GFKL Financial Services Group

Q2 2015 Results

1) Highlights

Strong performance:

- Impressive growth in portfolio acquisitions from diversified origination sources: +326% y-o-y to €26,4 million
- Strong net revenue[1] growth to €253,2 million over LTM (+16% y-o-y) and €63,6 million for Q2 2015 (+8% q-o-q), with an increased debt purchase contribution
- 8 new key accounts wins in 3PC division (secured 24 new key clients accounts year to date)
- Continued focus on diversified business with 3PC and DP representing 56% and 44% of Q2 2015 net revenue, respectively
- Sustained cash generation with €75,9 million Adjusted EBITDA over LTM (+10% year on year) and €19,4 million Adjusted EBITDA for Q2 2015 (+20% q-o-q) and visibility backed by €408,9 million ERC for 120 months (up from €382,0 million as of December 31, 2014)

Acquisition by Permira:

- On 17 May 2015, Permira entered into an agreement to acquire GFKL from Advent International
- Acquisition ultimately financed via the issuance of €365 million senior secured notes completed on 20 July 2015
- New shareholder fully supportive of GFKL's strategy as a leading non captive receivables management company in Germany

Lowell and GFKL:

- On 7 August Lowell, Permira and TDR Capital announced that a company backed by Permira funds had entered into an agreement to acquire Metis Bidco (the Lowell Group holding company) from its majority shareholder, funds advised by TDR Capital
- As part of this transaction, Lowell will merge with GFKL combining two premium large-scale operators in the two largest European credit markets
- Complementary operational strengths with product, client and sector diversification
- Significant opportunity for growth in European markets with a multi-national operating model which mirrors that of the larger credit providers
- Complementary competencies in debt purchase and outsourced credit services

[1] Net revenue includes debt purchase and 3PC only, other revenue is excluded

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The GFKL Group is the largest non-captive receivables management company in Germany specialising in debt collection, debt purchasing and services for unsecured consumer debt. GFKL manages €15,8 billion of overdue and defaulted receivables and is one of the most successful receivable management businesses in Germany in carving out debt collection platforms from clients.

The business is diversified with 56% of revenues from third party collections and services and 44% from debt purchasing activities for Q2 2015, with leading positions across sectors like banking, insurance and retail. The business is built upon strong relationships with a diversified client base including several large companies and long standing client relationships dating back up to 10 years providing repeat business for both debt collection and debt purchase segments.

The GFKL Group is the only service provider in Germany with the best possible “Strong” servicer rating by Standard & Poor’s[2] and has demonstrated its ability to implement strategic and operational projects to drive change, build differentiated capabilities and improve competitiveness based on well-invested and state-of-the-art operating IT-platforms.

GFKL Group has shown a strong financial track record and a high cash generating capability with an ERC of €346,1 million over 84 months and €471,9 million over 180 months, each as of June 30, 2015. The sustainability of strong future cash flows is assured by an outstanding renewal performance of current contracts being renewed, due to the high satisfaction with GFKL services.

[2] Standard & Poor’s Servicer Evaluations provide investors with an independent, objective view of a company’s ability to service loan and asset portfolios. Servicer Evaluations are developed by a team of Standard & Poor’s analysts who have experience in evaluating operating risk. Ratings provided for operating companies PCS and SIR.

2) Operating & financial review

Core financial figures

The following table summarizes the most important key financial figures for the GFKL Group:

(€ in millions, except for percentage figures and ratios)	Q2 2015	Q2 2014	Last 12 months 2014/2015
Portfolio investments acquired	26,4	6,2	52,0*
Number of owned accounts (in millions)	2,3	1,9	1,9**
Number of serviced accounts (in millions)	1,4	1,3	1,5**
Gross collections (3PC & DP)	78,9	80,7	332,5*
Adjusted EBITDA	19,4	16,2	75,9*
84 month ERC	346,1	*n.a.****	319,0**
120 month ERC	408,9	*n.a.****	382,0**
180 month ERC	471,9	*n.a.****	452,0**

* June 30st 2015

** December 31st 2014

*** ERC figures are currently not available for this reporting date. Definition due to the current development of newly defined ERC figures

Estimated Remaining Collections (ERC)

The table below summarizes the ERC over the 84-month outlook period, split by the vintage year in which the portfolios were acquired. 45.0% of the 84 month ERC is likely to be recovered in the next 24 months. 72.6% of the 84 month ERC is likely to be recovered in the next 48 months.

ERC on owned portfolios as of June 30, 2015 by year of purchase

€ in millions	0-12 Months	13-24 Months	25-36 Months	37-48 Months	49-60 Months	61-72 Months	73-84 Months	0-84 Months
Year of purchase (vintage year)								
2003	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.8
2004	1.2	1.0	0.8	0.7	0.6	0.6	0.5	5.5
2005	0.4	0.4	0.3	0.3	0.3	0.2	0.2	2.1
2006	2.2	1.8	1.6	1.3	1.1	1.0	0.9	10.0
2007	12.5	10.9	9.6	8.5	7.6	6.8	6.1	61.8
2008	0.7	0.5	0.3	0.2	0.1	0.1	0.1	2.0
2009	17.6	15.3	13.3	11.7	10.3	9.1	8.1	85.3
2010	3.8	3.2	2.9	2.7	2.5	2.3	2.2	19.5
2011	1.8	1.4	1.0	0.9	0.7	0.6	0.5	6.8
2012	5.2	3.8	2.9	2.1	1.5	1.1	0.9	17.4
2013	8.2	5.9	4.3	3.3	2.5	2.0	1.6	27.7
2014	19.7	12.3	9.2	7.0	5.5	4.1	3.1	60.9
2015	16.9	8.7	5.9	4.5	3.7	3.4	3.1	46.2
Total	**90.4**	**65.3**	**52.2**	**43.2**	**36.5**	**31.3**	**27.2**	**346.1**
Total in percentage*	**26.1%**	**45.0%**	**60.1%**	**72.6%**	**83.1%**	**92.2%**	**100.0%**	

* in cumulative percentage as of 84 months ERC

€ in millions	0-84 Months	85-120 Months	121-180 Months	0-180 Months
Year of purchase (vintage year)				
2003	0.8	0.3	0.4	1.5
2004	5.5	1.2	1.3	8.0
2005	2.1	0.5	0.6	3.3
2006	10.0	2.1	2.4	14.5
2007	61.8	15.0	17.5	94.4
2008	2.0	0.1	0.1	2.2
2009	85.3	19.3	21.2	125.8
2010	19.5	5.9	8.1	33.6
2011	6.8	1.0	0.9	8.7
2012	17.4	1.5	1.0	20.0
2013	27.7	3.1	2.4	33.1
2014	60.9	5.1	1.7	67.8
2015	46.2	7.5	5.4	59.0
Total	**346.1**	**62.7**	**63.1**	**471.9**
Total in percentage*	**73.3%**	**13.3%**	**13.4%**	**100.0%**

* in cumulative percentage as of 180 months ERC

GFKL Group

Consolidated interim adjusted EBITDA Q2 2015

	Q2 2015 €000	Q2 2014 €000
Consolidated profit/ (loss) after minority interest	**4.852,6**	**1.516,4**
Profit/loss from discountinued operations	11,6	-0,9
Consolidated profit/ (loss) for the period	**4.864,2**	**1.515,5**
Profit/loss from discountinued operations	0,0	1.214,0
Income taxes	2.192,3	1.150,8
Financial result	4.264,8	4.057,9
Depreciation, amortization and impairment expenses	1.026,0	920,3
Reported EBITDA	**12.347,2**	**8.858,5**
Restructuring / relocation	-129,3	-657,9
Projects	-22,0	-189,7
Data analytics	-302,9	-167,0
Revaluation effects	52,9	54,2
Refinancing	-1,1	-63,9
Sale of subsidiaries / affiliates	-9,9	-30,8
Domusvenda	120,0	91,1
Other	-117,0	-65,6
Normalized EBITDA	**12.756,4**	**9.888,1**
Rental savings (net)		250,0
Pro Forma Normalized EBITDA	**12.756,4**	**10.138,1**
Amortization of purchased debt	13.185,3	10.242,1
Proceeds from the sale of a secured portfolio	0,0	0,0
Direct write-downs	188,7	120,5
Revaluation of purchased debt excluding direct write-downs	-6.715,0	-4.267,7
Adjusted EBITDA	**19.415,4**	**16.233,0**

GFKL Group

Consolidated interim statement of comprehensive income Q2 2015

	Q2 2015 €000	Q2 2014 €000
Revenue	**64.291,2**	**58.868,9**
t/o Investment	*27.922,0*	*22.148,4*
t/o Service	*35.711,4*	*36.731,7*
Other operating income	1.387,6	681,6
Personnel expenses	-11.587,9	-11.147,8
Other operating expenses	-41.096,5	-38.514,6
Cost of goods purchased and purchased services	-238,0	0,0
EBITDA (normalised)	**12.756,4**	**9.888,1**
Depreciation, amortization and impairment expenses	-681,3	-605,0
EBIT (normalised)	**12.075,1**	**9.283,1**
Memo: EBIT w/o normalizations	**11.321,2**	**7.938,2**
Interest income and similar income	177,9	0,3
Interest expenses and similar expenses	-2.126,9	-3.184,4
EBT (normalised)	**10.126,1**	**6.099,1**
Income Taxes	-2.291,8	-1.261,9
EAT Discontinued Operations	0,0	-1.236,2
Net profit/loss before minority interest (normalised)	**7.834,3**	**3.601,0**
Normalized One Offs Total (Sum)	-2.970,1	-2.085,4
Net profit/loss before minority interest	**4.864,2**	**1.515,5**
Profit/Loss attributable to non controlling interest	-11,6	0,9
Net profit/loss after minority interest	**4.852,6**	**1.516,4**

GFKL Group

Consolidated interim statement of cash flows
Q2 2015

	Q2 2015 €000	Q2 2014 €000
Cash and cash equivalents BoP	**45.540,4**	**77.437,8**
Earmarked funds BoP	31.716,2	22.617,5
Free Cash BoP	**13.824,2**	**54.820,3**
Cash flow from operating activities	**30.540,3**	**10.934,1**
Consolidated profit or loss for the period	4.864,2	1.515,5
Change in non cash effecting items	2.682,4	597,8
Change in NPL	6.675,3	6.297,2
Change in other assets and liabilities*	16.318,4	2.523,6
Cash flow from investing activities	**-26.850,9**	**-9.057,3**
Cash paid for investments in NPL portfolios (net)	-25.771,9	-5.716,6
Other CF from investing activities**	-1.079,0	-3.340,7
Cash flow from financing activities	**3.084,5**	**-5.180,9**
Incoming capital payments from debt instruments	6.500,0	0,0
Payments (net) from structured NPL funding	-3.415,5	-5.180,9
Free Cash EoP	**20.598,1**	**51.516,2**
Earmarked funds EoP	19.120,7	22.417,6
Cash and cash equivalents EoP	**39.718,8**	**73.933,8**

*Change in other assets and liabilities include: Trade and other receivables, Trade payables and other liabilities and Other net assets

**Other CF from investing activities include: Changes in fixed assets; Cash recvd. for sale and reimbursm. of NPL portfolios; Cash recvd. from the disposal of assets; Acquis. of companies and shares net of cash acquired

a) Collections

Increase in collections from portfolio investments of 22% as at June 30, 2015 compared to Q2 2014 is mainly driven by a purchase of serviced portfolios (in telecommunication sector). The slight decrease in overall collections quarter on quarter is due to a single non-recurring secured portfolio collection in Q2 2014. Normalizing this effect shows overall increased collections year on year.

b) Operating Profit

The significant increase in DP collections resulted in a disproportionate increase in EBITDA supporting the theme of predictable cash flows, which drive real bottom line profitability. Direct Costs are above prior year due to investments in additional measures for generating future collections.

c) Finance Cost

Effective as of June 30, 2015, the parent company Carl Holding GmbH of GFKL Financial Services AG, which was previously held indirectly by Advent International Corporation, Boston, USA, was sold to Permira Holding Limited, Guernsey. Permira now indirectly holds 94,48% of the shares in the company.

