
Other income	1,218	196	1,010	151
Merchandise and materials sold	-	-	-	-
Employee benefits expense	(121,151)	(38,611)	(99,148)	(31,974)
Depreciation and amortisation expense	(9,270)	(3,257)	(8,426)	(2,904)
Services	(33,964)	(12,399)	(32,518)	(10,474)
Other expenses	(94,530)	(42,924)	(62,367)	(21,132)
	(258,915)	(97,191)	(202,459)	(66,484)
<b>Operating profit</b>	191,541	65,453	166,085	37,473
Finance income	1,042	130	403	120
Finance costs	(32,805)	(11,732)	(42,003)	(12,602)
<b>Net finance costs</b>	(31,763)	(11,602)	(41,600)	(12,482)
<b>Profit before tax</b>	159,778	53,851	124,485	24,991
Income tax	469	(1,272)	1,606	1,036
<b>Net profit for the period</b>	160,247	52,579	126,091	26,027
<b>Net profit attributable to:</b>				
Owners of the Parent	160,232	52,576	126,037	26,014
Non-controlling interests	15	3	54	13
<b>Net profit for the period</b>	160,247	52,579	126,091	26,027
<b>Earnings (loss) per share</b>				
Basic (PLN)	9.31	3.04	7.41	1.52
Diluted (PLN)	9.04	2.93	7.27	1.53

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

For the reporting period from January 1st to September 30th  
2015

PLN '000

	Jan 1 – Sep 30 2015	Jul 1 – Sep 30 2015	Jan 1 – Sep 30 2014	Jul 1 – Sep 30 2014
<b>Net profit attributable to:</b>				
Owners of the Parent	160,232	52,576	126,037	26,014
Non-controlling interests	15	3	54	13
<b>Net profit for the period</b>	<b>160,247</b>	<b>52,579</b>	<b>126,091</b>	<b>26,027</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit or loss</b>				
Exchange differences on translating foreign operations	215	2,996	9,351	39
Cash flow hedges	-	-	(2,622)	(629)
<b>Other comprehensive income, net, for the period</b>	<b>215</b>	<b>2,996</b>	<b>6,729</b>	<b>(590)</b>
<b>Total comprehensive income for the period</b>	<b>160,462</b>	<b>55,575</b>	<b>132,820</b>	<b>25,437</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent	160,447	55,572	132,766	25,424
Non-controlling interests	15	3	54	13
<b>Total comprehensive income for the period</b>	<b>160,462</b>	<b>55,575</b>	<b>132,820</b>	<b>25,437</b>

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

For the reporting period from January 1st to September 30th 2015

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 2014</b>	16,959	47,381	(634)	(7,726)	48,289	311,157	415,426	129	415,555
Net profit for the period	-	-	-	-	-	126,037	126,037	54	126,091
- Exchange differences on translating foreign operations	-	-	-	9,351	-	-	9,351	-	9,351
<b>Total comprehensive income for the period</b>	-	-	-	9,351	-	126,037	135,388	54	135,442
<b>Contributions from and distributions to owners</b>									
- Payment of dividend	-	-	-	-	-	-	-	(128)	(128)
- Valuation of hedging instruments	-	-	(2,196)	-	-	-	(2,196)	-	(2,196)
- Share-based payments	-	-	-	-	4,513	-	4,513	-	4,513
- Issue of shares	64	2,495	-	-	-	-	2,559	-	2,559
<b>Total contributions from and distributions to owners</b>	64	2,495	(2,196)	-	4,513	-	4,876	(128)	4,748
<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
<b>Equity as at Jan 1 2014</b>	16,959	47,381	(634)	(7,726)	48,289	311,157	415,426	129	415,555
Net profit for the period	-	-	-	-	-	151,736	151,736	66	151,802
<b>Other comprehensive income</b>									
- Valuation of hedging instruments	-	-	634	-	-	-	634	-	634
- Exchange differences on translating foreign operations	-	-	-	3,867	-	-	3,867	-	3,867
<b>Total comprehensive income for the period</b>	-	-	634	3,867	-	151,736	156,237	66	156,303
<b>Contributions from and distributions to owners</b>									
- Payment of dividend	-	-	-	-	-	-	-	(129)	(129)
- Share-based payments	-	-	-	-	7,335	-	7,335	-	7,335
- Issue of shares	151	5,868	-	-	-	-	6,019	-	6,019
<b>Total contributions from and distributions to owners</b>	151	5,868	-	-	7,335	-	13,354	(129)	13,225
<b>Total equity as at Dec 31 2014</b>	17,110	53,249	-	(3,859)	55,624	462,893	585,017	66	585,083
<b>Equity as at Jan 1 2015</b>	17,110	53,249	-	(3,859)	55,624	462,893	585,017	66	585,083
<b>Comprehensive income for the period</b>									
Net profit for the period	-	-	-	-	-	160,231	160,231	15	160,246
Payment of dividend	-	-	-	-	-	(25,938)	(25,938)	-	(25,938)
<b>Other comprehensive income</b>									
- Exchange differences on translating foreign operations	-	-	-	215	-	-	215	-	215
<b>Total comprehensive income for the period</b>	-	-	-	215	-	134,293	134,508	15	134,523
<b>Contributions from and distributions to owners</b>									
- Valuation of hedging instruments	-	-	-	-	-	-	-	-	-
- Payment of dividend	-	-	-	-	-	-	-	(65)	(65)
- Share-based payments	-	-	-	-	11,374	-	11,374	-	11,374
- Issue of shares	181	7,008	-	-	-	-	7,189	-	7,189
<b>Total contributions from and distributions to owners</b>	181	7,008	-	-	11,374	-	18,563	(65)	18,498
<b>Total equity as at Sep 30 2015</b>	17,291	60,257	-	(3,644)	66,998	597,186	738,088	16	738,104



## 6. Interim condensed consolidated statement of cash flows

For the reporting period from January 1st to September 30th 2015

PLN '000

	Jan 1 2015 – Sep 30 2015	Jul 1 – Sep 30 2015	Jan 1 – Sep 30 2014	Jul 1 – Sep 30 2014
<b>Cash flows from operating activities</b>				
<b>Net profit for the period</b>	160,247	52,579	126,091	26,027
<i>Adjustments</i>				
Depreciation of property, plant and equipment	6,189	2,595	5,892	1,914
Amortisation of intangible assets	3,081	662	2,534	750
Net finance costs	31,010	12,515	47,669	23,303
(Gain)/loss on sale of property, plant and equipment	(367)	(166)	(176)	61
Equity-settled share-based payment transactions	11,374	2,868	4,513	1,340
Income tax	(469)	1,272	(1,606)	(1,335)
Change in other investments	(7,178)	(1,573)	(2,761)	(2,490)
Change in debt portfolios purchased	(110,812)	(24,772)	(162,493)	26,532
Change in inventories	75	(1)	10	(66)
Change in receivables	(9,351)	(5,545)	2,484	16,639
Change in prepayments and accrued income	(1,186)	(1,343)	78	(727)
Change in current liabilities, excluding financial liabilities	(19,775)	(4,482)	(2,639)	4,226
Income tax paid	(2,193)	(146)	(357)	(25)
<b>Net cash from operating activities</b>	60,441	34,462	19,239	96,448
<b>Cash flows from investing activities</b>				
Interest received	1 104	192	350	119
Sale of intangible assets and property, plant and equipment	394	(379)	280	(294)
Purchase of intangible assets and property, plant and equipment	(4,388)	117	(5,171)	370
<b>Net cash from investing activities</b>	(2,890)	(70)	(4,541)	195
<b>Cash flows from financing activities:</b>				
Net proceeds from issue of shares	7 008	(181)	1,107	-
Proceeds from issue of debt securities	113,360	-	185,000	-
Increase in borrowings	331,616	(121,716)	317,405	312,366
Repayment of borrowings	(423,984)	118,650	(402,093)	(366,488)
Payments under finance lease agreements	(3,598)	(1,265)	(1,940)	(1,269)
Dividends paid	(25,757)	(160,757)	-	(135,000)
Redemption of debt securities	(41,000)	(12,000)	(79,000)	(47,000)
Interest paid	(33,530)	(12,062)	(37,478)	(13,612)
<b>Net cash from financing activities</b>	(75,884)	(54,330)	(16,999)	(116,003)
<b>Total net cash flows</b>	(18,333)	(19,938)	(2,301)	(19,360)
Cash and cash equivalents at beginning of period	70,545	72,150	42,729	69,433
Cash and cash equivalents at end of period	52,212	52,212	40,428	50,073

