KRUK S.A.

Separate financial statements for the financial year ended December 31st 2012

Prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union

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Separate statement of financial position

As at Dec 31 2012
PLN '000

	Note	31.12.2012	31.12.2011
Assets			
Non-current assets			
Property, plant and equipment	*13*	13,899	12,144
Intangible assets	*14*	6,879	6,385
Investments in subsidiaries	*15*	618,954	483,235
Deferred tax assets	*17*	1,197	1,671
Total non-current assets		640,929	503,435
Current assets			
Inventories	*18*	654	393
Investments	*16*	55,007	106,566
Trade receivables from related entities	*19*	27,815	12,599
Trade receivables from other entities	*19*	5,441	5,799
Income tax receivable		767	-
Other receivables	*19*	5,039	9,444
Prepayments and accrued income		1,894	1,460
Cash and cash equivalents	*20*	10,556	10,023
Total current assets		107,173	146,284
Total assets		748,102	649,719
Equity and liabilities			
Equity			
Share capital	*21*	16,900	16,900
Share premium		45,107	45,107
Other capital reserves		45,711	43,365
Retained earnings		9,762	2,606
Total equity		117,480	107,978
Non-current liabilities			
Non-current liabilities on borrowings and other debt instruments	*23*	408,950	339,272
Total non-current liabilities		408,950	339,272
Current liabilities			
Current liabilities on borrowings and other debt instruments	*23*	187,007	137,371
Trade and other payables	*26*	21,549	50,373
Current tax payable		-	660
Employee benefit obligations	*24*	13,116	14,065
Total current liabilities		221,672	202,469
Total liabilities		630,622	541,741
Total equity and liabilities		748,102	649,719

Separate statement of comprehensive income

For the year ended December 31st 2012
PLN '000

	Note	01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
Revenue	7	95,175	82,221
Other income	8	5,151	1,721
Cost of merchandise and materials sold		(1,324)	(432)
Salaries and employee benefits expense	10	(58,156)	(53,478)
Depreciation and amortisation expense		(5,943)	(4,476)
Contracted services		(29,717)	(27,971)
Other expenses	9	(25,184)	(16,796)
		(120,324)	(103 153)
Operating loss		(19,998)	(19,211)
Finance income	11	102,470	52,055
Finance costs	11	(71,839)	(30,331)
Net finance income		30,631	21,724
Pre-tax profit		10,633	2,513
Income tax	12	(3,477)	(1,996)
Net profit for the period		7,156	517
Total comprehensive income for the period		7,156	517
Earnings per share			
Basic (PLN)	22	0.42	0.03
Diluted (PLN)	22	0.42	0.03

Separate statement of changes in equity

For the year ended December 31st 2012
PLN '000

	Note	Share capital	Share premium	Other capital reserves	Retained earnings	**Total equity**
Equity as at Jan 1 2011		15,309	5,308	2,967	42,089	65,673
Comprehensive income for the period						
Net profit for the period		-	-	-	517	517
Total comprehensive income for the period		-	-	-	517	517
Contributions from and distributions to owners						
- Share-based payments		-	-	890	-	890
- Issue of shares		1,591	39,799	(492)	-	40,898
- Designation of capital reserve		-	-	40,000	(40,000)	-
Contributions from and distributions to owners		1,591	39,799	40,398	(40,000)	41,788
Total equity as at Dec 31 2011		16,900	45,107	43,365	2,606	107,978
Equity as at Jan 1 2012		16,900	45,107	43,365	2,606	107,978
Comprehensive income for the period						
Net profit for the period		-	-	-	7,156	7,156
Total comprehensive income for the period		-	-	-	7,156	7,156
Contributions from and distributions to owners						
- Share-based payments	*21*	-	-	2,346	-	2,346
Contributions from and distributions to owners		-	-	2,346	-	2,346
Total equity as at Dec 31 2012		16,900	45,107	45,711	9,762	117,480

Separate cash flow statement

For the year ended December 31st 2012
PLN '000

	Note	01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
Cash flows from operating activities			
Net profit for the period		7,156	517
Adjustments	,		
Depreciation of property, plant and equipment	*13*	3,783	2,750
Amortisation of intangible assets	*14*	2,160	1,725
Net finance income	,	(32,412)	(23,508)
(Gain)/ loss on sale of property, plant and equipment	,	(206)	247
(Gain)/loss on sale of an organised part of business	,	(1,435)	-
Equity-settled share-based payment transactions	,	2,346	890
Income tax expense	,	3,477	2,001
Change in other investments	,	(1,654)	-
Change in debt portfolios purchased	*16*	49,883	(72,226)
Change in inventories	,	(261)	(16)
Change in receivables	,	(14,290)	4,185
Change in prepayments and accrued income	,	(434)	193
Change in current liabilities, excluding financial liabilities	,	(4,346)	67,177
Change in employee benefit obligations	,	(790)	2,603
Income tax paid	,	(4,431)	(1,716)
Net cash flows from operating activities		8,546	(15,178)
	,		
Cash flows from investing activities			
Interest received	,	340	1,868
Loans advanced	,	(14,020)	(41,586)
Sale of intangible assets and property, plant and equipment	,	256	-
Dividend received	,	80,486	27,916
Disposal of financial assets	,	2,726	31,000
Other capital expenditure on related entities	,	(223)	-
Purchase of intangible assets and property, plant and equipment	,	(4,593)	(6,503)
Purchase of financial assets	,	(142,096)	(375,783)
Repayment of loans advanced	,	1,934	16,290
Net cash flows from investing activities		(75,190)	(346,798)
	,		
Cash flows from financing activities			
Net proceeds from share issue	,	-	40,899
Proceeds from issue of debt securities	,	190,000	291,000
Increase in borrowings	,	369,600	192,579
Repayment of borrowings	,	(320,232)	(100,691)
Redemption of debt securities	,	(120,660)	(30,000)
Payments under finance lease agreements	,	(1,965)	(2,967)
Interest paid	,	(49,566)	(27,330)
Net cash flows from financing activities		67,177	363,490
	,		
Total net cash flows		533	1,514
Cash and cash equivalents at beginning of the period		10,023	8,509
Cash at end of the period	*20*	10,556	10,023

Due to the limited amount of information on revenue from debt collection services and spending on purchase of debt portfolios, this separate statement of cash flows should be read together with the information contained in Note 16 to these financial statements.

Notes to the separate financial statements

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Notes to the separate financial statements

1. Company details

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

Registered office
ul. Legnicka 56
54-204 Wrocław, Poland

Registration in the National Court Register
District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register, ul. Grabiszyńska 269, 53-235 Wrocław, Poland
Date of entry: September 7th 2005
Entry number: KRS 0000240829

Business profile
The Company's core business consists in debt collection, including fee-based debt collection for clients (credit management services) and collection of debt purchased for its own account (purchase of debt portfolios).

In 2012, the Company also advanced loans to private individuals. The activity has been carried out by NOVUM Finance Sp. z.o.o. following its transfer to the subsidiary on May 1st 2012 (see Note 15).

The Company is the parent of the KRUK Group ("the Group") and in addition to these separate financial statements it prepares consolidated financial statements containing the data of the Company and its subsidiaries, approved on the same day as these separate financial statements.

As at December 31st 2012 and as at the date of approval of these financial statements, the composition of the Company's Management Board was as follows:

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

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

As at December 31st 2012 and as at the date of approval of these financial statements, the composition of the Supervisory Board was as follows:

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

2. Basis of preparation

a) Statement of compliance

These financial statements (the "financial statements") have been prepared in accordance with the International Financial Reporting Standards, as endorsed by the European Union (the "EU-IFRS").

These financial statements were approved by the Company's Management Board (the “Management Board”) on March 13th 2013.

b) Basis of preparation

These financial statements have been prepared for the reporting period of January 1st - December 31st 2012. Comparative data is presented as at December 31st 2011 and for the period January 1st - December 31st 2011.

These financial statements have been prepared based on the historical cost approach, except with respect to the following significant items of the statement of financial position:

- financial instruments valued at fair value through profit or loss

The methods of measuring fair value are presented in Note 4.

c) Functional currency and presentation currency

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

d) Accounting estimates and judgements

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

For information on judgements concerning the application of accounting policies, which most significantly affect the values presented in the financial statements, see the following notes:

- Note 3C)(i) Investments

For information on any judgements and estimates which are related to material risk and may require significant corrections in the financial statements for the following year, see the following notes:

- Note 16 Investments
- Note 27 Financial instruments

3. Significant accounting policies

The accounting policies presented below have been applied with respect to all the reporting periods presented in the financial statements.

a) Foreign currencies

(i) Foreign currency transactions

Transactions denominated in foreign currencies are recognized as at the transaction date in the functional currency, at bid or ask rates quoted as at the transaction date by the bank whose services the Company uses.

Cash items of assets and liabilities denominated in a foreign currency are translated as at the end of the reporting period at the relevant mid exchange rate quoted by the National Bank of Poland for that date.

Exchange differences on valuation of assets and financial liabilities as at the end of the reporting period are the differences between the value at amortised cost in the functional currency as at the beginning of the reporting period, adjusted for the interest accrued and payments made during the reporting period, and the value at amortized cost in the foreign currency, translated at the relevant mid exchange rate quoted by the National Bank of Poland for the end of the reporting period.

Non-monetary items of foreign currency assets and liabilities valued at historical cost are translated at the relevant mid exchange rate quoted by the National Bank of Poland for the transaction date.

Non-monetary items of foreign currency assets and liabilities valued at fair value are translated at the relevant mid exchange rate quoted by the National Bank of Poland for the date of fair value measurement.

Currency-translation differences are recognised in profit or loss for the given period. Non-monetary items in foreign currencies, measured at historical cost, are translated at the exchange rate effective on the transaction date.

b) Financial instruments

(i) Financial instruments other than derivative instruments

Loans, receivables and bank deposits are recognised at the date of origination. All other financial assets (including assets measured at fair value through profit or loss) are recognised at the transaction date, on which the Company becomes a party to a mutual liability pertaining to a given financial instrument.

The Company ceases to disclose a financial asset upon the expiry of its contractual rights to cash flows from that asset or upon the transfer of those rights in a transaction transferring substantially all material risks and benefits relating to the ownership of the asset. Each interest in the transferred financial asset which is created or remains to be owned by the Company is disclosed as a separate asset or liability.

Financial assets and liabilities are set off against each other and disclosed at net amounts in the statement of financial position only if the Company holds a legally valid title to set off specified financial assets and liabilities or if it intends to settle a given transaction for the net value of the financial assets and liabilities being set off or if it intends to simultaneously realise set-off financial assets and settle set-off financial liabilities.

The Company holds the following financial instruments other than derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

Financial assets are classified as an investment measured at fair value through profit or loss if they are held for sale or were designated as measured at fair value through profit or loss at their initial recognition. Financial assets are designated as assets at fair value through profit or loss if the Company actively manages such investments and makes decisions concerning their purchase or sale based on their fair value. At initial recognition, transaction cost relating to an investment is recognised as profit or loss of the period at the time it is incurred. All profits or losses relating to such investments are recognised as profit or loss of the period.

<u>Purchased debt portfolios</u>

Purchased debt portfolios comprise mass overdue consumer debt (such as debt under consumer loans, unpaid utility bills, etc.) purchased by the Company under claim assignment agreements. Prices paid by the Company for such debt portfolios are significantly lower than the nominal value of the debt. The Company recognises purchased debt portfolios as financial assets designated as measured at fair value through profit or loss, because the Company manages the portfolios and the Company's results of operations are assessed based on their fair value.

Purchased debt portfolios are initially recognised at acquisition price, which is equal to their fair value as at the date of acquisition.
Costs and expenses relating to debt purchase transactions are recognised in profit or loss of the period.

