PROFIREAL GROUP SE

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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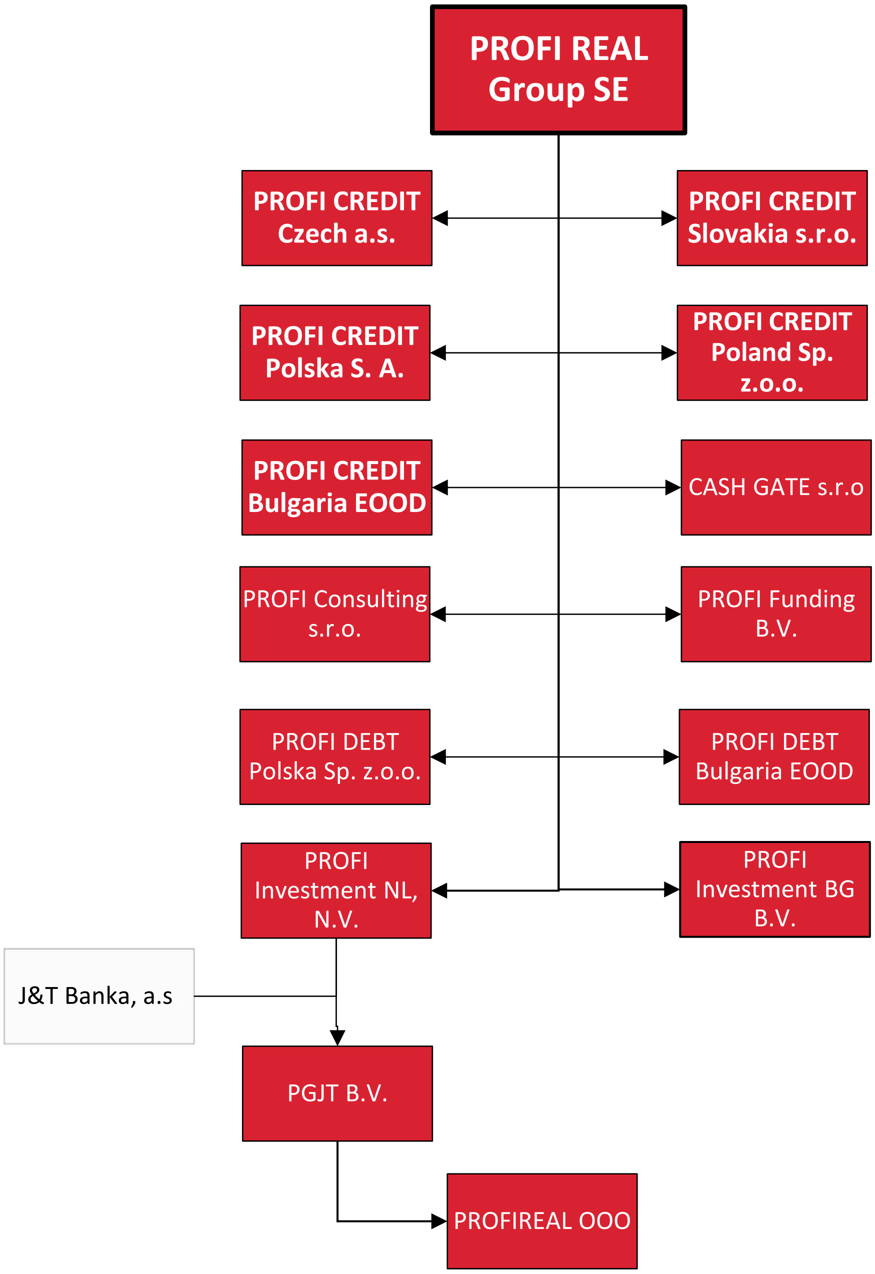
Profireal Group Structure



PROFI CREDIT focuses on countries of Central and Eastern Europe

Company Body

Board of Directors

David Chour	Chairman
Zdeněk Lhotský	Member
Joop Michel	Member
Gerben van den Berg	Member
Dennis Kramer	Member

There was no change in the Board of Directors in 2016.

Registered office

Martinus Nijhofflaan 2
17th floor
2624 ES Delft
the Netherlands

phone: + 31 15 789 0192
fax: + 31 15 789 0193

Subsidiaries

PROFI CREDIT Czech, a.s.
Registered Office
Klimentská 1216/46, Nové Město
110 00 Praha 1

Offices:
Pardubice
Praha
Brno
Ostrava
Mladá Boleslav
České Budějovice

Executives:

David Chour
Jaromír Všetečka
Rudolf Cejnar
Jana Matičková

PROFI CREDIT Slovakia, s.r.o.
Registered Office
Pribinova 25
824 96 Bratislava

Offices:
Bratislava
Banská Bystrica
Košice
Nitra

Executives:

Miroslav Jurenka
David Chour
Richard Lörincz
Aleš Oborník

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

Offices:
Bielsko-Biala
Wroclaw
Opole
Katowice
Krakow
Lodz
Warszawa
Poznan
Torun
Gdansk
Szcecin
Olsztyn
Bialystok
Kielce
Lublin
Rzerszów
Zielona Góra
Katowice Zachód
Bydgoszcz
Warszawa II.

Executives:

Krzysztof Knapek

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

Offices:
Pleven
Bourgas
Plovdiv
Sofia

Executives:

David Chour
Svetoslav Nikolov
Jaromír Všetečka
Irina Georgieva

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

Executives:

Sławomir Pawlik

PROFIDEBT Bulgaria Ltd
Registered Office
49 Bulgaria Blvd.
1404 Sofia

Executives:

Svetoslav Nikolov

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

Offices:
Pardubice

Executives:

David Chour
Václav Říha

PROFI Investment NL N.V.
Registered Office
Martinus Nijhofflaan 2
2624ES Delft
The Netherlands

Executives:

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

Cash Gate, s.r.o.
Registered Office
Klimentská 1216/46110 00 Praha 1, Nové Město

Offices:
Pardubice
Praha

Executives:

David Chour
František Tesař

PGJT B.V.
Registered Office
Martinus Nijhofflaan 2
2624ES Delft
The Netherlands

Executives:

Nicolaas Scholtens
Dennis Jacobus Marlies Kramer
Libor Marek
David Chour

PROFI CREDIT Polska S.A.
Registered Office
ul. Browarna 2
43-300 Bielsko-Biała

Executives:

David Chour
Slawomir Pawlik
Agnieszka Berkan
Marek Štejnar

PROFIREAL OOO
Registered Office
Ligovsky prospect 196084,
266 lit.O, Saint-Petersburg
Russia
Executives:

Nikolay Binev Kolev
David Chour
Pavel Shelepin
Elena Hegerova

PROFI Investment BG

Registered Office
Martinus Nijhofflaan 2
2624ES Delft
The Netherlands

Executives:

Panma B.V.
Dennis Jacobus Marlies Kramer
David Chour
Zdeněk Lhotský

PROFI Funding B.V.

Registered Office
Martinus Nijhofflaan 2
2624ES Delft

Executives:

Panma B.V.
Dennis Jacobus Marlies Kramer
David Chour
Zdeněk Lhotský

Basic business indicators of PROFI CREDIT companies:

PROFI CREDIT Czech	**2016**	**2015**
Total assets (EUR '000)	119 182	120 641
Total equity (EUR '000)	26 149	19 858
Total revenues (EUR '000)	50 953	48 243
Profit/Loss (EUR '000)	8 135	6 132
Number of employees	212	206
Volume of sales (EUR '000)	88 690	77 479

PROFI CREDIT Slovakia **After restatement**	**2016**	**2015**
Total assets (EUR '000)	68 443	74 754
Total equity (EUR '000)	-18 100	-11 760
Total revenues (EUR '000)	33 485	41 028
Profit/Loss (EUR '000)	-6 339	-7 546
Number of employees	90	118
Volume of sales (EUR '000)	40 178	61 218

PROFI CREDIT Poland	**2016**	**2015**
Total assets (EUR '000)	174 809	152 301
Total equity (EUR '000)	27 388	24 193
Total revenues (EUR '000)	78 322	77 897
Profit/Loss (EUR '000)	1 207	25 625
Number of employees	345	288
Volume of sales (EUR '000)	155 546	116 326

PROFI CREDIT Bulgaria	**2016**	**2015**
Total assets (EUR '000)	34 079	35 731
Total equity (EUR '000)	-500	2 855
Total revenues (EUR '000)	16 755	16 887
Profit/Loss (EUR '000)	-3 355	-29
Number of employees	195	174
Volume of sales (EUR '000)	29 551	28 406

Introduction of Profireal Group

Business Activities

PROFIREAL Group SE (the "Group") is a diversified financial services group which provides consumer loans and invests across Central and Eastern Europe. The Group is active in the Czech Republic, Slovakia, Poland, Bulgaria and from 2013 also in Russia and is organised into two divisions: PROFI CREDIT and PROFI INVESTMENT.

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

In 2014 PROFI INVESTMENT division was established in order to support business activities. Its main activity consists in seeking out investment opportunities and interesting projects having an international overlap and local ambitions. Since February 2014 the portfolio of the PROFI INVESTMENT division has included also PROFIDEBT Slovakia s.r.o. Based on the decision of the parent company the subsidiary PROFIDEBT Slovakia s.r.o. has been under liquidation since 28 October 2015.

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 11% of the loan book. As of 31 December 2016, PROFI CREDIT's loan portfolio amounted to EUR 647 million (an increase of 12% compared to 2015). Historically, PROFI CREDIT has provided more than 1,170 thousand private individual loans and more than 32 thousand business loans, respectively.

In 2016, the consolidated profit after tax of the financial group was EUR 509 thousand.

The PROFIREAL Group focuses on sustainable growth and intends to invest EUR 1.7 million in research and development in 2017. These costs are mainly related to the development of IT infrastructure. Planned investments are to be used for the purchase of assets. The Group does not intend to make any significant changes in the workforce.

Report of the Board of Directors

In 2016, the Group provided its clients with loans and credits totalling EUR 322.48 million through its PROFI CREDIT division, which represents a 3 percent decrease in comparison with 2015 when it provided loans amounting to EUR 331.71 million. Since 2000, PROFIREAL Group has lent its clients more than EUR 2.5 billion. In 2016 129,302 clients received a loan or credit from the Group and the average credit amount was EUR 2,494.

Results

The PROFIREAL Group continued to focus on several personnel projects supporting employee effectiveness and skills development. The program 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 the optimisation of 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 decreased by 10 percent due to the legislation requirements and sales network restructuring from 2015 to 2016, which represented 4,665 credit advisors by the end of 2016.

