DF Deutsche Forfait AG
Annual Report 2015

Not everything that counts is countable...

CONSOLIDATED KEY FIGURES

in EUR million (unless otherwise noted)	2012	2013	2014	2015
Business volume	674.9	523.4	30.2	50.9
Gross result including financial results	12.9	-0.5	-3.8	-16.4
Forfaiting margin including financial results	1.9%	0.0%	n.a.	n.a.
Administrative costs	9.3	10.7	12.0	12.1
Earnings before income taxes	3.8	-11.1	-15.5	-27.2
Consolidated profit/loss	2.1	-12.6	-15.5	-27.0
Average earnings per share in EUR	0.32	-1.85	-2.28	-3.98

TABLE OF CONTENTS

“Although we are still facing imponderables we can now make use of the market opportunities out of our own strength.“

Frank Hock, Management Board, CFO

Dear Shareholders and Business Partners,

When the Board of Management spoke of “light at the end of the tunnel” and “new accents” for the development of the business in this message one year ago, this confidence was based on the swift progress achieved in the restructuring of the company up until that point in time. Twelve months have passed and DF Deutsche Forfait is close to completing an insolvency procedure which became unavoidable in autumn of last year after the first restructuring exercise failed in the finishing straight.

This unavoidable step has led to a clearer vision of the road ahead for DF Group. We are seeing good prospects for a positive development, even though regaining our former strengths requires a journey which exposes us to numerous challenges. However, the insolvency plan approved by the company’s creditors and confirmed by the insolvency court now provides a blueprint for the company to move forward and tap into the opportunities available in the market.

Some market participants may ask what is actually left of this formerly successful trade finance specialist. True, our team has been nearly halved since 2013 and last year’s business was but a fraction of the volumes we used to handle before the downturn. However, the crisis has forged the remaining employees into an efficient team, a number of highly talented people have filled some of the gaps produced by the departures and many colleagues in key positions have stayed with the company through the crisis. Our special thanks therefore go to all DF Group employees, whose exceptional dedication and commitment is greatly appreciated.

As far as our business prospects are concerned, we are cautiously optimistic about the future. Instability continues to increase in many markets around the world and there is a constant ebb and flow of political and economic crises which is more and more unpredictable. The ups and downs in the growth of global trade mean that a flexible niche player with specialist expertise can leverage a competitive edge and be a viable alternative to the major banks. Many

“Our ambition is to ramp up our business volume steadily. We look forward to being judged against this objective.“

Mark West, Management Board, COO

of these major Banks have been strategically re-assessing the markets they want to participate in, often bluntly withdrawing from important segments that still have significant trade finance needs, thereby creating increased opportunities for the DF Group to exploit.

We believe we are well positioned in this niche role and this assessment is confirmed by the business inquiries received from our network of contacts in recent months. In late March, for example, we were able to complete a significant forfaiting transaction for an export of telecommunication equipment from China to Nigeria in challenging macro-economic/political conditions, with other deals about to be signed. We take comfort from the positive response we have had from our business partners despite the ongoing insolvency procedure and we feel that this response vindicates our strategic approach. Rather than offering exporters and investors one-type-fits-all finance solutions, we devise tailor-made structured products in markets which value our long-standing experience and the local knowledge of our trade specialists.

DF Group believes that, with the insolvency plan now in force, the company is well positioned to benefit from the positive environment. Following what were painful cutbacks for all concerned, the future operating company is free of debt and can use the proceeds from the equity injections to relaunch its business operations. A highly motivated team, optimized internal processes plus sustained acceptance in the market - such factors may not be quantifiable but they are crucial. Our ambition is clear: we aim to steer DF Group back to success, ramp up our business volume steadily and report positive operating results from 2017. We look forward to being judged against these objectives.

With best regards

Your Members of the Management Board of DF Deutsche Forfait AG

GROUP MANAGEMENT REPORT

Fundamentals of the DF Group

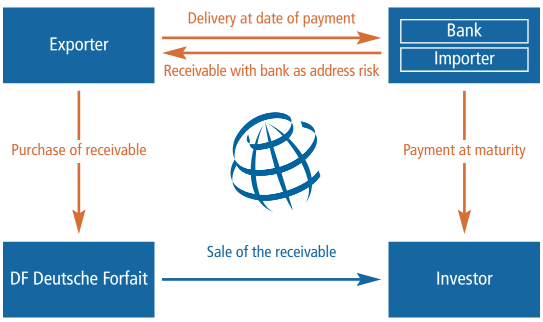
Since 1 January 2016, DF Group has been operated as the debtor-in-possession in a standard insolvency proceeding. After DF Group and its material creditor groups agreed the cornerstones of an insolvency plan, the latter was submitted to the local insolvency court in Cologne on 29 February 2016. The consultation and discussion on the insolvency plan took place on 29 April 2016. At this meeting, the creditors approved the insolvency plan, which was then confirmed by the insolvency court. The insolvency plan ensures that the creditors' claims will be served on a best-effort basis and will allow DF Group to continue as a going concern on the basis of the agreed measures. Against this background, the consolidated financial statements for the period ended 31 December 2015 were prepared under the going concern assumption.

BUSINESS MODEL OF THE GROUP

DF Group specializes in foreign trade financing with a focus on the emerging markets.

Forfaiting is a classical export financing instrument. In the forfaiting business, foreign trade receivables (hereinafter briefly also referred to as "receivables") are acquired at a discount from the nominal value. This discount on the market value is calculated on the basis of the money and capital market interest rate for the equivalent term and at matching exchange rates (e.g. 6-month or 1-year LIBOR or 2-year swap rate) plus risk margin. The margin takes the individual risk of each transaction into account, which mainly depends on country and counterparty risks of the primary debtor (importer) and the secondary debtor (e.g. credit insurance, guaranteeing bank). The margin is additionally influenced by the complexity of the transaction including the documentation.

Classic Forfaiting



DF Group acquires foreign trade receivables either directly from the exporter or importer (primary market) or from banks or other forfaiting companies (secondary market) which have previously acquired the receivables from an exporter or importer. The receivables are resold to investors, usually banks.

Apart from forfaiting, DF Group takes over risks from its customers under purchase commitments. Unlike forfaiting, purchase commitments only involve the assumption of country and counterparty risks without providing liquidity. Purchase commitments are secured by bank guarantees, third-party counter-guarantees or credit insurance in favor of DF Group, which means that the risks are outplaced. DF Group also purchases lease and loan receivables, which are usually sold or hedged by purchase commitments. Finally, DF Group acts as an agent arranging forfaiting transactions between buying and selling parties without making liquidity available or underwriting any risk. When agenting transactions, DF Group benefits from its long-established network on the purchasing and the selling side.

Structure of DF Group

Besides Cologne-based DF Deutsche Forfait AG ("DF AG" or "the company") as the ultimate parent company, DF

Group comprises five subsidiaries. These are headquartered in Brazil (São Paulo), the Czech Republic (Prague), the USA (Miami, inactive), Pakistan (Lahore) and Dubai. The international network is complemented by a branch in France (Paris) and a partner in Italy.

In addition to this international network of subsidiaries and branches, DF Group cooperates with external intermediaries (collectively referred to as the "sales organization"). This sales organization ensures that DF Group has direct access to the various regional markets and gives DF Group the flexibility to respond to changing conditions in the individual local markets and to (temporarily) exit markets or tap new attractive markets at short notice.

With the exception of the subsidiary in Prague, which is involved in back office tasks for individual transactions when required and keeps its own trading book for this purpose, the foreign subsidiaries and offices as well as the intermediaries focus exclusively on marketing and sales activities. In this context, they are responsible for (internal and external) project coordination of each transaction; this comprises acquisition, preparation and negotiation of the parameters of the purchase as well as the outplacement of the foreign trade receivables. The same applies to purchase commitments or the processing of agenting transactions. However, the decentralized sales organization is not authorized to close transactions autonomously. Besides fostering contacts with existing customers, the sales organization is also responsible for winning new customers as well as observing and identifying new markets. Thanks to this clear focus and the allocation of tasks between the sales organization and the parent company, new markets can be developed relatively quickly and without major financial expense.

The parent company, DF AG, coordinates the sales organization and is in charge of DF Group’s refinancing activities, risk management, contract management and documentation as well as the final outplacement of transactions.

Employees: Efficiency increases and adjustment to financial resources

The headcount of DF Group including its cooperation partners continued to decline in the course of 2015 and reached 33 at the end of 2015, compared to 41 in the previous year. Due to the ongoing financial and operational restructuring of the company and the resulting uncertainty, a number of employees left the company. These departures were offset by efficiency increases in the operational processes and improvements in the IT infrastructure. In planning its staff capacities, the company also considered the reduced financial resources that are available for its operating activities. At the end of 2015, 26 of the 33 employees worked at DF AG, while six worked in sales and marketing at the branches and subsidiaries. One employee worked at a cooperation partner exclusively for DF Group. The existing workforce is sufficient to ensure that, once the insolvency proceedings are concluded, DF Group can again conduct business at a scale that will allow it to position itself as a global provider of foreign trade finance for developing and emerging countries on the one hand and to operate profitably on the other hand.

STRATEGIC CORPORATE OBJECTIVES

After the successful restructuring of the company, DF Group aims to achieve a business volume similar to that of the financial years preceding its naming on the list of Specially Designated Nationals and Blocked Persons (“SDN sanctions list”) at the beginning of 2014 and to generate positive results again. For the measures planned to achieve these objectives, please refer to “Post balance sheet events” and the outlook.

After the spin-off of the operating activities, the former operating activity of DF AG is to be continued by the newly established DF Deutsche Forfait GmbH (“DF GmbH”), a wholly owned subsidiary of DF AG. Except for the investment in DF Deutsche Forfait s.r.o., Prague (“DF s.r.o.”) and Deutsche Kapital Limited, Dubai (“DKL”), all investments in the distribution companies, which are currently held directly by DF AG, are to be transferred to the newly established subsidiary. DF s.r.o. and DKL will continue to grant loans and to structure, place and manage trade finance funds, which is a business activity that differs from the former business activity of DF AG. DF Group pursues the following strategy to reach a business volume similar to that of the financial years preceding its listing on the SDN sanctions list.

Expansion of arranging of forfaiting transactions

DF Group plans to expand its activities as an agent for forfaiting transactions both on the purchasing side and the selling side in the short to medium term. As the arranging of forfaiting transactions will not tie up liquidity on the part of DF Group, this strategic approach takes into consideration the fact that DF Group's financial resources, especially on the debt capital side, will remain constrained after the completion of the insolvency proceedings. In expanding the agenting business, DF Group can use its existing network of contacts both on the buying and the selling side and benefit from the information imbalances between the two sides.

Increased turnover frequency of the forfaiting transactions

In the medium term, DF AG aims to focus again on its historical forfaiting activities, i.e. the purchase and resale of receivables. The exact time when this will happen essentially depends on its ability to raise new debt capital. DF Group has an excellent market position and can take maximum advantage of its specific expertise in the purchase and resale of receivables with forfaiting volumes between EUR 3.0 million and EUR 5.0 million. After DF Group has been restructured in accordance with the measures laid down in the insolvency plan, the operating activities will be handled by the wholly owned subsidiary, DF GmbH, going forward. It is also planned to reduce the average holding period. In view of DF Group's severely constrained refinancing ability, the company's activity will focus on using the available financial resources and liquidity in the best possible manner from a risk/return point of view. Measured against the forfaiting volume realized by DF AG in the past years, profitability can be restored only if optimum use is made of the available debt and equity capital resources, thereby increasing the return on capital employed. The return on assets generated by any trading company is to a large extent driven by the turnover frequency of the goods bought and sold, which, in the case of DF Group, are foreign trade receivables. On the one hand, this turnover can be accelerated by improving the internal processes and the IT infrastructure. On the other hand, external/market parameters are relevant for the turnover frequency/return on assets; this means that, besides the complexity of the individual transaction (foreign trade receivables), the width of the placement/investor base and, hence, the ability to outplace individual foreign trade receivables are of crucial importance.

Broadening the placement and income base through ABS/ABCP structures

Apart from improving its internal operational processes to increase the return on assets, DF Group plans to expand its investor base and, hence, the group of potential buyers of forfaiting receivables. The aim is to primarily approach those investors who have so far not invested in foreign trade receivables and for whom this asset class has not been relevant as (i) they never had market access, (ii) lacked the specialist knowledge required for risk assessment and management and (iii) trade receivables do not fulfill certain formal criteria – such as ratings and fungibility – stipulated in the investment guidelines of many institutional investors.

For this purpose, it is planned to bundle receivables according to special predefined properties and selection criteria and to securitize them and to place them with investors in the capital market using special purpose vehicles (asset backed securities ("ABS") and asset backed commercial paper ("ABCP") structures ("ABS/ABCP structures").

ABS/ABCP structures will allow DF Group to broaden its placement base, as these securities usually have investment grade ratings and are securitized and, hence, fungible. As several foreign trade receivables are grouped in a portfolio, they are easier to place as the investor acquires no singular risk. The receivables grouped/securitized into ABS/ABCP structures are typically managed by their initiator/sponsor, i.e. DF Group, which acts as the service agent. By taking over this management function, DF Group will tap an additional source of income that is entirely unrelated to its trading and agenting activities. ABS/ABCP structures will thus lay the basis for a significant expansion of the forfaiting volume, as business with these investor groups is much more standardized and is characterized by shorter settlement times.

Broadening the placement and income base through trade finance funds

After the successful completion of the restructuring, the first trade finance fund initiated by DF Group is to be launched. Similar to the ABS/ABCP structures, receivables purchased are to be pooled in these funds, and institutional investors who, for various reasons outlined above, are unwilling or unable to directly buy such receivables, will be offered the possibility to acquire a share in the trade finance fund and, hence, to directly participate in the performance of the foreign trade receivables grouped in the trade finance funds.

The launch of trade finance funds is also designed to reduce the holding period of the receivables purchased by DF Group and to increase their turnover frequency and to use their liquidity more effectively. With regard to these aspects, the same considerations as for ABS/ABCP structures apply: being familiar with the investment guidelines of the trade finance funds, DF Group can specifically look for receivables in the market which meet these criteria and purchase those.

The fact that the respective trade finance fund is always the same (contractual) partner results in a certain degree of standardization in the documentation; at least, the documentation does not need to be negotiated from scratch every time, as would be the case with changing counterparties. The portfolio of trade finance funds is to comprise a large number of receivables with different maturities, structures as well as primary/secondary debtor and country risks, which are pooled in the investment vehicle.

Expansion of the higher-margin forfaiting business

After the successful completion of the restructuring, DF Group plans to again focus on forfaiting business that is more complex with regard to the documentation requirements and/or structure and, hence, on higher-margin transactions from emerging or developing countries. In view of DF Group's risk policy and risk guidelines, the question if, when and on what scale this will be achieved will depend on the equity position (absolute amount of equity and equity ratio of DF Group) and its access to debt capital in the following financial years.

CONTROLLING SYSTEM

The gross result (including net valuation) less financial results is the key performance figure for success in the forfaiting business.

$$\frac{\text{Gross result including financial results and net valuation}}{\text{In the period acquired business volume}}$$

==>> Margin

The gross result (including net valuation) less financial results is derived from the forfaiting volume and the average margin. The latter comprises the current interest income received while a receivable is held as well as the difference between the purchase and the sales price of the respective receivable. Besides net valuation, this figure also includes the financial result since this is directly related to the forfaiting business. Receivables are refinanced for the period between the payout of the purchase price and the collection of the selling price or payment of the receivable upon final maturity. During this period, interest expenses are incurred for the receivables held in the trading portfolio.

Another important performance indicator for the business of DF Group is the business volume, which is defined as the sum total of (i) the nominal values of all forfaiting transactions closed in a reporting period (including purchasing commitments), (ii) the nominal values of all agenting transactions closed in a reporting period, and (iii) the nominal values of all loans syndicated and/or placed in a reporting period. Another performance indicator used in DF Group's controlling and reporting systems is the consolidated net income.

Besides the externally communicated performance indicators, DF Group additionally implemented a comprehensive internal controlling system to achieve its strategic and operational objectives: It comprises (i) a scoring model and (ii) a risk-adjusted pricing model. The two components of the internal controlling system are designed to ensure a more efficient allocation of all resources (primarily human resources, equity and debt capital) to transactions with an attractive risk-return mix and the shortest possible refinancing and holding period. This way, the business policy of DF Group is focused even more strongly on capital-efficient buying and selling foreign trade receivables. From DF Group's point of view, transactions with shorter holding periods are especially attractive as they enable faster turnover of the resources available for refinancing. An increased turnover frequency supports a higher business volume and – assuming, ceteris paribus, the same average margin – higher absolute income on the same refinancing base. The scoring model rewards transactions which are characterized by a high return and a short holding period and are thus in line with DF Group's trading-oriented business model.

The scoring model serves to assess the sales performance of the individual units of the sales organization under qualitative and quantitative aspects on a quarterly basis. It thus forms an important basis for managing the sales organization with a view to achieving the company’s objectives.

The qualitative part assesses aspects such as the development of the customer base (new customers, existing customers), the number of customer inquiries, marketing activities as well as other factors (e.g. acquisition of credit lines) for each individual sales unit.

Economic report

The 2015 financial year was influenced by the financial and operational restructuring exercise of DF AG and the DF Group, which had become necessary as a result of the SDN listing. While the debt capital measures – (i) extension of new credit lines in the same amount as prior to the SDN listing with a maturity until 31 December 2016 as well as interest rate reduction and (ii) reduction in the nominal interest rate of the bond – were successfully implemented in the first half of 2015, the cash capital increase with subscription rights for the existing shareholders (“cash capital increase”), which was announced on 12 June 2015, could not be placed successfully. When the cash capital increase of DF AG was completed on 22 July 2015, a total of only 3,093,955 new bearer shares had been placed at a price of EUR 1.30, which means that the gross proceeds from the cash capital increase totaled only approx. EUR 4.0 million. Only 45% of the 6,800,000 new bearer shares offered were subscribed. If the cash capital increase had been executed (registration), the increase in equity capital would have been EUR 6.0 million lower than provided for in the IDW S6 report dated 29 April 2015. On the basis of this reduced equity base, the going concern status of DF AG would have been uncertain in the opinion of the issuers of the IDW S6 report, which means that the company’s restructuring ability could not be confirmed.

The execution (registration) of the cash capital increase in the Commercial Register was conditional on the registration of the non-cash capital increase in the Commercial Register. In the context of the non-cash capital increase, notes in the nominal amount of EUR 5.6 million were offered to the company to be swapped for shares in June 2015. The registration of the non-cash capital increase was dependent on the confirmation of the value of the non-cash contribution, which, in turn, required a minimum placement amount of EUR 8.5 million in the cash capital increase. The registration of the non-cash and cash capital increases in the Commercial Register therefore required the financing gap resulting from the insufficient cash capital increase to be filled by 30 September 2015, as the subscriptions and swap offers made by the investors and bondholders in the context of the cash and non-cash capital increases expired as of this date.

In spite of its best efforts, the company was unable to close the financing gap by 29 September 2015. Consequently, the cash and non-cash capital increases could not be registered in the Commercial Register as planned by 30 September 2015. This means that both capital increases failed and the equity capital could not be strengthened as planned with the proceeds from the non-cash and cash capital increases. As the credit agreements with the lending banks granted the latter a cancellation right in case that the equity measures remain below certain minimums and the going concern and/or the restructuring ability cannot be confirmed on this basis, the company expected the banks to exercise this cancellation right.

The company therefore filed an application for the opening of a "Schutzschirmverfahren in Eigenverwaltung" (a three-month phase of creditor protection with debtor-in-possession status) with the Cologne local court on 29 September 2015. The Cologne local court approved this application on 30 September 2015 and appointed Dr. Jörg Nerlich as provisional insolvency monitor. In addition, an optional creditors' committee was established, which is composed of one representative of the lending banks and the joint representative elected at the second bondholders' meeting in February as well as the Federal Employment Agency. After the "Schutzschirmverfahren" was opened, DF AG's lending banks canceled their credit lines in October 2015.

During the three-month phase of creditor protection with debtor-in-possession status, the company was able to agree a feasible restructuring concept with the main creditor groups. Besides a debt waiver on the part of the creditors, an investment by a strategic investor by way of a cash capital increase is a material element of the restructuring concept. In spite of the best efforts of the company and an external M&A advisory company, DF Group was unable to obtain a binding commitment from an investor to participate in a cash capital increase by the end of the three-month phase of creditor protection (31 December 2015). It was therefore not possible to submit an insolvency plan by the end of 2015. On 1 January 2016, the Cologne local court (insolvency court) resolved to open the insolvency proceedings for DF Deutsche Forfait AG as planned and ordered that the debtor-in-possession status remained in place.

MACROECONOMIC AND INDUSTRY-RELATED ENVIRONMENT

According to the International Monetary Fund (IMF), the world economy expanded by 3.1% in 2015, which was 0.4% percentage points below the original forecast of January 2015. This is primarily attributable to lower economic growth in China and the resulting uncertainty about the country's future economic trend. On the other hand, however, the persistently low energy and oil prices and the positive economic trend in the USA (+2.5%) have led to stable growth of 1.9% in the industrialized countries. The emerging and developing economies grew by 4.0% in 2015. This is the fifth consecutive drop in growth and the lowest growth figure since the 2008 financial crisis.

Although the economic trend in some important emerging and developing countries such as China, Brazil or Russia fell short of expectations last year, DF Group considers the general market conditions to be positive. In view of the growing middle class and the still prospering economies in the emerging countries, companies – especially in the consumer and capital goods industries – are confident that trade volumes will continue to grow also in the medium to long term.

At 120, HSBC's Trade Confidence Index, a semi-annual survey of exporters' confidence about the future of the trade environment, stood clearly above the neutral level of 100 in autumn 2015. Although the outlook deteriorated somewhat in the course of the year – six months before, the index had stood at 124 points – it shows that most of the companies are still optimistic about the future. This is reflected in the fact that 64% of the companies surveyed expect trade volumes to grow. The best six-month outlook is expected for Bangladesh, India and China (notwithstanding the country's lower economic growth in 2015). The experts believe that China's reduced economic performance is rather of a cyclical than of a structural nature. These prospects underline the assumption that Asia will be the world's No. 1 growth region in the short and medium term. In particular, the demand for machinery and the realization of infrastructure projects in the region will stimulate global trade between industrialized and emerging countries and thus offer huge potential for the export sector, especially in Germany. Trade between the developing and emerging countries will pick up as well and lead to growing demand and supply in these countries. Traditionally focusing on emerging and developing countries, DF Group plans to take advantage of these developments and to position itself again as a reliable partner to the import and export sector.

BUSINESS PERFORMANCE

Result of operations

DF Group posted a consolidated net loss of EUR 27.0 million for the 2015 financial year (previous year: consolidated net loss of EUR 15.5 million). Besides the still very high legal and consulting expenses resulting from the financial restructuring, the negative net valuation result was the main reason for the high net loss.

