



The KRUK Group

**Condensed Interim Consolidated
Financial Report
for
January 1st - June 30th 2011**

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I. Financial highlights

1. Consolidated data

Financial highlights	PLN '000		EUR '000	
	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
For the period				
Sales revenue	123,854	74,461	31,219	18,596
Operating profit	48,679	18,541	12,270	4,630
Pre-tax profit	39,316	17,282	9,910	4,316
Net profit attributable to owners of the parent	39,115	17,477	9,859	4,365
Net cash used in operating activities	(205,572)	(10,058)	(51,817)	(2,512)
Purchase of debt portfolios at contractual prices	315,137	(73,229)	(79,434)	(18,228)
Cash recoveries	143,790	87,647	36,244	21,889
Net cash used in investing activities	(1,564)	(1,730)	(394)	(432)
Net cash provided by financing activities	214,271	7,996	54,009	1,997
Change in net cash	7,135	(3,792)	1,798	(947)
Average number of shares ('000)	16,090	15,418	16,090	15,418
Earnings per share	2.43	1.14	0.61	0.28
Diluted earnings per share	2.43	1.14	0.61	0.28
As at	Jun 30 2011	Dec 31 2010	Jun 30 2011	Dec 31 2010
Total assets	600,992	317,553	150,753	80,184
Non-current liabilities	221,374	77,996	55,530	19,694
Current liabilities	167,756	107,543	42,080	27,155
Equity	211,862	132,014	53,144	33,334
Share capital	16,900	15,309	4,239	3,866
Book value per ordinary share	12,530	8,620	3,160	2,15

Separate figures for KRUK S.A.

Financial highlights	PLN '000		EUR '000	
	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010	Jan 1–Jun 30 2011	Jan 1–Jun 30 2011
For the period				
Sales revenue	33,552	31,911	8,457	7,969
Operating profit	(13,436)	(7,228)	(3,387)	(1,805)
Pre-tax profit	2,053	(2,470)	517	(617)
Net profit	1,951	(2,226)	492	(556)
Net cash provided by operating activities	211	9	53	2
Net cash used in investing activities	(217,035)	(10,640)	(54,706)	(2,657)
Net cash provided by financing activities	214,404	8,105	54,043	2,024
Change in net cash	(2,420)	(2,526)	(610)	(631)
Average number of shares ('000)	16,090	15,418	16,090	15 418
Earnings per share	0.12	(0.14)	0.03	(0.04)
Diluted earnings per share	0.12	(0.14)	0.03	(0.04)
As at	Jun 30 2011	Dec 31 2010	Jun 30 2011	Dec 31 2010
Total assets	472,419	215,581	118,502	54,436
Non-current liabilities	221,112	77,860	55,464	19,660
Current liabilities	141,203	70,333	35,419	17,760
Equity	110,104	67,388	27,618	17,016
Share capital	16,900	15,309	4,239	3,866
Book value per ordinary share	6.52	4.40	1.64	1.10

The financial highlights were translated into the Euro using the following method:

- items related to the statement of comprehensive income and statement of cash flows were translated using the arithmetic mean of mid exchange rates quoted by the National Bank of Poland for the last day of each month in a given period; the exchange rate thus calculated was:

- for the current period – 3.9673
- for the previous period – 4.0042.

- items of the statement of financial position were translated using the mid exchange rate quoted by the National Bank of Poland for the end of the reporting period; the exchange rate was:

- for the current period – 3.9866
- for the previous period – 3.9603.

II. Auditor's report from the review of interim condensed consolidated financial statements for the period January 1st–June 30th 2011

**AUDITOR'S REPORT ON THE REVIEW OF
THE INTERIM FINANCIAL INFORMATION
OF THE KRUK GROUP
FOR THE PERIOD JANUARY 1ST – JUNE 30TH 2011**

To the Shareholders of Kruk S.A.,

Introduction

We have reviewed the attached condensed consolidated statement of financial position of the Kruk Group, whose Parent Undertaking has its registered office at ul. Legnicka 56, Wrocław, Poland, prepared as at June 30th 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period of six months then ended, as well as the notes to the condensed interim consolidated financial statements (“condensed interim consolidated financial information”).

The Management Board of Kruk S.A. was responsible for the preparation and presentation of the condensed interim consolidated financial information in accordance with the requirements of International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). Our responsibility was to review the condensed interim consolidated financial information and present our conclusions.

Scope of the review

Our review was performed in accordance with Polish Standard on Auditing No. 3 “*General Principles of Review of Financial Statements/Condensed Financial Statements and Provision of Other Assurance Services*” and International Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information involves making inquiries, in particular of persons responsible for financial and accounting matters, and performing analytical and other review procedures. The scope and method of a review differ substantially from the scope and method of an audit conducted in accordance with International Standards on Auditing and consequently a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the attached financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the attached condensed interim consolidated financial information as at June 30th 2011 and for the six months then ended has not been prepared, in all material respects, in accordance with the requirements of IAS 34.

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

.....
Qualified auditor No. 90100
Karol Wolniakowski

.....
Qualified auditor No. 10615
Janusz Charytonowicz,
Limited Partner, Proxy

Wrocław, August 29 2011

III. Condensed interim consolidated financial statements for the period from January 1st to June 30th 2011

Condensed interim consolidated statement of financial position

As at Jun 30 2011

PLN '000

	Jun 30 2011	Dec 31 2010
Assets		
Non-current assets		
Property, plant and equipment	10,301	9,577
Other intangible assets	4,851	4,937
Goodwill	1,024	1,024
Deferred tax assets	3,199	3,301
Total non-current assets	<u>19,375</u>	<u>18,839</u>
Current assets		
Inventories	592	458
Purchase of debt portfolios	533,927	263,228
Other current investments	1,646	1,259
Trade receivables	11,934	10,568
Income tax receivable	-	2
Other receivables	4,369	697
Prepayments and accrued income	1,238	1,726
Cash and cash equivalents	27,911	20,776
Total current assets	<u>581,617</u>	<u>298,714</u>
Total assets	<u><u>600,992</u></u>	<u><u>317,553</u></u>
Equity and liabilities		
Equity		
Share capital	16,900	15,309
Share premium account	44,974	5,308
Exchange differences on translation of foreign operations	320	385
Other capital reserves	2,475	2,967
Retained earnings	147,118	108,003
Equity attributable to owners of the parent	<u>211,787</u>	<u>131,972</u>
Non-controlling interests	<u>75</u>	<u>42</u>
Total equity	<u>211,862</u>	<u>132,014</u>
Non-current liabilities		
Non-current liabilities under loans and borrowings, and other financial liabilities	221,374	77,996
Total non-current liabilities	<u>221,374</u>	<u>77,996</u>
Current liabilities		
Current liabilities under loans and borrowings, and other financial liabilities	84,310	44,144
Trade and other payables	67,877	49,180
Employee benefits payable	15,395	14,045
Current provisions	174	174
Total current liabilities	<u>167,756</u>	<u>107,543</u>
Total liabilities	<u>389,130</u>	<u>185,539</u>
Total equity and liabilities	<u><u>600,992</u></u>	<u><u>317,553</u></u>