The total consolidated assets of the financial group increased by 3 percent, from EUR 386.4 million at the end of 2015 to EUR 400 million. The total consolidated revenues including discontinued operations of the financial group went down by 2 percent between 2015 and 2016, amounting to EUR 179 million.

In 2016, the consolidated profit before tax of the financial group was EUR 1.7 million (in 2015, it was a profit of EUR 15.9 million). The consolidated net profit of the Group in 2016 was EUR 509 thousand (in 2015, it was a profit of EUR 21.1 million). The aggregate consolidated accumulated loss in 2016 amounted to EUR 135.3 million, of which EUR 158 million represents a loss that arose from the elimination of the revaluation of transferred investments as part of the Group restructuring which took place in 2007.

As of 31 December 2016, the Group reported equity of EUR 23.4 million (as of 31 December 2015 it was EUR 23.7 million). The deficit on equity in the past 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.

Inaccurate data related to loan-receivables and loans-related income were identified in the PROFI Credit Slovakia s.r.o. package serving for preparation of IFRS consolidated financial statements during preparatory work. The data were obtained from the reports generated by the company's information system (IS). In the 2015 and 2014 statements, loans to customers were overstated. The restatement in the net loan receivable in the 2016 financial statements caused a consequent change in the presentation of deferred tax and equity.

As mentioned, the differences were related to previous periods (namely 2014 and 2015), hence restatements of the 2015 and 2014 financial information had to be undertaken as described on the page 34 of this Annual report. An analysis was carried out with a recommendation to strengthen the level of controls. All comparative information in the report of the board of directors was also restated where applicable.

Risk management and financial instruments

Exposure to various risks arises in the normal course of the Group's business. These risks include:

a) Strategic risk,
b) Operational risk,
c) Financial risk,
    a. credit risk,
    b. interest rate risks,
    c. currency risk,
    d. liquidity risk,
    e. capital risk,
d) Financial reporting risk,
e) Legislation and regulations risk,
    a. ethical risk,

b. new legislation risk,
c. changes in taxation.

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.

A) Strategic risk

Our business is influenced by a large number of competitors on all markets where our subsidiaries operate. The competitive fight could bring the need for additional expenses towards developing new products and conducting marketing campaigns.

When we enter new markets it takes a relatively long time to get into black numbers and in this period we are significantly sensitive to any market change or other type of risks described below.

Our business model counts with a relatively long lifecycle that may be impacted by legislative/market changes with a retroactive impact.

B) Operational risk

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.

The Group places emphasis on the quality of information technology systems. Despite the measures that we have implemented, our systems could be breached or damaged by computer viruses and systems attacks, because there is no assurance that the measures we have implemented will be sufficient in every situation to prevent a system failure, accident or security breach from occurring. The group does regular backups of all important data.

The fraud risk is namely connected with the client (consumer/entrepreneur loans), cooperating third parties (sales agents, collection agents) and internal staff.

Fraud report related to clients and cooperating agents are produced and evaluated monthly by each lending company. Maximal fraud limits are to be set for the sale agents. When repeatedly exceeded a detailed control will be done or the cooperation can be terminated.

In case of other (internal) staff there shall be two key areas: prevention and identification. Prevention: definition of limited responsibilities for each position, applying control of the supervisor, defining corporate rules. Identification: through regular controls, use of internal audit, incorporation of whistleblowing rules.

C) Financial risk

a. 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.

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

Debt recovery activities show generally stable results. The Group’s strategy in the field of debt recovery consists of a long recovery procedure (related to the terminated loan agreements) using field collectors as well as legal proceedings followed by bailiffs. Some countries are impacted by the phenomenon of the insolvency proceedings (personal bankruptcy) – e.g. the Czech Republic. The recent legislative initiatives may have led to the modification of legal proceedings in terms of limitation of legal fees, imposing a rule of territoriality for bailiff proceedings.

Nevertheless all those changes are continuously evaluated and the respective measures are applied (e.g. searching for alternatives of in-house debt recovery).

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 provided loans are also collateralised by a guarantee, eventually by bills of exchange, 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.

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 at the given moment of time.

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

c. Concentration Risks

The majority of funds in Profireal Group companies are provided by two main creditors and therefore potential termination of cooperation with one creditor could lead to a lack of funds in the future. Management is aware of this risk and is permanently negotiating with other potential creditors.

d. 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.

e. Currency risk

Currency risk includes the risk of change in the value of a financial instrument as a result of a change in market foreign currency rates and the potential impact of these changes in 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 significantly exposed to the currency risk. PROFI CREDIT Polska SA 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 Polska SA 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.

f. 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 the future development of the business. The Group manages its capital to ensure that entities in the Group are 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 a provider of loans and credits, is mainly influenced by leveraging its business through external financing. There are no real seasonality impacts on its financial position but a volatility of financial markets might positively or negatively influence the Group's financial position.

D) Financial reporting risk

The Group places emphasis on the quality of internal and external reporting system, including the safety of information technology systems. Despite the measures that we have implemented, our systems could be breached or damaged by computer viruses and systems attacks, because there is no assurance that measures we have implemented will be in any situation sufficient to prevent a system failure, accident or security breach from occurring.

E) Legislation and regulation risk

a. Ethical risk

Because of positive public relations the Group companies need to comply with adequate ethical behaviour. Therefore internal procedures and training aimed at knowing the laws, regulations, Ethical code and whistle-blower code are implemented. This training is organised at least once a year. We use also procedures aimed at hiring ethical staff (including references).

b. New legislation risk

We are influenced by frequent changes in consumer credit law in numerous of our jurisdictions. While we were always able to adapt to all new regulations there is a risk that any new lay could have a material adverse effect on our business and financial condition.

c. Changes in taxation

We are subject to income taxes in the Netherlands and numerous other jurisdictions. Changes in tax legislation could adversely influence our financial condition in the future.

Management considerations and appetite for key risks

The following risk elements from the list above are of the highest importance as per management´s opinion:

- Legislation and regulation risk
- Liquidity/funding risk (concentration)
- Market risk
- IT risk

Legislation and regulation risk

As per management's opinion it is difficult to quantify this kind of risk due to missing knowledge regarding possible scenarios of future development. Nevertheless, as per management's opinion this kind of risk belongs to those with a highly material impact. Taking into account known developments in some countries (e.g. Slovakia) tending towards tougher rate caps and regulation of business and risk processes, it can be concluded that such risks may result in a changed business model, reduced volumes of newly sold loans as well as more costly processes.

The companies can mitigate this risk in two ways – in a "reactive" mode – changing their business models and developing new products and services in order to comply with new regulations and in a "proactive" mode – through active participation in market development and active communication with all stakeholders. Regulatory review is part of regular monthly reporting.

The Group has proven its ability to react to various legislative changes (e.g. in Poland and Bulgaria).

Liquidity/funding risk

The financial industry depends significantly on external funding. The Group's companies are exposed to liquidity risk connected with external funding and its conditions. In addition, except for one subsidiary there is relatively high concentration risk with regard to creditors. Management considers this risk as high.

In case of a lack of funds the companies would have to reduce their sales activities, which, in the long term, may result in lower loan receivables balances and turnover.

The management supervises regularly the financial position of all companies, analyses cash-flow and its forecasts as well as all covenants. In addition, new creditors have been invited to enlarge the list of co-operating partners in order to diversify funding.

The Group has not experienced any significant issues in the area of liquidity/funding risks.

Market risk

Two key elements of market risks – variations of interest rates and FX – are regularly followed by management. The first risk is mitigated through contractual conditions (on both sides – liabilities – received loans and assets – provided loans), hence this market risk is of low to mid importance.

Only one subsidiary is exposed to the second risk (FX) in connection with different currencies of received and provided loans. The impact of this risk is recognized through FX gains/losses in the company´s P/L. In the last two years net FX losses in Poland amounted EUR 4.9m (2016), 2.5m (2015). On the other hand, development in 2017 has shown FX gains.

Hedging instruments are regularly considered but not applied at this moment due to costs.

IT risk

The financial industry is significantly dependant on information technology and information systems, namely in the retail area with plenty of small individual receivables. There are several key elements required from IT/IS – reliable data serving for management as well as mandatory reporting and accounting & tax purposes; data security, i.e. in connection with personal data protection (new regulations are expected in this area). This area is considered of high importance by management.

The Group companies possess their own IT departments that cover most of the tasks (however, external vendors are used as well). There is regular monitoring of legislative changes (at both EU and local levels), while those that are evaluated as important for the Group are mostly reflected through particular projects. Data reliability is verified through various controls that should be strengthened (independent controls, different levels) through a new project that is being realized at the Group level. Idem for data protection in connection with the GDPR EU Directive.

Management approach towards risk appetite

In the area of credit risk the management accepts a higher risk appetite that is connected with target segments the Group is focused on (medium-prime and sub-prime). The higher risk appetite is reflected in product parameters and processes adopted by the companies.

The Group pays high attention to legislative/regulatory risks aiming at the full compliance of all processes and products.

Regarding other risk areas management analyses the potential impact and level of measures to mitigate the risk for each particular case.

Description of legal changes and their impact on Group´s business activities in 2016

Business activities of the Group in the area of consumer/entrepreneur lending were impacted by several legal changes in all countries the Group has been operating. All of them generally tend to protect consumers' interests. They were partly imposed by the implementation of the amended EU directive on consumer credits; however additional requirements were introduced by the governments.

In reaction to those changes the subsidiaries modified their portfolio of products and services, as well as internal processes. The situation in particular countries is described hereinafter.

Czech Republic

An amendment to the Consumer Credit Act following the respective EU directive was implemented in 2016. Several changes were introduced: licensing of (non-banking) consumer loan providers (incl. minimal capital requirements) as well as mandatory registration of consumer loans intermediaries. The Czech National Bank has become the supervisory body also for non-banking lenders. The amendment has introduced some other changes related to limitation of contractual relations between the creditor and the consumer – limitation of collection fees, a ban on arbitrary clauses in contracts with consumers.

There are other legislative initiatives currently in progress – a proposal of changes of the Act on Insolvency aiming at softening rules for the personal bankruptcies (the proposal is being discussed with professional bodies).

The company has to submit the application for the license in February 2017. Its contractual relations with the intermediaries and following processes were and will be adjusted consequently.

