

Przedsiębiorstwo Doradztwa
Ekonomiczno-Finansowego

siedziba:
miejsce prowadzenia działalności

0-349 Kraków, ul. Lipińskiego 8/5
30-382 Kraków, ul. Kobierzyńska 193B

EUROFIN

Spółka z ograniczoną odpowiedzialnością
Kapitał zakładowy 50.000 zł
Krajowy Rejestr Sądowy nr 0000233742

FAX: 422 - 71 - 47
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NIP 679-01-71-407
REGON nr 350627682

Bank: PEKAO S.A O / Kraków
Nr konta: 59 1240 4533 1111 0000 5426 1367

Przedsiębiorstwo wpisane pod lp. 551 na listę podmiotów uprawnionych do badania sprawozdań finansowych

Opinion of the independent certified auditor

For Shareholders, the Supervisory Board and the Management Board of KREDYT INKASO Spółka Akcyjna.

We audited the attached financial statements of KREDYT INKASO Spółka Akcyjna with the registered office in Zamość, at 32 Okrzei Str., which comprise:

- 1) balance sheet as of 31.03.2010, with total assets and liabilities amounting to PLN 145,619 thousand,
- 2) profit and loss account recognizing net profit for the period from 1.04.2009 to 31.03.2010 of PLN 5,533 thousand,
- 3) changes in shareholders' equity for the financial year from 1.04.2009 to 31.03.2010 recognizing increase in equity by PLN 10.376 thousand,
- 4) cash flow statement for the period 1.04.2009 to 31.03.2010 recognizing decrease in cash by PLN 92 thousand,
- 5) additional information and explanations.

The Management Board of the Company is responsible for drawing up these financial statements.

Our task was to audit the financial statements and express our opinion on reliability, accuracy and clarity of these financial statements and correctness of account books that constitute grounds for drawing up these financial statements.

The audit of the financial statements was conducted in accordance with the following provisions:

- 1) chapter 7 of the Accounting Act of 29 September 1994 (Journal of Laws of 2002 No. 76, item 694),
- 2) professional standards of certified auditors issued by the National Council of Certified Auditors in Poland,

- 3) Ordinance of the Council of Ministers of 16 October 2001 on detailed conditions pursuant to which prospectus and summary prospectus should be drawn up (Journal of Laws No 139, item. 1568, with later amendments),
- 4) Ordinance of the Minister of Finance of 19.02.2009 on current and interim information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws No. 33. item 259).

The financial statements are consistent with the International Accounting Standards, International Financial Reporting Standards and the interpretations related to them published in the forms of executive ordinances of the European Commission and in the scope not regulated in those standards - in accordance with the Accounting Act and secondary provisions issued on the grounds of it and correctly kept account books.

We planned and conducted the audit of the financial statement in such a way so as to obtain rational certainty enabling to express opinion on the statements. In particular, the audit involved verification, mostly on a test basis, accounting documents and entries supporting the amounts and disclosures in the financial statements, assessing the accounting principles and estimates as well as evaluating the overall financial statements presentation. In our opinion, the audit provided sufficient grounds for expressing a reliable opinion.

In our opinion, the audited financial statements, comprising figures and verbal clarifications:

- a) give a fair and clear view of the information necessary to evaluate property and financial situation of the audited company as of 31 March 2010, as well as its financial result for the financial year from 1.04.2009 to 31.03.2010,
- b) have been drawn up, in all material aspects, in accordance with the mentioned above accounting act and accounting principles and account books kept properly on their basis,
- c) are consistent with the rules of law and provisions of the Company's Statutes affecting the contents of the financial statements.

Report on Company's operations is complete under art. 49 section 2 of the accounting act and the Ordinance of the Ministry of Finance of 19.02.2009 on current and interim information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws No. 33. item 259) and information contained in it coming from the audited financial statements is consistent with them.

