ANNUAL REPORT

2017

PROFI CREDIT Slovakia, s.r.o.

Selected indicators of PROFI CREDIT Slovakia, s.r.o.

Loans Provided (Production)	**2017**	**2016**	**2015**
Number of loans provided	7949	9 905	21 799
Nominal value of loans provided (in EUR thous.)	32279	40 180	61 218
Disbursed in total (in EUR thous.)	16543	21 067	25 178
Retail Loans– share in total production	63%	54%	81 %
Business Loans– share in total production	37%	46%	19%
Human Resources			
Number of external credit advisors	51	247	370
Number of external collection staff	75	91	124
Number of employees	56	90	118
Financial Indicators (in EUR thous.)			
Total assets	77 472	98 520	131 560
Total revenues	30 129	35 904	41 123
Total costs	39 641	43 331	40 706
Profit/Loss before taxation	-9 512	(7 428)	417
Income tax**	3	3	153
Profit/Loss after taxation	-9 515	(7 431)	264

* the nominal value of a loan provided includes the disbursed amount and the future interest income

** deferred payable

CONTENT

1. THE PROFIREAL GROUP

PROFIREAL Group SE (the "Group") is a diversified financial services group which provides consumer loans and invests across Europe and Asia. The Group is active in Central and South European countries, Russian Federation and from 2017 also in Asia – the Philippines. The Group is organised into two divisions: PROFI CREDIT and PROFI INVESTMENT. Company division PROFI CREDIT is active in the field of financial loans, the division PROFI INVESTMENT deals with the development of new investment projects.

In previous years there was another separate division – PROFIDEBT. PROFIDEBT was a debt collection and recovery business focusing on retail receivables with market presence in the Czech Republic and Slovakia. In January 2014 Profireal Group sold the subsidiary Profidebt, s.r.o. (Czech Republic) and the receivables portfolio of Profidebt Slovakia, s.r.o. to Intrum Justitia, a European leader in credit management service.

In 2014 PROFI INVESTMENT division was established in order to support business activities. Its main activity consists in seeking out investment opportunities and interesting projects having an international overlap and local ambitions.

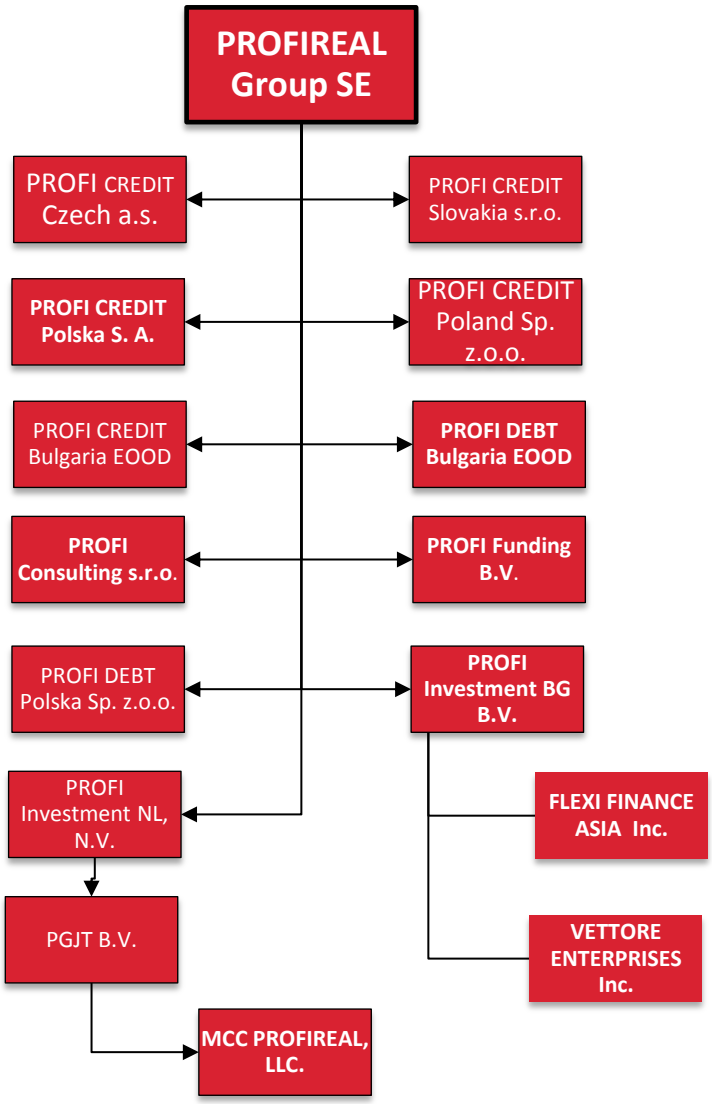
PROFI CREDIT primarily offers instalment credit, loans and other financial services such as payment protection insurance. Since 2003, PROFI CREDIT has also been providing loans to small and medium-sized enterprises and entrepreneurs. As of 31 December 2017, PROFI CREDIT's loan portfolio amounted to EUR 742 million (an increase of 15% compared to 2016). Historically, PROFI CREDIT has provided more than 1,373 thousand private individual loans (incl. newly acquired company in the Philippines since the year of acquisition) and more than 37 thousand business loans, respectively.

PROFIREAL Group focuses on the countries of Central and Eastern Europe and newly in Asia (in Phillipines)

In 2017, the consolidated net result after tax of the financial group was EUR (12 740) thousand, out of which the consolidated profit of continuing activities amounted EUR 2 619 thousand. The result is influenced by taking full control over Russian subsidiary (joint-venture till 2016) as well as acquisition of the companies in the Philippines.

The PROFIREAL Group focuses on sustainable growth, hence investments namely into development of IT infrastructure has been realized and shall continue in further years. The Group does not intend to make any significant changes in the workforce.

PROFIREAL Group Structure



Status, as of 31.12.2017

There was a change in the owner of PROFI CREDIT Slovakia, s.r.o. in January 2018. The new 100% parent company is Southstream, a.s..
PROFI CREDIT Slovakia, s.r.o. currently does not have an organizational unit abroad.

2. EXECUTIVE DIRECTOR'S INTRODUCTORY SPEECH

Dear employees, business partners, public reader.

The company went through another breakthrough year in its business. It was a year full of changes, stabilization, the search for a vision, and a search for the right way of how to guide the future of the company in the segments of our business within the Slovak financial market. Allow me to tell you a few words about whether we have come to the right goal or not.

If I told you that the previous year was the most difficult one in the whole existence of our company, I have to admit that year 2017 was not easier for any of us. Although we have proven – be it to ourselves, the creditor, our parent company, or to the others – that even under strict legislative, regulatory, and other harsh conditions, we are able to be in business and exist on the financial market; the year 2017 represented another great "Challenge" for our further development.

Our goal was to design and approve a long-term business strategy, a vision of our future – built on modern, flexible sales channels with rigorous control and compliance with all legislative frameworks, and with a reasonable degree of risk – for the next 5 years. This strategy had to include such steps and measures that would lead to product profitability, improved recovery processes, further cuts in spending; gradually, to overall economic stability, and then, as fast as possible, to the company's profitability within all areas. After the business strategy approval, decisive measures and implementation into practice were prepared.

At the end of January 2017, we presented a long-term business strategy proposal to our global management which was approved, and we started to work on the economic support of it – in order to get to the required economic indicators. After countless difficult negotiations and adjustments, we have got the final draft ready in June 2017 and the preparation and implementation of decisive steps and actions into practice was initiated.

The main objectives for the second half of 2017 were:

- to implement applicable HR, marketing, sales, collection, risk, and financial measures to further reduce expenses
- to create our own Marketing & Sales Call Center, and to take over all of the functionalities from the external environment in order to fully implement our own sales channel over the phone while creating Online Sales Channel support

- to invent, program, test, and to administratively and technically secure and run Online Sales Channel with all its related necessities
- to put into practice, in cooperation with Czech colleagues, our own Collection Call Center – in order to achieve better recovery efficiency than the external entities
- in the context of personnel and crisis management, to significantly reduce the management of the sales network and the sales network itself, in order to keep the most professional and the most efficient Credit Advisors
- to implement a new scoring card for the Business Loans and to start the development of a new scoring card for Retail Loans

With great pride and with great acknowledgment to the employees of the company for their attitude and endurance, I can say that the above-mentioned main goals of our strategy have been fulfilled.

In spite of our best efforts, the complicated and complex crisis situation, and because of further and significant restructuring of the entire sales network, we have failed to meet 100% of our business KPIs. During the entire period of the company's operation on the Slovak financial market, PROFI CREDIT Slovakia, s.r.o. has reached the Nominal Value of loans granted in an excess of 634 mil. EUR.

What I value positively is that in the first quarter of 2017, we have been able to agree on cooperation with the Social Insurance Company for the processes of client's employer and income verification, while also actively using the Central Register of Executions – even though the scope of the law did not require this during that time. These measures and rigorous legislative criteria in the consumer segment when examining the client's creditworthiness and ability to repay the loan have a positive influence on the Fraud Rate. The Default Rate is significantly lower when compared with our historical data, and we are currently achieving the best results across the entire group.

Even though we have failed to meet all of the KPIs set for 2017 at 100% – given that these objectives were very ambitious and hard. First of all, we have proved to ourselves that despite the very complicated personal, business, and economic conditions – if we are able to respect one another, listen to each other, trust each other, if we work as professionals and overcome difficult obstacles and situations together while sharing a common purpose – then we are able to achieve what we sometimes find unattainable.

I am convinced that we are on the right way to go ahead in our future by applying our long-term business strategy, and that in 2018 we will be able to convince our superiors, creditors, and the owner that it was worth to put their trust in us.

Allow me to conclude once again a huge thank you and at the same time, I wish you, your relatives, and your families a lot of personal and work accomplishments, good luck, and solid health throughout the whole 2018.

Yours sincerely

Ing. Miroslav Jurenka

Chief Executive Officer and Executive Manager

3. CHARACTERISTICS OF PROFI CREDIT SLOVAKIA, S.R.O.

3.1. Company authorities

Mr. Chour graduated from the Faculty of Economics and Administration at the University of Pardubice. He has been working for the company PROFI CREDIT Czech since 2000 while he was still studying at the university, beginning his career as a Financial Analyst. In 2001, Mr. Chour became the Head of Collection Department and, subsequently, the Economic Manager of the company. Since July 2001, he has been the member of the Board of PROFI CREDIT Czech. In the financial association of Profireal Group, he holds the position of Chief Executive Officer since 2003 and the position of Chairman of the board of the Group since 2007. In December 2015, he became Executive Manager of PROFI CREDIT Slovakia.

Ing. David Chour
Executive Manager

After graduating from the Vocational High School, Mr. Lörincz started working for an international advertising agency. During his time at this company, he had worked for a large number of clients and actively participated on building the company image through various international and local brands. He gained further professional marketing experience during his time abroad. He has been working at PROFI CREDIT Slovakia, s.r.o. since July 2008 as the Head of Marketing Department. Since 2012, he has also been the company's Executive Manager.

Richard Lörincz[1]
Executive Manager (till 22/1/2018)

[1] As at January 22, 2018 the position of executive manager was changed, where Richard Lorincz was replaced by Pavol Antalek

After completing the Secondary Professional School of Polygraphics with exit exam Mr. Antalek started to work in the banking sector in 1993. Until the year 2000, he worked in two banking institutions as the Head of the central vault for the SR. In December of the same year, he commenced his employment as financial analyst in PROFI CREDIT Slovakia, s.r.o. which at that time began to provide its first loans. He also formed sections and of the company's departments. Gradually during 2002-2010, he worked as Head of Collections Department and executive manager of subsidiary Profidebt Slovakia, s.r.o.. In 2013, he returned to Profidebt Slovakia, s.r.o. to the position of Chief Executive Officer and Executive Manager. In 2014 he joined PROFI CREDIT Slovakia, s.r.o. as a Head of Sales Department. He currently holds the position Head of Sales & Marketing Department and Executive Manager in PROFI CREDIT Slovakia, s.r.o.

Pavol Antálek

Executive Manager (from 22/1/2018)

Mr. Jurenka graduated from the Military Technical College in Liptovský Mikuláš with majors in communication and IT systems. His work experience was later connected with military service where he held various expertise and management posts in the fields he studied. After his military career, he worked in the private and public sector for three years. In 2006, he joined PROFI CREDIT Slovakia, s.r.o. as a Development Manager. Currently, he holds the position of CEO. Since 2010, he has also been acting as an Executive Manager of PROFI CREDIT Slovakia.

Ing. Miroslav Jurenka

CEO and Executive Manager

After completing studies at the J. K. Tyl Grammar School in Hradec Králové, he graduated from the Agronomy Faculty at the Czech Agricultural University in Prague in 1995 and afterwards, in 1998, from the Operations and Economy Faculty. He has worked at various managerial positions during his career, primarily in the fields such as logistics, purchase, and human resources management. In January 2007, he took up the post of the Collection Manager in Profidebt; he was in charge of all the sections of Collection Departments. In 2013, Mr. Oborník became a member of the Board of Directors of PROFI CREDIT Slovakia.

Ing. Aleš Oborník

Executive Manager

Members of Management of PROFI CREDIT Slovakia, s.r.o.

Ing. Marcel Mešter – Head of Financial Department
Pavol Antálek – Head of Sales & Marketing Department
Mgr. Martin Koštial – Head of IT Department
Jana Hricová – Head of Collections Department
Ing. Stanislav Krupčík – Head of Internal Control Department

Status as of 31 December, 2017

3.2. Company profile

PROFI CREDIT Slovakia, s.r.o. was founded in 2000, when it was registered in the Commercial Register under its original name PROFIREAL SLOVAKIA spol. s r. o. The business name was changed in the middle of February 2008. The company was founded for the purpose of conducting business in the field of providing loans to clients.

As a guarantee of the quality, on 9.9.2015, the company acquired the permission by the National Bank of Slovakia that allows PROFI CREDIT Slovakia, s.r.o. to provide services in the field of providing loans to clients.

The company has adopted the knowledge and know-how from its parent company Profireal, a.s, adjusting it for the Slovak conditions on the market. First loans to natural persons were provided at the end of 2000.

The company's activities were successfully developed during the first year of its operation, especially thanks to a strong demand on the Slovak market, poor availability of banking products, and especially due to the unique terms under which the loans were provided by the company. Last but not least, the work of sales network has also contributed to this; first regional directorates were established and seated in three largest cities, corresponding to the initial division of the Slovak Republic into three regions.
During the first year of its operation on the market, the company acquired 10,000 clients. In 2002, system changes leading to the overall stabilization during the year 2003 were adopted. Business results improved, which was supported by the year-over-year production growth of 23%. This increase in production was also because of the introduction of loans for natural persons with a payment term period longer than 2 years – specifically those with 30 and 36 months. In 2003, the company launched new loans for business segment clientele.

