ANNUAL REPORT

08

PROFIREAL Group SE

PROFIREAL GROUP

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PROFIREAL GROUP

THE EARTH. PLACE TO LIVE.

The mother Earth, providing support to all living creatures. It enables to bring life into being and it ows its existence to the sun and water elements.

The Earth is a place where both elements are simultaneously expressing and influencing the conditions of life.

Out of Earth's arms and background the vital offshoots are growing and successfully affect the life conditions.

Just so symbolically we perceive the parent company PROFIREAL Group.

PROFIREAL Group is a unique parent background, containing both their divisions PROFI CREDIT and PROFIDEBT. Both these divisions are the major living organisms of the group.
They are a manifestation of its life, its development and success.

Therefore the annual report of the PROFIREAL Group is completed with illustrative photographs of life on the Earth, in its endless number of variations.

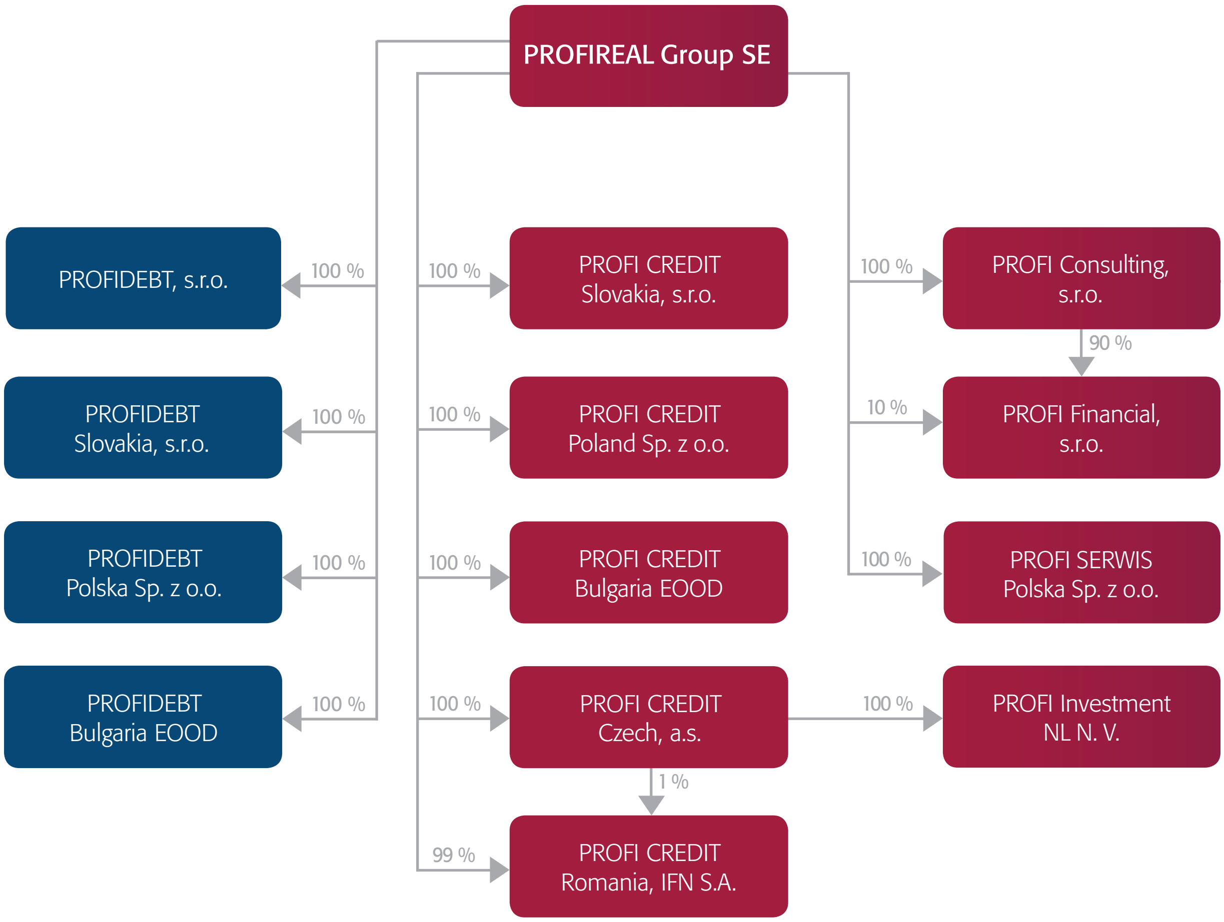
CONTENTS

1

One Life

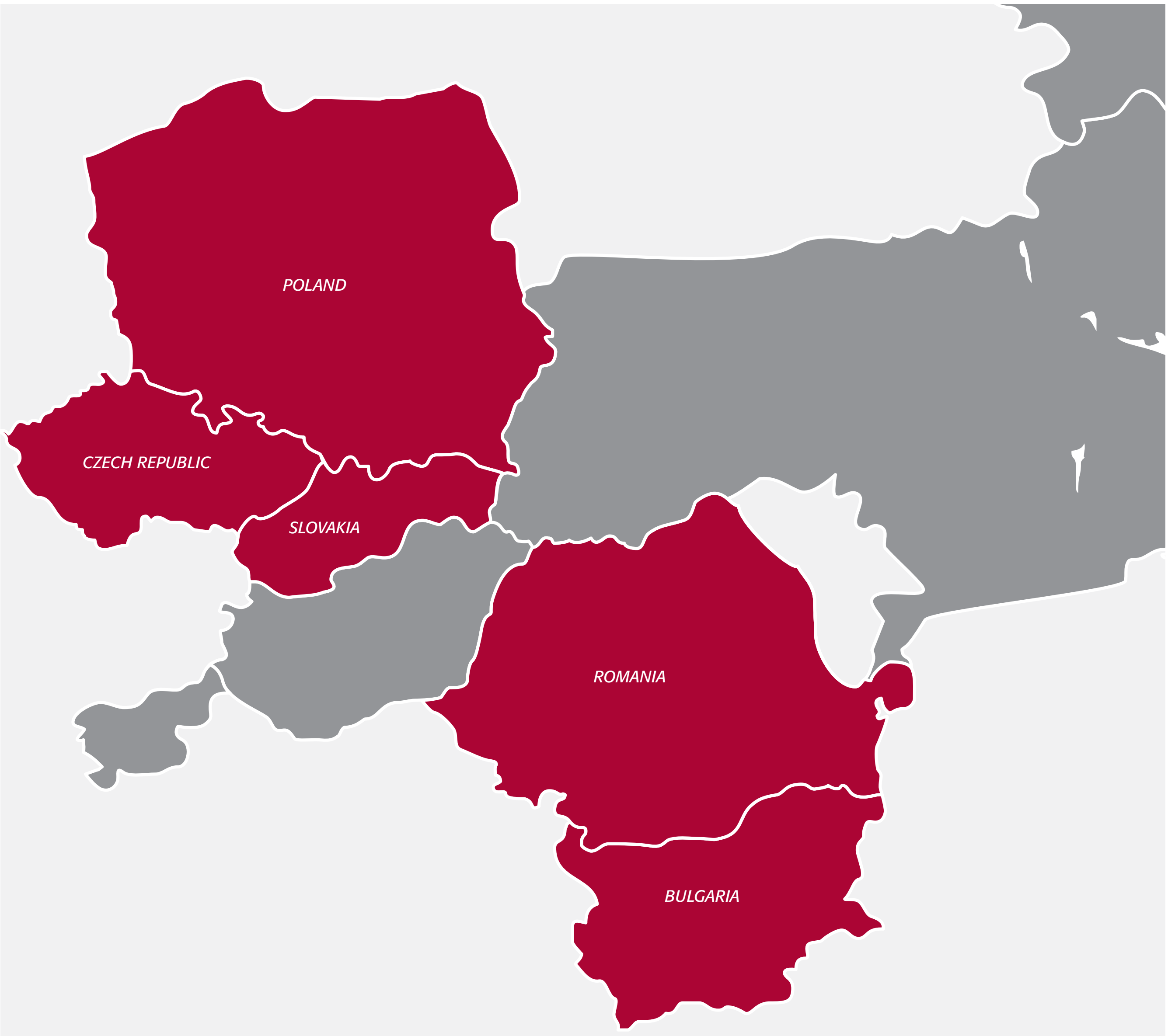
One life was first on the Earth. The basis for its creation was water and sun.

PROFIREAL GROUP STRUCTURE



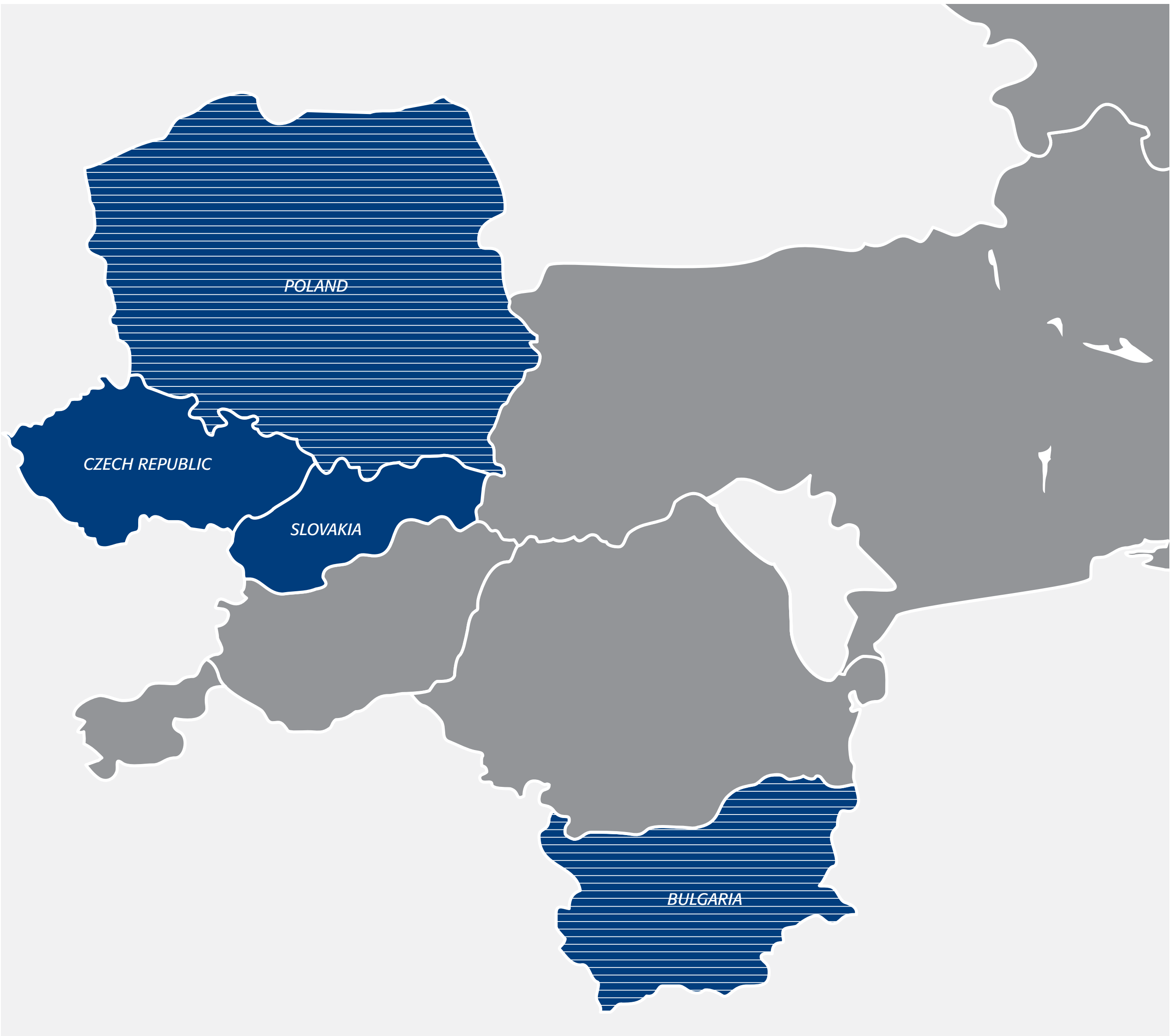
The PROFIREAL Group

PROFI CREDIT focuses on countries of Central and Eastern Europe



Countries with active representation

PROFIDEBT specializes in purchasing, administering and collecting receivables



Countries with active representation

Countries with planned representation

COMPANY BODIES

Board of Directors

David Chour	Chairman
Petr Vrba	Vicechairman
Karol Jurák	Vicechairman
Zdeněk Lhotský	Member
Marlon Martis	Member
Monique Rosenkotter-Donken	Member
Sandy Calixto Martina	Member
Harmen van de Wetering	Member