Condensed interim consolidated statement of comprehensive income

For the reporting period Jan 1–Jun 30 2011

PLN '000

	<u>Jan 1–Jun 30 2011</u>	<u>Jan 1–Jun 30 2010</u>
Continuing operations		
Revenue	123,854	74,461
Other operating income	521	569
Cost of goods for resale and materials sold	190	4
Salaries and wages and other employee benefits	33,965	25,582
Depreciation and amortisation	2,541	1,843
Contracted services	19,058	15,564
Other operating expenses	19,942	13,496
	<hr/>	<hr/>
	75,696	56,489
Operating profit	48,679	18,541
Finance income	1,095	460
Finance expenses	10,458	1,719
Net finance expenses	<hr/>	<hr/>
	(9,363)	(1,259)
Pre-tax profit	39,316	17,282
Income tax	127	(210)
Net profit for the period	<hr/>	<hr/>
	39,189	17,492
Other comprehensive income		
Exchange differences on translation of foreign operations	(65)	100
Other comprehensive net income for the period	<hr/>	<hr/>
	(65)	100
Total comprehensive income for the period	<hr/>	<hr/>
	39,124	17,592
Net profit attributable to:		
Owners of the parent	39,115	17,477
Non-controlling interests	74	15
Net profit for the period	<hr/>	<hr/>
	39,189	17,492
Total comprehensive income attributable to:		
Owners of the parent	39,050	17,577
Non-controlling interests	74	15
Total comprehensive income for the period	<hr/>	<hr/>
	39,124	17,592
Earnings per share		
Basic (PLN)	2.43	1.14
Diluted (PLN)	2.43	1.14

Condensed interim consolidated statement of changes in equity

For the reporting period Jan 1–Jun 30 2011

PLN '000

	Share capital	Share premium account	Exchange differences on translation of foreign operations	Other capital reserves	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity as at Jan 1 2010	15,771	9,795	248	2,218	71,925	99,957	79	100,036
Net profit for the period	-	-	-	-	17,477	17,477	15	17,492
Exchange differences on translation of foreign operations	-	-	100	-	-	100	-	100
Total comprehensive income for the period	-	-	100	-	17,477	17,577	15	17,592
Contributions from and distributions to owners								
- Retirement of treasury shares	(454)	(4,419)	-	-	-	(4,873)	-	(4,873)
- Payment of dividend	-	-	-	-	-	-	(79)	(79)
Total equity as at Jun 30 2010	15,317	5,376	348	2,218	89,402	112,661	15	112,676
Equity as at Jan 1 2010	15,771	9,795	248	2,218	71,925	99,957	79	100,036
Net profit for the period	-	-	-	-	36,078	36,078	41	36,119
Exchange differences on translation of foreign operations	-	-	137	-	-	137	-	137
Total comprehensive income for the period	-	-	137	-	36,078	36,215	41	36,256
Contributions from and distributions to owners								
- Retirement of treasury shares	(462)	(4,487)	-	-	-	(4,949)	-	(4,949)
- Share-based payments	-	-	-	257	-	257	-	257
- Issue of shares (unregistered)	-	-	-	492	-	492	1	493
- Payment of dividend	-	-	-	-	-	-	(79)	(79)
Total equity as at Dec 31 2010	15,309	5,308	385	2,967	108,003	131,972	42	132,014
Equity as at Jan 1 2011	15,309	5,308	385	2,967	108,003	131,972	42	132,014
Net profit for the period	-	-	-	-	39,115	39,115	74	39,189
Exchange differences on translation of foreign operations	-	-	(65)	-	-	(65)	-	(65)
Total comprehensive income for the period	-	-	(65)	-	39,115	39,050	74	39,124
- Dividend payable	-	-	-	-	-	-	(41)	(41)
- Issue of shares	1,591	39,666	-	(492)	-	40,765	-	40,765
Total contributions from and distributions to owners	1,591	39,666	-	(492)	-	40,765	(41)	40,724
Total equity as at Jun 30 2011	16,900	44,974	320	2,475	147,118	211,787	75	211,862

Condensed interim consolidated statement of cash flows

For the reporting period Jan 1–Jun 30 2011

PLN '000

	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
Cash flows from operating activities		
Net profit for period	39,189	17,492
<i>Adjustments</i>		
Depreciation of property, plant and equipment	1,726	1,310
Amortisation of intangible assets	815	533
Net finance expenses	9,460	2,027
(Gain)/ loss on sale of property, plant and equipment	(4)	180
Income tax	127	(210)
Change in financial assets at fair value through profit or loss	(270,699)	(31,633)
Change in inventories	(134)	114
Change in receivables	(5,036)	(4,030)
Change in prepayments and accrued income	488	(1,571)
Change in current liabilities, excluding financial liabilities	18,522	5,287
Change in provisions	-	(32)
Income tax paid	(26)	475
Net cash used in operating activities	(205,572)	(10,058)
Cash flows from investing activities		
Interest received	1,155	460
Loans advanced	(5,551)	(1,437)
Sale of intangible assets and property, plant and equipment	30	77
Purchase of intangible assets and property, plant and equipment	(2,401)	(1,374)
Repayment of loans advanced	5,203	544
Net cash used in investing activities	(1,564)	(1,730)
Cash flows from financing activities		
Net proceeds from share issue	40,765	-
Proceeds from bond issue	138,000	33,350
Increase in loans and borrowings	86,410	4,917
Repayment of loans and borrowings	(40,400)	(20,653)
Payments under finance lease agreements	(1,906)	(1,893)
Dividends paid	(41)	-
Retirement of treasury shares	-	(4,873)
Interest paid	(8,557)	(2,852)
Net cash provided by financing activities	214,271	7,996
Total net cash flows	7,135	(3,792)
Cash and cash equivalents at beginning of period	20,776	23,795
Cash and cash equivalents at end of period	27,911	20,003

Due to the limited amount of information on revenue from debt purchase and spending on purchase of debt portfolios, this consolidated statement of cash flows should be read together with the information contained in Note 9 to the condensed interim consolidated financial statements.

Notes to the condensed interim consolidated interim financial statements

1. Organisational structure of the KRUK Group

Parent Undertaking

Name:

Kruk Spółka Akcyjna ("Kruk S.A." or "Parent Undertaking")

Registered office:

ul. Legnicka 56
54-204 Wrocław

Registration in the National Court Register:

District Court for Wrocław-Fabryczna in Wrocław, VI Commercial Division of the National Court Register,
ul. Grabiszyńska 269, 53-235 Wrocław, Poland

Date of entry: September 7th 2005

Entry number: KRS 0000240829

Description of business of the Parent Undertaking and Subsidiaries

The business of the Parent Undertaking and its subsidiaries consists primarily in the restructuring and recovery of debts purchased by the Group companies and debts held by financial institutions and other clients.

The Parent Undertaking also provides loans to private individuals.