The ever-increasing number of rival companies in 2004 and 2005 resulted in the introduction of new products. The first of these was the Compensation Loan, later followed by the Bonus Loan, Benefit Loan, and Loan 6000. The expansion of the product portfolio manifested itself in an enlargement of the target client group.

PROFI CREDIT Slovakia, s.r.o. has in the past focused on clients who prefer personal approach. However due to changes in the market, it adapts its processes and sells its products via a network of external co-workers – credit advisors and trought own call center where trained operator works, as well as on-line sales through which the company seeks to get closer to consumer. . The clients have currently over 50 credit advisors and 10 operators of call center at their disposal within the Slovak Republic who choose the most suitable product together with the credit applicant.

3.3. Product offer

PROFI CREDIT Slovakia, s.r.o. has been providing loans to its clients since 2000. From that moment on, the product portfolio has been gradually changing and developing. Among our basic products

are Consumer Loan – designed for employees and pensioners, Loans Business Reward, Business Reward+, Business Premium and Business Home – designed for entrepreneurs and provided since 1 April, 2012. In all cases, the funds are transferred to the client's account and the loan is repaid in the same way.

Because of the legislative changes and the introduction of the obligation to obtain loan authorization - due to the change of conditions for licensing non-banking companies from 2015 - the Consumer loan underwent several changes. The entrance into the non-banking credit register (NRKI) had improved the assessment of the client's ability to repay the loan, which had a positive impact on the quality of the client portfolio now and will continue to do so even in the upcoming years. At the end of 2015, there was a significant reduction of prices in the Consumer loan characteristics.

The Consumer Loan belongs to the company primary products. This product is designed for natural persons who are employed and with a regular income. It is also intended for retirees who receive pension (retirement age-, disability-, or early retirement- pension). It is a non-cash loan repaid by the client by regular monthly instalments. This loan is provided for the purpose specified by the client himself, or as a non-specified one. The Consumer Loan is still the only one that can be mediated through an online application which is processed with higher priority. Furthermore, there is an option of providing a foreign loan to someone in the Czech Republic or Hungary. In October 2011, we extended the options to Austria and Germany for clients who have permanent residence in Slovakia but travel to their work to the above-mentioned countries where they have a permanent employment. From 16.6.2016, the clients have the opportunity to apply for additional insurance for their loan to cover unexpected situations; such as death, permanent disability, or inability to work - thus further reducing the risk of their ability to repay the loan. And since January 1, 2018, we have launched an online sales channel, where the whole loan can be provided by the comfort of the home without having to meet anyone personally with client.

Business reward is a product intended for entrepreneurs (natural and legal persons) over 23 years of age who submit a tax return in Slovakia, they have been doing business for morethan 24 months, and have an annual turnover of atleast EUR 10 000. We provide these loans in the ranges of EUR 1 000 – EUR 6 000, with a payment period of 12 to 48 months.

Business Reward+ is a product designed for entrepreneurs (natural and legal persons) older than 26 who submit a tax return in Slovakia. The condition is that the annual turnover is at least EUR 18 000 and the duration of their business must be at least 24 months. We provide this credit in the range of EUR 1 000 - EUR 10 000, with a payment period of 12 to 60 months.

Business Premium is a product designed for entrepreneurs (natural and legal persons) older than 40 who submit a tax return in Slovakia. The condition is that the annual turnover is at least EUR 30 000 and the duration of their business must be at least 72 months. We provide this credit in the range of EUR 1 000 - EUR 10 000, with a payment period of 12 to 60 months.

Business home is a product designed for entrepreneurs (natural and legal persons) older than 23 years who submit a tax return in Slovakia and have doing business more than 12 months. This product requires real estate insurance, so the annual turnovers as well as the maximum amount of the monthly instalment are assessed individually. The scope of the funds provided ranges from 10 000 to 33 000 EUR, with possible tenors of 24 to 60 months.

All requested applications are analysed on individual basis and free of charge. The repayment is either in the form of regular monthly instalments using a standing order from a bank account, through direct money deposits onto the account, or via payroll deductions.

Products of 2018

PROFI CREDIT Slovakia, s.r.o. planes to update its product line in both "Retail" and "Business" segment in 2018. When developing new products, we take into the account our customers' needs so that our products are able to fully satisfy the current market needs and meet the demanding requirements of our customers.

3.4 Business results

In 2017, PROFI CREDIT Slovakia, s.r.o. provided loans and credits in an aggregate amount of approximately EUR 32,3 million.

During this year, the company provided loans to a total of 7 949 clients. The most frequently provided product was the Consumer Loan, representing more than a half – 62,59% - of the overall product portfolio.

March 2017 was a record-breaking month in which PROFI CREDIT Slovakia, s.r.o. provided loans, including revolving credit facilities, in a total amount of EUR 3,64 million.

During the whole time that PROFI CREDIT Slovakia, s.r.o. has been operating on Slovakia's financial market, the nominal value of loans provided has reached a total of EUR 573 million and the total historic production, including revolving credit facilities, has exceeded an amount of EUR 634 million.

3.5. Business future

The business results achieved in 2017 lowered when compared to the previous year. The reduction by almost 20% was caused mainly due to legislative changes in the Slovak Republic applied since September 2015.

In 2018, we expect the total production of EUR 30,6 million. We want to ensure our goal trough a re-structured hi-quality sales network and a call center and a online sales orientation.

3.6. Sales channels

The company's success is to have a good hi-quality network of tied financial agents, professional call center operators and an intuitive online environment that is user friendly to the end customers. Products of PROFI CREDIT Slovakia, s.r.o. are still mainly provided through direct sales through a network of credit advisors - tied financial agents. The quality business network of tied financial agents who personally present the company and its products to clients is remain therefore also the basis for the company's success for 2018. Given the constant need to educate and professionalize

the network of tied financial agents, we have already started to develop an e-learning learning portal in 2017 and plan to continue to do so.

In 2018, we are planning a significant development for additional sales channels, including our own call center and online sales channel. We attach great importance to the development of our own call center and to the quality of the services provided through this channel, and we therefore plan to gradually create jobs for 15 operators, whos we will constantly train and professionalize.

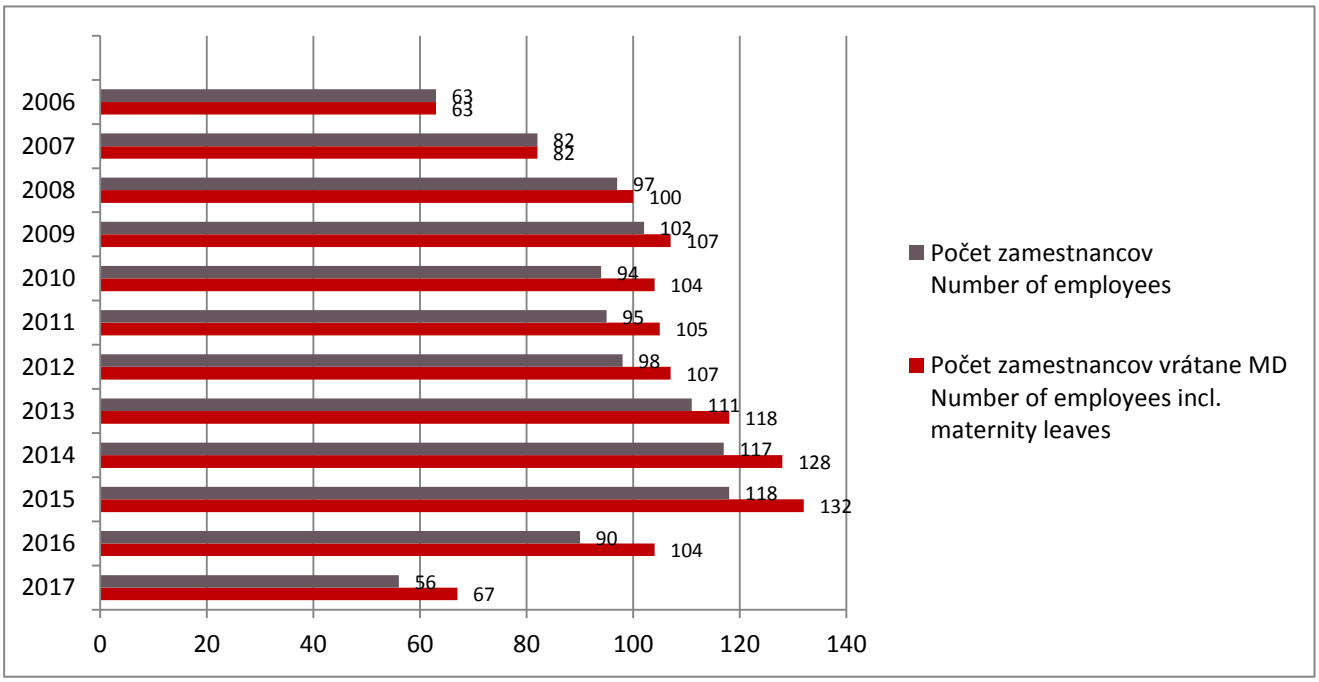
At the same time, in 2018, we will launch an online sales channel through which we want to sell consumer loans without personal contact with the client. Due to the fact that our company enjoys high demands of the security, all systems will be continualy tested and adapted to ensure that our clients feel safe and comfortable and can get their loan through our company as quickly as possible.

3.7. Employees

Human resources are a key pillar for PROFI CREDIT Slovakia, s.r.o.; it is exactly people and their knowledge and skills that determine whether the company is successful or not.

As of 31 December 2017, the company had a total of 67 full-time employees, of whom 11 female employees were on a maternity leave. Out of the total headcount, 64% of all employees are female and 36% are male. We are a young company with an average age of 36 years.

Headcount development between 2006 and 2017



During the year 2017, HR has met the basic aim to be a professional, confident, and indispensable consultant and advisor, a specialist in internal communication and relations, an expert on employment issues, and a guarantor of ethics and non-discriminatory principle.

The main goal of HR si to be a real support function unit whose role is to provide comprehensive support in all the areas of HR recruitment and in the selection of its employees through the preparation of legal documents labour, remuneration policies, benefits, measurable employee evaluation, further development, and education for the staff retention.

By applying a systematic approach in those areas, we have made the following achievements:

- closer contact with the people, problem solutions, and the application of an "open door" strategy;
- building trust and not solving things "on the spot";
- continual enhancement of the level of soft skills of managers;
- making the adaptation process systematic - employee care during the adaptation period.

In 2017, we continued to offer benefits for our employees. Such benefits as Sick Days (days off due to illness) or the optional working regime Home Office were available for the employees. On a monthly basis, smaller corporate events were organized in the forms of small gifts,. We celebrated the pre-Christmas period with our employees by organizing of St. Nicolaus Day at the headquarters of the company and Christmas party.

Training and development

In 2017, we successfully continued with the development of our staff through the internal training system and JTP (Junior Trainee Program).

3.8. Sponsorship

During this year, the company was a partner of the Association of assistance to the affected by Adeli. The company, in collaboration with APPA, allowed the rehabilitation of selected children patients through the project Credit, to help them form a new beginning. The provided financial support helped to make the rehabilitation and treatment in top Adeli Medical Center more accessible for these paediatric patients.

3.9. Other information - „GOING CONCERN“

As at the reporting date, these subsequent events occured.

As at 31 December 2017, the Company reported negative equity of EUR 32 834 589 and a negative result of operations from ordinary activities after tax for the year then ended in the amount of EUR 9 514 666. The Company is dependent on financing from non-banking entities, i.e. independent third parties as at 31 December 2017. As at 31 December 2017, the liability arising from financing provided by non-banking entities amounts to EUR 81 292 057. The above facts indicate that there is a significant uncertainty with regard to certain events or conditions, which raises a significant doubt about the Company's ability to continue as a going concern and, therefore, the Company may be unable to realise its assets and meet its obligations in the course of ordinary business activities. In May 2018, a loan with the principal amount of EUR 80 300 thousand was transferred to a related party (see Note XI.). The new parent company, Southstream, a.s., has made a written commitment to provide the Company with financial support to maintain adequate liquidity over the next 14 months starting on 21 May 2018, taking into consideration the parent company's financial possibilities to ensure that the Company will be able to continue as a going concern.

In early 2018, the Company's statutory representatives approved a medium-term business plan with the following parameters: HR savings, savings on marketing and operating costs, decrease in the remuneration of contracted financial agents and collectors, decrease in interest rates on the Company's self-financing, gradual increase in the volume of receivables sold via distribution channels with a focus on better sales of consumer and corporate loans, optimisation of incoming payments from clients in the collection processes and a reduction of current indebtedness to generate required profits in the future.

4. EXECUTIVES' REPORT

This report is submitted the General Meeting by the executives of PROFI CREDIT Slovakia, s.r.o., having its registered office at Pribinova 25, 824 96 Bratislava, Company ID No.: 35 792 752, incorporated in the Companies Register of the Bratislava I District Court, Section Sro, File No. 22160/B. The company's core business in 2016 was the provision of loans and credits using its own capital.

The company's total assets in accounting period in 2017 amounted to EUR 77,472 thousand, compared to EUR 98,520 thousand in 2016. Current assets account for 98,73 % of the total assets, which represents an amount of EUR 76,490 thousand in 2017 and trade receivables amount to EUR 75,816 thousand. Non-current assets account for 0,34 % of the total assets, which represents an amount of EUR 263 thousand.

The company's liabilities amount to EUR 83,221 thousand, of which long-term loans represent EUR 80,310 thousand.

The major share in the company's total revenues, which amounted to EUR 30,129 thousand in 2017, is attributable to financial revenues from contractual fees and adjustments to repayment schedules for loans and credits provided, which amounted to EUR 16,308 thousand, revenues from bonus packages and services in amount EUR 7,493 thousand, default and penalty interest income amounting to EUR 2,108 thousand, revenues from court and legal fees in amount EUR 616 thousand.

In 2017, the expenses amounted to EUR 39,644 thousand; the major cost items are loan interest amounting to EUR 13,376 thousand, provisions made for overdue debts and contractual penalties amounting to EUR 12,058 thousand, the costs of unsuccessful distrain procedures amounting to EUR 129 thousand, and personnel costs amounting to EUR 2,389 thousand.

As of 31 December 2017, the accounting entity recognized a pre-tax loss of EUR – 9,512 thousand. After being adjusted by deductible and non-deductible items, the income tax base amounted to EUR -224 thousand for the reporting period. The company's due tax liability for 2017 represents an amount of EUR 2,886.

