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THE GROUP
where the holding company is
Capital Service S.A.
ul. Janusza Korczaka 73
07-409 Ostrołęka

Independent Auditor's Opinion and Report
on the consolidated financial statements
for the financial year ended 31 December 2016

BDO Sp. z o.o. Sąd Rejonowy dla M. St. Warszawy, XIII Wydział Gospodarczy KRS: 0000293339, Kapitał zakładowy: 1.000.000 PLN., NIP 108-000-42-12. Biura regionalne BDO: Katowice 40-007, ul. Uniwersytecka 13, tel: +48 32 661 06 00, katowice@bdo.pl; Kraków 31-548, Al. Pokoju 1, tel: +48 12 378 69 00, krakow@bdo.pl; Poznań 60-650, ul. Piątkowska 165, tel: +48 61 622 57 00, poznan@bdo.pl; Wrocław 53-332, ul. Powstańców Śląskich 7a, tel: +48 71 734 28 00, wroclaw@bdo.pl

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INDEPENDENT AUDITOR'S OPINION

for the General Meeting and Supervisory Board of Capital Service S.A.

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Capital Service Group ("the Group"), where the holding company is Capital Service S.A. ("the Holding Company") with its registered office in Ostrołęka 07-409, ul. Janusza Korczaka 73, consisting of:

- introduction to the consolidated financial statements,
- the consolidated balance sheet prepared as at 31 December 2016,
- the consolidated profit and loss account for the financial year ended 31 December 2016,
- the consolidated statement of changes in equity for the financial year ended 31 December 2016,
- the consolidated statement of cash flows for the financial year ended 31 December 2016,
- notes to the financial statements.

Responsibilities of the Holding Company's Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Accounting Act of 29 September 1994 (2016 Journal of Laws, item 1047 with subsequent amendments), hereinafter referred to as "the Accounting Act", the related implementing provisions and other binding regulations. The Holding Company's Management is also responsible for such internal controls as it considers necessary to ensure that the consolidated financial statements are free of material misstatements resulting from fraud or error.

In accordance with the Accounting Act, the Holding Company's Management and members of the Holding Company's Supervisory Board are required to ensure that the financial statements meet the requirements of the Accounting Act.

Responsibilities of the Auditor

Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We performed the audit in accordance with the provisions of Chapter 7 of the Accounting Act, and in accordance with the International Standards on Auditing adopted as National Standards on Auditing in Resolution No. 2783/52/2015 passed by the National Council of Certified Auditors on 10 February 2015, with subsequent amendments. These standards require us to comply with ethical requirements and to plan and perform the audit in a manner that allows us to obtain sufficient assurance that the consolidated financial statements are free of material misstatements.

This document is a translation.
The Polish original should be referred to in matters of interpretation.

BDO Sp. z o.o. Sąd Rejonowy dla M. St. Warszawy, XIII Wydział Gospodarczy KRS: 0000293339, Kapitał zakładowy: 1.000.000 PLN., NIP 108-000-42-12. Biura regionalne BDO: Katowice 40-007, ul. Uniwersytecka 13, tel: +48 32 661 06 00, katowice@bdo.pl; Kraków 31-548, Al. Pokoju 1, tel: +48 12 378 69 00, krakow@bdo.pl; Poznań 60-650, ul. Piątkowska 165, tel: +48 61 622 57 00, poznan@bdo.pl; Wrocław 53-332, ul. Powstańców Śląskich 7a, tel: +48 71 734 28 00, wroclaw@bdo.pl

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The audit consisted of performing procedures aimed at obtaining audit evidence on the amounts and information disclosed in the consolidated financial statements. We choose the procedures based on our judgement, including an assessment of the risk of material misstatements in the consolidated financial statements due to fraud or error. In assessing this risk we consider the internal controls related to the preparation and fair presentation of the consolidated financial statements in order to plan our audit procedures, and not to express an opinion on the effectiveness of the Holding Company's internal controls. An audit also includes assessing the accounting policies used and the reasonableness of the estimates made by the Holding Company's Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

In 2016 the Holding Company sold through securitization its portfolios of debts arising out of installment loans for a total price of 21.003 thousand zł. The sale agreements provide for an up or down adjustment of the sale price should the portfolio's loss ratio exceed the parameters set in the agreement. As the first analysis of the loans underlying the transactions will be performed after the issue of the present opinion, we are unable to estimate whether the sale prices will be adjusted and by what amount.