These condensed interim consolidated financial statements for the reporting period January 1st - June 30th 2011 include the financial statements of the Parent Undertaking and its subsidiaries (jointly the "Group").

The ultimate Parent Undertaking is Kruk S.A.

As at June 30th 2011 and as at the date of these condensed interim financial statements, the Management Board of the Parent Undertaking was composed of the following members:

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

Composition of the Supervisory Board as at June 30th 2011 and as at the date of these financial statements:

Dariusz Prończuk	Chairman of the Supervisory Board
Paweł Sikorski	Member of the Supervisory Board
Piotr Stępiak	Member of the Supervisory Board
Krzysztof Kawalec	Member of the Supervisory Board
Wojciech Małek	Member of the Supervisory Board

The Group and its subsidiaries

As at June 30th 2011, the Group comprised KRUK S.A. of Wrocław and eleven subsidiaries:

- Kancelaria Prawna RAVEN Krupa & Stańko of Wrocław, a law firm providing comprehensive services to support litigation and enforcement, exclusively in connection with the debt collection process carried out by the KRUK Group and its partners;
- Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A. of Warsaw, a credit information agency serving as a platform for collection, processing and provision of information on natural persons and businesses, both delinquent debtors and timely payers;
- KRUK International S.R.L. of Bucharest, Romania, a company active on the market of credit management services and debt purchase;
- SeCapital Luksemburg S.a.R.L of Luxembourg, a special-purpose securitisation vehicle whose business consists chiefly in investing in debt or debt-backed assets.
- NS FIZ Prokura and NS FIZ Prokulus securitisation funds which are securitisation and investment vehicles relying on professional risk assessment and credit management methodologies. All certificates issued by the securitisation funds are held by SeCapita Luksemburg S.a.r.l.;
- Secapital Polska Sp. z o.o. of Warsaw, a company which services securitised debts;
- KRUK Corporate Sp. z o.o. of Wrocław, a dedicated company dealing with corporate receivables;
- Polski Rynek Długów Sp. z o.o. of Wrocław, a company which supports the debt collection process.
- KRUK International S.R.L. of Prague, Czech Republic, a company active on the market of credit management services and debt purchase;
- KRUK Towarzystwo Funduszy Inwestycyjnych S.A. of Wrocław, a fund management company.

All the subsidiaries listed above are consolidated in the condensed interim consolidated financial statements prepared as at June 30th 2011 and for the period January 1st - June 30th 2011. It should be noted that:

- KRUK International S.r.o. was consolidated for the first time as of April 13th 2011, i.e. from the date on which the Group acquired control over the company;
- KRUK Towarzystwo Funduszy Inwestycyjnych S.A. was consolidated for the first time as of May 16th 2011, i.e. from the date of its entry in the National Court Register;

Percentage equity interests held by the Parent Undertaking in the subsidiaries as at the date of these financial statements:

	Country	Share capital held (%)	
		Jun 30 2011	Dec 31 2010
Secapital Luxemburg S.a.r.l	Luxembourg	100%	100%
KRUK Corporate Sp. z o.o.	Poland	100%	100%
Secapital Polska Sp. z o.o.	Poland	98%	98%
Rejestr Dłużników ERIF Biuro Informacji Gospodarczej S.A.	Poland	100%	100%
Polski Rynek Długów Sp. z o.o.	Poland	100%	100%
KRUK International S.r.l.	Romania	100%	100%
Kancelaria Prawna RAVEN Krupa & Stańko Spółka komandytowa	Poland	98%	98%
NS FIZ Prokura	Poland	100%	100%
NS FIZ Prokulus	Poland	100%	100%
KRUK TFI S.A.	Poland	100%	-
Kruk International S.r.o.	Czech Republic	100%	-



Windykacja pozasądowa i sądowa, zakupy i sekurytyzacja wierzytelności. Usługi detektywistyczne, giełda wierzytelności	Out-of-court and litigation-based debt collection, purchase and securitization of debts. Detective services, debt exchange.
100% udziałów	100% interest
Inwestycje w wierzytelności	Investment in debts
98% udziałów	98% interest
Windykacja sądowa, nadzór nad egzekucją komorniczą, windykacja wierzytelności korporacyjnych	Litigation-based debt collection, supervision over bailiff enforcement proceedings, corporate debt collection
System wymiany informacji finansowych zgodnie z ustawą o udostępnianiu informacji gospodarczej	Financial information exchange system in accordance with the Act on the Availability of Business Information
Windykacja pozasądowa i sądowa, zakupy wierzytelności	Out-of-court and litigation-based debt collection, purchase of debts
Windykacja wierzytelności	Debt collection
Windykacja wierzytelności powstałych w obrocie gospodarczym	Collection of debts originating from business transactions
Pośrednictwo w sprzedaży wierzytelności w ofercie publicznej	Intermediation in sale of debts through public offerings
Certyfikaty inwestycyjne funduszu sekurytyzacyjnego	Investment certificates of securitisation funds

Fundusz inwestycyjny zamknięty niestandardowy sekuryzowany	Non-standard securitised closed-end investment fund
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2. *Period covered by these financial statements*

The reporting period is January 1st - June 30th 2011, while the comparative period is January 1st - June 30th 2010. The consolidated statement of financial position is prepared as at June 30th 2011, while the comparative data is presented as at December 31st 2010.

3. *Statement of compliance*

These condensed interim consolidated financial statements of the Group were prepared in accordance with IAS 34 Interim Financial Reporting.

These financial statements do not contain all information required to prepare annual financial statements and therefore should be read in conjunction with the consolidated financial statements of the Group prepared as at December 31st 2010 and for the financial year ended on that date.

These condensed interim financial statements were approved by the Management Board ("the Management Board") of the Parent Undertaking on August 29th 2011.

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

4. *Significant accounting policies*

Save for the changes described below, these condensed interim financial statements were prepared using the same accounting policies as were applied to prepare the last annual consolidated financial statements prepared as at December 31st 2010 and for the financial year ended on that date.

Amendments to effective standards and interpretations

The following amendments to the International Financial Reporting Standards and interpretations, approved by the European Union ("EU IFRS") apply to reporting periods starting on or after January 1st 2011:

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
- Revised International Accounting Standard (IAS) 24 Related Party Disclosures
- Amendments to IFRS 1 made to ensure consistency with IFRS 7

In the opinion of the Management Board, the amendments did not have any effect on the Group's financial statements.

More specific definition of fair value re-measurement of purchased debt portfolios

As of January 1st 2011, revaluation of purchased debt portfolios is defined as change in their fair value caused by interest rate fluctuations and/or change of estimates concerning future cash flows.

In previous reporting periods, revaluation of purchased debt portfolios also included differences between actual payments and payments assumed for the purpose of measuring the fair value. Since January 1st 2011,

differences between actual payments and forecasts used to measure the fair value are recognised under “interest income adjusted for actual payments”.

This more precise definition does not cause any changes in previous years' results or any presentation changes in the Group's financial statements. All specified items were presented as components of revenue from debt purchase.