Slovak Republic

Most of the legal changes came into force in 2015 and the consequent changes were implemented in 2015 and early 2016. The National Bank of Slovakia, in its role of the supervisory body for non-banking consumer lending market, carried out an inspection focused on compliance of the whole market, incl. PROFI Credit Slovakia in 2016.

An additional amendment to the Act was approved in 2016 and has been in force since January 2017. It defines stricter rules on how the income/expenses of an applicant have to be evaluated by the creditor.

The changes had a significant impact on the Slovak market (some competitors decided to leave it). PROFI Credit Slovakia modified its product portfolio and continuously has been working on its further optimisation as well as on the improvement of its processes.

Poland

An amendment to the Consumer Credit Act came into force in March 2016. Several key changes were introduced through this amendment – new definition of loan-related costs limit (non-interest costs) as well as collection cost limit. Several other duties were newly implemented – e.g. the loan intermediaries are supposed to be registered. A new industry tax was imposed on financial business (asset tax).

As a consequence, the Company modified its product portfolio in order to balance its business development under new regulatory duties.

Bulgaria

The legislation development was oriented namely towards the process area. The disputes between creditors and consumers were excluded from the scope of arbitrary proceedings. The legal representation fee was reduced.

There are two other initiatives currently under negotiations – a change of the Obligations and Contracts Act resulting in a decrease of the statutory interest, which will reflect on the APR cap. Another initiative strives to set the territoriality principle in distrainment proceedings.

Russian Federation

Russian supervisory bodies were modifying the rate cap limits with a quarterly frequency.

As announced previously, the loan industry has to undergo another stage of licensing - current non-banking loan providers will have to choose one of two forms of doing business – one with a relatively limited scope of services and softer supervision (micro-credit company) or another with wider possibilities of funding and providing loans and stronger regulation (micro-finance company). With respect to our current activities in the Russian Federation we decided to apply for a micro-credit company license.

There were launched two other initiatives that may potentially impact our business activity in the country. Both of them are under discussion within State Duma (committees) or by professional bodies. Their final wording as well as implementation time cannot be estimated reasonably at this stage.

With regard to the development of the regulatory framework, the company modified its products and services consequently in order to assure compliance with the legislation and its business development.

The new collection law was approved and entered into force. In this connection, the Company had to change its collection process.

The lawmakers' attention in the direction of microfinance organisations increased. They proposed a lot of new bills for consideration. The requirements for MFOs it is proposed to significantly tighten.

Business Outlook for the Coming Years

For the 2017 financial year, the Group will continue seeking long-term diversified funding for all group companies, which influences the Group's 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 priced and stable financial sources.

Management will carefully monitor each subsidiary focusing on products and services with an acceptable return as well as cost controlling as a whole. To ensure a sound future financial result, Group companies will persistently focus on maintaining the quality of the portfolio and reasonable risk management.

In 2017 some subsidiaries will adjust their product portfolio in accordance with changes in the consumer credit legislation in their countries, as mentioned above.

In addition, the Group will emphasise projects focused not only on new product development that will target additional potential customers and clients from the retail and small business sector but also on using new acquisition opportunities.

In 2016, companies in the Group managed to enter into new loan contracts with banking and non-banking entities amounting to over EUR 80 million. PROFI CREDIT Czech a.s. successfully continued with placing its corporate Debt securities to investors and so the aggregate amount of Debt securities sold reached EUR 15 million and proves to be a perspective source of funding for the future. As a result of Group funding activities we managed to decrease the average costs of funding in 2016 which is our long term strategy. In 2017 PROFI CREDIT Bulgaria successfully entered into a EUR 14 million loan contract with a non-banking entity and thus diversified its funding portfolio.

This Report of the Board of Directors was prepared and approved on July 17, 2017.

Members of the Board of Directors A:

G. van den Berg

D. Kramer

Members of the Board of Directors B:

D. Chour

Z. Lhotsky

Members of the Board of Directors C:

J. Michel

Consolidated Financial Statements
Prepared in Accordance with International Financial Reporting Standards
as Adopted by the EU
for the Year Ended 31 December 2016

Consolidated Statement of Comprehensive Income

	NOTE	Year ended 31 December 2016 EUR '000	Year ended 31 December 2015 EUR '000
Interest income	5	165 915	168 468
Interest expenses	5	-46 208	-47 206
Net interest income		**119 707**	**121 262**
Provisions for credit risks	6	-64 772	-48 403
Net interest income after provisions for credit risks		**54 935**	**72 859**
Net fees and commissions	7	-10 413	-13 583
General administrative expenses	8	-45 690	-47 623
Net insurance income	9	13 697	11 548
Other operating income/(expenses), net	10	-9 085	-6 098
Share of loss of a joint venture		-1 784	-1 164
Profit before taxation		**1 660**	**15 939**
Income tax	11	-1 114	5 966
Profit after taxation		**546**	**21 905**
Profit from continuing operations		546	21 905
- attributable to Owners of the Group		*546*	*21 905*
- attributable to Non-controlling interest		*0*	*0*
Loss for the year from discontinued operations	13	-37	-817
Profit for the period		**509**	**21 088**
Profit for the year attributable to:			
Owners of the Group		*509*	*21 088*
Non-controlling interest		*0*	*0*
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		-888	-198
Total comprehensive income for the year		**-379**	**20 890**
Total comprehensive income for the year attributable to:			
Owners of the Group		-379	20 980
Non-controlling interests		0	0
		-379	**20 980**

Consolidated Statement of Financial Position

	NOTE	31 December 2016 EUR '000	31 December 2015 EUR '000
Cash and balances with banks	16	5 752	4 338
Loans and advances to customers (net)	17	362 748	353 949
Deferred expenses and accrued income and other assets	18	8 803	7 265
Deferred tax asset	24	11 915	12 933
Income tax	11	3 295	0
Assets classified as held for sale	14	0	68
Intangible assets (net)	19	675	969
Property and equipment (net)	20	5 075	4 943
Investment in a joint venture	2	1 653	1 974
Total assets		**399 916**	**386 439**
Amounts owed to loan advisors	21	5 383	5 885
Liabilities arising from finance leases	22	1 527	1 730
Bank loans and overdrafts	25	7 469	10 653
Other received loans	26	313 598	297 467
Debt securities	23	16 511	12 056
Tax liabilities	11	717	725
Deferred tax liabilities	24	0	0
Deferred income Bonus loans	28	19 069	21 295
Other liabilities	29	5 915	6 999
Provisions	27	6 365	5 871
Liabilities directly associated with assets classified as held for sale	14	0	15
Total liabilities		**376 554**	**362 698**
Share capital	31	9 000	9 000
Share premium		150 032	150 032
Foreign currency translation reserve	32	-844	44
Accumulated loss		-135 335	-156 423
Profit or loss for the current period		509	21 088
Attributable to the owners of parent company		23 362	23 741
Non-controlling interest		0	0
Total equity		**23 362**	**23 741**
Total liabilities and equity		**399 916**	**386 439**

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	Attributable to owners of the parent company	Non-controlling interest	Total
Balance at 1 January 2015	**9 000**	**150 032**	**242**	**-163 095**	**5 838**	**2 017**	**-105**	**1 912**
Appropriation of net result	0	0	0	5 838	-5 838	0	0	**0**
Other movement in retained earnings related to previously non-consolidated subsidiaries	0	0	0	834	0	834	105	**939**
Foreign currency translation reserve	0	0	-198	0	0	-198	0	**-198**
Result for the period	0	0	0	0	21 088	21 088	0	**21 088**
Comprehensive income for the period	**0**	**0**	**-198**	**0**	**21 088**	**20 890**	**0**	**20 890**
Balance at 31 December 2015	**9 000**	**150 032**	**44**	**-156 423**	**21 088**	**23 741**	**0**	**23 741**
Appropriation of net result	0	0	0	21 088	-21 088	0	0	**0**
Other movement in retained earnings related to previously non-consolidated subsidiaries	0	0	0	0	0	0	0	**0**
Foreign currency translation reserve	0	0	-888	0	0	-888	0	**-888**
Result for the period	0	0	0	0	509	509	0	**509**
Comprehensive income for the period	**0**	**0**	**-888**	**0**	**509**	**-379**	**0**	**-379**
Balance at 31 December 2016	**9 000**	**150 032**	**-844**	**-135 335**	**509**	**23 362**	**0**	**23 362**

Consolidated Statement of Cash Flows

	NOTE	2016 EUR '000	2015 EUR '000
OPERATING ACTIVITY			
Profit before tax		1 623	15 122
Adjustments for non-cash transactions:			
Depreciation of property and equipment		1336	1 221
Impairment of assets		0	79
Amortisation of intangible assets		251	159
Gain on the sale of property and equipment		-55	-128
Increase/(decrease) in provisions		67 362	47 229
Financial expenses		46 208	49 836
Unrealised FX (gains)/ losses		4 619	2 508
Other non-cash changes		-10 425	4 552
Cash flow from operating activities before changes in working capital		110 919	120 578
Increase in receivables		-72 890	-82 848
Increase in payables		-3 826	1 842
Cash flow from operating activities		34 203	39 572
Income tax paid		-3 767	-12 359
Interest paid		-45 240	-50 680
NET CASH FLOW FROM OPERATING ACTIVITIES		**-14 804**	**-23 467**
INVESTING ACTIVITIES			
Sale of investment (net of cash)		55	128
Acquisition of new companies/non-consolidated entities		-29	-493
Purchases of property and equipment		-381	-1 342
NET CASH FLOW FROM INVESTING ACTIVITIES		**-355**	**-1 707**
FINANCING ACTIVITIES			
Payments of liabilities arising from finance leases		-764	-609
Net increase/(decrease) in bank loans		-3 183	5 603
Net increase in other loans		16 130	10 611
Debt security issue		4 455	6 857
NET CASH FLOW FROM FINANCING ACTIVITIES		**16 638**	**22 462**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1 479**	**-2 712**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**4 338**	**7 064**
Impact of exchange differences on cash and cash equivalents		-65	36
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**5 752**	**4 388**
Cash of continuing operations	**16**	**5 752**	**4 338**
Cash of discontinued operations – classified as held for sale	**15**	**0**	**50**

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 was located 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" or "Parent") together with its 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. Financial investments.

Other activities relate to entities that are not material to the Group.