The accounting loss recognized by the company for 2017 is EUR – 9,515 thousand.

The particular profit/loss items are given in more detail in the enclosed statements:

Balance Sheet

Profit and Loss Statement

Notes to the Financial Statements

Cash Flow Statement

Ing. Miroslav Jurenka

CEO and executive manager of PROFI CREDIT Slovakia, s.r.o.

Pavol Antálek

Executive manager of PROFI CREDIT Slovakia, s.r.o.

Ing. David Chour

Executive manager of PROFI CREDIT Slovakia, s.r.o.

Ing. Aleš Oborník

Executive manager of PROFI CREDIT Slovakia, s.r.o.

5. FINAL REPORT OF SUPERVISORY BOARD

The final report of the Supervisory Board of PROFI CREDIT Slovakia, s.r.o. to the General Meeting

At its meeting, the Supervisory Board of PROFI CREDIT Slovakia, s.r.o., discussed the documents submitted by the company executives regarding the company's profit for the financial and taxation period of 2017, namely:

1. Balance Sheet for 2017
2. Executives' report on the company's assets and liabilities, the financial statements for 2017
3. Independent auditor's report on the audited financial statements as of 31 December 2017.

Pursuant to the provision of Section 198 of the Commercial Code, the Supervisory Board shall review the annual financial statements as well as the executives' proposal for the distribution of profits or settlement of losses from previous years and shall submit its comments to the General Meeting.
The annual financial statements of PROFI CREDIT Slovakia, s.r.o., for 2017 had been audited by the audit company Deloitte Audit s.r.o., having its registered office at Einsteinova 23, 851 01 Bratislava.

The company's after-tax loss for 2017 amounts to EUR -9,514,666.

Pursuant to the company's Articles of Association, it is proposed that the loss will be distributed as follows:

- an amount of EUR -9,514,666 shall be carried to the account of accumulated losses from previous years.

The Supervisory Board discussed the financial results for 2017, became familiar with the contents of the auditor's report on the audited financial statements, discussed and reviewed the annual financial statements for 2017 as well as the executives' proposal for distribution of the company's loss for 2017.

It is stated by the Supervisory Board that the financial statements had been prepared on the basis of accounting books and records properly kept, and that the loss distribution is in accordance with legal regulations.

The Supervisory Board recommends that the company's annual financial statements for 2017 and the executives' proposal for distribution of the company's loss for 2017 to be approved by the General Meeting.

Ing. Zdeněk Lhotský
Member of the Supervisory Board of PROFI CREDIT Slovakia, s.r.o.

Ing. Marcel Mešter
Member of the Supervisory Board of PROFI CREDIT Slovakia, s.r.o.

Ing. Marek Štejnar
Member of the Supervisory Board of PROFI CREDIT Slovakia, s.r.o.

6. INDEPENDENT AUDITOR'S REPORT

Deloitte.

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PROFI CREDIT Slovakia, s.r.o.

INDEPENDENT AUDITOR'S REPORT

To the Partners, Supervisory Board and Executives of PROFI CREDIT Slovakia, s.r.o.:

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PROFI CREDIT Slovakia, s.r.o. (hereinafter the "Company"), which comprise the balance sheet as at 31 December 2017, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and accounting methods.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2017, and of its financial performance for the year then ended in accordance with Act No. 431/2002 Coll. on Accounting as amended (hereinafter the "Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Act on Statutory Audit") related to ethical requirements, including the Code of Ethics for Auditors that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty about a Going Concern

We draw attention to Note II.2 to the financial statements, which states that the Company reported a net loss of EUR 9 514 666 for the year ended 31 December 2017 and negative equity in the amount of EUR 32 834 589 as at the same date. These circumstances or events and other matters disclosed in Note II.2 to the financial statements indicate that there is a material uncertainty that casts significant doubt as to the Company's ability to continue as a going concern. Our opinion is not modified in respect of these matters.

Emphasis of Matters

We draw attention to Notes II.7, II.10a) and III.2.3. to the accompanying financial statements. The Company records provisions for receivables based on management estimates of the future recoverability of receivables. The actual results may differ from the estimates and such differences may be significant.

Furthermore, we draw attention to Notes II.13, III.2.3 and XII. to the financial statements, which states that the Company made a correction of the opening balance of the recognised provisions in 2017.

Our opinion is not modified in respect of these matters.

Responsibilities of Management

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Information Disclosed in the Annual Report

The statutory body is responsible for information disclosed in the annual report prepared under the requirements of the Act on Accounting. Our opinion on the financial statements stated above does not apply to other information in the annual report.

In connection with the audit of financial statements, our responsibility is to gain an understanding of the information disclosed in the annual report and consider whether such information is materially inconsistent with the financial statements or our knowledge obtained in the audit of the financial statements, or otherwise appears to be materially misstated.

As at the issuance date of the auditor's report on the audit of financial statements, the annual report was not available to us.

When we obtain the annual report, we will evaluate whether the Company's annual report includes information whose disclosure is required under the Act on Accounting, and based on procedures performed during the audit of the financial statements, we will express an opinion on whether:

- Information disclosed in the annual report prepared for 2017 is consistent with the financial statements for the relevant year; and
- The annual report includes information pursuant to the Act on Accounting.

Furthermore, we will disclose whether material misstatements were identified in the annual report based on our understanding of the Company and its position, obtained in the audit of the financial statements.

Bratislava, 22 May 2018

Deloitte Audit s.r.o.
Licence SKAu No. 014

Ing. Peter Longauer, FCCA
Responsible Auditor
Licence UDVA No. 1136

7. FINANCIAL STATEMENTS

UZPODv14_1

Úč POD

Annex No.1 do Decree No. 4455/2003-92 Annex No. 1 to Decree No. MF/18009/2014-74

FINANCIAL STATEMENTS

of Enterprises in the Double-Entry Bookkeeping System)

Prepared as at 31.12.2017

Figures are rounded on the right, other data are written from the left. Unfilled lines remain blank.
Data are filled in using block letters (as shown below) by a typewriter or a printer machine in black or dark blue.

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Tax Registration Number	Financial Statements	Reporting Entity		Month	Year
2021509270	[x] Ordinary	[ ] Small	For the Period From	01	2017
Identificatio 35792752	[ ] Extraordinary	[x] Large	To	12	2017
SK NACE 64.92.0	[ ] Interim	(Mark with X)	*Immediately-Preceding Period* From	01	2016
			To	12	2016

Accompanying Parts of Finacial Statements

x Balance Sheet (Úč POD 1-01) *(in whole Euro)*
x Income Statement (Úč POD 2-01) *(in whole Euro)*
x Notes (Úč POD 3-01) *(in whole Euro)*

Business Name (Name) of the Reporting Entity
PROFI CREDIT Slovakia, s.r.o.

Seat of the Reporting Entity

Street: Pribinova
Number: 25
Postal Code: 82496
Municipality: Bratislava
Commercial Register and Number of Entry of the Company
Okresný súd Bratislava I, odd Sro, vl. č. 22160/B
Phone Number: /
Fax Number: /
E-mail Address

Prepared on:	Approved on:	Signature of a Member of the Statutory Body of the Reporting Entity or a Natural Person Acting as a Reporting Entity:
07.05.2018	. . 20	

Records of the Tax Authority

Place for Registration Number

Presentation Stamp of the Tax Authority

MF SR č. 18009/2014

Page 1

PROFI CREDIT Slovakia, s.r.o., DIČ: 2021509270
Balance Sheet as at 31. December 2017

Description	ASSETS	Line	Current Reporting Period			Immediately Preceding Reporting Period
a	b	c	Gross 1 (part 1) (EUR)	Correction 1 (part 2) (EUR)	Net 2 (EUR)	Net 3 (EUR)
	Total assets (l. 02 + l. 33 + l. 74)	**01**	**165 388 822**	**87 916 722**	**77 472 100**	**98 520 249**
A.	**Non-current assets (l. 03 + l. 11 + l. 21)**	**02**	1 150 342	887 329	263 013	596 619
A.I.	**Total non-current intangible assets (l. 04 to l. 10)**	**03**	351 176	272 764	78 412	123 325
A.I.1.	Capitalised development costs (012) - /072, 091A/	04	-	-	-	-
A.I.2.	Software (013) - /073, 091A/	05	115 453	102 239	13 214	20 558
A.I.3.	Valuable rights (014) - /074, 091A/	06	16 680	14 010	2 670	6 056
A.I.4.	Goodwill (015) - /075, 091A/	07	-	-	-	-
A.I.5.	Other non-current intangible assets (019, 01X) - /079, 07X, 091A/	08	219 043	156 515	62 528	96 711
A.I.6.	Non-current intangible assets in acquisition (041) - 093	09				
A.I.7.	Advance payments for non-current intangible assets (051) - /095A/	10	-	-	-	-
A.II.	**Total non-current tangible assets (l. 012 tol. 020)**	**11**	**799 166**	**614 565**	**184 601**	**473 294**
A.II.1.	Land (031) - 092A	12	-	-	-	-
A.II.2.	Structures (021) - /081, 092A/	13	-	-	-	-
A.II.3.	Separate movable assets and sets of movables (022) - /082, 092A/	14	799 166	614 565	184 601	470 016
A.II.4.	Perennial crops (025) - /085, 092A/	15	-	-	-	-
A.II.5.	Livestock and draught animals (026) - /086, 092A/	16	-	-	-	-
A.II.6.	Other non-current tangible assets (029, 02X, 032) - /089, 08X, 092A/	17	-	-	-	-
A.II.7.	Non-current tangible assets in acquisition (042) - 094	18	-	-	-	3 278
A.II.8.	Advance payments for non-current tangible assets (052) - /095A/	19	-	-	-	-
A.II.9.	Correction item to acquired assets (+/- 097) +/- 098	20	-	-	-	-
A.III.	**Total non-current financial assets (l. 22 to l. 32)**	**21**	**-**	**-**	**-**	**-**
A.III.1.	Shares and ownership interests in group companies (061A, 062A, 063A) - /096A/	22	-	-	-	-
A.III.2.	Shares and ownership interests with a participating interest except for group companies (062A) - /096A/	23	-	-	-	-
A.III.3.	Other held-for-sale securities and ownership interests (063A) - /096A/	24	-	-	-	-
A.III.4.	Loans to group companies (066A) - /096A/	25	-	-	-	-
A.III.5.	Loans within a participating interest except to group companies (066A) - /096A/	26	-	-	-	-
A.III.6.	Other loans (067A) - /096A/	27	-	-	-	-
A.III.7.	Debt securities and other non-current financial assets (065A, 069A, 06XA) - /096A/	28	-	-	-	-
A.III.8.	Loans and other non-current financial assets with remaining maturity of up to one year (066A, 067A, 069A, 06XA) - /096A/	29	-	-	-	-
A.III.9.	Bank accounts bound for period exceeding one year (22XA)	30	-	-	-	-
A.III.10.	Non-current financial assets in acquisition (043) - /096A/	31	-	-	-	-
A.III.11.	Advance payments for non-current financial assets (053) - /095A/	32	-	-	-	-

PROFI CREDIT Slovakia, s.r.o., DIČ: 2021509270
Balance Sheet as at 31. December 2017

Description	ASSETS	Line	Current Reporting Period			Immediately Preceding Reporting Period
a	b	c	Gross 1 (part 1) (EUR)	Correction 1 (part 2) (EUR)	Net 2 (EUR)	Net 3 (EUR)
B.	**Current assets (l. 34 + l. 41 + l. 53 + l. 66 + l. 71)**	**33**	**163 519 469**	**87 029 393**	**76 490 076**	**97 049 302**
B.I.	**Total inventory (l. 35 to l. 40)**	**34**	**-**	**-**	**-**	**-**
B.I.1.	Raw materials (112, 119, 11X) - /191, 19X/	35	-	-	-	-
B.I.2.	Work-in-progress and semi-finished goods (121, 122, 12X) - /192, 193, 19X/	36	-	-	-	-
B.I.3.	Finished goods (123) - 194	37	-	-	-	-
B.I.4.	Livestock (124) - 195	38	-	-	-	-
B.I.5.	Merchandise (132, 133, 13X, 139) - /196, 19X/	39	-	-	-	-
B.I.6.	Advance payments for inventory (314A) - /391A/	40	-	-	-	-
B.II.	**Total non-current receivables (l. 42 + l. 46 to l. 52)**	**41**	**27 074 847**	**2 157 604**	**24 917 243**	**35 146 619**
B.II.1.	Total trade receivables (l. 43 to l. 45)	42	**27 074 847**	**2 157 604**	**24 917 243**	**35 146 619**
B.II.1.a.	Trade receivables from group companies (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	43	-	-	-	-
B.II.1.b.	Trade receivables within a participating interest except for receivables from group companies (311A,312A,313A, 314A, 315A, 31XA) - /391A/	44	-	-	-	-
B.II.1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	45	27 074 847	2 157 604	24 917 243	35 146 619
B.II.2.	Net contract value (316A)	46	-	-	-	-
B.II.3.	Other receivables from group companies (351A) - /391A/	47	-	-	-	-
B.II.4.	Other receivables within a participating interest except for receivables from group companies (351A) - /391A/	48	-	-	-	-
B.II.5.	Receivables from partners, members and participants in an association (354A, 355A, 358A, 35XA) - /391A/	49	-	-	-	-
		50	-	-	-	-
		51	-	-	-	-
B.II.8	Deferred tax asset (481A)	52	-	-	-	-
B.III.	**Total current receivables (l. 54 + l. 58 to l. 65)**	**53**	**135 795 025**	**84 871 789**	**50 923 236**	**61 027 681**
B.III.1.	Total trade receivables (l. 55 to l. 57)	54	**135 758 408**	**84 859 372**	**50 899 036**	**59 517 016**
B.III.1.a.	Trade receivables from group companies (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	55	-	-	-	20 223
B.III.1.b.	Trade receivables within a participating interest except for receivables from group companies (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	56	-	-	-	-
B.III.1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	57	135 758 408	84 859 372	50 899 036	59 496 793
B.III.2.	Net contract value (316A)	58	-	-	-	-
B.III.3.	Other receivables from group companies (351A) - /391A/	59	-	-	-	-
B.III.4.	Other receivables within a participating interest except for receivables from group companies (351A) - /391A/	60	-	-	-	-
B.III.5.	Receivables from partners, members and participants in an association (354A, 355A, 358A, 35XA, 398A) - /391A/	61	-	-	-	-
B.III.6.	Social security insurance (336A) - /391A/	62	-	-	-	-

PROFI CREDIT Slovakia, s.r.o., DIČ: 2021509270
Balance Sheet as at 31. December 2017