Certified auditor conducting audit

President of the

Management Board

Ilona Bienias
(entered in the register with the no. 205/1926)

Ilona Bienias
(entered in the register with the
no.. 205/1926)

Cracow, 31 May 2010.

**Przedsiębiorstwo Doradztwa
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R E P O R T
supplementing the Audit Opinion
on financial statements examination
for the year

from 1.04.2009 to 31.03.2010

of KREDYT INKASO
Spółka Akcyjna

with the registered office in Zamość
at 32 Okrzei Str.

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Chapter one

GENERAL DATA AND INTRODUCTORY INFORMATION

1.1. Identification data of the Company

The Company's business name is KREDYT INKASO Spółka Akcyjna. It was entered into the Entrepreneurs Register of the National Court Register under the number KRS 0000270672, pursuant to the decision of the Regional Court in Lublin XI Economic Division dated 28 December 2006.

The Company was established as a result of transformation of Dom Obrotu Wierzytelnościami Kredyt Inkaso Sp. z o.o. sp. k. (limited partnership).

The mentioned Company was entered into the Entrepreneurs Register of the National Court Register under the number KRS 0000007605, pursuant to the decision of the Regional Court in Lublin, 11th Economic Division of the National Court Register dated 19 April 2001.

The Company's registered office is Zamość, 32 Okrzei Str.

The Company does not own separate branch offices. Apart from the registered office in Zamość, the Company operates through the office in Warsaw that does not have a legal status of a branch.

The main object of the Company is other financial intermediation marked with PKD (Polish Classification of Activities) symbol 64.99.Z - and the Company generates the majority of its income from this activity. In the year 2008, for its own needs, it started operating a call centre (contact center) - marked with PKD symbol 82.20.Z.

The Company operates for indefinite period of time.

As of 31 March 2010, Kredyt Inkaso S.A. Management Board consisted of:

- Mr. Artur Maksymilian Górnik - President of the Management Board,
- Mr. Sławomir Ćwik - Vice-President of the Management Board.

As of 31 March 2010, the Supervisory Board consisted of:

- Mr. Ireneusz Andrzej Chadaj - Chairman,
- Mr. Sylwester Bogacki - Vice-Chairman,
- Mr. Tomasz Filipiak - Secretary,
- Ms. Agnieszka Buchajska - Member,
- Mr. Robert Buchajski - Member.

In the period from 1 April 2009 to 31 March 2010, the composition of the Supervisory Board changed.

On 25 July 2009, Mr. Sławomir Górnik submitted resignation from performing function in the Supervisory Board. Pursuant to the resolution No.16/2009 dated 3.07.2009, the Ordinary General Assembly appointed Mr. Tomasz Filipiak as the member of the Supervisory Board.

On 23 July 2009, Mr. Piotr Zawiślak submitted resignation from performing function in the Supervisory Board.

On 23 July 2009, acting in accordance with § 8 section 12 of the Company's Statutes, members of the Supervisory Board supplemented its composition by the way of co-optation. Mr. Robert Buchajski became the new member of the Supervisory Board.

Due to the fact that Mr. Robert Buchajski did not consent to be the candidate for the post of the member of the Supervisory Board of the second term of office, on 28 April 2010, pursuant to the resolution No. 10/2010 the Extraordinary General Assembly appointed Mr. Adam Buchajski as a member of the Supervisory Board.

On 28 May the Supervisory Board of the 2nd term of office appointed persons performing functions in the Supervisory Board. The Supervisory Board established its composition in the following manner:

Mr. Sylwester Bogacki became the Chairman,

Mr. Adam Buchajski became the Vice-Chairman,
Mr. Tomasz Filipiak became the Secretary.

On 23 July 2009, the Supervisory Board appointed the Audit Committee comprising of 3 persons. The composition of the committee is the following: Mr. Robert Buchajski, Mr. Ireneusz Chadaj and Mr. Tomasz Filipiak. Mr. Tomasz Filipiak, who is at the same time an independent member of the Supervisory Board, became the President of the committee.