Due to the limited amount of information on proceeds 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 2015	Jan 1 – Sep 30 2014	Jan 1 – Sep 30 2015	Jan 1 – Sep 30 2014
<b>For the period</b>				
Revenue	79,827	75,550	19,196	18,073
Operating loss	(41,586)	(28,156)	(10,000)	(6,735)
Profit/(loss) before tax	(81,020)	198,727	(19,483)	47,539
Net profit/(loss)	(79,982)	200,581	(19,233)	47,982
Net cash from operating activities	107,611	543	25,877	130
Net cash from investing activities	(108,078)	(23,238)	(25,989)	(5,559)
Net cash from financing activities	(14,695)	24,650	(3,534)	5,897
Change in net cash	(15,161)	1,955	(3,646)	468
Average number of shares ('000)	17,209	17,003	17,209	17,003
Earnings per share (PLN/EUR)	(4.65)	11.80	(1.12)	2.82
Diluted earnings per share (PLN/EUR)	(4.51)	11.57	(1.09)	2.77
<b>As at</b>	<b>Sep 30 2015</b>	<b>Dec 31 2014</b>	<b>Sep 30 2015</b>	<b>Dec 31 2014</b>
Total assets	1,242,090	1,287,526	293,043	302,073
Non-current liabilities	690,681	736,964	162,950	172,903
Current liabilities	173,888	85,684	41,025	20,103
Equity	377,521	464,878	89,067	109,067
Share capital	17,291	17,110	4,079	4,014
Book value per ordinary share (PLN/EUR)	21.83	27.17	5.25	1.63

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 – 4.1585
- for the comparative period – 4.1803

- 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 – 4.2386
- for the comparative period – 4.2623

## 2. Interim condensed separate statement of financial position

As at September 30th 2015

PLN '000

	Sep 30 2015	Jun 30 2015	Dec 31 2014	Sep 30 2014
<b>Assets</b>				
Cash and cash equivalents	9,354	6,703	24,515	7,589
Trade receivables from related entities	20,970	27,247	9,889	17,293
Trade receivables from other entities	3,818	3,635	4,120	5,390
Investments in debt portfolios and loans	100,627	74,228	119,237	126,739
Other receivables	15,255	4,886	161,108	8,159
Inventories	263	208	282	342
Property, plant and equipment	11,943	12,940	12,125	11,589
Intangible assets	9,081	10,191	9,639	8,987
Deferred tax asset	4,489	5,568	3,449	4,135
Investments in subsidiaries	1,063,785	1,147,203	941,496	919,272
Other assets	2,505	1,146	1,666	1,933
<b>Total assets</b>	<b>1 242 090</b>	<b>1,293,955</b>	<b>1,287,526</b>	<b>1,111,428</b>
<b>Equity and liabilities</b>				
<b>Liabilities</b>				
Hedge derivatives	1,190	1,567	2,668	2,622
Trade and other payables	22,765	19,942	14,414	29,111
Employee benefit obligations	16,683	19,101	18,716	16,313
Current tax liability	-	-	1,724	-
Liabilities under borrowings and other debt instruments	823,931	864,848	785,126	718,417
<b>Total liabilities</b>	<b>864,569</b>	<b>905,458</b>	<b>822,648</b>	<b>766,463</b>
<b>Equity</b>				
Share capital	17,291	17,292	17,110	17,023
Share premium	60,257	60,257	53,249	49,876
Cash flow hedging reserve	-	-	-	(2,830)
Other capital reserves	66,998	64,130	55,624	52,802
Retained earnings	232,975	246,818	338,895	228,094
<b>Total equity</b>	<b>377,521</b>	<b>388,497</b>	<b>464,878</b>	<b>344,965</b>
<b>Total equity and liabilities</b>	<b>1,242,090</b>	<b>1,293,955</b>	<b>1,287,526</b>	<b>1,111,428</b>

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

For the reporting period from January 1st to September  
30th 2015

PLN '000

	Jan 1 – Sep 30 2015	Jul 1 – Sep 30 2015	Jan 1 – Sep 30 2014	Jul 1 – Sep 30 2014
Revenue	79,827	28,281	75,550	24,232
Other income	778	197	843	126
Merchandise and materials sold	-	-	-	-
Employee benefits expense	(76,882)	(24,828)	(56,841)	(18,792)
Depreciation and amortisation expense	(6,235)	(2,174)	(5,710)	(1,909)
Services	(21,667)	(7,524)	(21,106)	(7,245)
Other expenses	(17,407)	(6,694)	(20,892)	(7,763)
	(122,191)	(41,220)	(104,549)	(35 709)
<b>Operating loss</b>	(41,586)	(12,742)	(28,156)	(11,351)
Finance income	13,266	10,982	276,474	82,044
Finance costs	(52,700)	(11,004)	(49,591)	(12,121)
<b>Net finance (income)/costs</b>	(39,434)	(22)	226,883	69,923
<b>Profit/(loss) before tax</b>	(81,020)	(12,764)	198,727	58,572
Income tax	1,038	(1,079)	1,854	1,077
<b>Net profit/(loss) for the period</b>	(79,982)	(13,843)	200,581	59,649
<b>Earnings/(loss) per share</b>				
Basic (PLN)	(4.65)	(0.75)	11.80	3.49
Diluted (PLN)	(4.51)	(0.65)	11.57	3.35

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

For the reporting period from January 1st to September 30th  
2015

PLN '000

	Jan 1 – Sep 30 2015	Jul 1 – Sep 30 2015	Jan 1 – Sep 30 2015	Jul 1 – Sep 30 2015
<b>Net profit for the period</b>	(79,982)	(13,843)	200,581	59,649
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit or loss</b>				
Cash flow hedges	-	-	(2,622)	(629)
<b>Income tax on other comprehensive income</b>			-	0
<b>Other comprehensive income, net, for the period</b>	-	-	(2,622)	(629)
<b>Total comprehensive income for the period</b>	(79,982)	(13,843)	197,959	59,020

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

For the reporting period from January 1st to September 30th 2015

PLN '000

	Share capital	Share premium	Cash flow hedging reserve	Other capital reserves	Retained earnings	Total equity
<b>Equity as at Jan 1 2014</b>	16,959	47,381	(634)	48,289	27,513	139,508
Net profit for the period	-	-	-	-	200,581	200,581
<b>Total comprehensive income for the period</b>	-	-	-	-	200,581	200,581
<b>Contributions from and distributions to owners</b>						
- Valuation of hedging instruments	-	-	(2,196)	-	-	(2,196)
- 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	(2,196)	4,513	-	4,876
<b>Total equity as at Sep 30 2014</b>	17,023	49,876	(2,830)	52,802	228,094	344,965
<b>Equity as at Jan 1 2014</b>	16,959	47,381	(634)	48,289	27,513	139,508
<b>Comprehensive income for the period</b>						
Net profit for the period	-	-	-	-	311,382	311,382
Other comprehensive income	-	-	-	-	-	-
- Valuation of hedging instruments	-	-	634	-	-	634
Total other comprehensive income	-	-	634	-	-	634
<b>Total comprehensive income for the period</b>	-	-	634	-	311,382	312,016
<b>Contributions from and distributions to owners</b>						
- Share-based payments	-	-	-	7,335	-	7,335
- Issue of shares	151	5,868	-	-	-	6,019
<b>Total contributions from and distributions to owners</b>	151	5,868	-	7,335	-	13,354
<b>Total equity as at Dec 31 2014</b>	17,110	53,249	-	55,624	338,895	464,878
<b>Equity as at Jan 1 2015</b>	17,110	53,249	-	55,624	338,895	464,878
<b>Comprehensive income for the period</b>						
Net profit for the period	-	-	-	-	(79,982)	(79,982)
Payment of dividend	-	-	-	-	(25,938)	(25,938)
<b>Total comprehensive income for the period</b>	-	-	-	-	(105,920)	(105,920)
<b>Contributions from and distributions to owners</b>						
- Share-based payments	-	-	-	11,374	-	11,374
- Issue of shares	181	7,008	-	-	-	7,189
<b>Total contributions from and distributions to owners</b>	181	7,008	-	11,374	-	18,563
<b>Total equity as at Sep 30 2015</b>	17,291	60,257	-	66,998	232,975	377,521