Description	ASSETS	Line	Current Reporting Period		Immediately Preceding Reporting Period	
a	b	c	Gross 1 (part 1) (EUR)	Correction 1 (part 2) (EUR)	Net 2 (EUR)	Net 3 (EUR)
B.III.7.	Tax assets and subsidies /341, 342, 343, 345, 346, 347) - /391A/	63	-	-	-	1 478 632
B.III.8.	Receivables from derivative transactions (373A, 376A)	64	-	-	-	-
B.III.9.	Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/	65	36 617	12 417	24 200	32 033
B.IV.	**Total current financial assets (l. 67 to l. 70)**	**66**	**-**	**-**	**-**	**-**
B.IV.1.	Current financial assets in group companies (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	67	-	-	-	-
B.IV.2.	Current financial assets excluding current financial assets in group companies (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	68	-	-	-	-
B.IV.3.	Treasury stock and treasury shares (252)	69	-	-	-	-
B.IV.4.	Current financial assets in acquisition (259, 314A) - /291A/	70	-	-	-	-
B.V.	**Financial accounts l. 72 + l. 73**	**71**	**649 597**	**-**	**649 597**	**875 002**
B.V.1.	Cash on hand (211, 213, 21X)	72	10 564	-	10 564	9 960
B.V.2.	Bank accounts (221A, 22X, +/- 261)	73	639 033	-	639 033	865 042
C.	**Total accruals and deferrals (l. 75 to l. 78)**	**74**	**719 011**	**-**	**719 011**	**874 328**
C.1.	Non-current deferred expenses (381A, 382A)	75	391 300	-	391 300	587 354
C.2.	Current deferred expenses (381A, 382A)	76	287 508	-	287 508	286 809
C.3.	Non-current accrued income (385A)	77	-	-	-	-
C.4.	Current accrued income (385A)	78	40 203	-	40 203	165

PROFI CREDIT Slovakia, s.r.o., DIČ: 2021509270
Balance Sheet as at 31. December 2017

Description	EQUITY AND LIABILITIES	Line	Current Reporting Period	Immediately Preceding Reporting Period
a	b	c	5	6
			(EUR)	(EUR)
	TOTAL EQUITY AND LIABILITIES l. 80 + l. 101 + l. 141	**79**	**77 472 100**	**98 520 249**
A.	**Equity l. 80 + l. 85 + l. 86 + l. 87 + l. 90 + l. 93 + l. 97 + l. 100**	**80**	**(32 834 589)**	**(26 890 302)**
A.I.	**Total registered capital (l. 82 to l. 84)**	**81**	**500 000**	**500 000**
A.I.1.	Registered capital (411 or +/- 491)	82	500 000	500 000
A.I.2.	Changes in the registered capital +/- 419	83	-	-
A.I.3.	Receivables for subscribed capital (/-/353)	84	-	-
A.II.	**Share premium (412)**	**85**	**-**	**-**
A.III.	**Other capital funds (413)**	**86**	**-**	**-**
A.IV.	**Legal reserve funds l. 88 + l. 89**	**87**	**50 000**	**50 000**
A.IV.1.	Legal reserve fund and non-distributable fund (417A, 418, 421A, 422)	88	50 000	50 000
A.IV.2.	Reserve fund for treasury stock and treasury shares (417A, 421A)	89	-	-
A.V.	**Other funds from profit l. 91 + l. 92**	**90**	**-**	**-**
A.V.1.	Statutory funds (427, 42X)	91	-	-
A.V.2.	Other funds (427, 42X)	92	-	-
A.VI.	**Total revaluation reserves (l. 94 to l. 96)**	**93**	**-**	**-**
A.VI.1.	Asset and liability revaluation reserve (+/- 414)	94	-	-
A.VI.2.	Financial investments revaluation reserve (+/- 415)	95	-	-
A.VI.3.	Revaluation reserve from fusions, mergers and separations (+/- 416)	96	-	-
A.VII.	**Profit/loss from previous years l. 98 + l. 99**	**97**	**(23 869 923)**	**(20 009 605)**
A.VII.1.	Retained earnings from previous years (428)	98	-	-
A.VII.2.	Accumulated losses from previous years (/-/429)	99	(23 869 923)	(20 009 605)
A.VIII.	**Profit/loss for the current reporting period after taxation /+-/ l. 01 - (l. 81 + l. 85 + l. 86 + l. 87 + l. 90 + l. 93 + l. 97 + l. 101 + l. 141)**	**100**	**(9 514 666)**	**(7 430 697)**
B.	**Liabilities l. 102 + l. 118 + l. 121 + l. 122 + l. 136 + l. 139 + l. 140**	**101**	**83 220 999**	**83 097 898**
B.I.	**Total non-current liabilities (l. 103 + l. 107 to l. 117)**	**102**	**80 310 114**	**74 398 760**
B.I.1.	Total long-term trade payables (l. 104 to l. 106)	103	-	-
B.I.1.a.	Trade payables to group companies (321A, 475A, 476A)	104	-	-
B.I.1.b.	Trade payables within a participating interest except for payables to group companies (321A, 475A, 476A)	105	-	-
B.I.1.c.	Other trade payables (321A, 475A, 476A)	106	-	-
B.I.2.	Net contract value (316A)	107	-	-
B.I.3.	Other payables to group companies (471A, 47XA)	108	-	-
B.I.4.	Other payables within a participating interest except for payables to group companies (471A, 47XA)	109	-	-
B.I.5.	Other long-term payables (479A, 47XA)	110	80 310 114	74 398 760
B.I.6.	Long-term advance payments received (475A)	111	-	-

PROFI CREDIT Slovakia, s.r.o., DIČ: 2021509270
Balance Sheet as at 31. December 2017

Description	EQUITY AND LIABILITIES	Line	Current Reporting Period	Immediately Preceding Reporting Period
a	b	c	5	6
			(EUR)	(EUR)
B.I.7.	Long-term bills of exchange to be paid (478A)	112	-	-
B.I.8.	Bonds issued (473A/-/255A)	113	-	-
B.I.9.	Social fund payables (472)	114	-	-
B.I.10.	Other non-current payables (336A, 372A, 474A, 47XA)	115	-	-
B.I.11.	Long-term payables from derivative transactions (373A, 377A)	116	-	-
B.I.12\.	Deferred tax liability (481A)	117	-	-
B.II.	**Long-term provisions for liabilities l. 119 + l. 120**	**118**	**-**	-
B.II.1.	Legal provisions for liabilities (451A)	119	-	-
B.II.2.	Other provisions for liabilities (459A, 45XA)	120	-	-
B.III.	**Long-term bank loans (461A, 46XA)**	**121**	**-**	**-**
B.IV.	**Total current liabilities (l. 123 + l. 127 to l. 135)**	**122**	**2 644 084**	**8 176 573**
B.IV.1.	Total trade payables (l. 124 to l. 126)	123	1 282 231	2 432 901
B.IV.1.a.	Trade payables to group companies (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124	41 989	35 342
B.IV.1.b.	Trade payables within a participating interest except for payables to group companies (321A, 322A, 324A, 325A, 32XA, 475A, 476A, 478A, 47XA)	125	-	-
B.IV.1.c.	Other trade payables (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126	1 240 242	2 397 559
B.IV.2.	Net contract value (316A)	127	-	-
B.IV.3.	Other payables to group companies (361A, 36XA, 471A, 47XA)	128	-	-
B.IV.4.	Other payables within a participating interest except for payables to group companies (361A, 36XA, 471A, 47XA)	129	-	-
B.IV.5.	Payables to partners and participants in an association (364, 365, 366, 367, 368, 398A, 478A, 479A)	130	-	-
B.IV.6.	Payables to employees (331, 333, 33X, 479A)	131	83 395	145 654
B.IV.7.	Social security insurance payables (336A)	132	54 176	77 803
B.IV.8.	Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	133	28 957	58 305
B.IV.9.	Payables from derivative transactions (373A, 377A)	134	-	-
B.IV.10.	Other payables (372A, 379A, 474A, 475A, 479A, 47XA)	135	1 195 325	5 461 910
B.V.	**Short-term provisions for liabilities l. 137 + l. 138**	**136**	**266 801**	**522 565**
B.V.1.	Legal provisions for liabilities (323A, 451A)	137	113 300	99 339
B.V.2.	Other provisions for liabilities (323A, 32X, 459A, 45XA)	138	153 501	423 226
B.VI.	**Current bank loans (221A, 231, 232, 23X, 461A, 46XA)**	**139**	**-**	**-**
B.VII.	**Short-term financial assistance (241, 249, 24X, 473A, /-/255A)**	**140**	**-**	**-**
C.	**Total accruals and deferrals (l. 142 to l. 145)**	**141**	**27 085 690**	**42 312 653**
C.1.	**Non-current accrued expenses (383A)**	**142**	**-**	**-**
C.2.	**Current accrued expenses (383A)**	**143**	**1 140 929**	**1 032 247**
C.3.	**Non-current deferred income (384A)**	**144**	**12 335 180**	**18 606 378**
C.4.	**Current deferred income (384A)**	**145**	**13 609 581**	**22 674 028**

PROFI CREDIT Slovakia, s.r.o., DIČ: 2021509270
Income Statement for the year ended 31. December 2017

Description	ITEM	Line	Actual	
			Current Reporting Period	Immediately Preceding Reporting Period
a	b	c	4	5
			(EUR)	(EUR)
*	**Net turnover (a portion of Accounting Class 6 under the Act)**	**01**	**29 985 719**	**35 309 126**
**	**Total operating revenues (l. 03 to l. 09)**	**02**	**3 759 625**	**3 031 852**
I.	Revenues from the sale of merchandise (604, 607)	03	-	-
II.	Revenues from the sale of own products (601)	04	-	-
III.	Revenues from the sale of services (602, 606)	05	386 643	442 678
IV.	Changes in inventories (+/- Accounting Group 61)	06	-	-
V.	Own work capitalised (Accounting Group 62)	07	-	-
VI.	Revenues from the sale of non-current intangible assets, non-current tangible assets and raw materials (641, 642)	08	143 116	59 760
VII.	Other operating revenues (644, 645, 646, 648, 655, 657)	09	3 229 866	2 529 414
**	**Total operating expenses (l. 11 + l. 12 + l. 13 + l. 14 + l. 15 + l. 20 + l. 21 + l. 24 + l. 25 + l. 26)**	**10**	**22 095 399**	**28 588 635**
A.	Costs of the acquisition of merchandise sold (504, 507)	11	-	-
B.	Consumed raw materials, energy and other non-inventory supplies (501, 502, 503)	12	186 497	255 195
C.	Provisions for inventories (+/-) (505)	13	-	-
D.	Services (Accounting Group 51)	14	6 777 996	8 490 624
E.	**Total personnel expenses (l. 16 to l. 19)**	**15**	**2 389 408**	**2 484 487**
E.1.	Wages and salaries (521, 522)	16	1 727 925	1 799 617
E.2.	Remuneration of members of company bodies and co-operative (523)	17	25 467	25 153
E.3.	Social insurance expenses (524, 525, 526)	18	590 468	606 318
E.4.	Social expenses (527, 528)	19	45 548	53 399
F.	Taxes and fees (Accounting Group 53)	20	4 864	5 735
G.	**Amortisation and depreciation, and provisions for non-current intangible and non-current tangible assets (l. 22 + l. 23)**	**21**	**235 262**	**305 530**
G.1.	Amortisation and depreciation of non-current intangible and non-current tangible assets (551)	22	235 262	305 530
G.2.	Provisions for non-current intangible and non-current tangible assets (+/-) (553)	23	-	-
H.	Net book value of non-current assets and raw materials sold (541, 542)	24	113 314	42 852
I.	Provisions for receivables (+/-) (547)	25	12 058 427	16 649 343
J.	Other operating expenses (543, 544, 545, 546,548, 549, 555, 557)	26	329 631	354 869
***	**Operating profit or loss (+/-) (l. 02 - l. 10)**	**27**	**(18 335 774)**	**(25 556 783)**
*	**Added value (l. 03 + l. 04 + l. 05 + l. 06 + l. 07) - (l. 11 + l. 12 + l. 13 + l. 14)**	**28**	**(6 577 850)**	**(8 303 141)**

PROFI CREDIT Slovakia, s.r.o., DIČ: 2021509270
Income Statement for the year ended 31. December 2017

Description	ITEM	Line	Actual	
			Current Reporting Period	Immediately Preceding Reporting Period
a	b	c	4	5
			(EUR)	(EUR)
**	**Total revenues from financing activities (l. 30 + l. 31 + l. 35 + l. 39 + l. 42 + l. 43 + l. 44)**	**29**	**26 369 293**	**32 871 764**
VIII.	Revenues from the sale of securities and ownership interests (661)	30	-	-
IX.	Total revenues from non-current financial assets (l. 32 to l. 34)	31	-	-
IX.1.	Revenues from securities and ownership interests from group companies (665A)	32	-	-
IX.2.	Revenues from securities and ownership interests within a participating interest except for revenues from group companies (665A)	33	-	-
IX.3.	Other revenues from securities and ownership interests (665A)	34	-	-
X.	**Total revenues from current financial assets (l. 36 to l. 38)**	**35**	**-**	**-**
X.1.	Revenues from current financial assets from group companies (666A)	36	-	-
X.2.	Revenues from current financial assets within a participating interest except for revenues from group companies (666A)	37	-	-
X.3.	Other revenues from current financial assets (666A)	38	-	-
XI.	**Interest income (l. 40 + l. 41)**	**39**	**32**	**62**
XI.1.	Interest income from group companies (662A)	40	-	-
XI.2.	Other interest income (662A)	41	32	62
XII.	Foreign exchange gains (663)	42	51	105
XIII.	Gains on revaluation of securities and revenues from derivative transactions (664, 667)	43	-	-
XIV.	Other revenues from financing activities (668)	44	26 369 210	32 871 597
**	**Total costs of financing activities (l. 46 + l. 47 + l. 48 + l. 49 + l. 52 + l. 52 + l. 53 + l. 54)**	**45**	**17 545 299**	**14 742 788**
K.	Securities and ownership interests sold (561)	46	-	-
L.	Expenses related to current financial assets (566)	47	-	-
M.	Provisions for financial assets (+/-) (565)	48	-	-
N.	**Interest expense (l. 50 + l. 51)**	**49**	**13 375 900**	**11 997 520**
N.1.	Interest expense for group companies (562A)	50	-	-
N.2.	Other interest expense (562A)	51	13 375 900	11 997 520
O.	Foreign exchange losses (563)	52	3 673	3 472
P.	Expenses for revaluation of securities and expenses related to derivative transactions (564, 567)	53	-	-
Q.	Other costs of financing activities (568, 569)	54	4 165 726	2 741 796
***	**Profit/loss from financing activities (+/-) (l. 29 - l. 45)**	**55**	**8 823 994**	**18 128 976**
****	**Profit/loss for the reporting period before taxation (+/-) (l. 27 + l. 55)**	**56**	**(9 511 780)**	**(7 427 807)**
R.	**Income tax (l. 58 + l. 59)**	**57**	**2 886**	**2 890**
R.1.	Current income tax (591, 595)	58	2 886	2 890
R.2.	Deferred income tax (+/-) (592)	59	-	-
S.	Profit/loss of partnership transferred to partners (+/- 596)	60	-	-
****	**Profit/loss for the reporting period after taxation (+/-) (l. 56 - l. 57 - l. 60)**	**61**	**(9 514 666)**	**(7 430 697)**

Note:

The notes include information stipulated by the regulations relating to the content of the notes to the separate financial statements, for which the reporting entity has the content. All data and information disclosed in these notes arise from the bookkeeping and are linked to the separate financial statements. Value figures are in whole euros unless stipulated otherwise.

