PROFIREAL GROUP SE

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

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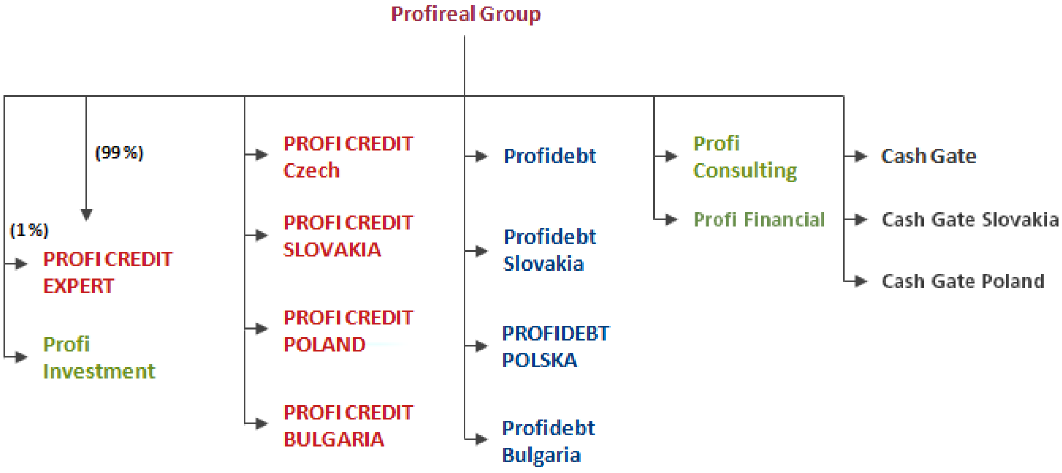
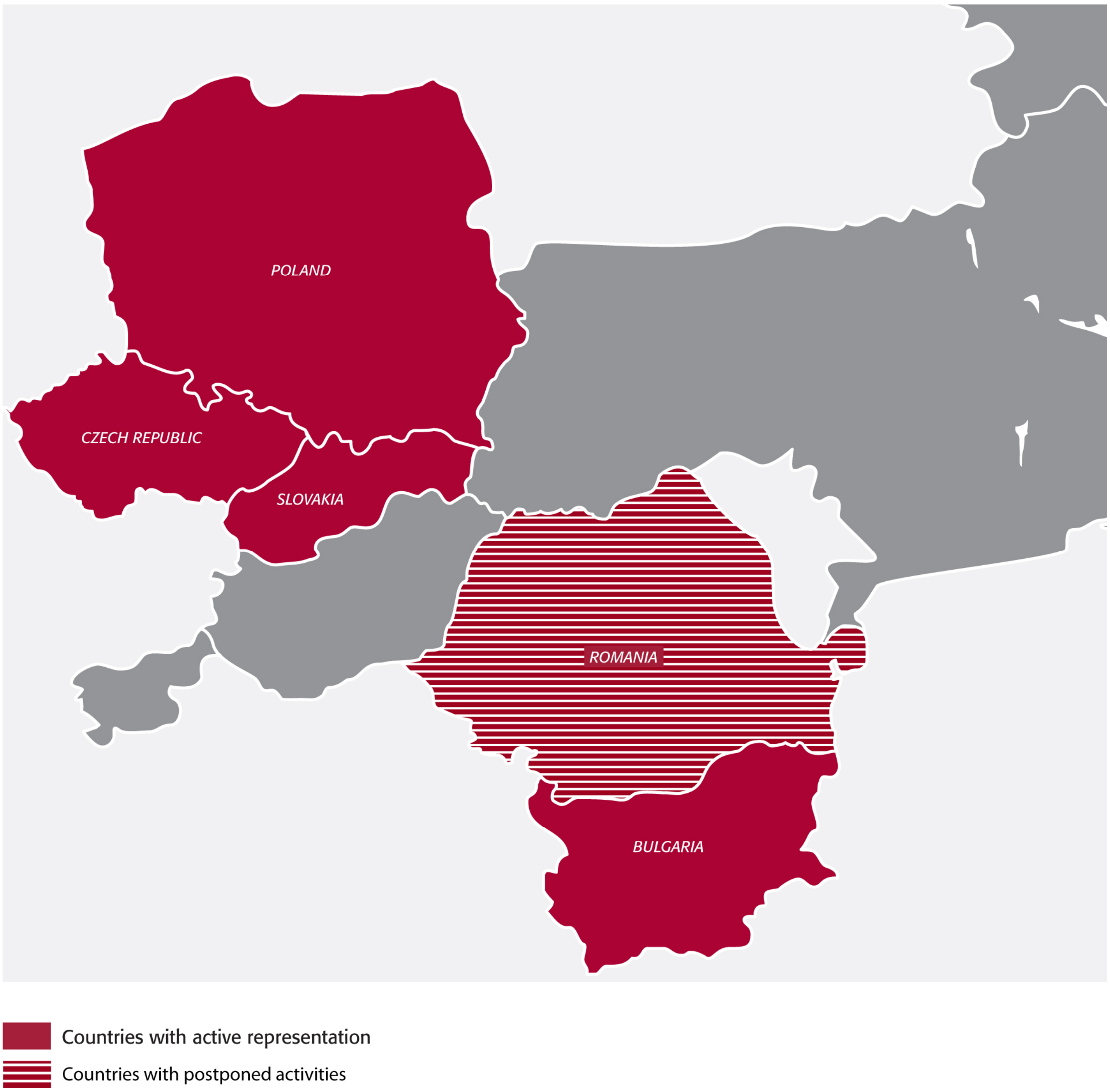
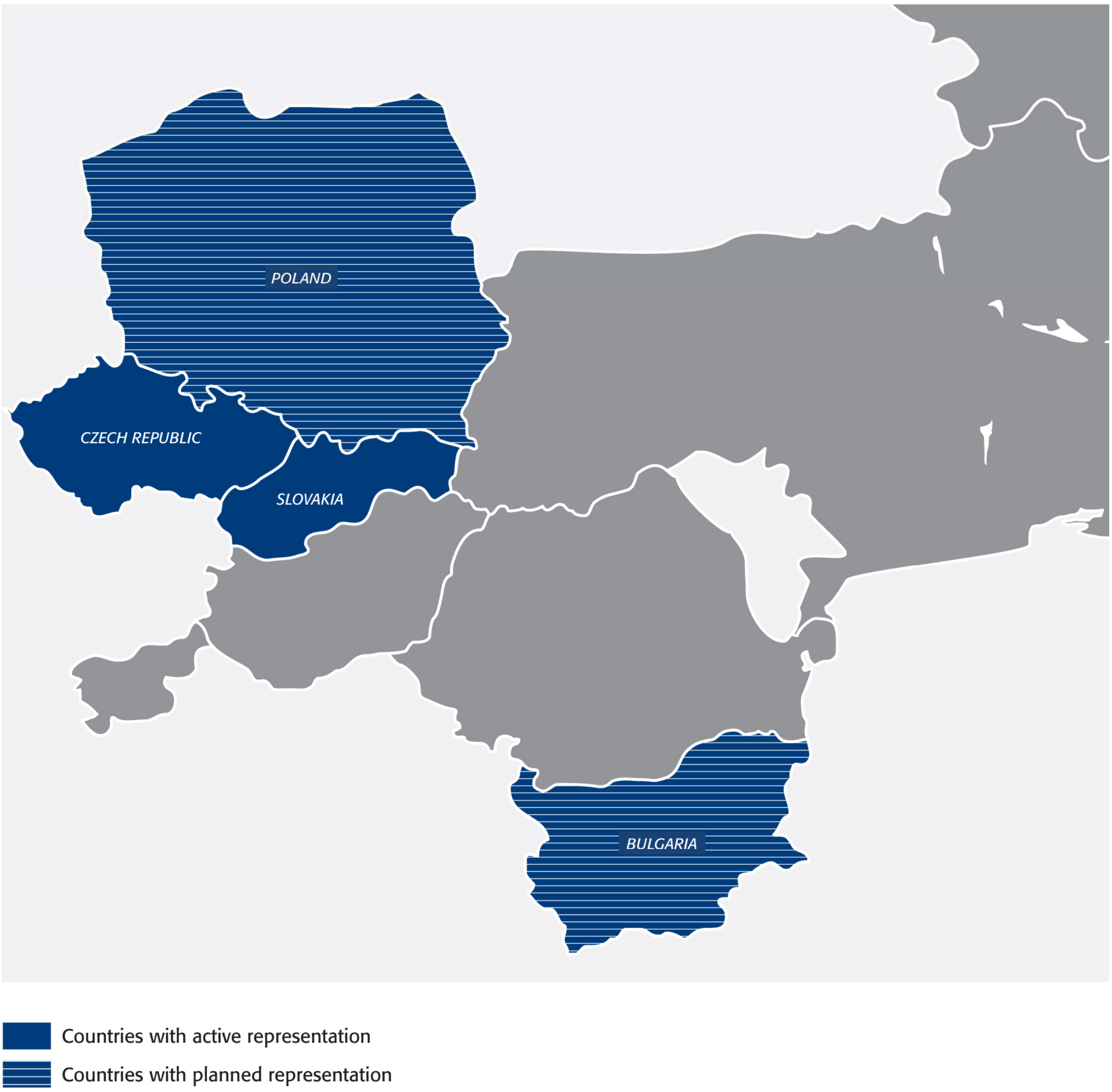
Profireal Group Structure



PROFI CREDIT focuses on countries of Central and Eastern Europe



PROFIDEBT specialises in purchasing, administering and collecting receivables.