Upon the change in ownership, GFKL Financial Services AG raised a loan from the company's new majority shareholder (Garfunkel Holding GmbH) in the same amount in order to repay the syndicated credit facility with Commerzbank, NIBC Deutschland, Frankfurt und ING Branch, Frankfurt, acting as syndicate leader for NIBC Deutschland, Frankfurt am Main, as security trustee. The loan granted by the shareholder amounted to EUR 93,3 million as of June 30, 2015.

d) Cash flow

There was a significant increase of operating cash flow which was primarily the result of a change in other assets and liabilities especially through reduction of liabilities from retained amounts and reclassification into obligation transfer payments following the purchase of service portfolios (telecommunication sector).

Cash flow from investing activities as at June 30, 2015 was higher than prior year mainly due to investments in the telecommunication and banking sector.

The drawing of the revolving credit facility in May and June totaling 6,5m€ was one of the main reason for the change in cash flow from financing activities to prior year.

GFKL Group

Consolidated interim statement of financial position
6 months ended 31st June 2015

	As at 30st June 2015 €000	As at 30st June 2014 €000
Assets	**230,719.7**	**260,206.2**
Property, plant and equipment	3,513.2	3,646.2
Intangible assets	19,329.7	18,636.5
Goodw ill	21,585.4	23,994.8
NPLs and receiv. acquired for settlement	122,106.0	100,967.9
Derivatives w ith positive fair values	0.0	0.0
Remaining other financial assets	6,943.8	14,421.9
Deferred tax assets	0.0	0.0
Inventories	17.6	15.0
Trade and other receivables	11,178.2	11,931.1
Income tax refund claims	4,544.1	4,312.5
Prepayments	2,846.9	2,715.1
Other security deposit	37.8	38.6
Receivables from bill discounting	16.2	16.2
Allow ance for other financial assets	-2,546.8	-2,893.2
Creditors w ith debit balance	1,428.9	1,411.6
Assets classified as held for sale	0.0	7,078.9
Cash and cash equivalents	39,718.8	73,913.1
Equity and Liabilities	**230,719.7**	**260,206.2**
Equity	**19,141.2**	**167.4**
Liabilities	**211,578.5**	**260,038.8**
Liabilities to banks	43.9	111,119.6
Derivatives w ith negative fair values	1,420.4	2,155.4
Liab. to GFKL-groupext. affiliated comp.	114,434.1	20,460.3
Liabilities from NPL financing	4,244.6	23,325.0
Other financial Liabilities	9,516.6	11,100.1
Provisions	39,323.6	46,460.0
Tax liabilities	15,586.4	7,753.2
Advanced Payments	2,712.6	2,748.7
Trade payables and other payables	5,191.0	7,402.6
Obligation transfer payments portfolio admin.	6,025.5	12,519.4
Receipts of payment debtors	3,136.1	3,879.3
Outstanding invoices	1,988.9	1,736.3
Liab. and interest from potential treasury shares	7,401.6	7,202.4
Restructuring costs	553.4	948.9
Liabilities classified as held for sale	0.0	1,227.5

3) Recent developments & outlook

a) Recent developments

GFKL Group achieved a positive performance in net revenue of 8% in Q2 2015 largely due to securing key new 3PC contracts and additional portfolio purchases.

GFKL Group continues its strong positive performance by achieving an Adjusted EBITDA of €75,9 million over LTM (+10% year on year) and €19,4 million Adjusted EBITDA for Q2 2015 (+20% q-o-q).

The growth in Adjusted EBITDA was mainly driven by increased purchases in highly realizable non-performing loans that were in line with the company strategy of the GFKL Group.

b) Outlook

We believe GFKL Group has a strong pipeline of opportunities in the German market and is expected to continue to leverage its competitive advantages.

GFKL will continue to focus on its business model with 3PC and DP representing 56% and 44% of Q2 2015 revenue, respectively.

Further debt purchasing in the future will be backed by cash inflows from the €408,9 million ERC for 120 months (up from €382,0 million as of December 31, 2014).

Bringing together Lowell and GFKL as leading credit management businesses in Europe's two largest markets has the potential to create a leading premier Pan-European credit management business with significant opportunities for growth.

4) Consolidated Financial Statements and Notes of GFKL AG and Garfunkelux Holdco 2

Exhibit 1

Garfunkelux Holdco 2 S.A.
Interim Condensed Consolidated Statement of Financial Position - unaudited

kGBP	notes	30.06.2015	01.06.2015
ASSETS			
Non-current assets			
Goodwill	III.1	297.345	0
Other intangible assets	III.2	64.374	0
Property, plant & equipment	III.3	2.499	0
Portfolio investments (non current)	III.4	54.094	0
Other financial assets	III.6	61	0
Total non-current assets		**418.374**	**0**
Current assets			
Inventories	III.5	13	0
Portfolio investments	III.4	32.772	0
Trade and other receivables	III.6	20.514	0
Assets for current tax	III.7	3.233	0
Cash and cash equivalents	III.8	56.384	44
Total current assets		**112.915**	**44**
Total assets		**531.289**	**44**

	notes	30.06.2015	01.06.2015
EQUITY AND LIABILITIES			
Equity			
Share capital	III.9	3.557	44
Share premium	III.9	182.225	0
Retained Earnings/deficit		-7.441	0
Equity attributable to equity holders of the parent		178.341	44
Non-controlling interests	III.11	618	0
Total equity		**178.960**	**44**
Non-current liabilities			
Provisions	III.13+14	4.218	0
Deferred tax liabilities	III.17	26.311	0
Trade and other payables	III.16	2.428	0
			0
Total non-current liabilities		**32.957**	**0**
Current liabilities			
Borrowings	III.12	253.466	0
Provisions	III.13	8.817	0
Trade and other payables	III.16	44.344	0
Liabilities for current tax	III.15	12.745	0
Total current liabilities		**319.372**	**0**
Total liabilities		**352.330**	**0**
Total equity and liabilities		**531.289**	**44**

Exhibit 2

Garfunkelux Holdco 2 S.A.
Interim Condensed Consolidated Statement of profit or loss and other comprehensive income for the Period from June 1, 2015 (date of incorporation) to June 30, 2015 - unaudited

kGBP

	notes	01.06.-30.06.2015
Total revenue	IV.1	**0**
Other income	IV.1	**0**
Operating expenses		
Other expenses	IV.2	**7.131**
Total operating expenses		**7.131**
Operating profit		**-7.131**
Interest income		**0**
Interest expense	IV.3	**310**
Loss before tax		**-7.441**
Income tax expense		0
Consolidated loss for the period		**-7.441**
Loss attributable to non-controlling interests		**0**
Profit/loss attributable to owners of the parent		**-7.441**
Other comprehensive income		**0**
Total comprehensive income for the year		**-7.441**
Total comprehensive income attributable to:		
Owners of the parent		-7.441
Non-controlling interest		0

Garfunkelux Holdco 2 S.A. **Exhibit 3**

Interim Condensed Consolidated Cash Flow Statement
for the Period from June 1, 2015 (date of incorporation) to June 30, 2015 - unaudited

in kGBP

		Notes	01.06.15-30.06.2015
1.	**Operating activities**		
	Operating cash inflow	VI.2	0
	Operating cash outflow	VI.2	-1
=	**Cash flow from operating activities**		**-1**
2.	**Investing activities**		
-	Cash paid for loans granted and other financial investments	VI.3	-304
-	Acquisition of companies and shares net of cash acquired	VI.3	-315.274
=	**Cash flow from investing activities**	VI.3	**-315.578**
3.	**Financing activities**		
+	Cash received from the issue of equity instruments	VI.4	185.738
+	Cash received from bank loans	VI.4	252.271
-	Repayment of bank loans	VI.4	-66.091
=	**Cash flow from financing activities**		**371.918**
4.	**Development of liquidity**		
	Cash and cash equivalents at the beginning of the period		44
+	Change in cash and cash equivalents		56.340
=	**Cash and cash equivalents at the end of the period**	VI.1	**56.384**
5.	**Composition of cash and cash equivalents**		
	Cash		**56.384**

Exhibit 4

Garfunkelux Holdco 2 S.A.

Interim Condensed Consolidated Statement of Changes in Equity for the period from June 1, 2015 (date of incorporation) to June 30, 2015 - unaudited

in kGBP

in kGBP	Share capital	Share premium	Retained earnings	Net retained loss	Equity attributable to equity holders of the parent	Non-controlling interests	Total Equity
Notes	III.9	III.9				III.11	
As of June 1, 2015	**44**	**0**	**0**	**0**	**44**	**0**	**44**
Other comprehensive income	0	0	0	0	0	0	0
Consolidated loss for the period	0	0	0	-7.441	-7.441	0	0
Total comprehensive income	**0**	**0**	**0**	**-7.441**	**-7.441**	**0**	**-7.441**
Increase of share capital and share premium	3.513	182.225	0	0	185.738	0	185.738
Change of consolidated group	0	0	0	0	0	618	618
As of June 30, 2015	**3.557**	**182.225**	**0**	**-7.441**	**178.341**	**618**	**178.960**

GFKL Financial Services Aktiengesellschaft, Essen
Notes to the condensed consolidated interim financial statements as of June 30, 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 June 30, 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 interim condensed consolidated 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 June 30, 2015 in the financial statements have been compared with the corresponding figures reported as of June 30, 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

Following the indirect change in shareholders at GFKL Financial Services AG (closing as of June 30, 2015), 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 has 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

Effective as of June 30, 2015, the shares in the parent company Carl Holding GmbH, which had previously been held indirectly by Advent International Corporation, Boston, USA, have been sold to Permira Holding Limited, Guernsey. This company now indirectly holds 94.48% of the shares in the company.

