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INDEX TO FINANCIAL STATEMENTS FINANCIAL INFORMATION

The following English-language consolidated financial statements of GFKL Financial Services AG (now GFKL Financial Services GmbH – which arose through transformation in accordance with the resolution of the Shareholders' Meeting of February 16, 2016 as a result of the successful squeeze-out) are free translations of the respective German-language consolidated financial statements of GFKL Financial Services AG.

Lowell Finance Holdings Limited Unaudited Consolidated Interim Financial Statements Three months ended or as of March 31 2015

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GFKL Financial Services AG Unaudited Condensed Consolidated Interim Financial Statements Three months ended or as of March 31 2015

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Lowell Finance Holdings Limited
Consolidated interim statement of comprehensive income
3 months ended 31st March 2015

	Note	3 months to 31 st March 2015 £000	3 months to 31 st March 2014 £000
Continuing operations			
Revenue			
Income from portfolio investments	<i>i, 3</i>	30,481	25,616
Portfolio (write down) /write up	<i>i, 3</i>	(4)	13,220
Portfolio fair value release	<i>i, 3</i>	(936)	(1,220)
		<hr/> 29,541	<hr/> 37,616
Other revenue	<i>i</i>	2,674	3,758
Total revenue		32,215	41,374
Operating expenses			
Collection activity costs	<i>i</i>	(10,336)	(8,064)
Other expenses		(14,349)	(14,933)
Total operating expenses		(24,685)	(22,997)
Operating profit		7,530	18,377
Interest income		1	39
Finance costs	<i>2</i>	(9,851)	(8,510)
(Loss) / profit before tax		(2,320)	9,906
Tax credit / (expense)		556	(2,227)
(Loss) / profit for the period attributable to equity shareholders		(1,764)	7,679
Other comprehensive income		-	-
Total comprehensive (expenditure)/income for the period attributable to equity shareholders		(1,764)	7,679

The notes on pages 10 to 15 form part of the interim financial statements.

Lowell Finance Holdings Limited
Consolidated interim statement of financial position
As at 31st March 2015

	Note	31 st March 2015 £000	31 st March 2014 £000
Fixed assets			
Non-current assets			
Goodwill		177,247	177,247
Intangible assets		4,693	6,857
Property, plant and equipment		3,966	3,518
Portfolio investments	3	207,114	175,296
Deferred tax asset		471	4,246
Total non-current assets		393,491	367,164
Current assets			
Portfolio investments	3	168,493	151,206
Trade and other receivables	4	33,587	28,294
Cash and cash equivalents		15,845	89,121
Total current assets		217,925	268,621
Total assets		611,416	635,785
Equity			
Share capital		182,913	182,913
Retained earnings		26,766	13,691
Total equity attributable to shareholders		209,679	196,604
Liabilities			
Non-current liabilities			
Borrowings	6	386,629	401,928
Current liabilities			
Trade and other payables	5	15,108	37,253
Total equity and liabilities		611,416	635,785

The notes on pages 10 to 15 form part of the interim financial statements.

Lowell Finance Holdings Limited
Consolidated interim statement of cash flows
3 months ended 31st March 2015

	3 months to 31 st March 2015 £000	3 months to 31 st March 2014 £000
Net cash used in operating activities	(16,454)	(32,262)
Investing activities		
Interest received.....	1	39
Purchases of tangible and intangible assets.....	(464)	(2,744)
Net cash from investing activities	(463)	(2,705)
Financing activities		
New borrowings.....	-	115,000
Repayment of borrowings.....	-	5,000
Net cash from financing activities	-	120,000
Net (decrease) / increase in cash and cash equivalents	(16,917)	85,033
Cash and cash equivalents at beginning of period.....	32,762	4,088
Cash and cash equivalents at end of period.....	15,845	89,121

