



KRUK S.A. Group

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2011**

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 12 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2011

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of KRUK S.A.

We have audited the accompanying consolidated financial statements of KRUK S.A. Group, seated in Wrocław, ul. Legnicka 56 (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management’s and Supervisory Board’s Responsibility for the Consolidated Financial Statements

Management of the Parent Entity is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by European Union and with other applicable regulations and preparation of the Report on the Group’s activities. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) (“the Accounting Act”), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements and the Report on the Group’s activities are in compliance with the requirements set forth in the Accounting Act.

Auditor’s Responsibility

Our responsibility, based on our audit, is to express an opinion on these consolidated financial statements. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal

control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements of KRUK S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2011 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Other Matters

As required under the Accounting Act, we also report that the Report on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 with amendments) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną
odpowiedzialnością sp.k. registration number 3546
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

.....
Certified Auditor No. 90100
Karol Wolniakowski

Signed on the Polish original

.....
Certified Auditor No. 10615
Limited Liability Partner with power of
attorney
Janusz Charytonowicz

Wrocław, 14 March 2012



TRANSLATION

KRUK S.A. Group

Report supplementing
the auditor's opinion
on the consolidated financial
statements
Financial Year ended
31 December 2011

The report supplementing the auditor's opinion
contains 12 pages
Report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2011



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1. General

1.1 Identification of the Group

1.1.1 Name of the Group

KRUK S.A. Group

1.1.2 Registered office of the Parent Company of the Group

Legnicka 56,
54-204 Wrocław

1.1.3 Registration of the Parent Company in the National Court Register

Registration court:	District Court in Wrocław for Wrocław-Fabryczna, VI Commercial Department of the National Court Register
Date:	7 th September 2005
Registration number:	KRS 0000240829
Share capital as at balance sheet date:	PLN 16,900,340.00

1.1.4. Management of the Parent Company

The Management Board is responsible for management of the Parent Company.

At 31 December 2011, the Management Board of the Parent Company was comprised of the following members:

- | | |
|--------------------|----------------------|
| • Piotr Krupa | – Chairman, |
| • Rafał Janiak | – Member of a Board, |
| • Agnieszka Kułton | – Member of a Board, |
| • Urszula Okarma | – Member of a Board, |
| • Iwona Słomska | – Member of a Board, |
| • Michał Zasepa | – Member of a Board. |

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2011, the following companies were consolidated by the Group:

Parent Company:

- KRUK S.A.

Subsidiaries consolidated on the full consolidation basis:

- Secapital S.a.r.l,
- ERIF Business Solutions Sp. z o.o. (until 29 November 2011: Kruk Corporate Sp. z o.o.),

- Secapital Polska Sp. z o.o.,
- Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A.,
- Polski Rynek Długów Sp. z o.o. (since 15 February 2012: Novum Finance Sp. z o.o.)
- KRUK International S.r.l.,
- Kancelaria Prawna RAVEN Krupa & Stańko Sp. K.,
- Prokura NS FIZ,
- Prokulus NS FIZ.
- Kruk Towarzystwo Funduszy Inwestycyjnych S.A.,
- Kruk International S.r.o.

The following subsidiaries were consolidated for the first time during the year ended 31 December 2011, as a result of the Parent Company acquiring a controlling interest:

- KRUK Towarzystwo Funduszy Inwestycyjnych S.A. – subject to consolidation for the period from 17 January 2011 to 31 December 2011,
- KRUK International S.r.o. – subject to consolidation for the period from 13 April 2011 to 31 December 2011.

1.3 Auditor information

1.3.1 Key certified auditor information

Name and surname: Janusz Charytonowicz
Registration number: 10615

Name and surname: Karol Wolniakowski
Registration number: 90100

1.3.2 Audit auditor information

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address: ul. Chłodna 51, 00-867 Warsaw
Registration number: KRS 0000339379
Registration court: District Court for the Capital City Warsaw in Warsaw,
XII Commercial Department of the National Court Register
NIP number: 527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of audit firms under number 3546.

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2010 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting on 17 March 2011. After approval of the consolidated financial statements the Parent Company has accounted for corrections of prior period error. The correction resulted in a decrease in equity by PLN 1,715 thousand as of 31 December 2010. The correction had no impact on net result for the year ended 31 December 2010.

The consolidated financial statements were submitted to the Registry Court on 18 March 2011 and were published in Monitor Polski B No. 983 dated 31 May 2011.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of KRUK S.A. seated in Wrocław, ul. Legnicka 56 and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The consolidated financial statements have been audited in accordance with the contract dated 14 July 2011, concluded on the basis of the resolution of Supervisory Board dated 12 May 2011 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by the Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the consolidated financial statements in the Parent Company's head office during the period from 21 to 25 November 2011 and from 6 to 17 February 2012.