The Company measures purchased debt portfolios at least four times in a given annual reporting period, not later than as at the end of each calendar quarter. The value of a purchased debt portfolio is determined, as at the measurement date, on the basis of a reliably estimated fair value calculated using an estimation model relying on discounted cash flows. A debt portfolio contains a large number of items with varying parameters (type, nominal value, delinquency period). Each purchased debt portfolio is divided into sub-portfolios with similar parameters, and separate cash flows are estimated for each sub-portfolio.

Discount rates applied to expected cash flows reflect the credit risk relating to a given portfolio. At initial recognition, the discount rate is the internal rate of return reflecting purchase price and estimated inflow determined as at the portfolio purchase date. As at each measurement date, the Company verifies the adopted discount rates to ensure that they reflect the then current risk-free rate and risk premium relating to credit risk of a given portfolio.

Estimated inflows from debt portfolios are divided into principal recoveries and interest determined at the discount rate. Recovered principal is recognised as reduction of carrying amount of the debt portfolios, while the interest received is recognised as revenue earned in a given period. Moreover, changes in fair value resulting from changes in estimated future cash flows for a given debt portfolio and changes in the adopted discount rate are disclosed as revenue earned in a given period. These amounts are disclosed as operating income, because the collection of purchased debt portfolios is conducted with resources whose use is disclosed under operating expenses.

Revaluation of purchased debt portfolios is defined as a change in their fair value caused by interest rate fluctuations and/or change of estimates concerning future cash flows. Any differences between the actual and forecast payments are recognised in "interest income adjusted by actual payments".

The Company discloses purchased debt portfolios as current investments as they contain practically only overdue debt.

Loans and receivables

Loans and receivables are financial assets with determined or determinable payments, but not listed on any active market. Such assets are initially recognised at fair value plus directly attributable transaction cost. Subsequently, loans and receivables are measured at amortised cost with the use of the effective interest rate method, less impairment losses, if any.

The Group also discloses cash and cash equivalents, as well as trade receivables under loans, trade receivables.

Cash and cash equivalents comprise cash at hand and cash at banks on call deposit accounts with initial maturities of up to three months. Balance of cash and cash equivalents disclosed in the statement of cash flows comprises the above-specified cash and cash equivalents, less unpaid overdraft facilities, which form an integral component of the Company's cash management system.

Financial liabilities other than derivative instruments

Financial liabilities are recognised as at the date of the transaction in which the Company becomes a party to an agreement obliging it deliver a financial instrument.

The Company derecognises a financial liability when the liability has been repaid, written off or is time barred.

Financial assets and liabilities are set off against each other and disclosed at net amounts in the statement of financial position only if the Company holds a legally valid title to set off specified financial assets and liabilities or if it intends to settle a given transaction for the net value of the financial assets and liabilities being set off or if it intends to simultaneously realise set-off financial assets and settle set-off financial liabilities.

The Company classifies financial liabilities other than derivative instruments as other financial liabilities. Such liabilities are initially recognised at fair value plus directly attributable transaction cost. Following the initial recognition, such liabilities are measured at amortised cost with the use of the effective interest rate.

The Company holds the following financial liabilities: borrowings, liabilities under debt securities, and trade and other payables.

(ii) Equity

Ordinary shares

Ordinary shares are recognised under equity. Costs directly attributable to the issue of ordinary shares and stock options, adjusted by the effect of taxes, reduce equity.

c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are recognised at cost, less depreciation charges and impairment losses.

Acquisition cost comprises the price for which a given asset was purchased and costs directly related to the purchase and adaptation of the asset for use, including the cost of transport, loading, unloading and storage, as well as direct remuneration (in the event of an item of property, plant and equipment produced internally). Rebates, discounts and other similar concessions and returns reduce the asset acquisition cost. Production cost of property, plant and equipment or tangible assets under construction comprises all the expenses incurred by a company to construct, install, adapt or improve such asset until the day on which the asset was placed in service (or, where the asset has not been placed in service, until the reporting date). Production cost also comprises preliminary estimation of the cost of dismantling and removing items of property, plant and equipment, as well as of restoring them to their initial condition, if such estimation is required. Purchased software, necessary for the proper operation of related equipment, is capitalised as a part of this equipment.

Borrowing costs related to the acquisition or production of certain assets increase their acquisition or production cost.

If a specific item of property, plant and equipment consists of separate and material components with different economic useful lives, such components are treated as separate assets.

Gain or loss on disposal of an item of property, plant and equipment is estimated as a difference between the disposal proceeds, and is recognised in current period’s profit or loss under other income and expenses. If the disposal is related to previously re-measured assets, an appropriate amount from the revaluation reserve is transferred to retained earnings.

(ii) Subsequent expenditure

The Company capitalises future expenditure on replacement of an item of property, plant and equipment if such expenditure may be reliably estimated and if the Company is likely to derive economic benefits from such replacement. Present value of the removed items of property, plant and equipment is derecognised. Expenditure related to the maintenance of items of property, plant and equipment is recognised as current period's profit or loss at the time it is incurred.

(iii) Depreciation

The value of depreciation charges is determined based on acquisition or production cost of a certain asset, less its residual value.

Depreciation cost is recognised in current period's profit or loss using the straight-line method with respect of the estimated useful economic lives of items of property, plant and equipment. This method reflects the manner of achieving future economic benefits related to the use of a certain asset in the best possible way. Assets used under lease or other similar agreements are depreciated over the shorter of their estimated useful life or the lease term, unless the Company is certain that it will obtain ownership before the end of the lease. Land is not depreciated.

The Company has adopted the following useful lives for particular categories of property, plant and equipment:

Buildings (investments in third-party facilities)	6-15	years
Plant and equipment	3–10	years
Vehicles	5	years

The reliability of applied useful economic lives, depreciation methods and residual values of property, plant and equipment is reviewed at the end of each reporting period and adjusted in justified cases.

d) Intangible assets

(i) Recognition and measurement

Acquired intangible assets with finite useful economic lives are recognised at acquisition cost less amortisation charges and impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure on existing intangible assets is capitalised only when it increases future economic benefits to be generated by the asset. Other expenditure, including internally generated trademarks, goodwill and brand is recognised in the current period's profit or loss at the moment in which it is incurred.

(iii) Depreciation

The value of amortisation charges is determined based on acquisition or production cost of a certain asset, less residual value.

Amortisation cost is recognised in the current period's profit or loss on the straight-line basis with respect of the estimated useful life of a given intangible asset, other than goodwill, from the moment it is placed in service. This method reflects the manner of achieving future economic benefits related to the use of a given asset in the best possible way.

The Company has adopted the following useful lives for particular categories of intangible assets:

Software	5 years
Research and development work	2–5 years

The reliability of applied useful economic lives, amortisation methods and residual values of intangible assets is reviewed at the end of each reporting period and adjusted in justified cases.

e) Property, plant and equipment used under lease agreements

Lease agreements under which the Company assumes substantially all the risks and benefits resulting from the ownership of the property, plant and equipment are classified as finance lease agreements. Assets acquired under finance lease agreements are initially recognised at the lower of their fair value or present value of the minimum lease payments, less any depreciation charges and impairment losses.

Lease agreements which are not finance lease agreements are treated as operating lease and not recognised in the statement of financial position.

f) Inventories

Inventories are measured at acquisition cost not higher than net realisable price. The value of inventories is determined using the FIFO ("first in, first out") method. The acquisition cost comprises the purchase price increased by costs directly related to the purchase.

Net realisable price is the selling price estimate made in the course of business, less estimated cost to complete and estimated cost necessary to close the sale.

g) Impairment losses on assets

(i) Financial assets other than derivative instruments

At the end of each reporting period, financial assets other than measured at fair value through profit and loss are tested for impairment based on objective criteria. A particular financial asset is deemed to be impaired if, after its initial recognition, any objective criteria indicating the occurrence of an event causing impairment, which might have a reliably estimated negative impact on projected cash flows related to that asset, have been met.

Such objective criteria of impairment of financial assets include default or delay in payment by a debtor; debt restructuring approved by the Company for economic or legal reasons resulting from the debtor's poor financial condition, which the Company would not otherwise have approved of; circumstances indicating that the debtor or issuer is likely to go bankrupt; disappearance of an active market for a particular financial asset.

The Company tests for impairment each individual asset of receivables or financial instruments held to maturity.

In impairment testing, the Company uses historical trends to assess the probability of default, payment dates and losses, adjusted by the Management Board's estimates indicating whether current economic and credit conditions signal any future significant differences between actual losses and losses projected based on the review of historical trends.

Impairment of a financial asset measured at amortised cost is estimated as the difference between its carrying amount and the present value of projected cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss for the period and reduce the present value of financial assets. The Company continues to charge interest on impaired assets. If any subsequent circumstances indicate that the criteria for impairment losses have ceased to be met, reversal of impairment losses is recognised in profit or loss for the current period.

(ii) Non-financial assets

Carrying amount of non-financial assets other than inventories and deferred tax assets is tested for impairment as at the end of each reporting period. If any criteria of impairment are met, the Company estimates the recoverable amount of particular assets. The recoverable amount of goodwill, intangible assets with infinite lives and intangible assets which are not yet fit for use is estimated at the same time each year.

The recoverable amount of assets or cash-generating units is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, projected cash flows are discounted at a pre-tax rate which reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets are grouped up to the smallest distinguishable units which generate cash largely independently from other assets or units of assets ("cash-generating units").

An impairment loss is recognised when carrying amount of an asset or cash-generating unit is higher than its recoverable amount. Impairment losses are recognised in profit or loss for the period. Impairment of a cash-generating unit is first recognised as impairment on goodwill allocated to that unit (group of units), and subsequently as impairment of carrying amount of other assets of that unit (group of units) on pro-rata basis.

Goodwill impairment losses are irreversible. Impairment losses on other assets, recognised in previous periods, are reviewed for reduction or reversal at the end of each reporting period. Impairment losses are reversible if the estimates applied to the assessment of the recoverable amount have changed. An impairment loss is reversible only up to the initial value of an asset, less depreciation charges that would have been made if the impairment loss had not been recognised.

h) Employee benefits

(i) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to make further payments. Contributions payable to a defined contribution plan are recognised as employee benefit expense and charged to profit or loss in the period when the employee rendered the related service. A prepayment is recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. Contributions to a defined contribution plan that fall due within more than twelve months after the period in which the employee rendered the related service are discounted to their present value.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

The Company recognises liability for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay such amounts as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payments (management stock option plan)

The fair value of rights granted to employees to acquire the Company shares at a specific price (options) is recognised as an expense with a corresponding increase in equity. The fair value of the plan is initially measured as at the grant date. Fair value of the options is recognised in the Company's profit or loss over the period during which employees become unconditionally entitled to acquire the shares. The value of the plan is reviewed as at the end of each reporting period and as at the option vesting date, by changing the number of options that are expected by the Company to be unconditionally vested. Any changes in the fair value of the plan are disclosed as an adjustment to values previously posted in the current period. The fair value of individual rights remains unchanged, unless material modifications are made to the terms and conditions of the share-based scheme, for instance, with respect to the exercise price, the number of rights granted and the vesting conditions. In such a case, the fair value of an individual right may only increase.

i) Provisions

Provisions are recognised when the Company has a present legal or constructive liability resulting from past events, which can be reliably estimated and which is likely to cause an outflow of economic benefits when discharged. The amount of provision is determined by discounting the projected future cash flows at an interest rate before tax that reflects current market estimates of the time value of money and the risks associated with the liability. The unwinding of the discount is recognised as a finance cost.

j) Shares in subsidiaries

Shares in subsidiaries not classified as held for sale are recognised at acquisition cost less any impairment losses.

k) Revenue

(i) Revenue from debt collection services

Revenue from debt collection services includes revenue from the sale of debt collection services (fee-based credit management) and revenue from purchase debt portfolios.