Company Bodies

Board of Directors (valid as at December 31, 2012)

David Chour	Chairman
Petr Vrba	Vice-chairman
Karol Jurák	Vice-chairman
Zdeněk Lhotský	Member
Joop Michel	Member
Gerben van den Berg	Member
Dennis Kramer	Member
Hendrik van Wijlen	Member

Subsidiaries

PROFI CREDIT Czech, a.s.
Registered Office
Jindřišská 24/941
110 00 Praha 1

Offices:
Pardubice
Praha
Brno
Ostrava
Mladá Boleslav
České Budějovice

Executives
David Chour
Petr Vrba
Karol Jurák
Rudolf Cejnar
Vladimír Michniewicz

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

Offices:
Bratislava
Banská Bystrica
Košice
Nitra

Executives
Miroslav Jurenka
Petr Vrba
Vladimír Michniewicz (valid through November 1, 2012)
David Říha
Richard Lörincz (valid from November 1, 2012)

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

Offices:
Bielsko-Biala
Wroclaw
Opole
Katowice
Karakow
Lodz
Warszawa
Poznan
Torun
Gdansk
Szcecin
Olsztyn
Bialystok
Kielce

Executives
Petr Vrba
Slawomir Pavlik
Vladimir Michniewicz
Pavel Strnádek

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

Offices:
Pleven
Bourgas
Plovdiv
Sofia

Executives
Petr Vrba
Zdravko Raichev
Nikolay Kolev
David Chour (valid from June 28, 2011)

PROFI CREDIT EXPERT, S.R.L.
Registered Office
Avantgarde Office Building,
54B Iancu de Hunedoara Blvd,
Bucharest, Romania

Offices:
Bucharest

Executives
Tomas Rosenberger
Petr Vrba

Profidebt, s.r.o.
Registered Office
Jindřišská 24/941
110 00 Praha 1

Offices:
Pardubice
Praha

Executives
David Chour
Marian Ganaj
Karol Jurák
Roman Kouba

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

Offices:
Bratislava

Executives
Marcel Mešter
Karol Jurák
Marián Ganaj
Martin Jakub Mlynár

PROFIDEBT POLSKA Sp. z o.o.
Registered Office
ul. Browarna 2
43-300 Bielsko-Biała
Executives
Karol Jurák
Vladimir Michniewicz
Roman Kouba

PROFIDEBT Bulgaria Ltd
Registered Office
49 Bulgaria Blvd.
1404 Sofia
Executives
Zdravko Raychev
Nikolay Kolev
Karol Jurák
Zdeněk Lhotský

PROFI Financial, s. r. o.
Registered Office
Jindřišská 941/24
110 00 Praha, Nové Město

Offices:
Pardubice
Praha

Executives
Petr Vrba (valid through June 4, 2012)
Tereza Kopičová
Jan Matějka (valid through June 4, 2012)
Tomáš Rosenberger (valid from June 4, 2012)
Vladimír Adamík (valid from June 4, 2012)

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

Offices:
Pardubice

Executives
David Chour
Filip Souček
Václav Říha

Cash Gate Polska Sp z o.o.
Registered Office
ul. Browarna 2
43 - 300 Bielsko – Biała

Executives
Vladimir Michniewicz
Petr Vrba
Pavel Strnádek
Slawomir Pawlik

PROFI Investment NL N.V.
Registered Office
Saturnusstraat 25 j
2132 HB Hoofddorp

Executives
David Chour
Zdeněk Lhotský
Dennis Jacobus Marlies Kramer
Winchester Trust & Consultancy B.V.

Cash Gate, s.r.o.
Registered Office
Jindřišská 941/24
110 00 Praha, Nové Město

Offices:
Pardubice
Praha

Executives:
David Chour
Filip Souček
Vladimir Michniewicz
Michal Šrámek

Cash Gate Slovakia, s.r.o.
Registered Office
Pribinova 25
811 09 Bratislava

Executives:
David Chour
Milan Hiebsch
Vladimir Michniewicz

Business Activities

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

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, although these still account for about 8% of the loan book. As at 31 December 2012, PROFI CREDIT’s loan portfolio amounted to EUR 378 million (an increase of 21% compared to 2011). Historically, PROFI CREDIT has provided more than 689 thousand private individual loans and almost 9 thousand business loans, respectively.

PROFIDEBT is a debt collection and recovery business focusing on retail receivables with market presence in the Czech Republic and Slovakia. PROFIDEBT operates commercially independently of PROFI CREDIT and has developed a sustainable business with third parties, including banks, consumer finance providers, telecommunication operators and energy suppliers. As at 31 December 2012, PROFIDEBT managed receivables with a nominal value exceeding EUR 398 million (an increase of 26% compared to 2011).

In 2012, the consolidated profit after tax of the financial group was EUR 8.2 million.

The PROFIREAL Group focuses on sustainable growth and intends to invest EUR 1.16 million in research and development in 2013.These costs are mainly related to the development of a new information system. In addition to this amount, the Group’s investments are expected to reach EUR 3.06 million. Planned investments are to be used for the purchase of assets. The Group does not plan on making any significant changes in the workforce.

Report of the Board of Directors

In 2012, the PROFIREAL Group division provided its clients with loans and credits totalling EUR 225.4 million through its PROFI CREDIT division, which is a 45 percent increase from 2011 when it provided loans amounting to EUR 155.9 million. Since 2000, PROFIREAL Group has lent its clients more than EUR 1.3 billion. In 2012, 98,910 clients received a loan or credit from the PROFIREAL Group and the average credit amount was EUR 2,279.

In 2012, the PROFIDEBT division purchased receivables representing EUR 54.48 million. Since 2005, PROFIDEBT has purchased EUR 327.9 (267.07) million (converted using the CZK/EUR exchange rate effective as of 31 December 2012).

Results

The PROFIREAL Group continued to focus on several personnel projects supporting employee effectiveness and skills development. The programme targeting talented university students that was continuing to facilitate the recruitment of new employees was again very successful. The PROFIREAL Group continued to focus on optimising business processes.

Increasing the quality of the scoring system and extending the training system for credit advisors (external employees) are steadily our preferences. The number of credit advisors increased by 14 percent from 2011 to 2012, which represented 3,568 credit advisors by the end of 2012.

The number of collection specialists in PROFIDEBT's receivables management is 237, which is an increase of 101% from 2011. We permanently work on improving the entire process of receivables management.

The total consolidated assets of the financial group increased by 21 percent, from EUR 226.6 million at the end of 2011 to EUR 273.7 million. The total consolidated revenues of the financial group went up by 23 percent from 2011 to 2012, amounting to EUR 122.42 million.

In 2012, the consolidated profit before tax of the financial group was EUR 11.01 million (in 2011, it was a loss of EUR 4.1 million). The consolidated net profit of the Group in 2012 was EUR 8.23 million (in 2011, it was a loss of EUR 6.4 million). The aggregate consolidated accumulated loss in 2012 amounted to EUR 180.8 million, of which EUR 158 million represents a loss that arose from the revaluation as part of the Group restructuring which took place in 2007.

As of 31 December 2012, the Group reported a deficit on its equity of EUR 10.99 thousand (a deficit of EUR 18.5 thousand as of 31 December 2011). The deficit on equity was incurred due to the initial costs of forming foreign Group entities and initiating their business activities but also due to the limited financing over the last years as a result of the global crisis. The Group's management anticipates that the deficit on equity will be offset against future profits the Group plans to generate as was the case in the year 2012.

Risk management and financial instruments

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

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

- ***Credit risk***

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

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

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

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

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

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

- **Liquidity risk**

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

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

- **Interest rate risk**

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

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

- **Currency risk**

Currency risk includes the risk of the change in the value of financial instrument as a result of a change in market foreign currency rates and potential impact of these changes in the profit and loss. The table in Note 30 d) to the financial statements shows the structure of assets and liabilities in the Group.

The Group is not exposed to the currency risk. PROFI CREDIT Poland is the only exception. The company has drawn a credit in EUR and provides loans in PLN. Instalments to the creditor are paid in EUR. In 2012 PROFI CREDIT Poland changed the conditions of this loan contract and started to draw the credit in CZK that is less volatile than EUR in relation to PLN.

- **Operational Risks**

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

- **Capital Risks**

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

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

- **Compliance Risks**

Internal procedures and training aimed at keeping knowledge of laws and regulations up to date:

- Ethical code and whistle-blower code;
- Compliance with the ethical code is discussed with employees at least once a year; and
- Procedures aimed at hiring ethical staff (including references).

Business Outlook for the Coming Years

For the 2013 financial year, the Group will continue seeking long-term diversified funding for all group companies, which is an issue of the Group's increasing profitability. This factor is closely connected with the necessity to find additional financial sources for the future growth of business of all the Group's companies. The Company will continue in ensuring adequately expensive and stable financial sources. Management will carefully monitor each subsidiary with the aim of controlling costs and cut off all non-profitable activities. In 2013, Group companies will continue implementing a cost reduction programme that will affect the number of personnel in line with revenue developments in each subsidiary. To ensure a sufficient future financial result, Group companies will persistently focus on maintaining the quality of the portfolio and reasonable risk management and will continue to take advantage of opportunities arising from the purchase of non-performing debts. In addition, the Profireal Group will emphasise projects focused on new product development that will target additional potential customers and clients from the retail and small business sector.