The competence and obligations of the Committee consist in supervision over financial reporting, internal control, risk management and internal and external audits in the Company.

On 28 May, the Supervisory Board of the 2nd term of office appointed the Audit Committee with the new composition:

Tomasz Filipiak - chairman of the committee
Sylwester Bogacki - member of the committee
Ireneusz Chadaj - member of the committee

As of 31 March 2010, share capital of the Company amounted to PLN 5,494 thousand.

As of 31 March 2010, the shareholders owing at 5 % of the total number of votes at the General Assembly were:

- Ms. Agnieszka Buchajska - 2,207,000 shares, constituting 40.17 % of share capital:
 - directly 1,502,500 shares, constituting 27.35 %,
 - through Renale Management Limutcol with the registered office in Limassol 704,500 shares, constituting 12.82 %.
- Dekra Holdings Limited (Nicosia, Cyprus) owned 549,000 shares, constituting 9.99 % of share capital,
- Mr. Artur Górnik owned 480,000 shares, constituting 8.74 % of share capital:
 - directly 243,000 shares, constituting 4.43 %,
 - through KI Sp. z o.o. 237,000 shares, constituting 4.31 %,
- Ms. Monika Chadaj 403,605 shares, constituting 7.35 %.
- Mr. Sławomir Ćwik - was the owner of 300,000 shares, constituting 5.46 % of share capital,

As of 31 March 2010, the Company was not related to other entities as far as equity is concerned.

The Company owns the identification number in the statistics system REGON: 951078572.

It also owns tax identification number NIP: 922-254-40-99

The following banks provide services for the Company:

- ING Bank Śląski S.A.
- Deutsche Bank.

As of 31.03.2010, the Company employed 29 people on average.

1.2. Information on the agreement on audit of the financial statements for the period from 1.04.2009 to 31.03.2010.

The audit of the financial statements for the period from 1.04.2009 to 31.03.2010 was conducted in the period from 10 May to 25 May 2010 by Przedsiębiorstwo Doradztwa Ekonomiczno - Finansowego EUROFIN Sp. z o.o. with the registered office in Cracow at 8/5 Lipińskiego Str. The venue of conducting business activity is 193B Kobierzyńska Str.

The audit was conducted pursuant to the agreement concluded on 30.09.2009.

Ms. Ilona Bienias - certified auditor registered with the number 205/1926 conducted audit on behalf of EUROFIN Sp. z o.o.

The Management Board of the audited entity made a writing statement about completeness of data recognition in accounting books and events after the balance sheet date. The statement was made on 26 May 2010.

During the audit, the auditor was provided with all documents, explanations and information.

Certified auditor and the auditing Company filed statements about the independence from the audited undertaking.

1.3. Data identifying the financial statements to be audited

The object of this report and opinion of the certified auditor is the financial statements comprising:

- balance sheet made as of 31.03.2010 with total assets and liabilities amounting to PLN 145,619 thousand,
- profit and loss account for the period from 1.04.2009 to 31.03.2010 with net profit amounting to PLN 5,533 thousand,
- additional information and explanations,
- cash flow statement for the period from 1.04.2009 to 31.03.2010 with the decrease of cash by the amount of PLN 92 thousand,
- changes in shareholders' equity for the period from 1.04.2009 to 31.03.2010, with the increase in shareholders' equity by PLN 10,376 thousand.

Moreover, the certified auditor was provided with the report of the Management Board on the Company's operations.

1.4. Data related to the previous period

Financial statements for the previous period comprised:

- balance sheet made as of 31.03.2009 with total assets and liabilities amounting to PLN 126,594 thousand,
- profit and loss account with net profit amounting to PLN 2,537 thousand,
- changes in shareholders' equity for the period from 01.04.2008 to 31.03.2009 with the increase in shareholders' equity by PLN 6,003 thousand,
- cash flow statement for the period from 01.04.2008 to 31.03.2009 with the increase in cash by the amount of PLN 68 thousand,
- additional information and explanations.