5. *Accounting estimates and judgements*

In order to prepare interim consolidated financial statements, the Management Board is required to rely on judgements, estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, income and costs, whose actual values may differ from these estimates. The material assumptions underlying the estimates made by the Group and the accounting policies are presented in the most recent annual consolidated financial statements prepared as at December 31st 2010 and for the financial year ended on that date.

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

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

6. *Financial risk management*

The principles of financial risk management are presented in the most recent annual consolidated financial statements prepared as at December 31st 2010 and for the financial year ended on that date. In 2011, no material changes have been introduced to the approach to financial risk management.

7. *Business segments*

The KRUK Group's core business comprises the restructuring and collection of debt portfolios purchased by the Group companies, as well as debt portfolios of financial institutions and other clients. The KRUK Group manages receivables of banks, loan brokers, insurers, leasing companies, as well as debt portfolios of landline and mobile telecommunications operators, cable TV operators, digital TV operators, and of companies from the FMCG and B2B sectors. The Group focuses on retail debt owed to banks and relies on long-term relations with key accounts.

The Group operates in the Polish and Romanian markets.

The KRUK Group's operations are divided into two core operating segments:

- Debt Purchase Segment, which comprises collection of debt portfolios purchased by the KRUK Group companies,
- Credit Management Segment, which comprises fee-based collection of debt for other businesses.

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

- Poland, and
- Romania.

Operating segments

<i>PLN '000</i>	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
Revenue	123,854	74,461
Purchased debt portfolios	102,383	51,162
Collection services	20,075	22,241
Other products	1,396	1,058
Direct and indirect costs	53,052	41,191
Purchased debt portfolios	39,058	27,461
Collection services	12,392	12,436
Other products	1,602	1,294
Indirect margin	70,802	33,270
Purchased debt portfolios	63,325	23,701
Collection services	7,683	9,805
Other products	(206)	(235)
General and administrative expenses	18,885	12,573
Depreciation and amortisation	2,541	1,843
Other operating income	521	569
Other operating expenses	(1,218)	(882)
Finance income/expenses	(9,363)	(1,259)
Pre-tax profit	39,316	17,282
Income tax	127	(210)
Net profit	39,189	17,492

Geographical segments

<i>PLN '000</i>	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
Revenue	123,854	74,461
Poland	79,316	53,109
Romania	44,537	21,352
Direct and indirect costs	53,052	41,191
Poland	43,953	35,664
Romania	9,099	5,527
Indirect margin	70,802	33,270
Poland	35,363	17,445
Romania	35,438	15,825
General and administrative expenses	18,885	12,573
Depreciation and amortisation	2,541	1,843
Other operating income	521	569
Other operating expenses	(1,218)	(882)
Finance income/expenses	(9,363)	(1,259)
Pre-tax profit	39,316	17,282
Income tax	127	(210)
Net profit	39,189	17,492

8. Seasonal or cyclical changes in operations

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

9. Type and amounts of changes in estimates presented in previous financial years, with a material effect on the current period

Purchased debt portfolios

In the period covered by these financial statements, expenses incurred by the Group to purchase debt portfolios amounted to PLN 317,856 thousand (H1 2010 – PLN 73,229 thousand), while cash recoveries amounted to PLN 143,790 thousand (H1 2010 – PLN 87,647 thousand).

PLN '000

Purchased debt portfolios as at Jan 1 2010	150,435
Purchase of debt portfolios at contractual prices	193,975
Discount-adjusted purchase price	(1,305)
Cash recoveries	(197,939)
Revaluation of debt portfolios	10,360
Revenue from debt purchase	107,702
Purchased debt portfolios as at Dec 31 2010	263,228
Purchased debt portfolios as at Jan 1 2011	263,228
Purchase of debt portfolios at contractual prices	315 137
Discount-adjusted purchase price	(3 032)
Cash recoveries	(143,790)
Revaluation of debt portfolios	7,038
Revenue from debt purchase	95,346
Purchased debt portfolios as at Jun 30 2011	533,927

PLN '000

Purchased debt portfolios

	Jun 30 2011	Dec 31 2011
Bank loans, including:	479,009	226,033
- consumer loans	476,098	222,345
- car loans	2,128	2,570
- mortgage loans	783	1,118
Telecommunication bills	52,886	36,022
Cash loans (other than granted by banks)	448	462
Other	1,584	711
	533,927	263,228

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

Sales revenue

PLN '000

Continued operations

	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
Revenue from debt purchase	102,383	51,162
Revenue from credit management	20,075	22,241
Revenue from other products	1,202	1,047
Revenue from sales of goods for resale and materials	194	11
	<u>123,854</u>	<u>74,461</u>

PLN '000

	Jan 1– Jun 30 2011	Jan 1– Jun 30 2010
Interest income adjusted for actual payments	95,345	45,398
Revaluation of debt portfolios	7,038	5,764
	<u>102,383</u>	<u>51,162</u>

Remeasurement of fair value of purchased debt portfolios

PLN '000

	Jun 30 2011	Jun 30 2010
Forecast revision	8,330	5,664
Change caused by change of discount rate	(1,292)	100
	<u>7,038</u>	<u>5,764</u>

Change in the fair value of assets due to remeasurement has been charged, in line with the adopted accounting policies, to the profit/loss for current period.

Net finance expenses

PLN '000

	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
Interest income on loans and receivables	366	-
Interest income on bank deposits	729	460
	<u>1,095</u>	<u>460</u>
Interest on financial liabilities measured at amortised cost	9,239	1,472
Net foreign exchange gains/(losses)	1,219	247
	<u>10,458</u>	<u>1,719</u>
Net finance expenses recognised in profit or loss	(9,363)	(1,259)

PLN '000

	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
Total interest income on financial assets	1,095	460
Total interest expense on financial liabilities	9,239	1,472

PLN '000

	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
Exchange differences on translation of foreign operations	(65)	100
Attributable to:		
Owners of the parent	(65)	100
Finance income recognised directly under other comprehensive income	(65)	100

Sale and purchase of property, plant and equipment

In the reporting period, the Group did not make any significant purchases of property plant and equipment or intangible assets.

Loans, borrowings and liabilities under finance lease

PLN '000

	<u>Jun 30 2011</u>	<u>Dec 31 2010</u>
Non-current liabilities		
Secured loans and borrowings	32,111	10,029
Liabilities under debt securities (unsecured)	187,108	65,679
Finance lease liabilities	2,155	2,288
	<u>221,374</u>	<u>77,996</u>
Current liabilities		
Current portion of secured loans and borrowings	34,143	10,110
Liabilities under debt securities	48,356	31,255
Current portion of finance lease liabilities	1,811	2,779
	<u>84,310</u>	<u>44,144</u>

Earnings per share

'000

	<u>Jan 1–Jun 30 2011</u>	<u>Jan 1–Jun 30 2010</u>
Number of ordinary shares as at Jan 1	15,308	15,771
Effect of share retirement and share issue	782	(353)
Weighted average number of ordinary shares as at Jun 30	<u>16,090</u>	<u>15,418</u>
PLN		
Earnings per share	<u>2.43</u>	<u>1.14</u>

The value of diluted earnings per share equals the value of basic earnings per share. There are no factors with a dilutive effect on earnings per share. There are no factors with a dilutive effect on earnings per share.