In 2012, companies in the Group managed to conclude loan contracts with banking and non-banking entities for the aggregate amount of up to EUR 10 million. In the first half of 2013, companies in the Group obtained other loan contracts in the approximate amount of EUR 23 million. The main part of this amount is covered by new credit lines provided by a current non-banking creditor. Given that both sides are satisfied with the cooperation started with banking and non-banking entities in 2011 and 2012, the PROFIREAL Group commenced another negotiation with these creditors with the aim of funding the Polish entity. At this time, the development of the negotiations is very positive and we anticipate concluding the loan documentation in the amount of EUR 20 million in the first half of 2013 on the basis that the first drawing under this credit line is expected in June 2013. The main part of this loan will be used for the direct funding of loans and borrowings newly provided to clients. There could also be an increase in the credit line for the Slovak entity in the amount EUR 8 million and a new credit line in the amount of EUR 6 million for the Bulgarian entity, which is currently the main point of negotiations of both parties.

FINANCIAL PART

Consolidated Financial Statements
Prepared in Accordance with International Financial Reporting Standards
as Adopted by the EU
for the Year Ended 31 December 2012

Consolidated Statement of Comprehensive Income

	NOTE	Year ended 31 December 2012 EUR '000	Year ended 31 December 2011 EUR '000
Interest income	5	101 771	85 412
Interest expenses	5	-36 151	-32 886
Net interest income		**65 620**	**52 526**
Provisions for credit risks	6	-24 546	-23 811
Net interest income after provisions for credit risks		**41 074**	**28 715**
Net fees and commissions	7	-5 601	-6 199
General administrative expenses	8	-33 684	-27 823
Net insurance income	9	8 174	7 208
Other operating income/(expenses), net	10	1 041	-6 008
Profit/Loss before taxation		**11 004**	**-4 107**
Income tax	11	-2 775	-2 274
Profit/Loss after taxation		**8 229**	**-6 381**
Profit/Loss for the period		**8 229**	**-6 381**
Other comprehensive income, net of income tax			
Exchange differences on translating foreign operations		-712	895
Total comprehensive income for the year		**7 517**	**-5 486**

Consolidated Statement of Financial Position

	NOTE	31 December 2012 EUR '000	31 December 2011 EUR '000
Cash and balances with banks	13	2 922	3 074
Loans and advances to customers (net)	14	259 474	216 977
Deferred expenses and accrued income and other assets	15	6 740	2 907
Income tax	11	36	362
Intangible assets (net)	16	910	417
Property and equipment (net)	17	3 608	2 877
Total assets		**273 690**	**226 614**
Amounts owed to loan advisors	18	6 781	6 852
Liabilities arising from finance leases	19	694	459
Bank loans and overdrafts	21	9 041	14 151
Other received loans	22	234 731	196 902
Tax liabilities	11	868	246
Deferred tax liabilities	20	2 798	3 859
Other liabilities	24	20 560	16 443
Provisions	23	9 203	6 205
Total liabilities		**284 676**	**245 117**
Share capital	26	9 000	9 000
Share premium		150 032	150 032
Foreign currency translation reserve	27	2 545	3 257
Accumulated loss		-180 792	-174 411
Profit or loss for the current period		8 229	-6 381
Total equity		**-10 986**	**-18 503**
Total liabilities and equity		**273 690**	**226 614**

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

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Foreign currency translation reserve	Accumulated loss	Result of the period	Total
Balance at 1 January 2011	**9 000**	**150 032**	**2 362**	**-165 814**	**-8 632**	**-13 052**
Appropriation of net result				-8 632	8 632	**0**
Correction of net result				35		**35**
Result for the period					-6 381	**-6 381**
Other comprehensive income			895			**895**
Comprehensive income for the period			**895**		**-6 381**	**-5 486**
Balance at 31 December 2011	**9 000**	**150 032**	**3 257**	**-174 411**	**-6 381**	**-18 503**
Appropriation of net result				-6 381	6 381	**0**
Result for the period					8 229	**8 229**
Other comprehensive income			-712			**-712**
Comprehensive income for the period			**-712**		**8 229**	**7 517**
Balance at 31 December 2012	**9 000**	**150 032**	**2 545**	**-180 792**	**8 229**	**-10 986**

Consolidated Statement of Cash Flows

	NOTE	2012 EUR '000	2011 EUR '000
OPERATING ACTIVITY			
Profit/(loss) before tax		11 004	-4 107
Adjustments for non-cash transactions:			
Depreciation of property and equipment		741	737
Amortisation of intangible assets		124	142
Impairment of assets		0	324
Gain on the sale of property and equipment		-18	-
Increase/(decrease) in provisions		27 256	24 887
Financial expenses		36 614	32 886
Other non-cash changes		-584	-254
Cash flow from operating activities before changes in working capital		75 137	54 281
Increase in receivables		-70 875	-34 458
Increase in payables		4 046	2 317
Cash flow from operating activities		8 308	22 140
Income tax paid		-3 422	-2 596
Interest paid		-35 657	-31 895
NET CASH FLOW FROM OPERATING ACTIVITIES		**-30 771**	**-12 351**
INVESTING ACTIVITIES			
Acquisition of new companies		-13	8
Purchases of property and equipment		-1 745	-767
Sale of assets		0	0
NET CASH FLOW FROM INVESTING ACTIVITIES		**-1 758**	**-759**
FINANCING ACTIVITIES			
Payments of liabilities arising from finance leases		-347	-342
Net increase/(decrease) in bank loans		-5 110	-10 381
Net increase/(decrease) in other loans		37 828	23 684
NET CASH FLOW FROM FINANCING ACTIVITIES		**32 371**	**12 961**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**-157**	**-149**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**3 074**	**3 234**
Impact of exchange differences on cash and cash equivalents		5	-11
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**13**	**2 922**	**3 074**

1. General Information

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

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

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

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

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

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

Until 8 February 2011 the registered office of the Company was located at Arlandaweg 12, 1043 EW Amsterdam, the Netherlands.

From 8 February 2011 the registered office of the Company waslocated at Saturn Building, Saturnsstraat 25 j, 2132 HB Hoofddorp, the Netherlands.

Since 1 July 2012 the registered office of the Company has been located at Martinus Nijhofflaan 2,17th floor, 2624 ES Delft, the Netherlands. The registered office of the Company was changed to Delft as most of the board members are based there and therefore most activities were carried out in Delft.

2. Principal Activities

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

The principal activities of the Group are as follows:

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

Principal activities of the controlled companies as of 31 December 2012:

Name of the entity	Direct holding %	Principal activity	Registered office
PROFI CREDIT Czech, a.s.	100.0	Provision of loans and borrowings	Praha, Czech Republic
PROFI CREDIT Slovakia, spol. s r. o.	100.0	Provision of loans and borrowings	Bratislava, Slovakia
PROFI CREDIT Polska Sp. z o. o.	100.0	Provision of loans and borrowings	Bielsko Biala, Poland
PROFI CREDIT Bulgaria EOOD	100.0	Provision of loans and borrowings	Sofia, Bulgaria
Profidebt, s.r.o.	100.0	Trading with receivables and debts	Praha, Czech Republic
Profidebt Slovakia, s.r.o.	100.0	Trading with receivables and debts	Bratislava, Slovakia
Profidebt Polska Spolka Z O.O.	100.0	Trading with receivables and debts	Bielsko Biala, Poland
Profiserwis Polska Spolka Z O.O.	100.0	Servicing	Bielsko Biala, Poland
PROFI Consulting, s.r.o.	100.0	Provision of services	Pardubice, Czech Republic
PROFI Financial, s.r.o.	100.0	Provision of services	Praha, Czech Republic
Profidebt Bulgaria, EOOD	100.0	Trading with receivables and debts	Sofia, Bulgaria
PROFI CREDIT EXPERT S.R.L	99.0	Provision of loans and borrowings	Bucharest, Romania
Profi Investment, N.V.	100.0	Financial activities	Amsterdam, Netherlands
Cash Gate, s.r.o.	100.0	Provision of loans and borrowings	Praha, Czech Republic
Cash Gate Slovakia, s.r.o.	100.0	Provision of loans and borrowings	Bratislava, Slovakia

Name of the entity	Indirect holding %	Principal activity	Registered office
PROFI CREDIT EXPERT S.R.L.	1.0	Provision of loans and borrowings	Bucharest, Romania

During 2009, the Company transformed its registered shares to bearer shares. Management of the Company discloses the structure of shareholders on the basis of the information available at the moment of the share's transformation. Management is not aware of any subsequent changes in the ownership structure.

Mr David Beran is the ultimate controlling party of the Group.

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

3. Significant Changes in the Group in the Year Ended 31 December 2012

In February 2012, a new subsidiary Cash Gate, s.r.o. was founded, the purpose being to cover the market niche in respect of cash, small and short personal loans.

In October 2012 a new subsidiary **Cash Gate Slovakia, s.r.o. was founded, the purpose being to cover the market niche in respect of cash, small and short personal loans in the future. With the same purpose as mentioned above was renamed existing subsidiary PROFI SERWIS Polska Sp. z o.o. to Cash Gate Polska Sp z o.o. in October 2012.**

4. Principal Accounting Policies

Going Concern Assumption

The Group has been hit by the global financial and economic crisis influencing the sector severely. The Group is exposed to increased risk mainly due to limited financing in the last two years and increased underlying credit risk from its loans. As of the balance sheet date, the Group was not in breach of any covenants underlying the provision of the loans and was not in default on the repayment of the loans. Despite the profit in 2012 the Group reported a deficit on its equity of EUR 8,300 thousand.

Herein presented consolidated financial statements for the year ended 31 December 2012 are based on the current best estimates and the management of the Group believes that they give a true and fair view of the Group's financial results and financial position, using all relevant and available information at the reporting date.

The Group believes that, as of the balance sheet date, the Group has adequate resources to repay its liabilities on a timely basis or is negotiating extension with the necessary level of probability to succeed. In the contrary case, management has prepared contingency plans for maintaining sufficient cash flows for the Group entities to continue running their businesses. The majority of the loan facility from the non-banking entity was prolonged in 2012 through 31 December 2015. In addition, the Company obtained in 2012 additional funds to finance the future development of sales in the following years.