Upon the change in ownership, GFKL Financial Services AG raised a loan from the company’s new majority shareholder (Garfunkel Holding GmbH) in the same amount in order to repay the syndicated credit facility with Commerzbank, NIBC Deutschland, Frankfurt und ING Branch, Frankfurt, acting as syndicate leader for NIBC Deutschland, Frankfurt am Main, as security trustee. The loan granted by the shareholder amounted to EUR 93,329,960.73 as of June 30, 2015. This loan was granted in order to repay the syndicated credit facility (EUR 92,902,523.49) and provide cash collateral for the issued letters of credit (EUR 427,437.24). The loan has a term of seven years and is due to mature on July 8, 2022. The cash collateral granted for the reported letters of credit of EUR 427,437.24 is part of restricted cash.

Our new owner prepares consolidated financial statements under IFRS and measures “Non-performing loans and receivables acquired for settlement” at amortized cost using the effective interest method. If we had prepared our consolidated financial statements for the periods 2014 and first half 2015 using the effective interest rate method instead of measuring our “Non-performing loans and receivables acquired for settlement” at fair value through profit and loss our book value would have been as follows:

Translation from the German language

Exhibit 9/3

Book Value at amortized costs

	Financial year		As of June 30,
	1.1.2014	31.12.2014	2015
		(in € million)	(in € million) (unaudited)
Non-performing loans und receivables acquired for settlement	101.6	103.7	124.0

Our consolidated income statement would have been presented as follows:

Summary Consolidated Income Statement Information

		Six-Month Period ended June 30,	
	2014	2014	2015
	(in € million)		(in € million) (unaudited)
Revenue	244.3	115.2	128.5
Other operating income	16.1	2.0	3.4
Cost of purchased goods and services	0.7	0.0	0.5
Personnel expenses	45.2	22.5	23.6
Depreciation, amortization and impairment expense	6.3	1.8	2.1
Other operating expenses	164.3	74.3	81.7
Interest and similar income	0.5	0.2	0.4
Interest and similar expenses	16.0	7.7	6.6
Earnings/(loss) before tax	**28.4**	**11.1**	**17.8**
Income taxes/(income)	11.0	3.4	5.6
Profit/(loss) from continuing operations	**17.4**	**7.7**	**12.2**
Profit/(loss) from discontinued operations	(2.3)	-1.2	0.0
Consolidates profit/ (loss) for the period	**15.1**	**6.5**	**12.2**
Profit attributable to non-controlling interest	0.0	0.0	0.0
Loss attributable to non-controlling interests	0.0	0.0	0.1
Profit/(loss) attributable to equity holders of the parent	**15.1**	**6.5**	**12.3**

6. Non-performing loans and receivables acquired for settlement

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

in €k	Jan. 1, 2015 to Jun. 30, 2015	Jan. 1, 2014 to Jun. 30, 2014
Opening balance	102,814	100,692
Acquisitions	37,519	13,014
Disposals	4,953	1,062
Subtotal	**135,380**	**112,644**
Payment receipts	49,986	44,631
Investment income	6,787	6,514
Service income	18,621	17,039
Repayment	**24,577**	**21,077**
Write-ups	15,055	11,907
Impairment expense	-3,752	-2,507
Measurement at fair value	**11,303**	**9,400**
Closing balance	**122,106**	**100,967**

Measurement at fair value is set out in detail below:

in €k	Jan. 1, 2015 to Jun. 30, 2015	Jan. 1, 2014 to Jun. 30, 2014
Additional amounts collected	1,392	2,222
Correction of direct write-downs	29	8
Plan adjustments	11,880	8,432
Service cost adjustments	435	0
Changes in market interest rates	1,319	1,245
Write-ups	**15,055**	**11,907**
Shortfall in amounts collected	-369	-274
Direct write-downs	-645	-133
Plan adjustments	-630	-1,265
Service cost adjustments	-947	-428
Changes in market interest rates	-1,161	-407
Impairment expense	**-3,752**	**-2,507**
Total changes in value	**11,303**	**9,400**

In the second quarter of the current fiscal year, GFKL acquired a large volume of portfolios which had previous been managed as part of servicing. The guarantee claims and pass-through obligations related to the portfolio up to the date of acquisition are explained under section 7. “Other financial assets” and section 10. “Other financial liabilities.”

7. Other financial assets

The decrease in miscellaneous financial assets mainly relates to the lapse of recognized guarantee claims for which the GFKL Group makes advance payment and which are settled through the servicing of the receivables. These guarantee claims lapsed when GFKL acquired the underlying portfolios. This acquisition is described in greater detail in section 6. “Non-performing loans and receivables acquired for settlement.”

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.

9. Liabilities to banks

The decrease in liabilities to banks is attributable to the new financing structure within the GFKL Group, which is described in section 5. "Significant transactions during the reporting period."

10. Other financial liabilities

The increase in other non-current financial liabilities is largely attributable to the new financing structure within the GFKL Group, which is described in section 5. "Significant transactions during the reporting period."

The decrease in other current financial liabilities is attributable to the acquisition of the portfolios by GFKL described in section 6. "Non-performing loans and receivables acquired for settlement." GFKL is therefore no longer required to transfer the incoming payments realized from servicing to the previous owners of the receivables.

11. Other operating income

The increase in other operating income is largely attributable to the derecognition of time-barred overpayments and the recognition of income from an onerous contract.

12. 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.

13. 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.

14. Employees

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

	Jun. 30, 2015	Jun. 30, 2014
Continued operations	805	812
Discontinued operations	0	193
Employees	**805**	**1,005**
Average number of employees	**805**	**1,004**

15. Cash flow statement

In the period under review, the Group generated cash flow from interest paid of € 2,427k (prior year: € 4,046k) and interest received of € 19k (prior year: € 37k). The cash outflow from income taxes was € 1,621k (prior year: outflow of - € 128k). These cash flows are included in the cash flow from operating activities.

16. Related party, Executive Board and Supervisory Board disclosures

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

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

Translation from the German language

Exhibit 9/8

As of Jun. 30, 2015, Mr. Hans-Hermann Anton Lotter and Mr. Wilhelm Plumpe retired from the Supervisory Board. Until Jun. 30, 2015, the Supervisory Board comprised the following members:

Members of the Supervisory Board	Joined on	Left on
Nicole Linke, Mülheim an der Ruhr (employee representative)	Aug. 15, 2012	------------
Hans-Hermann Anton Lotter, Frankfurt am Main (Chairman)	Dec. 15, 2009	Jun. 30, 2015
Wilhelm Plumpe, Hamburg (Deputy Chairman)	Dec. 15, 2009	Jun. 30, 2015

According to the information currently available, there were no unusual transactions with related parties during the period under review.

17. Events after the balance sheet date

On July 1, 2015, Philip Sebastian Mülder and Ulrich Gasse took up their positions as Chairman and Deputy Chairman of the Supervisory Board.

From July 1, 2015, the Supervisory Board comprised the following members:

Members of the Supervisory Board	Joined on	Left on
Nicole Linke, Mülheim an der Ruhr (employee representative)	Aug. 15, 2012	------------
Philip Sebastian Mülder, London (Chairman)	Jul. 1, 2015	------------
Ulrich Gasse, Königstein, Taunus (Deputy Chairman)	Jul. 1, 2015	------------

There were no other events after the balance sheet date which would have had an effect on the consolidated financial statements as of 30 June 2015.

Essen, September 25, 2015

sgd Kamyar Niroumand
(Executive Board)

Garfunkelux Holdco 2 Société Anonyme, Luxembourg
Notes to the unaudited interim condensed consolidated financial statements as of June 30, 2015

I. Corporate information

GARFUNKELUX HOLDCO 2 S.A., (hereafter named the "Company") was incorporated on 1 June 2015 in Luxembourg and is an investment holding company and the parent of the Garfunkel Group. The Company's registered offices are at 488, route de Longwy, Luxembourg, Luxembourg. It is entered in the commercial register of the Local Court of Luxembourg under B No. 197 497. The sole shareholder is Garfunkelux Holdco 1 S.à r.l.. The operating unit of the group is GFKL Financial Services Aktiengesellschaft, Essen, which is a financial services provider in the receivables management segment.

GFKL Group was acquired on 30 June 2015 by the Company through its indirect fully owned subsidiary Garfunkel Holding GmbH.

The GFKL Group includes the following companies:

- debifact Factoring GmbH & Co. KG, Germany – Wuppertal
- debifact Verwaltungs GmbH, Germany – Wuppertal
- Deutsche Multiauskunftei GmbH, Germany – Karlsruhe
- Domnowski Inkasso GmbH, Germany – Hamm
- GFKL Service Center GmbH, Germany – Gelsenkirchen
- INKASSO BECKER WUPPERTAL GmbH & Co. KG, Germany – Wuppertal
- IBW Verwaltungs- und Beteiligungs GmbH, Germany – Wuppertal
- Intratech GmbH, Germany – Köln
- Proceed Collection Services GmbH, Germany – Essen
- Sirius Inkasso GmbH, Germany – Düsseldorf
- Proceed Portfolio Services GmbH, Germany – Essen
- GFKL Collections GmbH, Germany – Potsdam
- ZYKLOP INKASSO DEUTSCHLAND GMBH, Germany - Krefeld.

The interim condensed consolidated financial statements for the period from 1 June to 30 June 2015 were approved and authorized for issue by a resolution of the Board of Directors on September 29, 2015.

II. Basis of presentation and accounting policies

1. Basis of presentation of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements of Garfunkelux Holdco 2 S.A., Luxembourg, have been prepared on going concern basis and in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

In addition to Garfunkelux Holdco 2, the parent company, the Garfunkel Group includes 17 fully consolidated subsidiaries. An overview of all indirect and direct shareholdings is included on page 41. The Company exercises full control over the 17 fully consolidated first and second-tier subsidiaries in accordance with IFRS 10.6, since it is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investees. The power to control the investees is derived directly and solely from the voting rights (IFRS 10.11).

The interim condensed consolidated financial statements are generally prepared using the cost method. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Unless stated otherwise, all figures are shown in thousands of Pound sterling (kGBP). All stated amounts have been individually rounded, which may give rise to minor discrepancies when these amounts are aggregated.

2. First adoption of IFRS in accounting policies and disclosure

Since the Garfunkel Group was created during June 2015 the present interim condensed consolidated financial statements were drawn up for the first time according to the accounting rules of the International Financial Reporting Standards (IFRS). For that reason the Company is first time adopter in the meaning of IFRS 1.3. No financial statements for previous periods have been issued.

a) Accounting standards implemented in the fiscal year

The International Accounting Standards Board (IASB) published various amendments to existing IFRSs and new standards and interpretations.