Net cash from operating activities

	3 months to 31 st March 2015 £000	3 months to 31 st March 2014 £000
(Loss)/profit for the period.....	(1,764)	7,679
Adjustments for:		
Depreciation.....	216	409
Amortisation.....	687	779
Interest received.....	(1)	(39)
Tax (credit)/expense.....	(556)	2,227
Interest expense.....	9,851	8,510
	8,433	19,565
Changes in:		
Increase in trade and other receivables.....	(4,025)	(8,539)
Increase in portfolio investments.....	(4,787)	(42,315)
Increase in trade and other payables.....	1,243	16,952
Cash generated from operating activities	864	(14,337)
Interest and fees paid.....	(18,616)	(17,702)
Income taxes received / (paid).....	1,298	(223)
Net cash from operating activities	(16,454)	(32,262)

Lowell Finance Holdings Limited
Notes to the interim financial statements
3 months ended 31st March 2015

1. Accounting policies

General information and basis of accounting

These interim financial statements are prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU). Those standards have been applied consistently to the historical periods.

Basis of consolidation

The Group interim financial statements consolidate the interim financial statements of Lowell Finance Holdings Limited (“the Company”) and all its subsidiary undertakings (together “the Group”) drawn up to 31 March 2015. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

There are long-term business plans and short-term forecasts in place, which are reviewed and updated on an ongoing regular basis by management. The Group is in a net assets position.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they adopt the going concern basis of accounting in preparing these interim financial statements.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the statement of comprehensive income (“SCI”) as incurred.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer’s previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually.

Lowell Finance Holdings Limited
Notes to the interim financial statements
3 months ended 31st March 2015

1. Accounting policies (continued)

Revenue recognition and effective interest rate method

Finance revenue on portfolio investments

Income from portfolio investments represents the yield from portfolio investments, net of VAT, all of which arose in the UK. Portfolio investments are financial instruments that are accounted for using IAS 39, and are measured at amortised cost using the effective interest method.

The effective interest rate ("EIR") is the rate that exactly discounts 84 months of estimated future cash receipts through the expected life of the portfolio investment. The EIR is determined at the acquisition of the portfolio investment, and then reassessed up to 12 months after the acquisition to reflect refinements made to estimates of future cash flows based on actual data collected during that time period.

Portfolio investments are acquired at a deep discount and as a result, the estimated future cashflows reflect the likely credit losses within each portfolio.

Upward adjustments to carrying values as a result of reassessments to forecasted cashflows are recognised in the portfolio write up line item within revenue, with subsequent reversals also recorded in this line. If these reversals exceed cumulative revenue recognised to date, a provision for impairment is recognised as a separate SCI line item.

When an individual portfolio's carrying value is completely recovered, the Group recognises collections as revenue as they are received.

As part of the acquisition accounting around the purchase of Lowell Group Limited by Metis Bidco Limited on 15 September 2011 and subsequent acquisition of Lowell Group Limited by Lowell Finance Holdings Limited on 19 March 2012, the portfolios were uplifted to their fair value at the date of acquisition. The portfolio fair value release represents the unwinding of this fair value uplift. This uplift is being unwound in line with the profile of gross ERC over an 84-month period.

Other revenue

Other revenue represents commission on collections for third parties, recognised in line with the services provided.

Impairment of portfolio investments

Portfolio investments are reviewed for indications of impairment at the Statement of Financial Position ("SFP") date in accordance with IAS 39. Where portfolios exhibit objective evidence of impairment, an adjustment is recorded to the carrying value of the portfolio. If the forecast portfolio collections exceed initial estimates, a portfolio basis adjustment is recorded as an increase to the carrying value of the portfolio and is included in revenue. If the forecast portfolio collections are lower than previous forecasts the revenue from previous upward revaluations are reversed and this reversal is recognised in revenue, up to the point that the reversals equal the previously recognised cumulative revenue. If these reversals exceed the previously recognised cumulative revenue then a provision for impairment is recognised as a separate SCI line item.

Lowell Finance Holdings Limited
Notes to the interim financial statements
3 months ended 31st March 2015

1. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's SFP when the Group becomes a party to the contractual provisions of the instrument.

Loans and receivables

Portfolio investments are acquired from institutions at a substantial discount from their face value. The portfolios are initially recorded at their fair value, being their acquisition price, and are subsequently measured at amortised cost using the effective interest method.

