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ANNUAL REPORT 2014  
INCLUDING SEPARATE FINANCIAL  
STATEMENTS

FOR THE PERIOD 1 Jan. 2014 - 31 Dec. 2014

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in accordance with  
International Financial Reporting Standards  
as approved by the European Union

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**FAST FINANCE S.A.**  
**ul. WOŁOWSKA 20**  
**51-116 WROCŁAW**

## Message to the Shareholders and Investors

Dear Shareholders and Investors,

On behalf of the Management Board of FAST FINANCE S.A. I hereby present to you our Annual Report 2014.

In the past year our activity was conducted in accordance with our time-tested business model including purchasing and collection of consumer debt portfolios from reputed partners, mainly from the banking sector.

Last year we celebrated the tenth anniversary of Fast Finance, so we are all the more happy that the anniversary year also brought an all-time high net profit of close to PLN 10m, up by more than twenty percent on 2013!

Owing to our cost reduction efforts, the above result was achieved despite slightly lower revenues of the Company.

In 2014 we acquired consumer debt portfolios with a total value of close to PLN 70m and are currently servicing debts with a nominal value in excess of PLN 0.5bn.

We regularly take part in tenders called by sellers of consumer receivables. We keep track of the developments on the loan market in the banking and non-banking sector and we watch economic trends. On the list published by Gazeta Giełdy Parkiet we were ranked as number six in terms of net profit among debt collection companies listed on the Warsaw Stock Exchange. In the coming years we intend to pursue our time-proven business model and to maintain our market position.

In December of last year we conducted a process of reverse split of our shares in the proportion of 4 to 1. As a result, since 9 December 2014 there have been 13,750,000 FAST FINANCE shares traded on the Warsaw Stock Exchange with a nominal value of PLN 0.04 each.

Owing to the consolidation, our securities returned to the continuous trading system.

I would also like to draw your attention to a change in the attached financial statements: a part of the debt portfolios purchased is presented under deferred income and not as previously under short- or long-term provisions. The method and principles of measurement have not been changed.

Taking this opportunity I would like to extend my thanks to FAST FINANCE employees for another year of their hard and effective work, for their professionalism and extraordinary commitment. This year is another year whose results are greatly owed to them. I also wish to thank our stakeholders, including shareholders and bondholders, for the trust they have placed in our Company.

I invite you to read our Annual Report 2014. We have made every effort for this report to present a clear and fair view of our achievements in the past year.



Yours faithfully,

Jacek Longin Daroszewski  
President of the Management Board

## TABLE OF CONTENTS

Message to the Shareholders and Investors .....	2
Selected financial data .....	4
Separate financial statements for the period 01.01.2014 - 31.12.2014 .....	5
Directors' Report for the period from 1 Jan. 2014 to 31 Dec. 2014.....	41
STATEMENTS OF THE MANAGEMENT BOARD .....	71

## Selected financial data

### SELECTED FINANCIAL DATA, INCLUDING THE KEY ITEMS OF THE FINANCIAL STATEMENTS (ALSO TRANSLATED INTO THE EURO)

	Period ended 31/12/2014	Period ended 31/12/2013	Period ended 31/12/2014	Period ended 31/12/2013
	PLN'000	PLN'000	EUR'000	EUR'000
Net revenue from sales of products, merchandise and materials	27 085	27 935	6 465	6 634
Operating profit (loss)	12 577	13 588	3 002	3 227
Gross profit (loss)	12 444	9 756	2 970	2 317
Net profit (loss)	9 877	8 230	2 358	1 954
Net cash flows from operating activities	16 240	15 617	3 877	3 709
Net cash flows from investing activities	(12 094)	(5 125)	(2 887)	(1 217)
Net cash flows from financing activities	(3 574)	(8 521)	(853)	(2 023)
Total net cash flows	571	1 971	136	468
Total assets	302 495	277 693	70 970	66 959
Liabilities and provisions for liabilities	250 166	235 241	58 693	56 723
Non-current liabilities	191 645	208 670	44 963	50 316
Current liabilities	58 521	26 571	13 730	6 407
Shareholders' equity	52 329	42 451	12 277	10 236
Share capital	1 000	1 000	235	241
Number of shares	25 000 000	100 000 000	25 000 000	100 000 000
Earnings per ordinary share (in PLN/EUR)	0,40	0,08	0,09	0,02
Diluted earnings per ordinary share (in PLN/ EUR)	0,40	0,08	0,09	0,02
Book value per share (in PLN/EUR)	2,09	0,42	0,49	0,10
Diluted book value per share (in PLN/ EUR)	2,09	0,42	0,49	0,10
Dividend declared or paid per share (in PLN/ EUR)	-	-	-	-

The key items of the balance sheet, profit and loss account and cash flow statement have been translated into the euro using the average exchange rates published by the National Bank of Poland in accordance with the following conversion rule:

- The exchange rate used in the balance sheet was the rate prevailing on the last day of the respective reporting period: on 31 December 2014 the average exchange rate was PLN 4.2623, and on 31 December 2013 the average exchange rate was PLN 4.1472.
- The exchange rate used in the profit and loss account and in the cash flow statement was the average exchange rate applicable in the respective period, calculated as an arithmetic mean of the exchange rates prevailing on the last day of each month in the given period: the arithmetic mean in the period from 1 January to 31 December 2014 was PLN 4.1893, and the arithmetic mean in the period from 1 January to 31 December 2013 was PLN 4.2110.

The translation has been made by dividing the amounts expressed in thousands PLN by the rate of exchange.

## Separate financial statements for the period

### 01.01.2014 - 31.12.2014

#### STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014 [FUNCTIONAL CLASSIFICATION]

	Note	Period ended 31/12/2014	Period ended 31/12/2013	Period ended 31/12/2014	Period ended 31/12/2013
		PLN	PLN	EUR	EUR
<b>Continued operations</b>					
Revenues from receivables transfer agreements	5	27 065 837,45	27 184 608,43	6 460 706,43	6 455 618,25
Debt collection revenues	5	18 678,66	750 363,95	4 458,66	178 191,39
Revenue from sales of trade goods and materials	5	-	-	-	-
Receivables acquisition costs	7	(2 767 205,63)	(2 863 741,53)	(660 541,29)	(680 062,11)
<b>Gross profit (loss) on sales</b>		<b>24 317 310,48</b>	<b>25 071 230,85</b>	<b>5 804 623,80</b>	<b>5 953 747,53</b>
Selling costs		-	-	-	-
Overhead costs	7	(12 899 713,02)	(11 943 091,41)	(3 079 204,88)	(2 836 165,14)
Other operating revenue	8	1 536 006,78	581 664,37	366 649,98	138 129,75
Other operating expenses	9	(376 356,36)	(121 812,65)	(89 837,53)	(28 927,25)
<b>Operating profit (loss)</b>		<b>12 577 247,88</b>	<b>13 587 991,16</b>	<b>3 002 231,37</b>	<b>3 226 784,89</b>
Finance income	10	6 716 410,78	3 806 307,37	1 603 229,84	903 896,31
Finance costs	11	(6 849 888,81)	(7 638 711,50)	(1 635 091,50)	(1 813 989,91)
<b>Profit (loss) before tax</b>		<b>12 443 769,85</b>	<b>9 755 587,03</b>	<b>2 970 369,72</b>	<b>2 316 691,29</b>
Income tax	12	2 566 343,00	1 525 817,00	612 594,71	362 340,77
<b>Net profit (loss) on continued operations</b>		<b>9 877 426,85</b>	<b>8 229 770,03</b>	<b>2 357 775,01</b>	<b>1 954 350,52</b>
<b>Discontinued operations</b>					
Net profit (loss) on discontinued operations	13	-	-	-	-
<b>Net profit (loss)</b>		<b>9 877 426,85</b>	<b>8 229 770,03</b>	<b>2 357 775,01</b>	<b>1 954 350,52</b>
<b>Other comprehensive income</b>					
Income tax relating to components of other comprehensive income	12	-	-	-	-
<b>Other comprehensive net income</b>		-	-	-	-
<b>Total income for the period</b>		<b>9 877 426,85</b>	<b>8 229 770,03</b>	<b>2 357 775,01</b>	<b>1 954 350,52</b>
<b>Earnings per share</b>					
<b>(in PLN per share)</b>					
Basic	15	0,40	0,08	0,09	0,02
Diluted		0,40	0,08	0,09	0,02

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	As at 31/12/2014 PLN	As at 31/12/2013 PLN	As at 01/01/2013 PLN
<b>ASSETS</b>				
<b>Fixed assets</b>				
Tangible fixed assets	16	1 277 311,81	1 521 947,98	1 039 843,64
Investment properties	17	-	-	-
Goodwill	18	-	-	-
Other intangible assets	19	-	-	-
Investments in associates		-	-	-
Deferred tax assets	12	295 919,00	308 919,00	525 155,00
Finance lease receivables		-	-	-
Other financial assets	23	15 913 186,37	35 381 532,68	31 685 184,23
Other assets	24	181 397,35	760 435,41	1 235 670,80
<b>Total fixed assets</b>		<b>17 667 814,53</b>	<b>37 972 835,07</b>	<b>34 485 853,67</b>
<b>Current assets</b>				
Inventories	25	-	-	-
Trade and other receivables	26	184 551 741,18	174 979 668,24	155 308 572,41
Finance lease receivables		-	-	-
Other financial assets	23	41 394 895,50	3 232 061,55	327 199,29
Current tax assets	12	62 330,60	328 664,80	-
Other assets	24	55 597 736,35	58 530 547,85	61 206 221,51
Cash and cash equivalents	41	3 220 274,96	2 649 044,40	677 736,21
		284 826 978,59	239 719 986,84	217 519 729,42
Assets classified as held for sale	14	-	-	-
<b>Total current assets</b>		<b>284 826 978,59</b>	<b>239 719 986,84</b>	<b>217 519 729,42</b>
<b>Total assets</b>		<b>302 494 793,12</b>	<b>277 692 821,91</b>	<b>252 005 583,09</b>

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (cont'd)

	Note	As at 31/12/2014 PLN	As at 31/12/2013 PLN	As at 01/01/2013 PLN
<b>LIABILITIES</b>				
<b>Shareholders' equity</b>				
Issued share capital	27	1 000 000,00	1 000 000,00	1 000 000,00
Share premium	27	-	-	-
Reserve capital	28	41 451 346,52	33 221 576,49	25 881 301,49
Retained earnings	29	9 877 426,85	8 229 770,03	7 340 275,00
		52 328 773,37	42 451 346,52	34 221 576,49
Items recognised directly in equity, connected with assets classified as held for sale	14	-	-	-
		52 328 773,37	42 451 346,52	34 221 576,49
Equity attributable to the shareholders of the entity		-	-	-
		52 328 773,37	42 451 346,52	34 221 576,49
Equity attributable to the noncontrolling interest		-	-	-
<b>Total shareholders' equity</b>		<b>52 328 773,37</b>	<b>42 451 346,52</b>	<b>34 221 576,49</b>
<b>Non-current liabilities</b>				
Long-term loans	30	26 953 000,00	54 859 925,50	34 726 069,16
Other financial liabilities	31	716 034,24	771 408,17	308 861,84
Pension liabilities		-	-	-
Deferred tax provision	12	2 077 906,00	708 220,00	652 367,00
Long-term provisions	32	-	-	-
Deferred income	37	161 897 960,67	152 330 618,08	132 504 559,07
Other liabilities	33	-	-	-
<b>Total non-current liabilities</b>		<b>191 644 900,91</b>	<b>208 670 171,75</b>	<b>168 191 857,07</b>
<b>Current liabilities</b>				
Trade payables and other payables	34	1 599 444,09	1 328 598,03	1 617 267,40
Short-term loans	30	34 554 088,23	3 046 309,67	24 046 027,23
Other financial liabilities	31	376 992,93	395 735,15	326 682,81
Current tax liabilities	12	-	-	114 273,00
Short-term provisions	32	274 388,40	577 686,19	743 537,57
Deferred income	37	20 592 890,73	20 651 286,74	22 129 448,70
Other liabilities	33	1 123 314,46	571 687,86	614 912,82
Liabilities relating directly to fixed assets classified as held for sale	14	-	-	-
<b>Total current liabilities</b>		<b>58 521 118,84</b>	<b>26 571 303,64</b>	<b>49 592 149,53</b>
<b>Total liabilities</b>		<b>250 166 019,75</b>	<b>235 241 475,39</b>	<b>217 784 006,60</b>
<b>Total equity and liabilities</b>		<b>302 494 793,12</b>	<b>277 692 821,91</b>	<b>252 005 583,09</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY 2013 TO 31 DECEMBER 2013

	Share capital	Share premium account	Total reserve capital	Fixed assets revaluation reserve	Investments revaluation reserve	Retained earnings	Total
	PLN	PLN	PLN	PLN	PLN	PLN	PLN
<b>As at 1 January 2013</b>	1 000 000,00	-	25 881 301,49	-	-	7 340 275,00	<b>34 221 576,49</b>
Increases	-	-	7 340 275,00	-	-	8 229 770,03	<b>15 570 045,03</b>
Decreases	-	-	-	-	-	(7 340 275,00)	<b>(7 340 275,00)</b>
	<b>1 000 000,00</b>	-	<b>33 221 576,49</b>	-	-	<b>8 229 770,03</b>	<b>42 451 346,52</b>
Other comprehensive income	-	-	-	-	-	-	-
<b>As at 31 December 2013</b>	<b>1 000 000,00</b>	-	<b>33 221 576,49</b>	-	-	<b>8 229 770,03</b>	<b>42 451 346,52</b>



## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

	Share capital	Share premium account	Total reserve capital	Fixed assets revaluation reserve	Investments revaluation reserve	Retained earnings	<b>Total</b>
	PLN	PLN	PLN	PLN	PLN	PLN	PLN
<b>As at 1 January 2014</b>	1 000 000,00	-	33 221 576,49	-	-	8 229 770,03	<b>42 451 346,52</b>
Increases	-	-	8 229 770,03	-	-	9 877 426,85	<b>18 107 196,88</b>
Decreases	-	-	-	-	-	(8 229 770,03)	<b>(8 229 770,03)</b>
	<b>1 000 000,00</b>	-	<b>41 451 346,52</b>	-	-	<b>9 877 426,85</b>	<b>52 328 773,37</b>
Other comprehensive income	-	-	-	-	-	-	-
<b>As at 31 December 2014</b>	<b>1 000 000,00</b>	-	<b>41 451 346,52</b>	-	-	<b>9 877 426,85</b>	<b>52 328 773,37</b>

## STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014 [INDIRECT METHOD]

	Note	Period ended	Period ended
		31/12/2014	31/12/2013
		PLN	PLN
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		-	-
Profit (loss) for the financial year		9 877 426,85	8 229 770,03
Total adjustments		6 362 481,37	7 387 381,77
Depreciation		538 123,94	547 491,42
Foreign exchange gains (losses)		-	-
Interest and share in profits (dividends)		3 036 714,15	3 899 226,27
Cash flows from investing activities		(2 758 142,16)	-
Change in provisions		1 066 388,21	(109 998,38)
Change in inventories		-	-
Change in receivables		(9 309 153,74)	(18 753 385,63)
Change in current liabilities, excluding financial liabilities		748 356,51	85 431,34
Change in accruals		13 033 796,17	21 715 042,10
Other adjustments		6 398,29	3 574,65
<b>Net cash from operating activities</b>		<b>16 239 908,22</b>	<b>15 617 151,80</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		-	-
Acquisition of intangible assets		-	-
Sale of intangible assets		-	-
Acquisition of fixed tangible assets		(744 694,13)	(1 442 723,53)
Sale of fixed tangible assets		445 692,31	-
Acquisition of financial assets available for sale		(6 370 000,00)	(3 764 859,06)
Sale of financial assets available for sale		-	-
Loans advanced		(7 323 746,78)	(2 417 777,26)
Repayments of loans advanced		1 798 146,00	2 222 500,00
Interest received		100 153,00	277 645,98
Dividend received		-	-
<b>Net cash (used) / generated by investing activities</b>		<b>(12 094 449,60)</b>	<b>(5 125 213,87)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		-	-
Net proceeds from share issue		-	-
Purchase of own shares		-	-
Proceeds from the issue of debt securities		3 633 000,00	23 320 000,00
Redemption of debt securities		-	(14 470 000,00)
Proceeds from loans and credits payable		23 768 318,53	56 689 949,58
Repayment of credits and loans		(23 800 616,76)	(66 491 140,61)
Payments under finance lease agreements		(559 487,66)	(409 446,84)
Dividend paid		-	-
Interest paid		(5 840 311,01)	(7 446 483,22)
Other cash inflows from financing activities		3 415,00	286 491,35
Other cash outflows on financing activities		(778 546,16)	-
<b>Net cash used in financing activities</b>		<b>(3 574 228,06)</b>	<b>(8 520 629,74)</b>
<b>TOTAL NET CASH FLOWS</b>		<b>571 230,56</b>	<b>1 971 308,19</b>
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	41	<b>2 649 044,40</b>	<b>677 736,21</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	41	<b>3 220 274,96</b>	<b>2 649 044,40</b>

Notes to the financial statements as at 31 December 2014

## 1. GENERAL OVERVIEW

### 1.1. Company details

Name and registered office:	Fast Finance Spółka Akcyjna we Wrocławiu,
Address of the head office:	ul. Wołowska 20, 51-116 Wrocław,
Telephone number:	+48 071 361 20 42,
Fax number:	+48 071 361 20 42,
E-mail address:	<a href="mailto:biuro@fastfinance.pl">biuro@fastfinance.pl</a> ,
Website:	<a href="http://www.fastfinance.pl">www.fastfinance.pl</a>

Fast Finance has been operating since 2004. The Company was established as a result of transformation of its legal predecessor – Fast Finance Spółka z ograniczoną odpowiedzialnością (LLC) into Fast Finance Spółka Akcyjna (joint stock company). The resolution on the transformation was approved by the Extraordinary General Meeting of Fast Finance Spółka z ograniczoną odpowiedzialnością which was recorded by Notary Robert Bronszajn of a notary's office in Wrocław at Rynek 7, Wrocław, Rep. A No. 264/2008 on 15 January 2008. The transformation was registered by the District Court in Wrocław, 6<sup>th</sup> Commercial Division of the National Court Register on 19 February 2008. The Company is entered in the National Court Register under KRS number 0000299407. Until 18 February 2008 the Company was entered in the National Court Register under KRS number 0000210322.

The Issuer's core business includes purchasing of consumer debts and their recovery on its own account. Upon purchasing the debt portfolios under a receivables transfer agreement, the Issuer becomes the owner of the debts and acquires the right to pursue claims against the debtors. As the owner of the receivables, the Company takes efforts to collect them on its own account.

Duration of the Company: unlimited

#### Members of the Management Board:

President of the Management Board	Jacek Longin Daroszewski
Deputy President of the Management Board	Jacek Zbigniew Krzeminski

#### Members of the Supervisory Board:

In the period from 01.01.2014 to 31.12.2014 the Issuer's Supervisory Board was composed as follows:

Andrzej Kiełczewski	Chairman of the Supervisory Board
Marek Ochota	Member of the Supervisory Board
Zbigniew Strzałkowski	Member of the Supervisory Board
Grzegorz Kawczak	Member of the Supervisory Board
Hildegarda Kaufeld	Member of the Supervisory Board

Until the date hereof, there have been no changes to the composition of the Management Board or the Supervisory Board.

### 1.2. Functional currency and reporting currency

These financial statements have been made in Polish Zloty (PLN). PLN is the functional and reporting currency of Fast Finance S.A., the data in the financial statements are presented in full PLN unless in certain situations the amounts are provided with less accuracy.

## **2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

### **2.1. Compliance statement**

These financial statements have been made on the basis of International Financial Reporting Standards as approved by the European Union (UE) in force as at 31.12.2014. The financial statements were approved by the Company's Management Board on 21 April 2014.

### **2.2. Changes in accounting policies**

In the reporting period the Company did not make any material changes to the accounting policies that would affect the measurement and the presented results of operations. The implemented changes were aimed to adjust the layout and presentation to ensure compliance with the International Financial Reporting Standards.

## **3. ACCOUNTING POLICIES APPLIED**

### **3.1. Basis for preparation**

These financial statements for the period from 1 January 2014 to 31 December 2014 are the next annual financial statements made in compliance with the International Financial Reporting Standards (IFRS) as approved by the European Union, in force as at the reporting date. The Company changed its accounting to International Financial Reporting Standards on 30 September 2010 and made an opening balance sheet as of that date; there were no material effects of the change to International Financial Reporting Standards.

These financial statements are presented in compliance with IAS 1 "Presentation of Financial Statements" with the application of the same policies for the current and comparable period. The financial statements were prepared in accordance with the historical cost convention. The financial statements were made in compliance with International Financial Reporting Standards approved by the European Union following the same policies for the current and comparable periods after an adjustment of the comparable period to the changes in the accounting policies and presentation applied in the financial statements in the current period.