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

Basis of the Preparation of the Consolidated Financial Statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union.

The consolidated financial statements include a consolidated statement of financial position, a consolidated statement of comprehensive income, a consolidated statement of changes in shareholders' equity, a consolidated cash flow statement and notes to the consolidated financial statements containing accounting policies and explanatory disclosures.

The consolidated financial statements were prepared on the accruals basis of accounting whereby the effects of transactions and other events are recognised when they occur and are reported in the financial statements of the periods to which they relate, and on the going concern assumption.

These consolidated financial statements have been prepared under the historical cost convention as modified by the remeasurement to fair value when required by IFRS.

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

These consolidated financial statements are presented in thousands of Euros ("EUR '000"), unless stated otherwise.

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

Basis of Consolidation

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

The consolidated financial statements include the financial statements of companies in which the Company exercises controlling influence (subsidiary undertakings) and which are prepared as of 31 December 2012. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

All significant intra-group transactions, related balances, income and expenses are eliminated from the consolidated statement of financial position and consolidated statement of comprehensive income upon consolidation.

The Company has no associates..

The Company accounts for all business combinations using the acquisition method. Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value .

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

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

Income and Expense Recognition

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

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

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

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

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

Non-interest expenses are recognised on an accruals basis.

Insurance Services

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

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

The insurance contract itself is separated from the Bonus product and reported separately in accordance with the requirements arising under IFRS 4. Initial recognition of insurance premium is recorded as deferred income in the line ‘Other liabilities’ and released over the life of insurance to the income statement. Income and expenses relating to insurance services are disclosed in ‘Net insurance income’.

Provision for insurance claims

Claims and loss adjustment expenses are charged to the income statement as incurred based on the estimated liability for compensation owed to contract holders.

The following method is used to determine the provision for outstanding claims:

The provision is calculated based on statistical methods. Estimates of expected losses are developed using historical claims experience, actual versus estimated claims experience and other known trends and developments.

Leases

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

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

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

Foreign Currency Translation

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

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

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

Taxation

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

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

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

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

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

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

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

Property and Equipment and Intangible Assets

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

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

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

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

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

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

Impairment of Tangible and Intangible Assets

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

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

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

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

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

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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

Loans and Advances to Customers

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

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

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

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

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

Cash and Cash Equivalents

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

Bank and Other Loans

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

Amounts Owed to Customers

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

Provisions

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

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

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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

Provisions against Losses arising from Loans and Advances

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

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

Uncertainty about the Impact of the Global Financial Crisis

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

The presented consolidated financial statements for the year ended 31 December 2012 are based on the current best estimates and management of the Group believes that they give the truest and fairest view of the Group's financial results and financial position using all relevant and available information at the consolidated financial statements date.

Changes in Accounting Policies in 2012

Standards and interpretations that have a significant impact on the amounts reported in the reporting period (or in prior reporting periods)

In the year ended 31 December 2012, the Group did not start to use standards and interpretations the use of which would have a significant impact on the consolidated financial statements.

Standards and interpretations the adoption of which has no significant impact on the consolidated financial statements of the Group

- IFRIC 14 – revised standard, Minimum Funding Requirements (effective 1 January 2011).

Standards and interpretations that were issued, but have not been applied

As of the approval date of these consolidated financial statements, the following standards and interpretations were issued but not yet effective:

- IFRS 7 – Financial Instruments: Disclosures - revised standard, amendments enhancing disclosures about transfers of financial assets (effective 1 July 2011);

- IFRS 7 – Financial Instruments: Disclosures - revised standard, amendments enhancing disclosures about the offsetting of financial assets and financial liabilities (effective 1 January 2013);

- IFRS 9 – Financial Instruments (from 2010) (effective 1 January 2015);

- IFRS 10 – Consolidated Financial Statements (effective 1 January 2014);

- IFRS 11 – Joint Arrangements (effective 1 January 2013);

- IFRS 12 – Disclosure of Interest in Other Entities (effective 1 January 2014);

- IFRS 13 – Fair Value Measurement (effective 1 January 2013);

- IAS 1 – Presentation of Financial Statements – revised standard (effective 1 July 2012);

- IAS 12 – Income Taxes – revised standard (effective 1 January 2012);

- IAS 19 – Employee Benefits – revised standard, post-employee benefits and termination of benefits projects (effective 1 January 2013);

- IAS 27 – Separate Financial Statements – re-issued standard (effective 1 January 2014);

- IAS 28 – Investments in Associates – re-issued standard (effective 1 January 2014); and

- IAS 32 – Financial Instruments: Presentation – revised standard, the offsetting of financial assets and financial liabilities (effective 1 January 2014).

These standards are not yet effective as of the reporting date. Endorsement by the EU is expected by the time the standards and interpretations become effective.

The Group considers that the impact of adopting the standards and interpretations that will become effective after 1 January 2013 will not have a material impact on the financial statements for the year ending 31 December 2013, including comparative information.

5. Net Interest Income

	2012 EUR '000	2011 EUR '000
Interest income		
- from loans and advances to financial institutions	32	144
- from loans to customers	101 739	85 268
Total interest income	**101771**	**85 412**
Interest expenses		
- from loans and advances from financial institutions	447	1 390
- from amounts owed to non-financial institutions	35 704	31 496
Total interest expenses	**36 151**	**32 886**
Total net interest income	**65 620**	**52 526**

Interest income from the loans to customers includes interest arising both from loans to customers and from debt recovery efforts.

6. Provisions for Credit Risks

	2012 EUR '000	2011 EUR '000
Charge for provisions for the period	24 546	23 811
Release of provisions for the period	0	0
Net charge for provisions	24 546	23 811
Total provisions for credit risk	**24 546**	**23 811**

7. Net Fees and Commissions

Net fees and commissions include:

	2012 EUR '000	2011 EUR '000
Fee and commission expense for services and transactions	8 666	8 586
Fee and commission income from services and transactions	3 065	2 387
Total net fees and commissions expense	**-5 601**	**-6 199**

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

8. General Administrative Expenses

Structure of general administrative expenses:

	2012 EUR '000	2011 EUR '000
Staff costs		
Payroll costs	12 897	10 450
Social security contributions	3 258	2 704
Other staff costs and payments made to the members of management	1 023	508
Total staff costs	**17 178**	**13 663**
Other administrative expenses		
Data processing expenses	717	440
Office lease expenses	1 776	1 563
Business transactions expenses	147	121
Advertising and marketing expenses	3 629	2 765
Advisory and legal services expenses	3 011	3 056
Sundry administrative expenses	6 361	5 336
Total other administrative expenses	**15 641**	**13 281**
Depreciation of assets		
Amortisation of intangible assets (refer to Note 16)	124	142
Depreciation of property and equipment (refer to Note 17)	741	737
Total	**865**	**880**
Total general administrative expenses	**33 684**	**27 823**

Sundry administrative expenses include mainly telecommunication and postal expenses in the amount of EUR 1 281 ths. (2011: 1 049ths.), consumption of material in the amount of EUR 711 ths.(2011: 859ths.) and representation expenses in the amount of EUR 626 ths. (2011: 488ths.)

The Group had 650 employees as of 31 December 2012 (2011 – 605), all employees are employed outside the Netherlands.

Advisory and legal services expenses include the fee paid to the Group auditor. The total compensation paid to the Group auditor is as follows.

EUR'000	Deloitte Accountants B.V.	Other Deloitte firms	Total 2012	Total 2011
Audit fees	28	247	275	261
Audit related fees	0	13	13	47
Tax advisory	0	32	32	12
Other non-audit fees	0	0	0	0
Total	**28**	**292**	**320**	**320**

9. Net Insurance Income

	2012 EUR '000	2011 EUR '000
Net earned insurance	10 078	8 891
Costs of insurance claims	1 904	1 683
Total net insurance income	**8 174**	**7 208**

Insurance income relates to the BONUS product, which is offered by the Group companies. The deferral of instalments under predetermined conditions is possible and it is compensated for by a higher price of the product. Under IFRS 4, this product meets the definition of a ‘hidden insurance contract’, therefore the difference between the standard product and the BONUS product is recognised as insurance income.

The increase in the insurance income in the year ended 31 December 2012 is due to the increase in the volume of BONUS product provided loans.

10. Other Operating Income/(Expenses), net

	2012 EUR '000	2011 EUR '000
Gain from the sale of assets	-18	-12
Income from other services	276	213
Received compensation of deficits and damage	50	18
Sundry operating and financial income	7 195	2 860
Total other operating income	**7 503**	**3 079**
Charge for provisions	69	47
Gain/Loss from the disposal and impairment of assets	-289	828
Deficits and damage, fines and penalties	40	-36
Sundry operating expenses	4 967	6 324
Other taxes	1 675	1 924
Total other operating expenses	**6 462**	**9 087**
Total other operating income/(expenses) net	**1 041**	**-6 008**

In 2012 “Sundry operating and financial income” include the foreign exchange profit of PROFI CREDIT Poland exceeding the amount EUR 3.8 million.

Sundry operating expenses include mainly provision for withholding tax and related tax appurtenances in the amount of EUR 2 686 ths. (2011: 0 ths.) described in note 23 and legal fees in the amount of EUR 1 076 ths. (2011: 863).

11. Income Tax

	2012	2011
	EUR '000	**EUR '000**
Income tax charge/(credit):		
Tax payable charged to expenses	3 885	2 076
Deferred tax recognised in expenses/(income) with respect to origination and recognition of temporary differences	-1 110	198
Total tax recognised in expenses/(income)	**2 775**	**2 274**

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

In the following table, the Company used the rate for the calculation of tax in the amount used in individual countries where the Company operates.