The financial statements were approved and submitted to the National Court Register and Tax Office.

On 22 September 2009 pursuant to the resolution of the General Assembly dated 3 July 2009 on profit distribution for the financial year beginning 1 April 2008 and ending 31 March 2009, the dividend in the amount of 9 grosz per share was paid - total amount of the dividend amounted to PLN 494 460.

Chapter two

ANALYSIS OF THE FINANCIAL SITUATION

2.1. Summary of the balance sheet

in PLN thousand

No.	Contents	1.04.2009 - 31.03.2010	1.04.2008 - 31.03.2009	28.12.2006 - 31.03.2008	Change % 3:4	Change % 4:5
1	2	3	4	5	6	7
	ASSETS	145,619	126,594	99,833	115.0	126.8
	Fixed assets	1,910	2,026	1,245	94.3	162.7
1.	of which:					
	– <i>intangible assets</i>	1,132	1,399	973	80.9	143.8
	– <i>tangible assets</i>	778	627	250	124.1	250.8
	– <i>long-term prepayments and accruals</i>	-	-	22	-	-
	– <i>deferred income tax assets</i>	-	-	-	-	-
2.	Current assets	143,709	124,568	98,588	115.4	126.3
	of which:					
	– <i>trade receivables</i>	70	32	18	218.7	177.8
	– <i>receivables relative to income tax</i>	399	-	588	-	-
	– <i>receivables relative to awarded costs of proceedings</i>	2,823	1,691	496	166.9	340.9
	– <i>other receivables</i>	3,407	1,168	303	291.7	385.8
	– <i>purchased debts</i>	131,241	116,401	94,298	112.7	123.4
	– <i>cash and cash equivalents</i>	521	613	545	85.0	112.5
	– <i>other short-term investments</i>	-	4	-	-	-
	– <i>short-term prepayments and accruals</i>	5,249	4,659	2,340	112.7	199.1
3.	Total assets	145,619	126,594	99,761	115.0	126.9

in PLN thousand

No.	Contents	1.04.2009 - 31.03.2010	1.04.2008 - 31.03.2009	28.12.2006 - 31.03.2008	Change % 3:4	Change % 4:5
1	2	3	4	5	6	7
1.	LIABILITIES					
	Equity	98,615	88,239	82,236	111.8	107.3
2.	Long-term liabilities of which:	36,130	7,442	13,508	485.5	55.1
	– <i>long-term reserves</i>	-	-	-	-	-
	– <i>reserves for deferred income tax</i>	1,321	910	508	145.2	17.1
	– <i>bonds issued (according to amortized cost)</i>	34,809	6,523	13,000	553.6	50.2
	– <i>liabilities relative to leasing</i>	-	-	-	-	-
	– <i>other liabilities</i>	-	-	-	-	-
	Short-term liabilities of which:	10,836	30,828	4,017	35.1	767.4
	– <i>short-term reserves</i>	12	12	9	-	133.3
	– <i>bonds issued (according to amortized cost)</i>	4,109	22,740	3,929	18.1	578.8
	– <i>liabilities relative to income tax</i>	-	98	-	-	-
	– <i>trade liabilities</i>	6,524	7,877	-	-	-
	– <i>liabilities relative to leasing</i>	9	90	62	82.8	12,664.5
	– <i>other liabilities</i>	182	11	17	10	205.9
3.	Accruals	-	85	-	1,654.5	-
4.	Total liabilities	145,619	126,594	99,761	115.0	126.9