While drawing up its financial statements for the period from 1 Jan. 2014 to 31 Dec. 2014, the Company reviewed the applied accounting policies for their compliance with the policies resulting from the application of IFRS. The analysis did not disclose any material differences between the accounting policies applied by the Company and those resulting from IFRS. The Company used to prepare its financial statements in accordance with the Polish accounting standards and applied accounting policies compliant therewith. Therefore, despite exercising due diligence, it is not possible to assess reliably the differences between the disclosed numbers and those that would have been presented in accordance with IFRS; if such differences occurred, their impact on the presented data would not have been material.

The new International Financing Reporting Standards, modifications to the standards and interpretations applicable to annual reporting periods commencing after 1 January 2011 have not been taken into account in the preparation of these financial statements. They are not expected to have a material impact on the Company's financial statements. IFRS 9 Financial Instruments may be the only exception. It will be applicable to the Company starting from 2015 and may affect the classification and valuation of financial assets. The Company has not and does not plan to apply the above standard prematurely and the extent of its impact has not been assessed.

The financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date hereof no circumstances occur that could pose a threat to the Company continuing as a going concern. The financial statements were prepared in accordance with the historical cost convention with the exception of revaluation of certain fixed assets and financial instruments. The significant accounting policies are presented below.

### **3.2. Accounting policies - description of key accounting principles.**

The following accounting policies were applied in the preparation of the financial statements which include measurement methods of assets and liabilities as well as income and expenses and calculation of profit (loss). The policies presented below were applied to all the periods presented in the financial statements.

#### **Accrual basis**

The books of account and profit and loss account incorporate all revenues and the related expenses that occurred in the financial year, irrespective of the date of actual payment.

#### **Matching principle**

Assets or liabilities of an accounting period include income or expenses payable in future periods and the attributable expenses that have not yet been paid.

#### **Prudence principle**

The financial result provides for impairment of assets, including depreciation/amortisation charges, exclusively undisputed other operating income and extraordinary gains, all other incurred operating expenses and extraordinary losses, provisions for identified risks.

#### **Consistency principle**

Booking entries are made on a consistent basis. The corresponding items of the closing balance sheet of assets and liabilities are recognised in the same amounts in the opening balance sheet of the subsequent financial year.

#### **Measurement of assets, liabilities and profit**

The Company's financial statements show economic events in accordance with their substance. The financial result of the Company for the financial year covers all collected and due revenues and the related expenses on an accrual basis, in line with the principles of matching of revenues and expenses and prudent valuation.

#### **Intangible assets and fixed assets**

Intangibles and fixed assets with a value below the amount specified in the Corporate Income Tax Act permitting such assets to be expensed are depreciated by expensing their value in the month when they were put to use.

The initial value of intangible assets and fixed assets is reduced by depreciation charges.

Intangible assets and fixed assets with a value in excess of the amount set forth in the Corporate Income Tax Act are subject to depreciation by way of systematic planned write-offs of the initial value over the applicable depreciation period.

The period and methods of depreciation depend on their economic useful life.

As at the day of putting intangible assets and fixed assets to use, the depreciation method and rates are identified in accordance with the depreciation principles of fixed assets applied by the Company. The depreciation methods are not subject to change and are applied consistently throughout the useful economic life of a respective asset. Depreciation is accrued on a monthly basis.

The initial value of intangible assets and fixed assets is increased in include their improvement costs. The value of improvements not exceeding the amount specified in the Corporate Income Tax Act permitting to expense the costs of such improvements are expensed when the relevant improvement costs for intangible assets are incurred.

The Company depreciates intangible assets and fixed assets using the straight line basis.

Intangible assets are amortised on a straight line basis over their anticipated useful life at the following rates:

Costs of R&D work	20%
Goodwill	10%
Acquired property rights, licenses and franchises	20%
Computer software	50%
Other intangible assets	10-20%

Fixed assets are depreciated on a straight line basis over their anticipated useful life at the following rates:

Perpetual usufruct right of land	2.5%
Buildings and structures	2.5%
Plant and machinery (with the exception of computer hardware)	14-20%
Computer hardware	33%
Motor vehicles	20%
Other fixed assets	10-25%

If the Company uses third party fixed assets or intangible assets under a contract whereby a party (lessor, financing party) gives the other party (the lessee) fixed assets or intangible assets for use for a fee and for collecting profits for a specified period of time, such assets are classified as the lessee's fixed assets. For the above, at least one of the following requirements has to be satisfied:

- the lessor transfers the title to the asset to the lessee following expiry of the original term of the contract,
- the contract provides for a buy option by the lessee following the expiration of the original term of the lease, at a price below market value from the date of acquisition,
- the term of the contract is approximately equivalent to the economic useful life of the fixed asset or right and it may not be shorter than 3/4 of such period; after the expiry of the contractual period the title to the asset may be transferred to the lessee,
- the sum of fees, less any discount, determined at contract conclusion and payable during the term of the contract, is in excess of 90% of the market value of the asset as at that day; the sum of fees includes the residual value of the asset that the lessee will pay for transfer of the title to the asset; the sum of fees does not include any payments by the lessee for any additional services, taxes or insurance premiums related to the asset if the lessee makes such payments apart from the fees for the use thereof,
- the contract includes a promise of the lessor to enter with the lessee into another lease contract regarding the same asset or to extend the existing contract on conditions more favourable than the conditions of the existing contract,
- the contract provides for termination of the contract, provided that all relevant costs and losses incurred by the lessor are reimbursed by the lessee,
- the asset has been customised to suit the lessee's individual needs, and without material modifications it may be used solely by the lessee.

#### **Fixed assets under construction**

Fixed assets under construction are measured as the total expenses directly related to the purchase or manufacture thereof less impairment charges; the cost of fixed assets under construction includes all expenses incurred by the Company during the construction, assembly, adjustment or improvement of such assets until the balance sheet date or putting them to use, including:

- non-deductible VAT and excise duty,
- servicing costs of liabilities incurred to finance such assets and the related FX differences less FX gains.

#### **Tangible current assets**

The Company does not keep a register of materials and trade goods.

**Long-term receivables, short-term receivables and claims**

Domestic receivables are disclosed at nominal value – the value determined at recognition; at the balance sheet date, they are disclosed in amounts payable, subject to prudent valuation.

Short-term receivables include purchased and verified receivables to which the Company holds legal title and confirmation by creditors. Such receivables are measured as at the balance sheet date in amounts payable broken down by those payable within twelve months from the balance sheet date and after more than twelve months from such date. As at the balance sheet date, receivables are measured in amounts payable less impairment charges, if any.

Receivables denominated in foreign currencies are measured as at the balance sheet date at the buy FX rate applied by the Company's house bank which however may not be higher than the average rate for such currency published by NBP for the week.

**Long-term investments**

As at the balance sheet date, interests in other entities and other investments are measured at cost less impairment charges, if any. After initial recognition at cost, shares and other interests are measured and adjusted to the realisable value. The difference is recognised as financial costs. Shares in related undertakings are measured at cost less impairment charges or at fair value. Items valued at cost are revalued to market values or using the equity method.

**Short-term investments**

Short-term investments are measured not less frequently than as at the balance sheet date at cost or at market value, whichever is lower, and short-term investments for which there is no active market are carried at fair value.

If an investment is measured at market value, the difference between the higher cost and lower market value is charged to finance costs.

If the reason for which an impairment charge was made no longer exists, the whole or part of the respective portion of the impairment charge increases the value of a given asset and is recognised in other finance income.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand bank deposits, other short-term investments with the original maturity up to three months from their start, receipt, acquisition or issue and of high liquidity. They are carried at nominal value. Receivables denominated in foreign currencies are measured as at the balance sheet date at the buy FX rate applied by the Company's house bank which however may not be higher than the mean rate for the currency published by NBP for the week.

**Equity**

Shareholders' equity is stated at nominal value by type and in accordance with the provisions of law and of the Articles of Association.

Share capital is shown in the financial statements at the value given in the Articles of Association and registered in the National Court Register.

**Rules for provisions**

Provisions are measured at reasonable, reliably estimated amounts.

Provisions are established for: certain or highly probable future liabilities that can be reliably assessed, in particular for losses on business under way. In particular, provisions may be established for:

- losses on pending transactions like guarantees and sureties granted, credit operations and results of litigation pending,
- future liabilities due to restructuring, if on the basis of separate legislation the Company is obliged to conduct such restructuring or if binding contracts have been signed, and restructuring plans enable a reliable estimation of the value of such future liabilities,
- deferred income tax,
- employee benefits.

#### **Non-current and current liabilities**

Liabilities are measured in amounts payable. Liabilities denominated in foreign currencies are measured as at the balance sheet date at the sell FX rate applied by the Company's house bank which however may not be higher than the mean rate for the currency published by NBP for the week.

#### **Deferred income**

Deferred income includes purchased and verified long-term and short-term receivables.

#### **Determination of profit**

Sales revenues include amounts recovered or due from debtors.

The costs of operating activity that can be directly attributed to the revenues generated by the entity affect the financial result of the entity in the reporting period when such revenues were generated. The costs that may be only indirectly attributed to revenues or to other benefits achieved by the entity affect the entity's profit or loss in the part in which they relate to a given reporting period, ensuring their matching to revenues or other economic benefits.

#### **Other operating revenues and expenses**

Other operating revenues and expenses include in particular items related to:

- disposal of fixed assets, fixed assets under construction, intangible assets,
- write-off of receivables and liabilities that are time-barred, amortized, uncollectible, except for regulatory receivables and liabilities that are not charged to costs and expenses,
- the creation and release of provisions, except for the provisions concerning financial operations,
- impairment charges to assets and their adjustments, except for charges charged to the costs of products or goods sold, including selling costs or finance costs,
- damages, penalties and fines,
- transfer or receipt free of charge, including by way of gift, of assets, including cash for other purposes than purchase or manufacturing fixed assets, fixed assets under construction or intangible assets.

#### **Finance income and finance costs**

Finance income and finance costs include in particular the income and costs relating to:

- disposal of financial fixed assets and investments,
- impairment of financial assets and investments,
- profit distributions from other entities,
- interest accrued, paid and received,
- realized and unrealized exchange differences,
- other items related to financing activities.

Finance income and finance costs are recognised in the financial statements in accordance with the prudence and matching principle.



### **Income tax and deferred tax**

Income tax includes actual tax payables for the reporting period, determined in accordance with the act on corporate income tax and the change in deferred tax assets and deferred tax provision.

In connection with temporary differences between the book value of assets and liabilities and their tax value, the Company establishes a deferred income tax provision and asset.

The tax value of assets is the amount reducing the income tax base when economic benefits are generated from such assets directly or indirectly. If economic benefits generated from such assets do not reduce the income tax base, the tax value of assets is equal to their book value.

The tax value of liabilities is their book value reduced by amounts that will reduce the income tax base in the future.

The deferred income tax asset is determined as the amount to be deducted in the future from income tax in connection with temporary negative differences that in the future will reduce the income tax base and a tax loss that may be deductible, subject to the rule of prudent valuation.

The deferred income tax provision is recognised as the amount of income tax payable in the future in connection with temporary positive differences that will result in an increase of the income tax base in the future.

The amounts of the deferred income tax provision and asset are determined at the income tax rates prevailing in the year when the tax liability arises. Income tax provision and asset are disclosed separately in the balance sheet. Income tax provision and asset referring to transactions recognised in equity are recognised in equity.

## **4. MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES**

### **4.1. Professional judgment**

In preparing financial statements, the Management uses estimates relying on assumptions and judgments that affect the applied accounting policies and the disclosed values of assets, liabilities, revenues and expenses. Assumptions and the resultant estimates are based on historical experience and on the analysis of multiple factors deemed reasonable and the results underlie professional judgment as to the value of the relevant item. In certain material issues the Management relies on opinions of independent experts. The estimates and assumptions that are material for the Company's financial statements are presented herein.

## 5. REVENUES

Analysis of sales revenues for the current year from continued and discontinued operations

	<b>Period ended 31/12/2014</b>	<b>Period ended 31/12/2013</b>
	<b>PLN</b>	<b>PLN</b>
<b>Continued operations</b>		
Revenues from receivables transfer agreements	27 065 837,45	27 184 608,43
Debt collection revenues	18 678,66	750 363,95
Revenue from sales of trade goods and materials	-	-
	<u>27 084 516,11</u>	<u>27 934 972,38</u>
including excise duty	-	-
<b>Discontinued operations</b>		
Revenues from receivables transfer agreements	-	-
Debt collection revenues	-	-
Revenue from sales of trade goods and materials	-	-
	<u>27 084 516,11</u>	<u>27 934 972,38</u>

## 6. OPERATING SEGMENTS

The Company does not identify operating segments as its business is uniform. The Company does not operate abroad.

## 7. OPERATING EXPENSES

	<b>Period ended 31/12/2014</b>	<b>Period ended 31/12/2013</b>
	<b>PLN</b>	<b>PLN</b>
<b>Continued operations</b>		
Change in products	(303 297,79)	(149 423,39)
Manufacturing cost of products for the entity's own purposes	-	-
Depreciation	538 123,94	547 491,42
Consumption of raw materials and materials	210 930,15	210 357,62
Outsourced services	2 629 240,13	2 793 570,09
Costs of employee benefits	5 052 794,83	4 083 136,50
Taxes and charges	4 638 792,53	4 258 141,02
Other costs	133 129,23	199 818,15
Cost of trade goods and materials sold	<u>2 767 205,63</u>	<u>2 863 741,53</u>
<b>Total operating expenses</b>	15 666 918,65	14 806 832,94
including excise duty	-	-
	<u>15 666 918,65</u>	<u>14 806 832,94</u>

The average headcount in FTEs was as follows: 58.71 in 2014, 58.56 in 2013. Average headcount in persons: 62.71 in 2014, 116.08 in 2013.

**7.1. Impairment of financial assets**

	<b>Period ended 31/12/2014</b>	<b>Period ended 31/12/2013</b>
	<b>PLN</b>	<b>PLN</b>
Impairment of trade and other receivables	196 525,61	170 100,36
Impairment of other receivables from other entities	-	-
	<u>196 525,61</u>	<u>170 100,36</u>
Reversal of impairment of trade and other receivables	<u>(3 415,00)</u>	<u>(68 564,76)</u>
Attributable to:		
Continued operations	193 110,61	101 535,60
	<u>193 110,61</u>	<u>101 535,60</u>

**7.2 Depreciation and impairment**

	<b>Period ended 31/12/2014</b>	<b>Period ended 31/12/2013</b>
	<b>PLN</b>	<b>PLN</b>
Depreciation of tangible fixed assets	538 123,94	547 491,42
Total depreciation and amortisation	<u>538 123,94</u>	<u>547 491,42</u>
Attributable to:		
Continued operations	538 123,94	547 491,42
	<u>538 123,94</u>	<u>547 491,42</u>

**7.3 Tax-deductible R&D costs**

In the reporting period there were no R&D costs.

**7.4 Costs of employee benefits**

	<b>Period ended 31/12/2014</b>	<b>Period ended 31/12/2013</b>
	<b>PLN</b>	<b>PLN</b>
Severance accruals	-	-
Other employee benefits	5 052 794,83	4 083 136,50
	<u>5 052 794,83</u>	<u>4 083 136,50</u>
Attributable to:		
Continued operations	5 052 794,83	4 083 136,50
	<u>5 052 794,83</u>	<u>4 083 136,50</u>

**8. OTHER OPERATING REVENUE**

	Period ended 31/12/2014	Period ended 31/12/2013
	PLN	PLN
Gains on disposal of assets:		
Gains on disposal of fixed assets	162 601,63	-
	<u>162 601,63</u>	<u>-</u>
Released impairment charges:		
Intangible assets	-	-
Tangible fixed assets	-	-
Trade receivables	3 415,00	63 500,00
Other	-	5 064,76
	<u>3 415,00</u>	<u>68 564,76</u>
Other operating income:		
Lease income	-	-
Reimbursement of stamp duty	684 014,99	217 926,59
Revenue from the sale of court fee stamps	-	-
Adjustments to previous years	6 762,55	-
NZFIZ Management	445 740,65	227 929,02
Other income - tax-exempt	1 385,61	22 403,93
Other (time-barred/ forgiven debt, payer's remuneration)	228 849,35	44 840,07
Subsidies	3 237,00	-
Sale of car purchased following a lease	-	-
	<u>1 536 006,78</u>	<u>581 664,37</u>

**9. OTHER OPERATING EXPENSES**

	Period ended 31/12/2014	Period ended 31/12/2013
	PLN	PLN
Losses on disposal of assets:		
Loss on disposal of fixed assets	139 858,89	-
Loss on disposal of investment properties	-	-
	<u>139 858,89</u>	<u>-</u>
Impairment write-downs, including:		
Goodwill	-	-
Intangible assets	-	-
Tangible fixed assets	-	-
Financial assets	-	-
Trade receivables	94 990,01	98 120,60
Other	-	-
	<u>94 990,01</u>	<u>98 120,60</u>
Other operating expenses:		
Cost of receivables written off	-	-
Cost of liquidated non-financial fixed assets	5 933,14	-
Adjustments to previous years	69 851,31	-
Enforcement costs, reminder costs - budget, other - non tax-deductible	38 856,82	23 412,05
Selling costs of court fee stamps	-	-
other	26 866,19	280,00
	<u>376 356,36</u>	<u>121 812,65</u>
Attributable to:		
Continued operations	376 356,36	121 812,65
	<u>376 356,36</u>	<u>121 812,65</u>

**10. FINANCE INCOME**

	<b>Period ended 31/12/2014</b>	<b>Period ended 31/12/2013</b>
	<b>PLN</b>	<b>PLN</b>
Interest income		
Bank deposits	7 279,69	6 616,37
Other loans and receivables	117 041,02	72 230,00
Accrued balance sheet interest	<u>3 692 209,48</u>	<u>3 727 461,00</u>
	3 816 530,19	3 806 307,37
Gains on disposal of financial investments:	-	-
Gains on disposal of financial investments	-	-
- revenue from disposal of financial investments	-	1 215 460,00
- selling costs of financial investments	-	(1 215 460,00)
Gains transferred from equity concerning disposal of investments classified as available for sale	<u>-</u>	<u>-</u>
	-	-
Other finance income		
Adjustments to previous years	-	-
Premiums on bonds issues	1 879,54	-
Valuation of investment certificates	2 898 001,05	-
Balance sheet valuation of loans	<u>-</u>	<u>-</u>
	<u>6 716 410,78</u>	<u>3 806 307,37</u>
Attributable to:		
Continued operations	6 716 410,78	3 806 307,37
	<u>6 716 410,78</u>	<u>3 806 307,37</u>
Interest income from financial assets by asset categories:		
	<b>As at 31/12/2014</b>	<b>As at 31/12/2013</b>
	<b>PLN</b>	<b>PLN</b>
Loans and receivables (including cash in hand and bank deposits)	<u>124 320,71</u>	<u>78 846,37</u>
	124 320,71	78 846,37

**11. FINANCE COSTS**

	<b>Period ended 31/12/2014</b>	<b>Period ended 31/12/2013</b>
	<b>PLN</b>	<b>PLN</b>
Interest costs:		
Interest on lines of credit, loans, bonds	4 300 385,51	4 681 902,14
Interest on finance lease payables	245 023,60	55 408,07
Accrued balance sheet interest	1 554 088,23	1 539 925,50
Interest paid to counterparties	26 343,77	98 256,29
Total interest costs	6 125 841,11	6 375 492,00
	<u>6 125 841,11</u>	<u>6 375 492,00</u>
Loss on disposal of financial investments:		
- revenue from disposal of financial investments	-	1 215 460,00
- selling costs of financial investments	-	(1 215 460,00)
Other finance costs:		
Exchange loss	172,21	-
Commission on the issue of bonds, lines of credit	686 406,16	982 086,63
Balance sheet valuation of lines of credit	37 469,33	276 148,58
Unwinding of the discount on provisions	-	-
Reversed rebates on selling costs of fixed assets classified as held for sale	-	-
Other finance costs	-	4 984,29
	<u>6 849 888,81</u>	<u>7 638 711,50</u>
Attributable to:		
Continued operations	6 849 888,81	7 638 711,50
	<u>6 849 888,81</u>	<u>7 638 711,50</u>

**12. INCOME TAX****12.1. Income tax recognised in the profit and loss account**

	<b>As at 31/12/2014</b>	<b>As at 31/12/2013</b>
	<b>PLN</b>	<b>PLN</b>
Current income tax:		
Current tax charge	1 183 657,00	1 253 728,00
Adjustments recognised in the current year in relation to previous years tax	-	-
	<u>1 183 657,00</u>	<u>1 253 728,00</u>
Deferred income tax:		
Deferred income tax relating to origination and reversal of temporary differences	1 382 686,00	272 089,00
	<u>1 382 686,00</u>	<u>272 089,00</u>
Total tax charge/ (income)	<u>2 566 343,00</u>	<u>1 525 817,00</u>
Attributable to:	-	-
Continued operations	<u>2 566 343,00</u>	<u>1 525 817,00</u>
	<u>2 566 343,00</u>	<u>1 525 817,00</u>

**12.2. Income tax recognised directly in equity**

None was recognised in the reporting period.

