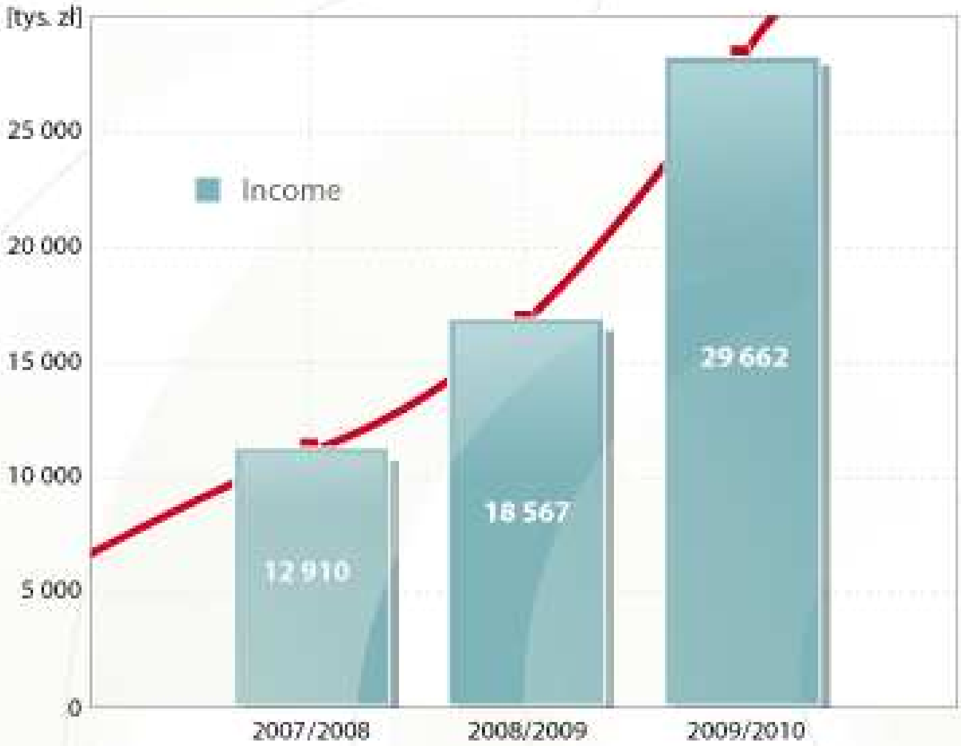
KREDYT INKASO SA



ANNUAL REPORT FOR THE FINANCIAL YEAR 2009/2010

Zamość, May 2010

LETTER OF THE CHAIRMAN OF KREDYT INKASO S.A. SUPERVISORY BOARD TO SHAREHOLDERS

Dear Shareholders,

Kredyt Inkaso S.A. has ended the next year of its business activity. Over the last year, the Company effectively consolidated its market position and successively increased the scale of its activity. There is no doubt that launching e-court, which in a considerable way fastens the process of collecting receivables was of great importance for the Company's development as well as for the level of generated financial results. In the period of three years commencing form the Company's debut on the WSE, it became a major and recognizable participant in the wholesale market of trade in receivables. The increase in the Company's potential is reflected in growing value of owned debts, increasing income and first of all in the number of cases that the Company is able to bring to courts over the year. In the last year, there were over 90 thousand of them. Investments made by the Company are reflected in financial results that are the best in the history of Kredyt Inkaso S.A. business activity. The Company generated PLN 5.5 million of net profit with the income equal to PLN 29.66 million. In the period of significant unease about condition of Polish and global economy, Kredyt Inkaso S.A. very consequently and without unnecessary nervousness has implemented its development policy, at the same time building the enterprise value. I hope that improving atmosphere and generated results will allow us to achieve soon the increase in shares value corresponding with the growing value of the Company.

I would like to invite you to read the Annual Report 2008/09 presenting results and detailed description of achievements of Kredyt Inkaso S.A. in the last financial year. I wish to thank the Management Board and Contracting Parties for productive co-operation. I also would like to thank Shareholders of Kredyt Inkaso for their confidence in this extremely difficult year for investors. I can assure present and future shareholders that the prospects of the Company's results growth are very good. I am certain that the Management Board and employees of Kredyt Inkaso S.A. will do their best to increase the Company's value and live up to investors' expectations.

Zamość, 28 May 2010

Sylwester Bogacki
Przewodniczący Rady Nadzorczej

LETTER OF THE PRESIDENT OF KREDYT INKASO MANAGEMENT BOARD TO SHAREHOLDERS

Dear Shareholders,

Kredyt Inkaso S.A. has just ended the eighth year of its business activity. Writing this letter this letter to Shareholders, I would like to indicate a few achievements of the last year:

There is no doubt that the first of them are the highest financial results in the whole Company's history. Net profit in the amount of PLN 5,533 thousand was higher by 118%, and the income in the amount fo PLN 29,66 thousand was higher by 60% than the one in the previous year. Distinct, constant trend of monthly income increase, commenced in the first quarter of the last year is a very good signal for results generated in the next year.

It would not have been possible without the greatest operational challenge of the last year, which was the implementation of procedures of co-operation with e-court, which was launched in January 2010. It was intended to consider cases in which a creditor can pursue pecuniary claims without complicated proceedings. Months of preparations ended with the success, which was initiating over 70 thousand proceedings in the first quarter of e-court operating, earlier, we obtained this number annually. It is worth emphasizing that we did it as the first ones – overtaking the competition. The result of the mentioned operation is the concentration of financial results generated thanks to that anticipated in the next months.

One can also be satisfied that we completed successfully the operation of the change in the structure of business activity financing that was carried out last year. We increased the level of long-term bonds to approximately 76%, at the same time decreasing effective cost of financing. In spite of turbulences on financial markets, we have maintained our ability to acquire capital, the proof of which is the fact that last year we issued bonds with the total value of almost PLN 40 million.

Events that took place last year indicate our plans for the next year. It will be the period in which we will focus on building our position on new markets. I mean first of all the wholesale trade in receivables resulting from bank services. The first step that we took had been starting co-operation with TFI Allianz related to the purchase of investment certificates of securitization fund by Kredyt Inkaso S.A. The next one is expansion of the group by forming subsidiary of Luxembourg law. Obtaining the permission from the Polish Financial Supervision Authority to manage the portfolio of securitization funds planned by us, will complete the process of reorganization of our business model in the next year. Thanks to that, we will open the way to obtain a considerable share in transactions of trade in bank receivables and economic benefits thanks to implemented legal structures – we are aiming at taking the next great step in the Company's development.

I am sure that we can achieve those objectives. We will do our best to make the next year the best one in the Company's history, both from the point of view of market achievements and financial results.

From my personal point of view, I would like to say proudly about something that is not noticeable outside. Last year, we made a lot of efforts to develop the top management staff. There are colleagues among us, both newly employed and working for a longer time that are more and more competent, self-reliant and committed. I am especially pleased with that – I would like to thank them.

I would like to invite you to read the Annual Report, which outlines the results obtained by Kredyt Inkaso S.A. in the last year.

Yours faithfully,

Artur Górnik

Zamość, 28 May 2010

President of the Management Board
Artur Maksymilian Górnik

CONTENTS

SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA	in PLN thousand		in EUR thousand	
	current data	comparative data	current data	comparative data
from profit and loss account	**from 01.04.2009 to 31.03.2010**	**from 01.04.2008 to 31.03.2009**	**from 01.04.2009 to 31.03.2010**	**from 01.04.2008 to 31.03.2009**
I. Net income from sale of products, goods and materials	29 662	18 567	7 092	4 896
II. Operating profit (loss)	10 551	6 188	2 523	1 632
III. Gross profit (loss)	6 710	3 059	1 604	807
IV. Net profit (loss)	5 533	2 537	1 323	669
V. Profit (loss) per one ordinary share (in PLN / EUR)	1,01	0,46	0,24	0,12
VI. Diluted profit (loss) per one ordinary share (in PLN / EUR)	0,98	0,45	0,23	0,12
from cash flow statement	**from 01.04.2009 to 31.03.2010**	**from 01.04.2008 to 31.03.2009**	**from 01.04.2009 to 31.03.2010**	**from 01.04.2008 to 31.03.2009**
VII. Net operating cash flows	-4 894	-7 013	-1 170	-1 849
VIII. Net investment cash flows	-389	-1 078	-93	-284
IX. Net financial cash flows	5 191	8 159	1 241	2 151
X. Total net cash flows	-92	68	-22	18
from balance sheet	**31.03.2010**	**31.03.2009**	**31.03.2010**	**31.03.2009**
XI. Total assets	145 619	126 594	37 704	26 927
XII. Liabilities and reserves for liabilities	47 004	38 355	12 170	8 158
XIII. Long-term liabilities	36 130	7 442	9 355	1 583
XIV. Short-term liabilities	10 836	30 828	2 806	6 557
XV. Equity	98 615	88 239	25 533	18 769
XVI. Share capital	5 494	5 494	1 423	1 169
XVII. Number of shares (thousand)	5 494	5 495	1 423	1 169
XVIII. Book value per one share (in PLN / EUR)	17,95	16,06	4,65	3,42
XIX. Diluted book value per one share (in PLN / EUR)	17,44	15,61	4,52	3,32
XX. Declared or paid dividend per one share (in PLN / EUR)	1,01	0,09	0,05	0,02

Translation into EURO was calculated in the following way:
For the items from I to X the average rate of exchange for a given period was applied, calculated as the arithmetic average of the National Bank of Poland rates of exchange (table A) binding as of the last day of each month in a given period. In the period from 01.04.2009 to 31.03.2010, the average amounts to PLN/EUR 4.1825 and in the period from 01.04.2008 to 31.03.2009 equals to PLN/EUR 3.7926.
For the items from XI to XX the average rate of exchange of NBP (table A) as of the balance sheet date, i.e. as of 31.03.2010 was applied which was equal to PLN/EUR 3.8622 and as of 31.03.2009 the rate of exchange equal to PLN/EUR 4.7013 was applied.

Kredyt Inkaso Spółka Akcyjna
w Zamościu

REPORT OF THE MANAGEMENT BOARD
ON OPERATIONS OF KREDYT INKASO S.A.
FOR THE FINANCIAL YEAR 2009/10
(period from 01.04.2009 to 31.03.2010)

Zamość, May 2010

GENERAL INFORMATION ABOUT THE COMPANY

Note 1 – Legal grounds of the activity

Kredyt Inkaso S.A. 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, 11th Economic Division of the National Court Register dated 28 December 2006.
Kredyt Inkaso S.A. was established as a result of the transformation of Dom Obrotu Wierzytelnościami Kredyt Inkaso Sp. z o.o. sp. k. into a joint stock company. Dom Obrotu Wierzytelnościami Kredyt Inkaso sp. z o.o. sp. k. (limited partnership) 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.

Note 2 – Object of activity

According to the Polish Classification of Activities, the main object of the Company's activity concerns wholesale trade in receivables resulting from mass services defined in the Polish Classification of Activities as other financial services, not classified elsewhere, except for insurance and pension funds, (PKD symbol: 64.99.Z) and the majority of income is generated from this activity. We operate a call centre for our own needs (contact centre) – in PKD 2007 marked with the symbol 82.20.Z.

Note 3 – Description of Company's operations

The main object of the Company's activity consists in purchasing debt portfolios, assumed difficult to collect by the primary creditors and collecting them on our own, first of all in court in cooperation with a legal office specializing in this work. Purchasing debt portfolios on our own account and risk constitutes a significant element of the Company's operations, since having the title of ownership; we are able to select the most beneficial way of debt collection.
The income generated by us in the financial year 2009/10 constitutes first of all income from collecting receivables resulting from the purchased debt portfolios (88.7%) and income from awarded with legal validity amounts resulting from incurred costs of proceedings in actions against debtors of purchased debts (10.9%). We also obtained income from the interest on loans and bank deposits, which we used periodically to invest our financial resources and from the sublease of the part of our office space.

Note 4 - Business model

Competitive advantages of Kredyt Inkaso S.A.

- recovery of debt collection costs
- minimizing operating costs and fixed costs through wide-ranging outsourcing
- linking variable costs to income – outsourcing legal services
- dedicated IT system, developed by Kredyt Inkaso S.A. – standardizing and automating legal actions
- safeguards against claims – operations entirely legal owing to the legal procedures adopted
- nine years of experience in the receivables industry
- increased ability to obtain external funding owing to public company status

Kredyt Inkaso S.A. operates in the debt management industry, in the debt trade segment where debt results from mass services. We specialize in purchasing entire portfolios of debts considered difficult to recover by the original creditors and collect them on our own account. Kredyt Inkaso business model is based on the full outsourcing of operations (collection activities), which are commissioned to specialist external entities. Close co-operation with respect to legal actions with the law firm Kancelaria Prawnicza FORUM Radca Prawny Krzysztof Piluś i S-ka spółka komandytowa (limited partnership) is particularly important. The Law Firm acts as the Company's legal agent, undertaking all legal actions aimed at the recovery of debts purchased by Kredyt Inkaso. This model makes it possible to claim the reimbursement of collection procedure costs from debtors pursuant to applicable laws. Enforcement proceedings related to debts can be instituted for at least 10 years after an enforcement title has been obtained and it is not possible to invoke the statute of limitations.

Full **outsourcing** of operations

During this long-standing co-operation with Kancelaria Prawnicza FORUM we have developed an efficient model of proceedings conducting, which - together with the dedicated IT system ensuring full standardization and automation of operations – allows it to eliminate fixed costs such as call center, large mailing room or the network of field collectors. The outsourcing of legal services and operations is an important factor contributing to the efficiency of Kredyt Inkaso operations. The co-operation with the Law Firm is based on the principle that legal service costs are related to the income generated, which means that the costs incurred are proportional to income.

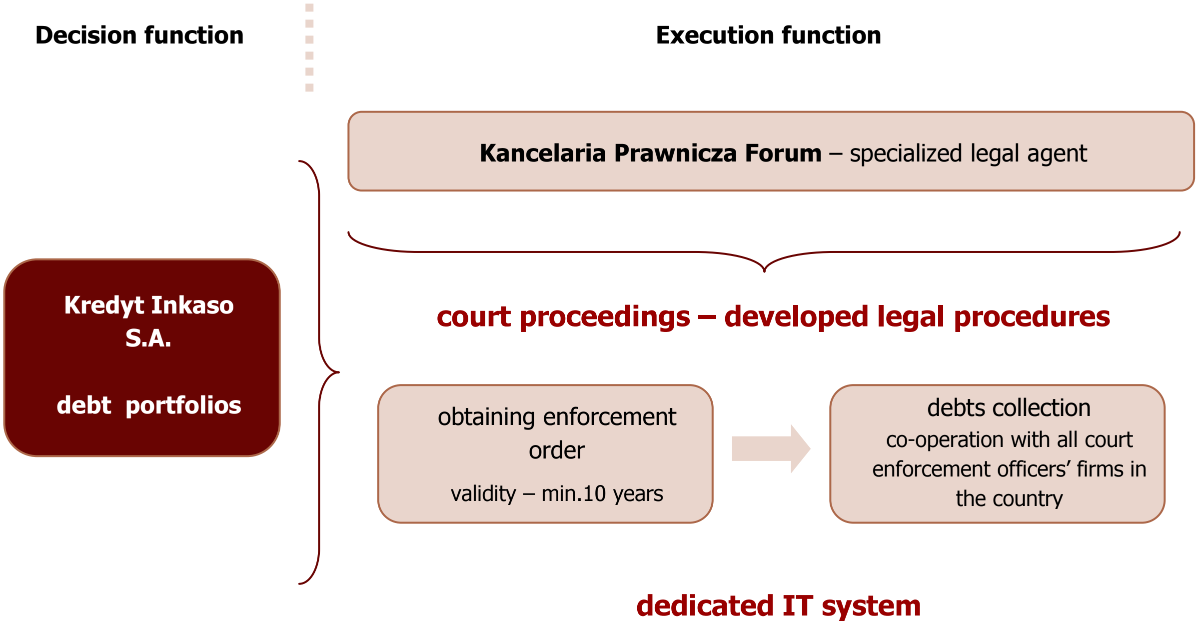
Nine- year experience in the industry

We purchase debt portfolios primarily related to unpaid telecommunications service bills, interest and penalties. Debt portfolios generate income and cash flow over many years, which makes the business model resilient to changes in business climate. The average nominal value of a purchased debt (understood as the sum of principal debt and interest calculated until the date of purchase) in our portfolio amounts does not exceed PLN 1.7 thousand. The large number of debtors and the significant dispersion of debts amounts eliminate risk concentration. (see Note 41 to the Financial Statements).

diversification of debts portfolio: **lack of concentration risk**

The Company's longest-standing partner is Polska Telefonia Cyfrowa Sp. z o. o., the operator of the ERA mobile network. During nine years, both firms have concluded 25 debt portfolios assignment agreements, pursuant to which Kredyt Inkaso S.A. has acquired more than 38 thousand rights to collect debt. The group of the most important partners of the Company has included Telekomunikacja Polska S.A., PTK Centertel sp. z o. o. - the operator of the Orange mobile network (which have been our partners in transactions since September 2007), a significant partner is also Polkomtel S.A. - the operator of the Plus mobile network (the first transaction – November 2007). Since the inception of the Company telecommunications operators have submitted over three hundred and fifty thousand cases to the portfolio of Kredyt Inkaso S.A.

The chart of Kredyt Inkaso S.A. business model



Note 5 - Market environment

Branch and segment of Kredyt Inkaso S.A. business activity

We operate in the debt management branch. This industry provides financial services in the following categories:

1. preventive management of debts and payments monitoring,
2. collection of overdue debts on commission (including also on behalf of securitization funds),
3. trade in overdue receivables and their collection on the purchaser's own account

We treat factoring and other services connected with management of debts that are not overdue as a separate branch.
Within the debt trade market, one should distinguish wholesale market (mass debts portfolios) and retail market (individual cases). Both such markets can be diversified as far as quantity of cases and object of activity are concerned. Debt portfolios may comprise from several dozen to several dozen thousand cases, and the value of an individual debt may fluctuate between several dozen and several hundred thousand PLN. Small entities running business activity within a given region are usually interested in individual cases or portfolios with a small total value. Organizations with larger funds, able to purchase and handle portfolios with a significant value are usually active exclusively on the wholesale market.
Since 2001 until the present, Kredyt Inkaso S.A. has been active only in the sector of trade in debts resulting from mass services (wholesale market), purchasing mass debts portfolios and collecting them on its own account. We are the pioneers of this line of business. At the present moment, achieved experience and narrow specialization give us a competitive advantage.

Description of the sector of trade in debts resulting from mass services

Companies active in the sector of trade in debts resulting from mass services offer the entities providing such services the possibility of selling overdue receivables for an agreed price. Transactions are of wholesale nature – debts are sold in whole portfolios. The purpose of purchase of debts is usually their collection on the purchaser's own account. Further re-sale of debts takes place very rarely.

Thanks to the possibility of selling debts difficult to collect, enterprises providing mass services gain certainty that at least part of a receivable (amount paid by purchaser) will be recovered. At the same time, the awareness of existence of entities specializing in enforcing debtors' liabilities should motivate them to pay due amounts on time which contributes to the general increase of certainty and confidence in economic trade.

Sale of receivables allows the original creditor to obtain in a short time financial means that he can use to run his core business. The possibility of removing substandard receivables from the balance sheet is of special importance for banks that are obliged to maintain the minimal level of capitals and establish reserves for receivables at risk. Moreover, sale of bad debts allows the companies to achieve favorable tax effects.

Once receivables have been sold, the simultaneous transfer of credit risk to a purchaser takes place. Entity that intentionally adopts the policy of selling overdue receivables does not have to maintain its own debt collection structures and conduct court and enforcement proceedings on its own. Some of enterprises also come to the conclusion that collecting debts on their own would have negative impact on their image, which is also the factor that motivates them to sell receivables (then, usually the credibility of a purchaser is taken into consideration as well as his compliance with the law and best practices, which we consider our advantage).

Natural sellers of debt portfolios are all entities providing mass services (financial and non-financial), for which consumers pay with delay (in the form of installments, bills made out periodically, etc.) Two the biggest groups of receivables sellers are financial branch (mainly not paid credits) and telecommunications branch (not paid bills for services and financial penalties for breaking contracts ahead of due time) however the group of potential contracting parties in transactions of debts assignment is much larger.

Entities operating in the industry

In the debts management industry both small and large entities, diversified in the scope of adopted business model operate. It is estimated that approximately 300 debt collection companies are active in Poland, out of which the number of entities with a considerable share in the market is over ten times smaller. Competitive entities of Kredyt Inkaso S.A. are those of which the significant element of business activity is related to trade in mass receivables. Below, we present a short description of selected entities from the debt management branch that are present in our sector of business activity. In this group, one can distinguish companies that not only run business activity similar to Kredyt Inkaso S.A. but also decided to obtain the status of a public company which to a great extent, makes it easier to raise capital from investors, which is necessary for debts purchases.

Business name	Trade in receivables	Servicing entity of securitization fund	Listed	Major shareholder
GK Kruk S.A.	YES	YES	NO	Enterprise Investors
GPM Vindexus S.A.	YES	YES	WSE	Chairman of the Supervisory Board
GPPI S.A.	YES		NC	Mewa S.A.
Fast Finanse S.A	YES		WSE	President of the Management Board, Vice-President of the Management Board
Best S.A.		YES	WSE	President of the Management Board
Cash Flow S.A. -			WSE	President of the Management Board, natural person
EGB Investments S.A	YES	YES	NO	Nova Polonia Private Equity Fund LLC
P.R.E.S.C.O. sp. z o.o.	YES	YES	NO	President of the Management Board, Vice-President of the Management Board
Ultimo sp. z o.o.	YES	YES	NO	Advent International
APS Poland S.A.		YES	NO	APS Holding A.S.

Size of the sector in the year 2009/10

According to our information, in the financial year 2009/2010 (i.e. from 01 April 2009 to 31 March 2010) telecommunications operators offered for sale receivables in the nominal value of approximately PLN 420 million. Out of this amount, in the course of tenders we won, we purchased debt portfolios with the nominal value of over PLN 146 million, which constituted almost 1/3 of the total amount of receivables offered for sale. In the previous financial year, the value of portfolios offered for sale by telecommunications operators amounted to approximately PLN 355 million. Out of this amount, in the course of tenders we won, we purchased debt portfolios with the nominal value of PLN 149 million, which constituted over 42% of all portfolios offered for sale. Acquiring such high nominal value of receivables, along with the awareness of dispersion of remaining portfolios between various purchasers, makes it possible to say that we are the biggest entity active on this market and the most important contracting party of telecommunications operators in transactions of receivables sale.
Thanks to specialization in handling mass receivables and *know-how* of operations developed for years, in great number of tenders, we are able to (where it is economically justifiable) offer better conditions of purchase to sellers, increasing considerably owned debts portfolio and at the same time maintaining high profitability of operations.

Much bigger is the nominal value of receivables offered for sale by financial sector, most frequently purchased by securitization funds. The biggest publicly announced transactions in the last years are, among others:

- agreement of August 2008 between Ultimo NS FIZ and PKO BP on purchase of a big portfolio of bank receivables by the fund with the nominal value of almost PLN 700 million,
- tender of PKO BP bank for the sale of the portfolio with the value of almost PLN 660 million of March 2010.

Influence of the situation on financial markets on the future of the sector

Events that took place on financial markets in the 2nd half year of 2008 and in the year 2009, have also influenced sector of trade in debts resulting from mass services in which Kredyt Inkaso S.A. operates. Analyzing market environment we take into consideration changes on financial markets as well as our forecasts relating to the further development of the situation.

For companies operating in debt trade sector, crisis of financial markets translated mainly into difficulty in getting access to financing their business activities (both obtaining new equity and external funds). Lower level of free financial means on the market has been reflected in already noticeable drop in the prices of debt portfolios and extension of their payment periods. Growing restrictions on crediting business activities of enterprises will certainly cause further problems of some entities in financing purchases.

We expect that drop in demand for debt portfolios caused by decreased possibilities of purchase will be accompanied with their increased supply, related to the following factors:

- firstly, there is constant trend of increasing volume of transactions related to the increase in popularity of selling substandard receivables to entities specializing in handling them, which in Poland still takes places less frequently than in countries with more developed market economics;
- the factor that in a considerable way strengthens the will to sell owned receivables is the possibility of instant improvement of financial liquidity and assets structure of a seller; situation on financial markets is reflected in difficulties in maintaining liquidity observed now and expected in next months so the impact of this factor will grow; it is of special importance for banks which are obliged to maintain reserves and increased capitals related to the presence of receivables at risk in the balance sheet. Financial crisis contributes to the increase in the number of enterprises making efforts to get the best possible assessment of investors, creditors or rating agencies and the improvement of balance sheet structure as a result of sale of overdue receivables has a positive impact on it;
- thirdly (*last but not least*), recently, a sudden increase in consumption and development of new credits lending has taken place, which resulted in a great number of new financial commitments. The present financial crisis will cause a significant increase in substandard receivables both from companies and natural persons, the typical pattern is that financial problems entail first of all delays in payment of current bills (e.g. for telecommunications services, rent, lease) and installments of consumer credits; later on delays in payments of mortgage and investment credits occur. According to published information, the increase in so called bad credits has already occurred, original creditors usually conduct introductory debt collections on their own or they decide to commission external agencies to perform those actions, only later they offer the receivables for sale. Taking into consideration the above, we assess that the highest increase in supply of receivables will take place in the first half of the year 2010.

Changes of demand and supply should cause significant decrease in prices of receivables. We have observed the trend confirming this thesis since the beginning of the year 2009, although the beginning of 2010 indicates stabilization of the market and partial turn of tendencies. In the next period, we expect that there will be a lot of opportunities of beneficial purchases. Entities able to generate positive cash flows and raise debt capital and equity will take advantage of them.

It is worth emphasizing that in spite of unfavorable market situation, thanks to achieved position and contacts with investors we have maintained the ability to raise debt capital even without the increase of costs (see Notes 40 and 64 to the Financial Statements), which in long-term perspective will allow us to become the beneficiary of turbulence in financial markets.

Note 6 – Territory of operations

The area of our operations covers the territory of the Republic of Poland. We perform direct operations in the scope of current management of the enterprise in the Company's registered office in Zamość and in the Warsaw office. We purchase debts of debtors domiciled or having a registered office in the territory of the Republic of Poland (due to migration, at the present moment, some of our debtors live outside Poland). Due to the specific nature of origin of the purchased debts and widespread use of mobile telephony, our debtors are dispersed though the whole country. The majority of debtors lives or has their registered office in cities and agglomerations rather than in the rural areas, which results from higher density of population and location of enterprises. We present more information on geographical location of debts in the Note 41 to the Financial Statements.

Note 7 – Information on branch offices

We do not and have not had any branch offices. Apart from the head office in Zamość, the Company also operates through an office in Warsaw that does not have the legal status of a branch.

Note 8 – Legal regulations

Regulations related to legal status of Kredyt Inkaso S.A.

Legal status of Kredyt Inkaso S.A. regulates the act of 15.09.2000 of the Commercial Companies Code (Dz. U. (Journal of Laws) No. 94, item 1037 with later amendments), and the Company's Statutes (unified text dated 28.05.2010) as well as regulations, in particular:

1. Regulations for the General Assembly adopted pursuant to the resolution of the Extraordinary General Assembly No. 3/2007 of 29.03.2007, amended with the resolution of the Ordinary General Assembly No. 20/2008 of 07.07.2008 and the resolution of the Ordinary General Assembly No. 19/2009 of 03.07.2009.
2. Regulations for the Supervisory Board adopted pursuant to the resolution of the Extraordinary General Assembly No. 2/2007 of 29.03.2007, amended with the resolution of the Ordinary General Assembly No. 21/2008 of 07.07.2008 and the resolution No. 20/2009 of 03.07.2009.
3. Regulations for the Management Board of 23.07.2009.

Regulations related to market and public trading

Kredyt Inkaso S.A. as a public company is the subject to the provisions regulating public trading in securities, among which the crucial are:

1. Act of 29.07.2005 on public trading in financial instruments (Dz. U. (Journal of Laws No. 183, item 1538 with later amendments) ;
2. Act of 29.07.2005 on public offering, conditions governing the introduction of financial instruments to organized trading, and public companies (Dz. U. (Journal of Laws) of 2009, No. 187, item 1447 with later amendments);
3. Act of 21.07.2006 on financial market supervision (Dz. U. (Journal of Laws) No. 157, item 1119 with later amendments).