2.2. Summary of profit and loss account

in PLN

thousand

No.	Contents	1.04.2009- 31.03.2010	1.04.2008- 31.03.200 9	28.12.200 6- 31.03.200 8	Change % 3 : 4	Change % 4 : 5
		Amount	Amount	Amount		
1.	2.	3.	4.	5.	6.	7.
1.	Net income	29,662	18,567	12,910	159.7	143.8
	of which:					
-	income from debts	26,316	15,955	12,604	164.9	126.6
-	income from awarded costs of proceedings	3,230	2,516	262	128.4	960.3
-	other income from sale	117	96	44	121.9	218.2
2.	Costs of income	13,451	7,695	3,055	145.8	251.9
	of which:					
-	costs of debts purchase	10,527	5,282	2,793	199.3	189.1
-	costs of proceedings	2,862	2,413	262	118.6	921.0
-	costs of other income	61	-	-	-	-
3.	Gross profit on sales	16,212	10,872	9,855	149.1	110.3
4.	Selling costs	-	-	-	-	-
5.	Overheads	1,583	1,335	600	118.6	222.5
6.	Other cost of core business	2,877	2,589	3,452	111.1	75.0
7.	Profit on sales	11,752	6,947	5,803	169.2	119.7
8.	Other operating income	63	161	158	39.1	101.9
9.	Other operating costs	1,264	921	35	137.2	2,631.4
10.	Operating profit	10,551	6,188	5,926	170.5	104.4
11.	Financial income	57	63	204	90.5	30.9
12.	Financial costs	3,898	3,192	755	122.1	422.8
13.	Gross profit before taxation	6,710	3,059	5,375	219.3	36.9
14.	Income tax	1,177	522	1,129	225.5	46.2
15.	Net profit	5,533	2,537	4,246	218.1	59.7

2.3. Ratios characterizing financial result and property and financial situation

No.	Specification	1.04.2009- 31.03.2010	1.04.2008- 31.03.2009	28.12.2006- 31.03.2008
1.	<i>Profitability of assets ROA (%)</i> <u>net financial result</u> average annual state of assets	4.06	2.24	6.28
2.	<i>Profitability of equity ROE (%)</i> <u>net financial result</u> average annual state of equity (fund)	5.92	2.98	7.62
3.	<i>Net profitability of sales (%)</i> <u>net financial result</u> average state of debts	4.47	2.41	6.81
4.	<i>Efficiency ratio</i> <u>operating costs</u> income from debts	21.75	30.77	32.43
5.	<i>Income /purchased debts</i> <u>income</u> average state of debts	23.96	30.37	32.43
6.	<i>Indebtedness of assets</i> <u>All liabilities</u> Balance sheet total	32.25	30.23	17.55
7.	<i>Ratio of income and cash coverage of debt</i> <u>Income from debts</u> Short-term liabilities	242.86	51.75	271.82
8.	<i>Short-term indebtedness of equity</i> <u>Short-term liabilities</u> Equity	11.0	34.94	4.88

2.4. Commentaries

Value of the Company's assets increased by 15 % i.e. from PLN 126,594 to 145,619 thousand.

The increase by over PLN 14,840 thousand i.e.; by about 13 % in the value of purchased debts took place - from PLN 116,401 thousand to 131,241 thousand.

The increase by PLN 1,132 i.e. by 67% in receivables relative to awarded costs of proceedings took place and in the value of short-term prepayments and accruals from PLN 4,659 to 5,249 thousand.

Reserve for deferred income tax increased from PLN 910 to 1 321 thousand, due to the increase in involvement in court proceedings.

Other receivables increased considerably from PLN 1,168 thousand to PLN 3,407 thousand.

As of 31.03.2010, the Company's state of cash amounted to PLN 521 thousand in comparison with the amount of PLN 613 thousand as of 31.03.2009.

Balance sheet value of fixed assets decreased in comparison with the previous period by over PLN 116 thousand which was the effect of established amortization writ-offs and investments in fixed assets in the amount of PLN 479 thousand.

Equity increased by PLN 10,376 thousand in comparison with the previous period i.e. from PLN 88,239 to PLN 98,615 thousand. This value comprises the increase in debts revaluation reserve by PLN 5,377 and the increase in 60 % of the supplementary reserve (from PLN 3,364 to 5,407 thousand).

The level of long-term liabilities increased substantially as well as their share in the total level of indebtedness, mainly as a result of restructuring indebtedness related to bonds.