Revenue from fee-based credit management services

Revenue from fee-based credit management services comprises commission fees due for the collection of debts. Such revenue is recognised on an accrual basis, in the period in which the service was provided, based on the collected amounts.

Revenue from debt purchase

Estimated inflows from debt portfolios are divided into principal recoveries and interest determined at the discount rate. Recovered principal is recognised as reduction of the present value of the debt portfolios, while the interest received is recognised as revenue earned in a given period. Moreover, changes in fair value resulting from changes in estimated future cash flows for a given debt portfolio and changes in the adopted discount rate are disclosed as revenue earned in a given period. For a detailed description of the accounting policies relating to purchased debt portfolios, see Note 3(b)(i).

Revaluation of purchased debt portfolios is defined as a change in their fair value caused by interest rate fluctuations and/or change of estimates concerning future cash flows.

(ii) Sales of merchandise and materials

Revenue from sales of merchandise and materials is disclosed in the amount equal to the fair value of the payment received, net of refunds, discounts and rebates.

l) Lease payments

Payments made under operating leases are recognised in profit or loss of the period, on a straight-line basis over the lease term. Lease incentives received are recognised in profit or loss of the period as an integral part of the total lease expense over the lease term.

Minimum lease payments under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the outstanding balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease, when the lease adjustment is confirmed.

m) Finance income and expenses

Finance income includes interest income on the funds invested by the Company (net of income on purchased debt, see (k)(i)), dividend receivable and reversal of impairment losses on financial assets. Interest income is presented in profit or loss of the period on the accrual basis using the effective interest rate method. Dividend is accounted for in profit or loss of the period as at the date when the Company becomes entitled to receive the dividend.

Finance expenses include interest on debt financing, unwinding of the discount on provisions, and impairment losses on financial assets. Borrowing costs that are not directly attributable to acquisition, construction or production of particular assets are recognised in profit or loss of the period using the effective interest rate method. Foreign exchange gains and losses are posted in net amounts.

n) Income tax

Income tax comprises current and deferred tax. Current and deferred tax is recognised in profit or loss of the period except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current tax is the expected income tax payable or receivable in respect of taxable income for the year, determined at tax rates enacted or substantially enacted at the reporting date, and any adjustment to income tax payable in respect of previous years' income.

Deferred tax is recognised in respect of temporary differences between the amounts of assets and liabilities as disclosed in the statement of financial position and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither profit or loss of the period, nor taxable income,
- differences relating to investments in subsidiaries and jointly controlled entities to the extent that they will probably not be disposed of in the foreseeable future,
- initial recognition of goodwill.

Deferred tax is measured at tax rates that are expected to be applied when temporary differences reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to offset current tax liabilities and assets, and if they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously.

A deferred tax asset is recognised in respect of carry-forward tax losses, tax credits and deductible temporary differences in the amount of the probable taxable income which would enable these differences and losses to be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

o) Earnings per share

The Company presents basic and diluted earnings per share for ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period, adjusted for the number of own shares held by the Company. Diluted earnings per share are calculated by dividing the adjusted profit or loss attributable to holders of ordinary shares by the weighted average number of ordinary shares adjusted for the number of own shares and the dilutive effect of any potential shares.

p) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses relating to transactions with other components of the Company. Operating results of each segment are reviewed regularly by the Company’s chief operating decision maker that makes decisions about resources to be allocated to the segment and assess its performance. Furthermore, discrete financial information is available for each segment.

Operating results of each segment which are reported to the Company's operating decision maker include items which may be assigned directly to the segment and items which may be assigned indirectly, based on reasonable grounds. Unassigned items relate mainly to common (corporate) assets (assets relating primarily to the management board of the entity), costs of the entity's head office and corporate income tax assets and liabilities.

q) New standards and interpretations not applied in these financial statements

Some new standards, changes to standards and interpretations which apply to the annual reporting periods beginning after January 1st 2012 have not been applied in the preparation of these financial statements. Among the new Standards, amendments to standards and interpretations these set out below will have a significant impact on the financial statements. The Company intends to use them for the periods for which they are valid for the first time.

Standards and Interpretations endorsed by the EU, which are not yet effective for annual periods ending on December 31st 2012

Standard/Interpretation endorsed by the EU	Nature of impending change in accounting policy	Impact on financial statements	Effective for periods beginning on or after:
Amendments to IAS 1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income	The Amendments: • require that an entity presents separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. If items of other comprehensive income are presented before tax, then the total tax amount should be allocated to each of the two groups of other comprehensive income items. • change the title of the *Statement of Comprehensive Income* to *Statement of Profit or Loss and Other Comprehensive Income*, however, other titles are also allowed to be used.	The Parent has not yet analysed the impact of the new Standard on its financial standing and operating performance.	July 1st 2012
IFRS 13 *Fair Value Measurement*	IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains ‘how’ to measure fair value when such measurement is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.	The Parent has not yet analysed the impact of the new Standard on its financial standing and operating performance.	January 1st 2013
IFRS 10 *Consolidated Financial Statements*	IFRS 10 provides a new single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. IFRS 10	The Parent has not yet analysed the impact of the new Standard on its	January 1st 2014

	introduces new requirements to assess control that are different from the existing requirements in IAS 27 (2008). Under the new single control model, an investor controls an investee when (1) it is exposed or has rights to variable returns from its involvements with the investee, (2) has the ability to affect those returns through its power over that investee and (3) there is a link between power and returns.	financial standing and operating performance.	
IFRS 12 *Disclosure of Interests in Other Entities*	IFRS 12 requires additional disclosures relating to significant judgements made in determining the nature of interests in an entity, joint arrangements, associates and/or unconsolidated structured entities.	The Parent has not yet analysed the impact of the new Standard on its financial standing and operating performance.	January 1st 2014
IAS 27 (2011) *Separate Financial Statements*	IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements with some minor clarifications. The existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have also been incorporated into IAS 27 (2011). The Standard no longer addresses control and requirements relating to the preparation of consolidated financial statements, which have been carried over into IFRS 10 *Consolidated Financial Statements*.	The Parent has not yet analysed the impact of the new Standard on its financial standing and operating performance.	January 1st 2014

Standards and interpretations not yet endorsed by the EU as at December 31st 2012

Standards and interpretations not yet endorsed by the EU	**Nature of impending change in accounting policy**	**Impact on financial statements**	**Effective for periods beginning on or after:**
Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities	The amendments: • define the date of initial application of IFRS 10 as the beginning of the annual reporting period, in which IFRS 10 is applied for the first time (i.e. January 1st 2013 if the standard has not been applied before that date). As at that date an entity assesses whether the consolidation conclusion has changed in respect of investees; • limit the requirement to provide adjusted comparative information to the period immediately preceding the date of initial application, which applies to all standards being amended. Entities which voluntarily present comparative data for more than one period are not required to restate the data for the additional comparative periods; • require the disclosure of the impact of a change in accounting policy on the period immediately preceding the date of initial application (disclosure of the impact of such changes on current period is not required); • eliminate the requirement to present comparative information for the disclosures related to unconsolidated structured entities for any period before the first annual period for which IFRS 12 is applied.	The Parent has not yet analysed the impact of the new Standard on its financial standing and operating performance.	January 1st 2013
IFRS 9 *Financial Instruments (2009)*	The Standard replaces the guidance contained in IAS 39 Financial Instruments: Recognition and Measurement about classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. Financial assets will be classified into one of two categories on initial recognition: • financial assets measured at amortised cost; or • financial assets measured at fair value. A financial asset is measured at amortised cost if the following two conditions are met: • the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and, • its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Gains and losses on remeasurement of financial assets measured at fair value are recognised in profit or loss of current period, except for an investment in an equity instrument which is not held for trading. IFRS 9 allows	The Parent has not yet analysed the impact of the new Standard on its financial standing and operating performance.	January 1st 2015

	an entity to make an irrevocable election, on initial recognition, to present fair value measurement of the investment in other comprehensive income (OCI). The election is available on an individual instrument-by-instrument basis. No amount recognised in OCI may be ever reclassified to profit or loss at a later date.		
Amendments to IFRS 9 *Financial Instruments* (2010)	The 2010 additions to IFRS 9 replace the guidance in IAS 39 Financial Instruments: Recognition and Measurement, about the classification and measurement of financial liabilities and the derecognition of financial assets and financial liabilities. The Standard retains almost all of the existing requirements of IAS 39 on the classification and measurement of financial liabilities and the derecognition of financial assets and financial liabilities. The Standard requires that the amount of change in fair value attributable to changes in the credit risk of a financial liability designated at initial recognition as measured at fair value through profit or loss should be presented in other comprehensive income, with only the remaining amount of the total gain or loss included in profit or loss of current period. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss of current period. Amounts presented in other comprehensive income are not subsequently reclassified to profit or loss in subsequent periods but may be transferred within equity. Derivative financial instruments that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are required to be measured at fair value under IFRS 9.	The Parent has not yet analysed the impact of the new Standard on its financial standing and operating performance.	January 1st 2015
Amendments to IFRS 9 *Financial Instruments* and *IFRS 7 Financial Instruments: Disclosures*	The Amendments change the disclosure and restatement requirements relating to the initial application of IFRS 9 Financial Instruments (2009) and IFRS 9 Financial Instruments (2010). The amended IFRS 7 requires an entity to disclose more details about the effect of the initial application of IFRS 9 when the entity does not restate comparative information in accordance with the amended requirements of IFRS 9. If an entity adopts IFRS 9 on or after January 1st 2013, then it will no longer be required to restate comparative information for periods prior to the date of initial application. If an entity early adopts IFRS 9 in 2012, then it may either restate comparative information or provide the enhanced disclosures as required by the amended IFRS 7.	The Parent has not yet analysed the impact of the new Standard on its financial standing and operating performance.	January 1st 2015

	If an entity early adopts IFRS 9 prior to 2012, then neither restatement of comparative information nor provision of the enhanced disclosures under the amended IFRS 7 is required.		

4. Fair value measurement

(i) Trade and other receivables

Fair value of trade and other receivables is estimated as the present value of future cash flows discounted at a market interest rate as at the reporting date. Receivables with short maturities are not discounted because their carrying amount is approximately equal to their fair value. Fair value is estimated only for the purpose of disclosure.

(ii) Financial instruments at fair value through profit or loss

Fair value of debt portfolios purchased is calculated based on the expected future cash flows related to the debt portfolios, discounted with a rate reflecting the credit risk associated with each portfolio. The rate used for discounting is calculated as an internal rate of return on an investment as at the date of acquisition of a portfolio and is verified so that it includes the present risk free rate and the present risk premium associated with the credit risk for each portfolio.

(iii) Financial liabilities other than derivative instruments

Fair value estimated for the purpose of disclosure is calculated based on the present value of future cash flows from repayment of principal and payment of interest, discounted at the market interest rate effective as at the end of the reporting period. For finance lease liabilities, the market interest rate is determined with reference to similar lease agreements. Liabilities with short maturities and liabilities for which interest rates are adjusted for changes in base rates on an on-going basis are not discounted because their carrying amount is approximately equal to their fair value.

(iv) Share-based payments (management stock option plan)

Valuation of the plan has been performed using the Black-Scholes model. This model has been chosen due to the fact that it is widely used for valuation of options and relatively simple. The stock option plan does not contain any elements which would call for application of any more sophisticated models. The selected model takes into account all the main factors affecting the cost recognised by the Company, including:

- the expected exchange rate applicable on exercise of an option (based on historical exchange rates and their changes),
- the option vesting period,
- the time and conditions of exercise of an option,
- the risk-free rate.