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the Report on the Company's activities.

Our responsibility is to express an opinion and to prepare a supplementing report on the financial statements.

The Management Board of the Parent Company submitted a statement, dated the same date as this report, as to the true and fair presentation of the consolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All required statements, explanations and information and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

Key certified auditors and KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k. fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and Their Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal from 2009, No. 77, item 649).

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k.

1.6 Information on audits of the financial statements of the consolidated companies

1.6.1 Parent Company

The financial statements of the Parent Company for the year ended 31 December 2011 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k., certified auditor number 3546, and received an unqualified opinion.

1.6.2 Other consolidated entities

Entity's name	Authorised auditor	Financial year end	Type of auditor's opinion
Secapital S.a.r.l.	KPMG Audit S.a.r.l.	31.12.2011	not issued until the date of this report
Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31.12.2011	not issued until the date of this report
Prokura NS FIZ	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31.12.2011	unqualified
Prokulus NS FIZ	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31.12.2011	unqualified
KRUK Towarzystwo Funduszy Inwestycyjnych S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31.12.2011	not issued until the date of this report
Kruk International S.r.l.	The financial statements were not subject to mandatory audit		
Secapital Polska Sp. z o.o.	The financial statements were not subject to mandatory audit		
ERIF Business Solutions Sp. z o.o.	The financial statements were not subject to mandatory audit		
KRUK International S.r.o.	The financial statements were not subject to mandatory audit		
Polski Rynek Długów Sp. z o.o.	The financial statements were not subject to mandatory audit		
Kancelaria Prawna RAVEN Krupa & Stańko Spółka Komandytowa	The financial statements were not subject to mandatory audit		



2 Financial analysis of the Group

2.1 Summary of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	31.12.2011		31.12.2010	
	PLN '000	% of total	PLN '000	% of total
Non-current assets				
Property, plant and equipment	14 326	1,8	9 577	3,0
Intangible assets	6 651	0,8	4 937	1,6
Goodwill	1 024	0,1	1 024	0,3
Deferred tax assets	1 837	0,2	3 301	1,0
Total non-current assets	23 838	2,9	18 839	5,9
Current assets				
Inventories	537	0,1	458	0,1
Short-term investments	721 928	90,3	264 487	83,4
Trade receivables	12 804	1,6	10 568	3,3
Income tax receivable	-	-	2	0,0
Other receivables	3 354	0,4	697	0,2
Prepayments	1 800	0,2	1 726	0,5
Cash and cash equivalents	36 205	4,5	20 776	6,6
Total current assets	776 628	97,1	298 714	94,0
TOTAL ASSETS	800 466	100,0	317 553	100,0

EQUITY AND LIABILITIES	31.12.2011		31.12.2010	
	PLN '000	% of total	PLN '000	% of total
Equity				
Share capital	16 900	2,1	15 309	4,8
Share premium	45 107	5,6	5 308	1,7
Foreign currency exchange differences for foreign operations	330	0,0	385	0,1
Other reserve capital	43 365	5,4	2 967	0,9
Retained earnings	132 493	16,7	106 288	33,5
Total equity attributable to equity holders of the parent	238 195	29,8	130 257	41,0
Non - nontroling interest	188	0,0	42	0,0
Total equity	238 383	29,8	130 299	41,0
Non-current liabilities				
Interest-bearing loans and borrowings	339 497	42,4	77 996	24,6
Total non-current liabilities	339 497	42,4	77 996	24,6
Current liabilities				
Interest-bearing loans and borrowings	137 503	17,1	44 144	13,9
Trade and other payables	66 947	8,4	49 180	15,5
Income tax payable	660	0,1	1 715	0,5
Employee benefits	17 212	2,2	14 045	4,4
Short-term provisions	264	0,0	174	0,1
Total current liabilities	222 586	27,8	109 258	34,4
Total liabilities	562 083	70,2	187 254	59,0
TOTAL EQUITY AND LIABILITIES	800 466	100,0	317 553	100,0