SUBSIDIARIES

PROFI CREDIT Czech, a.s.
Registered Office
Pernštýnské nám. 80
530 02 Pardubice

Executives
David Chour
Petr Vrba
Filip Souček
Tomáš Rosenberger
Karol Jurák

PROFI CREDIT Slovakia, s.r.o.
Registered Office
Mliekarenská 10
824 96 Bratislava 26

Executives
Pavol Antálek
Milan Hiebsch
Petr Vrba
Vladimír Michniewicz

PROFI CREDIT Poland Sp. z o.o.
Registered Office
ul. Browarna 2
43-300 Bielsko-Biała

Executives
Petr Vrba
Urban Sidorczuk
Vladimír Michniewicz
Pavel Strnádek

PROFI CREDIT Bulgaria EOOD
Registered Office
49 Bulgaria Blvd.
1404 Sofia

Executives
Petr Vrba
Alexandar Žotev
Tomáš Rosenberger
Nikolay Kolev

PROFI CREDIT Romania, IFN S.A.
Registered Office
Calea Rahovei nr. 266–268, cladirea 3, et 2
Sector 5, Bucuresti, Romania

Executives
Tomáš Rosenberger
Petr Vrba
Rudolf Molnár

PROFIDEBT, s.r.o.
Registered Office
Pernštýnské nám. 80
530 02 Pardubice

Executives
David Chour
Marian Ganaj
Karol Jurák
Roman Kouba

PROFIDEBT Slovakia, s.r.o.
Registered Office
Mliekarenská 10
821 09 Bratislava

Executives
Pavol Antálek
Karol Jurák
Marián Ganaj
Martin Jakub Mlynár

PROFIDEBT Polska Sp. z o.o.
Registered Office
ul. Browarna 2
43-300 Bielsko-Biała

Executives
Karol Jurák
Roman Kouba
Vladimír Michniewicz
Štěpán Rajdus

Subsidiaries

PROFIDEBT Bulgaria EOOD

Registered Office	Executives	
49 Bulgaria Blvd.	Alexandar Žotev	Karol Jurák
1404 Sofia	Nikolay Kolev	Zdeněk Lhotský

PROFI Financial, s.r.o.

Registered Office	Executives	
Pernštýnské nám. 80	David Chour	František Tesař
530 02 Pardubice	Filip Souček	

PROFI Consulting, s.r.o.

Registered Office	Executives	
Pernštýnské nám. 80	David Chour	Václav Říha
530 02 Pardubice	Filip Souček	

PROFI SERWIS Polska Sp z o.o.

Registered Office	Executives	
ul. Browarna 2	Karol Jurák	Pavel Strnádek
43–300 Bielsko-Biała	Petr Vrba	Štěpán Rajdus

PROFI Investment NL N. V.

Registered Office	Executives	
Herengracht 268	David Chour	Compliance & Management
1016 BW Amsterdam	Zdeněk Lhotský	Services International

BUSINESS ACTIVITIES

PROFIREAL Group SE (the "Group") is a diversified financial services group which provides consumer loans, debt collection and recovery services across Central and Eastern Europe. The Group is active in the Czech Republic, Slovakia, Poland, Bulgaria and Romania and is organized into two divisions: PROFI CREDIT and PROFIDEBT.

PROFI CREDIT primarily offers instalment credits, loans and other financial services such as payment protection insurance. Since 2003, PROFI CREDIT has also been providing loans to small and medium-sized enterprises and entrepreneurs, although these still account for less than 3 % of the loan book. As at 31 December 2008, PROFI CREDIT's loan portfolio amounted to EUR 211 million. Historicaly PROFI CREDIT provided more than 380 ths private individual loans and more than 2 ths business loans, respectively.

PROFIDEBT is a debt collection and recovery business focusing on retail receivables with market presence in the Czech Republic and Slovakia. PROFIDEBT operates commercially independently of PROFI CREDIT and has developed a sustainable business with third parties, including banks, consumer finance providers, telecommunication operators and energy suppliers. As at 31 December 2008, PROFIDEBT managed receivables with nominal value exceeding EUR 110 million.

100

Hunderds of lives

Hunderds and hunderds of lives have been coming into being from the very first one. Thanks to sun and water there are hunderds of plants growing from the fertile soil. Hunderds of lives often create one community that we then percieve as a unit. Meadows, gardens, colonies of bees, fish shoals or birds bevies...

REPORT OF THE BOARD OF DIRECTORS

In 2008, the PROFIREAL Group provided its clients with loans and credits totalling EUR 143.4 million through its PROFI CREDIT division, which is a 4 percent increase from 2007 when it provided loans amounting to EUR 138.3 million. Since 2000, PROFIREAL Group has lent its clients almost EUR 706.9 million. In 2008, 82,000 clients received a loan or credit from the PROFIREAL Group and the average credit amount was EUR 1,750.
In 2008, the PROFIDEBT division purchased receivables representing EUR 20.4 million. Since 2005, PROFIDEBT has purchased EUR 99.5 million (converted using the CZK/EUR exchange rate effective as of 31 December 2008). Revenues from receivables management in 2008 reached EUR 6.5 million.

Legal changes in our business sector: in line with an EU directive, EU member states should incorporate new rules for providing consumer loans amounting to EUR 200–75,000 into their legislation by 2009. Major changes arising from the directive include an option for clients to withdraw from a credit contract during the first 14 days of the contract and a lower penalty for repaying the consumer loan early. All of our companies are currently prepared for the new laws.

RESULTS

In 2008, PROFIREAL Group SE faced a global economic downturn. The business of the PROFIREAL Group was affected in two areas: it was difficult to obtain external funding and provisions for bad debts were increased. In addition, our business in Poland and Bulgaria was influenced by currency exchange risks. All of these factors result in a consolidated profit that is below expectations. To combat the effects, management decided to implement cost cutting programmes in all of its businesses and entities.

The PROFIREAL Group focused on several personnel projects supporting employee education and skills development.
The programme targeting university students that was designed to facilitate the recruitment of new employees was very successful. In addition, the PROFIREAL Group focused on optimising business processes. The total number of employees in the financial group increased to 649 in 2008, which is approximately a 25 percent increase as compared to 2007.

The quality of the network of credit advisors improved thanks to systematic training and sales activity support. Additionally, new regions in Bulgaria and Poland were opened as part of the expansion of the financial group. The number of credit advisors increased by 13 percent from 2007 to 2008, which represented 3,257 credit advisors by the end of 2008. The highest increase was reported by PROFI CREDIT Poland Sp. z o.o.

The number of collection specialists in PROFIDEBT's receivables management is 168. The main priority in 2008 in respect of the collection network was to make the entire process of receivables management more efficient.

The total consolidated assets of the financial group increased by 17 percent, from EUR 162.6 million at the end of 2007 to EUR 189.7 million at the end of 2008. The total consolidated revenues of the financial group went up by 27 percent from 2007 to 2008, amounting to EUR 79.5 million. The revenues of PROFI CREDIT also increased thanks to the positive business results of each company in the provision of loans and credits to new clients and repeated loans to current clients.

Because of the extraordinary revenues generated in 2007 as a result of a change in the estimate of future cash flows from purchased receivables, the revenues of the PROFIDEBT division saw a decrease in 2008.

Report of the Board of Directors

The revenues increased mainly thanks to PROFI CREDIT Poland Sp. z o.o., which increased its revenues by EUR 11 million, and PROFI CREDIT Czech, a.s., which increased its revenues by EUR 8.1 million.

In 2008, the consolidated loss before tax of the financial group was EUR 3.5 million (in 2007, it was profit of EUR 10.7 million). A decrease was seen in the profit of the PROFI CREDIT division due to currency losses (mainly PROFI CREDIT Poland), higher provisions for bad debts (generally all companies of the PROFI CREDIT division), and the planned loss at PROFI CREDIT Bulgaria and PROFI CREDIT Romania. The highest profit before tax was generated by PROFI CREDIT Czech, a.s. (EUR 6.7 million) and PROFI CREDIT Slovakia, s.r.o. (EUR 3.5 million).

The consolidated profit of the financial group after tax in 2008 was negative EUR 2 million.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Exposure to various risks arises in the normal course of the Group's business. These risks include credit risks, interest rate risks, currency risk, liquidity risk, capital risk, operation risk and compliance risk.

Principal financial assets of the Group include cash at bank and cash and loans and advances to customers which represent a maximum exposure of the Group to risk in relation to financial instruments.

• Credit risk

Credit risks of the Group predominantly relate to loans and advances to customers. The balances presented in the balance sheet are reported net of provisions for impaired receivables which are charged based on the estimate of the Company's management taking into account historical experience and impacts associated with existing economic conditions.

Credit risks attached to liquid funds are limited as the counterparties are banks with high rating assessments determined by international rating agencies.

Debt Recovery

Companies in the Profireal Group use their own network of external collection specialists for the recovery of their own or purchased receivables.

Credit Risk Collateralisation

The principal limitation of the credit risk exposure relates to the fact that the Group has its credit risk diversified into a significant number of clients and geographically within the entire Group. Contracts for the provision of loans are also collateralised by bills of exchange and a guarantee or a security is required.

Collateral for Received Loans

The Company uses its assets as collateral for received bank and non-bank loans. These assets include real estate and receivables from provided loans. In terms of the collateral, it is important for companies to monitor the amount of the receivable from advanced loans which are not impaired.

The Group reports no significant concentration of credit risks as its exposure is distributed among a significant number of counterparties and customers.

• Liquidity risk

The liquidity risk represents the risk that the Group will not have sufficient funds available to settle the amounts owed arising from financial contracts.

Under its contracted limits of overdraft facilities, the Company can apply for additional drawing of funds at any point of time and thus deal with the difficulties arising from a potential lack of funds.

• Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk.

The companies in the PROFIREAL Group have concluded long-term loan contracts which are renewed and adjusted on an annual basis. For these reasons, the interest rate risk is minimised. In addition, the Company has the possibility to change, as and when required, the interest rates attached to advanced loans.

• Currency risk

Currency risk includes the risk of the change in the value of financial instrument as a result of a change in market foreign currency rates and potential impact of these changes in the profit and loss. The following table shows the structure of assets and liabilities in the Group.

The Group is not exposed to the currency risk. PROFI CREDIT Poland that has drawn loan in EUR and PROFI CREDIT Romania, IFN S.A. that has drawn loan in CZK are the only exceptions.

• Operational Risks

Operational risk is defined as the risk of loss arising from the inappropriateness or failure of internal processes, human errors or failures of systems or the risk of loss arising from external events. The Company assesses these risks on a regular basis and undertakes measures aimed at systematic detection and minimisation of these risks.

• Capital Risks

The Group’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Report of the Board of Directors

The Group as loans and credits provider is mainly influenced by the fact that it leverages its business by using external financing. There are no real seasonality impacts on its financial position but rather a volatility of financial markets might positively or negatively influence the Group's financial position.

• Compliance Risks

Internal procedures and training aimed at keeping knowledge of laws and regulations up to date:
– Ethical code and whistleblower code;
– Compliance with the ethical code is discussed with employees at least once a year; and
– Procedures aimed at hiring ethical staff (including references).