## 6. Interim condensed separate statement of cash flows

For the reporting period from January 1st to September 30th 2015

PLN '000

	Jan 1 – Sep 30 2015	Jul 1 – Sep 30 2015	Jan 1 – Sep 30 2014	Jul 1 – Sep 30 2014
<b>Cash flows from operating activities</b>				
<b>Net profit for the period</b>	(79,982)	(13,843)	200,581	59,649
<i>Adjustments</i>				
Depreciation of property, plant and equipment	3,646	1,320	3,323	1,093
Amortisation of intangible assets	2,590	855	2,387	814
Net finance (income)/costs	38,518	186	(225,341)	(68,723)
(Gain)/loss on sale of property, plant and equipment	(234)	(28)	(84)	83
Equity-settled share-based payment transactions	11,374	2,868	4,513	1,340
Income tax	(1,038)	1,079	(1,854)	(1,076)
Change in other current investments	(7,178)	(1,573)	(2,760)	(1,249)
Change in debt portfolios purchased	3,495	(917)	2,044	3,314
Change in inventories	18	(55)	(70)	(158)
Change in receivables	136,186	(753)	(1,601)	362
Change in prepayments and accrued income	(840)	(1,359)	(17)	(12)
Change in current liabilities, excluding financial liabilities	5,268	(264)	19,318	15,703
Change in employee benefit obligations	(2,033)	(2,418)	152	417
Income tax paid	(2,180)	-	(49)	0
<b>Net cash from operating activities</b>	<b>107,611</b>	<b>(14,902)</b>	<b>543</b>	<b>11,557</b>
<b>Cash flows from investing activities</b>				
Interest received	44	15	123	22
Interest received on loans	-	-	-	-
Loans advanced	(60,544)	(23,233)	(18,171)	(5,421)
Sale of intangible assets and property, plant and equipment	261	33	317	150
Dividend received	10,079	9,579	259,882	75,786
Disposal of financial assets	128,492	89,949	86,645	22,528
Purchase of intangible assets and property, plant and equipment	(3,487)	(254)	(3,209)	(1,102)
Acquisition of financial assets	(250,147)	(5,899)	(348,835)	(263)
Repayment of loans advanced	67,224	790	10	10
<b>Net cash from investing activities</b>	<b>(108,078)</b>	<b>70,981</b>	<b>(23,238)</b>	<b>91,710</b>
<b>Cash flows from financing activities:</b>				
Net proceeds from issue of shares floated on stock exchange	7,008	-	2,561	-
Proceeds from issue of debt securities	113,360	-	-	-
Increase in borrowings	247,686	(122,716)	546,200	67,165
Repayment of borrowings	(280,576)	119,649	(385,174)	(109,288)
Redemption of debt securities	(41,000)	(12,000)	(100,400)	(47,000)
Payments under finance lease agreements	(2,240)	(606)	(2,249)	(796)
Dividends paid	(25,757)	(25,757)	-	-
Interest paid	(33,177)	(11,817)	(36,289)	(13,212)
<b>Net cash from financing activities</b>	<b>(14,695)</b>	<b>(53,428)</b>	<b>24,650</b>	<b>(103,129)</b>
<b>Total net cash flows</b>	<b>(15,161)</b>	<b>2,651</b>	<b>1,955</b>	<b>137</b>
Cash and cash equivalents at beginning of period	24,515	6,703	5,634	7,451
Cash and cash equivalents at end of period	9,354	9,354	7,589	7,589

### III. Interim condensed separate financial statements

#### 1. Organisation of the KRUK Group

##### Parent

*Name:*

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

*Registered office:*

ul. Wołowska 8  
51-116 Wrocław, Poland

*Registration in the National Court Register:*

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

Date of entry: September 7th 2005

Entry number: KRS 0000240829

*Principal business activities of the Parent and subsidiaries*

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

These interim condensed consolidated financial statements for the reporting period from January 1st to September 30th 2015 include the financial statements of the Parent and its subsidiaries (jointly the "Group").

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

As at September 30th 2015, the Management Board of the Parent consisted of:

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

In Q3 2015 and by the date of issue of this interim report, the composition of the Management Board of KRUK S.A. did not change.

In Q3 2015 and by the date of issue of this interim report, the composition of the Supervisory Board of KRUK S.A. did not change and was as follows:

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

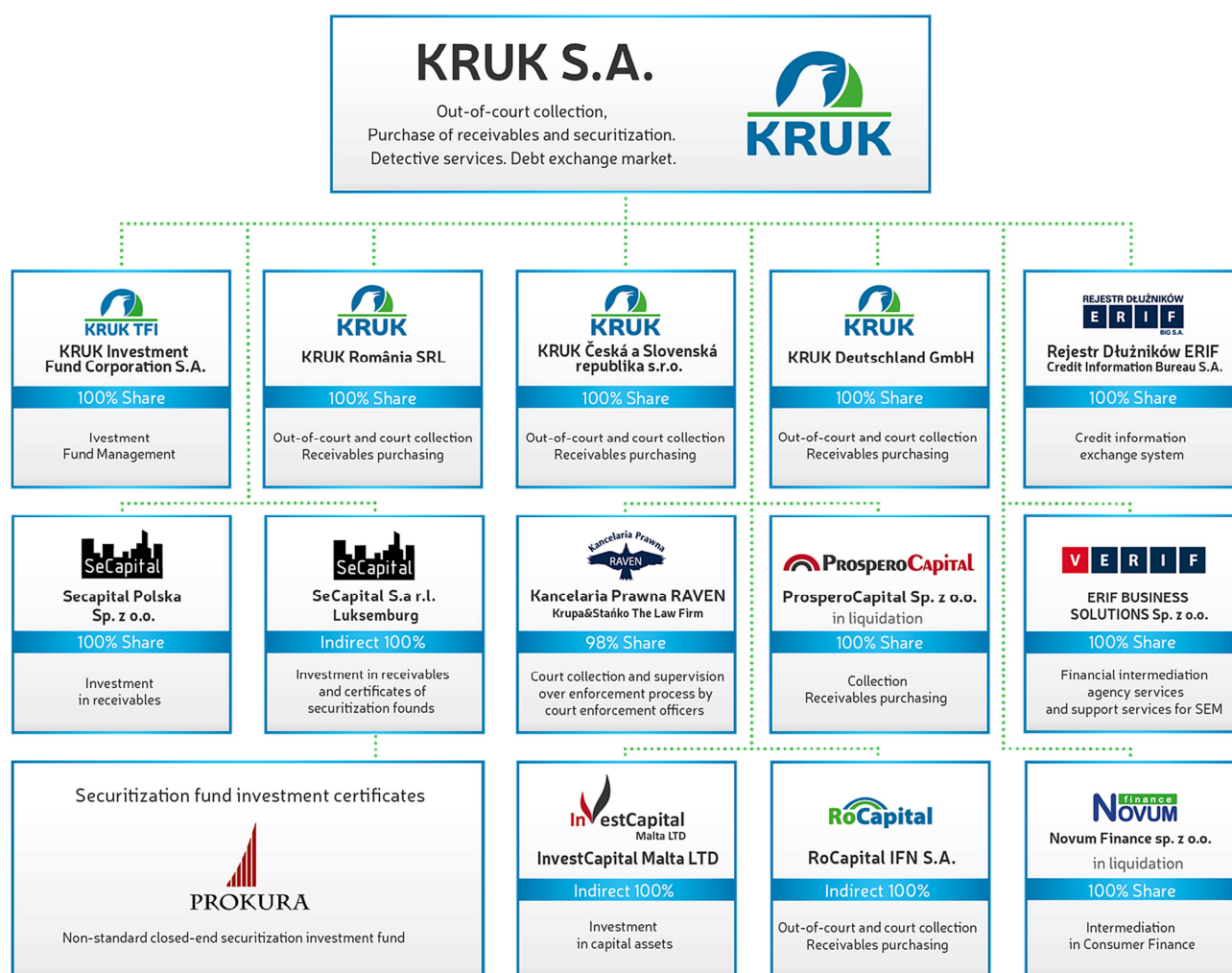


## The KRUK Group

As at the date of issue of this report, the Group comprised KRUK S.A. of Wrocław and 14 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 securitisation fund, which is a securitisation and investment vehicle employing professional risk assessment and credit management methodologies. All certificates issued by the securitisation fund 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. w likwidacji (in liquidation) 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 2015 and for the period from January 1st to September 30th 2015.