I. GENERAL INFORMATION

1. Company Details

Business name and seat	PROFI CREDIT Slovakia, s.r.o. Pribinova 25 824 96 Bratislava 26
Date of establishment	22 May 2000
Date of incorporation (according to the Commercial Register)	24 July 2000
Business activities	– Factoring and forfaiting; – Non-banking provision of loans and borrowings from own funds; – Mediation and organizational activities in trade; – Training activities; – Economic and organizational advisory services; – Accounting advisory services; – Lease of motor vehicles, machines, equipment, IT, office equipment; and – Lease of real estate lease connected with supplementary services – procurement services related to the lease.

2. Employees

Item	*2017*	*2016*
Full-time equivalent	72	86
Number of employees as at the reporting date	56	90
Of which: managers	*7*	*9*

3. Unlimited Guarantee

PROFI CREDIT Slovakia, s.r.o. (hereinafter also the "Company") is not an unlimited liability partner in any other reporting entities.

4. Basis of Preparation for the Financial Statements

These financial statements represent the annual separate financial statements of PROFI CREDIT Slovakia, s.r.o. The financial statements were prepared for the reporting period from 1 January 2017 to 31 December 2017 in compliance with Slovak legislation, i.e. the Act on Accounting and Accounting Procedures for Businesses.

The financial statements are intended for general use and information; they are not intended for the purposes of any specific user or consideration of any specific transactions. Accordingly, users should not rely exclusively on these financial statements when making decisions.

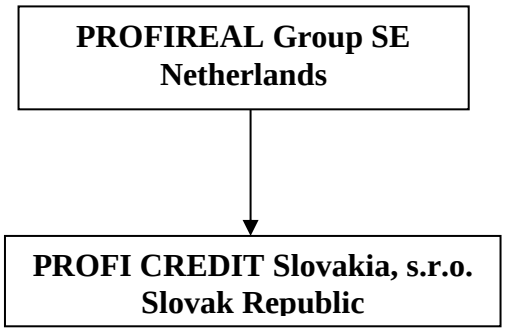
5. Approval of the 2016 Financial Statements

The 2016 financial statements of PROFI CREDIT Slovakia, s.r.o. were approved by the Annual General Meeting held on 15 June 2017.

6. Members of the Company's Bodies

Body	*Function*	*Name*
Management	Executive – Executive Director	Ing. Miroslav Jurenka
	Executive	Aleš Oborník
	Executive	Richard Lörincz (until 22 January 2018)
	Executive	Ing. David Chour
	Executive	Pavol Antálek (since 22 January 2018)
Supervisory Board	Member of the Supervisory Board	Ing. Marcel Mešter
	Member of the Supervisory Board	Ing. Marek Štejnar

7. Partner and Shareholder Structure and Shares in the Registered Capital



Partners	*Share in Registered Capital*		*Voting Rights %*	*Other Share in Equity Other than in Registered Capital in %*
	EUR	*%*		
PROFIREAL Group SE, Martinus Nijhofflaan 2,2624ES Delft, Netherlands	500 000	100	100	-
Total	**500 000**	**100**	**100**	**-**

As at 31 December 2017, PROFI CREDIT Slovakia, s.r.o. was a fellow subsidiary of the following companies: PROFI CREDIT Czech, a.s. (Czech Republic), PROFI Consulting, s.r.o. (Czech Republic), PROFI CREDIT Poland, Sp. z.o.o. (Poland), PROFIDEBT Polska Sp. z o.o. (Poland), PROFI CREDIT Polska S.A. (Poland), PROFI CREDIT Bulgaria EOOD (Bulgaria), PROFIDEBT Bulgaria EOOD (Bulgaria), PROFI Funding B.V. (Netherlands), PROFI Investment BG B.V. (Netherlands) and PROFI Investment NL N.V. (Netherlands), which are owned by PROFIREAL Group SE (Netherlands).

There was a change in the owner of PROFI CREDIT Slovakia, s.r.o. in January 2018. The new 100% parent company is Southstream, a.s. (see Note XI.), which is also a parent company of Southstream Malta Ltd.

8. Consolidated Financial Statements

PROFI CREDIT Slovakia, s.r.o. is a subsidiary of PROFIREAL Group SE with its registered office at Delft, Martinus Nijhofflaan 2, 2624ES Netherlands. PROFIREAL Group SE prepares the consolidated financial statements for the largest group of companies in the consolidation group.

PROFIREAL Group SE has a controlling influence over and was the parent company with a 100% share in PROFI CREDIT Slovakia, s. r. o. with its registered office at Pribinova 25, 824 96 Bratislava 26. PROFIREAL Group SE also prepares the consolidated financial statements.

The consolidated financial statements of PROFIREAL Group SE are available at its registered office (Delft, Martinus Nijhofflaan 2, 2624ES Netherlands).

	Ultimate Parent Company	*Direct Parent Company*
Business name	PROFIREAL Group SE	PROFIREAL Group SE
Seat or place where the consolidated financial statements are filed:	Martinus Nijhofflaan 2, 2624ES Delft, Netherlands	Martinus Nijhofflaan 2, 2624ES Delft, Netherlands

There was a change in the owner of PROFI CREDIT Slovakia, s.r.o. in January 2018.

Southstream, a.s. has a controlling influence over and is the new parent company with a 100% share in PROFI CREDIT Slovakia, s. r. o.

	Ultimate Parent Company	*Direct Parent Company*
Business name	Southstream, a.s.	Southstream, a.s.
Seat or place where the consolidated financial statements are filed:	Pernštýnské nám. 80, 53002, Staré Mesto - Pardubice, Czech Republic	Pernštýnské nám. 80, 53002, Staré Mesto - Pardubice, Czech Republic

II. ACCOUNTING PRINCIPLES AND METHODS APPLIED

1. The Company applies accounting principles and procedures pursuant to the Act on Accounting and Accounting Procedures for Businesses effective in the Slovak Republic. The accounting books are kept in the monetary units of the Slovak currency, ie euro.

2. The 2017 financial statements were prepared based on the going-concern assumption. As at 31 December 2017, the Company reported negative equity of EUR 32 834 589 and a negative result of operations from ordinary activities after tax for the year then ended in the amount of EUR 9 514 666. The Company is dependent on financing from non-banking entities, i.e. independent third parties as at 31 December 2017. As at 31 December 2017, the liability arising from financing provided by non-banking entities amounts to EUR 81 292 057. The above facts indicate that there is a significant uncertainty with regard to certain events or conditions, which raises a significant doubt about the Company's ability to continue as a going concern and, therefore, the Company may be unable to realise its assets and meet its obligations in the course of ordinary business activities. In May 2018, a loan with the principal amount of EUR 80 300 thousand was transferred to a related party (see Note XI.). The new parent company, Southstream, a.s., has made a written commitment to provide the Company with financial support to maintain adequate liquidity over the next 14 months starting on 21 May 2018, taking into consideration the parent company's financial possibilities to ensure that the Company will be able to continue as a going concern. In early 2018, the Company's statutory representatives approved a medium-term business plan with the following parameters: HR savings, savings on marketing and operating costs, decrease in the remuneration of contracted financial agents and collectors, decrease in interest rates on the Company's self-financing, gradual increase in the volume of receivables sold via distribution channels with a focus on better sales of consumer and corporate loans, optimisation of incoming payments from clients in the collection processes and a reduction of current indebtedness to generate required profits in the future.

3. Revenues and costs are recognised as they are earned or incurred under the accrual basis of accounting. All revenues and costs related to the reporting period are used as a basis regardless of their settlement date.

4. When measuring assets and liabilities, the prudence principle is followed, i.e. all risks, losses, and impairments related to assets and liabilities and known as at the reporting date are used as a basis.

5. The moment of recognition of revenues – the Company accounts for a receivable from a client resulting from a provided loan at the face value of the receivable, including the agreed-upon contractual compensation (interest) against payables to the client in the amount of the actually-paid sum and contractual compensation credited to the account of deferred income. Subsequently, interest on granted borrowings is released into revenues on a linear basis over the contractual term of the borrowing. Once the borrowing is credited to the client's account, the Company's liability to the client ceases to exist. If the client defaults on the repayments, the Company claims contractual fines and penalties, which are included in the Company's revenues upon payment.

6. Non-current and current receivables, payables, loans, and interest-bearing borrowings – receivables and payables are disclosed on the balance sheet as either non-current or current following their residual maturities as at the reporting date. Portions of non-current receivables and portions of non-current payables due within one year from the reporting date are disclosed on the balance sheet as current receivables and current payables, as appropriate.

7. Estimates made – when compiling financial statements, the Company's management is required to prepare estimates and assumptions that influence the recognised amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as at the reporting date, and the disclosed amounts of revenues and expenses during the year. The estimates and the related assumptions have been based on prior experience and on various other factors regarded as appropriate in the circumstances. The actual results may differ from the estimates. The estimates and basic assumptions are re-assessed and the corrections of the accounting estimates are posted in the period in which the estimate was corrected, provided that the correction in question only has an impact on this period, or in the correction period and in the future periods if the correction has an impact on the current as well as future periods. Actual results may differ from these estimates.

   The most significant area requiring subjective judgment is the creation of provisions for assets. There are many uncertainties regarding the creation of provisions for losses incurred from granted loans relating to the results of the indicated risks and this requires subjective judgments to be made by the Company's management when estimating losses. The actual losses may significantly differ from the estimates and the difference may be material.

8. Reported tax – Slovak tax legislation is relatively new, lacks precedents, and is subject to continuous amendments. Since various interpretations of tax laws and regulations in the

application thereof to various transaction types exist, the amounts disclosed in the financial statements may later change, based on the ultimate opinion of the tax authorities.

9. Recognition of Individual Items of Assets and Liabilities – Initial Measurement

Upon acquisition, the cost principle is applied (i.e. the historical cost convention) and individual items of assets and liabilities are measured as follows:

a) Purchased non-current tangible and intangible assets – at cost. The cost is the price given to acquire the assets including the related incidental costs (customs duties, transportation, assembly, insurance premium, etc) and all price reductions (credit notes, discounts, rebates, price reductions, bonuses, etc).

b) Non-current tangible and intangible assets acquired by other means:
- Non-current assets acquired for no consideration – at fair value.
- Assets newly identified during a stocktake and not yet recoded in accounting books – at fair value.
- Assets acquired by the public contracting authority for no consideration from a concessionaire for performance in the form of a concession for construction work – at fair value.
- Assets acquired by the purchase of a business or part thereof, and acquired through a contribution of a business or part thereof and assets acquired through an exchange – at fair value.

c) Assets acquired under finance lease agreements are recognised in assets at their fair value as at the acquisition date (the total of agreed payments less unrealised finance costs). The related liability due to the lessor is recognised on the balance sheet under *Other Long-Term Payables* with its current portion recorded in *Other Payables*. Unrealised finance costs representing the difference between the total amount of agreed payments and the fair value of acquired assets are recognised in the income statement over the term of the lease, applying the effective interest rate method. Costs related to the acquisition of an asset under a finance lease increase its value.

d) Receivables:
- When originated or acquired for no consideration – at face value.
- Where acquired (assigned) for consideration or through a contribution to the registered capital – at cost.

For non-current interest-bearing receivables and non-current interest-bearing borrowings, the provision is included in the *Correction* column where the values of the receivable and loan/borrowing are adjusted to their present value, for example, by using the effective interest rate method.

e) Deferred expenses and accrued income – at the anticipated face value.

f) Payables:
- When incurred – at face value.
- Where assumed – at cost.

g) Provisions for liabilities – at the anticipated amount payable.

h) Interest-bearing borrowings, and loans:
- When originated – at face value.
- Where assumed – at cost.
- Where acquired by the purchase of a business or part thereof, and acquired through a contribution of a business or part thereof, and acquired through an exchange – at fair value.

Interest on interest-bearing borrowings and loans is recorded on an accrual basis.

i) Accrued expenses and deferred income – at the anticipated face value.

j) Current income taxes – pursuant to the Slovak Income Tax Act, current income taxes are determined based on the pre-tax accounting profits at 22% after adjustments for certain items for tax purposes.

k) Deferred income taxes are recognised when temporary differences arise between the carrying amount of assets and liabilities as disclosed on the balance sheet and their tax base, with the possibility of carrying forward tax losses and of transferring the unclaimed tax loss deductions into future periods. To determine the amount of deferred income taxes, the tax rate applicable in the subsequent reporting period was applied, i.e. 21%.

10. Recognition of Individual Items of Assets and Liabilities – Subsequent Measurement

a) Estimated risks, losses, and impairments related to assets and liabilities are reflected in provisions for liabilities, provisions for assets, and depreciation charges.

- Provisions for liabilities are recognised at the anticipated amount payable. The Company creates provisions for audit services, energy consumption, inquiries as regards the clients' ability to repay loans, Elite Trip bonuses, tax advisory services, trademark licence, retail chain incentives, management bonuses, insurance payments related to management bonuses, unused vacation days and insurance payments related to unused vacation days. A major item in provisions for liabilities is a provision for a 35% portion of the commission. The amount of provisions and the grounds for their recognition are assessed as at the reporting date.

- Provisions for assets – are recognised for those receivables where there is a justified assumption of a partial or total default by the debtor. The provision applies to such doubtful receivables from debtors against which litigation for debt acknowledgment is pending, or for non-current receivables overdue. When assessing the recoverability of a receivable, the reporting entity carries out the assessment on a portfolio basis by type of receivable and by delay interval.