**12.3. Income tax recognised in other components of comprehensive income**

None was recognised in the reporting period.

**12.4. Current tax asset and liability**

	As at 31/12/2014	As at 31/12/2013	As at 01/01/2013
	PLN	PLN	PLN
Current tax assets			
Tax receivable	62 330,60	328 664,80	-
other	-	-	-
	<u>62 330,60</u>	<u>328 664,80</u>	<u>-</u>
Current tax liabilities	-	-	114 273,00
	<u>-</u>	<u>-</u>	<u>114 273,00</u>

**12.5. Net deferred income tax**

Period ended 31/12/2013	At the beginning of year period	Recognized in P&L	Other	As at the end of period
	PLN	PLN	PLN	PLN
<b>Temporary differences relating to items of assets under deferred income tax:</b>				
Provisions (accruals)	823 537,57	(972 960,96)	-	(149 423,39)
Unpaid social insurance premiums (employer)	94 206,07	(16 890,95)	-	77 315,12
Unpaid payroll	218,28	55 504,61	-	55 722,89
Interest accrued on liabilities	1 786 392,20	(242 237,69)	-	1 544 154,51
Other liabilities financial	-	-	-	-
Deferred income (revaluation of receivables)	1 850,00	96 270,60	-	98 120,60
Other	57 770,26	(57 770,26)	-	-
	<u>2 763 974,38</u>	<u>(1 138 084,65)</u>	<u>-</u>	<u>1 625 889,73</u>
<b>Temporary differences relating to items of deferred income tax provision:</b>				
Accrued interest on receivables	3 433 510,61	293 962,15	-	3 727 472,76
Finance lease	-	-	-	-
Other	-	-	-	-
	<u>3 433 510,61</u>	<u>293 962,15</u>	<u>-</u>	<u>3 727 472,76</u>
<b>Total assets deferred income tax provision</b>	<u>6 197 484,99</u>	<u>(844 122,50)</u>	<u>-</u>	<u>5 353 362,49</u>

Period ended 31/12/2014	At the beginning of period <u>PLN</u>	Recognized in P&L <u>PLN</u>	Other <u>PLN</u>	As at the end of period <u>PLN</u>
<b>Temporary differences relating to items of assets under deferred income tax:</b>				
Provisions (accruals)	(149 423,39)	(153 874,40)	-	(303 297,79)
Unpaid social insurance premiums (employer)	77 315,12	12 573,76	-	89 888,88
Unpaid salaries	55 722,89	928,27	-	56 651,16
Interest accrued on liabilities	1 544 154,51	9 933,72	-	1 554 088,23
Other liabilities financial	-	-	-	-
Deferred income (revaluation of receivables)	98 120,60	(3 130,59)	-	94 990,01
Other	-	65 145,85	-	65 145,85
	<u>1 625 889,73</u>	<u>(68 423,39)</u>	<u>-</u>	<u>1 557 466,34</u>
<b>Temporary differences relating to items of deferred income tax provision:</b>				
Accrued interest on receivables available for sale	3 727 472,76	4 310 875,72	-	8 038 348,48
Other	-	2 898 001,05	-	2 898 001,05
	<u>3 727 472,76</u>	<u>7 208 876,77</u>	<u>-</u>	<u>10 936 349,53</u>
<b>Total assets (provisions) under deferred income tax</b>	<u><b>5 353 362,49</b></u>	<u><b>7 140 453,38</b></u>	<u><b>-</b></u>	<u><b>12 493 815,87</b></u>

Income tax provision was disclosed in the statement of financial position in the following items:

	<u>31/12/2014</u> <u>PLN</u>	<u>31/12/2013</u> <u>PLN</u>	<u>01/01/2013</u> <u>PLN</u>
Deferred tax provision	<u>2 077 906,00</u>	<u>708 220,00</u>	<u>652 367,00</u>

Income tax asset was disclosed in the statement of financial position in the following items:

	<u>31/12/2014</u> <u>PLN</u>	<u>31/12/2013</u> <u>PLN</u>	<u>01/01/2013</u> <u>PLN</u>
Deferred tax assets	<u>295 919,00</u>	<u>308 919,00</u>	<u>525 155,00</u>

## 12.6. Unrecognised deferred income tax asset

None occurred in the reporting period.

## 12.7. Unrecognised temporary differences relating to investments in subsidiaries

None occurred in the reporting period.

## 13. DISCONTINUED OPERATIONS

### 13.1. Disposal of business

None occurred in the reporting period.



**13.2. Plan to dispose of business**

The Company does not plan to dispose of any part of its business.

**13.3. Analysis of profit on discontinued operations in the financial year**

Not applicable.

**14. FIXED ASSETS HELD FOR SALE**

The Company holds no fixed assets held for sale.

**15. EARNINGS PER SHARE**

	Period ended <u>31/12/2014</u> PLN 0.01 per share	Period ended <u>31/12/2013</u> PLN 0.01 per share
<b>Basic earnings per share</b>		
From continued operations	<u>0,40</u>	<u>0,08</u>
Total basic earnings per share	<u>0,40</u>	<u>0,08</u>
<b>Diluted earnings per share</b>		
From continued operations	<u>0,40</u>	<u>0,08</u>
Total diluted earnings per share	<u>0,40</u>	<u>0,08</u>

**15.1. Basic earnings per share**

Profit and weighted average number of ordinary shares used to calculate basic earnings per share:

	Period ended <u>31/12/2014</u> PLN	Period ended <u>31/12/2013</u> PLN
Profit for the financial year attributable to the entity's shareholders	9 877 426,85	8 229 770,03
Other	<u>-</u>	<u>-</u>
Profit used to calculate basic earnings per share total	9 877 426,85	8 229 770,03
	Period ended <u>31/12/2014</u> PLN	Period ended <u>31/12/2013</u> PLN
Weighted average number of ordinary shares used to calculate earnings per share	<u>25 000 000</u>	<u>100 000 000</u>

**15.2. Diluted earnings per share**

The profit used to calculate the diluted earnings per share is as follows:

	<u>Period ended 31/12/2014</u> PLN	<u>Period ended 31/12/2013</u> PLN
Profit for the financial year attributable to the entity's shareholders	9 877 426,85	8 229 770,03
Profit used to calculate diluted earnings per share total	9 877 426,85	8 229 770,03
Profit used to calculate basic earnings per share from continued operations	<u>9 877 426,85</u>	<u>8 229 770,03</u>

The weighted average number of shares used to compute diluted earnings per share is reconciled to the weighted average of shares used to compute basic earnings per share in the following manner:

	<u>Period ended 31/12/2014</u> PLN	<u>Period ended 31/12/2013</u> PLN
Weighted average number of ordinary shares used to calculate earnings per share	25 000 000,00	100 000 000,00
Weighted average number of ordinary shares used to calculate diluted earnings per share	<u>25 000 000,00</u>	<u>100 000 000,00</u>

**15.3. Dividend policy**

The Management has been consistently recommending profit distribution by allocating it to the Company's reserve capital. With respect to profit for 2014 the Management will propose to the General Meeting to allocate it fully to reserve capital.

**16. TANGIBLE FIXED ASSETS**

	<u>As at 31/12/2014</u> PLN	<u>As at 31/12/2013</u> PLN	<u>As at 01/01/2013</u> PLN
Gross value	3 257 847,48	3 264 259,99	2 152 824,46
Depreciation	<u>(1 980 535,67)</u>	<u>(1 742 312,01)</u>	<u>(1 194 820,59)</u>
	<b>1 277 311,81</b>	<b>1 521 947,98</b>	<b>958 003,87</b>
Freehold land (at fair value)	-	-	-
Buildings (at fair value)	19 351,45	22 622,05	25 892,65
Technical equipment and machinery	24 856,02	14 787,13	28 894,59
Transport vehicles	1 135 936,59	1 389 393,09	769 423,31
Other fixed assets	<u>97 167,75</u>	<u>95 145,71</u>	<u>133 793,32</u>
	<b>1 277 311,81</b>	<b>1 521 947,98</b>	<b>958 003,87</b>
Fixed assets under construction	-	-	1 839,77
Advances for construction in progress	-	-	80 000,00
	<u>-</u>	<u>-</u>	<u>81 839,77</u>

	Freehold land (fair value)	Buidlings (fair value)	Plant and machinery	Transport vehicles	Other fixed assets	Total
	PLN	PLN	PLN	PLN	PLN	PLN
<b>Gross value</b>						
<b>As at 1 January 2013</b>	-	32 706,40	77 394,49	1 810 250,50	232 473,07	<b>2 152 824,46</b>
Increase	-	-	-	1 105 639,77	5 795,76	<b>1 111 435,53</b>
Disposals, liquidation	-	-	-	-	-	-
Internal transfer	-	-	-	-	-	-
<b>As at 31 December 2013</b>	-	32 706,40	77 394,49	2 915 890,27	238 268,83	<b>3 264 259,99</b>
Increase	-	-	24 916,79	391 000,00	50 670,70	<b>466 587,49</b>
Disposals, liquidation	-	-	-	(445 692,31)	-	<b>(445 692,31)</b>
Decreases (adjustments)*	-	-	-	(27 307,69)	-	<b>(27 307,69)</b>
Internal transfer	-	-	-	-	-	-
<b>As at 31 December 2014</b>	-	<b>32 706,40</b>	<b>102 311,28</b>	<b>2 833 890,27</b>	<b>288 939,53</b>	<b>3 257 847,48</b>

\*Adjustment of the value of fixed assets due to early termination of a lease agreement

	Freehold land (fair value)	Buidlings (fair value)	Plant and machinery	Transport vehicles	Other fixed assets	Total
	PLN	PLN	PLN	PLN	PLN	PLN
<b>Depreciation and impairment</b>						
<b>As at 1 January 2013</b>	-	6 813,75	48 499,90	1 040 827,19	98 679,75	<b>1 194 820,59</b>
Elimination following disposal of assets	-	-	-	-	-	-
Depreciation costs	-	3 270,60	14 107,46	485 669,99	44 443,37	<b>547 491,42</b>
Internal transfer	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>As at 31 December 2013</b>	-	10 084,35	62 607,36	1 526 497,18	143 123,12	<b>1 742 312,01</b>
Elimination following disposal of assets	-	-	-	(299 900,28)	-	<b>(299 900,28)</b>
Depreciation costs	-	3 270,60	14 847,90	471 356,78	48 648,66	<b>538 123,94</b>
Internal transfer	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>As at 31 December 2014</b>	-	<b>13 354,95</b>	<b>77 455,26</b>	<b>1 697 953,68</b>	<b>191 771,78</b>	<b>1 980 535,67</b>

#### 16.1. Impairment

None.

#### 16.2. Land owned and buildings disclosed at fair value

None.

#### 16.3. Assets used as collateral

None.

### 17. INVESTMENT PROPERTIES

None.

**18. GOODWILL**

None.

**19. OTHER INTANGIBLE ASSETS**

None.

**20. SUBSIDIARY COMPANIES**

None.

**21. INVESTMENTS IN SUBSIDIARIES**

None.

**22. JOINT VENTURES**

None.

**23. OTHER FINANCIAL ASSETS**

	<u>As at 31/12/2014</u> PLN	<u>As at 31/12/2013</u> PLN	<u>As at 01/01/2013</u> PLN
<b>Investments available for sale shown at fair value</b>			
Shares in subsidiary	-	-	1 215 460,00
Other financial assets (economic rights)	963 901,62	658 487,29	327 199,29
Investment certificates	<u>13 532 860,11</u>	<u>4 264 859,06</u>	<u>500 000,00</u>
	<u>14 496 761,73</u>	<u>4 923 346,35</u>	<u>2 042 659,29</u>
<b>Loans at amortized cost</b>			
Loans granted to related parties	-	-	30 915,00
Loans to other entities	<u>42 811 320,14</u>	<u>33 690 247,88</u>	<u>29 938 809,23</u>
	<u>42 811 320,14</u>	<u>33 690 247,88</u>	<u>29 969 724,23</u>
	<u><b>57 308 081,87</b></u>	<u><b>38 613 594,23</b></u>	<u><b>32 012 383,52</b></u>
Current assets	41 394 895,50	3 232 061,55	327 199,29
Fixed assets	<u>15 913 186,37</u>	<u>35 381 532,68</u>	<u>31 685 184,23</u>
	<u><b>57 308 081,87</b></u>	<u><b>38 613 594,23</b></u>	<u><b>32 012 383,52</b></u>

**24. OTHER ASSETS**

	<u>As at 31/12/2014</u> PLN	<u>As at 31/12/2013</u> PLN	<u>As at 01/01/2013</u> PLN
Prepayments and accrued income - long-term	181 397,35	760 435,41	1 235 670,80
Prepayments and accrued income - short-term	<u>55 597 736,35</u>	<u>58 530 547,85</u>	<u>61 206 221,51</u>
	<u><b>55 779 133,70</b></u>	<u><b>59 290 983,26</b></u>	<u><b>62 441 892,31</b></u>
Current assets	55 597 736,35	58 530 547,85	61 206 221,51
Fixed assets	<u>181 397,35</u>	<u>760 435,41</u>	<u>1 235 670,80</u>
	<u><b>55 779 133,70</b></u>	<u><b>59 290 983,26</b></u>	<u><b>62 441 892,31</b></u>

**25. INVENTORIES**

	<u>As at 31/12/2014</u> PLN	<u>As at 31/12/2013</u> PLN	<u>As at 01/01/2013</u> PLN
Materials	-	-	-
Trade goods	-	-	-
Finished products	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>

**26. TRADE AND OTHER RECEIVABLES**

	<u>As at 31/12/2014</u> PLN	<u>As at 31/12/2013</u> PLN	<u>As at 01/01/2013</u> PLN
Trade receivables	182 908 586,55	173 722 713,41	155 255 190,75
Provision for doubtful accounts	<u>(193 110,61)</u>	<u>(101 535,60)</u>	<u>(71 979,76)</u>
	182 715 475,94	173 621 177,81	155 183 210,99
Receivables under disposal of investments	1 215 460,00	1 215 460,00	-
Budgetary receivables other than corporate income tax	54 952,09	33 952,73	9 265,34
Other receivables (settlements with employees, deposits, other)	<u>565 853,15</u>	<u>109 077,70</u>	<u>116 096,08</u>
	<u><b>184 551 741,18</b></u>	<u><b>174 979 668,24</b></u>	<u><b>155 308 572,41</b></u>

**26.1 Trade receivables**

	<u>As at 31/12/2014</u> PLN	<u>As at 31/12/2013</u> PLN
At the beginning of year	(101 535,60)	(66 915,00)
Impairment charges against receivables	(94 990,01)	(98 120,60)
Amounts written off as uncollectible	-	-
Amounts recovered during the year	3 415,00	27 500,00
Reversal of impairment charges	-	36 000,00
Unwinding of discount	-	-
At end of accounting year	<u><b>(193 110,61)</b></u>	<u><b>(101 535,60)</b></u>

**27. SHARE CAPITAL**

	<u>As at 31/12/2014</u> PLN	<u>As at 31/12/2013</u> PLN	<u>As at 01/01/2013</u> PLN
Share capital	1 000 000,00	1 000 000,00	1 000 000,00
Share premium	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>1 000 000,00</b></u>	<u><b>1 000 000,00</b></u>	<u><b>1 000 000,00</b></u>
The share capital is composed of:			
25,000,000 ordinary fully paid-up shares	-	-	-
par value per share - PLN 0.04	-	-	-
	<u><b>1 000 000,00</b></u>	<u><b>1 000 000,00</b></u>	<u><b>1 000 000,00</b></u>

**27.1 Ordinary fully paid-up shares**

	<u>Number of shares</u> PLN	<u>Share capital</u> PLN	<u>Share premium</u> PLN
As at 1 January 2013 and 1 January 2014	100 000 000,00	100 000 000,00	-
Re-split of shares	(75 000 000,00)	-	-
Issue of shares under advisory services	-	-	-
Share buy-back	-	-	-
Costs of share buy-back	-	-	-
Related income tax	-	-	-
As at 31 December 2014	<u>25 000 000,00</u>	<u>100 000 000,00</u>	-

**28. RESERVE CAPITAL**

	<u>As at</u> <u>31/12/2014</u> PLN	<u>As at</u> <u>31/12/2013</u> PLN	<u>As at</u> <u>01/01/2013</u> PLN
General reserves	41 451 346,52	33 221 576,49	25 881 301,49
Other	-	-	-
	<u>41 451 346,52</u>	<u>33 221 576,49</u>	<u>25 881 301,49</u>

**28.1. General reserves**

	<u>Period ended</u> <u>31/12/2014</u> PLN	<u>Period ended</u> <u>31/12/2013</u> PLN
At beginning of accounting year	33 221 576,49	25 881 301,49
Change (gains from previous financial year)	<u>8 229 770,03</u>	<u>7 340 275,00</u>
At end of financial year	<u>41 451 346,52</u>	<u>33 221 576,49</u>

**28.2. Revaluation reserve related to tangible fixed assets**

None.

**29. RETAINED EARNINGS AND DIVIDEND**

	<u>As at</u> <u>31/12/2014</u> PLN	<u>As at</u> <u>31/12/2013</u> PLN	<u>As at</u> <u>01/01/2013</u> PLN
Retained earnings	<u>9 877 426,85</u>	<u>8 229 770,03</u>	<u>7 340 275,00</u>

	<u>Period ended</u> <u>31/12/2014</u> PLN	<u>Period ended</u> <u>31/12/2013</u> PLN
At beginning of financial year	-	-
Net profit attributable to members	9 877 426,85	8 229 770,03
Other	-	-
At end of financial year	<u>9 877 426,85</u>	<u>8 229 770,03</u>

**30. LOANS PAYABLE**

	<u>As at 31/12/2014</u> PLN	<u>As at 31/12/2013</u> PLN	<u>As at 01/01/2013</u> PLN
<b>Secured – at amortized cost</b>			
Bank credit	3 000 000,00	3 046 309,67	12 610 767,49
From other entities	-	-	13 636,46
Bonds	58 507 088,23	54 859 925,50	46 147 692,44
Other	-	-	-
	<u>61 507 088,23</u>	<u>57 906 235,17</u>	<u>58 772 096,39</u>
	<u>61 507 088,23</u>	<u>57 906 235,17</u>	<u>58 772 096,39</u>
Current liabilities	34 554 088,23	3 046 309,67	24 046 027,23
Non-current liabilities	<u>26 953 000,00</u>	<u>54 859 925,50</u>	<u>34 726 069,16</u>
	<u>61 507 088,23</u>	<u>57 906 235,17</u>	<u>58 772 096,39</u>

## 30.1. Summary of loan agreements

Counterparty	Credit date	Maturity	Currency	Interest rate	Amount as at 31.12.2013	Increases	Interest payable in 2014	Principal payments in 2014	Interest payments in 2014	Balance sheet valuation of lines of credit in 2013	Balance sheet valuation of lines of credit as at 31.12.2014	Credit balance	Interest balance	Current portion	Non-current portion
Bank Polskiej Spółdzielczości	19-08-2011	30-06-2014	PLN	WIBOR 3M + 5.5%	3 046 309,67	-	176 529,58	3 083 779,00	176 529,58	37 469,33	-	(0,00)	-	(0,00)	-
Bank Polskiej Spółdzielczości (overdraft)	19-08-2011	30-05-2014	PLN	WIBOR 3M + 8.0%	-	12 193 049,63	276,70	12 193 049,63	276,70	-	-	-	-	-	-
Bank Spółdzielczy w Krościenku n/D (overdraft)	23-05-2013	22-05-2015	PLN	variable (9.9% on the date of the agreement)	-	11 575 268,90	125 696,97	8 575 268,90	125 696,97	-	-	3 000 000,00	-	3 000 000,00	-
					<b>3 046 309,67</b>	<b>23 768 318,53</b>	<b>302 503,25</b>	<b>23 852 097,53</b>	<b>302 503,25</b>	<b>37 469,33</b>	<b>-</b>	<b>3 000 000,00</b>	<b>-</b>	<b>3 000 000,00</b>	<b>-</b>

## 30.2. Summary of borrowings received

There were none in the reporting period.