Short-term liabilities decreased almost three times from PLN 30,828 thousand to PLN 10,836 thousand.

Increase in income by 60% took place from PLN 18,567 thousand to PLN 29,662 thousand caused mainly by the increase in the income from purchased debts by PLN 10,361 thousand.

Profit on sales increased by 49% from PLN 10,872 thousand to PLN 16,212 thousand.

Although the number of serviced cases increased, costs of business activity increased only by between ten and twenty percent.

Dynamics of gross profit amounted to 119 %, whereas net profit increased by 118 % from PLN 2,357 thousand to PLN 5,533 thousand.

2.5. Going concern

The financial statements were prepared on the basis of assumed going concern in the foreseeable future. No circumstances indicate threat to the going concern of the Company.

Chapter three

ACCOUNTANCY SYSTEM AND INTERNAL CONTROL SYSTEM RELATED TO IT

3.1. Accountancy

The Company has the accounting policy approved by the Management Board that is applied. The adopted set of synthetic accounts along with the set of analytical accounts supplementing it enable to group the data in cross sections necessary for drawing up financial statements according to patterns defined by regulations.

Account books of the Company were kept by means of a computer system, applying the license to use financial and accountancy program - REWIZOR GT, Insert Sp. z o.o. Wrocław and SUNSYSTEMS 5.3.1 version.

The Company's Management Board approved the applied system for usage.

The Company keeps required accounts of subsidiary ledgers. Economic transactions are clearly documented and correctly classified for recognition in account books.

Accounting documents are checked as far as compliance with accounting regulations and actual facts is concerned and accepted. The fact of internal control is formally confirmed by the persons performing internal control. Documents are collected, marked with the number and archived in binders divided according to the matter.

Accounting documents have required elements, and accounting entries have audit trail. In accounting documents, the number of register item under which the entry was made is marked.

Accounting entries made chronologically and are related to accounting entries recognized systematically.

Data from account books was appropriately recognized in the financial statements. Balances of balance sheet accounts at the end of the previous period were correctly moved to the opening balance sheet of the audited period.

Account books were kept systematically. The continuity of entries was ensured in the account books, it is possible to check them, since documentation of entries makes it possible to identify them.

Accounting documents and account books are properly stored and secured against access of third persons.

3.2. Internal control

Internal control is performed by: the Management Board and the Senior Accountant.

Procedures of internal control are applied in a continued manner, limiting the risk of occurrence of irregularities in the scope of correct recognition, documenting and checking, in particular:

- revenues and expenditures of materials and services and invoices related to them,
- revenues and expenditures of cash,
- settlements and payment of remuneration for work,
- incurring costs.

The system applied by the Company secures the interest and property of Company's shareholders.

3.3. Inventory

The inventory was taken pursuant to the Order of the Company's Management Board. As of 31.03.2010, the inventory included:

- by physical count of

- cash in hand,
- by confirmation by contracting parties of correctness of those assets shown in account books:
 - trade receivables,
 - cash in bank account,
- by verification of
 - purchased debts,
 - reserves,
 - deferred tax,
 - prepayments and accruals of costs and income,
 - other receivables,
 - fixed assets,
 - settlements of accounts with state budget,
 - intangible assets,
 - trade liabilities,
 - reserves for liabilities.

The inventory took by the Company was complete and in conformity with the requirements of the accounting act, the Company properly documented and settled it.

Chapter four

RELIABILITY AND CORRECTNESS OF RECOGNITION OF INDIVIDUAL COMPONENTS OF PROPERTY (ASSETS)

4.1. Fixed assets

4.1.1. Commentaries

Intangible assets comprised system and production software.

Initial valuation of those assets was calculated at the acquisition price resulting from completed transaction. After the initial recognition, the valuation was calculated at the acquisition price after deduction of amortization; period and method of amortization were verified as of the end of reporting year. They did not differ from previous estimations. The residual value was assumed zero. Amortization write offs are calculated according to a straight-line method with the exception of notebooks which were depreciated according to the digressive method.