For the purpose of valuation of the plan, it has been assumed that all the conditions for granting options will be met and that all the eligible persons will accept the options they have been granted and then will exercise them, that is purchase the shares corresponding to such options on the first day following the vesting period.

5. Financial risk management

Introduction

The Company is exposed to the following risks related to the use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information on the Company's exposure to each type of the above risks, the Company's objectives, policies and procedures for measuring and managing the risks, and the Company's management of capital. Note 27 to these financial statements presents respective quantitative disclosures.

Key policies of risk management

The Management Board is responsible for establishing risk management procedures and for overseeing their application.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to the limits. The risk management policies and systems are reviewed on a regular basis, to reflect changes in market conditions and the Company's activities. The Company, through appropriate training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is chiefly associated with receivables for the services provided by the Company and with purchased debt portfolios.

<u>Trade and other receivables</u>

The Management Board has established a credit policy whereby each client is evaluated for its creditworthiness before any payment dates and other contractual terms and conditions are offered to the client. The evaluation includes external ratings of the client, when available, and in some cases bank references. Each client is assigned a transaction limit which represents the maximum transaction amount for which no approval from the Management Board is required.

The Company regularly monitors whether payments are made when due, and if any delays are identified, the following actions are taken:
- notices are sent to clients
- e-mails are sent to clients
- telephone calls are made to clients.

Over 80% of clients have conducted business with the Company for at least three years. Only in few cases losses were incurred by the Company as a result of non-payment. Trade and other receivables mainly represent fees receivable in respect of debt collected for clients.

The Company's exposure to credit risk results mainly from individual characteristics of each client. The Company's largest client (excluding the subsidiaries) accounts for 7.23% of the Company's revenue (2011: 8.70%), and the respective percentages for the Company's related entities are 44.24% and 24.08%. Receivables from the Company's largest client among its non-related entities accounted for 6.83% of total gross trade receivables as at December 31st 2012 (December 31st 2011: 8.9%), and in the case of related entities the percentages were 16.9% and 61.66%, respectively. For this reason there is no significant risk concentration with respect to non-related entities.

The Company recognises impairment losses which represent its estimates of incurred losses on trade and other receivables. Impairment losses comprise specific losses related to individually significant exposures.

<u>Purchased debt portfolios</u>

Purchased debt portfolios include overdue debts which prior to the purchase by the Company were often subject to collection by the seller of the portfolio or by a third party acting on the seller's behalf. Therefore, credit risk related to the purchased debt portfolios is relatively high, although the Company has the experience and advanced analytical tools necessary to estimate such risk.

As at the date of purchase of a debt portfolio, the Company evaluates the portfolio's credit risk, which is subsequently reflected in the price offered for the portfolio.

As the purchased debt portfolios are measured at fair value, the credit risk is reflected in the portfolios' valuations as at the end of each reporting period.

As at each valuation date, the Company estimates the credit risk based on past inflows from a given portfolio as well as other portfolios featuring similar characteristics. The following parameters are taken into account in the credit risk assessment:

- Debt
  - outstanding amount
  - principal
  - principal to debt ratio
  - amount of credit granted / total amount of received invoices
  - type of product
  - debt past due (DPD)
  - contract's term
  - time elapsed from contract execution
  - collateral (existence, type, amount).

- Debtor:
  - credit amount repaid so far / amount of invoices repaid so far
  - time elapsed from the last payment made by the debtor
  - region
  - debtor's legal form
  - debtor's death or bankruptcy
  - debtor's employment.

- Debt processing by the previous creditor:
  - availability of the debtor's correct contact data
  - in-house collection – by the previous creditor's own resources
  - outsourced collection – debt management by third parties
  - issuance of a bank enforced collection order
  - court collection
  - bailiff collection.

Changes of the credit risk assessment have an effect on the expected amount of future cash flows which are used as a basis of valuation of the purchased debt portfolios.

The Company minimises the risk by performing a thorough valuation of each portfolio before it is purchased, taking into account the likelihood of recovery of invested capital and the estimated costs of the collection process. Debt portfolios are purchased at official auctions and prices offered by the Company in most of such auctions do not differ significantly from prices offered by the Company's competitors. A similar valuation of a debt portfolio by several specialist companies at the same time reduces the risk of an incorrect valuation.

The market value of a portfolio and its maximum purchase price are determined based on a complex statistical and economic analysis. Initially, portfolios are divided into sub-portfolios based on debt amount and type of security. This is done to select debts which can be valued using statistical methods. Remaining sub-portfolios are valued on a case-by-case basis in a due diligence process.

Proceeds are estimated based on a statistical model developed on the basis of available and precisely selected reference data matching the valuation data. The reference data is derived from a database containing information on portfolios previously purchased and collected by the Company.

Once the evaluation of effectiveness and debt collection tools is completed, all parameters and comparative data for the reference portfolio, collection process, efficiency curve and risk are gathered. Also at this stage additional parameter reviews are considered, based on expert opinions. A single document (business plan) is then drafted, containing a summary of adopted assumptions and the resultant projection of expected cash flows from a portfolio, and a financial model is structured. The business plan serves to define the maximum purchase price that can be offered. The maximum price is set based on the expected investment yield (mainly the internal rate of return, payback period, and nominal return). The expected return on investment largely depends on the risk inherent in a given project, which in turn depends on quality of the data provided by the client for valuation, reference data matching, number and quality of both macro- and microeconomic expert indicators used to prepare the cash flow forecast.

Moreover, the Company diversifies the risk by purchasing various types of debt, with varying degrees of problems and delinquency periods.

The Company uses the following collection measures:

- notices
- phone calls
- text messages
- partial debt cancellation
- intermediation in securing an alternative source of financing,
- doorstep collection (at home or workplace)
- detective activities
- amicable settlements
- court collection
- enforcement against collateral.

<u>Guarantees</u>

As a rule, the Company issues financial guarantees only to its wholly-owned subsidiaries. During the reporting period, the Company did not issue any guarantees to third parties.

Liquidity risk

Liquidity risk is the risk of potential difficulties that the Company may have with meeting its financial liabilities settled through delivery of cash or other financial assets. The Company's liquidity risk management policy is designed to ensure that the Company's liquidity is at all times sufficient to meet liabilities in a timely manner, both in a regular and crisis situation, without exposing the Company to a risk of loss or damage to its reputation.

The Company mitigates the liquidity risk through continuous collection, which ensures constant cash inflows. The Company also monitors and takes actions to ensure proper performance of its borrowing agreements. Debt portfolio purchases involve making large one-off payments. To secure necessary funding, the Company relies on external financing in the form of bank borrowings or notes.

Market risk

Market risk is related to changes in such market factors as exchange rates, interest rates or stock prices, which affect the Company's performance or the value of financial instruments it holds. The objective behind market risk management is to maintain and control the Company's exposure to market risk within assumed limits, while seeking to optimise the rate of return.

In the Management Board's opinion, in the Company's case the market risk relates primarily to exposure to the risk of changes in the PLN/RON exchange rate given considerable investments in debt portfolios denominated in RON. Other market risks follow mainly from changes in interest rates on financial liabilities and cash and equivalents, as well as from changes in the risk-free rate adopted to estimate the fair value of purchased debt portfolios. As at December 31st 2012, assets denominated in foreign currencies accounted for 7.6% of total assets, while liabilities denominated in foreign currencies represented 1.1% of total equity and liabilities (December 31st 2011: 15.6% and 2.4% respectively).

The Company does not use financial instruments to hedge interest rate risks or exchange rate risks, because cash payments in foreign currencies are reinvested in the purchase of debt portfolios in the same currency.

Capital management

The Management Board's capital management policy is designed to secure a solid capital base necessary to maintain the trust of investors, lenders and other market participants, and to ensure future business growth. The Management Board monitors the return on equity, defined by the Company as the ratio of operating profit/(loss) to equity, excluding non-controlling interests.

The Management Board seeks to strike a balance at the Group level between a higher rate of return achievable with higher debt levels and the benefits and security offered by a solid capital base. The Company aims to achieve a high return on equity (ratio of the Group's operating result to the Group's equity); in the reporting period from January 1st 2012 to December 31st 2012 the rate was 34.3% (2011: 40.3%). The return on equity is calculated for the entire Group as the Company finances purchases for all subsidiaries. To compare, the weighted average rate of interest on interest-bearing debt (excluding liabilities with an assumed interest rate) was 9.06% (2011: 9.1%).

The Company's debt ratio, i.e. the ratio of total liabilities under borrowings and other debt instruments, issued notes and liabilities under finance lease agreements to total equity, was 5.1 as at December 31st 2012 (December 31st 2011: 4.4).

In the reporting period from January 1st 2012 to December 31st 2012, there were no changes in the Company's approach to capital management.

As required by the Commercial Companies Code, the share capital of the Company must be at least PLN 100 thousand. The Company is required to allocate at least 8% of profit to reserve funds serving to cover potential future losses. Contributions to the reserve funds are made until the funds reach at least one third of the share capital value.

6. Reporting and geographical segments

Reporting segments

The Company has two principal reporting segments, described below. The President of the Management Board reviews internal management reports relating to each business segment at least quarterly. The Company's reporting segments conduct the following activities:

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

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

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

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

- Poland
- Foreign markets

Reporting segments

PLN '000	**01.01.2012 - 31.12.2012**	**01.01.2011 - 31.12.2011**
Revenue	**95,175**	**82,221**
Purchased debt portfolios	42,680	29,934
Debt collection services	47,322	51,154
Other	5,173	1,133
Direct and indirect costs	**(64,146)**	**(62,302)**
Purchased debt portfolios	(11,571)	(9,877)
Debt collection services	(50,425)	(49,169)
Other	(2,150)	(3,256)
Gross profit	**31,029**	**19,919**
Purchased debt portfolios	31,109	20,057
Debt collection services	(3,103)	1,985
Other	3,023	(2,123)
Administrative expenses	(39,658)	(33,073)
Depreciation and amortisation expense	(5,943)	(4,476)
Other income	5,151	1,721
Other expenses (unallocated)	(10,577)	(3,302)
Finance income/costs	30,631	21,724
Pre-tax profit	10,633	2,513
Income tax expense	(3,477)	(1,996)
Net profit	7,156	517

Geographical segments

In the presentation of data by geographical segments, segments' revenue is recognised based on the location of debt collection offices.

Revenue by geographical segments:

PLN '000	**01.01.2012 - 31.12.2012**	**01.01.2011 - 31.12.2011**
Revenue	**95,175**	**82,221**
Poland	61,681	66,684
Foreign markets	33,494	15,537
Direct and indirect costs	**(64,146)**	**(62,302)**
Poland	(57,034)	(59,723)
Foreign markets	(7,112)	(2,579)
Gross profit	**31,029**	**19,919**
Poland	4,647	6,961
Foreign markets	26,382	12,958
Administrative expenses	(39,658)	(33,073)
Depreciation and amortisation expense	(5,943)	(4,476)
Other income	5,151	1,721
Other expenses (unallocated)	(10,577)	(3,302)
Finance income/costs	30,631	21,724
Pre-tax profit	10,633	2,513
Income tax expense	(3,477)	(1,996)
Net profit	7,156	517

7. Revenue

PLN '000	**01.01.2012 - 31.12.2012**	**01.01.2011 - 31.12.2011**
Revenue from debt purchase	42,680	29,934
Revenue from debt collection services	47,322	51,154
Revenue from other services	3,872	679
Revenue from sale of merchandise and materials	1,301	454
	95,175	82,221

Revenue from debt purchase includes:

PLN '000	**01.01.2012 - 31.12.2012**	**01.01.2011 - 31.12.2011**
Interest income adjusted for actual payments	40,806	25,416
Revaluation of debt portfolios	1,874	4,518
	42,680	29,934

Remeasurement of fair value of purchased debt portfolios

PLN '000	**01.01.2012 - 31.12.2012**	**01.01.2011 - 31.12.2011**
Revision of recovery forecast	1,804	4,584
Change due to change in discount rate	70	(66)
	1,874	4,518

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

Revenue forecast update is primarily based on the analysis of:
- debtors' behaviour patterns and effectiveness of the collection tools used;
- assessment of debtors' financial standing in the context of macroeconomic developments on particular markets;
- changes in currency exchange rates against PLN (for debt portfolios purchased abroad).