The portfolio investment is analysed between current and non-current in the SFP. The current asset is determined using the expected cash flows arising in the next twelve months after the SFP date. The residual amount is classified as non-current.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Trade and other receivables'. Trade and other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables (including Trade receivables) when the recognition of interest would be immaterial.

The Group has forward flow agreements in place in relation to the future acquisition of portfolio investments. The fair value and subsequent amortised cost of portfolios acquired under these agreements are determined on the same basis as the Group's other portfolio investments.

Impairment of financial assets

Financial assets, other than those held at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at each period end. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For impairment of loans and receivables please see section under impairment of portfolio investments.

Financial liabilities

All financial liabilities held by the Group are measured at amortised cost using the effective interest method, except for those measured at fair value through profit or loss, e.g. derivative liabilities. As at 31 March 2015 and 2014 the Group had no outstanding derivatives. All contracts mature or were closed out as at 30 March 2012. No other contracts have been entered into since this date.

Litigation costs

Litigation costs represent upfront fees paid during the litigation process. The fees are legally recoverable from the customer and are added to the customer account balance to be recovered at a later date. Litigation costs are deferred to the SFP on initial recognition and released to the SCI in line with the forecast collections profile over seven years.

Lowell Finance Holdings Limited
Notes to the interim financial statements
3 months ended 31st March 2015

1. Accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the SCI because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Collection activity costs

Collection activity costs represents the direct third party costs incurred in providing services as a debt collection agency or collecting debts on acquired portfolio investments; examples include printing and postage, third party commissions, search and trace costs, litigation, telephone and SMS text costs. They are recognised as the costs are incurred (accruals basis).

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that the Group will be required to settle that obligation and if a reliable estimate of the amount of the obligation can be made.

Lowell Finance Holdings Limited
Notes to the interim financial statements
3 months ended 31st March 2015

2. Finance costs

	3 months to 31 st March 2015 £000	3 months to 31 st March 2014 £000
Bond interest & fees	9,311	7,878
RCF interest & fees	540	632
	9,851	8,510

3. Portfolio investments

	31 st March 2015 £000	31 st March 2014 £000
As at the period brought forward.....	370,821	284,187
Portfolios acquired during the period.....	31,176	53,650
Collections in the period.....	(55,929)	(48,951)
Income from portfolio investments.....	30,481	25,616
Portfolio fair value release	(4)	13,220
Portfolio write-up	(936)	(1,220)
	375,607	326,502

4. Trade and other receivables

	31 st March 2015 £000	31 st March 2014 £000
Trade receivables	1,717	2,579
Litigation deferred costs.....	15,287	8,841
Other receivables.....	7,001	7,971
Prepayments and accrued income.....	7,343	8,527
Amounts owed by immediate parent.....	36	376
Corporation tax repayable.....	2,203	-
	33,587	28,294

Lowell Finance Holdings Limited
Notes to the interim financial statements
3 months ended 31st March 2015

5. Trade and other payables

	31 st March 2015 £000	31 st March 2014 £000
Trade payables.....	4,753	4,143
Other payables.....	3,905	2,352
Other payables – acquired portfolio investments.....	2,087	15,467
Other payables – contingent consideration.....	-	5,200
Accruals and deferred income.....	3,049	2,219
Other taxes and social security.....	1,314	1,193
Corporation tax payable.....	-	1,900
Amounts owing to company's immediate parent for group relief.....	-	4,779
	15,108	37,253

6. Borrowings

	31 st March 2015 £000	31 st March 2014 £000
Bond principal.....	390,000	390,000
Bond interest.....	-	394
Bond premium.....	4,647	5,808
Prepaid bond costs.....	(8,018)	(9,274)
Revolving credit facility.....	-	15,000
	386,629	401,928