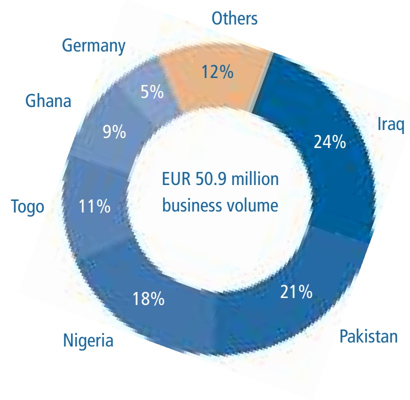
The business volume increased from EUR 30.2 million in 2014 to EUR 50.9 million in 2015 (+68%) but was still far below the level that would be required for a balanced result. The low business volume was attributable to the financial restructuring that continued throughout the financial year and has not been completed yet. As a result, DF Group did not have sufficient financial and operational resources for a higher business volume. On the other hand, the company's human resources were tied up in the analyses and other activities required for the preparation of reports and expert opinions by external consultants as well as in the preparation and implementation of the financial restructuring. The business volume showed a very broad geographic diversification.

The gross result before financial results declined from EUR 0.6 million in 2014 to EUR -14.3 million in 2015. Typical forfaiting income of EUR 12.7 million contrasted with typical forfaiting expenses of EUR 26.9 million in the 2015 financial year. The high typical forfaiting expenses are mainly attributable to the fair value measurement of held-for-sale receivables in the amount of EUR 15.0 million.

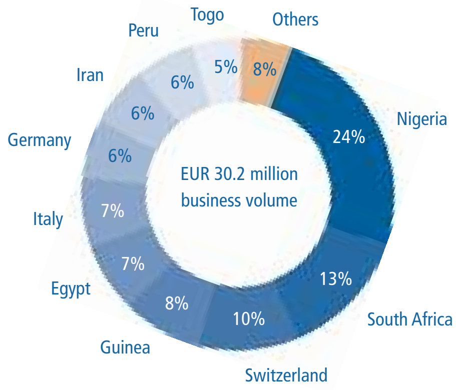
The valuation result is composed of a net effect of EUR -12.8 million from the fair value measurement recognized in "forfaiting expenses" as well as in the respective income item and of a net effect of EUR 2.2 million included in "depreciation and value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments" as well as in the respective income item. The valuation of the receivables portfolio was adjusted, on the one hand, against the background of the company's current situation in the "Schutzschirmverfahren" and, on the other hand, against the background of the latest developments of individual receivables in the portfolio. The company has based its valuation on the expert opinion prepared for the insolvency plan by an independent auditor.

Other operating income in the 2015 financial year amounted to EUR 1.3 million (previous year: EUR 0.4 million) and includes the release through profit/loss of interest liabilities totaling EUR 1.0 million This release of interest liabilities became possible as a result of the amended terms and conditions of the bond as endorsed by

Breakdown of the business volume of EUR 50.9 million by region in the year 2015



Breakdown of the business volume of EUR 30.2 million by region in the year 2014



the second meeting of bondholders of 19 February 2015. The interest liabilities which had accrued on the basis of the originally agreed nominal interest rate of 7.875% p.a. during the period from 27 May 2014 to 31 December 2014, and which were reported as liabilities on the balance sheet, were partially released through profit/loss following the retroactive reduction in the nominal interest rate to 2.000% p.a.

As a result of the interest rate reduction agreed with the lending banks and the bondholders in the 2015 financial year, DF Group's financial result improved from EUR -4.4 million to EUR -2.2 million (+51,0%). The Group's gross profit including financial results declined from EUR -3.8 million in the previous year to EUR -16.4 million in the 2015 financial year. Consequently, the gross profit margin was negative.

Administrative expenses, which are composed of personnel expenses, depreciation/amortization and other operating expenses, amounted to EUR 12.1 million in the 2015 financial year, compared to EUR 12.0 million in the previous year (+0.6%). Personnel expenses declined from EUR 3.9 million to EUR 3.0 million (-24.5%) due to the reduced headcount. Other operating expenses again picked up by 13% from EUR 8.0 million to EUR 9.0 million due to the ongoing restructuring exercise. The increase in other operating expenses is attributable to the high legal and consulting expenses incurred in conjunction with the (equity) capital and restructuring measures in the past financial year. The consolidated net loss for the year amounted to EUR 27.0 million (previous year: EUR -15.5 million).

The objective to achieve a clear reduction in consolidated net loss, which was set by the company in the 2014 financial year, was missed by a wide margin. There are three main reasons for the renewed increase in the consolidated net loss:

(1) low business volume, as the company did not have sufficient financial resources for new business due to the fact that the capital measures were not implemented within the planned time-frame and in the planned amount.

(2) expenses from the fair value measurement of held-for-sale receivables in the amount of EUR 15.0 million.

(3) high legal and consulting expenses in conjunction with the preparation and implementation of the financial restructuring program (including specific costs of the "Schutzschirmverfahren") and the capital measures planned in this context.

Financial position

DF Group generated positive operating cash flow of EUR 5.8 million (previous year: EUR -1.3 million) in the 2015 financial year. The positive operating cash flow reported for the financial year is primarily attributable to the EUR 37.7 million change in the receivables portfolio. The non-cash fair value measurement of the restructuring portfolio accounted for EUR 15.9 million of this change. This means that the high consolidated net loss was compensated for from a liquidity point of view.

Due to the consolidated net loss of EUR 27.0 million, DF Group posted negative equity capital of EUR 32.1 million (previous year: negative equity capital of EUR 5.3 million) as of 31 December 2015.

Liabilities to banks amounted to EUR 38.1 million as of the balance sheet date. These liabilities were almost exclusively denominated in USD and EUR. DF AG's credit lines were canceled by the lending banks in September/October 2015 in conjunction with the opening of the "Schutzschirm-verfahren". Liabilities to banks were down by EUR 5.2 million or 13.6% on the previous year as of the balance sheet date. Besides the liabilities to banks, the company had a long-term financial liability of EUR 29.1 million, which results from the placement of a bond in the nominal amount of EUR 30 million in May 2013. Trade payables amounted to EUR 3.1 million (previous year: 9.6 million (-67.4%)) and essentially relate to payments received prior to the balance sheet date for passing on to our customers. Other current liabilities declined by EUR 6.2 million to EUR 2.2 million (-73.8%). The decline is mainly due to the repayment of financial liabilities to the investor (debt capital provider) who had taken over the credit claims of the Czech banks against DF s.r.o. in 2014. These credit claims were then restructured into a new loan and repaid as contractually agreed.

As of the balance sheet date, there were (off-balance sheet) contingent liabilities from three purchase commitments totaling EUR 6.6 million. A risk provision of EUR 0.2 million was established for the purchase commitments.

Net assets position

DF Group had trade liabilities of EUR 32.0 million as of the balance sheet date on 31 December 2015. This represented a decline by EUR 37.7 million or 54.1% on the previous year. There are several reasons for the lower trade receivables. On the one hand, receivables of EUR 28 million were collected; on the other hand, the low business volume led to only low new trade receivables (EUR 5 million) as of the reporting date. Moreover, a large amount of the receivables were written off (EUR 16 million). The valuation of the receivables portfolio was adjusted against the backdrop of the company's current situation in the "Schutzschirm-verfahren" and the latest developments of individual receivables in the portfolio. The company has based its valuation on the expert opinion prepared for the insolvency plan by an independent auditor. In determining the fair value, other cash outflows for the collection of the receivables and/or the realization of collateral in the amount of EUR 1.2 million not yet included in the expert opinion were taken into account.

Cash and cash equivalents amounted to EUR 7.6 million as of the balance sheet date, down 48.2% on the previous year's EUR 14.7 million. Cash and cash equivalents also include pledged deposits, payments received for passing on to third parties as well as funds furnished as collateral for financing at matching currencies.

DF Group was overindebted as of the balance sheet date. This is due to the high consolidated net losses for 2014 and 2015, which were caused by DF AG's naming on the OFAC SDN list and the financial restructuring expenses that became necessary as a result.

Overall, 2015 was not a good financial year for DF Group. While the restructuring measures were implemented as planned in the first half of the year (e.g. granting of new credit lines in the same amount as prior to the SDN listing; interest rate reduction; reduction in the nominal coupon of the bond), the failed cash capital increase forced DF AG to apply for the opening of a "Schutzschirmverfahren in Eigen-verwaltung" (a three-month phase of creditor protection with debtor-in-possession status) in the second half of the year. As the restructuring measures continued throughout the year, DF Group was unable to resume and expand its operating activities as planned, which, together with the expenses resulting from the fair value measurement of the receivables and the legal and consulting expenses, resulted in a high consolidated net loss.

FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

The financial performance indicators of DF Group are the business volume (until and including FY 2012 referred to as "forfaiting volume"), the gross result (including net valuation) less financial results and consolidated net income.

The business volume describes the nominal value of the foreign trade transactions acquired in a period. Between 2010 and 2012, the business volume averaged about EUR 660 million per financial year. In 2014 and 2015, the business volume amounted to only EUR 30.2 million and EUR 50.9 million, respectively, due to DF AG's naming on the OFAC SDN list and the subsequent financial restructuring and insolvency of the company. The company expects to again generate a business volume in the amount of the 2010–2012 average once the measures described in chapter "Strategic corporate objectives" have been implemented.

Another financial performance indicator is the gross result including financial costs and income from investments, as described, as well as the resulting average margin. In the years from 2010 to 2012, the gross result including financial results averaged about EUR 12 million. In 2014 and 2015, at EUR -3.8 million and EUR -16.4 million, respectively, the gross result was much lower due to allocations to valuation allowances and write-downs as well as DF AG's naming on the OFAC SDN list.

Finally, consolidated net income is an important financial performance indicator. Due to a number of extraordinary factors, consolidated net income was subject to strong fluctuations during the past years. The aim of reporting positive consolidated net income was missed by a wide margin in fiscal 2015. The consolidated net loss increased once again compared to 2014 due to high legal and consulting expenses and write-downs of the receivables portfolio.

A non-financial performance indicator was introduced by DF Group in 2013 in the form of a scoring model. As described the scoring model serves to assess the sales performance of the individual units of the sales organization.

COMPENSATION REPORT

Compensation for the Board of Management

Basic structure of the compensation system

The compensation of the Board of Management is composed of fixed compensation, a performance bonus, fringe benefits and pension contributions.

The fixed compensation consists of an annual salary which is paid in twelve equal monthly installments. The performance bonus is assessed on the basis of the company's earnings per share in the bonus year (average earnings per share in EUR). If earnings per share (EPS) exceed EUR 0.35, the member of the Board of Management receives a performance bonus of 5% of the amount of EPS that exceeds EUR 0.35. The performance bonus is capped at 2 times the fixed compensation. 49% of the performance bonus is paid after the adoption of the financial statements by 31 March of the following year. The remaining 51% is carried forward to the following year and paid out only if the calculation formula also leads to payment of a bonus in the following year.

The members of the Board of Management additionally receive certain fringe benefits. These include a company car and insurance premiums for group accident insurance and D&O insurance. The D&O insurance includes an appropriate deductible, which meets the requirements of Section 93 (2) sentence 3 of the German Stock Corporation Act (AktG). It has additionally been agreed that the compensation will continue to be paid for a limited period in the event of inability to work for which the member of the Board of Management is not responsible.

Board member Frank Hock was promised a special bonus of EUR 75,000.00 for the 2015 financial year on the condition that the restructuring of the company was completed successfully in 2015 and that no application for insolvency was filed by 30 November 2015. As the company applied for the opening of insolvency proceedings on 29 September 2015, the special bonus was not paid out.

Individual compensation

The following tables show the benefits granted, the allocation of compensation and the service cost for pension provisions granted to each member of the Board of Management in accordance with Clause 4.2.5 (3) of the German Corporate Governance Code. The calculation formula for the variable compensation based on the company's earnings per share resulted in no performance-related compensation for the fiscal year 2015. Nor was the special bonus paid to Frank Hock.

Pension commitments in the form of defined benefit plans exist for three former members of the Board of Management (Marina Attawar, resigned with effect from 31 December 2015, Jochen Franke, resigned with effect from 30 September 2013, and Ulrich Wippermann, resigned with effect from 24 February 2014). According to the benefit plans, benefits are payable when a member of the Board of Management passes away or retires due to age. Jochen Franke will receive a capital payment in this case. In contrast,

Individual compensation for Marina Attawar (Board Member)

	Granted donations				Accrual	
(in EUR)	FY 2014	FY 2015	FY 2015 (min)	FY 2015 (max)	FY 2014	FY 2015[3]
Fixed salary	305,000.04	305,000.04	305,000.04	305,000.04	305,000.04	266,875.02
Other compensation[1]	14,624.08	14,716.37	14,716.37	14,716.37	14,624.08	14,716.37
Total	**319,624.12**	**319,716.41**	**319,716.41**	**319,716.41**	**319,624.12**	**281,591.39**
Annual variable compensation	0.00	0.00	0.00	610,000.00	0.00	0.00
Multi-year variable compensation	0.00	0.00	0.00	0.00	0.00	0.00
Total	**319,624.12**	**319,716.41**	**319,716.41**	**929,716.41**	**319,624.12**	**281,591.39**
Benefit obligation[2]	20,494.92	20,494.92	20,494.92	20,494.92	20,494.92	18,244.92
Other compensations	0.00	0.00	0.00	0.00	35,000.00	0.00
Total compensation	**340,119.04**	**340,211.33**	**340,211.33**	**950,211.33**	**375,119.04**	**299,836.31**

Individual compensation for Mark West (Board Member since 1 July 2015)

	Granted donations				Accrual	
(in EUR)	FY 2014	FY 2015	FY 2015 (min)	FY 2015 (max)	FY 2014	FY 2015[3]
Fixed salary	0.00	165,000.00	165,000.00	165,000.00	0.00	123,750.00
Other compensation[1]	0.00	0.00	0.00	0.00	0.00	0.00
Total	**0.00**	**165,000.00**	**165,000.00**	**165,000.00**	**0.00**	**123,750.00**
Annual variable compensation	0.00	0.00	0.00	660,000.00	0.00	0.00
Multi-year variable compensation	0.00	0.00	0.00	0.00	0.00	0.00
Total	**0.00**	**165,000.00**	**165,000.00**	**825,000.00**	**0.00**	**123,750.00**
Benefit obligation[2]	0.00	10,050.24	10,050.24	10,050.24	0.00	7,800.24
Other compensations	0.00	0.00	0.00	0.00	0.00	0.00
Total compensation	**0.00**	**175,050.24**	**175,050.24**	**835,050.24**	**0.00**	**131,550.24**

Individual compensation for Frank Hock (Board Member)

(in EUR)	Granted donations				Accrual	
	FY 2014	FY 2015	FY 2015 (min)	FY 2015 (max)	FY 2014	FY 2015
Fixed salary	305,000.04	305,000.04	305,000.04	305,000.04	305,000.04	266,875.02
Other compensation [1]	13,259.80	13,345.85	13,345.85	13,345.85	13,259.80	13,345.85
Total	**318,259.84**	**318,345.89**	**318,345.89**	**318,345.89**	**318,259.84**	**280,220.87**
Annual variable compensation	0.00	0.00	0.00	685,000.00	0.00	0.00
Multi-year variable compensation	0.00	0.00	0.00	0.00	0.00	0.00
Total	**318,259.84**	**318.345.89**	**318.345.89**	**1,003,345.89**	**318,259.84**	**280,220.87**
Benefit obligation [22]	20,046.72	20.100.48	20.100.48	20,046.72	20,046.72	17,850.48
Other compensations	0.00	0.00	0.00	0.00	35,000.00	0.00
Total compensation	**338,306.56**	**338,446.37**	**338,446.37**	**1,023,446.37**	**373,306.56**	**298,071.35**

[1] In 2014: company vehicle, accident insurance, partial payment of health insurance/long-term care insurance, "job ticket"
[2] In 2014: pension contribution, BVV basic pension
[3] Due to a resolution adopted by the creditors' committee, only 50% of the Board of Management compensation was paid during the "Schutzschirmverfahren" in the fourth quarter

Marina Attawar and Ulrich Wippermann have the right to choose an annuity or a capital payment. No more premiums have been paid since November 2012 due to the contractually agreed expiry of the contribution periods. According to these pension benefit plans, the members of the Board of Management receive a guaranteed old age pension from DF AG. The amounts are as follows:

- Marina Attawar: Annuity of EUR 11,022.60 or a one-time capital payment of EUR 202,518.00
- Ulrich Wippermann: Annuity of EUR 20,964.48 or a one-time capital payment of EUR 338,278.00
- Jochen Franke: One-time capital payment of EUR 147,244.00

In addition, Ms Marina Attawar receives the following payments from a reinsured benevolent fund:

- Insured annuity in the amount of EUR 15,247.40 or a capital payment of EUR 273,572.00

Based on a deferred compensation agreement with the members of the Board of Management, contributions from DF AG are submitted to the insurance providers mentioned above. Until February 2014, they amounted to EUR 2,300.82 per month. Since March 2014 the monthly contributions have amounted to EUR 766.94.

Besides the basic salary, the current contracts of the members of the Board of Management provide for a taxable monthly additional benefit in the amount of EUR 1,500, which may be used for company pension purposes.

DF AG has not granted loans to members of the Board of Management nor provided guarantees on their behalf. During the current and preceding financial years, the members of the Board of Management were not involved in transactions outside the normal course of business of the Group or other transactions of unusual form or content. They were also not involved in any such unusual transactions in earlier preceding financial years that have not yet been finalized.

Members of the Board of Management do not receive compensation based on shares.

Supervisory Board compensation for the 2015 financial year

Compensation for the Supervisory Board is governed by Section 12 of the DF AG Articles of Association. Members of the Supervisory Board receive a fixed annual compensation of EUR 13,000 in addition to the reimbursement of expenses incurred while meeting their responsibilities. The chairperson and deputy chairperson receive twice this amount. In addition, members of the Supervisory Board receive an attendance fee of EUR 500.00 for every Supervisory Board meeting they attend.

In the 2015 financial year, compensation for all activities of all members of the Supervisory Board of DF AG was EUR 119,005.02. Individual compensation for members of the Supervisory Board for 2015 is listed in the table below.

Each Supervisory Board member received one quarter of their respective individual compensation. Three quarters of the respective individual compensation are insolvency claims.

There are no service agreements between the members of the Supervisory Board and DF AG that provide for perks at the end of the term of service.

Besides his Supervisory Board activity, Dr. Honert advises the company on company law and capital market matters. The mandate for Honert + Partner was approved by the Supervisory Board. The members of the Supervisory Board did not receive compensation or other benefits in exchange for personal service in addition to the responsibilities of the Supervisory Board described above, such as consulting or deal acquisition. There are no additional contracts between the other members of the Supervisory Board and the company.

DF AG has not granted loans to members of the Supervisory Board nor provided guarantees or warranties on their behalf.

THE DF SHARE AND BOND

DF share trades much lower as restructuring fails for time being

2015 was an eventful year for German shareholders. In the first months of the year, the DAX index benefited from the fact that the European Central Bank continued its loose monetary policy. In spring, the DAX gained over 25% and reached a record high of 12,374 points. In the second quarter of 2015, the slump at the Chinese stock exchanges caused uncertainty among investors and led to strong price fluctuations. During the subsequent downward movement, the benchmark index hit a low of 9,325 points in September but still closed the year almost 9% higher at 10,743 points.

Germany's small and mid caps also showed a positive performance in 2015. The MDAX gained 22% in the course of the year, while the SDAX small caps index picked up by 26% and the TecDAX technology index gained 34%. The DAX Sector Financial Services, which represents German finance shares, closed the year 30% higher at 1,430 points.

The global equity markets performed disparately in 2015. While the Dow Jones Index and the S&P 500 lost approx. 2% and 1%, respectively, the Japanese Nikkei index showed a positive performance in the reporting period and gained about 9%, just like the DAX. The Chinese Hang Seng index lost 6.8% in the course of the year.

Supervisory Board compensation for the 2015 financial year

(in EUR)	Fixed salary	Attendance remuneration	VAT 19%	Total
Hans-Detlef Bösel	26,000.00	2,500.00	5,415.00	33,915.00
Christoph Freiherr von Hammerstein-Loxten	26,000.00	1,500.00	5,225.00	32,725.00
Dr. Tonio Barlage	12,252.11	2,500.00	2,802.90	17,555.01
Dr. Ludolf-Georg von Wartenberg	13,000.00	1,500.00	2,755.00	17,255.00
Dr. Jürgen Honert	12,252.11	2,500.00	2,802.90	17,555.01
Total	**89,504.22**	**10,500.00**	**19,000.80**	**119,005.02**

The performance of the DF share was clearly negative in the reporting period, as the share lost about 80% in the course of the year. In the first quarter, the share price was primarily influenced by the consultations with the bondholders on the Group's restructuring concept. After the bondholders' positive vote at the second bondholders' meeting, the DF share reached a high of EUR 1.51 in February. In the second quarter, the price dropped to EUR 1.30, which was also the issue price of the failed cash capital increase. When it became evident that subscriptions of the new shares from the cash capital increase were much lower than planned and the completion of the financial restructuring was at risk, the downward movement of the DF share continued in the summer months. At the end of September, shortly before the announcement of the opening of the "Schutzschirm-verfahren", the DF share dropped to a low of EUR 0.15. The share price stabilized somewhat in the fourth quarter and closed at EUR 0.29 on 30 December 2015.

DF AG's market capitalization amounted to approx. EUR 2.0 million at the end of the year, 80% less than at the end of 2014 (EUR 9.8 million). The free float is worth about EUR 1.34 million (68.19% of the shares). Shares worth EUR 1.5 million were traded on Xetra in the 2015 financial year, with an average amount of EUR 1.5 thousand traded per day.

DF bond loses in sync with DF share

Just like the DF share price, the price of the DF bond showed a negative trend in the reporting period. At the beginning of the year, the price of the bond stood at 53%, but trading was then suspended by Deutsche Börse until April as a result of the resolutions adopted at the second bondholders' meeting on 16 February 2015. According to the Frankfurt Stock Exchange, the temporary suspension from trading was primarily due to uncertainties regarding the calculation of accrued interest. When trading resumed, the bond initially showed a positive performance and peaked close to 70% in the second quarter. In the second half of 2015, however, the bond followed the movement of the DF share and dropped sharply as the restructuring threatened to fail, closing the year at just below 16%.

Turnover in the DF bond at the Frankfurt Stock Exchange totaled approx. EUR 8.6 million, which is equivalent to an average turnover of approx. EUR 34,420 per day. Gaining 0.9%, the Entry Corporate Bond benchmark index showed a moderately positive performance.

Explanatory report of the management board according to Section 289 (4) and Section 315 (4) of the German Commercial Code (HGB)

(1) Composition of the subscribed capital

DF AG's subscribed capital totals EUR 6,800,000.00. It is divided into 6,800,000 no-par registered shares. There are no other share classes. Each share has one vote.

(2) Restrictions regarding voting rights or transfer of shares

The Board of Management is not aware of any restrictions related to exercising voting rights or the transfer of shares, including restrictions as a result of agreements between shareholders.

(3) Shares in the capital exceeding 10% of voting rights

The direct and indirect shares in the subscribed capital (shareholder structure) exceeding 10% of the voting rights are listed in the notes to the separate financial statements and the notes to the consolidated financial statements of DF AG.