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

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

PLN '000	Country	Share capital held (%)	
		Sep 30 2015	Dec 31 2014
Secapital S.a.r.l. **	Luxembourg	79.37%	84.4%
ERIF Business Solutions Sp. z o.o.	Poland	100%	100%
Secapital Polska Sp. z o.o.	Poland	100%	100%
Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A.	Poland	100%	100%
Novum Finance Sp. z o.o. (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%
ProsperoCapital Sp. z o.o. (in liquidation)	Poland	100%	100%
KRUK International Z.r.t. (in liquidation)	Hungary	-	100%
InvestCapital Malta Ltd **	Malta	99.9%	99.5%
RoCapital IFN S.A.	Romania	99.0%	99.0%
Kruk Deutschland GmbH	Germany	100%	100 %

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

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

## 2. Significant accounting policies

### Statement of compliance

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

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

## Basis of preparation

These consolidated financial statements have been prepared based on the historical cost approach, except with respect to financial instruments at fair value through profit or loss, and include data for the period from January 1st to September 30th 2015 and comparative data for the period from January 1st to September 30th 2014. The presented data has not been audited.

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

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

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

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

## Changes in accounting policies

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

## Amendments to current standards and interpretations

The following amendments to International Financial Reporting Standards and their interpretations, endorsed by the European Union (the "EU IFRS") apply to reporting periods beginning on January 1st 2015:

- *Amendments to IFRS introduced as part of the 2011-2013 improvements cycle:*

### Amendments to IFRS 3 *Business Combinations*

The amendments clarify that not only joint ventures but also joint arrangements fall outside the scope of IFRS 3. The exception applies solely to the preparation of financial statements of joint arrangements. The amendment is to be applied prospectively.

These changes had no impact on the Group's financial position or results of operation.

- *Amendments to IFRS 13 Fair Value Measurement*

The amendments clarify that the portfolio exception applies not only to financial assets and financial liabilities but also to other agreements that fall within the scope of IAS 39. The amendments are to be applied prospectively.

These changes had no impact on the Group's financial position or results of operation.

- *Amendments to IAS 40 Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). The amendment is to be applied prospectively, and it clarifies that it is IFRS 3 rather than the definition of ancillary services contained in IAS 40 that should be used to determine whether a transaction is an asset or business acquisition.

These changes had no impact on the Group's financial position or results of operation.

- *IFRIC 21 Levies*

The interpretation clarifies that an entity recognises a levy liability on the occurrence of an obligating event, or, in other words, the activity that triggers the obligation to pay a levy in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. IFRIC 21 is to be applied retrospectively.

These changes had no impact on the Group's financial position or results of operation.

## 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; as at the date of approval of these financial statements, the standard was not adopted by the EU,
- 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 June 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; within the EU, effective at the latest for annual periods beginning on or after February 1st 2015,
- *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; within the EU, effective at the latest for annual periods beginning on or after February 1st 2015,
- *Amendments to IFRS introduced as part of the 2011-2012 improvements cycle* (published on December 12th 2013) – effective for annual periods beginning on or after July 1st 2014; within the EU, effective at the latest for annual periods beginning on or after January 1st 2015,
- 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; as at the date of approval of these financial statements, the amendments were not 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; as at the date of approval of these financial statements, the amendments were not 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; as at the date of approval of these financial statements, the amendments were not 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 2018; as at the date of approval of these financial statements, the amendments were not adopted by the EU,
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (published on June 30th 2014) – effective for annual periods beginning on or after January 1st 2016; as at the date of approval of these financial statements, the amendments were not 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; as at the date of approval of these financial statements, the amendments were not adopted by the EU,
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (published on September 11th 2014) – effective for annual periods beginning on or after January 1st 2016, with the effective date of the amendments provisionally postponed by the IASB; no decision has been made as to when EFRAG will carry out the individual stages of work leading to the approval of these amendments; as at the date of approval of these financial statements, the amendments were not adopted by the EU,
- *Amendments to the IFRS introduced as part of the 2012-2014 improvements cycle* (published on September 25th 2014) – effective for annual periods beginning on or after January 1st 2016; as at the date of approval of these financial statements, the amendments were not adopted by the EU,
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (published on December 18th 2014) – effective for annual periods beginning on or after January 1st 2016; as at the date of approval of these financial statements, the amendments were not been adopted by the EU,
- Amendments to IAS 1 – *Disclosure Initiative* (published on December 18th 2014) – effective for annual periods beginning on or after January 1st 2016; as at the date of approval of these financial statements, the amendments were not 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 the segment's 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, Slovakia, and Germany.

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 2015</b>	<b>Jan 1 – Sep 30 2014</b>
<b>Revenue</b>	<b>449,238</b>	<b>367,534</b>
Purchased debt portfolios	414,009	333,706
Credit management	22,102	23,942
Other products	13,127	9,886
<b>Direct and indirect costs</b>	<b>(182,140)</b>	<b>(141,689)</b>
Purchased debt portfolios	(161,118)	(120,956)
Credit management	(15,253)	(14,650)
Other products	(5,770)	(6,084)
<b>Gross profit</b>	<b>267,098</b>	<b>225,844</b>
Purchased debt portfolios	252,891	212,750
Credit management	6,849	9,292
Other products	7,357	3,803
<b>Administrative expenses</b>	<b>(64,645)</b>	<b>(49,788)</b>
Depreciation and amortisation expense	(9,270)	(8,426)
Other income	1,218	1,010
Other expenses	(2,859)	(2,555)
Finance income/costs	(31,763)	(41,601)
<b>Profit before tax</b>	<b>159,778</b>	<b>124,485</b>
Income tax	469	1,606
<b>Net profit</b>	<b>160,247</b>	<b>126,091</b>



## Geographical segments

<i>PLN '000</i>	<b>Jan 1 – Sep 30 2015</b>	<b>Jan 1 – Sep 30 2014</b>
<b>Revenue</b>	<b>449,238</b>	<b>367,534</b>
Poland	249,433	214,975
Romania	181,013	138,435
Other foreign markets	18,792	14,124

## Non-financial assets

<i>PLN '000</i>	<b>Sep 30 2015</b>	<b>Dec 31 2014</b>
Poland	22,633	23,561
Romania	6,237	8,006
Other foreign markets	562	740
	<b>29,432</b>	<b>32,307</b>

## 4. Purchased debt portfolios

<i>PLN '000</i>	
<b>Purchased debt portfolios as at Jan 1 2014</b>	<b>1,053,913</b>
Purchase of debt portfolios	575,105
Purchase price adjustment for discount	(4,419)
Cash recoveries	(711,841)
Increase/(decrease) in liabilities to debtors due to overpayments	574
Valuation of loyalty scheme	2,080
Revenue from debt purchase (interest and revaluation)	442,374
Fair value translation differences (*)	8,571
<b>Purchased debt portfolios as at Dec 31 2014</b>	<b>1,366,357</b>
<b>Purchased debt portfolios as at Jan 1 2015</b>	<b>1,366,357</b>
Purchase of debt portfolios	292,346
Cash recoveries	(604,723)
Increase/(decrease) in liabilities to debtors due to overpayments	577
Valuation of loyalty scheme	2,670
Revenue from debt purchase (interest and revaluation)	414,009
Fair value translation differences (*)	6,322
<b>Purchased debt portfolios as at Sep 30 2015</b>	<b>1,477,558</b>

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

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

### Revenue

PLN '000

	Jan 1 – Sep 30 2015	Jan 1 – Sep 30 2014
Revenue from debt purchase	414,009	333,706
Revenue from fee-based credit management services	22,102	23,942
Revenue from other products	13,127	9,886
Revenue from sale of merchandise and materials	-	-
	449,238	367,534

### Revenue from debt purchase

PLN '000

	Jan 1 – Sep 30 2015	Jan 1 – Sep 30 2014
Interest income adjusted for actual recoveries	381,676	346,537
Revaluation of debt portfolios	32,333	4,924
Cost of debts sold	-	(17,755)
	414,009	333,706

(\*) Relates to the sale of a portion of the corporate debt portfolio.