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

An important event in the Group's operations was a TV campaign targeted at indebted individuals. The campaign was a continuation of activities initiated in 2010. It was run from February 16th to March 31st 2011 on major nationwide and business TV channels. The primary objective was to encourage individuals with debts to contact the KRUK Group, so as to conclude an agreement on instalment-based repayment of the amount owed.

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

The key factor with a bearing on the current period's performance were investments in debt portfolios made in previous periods and in the reporting period. The value of investments made in H1 2011 totalled PLN 317,856 thousand (H1 2010 – PLN 73,229 thousand).

As at June 30th 2011, the value of the Group's investments in debt portfolios accounted for 89% of assets. Equity accounts for 35% of the financing of the Group's operations.

13. Issue, redemption and repayment of non-equity and equity securities

On March 25th 2011, NS FIZ Prokura issued investment certificates. The fund issued 2,678,571 investment certificates (each with a value of PLN 6.72). All certificates issued by NS FIZ Prokura are held by Secapital S.a.r.l. of Luxemburg. The transaction was eliminated in consolidation.

On March 30th 2011, the Company issued unsecured Series G bonds with a total value of PLN 30,000 thousand and the maturity of 24 months.

On April 7th 2011, the Company issued unsecured Series H1 and Series H2 bonds with a total value of PLN 45,000 thousand and the maturity of 30 and 36 months, respectively.

On April 28th 2011, NS FIZ Prokura issued investment certificates. The fund issued 4,287,856 investment certificates (each with a value of PLN 6.67). All certificates issued by NS FIZ Prokura are held by Secapital S.a.r.l. of Luxemburg. The transaction was eliminated in consolidation.

On May 25th 2011, KRUK S.A. issued unsecured Series I1 and Series I2 bonds with a total value of PLN 63,000 thousand and the maturity of 36 and 42 months, respectively.

On June 2nd, 2011, NS FIZ Prokura issued investment certificates. The fund issued 10,014,523 investment certificates (each with a value of PLN 6.89). All certificates issued by NS FIZ Prokura are held by Secapital S.a.r.l. of Luxemburg. The transaction was eliminated in consolidation.

On June 14th, 2011, NS FIZ Prokura issued investment certificates. The fund issued 14,277,539 investment certificates (each with a value of PLN 6.99). All certificates issued by NS FIZ Prokura are held by Secapital S.a.r.l. of Luxemburg. The transaction was eliminated in consolidation.

In Q2 2011, KRUK S.A., as the issuer of Series G1 bonds issued in 2010, and Series G2, Series H1, and Series H2 bonds issued in 2011, executed agreements with some of the Bondholders, concerning a change to a covenant defined in the Information Memorandum. The change involves an increase in the maximum Debt Ratio from 1.75 or 2.2 (depending on the series of bonds) to 2.5. In addition, the Issuer undertook to increase the interest rate margin on the bonds by 0.5 p.p. per annum in the periods when the Debt Ratio exceeds 2.2.

14. Dividend paid out (or declared)

In the reporting period, Kruk S.A. did not pay out any dividend or declare any dividend payment.

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

On July 5th 2011, KRUK S.A. issued unsecured Series I3 bonds with a total value of PLN 17,000 thousand and the maturity of 42 months.

On July 11th 2011, KRUK S.A. issued unsecured Series J1 and J2 bonds with a total value of PLN 21,000 thousand.

On July 29th 2011, KRUK S.A. purchased debt portfolios on the Romanian market:

- from PIRAEUS BANK ROMANIA S.A., with an aggregate par value as at July 1st 2011 equivalent to PLN 57m (translated at the mid exchange rate quoted by the National Bank of Poland for July 1st 2011).

In Q3 2011, KRUK S.A., as the issuer of Series G1 bonds issued in 2010, and Series G2, Series H1, and Series H2 bonds issued in 2011, executed agreements with the remaining Bondholders, concerning a change to a covenant defined in the Information Memorandum. The change involves an increase in the maximum Debt Ratio from 1.75 or 2.2 (depending on the series of bonds) to 2.5. In addition, the issuer undertook to increase the interest rate margin on the bonds by 0.5 p.p. per annum in the periods when the Debt Ratio exceeds 2.2.

The agreements disclosed in the section of these financial statements concerning events which occurred in this year prior to the reporting date (June 30th 2011), and agreements referred to in this section above comprise agreements executed with all of the Bondholders of Series G1 bonds issued in 2010, and Series G2, Series H1, and Series H2 bonds issued in 2011.

16. Changes in contingent liabilities or contingent assets subsequent to the end of the previous financial year

On January 19th 2011, Kruk S.A. and Alior Bank S.A. executed an annex to the payment guarantee agreement guaranteeing Kruk S.A.'s payments under the agreement for the lease of office space at ul. Legnicka 56 from Legnicka Business House Sp. z o.o. The guarantee, amounting to EUR 167 thousand, is valid until January 24th 2012. The guarantee is secured with a deposit of PLN 440 thousand and a power of attorney to KRUK S.A. accounts held with Alior Bank S.A.

On February 25th 2011, Kruk S.A. and Towarzystwo Ubezpieczeń Europa S.A. executed an insurance guarantee agreement guaranteeing proper performance by KRUK S.A. of its obligations under the agreement for the lease of office space at Wrocławski Park Biznesu 2, complex B1A at ul. Wołowska 4. The amount of the guarantee, which is valid until February 24th 2012, is EUR 94.6 thousand. The guarantee is secured with a blank promissory note issued by Kruk S.A.

The KRUK Group

Piotr Krupa

President of the Management Board

Rafał Janiak

Member of the Management Board

Agnieszka Kulon

Member of the Management Board

Urszula Okarma

Member of the Management Board

Iwona Słomska

Member of the Management Board

Michał Zasepa

Member of the Management Board

Katarzyna Raczkiewicz

*Person responsible for
the accounting records*

Wrocław, August 29th 2011

IV. Auditor's report from the review of interim condensed separate financial statements for the period January 1st–June 30th 2011

**AUDITOR'S REPORT ON THE REVIEW OF
THE INTERIM FINANCIAL INFORMATION
OF KRUK S.A.
FOR THE PERIOD JANUARY 1ST – JUNE 30TH 2011**

To the Shareholders of Kruk S.A.,

Introduction

We have reviewed the attached condensed separate statement of financial position of Kruk S.A., registered office at ul. Legnicka 56, Wrocław, Poland, prepared as at June 30th 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period of six months then ended, as well as the notes to the condensed interim separate financial statements ("condensed interim separate financial information").

The Management Board of Kruk S.A. was responsible for the preparation and presentation of the condensed interim separate financial information in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility was to review the condensed interim separate financial information and present our conclusions.