The following new standards and amendments and changes in standards and amendments that were mandatory in fiscal period ending June 30, 2015 for the first time did not have any significant effect on the interim condensed consolidated financial statements of the Company:

- IFRS 1 – *First-Time Adoption of IFRSs*: Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only)
- IFRS 2 – *Share-based Payments:* Amends the definition of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition"
- IFRS 3 – *Business Combinations:* Require consideration that is classified as an asset or a liability to be measured at fair value at each reporting date. Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statemtns of the joint arrangement itself
- IFRS 8 – *Operating Segments:* Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regulary
- IFRS 10 – *Consolidated Financial Statements*: New guidelines on control and consolidation of subsidiaries
- IFRS 11 – *Joint Arrangements*: New classification of joint operations and joint ventures and abolishment of the proportionate consolidation option
- IFRS 12 – *Disclosure of Interests in Other Entities*: Disclosures on consolidated and non-consolidated entities
- IFRS 13 – *Fair Value Measurement:* Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only). Clarify the scope of the portfolio exception in para. 52
- IFRS 10/IFRS 11/IFRS 12 – Changes – transition provisions: Changes in transition guidance
- IFRS 10/IFRS 12/IAS 27 – Investment Entities: The changes grant an exemption from the consolidation of subsidiaries if the parent meets the definition of an "investment entity" (e.g., certain investment funds). Certain subsidiaries are then measured at fair value through profit or loss in accordance with IFRS 9/IAS 39
- IAS 16 and IAS 38 – Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount
- IAS 19 *Defined Benefit Plans*: Clarify the treatment of contributions from employees
- IAS 24 – *Related Party Disclosures:* Clarify how payments to entities providing management services are to be disclosed
- IAS 28 – *Investments in Associates and Joint Ventures*: Consequential amendments due to the requirement to consolidate jointly controlled entities using the equity method and other changes
- IAS 40 – Investment Property: Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property
- IFRIC 21 – *Levies*: Clarifiying the recognition of a liability for a levy

b) Accounting standards that have been issued but are not yet to be implemented

In addition to the already applicable IFRSs, other standards and interpretations were published, some of which have been endorsed by the EU, but will not become mandatory until a later date.

Standard	Interpretation	Issued by the IASB	Application required from	Endorsed by the EU	Anticipated effects on the consolidated financial statements
IFRS 9	Financial Instruments	Jul. 24, 2014	Jan. 1, 2018	No	Change in the classification of financial assets; calculation of loss allowances based on expected credit losses; greater alignment of hedge accounting with operational risk management
IFRS 10/ IFRS 12/ IAS 28	Investment Entities: Applying the Consolidation Exception	Dec. 18, 2014	Jan. 1, 2016	No	None
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	May 6, 2014	Jan. 1, 2016	No	None
IFRS 14	Regulatory Deferral Accounts	Jan. 30, 2014	Jan. 1, 2016	No	None
IFRS 15	Revenue from Contracts with Customers	May 28, 2014	Jan. 1, 2017	No	Provision, to a greater extent than previously, of useful information on the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers; to this end, IFRS 15 provides a 5-step principles-based model
IAS 1	Disclosure Initiative	Dec. 18, 2014	Jan. 1, 2016	No	No significant changes
IAS 16/ IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	May 12, 2014	Jan. 1, 2016	No	No significant changes
IAS 16/ IAS 41	Agriculture: Bearer Plants	Jun. 30, 2014	Jan. 1, 2016	No	None
IAS 27	Equity Method in Separate Financial Statements	Aug. 12, 2014	Jan. 1, 2016	No	No significant changes
IFRS (2012 to 2014)	Changes and clarifications to various IFRSs	Sep. 25, 2014	Jan. 1, 2016	No	No significant changes

Voluntary early adoption of the standards is not planned.

3. Significant accounting estimates and assumptions

The current accounting is strongly influenced by the accounting treatment of the acquisition of the GFKL Group. Therefore the main accounting estimates and assumptions refer to the measurement of the acquired identifiable assets and liabilities at their acquisition date fair values. The determination of the fair value of acquired net assets requires the exercise of management judgement, particularly for those financial assets and liabilities for which there are no quoted prices or assets such as acquired investment portfolios or customer relations where valuation reflects estimates of future cash flows. Different valuations would result in changes to the goodwill and the post acquisition performance of the acquisition.

According to the accounting policy of the Company the critical accounting estimates and judgements are explained below:

<u>Impairment of acquired portfolio investments (non-performing loans and receivables acquired for settlement)</u>

The current and non-current non-performing portfolios acquired for settlement contain loans and receivables valued at GBP86.8 million as of the SFP date. The portfolios include distressed loan receivables and other distressed receivables that the group acquires for settlement at a significant discount from the nominal amounts.

The portfolio investments are reviewed for indications of impairment in accordance with IAS 39 (Financial Instruments). Where portfolios exhibit objective evidence of impairment, an adjustment is recorded to the carrying value of the portfolio. If the forecast portfolio collections are lower than previous forecasts, the cumulative revenue recognised is considered as described in the revenue recognition accounting policy. The impairment adjustment is calculated by discounting regularly revised cash flow forecasts developed for each individual portfolio investment, at the finally set Effective Interest Rate (“EIR”). The cash flow forecasts, which represent the undiscounted value of the estimated remaining collections of our portfolio investments at a given point in time, are calculated over a period of at least 84 months, based on previous month’s collections and historical portfolio performance information collated within our proprietary valuation model. According to the German market GFKL Group initially calculated the cash flow forwards over a period of 120 month. The calculation for each portfolio investment is inherently judgemental as it involves the estimation of future cash flows based upon historical collections data from the individual debt owed.

<u>Determining the recoverability of guarantee claims</u>

Guarantee claims involve advance payments by the GFKL Group that are settled in the process of servicing the receivables. Estimates are used to determine the recoverability of the guarantee claims by forecasting expected future cash flows on the basis of past experience and discounting the amounts using a weighted refinancing interest rate.

Goodwill impairment test

The Company tests goodwill (GBP 297 million) for impairment at least once a year. This requires estimating the value in use of the cash-generating unit to which the goodwill has been allocated. To estimate value in use, the group must estimate the expected future cash flows from that cash-generating unit as well as an appropriate discount rate in order to determine the present value of these cash flows. Please also refer to the disclosures under section III.1. (Goodwill).

Pension obligations

When measuring provisions for pensions (GBP3.8 million), uncertainty exists in terms of measuring turnover, pension payment and salary trends, the discount rate, and life expectancy. Please also refer to the disclosures under section III.14. (Provisions for pensions).

4. Significant accounting judgments

Treatment of VAT backpayments

By judgment dated October 27, 2011, the European Court of Justice ruled that the purchase of a portfolio investment does not constitute a supply of services for consideration by the acquirer to the seller.

This judgment was mirrored by the German Federal Finance Court in its judgment dated January 26, 2012. However, the judgment also stated that the acquirer of the exposures could therefore not claim the deduction of input VAT in accordance with Sec. 15 UStG ["Umsatzsteuergesetz": German VAT Act] for the input transactions related to the acquisition of the exposures. This means that the company would have to refund to the tax office the input VAT claimed for this line of business for the period starting from 2004.

Assuming that a grandfather ruling for the application of the UStAE ["Umsatzsteueranwendungserlass": Decree on the Application of the German VAT Act] (part 2.4 UStAE) will become in place, the sub-group GFKL recognized in the financial year 2014 a provision of GBP 5.2 million for not paid VAT in connection with purchases of portfolio investments in the past.

Based on the aforementioned court rulings, the sub-group GFKL reduced the input VAT deductions by a flat 30% in consultation with the tax authorities in 2012. These amounts were taken into account again during the preparation of the tax returns. The resulting claim of GBP2.4 million was offset against the aforementioned provision for the first time in 2014. As a result, the provision amounts to GBP 2.8 million plus GBP 2.0 million of interests related and is presented under the caption “Income tax provisions” in the interim condensed consolidated financial statements.

As the tax authorities have still not made a final decision with regard to the above matter, this amount may change to the benefit or detriment of the Company.

5. Significant accounting policies

a) Accounting treatment of acquired portfolios

Acquired portfolio investments are recorded as loans and receivables in accordance with IAS 39 (Financial Instruments). Acquired portfolios investments are acquired from institutions at a substantial discount from their face value. The portfolio investments are initially recorded at their fair value, being their acquisition price, and are subsequently measured at amortized cost using the effective interest method.

The portfolio investment asset is analysed between current and non-current in the statement of financial positions (“SFP”). The current assets is determined using the expected cash flows arising in the next twelve months as from July 1, 2015. The residual amount is classified as non-current.

b) Recognition and measurement of financial instruments

The application of IAS 39 means that, on initial recognition, all financial assets and financial liabilities must be allocated to one of the six categories explained below. In the case of financial instruments not measured at fair value through profit or loss, the measurement includes transaction costs directly attributable to the acquisition of the financial asset concerned. Subsequent measurement of financial assets and financial liabilities depends on their classification. Regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

i) Financial assets at fair value through profit or loss

This category relates to financial assets that must be recognized at fair value through profit or loss. Such assets are initially recognized at cost, which at this point equates to fair value. The assets must also be measured subsequently at fair value.

The main assets in the group falling into this category are derivative financial instruments that do not fall under the scope of hedge accounting in accordance with IAS 39.

ii) Held-to-maturity financial assets

Financial assets must have a fixed maturity and a fixed schedule of payments if they are to be classified under this category. At every SFP date, it must be demonstrable that the company has the positive intention of continuing to hold these assets to maturity. Such assets are measured at cost or amortized cost. The group does not hold any assets in this category.

iii) Loans and receivables

This category covers loans and receivables recognized as a result of the provision of monies or services, or loans and receivables that the company has acquired. Such assets are initially recognized at fair value and subsequently measured at amortized cost. The following SFP items fall into this category: “Trade and other receivables” and “Cash and cash equivalents.”

iv) Available-for-sale financial assets

This category covers all remaining non-derivative financial assets not classified under one of the aforementioned categories. The financial assets recognized in this category are measured at fair value, both on initial recognition and subsequent measurement. Changes in the fair value of the assets are recognized directly in other comprehensive income in a revaluation reserve. When an asset is derecognized, this revaluation reserve must be reversed to the income statement. As of the SFP date the group has no assets in this category.

v) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and other financial liabilities designated as “at fair value through profit or loss” on initial recognition. With the exception of financial derivatives with negative fair values that do not qualify for hedge accounting, the group did not hold any financial liabilities in this category as of the SFP date.

vi) Financial liabilities at amortized cost

Following initial recognition, interest-bearing liabilities are measured at amortized cost. The SFP items falling into this category are as follows: “Borrowings” and “Trade and other payables”.

c) Other significant accounting policies

Trade and other receivables

Receivables are carried at the settlement amount and are due for payment within one year. Specific valuation allowances were recognized for receivables subject to a default risk.

Goodwill and impairment testing

Goodwill arising from a business combination is measured at cost on initial recognition. This goodwill cost equates to the excess of the cost of the business combination over the group's share in the fair value of the identifiable assets, liabilities and contingent liabilities acquired in the transaction. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment at least once a year and whenever new factors or changes in circumstances indicate that the carrying amount could be impaired.

Impairment tests require that the goodwill be allocated to one of the cash-generating units from the date the entity concerned is acquired. This applies regardless of whether other assets and liabilities of the acquired entity have already been allocated to these units. Any unit to which goodwill has been allocated represents the lowest level within the group at which goodwill is monitored for internal management purposes.

Impairment is identified by determining the recoverable amount for the cash-generating unit. If the recoverable amount for the cash-generating unit is below its carrying amount, an impairment loss is recognized.

