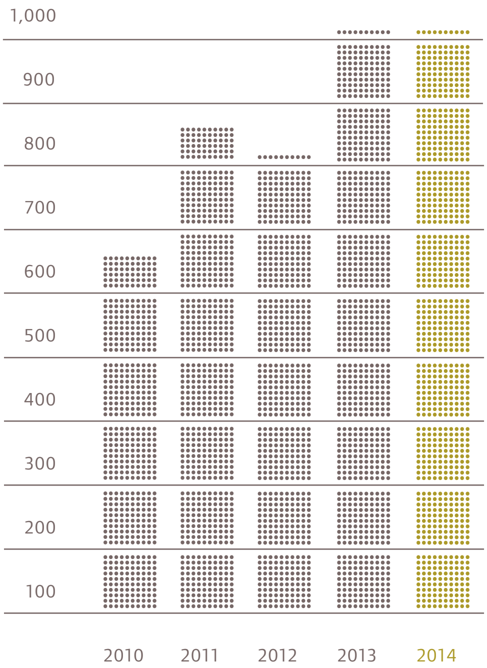
ANNUAL REPORT 2014
CHG-MERIDIAN AG

Efficient Technology Management®

KEY CONSOLIDATED FIGURES

VOLUME OF LEASE ORIGINATION
(in EUR m)



KEY PERFORMANCE INDICATORS

		2014	2013
Lease origination	EUR m	1,004.5	1,005.7
Group's total assets	EUR m	1,921.9	1,682.2
Income	EUR m	582,5	535,6
Net income	EUR m	41,8	38,1
Shareholder's equity	EUR m	322,1	286,7
Subscribed capital	EUR m	100	75

KEY QUANTITATIVE INDICATORS

		2014	2013
Headcount	Number	841	758
Offices	Number	40	34
Countries	Number	23	19
Leased equipment	Number m	5,2	3,9
Remarketed equipment	Number	456,243	398,124
Certified data erasure	Number	102,524	87,012

OUR YEAR IN FIGURES

100,000

For the first time, as an additional service for customers, more than 100,000 IT devices (2013: 87,000) were subjected to a certified data eraSURE with established standards and certification by independent institutions (TÜV/ DEKRA). With eraSURE CHG-MERIDIAN offers data deletion concepts for various data memories.

7 reasons for the failure of ERP projects:

- Errors in selection and purchasing
- Project risks are incorrectly assessed
- Schedules and deadlines are not observed
- Unrealistic expectations and unclear objectives
- Changing requirements
- The customer does not have ERP expertise
- Little leeway in day-to-day operations

CHG-MERIDIAN offers help from one source in its IT solution area of software solutions further expanded in 2014: More than 8,000 software customer projects were successfully completed in this way.

AMERICAS

New York (US), Los Angeles (US), Chicago (US), Dallas (US), Boston (US), Windsor (CA), Monterrey (MX), Mexico City (MX), Guadalajara (MX), São Paulo (BR)

5

New CHG-MERIDIAN locations in Norway, Sweden, Finland and Sweden form the Northern Europe Region from now on. Thanks to the successful acquisition of the Acento Group (Norway) CHG-MERIDIAN has created direct market access to the four Scandinavian countries.

Youth teams from across Germany have received new kits thanks to the Christmas donation campaign by CHG-MERIDIAN. CHG-MERIDIAN supports good teamwork and employees were able to apply for new equipment. Eight children's and youth teams were happy about their new sports equipment.

250

The expansion of CHG-MERIDIAN at the Weingarten location will in future offer space for 250 further jobs. At the end of the year CHG-MERIDIAN employed 841 people (31,12.2013: 758).

Every tenth new PC in Belgium means a new computer in a school in a developing country: CHG-MERIDIAN has been cooperating with NGOs ‚Close the Gap' and ‚WorldLoop' since 2014, in order to increase the educational opportunities and technological conditions for pupils in developing countries.

EUROPE

Paris (FR), Lyon (FR), Monza (IT), Rome (IT), Barcelona (ES), Madrid (ES), Baden (CH), Vienna (AT), Grimbergen (BE), Egham (UK), Daventry (UK), Dublin (IE), Rotterdam (NL), Moscow (RU), Ljubljana (SI), Prague (CZ), Warsaw (PL), Bratislava (SK), Oslo (NO), Skien (NO), Stockholm (SE), Helsinki (FI), Copenhagen (DK)

GERMANY

Weingarten (HQ), Munich, Nuremberg, Düsseldorf, Groß-Gerau, Hamburg, Berlin

TRADEMARKS

The CHG-MERIDIAN value proposition 'Efficient Technology Management' was officially registered as a trademark this year. Its official status is shown by the addition of the wording 'registered trademark' or the superscript ® symbol. This trademark creates greater confidence among our customers, suppliers and partners and is a calling card for our company. It is a visible sign of the clear and distinctive promise made by CHG-MERIDIAN: Efficient Technology Management®.

CONTENTS

JÜRGEN MOSSAKOWSKI
Chief Executive Officer (CEO)

»CONFIDENCE IN OUR COMPANY IS A KEY SUCCESS FACTOR AND AN INDICATOR OF SOLIDITY.«

Anyone investing in modern technologies today expects those technologies to be tailored to the individual needs of their business, which means always having to stay on top of the many innovations in various areas. And that requires a reliable guide!

ADVISOR, PROVIDER OF IDEAS, GUIDE

As a neutral advisor and provider of ideas, we at CHG-MERIDIAN are ideally placed to take on the role of guide. We have both the infrastructure and the expertise required. We provide our customers with impartial, expert, and bespoke advice to assist them in their investment decisions, and we worked hard in 2014 to make sure we can continue performing this role in the future. We have also further improved the range of services we offer.

VALUE PROPOSITION CONFIRMED

We have obtained registered trademark status for our clear and distinctive value proposition 'Efficient Technology Management®', which will now appear with the registered trademark symbol ®. This consolidates our work and will build further trust in our business model, in the people at CHG-MERIDIAN, who demonstrate their commitment and dedication every day, and in the Company itself.

STABILITY: SUCCESS IN A DIFFICULT INTEREST RATE ENVIRONMENT

In a climate where borrowing rates for those with a good credit record are at an all-time low, and the negative deposit rates with the European Central Bank are being passed on to major banks and thus to customers for the first time ever, many companies are investing their free cash flow in their businesses and thus financing their spending through their own resources rather than through external sources of funding. This has been challenging for many sectors, including our own.

TECHNICAL AND COMMERCIAL EXPERTISE COMBINED

With its focus on optimizing technology-related investment for customers, our business model enabled us to build on the previous year's record results. As financial advisor and technology manager we create added value for our customers that goes far beyond simply funding technology investment projects. We also offer customers a number of additional competencies, such as the intelligent combination of technical and commercial expertise that enables us to pass on significant added value to our customers – right down to specific cost savings – in major capital spending decisions. This clearly sets us apart from our competitors and creates confidence in the strength of the partnership with us.

SOLIDITY: SHAREHOLDER STRUCTURE CHANGED

SHAREHOLDER STRUCTURE CHANGED

Confidence in our Company is a key success factor and an indicator of solidity. This is true not just in terms of our customers, but also in terms of our employees. We have been able to take advantage of a reorganization of the shareholder structure to give more employees a stake in the Company. We have further diversified our shareholder base, with around 7 percent of the shares of CHG-MERIDIAN AG having been purchased by senior managers. This demonstrates their positive belief that we will continue to grow as a company, that the business is attractively valued, and finally that we will continue to be successful as a team. We are particularly proud of the trust this shows in us.

TRANSPARENCY: REPORTING BASED ON IFRS

IFRS REPORTING ESTABLISHED

This year's annual report represents a further step into the international capital markets. For the first time, the 2014 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which present the business performance of CHG-MERIDIAN in even greater detail and are even more closely geared to the needs of investors and funding partners. Adoption of IFRS will provide even more transparency and enable better international comparison. Ultimately it will move us closer to our long-term goal of achieving strategically important access to capital markets.

POTENTIAL: FURTHER EXPANSION OF OUR RANGE OF SERVICES

POTENTIAL IN THE MEDICAL AND INDUSTRIAL SECTORS

The progressive development of our technology sectors is also strategically important to us and we see huge potential for growth in the medical and industrial sectors. In these areas too, complex technology investments – of the kind CHG-MERIDIAN has been making in the IT sector for years – increasingly demand the services of a 'guide'. The aim is to minimize risk, create greater room for maneuver in capital spending, and make life easier for our customers every step of the way. Capital spending needs to be geared toward the demands of use, not the minimization of risk.

ESTABLISHMENT AND GROWTH OF OUR SERVICE BUSINESS

We also continued to invest in establishing and growing our service business in 2014. The two IT solution areas – Software Solutions (SWS) and Employer Benefits Solutions (EBS) – have been completely reorganized. CHG-MERIDIAN hopes that these two service segments will enable it to achieve even greater penetration in the market for services throughout the IT lifecycle for both existing and new customers. We have also systematically expanded our service organization. The ongoing development and refinement of our service business focused on putting new organizational structures in place, continuing to establish the Service Delivery segment – which included downstream regional service structures – and further improving the training and skills of our service staff. This means we can lighten the load of our customers and offer them greater efficiency. And that is what increasingly sets us apart from our competitors.

GROWTH IN THE INTERNATIONAL MARKETS

FURTHER INTERNATIONAL EXPANSION

Our international presence is a further USP that we continued to work on in 2014, as demonstrated by the acquisition of the Acento group of companies based in Norway. The company, which has sales offices in Norway, Sweden, Finland, and Denmark, is included in this annual report under the Northern Europe region. It will contribute to our continuing growth in international markets

You will find more information on these and other topics in our latest annual report.

Jürgen Mossakowski
Chief Executive Officer (CEO), CHG-MERIDIAN AG

BOARD OF MANAGEMENT:

DR. MATHIAS WAGNER
Chief Sales Officer International (CSO)

JÜRGEN MOSSAKOWSKI
Chief Executive Officer (CEO)

FRANK KOTTMANN
Chief Sales Officer Central Europe (CSO)

JOACHIM SCHULZ
Chief Financial Officer (CFO)

Independent consultants, creatives, trailblazers: CHG-MERIDIAN.

Complex technology investments require reliable support, ideally an insider, who knows the entire system, equipped with comprehensive competence, years of experience and strategic vision – someone like CHG-MERIDIAN.

Always on your side

Control global technology investments
Customers with investment projects in the areas of IT and telecommunications, industry and healthcare benefit from a 'single point of contact' that combines technical as well as commercial knowledge.

___ Our promise:
maximum workload reduction throughout the entire technology lifecycle – fully independent from banks, manufacturers and service providers.

Technological knowledge meets commercial intelligence.

Where the knowledge of experts flows together, a stream of new solutions is created.

A couple

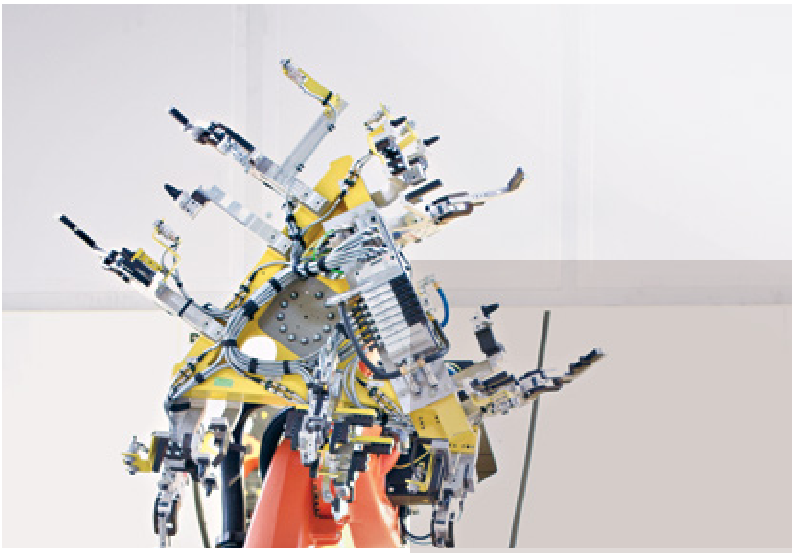
competencies

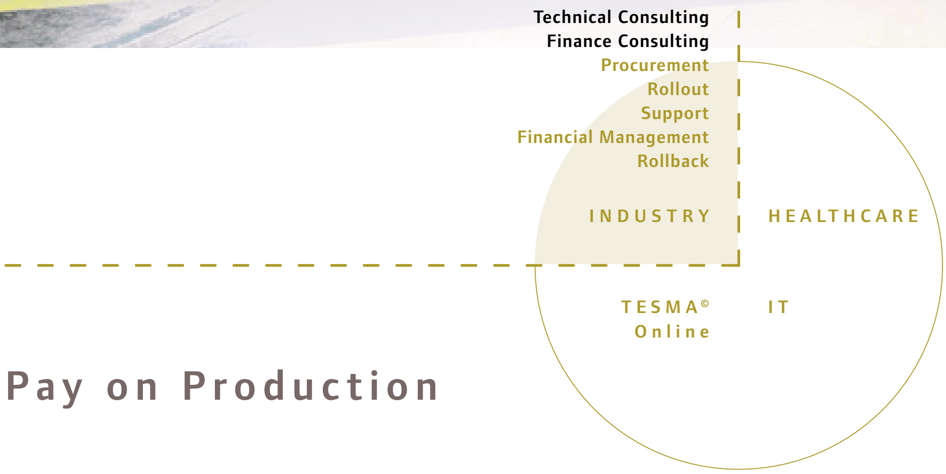
more

Financial Advisor and Technology Manager

Everything your device landscape needs: a project companion from CHG-MERIDIAN

The unique quality of our solutions are a result of the special capabilities of the project managers of CHG-MERIDIAN: they are financial advisors and technology managers in one. With multidisciplinary expertise they identify commercial and technical optimization potential on every level of the device lifecycle.





Pay on Production

For the production of body components, and in cooperation with a robotics manufacturer, CHG-MERIDIAN has developed a comprehensive rental model for industrial robots and automation systems. In accordance with the 'Pay on Production' principle, the customer can bring their investment in line with their planned order yields. This clears the way for commercial excellence.

On the go with more security and fewer costs.

We get your technology investments on track.

Fewer risks,

more room for maneuver

For a straightforward project process

Fewer risks, more room for financial maneuver, smaller overall costs – we control our technology investments from these standpoints. We receive liquidity, standardize equipment inventories, minimize purchase costs and our close-mesh service network serves as a 'double bottom' for you.

Software Solutions: Budget savings of up to 15 %

We identify numerous points along the software lifecycle, where we minimize expenditure and increase the security of our customers.
For example, this can affect the soft-ware selection, the checking of supplier contracts or the licensing and taxation structuring of your ERP project. In 2014, we were able to reduce project costs of 3.5 million euros by 15 % for a leading manufacturer in the aviation and rail vehicle industry.


INDUSTRY
HEALTHCARE
TESMA®
Online
IT
RFP consulting
Finance Consulting
ERP-Consulting
Lifecycle consulting
Inventory
Procurement
Rollout
Support Concept
Financial Management
Rollback
Refurbishment
Certified Data eraSURE
Remarketing

Relief at every stage.
From procurement to certified data erasure.

Added value throughout all stages of the technology lifecycle

Beginning with consulting and procurement, to maintenance, to certified data erasure:
We ensure that you have both hands free. Where numerous service providers used to have to coordinate, where you still had to deal with things yourself, we take the wheel: Straight-forwardly, individually and from a single source, for your sustainable relief.

INDUSTRY HEALTHCARE

TESMA® Online

IT

RFP consulting
Finance Consulting
ERP consulting
Lifecycle consulting
Inventory
Procurement
Rollout
Support Concept
Financial Management
Rollback
Refurbishment
Certified Data eraSURE
Remarketing

eraSURE: certified security that fits

Our intelligent method for device remarketing and data security offers you individual and certified data erasure concepts, which couple technical security requirements with commercial demands, matching our performance promise: Efficient Technology Management®.

Single Point of Contact

Left? Right? Straight on?
You plan the course for your technology investment – we deliver the relevant information for it.

Sustainable minimization of
overall costs

Unparalleled efficiency increase

Straight to the project goal
With an in-depth understanding of the hospital organization we optimize your technology landscape. From our technical financial expertise and knowledge of device locations, usage behavior and budget development we create individual and individualized usage concepts. The successful sale of legacy devices additionally reduces your investment risks.

Between patient care and budget efficiency

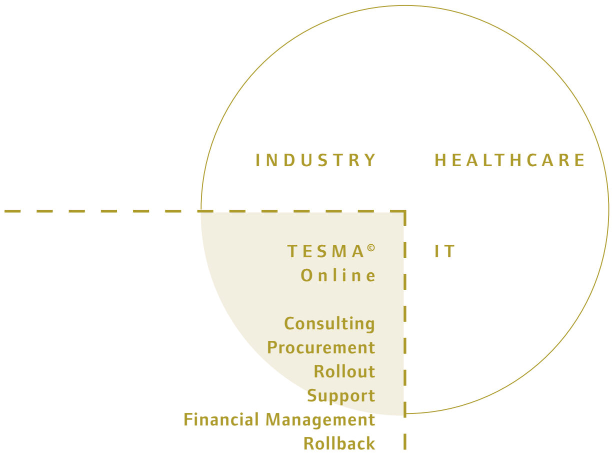
Our intelligent technology, finance and livecycle-management saves hospitals millions.

We reduce expenditure with the standardization of the device portfolio, optimize the purchasing of consumables and support the running operation with service and maintenance contracts independent of the distributor. Our flexible financing sustainably relieves your budget. Customers can choose between ‘pay per use’ or ‘pay per patient’ models, for example.

A clear view for every department.
CHG-MERIDIAN sheds light on every technology process.

Work and climate improvements at every stage

Check, control, automate
The IT colleague is relieved because he can see with the click of a mouse where what device is. Accounting is glad, because they no longer have to create long lists of consumption data. The new controller sees at a glance the per device cost development of hardware and software. And the sales manager is totally relaxed because order processes are now fully automated. What more could you want?



The reinvention of technology lifecycle management

TESMA© Online
The technology and service management system TESMA© Online is our basis for the management of complex technology investments. It automates manual tasks. It controls everything, administers everything and is always up-to-date. TESMA© Online opens up new horizons for our customers in terms of transparency, budget management and intelligent controlling.


100%ige
transparency
in all technical and
commercial processes

GROUP MANAGEMENT REPORT

SECTION 1
GROUP STRUCTURE AND BUSINESS MODEL

OUR SERVICES

CHG-MERIDIAN brings together a wide range of expertise in four service areas: Consulting Services, Operational Services, Financial Services and Remarketing Services. Together, they embody our promise of Efficient Technology Management®.

1.1 LEGAL AND ORGANIZATIONAL STRUCTURE OF THE CHG-MERIDIAN GROUP

The CHG-MERIDIAN Group is one of the world's leading non-captive providers of technology management in the fields of IT, industry, and healthcare. The Company was founded in 1979 as a private limited company (GmbH) and became an owner-managed stock corporation (AG) in 1997. During the years that followed, the CHG-MERIDIAN Group grew to its current size by steadily expanding its volume of lease originations and establishing subsidiaries in various countries in Europe and the Americas.

The CHG-MERIDIAN Group maintains an international presence at 40 locations in 23 countries. These include seven German sites, which comprise our headquarters in Weingarten plus branch offices in Munich, Nuremberg, Düsseldorf, Gross-Gerau, Hamburg, and Berlin. Across the rest of Europe the CHG-MERIDIAN Group has offices in Paris, Lyon, Monza, Rome, Barcelona, Madrid, Grimbergen, Baden, Vienna, Egham, Daventry, Dublin, Rotterdam, Moscow, Ljubljana, Prague, Warsaw, Bratislava, Oslo, Skien, Stockholm, Copenhagen and Helsinki. Its offices in the Americas are located in New York, Los Angeles, Chicago, Dallas, Boston, Windsor, Mexico City, Monterrey, Guadalajara, and São Paulo.

The organizational structure of the operating companies in the CHG-MERIDIAN Group as at December 31, 2014 is shown in an annex to the group management report

1.2 BUSINESS MODEL OF THE CHG-MERIDIAN GROUP

The business model used by the CHG-MERIDIAN Group is summarized in the following positioning statement:

CHG-MERIDIAN devises customized business concepts and manages efficient investments in technology. We provide our customers with impartial, straightforward, and expert advice and offer efficient technology management for small and medium-sized enterprises, large corporations, and public-sector clients.

Building on our original core competency of information technologies, we have recently broadened our product range to include healthcare technologies and industrial technologies. Structuring, efficient management and organization, and a tailored approach to developing customized business concepts are key to the success of capital investment in all three of these technology segments. The main appeal of the products that we offer is not the financing facilities that they provide but that customers can use them for a limited period. In addition, customers benefit from transparent cost control and sustainable remarketing as a result of professional equipment reconditioning.

Supplementing our core business, we have grouped our service expertise into four areas: Consulting Services, Operational Services, Financial Services, and Remarketing Services. Together, they deliver our promise of efficient technology management.

CONSULTING SERVICES

We assist our clients in the development of business concepts, weigh up the advantages and disadvantages of competing technologies, and devise customized business concepts. This enables our customers to benefit from the technological expertise that we have acquired from working on countless projects and maintaining long-term relationships with customers and employees.

OPERATIONAL SERVICES

The efficient organization and management of technology investments during their operation calls for precise planning and implementation of each individual step. To this end, the CHG-MERIDIAN Group offers solutions that are tailored to customers' requirements. These solutions comprise, above all, the development and management of scalable technology portfolios that ensure the most efficient use of customers' investments in terms of total cost of ownership (TCO). Our presence in different countries worldwide also enables us to fulfill international customer requirements. Customers benefit from increased availability of service and quality, simplified operational processes, and highly efficient technology management with accompanying process management.

FINANCIAL SERVICES

We find the most economical solution for our customers by taking an integrated view of all of the technical and commercial processes. By reducing process-related and TCO costs, this enables customers to reap significant productivity gains.

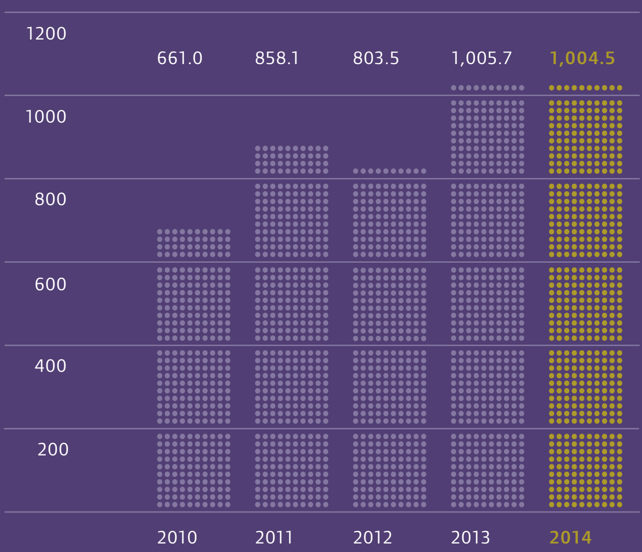
REMARKETING SERVICES

Besides ensuring the resource-efficient deinstallation of infrastructure, our remarketing services include a unique TÜV-certified process that erases the data stored on equipment reliably, completely, and irretrievably. The main purpose of the Technology and Service Centers near Frankfurt am Main, Germany and Skien, Norway is to refurbish and then remarket IT equipment. Between them, the sites have the capacity to recondition almost one million items of equipment per year and they have been specially designed with the CHG-MERIDIAN Group's requirements and processes in mind. The professional reconditioning and downstream remarketing of used equipment is becoming increasingly important owing to the growing global shortage of resources. Used IT equipment is dealt with sustainably and cost-effectively at the end of the product lifecycle, either by successfully remarketing it or by disposing of it in an eco-friendly manner at the Technology and Service Center.

All the services offered by the CHG-MERIDIAN Group are also supported by TESMA© Online, a proprietary technology and service management system developed by the parent company. This software-based platform provides a central database for all key business information, makes it available in real time, and forms an intelligent interface between commercial and technological/logistical business processes. It therefore creates maximum transparency and allows administration, financial control, and accurate reporting for the entire technology infrastructure. TESMA© Online is particularly important in the context of the services offered by the CHG-MERIDIAN Group. It would be almost impossible to manage complex technology portfolios systematically and efficiently without an intelligent asset management system. TESMA© Online is a highly effective tool that makes it much clearer where improvement is required, as well as enhancing transparency, flexibility, and productivity.

SECTION 2
BUSINESS REPORT

LEASE ORIGINATION
(€ million)



In 2014, the CHG-MERIDIAN Group generated lease originations of € 1,004.5 million, a slight fall from the previous year. The 91.3 percent target achievement rate means 2014 can still be considered a highly successful year.

2.1 MACROECONOMIC CONDITIONS AND SECTOR-SPECIFIC TRENDS

MACROECONOMIC CONDITIONS

The Kiel Institute for the World Economy (IFW) puts global gross domestic product (GDP) growth at 3.3 percent for 2014 and forecasts a growth rate of 3.7 percent in 2015. Despite structural obstacles, the economic situation improved in many industrialized countries. Inflation remained moderate overall, regardless of the expansionary monetary policies pursued by many central banks. In some emerging markets, exchange rate fluctuations and structural deficits depressed economic growth. The fall in the oil price also had an adverse impact on the economies of oil-producing countries.

EUROPE

GDP growth in western Europe recovered in 2014, achieving a year-on-year growth rate of 1.2 percent (2013: 0.0 percent). The majority of Northern European countries returned to modest growth, while the recession showed signs of coming to an end in most of the southern European countries affected by the financial crisis. In central and eastern Europe, GDP growth fell to an average rate of 1.6 percent (2013: 2.2 percent). While the economy continued to perform well in central Europe, growth slowed significantly in eastern Europe, largely due to the conflict between Russia and Ukraine and the resulting uncertainty. In Russia, there was a marginal rise of just 0.4 percent in economic output during the reporting period (2013: 1.3 percent).

If we consider business investment rates in the eurozone in addition to GDP, there are still no signs of momentum. The investment rate of 21.7 percent was not significantly higher than it was in 2013.

INVESTMENT RATE (%)

GERMANY

Following declines in corporate capital spending in Germany in recent years, the German Federal Statistical Office and ifo Institute of Economic Research recorded a small increase of 4.3 percent to € 334.4 billion.[1] Driven by increased consumer confidence and stability in the job market, the German economy experienced a slight upturn, growing by 1.5 percent year on year in 2014 (2013: 0.1 percent).[2]

NORTH AMERICA

After a slow start due to bad weather, the US economy picked up speed over the year. Falling unemployment and increased consumer confidence boosted economic activity and contributed to a growth rate of 2.4 percent (2013: 2.2 percent) in the US. The US dollar strengthened overall against the euro during the year, having appreciated in the second half of the year. Canada's GDP grew by 2.4 percent (2013: 2.0 percent).