BUSINESS OUTLOOK FOR THE COMING YEARS

For the 2009 financial year, the Company has begun the following activities to attain the planned business results. The PROFIREAL Group is working on seeking long-term funding for all group companies, which is an issue of utmost importance for the continuance of the Group. This factor is closely connected with the necessity to stabilise the Group's financial situation in the current economic downturn, which also includes a temporary freeze of some non-profitable activity. In 2009, Group companies are applying a cost reduction programme that will effect the number of personnel which has to follow revenues development. To ensure sufficient future financial results, Group companies will focus on maintaining the quality of the portfolio and reasonable risk management and will continue to take advantage of opportunities arising from the purchase of non-performing debts.

1000

Thousands of lives

Thousands of lives could have been coming into their existence thanks to the sun energy. It drives almost all living processes which run on the Earth. In the symbiosis of thousands lives endless forests, thousand-heads herds of animals or undersea world are co-existing togehter.

FINANCIAL PART

Consolidated Financial Statements Prepared in Accordance with International Financial Reporting Standards as Adopted by the EU for the Year Ended 31 December 2008

Consolidated Statement of Income

	NOTE	Year ended 31 December 2008 EUR ,000	Year ended 31 December 2007 EUR ,000
Interest income	5	73 141	59 651
Interest expenses	5	–23 527	–18 552
Net interest income		**49 614**	**41 099**
Provisions for credit risks	6	–14 346	–6 060
Net interest income after provisions for credit risks		**35 268**	**35 039**
Net fees and commissions	7	–6 928	–6 308
General administrative expenses	8	–28 486	–20 447
Net insurance income	9	3 535	1 453
Other operating income/(expenses), net	10	–6 921	1 009
Profit/(loss) before taxation		**–3 532**	**10 746**
Income tax	11	1 549	–4 798
Profit/(loss) after taxation		**–1 983**	**5 948**
Profit/(loss) for the period		**–1 983**	**5 948**
of which Group without PC Romania *)		***239***	
of which PC Romania		***–2 222***	

**) The subsidiary PROFI CREDIT Romania, IFN S.A. discontinued its business activities in January 2009. While this does not represent discontinued operations under IFRS 5, we believe that it is important to provide this information for the correct understanding of the financial position of the Company.*

Consolidated Balance Sheet

	NOTE	31 December 2008 EUR ,000		31 December 2007 EUR ,000
Cash and balances with banks	13	1 169		1 506
Loans and advances to customers (net)	14	181 206		153 510
Deferred expenses and accrued income and other assets	15	1 571		1 261
Income tax	11			3
Deferred tax asset	20	1 128		1 295
Intangible assets (net)	16	317		426
Property and equipment (net)	17	4 196		4 554
Equity investments in unconsolidated companies (net)		76		69
Total assets		**189 663**		**162 623**
of which Group without PC Romania *)			***188 316***	
of which PC Romania			***1 347***	
Amounts owed to customers	18	5 916		4 740
Liabilities arising from finance leases	19	858		347
Deferred tax liabilities	20	1 158		4 811
Tax liabilities	11	1 279		1 055
Bank loans and overdrafts	21	31 132		30 872
Other received loans	22	134 693		110 193
Provisions	23	4 886		2 942
Other liabilities	24	10 929		8 209
Total liabilities		**190 851**		**163 169**
of which Group without PC Romania *)			***187 211***	
of which PC Romania			***3 640***	
Share capital	26	9 000		9 000
Share premium		150 032		150 032
Hedging and foreign currency translation reserve	27	1 240		–100
Retained earnings		–159 477		–165 425
Profit or loss for the current period		–1 983		5 948
Total equity		**–1 188**		**–545**
of which Group without PC Romania *)			***1 306***	
of which PC Romania			***–2 494***	
Total liabilities and equity		**189 663**		**162 623**

**) The subsidiary PROFI CREDIT Romania, IFN S.A. discontinued its business activities in January 2009. While this does not represent discontinued operations under IFRS 5, we believe that it is important to provide this information for the correct understanding of the financial position of the Company.*

The consolidated balance sheet is prepared according to the order of liquidity of assets and liabilities, as this presentation provides more reliable and accurate information on assets and liabilities.

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Result of the year	Total
Balance at 1 January 2007	**1 389**	**0**	**–312**	**–6 106**	**–1 721**	**–6 750**
Appropriation of net result				–1 721	1 721	0
Foreign exchange differences from the revaluation of foreign investments	0	0	212	0		212
Result for the period	0	0	0		5 948	5 948
Increase in the share capital	45	0	0	0		45
Effect from the Group transformation	7 566	150 032	0	–157 598		0
Balance at 1 January 2008	**9 000**	**150 032**	**–100**	**–165 425**	**5 948**	**–545**
Appropriation of net result				5 948	–5 948	
Foreign exchange differences from the revaluation of foreign investments	0	0	1 340	0	0	1 340
Result for the period	0	0	0	–	–1 983	–1 983
Balance at 31 December 2008	**9 000**	**150 032**	**1 240**	**–159 477**	**–1 983**	**–1 188**

Consolidated Statement of Cash Flows

	NOTE	2008 EUR ,000	2007 EUR ,000
OPERATING ACTIVITIES			
Result from operating activities		–3 532	10 747
Adjustments for:			
Depreciation of property and equipment		1 117	751
Amortisation of intangible assets		165	124
Gain on the sale of property and equipment		–87	–3
Increase/(decrease) in provisions		16 546	7 395
Financial expenses		23 527	18 552
Other gains/losses		11	35
Cash flow from operating activities before changes in working capital		37 747	37 601
Decrease/(increase) in receivables		–43 597	–55 931
Increase/(decrease) in payables		3 896	8 804
Cash flow from operating activities		–1 954	–9 526
Income tax paid		–1 312	–168
Interest paid		–12 750	–17 746
NET CASH FLOW FROM OPERATING ACTIVITIES		**–16 016**	**–27 441**
INVESTING ACTIVITIES			
Acquisition of new companies		–6	–40
Gain on the sale of property and equipment		87	3
Purchases of property and equipment		–543	–2 347
NET CASH FLOW FROM INVESTING ACTIVITIES		**–463**	**–2 384**
FINANCING ACTIVITIES			
Increase in the share capital		0	45
Payments of liabilities arising from finance leases		–204	–109
New bank loans		0	0
Other new received loans		1 264	0
Increase/(decrease) in other loans		13 743	29 002
NET CASH FLOW FROM FINANCING ACTIVITIES		**14 802**	**28 938**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**–1 676**	**–886**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**1 506**	**2 180**
Impact of changes in foreign exchange rates		1 340	212
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**13**	**1 169**	**1 506**

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

PROFIREAL Group SE (hereinafter the "Company") is a European limited liability company formed under Dutch law.

The Company was formed on 9 August 2007 by a Deed of Association and registered in the Register of Companies maintained by the Chamber of Commerce in Amsterdam as PROFIREAL Group N.V. (naamloze vennootschap – limited liability company) based in Amsterdam, the Netherlands.

On 9 August 2007, the initial share capital of EUR 45,000 was paid in. On 8 October 2007, one of the owners of the Company invested 100 percent of the share capital of Profireal, a.s. in the Company and acquired 4,116,353 new shares with a nominal value of EUR 1 each.

On 8 October 2007, the new owner, Profireal Holding a.s., acquired 4,658,647 shares in the same nominal value in exchange for the equity investments in the following companies: PROFIREAL Slovakia, spol. s r.o. (100 %), PROFIREAL Polska Sp. z o.o. (100 %), PROFIREAL Bulgaria EOOD (100 %), PROFIDEBT, s.r.o. (100 %), PROFIDEBT Slovakia, s.r.o. (100 %), PROFI Financial, s.r.o. (10 %), PROFI Consulting, s.r.o. (100 %), PROFIDEBT Polska Sp. z o.o. (100 %), and PROFI SERWIS Polska Sp. z o.o. (100 %).

On 13 November 2007, 180,000 shares in the same nominal value were issued. These shares were paid from the Company's internal funds. Following these investments, the Company's paid-in share capital amounted to EUR 9,000 thousand.

On 21 December 2007, the Company (successor company) merged with Profireal Holding a.s. (dissolving company) and adopted the legal status of SE.

The registered office of the Company is located at Naritaweg 165, 1043BW Amsterdam, the Netherlands.

2. PRINCIPAL ACTIVITIES

PROFIREAL Group SE (hereinafter the "Company") together with its ten subsidiaries that were founded by it, form the PROFIREAL Group (hereinafter the "Group"). The principal activities of PROFIREAL Group SE involves the holding of equity investments and funding of the Group companies.

The principal activities of the Group are as follows:

1. Provision of loans and borrowings from own funds; and
2. Trading with receivables and debts – factoring and forfeiting.

Principal activities of the controlled companies as of 31 December 2008:

Name of the entity	Direct holding %	Principal activity	Registered office
PROFI CREDIT Czech, a.s.	100.0	Provision of loans and borrowings	Pardubice, Czech Republic
PROFI CREDIT Slovakia, s.r.o.	100.0	Provision of loans and borrowings	Bratislava, Slovakia
PROFI CREDIT Poland Sp. z o.o.	100.0	Provision of loans and borrowings	Bielsko Biala, Poland
PROFI CREDIT Bulgaria EOOD	100.0	Provision of loans and borrowings	Sofia, Bulgaria
PROFI CREDIT Romania, IFN. S.A.	99.0	Provision of loans and borrowings	Bucharest, Romania
PROFIDEBT, s.r.o.	100.0	Trading with receivables and debts	Pardubice, Czech Republic
PROFIDEBT Slovakia, s.r.o.	100.0	Trading with receivables and debts	Bratislava, Slovakia
PROFIDEBT Polska Sp. z o.o.	100.0	Trading with receivables and debts	Bielsko Biala, Poland
PROFI SERWIS Polska Sp. z o.o.	100.0	Servicing	Bielsko Biala, Poland
PROFI Consulting, s.r.o.	100.0	Provision of services	Pardubice, Czech Republic
PROFI Financial, s.r.o.	10.0	Provision of services	Pardubice, Czech Republic
PROFIDEBT Bulgaria EOOD	100.0	Trading with receivables and debts	Sofia, Bulgaria

Name of the entity	Indirect holding %	Principal activity	Registered office
PROFI CREDIT Romania, IFN. S.A.	1.0	Provision of loans and borrowings	Bucharest, Romania
PROFI Investment, NL N. V.	100.0	Financial activities	Amsterdam, Netherlands
PROFI Financial, s.r.o.	90.0	Provision of services	Pardubice, Czech Republic

List of companies excluded from the consolidation:

Name of the entity	Registered office	Ownership	Voting power in %	Principal activity
PROFI Financial, s.r.o.	Pardubice, Czech Republic	100 %	100 %	Provision of services
PROFI Investment NL N. V.	Amsterdam, Netherlands	100 %	100 %	Financial activities
PROFIDEBT Bulgaria EOOD	Sofia, Bulgaria	100 %	100 %	Trading with receivables and debts
PROFIDEBT Polska Sp. z o.o.	Bialsko Biala, Poland	100 %	100 %	Trading with receivables and debts
PROFI SERWIS Polska Sp. z o.o.	Bialsko Biala, Poland	100 %	100 %	Servicing

The above companies are immaterial to the Group, as they did not conduct any business activities in 2008 and the equity investment includes an investment in the share capital in minimum amounts. As such, they were excluded from consolidation.

Structure of the shareholders of the Company is as follows:

Shareholder	Ownership percentage
David Beran	99 %
Arte Invest, N.V.	1 %

Notes to the Consolidated Financial Statements

3. SIGNIFICANT CHANGES IN THE GROUP IN THE YEAR ENDED 31 DECEMBER 2008

In the year ended 31 December 2008, the transformation of companies in the PROFIREAL Group started in 2007 continued. The merger of PROFIREAL Group N.V. with Profireal Holding a.s. resulted in the formation of a new parent company, PROFIREAL Group SE, based in the Netherlands. The transformation was completed in 2008 when the parent company, PROFIREAL Group SE purchased the 99 percent equity investment in PROFI CREDIT Romania, IFN S.A. from PROFI CREDIT Czech, a.s. and from PROFIDEBT, s.r.o.

In the year ended 31 December 2008, original companies in the Group holding the name of Profireal (except for PROFIREAL Group SE) were renamed PROFI CREDIT.