(4) Shares with special rights that confer control

There are no shares with special rights that confer control.

(5) Type of the verification of voting rights of employees that hold shares in DF AG and do not exercise their right of verification directly

There is no verification of the voting rights of employees that hold shares in the company and do not exercise their right of verification directly.

(6) Statutory regulations and provisions in the Memorandum of Association about the appointment and dismissal of members of the Board of Management and the amendment of the Memorandum of Association

According to Section 6 (1) of the Memorandum of Association, the Board of Management consists of at least two persons; the Supervisory Board may establish a higher number and appoint deputy members of the Board of Management. According to Section 84 (2) of the Stock Corporation Act (AktG) and according to Section 6 (2) of the Memorandum of Association, the Supervisory Board can appoint a member of the Board of Management as chairperson or speaker of the Board of Management and another member as deputy chairperson or speaker. According to Section 84 of the Stock Corporation Act (AktG), members of the Board of Management are appointed and retired by the Supervisory Board. According to Section 11 (4) the Supervisory Board passes resolutions with a simple majority of votes. In case of a tie, the chairperson casts the deciding vote.

According to Section 179 (1) of the Stock Corporation Act (AktG), changes to the Memorandum of Association can be made via a resolution passed by the Annual General Meeting which, unless the Memorandum of Association specifies otherwise, requires a majority of at least three-quarters of the share capital represented during the vote in accordance with Section 179 (2) of the Stock Corporation Act (AktG). If changes to the purpose of the company are involved, the Memorandum of Association may only specify a larger majority. In Section 18 (1), the Memorandum of Association of the company takes advantage of the option specified by Section 179 (2) of the Stock Corporation Act (AktG) and states that resolutions can be passed with a simple majority of votes and, in cases where a capital majority is required, with a simple capital majority. According to Section 13 (3) of the Memorandum of Association, the Supervisory Board is authorized to decide amendments to the statues which affect only their wording.

(7) Powers of the Board of Management to issue or repurchase shares

Purchase and use of own shares

DF AG's Annual General Meeting of 10 June 2015 decided the following authorization to buy and sell treasury shares:

a) The company is authorized to buy up to 680,000 treasury shares, which is equivalent to 10% of the current share capital, by 10 June 2020. The authorization increases to up to 1,020,000 treasury shares as of the time at which the execution of the non-cash capital increase from authorized capital from EUR 6,800,000.00 by up to EUR 3,400,000.00 to up to EUR 10,200,000.00 is registered in the Commercial Register in the full amount, i.e. in the amount of EUR 3,400,000.00, and the company's share capital has increased to EUR 10,200,000.00. The shares must be purchased on the stock market. The purchase price (excluding incidental purchase costs) paid by the company must not exceed or fall short of the price of the company share in XETRA trading (or a similar successor system) determined at the first auction of the trading day at Frankfurt Stock Exchange by more than 10%.

b) The shares can be acquired directly by the company or by third parties authorized by DF AG in one or several stages within the limits of the above-mentioned restrictions. The shares can be acquired for any legally permissible reason, especially for one of the purposes mentioned under letters c), d), e), f) and g) below. If they are used for one or several of the purposes mentioned under letters c), d), e) or f), shareholders' subscription right shall be excluded.

c) The Board of Management shall be authorized to sell the treasury shares acquired as a result of the above-mentioned authorization outside the stock exchange or by offering them to all shareholders on the condition that they are sold in exchange for cash and at a price which does not fall significantly below the company's share price at the time of sale.

This authorization is restricted to shares with a notional interest in the share capital, which must not exceed a total of 10% of the share capital, on the effective date of this authorization (as described in chapter a) nor – if lower – on the date this authorization is executed. The maximum threshold of 10% of the share capital is reduced by the amount of subscribed capital which applies to shares that are issued as part of a capital increase during the term of this authorization, under exclusion of the purchase right pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG).

The maximum threshold of 10% of the share capital is also reduced by the amount of share capital relating to shares that will be issued for serving warrant bonds and/or convertible bonds, if these bonds are issued during the term of this authorization under exclusion of the purchase right and in accordance with Section 186 (3) sentence 4 of the Stock Corporation Act (AktG).

d) The Board of Management shall be authorized to transfer the treasury shares acquired as a result of the above-mentioned authorization to third parties if this serves the purpose of acquiring companies, parts of companies, investments in companies or other assets, or carrying out company mergers.

e) The Board of Management shall be authorized to offer and transfer the treasury shares acquired as a result of the above-mentioned authorization to the holders of subscription rights to fulfill the company's obligations arising from the 2015 stock option plan described under agenda item 9. If treasury shares are to be transferred to members of the company's Board of Management, this shall be decided by the Supervisory Board.

f) The Board of Management shall be authorized to use the treasury shares acquired as a result of the above-mentioned authorization to fulfill the company's obligations arising from convertible and/or warrant bonds issued by the company, especially to fulfill the obligations from convertible and/or warrant bonds issued because of the authorization proposed under agenda item 8.

g) The Board of Management shall be authorized to recall the treasury shares acquired as a result of the above-mentioned authorization without requiring any further resolution by the Annual General Meeting. The shares can be recalled without reducing capital by adjusting the notional interest of the remaining no-par value shares in the parent company's share capital.

h) The Board of Management shall be entitled to exercise the authorizations under letters c), d), e), f) and g) only with the consent of the Supervisory Board. In the event of letter g), the Supervisory Board shall be authorized to adjust the number of shares in the Memorandum of Association. The Supervisory Board is also authorized to stipulate that the Board of Management is only authorized to act with the Supervisory Board's approval in line with the resolution of the Annual General Meeting.

The execution of the non-cash capital increase described under letter a) was not registered in the Commercial Register. The authorization to buy treasury shares therefore relates to the acquisition of up to 680,000 treasury shares.

Authorized capital

According to the Memorandum of Association of 24 May 2012, the Board of Management is authorized, subject to approval by the Supervisory Board, to increase DF AG's share capital by 24 May 2017 once or several times by a total of up to EUR 3,400,000.00 against cash and/or non-cash contributions (including mixed non-cash contributions) by issuing up to 3,400,000 new bearer shares (authorized capital 2012); in this context, the Board of Management is also authorized to schedule the commencement of the profit participation at a date other than the date provided for by law. As a general rule, the shareholders must be granted a subscription right. However, the Board of Management was authorized, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights (1) to avoid fractional amounts, (2) in a capital increase against cash contributions if the issue price of the new shares issued in an ex-rights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) is not materially lower than the stock market price and the new shares issued in an ex-rights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) do not exceed 10% of the share capital neither at the time the authorization becomes effective nor at the time it is exercised, (3) in a capital increase against non-cash contributions, especially for the purpose of the acquisition of a company, parts of a company, an equity investment in a company or other material assets, (4) to grant the holders of warrants and/or convertible bonds or bonds with option rights a subscription right to the extent that they would be entitled to such right after exercising a conversion or option right or meeting a conversion obligation as a shareholder and (5) to issue employee shares to employees of DF AG and of affiliated companies.

Convertible and warrant bonds

By resolution of the Annual General Meeting on 10 June 2015, the Board of Management was authorized subject to approval by the Supervisory Board, to issue bearer warrant and/or convertible bonds with a total nominal value of up to EUR 50,000,000.00 in one or several tranches until 10 June 2020 and to grant holders or creditors of warrant bonds option rights and holders or creditors of convertible bonds conversion rights on new registered shares of no par value of the company up to a pro-rata share in share capital totaling up to EUR 2,720,000.00.

The warrant and/or convertible bonds (collectively referred to as "bonds" and individually referred to as "notes") may be issued in euros as well as in the legal currency of an OECD country, limited to the corresponding value in euros. They may also be issued by direct or indirect majority shareholdings of DF Deutsche Forfait AG. In this case, the Board of Management is authorized, subject to approval by the Supervisory Board, to issue a guarantee on behalf of the company for the bonds and to issue the holders of such bonds with option/conversion rights on new shares of DF Deutsche Forfait AG. For this purpose, the company's share capital has been conditionally increased by up to EUR 2,720,000.00 through the issue of up to 2,720,000 new bearer shares (conditional capital 2015/I).

Granting of subscription rights (stock options) to employees and members of the management of the company or an affiliated company

The Annual General Meeting of 10 June 2015 has authorized the Board of Management and the Supervisory Board to issue subscription rights to shares in the company (option rights), once or several times, by 10 June 2020, in order to allow the persons defined in Section 192 (2) No. 3 AktG to acquire an interest in the company.

The Board of Management is authorized, with the consent of the Supervisory Board, to stipulate the details of the type and issue of the option rights in a stock option plan ("2015 stock option plan"). If option rights are to be issued to the Board of Management of the company, the decision on the issue and the stipulation of further details are at the sole discretion of the Supervisory Board.

The company's share capital has been conditionally increased by up to EUR 680,000.00 through the issue of up to 680,000 new bearer shares (conditional capital 2015/II). The conditional capital increase shall be executed only to the extent that the holders of option rights from the 2015 stock option plan, which may be granted by the company by 10 June 2020 on the basis of the authorization granted by the Annual General Meeting of 10 June 2015, exercise their rights to subscribe shares in the company and the company does not serve the subscription rights by delivering treasury shares. The new shares shall be entitled to profit as of the beginning of the financial year in which they are created through the exercise of option rights.

The Board of Management shall be authorized, with the consent of the Supervisory Board, to stipulate the further details of the execution of the conditional capital increase, unless option rights are to be issued to members of the Board of Management; in this case, the Supervisory Board shall stipulate the further details of the execution of the conditional capital increase.

(8) Material agreements subject to a change of control resulting from a takeover bid

There are no material agreements subject to a change of control.

(9) Compensation agreements concluded by DF AG with members of the Board of Management or employees in the case of a takeover offer

DF AG has not entered into any compensation agreements with members of the Board of Management or employees in the case of a takeover offer.

Corporate Governance Statement according to Section 289a of the German Commercial Code (HGB)

The statement pursuant to Section 289a of the German Commercial Code (HGB) can be found under "Corporate Governance" in the "Investor Relations" section of the website of DF AG.

Post-balance sheet events

Opening of standard insolvency proceedings

On 1 January 2016, the Cologne local court resolved to open the insolvency proceedings for DF AG as planned and ordered that the debtor-in-possession status be retained. On 29 September 2015, DF AG had applied for the opening of a "Schutzschirmverfahren in Eigenverwaltung" (a three-month phase of creditor protection with debtor-in-possession status) according to Section 270b, which was approved by the court because of the prospect of the company being restructured successfully.

Resignation of the Vice Supervisory Board Chairman

On 15 January 2016, Christoph Freiherr von Hammerstein-Loxten, Vice Chairman of the Supervisory Board of DF AG, resigned for reasons of age with immediate effect.

Confirmation of the insolvency plan on 29 April 2016

In the context of the insolvency proceedings, DF AG submitted an insolvency plan to the Cologne local court (insolvency court) on 29 February 2016. The aim of the insolvency plan is to deleverage the company and continue as a going concern.

Key points of the insolvency plan provide for the company to maintain its stock exchange listing and continue as a going concern and for its capital structure to be reorganized through a partial debt waiver of the creditors, a capital reduction and a subsequent cash and non-cash capital increase. These measures are designed to provide DF AG and DF Group with an adequate equity base allowing it to carry out its operating activities. The DF Group aims to conduct its future operating activity with a risk structure and a risk profile similar to those prior to the SDN listing.

To achieve this goal, the insolvency plan provides for a 10:1 capital reduction. This reflects, among other things, the new strategic investor's interest in a majority share in DF AG. The equity capital of DF AG is to be increased by a subsequent cash capital increase in the net amount of up to EUR 7.5 million, which will be fully subscribed by the strategic investor. In addition, in the insolvency plan a non-cash capital increase of up to EUR 4.022 million is planned. In the context of the non-cash capital increase, the subscribers of the failed 2015 cash capital increase were able to transfer their respective restitution claims to the company in the form of non-cash contributions. As of 29 April 2016, DF AG had received signed non-cash capital increase agreements totaling EUR 3.7 million.

The issue price of the new shares with a par value of EUR 1.00 to be issued in the context of the non-cash capital increase and the cash capital increase will amount to EUR 1.00. The subscription right of the old shareholders is excluded for both capital measures. The capital reduction as well as the cash and non-cash capital increase will be executed and registered in the Commercial Register once the insolvency plan becomes final. For further information and the related uncertainties that still exist, please refer to the information provided in the risk report under "Refinancing risk" and "Going concern risks".

Besides the capital measures designed to increase the equity capital, a debt cut will be made on the debt capital side. Under the insolvency plan, the existing creditors of DF AG will waive around 62% of their claims. The liabilities that remain after the partial waiver by the existing creditors will be settled exclusively to the extent that, and at the times at which, DF Group's assets existing at the time of the official adoption of the insolvency plan can be liquidated. Under the regulations of the insolvency plan, all opportunities and risks resulting from the liquidation of the assets including any overdue receivables that exist at the time of the approval pass to the creditors of DF AG.

The final insolvency plan was confirmed by the Cologne local court on 29 April 2016 and became final with the end of the period for appeal by resolution of the insolvency court on 20 Mai 2016.

OPPORTUNITIES AND RISK MANAGEMENT REPORT

INTERNAL ACCOUNTING-RELATED CONTROL AND RISK MANAGEMENT SYSTEM

DF AG is the parent company of DF Group and is in charge of accounting, controlling, cash planning as well as risk management and monitoring for the DF Group as a whole. Cash planning for the Group, DF AG and DF s.r.o takes place daily on the basis of current account statements. It comprises incoming and outgoing payments from the forfaiting transactions as well as the planned administrative and refinancing costs. Cash planning takes place on a daily basis for the next two weeks, on a weekly basis for the next three months and on a monthly basis thereafter. Risk management and monitoring take place on the basis of a detailed written risk management system, which ensures that DF Group's receivables portfolio is diversified. The risk management system comprises a limit system that consists of counterparty, country and risk group limits. Countries with similar risk profiles are grouped in one of the five risk groups.

The accounting department is responsible for the accounts structure, accounts allocation policies as well as all accounting policies and processes at DF Group, taking into account country-specific requirements and laws. The subsidiaries in Prague (DF Deutsche Forfait s.r.o. ("DF s.r.o.") and Deutsche Kapital Limited, Dubai ("DKL") are included in the basis of consolidation. The accounts of DF s.r.o. are kept by an external service provider. The accounting department in Cologne closely supervises the preparation of accounts in Prague and particularly the preparation of financial statements. Book-keeping and the preparation of the local financial statements of DKL are performed by DF AG's accounting department and agreed with the DKL management on a monthly basis. In both cases, these financial statements are audited by local accounting firms. All necessary documents and inter-company relations are finally endorsed and agreed in Cologne.

The company uses a standard software for the financial accounting process that is certified by an auditing firm. The software is installed on a central server at the parent company's premises and DF s.r.o. is granted online access. The central accounting department in Cologne has full and continuous access to the accounts of DF s.r.o. Software authorizations ensure, however, that DF s.r.o. can access only its own accounts. DKL has no access to the accounting software; information and consultations with the DKL management take place on the basis of the economic analyses prepared by the accounting department of the parent company in Cologne. Current accounts are saved on a daily basis in accordance with DF AG's data storage policy. Back-up systems are in place to manage the IT continuity risk.

Individual business transactions are reported in accordance with the Group-wide accounts allocation policies. The contract management department checks all reported forfaiting transactions at the end of the year. For this purpose, the contract management department is provided with cost center evaluations relating to individual transactions (reference numbers) as well as with entries and balances in income statement and balance sheet accounts, which are then checked by the contract management department against the underlying contracts. This four-eye principle helps to address potential differences and ensures full documentation in the business files. Moreover, all receivables as reported by the accounting department are matched against the information provided by the forfaiting system (Forfaiting Manager), which is updated by the contract management department monthly. Any differences are clarified between the two departments. The above procedure is also observed in the context of the accounting process of DF s.r.o.

The preparation of the consolidated financial statements including the consolidation measures are performed by the parent company's accounting department in Cologne based on IFRS packages of the consolidated entities audited by local auditors. The requirements regarding the contents and scope of the IFRS packages are agreed with the Group's auditor at the beginning of the audit of the consolidated financial statements. The consolidated financial statements are checked for plausibility by employees of the controlling department. A checklist is used to check the individual financial statements for completeness.

The existing internal accounting-related control system is of high standard and the company currently has no plans for its further development. The internal control system accounts for the special characteristics of DF Group's business and especially the high degree of individuality of transactions.

RISK MANAGEMENT SYSTEM WITH REGARD TO COMPLIANCE AND MONEY LAUNDERING

Due to its project-related business model, DF AG and DF s.r.o. engage in business with a large number of counterparties in different countries (sellers and buyers of export receivables, insurers such as banks and/or (government) credit insurers, external agents, service providers for tax and legal review, implementation and processing of the different transactions in the areas of forfaiting, purchase commitments, agenting business). DF Group's clients on the purchase side and the placement side are domiciled worldwide, mostly in emerging and developing countries. DF Group's business model means that it has a limited base of steady customers with whom transactions are executed regularly and/or at recurrent intervals. Under the company's business model, (financing) projects are undertaken with individual counterparties without this automatically leading to repeat projects. Where repeat business is done with the same customer, this usually happens after a certain time. Even where several forfaiting transactions are implemented for the same customer, these typically differ substantially. Exceptions to the above are service providers to the companies of DF Group such as banks, public/investor relations agencies, law firms, tax consultants and auditing firms.

Against the background of the applicable statutory regulations DF AG is obliged to perform transaction-related money-laundering checks, including customer identification as well as economic sanctions compliance checks. This is not least done with a view to the customers (investors) who acquire receivables from DF Group, make sub-investments or secure receivables which require full documentation of the parties involved in the individual transactions.

Violations of the statutory money-laundering regulations, customer identification regulations and EU/US sanctions laws may have an extremely adverse impact on the operations as well as the net assets, financial position and results of operation of individual companies of DF Group and/or DF Group as a whole. In particular, there is a risk (i) that contractual partners/service providers who are essential for the operations of the individual companies of DF Group and/or of DF Group are not allowed or unable to do (any more) business with individual companies of DF Group and/or DF Group (for a limited time) due to their own internal and/or statutory regulations – this comprises the purchase and sale of receivables, the collectability of receivables and the provision of services for individual companies of DF Group; (ii) that fines are imposed and (iii) that the boards of DF AG and its subsidiaries are held liable for violations of applicable regulations. In addition, the disclosure of culpable violations or breaches of these regulations may have an adverse impact on the company's reputation.

DF AG regularly reviews the Group-wide compliance system in cooperation and consultation with external advisors; based on the results of these reviews, the system is revised and adjusted as required. The compliance system comprises in particular (i) the appointment of an Economic Sanctions Compliance Officer, who reports directly to the Board of Management, (ii) software which automatically checks, on every working day, whether a client – both new and existing client – features on the EU and US sanctions lists. Based on protocols of the results, individual clients are checked manually in case of doubt. Regular updates of the database ensure that the (new) listing of a party involved in the underlying transaction on a sanctions list will be detected also during the holding period of a receivable. This will enable DF Group to immediately take the necessary steps. Business partners with whom one or several companies of DF Group cooperate on an ongoing basis are regularly checked for compliance with sanction rules. If the result of these checks is positive, they are listed on a "White List" of business parties eligible for contracting at short notice at any time.

The audits required under the German Money Laundering Act (GwG) including customer identification (Know-Your-Customer ("KYC")) are other integral elements of DF Group's compliance system. DF AG and its subsidiaries conduct their business operations in accordance with applicable prevention of money laundering rules. DF Group attaches great importance to complying with the highest anti-money-laundering standards. Management and all employees of DF Group are obliged to comply with these standards. The Anti-Money-Laundering Directive forms part of DF Group's general Compliance Program and does not affect DF Group's other obligations in the solicitation and execution of contracts (especially under the existing "Economic Sanctions Compliance Policy"), i.e. it is applied on a complementary basis. Responsibility for the identification of customers to prevent money laundering and terrorist financing as well as for economic sanctions compliance rests with the Economic Sanctions Compliance Officer and his/her deputy. Strictly separated from both the front-office and the back-office, they report directly to the full Board of Management.

In accordance with the Know Your Customer principle, DF Group identifies each potential customer/business partner before entering into a business relationship by making a binding quotation or executing a transaction. This identification includes information provided by the customer/business partner and the verification of this information by DF Group. Depending on the registered office and geographic location of the customer/business partner, DF Group additionally requests the KYC documents submitted by the customer/business partner to be certified by a notary public. The identification of the customer/business partner additionally includes checking them for possible sanctions. DF Group will not make a commitment to underwrite a risk in the context of a certain transaction before the identity of the customer/business partner has been established without any doubt whatsoever, all questions required by the German Money Laundering Act (GwG) have been answered satisfactorily and no relevant sanctions have been imposed on the customer/business partner. The Board of Management and all employees of DF Group are trained once a year by the Compliance Officer with regard to money laundering prevention and economic sanctions compliance to ensure that the risks are minimized to the extent possible.

OPPORTUNITIES

Based on its own analyses and external surveys such as HSBC Bank's Trade Forecast Report, DF Group considers the general and market conditions to be good on both the buying and the selling side. This is of great importance for DF Group's future, as its trading activity means that it is dependent on both sides.

On the seller side (exporters, banks, forfaiting companies), increased risk awareness resulting from the volatile and unpredictable international political and economic developments is having a positive influence on demand for foreign trade finance. As described in the "macroeconomic environment" chapter, the weakening of China's industrial output and the resulting volatility in the commodities markets may lead to larger competitors such as banks withdrawing from certain segments or markets. This allows specialist providers such as DF Group to enter the respective market with attractive offerings. The situation in Nigeria prior to the presidential elections in March 2015 may serve as an example. As the outcome of the elections was uncertain, there were only few providers that were familiar with the market and the political circumstances who were willing to accept Nigerian counterparty risks; these providers were able to generate attractive margins. Many emerging markets still have considerable demand for infrastructure and supplies. Many countries have pent-up demand especially with regard to infrastructure investments, which are considered a catalyst and precondition for growth. In many cases, this demand arises from initiatives by the respective governments, which want to encourage manufacturers to set up factories and to improve the standard of living of their population through infrastructure improvements. This means that, at the bottom line, growth in DF Group's target markets will remain higher than in the western industrialized countries. Against this background, DF Group continues to expect attractive business opportunities.

The loosening of trade sanctions against Cuba and Iran should also have a positive effect. Although investments in both markets are complex (legal and tax issues, sanctions, risk) and the details and conditions of future business activities still need to be explored, business prospects in these countries are good. As a result of the long-standing sanctions, there is great pent-up demand for capital goods and consumer durables. As soon as demand for such goods picks up again, demand for foreign trade finance will increase as well. Many exporters are seeking advice, risk hedging and financing as they were not active in these markets for many years because of the sanctions.