Scope of the review

Our review was performed in accordance with Polish Standard on Auditing No. 3 "*General principles of review of financial statements/condensed financial statements and provision of other assurance services*" and International Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information involves making inquiries, in particular of persons responsible for financial and accounting matters, and performing analytical and other review procedures. The scope and method of a review differ substantially from the scope and method of an audit conducted in accordance with International Standards on Auditing and consequently a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the attached financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the attached condensed interim separate financial information as at June 30th 2011 and for the six months then ended has not been prepared, in all material respects, in accordance with the requirements of IAS 34.

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

.....
Qualified auditor No. 90100
Karol Wolniakowski

.....
Qualified auditor No. 10615
Janusz Charytonowicz,
Limited Partner, Proxy

Wrocław, August 29th 2011

**V. Condensed interim separate financial statements for the period
from January 1st to June 30th 2011**

Condensed interim separate statement of financial position

As at Jun 30 2011

PLN '000

	<u>Jun 30 2011</u>	<u>Dec 31 2010</u>
Assets		
Non-current assets		
Property, plant and equipment	8,649	8,511
Intangible assets	4,664	4,796
Investments in subsidiary undertakings	371,936	133,008
Deferred tax assets	2,904	3,007
Total non-current assets	<u>388,153</u>	<u>149,322</u>
Current assets		
Inventories	382	377
Purchase of debt portfolios	45,208	18,630
Other current investments	74	-
Trade receivables	23,244	29,753
Loans advanced	3,095	5,824
Other receivables	4,997	1,512
Prepayments and accrued income	1,177	1,654
Cash and cash equivalents	6,089	8,509
Total current assets	<u>84,266</u>	<u>66,259</u>
Total assets	<u>472,419</u>	<u>215,581</u>
Equity and liabilities		
Equity		
Share capital	16,900	15,309
Share premium account	44,974	5,308
Other capital reserves	2,475	2,967
Retained earnings	45,755	43,804
Total equity	<u>110,104</u>	<u>67,388</u>
Non-current liabilities		
Non-current liabilities under loans and borrowings, and other financial liabilities	221,112	77,860
Total non-current liabilities	221,112	77,860
Current liabilities		
Current liabilities under loans and borrowings, and other financial liabilities	84,186	44,048
Trade and other payables	44,463	14,824
Employee benefits payable	12,554	11,461
Total current liabilities	<u>141,203</u>	<u>70,333</u>
Total liabilities	362,315	148,193
Total equity and liabilities	<u>472,419</u>	<u>215,581</u>

Condensed interim separate statement of comprehensive income

For the reporting period Jan 1–Jun 30 2011

PLN '000

	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
Revenue	33,552	31,911
Other operating income	676	509
Cost of goods for resale and materials sold	222	4
Salaries and wages and other employee benefits	26,198	19,858
Depreciation and amortisation	2,109	1,487
Contracted services	10,360	10,527
Other operating expenses	8,775	7,772
	<u>47,664</u>	<u>39,648</u>
Operating loss	(13,436)	(7,228)
Finance income	24,757	9,074
Finance expenses	9,268	4,316
Net finance income	<u>15,489</u>	<u>4,758</u>
Pre-tax profit/(loss)	2,053	(2,470)
Income tax	102	(244)
Net profit/(loss) for the period	<u>1,951</u>	<u>(2,226)</u>
Total comprehensive income for the period	<u>1,951</u>	<u>(2,226)</u>
Earnings (loss) per share		
Basic (PLN)	0.12	(0.14)
Diluted (PLN)	0.12	(0.14)

Condensed interim separate statement of changes in equity

For the reporting period Jan 1–Jun 30 2011

PLN '000

	Share capital	Share premium account	Other capital reserves	Retained earnings	Total equity
Equity as at Jan 1 2010	15,771	9,795	2,218	39,530	67,314
Comprehensive income for the period					
Net profit for the period	-	-	-	(2,226)	(2,226)
Contributions from and distributions to owners					
- Retirement of treasury shares	(454)	(4,419)	-	-	(4,873)
Total equity as at Jun 30 2010	15,317	5,376	2,218	37,304	60,215
Equity as at Jan 1 2010	15,771	9,795	2,218	39,530	67,314
Comprehensive income for the period					
Net profit for the period	-	-	-	4,274	4,274
Contributions from and distributions to owners					
- Share-based payments	-	-	257	-	257
- Issue of shares (unregistered)	-	-	492	-	492
- Retirement of treasury shares	(462)	(4,487)	-	-	(4,949)
Total contributions from and distributions to owners	(462)	(4,487)	749	-	(4,200)
Total equity as at Dec 31 2010	15,309	5,308	2,967	43,804	67,388
Equity as at Jan 1 2011	15,309	5,308	2,967	43,804	67,388
Comprehensive income for the period					
Net profit for the period	-	-	-	1,951	1,951
Contributions from and distributions to owners					
- Registration of treasury shares	1,591	-	(492)	-	1,099
- Issue of shares	-	39,666	-	-	39,666
Total contributions from and distributions to owners	1,591	39,666	(492)	-	40,765
Total equity as at Jun 30 2011	16,900	44,974	2,475	45,755	110,104

Condensed interim separate statement of cash flows

For the reporting period Jan 1–Jun 30 2011

PLN '000

	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
Cash flows from operating activities		
Net profit for period	1,951	(2,226)
<i>Adjustments</i>		
Depreciation of property, plant and equipment	1,301	955
Amortisation of intangible assets	808	533
Net finance income	(15,503)	(4,891)
(Gain)/ loss on sale of property, plant and equipment	26	180
Income tax	102	(244)
Change in financial assets at fair value through profit or loss	(26,628)	10,229
Change in inventories	(5)	192
Change in receivables	6,968	(4,702)
Change in prepayments and accrued income	477	(1,544)
Change in current liabilities, excluding financial liabilities	30,114	765
Change in employee benefits payable	1,014	231
Income tax paid	(414)	531
Net cash provided by operating activities	211	9
Cash flows from investing activities		
Interest received	432	345
Loans advanced	(6,902)	(1,837)
Sale of intangible assets and property, plant and equipment	-	77
Dividend received	20,000	7,835
Disposal of financial assets	7,000	-
Purchase of intangible assets and property, plant and equipment	(1,606)	(1,223)
Acquisition of financial assets	(244,984)	(16,381)
Repayment of loans advanced	9,025	544
Net cash used in investing activities	(217,035)	(10,640)
Cash flows from financing activities		
Proceeds from bond issue	138,000	33,350
Proceeds from issue of shares floated on stock exchange	40,766	-
Increase in loans and borrowings	86,410	4,917
Repayment of loans and borrowings	(40,400)	(20,653)
Payments under finance lease agreements	(1,790)	(1,855)
Retirement of treasury shares	-	(4,873)
Interest paid	(8,582)	(2,781)
Net cash provided by financing activities	214,404	8,105
Total net cash flows	(2,420)	(2,526)
Cash and cash equivalents at beginning of period	8,509	9,829
Cash at end of period	6,089	7,303

Notes to the condensed interim consolidated financial statements

1. Company details

Company name

Kruk Spółka Akcyjna ("Kruk S.A." or the "Company")

Registered office

ul. Legnicka 56
54-204 Wrocław

Registration in the National Court Register:

District Court for Wrocław-Fabryczna in Wrocław, VI 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 business of the Parent Undertaking and its subsidiaries consists primarily in the restructuring and recovery of debts purchased by the Group companies and debts held by financial institutions and other clients.