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

	2012	2011
	EUR '000	**EUR '000**
Profit/(loss) before tax	13 690	-4 107
Tax at the local tax rate in the Netherlands of 25% (2011: 25%)	81	188
Tax at the local tax rate in the Czech Republic of 19% (2011: 19%)	654	388
Tax at the local tax rate in the Slovak Republic 19% (2011: 19%)	449	-49
Tax at the local tax rate in Poland of 19% (2011: 19%)	1 361	-941
Tax at the local tax rate in Bulgaria of 10% (2011: 10%)	22	-171
Tax at the local tax rate in Romania of 16% (2011: 16%)	0	0
Tax effect of non-tax deductible expenses in determining taxable profit	942	2 415
Tax effect of the utilisation of tax losses that were not previously recognised	376	246
Recognised deferred tax	-1 110	198
Income tax for the period	**2 775**	**2 274**
Effective tax rate	**20.3 %**	**-55.3%**

12. Dividends

In 2012 and 2011, the General Meeting decided not to declare and pay out any dividends.

13. Cash and Cash at Bank

	2012 EUR '000	2011 EUR '000
Cash	390	306
Deposits at bank	2 532	2 768
Total cash and cash at bank	**2 922**	**3 074**

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

14. Loans and Advances to Customers (net)

a) Total loans and advances to customers (net)

	2012 EUR '000	2011 EUR '000
Loans to customers	323 144	257 289
Other advances to customers	54 540	53 765
Gross loans and advances to customers	**377 684**	**311 053**
Provisions for loans to customers	117 644	93 657
Provisions for other advances to customers	566	419
Total loans and advances to customers (net)	**259 474**	**216 977**

Loans to customers in the amount of EUR 259,474 thousand (2011: EUR 216,977 thousand) include receivables acquired from third parties by the PROFIDEBT division. The carrying amount of these receivables was EUR 30,780 thousand as of 31 December 2012 (2011: EUR 31,665 thousand) and the nominal value of these receivables was EUR 398 million (2011: EUR 317 million).

The receivable in the amount of EUR 259,474 thousand is divided into the long-term receivable in of EUR 63,121 thousand and the short-term receivable of EUR 196,353 thousand.

b) Structure of the loan portfolio

The loan portfolio of the Group as of 31 December 2012 includes the following allocation to categories:

	Gross EUR '000	Collateral used EUR '000	Exposure not secured by collateral EUR '000	Provisions EUR '000	Carrying amount EUR '000	Provisions %
Non-impaired	187 202	0	187 202	695	186 507	1%
Impaired	190 482	0	190 482	117 516	72 967	62%
Total	**377 684**	**0**	**377 684**	**118 211**	**259 474**	**31%**

The loan portfolio of the Group as of 31 December 2011 includes the following allocation to categories:

	Gross EUR '000	Collateral used EUR '000	Exposure not secured by collateral EUR '000	Provisions EUR '000	Carrying amount EUR '000	Provisions %
Non-impaired	143 755	0	143 755	1 085	142 670	1%
Impaired	167 298	0	167 298	92 991	74 308	56%
Total	**311 053**	**0**	**311 053**	**94 076**	**216 977**	**30%**

Advanced loans are usually collateralised by a blank promissory note in favour of the creditor and an aval by the co-debtor and are, therefore, considered with a zero value.
The structure of loans by categories of customers is as follows:

	2012 EUR '000	2011 EUR '000
Loans to retail customers	250 936	212 821
Loans to corporate customers	8 538	4 156
Total	**259 474**	**216 977**

The structure of loans by geographical area is as follows:

	2012 EUR '000	2011 EUR '000
Czech Republic	120 209	116 376
Slovakia	70 623	53 498
Poland	48 522	32 395
Bulgaria	20 120	14 706
Romania	0	0
Total	**259 474**	**216 977**

Aging analysis of loans:

	Before due dates EUR '000	1-90 days EUR '000	91-180 days EUR '000	181 days and more EUR '000	Total EUR '000
Loans at 31 Dec 2012	186 059	7 254	3 271	62 890	**259 474**
Loans at 31 Dec 2011	142 816	5 445	3 273	65 443	**216 977**

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

c) Provisions for loans and advances

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

	2012 EUR '000	2011 EUR '000
Provisions for loans and advances at 1 January	**94 076**	**77 569**
Charge for provisions	24 546	23 811
Release of provisions	0	0
Net charge for provisions	**24 546**	**23 811**
Use of provisions for the write-off and assignment of amounts due	2 735	2 921
Impact of translation to EUR	2324	-4 383
Provisions for loans and advances at 31 December	**118 211**	**94 076**

Provisions against loans and receivables from customers by categories:

	2012 EUR '000	2011 EUR '000
Individually impaired	0	0
Collectively impaired	118 211	94 076
Total	**118 211**	**94 076**

15. Deferred Expenses and Accrued Income and Other Assets

	2012 EUR '000	2011 EUR '000
Deferred expenses	3 763	376
Accrued income	127	98
Estimated receivables	11	4
Trade receivables	533	529
Short-term prepayments made	944	1 030
Other non-current financial assets	7	7
Goods	31	61
Other loans in the Group	682	401
Others	642	401
Total	**6 740**	**2 907**

Increase in deferred expenses in 2012 is caused by prolongation of maturity on received loans. This prolongation includes fees, which are deffered for the period of loan prolongation

16. Intangible Assets

	Software EUR '000	Intangible assets under construction EUR '000	Other intangible assets EUR '000	Total EUR '000
Balance at 31 December 2010	**1 011**	**130**	**139**	**1 280**
Additions	49	153	4	206
Impact of translation to EUR	-22	-13	-3	-38
Disposals	0	18	67	85
Balance at 31 December 2011	**1 038**	**252**	**73**	**1 363**
Additions	90	636	35	761
Impact of translation to EUR	2	0	0	2
Disposals	0	134	0	134
Balance at 31 December 2012	**1 130**	**754**	**108**	**1 992**
ACCUMULATED AMORTISATION				
Balance at 31 December 2010	**709**	**60**	**105**	**874**
Amortisation for the period	113	15	15	143
Impact of translation to EUR	3	-4	4	3
Eliminated on Disposal	0	4	70	74
Balance at 31 December 2011	**825**	**67**	**54**	**946**
Amortisation for the period	94	15	16	125
Impact of translation to EUR	13	1	0	14
Eliminated on Disposal	0	3	0	3
Balance at 31 December 2012	**932**	**80**	**70**	**1 082**
NET BOOK VALUE				
Balance at 31 December 2011	**216**	**183**	**19**	**417**
Balance at 31 December 2012	**198**	**674**	**38**	**910**

17. Property and Equipment

	Land and buildings EUR '000	Assets under construction EUR '000	Equipment, fixtures and fittings EUR '000	Prepayments for tangible assets EUR '000	Total EUR '000
COST OR VALUATION					
Balance at 31 December 2010	**2 018**	**4**	**5 645**	**0**	**7 667**
Additions	0	250	692	0	942
Impact of translation to EUR	-57	-1	-234	0	-292
Disposals	0	181	211	0	392
Balance at 31 December 2011	**1 961**	**72**	**5 892**	**0**	**7 925**
Additions	0	658	1 421	0	2 079
Impact of translation to EUR	50	-1	201	0	250
Disposals	0	535	755	0	1 290
Balance at 31 December 2012	**2 011**	**194**	**6 759**	**0**	**8 964**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
Balance at 31 December 2010	**649**	**0**	**4 012**	**0**	**4 661**
Depreciation for the year	43	0	693	0	736
Impact of translation to EUR	-20	0	-173	0	-193
Eliminated on disposal	0	0	156	0	156
Balance at 31 December 2011	**672**	**0**	**4 376**	**0**	**5 048**
Depreciation for the year	43	0	724	0	767
Impact of translation to EUR	17	0	142	0	159
Eliminated on disposal	0	0	618	0	618
Balance at 31 December 2012	**732**	**0**	**4 624**	**0**	**5 356**
NET BOOK VALUE					
Balance at 31 December 2011	**1 289**	**72**	**1 516**	**0**	**2 877**
Balance at 31 December 2012	**1 279**	**194**	**2 135**	**0**	**3 608**

Information on finance leases is disclosed in Note 19.

18. Amounts Owed to Loan Advisors

	2012 EUR '000	2011 EUR '000
Accrued expenses	1 855	1 913
Payables arising from outstanding commissions	4 809	4 846
Other	117	92
Total	**6 781**	**6 852**

19. Liabilities Arising from Finance Leases

	Minimum lease instalment		Present value of minimum lease instalment	
	2012 EUR '000	**2011 EUR '000**	**2012 EUR '000**	**2011 EUR '000**
Liabilities from finance leases:				
Less than one year	292	347	235	301
From two to five years	510	209	459	158
	802	**556**	**694**	**459**
Less future finance charges	108	53	0	0
Present value of finance lease liabilities	**694**	**503**	**694**	**459**
Less payables maturing within 1 year (reported as short-term payables)	0	0	83	118
Payables after 1 year	0	0	444	161

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

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

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

20. Deferred Tax

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

	Accelerated tax depreciation EUR '000	**Tax losses EUR '000**	**Loans and advances EUR '000**	**Other EUR '000**	**Total EUR '000**
As of 31 December 2010	**207**	**105**	**-5 861**	**1 778**	**-3 771**
Charged against profit or loss	-30	-838	5 354	-4 684	**-198**
Of which the impact of changes in tax rates	*0*	*0*	*0*	*0*	***0***
Impact of translation to EUR	-6	92	-165	189	**110**
As of 31 December 2011	**171**	**-641**	**-672**	**- 2 717**	**-3 859**
Charged against profit or loss	-4	562	974	-422	**1 110**
Of which the impact of changes in tax rates	*0*	*0*	*0*	*0*	***0***
Impact of translation to EUR	4	-32	38	-59	**-49**
As of 31 December 2012	**171**	**-111**	**340**	**-3 198**	**-2 798**

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

	2012 EUR '000	2011 EUR '000
Deferred tax liabilities	-2 798	-3 859
Net deferred tax asset/(liability)	**-2 798**	**-3 859**

The below table shows the movement in deferred tax assets and liabilities.