Reconciliations

Operating Profit to Adjusted EBITDA

(£ in millions)	Three months to 31 st March	
	2015	2014
(Loss)/profit for the period attributable to equity shareholders	(1.8)	7.7
Net finance costs	9.9	8.5
Taxation (credit)/charge	(0.6)	2.2
Operating profit	7.5	18.4
Portfolio amortisation.....	25.5	23.3
Portfolio write up.....	-	(13.2)
Portfolio fair value adjustment.....	0.9	1.2
Non recurring costs.....	-	0.9
Depreciation and amortisation.....	0.9	1.2
Adjusted EBITDA	34.8	31.8

(Decrease)/Increase in Cash in the Period to Cash-flow before Debt Service and Adjusted EBITDA

(£ in millions)	Three months to 31 st March	
	2015	2014
(Decrease) / increase in cash in the period.....	(16.9)	85.0
Movement in debt.....	-	(120.0)
Portfolio purchases	31.8	38.2
Debt servicing	18.6	17.7
Tax servicing	(1.3)	0.2
Cash flow before debt and tax servicing	32.2	21.1
Capital expenditure.....	0.5	2.7
Working capital.....	2.1	8.0
Adjusted EBITDA	34.8	31.8

Cash Collections to Adjusted EBITDA

(£ in millions)	Three months to 31 st March	
	2015	2014
Cash collections	55.9	48.9
Other income.....	2.7	3.8
Operating expenses	(24.7)	(23.0)
Non recurring costs.....	-	0.9
Depreciation and amortisation.....	0.9	1.2
Adjusted EBITDA	34.8	31.8

GFKL Financial Services Aktiengesellschaft, Essen

**Consolidated Balance Sheet as of March 31, 2015 (in accordance with IFRSs)
in €k**

	<u>Notes</u>	<u>Mar. 31, 2015</u>	<u>Dec. 31, 2014</u>
ASSETS			
Non-current assets			
Property, plant and equipment		3 665	3 799
Intangible assets		19 125	19 268
Goodwill		21 585	21 585
Non-performing loans and receivables acquired for settlement	6.	63 294	59 458
Derivatives with positive fair values		19	0
Other financial assets	7.	11 084	8 392
		<u>118 771</u>	<u>112 502</u>
Current assets			
Inventories		33	29
Non-performing loans and receivables acquired for settlement	6.	39 716	43 356
Trade and other receivables		11 716	10 761
Income tax refund claims		4 462	4 370
Other financial assets	7.	12 808	12 897
Cash and cash equivalents		45 540	35 743
		<u>114 275</u>	<u>107 157</u>
Total assets		<u>233 047</u>	<u>219 659</u>
EQUITY AND LIABILITIES			
Equity			
	8.		
Share capital		25 884	25 884
Capital reserves		51 760	51 760
Hybrid capital		37 416	36 682
Treasury shares		- 17 890	- 17 890
Retained earnings		64	64
Valuation reserves		- 2 838	- 2 853
Net retained loss		- 80 782	- 86 639
Equity attributable to equity holders of the parent		13 614	7 008
Non-controlling interests		663	761
Total equity		<u>14 277</u>	<u>7 768</u>
Non-current liabilities			
Liabilities to banks	9.	76 571	71 870
Derivatives with negative fair values		1 136	1 289
Other financial liabilities		31 080	32 669
Provisions		641	642
Provisions for pensions		5 291	5 291
Deferred tax liabilities		12 631	10 704
		<u>127 349</u>	<u>122 465</u>
Current liabilities			
Liabilities to banks		7 533	7 541
Derivatives with negative fair values		560	571
Trade payables and other liabilities		9 293	9 545
Other financial liabilities		45 135	42 457
Income tax provisions		17 550	17 630
Provisions		11 349	11 682
		<u>91 421</u>	<u>89 426</u>
Total liabilities		<u>218 770</u>	<u>211 891</u>
Total equity and liabilities		<u>233 047</u>	<u>219 659</u>

GFKL Financial Services Aktiengesellschaft, Essen

Consolidated Income Statement for the Period from January 1 to March 31, 2015
(in accordance with IFRSs)
in €k