## 30.3 Summary of loans granted

## LOANS GRANTED

Counterparty	Loan date	Maturity	Currency	Interest rate	Loan balance as at 31.12.2013	Interest accrued as at 31.12.2014	Principal payments in 2014	Interest payments in 2014	Loan increases	Loan balance	Interest balance
Usługi Finansowe Fast Lane Leasing	12-03-2010	30-06-2015	PLN	12%	1 247 729,02	447 438,00	-	-	-	1 247 729,02	447 438,00
Spółdzielnia Mieszkaniowa GAWRA	19-03-2010	30-06-2015	PLN	12%	600 000,00	382 027,40	-	-	-	600 000,00	382 027,40
Spółdzielnia Mieszkaniowa GAWRA	04-06-2010	30-06-2015	PLN	13%	429 000,00	300 993,45	-	-	-	429 000,00	300 993,45
Usługi Finansowe Fast Lane Leasing	25-06-2010	30-06-2015	PLN	12%	1 091 792,00	391 520,00	-	-	-	1 091 792,00	391 520,00
Kancelaria Radcy Prawnego W. Horoch	05-07-2010	30-06-2015	PLN	12%	605 500,00	326 074,19	-	-	-	605 500,00	326 074,19
Spółdzielnia Mieszkaniowa GAWRA	30-07-2010	30-06-2015	PLN	13%	130 000,00	96 850,00	-	-	-	130 000,00	96 850,00
DABO Boroń Bartłomiej	19-09-2010	30-06-2015	PLN	13%	33 888,90	21 688,12	-	-	-	33 888,90	21 688,12
Usługi Finansowe Fast Lane Leasing	29-09-2010	30-06-2015	PLN	13%	1 368 176,00	640 333,00	-	-	-	1 368 176,00	640 333,00
Spółdzielnia Mieszkaniowa GAWRA	28-12-2010	30-06-2015	PLN	13%	120 000,00	76 967,67	-	-	-	120 000,00	76 967,67
Usługi Finansowe Fast Lane Leasing	31-12-2010	30-06-2015	PLN	13%	1 194 681,00	564 661,00	-	-	-	1 194 681,00	564 661,00
Usługi Finansowe Fast Lane Leasing	28-02-2011	30-06-2015	PLN	13%	130 000,00	55 318,00	-	-	-	130 000,00	55 318,00
Usługi Finansowe Fast Lane Leasing	12-01-2011	30-06-2015	PLN	13%	500 000,00	234 010,00	-	-	-	500 000,00	234 010,00
Spółdzielnia Mieszkaniowa GAWRA	12-01-2011	30-06-2015	PLN	13%	500 000,00	320 000,00	-	-	-	500 000,00	320 000,00
DABO Boroń Bartłomiej	12-01-2011	30-06-2015	PLN	13%	500 000,00	320 000,00	-	-	-	500 000,00	320 000,00
DABO Boroń Bartłomiej	25-03-2011	30-06-2015	PLN	13%	582 500,00	372 799,00	-	-	-	582 500,00	372 799,00
Usługi Finansowe Fast Lane Leasing	28-03-2011	30-06-2015	PLN	13%	1 457 014,00	681 912,00	-	-	-	1 457 014,00	681 912,00
Spółdzielnia Mieszkaniowa GAWRA	01-06-2011	30-06-2015	PLN	13%	1 000 000,00	569 167,00	-	-	-	1 000 000,00	569 167,00
Spółdzielnia Mieszkaniowa GAWRA	17-06-2011	30-06-2015	PLN	13%	1 000 000,00	569 167,00	-	-	-	1 000 000,00	569 167,00
Usługi Finansowe Fast Lane Leasing	27-06-2011	30-06-2015	PLN	13%	1 697 856,35	794 632,00	-	-	-	1 697 856,35	794 632,00
Usługi Finansowe Fast Lane Leasing	29-09-2011	30-06-2015	PLN	13%	1 536 953,78	719 327,00	-	-	-	1 536 953,78	719 327,00

DABO Boroń Bartłomiej	12-12-2011	30-06-2015	PLN	13%	421 000,00	201 597,56	-	-	-	421 000,00	201 597,56
Usługi Finansowe Fast Lane Leasing	21-12-2011	30-06-2015	PLN	13%	1 698 487,95	794 928,00	-	-	-	1 698 487,95	794 928,00
Krzemiński Jacek	22-03-2012	30-06-2015	PLN	13%	1 500 000,00	541 058,00	-	-	-	1 500 000,00	541 058,00
DABO Boroń Bartłomiej	26-03-2012	30-06-2015	PLN	13%	240 000,00	86 227,00	-	-	-	240 000,00	86 227,00
Usługi Finansowe Fast Lane Leasing	27-03-2012	30-06-2015	PLN	13%	1 056 974,45	379 376,00	-	-	-	1 056 974,45	379 376,00
Spółdzielnia Mieszkaniowa GAWRA	15-06-2012	30-06-2015	PLN	13%	700 000,00	228 747,00	-	-	-	700 000,00	228 747,00
Usługi Finansowe Fast Lane Leasing	21-06-2012	30-06-2015	PLN	13%	1 032 325,09	338 813,00	-	-	-	1 032 325,09	338 813,00
Usługi Finansowe Fast Lane Leasing	24-09-2012	30-06-2015	PLN	13%	996 291,69	293 544,00	-	-	-	996 291,69	293 544,00
Krzemiński Jacek	02-04-2013	31-12-2014	PLN	13%	630 150,00	136 305,00	-	-	-	630 150,00	136 305,00
Daroszewski Jacek	02-05-2013	31-12-2014	PLN	13%	1 150 000,00	163 667,00	1 150 000,00	163 667,00	-	-	-
Krzemiński Jacek	15-10-2013	31-12-2014	PLN	13%	170 427,26	26 830,00	-	-	-	170 427,26	26 830,00
Daroszewski Jacek	14-11-2013	31-12-2014	PLN	13%	467 200,00	38 187,00	467 200,00	38 187,00	-	-	-
Krzemiński Jacek	01-04-2014	31-12-2015	PLN	13%	-	31 925,00	-	-	260 700,00	260 700,00	31 925,00
Daroszewski Jacek	09-04-2014	31-12-2015	PLN	13%	-	482 983,00	180 946,00	-	4 030 000,00	3 849 054,00	482 983,00
Krzemiński Jacek	10-06-2014	31-12-2015	PLN	13%	-	9 665,00	-	-	111 150,00	111 150,00	9 665,00
Daroszewski Jacek	30-06-2014	31-12-2015	PLN	13%	-	44 459,00	-	-	558 000,00	558 000,00	44 459,00
Daroszewski Jacek	31-12-2014	31-12-2016	PLN	13%	-	8 722,61	-	-	2 200 000,00	2 200 000,00	8 722,61
Krzemiński Jacek	31-12-2014	31-12-2016	PLN	13%	-	7 706,87	-	-	163 896,78	163 896,78	7 706,87
					<b>25 787 947,49</b>	<b>11 699 625,87</b>	<b>1 798 146,00</b>	<b>201 854,00</b>	<b>7 323 746,78</b>	<b>31 313 548,27</b>	<b>11 497 771,87</b>

## LOANS GRANTED

Counterparty	Loan date	Maturity	Currency	Interest rate	Interest	Interest	Principal	Interest	Loan increases	Loan balance	Interest balance
					balance as at 31.12.2013	accrued as at 31.12.2014	payments in 2014	payments in 2014			
Columbus Factoring Solutions S.A.	18-08-2010	18-08-2011	PLN	12%	3 415,00	-	-	3 415,00	-	-	-
					<b>3 415,00</b>	<b>-</b>	<b>-</b>	<b>3 415,00</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 30.4 Bonds

Counterparty	Issue date	Maturity	Issue size as at 31.12.2013	Interest payable in 2014	Redemptions in 2014	Interest payments in 2014	Issue increases	Bond issue balance	Interest balance	Current portion	Non-current portion
Bond issue - series D	23-03-2012	23-03-2015	30 000 000,00	3 894 900,00	-	3 070 500,00	-	30 000 000,00	824 400,00	30 000 000,00	-
Bond issue - series E	10-01-2013	15-01-2016	10 850 000,00	1 540 917,00	-	1 054 077,50	-	10 850 000,00	486 839,50	-	10 850 000,00
Bond issue - series F	30-09-2013	27-09-2016	3 870 000,00	470 359,80	-	376 164,00	-	3 870 000,00	94 195,80	-	3 870 000,00
Bond issue - series G	18-11-2013	15-11-2016	8 600 000,00	934 218,00	-	836 350,00	-	8 600 000,00	97 868,00	-	8 600 000,00
Bond issue - series H1	16-05-2014	16-05-2017	-	134 424,40	-	109 604,50	2 230 000,00	2 230 000,00	24 819,90	-	2 230 000,00
Bond issue - series H2	18-06-2014	16-05-2017	-	30 140,00	-	24 575,00	500 000,00	500 000,00	5 565,00	-	500 000,00
Bond issue - series H3	27-06-2014	16-05-2017	-	29 537,33	-	24 083,63	490 000,00	490 000,00	5 453,70	-	490 000,00
Bond issue - series I	25-07-2014	25-01-2016	-	14 055,93	-	-	333 000,00	333 000,00	14 055,93	-	333 000,00
Bond issue - series H4	12-11-2014	16-05-2017	-	890,40	-	-	80 000,00	80 000,00	890,40	-	80 000,00
			<b>53 320 000,00</b>	<b>7 049 442,86</b>	<b>-</b>	<b>5 495 354,63</b>	<b>3 633 000,00</b>	<b>56 953 000,00</b>	<b>1 554 088,23</b>	<b>30 000 000,00</b>	<b>26 953 000,00</b>

**31. OTHER FINANCIAL LIABILITIES**

	<u>As at 31/12/2014</u>	<u>As at 31/12/2013</u>	<u>As at 01/01/2013</u>
	PLN	PLN	PLN
Other liabilities: contingent payment (under a lease)	1 093 027,17	1 167 143,32	640 867,36
	<b><u>1 093 027,17</u></b>	<b><u>1 167 143,32</u></b>	<b><u>640 867,36</u></b>
Current liabilities	376 992,93	395 735,15	326 682,81
Non-current liabilities	<u>716 034,24</u>	<u>771 408,17</u>	<u>308 861,84</u>
	<b><u>1 093 027,17</u></b>	<b><u>1 167 143,32</u></b>	<b><u>635 544,65</u></b>

**32. PROVISIONS**

	<u>As at 31/12/2014</u>	<u>As at 31/12/2013</u>	<u>As at 01/01/2013</u>
	PLN	PLN	PLN
Employee benefits (holidays, bonuses)	66 215,00	34 388,00	536 054,50
Provision for incurred but unsupported expenses (no invoice, no accounting documents)	176 173,40	516 298,19	169 939,92
Audit of financial statements	32 000,00	27 000,00	27 000,00
Other (accrued operating expenses)	<u>-</u>	<u>-</u>	<u>10 543,15</u>
	<b><u>274 388,40</u></b>	<b><u>577 686,19</u></b>	<b><u>743 537,57</u></b>
Short-term provisions	274 388,40	577 686,19	743 537,57
Long-term provisions	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>274 388,40</u></b>	<b><u>577 686,19</u></b>	<b><u>743 537,57</u></b>

Deferred income was previously disclosed in note "32. Provisions" and now it is disclosed in note "37. Deferred income".

**33. OTHER LIABILITIES**

	<u>As at 31/12/2014</u>	<u>As at 31/12/2013</u>	<u>As at 01/01/2013</u>
	PLN	PLN	PLN
Payroll payable	242 268,56	184 739,07	202 486,34
Budgetary liabilities other than corporate income tax	424 126,22	336 140,27	412 396,83
Deposits and other settlements	<u>456 919,68</u>	<u>50 808,52</u>	<u>29,65</u>
	<b><u>1 123 314,46</u></b>	<b><u>571 687,86</u></b>	<b><u>614 912,82</u></b>
Current liabilities	1 123 314,46	571 687,86	614 912,82
Non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>1 123 314,46</u></b>	<b><u>571 687,86</u></b>	<b><u>614 912,82</u></b>

**34. TRADE AND OTHER PAYABLES**

	<u>As at 31/12/2014</u>	<u>As at 31/12/2013</u>	<u>As at 01/01/2013</u>
	PLN	PLN	PLN
Trade payables	1 599 444,09	1 328 598,03	1 617 267,40
Other	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>1 599 444,09</u></b>	<b><u>1 328 598,03</u></b>	<b><u>1 617 267,40</u></b>

**35. LEASE PAYABLES****35.1. General leasing terms and conditions**

	<u>Minimum lease payments</u>		<u>Present value of minimum lease payments</u>	
	<u>As at 31/12/2014</u>	<u>As at 31/12/2013</u>	<u>As at 31/12/2014</u>	<u>As at 31/12/2013</u>
	PLN	PLN	PLN	PLN
Below 12 months	376 992,93	395 735,15	-	-
From 1 to 5 years	716 034,24	771 408,17	-	-
Above 5 years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	1 093 027,17	1 167 143,32	-	-
Minus future finance charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current amount of minimum lease payments	<b><u>1 093 027,17</u></b>	<b><u>1 167 143,32</u></b>	<u>-</u>	<u>-</u>

	<u>As at 31/12/2014</u>	<u>As at 31/12/2013</u>	<u>As at 01/01/2013</u>
	PLN	PLN	PLN
<b>Disclosed in financial statements as:</b>			
Other current financial liabilities	376 992,93	395 735,15	326 682,81
Other non-current financial liabilities	<u>716 034,24</u>	<u>771 408,17</u>	<u>308 861,84</u>
	<b><u>1 093 027,17</u></b>	<b><u>1 167 143,32</u></b>	<b><u>635 544,65</u></b>

**36. RETIREMENT BENEFIT SCHEMES**

The Company does not use any pension benefit plans. Due to the employment policy followed by the Company, the impact of such plans would be immaterial if they existed. Most of the employment contracts are for a specified period of time and therefore the likelihood of payment by the Company of post-employment benefits to any of its employees is negligible.

**37. DEFERRED INCOME**

	<u>As at 31/12/2014</u> PLN	<u>As at 31/12/2013</u> PLN	<u>As at 01/01/2013</u> PLN
Receivables	182 471 494,14	172 981 904,82	154 634 007,77
Subsidies	10 865,00	-	-
Premiums on bonds issues	8 492,26	-	-
	<u>182 490 851,40</u>	<u>172 981 904,82</u>	<u>154 634 007,77</u>
Short-term	20 592 890,73	20 651 286,74	22 129 448,70
Long-term	<u>161 897 960,67</u>	<u>152 330 618,08</u>	<u>132 504 559,07</u>
	<u>182 490 851,40</u>	<u>172 981 904,82</u>	<u>154 634 007,77</u>

In relation to 2013, the Issuer changed the presentation method of financial data related to receivables acquired by the Issuer to be collected on its own account. In 2013 the information was presented under short- and long-term provisions (Note 32 Provisions). Starting from 2014, in order to assure transparency of the financial statements, the Issuer has been disclosing the purchased debts as a separate balance sheet item – *Deferred income* split from *Provisions* into short- and long-term items. The measurement methods and principles have not been changed.

**38. SHARE PAYMENTS****38.1. Employee share option plan**

None.

**39. RELATED PARTY TRANSACTIONS****39.1. Commercial transactions**

There were none in the reporting period.

**39.2 Loans granted to related parties**

There were none in the reporting period.

**40. DISPOSAL OF BUSINESS**

No such transaction occurred in the reporting period.

**41. CASH AND CASH EQUIVALENTS**

	<u>As at 31/12/2014</u> PLN	<u>As at 31/12/2013</u> PLN	<u>As at 01/01/2013</u> PLN
Cash in hand and at bank	3 220 274,96	2 649 044,40	677 736,21
	<u>3 220 274,96</u>	<u>2 649 044,40</u>	<u>677 736,21</u>
	<u>3 220 274,96</u>	<u>2 649 044,40</u>	<u>677 736,21</u>

**42. NON-MONETARY TRANSACTIONS**

There were none in the reporting period.

**43. OPERATING LEASES**

Counterparty	Number and date of the agreement	Maturity	Leases as at 31.12.2013	Principal payments in 2014	Interest payments in 2014	Lease increases	Lease balance	Current portion	Non-current portion
Europejski Fundusz Leasingowy	40998/Wr, 26-02-2009	26-02-2014	38 918,10	38 918,10	47 798,24	-	-	-	-
Pekao Leasing	36/0195, 24-08-2009	24-08-2013	996,46	996,46	-	-	-	-	-
Europejski Fundusz Leasingowy	43390/Wr, 15-10-2009	15-10-2013	4 326,29	4 326,29	29 700,34	-	-	-	-
Europejski Fundusz Leasingowy	44111/Wr, 22-12-2009	22-12-2014	67 460,17	7 369,05	67 708,80	-	<b>60 091,12</b>	60 091,12	-
Volkswagen Leasing	5220397-1210-01834, 23-06-2010	23-06-2015	49 475,39	6 296,77	27 396,45	-	<b>43 178,62</b>	43 178,62	-
Europejski Fundusz Leasingowy	52167/Wr/12, 06-03-2012	06-03-2017	156 487,78	156 487,78	13 084,10	-	-	-	-
Europejski Fundusz Leasingowy	55699/Wr/13, 15-04-2013	07-05-2018	550 051,07	107 720,41	38 308,90	-	<b>442 330,66</b>	118 756,02	323 574,64
Volkswagen Leasing	5220397-1213, 11-06-2013	11-05-2017	299 428,06	61 791,75	10 719,15	-	<b>237 636,31</b>	73 399,60	164 236,71
GETIN Leasing Spółka Akcyjna S.K.A.	428875/2014/FINA/PDKA	20-04-2016	-	22 077,01	2 634,99	55 747,10	<b>31 035,10</b>	24 828,00	6 207,10
Europejski Fundusz Leasingowy	59730/Wr/14	30.06.2019	-	61 244,64	7 672,63	340 000,00	<b>278 755,36</b>	56 739,57	222 015,79
			<b>1 167 143,32</b>	<b>467 228,26</b>	<b>245 023,60</b>	<b>395 747,10</b>	<b>1 093 027,17</b>	<b>376 992,93</b>	<b>716 034,24</b>

#### **44. COMMITMENTS TO PAY EXPENSES**

None.

#### **45. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

##### **45.1 Contingent liabilities**

The issuer has collateral to financial agreements as follows:

- lease contracts – blank promissory note;
- loan agreement – declaration of submission to enforcement, blank promissory note, power of attorney over a current bank account, guarantee from BGK;
- bonds – registered pledge on a pool of cash receivables under defaulted loans; for series D bond issue – submission to enforcement in accordance with Art. 777 of the Code of Civil Procedure;

In the instances specified above, as at the date hereof the Issuer was current on payments and the estimated potential outflow of funds is uncertain and the time and amount unpredictable.

In particular, in the foreseeable future there is no risk related to the collateral for lease contracts and loan agreements and to the obligations under the issued bonds that the respective liabilities will exceed the amounts disclosed in the balance sheet as of the date hereof.

#### **46. EVENTS AFTER THE BALANCE SHEET DATE**

There were no material events after the balance sheet date.

#### **47. AUTHORIZATION OF FINANCIAL STATEMENTS**

Jacek Daroszewski

President of the Management Board

Wrocław, 21 April 2015

Jacek Krzeminski

Deputy President of the Management Board



## Directors' Report for the period from 1 Jan. 2014 to 31 Dec. 2014

### 1 SIGNIFICANT EVENTS AFFECTING THE COMPANY'S OPERATIONS THAT OCCURRED DURING THE FINANCIAL YEAR AND SUBSEQUENTLY, UNTIL THE DATE OF AUTHORISATION OF THE FINANCIAL STATEMENTS

In 2014 the Issuer pursued its business in accordance with the adopted strategy consisting in purchasing debt portfolios and recovering them on its own account as well as operating its Fast Finance Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (Fast Finance Non-Standard Closed-End Securitization Investment Fund, Fast Finance NS FIZ).

#### **In 2014 the Issuer continued work on the development of the Securitization Fund.**

Via the Fast Finance NS FIZ, the Issuer made purchases of debt portfolios with a total value in excess of PLN 65m.

On 7 July 2014 the Issuer received a signed copy of the agreement between Fast Finance NS FIZ and Powszechna Kasa Oszczędności Bank Polski S.A. under which Fast Finance NS FIZ purchased a debt portfolio for a price of PLN 6,300,000. The total nominal value of the debt portfolio acquired in the auction was PLN 63,143,062.07.

On 14 July 2014 the Issuer was notified by Forum TFI about the acquisition by the Issuer of 25,480,000 series D non-public investment certificates with a total value of PLN 6,370,000 issued by Fast Finance Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty ("Fast Finance NS FIZ") in order to implement the provisions of the agreement for the purchase of debt portfolios concluded with Powszechna Kasa Oszczędności Bank Polski S.A. On 1 August 2014, through Fast Finance NS FIZ, the Issuer concluded with Powszechna Kasa Oszczędności Bank Polski S.A. an annex to the receivables purchase agreement of 7 July 2014 correcting the total price of the purchased portfolio, which was reduced from PLN 6,300,000 to PLN 5,933,852.70.

In December 2014, through Fast Finance NS FIZ, the Issuer closed the purchase of a consumer debt portfolio with a total nominal value of PLN 2.5m. The purchase price of the portfolio did not exceed 10% of the Issuer's equity.

#### **In 2014 the Issuer changed the nominal value of its shares.**

On 12 November 2014 the Issuer's EGM was held in connection with the need to amend the resolution passed by the Issuer's GM held on 9 June 2014 to consolidate (re-split) the Issuer's shares and to amend the Issuer's Articles of Association.

Following registration by the District Court for Wrocław-Fabryczna in Wrocław 6th Commercial Division of the National Court Register of the amendments to the Articles of Association relating to the consolidation of shares, on 17 November 2014 the Issuer filed the relevant applications with the National Depository for Securities.