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

Revenue from fee-based credit management includes commission fees ranging from 2% to 4% of collected debts. Commission fee rates depend on delinquency periods, amounts outstanding, and on whether there have been any prior collection attempts. The Company's main client among non-related entities accounts for 7.23% of revenue from credit management services, and among related entities - for 44.24% (2011: 8.7% and 24.08%, respectively).

8. Other income

PLN '000	*Note*	01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
Unidentified time-barred payments written off		655	-
Release of impairment loss on receivables	*27*	24	53
Return of compensation for automobile caused damage		363	223
Sale of property, plant and equipment		206	247
Gain on sale of an organised part of business		1,435	-
Re-invoiced costs of services and court fees		2,106	1,049
Other		362	149
		5,151	1,721

9. Other expenses

PLN '000	*Note*	01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
Court fees		(1,384)	(1,775)
Advertising		(3,450)	(5,293)
Raw material and consumables used		(4,003)	(4,295)
Taxes and charges		(4,014)	(465)
Re-invoiced costs of services		(2,326)	(1,508)
Impairment loss on receivables	*27*	(71)	(75)
Employee trainings		(801)	(866)
Business trips		(854)	(898)
Representation and entertainment expenses		(135)	(237)
Car insurance		(522)	(369)
Motor vehicle losses		(397)	(219)
Property insurance		(78)	(81)
Grants		(90)	-
Accumulated amortisation of receivables		(6,590)	-
Other		(469)	(715)
		(25,184)	(16,796)

10. Salaries and Employee benefit expense

	01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
Salaries and wages	(46,676)	(44,524)
Other social security contributions	(2,132)	(1,877)
Old-age and disability pension contributions (defined benefit plans)	(6 279)	(5,525)
Equity-settled share-based payments	(2,346)	(890)
Contribution to the State Fund for the Disabled	(723)	(662)
	(58,156)	(53,478)

11. Finance income and expenses

Recognised as profit or loss for current period

PLN '000	*Note*	01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
Dividend income		101,005	49,201
Interest income on loans and receivables		1,125	1,670
Interest income on bank deposits		340	948
Other finance income		-	236
		102,470	52,055
Interest expense on financial liabilities measured at amortised cost		(48,802)	(28,309)
Remeasurement of investments		(20,832)	-
Net foreign exchange gains/(losses)		(2,205)	(2,022)
		(71,839)	(30,331)
Net finance income recognised in profit or loss		30,631	21,724

The finance income and expenses shown above include interest income and expenses relating to financial assets (liabilities) other than those at fair value through profit or loss:

PLN '000	01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
Total interest income on financial assets	1,465	2,618
Total interest expense on financial liabilities	(48,802)	(28,309)

12. Income tax

Income tax recognised in profit or loss of the period

PLN '000	*Note*	01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
Income tax (current portion)			
Income tax for the period		3,003	660
Income tax (deferred portion)			
Origination/ reversal of temporary differences	*17*	474	1,336
		3,477	1,996

Reconciliation of effective tax rate

PLN '000	**01.01.2012 - 31.12.2012**	**01.01.2011 - 31.12.2011**
Net profit for the period	7,156	517
Income tax expense in the statement of comprehensive income	(3,477)	(1,996)
Pre-tax profit for the period (assuming 19% tax rate)	10,633	2,513
Tax calculated using the tax rate applicable in Poland (19%)	2,020	(477)
Effect of non-deductible expenses	(19,339)	(8,590)
Effect of tax-exempt income	17,738	7,600
Adjustment of tax losses for prior years	-	(178)
Change in temporary differences not recognised in deferred tax expense	144	(351)
	(3,477)	(1,996)

13. Property, plant and equipment

PLN '000

	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Tangible assets under construction	Total
Gross value of property, plant and equipment						
Gross value as at Jan 1 2011	1,383	6,865	6,503	538	26	15,315
Purchase	98	2,324	3,448	91	598	6,559
Sale/ liquidation	-	(388)	(1,134)	(51)	-	(1,573)
Gross value as at Dec 31 2011	1,481	8,801	8,817	578	624	20,301

	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Tangible assets under construction	Total
Gross value as at Jan 1 2012	1,481	8,801	8,817	578	624	20,301
Purchase	34	1,658	3,814	60	2	5,568
Sale/ liquidation	-	(287)	(700)	(2)	-	(989)
Settlement of tangible assets under construction	-	624	-	-	(624)	-
Gross value as at Dec 31 2012	1,515	10,796	11,931	636	2	24,880

PLN '000

Depreciation and impairment losses	**Buildings and structures**	**Plant and equipment**	**Vehicles**	**Other property, plant and equipment**	**Tangible assets under construction**	**Total**
Depreciation and impairment losses as at Jan 1 2011	(75)	(3,450)	(2,992)	(287)	-	(6,804)
Depreciation	(40)	(1,313)	(1,324)	(73)	-	(2,750)
Decrease resulting from sale/ liquidation	-	351	1,014	32	-	1,397
Depreciation and impairment losses as at Dec 31 2011	(115)	(4,412)	(3,302)	(328)	-	(8,157)

PLN '000	**Buildings and structures**	**Plant and equipment**	**Vehicles**	**Other property, plant and equipment**	**Tangible assets under construction**	**Total**
Depreciation and impairment losses as at Jan 1 2012	(115)	(4,412)	(3,302)	(328)	-	(8,157)
Depreciation	(473)	(1,518)	(1,719)	(73)	-	(3,783)
Decrease resulting from sale/ liquidation	-	286	671	2	-	959
Depreciation and impairment losses as at Dec 31 2012	(588)	(5,644)	(4,350)	(399)	-	(10,981)

PLN '000

	Buildings and structures	**Plant and equipment**	**Vehicles**	**Other property, plant and equipment**	**Tangible assets under construction**	**Total**
Net value						
As at Jan 1 2011	1,308	3,415	3,511	251	26	8,511
As at Dec 31 2011	1,366	4,389	5,515	250	624	12,144
As at Jan 1 2012	1,366	4,389	5,515	250	624	12,144
As at Dec 31 2012	927	5,152	7,581	237	2	13,899

Property, plant and equipment under leases

Under finance lease agreements the Company uses passenger cars and trucks whose carrying amount as at December 31st 2012 and December 31st 2011 was PLN 7,266 thousand and PLN 5,267 thousand, respectively. These items of property, plant and equipment also serve as security for liabilities under lease agreements (see Note 23).

Tangible assets under construction

In 2012, the Company incurred costs related to the purchase of equipment not placed in service as at December 31st. As at December 31st 2012 and December 31st 2011, the value of tangible assets under construction was PLN 2 thousand and PLN 624 thousand, respectively.

14. Intangible assets

PLN '000	**Computer software, licences, permits**	**Other**	**Total**
Gross value of intangible assets			
Gross value as at Jan 1 2011	7,745	369	8,114
Produced internally	2,180	-	2,180
Other increase	1,134	-	1,134
Gross value as at Dec 31 2011	11,059	369	11,428
Gross value as at Jan 1 2012	11,059	369	11,428
Produced internally	2,120	-	2,120
Other increase	705	-	705
Decrease	(244)	-	(244)
Gross value as at Dec 31 2012	13,640	369	14,009
			-

PLN '000	**Computer software, licences, permits**	**Other**	**Total**
Amortisation and impairment losses			
Amortisation and impairment losses as at Jan 1 2011	(3,090)	(228)	(3,318)
Amortisation	(1,678)	(47)	(1,725)
Amortisation and impairment losses as at Dec 31 2011	(4,768)	(275)	(5,043)
Amortisation and impairment losses as at Jan 1 2012	(4,768)	(275)	(5,043)
Amortisation	(2,113)	(47)	(2,160)
Decrease	73	-	73
Amortisation and impairment losses as at Dec 31 2012	(6,808)	(322)	(7,130)

PLN '000	**Computer software, licences, permits**	**Other**	**Total**
Net value			
As at Jan 1 2011	4,655	141	4,796
As at Dec 31 2011	6,291	94	6,385
As at Jan 1 2012	6,291	94	6,385
As at Dec 31 2012	6,832	47	6,879

15. Investments in subsidiaries

PLN '000	**31.12.2012**	**31.12.2011**
Gross value of shares in subsidiaries	638,112	483,335
Impairment loss on shares	(19,158)	(100)
Net value of shares in subsidiaries	618,954	483,235

PLN '000	**Country**	**Ownership interest (%) 31.12.2012**	**Ownership interest (%) 31.12.2011**	**Gross value of shares 31.12.2012**	**Gross value of shares 31.12.2011**
Secapital S.a.r.l	Luxembourg	100%	100%	605,280	469,567
ERIF Business Solutions Sp. z o.o.	Poland	100%	100%	100	100
Secapital Polska Sp. z o.o.	Poland	100%	100%	50	50
Rejestr Dłużników Europejski Rejestr Informacji Finansowej Biuro Informacji Gospodarczej S.A.	Poland	100%	100%	3,104	1,564
Novum Finance Sp. z o.o.	Poland	100%	100%	7,250	50
KRUK International Srl	Romania	100%	100%	19,108	11,421
Kancelaria Prawna RAVEN Krupa & Stańko Spółka komandytowa	Poland	98%	98%	300	300
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	100%	-	1,550	250
KRUK International Sro	Czech Republic	100%	-	33	33
Prokura NS FIZ*	Poland	100%	100%	-	-
Prokulus NS FIZ*	Poland	100%	100%	-	-
KRUK International Zrt	Hungary	100%	-	1,337	-
				638,112	**483,335**

* subsidiaries of Secapital Sarl

All the subsidiaries listed above were consolidated in the consolidated financial statements of the KRUK Group prepared as at December 31st 2012 and for the period from January 1st to December 31st 2012.

On February 6th 2012, Polski Rynek Długów Sp. z o.o. changed its name to NOVUM Finance Sp. z o.o. The change was entered in the National Court Register on February 15th 2012.

On April 23rd 2012, the Company's Extraordinary General Meeting adopted a resolution to approve a disposal of an organised part of KRUK S.A.'s business to NOVUM Finance Sp. z o.o., a wholly-owned subsidiary of the Company. Within the Company's internal organisational structure, it was an organisationally, financially and functionally separated unit, Consumer Finance Division, whose core business was consumer lending. The organised part of business comprised a portfolio of consumer loans as well as all obligations, infrastructure and personnel relating to this part of business. The employees were transferred pursuant to Art. 23 of the Polish Labour Code. The value of the organised part of business was estimated within the range from PLN 5.4m to PLN 6.2m. The organised part of business was transferred on April 30th 2012.

On October 7th 2011, KRUK S.A. executed an agreement to purchase a Hungarian company SH Money Ingatlanfinanszírozási és Pénzügyi Zártkörűen Működő Részvénytársaság (“SH Money”). On March 9th 2012, the Hungarian financial regulator (PSZÁF) approved the purchase of SH Money by KRUK S.A. The purchase price was PLN 1,337 thousand. The acquired assets comprise cash and a licence for debt collection activities.

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

In 2009, the Company recognised an impairment loss of PLN 50 thousand on shares in Secapital Polska Sp. z o.o. and an impairment loss of PLN 50 thousand on shares in NOVUM Finance Sp. z.o.o. (formerly Polski Rynek Długów Sp. z o.o.). In 2012, the Company reversed the impairment loss on the shares in NOVUM Finance Sp. z.o.o.