[1] See cesifo-group.net/DocDL/ifosd_2014_23_6.pdf, page 55.
[2] http://welt.de/wirtschaft/article136404414/Deutsche-wirtschaft-feiert-dreifachen-Triumph.html

LATIN AMERICA

After experiencing economic growth of 2.3 percent in 2013, Brazil teetered on the brink of recession in the year under review, posting zero growth. The Mexican economy regained a little momentum, expanding by 2.0 percent (2013: 1.4 percent).

SECTOR-SPECIFIC TRENDS

The global information and communications technology (ICT) market grew by more than 4 percent in 2014, according to the European Information Technology Observatory (EITO). The IT market increased by 3.4 percent and the telecommunications market expanded by 4.5 percent. This general upward trend underscores the importance of ICT services worldwide. However, growth in the IT equipment segment came in at a fairly modest 0.8 percent compared with previous years, while the global market in conventional personal computers (PCs) and laptops shrank by 6 percent in 2014. This reflects the trend toward new devices and technologies which, together with other IT assets, generated growth of 6.4 percent. Year-on-year increases in market volumes were also achieved by IT and business services (3.7 percent) and software sales (6.1 percent). The trend seen in the telecommunications market is exactly the opposite of that in the IT market: the telecommunications equipment segment achieved growth of roughly 7.6 percent, which was much higher than the increase of only 3.6 percent in communications services.[3]

Based on global GDP and anticipated business investment rates, the market for plant and production equipment was stable in 2014.

The European market volume in the CHG-MERIDIAN Group's third technology sector (healthcare) was estimated to be € 100 billion in 2014. Based on European manufacturers' list prices for medical equipment, the European market accounts for almost 30 percent of the global market, and consequently is the second biggest market after the US (approx. 40 percent market share).[4]

It is too early to comment on the outcome of 2014 for the global leasing markets, but the Global Asset and Auto Finance Survey suggests that the global leasing markets were affected by the financial crisis and experienced the resulting reluctance to invest.[5] At European level, the leasing ratio is expected to have remained unchanged at around 22 percent.[6] One of the CHG-MERIDIAN Group's strategic goals is to achieve growth in both existing and new markets, so it is vital to monitor global economic growth and the performance of the global leasing market at all times.

According to the Federation of German Leasing Companies (BDL), the German leasing market shook off gloomy sentiment and saw lease originations rise by 6 percent to € 50.2 billion in 2014, with equipment leasing – an important sector for the CHG-MERIDIAN Group – also increasing by 6 percent. Overall, the proportion of leasing to capital spending, i.e. investment in equipment, rose from 22.3 percent to 22.7 percent in the economy as a whole.[7]

IT leasing is the fourth biggest sector in the European leasing market, accounting for more than 7 percent of the total volume. The German IT leasing market (office and IT equipment) experienced a year-on-year decline of nearly 12 percent, although 2013 had been an extremely successful year for the IT leasing market.

The plant and production equipment sector represents the third biggest leasing market in Europe after the passenger car and commercial vehicle leasing markets. The European market for plant and production equipment leasing remained unchanged at 17 percent of the total European leasing market.[8] In Germany, the volume of leasing grew by over 6 percent year on year. Following a muted start, the pace of growth picked up from the second quarter onward. The German Engineering Federation (VDMA) expects the growth rate in engineering to be just 4 percent for 2014, which means that the volume of leasing is also outstripping general market growth in this sector.[9]

[3] See EITO, ICT Market Report 2014/15, page 191.
[4] See www.evaluategroup.com/MedTechWP2013.
[5] See White Clarke Group, Global Asset and Auto Finance Survey, Quarter 3, 2014.
[6] http://www.leaseurope.org/uploads/documents/FF%20Leaseurope%202013.pdf
[7] See http://bdl.leasingverband.de/fileadmin/internet/pressemitteilungen/pm_2014-11-19_Market-ENG.pdf, page 1.
[8] http://www.leaseurope.org/uploads/documents/FF%20Leaseurope%202013.pdf
[9] See http://bdl.leasingverband.de/fileadmin/internet/pressemitteilungen/pm_2014-11-19_Market-ENG.pdf, page 2.

The proportion of the global market for medical equipment accounted for by leasing is currently very small. In Germany, as in the rest of Europe, the leasing ratio is around 1 percent of total capital spending on medical equipment, but the total volume of leasing in this sector is expected to rise sharply in the next few years.[10]

2.2 MARKET SUCCESS

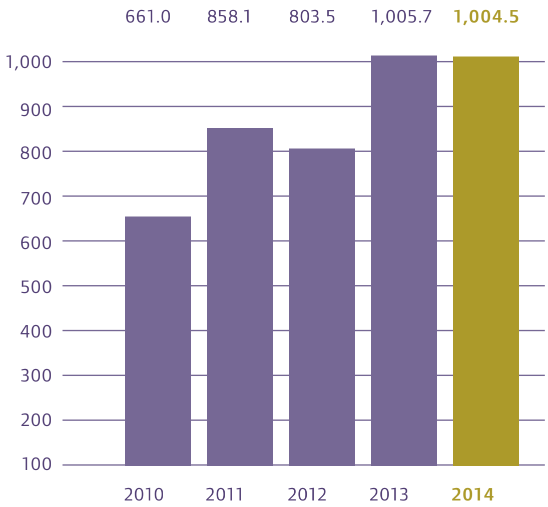
2.2.1 GROSS PROFIT

The gross profit earned by the CHG-MERIDIAN Group – defined as the present value of all leases originated and assets remarketed minus direct acquisition and funding costs – increased by a further € 2.1 million to € 151.9 million in 2014, following the record figure of € 149.8 million reported in 2013. This performance was attributable to higher margins at the end of lease terms due to disposals and renewals, and also to the inclusion of the Acento Group for the first time. As a result, the target of € 145.7 million forecast by the CHG-MERIDIAN Group was also comfortably exceeded in 2014. The extremely impressive operating performance achieved last year confirms that the CHG-MERIDIAN Group's strategy of creating a leasing portfolio that will remain profitable was the right choice in 2014. Growth in lease originations at the expense of accepting substantial residual values and losing out on remarketing opportunities would impair the Company's profitability in the long term and is therefore not an option. Based on an unchanged volume of business, the CHG-MERIDIAN Group invested in residual values of € 30.1 million in 2014, which was in line with the previous year (€ 30.0 million).

2.2.2 LEASE ORIGINATIONS

According to management figures reported, the total volume of leases originated, which is calculated on the basis of purchase invoices received for leased equipment or equipment sold to funding partners, amounted to € 1,004.5 million in 2014, which was just € 1.2 million below the volume in 2013. Although this result fell short of the target of € 1,100.0 million set for the year, the 91.3 percent target achievement rate still makes 2014 a successful year. The following graph shows the changes in the volume of leases originated by the CHG-MERIDIAN Group over the past five years:

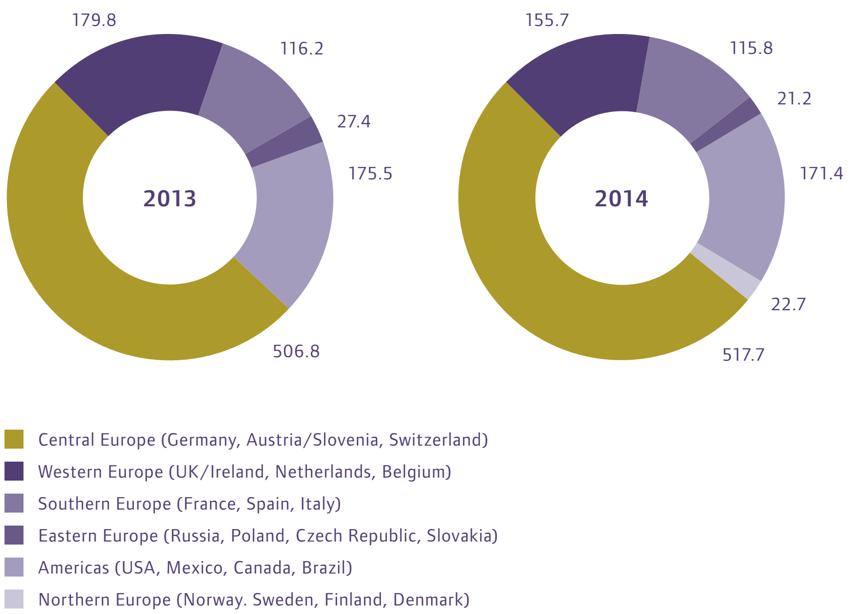
VOLUME OF LEASE ORIGINATIONS (€ million)



[10] See http://bdl.leasingverband.de/fileadmin/internet/downloads/jahresbericht_2014.pdf, page 28 et seq.

The regional breakdown of lease originations was as follows:

VOLUME OF LEASE ORIGINATIONS PER GEOGRAPHIC REGION (€ million)



In Germany, CHG-MERIDIAN AG managed to exceed the high volume of leases originated in the previous year and, in 2014, generated total lease originations worth € 460.2 million (2013: € 445.0 million). This was above the value of € 450.0 million set in the budget. CHG-MERIDIAN Mobilien GmbH originated € 31.0 million in new leases, which was slightly below the volume of € 35.7 million generated in 2013. The total volume of lease originations for Germany was € 491.2 million (2013: € 480.7 million).

Of the CHG-MERIDIAN Group's total volume of lease originations, 51.1 percent (2013: 52.2 percent) was generated by the foreign subsidiaries, thereby maintaining the proportion attributable to foreign subsidiaries at the same high level as the previous year. This trend shows the great importance of its foreign subsidiaries for the performance of the CHG-MERIDIAN Group.

Outside Germany, the volume of leases originated in 2014 varied from country to country. The foreign subsidiaries in the UK, France, Italy, Brazil, and Canada achieved very strong growth in lease originations. However, the subsidiaries in Belgium, the Netherlands, Spain, Poland, Mexico, and the US reported declines in the year under review. The volume of lease originations rose by € 22.7 million due to the first-time inclusion of the Acento Group in management reporting.

The largest growth in absolute terms outside Germany was achieved by the UK subsidiary, which expanded its lease originations by € 8.8 million to € 78.8 million in 2014 (2013: € 70.0 million). Further growth was also generated by the local subsidiaries in Brazil (up by € 7.8 million), Canada (up by € 5.1 million), Italy (up by € 2.9 million), and France (up by € 2.7 million). These companies together achieved an aggregate increase of € 18.5 million, which contributed accordingly to the healthy growth in leases originated by the CHG-MERIDIAN Group in 2014.

Declines in lease originations were reported by the subsidiaries in the Netherlands (down by € 16.8 million), Belgium (down by € 16.1 million), Mexico (down by € 9.8 million), Poland (down by € 8.5 million), the US (down by € 7.2 million), and Spain (down by € 6.1 million). However, we believe that these countries continue to offer significant potential and we expect to see a return to growth in 2015.

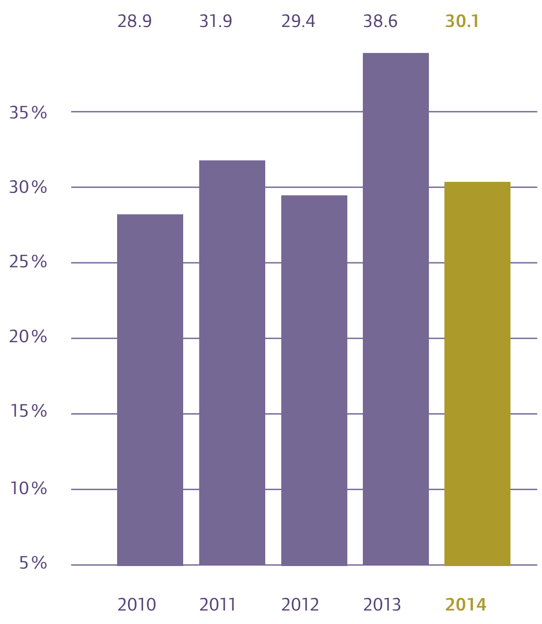
The CHG-MERIDIAN Group generally continued to pursue a policy of rejecting new business if transactions either appeared too risky or the balance between opportunities (earnings potential) and risk (e.g. default risk, funding risk) was not suitable in individual leases.

PROPORTION OF BUSINESS WITH NEW CUSTOMERS

The proportion of leases originated with new customers was 30.1 percent, which was slightly down compared with 2013 (38.6 percent) but still met our target of maintaining the proportion at a stable level of around 30 percent. Acquiring new clients enables us to continually renew our portfolio and is vital to our long-term success.

The changes in the proportion of business with new customers between 2010 and 2014 show that our target rate of an average of 30 percent has been achieved over the past five years.

PROPORTION OF BUSINESS WITH NEW CUSTOMERS (%)



2.3 FUNDING ENVIRONMENT

The Group's funding base, particularly in Germany, was very strong and remained stable in 2014. The funding market was extremely liquid throughout the year in both the public and private sectors. Furthermore, new funding partners entered the lease funding sector or tried to return to this sector.

From the CHG-MERIDIAN Group's perspective, this meant that there was always an excess supply of finance available from funding partners in 2014. Existing credit lines were either extended or substantially increased by the banks or savings banks concerned. It was also possible to obtain new funding partners. This wide range of funding sources also meant that the CHG-MERIDIAN Group had more than sufficient funding lines available at all times in 2014, for both forfaiting transactions and loan-based funding.

The CHG-MERIDIAN Group's efforts to enhance and deepen the stable, long-term relationships that it has with its funding partners – as well as to recruit new funding partners – contributed in 2014 to its success in continuing to maintain a consistently high number of funding partners (both public-sector and private-sector banking groups) that is well above the industry average.

2.4 CHANGES TO THE LEGAL STRUCTURE

Including its subsidiaries, CHG-MERIDIAN AG was represented in 23 countries in 2014.

With effect from June 30, 2014, CHG-MERIDIAN AG acquired 100 percent of the shares in the Acento Group, which has sites in Norway, Sweden, Denmark, and Finland. This acquisition is intended to extend the strategy of expansion and internationalization pursued in recent years to include Northern Europe. For further information, please refer to the relevant disclosures in the notes to the consolidated financial statements.

CHG-MERIDIAN AG's shares in abakus IT AG, Waldburg, Germany were sold in 2014.

2.5 REPORT ON THE PERFORMANCE OF THE CHG-MERIDIAN GROUP'S BUSINESS

2.5.1 REPORT ON FINANCIAL PERFORMANCE

The following table shows the key figures from the consolidated income statement (€ 000's):

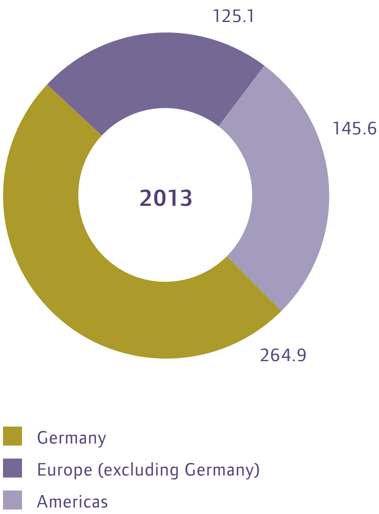
Key figures from income statement	2014	2013	Change (%)
Net interest income	70,888	63,963	10.8
Net income from operating leases	73,831	78,505	–6.0
Net income from remarketing	10,860	5,791	87.5
Net income from services	10,516	10,306	2.0
Profit from ordinary activities	59,124	58,314	1.4
Net income	41,800	38,104	9.7

The CHG-MERIDIAN Group generated a profit of € 59.1 million from ordinary activities in 2014 (2013: € 58.3 million), which represented a slight year-on-year increase. This was largely attributable to the rise in net interest income, which included higher interest income from finance leases.

INCOME

The following diagram gives a geographical breakdown of income[11] for the past two years:

INCOME BY GEOGRAPHICAL REGION (€ million)

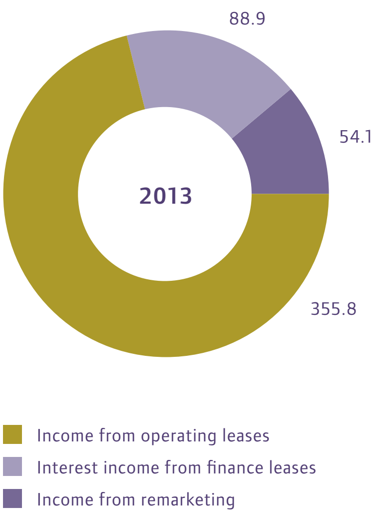


The significant improvement in income stemmed largely from the performances of Germany and the rest of Europe, which reported increases of € 34.3 million and € 23.0 million respectively. The decline of € 10.4 million reported by the Americas market had a countervailing effect.

The higher level of income in Germany was primarily attributable to CHG-MERIDIAN AG (increase of € 32.7 million), where strong growth in lease originations contributed to the sharp rise in income.

The following diagram shows how the total leasing and remarketing income in the past two years (€ 542.5 million in 2014 and € 498.8 million in 2013) was broken down into income from operating leases, interest income from finance leases, and income from remarketing:

INCOME BREAKDOWN BY INCOME TYPE (€ million)



[11] Defined as the total of interest income from finance leases/other interest income, income from operating leases, income from remarketing, income from services rendered, and other operating income.

Income from operating leases rose by € 19.1 million year on year to € 374.9 million, which was mainly attributable to the impressive level of leases originated over the past two years. This increase in income stemmed largely from the performances of CHG-MERIDIAN AG (up by € 16.0 million) and the US subsidiary (up by € 7.2 million). By contrast, the Dutch subsidiary reported a decline of € 2.9 million.

Interest income from finance leases was up by € 9.6 million year on year and reached € 98.5 million, largely due to higher income generated by CHG-MERIDIAN AG (increase of € 5.1 million), the Spanish subsidiary (increase of € 2.0 million), and the Italian subsidiary (increase of € 0.9 million).

Income from remarketing increased by € 15.0 million compared with 2013 and amounted to € 69.1 million. CHG-MERIDIAN AG earned total revenue of € 28.8 million from its Technology and Service Center in 2014 (2013: € 22.5 million). Of this total, revenue from brokerage amounted to € 5.6 million (2013: € 2.6 million). CHG-MERIDIAN AG generated disposal-related revenue of € 23.2 million from the remarketing of lease returns by its Technology and Service Center in Gross-Gerau (2013: € 19.4 million). The main drivers of revenue from disposals in 2014 were once again laptops, which accounted for € 10.9 million (2013: € 7.4 million), desktop PCs, which accounted for € 8.7 million (2013: € 6.1 million), TFT monitors, which accounted for € 4.5 million (2013: € 3.2 million), and servers, which accounted for € 2.9 million (2013: € 2.6 million).

The number of remarketed assets and the amount of revenue per equipment category remained stable in 2014. The market for used IT equipment was still intact and demand for equipment continued to exceed supply.

Some 456 thousand items of equipment (2013: 398 thousand) were sold through the Technology and Service Center in 2014, a year-on-year rise of 14 percent. In addition to returned leased equipment, the items of equipment sold included 142 thousand units (2013: 52 thousand units) that CHG-MERIDIAN purchased from customers or third parties so that they could be reconditioned and then resold in the market (brokerage). The Company's strategy is to generate additional income from the reconditioning and remarketing expertise offered by its Technology and Service Center, which is also a key provider of our remarketing services that offer our customers value-added solutions even at the end of their technology lifecycles.

The year under review also saw greater demand for the IT-related services provided by CHG-MERIDIAN. The number of hard disks from which data was securely erased increased significantly from 87,012 in 2013 to 102,524 in 2014. These figures reflect the rise in demand for secure data erasure carried out in accordance with processes certified by TÜV Informationstechnik GmbH and DEKRA. The majority of customers (79 thousand in 2014 and 65 thousand in 2013) opted for TÜV-certified data erasure. In 2014, more than 16 thousand (2013: around 12 thousand) hard disks and data cassettes had to be demagnetized using a high-performance degausser when data erasure processes were unsuccessful.

EXPENSES

Staff expenses and **other administrative expenses** rose by € 7.0 million to € 96.6 million in 2014. This increase was driven by the ongoing expansion of the CHG-MERIDIAN Group – coupled with the growth in headcount (up by 83 employees to 841 as at the reporting date) – and by planned one-off expenses, such as the acquisition of the Acento Group in 2014.

Expenses from operating leases largely resulted from depreciation and amortization of € 246.3 million (2013: € 218.4 million) and interest expense of € 52.8 million (2013: € 57.4 million) arising from forfaiting transactions. The increase in depreciation and amortization of leased assets under operating leases was largely due to the growth in lease originations over the past two years (see section 2.2.2).

The consolidated tax expense included the tax expense for the current year amounting to € 5.5 million (2013: € 3.9 million) and a deferred tax expense of € 11.8 million (2013: € 16.3 million).

Overall, the financial performance of the CHG-MERIDIAN Group operations remained positive.

2.5.2 REPORT ON THE FINANCIAL POSITION

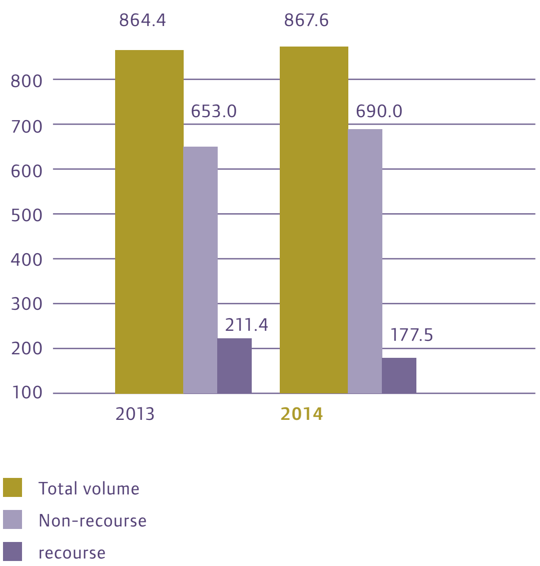
In 2014, funding for current lease originations and financing for other purposes was sourced from 94 (2013: 77) different banking partners across subsidiaries in 21 different countries, which once again reflects the fact that the CHG-MERIDIAN Group is not reliant on individual banks. This further increase in funding partners is partly attributable to the new foreign subsidiaries in the Northern Europe region and to new investors in the second promissory note loan.

Of the total volume of funding raised by the CHG-MERIDIAN Group, 25.2 percent was obtained from its three main banking partners (Landesbank Baden-Württemberg (LBBW), Société Générale Equipment Finance (SGEF), and the savings banks participating in the fourth tranche of the syndicated loan (Savings Banks (South) Syndicate IV).

In addition to directly funding its current lease originations, CHG-MERIDIAN AG was again able to obtain further external funding in 2014. However, as in previous years, the CHG-MERIDIAN Group's funding structure was characterized by a majority of non-recourse financing (forfaiting).

Given that total funding[12] of € 867.6 million was obtained from banking partners in connection with lease originations in 2014 (2013: € 864.4 million) and that total leases amounting to € 1,004.5 million were originated (2013: € 1,005.7 million), the proportion of leases funded externally by the CHG-MERIDIAN Group during the reporting year came to 86.4 percent (2013: 86.0 percent). The high proportion of non-recourse funding (68.7 percent of the volume of leases originated) demonstrates that CHG-MERIDIAN AG has a choice of funding methods, either forfaiting or loans.

FUNDING STRUCTURE (€ million)



[12] The total amount of finance disbursed includes both direct loans and the non-recourse funding of lease originations.

Including the external funding that was not earmarked for lease originations, the CHG-MERIDIAN Group's total volume of funding in 2014 amounted to € 972.1 million, which represented a slight year-on-year rise of 3.2 percent. However, it should be noted that the first promissory note loan entered into in 2013 (€ 50.0 million) continued to be drawn down in 2014. In addition to funding its lease originations, the Group also used supplementary funding methods, primarily in Germany where it raised a further promissory note loan (€ 50.0 million). In the US and Canada, it also obtained debt finance for 'money-over-money' lease transactions worth € 12.7 million and new funding for Group 'break and rewrite' deals with a volume of € 21.5 million.

Non-recourse funding of € 80.2 million was obtained for lease originations in the United States (2013: € 69.1 million). Including the external funding that was not earmarked for documented lease originations (€ 11.6 million), the total volume of funding raised in the United States amounted to € 91.8 million. In the United Kingdom, the CHG-MERIDIAN Group obtained non-recourse funding amounting to € 61.1 million in 2014 (2013: € 59.1 million). These funding transactions have the legal status of loans whose repayments are dependent on the lessees' credit standing and payments. Non-recourse transactions to fund operating leases[13] are shown in the statement of financial position under deferred income from forfaiting transactions.

Funding in France, Spain, Italy, and Scandinavia is generally provided through the sale of assets, which involves transferring legal title to the leased equipment as well as the credit risk to the funding partner. These countries raised total funding of € 116.9 million in 2014 compared with € 87.7 million in 2013. The total is broken down as follows: € 42.8 million in France (2013: € 45.2 million), € 36.2 million in Italy (2013: € 28.4 million), € 18.2 million in Spain (2013: € 4.1 million), and € 19.7 million in Scandinavia (2013: € 0 million).

Non-recourse funding in Mexico amounted to € 50.8 million (2013: € 20.6 million), while funding of € 32.9 million (2013: € 52.0 million) was obtained in the form of loans.

The volume of funding raised in Belgium amounted to € 38.9 million in 2014 (2013: € 41.9 million), with the whole of this amount being financed on a non-recourse basis in the reporting year.

Despite the year-on-year decrease in loan originations by the eastern European subsidiaries in 2014, non-recourse funding in these countries grew by € 3.6 million to € 21.5 million (2013: € 17.9 million).

Based on the total volume of non-recourse finance of € 690.0 million that was obtained by the CHG-MERIDIAN Group in 2014 (2013: € 653.0 million), the forfaiting ratio[14] was 68.7 percent last year compared with 64.9 percent in 2013. CHG-MERIDIAN's success in further expanding the loan facilities available to both local subsidiaries and the Group in general enabled it to focus on exploiting synergies and margin potential by making use of loan-based finance. Of the total volume of non-recourse funding, € 250.1 million was attributable to CHG-MERIDIAN AG (2013: € 289.4 million). It should be noted that the two promissory note loans totaling € 100 million that were entered into in 2013 and 2014 helped to maintain the Group's strong liquidity position.

The aggregate volume of forfaiting transactions conducted by the Austrian and Swiss subsidiaries in 2014 remained virtually unchanged at € 16.7 million (2013: € 16.8 million).

[13] Accounted for as leased assets in the lessor's statement of financial position.
[14] Defined as the volume of non-recourse funding disbursed as a proportion of the total leases originated in each reporting year.

Wherever possible, the CHG-MERIDIAN Group's foreign subsidiaries obtain most of their funding from local partners. As the parent company, CHG-MERIDIAN AG supports its subsidiaries by providing sufficient capital, short-term prefinancing facilities, or medium and long-term loans. Nine subsidiaries across the CHG-MERIDIAN Group together raised € 177.5 million worth of external loans in 2014 compared with the total of € 211.4 million that had been raised by ten subsidiaries in 2013.