Principal activities of companies as of 31 December 2016:

Name of the entity	Direct holding %	Consolidation Method	Principal activity	Registered office
PROFI CREDIT Czech, a.s.	100.0	Full	Provision of loans and borrowings	Praha, Czech Republic
PROFI CREDIT Slovakia, spol. s r. o.	100.0	Full	Provision of loans and borrowings	Bratislava, Slovakia
PROFI CREDIT Bulgaria EOOD	100.0	Full	Provision of loans and borrowings	Sofia, Bulgaria
PROFI CREDIT Poland Sp. z o. o.	100.0	Full	Provision of loans and borrowings	Bielsko Biala, Poland
PROFI CREDIT Polska S.A.	100.0	Full	Provision of loans and borrowings	Bielsko Biala, Poland
Profidebt Polska Spolka Z O.O.	100.0	None	Trading with receivables and debts/dormant entity	Bielsko Biala, Poland
PROFI Consulting, s.r.o.	100.0	None	Provision of services	Pardubice, Czech Republic
Profidebt Bulgaria, EOOD	100.0	None	Trading with receivables and debts/dormant entity	Sofia, Bulgaria
Profi Investment, N.V.	100.0	Full	Financial investments	Delft, Netherlands
Cash Gate, s.r.o.	100.0	None	Provision of loans and borrowings/dormant entity	Praha, Czech Republic
Profi Investment BG B.V.	100.0	None	Financial holdings	Delft, Netherlands
Profi Funding B.V.	100.0	None	Financial holdings	Delft, Netherlands

Name of the entity	Indirect holding %	Consolidation Method	Principal activity	Registered office
PGJT B.V.	50.0	Equity	Holding company	Amsterdam, Netherlands
MFO Profireal OOO	50.0	Equity	Provision of loans and borrowings	Saint Petersburg, Russia

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 %
Others	1 %

3. Significant Changes in the Group in the Year Ended 31 December 2016

The management of the group has decided not to continue with business activities in the subsidiary Profidebt Slovakia, s. r. o. and therefore the process of liquidation was completed in 2016.

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 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. Because the Group has been profitable in last years the equity continued being positive in 2016 and reached the amount of EUR 23,363 thousand.

The presented consolidated financial statements for the year ended 31 December 2016 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 2014 to 31 December 2020. In addition, in 2016 the Group obtained additional funds to finance the future development of sales in the following years.

As such, management is not aware of any events or conditions that may indicate that the Group'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.

Going Concern PROFI CREDIT Slovakia

PROFI CREDIT Slovakia, s.r.o. is in a difficult economic situation, which is mostly affected by recent legislative changes bringing tougher regulation in the area of consumer lending. The business model of the company is thus more burdened by new regulatory requirements, lowered rate cap limits and changes in other areas with both direct or indirect impacts on the company's business performance or costs.

The management is aware of that situation as well as the necessity to redesign current business model towards a scheme that can cope with all challenges while maintaining sustainable economic performance of the company. Hence, several analyses were started and are still running. Their goal is to eliminate those products and processes that will not allow financially sound operations and to develop those that can assure it, e.g. on-line distribution of products, new segmentation model, providing complementary services to the clients etc.

The company's management shall complete the analytical work in Q2/2017 and propose a set of changes to the Group's management during Q3/2017. Until that moment, the company will be operating under the current regime. PROFIREAL Group thereby expresses its intention to continue its operations in the Slovakian market with an adjusted business model that is currently being prepared.

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 re-measurement 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 Group exercises controlling influence (subsidiary undertakings) and which are prepared as of 31 December 2016. Control is achieved where the Group 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 Group has no associates with exception of joint-venture in company PGJT B.V.

The Group accounts for all business combinations 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 Group accounts for the combination using those provisional values.

The Group 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. Insurance services provided within the Group are inseparably connected with provided loans and therefore are unregulated because their nature is only economic not legal.

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 Group 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 Loan Advisors

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

Discontinued operations

The above mentioned bases and principles apply also for the valuation of financial instruments of discontinued operations.

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.

Regarding the IAS 39 the impairment losses should be recognised when they are incurred, rather than as expected and they are regarded as incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition. Group companies consider the delayed credit instalments as such evidence of incurred losses.

For the most accurate assessment the delayed instalments are shared to following groups and for each group the future cash flow is expected separately based on historical experiences.

a) Receivables, which are not due, but there is a significant evidence that they become due in next quarter
b) Receivables, which are past due between 0 and 90 days
c) Receivables, which are past due between 90 and 180 days
d) Receivables, which are past due between 180 and 360 days
e) Receivables, which are past due over 360 days

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.

Group companies consider that all receivables jointly with late collection fulfil the condition of incurred losses immediately.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group’s investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

The Group presents in the statement of comprehensive income a single amount comprising the total of the post-tax profit or loss of discontinued operations and or on the disposal of the assets or disposal group(s) constituting the discontinued operation for current year and comparative period.

The Group discloses in the notes an analysis of the single amount presented in the statement of comprehensive income into the revenue, expenses and pre-tax profit or loss of discontinued operations; the related income tax expense as required by paragraph 81(h) of IAS 12; and the gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation and the net cash flows attributable to the operating, investing and financing activities of discontinued operations.

The presented consolidated financial statements for the year ended 31 December 2016 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.

Correction of an error related to the prior period

Inaccurate data related to loan-receivables and loans-related income were identified in the PROFI Credit Slovakia s.r.o. package serving for preparation of IFRS consolidated financial statements during preparatory work. The data were obtained from the reports generated by the company's information system (IS). The differences were related to previous periods (namely 2014 and 2015), hence restatements of the 2015 and 2014 financial information had to be undertaken in the 2016 financial statements as described hereinafter.

EUR ´000	**2015 original**	**2015 restated**	**2015 Difference**	**2014 original**	**2014 restated**	**2014 Difference**
Loans and advances to customers (net)	390 727	353 949	-36 778	342 215	313 006	-29 209
- Gross	*603 783*	*576 011*	*-27 772*	*513 030*	*493 681*	*-19 349*
- Provisions	*- 213 055*	*- 222 062*	*9 007*	*- 170 815*	*- 180 676*	*9 861*
Deferred tax assets	11 527	12 933	1 406	4 681	11 105	6 424
Total equity	**59 114**	**23 741**	**-35 373**	**24 696**	**1 912**	**-22 784**

In the 2015 and 2014 statements, loans to customers were overstated. As stated, specific reasons for the difference related mainly to the amount of CA commission, the amount of embedded insurance and the amount of early termination. In addition to the difference, management reassessed the level of impairment related to loan receivables in the periods ended 31 December 2015 and 31 December 2014.

The restatement in the net loan receivable caused a consequent change in the presentation of deferred tax. Based on the negative profit of PROFI CREDIT Slovakia, s.r.o management decided to release the amount of deferred tax asset in 2014.

The above-mentioned changes had an impact on the amount of equity 2015 and 2014 as restated in the 2016 financial statements. The impact of the changes on the amount of profit for the period, net of taxes, amounts to approximately EUR 13.5 million for 2014 and approximately EUR 12.6 million for 2015. This impact differs from the impact on total equity due to the impact of the error on fiscal years prior to 2014.

Changes in Accounting Policies in 2016

Standards and Interpretations effective in the current period

Initial application of new amendments to the existing Standards and Interpretation effective for the current financial period

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for current financial period:

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations - adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure Initiative - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Bearer Plants - adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),

- **Amendments to IAS 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015), and

- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The adoption of these amendments to the existing standards and interpretation has not led to any material changes in the Group's financial statements.

Amendments to the existing Standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following amendments to the existing standards issued by the IASB and adopted by the EU were in issue but not yet effective:

- **IFRS 9 "Financial Instruments"** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018). During 2017, the Group started the IFRS 9 implementation project, engaging external consultants. For the classification and measurement stream, the Group is considering definitions of the business models and other requirements of the IFRS 9 based on determined gaps and identified activities for bridging the gaps. For the impairment stream, the Group is developing the methodology for calculating expected credit loss and modelling the risk parameters with the incorporation of necessary parameters for forward looking expectations. Quantitative impacts will be identified during 2017.

The impact for the impairment stream depends on the defined methodology of calculating expected credit losses and risk parameters arising from them, and

- **IFRS 15 "Revenue from Contracts with Customers"** and amendments to IFRS 15 "Effective date of IFRS 15" - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018).

New Standards and amendments to the existing Standards issued by the IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as of the date of publication of financial statements (the effective dates stated below is for IFRS in full):

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),

- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),

- **Amendments to IFRS 15 "Revenue from Contracts with Customers"** - Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018),

- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),

- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017),

- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),

- **Amendments to various standards "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018), and

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (effective for annual periods beginning on or after 1 January 2018).

The Group anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Entity in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Group's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement", would not significantly impact the financial statements, if applied as of the balance sheet date.

5. Net Interest Income

	2016 EUR '000	2015 EUR '000
Interest income		
- from loans and advances to financial institutions	10	8
- from loans to customers	165 905	168 460
Total interest income	**165 915**	**168 468**
Interest expenses		
- from loans and advances from financial institutions	-624	-1 343
- from amounts owed to non-financial institutions	-45 584	-45 863
Total interest expenses	**-46 208**	**-47 206**
Total net interest income	**119 707**	**121 262**

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

	2016 EUR '000	Discontinued operations	Total including discontinued operation	2015 EUR '000
Provisions for the loans and advances at 1 January	222 062	0	222 062	180 676
Charge for provisions for the period	64 772	0	64 772	48 403
Release of provisions for the period				
Net charge for provisions for the period	**64 772**	**0**	**64 772**	**48 403**
Use of provisions for the write-off and assignment of amounts due	-480	0	-480	-547
Reclassification and foreign exchange gains or losses from foreign currency provisions	-1 727	0	-1 727	-6 470
Total provisions for credit risk	**284 627**	**0**	**284 627**	**222 062**

7. Net Fees and Commissions

Net fees and commissions include:

	2016 EUR '000	2015 EUR '000
Fee and commission expense for services and transactions	-11 818	-15 324
Fee and commission income from services and transactions	1 405	1 741
Total net fees and commissions expense	**-10 413**	**-13 583**

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:

	2016 EUR '000	2015 EUR '000
Staff costs		
Payroll costs	-17 603	-17 153
Social security contributions	-3 974	-3 812
Other staff costs and payments made to the members of management	-1 006	-839
Total staff costs	**-22 583**	**-21 804**
Other administrative expenses		
Data processing expenses	-1 456	-1 317
Office lease expenses	-2 705	-2 513
Business transactions expenses	-6	-9
Advertising and marketing expenses	-6 435	-6 221
Advisory and legal services expenses	-3 982	-5 895
Telecommunication and postal expenses	-1 172	-1 158
Material consumption including fuel	-946	-1 130
Representation expenses	-378	-470
Travel expenses	-319	-490
Sundry administrative expenses	-4 003	-5 145
Insurance services	-118	-102
Total other administrative expenses	**-21 520**	**-24 450**
Depreciation of assets		
Amortisation of intangible assets (refer to Note 19)	-251	-156
Depreciation of property and equipment (refer to Note 20)	-1 336	-1 213
Total	**-1 587**	**-1 369**
Total general administrative expenses	**-45 690**	**-47 623**

The Group had 983 employees as of 31 December 2016 (2015 – 842), all employees are employed outside the Netherlands.