An impairment test will be carried out on the SFP date on all other assets where the factors specified by IAS 36.12 indicated that the asset could be impaired. In addition at every SFP date, a test will be carried out to establish whether there are indications that the reasons for an impairment loss recognized in prior periods no longer exists or could have diminished. If such indications are found to exist, the recoverable amount of the asset concerned is estimated. Any previously recognized impairment loss will then be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset must be increased to the recoverable amount. The increased carrying amount of this asset must not exceed the carrying amount that would have been determined (net of amortization/depreciation) had no impairment loss been recognized for the asset in prior years.

As at June 30, 2015, no impairment test was performed as the Carl Group was acquired at that date.

Other assets

Other assets and other rights are reported at amortized cost. Intangible assets and property, plant and equipment are carried at cost less amortization/ depreciation. Borrowing costs are added to the cost of an asset, provided it is a qualifying asset pursuant to IAS 23. Amortization/depreciation is recognized on a straight-line basis over a period that reflects the standard useful life of these assets in the industry. These amortization/depreciation periods are as follows: software, 3 to 10 years; other intangible assets, 3 to 10 years; vehicles, 5 years; other office furniture and equipment, 2 to 15 years and leasehold improvements with regard to the life of the lease. Residual values of assets, useful lives and amortization/depreciation methods are reviewed at the end of each fiscal year and adjusted where required.

Taxes

Taxes in Luxembourg

The mother company Garfunkelux Holdco 2 S.A. and her direct daughter company are situated in Luxembourg City. Therefore they are principally subject to a combined corporate income tax (CIT) and municipal business tax (MBT) at an effective rate of currently 29.22%. Moreover Luxembourg companies are also subject to 0.5% net wealth tax (NWT) p.a. on their net assets.

Consolidated tax sub-group in Germany

The operating unit GFKL forms a consolidated tax group for trade tax and corporate income tax purposes through control and profit and loss transfer agreements with the following companies: Domnowski Inkasso GmbH, Proceed Collection Services GmbH, Proceed Portfolio Services GmbH, Sirius Inkasso GmbH, Zyklop Inkasso Deutschland GmbH and GFKL Collections GmbH.

As of June 30, 2015, the following companies formed a consolidated tax sub-group for value-added tax (VAT) purposes with GFKL in Germany: Domnowski Inkasso GmbH, Proceed Portfolio Services GmbH, Proceed Collection Services GmbH, Sirius Inkasso GmbH, Zyklop Inkasso Deutschland GmbH and GFKL Collections GmbH.

Current taxes

Current income tax refund claims and income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The calculation of the amount is based on the tax rates and tax legislation in force of the relevant country on the SFP date.

Deferred taxes

Deferred taxes are recognized using the SFP liability method for all temporary differences as of the SFP date between the carrying amounts of assets and liabilities on the SFP and their corresponding tax base. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, as yet unused tax loss carryforwards and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences and as yet unused tax loss carryforwards and tax credits can be utilized.

Deferred tax assets and liabilities are measured using the tax rates expected to apply in the period in which the asset will be realized or the liability settled. These rates are based on tax rates and tax regulations enacted or announced as of the SFP date.

Income taxes that relate to items recognized directly in equity or in other comprehensive income are themselves recognized directly in equity or in other comprehensive income and not in the income statement.

Deferred tax assets and deferred tax liabilities are netted if the group has an enforceable right to offset current tax assets against current tax liabilities and these deferred tax assets and liabilities relate to income tax in the same taxable entity levied by the same tax authority. Current and non-current deferred tax assets and liabilities are recognized as a net item under non-current liabilities.

VAT

Income, expenses and assets are recognized net of VAT, except:

- Where the VAT incurred on purchased goods and services cannot be reclaimed from the tax authorities, in which case the VAT is recognized as part of the cost of the asset or as an expense.

- Receivables and liabilities are stated with the amount of VAT included.

The VAT amount reclaimable from, or payable to, the tax authorities is reported under receivables or liabilities in the SFP.

<u>Provisions</u>

As specified by IAS 37, a provision is recognized if there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense in connection with the recognition of a provision is recognized in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in provisions due to the passage of time is recognized as an interest expense.

Provisions for pensions

The operating unit GFKL provides defined benefit pension plans. Provisions for pensions are calculated pursuant to IAS 19. Actuarial models are used to calculate the provisions for pensions and the related pension expenses. These calculations use various assumptions such as current actuarial probabilities (discount factors, increase in cost of living, etc.), assumptions regarding turnover based on age and years of service as well as experience-based assumptions concerning the probability of occurrence of pension payments, annuity payments or endowment payments. The probabilities used in the inputs may deviate from actual developments due to changes in market and economic conditions. Sensitivity analyses are used to determine the financial effects of the deviations in the significant inputs.

Liabilities

Loans are initially recognized at the fair value of the consideration received after deducting any transaction costs incurred in taking out the loan. Interest-bearing liabilities are carried at the expected settlement amount including the accrued interest. Non-interest bearing liabilities arise in the form of trade payables and other liabilities.

Cash flow and fair value hedges

Derivative financial instruments are used for hedging. As of the SFP date, they relate both to hedging the risk of a change in the fair value of a recognized asset or a recognized liability and to hedging the risk of variability in cash flows.

Such derivative financial instruments are initially recognized at fair value on the date on which the contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of a derivative are recognized immediately in profit or loss.

Foreign currencies

The interim condensed consolidated financial statements are presented in GBP, which is the group’s presentation currency. As the functional currency of the subsidiaries is the local curreny which is EUR, on consolidation, the assets and liabilities of foreign operations are translated into GBP at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Transactions denominated in foreign currency are initially translated into the functional currency at the spot rate on the day of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the closing rate. Exchange differences are recognized in profit or loss.

No currency translation adjustments arose for the period from June 1, 2015 to June 30, 2015 because GFKL AG acquisition occurred at June 30, 2015 and all material costs incurred at that date.

d) Income statement

Revenue

Revenue is recognized as soon as it is probable that the economic benefit will flow to the group and the amount of the revenue can be reliably determined regardless of when the payment is being made.

Income in respect of portfolio investment is reported as revenue. Income from portfolio investments represents the yield from acquired portfolio investments, net of VAT. Acquired portfolio investments are financial instruments that are accounted for using IAS 39 (Financial Instruments), and are measured at amortised cost using the effective interest method.

The effective interest rate (EIR) is the rate exactly discounts a minimum of 84 months of estimated future cash receipts of the acquired portfolio asset to the net carrying amount at initial recognition. If refinements need to be made to estimates of future cash flows resulting from the acquisition process the EIR is reassessed for up to a maximum of 12 month after the acquisition date.”

Acquired portfolio investments are acquired at a deep discount and as a result the estimated future cash flows reflect the likely credit losses within each portfolio.

Upward adjustments to carrying values as a result of reassessment to forecasted cashflows are recognized in the portfolio write up line item within revenue, with subsequent reversals also recorded in this line. If these reversals exceed cumulative revenue recognized to date, a provision for impairment is recognized as a separate Statement of Comprehensive Income (“SCI”) line item.

Collection activity costs

Collection activity costs represents the direct third party costs in providing services as a debt collection agency of collecting debts on acquired portfolio investments; examples include printing and postage, lawyer costs, third party commissions, search and trace costs, telephone and SMS text costs. They are recognized as the costs incurred.

6. Consolidation disclosures

a) Basis of consolidation

The basis of consolidation is as follows:

The Company and Garfunkelux Holdco 3 S.A., Luxembourg, were incorporated on June 1, 2015. On June 29, 2015, the Company made a cash contribution to Garfunkelux Holdco 3 S.A. for kGBP185,689 (kEUR261,019) allocated to the share capital for an amount of kGBP3,535 (kEUR4,969) and to the share premium account for an amount of kGBP182,154 (kEUR256,050).

The acquisition of Garfunkel Holding GmbH, Frankfurt am Main, took place on June 16, 2015. Its share capital amounts to kGBP17.8. The purchase price was kGBP19.2. The purchaser is Garfunkelux Holdco 3 S.A., a wholly owned subsidiary of the Company. In addition, a resolution was approved on June 30, 2015, to contribute into the free capital reserve an amount of kGBP184,198.

Garfunkel Holding GmbH acquired all shares in Carl Holding GmbH, Frankfurt am Main. The share capital of Carl Holding GmbH amounts to kGBP17.8. According to the merger agreement dated August 6, 2015, Carl Holding was merged onto Garfunkel Holding GmbH. The entry in the commercial register was made on August 19, 2015.

Carl Holding GmbH owns a stake of 94,48% respectively of 97,95 % (of shares excluding treasury shares) of GFKL Financial Services AG, Essen, who is the operating unit of the Garfunkel Group. GFKL AG has presented further sub-group financial statements as on June 30, 2015 for itself and its 13 affiliated companies (section l).

The assets acquired and liabilities assumed from Carl Holding GmbH break down as follows:

Assets acquired and liabilities assumed

in kGBP	Acquisition-date fair value
Assets	
Property, plant and equipment	2,499
Intangible assets	64,374
Goodwill	0
Inventories	13
Portfolio investments	86,866
Receivables and other financial assets	17,393
Cash and cash equivalents	29,509
	200,655
Liabilities	
Borrowings	68,167
Provisions	12,592
Income taxes	12,745
Deferred tax liabilities	26,311
Trade and other payables	31,954
	151,769
Total identifiable net assets at fair value	**48,885**
Goodwill arising on acquisition	295,278
Non-controlling interests	618
Total consideration	**344,782**

Proceeds or profits or losses of Carl Holding GmbH will be included from the date of first-time consolidation (June 30, 2015).

Revenues of Carl Holding GmbH for the period January 1 to June 30, 2015, are kGBP92,983 and profit amounts to kGBP4,683.

b) Principles of consolidation

The separate financial statements for all the companies included in the interim condensed consolidated financial statements are prepared to the SFP date of the interim condensed consolidated financial statements. Uniform accounting policies are applied to all these financial statements.

The acquisition of subsidiaries consolidated were accounted in accordance with IFRS 3 on the basis of the fair value of the acquired identifiable assets and liabilities. On first-time consolidation in each case, the carrying amount of the Company’s investment was offset against its share of equity in the subsidiary concerned. Intragroup receivables and liabilities between fully consolidated companies are netted, any residual differences being consolidated to the extent required. In the consolidation of income and expense, internal revenue and intragroup income and expense is eliminated, as is any intragroup profit or loss arising from transactions between consolidated companies. Deferred taxes had to be recognized as a result of the use of uniform group accounting policies, the consolidation of intercompany balances and the elimination of intercompany profits and losses; these items were grouped together with the deferred taxes from the separate financial statements.

7. Business risks and capital management

a) Business risks

The following risk report presents the information required pursuant to IFRS 7.31-42.

In the reporting period, the focus was on the core receivables management segment and the period was dominated by the implementation of the related measures.

<u>Functions, methods and organization of the Garfunkel Group’s risk management</u>

The objective of risk management at the Garfunkel Group is to create suitable conditions such that:

- the risk situation of the group is sufficiently transparent at all times and is depicted realistically,
- risks to the company’s ability to continue as a going concern are recognized sufficiently early before they occur so as to enable suitable measures to be taken to prevent a corporate crisis,
- sufficient risk diversification is ensured and
- risks are only entered into across the group if they also offer reasonable returns.