In Germany, Landesbank Baden-Württemberg (LBBW) together with various savings banks had already committed to four syndicated loan facilities between 2010 and 2013 (€ 25.0 million in 2010, € 50.0 million in 2011, € 75.0 million in 2012, and € 90.0 million in 2013). After drawing down € 21.0 million of the fourth tranche of € 90 million in 2013, CHG-MERIDIAN AG drew down all of the remainder as scheduled in several further drawings totaling € 69.0 million in 2014.

The syndicated loan facilities that were arranged by Bremer Landesbank as lead manager in 2011 and 2013 remain in force for a total amount of € 55.0 million. In 2014, € 9.1 million was drawn under this total loan facility, which is a revolving line of credit that CHG-MERIDIAN AG can continue to draw down in individual tranches until further notice.

In addition to funding its current lease originations, CHG-MERIDIAN AG was again able to obtain further external funding in 2014. In Germany, this additional external funding involved raising a further promissory note loan, borrowing to refinance intercompany lending, and obtaining further 'umbrella' loan facilities. A total of 18 investors from Germany, Austria, and Switzerland participated in the promissory note loan for € 50.0 million arranged in 2014. During the placement of the promissory note loan, the high level of orders received was far in excess of the anticipated volume, although only the planned amount of € 50.0 million was taken up. Further promissory note loans, each with a volume of € 50 million, are planned for the next two years. The syndicated loan facility arranged by LBBW was also used to refinance euro-denominated intercompany loans with a volume of € 6.2 million on a pro-rata basis in 2014. As at December 2014, CHG-MERIDIAN AG also had overdraft facilities with five banks (Deutsche Bank AG, DZ BANK AG, Commerzbank AG, LBBW, and UniCredit Bank AG). Some of these facilities are also available to its subsidiaries. The use of umbrella loan facilities provides CHG-MERIDIAN AG with an attractive alternative source of funding alongside the short-term intercompany loans that it has generally used in the past.

Taken together, the CHG-MERIDIAN Group possessed a very sound level of financial resources in 2014. In addition to a strong free cash flow, the CHG-MERIDIAN Group also has substantial undrawn credit lines available to enable it to grow further. Please refer to the statement of cash flows for further information. There were no restrictions limiting the availability of the Company's capital or liquidity in 2014.

2.5.3 REPORT ON THE NET ASSETS

The CHG-MERIDIAN Group's total assets amounted to € 1,921.9 million as at December 31, 2014 (December 31, 2013: € 1,682.2 million), which represents a year-on-year increase of € 239.7 million or 14.2 percent. The Group's net assets largely consist of receivables from finance leases, leased assets under operating leases, deferred income from forfaiting transactions, and liabilities to banks.

Receivables from finance leases grew by € 169.0 million to € 825.6 million as at December 31, 2014, which was largely attributable to CHG-MERIDIAN AG (increase of € 41.7 million), CHG-MERIDIAN Mobilien GmbH (increase of € 21.8 million), and the subsidiaries in the US (increase of € 41.2 million), Spain (increase of € 28.3 million), Italy (increase of € 10.9 million), and the UK (increase of € 10.0 million). In the cases of CHG-MERIDIAN AG and CHG-MERIDIAN Mobilien GmbH, the increase was due to the higher volume of lease originations and the strategy of increasingly using loans to fund finance leases, with the result that there is no netting of receivables. The rise in the US stemmed mainly from the fact that a major break-and-rewrite deal was signed, while the signing of a big-ticket finance lease was the main reason for the increase in Spain. The results in Italy and the UK were largely due to the higher volume of leases originated in 2014.

Leased assets under operating leases had grown by € 6.6 million to € 542.4 million by December 31, 2014 (December 31, 2013: € 535.8 million), which was largely attributable to the strong expansion at the UK subsidiary (increase of € 12.1 million). Conversely, a lower volume of lease originations at the Mexican subsidiary resulted in a fall of € 6.9 million in leased assets in 2014.

Capital expenditure relating to finance leases and operating leases is matched on the other side of the statement of financial position by lease-related **liabilities to banks** totaling € 582.1 million (December 31, 2013: € 494.7 million) and **deferred income from forfaiting transactions** of € 609.7 million (December 31, 2013: € 527.3 million). The rise in lease-related liabilities to banks largely related to CHG-MERIDIAN AG (increase of € 86.5 million), which had increased and expanded its own credit lines and obtained an additional promissory note loan (see section 2.5.2). The rise in deferred income from forfaiting transactions essentially results from the subsidiaries in the US (increase of € 40.2 million), Italy (increase of € 14.0 million), Belgium (increase of € 10.3 million), the Netherlands (increase of € 10.2 million), and the UK (increase of € 10.4 million). The increase in deferred income is attributable to the generally higher volume of funding obtained in these countries (see section 2.5.2).

The **equity ratio**[15] of the CHG-MERIDIAN Group was 16.8 percent in 2014, which was virtually unchanged on the previous year (2013: 17.0 percent). However, as is the case for all leasing companies, the equity ratio is of limited use as an indicator.

2.5.4 GENERAL COMMENT ON THE CHG-MERIDIAN GROUP'S BUSINESS SITUATION

The CHG-MERIDIAN Group ended the 2014 financial year on a very successful note. Its operating performance underscores the success of its business model and its strategy of achieving sustainable growth. Although economic conditions continued to fall short of expectations, the CHG-MERIDIAN Group managed to strengthen its market position. Moreover, the Company actually exceeded the target for gross profit in 2014, which also had a positive impact on its profit for the year. At the time that these consolidated annual financial statements were completed, the Company was therefore excellently placed and possessed the capabilities needed to ensure that it continues to thrive in a constantly changing market environment over the coming years.

[15] Defined as the ratio of equity to total assets.

2.6 NON-FINANCIAL PERFORMANCE INDICATORS

Non-financial performance indicators are non-quantifiable indicators. In 2014, these indicators moved in line with management expectations.

2.6.1 EMPLOYEE STRUCTURE

The CHG-MERIDIAN Group employed a total of 841 people as at December 31, 2014 (December 31, 2013: 758 people), which was a year-on-year increase of 83. Due to changes in the scope of consolidation, abakus IT AG and CML Services GmbH have been omitted from the headcount for 2013, resulting in a reduction of 37.

The following table gives a breakdown of employees in the CHG-MERIDIAN Group by country and company as at December 31, 2014:

Country	Company	Headcount Dec. 31, 2014	Headcount Dec. 31, 2013
Germany	CHG-MERIDIAN AG	447	426
	CHG-MERIDIAN Mobilien GmbH	12	5
France	CHG-MERIDIAN France SAS	33	30
United Kingdom	CHG-MERIDIAN (Holdings) UK Limited	43	39
Belgium	CHG-MERIDIAN Belux NV	28	27
Italy	CHG-MERIDIAN Italia S.p.A.	22	23
Spain	CHG-MERIDIAN Spain S.L.	19	18
Russia	LLC 'CHG-MERIDIAN'	12	12
Austria	CHG-MERIDIAN Austria GmbH	7	3
Poland	CHG-MERIDIAN Polska sp. z o.o.	11	9
Netherlands	CHG-MERIDIAN Nederland BV	12	11
Switzerland	CHG-MERIDIAN Schweiz AG	5	5
Czech Republic	CHG-MERIDIAN Czech Republic s.r.o.	9	8
United States of America	CHG MERIDIAN USA Corp.	47	50
Mexico	CHG-MERIDIAN México S.A.P.I. de C.V.	76	79
Brazil	CHG-MERIDIAN do Brasil Locação de Equipamentos Ltda.	15	13
Norway	Acento AS	27	0
Sweden	Acento Finance AB	8	0
Denmark	Acento Finance A/S	4	0
Finland	Acento Finance Oy	4	0
TOTAL		**841**	**758**

There were no employees in Slovakia, Slovenia, Ireland, or Canada as at the reporting date.

The code of conduct compiled by the CHG-MERIDIAN Group defines corporate values that provide guidance for all members of staff in their day-to-day work and embody the Group's corporate philosophy and culture. Through these shared objectives and values, combined with clearly defined policies, the Group aims to ensure that all employees conduct themselves ethically and in compliance with the law, both with regard to each other and to the public. The code of conduct is regularly revised to ensure that these corporate principles are consistent with the Group's constantly changing circumstances and environment.

RECRUITING AND RETAINING STAFF

Efforts to recruit and retain staff are high priorities for the CHG-MERIDIAN Group. They include providing exciting career opportunities, financial incentives, benefits, and family-friendly working hours, finding the right work/life balance, and creating a corporate and managerial culture based on a sense of responsibility and trust. These measures were put into place in 2013 and continued to be maintained in 2014. In addition, CHG-MERIDIAN has forged a partnership with the Weingarten-based Foundation for the Center for the Disabled in Upper Swabia (KBZO) and now provides workplace daycare facilities for young children. This enables Company employees to return to work after just one year's parental leave by taking advantage of flexible part-time arrangements.

SKILLS TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT

Recognizing that its employees are its most important resource, the CHG-MERIDIAN Group is committed to providing its own staff with CPD via the corporate CHG-Academy. Employees in every location in every country are offered customized training in company-specific processes and more generic skills.

In 2014, nine young people commenced vocational training courses in IT, industrial business management, and logistics, or started degree apprenticeships in international business, financial services, or business informatics at CHG-MERIDIAN AG.

Five young graduates also joined the next intake of the successful TrailS – Trainees for Sales program. CHG-MERIDIAN AG also offers high-school students and undergraduates an insight into working life in the form of internships.

2.6.2 SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

CHG-MERIDIAN has generated continuous growth ever since it was first established. One of the main reasons for this success is the strong local ties that we have forged as an owner-managed company with operations geared to generating solid long-term growth.

Responsibility and sustainability are part of our DNA. Our contribution to socially and environmentally sustainable development is derived from our business model, which combines the corporate values by which we operate with our long-term growth and our relationships with our employees, customers, and society at large.

CORPORATE CITIZENSHIP

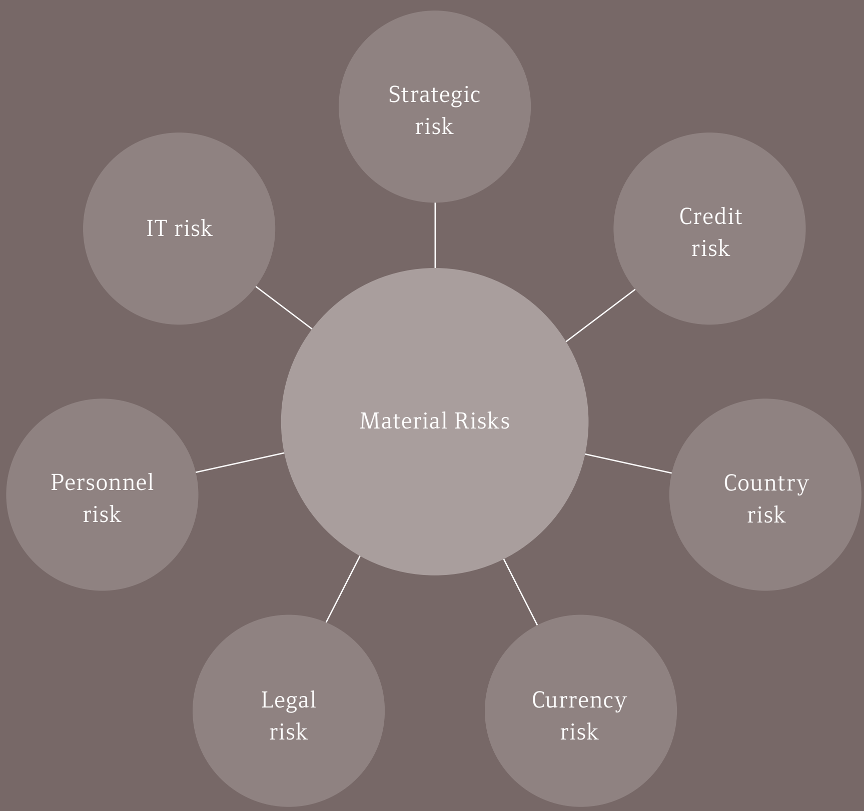
As a multinational company and a trusted independent partner, we have a duty to act with integrity at all times in accordance with the expectations of our customers, employees, and business partners and of the wider public. This also applies to charitable donations and sponsorships, which form a key part of our responsibilities as a corporate citizen. Donations and sponsorship are subject to the provisions of a policy that applies throughout the CHG-MERIDIAN Group.

In order for our charitable donations and sponsorships to be effective, there needs to be a clear definition of the social causes being supported and the associated objectives. As a technology company, we have a particularly strong focus on technology, media, and the digital revolution. Our aim is to apply this passion to the priority areas of the arts, education, social causes, and sport.

We explicitly pledge our commitment to the communities in which we operate. We see our role as that of a good citizen who actively participates, who makes a difference, and who becomes involved with the aim of promoting the common good. Our charitable donations and sponsorship activities are concentrated on initiatives, projects, and associations in our local area.

SECTION 3
OPPORTUNITIES AND RISKS REPORT

MATERIAL RISKS



The objective of the risk strategy is to strike the right balance between the risks and opportunities facing the CHG-MERIDIAN Group as a whole. The aim here is to seek to exploit specific opportunities while only taking on risks to a responsible degree.

3.1 OPPORTUNITIES REPORT

Following the eurozone's return to stability in 2014, global economic growth will depend on a variety of factors such as future trends in the eurozone, changes in the price of oil and growth in the emerging markets, primarily in the 'Fragile Five'.[16] Growth in global GDP is forecast to be marginally higher in 2015 than it has been in recent years. The predicted growth rates are 3.7 percent for the global economy, 1.2 percent for the eurozone, and 3.2 percent for the US. As in 2014, the Group's core German market is expected to experience modest growth of 1.7 percent[17]. These forecasts will enable the CHG-MERIDIAN Group to continue to grow in line with its customers. The economic environment for the CHG-MERIDIAN Group's operating activities will therefore be slightly more stable in 2015 than it was in 2014.

3.1.1 OPPORTUNITIES IN THE LEASING MARKET

Ever increasing pressure on capital expenditure, changing market conditions and short development cycles in high-tech sectors mean that companies need comprehensive, flexible financing solutions that are geared toward the conditions in each market. More and more companies are also looking for solutions that, in addition to the actual investments, will result in process optimization and consequently enhance the ways in which equipment can be used. Rapidly changing market conditions and short product lifecycles create uncertainty among customers about optimum capital investment, resulting in backlogs in capital expenditure in many sectors. Many companies now find it virtually impossible to cover the costs of operating capital equipment over the entire lifecycle of a product. Leasing is an attractive alternative to managing all aspects of capital investment without outside support, and it helps to reduce backlogs in capital spending. Companies are looking for experienced partners who are capable of providing flexible, end-to-end management of technology-related investments. As an experienced financial advisor and technology manager, the CHG-MERIDIAN Group is therefore in an excellent position to offer its customers one-stop solutions.

3.1.2 OPPORTUNITIES IN INFORMATION TECHNOLOGIES

By constantly expanding the range of services it offers, the CHG-MERIDIAN Group has created efficient structures that enable it to offer flexible, customized solutions, thereby adding value for its clients. At all of its local subsidiaries, CHG-MERIDIAN offers its customers a comprehensive portfolio of IT solutions backed up by a wealth of experience in all core markets. The acquisition of the Acento Group in Northern Europe in 2014 opened up another stable European market with considerable growth potential for CHG-MERIDIAN.

Further expanding the range of services has enabled the Group to identify market trends at an early stage and to build up the relevant expertise. As a result, CHG-MERIDIAN believes it is well positioned to implement capital spending projects, including complex projects with a large service component, acting as an experienced partner in support of its customers. As well as financing investment in hardware, the CHG-MERIDIAN Group has already been focusing on financing complex software and service projects for some time.

In addition to its traditional businesses, CHG-MERIDIAN believes mobile device management and software leasing will offer particular opportunities in the coming year. Many companies are faced with the challenge of efficiently managing mobile devices with short lifecycles. CHG-MERIDIAN is able to support its customers at every stage of the lifecycle, from procurement, central asset management and the replacement of defective assets through to remarketing. By contrast, the financing of software projects generally involves lengthy prefinancing stages and requires extremely flexible financial structures. CHG-MERIDIAN sees further growth opportunities in these and other IT trends, such as big data and 3D printing.[18]

[16] www.dihk.de/ressourcen/downloads/weltkonjunkturbericht-2014.pdf
[17] http://www.ifw-kiel.de/think-tank/macroeconomic-forecasts/forecasting-center/view?set_language=en
[18] http://www.gartner.com/technology/research/top-10-technology-trends/

In order to achieve its planned objectives, the CHG-MERIDIAN Group will continue to focus on the expansion of integrated and international services for its customers. It expects the total volume of lease originations in the IT market to continue to grow in 2015.

3.1.3 OPPORTUNITIES IN INDUSTRIAL TECHNOLOGIES

Investing in industrial equipment has become even more complex in recent years. Companies are looking for financing solutions that are appropriate for the use of the equipment, offer a certain degree of flexibility and are closely geared to their specific requirements. The CHG-MERIDIAN Group has a wealth of expertise in these areas and the position that it occupies in Germany and in selected international markets means that it is well placed to help customers to manage these investments.

The range of services offered in the Group's industrial technologies business is centered on helping customers to make capital investments by managing cash flows innovatively and aligning repayments with the income streams from each investment. The services offered by the CHG-MERIDIAN Group are similar to those in the IT market (financial services, operational services, consulting services, and remarketing services).

The CHG-MERIDIAN Group is able to use its existing network to optimize the services that it offers to international big-ticket clients and to provide them with customized financing solutions. Large-scale projects that have been completed in recent years offer a source of empirical data. By building relationships with vendors and focusing on capital-intensive high-tech products with regular replacement cycles, the Group expects to generate stable and continuous growth in the market. The CHG-MERIDIAN Group also closely monitors trends such as Industry 4.0 in order to derive future growth potential from them.

Based on its current position in the industrial technologies market and recent signals from that market, the Group believes there is still considerable potential to increase the volume of leases originated in 2015.

3.1.4 OPPORTUNITIES IN HEALTHCARE TECHNOLOGIES

The healthcare sector offers long-term growth potential around the world, but highly specialized products and country-specific regulations require solutions tailored to the sector. An increasing number of technologies for monitoring the health of patients outside hospital, in order to optimize the length of stays in hospital, will also be needed in the future. High-value, state-of-the-art equipment constitutes a key success factor for healthcare providers, but large-scale medical equipment entails large amounts of capital investment and high maintenance costs, which create major challenges for many of them.

Because it has experience of other technology segments, the CHG-MERIDIAN Group can offer comprehensive and efficient lifecycle management that includes much more than just the necessary finance. For example, the CHG-MERIDIAN Group's asset management system is also ideal for managing technologies for decentralized use. Adapting products and services from other technology markets enables innovative solutions to be developed for healthcare providers. In the coming year, an international team will be expanding the healthcare technologies business into more countries.

During the healthcare sales process, the CHG-MERIDIAN Group benefits from its network of IT and industrial customers and those in international vendor programs and alliances, and thus has the opportunity to provide further support for existing customers by offering them cross-functional solutions. The healthcare technologies business is expected to grow significantly and to make an increasing contribution to CHG-MERIDIAN's total profits.

3.1.5 OVERALL ASSESSMENT OF OPPORTUNITIES

In general, capital spending on healthcare technologies and industrial technologies is closely correlated with spending on IT and, consequently, cannot be viewed in isolation. These technology segments are becoming increasingly interlinked by virtue of their shared management resources and combined finance packages. The CHG-MERIDIAN Group offers customers overarching solutions and an international presence, which create opportunities for the Group as a whole. By providing integrated services in all its business areas, the Group can reap economies of scale and add further value for its customers. In addition, the three technology segments provide the CHG-MERIDIAN Group with opportunities for cross selling, some of which are substantial.

Internationally, the focus is on further expanding the range of services and solutions in order to ensure that the CHG-MERIDIAN Group can continue to provide its customers with a comprehensive and uniform service offering in all relevant countries.

CHG-MERIDIAN's international presence and increased focus on the potential offered by big-ticket customers and projects around the world provide further opportunities for growth. Overall, the CHG-MERIDIAN Group expects its business to perform well in 2015 and it is aiming for modest growth across all business areas. Strategic acquisitions in existing markets may create further opportunities for the CHG-MERIDIAN Group as a whole.

3.2 RISK REPORT

3.2.1 RISK STRATEGY

The objective of the risk strategy is to strike the right balance between the opportunities and risks facing the Group. The risk strategy pursued by the CHG-MERIDIAN Group is derived from its business strategy and forms an integral part of the risk management process. The Management Board and Supervisory Board of CHG-MERIDIAN AG set out the principles of risk policy. Its core message incorporates a code of conduct and it encourages all staff members to take a sensible attitude toward risk. These principles form the basis for the specific structure of the risk management organization and are intended to promote awareness of risk on the part of all stakeholders. By communicating its corporate principles to all employees in the CHG-MERIDIAN Group, the Company aims to ensure that they are aware of risk, that risks are identified and monitored, and that appropriate action is taken should an imminent threat arise.

The idea behind the risk strategy is also to enable us to exploit competitive advantages and opportunities while avoiding risks that exceed a defined limit. CHG-MERIDIAN adopts a risk-conscious approach to managing and identifying potential risks and opportunities, evaluates them in terms of their risk/reward profile and decides whether to accept or avoid them based on the Company's capacity to assume the risk involved. The aim here is to seek to exploit specific opportunities while only taking on risks to a responsible degree.

3.2.2 RISK MANAGEMENT AND RISK MONITORING

In order to manage and monitor these risks, the CHG-MERIDIAN Group employs a holistic risk management strategy in conjunction with processes and organizational structures for monitoring and measuring risk that are calibrated to reflect the size, nature, scope, complexity, and risk inherent in each of its transactions. Furthermore, process-integral and cross-process monitoring ensure that the risk management system, and the action taken within it, functions properly, fulfils its requirements, and is effective.

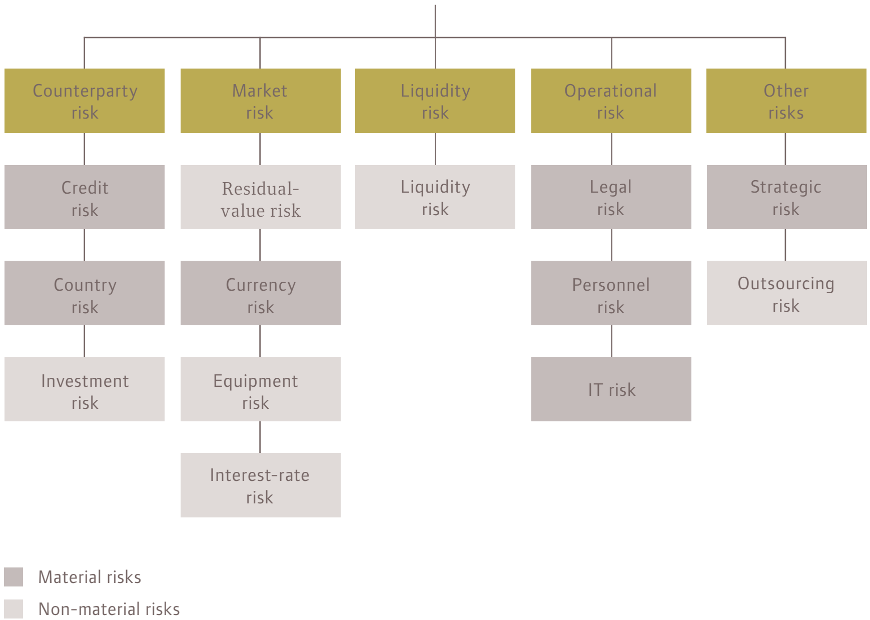
The purpose of the CHG-MERIDIAN Group's risk management system is to identify, analyze, evaluate, and manage specific risks facing the Group. The relevant executive directors and other decision-makers at CHG-MERIDIAN AG regularly analyze, evaluate, and monitor risk and also identify new risks and risk categories. The level of risk that can be assumed by these decision-makers is governed by the net asset value of the subsidiary concerned. The executive directors in the CHG-MERIDIAN Group have set appropriate limits and authorization levels for the specific risks involved, and these have been approved by the relevant supervisory bodies.

The Group also manages and monitors its risks at the level of its parent company, which is its major company, by preparing a quarterly calculation of the risk-bearing capacity of CHG-MERIDIAN AG that is submitted to the decision-makers responsible at CHG-MERIDIAN AG for analysis and approval. This calculation of risk-bearing capacity involves determining and assessing the proportion of identified and computed risks as a percentage of aggregate risk cover for the respective quarter of the year. If the relevant limits are exceeded (20 percent of the aggregate risk cover), it is also submitted to the Supervisory Board for approval.

As a function independent of the risk management process, internal audit – acting on behalf of the Management Board – examines the integrity and effectiveness of the Company's risk monitoring system in accordance with the statutory Minimum Requirements for Risk Management (MaRisk). Internal audit reports regularly to the Management Board. In 2014 it identified no findings that potentially pose a threat to the integrity of the risk management system.

As a leasing company with a strong focus on products and services, the CHG-MERIDIAN Group is exposed to the following risks when conducting its business:

RISKS IN THE CHG-MERIDIAN GROUP



3.2.3 RISK CATEGORIES

3.2.3.1 COUNTERPARTY RISK

Counterparty risk is defined as the potential loss that can arise as a result of a counterparty's default, either because of its insolvency or its unwillingness to meet its contractual obligations.

The CHG-MERIDIAN Group defines credit risk, investment risk, and country risk as material counterparty risks.

CREDIT RISK

Credit risk is determined by three factors: the credit exposure (outstanding lease installments funded by loans or from the CHG-MERIDIAN Group's own resources), the recovery rate (sum total of remarketing proceeds from leases in default and other revenue minus remarketing-related costs in relation to the present value of residual receivables, including a margin), and the expected default frequency (potential default risk).

The CHG-MERIDIAN Group may be exposed to credit risk as a result of the bankruptcy of clients that it has financed at its own risk. Such risk also exists during transactions' prefinancing stages and in cases where purchase participation declarations have been issued.

The Company manages this risk by ensuring that it has risk-adjusted organizational structures in place and by consistently pursuing a policy of risk avoidance. Another way in which the CHG-MERIDIAN Group seeks to mitigate credit risk is by deliberately offloading this risk, which involves funding leases mainly by selling receivables on a non-recourse basis.

In order to prevent an unacceptably high credit exposure risk, the CHG-MERIDIAN Group analyzes the risk arising in connection with funding from its own resources and funding by loans as part of its monthly management reporting process; it analyzes other credit risks on a quarterly basis.

The CHG-MERIDIAN Group continued to use its risk-based operational and organizational structures to manage its credit risk effectively during the reporting period. The proportion of receivables sold on a non-recourse basis amounted to 68.7 percent (2013: 64.9 percent), which meant that a moderate level of credit risk remained with the CHG-MERIDIAN Group.