Moreover, the Company is obliged to observe numerous executory ordinances to the mentioned above acts. Fulfillment of reporting obligations in relation to capital market institutions is regulated by:

4. Ordinance of the Minister of Finance of 19.02.2009 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Dz. U. (Journal of Laws) No. 33, item 259 with later amendments).

Industry regulations directly influencing the operating activity

Kredyt Inkaso S.A. operates in the financial services industry consisting in debts trade. The core business of the Company is purchasing debt portfolios considered difficult to recover by original creditors. Kredyt Inkaso S.A. collects them on its own account - first of all at court, in co-operation with a specialized law firm. Hence, due to a specific character of the Company's operations, the legal regulations presented below are of fundamental importance:

1. Act of 23.04.1964 Civil Code (Dz. U. (Journal of Laws) No. 16, item 93 with later amendments), in particular provisions regulating assignment of debts, i.e. articles 509 - 518. Under article 509 paragraph 1 of the civil code, the creditor can assign debt to a third party without debtor's consent (assignment), unless it is in contradiction to the act, contractual clause or the characteristic of a liability.
2. Act of 17.11.1964 Code of Civil Procedure (Dz. U. (Journal of Laws) No. 43, item 296 with later amendments) regulating the procedure of debt collection at court and enforcement procedure.
3. Act of 29.08.1997 on court enforcement officers and enforcement. (i.e. Dz. U. (Journal of Law) of 2006, No. 167, item 1191 with later amendments) that defines in detail the way of court enforcement officers' acting and the amount of fees for court enforcement officers' actions. In general, creditor does not bear the costs of payments enforcement, with the exception of advances on expenses.
4. Act of 28.07.2005 on court expenses in civil suits (Dz. U. (Journal of Laws) No. 167, item 1398 with later amendments) regulating the amount of court fees. The amount of court fees in cases related to payment depends on the value of subject matter of dispute and usually amounts to 5%, or it is determined at the fixed amount.
5. Ordinance of the Council of Ministers of 12.12.2008 on the amount of statutory interest rates (Dz. U. (Journal of Laws) No. 220, item 1434), which since 15.12.2008 has equaled 13 % (previously 11.5%).
6. Act of 29.08.1997 on the protection of personal data (i.e. Dz. U. (Journal of Laws) of 2002 No. 101, item 926 with later amendments) regulating the rules of personal data processing (Issuer processes so called "sensitive" data).
7. Amended Bankruptcy and Recovery Law (Journal of Laws No. 60, item 535 with later amendments), which introduced so called consumer bankruptcy, binding since 31 March 2009. Petition for bankruptcy can be filed by consumers having trouble with paying installments of housing credit, have lost job or have got into credit noose.

Tax regulations

Most of entrepreneurs are of opinion that Poland is the country of particularly high tax risk level. Tax regulations are frequently amended, which leads to their ambiguity, incoherence and lack of reliability. Moreover, interpretation discrepancies occur with regard to tax law both in tax authorities and in administrative jurisdiction. Polish tax system is considered not stable, with a high level of formalities combined with rigorous sanctioning provisions. Tax settlements and other fields of operation that are subject to regulations can be controlled by competent authorities that are entitled to impose high penalties and sanctions along with penal interest.
The tax regulations defined below are of special importance for Kredyt Inkaso S.A. operations:
1. Act of 15.02.1992 on legal persons income tax (i.e. Dz. U. (Journal of Laws) of 2000, No. 54, item 654 with later amendments). This year the rate of this tax amounts to 19%.
2. Act of 11.03.2004 on goods and services tax (Dz. U. (Journal of Laws) No. 54, item 535 with later amendments). The basic VAT tax rate amounts to 22%, reduced rates amount to – 7%, 3%, 0%, moreover some goods and services are subject to tax exemption. Issuer is a VAT taxpayer; however, it generates mainly tax-exempt income. At the moment of accession of the Republic of Poland to European Communities and the implementation of legal regulations of the European Union the risk of wrong interpretation and amendments to the goods and services tax act was eliminated. The mentioned tax cannot be determined by a Member State in contradiction to the provisions of VI VAT Directive of the Council of the European Union on harmonization of Member States legal provisions. Under provisions of article 6 paragraph 1 in relation to

article 13 section B subsection d) trade in debts which is the core business of the Issuer is classified as provision of services under VAT regulations and at the same time it is a tax-exempt service.
3. Act of 16.11.2006 on stamp duty (Dz. U. (Journal of Laws) No. 225, item 1635 with later amendments) that regulates the amount of stamp duty on warrant of attorney, which amounts to PLN 17.00 for each copy of warrant of attorney document.

Other

Taking into consideration the fact that the Issuer's operations are also financed with debt securities, the act of 29.06.1995 on bonds is applied (i.e. Dz. U. (Journal of Laws) of 2001 No. 120, item 1300 with later amendments).

Note 9 – Changes in the main rules of Issuer's enterprise management

In the reporting period, no changes in the main rules of Company's management occurred except for accomplishing the objective of the middle management consolidation.

Note 10 – Information on results of development and research works

We conducted no research and development works in the last financial period.

Note 11 – Information on natural environment issues

We do not have any obligations concerning environment protection that would have any impact on applying by us of our tangible fixed assets. Our obligations resulting from the environment protection regulations are only connected with utilization (return to a supplier) of used electronic equipment, printing toners, fluorescent lamps, etc.

Note 12 – Equity relations

As of 31 March 2010, we were not related to other entities as far as equity is concerned. The entity dominating in relation to Kredyt Inkaso S.A. is Ms Agnieszka Buchajska.

Note 13 – Personal and organization relations

Relation to Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i s-ka spółka komandytowa in Warsaw (limited partnership)

In the process of collecting debts we first of all apply legal measures. Kancelaria Prawnicza FORUM radca prawny Krzysztof Piluś i spółka spółka komandytowa in Warsaw (limited partnership) provide legal services for us. It is one of few legal offices in Poland able to provide services for us. It is related to the fact that those services require unique resources, especially ability to operate a professional IT system developed specifically for the needs of Kredyt Inkaso S.A., as well as the organizational and legal know-how and experience in the effective and economic processing thousands of proceedings at the same time.
Three of our Company's shareholders, i.e. Monika Chadaj, Sławomir Ćwik and Artur Górnik (the latter two are also members of the Management Board) are at the same time limited partners in Kancelaria Prawnicza FORUM; however without the right to represent this company, to which only the general partner, Krzysztof Piluś is entitled. Other Issuer's shareholders do not participate in any way in the activity of Kancelaria Prawnicza FORUM. We have no knowledge if the general partner of Kancelaria Prawnicza FORUM, Krzysztof Piluś is a shareholder of Kredyt Inkaso S.A.

DESCRIPTION OF KEY ECONOMIC AND FINANCIAL DATA, COMPANY'S FINANCES

Note 14 – Key economic and financial data

Financial data for the financial year 2009/10 explicitly prove the financial success of the business activity conducted by Kredyt Inkaso S.A. in this period. In comparison with the previous year, we noted almost 120% increase of the net profit. Consequent policy of building the debt portfolio and the infrastructure allowing the Company to handle efficiently thousands of cases produced results. We increased obtained income by 60% with the increase of operating costs amounting to several percent. As a result, net profit margin of conducted business activity increased substantially.

In the ended financial year, we serviced our considerably increased debt portfolio. We also purchased the next portfolios and made investments aimed at further increase of effectiveness of our operating activities.

Below, we present the detailed description of the data from the balance sheet and results from the profit and loss account compared with the comparative data. Ratio analysis of Kredyt Inkaso S.A. financial results was published in the Financial Statements.

Balance sheet

Balance sheet as of 31 March 2010 in comparison with the balance sheet as of 31 March 2009 was as follows:
- total value of Company's assets increased by over PLN 19 million (15%) from PLN 126 594 to 145 619 thousand;
- increase by almost 13% of the balance sheet value of purchased debts portfolio took place – from PLN 116 401 to 131 241 thousand;
- as a result of involvement in court proceedings, receivables related to the awarded costs of proceedings increased by PLN 1 132 thousand (i.e. over 67%) to the amount of PLN 2 823 thousand and the value of short-term prepayments accruals (first of all the item of costs of next periods expended on court costs of receivables collection) from PLN 4 659 thousand to PLN 5 249 thousand (increase by PLN 590 thousand i.e. by 13%);
- other receivables increased almost two times from PLN 1 168 to 3 407 thousand, the majority of which constitute advances paid to court enforcement officers, so the increase reflects the growing involvement in enforcement proceedings;
- as of 31 March 2009, cash and cash equivalents of the Company amounted to PLN 521 thousand in comparison with the amount of PLN 613 thousand as of 31 March 2009 (drop by 15%);
- balance sheet value of fixed assets decreased by PLN 116 thousand (5.7%) in comparison with the opening balance, which was the result of establishment amortization write offs for the amount of PLN 594 thousand and investments in fixed assets in the amount of PLN 479 thousand;
- on the side of liabilities we can observe twelve percent increase in equity from PLN 88 239 to PLN 98 615 thousand i.e. by PLN 10 376 thousand. The value consists of the increase in debts revaluation reserve by PLN 5 377 and the increase by 60% of the supplementary reserve established out of profit from previous years (from PLN 3 364 to 5 407 i.e. by PLN 2 043 thousand);
- long-term liabilities and their share in the total level of indebtedness considerably increased – it is the result of successful restructuring of indebtedness relative to bonds in the direction of long-term bonds that took place in the reporting year: the level of long-term indebtedness increased almost five times from PLN 7 442 thousand to PLN 36 130 thousand, almost the whole increase was caused by the increase of the long-term value of issued bonds (by 28 286 from PLN 6 523 thousand to PLN 34 809 thousand, i.e. by 433%);
- the level of short-term liabilities dropped almost three times from PLN 30 828 thousand to PLN 10 836 thousand i.e. by PLN 19 992 thousand as a result of the change in the balance sheet value of short-term bonds by PLN 18 631 thousand and the decrease in trade liabilities by PLN 1 353 thousand (from PLN 7 877 thousand to PLN 6 524 thousand).

Profit and loss account

Comparison of profit and loss account for the year 2009/10 and for the year 2008/09 leads to the following conclusions:
- increase of income by 60% from PLN 18 567 to 29 662 thousand (by PLN 11 095), which mainly results from the increase in income from purchased debts by PLN 10 361 thousand (increase by 65%);
-at the same time we noted seventy percent increase in own costs of income, the main position of which constitute costs of purchase of debts the service of which was finished;
- profit on sales increased by 49% from the level from PLN 10 872 to PLN 16 212 thousand.
- it is worth noticing that despite a considerable increase in the number and value of serviced cases, costs of business activity increased only by several percent, which made it possible to note the increase in EBIT profit by 70% (increase by PLN 4 363 thousand)
- financial costs increased by 22% and amounted to PLN 3 898 thousand in relation to PLN 3 192 thousand in the last year, however the mentioned increase was the result of a significant increase in the level of bond financing; in comparison with the previous year, in spite of extension of maturity dates of liabilities we obtain lower effective interest on debt;
- dynamics of gross profit amounted to 119% whereas net profit increased by 118% from PLN 2 357 to PLN 5 533 thousand.

Note 15 Differences between financial results disclosed in the annual financial statements and the earlier forecasts

We did not publish financial results forecasts for the financial year 2009/10 beginning on 1 April 2009 and ending on 31 March 2010.

Note 16 – Present and anticipated financial situation

We assess that the financial situation of the Company is still very good. This is based on the following facts:
1. constant increase of income and operating result and first of all their another abrupt increase in the last half of the financial year,
2. maintaining the current financial liquidity over the entire reporting period on the level adequate to the volume of business operations;
3. no material liabilities apart from those related to financing purchases of debt portfolios;
4. the structure of invested capital – significant increase in the share of long-term bond capital.
5. increase of the portfolio without further increase of debt.

At the same time, we see no adverse factors that could negatively affect the financial standing as long as the present financial policy continues.

RISK AND HAZARD FACTORS

Note 17 – Risk related to operations of competing companies

In recent years we have noted that, in the market of companies involved in receivables trading, major companies have been growing while those with a weaker status disappearing.
The majority of better-known companies in our market received capital injections from external investors in previous years, mainly from private equity and venture capital funds. Those companies usually operate in the debt collection sector on order or provide services to securitization funds.
We are able to compete effectively against other companies with respect to experience (our first market transactions were performed 9 years ago), reputation and effects. The portfolio of debts that considerably increased by purchases after obtaining capital from public issue of shares is the significant factor making us not dependent on short-term demand and supply changes of debt portfolios as well as on competitors' operations affecting the price levels.
In the last days, the information (however, until now, not confirmed) about our competitors' plans of conducting IPO appeared.
Although taking into consideration the present situation on financial markets (the lack of demand for shares from initial offerings signaled by brokers), the accomplishment of those objectives in the nearest future seems to be probable only to a slight extent, if the situation changes, one may expect a few IPO among our competitors.
If the plans were carried out and proved to be successful (led to obtaining considerable financial resources by those companies – however for some of them IPO will be the way of the major shareholder's exit from the investment) they could cause changes on the receivables trade market. They would be the result of pressure of those companies to use financial means from shares issue to increase purchases that would have negative impact on the level of prices, and at the same time, it would be a definite stimulus to develop the market in new directions.

Note 18 – Risk of incorrect valuation of debt portfolios offered for sale

Currently, we most often purchase portfolios of sub-standard receivables from Telecom companies. Most are receivables from consumers. The ultimate price offered by the market for such receivables is subject to several factors, such as:

1) debtor type (legal status, personal features),
2) debt parameters,
3) title of debt,
4) debt "life" stage,
5) collection operations taken before the sale,
6) strength of competition.

The recent development of the market results in expanding the variety of parameters of the offered debt portfolios.
Due to the fact that each debt portfolio offered for sale is different, there is a risk that we may incorrectly assess its value (we apply a statistical assessment process). It should be noted that the process of debt collection from the receivables we purchase is usually extended over time. The lack of possibility of collection a major part of the receivables over a certain period of time may affect our profitability. With a major error in assessment of the acquired receivables, the collected amount may be insufficient to cover the purchase costs of the debt portfolio and operating costs of collection.
We mitigate those risks by the ongoing improvement of our assessment methods for debt portfolios. We continue to investigate the impact of each factor on the potential economic benefits from the acquired receivables. Our competitive advantage is based on our long experience and a unique historic database – as a pioneer in the market of debt portfolios trade we hold an oldest database in Poland.

Note 19 – Risk of incorrect valuation of new categories of debt portfolios

We are still interested in collaborating with new parties with respect to purchasing packets of mass receivables, also from other sectors apart from telecommunications. We do realize that we may hold less experience in assessing new types of debt portfolios than our competitors who may have operated for longer in such sectors. Therefore, if we start collaboration with entities from other sectors than telecommunications and propose prices for the offered receivables, we may incorrectly assess the value of such purchased debt portfolio.
Analyzing potential actions to be taken to mitigate such risks (should they occur in the future), we will do the following:

1) gain relevant knowledge and experience by acquiring an entity that would hold business relations and experience in transactions with the sectors we are interested in (one of several drivers of our acquisition operations),
2) adapt the assessment models of debt portfolios used by us allowing for the features and factors of identified risks.

Note 20 – Risk of non-beneficial take-overs

In order to accelerate our development, we are considering several acquisitions of entities in our sector. This would allow us to enter existing business relations, gain additional knowledge and experience and at one go become a creditor in a larger number of cases. Moreover, we could gain knowledge and experience with other business models of working with receivables. It is also our goal to develop our operations in new markets (including outside of Poland).
Despite previous analyses, the taken-over entity may fail to assure the expected benefits. We may encounter problems in implementing our standards, control systems and IT systems in the acquired entity and we may fail to achieve the expected synergy effects. The receivables taken over with the new entity may prove to be of lesser value while the knowledge and experience held by the entity may prove to have been known to us earlier or impossible to apply in practice. In addition, the existing business relations of that entity may deteriorate or we may find out *post factum* that we could have established such relations without the take-over.
We do realize that the acquisition process is a most difficult business tasks. If we pursue this path, we have to rely on the knowledge of professional and experienced consultants in order to minimize the risk of a wrong decision with appropriate analyses and research before such a transaction is finalized – so that we can achieve the assurance that the decision is correct; once the decision is taken, we will see that it is effectively implemented to attain our goals.

Note 21 – Risk of the lack of new purchases of debt portfolios

We are interested in acquiring new debt portfolios, as they will be used to increase revenues and profit in the future. However, in view of the operations of competitors or due to modified behavior by the seller of receivables we may be exposed to a risk of the non-finding of new debt portfolios of interest to us. Taking into consideration the present economic situation, the limitation in acquiring further debt portfolios may be limitations in the access to capital. Such a situation would be a major hazard if such unavailability continued for a long time. At present, even if there is a short-term break in acquiring receivables (see the historic data), our revenues and profit are still expected to grow on the basis of debt portfolios purchased in the previous financial year and earlier. However, over a longer time perspective, our development may be slowed down if we fail to buy new debt portfolios in a regular manner.
In order to mitigate the risk, we take efforts to diversify our sources of purchases by establishing business relations both with new entities and in other sectors.

Note 22 – Risk of business interruptions

Our operations depend on the use of advanced and dedicated IT systems, although the business is relatively resistant to short-term interruptions (up to a few hours). Should we lose our equipment, software and data, we would have to interrupt our operations and would fail to perform our duties. In view of an interruption in servicing our portfolios of receivables, we would run the risk of a slight decrease of revenues during the interruption and decreased revenues in the future if such interruption could not be removed in a short time. Subject to the cause of interruption, we may also run a risk of incurring additional costs to restore operations.
In order to mitigate the risk of interruption due to a breakdown or loss of equipment, software or data, we have implemented several protective procedures, including backup copies of software and data in order to restore the IT system in a short time even if it has been lost.
Due to investments we made, we have achieved a level of resistance to breakdowns with which we would be able to restore our IT system within a maximum of 4 hours from breakdown.
Mitigating the risk, we have or will reach the security level of information, meeting most of requirements, including all the crucial ones of the strict ISO 27001 standard.

Note 23 – Risk related to technology development

Our operations are based on the application of new solutions in the hardware, software and telecommunications systems. Those factors determine the competitive advantage and profitability. This risk is of special importance if the volume of our portfolio receivables grows substantially. We are exposed to the risk that we may not be prepared for future technological development while other entities that may implement better technological solutions will become more competitive than we will. Because of that, we continue to develop our IT system and intend to keep monitoring progress in this field. Since technological changes are very fast, our hardware and software resources may prove insufficient and we will be forced to buy new resources that will affect the operating costs.
Additionally, development of ICT technologies in all spheres of life results in a shortage of qualified IT specialists, resulting in increased costs of hiring such specialists. A need to employ additional programmers due to development of our IT systems and their growing salaries may cause increased costs for our company. However, despite the risk we are of the opinion that with a simultaneous growth of revenues that will have no material effect on our profitability.
The importance we attach to maintaining the leading status of a new technology leader is reflected in the structure of our investments the majority of which is investments in modern technologies with most of the others closely related to technologies. In order to increase our competitiveness we make efforts to obtain partial financing of new technologies and solutions out of the proceeds of European Regional Development Fund and Program Regionalny Województwa Lubelskiego (Regional Program of Lubelskie Voivodeship).

Note 24 – Risk related to imprecise legal and tax regulations concerning trading in debts

In view of frequent changes to tax regulations and varying interpretation of tax regulations by the tax authorities, we – like all other entities – are exposed to negative effects of such changes. We do not expect to be exposed to such risk as we have been applying unchanged rules of maintaining the books of account, in line with tax regulations and accounting standards.
When the Republic of Poland joined the European Union and the EU legal system has been transposed, there was no longer the risk with respect to interpretation and amendments to the Act on VAT – VAT may not be regulated by the Member States in contravention to VAT Directives of the European Council. Trading in receivables, which is the main object of our business, is the provision of services within the meaning of VAT regulations and at the same time it is the VAT exempt service. Until 31 December 2006, it resulted from

provisions of art. 13B(I)(d) VI Directive of the European Council dated 17 May 1977 and from 01 January 2007 from art. 135(I)(d) of the Directive 2006/112/WE of the Council on common value added tax system, dated 28 November 2006. Adjusting provisions of the act on goods and services tax to the contents of the Directive on the common value added tax system, on 22 April 2010, the government draft related to the amendment to the act on goods and services tax was submitted to Sejm. The draft, among others, repeals provisions of the art. 43 section 1 item 1, which at present refers to the Attachment No. 4 to the act, pursuant to which, at present, trade in receivables is VAT exempt. In place of the Attachment No. 4 to the art. 43 of the act on goods and services tax, the next items are added defining VAT exempt activities. In the draft of the amendment, literal wording of provisions of the art. 135(I)(d) of the Directive 2006/112/WE of the Council on the common value added tax system, dated 28 November 2006 were not applied. Proposed wording is not clear and in the attached justification, planned objective of the regulation is not explained. Taking into consideration vagueness of the regulation, it is not possible to interpret that the authors' will is the exclusion of receivables trade services from VAT exemption, which would be in contradiction with the referred above Directive of the Council. Due to the importance of the potential change in law in this scope, we will continue to observe the process of amending the act on goods and services tax.

We are convinced that we manage this risk correctly. In the history of the Company no irregularities in this respect have ever been discovered, which was confirmed in the course of audit procedures (the last one completed in April 2010. So far, the period from 01 January 2003 to 31 March 2008 has been inspected by the Tax Control Office in Lublin and Revenue Office in Lublin.

Note 25 – Risk of inefficient courts and debt collection proceedings

Our operations are based primarily on reverting to court proceedings in common courts of law and to court enforcement officers. Due to that, facilitating proceedings of common courts of law so that they become faster is important for our operations.
The efforts made by one Minister of Justice after another and growing investments in the administration of justice show that the time required enforcement titles to be granted gradually shortened in the last years. In the current year, there is the risk that due to budget cuts that took place and the decrease in the budget of administration of justice, delays of courts in executing actions connected with filed claims will occur (sending correspondence, issuing enforcement titles, returning due fees). When there is no justified delay in Court decision solving a dispute, each party may appeal and be granted compensation due to the fact that the case was not resolved by Court within reasonable time. On 01 May 2009, the amendment to the act on complaint regarding infringement of a party's right to examination of the case in judicial proceedings without undue delay of 17 June 2004 came into force, which introduces the minimal amount of compensation amounting to PLN 2 thousand every time the unjustified excessive length of proceedings has been ascertained. The positive tendency is the fact that courts have begun to use IT techniques on an increasing scale.
As there has been an increasing number of cases run by us and claims for payment filed with courts, we run the risk of delayed enforcement titles. On 09 January 2009, Sejm passed the act on amendment to the act – Code of Civil Procedure and some other acts (Journal of Laws No. 26 item 156) enabling to file claims electronically, which is aimed at speeding up court proceedings. For the time being enforcement proceedings remain in the present shape. The new procedure has been effective from the beginning of 2010. According to the publicly known information, the new procedure may make filing claims easier and cost of proceeding lower, however now it is not possible to assess it in the reliable way. However, as it does not discontinue the existing solutions, one should assume that as a minimum it will have no negative impact on our situation.

Note 26 – Risk related to improper application of the consumer bankruptcy

Since 31 March 2009, amendment to the Bankruptcy and Recovery Law introducing consumer bankruptcy procedure has been effective. The aim of this amendment is introduction of the procedures for physical persons that do not conduct economic activity who will not be able to pay their pecuniary obligations. The regulation relates to the indebtedness that arose due to reasons beyond debtor's control, as a result of misfortunes such as long-term illness or accident.
The court shall decide about consumer bankruptcy. The bankruptcy petition can be filed once in ten years. A debtor can only file the petition. On the bankrupt's request, the court shall issue an order about debts payment plan. The period of payment should not exceed 5 years, in exceptional cases the mentioned period can be prolonged by 2 years. According to the act, the court shall be able to increase the level of debtor's payments if unexpected or unusual improvement of debtor's financial situation occurs, for example as a result of obtaining a donation, coming into inheritance or winning in game of chance. During the period of debts payment, the debtor cannot make purchases with deferred payment term as well as installment purchases. At the same time it has to be noticed that the passed act does not provide that the installments can be increased or the period of debt payment can be shortened in case of debtor's increasing his professional or earning activity.
Bankruptcy assets shall consist of debtor's flats or houses that can be sold and the amount obtained from the sale shall be divided between the debtor and creditors. The debtor should receive the amount for rent payment in the period of 12 months. A judge commissary on official receiver's petition shall determine the mentioned amount. Debtor's moving out shall be a necessary condition to prepare the final plan of bankruptcy assets distribution and to issue an order of establishing the plan of payments for the benefit of creditors. The act provides that the debtor should submit annual reports on payments plan execution for the previous calendar year. In the report he should also disclose obtained income, paid amounts and purchased goods with the value exceeding two times minimal remuneration for work. When the reports are not submitted, court can revoke the plan and discontinue bankruptcy proceedings. The debtor who hides his property and acts to creditors' detriment shall be subject to revocation of the payments plan and discontinuance of bankruptcy proceedings by court.
Amendment to the act on court fees in civil law cases provides low cost of instituting bankruptcy proceedings in relation to physical persons that do not conduct economic activity. The fee for instituting proceedings will amount to PLN 200. According to Andrzej Arendarski, the President of Krajowa Izba Gospodarcza (National Economic Chamber), proposed solutions ensure appropriate protection for creditors, guaranteed by the court. Court conditions of payments can only be established in relation to debtors who cannot pay their pecuniary obligations due to reasons beyond their control.
Due to a short time of binding force of the act, it is difficult to assess the influence of the amendment on the economic life. According to media reports, bankruptcy petitions are not filed in large amounts and their majority is rejected by courts due to formal reasons. According to the data from the Ministry of Justice published in the press, in the first month of the act being in force, five lacking force of law judgments granting permission for declaring consumer bankruptcy were passed. We assess the impact of a new regulation on our operations as neutral, assuming that consumer bankruptcy will relate to persons who have not paid their obligations for a long time and hence it has been already impossible to collect their debts (at present it is more difficult to sell e.g. house or flat of a debtor due to the inefficiency of evictions, in case of consumer bankruptcy, in order to make an arrangement the debtor has to move out on his own).
For us, the risk of application of a new regulation can only occur in case of its inappropriate exercise. However, we will be able to assess it only in the future.

Note 27 – Risk connected with discontinuance of collaboration with Kancelaria Forum

Claiming payment from debtors, we routinely follow the legal path. Legal services have been provided to us by the FORUM law firm. This is one of very few companies that is able to provide us with specialist services due to the fact that unique resources are required. The resources consist in a specialist IT system developed

specifically for our needs and trained personnel, organizational and legal know-how and experience in efficient and economical supervision over thousands of proceedings at the same time. Discontinuation of collaboration between our companies may temporarily hinder claiming payments from debtors, which will adversely affect our operations, financial condition and profit. It should be noted that for the FORUM law firm the collaboration with us is of material importance as we are their main client. Moreover, three of our shareholders, namely Monika Chadaj, Sławomir Ćwik and Artur Górnik (the two latter ones are also members of our Management Board) are also limited partners in FORUM, however without a right to represent the company, which can only be done by the general partner Krzysztof Piluś. No other shareholders of ours hold any interest in FORUM.
The relation described above is in our opinion a factor mitigating the risk if we compare it to similar collaboration with another law firm.