4. PRINCIPAL ACCOUNTING POLICIES

Basis of the Preparation of the Consolidated Financial Statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) and interpretations approved by the International Accounting Standards Board (IASB). These standards and interpretations were previously called International Accounting Standards (IAS). As of the balance sheet date, IFRS as adopted by the EU did not differ from IFRS, with the exception of portfolio hedging in accordance with IAS 39, which was not approved by the European Union.

The presentation of consolidated financial statements in conformity with IFRS requires management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and their reported amounts of revenues and expenses during the reporting period (see below). Actual results could differ from those estimates.

These financial statements are presented in thousands of Euros (“EUR ‘000”), unless stated otherwise.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

Basis of Consolidation

The Company uses the full consolidation method only in respect of controlled companies (refer to the structure of the Group in Note 2).

The consolidated financial statements include the financial statements of companies in which the Company exercises controlling influence (subsidiary undertakings) and which are prepared as of 31 December 2008. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial information relating to Profireal Group SE is presented in the consolidated financial statements. Accordingly, in accordance with article 2:402 of the Netherlands Civil Code, the company financial statements only contain an abridged profit and loss account.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All significant intra-group transactions, related balances, income and expenses are eliminated from the consolidated balance sheet and consolidated income statement upon consolidation.

The Company has no associates.

The Company accounts for all business combinations using the purchase method. The Company, as the acquirer, measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given in exchange for control of the acquiree and any costs directly attributable to the business combination.

At the acquisition date, the Company allocates the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at the fair values at that date. Any difference between the cost of the business combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is accounted for as goodwill or negative goodwill.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Company accounts for the combination using those provisional values.

The Company recognises any adjustments to those provisional values within twelve months of the acquisition date, with effect from the acquisition date, i. e. retrospectively.

Income and Expense Recognition

Interest income is accrued on a time basis, by reference to the principal outstanding and at the original effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Other related income/expenses from loans (e. g. contractual fines, fees) is accrued and discounted using the effective interest rate to the net carrying value of an asset over its expected useful life.

The fees paid by the debtor with respect to the provision of a loan to a customer are part of the effective interest rate and are reported in the income statement line item 'Interest income'. Other fees and commissions are recognised on an accruals basis in the period to which they relate.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Non-interest income is recognised on an accruals basis and is always measured at the fair value of the consideration claimed.

Interest expenses related to interest bearing instruments are reported in the income statement on an accruals basis using the effective interest rate method. Other expenses are reported in the income statement on an accruals basis.

Non-interest expenses are recognised on an accruals basis and are measured at fair value.

Insurance Services

Within the Group, PROFI CREDIT offers insurance services taking the form of the Bonus product. A customer pays an insurance premium for the provision of this insurance coverage in the contracted amount according to contractual terms stated in the contract.

This insurance covers the possible failure to repay the instalments made by a customer based on clearly defined conditions. For this reason, it is necessary to separate the recognition of the loan itself from the increase in the insurance.

The insurance contract itself is separated from the Bonus product and reported separately in accordance with the requirements arising under IFRS 4. Income and expenses relating to insurance services are disclosed in 'Net insurance income'.

Notes to the Consolidated Financial Statements

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.
Amounts received or receivable as an incentive for the conclusion of an operating lease contract are recognised on a straight-line basis over the lease term.

Foreign Currency Translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency), that is, the local currency. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated and expressed in EUR which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the ECB rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated using the ECB's exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Taxation

The final amount disclosed in the income statement includes the tax currently payable and change in the balance of deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax liabilities and assets are recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax reported under IFRS differs from the deferred tax reported in the local financial statements. These differences result from a different method of the calculation of write-offs of receivables and depreciation of assets and a recognition of receivables arising from loans and repurchases in the balance sheet.

Property and Equipment and Intangible Assets

Property and equipment and intangible assets are stated at cost less accumulated depreciation/amortisation charges and impairment provisions and increased by technical improvements.

The cost of assets, except for land and assets under construction, is depreciated annually through the income statement line item 'General administrative expenses' over the expected useful lives of assets using the straight-line method as follows:

Cars	20 %
Computers, printers, servers, copy machines	20 %
Other office equipment (safe, projector)	20 %
Furniture	10 %–20 %
Air-conditioning	10 %
Other low-value assets (mobile phones, calculators, etc.)	50 %
Marketing study	20 %–25 %
Buildings	2 %
Software	10 %–35 %

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The Group specifically does not depreciate land, works of art, tangible and intangible assets under construction and technical improvements, unless they are brought into a condition fit for use.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

Internally-Generated Intangible Assets – Research and Development Expenditure
Internally generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally generated intangible asset can be recognised, development expenditure is charged to expenses in the period in which it is incurred.

Impairment of Tangible and Intangible Assets
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired. The test includes the comparison of the carrying value and the recoverable value of the assets.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in expenses.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income.

Financial Instruments
Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

All financial assets with normal delivery terms are recognised using settlement date accounting. The settlement (collection) date is the day on which the financial instrument is delivered (cash payment). When settlement date accounting is applied, the financial asset is recognised on the day of receipt of a financial instrument (sending of cash) and derecognised on the day of its provision (collection of cash).

Loans and Advances to Customers
Upon initial recognition, loans and advances to customers are carried at fair value adjusted by transaction costs, if any, and subsequently remeasured at amortised cost using the effective interest rate method.

Provisions against impaired receivables are recognised in the income statement if there is objective evidence that an asset is impaired (deteriorating financial position of the debtor, delays in payments, etc). The recognised provision is determined as equal to the difference between the carrying value of an asset and the present value of the estimated future cash flows discounted using the effective interest rate calculated upon initial recognition. The provision is decreased or released if the objective reasons for the impairment of the receivable cease to exist or if the receivable is sold or written off. The provisions are utilised upon the sale or write-off of receivables.

The Group determines the level of provisions on an individual basis for individually significant loans and receivables. Loans and receivables which are not individually significant and which demonstrate similar characteristics in terms of credit risk exposure and where there is objective evidence of impairment, the Group determines provisions on a collective basis.

If the receivable from the customer is past its due date, it is possible to prepare an individual repayment schedule reflecting an additional credit risk exposure relating to the customer in default. In the event of a new calculated repayment schedule, the treatment is similar as is the case when a new receivable originates.

Purchased receivables are valued based on the anticipated cash flow (collection) arising from these receivables and using the effective interest rate for the calculation of interest income.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank and Other Loans
Interest-bearing bank and other loans and overdrafts are initially recognised at fair value adjusted for transaction costs, if any, and are subsequently remeasured at amortised cost using the original effective interest rate method.

Amounts Owed to Customers
At initial recognition, amounts owed to customers are recognised at fair value adjusted for transaction costs, if any, and subsequently remeasured at amortised cost using the effective interest rate method.

Equity Investments in Unconsolidated Companies
Equity investments in unconsolidated companies are reported in the balance sheet at cost net of impairment charges, if any.

Provisions
In accordance with IFRS, the Group recognises a provision when, and only when:

– It has a present obligation (legal or constructive) as a result of a past event;
– It is probable that the settlement of the obligation will cause an outflow of resources embodying economic benefits; and
– A reliable estimate can be made of the amount of the obligation.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty
In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Consolidated Financial Statements

Provisions against Losses arising from Loans and Advances

Determining whether loans and advances are impaired requires an estimation of anticipated cash flows arising from these financial assets. This estimation is made by the Group's management on the basis of a professional judgment concerning the knowledge of the portfolio quality and individually significant loan receivables. In arriving at provisioning levels, the Group refers to its historical experience with the recovery of past due receivables.

Provisions against receivables arising from contractual fines, penalties, recognised court fees, fees for legal representation and agreements on the recognition of debt are recognised on the basis of the historical experience with the recovery of these receivables and anticipated cash-flow.

Uncertainty about the Impact of the Global Financial Crisis

The Group might be influenced by the global financial and economic crisis. The Group might be exposed to an increased risk specifically due to the high volatility and uncertainty regarding the valuation, possible impairment of assets, contingent liabilities and future developments of the markets. Those potential risks may have an impact on the Group's financial statements in the future.

The presented financial statements for the year ended 31 December 2008 are based on the current best estimates and management of the Group believes that they present the truest and fairest view of the Group's financial results and financial position using all relevant and available information at the financial statements date.

5. NET INTEREST INCOME

	2008 EUR ,000	2007 EUR ,000
Interest income		
– from loans and advances to financial institutions	35	77
– from loans to customers	73 106	59 574
Total interest income	**73 141**	**59 651**
Interest expenses		
– from loans and advances from financial institutions	2 540	1 439
– from amounts owed to non-financial institutions	20 987	17 113
Total interest expenses	**23 527**	**18 552**
Total net interest income	**49 614**	**41 099**

Interest income from the loans to customers includes interest arising both from loans to customers and from debt recovery efforts. The year-on-year increase in interest income is consistent with the growth of the portfolio of advanced loans (refer also to Note 14).

Interest expenses from amounts owed to non-financial institutions include interest on intercompany loans advanced by non-banking entities.

6. PROVISIONS FOR CREDIT RISKS

	2008 EUR ,000	2007 EUR ,000
Charge for provisions for the period	18 403	6 093
Release of provisions for the period	–4 057	–33
Net charge for provisions	14 346	6 060
Total provisions for credit risk	**14 346**	**6 060**

The year-on-year increase in the provisions corresponds with the growth of the portfolio of advanced loan and adoption of the prudence principle as a result on the economic crisis.

7. NET FEES AND COMMISSIONS

Net fees and commissions include:

	2008 EUR ,000	2007 EUR ,000
Fee and commission expense for services and transactions	8 492	7 321
Fee and commission income from services and transactions	1 564	1 013
Total net fees and provisions	**–6 928**	**–6 308**

Fee and commission expense for services and transactions includes expenses relating to the operation of the network of salespersons and their bonuses for arranging loans.

Notes to the Consolidated Financial Statements

8. GENERAL ADMINISTRATIVE EXPENSES

a) Structure of general administrative expenses:

	2008 EUR ,000	2007 EUR ,000
Staff costs		
Payroll costs	10 122	6 131
Social security contributions	2 556	1 655
Other staff costs and payments made to the members of management	640	411
Total staff costs	**13 318**	**8 197**
Other administrative expenses		
Data processing expenses	479	286
Office lease expenses	1 924	1 462
Business transactions expenses	900	928
Advertising and marketing expenses	2 778	3 239
Advisory and legal services expenses	1 975	1 558
Sundry administrative expenses	5 830	3 902
Total other administrative expenses	**13 886**	**11 375**
Depreciation of assets		
Amortisation of intangible assets (refer to Note 15)	165	124
Depreciation of property and equipment (refer to Note 16)	1 117	751
Total	**1 282**	**875**
Total general administrative expenses	**28 486**	**20 447**

Advisory and legal services include the fee paid to the audit firm Deloitte in the year ended 31 December 2008, the fees for the audit services amounted to EUR 267 ths. (2007: EUR 286 ths.) and the fees for other non-audit services provided by auditor amounted to EUR 0 (2007: EUR 35).

b) Payments made to the members of management:

	2008 EUR ,000	2007 EUR ,000
Short-term employee benefits	412	241
Other long-term benefits	0	0
Total	**412**	**241**

Payments made to the members of management are included in Table (a) above within 'Staff costs' under 'Other staff costs and payments made to the members of management bodies'.

c) Average headcount:

	2008	2007
Board of Directors	8	6
Supervisory Board	0	0
Employees	641	512
Total	**649**	**518**

9. NET INSURANCE INCOME

	2008 EUR ,000	2007 EUR ,000
Net earned insurance	4 755	1 999
Costs of insurance claims	1 220	546
Total net insurance income	**3 535**	**1 453**

Insurance income relates to the possibility of taking out insurance for selected products. The BONUS product, which is offered by the Group companies, facilitates the deferral of instalments under predetermined conditions which are compensated for by a higher price of the product. Under IFRS 4, this product meets the definition of a 'hidden insurance contract', therefore the difference between the standard product and the BONUS product is recognised as insurance income.