The Company mitigates the fraudulent-receivables risk not covered by non-recourse financing to the largest possible extent by agreeing standard leases in advance with the banks providing the funding. Adjustments made to these contractual arrangements for individual customers are agreed in detail between the relevant legal departments and the funding bank concerned.

COUNTRY RISK

Country risk arises if political or economic circumstances in a particular country impact the value of a foreign exposure. It comprises transfer risk and other country risks. Transfer risk arises if a debtor who is otherwise solvent and willing to make payments is unable to meet payment obligations because the imposition of governmental or regulatory controls has prevented the debtor from obtaining foreign currency or from transferring assets to parties not domiciled in the country concerned. Other country risk comprises risks that may jeopardize the enforceability of receivables due from counterparties abroad, capital investments, or anticipated profits abroad, independently of the transfer risk. It depends on economic and political risk factors in a country, in particular country-specific liquidity risk, market risk, and correlation risk.

In order to minimize its country risk, the CHG-MERIDIAN Group therefore operates almost exclusively in states that are members of the Organisation for Economic Co-operation and Development (OECD) and in economically and politically stable countries.

If there is an exposure to country risk, investors generally demand a risk premium in return for this exposure. The risk premium is thus calculated by comparing the coupon on sovereign bonds issued by the country concerned with a risk-free sovereign bond in the same currency.

3.2.3.2 MARKET RISK

Market risk arises when the return generated by a transaction depends on future movements in exchange rates, share prices or interest rates, and the transaction is not hedged by a corresponding countervailing transaction. The CHG-MERIDIAN Group has identified residual-value risk, currency risk and interest-rate risk as types of market risk, but currency risk is the only one of them judged to be material for the Group.

CURRENCY RISK

Currency risk constitutes the risk that receivables and liabilities depreciate in value owing to sharp fluctuations in exchange rates.

The CHG-MERIDIAN Group is exposed to increasing levels of currency risk because of the internationalization of its business and the growing importance of its foreign markets.

The CHG-MERIDIAN Group aims to ensure that funding is obtained in the local currency of the subsidiary concerned from its own funding partners. This policy helps minimize currency risk.

3.2.3.3 OPERATIONAL RISK

Operational risk constitutes the risk of losses caused by the inappropriateness or failure of internal processes, people or systems or by external events, including legal risks.

Material operational risk, as defined by the CHG-MERIDIAN Group, mainly comprises legal risk and personnel risk. It also includes risk in connection with operating processes, including failure of the IT infrastructure.

The risk itself is quantified at the level of the parent company CHG-MERIDIAN AG. In order to quantify operational risk, CHG-MERIDIAN AG draws on the regulatory requirements specified in article 315 of the Capital Requirements Regulation, which stipulates that quantification of operational risk must be based on 15 percent of the three-year average of the relevant indicator (gross earnings).

LEGAL RISK

Legal risk arises when new types of lease are used, existing types of lease are amended or the contractual framework is altered without the legal risks having been thoroughly assessed in advance.

The CHG-MERIDIAN Group mitigates this risk by severely restricting the cases in which transactions are allowed to deviate from the Company's general terms and conditions and by standardizing the various kinds of quotes and offers that sales staff are allowed to submit to clients. Before a lease is signed, the relevant senior sales executives and contract management staff check to ensure that these standards have been complied with.

Any deviations from these standards and any customized agreements made with individual clients must be approved beforehand by the legal and funding departments and by the responsible member of the Management Board. This procedure prevents unmanageable legal risks from arising and safeguards the funding of leases.

PERSONNEL RISK

Personnel risk is defined as the risk arising in connection with staff turnover, although this is generally of minor significance in the CHG-MERIDIAN Group. Furthermore, the HR department is not aware of any legal disputes with employees that have a material impact on the CHG-MERIDIAN Group's net assets or financial performance.

IT RISK

New, complex, and customized types of lease and administrative processes mean that data processing and general contract management are constantly changing. As the CHG-MERIDIAN Group relies on its IT systems working smoothly and effectively to ensure that they can process transactions swiftly and efficiently, these systems have to be constantly adapted to changing requirements. The Group's rules of procedure require all critical business processes to be checked by two different members of staff.

The nature of CHG-MERIDIAN's business model and organizational structures ensures, however, that systems failure in individual departments would not pose a material risk for the first few days. Although this risk is regarded as low, the Company has taken the following precautionary measures in specific areas:

- IT service continuity plan (anti-virus protection, backup systems/daily data backups, redundant networks/systems, etc.)
- IT policies (security procedures, etc.).

CHG-MERIDIAN maintains a redundant network – the backup data center in Gross-Gerau – in order to further mitigate this risk. In addition, it conducts service continuity tests in specific areas.

3.2.3.4 OTHER RISKS

The CHG-MERIDIAN Group has identified strategic risk as a further material risk. It is the risk of losses arising from incorrect strategic business decisions, business-model risks, and risks to financial performance and profit margins.

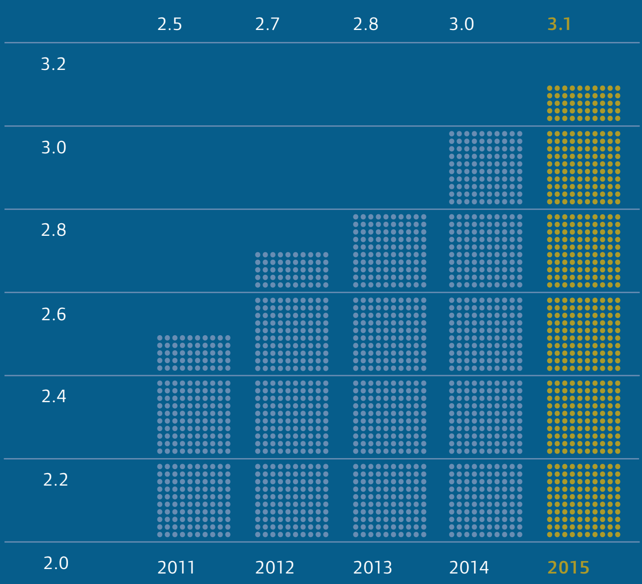
The management of strategic risk is the primary responsibility of the Management Board. In analyzing and evaluating this risk, which is largely determined as a qualitative factor, the Management Board is supported by the relevant departments. Strategic risk is therefore identified and evaluated on the basis of constant observations of macroeconomic conditions as well as regular analysis of competitive and sectoral trends.

3.2.4 SUMMARY

Against the current backdrop of steadily growing risks and regulatory requirements, the CHG-MERIDIAN Group's conservative corporate strategy has proved to be the right approach for the long term. By pursuing a rigorous risk management policy, the CHG-MERIDIAN Group was kept abreast of the latest developments in its risk exposures. Current economic conditions pose no risks that adversely affect the CHG-MERIDIAN Group; this applies both to the results of business operations that have been completed and to activities that are either in the pipeline or have already been initiated.

SECTION 4
EVENTS AFTER THE BALANCE SHEET DATE AND OUTLOOK

PERFORMANCE OF THE GLOBAL ICT MARKET
(€ trillion)



The EITO and International Data Corporation are forecasting an encouraging trend in the information and communications technology (ICT) market. They expect the global ICT market to grow by 4.0 percent year on year in 2015.

4.1 EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the end of the 2014 financial year.

4.2 OUTLOOK

4.2.1 MACROECONOMIC OUTLOOK

Global economic growth will depend on various factors in 2015. Despite positive forecasts for the global economy (growth of 3.4 percent), the eurozone economy is only expected to grow at a minimal rate of 1.2 percent[19].

The European Information Technology Observatory (EITO) is forecasting growth of 2.4 percent in revenue from software, IT services and IT hardware. Software and IT services will be the main market drivers, while revenue from hardware is expected to fall slightly.[20]

According to SPECTARIS, the German high-tech industry association, German manufacturers of large-scale medical equipment are predicting growth of 3.8 percent for the healthcare technologies market in the next few years.[21] Although this forecast suggests a generally positive trend for the healthcare technologies market, growth in the European core markets in particular is expected to be subdued because economic conditions will inhibit capital spending.[22]

On a price-adjusted basis, the German Engineering Federation (VDMA) forecasts modest growth in the production of plant and equipment in Germany.[23]

Market growth is a significant factor for the CHG-MERIDIAN Group, but equally important is the ability to convince customers who traditionally buy equipment of the value added by the solutions offered by the CHG-MERIDIAN Group. This provides another way of generating growth for the Group.

Overall, the macroeconomic parameters for the CHG-MERIDIAN Group are therefore expected to remain stable.

4.2.2 OUTLOOK FOR THE CHG-MERIDIAN GROUP

The CHG-MERIDIAN Group sees further potential for modest growth in 2015 arising from macroeconomic trends, the Group's position in the market, and the addition of the Scandinavian countries last year. Although it will continue to focus on the IT market, the Group also plans to expand its healthcare and industrial technologies businesses into more countries, which will provide the CHG-MERIDIAN Group with growth opportunities over and above the level of macroeconomic growth.

The CHG-MERIDIAN Group's expectations with regard to its customers' requirements and its associated general strategic approach remain more or less unchanged. Going forward, customers will continue to seek a reliable partner who provides support at all relevant stages of the technology lifecycle and offers customized full-service leasing solutions.

[19] http://www.ifw-kiel.de/think-tank/macroeconomic-forecasts/forecasting-center/view?set_language=en
[20] http://www.bitkom.org/de/markt_statistik/64086_81011.aspx
[21] http://www.spectaris.de/medizintechnik/zahlen-fakten.html
[22] http://www.spectaris.de/verband/presse/artikel/seite/medica-leichtes-wachstum-der-deutschen-medizintechnik/presse-1.html
[23] http://www.vdma.org/en/article/-/articleview/5496853

OUTLOOK IN EUROPE

The priorities for a number of European subsidiaries outside Germany will be to stabilize their volumes of lease originations and further enhance their profitability. Last year, they developed strategic and structural measures that are to be implemented in 2015. Having strengthened their personnel resources in specific areas in 2014, these foreign subsidiaries plan to continue to expand their organizational structures and to extend the range of services they offer. Closer networking between the individual regional subsidiaries over the next few years will remain one of the contributing factors allowing the Group to conclude international full-service leases and reap further synergies.

OUTLOOK IN THE AMERICAS

CHG-MERIDIAN's market position in the United States continues to offer significant growth potential for the coming years. The capital that it has invested in new sales infrastructure and suitably qualified staff is expected to generate strong growth in lease originations. Significant year-on-year growth in lease originations is expected in the coming year in both Mexico and Brazil.

FORECAST

Having achieved an all-time record result in its gross profit and maintained a strong level of lease originations in 2014, the CHG-MERIDIAN Group has further bolstered its market position. In an economic environment generally characterized by growth, international business will provide great potential for the Group.

Given this potential, the CHG-MERIDIAN Group is starting 2015 with a sense of optimism and aims to generate the lease origination volume achieved in 2014 as a baseline and then to achieve modest growth over and above this level. Overall, it expects its gross profit to improve slightly with earnings remaining at the same level.

The CHG-MERIDIAN Group finds itself in a very strong financial position and will continue to be on the lookout for strategically beneficial acquisitions – either in Germany or abroad – in 2015.

Weingarten, March 6, 2015

CHG-MERIDIAN AG

Jürgen Mossakowski Joachim Schulz Frank Kottmann Dr. Mathias Wagner

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position of CHG-MERIDIAN AG, Weingarten, as at December 31, 2014

ASSETS

	Note	Dec. 31, 2014 €000's	Dec. 31, 2013 €000's	Jan. 1, 2013 €000's
1. Cash reserve	8.1	25	26	14
2. Receivables from banks	8.2	179,226	116,338	112,480
3. Receivables from finance leases	8.3	825,565	656,644	499,369
4. Other receivables from customers	8.4	88,650	88,669	72,134
5. Derivatives	8.13	47	484	233
6. Equity investments	8.5	312	980	877
7. Leased assets under operating leases	8.6	542,405	535,824	565,033
8. Intangible assets	8.7	3,568	1,101	1,282
9. Property, plant and equipment	8.8	30,928	28,633	27,647
10. Income tax assets	8.16	6,390	2,607	2,135
11. Deferred tax assets	6.15	9,798	9,698	9,664
12. Other assets	8.9	234,988	241,183	159,715
Total assets		1,921,902	1,682,187	1,450,583

LIABILITIES AND EQUITY

	Note		Dec. 31, 2014 € 000's	Dec. 31, 2013 € 000's	Jan. 1, 2013 € 000's
1. Liabilities to banks	8.10		582,077	494,718	367,277
2. Deferred income from forfaiting transactions	8.11		609,674	527,345	470,425
3. Liabilities to customers	8.12		203,766	187,881	183,554
4. Debenture loans			0	0	12,031
5. Derivatives	8.13		990	78	910
6. Other provisions	8.14		1,488	1,276	551
7. Income tax liabilities	8.16		2,115	2,786	3,093
8. Deferred tax liabilities	6.15		117,519	103,667	87,181
9. Other liabilities	8.15		82,217	77,694	59,254
10. Equity	8.17		322,056	286,742	266,307
a) Subscribed capital		100,000		75,000	75,000
minus notional value of treasury shares		–6,401		–4,458	–4,084
Issued capital			93,599		
b) Capital reserves			2,340	618	618
c) Retained earnings			183,315	182,742	194,915
d) Other reserves			942	–5,122	0
e) Profit for the period attributable to the Group			41,828	38,170	0
f) Non-controlling interests			32	–208	–142
Total liabilities and equity			**1,921,902**	**1,682,187**	**1,450,583**

Consolidated income statement of CHG-MERIDIAN AG, Weingarten, for the year ended December 31, 2014

	Note	2014 € 000's	2013 € 000's
1. Interest income from finance leases	6.1	98,540	88,926
2. Other interest income	6.2	1,847	2,918
3. Interest expense	6.3	–29,499	–27,881
4. Income from operating leases	6.4	374,902	355,822
5. Expenses from operating leases	6.5	–301,071	–277,317
6. Income from remarketing	6.6	69,119	54,072
7. Expenses from remarketing	6.6	–58,259	–48,281
8. Provisions for the leasing business	6.7	–8,017	–10,052
9. Income from services rendered	6.8	21,246	18,786
10. Expenses from services rendered	6.9	–10,730	–8,480
11. Gains and losses on the measurement of derivatives	6.10	–1,348	1,109
12. Gains and losses on equity investments		201	108
13. Staff expenses	6.11	–69,379	–66,979
14. Other administrative expenses	6.12	–27,174	–22,597
15. Amortization and impairment losses on intangible assets, and depreciation and impairment losses on property, plant and equipment	6.13	–4,215	–4,048
16. Other operating income	6.14	16,823	15,022
17. Other operating expenses	6.14	–13,860	–12,813
18. Profit from ordinary activities		**59,124**	**58,314**
19. Income taxes	6.15	–17,324	–20,210
20. Net income		**41,800**	**38,104**
21. Profit attributable to minority interests		28	66
22. Profit for the period attributable to the Group		**41,828**	**38,170**

Consolidated statement of comprehensive income of CHG-MERIDIAN AG, Weingarten, for the year ended December 31, 2014

		2014 € 000's	2013 € 000's
Net income		**41,800**	**38,104**
Gains and losses to be reclassified			
Exchange differences	7	6,064	–5,122
Other comprehensive income (loss) (after taxes)		**6,064**	**–5,122**
Total comprehensive income (loss) for the period		**47,864**	**32,982**
Of which attributable to			
Non-controlling interests		–28	–66
Shareholders of CHG-MERIDIAN AG		**47,892**	33,048

Consolidated statement of cash flows of CHG-MERIDIAN AG, Weingarten, for the year ended December 31, 2014

	2014 € 000's	2013 € 000's
Net income	41,800	38,104
Increase in deferred income from forfaiting transactions	–328,167	–298,038
Depreciation and amortization on leased assets under operating leases	246,314	218,403
Amortization on intangible assets, and depreciation on property, plant and equipment	4,215	4,048
Increase in provisions (incl. deferred taxes)	13,292	16,871
Net decrease (2013: net increase) in other receivables from customers, other assets, and sundry assets not attributable to investing or financing activities	2,830	–98,744
Net increase in liabilities to customers, other liabilities, and sundry liabilities not attributable to investing or financing activities	21,321	21,935
Net cash provided by (2013: net cash used for) operating activities	**1,605**	**–97,421**
Cash receipts from the sale (2013: cash payments for the purchase) of equity investments	668	–102
Cash payments for the purchase of intangible assets, and property, plant and equipment	–9,755	–5,172
Cash payments for the purchase of leased assets under operating leases	–320,705	–385,657
Increase in receivables from finance leases	–168,920	–157,276
Sale of intangible assets, and property, plant and equipment	778	319
Sale/reclassification of leased assets under operating leases	67,808	196,462
Net cash used for investing activities	**–430,126**	**–351,426**
Cash-effective change in equity (distributions, dividends)	–10,107	–10,238
Purchase of treasury shares	–2,442	–2,309
Net cash provided by deferred income from forfaiting transactions	410,496	354,959
Net increase in liabilities to banks and debenture loans	87,360	115,409
Net cash provided by financing activities	**485,307**	**457,821**
Net change in cash and cash equivalents	56,786	8,974
Change resulting from currency translation	6,063	–5,122
Cash and cash equivalents* at the beginning of the period	114,860	111,008
Cash and cash equivalents* at the end of the period	**177,709**	**114,860**

* Defined as the sum of the cash reserve and receivables from banks (on demand).

Consolidated statement of changes in equity of CHG-MERIDIAN AG, Weingarten

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, AS AT DECEMBER 31, 2014

	ISSUED CAPITAL			
	Subscribed capital	Notional value of treasury shares	Capital reserves	Retained earnings
Equity as at January 1, 2013	**75,000**	**–4,084**	**618**	**194,915**
Net income	–	–	–	–
Other comprehensive income (loss)	–	–	–	–
Total comprehensive income (loss)	–	–	–	–
Contributions	–	–	–	–
Payments into capital reserves	–	–	–	–
Change in treasury shares held	–	–374	–	–
Dividend distribution	–	–	–	–10,215
Change in investments in subsidiaries	–	–	–	–
Other changes	–	–	–	–1,958
Equity as at December 31, 2013	**75,000**	**–4,458**	**618**	**182,742**
Equity as at January 1, 2014	**75,000**	**–4,458**	**618**	**182,742**
Net income	–	–	–	–
Other comprehensive income (loss)	–	–	–	–
Total comprehensive income (loss)	–	–	–	–
Contributions	25,000	–	–	–25,000
Payments into capital reserves	–	–	–	–
Change in treasury shares held	–	–1,943	1,722	–
Dividend distribution	–	–	–	–10,159
Change in investments in subsidiaries	–	–	–	–
Other changes	–	–	–	35,732
Equity as at December 31, 2014	**100,000**	**–6,401**	**2,340**	**183,315**

OTHER RESERVES Unrealized gains/losses from currency translation after taxes	Profit for the period attributable to the Group	Shareholders of CHG-MERIDIAN AG	Non-controlling interests	Total equity
0	**0**	**266,449**	**–142**	**266,307**
–	38,170	38,170	–66	38,104
–5,122	–	–5,122	–	–5,122
–	–	**33,048**	**–66**	**32,982**
–	–	–	–	–
–	–	–	–	–
–	–	–374	–	–374
–	–	–10,215	–	–10,215
–	–	–	–	–
–	–	–1,958	–	–1,958
–5,122	**38,170**	**286,950**	**–208**	**286,742**
–5,122	**38,170**	**286,950**	**–208**	**286,742**
–	41,828	41,828	–28	41,800
6,064	–	6,064	–	6,064
–	–	**47,892**	**–28**	**47,864**
–	–	–	–	–
–	–	–	–	–
–	–	–221	–	–221
–	–	–10,159	–	–10,159
–	–	–	287	287
–	–38,170	–2,438	–19	–2,457
942	**41,828**	**322,024**	**32**	**322,056**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

CHG-MERIDIAN AG is a stock corporation under German company law and the address of its registered office is Franz-Beer-Strasse 111, 88250 Weingarten, Germany. The Company is entered in the commercial register of the Ulm local court, department B (HRB 551857), and is the parent company of the CHG-MERIDIAN Group.

CHG-MERIDIAN is one of the world's leading non-captive providers of technology management in the fields of IT, industry, and healthcare. Supplementing its core business, CHG-MERIDIAN has grouped its service expertise into four areas: Consulting Services, Operational Services, Financial Services, and Remarketing Services.

As the parent company, CHG-MERIDIAN AG prepares the consolidated financial statements at the end of each financial year, taking account of all of the material separate financial statements of the Group's subsidiaries.

2. BASIS OF PREPARATION

Pursuant to section 315a (3) of the German Commercial Code (HGB), CHG-MERIDIAN AG prepared its consolidated financial statements for the year ended December 31, 2014 in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) as at December 31, 2014 as well as in accordance with the supplementary commercial-law provisions stipulated in section 315a HGB.

All IFRSs and International Accounting Standards (IAS) that are required to be applied for the 2014 financial year and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) were taken into account in these financial statements.

The consolidated financial statements have been prepared in euros (€). All amounts have been rounded to the nearest thousand euros.

A) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

NEW FINANCIAL REPORTING STANDARDS AND AMENDMENTS APPLICABLE TO 2014

CHG-MERIDIAN AG prepared its consolidated financial statements in accordance with IFRS for the first time for the year ended December 31, 2014. CHG-MERIDIAN AG is required to apply uniform accounting policies in its opening IFRS consolidated statement of financial position and for all periods presented within its first IFRS consolidated financial statements for the year ended December 31, 2014. These accounting policies must accord with all IFRSs that are required to be applied as at December 31, 2014.

This means that new and amended standards applicable to 2014 have not resulted in any changes to the accounting policies used in the consolidated financial statements of CHG-MERIDIAN AG for the year ended December 31, 2014.

ISSUED FINANCIAL REPORTING STANDARDS THAT HAVE NOT YET BEEN APPLIED

When it prepared its 2014 consolidated financial statements, CHG-MERIDIAN AG decided against early adoption of the financial reporting standards, interpretations, and amendments below, which have been issued by the IASB but are not yet required to be applied. The Company does not plan to implement individual standards before their initial application becomes mandatory.

- Annual Improvements to IFRSs 2010-2012 Cycle (to be applied from January 1, 2016)
- Annual Improvements to IFRSs 2011-2013 Cycle (to be applied from January 1, 2015)
- Annual Improvements to IFRSs 2012-2014 Cycle (to be applied from January 1, 2016)
- IFRS 14 Regulatory Deferral Accounts (to be applied from January 1, 2016)
- IFRS 15 Revenue from Contracts with Customers (to be applied from January 1, 2017)
- IFRS 9 Financial Instruments (to be applied from January 1, 2018)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (to be applied from January 1, 2016)
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) (to be applied from January 1, 2016)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) (to be applied from January 1, 2016)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) (to be applied from January 1, 2016)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 Employee Benefits) (to be applied from February 1, 2015)
- Equity Method in Separate Financial Statements (Amendments to IAS 27) (to be applied from January 1, 2016)
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) (to be applied from January 1, 2016)
- Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements) (to be applied from January 1, 2016)
- IFRIC 21 Levies (to be applied from June 17, 2014).

The aforementioned Annual Improvements projects contain minor changes to a variety of IFRSs. They do not have any material impact on the consolidated financial statements of CHG-MERIDIAN AG.

IFRS 14 Regulatory Deferral Accounts permits first-time adopters of IFRS to continue recognizing regulatory deferral accounts in accordance with the financial reporting standards that they previously applied, even after the transition to IFRS. IFRS 14 does not have any impact on the consolidated financial statements of CHG-MERIDIAN AG.

The new IFRS 15 Revenue from Contracts with Customers supersedes IAS 18 Revenue, IAS 11 Construction Contracts, and various revenue-related interpretations. It defines consistent basic principles about when revenue is to be recognized, and in what amount. Revenue is recognized at the time control of the purchased goods or services passes to the customer in the amount of the expected consideration for the transfer of the goods or services. Furthermore, the new standard requires the disclosure of various items of quantitative and qualitative information so that users of the consolidated financial statements have information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company is currently examining the impact of the application of IFRS 15 on the consolidated financial statements of CHG-MERIDIAN AG.

IFRS 9 Financial Instruments, which was published on July 24, 2014, contains the new classification and measurement requirements for financial assets and financial liabilities. This new version of the standard also contains fundamentally new requirements regarding the recognition of impairment losses on financial instruments based on an expected loss model. The new IFRS 9 supersedes the previous accounting requirements for financial instruments, which were defined in IAS 39 Financial Instruments: Recognition and Measurement, and the previous version of IFRS 9. The possible impact on the consolidated financial statements of CHG-MERIDIAN AG is currently being examined.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) clarifies that, in transactions with an associate or joint venture, the extent of the gains or losses recognized depends on whether the assets sold or contributed constitute a business as defined in IFRS 3. At present, the amendments are not expected to have a material impact on the consolidated financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) defines the accounting treatment for acquisitions of an interest in a joint operation when the operation constitutes a business pursuant to IFRS 3. It is not expected to have an impact on the consolidated financial statements of CHG-MERIDIAN AG.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38), which is required to be applied from January 1, 2016, provides additional guidance on how depreciation and amortization should be calculated. It clarifies that revenue-based methods of depreciation for property, plant and equipment are not considered appropriate. A revenue-based method of amortization for intangible assets can only be used in certain exceptional cases. These amendments are not relevant to the consolidated financial statements of CHG-MERIDIAN AG because revenue-based depreciation and amortization methods are not currently used.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) relates to biological assets and therefore has no relevance to the preparation of the consolidated financial statements at CHG-MERIDIAN AG.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 Employee Benefits) serves to clarify the accounting treatment of contributions from employees and third parties, depending on whether they are linked to employees' years of service or not. It is not expected to have an impact on the consolidated financial statements.

Equity Method in Separate Financial Statements (Amendments to IAS 27) does not have an impact on the consolidated financial statements of CHG-MERIDIAN AG because it applies only to single-entity financial statements.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28), which has been issued by the IASB, addresses problems that have arisen in the context of applying the consolidation exception for investment entities. It is not expected to have an impact on the consolidated financial statements.

The IASB published its Disclosure Initiative (Amendments to IAS 1) on December 18, 2014. The amendments essentially affect the exercise of judgment and disclosures in the notes to the financial statements. At present, the amendments are not expected to have a material impact on the consolidated financial statements.

The amended interpretation, IFRIC 21 Levies, provides guidance on when to recognize a liability for a levy imposed by governments (including government agencies and similar bodies) in accordance with laws and/or regulations. The possible impact on the consolidated financial statements of CHG-MERIDIAN AG is currently being examined, but it is not expected to be material.