The Company also provides loans to private individuals.

2. Period covered by the financial statements

The reporting period starts on January 1st 2011 and ends on June 30th 2011, while the comparative period starts on January 1st 2010 and ends on June 30th 2010. The separate statement of financial position was prepared as at June 30th 2011, while comparative data was presented as at December 31st 2010.

3. Statement of compliance

These condensed interim separate financial statements were prepared in accordance with IAS 34 *Interim Financial Reporting* and the accounting standards applicable to interim financial statements and approved by the European Union, published and effective during the preparation of these financial statements.

These financial statements do not contain all information required to prepare annual financial statements and therefore should be read in conjunction with the condensed interim consolidated financial statements of the Group for the period January 1st–June 30th 2011 as well as in conjunction with the separate financial statements of Kruk S.A. and consolidated financial statements of the Group prepared as at December 31st 2010 and for the financial year ended on that date.

These condensed interim separate financial statements were approved by the Management Board ("the Management Board") of the Company on August 29th 2011.

The data contained in these condensed interim separate financial statements is presented in the Polish złoty (PLN), rounded to the nearest thousand.

4. Accounting estimates and judgements

In order to prepare interim separate financial statements, the Management Board is required to rely on judgements, estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, income and costs, whose actual values may differ from these estimates. The material assumptions underlying estimates made by the Company and the accounting policies are presented in the most recent consolidated annual consolidated financial statements prepared as at December 31st 2010 and for the financial year ended on that date.

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

In the opinion of the Management Board, there are no facts or circumstances which could pose a significant threat to the Company continuing as going concern. Therefore, these interim condensed separate financial statements have been prepared on a going concern basis.

5. Other explanatory information

These condensed semi-annual separate financial statements should be read in conjunction with the condensed interim consolidated financial statements of the KRUK Group prepared as at June 30th 2011 and for the period January 1st–June 30th 2011.

Piotr Krupa

President of the Management Board

Rafał Janiak

Member of the Management Board

Agnieszka Kulon

Member of the Management Board

Urszula Okarma

Member of the Management Board

Iwona Słomska

Member of the Management Board

Michał Zasepa

Member of the Management Board

Katarzyna Racziewicz

*Person responsible for
the accounting records*

Wrocław, August 29th 2011

VI. Report on the operations

1. Effects of changes in the structure of the Group, including through business combinations, acquisitions or divestments of Group Undertakings, long-term investments, division, restructuring, and discontinued operations

On January 17th 2011, KRUK S.A. established a joint-stock company under the name of KRUK Towarzystwo Funduszy Inwestycyjnych S.A., whose share capital amounts to PLN 1m, of which PLN 250 thousand was paid up. The scope of the Company's business includes:

- establishment and management of investment funds,
- management of portfolios of financial instruments,
- investment advisory services.

The Company was registered in the National Court Register on May 16th 2011.

On February 9th 2011, a PLN 491 thousand share capital increase at the Parent Undertaking was registered, effected pursuant to the General Shareholders Meeting's resolution of December 9th 2010.

On April 13th 2011, KRUK S.A. acquired 100% of the shares in Czech company Reberifa s.r.o., whose share capital amounts to CZK 200,000. The company's name was subsequently changed to KRUK International S.r.o. The goodwill was PLN 138. The acquisition of the Czech company is a part of the process of entering the Czech debt collection market by the KRUK Group.

On April 20th 2011, the General Shareholders Meeting of Secapital Polska Sp. z o.o. of Warsaw resolved to purchase one share with a value of PLN 1 thousand from CDZ 7 and to reduce its share capital through retirement of one treasury share. Upon retirement of the share and registration of the share capital decrease, KRUK S.A. will remain the only shareholder in Secapital Polska Sp. z o.o. of Warsaw.

2. Management Board's position on the feasibility of meeting previously published forecasts for a given year

The Management Board of KRUK S.A. did not publish any forecasts concerning the performance of KRUK S.A. or its Group.

3. Shareholders holding, directly or indirectly through subsidiaries, 5% or more of the total vote at the General Shareholders Meeting of the Company as at the date of the report, as well as changes in the ownership of major holdings of the Company shares after the release of the issue prospectus

As at the date of publication of the issue prospectus

Shareholder	Number of shares	% of the share capital	Number of votes held	% of the total vote at the General Shareholders Meeting
Polish Enterprise Fund IV 1209 Orange Street, Wilmington, County of New Castle, State of Delaware, the United States	12,396,550	78.46	12,396,550	78.46
Piotr Krupa	2,655,790	16.81	2,655,790	16.81

As at the date of the report

Shareholder	Number of shares	% of the share capital	Number of votes held	% of the total vote at the General Shareholders Meeting
Polish Enterprise Fund IV 1209 Orange Street, Wilmington, County of New Castle, State of Delaware, the United States	4,196,550.00	24.83	4,196,550.00	24.83
Piotr Krupa	2,655,790	15.71	2,655,790	15.71

4. Members of the management or supervisory staff holding the Company shares or rights to the Company shares as at the date of release of the quarterly report, including information on changes in their holdings after the release of the issue prospectus

Name	Position	Number of shares held as at Aug 22 2011
Piotr Krupa	President of the Management Board	2,655,790
Rafał Janiak	Member of the Management Board	91,870 and 52,840 (indirectly)
Urszula Okarma	Member of the Management Board	110,350
Agnieszka Kułton	Member of the Management Board	117,220
Iwona Słomska	Member of the Management Board	49,600
Michał Zasepa	Member of the Management Board	8,000

To the best of the Management Board's knowledge, none of the Supervisory Board members holds any Issuer shares.

The Management Board is not aware of any changes in the holdings of Company shares by the management or supervisory staff in the period from the publication date of the prospectus to the date of this report.

5. Court, arbitration or administration proceedings

Proceedings where the value of the claim exceeds 10% of the Issuer's equity

Purpose of the proceedings	Value of the claim [PLN]	Date instigated	Parties to the proceedings	Kruk S.A.'s position
Action for rescission of claim assignment agreement between BCR and Secapital *	PLN 328,548,731.26	Jan 25 2011	Brought by: ROȘIANU POIAC PETRICĂ Against: BANCA COMERCIALĂ ROMÂNĂ SECAPITAL SRL KRUK INTERNAȚIONAL SRL	The Company believes the claim to be without merit and expects it to be dismissed in its entirety. Under Romanian law, the plaintiff has no substantive-law basis to request that the debt transfer agreement executed between BCR and Secapital s. a r.l. be invalidated in Court, and therefore their request cannot be granted. Moreover, given the provisions of the debt transfer agreement, the representations of the debt seller, and provisions of Romanian law, it would not be possible

for the plaintiff to successfully claim that the transfer of debt should be invalidated.