Note 28 – Risk of restrictions on sale of debts

Our business is subject to availability of debt portfolios offered for sale by original creditors. Hypothetically, a ban on the sale of receivables by original creditors or major restrictions thereon would have a material adverse effect on our basic operations.
However, any such restriction would limit the rights of original creditors to dispose of its rights, which is a key right of the creditors.
Attempts have been made by the Inspector General for the Protection of Personal Data jointly with the President of the Office of Competition and Consumer Protection with respect to consumer receivables to restrict sales of receivables by the original creditors. Pursuant to an opinion of the President of the Office of Competition and Consumer Protection, the Inspector General for the Protection of Personal Data issued in the past several decisions by which it forbade buyers of receivables to process debtors' personal data and thus prevented their exercising the rights from acquired receivables. As the decisions have been appealed, the problem was reviewed by the Supreme Administrative Court which in its verdicts of 16 December 2004, ref. OSK 829/2004 and of 6 June 2005, ref. I OPS 2/2005 confirmed the possibility to sell consumer receivables.
At present, the amendment to the act Telecommunications Law is being prepared. Draft of the Ministry of Infrastructure adds the article 108a, pursuant to which in the case of a dispute between a consumer and a telecommunications entrepreneur with regard to the amount or grounds of a receivable, assignment of a receivable by the entrepreneur to a third party or commissioning its collection would be restricted. If such a dispute arose, the telecommunications entrepreneur could sell the receivable only after a debtor had been summoned to pay and after receiving the acknowledgement of service of the mentioned summons and after the expiry of the period for filing a claim or in the case of filing the claim, after answer to the claim had been served. Due to the fact that the draft of the amendment is still being prepared and there is no knowledge of the final form in which it will be passed and how it will be applied, it is difficult to assess its influence on trade in receivables. However, it should be noted that the draft does not exclude the trade in receivables and only restricts temporarily the trade of the receivable in relation to which a dispute arose and a consumer is a party to this dispute.
At present, certain formal restrictions exist only with reference to securitization transactions as to parties to contracts and the process itself.
The limitations in sale of debts can occur as a result of activities of hitherto sellers of debt portfolios. It can take place when the sellers will be of opinion that the prices obtained from the sale of debts will be too low (decrease in prices may be the result of difficulties in financing purchases due to the situation on financial markets) and it will be better to collect them on their own than to sell bad debts. In our opinion the presented situation can be temporary since the entity specialized in collecting debts should be more effective than an original creditor.

Note 29 – Risk related to loss of key staff members

The factor that is indispensable for operation and development of Kredyt Inkaso S.A. is the knowledge and experience of highly qualified employees and managers. This is characteristic of companies that operate in the sector of financial services.
There is a risk that loss of key staff members (partners) may have a short-term effect on efficiency of operations of the Company. Competition in the market of employers may result in higher labor costs that will affect resultant profit.
Our fast growth requires hiring of highly qualified staff, which with a limited number of highly qualified personnel may cause problems in attracting appropriate employees and thus slow down our growth.
In order to, inter alia, mitigate this risk, the General Assembly of the Company has approved an incentive program addressed to the management, key employees and partners.
At present, the Company holds contracts concluded with Members of the Management Board for the period lasting until the day following the date of approval of the financial statements for the financial year 2009/2010 by the General Assembly, contracts with other key employees are concluded for the indefinite period of time. Until the date of publication of this report the agreement on employment of the Management Board of the second term of office was not reached, thus the Management Board is of the opinion the mentioned above risk is high.

Note 30 – Risk of the lack of possibility of raising capital in the future as a result of the situation on the financial market

Present situation on the financial markets makes it impossible to use part of routs of raising capital for the further operations development, especially the equity through the further shares issue. Raising debt capital in the situation of further deterioration of feelings on financial markets may become considerably more difficult as well.
The lack of possibility to raise capital in order to increase Company's working capital may have an impact on the dynamics of operating activity growth and thereby on the amount of income and profit gained.
In spite of the slump on the market of corporate bonds, Kredyt Inkaso S.A. maintained the ability to raise external financing on the present or even increased level.
The Company is of the opinion that positive atmosphere dominates on financial markets, which is reflected in investments in debt securities.

Note 31 – Risk of low statutory interest

In the last financial year statutory interest changed. The initial rate (11.5%) introduced pursuant to ordinance of the Council of Ministers of 13 October 2005 (Dz. U. (Journal of Law) No. 201, item 1662) was increased to the level of 13% from 15 December 2008 (Journal of Law of 12 December 2008, No. 220, item 1434). The decision on the increase of statutory interest rates was the result of the significant increase of base interest rates of the National Bank of Poland and market interest rates in the year 2007 and 2008.
The level of statutory interest rates influences directly the income from interest on overdue debts obtained by us, that is why in March 2008 we put forward a motion to include into the debate of the Council of Ministers the proposal to pass the new ordinance on the level of statutory interest that would adjust their level to changed market conditions. The decision of the Council of Ministers from December was the event advantageous for us. At the same time at the end of 2008 the process of fast decreasing of interest rates by the Monetary Policy Council began. It is possible that the Council of Ministers will also determine lower statutory interest rates as a result of that.
Historical observation shows that changes of statutory interest rates often do not keep up with changes taking place on financial markets. The highest possible level of statutory interest rates is in interest of

Kredyt Inkaso S.A., however we identify as a risk first of all the potential possibility of changes not adjusted to market realities. If the scale of possible decrease in statutory interest rates is adjusted to the situation on financial markets, the influence of such a decision of the Council of Ministers on the financial result of Kredyt Inkaso S.A. will be compensated with the corresponding decrease in the costs of financing of our business activity (including first of all costs of financing of investments in debt portfolios).

OPERATIONS OF KREDYT INKASO S.A.

Note 32 – Events having significant impact on Company's operations

Operating activities

The last financial year is first of all the period of continuation of servicing previously purchased debt portfolios and the policy of intensive investing in new debts. In the twelve-month period, we filed almost about 92 thousand claims for payment (approximately 70 thousand by means of e-court). In this time, we obtained almost 90.5 thousand orders for payment and executory formulas in approximately 52 thousand cases and we filed motions for enforcement to be started by court enforcement officers in over 46 thousand cases. At the end of the financial year, enforcement proceedings were conducted in relation to 53 thousand cases.

In the last financial year, we continued co-operation in purchasing debt portfolios with all of the biggest telecommunications operators in the country. We took part in tenders organized by Telekomunikacja Polska S.A., PTK Centertel sp. z o.o., Polska Telefonia Cyfrowa sp. z o.o., Polkomtel S.A., Netia S.A. and P4 sp. z o.o. (Play mobile network operator). The total amount of nominal value of debts purchased in this period reached the amount exceeding PLN 146 million. Moreover, we took part in tenders for receivables organized by banks.

Financing

The above-mentioned tasks were completed due to the resources obtained from operating activity, series I, J, K, L, M, N, O, P and R bonds issue with the total value of PLN 39 900 thousand and a commercial credit.

We have also restructured debt changing its considerable part from the short-term one to the long-term one. Additionally, in the financial year 2009/10 we redeemed (on maturity dates) bonds of six series – B, D, E, H and J with the nominal value of PLN 30 150 thousand. Series H bonds were redeemed prior to the maturity date.

Investments

In the reporting period, we completed the following investment projects:

At the end of the year, we began one of the most important from the point of view of our development project implementation of the advanced system of financial management, SunSystems 5.3 Extended Financial Management produced by Infor. The implementation is going to be conducted by Hogart sp. z o.o. The project will be financed partly from the proceeds from the EU. The completion of the project is coming to an end.

Note 33 – Assessment of factors and extraordinary events affecting the profit on operations

In the last financial year, there were no extraordinary events that would affect profit on operations.

Note 34 – Information on concluded agreements having significant impact on Issuer's operations

In the period from 01 April 2009 to 31 March 2010, we concluded the following agreements, the object of which was the purchase of debt portfolios comprising receivables resulting from the provided telecommunications services:
5 agreements with PTK Centertel sp. z o.o. comprising debts with the total nominal value of PLN 86,922 thousand,
8 agreements with Telekomunikacja Polska S.A. comprising debts with the total nominal value of PLN 54,501 thousand,
2 agreements with Polkomtel S.A. comprising debts with the total nominal value of PLN 5,367 thousand.

The price paid for the above debts, fixed in the course of tender proceedings, did not differ from prices estimated in similar cases.

Note 35 – Information on material events and concluded contracts significant for Issuer's operations after 31 March 2010

From 31 March 2010 to the moment of publication of these financial statements, we did not identify any material events and we did not conclude agreements significant for our operations.

Note 36 – Financial management

In the last financial year, we funded our operations with the funds obtained form series I, J, K, L, M, N, O, P and R bonds issues and with short-term liabilities to our counterparties (including debts sellers). The long-term liabilities of the Company are liabilities relative series K, L, M, N, O, P and R bonds (with the nominal value of PLN 38 950 thousand) and deferred legal persons income tax. Similarly as in earlier periods, we did not rely on bank credits.
Due to the specific character of our operations, it is justifiable to keep cash assets with banks in the form of short-term deposits as we are always looking for good market opportunities to buy debt portfolios offered for sale. Dates of tenders where debt portfolios are sold are known with little advance. The dates are fixed by sellers and we have to be ready to participate in tenders to which we are invited and if our bid is selected, we have to maintain sufficient liquidity to pay the agreed price.
For those reasons, we invest our funds in highly liquid assets, without a risk of deterioration in value (short-term bank deposits and short-term quality bonds).
Throughout the whole reporting period, we remained liquid and paid our obligations on time.

Note 37 – Contracted credits

In the financial year 2009/10, we did not contract any credits or loans on behalf of the Company. In this period, we granted neither any guarantees nor warranties to third parties.
In the reporting period, we executed nine issues of ordinary bearer bonds. Detailed information on bonds issues was included into the Note 40 and 64 to the Financial Statements.

Note 38 – Loans granted

In the financial year 2009/10, we did not conclude any contracts the object of which would have been granting guarantees or warranties.

Note 39 – Possibility of investment plans accomplishment

In the foreseeable future we plan to undertake or accomplish the following investment projects:

1. Project – Implementation of new financial management system, including forecasting, budgeting and reporting

   anticipated outlays - PLN 550 thousand

2. Project – Implementation of the Performance Management system supporting strategic management, forecasting and preparation of projections of future financial information

   anticipated outlays – PLN 800 thousand

The investments are funded with the Company's own funds. We intend to have some of the projects co-financed with EU funds.

Note 40 – Information on the agreement with the entity authorized to audit financial statements

Przedsiębiorstwo Doradztwa Ekonomiczno – Finansowego EUROFIN sp. z o.o. with the registered office in Cracow, appointed by the Supervisory Board, is the entity authorized to review the Annual Financial Statements of Kredyt Inkaso S.A. for the period from 01 April 2009 to 31 March 2010.
The relevant contract to audit Issuer's financial statements was concluded on 30 September 2009 and its object is the review of the half-year financial statements and the audit of the annual financial statements for the financial year from 01 April 2009 to 31 March 2010.
We are obliged to pay total remuneration of PLN 24.4 thousand for the review of the half-year financial statements and the audit of the annual financial statements of Kredyt Inkaso S.A. The remuneration has not been paid yet. We are not obliged to pay any other remuneration to the entity reviewing the half-year financial statements and auditing annual financial statements for the financial year ending on 31 March 2010.
For the previous financial year, the audit of the annual financial statements for the period from 01 April 2008 to 31 March 2009 was performed by Przedsiębiorstwo Doradztwa Ekonomiczno-Finansowego EUROFIN sp. z o.o. with the registered office in Cracow. We were obliged to pay the remuneration for the audit of the mentioned financial statements in the amount of PLN 12.2 thousand which was fully paid.

Moreover Kredyt Inkaso S.A. concluded the agreement with Przedsiębiorstwo Doradztwa Ekonomiczno – Finansowego EUROFIN sp. z o.o. with the reregistered office in Cracow on assurance services related to information prepared for the needs of a registration document. Estimated value of the service amounts to PLN 9.7 thousand.

Note 41 – Anticipated development of Kredyt Inkaso S.A.

Short-term objectives

Short-term objectives are those that we intend to achieve within the next 6 months. One of them is further active participation in tenders for purchase of debt portfolios offered by telecommunications operators. The Company wishes to consolidate its market position at the expense of other entities and create entry barriers for new entities.

Capital group
In the nearest future, the key direction of the Company's development will be more intensive participation of Kredyt Inkaso S.A. in transactions in the wholesale market of trade in receivables coming from financial institutions, mainly from banks. Adopting this direction, in the short-term perspective, our objective is forming a capital group, including special purpose entity of the Luxembourg law being our 100% subsidiary, the main task of which will be investing in investment certificates of the Polish non-standard securitization fund managed by Kredyt Inkaso S.A. (pursuant to the agreement with Towarzystwo Funduszy Inwstycyjnych Allianz Polska S.A. dated 19 March 2010 – see: Note 67). That is why the direct intend of Kredyt Inkaso S.A. is completion of the process and obtaining the permission for managing securitization funds from the Financial Supervision Authority.

IT, operating and financial planning
The short-term objective is also further improvement of procedures connected with collection of purchased debts applying IT system that continues to be developed and accomplishment of investment projects (see: additional notes to the financial statements) in order to consolidate competitive position, build a base for further development and business security. In a short-term perspective, in particular, we plan to implement performance management type system, supporting operational and financial planning.

E-court and electronic procedures
Our key objective is also applying e-court as the basic way of obtaining enforcement titles necessary to collect purchased debts, which was successfully started in the last quarter of the financial year 2009/2010. We also anticipate that in the end of the first quarter and the beginning of the second quarter of the financial year 2010/2011 we will start transferring cases to debt enforcement proceedings using e-court system.

Sources of financing
The objective for the nearest period is also maintaining and consolidating the position of a reliable issuer of debt instruments. We pay the interest on the bonds issued in due term and we create the image of a reliable business partner, which should facilitate obtaining debt capital and lowering its interest. In the nearest future, we are going to start the long-term co-operation with a partner (broker) in order to create and implement strategy of raising capital, and as far as debt capital is concerned, to lower its cost and adjust its structure to the Company's operating activity in the best way. We expect that we will increase financing by means of equity through the further shares issues, aimed also at improving opportunities of further obtaining debt financing.

Medium-term objectives

We intend to accomplish our medium-term objectives in the next year.

New market – wholesale trade in receivables from financial institutions
Accomplishing adopted direction of development, we assume obtaining a significant share in the wholesale market of trade in receivables from financial institutions, first of all from banks. In this time, we will develop operationally the activity of the described above organizational structure and we will participate in the majority of proceedings on this market.
In order to accomplish this objective, we are going to develop our abilities to obtain financing in the form of debt (first of all as bonds) and equity. We assume that we will maintain the financing structure ensuring optimal, from the point of view of financing costs and stability, share of both types of capitals.

New markets and products

We assume that over this time we will develop and commence implementing new services that at the same time will ensure synergy effects with our core business. We anticipate development of services aimed at increasing our share in the markets on which we operate as well as providing services on new markets in the process of which we could make use of our know-how and experience gained so far.

Long-term objectives

In a longer perspective, the objective of Kredyt Inkaso S.A. is to become a leader in the debts trade market not only in Poland but also in other markets with prospects of planned financial results achieving, while maintaining profitability and effectiveness ratios above market average.

External factors of importance to the development of Kredyt Inkaso S.A.

We believe that the major external factors that affect the development of the Company are as follows:

1. continuation and development of the policy of sale of debts by large service providers and the banking sector,

2. no adverse legal or organizational actions by the administration or legislators that might introduce formal or factual restrictions to sale or collection of debts by creditors other than original ones,

3. macro economic situation enabling to raise further funds for development of Company's operations either as debt or as equity in the economically rational manner,

4. lack of hyperinflation,

5. our partner's - Law Firm FORUM continued ability to absorb and service increasing number of new court cases and continued collaboration in the existing model,

6. maintenance of good relations with the financial market on the one hand and sellers of debts on the other.

7. maintenance of status quo in the scope of binding tax burdens.

Internal factors of importance to the development of Kredyt Inkaso S.A.

In our opinion, among the internal factors affecting the development of Kredyt Inkaso SA the following will be the most important:

1. maintenance of ability to service the growing number of acquired and litigated court cases – efficiency and security of the ICT systems,

2. financial condition of Kredyt Inkaso S.A. assuring further attraction of funds for developing operations, either as debt or as equity,

3. development of competence and human resources adequate to the growing number of litigated court cases to assure efficient operation of Kredyt Inkaso S.A. as a decision-making centre,

4. continuation of employing the key employees of the Company, including members of the Management Board.

Note 42 – Lawsuits pending before court, body appropriate for arbitral proceeding or state administrative body

Court and enforcement proceedings

Kredyt Inkaso S.A. business model consists in purchasing mass debt portfolios (several or between ten and twenty thousand debts in a portfolio) and collecting them in court. Due to that fact, conducting great number of legal proceedings in court and before court enforcement officer is natural of our operations. However, taking into consideration small amounts of debts there is no risk of concentration (one or several bad debts i.e. with the considerably worse characteristic than the calculated one). As of 31.03.2010 within conducted business activity Kredyt Inkaso S.A. was the party to, among other about 91 thousand of legal proceedings in courts with the total subject of litigation value of approximately PLN 160 million and to over 54 thousand of enforcement proceedings with the total value of approximately PLN 138 million.

Tax proceedings

When the Company made the first transactions of debt portfolios purchase in the year 2001 out of caution we declared and paid the tax on civil law transactions in the amount of 1% of the paid price. Subsequently, the Company filed an application to the tax authority to have the overpayment confirmed. In the year 2002, tax authorities refused to confirm the overpayment assuming the tax was well-grounded and the decisions were upheld by the Supreme Administrative Court, External Branch in Lublin. In that case, in the following years, the Company declared and paid civil law transactions tax on all debt portfolios purchase transactions.
Due to the change of the opinion of administrative courts about the issue of civil law transactions taxation on transactions related to debts purchase made by the entities that professionally deal with debts purchase in the year 2008, the Company once again filed an application to have the overpayment confirmed in one of the cases. In May 2009, tax authority ended the process of returning overpayments to Kredyt Inkaso S.A. The total returned amount related to filing in the last financial year an application to have the overpaid tax on civil law transactions returned amounted to approximately PLN 513 thousand. In the Company, no significant amounts resulting from overpaid tax on civil law transactions paid at the purchases of debts transactions have remained.
On 02 March 2009, the tax inspection conducted by employees of Lubelski Urząd Skarbowy (Revenue Office) began in the Company. The inspection related to the correctness of settlements of accounts with the state budget resulting from legal persons income tax for the tax year beginning on 28 December 2006 and ending on 31 March 2008, goods and services tax for individual months of the year 2007 and fulfillment of tax on natural persons bearer obligations for the year 2007. On 27 March 2009, the Company received the Report on tax inspection for the inspected period. The inspecting persons did not raise objections as far as the correctness of settlement of goods and services tax and fulfillment of tax on natural persons bearer obligations were concerned. In the case of legal persons income tax for the last financial year the inspecting persons did not raise objections with regard to the rules of settlements with the state budget and only expressed doubts concerning classifying as tax costs some of items for the total amount of PLN 11.5 thousand (PLN 2.3 thousand should have been recognized as business entertainment costs and as such they did not constitute tax-deductible costs and the amount of PLN 9.2 thousand will be the tax cost of the next financial year). The Company raised objections concerning the Report, which were not accepted, and as of 15 July 2009 the decision, setting the tax liability for the tax year lasting from 28 December 2006 to 31 March 2008 was issued. The Company did not file an appeal against it and it became the final decision.
In the Company, in the period from 07 to 14 December 2009 tax inspection and inspection proceedings were conducted by Tax Control Office in Lublin, it related to indicated income from the conducted business activity for the year 2004. In the results of control dated 11 February 2010, the control authority did not state any irregularities.
In the Company, in the period from 16 to 25 March 2010, tax inspection and inspection proceeding were conducted by the Tax Control Office in Lublin, it related to the indicated income from the conducted business activity for the year 2005 and 2006. In the results of the control dated 20 April 2010, the control authority did not state any irregularities.

CORPORATE GOVERNANCE

Note 43 – Information on observing rules of corporate governance

In connection with the entry into force as from 01 January 2008 of Best Practices of Companies Listed at the Warsaw Stock Exchange, implemented pursuant to Resolution No. 12/1170/2007 of the Supervisory Board of the Warsaw Stock Exchange of 04 July 2007 we are obliged to apply them. In the period from 01.04.2009 to 31.03.2010, we did not apply on a permanent basis and we are not applying now the following ones:

Part III Rule 6 – no two independent members of the Supervisory Board as decided by the shareholders. Shareholders determined that each of them should actively exercise the right to propose a candidate for the post of member of the Supervisory Board. Fulfillment of one of the shareholder's responsibilities – looking after the Company's interest, consists also in presenting as candidates for the Company's governing bodies such persons who in their opinion are able to fulfill duties entrusted with them in the best way. One independent member performs function in the Supervisory Board.

Until 23 July 2009, the following rules were not applied:

Part II Rule 1 item 6 – as there are no separate committees of the Supervisory Board, the annual report of the Supervisory Board as published on our Website will not provide for operation of those committees.
Part III Rule 7 – no audit committee with minimum one independent member. Since there are no independent members of the Supervisory Board, it is not possible to comply with the above requirement.
Part III Rule 8 – as there are no committees in the Supervisory Board, it is impossible to describe the operations of such committees.

On 23 July 2009, the audit committee with one independent member was appointed. The manner of the audit committee operating complies with the mentioned above requirements. No other committees were appointed. In reference to the above, the annual report of the Supervisory Board as published on our Website will provide for operation of its committees.

Furthermore, as of 31.03.2010, temporarily we were still not applying the following principles:

Part II Rule 1 item 12 – we did not specify the forecast expenses to be incurred by the Company in connection with the incentive program.
Part III Rule 2 in connection with Part II Rule 1 item 11 – on our Website we were not publishing information on relations of all members of the Supervisory Board with a shareholder representing minimum 5 % votes as we had not received respective statements from some of the members of the Supervisory Board.

Until 24 May 2010, we also did not ensure functioning of our website's English version, also in the scope defined in part II item 1 of Best Practices of Companies Listed at the Warsaw Stock Exchange and at present, the website is functioning in the full scope.

Note 44 – Shareholding structure

Shareholders owning directly or indirectly through subsidiaries over 5% of the total number of votes at the Issuer's General Assembly

shareholder	number of shares	% of votes at the GA

Agnieszka Buchajska				2 207 000	40.17%
- directly				1 502 500	27.35%
- through Renale Management Limited with the seat in Limassol				600 000	10.92%
Dekra Holdings Limited (Nicosia, Cyprus)				549 000	9.99%
Artur Górnik, of which:				480 000	8.74%
- directly				243 000	4.43%
- through KI sp. z o.o.				237 000	4.31%
Monika Chadaj				403 605	7.35%
Sławomir Ćwik				300 000	5.46%

Changes in the state of ownership of shares by shareholders owning directly or indirectly through subsidiaries over 5% of the total number of votes at the Issuer's General Assembly

shareholder	notification/report date	report No.	state as of 01.04.2009		sale (shares number)	purchase (shares number)	state as of 31.03.2010	
			number of shares	% of votes at GA				
Agnieszka Buchajska	26.05.2009	11/2009	2 207 000	40.17%	600 000	-	1 607 000*	27.35%*
Agnieszka Buchajska	05.01.2010	1/2010	1 607 000*	29.25%*	104 500	-	1 502 500	29.25%
Renale Management Limited with registered office in Limassol	26.05.2009	11/2009	-	-	-	600 000	600 000*	10.92%*
Renale Management Limited with registered office in Limassol	05.01.2010	1/2010	600 000*	10.92%*	-	104 500	704 500	12.82%
DWS Polska TFI S.A	02.07.2009	23/2009	274 984	5,01%	50 147	-	224 837	4.09%
Monika Chadaj	31.03.2009	17/2010	404 995*	7.37%*	1 390	-	403 605	7.35%
Monika Chadaj	29.01.2010	6/2010	405 000	7.37%	5	-	404 995*	7.37%*

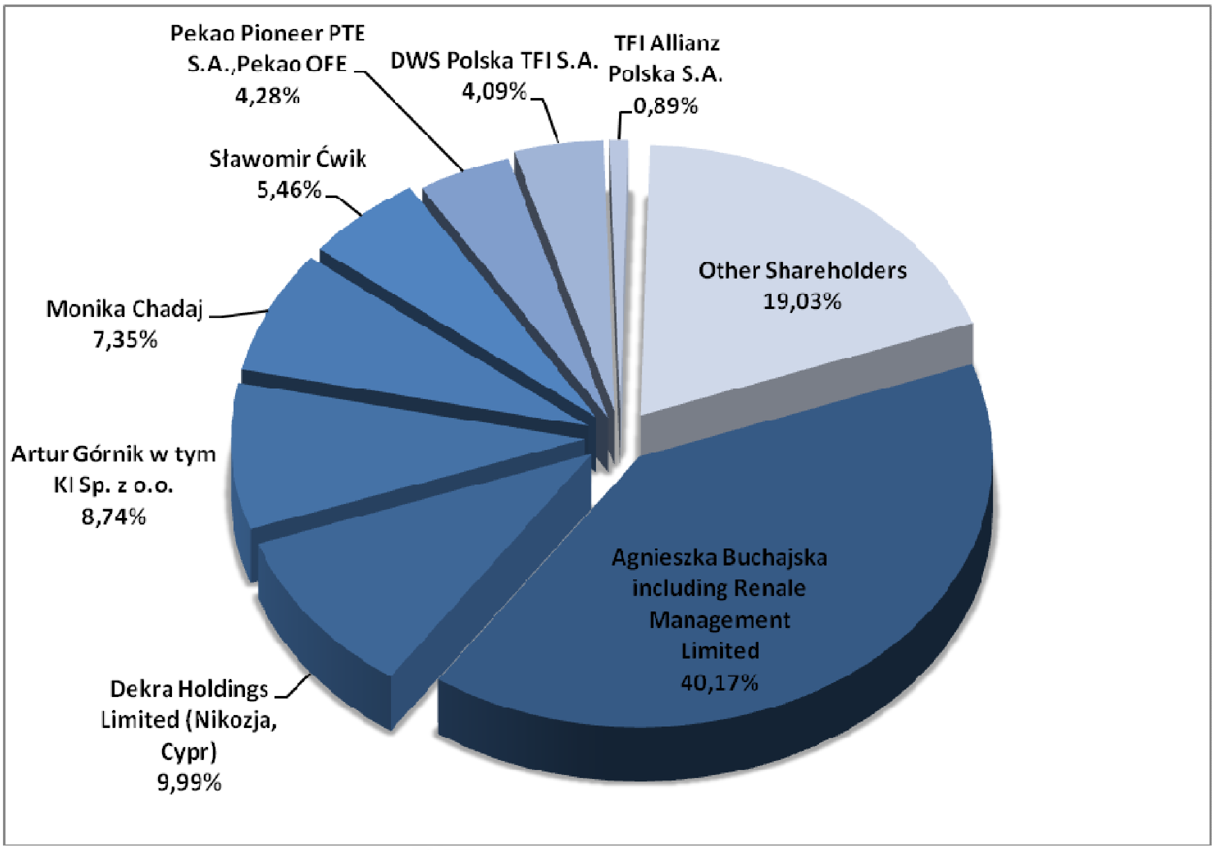
*state as of 30.09.2009

Disclosed state of ownership of Kredyt Inkaso S.A. shares by shareholders owning less than 5% of the total number of votes at the Issuer's General Assembly

shareholder	number of shares	% of votes at the GA
Pekao Pioneer PTE S.A.,Pekao OFE*	235 188	4.28%
DWS Polska TFI S.A.**	224 837	4.09%
TFI Allianz Polska S.A., Allianz FIO, of which subfunds*:		
- Allianz Akcji Plus	25 970	0.47%
- Allianz Akcji Małych i Średnich Spółek	22 742	0.41%

* Information based on annual financial statements of shareholders for the year 2009, state as of 31.12.2009
**Information based on notification of transactions on the Company's shares dated 02.07.2009

Shareholding structure of Kredyt Inkaso S.A.



Note 45 - Securities to which special control rights in relation to the Issuer are attached

According to our knowledge, until the date of drawing up these financial statements, no securities were issued which would give special control rights in relation to our Company.

Note 46 - Limitations to exercising voting right attached to Issuer's shares

According to our knowledge, until the date of drawing up these statements, there were no limitations to exercising voting right attached to our shares.

Note 47 - Limitations to transferring ownership rights of Issuer's shares

According to our knowledge, at the present moment no agreements or other legal acts providing limitations to transferring ownership rights of Kredyt Inkaso S.A. shares are binding.