Opinion

Subject to the above qualification, in our opinion the accompanying consolidated financial statements:

a) give a true and fair view of the Group's financial position as at 31 December 2016, as well as of its financial result for the period from 1 January to 31 December 2016, in accordance with the applicable provisions of the Accounting Act, as well as the accounting methods (policies) adopted by the Holding Company,
b) are consistent, in content and in form, with the laws and regulations applicable to the Group and the provisions of the Holding Company's Statute.

Report on Other Legal and Regulatory Requirements

Opinion on Directors' Report on the Group's Activities

Our opinion on the consolidated financial statements does not cover the Directors' Report on the Group's activities.

In accordance with the Accounting Act and other binding regulations, the preparation of the Directors' Report on the Group's activities is the responsibility of the Holding Company's Management. The Holding Company's Management and members of the Holding Company's Supervisory Board are also responsible for ensuring that the Directors' Report on the Group's activities meets the requirements of the Accounting Act.

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In connection with our audit of the consolidated financial statements our responsibility was to read the Directors' Report on the Group's activities and to indicate whether the information presented therein complies with the provisions of Article 49 of the Accounting Act and is consistent with the information presented in the accompanying consolidated financial statements. It was our responsibility to report whether, based on our knowledge obtained during the audit about the Group and its environment, we have identified any material misstatements in the Directors' Report on the Group's activities.

In our opinion, the information contained in the Directors' Report on the Group's activities complies with the provisions of Article 49 of the Accounting Act, and is consistent with the information presented in the accompanying consolidated financial statements. Furthermore, based on our knowledge obtained during the audit about the Group and its environment we have identified no material misstatements in the Directors' Report on the Group's activities.

Warsaw, 28 April 2017

BDO Sp. z o.o.
ul. Postępu 12
02-676 Warszawa
Authorized Audit Company No. 3355

Auditor in charge:

Hanna Sztuczyńska
Certified Auditor No. 9269

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Audit Report
on the year-end consolidated financial statements of
THE GROUP
prepared by
Capital Service S.A.
for the financial year ended 31 December 2016

BDO Sp. z o.o. Sąd Rejonowy dla M. St. Warszawy, XIII Wydział Gospodarczy KRS: 0000293339, Kapitał zakładowy: 1.000.000 PLN., NIP 108-000-42-12. Biura regionalne BDO: Katowice 40-007, ul. Uniwersytecka 13, tel: +48 32 661 06 00, katowice@bdo.pl; Kraków 31-548, Al. Pokoju 1, tel: +48 12 378 69 00, krakow@bdo.pl; Poznań 60-650, ul. Piątkowska 165, tel: +48 61 622 57 00, poznan@bdo.pl; Wrocław 53-332, ul. Powstańców Śląskich 7a, tel: +48 71 734 28 00, wroclaw@bdo.pl

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I. GENERAL INFORMATION

1. Information about the holding company

The holding company of the Capital Service Group ("the Group") is Capital Service ("the Holding Company", "the Company").

The Holding Company's registered office is 07-409, Ostrołęka, ul. Janusza Korczaka 73.

The Holding Company's main areas of activity consist of other activities auxiliary to financial services, excluding insurance and pension funds.

The Holding Company operates on the basis of:
- the Company's Statute prepared in the form of a notarial deed on 14 December 2011 (Rep. A No. 11107/2011) with subsequent amendments,
- the Code of Commercial Partnerships and Companies.

On 2 January 2012 the Company was entered in the National Court Register at the District Court in Warsaw - XIV Business Division Registration Section, in number KRS 0000407127.

The Company has been assigned tax identification number NIP: 7582351711, as well as statistical identification number REGON: 145914495.

As at 31 December 2016 the Holding Company's share capital amounted to 4.000,00 thousand zł and consisted of 4.000.000 shares with a nominal value of 1 zł per share.

No changes were made in the Holding Company's share capital in the year 2016 or before the end of the audit.

The Company's shareholders as at 31 December 2016:

Shareholder	Number of shares	% of votes at General Meeting
Dziełak Kazimierz	3.820.000	95,5%
Others	180.000	4,5%

As at 31 December 2016 the Holding Company's equity totaled 18.921 thousand zł.