On 27 November 2014 the Management Board of the National Depository for Securities passed Resolution No. 1005/14 in which, in connection with the change in the nominal value of the Issuer's shares from PLN 0.01 (in words: one grosz) to PLN 0.04 (in words: four grosz) it decided to set 8 December 2014 as the date of the split

of 55,000,000 (in words: fifty-five million) of the Issuer's shares then in trading into 13,750,000 (in words: thirteen million seven hundred and fifty thousand) Issuer's shares.

#### **Appointment of statutory auditor**

On 17 December 2014 the Issuer's Supervisory Board passed Resolution No. 1/17/12/2014 to appoint a statutory auditor to audit Fast Finance S.A financial statements for 2014. The selected statutory auditor is Kancelaria Biegłych Rewidentów Aktywa Sp. z o.o. with its registered office in Wrocław, al. Gen. Józefa Hallera 84/1, 53-203 Wrocław, registered on the list of auditors kept by the National Chamber of Auditors under number 513.

#### **Material events after the reporting year.**

On 24 March 2015 the Issuer received from the National Depository for Securities in Warsaw a confirmation of the final settlement and redemption effected on 23 March 2015 of 30,000 series D bearer bonds with a nominal value of PLN 1,000 each with a total nominal value of PLN 30,000,000 together with the accrued interest.

On 20 March 2015 the Issuer passed a resolution to allot 24,848 series J, ordinary, coupon, secured bearer bonds with a nominal value of PLN 1,000 (one thousand Polish zloty) each, for a total amount of PLN 24,848,000 maturing on 31 December 2016.

The Issuer concluded with bank BPS and with BPS TFI (bond holders of series D bonds) investment agreements under which the Issuer (or an entity indicated by the Issuer) is obliged to make successive redemptions of a total number of 15,939 series J bonds.

## **2 EXPECTED DEVELOPMENT OF THE ENTITY**

### **Products and Market**

The Issuer plans to continue the pursuit of its business model based on purchasing of debt portfolios and their collection on its own account. Upon purchasing the debt portfolios in a receivables transfer agreement, the Issuer becomes the owner of the debts and acquires the right to pursue claims against the debtors. As the owner of the debts, the Issuer takes efforts to collect them on its own account.

The Issuer specialises in:

- purchasing consumer debt portfolios that are not fragmented or time-barred,
- recovery of the purchased debts on its own account.

The consumer debts arise most often in connection with retail bank loans taken by the debtors for purchases of household equipment or for other purposes. Consumer debts also include amounts owed to telecommunication services providers, cable TV operators and other service providers, and typically have low debt balances (the average debt balance does not exceed PLN 6,000).

Another important direction of the Issuer's development is the increase in management services with respect to its own securitization fund (FAST FINANCE NS FIZ) for which the Issuer provides debt collection services.

Because of their insignificant share in the Issuer's revenues, the services relating to loss prevention and contingency debt collection will not have any material impact on the Issuer's future revenues.

Among factors that have a positive bearing on Fast Finance's future business is the increase in the volume of lending translating into a growth in the value of the debt market. Recently, there has been observed a return of interest in consumer loans, which makes the Issuer expect an increase in the number of non-performing loans.

### **Financing**

Among the key factors taken into account by the Issuer while investing in new debt portfolios is the possibility of obtaining financing for the next debt packages. As regards the acquisition of capital, the Issuer works with a couple of business partners. With a better financing capacity, the Issuer will be able to select the tenders it wants to bid in. As an entity listed on the regulated market of the Warsaw Stock Exchange the Issuer has become a reliable and stable partner for sellers of large debt portfolios.

### **Infrastructure**

The location of the Issuer's offices has been selected to ensure efficient operation even with a significant increase in the number of accounts served and in terms of organisation the Issuer is prepared to handle increased volumes and value of debts. The Company has been systematically hiring new specialists and takes a lot of effort to improve its debt collection processes. The Issuer is prepared to provide sufficient office space and as well as IT hardware and software to handle a marked increase in the value of debts and number of debtors.

### **Fast Finance S.A. as a listed Company**

The Company has been listed on the main market of the Warsaw Stock Exchange (WSE). The Issuer believes that owing to the transition to the regulated market of the WSE it is perceived as a more credible partner. The Issuer also believes that the change of the trading market has indirectly increased its chances of acquiring larger ticket debt portfolios than was the case before its debut on the WSE, enabled its participation in a larger number of tenders and extended the group of potential business partners.

## **3 MAJOR R&D ACHIEVEMENTS**

Fast Finance S.A. does not conduct any R&D work.

## **4 PURCHASE OF OWN SHARES**

Fast Finance S.A. did not purchase its own shares.

## **5 BRANCH OFFICES**

Fast Finance S.A. has the following branches:

Branch name: Fast Finance S.A. Kraków Branch  
Registered address: Poland, małopolskie province  
Address: ul. Gabrieli Zapolskiej 36, 30-126 Kraków

Branch name: Fast Finance S.A. Poznań Branch  
Registered office: Poland, wielkopolskie province  
Address: ul. Głuszyna 125, 61-329 Poznań

## **6 KEY BUSINESS AND FINANCIAL DATA DISCLOSED IN THE ANNUAL FINANCIAL STATEMENTS, INCLUDING IN PARTICULAR FACTORS AND EVENTS, INCLUDING THOSE OF AN EXTRAORDINARY NATURE, WITH A BEARING ON THE ISSUER'S BUSINESS AND ITS PERFORMANCE IN THE FINANCIAL YEAR, AS WELL AS DISCUSSION OF THE ISSUER'S DEVELOPMENT OUTLOOK AT LEAST IN THE NEXT FINANCIAL YEAR.**

### **Key business and financial data**

In 2014 the Issuer reported a net profit of PLN 9.9m, up by 20% on 2013. Net revenues reached PLN 27m and were 3% lower than in 2013.

At the end of 2014, the Issuer's balance sheet total was above PLN 302m, up by 8.9% on 2013. The change in the value of total assets was caused mainly by the increase in trade and other receivables by PLN 9.5m, ie. by 5.5%. A significant portion of assets (17% ) is represented by loans extended to other entities as well as by investment certificates of Fast Finance NS FIZ (5.5%).

As at 31 December 2014, shareholders' equity exceeded PLN 50m reaching PLN 52.3m, which is an increase by 23% in comparison with 2013. The change in the value of equity was caused mainly by the increase in reserve capital resulting from higher profit for the entire reporting year.

In the reporting period the Company achieved a 2.2 p.p. lower EBIT margin (from 48.6% w 2013 to 46.4% in 2014), a gross profit margin higher by 11 p.p. (from 34.9% in 2013 to 45.9% in 2014) and net profitability higher by 7.7 p.p. (from 29.5% in 2013 to 36.5% in 2014).

The ratios measuring capital efficiency remain high despite a slight drop in the return on equity by 0.6 p.p. (from 21.5% in 2013 to 20.8% at the end of 2014). The operating return on assets went up by 0.3 p.p. (from 3.1% in 2013 to 3.4% at the end of 2014)

### **Non-recurring events**

In the opinion of the management board, in 2014 there were no non-recurring events having an impact on the Issuer's business.

### **Development plans**

The adopted business model remains unchanged and the Issuer's priority is to develop the existing business and to improve its profitability through the acquisition of new clients and through the purchase of new debt portfolios. The Issuer expects an increase in the volume of distressed debts offered for sale by credit institutions being a result of:

- increased supply of retail loans,
- increased supply of mortgage loans

Additionally, new debt portfolios may appear on the market as a result of the appreciation of the CHF (Swiss franc) exchange rate and from the deterioration of the situation of debtors with foreign currency loans. The Issuer estimates that in 2015 the supply of debts may significantly exceed PLN 14bn and reach approximately PLN 18-20bn. The growth will be driven by new mortgage-backed receivables. The Issuer monitors the mortgage debt market and does not exclude its involvement in this segment in the future.

## **7 SIGNIFICANT RISK FACTORS/THREATS AND THE DEGREE OF THE ISSUER'S EXPOSURE**

### **Risk of a downturn in the macroeconomic and industry environment**

The sector the Issuer operates in is dependent on the macroeconomic environment. A deterioration in the economy may negatively affect the financial position of the Issuer's creditors and may damage the currently observed consumer optimism. The above may lead to decreased lending and consequently to a smaller demand for the Company's services, longer debt recovery periods and may translate into poorer performance of the Issuer.

However, at present, the risk of a downturn in the sector is low and the development outlook is good because of such factors as, for example, the development of the consumer finance market and the positive economic situation fuelling consumer optimism.

### Competitive risk

There are many companies on the market involved in business similar to the Issuer's business. One can name a few direct competitors. Additionally, there are many smaller entities whose business is similar to the Issuer's business. Also, owing to the size of the market and its growth prospects it is possible that new competitors will appear, which may negatively affect the Issuer's performance.

However, the Issuer's market largely relies on the trust the sellers of receivables place in their buyers.

Over the past years, the Issuer's compliance with good market practice and with ethical norms has earned it the trust of other market participants. In its debt collection process, the Issuer uses an individual approach to the debtors, which manifests itself in adjusting the collection efforts to the individual situation of each of them and in agreeing an affordable repayment plan.

### Risk of a drop in statutory interest rates

The amount of statutory interest is significant for this part of the Issuer's revenues which concerns the right to demand from debtors the payment of default interest based on statutory rates. Over the past years, these rates have not changed significantly, despite a very low inflation. Because statutory interest rates should be set above the interest rates of bank loans available on the market, no major statutory interest rate reductions are expected in the future.

### Risk of improper functioning of law enforcement agencies and enforcements by court enforcement officers

A part of the Issuer's business involves the use of litigation. The Issuer's performance is affected by factors such as delays and lengthiness in decision-making and in activities of law enforcement agencies and of court enforcement officers. The Issuer's business is also affected by the legislation and fees relating to judicial collection, where major changes in legislation and fees could have a significant impact on the Issuer's performance.

It should be pointed out however that the cases brought by the Issuer to the court are decided in two types of summary proceedings called *postępowanie nakazowe* (proceedings by writ of payment based on documentary evidence) and *postępowanie upominawcze* (similar proceedings for smaller claims based on the claimant's statement), and the time it takes for a case to be ruled on is 3 months at a maximum. The amount of court fees has a temporary influence on the Issuer's performance because the fees incurred in the course of judicial proceedings increase the amount of the debtor's liability.

### Risk of interpretation of legislation on distressed debt trading

Like its peers, the Issuer is exposed to the negative influence of frequent amendments of tax regulations and of a multitude of interpretations of legislation. In order to prevent possible doubts and uncertainties in the interpretation of tax regulations, the Issuer has been using the services of a professional tax advisory firm. Under the EU law, value added tax may not be determined in violation of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347).

### Tax policy risk

The Polish tax system is characterised by frequent changes of regulations. Additionally, many of the regulations are not sufficiently precise, which leads to interpretation problems. Interpretations of tax regulations are subject to frequent changes. Additionally, the practice of tax authorities and the judicial decisions regarding tax issues are not coherent. Because of the divergent interpretations of tax regulations, Polish entities incur a risk that their operations and their tax accounting may be later questioned by the tax authorities. For companies operating under more stable tax systems, the above risk is smaller.

Like its peers, the Issuer is exposed to the negative influence of frequent amendments of tax regulations and of a multitude of interpretations of legislation. In order to prevent possible doubts and uncertainties in the interpretation of tax regulations, the Issuer has been using the services of a professional tax advisory firm.

### **Consumer bankruptcy risk**

The Issuer identifies the risk of consumer bankruptcy in respect of individuals who are not sole proprietors whose bankruptcy arose as a result of circumstances which were of extraordinary nature and for which the said individuals were not responsible. In the event of declaration of consumer bankruptcy by individuals whose debts are under collection by the Issuer, the ultimate amount of recovery under bankruptcy proceedings may be lower than if collected by the Issuer.

Currently, taking into account the average amounts owed by the Issuer's debtors, the risk of declaration of consumer bankruptcy with respect to such debtors is identified as marginal.

### **Risk of insolvency of a major debtor**

The Issuer's performance partly depends on the solvency of individual debtors. In order to mitigate the risk associated with the insolvency of individual debtors, the Issuer purchases debts that are very diversified in terms of the debtors' age, income and assets. However, insolvency of a large number of debtors cannot be ruled out completely and such insolvency could negatively affect the Issuer's situation, including in particular its financial position and performance.

### **Risk of loss of key personnel**

In providing its services, the Issuer relies on the knowledge, skills and experience of its employees. However, key role is played at the Issuer's company by members of its management board who are strategic decision-makers. The loss of a member of the management board without a previous obtaining of a replacement may have a temporary negative effect on the Issuer's business and performance.

### **Debt financing risk**

The Issuer has used and intends to use in the future external financing in the form of loans, credit lines and corporate bond issues. New debt purchases are most often financed by outside capital. The Issuer's failure to raise sufficient outside financing may affect its further growth including in particular the size of the debt portfolios held. In order to mitigate the above risk the Issuer makes efforts to diversify the type, cost and sources of outside capital. In the Issuer's opinion, as at the reporting date and taking into account bond maturities, there is no risk of the Issuer's inability to pay its obligations.

### **Investment contract risk**

The Issuer has concluded investment contracts with investors (hitherto holders of series D bonds) under which it is obliged to make gradual redemptions of series J bonds. The Issuer may redeem the bonds directly or through a third party. In the Issuer's opinion, its performance under the above contracts may be jeopardised if the Issuer's liquidity position deteriorates significantly as a result of extraordinary circumstances.

### **Risk of adopting a wrong strategy**

The Company's operational effectiveness depends on its ability to define and implement a strategy that is effective and that brings long-term financial benefits. Possible taking of incorrect decisions resulting from inadequate assessments or the Company's inability to adjust to the dynamically changing market may lead to strong negative financial consequences.

In order to mitigate the above risk, the Company analyses on an ongoing basis all the factors with a bearing on the selection of a strategy so that to be able to define the direction and the type of changes in the market environment as precisely as possible.

### **Risk of delays in recovering the debts**

There exists a risk that the Issuer will be conducting ineffective collection efforts for an extensive period of time. The above delay may concern in particular the debts pursued in court and by court enforcement officers. The delay depends on factors such as the amount of debt or the financial circumstances of the debtor.

The risk of delays in collecting the debts is not high, as the Issuer recovers the entire capital invested in debt purchases over approximately two years. Additionally, the above risk is limited by the fact that the consumer debts that are the Issuer's business are very safe by nature and offer the highest recovery rates.

**Risk of lack of new debt portfolios**

As a result of competitive activity or changes in the behaviour of debt sellers the Issuer may face difficulties in acquiring new debt portfolios. In the current economic situation, purchases of new debt portfolios may be hindered by limited access to capital. Acquisition by the Issuer of capital that is not subsequently invested in debt purchases may lead to a risk of incurring the cost of capital without deriving the relevant benefits. The above scenario would pose a significant threat in the event of a long term lack of new debt purchases. Currently, even in the case of a short break in new debt purchases, revenues and profits are expected to grow, driven by the debt portfolios acquired in the previous years. However, in the longer term the Issuer's growth may be hindered if new debt purchases are not made regularly.

**Risk of dominant two main shareholders**

As at the end of 2014, the existing main shareholders were not interested in selling their shares. However, the Issuer may not predict the supply of shares from the existing shareholders in the future. A sale of a major block of shares on the regulated market may negatively affect the share price on the secondary market. The risk of supply of shares from the existing shareholders is mitigated by the nature of series A shares which are registered shares with preference voting rights and are not admitted to trading on the regulated market of the Warsaw Stock Exchange. As regards corporate rights, there exists a risk associated with the fact that the same persons manage the Company and are its majority shareholders. Therefore, purchasers of shares on the secondary market must take into account the possibility of their minimal influence on the Company's operating activity. Minority shareholders are protected by law and by the market supervisory body (The Polish Financial Supervisory Authority, KNF).

**8 PROCEEDINGS PENDING BEFORE COURTS, ARBITRATION BODIES OR CENTRAL ADMINISTRATION AUTHORITIES, INCLUDING INFORMATION ABOUT:**

- a) proceedings with regard to liabilities or receivables of the Issuer or its subsidiary whose value constitutes at least 10% of the Issuer's equity, including: subject of the proceedings, value in dispute, date of initiation of the proceedings, parties to the proceedings pending and the entity's position.

There are no proceedings pending before a court of law, arbitration tribunal or public administration body relating to the Issuer's liabilities or receivables whose value is at least 10% of the Issuer's equity.

- b) two or more proceedings relating to liabilities or receivables whose total value is respectively at least 10% of the Issuer's equity, including the total value of proceedings separately for liabilities and receivables together with the Issuer's position on the issue and, with respect to the largest proceedings in the group of liabilities and receivables - their subject, value in dispute, date of initiation of the proceedings and parties to the proceedings.

There are no proceedings pending before a court of law, arbitration tribunal or public administration body relating to the Issuer's liabilities or receivables whose value is at least 10% of the Issuer's equity.

- c) proceedings with the highest value in dispute, not exceeding 10% of the Issuer's equity, relating to the Company's liabilities

There are no proceedings with the highest value in dispute pending before a court of law, arbitration tribunal or public administration body whose value is at least 10% of the Issuer's equity.

- d) Proceedings with the highest value in dispute, not exceeding 10% of the Issuer's equity, relating to the Company's receivables

There are currently no proceedings relating to the Issuer's receivables whose value is at least 10% of the Issuer's equity.

## 9 MAIN PRODUCTS, GOODS AND SERVICES INCLUDING THEIR VALUES AND NUMBERS AND SHARE OF INDIVIDUAL PRODUCTS, GOODS AND SERVICES (IF SIGNIFICANT) OR THEIR GROUPS IN TOTAL SALES OF THE ISSUER, INCLUDING CHANGES (IF ANY) IN THE REPORTING PERIOD

The Issuer operates on the market of financial services related to receivables trading. The Company's core business includes purchasing of debt portfolios and their collection on its own account. The Issuer specialises in consumer debt purchasing. Upon purchasing the debt portfolios under a receivables transfer agreement, the Issuer becomes the owner of the debts and acquires the right to pursue claims against the debtors. As the owner of the receivables, the Issuer takes collection efforts on its own account. The Company's business involves only legal forms of receivables collection. In its collection activities, the Company is focused on cooperating with the debtors and adheres to proper standards of debt recovery. The above attitude is a guarantee for debt sellers that their receivables will be collected in an ethical and legal manner.

### Revenue structure

	Period ended <u>31/12/2014</u>	Period ended <u>31/12/2013</u>
	PLN	PLN
Revenue from sales of products, trade goods and materials	27 084 516,11	27 934 972,38
Other operating revenue	1 536 006,78	581 664,37
Finance income	6 716 410,78	3 806 307,37

The Issuer's total revenues include revenues from its core business, other operating revenues and finance income. The value of total revenues went up by 9.3% yoy.

## 10 INFORMATION ON THE MARKETS, BROKEN DOWN BY DOMESTIC AND FOREIGN MARKETS, SOURCES OF SUPPLY OF MATERIALS FOR PRODUCTION, INCLUDING DEPENDENCY ON ONE OR MORE CUSTOMERS AND SUPPLIERS, AND IF THE SHARE OF ONE CUSTOMER OR SUPPLIER ACCOUNTS FOR AT LEAST 10% OF TOTAL REVENUE FROM SALES, NAME OF THE SUPPLIER/CUSTOMER, ITS SHARE IN SALES OR SUPPLY AND FORMAL RELATIONSHIP WITH THE ISSUER.

Fast Finance S.A. operates on the Polish financial services market.

The Issuer specialises in consumer debt purchasing. The Company works mainly with banks and telecoms. The average amount of debt per debtor does not exceed PLN 6,000, and individual accounts are sold in pools. As the purchased portfolios comprise amounts owed by a large number of individual debtors, the Issuer is not dependent on the solvency of any particular debtor. The Issuer's market depends, among others, on the volume of lending, which later translates into the size of the debt market.

## 11 AGREEMENTS SIGNIFICANT TO THE ISSUER'S BUSINESS, INCLUDING SHAREHOLDER AGREEMENTS KNOWN TO THE ISSUER, INSURANCE, PARTNERSHIP OR COOPERATION AGREEMENTS

There exist no agreements significant to the Issuer's business, including shareholder agreements.

## 12 INFORMATION ABOUT ORGANISATIONAL AND CAPITAL TIES BETWEEN THE ISSUER AND OTHER ENTITIES AND DESCRIPTION OF THE MAIN DOMESTIC AND FOREIGN INVESTMENTS (SECURITIES, FINANCIAL INSTRUMENTS, INTANGIBLE ASSETS AND REAL PROPERTY),



## INCLUDING CAPITAL INVESTMENTS MADE OUTSIDE THE GROUP AND THEIR FINANCING METHODS

As at the date of this Directors' Report, there are no organisational or capital ties between the Issuer and other entities.