Advisory and legal services expenses include the fee paid to the Group auditor. The total compensation (including discontinued operations) paid to the Group auditor is as follows.

EUR’000	Deloitte Accountants B.V.	Other Deloitte firms *	Other audit firms *	Total 2016	Total 2015
Audit fees	44	282	30	356	264
Audit related fees	0	4	0	4	4
Tax advisory	0	58	0	58	66
Other non-audit fees	0	4	0	4	48
Total	**44**	**348**	**30**	**422**	**382**

* Services provided to subsidiaries located in other countries than the Netherlands

9. Net Insurance Income

	2016 EUR '000	2015 EUR '000
Net earned insurance	15 286	13 324
Costs of insurance claims	-1 589	-1 776
Total net insurance income	**13 697**	**11 548**

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.

10. Other Operating Income/ (Expenses), net

	2016 EUR '000	2015 EUR '000
FX Gains/(Losses)	-4 618	-2 508
Release of provisions for non-credit amounts due	1 432	1 650
Other operating Income	1 247	1 221
Total other operating income	**-1 939**	**363**
Credit related fees	-1 836	-1 931
Sundry operating expenses	-1 037	-1 956
Other operating expenses	-4 273	-2 574
Total other operating expenses	**-7 146**	**-6 461**
Total other operating income/(expenses) net	**-9 085**	**-6 098**

11. Income Tax

	2016 EUR '000	2015 EUR '000
Income tax charge/(credit):		
Tax payable charged to expenses	-435	4 015
Deferred tax recognised in income with respect to origination and recognition of temporary differences	-679	1 951
Total tax recognised in expenses	**-1 114**	**5 966**

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

The difference of income tax between the years 2016 and 2015 is caused by the restructuring process in Polish companies. The reason for the negative payable tax in 2015 is that one of the Polish companies has a fiscal period different from the Group's accounting period.

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:

	2016 EUR '000	2015 EUR '000
Profit/(loss) before tax	1 660	15 939
Income tax on net profit at the statutory rate*	2 669	3 645
Differences between accounting and tax treatment (permanent differences)	-3 104	370
Income tax for the period	-435	4 015
Recognised deferred tax	-679	1 951
Income tax for the period	**-1 114**	**5 966**

**Tax rate in Netherlands 25% (2016), 25% (2015)*
Tax rate in Czech Republic 19% (2016), 19% (2015)
Tax rate in Slovak Republic 22% (2016), 23% (2015)
Tax rate in Poland 19% (2016), 19% (2015)
Tax rate in Bulgaria 10% (2016), 10% (2015)

In the following table is presented the amount of consolidated tax asset and liability.

	2016 EUR '000	2015 EUR '000
Income tax	3 295	0
Tax liabilities	717	725

12. Dividends

In 2016 and 2015, the General Meeting decided not to declare and pay out any dividends.

13. Discontinued Operations

In January 2014 the Profireal Group sold the subsidiary Profidebt, s.r.o. (Czech Republic) and the receivable portfolio of Profidebt Slovakia, s.r.o. to Intrum Justitia, a European leader in credit management service. The result of the Profidebt division is therefore presented as Discontinued operation.

In March 2013, a new subsidiary Profi Exploration was founded for the purposes of new future investment activities. Subsequently in March and July 2013 the subsidiaries GNG LLC and Profi Exploration Tyumen were founded for oil extraction activities in Russia. Nevertheless, in 2014 management decided to break off these activities. The result of oil extraction is therefore part of Discontinued operation (IFRS 5). The subsidiary Profi Exploration was sold in December 2015 to a third party.

In 2015, management of the group decided not to continue with business activities in the subsidiary Profidebt Slovakia, s. r. o. and therefore the process of liquidation was completed in 2016.

Profit for the year from discontinued operations

	Year ended 31 December 2016 EUR '000	Year ended 31 December 2015 EUR '000
Interest income	0	5
Interest expenses	0	-417
Net interest income	**0**	**-412**
Provisions for credit risks	0	0
Net interest income after provisions for credit risks	**0**	**-412**
Net fees and commissions	0	35
General administrative expenses	-61	-254
Other operating income/(expenses), net	24	106
The loss recognised on the measurement to fair value less costs to sell	0	-292
Loss before taxation	**-37**	**-817**
Income tax	0	0
Loss after taxation	**-37**	**-817**
Loss after taxation from discontinued operations attributable to owners of the Group	-37	-817
Loss after taxation from discontinued operations attributable to Non-controlling interests	0	0

14. Assets and liabilities classified as held for sale

	2016	2015
	EUR '000	EUR '000
Assets held for sale	0	68
Liabilities associated with assets held for sale	0	15

	2016	2015
	EUR '000	EUR '000
Cash	0	50
Loans and advances to customers net	0	0
Other assets	0	18
Assets held for sale	**0**	**68**
Bank loans	0	0
Other loans	0	0
Other liabilities	0	15
Liabilities associated with assets held for sale	**0**	**15**

15. Cash Flow from discontinued operations

	2016	2015
	EUR '000	EUR '000
Cash and cash equivalents at the beginning of the year	50	565
Operating activity	-50	-515
Investing activity	0	0
Financing activity	0	0
Impact of FX translation	0	0
Cash and cash equivalents at the end of the year	**0**	**50**

16. Cash and Cash at Bank

	2016	2015
	EUR '000	EUR '000
Cash	3 673	1 953
Deposits at bank	2 079	2 385
Total cash and cash at bank	**5 752**	**4 338**

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

17. Loans and Advances to Customers (net)

a) Total loans and advances to customers (net)

	2016	2015
	EUR '000	EUR '000
Loans to customers	618 800	549 409
Other advances to customers	28 571	26 602
Gross loans and advances to customers	**647 371**	**576 011**
Provisions for loans to customers	284 049	221 546
Provisions for other advances to customers	574	516
Total loans and advances to customers (net)	**362 748**	**353 949**

b) Structure of the loan portfolio

The loan portfolio of the Group as of 31 December 2016 includes the following allocation to categories:

	Gross	Collateral used	Exposure not secured by collateral	Provisions	Carrying amount	Provisions
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	%
Non-impaired	208 854	0	208 854	8 606	200 248	4 %
Impaired	438 517	0	438 517	276 017	162 500	63 %
Total	**647 371**	**0**	**647 371**	**284 623**	**362 748**	**44 %**

The loan portfolio of the Group as of 31 December 2015 includes the following allocation to categories:

	Gross	Collateral used	Exposure not secured by collateral	Provisions	Carrying amount	Provisions
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	%
Non-impaired	213 137	0	213 137	10 381	202 756	5%
Impaired	362 874	0	362 874	211 681	151 193	58%
Total	**576 011**	**0**	**576 011**	**222 062**	**353 949**	**39%**

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:

	2016	2015
	EUR '000	EUR '000
Loans to retail customers	335 131	328 681
Loans to corporate customers	27 617	25 268
Total	**362 748**	**353 949**

The structure of loans by geographical area is as follows:

	2016	2015
	EUR '000	EUR '000
Czech Republic	109 788	110 897
Slovakia	63 709	70 826
Poland	156 148	137 297
Bulgaria	33 103	34 929
Total	**362 748**	**353 949**

Aging analysis of loans:

	Before due dates EUR '000	0-90 days EUR '000	91-180 days EUR '000	181 days and more EUR '000	Total EUR '000
Loans at 31 Dec 2016	224 658	22 139	14 620	101 331	**362 748**
Loans at 31 Dec 2015	279 471	17 586	10 259	46 633	**353 949**

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:

	2016 EUR '000	Discontinued operations	Total including discontinued operation	2015 EUR '000
Provisions for the loans and advances at 1st January	222 062	0	222 062	180 676
Charge for provisions for the period	64 772	0	64 772	48 403
Release of provisions for the period				
Net charge for provisions for the period	**64 772**	**0**	**64 772**	**48 403**
Use of provisions for the write-off and assignment of amounts due	-480	0	-480	-547
Reclassification and foreign exchange gains or losses from foreign currency provisions	-1 727	0	-1 727	-6 470
Total provisions for credit risk	**284 627**	**0**	**284 627**	**222 062**

Provisions against loans and receivables from customers by categories:

	2016 EUR '000	2015 EUR '000
Individually impaired	69 420	42 137
Collectively impaired	215 207	179 925
Total	**284 627**	**222 062**

18. Deferred Expenses and Accrued Income and Other Assets

	2016 EUR '000	2015 EUR '000
Deferred expenses	3 236	3 480
Accrued income	149	220
Estimated receivables	0	7
Trade receivables	460	428
Short-term prepayments made	1 568	1 837
Other non-current financial assets	7	7
Goods	13	22
Other loans in the Group	3 032	1 036
Others	338	228
Total	**8 803**	**7 265**

19. Intangible Assets

	Software EUR '000	Intangible assets under construction EUR '000	Other intangible assets EUR '000	Total EUR '000
Balance at 31 December 2014	**1 044**	**2 204**	**244**	**3 492**
Additions	226	701	236	1 163
Impact of translation to EUR	20	50	3	73
Disposals	-70	-2 353	-6	-2 429
Classified as held for sale - discontinued operations	0	0	0	0
Balance at 31 December 2015	**1 220**	**602**	**477**	**2 299**
Additions	31	148	102	281
Impact of translation to EUR	1	-11	-2	-12
Disposals	79	305	10	394
Classified as held for sale - discontinued operations	54	0	24	78
Balance at 31 December 2016	**1 173**	**434**	**567**	**2 174**
ACCUMULATED AMORTISATION				
Balance at 31 December 2014	**908**	**151**	**116**	**1 175**
Amortisation for the period	106	45	57	208
Impact of translation to EUR	17	0	0	17
Eliminated on Disposal	-70	0	0	-70
Classified as held for sale - discontinued operations	0	0	0	0
Balance at 31 December 2015	**961**	**196**	**173**	**1 330**
Amortisation for the period	81	55	127	263
Impact of translation to EUR	0	-8	0	-8
Eliminated on Disposal	-76	0	-10	-86
Classified as held for sale - discontinued operations	0	0	0	0
Balance at 31 December 2016	**966**	**243**	**290**	**1 499**
NET BOOK VALUE				
Balance at 31 December 2015	**259**	**406**	**304**	**969**
Balance at 31 December 2016	**207**	**191**	**277**	**675**