The function of group manager is exercised by the Holding Company's Management Board.

As at 31 December 2016 the Holding Company's Management Board comprised:
- Adam Kuszyk - President of the Management Board

The following changes were made in the Holding Company's Management Board in the audited period and before the end of the audit:
- in its Resolution No. 9 of 25 November 2016 the Supervisory Board appointed Mr. Tomasz Kaźmierski to the position of Member of the Management Board effective 1 January 2017,
- in its Resolution No. 10 of 25 November 2016 the Supervisory Board appointed Mr. Łukasz Jędrzejczyk to the position of Member of the Management Board effective 1 January 2017.

2. Composition of the Group

The separate financial statements of the Holding Company for the financial year ended 31 December 2016 have been audited by BDO Sp. z o.o. and given the following qualified opinion:

"In 2016 the Company sold through securitization its portfolios of debts arising out of installment loans for a total price of 21.003 thousand zł. The sale agreements provide for an up or down adjustment of the sale price should the portfolio's loss ratio exceed the parameters set in the agreement. As the first analysis of the loans underlying the transactions will be performed after the issue of the present opinion, we are unable to estimate whether the sale prices will be adjusted and by what amount."

As at 31 December 2016 the Capital Service Group comprised the following (direct and indirect) subsidiaries:

Company	Auditor	Audit opinion	Consolidation method
Komtod Sp. z o.o. S.K.A.	Not audited	Not audited	Acquisition accounting
Capital Service Brand Management Sp. z o.o.	Not audited	Not audited	Acquisition accounting

The financial year of the Holding Company and of the subsidiary Capital Service Brand Management Sp. z o.o. covers the period from 1 January to 31 December 2016.

The financial year of the subsidiary Komtod Sp. z o.o. S.K.A. covers the period from 1 November 2015 to 31 October 2015, with the financial data for the period from 1 January to 31 December 2016 being used in the preparation of the consolidated financial statements.

3. Information about the authorized audit company and the auditor in charge

The consolidated financial statements of the Capital Service Group for the year 2016 have been audited by BDO Sp. z o.o. with its registered office in Warsaw, ul. Postępu 12, an entity authorized to audit financial statements, registered with the National Chamber of Certified Auditors in number 3355.

The auditor was selected in Resolution No. 8 passed by the Holding Company's Supervisory Board on 25 November 2016.

The audit was conducted based on an audit agreement signed on 9 August 2016, and performed under the direction of Hanna Sztuczyńska, Certified Auditor No. 9269. The audit was performed at the Company's registered office from 20 March 2017, intermittently until the issue of the audit opinion. It was preceded with a review of the financial statements for the 1st half of 2016.

We hereby declare that BDO Sp. z o.o., its management, the certified auditor and team performing the audit of the financial statements meet the conditions required to issue an objective and independent opinion on the audited financial statements - as provided for in Article 56 par. 3 and 4 of the Act on certified auditors and their self-government, entities authorized to audit financial statements and on public supervision (2016 Journal of Laws, No. 1000 with subsequent amendments).

The Holding Company's Management submitted all of the declarations, explanations and information requested by the auditor and necessary to perform the audit.

No limitations had been placed on the scope of the audit or on the methods selected by the auditor to perform the audit.

4. Information about the consolidated financial statements for the previous financial year

The Group's consolidated financial statements for the period from 1 January to 31 December 2015 had been audited by BDO Sp. z o.o. and given an unqualified opinion.

The Group's consolidated financial statements for the period from 1 January to 31 December 2015 were approved in Resolution No. 3 passed by the General Shareholders Meeting of 17 May 2016.

The Group's consolidated financial statements for the year 2016 were filed with the National Court Register on 10 June 2016.

II. FINANCIAL ANALYSIS

Presented below are selected items from the consolidated balance sheet and consolidated profit and loss account, as well as key financial ratios, compared to analogical amounts for the previous year.