PLN '000

	Jan 1 – Sep 30 2015	Jan 1 – Sep 30 2014
Revision of recovery forecast	29,777	(14,704)
Change due to change in discount rate	790	19,628
Exchange differences	1,769	-
	32,336	4,924

Revenue from debt purchase includes:

### Revenue from debt portfolios measured at fair value

PLN '000

	Jan 1 – Sep 30 2015	Jan 1 – Sep 30 2014
Interest income adjusted for actual recoveries	280,670	346,537
Revaluation of debt portfolios	68,426	4,924
Cost of debts sold (*)	-	(17,755)
	349,096	333,706

(\*) relates to the sale of a portion of the corporate debt portfolio

**Revaluation of debt portfolios measured at fair value**

PLN '000

	Jan 1 – Sep 30 2015	Jan 1 – Sep 30 2014
Revision of forecast	66,550	(14,704)
Change due to change in discount rate	790	19,628
Exchange differences	1,086	
	<u>68,426</u>	<u>4,924</u>

**Revenue from debt portfolios measured at amortised cost**

PLN '000

	Jan 1 – Sep 30 2015	Jan 1 – Sep 30 2014
Interest income adjusted for actual recoveries	101,006	-
Revaluation of debt portfolios	(36,093)	-
	<u>64,913</u>	<u>-</u>

**Revaluation of debt portfolios measured at amortised cost**

PLN '000

	Jan 1 – Sep 30 2015	Jan 1 – Sep 30 2014
Revision of recovery forecast	(36,773)	-
Exchange differences	683	-
	<u>(36,090)</u>	<u>-</u>

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

## Employee benefits expense

PLN '000

	Jan 1 – Sep 30 2015	Jan 1 – Sep 30 2014
Salaries and wages	(88,696)	(76,201)
Other social security contributions	(6,889)	(5,800)
Old-age and disability pension contributions	(13,372)	(11,775)
Contribution to the State Fund for the Disabled	(820)	(859)
Equity-settled cost of stock option plan	(11,374)	(4,513)
	<u>(121,151)</u>	<u>(99,148)</u>

## Other expenses

PLN '000

	Jan 1 –Sep 30 2015 unaudited	Jan 1– Sep 30 2014 unaudited
Court fees	(52,745)	(25,221)
Advertising	(2,137)	(3,482)
Raw materials and energy used	(6,787)	(6,995)
Taxes and charges	(25,042)	(18,205)
Staff training	(1,648)	(1,152)
Business trips	(1,287)	(1,068)
Entertainment expenses	(306)	(106)
Motor insurance	(500)	(432)
Losses from damage caused by motor vehicles	(430)	(536)
Property insurance	(172)	(259)
Other	(3,476)	(4,911)
	<u>(94,530)</u>	<u>(62,367)</u>

## Finance income

PLN '000

	Jan 1 – Sep 30 2015	Jan 1 – Sep 30 2014
Interest income on bank deposits	1,042	403
	<u>1,042</u>	<u>403</u>

## Finance costs

Interest expense on financial liabilities measured at amortised cost	(31,494)	(37,409)
Settlement of discount	-	(4,522)
Net foreign exchange gains/(losses)	(1,311)	(72)
	<u>(32,805)</u>	<u>(42,003)</u>

## Borrowings and finance lease liabilities

PLN '000

	Sep 30 2015	Dec 31 2014	Sep 30 2014
<b>Non-current liabilities</b>			
Secured borrowings	209,770	239,846	196,141
Liabilities under debt securities (unsecured)	475,492	470,633	425,972
Finance lease liabilities	6,695	8,377	8,900
	<b>691,957</b>	<b>718,856</b>	<b>631,013</b>
<b>Current liabilities</b>			
Current portion of secured borrowings	33,877	96,078	42,830
Liabilities under debt securities	85,383	18,859	48,596
Current portion of finance lease liabilities	5,569	4,856	4,466
	<b>125,032</b>	<b>119,793</b>	<b>95,892</b>

## Earnings per share

'000

	Jan 1 – Sep 30 2015	Jan 1 – Dec 31 2014	Jan 1 – Sep 30 2014
Number of ordinary shares as at Jan 1	17,110	16,959	16,959
Effect of cancellation and issue of shares	99	(2)	44
Weighted average number of ordinary shares	<u>17,209</u>	<u>16,957</u>	<u>17,003</u>
PLN			
Basic earnings per share	<u>9.31</u>	<u>8.95</u>	<u>7.41</u>

'000

	Jan 1 – Sep 30 2015	Jan 1 – Dec 31 2014	Jan 1 – Sep 30 2014
Weighted average number of ordinary shares	17,209	16,957	17,003
Effect of share option issue	508	450	329
Weighted average number of ordinary shares (diluted)	17,717	17,407	17,332
PLN			
Earnings per share (diluted)	9.04	8.72	7.27

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

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

- The key element of the Group's communication policy was the continuation of the image-building campaign, presenting the KRUK Group as a trustworthy and reliable partner in debt repayment. We educated Polish, Romanian, Czech and Slovak people in finance through press communications published in the traditional media.
- In Q1 2015, we officially launched the KRUK Deutschland GmbH campaign. During one-on-one meetings with journalists, the Management Board of KRUK S.A. and KRUK Deutschland presented the KRUK Group's unique amicable settlement strategy as well as German versions of our commercial spots to give a thorough overview of our approach. KRUK met with journalists from the major financial newspapers in Germany, including Handelsblatt, Banken+Partner and Frankfurter Allgemeine Zeitung.
- With our business partners in mind, in the second quarter of 2015 we organised our first ever workshops for representatives of the banking sector. It was a very special event for the industry. The two-day workshops featured speeches by both KRUK representatives and people from the banking sector. The workshops provided an opportunity to meet with representatives of the insurance industry for the fifth time. We spent two days sharing experiences and working on best practices in debtor assistance.
- In Romania we launched a PR campaign designed for debtors to 'regain their self-confidence'. During a press conference the well-known and respected psychologist Aurora Liiceanu spoke about the emotional aspects of being in debt. Marius Manole, an actor, performed a monodrama showing the various phases of coping with debt, from disbelief after receiving the letter, through anger, to regaining calm and self-control and, finally, the decision to call the creditor. His performance for journalists portrayed the emotions that accompany a debtor contacting a debt collection agency.
- The third quarter of 2015 marked a special moment in the history of the KRUK Group's communication activities. The Czech and Slovak TV channels for the first time showed advertising spots by a debt management company. This way, KRUK Ceska a Slovenska Republika s.r.o. made another step on its path to communicating the uniqueness of the amicable settlement strategy created by the KRUK Group.
- The third quarter of 2015 also saw the beginning of preparations for the Day without Debts, an event created by the KRUK Group. This year, the Day without Debt will be celebrated in Poland, Romania, the Czech Republic, Slovakia, and it will be initially presented in Germany.

## 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 was investments in debt portfolios made in previous periods and in the reporting period. In the first three quarters of 2015, investments totalled PLN 291,298 thousand.

As at September 30th 2015, the amount of the company's investments in debt portfolios accounted for 91% of its assets. Equity accounts for 45% of the financing of the Company's operations.

On June 8th 2015, Kruk S.A. completed the allotment of Series Z1 unsecured coupon bearer bonds. 100,000 bonds were allotted as part of the issue, with the nominal value per bond equal to the issue price of PLN 1,000 (with the total value of the bonds amounting to PLN 100m).

On June 8th 2015, Kruk S.A. completed the allotment of Series W1 unsecured coupon bearer bonds, issued under the Second Public Bond Issue Programme. 133,599 bonds were allotted as part of the issue, with the nominal value per bond equal to the issue price of PLN 100 (with the total value of the bonds amounting to PLN 13,359,900).

On July 29th 2015, KRUK Deutschland GmbH of Berlin, a subsidiary of KRUK S.A., entered into a framework debt purchase agreement with Commerz Finanz GmbH. Under the agreement, the assignor will sell to KRUK Deutschland GmbH, on a monthly basis, its retail debt from banking activities. The total nominal value of the debt is estimated at approximately EUR 37.5m (PLN 155.45m, translated at the mid rate quoted by the NBP for July 29th 2015).