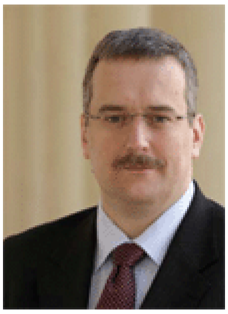
Note 48 – Key personnel

Management Board

As of 31 March 2010, the Management Board of the Company consisted of:

1) President of the Management Board	Artur Maksymilian Górnik
2) Vice President of the Management Board	Sławomir Ćwik

Artur Maksymilian Górnik – President of the Management Board



38 years old; in Kredyt Inkaso S.A. since the year 2001

Lawyer, graduate of the Faculty of Law and Administration of the Marie Curie-Skłodowska University in Lublin, he completed a postgraduate course in Internet Law at the Faculty of Management and Social Communication of the Jagiellonian University in Cracow as well as MBA program at the Leon Koźmiński Academy of Entrepreneurship and Management in Warsaw.

Sławomir Ćwik – Vice-President of the Management Board

38 years old; in Kredyt Inkaso S.A. since the year 2001
Lawyer, graduate of the Faculty of Law and Administration of the Marie Curie-Skłodowska University in Lublin, he completed a postgraduate course in Tax Law at the Warsaw School of Economics as well as MBA program at the Leon Koźmiński Academy of Entrepreneurship and Management in Warsaw.

The first term of office of the Management Board expired on 15 December 2009, the mandate expires on the date of holding the Ordinary General Assembly approving financial statements of the Company for the year 2009/10.

Supervisory Board

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

1) Chairman of the Supervisory Board	Ireneusz Andrzej Chadaj
2) Vice-Chairman of the Supervisory Board	Sylwester Bogacki
3) Secretary of the Supervisory Board	Tomasz Filipiak
4) Member of the Supervisory Board	Agnieszka Buchajska
5) Member of the Supervisory Board	Robert Buchajski

Ireneusz Andrzej Chadaj – Chairman of the Supervisory Board
41 years old, in Kredyt Inkaso S.A. since the year 2001
Manager, graduate of MBA program at the Leon Koźmiński Academy of Entrepreneurship and Management in Warsaw. He graduated from the University of Agriculture in Lublin and the Inter-Faculty Teacher Training College at the University of Agriculture in Lublin.

Sylwester Bogacki – Vice-Chairman of the Supervisory Board
36 years old, in Kredyt Inkaso S.A. since the year 2007
Manager with MBA diploma received at the University of Central Lancashire (as part of co-operation with the School of Business in Lublin), graduate of the master's degree studies at the Economic Faculty of the Marie Curie-Skłodowska University in Lublin and postgraduate studies Accountancy and Finances of Enterprises at the Leon Koźmiński Academy of Entrepreneurship and Management in Warsaw.

Tomasz Filipiak – Secretary of the Supervisory Board
39 years old, in Kredyt Inkaso S.A. since the year 2009
Stockbroker, owning the license since October 1994, in the years 1991-1996 he studied at the Finance and Banking Department of the University of Łódź. He has gained his professional experience as the analyst and asset manager in the institutions such as HSBC G & A Securities Polska S.A., Dom Maklerski BOS S.A., Pioneer PTE S. A., Millenium TFI S.A., DWS TFI S.A. He has a long-standing experience of working in the supervisory bodies of companies.

Agnieszka Buchajska – Member of the Supervisory Board
32 years old in Kredyt Inkaso S.A. since the year 2001
In the years 2000-2005 she studied at the Higher Human Sciences and Economy School in Zamość. She practiced business abilities conducting her own economic activity. She has a long-standing experience of work in supervisory authorities of companies.

Robert Buchajski – Member of the Supervisory Board
38 years old in Kredyt Inkaso S.A. since the year 2009
Graduate of the Marketing and Management Department of the Warsaw School of Economics (1997-2002), he completed PhD studies at the Management and Finance College of the Warsaw School of Economics (2003-2005). He has a long-standing managerial experience gained working as the business development and capital investment director of ZWP Sanwil S.A., business development director of Multiserwis Sp.zo.o. He has a long-standing experience of working in the supervisory bodies of companies.

Audit Committee

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

Note 49 – Changes in the composition of Company's governing bodies

In the period from 28 December 2006 to the day of drawing up the financial statements, the composition of the Issuer's Management Board did not change.
In the period from 01 April 2009 to 31 March 2010, the composition of the Supervisory Board changed in the following manner:

On 25 June 2009 Mr. Sławomir Górnik submitted the resignation from performing his function at the Supervisory Board due to the inability to reconcile further his obligations resulting from his participation in the Supervisory Board with increasing primary professional commitments.
Pursuant to resolution No. 16/2009 dated 03 July 2009, the Ordinary General Assembly of our Company appointed Mr. Tomasz Filipiak as the member of the Supervisory Board.
On 23 July 2009, Mr. Piotr Zawiślak submitted the resignation from performing his function at 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.
On 28 April 2010, the Extraordinary General Assembly of Kredyt Inkaso S.A. appointed the Supervisory Board for the 2nd term of office, consisting of:
Ireneusz Chadaj
Sylwester Bogacki
Tomasz Filipiak
Agnieszka Buchajska
Adam Buchajski
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.

Note 50 - Appointment, dismissal and powers of the Company's governing bodies

Management Board

The Management Board of our Company may be composed of 1 to 3 members, appointed and dismissed by the Supervisory Board (the first Management Board was appointed pursuant to the resolution on transformation of the Company). The term of office of the Management Board lasts three years and is a common term of office. The President and Vice Presidents of the Management Board may be dismissed at any time before lapse of their term of office.

The Management Board shall obtain approval of the Supervisory Board for the following actions:

- opening a branch office abroad;
- disposal or encumbrance, pursuant to one or more legal operations, of fixed assets whose net book value exceeds one fifth of the Company's share capital;
- performance of an investment project and contracting relevant obligations if resulting in expenses or liabilities in excess of equivalent of one half of the Company's share capital;
- contracting other than investment obligations that pursuant to one or more related legal operations exceed one fifth of the share capital with the exception of operations performed within ordinary management, in particular operations relating to trading in receivables as well as operations with positive opinions of the Supervisory Board in annual plans;
- purchase or disposal of real estate properties or a participation in real estate properties or perpetual usufruct rights or a participation in perpetual usufruct rights; however, the purchase of real estate properties or a participation in real estate properties or perpetual usufruct rights or a participation in perpetual usufruct rights that form part of assets of a debtor of the Company for an amount up to one tenth of the Company's share capital may be executed by the Management Board pursuant to a resolution of the Management Board without a need to obtain the consent of the Supervisory Board;

- performance by the Company of capital or asset investments abroad for amounts exceeding one twentieth of the share capital;
- establishment of companies and joining companies as well as making contributions to acquire shares in companies and disposal of shares;

If the Supervisory Board does not consent to any specific operation, the Management Board may request the General Assembly to adopt a resolution consenting to such operation. At present, the Management Board is not entitled to take decisions on shares issues or redemption.

Supervisory Board

Our Supervisory Board may comprise 5 to 9 members, including the Chairman, Vice- Chairman and Secretary. Members of the Supervisory Board are designated for a common term of office of 3 years; members of the Supervisory Board may be dismissed at any time before lapse of their term of office. On 26 November 2007 an amendment to the Statutes was registered, resolved by the Extraordinary General Assembly of 30 August 2007. Pursuant thereto, in case of death or resignation of a member of the Supervisory Board, the other members of the Supervisory Board – within 15 days from learning of the fact – may co-opt a member from among candidates proposed by members of the Supervisory Board. The mandate of such co-opted person shall be approved by the next General Assembly and ends along with the term of office of the entire Supervisory Board or at the next General Assembly that failed to approve such co-opted member.
To the best of our knowledge, members of the Issuer's Supervisory Board, with the exception of Agnieszka Buchajska, do not own Kredyt Inkaso S.A. shares.

Note 51 – Remuneration

The remuneration was presented in the division into categories defined in the International Accounting Standard 24 - Related party disclosures

Remuneration of the Management Board

Artur Górnik - President of the Management Board	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
Short-term employment benefits, of which:	284	115
- wages and salaries	264	100
- ZUS (Social Insurance Institution) contributions financed by the employer	20	15
Employment benefits after employment termination	0	0
Other long-term employment benefits	0	0
Employment benefits related to termination of employment	0	0
Payment in the form of shares	0	0

Sławomir Ćwik- Vice President of the Management Board	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
Short-term employment benefits, of which:	171	80
- wages and salaries	157	68
- ZUS (Social Insurance Institution) contributions financed by the employer	14	12
Employments benefit after employment termination	0	0
Other long-term employment benefits	0	0
Employment benefits related to termination of employment	0	0
Payment in the form of shares	0	0

Management Board - TOTAL	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
Short-term employment benefits, of which:	455	195
- wages and salaries	421	168
- ZUS (Social Insurance Institution) contributions financed by the employer	34	27
Employment benefits after employment termination	0	0
Other long-term employment benefits	0	0
Employment benefits related to termination of employment	0	0
Payment in the form of shares	0	0

Remuneration of the Supervisory Board

Until 2 July 2009, members of the Supervisory Board received the remuneration in the amount of PLN 1 000 per month on account of performing their functions.
On 3 July 2009, pursuant to the resolution No. 17/2009, the Ordinary General Assembly adopted the following, new principles of remunerating Members of the Supervisory Board:

- A Member of the Supervisory Board shall be entitled to monthly remuneration in the amount of 1/3 of the average remuneration in enterprise sector excluding payments from profit for distribution (according to GUS (Central Statistical Office)).
- The Chairman of the Supervisory Board shall be entitled to position allowance in the amount of the average monthly remuneration in enterprise sector excluding payments from profit for distribution.
- Other members of the Supervisory Board shall be entitled to the following allowances:
  a. for participation in the audit committee, in the amount of 1/3 of the average monthly remuneration in enterprise sector excluding payments from profit for distribution
  b. for performance of function of the secretary of the Supervisory Board, in the amount of 1/3 of the average monthly remuneration in enterprise sector excluding payments from profit for distribution
  c. for performance of the function of the Vice-Chairman of the Supervisory Board, in the amount of 1/3 of the average remuneration in enterprise sector excluding payments from profit for distribution in the period in which the Chairman does not perform his function.
- Member of the Supervisory Board shall not be entitled to remuneration if he submits statement about his resignation from remuneration.
- In a given month, Member of the Supervisory Board shall be entitled to remuneration and due allowance for performing his function in the amount corresponding to the proportion of the number of meetings in which he participated to the total number of meetings of the Supervisory Board in a given month.
- In a given month, Member of the Audit Committee shall be entitled to the allowance for participation in the audit committee, in the amount corresponding to the proportion of the number of meetings in which he participated to the total number of meetings of the Audit Committee in a given month.
- If no meetings have been held in a given month, Members of the Supervisory Board shall also be entitled to remuneration and allowances.

Short-term employment benefits for the Supervisory Board members	remuneration	ZUS contributions financed by the employer
Bogacki Sylwester	13	0
Buchajska Agnieszka	13	0
Buchajski Robert	17	0

Chadaj Ireneusz	43	0
Filipiak Tomasz	29	0
Górnik Sławomir	3	0
Zawiślak Piotr	4	0

Amounts of remuneration, bonuses and benefits paid out, due or potentially due to managing and supervising persons

Apart from the mentioned remuneration and the benefits resulting from the Incentive Program they did not occur.

Information on benefits for key managing personnel

Benefits other than remuneration did not occur.

Note 52 – Options, employee share program

Rules of the Incentive Program

By Resolution of the Extraordinary General Assembly of 30 November 2007, we approved an Incentive Program in order to provide incentive and to reward the contribution of the management and our key employees and partners. The Resolution approving the Incentive Program was published in our Current Report No. 43/2007 on 01 December 2007. The provisions of the Incentive Program were modified and specified more precisely pursuant to the resolution of the Ordinary General Assembly dated 07 July 2008. We published the resolution changing the provisions of the Incentive Program in the Current Report No. 27/2008 dated 08 July 2008.
The approved Incentive Program provides that members of the Management Board, employees and partners may acquire up to 200,000 shares in our Company, starting from the first day of the third month following the month in which our financial statements for the financial year ending on 31 March 2010 are approved. The exercise price will equal the arithmetic mean of the closing share prices of the Company at the Stock Exchange in Warsaw in 60 sessions before 30 November 2007 (i.e. PLN 13.81) minus the equivalent of dividend per one share distributed during the validity of the program, increased by the interest for the period from the date of distribution of a given dividend to the date of the final completion of the Incentive Program calculated applying interest rate equal to the National Bank of Poland base lending rate.
The exercising of the rights to the employee share program is subject to several conditions, in particular:

1. Rights are awarded by the Management Board and Supervisory Board (the rights to the Management Board were awarded by the General Assembly),
2. The anticipated profit growth is generated,
3. The price of the Company shares grows faster over the relevant period than the sWIG80 index by minimum 10 % or drops by minimum 10 % less than the relevant drop of the sWIG80 index over the relevant period,
4. The entitled persons remain employed or continue collaboration with the Company (the reservation does not apply to the members of the Management Board of the present term of office).

Information on control system of the employee share program

The incentive share program in our Company is being implemented pursuant to the resolution of the Extraordinary General Assembly No. 5/2007 of 30 November 2007 and the resolution of the Ordinary General Assembly No. 22/2008 of 07 July 2008 that amends it. The progress of the program is monitored by the Supervisory Board.

Execution of the incentive program

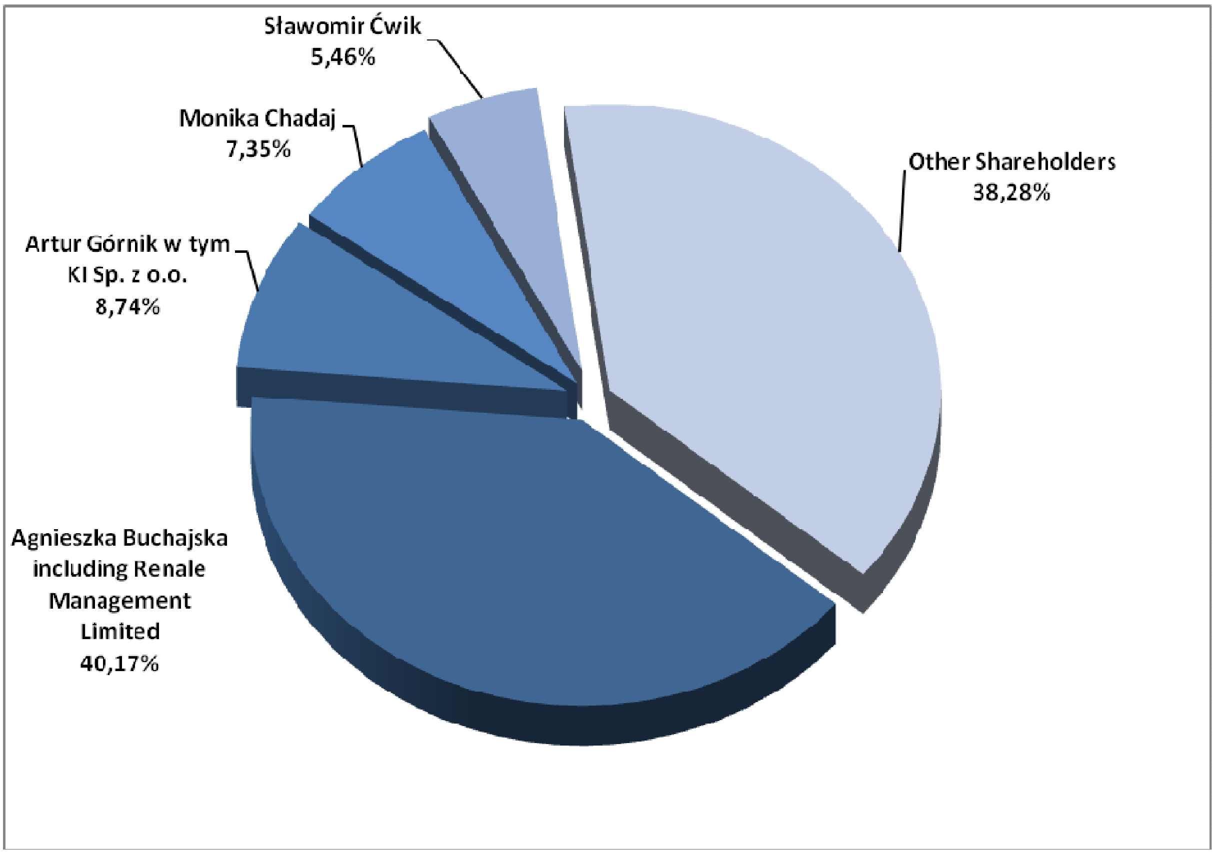
Pursuant to a resolution of the Extraordinary General Assembly of 30 November 2007 along with the changes pursuant to the resolution of the Ordinary General Assembly dated 07 July 2008, we approved an Incentive Program to retain inter alia our management staff.
Pursuant to the provisions of the Incentive Program, the Management Board shall be entitled to acquire up to 65,000 series D ordinary shares (39,000 for the President and 26,000 for the Vice President) for the first year of the program in exchange for series A subscription warrants. The right is due to the fact that for the last financial year we generated profit of no less than PLN 4,202 thousand having allowed for the valuation effects of the incentive program. The benefit is contingent as the right may only be exercised when the requirements specified in the Incentive Program are satisfied over the period of 180 days from exercise date being the first day of the third month following the month in which the financial statements for the last financial year of the Incentive Program are approved (2010). The exercise price of series D shares acquired pursuant to the right under series A subscription warrants will equal arithmetic mean of the closing share prices of the Company at the Warsaw Stock Exchange in 60 sessions before the rights have been awarded (i.e. PLN 13.81) minus the equivalent of dividend per one share distributed during the validity of the program increased by the interest for the period from the date of a given dividend distribution to the date of the final completion of the Incentive Program calculated applying interest rate equal to the base lending rate of the National Bank of Poland.
In view of the structure of the Incentive Program and the requirements to be met as well as the exercise day of the rights [the first day of the third month following the month in which the financial statements for the last financial year of the program are approved (2009/2010)], members of the Management Board who as of 31 March 2008 are the eligible persons in Year I of Program Implementation did not acquire any actual benefits as of the end of the last financial year; furthermore, in view of the prices of the Company's shares until the date hereof, no future and potential benefits can be estimated.

Note 53 – Contracts concluded between the Issuer and the managing persons providing compensation in case of their resignation or dismissal

Managing persons work for the Company on the basis of an employment contract for the period ending on the date following the date of approval of the financial statements for the year 2009/10 by the General Assembly. Potential compensation in case of their resignation or dismissal results from the provisions of the labor code. Additional rights of the parties not resulting directly from the provisions of the labor code have not been defined in the contracts.

Note 54 – Share in shareholding and in the number of votes at the General Assembly

Members of the Management Board are at the same time shareholders of the Company. Artur Górnik owns (directly and indirectly) 8.74% of the total number of Company's shares and the same share in the number of votes at the General Assembly, whereas Sławomir Ćwik owns 5.46% of the total number of Company's shares and the same share in the number of votes at the General Assembly.
Agnieszka Buchajska is the member of the Supervisory Board who owns (directly and indirectly) 40.17% of the total number of Company's shares and the same percent of votes at the General Assembly.
Ireneusz Chadaj is the member of the Supervisory Board, whose spouse, Monika Chadaj, owns 7.35% of the total number of Company's shares and the same percent of votes at the General Assembly.
The above data is presented in the graph below (compare Note 44):



Note 55 – Loans granted to key personnel and persons related to them

They did not occur.

Note 56 – Transactions with the entities related to the key personnel

The Company, co-operates with the law firm Kancelaria Prawnicza FORUM Radca Prawny Krzysztof Piluś i S-ka spółka komadytowa on regular basis. Kancelaria Prawnicza FORUM is the entity related to Kredyt Inkaso S.A. through the managing and supervising persons. In the reporting period the following transactions were made between the entities:

transactions with Kancelaria Prawnicza FORUM	amount of transaction	state as of balance sheet date	
		receivables	liabilities
fees relative to regular legal services	15	0	2
court fees and costs	2 263	43	0
fees awarded by court and collected from debtors	4007	0	49
lease (lessor) of office space and settlements relative to service fees	139	27	0

lease (lessee) of office space and settlements relative to service fees	48	0	17
acquisition of bonds	400	0	0
repayment of mature bonds	400	0	0
repayment of interest on acquired bonds	10	0	0

Additionally, the Company made transactions with Ms. Agnieszka Buchajska – the key shareholder and the Member of the Supervisory Board, which related to issue, interest payment and repurchase of bonds.

transactions with Ms. Agnieszka Buchajska	amount of transaction	state as of balance sheet date	
		receivables	liabilities
payment of interest on acquired bonds	370	0	0
acquisition of new issues of bonds	550	0	0
repayment of mature bonds	4 550	0	0

Other transactions with the entities related to the key personnel did not occur.

Note 57 – Description of principles of amendments to the Statutes

Pursuant to § 7 section 7 item 8 of the Statutes of Kredyt Inkaso SA, amendment to the Statutes is within the powers of the General Assembly. Pursuant to § 7 section 9 item 1 letter a such an amendment shall be adopted by majority of ¾ votes cast and the entry in the register.

Note 58 – The manner of the General Assembly functioning and its principal powers and description of shareholders' rights and the manner of exercising them, especially rules resulting from the regulations of the General Assembly

Manner of the General Assembly functioning and its principal powers

The General Assembly may be ordinary or extraordinary. Ordinary General Assembly is held not later than 6 (six) months after the end of the Company's financial year. The Extraordinary General Assembly is convened by the Management Board on its own initiative, at the request of the Supervisory Board or at the request of a shareholder or shareholders representing not less than one twentieth of the Company's share capital, within two weeks of submission of such a request. The request to convene the General Assembly shall define matters proposed to be considered; the request does not need to contain justification. The Supervisory Board is entitled to convene the Ordinary General Assembly whenever the Management Board fails to convene it within the stipulated time and the Extraordinary General Assembly whenever it deems the convocation of the assembly advisable. Shareholders representing at least half of the share capital or at least half of the total number of votes in the company may convene the Extraordinary General Assembly. Shareholders may participate in the General Assembly and exercise the voting in person or by proxy. The proxy to participate in the General Assembly should be granted in writing or in the electronic form as a fax. Without prejudice to different provisions of the Commercial Companies Code and the Statutes, resolutions of the General Assembly are passed by the majority of over 60% (sixty percent) of votes cast, whereby votes cast are deemed votes "in favor", "against" and "abstaining". Voting at the General Assembly is open. Secret vote is ordered on elections or on motions to dismiss members of the Company's governing bodies or liquidators or to bring them to justice, as well as on personal matters. Neither a pledgee nor a user of shares has the voting right at the General Assembly of Shareholders.

The powers of the General Assembly shall in particular include the following matters:

1. consideration and approval of the financial statements for the last financial year, report of the Management Board on the operations of the Company; as well as consolidated financial statements of the capital group and report on the operations of the capital group for the previous financial year;

2. granting of approval of the performance by the members of the Supervisory Board and the Management Board of their duties;

3. decisions concerning distribution of profit and coverage of losses, as well as appropriation of funds established out of profit, without prejudice to special provisions regulating in a different manner the procedure of appropriation of such funds;

4. appointing members of the Supervisory Board and deciding about the rules of remunerating the members of the Supervisory Board;

5. increasing and reducing the share capital, unless the provisions of commercial companies code do not stipulate otherwise;

6. all decisions relating to claims for redress of damage caused upon formation of the Company and in the course of management and supervision;

7. granting consent to transfer or tenancy of the enterprise of the Company or its organized part and creation of a limited right in rem on them;

8. amendment to the Statutes;

9. establishing and liquidation of capital reserves and other reserves and funds of the Company;
10. decisions concerning redemption and acquisition of shares in order to redeem them and defining terms of their redemption;

11. issue of convertible bonds or bonds with the priority right;

12. dissolution, liquidation and transformation of the Company and its merger with the other company;

13. adopting regulations for the Supervisory Board and the General Assembly of Shareholders.

Prior to each General Assembly the list of the shareholders entitled to participate in the General Assembly is drawn up. The list, signed by the Management Board should be available for reviewing in the premises of the issuer for three working days preceding the date of the General Assembly. Shareholders may review the list in the premises of the issuer, request the copy of the list reimbursing the cost of preparing it, or sending the list of shareholders by electronic mail, stating the address at which the list should be sent. At the General Assembly immediately after the Chairman of the General Assembly has been elected, the attendance list is drawn, containing the list of participants and the number of shares represented by each of them and the number of votes ascribed to them, signed by the Chairman of the General Assembly. On the motion of the shareholders owning at least 1/10 of the share capital represented at the General Assembly, the attendance list should be checked by the commission elected for this purpose, consisting of at least three persons. Requesting shareholders shall be entitled to elect one member of the commission.

The General Assembly shall be convened by an announcement on the Company's website, in the manner defined for disclosing current and interim information by public companies, at least 26 days prior to the date of the General Assembly. The announcement should specify:

1. date, time and venue of the General Assembly and the detailed agenda,

2. detailed description of procedures related to the participation in the General Assembly and exercising voting right,

3. the date of registration of participation in the General Assembly,

4. information that only persons being the shareholders of the Company on the date of registration of participation in the General Assembly have the right to participate in the General Assembly,

5. information where and in what manner the person entitled to participate in the General Assembly may obtain the comprehensive text of documentation which is to be presented to the General Assembly as well as draft resolutions or if adopting resolutions is not planned, comments of the Management Board or the Supervisory Board concerning issues on the agenda of the General Assembly or issues that are to be included in the agenda prior to the date of the General Assembly.

6. information about the address of the internet website on which information about the General Assembly shall be available.

In the case of intended amendment to the Statutes, the provisions in force should be referred to and the contents of proposed amendments should be presented. A shareholder or shareholders representing at least one twentieth of the share capital may request including certain matters into the agenda of the next General Assembly, however not later than twenty-one days prior to the General Assembly. The request should contain justification or the draft of the resolution related to the proposed item of the agenda. The Management Board is obliged to announce the changes in the agenda, introduced at the request of shareholders immediately, not later than eighteen days prior to the determined date of the General Assembly. The announcement is made in the manner applied in the case of convening the General Assembly. Prior to the date of the general assembly, a shareholder or shareholders representing at least one twentieth of the share capital may submit to the company, in writing or using means of electronic communication, draft resolutions related to the issues on the agenda or the issues that are to be included in the agenda. The Company shall immediately publish draft resolution on the website. During the General Assembly, each of the shareholders may propose draft resolutions related to the issues on the agenda.

The General Assembly is held in the Company's registered office in Zamość or it may be held in Warsaw. Pursuant to art. 405 of the Commercial Companies Code, the General Assembly may adopt resolutions without formal convening if the whole share capital is represented, and nobody present raises objection to holding the General Meeting or including certain matters in the agenda. The General Assembly is valid regardless of the number of shares represented, unless otherwise provided by the Commercial Companies Code or the Statutes.

Description of shareholders' rights and the manner of executing them

All issuer's shares are ordinary bearer shares and no additional rights or privileges are attached to them. Rights and obligations related to issuer's shares are specified in the provisions of the Commercial Companies Code, Statutes and other legal regulations.
Proprietary rights related to issuer's shares comprise, among others:

1. Right to dividend, i.e. share in issuer's profit, indicated in the financial statements, examined by certified auditor, appropriated for payment to shareholders by the General Assembly (art. 347 Commercial Companies Code). The profit shall be distributed proportionally to the number of shares. The issuer's Statutes provide no privileges as far as this right is concerned, which means that the dividend in the same amount is attached to every share. Shareholders who owned shares as of the dividend date determined by the General Assembly are entitled to obtain the dividend for a given financial year. The Ordinary General Assembly determines also the date of dividend payment (art. 348 § 3 Commercial Companies Code). As a result of adoption of the resolution on profit appropriation, shareholders acquire claim for dividend payment. The claim for dividend payment becomes due as of the date specified in the resolution of the General Assembly and is subject to prescription according to general principles. No other right to share in profit is attached to issuer's shares.