On the buyer side of foreign trade receivables, the low interest rates continue to have a positive impact on demand. Investors are looking for foreign trade receivables which promise an attractive return with a relatively good risk. Good opportunities for successful business result not only from the economic data; after the coming into force of the insolvency plan described under "Outlook", DF Group itself is well positioned to benefit from the positive framework conditions. DF AG's balance sheet structure will improve substantially as a result of the partial debt waiver by the creditors and the planned cash and non-cash capital increase. This is important for our business partners, especially on the buying side, as they rely on DF Group to meet its obligations, i.e. to pay the purchase price of a receivable or to fulfill a purchase commitment. Two more factors are having a positive impact on the profitability of DF AG and DF Group:

(1) Compared to the situation in FY 2014 and FY 2015, DF will, after the completion of the insolvency proceedings, no longer suffer from the high costs and manpower hours associated with the financial restructuring. The capacities that were tied up for this purpose in 2014 and 2015 will then be fully available to build up and expand the operational business.

(2) Compared to the situation prior to the SDN listing, i.e. the financial years before 2014, DF Group no longer has to bear the legal and consulting expenses and the refinancing costs caused by the restructuring portfolio. As the receivables in this portfolio are used to settle the claims of the existing creditors, the latter also bear the corresponding administrative and collection costs.

During the difficult restructuring phase of the past two years, DF Group was able to retain those employees that are relevant for the reconstruction of DF Group and, hence, their expertise and their contacts. This means that the company can make a fresh start on a solid basis. The existing network will be complemented by new contacts which the strategic investor will contribute to DF Group. Finally, the internal processes and the IT system have been optimized, so that the desired volume growth can be processed efficiently, which should be reflected in shorter holding periods. Generally speaking, the external and internal framework conditions suggest that DF Group is looking at good opportunities for profitable growth.

RISKS

Legal risk

DF Group buys receivables (on a non-recourse basis) usually with the aim of reselling or outplacing them. Individual receivables remain in DF Group's books until their contractually agreed maturity only in exceptional cases. In the context of its trading business, DF Group usually guarantees to the buyer that the receivable exists (liability for legal validity), that the receivable has the warranted properties, that DF Group is the owner of the receivable (ownership) and that the receivable can be collected from the debtor, e.g. that there are no exceptions or objections. The above liability cases may arise primarily because of improper verification of documents or deficiencies in the contract and result in considerable damage.

DF Group also obtains credit insurance to reduce individual risks of receivables (e.g. creditworthiness risk, country risk, convertibility risk) on an occasional basis. Receivables already covered by credit insurance are also acquired; the contractual partners may be government or private credit insurers. If the receivable covered by credit insurance has to be written off, credit insurance benefits in the agreed amount (nominal amount of the receivable less a potential deductible) can be collected after a waiting period. Such credit insurance agreements must be precisely tailored to the transaction being covered. Otherwise, there is a risk that credit insurance terms and conditions may be violated. If the policy holder violates the terms and conditions, no credit insurance benefits may be payable in case of a loss. Depending on the amount of the credit-insured receivable, a risk which may jeopardize DF Group’s future as a going concern may arise. DF Group also enters into counter-guarantees with banks or other forfaiting companies in order to secure receivables. Once again, contract terms and conditions must be precisely tailored to the transaction being covered. Given that receivables with credit insurance coverage or counter- guarantees are resold and that, under certain contractual circumstances, DF Group is liable for the counter-guarantee or credit insurance, a risk may potentially arise for DF Group also after the sale.

While the probability of such claims being raised is considered to be low, their adverse impact on the bottom line may, in individual cases, be considerable.

The above risks are countered by having a well-trained and experienced contract management department. The workflows are regulated by detailed work instructions, which are constantly checked for up-to-dateness (e.g. experience from previous transactions, market conditions and habits, legal, tax and regulatory conditions). The individual workflow and review steps required in the context of the risk management, documentation and implementation of each transaction are documented on a special form, which must be signed by the departments responsible for the individual subjects. Only once this has been done the respective transaction will be submitted to the Board of Management for approval. In addition, work results are checked by applying the principle of dual control. If and when required, external legal firms specializing in the countries involved and the applicable law are consulted for complex contracts and document reviews. Where a transaction is executed in a country for the first time or where no transactions were executed in a country for a long time, a legal and/or tax opinion from a local law firm is obtained and/or updated on the basis of each individual case.

Country and counterparty risk

In accordance with its business model and strategy, DF Group primarily purchases receivables where the debtors (as in "primary debtor" (exporter) and "secondary debtor" (collateral provider)) are located in emerging or developing countries. Political, financial, economic, and social conditions in these regions are less stable compared to industrialized nations. In the event of an economic crisis or due to decisions taken by the respective rulers/governments, this may substantially affect the ability or willingness of the respective debtor and/or country to transfer due payments – especially in foreign currencies; in extreme cases, foreign currency payments may no longer be possible at all or only with prior state approval (e.g. by the national central bank) due to the introduction of corresponding legal provisions (foreign exchange control). As a result, a debtor who is otherwise willing and able to pay may be unable to pay on time or at all (country risk). The country risk comprises the two individual risks outlined below:

- Funds cannot be transferred freely due to government restrictions (transfer risk).
- Local currencies may be exchanged for the foreign currency in which the receivable is denominated and, hence, payable, only after prior approval or not at all (convertibility risk).

As a result of the increasingly frequent problems in the global financial markets as well as the regional and/or country-specific political and/or economic crises, which are increasingly difficult to predict, the financing possibilities for exporters (creditors) and importers (debtors) and especially for sovereigns have deteriorated significantly, which has increased the risk of national crises, including non-payment of sovereign debt and/or government-guaranteed loans (this also includes the government credit insurance which is relevant for the business of DF Group). The credit rating of individual countries has also deteriorated significantly, further increasing this risk.

When purchasing receivables, DF Group also assumes the debtor's credit risk for the acquired receivable (counterparty risk) in addition to the country risk. The debtor may become insolvent or unable to pay for other company-specific reasons. However, counterparty risk is not limited to the (primary) debtor for a receivable; it also applies to the providers of security (e.g. banks or credit insurance companies (secondary debtors)) that supply counter-guarantees or credit insurance to DF Group in order to secure individual transactions. The possibility that providers of security may become unable to pay or insolvent cannot be excluded. In this case, a loss is only incurred if both the debtor and the security provider are unable to pay. While the probability of two parties involved in a transaction becoming insolvent is considered to be low, their adverse impact on the bottom line may, in individual cases, be considerable.

Due to increasingly frequent problems and crises in the financial markets or in individual regions or countries, banks and credit insurers as well as manufacturing and services companies are increasingly facing liquidity problems, which increases both the risk of payments not being received punctually (i.e. becoming overdue) and the risk of default of the debtors. DF Group, just like the financial industry as a whole, is facing overdue receivables. Restructuring solutions aimed at ensuring that DF Group's receivables are settled in spite of debtors' liquidity problems require extensive, time-consuming negotiations, which are also quite costly as law firms need to be consulted. Even if the restructuring negotiations are successful, i.e. a payment plan has been agreed, it often takes several years to put the agreed solution into practice. It cannot be ruled out that the creditworthiness of the debtor deteriorates again or even further during this time, which means that the receivable will ultimately default in spite of the restructuring. Most of DF Group's current overdue receivables are backed by securities. The risk provisions established are deemed to be adequate based on the careful and due assessment of each individual case. This assessment was also based on the expert opinion of an independent auditing firm.

(Primary) debtors as well as providers of security sometimes may attempt to shirk their obligations under false pretenses or at least to settle them only a certain time after the agreed maturity.

In both cases, the respective receivables must be enforced by taking legal measures. The court proceedings which become necessary in this context often take place outside Germany. On the one hand, this requires the consultation of local law firms, which entails costs that must be advance financed by DF Group until the proceedings are concluded. If and to what extent these legal expenses are refunded to DF Group depends on the outcome of the proceedings, the financial situation of the debtor at the end of the proceedings and the decision taken by the court regarding the allocation of costs. Furthermore, court proceedings may be very time-consuming, especially when conducted outside Germany and through several stages of appeal. For the duration of the proceedings, the controversial and overdue receivables must be refinanced by DF Group, i.e. the company incurs refinancing costs which are not offset by interest or other income; on the other hand, the funds thus tied up are not available to finance new business.

DF Group has a detailed risk management system, which is defined in writing and ensures that the company's receivables portfolio is diversified under various aspects. The risk management system includes a limit system comprising counterparty, country and risk group limits. Countries with a similar risk profile are grouped in one of five risk groups. The country limits are regularly reviewed by the Supervisory Board's Working Committee (hereinafter referred to as "Working Committee") and defined by DF AG's Supervisory Board at the proposal of the Working Committee; they may be utilized at the Board of Management's own discretion. If existing and approved country limits are not sufficient to cover business inquiries received by the company, the Board of Management may apply for a temporary increase with the Working Committee.

It is planned to further optimize the risk management system in 2016 on the basis of the existing system.

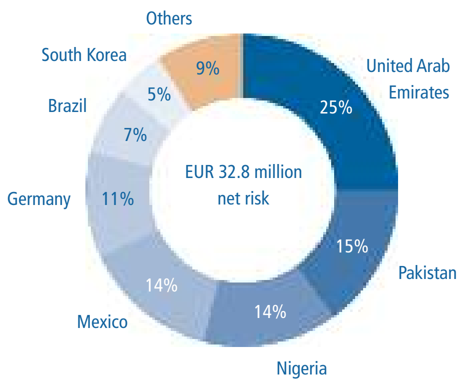
The chart on the following page shows a breakdown of the unsecured risk (net risk) of EUR 32.8 million as of 31 December 2015. The net risk is defined as the nominal values of the forfaiting transactions (gross risk) less eligible securities accepted in accordance with the provisions of DF Group's Risk Manual. These include:

- Assumption of liability by a credit insurer.
- (Counter) guarantees from banks headquartered in risk category 1 countries or, if they are head- quartered in another country, whose rating is equivalent at least to a Moody's long-term rating of A3.
- (Counter) guarantees from enterprises headquartered in risk category 1 countries or, if they are head- quartered in another country, whose rating is equivalent at least to a Moody's long-term rating of A1.

Refinancing risk

For its trading activity and the related short-term bridge financing periods of the receivables acquired for resale, DF Group requires considerable refinancing resources. The availability of such resources is a precondition for realizing the planned business volume. The refinancing period

Allocation of net risk as of 31 December 2015



corresponds to the period between the payment of the purchase price of a receivable and the receipt of the sales price when the receivable is sold or the nominal value at maturity. In September/October 2015, the banks refinancing DF AG canceled their credit lines when DF AG applied for the opening of a "Schutzschirmverfahren", which was approved by the local court on 30 September 2015. As a result, DF AG had no credit lines as of the balance sheet date. The insolvency plan aims to strengthen DF AG's capital structure through a partial debt waiver of the creditors, a capital reduction as well as a subsequent cash and non-cash capital increase. For the non-cash capital increase, DF AG had received non-cash capital increase agreements totaling EUR 3.7 million by 29 April 2016. For the cash capital increase, a strategic investor has issued a binding letter of intent. This capital increase is still subject to the condition precedent of a decision by the competent authorities regarding the takeover of the company. Even after the measures laid down in the insolvency plan have been implemented, the company will initially have to finance its business activity exclusively with the equity capital strengthened by the non-cash and cash capital increase. The planned expansion of the business volume will definitely require the company to tap additional sources of finance in the form of debt capital.

Should the company fail to raise sufficient refinancing resources because of the reputational damage resulting from the SDN listing, the planned business volumes cannot be reached. Apart from the question whether the refinancing funds to support the targeted business volume (and the given holding periods) can be raised to the extent required, there is also the question at what interest rates and terms such funds can be raised, and this second question is just as important. The company cannot return to profitability if the debt capital raised (i) is lower than actually required and/or (ii) cannot be raised at adequate conditions.

Both DF AG and DF Group are overindebted as of the balance sheet date as a result of the losses posted. As with every financial institution, (potential) debt capital providers and clients will assess the risk-bearing capacity of DF AG and DF Group by means of criteria such as the absolute amount of the available equity capital and the equity ratio. For clients of DF Group, the creditworthiness and, hence, the equity capitalization of DF AG and DF Group are of great importance as they take

- a purchase price and transaction settlement risk in the event of the sale of a receivable to a DF Group company;
- various contract fulfillment risks (e.g. assumption of liability for the legal validity for the receivable sold by the respective DF Group company) in the event of the purchase of a receivable from a DF Group company;
- a credit risk in the event of the takeover of a purchase commitment by a DF Group company.

Earnings risks

DF Group performs trading activities, i.e. the company has no investment portfolio which generates recurring income from year to year. A trading company needs to acquire and realize most of its business transactions anew every year in order to operate profitably. If important customers and/or markets on the supply and/or demand side disappear entirely or partly there is a risk of a sharp drop in the business volume and, consequently, of a slump in profits. This risk is all the higher (lower), the less (more) DF Group is able to offset individual customers and/or markets that are affected by such developments by winning new customers and/or markets and the longer (shorter) DF Group needs for this.

However, DF Group works with a large number of different counterparties in different regions and markets both when purchasing and selling receivables and when acquiring and outplacing purchasing commitments as well as in the agenting business, which means that the disappearance of individual business partners could be offset by others.

As a transaction-driven company, DF Group has no customer base with which business is done on an ongoing/continuous basis. While repeat transactions with individual customers occur over the years, these often differ from previous transactions, which means that only little synergy/volume/efficiency effects can be generated. DF Group's broad regional diversification reduces its dependence on individual business partners and its exposure to the risks in individual countries and regions.

When buying and selling receivables with certain country risks, margins may decline due to strong competition, which would make these receivables (country risks) partly or entirely unsuitable for DF Group's business under risk/return aspects, which means that receivables and/or purchase commitments from these countries would/could be acquired or entered into only to a limited extent. Also, it is possible that the risks associated with certain countries deteriorate to such an extent that it is no longer possible for DF Group to resell these receivables to investors under risk aspects; this risk exclusively relates to receivables and purchase commitments already held in the trading portfolio. As the salability is an important criterion for the purchase of a receivable, DF Group could in future – at least temporarily – no longer do business in these countries. If these circumstances occur, part of the gross profit generated from sales with these countries would be lost. Moratoriums imposed on a country or the listing of a country on the EU sanctions list or the sanctions list of the United States of America may temporarily lead to a sharp drop in, or a complete suspension of, the forfaiting volume with this country.

As outlined under "Country and counterparty risk", DF Group has overdue receivables on its books. According to the regulations of the insolvency plan, all opportunities and risks arising from the liquidation of the assets including all overdue receivables that exist at the time of the approval pass to the creditors of DF AG. The same applies to the risk relating to the legal and consulting expenses associated with the collection of the overdue receivables. For DF AG, an earnings risk will result from the liquidation only if the liquidation of the restructuring portfolio does not generate an amount of at least EUR 24 million; in this case, DF AG must pay up to EUR 0.8 million to the creditors depending on achiving certain thresholds ("compensation payment"). Even though the current overdue receivables entail only a limited earnings risk but no cost risk for DF AG, it cannot be ruled out that more receivables become overdue if and when debtors do not meet their payment obligations in part or in full due to negative developments regarding their net assets, financial position and results of operation and collateral provider fail to honor the granted and/or contractually agreed securities. An earnings risk for DF Group also exists insofar as our business partners' trust in our company has been damaged by the SDN listing and the ensuing insolvency proceedings, so that DF Group may be unable to buy or sell sufficient trades in the market. This applies to both the primary market, where DF Group competes with multinational, medium-sized and specialist banks and forfaiting companies, and the secondary market. To win sufficient business, DF Group differentiates itself from its competitors primarily through the flexibility to carry out transactions which, because of the country risk, the transaction volume or the complex documentation, lie outside the focus of the regulated market participants, e.g. banks. In contrast to DF Group, other forfaiting companies often focus on certain countries or maturities.

Financial risks

DF Group underwrites most of its business in US dollars ("USD"). To avoid exchange rate risks, DF Group usually funds itself at matching currencies, i.e. purchases of USD receivables are matched by bank loans in USD. This means that only the income from the transactions is subject to an exchange rate risk. This risk is regularly monitored with the help of currency accounts. Open currency items are closed by means of spot transactions.

Besides the FX spot transactions, DF Group also plans to engage in FX forward transactions in the future in order to convert the EUR-denominated proceeds from the non-cash and cash capital increases into financings with matching maturities. Prior to the naming on the SDN list and the opening of the "Schutzschirmverfahren" and the insolvency proceedings, FX forward transactions – besides refinancing at matching maturities – were the method used by DF Group to hedge currency risks. However, FX forward transactions require credit lines for settlement risks from such transactions. These credit lines were not (longer) available to the company during the financial restructuring. In the 2015 financial year, open currency positions could be closed only to a limited extent, as the company's options were very limited due to the financial restructuring and the cancellation of the credit lines.

Above and beyond the exchange rate risks described above, individual items of the income statement are exposed to other potential exchange rate influences. For instance, DF Group sources certain services abroad. These services, e.g. provided by lawyers, are usually invoiced in local currency. An unfavorable exchange rate trend could make these services more expensive.

Material items of the income statement may be exposed to inflationary influences if inflation-related increases in personnel expenses, which primarily occur in Germany, cannot be passed on by adjusting the conditions for the international trades carried out and/or financed by DF Group. In view of the macroeconomic environment, no such inflation risk can be identified at present in Germany.

Risks from the violation of money laundering and/or sanction regulations

Against the background of the existing statutory provisions, DF AG and its subsidiaries are obliged (to the extent that they buy and sell receivables and source or provide services from/to third parties) to carry out transaction-related money laundering checks, including customer identification, as well as economic sanctions compliance checks. Violations of the applicable statutory money-laundering regulations, customer identification provisions and/or EU/US sanctions laws may have an extremely adverse impact on the operations as well as the net assets, financial position and results of operation of individual companies of DF Group and/or DF Group as a whole. This risk is mitigated by an effective compliance system (as described in the section "Risk management system with regard to compliance and money laundering").

Classification of risk and summary risk assessment

The assessment of individual operational risks within DF Group is based on two criteria, i.e. the potential amount of damage and the probability of occurrence of a risk. The potential amount of damage weighted by its probability of occurrence is set in relation to DF Group's equity capital in order to assess the consequences of a potential damage. This way, DF Group's going concern risks are identified. At the same time, the probability of occurrence of a potential damage is determined/estimated. The purpose of risk assessment and risk management is to take adequate measures in order to (i) limit the absolute amount of each individual going concern risk; (ii) reduce the probability of occurrence of the individual going concern risk and the probability of several going concern risks occurring at the same time; and (iii) reduce the total number of going concern risks.

At the time of the approval of the insolvency plan, the risks resulting from DF Group's receivables portfolio are low in absolute terms compared to the previous years, as DF Group is now detached from the opportunities and risks of its past business activity and no material new business has been written so far.

GOING CONCERN RISKS

Both DF AG as the parent company and DF Group are overindebted at present. Based on the insolvency plan confirmed on 29 April 2016 and the realization of all measures proposed therein, the Board of Management of DF AG believes that the company can be assumed to continue as a going concern.

This view is based on the Board of Management's assumption that all measures provided for in the insolvency plan will be implemented successfully. For DF Group to continue its corporate activity, it is particularly important that the cash capital increase by the strategic investor, which is subject to a decision by the competent authority regarding the takeover of the company, is executed and the equity measures provided for in the insolvency plan are registered in the Commercial Register. A going concern risk for DF Group also arises if DF Group is unable, within the next two years, to achieve a business volume that is sufficient to cover the companies' operating expenses. To achieve this, DF Group must write sufficient new business, find the corresponding buyers for these transactions on the buyer side and execute the transactions at a margin that is risk-adequate at the bottom line (on average).

These objectives may be missed if DF Group is no longer accepted in the market because of its reduced market presence in the past two years and the insolvency proceedings and / or does not have the refinancing resources that are required to execute the new business it has written.

In the extreme case, this may even lead to individual or all companies of DF Group becoming unable to meet their payment obligations.

Outlook

Several developments that had an adverse effect on economic growth, especially in the emerging and developing countries, have caused the International Monetary Fund (IMF) to issue a cautious forecast for the year 2016. According to the latest forecast of January 2016, the IMF expects the world economy to grow at a slightly lower rate than in the previous year, namely by 3.4% in 2016 and by 3.6% in 2017. The positive economic trend will be supported by stable growth in the industrialized countries, for which the IMF projects a growth rate of 2.1% for both 2016 and 2017. The continued stable trend in the USA – 2.6% growth in 2016 and 2017 – will be one of the main drivers. By contrast, the IMF projects only 1.7% growth for the eurozone for the next two years, which is also the expected growth rate for Germany. This growth will be supported by low oil prices, the favorable euro exchange rate and strong private consumption. Lower economic growth in China, the uncertain outlook for Brazil and the low commodity prices will lead to slower growth in the emerging and developing countries; according to the IMF, these countries will continue to grow only moderately, i.e. by 4.3% in 2016 and by 4.7% in 2017.

As discussed above, the entering into force of the insolvency plan nearly completes the financial restructuring of DF Group. The restructuring is officially completed only when the capital increase has been entered in the Commercial Register. As outlined under "Post balance sheet events", the material elements of the insolvency plan include a partial waiver on the part of the creditors of DF AG, who initially waive around 63% of their respective claims, on the one hand and a cash and non-cash capital increase by a total of up EUR 11.2 million to strengthen DF AG's equity capital on the other hand. The liabilities that remain after the partial waiver of the existing creditors will be settled/ repaid exclusively to the extent that, and at the times at which, DF Group's assets existing at the time of the official adoption of the insolvency plan and to which the creditors are entitled to satisfy their claims ("creditor assets") are liquidated. The creditor assets comprise the receivables as well as cash and cash equivalents of DF AG and DF s.r.o.; they do, however, not comprise the DF Deutsche Forfait brand and the fittings and office equipment. Although the existing receivables are managed and collected by DF AG to the best possible effect, the opportunities and risks lie exclusively with the creditors. The capital measures that have been decided in the context of the insolvency plan and that will be executed once the latter becomes final will provide the company and DF Group with sufficient financial resources to continue their business operations; these measures comprise a non-cash capital increase in the context of which the funds from the failed cash capital increase in the amount of EUR 3.7 million of summer 2015 will be contributed to the company and a cash capital increase by as much as EUR 7.5 million will be subscribed by a strategic investor.

The confirmation and the coming into force of the insolvency plan will mark a clear break. DF Group will be freed from all old burdens, and its future business performance will depend on how successfully and to what extent DF Group can write new business. At the same time, the adoption of the insolvency plan will free considerable human resources that were tied up by the two-year restructuring exercise and can now be used for the company's operational business. Moreover, the high legal and consulting expenses that weighed on DF Group's bottom line in the past two years will no longer be incurred. As described in "Strategic Corporate Objectives", DF Group pursues the following strategy and operational measures to expand its business volume and to return to profitability and restore its ability to pay a dividend from this improved starting point: On the one hand, the company intends to expand the agenting of forfaiting transactions, as this type of forfaiting business does not tie up liquidity. In this context, DF Group will benefit from the low interest rates prevailing worldwide. As it does not make economic sense to invest liquidity while raising loans at the same time (in some cases, negative deposit rates are charged), many exporters exclusively look for possibilities to outplace risks without involving cash finance. DF Group can satisfy their demand by way of purchase commitments. It is the declared objective of DF Group, however, to make the purchase and sale of receivables its main business activity again in the medium term, as DF Group held an outstanding market position in this segment for one decade. When this will be achieved will essentially depend on how quickly DF Group can raise the required refinancing resources at adequate terms.