  The Company records a provision for receivables in an amount that allows recognition of the estimated fair value of the recoverable receivables.

  The estimates used to calculate provisions for losses from granted loans are reasonable projections of the future development of relevant risks that are available under the given circumstances. The amount of the provisions reflects an adequate amount required to cover losses from the impairment of granted loans.

  The Company categorises its client portfolio by their default term and the provisions for individual categories are based on assumptions on and probabilities of the expected recovery of receivables in the given category.

  The Company records provisions for the following categories of receivables:
  a) Instalments of granted borrowings and loans overdue by more than 360 days at 81.69% of the total amount of receivables in 2017 (2016: 83.55%);
  b) Instalments of granted borrowings and loans overdue by 180 to 360 days at 60.35% of the total amount of receivables in 2017 (2016: 60.34%);
  c) Instalments of granted borrowings and loans overdue by 90 to 180 days at 56.09% of the total amount of receivables in 2017 (2016: 55.71%);
  d) Instalments of granted borrowings and loans overdue by 0 to 90 days at 32.51% of the total amount of receivables in 2017 (2016: 30.88%); and
  e) Instalments of granted borrowings and loans that are within maturity at 14.64% of the total amount of receivables in 2017 (2016: 14.64%).

  The percentage of additions to provisions for receivables is calculated annually based on historical experience and takes into account developments in the previous periods. No backtesting of provisions was performed in 2017.

- Depreciation/Amortisation plan

  Non-current tangible and intangible assets are depreciated/amortised according to a depreciation/amortisation plan that takes into account an estimate of the actual useful lives. Assets are depreciated/amortised over the expected useful lives corresponding to the consumption of future economic benefits arising from such assets. The straight-line accounting depreciation method is applied. Assets start to be depreciated/amortised in the month in which the assets were placed into service. The accounting depreciation plan for tangible and intangible assets is based on the depreciation method as stipulated by the Profireal Group's depreciation policy.

  The average useful lives in the depreciation plan are as follows:

Type of Assets	***Useful Life***	***Annual Depreciation Rate***
Machines and equipment	5 years	20%
Transportation means	5 years	20%
Computers, notebooks, printers, servers	5 years	20%
Air conditioning	10 years	10%
Copy machines	5 years	20%
Other low-value assets	2 years	50%
Fixtures & fittings	5 years	20%
Software	5 years	20%

  Tax depreciation rates are applied in line with the straight-line depreciation rates according to the Income Tax Act.

11. Translation of Amounts Denominated in Foreign Currency to Slovak Currency

Assets and liabilities denominated in a foreign currency are translated to euros using the reference exchange rate determined and announced by the European Central Bank (ECB) or the National Bank of Slovakia (NBS) on the date preceding the transaction date and also on the reporting date. Advances received and made in a foreign currency are not translated as at the reporting date. For foreign currency purchases and sales in euros, and upon the transfer of funds from an account established in a foreign currency to an account established in euros and from an account established in euros to an account established in a foreign currency, the exchange rates at which these amounts were purchased or sold were applied. If the sale or purchase of a foreign currency is performed at an exchange rate other than the one offered by a commercial bank in its foreign exchange list, the exchange rate offered by such a commercial bank in its foreign exchange list on the transaction settlement date is used. If the sale or purchase is not performed with a commercial bank, the reference exchange rate determined and announced by the ECB or the NBS on the date preceding the transaction settlement date is used.

12. Changes in Accounting Principles and Accounting Methods

The Company made no changes to its accounting system in 2017.

13. Correction of Material Errors of Previous Reporting Periods

The Company made a correction of the opening balance of provisions for assets in 2017 – see Notes III.2.3 and XII.

III. DATA DISCLOSED ON THE ASSETS SIDE OF THE BALANCE SHEET

1. Non-Current Intangible and Tangible Assets

1.1. Movements on the Accounts of Non-Current Intangible Assets, Accumulated Depreciation, Provisions, and Net Book Value

31 December 2017

	Capitalized Development Cost	*Software*	*Valuable Rights*	*Goodwill*	*Other Non-Current Intangible Assets*	*Non-Current Intangible Assets in Acquisition*	*Advance Payments Made*	*Total*
Initial Measurement								
At 1 Jan 2017	-	229 801	16 680	-	229 790	-	-	476 271
Additions	-	-	-	-	-	12 475	-	12 475
Disposals	-	114 465	-	-	23 106	-	-	137 571
Transfers	-	117	-	-	12 358	(12 475)	-	-
At 31 Dec 2017	-	115 453	16 680	-	219 042	-	-	351 175
Accumulated Depreciation								
At 1 Jan 2017	-	209 243	10 624	-	133 079	-	-	352 946
Additions	-	6 488	3 386	-	45 218	-	-	55 092
Disposals	-	113 492	-	-	21 782	-	-	135 274
At 31 Dec 2017	-	102 239	14 010	-	156 515	-	-	272 764
Provisions								
At 1 Jan 2017	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 31 Dec 2017	-	-	-	-	-	-	-	-
Net Book Value								
At 1 Jan 2017	-	20 558	6 056	-	96 712	-	-	123 325
At 31 Dec 2017	-	13 214	2 670	-	62 527	-	-	78 412

31 December 2016

	Capitalized Development Cost	*Software*	*Valuable Rights*	*Goodwill*	*Other Non-Current Intangible Assets*	*Non-Current Intangible Assets in Acquisition*	*Advance Payments Made*	*Total*
Initial Measurement								
At 1 Jan 2016	-	211 912	16 680	-	162 992	61 343	-	452 927
Additions	-	-	-	-	-	28 569	-	28 569
Disposals	-	-	-	-	-	5 225	-	5 225
Transfers	-	17 889	-	-	66 798	(84 687)	-	-
At 31 Dec 2016	-	229 801	16 680	-	229 790	-	-	476 271
Accumulated Depreciation								
At 1 Jan 2016	-	205 558	6 988	-	83 983	-	-	296 529
Additions	-	3 685	3 636	-	49 095	-	-	56 417
Disposals	-	-	-	-	-	-	-	-
At 31 Dec 2016	-	209 243	10 624	-	133 078	-	-	352 946
Provisions								
At 1 Jan 2016	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 31 Dec 2016	-	-	-	-	-	-	-	-
Net Book Value								
At 1 Jan 2016	-	6 354	9 692	-	79 009	61 343	-	156 398
At 31 Dec 2016	-	20 558	6 056	-	96 712	-	-	123 325

1.2. Movements in the Accounts of Non-Current Tangible Assets, Accumulated Depreciation, Provisions and Net Book Value

31 December 2017

	Land	*Structures*	*Separate Movable Assets and Sets of Movables*	*Perennial Crops*	*Livestock and Draught Animals*	*Other Non-Current Tangible Assets*	*Non-Current Tangible Assets in Acquisition*	*Advance Payments Made*	*Total*
Initial Measurement									
At 1 Jan 2017	-	-	1 461 899	-	-	-	3 279	-	1 465 178
Additions	-	-	-	-	-	-	11 357	-	11 357
Disposals	-	-	677 369	-	-	-	-	-	677 369
Transfers	-	-	14 636	-	-	-	(14 636)	-	-
At 31 Dec 2017	-	-	799 166	-	-	-	-	-	799 166
Accumulated Depreciation									
At 1 Jan 2017	-	-	991 883	-	-	-	-	-	991 883
Additions	-	-	295 706	-	-	-	-	-	295 706
Disposals	-	-	673 024	-	-	-	-	-	673 024
At 31 Dec 2017	-	-	614 565	-	-	-	-	-	614 565
Provisions									
At 1 Jan 2017	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At 31 Dec 2017	-	-	-	-	-	-	-	-	-
Net Book Value									
At 1 Jan 2017	-	-	470 016	-	-	-	3 279	-	473 294
At 31 Dec 2017	-	-	184 601	-	-	-	-	-	184 601

31 December 2016

	Land	*Structures*	*Separate Movable Assets and Sets of Movables*	*Perennial Crops*	*Livestock and Draught Animals*	*Other Non-Current Tangible Assets*	*Non-Current Tangible Assets in Acquisition*	*Advance Payments Made*	*Total*
Initial Measurement									
At 1 Jan 2016	-	-	1 547 111	-	-	-	108 556	-	1 655 667
Additions	-	-	-	-	-	-	6 602	-	6 602
Disposals	-	-	196 416	-	-	-	674	-	197 090
Transfers	-	-	111 204	-	-	-	(111 204)	-	-
At 31 Dec 2016	-	-	1 461 899	-	-	-	3 279	-	1 465 177
Accumulated Depreciation									
At 1 Jan 2016	-	-	900 373	-	-	-	-	-	900 373
Additions	-	-	291 966	-	-	-	-	-	291 966
Disposals	-	-	200 457	-	-	-	-	-	200 457
At 31 Dec 2016	-	-	991 883	-	-	-	-	-	991 883
Provisions									
At 1 Jan 2016	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At 31 Dec 2016	-	-	-	-	-	-	-	-	-
Net Book Value									
At 1 Jan 2016	-	-	646 738	-	-	-	108 556	-	755 294
At 31 Dec 2016	-	-	470 016	-	-	-	3 279	-	473 294

1.3. Type and Amount of Insurance of Non-Current Intangible and Tangible Assets

Insured Item	*Type of Insurance*	*Insured Amount (Net Book Value of Insured Assets)*		*Name and Seat of the Insurance Company*
		2017	*2016*	
Passenger vehicles	Motor hull, MTPL insurance	62 011	253 743	MTPL insurance and motor hull insurance: Generali Slovensko poisťovňa, a.s., Lamačská cesta 3/A 841 04 Bratislava

2. Receivables

2.1 Ageing Structure of Receivables

31 December 2017

Item	*Maturity*		*Total*
	Within Maturity	*Overdue*	
Non-Current Receivables			
Trade receivables	27 074 847	-	27 074 847
Receivables from subsidiaries and the parent company	-	-	-
Other intercompany receivables	-	-	-
Receivables from partners, members and participants in an association	-	-	-
Other receivables	-	-	-
Deferred tax asset	-	-	-
Total Non-Current Receivables	**27 074 847**	**-**	**27 074 847**
Current Receivables			
Trade receivables	28 820 827	106 937 581	135 758 408
Receivables from subsidiaries and the parent company	-	-	-
Other intercompany receivables	-	-	-
Receivables from partners, members and participants in an association	-	-	-
Social security insurance	-	-	-
Tax assets and subsidies		-	-
Other receivables	4 245	32 372	36 617
Total Current Receivables	**28 825 072**	**106 969 953**	**135 795 025**

Non-current and current trade receivables comprise the amount of instalments of provided borrowings. The breakdown by maturity constitutes the breakdown by maturity of individual instalments, and instalments within maturity are instalments before the maturity date and overdue instalments are due but unpaid instalments.

31 December 2016

Item	*Maturity*		*Total*
	Within Maturity	*Overdue*	
Non-Current Receivables			
Trade receivables	37 982 981	-	37 982 981
Receivables from subsidiaries and the parent company	-	-	-
Other intercompany receivables	-	-	-
Receivables from partners, members and participants in an association	-	-	-
Other receivables	-	-	-
Deferred tax asset	-	-	-
Total Non-Current Receivables	**37 982 981**	**-**	**37 982 981**
Current Receivables			
Trade receivables	40 180 090	96 914 022	137 094 112
Receivables from subsidiaries and the parent company	20 223	-	20 223
Other intercompany receivables	-	-	-
Receivables from partners, members and participants in an association	-	-	-
Social security insurance	-	-	-
Tax assets and subsidies	1 478 632	-	1 478 632
Other receivables	32 033	12 417	44 450
Total Current Receivables	**41 710 978**	**96 926 439**	**138 637 417**

2.2 Receivables by Residual Maturity

Item	*2017*	*2016*
Current Receivables		
Overdue receivables	106 969 953	96 926 439
Receivables with residual maturity of up to 1 year	28 825 072	41 710 978
Total Current Receivables	**135 795 025**	**138 637 417**
Non-Current Receivables		
Receivables with residual maturity of between 1 year and 5 years	27 074 847	37 982 981
Receivables with residual maturity of over 5 years	-	-
Total Non-Current Receivables	**27 074 847**	**37 982 981**

The decrease in receivables in 2017 was associated with a reduction of the Company's business activities and with the impact of legislative changes. The Company provides consumer loans with an average maturity period of 44 months.

2.3 Provision for Receivables

Balance sheet items for which provisions were recorded:

Item	*Balance as at 1 Jan 2017 Before Correction*	*Correction*	*Balance as at 1 Jan 2017 After Correction*	*Creation*	*Reversal Owing to the Cessation of Justifiability*	*Reversal Owing to the Derecognition of Assets*
Trade receivables	80 433 681	(3 556 769)	76 876 912	12 058 427	-	1 918 363
Other receivables from group companies	-	-	-	-	-	-
Other receivables within a participating interest except for receivables from group companies	-	-	-	-	-	-
Receivables from partners, members and participants in an association	-	-	-	-	-	-
Other receivables	12 417			-	-	-
Total	**80 446 098**	**(3 556 769)**	**76 876 912**	**12 058 427**	**-**	**1 918 363**

The Company creates provisions for receivables based on their ageing structure. The Company's management believes that estimates applied to determining provisions for losses from granted loans represent the most reasonable prognoses for the future development of relevant risks available under the given circumstances. In the management's opinion, the reported sum of provisions is sufficient to cover losses incurred from the impairment of the extended loans. The total amount of provisions for receivables is recognised for a current portion of receivables in balance sheet line 053, as the Company is unable to allocate the created provisions to current and non-current receivables.

Provisions for losses from receivables require that the Company's management make significant estimates; however, the actual results may significantly differ from these estimates.

As at 1 January 2017, the Company wrote off receivables due to a final court decision rejecting receivables amounting to EUR 1 904 753. Similarly, as at 1 January 2017, the Company adjusted its approach and methodology for the calculation of provisions for receivables from deceased clients and the impact of written-off receivables on the provision calculation, and recognised a decrease in the provision for receivables by EUR 3 556 769 against equity as a decrease in Accumulated losses from previous years due to a correction of the recognised opening balance of the provisions for assets.

As at 1 January 2017, the negative balance on Account 384 was also adjusted, which had an impact on the calculation of provisions for receivables within maturity.

2.4 Assets Under Lien and Restricted Handling of Receivables

Description of Asset under Lien	2017		2016	
	Value of Asset	Value of the Receivable	Value of Asset	Value of the Receivable
Receivables secured by lien or another form of security	-	-	-	-
Amount of receivables under lien	-	145 564 876	-	168 426 176
Amount of receivables with restricted handling	-	-	-	-

The Company has pledged its receivables in favour of a foreign private company with its seat in the Netherlands, which provided a long-term loan to the Company. Both parties agreed that the present value of the pledged receivables will not drop below 150% of the non-current liability balance.