2. The priority right to take up new shares proportionally to the number of owned shares (pre-emptive right); with compliance with requirements referred to in art. 433 Commercial Companies Code, Shareholder may be deprived of this right in whole or in part in the issuer's interest by virtue of the resolution of the General Assembly adopted by majority of at least four fifths of votes, provision related to the necessity to obtain the majority of at least 4/5 is not applied when the resolution on the capital increase provides that shares are to be taken up in whole by a financial institution (subissuer) with the obligation to subsequently offer them the shareholders with a view to enabling them to exercise the pre-emptive right on the terms stipulated in the resolution and if the resolution provides that the new shares are to be taken up by the subissuer in the case where the shareholders who have pre-emptive right do not take up some or all of the shares offered to them; deprivation the shareholders of the pre-emptive right to take up shares may take place when it has been stipulated in the agenda of the General Assembly.

3. Right to share in issuer's assets remaining after the creditors are satisfied or secured in the case of its liquidation (art. 474 Commercial Companies Code; the issuer's statutes provides for no privilege related to this.

4. Issuer's shares may be redeemed with the shareholder's consent by way of their acquisition by the issuer. The conditions and procedure for voluntary redemptions shall be every time stipulated by the resolution of the General Assembly.

5. Right to dispose of owned shares.

6. Right to encumber owned shares with pledge or usufruct.

Corporate rights relative to shares comprise among others:

1. Right to participate in the General Assembly (art. 412 Commercial Companies Code) and the right to exercise voting right at the General Assembly (art. 411 § 1 Commercial Companies Code). Every share carries one vote at the General Assembly (art. 411 Commercial Companies Code).

2. Right to convene the Extraordinary General Assembly for the shareholders representing at least half of the share capital or at least half of votes in the Company (art. 399 § 3 Commercial Companies Code) and the right to submit request that the Extraordinary General Assembly be convened and certain matters be placed on the agenda vested in shareholders owning at least one twentieth of the issuer's share capital (art. 400 § 1 Commercial Companies Code).

3. Right to challenge in an action resolutions of the General Assembly pursuant to principles stipulated in art. 422-427 Commercial Companies Code. According to provisions of art. 422 Commercial Companies Code, a resolution of the General Assembly which contravenes the Statutes or good practices and harms the issuer's interests or is aimed at harming a shareholder may be challenged in an action brought against the issuer for annulment of the resolution. The action may be brought by the Management Board, Supervisory Board and individual members of those bodies or a shareholder who:

- voted against the resolution and after its adoption requested that this objection be recorded in the minutes (the requirement relative to voting shall not apply to a non-voting share);
- was not allowed to participate in the General Assembly without a valid reason;
- was not present at the General Assembly when the General Assembly was wrongly convened or the resolution concerned matter not included on the agenda.

In the case of a public company the period in which the action relative to annulment of the resolution is a month from the date of receipt the information about the resolution, however not later than within six months of adoption of the resolution (art. 424 § 2 Commercial Companies Code). In the situation when the resolution contravenes provisions of the Commercial Companies Code, it may be challenged in an action according to the procedure of art. 425 Commercial Companies Code, in an action for annulment of the resolution brought against the issuer. The action may be brought within one month of the receipt of the information on the resolution, however not later than within one year of the date of adoption of the resolution. The action for annulment of the resolution may be brought within 30 days of the date of announcement of the resolution of the General Assembly, not later than after year from the date of adoption of the resolution.

1. Right to demand election of the Supervisory Board by voting in separate groups, pursuant to art. 385 § 3 Commercial Companies Code at request of shareholders representing at least one fifth part of the share capital, the election of the Supervisory Board shall be carried out by the next General Assembly by voting in separate groups.

2. Right to obtain information about the issuer in the scope and the manner defined by provisions of law, especially pursuant to art. 428 Commercial Companies Code, during the sittings of the General Assembly the Management Board is obliged to provide a shareholder, at his request, with information concerning the issuer, wherever this is required so that the matter on the agenda can be considered; a shareholder who has been refused disclosure of requested information during the sitting of the General Assembly and who requested that his objection be recorded in the minutes, may submit the application with the Registry Court requesting the Management Board be obliged to provide information (art. 429 Commercial Companies Code).

3. Right to registered depositary certificate issued by the entity operating the securities account in accordance with the provisions on public trading in financial instruments (art. 328 § 6 Commercial Companies Code).

4. Right to request that copies of report of the Management Board on issuer's operations and the financial statements along with the copy of the report of the Supervisory Board and the opinion of the certified auditor not later than fifteen days prior to the General Assembly (art. 395 § 4 Commercial Companies Code).

5. Right to review the list of shareholders entitled to participate in the General Assembly in the premises of the Management and to request the copy of the list upon payment of the cost of its preparation (art. 407 § 1 Commercial Companies Code) or the right to request that the list of shareholders be sent by electronic mail free of charge (art. 407 § 1[1] Commercial Companies Code).

6. Right to request the copy of motions on matters included on the agenda within one week prior to the General Assembly (art. 407 § 2 Commercial Companies Code).

7. Right to submit the motion to check the attendance list at the General Assembly by the committee consisting of at least three persons. The request may be submitted by shareholders owning one tenth of the share capital represented at this General Assembly. The persons who propose the motion may elect one member of the committee (art. 410 § 2 Commercial Companies Code).

8. Right to review the minutes book and request copies of resolutions certified by the Management Board (art. 421 § 2 Commercial Companies Code).

9. Right to file a writ in action for a redress of damage caused to the issuer pursuant to the principles defined art. 486 and 487 Commercial Companies Code, if the issuer does not bring an action for redress of damage caused to it within one year of the date on which the act causing the damage is discovered.

10. Right to review documents and request copies of the documents referred to in art. 505 § 1 (in the case of merger of companies), in art. 540 § 1 (in the case of division of the issuer) and in art. 561 § 1 of the Commercial Companies Code (in the case of transformation of the issuer) be made available to them in the premises of the issuer fee of charge.

11. Right to review the share register and request excerpts reimbursing the cost of preparing them (art. 341 § 7 Commercial Companies Code).

12. Right to request that a commercial company, which is the issuer's shareholder, provide information if it is in relation of dominance or dependence to a given commercial company or a co-operative being the shareholder of the issuer or if such a relation of dominance or dependence terminated. A shareholder may request also that the number of shares or votes or the number of shareholdings or votes, which is owned by this company, including also as a pledgee, usufructuary, or pursuant to agreements with other persons be disclosed. Request to provide information and replies shall be submitted in writing.

13. Right to request that an expert (special purpose auditor) examine a certain issue related to formation of a public company or managing its matters, pursuant to art. 84 of the act on public offering. The resolution related to this shall be adopted by the General Assembly upon motion of a shareholder or shareholders representing at least 5% of the total number of votes at the General Assembly. The appropriate resolution shall define in particular:

    a. object and scope of examination;

    b. documents that the issuer should make available to the expert;

    c. position of the Management Board on the proposed motion.

If the General Assembly rejects the motion to appoint a special purpose auditor, proposing persons may submit the application with the registry court requesting appointment of the auditor within 14 days of adoption of the resolution.

Note 59 - Main features of internal control systems and management of risk related to the process of drawing up financial statements

Due to the fact that the financial statements are drawn up by a small team, the process of their preparation is supervised and controlled directly by the Managed Board of the Company. Identified risks have been eliminated by partial automation of the process of drawing up the financial statements and in it the remaining part by the control instruments available to the Management Board of the Company.
On 23 July 2009, the Audit Committee operating within Kredyt Inkaso S.A. Supervisory Board was appointed. Mr. Tomasz Filipiak being independent (pursuant to art. 56 section 3 item 1, 3 and 5 of the Act on Public Offering) member of the Supervisory Board and having competence in the scope of accountancy and financial audit became its President.
Powers and responsibilities of the Committee include supervision over financial reporting, internal control, risk management and external audits in the Company.
Powers of the Committee include in particular:

- evaluation made with the participation of authorized employees of the Company and the statutory auditor of the following:

- correctness of financial and accounting reports of the Company

- all changes in accounting and financial reports of the Company, ordered by the management or statutory auditor of the Company,

- reflection of significant kinds of risk in account books of the Company;

- evaluation and presenting to the Supervisory Board recommendations in the scope of: audited annual financial statements of the Company and the opinion of the statutory auditor on the statements, explanations obtained from the management of the Company relating to all significant differences between comparable reporting periods, as well as, respectively, recommendations relating to approval by the Supervisory Board of audited annual financial statements, significant, published financial documents and reports for supervision authorities and for the bodies supervising subsidiaries of the Company.

- consulting with auditors the process of internal control, completeness and suitability of financial statements of the Company as well as the possibility of generating precise and reliable financial information about the Company,
- control over key agreements concluded by the Company taking into consideration correspondence of their terms and conditions to market conditions,
- presenting recommendations with regard to appointment of the statutory auditor to the Supervisory Board,
- evaluation of terms of agreement with the statutory auditor related to the audit of the financial statements of the Company,
- evaluation of the independence of the statutory auditor,
- approving remuneration of the statutory auditor,
- evaluation of the results of the statutory auditor’s work and recommending to the Supervisory Board or the Management Board termination of the agreement between the Company and the statutory auditor of the Company in the situations justified with extraordinary circumstances.

Audit Committee performed the mentioned above duties in the process of drawing up these financial statements.

Kredyt Inkaso Spółka Akcyjna
in Zamość

FINANCIAL STATEMENTS OF KREDYT INKASO S.A.
FOR THE FINANCIAL YEAR 2009/10
(period from 01.04.2009 to 31.03.2010)

prepared according to the International Financial Reporting Standards and the International Accounting Standards

Zamość, May 2010

BALANCE SHEET

BALANCE SHEET	Note	31.03.2010	31.03.2009
ASSETS		**145 619**	**126 594**
Fixed assets		**1 910**	**2 026**
Tangible assets	8, 9, 10	1 132	1 399
Intangible assets	11, 12	778	627
Deferred income tax assets	13	0	0
Long-term prepayments and accruals		0	0
Current assets		**143 709**	**124 568**
Trade receivables	14	70	32
Receivables relative to income tax	15	399	0
Receivables relative to awarded costs of legal proceedings	16	2 823	1 691
Other receivables	17	3 407	1 168
Debts purchased	18	131 241	116 401
Cash and cash equivalents	19	521	613
Other short-term investments		0	4
Short-term prepayments and accruals	20	5 249	4 659
LIABILITIES		**145 619**	**126 594**
Equity		**98 615**	**88 239**
Share capital	21	5 494	5 494
Supplementary reserve (shares premium)		18 111	18 111
Amounts received for the future shares issue		0	0
Own shares (negative value)		0	0
Revaluation reserve - reserve resulting from the revaluation of financial assets available for sale		64 066	58 729
Retained earnings		10 943	5 904
Net profit (loss) for the current period		5 533	2 537
Profits (losses) brought forward		3	3
Supplementary reserve established out of profit		5 407	3 364
Capital reserve established out of profit		0	0
Long-term liabilities		**36 130**	**7 442**
Long-term reserves	23	0	0
Reserves for deferred income tax	22	1 321	910
Bonds issued (according to amortized cost)	40	34 809	6 523
Liabilities relative to leasing	25	0	9
Other liabilities		0	0
Short-term liabilities		**10 836**	**30 828**
Short-term reserves	23	12	12
Bonds issued (according to amortized cost)	40	4 109	22 740
Liabilities relative to income tax	24	0	98
Liabilities relative to leasing	25	9	90
Trade liabilities	26	6 524	7 877
Other liabilities	27	182	11
Accruals	29	**38**	**85**

Book value		98 615	88 239
Number of ordinary shares (in thousand)	55	5 494	5 494
Number of diluted shares (in thousand)	55	5 654	5 654
Book value per one share (in PLN)		**17.95**	**16.06**
Diluted book value per one share (in PLN)		**17.44**	**15.61**

PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT	Note	4. quarter from 01.01.2010 to 31.03.2010	4 quarters cumulatively from 01.04.2009 to 31.03.2010	4. quarter (comparative) from 01.01.2009 to 31.03.2009	4 quarters cumulatively (comparative) from 01.04.2008 to 31.03.2009
Net income	30	**8 445**	**29 662**	**6 229**	**18 567**
Income from debts purchased		7 386	26 316	5 123	15 955
Income from awarded costs of proceedings		1 026	3 230	1 078	2 516
Other income from sale		34	117	28	96
Own cost of income	31	**3 638**	**13 451**	**3 119**	**7 695**
Costs of debts purchase		2 800	10 527	2 040	5 282
Costs of legal proceedings		819	2 862	1 079	2 413
Own costs of other income		17	61	0	0
Gross profit (loss) on sales		**4 809**	**16 212**	**3 111**	**10 872**
Cost of sales	31	0	0	0	0
Overheads	31	579	1 583	327	1 335
Other costs of core business	31	723	2 877	779	2 589
Profit (loss) on sales		**3 506**	**11 752**	**2 004**	**6 947**
Other operating income	32	28	63	-162	161
Other operating costs	33	495	1 264	53	921
Operating profit (loss)		**3 039**	**10 551**	**1 790**	**6 188**
Financial income	34	10	57	17	63
Financial costs	35	1 204	3 898	861	3 192
Gross profit (loss) before tax		**1 846**	**6 710**	**946**	**3 059**
Income tax		258	1 177	255	522
Current amount	36	-135	766	98	98
Deferred amount	37	394	412	157	424
Net profit (loss)		**1 588**	**5 533**	**691**	**2 537**
Other total income					
Financial assets available for sale		1 577	5 337	16 150	4 344
Valuation of fixed assets		0	0	0	0
Income tax		0	0	0	0
Other income after tax		**1 577**	**5 337**	**16 150**	**4 344**
Total income		**3 165**	**10 870**	**16 841**	**6 881**
Profit per one share					
Weighted average number of ordinary shares in thousand	52	5 494	5 494	5 494	0
Weighted average of diluted shares in thousand	52	5 654	5 654	5 654	0
Net profit per one ordinary share in PLN	52	0.29	1.01	0.12	0.46
Net profit per one diluted share in PLN	52	0.28	0.98	0.12	0.45

CASH FLOW STATEMENT

CASH FLOW STATEMENT	4. quarter from 01.01.2010 to 31.03.2010	4 quarters cumulatively from 01.04.2009 to 31.03.2010	4. quarter (comparative) from 01.01.2009 to 31.03.2009	4 quarters cumulatively (comparative) from 01.04.2008 to 31.03.2009
OPERATING CASH FLOWS				
Profit (loss) before tax	**1 846**	**6 710**	**946**	**3 059**
Total adjustments	**-2 294**	**-11 604**	**608**	**-10 072**
Amortization and depreciation	147	594	149	417
Foreign exchange gains (losses)	0	0	1	1
Interest and profit sharing	1 122	3 239	828	2 957
(Profit)/loss on investments	0	0	0	0
Increase/(decrease) of long-term reserves (excluding reserve for deferred income tax)	0	0	0	0
Increase/(decrease) of short-term reserves	12	0	12	3
(Increase)/decrease of trade receivables	-47	-38	114	-14
(Increase)/decrease of receivables relative to awarded costs of proceedings	-365	-1 132	-793	-1 195
(Increase)/decrease of other receivables (excluding receivables relative to the sale of tangible fixed assets and intangible assets)	-630	-2 239	-550	-865
(Increase)/decrease of receivables relative to the state of purchased debts along with the change of revaluation reserve relative to purchased debts	-3 708	-9 503	-2 158	-17 809
Increase/(decrease) of trade liabilities	2 638	-1 353	2 503	7 790
Increase/(decrease) of other liabilities (excluding liabilities relative to the purchase of tangible fixed assets and intangible assets)	-256	142	-160	-7
Increase/(decrease) of long-term prepayments and accruals	-18	-40	40	40
Increase/(decrease) of short-term prepayments and accruals	-1 234	-597	539	-2 273
Paid (returned) income tax	-86	-1 263	0	588
Other adjustments	131	585	82	295
Net operating cash flows	**-448**	**-4 894**	**1 553**	**-7 013**
INVESTMENT CASH FLOWS				
Inflows	**10**	**61**	**3**	**6**
Inflows from sale of tangible fixed assets and intangible assets	0	0	0	0
Inflows from profit sharing	0	0	0	0

Inflows from sale of securities	0	0	0	0
Interest received	10	57	0	0
Repayment of short-term loans	0	4	3	6
Other investments inflows	0	0	0	0
Outflows	**44**	**449**	**216**	**1 084**
Outflows for purchase of tangible fixed assets and intangible assets	44	449	216	1 074
Outflows for purchase of securities	0	0	0	0
Granting short-term loans	0	0	0	10
Other investment outlays	0	0	0	0
Net investment cash flows	**-34**	**-389**	**-213**	**-1 078**
FINANCIAL CASH FLOWS				
Inflows	**3 940**	**39 221**	**10 400**	**22 510**
Net inflows from issue of shares	0	0	0	0
Net issue of bonds	3 940	39 221	10 400	22 510
Credits and loans	0	0	0	0
Other financial inflows	0	0	0	0
Outflows	**8 367**	**34 030**	**11 250**	**14 351**
Dividends and payments to shareholders	0	494	0	879
Redemption of bonds	7 200	30 150	10 400	10 400
Repayment of credits and loans	0	0	0	0
Payments under finance lease	24	90	21	115
Interest paid	1 143	3 295	828	2 957
Other financial outlays	0	0	0	0
Net financial cash flows	**-4 427**	**5 191**	**-850**	**8 159**
Total net cash flows:	**-4 910**	**-92**	**491**	**68**
Balance sheet movements in cash and cash equivalents, of which:	**-4 910**	**-92**	**491**	**68**
Cash and cash equivalents at the beginning of period	5 431	613	122	545
Cash and cash equivalents at the end of period	521	521	613	613

CHANGE IN SHAREHOLDERS' EQUITY

for the period from 01.04.2009 to 31.03.2010	Share capital	Supplementary reserve (shares premium)	Own shares (negative value)	Amounts received for future shares issue	Revaluation reserve, of which:	Retained earnings				Equity, total
					reserve relative to revaluation of financial assets available for sale	Net profit from current period	Profit (loss) brought forward	Supplementary reserve established out of profit	Capital reserve established out of profit	
State as of 01.04.2009 (O.B.)	**5 494**	**18 111**	**0**	**0**	**58 729**	**0**	**2 540**	**3 364**	**0**	**88 239**
- adjustments for errors	0	0	0	0	0	0	0	0	0	0
- change of accounting policy	0	0	0	0	0	0	0	0	0	0
State as of 01.04.2009 (O.B.) after adjustments	**5 494**	**18 111**	**0**	**0**	**58 729**	**0**	**2 540**	**3 364**	**0**	**88 239**
Increase / decrease from profit distribution	0	0	0	0	0	0	-2 537	2 043	0	-494
of which: dividend	0	0	0	0	0	0	-494	0	0	-494
Net result	0	0	0	0	0	5 533	0	0	0	5 533
Coverage of loss brought forward	0	0	0	0	0	0	0	0	0	0
Distribution of profit brought forward	0	0	0	0	0	0	0	0	0	0
Shares issue	0	0	0	0	0	0	0	0	0	0
Costs of shares issue	0	0	0	0	0	0	0	0	0	0
Revaluation of financial instruments fair value	0	0	0	0	5 337	0	0	0	0	5 337
Changes in the period, total	0	0	0	0	5 337	5 533	-2 537	2 043	0	10 376
State as of 31.03.2010 (C.B.)	**5 494**	**18 111**	**0**	**0**	**64 066**	**5 533**	**3**	**5 407**	**0**	**98 615**

for the period from 01.04.2008 to 31.03.2009	Share capital	Supplementary reserve (shares premium)	Own shares (negative value)	Amounts received for future shares issue	Revaluation reserve, of which:	Retained earnings				Equity, total
					reserve relative to revaluation of financial assets available for sale	Net profit from current period	Profit (loss) brought forward	Supplementary reserve established out of profit	Capital reserve established out of profit	
State as of 01.04.2008 (O.B.)	**5 494**	**18 111**	**0**	**0**	**44 138**	**0**	**4 243**	**0**	**0**	**71 986**
- adjustments for errors	0	0	0	0	0	0	0	0	0	0
- change of accounting policy	0	0	0	0	10 247	0	3	0	0	10 250
State as of 01.04.2008 (O.B.) after adjustments	**5 494**	**18 111**	**0**	**0**	**54 385**	**0**	**4 246**	**0**	**0**	**82 236**
Increase / decrease from profit distribution	0	0	0	0	0	0	-4 243	3 364	0	-879
of which: dividend	0	0	0	0	0	0	-879	0	0	-879
Net result	0	0	0	0	0	2 537	0	0	0	2 537
Coverage of loss brought forward	0	0	0	0	0	0	0	0	0	0
Distribution of profit brought forward	0	0	0	0	0	0	0	0	0	0
Shares issue	0	0	0	0	0	0	0	0	0	0
Costs of shares issue	0	0	0	0	0	0	0	0	0	0
Revaluation of financial instruments fair value	0	0	0	0	4 344	0	0	0	0	4 344
Changes in the period, total	0	0	0	0	4 344	2 537	-4 243	3 364	0	6 003
State as of 31.03.2009 (C.B.)	**5 494**	**18 111**	**0**	**0**	**58 729**	**2 537**	**3**	**3 364**	**0**	**88 239**

KEY ECONOMIC AND FINANCIAL RATIOS

RATIO ANALYSIS				
Ratio	numerator	denominator	ratio value	
			31.03.2010	31.03.2009
Profitability and efficiency ratios				
ROA (ROAMA)	net profit	average assets	4.1%	2.2%
ROE	net profit	average equity	5.9%	3.0%
ROE	net profit	average adjusted equity	17.3%	8.8%
net profit/purchased receivables	net profit	average receivables	4.5%	2.4%
efficiency ratios	operating costs	income	19.3%	26.1%
	operating costs	income from receivables	21.8%	30.4%
	operating costs	EBIT	54.3%	78.3%
	operating costs	net profit	103.5%	191.0%
costs/receivables	operating costs	average receivables	4.6%	4.6%
net profitability	net profit	income	18.7%	13.7%
EBIT profitability	EBIT	income	35.6%	33.3%
EBITDA profitability	EBITDA	income	37.6%	35.6%
EBIT/purchased receivables	EBIT	average receivables	8.5%	5.9%
EBITDA /purchased receivables	EBITDA	average receivables	9.0%	6.3%
income /purchased receivables	income	average receivables	24.0%	17.6%
dividend payout ratio	dividend	net profit	100%	19.5%
dividend/equity	dividend	adjusted equity	18.75%	1.7%
adjusted operating cash flows	adjusted CFO	1 (lack of denominator)	13 650	6 803
Structure of capital				
balance sheet structure ratios	equity	balance sheet total	67.7%	69.7%
	adjusted equity	balance sheet total	23.7%	23.3%
	equity (minus) intangible assets	balance sheet total	67.2%	69.2%
	purchased receivables	equity	133.1%	131.9%
	purchased receivables	adjusted equity	379.9%	394.4%
increase in equity	retained earnings	initial equity	5.0%	2.5%
increase in adjusted equity	retained earnings	initial adjusted equity	15.0%	7.3%
Debt and liquidity ratios				
debt/assets	debt	balance sheet total	32.3%	30.2%
debt/equity	debt	equity	47.6%	43.4%

debt/adjusted equity	debt	adjusted equity	135.9%	129.7%
debt/tangible equity	debt	equity (minus) intangible assets	48.0%	43.7%
share of interest bearing debt	interest bearing debt	balance sheet total	26.7%	23.2%
	interest bearing debt	equity	39.5%	33.3%
	interest bearing debt	adjusted equity	112.7%	99.5%
share of short-term debt	interest bearing STD	interest bearing debt	10.6%	77.8%
share of long-term debt	interest bearing LTD	interest bearing debt	89.4%	22.2%
short-term debt/equity	STD	equity	11.0%	34.9%
long-term debt/equity	LTD	equity	4.4%	26.8%
Ratios of income (and cash) coverage of debt	income from receivables	STD	242.9%	51.8%
	income from receivables	debt	56.0%	41.7%
	average monthly income from receivables + cash	STD	25.0%	6.3%
	average monthly income from receivables + cash	debt	5.8%	5.1%
	average monthly income from receivables	STD	20.2%	4.3%
	average monthly income from receivables	debt	4.7%	3.5%
EBITDA/debt	EBITDA	STD	102.9%	21.4%
	EBITDA	debt	23.7%	17.3%
	EBITDA	interest bearing debt	28.6%	22.5%
coverage of interest	gross profit + financial costs	financial costs	272.1%	195.8%
share of debt with variable interest rate	debt with variable interest rate	interest bearing debt	100.0%	75.1%

Economic and financial ratios were calculated as the quotient of the quantity described in the column *numerator* by the quantity described in the column *denominator*. Apart from items presented in the balance sheet, profit and loss account and cash flow statement, the following financial quantities (based on the mentioned ones) were applied to calculations.

Term *average assets* means the average of the total asset value as of the date of ratio calculation and 12 months earlier. The Company did not own off-balance sheet items in the presented periods, so the assets are at the same time the assets adjusted for off-balance sheet items (*managed assets)*.

Balance sheet total means the total of all Company's assets equal to the total of all Company's liabilities presented in the balance sheet.

Average equity means the average of the equity as of the date of the ratio calculation and 12 months earlier.

Term *Adjusted equity* means equity decreased by the revaluation reserve. *Average adjusted equity* means the average of adjusted equity as of the date of the ratio calculation and 12 months earlier.

Term *receivables* means the balance sheet state of purchased receivables (according to their fair value) as of the date of the ratio calculation. Term *Average receivables* means the average of the state of purchased receivables as of the date of ratio calculation and 12 months earlier.

Debt means the value of all Company's liabilities (short-term and long-term ones).

Abbreviation *LTD* means long-term liabilities. *Interest bearing LTD* means long-term liabilities that cause the necessity to pay interest by the Company (total of long-term liabilities relative to bonds issued and long-term liabilities relative to leasing).
Abbreviation *STD* means short-term liabilities. *Interest bearing STD* means short-term liabilities, which cause the necessity to pay interest by the Company (total of short-term liabilities relative to bonds issued and short-term liabilities relative to leasing).
Interest bearing debt means the total of interest bearing STD and interest bearing LTD.
Debt with variable interest rate means the debt with variable interest rate (determined according to given, external market factors).
EBIT profit means operating profit.
EBITDA profit means EBIT profit plus amortization.
Income from receivables means Company's income from purchased debts presented as an appropriate item in the profit and loss account (annualized). *Average monthly income from receivables* means annualized income from receivables divided by 12.
Operating costs were calculated as the total of selling costs, overheads, other costs of the core business and other operating costs.
Abbreviation *CFO* means operating cash flows (from the Cash Flow Statement). *Adjusted CFO* means CFO increased by outflows for receivables purchase and decreased by the inflows from receivables sale.
Dividend payout ratio was calculated as the quotient of paid dividend by net profit. As of 31 March 2009, the value of the ratio is the quotient of the dividend for the period from 1 April 2008 to 31 March 2009 by net profit generated in this period. As of 31 March 2010, the dividend payout ratio was calculated basing on planned dividend for the financial year 2009/10 and net profit of this period.
Dividend/equity ratio was calculated as the quotient of dividend paid for the last full financial year by the value of adjusted equity as of the end of the financial year.
Increase of equity ratio was calculated as the quotient of net profit for the financial year decreased by paid dividend for a given financial year (*retained earnings*) by equity at the beginning of the financial year.
Increase of adjusted equity ratio was calculated as the quotient of net profit for the financial year decreased by dividend paid for a given financial year (*retained earnings*) by adjusted equity at the beginning of the financial year.