	2012 EUR '000	2011 EUR '000
Beginning of year	-3 859	-3 771
Currency translation adjustments	-47	110
Charged to the statement of comprehensive income	1 110	-198
End of the year	**-2 796**	**-3 859**

The deferred income tax asset is comprised of :

	2012 EUR '000	2011 EUR '000
Fixed assets	172	171
Loans and advances	341	-672
Fiscal loss carried forward	-111	-641
Other	-3 198	-2 717
Deferred tax (asset)/ liability	**-2 796**	**-3 859**

A deferred tax asset is recognised for the carryforward tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The Group companies anticipate income growth in the future, thereby assuming that most of the tax losses for the current period will be utilised in future periods. The amount of unused tax losses for which the deferred tax asset was not recognised amounted to EUR 15,966 thousand as of 31 December 2012 (EUR 16,509 as of 31 December 2011).

21. Bank Loans and Overdrafts

	2012 EUR '000	2011 EUR '000
Bank loans	9 041	14 151
Total	**9 041**	**14 151**
Loans are repayable as follows:		
- on demand or within one year	6 215	10 971
- in the second year	1 661	1 396
- in the third to five year	1 165	1 784
Total	**9 041**	**14 151**

The table below shows the average interest rate of bank loans.

	2012 %	2011 %
Bank loans	9.43	8.78

Other significant information on the Group's loans:

The Group was not in breach of any covenants underlying the provision of the loans and was not in default on the repayment of the loans during the years ended 31 December 2012 and 2011.

22. Other Received Loans

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

	2012 EUR '000	2011 EUR '000
Entity 1*	197 870	168 791
Entity 2**	30 839	19 817
Other	6 022	8 295
Total	**234 731**	**196 902**
Loans are repayable as follows:		
- on demand or within 1 year	13 061	10 550
- in the second year	19 416	5 329
- in the third to fifth year	202 254	181 023
Total	**234 731**	**196 902**

Loans by currency:

At 31 December 2012	Total EUR '000	CZK EUR '000	EUR EUR '000
Entity 1*	138 151	75 895	62 256
Entity 2**	90 559	46 511	44 048
Other	6 021	3 163	2 858
Total	**234 731**	**125 569**	**109 162**

At 31 December 2011	Total EUR '000	CZK EUR '000	EUR EUR '000
Entity 1*	168 791	80 760	88 031
Entity 2**	19 817	8 477	11 340
Other	8 294	8 281	13
Total	**196 902**	**97 518**	**99 384**

*Entity 1 is Solarex Investments BV, a Dutch legal entity.
** Entity 2 is Dairewa Properties Limited, a Cyprus legal entity.

The loans from Entity 1 and Entity 2 are collateralised by a promissory note of the loan recipient and pledged receivables. Other loans are collateralised by a promissory note of the loan recipient only and bear fixed interest rates. The undrawn amount of the loan from Entity 1 is EUR 49,288 thousand (EUR 55,928 thousand as of 31 December 2011). The loan is repayable on 31 December 2015.

The table below shows average interest rate of other received loans.

	2012 %	2011 %
Other received loans	15.50	15.85

The Group was not in breach of any covenants underlying the provision of the loans and was not in default on the repayment of the loans during the years ended 31 December 2012 and 2011.

23. Provisions

	Provision for insurance claims EUR '000	Provision for withholding tax EUR '000	Provision for income tax EUR '000	Provision for tax appurtenances EUR '000	Other EUR '000	Total EUR '000
At 1 January 2012	**5 835**	**0**	**0**	**0**	**370**	**6 205**
Additions to provisions for the period	1 887	1 857	236	593	-123	4 450
Use of provisions	1 443	0	0	0	16	1 459
Impact of translation to EUR	-507	0	0	0	514	7
At 31 December 2012	**5 772**	**1 857**	**236**	**593**	**745**	**9 203**

Provision for Insurance Claims

The adequacy of the provision for insurance claims is determined directly by the provision calculation technique. The provision is recognised when an insurance event occurs as equal to anticipated insurance claims. The Group reports net insurance income (refer to Note 9) and the use of provisions does not exceed the aggregate insurance income.

Provisions for tax and tax appurtenances are described in note 35.

24. Other Liabilities

	2012 EUR '000	2011 EUR '000
Trade payables	778	802
Deferred income - Bonus loans	14 433	11 741
Accrued expenses	454	610
Estimated payables	505	361
Payables to employees, social security and health insurance	1 298	715
Untaken holiday	390	271
Other	3 532	2 382
Total elimination	-830	-439
Total	**20 560**	**16 443**

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

25. Equity

As of 31 December 2012, the Group reported negative equity in the amount of EUR 10,986 thousand (a negative equity in the amount of EUR 18,503 thousand as of 31 December 2011).

The aggregate consolidated accumulated loss as of 31 December 2012 amounts to EUR 180,791 thousand, of which EUR 150,896 thousand represents a loss that arose from the revaluation as part of the Group restructuring which took place in 2007, and EUR 29 895 thousand represents an accumulated loss from the Group’s operations.

26. Share Capital

In 2012 and 2011 no change was made in the share capital.

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

In 2012 and 2011, the General Meeting decided not to declare and pay out any dividends.

27. Foreign Currency Translation Reserve

	Total EUR '000
Balance at 31 December 2010	**2 362**
Movement for the period	895
Balance at 31 December 2011	**3 257**
Movement for the period	-712
Balance at 31 December 2012	**2 545**

28. Contingent Liabilities

The Group has no contingent liabilities other than those stated in note 35.

29. Estimated fair value of assets and liabilities of the Group

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

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

a) Cash and Balances with Banks

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

b) Loans and Advances to Customers

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

c) Amounts Owed to Banks and Customers

The estimated fair value of amounts owed to banks and customers with no stated maturity is equal to the amounts repayable on demand as of the consolidated financial statements date (i.e. their carrying amounts).

Carrying amounts of term loans with a variable interest rate principally equal their fair values as of the consolidated financial statements date.

Fair values of payables with a fixed interest rate are estimated as the present value of discounted future cash flows and applied discount factor is equal to the interest rates currently offered on the market for products with similar conditions. Amounts owed to banks and customers with interest rate fixed for middle or long term represent only an insignificant part of the total carrying amount.

For this reason, the fair value of total amounts owed to banks and customers does not significantly differ from the carrying amount as of the balance sheet date.

d) Other Received Loans

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

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

	2012 Carrying value EUR '000	**2012 Fair value EUR '000**	**2011 Carrying value EUR '000**	**2011 Fair value EUR '000**
Financial assets				
Cash and cash at bank	2 922	2 922	3 074	3 074
Loans and advances to customers (net)	259 474	275 809	216 997	225 189
Financial liabilities				
Amounts owed to customers	6 781	6 781	6 852	6 852
Amounts owed to banks	9 041	9 041	14 151	14 151
Other received loans	234 731	234 731	196 902	196 902

Inputs to valuation models

When utilising valuation techniques, the fair value can be significantly affected by the choice of valuation techniques and underlying assumptions concerning factors such as the amount and timing of cash flows, discount rates and credit risk. The principal inputs to these valuation techniques are as follows:

- Interest rates – these are principally benchmark interest rates derived from EURIBOR;
- Counterparty credit spreads – adjustments are made to market prices (or parameters) when the creditworthiness of the counterparty differs from that of the assumed counterparty in the market price (or parameters); and
- Recovery rates – there are used as an input to valuation models as an indicator of severity of losses on default. Recovery rates are estimated based on historical data of collections and estimated development on the market.

30. Risk Management and Financial Instruments

a) Credit Risk

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

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

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

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

Debt Recovery

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

Credit Risk Collateralisation

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

Collateral for Received Loans

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

Carrying amount of financial assets used as collateral	**2012 EUR '000**	**2011 EUR '000**
Bank loans and overdrafts	10 890	69 637
Other received loans	248 584	147 340
Total	**259 474**	**216 977**

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

Carrying amount of provided loans neither impaired not past due	**2012 EUR '000**	**2011 EUR '000**
Employee loan	114 249	89 526
Business loan	320	375
Trade loan	2 066	2 145
Employees loan – "CZK 6 000"	755	623
Employees loan – "CZK 4999"	332	428
Total	**117 722**	**93 097**

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

The value of real estate used as collateral is EUR 1,152 thousand (2011: EUR 1,124 thousand).

b) Liquidity Risk

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

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

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

Non-discounted financial liabilities as of 31 Dec 2012	Within 7 days EUR '000	Within 3 months EUR '000	From 3 months to 1 year EUR '000	From 1 year to 5 years EUR '000	More than 5 years EUR '000	Total EUR '000
Amounts owed to customers	0	1 645	699	4 756	0	7 100
Liabilities arising from finance leases	0	74	218	510	0	802
Bank loans and overdrafts	0	3 189	3 471	3 056	0	9 716
Other received loans	0	6 457	45 835	237 896	0	290 188
Other liabilities	0	12 181	3 608	3 840	0	19 629
Total	**0**	**23 546**	**53 831**	**250 058**	**0**	**327 435**

Non-discounted financial liabilities as of 31 Dec 2011	Within 7 days EUR '000	Within 3 months EUR '000	From 3 months to 1 year EUR '000	From 1 year to 5 years EUR '000	More than 5 years EUR '000	Total EUR '000
Amounts owed to customers	11	1 361	847	5 339	0	7 558
Liabilities arising from finance leases	0	198	86	190	0	474
Bank loans and overdrafts	0	3 170	8 606	3 608	0	15 384
Other received loans	0	7 633	94 981	139 033	0	241 647
Other liabilities	0	9 840	1 793	3 758	0	15 391
Total	**11**	**22 202**	**106 313**	**151 928**	**0**	**280 454**

c) Interest Rate Risk

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

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

The table below provides information on the extent of the Group's interest rate exposure if the interest rate of these instruments changes before the maturity date and their potential impact on profit or loss.