In addition, the turnover frequency of the receivables is to be increased and, consequently, the average refinancing period (holding period) to be reduced; this measure will also help to reduce the refinancing resources required to realize a given forfaiting volume. This is to be achieved by broadening the placement base as well as through ABC/ABCP structures and the launch of the first trade finance fund.

This market-side strategy is complemented by internal restructuring measures. DF Group aims to further reduce its fixed costs. Apart from more performance-based compensation of the sales organization, this is to be achieved through the optimization of internal processes, especially with regard to the Credit Analysis, Deal/Transaction Settlement and Approval, Accounting/Reporting as well as Information System Management and Workflow Management units. The company also aims to improve the existing IT system in order to improve the quality and efficiency of the data exchange between the individual companies of DF Group. It is also planned to establish a branch in Switzerland, through which the foreign trade receivables for the trade finance funds are to be purchased and sold. Finally, an entirely new refinancing base – especially for debt capital – needs to be built up. Aspects that play an important role in this context include obtaining a rating again as well as the diversification of the debt capital providers and the amount of the cost of capital.

As a market-related restructuring measure on the purchasing side, DF AG aims to expand its product portfolio as well as the range of services offered. In addition, the company plans to continue handling credit-insured business and start doing business in the commodity trade finance segment. Moreover, DF Group plans to cooperate with banks and/or acquire a minority investment in a bank in order to add export finance services (guarantees, documentary business, project finance) to its product range and tap additional possibilities for refinancing. Finally, the company plans to offer advisory services regarding project finance in emerging countries.

Overall, DF Group believes it is well positioned to rebuild its business, all the more so as all employees that are required for this have been retained, which means that DF Group has maintained its know-how and its international network. In 2016, the business volume will be expanded from a very low base, however, as new business came almost to a standstill during the past two years as a result of the restructuring.

DF Group nevertheless projects a clearly positive Group result for the twelve months of the year 2016. However, this will primarily result from the extraordinary effect caused by the creditors' partial debt waiver provided for in the insolvency plan. DF Group's operating result in the 2016 financial year will be negative due to the above-mentioned delays in the implementation of the insolvency plan and the anticipated start-up losses. With the business volume expected to reach approx. EUR 150 million, the company projects gross profits including financial results in the low single digit million range. This will not be sufficient to cover the operating expenses in 2016. DF Group aims to achieve a business volume supporting a positive Group result in 2017.

Responsibility Statement by the Board of Management

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and the profit or loss of the Group. The Group management report includes a fair review of the business development and the position of the Group together with the principal opportunities and risks associated with the expected development of the Group in the remaining months of the fiscal year.

Cologne, 28 May 2016
Der Vorstand

FINANCIAL FIGURES

Assets (in EUR)		31-12-2015	31-12-2014
Long-term assets			
Intangible assets	(16)	87,474.27	26,751.68
Tangible assets	(17)	237,956.94	296,021.50
Long-term financial assets	(18)	92,490.54	59,389.84
		417,921.75	382,163.02
Short-term assets			
Trade accounts and other receivables	(19)	32,002,522.33	69,666,272.01
Tax receivables	(20)	92,291.38	147,709.40
Other short-term assets	(20)	499,998.79	299,209.94
Cash and cash equivalents funds	(21)	7,636,561.53	14,748,219.60
		40,231,374.03	84,861,410.95
Total assets		**40,649,295.78**	**85,243,573.97**

(#) Reference to corporate notes.

Equity and Liabilities (in EUR)		31-12-2015	31-12-2014
Equity	(22)		
Subscribed capital		6,800,000.00	6,800,000.00
Capital reserve		7,359,044.50	7,359,044.50
Revenue reserves		-46,066,266.05	-19,027,805.43
Reserves from currency conversion		-240,747.05	-412,828.58
		-32,147,968.60	-5,281,589.51
Long-term liabilities			
Bond	(24)	29,110,441.83	28,884,370.90
		29,110,441.83	28,884,370.90
Short-term liabilities			
Liabilities to banks	(26)	38,172,000.57	43,326,782.36
Short-term provisions	(25)	198,450.00	345,360.00
Trade accounts and other payables	(27)	3,124,985.03	9,596,687.88
Other short-term liabilities	(28)	2,191,386.95	8,371,962.34
		43,686,822.55	61,640,792.58
Total equity and liabilities		**40,649,295.78**	**85,243,573.97**

(#) Reference to corporate notes.

Consolidated Income Statement (in EUR)		**01-01 – 31-12-2015**	**01-01 – 31-12-2014**
Typical forfaiting income	(7)		
a) Forfaiting income		3,007,384.40	2,972,335.48
b) Commission income		369,532.69	517,793.92
c) Income from additional interest charged		86,751.01	156,283.00
d) Exchange profits		8,799,804.39	7,632,929.44
e) Income from the fair value valuation and from the writing back of provisions for forfaiting and purchase commitments		389,723.84	299,027.78
		12,653,196.33	*11,578,369.62*
Typical forfaiting expenditure	(8)		
a) Expenditure from forfaiting		14,990,155.40	3,070,970.75
b) Commissions paid		294,687.42	727,857.63
c) Exchange losses		9,070,938.26	6,423,420.82
d) Credit insurance premiums		0.00	1,757.40
e) Depreciation and value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments		2,562,752.30	762,714.72
		26,918,533.38	*10,986,721.32*
Gross result	(9)	**-14,265,337.05**	**591,648.30**
Other operating income	(10)	1,284,774.07	363,473.85
Personnel expenses	(11)		
a) Wages and salaries		2,659,693.06	3,523,409.36
b) Social security contributions and expenditure for pensions and social welfare		303,523.94	401,378.48
		2,963,217.00	*3,924,787.84*
Depreciation on tangible and intangible assets	(12)	107,654.26	116,415.76
Other operating expenditure	(13)	9,016,136.62	7,972,214.14
Interest income	(14)	6,935.29	46,915.90
Interest paid	(14)	2,161,445.61	4,446,994.43
Result before income taxes		**-27,222,081.18**	**-15,458,374.12**
Income taxes	(15)		
Income and earnings tax		-183,620.56	12,638.63
Consolidated loss		**-27,038,460.62**	**-15,471,012.75**
Average number of shares		6,800,000	6,800,000
Earnings per share (not diluted, diluted)		-3,98	-2.28

(#) Reference to corporate notes.

Consolidated Statement of Recognized Result (in EUR)	01-01 – 31-12-2015	01-01 – 31-12-2014
I. Consolidated loss	**-27,038,460.62**	**-15,471,012.75**
II. Other income		
Components, which could be reclassified to the income statement for the future		
Currency translation differences from the inclusion of foreign subsidiaries	*172,081.53*	*19,507.05*
III. Recognized result	**-26,866,379.09**	**-15,451,505.70**

	Consolidated Cash Flow Statement (in EUR)	**01-01 – 31-12-2015**	**01-01 – 31-12-2014**
	Cash flow		
	Consolidated loss	-27,038,460.62	-15,471,012.75
+	Depreciation on tangible and intangible assets	107,654.26	116,415.76
+/-	Income tax	0.00	12,638.63
+	Interest paid	2,161,445.61	4,446,994.43
-	Interest income	-6,935.29	-46,915.90
+/-	Result from disposal of long-term assets	0.00	264,860.14
+/-	Other transactions not affecting payments	-576,888.60	-1,237,154.17
+/-	Changes to trade accounts receivable	37,663,749.68	16,092,815.62
+/-	Changes to other assets	-178,467.73	301,843.60
+/-	Change to provisions	-146,910.00	46,330.00
+/-	Changes to trade accounts payable	-6,471,702.85	-3,158,124.95
+/-	Change to other liabilities	246,840.52	-2,466,233.37
-	Paid taxes on profits	0.00	-166,866.19
=	**Operative Cash flow**	**5,760,324.98**	**-1,264,409.15**
-	Paid interest	-1,584,557.01	-2,913,502.42
+	Retained interest	6,935.29	46,915.90
=	**Cash flow from current business**	4,182,703.26	-4,130,995.67
-	Payments for investments in long-term assets	-107,160.58	-21,986.08
+	Income from investments in long-term assets	0.00	22,647.06
=	**Cash flow from investment activity**	-107,160.58	660.98
+/-	Change to financial liabilities	-11,356,126.77	-1,730,904.67
=	**Cash flow from finance activity**	-11,356,126.77	-1,730,904.67
	Changes in financial resources affecting payments	-7,280,584.09	-5,861,239.36
+	Liquid funds at the start of the period	14,748,219.60	20,603,046.98
+/-	Effects from the currency conversion	168,926.02	6,411.98
=	**Liquid funds at the end of the period**	7,636,561.03	14,748,219.60
-	Balances pledged	-1,490,782.08	-1,157,742.44
=	**Free liquid funds at the end of the period**	6,145,778.95	13,590,477.16

Consolidated Statement of Equity Changes 01-01-2014 to 31-12.2015 (in EUR)	Subscribed capital	Capital reserves	Revenue reserves	Reserves from currency conversion*	Total
Balance 01-01-2014	**6,800,000.00**	**7,359,044.50**	**(3,556,792.68)**	**(432,335.63)**	**10,169,916.19**
Consolidated result			(15,471,012.75)		(15,471,012.75)
Other result				19,507.05	19,507.05
Recognized result			(15,471,012.75)	19,507.05	(15,451,505.70)
Balance 31-12-2014	**6,800,000.00**	**7,359,044.50**	**(19,027,805.43)**	**(412,828.58)**	**(5,281,589.51)**
Consolidated result			(27,038,460.62)		(27,038,460.62)
Other result				172,081.53	172,081.53
Recognized result			(27,038,460.62)	172,081.53	(26,866,379.09)
Balance 31-12-2015	**6,800,000.00**	**7,359,044.50**	**(46,066,266.05)**	**(240,747.05)**	**(32,147,968.60)**

*Other Comprehensive Income

CORPORATE NOTES

I. Policies

(1) General information

The legal form of DF Deutsche Forfait AG is that of an "Aktiengesellschaft". The registered office of the company, as stated in the Memorandum of Association, is Cologne, Germany. The company's address is Kattenbug 18 - 24, 50667 Cologne. It is registered at Cologne Local Court (Amtsgericht) under HRB 32949.

DF Deutsche Forfait AG is a forfaiting company and, as such, is a financial enterprise within the definition of Section 1 (3) No. 2 KWG (German Banking Act). Forfaiting involves both the non-recourse purchase and sale of trade receivables and the assumption of risks through purchase commitments. The receivables are round-tripped or held internally in the portfolio and then sold. Unmarketable receivables, insurance deductibles and, in exceptional cases, lucrative transactions are retained in the Group's portfolio.

The consolidated financial statements of DF Deutsche Forfait AG (also "DF Group" or "Group") as of 31 December 2015 comply with the International Financial Reporting Standards (IFRS) at the accounting date as endorsed by the EU and with applicable supplementary regulations according to Section 315a (1) of the German Commercial Code (HGB).

IFRS also include the prevailing International Accounting Standards (IAS). All the binding interpretations of the International Financial Reporting Interpretations Committee (IFRIC) for the 2015 financial year have also been applied. The figures for the previous year conform with the regulations applicable to the 2015 financial year.

The functional currency of the Group is the euro. All figures are presented in thousands of euros (kEUR) unless otherwise stated.

To give a clearer account, various items in the balance sheet and income statement have been aggregated. These items are described separately in the consolidated Notes. In principle, the income statement is prepared according to the total expenditure method. In the consolidated income statement, income and expenses are grouped by category and income and expense totals are presented to reflect the particular characteristics of a forfaiting company. The consolidated financial statements follow the structure guidelines set out in IAS 1.

The DF Group specializes in foreign trade finance with the main focus on emerging markets. Apart from forfaiting services, the company also offers its customers purchase commitments, which typically precede the forfaiting transactions. The company is consequently regarded as a single-segment entity, for which no segmentation within the meaning of IFRS 8 is possible.

On 29 September 2015, DF Deutsche Forfait AG filed an application for the opening of a "Schutzschirmverfahren in Eigenverwaltung" (a three-month phase of creditor protection with debtor-in-possession status) with the Cologne local court. The Cologne local court approved this application on 30 September 2015 and appointed a provisional insolvency monitor. In addition, an optional creditors' committee was established, which is composed of one representative of the lending banks and the joint representative elected at the second bondholders' meeting in February as well as the Federal Employment Agency. The three-month "Schutzschirmverfahren in Eigenverwaltung" is designed to enable DF Deutsche Forfait AG to complete the restructuring of the Group on the basis of a viable restructuring plan without the threat of foreclosures being filed by creditors. The main cornerstones of the restructuring concept are for the company to continue as a going concern and to retain its stock market listing and for its capital structure to be reorganized by way of a partial debt waiver on the part of the creditors, a capital reduction and a subsequent non-cash and cash capital increase.

In the context of the "Schutzschirmverfahren", the company was able to agree a viable restructuring concept with its main creditors. As the company failed, however, to obtain a binding commitment from an investor by 31 December 2015 in spite of its best efforts and the involvement of external consultants, it was not possible to submit an insolvency plan by the end of 2015. On 1 January 2016, the Cologne local court therefore resolved to open the insolvency proceedings for the assets of DF Deutsche Forfait AG as planned and ordered that the debtor-in-possession status be retained.

In the context of ongoing negotiations, the company obtained a binding commitment from an investor to participate in the cash capital increase in February 2016. The company was thus able to submit an insolvency plan with the Cologne local court (insolvency court) on 29 February 2016. For further details, please refer to "Post balance sheet events" and "Forecast" in the Group management report. The insolvency plan puts the above-mentioned cornerstones of the restructuring concept into practice and was approved by the Cologne local court on 29 April 2016. The consolidated financial statements were prepared after the approval of the insolvency plan under the going concern assumption.

The Board of Management and the Supervisory Board of DF Deutsche Forfait AG issued a declaration according to Section 161 of the Stock Corporation Act (AktG) regarding the recommendations of the Government Commission on the Corporate Governance Code. This declaration was issued and published on the company's website (www.dfag.de) on 12 April 2016.

These consolidated financial statements were approved by the Board of Management and released for publication on 28 May 2016.

(2) Amendments to the standards made by the IASB

Application of new standards and interpretations not affecting the 2015 consolidated financial statements

The following standards had to be adopted for the first time in the past financial year. They had no impact on the present financial statements of DF Group but may influence future transactions or agreements.

IFRIC Interpretation 21 "Levies"
The interpretation covers the accounting for outflows imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations. IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. Other standards than IFRIC 21 are applied in determining whether the recognition of a liability gives rise to an asset or expense. IFRIC 21 is effective for annual periods beginning on or after 17 June 2014. Initial application is in accordance with the requirements of IAS 8, i.e. the requirements are applied on a retrospective basis. The amendments have no material impact on the Group's net assets, financial position and results of operation.

"Annual Improvements to IFRSs 2011 – 2013 Cycle"
The IASB published the Annual Improvements in December 2013. They essentially relate to clarifications that led to amendments to four standards which have no material impact on the Group's net assets, financial position and results of operation. These provisions are applicable for periods beginning on or after 1 January 2015.

Early adoption of accounting standards

No IFRS that had been issued and approved as well as endorsed by the EU but were not mandatory as of 31 December 2015 were adopted early by DF Group.

Standards, interpretations and amendments that have been issued but not been applied yet

DF Group will apply the revised and new standards and interpretations as of the date at which they become effective, provided that they have been endorsed by the European Union.

IFRS 14 "Regulatory Deferral Accounts"
The new standard permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for regulatory deferral account balances in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required. As the Group is not a first-time adopter of IFRS and due to the suspension of the EU comitology procedure for this standard, which has not been finalized by the EU Commission, this standard is not relevant for the Group. IFRS 14 was issued in January 2014 and is effective for periods beginning on or after 1 January 2016.

Amendments to IAS 1 "Disclosure Initiative"
The amendments primarily include the following: (1) clarification that disclosures in the notes are required only if they are not immaterial. This explicitly also applies when an IFRS requires a list of minimum disclosures; (2) explanations regarding the aggregation and disaggregation of items in the balance sheet and the statement of comprehensive income; (3) clarification as to how shares in other comprehensive income of entities accounted for using the equity method should be presented in the statement of comprehensive income and (4) eliminate the idea of a model structure of the notes to allow for greater individual relevance. The amendments are effective for financial years beginning on or after 1 January 2016. Early adoption is permitted.

Amendments to IAS 27 "Equity Method in Separate Financial Statements"
The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The existing options for recognition at cost or in accordance with IAS 39/IFRS 9 remain in place. As of 2005, it was no longer permissible to apply the equity method for investments in the separate financial statements (of the parent company) under IAS 27. In response to constituent feedback, e.g. about the great effort involved in the fair value measurement on every reporting date, especially for non-listed associates, the IASB amended IAS 27. The amendments are effective for reporting periods beginning on or after 1 January 2016. Early adoption is permitted. The amendments have no material impact on the Group's net assets, financial position and results of operation.

"Annual Improvements to IFRSs 2012 – 2014 Cycle"
The Annual Improvements essentially relate to clarifications of previously published standards which have no material impact on the Group's net assets, financial position and results of operation. These provisions are applicable for annual periods beginning on or after 1 January 2016.

Amendments to IAS 41 and IAS 16 "Bearer Plants"
So far, all biological assets have been recognized at fair value through profit or loss. This also applies to "bearer plants" such as grape vines, rubber trees and oil palms which are used to harvest biological assets over several periods but are not sold as agricultural products. After the amendments, bearer plants should be accounted for as assets under IAS 16, as they are of comparable use. By contrast, their fruits will continue to be accounted for under IAS 41. The amendment should be adopted retrospectively for periods beginning on or after 1 January 2016. Early voluntary adoption of the

new regulations is permitted. As the business model is not based on bearer plants, no impacts on the presentation of the Group's net assets, financial position and results of operation are expected.

Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"
The amendments provide additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. They are effective for financial years beginning on or after 1 January 2016. Early adoption is permitted. The amendments will probably have no material impact on the presentation of the Group's net assets, financial position and results of operation.

Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"
The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business. The amendments are effective for financial years beginning on or after 1 January 2016. Early adoption is permitted. The amendments will probably have no material impact on the presentation of the Group's net assets, financial position and results of operation.

Amendments to IAS 19 "Defined Benefit Plans – Employee Contribution"
The amendments added an elective option to the Standard, pertaining to the accounting treatment of defined benefit pension plans to which employees (or third parties) make obligatory contributions. IAS 19 (2011) now stipulates that the service-based employee contributions specified in the formal rules of a defined benefit pension plan must be allocated to the service periods as negative benefits. This requirement is essentially in line with the projected unit credit method, meaning the projection of benefits (in this case, negative benefits) and the allocation of those benefits to the periods in which they were earned (projected and prorated). Whereas it was common practice prior to the adoption of IAS 19 (2011) to apply employee contributions to the pension obligation when paid and in the amount paid, the application of the new rules may possibly necessitate complex calculations. Employee contributions that are linked to performance and not to the number of years served with the company must still be recognized in the period in which the corresponding work is performed, without the calculation and distribution method based on application of the projected unit credit method. In particular, this applies to contributions defined as a fixed percentage of salary in the current year, fixed contributions during the entire service life of the employee as well as contributions whose amount is exclusively dependent on the employee's age. The amendment should be adopted retrospectively for financial years beginning on or after 1 February 2015. Early voluntary adoption is permitted. As no employee contributions to defined benefit plans are made at present, no material impact on the presentation of the Group's net assets, financial position and results of operation is expected.

Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
The amendments address acknowledged inconsistencies between the requirements of IFRS 10 and IAS 28 (2011) in the event of the sale of assets to an associate or a joint venture and the contribution of assets to an associate or joint venture. In future, the total gain or loss from a transaction should be recognized only if the assets sold or contributed constitute a business as defined in IFRS 3, regardless of whether the transaction is a share deal or an asset deal. If the assets do not constitute a business, the gain or loss may be recognized only partially. The obligation to apply the amended standards has been postponed indefinitely. As no associates or joint ventures are included in the consolidated financial statements, no material impact on the presentation of the Group's net assets, financial position and results of operation is expected.

Amendments to IAS 7 "Statement of Cash Flows"

In January 2016, the IASB published the amendments to IAS 7 "Statements of Cash Flows". The following changes in liabilities arising from financing activities must be disclosed in the future: (1) changes from financing cash flows; (2) changes arising from obtaining or losing control of subsidiaries or other businesses; (3) the effect of changes in foreign exchange rates; (4) changes in fair values; and (5) other changes. The amendments are effective for annual periods beginning on or after 1 January 2017. EU endorsement is still pending. Except for the changed disclosures in the notes, no material impact on the consolidated financial statement is expected.

Amendments to IAS 12 "Income Taxes"

The amendments clarify the recognition and measurement of deferred tax assets with regard to debt instruments recognized at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017. EU endorsement is still pending. From today's point of view, it is not possible to assess the effects of these amendments on the presentation of the Group's net assets, financial position and results of operation.

IFRS 15 "Revenues from Contracts with Customers"

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. These principles are implemented in five steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations; and (5) recognize revenue at a certain time or over a certain period when (or as) the entity satisfies a performance obligation. IFRS 15 applies to all contracts with customers except for: (1) leases within the scope of IAS 17; (2) financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, IFRS 11, IAS 27 and IAS 28 (2011); insurance contracts within the scope of IFRS 4; and (4) non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers. If no other standard provides guidance on how to separate and/or initially measure one or more parts of the contract, then IFRS 15 shall be applied. The Group assumes that the effects of the new standard on the presentation of the net assets, financial position and results of operation will not be material. The standard is effective for annual periods beginning on or after 1 January 2018 subject to EU endorsement. Early adoption is permissible.

IFRS 9 "Financial Instruments"

The IASB issued the final version of the standard in the context of the completion of the different phases of its comprehensive project on financial instruments on 24 July 2014. Financial instruments are therefore no longer accounted for under IAS 39 but under IFRS 9. The version of IFRS 9 now issued supersedes all previous versions. The new standard includes requirements for the classification and measurement of financial assets, including impairment regulations, and complements the new hedge accounting regulations issued in 2013. First-time adoption is mandatory for financial years beginning on or after 1 January 2018. Early adoption is permissible subject to EU endorsement. The Group assumes that the future adoption of the new standard could influence the presentation of the Group's net assets, financial position and results of operation; a reliable estimate of these effects is possible only after completion of a detailed analysis planned for the next financial year.