20. Property and Equipment

	Land and buildings EUR '000	Assets under construction EUR '000	Equipment, fixtures and fittings EUR '000	Total EUR '000
COST OR VALUATION				
Balance at 31 December 2014	**1 853**	**252**	**8 260**	**10 365**
Additions	7	619	1 708	2 334
Impact of translation to EUR	49	3	85	137
Disposals	0	-639	-964	-1 603
Classified as held for sale – discontinued operations	0	0	0	0
Balance at 31 December 2015	**1 909**	**235**	**9 089**	**11 233**
Additions	5	257	1 252	1 514
Impact of translation to EUR	0	0	-83	-83
Disposals	0	-171	-861	-1 032
Classified as held for sale - discontinued operations	0	0	0	0
Balance at 31 December 2016	**1 914**	**321**	**9 397**	**11 632**
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
Balance at 31 December 2013	**737**	**0**	**5 394**	**6 131**
Depreciation for the year	40	0	809	849
Impact of translation to EUR	20	0	50	70
Eliminated on disposal	0	0	-760	-760
Classified as held for sale - discontinued operations	0	0	0	0
Balance at 31 December 2015	**797**	**0**	**5 493**	**6 290**
Depreciation for the year	40	0	963	1 003
Impact of translation to EUR	0	0	-45	-45
Eliminated on disposal	0	0	-691	-691
Classified as held for sale - discontinued operations	0	0	0	0
Balance at 31 December 2016	**837**	**0**	**5 720**	**6 557**
NET BOOK VALUE				
Balance at 31 December 2015	**1 112**	**235**	**3 596**	**4 943**
Balance at 31 December 2016	**1 077**	**321**	**3 677**	**5 075**

Information on finance leases is disclosed in Note 22.

21. Amounts Owed to Loan Advisors

	2016 EUR '000	2015 EUR '000
Accrued expenses	2 121	2 255
Payables arising from outstanding commissions	2 864	3 324
Other	398	306
Total	**5 383**	**5 885**

22. Liabilities Arising from Finance Leases

	Minimum lease instalment		Present value of minimum lease instalment	
	2016 EUR '000	2015 EUR '000	2016 EUR '000	2015 EUR '000
Liabilities from finance leases:				
Less than one year	764	757	703	684
From two to five years	870	1 104	824	1 046
	1 634	**1 861**	**1 527**	**1 730**
Less future finance charges	0	131	0	0
Present value of finance lease liabilities	**1 634**	**1 730**	**1 527**	**1 730**
Less payables maturing within 1 year (reported as short-term payables)	60	62	330	325
Payables after 1 year	103	100	794	932

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.

23. Debt securities issued

In December 2012 PROFI CREDIT Czech, a.s. issued debt securities denominated in CZK in the book-entry form in the total value of CZK 3,000,000 thousand, i.e. EUR 109,381 thousand (with the nominal value of individual debt securities amounting to CZK 1) which will mature in ten years from the issuance date. The interest rate on the securities is 18.5 % p.a. As of 31 December 2016, debt securities in the amount of EUR 10,645 thousand were placed with the interest rate of 7.5% p.a. (as of 31 December 2015 EUR 11,028 thousand) and EUR 5,866 thousand were placed with the interest rate of 6.5% p.a. (as of 31 December 2015 EUR 1,028 thousand). The interest rate was changed by an amendment before sale to third parties.

24. 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:

	Fixed assets EUR '000	Tax losses EUR '000	Loans and other receivables EUR'000	Other EUR '000	Total EUR'000	Discontinued operations EUR'000	Total including discontinued operations EUR'000
As of 1 January 2015	**298**	**-178**	**13 522**	**-2 535**	**11 107**	**42**	**11 149**
Charged against profit or loss	-186	37	1 036	998	**1 885**	-42	**1 843**
from which Impact of changes in tax rates	0	0	0	0	**0**	0	**0**
Charged against equity	0	0	0	0	**0**	0	**0**
Impact of translation to EUR	2	-1	-36	-24	**-59**	0	**-59**
As of 1 January 2016	**114**	**-142**	**14 522**	**-1 561**	**12 933**	**0**	**12 933**
Charged against profit or loss	-16	24	-5 848	5 160	**-680**	0	**-680**
from which Impact of changes in tax rates	0	0	0	0	**0**	0	**0**
Charged against equity	0	0	0	0	**0**	0	**0**
Impact of translation to EUR	0	0	-330	-8	**-338**	0	**-338**
As of 31 December 2016	**98**	**-118**	**8 344**	**3 591**	**11 915**	**0**	**11 915**

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

	2016 EUR '000	2015 EUR '000
Deferred Tax Assets	18 251	12 933
Deferred tax liabilities	-6 336	0
Net deferred tax asset/(liability)	**11 915**	**12 933**

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

	2016 EUR '000	2015 EUR '000
Beginning of year	12 933	11 107
Currency translation adjustments	-338	-59
Charged to the statement of comprehensive income	-680	1 885
End of the year	**11 915**	**12 933**

The deferred income tax asset is comprised of:

	2016 EUR '000	2015 EUR '000
Fixed assets	98	114
Loans and advances	8 344	14 522
Fiscal loss carried forward	-118	-142
Other	3 591	-1 561
Deferred tax (asset)/ liability	**11 915**	**12 933**

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 627 thousand as of 31 December 2016 (EUR 792 thousand as of 31 December 2015).

25. Bank Loans and Overdrafts

	2016 EUR '000	2015 EUR '000
Bank loans	7 469	10 653
Total	**7 469**	**10 653**
Loans are repayable as follows:		
- on demand or within one year	5 052	7 580
- in the second year	1 852	1 838
- in the third to five year	565	1 235
Total	**7 469**	**10 653**

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 2016 and 2015.

26. Other Received Loans

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

	2016 EUR '000	2015 EUR '000
Entity 1*	215 337	220 461
Entity 2**	80 218	54 065
Other	18 043	22 941
Total	**313 598**	**297 467**
Loans are repayable as follows:		
- on demand or within 1 year	50 540	42 935
- in the second year	33 570	23 262
- in the third to fifth year	229 488	226 270
- more than five years	0	5 000
Total	**313 598**	**297 467**

Loans by currency:

At 31 December 2016	Total EUR '000	CZK EUR '000	EUR EUR '000	Other
Entity 1*	215 337	87 106	108 337	19 894
Entity 2**	80 218	74 023	6 195	0
Other	18 043	3 034	14 994	15
Total	**313 598**	**164 163**	**129 526**	**19 909**

At 31 December 2015	Total EUR '000	CZK EUR '000	EUR EUR '000	Other
Entity 1*	220 002	105 869	114 133	0
Entity 2**	54 523	39 701	14 822	0
Other	22 942	2 942	19 990	10
Total	**297 467**	**148 512**	**148 945**	**10**

*Entity 1 is Solarex Investments BV, a Dutch legal entity. (Statutory name changed as of May 3, 2017 to Netherlands Mezzanine Fund B.V.)
** Entity 2 is Dairewa PLC, 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 70,086 thousand (EUR 42,433 thousand as of 31 December 2015). The loan is repayable on 31 December 2020.

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 2015 and 2014.

27. Provisions

	Provision for insurance claims EUR '000	Provision tax EUR '000	Other EUR '000	Total EUR '000	Discontinued operations EUR '000	Total including discontinued operations EUR´000
At 1 January 2016	**4 142**	**181**	**1 550**	**5 873**	**0**	**5 873**
Additions to provisions for the period	1 447	33	771	2 251	0	2 251
Use of provisions	1 611	0	83	1 694	0	1 694
Impact of translation to EUR	0	1	64	65	0	65
At 31 December 2016	**3 978**	**213**	**2 174**	**6 365**	**0**	**6 365**

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 accessories are described in Note 35.

28. Deferred income Bonus loans

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.

	2016 EUR '000	**2015 EUR '000**
Deferred income - Bonus loans	19 069	21 295

29. Other Liabilities

	2016 EUR '000	**2015 EUR '000**
Trade payables	1 018	1 380
Accrued expenses	314	340
Estimated payables	399	477
Payables to employees, social security and health insurance	974	1 020
Untaken holiday	322	258
Other	2 888	3 524
Total	**5 915**	**6 999**

30. Equity

As of 31 December 2016, the Group reported positive equity in the amount of EUR 23,362 thousand (positive equity in the amount of EUR 23,741 thousand as of 31 December 2015).

The aggregate consolidated accumulated loss as of 31 December 2016 amounts to EUR 135,335 thousand, of which EUR 150,896 thousand represents a loss that arose from the elimination of revaluation as part of the Group restructuring which took place in 2007, and EUR 15,561 thousand represents an accumulated profit from the Group’s operations.

31. Share Capital

In 2016 and 2015 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 2016 and 2015, the General Meeting decided not to declare and pay out any dividends.

32. Foreign Currency Translation Reserve

	Total EUR '000
Balance at 31 December 2014	**242**
Movement for the period	-198
Balance at 31 December 2015	**44**
Movement for the period	888
Balance at 31 December 2016	**-844**

33. Contingent Liabilities

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

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

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

Loans and advances to customers are valued at fair value Level 3.

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.

e) Debt securities issued

The fair values of other Debt securities issued with fixed interest rates are estimated on the basis of discounted cash flows using the Debt securities' interest rates.

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

	2016 Carrying value EUR '000	2016 Fair value EUR '000	2015 Carrying value EUR '000	2015 Fair value EUR '000
Financial assets				
Cash and cash at bank	5 473	5 473	4 338	4 338
Loans and advances to customers (net)	363 358	386 470	356 687	381 162
Financial liabilities				
Amounts owed to loan advisors	5 324	5 324	5 488	5 488
Amounts owed to banks	9 026	9 026	12 409	12 426
Debt securities issued	16 511	16 511	12 056	12 056
Other received loans	330 955	330 955	309 617	309 617

Management considers the fair value of the financial liabilities to be equal to their carrying value.

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.