B) CONSOLIDATION

BASIS OF PRESENTATION

The consolidated financial statements of CHG-MERIDIAN AG cover the parent company, plus all material subsidiaries over which CHG-MERIDIAN AG can exercise control. Control exists if CHG-MERIDIAN AG holds voting rights or other rights that give it direct or indirect power over the potential subsidiary, it is exposed to positive or negative variable returns from the potential subsidiary, and it can affect those returns through its power.

Group entities are consolidated from the day on which control passes to the parent company. They are deconsolidated from when the parent company ceases to have control.

The separate financial statements of the consolidated entities have essentially been prepared using the same accounting policies and with the same reporting date as the consolidated financial statements. Income and expenses as well as receivables and liabilities between the consolidated companies are eliminated as part of the consolidation process. Equity is consolidated by netting the carrying amounts of the investments in subsidiaries against the Group's share of their equity.

Changes in investments in subsidiaries that cause the Group's shareholding to increase or decrease without loss of control are recognized in other comprehensive income as an equity transaction.

Subsidiaries whose impact on the Company's financial position and financial performance is insignificant individually and collectively are consolidated at amortized cost under Equity investments.

SCOPE OF CONSOLIDATION

The following table shows the changes in the scope of consolidation of the CHG-MERIDIAN Group:

	Number at Dec. 31, 2014	Number at Dec. 31, 2013
Consolidated subsidiaries	**45**	**40**
Within Germany	3	3
Outside Germany	42	37

In addition to CHG-MERIDIAN AG (the parent company), the following subsidiaries were consolidated as at December 31, 2014:

Name	**Registered office**	**Share of subscribed capital** (%)	**Status** [active (A)/ inactive (I)]
German subsidiaries			
CHG-MERIDIAN Leasing-Beteiligungs-Holding GmbH	Weingarten, Germany	95	A
CHG-MERIDIAN Mobilien GmbH	Weingarten, Germany	95	A
Foreign subsidiaries			
CHG-MERIDIAN Austria GmbH	Vienna, Austria	100	A
CHG-MERIDIAN Belgium NV	Grimbergen, Belgium	100	A
CHG-MERIDIAN Czech Republic s.r.o.	Prague, Czech Republic	100	A
CHG-MERIDIAN France SAS	Paris, France	100	A
CHG-MERIDIAN Ireland Limited	Dublin, Ireland	100	A
CHG-MERIDIAN Italia S.p.A.	Monza, Italy	100	A
CHG-MERIDIAN Nederland BV	Rotterdam, Netherlands	100	A
CHG-MERIDIAN Polska sp. z o.o.	Warsaw, Poland	100	A
CHG-MERIDIAN Schweiz AG	Baden, Switzerland	100	A
CHG-MERIDIAN Slovakia s.r.o.	Bratislava, Slovakia	100	A
CHG-MERIDIAN Spain S.L.	Barcelona, Spain	100	A
CHG-MERIDIAN (Holdings) UK Limited	Egham, Surrey, United Kingdom	100	A
CHG-MERIDIAN UK Limited	Egham, Surrey, United Kingdom	100	A
CHG-MERIDIAN Computer Leasing UK Limited	Egham, Surrey, United Kingdom	100	A
CHG-MERIDIAN Capital Limited	Egham, Surrey, United Kingdom	100	A
Lease Support Desk Limited	Egham, Surrey, United Kingdom	100	A
Wyse Finance Limited	Egham, Surrey, United Kingdom	100	I
Flameace Limited	Egham, Surrey, United Kingdom	100	I
Wyse Leasing (Midlands) Limited	Egham, Surrey, United Kingdom	100	I
Wyse Capital Limited	Egham, Surrey, United Kingdom	100	I
UK Lease IT Limited	Egham, Surrey, United Kingdom	100	I
Wyse Leasing (South East) Limited	Egham, Surrey, United Kingdom	100	I
Wyse Leasing Limited	Egham, Surrey, United Kingdom	100	I
CSL Finance NV	Grimbergen, Belgium	100	A
CHG-MERIDIAN Belux NV	Grimbergen, Belgium	100	A
LLC "CHG-MERIDIAN"	Moscow, Russia	95	A
CHG-MERIDIAN tehnološki menedžment d.o.o.	Ljubljana, Slovenia	100	A
CHG-MERIDIAN Canada Limited	Windsor, Canada	100	A
CHG-MERIDIAN U.S. Holding Inc.	Los Angeles, United States	100	A

Name	Registered office	Share of subscribed capital (%)	Status [active (A)/ inactive (I)]
Foreign subsidiaries			
CHG-MERIDIAN USA Corp.	Los Angeles, United States	100	A
CHG-MERIDIAN México S.A.P.I. de C.V.	Mexico City, Mexico	85.2	A
CHG Locare S.A. de C.V.	Mexico City, Mexico	100	A
Leasing Consulting S.A. de C.V.	Mexico City, Mexico	100	I
ECR Leasing Services S.A. de C.V.	Mexico City, Mexico	41.7	A
CHG-MERIDIAN do Brasil Locação de Equipamentos Ltda.	São Paulo, Brazil	100	A
CHG-MERIDIAN do Brasil Arrendamento Mercantil S.A.	São Paulo, Brazil	100	A
Acento AS	Oslo, Norway	100	A
Acento Finance AS	Oslo, Norway	100	A
Acento Finance AB	Stockholm, Sweden	100	A
Acento Finance A/S	Copenhagen, Denmark	100	A
Acento Finance Oy	Helsinki, Finland	100	A
CircleIT AS	Skien, Norway	100	A

All equity investments in the Mexican companies are wholly owned subsidiaries from a financial perspective.

CHANGES IN THE SCOPE OF CONSOLIDATION

In 2014, CHG-MERIDIAN AG acquired 100 percent of the voting shares in each of the following companies:

Name	Registered office	Share of subscribed capital (%)	Status [active (A)/ inactive (I)]
Foreign subsidiaries			
Acento AS	Oslo, Norway	100	A
Acento Finance AS	Oslo, Norway	100	A
Acento Finance AB	Stockholm, Sweden	100	A
Acento Finance A/S	Copenhagen, Denmark	100	A
Acento Finance Oy	Helsinki, Finland	100	A
CircleIT AS	Skien, Norway	100	A

To strengthen its market position in Scandinavia, CHG-MERIDIAN acquired the Acento Group, one of Northern Europe's leading non-captive providers of technology and service management in the fields of IT, industry, and healthcare.

The total purchase consideration of €9.469 million was paid in cash. The shares were initially measured at the acquisition date using the acquisition method (IFRS 3). Remeasurement resulted in an increase in the Acento Group's equity of €6.322 million (after taxes). These effects were attributable solely to the anticipated remarketing potential of the current leasing portfolio.

The fair values of the material main groups of identifiable assets and liabilities of the Acento Group were as follows as at June 30, 2014:

- receivables from banks: € 5.726 million
- receivables from finance leases: € 9.032 million
- other receivables from customers: € 5.549 million
- other assets: € 1.936 million
- liabilities to customers: € 5.552 million
- other liabilities: € 7.156 million.

The remeasured equity of the Acento Group thus amounted to € 9.535 million, which when compared with the purchase consideration paid of € 9.469 million resulted in negative goodwill of € 66 thousand that was recognized in profit or loss.

In the period July 1 to December 31, 2014, the acquired Acento Group contributed net interest income of € 2.576 million and earnings of € 259 thousand to consolidated net income.

MERGER OF SUBSIDIARIES

In 2014, CHG-MERIDIAN do Brasil Participações Financeiras Ltda., São Paulo, Brazil, was merged with CHG-MERIDIAN do Brasil Arrendamento Mercantil S.A., São Paulo, Brazil. This led to a change in the shareholder structure of CHG-MERIDIAN do Brasil Arrendamento Mercantil S.A., São Paulo, Brazil, giving CHG-MERIDIAN AG 100 percent of the subscribed capital.

C) CURRENCY TRANSLATION

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

The consolidated financial statements of CHG-MERIDIAN AG have been prepared in euros, which is the parent company's functional currency. The functional currency of the companies in the CHG-MERIDIAN Group is the currency of the primary economic environment in which they operate. The items included in the financial statements of the Group entities are measured using the entity's defined functional currency.

FOREIGN-CURRENCY TRANSACTIONS

The Group companies translate foreign-currency transactions into their functional currency using the spot rate prevailing on the date of initial recognition of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the closing rate on the reporting date. Non-monetary items measured at historical cost are translated using the historical rate. Non-monetary items measured at fair value are translated using the rate valid on the date of fair value measurement. Exchange differences resulting from the translation of monetary items are recognized in profit or loss. If gains or losses from the remeasurement of non-monetary items are recognized in other comprehensive income, the exchange differences are also recognized in other comprehensive income.

GROUP ENTITIES

As part of consolidation, the assets and liabilities of the foreign companies in the CHG-MERIDIAN Group are translated into euros using the middle spot exchange rate on the reporting date. With the exception of net income, equity is translated at historical rates. Income and expenses are translated at the average rate for the financial year. The exchange differences resulting from translation are recognized within equity under Other reserves. In the event of a foreign operation's disposal, the pro-rata cumulative exchange differences contained in equity are recognized in profit or loss.

The changes in the main euro exchange rates used in the consolidated financial statements were as follows:

Currency	2014 Statement of financial position	2014 Income statement	2013 Statement of financial position	2013 Income statement
USD	0.82366	0.75273	0.72511	0.75296
CHF	0.83167	0.82331	0.81460	0.81228
MXN	0.05597	0.05664	0.05533	0.05895
RUB	0.01382	0.01963	0.02206	0.02362
GBP	1.28386	1.24051	1.19947	1.17750
CAD	0.71109	0.68208	0.68162	0.73078
CZK	0.03606	0.03632	0.03646	0.03849
PLN	0.23401	0.23899	0.24071	0.23824
BRL	0.31049	0.32040	0.30697	0.34859
NOK	0.11060	0.11867	n/a	n/a
SEK	0.10646	0.10824	n/a	n/a
DKK	0.13431	0.13428	n/a	n/a

3. MAIN ACCOUNTING POLICIES

CASH RESERVE AND RECEIVABLES FROM BANKS

The cash reserve and receivables from banks are recognized at their nominal amount.

RECEIVABLES FROM FINANCE LEASES

The CHG-MERIDIAN Group's finance lease business predominantly relates to IT equipment, industrial equipment, and healthcare equipment.

The CHG-MERIDIAN Group also enters into sale-and-leaseback transactions in which the leased equipment is acquired from the lessee and then leased back to the lessee. Depending on the contractual leaseback arrangements, these contracts are classified and presented as either finance leases or operating leases.

In the case of finance leases, beneficial ownership passes to the lessee. Receivables from finance leases are therefore shown in the consolidated statement of financial position.

The CHG-MERIDIAN Group mainly classifies leases using the present value criterion. According to this criterion, a leasing arrangement qualifies as a finance lease if, at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

Receivables from finance leases are initially recognized at the net investment value, which essentially equates to the leased equipment's acquisition cost.

The interest income from these transactions is shown under interest income from finance leases in the income statement. In accordance with IAS 17, interest on the receivables is calculated at the lease's underlying interest rate. This produces a constant periodic rate of interest on the remaining balance of the receivable.

DERECOGNITION OF FINANCE LEASE RECEIVABLES

At CHG-MERIDIAN, funding of leases primarily takes the form of forfaiting transactions in which CHG-MERIDIAN sells the forfaiter the future streams of payments from the lease. In the case of non-recourse forfaiting of lease installments, the forfaiter assumes the counterparty risk.

Finance lease receivables are subject to the derecognition requirements for financial instruments. CHG-MERIDIAN's non-recourse forfaiting contracts comply with the derecognition requirements in IAS 39:

- transfer of the contractual rights to cash flows from the financial asset and
- transfer of essentially all of the opportunities and risks associated with ownership.

Accordingly, the (partial) receivables are derecognized upon sale and the gain from the forfaiting transaction is immediately recognized in profit or loss. The gain is shown under interest income from finance leases.

FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

Financial assets within the meaning of IAS 39 are classified into the following categories (IAS 39.9):

- financial assets at fair value through profit or loss (FVTPL)
- loans and receivables (LaR)
- held-to-maturity investments (HtM)
- available-for-sale financial assets (AfS).

Financial assets are initially recognized at fair value. The transaction costs are also added, except in the case of assets designated as at fair value through profit or loss.

Spot transactions are recognized on the settlement date.

Measurement subsequent to initial recognition depends on the financial asset's classification:

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The group of financial assets designated as at fair value through profit or loss contains derivatives that are considered to be held for trading.

Financial assets (derivatives) designated as at fair value through profit or loss are recognized at fair value under Derivatives in the statement of financial position, with changes in fair value shown under Gains and losses on the measurement of derivatives in the income statement.

Financial assets are designated as at fair value through profit or loss upon initial recognition. Currently, there are no financial assets assigned to the FVTPL category apart from the derivatives.

LOANS AND RECEIVABLES (LAR)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these financial assets are subsequently measured at amortized cost, minus any impairment losses, using the effective interest method. The calculation of amortized cost takes into account any share premium or discount at acquisition and fees and costs forming an integral part of the calculation of the effective interest rate. The income from amortization using the effective interest method is recognized in the income statement under Other interest income. Impairment losses are largely allocated to the leasing business and are therefore shown under Provisions for the leasing business in the income statement.

HELD-TO-MATURITY INVESTMENTS (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held-to-maturity investments if the Group intends, and is able, to hold them to maturity. After their initial recognition, held-to-maturity investments are subsequently measured at amortized cost, minus any impairment losses, using the effective interest method. The calculation of amortized cost takes into account any share premium or discount at acquisition and fees and costs forming an integral part of the calculation of the effective interest rate. Income from amortization using the effective interest method must be recognized in the income statement under Other interest income. Impairment losses are recognized in the income statement under Gains and losses on investments. The Group did not have any held-to-maturity investments in 2013 or 2014.

AVAILABLE-FOR-SALE FINANCIAL ASSETS (AFS)

Available-for-sale financial assets can include equity instruments and debt instruments. Equity instruments classified as available for sale are those that are neither classified as held for trading nor designated as at fair value through profit or loss. Debt instruments in this category are those that are to be held for an indefinite period and can be sold in response to liquidity gaps or changes in market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value. Unrealized gains and losses are recognized as other comprehensive income (loss) under Other reserves. When these assets are derecognized, the cumulative profit or loss is reclassified to Gains and losses on investments. If an asset is impaired, the cumulative loss is also reclassified from Other reserves to Gains and losses on investments in profit or loss. Interest received from available-for-sale financial assets is calculated using the effective interest method and shown under Other interest income. CHG-MERIDIAN did not have any AfS securities in 2013 or 2014.

FINANCIAL LIABILITIES

According to IAS 39, financial liabilities are classified as financial liabilities designated as at fair value through profit or loss, as loans (oL), or as derivatives that are designated as hedging instruments and that provide an effective hedge. The Group classifies its financial liabilities upon initial recognition.

All financial liabilities are measured at fair value upon initial recognition; in the case of loans (oL), the directly attributable transaction costs are included.

The Group's financial liabilities consist of liabilities to banks, liabilities to customers, and derivatives.

Measurement subsequent to initial recognition depends on the financial liability's classification:

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Financial liabilities designated as at fair value through profit or loss comprise held-for-trading financial liabilities and other financial liabilities designated as at fair value through profit or loss upon initial recognition.

Financial liabilities are classified as held for trading if they were acquired for the purpose of disposal in the near future.

Gains and losses from held-for-trading financial liabilities are recognized in profit or loss.

Financial liabilities are designated as at fair value through profit or loss upon initial recognition, provided the criteria in IAS 39 are met.

In the consolidated financial statements of CHG-MERIDIAN AG, only derivatives are assigned to the FVTPL category.

LOANS (OL)

After initial recognition, interest-bearing loans are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized or as a result of amortization under the effective interest method.

The calculation of amortized cost takes into account any share premium or discount at acquisition and fees and costs forming an integral part of the calculation of the effective interest rate. Amortization charges under the effective interest method are recognized in the income statement under Interest expense.

IMPAIRMENT OF FINANCIAL ASSETS

Default risk arising on financial assets is accounted for by recognizing impairment losses.

Specific valuation allowances in the amount of the incurred loss have been recognized for credit risk within the Other receivables from customers item.

Indications of potential impairment include default over a particular period and application for, or institution of, insolvency proceedings.

The receivables are recognized at their net carrying amount in the statement of financial position. The carrying amount of the financial asset is reduced using a valuation allowance account. Disclosures relating to provisioning can be found in section 6 'Notes to the income statement – provisions for the leasing business'.

Uncollectible receivables in the process of being wound up, where all of the related collateral has been remarketed and all other options for realizing the receivables have been exhausted, are written off immediately. Previously recognized specific valuation allowances are utilized. Any subsequent receipts against receivables that have been written off are recognized in profit or loss.

HEDGE ACCOUNTING

To manage interest-rate risk and currency risk, the CHG-MERIDIAN Group uses derivatives as hedging instruments to a small extent because they help to reduce earnings volatility. These derivatives are standardized instruments that are traded directly between market participants rather than being traded on an exchange.

If the derivatives satisfy the recognition criteria in IAS 39, they are recognized at their fair value, both on the acquisition date and subsequently, in accordance with the requirements in IFRS 13 Fair Value Measurement. In this case, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Measurement of the individual assets, liabilities, and equity instruments must be based on observable or unobservable inputs. These are assigned to one of the three levels of the fair value hierarchy:

- quoted prices in active markets to which the Group has access
- quoted market prices that are observable either directly or indirectly
- unobservable inputs.

The derivatives used in the CHG-MERIDIAN Group are recognized in accordance with the requirements of IFRS 13 using Level 2 inputs corresponding to quoted prices for identical assets that can be observed directly.

CHG-MERIDIAN generally assigns derivatives used for hedging to the FVTPL category. Hedge accounting pursuant to IAS 39.71 et seq. is not applied in the consolidated financial statements.

LEASED ASSETS UNDER OPERATING LEASES

The CHG-MERIDIAN Group's operating lease business predominantly relates to IT equipment, industrial equipment, and healthcare equipment.

In the case of operating leases, beneficial ownership of the assets remains with CHG-MERIDIAN. They are therefore recognized under Leased assets under operating leases in the consolidated statement of financial position.

The assets are measured at cost less straight-line depreciation or amortization over the term of the lease to the notional residual value. The leasing income is recognized over the term of the lease using the straight-line method.

Impairment losses are recognized for impairment pursuant to IAS 36. If the recoverable amount is less than the carrying amount, the difference between them is the amount of the impairment loss to be recognized. The recoverable amount is the net revenue from an immediate sale (fair value less selling expenses). The fair value equals the market price of the asset or a price derived from market transactions.

Impairment losses are reversed if the reasons for recognizing them in previous years no longer apply.

The impairment losses and their reversal are recognized in profit or loss under Provisions for the leasing business.

INTANGIBLE ASSETS

Purchased intangible assets with a finite useful life, which mainly include software and licenses, are recognized at cost plus acquisition-related costs in accordance with the requirements of IAS 38. They are amortized on a straight-line basis assuming a useful life of between one and ten years.

Intangible assets with an indefinite useful life are not amortized. These assets are tested for impairment annually, and also if there are indications of impairment. There were no intangible assets with an indefinite useful life in the CHG-MERIDIAN Group as at December 31, 2014 (December 31, 2013: € 0 thousand).

Impairment losses are recognized for impairment pursuant to IAS 36. If the recoverable amount is less than the carrying amount, the difference between them is the amount of the impairment loss to be recognized. The recoverable amount is the net revenue from an immediate sale (fair value less selling expenses). The fair value equals the market price of the asset or a price derived from market transactions.

Impairment losses are reversed if the reasons for recognizing them in previous years no longer apply.

The impairment losses and their reversal are recognized under Amortization and impairment losses on intangible assets, and depreciation and impairment losses on property, plant and equipment.

The criteria for recognizing internally generated intangible assets resulting from software development are only fully met at CHG-MERIDIAN shortly before the implementation of enhanced and new versions of the software. As a result, we recognize all research and development costs as an expense at the time they are incurred.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at cost plus directly attributable costs less straight-line depreciation and, if applicable, impairment losses. The depreciation period is based on the expected useful life. Residual values, useful lives, and the method of depreciation are reviewed periodically. If there are variations from previous estimates, the changes are recognized in accordance with the requirements of IAS 8. Maintenance and minor repairs are recognized in profit or loss immediately.

In the event of disposal of property, plant or equipment, the asset's cost and the cumulative depreciation are derecognized. The gain or loss from the disposal of an item of property, plant or equipment is calculated as the difference between the net disposal proceeds and the carrying amount and is recognized under Other operating income or Other operating expenses in the income statement at the time of derecognition.

The leased portion of administrative buildings is recognized under Property, plant and equipment together with the property used by CHG-MERIDIAN itself.

The useful life of property, plant and equipment is between three and 50 years, depending on the type of asset.

Impairment losses are recognized for impairment pursuant to IAS 36. If the recoverable amount is less than the carrying amount, the difference between them is the amount of the impairment loss to be recognized. The recoverable amount is the net revenue from an immediate sale (fair value less selling expenses). The fair value equals the market price of the asset or a price derived from market transactions.

Impairment losses are reversed if the reasons for recognizing them in previous years no longer apply.

The impairment losses and their reversal are recognized under Amortization and impairment losses on intangible assets, and depreciation and impairment losses on property, plant and equipment.

OTHER ASSETS

The Other assets item predominantly comprises inventories. In the CHG-MERIDIAN Group, inventories consist of:

- assets that are intended to be leased
- assets that have been returned to CHG-MERIDIAN after the end of the lease term
- brokerage.

Assets that are intended to be leased are items of leased equipment whose lease term has not yet begun. These assets are recognized at acquisition cost.

Assets that have been returned to CHG-MERIDIAN after the end of the lease term are shown under Inventories with their residual values, which correspond to their amortized cost at the end of the lease.

Brokerage is recognized at acquisition cost.

After initial recognition, inventories are subsequently measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated necessary selling expenses.

Impairment losses on inventories, and their reversal, are recognized in profit or loss under Income from remarketing and Expenses from remarketing. On average, inventories remain in the CHG-MERIDIAN Group for significantly less than one year. Net realizable values are reviewed on an ad-hoc basis.

Revenue recognition in connection with inventories complies with the requirements of IAS 18. Accordingly, revenue is recognized when the significant risks and rewards of ownership of the goods sold have passed to the buyer, the amount of revenue can be determined reliably, and the flow of economic benefits associated with the sale is sufficiently probable.

PROVISIONS AND CONTINGENT LIABILITIES

According to IAS 37, provisions are recognized if a past event has created a legal or constructive obligation vis-à-vis third parties that is likely to lead to an outflow of resources in an amount that can be reliably estimated. Provisions with terms of more than one year are recognized at their discounted settlement value at the reporting date.

TAX

The tax expense for the period comprises current and deferred taxes. Tax is recognized in the income statement unless it relates to items recognized directly in equity.

CURRENT INCOME TAXES

The current tax expense is calculated using the tax laws of the countries in which the Company and its subsidiaries operate and generate taxable income. It is measured as the amount expected to be reimbursed by, or paid to, the tax authorities. The Company's management regularly reviews tax returns, particularly in relation to matters that are open to interpretation, and where appropriate recognizes provisions based on the amounts expected to be paid to the tax authorities.

DEFERRED TAXES

Deferred taxes are recognized on all temporary differences between the tax bases of assets/liabilities and their carrying amounts in the IFRS financial statements (known as the liability method). However, deferred taxes are not recognized, neither at the time of initial recognition nor subsequently, if they arise from the initial recognition of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss. Deferred taxes are measured using the tax rates that are in force or have essentially been enacted at the reporting date and that are expected to be in force at the time the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that there will be future taxable profit against which the tax assets can be utilized.

Deferred tax liabilities arising from temporary differences associated with investments in subsidiaries are recognized, unless the Group can control the timing of the reversal of the temporary difference and it is probable that, due to this control, the reversal will not occur in the foreseeable future. No deferred taxes were recognized for outside basis differences in the reporting year.

Deferred tax assets and liabilities are netted if there is a legal right to offset them and if the deferred tax assets and liabilities relate to income taxes that are collected by the same tax authorities and there is an intention to settle them on a net basis.

OTHER LIABILITIES

SHARE-BASED PAYMENT

Share-based payments comprise share option programs that, in accordance with Company practice, are settled in cash.

In accordance with IFRS 2, the issued share options are measured at the fair value of the liability taking account of the contractual terms. The fair value is determined using a binomial model. The liabilities arising from the share-based payment are reported under Other liabilities in the statement of financial position.

The fair value is recalculated at each reporting date and on the payout date, with any resulting change recognized in profit or loss. Expenses resulting from an increase in the liability from the share option program are included in Staff expenses.

LIABILITIES FROM THE SERVICING OBLIGATION

Liabilities to banks from the servicing obligation for forfaited and derecognized lease receivables pursuant to IAS 39.24 are shown under Other liabilities.

When finance lease receivables are derecognized as a result of non-recourse funding, the gain from the sale of the receivables is recognized upon disposal. CHG-MERIDIAN continues to provide services in connection with the sold lease arrangement after the receivables have been derecognized. These services are settled by the realized gain from the sale. Upon disposal of the receivable, a liability is recognized that is released to profit or loss over the basic term of the lease using the straight-line method to ensure that the income and expenses from the lease are apportioned to the relevant periods.

The liability is recognized for each lease using a defined flat-rate amount for each remaining month of the basic term. The liability is recognized in profit or loss.

The income and expenses arising on the liability from the servicing obligation are shown under Interest income from finance leases.

4. FIRST-TIME ADOPTION OF IFRS

The CHG-MERIDIAN consolidated financial statements for the year ended December 31, 2014 are the first financial statements to have been prepared in accordance with IFRS. Up to the year ended December 31, 2013, consolidated financial statements were prepared in accordance with the German Commercial Code (HGB).

CHG-MERIDIAN prepared the consolidated financial statements for the year ended December 31, 2014, including the comparative information for the 2013 financial year, in accordance with the accounting policies set out in section 3 of these financial statements.

The IFRS transition date was January 1, 2013. An opening statement of financial position was prepared for the CHG-MERIDIAN Group as at that date.

EXEMPTIONS FROM RETROSPECTIVE ADOPTION

As a rule, IFRS must be adopted retrospectively. However, IFRS 1 permits certain exemptions from retrospective adoption for first-time adopters.

In its consolidated financial statements, CHG-MERIDIAN has made use of the following exemptions:

- IFRS 3 was not applied to business combinations that took place before January 1, 2013. Application of this simplification exemption means that the carrying amounts of the assets and liabilities measured under HGB on the date of acquisition serve as the assumed acquisition cost. Subsequent measurement is in accordance with IFRS. Assets and liabilities that do not satisfy the criteria for recognition under IFRS were not recognized in the opening IFRS statement of financial position as at January 1, 2013. The negative goodwill arising on consolidation that was recognized in the HGB consolidated financial statements for the year ended December 31, 2012 was recognized in retained earnings in the opening statement of financial position.
- The cumulative exchange differences were recognized in an amount of €0 on the IFRS transition date.