	Notes	Jan. 1 to Mar. 31, 2015	Jan. 1 to Mar. 31, 2014
Revenue		62 560	55 518
Other operating income		1 905	1 239
Cost of purchased goods and services	10.	286	0
Personnel expenses		11 735	11 125
Depreciation, amortization and impairment expense		1 025	917
Other operating expenses		39 673	34 522
Interest and similar income		300	230
Interest and similar expenses	11.	2 174	3 689
Earnings before tax		9 873	6 733
Income taxes		3 380	2 259
Profit/loss from continuing operations		6 493	4 474
Profit/loss from discontinued operations		0	- 35
Consolidated profit/loss for the period		6 493	4 439
Profit attributable to non-controlling interests		0	0
Loss attributable to non-controlling interests		98	1
Profit/loss attributable to equity holders of the parent		6 591	4 440
Earnings per share from continuing operations in € (after non-controlling interests)			
Basic		0,27	0,18
Diluted		0,26	0,18
Earnings per share from discontinued operations in € (after non-controlling interests)			
Basic		0,00	0,00
Diluted		0,00	0,00

GFKL Financial Services Aktiengesellschaft, Essen

Consolidated Statement of Comprehensive Income for the Period from January 1 to
March 31, 2015 (in accordance with IFRSs)
in €k

	Jan. 1 to Mar. 31, 2015	Jan. 1 to Mar. 31, 2014
Consolidated profit/loss for the period	6 493	4 439
Result from the valuation reserve for financial instruments	0	0
Result from deferred taxes for financial instruments	0	0
Items that may be reclassified to profit or loss in the future	0	0
Actuarial gains and losses on pension plans	0	0
Deferred taxes on actuarial gains and losses from pension plans due to tax rate adjustment	16	0
Items that will not be reclassified to profit or loss in the future	16	0
Other comprehensive income	16	0
Total comprehensive income	<u>6 509</u>	<u>4 439</u>
Thereof attributable to:		
Equity holders of the parent	6 607	4 440
Non-controlling interests	-98	-1

GFKL Financial Services Aktiengesellschaft, Essen

Consolidated Statement of Changes in Equity for the Period from January 1 to March 31, 2015 (in accordance with IFRSs)
in €k

	Share capital	Capital reserves	Hybrid capital	Treasury shares	Retained earnings	Valuation reserve for actuarial gains and losses	Valuation reserve for financial instruments	Net retained loss	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
As of January 1, 2014	25 884	51 668	33 852	-17 890	97	-1 291	0	-98 881	-6 561	-100	-6 661
Other comprehensive income	0	0	0	0	0	0	0	0	0	0	0
Consolidated profit/loss for the period	0	0	677	0	0	0	0	3 763	4 440	-1	4 439
Total comprehensive income	0	0	677	0	0	0	0	3 763	4 440	-1	4 439
As of March 31, 2014	25 884	51 668	34 529	-17 890	97	-1 291	0	-95 118	-2 121	-101	-2 222
As of January 1, 2015	25 884	51 760	36 682	-17 890	64	-2 853	0	-86 639	7 008	761	7 768
Other comprehensive income	0	0	0	0	0	16	0	0	16	0	16
Consolidated profit/loss for the period	0	0	734	0	0	0	0	5 857	6 591	-98	6 493
Total comprehensive income	0	0	734	0	0	16	0	5 857	6 607	-98	6 509
As of March 31, 2015	25 884	51 760	37 416	-17 890	64	-2 838	0	-80 782	13 614	663	14 277

GFKL Financial Services Aktiengesellschaft, Essen

Consolidated Cash Flow Statement for the Period from January 1 to March 31, 2015
(in accordance with IFRSs)
in €k