In 2012, the Company recognised an impairment loss on shares in KRUK International S.r.l. of PLN 19,108 thousand.

On December 27th 2012, the Company increased the share capital of KRUK International S.r.l. through a PLN 1,845 thousand debt-to-equity swap, and the cancellation of debt under a PLN 5,842 thousand loan.

On December 31st 2012, the Company increased the share capital of ERIF BIG S.A. through cancellation of debt under a PLN 1,540 thousand loan.

On February 21st 2013, KRUK International S.r.l. changed its name to KRUK ROMÂNIA S.r.l.

On February 22nd 2013, KRUK International S.r.o. changed its name to KRUK Česká a Slovenská republika S.r.o.

16. Current investments

PLN '000	**31.12.2012**	**31.12.2011**
Current investments		
Financial assets at fair value through profit or loss	40,995	90,878
Loans advanced to related entities	14,012	12,469
Loans advanced to other entities	-	3,219
	55,007	106,566

In 2010, the Company commenced advancing loans to individuals not engaged in any business activity. Loans are granted for up to PLN 2.5 thousand and their maturities range from 3 to 15 months. The loans bear interest at fixed rates. Loans bear interest at the average nominal rate of 20%. Additional revenue comprises commission fees, arrangement fees and insurance.

Lending activity was carried out until April 30th 2012 and on May 1st 2012 it was transferred to a subsidiary, NOVUM Finance Sp. z o.o.

The Company grants its related entities one-year loans with an interest rate equal to WIBOR 3M + 2% margin. The loans are not secured.

In 2012, the Company recognised an impairment loss on loans advanced to KRUK International S.r.l. of PLN 1,726 thousand.

Financial assets at fair value through profit or loss (designated as such at the time of initial recognition) include purchased debt portfolios. Had the Company not decided to classify purchased debt portfolios as financial assets at fair value through profit or loss, they would be classified as loans and receivables. For the rules governing valuation of purchased debt portfolios, see Note 3(b)(i). Purchased debt portfolios are divided into the following main categories:

PLN '000	**31.12.2012**	**31.12.2011**
Purchased debt portfolios		
Bank loans, including:	38,942	88,046
- consumer loans	*37,818*	*85,931*
- car loans	*871*	*1,770*
- mortgage loans	*253*	*345*
Telecommunication bills	1,613	2,338
Cash loans (non-bank)	346	381
Other	94	113
	40,995	90,878

The following assumptions were made in the valuation of debt portfolios:

	31.12.2012	**31.12.2011**
Discount rate		
- risk-free	4.47%	4.58%
- risk premium*	15.23%-356.26%	15.23%-193.05%
Period for which recoveries have been estimated:	Jan 2013 - Dec 2020	Jan 2012 - Dec 2022
Nominal value of expected future recoveries	84,808	190,754

** applicable to 99% of debt portfolios value*

Projected schedule of inflows from debt portfolios (nominal value):

PLN '000 **Period**	**31.12.2012**	**31.12.2011**
Up to 6 months	19,206	35,288
From 6 to 12 months	14,919	31,772
From 1 to 2 years	20,145	43,561
From 2 to 5 years	24,761	60,874
Over 5 years	5,777	19,259
	84,808	190,754

A portion of debt portfolios is secured with mortgages (mortgage loan portfolios) or registered pledges (car loan portfolios). The value of security held by the Company is difficult to assess and varies on a case-by-case basis.

If necessary, as at the end of each quarter the Company updates the following parameters which are used to estimate future cash flows:
- risk-free rate;
- risk premium;
- period for which cash flows are estimated;
- value of expected future cash flows estimated using the current data and debt collection tools.

For information on the Company's exposure to credit, currency and interest rate risks associated with its investments, and on impairment losses on loans advanced and investments held to maturity, see Note 27.

Notes to the separate financial statements

Below are presented changes of net carrying amount of the purchased debt portfolios:

PLN '000	
Purchased debt portfolios as at Jan 1 2011	18,630
Purchase of debt portfolios	89,732
Sale of debt portfolios	(923)
Recoveries from debtors	(47,234)
Revenue from debt purchase (interest and revaluation)	30 673
Purchased debt portfolios as at Dec 31 2011	90,878
Purchased debt portfolios as at Jan 1 2012	90,878
Purchase of debt portfolios	590
Sale of debt portfolios	(23,516)
Recoveries from debtors	(69,723)
Liabilities to debtors due to overpayments	86
Revenue from debt purchase (interest and revaluation)	42 680
Purchased debt portfolios as at Dec 31 2012	40,995

Shares in subsidiary Secapital S.a.r.l., with the carrying amount of PLN 184,990 thousand as at December 31st 2012 (December 31st 2011: PLN 151,504 thousand), as well as purchased debt portfolios with the carrying amount of PLN 12,626 thousand as at December 31st 2012 (December 31st 2011: PLN 6,809 thousand) serve as security for liabilities under bank borrowings (see Note 23).

17. Deferred tax

Deferred tax assets and liabilities and deferred tax liabilities

Deferred tax assets and liabilities have been recognised in respect of the following items of assets and liabilities:

PLN '000	Assets		Liabilities		Net value	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**	**31.12.2012**	**31.12.2011**
Property, plant and equipment	-	-	(1,353)	(1,113)	(1,353)	(1,113)
Intangible assets	-	-	(1,096)	(907)	(1,096)	(907)
Financial assets at fair value through profit or loss	-	-	-	(144)	-	(144)
Trade and other receivables	-	8	(311)	(102)	(311)	(94)
Employee benefit obligations	1,880	2,103	-	-	1,880	2,103
Provisions and liabilities	1,912	1,309	-	(61)	1,912	1,248
Other	165	62	-	(15)	165	47
Tax loss carry forwards	-	531	-	-	-	531
Deferred tax assets/liabilities	3,957	4,013	(2,760)	(2,342)	1,197	1,671
Deferred tax assets offset against liabilities	(2,760)	(2,342)	2,760	2,342	-	-
Deferred tax assets/liabilities disclosed in the statement of financial position	1,197	1,671	-	-	1,197	1,671

Change in temporary differences in a period

PLN '000

	As at Jan 1 2011	Change in temporary differences recognised as profit or loss for period	As at Dec 31 2011	As at Jan 1 2012	Change in temporary differences recognised as profit or loss for period	As at Dec 31 2012
Property, plant and equipment	(808)	(305)	(1,113)	(1,113)	(240)	(1,353)
Intangible assets	(689)	(218)	(907)	(907)	(189)	(1,096)
Financial assets at fair value through profit or loss	467	(611)	(144)	(144)	144	-
Trade and other receivables	35	(129)	(94)	(94)	(217)	(311)
Employee benefit obligations	1,790	313	2,103	2,103	(223)	1,880
Provisions and liabilities	947	301	1,248	1,248	664	1,912
Other	25	22	47	47	118	165
Tax loss carry forwards	1,240	(709)	531	531	(531)	-
	3,007	(1,336)	1,671	1,671	(474)	1,197

Tax loss for a given financial year may be utilised over a period of five years, beginning in the year immediately following the year when the loss was incurred. Under the Polish tax laws, up to 50% of a loss may be utilised in each of the years of the five-year period.

Tax losses and periods over which they can be utilised:

PLN '000	**Tax loss expiry date losses**	**31.12.2012**	**31.12.2011**
Tax loss for 2010	Dec 31 2015	-	2,795
Applicable tax rate		19%	19%
Value of deferred tax asset		-	531

Under the applicable tax laws, deductible temporary differences do not expire. Deferred tax assets were recognised for tax losses incurred by the Company, assuming a 19% tax rate. These are tax rates applicable as at the end of the reporting periods.

18. Inventories

PLN '000	**31.12.2012**	**31.12.2011**
Materials	370	393
Prepaid deliveries	284	-
	654	393

In the reporting period ended December 31st 2012, the Company did not recognise any impairment losses on inventories.

19. Trade and other receivables

PLN '000	**31.12.2012**	**31.12.2011**
Trade receivables from related entities	27,815	12,599
Other receivables from related entities	4,517	8,886
Trade receivables from related entities	5,441	5,799
Other receivables from non-related entities	522	558
	38,295	27,842

For information on the Company's exposure to credit and currency risk as well as impairment losses on receivables, see Note 27.

20. Cash and cash equivalents

PLN '000	31.12.2012	31.12.2011
Cash in hand	33	17
Cash in current accounts	10,523	10,006
	10,556	10,023
Restricted cash	267	88

Restricted cash is represented by cash to be transferred to clients in respect of debts collected under fee-based credit management operations, and the funds of the Company's Social Benefits Fund.

For information on the Company's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities, see Note 27.

21. Equity

Share capital

	Ordinary shares	
'000	**01.01.2012 - 31.12.2012**	**01.01.2011 - 31.12.2011**
Number of shares as at Jan 1	16,900	15,309
Issue of shares	-	1,591
Number of fully-paid shares as at end of the period	16,900	16,900

Company's shareholder structure as at December 31st 2012

Shareholder	Number of shares	Par value of shares (PLN '000)	Ownership interest (%)
Polish Enterprise Fund IV L.P.	4,196,550	4,197	25%
Piotr Krupa	2,625,928	2,626	16%
Generali Otwarty Fundusz Emerytalny	866,101	866	5%
Other members of the Management Board	421,138	421	2%
Other Shareholders	8,790,623	8,791	52%
	16,900,340	16,900	100%

As at December 31st 2012, the registered share capital was divided into 16,900 thousand ordinary shares (December 31st 2011: 16,900 thousand). The par value per share was PLN 1 (December 31st 2011: PLN 1).

The holders of ordinary shares are entitled to receive approved dividends and to exercise one vote per each share held at the Company's General Meeting.

Other capital reserves

Other capital reserves are created by virtue of relevant resolutions of the Company's General Meeting, which has the power to decide on allocation of such reserves. In addition, capital reserves are also created when benefits are granted to employees under share-based payments.

Share-based payments

In 2011, KRUK S.A. launched a share-based payment plan, which provides for the grant of rights to purchase shares at an agreed price (the Option Plan). The total cost of the Option Plan recognised in the income statement for 2011 and 2012 was PLN 890 thousand and PLN 2,346 thousand, respectively. The amount increased the Company's other capital reserves.

The incentive scheme operated by the Company is addressed to the Management Board Members (except for the President of the Management Board) and key management personnel of the Parent and Group companies.

The terms of the Option Plan for 2011-2014 were approved by virtue of resolutions of KRUK S.A.'s Extraordinary General Meeting. Under the plan, eligible persons will be granted the right to purchase Company shares on preferential terms defined in the resolution and the Terms of the Option Plan. The rights will be vested on condition that an eligible person is employed by the Company or its subsidiary or remains in other legal relationship under which they provide services to the Company 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.

For the purposes of the Option Plan, the General Meeting approved a conditional share capital increase of up to PLN 845,016.00, through an issue of up to 845,016 Series E ordinary bearer shares. The objective 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 Option Plan. In order to implement the Option Plan, the Company may also reacquire previously issued shares (without carrying out a new issue) and offer them to holders of subscription warrants on the same terms as in the case of the Series E shares. The holders of subscription warrants will be entitled to exercise the rights to subscribe for Series E shares attached to the subscription warrants, at the issue price being equivalent to the issue price of the Company shares in the IPO (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.

The Supervisory Board is authorised to offer subscription warrants to eligible persons for a given financial year, provided that two financial ratios for the Group, EPS and EBITDA or ROE, reach the levels specified below:

- In the financial year preceding the year in which the subscription warrants are to be offered in a given tranche, EPS increases by at least 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%;
- In the financial year preceding the year in which the subscription warrants are to be offered in a given tranche, ROE equals at least 20%;

If the warrants are not offered in a given year due to failure to satisfy the above criteria, the warrants for the financial year may be allotted in a tranche for another financial year.