As at 31 December 2017, receivables pledged in favour of a private foreign entity based in Netherlands amounted to EUR 125 530 thousand (2016: EUR 130 916 thousand). The pledged receivables are divided into the pledged face value of receivables from clients amounting to EUR 68 437 595 and the pledged receivables owing to penalties imposed on defaulted clients in the amount of EUR 57 092 200. Receivables owing to penalties are recognised in off-balance sheet records and are not recognised as standard trade receivables in balance sheet line 054.

The Company has also pledged its receivables in favour of Dairewa Properties Limited, based in Cyprus, which provided a loan to the Company in 2011. The pledged receivables recorded in the central notary register as at 31 December 2017 amounted to EUR 20 035 thousand (2016: EUR 37 500 thousand).

3. Financial Accounts

Item	2017	2016
Cash		
Cash on hand, stamps and vouchers	10 564	9 960
Bank accounts – current	639 033	865 042
Bank accounts – term deposits	-	-
Cash in transit	-	-
Total	**649 597**	**875 002**

4. Accruals and Deferrals

Item	At 31 Dec 2017	At 31 Dec 2016
Non-current deferred expenses	391 300	587 354
Current deferred expenses	287 508	286 809
Non-current accrued income	-	-
Current accrued income	40 203	165
Total	**719 011**	**874 328**

Deferred expenses mainly comprise rent for the Company's leased premises, insurance of the members of the statutory bodies, www.proficredit.sk domain and an extended IBM guarantee. In 2017, the amount of EUR 390 thousand comprises a fee for the extension of a loan maturity to 2020.

IV. DATA DISCLOSED ON THE LIABILITIES SIDE OF THE BALANCE SHEET

1. Equity

1.1. Description of Equity

The registered capital was paid in full in the amount of EUR 6 639 upon the Company's establishment. As at 25 March 2015, the registered capital was increased to EUR 500 000 by a shareholders' contribution to meet legislative requirements for the Company's licencing.

The legal reserve fund in the amount of EUR 50 000 is in the minimum amount in accordance with the Commercial Code.

Non-distributed profit or loss from previous years increased the "Accumulated loss" by EUR 264 427 based on the General Meeting's decision on the distribution of the 2015 profit/(loss).

1.2. Distribution of Profit for 2016

Item	***2016***
Accounting Loss	7 430 697

Distribution of Accounting Profit	***2017***
Allotment to the legal reserve fund	-
Allotment to statutory and other funds	-
Allotment to the social fund	-
Allotment to increase the registered capital	-
Settlement of a loss from previous years	-
Transfer to accumulated loss from previous years	7 430 697
Distribution of share in profit to partners, members	-
Other	-
Total	**7 430 697**

1.3. Proposal for Distribution of Accounting Profit or Settlement of Loss for 2017

A decision on the settlement of the 2017 loss will be made by the parent company's General Meeting in June 2018. Company management will propose that the shareholder transfer the Company's loss to Accumulated loss from previous years by increasing the account balance by EUR 9 514 666.

2. Provisions for Liabilities

2.1. Legal and Other Provisions for Liabilities

31 December 2017

Item	***Balance as at 1 Jan 2017***	***Creation***	***Use***	***Cancellation***	***Balance as at 31 Dec 2017***
Long-Term Provisions for Liabilities					
Legal long-term provisions for liabilities	-	-	-	-	-
Other long-term provisions for liabilities	-	-	-	-	-
Of which:					
Provision for a 35% portion of the commission	-	-	-	-	-
Short-Term Provisions for Liabilities					
Legal short-term provisions for liabilities	99 339	113 300	99 339	-	113 300
Of which:					
Unused vacation days, including health and social insurance payments	*99 339*	*113 300*	*99 339*	-	*113 300*
Other short-term provisions for liabilities	423 226	153 501	423 226	-	153 501
Of which:					
Unpaid bonuses, including health and social insurance payments	*33 317*	*32 577*	*33 317*	-	*32 577*
Provision for a 35% portion of the commission	*145 728*	-	*145 728*	-	-
Audit and tax advisory	*37 410*	*50 250*	*37 410*	-	*50 250*
Other	*206 771*	*70 674*	*206 771*	-	*70 674*

The amount and justifiability of each provision is reassessed as at the reporting date. Short-term provisions for liabilities will be used in 2018.

31 December 2016

Item	Balance as at 1 Jan 2016	Creation	Use	Cancellation	Balance as at 31 Dec 2016
Long-Term Provisions for Liabilities					
Legal long-term provisions for liabilities	-	-	-	-	-
Other long-term provisions for liabilities	126 188	-	126 188	-	-
Of which:					
Provision for a 35% portion of the commission	*126 188*	-	*126 188*	-	-
Short-Term Provisions for Liabilities					
Legal short-term provisions for liabilities	87 475	99 339	87 475	-	99 339
Of which:					
Unused vacation days, including health and social insurance payments	*87 475*	*99 339*	*87 475*	-	*99 339*
Other short-term provisions for liabilities	173 778	423 226	173 778	-	423 226
Of which:					
Unpaid bonuses, including health and social insurance payments	*56 840*	*33 317*	*56 840*	-	*33 317*
Provision for a 35% portion of the commission	*22 454*	*145 728*	*22 454*	-	*145 728*
Audit and tax advisory	*33 750*	*37 410*	*33 750*	-	*37 410*
Other	*60 734*	*206 771*	*60 734*	-	*206 771*

3. Liabilities

3.1. Payables Within and After Maturity Including the Group and Breakdown of Payables by Residual Maturity

Item	Total as at 31 Dec 2017	Total as at 31 Dec 2016
Non-Current Liabilities:		
Liabilities with residual maturity of between 1 and 5 years	80 310 114	74 398 760
Liabilities with residual maturity of over 5 years	-	-
Total non-current liabilities	**80 310 114**	**74 398 760**
Current Liabilities:		
Overdue liabilities	-	-
Liabilities with residual maturity of up to 1 year inclusive	2 644 084	8 176 573
Total current liabilities	**2 644 084**	**8 176 573**

Non-current liabilities comprise a loan provided by an independent private entity based in the Netherlands. In May 2018, the loan and loan obligations were transferred to a related party (see Note XI.).

3.2. Deferred Tax Liability/Deferred Tax Asset

Item	2017	2016
Temporary differences between the carrying amount of assets and the tax base:		
Tax-deductible	*40 353 503*	*37 074 601*
Taxable	*15 771*	*43 459*
Temporary differences between the carrying amount of liabilities and the tax base:		
Tax-deductible	*336 583*	*518 702*
Taxable	-	-
Possibility of carrying forward tax loss	-	-
Possibility of transferring unclaimed tax deductions	-	-
Income tax rate (in %)	21%	21%
Deferred tax asset	-	-
Claimed tax asset:		
Recognised as a decrease in costs	-	-
Recognised in equity	-	-
Deferred tax liability	-	-
Change in a deferred tax liability:		
Recognised as an expense/(revenue)	-	-
Recognised in equity	-	*(5 441 055)*

As of 1 January 2016, the Company does not recognise a deferred tax asset owing to the uncertainty regarding applying deductible differences in the future.

3.3. Social Fund Payables

	2017	2016
Initial balance	-	-
Creation of social fund debited to costs	11 320	11 866
Creation of social fund from profit	-	-
Other creations in the social fund	-	-
Total creation of the social fund	11 320	11 866
Drawing from the social fund	11 320	11 866
Closing Balance	**-**	**-**

4. Accruals and Deferrals

Item	31 Dec 2017	31 Dec 2016
Non-current accrued expenses	-	-
Current accrued expenses	1 140 929	1 032 247
Non-current deferred income	12 335 180	18 606 378
Current deferred income	13 609 581	22 674 028
Total	**27 085 690**	**42 312 653**

Deferred income comprises deferred revenues from granted loans for the term of the loan agreement. In 2017, accrued expenses refer to due interest on loans provided by third parties.

5. Obligations Under Finance Lease (Lessee)

The total amount of the agreed payments broken down by the principal amount and unrealised finance costs as at 31 December 2017 and 31 December 2016 is as follows:

	31 Dec 2017			31 Dec 2016		
	Maturity			Maturity		
	Within 1 Year Inclusive	From 1 to 5 Years Inclusive	More than 5 Years	Within 1 Year Inclusive	From 1 to 5 Years Inclusive	More than 5 Years
Principal	10 115	-	-	76 186	29 012	-
Finance cost	133	-	-	2 569	337	-
Total	**10 248**	**-**	**-**	**78 755**	**29 349**	**-**

V. REVENUES

1. Operating Revenues

1.1. Revenues from the Sale of Merchandise, Own Products and Services

Revenues from the Sale of Own Outputs and Merchandise by Major Business Segment and by Major Geographical Segment:

Type of Products, Merchandise, Services/Country of Sales	Slovakia		Abroad (EU)		Abroad (Third Countries)		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Lease of Workforce, Commission	386 643	442 678	-	-	-	-	386 643	442 678
Total Net Turnover	**29 985 719**	**35 309 126**	**-**	**-**	**-**	**-**	**29 985 719**	**35 309 126**

In 2017 and 2016, the Company's net turnover is based on an amendment to Act No. 333/2014 Coll. onAccounting and is in line with income statement line 01.

In 2017, the net turnover comprises revenues from the sale of services, mainly revenues from ordinary activities. Revenues from ordinary activities include payments received in respect of contractual fines, default interest and other interest and charges of receivables, as well as written-off receivables (Accounts 644 and 646), other operating revenues (Account 648) and mainly other financial revenues (Account 668). In 2016, the net turnover did not include revenues from written-off receivables and other operating revenues due to their immateriality.

1.2. Revenues from the Capitalization of Costs and Operating Revenues, Revenues from Financing Activities and Revenues of Extraordinary Scope or Occurrence

Item	***2017***	***2016***
Material items from the capitalisation of costs	-	-
Other material items of operating revenues	3 229 866	2 529 414
Of which:		
Contractual fines, penalties and default interest	*1 989 189*	*1 871 766*
Revenues from agreements on debt acknowledgement	*119 089*	*123 086*
Revenues from recovered court fees	*140 312*	*150 752*
Other	*981 276*	*383 810*
Revenues from financing activities		
Foreign exchange gains, of which:	*51*	*105*
Foreign exchange gains as at the reporting date	-	-
Other material items of revenues from financing activities, of which:	*26 369 210*	*32 871 597*
Fees for contract conclusion	*16 308 403*	*21 993 708*
Other	*10 060 807*	*10 877 889*
Interest expense	*32*	*62*
Revenues of extraordinary scope or occurrence	-	-

The major items of other operating revenues include paid contractual fines and penalties, revenues from agreements on debt acknowledgement, revenues from bill-of-exchange interest, revenues from refunded court fees from provided loans and revenues from mediation of loan insurance. The Company actively enforces its debt collection policy against debtors, which has a major impact on other operating revenues.

Other revenues from financial activities include revenues from provided loans and borrowings, in particular from historical fees for the conclusion of contracts and part of loan interest. Loan interest is released daily into revenues on a linear basis. The decrease vis-à-vis the preceding year is caused by a smaller volume of receivables from granted borrowings in 2017.

VI. EXPENSES

1. Operating Expenses

1.1. Consumables and Services

Item	***2017***	***2016***
Cost of merchandise sold	-	-
Consumed raw materials	106 859	170 550
Energy consumption	79 638	84 645
Consumption of other non-inventory supplies	-	-
Services	6 777 996	8 490 623
Of which:		
Repairs and maintenance	*19 166*	*21 013*
Travel expenses	*21 058*	*19 208*
Entertainment expenses	*39 547*	*35 603*
Commission	*2 343 672*	*3 388 474*
Rent	*376 864*	*400 443*
Notary, legal services	*1 027 735*	*821 228*
Consulting, economic, audit	*388 054*	*502 368*
Advertisement	*92 859*	*243 438*
Communication services	*366 460*	*402 421*
Other services	*2 102 581*	*2 656 427*

1.2. Costs of Services, Other Operating Expenses, Finance Costs and Expenses of Extraordinary Scope or Occurrence

Item	*2017*	*2016*
Costs of services provided	-	-
Cost of the auditor, audit firm, of which:	*65 219*	*66 195*
Costs of auditing separate financial statements	*50 219*	*57 868*
Other assurance audit services	-	-
Related audit services	-	-
Tax advisory	*15 000*	*8 327*
Other non-audit services	-	-
Material items of operating expenses	329 631	354 869
Of which:		
Write-off of receivables	*129 049*	*110 844*
Other	*200 583*	*244 025*
Total personnel expenses:	2 389 408	2 484 487
Wages and salaries	*1 727 925*	*1 799 617*
Other expenses for dependent activities		
Social insurance	*590 468*	*606 318*
Social security	*71 015*	*78 552*
Finance costs	-	-
Foreign exchange losses, of which:	*3 673*	*3 472*
Foreign exchange losses as at the reporting date	-	-
Other material items of finance costs, of which:	*4 165 726*	*2 741 796*
Fees for guarantees	*1 881 827*	*1 780 439*
Other	*2 360 629*	*961 357*
Interest expense, of which:	*13 375 900*	*11 997 520*
On loans provided by a foreign private company based in the Netherlands	*13 081 292*	*11 048 377*
On loans provided by Dairewa Properties Limited, based in Cyprus	*292 403*	*942 833*
Other	*2 205*	*6 310*

Other major items of finance costs mainly include other expenses for financial activities related to the adjustment of receivables and revenues in the amount of EUR 1 502 thousand.

VII. INCOME TAX

The income tax rate for 2017 amounts to 22%. The Company applied no tax relief.

Corporate income tax rate amounting to 21%, effective from 1 January 2017, was used for the deferred tax calculation.