	Jan. 1 to Mar. 31, 2015	Jan. 1 to Mar. 31, 2014
1. <u>Operating activities</u>		
Profit/loss from continuing operations	6 493	4 474
Profit/loss from discontinued operations	0	– 35
Consolidated profit/loss for the period	6 493	4 439
Non-cash items included in consolidated profit/loss for the period and reconciliation to cash flow from operating activities		
+ Depreciation, amortization and impairment expense	1 025	994
+/- Change in provisions	– 506	571
+/- Change in deferred taxes	1 943	1 492
-/+ Repayments and changes in value of NPL portfolios	6 599	5 880
Changes in assets and liabilities in the period		
-/+ Inventories	– 5	0
-/+ Trade and other receivables	– 955	– 1 586
+/- Trade payables and other liabilities	– 51	196
-/+ Changes in other net assets	3 514	– 771
= Cash flow from operating activities	18 057	11 215
2. <u>Investing activities</u>		
– Acquisition of property plant and equipment/intangible assets	– 747	– 399
– Investment in NPL portfolios	– 11 079	– 6 715
+ Divestment of NPL portfolios	4 285	476
= Cash flow from investing activities	– 7 542	– 6 638
3. <u>Financing activities</u>		
+ Cash received from bank loans	4 500	0
– Repayment of bank loans	0	– 98
+ Cash received from financing for NPL portfolios	0	16 647
– Repayment of financing for NPL portfolios	– 5 218	– 3 760
= Cash flow from financing activities	– 718	12 789
4. <u>Development of liquidity</u>		
Cash and cash equivalents at the beginning of the period . . .	35 743	60 072
+ Change in cash and cash equivalents	9 797	17 366
= Cash and cash equivalents at the end of the period	45 540	77 438
5. <u>Composition of cash and cash equivalents</u>		
Cash	45 540	77 438
thereof restricted cash	31 716	22 618

GFKL Financial Services Aktiengesellschaft, Essen

**Notes to the condensed consolidated interim financial statements as of March 31, 2015
(in accordance with IFRSs)**

1. Basis of presentation and accounting policies

As in the case of the consolidated financial statements for the year ended December 31, 2014, these interim financial statements for the GFKL Group for the period ended March 31, 2015 have been prepared in accordance with the provisions of the International Accounting Standards Board (IASB). These provisions comprise the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as well as the interpretations issued by the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union (EU).

The condensed consolidated interim financial statements were prepared in accordance with IAS 34 *Interim Financial Reporting* and do not contain all of the information and disclosures required for consolidated financial statements as of year-end. These interim financial statements must therefore be read in conjunction with the consolidated financial statements as of December 31, 2014. The notes to the interim financial statements primarily comprise disclosures relating to significant events and changes that are essential to an understanding of the changes in the company's financial position and financial performance since the last balance sheet date. For detailed disclosures on recognition, measurement and consolidation methods already applied as of December 31, 2014, please refer to the notes to the consolidated financial statements for the year ended December 31, 2014.

The figures shown as of March 31, 2015 in the financial statements have been compared with the corresponding figures reported as of March 31, 2014 and December 31, 2014.

All stated amounts have been individually rounded, which may give rise to minor discrepancies when these amounts are aggregated.

2. Significant accounting judgments

With the forthcoming indirect change in shareholders at GFKL Financial Services AG, the tax loss carryforwards would generally be forfeited under the provisions of Sec. 8c (1) Sentence 2 KStG ["Körperschaftsteuergesetz": German Corporate Income Tax Act]. However, the company believes that the hidden reserve clause of Sec. 8c (1) Sentence 8 KStG applies as GFKL Financial Services AG should have sufficient hidden reserves. Consequently, the tax loss carryforwards would not, as matters currently stand, be forfeited due to this exemption and could be utilized against any taxable profit generated in the future. Accordingly, the company continued to recognize deferred tax assets on tax loss carryforwards.

3. Changes in the basis of consolidation and impact on the interim financial statements

The basis of consolidation has not changed compared to December 31, 2014.

4. Use of judgment and key sources of estimation uncertainty

There have been no significant restatements since December 31, 2014.

5. Significant transactions during the reporting period

There were no significant transactions during the reporting period.