Against the background of these objectives, a comprehensive risk management system is in operation, the focus of which is modern risk identification and assessment methods, appropriate safeguards and controls as well as timely risk reports to the competent decision-makers.

In the Garfunkel Group, risk is seen as an unexpected negative deviation of results from the expected value.

Risk management starts with a risk & opportunities list, which is used to record the potential losses to which the Garfunkel Group is exposed. In the next step, potential losses are quantified in monetary terms for each type of risk which could endanger the existence of the group taking into account cost-benefit considerations.

In addition, at the level of the operating unit GFKL the compliance management system (CMS) introduced in fiscal year 2014 forms the basis for regular analysis of compliance risks at central level. The GFKL sub-group and its business activities are examined for potential compliance risks in ongoing risk identification processes in order to derive any necessary measures. The compliance officer of the Group Internal Audit department is responsible for the organization.

A risk reporting system is in place in order to ensure that the management of the group companies and the Executive Board of GFKL are provided with a realistic picture of the risk situation. The Treasury, Financial Control and Accounting departments of the GFKL sub- group provide all group companies and the Executive Board with monthly reports on the development of earnings, liquidity and the key performance indicators. On the basis of this management information system, the Executive Board of the operating unit GFKL AG monitors the business development of all sub-group companies on an ongoing basis and regularly discusses the current business situation with the general managers of the subsidiaries. The Executive Board and Supervisory Board are regularly updated on the current risk situation. A constituent part of the risk management process is also regular reviews of the business operations of the group companies by Internal Audit.

In organizational terms, the overall responsibility for risk management lies with the Executive Board of GFKL AG. The task of identifying and assessing risks is largely centralized in the group mother company and is performed in cooperation with the Financial Control/Risk Management and Group Internal Audit departments. Operational risk management (i.e., decisions to enter into risk positions and hedging) is the responsibility of the management of the subsidiaries, specific department heads at GFKL AG as well as the Executive Board of GFKL AG.

For hedging purposes, usual market derivatives can be employed in the context of risk management. Entering into derivative positions is regulated by a work instruction and is exclusively reserved for the Executive Board and a small group of suitably qualified employees in the Treasury department. For each transaction, market conformity is reviewed and documented by an independent unit.

Counterparty risks

Counterparty risk describes the possibility that a cash loss could arise due to a contractual partner not or only partly fulfilling its contractual (payment) obligations. The Garfunkel Group is exposed to various kinds of counterparty risk, namely (a) directly due to the investment of cash and cash equivalents, (b) indirectly through the purchase of portfolios of secured and unsecured non-performing loans (investment risk), and (c) through derivative positions (settlement risk).

From the group's perspective, investment risk was the most significant form of risk as of the SFP date.

The credit risk arising from the investment of cash and cash equivalents is limited by the fact that the group only works with partners with an exemplary credit rating.

With regard to investment risk, every investment in a non-performing loan portfolio is preceded by an intensive decision-making and evaluation process, the result of which is a projection of the anticipated cash flow. This cash flow projection serves as the basis for prompt comprehensive plan variance analyses, which then form the basis for active portfolio management by the group's management and the general managers of the subsidiaries.

Price risks

Price risks entail negative changes in the value of asset items caused by unexpected market price fluctuations. Included in the price risks which the Garfunkel Group faces directly or indirectly through the group companies are interest rate and margin risks.

Interest rate risks – understood as the risk of a decrease in the present value of the entire cash flow from all relevant investments and corresponding financing arrangements due to changes in interest rates.

Risk management and financial management as a whole are performed centrally at group level. When it comes to interest rate risk, risk policy aims to achieve consistent safeguards against all significant risks, whether in the form of risk avoidance through refinancing with matching maturities, or compensation through the use of interest rate hedging instruments.

Margin risks occur in receivables management. Due to rising competition and increasing price sensitivity of NPL sellers, the Garfunkel Group is subject to margin risks. They can entail returns (margins) that fall below their expected value. This risk affects both service mandates and NPL purchases.

Liquidity risks

Liquidity risk is the danger that the Garfunkel Group will be unable to fulfill its contractual payment obligations on time or not in the correct amount. For this purpose, sophisticated management tools are in place comprising the following three components.

The short-term cash management of the operating unit GFKL AG comprises the daily rolling, local and direct recording of the liquidity situation of the individual group companies with the help of the corresponding applications in the treasury management system. Reports on current liquidity are sent daily by the Treasury department to the entire Executive Board of GFKL.

The medium-term operational liquidity planning of the operating unit GFKL provides four-week rolling plans of the development of available liquidity balances for each company on a local basis for each of the next 13 weeks and for a period of 52 weeks (one year) on a monthly basis.

Strategic liquidity management provides a plan for the sub-group's liquidity development once a year by identifying all cash items of the sub-group's financial plan for a period of five years. The first forecast period is presented on a monthly basis and the other forecast periods on a quarterly basis.

An adequate liquidity reserve is maintained in order to absorb any unexpected timing differences between incoming and outgoing payments. In the reporting period, there were no liquidity squeezes at any time that would have impaired the solvency of Garunkelux Holdco 2 S.A. and its subsidiaries.

The liabilities comprise in total a loan facility agreement, which was entered into as of June 30,2015 and which was used as a current bridge financing.

The initial recognition applied to IAS 39 (effective interest method). The arrangement fees that related to the conclusion of the new syndicated loan and that fell due in connection with the syndicated credit facility at the beginning of the term were deducted from the loan amount in accordance with IAS 39. Using the effective interest method, the arrangement fees of GBP6.5 million are added back to the loan over its term, with the expense recognized in profit or loss.

The Company's liabilities to banks are secured by senior notarized pledges of shares and receivable pledges and limited partnership interests in Garfunkelux Holdco 3 S.A., Luxembourg.

The nominal of the bridge financing amounted of EUR365 million and has an initial maturity date which is the first anniversary of the utilisation date. In the event of the senior secured bond issuance the proceeds of the bond will be used to redeem in full the senior secured bridge.

As of June 30, 2015, the gross cash flows relating to financial liabilities comprising interest and principal portions showed the following maturity structure:

Residual maturity	**Jun. 30, 2015 in kGBP**
Less than 1 year	-317,447
1 to 5 years	-7,249
More than 5 years	0

As of the SFP date, the maturity profile of forecast gross cash flows from derivative financial instruments, also included in the above table on financial liabilities, is as follows:

Residual maturity	**Jun. 30, 2015 in kGBP**
Less than 1 year	-387
1 to 5 years	-635
More than 5 years	0

Operational risks

Included in the relevant operational risks are elementary risks, risks from the use of IT systems, legal risks, personnel risks as well as certain risks which arise in connection with shareholdings. The Garfunkel Group is sufficiently insured against *operating risks* such as fire, break-in and theft, mainly water and storm damage, business interruption and liability. In order to keep business running in the event of a disaster, an emergency plan exists for the immediate reestablishment of systems availability at a separate location (emergency computer center). The data of the group companies is backed up on a daily basis and copies of the most recent backup data are also stored off-site.

In order to identify legal risks at an early stage, new case law and legislation are promptly examined by the competent employees for matters which could be relevant to the group. The possible effects that subjects of political debate (such as current economic and taxation policy as well as supervisory regulation) could have on the business operations of subsidiaries are likewise continually analyzed, evaluated and forwarded to the relevant decision-makers.

In Germany the obligation to provide information as required by the German Act Against Improper Business Practices entered into force as of November 1, 2014. The information requirements under this Act were gradually integrated into existing processes and implemented by the SFP date. The Act authorized the German Federal Ministry of Justice to issue its own ordinance on fees and charges for collection services performed for more than 100 similar receivables of the same creditor within one month. There are still no indications that this ordinance on fees and charges will be adopted in the short term. Future developments will be monitored through our participation in professional associations.

In order to recognize personnel risks in a timely manner, staff turnover and sick leave are determined on a monthly basis for each group company.

By judgment dated October 27, 2011, the European Court of Justice ruled that the purchase of a portfolio of non-performing receivables does not constitute a supply of services for consideration by the acquirer to the seller. Regarding the consequences following this judgment for the group see section II. 4. "Significant accounting judgements Treatment of VAT backpayments".

As the German tax authorities have still not made a final decision with regard to the above matter, the impacts may vary to the benefit or detriment of the Garfunkel Group.

Due to the above matter, the German tax audits for the period starting from 2004 have yet to be finalized. For this reason, subsequent findings by the German tax authorities from the outstanding tax audits may also have further effects to the benefit or detriment of the Garfunkel Group.

Operational risks are also posed by the possibility that major customers especially will terminate their service agreements with the Garfunkel Group. The Garfunkel Group counters these risks in particular through the high quality of the service rendered under multi-year contracts. There is also a risk from guarantee claims for which the Garfunkel Group makes advance payment and which are settled through the servicing of the receivables. If the advance payments cannot be settled through the servicing of the receivables, valuation allowances may be required for guarantee claims. The risk is mainly countered by regularly monitoring the servicing of the receivables.

b) Capital management

The objective of capital management is to ensure that the Garfunkel Group has an equity capital base appropriate to the risk structure of the business. This is a precondition that must be satisfied if the Garfunkel Group is to have sufficient access to funds on money and capital markets at all times. In the Garfunkel Group, this function is performed centrally by the operating unit GFKL AG. The Garfunkel Group is not subject to regulatory capital requirements. However, the Risk Control department reviews economic capital adequacy internally on a continuous basis.

Any emerging capital requirement is identified at an early stage; appropriate corporate action is then decided and implemented.

III. Interim condensed consolidated statement of financial position disclosures

1. Goodwill

This SFP item comprises goodwill in the cash-generating units. The reconciliation of the carrying amounts of goodwill at the beginning and end of the reporting period as well as the distribution over the cash-generating units is presented below.

in kGBP	**Goodwill**
Cost	
Balance as of June 1, 2015	0
Acquisition of subsidiaries	297,345
Balance as of June 30, 2015	**297,345**
Write-downs and impairment losses	
Balance as of June 1, 2015	0
Impairment losses	0
Balance as of June 30, 2015	**0**
Carrying amounts as of June 1, 2015	**0**
Carrying amounts as of June 30, 2015	**297,345**

in kGBP	June 30, 2015
Carl Group	**297,345**

There was no allocation of goodwill to groups of cash-generating units so far So the accounting of the business combination of the Carl Group is incomplete in this regard (IFRS 3.45).

2. Other intangible assets

Intangible assets developed as follows:

in kGBP	Purchased software	Trademark	Customer relationships	Advance payments made	Total
Cost					
Balance as of June 1, 2015	0	0	0	0	0
Additions from business combinations	6,032	5,833	50,478	2,031	64,374
Additions	0	0	0	0	0
Reclassifications	0	0	0	0	0
Disposals	0	0	0	0	0
Balance as of June 30, 2015	**6,032**	**5,833**	**50,478**	**2,031**	**64,374**
Accumulated amortization and impairment losses					
Balance as of June 1, 2015	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Balance as of June 30, 2015	**0**	**0**	**0**	**0**	**0**
Residual carrying amounts as of' June 30, 2015	**6,032**	**5,833**	**50,478**	**2,031**	**64,374**

Additions from business combinations relate in total to intangible assets of the sub-group GFKL.