On July 31st 2015, the Management Board of KRUK S.A. was notified that KRUK Romania S.R.L., a subsidiary of KRUK S.A., was selected by International Finance Corporation of Washington, USA, as an operating partner for a potential investment project involving the establishment (jointly with other entities) of an SPV to negotiate a purchase of unsecured retail debts. If the project materializes, the investment expenditure estimated by KRUK S.A. will exceed 10% of the KRUK Group's revenue for the previous four financial quarters.

As a result of the negotiations, on September 18th 2015 a letter of intent was signed between Secapital S.a.r.l. and P.R.E.S.C.O GROUP S.A., defining the key terms of the sale transaction. The letter of intent sets out the key terms of the sale of a 100% interest in Presco Investments S.a r.l and the right to administer the debt portfolios purchased in Poland and held by the Company and P.R.E.S.C.O. Investment I NS FIZ ("Fund"), with a total nominal value of PLN 2.7bn. The sale price was capped at PLN 220m, and will reflect the agreed adjustments, including reduction by any recoveries on the debt portfolios owned by the Company and the Fund. The parties to the letter of intent agreed that the investment agreement would be signed by October 30th 2015. Pursuant to the letter of intent, the investment agreement will be conditional on clearance by the President of the Polish Office of Competition and Consumer Protection (UOKiK) of the take-over of management of the Fund by the Company's subsidiary Kruk TFI S.A. and of the acquisition of control of Presco Investments by the buyer, as well as on approval of entry into the investment agreement by the KRUK Supervisory Board.

## 8. Seasonality and cyclical nature of operations

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

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

On January 5th 2015, KRUK S.A. repurchased PLN 17,000 thousand worth of unsecured Series I3 bonds.

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

On May 5th 2015, the KRUK Management Board passed resolutions to issue up to 100,000 Series Z1 bonds. The Company resolved to issue up to 100,000 unsecured bearer Series Z1 bonds of the Company with a nominal value of PLN 1,000 per bond, maturing 72 months after the allotment date.

On May 7th 2015, the KRUK Management Board passed resolutions to issue up to 200,000 Series W1 bonds. In accordance with the requirement stipulated in Art. 54.3 of the Public Offering Act, the Company announces that the Bonds will be offered at the issue price equal to the nominal value of PLN 100 per bond, with the total nominal value of the Bonds not greater than PLN 20,000,000.

On July 2nd 2015, KRUK S.A. and its subsidiary PROKURA NS FIZ entered into a trilateral agreement with mBank Spółka Akcyjna on a revolving credit facility for the total amount of up to PLN 100,000 thousand, to be applied towards financing or refinancing debt portfolios purchased by the borrower, up to 75% of the price/price instalment paid in respect of a portfolio. The Bank made the facility available to the borrower for the period from July 2nd 2015 to July 1st 2020.

The facility amount will be PLN 100,000 thousand in the period from July 2nd 2015 to January 1st 2018, and from January 2nd 2018 until July 1st 2020 it will be reduced quarterly, by PLN 10,000 thousand in the first six quarters and by PLN 8,000 thousand in the remaining four quarters.

The borrower must repay the facility by the final repayment date, together with all accrued interest, fees and commissions and other costs payable under the facility agreement. The facility will be repaid in quarterly instalments.

In connection with the credit facility agreement, on July 2nd 2015, KRUK S.A. entered into a surety agreement with the bank. Under the surety agreement, KRUK S.A. issued a surety covering the borrower's liabilities towards the bank arising under the credit facility agreement, becoming a joint and several debtor in respect of the liabilities. The surety was issued for up to PLN 150,000 thousand. The surety will expire not later than on July 1st 2023.

In connection with the credit facility agreement, on July 2nd 2015, PROKURA NS FIZ concluded a financial pledge agreement with the bank, under which a pledge was created over the rights to funds in PROKURA NS FIZ's bank account. The financial pledge will expire upon the expiry of the security period, but not later than on July 1st 2023.

On August 21st 2015, part of investment certificates issued by PROKURA NS FIZ were redeemed. The redemption covered 63,820 Series C investment certificates with a value of PLN 15.56 per certificate, 495,294 Series AI investment certificates with a value of PLN 15.56 per certificate, and 726,233 Series AJ investment certificates with a value of PLN 15.56 per certificate. All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.

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

On September 23rd 2015, a part of investment certificates issued by PROKURA NS FIZ were redeemed (219 585 Series AK investment certificates with a value of PLN 15.76 per certificate and 1,176,354 Series AJ investment certificates with a value of PLN 15.76 per certificate). All redeemed certificates had been held by Secapital S.à.r.l. of Luxembourg, the Company's subsidiary.



On September 30, 2015, was signed with BNP Paribas SA an annex to a revolving loan agreement of 3 October 2015. Pursuant to the annex increased the limit amount of PLN 30 000 thousand to PLN 50 000 thousand; EUR introduction to Part PLN 20 000 thousand, extension of the subject loan portfolios purchased by operators in all markets in which it operates Kruk SA, a reduction in margin from 2.2% to 2.0%, for the parts in PLN; extension of credit by 6 month, to provide alternative security.

On October 16th 2015, 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 Annex 1, the credit limit was raised to the equivalent of PLN 120m. The limit comprises a Credit Facility of up to PLN 65m or its equivalent in the euro, and a Supplementary Credit Facility of up to PLN 55m or its equivalent in the euro. The following periods of availability were agreed: for the Credit Facility – from the Annex 1 execution date to the final repayment date, being October 31st 2020, and for the Supplementary Credit Facility – from the Annex 1 execution date to the final repayment date, being October 31st 2018. Under Annex 2, the total facility amount was reduced to PLN 20m, and the availability period is from the Annex 2 execution date until the final repayment date, being October 31st 2020. Annex 1 and Annex 2 introduce the possibility of providing alternative security in respect of the Bank's claims in the form of a pledge over shares held by InvestCapital Malta Ltd. of Valletta (the Company's subsidiary), Malta, in SeCapital Sarl of Luxembourg (a subsidiary of KRUK S.A.) and a pledge over shares held by KRUK S.A. in InvestCapital Malta Ltd. 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 2015, the KRUK Management Board passed resolutions to issue up to 100,000 Series AA1 bonds. The Company resolved to issue up to 100,000 unsecured bearer Series AA1 bonds of the Company with a nominal value of PLN 1,000 per bond, maturing 72 months after the allotment date.

## 10. Dividend paid (or declared)

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

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

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

On March 13th 2015, the Company's Supervisory Board passed a resolution on the assessment of the Management Board's proposal concerning the allocation of KRUK S.A.'s net profit for 2014. The Supervisory Board issued a positive assessment of the proposal, in which the Management Board recommended that the 2014 net profit be distributed as a dividend of PLN 1.50 per share to the Company's shareholders, with the balance allocated to statutory reserve funds.

On June 23rd 2015, the Annual General Meeting of KRUK S.A. passed Resolution No. 5/2015 on the allocation of KRUK S.A.'s 2014 net profit in line with the Management Board's recommendation.

The Annual General Meeting resolved that the net profit for the financial year from January 1st to December 31st 2014, of PLN 311,382,376.38, would be distributed to shareholders as a dividend of PLN 1.50 per share (in the total amount of PLN 25,937,659.50), with the balance of PLN 285,444,716.88 allocated to statutory reserve funds.

In the resolution the dividend record date was set for July 1st 2015, and the dividend payment date for July 24th 2015. The dividend was paid on 17,291,773 KRUK S.A. shares.

## 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 20th 2015, PROKURA NS FIZ won an auction to purchase debt portfolios from PKO BP S.A. The nominal value of the debt portfolios is approximately PLN 718,000 thousand.

On October 22nd 2015, the Extraordinary General Meeting of Prospero Capital Sp. z o.o. of Wrocław passed a resolution to dissolve the company. Since the date of its establishment, i.e. May 29th 2014, the subsidiary has never commenced operating activities and its tasks have been carried out by other KRUK Group companies. Mr Michał Zasępa has been appointed liquidator of the subsidiary.