IFRS 16 "Leases"

In February 2016, the IASB finalized IFRS 16, which essentially requires lessees to recognize all leases and the related contractual rights and duties in their balance sheet. Lessees no longer distinguish between finance leases and operating leases (IAS 17). The standard has not yet been endorsed by the EU and is effective for reporting periods beginning on or after 1 January 2019. Due to the minor importance of leases, only immaterial effects on the presentation of the Group's net assets, financial position and results of operation are expected.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"
Published in December 2014 under the title "Investment Entities: Applying the Consolidation Exception", the amendments essentially clarify which subsidiaries of an investment entity should be consolidated and which should be recognized at fair value. The amendments are effective for annual periods beginning on or after 1 January 2016. EU endorsement is still pending. From today's point of view, it is safe to assume that these amendments, if endorsed by the EU in the present form, will have no impact on the Group.

(3) Basis of consolidation, reporting date

The shareholdings of DF Deutsche Forfait AG (also "DF AG") are shown below. No changes in the shareholdings occurred in the 2015 financial year. DF Deutsche Forfait Americas Inc. and Global Trade Fund Holding Ltd. are currently inactive.

Ownership	Share of equity	Type of consolidation
DF Deutsche Forfait s.r.o., Prague/Czech Republic	100%	full consolidation
Deutsche Kapital Ltd., Dubai/UAE	100%	full consolidation
DF Deutsche Forfait Americas Inc., Miami/USA	100%	not consolidated
DF Deutsche Forfait do Brasil Ltda., São Paulo/Brazil	99%	not consolidated
Global Trade Fund Holding Ltd., Cayman Islands	100%	not consolidated
DF Deutsche Forfait (private) Ltd., Lahore/Pakistan	99%	not consolidated
DF Deutsche Forfait West Africa Ltd., Accra/Ghana	60%*	not consolidated

*Equity and result not disclosed due to immateriality.

As in the previous year, the non-consolidated subsidiaries are of secondary importance for the consolidated financial statements as of 31 December 2015, both individually and collectively, and do not influence the true and fair view of the net assets, financial position and results of operation presented in the consolidated financial statements. DF Deutsche Forfait s.r.o. holds 1% of the voting rights in DF Deutsche Forfait do Brasil Ltda.

(4) Consolidation procedures

The basis for the consolidated financial statements are the financial statements of the consolidated companies prepared at 31 December 2015 under uniform accounting and valuation policies according to IFRS 10 "Consolidated Financial Statements". The consolidated subsidiaries being start-ups, no differences arise from consolidation. Intragroup receivables, liabilities, provisions, income and expenses, and profits are eliminated on consolidation.

(5) Currency translation

The consolidated financial statements are prepared in euros, the functional currency of the company, pursuant to IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Since the subsidiaries carry out their business autonomously in financial, economic and organizational terms, the functional currency is essentially identical to the company's local currency. Therefore, in the consolidated financial statements, the income and expenses from the financial statements of subsidiaries – which are prepared in a foreign currency – are translated at the annual average rate; assets and liabilities are translated at the closing rate.

Exchange differences resulting from the translation of equity are reported under equity as a currency translation reserve. The translation differences resulting from differing translation rates between the balance sheet and the statement of comprehensive income are recognized in other comprehensive income.

In the separate financial statements of DF Deutsche Forfait AG and its subsidiaries, foreign currency receivables and liabilities are valued at the cost of acquisition on accrual. Exchange gains and losses on the balance sheet date are shown in the income statement.

The exchange rates on which translation into euros is based correspond to the euro reference rates published by the European Central Bank and are as follows:

	Closing rate		Average rate	
	31-12-2015	31-12-2014	2015	2014
US Dollar	1.0887	1.2141	1.1095	1.3285
Czech Koruna	27.0230	27.7350	27.2790	27.5360

(6) Accounting and valuation policies

Revenue, hereafter typical forfaiting income, comprises forfaiting and commission income, income from additional interest charges, exchange rate gains, and income from the writing back of provisions for forfaiting and purchase commitments. Forfaiting income also includes the positive effects from the fair value measurement of receivables held for trading.

Forfaiting and commission income is realized at the time the legally binding purchase or the commitment to purchase receivables is made. If this income is periodic, it is taken in on an accrual basis. Income from additional interest charges is taken in on an accrual basis over the duration of the retained amounts. Typical forfaiting risks, recognized in previous periods as a value adjustment on receivables classified as loans and receivables or as obligations for forfaiting and purchase commitments are treated as income in the financial year in which the risks no longer exist.

Typical forfaiting expenses include expenses which are a direct result of typical forfaiting income and can be individually attributed to transactions. Expenses are attributed to the periods in which they are incurred. Forfaiting expenses also include the negative effects from the fair value measurements of held-for-trading receivables from the forfaiting business.

Operating expenses are recognized as expenses upon effective payment or as incurred. All interest on borrowing in the income statement is reported under interest expense.

Intangible assets include software, licenses and the right to Internet domain names. Software, as an intangible asset acquired for consideration, is recognized at cost and regularly amortized using the straight-line method over its estimated useful life of three years. Depreciations are included under the position “depreciation on tangible and intangible assets” of the income statement. The acquired domain names have been recorded as assets that are not subject to amortization. No impairment test was carried out for these assets as they are of minor importance for the consolidated financial statements.

All items of property, plant and equipment are used for business purposes and are recognized at cost, less regular depreciation. Depreciation on property, plant and equipment is calculated using the straight-line method according to the expected average useful life. Regular depreciation is based on the following Group standard useful lives:

Useful life in years	2015	2014
Other installations, fittings and office equipment		
IT-Hardware	3-6	3-6
Cars	4-6	4-6
Fixtures	3-8	3-8
Tenants' installations	5-7	5-7
Office equipment	10-23	10-23

There were no adjusting events or market developments to indicate an adjustment in the estimated useful lives or a decrease in value of the intangible assets and property, plant and equipment.

Financial assets are recognized in accordance with the respective categories defined under IAS 39. The Group classifies financial assets in the following categories: financial assets recognized at fair value through profit/loss (Held for Trading HfT), loans and receivables (LaR), and available-for-sale financial assets (AfS).

Financial assets recognized at fair value through profit/loss comprise financial assets held for trading. This category comprises those trade receivables that were acquired for trading and will be sold in the short term. Changes in the fair value of financial assets in this category are recognized in profit/loss at the time of the value increase or impairment. Receivables held for trading are assigned to the respective category and recognized at fair value through profit/loss. Attributable transaction costs are recognized in profit or loss.

Financial instruments in the "loans and receivables" category are non-derivative financial assets with fixed or determinable payments which are not listed in an active market. They are initially recognized at their fair value plus directly attributable transaction costs (IAS 39.43). They are measured at amortized cost less potential impairments using the effective interest method. Gains and losses are recognized in the income statement for the period at the time of derecognition or impairment of "loans and receivables". Available-for-sale financial assets are non-derivative financial assets that were assigned either to this category or to none of the other categories. Available-for-sale financial assets are measured at fair value plus directly attributable transaction costs upon initial recognition and assigned to non-current assets. In the context of subsequent measurement, available-for-sale financial assets are measured at fair value, with changes in the value, except for impairments, recognized in other comprehensive income and in equity as reserve. When an asset is derecognized, other comprehensive income is reclassified to the income statement. Available-for-sale financial assets comprise non-consolidated investments in affiliated companies. As their fair value cannot be reliably determined, they are measured at cost less potential impairment unless they are intended to be sold within twelve months from the balance sheet date.

The Group derecognizes a financial asset when the contractual rights relating to the cash flows expire or when the rights to receive the cash flows from a transaction are transferred in the context of a transaction in which all material benefits and risks associated with this financial asset are transferred as well (IAS 39.17).

Regular assessments are carried out according to IAS 39 "Financial Instruments: Recognition and Measurement" to determine whether there is objective evidence of a financial asset or a portfolio of financial assets being impaired. After testing for impairment, any impairment loss is recognized.

A financial asset not recognized at fair value through profit/loss, including an interest in an enterprise, is tested for impairment at every balance sheet date (IAS 39.58). A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset.

The following may be objective evidence that a financial asset is impaired:

- default or delinquency of a debtor;
- indications that the debtor will enter bankruptcy or other financial reorganization;
- adverse changes in the payment status of borrowers or issuers;
- decrease in the estimated future cash flows due to adverse economic conditions that correlate with defaults.

In addition, a significant or prolonged decline in the fair value below the cost of acquisition constitutes objective evidence of impairment. The Group considers a decline by 20% to be significant and a period of six months to be prolonged.

The Group assesses indications of the impairment of a financial asset measured at amortized cost both individually for each financial asset and collectively. All assets that are individually significant are tested for individual impairment. Those assets that are not individually impaired are collectively tested for impairment which has already occurred but still needs to be identified. Assets that are not individually significant are collectively tested for impairment. When assessing collective impairment, the Group considers historical trends in the probabilities of default, the timing of payments and the amount of the losses incurred.

The amount of the impairment of a financial asset, which is subsequently recognized using the effective interest method, is measured as the difference between its carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (IAS 39.63). If the amount of the impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit/loss (IAS 39.65).

Unless they fall in the "held for trading" category, trade receivables and other current assets are loans and receivables recognized at amortized cost using the effective interest method. The country-specific credit risk is covered by country value adjustments, which are calculated on the basis of the country ratings published in the financial magazine "Institutional Investor" and adapted if necessary. The publication of the "Country Credit Ratings" in the "Institutional Investor" draws on a survey of numerous banks and analysts, and ensures impartial valuation in the consolidated balance sheet of DF Group. Itemized value adjustments are established where required.

Cash and cash equivalents are reported in the balance sheet at face value. The item includes cash on hand and bank deposits with a maturity of up to three months.

Deferred tax assets and liabilities are determined according to IAS 12 "Income Taxes" using the liability method based on the balance sheet date for all temporary differences between the tax basis and IFRS measurements. Deferred taxes are calculated on the basis of tax rates which apply or are expected to apply under prevailing law in the particular countries when the asset is realized or the liability is settled.

Deferred tax assets for the carryforward of unused tax losses are recognized only to the extent that sufficient taxable temporary differences exist against which the deductible temporary differences and tax losses can be utilized. Above and beyond this, no deferred tax assets were recognized as it is currently unlikely that sufficient taxable results will be generated in the coming financial years (IAS 12.24 et seq., IAS 12.34).

With regard to changes in equity, please refer to the separate consolidated statement of changes in equity.

Pension obligations include defined contribution and defined benefit plans. The obligations for defined benefit plans are measured using the projected unit credit method in accordance with IAS 19 "Employee Benefits". The calculation is based on an actuarial valuation that takes biometric assumptions into consideration. Pension obligations are counterbalanced by the asset value of reinsurance on the opposite side. Reinsurance claims are pledged to the plan beneficiaries. The insurance is recognized at plan assets, as it is irrevocably available for benefit purposes only, even in the event of company insolvency (qualified insurance policy).

The present value of the covered obligation is limited by the value of the plan assets. The value of the pension obligation and the fair value of reinsurance are offset. Under IAS 19, actuarial gains and losses must be immediately and fully recognized in other comprehensive income. Past service cost must be directly recognized in profit or loss in the year in which it is incurred.

IAS 19 (revised 2011) only allows a typifying return on plan assets equivalent to the discount rate applied to the pension obligations at the beginning of the period. Expenses for contribution-based pension plans are recorded as expenditures when the employees have performed their work.

Provisions are recognized as a present obligation (legal or constructive) to a third party as a result of a past event when it is probable that an outflow of resources will be required and a reliable estimate can be made of the requisite amount of the provision. These are measured at full cost.

Financial liabilities are initially recognized at the fair value, which is usually equivalent to the cost of acquisition. Transaction costs are also considered. Subsequently, all liabilities are measured at amortized cost. At DF Group, these are usually short-term liabilities, which are therefore carried at the repayment amount. DF Group has no liabilities held for trading. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Critical estimates and assumptions used in accounting

The preparation of the consolidated financial statements to IFRS requires assumptions to be made and estimates to be used which have an effect on the assets and liabilities, income and expenses, and contingent liabilities shown in the balance sheet both in terms of amount and reporting. The assumptions and estimates that relate to the unified group stipulation of useful lives, the valuation of pension obligations, the measurement of receivables at fair value and the accounting for and measurement of provisions, are regarded as immaterial for the consolidated financial statements. In isolated cases, the actual values may deviate from the assumptions and estimates made. Changes are included in income at the point in time when more accurate information becomes available.

The determination of the fair values of trade receivables requires assumptions regarding the country and counterparty risks which are primarily based on the circumstances prevailing on the balance sheet date. A 10% increase in these risks would lead to negative effects of kEUR 2,020 (previous year: kEUR 1,394).

Assets measured at amortized cost (loans and receivables) are subject to risks relating to creditworthiness and future payments. A 10% increase in these risks could lead to additional valuation allowances or write-downs of kEUR 456 (previous year: kEUR 531).

II. Notes to the Income Statement

(7) Typical forfaiting income

Portfolio income earned in the period, trading income (the difference between amortized cost / fair value and the sales price of a receivable) and the positive effects from the fair value measurement of receivables held for trading are recorded as forfaiting income. Commission income primarily results from purchase commitments and counter-guarantees. At the same time, only DF Group income from loan agreements is recorded in typical forfaiting income. Revenue breaks down as follows:

Typical forfaiting income in kEUR	2015	2014
Forfaiting income	3,007	2,972
Commission income	369	518
Income from additional interest charged	87	156
Exchange rate gains	8,800	7,633
Income from the reversal of provisions for forfaiting and purchase commitments	390	299
Total	**12,653**	**11,578**

Forfaiting income includes income from the fair value measurement in the amount of EUR 2.2 million (previous year: EUR 1.4 million). As in the previous year, only an immaterial portion of the remaining forfaiting and commission income was generated in Germany, and additionally in Nigeria (EUR 0.3 million; previous year: EUR 0.1 million), Pakistan (EUR 0.1 million; previous year: EUR 0.1 million), Saudi Arabia (EUR 0.1 million; previous year: EUR 0.1 million) and other countries.

(8) Typical forfaiting expenses

Forfaiting expenses are incurred where the sales price realized is lower than the carrying amount and negative effects result from the fair value measurement. Typical forfaiting expenses break down as follows:

Typical forfaiting expenses in kEUR	2015	2014
Forfaiting expenses	14,990	3,071
Commission expenses	295	728
Exchange rate losses	9,071	6,423
Credit insurance premiums	–	2
Value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments	2,563	763
Total	**26,919**	**10,987**

Value adjustments on receivables exclusively related to loans and receivables. Forfaiting expenses exclusively resulted from the negative effect of the fair value measurement. The valuation of the receivables portfolio was adjusted against the background of the company's current situation in the "Schutzschirmverfahren" and the latest developments of individual receivables in the portfolio. The company has based its valuation on the expert opinion prepared for the insolvency plan by an independent auditor. In determining the fair value, other cash outflows for the collection of the receivables and/or the realization of collateral in the amount of EUR 1.2 million not yet included in the expert opinion were taken into account.

(9) Gross result

Gross result is the difference between typical forfaiting income and expenses.

Gross result in kEUR	2015	2014
Net forfaiting	(11,983)	(99)
Net commission	75	(210)
Result from additional interest charges	87	156
Result from exchange rate gains and losses	(271)	1,210
Net valuation in forfaiting business	(2,173)	(464)
	(14,265)	**593**
less credit insurance premiums	–	2
Total	**(14,265)**	**591**

(10) Other operating income

Other operating income breaks down as follows:

Other operating income in kEUR	2015	2014
Income from the restructuring of the bond	1,030	–
Income from writing back other liabilities	99	29
Income from the allocation of charges	34	172
Income resulting from VAT settlement correction	–	85
Income from offsetting non-cash benefits under the provision of motor vehicles	17	20
Income from the disposal of already fixed asset items	78	24
Miscellaneous other operating income	27	33
Total	**1,285**	**363**

Income from bond restructuring results from the retroactive reduction in the bond interest rate (cf. note 25). Income from the allocation of legal and consulting expenses is recognized separately for value added tax purposes.

(11) Personnel expenses

Personnel expenses break down as follows:

Personnel expenses in kEUR	2015	2014
Salaries	2,660	3,523
Total salaries	**2,660**	**3,523**
– Social security contributions	*124*	*153*
– Pensions	*169*	*234*
– Other social security expenses	*10*	*15*
Total social security expenses	**303**	**402**
Total	**2,963**	**3,925**

Social security contributions include contributions to state pension providers in the amount of kEUR 124 (previous year: kEUR 176) as well as to defined contribution benefit plans in the amount of kEUR 45 (previous year: kEUR 58).

(12) Depreciation/amortization on tangible and intangible assets

Systematic depreciation/amortization breaks down as follows (as in the previous year, no write-downs for impairments were required):

Depreciation and amortization in kEUR	2015	2014
Amortization on intangible assets	20	9
Depreciation on tangible assets	88	107
Total	**108**	**116**

(13) Other operating expenses

Other operating expenses break down as follows:

Other operating expenses in kEUR	2015	2014
Legal and consultation fees, accounting expenses	5,327	4,584
Administrative expenses/cooperation partners	874	1,155
Cost of premises	344	382
Insurance, fees, contributions	245	169
Travel expenses	179	158
Other taxes	156	97
Payment transaction fees	87	136
Telephone, postage and web connection charges	73	82
Vehicle costs	22	24
Miscellaneous other expenses	1,709	1,185
Total	**9,016**	**7,972**

Other operating expenses increased due to higher legal and consultation expenses, which include expenses incurred in conjunction with the restructuring of the bond, the planned but unrealized capital measures (approx. EUR 1.8 million; previous year: EUR 0) and legal proceedings relating to overdue receivables.

Costs for cooperation partners include the expenses for the office in London, the cooperation partner in Italy and France as well as the subsidiaries in Pakistan and São Paulo.

Apart from damages paid in the context of settlement agreements (kEUR 850; previous year: kEUR 0), miscellaneous other expenses essentially include expenses relating to the public listing as well as the bondholders meeting and the Annual General Meeting (kEUR 355, previous year: kEUR 327), expenses for rights of use and IT equipment (kEUR 125, previous year: kEUR 82) and the compensation of the members of the Supervisory Board (kEUR 119, previous year: kEUR 98).

(14) Financial results

The financial results break down as follows:

Financial results in kEUR	2015	2014
Interest income from loans and receivables	2	47
Interest income from banks	5	–
Total interest income	**7**	**47**
Interest expense payable to banks	1,208	1,499
– thereof from refinancing the forfaiting business	*1,199*	*1,494*
– thereof from interest on overdraft	*9*	*5*
Miscellaneous interest expenses	953	2,948
– thereof interest on bond	*803*	*2,519*
– thereof other interest	*150*	*429*
Total interest expense	**2,161**	**4,447**
Net interest = financial results	**(2,154)**	**(4,400)**

Miscellaneous interest expenses, which also include the interest payable on the bond in the financial year, declined primarily because of the amended terms and conditions of the bond. This item also includes interest expenses of DF Deutsche Forfait s.r.o. to Arnstock CZ in the amount of kEUR 120, which relate to the transfer of credit lines that were cancelled because of the OFAC listing.

(15) Income tax

Deferred tax assets from temporary differences may not be recognized if it is not sufficiently probable that taxable results will be available against which the deductible temporary differences can be utilized (IAS 12.27). For the same reason, no deferred tax assets are recognized for the loss incurred in the 2015 financial year (IAS 12.34 et seq.). Deferred tax assets resulting from losses carried forward are recognized in the income statement (IAS 12.56) to the extent that temporary differences in the same amount are available against which the unused tax losses can be utilized. Group income taxes break down as follows:

Income taxes in kEUR	**2015**	**2014**
Income tax expense from the current year	–	–
Adjustments for previous years	(184)	13
Current tax expense	**(184)**	**13**
Deferred taxes from temporary differences	313	366
Deferred taxes in the context of tax loss carried forward	(313)	(366)
Deferred taxes	**0**	**0**
Total	**(184)**	**13**

Income tax revenue includes corporation and trade income tax payable by domestic companies and comparable income tax payable by the foreign companies. Other taxes are included in other operating expenses.

Deferred taxes are calculated on the basis of tax rates which apply or are expected to apply under prevailing law in the particular countries when the asset is realized or the liability is settled. In Germany, the standard rate of corporation tax is 15.0%. Taking into consideration a solidarity surcharge of 5.5% on top of corporation tax and an average effective trade income tax rate of approximately 16.5%, this results in a tax rate of approximately 32.5% for domestic companies. This tax rate was uniformly applied across the reporting period to calculate domestic deferred tax effects. The tax effects of foreign companies were of secondary importance in the reporting period and were disregarded on account of their immateriality. The currency conversion difference from the recognition of economically independent foreign units would give rise to income tax assets worth KEUR 78 (previous year: KEUR 134) if realized. The status of deferred tax assets and liabilities as at 31 December 2015 is detailed in the table below:

Deferred tax assets and liabilities by type of temporary differences	**Assets**		**Liabilities**	
	2015	**2014**	**2015**	**2014**
Trade receivables	–	–	1	–
Period accruals	–	–	–	–
Pension obligations	–	–	19	3
Tax loss carryforward	313	366	–	–
Bond	–	–	289	363
Other liabilities	–	–	4	–
Total	**313**	**366**	**313**	**366**
Offsetting	*(313)*	*(366)*	*(313)*	*(366)*
Balance sheet value	–	–	–	–

With respect to the value of deferred tax assets, care was taken only to recognize amounts which are at least highly likely to be realized. This estimate takes into account all positive and negative factors affecting a sufficiently high income in the future. The estimate may change depending on future developments.

As of 31 December 2015, DF AG probably has remaining tax loss carryforwards of kEUR 55,267 (previous year: kEUR 32,589) relating to trade tax and of kEUR 56,649 (previous year: kEUR 34,449) relating to corporate income tax as well as temporary differences relating to trade tax and corporate income tax of kEUR 226 (previous year: kEUR 187), for which no deferred tax assets were recognized. As a result of the planned material investment by a strategic investor, the unused losses carried forward will no longer be deductible pursuant to Section 8c KStG. The difference between expected income tax revenue and income taxes recognized breaks down as follows:

Difference between expected and reported income tax revenue in kEUR	**2015**	**2014**
Earnings before tax	(27,222)	(15,458)
Nominal tax rate	32.5%	32.5%
Expected income tax	*(8,847)*	*(5,024)*
Non-deductible expense	182	72
Tax effects from previous years	(184)	13
Effects from deviant local tax rates	547	–
Tax losses for which no deferred tax assets have been recognized	8,131	4,952
Other tax effects	(13)	–
Income taxes	**(184)**	**13**

III. Notes to the Balance Sheet

(16) Intangible assets

The movement of intangible assets is shown in section 17 of the consolidated fixed assets schedule.

(17) Tangible assets

The breakdown of the combined tangible fixed asset items in the balance sheet and their movement in the reporting year are shown in the consolidated fixed assets schedule.