Bankruptcy proceedings concerning Pascal Construction Sp. z o.o. w upadłości (in bankruptcy) *	PLN 18,209,415.90	Jan 25 2006	NSFIZ PROKURA - Pascal Construction sp. z o.o. w upadłości (in bankruptcy)	The Company expects to recover a small fraction of the claim
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Proceedings with the largest value of the claim, not exceeding 10% of the Issuer's equity

cases involving potential liabilities – three largest cases

<i>Purpose of the proceedings</i>	<i>Value of the claim [PLN]</i>	<i>Date instigated</i>	<i>Parties to the proceedings</i>	<i>Kruk S.A.'s position</i>
Action for payment as compensation for alleged infringement of personal rights	PLN 200,000.00	Sep 27 2010	Brought by Ewa Sierka against KRUK S.A.	The Company believes the claim to be without merit and expects it to be dismissed in its entirety
Action for payment as compensation for alleged infringement of personal rights	PLN 200,000.00	Jan 15 2010	Brought by Beata Ostrowska against KRUK S.A.	The Company believes the claim to be without merit and expects it to be dismissed in its entirety; the claim has been dismissed by the court of second instance. The court judgement is final, however, the proxy of the opposing party announced lodging a cassation complaint.
Action for declaratory judgement and payment of compensation for alleged infringement of personal rights, and for publication of the court's judgement	PLN 100,000.00	Oct 22 2009	Brought by Beata Kalińska against Lukas Bank (NS FIZ Prokura was summoned to participate in the proceedings under Art. 194.1 of the Code of Civil Procedure)	The Company believes the claim to be without merit and expects it to be dismissed in its entirety

cases involving potential receivables – three major cases

<i>Purpose of the proceedings</i>	<i>Value of the claim [PLN]</i>	<i>Date instigated</i>	<i>Parties to the proceedings</i>	<i>Kruk S.A.'s position</i>
Bankruptcy proceedings concerning SM WSPÓŁPRACA *	PLN 6,255,937.08	Jun 27 2002	NSFIZ PROKURA - SPÓŁDZIELNIA MIESZKANIOWA WSPÓŁPRACA	The Company's claim was satisfied in part and no further payments are expected to be awarded by the court.
Bankruptcy proceedings concerning SM SAMI SWOI *	PLN 5,068,075.17	Feb 14 2000	NSFIZ PROKURA - SM SAMI SWOI	Bankruptcy proceedings are pending; the Company is awaiting a bankruptcy plan to be drawn up.
Bankruptcy proceedings concerning LCF SPÓŁKA AKCYJNA W UPADŁOŚCI (IN BANKRUPTCY) *	PLN 1,333,628.00	Feb 6 2010	NSFIZ PROKURA - LCF Spółka Akcyjna w upadłości (in bankruptcy)	The bankruptcy proceedings are pending; the total amount of receivables is PLN 3,176,321.72, however, the claim was filed for PLN 1,333,628; the Company does not expect to recover the claimed amount.

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

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

(*) Value of the claim refers to the nominal value of debt, which was acquired by the Group for a fraction of that value.

6. Related-party transactions concluded by the Parent Undertaking

Transactions of the Parent Undertaking with subsidiaries as at June 30th 2011

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

PLN '000

	Liabilities	Receivables	Loans advanced	Interest accrued on loans advanced
Secapital Luxemburg S.a.r.l	10,496	-	-	-
KRUK Corporate Sp. z o.o.	38	-	-	-
Polski Rynek Długów Sp. z o.o.	-	293	-	273
Secapital Polska Sp. z o.o.	6	8	-	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	304	1,503	-	-
KRUK International S.r.l.	-	1,973	1,557	48
Rejestr Dłużników ERIF BIG S.A.	2	3	-	-
NFIZ PROKURA	1,269	13,572	-	-
NFIZ PROKULUS	-	-	-	-
CDZ7 Sp. z o.o.	-	6	-	-
	12,115	17,358	1,557	321

Revenue from mutual transactions

PLN '000

	Revenue from sales of materials and services	Revenue from sales of debt collection services	Interest and dividends
Secapital Luxemburg S.a.r.l	-	605	20,000
KRUK Corporate Sp. z o.o.	-	8	-
Polski Rynek Długów Sp. z o.o.	-	6	-
Secapital Polska Sp. z o.o.	-	9	-
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	4	75	3,652
KRUK International S.r.l.	258	-	48
Rejestr Dłużników ERIF BIG S.A.	5	117	-
NFIZ PROKURA	-	9,600	-
NFIZ PROKULUS	-	24	-
	267	10,420	23,700

Costs of mutual transactions

PLN '000

	Purchase of debt collection services
KRUK Corporate Sp. z o.o.	185
Kancelaria Prawna RAVEN Krupa & Stańko Sp. k.	1,437
KRUK International S.r.l.	127
Rejestr Dłużników ERIF BIG S.A.	237
	1,986

Other transactions

	Share capital increase
Secapital S.a.r.l	74,998
KRUK International S.r.l.	945
	<hr/> <hr/> 75,943

7. Sureties or guarantees for repayment of loans or borrowings issued by KRUK S.A. or its subsidiary undertaking

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

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

In the Company's opinion, there is no information - other than the information disclosed above - relevant for the assessment of the staffing levels, assets, financial standing and financial performance of KRUK S.A. or the KRUK Group, or for the assessment of the Company's or the Group's ability to meet their liabilities.

9. Factors with a potential bearing on the Group's results in the next quarter or in a longer term

On March 30th 2011, the Extraordinary General Shareholders Meeting of KRUK S.A. adopted resolutions on defining the rules for an incentive scheme to be implemented in the years 2011-2014, on a conditional increase in the Company's share capital and issue of subscription warrants, with the existing shareholders' pre-emptive rights waived in full with respect to shares issued as part of the conditional share capital increase and in connection with the subscription warrants, on amendments to the Articles of Association, and on adoption of the consolidated text of the Articles of Association.

10. Representation of the Management Board

These condensed interim consolidated financial statements and comparative data were prepared in compliance with the applicable accounting standards and give a true, fair and clear view of the Issuer Group's assets, financial standing and financial performance, and it presents a true picture of the development, achievements and standing of the Group, including the description of the key risks and threats.

The qualified auditor of financial statements that reviewed the interim condensed consolidated financial statements was appointed in compliance with applicable laws, and met the conditions required to issue an impartial and independent review report, in accordance with the applicable laws and professional standards.

The KRUK Group

Piotr Krupa

President of the Management Board

Rafał Janiak

Member of the Management Board

Agnieszka Kulton

Member of the Management Board

Urszula Okarma

Member of the Management Board

Iwona Słomska

Member of the Management Board

Michał Zasepa

Member of the Management Board

Wrocław, August 29th 2011