1. Main consolidated balance sheet and consolidated profit and loss account items (in '000 zł)

	31.12.2016	% of balance sheet total	31.12.2015	% of balance sheet total
Non-current assets	14 297	18,1	12 701	22,0
Current assets	64 893	81,9	45 020	78,0
Total assets	**79 190**	**100,0**	**57 720**	**100,0**
Equity	22 015	27,8	16 258	28,2
Minority capital	0	0,0	0	0,0
Negative goodwill of subordinated entities	0	-	0	-
Liabilities and cost provisions	57 175	72,2	41 462	71,8
Total liabilities and equity	**79 190**	**100,0**	**57 720**	**100,0**

Item	1.01.2016-31.12.2016	% of revenue	1.01.2015-31.12.2015	% of revenue
Sales revenue	74 347	100,0	39 998	100,0
Operating costs	(50 680)	(68,2)	(37 255)	(93,1)
Sales profit/loss	**23 667**	**31,8**	**2 743**	**6,9**
Profit/loss on other operating activities	1 354	1,8	10 041	25,1
Profit/loss on financial activities	(16 554)	(22,3)	(8 083)	(20,2)
Gross profit/loss	**8 467**	**11,4**	**4 701**	**11,8**
Amortization of goodwill	(17)	0,0	(4)	0,0
Income tax	(2 676)	(3,6)	3 752	9,4
Other taxes	(17)	(0,0)		
Net profit/loss	**5 757**	**7,7**	**8 449**	**21,1**

2. Key financial ratios

	2016	2015
Profitability ratios		
Gross sales profitability	31,5%	6,9%
Net sales profitability	7,7%	21,1%
Return on assets	7,3%	14,6%
Liquidity ratios		
Current ratio	2,1	3,6
Quick ratio	2,1	3,5
Operating ratios		
Receivable days	371	153
Debt ratios		
Payable days	14	9
Debt rate	72,2%	71,8%

3. Remarks

- In the audited period current assets account for 81,9% of the balance sheet total. Under liabilities, liabilities and cost provisions constitute 72,2%.
- The Group generated sales revenue of 74 347 thousand zł, while incurring 50 680 thousand zł in operating costs.
- The Group's net financial result has declined by 2 692 thousand zł from the previous year to the amount of 5 757 thousand zł.
- Gross sales profitability increased in the audited period to 31,8% from 6,9% in the previous year.
- In 2016 net sales profitability decreased to 7,7% from 21,1% in 2015.
- The return on assets ratio amounted to 7,3% in 2016 compared to 14,6% in 2015.
- In the analyzed period the Company's current and quick ratios declined to 2,1. In the year 2015 they had amounted to 3,6 for the current and 3,5 for the quick.
- In 2016 the receivable days ratio increased by 162 days to 375 days.
- The payable days ratio amounts to 14 days, compared to 9 days in 2015.
- The debt rate amounted to 72,2% as at the balance sheet date (71,8% in 2015).

In the course of the audit of the consolidated financial statements we found no indications that as a result of discontinuing or significantly limiting its operations the Holding Company will not be able to continue as a going concern in at least the next reporting period.

III. DETAILED INFORMATION

1. Basis for the preparation of the consolidated financial statements

The consolidated financial statements of the Capital Service Group have been prepared in accordance with the Accounting Act and the requirements of the Minister's of Finance Decree of 25 September 2009 on the detailed methods used by entities other than banks, insurers and re-insurers to prepare the consolidated financial statements of groups (2009 Journal of Laws No. 169, item 1327 with subsequent amendments).

2. Completeness and correctness of consolidation documentation

The Group's consolidation documentation has been prepared in accordance with the requirements of the above referenced Decree.

In the course of the audit we found no un-remedied misstatements in the consolidation documentation with a significant effect on the audited consolidated financial statements, including with regard to the fulfilment of the requirements that consolidation documentation should comply with.

3. Methods used to value assets, liabilities and equity

The entities covered by the Group's consolidated financial statements apply consistent accounting principles and methods in the valuation of their assets and liabilities.

4. Information about consolidated financial statements items

The structure of the Group's assets, liabilities and equity is presented in the consolidated financial statements for the financial year ended 31 December 2016.

The data presented in the Group's consolidated financial statements are consistent with the consolidation documentation.

5. Additional information

The information presented in the introduction and notes to the consolidated financial statements has been presented completely and correctly in all material respects.

6. Letter of representation

The Holding Company's Management submitted a written declaration about the completeness of the consolidated financial statements and disclosure of all contingent liabilities and significant post-balance sheet events.

Warsaw, 28 April 2017

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Auditor in charge:

Hanna Sztuczyńska
Certified Auditor No. 9269