In 2012, pursuant to Resolution No. 45/2012 of the KRUK Supervisory Board of July 20th 2012, issued on the basis of the 2011–2014 Incentive Scheme for key management personnel of the Company and the Group subsidiaries, as approved by virtue of Resolution No. 1/2011 of the Extraordinary General Meeting of KRUK S.A. of March 30th 2011, the Company issued 189,769 subscription warrants under Tranche 1 and offered them to the Eligible Persons specified in Appendix 1 to Resolution No. 45/2012 of the KRUK Supervisory Board.
Subscription warrants were delivered to Eligible Persons in the number specified in the Supervisory Board's resolution on September 3rd 2012.

By virtue of a resolution of October 10th 2011, an Extraordinary General Meeting set aside PLN 40,000 thousand from retained earnings and allocated it to capital reserves. Capital reserves have been created in order to reacquire own shares for the purposes of the Option Plan.

22. Earnings per share

Basic earnings per share

As at December 31st 2012, basic earnings per share were calculated based on net profit attributable to owners of the Parent (holding ordinary shares) of PLN 7,156 thousand (2011: PLN 517 thousand) and the weighted average number of shares in the periods covered by the financial statements of 16,900 thousand (2011: 16,415 thousand). The amounts were determined as follows:

Net profit attributable to owners of the Company

PLN '000

	01.01.2012 - 31.12.2012	**01.01.2011 - 31.12.2011**
Net profit for the period	7,156	517
Net profit attributable to holders of ordinary shares in the Company	7,156	517

Weighted average number of ordinary shares

Basic earnings per share

'000	***Note***	**01.01.2012 - 31.12.2012**	**01.01.2011 - 31.12.2011**
Number of ordinary shares as at Jan 1	*21*	16,900	15,309
Effect of retirement and issue of own shares		-	1,106
Weighted average number of ordinary shares as at Dec 31		16,900	16,415
PLN			
Earnings per share		0.42	0.03

Diluted earnings per share

As at December 31st 2012, diluted earnings per share were calculated based on net profit attributable to owners of the Parent (holding ordinary shares) of PLN 7,156 thousand and the weighted average number of shares in the period covered by the financial statements of 16,963 thousand. The amounts were determined as follows:

'000	*Note*	**01.01.2012 - 31.12.2012**	**01.01.2011 - 31.12.2011**
Weighted average number of ordinary shares as at Dec 31	*21*	16,900	16,415
Effect of share option issue		57	-
Weighted average number of ordinary shares as at Dec 31 (diluted)		16,957	16,415
PLN			
Earnings per share		0.42	0.03

23. Liabilities under borrowings and other financial liabilities

The Note contains information on the Company's liabilities under borrowings and other debt instruments measured at amortised cost. Information on the Company's exposure to currency and interest rate risks is presented in Note 27.

PLN '000	**31.12.2012**	**31.12.2011**
Non-current liabilities		
Secured borrowings	79,955	70,453
Liabilities under debt securities (unsecured)	323,477	264,888
Finance lease liabilities	5,518	3,931
	408,950	339,272
Current liabilities		
Current portion of secured borrowings	81,248	41,442
Liabilities under debt securities (unsecured)	103,953	94,097
Current portion of finance lease liabilities	1,806	1,832
	187,007	137,371

Terms and repayment schedule of borrowings and other debt instruments

PLN '000	Currency	Nominal interest rate	Maturity	31.12.2012	31.12.2011
Borrowings secured with Company's assets	PLN	1M WIBOR + margin of 3-4.25 pp	2016	161,203	111,895
Liabilities under debt securities (unsecured)	PLN	3M WIBOR + 3.3-5.2 p.p.	2016	427,430	358,985
Finance lease liabilities	EUR	3M WIBOR or 1M EURIBOR + 0.95-3.89 pp	2017	7,324	5,763
				595,957	476,643

Bank borrowings are secured with a registered pledge over purchased debt portfolios of PLN 12,626 thousand as at December 31st 2012 (December 31st 2011: PLN 6,809 thousand), and with a registered pledge over shares in Secapital S.a.r.l. of Luxembourg of PLN 184,990 thousand as at December 31st 2012 (December 31st 2011: PLN 151,504 thousand).

Repayment schedule for finance lease liabilities

PLN '000	Future minimum lease payments	Interest	Present value of future minimum lease payments
As at Dec 31 2011			
up to 1 year	1,870	38	1,832
from 1 to 5 years	4,451	520	3,931
	6,321	558	5,763
As at Dec 31 2012			
up to 1 year	1,942	136	1,806
from 1 to 5 years	5,751	233	5,518
	7,693	369	7,324

Security over assets

Security *PLN '000*	31.12.2012	31.12.2011
Registered pledge on portfolios and assignment of claims financed with the borrowing, registered pledge on shares in Secapital S.a.r.l.	197,616	158,313
Property, plant and equipment under finance leases	7,266	5,267
	204,882	163,580

24. Employee benefit obligations

PLN '000	31.12.2012	31.12.2011
Salaries and wages payable	2,697	2,411
Social benefits payable	2,611	2,238
Personal income tax	667	596
Accrued holidays	1,619	1,175
Accrued salaries and wages (bonuses)	5,497	7,645
Special accounts	25	-
	13,116	14,065

Changes in accrued employee benefits

Value as at Jan 1 2011	900
Increase	1,420
Use	(1,145)
Value as at Dec 31 2011	1,175
Value as at Jan 1 2012	1,175
Increase	1,867
Use	(1,423)
Value as at Dec 31 2012	1,619

Change in accrued salaries and wages (bonuses)

Value as at Jan 1 2011	5,634
Increase	10,783
Use	(7,670)
Release	(1,102)
Value as at Dec 31 2011	7,645
Value as at Jan 1 2012	7,645
Increase	11,993
Use	(12,763)
Release	(1,378)
Value as at Dec 31 2012	5,497

25. Current provisions

Retirement severance pays

The Company does not recognise provisions for retirement severance pays due to the young age of its employees and absence of the employees' rights to severance pays in excess of severance pays guaranteed by the Polish Labour Code. Based on the Management Board's estimates, the amount of a potential provision would be insignificant.

Tax risk

Tax laws relating to value added tax, corporate and personal income tax, and social security contributions are subject to frequent amendments. Therefore, often no reference can be made to established regulations or legal precedents. Furthermore, the applicable tax laws lack clarity, which leads to differences in opinions and diverse interpretation of tax regulations, both between individual public authorities and between public authorities and enterprises. Tax settlements as well as other settlements (including those related to customs duties or foreign currencies) may be inspected by authorities which are competent to impose significant penalties. Any additional liabilities resulting from such inspections need to be paid with interest. As a result, the tax risk in Poland is higher than in countries with more developed tax regimes.

Tax settlements are subject to tax inspection for a period of five years. In effect, the amounts disclosed in the financial statements may be changed at a later date after they are finally determined by tax authorities.

26. Trade and other payables

Current liabilities *PLN '000*	**31.12.2012**	**31.12.2011**
Trade payables to related entities	13,383	34,065
Trade payables to other entities	2,759	12,193
Deferred income	-	2
Taxes, customs duties, insurance and other benefits payable	1,456	597
Accruals and deferred income	1,062	1,128
Other liabilities	2,889	2,388
	21,549	50,373

For information on exposure to currency risk and liquidity risk associated with liabilities, see Note 27.

27. Financial instruments

Credit risk

Exposure to credit risk

Carrying amount of financial assets reflects the maximum exposure to credit risk. Below is presented the maximum exposure to credit risk as at the end of the reporting periods:

PLN '000

	Note	31.12.2012	31.12.2011
Financial instruments at fair value through profit or loss	*16*	40,995	90,878
Loans	*16*	14,012	15,688
Receivables	*19*	38,295	27,842
Cash and cash equivalents	*20*	10,556	10,023
		103,858	144,431

Below is presented the maximum exposure to credit risk by geographical segment as at the end of the reporting periods:

PLN '000

	31.12.2012	31.12.2011
Poland	50,416	65,783
Romania	37,208	72,267
Czech Republic	16,234	6,381
	103,858	144,431

Impairment losses

The maturity structure of trade and other receivables as at the end of the reporting periods is presented below:

PLN '000	Gross value 31.12.2012	Impairment loss 31.12.2012	Gross value 31.12.2011	Impairment loss 31.12.2011
Not past-due	33,364	-	26,717	-
Past-due, 1-30 days	960	-	396	-
Past-due, 31-90 days	565	-	545	-
Past-due, 91-180 days	1,119	-	172	-
Past-due, 181-365 days	283	71	191	179
Past-due, over one year	3,306	1,231	1,688	1,688
	39,597	1,302	29,709	1,867

Changes of impairment losses on receivables are presented below:

PLN '000	01.01.2012 - 31.12.2012	01.01.2011 - 31.12.2011
Impairment loss as at Jan 1	1,867	1,845
Impairment loss recognised in the reporting period	71	75
Release of impairment loss	(24)	-
Use of impairment loss	(612)	(53)
Impairment loss as at Dec 31	1,302	1,867

The Company recognises impairment losses on receivables from non-related entities past due by more than 180 days based on historical payment data. In addition, the Company recognises impairment losses on all receivables from companies which are subject to bankruptcy or liquidation proceedings, as well as for receivables in litigation.

The Company does not recognise impairment losses on trade receivables as long as there is a high probability that they will be repaid. When a receivable or an investment is deemed unrecoverable, a relevant amount is charged to expenses.

In 2011-2012, the Company did not recognise any general impairment losses for receivables.

In 2012, the Company cancelled loans granted during the year to its subsidiary Kruk International S.r.l (PLN 5,840 thousand plus interest). The amount was recognised as an increase in the equity interest held in the subsidiary.

In 2012, the Company cancelled loans granted during the year to its subsidiary ERIF BIG S.A. (PLN 1,540 thousand plus interest). The amount was recognised as an increase in the equity interest held in the subsidiary.

Liquidity risk

Below are presented the contractual terms of financial liabilities:

As at Dec 31 2011
PLN '000

	Present value	Contractual cash flows	Less than 6 months	6-12 months	1-2 years	2-5 years
Financial liabilities other than derivative instruments						
Secured borrowings	111,895	125,953	25,423	23,423	77,107	-
Unsecured issued notes	358,985	418,536	46,466	58,947	156,124	156,999
Finance lease liabilities	5,763	6,321	1,269	1,111	1,279	2,662
Trade and other payables	50,373	50,373	50,373	-	-	-
	527,016	601,183	123,531	83,481	234,510	159,661

As at Dec 31 2012
PLN '000

	Present value	Contractual cash flows	Less than 6 months	6-12 months	1-2 years	2-5 years
Financial liabilities other than derivative instruments						
Secured borrowings	161,203	179,127	68,323	21,762	39,828	49,214
Unsecured issued notes	427,430	522,866	68,618	81,779	157,454	215,015
Finance lease liabilities	7,324	7,693	963	979	2,191	3,560
Trade and other payables	21,549	21,549	21,549	-	-	-
	617,506	731,235	159,453	104,520	199,473	267,789

The cash flows under the agreement were determined based on interest rates effective as at December 31st 2011 and December 31st 2012, respectively.

The Company does not expect the projected cash flows, discussed in the maturity analysis, to occur significantly earlier or in amounts materially different from those presented.

As at December 31st 2012, the unused revolving credit facility limit available to the Company was PLN 83,042 thousand (2011: PLN 41,308 thousand). The unused limit is available until July 31st 2015.