GFKL Financial Services Aktiengesellschaft, Essen

**Notes to the condensed consolidated interim financial statements as of March 31, 2015
(in accordance with IFRSs) (Continued)**

6. Non-performing loans and receivables acquired for settlement

The changes in non-performing loans and receivables acquired for settlement were as follows:

<u>in €k</u>	<u>Jan. 1, 2015 to Mar. 31, 2015</u>	<u>Jan. 1, 2014 to Mar. 31, 2014</u>
Opening balance	102 814	100 692
Acquisitions	11 079	6 750
Disposals	4 285	479
Subtotal	109 608	106 963
Payment receipts	23 223	22 799
Investment income	3 267	3 238
Service income	8 571	8 689
Repayment	11 384	10 872
Write-ups	6 016	6 063
Impairment expense	– 1 231	– 863
Measurement at fair value	4 786	5 200
Closing balance	103 009	101 291

Measurement at fair value is set out in detail below:

<u>in €k</u>	<u>Jan. 1, 2015 to Mar. 31, 2015</u>	<u>Jan. 1, 2014 to Mar. 31, 2014</u>
Additional amounts collected	260	450
Corrections direct write-downs	19	3
Plan adjustments	5 033	4 895
Service cost adjustments	41	0
Changes in market interest rates	663	715
Write-ups	6 016	6 063
Shortfall in amounts collected	– 127	– 92
Direct write-downs	– 446	– 35
Plan adjustments	– 263	– 405
Service cost adjustments	– 167	– 72
Changes in market interest rates	– 227	– 259
Impairment expense	– 1 231	– 863
Total changes in value	4 786	5 200

7. Other financial assets

The increase in miscellaneous financial assets mainly relates to guarantee claims for which the GFKL Group makes advance payment and which are settled through the servicing of the receivables.

8. Equity

For information on consolidated equity, please see the consolidated statement of changes in equity.

Hybrid capital

GFKL was granted another shareholder loan of €30 million by its majority shareholder on June 28, 2012. The loan has an unlimited term and may be terminated by GFKL for the first time as of December 30, 2015, giving 30 days' notice. The loan accrues interest at 8% p.a. and is reported as equity due to the terms of the loan agreement.

GFKL Financial Services Aktiengesellschaft, Essen

**Notes to the condensed consolidated interim financial statements as of March 31, 2015
(in accordance with IFRSs) (Continued)**

9. Liabilities to banks

The increase in liabilities to banks is mainly due to utilization of €4.5 million from the revolving credit facility.

10. Cost of purchased goods and services'

Cost of purchased goods and services is largely attributable to intratech GmbH which was acquired on June 30, 2014.

11. Interest and similar expenses

The decrease in interest and similar expenses is mainly due to lower interest expenses from corporate financing thanks to the refinancing arrangement which was concluded in fiscal year 2014.

12. Employees

The following summary shows the change in the number of employees (full-time equivalents – FTEs), broken down by segment:

	<u>Mar. 31, 2015</u>	<u>Mar. 31, 2014</u>
Continued operations	804	811
Discontinued operations	0	194
Employees	804	1 005
Average number of employees	805	1 011

13. Cash flow statement

In the period under review, the Group generated cash flow from interest paid of €1,494k (prior year: €1,550k) and interest received of €13k (prior year: €20k). The cash outflow from income taxes was €1,352k (prior year: inflow of €-736k). These cash flows are included in the cash flow from operating activities.

14. Related party, Executive Board and Supervisory Board disclosures

Over the past few years, the following gentlemen were members of the Executive Board:

<u>Members of the Executive Board</u>	<u>Appointed on</u>	<u>Left on</u>
Christoph Pfeifer, Oberursel	Nov. 12, 2012	_____
Kamyar Niroumand (Chairman of the Executive Board), Berlin	Oct. 1, 2012	_____
Marc Knothe, Vienna	May 1, 2011	_____

There were no unusual transactions with related parties during the period under review.

15. Events after the balance sheet date

In May 2015, the shares in the parent company Carl Holding GmbH was sold subject to conditions precedent. There were no other events after the balance sheet date which would have had an effect on the consolidated financial statements as of March 31, 2015.

Essen, June 5, 2015

sgd Kamyar Niroumand
(Chairman of the
Executive Board)

sgd Marc Knothe
(Member of the
Executive Board)

sgd Christoph Pfeifer
(Member of the
Executive Board)