35. 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 provided 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, cash on bank accounts and receivables from provided loans. The following table shows the amount of receivables and cash on bank accounts used as collateral:

Carrying amount of financial assets used as collateral	**2016** **EUR '000**	**2015** **EUR '000**
Bank loans and overdrafts	7 469	10 653
Other received loans	309 416	434 358
Total	**316 885**	**445 011**

In terms of 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 nor past due	**2016** **EUR '000**	**2015** **EUR '000**
Employee loan	191 995	231 162
Business loan	1	0
Trade loan	5	18
Employees loan – “CZK 6 000“	25	19
Employees loan – “CZK 4 999”	6	85
Simple business loan	948	752
PPS Loan	7 614	8 224
Total	**200 594**	**240 260**

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

The real estate is not part of collateral in 2016 and 2015.

The employee loan is intended for clients (physical persons) that have regular income from employment (after trial period), from annuity, old-age pension or disability pension as well as income from maternity or parental benefits. The amount of these loans ranges from EUR 400 – 6,600, the repayment period is between 12 to 48 months and the loan is not tied to any specific purpose.

The business loan is designed for business entities (i.e. entrepreneurial persons and business entities). The basic criterion for loan approval is a quality piece of real estate. These loans are short to medium term loan maturity of 1–48 months. The amount of the loan is not limited, but it depends on the quality of the lien.

The trade loan is designed mainly for small entrepreneurs and traders who have regular income from business. The loans are short to medium term loans with a maturity of 1–48 months. Approval of such an application is subject to individual evaluation.

The employees loan – “CZK 6 000“ is intended for physical persons with stable income. The loan is related to the fixed amount of CZK 6,000 for a short term period.

The employees loan – "CZK 4 999" is related to the fixed payment amount CZK 4,999. The loan is offered to clients that earn stable income. This loan will address small financial needs or unexpected expenditures. Clients are asked to present only two identity documents.

The simple business loan is intended chiefly for small-scale business persons and self-employed persons (natural and legal persons) to address their immediate financial needs. This is a short-term loan of CZK 30,000, with the repayment period of 12 months. The basic criterion for determining if the applicant will be provided the loan is information from accessible registers.

The specific-purpose loan is the only loan for the client to give a specific description of the purpose of the loan to be provided. It is suitable for modernisation of establishments, procurement, equipment, machinery and various facilities for business activities. The amount to be provided ranges from CZK 30,000 to 110,000, with the repayment period of 12 to 48 months.

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 2016	**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	1 589	930	2 864	0	5 383
Liabilities arising from finance leases	0	189	569	875	0	1 633
Bank loans and overdrafts	0	1 715	3 649	2 654	0	8 018
Other received loans	0	23 710	55 404	269 986	0	349 100
Other liabilities	0	13 001	2 259	1 468	0	16 728
Total	**0**	**40 204**	**62 811**	**277 847**	**0**	**380 862**

Non-discounted financial liabilities as of 31 Dec 2015	**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	1 711	1 109	3 065	0	5 885
Liabilities arising from finance leases	0	186	558	1 100	0	1 844
Bank loans and overdrafts	0	710	7 310	3 224	0	11 244
Other received loans	0	10 613	58 248	257 087	0	325 948
Other liabilities	0	25 708	2 993	4 064	0	32 765
Total	**0**	**38 928**	**70 218**	**268 540**	**0**	**377 686**

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.

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 2016	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	CZK	PLN	111 408	110 294	112 522
PROFI CREDIT Poland	EUR	PLN	28 930	28 641	29 219
PROFI INVESTMENT	RUB	EUR	15	15	15

Sensitivity analysis: CY risk at 31 Dec 2015	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	92 223	91 301	93 145
PROFI CREDIT Poland	CZK	PLN	28 830	28 542	29 118
PROFI INVESTMENT	RUB	EUR	3 096	3 065	3 127

Structure of assets and liabilities by original currency at 31 Dec 2016 EUR '000	CZK	EUR	PLN	BGN	Other	Total
Cash and cash at bank	1 137	1 177	3 356	79	3	5 752
Loans and advances to customers (net)	109 787	63 709	156 148	33 104	0	362 748
Deferred expenses and accrued income and other assets	2 014	4 524	1 787	478	0	8 803
Deferred tax asset	2 881	0	9 013	21	0	11 915
Income tax	1813	1 482	0	0	0	3 295
Assets classified as held for sale	0	0	0	0	0	0
Intangible fixed assets (net)	366	128	169	12	0	675
Property and equipment (net)	2 724	474	1 501	376	0	5 075
Total assets	**120 722**	**73 147**	**171 974**	**34 070**	**3**	**399 916**
Amounts owed to customers	3 407	544	784	648	0	5 383
Liabilities arising from finance lease	691	268	568	0	0	1 527
Bank loans and overdrafts	7 469	0	0	0	0	7 469
Other received loans	52 754	149 435	0	0	111 409	313 598
Debt securities issued	16 511	0	0	0	0	16 511
Tax liabilities	0	3	714	0	0	717
Deferred tax liabilities	0	0	0	0	0	0
Deferred income Bonus loans	7 338	2 055	1 967	7 709	0	19069
Other liabilities	2 014	2 371	565	965	0	5915
Provisions	2748	1199	2387	31	0	6365
Liabilities directly associated with assets classified as held for sale	0	0	0	0	0	0
Total liabilities	**92 932**	**155 875**	**6 985**	**9 353**	**111 409**	**376 554**
Net exposure	**27 790**	**-82 728**	**164 989**	**24 717**	**-111 406**	**23 362**

Structure of assets and liabilities by original currency at 31 Dec 2015 EUR '000	**CZK**	**EUR**	**PLN**	**BGN**	**Other**	**Total**
Cash and cash at bank	1 211	1 199	1 755	171	2	4 338
Loans and advances to customers (net)	110 895	70 826	137 297	34 931	0	353 949
Deferred expenses and accrued income and other assets	2 501	2 980	1 475	309	0	7 265
Deferred tax asset	2 489	0	10 429	15	0	12 933
Income Tax	0	0	0	0	0	0
Assets classified as held for sale	0	68	0	0	0	68
Intangible fixed assets (net)	650	161	153	5	0	969
Property and equipment (net)	2 666	756	1 192	329	0	4 943
Total assets	**120 412**	**77 964**	**152 301**	**35 760**	**2**	**386 439**
Amounts owed to customers	3 828	457	828	772	0	5 885
Liabilities arising from finance lease	836	205	527	162	0	1 730
Bank loans and overdrafts	10 653	0	0	0	0	10 653
Other received loans	148 512	148 955	0	0	0	297 467
Debt securities issued	12056	0	0	0	0	12 056
Tax liabilities	-401	491	635	0	0	725
Deferred tax liabilities	0	0	0	0	0	0
Deferred income Bonus loans	6 807	5 689	1 571	7 228	0	21 295
Other liabilities	3 141	1 994	1 144	720	0	6 999
Provisions	2 685	1 456	1 729	3	0	5 873
Liabilities directly associated with assets classified as held for sale	0	15	0	0	0	15
Total liabilities	**188 117**	**159 262**	**6 434**	**8 885**	**0**	**362 698**
Net exposure	**-67 705**	**-81 298**	**145 867**	**26 875**	**2**	**23 741**

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 has remained unchanged since 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 and 26).

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

36. 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 prosecuting party.

PROFI CREDIT Czech, a.s. participates as a plaintiff in the proceedings conducted before the Municipal Court in Prague as regards the tax liability related to previous accounting periods. The disputable amount was paid in full within the statutory period in 2014. The action has not been heard yet, and so far no order has been issued for the first hearing. Based on a legal analysis, the Company's management is of the opinion that the proceedings will be closed upon a judgement in favour of the Company. In connection with the aforementioned tax liability, interest and penalty on the overdue payment was assigned to the Company in 2015, which amounts to CZK 45 million (ca EUR 1.6 million), however, had been paid in full, and accordingly, an appeal has been lodged by the Company. In case the appeal is declined, the Company is ready to settle the matter in the court, and based on a legal analysis, the Company believes that the result of the proceedings will be favourable for the Company. The amount of the interest and penalty on the overdue payment linked to previous accounting periods is accounted for against other profit (loss) of previous years.

The penalty of overdue payment, paid by the Company in 2015, was paid back by the Tax Authority in August 2015.

Poland's operations as conducted by PROFI CREDIT Poland Sp. z o.o. and PROFI CREDIT Polska SA. are under a regulatory supervision by the Competition Office.

PROFI CREDIT Poland Sp. z o.o. is subject to several proceedings initiated by the Competition Office for violating group consumer interests. The proceedings are at different phases of developments, including the court and appeal court phase. The company vigorously disputes the claims brought by the Competition Office. It is expected that final decisions and rulings may take a few years.

PROFI CREDIT Polska SA is subject to a single inquiry by the Competition Office. So far no charges have been made and the company fully cooperates with the Competition Office.

As of 31 December 2016, the Group was involved in no other legal dispute, the outcome of which would significantly impact the Group.

37. 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 performed the following transactions with other related parties:

	Income		**Expenses**		**Receivables**		**Payables**	
	2016 EUR '000	**2015 EUR '000**	**2016 EUR '000**	**2015 EUR '000**	**2016 EUR '000**	**2015 EUR '000**	**2016 EUR '000**	**2015 EUR '000**
Ultimate shareholder	0	0	0	0	0	0	0	0
Other subsidiaries	810	0	33	0	1	0	3	0
Key management personnel	0	0	231	217	0	0	1	20
Other related parties	6	0	6	0	20	19	74	0
Total	**816**	**0**	**270**	**217**	**21**	**19**	**78**	**20**

Receivables from related parties were not provisioned.

The amounts presented in 'Key management personnel' represent transactions with the members of the company board. These amounts are related to the short-term remuneration (the outstanding payable is due within a year) and were stated on an arm's length basis. The Key management personnel did not provide or receive any guarantees. There are no receivables due from the key management and therefore there are no related provisions for doubtful debts nor there is any expense recognised in this respect.