On October 21st 2015, the President of the Office of Competition and Consumer Protection approved a business concentration involving the take-over of control of Presco Investments S.a r.l. of Luxembourg by Secapital S.a r.l. of Luxembourg. The approval is one of the conditions for the performance of the Investment Agreement on the acquisition of a 100% interest in Presco Investments S.a r.l. and the right to administer debt portfolios purchased on the Polish market, held by the Company and P.R.E.S.C.O. Investment I NS FIZ, with the total nominal value of PLN 2.7bn. On October 27, 2015. In the course of the ongoing negotiations took place to update the date of the conclusion of the investment agreement. According to the intention of the parties to the investment agreement will be signed on 10 December 2015. Previously passed by the KRUK the date of signing of the investment agreement was established on 30 October 2015.

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

### Security for future liabilities

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

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

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

In connection with the credit facility agreement, on July 2nd 2015 KRUK S.A. entered into a surety agreement with the bank. Under the surety agreement, KRUK S.A. issued a surety covering the borrower's liabilities towards the bank arising under the credit facility agreement, becoming a joint and several debtor in respect of the liabilities. The surety was issued for up to PLN 150,000 thousand. The surety will expire not later than on July 1st 2023.

In connection with the credit facility agreement, on July 2nd 2015, PROKURA NS FIZ concluded a financial pledge agreement with the bank, under which a pledge was created over the rights to funds in PROKURA NS FIZ's bank account. The financial pledge will expire upon the expiry of the security period, but not later than on July 1st 2023.

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

On October 22nd 2015, the Extraordinary General Meeting of Prospero Capital Sp. z o.o. of Wrocław, a subsidiary, passed a resolution to dissolve the company. Since the date of its establishment, i.e. May 29th 2014, the subsidiary has never commenced operating activities and its tasks have been carried out by other KRUK Group companies. Mr Michał Zasępa has been appointed liquidator of the subsidiary.

### **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, i.e. May 10th 2015**

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

(\*) Joint shareholding of ING OFE and ING DFE, managed by ING PTE S.A. (\*\*) As at the date of the Annual General Meeting held on May 28th 2014.

**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	2,037,662	11.71%	2,037,662	11.78%
Aviva OFE	1,446,000	8.31%	1,446,000	8.36%
N-N PTE*	1,950,000	11.21%	1,950,000	11.28%
Generali OFE	1,100,000	6.32%	1,100,000	6.36%

(\*) Joint shareholding of N-N OFE and N-N DFE, managed by N-N 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 23rd 2015.

### Information concerning changes in the structure of major holdings

The following changes took place in the holdings of Company shares by major shareholders of KRUK S.A. in the period from the issue of the previous quarterly report, i.e. the extended consolidated report for Q1 2015, to the date of issue of this interim report:

On May 21st 2015, the Company received a notification from Piotr Krupa, President of the Management Board of KRUK S.A. and a major shareholder in the Company, concerning sale transactions in KRUK S.A. shares executed on the Warsaw Stock Exchange, including ordinary transactions executed during trading sessions on May 14th 2015 in which he sold 7,000 shares at the average price of PLN 167 per share and a block trade on May 15th 2015 in which he sold 10,000 shares at the average price of PLN 163 per share.

On July 16th 2015, the Company received a notification from Piotr Krupa, President of the Management Board of KRUK S.A. and a major shareholder in the Company, concerning a block trade executed on the Warsaw Stock Exchange on July 16th 2015, in which he sold 15,000 KRUK S.A. shares at the average price of PLN 162 per share.

On October 15th 2015, the Management Board of the Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.), by virtue of Resolution No. 688/15 of October 15th 2015, resolved to register 106,575 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 October 28, 2015. The Board of KRUK SA He received Resolution No. 1086/2015 of the Management Board of the Stock Exchange in Warsaw of 28 October 2015. concerning the admission and introduction to trading on the WSE Main List of ordinary bearer series E shares. The content of the Resolution of the WSE Management Board stated that in accordance with § 19 para. 1 and 2 of the Exchange Rules, to exchange trading on the main market 106 575 shares of ordinary bearer series E shares, with a nominal value of 1 zł each. At the same time in accordance with the Resolution, pursuant to § 38 sec. 1 and 3 of the WSE Rules, the WSE Management Board decided to introduce as of 30 October 2015. An ordinary procedure to exchange trading on the main market of the above. the Company's shares, provided that the National Depository for Securities on 30 October 2015. registration of the shares and their coding PLKRK0000010. On October 29, 2015. Kruk SA Communication was informed by the Operations Department of the National Depository for Securities SA, in which it was informed that on 30 October 2015. National Depository were registered 106 575 shares of the Company. Shares referred to above are marked with the code ISIN: PLKRK0000010.

The Company also announces that the date of registration of the above. shares issued within the conditional capital in the National deposition Securities the shares were registered Kruk SA on investors' securities accounts, and thus (according to Art. 452 § 1 in conjunction. with Art. 451 § 3 of the Commercial Companies Code) - the increase of the share capital Kruk SA under the conditional share capital increase through the issue of 106 575 shares of ordinary bearer series E shares with a nominal value of 1 zł each, issued pursuant to Resolution No. 1/2011 of the Extraordinary General Meeting of the Company dated 30 March 2011. After saving action Kruk SA on investors' securities accounts Issuer's share capital is EUR 17 398 348 zł and will be divided into 17 398 348 shares of which will be entitled to 17 398 348 votes at the General Meeting of KRUK

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

Name and surname	Position	Number of shares held
Piotr Krupa	CEO and President of the Management Board	2,037,662
Urszula Okarma	Member of the Management Board	90,871
Agnieszka Kułton	Member of the Management Board	62,741
Iwona Słomska	Member of the Management Board	41,000
Michał Zasępa	Member of the Management Board	31,714
Tomasz Bieske	Member of the Supervisory Board	5,680

Apart from the change in the number of shares held by Piotr Krupa, President of the Management Board (see section 'Shareholding structure'), in the period from the issue of the previous interim report (the extended consolidated report for Q1 2015, published on May 10th 2015) to the date of issue of this interim report, there were also changes in the holdings of Company shares owned by Iwona Słomska, Urszula Okarma, Agnieszka Kułton, and Michał Zasępa.

On July 16th 2015, the Company received a notification from Iwona Słomska, given under Art. 160.1 of the Act on Trading in Financial Instruments, concerning transactions in KRUK S.A. shares in which she sold 4,260 shares at the average price of PLN 160.10 per share and 2,997 shares at the average price of PLN 160.37 per share. The shares were sold in ordinary transactions executed during trading sessions on the Warsaw Stock Exchange on July 10th 2015 and July 13th 2015, respectively.

On July 16th 2015, the Company received a notification from Michał Zasępa, given under Art. 160.1 of the Act on Trading in Financial Instruments, concerning an ordinary transaction executed during a trading session on the Warsaw Stock Exchange on July 15th 2015 in which he sold 3,000 KRUK S.A. shares at the average price of PLN 166.52.

On July 16th 2015, the Company received a notification from Agnieszka Kułton, given under Art. 160.1 of the Act on Trading in Financial Instruments, concerning a block trade executed on the Warsaw Stock Exchange on July 15th 2015 in which she sold 15,000 KRUK S.A. shares at the average price of PLN 162.00.

On July 16th and July 17th 2015, the Company received notifications from Urszula Okarma, given under Art. 160.1 of the Act on Trading in Financial Instruments, concerning transactions in KRUK S.A. shares in which she sold 20,000 shares at the average price of PLN 162.00 per share and 30,000 shares at the average price of PLN 168.00 per share. The shares were sold in block trades on the Warsaw Stock Exchange on July 15th 2015 and July 17th 2015, respectively.

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 2015, published on May 10th 2015) to the date of issue of this interim report, i.e. November 1st 2015.

On October 30, 2015. Company received from Mr. Michael Zasepy notice which announced the acquisition of 29 014 shares series E shares. According to the notification the acquisition of the above. The shares were therefore saving on 30 października 2015. 29 014 shares Series E securities account Notifying Party in connection with the exercise by a person authorized to take the above. number of shares at an issue price of 39.70 zł per share resulting held by the person notifying 29 014 subscription warrants of series B and C issued under the incentive program.

The Company understands that the okreie of the previous quarterly report, ie. Extended consolidated report for the first quarter of 2015. ie. From 10 May 2015. until the date of publication of this quarterly report, ie. until 1 November 2015. , other members of the Supervisory Board of KRUK SA They do not hold any shares of the Company and rights to them.