The increase in the insurance income in the year ended 31 December 2008 is due to the increase in the volume of BONUS product provided loans.

Notes to the Consolidated Financial Statements

10. OTHER OPERATING INCOME/(EXPENSES) NET

	2008 EUR ,000	2007 EUR ,000
Gain from the sale of assets	87	9
Income from other services	1 261	898
Received compensation of deficits and damage	68	43
Release of provisions for non-credit amounts due	28	20
Sundry operating and financial income	2 840	1 234
Total other operating income	**4 284**	**2 204**
Charge for provisions	108	67
Loss from the disposal and impairment of assets	690	6
Deficits and damage, fines and penalties	11	35
Charge for provisions for non-credit amounts due	0	64
Sundry operating expenses	9 870	474
Other taxes	526	549
Total other operating expenses	**11 205**	**1 195**
Total other operating income/(expenses) net	**–6 921**	**1 009**

"Sundry operating expenses" includes the foreign exchange rate loss of PROFI CREDIT Poland exceeding EUR 6 million.

11. INCOME TAX

	2008 EUR ,000	2007 EUR ,000
Income tax charge/(credit):		
Tax payable charged to expenses	2 139	1 525
Deferred tax recognised in expenses/(income) with respect to origination and recognition of temporary differences	–3 688	3 273
Total tax recognised in expenses/(income)	**–1 549**	**4 798**

Income tax includes the amounts of taxes paid by individual companies from the taxable profit for the year and calculation of deferred tax.

In the following table, the Company used the rate for the calculation of tax in the amount used in individual countries where the Company operates. For 2007, it is the rate for the Czech Republic as the transformation involved the group of the original parent company in the Czech Republic.

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2008 EUR ,000	2007 EUR ,000	%
Profit before tax	–3 533	10 747	24
Tax at the local tax rate in the Netherland of 20 % (2007: 20 %)	99		
Tax at the local tax rate in the Czech Republic of 21 % (2007: 24 %)	1 443		
Tax at the local tax rate in the Slovak republic 19 % (2007: 19 %)	468		
Tax at the local tax rate in the Poland of 19 % (2007: 19 %)	–1 601		
Tax at the local tax rate in the Bulgaria of 10 % (2007: 10 %)	–193		
Tax at the local tax rate in the Romania of 16 % (2007: 16 %)	–385		
Tax at the local tax rate in the Czech Republic of 24 % in 2007		2 579	
Tax effect of non–tax deductible expenses in determining taxable profit	2 014	–1 265	
Tax effect of the utilisation of tax losses that were not previously recognised	–81	68	
Impact of different tax rates of subsidiaries active in other jurisdictions	0	21	
Recognised deferred tax	–3 688	3 273	
Unrecognised deferred tax asset	375	122	
Income tax and tax rate for the period	**–1 549**	**4 798**	

12. DIVIDENDS

In 2008 and 2007, the General Meeting decided not to declare and pay out dividends.

13. CASH AND CASH AT BANK

	2008 EUR ,000	2007 EUR ,000
Cash	282	491
Deposits at bank	887	1 015
Total cash and cash at bank	**1 169**	**1 506**

Cash at bank and cash include the Group's cash and short-term deposits with the original maturity of three months and less.

Notes to the Consolidated Financial Statements

14. LOANS AND ADVANCES TO CUSTOMERS (NET)

a) Total loans and advances to customers (net)

	2008 EUR ,000	2007 EUR ,000
Loans to customers	183 747	152 658
Other advances to customers	27 739	23 043
Gross loans and advances to customers	**211 486**	**175 701**
Provisions for loans to customers	29 344	21 511
Provisions for other advances to customers	936	680
Total loans and advances to customers (net)	**181 206**	**153 510**

Average effective interest rates were as follows:

	2008 % p. a.	2007 % p. a.
Loans to customers	49.56	49.21

b) Structure of the loan portfolio

The loan portfolio of the Group as of 31 December 2008 includes the following allocation to categories:

	Gross EUR ,000	Collateral used EUR ,000	Uncollaterialised exposure EUR ,000	Provisions EUR ,000	Carrying amount EUR ,000	Provisions %
Standard	142 091	0	142 091	777	141 314	1 %
Impaired	69 395	0	69 395	29 503	39 892	43 %
Total	**211 486**	**0**	**211 486**	**30 280**	**181 206**	**14 %**

The loan portfolio of the Group as of 31 December 2007 includes the following allocation to categories:

	Gross EUR ,000	Collateral used EUR ,000	Uncollaterialised exposure EUR ,000	Provisions EUR ,000	Carrying amount EUR ,000	Provisions %
Standard	122 541	0	122 541	692	121 849	1 %
Impaired	53 160	0	53 160	21 499	31 661	40 %
Total	**175 701**	**0**	**175 701**	**22 191**	**153 510**	**13 %**

Advanced loans are usually collateralised by a bill of exchange in favour of the creditor and an aval by the co-debtor.

The structure of loans by categories of customers is as follows:

	2008 EUR ,000	2007 EUR ,000
Loans to retail customers	175 063	148 226
Loans to corporate customers	6 143	5 284
Total	**181 206**	**153 510**

The structure of loans by geographical area is as follows:

	2008 EUR ,000	2007 EUR ,000
Czech Republic	102 974	90 980
Slovakia	45 972	35 981
Poland	25 028	24 472
Bulgaria	6 055	2 065
Romania	1 177	12
Total	**181 206**	**153 510**

Aging analysis of loans:

	Before due dates EUR ,000	1–90 days EUR ,000	91–180 days EUR ,000	181 days and more EUR ,000	Total EUR ,000
Loans at 31 Dec 2008	134 610	6 412	3 874	36 310	181 206
Loans at 31 Dec 2007	108 844	7 612	4 654	32 400	153 510

Given the focus of its activities, the Company monitors the aging analysis of individual repayments rather than individual loans.

Notes to the Consolidated Financial Statements

c) Provisions for loans and advances

The charge for and use of provisions for loans and advances:

	2008 EUR ,000	2007 EUR ,000
Provisions for loans and advances at 1 January	22 191	16 747
Charge for provisions	18 403	6 093
Release of provisions	4 057	33
Net charge for provisions	**14 346**	**6 060**
Use of provisions for the write-off and assignment of amounts due	5 273	1 373
Reclassification and foreign exchange gains or losses from foreign currency provisions	–985	757
Provisions for loans and advances at 31 December	**30 280**	**22 191**

Provisions against loans and receivables from customers by categories:

	2008 EUR ,000	2007 EUR ,000
Individually impaired	73	32
Collectively impaired	30 207	22 159
Total	**30 280**	**22 191**

15. DEFERRED EXPENSES AND ACCRUED INCOME AND OTHER ASSETS

Deferred expenses and accrued income and other assets as of 31 December 2008 predominantly include prepayments of EUR 610 thousand (EUR 708 thousand as of 31 December 2007), trade receivables of EUR 500 thousand (EUR 91 thousand as of 31 December 2007) and inventory of EUR 91 thousand (EUR 98 thousand as of 31 December 2007).

16. INTANGIBLE ASSETS

	Software EUR ,000	Intangible assets under construction EUR ,000	Other intangible assets EUR ,000	Total EUR ,000
Balance at 31 December 2006	**491**	**0**	**68**	**559**
Additions	221	127	37	385
FX gains or losses	0	0	0	0
Disposals	0	122	0	122
Transfers	–19	0	–3	–22
Balance at 31 December 2007	**693**	**5**	**102**	**800**
Additions	45	28	8	81
FX gains or losses	41	0	4	45
Disposals	4	31	3	38
Balance at 31 December 2008	**775**	**2**	**111**	**888**
ACCUMULATED AMORTISATION				
Balance at 31 December 2006	**228**	**0**	**46**	**274**
Amortisation for the period	112	0	12	124
FX gains or losses	–14	0	–10	–24
Balance at 31 December 2007	**326**	**0**	**48**	**374**
Amortisation for the period	151	0	15	165
FX gains or losses	19	0	12	31
Balance at 31 December 2008	**496**	**0**	**75**	**571**
NET BOOK VALUE				
Balance at 31 December 2007	**367**	**5**	**54**	**426**
Balance at 31 December 2008	**279**	**2**	**36**	**317**

Notes to the Consolidated Financial Statements

17. PROPERTY AND EQUIPMENT

	Land and buildings EUR ,000	Assets under construction EUR ,000	Equipment, fixtures and fittings EUR ,000	Prepayments for tangible assets EUR ,000	Total EUR ,000
COST OR VALUATION					
Balance at 31 December 2006	**1 713**	**6**	**2 912**	**0**	**4 631**
Acquisition of Profi Consulting	0	0	16	0	16
Additions	65	519	1 922	33	2 539
FX gains or losses	–60	–6	–51	0	–117
Disposals	0	433	73	0	506
Balance at 31 December 2007	**1 718**	**86**	**4 726**	**33**	**6563**
Additions	64	215	1 795	0	2 074
FX gains or losses	99	32	–1 201	0	–1 070
Disposals	0	332	1 362	33	1 727
Balance at 31 December 2008	**1 881**	**1**	**3 958**	**0**	**5 840**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
Balance at 31 December 2006	**418**	**0**	**1 077**	**0**	**1 495**
Depreciation for the year	36	0	715	0	751
FX gains or losses	–87	0	–103	0	–190
Eliminated on disposal	0	0	47	0	47
Balance at 31 December 2007	**367**	**0**	**1 642**	**0**	**2 009**
Depreciation for the year	68	0	1 049	0	1 117
FX gains or losses	92	0	–1 131	0	–1 039
Eliminated on disposal	0	0	442	0	442
Balance at 31 December 2008	**527**	**0**	**1 118**	**0**	**1 645**
NET BOOK VALUE					
Balance at 31 December 2007	**1 351**	**86**	**3 084**	**33**	**4 554**
Balance at 31 December 2008	**1 354**	**1**	**2 841**	**0**	**4 196**

Information on finance leases is disclosed in Note 19.

18. AMOUNTS OWED TO CUSTOMERS

Amounts owed to customers and loan providers as of 31 December 2008 included payables arising from outstanding commissions of EUR 3,996 thousand (31 December 2007: EUR 3,181 thousand) and accrued expenses of EUR 1,110 thousand (31 December 2007: EUR 1,535 thousand).

19. LIABILITIES ARISING FROM FINANCE LEASES

	Minimum lease instalment		**Present value of minimum lease instalment**	
	2008 EUR ,000	**2007 EUR ,000**	**2008 EUR ,000**	**2007 EUR ,000**
Liabilities from finance leases:				
Less than one year	407	187	340	152
From two to five years	585	217	518	195
	992	**404**	**858**	**347**
Less future finance charges	134	57	0	0
Present value of finance lease liabilities	**858**	**347**	**858**	**347**
Less payables maturing within 1 year				
(reported as short-term payables)	0	0	340	152
Payables after 1 year	0	0	518	195

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 3 to 4 years. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

Notes to the Consolidated Financial Statements

20. DEFERRED TAX

The table below shows the principal deferred tax liabilities and assets recognised by the Group and their movements during the current and prior period:

	Accelerated tax depreciation EUR ,000	Tax losses EUR ,000	Loans and advances EUR ,000	Other EUR ,000	Total EUR ,000
As of 31 December 2006	**200**	**1 013**	**–1 536**	**4**	**–319**
Charged against profit or loss	41	520	–3 821	–80	–3 340
FX gains or losses	0	0	76	0	76
Impact of the change in tax rates	–34	0	98	3	67
As of 31 December 2007	**207**	**1533**	**–5183**	**–73**	**–3516**
Charged against profit or loss	–60	–1 288	4 200	835	3 687
FX gains or losses	–1	19	–265	46	–201
As of 31 December 2008	**146**	**264**	**–1248**	**808**	**–30**

Deferred tax assets and liabilities were mutually offset. The below table shows an analysis of deferred tax (after the offsetting of certain balances) for financial reporting purposes:

	2008 EUR ,000	2007 EUR ,000
Deferred tax liabilities	–1 158	–4 811
Deferred tax assets	1 128	1 295
Net deferred tax asset/liability	**–30**	**–3 516**

The Group companies anticipate income growth in the future, thereby assuming that the tax loss for the current period will be utilised in future periods.