INTRODUCTORY INFORMATION

Note 1 – Kredyt Inkaso S.A. – detailed information

Issuer's business name:	Kredyt Inkaso Spółka Akcyjna
Issuer's registered office:	22-400 Zamość, 32 Okrzei Str.
Registration:	Regional Court in Lublin XI Economic Division of the National Court Register
Date of registration:	28 December 2006 - Issuer in the present legal form (joint stock company)
	19 April 2001- Issuer in the previous legal form (limited partnership)
Entry No. KRS:	0000270672
Regon (statistical number):	951078572
NIP (national tax identification number):	922-254-40-99
PKD (Polish Classification of Activities):	64.99.Z

Company's objects according to the Statutes:

a. other financial service activity, not classified elsewhere, except insurance and pension funds – in PKD 64.99.Z;

b. financial leasing – in PKD 64.91.Z;

c. other forms of granting credits – in PKD 64.92.Z;

d. other activity supporting finance services, except insurance and pension funds – in PKD 66.19.Z;

e. execution of building projects related to buildings construction – w PKD 41.10.Z;

f. purchase and disposal of immovable property on the company's own account – in PKD 68.10.Z;

g. rental and management of own or leased immovable property – in PKD 68.20 Z;

h. legal activity – in PKD 69.10.Z,

i. other consultancy services in the fields of business activity and management - in PKD 70.22.Z,

j. photocopying, preparing documents and other specialized activity supporting handling office – in PKD 82.19.Z,

k. activity performed by collection agencies and credit bureaus – in PKD 82.91.Z,

l. operating call centres – in PKD 82.20.Z,

m. other out of school forms of education, not classified elsewhere – in PKD 85.59.B;

Note 2 – Significant elements of accounting policy

The present annual financial statements were drawn up according to the rules presented below.

BALANCE SHEET – Assets

Intangible assets

Intangible assets are considered those components of assets which result from agreements or other legal titles regardless of the fact if they are marketable or not.
Initial valuation of intangible asset was calculated at the acquisition price resulting from a separate transaction. After the initial recognition, intangible assets valuation was calculated at the acquisition price after deduction of amortization; moreover the factor which as a rule decreases the valuation is the total amount of impairment write offs. The mentioned factor did not occur in the reporting period.
The period and the method of amortization of the intangible assets with the defined period of usage were verified at the end of the reporting period. Verified period of intangible assets usage did not differ from the previous estimations. The residual value was assumed zero.
Amortization write offs for intangible assets are calculated according to a straight-line method during the period of anticipated period of usage, which is following for individual categories of intangible assets used in the presented periods:

- for system software	- 33%, 33% or 50%
- for production software	- 30% or 50%

After analysis, it was identified that the residual value of intangible assets used by the Company amounts to zero. Amortization rates applied for intangible assets in previous periods do not differ from those, which were verified and applied in the reporting period. Due to this fact, net values of intangible assets estimated according to the previous rules and those, which are valid at present, are the same.
The Company owns the component of intangible assets with indefinite period of usage that is a trademark. Such a component is recognized at the purchase price after it has been tested for impairment. The test did not prove the necessity of balance sheet value decreasing.
In the presented reporting periods no prerequisites for impairment of other components of intangible assets occurred.
The component of intangible asset is removed from a balance sheet register when it is sold or if further benefits resulting from its usage or sale are not anticipated.

Tangible fixed assets

The following fixed assets are classified as tangible fixed assets:

1) those which are maintained by the Company in order to use them in business activities,
2) those which are to be used for the time longer than one period,
3) in relation to which there is the probability that they will generate economic benefits,
4) the value of which can be estimated in a reliable manner.

The following assets were classified as tangible fixed assets:

1) improvements in third party fixed assets (buildings),
2) machinery, technical equipment,
3) other fixed assets,
4) fixed assets under construction.

As of the date of initial recognition, fixed assets were valuated 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.
In the presented periods straight-line method of tangible fixed assets depreciation was applied, resulting from the anticipated useful life of a tangible fixed asset, with the exception of notebooks depreciated according to a degressive method at the ratio equal 2.
The basis of tangible fixed assets depreciation in the period of applying IAS is the initial value decreased by residual value. After analysis, it was identified that the residual value of tangible fixed assets used by the Company equals zero. Depreciation rates applied for tangible fixed assets in previous periods do not differ from those that were verified and applied in the reporting period. Due to that fact, net values of tangible fixed assets estimated according to former rules and those that are valid at present are the same.
Depreciation was calculated applying rates resulting from anticipated periods of usage, which are following for already owned tangible fixed assets:

Investments in third party fixed assets (buildings)	- 10%
Computers (work stations)	- 30%
Notebooks	- 30%
Servers	- 30%
Computer specialist equipment	- 30%
Photocopiers and high-output printers	- 28%
Telecommunications systems	- 20%
Furniture	- 20%
Specialized office equipment (e.g. mailing equipment, high-output shredders)	- 14%

Depreciation begins when a tangible fixed asset is available for usage and it ends for tangible fixed assets removed from the balance sheet register.

Deferred income tax assets

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 that will result in decrease of taxable base in the future, calculated in a conservative manner.
Valuating deferred income tax assets, the tax rate equal to 19% was taken into consideration, which to the best of our knowledge will be valid in the year in which the mentioned item of assets will be effectuated.

Other long-term prepayments and accruals

The Company classifies as long-term prepayments and accruals the interest on financial lease, anticipated to be settled in the period not longer than 12 months from the reporting date.

Short-term receivables

Trade receivables, receivables relative to income tax, receivables relative to awarded costs of proceedings and other receivables are classified as short-term receivables.
Receivables are valuated at the amount of due payment, estimated in a conservative manner. Receivables are revaluated taking into consideration the probability of their payment by means of establishing revaluation write offs at the end of the reporting period.
Those are first of all receivables resulting from the Company's business activity consisting in trade and management of debts.
Book value of receivables corresponds to their fair value.

Purchased debts

Purchased debts consist of the value of debts purchased on our own risk and account, which are classified as financial instruments available for sale. They are valuated at the fair value according to the estimation based on historical experiences (recalculation of the future cash flows allowing for the current value of the investment 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 comply with the condition under IAS 12 paragraph 22, paragraph 15c 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. Debts that are managed by the Company are characterized with the tendency for the decrease in the fair value as the time passes.
Both positive and negative differences from the fair value estimation are recognized in the revaluation reserve.

Cash and cash equivalents

Cash and cash equivalents include 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 valuated at the nominal value, whereas bank deposits at the amount of due amount. Book value of those assets corresponds to their fair value.

Short-term prepayments and accruals

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

BALANCE SHEET – Liabilities

Share capital

Company's share capital is presented at the nominal value, in accordance with the Statutes of the Company and the entry in the National Court Register.

Supplementary reserve (shares premium)

The mentioned reserve is established out of the surplus of the issue value of shares over their nominal value less costs of the issue.

Revaluation reserve, reserve relative to revaluation of financial assets available for sale

Revaluation reserve is established in relation to the valuation of financial instruments available for sale at the fair values, revaluations both increasing and decreasing the fair value are recognized here.
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

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 for deferred income tax, the tax rate of 19% was taken into consideration, which to the best of our knowledge will be valid in the year in which the reserve will be released.
The reserve for income tax on receivables relative to legal proceedings costs was established.

Reserve for pensions and similar benefits

According to the amendments to the labor law, employees of the Company are entitled to receive retirement severance pay, which is paid once at the moment of retiring. The estimated amount of the reserve for retirement benefits turned out to be of no significance that is why we desisted from its recognizing and presentation.

Other reserves

Other reserves are established when the existing obligation that results from the past events is incumbent on Company and it is probable that its fulfillment will cause the necessity of outflow of economic benefits and it is possible to estimate the mentioned obligation in a reliable way.
The established reserves are classified respectively as other operating costs, financial costs depending on circumstances that are connected with the future liability.

Liabilities

Liabilities are valuated at the end of the reporting period in the amount of due payment, with the exception of liabilities relative to bonds issue. Liabilities relative to bonds issue are valuated 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 (adjusted acquisition price) 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.

Other accruals

Deferred costs are calculated as of the reporting date, if it is necessary, in the amount of probable liabilities in the current reporting period.

Transactions in foreign currencies

Assets and liabilities expressed in foreign currencies did not occur in the reporting period.

PROFIT AND LOSS ACCOUNT

Income

Income from purchased debts (collection of debts on our own account and at our own risk) is recognized at the moment of obtaining it in the obtained amount.
Income from awarded costs of proceedings is recognized as of the date of obtaining the enforcement title.
Income from services is recognized as of the due date and in the due amount.

Own cost of income

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 corresponding with the income awarded with valid judgments of proceedings costs excluding costs of representation in legal proceedings.
Purchase value of debts comprises also the part of purchase value of debts i.e. the price plus transaction costs which in the reporting period was considered the part that would not generate financial befits in the future periods and at the same time it was not included into costs in the future periods.

Overheads

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

Other costs of core business comprise cost of contact center maintenance, costs of handling the purchased debts in the pre-action stage and other costs connected with the purchased debts management, not recognized in the own cost of obtained income.

Income tax

Obligatory burden of the result consists of: current and deferred tax. Current tax liability was calculated on the basis of tax result of a given period, according to the valid rate – 19%.
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 the differences between balance sheet value and tax value of assets and liabilities.

CASH FLOW STATEMENT

The Company prepares cash flow statement according to the indirect method. In the operating activity, the cash flows relative to debts considered by the Company the financial instruments available for sale were disclosed.

Note 3 – Appropriation of proceeds from the issue of securities

We appropriated cash obtained in the financial year 2009/10 from the issue of series I, J, K, L, M, N, O, P and R bonds issue with the total value of PLN 39 900 thousand for the financing of purchase of debt portfolios, costs of proceedings related to collection of purchased receivables and repurchase of bonds of earlier series.
We appropriated cash obtained in June 2009 from the issue of series K bonds in the nominal value of PLN 6.3 million for redemption of series E bonds. We appropriated cash obtained in December 2009 from the issue of series O and P bonds for in the repurchase value of PLN 13 million for redemption of series B bonds.
We appropriated cash obtained in December 2009 and February 2010 from the issue of series P and R bonds in the repurchase value of PLN 7.2 million for redemption of series H bonds.

Note 4 – Statement about the consistency of the financial statements with the International Financial Reporting Standards and International Accounting Standards

The basis of drawing up and format of the financial statements

The present Annual Financial Statements that are the subject of review („Annual Financial Statements”) were drawn up in accordance with the International Financial Reporting Standards and the International Accounting Standard as well as in accordance with relevant accounting standards applied in annual financial

reporting adopted by European Union, published and binding during drawing up the Annual Financial Statements. The Annual Financial Statements consist of balance sheet, profit and loss account, change in shareholders' equity, cash flow statement and explanatory notes.
In the Annual Financial Statements, we allowed for or we deferred costs arising in the financial year not regularly only when the mentioned costs should be allowed for or deferred at the end of a given financial year.
The present Annual Financial Statements were prepared in PLN thousand.

Going concern assumption

The present Annual Financial Statements were drawn up assuming going concern of the Company in the foreseeable future, since we do not know circumstances posing a threat to the going concern.

Standards, changes to accounting standards and interpretations binding as of 31 March 2010

We apply all standards (IAS/IFRS) and interpretations accepted by the European Union to be applied for periods commencing at least from 1 April 2009. We did not choose the option of the earlier application of any standards and interpretations adopted for application after 1 April 2009 or in the course of adopting by the European Union.

Note 5 – Statement of Kredyt Inkaso S.A. Management Board about the consistency of the financial statements with the International Financial Reporting Standards and International Accounting Standards

We hereby state that to the best of our knowledge, the Annual Financial Statements of Kredyt Inkaso S.A. for the financial year staring on 01 April 2009 and ending on 31 March 2010, as well as the comparable data were prepared in accordance with the binding accountancy principles and they reflect in a reliable, accurate and clear manner the financial standing and result of Kredyt Inkaso Spółka Akcyjna, and that the report on the operations of the Company contains reliable description of development, achievements and the situation of the Joint Stock Company Kredyt Inkaso Spółka Akcyjna, including the description of the main risks and hazards.

Note 6 – Statement of Kredyt Inkaso S.A. Management Board about the appointment of the entity authorized to audit financial statements

We hereby state that the entity authorized to review the financial statements, which reviewed the Annual Financial Statements of Kredyt Inkaso S.A. for the financial year 2009/10 (i.e. for the period from 1 April 2009 to 31 March 2010) was appointed in accordance with the binding legal provisions and that the mentioned entity as well as the statutory auditor, who audited the financial statements, complied with the conditions of issuing independent and unbiased opinion and report on the financial statements audit, in accordance with applicable, domestic provisions of law.

Note 7 – Segment information

We have been operating in one basic segment comprising trade in debt portfolios in the local market. This branch is our core business and the other business activity is not run. All data presented in these Financial Statements is related to this industry

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NOTES TO THE BALANCE SHEET

Note 8 - Tangible fixed assets

Tangible fixed assets	31.03.2010	31.03.2009
Fixed assets, of which:	1 132	1 397
- land	0	0
- buildings, premises and civil engineering	455	513
- plant and machinery	496	671
- means of transportation	0	0
- other fixed assets	181	214
Fixed assets under construction	0	2
Total tangible fixed assets	**1 132**	**1 399**

Note 9 – Changes in tangible fixed assets by categories

For the period from 01.04.2009 to 31.03.2010	land	buildings and premises	plant and machinery	means of transportation	other tangible fixed assets	total
Gross value at the beginning of period	**0**	**583**	**894**	**0**	**286**	**1 763**
Increases	0	0	81	0	33	114
- purchase	0	0	47	0	33	80
- improvements	0	0	34	0	0	35
- revaluations	0	0	0	0	0	0
Decreases	0	0	0	0	0	0
- sale	0	0	0	0	0	0
- liquidation	0	0	0	0	0	0
- revaluations	0	0	0	0	0	0
Gross value at the end of period	**0**	**584**	**975**	**0**	**319**	**1 878**
Depreciation value at the beginning of period	**0**	**71**	**223**	**0**	**72**	**366**
Increases	0	58	256	0	65	379
Decreases, of which:	0	0	0	0	0	0
- sale	0	0	0	0	0	0
- liquidation	0	0	0	0	0	0
- other	0	0	0	0	0	0
Depreciation value at the end of period	**0**	**129**	**479**	**0**	**137**	**745**
Impairment write off at the beginning of period	0	0	0	0	0	0
Recognition of the impairment write off in the period	0	0	0	0	0	0
Conversion of impairment write off in the period	0	0	0	0	0	0
Value in which depreciation and impairment write off is allowed for at the end of period	0	129	479	0	137	745
Net value at the end of period	**0**	**455**	**496**	**0**	**181**	**1 132**

For the period from 01.04.2008 to 31.03.2009 (comparative data)	land	buildings and premises	plant and machinery	means of transportation	other tangible fixed assets	total
Gross value at the beginning of period	**0**	**382**	**411**	**0**	**170**	**963**
Increases	0	201	483	0	116	800
- purchase	0	0	372	0	116	487
- improvements	0	201	112	0	0	313
- revaluations	0	0	0	0	0	0
Decreases	0	0	0	0	0	0
- sale	0	0	0	0	0	0
- liquidation	0	0	0	0	0	0
- revaluations	0	0	0	0	0	0
Gross value at the end of period	**0**	**583**	**894**	**0**	**286**	**1 763**
Depreciation value at the beginning of period	**0**	**18**	**40**	**0**	**23**	**80**
Increases	0	53	184	0	49	286
Decreases, of which:	0	0	0	0	0	0
- sale	0	0	0	0	0	0
- liquidation	0	0	0	0	0	0
- other	0	0	0	0	0	0
Depreciation value at the end of period	**0**	**71**	**223**	**0**	**72**	**366**
Impairment write off at the beginning of period	0	0	0	0	0	0
Recognition of the impairment write off in the period	0	0	0	0	0	0
Conversion of impairment write off in the period	0	0	0	0	0	0
Value in which depreciation and impairment write off is allowed for at the end of period	0	71	223	0	72	366
Net value at the end of period	**0**	**513**	**671**	**0**	**214**	**1 397**

Note 10 – Tangible fixed assets recognized off-balance sheet

Tangible fixed assets recognized off-balance sheet	31.03.2010	31.03.2009
used under rent, hire or other contract, including lease contract, of which:	0	0
Total tangible fixed assets recognized off-balance sheet	**0**	**0**

Nota 11 – Intangible assets

Intangible assets	31.03.2010	31.03.2009
Intangible assets, of which:	589	627
- costs of research and development	0	0
- goodwill	0	0
- licenses, patents and similar intangible assets, of which:	589	627
- software	515	627
- other intangible assets	0	0
- advances for intangible assets	0	0
Intangible assets not yet available for use:	189	0
Total intangible assets	**589**	**627**

Note 12 – Changes in intangible assets by categories

For the period from 01.04.2009 to 31.03.2010	a cost of research and development	b goodwill	c licenses, patents and similar intangible assets	of which: software	d other intangible assets	e total intangible assets
Gross value of intangible assets at the beginning of period	**0**	**0**	**792**	**674**	**0**	**792**
Increases	0	0	177	177	0	177
- purchase	0	0	177	177	0	177
Decreases	0	0	0	0	0	0
- sale	0	0	0	0	0	0
- liquidation	0	0	0	0	0	0
Gross value of intangible assets at the end of period	**0**	**0**	**969**	**852**	**0**	**969**
Amortization value at the beginning of period	**0**	**0**	**165**	**156**	**0**	**165**
Increases	0	0	215	181	0	215
Decreases, of which	0	0	0	0	0	0
- sale	0	0	0	0	0	0
- liquidation	0	0	0	0	0	0
- other	0	0	0	0	0	0
Amortization value at the end of period	**0**	**0**	**380**	**337**	**0**	**380**
Impairment write off at the beginning of period	0	0	0	0	0	0
Recognition of the impairment write off in the period	0	0	0	0	0	0
Conversion of impairment write off in the period	0	0	0	0	0	0
Value in which amortization and impairment write off is allowed for at the end of period	0	0	380	337	0	380
Net value at the end of period	**0**	**0**	**589**	**515**	**0**	**589**

For the period from 01.04.2008 to 31.03.2009 (comparative data)	a	b	c		d	e
	cost of research and development	goodwill	licenses, patents and similar intangible assets	of which: software	other intangible assets	total intangible assets
Gross value of intangible assets at the beginning of period	**0**	**0**	**141**	**138**	**0**	**141**
Increases	0	0	652	536	0	654
- purchase	0	0	652	536	0	654
Decreases	0	0	0	0	0	0
- sale	0	0	0	0	0	0
- liquidation	0	0	0	0	0	0
Gross value of intangible assets at the end of period	**0**	**0**	**793**	**674**	**0**	**792**
Amortization value at the beginning of period	**0**	**0**	**34**	**31**	**0**	**34**
Increases	0	0	131	125	0	131
Decreases, of which	0	0	0	0	0	0
- sale	0	0	0	0	0	0
- liquidation	0	0	0	0	0	0
- other	0	0	0	0	0	0
Amortization value at the end of period	**0**	**0**	**165**	**156**	**0**	**165**
Impairment write off at the beginning of period	0	0	0	0	0	0
Recognition of the impairment write off in the period	0	0	0	0	0	0
Conversion of impairment write off in the period	0	0	0	0	0	0
Value in which amortization and impairment write off is allowed for at the end of period	0	0	627	518	0	627
Net value at the end of period	**0**	**0**	**627**	**518**	**0**	**627**

Note 13 – Deferred income tax assets

Deferred income tax assets	31.03.2010	31.03.2009
State at the beginning of period	**0**	**22**
of the assets recognized in financial result	0	22
- relative to interest to be paid in the next balance sheet periods	0	20
- relative to reserves for costs	0	2
of the assets recognized in equity	0	0
-	0	0
of the assets recognized in goodwill or negative goodwill	0	0
-	0	0
Increases	**0**	**0**
Recognized in financial result in relation to negative temporary timing differences (relative to)	0	0
- relative to interest to be paid in the next balance sheet periods	0	0
- relative to reserves for costs	0	0
Recognized in financial result in relation to tax loss (relative to)	0	0
-	0	0
Recognized in equity in relation to negative temporary timing differences (relative to)	0	0
-	0	0
Recognized in goodwill or negative goodwill in relation to negative timing differences (relative to)	0	0
-	0	0
Decreases	**0**	**22**
Recognized in financial result in relation to negative temporary timing differences (relative to)	0	22
- relative to interest to be paid in the next balance sheet periods	0	0
- relative to reserves for costs	0	0
Recognized in financial result in relation to tax loss (relative to)	0	0
-	0	0
Recognized in equity in relation to negative temporary timing differences (relative to)	0	0
-	0	0
Recognized in goodwill or negative goodwill in relation to negative timing differences (relative to)	0	0
-	0	0
State at the end of period	**0**	**0**
of the assets recognized in financial result	0	0
- relative to interest to be paid in the next balance sheet periods	0	0
- relative to reserves for costs	0	0
Recognized in equity	0	0
-	0	0
Recognized in goodwill or negative goodwill	0	0
-	0	0

Note 14 – Short-term trade receivables

Short-term trade receivables	31.03.2010	31.03.2009
From related undertakings	70	31
From other undertakings	0	0
Total net trade receivables	**70**	**32**
Trade receivables revaluation write offs:	0	0
- from related undertakings	0	0
- from other undertakings	0	0
Total gross trade receivables	**70**	**32**

Change of short-term trade receivables revaluation write offs	31.03.2010	31.03.2009
State at the beginning of period	0	0
Increases	0	0
- establishment of revaluation write off	0	0
Decreases	0	0
- repayment of indebtedness (release of write off)	0	0
- utilization of write off	0	0
State of short-term receivables revaluation write offs at the end of period	**0**	**0**
In the current period revaluation write offs relative to receivables considered difficult to collect were not established		

Note 15 – Income tax receivables

Income tax receivables	31.03.2010	31.03.2009
State at the beginning of period	0	588
Increases	436	0
Decreases	36	588
State at the end of period	**399**	**0**

Note 16 – Short-term receivables relative to awarded costs of proceedings from other undertakings

Short-term receivables relative to awarded costs of proceedings from other undertakings	31.03.2010	31.03.2009
Total net short-term receivables relative to awarded costs of proceedings	2 823	1 691
Revaluation write offs of receivables relative to awarded costs of proceedings	2 823	1 691
Total gross short-term receivables relative to awarded costs of proceedings	**5 646**	**3 382**

Change of revaluation write offs of receivables relative to awarded costs of proceedings	31.03.2010	31.03.2009
State at the beginning of period	1 691	963
Increases	1 132	780
- establishment of revaluation write off	1 132	780
Decreases	0	51
- repayment of indebtedness (release of write off)	0	51
- utilization of write off	0	0
State of revaluation write offs of short-term receivables relative to awarded costs of proceedings at the end of period	**2 823**	**1 691**

Note 17 – Other short-term receivables

Other short-term receivables	31.03.2010	31.03.2009
From related undertakings	0	0
From other undertakings	3 407	1 168
- relative to taxes, subsidies, customs duties, social and health insurance and other benefits	1	17
- relative to advances paid to court enforcement officers	3 192	901
- relative to court fees refunding	0	189
- other	214	61
Total net other receivables	**3 407**	**1 168**
Revaluation write offs of other receivables	0	0
Total gross other receivables	**3 407**	**1 168**

Change of the state of revaluation write offs of other receivables	31.03.2010	31.03.2009
State at the beginning of period	0	0
Increases	0	0
- establishment of revaluation write off	0	0

Decreases	0	0
- repayment of indebtedness (release of write off)	0	0
- utilization of write off	0	0
State of revaluation write offs of other short-term receivables at the end of period	**0**	**0**

Note 18 - Debts purchased from other undertakings

Debts purchased from other undertakings	31.03.2010	31.03.2009
- financial assets available for sale	131 241	116 401
Total debts purchased from other undertakings	**131 241**	**116 401**

Note 19 - Cash and cash equivalents

Cash and cash equivalents	31.03.2010	31.03.2009
Cash in hand and at bank	521	613
Other cash	0	0
Other money assets	0	0
Total cash and cash equivalents	**521**	**613**

Note 20 - Short-term prepayments and accruals

Short-term prepayments and accruals	31.03.2010	31.03.2009
Prepaid costs , of which:	5 249	4 659
- costs of proceedings	4 886	4 454
- other prepaid costs	363	205
Total short-term prepayments and accruals	**5 249**	**4 659**

Note 21 - Share capital

Series / issue	Category of shares	Category of shares preference	Category of restriction on rights to shares	Number of shares	Value of series/issue according to the nominal value (PLN thousand)	Category of share capital financing	Date of registration	Right to dividend (from the date)
series A shares	ordinary	none	none	3 745 000	3 745	as a result of transformation	2006-12-28	2006-12-28
series B shares	ordinary	none	none	1 250 000	1 250	cash	2007-06-26	2007-06-26
series C shares	ordinary	none	none	499 000	499	cash	2008-02-14	2008-02-14
Total number of shares				**5 494 000**				
Total share capital					**5 494**			
Nominal value of one share (in PLN)			**1.00**					

In the reporting period no change in the number of shares occurred.