ACCOUNTING ESTIMATES

The accounting estimates used in the HGB consolidated financial statements for the years ended December 31, 2012 and December 31, 2013 are consistent with the accounting estimates used in these IFRS consolidated financial statements.

New accounting estimates, required under IFRS, have been made for share-based payments.

RECONCILIATION TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JANUARY 1, 2013 (€000's)

	Explanation	HGB figure Dec. 31, 2012	Adjustment	IFRS figure Jan. 1, 2013
Assets				
Cash reserve	A	15	–1	14
Receivables from banks	A	111,246	1,234	112,480
Receivables from finance leases	B	231,888	267,481	499,369
Other receivables from customers	C	64,583	7,551	72,134
Derivatives	D	0	233	233
Equity investments	A	11	866	877
Leased assets under operating leases	E	1,271,229	–706,196	565,033
Intangible assets	A	2,401	–1,119	1,282
Property, plant and equipment	A	29,760	–2,113	27,647
Income tax assets	F	0	2,135	2,135
Deferred tax assets	G	0	9,664	9,664
Other assets	H	59,262	100,453	159,715
Total assets		**1,770,395**	**–319,812**	**1,450,583**
Liabilities and equity				
Liabilities to banks	I	478,791	–111,514	367,277
Deferred income from forfaiting transactions	J	893,339	–422,914	470,425
Liabilities to customers	C, K	14,642	168,912	183,554
Debenture loans		12,031	0	12,031
Derivatives	D	0	910	910
Reserves for pensions	L	9	–9	0
Other provisions	M	36,419	–35,868	551
Income tax liabilities	F	3,253	–160	3,093
Deferred tax liabilities	G	28,028	59,153	87,181
Other liabilities	C, K, N	170,285	–111,031	59,254
Issued capital		70,916	0	70,916
Capital reserves		618	0	618
Retained earnings	O	28,181	166,734	194,915
Other reserves	O	1,618	–1,618	0
Profit for the period attributable to the Group	O	32,043	–32,043	0
Non-controlling interests	A	222	–364	–142
Total liabilities and equity		**1,770,395**	**–319,812**	**1,450,583**

RECONCILIATION TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2013 (€ 000's)

	Explanation	HGB figure Dec. 31, 2013	Adjustment	IFRS figure Dec. 31, 2013
Assets				
Cash reserve	A	27	–1	26
Receivables from banks	A	119,514	–3,176	116,338
Receivables from finance leases	B	350,526	306,118	656,644
Other receivables from customers	C	79,573	9,096	88,669
Derivatives	D	0	484	484
Equity investments	A	113	867	980
Leased assets under operating leases	E	1,331,543	–795,719	535,824
Intangible assets	A	1,540	–439	1,101
Property, plant and equipment	A	30,984	–2,351	28,633
Income tax assets	F	6,153	–3,546	2,607
Deferred tax assets	G	0	9,698	9,698
Other assets	H	63,381	177,802	241,183
Total assets		**1,983,354**	**–301,167**	**1,682,187**
Liabilities and equity				
Liabilities to banks	I	702,752	–208,034	494,718
Deferred income from forfaiting transactions	J	878,839	–351,494	527,345
Liabilities to customers	C, K	16,357	171,524	187,881
Derivatives	D	0	78	78
Other provisions	M	32,772	–31,496	1,276
Income tax liabilities	F	48	2,738	2,786
Deferred tax liabilities	G	36,354	67,313	103,667
Other liabilities	C, K, N	176,164	–98,470	77,694
Issued capital		70,542	0	70,542
Capital reserves		618	0	618
Retained earnings	O	48,061	134,681	182,742
Other reserves	P	–2,787	–2,335	–5,122
Profit for the period attributable to the Group	Q	23,824	14,346	38,170
Non-controlling interests	A	–190	–18	–208
Total liabilities and equity		**1,983,354**	**–301,167**	**1,682,187**

NOTES TO THE RECONCILIATIONS TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

A The discrepancies are mainly attributable to the differences between the scope of consolidation under HGB and IFRS. Under IFRS, two non-material subsidiaries have not been consolidated and are therefore shown under Equity investments, whereas they had been consolidated in the HGB consolidated financial statements for the year ended December 31, 2013.

B In the HGB consolidated financial statements, leases were shown under Leased assets. Under IFRS, however, leases are classified as either finance leases or operating leases in accordance with IAS 17. Receivables in the amount of the net investment value are recognized for leases classified as finance leases. Revenue in connection with leases is recognized in accordance with the requirements of IAS 17.

In the HGB consolidated financial statements, CHG-MERIDIAN AG used the exemption regarding consistent measurement provided for under section 308 (2) sentence 4 HGB for the entities comprising the UK group (subgroup financial statements of CHG-MERIDIAN (Holdings) UK Limited), the US group (subgroup financial statements of CHG-MERIDIAN U.S. Holding Inc.), the Mexican group (subgroup financial statements of CHG-MERIDIAN México S.A.P.I. de C.V.), the Brazilian group (subgroup financial statements of CHG-MERIDIAN do Brasil Participações Financeiras Ltda.), CHG-MERIDIAN Spain S.L., CHG-MERIDIAN

Polska sp. z o.o., CHG-MERIDIAN Canada Ltd., and CHG-MERIDIAN Ireland Limited. These companies accounted for their leases based on either IFRS or US GAAP accounting principles. This meant that leases were reported as receivables on the HGB consolidated balance sheet.

C Under HGB, accruals and deferrals in connection with the leasing business were shown under Other assets and Other liabilities. Under IFRS, however, they are allocated to Other receivables from customers and Other liabilities to customers.

D Under HGB, derivatives used for intra-group hedging transactions were recognized at fair value under Other assets or Other liabilities. For non-intra-group hedged items, hedge accounting pursuant to section 254 HGB was applied.

Under IFRS, the fair values of all derivatives are recognized in separate asset/ liability line items. Hedge accounting pursuant to IAS 39.71 et seq. is not applied.

E In the HGB consolidated financial statements, leases were shown under Leased assets. Under IFRS, leases are classified as either finance leases or operating leases in accordance with IAS 17. Only leases classified as operating leases are shown under Leased assets under operating leases. Under HGB, the assets were depreciated or amortized using the straight-line method over the basic term of the lease plus two months. Under IFRS, they are depreciated or amortized to their notional residual value using the straight-line method over the basic term of the lease.

F In the HGB consolidated financial statements, income tax assets and income tax liabilities were subsumed under Other assets, Other liabilities, and Reserve for taxes.

G Under HGB, deferred taxes were netted and shown as Deferred tax liabilities where there was an overall tax liability. However, deferred tax assets and deferred tax liabilities are shown separately in the IFRS consolidated statement of financial position. The difference in the measurement of deferred taxes under HGB and IFRS is primarily due to the different carrying amounts for leases.

H Under IFRS, the Other assets line item includes inventories, which essentially consist of assets that are intended to be leased out and leased assets that have been returned after the end of the lease term. Under HGB, inventories were shown under Leased assets.

I Under HGB, non-recourse funding under finance leases of the companies in the UK group and US group was allocated to the Liabilities to banks line item on the balance sheet. Under IFRS, it is recognized under Deferred income from forfaiting transactions.

J The decrease in the Deferred income from forfaiting transactions item compared with the corresponding HGB item (Deferred income) is mainly due to the derecognition requirements for financial instruments pursuant to IAS 39. Finance lease receivables from non-recourse forfaiting contracts and the corresponding deferred income from forfaiting transactions are therefore derecognized.

K Under IFRS, trade payables are shown under Liabilities to customers. Under HGB, they were presented under Other liabilities.

L The pension entitlements recognized as the pension reserve under HGB are classified as defined contribution pension plans according to IAS 19 and are therefore not required to be recognized under IFRS.

M The provisions and reserves for outstanding invoices, auditing costs, bonuses, and unused annual leave that were recognized under HGB do not satisfy the criteria for the recognition of provisions according to IAS 37 and are therefore treated as accruals. In the IFRS statement of financial position, these accruals are reported under Other liabilities or Liabilities to customers.

N Under IFRS, liabilities to banks from servicing obligations for forfaited and derecognized lease receivables are shown under Other liabilities. As at December 31, 2012, this line item under HGB also included negative goodwill arising on consolidation. This goodwill is not recognizable under IFRS.

O The increase in retained earnings is primarily due to the reserve for the first-time adoption of IFRS. There were also effects from reversal in accordance with IFRS 1 of the HGB currency translation reserve as at January 1, 2013 and from changes in the scope of consolidation. Furthermore, the net income recognized under HGB as at December 31, 2012 was subsumed under Retained earnings in the opening IFRS statement of financial position.

P The discrepancy in the Other reserves line item as at December 31, 2013 is attributable to translation of the separate financial statements of subsidiaries. The variation from the HGB figure results from the different measurement of assets and liabilities under IFRS.

Q The increase in the profit for the period attributable to the Group is essentially due to the difference in the measurement of leases and to the difference in revenue recognition under HGB and IFRS.

RECONCILIATION OF CONSOLIDATED COMPREHENSIVE INCOME FOR THE 2013 FINANCIAL YEAR (€ 000's)

Income statement	Explanation	HGB figure 2013	Adjustment	IFRS figure 2013
Interest income from finance leases	A	30,518	58,408	88,926
Other interest income	B	6,296	–3,378	2,918
Interest expense	C	–57,089	29,208	–27,881
Income from operating leases	A	944,181	–588,359	355,822
Expenses from operating leases	A, C	–792,512	515,195	–277,317
Income from remarketing	D	0	54,072	54,072
Expenses from remarketing	D	0	–48,281	–48,281
Provisions for the leasing business	E	–9,847	–205	–10,052
Income from services rendered	F	18,963	–177	18,786
Expenses from services rendered	F	–8,247	–233	–8,480
Gains and losses on the measurement of derivatives	G	0	1,109	1,109
Gains and losses on equity investments	H	0	108	108
Staff expenses	I	–78,018	11,039	–66,979
Other administrative expenses	J	–21,513	–1,084	–22,597
Amortization and impairment losses on intangible assets, and depreciation and impairment losses on property, plant and equipment	H	–4,432	384	–4,048
Other operating income	B	8,992	6,030	15,022
Other operating expenses	B	–2,653	–10,160	–12,813
Profit from ordinary activities	**K**	**34,639**	**23,675**	**58,314**
Income taxes	L	–11,191	–9,019	–20,210
Net income		**23,448**	**14,656**	**38,104**
Profit attributable to non-controlling interests	H	–376	310	–66
Profit attributable to shareholders of CHG-MERIDIAN AG	H	23,824	14,346	38,170

Statement of comprehensive income	Explanation	HGB figure 2013	Adjustment	IFRS figure 2013
Net income		**23,448**	**14,656**	**38,104**
Gains and losses to be reclassified	M			
Exchange differences		–4,428	–694	–5,122
Other comprehensive income (loss) (before/after taxes)	**L**	**–4,428**	**–694**	**–5,122**
Total comprehensive income (loss) for the period	H	**19,020**	**13,962**	**32,982**
Of which attributable to non-controlling interests		–399	333	–66

NOTES TO THE RECONCILIATION OF CONSOLIDATED COMPREHENSIVE INCOME

A The leases in the HGB consolidated financial statements were predominantly operating leases. Under IFRS, leases are classified as either finance leases or operating leases in accordance with IAS 17. This has resulted in an increase in finance leases, the income from which is recognized under Interest income from finance leases. Correspondingly, there was a reduction in income/expenses from operating leases.

B Under IFRS, gains and losses from currency translation arising in the separate financial statements of consolidated entities are allocated to Other operating income and Other operating expenses. Under HGB, they were recognized under Interest income from lending and money-market transactions and Interest expense.

C HGB required expenses from the interest on forfaiting transactions to be shown under Interest expense. Under IFRS, these expenses are reported under Expenses from operating leases, provided that the leases in question are not finance leases subject to the derecognition requirements for financial instruments.

D In the HGB consolidated financial statements, income and expenses from remarketing were shown under the Income/expenses from operating leases line items. Under IFRS, they are recognized under separate line items in the income statement.

E The requirements governing recognition of impairment losses/provisions for the leasing business under IFRS are different to those applicable under HGB.

F The increase in income and expenses from services rendered is essentially attributable to the difference in measurement of service agreements under HGB and IFRS.

G Under HGB, gains and losses arising on the measurement of derivatives were netted and reported under Other interest income or Interest expense. Under IFRS, they are recognized in a separate line item in the income statement.

H The discrepancies are attributable to the differences between the scope of consolidation under HGB and IFRS.

I In accordance with the requirements of IAS 17, internal staff costs that are directly attributable to the origination of leases are capitalized under Receivables from finance leases and Leased assets under operating leases in the statement of financial position. These costs did not have to be capitalized under HGB.

J Individual expenses were shown under Expenses from leasing in the HGB consolidated financial statements.

K The increase in Profit from ordinary activities is essentially due to the different measurement of leases and to the difference in revenue recognition under HGB and IFRS.

L The different measurement of deferred taxes under HGB and IFRS resulting from the different carrying amounts for leases, and increased profit from ordinary activities, have led to discrepancies in Income taxes.

M The discrepancy in the Exchange differences line item is attributable to translation of the separate financial statements of subsidiaries. The variation from the HGB figure results from the different measurement of assets and liabilities under IFRS.

5. MATERIAL JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

While preparing the consolidated financial statements, CHG-MERIDIAN AG's management makes judgments, estimates, and assumptions that have an impact on the amounts of the reported income, expenses, assets, and liabilities, on the related disclosures, and on the disclosure of contingent liabilities.

The uncertainty associated with these assumptions and estimates could produce results that lead to significant adjustments to the carrying amounts of the affected assets or liabilities in future periods.

The assumptions and estimates used by the Company in 2014 mainly relate to the following matters:

- assessment of the impairment of receivables
- consideration of unguaranteed residual values in the measurement of receivables from finance leases and operating leases
- recognition and measurement of deferred taxes.

The impairment of receivables is based, to a certain extent, on estimates and assessments of individual receivables with regard to customers' credit standing and the type of funding, and on experience of historical default rates.

The unguaranteed residual values consist of outstanding proceeds from amortization and remarketing proceeds. Outstanding proceeds from amortization arise if the present value of the lessee's minimum lease payments does not cover the acquisition cost of the leased asset. The costing of the lease takes into account the fact that the outstanding proceeds from amortization will be realized at the end of the basic term. Remarketing proceeds are recognized on the basis of portfolio analysis with estimated average remarketing proceeds of 5.0 to 7.5 percent of the original acquisition cost. This percentage is based on a best estimate using historical empirical values. The costing of the lease takes into account the fact that the remarketing proceeds will be realized at the end of the basic term. The recognition of unguaranteed residual values has a direct impact on revenue recognition in the CHG-MERIDIAN Group. If it emerges that the average remarketing proceeds or the outstanding proceeds from amortization can no longer be realized, the assets are written down accordingly.

The measurement of deferred tax assets and liabilities requires material assessments to be made. In the case of deferred tax assets on tax losses carried forward, this involves estimating the amount and timing of future taxable income. There is also uncertainty resulting from potential changes to tax law in the future.

6. NOTES TO THE INCOME STATEMENT

6.1 INTEREST INCOME FROM FINANCE LEASES

Interest income from finance leases comprises the items listed below.

- Interest income during the basic term
  An underlying interest rate is determined for each lease on the basis of the agreed lease installments and the expected additional payments and is used to calculate the interest on the finance lease receivables.
- Interest income from the unwinding of the discount on unguaranteed residual values
  The residual values expected at the end of the basic term accrue interest at the underlying interest rate during the basic term.
- Revenue in connection with the derecognition of finance lease receivables
  In the case of the non-recourse sale of receivables to a bank (forfaiter), the difference between the present value of the sold lease installments and the amount paid by the forfaiter is recognized in profit or loss in accordance with the requirements of IAS 39.

Interest income from finance leases rose by € 9.614 million year on year to € 98.540 million (2013: € 88.926 million).

The increase is primarily due to higher interest income during the basic term (up by € 4.781 million) and higher revenue in connection with the derecognition of finance lease receivables where non-recourse funding has been used (up by € 2.240 million).

6.2 OTHER INTEREST INCOME

Other interest income fell from € 2.918 million in 2013 to € 1.847 million in 2014. This item contains all interest income that cannot be allocated to finance leases. It mainly consists of income from short-term investments of cash and cash equivalents.

Interest income from the unwinding of the discount on impaired receivables is only recognized if the financial asset was discounted at the time the impairment loss was recognized. Based on the assumption that most remarketing proceeds will be realized within one year, discounting is not carried out when the impairment loss is measured for reasons of materiality.

The total interest income from financial assets that are not measured at fair value through profit or loss came to € 100.331 million in 2014 (2013: € 90.744 million).

6.3 INTEREST EXPENSE

The Interest expense line item mainly contains interest expense on loans for the funding of leases. Interest expense advanced from € 27.881 million in 2013 to € 29.499 million in 2014. This increase of € 1.618 million is primarily attributable to the growth in the proportion of leases funded on the basis of loans. The more favorable funding conditions were unable to offset the effect of the increase in recourse funding.

Interest expense for financial liabilities that are not measured at fair value through profit or loss totaled € 28.174 million in 2014 (2013: € 25.638 million).

6.4 INCOME FROM OPERATING LEASES

The following table shows the breakdown of income from operating leases in the reporting period (€ 000's):

	2014	2013
Income from lease installments during the basic term	310,304	294,869
Income from lease installments during extensions	64,598	60,953
Income from operating leases	**374,902**	**355,822**

The increase in Income from operating leases was due to the larger volume of operating leases.

During the basic term of the lease, the lease installments are, if applicable, deferred and recognized using the straight-line method.

6.5 EXPENSES FROM OPERATING LEASES

The following table shows the breakdown of expenses from operating leases (€ 000's):

	2014	2013
Depreciation and write-downs of leased assets during the basic term	226,733	201,599
Depreciation and write-downs of leased assets during extensions	19,581	16,805
Interest expense on deferred income from forfaiting transactions	52,808	57,390
Other	1,949	1,523
Expenses from operating leases	**301,071**	**277,317**

In line with the increased portfolio of leased assets, there was a rise in depreciation and amortization on leased assets during the basic term and during the extension period.

The leased assets are depreciated or amortized to their unguaranteed residual value using the straight-line method over the basic term of the lease. In the case of an extension, the residual value is generally depreciated or amortized using the straight-line method over one year.

Interest expense on deferred income from forfaiting transactions is allocated to expenses from operating leases because the finance leases sold on a non-recourse basis, and the associated deferred forfaiting income, are normally derecognized and the interest expense can be allocated to expenses from operating leases.

6.6 INCOME AND EXPENSES FROM REMARKETING

The following table shows the breakdown of income and expenses from remarketing (€ 000's):

	2014	2013
Income from the sale of leased assets	58,323	44,114
Expenses from the sale of leased assets	–53,692	–42,235
Income from brokerage activities	10,797	9,958
Expenses from brokerage activities	–4,568	–6,046
Net income from remarketing	**10,860**	**5,791**

Remarketing of leased assets is carried out either directly by the individual subsidiaries of CHG-MERIDIAN AG or through the Technology and Service Center in Gross-Gerau, Germany.

In addition to the remarketing of leased assets, the Technology and Service Center in Gross-Gerau is responsible for the worldwide purchasing and remarketing of IT equipment (brokerage).

Impairment losses on inventories are also shown under Expenses from remarketing and amounted to € 2 thousand in 2014 (2013: € 0 thousand).

6.7 PROVISIONS FOR THE LEASING BUSINESS

The provisions for the leasing business consist of impairment losses, reversals of impairment losses, and direct write-offs of receivables from finance leases and other receivables from customers. Impairment losses and reversals of impairment losses on assets pursuant to IAS 36 are also subsumed under this item (€ 000's):

	2014	2013
Impairment losses on and write-offs of other receivables from customers	10,068	11,112
Impairment losses on receivables from finance leases	–527	1,677
Impairment losses/reversals of impairment losses – leased assets	–183	19
Income from the derecognition of deferred income from forfaiting transactions under operating leases	–1,341	–2,756
Provisions for the leasing business	**8,017**	**10,052**

The following table shows the changes in the valuation allowance accounts for finance lease receivables and for other receivables from customers (€ 000's):

	Specific valuation allowances on finance lease receivables	Specific valuation allowances on other receivables from customers	TOTAL
Balance as at Jan. 1, 2013	**1,464**	**3,166**	**4,630**
Addition recognized as an expense	1,672	12,371	14,043
Utilization	18	2,744	2,762
Reversal	0	66	66
Balance as at Dec. 31, 2013	**3,118**	**12,727**	**15,845**
Addition recognized as an expense	587	5,644	6,231
Utilization	252	5,455	5,707
Reversal	1,192	1,052	2,244
Balance as at Dec. 31, 2014	**2,261**	**11,864**	**14,125**

The differences between the changes in the valuation allowance accounts recognized in profit or loss and the income statement items are attributable to direct write-offs and income from receivables that had been written off.

The impairment loss for the LaR category amounted to € 11.423 million in 2014 (2013: € 13.648 million). The impairment loss for finance lease receivables came to € 587 thousand (2013: € 1.672 million).

For details of the provisions for leased assets, please see the table showing the changes in leased assets in section 8 'Notes to the statement of financial position'.

If an impaired receivable or impaired leased asset under an operating lease was funded without recourse, derecognition of the deferred income from the forfaiting transaction results in a reduction in the impairment losses recognized.

6.8 INCOME FROM SERVICES RENDERED

The following table shows the breakdown of income from services rendered (€ 000's):

	2014	2013
Income from TESMA© Online	9,608	9,755
Income from consumables, OPS, and brokerage	5,017	2,616
Income from insurance	1,706	1,130
Income from data erasure	1,312	1,292
Income from GarantiePlus	286	269
Other service income	3,317	3,724
TOTAL	**21,246**	**18,786**

Income from services rendered rose by a total of € 2.460 million or 13.1 percent compared with the previous year. This increase is due to expansion and optimization of the services offered by CHG-MERIDIAN.

6.9 EXPENSES FROM SERVICES

The expenses from services rendered went up by € 2.250 million, from € 8.480 million in 2013 to € 10.730 million in 2014. Significant expenses are incurred, in particular, from the purchase of consumables (printer paper, toner, etc.) and brokerage.

Net income from services advanced from € 10.306 million in 2013 to € 10.516 million in 2014.

6.10 GAINS AND LOSSES ON THE MEASUREMENT OF DERIVATIVES

The following table shows the breakdown of gains and losses on the measurement of derivatives in the period under review (€ 000's):

	2014	2013
Income from derivatives	121	1,197
Expenses from derivatives	–1,469	–88
Gains and losses on the measurement of derivatives	**–1,348**	**1,109**

All derivatives are recognized at fair value in the statement of financial position. Changes in fair value are recognized in profit or loss. Hedge accounting is not applied, which means that all derivatives are categorized as at fair value through profit or loss in accordance with IAS 39.

6.11 STAFF EXPENSES

The following table shows the breakdown of staff expenses (€ 000's):

	2014	2013
Wages and salaries	59,378	58,602
Social security contributions and expenses for pensions	10,001	8,377
TOTAL	**69,379**	**66,979**

In the period under review, the increase in the liabilities arising from the share-based payment was recognized under Staff expenses in an amount of € 94 thousand (2013: € 65 thousand).

6.12 OTHER ADMINISTRATIVE EXPENSES

The following table shows the breakdown of other administrative expenses (€ 000's):

	2014	2013
Auditing and consultancy costs	4,953	3,717
Rent and other office space costs	4,630	4,216
Car-related expenses	2,012	1,809
Customer-related events and entertainment expenses	1,964	2,000
Other staff expenses	1,941	1,587
Travel expenses	1,834	1,922
Telecommunications costs and postage	1,371	1,338
Premiums and fees	706	892
Maintenance costs	653	720
Bank charges	614	524
Office costs	417	301
Business insurance	292	282
Other expenses	5,787	3,289
TOTAL	**27,174**	**22,597**

Auditing and consultancy costs include the following services rendered by the auditors KPMG AG Wirtschaftsprüfungsgesellschaft that were used by CHG-MERIDIAN companies (€ 000's):

	2014	2013
Expenses for year-end auditing	352	221
Expenses for other attestation services	26	13
Expenses for other services	24	18
TOTAL	**402**	**252**

The year-end auditing expenses incurred related to the cost of auditing CHG-MERIDIAN AG's consolidated financial statements as well as the legally required audits of the separate financial statements of CHG-MERIDIAN AG and CHG-MERIDIAN Mobilien GmbH.

6.13 AMORTIZATION AND IMPAIRMENT LOSSES ON INTANGIBLE ASSETS, AND DEPRECIATION AND IMPAIRMENT LOSSES ON PROPERTY, PLANT AND EQUIPMENT

	2014 € 000´s	2013 € 000´s
Land and buildings	1,399	1,407
Office furniture and equipment	2,037	2,203
Intangible assets	779	438
TOTAL	**4,215**	**4,048**

Please also refer to the tables showing the changes in intangible assets and property, plant and equipment in section 8 'Notes to the statement of financial position – intangible assets and property, plant and equipment'.

6.14 OTHER OPERATING INCOME/EXPENSES

The Other operating income and Other operating expenses items predominantly contain gains and losses from currency translation. Gains from currency translation came to € 8.511 million in 2014 (2013: € 9.942 million). The losses from currency translation recognized in profit or loss amounted to € 7.550 million in the reporting year (2013: € 10.815 million).

6.15 INCOME TAXES

The following table shows the breakdown of the main components of the income tax expense for 2014 and 2013 (€ 000's):

	2014	2013
Current income taxes		
Current tax expense	6,807	3,948
Current income taxes from other accounting periods	–78	–15
Deferred income taxes		
Deferred tax expense	10,595	16,277
Tax expense shown in the consolidated income statement	**17,324**	**20,210**

The following table shows how the tax on the Group's earnings before tax differed from the expected tax expense (€ 000's):

	2014	2013
Profit before tax	59,124	58,314
Expected tax rate	**29.73 %**	**29.28 %**
Expected tax expense	**17,578**	**17,074**
Change in the expected tax expense due to		
Permanent differences	–952	1,170
Differences in the assessment base for local taxes	0	2,535
Taxes from other accounting periods	–78	–15
Tax-rate-related discrepancies	–311	–213
Other effects	1,087	–341
Current tax expense	**17,324**	20,210
Current tax rate	**29.30 %**	**34.66 %**

The weighted average tax rate was 29.30 percent in 2014 (2013: 34.66 percent). The difference between that figure and the expected tax rate was 0.43 percent in the reporting year (2013: 5.38 percent). The expected tax rate corresponds to the average income tax rate for CHG-MERIDIAN AG in Germany in the financial year in question. The difference in the tax rate to be applied (2014: 29.73 percent; 2013: 29.28 percent) resulted from different wage distributions in the last two financial years.

The deferred tax liabilities mainly result from the different measurement of receivables from finance leases and leased assets under operating leases. For tax purposes, depreciation of leased equipment is normally recognized in accordance with tax-related asset depreciation tables that often does not correspond to the flow of income from leasing.