Consolidated Fixed Assets EUR	Intangible assets (Rights, Software)	Tangible assets (Other equipment, factory and office equipment)	Total
Acquisition costs			
01-01-2014	*115,936.84*	*1,371,320.72*	*1,487,257.56*
Additions	1,848.30	20,137.78	21,986.08
Disposals	0.00	-532,660.80	-532,660.80
Currency change	2,881.50	3,251.05	6,132.55
31-12-2014	*120,666.64*	*862,048.75*	*982,715.39*
Additions	85,240.89	21,919.69	107,160.58
Disposals	0.00	0.00	0.00
Currency change	2,839.37	3,129.86	5,969.23
31-12-2015	*208,746.90*	*887,098.30*	*1,095,845.20*
Depreciation/Amortization			
01-01-2014	*83,854.39*	*854,501.75*	*938,356.14*
Additions	8,950.75	107,465.01	116,415.76
Disposals	0.00	-397,003.80	-397,003.80
Currency change	1,109.82	1,064.29	2,174.11
31-12-2014	*93,914.96*	*566,027.25*	*659,942.21*
Additions	25,929.69	81,724.58	107,654.26
Disposals	0.00	0.00	0.00
Currency change	1,427.98	1,389.54	2,817.52
31-12-2015	*121,272.63*	*649,141.36*	*770,413.99*
Net book value			
01-01-2014	*32,082.45*	*516,818.97*	*548,901.42*
31-12-2014	*26,751.67*	*296,021.50*	*322,773.18*
31-12-2015	*87,474.27*	*237,956.94*	*325,431.21*

(18) Non-current financial assets

Non-current financial assets include the following shares in non-consolidated affiliated companies:

Non-current financial assets in kEUR (share in equity capital)	31-12-2015	31-12-2014
DF Deutsche Forfait Americas Inc., Miami/USA (100%)	3	3
DF Deutsche Forfait do Brazil Ltda., São Paulo/Brazil (99%)	15	15
Global Trade Fund SPC, Cayman Islands (100%)	1	1
Global Trade Fund Holding Ltd., Cayman Islands (100%)	4	4
DF Deutsche Forfait (private) Ltd., Lahore/Pakistan (99%)	–	–
Total	**23**	**23**

Non-current financial assets also include rent deposits in the amount of kEUR 69 (previous year: kEUR 36) for the offices used by DF Group.

(19) Trade receivables

Trade receivables in the amount of kEUR 32,003 (previous year: kEUR 69,666) include receivables purchased as part of the forfaiting business of kEUR 29,984 (previous year: kEUR 64,390) and other receivables amounting to kEUR 2,019 (previous year: kEUR 5,276). Receivables from the forfaiting business include, on the one hand, a portfolio of current transactions, which are serviced as contractually agreed (trading portfolio) and, on the other hand, overdue receivables (restructuring portfolio) against new debtors dating from the time prior to the listing on the SDN list ("List of Specially Designated Nationals and Blocked Persons" of the US Office of Foreign Assets Control). The carrying amounts of the trade receivables break down as follows:

Trade receivables in kEUR	31-12-2015	31-12-2014
Trading portfolio	5,089	16,698
Restructuring portfolio	24,895	47,692
Other receivables	2,019	5,276
Total	**32,003**	**69,666**

Other receivables include receivables written down for impairment in conjunction with the restructuring portfolio in the amount of kEUR 1,924 (previous year: kEUR 2,945) which have a remaining term of more than one year. The remaining other receivables in the amount of kEUR 95 (previous year: kEUR 2,331), which have not been written down for impairment, all have a remaining term of less than one year. The changes in write-downs for impairment of other receivables are shown in the table below:

Impairment of other liabilities in kEUR	
Impairments as of January 1, 2014	**2,084**
Recognized impairment loss 2014	417
– thereof amounts written of	*(380)*
Impairments as of December 31, 2014	**2,121**
Recognized impairment loss 2015	2,438
– thereof amounts written of	*–*
Impairments as of December 31, 2015	**4,559**

The increase in impairment losses recognized in the reporting year is primarily attributable to the results of a Monte Carlo simulation carried out by an independent appraiser, on which the Group has based its valuations. Details of the restructuring portfolio are shown in the table below:

Restructuring portfolio in kEUR	Gross risk	Fair value adjustments	Book value	Security	Net risk
Total	**46,393**	**21,498**	**24,895**	**26,024**	**21,498**

The receivables in the restructuring portfolio were purchased by the DF Group companies between 2007 and 2013. The three largest debtors account for a total of 79% of the carrying amount of the receivables (previous year: 73%).

(20) Other current assets

Other current assets break down as follows:

Current assets in kEUR	31-12-2015	31-12-2014
Prepaid expense	107	107
Miscellaneous other assets	192	192
Tax receivables	92	148
Total	**592**	**447**
– thereof financial assets	*140*	*149*
– thereof non-financial assets	*452*	*297*

Tax receivables include prepaid income tax for the year 2014, which is shown as repayment claims.

(21) Cash and cash equivalents

Cash and cash equivalents amounted to kEUR 7,637 (previous year: kEUR 14,748) and related to bank deposits with a maturity of up to three months. An amount of kEUR 1,491 (previous year: kEUR 1,158) of these deposits is pledged as collateral. Cash and cash equivalents were mostly denominated in euros and could not be used to pay off current liabilities to banks, which are mainly used to refinance transactions in US dollars.

(22) Equity

Changes in the equity of DF Group are reported in the statement of changes in equity.

Subscribed capital: The share capital of the Group is fully paid in and amounted to kEUR 6,800 as of the balance sheet date (previous year: kEUR 6,800). It is divided into 6,800,000 no-par registered shares.

Capital reserve: The capital reserve consists of the difference between the proceeds from the share issue and the nominal increase in capital. Taking into account financing costs offset against the capital reserve and adjusted for tax effects and the withdrawal of kEUR 3,927 in 2011, the Group has an unchanged capital reserve in the amount of kEUR 7,359.

Revenue reserves: Revenue reserves consist of profits generated in the past by the companies included in the consolidated financial statements, unless distributed or increased by withdrawals from the capital reserve. As of 31 December, DF Group posted a negative amount of kEUR 46,066 (previous year: kEUR 19,027).

Currency translation reserve: This reserve shows the differences in other comprehensive income arising from foreign currency translation of the financial statements of foreign subsidiaries through equity in the form of an adjustment item from currency translation. The reserve is negative and reduced the reported equity in the reporting year by kEUR 241 (previous year: kEUR 413). The change in the reserve amounted to kEUR 172 in the financial year, primarily resulting from the consolidation of the Czech subsidiary.

Earnings per share: Earnings per share are based on the average number of common shares issued and outstanding in the reporting period (6,800,000) and amounted to EUR -3.98 compared to EUR -2.28 in the previous year.

Statement of income and expenses: The composition of comprehensive income is shown under the financial data in the consolidated statement of comprehensive income.

Authorized capital: According to the Memorandum of Association of 24 May 2012, the Board of Management is authorized, subject to approval by the Supervisory Board, to increase DF AG's share capital by 24 May 2017 once or several times by a total of up to EUR 3,400,000.00 against cash and/or non-cash contributions (including mixed non-cash contributions) by issuing up to 3,400,000 new bearer shares (authorized capital 2012); in this context, the Board of Management is also authorized to schedule the commencement of the profit participation at a date other than the date provided for by law. As a general rule, the shareholders must be granted a subscription right. However, the Board of Management was authorized, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights (1) to avoid fractional amounts, (2) in a capital increase against cash contributions if the issue price of the new shares issued in an ex-rights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) is not materially lower than the stock market price and the new shares issued in an ex-rights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) do not exceed 10% of the share capital neither at the time the authorization becomes effective nor at the time it is exercised, (3) in a capital increase against non-cash contributions, especially for the purpose of the acquisition of a company, parts of a company, an equity investment in a company or other material assets, (4) to grant the holders of warrants and/or convertible bonds or bonds with option rights a subscription right to the extent that they would be entitled to such right after exercising a conversion or option right or meeting a conversion obligation as a shareholder and (5) to issue employee shares to employees of DF AG and of affiliated companies.

Conditional capital: By resolution of the Annual General Meeting on 10 June 2015, the Board of Management was authorized subject to approval by the Supervisory Board, to issue bearer warrant and/or convertible bonds with a total nominal value of up to EUR 50,000,000.00 in one or several tranches until 10 June 2020 and to grant holders or creditors of warrant bonds option rights and holders or creditors of convertible bonds conversion rights on new registered shares of no par value of the company up to a pro-rata share in share capital totaling up to EUR 2,720,000.00. The warrant and/or convertible bonds (collectively referred to as “bonds” and individually referred to as “notes”) may be issued in euros as well as in the legal currency of an OECD country, limited to the corresponding value in euros. They may also be issued by direct or indirect majority shareholdings of DF Deutsche Forfait AG. In this case, the Board of Management is authorized, subject to approval by the Supervisory Board, to issue a guarantee on behalf of the company for the bonds and to issue the holders of such bonds with option/conversion rights on new shares of DF Deutsche Forfait AG. For this purpose, the company’s share capital has been conditionally increased by up to EUR 2,720,000.00 through the issue of up to 2,720,000 new bearer shares (conditional capital 2015/I).

The Annual General Meeting of 10 June 2015 has authorized the Board of Management and the Supervisory Board to issue subscription rights to shares in the company (option rights), once or several times, by 10 June 2020, in order to allow the persons defined in Section 192 (2) No. 3 of the Stock Corporation Act (AktG) to acquire an interest in the company. The Board of Management is authorized, with the consent of the Supervisory Board, to stipulate the details of the type and issue of the option rights in a stock option plan (“2015 stock option plan”). If option rights are to be issued to the Board of Management of the company, the decision on the issue and the stipulation of further details are at the sole discretion of the Supervisory Board.

The company’s share capital has been conditionally increased by up to EUR 680,000.00 through the issue of up to 680,000 new bearer shares (conditional capital 2015/II). The conditional capital increase shall be executed only to the extent that the holders of option rights from the 2015 stock option plan, which may be granted by the company by 10 June 2020 on the basis of the authorization granted by the Annual General Meeting of 10 June 2015, exercise their rights to subscribe shares in the company and the company does not serve the subscription rights by delivering treasury shares. The new shares shall be entitled to profit as of the beginning of the financial year in which they are created through the exercise of option rights. The Board of Management shall be authorized, with the consent of the Supervisory Board, to stipulate the further details of the execution of the conditional capital increase, unless option rights are to be issued to members of the Board of Management; in this case, the Supervisory Board shall stipulate the further details of the execution of the conditional capital increase.

Right to purchase own shares: DF AG’s Annual General Meeting of 10 June 2015 decided the following authorization to buy and sell treasury shares:

a) The company is authorized to buy up to 680,000 treasury shares, which is equivalent to 10% of the current share capital, by 10 June 2020. The authorization increases to up to 1,020,000 treasury shares as of the time at which the execution of the non-cash capital increase from authorized capital from EUR 6,800,000.00 by up to EUR 3,400,000.00 to up to EUR 10,200,000.00 is registered in the Commercial Register in the full amount, i.e. in the amount of EUR

3,400,000.00, and the company's share capital has increased to EUR 10,200,000.00. The shares must be purchased on the stock market. The purchase price (excluding incidental purchase costs) paid by the company must not exceed or fall short of the price of the company share in XETRA trading (or a similar successor system) determined at the first auction of the trading day at Frankfurt Stock Exchange by more than 10%.

b) The shares can be acquired directly by the company or by third parties authorized by DF AG in one or several stages within the limits of the above-mentioned restrictions. The shares can be acquired for any legally permissible reason, especially for one of the purposes mentioned under letters c), d), e), f) and g) below. If they are used for one or several of the purposes mentioned under letters c), d), e) or f), shareholders' subscription right shall be excluded.

c) The Board of Management shall be authorized to sell the treasury shares acquired as a result of the above-mentioned authorization outside the stock exchange or by offering them to all shareholders on the condition that they are sold in exchange for cash and at a price which does not fall significantly below the company's share price at the time of sale. This authorization is restricted to shares with a notional interest in the share capital, which must not exceed a total of 10% of the share capital, on the effective date of this authorization (as described in chapter a) nor – if lower – on the date this authorization is executed. The maximum threshold of 10% of the share capital is reduced by the amount of subscribed capital which applies to shares that are issued as part of a capital increase during the term of this authorization, under exclusion of the purchase right pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG). The maximum threshold of 10% of the share capital is also reduced by the amount of share capital relating to shares that will be issued for serving warrant bonds and/or convertible bonds, if these bonds are issued during the term of this authorization under exclusion of the purchase right and in accordance with Section 186 (3) sentence 4 of the Stock Corporation Act (AktG).

d) The Board of Management shall be authorized to transfer the treasury shares acquired as a result of the above-mentioned authorization to third parties if this serves the purpose of acquiring companies, parts of companies, investments in companies or other assets, or carrying out company mergers.

e) The Board of Management shall be authorized to offer and transfer the treasury shares acquired as a result of the above-mentioned authorization to the holders of subscription rights to fulfill the company's obligations arising from the 2015 stock option plan described under agenda item 9. If treasury shares are to be transferred to members of the company's Board of Management, this shall be decided by the Supervisory Board.

f) The Board of Management shall be authorized to use the treasury shares acquired as a result of the above-mentioned authorization to fulfill the company's obligations arising from convertible and/or warrant bonds issued by the company, especially to fulfill the obligations from convertible and/or warrant bonds issued because of the authorization proposed under agenda item 8.

g) The Board of Management shall be authorized to recall the treasury shares acquired as a result of the above-mentioned authorization without requiring any further resolution by the Annual General Meeting. The shares can be recalled without reducing capital by adjusting the notional interest of the remaining no-par value shares in the parent company's share capital.

h) The Board of Management shall be entitled to exercise the authorizations under letters c), d), e), f) and g) only with the consent of the Supervisory Board. In the event of letter g), the Supervisory Board shall be authorized to adjust the number of shares in the Memorandum of Association. The Supervisory Board is also authorized to stipulate that the

Board of Management is only authorized to act with the Supervisory Board's approval in line with the resolution of the Annual General Meeting. The execution of the non-cash capital increase described under letter a) was not registered in the Commercial Register. The authorization to buy treasury shares therefore relates to the acquisition of up to 680,000 treasury shares.

(23) Pension obligations

Pension obligations comprise obligations from expectancies in accordance with IAS 19 "Employee Benefits". In addition, there are contribution-based pension plans with the state pension insurance fund and with BVV Versorgungskasse des Bankgewerbes e.V., which are serviced from current contribution payments.

Pension commitments in the form of defined benefit plans exist for three former members of the Board of Management. According to the benefit plans, benefits are payable if a member of the Board of Management passes away or retires due to age. In this case, Mr Franke will receive a capital payment. In contrast, Ms Attawar and Mr Wippermann have the right to choose an annuity or a capital payment. The company's obligation consists of providing the active employees with their committed benefits. The benefit plan is externally financed by means of reinsurance whose guaranteed benefits correspond to the pension commitments.

The amount of the pension obligation (present value of the earned benefit claims) was calculated by actuarial methods, for which estimates are absolutely necessary. In addition to assumptions as to life expectancy, the following factors play a role in the calculation:

Actuarial assumptions in %	31-12-2015	31-12-2014
Discount rate	2.42%	2.00%
Inflation rate	1.00%	1.00%
Imputed pension adjustment interval	annual	annual
Pension growth rate	1.00%	1.00%

In the 2015 financial year, Dr. Klaus Heubeck's "2005 G tables" were used to calculate the defined benefit plans. The diagrams below illustrate the changes in the present value of entitlements for pension obligations and plan assets:

Changes/reconciliation in the accumulated benefit obligation in kEUR	2015	2014
Accumulated benefit obligation of the pension commitments (Defined Benefit Obligation) as of 1 January	654	477
Interest cost	13	17
Expected pension payments	(2)	(2)
Expected DBO 31 December	665	494
Actuarial losses from DBO	(45)	160
– thereof accounted for by changes in financial assumptions	*(46)*	*160*
– thereof accounted for by experience-based assumptions	*1*	*–*
Pension commitments (Defined Benefit Obligation – DBO) as of 31 December	**622**	**654**

Changes in plan assets in kEUR	2015	2014
Value of plan assets as of 1 January	654	514
Typifying investment income	13	18
Income from plan assets	(45)	122
Value of plan assets as of 31 December	**622**	**654**

The tables below show the deviations between actuarial assumptions and actual developments in the reconciliation and over a 5-year period:

Changes/reconciliation in the asset ceiling effect in kEUR	2015	2014
DBO as at 1 January	(654)	(477)
Value of plan assets as at 1 January	654	514
Asset ceiling effect as at 1 January	–	37
Interest cost of asset ceiling effect	–	1
Actuarial losses from DBO	(45)	(160)
Result from assets	45	122
Asset ceiling effect as at 31 December	**–**	**–**

Funded status in kEUR	2015	2014	2013	2012	2011
Accumulated benefit obligation	622	654	477	446	274
– Included impacts of deviations	*(45)*	*160*	*15*	*134*	*(13)*
Plan assets	622	654	514	499	455
– Included impacts of deviations	*(32)*	*120*	*(3)*	*(12)*	*(64)*
Funded status as of 31 December	**–**	**–**	**37**	**53**	**181**

Due to the over-calculation of the reinsurance policy, the value of plan assets is limited to the amount of the present value of the pension obligation. The balance of the asset value of plan assets totaling kEUR 622 (previous year: kEUR 654) and the liability value of the obligation of kEUR 622 (previous year: kEUR 654) is shown. As in the previous year, the plan assets no longer exceeded the liability value of the obligation as at the reporting date. The figure shown in the balance sheet was calculated as follows:

Derivation of the net figure carried in the balance sheet in kEUR	31-12-2015	31-12-2014
Defined Benefit Obligation	(622)	(654)
Fair value of the pension plan assets	622	654
Asset ceiling effect	–	–
Balance	**0**	**0**

Actuarial gains or losses may result from increases or reductions in either the present value of the defined benefit obligation or the fair value of plan assets; possible reasons for these differences include changes in the calculation parameters and estimate revisions concerning the risk trend of pension obligations and deviations between the actual and expected return on the qualified insurance policies. Actuarial gains and losses should be recognized in other comprehensive income. As they were offset against each other, they were not recognized. For reasons of immateriality, no sensitivity analysis was performed. The defined benefit plans incurred the following expenditure, which breaks down into the following components:

Expenditure on defined benefit pension plans in kEUR	2015	2014
Interest expense	13	17
Interest income from plan assets	(13)	(18)
Interest on asset ceiling effect	–	1
Recognized in the income statement	**0**	**0**

Components of other comprehensive income (OCI) in kEUR	2015	2014
Actuarial losses (gains)	(45)	160
Interest income from plan assets	45	122
Changes in the effect of the ‘asset ceiling’	–	(38)
Recognition in other comprehensive income (OCI)	**0**	**0**

During each reporting period, the net value amounted to EUR 0, since the increase in pension obligations was matched by an increase in plan assets. Based on a duration of the obligations of 17.3 years, pension payments in the amount of EUR 1,926 are expected for the following period under the pension benefit plans that existed as at 31 December 2015.

(24) Bond

The bond issued by DF Deutsche Forfait AG is shown as “other liability” under non-current liabilities (IAS 32.11). The 7-year bond has a nominal amount of EUR 30 million, which is equivalent to the repayment amount, and carries a nominal coupon of 7.875% p.a..

The bond was initially recognized at the time of addition and net of transaction expenses (IAS 39.9, 39.A13) at a fair value (IAS 39.43) of kEUR 28,728. As of 31 December 2015, the financial liability was measured at amortized cost using the effective interest rate method (IAS 39.47). Total interest expenses in the reporting period amounted to kEUR 803 (previous year: kEUR 2,519) and are recognized in the income statement under interest expenses.

The second bondholders’ meeting on 19 February 2015 approved the amendment of the terms and conditions of the bond. The meeting in Cologne was attended by bondholders representing EUR 13.786 million of the bond. This is equivalent to 45.95% of the outstanding bond capital, which means that the second bondholders’ meeting had the required quorum. At the bondholders’ meeting, One Square Advisory Services GmbH was elected joint representative of the bondholders by 92.98% of the votes. 99.98% of the capital participating in the vote approved the amendment of the terms and conditions of the bond. The amendment primarily relates to the reduction of the nominal interest rate of the 2013/20 bond from 7.875% to 2.000% with retroactive effect from 27 May 2014 until 27 May 2018. Between 27 May 2017 and 27 May 2018, the interest rate may again amount to 7.875%; this is dependent on the achievement of a certain consolidated result. From 27 May 2018 to 27 May 2020, the nominal interest rate will be raised to 7.875% again. The retroactive adjustment of the interest rate resulted in other operating income of kEUR 1,030 in the reporting year for the period from 27 May 2014 to 31 December 2014. For more information on the changes effected under the insolvency plan, please refer to our presentation under “Post-balance sheet events”.

(25) Current provisions

Current provisions only include obligations arising from forfaiting and purchase commitments. Country risks are evaluated using the value adjustment rates based on Institutional Investor's “Country Credit Ratings”.

Current provisions in kEUR	
1 Januar 2014	**299**
Addition	345
Use	–
Release/Reclassification	299
31 Dezember 2014	**345**
Addition	198
Use	–
Release/Reclassification	345
31 Dezember 2015	**198**

(26) Liabilities to banks

Liabilities to banks break down into the following currencies:

Liabilities to banks in kEUR	31-12-2015	31-12-2014
Current account overdraft		
EUR	16,512	8
USD	19,748	27,411
CZK	1,863	2,495
GBP	44	65
JPY	5	5
	38,172	*29,984*
Current liabilities to banks		
USD	–	13,343
	–	*13,343*
Total	**38,172**	**43,327**

As a consequence of the opening of the "Schutzschirmverfahren", the lending banks cancelled their credit lines in the total amount of roughly EUR 40 million in October 2015 with immediate effect. All liabilities are therefore shown as overdrafts. By consenting to the insolvency plan, the banks waive approx. 63.7% of their claims against DF Deutsche Forfait AG as filed in the insolvency table. This is equivalent to an amount of approx. EUR 23 million; the remaining amount is deferred.

(27) Trade accounts payable

The table below shows the composition of the trade accounts payable:

Trade accounts payable in kEUR	31-12-2015	31-12-2014
Liabilities from the obligation to pass on payments received	1,817	6,680
Liabilities from non-consolidated participations in forfaiting deals	–	2,056
Deferred liabilities	241	643
Other liabilities	1,067	218
Total	**3,125**	**9,597**

(28) Other current liabilities

The item "Other current liabilities" includes the following individual items:

Other current liabilities in kEUR	31-12-2015	31-12-2014
Compensation payments	600	–
Other tax liabilities	187	180
Liabilities to employees	157	4
Liabilities from duties and premiums	–	8
Holiday pay	36	44
Accounting and audit expenses	120	207
Deferred income	258	5
Liabilities towards Arnstock CZ	-	6,201
Miscellaneous other liabilities	833	1,723
Other current liabilities	**2,191**	**8,372**
– thereof financial liabilities	*1,745*	*8,187*
– thereof non-financial liabilities	*446*	*185*

The compensation obligation results from a settlement agreed by DF Deutsche Forfait AG and DF Deutsche Forfait s.r.o. with Landesbank Hessen-Thüringen. The current liabilities also include deferred liabilities in the amount of kEUR 129 (previous year: kEUR 229) for purchased services invoiced up to the preparation of the consolidated financial statements. Other tax liabilities relate to value-added tax and wage tax. Miscellaneous other liabilities also include the interest liability from the bond issue accrued up to the balance sheet date in the amount of kEUR 358 (previous year: kEUR 1,411).