2.1.1. Consolidated statement of comprehensive income

	1.01.2011 - 31.12.2011	% of total sales	1.01.2010 - 31.12.2010	% of total sales
	PLN '000		PLN '000	
Revenue	274 031	100,0	164 281	100,0
Other operating income	1 367	0,5	870	0,5
Operating expenses				
Payroll	(70 519)	25,7	(56 723)	34,5
Depreciation	(5 427)	2,0	(3 937)	2,4
External services	(46 838)	17,1	(31 226)	19,0
Other operating expenses	(56 619)	20,7	(30 629)	18,6
	(179 403)	65,5	(122 515)	74,5
Results from operating activities	95 995	35,0	42 636	26,0
Financial income	2 934	1,1	2 200	1,3
Financial expenses	(30 383)	11,1	(9 231)	5,6
Net finance income/expense	(27 449)	(10,0)	(7 031)	(4,3)
Profit before tax	68 546	25,0	35 605	21,7
Income tax expense	(2 154)	0,8	514	0,3
Profit for the period	66 392	24,2	36 119	22,0
OTHER COMPREHENSIVE INCOME				
Foreign currency translation differences for foreign operations	(55)	0,0	137	0,1
Other comprehensive income for the period	(55)	0,0	137	0,1
Total comprehensive income for the period	66 337	24,2	36 256	22,1
Profit attributable to:				
Shareholders of the Company	66 205	24,1	36 078	22,0
Minority interest	187	0,1	41	0,0
Profit for the period	66 392	24,2	36 119	22,0
Total comprehensive income attributable to:				
Shareholders of the Company	66 150	24,1	36 215	22,1
Minority interest	187	0,1	41	0,0
Total comprehensive income for the period	66 337	24,2	36 256	22,1
Profit for the period				
Basic earnings per share (PLN)	4,03		2,34	
Diluted earnings per share (PLN)	4,03		2,34	

2.2 Selected financial ratios

	2011	2010	2009
1. Return on sales			
$\frac{\text{net profit} \times 100\%}{\text{net revenues}}$	24,2%	22,0%	17,8%
2. Return on equity			
$\frac{\text{net profit} \times 100\%}{\text{equity} - \text{net profit}}$	38,6%	38,4%	30,4%
3. Debtors turnover			
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{net revenues}}$	18 days	27 days	29 days
4. Debt ratio			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	70,2%	59,0%	52,7%
5. Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	3,5	2,7	2,2

- Net revenues are comprised of the sale of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, excluding allowances for receivables.

3 Detailed report

3.1 Accounting principles

The Parent Company maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Company.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

Entities included in the Group apply common accounting principles consistent with the accounting principles applied by the Parent Company.

In view of the fact that not all entities being part of the Group apply common accounting principles consistent with the accounting principles applied by the Parent Company, appropriate adjustments to the financial statements of those entities were made to ensure consistency with the accounting principles applied by the Parent Company.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Company.

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements of the KRUK S.A. Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation prepared in accordance with the requirements the Decree of the Ministry of Finance dated 25 September 2009 on principles for the preparation of consolidated financial statements of a capital group by companies other than banks and insurance companies (Official Journal from 2009 r., No 169, item 1327).

3.3 Method of consolidation

The method of consolidation is described in note 3 of the notes to the consolidated financial statements.

3.4 Goodwill arising on consolidation

The method of calculating goodwill arising on consolidation is described in note 3 of the notes to the consolidated financial statements.

3.5 Consolidation of equity and calculation of non-controlling interest

The share capital of the Group is equal to the share capital of the Parent Company.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Company's share in the subsidiaries' equity as at the end of the reporting period to the corresponding positions of the equity of the Parent Company.

Only equity of subsidiaries arising after the Parent Company obtained control of the subsidiary is included in the equity of the Group.

Non-controlling interests in subsidiaries included in the consolidated financial statements were determined based on the non-controlling interests' share in the subsidiaries' equity as at the end of the reporting period.

3.6 Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of KRUK S.A. and its subsidiaries and agreed with information received from the subsidiaries.

3.7 Notes to the consolidated financial statements

All information included in the notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information, is, in all material respects, presented correctly and completely. This information should be read in conjunction with the consolidated financial statements.

3.8 Report of the Management Board of the Parent Company on the Group's activities

The Report of the Management Board of the Parent Company on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 with amendments) and the information is consistent with the consolidated financial statements.



3.9 Information on the opinion of the independent auditor

Based on our audit of the consolidated financial statements of the Group as at and for the year ended 31 December 2011, we have issued an unqualified opinion.

On behalf of KPMG Audyt Spółka z ograniczoną
odpowiedzialnością sp.k. registration number 3546
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

.....
Certified Auditor No. 90100
Karol Wolniakowski

Signed on the Polish original

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Certified Auditor No. 10615
Limited Liability Partner with power of
attorney
Janusz Charytonowicz

Wrocław, 14 March 2012