### 13 RELATED-PARTY TRANSACTIONS CONCLUDED BY THE ISSUER OTHER THAN ARM'S LENGTH TRANSACTIONS, INCLUDING THE AMOUNTS AND INFORMATION SPECIFYING THE NATURE OF THE TRANSACTIONS - THE DUTY IS COMPLIED WITH BY INDICATING THE PLACE OF DISCLOSING THE RELEVANT INFORMATION IN THE FINANCIAL STATEMENTS

The Issuer did not conclude any related-party transactions whose terms would be other than arms' length.

### 14 INFORMATION ON CREDIT AND LOAN AGREEMENTS EXECUTED OR TERMINATED IN THE FINANCIAL YEAR, INCLUDING AT LEAST INFORMATION ON THE TYPES, AMOUNTS AND INTEREST RATES, AS WELL AS CURRENCIES AND REPAYMENT DATES

Detailed information about credit agreements and loans received can be found in Notes 30.1 and 30.2 to the financial statements.

### 15 INFORMATION ABOUT LOANS EXTENDED IN THE FINANCIAL YEAR, WITH SPECIAL FOCUS ON LOANS GRANTED TO THE ISSUER'S RELATED ENTITIES, INCLUDING AT LEAST THEIR AMOUNTS, TYPE, INTEREST RATE, CURRENCY AND MATURITY

Information about loans extended can be found in Note 30.3 to the financial statements.

### 16 SURETIES AND GUARANTEES ISSUED AND RECEIVED IN THE FINANCIAL YEAR, INCLUDING IN PARTICULAR SURETIES AND GUARANTIES ISSUED TO RELATED ENTITIES

In the reporting period the Issuer did not issue or receive any sureties or guarantees.

### 17 ISSUE OF SECURITIES AND USE BY THE ISSUER OF ISSUE PROCEEDS UNTIL THE DATE OF THE DIRECTORS' REPORT

No non-equity or equity securities were redeemed or repurchased by the Issuer. The Issuer did not issue financial instruments with a value of at least 10% of the Issuer's equity. Issues of individual series of securities in the reporting period:

Bond series	Issue date	Maturity	Nominal value	Total issue size
Bond issue - series H1	16-05-2014	16-05-2017	1 000,00	2 230 000,00
Bond issue - series H2	18-06-2014	16-05-2017	1 000,00	500 000,00
Bond issue - series H3	27-06-2014	16-05-2017	1 000,00	490 000,00
Bond issue - series I	25-07-2014	25-01-2016	1 000,00	333 000,00
Bond issue - series H4	12-11-2014	16-05-2017	1 000,00	80 000,00

#### Bond series H, H2, H3 and H4

Series H, H2, H3 and H4 bonds with a total nominal value of PLN 3,300,000. Bonds series H, H2, H3 and H4 have no documentary form and are registered in the register kept by the investment firm. Their redemption date is 16 May 2017 and they have a floating interest rate of WIBOR 6M + 7.00% pa. Coupon is payable every 6

months. Bonds series H, H2, H3 and H4 are assimilated under a single new series. The purpose of the issue was to raise funds to finance the increase in the scale of business: (i) through consumer debt portfolio purchases from financial institutions and from other providers of consumer services, including debt portfolios acquired by Fast Finance Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (wholly controlled by the Issuer) and (ii) for current servicing of the purchased debts. The bonds are secured by a registered pledge up to 300% of the total par value of the bonds which was established on the pool of all existing and future monetary receivables under defaulted loans and lines of credit.

### **I series bonds**

Bonds with a total nominal value of PLN 333,000. Series I bonds are in demat form. Their redemption date is 15 January 2016 and they have a floating interest rate of WIBOR 6M + 7.00% pa. Coupon is payable every 6 months. The purpose of the issue was to raise funds to finance the increase in the scale of business: (i) through consumer debt portfolio purchases from financial institutions and from other providers of consumer services, including debt portfolios acquired by Fast Finance Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (wholly controlled by the Issuer) and (ii) for current servicing of the purchased debts. The bonds are secured by a registered pledge up to 300% of the total nominal value of the bonds which was established on the pool of all existing and future monetary receivables under defaulted loans and lines of credit.

Detailed information about bond issues can be found in Note 30.4 to the financial statements.

## **18 EXPLANATION OF DISCREPANCIES BETWEEN THE FINANCIAL RESULTS DISCLOSED IN THE ANNUAL REPORT AND THE PREVIOUSLY RELEASED FORECASTS FOR THE YEAR, IF ANY**

The Issuer did not publish any 2014 profit guidance.

## **19 ASSESSMENT (AND GROUNDS FOR THE ASSESSMENT) OF FINANCIAL RESOURCES MANAGEMENT, INCLUDING IN PARTICULAR AN ASSESSMENT OF THE ISSUER'S ABILITY TO REPAY ITS LIABILITIES, AS WELL AS AN IDENTIFICATION OF THREATS, IF ANY, AND MEASURES USED OR INTENDED TO BE USED BY THE ISSUER TO MITIGATE SUCH THREATS**

Ratio	Period ended 31/12/2014	Period ended 31/12/2013	Formula
Operating return on assets (%)	3,4	3,1	$\frac{\text{net profit}}{\text{average annual total assets}}$
Return on equity (%)	20,8	21,5	$\frac{\text{net profit}}{\text{average annual total equity}}$
Net profitability (%)	36,5	29,5	$\frac{\text{net profit}}{\text{net revenue from sales of products, trade goods and materials}}$
Gross profitability (%)	45,9	34,9	$\frac{\text{pretax profit or loss}}{\text{net revenue from sales of products, trade goods and materials}}$
EBIT margin (%)	46,4	48,6	$\frac{\text{operating profit (loss)}}{\text{net revenue from sales of products, trade goods and materials}}$
Return on sales (%)	89,8	89,7	$\frac{\text{profit (loss) from sales of products, trade goods and materials}}{\text{net revenue from sales of products, trade goods and materials}}$
Economic profitability of sales (%)	45,8	49,6	$\frac{\text{operating profit (loss) + depreciation}}{\text{net revenue from sales of products, trade goods and materials + other operating revenue}}$
Cash ratio	4,87	9,02	$\frac{\text{short-term investments}}{\text{current liabilities}}$
Quick ratio	3,92	6,82	$\frac{\text{total current assets - inventories - short-term prepayments and accruals}}{\text{current liabilities}}$
Current ratio	0,05	0,03	$\frac{\text{total current assets}}{\text{current liabilities}}$
Days sales outstanding	2423	2158	$\frac{\text{average annual trade receivables X 365}}{\text{net revenue from sales of products, trade goods and materials}}$
Days payables outstanding	20	19	$\frac{\text{average annual trade payables x 365}}{\text{>net revenue from sales of products, trade goods and materials}}$
Days sales of inventory	0	0	$\frac{\text{average annual inventory x 365}}{\text{>net revenue from sales of products, trade goods and materials}}$
Equity and long-term provisions to fixed assets	3,0	1,1	$\frac{\text{equity + long-term provisions}}{\text{>fixed assets}}$
Sustainability of financing	0,8	0,9	$\frac{\text{equity + long-term provisions + non-current liabilities}}{\text{>total assets}}$

As at 31 Dec. 2014 the Issuer's current and non-current liabilities reached PLN 250m, with trade receivables at PLN 185.1m, financial assets (loans and certificates) of PLN 57m and cash and cash equivalents at PLN 3.2m. The Company does not identify any threats to its ability to pay its current liabilities. The total value of liabilities includes mainly: financial liabilities (PLN 62.6m) and deferred income (PLN 182m) including the purchased debts.

In 2014 the current and quick ratios went down and are respectively 4.87 (9.02 in 2013) and 3.92 (6.82 in 2013). The acid test ratio went up slightly in comparison with 2013 and reached 0.05. The change in liquidity ratios is a consequence of classifying the liabilities under bond issue (D series) as current liabilities. The above bonds whose total value was PLN 30m, were redeemed on time in March 2015.

A detailed discussion of liquidity ratios can be found in the section titled "Key business and financial data disclosed in the annual financial statements, including in particular factors and events, including those of an extraordinary nature, with a bearing on the issuer's business and its performance in the financial year, as well as discussion of the issuer's development outlook at least in the next financial year".

### Capital management

	<u>Period ended 31/12/2014</u>	<u>Period ended 31/12/2013</u>
	PLN	PLN
Interest-bearing lines of credit, loans and other financial liabilities	62 600 115,40	59 073 378,49
Trade and other payables	2 722 758,55	1 900 285,89
less cash and cash equivalents	(3 220 274,96)	(2 649 044,40)
<b>Net borrowing</b>	<u>62 102 598,99</u>	<u>58 324 619,98</u>
Equity	52 328 773,37	42 451 346,52
Equity and net borrowing	114 431 372,36	100 775 966,50
<b>Leverage ratio</b>	<u>1,19</u>	<u>1,37</u>

As at 31 Dec. 2014 the value of leverage went down by 15.13% to 1.19 from 1.37 on 31 Dec. 2013.

### Values of the debt ratio

In accordance with the terms and conditions of bond issues, the Issuer has a duty to keep:

- **a financial ratio** defined as net financial debt to equity at a level not exceeding 2.5 (for bond series E, F, G, H, I and J)

	<u>2014</u>	<u>2013</u>
Value of the financial ratio	1.13	1.33

Source: the Issuer

The value of the financial ratios achieved by the Issuer at the end of 2014 dropped by 15% as against the end of 2013. The value of financial ratios remains below the standards adopted in the terms and conditions of the Issuer's bond issues.

As at the date of this Directors' Report, the Issuer has redeemed all series D bonds (on 23 March 2015). The value of the financial ratio defined in the terms and conditions of the series D bond issue (as at 31 Dec. 2014) stood at 1.19 points and was lower than the standard defined in the terms and conditions of the issue of 3.0 points.

## 20 ASSESSMENT OF THE FEASIBILITY OF PLANNED INVESTMENTS, INCLUDING EQUITY INVESTMENTS, IN VIEW OF THE FUNDS AVAILABLE TO THE ISSUER; POSSIBLE CHANGES IN THE FINANCING OF THE INVESTMENTS

The Issuer does not plan any investment projects.

## 21 ASSESSMENT OF FACTORS AND NON-RECURRING EVENTS WITH A BEARING ON THE ISSUER'S RESULTS FOR THE FINANCIAL YEAR; THE EXTENT TO WHICH SUCH FACTORS OR NON-RECURRING EVENTS AFFECTED THE RESULTS

In 2014 there did not occur any non-recurrent events with a bearing on the Issuer's results for the financial year. Among factors with a positive impact on the Issuer's financial performance are first of all debt portfolios

purchased in the previous years and the increase in receivables management services provided for third parties. In the opinion of the management board, the factor that has a bearing on the Issuer's financial results is the continued growth in the value of the receivables and debt market. The Issuer expects that the increased volume of consumer lending will produce a bigger number of non-performing loans.

## **22 EXTERNAL AND INTERNAL FACTORS RELEVANT TO THE GROWTH OF THE ISSUER'S BUSINESS; DESCRIPTION OF DEVELOPMENT PROSPECTS FOR THE ISSUER'S OPERATIONS IN THE PERIOD AT LEAST UNTIL THE END OF THE FINANCIAL YEAR IMMEDIATELY FOLLOWING THE FINANCIAL YEAR FOR WHICH THE FINANCIAL STATEMENTS CONTAINED IN THE ANNUAL REPORT WERE PREPARED, INCLUDING ELEMENTS OF THE ISSUER'S MARKET STRATEGY**

As an entity operating on the financial services market, the Issuer is affected by changes in monetary and fiscal policy and by the general economic situation of Poland. Therefore, the Issuer's business is most strongly affected by the following factors:

- General macroeconomic situation of Poland - the fluctuating economy affects the degree of the interest of households in consumer loans, instalment plans and mortgage loans.
- Amendments to the Polish law relating directly to the Issuer's business – among others, amendments to the bankruptcy and reorganisation law that introduced the provisions on consumer bankruptcy.
- Competitiveness within the sector – the Issuer's competitiveness relies mainly on its modern know-how, its personalised approach to each debtor, as well as on its very good relations with its counterparties. The above factors constitute a competitive advantage and offer a possibility of further consistent growth based on a time-tested and effective business model applied on the consumer debt market.
- Possibility of obtaining funds in the form of debt financing for purchases of new debt portfolios.

The Issuer's strategy is based on developing the existing business and improving its profitability by acquiring new contracting parties and new debt portfolios. In line with the above strategy, the Issuer intends to purchase consumer debt portfolios on its own account and to recover them on its own behalf. In the opinion of the management board, the Issuer as an entity listed on the main market of the WSE is perceived as a more reliable partner both for the Company's existing clients and for potential business partners. The Issuer believes that its presence on the WSE has also indirectly contributed to its ability to acquire larger ticket debt portfolios than before the debut, to its participation in a bigger number of tenders, to the extension of the group of potential business partners and to a more effective and cost effective acquisition of financing. In the longer term, the above will serve as an important factor supporting the development of Fast Finance S.A., in particular in terms of the increase in the scale of the Issuer's business.

What remains unchanged is the type of the debts purchased (consumer debts), purchase of the debt portfolios under a receivables transfer agreement and recovery of the debts on the Issuer's own account. Additionally, while growing the above type of business the Company plans to gain new contracting parties. Having better financing capacity, the Issuer gains a chance to select the tenders it wants to bid in. In the Issuer's opinion, it has the required staffing levels and know-how to conduct its debt trading business on a larger scale.

The Polish debt collection industry has been growing dynamically since mid-1990s. The last decade brought very important changes for the sector, including for example the possibility of purchasing debt portfolios and the establishment of securitization funds. Market developments have led to a modification of the products and services offered, have changed their quality and have significantly changed the operating standards of debt collection companies.

Among the reasons behind the dynamic development of the Polish receivables market is also a change in the image of debt collection companies whose business is no longer perceived as unethical. Today, debt collection services are used by large and reputed companies. Businesses prefer hiring an external debt collection company to recovering their receivables on their own because outsourcing is cheaper. The change in the image of debt collection companies and the awareness that they provide outsourcing and factoring services opens new sources of debt supply.

The debt collection process may also be perceived as a lesson for bad payers. By increasing the low public awareness of the fact that debts must inevitably be paid, it makes borrowers incur new obligations in a more conscious manner. Payment of the debt as a result of debt collection efforts may protect some people from falling into the debt trap.

The banking sector is of key significance for the receivables management market. Banks constitute the largest number of customers of debt collection companies and therefore the situation of companies from the sector depends on the condition of the banking sector. Liabilities towards banks make up approximately 70% of all debt under collection, of which 50% are consumer loans.

Thus, the outlook for the debt collection industry largely relies on the condition of the banking sector. The period between 2007 and 2008 saw a significant increase in the growth rate of household debt from consumer loans.

Towards the end of 2008, as a result of the global financial crisis, lending in Poland collapsed and the slowdown continued until 2011. Since 2013 lending to households has been on the rise again.

Since 2014 banks have been reporting a slow but consistent increase in lending caused, among other factors, by considerable interest rate reductions over the past two years and by the return of consumers to financing their purchases with bank loans.

### **23 CHANGES IN SIGNIFICANT MANAGEMENT POLICIES AT THE ISSUER'S UNDERTAKING**

There were no changes in significant management policies at the Issuer's company.

### **24 AGREEMENTS BETWEEN THE ISSUER AND ITS MANAGEMENT STAFF, PROVIDING FOR COMPENSATION IN THE EVENT OF RESIGNATION OR REMOVAL FROM OFFICE WITHOUT A GOOD REASON OR FOLLOWING ACQUISITION OF THE ISSUER BY ANOTHER COMPANY**

In the reporting period the Issuer did not conclude any agreements between Fast Finance S.A. and its management staff providing for compensation in the event of resignation or removal from office without a good reason or following acquisition of the Issuer by another company.

### **25 REMUNERATION OF THE MANAGEMENT BOARD**

The total value of remuneration paid to members of the Management Board reached PLN 1,428,400 in 2014 and PLN 1,091,200 in 2013. Individual members of the Management Board received the following remuneration in the period covered by historic information and in the financial year 2014:

<i>PLN '000</i>	2014	2013
Jacek Daroszewski	723.3	668.2
Jacek Krzemiński	705.1	423

Members of the Supervisory Board did not receive any remuneration in the reporting period.

### **26 TOTAL NUMBER AND PAR VALUE OF THE ISSUER'S SHARES AND SHARES IN THE ISSUER'S RELATED UNDERTAKINGS HELD BY THE MANAGEMENT AND SUPERVISORY STAFF OF THE ISSUER (FOR EACH PERSON SEPARATELY)**

List of shareholders serving as members of the Management Board and Supervisory Board:

Shareholder	Number of shares	Share in the share capital	Number of votes at the GM	Share in total vote at the GM	Change
Jacek Longin Daroszewski President of the Management Board	10.633.808	42.53 %	16.258.058	44.85 %	none
Jacek Zbigniew Krzemiński Vice President of the Management Board	10.625.250	42.50 %	16.250.250	44.,82 %	none
Marek Ochota Member of the Supervisory Board	3.000	0.01 %	3.000	0.01 %	none

The par value of one share of the Issuer is PLN 0.04 (four grosz)

## **27 AGREEMENTS (INCLUDING AGREEMENTS EXECUTED AFTER THE BALANCE-SHEET DATE) KNOWN TO THE ISSUER WHICH MAY RESULT IN CHANGES IN THE PROPORTIONS OF SHARES HELD BY THE CURRENT SHAREHOLDERS AND BONDHOLDERS**

The Issuer is not aware of any agreements which may result in the future in changes in the proportions of shares held by the existing shareholders.

## **28 CONTROL SYSTEMS FOR EMPLOYEE STOCK OPTION PLANS**

The Issuer does not offer any employee stock ownership plans.

## **29 INFORMATION ON:**

### **a) THE DATE OF THE AGREEMENT CONCLUDED BY THE ISSUER WITH A STATUTORY AUDITOR OF FINANCIAL STATEMENTS FOR AN AUDIT OR REVIEW OF FINANCIAL STATEMENTS AND THE TERM OF SUCH AGREEMENT**

The Issuer signed an audit agreement with Kancelaria Biegłych Rewidentów AKTYWA Sp. z o.o. on 17 December 2014.

The agreement was concluded for the period of the audit of the financial statements and the final opinion will be released by 22 April 2015.

### **b) REMUNERATION OF THE STATUTORY AUDITOR PAID OR OWING FOR THE ACCOUNTING YEAR SEPARATELY IN RESPECT OF:**

12 months ended 31 December 2014

Audit of the financial statements, issue of auditor's opinion and auditor's report: PLN 34,000.

### **c) INFORMATION SPECIFIED IN ITEM B FOR THE PRECEDING FINANCIAL YEAR**

12 months ended 31 December 2013

Audit of the financial statements, issue of auditor's opinion and auditor's report: PLN 32,000.