Item	*2017*	*2016*
Amount of deferred tax assets recognized as expenses or revenues resulting from a change in the income tax rate	-	-
Amount of deferred tax liabilities recognized as expenses or revenues resulting from a change in the income tax rate	-	-
Amount of deferred tax assets related to tax losses carried forward, unclaimed tax deductions and other claims, as well as temporary differences from prior reporting periods, in respect of which no deferred tax assets were recognized in the prior periods	-	-
Amount of deferred tax liabilities originating due to non-recognition in the current period of a portion of the deferred tax assets recognized in previous reporting periods	-	-
Amount of unclaimed tax losses carried forward, unclaimed tax deductions and other claims, as well as deductible temporary differences, in respect of which no deferred tax assets were recorded	-	-
Amount of deferred income tax related to items recognized directly in equity accounts with no disclosure in revenues and expenses	-	-

Reconciliation of Income Tax

Item	*2017*	*2016*
Current income tax:		
On ordinary activities	*2 886*	*2 890*
On extraordinary activities	-	-
Deferred income tax:		
On ordinary activities	-	-
On extraordinary activities	-	-
Total income tax	**2 886**	**2 890**

	2017			2016		
	Tax Base	***Tax***	***Tax in %***	***Tax Base***	***Tax***	***Tax in %***
Profit/loss prior to taxation	(9 511 780)			(7 427 807)		
Of which:						
Theoretical tax	-	*(2 005 874)*		-	*(1 634 118)*	
Tax non-deductible expenses (permanent differences)	9 285 065	1 949 864	21	1 725 632	379 639	22
Revenues exempt from taxation (permanent differences)	(2 949)	(619)	21	(62)	(14)	22
Effect of an unrecognised deferred tax asset	-	-	-	-		-
Change in the tax rate	-	-	-	-	-	-
Tax licence						
Other (additional tax/adjustment to deferred tax)	-	-	-	-	-	-
Total	**(223 767)**	**(55 391)**	**21**	**(5 702 237)**	**(1 254 493)**	**22**
Current income tax		2 886	-		2 890	-
Deferred income tax		-	-		-	-
Total Income Tax		**2 886**	**-**		**2 890**	**-**

See also Note IV.3.2 on the deferred tax liability/deferred tax asset.

VIII. OTHER ASSETS AND OTHER LIABILITIES

1. Contingent Liabilities

Tax returns remain open and may be subject to a review over a five-year period. The fact that a certain period or tax return related to this period has been subject to review does not eliminate the possibility of this period being subject to a potential further review over the five-year period. Accordingly, as at 31 December 2017, the Company's tax returns for 2013 to 2017 remain open and may be subject to review.

Under current Slovak legislation, the Company is obliged to pay an average one-month salary to retiring employees. The Company has estimated that the amount of this obligation is insignificant. The financial statements do not include any adjustments in this regard.

IX. INCOME AND BENEFITS OF MEMBERS OF STATUTORY, SUPERVISORY AND OTHER BODIES OF THE COMPANY

Type of Income, Benefit	***Amount of Income, Benefits of Current Members of***			***Amount of Income, Benefits of Former Members of***		
	Statutory Bodies	***Supervisory Bodies***	***Other Bodies***	***Statutory Bodies***	***Supervisory Bodies***	***Other Bodies***
	2017			***2017***		
	2016			***2016***		
Monetary income	146 719	60 628	-	-	-	-
	172 540	60 842	-	-	-	-
In-kind income	-	-	-	-	-	-
	-	-	-	-	-	-
Monetary advance payments	-	-	-	-	-	-
	-	-	-	-	-	-
In-kind advance payments	-	-	-	-	-	-
	-	-	-	-	-	-
Borrowings provided	-	-	-	-	-	-
	-	-	-	-	-	-
Guarantees issued and other forms of security	-	-	-	-	-	-
	-	-	-	-	-	-
Total borrowings waived and written off	-	-	-	-	-	-
	-	-	-	-	-	-
Total borrowings repaid	-	-	-	-	-	-
	-	-	-	-	-	-
Total funds used for private purposes	-	-	-	-	-	-
	-	-	-	-	-	-
Other	-	-	-	-	-	-
	-	-	-	-	-	-

X. RELATED PARTIES

Related parties include partners, executives, fellow subsidiaries and Group companies.

Transactions between the aforementioned parties and the Company are made on an arm's length basis and at market prices. The Board of Directors takes all decisions on related party transactions. These transactions are commented on in the relevant notes to the financial statements.

31 December 2017

Related Party	*Transaction Type*	*Receivables*	*Payables*	*Expenses*	*Revenues*
Parent company					
PROFIREAL Group SE	10		159 093	1 881 827	
Entity which has a joint controlling or substantial influence in the reporting entity		-	-	-	-
Subsidiary		-	-	-	-
Joint venture		-	-	-	-
Associate		-	-	-	-
Key management of the reporting entity or its parent company		-	-	-	-
Other related parties					
PROFI CREDIT Czech, a.s.	11		41 489	48 788	26 094
PROFI CREDIT Czech, a.s.	05			282 048	

The transaction type code:
01 – purchase, 02 – sale, 03 – provision of services, 04 – business representation, 05 – licence, 06 – transfer, 07 – know-how, 08 – loan and interest, borrowing, 09 – assistance, 10 – guarantee, 11 – other transaction

31 December 2016

Related Party	*Transaction Type*	*Receivables*	*Payables*	*Expenses*	*Revenues*
Parent company					
PROFIREAL Group SE	10	-	156 375	1 780 439	-
		-	-	-	-
Entity which has a joint controlling or substantial influence in the reporting entity		-	-	-	-
Subsidiary		-	-	-	-
Joint venture		-	-	-	-
Associate		-	-	-	-
Key management of the reporting entity or its parent company		-	-	-	-
Other related parties					
PROFI CREDIT Polska SA	11	1 440	-	-	36 210
PROFI CREDIT Bulgaria EOOD	11	760	-	-	18 189
PROFI CREDIT Czech, a.s.	11	18 023	35 342	351 414	73 110
PROFI CREDIT Czech, a.s	05			65 694	

Payables of the parent company PROFIREAL GROUP SE are recognised in balance sheet line 135 – Other payables (B.IV.10.).

The transaction type code:
01 – purchase, 02 – sale, 03 – provision of services, 04 – business representation, 05 – licence, 06 – transfer, 07 – know-how, 08 – loan and interest, borrowing, 09 – assistance, 10 – guarantee, 11 – other transaction

XI. EVENTS THAT OCCURED BETWEEN THE REPORTING DATE AND THE DATE ON WHICH THE FINANCIAL STATEMENTS WERE AUTHORISED FOR ISSUE

As at the reporting date, there are no known subsequent events that would require adjustments to these financial statements in line with the accounting regulations.

Based on the motion for incorporation of changes in the Business Register, there was a change in the ownership of the 100% share from PROFIREAL Group SE, Delft, Netherlands to Southstream, a. s., Pardubice, Czech Republic on 18 January 2018. Furthermore, the Company's statutory representative Richard Lörincz was replaced by Pavol Antálek on 22 January 2018.

Loan obligations in the principal amount of EUR 80 300 thousand towards an independent private entity based in the Netherlands were transferred to the related party, Southstream Malta Ltd, with effect from 17 May 2018 and negotiations on a significant decrease in the interest rate are underway.

XII. CHANGES IN EQUITY

31 December 2017

Item	Balance as at 1 Jan 2017 Before Correction	Correction	Balance as at 1 Jan 2017 After Correction	Additions	Disposals	Transfers	Balance as at 31 Dec 2017
Registered capital	500 000	-	500 000	-	-	-	500 000
Treasury shares and treasury stock	-	-	-	-	-	-	-
Change in the registered capital	-	-	-		-		-
Amounts receivable for subscribed capital	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-
Other capital funds	-	-	-	-	-	-	-
Legal reserve fund (non-distributable fund) from capital contributions	-	-	-	-	-	-	-
Revaluation reserve from the revaluation of assets and liabilities	-	-	-	-	-	-	-
Revaluation reserve from capital contributions	-	-	-	-	-	-	-
Revaluation reserve from fusions, mergers and separations	-	-	-	-	-	-	-
Legal reserve fund	50 000	-	50 000		-	-	50 000
Non-distributable fund	-	-	-	-	-	-	-
Statutory funds and other funds	-	-	-	-	-	-	-
Retained earnings of previous years	-	-	-	-	-	-	-
Accumulated loss from previous years	(20 009 605)	3 556 769	(16 452 836)	-	-	(7 430 697)	(23 869 923)
Profit/loss for the current period	(7 430 697)	-	(7 430 697)	-	(9 514 666)	7 430 697	(9 514 666)
Paid dividends	-	-	-		-	-	-
Other equity items	-	-	-	-	-	-	-
Account 491 – Sole proprietor's equity	-	-	-	-	-	-	-

As at 1 January 2017, the Company adjusted its approach and methodology for the calculation of provisions for receivables from deceased clients and the impact of written-off receivables on the provision calculation, and recognised a decrease in the provision for receivables by EUR 3 556 769 against equity as a decrease in Accumulated losses from previous years due to a correction of the recognised opening balance of the provisions for assets.

31 December 2016

Item	Balance as at 1 Jan 2016 Before Correction	Correction	Balance as at 1 Jan 2016 After Correction	Additions	Disposals	Transfers	Balance as at 31 Dec 2016
Registered capital	500 000	-	500 000	-	-	-	500 000
Treasury shares and treasury stock	-	-	-	-	-	-	-
Change in the registered capital	-	-	-	-	-	-	-
Amounts receivable for subscribed capital	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-
Other capital funds	-	-	-	-	-	-	-
Legal reserve fund (non-distributable fund) from capital contributions	-	-	-	-	-	-	-
Revaluation reserve from the revaluation of assets and liabilities	-	-	-	-	-	-	-
Revaluation reserve from capital contributions	-	-	-	-	-	-	-
Revaluation reserve from fusions, mergers and separations	-	-	-	-	-	-	-
Legal reserve fund	50 000	-	50 000	-	-	-	50 000
Non-distributable fund	-	-	-	-	-	-	-
Statutory funds and other funds	-	-	-	-	-	-	-
Retained earnings of previous years	-	-	-	-	-	-	-
Accumulated loss from previous years	(9 234 657)	(11 039 375)	(20 274 032)	-	-	264 427	(20 009 605)
Profit/loss for the current period	264 427	-	264 427	-	(7 430 697)	(264 427)	(7 430 697)
Paid dividends	-	-	-	-	-	-	-
Other equity items	-	-	-	-	-	-	-
Account 491 – Sole proprietor's equity	-	-	-	-	-	-	-

As at 1 January 2016, the Company recognised an increase in the provision for receivables in the amount of EUR 5 598 321 in equity as an increase in the Accumulated loss from previous years owing to a change in the method for provision recognition.

As at 1 January 2016, the Company recognised a deferred tax asset totalling EUR 5 441 055 in equity as an increase in the accumulated loss from previous years owing to a change in the recognition method and owing to the uncertain utilisation of deductible differences in the future; this uncertainty already existed in the previous reporting period and has increased as a result of a change in the provisioning method.

XIII. CASH FLOW STATEMENT

The cash flow statement is included in Table 1 in the Appendix.

Cash comprises cash on hand, cash equivalents, and cash at bank, i.e. current accounts, overdraft facility, and a portion of cash in transit.

Cash equivalents comprise current financial assets that are readily convertible at an amount of cash known in advance and subject to an insignificant risk of changes in their value in the next three months, as at the reporting date.

Breakdown of cash and cash equivalents:

Item	*Account*	*31 Dec 2017*	*31 Dec 2016*
Cash	211	3 981	2 481
Stamps and vouchers	213	6 583	7 479
Bank accounts	221	639 033	865 042
Overdraft facility	221	-	-
Total		**649 597**	**875 002**

The Company used the indirect method of presenting cash flows from operations.

Appendices:

Table 1: Cash Flow Statement

Table 1 – Cash Flow Statement

Description	Item	Actual amount in EUR Current Reporting Period	Previous Reporting Period
Cash flows from operating activities			
Z/S	**Profit/loss from ordinary activities before income tax (+/-)**	**(9 511 780)**	**(7 427 806)**
A.1.	**Non-cash transactions affecting profit/loss from ordinary activities before income tax (+/-)**	**10 441 394**	**11 172 887**
	Amortisation and depreciation of non-current intangible and tangible assets (+)	235 262	305 530
	Change in provisions for liabilities (+/-)	(255 764)	135 124
	Change in provisions for assets (+/-)	12 058 427	16 649 344
	Change in expense and revenues accruals (+/-)	(15 071 646)	(18 031 384)
	Interest charged to expenses (+)	13 375 900	11 997 520
	Interest charged to income (-)	(32)	(62)
	Foreign exchange gain/loss quantified to cash and cash equivalents as at the reporting date (-/+)	-	-
	Profit/loss on sales of non-current assets except for those assets considered as cash equivalents (+/-)	(29 802)	(16 908)
	Other non-cash items (+/-)	129 049	133 723
A.2.	**Effect of changes in working capital on profit/loss from ordinary activities**	**8 786 308**	**5 678 531**
	Change in receivables from operations (-/+)	10 238 092	6 067 006
	Change in payables from operations (+/-)	(1 451 784)	(388 475)
	Cash flow from operating activities, except for income and expenditures listed separately in other sections of the cash flow statement (+/-), (total Z/S+A.1.+A.2.)	**9 715 922**	**9 423 612**
	Interest received (+)	32	62
	Interest paid (-)	(13 267 218)	(11 832 108)
	Income tax paid (-/+)	1 475 746	(1 972 112)
A.	**Net cash flow from operating activities**	**(2 075 518)**	**(4 380 546)**
	Cash flow from investing activities		
	Expenditures for acquisition of non-current intangible assets (-)	(12 476)	(23 344)
	Expenditures for acquisition of non-current tangible assets (-)	(2 494)	(9 964)
	Income on sale of non-current tangible assets (+)	143 116	59 760
B.	**Net cash flow from investing activities**	**128 146**	**26 452**
	Cash flows from financing activities		
C.1.	**Cash flows in equity**	**-**	**-**
	Income on subscribed shares and ownership interests (+)	-	-
C.2.	**Cash flows arising on non-current and current payables from financing activities**	**1 721 967**	**4 222 584**
	Income on other non-current and current payables resulting from financing activities of the Company (+)	9 375 001	13 100 000
	Repayment of other non-current and current payables resulting from financing activities of the Company (-)	(7 653 034)	(8 877 416)
C.	**Net cash flows from financing activities**	**1 721 967**	**4 222 584**
D.	**Net increase or net decrease in cash and cash equivalents (+/-) (aggregate A+B+C)**	**(225 405)**	**(131 510)**
E.	Cash and cash equivalents at the beginning of the reporting period	875 002	1 006 512
F.	Cash and cash equivalents at the end of the reporting period prior to reflecting foreign exchange gains/losses quantified as at the reporting date (+/-)	649 597	875 002
G.	Foreign exchange gains/losses quantified to cash and cash equivalents as at the reporting date (+/-)	-	-
H.	**Cash and cash equivalents at the end of the reporting period adjusted for foreign exchange gains/losses quantified as at the reporting date (+/-) (total of D + E + G)**	**649 597**	**875 002**

8. CONTACTS

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35 792 752

Tax ID No.:

SK2021509270