The following table shows the allocation of existing deferred tax assets on tax loss carryforwards to the group companies and country groups (€ 000's):

	2014	2013
CHG-MERIDIAN US group (United States)	6,159	5,422
CHG-MERIDIAN UK group (United Kingdom)	1,075	1,375
LLC 'CHG-MERIDIAN' (Russia)	794	925
CHG-MERIDIAN Italia S.p.A. (Italy)	511	0
CHG-MERIDIAN Polska sp. z o.o. (Poland)	228	0
CHG-MERIDIAN Mobilien GmbH (Germany)	202	237
Acento Group (Norway, Sweden, Finland, Denmark)	160	0
CHG-MERIDIAN Spain S.L. (Spain)	0	62
Deferred tax assets on tax loss carryforwards	**9,129**	**8,021**

The increase in the deferred tax assets allocated to the US group is solely attributable to currency translation. Within 20 years of the occurrence of tax losses, they can be netted with the future taxable profit of the entities in which the losses arose.

We continue to assume that the start-up losses incurred in the US group in previous years will be amortized. Calculated using the methodology applied by the Federation of German Leasing Companies (BDL), the net asset value of the US group was considerably higher than its equity as at December 31, 2014. Taxable profit is expected to be generated in the future, above all from the remarketing business that is anticipated.

7. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

The cumulative exchange differences recognized directly in equity amounted to a gain of € 942 thousand as at December 31, 2014, compared with a loss of € 5.122 million as at December 31, 2013. As at January 1, 2013, the IFRS transition date, the simplification exemption pursuant to IFRS 1.D13 was utilized and the cumulative exchange difference was therefore recognized as € 0. Accordingly, the cumulative exchange difference changed by minus € 5.122 million to a loss of € 5.122 million in 2013.

8. NOTES TO THE STATEMENT OF FINANCIAL POSITION

8.1 CASH RESERVE

The cash reserve consists entirely of cash in the form of cash on hand.

8.2 RECEIVABLES FROM BANKS

The amount of receivables from banks grew by € 62.888 million year on year to € 179.226 million.

Receivables from banks consist mainly of credit balances in current accounts and, on a small scale, short-term investments.

No receivables from banks were past due or impaired at the reporting date. There are no indications of default in connection with receivables from banks that are neither impaired nor past due.

Of the total receivables from banks, an amount of € 1.542 million was classified as non-current (December 31, 2013: € 1.504 million).

8.3 RECEIVABLES FROM FINANCE LEASES

The tables below relating to receivables from finance leases do not take impairment losses into account. To reconcile the net investment to the figure reported in the statement of financial position, the provisions for outstanding minimum lease payments are taken into consideration (€ 000's):

	Dec. 31, 2014	Dec. 31, 2013
Outstanding minimum lease payments	797,963	642,297
+ unguaranteed residual values	142,895	121,627
Gross investment	**940,858**	**763,924**
– unrealized (outstanding) finance income	–113,033	–104,163
Net investment	**827,825**	**659,761**
– present value of unguaranteed residual values	–123,240	–103,022
Present value of minimum lease payments	**704,585**	**556,739**

	Up to 1 year	1-5 years	More than 5 years	TOTAL
Gross investment as at Dec. 31, 2014	328,696	605,611	6,551	940,858
Gross investment (Dec. 31, 2013)	234,380	451,568	77,976	763,924
Present value of outstanding minimum lease payments as at Dec. 31, 2014	250,991	448,963	4,631	704,585
Present value of outstanding minimum lease payments (Dec. 31, 2013)	172,397	325,550	58,792	556,739

Of the total receivables from finance leases, an amount of € 578.970 million was classified as non-current (December 31, 2013: € 494.757 million).

Provisions for outstanding minimum lease payments amounted to € 2.262 million (December 31, 2013: € 3.117 million).

There are no indications of default in connection with receivables from finance leases that are neither impaired nor past due.

8.4 OTHER RECEIVABLES FROM CUSTOMERS

Other receivables from customers, which essentially consist of receivables from lease installments, services, and sales of leased assets, totaled € 72.415 million (December 31, 2013: € 70.346 million). This line item also includes accrued leasing income of € 16.235 million (December 31, 2013: € 18.323 million).

On the reporting date, € 50.397 million of the total receivables from customers were due and predominantly consisted of lease installments (December 31, 2013: € 32.763 million). These receivables are not impaired because there are no indications of heightened counterparty risk.

Of the total other receivables from customers, € 11.864 million was impaired. Please also refer to the information provided in section 6 'Notes to the income statement – provisions for the leasing business'.

There are no indications of default in connection with other receivables from customers that are neither impaired nor past due.

Of the total other receivables from customers, an amount of € 4.476 million was classified as non-current (December 31, 2013: € 13.651 million).

8.5 EQUITY INVESTMENTS

The equity investments in Stadtmarketing Weingarten GmbH, Weingarten, Germany (December 31, 2014: € 0.35 thousand; December 31, 2013: € 0.35 thousand), Veneto Banca S.c.p.a., Montebelluna, Italy (December 31, 2014: € 102 thousand; December 31, 2013: € 102 thousand), and CML Services GmbH, Weingarten, Germany (December 31, 2014: € 210 thousand; December 31, 2013: € 110 thousand) are accounted for at cost in accordance with IAS 39.46c).

In 2014, additional shares with a value of € 100 thousand were acquired in CML Services GmbH, Weingarten, Germany.

The equity investment in abakus IT AG, Waldburg, Germany was sold in 2014 (December 31, 2013: € 768 thousand). The € 729 thousand gain on the disposal was recognized in profit or loss under Other operating income.

8.6 LEASED ASSETS UNDER OPERATING LEASES

The following table shows the changes in leased assets under operating leases (€ 000's):

Acquisition cost as at Jan. 1, 2014	**990,296**
Exchange differences	13,266
Additions	320,522
Disposals	255,879
Acquisition cost as at Dec. 31, 2014	**1,068,205**
Accumulated depreciation and amortization as at Jan. 1, 2014	**453,759**
Exchange differences	7,615
Additions to depreciation and amortization	246,314
Depreciation and amortization relating to disposals	181,925
Accumulated depreciation and amortization as at Dec. 31, 2014	**525,763**
Accumulated impairment losses as at Jan. 1, 2014	**713**
Exchange differences	0
Additions to impairment losses	37
Reversal of impairment losses	493
Impairment losses relating to disposals	220
Accumulated impairment losses as at Dec. 31, 2014	**37**
Net carrying amounts as at Dec. 31, 2014	**542,405**

Acquisition cost as at Jan. 1, 2013	**882,090**
Exchange differences	–13,358
Additions	385,676
Disposals	264,112
Acquisition cost as at Dec. 31, 2013	**990,296**
Accumulated depreciation and amortization as at Jan. 1, 2013	**316,363**
Exchange differences	–5,431
Additions to depreciation and amortization	218,403
Depreciation and amortization relating to disposals	75,576
Accumulated depreciation and amortization as at Dec. 31, 2013	**453,759**
Accumulated impairment losses as at Jan. 1, 2013	**694**
Exchange differences	0
Additions to impairment losses	661
Reversal of impairment losses	0
Impairment losses relating to disposals	642
Accumulated impairment losses as at Dec. 31, 2013	**713**
Net carrying amounts as at Dec. 31, 2013	**535,824**

As at December 31, 2014, leased equipment with a carrying amount of €414.871 million (December 31, 2013: €398.257 million) had been pledged as collateral in order to secure funding for the leasing business.

We anticipated total payments of €472.554 million from non-cancellable operating leases (December 31, 2013: €507.001 million). The following table shows the breakdown of the total amount by maturity (€000's):

	Dec. 31, 2014	Dec. 31, 2013
Up to 1 year	236,575	244,245
More than 1 year and up to 5 years	234,029	262,033
More than 5 years	1,950	723

Of the total leased assets under operating leases, an amount of €366.399 million was classified as non-current (December 31, 2013: €376.495 million).

8.7 INTANGIBLE ASSETS

Intangible assets essentially consist of software and licenses. The following table shows the changes in 2014 (€000's):

	Intangible assets with a finite useful life
Acquisition cost as at Jan. 1, 2014	**2,879**
Exchange differences	1
Additions	3,246
Disposals	1
Reclassifications	0
Acquisition cost as at Dec. 31, 2014	**6,125**
Accumulated amortization as at Jan. 1, 2014	**1,778**
Exchange differences	1
Additions to amortization	779
Amortization relating to disposals	1
Reclassifications	0
Accumulated amortization as at Dec. 31, 2014	**2,557**
Impairment losses pursuant to IAS 36	0
Net carrying amounts as at Dec. 31, 2014	**3,568**
Net carrying amounts as at Jan. 1, 2014	**1,101**
Acquisition cost as at Jan. 1, 2013	**2,651**
Exchange differences	–5
Additions	273
Disposals	40
Reclassifications	0
Acquisition cost as at Dec. 31, 2013	**2,879**
Accumulated amortization as at Jan. 1, 2013	**1,369**
Exchange differences	–4
Additions to amortization	438
Amortization relating to disposals	25
Reclassifications	0
Accumulated amortization as at Dec. 31, 2013	**1,778**
Impairment losses pursuant to IAS 36	0
Net carrying amounts as at Dec. 31, 2013	**1,101**
Net carrying amounts as at Jan. 1, 2013	**1,282**

The additions in 2014 are attributable to the acquisition of software and licenses.

Of the total intangible assets, an amount of € 2.349 million was classified as non-current (December 31, 2013: € 602 thousand).

8.8 PROPERTY, PLANT AND EQUIPMENT

The following table shows the changes in property, plant and equipment in the Group (€ 000's):

	Land and buildings	Assets under construction	Office furniture and equipment	TOTAL
Acquisition cost as at Jan. 1, 2014	**34,024**	**2,487**	**15,932**	**52,443**
Exchange differences	38	0	56	94
Additions	14	3,727	2,766	6,507
of which additions relating to an acquisition	0	0	696	696
Disposals	700	0	1,422	2,122
Reclassifications	0	0	0	0
Acquisition cost as at Dec. 31, 2014	**33,376**	**6,214**	**17,332**	**56,922**
Accumulated depreciation as at Jan. 1, 2014	**13,964**	**0**	**9,846**	**23,810**
Exchange differences	17	0	3	20
Additions to depreciation	1,399	0	2,571	3,970
of which additions relating to an acquisition	0	0	534	534
Depreciation relating to disposals	542	0	1,264	1,806
Reclassifications	0	0	0	0
Accumulated depreciation as at Dec. 31, 2014	**14,838**	**0**	**11,156**	**25,994**
Impairment losses pursuant to IAS 36	0	0	0	0
Net carrying amounts as at Dec. 31, 2014	**18,538**	**6,214**	**6,176**	**30,928**
Net carrying amounts as at Jan. 1, 2014	**20,060**	**2,487**	**6,086**	**28,633**
Acquisition cost as at Jan. 1, 2013	**33,226**	**805**	**16,150**	**50,181**
Exchange differences	–48	0	–100	–148
Additions	881	1,682	2,335	4,898
Disposals	35	0	2,453	2,488
Reclassifications	0	0	0	0
Acquisition cost as at Dec. 31, 2013	**34,024**	**2,487**	**15,932**	**52,443**
Accumulated depreciation as at Jan. 1, 2013	**12,606**	**0**	**9,928**	**22,534**
Exchange differences	–16	0	–70	–86
Additions to depreciation	1,408	0	2,203	3,611
Depreciation relating to disposals	34	0	2,215	2,249
Reclassifications	0	0	0	0
Accumulated depreciation as at Dec. 31, 2013	**13,964**	**0**	**9,846**	**23,810**
Impairment losses pursuant to IAS 36	0	0	0	0
Net carrying amounts as at Dec. 31, 2013	**20,060**	**2,487**	**6,086**	**28,633**
Net carrying amounts as at Jan. 1, 2013	**20,620**	**805**	**6,222**	**27,647**

The addition under Assets under construction is attributable to the expansion of the Company's headquarters in Weingarten.

The Additions in connection with an acquisition relate to the acquisition of the Acento Group.

Of the total property, plant and equipment, an amount of € 27.721 million was classified as non-current (December 31, 2013: € 25.558 million).

8.9 OTHER ASSETS

The Other assets item predominantly consists of inventories totaling € 198.277 million (December 31, 2013: € 207.531 million). Other material items within this line item in the statement of financial position were VAT receivables amounting to € 15.217 million (December 31, 2013: € 19.806 million), prepaid expenses amounting to € 11.214 million (December 31, 2013: € 9.853 million), and prepaid service expenses amounting to € 4.709 million (December 31, 2013: € 0 thousand).

The following table shows the breakdown of inventories (€ 000's):

	Dec. 31, 2014	Dec. 31, 2013
Assets that are intended to be leased	178,932	194,203
Assets that have been returned to CHG-MERIDIAN after the end of the lease schedule	19,261	13,226
Brokerage	84	102
TOTAL	**198,277**	**207,531**

Depending on their classification pursuant to IAS 17, the assets that are intended to be leased out are reclassified to Receivables from finance leases or Leased assets under operating assets at the inception of the lease.

Assets that have been returned to CHG-MERIDIAN after the end of the lease term are lease returns that are then remarketed by either the relevant subsidiary or the Technology and Service Center in Gross-Gerau. Normally, these assets only remain part of CHG-MERIDIAN's inventories for a short period.

Of the total other assets, an amount of € 5.152 million was classified as non-current (December 31, 2013: € 4.247 million).

8.10 LIABILITIES TO BANKS

Liabilities to banks, which came to € 582.077 million as at December 31, 2014 (December 31, 2013: € 494.718 million), primarily consisted of recourse funding of leases in an amount of € 510.502 million (December 31, 2013: € 448.585 million), of which the two promissory note loans (each with a volume of € 50.000 million) are of particular significance. Both promissory note loans have a term of four years and are due to mature in 2017 and 2018 respectively.

Besides the recourse funding of leases, the Liabilities to banks item also includes loans of € 2.653 million (December 31, 2013: € 5.935 million) for the Company's head office building in Weingarten, which was completed in 2003, and a loan of € 22.257 million (December 31, 2013: € 0 thousand) for the new building currently under construction in Weingarten.

To collateralize the liabilities to banks, lease receivables amounting to € 416.924 million (December 31, 2013: € 443.418 million) were assigned to the institutions providing the funding. Each individual item of collateral is assigned until the outstanding receivable under the lease has been settled.

The land of the Company's site in Weingarten and the buildings located thereon serve as collateral specifically in respect of its liabilities to banks. Of these liabilities, € 22.542 million is secured by mortgages (December 31, 2013: € 5.611 million).

Of the total liabilities to banks, an amount of € 329.999 million was classified as non-current (December 31, 2013: € 257.096 million).

8.11 DEFERRED INCOME FROM FORFAITING TRANSACTIONS

The Deferred income from forfaiting transactions line item rose from € 527.345 million as at December 31, 2013 to € 609.674 million as at December 31, 2014. This year-on-year increase of € 82.329 million or 15.6 percent is attributable to the larger volume of leases reported in the statement of financial position.

Under Deferred income from forfaiting transactions, CHG-MERIDIAN recognizes the purchase consideration (present value of the lease installments) from the non-recourse sale of lease receivables (forfaiting transactions) that are not subject to the derecognition requirements in IAS 39.

The deferred income from forfaiting transactions is released over the term of the sold lease installments using the declining-balance method.

8.12 LIABILITIES TO CUSTOMERS

In addition to trade payables, liabilities to customers include advance payments from customers totaling € 153.224 million (December 31, 2013: € 129.263 million) and deferred leasing income amounting to € 50.542 million (December 31, 2013: € 58.618 million).

Trade payables predominantly consist of liabilities to suppliers of leased assets.

Of the total liabilities to customers, an amount of € 10.870 million was classified as non-current (December 31, 2013: € 6.243 million).

8.13 DERIVATIVES

Derivatives are used exclusively to hedge currency risk and interest-rate risk. The derivatives are categorized as at fair value through profit or loss in accordance with IAS 39. Hedge accounting pursuant to IAS 39.71 et seq. is not applied in the CHG-MERIDIAN Group.

Depending on whether their fair value is positive or negative, the derivatives are shown either on the assets side or the liabilities and equity side of the statement of financial position.

They are measured at fair value. Changes in fair value are recognized in profit or loss under Other operating income or Other operating expenses.

Of the total derivatives, an amount of € 988 thousand was classified as non-current (December 31, 2013: € 0 thousand).

8.14 OTHER PROVISIONS

The Other provisions line item mainly comprises provisions for record retention requirements amounting to € 195 thousand (December 31, 2013: € 190 thousand) and provisions for risks in connection with the leasing business of € 1.235 million (December 31, 2013: € 863 thousand).

Of the total other provisions, an amount of € 1.430 million was classified as non-current (December 31, 2013: € 1.053 million).

In 2014, an amount of € 298 thousand (2013: € 180 thousand) was added to provisions while € 272 thousand (2013: € 41 thousand) of the provisions recognized in the previous year was utilized. Other provisions increased by € 186 thousand (2013: € 10 thousand) due to the unwinding of discounts.

There is uncertainty as to the amount and due date of the expected outflows.

8.15 OTHER LIABILITIES

The Other liabilities line item went up by € 4.523 million to € 82.217 million as at December 31, 2014. This increase in Other liabilities is largely attributable to the rise in VAT liabilities, which climbed by € 5.792 million to € 22.541 million (December 31, 2013: € 16.749 million). An explanation of other components of Other liabilities is provided below.

SHARE OPTION PROGRAM

The Company grants share options to selected employees in the CHG-MERIDIAN Group as part of share option programs. Share options were granted for the first time following a resolution adopted by the Annual General Meeting that came into effect on January 1, 2010.

On the basis of a resolution of the Annual General Meeting dated July 22, 2013, the Management Board is authorized, subject to the consent of the Supervisory Board, to grant up to a total of 3,600,000 share options (January 31, 2013: 2,000,000 share options).

The share options cannot be exercised until at least 24 months have passed since they were granted ('lock-up period'). If beneficiaries leave the Company, their options expire. The options have a term of 72 months, although once the lock-up period has ended, there is an opportunity to exercise them once a year in the month following the Annual General Meeting.

When beneficiaries exercise the share options, they must pay the subscription price defined at the time of granting for each share that they acquire. The price per share is derived from the proportion of the Group's net asset value that is attributable to the share.

As at December 31, 2014, a total of 3,168,000 share options had been granted. The lock-up period ends for 288,000 share options on December 31, 2015. The lock-up period will then end for a further 2,880,000 share options on December 31, 2016.

The following table shows the changes in the share options:

	2014		2013	
	Commitments	Weighted average of the exercise prices	Commitments	Weighted average of the exercise prices
Number at start of reporting period	1,296,000	3.55	1,080,000	4.39
Granted during reporting period	3,312,000	3.86	216,000	4.07
Exercised during reporting period	1,440,000	3.29	0	0
Number at end of reporting period	3,168,000	4.66	1,296,000	3.55

The exercise price for the options that were outstanding at the end of the reporting period ranged from € 4.07 to € 4.80 (December 31, 2013: € 3.14 to € 4.07). The weighted average remaining term of the options was 5.0 years as at December 31, 2014 (December 31, 2013: 4.0 years).

The fair value of the share options was determined using a binomial model with the following parameters:

	Dec. 31, 2014	Dec. 31, 2013
Risk-free interest rate	0.12 %	0.33 %
Expected volatility	2.71 %	2.71 %
Expected term of the options (years)	5	4
Weighted average exercise price (€)	4.66	3.55
Notional value per share (€)	5.40	5.23

Volatility was determined on the basis of the performance of the CHG-MERIDIAN AG share price over the past nine years. The share price is calculated on the basis of the change in the net asset value of the CHG-MERIDIAN Group, which reflects the performance of the Company's share price more realistically. It was decided not to use the volatility of comparable listed companies as a basis because their volatility does not reflect CHG-MERIDIAN AG's actual circumstances.

The weighted average of the fair values of the options was € 0.62 as at December 31, 2014 (December 31, 2013: € 0.81).

The liabilities arising from the share-based payment amounted to € 1.296 million as at December 31, 2014 (December 31, 2013: € 3.046 million).

ACCRUALS

The following table shows the main accrual items (€ 000's):

	Dec. 31, 2014	Dec. 31, 2013
Accruals for outstanding invoices	7,547	9,405
Accruals for sales commissions and outstanding holidays	9,469	9,088
Accruals for year-end costs	534	326
Other	325	158
TOTAL	**17,875**	**18,977**

SERVICING OBLIGATIONS

Liabilities to banks from the servicing obligation for forfaited and derecognized lease receivables, which are shown under Other liabilities, amounted to € 11.085 million as at the reporting date (December 31, 2013: € 12.555 million).

Of the total other liabilities, an amount of € 22.381 million was classified as non-current (December 31, 2013: € 39.451 million).

8.16 INCOME TAX ASSETS/INCOME TAX LIABILITIES

Of the total tax assets, an amount of € 36 thousand was classified as non-current (December 31, 2013: € 0 thousand). Non-current tax liabilities amounted to € 0 thousand (December 31, 2013: € 0 thousand).

8.17 EQUITY

Details of the changes in the Group's equity can be found in the consolidated statement of changes in equity, which is in a separate section preceding the notes to the consolidated financial statements.

SUBSCRIBED CAPITAL

The Company's subscribed capital was divided into 96,000,000 (2013: 72,000,000) fully paid-up, no-par-value bearer shares with a notional value of € 100,000,000.

The following table shows the changes in the number of shares outstanding:

	2014	2013
Number of shares outstanding as at Jan. 1	67,720,065	68,079,403
Acquisition of treasury shares	–1,404,649	–394,338
Sale of treasury shares	972,863	35,000
Capital increase	22,566,911	0
Number of shares outstanding as at Dec. 31	**89,855,190**	**67,720,065**

The Company acquired 1,404,649 treasury shares in 2014. On December 31, 2014, the Company held 6,144,810 treasury shares that had a notional value of € 6.401 million (December 31, 2013: € 4.458 million) and are shown separately in equity as deductions. They represent 6.40 percent of the Company's share capital. In addition, the Company sold 972,863 treasury shares. They represent 1.01 percent of the Company's share capital.

CAPITAL RESERVES

The sale of treasury shares to new shareholders added € 1.722 million to the capital reserves, which therefore stood at € 2.340 million on December 31, 2014 (December 31, 2013: € 618 thousand).

RETAINED EARNINGS

The Retained earnings line item consists of profits from previous years that have not been distributed and the effect resulting from first-time adoption of IFRS. Retained earnings came to € 183.315 million on December 31, 2014, compared with € 182.742 million a year earlier.

The Annual General Meeting held on July 18, 2014 voted to increase the Company's share capital from € 75.000 million to € 100.000 million. This increase was achieved by converting € 25.000 million from retained earnings.

Retained earnings rose by € 132.778 million as a result of the first-time adoption of IFRS with effect from January 1, 2013. The deferred tax liability incurred on this amount, which was recognized in other comprehensive income, amounted to € 39.000 million.

OTHER RESERVES

Other reserves includes items that, under IFRS, are required to be recognized directly in equity. In 2014, these items related to differences resulting from currency translation in connection with consolidated subsidiaries (€ 000's):

	Dec. 31, 2014	Dec. 31, 2013
Cumulative gains and losses from currency translation	942	–5,122

NON-CONTROLLING INTERESTS

The equity shareholdings of other shareholders represent the proportionate non-controlling interests in the equity of the Group entities. In 2014, CHG-MERIDIAN AG acquired a further 10 percent of the shares in CHG-MERIDIAN Leasing-Beteiligungs-Holding, Weingarten, Germany and therefore held 95 percent of the shares as at December 31, 2014.

CAPITAL RISK MANAGEMENT

The Company's priority in its management of capital risk is to ensure a strong and healthy funding structure that provides a basis for financial flexibility and enables the Company to remain largely independent of banks and other lenders. The Company aims to enhance and deepen its stable and long-standing business relationships with its funding partners in order to retain the trust of investors, lenders, and the markets and to pave the way for future organic growth and growth by acquisition.

The treasury department manages and monitors the liquidity situation at Group level as an integral part of the risk management process.

9. DISCLOSURES ON FINANCIAL INSTRUMENTS

A) CATEGORIES OF FINANCIAL INSTRUMENTS

CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS BY IAS 39 MEASUREMENT CATEGORY (€ 000's)

	Loans and receivables (LaR)		Financial liabilities measured at amortized cost (oL)		Financial assets and liabilities at fair value through profit or loss (FVTPL)		Investments held at amortized cost (IAS 39.46 (c))		Carrying amount pursuant to IAS 17	
Dec. 31	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Assets										
Receivables from banks	179,226	116,338								
Receivables from finance leases									825,565	656,644
Other receivables from customers	88,650	88,669								
Derivatives					47	484				
Equity investments							312	980		
Other assets	3,331	1,838								
Liabilities and equity										
Liabilities to banks			582,077	494,718						
Liabilities to customers			203,766	187,881						
Derivatives					990	78				
Other liabilities			15,313	16,978						

As at the reporting dates of December 31, 2013 and December 31, 2014, no financial instruments were assigned to the available-for-sale financial assets (AfS) or held-to-maturity investments (HtM) measurement categories.

Only derivatives pursuant to IAS 39.9 are assigned to the FVTPL category.

NET GAINS (+) AND LOSSES (–) ON FINANCIAL INSTRUMENTS (€ 000's)

	Dec. 31, 2014	Dec. 31, 2013
Loans and receivables (LaR)	–10,068	–11,112
Fair value through profit or loss (FVTPL)	–1,348	1,109

Net gains and losses in the LaR category include impairment losses, reversals of impairment losses, and subsequent receipts against financial instruments that have been written off. They do not include current interest income and expense.

Net gains and losses in the FVTPL category include changes in fair value.

B) TRANSFER OF FINANCIAL ASSETS

CHG-MERIDIAN transfers the contractual right to cash flows from finance lease receivables in the context of non-recourse forfaiting contracts.

Normally, the forfaited and transferred cash flows represent only part of the total cash flows from the lease and only part of the finance lease receivables. The forfaited part only contains specially designated cash flows. In non-recourse funding arrangements, the material opportunities and risks are transferred to the forfaiter. CHG-MERIDIAN only has a small volume of transferred lease receivables that have not been derecognized. Corresponding liability items have been recognized for the transferred lease receivables.

The requirements for partial derecognition of the finance lease receivables have been satisfied. Payments under the finance lease that have not been forfaited are not derecognized and are therefore shown under Receivables from finance leases.

Most of the (residual) receivables shown are unguaranteed residual values. CHG-MERIDIAN does not have any continuing involvement in connection with lease payments that have been funded on a non-recourse basis.

C) LEVELS OF THE FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Financial and non-financial assets and liabilities as well as equity instruments are measured at fair value in accordance with the requirements of IFRS 13 Fair Value Measurement. In this case, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Measurement of the individual assets, liabilities, and equity instruments must be based on observable or unobservable inputs.