## **Incentive Scheme at KRUK S.A.**

### **Incentive scheme for 2011-2014**

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

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

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

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

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

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

### **Tranche 1**

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



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

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

## Tranche 2

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

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

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

## Tranche 3

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

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

As at the issue date of these financial statements, persons eligible under Tranche 3 held a total of 89,890 subscription warrants, carrying the right to subscribe for the same number of Series E shares.

## Tranche 4

On July 3rd 2015, the KRUK Supervisory Board passed a resolution on assessment of the fulfilment of conditions set forth in the Incentive Scheme with a view to granting subscription warrants for performance of the Incentive Scheme provisions in 2014, and determining the list of eligible persons under Tranche 4 for 2014. The Supervisory Board established that the requirements set forth in the Incentive Scheme for granting the maximum number of subscription warrants in Tranche 4 for 2014 had been fulfilled, and determined the list of eligible persons in Tranche 4 for the year.



Pursuant to the Resolution, the Supervisory Board allotted subscription warrants under the 2014 Management Stock Option Plan to the persons named in the lists, including Management Board Members. 262,817 subscription warrants were delivered to the eligible persons on July 7th 2015.

As at the issue date of these financial statements, persons eligible under Tranche 4 held a total of 262,817 subscription warrants, carrying the right to subscribe for the same number of Series E shares.

#### Number of subscription warrants held by Management Board Members as at September 30th 2015

Name and surname	Position	Number of warrants held under Tranches 1, 2, 3 and 4 for 2011, 2012, 2013 and 2014
Urszula Okarma	Member of the Management Board	16,130
Agnieszka Kulon	Member of the Management Board	16,130
Iwona Słomska	Member of the Management Board	14,880
Michał Zasępa	Member of the Management Board	61,651

In the period from the date of the report 30 September 2015. until the publication of the report 1 November 2015 r. has changed the ownership of warrants by Michael Zasępa.

#### Number of warrants held by the Directors on the date of issue the report at November 1<sup>st</sup> 2015

Name and surname	Position	Number of warrants held under Tranches 1, 2, 3 and 4 for 2011, 2012, 2013 and 2014
Urszula Okarma	Member of the Management Board	16,130
Agnieszka Kulon	Member of the Management Board	16,130
Iwona Słomska	Member of the Management Board	14,880
Michał Zasępa	Member of the Management Board	32,637

#### Incentive scheme for 2015-2019

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

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

For the purposes of the 2015-2019 Scheme, the General Meeting approved a conditional share capital increase of up to PLN 847,950, through an issue of up to 847,950 Series F ordinary bearer shares. The objective of the conditional share capital increase is to grant the right to subscribe for Series F shares to holders of subscription warrants that will be issued under the 2015-2019 Scheme. Holders of the subscription warrants will be entitled to exercise the rights to subscribe for Series F Shares attached to subscription warrants at an issue price equivalent to the average closing price of Company shares on all trading days in the period February 27th 2014 to May 27th 2014. Holders of subscription warrants who are not Management Board members will be entitled to exercise the rights to subscribe for Series F Shares attached to the subscription warrants not earlier than six months after the date of subscription for the subscription warrants, whereas Management Board members will be able to exercise these rights twelve months after the date of subscription (lock-up for subscription of Series F shares by holders of subscription warrants). Tranche 1 subscription warrants may not be exercised by their holders until at least 12 months after the subscription date. 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 condition that the annual EPS, calculated based on the Group's consolidated financial statements, increases by no less than 13.00%.

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

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

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

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

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

On October 15th 2015, in connection with the subscriptions for the Company shares placed by the eligible persons under the incentive scheme, the Management Board of the Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.) adopted a resolution on the conditional registration of 106,575 Series E ordinary bearer shares of KRUK S.A., with a par value of PLN 1.00 per share, in the Central Securities Depository. The shares will be registered on condition that the regulated market operator resolves to introduce the shares to trading on the regulated market.

## 17. Litigation, arbitration or administrative proceedings.

### Litigation involving potential liabilities – 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>
Action for voiding an agreement	PLN 27,668,724.52	Aug 4 2014	Barbu Cristian; Secapital Sarl	We expect the action to be dismissed.
Action for voiding an assignment agreement due to the use of a prohibited clause	PLN 11,281,378.55	Mar 19 2015	Isac Daniel Alexandru; Secapital Sarl	We expect the action to be dismissed.
Action for voiding an agreement	PLN 11,281,378.55	Mar 27 2015	Petraru Nicuta; Secapital Sarl	We expect the action to be dismissed.
Action for voiding an agreement	PLN 6,639,186.24	Dec 4 2014	Pop Steluta Zvetlana; Secapital Sarl	We expect the action to be dismissed.
Action for voiding an agreement, abusive clauses	PLN 4,921,490.87	Nov 17 2014	Udisteanu Sebastian; Secapital Sarl	Non-final judgment admitting the claim, appeal to be made.

### 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 30,828,937.83	Mar 17 2011	PROKURA NS FIZ	Security is created over an unfinished residential project in Libertów, near Kraków. The receiver filed a cassation complaint with the Supreme Administrative Court to challenge the decision voiding the planning permit. The ability to continue the project will depend on the outcome of the proceedings.
Proceedings for payment	PLN 22,703,641.97	Aug 22 2014	PROKURA NS FIZ	The proceedings have been suspended with respect to ZAKŁADY PRZETWÓRSTWA TWORZYW EKO-PET SPÓŁKA Z O.O. w upadłości (in bankruptcy) but are continuing with respect to the surety provider. Partially positive outcome in the first instance (decision ordering payment of PLN 6,395,713.87); the surety provider has lodged an appeal; hearing date to be set.

Bankruptcy proceedings	PLN 16,308,593.25	May 31 2011	PROKURA NS FIZ	Bankruptcy proceedings are pending; bankrupt's assets have been liquidated; the Fund's claims will not be satisfied.
Bankruptcy proceedings	PLN 16,298,062.55	May 22 2012	PROKURA NS FIZ	The fund is awaiting approval of separate division plans.
Bankruptcy proceedings	PLN 14,595,255.72	Jun 19 2013	KRUK S.A.	Proceedings pending; the creditor does not expect satisfaction of its claims.

The cases presented 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

	<b><i>Total number of cases</i></b>	<b><i>Total amount (PLN)</i></b>
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 subsidiaries as at September 30th 2015

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

PLN '000	Liabilities	Receivables	Loans advanced	Interest accrued on loans advanced
ERIF Business Solution Sp. z o.o	-	4	2,535	234
Secapital S.a.r.l	1,344	5,370	-	-
Novum Finance Sp. z o.o.	434	46	-	-
Secapital Polska Sp. z o.o.	-	1	50	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	1,068	3,537	500	-
KRUK Romania S.r.l.	560	3,321	26,099	513
Rejestr Dłużników ERIF BIG S.A.	-	280	170	85
NFIZ PROKURA	5,065	10,869	-	-
KRUK Česká a Slovenská republika s.r.o.	2	2,629	26,513	3,635
KRUK TFI	-	5,337	-	-
InvestCapital Malta Ltd.	-	-	59,319	2,938
Kruk Deutschland GmbH	-	251	-	-
	8,473	31,645	115,186	7,405

#### Revenue from mutual transactions

PLN '000	Revenue from sale of materials and services	Revenue from sale of debt collection services	Interest and dividends
Secapital S.a.r.l	-	1,097	10,179
ERIF Business Solution Sp. z.o.o	55	-	100
Novum Finance Sp. z o.o.	33	-	-
Secapital Polska Sp. z o.o.	12	-	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	835	-	741
KRUK Romania S.r.l.	878	-	513
Rejestr Dłużników ERIF BIG S.A.	265	-	5
NFIZ PROKURA	-	7,554	-
KRUK TFI	-	16,986	-
KRUK Česká a Slovenská republika s.r.o.	288	-	472
InvestCapital Malta Ltd.	-	-	873
Kruk Deutschland GmbH	251	-	-
	2,617	25,637	12,883

**Costs of mutual transactions**

<i>PLN '000</i>	<b>Purchase of debt collection services</b>
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	1,998
KRUK Romania S.r.l.	4,984
Rejestr Dłużników ERIF BIG S.A.	266
KRUK Česká a Slovenská republika s.r.o.	190
	<hr/> 7,438 <hr/>

**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, other than those specified in Section 9.

**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.

Number of employees KRUK Group as at 30 September 2015 was as 2 623 employees.

**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 1st 2015*