Moreover, the Company owns a trademark, which is the component of intangible assets, recognized at the purchase price after it has been tested for impairment.

No prerequisites for impairment of those components occurred.

Tangible fixed assets comprised improvements in third parties assets, machinery and equipment, other fixed assets and fixed assets under construction.

As of the date of initial recognition, they were valued at the acquisition price. In the tangible fixed assets used by the Company, no significant parts of fixed assets (components) of which period of usage would differ from the period of usage of the whole tangible fixed asset were identified.

Depreciation means applied in the previous period do not differ from those verified in the reporting period. Depreciation rates define the period of their economic usefulness.

Depreciation was calculated from the moment in which a tangible fixed asset is available for usage, applying the straight-line method, with the exception of notebooks depreciated according to a degressive method at the ratio equal 2.

It was identified that the residual value of tangible fixed assets used by the Company equals zero.

Deferred income tax assets were estimated at the amount that is meant to be deducted from income tax in the future, in relation to negative temporary timing differences which will result in decrease of taxable base in the future calculated in a conservative manner applying 19%.

Other prepayments and accruals comprised interest on lease in the period not longer than 12 months from the reporting date.

Short-term receivables comprised trade receivables, receivables relative to income tax, receivables relative to awarded costs of proceedings and other receivables. They were valued at the amounts of due payment estimated in a conservative manner. Value of debts resulting from the Company's business activity consisting in trade and management of debts was revaluated taking into consideration the probability of their payment by establishing revaluation write off.

Book value of receivables is equal to their fair value.

Purchased debts - purchased on the Company's own risk and account were classified as financial instruments available for sale. They were valued at the fair value applying estimation based on historical experiences (recalculation of future cash flows allowing for current value of investments in debts as of the balance sheet date).

Temporary timing differences in income tax occurring at the moment of the initial recognition are not recognized since they did not comply with the condition under IAS 12 paragraph 22, paragraph 15 and paragraph 24.

Temporary timing differences occurring due to the valuation at the amount of fair value as of each following reporting day are lower than not recognized difference from the initial recognition that is why they are not recognized either.

Differences resulting from estimation in the fair value are recognized in the revaluation reserve.

Cash and cash equivalents included cash in hand and at bank as well as other cash equivalents, i.e. bank deposits with the maturity not exceeding three months.

The mentioned cash was valued at the nominal value, whereas bank deposits at the amount of due payment. Book value of those assets corresponds with their fair value.

Short-term prepayments and accruals comprised prepaid costs (incurred expenditure related to future costs) and interest related to financial lease that is to be settled within 12 months of the reporting date.

Chapter five

DESCRIPTION OF LIABILITIES COMPONENTS

5.1. Balance sheet reserve

5.1.2. Commentaries

Share capital was presented at the nominal value. It is consistent with the Statutes of the Company and the entry in the National Court Register.

Supplementary reserve (shares premium) was established out of the surplus of the issue value of shares over their nominal value less costs of the issue.

Revaluation reserve was established in relation to the valuation of financial instruments available for sale at the fair values.

At the moment of exclusion of the financial assets component from the balance sheet, accumulated net profits and losses recognized in the revaluation reserve are recognized in the financial result of a given period.

Reserve for deferred income tax was established in the amount that will result in increasing the liability relative to income tax in the future, due to the occurrence of positive temporary differences between balance sheet value of assets and liabilities and their tax value.

Valuating the reserve, the tax rate of 19% was taken into consideration. The reserve for deferred tax on receivables relative to legal proceedings costs was established.

Reserve for pensions and similar benefits was not established since the estimated amount of the reserve turned out to be of no significance.

Liabilities are valued at the end of the reporting period in the amount of due payment, with the exception of liabilities relative to bonds issue, which are valued at the moment of initial recognition at the fair value less costs of transaction.