Note 22 – Reserve for deferred income tax

Change of the state of reserve for deferred income tax	31.03.2010	31.03.2009
The state of reserve for deferred income tax at the beginning of period	**910**	**508**
Reserve recognized in financial result	910	508
-temporary timing differences relative to costs of court proceedings	588	414
-temporary timing differences relative to reserves for costs	321	940
Reserve recognized in equity	0	0
-	0	0
Reserve recognized in goodwill or negative goodwill	0	0
-	0	0
Increases	**728**	**541**
Recognition in financial result as a result of positive temporary timing differences (relative to)	728	541
-temporary timing differences relative to costs of court proceedings	127	175
-temporary timing differences relative to reserves for costs	602	366
Recognized in equity as a result of positive temporary timing differences (relative to)	0	0
-	0	0
Recognized in goodwill or negative goodwill as a result of positive temporary timing differences (relative to)	0	0
-	0	0
Decreases	**317**	**139**
Recognition in financial result as a result of positive temporary timing differences (relative to)	317	139
-temporary timing differences relative to costs of court proceedings	179	0
-temporary timing differences relative to reserves for costs	138	139
Recognized in equity as a result of positive temporary timing differences (relative to)	0	0
-	0	0
Recognized in goodwill or negative goodwill as a result of positive temporary timing differences (relative to)	0	0
-	0	0
Total reserve for deferred income tax at the end of period	**1 321**	**910**
Reserve recognized in financial result	1 321	910
-temporary timing differences relative to costs of court proceedings	536	588
-temporary timing differences relative to reserves for costs	785	321
Reserve recognized in equity	0	0
-	0	0
Reserve recognized in goodwill or negative goodwill	0	0
-	0	0

Note 23 - Reserves

Change in reserves	31.03.2010	31.03.2009
Long-term reserves at the beginning of period	**0**	**0**
-Increases	0	0
-Decreases	0	0
-Utilisation	0	0
-Release	0	0
Long-term reserves at the end of period	**0**	**0**
Short-term reserves at the beginning of period	**12**	**9**
-Increases	24	24
-Decreases	24	21
-Utilisation	0	0
-Release	24	0
Short-term reserves at the end of period	**12**	**12**

Note 24 – Income tax liabilities

Income tax liabilities	31.03.2010	31.03.2009
State at the beginning of period	**98**	**0**
Increases	1 342	98
Decreases	1 440	0
State at the end of period	**0**	**98**

Note 25 – Liabilities relative to lease due to other undertakings

Liabilities relative to lease due to other undertakings	31.03.2010	31.03.2009
- short-term	0	9
- long-term	9	90
Total liabilities relative to leasing due to other undertakings	**9**	**100**

Note 26 – Short-term trade liabilities

Short-term trade liabilities	31.03.2010	31.03.2009
Amounts due to related undertakings	68	0
Amounts due to other undertakings	6 456	7 877
Total short-term trade liabilities	**6 524**	**7 877**

Note 27 – Other short-term liabilities

Other short-term liabilities	31.03.2010	31.03.2009
Amounts due to related undertakings	0	0
-	0	0
Amounts due to other undertakings	182	11
- relative to wages and salaries	1	0
- other	181	11
Total other short-term liabilities	**182**	**11**

Note 28 – Liabilities relative to lease (operating, off-balance sheet)

Liabilities relative to concluded agreements of offices lease	for the period		
	up to 1 year	from 1 to 5 years	from 5 to 10 years
lease of the office in Zamość - Company's registered office	76	305	159
lease of the office in Warsaw - Company's office	117	468	585

Note 29 – Prepayments and accruals

Prepayments and accruals	31.03.2010	31.03.2009
Prepayments and accruals of income	38	85
- long-term	0	40
- short-term	38	46
Accruals	0	0
Total prepayments and accruals	**38**	**85**

NOTES TO THE PROFIT AND LOSS ACCOUNT

Note 30 – Net income

Net income from the core business	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
Income from debts purchased	26 316	15 955
Income from awarded costs of proceedings	3 230	2 516
Other income from sales	117	96
- of which: from related undertakings	0	0
Total net income	**29 662**	**18 567**
- of which: from related undertakings	26 316	15 955

Net income from the core business (territory structure)	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
Country	29 662	18 567
- of which: from related undertakings	0	0
Total net income from the core business	**29 662**	**18 567**
- of which: from related undertakings	0	0

Note 31 – Costs of business activities

Costs by category	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
Depreciation & Amortization	594	417
Consumption of materials and energy	176	135
Outsourcing	1 762	1 545
Taxes and charges	120	163
Wages and salaries	1 500	1 162
Social insurance and other benefits	202	158
Other costs by category	105	345
Total costs by category	**4 460**	**3 925**
Selling costs	0	0
Overheads	1 583	1 335
Other costs of the core business	2 877	2 589

Note 32 – Other operating income

Other operating income	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
Profit on sale of fixed assets	0	0
Subsidies	47	22
Released reserves	12	9
-	0	9
Reverted revaluation write offs, of which:	0	51
- revaluation write off for receivables relative to costs of legal proceedings	0	0
Other, of which:	4	79
- refundings of court fees	0	78
- settlements of debts balances	0	0
- reinvoiced costs	0	0
- other	4	1
Total other operating income	**63**	**161**

Note 33 – Other operating costs

Other operating costs	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
Loss on sale of fixed assets	0	0
Established reserves	0	0
Revaluation write offs, of which:	1 132	780
- for receivables relative to costs of legal proceedings	1 132	780
Other, of which:	132	141
- other	132	141
Total other operating costs	**1 264**	**921**

Note 34 – Financial income

Financial income	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
Profit on sale of investments	0	0
Interest, of which:	57	53
as a result of loans granted	1	0
- from related undertakings	0	0
- from other undertakings	1	0
other interest	56	53
- from related undertakings	56	0
- from other undertakings	0	53
Other financial income, of which:	0	10

- foreign exchange gains	0	1
- results of bonds valuation according to amortized cost	0	10
Total financial income	**57**	**63**

Note 35 – Financial costs

Financial costs	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
Interest	3 313	2 957
- on credits and loans	0	0
from related undertakings	0	0
from other undertakings	0	0
- other interest	3 313	2 957
from related undertakings	370	0
from other undertakings	2 943	2 957
Loss on sale of investments	0	0
Other financial costs	585	234
- revaluation write offs for interest on trade receivables	0	0
- costs of bonds issue (allowing for differences from valuation accoriding to amortized cost)	584	234
- foreign exchange losses	0	0
- other	0	0
Total financial costs	**3 898**	**3 192**

Note 36 – Current income tax

Current income tax	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
Gross profit (loss)	6 710	3 059
Differences between gross profit (loss) and income taxable base (according to their basis)	-2 679	-2 543
- received interest accrued in the previous year	0	0
- not paid ZUS (Social Insurance Institution) contributions	0	0
- business entertainment costs	18	2
- established reserves	24	24
- calculated and not received costs which increase receivables	0	0
- incurred court costs	-4 545	-3 827
- revaluation write offs on receivables	1 132	780
- release of reserves	-24	-21
- tax income classified previously as economic income	1 055	631
- economic income, non-taxable	-3 230	-2 516
- economic costs classified previously as tax costs	2 862	2 413
- subsidies from EU, state budget and local government	-47	-22
- release of revaluation write offs	0	-51
- result on unrealized exchange rate gains	0	-1

- expenses relative to shares issue	0	0
- adjustment of fair value - income	0	0
- adjustment of fair value - costs	0	0
- other	76	44
Taxable income (loss)	4 031	516
Deductions from income	0	0
Tax-exempt income	0	0
Income taxable base	4 031	516
Income tax according to 19% rate	766	98
Current income tax, of which:	**766**	**98**
- recognized in the profit and loss account	766	98

Note 37 – Deferred income tax

Deferred income tax, recognized in the profit and loss account	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
- decrease as a result of negative timing differences occurrence	0	0
- increase as a result of reverse of negative temporary timing differences	0	22
- increase as a result of positive temporary timing differences occurrence	728	541
- decrease as a result of the reverse of positive temporary timing differences	317	-139
- decrease (increase) as a result of tax loss, tax relief or temporary timing difference of the previous period which was not recognized previously	0	0
Total deferred income tax	**412**	**424**

NOTES TO THE CASH FLOW STATEMENT

Note 38 – Explanation of differences between balance sheet movements in cash and cash equivalents and the movements recognized in the cash flow statement

Explanation of differences between balance sheet movements and the movements recognized in the cash flow statement	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
Movements in other receivables		
according to the balance sheet	-2 239	-865
according to the cash flow statement	-2 239	-865
Difference, of which:	0	0
Movements in receivables relative to the sale of tangible fixed assets and intangible assets	0	0
Movements in other liabilities		
according to the balance sheet	160	18
according to the cash flow statement	130	-7
Difference, of which:	29	-25
Movements in liabilities relative to purchase of tangible fixed assets and intangible assets	29	-25

Structure of cash and cash equivalents in the cash flow statement	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
Cash in hand	10	11
Cash at bank	511	603
Other cash	0	0
Other money assets	0	0
Total cash and cash equivalents	**521**	**613**

Other adjustments:	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
results of bonds valuation according to amortized cost	584	224
other adjustments	1	70

FINANCIAL INSTRUMENTS

Note 39 – Financial instruments

Financial instruments	31.03.2010	31.03.2009
	balance sheet value corresponding to fair value	balance sheet value corresponding to fair value
Financial assets valuated at the fair value by financial result	0	0
Investments maintained until due date	0	0
Own loans and receivables, of which:	70	36
- loans granted	0	4
- trade receivables	70	32
- other receivables - deposits	0	0
Financial assets available for sale, of which:	131 762	117 014
- purchased debts	131 241	116 401
- cash and cash equivalents	521	613
Financial liabilities in the amount of the fair value by financial result	0	0
Other liabilities, of which:	45 442	37 140
- liabilities relative to bonds issue (according to amortized cost)	38 918	29 263
- trade liabilities	6 524	7 877

Method of financial instruments valuation

Short-term trade receivables and other receivables (deposits) are valuated at the amount of due payment, in a conservative manner. Receivables are revaluated taking into consideration the degree of probability that they will be paid by means establishing revaluation write offs for them at the end of the reporting period. Balance sheet value of receivables corresponds with their fair value.
Purchased debts consist of debts purchased on our own risk and account, which are classified by the Company as financial instruments available for sale. They are valuated at the fair value according to the valuation based on historical experiences (recalculation of the future cash flows allowing for the current value of investment in debts as of the balance sheet date, applying the discounting factor equal to the average cost of Kredyt Inksaso S.A. capital – WACC).
Temporary timing differences in the income tax that occurred as of the moment of initial recognition are not recognized since they comply with the condition resulting from the paragraph 22 of International Accounting Standard 12. Temporary differences resulting from the valuation at the fair value as of each following reporting day are lower than not recognized difference from the initial recognition due to the quality of the purchased debts, therefore they are also not recognized (debts managed by the Company are characterized by objective tendency for decrease in the fair value as the time passes).
Both positive and negative temporary differences resulting from valuation at the fair value are recognized in revaluation reserve.
Cash and cash equivalents - comprise cash in hand, bank demand deposits, other short-term investments with a primary due date up to three months and high liquidity. They are valuated at the nominal value. Book value of cash and cash equivalents corresponds to their fair value.
Liabilities relative to bonds issue are valuated as of the moment of initial recognition at the fair value decreased by transaction costs. As of the balance sheet date the valuation was calculated according to amortized cost applying effective interest rate method (at the adjusted acquisition price) and divided according to the date of generated cash flow into short-term and long-term part.
Short-term trade liabilities are valuated at the end of reporting year at the due amount. Balance sheet value of receivables corresponds to their fair value.

Note 40 – Debt financial instruments by category

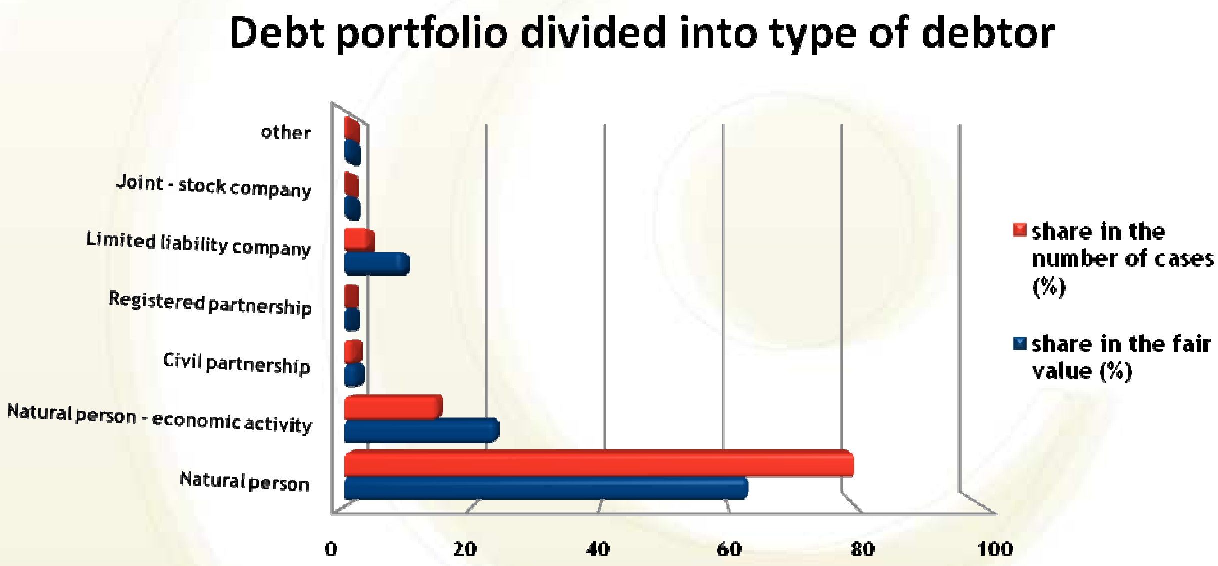
Debt financial instruments by category	Nominal value	Long-term balance sheet value	Short-term balance sheet value	Interest rate	Issue date	Maturity date	Guarantees / securities	Additional rights	Quotation market	Other
Series K bonds	6 300	5 543	715	variable; paid every quarter;WIBOR 3M+7.5%; at present 11.63%	12 June 2009	13 June 2011	none	Company can repurchase bonds prior to maturity date	not quoted	-
Series L bonds	1 000	911	106	variable; paid every 6 months;WIBOR 6M+7%; at present11.30%	4 August 2009	4 August 2011	none	Company can repurchase bonds prior to maturity date	not quoted	-
Series M bonds	10 000	8 968	1 005	variable; paid every 6 months;WIBOR 6M+6.5%; at present 10.75%	2 September 2009	2 September 2011	none	Company can repurchase bonds prior to maturity date	not quoted	-
Series N bonds	450	394	54	variable; paid on 11.03.2010, 11.11.2010, 11.06.2011;WIBOR 6M+6.5%; at present 10.83%	11 September 2009	11 June 2011	none	Company can repurchase bonds prior to maturity date	not quoted	-
Series O bonds	9 227	8 142	969	variable; paid every quarter;WIBOR 6M+6.75%; at present 10.99%	7 December 2009	7 December 2011	none	Company can repurchase bonds prior to maturity date	not quoted	-
Series P bonds	8 000	7 255	858	variable; paid every 6 months;WIBOR 6M+7%; at present 11.31%	15 December 2009	15 December 2012	none	Company can repurchase bonds prior to maturity date	not quoted	-
Series R bonds	4 000	3 596	402	variable; paid every 6 months;WIBOR 6M+6.5%; at present 10.77%	12 February 2010	12 February 2012	none	Company can repurchase bonds prior to maturity date	not quoted	-

Note 41 – Financial risk management

Credit risk

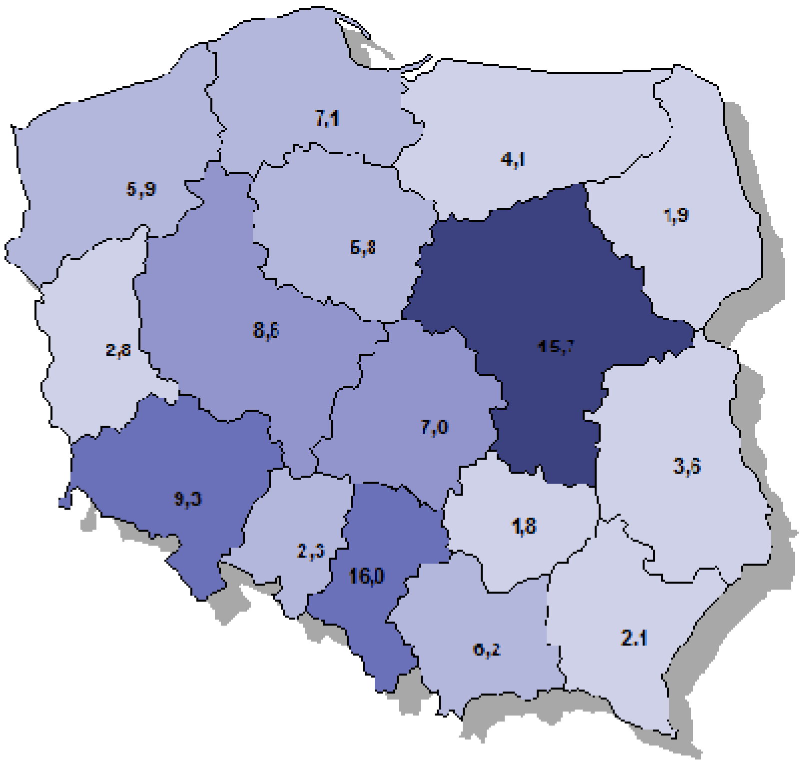
Company's operations are related to taking over credit risk from debts sellers (original debtors). As of the balance sheet date the Company owned purchased debts with the balance sheet value (fair value) of about PLN 131 million which constitute the primary element of its assets (90% of assets). The mentioned debts as a whole are subject to credit risk, consequently, proper management of this kind of risk is the key element in Company's operations.
The Company manages credit risk first of all in the moment of debt portfolios purchase by means of appropriate valuation and selection of components and characteristics of a portfolio.
The fair value of debts presented in the balance sheet reflects their credit risk. The Company systematically, on the last day of each reporting period verifies the valuation of the purchased debts basing on income forecasts prepared according to historical data (current value of future cash flows). Zero fair value is assumed for debts of bankrupt, liquidated or other entities in relation to which the Company does not expect to gain positive cash flows.
As of the balance sheet date the Company's debts portfolio consisted of about 330 thousand of not closed cases. Debts value is to a great extend spread between debtors. Share of 20 nominally the biggest cases is about 2% of the portfolio nominal value and about 0.5% of the balance sheet fair value. Diversification of debts value into a considerable amount of individual cases allows us to expect that actual income will not significantly differ from the expected one.
In the tables below, the information on diversification of debts according to territory, type of debtor and the amount of debt is presented.

type of debtor	share in fair value (in%)	share in the number of cases (in%)
Natural person	63.48	80.21
Natural person - economic activity	23.59	14.32
Civil partnership	1.69	1.14
Registered partnership	0.56	0.22
Limited liability company	9.11	3.37
Joint - stock company	0.69	0.16
other	0.88	0.57

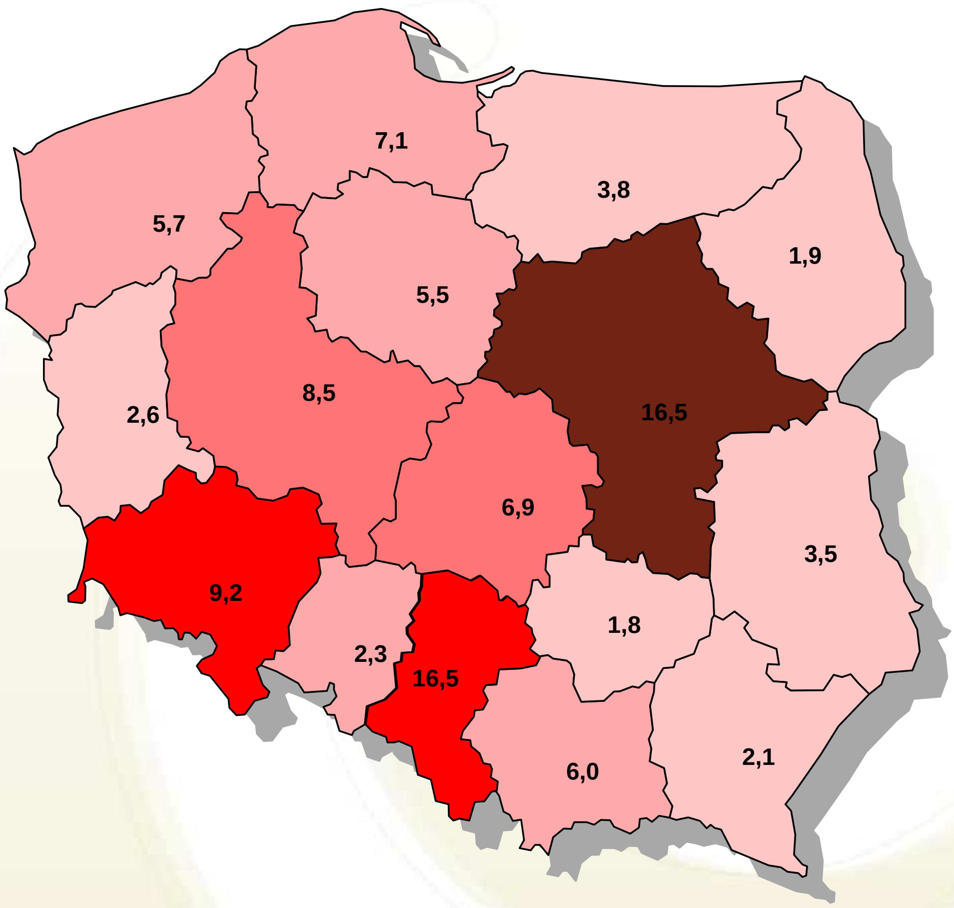


voivodeship	share in fair value (in%)	share in number of cases (in %)	number of cases per 100 thousand of inhabitants
dolnośląskie	9.28	9.18	1049
kujawsko-pomorskie	5.81	6.01	961
lubelskie	3.65	4.29	648
lubuskie	2.75	2.76	905
łódzkie	6.99	7.62	972
małopolskie	6.16	5.97	606
mazowieckie	15.67	14.64	942
opolskie	2.28	2.14	672
podkarpackie	2.11	2.53	399
podlaskie	1.85	2.17	597
pomorskie	7.14	6.99	1054
śląskie	15.95	15.44	1085
świętokrzyskie	1.78	2.18	558
warmińsko-mazurskie	4.14	4.35	1006
wielkopolskie	8.55	7.96	783
zachodniopomorskie	5.90	5.77	1125

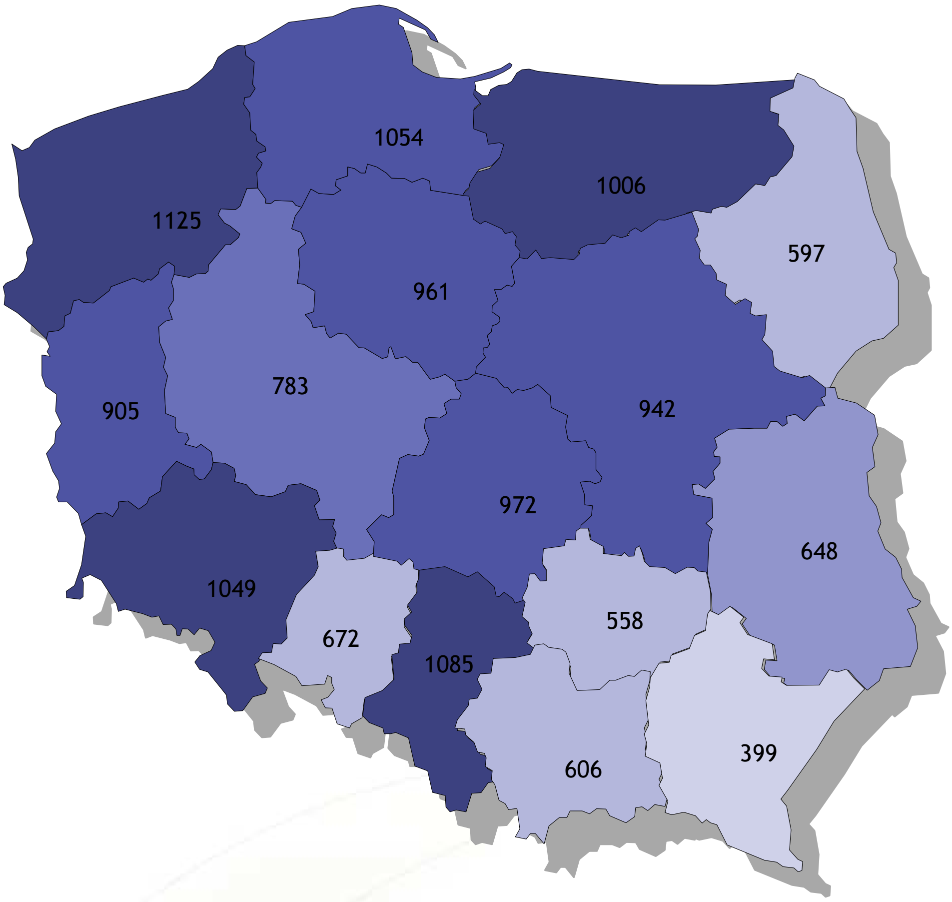
share in the total fair value of cases according to voivodeships



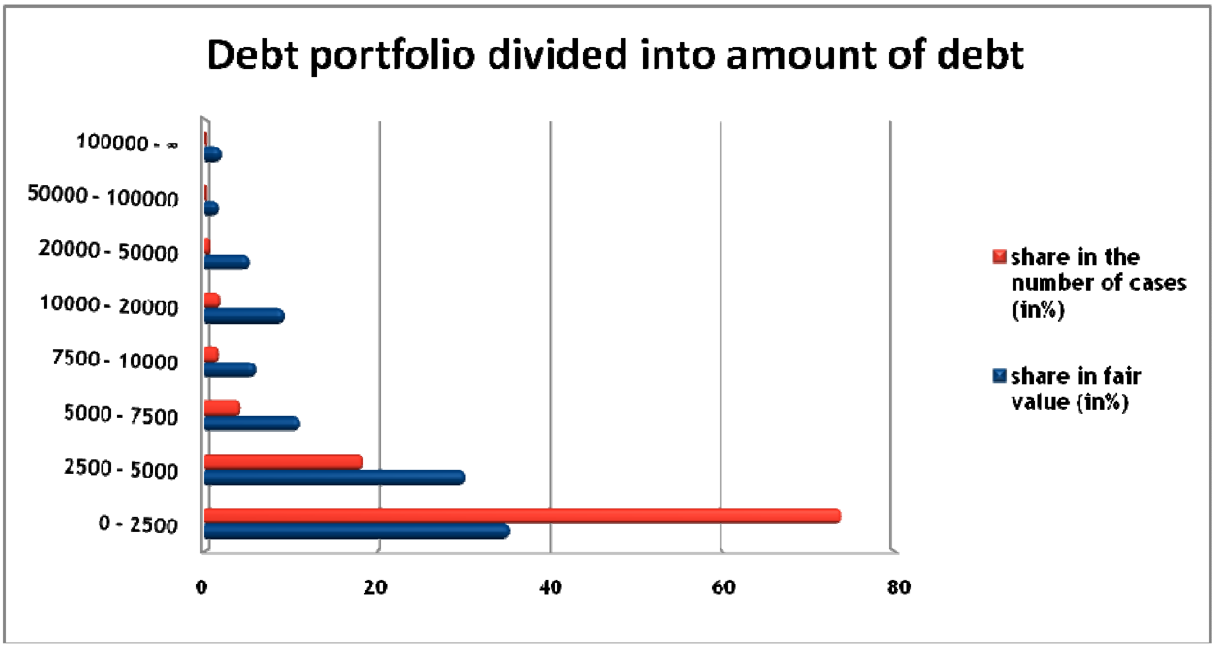
share in the total number of cases according to voivodeships



number of cases per 100 thousand of inhabitants according to voivodeships

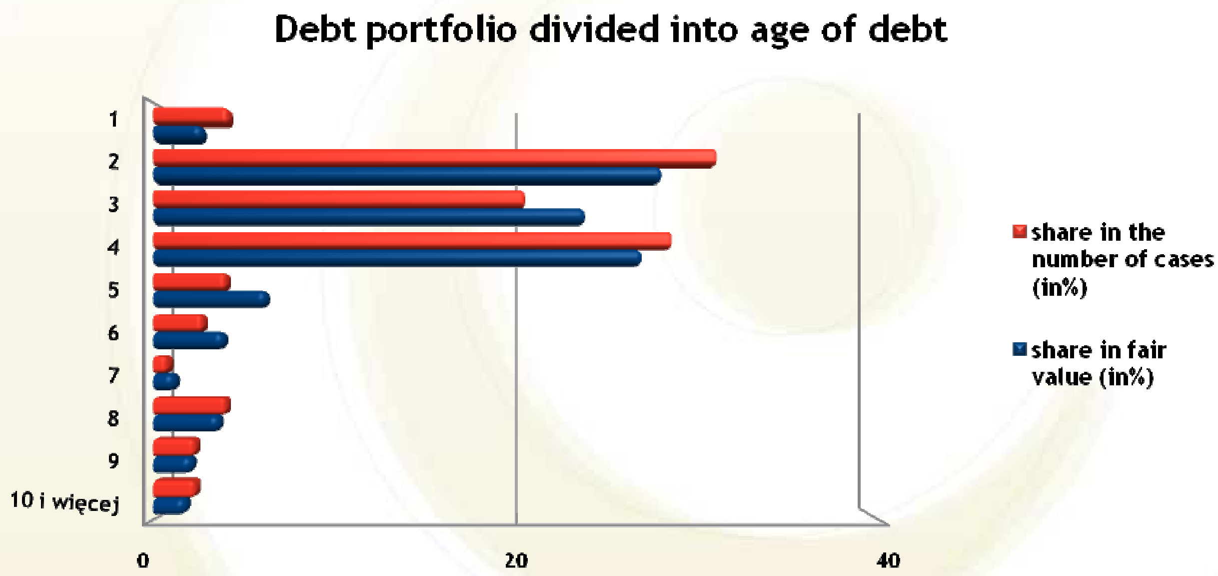


amount of debt		share in fair value (in%)	share in the number of cases (in%)
from	to		
0	2 500	35.34	73.80
2 500	5 000	30.23	18.24
5 000	7 500	10.99	4.06
7 500	10 000	5.83	1.52
10 000	20 000	9.18	1.70
20 000	50 000	5.10	0.57
50 000	100 000	1.51	0.08
100 000	∞	1.82	0.03



All debts purchased by the Company are overdue (not paid on due date). In the table below the information on age of the debts owned by the Company is compiled.

Age of debt (in years)	share in fair value (in%)	share in the number of cases (in%)
10 and more	1.69	2.22
9	2.03	2.19
8	3.56	3.93
7	1.09	0.68
6	3.81	2.63
5	6.18	3.92
4	27.02	28.68
3	23.86	20.52
2	28.12	31.16
1	2.61	4.05



Presented information on credit risk refers to the state as of the balance sheet date 31.03.2009. It is representative for the whole reporting period.
The Company systematically conducts work aimed at improving the model of debts valuation and credit risk assessment. We expect that as a result we will achieve competitive advantage in this scope.