Sensitivity analysis: interest rate risk at 31 Dec 2012	Carrying value	Interest rate basis	Anticipated interest expense (at the current interest rate)	Anticipated interest expense (at 1 % increase in the interest rate)	Anticipated interest expense (at 1 % decrease in the interest rate)
Variable interest rates of bank loans in CZK	0	0	0	0	0
Variable interest rates of bank loans in EUR	0	0	0	0	0

Sensitivity analysis: interest rate risk at 31 Dec 2011	Carrying value	Interest rate basis	Anticipated interest expense (at the current interest rate)	Anticipated interest expense (at 1 % increase in the interest rate)	Anticipated interest expense (at 1 % decrease in the interest rate)
Variable interest rates of bank loans in CZK	8 919	1M PRIBOR	423	473	373
Variable interest rates of bank loans in EUR	0		0	0	0

d) Currency Risk

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

The following table shows sensitivity analysis in the currency risk of received loans which represent the most significant currency risk for the Group:

Sensitivity analysis: CY risk at 31 Dec 2012	Credit currency	LCY	Credit amount	Credit amount (at 1 % increase in the exchange rate)	Credit amount (at 1 % decrease in the exchange rate)
PROFI CREDIT Poland	EUR	PLN	28 189	28 470	27 907
PROFI CREDIT Poland	CZK	PLN	31 531	31 846	31 216

Sensitivity analysis: CY risk at 31 Dec 2011	Credit currency	LCY	Credit amount	Credit amount (at 1 % increase in the exchange rate)	Credit amount (at 1 % decrease in the exchange rate)
PROFI CREDIT Poland	EUR	PLN	47 395	47 869	46 921
PROFI CREDIT Bulgaria	CZK	BGN	23 546	23 781	23 310

Structure of assets and liabilities by original currency at 31 Dec 2012 EUR '000	CZK	EUR	PLN	BGN	RON	Other	Total
Cash and cash at bank	1 274	1 089	358	201	0	0	2 922
Loans and advances to customers (net)	120 209	70 623	48 522	20 120	0	0	259 474
Deferred expenses and accrued income and other assets	2 299	2 649	1 271	521	0	0	6 740
Income tax	0	36	0	0	0	0	36
Intangible fixed assets (net)	815	35	48	12	0	0	910
Property and equipment (net)	2 409	372	723	104	0	0	3 608
Total assets	**127 006**	**74 804**	**50 922**	**20 958**	**0**	**0**	**273 690**
Amounts owed to customers	4 888	442	232	1 219	0	0	6 781
Liabilities arising from finance lease	327	12	355	0	0	0	694
Deferred tax liabilities	1 998	-57	854	3	0	0	2 798
Tax liabilities	350	0	518	0	0	0	868
Bank loans and overdrafts	9 041	0	0	0	0	0	9 041
Other received loans	110 965	123 766	0	0	0	0	234 731
Provisions	5 036	2 232	1 921	14	0	0	9 203
Other liabilities	10 234	7 294	1 093	1 939	0	0	20 560
Total liabilities	**142 839**	**133 689**	**4 973**	**3 175**	**0**	**0**	**284 676**
Net exposure	**-15 833**	**-58 885**	**45 949**	**17 783**	**0**	**0**	**-10 986**

Structure of assets and liabilities by original currency at 31 Dec 2011 EUR '000	CZK	EUR	PLN	BGN	RON	Other	Total
Cash and cash at bank	1 381	925	652	111	0	5	3 074
Loans and advances to customers (net)	166 208	3 668	32 395	14 706	0	0	216 977
Deferred expenses and accrued income and other assets	3 001	-392	203	95	0	0	2 907
Income Tax	362	0	0	0	0	0	362
Intangible fixed assets (net)	345	8	45	19	0	0	417
Property and equipment (net)	2 333	52	409	83	0	0	2 877
Total assets	**173 630**	**4 261**	**33 704**	**15 014**	**0**	**5**	**226 614**
Amounts owed to customers	5 516	19	416	901	0	0	6 852
Liabilities arising from finance lease	227	20	212	0	0	0	459
Deferred tax liabilities	3 776	0	4	79	0	0	3 859
Tax liabilities	14	0	232	0	0	0	246
Bank loans and overdrafts	14 151	0	0	0	0	0	14 151
Other received loans	135 871	61 031	0	0	0	0	196 902
Provisions	4 198	0	1 989	18	0	0	6 205
Other liabilities	13 526	756	640	1 521	0	0	16 443
Total liabilities	**177 279**	**61 826**	**3 493**	**2 519**	**0**	**0**	**245 117**
Net exposure	**-3 649**	**-57 565**	**30 216**	**12 495**	**0**	**5**	**-18 498**

e) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2010.

The capital structure of the Group consists of net debt (borrowings as detailed in Notes 21 and 22 offset by cash and bank balances) and equity of the Group (Notes 25 amd 26).

The Group is not subject to any externally imposed capital requirements.

31. Legal Disputes

In 2011, the court effectually put an end to a several years-long legal dispute with the disputed balance of hundreds of millions Czech crowns (approx. EUR 20 million) in favour of one of the companies in the Group, PROFI CREDIT Czech, a.s. No appeal was filed against this decision; therefore, the Group consider this dispute to be completed and will enforce the expenses of the legal dispute from the prosecutor.

As of 31 December 2012, the Group was involved in no other legal dispute, the outcome of which would significantly impact the Group.

PROFI CREDIT Poland (the Company) is facing several proceedings initiated by Poland´s state bodies (namely Polish Competition Office) that claim some practices used by the Company may break the interest of customer. Some of them are in phase of legal dispute. The final decision has not been taken yet by the Court. It is expected that the court proceedings may take up to 3 years. Due to the unpredictability of potential financial consequences the Company did not make any provision for this event in its 2012 financial statements.

32. Risks and Impacts of the Current Economic Crisis

Impacts of the financial crisis

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

33. Related Party Transactions

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

Business Transactions

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

	Income		Expenses		Receivables		Payables	
	2012 EUR '000	2011 EUR '000	2012 EUR '000	2011 EUR '000	2012 EUR '000	2011 EUR '000	2012 EUR '000	2011 EUR '000
Ultimate shareholder	0	0	190	134	0	0	63	13
Other subsidiaries	70	47	81	93	873	368	7	0
Key management personnel	0	0	559	665	0	0	1	1
Other related parties	0	0	430	8	36	32	104	92
Total	70	47	1 260	900	909	400	175	106

Receivables from related parties were not provisioned.

The amounts mentioned in ‘Key management personnel’ represent the transactions with the members of the company board. These amounts are related to the short-term remuneration and were stated on an arm’s length basis.

34. Individual Financial Statements of Companies included in the Consolidation

The consolidated financial statements were prepared from individual financial statements prepared in the consolidation Group.

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

Year ended 31 December 2012

EUR '000	PROFIREAL GROUP SE	PROFI CREDIT Czech, a.s.	PROFI CREDIT Slovakia, spol. s r.o.	PROFI CREDIT Poland Sp. z o.o.
Interest income	656	34 172	23 320	23 332
Interest expense	1 480	10 536	6 226	9 626
Net interest income	-824	23 636	17 094	13 706
Profit or loss before tax	405	2 535	4 354	7 254
Income tax	0	1 057	-1 276	2 725
Profit or loss after taxation	405	1 478	5 630	4 529
Total assets	31 438	101 921	67 176	50 922
Loans and receivables from customers (net)	0	95 261	64 791	48 522
Bank loans and overdrafts	0	3 976	0	0
Other received loans	18 101	62 453	52 234	59 720
Equity	**-8 300**	**16 069**	**5 425**	**-13 934**

EUR '000	PROFI CREDIT Bulgaria EOOD	Profidebt s.r.o.	Profidebt Slovakia s.r.o.
Interest income	10 830	8 694	1 391
Interest expense	4 414	2 885	1 608
Net interest income	6 416	5 809	-217
Profit or loss before tax	221	908	-1 987
Income tax	-2	271	0
Profit or loss after taxation	223	637	-1 987
Total assets	20 959	25 897	6 302
Loans and receivables from customers (net)	20 120	24 948	5 832
Bank loans and overdrafts	0	5 065	0
Other received loans	15 210	14 122	13 529
Equity	**2 294**	**3 544**	**-7 546**

Year ended 31 December 2011

EUR '000	PROFIREAL GROUP SE	PROFI CREDIT Czech, a.s.	PROFI CREDIT Slovakia, spol. s r.o.	PROFI CREDIT Poland Sp. z o.o.
Interest income	763	34 200	16 761	17 260
Interest expense	811	10 815	6 037	7 161
Net interest income	-48	23 385	10 724	10 099
Profit or loss before tax	487	1 650	1 039	-4 667
Income tax	0	738	1 270	366
Profit or loss after taxation	487	912	-231	-5 032
Total assets	21 325	92 884	51 419	33 712
Loans and receivables from customers (net)	0	88 380	49 830	32 395
Bank loans and overdrafts	0	8 919	0	0
Other received loans	5 087	52 026	42 858	47 395
Equity	**-18 503**	**16 267**	**-204**	**-17 288**

EUR '000	PROFI CREDIT Bulgaria EOOD	Profidebt s.r.o.	Profidebt Slovakia s.r.o.
Interest income	6 937	8 481	1 049
Interest expense	3 985	3 008	1 109
Net interest income	2 952	5 472	-59
Profit or loss before tax	-1 712	394	-1 298
Income tax	-3	-97	0
Profit or loss after taxation	-1 710	491	-1 298
Total assets	15 117	28 490	3 795
Loans and receivables from customers (net)	14 706	27 997	3 668
Bank loans and overdrafts	0	5 232	0
Other received loans	23 546	17 441	9 131
Equity	**-11 530**	**2 835**	**-5 559**

35. Subsequent events

In February 2013, a new subsidiary PGJT has been founded as a joint venture of Profi Investment and J&T Bank. PGJT will start a consumer credit business in Russia.