Software is amortized on a straight-line basis over its estimated useful life or remaining useful life, which may be a period of between 3 and 10 years.

The acquired contractual and non-contactual customer relationships and the trademark are amortized on a straight-line basis as well, over the expected life of the underlying contract which range from 10 to 15 years.

Additions to advance payments largely comprise IT software.

3. Property, plant and equipment

Property, plant and equipment developed as follows:

in kGBP	Other office furniture and equipment
Cost	
Balance as of June 1, 2015	0
Additions from business combinations	2,499
Additions	0
Reclassifications	0
Disposals	0
Balance as of June 30, 2015	**2,499**
Accumulated depreciation and impairment losses	
Balance as of June 1, 2015	0
Additions	0
Disposals	0
Balance as of June 30, 2015	**0**
Residual carrying amounts as of June 30, 2015	**2,499**

Depreciation is recognized on a straight-line basis over the useful lives of the assets, which is 3 to 15 years for other office furniture and equipment.

Additions from business combinations relate to other office furniture and equipment of the sub-group GFKL.

4. Portfolio investments

The following table shows the total of current and non-current non-performing loans and receivables acquired for settlement:

in kGBP	June 30, 2015
Secured, terminated loans	201
Unsecured, terminated loans	32,674
Unsecured, overdue other receivables	53,991
Total	**86,866**

As on June 30, 2015, non-performing loans and receivables acquired for settlement broken down by residual maturity were as follows:

in kGBP	Residual maturity			
	Less than 1 year	1 to 5 years	More than 5 years	Total
investment portfolios acquired for settlement	32,001	45,796	9,069	86,866

As the SFP date is the same as the acquisition date of the sub-group GFKL the carrying amount of the investment portfolios corresponds to the fair value.

5. Inventories

Inventories mainly relate to IT hardware and access systems for customers of the German subsidiary Intratech GmbH.

6. Trade and other receivables

The item mainly relates to receivables from customers for services.

in kGBP	June 30, 2015
Expenses from the collection process	1,633
Refund claims from other taxes	564
Prepaid expenses and other items	7,774
Trade receivables	4,494
Specific valuation allowances on receivables	-104
Other financial assets	6,214
Total	**20,575**

Valuation allowances are recognized on a case-by-case basis on separate valuation allowance accounts. Uncollectible receivables are directly written off and thereby derecognized, taking into account valuation allowances previously recognized.

Prepaid expenses mainly consist of transaction costs in connection with the issuance of the revolving credit facility (kGBP 868) and the Bond I (kGBP 5,555). The expenses comprise underwriting fees and commissions paid to agents and advisers that are directly attributable to the issue of the liabilities. The expenses will be treated as transaction costs under IAS 39.43 once payments are received.

The other financial assets break down as follows:

in kGBP	June 30, 2015	June 1, 2015
Miscellaneous non-current financial assets	61	0
Total other non-current financial assets	**61**	**0**
Advanced payments	2,026	0
Miscellaneous financial assets	4,127	0
Total other current financial assets	**6,153**	**0**
Total	**6,214**	**0**

The miscellaneous financial assets relate in a large proportion (kGBP 1,401) to guarantee claims for which the GFKL Group makes advance payment and which are settled through the servicing of the receivables. Another significant proportion (kGBP 1,017) concerns creditors with a debit balance.

7. Assets for current tax

The income tax refund claims mainly relate to backpayments to the operating unit GFKL.

8. Cash and cash equivalents

Cash and cash equivalents primarily comprise credit balances on current accounts and short-term deposits as well as payments for capital reserves. Of these cash and cash equivalents, GBP13.7 million are restricted funds, as they relate to pass-through obligations from portfolio management and administered trust accounts.

9. Share capital and share premium

As of the SFP date, share capital amounted to kGBP 3,557 (in EUR 5,000,000.00). It is divided into 500,000,000.00 number of ordinary shares. The company had no conditional capital at its disposal as of the SFP date.

10. Legal reserve

The objective of the regulations governing statutory reserves and capital reserves is to ensure that capital is preserved and thus to protect creditors by creating restricted assets above and beyond the assets required to cover share capital. In accordance with Luxembourg law and regulations at least 5% of the

Company's net income per year must be allocated to the creation of a legal reserve equivalent to 10% of the Company's share capital. These restricted assets may be used to offset losses without affecting the assets covering share capital. The assets are restricted in the sense that the relevant amounts cannot be made available for dividend distributions.

11. Non-controlling interests

Non-controlling interests relate to the minority interests in intratech GmbH and GFKL Financial Services AG.

12. Borrowings

The liabilities comprise mainly a loan facility agreement, which was entered into as of June 30, 2015 by Garfunkel Holdco 3 S.A: and which was used as a current bridge financing. The loan has been redeemed on July 23, 2015 by issuing a bond. The bond has a fixed nominal interest rate 7,5% p.a. and has a duration of 7 years.

In addition the Garfunkel Holdco 3 S.A. has entered in a Revolving Credit Facility in a nominal value of kEUR 60,000. The interest rate is based on LIBOR plus a margin of 3,5%. On the SFP the Revolving Credit Facility has not been drawn.

The initial recognition applied to IAS 39 (effective interest method). The arrangement fees that related to the conclusion of the new syndicated loan and that fell due in connection with the syndicated credit facility at the beginning of the term were deducted from the loan amount in accordance with IAS 39. Using the effective interest method, the arrangement fees of kGBP 6,536 are added back to the loan over its term, with the expense recognized in profit or loss.

The Company's liabilities to banks are secured by senior notarized pledges of shares/ limited partnership interests in Garfunkelux Holdco 3 S.A., Luxembourg.

Garfunkelux Holdco 2 Société Anonyme, Luxembourg
Notes to the unaudited interim condensed consolidated financial statements as of June 30, 2015

13. Provisions

in kGBP

	Other taxes	Interest (incidental tax expenses)	Warranties	Restructuring	Contingent consideration	Archiving	Other	Total
Opening balance	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0	0
Allocation	0	0	0	0	0	0	0	0
Utilization	0	0	0	0	0	0	0	0
Reversal	0	0	0	0	0	0	0	0
Disposals from the sale of companies	0	0	0	0	0	0	0	0
Additions from business combinations	2,942	3,929	278	393	847	246	636	9,271
Closing balance	**2,942**	**3,929**	**278**	**393**	**847**	**246**	**636**	**9,271**
Current	2,942	3,929	278	393	847	47	381	8,817
Non-current	0	0	0	0	0	199	255	454
Closing balance	**2,942**	**3,929**	**278**	**393**	**847**	**246**	**636**	**9,271**

The item “Other taxes” mainly relates to provisions of the sub-group GFKL for VAT backpayments in connection with the purchase of distressed receivables and VAT backpayments due to the ongoing tax audit of GBP0.2 million. By judgment dated October 27, 2011, the European Court of Justice ruled that the purchase of a portfolio of non-performing loans does not constitute a supply of services for consideration by the acquirer to the seller.

This judgment was mirrored by the German Federal Finance Court in its judgment dated January 26, 2012. However, the judgment also stated that the acquirer of the exposures could therefore not claim the deduction of input VAT in accordance with Sec. 15 UStG for the input transactions related to the acquisition and collection of the exposures. This means that the sub-group GFKL would have to refund to the tax office the input VAT claimed for this line of business for the period starting from 2004.

Assuming that a grandfather ruling for the application of part 2.4 UStAE will become in place, the sub-group GFKL recognized in the financial year 2014 a provision of GBP5.2 million for not paid VAT in connection with purchases of portfolio investements in the past. Based on the aforementioned court rulings, the sub-group GFKL reduced the input VAT deductions by a flat 30% in consultation with the tax authorities in 2012. These amounts were taken into account again during the preparation of the tax returns. The resulting claim of GBP2.4 million was offset against the aforementioned provision for the first time in 2014. As a result, the provision amounts to a total of GBP2.8 million plus GBP2 million in interest.

Additionally, in May 2015 a draft letter of the Federal Ministry of Finance, showing a grandfather ruling, was sent out to the organization Bundesvereinigung Kreditankauf and Servicing e.V. The final version is expected soon.

In addition to the abovementioned interest on VAT of GBP2 million, the provisioned interest for incidental tax expenses included other additional interest expenses for tax audits and income taxes of GBP0.1 million and GBP1.9 million, respectively.

As the tax authorities have still not made a final decision with regard to the above matter, this amount may change to the benefit or detriment of the company.

In addition, provisions for restructuring and provisions for archiving are recognized. The provisions are recognized in the amount of the expected obligation. They take into account all identifiable risks related to obligations of uncertain amount. Warranty provisions are mainly attributable to the operating unit GFKL. They were recognized partly for possible purchase price adjustments as a result of tax guarantees for sold subsidiaries.

For the contingent consideration resulting from an agreement between the subsidiary Carl Holding GmbH and Valovis Bank AG a provision of GBP0.8 million was made

The provisions for archiving costs arose because of the legal obligation to archive business documents for up to 20 years.

The “Other” item mainly comprises an allocation in connection with service anniversary bonuses and for potential payments under an existing lease.

14. Provisions for pensions

The operating unit GFKL has defined benefit pension obligations. Pension obligations were calculated in accordance with the requirements set out in IAS 19. An interest rate of between 2.03% and 2.2%, depending on the group of beneficiaries, was used for this purpose. The defined benefit obligation arising from the defined benefit plans was determined in accordance with IAS 19.67-74. The calculations took into account estimated increases in pensions and salaries as well as an employee turnover rate. Pension increases were estimated at 1.5%, salary increases in a range from 0.0% to 2.0%, and the employee turnover rate in a range from 0.0% to 2.0%. The employee turnover rate, in particular, depends on the age of the pension beneficiaries. Mortality and invalidity rates were measured for the German companies using the 2005 G Heubeck mortality tables.

The pension plan for one of the former members of the Executive Board of GFKL Financial Services Aktiengesellschaft includes a retirement pension entitlement when the beneficiary reaches the age of 60. This retirement pension is equivalent to up to 75% of the average fixed salary over the five years immediately prior to retirement. The pension entitlement for two former employees of Domnowski Inkasso GmbH comprises a retirement pension to be paid when the beneficiary reaches the age of 65. Following the transfer of employees from the ERGO Group, Sirius Inkasso GmbH recognized provisions for pensions -for the first time in 2006. The pension entitlement comprises a lifelong retirement pension paid when the beneficiary retires from the service of the entity upon reaching the age of 65. A total of 13 employees at Sirius Inkasso GmbH have the benefit of this pension entitlement. Pension entitlements have also been granted to employees of Proceed Collection Services GmbH as a result of the transfer of 19 employees from Bayerische Hypo- und Vereinsbank AG (now UniCredit Bank AG).