## **31 DISCUSSION OF THE STRUCTURE OF ASSETS AND LIABILITIES IN THE BALANCE SHEET, INCLUDING FROM THE POINT OF VIEW OF THE ISSUER'S LIQUIDITY**

	Note	As at	Share in	As at	Share in
		31/12/2014	balance sheet total	31/12/2013	balance sheet tot
		PLN	%	PLN	%
<b>ASSETS</b>					
<b>Fixed assets</b>					
Tangible fixed assets	16	1 277 311,81	0,42%	1 521 947,98	0,55%
Investment properties	17	-	0,00%	-	0,00%
Goodwill	18	-	0,00%	-	0,00%
Other intangible assets	19	-	0,00%	-	0,00%
Investments in associates		-	0,00%	-	0,00%
Deferred tax assets	12	295 919,00	0,10%	308 919,00	0,11%
Finance lease receivables		-	0,00%	-	0,00%
Other financial assets	23	15 913 186,37	5,26%	35 381 532,68	12,74%
Other assets	24	181 397,35	0,06%	760 435,41	0,27%
<b>Total fixed assets</b>		<b>17 667 814,53</b>	<b>5,84%</b>	<b>37 972 835,07</b>	<b>13,67%</b>
<b>Current assets</b>					
Inventories	25	-	0,00%	-	0,00%
Trade and other receivables	26	184 551 741,18	61,01%	174 979 668,24	63,01%
Finance lease receivables		-	0,00%	-	0,00%
Other financial assets	23	41 394 895,50	13,68%	3 232 061,55	1,16%
Current tax assets	12	62 330,60	0,02%	328 664,80	0,12%
Other assets	24	55 597 736,35	18,38%	58 530 547,85	21,08%
Cash and cash equivalents	41	3 220 274,96	1,06%	2 649 044,40	0,95%
		284 826 978,59	94,16%	239 719 986,84	86,33%
Assets classified as held for sale	14	-	0,00%	-	0,00%
<b>Total current assets</b>		<b>284 826 978,59</b>	<b>94,16%</b>	<b>239 719 986,84</b>	<b>86,33%</b>
<b>Total assets</b>		<b>302 494 793,12</b>	<b>100,00%</b>	<b>277 692 821,91</b>	<b>100,00%</b>
	Note	As at	Share in	As at	Share in
		31/12/2014	balance sheet tota	31/12/2013	balance sheet tot:
		PLN	%	PLN	%
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Equity</b>					
Share capital	27	1 000 000,00	0,33%	1 000 000,00	0,36%
Share premium	27	-	0,00%	-	0,00%
Reserve capital	28	41 451 346,52	13,70%	33 221 576,49	11,96%
Retained earnings	29	9 877 426,85	3,27%	8 229 770,03	2,96%
		52 328 773,37	17,30%	42 451 346,52	15,29%
Items recognised directly in equity, connected with assets classified as held for sale	14	-	0,00%	-	0,00%
		52 328 773,37		42 451 346,52	15,29%
Equity attributable to the shareholders of the parent		-	0,00%	-	0,00%
		52 328 773,37	17,30%	42 451 346,52	15,29%
Equity attributable to the noncontrolling interest		-	0,00%	-	0,00%
<b>Total shareholders' equity</b>		<b>52 328 773,37</b>	<b>17,30%</b>	<b>42 451 346,52</b>	<b>15,29%</b>
<b>Non-current liabilities</b>					
Long-term loans	30	26 953 000,00	8,91%	54 859 925,50	19,76%
Other financial liabilities	31	716 034,24	0,24%	771 408,17	0,28%
Pension liabilities		-	0,00%	-	0,00%
Deferred tax provision	12	2 077 906,00	0,69%	708 220,00	0,26%
Long-term provisions	32	-	0,00%	-	0,00%
Deferred income	37	161 897 960,67	53,52%	152 330 618,08	54,86%
Other liabilities	33	-	0,00%	-	0,00%
<b>Total non-current liabilities</b>		<b>191 644 900,91</b>	<b>63,35%</b>	<b>208 670 171,75</b>	<b>75,14%</b>
<b>Current liabilities</b>					
Trade payables and other liabilities	34	1 599 444,09	0,53%	1 328 598,03	0,48%
Short-term loans	30	34 554 088,23	11,42%	3 046 309,67	1,10%
Other financial liabilities	31	376 992,93	0,12%	395 735,15	0,14%
Current tax liabilities	12	-	0,00%	-	0,00%
Short-term provisions	32	274 388,40	0,09%	577 686,19	0,21%
Deferred income	37	20 592 890,73	6,81%	20 651 286,74	7,44%
Other liabilities	33	1 123 314,46	0,37%	571 687,86	0,21%
Liabilities relating directly to fixed assets classified as held for sale	14	-	0,00%	-	0,00%
<b>Total current liabilities</b>		<b>58 521 118,84</b>	<b>19,35%</b>	<b>26 571 303,64</b>	<b>9,57%</b>
<b>Total liabilities</b>		<b>250 166 019,75</b>	<b>82,70%</b>	<b>235 241 475,39</b>	<b>84,71%</b>
<b>Total equity and liabilities</b>		<b>302 494 793,12</b>	<b>100,00%</b>	<b>277 692 821,91</b>	<b>100,00%</b>



At nearly 94.16%, current assets account for the largest share of the Issuer's assets (86.33% in 2013). Within current assets, the largest group is composed of trade receivables (61.01% of total assets). Shareholders' equity accounts for 17.30% of total liabilities (up by 2.01% on 2013, from 15.29%).

The new presentation of the balance sheet in comparison to the data presented in the annual report 2013 results from the changes in the notes relating to provisions and deferred income discussed respectively in items 32 and 37.

### **32 SIGNIFICANT EVENTS WITH A BEARING ON THE ISSUER'S BUSINESS OR FINANCIAL PERFORMANCE IN THE FINANCIAL YEAR OR IN FUTURE PERIODS**

The following factors have a bearing on the Issuer's future activity:

- (i) investments made so far by the Issuer in legal and debt collection services with respect to the debts purchased, which in the coming calendar half-year will contribute to a stable and growing cash inflows from the debtors,
- (ii) increased volume of consumer lending by financial institutions,
- (iii) increased number of debt portfolios offered for sale by financial institutions and a strong competition during bidding procedures,
- (iv) the Issuer's positive image,
- (v) performance of the agreements with investors (bondholders) concerning the process of gradual redemption of series J bonds.
- (vi) possibility of obtaining additional funds from bond issues or from increased credit borrowing.

### **33 STRUCTURE OF KEY EQUITY INVESTMENTS OR KEY CAPITAL INVESTMENTS MADE BY THE ISSUER'S COMPANY IN THE REPORTING PERIOD**

In the reporting period the Issuer did not make any major equity investments.

### **34 DESCRIPTION OF THE ISSUER'S GROUP INCLUDING ENTITIES SUBJECT TO CONSOLIDATION AND CHANGES IN THE ORGANISATION OF THE ISSUER'S COMPANY WITH REASONS FOR SUCH CHANGES**

As at the date of this report the Issuer does not form part of a group of companies and does not have a duty to prepare consolidated periodical reports.

### **35 DIRECTIONS OF THE ISSUER'S DEVELOPMENT POLICY**

Fast Finance S.A. plans to continue the implementation of its existing strategy.

The Issuer's development strategy includes further pursuit of the existing business and improvements of its profitability through the acquisition of new contracting parties and new debt portfolios. In line with the above strategy, the Issuer intends to purchase consumer debt portfolios on its own account and to recover them on its own behalf.

What remains unchanged is the type of the debts purchased (consumer debts), purchase of the debt portfolios under a receivables transfer agreement and recovery of the debts on the Issuer's own account.

Additionally, the Issuer provides management services with respect to securitized debt. Owing to the above, the potential scope of the Issuer's activity may be extended to include business with investment fund companies as regards services for securitization funds, which may have a significant impact on the Issuer's future financial results. Services for securitization funds require the same competencies the Issuer already possesses as an entity specialised in purchasing retail debt portfolios and recovering them on its own account.

### **36 KEY OFF-BALANCE SHEET ITEMS BY COUNTERPARTY, SUBJECT AND VALUE**

The Issuer did not have any significant off-balance sheet arrangements.

**37 INFORMATION REQUIRED BY ARTICLE 92(4) OF THE REGULATION OF THE MINISTER OF FINANCE OF 19 FEBRUARY 2009 ON CURRENT AND PERIODIC DISCLOSURES TO BE MADE BY ISSUERS OF SECURITIES AND ON CONDITIONS FOR RECOGNITION AS EQUIVALENT OF THE INFORMATION WHOSE DISCLOSURE IS REQUIRED UNDER THE LAW OF A STATE WHICH IS NOT A MEMBER STATE – STATEMENT OF CORPORATE GOVERNANCE.**

a) Identification of the set of corporate governance rules followed by the Company and place where the text of the rules is publicly available

The rules of corporate governance the Issuer complies with are specified in the resolution No. 19/1307/2012 of the Warsaw Stock Exchange Supervisory Board of 21 November 2012 “Code of Best Practice for WSE Listed Companies”. The above document is available on the website devoted to corporate governance at <http://corp-gov.gpw.pl>.

b) scope of non-compliance with the set of corporate governance rules referred to above, specification of the rules not complied with, and explanation of why they were not complied with

On 1 October 2009 the Issuer started the process of implementation of the rules of corporate governance set forth in “Code of Best Practice for WSE Listed Companies”. The Issuer's intention was to adopt the entire set of corporate governance rules before the first listing of the Issuer's shares on the main market of the WSE, with the exception of the following rules:

- **I (9)**: “The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies’ economic business”. As at the date of this statement there is no balanced proportion of women and men in management and supervisory functions at the Issuer’s company. There is one woman on the Issuer’s Supervisory Board. At the same time, the Issuer informs that it will strive to ensure a more balanced proportion of women and men in its management and supervisory functions.

- **I (12)**: “A company should enable its shareholders to exercise the voting right during a General Meeting either in person or through a plenipotentiary, outside the venue of the General Meeting, using electronic communication means” and **rule IV (10)**: “A company should enable its shareholders to participate in a General Meeting using electronic communication means through:

1) real-life broadcasts of General Meetings,

2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting”.

The reason for the Issuer’s non-compliance with the above rules is the risk of disturbing smooth and timely proceedings of a General Meeting which may arise as a consequence of possible technical or logistic problems resulting from the adoption of the above rules. Additionally, in the opinion of the Issuer's Management Board, the currently followed principles of participation in General Meetings enable proper and effective exercise of the rights of all shareholders, including minority shareholders. The Issuer does not exclude compliance with the above rules in the future.

-**II (1)(9a)**: “A company should operate a corporate website and publish on it, in addition to information required by legal regulations: a record of the General Meeting in audio or video format”.

The reason for non-compliance with the above Best Practice is the opinion of the Issuer's Management Board that the information required by law and published by the Issuer regarding the convening and conduct of General Meetings offers access to all the details of the items on the agenda of the General Meeting to all

shareholders, including minority shareholders. The Issuer does not exclude compliance with the above rule in the future.

**c) description of the main features of internal control and risk management systems used by the Company for the purposes of preparation of separate and consolidated financial statements**

Preparation of financial statements is the responsibility of the Company's Management Board. The Issuer's financial statements are drawn up in accordance with the law and the accounting policy adopted by the Company's Management Board. Financial statements are reviewed by the Company's Management Board. The Issuer's financial statements are audited by an independent auditor appointed by the Company's Supervisory Board.

**d) shareholders holding directly or indirectly significant blocks of shares and indication of the numbers of shares held by them, their percentage share in the share capital, number of votes attached to them and their percentage share in the total number of votes at the AGM**

Shareholder	Number of shares	Share in the share capital	Number of votes at the GM	Share in total vote at the GM	Change
Jacek Longin Daroszewski President of the Management Board	10.633.808	42,53 %	16.258.058	44,85 %	none
Jacek Zbigniew Krzemiński Vice President of the Management Board	10.625.250	42,50 %	16.250.250	44,82 %	none
Marek Ochota Member of the Supervisory Board	3.000	0,01 %	3.000	0,01 %	none

**e) holders of any securities giving special control rights and a description of these rights**

The Company issued 11,250,000 series A registered shares. The shares were not introduced to trading and are held by Mr Jacek Longin Daroszewski and Mr Jacek Zbigniew Krzemiński. The shares have preferential voting rights entitling their holders to two voting rights per share (2:1).

**f) restrictions on the exercise of voting rights such as restrictions on the exercise of voting rights by holders of a certain portion or number of votes, time limits for exercising voting rights, and provisions under which, with the Company's cooperation, the financial rights attaching to securities are separated from the holding of the securities**

There are no restrictions on the exercise of voting rights.

**g) restrictions on transferability of the Issuer's securities**

Except for the restrictions on the disposal and acquisition of the Company's shares provided for in the generally applicable law, there are no other restrictions on transferability of the Company's securities.

**h) description of the rules governing the appointment and removal from office of the management staff, and of their powers, including in particular the power to decide on an issue or buy-back of shares**

The Management Board is composed of one or more members. The number of members of the Management Board is set by the Supervisory Board, with the reservation that members of the Management Board of the first term of office were appointed during the legal transformation of the Issuer into a joint stock company.

Members of the Management Board are appointed and removed by the Supervisory Board. Members of the Management Board are appointed for a joint term of office of two years. The Management Board operates according to the Rules of Procedure for the Management Board adopted by the Supervisory Board. In accordance with the Company's Articles of Association, the General Meeting of Shareholders can pass resolutions regarding the issue and redemption of shares. The Company's Management Board makes announcements about the purchase of shares for redemption.

Powers of management staff as per the Company's Articles of Association and the Rules of Procedure for the Management Board:

- The Management Board shall manage the Company's affairs and its assets and shall represent the Company before third parties.
- The powers of the Management Board shall include all matters which do not fall within the exclusive scope of competence of the General Meeting or the Supervisory Board.
- The work of the Management Board shall be supervised by the President of the Management Board.
- The Management Board shall perform the tasks imposed on it by the law, the Articles of Association and resolutions of the General Meeting and Supervisory Board.
- In the case of one-person Management Board the Company shall be represented solely by the Member of the Management Board (President of the Management Board).
- If the Management Board is composed of more than one person the Company shall be represented by a member of the Management Board acting solely if the value of the liability incurred by Company does not exceed a PLN equivalent of €100,000 (one hundred thousand euro) calculated using the exchange rate published by the National Bank of Poland on the day preceding the transaction; liabilities whose value exceed the above amount may be incurred by two members of the Management Board acting jointly or by one member of the Management Board acting jointly with a commercial representative.
- Subject to the provisions of the Rules of Procedure for the Management Board, if the Management Board is composed of more than one person, all its members shall have a right and duty to jointly manage the Company's affairs.
- Certain acts or types of acts may be performed by the appointed agents acting solely, or in groups of two or three within the limits of their authority. The Management Board shall keep a register of powers of attorney.
- Resolutions of the Management Board shall be passed by an absolute majority of votes and in the event of a tied vote the President of the Management Board shall have a casting vote.
- Resolutions of the Management Board shall be recorded. Minutes of meetings shall include the agenda, names of members present, number of votes cast with respect to individual resolutions and dissenting opinions. Minutes shall be signed by members of the Management Board present at the meeting.
- Where the Management Board is composed of one person, the following decisions of the Management Board shall require a written approval of the Supervisory Board:
  - 1) acquisition or disposal of right of ownership or perpetual usufruct of real property as well as of shares in such rights. No resolution of the General Meeting is required for the above.
  - 2) incurring of liabilities whose value exceeds a PLN equivalent of €25,000 (in words: twenty-five thousand euro) – as per the exchange rate published by the National Bank of Poland on the day of passing the relevant Management Board resolution, except for liabilities relating to the sale of the Company's products and services,
  - 3) starting an investment whose value exceeds 50% of the share capital,
  - 4) disposal and purchase by the Company of securities and making of other equity investments in one or more transactions made over a period of 12 consecutive months, with a unit or aggregate value exceeding 50% of the share capital.

- For the purposes of agreements and disputes between the Company and members of the Management Board the Company shall be represented by the Supervisory Board or by agents appointed in a resolution of the General Meeting.
- Without the consent of the Supervisory Board, members of the Management Board shall not be involved in competitive activity as shareholders or members of governing bodies.
- The Management Board or a member of the Supervisory Board may request calling a Supervisory Board meeting proposing at the same time its agenda. The requisition for calling a Supervisory Board meeting shall be submitted to the Chair of the Supervisory Board. The Chair of the Supervisory Board, and in his/her absence the Vice Chair, shall call the meeting within two weeks from receiving the relevant requisition.
- When taking their decisions on Company matters, members of the Management Board shall act within the limits of reasonable economic risk, ie. having examined all the information, opinions and analyses which in the reasonable opinion of the Management Board should be taken into account from the point of view of the Company's interest. What should be taken into account when formulating the Company's interest is the long-term interest of the Company's shareholders, its creditors, employees and other entities having business relations with the Company, as well as the interest of the local communities.
- Members of the Management Board shall act with complete loyalty towards the Company and shall eschew all activities which may lead to the achievement of only their own financial gains. Each time a member of the Management Board becomes aware of a potential investment opportunity or about any other advantageous transaction connected with the Company's business, such member shall immediately present such information to the Management Board. A member of the Management Board may use the above information or disclose it to a third party only with the approval of the Management Board and only if such use or disclosure is not against the interest of the Company.
- When entering into transactions with shareholders or with other persons whose interests affect the interest of the Company, the Management Board shall act with special care so that to ensure that the transactions are concluded on an arm's length basis.
- The Management Board shall represent the Company in court and outside court, shall manage the Company's business and deal with all the matters which do not fall within the exclusive competence of the Supervisory Board or General Meeting.
- As regards of the scope of competence of the Management Board, the powers of the President of the Management Board shall include matters which do not fall within the exclusive competence of the Management Board or of other members of the Management Board.
- The scope of powers of the President of the Management Board shall include in particular:
  - a) coordination and management of the work of the Management Board,
  - b) representing the Company – when appropriate– together with other persons authorised to represent the Company,
  - c) informing the members of the Management Board about significant current issues and matters relating to the Company's operations.
- During his absence, the duties of the President of the Management Board are taken over by a member of the Management Board indicated by the President of the Management Board.
- Matters beyond the scope of the ordinary management of the Company shall require a resolution of the Management Board.
- In the event of conflict of interest between the interest of the Company and of a member of the Management Board, its spouse, relatives by blood and by affinity up to the second degree and of persons with whom such member has personal ties, such member of the Management Board shall refrain from deciding on such matters and may require making the relevant note in the minutes.
- Members of the Management Board shall inform the Supervisory Board about each conflict of interest arising in connection with their function and about any potential conflict of interest.

- Meetings of the Management Board shall be called by the President of the Management Board who also decides about the agenda and venue of such meetings. In justified cases, a Management Board meeting may be called by a Member of the Management Board indicated by the President of the Management Board.
- Members of the Management Board may at any time propose to the President of the Management Board matters required to be decided by the Management Board.
- Management Board meetings shall be chaired by the President of the Management Board.
- By a decision of the President of the Management Board, Management Board meetings may be attended by the Company's employees interested in the matter at hand, members of the Supervisory Board, commercial representatives and other invited persons.
- Management Board meetings called at the request of the Supervisory Board may be attended by members of the Supervisory Board indicated by the Supervisory Board.
- Notices about Management Board meetings shall be given by registered letter, telegram, telephone or using email and shall include the venue, date, time and agenda of the meeting.
- The time and date, venue and agenda of a Management Board meeting shall be communicated to members of the Management Board no later than two days prior to such meeting.
- A Management Board meeting may be held at any time and place provided that all members of the Management Board may participate.
- The agenda may be extended to include other items if all members of the Management Board are present. Removal of items from the agenda shall not require the presence of all members of the Management Board.
- For a Management Board meeting to be able to pass valid resolutions, it must be duly called and notified to all members of the Management Board.
- The Management Board may pass resolutions outside meetings, by circulation voting. In such case, members of the Management Board shall sign the document including the proposed resolution stating whether they vote in favour or against the resolution. A lack of any note is regarded as a vote in favour of the resolution. The letter including the content of the proposed resolution must be received by all members of the Management Board and such letter may be sent to each Member of the Management Board separately. A letter containing the resolution may be sent to or from a member of the Management Board by fax.
- The Management Board may pass resolutions outside a meeting also using means of direct remote communication, in particular using email, teleconference or videoconference. Passing of resolutions using email is governed by the provisions applicable to circular voting, while passing of resolutions during tele- or videoconferences is governed by the provisions applicable to voting at Management Board meetings.
- A resolution passed by circular voting shall be regarded as passed on the date on which the President of the Management Board or the Member of the Management Board replacing the President of the Management Board during his absence receives the required number of written votes in favour of the resolution, unless the content of the resolution provides otherwise.
- Voting shall be open. The person chairing the meeting may order a secret vote on his/her own initiative or at the request of a member of the Management Board. In such case the resolution may be passed exclusively during a Board meeting.
- A member of the Management Board who does not agree to the content of a resolution passed may submit his dissenting opinion to be entered to the minutes.
- Board meetings shall be recorded in minutes.
- Preparation of the minutes shall be the responsibility of the person indicated by the person chairing the meeting.
- The minutes shall include the venue and date of the meeting, as well as full names of the present

- members of the Management Board, full names of other persons participating in the meeting, its agenda, texts of resolutions, number of votes passed in favour of individual resolutions, and texts of dissenting opinions submitted by members of the Management Board.
- Minutes of a Board meeting shall also include a mention about resolutions of the Management Board passed outside the meeting in the period between Board meetings
- The minutes shall be signed by all members of the Management Board present at the meeting.
- A member of the Management Board may request in writing that the minutes be corrected or supplemented.
- Whether such request is accepted shall be decided by the Management Board during its next meeting.
- Minutes of Board meetings shall be stored at the Company's registered office in a manner defined by the President of the Management Board.
- Minutes shall be made available for inspection by members of the Management Board at their every request.
- Resolutions of the Management Board shall enter into force on the day of adoption, unless another effective date is included in the resolution.

i) **rules for amending the Articles of Association**

Amendments to the Articles of Association shall require a resolution of the General Meeting and entry in the register. If a proposed amendment to the Company's Articles of Association concerns a significant change to the Company's objects and the relevant resolution is passed by a majority of two thirds of votes in the presence of persons representing at least a half of the share capital, the change to the Company's objects may be introduced without the buy-back of the shares of the dissenting shareholders. The Articles of Association of Fast Finance S.A. do not include separate provisions additional to the provisions of the Code of Commercial Companies.

j) **manner of operation of the General Meeting and its basic powers, description of shareholder rights and the manner of their exercise, including in particular the principles included in the Rules of the General Meeting (if any), to the extent that the relevant principles do not come directly from the provisions of applicable law,**

The General Meeting of FAST FINANCE Spółka Akcyjna shall be convened and prepared in accordance with the principles laid down in the Code of Commercial Companies and in the Company's Articles of Association. The proceedings of the Company's General Meeting shall be conducted in accordance with the provisions of the Code of Commercial Companies, the Company's Articles of Association and the Rules of the General Meeting, taking into account the applicable provisions of the Securities Trading Act.