As of the balance sheet date, the valuation was calculated according to the amortized cost applying the effective interest rate and divided according to the term of generated cash flow into short-term and long-term part.

Liabilities relative to legal persons' income tax are presented in the due amount, applying 19% rate.

Liabilities relative to financial lease were also identified.

Assets and liabilities denominated in foreign currencies did not occur.

Chapter six

COMPLETENESS AND CORRECTNESS OF ITEMS SHAPING GROSS FINANCIAL RESULT

6.1. Income

Income from purchased debts is recognized in the moment of obtaining it in the obtained amount.

Income from awarded costs of proceedings is recognized as of the date of enforcement order obtaining, and the income from services is recognized as of their due date and in due amount.

6.2. Own cost of income

6.2.1. Commentaries

Own cost of income from purchased debts consists of purchase value, including the fee for the legal agent in the amount of income obtained in relation to reimbursement of awarded cost of representation in legal proceedings, whereas own cost of income from awarded cost of proceedings consists of costs of those proceedings, excluding costs of representation in legal proceedings.

Purchase value of debts comprises also the purchase price of debts along with the transaction costs, which in the reporting period was considered the part that would not generate financial benefits in the future periods and at the same time it was not included into costs in the future periods.

Overheads comprise all other costs incurred by the Company which were not classified as the own cost of income and other cost of core business and were also incurred in relation to Company's operating activity.

Other costs of core business comprise cost of handling the purchased debts in the pre-action stage and other costs connected with the purchased debts management as well as the costs of contact center maintenance.

Income tax consists of the current and deferred part. Current tax liability was calculated on the basis of tax result, according to 19% rate.

Deferred tax was calculated on the basis of the balance sheet method as the tax subject to refund or payment in the future, basing on temporary timing differences.

Chapter seven

FINAL INFORMATION AND FINDINGS

- 7.1. According to the statement of KREDYT INKASO S.A., after the balance sheet date no events that would significantly change findings of this Report and the contents of the opinion of the certified auditor occurred.
- 7.2. Audited financial statements of the Company for the period from 1.04.2009 to 31.03.2010 were drawn up following the principle of balance sheet continuity.
- 7.3. Records of economic transactions in the audited period were kept in accordance with the binding accountancy principles.
- 7.4. Assets and liabilities recognized in the balance sheet are actual ones; they exist, are real and were valued properly.
- 7.5. Components of assets recognized in the balance sheet are the Company's property.
- 7.6. Additional information and explanations and the introduction to the financial statements contain required scope of information. Data contained in them is consistent with the data recognized in the balance sheet and the profit and loss account.
- 7.7. Income and costs of audited year were completely recognized and correctly recognized in the accounting records and the financial statements.
- 7.8. Financial result was established applying the accruals principle, ensuring that income commensurate with costs.
- 7.9. Data presented in the Report of the Management Board of the Company is consistent with the data presented in the balance sheet. The financial statements meet the requirements defined in art. 49 section 2 of the Accounting Act of 29 September 1994 and the Ordinance of the Minister of Finance of 19.02.2009 on current and interim information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member (Journal of Laws No. 33. item 259).
- 7.10. Cash flow statement was prepared correctly.
- 7.11. No infringements of binding provisions of law influencing the financial statements as well as of the Company's Statutes by audited Company were identified as a result of the financial statements audit.
- 7.12. The undertaking prepared correctly the change of shareholders' equity.
- 7.13. Audit samples were applied for auditing individual items of the financial statements and account books, which were the base for assessing correctness of audited items. Audit limited to selected samples was applied also in relation to items shaping the amount of settlements of accounts with state budgets, thus differences between the findings included in this Report and the findings of possible tax inspections, usually carried out by full method, may occur.

The herein Report contains 20 pages numbered consecutively. Each page was marked inserting signatures of certified auditors next to the number of each page.

Certified accountant managing the audit

President of the Management Board

Ilona Bienias
(registered with the number 205/1926)

Ilona Bienias

Cracow, 31 May 2010