The net liability is calculated as follows:

in kGBP	2015
Present value of unfunded defined benefit obligation	6,104
Plan assets	-2,341
Net liability	**3,763**

Since the plan assets have been pledged as collateral, they are netted against the present value of the unfunded defined benefit obligation. The plan assets are insurance policies entered into by GFKL. These assets have been pledged to the beneficiaries, resulting in a netting requirement under IAS 19. Contributions to the plan assets over the year 2015 are expected to amount to kGBP90.

A quantitative sensitivity analysis of the key assumptions as of June 30, 2015 is as shown below:

in kGBP	June 30, 2015
Interest rate	
Increase 0.2%	-254
Decrease 0.2%	243
Salary trend	
Increase 0.5%	82
Decrease 0.5%	-76
Benefit trend	
Increase 0.5% (prior year: 1%)	460
Decrease 0.5% (prior year: 1%)	-411

The sensitivity analyses above were determined based on a method that extrapolates the impact on the defined benefit obligation as a result of realized changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years out of the defined benefit plan obligation:

in kGBP	Jun 30, 2015
Within the year 2015	59
Between 2 and 5 years	568
Between 5 and 10 years	949
More than 10 years	10,422
Total expected payments	**11,998**

The average duration of the defined benefit obligation at the end of the reporting period is 20,5 years.

15. Liabilities for current tax

The income tax provisions relate to provisions for German corporate income tax and solidarity surcharge totaling GBP5.4 million, trade tax of GBP5.1 million and provisions for the tax audit of GBP2.2 million.

16. Trade and other payables

This item comprises liabilities from other taxes, which include liabilities from wage and church taxes as well as social security and VAT liabilities. Advance payments received mainly relate to prepayments by customers for the collection process.

in kGBP	June 30, 2015
Liabilities from other taxes	1,590
Trade payables	2,271
Advance payments received	1,930
Deferred income and other items	1,425
Other financial liabilities	39,556
Total	**46,772**

Other financial liabilities break down as follows:

in kGBP	June 30, 2015
Liabilities from portfolio refinancing	655
Derivatives with negative fair values	655
Other	1,118
Total non-current	**2,428**
Liabilities from portfolio refinancing	4,596
Derivatives with negative fair values	355
Pass-through obligations arising from portfolio management	4,287
Employee-related liabilities	3,435
Liabilities arising from the cash settlement	5,265
Deferred income and other items	19,190
Total current	**37,128**
Total	**39,556**

The item liabilities from portfolio refinancing relates to sold but not derecognized portfolio investments exposures.

As of the SFP date, interest rate swaps with a total negative fair value of GBP1 million were held by the operating GFKL Group in respect of the portfolio investments. The swaps are held to hedge against fluctuations in the fair value of the portfolio investments arising from changes in the general level of interest rates. The swaps will not qualify for hedge accounting according to IAS 39 as GFKL is not adopting the fair value method according for the valuation of portfolios. . These interest rate derivatives were not designated as hedges for hedge accounting purposes because changes in the fair value of the derivatives offset changes in the fair value of the portfolio investments caused by interest rate changes.

There are derivatives which in terms of value and maturity hedge over half the nominal value of the newly concluded facility A. They were not designated as hedges for hedge accounting purposes (IAS 39).

The residual maturity was determined on the basis of the residual maturities of the derivatives.

Pass-through obligations arising from portfolio management comprise payments received from debtors to be forwarded to customers.

The liabilities arising from the cash settlement result from a merger in 2005 when the subsidiary ABIT AG, Meerbusch, was merged into the operating unit GFKL Financial Services Aktiengesellschaft. The merger agreement between ABIT AG and GFKL Financial Services Aktiengesellschaft gave the former shareholders of ABIT AG, who became shareholders of GFKL Financial Services Aktiengesell-schaft as a result of the merger with GFKL Financial Services Aktiengesellschaft, the right to offer their newly acquired GFKL Financial Services Aktiengesellschaft shares for sale to GFKL at a price of EUR13.93 per share. The merger came into effect upon entry in the commercial register of GFKL Financial Services Aktien-gesellschaft on August 16, 2006. The liability is for the as yet untendered shares.

The position “Deferred income and other items” contains amounts for the following:

in kGBP	June 30, 2015
Outstanding invoives	13,538
Miscellaneous sub-group GFKL	5,652
Total non-current	**19,190**

The following table shows the principal liabilities of the group as of June 30,2015, by maturity:

in kGBP	Less than 1 year	Residual maturity 1 to 5 years	More than 5 years	Total
Borrowings	253,466	0	0	253,466
Trade and other payables	44,344	2,428	0	46,772
Total	**297,810**	**2,428**	**0**	**300,238**

17. Deferred tax assets and liabilities

The deferred tax assets in the SFP largely arose the measurement of tax loss carryforwards at the German subsidiaries. Deferred tax assets whose recoverability was not already guaranteed by the availability of deferred tax liabilities of the same amount were measured using a forecasting process. It was assumed that as part of the acquisitions, hidden reserves can be realized until complete exhaustion of the tax loss carryforwards.

Overall, loss carryforwards were measured, and related deferred tax assets of kGBP5,695 were then recognized. The losses relate to GFKL Financial Services Aktiengesellschaft, Essen.

The deferred tax liabilities are mainly due to the purchase price allocation (PPA) and the valuation of portfolio investments.

The following table shows the main accounting areas for which deferred taxes arise from temporary differences:

in kGBP	June 30, 2015
PPA	-19,011
Portfolio measurement	-12,249
Derivatives	327
Intangible assets	0
Provisions	1,001
Trade receivables/payables	19
Elimination of intercompany balances	-747
Loss carryforwards	3,701
Other	648
Balance of deferred taxes	**-26,311**

IV. Interim condensed consolidated income statement disclosures

1. Revenue and other operating income

Due to the date of acquisition of the operating unit and the first time consolidation of the subsidiaries no revenue or other operating income has been accounted for.

2. Other operating expenses

Other operating expenses incurred in relation to the acquisition. The costs therefore mainly contain due diligence transaction costs (kGBP7,113).

3. Interest and similar expenses

Interest expenses arise from bridge loan liabilities.

V. Other disclosures

1. Additional disclosures on financial instruments

The following table shows the breakdown of assets and liabilities as of June, 30 2015 by IAS 39 category:

in kGBP	Category	Carrying amounts	Fair values
Assets			
Loans and receivables	LaR	163,825	163,825
Liabilities			
Financial liabilities at amortized cost	FLAC	299,227	299,227
Financial liabilities at fair value through profit or loss	FLaFV	1,010	1,010

The group holds financial instruments in the categories “Loans and receivables”. As all of the Loans and Receivables have been acquired on June 30, 2015, the carrying amount is equal to the fair value.

Derivatives hold in the sub-group GFKL that do not qualify for hedge accounting are recognized in the “Financial assets at fair value through profit or loss” and “Financial liabilities at fair value through profit or loss” categories. Derivatives fall under Level 2 of the fair value hierarchy in IFRS 7.

The derivatives recognized (Level 2) relate exclusively to interest rate swaps that the group concluded with its banking partners in OTC trade. In order to recognize the fair value of these derivatives, the fair value calculation performed by the group as of the SFP date is used, which is based on the customary market method and is regularly compared with fair value calculation provided by the counterparties. The fair value of interest rate swaps is determined by discounting expected future cash flows over the residual term of the contract based on current market rates and the term structure of interest rates.

The “Financial liabilities at amortized cost” are valued at fair value due to the acquisition of GFKL or are immediately issued at the SFP date.

As part of refinancing arrangements for securitization transactions at the sub-group GFKL, various financial assets were pledged to third parties as collateral. The amount of financial assets pledged as collateral were as follows:

in kGBP	Jun 30, 2015
Assigned portfolio investments	**3,020**

There are no financial instruments that include multiple embedded derivatives.

The following table shows the fair values of derivative financial instruments. A distinction is made between the derivatives depending on whether they form part of an effective hedge in accordance with IAS 39.

in kGBP	Jun 30, 2015
Derivative financial instruments with negative fair values	
- not designated as part of a hedge relationship	-1,010

There were no derivative financial instruments to hedge fair value risks in accordance with IAS 39 on the SFP date.

2. Derecognition of assets

Refinancing of portfolio investments

Some investment portfolios are refinanced by the sale of these portfolios to special purpose entities. In this case, the assets are not derecognized, nor is it necessary to recognize any continuing involvement. The group retains substantially all the risks and rewards of the investment portfolio through the subordinated financing of the special purpose entity and the settlement terms for incoming payments from debtors. The assets are recognized under “Portfolio investments” and the liabilities under “Trade and other payables”.

3. Contingent liabilities

There are no contingent liabilities due to the fact, that all contingent liabilities have been recorded according to IFRS 3.

4. Other financial obligations

The following tables set out the expected changes in rent obligations for offices, in lease obligations for vehicles, IT and communications equipment as well as in maintenance agreement obligations.

As of June 30, 2015, the group had the following financial obligations:

in kGBP	In the following year	1 to 5 years	More than 5 years
Rent	2,199	7,279	4,003
Maintenance agreements	157	191	23
Operating leases	400	643	59

The operating unit GFKL entered into leases for vehicles and communications and IT equipment that it uses itself in the course of its business. These leases are operating leases as defined by IAS 17.

VI. Interim condensed consolidated cash flow statement disclosures

The cash flow statement shows how the cash and cash equivalents in the Garfunkel Group changed during the course of the reporting period under review as a result of cash inflows and outflows. Cash flows in the cash flow statement are broken down by operating, investing and financing activities (IAS 7).

The following specific disclosures are made:

1. Cash and cash equivalents comprised cash amounting to GBP56 million. GBP13.6 million of this amount is earmarked funds as of June 30, 2015. Cash and cash equivalents in the cash flow statement correspond to the cash and cash equivalents in the SFP and do not contain any cash from discontinued operations.

2. Due to the circumstances that the Company was newly incorporated, no significant cash flow from operating activities incurred.

3. The cash flow from investing activities of -GBP315.6 million mainly relates to the payment for the shares of Carl Holding GmbH.

4. The cash flow from financing activities consists of an increase of share capital totaling GBP185.7 million (EUR261 million), proceeds from new

borrowings of GBP252.3 millon and a cash outflow of –GBP66.1 million due to a loan repayment for the operating unit GFKL.

VII. Events after the statement of financial position date

There were no other events after the SFP date which would have had an effect on the interim condensed consolidated financial statements as of June 30,2015.

The Senior Bridge Facilty has been repaid and replaced by a bond on July 23, 2015, totalling EUR365 million.

After the SFP date the company has signed a share purchase agreement on the acquisition of all shares of Metis Bidco Limited, UK. The purchase has not been closed before finalization.

VIII. Related party relationships and Executive Board disclosures

1. Related parties

Garfunkelux Holdco1 S.à r.l. is the majority shareholder with a stake of 97.95% and is ultimately held by Funds advised by Permira. No significant receivables, liabilities or transactions have taken place with Permira or any company managed by Permira.

Related party transactions are conducted on an arm’s length basis.

2. Executive Board disclosures

Director of the company is Mr. Cédric Pedoni, Luxembourg. During the reporting period Mr. Pedoni received no remuneration.

Luxembourg, September 29, 2015

sgd Cédric Pedoni
(Director)