21. BANK LOANS AND OVERDRAFTS

	2008 EUR ,000	2007 EUR ,000
Bank loans	31 132	30 872
Total	**31 132**	**30 872**
Loans are repayable as follows:		
– on demand or within one year	31 132	30 872
Total	**31 132**	**30 872**

Loans by currency:

At 31 December 2008	Total EUR ,000	CZK EUR'000	EUR EUR ,000
Bank loans	31 132	26 046	5 086
Total	**31 132**	**26 046**	**5 086**

At 31 December 2007	Total EUR ,000	CZK EUR'000	EUR EUR ,000
Bank loans	30 872	26 204	4 668
Total	**30 872**	**26 204**	**4 668**

The average interest rates were as follows:

	2008 % p. a.	2007 % p. a.
Bank loans	8.16	7.58

Other significant information on the Group's loans:

The Group was granted the following significant bank loans:

a) loan of EUR 26,046 thousand (2007: EUR 26,288 thousand). This loan was advanced on 3 November 2006 and its repayment period was extended to November 2009. The loan is collateralised by a pledge on real estate, bank accounts and receivables of the Group and bore a floating interest rate in 2008; and

b) loan facility of EUR 5 million (2007: EUR 5 million) is collateralised by a pledge on real estate, bank accounts and receivables of the Group. This loan was advanced on 3 November 2006 and was due on 3 November 2007. In 2008, its maturity was extended to October 2009. This loan bears a floating interest rate.

The Group was not in breach of any covenants underlying the provision of the loans and was not in default on the repayment of the loans during the years ended 31 December 2008 and 2007.

Notes to the Consolidated Financial Statements

22. OTHER RECEIVED LOANS

The Group has received loans from the following non-banking entities:

	2008 EUR ,000	**2007** EUR ,000
Entity 1	133 804	110 193
Entity 2	745	0
Entity 3	144	0
Total	**134 693**	**110 193**
Loans are repayable as follows:		
– on demand or within 1 year	2 647	1 100
– in the second year	87 167	0
– in the third to fifth year	44 879	80 195
– later than fifth year	0	28 898
Total	**134 693**	**110 193**

Loans by currency:

At 31 December 2008	**Total** EUR ,000	**CZK** EUR ,000	**SKK** EUR ,000	**EUR** EUR ,000
Entity 1	133 804	59 470	39 597	34 737
Entity 2	745	0	0	745
Entity 3	144	144	0	0
Total	**134 693**	**59 614**	**39 597**	**35 482**

At 31 December 2007	**Total** EUR ,000	**CZK** EUR ,000	**SKK** EUR ,000	**EUR** EUR ,000
Entity 1	110 193	47 727	33 568	28 898
Entity 2	0	0	0	0
Total	**110 193**	**47 727**	**33 568**	**28 898**

The average interest rates were as follows:

	2008 % p. a.	2007 % p. a.
Entity 1	16.5	17.6
Entity 2	15	
Entity 3	7	

The loan from the Entity 1 is collateralised by a promissory note of the loan recipient and pledged receivables. Other loans are collateralised by a promissory note of the loan recipient only. The undrawn amount of the loan from Entity 1 is EUR 76,397 thousand (EUR 71,775 thousand as of 31 December 2007). Entity 1 confirmed that the loan will be prolonged till 31 December 2012.

The Group was not in breach of any covenants underlying the provision of the loans and was not in default on the repayment of the loans during the years ended 31 December 2008 and 2007.

23. PROVISIONS

	Provision for insurance claims EUR ,000	Other EUR ,000	Total EUR ,000
At 1 January 2008	**2 654**	**288**	**2 942**
Additions to provisions for the period	1 031	832	1 862
Use of provisions	240	113	353
FX gains or losses	40	394	435
At 31 December 2008	**3 485**	**1 401**	**4 886**

Provision for Insurance Claims

The adequacy of the provision for insurance claims is determined directly by the provision calculation technique. The provision is recognised when an insurance event occurs as equal to anticipated insurance claims. The Group reports net insurance income (refer to Note 8) and the use of provisions does not exceed the aggregate insurance income.

24. OTHER LIABILITIES

As of 31 December 2008, other liabilities predominantly include amounts owed arising from the purchase of goods and services of EUR 1,327 thousand (EUR 507 thousand as of 31 December 2007), amounts owed to employees of EUR 684 thousand (EUR 606 thousand as of 31 December 2007), amounts owed to social security authorities of EUR 252 thousand (EUR 336 thousand as of 31 December 2007) and deferred income of EUR 6,632 thousand (EUR 5,185 thousand as of 31 December 2007).

Deferred income relates to the BONUS product and represents the difference between the fee for the standard product and the fee for the BONUS product which is gradually released to income and reduced by the claimed insurance payments. The year-on-year increase in deferred income is attributable to the increased share of the BONUS product in the entire loan portfolio.

Notes to the Consolidated Financial Statements

25. EQUITY

As of 31 December 2008, the Group reported a deficit on its equity of EUR 1,189 thousand (a deficit of EUR 545 thousand as of 31 December 2007). As expected by the Company's management, the deficit on equity was incurred due to the initial costs of forming foreign Group entities and initiating their active business activities. Management of the Company anticipates that the deficit on equity will be offset against future profits the Group plans to generate.

In 2008, the equity was negatively impacted by the loss of PROFI CREDIT Romania which discontinued its activities at the beginning of 2009 and the foreign exchange loss of PROFI CREDIT Poland in the amount of EUR 6 million.

26. SHARE CAPITAL

For the change in the Group structure and resulting movements in the share capital refer to Note 3 Significant Changes in the Group.

27. FOREIGN CURRENCY TRANSLATION RESERVE

	Total EUR ,000
Balance at 31 December 2006	**–312**
FX gains or losses from translation of foreign operations	212
Balance at 31 December 2007	**–100**
FX gains or losses from translation of foreign operations	1 340
Balance at 31 December 2008	**1 240**

28. CONTINGENT LIABILITIES

The Group reports no contingent liabilities.

29. ESTIMATED FAIR VALUE OF ASSETS AND LIABILITIES OF THE GROUP

The fair value of financial instruments is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value estimates are made based on estimates, discounted cash flows or using other generally acknowledged valuation methods. The results of these methods are significantly impacted by used estimates, specifically discounted rates and estimates of future cash flows. Therefore, the calculated fair market estimates cannot be realised in a current sale of the financial instrument.

In estimating the fair value of the Group's financial instruments, the following methods and assumptions were used.

a) Cash and Balances with Banks

The reported balances of cash and short-term instruments are generally deemed to approximate their fair value.

b) Loans and Advances to Customers

The fair value of loans is estimated on the basis of discounted cash flows using the market interest rate common in loans with similar conditions and terms and advanced to debtors with a similar risk assessment. The used interest rate depended on the type of the amount due as each type of the amount due carries a different interest rate which results from the value of money used for the funding of the relevant amount due and risk margin.

c) Amounts Owed to Banks and Customers

Fair values of deposits at call equal the amounts repayable on demand as of the financial statements date (i. e. their carrying amounts). Carrying amounts of term deposits with a variable rate principally equal their fair values as of the financial statements date. Fair values of deposits with a fixed interest rate are estimated based on the discounting of cash flows using market interest rates.

d) Other Received Loans

The fair values of other received loans with fixed interest rates are estimated on the basis of discounted cash flows using market interest rates.

The following table shows the carrying values and fair values of selected financial assets and liabilities:

	2008 Carrying value EUR ,000	2008 Fair value EUR ,000	2007 Carrying value EUR ,000	2007 Fair value EUR ,000
Financial assets				
Cash and cash at bank	1 169	1 169	1 506	1 506
Loans and advances to customers (net)	181 206	185 190	153 510	157 710
Financial liabilities				
Amounts owed to suppliers	5 916	5 916	4 740	4 740
Amounts owed to banks	31 132	31 991	30 872	30 872
Other received loans	134 693	134 693	110 193	110 193

30. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

a) Credit Risk

Principal financial assets of the Group include cash at bank and cash (refer to Note 13) and loans and advances to customers (refer to Note 14) which represent a maximum exposure of the Group to credit risk in relation to financial assets.

Credit risks of the Group predominantly relate to loans and advances to customers. The balances presented in the balance sheet are reported net of provisions for impaired receivables which are charged based on the estimate of the Company's management taking into account historical experience and impacts associated with existing economic conditions.

Credit risks attached to liquid funds are limited as the counterparties are banks with high rating assessments determined by international rating agencies.

The Group reports no significant concentration of credit risks as its exposure is distributed among a significant number of counterparties and customers.

Notes to the Consolidated Financial Statements

Debt Recovery
Companies in the PROFIREAL Group use their own network of external collection specialists for the recovery of their own or purchased receivables.

Credit Risk Collateralisation
The principal limitation of the credit risk exposure relates to the fact that the Group has its credit risk diversified into a significant number of clients and geographically within the entire Group. Contracts for the provision of loans are also collateralised by bills of exchange and a guarantee or a security is required.

Collateral for Received Loans
The Company uses its assets as collateral for received bank and non-bank loans. These assets include real estate and receivables from provided loans. The following table shows the amount of receivables used as collateral:

Carrying amount of financial assets used as collateral	**2008 EUR ,000**	**2007 EUR ,000**
Bank loans and overdrafts	39 075	36 918
Other received loans	221 903	187 273
Total	**260 978**	**224 191**

In terms of the collateral, it is important for companies to monitor the amount of the receivable from advanced loans which are not impaired. The following table shows their balances:

Carrying amount of provided loans which are not past their due dates or impaired	**2008 EUR ,000**	**2007 EUR ,000**
Employee loan	95 939	55 169
Business loan	1 009	535
Trade loan	1 827	886
Employee loan – “6 000“	2 757	1 482
Total	**101 532**	**58 073**

The Group does not report receivables that would be past their due dates and were not impaired.

b) Liquidity Risk
The liquidity risk represents the risk that the Group will not have sufficient funds available to settle the amounts owed arising from financial contracts.

Under its contracted limits of overdraft facilities, the Company can apply for additional drawing of funds at any point of time and thus deal with the difficulties arising from a potential lack of funds.

The table below provides an analysis of non-discounted financial liabilities into relevant maturity groupings (residual maturity is the period from the balance sheet date to the maturity date and represents all cash flows).

Carrying value of financial liabilities as of 31 Dec 2008	Within 7 days EUR ,000	Within 3 months EUR ,000	From 3 months to 1 year EUR ,000	From 1 year to 5 years EUR ,000	More than 5 years EUR ,000
Liabilities arising from commissions	51	1 300	724	3 841	0
Liabilities arising from finance leases	1	91	273	528	10
Bank loans and overdrafts	0	471	32 895	0	0
Other received loans	40	5 086	17 745	157 107	0
Other liabilities	343	7 745	706	1 980	0
Total	**435**	**14 693**	**52 343**	**163 456**	**10**

Carrying value of financial liabilities as of 31 Dec 2007	Within 7 days EUR ,000	Within 3 months EUR ,000	From 3 months to 1 year EUR ,000	From 1 year to 5 years EUR ,000	More than 5 years EUR ,000
Amounts owed to suppliers	18	865	632	3 225	0
Liabilities arising from finance leases	0	43	138	167	0
Bank loans and overdrafts	0	586	32 608	0	0
Other received loans	0	3 619	10 520	144 345	0
Other liabilities	584	5 532	1 153	940	0
Total	**602**	**10 645**	**45 051**	**148 677**	**0**

c) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk.

The companies in the PROFIREAL Group have concluded long-term loan contracts which are renewed and adjusted on an annual basis. For these reasons, the interest rate risk is minimised. In addition, the Company has the possibility to change, as and when required, the interest rates attached to advanced loans.

The table below provides information on the extent of the Group’s interest rate exposure based either on that fact that if the interest rate of these instruments changes before the maturity date, their potential impact on the profit or loss.