In accordance with the Issuer's Articles of Association and the Rules of the General Meeting of Shareholders:

- The General Meeting shall be ordinary or extraordinary.
- Shareholders shall participate in a General Meeting in person or by proxy.
- An Annual General Meeting (ordinary) is held within six months after the end of each financial year.
- Resolutions of the General Meeting shall be passed by an absolute majority of votes, unless the Code of Commercial Companies provides otherwise.
- General Meetings shall be held in Wrocław, Warsaw or in Cracow.
- The General Meeting shall set the date with reference to which a list of shareholders entitled to dividend for a given financial year is established (ex-dividend day).
- The General Meeting shall set the remuneration of members of the Supervisory Board.
- Each share shall give a right to one vote at a General Meeting, unless the Articles of Association provide otherwise (registered series A shares are an exception in that they are voting preference shares with each such share giving a right to two votes)
- The General Meeting of Shareholders shall appoint and remove members of the Supervisory Board

- The share capital may be increased through the issue of new shares in accordance with the rules specified by the General Meeting.
- A resolution of the General Meeting on redemption of shares shall state the manner and conditions for such redemption, including in particular the amount, date and manner of payment of the compensation due to a shareholder in connection with the redemption of his shares, legal grounds for the redemption, as well as the manner in which the share capital is to be reduced.
- For the purposes of agreements and disputes between the Company and members of the Management Board the Company shall be represented by the Supervisory Board or by agents appointed in a resolution of the General Meeting.
- In the case of dissolution and liquidation of the Company the General Meeting of Shareholders shall appoint a liquidator at the request of the Supervisory Board and shall determine the manner of the liquidation. Upon appointment of liquidators the rights and obligations of the Management Board shall expire. The General Meeting and the Supervisory Board shall keep their rights until the end of the liquidation process.
- The General Meeting shall be opened by the Chairman of the Supervisory Board or his/her deputy, and if they are absent by the President of the Management Board or by a person indicated by the Management Board.
- The person opening the General Meeting shall procure an immediate election of the chair of the meeting and should refrain from any substantial or formal decisions, except for procedural decisions required to start the proceedings.
- The General Meeting shall pass resolutions on a show of hands. A secret ballot shall be ordered in the following cases:
  - 1) for elections, subject to the provisions of Article 420 § 3 of the Code of Commercial Companies, and for motions to remove members of the Company's bodies or liquidators,
  - 2) motions to hold members of the Company's bodies or liquidators responsible,
  - 3) motions on personal issues,
  - 4) at the request of at least one shareholder from among those present or represented at a General Meeting,
  - 5) for other cases provided by law.
- A shareholder who is a natural person may participate in a General Meeting and may exercise the right of vote in person or by proxy.
- Shareholders who are not natural persons may participate in the General Meeting and may exercise the right of vote through a person authorised to make declarations on such shareholder's behalf or through a proxy.
- Each item placed on the agenda shall be discussed by the Chairman or a person indicated by the Chairman.
- Upon presentation of each item on the agenda, the Chairman shall open a discussion giving floor to participants in the order they have asked to speak. With the approval of the General Meeting, several items on the agenda may be discussed jointly.
- Only items included in the agenda may be discussed and only such items which are currently the subject of proceedings.
- To ensure a smooth process of a General Meeting, the Chairman may limit the time of speech to 5 minutes and of replies to 3 minutes.
- The Chairman may give the floor out of turn to members of the Management Board, Supervisory Board and to the invited experts.
- Upon conclusion of the discussion on each item of the agenda, prior to the voting, the Chairman shall announce what motions were submitted and shall determine the order of voting. Motions shall be voted on in the order in which they were made.



- Resolutions shall be passed on items included in the agenda, on procedural motions or to convene an extraordinary general meeting,
- A person making an objection regarding a resolution to be recorded in the minutes may provide brief reasons for such objection and demand the inclusion of the reasons in the minutes.
- The process of a General Meeting is recorded by a notary in minutes of the meeting. The minutes shall include in particular a statement of whether the meeting was properly convened, its capacity to pass resolutions, list the motions submitted, resolutions passed, number of votes in favour of each resolution and objections (if any). The minutes shall be accompanied by the attendance list with signatures of participants of the General Meeting as well as by other documents required by the law in force, by the Articles of Association or by these Rules.

Among the most important shareholder rights relating to the shares are:

- Right to dispose of the shares
- Each share gives a right to one vote at the General Meeting, unless the Articles of Association provide otherwise (series A registered shares are an exception)
- Series A registered shares are preference shares in that each share gives a right to two votes.
- At the request of a shareholder registered shares may be converted into bearer shares
- In the event of conversion of series A registered shares into bearer shares, the preferential voting rights attached to such shares shall expire.
- Series C shares shall participate in dividend starting from the payment from profit available for distribution for the financial year 2008 ie. from 1 Jan. 2008
- The shares may be redeemed with the consent of their respective shareholders by way of their purchase by the Company.
- A shareholder who is a natural person may participate in a General Meeting and may exercise the right of vote in person or by proxy.
- Shareholders who are not natural persons may participate in the General Meeting and may exercise the right of vote through a person authorised to make declarations on such shareholder's behalf or through a proxy.

k) **makeup, including any changes over the past financial year, and description of the operation of the Issuer's managing, supervisory and administrative bodies and their committees;**

#### **Management Board**

In the period 1 January 2014 to 31 December 2014 the Issuer's Management Board was composed of the following persons:

Jacek Longin Daroszewski - President of the Management Board

Jacek Zbigniew Krzemiński - Vice President of the Management Board

The description of the operation of the Management Board was presented in the preceding item titled "description of the rules governing the appointment and removal from office of the management staff, and of their powers, including in particular the power to decide on an issue or buy-back of shares"

#### **Supervisory Board**

In the period from 1 January 2014 to 31 December 2014 the Issuer's Supervisory Board was composed of the following persons:

Andrzej Kielczewski – Chairman of the Supervisory Board

Marek Ochota – Member of the Supervisory Board

Zbigniew Strzałkowski – Member of the Supervisory Board

Grzegorz Kawczak – Member of the Supervisory Board

Hildegarda Kaufeld – Member of the Supervisory Board

Operating principles of the Supervisory Board.

- The Supervisory Board shall be composed of not fewer than five (5) members [the Rules of Procedure for the Company's Supervisory Board provide for 3 members] and shall operate pursuant to the Rules of Procedure that define its organisation and operating procedures.
- Members of the Supervisory Board shall be appointed and removed from office by the General Meeting. The Supervisory Board shall elect the Chairman from among its members. Members of the Supervisory Board shall be appointed for a joint term of office of 2 years.
- The mandates of members of the Supervisory Board shall expire on the date of the General Meeting approving the financial statements for the last full financial year in which they served on the Supervisory Board. A mandate of a member of the Supervisory Board shall expire also upon such member's death, resignation, or removal from the Supervisory Board.
- Members of the Supervisory Board may be dismissed at any time. A dismissed member of the Supervisory Board has a right and duty to participate in the General Meeting approving the Directors' Report on the operations of the Company and the financial statements for the financial year (Article 395 §2 (1) of the Code of Commercial Companies) in which such member served on the Supervisory Board, unless the dismissal document provides otherwise.
- At the request of the shareholders representing at least a half of the share capital, the Supervisory Board shall be appointed by the next General Meeting through voting in separate groups, even if the Articles of Association provide for another manner of appointing the Supervisory Board.
- The persons representing at a General Meeting the part of the shares which is the result of dividing the total number of represented shares by the number of Supervisory Board members may form a separate group in order to appoint one member of the Supervisory Board; they shall not however take part in the election of the remaining members.
- The positions on the Supervisory Board not filled by the appropriate group of shareholders shall be filled by way of a vote held with the participation of all shareholders whose votes were not cast in the election of members of the Supervisory Board elected by a vote in separate groups.
- If at least one group able to appoint a member of the Supervisory Board is not formed at a General Meeting, no appointments shall be made at such Meeting.
- Upon the appointment of at least one member of the Supervisory Board, the early mandates of all the existing members of the Supervisory Board shall expire.
- A member of the Supervisory Board has a duty to inform the Management Board about his/her ties (economic, family or other ties likely to affect the opinion of such Supervisory Board member on the issue in question) with the shareholder holding shares representing not less than 5% of the total number of votes at the GM.
- The Supervisory Board shall exercise ongoing supervision over the entire business of the Company.
- The Supervisory Board shall not be authorised to issue binding orders to the Management Board regarding management of the Company's affairs.
- The duties of the Supervisory Board shall include in particular:
  - a) consideration of the annual balance sheets including a right to demand explanations from the Management Board, inspecting books of account and the cash position of the Company at any time the Supervisory Board shall deem fit,
  - b) auditing, at the end of each financial year, of the balance sheet and profit and loss account, both in terms of compliance with books and records and with the facts,
  - c) examination of the Directors' Report and of the Management Board's conclusions regarding the distribution of profit and coverage of losses and presentation to the General Meeting of the annual written report on such examination,

- d) authorising the Management Board to purchase and dispose of right of ownership or perpetual usufruct of property as well as of shares in such rights, in the case defined in Article 14 of the Articles of Association, in accordance with which: Where the Management Board is composed of one person, the following decisions of the Management Board shall require a written approval of the Supervisory Board:
- 1) acquisition or disposal of right of ownership or perpetual usufruct of real property as well as of shares in such rights. No resolution of the General Meeting shall be required for the above.
  - 2) incurring of liabilities whose value exceeds a PLN equivalent of €25,000 (in words: twenty-five thousand euro) – as per the exchange rate published by the National Bank of Poland on the day of passing the relevant Management Board resolution, except for liabilities relating to the sale of the Company's products and services,
  - 3) starting an investment whose value exceeds 50% of the share capital,
  - 4) disposal and purchase by the Company of securities and making of other equity investments in one or more transactions made over a period of 12 consecutive months, with a unit or aggregate value exceeding 50% of the share capital.
- e) giving consent to the establishment of the Company's branch offices and plants,
- f) suspending due to compelling reasons of individual or all members of the Management Board, as well as delegating of members of the Supervisory Board to temporarily perform the duties of the Management Board, where the Management Board is unable to perform its duties,
- g) appointment of auditors for auditing the Company's annual financial statements,
- h) approval of the budget and financial plan prepared by the Management Board for the next financial year.
- i) setting the remuneration for members of the Management Board.
- The following shall require the approval of the Supervisory Board:
    - a) acquisition of an enterprise or of an organised part of an enterprise,
    - b) establishment and liquidation of Company's domestic and foreign branches,
    - c) involvement of members of the Management Board in competitive activity and their participation in competitive companies as partners in civil law companies or partnerships or as members of governing bodies of companies or their participation in other competitive legal persons as members of governing bodies, as well as their participation in competitive companies if such member holds at least 10% of shares or a right to appoint at least one member of the Management Board,
    - d) purchase, acquisition, disposal and waiving of pre-emption rights with respect to shares, except for shares of public companies if their number does not exceed 1% (one per cent) of the total number of shares.
  - In the period between Supervisory Board meetings the Chairman of the Supervisory Board shall represent the Supervisory Board before the Management Board.
  - The Supervisory Board may delegate the performance of individual activities to its members and may use the services of experts.
  - The Supervisory Board shall annually submit to the General Meeting a brief assessment of the Company's position. To enable the shareholders to get acquainted with the content of the assessment, the assessment shall be made available to them sufficiently in advance of the General Meeting.
  - At least once a year the Supervisory Board shall discuss the Company's strategy and long-term plans and shall assess their implementation.
  - The Supervisory Board shall annually perform a verification of the remuneration of members of the Management Board.
  - Additionally, the powers of the Supervisory Board shall include:
    - a) appointment of statutory auditor,

- b) approval of agreements entered into with business entities in which members of the Management Board serve as shareholders or members of their governing bodies, except for agreements with entities holding the Company's shares or whose shares are held by the Company,
  - c) representing the Company in agreements and disputes between the Company and members of the Management Board,
  - d) adopting rules of procedure for the Supervisory Board and the Management Board
- The Supervisory Board shall appoint a chairman from among its members.
  - The Chairman of the Supervisory Board shall direct the work of the Supervisory Board. If the Chairman is absent from a Supervisory meeting, his/her function shall be performed by a member of the Supervisory Board elected by other members present at such meeting.
  - The Chairman may be removed at any time by a resolution of the Supervisory Board.
  - The Chairman of the Supervisory Board shall appoint a member responsible for drawing up and storing minutes of Supervisory Board meetings.
  - Members of the Supervisory Board may receive remuneration. The above remuneration shall be determined in a resolution of a General Meeting.
  - Members of the Supervisory Board shall be entitled to reimbursement of costs incurred in connection with their work on the Supervisory Board.
  - The Management Board or a member of the Supervisory Board may request calling a Supervisory Board meeting proposing at the same time its agenda. The Chairman of the Supervisory Board shall call a Supervisory Board meeting within two weeks from the receipt of the relevant request.
  - Supervisory Board meetings shall be held at least twice a year. Invitations to Supervisory Board meetings including the agenda and indicating the time and venue of the meeting shall be sent by registered post to the addresses indicated by members of the Supervisory Board or in another manner approved by members of the Supervisory Board, at least seven days prior to the planned meeting. In emergencies, Supervisory Board meetings may also be convened by phone, fax or email, at least one day in advance of such meeting.
  - Members of the Supervisory Board may take part in passing resolutions by the Supervisory Board by casting their votes in writing via another Supervisory Board member. Written ballot shall not be used with respect to items added to the agenda during a Supervisory Board meeting.
  - The agenda and invitations shall be sent by the Chairman of the Supervisory Board.
  - The Chairman of the Supervisory Board shall include in the agenda every motion submitted by the Management Board or by member of the Supervisory Board, if such motion is proposed at least twenty days prior to the Supervisory Board meeting.
  - Meetings are chaired by the Chairman of the Supervisory Board and if the Chairman is absent from a Supervisory meeting, his/her function shall be performed by a member of the Supervisory Board elected by other members present at such meeting.
  - If the Chairman of the Supervisory Board fails to call the meeting within two weeks from the receipt of the relevant request, the requesting party may call it independently providing a date, venue and the proposed agenda of the meeting.
  - Subject to the provisions of the preceding item, the right to call a Supervisory Board meeting shall also be vested in the Management Board, if the Chairman of the Supervisory Board has failed to call the meeting after three months from the date of the preceding meeting.
  - Supervisory Board meetings may be conducted as a teleconference.
  - The agendas of meetings conducted as a teleconference shall not include matters requiring a secret ballot.
  - Supervisory Board meetings may be attended without a right of vote by persons invited by all members of the Supervisory Board.
  - Supervisory Board meetings shall be open and accessible to members of the Management Board, except when they deal with matters relating directly to the Management Board or its members including in particular removal, holding members accountable and setting their remuneration.

- Members of the Management Board shall be invited to Supervisory Board meetings. At least once a year a Supervisory Board meeting shall be held without the participation of members of the Management Board.
- The agenda of the Supervisory Board meeting shall not be amended or revised during the meeting it is being dealt with. The above requirement does not apply if the meeting is attended by all members of the Supervisory Board and such members approve amending or revising the agenda or if specified actions need to be taken by the Supervisory Board to protect the Company from damage and also in the case of resolutions whose subject is the evaluation of whether a conflict of interests exists between a member of the Supervisory Board and the Company.
- The Supervisory Board shall adopt resolutions if its meeting is attended by at least a half of its members and all members have been invited to attend.
- Resolutions of the Supervisory Board shall be taken by an absolute majority of votes. In the event of a tied vote the Chairman of the Supervisory Board shall have a casting vote.
- The Supervisory Board shall pass resolutions on a show of hands.
- The Chairman of the Supervisory Board shall order a secret ballot if such secret ballot is requested in a justified motion of a member of the Supervisory Board or if personal matters are voted on.
- The Supervisory Board may pass resolutions by voting in writing
- A resolution may be passed when all members of the Supervisory Board agree to it in writing.
- Resolutions may be passed by circular voting (in writing) without calling a meeting. Resolutions passed by circular may not relate to matters requiring a secret ballot and passing a resolution by circular requires that the text of the proposed resolution be delivered to each member of the Supervisory Board in writing.
- Members of the Supervisory Board shall sign and place a date under the text of the resolution indicating whether they vote in favour or against the resolution or whether they abstain from voting.
- The date of the last signature by a member of the Supervisory Board shall be the date of passing the resolution.
- Passing of resolutions in writing does not apply to the appointment of the Chairman and vice Chairman of the Supervisory Board, appointment of a member of the Management Board as well as removals and suspensions of such persons.
- Resolutions of the Supervisory Board shall be recorded in minutes. The minutes shall include the agenda, names of members of the Supervisory Board present at the meeting, number of votes cast with respect to individual resolutions and dissenting opinions. Dissenting opinions shall be included in the minutes together with reasons.
- Minutes shall be signed by members of the Supervisory Board.
- The text of the resolution passed at a meeting, including at meetings held as a teleconference, shall be signed by the Chairman of the Supervisory Board and in the case of his/her absence, by a member of the Supervisory Board selected from among the members present at the meeting.
- The Supervisory Board shall perform its duties collegially but it may also delegate the performance of certain supervisory functions to its members.
- If the Supervisory Board has been appointed by voting in separate groups, each group shall have the right to delegate one member from among the Supervisory Board members appointed by it to perform supervisory functions permanently and solely.
- The delegated members of the Supervisory Board shall have the right to participate in Management Board meetings in advisory capacity. The Management Board shall notify them in advance about each meeting.
- A member of the Supervisory Board delegated by the Supervisory Board or a group of shareholders to permanently perform supervisory functions shall submit to the Supervisory Board a detailed report on the performance of such member's function.
- Among Supervisory Board members there shall be no members of the Management Board, commercial representatives, liquidators, branch or plant managers, chief accountants employed by the Company, legal

counsels or lawyers or other persons who report directly to the member of the Management Board or to the liquidator.

- Without the consent of the Company members of the Supervisory Board shall not engage in competitive business or participate in competitive companies as partners in civil law companies, partnership as members of governing bodies of a company or participate in another competitive legal persons as members of their governing bodies. The above prohibition also includes participation in a competitive company if the delegated member of the Supervisory Board holds at least 10% of shares in such company or if he has a right to appoint at least one member of the Management Board. The consent shall be granted by the General Meeting.
- In the event of a conflict of interest, the member of the Supervisory Board concerned shall inform the remaining members of the Supervisory Board and shall refrain from participating in discussions and from voting on the matter in which the conflict of interest occurred.
- The information about personal, factual and organizational ties of a member of the Supervisory Board with a specified shareholder, including in particular majority shareholders, shall be publicly available. Members of the Supervisory Board shall inform the Company in writing about the ties referred to in the preceding sentence. The disclosure shall be made to the Company within 7 days from the date of the event giving rise to the disclosure duty. The information received as above shall be available at the request of the interested entity at the Company's registered office.

A member of the Supervisory Board shall enable the Management Board to present publicly and in an appropriate manner information on the disposal or acquisition of shares of the parent or subsidiary and on transactions with such companies or with the Company, to the extent such information is relevant for his financial standing. The disclosure shall be made to the Company within 7 days from the date of the event giving rise to the disclosure duty. The information received as above shall be available at the request of the interested entity at the Company's registered office.

Wrocław, 21 April 2014

## **STATEMENTS OF THE MANAGEMENT BOARD**

Wrocław, 23 April 2014

### **STATEMENT**

#### **OF THE MANAGEMENT BOARD OF FAST FINANCE S.A.**

Pursuant to Article 91(1)(5) of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic disclosures to be made by issuers of securities and on conditions for recognition as equivalent of information whose disclosure is required under the law of a state which is not a member state (Dz.U. 2009 No. 33, item 259) the Management Board of FAST FINANCE S. A. hereby represents that to its best knowledge and belief, the financial statements for the financial year 2014 and comparative information have been drawn up in accordance with the accounting policies in force and give a true, fair and clear view of the assets and financial position of FAST FINANCE S.A. as well as of its financial performance. The annual Director's Report gives a true picture of the development, achievements and current position of the Issuer, including the main risks and threats.

Jacek Longin Daroszewski - President of the Management Board

Jacek Zbigniew Krzemiński - Vice President of the Management Board

Wrocław, 23 April 2014

### **STATEMENT**

#### **OF THE MANAGEMENT BOARD OF FAST FINANCE S.A.**

Pursuant to Article 91 (1)(6) of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic disclosures to be made by issuers of securities and on conditions for recognition as equivalent of information whose disclosure is required under the law of a state which is not a member state (Dz.U. 2009 No. 33, item 259) on current and periodic disclosures to be made by issuers of securities and on conditions for recognition as equivalent of the information whose disclosure is required under the law of a state which is not a member state (Dz.U. of 2009 No. 33, item 259) the Management Board of FAST FINANCE S.A. hereby represents that Aktywa Sp. z o.o. – a statutory auditor auditing the annual financial statements of FAST FINANCE S.A. for the financial year 2014 has been appointed in accordance with the provisions of the law and that the entity and the chartered accountants performing the audit fulfilled the criteria for issuing an impartial and independent audit report, in accordance with the law and standards applicable to their profession.

Jacek Longin Daroszewski - President of the Management Board

Jacek Zbigniew Krzemiński - Vice President of the Management Board