These are assigned to one of the three levels of the fair value hierarchy:

LEVEL 1 – ACTIVE MARKET, QUOTED PRICE

At Level 1, measurement is based on prices quoted in active markets to which the Company has access at the measurement date (stock exchanges and dealer markets) for identical assets or liabilities. The transaction costs are not eliminated from the price that has been determined.

LEVEL 2 – DIRECTLY OR INDIRECTLY OBSERVABLE MARKET PRICE

If a quoted price cannot be determined in accordance with the Level 1 criteria, it must be determined using Level 2 inputs where available. These inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical assets or liabilities in markets that are not active
- interest rates and yield curves observable at commonly quoted intervals
- implied volatilities, and
- other market-corroborated inputs.

A price determined in this way is corrected only on the basis of the condition/location of the asset or the volume/level of activity in the observable markets.

LEVEL 3 – UNOBSERVABLE INPUTS

If there is little or no market activity for the asset or liability at the measurement date, the Company uses unobservable inputs that can be determined for the affected asset or liability. The unobservable inputs reflect the best information available about market participants' assumptions regarding price formation for the asset or liability, including assumptions about risks.

The derivatives used in the CHG-MERIDIAN Group are measured in accordance with the requirements of IFRS 13 using Level 2 inputs corresponding to quoted prices for identical assets that can be observed directly.

D) FAIR VALUE OF FINANCIAL INSTRUMENTS

FAIR VALUE OF CATEGORIES OF FINANCIAL INSTRUMENTS PURSUANT TO IAS 39

The table below shows the fair values of the different financial instruments. The fair value is the price at which the financial instrument can be sold or purchased in an orderly transaction at the reporting date.

If a market price was not available, the fair value was determined by discounting the financial instrument to present value using a market interest rate appropriate to the term of the financial instrument. The fair value of receivables from finance leases was determined by discounting them to present value using a notional interest rate. The notional interest rate represents an average funding rate for lease receivables that would be payable for a term equivalent to the end date of the respective lease.

	Fair value Dec. 31, 2014 €000's	Fair value Dec. 31, 2013 €000's	Carrying amount Dec. 31, 2014 €000's	Carrying amount Dec. 31, 2013 €000's
Assets				
Receivables from banks	179,226	116,338	179,226	116,338
Receivables from finance leases	872,957	702,740	825,565	656,644
Other receivables from customers	88,650	88,669	88,650	88,669
Derivatives	47	484	47	484
Equity investments	312	980	312	980
Liabilities and equity				
Liabilities to banks	556,780	491,687	582,077	494,718
Liabilities to customers	203,766	187,881	203,766	187,881
Derivatives	990	78	990	78

E) RISKS IN CONNECTION WITH FINANCIAL INSTRUMENTS

COUNTERPARTY RISK

For qualitative information on the management of counterparty risk, please refer to the risk report within the group management report.

Credit risk and default risk on financial assets are the risk that a counterparty will default and are therefore limited to the amount of the claims in respect of the recognized carrying amounts.

At CHG-MERIDIAN, the maximum default risk is primarily mitigated by the underlying leased equipment. It is also reduced by the additional collateral held, which had a value of € 62.146 million on the reporting date (December 31, 2013: € 39.788 million).

The additional collateral comprises, among other things, shared liability, mortgages, and pledging of credit balances with banks.

The following table shows the credit quality of the financial assets of the CHG-MERIDIAN Group (€ 000's):

	Gross carrying amount		Neither past due nor impaired		Past due but not impaired		Impaired	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Receivables from banks	179,226	116,338	179,226	116,338	0	0	0	0
Receivables from finance leases	827,826	659,762	825,565	656,644	0	0	2,261	3,118
Other receivables from customers	100,515	101,396	38,254	55,906	50,397	32,763	11,864	12,727
Derivatives	47	484	0	0	0	0	0	0
Equity investments	312	980	0	0	0	0	0	0

Impairment losses are recognized if a counterparty is in default for longer than a specified period of time or if an application is made for insolvency proceedings or such proceedings are instituted ('trigger events').

There were no significant concentrations of risk in the finance lease portfolio as at December 31, 2014, nor had there been any a year earlier.

The following table shows the maturity structure of financial assets that were past due but not impaired at the reporting date (€ 000's):

	Past due but not impaired		Up to 1 month		1-3 months		More than 3 months	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 20130
Receivables from banks	0	0	0	0	0	0	0	0
Receivables from customers	50,397	32,763	33,609	24,266	4,188	3,059	12,600	5,438
Derivatives	0	0	0	0	0	0	0	0
Equity investments	0	0	0	0	0	0	0	0

There is no objective evidence that the financial assets listed above are impaired. Due to the structure of its customer base and its business, the CHG-MERIDIAN Group has only insignificant concentrations of risk.

LIQUIDITY RISK

The table below contains an analysis of the maturities of the earliest possible, undiscounted contractual cash flows of financial obligations at the end of 2014 and 2013. Some amounts differ from the amounts reported in the statement of financial position because these are undiscounted cash flows (€ 000's):

	On demand	< 3 months	3 months – 1 year	1 year – 5 years	> 5 years
Dec. 31, 2014					
Liabilities to banks	20,335	115,821	130,399	316,933	13,055
Liabilities to customers	114,224	72,616	9,696	6,692	0
Debenture loans	0	0	0	0	0
Derivatives	0	0	–2	–988	0
Other liabilities	442	5,272	6,422	4,537	375

	On demand	< 3 months	3 months – 1 year	1 year – 5 years	> 5 years
Dec. 31, 2013					
Liabilities to banks	10,118	96,744	133,966	265,723	17
Liabilities to customers	118,081	59,860	7,284	2,775	0
Debenture loans	0	0	0	0	0
Derivatives	0	36	42	0	0
Other liabilities	39	2,731	2,786	11,686	413

The treasury department uses liquidity forecasts to manage liquidity risk. CHG-MERIDIAN was able to meet its payment obligations at all times during 2014.

MARKET RISK

For qualitative information on the management of market risk, please refer to the risk report within the group management report.

Market risk primarily results from interest-rate risk, currency risk, and residual-value risk. In the vast majority of cases, the CHG-MERIDIAN Group excludes interest-rate risk during the term of a lease by funding a very high proportion of its leases on a fixed-rate basis for their entire term.

Currency risk constitutes the risk that receivables and liabilities depreciate in value owing to sharp fluctuations in exchange rates. As an international company, CHG-MERIDIAN is exposed to currency risk. CHG-MERIDIAN aims to ensure that funding is obtained in the local currency of the subsidiary concerned from its own funding partners. This policy helps to minimize currency risk.

Residual-value risk occurs when the forecast market value of a leased asset that is remarketed at the scheduled end of the lease is lower than the residual value calculated at the inception of the lease.

The residual value calculated at the inception of the lease consists of the shortfall and the remarketing opportunities. The shortfall is the deficit that arises if the lease payments made over the basic term of a lease do not fully cover the investment in the leased equipment and the calculated cost of funding. Remarketing opportunities are estimated on a portfolio basis using historical values.

According to a sensitivity analysis, a reduction in the remarketing opportunities by 1 percent of the original investment in the leased equipment would have made it necessary to recognize an impairment loss of € 16.237 million in the reporting year (2013: € 13.757 million). An increase in the remarketing opportunities by 1 percent of the original investment in the leased equipment would have resulted in a gain of € 27.028 million in the reporting year (2013: € 21.984 million).

Because of CHG-MERIDIAN's cautious assumptions about remarketing opportunities, the probability of having to recognize impairment losses as a result of residual-value risk is considered to be low. Due to the structure of the customer base and business, there are no significant concentrations of risk.

10. OTHER DISCLOSURES

A) STATEMENT OF CASH FLOWS

CHG-MERIDIAN's consolidated statement of cash flows documents the changes in cash and cash equivalents resulting from the net cash provided by and used for operating activities, investing activities, and financing activities. The cash flows relating to operating activities reflect all inflows and outflows in connection with day-to-day business. Those relating to investing activities consist of payments from the acquisition of, and gains on the disposal of, subsidiaries, leased assets, and other types of assets. The cash flows relating to financing activities comprise all of the streams of payments in connection with equity transactions and other financing activities.

Cash and cash equivalents consist entirely of the cash reserve plus receivables from banks that are available on demand.

The principles underlying the presentation format and structure of the statement of cash flows are derived from IAS 7, which already applied under HGB rules. Any differences compared with the HGB financial statements are due solely to the change in the scope of consolidation under IFRS.

B) CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

The pledging of leased assets as collateral to forfaiting and lending banks gave rise to contingent liabilities of € 799.100 million (net) (December 31, 2013: € 857.317 million) as security for the legal validity and freedom from objection of the receivables sold.

The following table shows the maturity structure of future commitments under long-term agreements (predominantly future obligations under leases on offices and company cars) as at the reporting date (€ 000's):

	Up to 1 year	1-5 years	More than 5 years	TOTAL
Future lease obligations	3,134	6,625	1,824	11,583

In 2014, an expense of € 3.114 million was recognized in connection with rental and leasing agreements (2013: € 3.445 million).

C) TRANSACTIONS WITH RELATED PARTIES

A third party (an entity or individual) is deemed to be a related party if one of the parties has direct or indirect control or significant influence over the financial and operating policies of the other party. CHG-MERIDIAN AG and all of its subsidiaries are considered to be related parties. All of these are included in the consolidated financial statements. Other related parties of CHG-MERIDIAN AG include the members of the Management Board and Supervisory Board and their close family members.

The members of the Management Board and Supervisory Board only receive remuneration in connection with their role as persons in key positions. The total remuneration for the Management Board in 2014 amounted to € 6.973 million (2013: € 7.544 million). One member of the Management Board was granted 2,880,000 options on the Company's shares at a price of € 4.80 per share as part of his executive remuneration. The fair value of this share-based payment was € 1.296 million (2013: € 3.046 million).

In accordance with the exemption for unlisted companies provided in section 314 (2) sentence 2 HGB in conjunction with section 286 (4) HGB, it was decided not to disclose each individual's remuneration.

The total remuneration for the Supervisory Board in 2014 amounted to € 298 thousand (2013: € 248 thousand).

There were no significant transactions with related parties that were not conducted on an arm's-length basis, either in 2014 or in the previous year.

D) EMPLOYEES

An average of 800 people were employed during the year under review (2013: 782). Part-time staff are counted on the basis of full-time equivalents. The following table shows the average number of employees broken down by function:

	2014	2013
Administration	567	564
Sales	214	196
Trainees	19	22
TOTAL	**800**	**782**

E) GOVERNING BODIES OF CHG-MERIDIAN AG

The members of the Management Board of CHG-MERIDIAN AG are:

- Jürgen Mossakowski, Ravensburg, Diplom-Kaufmann (Chief Executive Officer)
- Joachim Schulz, Ravensburg, Diplom-Kaufmann
- Frank Kottmann, Ravensburg, Kaufmann
- Dr. Mathias Wagner, Bad Homburg, Diplom-Kaufmann & Dr. oec. (since January 1, 2014).

The members of the Supervisory Board of CHG-MERIDIAN AG are:

- Dr. Alexander Lienau, Munich, attorney & tax accountant (chairman)
- Frank Gelf, Berg, Kaufmann
- Peter Horne, Reute, Diplom-Betriebswirt (BA) (deputy chairman).

F) EVENTS AFTER THE REPORTING PERIOD AND APPROVAL OF THE FINANCIAL STATEMENTS

There were no material events after the reporting period.

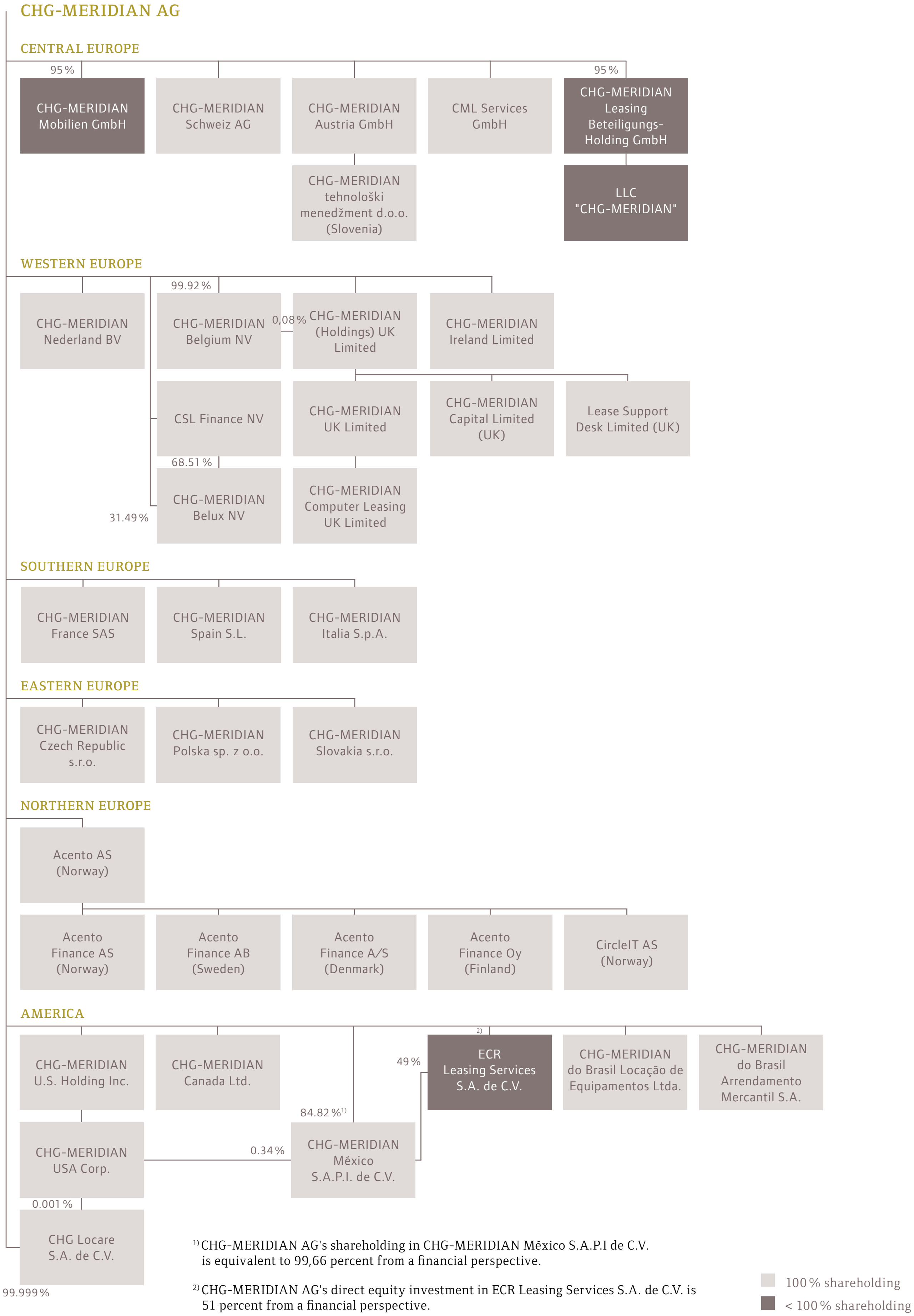
The Management Board prepared the consolidated financial statements on March 6, 2015. They will be published in the electronic version of the German Federal Gazette once they have been approved on May 7, 2015.

Weingarten, March 6, 2015

CHG-MERIDIAN AG

Jürgen Mossakowski Joachim Schulz Frank Kottmann Dr. Mathias Wagner

ORGANIZATIONAL STRUCTURE



1) CHG-MERIDIAN AG's shareholding in CHG-MERIDIAN México S.A.P.I de C.V. is equivalent to 99,66 percent from a financial perspective.

2) CHG-MERIDIAN AG's direct equity investment in ECR Leasing Services S.A. de C.V. is 51 percent from a financial perspective.

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by CHG-MERIDIAN AG, Weingarten, comprising the consolidated statement of financial position, the consolidated income statement, the notes to the consolidated financial statements, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity, together with the group management report for the business year from January 1 to December 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the supplementary provisions of German commercial law required to be applied under § 315a (1) HGB [Handelsgesetzbuch "German Commercial Code"] is the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the financial position and financial performance in the consolidated financial statements in accordance with the applicable financial reporting standards and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU and the supplementary provisions of German commercial law required to be applied under § 315a (1) HGB and give a true and fair view of the financial position and financial performance of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, April 27, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Bergmann
Auditor

Ziegler
Auditor

SINGLE-ENTITY FINANCIAL STATEMENTS OF CHG-MERIDIAN AG

Statement of financial position of CHG-MERIDIAN AG, Weingarten, as at December 31, 2014

ASSETS

	€ 000's	Dec. 31, 2014 € 000's	Dec. 31, 2013 € 000's
1. Cash reserve			
Cash on hand		16	10
2. Receivables from banks			
a) On demand	93,185		54,083
b) Other claims	1,000	94,185	11,000
3. Receivables from customers		126,954	139,857
4. Equity investments		1	1
5. Investments in affiliated companies		183,777	159,215
6. Leased assets		756,138	740,364
7. Intangible assets		3,503	1,015
8. Property, plant and equipment		28,648	26,426
9. Other assets		12,859	9,261
10. Prepaid expenses		996	877
11. Excess of plan assets over pension liabilities		30	19
		1,207,107	**1,142,128**

LIABILITIES AND EQUITY

		Dec. 31, 2014	Dec. 31, 2013
	€ 000's	€ 000's	€ 000's
1. Liabilities to banks			
a) On demand	14,119		10,832
b) With an agreed maturity	393,921	408,040	316,700
2. Liabilities to customers			
Sundry liabilities			
On demand		8,559	5,300
3. Other liabilities		82,961	77,253
4. Deferred income		549,305	574,208
4a. Deferred tax liabilities		20,775	19,765
5. Provisions			
a) For taxes	316		480
b) Other provisions	13,701	14,017	14,519
6. Equity		123,450	123,071
a) Subscribed capital	100,000		75,000
minus notional value of treasury shares	−6,401		−4,458
Issued capital		93,599	70,542
b) Capital reserves		2,340	618
c) Retained earnings			
ca) Statutory reserve	9,382		6,882
cb) Other retained earnings	5,350	14,732	33,889
d) Net income		12,779	11,140
		1,207,107	**1,142,128**

Income statement of CHG-MERIDIAN AG, Weingarten, for the year ended December 31, 2014

				2014	2013
		€ 000's	€ 000's	€ 000's	€ 000's
1.	Income from leasing			536,306	502,203
2.	Expenses from leasing			–21,408	–16,429
3.	Interest income from lending and money-market transactions			9,812	8,756
4.	Interest expense			–26,089	–28,127
5.	Current income from investments in affiliated companies			16	10,155
6.	Commission income			13,135	13,000
7.	Commission expense			–4,537	–3,851
8.	Other operating income			2,038	1,981
9.	General administrative expenses				
	a) Staff expenses				
	aa) Wages and salaries	–39,950			–40,773
	ab) Social security contributions and expenses for pensions Of which for pensions: €29 thousand (2013: €63 thousand)	–3,726	–43,676		–3,394
	b) Other administrative expenses		–10,984	–54,660	–10,232
10.	Depreciation, amortization and write-downs of				
	a) Leased assets		–432,589		–418,577
	b) Intangible assets and property, plant and equipment		–3,436	–436,025	–3,254
11.	Other operating expenses			–88	–96
12.	Write-downs of and value adjustments on claims and certain securities as well as additions to the provisions for leasing business			–516	–142
13.	Income from write-ups of claims and certain securities and from the release of provisions for leasing business			81	800
14.	**Profit from ordinary activities**			**18,065**	**12,020**
15.	Income taxes			–5,072	–724
16.	Other taxes (unless reported under line item 11)			–214	–156
17.	**Net income**			**12,779**	**11,140**

GLOSSARY

A user-friendly guide to the key technical terms and abbreviations used in CHG-MERIDIAN's business

ASSET CARE
Asset Care provides CHG-MERIDIAN's clients with comprehensive protection for their computer hardware and comprises the benefits of both an electronic equipment insurance policy and a conventional manufacturer's warranty. However, the insurance cover offered goes well beyond the protection afforded by a manufacturer's warranty.

ASSET MANAGEMENT
The asset management solution offered by CHG-MERIDIAN provides clients with active support for the portfolio and cost management of their technology infrastructure in the form of TESMA© Online.

COST PER SEAT CALCULATION
This is a comprehensive calculation of the various costs incurred per workplace over the entire technology lifecycle. It factors in the cost of setting up the workplace, equipment installation, extended warranty cover and other services as well as deinstallation at the end of the lease and secure data erasure, thereby enabling the total cost per user to be charged to the Company's relevant cost units.

CRITICAL-TERMS-MATCH METHOD
The critical-terms-match method is a method used to test the effectiveness of hedges. This involves testing some key financial data (critical terms) relating to the underlying transaction and the hedging instrument to ensure that they match. If they do, it can be assumed that the hedge is effective.

CROSS-CURRENCY SWAPS
A currency swap (also known as a cross-currency swap) is a financial derivative instrument under which two counter-parties exchange ('swap') interest and principal payments to be made in different currencies. A currency swap is similar to an interest-rate swap, although in the case of the latter the payments are swapped in the same currency. Another difference is that, in contrast to interest-rate swaps, currency swaps involve the principal amounts being exchanged at the inception and end of the contract.

DCS
Data Center Solutions (DCS) focuses on consulting services and efficient organization in data centers. This freely scalable and modular full-service package enables CHG-MERIDIAN to adapt flexibly to its customers' circumstances and to provide them with targeted advice on requests for proposal (RFPs), business processes, technology lifecycles, enterprise resource planning (ERP), capacity, energy efficiency, and financial management in data centers. The Company also helps its clients to implement these strategies.

GROSS MARGIN
The gross margin is a key performance indicator used in management accounting and is defined as the present value of all lease originations, lease term extensions, and remarketed equipment minus direct funding and acquisition costs.

EBS
CHG-MERIDIAN's Employer Benefit Solutions (EBS), particularly the employee computer scheme, offer employees high-end communications devices such as laptops, tablets and smartphones for their own personal use.

E-PROCUREMENT
e-Procurement is one of the functionalities offered by TESMA© Online and serves as a technology and service management system in the relationship between CHG-MERIDIAN, its clients, and their suppliers. Predefined shopping carts can be used to execute orders swiftly and conveniently.

FORFAITING
Forfaiting involves the purchase of receivables without any right of recourse against the seller if the debtor fails to pay. The seller is liable only for the legal validity of the receivables.

FORFAITING RATIO
The forfaiting ratio is defined as the volume of non-recourse finance (forfaiting) disbursed as a proportion of the total leases originated during the reporting year.

PROPORTION OF LEASES FUNDED EXTERNALLY
This is defined as the volume of loan-based finance and non-recourse funding (forfaiting) disbursed as a proportion of the total leases originated during the reporting year.

MDS
The range of products and services offered in the Managed Desktop Solutions (MDS) area – which covers personal computers (PCs), monitors, and laptops – include advice on requests for proposal (RFPs), business processes, and technology lifecycles as well as physical inventory checks, procurement, rollout services, support, and financial management. At the end of each technology lifecycle, CHG-MERIDIAN offers a full-service package comprising rollback services, professional equipment reconditioning, recycling, and TÜV-certified data erasure.

MARISK
MaRisk is the German abbreviation for 'Minimum Requirements for Risk Management', which Germany's Federal Financial Supervisory Authority (BaFin) published as part of the implementation of Basel III and EU regulations. BaFin also monitors compliance with the MaRisk requirements.

VOLUME OF LEASE ORIGINATIONS
The volume of leases originated is a key performance indicator used in management accounting and is defined as the sum total of all invoices received for leased equipment or equipment sold to funding institutions.

PROPORTION OF BUSINESS WITH NEW CUSTOMERS
This is defined as the volume of leases originated for new clients as a proportion of the total leases originated.

OPS
Output Solutions (OPS) is the solution used for structured, standardized IT output environments (photocopying, printing, scanning, and faxing). CHG-MERIDIAN helps its clients to implement IT output projects by, for example, offering advice on requests for proposal (RFPs), business processes, and technology lifecycles as well as physical inventory checks, procurement, rollout services, support, and financial management (e.g. price per click).

PRICE-PER-PORT MANAGED NET-WORKS
Price-per-port managed networks offer a solution that enables clients to set up network infrastructure that comprises the necessary hardware and software as well as the services needed to operate them. The total price is based solely on the number of active and inactive ports.

RESIDUAL VALUE
The residual value represents the negative difference between the present value of a lease and the acquisition cost of the corresponding leased equipment.

ROLLBACK
The term 'rollback' refers to the deinstallation and removal of existing equipment infrastructure at the end of the technology lifecycle.

ROLLOUT
A rollout denotes the process of introducing and setting up new equipment. It is used, for example, to describe the replacement of all computer hardware when a new generation of IT equipment is purchased.

SALE AND LEASE BACK (LEASING MODEL)
Capital equipment that is already owned by the future lessee is sold to CHG-MERIDIAN and then continues to be used under a lease.

NET ASSET VALUE
The net asset value (NAV) provides information on a leasing company's long-term net worth, and for CHG-MERIDIAN this value is calculated using the methodology applied by the Federation of German Leasing Companies (BDL). When income from leasing is accounted for, it is apportioned over the term of the lease. Consequently, a large proportion of the profit earned from a portfolio of leases is recognized at a balance sheet date in the future. When calculating its net asset value, CHG-MERIDIAN therefore computes the present value of future net income from its existing portfolio of leases at the balance sheet date, adds its total stockholders' equity, and subtracts its estimated future expenses.

SWS
CHG-MERIDIAN offers a wide range of services for complex ERP rollouts through its Software Solutions (SWS) solution area. Individual leasing models and intelligent financial planning and reporting ensure sustainable long-term financial management.

TCO
The total cost of ownership (TCO) is a calculation method that helps companies to estimate all the costs that will be incurred by their capital spending on technology (such as hardware and software). The basic idea behind this approach is to compute a number that comprises not only the cost of purchasing the equipment but also all expenses associated with its subsequent use (e.g. energy costs, repairs, and maintenance).

NON-FULL-PAYOUT LEASES
A non-full-payout lease is a leasing model under which lease installments are only paid on a portion of the equipment's acquisition cost. This means that CHG-MERIDIAN is left with a residual value for which the lessee does not pay any lease installments..

TESMA© ONLINE
TESMA© Online is the web-based proprietary technology and service management system developed by CHG-MERIDIAN. It provides clients with a holistic and effective tool for monitoring their technology portfolios at all stages of the process throughout the technology and service lifecycle.

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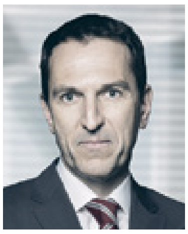

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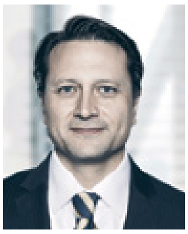

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