Currency risk

Exposure to currency risk

Details of the Company's exposure to currency risk as at the end of the reporting period are presented below:

PLN '000	**31.12.2012**				**31.12.2011**				
	EUR	**USD**	**RON**	**CZK**	**EUR**	**USD**	**RON**	**CZK**	**HUF**
Trade receivables	295	169	1,905	203	182	5	4,650	34	-
Cash	301	1	4,949	1,013	54	3	2,417	1	-
Financial assets at fair value through profit or loss	1,786	-	30,354	2,727	2,839	-	75,369	3,542	-
Loans advanced	3,223	-	577	9,068	8,743	-	312	3,414	-
Trade payables	(7,448)	-	(386)	(295)	(5,848)	-	(9,399)	(105)	(7)
Exposure to currency risk	(1,843)	170	37,399	12,716	5,970	8	73,349	6,886	(7)

The following exchange rates of the key foreign currencies were adopted during the preparation of these financial statements:

PLN	**Average exchange rates**		**End of the reporting period (spot rate)**	
	01.01.2012 - 31.12.2012	**01.01.2011 - 31.12.2011**	**31.12.2012**	**31.12.2011**
EUR 1	4.1736	4.1401	4.0882	4.4168
USD 1	3.2312	2.9679	3.0996	3.4174
RON 1	0.9377	0.9773	0.9197	1.0226
CZK 1	0.1661	0.1682	0.1630	0.1711
HUF 1	1.4496	1.4759	1.3977	1.4196

Sensitivity analysis

As at December 31st 2012, appreciation of the Polish złoty against EUR, RON and CZK would have resulted in an increase (decrease) of equity and pre-tax profit by the amounts shown below. The analysis is based on the assumption that other variables, in particular interest rates, remain unchanged.

PLN '000	**Equity excluding profit or loss for current the period**	**Profit or loss for current the period**
Dec 31 2012		
EUR (10% appreciation of PLN)	-	184
RON (10% appreciation of PLN)	-	(3,740)
CZK (10% appreciation of PLN)	-	(1,272)

Dec 31 2011		
EUR (10% appreciation of PLN)	-	(597)
RON (10% appreciation of PLN)	-	(7,335)
CZK (10% appreciation of PLN)	-	(689)

Interest rate risk

The structure of interest-bearing financial instruments as at the balance-sheet date is presented below:

PLN '000	**Book value**	
	31.12.2012	**31.12.2011**
Fixed-rate financial instruments		
Financial assets	38,295	31,061
Financial liabilities	(21,549)	(64,438)
	16,746	(33,377)
Variable-rate financial instruments		
Financial liabilities	(595,957)	(476,643)
Financial assets	14,012	12,469
	(581,945)	(464,174)

Sensitivity analysis of fair value of fixed-interest-rate financial instruments.

The Company does not hold any fixed-interest financial assets or liabilities measured at fair value through profit or loss, nor does it use derivative transactions (IRSs) as fair value hedges. Therefore, a change of an interest rate would have no effect on current period's profit or loss.

Sensitivity analysis of cash flows from variable-interest-rate financial instruments

A change of an interest rate by 100 basis points would increase (decrease) equity and pre-tax profit by the amounts shown below. The following analysis is based on the assumption that other variables, in particular exchange rates, remain unchanged.

PLN '000	**Profit or loss for current the period**		**Equity excluding profit or loss for current the period**	
	up by 100 bps	**down by 100 bps**	**up by 100 bps**	**down by 100 bps**
Dec 31 2012				
Variable-rate financial instruments	(5,819)	5,819	-	-
Dec 31 2011				
Variable-rate financial instruments	(4,642)	4,642	-	-

Fair values

Comparison between fair values and carrying amounts

The table below presents a comparison between fair values of financial assets and liabilities and values presented in the statement of financial position:

PLN '000	Dec 31 2012		Dec 31 2011	
	Book value	**Fair value**	**Book value**	**Fair value**
Financial instruments at fair value through profit or loss	40,995	40,995	90,878	90,878
Loans and receivables	52,307	52,307	43,530	43,530
Cash and cash equivalents	10,556	10,556	10,023	10,023
Secured bank borrowings	(161,203)	(161,203)	(111,895)	(111,895)
Unsecured issued notes	(427,430)	(427,430)	(358,985)	(358,985)
Finance lease liabilities	(7,324)	(7,324)	(5,763)	(5,763)
Trade and other payables	(21,549)	(21,549)	(50,373)	(50,373)
	(526,764)	(526,764)	(396,650)	(396,650)

For information on the rules applied to the determination of fair value, see Note 4.

Interest rates used for the assessment of fair value

	31.12.2012	**31.12.2011**
Financial assets at fair value through profit or loss	15.23%-356.26%	15.23%-193.05%
Borrowings	7.22%-8.47%	8.22%-9.02%
Unsecured issued notes	7.43%-9.33%	7.39%-12%
Finance lease liabilities	1.06%-4.0%	1.43%-4.13%

Hierarchy of financial instruments measured at fair value

The table below presents financial instruments at fair value according to the valuation method applied. Depending on the level of valuation, the following inputs were used in the valuation models.

- Level 1: quoted prices (unadjusted) on active markets for identical assets or liabilities,
- Level 2: inputs forgiven assets and liabilities, other than quoted prices from Level 1, observable directly (e.g. as prices) or indirectly (e.g. as provisions derivative),
- Level 3: inputs that are not based on observable market prices (unobservable inputs).

PLN '000	**Level 3**
As at Dec 31 2012	
Financial assets at fair value through profit or loss	40,995
As at Dec 31 2011	
Financial assets at fair value through profit or loss	90,878

28. Operating lease

Operating lease agreements with the Company as a lessee

Below are detailed minimum lease payments under irrevocable operating lease agreements:

PLN '000	**31.12.2012**	**31.12.2011**
up to 1 year	3,534	3,051
from 1 to 5 years	1,411	10,132
	4,945	13,183

Material operating lease agreements include:

- Agreement for the use of property with an area of 2,845 square metres located at ul. Legnicka 56 in Wrocław, Poland, executed with Legnicka Business House Sp. z o.o. on October 13th 2006. The agreement, executed for a term of ten years, is terminable after the initial period of five years. The annual cost of use is approximately EUR 314 thousand.
- Agreement for the use of property with an area of 2,216 square metres located at ul. Szczawieńska 2 in Szczawno-Zdrój, Poland, executed with Dolnośląska Agencja Rozwoju Regionalnego S.A. of Wałbrzych on August 13th 2009. The agreement, executed fora term of ten years, is terminable after the initial period of five years. The annual cost of use is approximately PLN 1,013 thousand.
- Agreement for the use of property with an area of 2,425 square metres, located at ul. Wołowska 4-20, Wrocław, executed with DEVCO Sp. z o.o. on December 10th 2010. The agreement was executed for a term of three years with no early termination option. The annual cost of use is approximately EUR 460 thousand

29. Related-party transactions

Remuneration of the management personnel

Below is presented information on the remuneration payable to the members of the Company's key management personnel:

PLN '000	**01.01.2012 - 31.12.2012**	**01.01.2011 - 31.12.2011**
Base pay/ managerial contract	3,180	2,478
Provisions for employee bonuses for current year	1,967	2,951
Bonuses paid for current year	-	251
Other - medical benefits and other	69	15
Share based consideration	2,346	890
	7,562	6,585

Other related-party transactions

As at December 31st 2012, Members of the Company's Management Board and their next of kin held 18% of the total voting rights at the Company (December 31st 2011: 18%).

In 2011-2012, the Company did not execute any transactions with Polish Enterprise Fund IV L.P.

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

PLN '000	**Liabilities**	**Receivables**	**Loans advanced**	**Interest accrued on loans advanced**
Secapital S.a.r.l.	10,805	16,870	-	-
ERIF Business Solutions Sp. z o.o.	-	-	-	-
Novum Finance Sp. z o.o.	-	472	650	1
Secapital Polska Sp. z o.o.	1	-	-	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	494	4 124	-	-
Kruk International Srl	383	4,492	-	577
Rejestr Dłużników ERIF BIG S.A.	157	160	420	73
NSFIZ PROKURA	1,192	5,764	-	-
NSFIZ PROKULUS	-	10	-	-
KRUK International S.r.o.	351	431	11,303	988
KRUK TFI	-	9	-	-
	13,383	32,332	12,373	1,639

Revenue from mutual transactions

PLN '000	**Revenue from rendering of debt collection services**	**Revenue from sale of merchandise, rendering of services and other revenue**	**Interest and dividends**
Secapital S.a.r.l	1,944	-	93,360
ERIF Business Solutions Sp. z o.o.	-	540	-
Novum Finance Sp. z o.o.	-	374	1
Secapital Polska Sp. z o.o.	-	19	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	-	1711	7,645
Kruk International S.r.l	-	924	254
Rejestr Dłużników ERIF BIG S.A.	-	540	73
NSFIZ PROKURA	22,015	-	-
NSFIZ PROKULUS	43	-	-
KRUK International S.r.o.		704	776
KRUK TFI		45	
	24,002	4,857	102,109

Costs of mutual transactions

PLN '000	**Purchase of services**
Rejestr Dłużników ERIF BIG S.A.	1,563
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	2,819
Kruk International S.r.l	5,977
KRUK International S.r.o.	948
	11,307

Balance of liabilities, receivables and loans

PLN '000	**Liabilities**	**Receivables**	**Loans advanced**	**Interest accrued on loans advanced**
Secapital S.a.r.l	31,379	164	-	-
ERIF Business Solutions Sp. z o.o.	-	3	-	-
Polski Rynek Długów Sp. z o.o.	-	174	-	-
Secapital Polska Sp. z o.o.	-	3	-	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	404	3 473	-	-
Kruk International Srl	1,035	6,096	-	323
Rejestr Dłużników ERIF BIG S.A.	82	65	-	-
NSFIZ PROKURA	1,165	10,917	-	-
NSFIZ PROKULUS	-	6	-	-
KRUK International Sro	-	583	11,934	212
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	-	1	-	-
	34,065	21,485	11,934	535

Revenue from mutual transactions

PLN '000	**Revenue from sales of goods for resale and services**	**Revenue from sales of debt collection services**	**Interest and dividends**
Secapital S.a.r.l	-	1,088	40,000
ERIF Business Solutions Sp. z o.o.	24	-	-
Polski Rynek Długów Sp. z o.o.	16	-	-
Secapital Polska Sp. z o.o.	20	-	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	878	-	9,201
Kruk International Srl	354	-	234
Rejestr Dłużników ERIF BIG S.A.	358	-	-
NSFIZ PROKURA	-	20,015	-
NSFIZ PROKULUS	-	34	-
KRUK International Sro	345	-	212
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	8	-	-
	2,003	21,137	49,647

Costs of mutual transactions

PLN '000	**Purchase of services**
ERIF Business Solutions Sp. z o.o.	287
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	3,100
Kruk International Srl	2,684
Rejestr Dłużników ERIF BIG S.A.	604
KRUK International Sro	23
	6,698

30. Events subsequent to the balance-sheet date

On January 28th 2013, the Company reduced the share capital and capital reserve of Secapital S.a.r.l. by PLN 7,000 thousand.

On February 5th 2013, the Company issued Series P2 notes for PLN 30,000 thousand.

On February 12th 2013, the Company issued Series P3 notes for PLN 30,000 thousand.

On February 18th 2013, the Company and NSFIZ PROKURA, a subsidiary, executed a trilateral agreement with Bank Zachodni WBK S.A. on a revolving credit facility of up to PLN 70m.

Piotr Krupa
President of the Management Board

Rafał Janiak
Member of the Management Board

Agnieszka Kułton
Member of the Management Board

Urszula Okarma
Member of the Management Board

Iwona Słomska
Member of the Management Board

Michał Zasępa
Member of the Management Board

Katarzyna Raczkiewicz
Person responsible for maintaining
The accounting records

Wrocław, March 13th 2013