In March 2013, a new subsidiary Profi Exploration has been founded for the purposes of new future investment activities.

In June 2013 the Appellate Financial Directorate issued a decision refusing the appeals of Profidebt s.r.o. against decision of the Tax Office related to 2006 and 2007 corporate income tax and withholding tax related to the tax deductibility of the interest paid in favour of the foreign creditor. With this regard and also with regard to the other on-going inquiries, a provision has been booked in 2012 consolidated statements (see above). It has to be mentioned that the company does not agree with this decision and approach used by the respective Tax Offices and will take the appropriate actions to protect its interests.

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

Company Financial Statements for the Year Ended 31 December 2012

All information presented in '000 EUR unless stated otherwise

Statement of Financial Position as at December 31, 2012
(before appropriation of results)

	Notes	*December 31, 2012*	*December 31, 2011*
ASSETS			
Fixed Assets			
Financial Fixed Assets			
Investments	*4*	26 953	19 329
Loans receivable	*5*	835	861
		27 788	20 190
Current Assets			
Receivables and prepaid expenses	*6*	687	207
Cash at banks	*7*	277	928
		964	1 135
TOTAL ASSETS		28 752	21 325
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's Equity	*8*		
Issued and fully paid share capital		9 000	9 000
Share premium		150 032	150 032
Foreign currency translation reserve		2 545	3 257
Accumulated loss		-180 791	-174 411
Result of the year		8 229	- 6 381
		-10 985	-18 503
Non-Current Liabilities			
Provision to investments	*4*	21 480	34 582
Long term loans	*9*	18 101	5 087
		39 581	39 669
Current Liabilities			
Accounts payable and accrued expenses		156	159
		156	159
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		28 752	21 325

The accompanying notes form part of these accounts.

Income statement
for the year ended December 31, 2011

	31-Dec-12	*31-Dec-11*
Company result	405	487
Result from participations in Group companies	7 824	-6 868
Net result	8 229	-6 381

Notes to the Company financial statements
December 31, 2012

1. Group Affiliation and Principal Activities

The Company, incorporated on August 9, 2007, is a European private limited liability company with its statutory seat in Amsterdam, The Netherlands.
The principal activities of the Company are to act as a finance and holding Company.

2. Basis of Presentation

The company financial statements of Profireal Group SE have been prepared in accordance with the requirements in Title 9 Book 2 of the Dutch Civil Code. The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU.
The accounting policies applied in the company financial statements are the same as those applied in the consolidated financial statements. Profireal Group SE applies the exemption as included in the section 2:362 paragraph 8 of the Netherlands Civil Code. Participating interests in Group companies are valued at net asset value determined on the basis of IFRS as adopted by the EU. Reference is made to the accounting policies section in the consolidated financial statements.

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

3. Significant Accounting Policies

a) General

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

b) Financial Fixed Assets

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

c) Foreign Currencies

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

Exchange gains or losses are reflected in the income statement.

Exchange rates for EUR 1 used at period-end are:		***31-Dec-12***	***31-Dec-11***
	CZK	25.151	25.787

d) Recognition of Income and Expense

Other income and expenses, including taxation, are recognised and reported on an accruals basis.

4. Investments

	2012	2011
Balance January 1	-15 253	-14 935
New acquisitions	13 600	0
Share in income	7 824	-6 868
Dividend	0	0
Exchange rate differences	-712	1 009
Other changes	14	5 541
Balance December 31	5 473	-15 253

Investments with positive equity (presented as investments in assets)	26 953	19 329
Investments with negative equity (presented as provision in liabilities)	-21 480	-34 582
	5 473	-15 253

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

5. Loans Receivable

		31-Dec-12	*31-Dec-11*
PROFI Investments NL NV	EUR	20	0
Profi Credit Czech, a.s	CZK	0	582
Cash Gate, s.r.o.	CZK	656	0
Cash Gate Slovakia, s.r.o.	EUR	75	0
Cash Gate Poland, Sp. z o.o.	CZK	80	0
Profi Financial s.r.o.	CZK	4	279
		835	861

6.Receivables and Prepaid Expenses

	31-Dec-12	*31-Dec-11*
Guarantee income receivable	551	133
Consultancy income receivable.	8	5
Interest receivable	91	29
Intercompany account	36	32
Prepaid expenses	0	1
VAT receivable	1	7
	687	207

7. Cash at Banks

		31-Dec-12	31-Dec-11
ING Bank, The Netherlands		209	855
ING Bank, The Netherlands	CZK	68	73
Komercni Banka, Czech Republic	CZK	0	0
		277	928

8. Shareholder's Equity

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

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

	Share capital	Share premium	Foreign currency translation reserve	Accumulated loss	Result of the year	Total
Balance at 1 January 2011	**9 000**	**150 032**	**2 362**	**-165 814**	**-8 632**	**-13 052**
Appropriation of net result	0	0	0	-8 632	8 632	**0**
Correction of net result	0	0	0	35	0	**35**
Result for the period	0	0	0	0	-6 381	**-6 381**
Translation result on investments	0	0	895	0	0	**895**
Balance at 31 December 2011	**9 000**	**150 032**	**3 257**	**-174 411**	**-6 381**	**-18 503**
Appropriation of net result	0	0	0	-6 381	6 381	**0**
Correction of net result	0	0	0	0	0	**0**
Result for the period	0	0	0	0	8 229	**8 229**
Translation result on investments	0	0	-712	0	0	**-712**
Balance at 31 December 2012	**9 000**	**150 032**	**2 545**	**-180 792**	**8 229**	**-10 986**

In 2011 and 2010, the General Meeting decided not to declare and pay out any dividends. The foreign currency reserve is a legal reserve.

9. Long-Terms Loans

			31-Dec-12	31-Dec-11
Solarex Investment B.V.	CZK	100 000	3 976	5 087
Solarex Investment B.V.			13 805	
PROFI CREDIT Czech, a.s.	CZK	8 048	320	
			18 101	5 087

The loan with Solarex Investment B.V. has a final maturity date on 31 December 2015.

10. Directors and Employees

The Company has no employees other than its directors (2011: 0). The Company had 8 directors during the year (2011: 8). Four of the directors have received a remuneration. Their remuneration is shown in the consolidated financial statements in Note 33 under key management personnel. Key management personnel in Note 33only relates to the statutory directors. The Company has no supervisory director (2011: 0).

Approval of the Financial Statements

These financial statements were approved on …………..

Members of the Board of Directors A:

J. Michel

G. van den Berg

D. Kramer

Members of the Board of Directors B:

D.Chour

P. Vrba

K. Jurak

Z. Lhotsky

Members of the Board of Directors C

H. van Wijlen

Supplementary Information
December 31, 2012

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

Proposed Appropriation of Results

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

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

Subsequent Events

In February 2013, a new subsidiary Profi Expploration was founded for the purposes of new future investment activities.

In March 2013, a new subsidiary PGJT was founded as a joint venture of Profi Investment and J&T Bank. PGJT will start a consumer credit business in Russia.

In June 2013 the Appellate Financial Directorate issued a decision refusing the appeals of Profidebt s.r.o. against decision of the Tax Office related to 2006 and 2007 corporate income tax and withholding tax related to the tax deductibility of the interest paid in favour of the foreign creditor. With this regard and also with regard to the other on-going inquiries, a provision has been booked in 2012 consolidated statements (see above). It has to be mentioned that the company does not agree with this decision and approach used by the respective Tax Offices and will take the appropriate actions to protect its interests.

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

Special controlling rights

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

Profit distribution

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

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

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

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

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

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

In accordance with the General Meeting's decision the loss EUR 6,381 thousand was transferred to accumulated losses from prior years.

Auditor's Report

Independent auditor's report

To: the board of directors and the shareholders of Profireal Group SE

Report on the financial statements

We have audited the accompanying financial statements 2012 of Profireal Group SE, Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as per December 31, 2012, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the statement of financial position as per December 31, 2012 the income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the board of directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Profireal Group SE as per December 31, 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Profireal Group SE as per December 31, 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Emphasis of disclosure with respect going concern
We draw attention to note 4 to the financial statements, which describes the assessment with respect to the going concern assumption. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the board of directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the report of the board of directors, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.
Amsterdam, červenec 26, 2013
Deloitte Accountants B.V.

J. Penon

Contacts

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Profireal Group SE

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