Sensitivity analysis: interest rate risk at 31 Dec 2008	Carrying value	Interest rate basis	Anticipated interest expense (at the current interest rate)	Anticipated interest expense (at 1 % increase in the interest rate)	Anticipated interest expense (at 1 % decrease in the interest rate)
Variable interest rates of bank loans in CZK	26 046	3M Pribor	2 006	2 287	1 726
Variable interest rates of bank loans in EUR	5 086	1M Euribor	495	555	453

Notes to the Consolidated Financial Statements

Sensitivity analysis: interest rate risk at 31 Dec 2007	Carrying value	Interest rate basis	Anticipated interest expense (at the current interest rate)	Anticipated interest expense (at 1 % increase in the interest rate)	Anticipated interest expense (at 1 % decrease in the interest rate)
Variable interest rates of bank loans in CZK	26 288	3M Pribor	1 750	2 002	1 498
Variable interest rates of bank loans in EUR	4 662	1M Euribor	231	255	208

d) Currency Risk

Currency risk includes the risk of the change in the value of financial instrument as a result of a change in market foreign currency rates and potential impact of these changes in the profit and loss. The following table shows the structure of assets and liabilities in the Group.

The Group is not exposed to the currency risk, refer to the structure of assets and liabilities. PROFI CREDIT Poland that has drawn loan in EUR and PROFI CREDIT Romania, IFN S.A. that has drawn loan in CZK are the only exceptions.

Structure of assets and liabilities by original currency at 31 Dec 2008 EUR ,000	CZK	EUR	SKK	PLN	BGN	RON	Other	Total
Cash and cash at bank	452	47	400	80	150	37	3	1 169
Loans and advances to customers (net)	102 975	0	45 971	25 028	6 055	1 177	0	181 206
Deferred expenses and accrued income and other assets	832	65	421	135	84	34	0	1 571
Deferred tax asset	0	0	0	1 128	0	0	0	1 128
Intangible fixed assets (net)	197	0	71	18	31	0	0	317
Property and equipment (net)	2 688	0	554	570	285	99	0	4 196
Investments in unconsolidated entities (net)	6	70	0	0	0	0	0	76
Total assets	**107 150**	**182**	**47 417**	**26 959**	**6 605**	**1 347**	**3**	**189 663**
Amounts owed to customers	4 491	0	798	324	303	0	0	5 916
Liabilities arising from finance lease	221	10	222	356	0	49	0	858
Deferred tax liabilities	1 028	0	121	0	9	0	0	1 158
Tax liabilities	468	0	691	101	19	0	0	1 279
Bank loans and overdrafts	26 046	5 086	0	0	0	0	0	31 132
Other received loans	59 250	35 846	39 597	0	0	0	0	134 693
Provisions	1 234	0	2 952	689	7	4	0	4 886
Other liabilities	6 885	104	2 343	820	522	255	0	10 929
Total liabilities	**99 623**	**41 046**	**46 724**	**2 290**	**860**	**308**	**0**	**190 851**

Structure of assets and liabilities by original currency at 31 Dec 2007

EUR ,000	CZK	EUR	SKK	PLN	BGN	RON	Other	Total
Cash and cash at bank	461	8	441	439	130	25	2	1 506
Loans and advances to customers (net)	90 980	0	35 981	24 472	2 065	12	0	153 510
Deferred expenses and accrued income and other assets	710	0	344	66	119	23	0	1 261
Income tax	0	0	3	0	0	0	0	3
Deferred tax asset	0	0	0	1 042	253	0	0	1 295
Intangible fixed assets (net)	276	0	85	22	36	7	0	426
Property and equipment (net)	2 760	0	428	893	333	139	0	4 554
Investments in unconsolidated entities (net)	51	18	0	0	0	0	0	69
Total assets	**95 238**	**26**	**37 282**	**26 933**	**2 937**	**205**	**2**	**162 623**
Amounts owed to customers	4 003	0	18	591	127	1	0	4 740
Liabilities arising from finance lease	303	0	44	0	0	0	0	347
Deferred tax liabilities	2 356	0	365	2 085	4	0	0	4 811
Tax liabilities	942	0	23	69	22	0	0	1 055
Bank loans and overdrafts	26 204	4 667	0	0	0	0	0	30 872
Other received loans	47 727	28 898	33 568	0	0	0	0	110 193
Provisions	694	0	2 039	209	0	0	0	2 942
Other liabilities	3 810	61	2 322	1 624	258	135	0	8 209
Total liabilities	**86 039**	**33 626**	**38 379**	**4 578**	**411**	**136**	**0**	**163 169**

31. LEGAL DISPUTES

As of 31 December 2008, one of the companies in the consolidation group, PROFI CREDIT Czech, a.s., acted as a defendant in a legal dispute, where the disputed balance amounts to tens of millions of Czech crowns (approx. EUR 20 mln) and which is currently being handled by a court of first instance. The proceedings have not yet been initiated or ordered. In the opinion of the law firm representing the Company in this dispute, the outcome of the case will largely depend on the witnesses' testimonies and cannot be reasonably determined. Based on its own analysis, management of PROFI CREDIT Czech, a.s., considers that the legal dispute lacks merit and that the outcome should be positive for the Group. Therefore, the Group did not recognise a reserve to cover contingent losses even though the plaintiff's aggregate claim is material for the Group.

As of 31 December 2008, the Group was involved in no other legal dispute, the outcome of which would significantly impact the Group.

Notes to the Consolidated Financial Statements

32. RISKS AND IMPACTS OF THE CURRENT ECONOMIC CRISIS

Impacts of the financial crisis

Companies in the PROFIREAL Group SE are aware of the current economic situation and are well prepared to face the impacts of the financial crisis. Companies may be exposed to an increased risk, predominantly with respect to high volatility and uncertainty relating to the valuation, potential impairment of assets and future developments on the market. These risks may impact the consolidation group companies and will affect both companies in the PROFI CREDIT division and PROFIDEBT division.

Under these circumstances, the Company has decided to increase the level of recognised provisions for receivables from customers in accordance with the prudence approach to reflect the impacts of the crisis. The increased level of provisions subsequently has a significant impact on the total consolidated profit of the PROFIREAL Group.

Weakening of currencies

In the second half of 2008, the emerging economic crisis significantly impacted foreign exchange rates in the Central and Eastern European countries where the Group companies are active. Given that the Company draws part of its loan in euros, the weakening of the local currencies to euros significantly impacted the economic results of the individual companies, specifically in PROFI CREDIT Poland, which incurred a foreign exchange loss of EUR 6 million.

33. RELATED PARTY TRANSACTIONS

The direct parent company of the Group and the principal controlling entity is PROFIREAL Group SE based in Amsterdam, the Netherlands.

Transactions between the Company and its subsidiaries which are related parties were eliminated upon consolidation and are not disclosed in this Note. Transactions between the Group and affiliates or companies that were not included in the consolidation are disclosed in the following Note.

Business Transactions

During the reporting period, the Group companies effected the following transactions with other than Group related parties:

	Income		Expenses		Receivables		Payables	
	2008 EUR ,000	2007 EUR ,000	2008 EUR ,000	2007 EUR ,000	2008 EUR ,000	2007 EUR ,000	2008 EUR ,000	2007 EUR ,000
Ultimate parent	29	0	0	0	4	40	1	1
Unconsolidated subsidiaries	4	4	4	0	0	3	2	0
Key management personnel	0	0	105	184	0	0	0	66
Other related parties	6	36	3	6	6	7	201	1
Total	**39**	**40**	**112**	**190**	**10**	**50**	**204**	**68**

Receivables from related parties were not provisioned.

34. INDIVIDUAL FINANCIAL STATEMENTS OF COMPANIES INCLUDED IN THE CONSOLIDATION

Consolidated financial statements were prepared from individual financial statements prepared in the consolidation group.

The following tables show principal components of individual financial statements before the elimination of mutual relations in the consolidation group.

Year ended 31 December 2008

EUR ,000	PROFIREAL Group SE	PROFI CREDIT Czech, a.s.	PROFI CREDIT Slovakia, s.r.o.	PROFI CREDIT Poland Sp. z o.o.
Interest income	64	33 853	16 419	14 669
Interest expense	81	10 206	4 998	4 785
Net interest income	–17	23 647	11 421	9 884
Profit or loss before tax	496	6 921	3 477	–8 425
Income tax		1 260	509	–2 401
Profit or loss after taxation	496	5 661	2 968	–6 024
Total assets	160 213	94 624	45 498	26 959
Loans and receivables from customers (net)	0	90 573	44 129	25 028
Bank loans and overdrafts	0	26 047	0	0
Other received loans	745	41 922	35 599	34 881
Equity	159 373	13 523	2 900	–10 243

EUR ,000	PROFI CREDIT Bulgaria EOOD	PROFI CREDIT Romania, IFN S.A.	PROFIDEBT, s.r.o.	PROFIDEBT Slovakia, s.r.o.	PROFI Consulting, s.r.o.
Interest income	1 717	198	5 490	832	0
Interest expense	1 052	332	1 641	534	0
Net interest income	666	–133	3 849	298	0
Profit or loss before tax	–1 930	–2 409	–49	–1 015	1
Income tax	258	0	–1 174	0	0
Profit or loss after taxation	–2 187	–2 409	1 125	–1 015	1
Total assets	6 607	1 347	12 973	2 115	39
Loans and receivables from customers (net)	6 055	1 177	12 403	1 843	0
Bank loans and overdrafts	5 086	0	0	0	0
Other received loans	5 027	3 495	10 337	3 998	0
Equity	–2 187	–2 481	1 489	–2 094	24

Notes to the Consolidated Financial Statements

Year ended 31 December 2007

EUR ,000	PROFIREAL Group SE	PROFI CREDIT Czech, a.s.	PROFI CREDIT Slovakia, s.r.o.	PROFI CREDIT Poland Sp. z o.o.
Interest income	0	27 207	11 390	9 924
Interest expense	0	8 456	4 283	3 915
Net interest income	0	18 751	7 107	6 009
Profit or loss before tax	–155	6 438	2 878	730
Income tax	0	1 765	579	1 138
Profit or loss after taxation	–155	4 673	2 299	–408
Total assets	158 994	83 984	34 986	26 933
Loans and receivables from customers (net)	0	79 145	34 047	24 472
Bank loans and overdrafts	0	26 204	0	0
Other received loans	0	38 073	30 492	28 898
Equity	158 877	8 907	–160	–5 953

EUR ,000	PROFI CREDIT Bulgaria EOOD	PROFI CREDIT Romania, IFN S.A.	PROFIDEBT, s.r.o.	PROFIDEBT Slovakia, s.r.o.	PROFI Consulting, s.r.o.
Interest income	291	0	8 041	1 369	0
Interest expense	249	3	1 264	385	0
Net interest income	42	–2	6 777	985	0
Profit or loss before tax	–2 041	–532	3 561	–148	14
Income tax	–201	0	1 514	0	4
Profit or loss after taxation	–1 839	–532	2 047	–148	10
Total assets	2 937	319	12 366	2 299	83
Loans and receivables from customers (net)	2 065	12	11 836	1 934	0
Bank loans and overdrafts	4 668	0	0	0	0
Other received loans	0	303	9 843	3 076	0
Equity	–2 264	–308	436	–935	23

35. GOING CONCERN ASSUMPTION

As of the balance sheet date the Group was not in breach of any covenants underlying the provision of the loans and was not in default on the repayment of the loans.

The Group believes that as of the balance sheet date the Group has adequate sources to repay its liabilities on a timely basis or is negotiating extension with the necessary level of probability to succeed. In contrary case management has prepared contingency plans for maintaining sufficient cash flows for the group entities to continue running their businesses. The non-banking entity 1 has confirmed that the loan facility will be extended till 31 December 2012.

As such the management is not aware of any events or conditions that may indicate that the Entity's continuance as a going concern may be questionable. The going concern assumptions used in the preparation of financial statements appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Entity.

1 000 000

Millions of lives

Thanks to the ground, sun and water we can say the Earth is our alive planet. For all the millions of lives inhabiting it, the Earth is the only, shared home.