38. 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 2016

EUR '000	PROFIREAL GROUP SE	PROFI CREDIT Czech, a.s.	PROFI CREDIT Slovakia, spol. s r.o.	PROFI CREDIT Polska S.A.
Interest income	2 360	44 598	29 900	80 693
Interest expense	2 452	9 828	11 998	18 307
Net interest income	-91	34 770	17 902	62 386
Profit or loss before tax	-19 718	8 151	-6 337	2 308
Income tax	0	16	3	1 101
Profit or loss after taxation	-19 718	8 135	-6 339	1 207
Total assets	**167 161**	**119 182**	**68 444**	**174 809**
Loans and receivables from customers (net)	0	109 787	63 709	158 984
Bank loans and overdrafts	0	7 469	0	0
Other received loans	20 000	54 605	80 602	140 338
Equity	**146 570**	**26 149**	**-18 100**	**27 388**

EUR '000	PROFI CREDIT Bulgaria EOOD	Profi Investment NL, N.V.	Profidebt Slovakia s.r.o.
Interest income	9 691	162	0
Interest expense	4 088	1 024	0
Net interest income	5 602	-862	0
Profit or loss before tax	-3 361	-2 324	-37
Income tax	-6	0	0
Profit or loss after taxation	-3 355	-2 324	-37
Total assets	**34 079**	**3 846**	**0**
Loans and receivables from customers (net)	33 103	0	0
Bank loans and overdrafts	0	0	0
Other received loans	24 915	10 494	0
Equity	**-500**	**-6 680**	**0**

Year ended 31 December 2015

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	2 696	41 564	36 333	78 758
Interest expense	3 030	12 174	11 487	16 491
Net interest income	-333	29 390	24 846	62 267
Profit or loss before tax	8 543	6 698	-1 025	12 416
Income tax	0	566	6 521	-13 209
Profit or loss after taxation	8 543	6 132	-7 546	25 625
Total assets	**186 456**	**120 641**	**74 754**	**155 137**
Loans and receivables from customers (net)	0	110 895	70 826	140 133
Bank loans and overdrafts	0	10 653	0	0
Other received loans	20 000	61 160	76 214	121 511
Equity	**166 288**	**19 859**	**-11 760**	**27 029**

EUR '000	PROFI CREDIT Bulgaria EOOD	Profi Investment NL, N.V.	Profidebt Slovakia s.r.o.
Interest income	11 738	12	0
Interest expense	4 381	850	1 423
Net interest income	7 357	-839	-1 423
Profit or loss before tax	127	-2 006	-1 521
Income tax	156	0	0
Profit or loss after taxation	-29	-2 006	-1 521
Total assets	**35 731**	**2 501**	**68**
Loans and receivables from customers (net)	34 929	0	0
Bank loans and overdrafts	0	0	0
Other received loans	23 911	6 821	0
Equity	**2 855**	**-4 356**	**52**

39. Subsequent events

In February 2017, PROFI CREDIT Czech a.s. fulfilled the legislative condition arising from the Consumer Credit Act and applied for a licence of a non-banking consumer loan provider from the Czech National Bank.

In April 2017, group company PROFI INVESTMENT BG BV acquired a majority share in the Philippine entity Flexi Finance. The aim of the Group is to establish a new subsidiary and operate in the Philippine consumer finance sector.

In July 2017, group company Profi Investment, N.V. acquired the full control (100 %) over PGJT B.V., former joint venture between Profireal Group SE and J&T Group. The purchase price of shares was settled in cash. In connection with the change of control, PGJT B.V. repaid its outstanding debt towards J&T Group using funds provided by Profireal Group SE.

Approval of the Financial Statements

These financial statements were prepared and approved on .

Members of the Board of Directors A:

G. van den Berg

D. Kramer

Members of the Board of Directors B:

D. Chour

Z. Lhotsky

Members of the Board of Directors C:

J. Michel

Company Financial Statements for the Year Ended 31 December 2016

All information presented in '000 EUR unless stated otherwise

Statement of Financial Position as of 31 December 2016
(before appropriation of results)

	Notes	31December 2016	31 December 2015
ASSETS			
Fixed Assets			
Financial Fixed Assets			
Investments	*4*	50 730	46 988
Loans receivable	*5*	16 507	12 282
		67 237	59 270
Current Assets			
Receivables and prepaid expenses	*6*	1 715	723
Cash at banks	*7*	279	162
		1 994	885
TOTAL ASSETS		69 231	60 156
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		-844	44
Accumulated loss		-135 335	-156 423
Result of the year		509	21 088
Non-controlling interest		0	0
		23 362	23 741
Non-Current Liabilities			
Provision to investments	*4*	25 280	16 116
Long term loans	*9*	20 000	20 000
		45 280	36 116
Current Liabilities			
Accounts payable and accrued expenses		589	300
		589	300
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		69 231	60 156

The accompanying notes form part of these accounts.

Income statement
for the year ended 31 December 2016

	31-Dec-16	*31-Dec-15*
Company result	-23 000	2 628
Result from participations in Group companies	23 509	18 461
Net result	509	21 088

Notes to the Company financial statements
31 December 2016

1. Group Affiliation and Principal Activities

The Company, incorporated on 9 August 2007, is a European private limited liability company with its statutory seat in Amsterdam, The Netherlands.
Registered office: Martinus Nijhofflaan 2, 17th floor, 2624 ES Delft, the Netherlands.
Registration number with Dutch Chamber of Commerce: 34280236.

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 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

Participating interests in Group companies are valued at net asset value based on the accounting policies applied in consolidated financial statements. Investments with a negative value are presented as provisions.

c) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Euros at rates of exchange applicable at the closing 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-16***	***31-Dec-15***
	CZK	27.021	27.023
	PLN	4.363	4.182
	BGN	1.956	1.956

d) Recognition of Income and Expense

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

4. Investments

	2016	2015
Balance 1 January	30 872	-1 882
New acquisitions*	44	16 633
Share in income	23 509	18 461
Dividend	-1 850	-5 952
Exchange rate differences	-844	44
Disinvestments**	-24 805	0
Other changes	-1 476	3 568
Balance 31 December	25 450	30 872
Investments with positive equity (presented as investments in assets)	50 730	46 988
Investments with negative equity (presented as provision in liabilities)	-25 280	-16 116
Total	25 450	30 872

* Additional funding to existing companies: Increase of Share capital in PROFI CREDIT Poland, Sp. Z o.o.
New incorporations: Profi Investment BG BV EUR 100; Profi Funding BV EUR 100
** Disinvestment Profidebt Slovakia s.r.o.

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-16	*31-Dec-15*
PROFI Investments NL NV	EUR	9 223	6 530
Profi Exploration	EUR	25	25
PROFI CREDIT Czech, a.s.	CZK	1 851	5 238
PROFI CREDIT Bulgaria Ltd.	EUR	5 000	0
TK Sparta Praha	CZK	407	489
Total		16 507	12 282

6. Receivables and Prepaid Expenses

	31-Dec-16	*31-Dec-15*
Guarantee income receivable	288	260
Interest receivable	1 333	386
Other receivables	94	77
Total	1 715	723

7. Cash at Banks

		31-Dec-16	*31-Dec-15*
ING Bank, The Netherlands		24	30
ING Bank, The Netherlands	CZK	253	131
ING Bank, The Netherlands	RUB	1	1
J&T Bank, Russia	RUB	1	1
Total		279	163

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**	**Attributable to owners of the parent entity**	**Non-controlling interest**	**Total**
Balance at 1 January 2015	**9 000**	**150 032**	**242**	**-163 095**	**5 839**	**2 017**	**-105**	**1 912**
Appropriation of net result	0	0	0	5 839	-5 839	**0**	**0**	**0**
Other movement of Retained Earnings	0	0	0	834	0	**834**	**105**	**939**
Correction of net result	0	0	-198	0	0	**-198**	0	**-198**
Result for the period	0	0	0	0	21 088	**21 088**	**0**	**21 088**
Balance at 31 December 2015	**9 000**	**150 032**	**43**	**-156 423**	**21 088**	**23 741**	**0**	**23 741**
Appropriation of net result	0	0	0	21 088	-21 088	**0**	**0**	**0**
Other movement of Retained Earnings	0	0	0	0	0	**0**	**0**	**0**
Correction of net result	0	0	-888	0	0	**-888**	0	**-888**
Result for the period	0	0	0	0	509	**509**	**0**	**509**
Balance at 31 December 2016	**9 000**	**150 032**	**-844**	**-135 335**	**509**	**23 363**	**0**	**23 363**

In 2016 and 2015, 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-16	*31-Dec-15*
Solarex Investment B.V.	EUR	5 000	0
Solitera Investments Ltd.	EUR	15 000	20 000
Total		20 000	20 000

Long-term loans mentioned above are embodied in the received loans disclosed in the Note '26. Other received loans' in Consolidated Financial Statement.

10. Directors and Employees

The Company has no employees other than its directors (2015: 0). The Company has 5 directors (2015: 5). Two of the directors have received remuneration. Their remuneration is shown in the consolidated financial statements in Note 33 under key management personnel. Key management personnel in Note 37 only relates to the statutory directors. The Company has no supervisory director (2015: 0).

11. Contingent assets/liabilities

The Company does not have any material contingent assets and contingent liabilities at the balance sheet date.

Approval of the Financial Statements

These financial statements were prepared and approved on July 17, 2017.

Members of the Board of Directors A:

G. van den Berg

D. Kramer

Members of the Board of Directors B:

D. Chour

Z. Lhotsky

Members of the Board of Directors C:

J. Michel

Supplementary Information
31 December 2016

Appropriation of result according to articles of association

In Article 18 of the Company's Articles of Association the following has been presented concerning the appropriation of result: Appropriation of the net result is at the disposal of the Shareholders' Body and any proposed distributions may be made only up to an amount which does not exceed the amount of the Distributable Equity.

Independent auditor's report

To the shareholders of PROFIREAL Group SE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2016 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the accompanying financial statements 2016 of PROFIREAL Group SE, based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:
- The accompanying consolidated financial statements give a true and fair view of the financial position of PROFIREAL Group SE as at December 31, 2016, and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of PROFIREAL Group SE as at December 31, 2016, and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
1. The consolidated statement of financial position as at December 31, 2016.
2. The following statements for 2016: the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:
1. The company balance sheet as at December 31, 2016.
2. The company profit and loss account for 2016.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of PROFIREAL Group SE in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Effect of an error related to the prior period

We draw attention to the paragraph “correction of an error related to the prior period” in the notes on page 34 of the consolidated financial statements which describes that management identified an error related to the prior period at PROFI Credit Slovakia s.r.o. and describes the effects of this error on the financial statements. To correct the error the financial information from fiscal years 2014 and 2015 included in the financial statements as at December 31, 2016, was restated. Our opinion is not modified in respect of this matter.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor’s report thereon, the annual report contains other information that consists of:

- Introduction of Profireal Group, with the report of the board of directors.
- Supplementary information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the introduction of Profireal Group with the report of the board of directors in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the supplementary information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

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

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

Amsterdam, July 17, 2017

Deloitte Accountants B .V.

Signed on the original: A.J. Kernkamp

Contacts

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Profireal Group SE

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