Liquidity risk

Nominal values of Company's liabilities as of 31.03.2010 divided into maturity dates are presented below.

liabilities relative to	amount according to maturity dates				
	up to 1 month	from 1 month to 2 months	from 3 months to 1 year	from1 year to 2 years	over 2 years
bonds	0	886	*3 409*	*33 850*	8 907
trade liabilities	2 303	2 157	2 064	0	0
financial lease	9	0	0	0	0
TOTAL	**2 312**	**3 043**	**5 473**	**33 850**	**8 907**

Remark: the amounts of liabilities depending on the future interest rates are marked out with italics

In the reporting period (and in previous periods) the Company paid all its liabilities in due term. The Company obtains income from debts of a considerable number of debtors, which contributes to regular and constant inflow of cash. The Company manages liquidity through appropriate depositing cash in such a way so as the structure of deposits suits the structure of liabilities and in a way that enables the Company to take advantage of the opportunities of debts purchase that occur in the market.
In order to increase the efficiency of applying equity the Company takes also advantage of external financing (mainly bonds issues). At present, the overall debt ratio equals 29% of assets, which is generally considered a safe level of debt and enables to increase it further. In the future periods we also intend to take advantage of the loan capital, which will facilitate further development of operations and payment of liabilities.

Market risk: interest rate risk

Interest rate risk is related to the following financial instruments of the Company:

a) debts purchased
b) cash and cash equivalents
c) bonds issued
d) liabilities relative to financial lease

For *cash and cash equivalents* and *liabilities relative to financial lease* the impact of interest rates change on the financial result or the level of Company's equity is very slight. *Bonds issued* and purchased debts are exposed to the interest rate risk, which is of great significance for the Company. Below we present the sensitivity to interest rate changes analysis for those two groups of financial instruments.
The average nominal value of bonds in the reporting period amounts to PLN 34.42 million, out of which PLN 27.97 million constitutes the nominal value of bonds with a variable interest rate (depending on WIBOR3M or WIBOR6M). The possible change in interest rate will have a significant impact on the value of interest paid, and to some extent on the fair value of bonds recognized in the balance sheet.
The balance sheet value of purchased debts constitutes discounted expected value of future cash flows generated by those debts. Change in market interest rates will change the discount rate (here we assume the weighted average cost of capital - WACC) and as a result the valuation of debts.
For the purposes of the sensitivity analysis we have assumed that the maximal *typical* annual change in the level of market interest rates equals +/- 150 base points (at the same time being aware of the fact that greater *untypical* changes may take place, the example of which is the behavior of financial markets over the last several months). We present the impact of such volume of changes on the financial result of the reporting period and the level of equity as of the balance sheet date, assuming the simultaneous and equal increase (decrease) of all market interest rates taking place at the beginning of the annual reporting period.

	actual value	increase by 150 bp		decrease by 150 bp	
		new value	change	new value	change
BALANCE SHEET: ASSETS					
purchased debts	131 241	128 089	-3 152	134 613	3 372
BALANCE SHEET: LIABILITIES					
issued bonds	38 918	38 985	67	38 851	-67
revaluation reserve	64 066	60 914	-3 152	67 438	3 372
PROFIT AND LOSS ACCOUNT					
financial costs relative to interest on bonds	2 938	3 223	285	2 653	-285
financial income (costs) relative to revaluation of issued bonds fair value			-67		67
net profit (after allowing for 19% tax)	5 541	5 256	-285	5 826	285

If in the financial year starting from 1 April 2009, the increase of interest rates by 150 basis points had occurred, and it had remained over the whole 12-month reporting period, the net profit would have been lower by PLN 285 thousand, and the equity as of the balance sheet date would have been lower by PLN 3 437 thousand (as a result of profit decrease and the revaluation reserve decrease by PLN 3 152 thousand). Similarly, the drop in interest rates by 150 base points would have caused the increase in net profit by PLN 285 thousand, the increase in revaluation reserve by PLN 3 372 thousand and the total increase in equity by PLN 3 657 thousand.

Market risk: risk of statutory interest rate change

Apart from the risk of interest rate change, the level of statutory interest rates according to which the interest on overdue debts is calculated is also of great significance for the Company. That is why the specific form of interest rate change risk relative to the changes of statutory interest rate changes determined by the ordinance of the Council of Ministers may also be noticed in Kredyt Inkaso S.A. business activity.
The increase in income and the balance sheet value of purchased debts (as a result of the increase in forecasted cash flows according to which we valuate debts) will be the result of the increase of statutory interest rate. Statutory interest rates decrease will have a reverse effect. At the same time one can notice that when the change of statutory interest rates corresponds to changes of interest rates shaped by financial market, as a result of aggregate impact of those factors, the financial result of Kredyt Inkaso S.A. will remain stable (changes in income will be accompanied by relevant change of financial costs related to investment in debts purchase).
Historical observation shows that decisions of the Council of Ministers on changes of statutory interest rates often do not keep up with changes taking place on financial markets. Managing the risk of statutory interest, we try to influence actively the process of shaping them. In March 2008, when despite a significant increase in market interest rates the low level of statutory interest determined in 2005 was still valid (11.5%) we put forward a motion to include into the debate of the Council of Ministers the proposal to pass the new ordinance on the level of statutory interest. On 15 December 2008, the increase of statutory interest rates to the level of 13% came into effect.

Market risk: foreign currency risk

The Company is not exposed to a foreign currency risk.

Market risk: price fluctuation risk

The only financial instrument exposed to price fluctuation risk is the purchased debts portfolio. The current assessment of their value depends on forecasted future cash flows. The significant change of macroeconomic conditions or legal regulations can influence the level of debtors' payments, and consequently the debts valuation.

Note 42 – Cost of capital

The Company applies WACC ratio (weighted average cost of capital) as the measure of average cost of capital. We apply WACC as the discounting factor for the needs of purchased debts fair value calculation and as an element of the assessment of the quality of Company's operations financing structure.
WACC is calculated as average annual, expressed in the percents of values cost of individual categories of capital, with the weights equal to those capitals values. For loan capital, its actual cost for the Company is calculated deducting from the cost of interest paid the savings on income tax relative to the incurred financial cost (tax shield).

WACC calculation	capital value	capital cost	
		paid by the Company	after allowing for tax shield
equity	88 398	12.10%	12.10%
bonds issued	38 977	12.50%	10.13%
debt from leasing transactions	9	5.82%	4.71%
interest-free debt	8 077	0.00%	0.00%
Total	**135 462**		
WACC			**10.81%**

As the equity the Company's stock exchange capitalization value was assumed. The expected by the investors' rate of return on equity was calculated according to Sharpe's model as the sum of the risk-free rate of interest and the product of the market risk premium and beta. Risk-free rate for long-term investments we determined on the basis of data related to the profitability of 10-year bonds of the State Treasury from the tender nearest to the balance sheet date (27 February 2010) as equal to 6.103%. Market risk premium for Polish capital market was assumed at the level of 6% (data published by A. Damodaran on the website http://pages.stern.nyu.edu/~adamodar/). Beta for Kredyt Inkaso S.A. shares was determined as equal to one (from current calculations basing on stock exchange quotations, one obtains beta value which is statistically indistinguishable from zero, however due to highly unstable and untypical market behavior in recent months it is difficult to consider it a result that is reliable and reflecting actual long-term attitude of investors; the value equal one seems more justifiable taking into consideration theory of economy and prudence principle and it is close to results obtained from calculations made before the period of stock exchange turbulence).
Cost of interest on bonds is weighted average of current *effective* interest rates on bonds, applied to calculate their fair value.
As the value of *debt from lease transactions* (financial lease), we assumed the total of unpaid capital (without future interest which increases the liability presented in the balance sheet). *Cost of leasing* is the interest rate resulting from a leasing agreement.

COMPANY'S GOVERNING BODIES, KEY PERSONNEL - DISCLOSURES

Note 43 – Company's governing bodies, key personnel

The information was included in the Report of the Management Board on Company's Operations in the Note 48.

Note 44 - Changes in the governing bodies of the Company

The information was included in the Report of the Management Board on Company's Operations in the Note 49.

Note 45 - Appointment, dismissal and powers of the Company's governing bodies

The information was included in the Report of the Management Board on Company's Operations in the Note 50.

Note 46 – Remuneration

The information was included in the Report of the Management Board on Company's Operations in the Note 51.

Note 47 – Options, employee share program

The information was included in the Report of the Management Board on Company's Operations in the Note 52.

Note 48 – Contracts concluded between the Issuer and managing persons providing compensation in case of their resignation or dismissal

The information was included in the Report of the Management Board on Company's Operations in the Note 53.

Note 49 – Share in shareholding and votes at the General Assembly

The information was included in the Report of the Management Board on Company's Operations in the Note 54.

Note 50 – Loans granted to the key personnel and persons related to them

The information was included in the Report of the Management Board on Company's Operations in the Note 55.

Note 51 – Transactions with entities related to the key personnel

The information was included in the Report of the Management Board on Company's Operations in the Note 56.

SHARES AND SHAREHOLDING

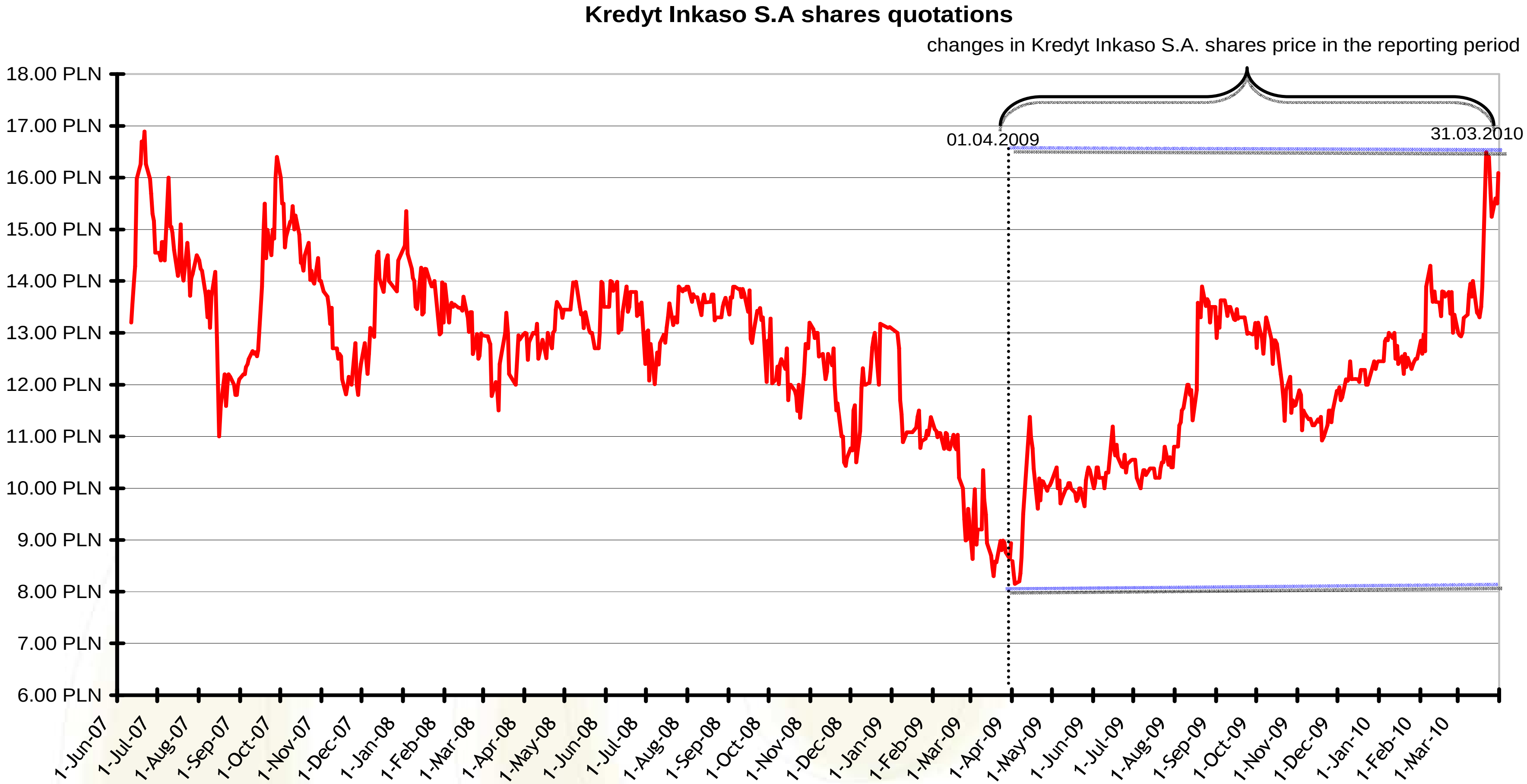
Note 52 – Shareholding structure

The information was included in the Report of the Management Board on Company's Operations in the Note 44.

Note 53 – Shares price

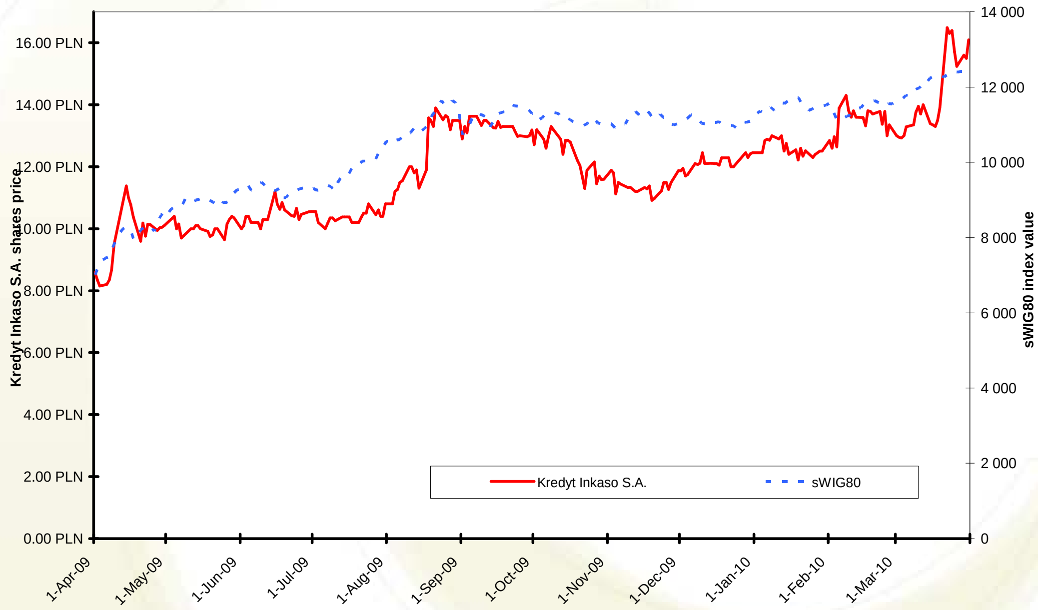
Quotations of Kredyt Inkaso S.A. shares in the reporting period	date	closing price
share price at the beginning of period	01.04.2009	8.59
share price at the end of period	31.03.2010	16.09
maximum share price	22.03.2010	16.49
minimum share price	03.04.2009	8.15

The graph below presents the history of Kredyt Inkaso S.A. share quotations since the beginning of our presence at the Warsaw Stock Exchange trading floor. The part of quotations related to the period included in these financial statements and the range of share price fluctuation in this period was marked out.


Kredyt Inkaso S.A shares quotations
changes in Kredyt Inkaso S.A. shares price in the reporting period
01.04.2009
31.03.2010
18.00 PLN
17.00 PLN
16.00 PLN
15.00 PLN
14.00 PLN
13.00 PLN
12.00 PLN
11.00 PLN
10.00 PLN
9.00 PLN
8.00 PLN
7.00 PLN
6.00 PLN
1-Jun-07
1-Jul-07
1-Aug-07
1-Sep-07
1-Oct-07
1-Nov-07
1-Dec-07
1-Jan-08
1-Feb-08
1-Mar-08
1-Apr-08
1-May-08
1-Jun-08
1-Jul-08
1-Aug-08
1-Sep-08
1-Oct-08
1-Nov-08
1-Dec-08
1-Jan-09
1-Feb-09
1-Mar-09
1-Apr-09
1-May-09
1-Jun-09
1-Jul-09
1-Aug-09
1-Sep-09
1-Oct-09
1-Nov-09
1-Dec-09
1-Jan-10
1-Feb-10
1-Mar-10

Note 54 – Kredyt Inkaso share price in comparison with the market

The period from the beginning of April 2009 to the end of March 2010 was the time in which stock exchange investors were slowly making up for the losses after the crisis on the financial market. In the analyzed period, the value of WIG increased by about 75% from the level of 24 145 points to 42 446 points. Market value of small enterprises increased by over 77%, their index sWIG80 increased from 7 011 to 12 429 points.
In the last half year, quotations of Kredyt Inkaso S.A. shares increased from the level of PLN 8.59 to 16.09, i.e. increase by over 87%. As can be seen in the graphs below, in this period, Kredyt Inkaso shares price was strongly correlated with the value of the mentioned indexes. Moreover, it is worth emphasizing that recently, trade in Kredyt Inkaso shares has increased considerably and investors should react positively to the higher level of liquidity.



Note 55 – Number of shares and earnings per share (EPS)

In the reporting period and in the comparative period no change in the number of shares occurred.

Calculation of profit per share	from 01.04.2009 to 31.03.2010	from 01.04.2008 to 31.03.2009
A. Net profit (loss) for the reporting period	5 541	2 537
B. Net profit (loss) on continued activity	5 541	2 537
C. Net profit (loss) for ordinary shareholders for the purposes of the calculation of basic profit per one share (numerator)	5 541	2 537
D. Net profit (loss) for ordinary shareholders for the purposes of the calculation of diluted profit per one share (numerator)	5 541	2 537
E. Number of shares issued	5 494	5 494
F. Weighted average number of ordinary shares recognized in order to calculate basic profit per share (denominator) (in thousand)	5 494	5 494
G. Weighted average number of ordinary shares recognized in order to calculate diluted profit per share (denominator) (in thousand)	5 654	5 654
H. Net basic profit (loss) on continued activity per one share (PLN) (quotient B/F)	1.01	0.46
Net diluted profit (loss) on continued activity per one share (PLN) (quotient B/G)	0.98	0.45
Net basic profit (loss) for the reporting period per one share (PLN) (quotient C/F)	1.01	0.46
Net diluted profit (loss) for the reporting period per one share (PLN) (quotient D/G)	0.98	0.45

Net profit (loss) per one ordinary share is calculated in the same way for each share. Shares do not differ as far as the right to net profit sharing is concerned.

Note 56 – Enterprise value

Enterprise value is calculated in the following manner:
enterprise value= Company's market value +net debt,
where *net debt* is understood as the value of liabilities minus receivables.
As of 31.03.2009, the value of Kredyt Inkaso S.A. calculated in such a way amounted to PLN 84.49 million, and as of 31.03.2010, it amounted to PLN 128.66 million.

Note 57 – Dividends paid and dividend policy

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, we paid out the dividend in the amount of 9 grosz per share. Total amount of the dividend amounted to PLN 494 460.
The Company's dividend policy is based on the assumption that its amount should depend on gained financial results and capital needs connected with the purchase of further debt portfolios as well as other strategic investments.

The Management Board of the Company is of the opinion that in the next years it will be possible to pay out dividend at least at the level of 1/5 part of the gained profit. The Management Board also assumes that it will pay the remaining part of net profit as a dividend in the form of the Company's shares.

Note 58 – Agreements that enable to change in the future the proportions of the shares owned by the existing shareholders

According to our knowledge, as of the date of drawing up these financial statements, no agreements were concluded under which future changes in the proportions of the shares owned by the existing shareholders can occur. Changes in the proportions of shares owned by the existing shareholders may result from the adopted incentive program. At the present moment, in relation to the adopted incentive program, there is the possibility of the increase in the amount of the owned shares, especially by Artur Górnik and Sławomir Ćwik, who are the members of the Management Board and shareholders of the Company.

Note 59 – Securities to which special control rights in relation to the Issuer are attached

The information was included in the Report of the Management Board on the Company's operations in the Note 45.

Note 60 - Information on purchase of own shares

In the last year, we did not own and purchase any own shares.

Note 61 – Limitations to transferring ownership rights of Issuer's shares

The information was included in the Report of the Management Board on the Company's operations in the Note 47.

Note 62 – Limitations to exercising voting rights attached to Issuer's shares

The information was included in the Report of the Management Board on the Company's operations in the Note 46.

OTHER DISCLOSURES

Note 63 – Auditors' remuneration

Pursuant to the resolution of the Supervisory Board of 30 September 2009, the entity appointed to review the half-year financial statements and to audit the annual financial statements for the year beginning on 01.04.2009 and ending on 31.03.2010 was Przedsiębiorstwo Doradztwa Ekonomiczno-Finansowego EUROFIN Sp. z o.o. with the registered office in Cracow.
In the reporting period the auditor was paid the remuneration in the amount of PLN 24 400 in relation to the audit of the financial statements for the year 2008/09 and review of the financial statements for the first half of the financial year 2009/10.

Note 64 – Issues, redemption and repayment of debt and capital securities

In the reporting period we completed six bonds issues (series I, J, K, L, M, N, O, P and R) with the total nominal value of PLN 39 900 thousand (see Note 40). In the mentioned period, the repurchase (on the maturity date) of six series of bonds: B, D, E, H I and J with the total nominal value of PLN 30 150 thousand took place. Series H bonds were repurchased prior to the maturity date. Moreover, we paid due interest to bondholders on a regular basis. The total amount of interest on bonds paid in the financial year 2009/10 equaled PLN 3,295 thousand.

Note 65 – Significant events which occurred after the balance sheet date and were not disclosed in the financial statements for a given reporting period

They did not occur.

Note 66 – Information on significant events relating to previous years disclosed in the financial statements for the current period

Agreement No. 05.09-UDA-RPLU.01.03.00-06-157/09 concluded on 22 April 2010 between the Company and Lubelskie Voivodeship (Lubelska Agencja Wspierania Przedsiębiorczości with the registered office at ul. Graniczna 4, 20-010 Lublin- Intermediate Body of 2nd degree) on carrying the project: „Achieving synergy effect of actions as a result of simultaneous implementation of three innovative IT systems: IT Security, Recognition of Documents Contents, Financial and Accounting", within the Regional Operational Program of Lubelskie Voivodeship for the years 2007-2013, Priority Axis: I. Enterprise and Innovation, Operation 1.3. co-financed from the European Regional Development Fund and the State Budget. Pursuant to the concluded agreement, the Company obtained co-financing in the form of a development subsidy in the amount of PLN 345 672.19, which constituted 60% of the total value of the project. Co-financing from European fund amounts to PLN 293 821.36 whereas co-financing in the form of a designated subsidy amounts to

PLN 51 850.83. In case of identifying breaching provisions of the agreement by the Company, it will be obliged to return the total amount or the part of the co-financing amount. Lubelska Agencja Wspierania Przedsiębiorczości may terminate the agreement, which may cause the necessity of returning by the Company the amount of co-financing along with the interest calculated in the manner that is the same as for tax arrears.

Note 67 – Contingent liabilities and receivables

The Company owns a contingent liability resulting from the conclusion on 06 October 2008 of the agreement with the District Job Office in Zamość on refunding part of the costs of creating eight new jobs. Pursuant to the concluded agreement, the Company received refund in the amount of PLN 107 thousand and it is obliged not to decrease the overall level of employment as well as to maintain jobs to which the refund pertained for at least two years. In the case of failing to fulfill this obligation or breaching other provisions of the concluded agreement, the District Job Office may terminate the agreement and then the Company shall be obliged to return the received amount of refunding along with the statutory interest calculated from the date of obtaining the refund, within 30 days of receiving the summons.

Agreement No. 06.09-UDA-RPLU.01.07.00-06-038/09 concluded on 01 March 2010 between the Company and Lubelski Voivodeship (Lubelska Agencja Wspierania Przedsiębiorczości with the registered office at ul. Graniczna 4, 20-010 Lublin-Intermediate Body of 2nd degree) on carrying out the project: „Implementation of innovative IT systems: System of Advanced Financial Management and Backup System" within the Regional Operational Program of Lubelskie Voivodeship for the years 2007-2013, Priority Axis: I. Enterprise and Innovation, Operation 1.7. Pursuant to the concluded agreement, the Company obtained co-financing in the amount of PLN 197 396.00, which constitutes 50% of the total value of the project. In case of breaching provisions of the Agreement by the Company, it will be obliged to return the total amount or the part of the amount of co-financing. Lubelska Agencja Wspierania Przedsiębiorczości may terminate the agreement in cases defined in the agreement, which may cause the necessity to return by the Company the amount of co-financing along with the interest calculated in the manner the same as for tax arrears.

Agreement No. 06.08-UDA-RPLU.01.03.00-06-223/08 concluded on 17 September 2009 between the Company and Lubelski Voivodeship (Lubelska Agencja Wspierania Przedsiębiorczości with the registered office at ul. Graniczna 4, 20-010 Lublin- Intermediate Body of 2nd degree) on carrying out the project: "Improvement of Kredyt Inkaso Company competitiveness through implementation of the innovative system of efficiency management". Pursuant to the concluded agreement, the Company obtained co-financing in the form of development subsidy in the amount of PLN 142 618.00, which constitutes 70% of the total value of the project. In case of breaching provisions of the Agreement by the Company, it will be obliged to return the total amount or the part of the amount of co-financing. Lubelska Agencja Wspierania Przedsiębiorczości may terminate the agreement, which may cause the necessity of returning by the Company the amount of co-financing along with the interest calculated in the manner that is the same as for tax arrears.

Agreement on co-operation dated 19 March 2010 with TFI Allianz Polska Spółka Akcyjna with the registered office in Warsaw (Investment Funds), pursuant to which the Parties committed themselves to co-operate in the scope of searching for investment objectives for the Fund („ALLIANZ Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty") and making investments of the Funds.
The Company committed itself to purchase directly or through subsidiary all investment certificates of the Fund that have been issued so far, and the Investment Funds assured that their owners shall dispose them of for the price equal to the value of the Fund's assets as of the last date of valuation.
The Investment Funds undertook to make amendments to the Fund's Statutes that were agreed with Kredyt Inkaso, among others: change of the funds' name into „Kredyt Inkaso I Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty", expansion of the powers of the Fund's investors' meeting.
The Company and the Investment Funds agreed in the scope of making investments by the Fund. The Company undertook to, among others, search for and analyze debt portfolios for the needs of purchasing them by the Fund, ensure financing of the Fund's investments, ensure financing of the process of generating

income from investments. The Investment Fund undertook to, among others, make investments recommended by the Issuer in the manner indicated in the recommendation and to meet procedural conditions necessary for making recommended investments.

Note 68 – Information on income, costs and results on discontinued business activity

They did not occur.

Note 69 – Information on granted warranties and guarantees and securities on Company's property

They did not occur.

Note 70 – Other information which, according to the issuer is significant for assessing the employment, property and financial situation as well as financial result and their changes and the information significant for assessing the ability to meet obligations by the issuer

Apart from the information disclosed in these financial statements, we do not possess any information significant for assessing Kredyt Inkaso S.A. situation.

Note 71 – Commentary concerning seasonal or cyclical character of business activity in the reporting period

Kredyt Inkaso S.A. operations are not seasonal. Kredyt Inkaso S.A. operations consist in collecting debts, first of all in court. The presented model of business generates income in the relatively short period following the debts portfolio purchase, and then in a long-term perspective in the course of executing legal procedures of debt collecting (mainly enforcement proceedings), also as a result of their reopenings after the periods of adjournment. At the same time, costs are accumulated first of all in the initial stage of purchased debt portfolios collections (first of all related to court proceedings and instituting debt enforcement proceedings).

Note 72 - Financial statements prepared in the period of high inflation

Accumulated average annual inflation rate for the last 3 years for each of the periods presented in these financial statements did not exceed 100%; therefore, there was no necessity for adjusting the financial statements with the price index.

Note 73 – Employment in the Company

Employment in the Company, in the individual reporting periods, divided into professional groups:	31.03.2010		31.03.2009	
	in employments	in the number of people	in employments	in the number of people
Average employment for 6 months	29	30	20.5	21.8
Employment as of the balance sheet date, of which:	30	31	26	27
- office workers	29	29	25	25
- laborers	1	2	1	2

At the beginning of the financial year, in the registered office in Zamość and in the office in Warsaw we employed 27 people in total. Moreover, we commissioned third parties, to perform additional works, especially in the area of software development and ITC systems. As of 31 March 2010, we employed 31 people. Until the date of publication of the financial statements, the state of employment did not change.

Artur Górnik

Zamość, 28 May 2010

President
of the Management Board
Artur Maksymilian Górnik

Sławomir Ćwik

Vice-President
of the Management Board
Sławomir Ćwik