Company Financial Statements for the Year Ended 31 December 2008

All information presented in '000 EUR
unless stated otherwise

Balance sheet as at December 31, 2008
(before appropriation of results)

	Notes	December 31, 2008	December 31, 2007
ASSETS			
Fixed Assets			
Financial Fixed Asset			
Investments	4	17 941	8 880
		17 941	8 880
Current Assets			
Loans receivable	5	801	0
Guarantee income receivable	6	29	0
Consultancy income receivable	7	15	0
Interest receivable	8	4	0
Prepaid expenses		1	1
VAT receivable		36	0
Cash at banks	9	76	6
		962	7
TOTAL ASSETS		**18 903**	**8 887**
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's Equity	10		
Issued and fully paid share capital		9 000	9 000
Share premium		150 032	150 032
Retained earnings		–158 237	–165 525
Result of the year		–1 983	5 948
		–1 188	–545
Provision to investments	4	19 252	9 315
Current Liabilities			
Intercompany accounts	11	1	1
Short term loans	12	745	0
Interest payable	13	1	0
Tax payable	14	0	5
Accounts payable and accrued expenses	15	92	111
		839	117
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		**18 903**	**8 887**

The accompanying notes form part of these accounts.

Profit and Loss Account
for the year ended December 31, 2008

	December 31, 2008	December 31, 2007
Company result	496	–155
Result from participations in group companies	–2 479	6 103
Investment result	**–1 983**	**5 948**

Notes to the Company Financial Statements December 31, 2008

1. GROUP AFFILIATION AND PRINCIPAL ACTIVITIES

The Company, incorporated on August 9, 2007, is a European private limited liability company with its statutory seat in Amsterdam, The Netherlands.

The principal activities of the Company are to act as a finance and holding Company.

2. BASIS OF PRESENTATION

The accompanying company financial statements have been prepared in accordance withthe Netherlands Civil Code, Book 2, Title 9. In accordance with subsection 8 of section 362, Book 2 of the Netherlands Civil Code, the measurement principles applied in these company financial statements are the same as those applied in the consolidated financial statements (see note 4 to the consolidated financial statements).

As the financial data of PROFIREAL Group SE (the parent company) are included in the consolidated financial statements, the income statement in the company financial statements is presented in abbreviated form (in accordance with article 402 of Book 2 of the Netherlands Civil Code).

3. SIGNIFICANT ACCOUNTING POLICIES

a) General

Assets and liabilities are stated at face value unless indicated otherwise.

b) Financial Fixed Assets

The investments are stated at net asset value determined on the basis of IFRS as adopted by the EU, reference is made to the accounting policies as described in note 4 to the consolidated financial statements.

c) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Euros at rates of exchange applicable at the balance sheet date. Transactions in foreign currencies are translated at the rates in effect at the dates of transactions. The resulting exchanges differences are reflected in the profit and loss account.

Exchange gains or losses are reflected in the profit and loss account.

Exchange rates for EUR 1 used at period-end are:		**December 31, 2008**	**December 31, 2007**
	CZK	26,8385	26,53509

d) Recognition of Income and Expense

Dividends from investments are recognized when they are received. Other income and expenses, including taxation, are recognized and reported on an accruals basis.

4. INVESTMENTS

	2008	2007
Balance January 1	–435	0
Transfers	0	158 987
New acquisitions	263	0
Share in income	–2 479	6 103
Exchange rate differences	1 340	–100
Other changes	0	–165 425
Balance December 31	**–1 311**	**–435**
Investments with positive equity (presented as investments in assets)	17 941	8 880
Investments with negative equity (presented as provision in liabilities)	–19 252	–9 315
	–1 311	–435

The Entity has committed to providing financial support to those Group entities that report negative equity balances. For this reason, a provision was recognised as equal to the sum of these negative equity balances.

5. LOANS RECEIVABLE

			December 31, 2008	December 31, 2007
PROFI CREDIT Czech, a.s.	CZK	21 500	801	0

6. GUARANTEE INCOME RECEIVABLE

			December 31, 2008	December 31, 2007
PROFI CREDIT Czech, a.s.	CZK	603	22	0
PROFI CREDIT Bulgaria EOOD			7	0
			29	**0**

7. CONSULTANCY INCOME RECEIVABLE

	December 31, 2008	December 31, 2007
PROFI CREDIT Slovakia, s.r.o.	6	0
PROFI CREDIT Poland Sp. z o.o.	5	0
PROFIDEBT, s.r.o.	2	0
PROFI CREDIT Romania, IFN S.A.	2	0
	15	**0**

Notes to the Company Financial Statements
December 31, 2008

8. INTEREST RECEIVABLE

			December 31, 2008	December 31, 2007
PROFI CREDIT Czech, a.s.	CZK	112 981	4	0

9. CASH AT BANKS

			December 31, 2008	December 31, 2007
Citco Bank Nederland, The Netherlands			3	5
ING Bank, The Netherlands			37	0
ING Bank, The Netherlands	CZK	783 272	29	0
Komerční banka, Czech Republic	CZK	156 880	6	0
			76	**5**

10. SHAREHOLDER'S EQUITY

The authorized share capital is EUR 40,000 ths. divided into 40,000,000 shares of EUR 1 each. At the balance sheet date a total of 9,000,012 shares were issued and fully paid.

Movements in the shareholder's equity accounts are as follows:

	Issued and paid share capital	Share premium	Foreign currency translation reserve	Retained earnings	Result of the year	Total
Balance August 9, 2007	45	0	0	0	0	45
Transfers	8 955	150 032	0	0	0	158 987
Net result	0	0	0	0	5 948	5 948
Other movements	0	0	–100	–165 425	0	–165 525
Balance December 31, 2007	**9 000**	**150 032**	**–100**	**–165 425**	**5 948**	**–545**
Other movements	0	0	1 340	0	0	1 340
Appropriation of net results	0	0	0	5 948	–5 948	0
Net result	0	0	0	0	–1 983	–1 983
Balance December 31, 2008	**9 000**	**150 032**	**1 240**	**–159 477**	**–1 983**	**–1 188**

11. INTERCOMPANY PAYABLE

	December 31, 2008	December 31, 2007
Arte Invest N.V., The Netherlands Antilles	1	1
	1	**1**

12. SHORT TERMS LOANS

			December 31, 2008	December 31, 2007
Wave Invest Ltd.	CZK	20 000 000	745	0
			745	**0**

13. INTEREST PAYABLE

			December 31, 2008	December 31, 2007
Wave Invest Ltd.	CZK	25 000	1	0
			1	0

14. TAX PAYABLE

	December 31, 2008	December 31, 2007
VAT payable	0	5
Wage tax payable	0,1	0
	0,1	**5**

Notes to the Company Financial Statements
December 31, 2008

15. ACCRUED PAYABLE AND ACCRUED EXPENSES

			December 31, 2008	December 31, 2007
Accounts payable:				
Citco Nederland			52	34
Loyens & Loeff			1	0
Apogeo UK Limited			0	17
Letaned			1	0
Deloitte Audit, s.r.o.			27	0
PROFI CREDIT Czech, a.s.	CZK	81 978	3	11
			84	**62**
Accrued expenses:				
Accrued management fees			2	0
Accrued accounting fees			2	2
Accrued tax advisory fees			3	2
Accrued legal fees	CZK	50 000	2	45
			9	**49**
			93	**111**

16. DIRECTORS AND EMPLOYEES

The Company has no employees other than its directors (2007: 0). The Company had 8 directors during the year (2007: 5). Four of the directors have received a remuneration. Their remuneration is shown in the consolidated financial statements in the Note 8b. The Company has no supervisory director (2007: 0).

17. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved on 11 August 2009.

Members of the Board of Directors A:
M. Martis
S. Martina
H. van der Wetering

Members of the Board of Directors B:
D. Chour
P. Vrba
K. Jurak
Z. Lhotsky

Members of the Board of Directors C
M. Rosenkötter-Dongen

Supplementary Information
December 31, 2008

Auditor's Report
Reference is made to the auditors report as included hereinafter.

Proposed Appropriation of Results
Subject to the provision under Dutch law that no dividends can be declared until all losses have been recovered, profits are at the disposal of the Annual General Meeting of Shareholders in accordance with the Company's Articles of Incorporation.

The management proposed not to declare dividends and to add the net result for the year to the accumulated deficit.

Post Balance Sheet Events
At the beginning of 2009, the lending activities of PROFI CREDIT Romania, IFN S.A. were discontinued. The company will continue to exist and anticipates resuming its activities in the future.

On 11 February 2009, the Czech Police initiated an investigation at the PROFI CREDIT Czech, a.s., 's premises due to a tax fraud suspicion. As of the date of these financial statements, the Group has not been informed about the results of this investigation and no accusation, fine or penalty has been raised in this respect. Management of the Group believes that no illegal act in the form of tax evasion has taken place. Therefore, as no formal outcome has been received by the Group with respect to this investigation, management of the Group has not considered it necessary to make any adjustments to the financial statements as a result of this matter.

No other events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

Supplementary Information
December 31, 2008

Special controlling rights
The share in the Company is held by the two shareholders, Mr. David Beran (99 %) and Arte Invest, N.V. (1 %).

The Board of Management of the PROFIREAL Group SE consists of three Board Member A, four Board Members B and one Board Member C. The Company shall be represented by The Board. A Board Member A and a Board Member B, acting jointly can also be authorized to represent the Company. Director C has a supervisory role.

Profit distribution
The allocation of profits accrued in the financial year shall be determined by the Shareholders' Body.

Distribution of profits shall be made after adoption of the annual accounts if permissible under the given contents of the annual accounts.

The Shareholders' Body may resolve to make interim distribution and/or to make distributions at the expense of any reserve of the Company. In addition, the Management Board may decide to make a distribution of interim-dividend.

Distribution may be made up to an amount which does not exceed the amount of Distributable Equity and, if it concerns an interim distribution, the compliance with this requirement is evidenced by an interim statement of assets and liabilities as referred to in Section 2:105, subsection 4, of the Dutch Civil Code. The Company shall deposit the statement of assets and liabilities at the office of the Commercial Register within eight days after the day on which the resolution to distribute is published.

Unless the Shareholders' Body determines another day of payment, distribution on Shares shall be made payable immediately after they have been declared.

In calculating the amount of any distribution on Shares, Shares held by the Company shall be disregarded.

In accordance with General Meeting decision the loss EUR 1,983 ths. was transferred to accumulated losses from prior years.

Deloitte Accountants B.V.
Orlyplein 10
1043 DP Amsterdam
P.O.Box 58110
1040 HC Amsterdam
Netherlands

Tel: +31 (20) 582 5000
Fax: +31 (20) 582 4053
www.deloitte.nl

To the shareholders of
Profireal Group SE
Amsterdam

Date	From	Reference
August 11, 2009	J. Penon	3100267651/OP9998/lc

Auditors' report

Report on the financial statements

We have audited the accompanying financial statements 2008 of Profireal Group SE, Amsterdam. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2008, profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at December 31, 2008, the company profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Deloitte.

2
August 11, 2009
3100267651/OP9998/lc

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Profireal Group SE as at December 31, 2008, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Profireal Group SE as at December 31, 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Emphasis of Matter

We draw attention to note 35 to the consolidated financial statements which indicate that the company incurred a net loss of EUR 1,983,000 during the year ended December 31, 2008 and, as of that date, the company's current liabilities exceeded its total assets by EUR 1,188,000. These conditions, along with other matters as set forth in note 35, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Deloitte.

3
August 11, 2009
3100267651/OP9998/lc

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.

J. Penon

CONTACTS

Company Name:
PROFIREAL Group SE

Visit address:
Arlandaweg 12,
1043 EW Amsterdam, The Netherlands

Mailing Address:
P.O. Box 7241
1007 JE Amsterdam, The Netherlands

phone: +31 20 7960 514
fax: +31 20 5722 650

e-mail: profirealgroup@profirealgroup.com
www.profirealgroup.com

Published by

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Arlandaweg 12, 1043 EW Amsterdam
The Netherlands

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