IV. Other information

(29) Notes on risk grouping

DF Group has a detailed risk management system which is laid down in writing and contains a limit system consisting of counterparty, country and risk group limits. DF Group controls its business by using risk groups based on the forfaiting volume, which forms part of the regular internal reports to the Board of Management. Each of the five risk groups comprises countries with a similar risk profile.

The limits are defined by the Supervisory Board of DF AG and may be used by the Board of Management at its own discretion. They are assigned according to the country of domicile of the original debtor of each receivable. Countries are assigned to a risk group according to their external ratings. Risk group I is for countries with the highest credit rating and risk group V is for countries with the lowest credit rating.

Forfaiting volume in EUR million	2015	2014
Risk group I	2.8	5.3
Risk group II	1.8	–
Risk group III	0.4	7.7
Risk group IV	3.6	0.3
Risk group V	42.3	16.9
Total	**50.9**	**30.2**

Share in gross result	2015	2014
Risk group I	23%	16%
Risk group II	-1%	28%
Risk group III	71%	-4%
Risk group IV	-3%	6%
Risk group V	10%	54%
Total	**100%**	**100%**

In addition, the forfaiting volume is divided by region:

Forfaiting volume in EUR million	2015	2014
Africa	19.9	18.1
Asia	26.3	2.6
Australia	–	–
Europe	3.2	7.8
North America	–	–
South and Central America	1.5	1.7
Total	**50.9**	**30.2**

Share in gross result	2015	2014
Africa	-4%	43%
Asia	19%	13%
Australia	–	–
Europe	21%	40%
North America	–	–
South and Central America	64%	4%
Total	**100%**	**100%**

(30) Tenancies and leases

At the respective reporting date, the following minimum future lease payments exist based on operating lease contracts that cannot be cancelled:

Operating leases in kEUR	<1 year	Maturity 1-5 years	>5 years	Total
31 Dezember 2015				
For office space	242	235	–	477
For office equipment	9	13	–	22
Total	**251**	**248**	**–**	**499**
31 Dezember 2014				
For office space	232	278	–	510
For office equipment	8	21	–	29
Total	**240**	**299**	**–**	**539**

Minimum lease payments of kEUR 263 (previous year: kEUR 245) were recognized as expenses in the reporting year.

(31) Employees

The average number of staff employed with the Group as of the reporting date is shown in the following table. The "other" and "controlling/accounting" items also include student workers.

Number of employees	2015	2014
Salaried employees	**35**	**45**
– of which in trade/sales	13	18
– of which in contract management	8	10
– of which in controlling/accounting	6	7
– of which other/internal administration	8	10

The marked decline in the average number of employees in the financial year is attributable to the difficult situation of the Group resulting from the OFAC listing as well as to restructuring measures initiated.

(32) Other financial obligations

There are other financial obligations, particularly from forfaiting and purchase commitments. Other financial obligations are as follows:

Other financial obligations in kEUR	<1 year	Maturity 1-5 years	>5 years	Total
31 Dezember 2015				
From forfaiting commitments	3,846	–	–	3,846
From purchase commitments	6,615	–	–	6,615
Total	**10,461**	**–**	**–**	**10,461**
31 Dezember 2014				
From forfaiting commitments	3,950	–	–	3,950
From purchase commitments	1,440	–	–	1,440
Total	**5,390**	**–**	**–**	**5,390**

Other financial obligations arising from forfaiting and purchase commitments are partly secured. The following is a comparison of securities, at nominal value, with other financial obligations, also at nominal value:

Securities in kEUR	31-12-2015	31-12-2014
Other financial obligations	*10,461*	*5,390*
– Receivable sold: the receivable is resold after it is purchased by DF Group. The purchaser is already legally obliged vis-a-vis DF Group to purchase the receivable.	3,846	–
– Underlying receivable paid or sale invoiced	–	301
= Securities	*3,846*	*301*
Other financial obligations after deduction of securities	**6,615**	**5,089**

(33) Total fee of the auditors

The following fees were invoiced for the services provided by auditors Warth & Klein Grant Thornton AG for 2015.

Auditing fees in kEUR	2015	2014
Audits	151	197
Other audit services	359	68
Tax consulting services	13	10
Other services	9	18
Total fee	**532**	**293**

Other audit services include the review of the interim reports, the review of the planned capital increase against non-cash contribution as well as the preparation of a letter of comfort.

(34) Relationships with related parties

According to IAS 24 "Related Party Disclosures", persons or companies controlling DF Group or controlled by it must be disclosed unless they are already included in the consolidated financial statements of the DF Group as consolidated companies. Control is deemed to exist if one shareholder holds more than half of the voting rights of DF Deutsche Forfait AG or is empowered by the Memorandum of Association or a contractual agreement to steer the financial and company policies of the management of DF Group.

In addition, under IAS 24, the disclosure requirement extends to business with entities which exercise significant influence over the financial and company policies of DF Group, including close family members and intermediaries. Significant influence on the financial and company policies of DF Group can be based on a shareholding in DF Group of 20% or more or a seat on the Board of Management or the Supervisory Board of DF Deutsche Forfait AG.

As in the previous year, DF Group is affected by the disclosure requirements of IAS 24 solely in terms of business with entities with a significant influence as well as with members of managers in key positions (Board of Management and Supervisory Board) of DF Deutsche Forfait AG.

Besides the Board of Management, the Supervisory Board and the non-consolidated subsidiaries, the following parties are considered to be "related" as of the balance sheet date:

Mr Mark West, Great Britain, has held 23.62% of the voting rights (equivalent to 1,581,705 voting rights) in DF Deutsche Forfait AG since 8 October 2014 and has been a member of the Board of Management of DF Deutsche Forfait AG since 1 July 2015. No other business relationships exist between DF Group and Mark West.

Members of the Supervisory Board and related parties provided consulting services amounting to kEUR 566 to the Group on an arm's length basis in the reporting year. In this context, a liability of kEUR 18 existed as of 31 December 2015.

Another related party is an enterprise whose managing partner maintains personal relations with a member of our Supervisory Board (other related party within the meaning of IAS 24). This company granted a loan in the original amount of EUR 6.2 million, which was repaid as of 31 December 2015. In the financial year, interest expenses of kEUR 120 (previous year: kEUR 409) were incurred for this loan based on EURIBOR plus 4%.

Business relationships with the non-consolidated subsidiaries were negligible in 2015. The Board of Management was composed as follows in the 2015 financial year:

Board member	Position
Marina Attawar	Chief Trading Officer (until 31 December 2015)
Frank Hock	Chief Financial Officer
Mark West	Chief Trading Officer (as of 1 July 2015)

Compensation for members of the Board of Management which is due in the short term breaks down as follows:

Board of Management compensation in kEUR	Marina Attawar	Frank Hock	Mark West	Ulrich Wippermann
2015				
Fixed salary	305	305	165	–
Other compensation	35	33	10	–
Variable compensation	–	–	–	–
Total	**340**	**338**	**175**	**–**
2014				
Fixed salary	305	305	–	51
Other compensation	35	33	–	7
Variable compensation	35	35	–	–
Severance payments (termination of employment relationship)	–	–	–	331
Total	**375**	**373**	**–**	**389**

Pension commitments in the form of defined benefit plans exist for three former members of the Board of Management (Marina Attawar, resigned with effect from 31 December 2015, Jochen Franke, resigned with effect from 30 September 2013, and Ulrich Wippermann, resigned with effect from 24 February 2014). According to the benefit plans, benefits are payable when a member of the Board of Management passes away or retires due to age. Jochen Franke will receive a capital payment in this case. In contrast, Marina Attawar and Ulrich Wippermann have the right to choose an annuity or a capital payment. No more premiums have been paid since November 2012 due to the contractually agreed expiry of the contribution periods.

According to these pension benefit plans, the members of the Board of Management receive a guaranteed old age pension from DF Deutsche Forfait AG. The amounts are as follows:

- Marina Attawar: Annuity of EUR 11,022.60 or a one-time capital payment of EUR 202,518.00
- Ulrich Wippermann: Annuity of EUR 20,964.48 or a one-time capital payment of EUR 338,278.00
- Jochen Franke: One-time capital payment of EUR 147,244.00

In addition, Ms Marina Attawar receives the following payments from a reinsured benevolent fund:

- Insured annuity in the amount of EUR 15,247.40 or a capital payment of EUR 273,572.00

Based on a deferred compensation agreement with the members of the Board of Management, contributions from DF Deutsche Forfait AG are submitted to the insurance providers mentioned above.

As in the previous year, no post-employment benefits were paid in 2015 in conjunction with the above pension commitments. No share-based compensation and other long-term benefits are granted by the company.

The short-term compensation for members of the Supervisory Board breaks down as follows

Supervisory Board compensation in kEUR	2015	2014
Fixed compensation	90	72
Attendance fee	10	11
VAT	19	15
Total	**119**	**98**

(35) Notifications pursuant to Sections 21 (1) and 22 of the Securities Trading Act (WpHG)

DF AG has received the following notifications pursuant to the Securities Trading Act (WpHG):

Marina Attawar, Cologne, notified us in accordance with Section 21 (1a) of the Securities Trading Act (WpHG) on 29 May 2007 that her voting rights share in DF Deutsche Forfait AG, Kattenbug 18–24, 50667 Cologne, amounted to 5.51% (which corresponds to 375,000 voting rights) on 22 May 2007, the date of first admission of DF Deutsche Forfait AG shares for trading in the regulated market on the Frankfurt stock exchange. All of these voting rights were allocated to her through Xylia 2000 Vermögensverwaltungs GmbH in accordance with Section 22 (1) sentence 1 no. 1 of the Securities Trading Act (WpHG). Furthermore, she notified us in accordance with Section 21 (1a) of the Securities Trading Act (WpHG) that the voting rights share of Xylia 2000 Vermögensverwaltungs GmbH, Nussbaumerstrasse 17 b, 50823 Cologne, in DF Deutsche Forfait AG, Kattenbug 18–24, 50667 Cologne, amounted to 5.51% (which corresponds to 375,000 voting rights) on 22 May 2007, the date of first admission of DF Deutsche Forfait AG shares for trading in the regulated market on the Frankfurt stock exchange.

Mark West, Great Britain, notified us in accordance with Section 21 (1) of the Securities Trading Act (WpHG) on 13 October 2014 that his voting interest in DF Deutsche Forfait AG, Cologne, Germany, exceeded the thresholds of 3%, 5%, 10%, 15% and 20% of the voting rights on 8 October 2014 and amounted to 23.62% (which corresponds to 1,581,705 voting rights) on that date.

(36) Financial instruments

Use and management of financial instruments

The starting point for the risk management of financial instruments involves capturing all risks systematically and regularly and assessing them for loss potential and the probability of occurrence. Market risk, currency risk and most of all default risk have been identified as significant risks for financial instruments. The risks are summarized in a risk map for DF Deutsche Forfait AG, which provides a comprehensive overview of the risks and the individual risk management systems. DF Deutsche Forfait AG pursues active risk management.

Legal risk

Legal risk is the business risk with the highest loss potential for DF Group. It describes the risk in the forfaiting business which can arise due to the incorrect review of documents or deficiencies in drawing up contracts, particularly since the seller is generally liable for the legal existence of the receivable when selling it (liability for legal validity). This risk is countered by having a well-trained and generously staffed contract management department. The workflows are regulated by detailed work instructions. In addition, work results are checked by applying the principle of dual control. The legal office and/or external legal firms are consulted for complex contracts and document reviews.

Liquidity risk

The cash flow projections are prepared at the level of the operating companies and pooled in the Group. Management monitors the permanent forward planning of the Group's liquidity reserve to ensure that sufficient liquidity is available to cover the operating requirements. On the basis of current account statements, a daily liquidity plan is prepared for the Group, DF AG and DF s.r.o. The plan comprises the incoming and outgoing payments from the forfaiting transactions as well as the planned administrative and refinancing costs. Cash planning takes place on a daily basis for the next two weeks, on a weekly basis for the next three months and on a monthly basis thereafter.

The table below shows the Group's financial liabilities by maturity classes, based on the remaining term on the balance sheet date with regard to the contractually agreed final maturity. The amounts shown in the table represent the contractually agreed non-discounted cash flows.

in kEUR	up to 3 months	3 months to 1 year	1 to 2 years	2 to 5 years	> 5 years
As of 31 December 2015					
Bond	–	600	1,411	37,088	–
Financial liabilities	38,172	–	–	–	–
Trade liabilities and other financial liabilities	3,125	–	–	–	–
As of 31 December 2014					
Bond	–	2,363	2,363	7,088	32,363
Financial liabilities	43,327	–	–	–	–
Trade liabilities and other financial liabilities	9,597	–	–	–	–

Default risk

Default risk is subdivided into country risk and counterparty risk. Countries undergo an up-to-date assessment on the basis of analyses by credit assessment agencies. Credit assessments are carried out for individual receivables (credit reports/references, evaluation of historical data, etc.). The taking of country and counterparty risks is managed by a competence arrangement with a limit system. The competence arrangement as well as country and counterparty limits are approved by the Supervisory Board, and the degree to which the limits are used is reported to it regularly. DF Group reduces this risk even further by selling the receivables rapidly. Moreover, country and counterparty risks are secured (e.g. by bank guarantees). The default risk on the purchased trade receivables at the respective reporting dates was as follows (see note 7):

in kEUR	**31-12-2015**	**31-12-2014**
Nominal value of trade receivables	53,436	74,878
– Discount deduction	(352)	(359)
+ Other receivables	6,578	7,397
= Gross carrying amount before adjustments	59,662	81,916
– Fair value adjustments	(27,659)	(12,250)
= Carrying amount = maximum default risk	**32,003**	**69,666**
– Sold receivables	–	(839)
– Bank securities (e.g. guarantees)	(2,875)	(2,578)
– Cash securities	–	(5,555)
– Credit insurance	(24,209)	(35,468)
– Guarantor is a company (e.g. counter liabilities by forfaiting companies)	(156)	(8,227)
– Underlying receivables were paid	–	(2,368)
+ Twin securities	85	196
= Securities	27,155	54,829
= Unsecured default risk	**4,848**	**14,837**

The risk management system actively controls these default risks as described above, mainly by means of imposing country and counterparty limits.

Market risk/interest rate risk

Receivables are typically purchased at discounted nominal value. This discount on the market value is calculated on the basis of the money and capital market interest rate for the equivalent term (e.g. 1-year LIBOR) plus risk margin. The margin reflects the individual risk of each transaction, which mainly depends on country and counterparty risks.

As DF Deutsche Forfait AG Group focuses on reselling the receivables, interest rate risk mainly consists of market risk, if the interest rate rises, so too does the discount on the market value, which is calculated up to the final date of maturity of the receivable, thereby reducing the market value of the receivable upon its sale. In its capacity to increase refinancing costs, interest rate risk is of secondary importance to the Group. Interest for the credit agreements is generally calculated on the basis of the Libor rate plus a margin and thus corresponds with the conditions of the forfaiting transactions. Once the insolvency proceedings are completed and the measures defined therein are implemented, the impact of the interest rate risk will be further reduced in the 2016 financial year. Due to the brief period receivables are held in the DF Group portfolio, short-term refinancing is the rule. This market risk affects all receivables held in the company's portfolio. The receivables are resold quickly in order to reduce the market risk to a minimum.

Currency risk

DF Group purchases receivables in various currencies and always refinances at matching currencies. Unsold foreign currency receivables usually incur foreign currency liabilities to the amount of the purchase price. An open currency item, and therefore a currency risk, exists only in the amount of the difference between purchase and selling prices (profit on individual transactions). The open currency items are listed in a monthly currency account and, if necessary, closed by means of currency transactions.

In the income statement, exchange gains and losses for receivables and the corresponding liabilities are reported separately. Since the receivables and corresponding liabilities are valued separately, large exchange gains and losses are included in the income statement. In order to assess the level of currency risk, the balance of the gains and losses must be considered.

Sensitivity calculations assume a change in exchange rates of +/- 10% compared to the functional currency. This means a debit carryover assumes an exchange rate increase in relation to the functional currency, while a credit carryover assumes an exchange rate decrease. The exposure as of 31 December 2015 results in the following sensitivity values, which also represent the impact on the result and equity capital:

Currency/sensitivity in kEUR	31-12-2015	31-12-2014
CHF	+/- 2	+/- 8
CZK	+/- 0	+/- 38
GBP	+/- 8	+/- 7
USD	+/- 250	+/- 48

Information regarding the fair value pursuant to IFRS 7 and IFRS 13

Determination of fair values

A number of accounting methods and disclosures of the Group require the determination of the fair values of financial and non-financial assets and liabilities. For measurement and/or disclosure purposes, the fair values were determined on the basis of the methods described below (Further information is provided in note 7).

IFRS 13 defines fair value 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.

According to the measurement method, financial instruments to be measured at fair value are categorized at three levels as outlined below:

- Level 1 (IFRS 13.76): quoted prices in active markets (unadjusted) for identical assets or liabilities;
- Level 2 (IFRS 13.81): inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the asset or liability;

- Level 3 (IFRS 13.86): unobservable inputs for the asset or liability. An asset or liability should be assigned to Level 3 already if there is only one unobservable input factor that significantly influences the measurement, such as debtor-related local potential for conflicts and the estimated period needed to collect the receivable.

The receivables from the forfaiting business recognized in the consolidated financial statements fall into either of the following categories of trade receivables classified in accordance with IAS 39.9:

- Financial assets which are classified as held for trading because they were acquired (primarily) with the intention to sell them in the short term, should be measured at fair value through profit and loss.

- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at amortized cost using the effective interest method (subsequent measurement).

The receivables from the forfaiting business recognized as of the balance sheet date were acquired with the intention to sell them in the short term. The receivables should therefore be classified as held for trading and be measured at the fair value regardless of whether they were/are actually sold.

No market/transaction prices are available for financial instruments in the trade receivables category (loans and receivables/held for trading) as of the effective measurement days and no representative alternative prices can be determined or observed. As the forfaiting business is based on individual transactions, market prices can be determined with sufficient measurement certainty only for the agreed settlement date (purchase and sale) with the contractually agreed terms and conditions. To avoid the influence of accidental or arbitrarily defined measurement parameters, the Group measures trade receivables at amortized cost using the effective interest method and considering potential value adjustments. The fair value adjustment was also supported by the results of a Monte Carlo simulation carried out by an independent appraiser.

The fair value of receivables and liabilities carried on the balance sheet at amortized cost is determined by discounting cash flows taking credit spreads and LGDs of loans into account. The fair value of receivables with a default rating is determined on the basis of the expected future cash flows. For current receivables and liabilities (e.g. current accounts), the carrying amount is recognized as the fair value.

No fair values are determined for non-listed equity instruments (shares in non-consolidated affiliated companies recognized in accordance with IAS 39), as no active market exists for these financial instruments and the required estimates cannot be made within acceptable fluctuation margins and adequate probabilities. These financial instruments are therefore recognized at cost including required depreciation.

Measurement processes

For initial measurement (addition on the trading day), the receivables are recognized at their fair value (nominal value less discount on the market value); subsequently they are measured at amortized cost using the effective interest method (monthly addition of the discount on the market value and corresponding recognition of the portfolio income). No market prices, usually applied measurement methods of identical receivables and observable transactions are available for the assets. As far as the receivables in the trading portfolio are concerned, transactions (sale) are offered, at irregular intervals, to potential interested parties who have previously been identified; these offers provide for terms which allow the Group to generate income. If no sales agreement is reached, the Group merely gets an indication of a potential upper price limit not accepted by market participants. By contrast, DF Group believes that amortized cost represents a basis for measurement which reflects the future income potential up to maturity even if the receivable cannot be sold before the end of the term. The Group therefore considers the value determined at amortized cost to also represent the (approximate) fair value. A fair value measurement is also available for receivables which are subject to individual or country value adjustments.

The Group continues to be of the opinion that the method applied to determine the fair value of receivables held for trading (amortized cost using the effective interest method) is suitable and that there are no sufficient reasons to give up this method. As of 31 December 2015, receivables from the forfaiting business were assigned to the held for trading category (IFRS 13.72, 13.93).

Value of financial instruments

The table below shows the carrying amounts of financial instruments (IAS 7.6), and compares them with their fair values (IFRS 7.25).

Carrying amounts of financial instruments in kEUR	Measurement category under IAS 39	Book value 31-12-2015	Fair Value 31-12-2015	Book value 31-12-2014	Fair Value 31-12-2014
Assets					
Shares in non-consolidated affiliated companies	AfS	23	23	23	23
Trade receivables	LaR	2,019	2,019	5,276	5,276
Trade receivables	HfT	29,983	29,983	64,390	64,390
Other current assets	LaR	140	140	149	149
Cash and cash equivalents		7,637	7,637	14,478	14,478
Liabilities					
Liabilities to banks	FLAC	38,172	38,172	43,327	43,327
Trade payables	FLAC	3,125	3,125	9,597	9,597
Other current liabilities	FLAC	1,745	1,745	8,187	8,187
Thereof aggregated by measurement categories as defined in IAS 39					
Loans and receivables	LaR	2,159	2,159	5,425	5,425
Held for Trading	HfT	29,983	29,983	64,390	64,390
Financial liabilities measured at amortized cost	FLAC	43,042	43,042	61,111	61,111

The carrying amounts of trade receivables (loans and receivables, "LaR", rated at amortized cost, using the effective interest method) and of financial liabilities mostly have short remaining terms and approximate the fair value. Expenses from the fair value measurement amounted to kEUR 14,990 (previous year: kEUR 3,071), while the write-downs and valuation allowances on loans and receivables amounted to kEUR 2,363 (previous year: kEUR 417). The maximum risk of default corresponds to the respective carrying amount. All financial liabilities are measured at amortized cost ("FLAC").

Net gains and losses from financial instruments include valuation differences, depreciation and appreciation, exchange rate differences, interest, and other gains and losses.

Net incomes and net losses from financial instruments in kEUR	2015	2014
Loans and receivables	(14,255)	592
Assets measured at fair value	(12,750)	(1,713)
Amortization of disposable financial assets	–	(152)
Financial assets valued at amortized cost	(2,161)	(4,447)

Financial liabilities are mainly used to finance loans and receivables. Therefore, the assessment of the net loss on financial liabilities valued at amortized cost also has to take into account the net gain on loans and receivables.

(37) Capital management

The primary goal of the capital management activities of DF Group is to provide sufficient financial resources for the purchase and sale of receivables (forfaiting business) at all times. Under the DF Group business model, financing is mainly required for current receivables related to sales transactions. DF Group requires equity and debt capital for this purpose. With regard to debt capital, capital management primarily focuses on bank loans including committed credit lines as well as the bond. After completion of the insolvency proceedings, the Group will aim to tap new refinancing sources. As outlined in the Group management report, the desired business volume is determined by the financial resources in conjunction with the turnover frequency of the available capital. Capital management activities for DF Group are centralized at the parent company in Cologne. With the help of computer systems, utilization of the lines of credit is monitored and controlled on a daily basis.

As of 31 December 2015, DF Group's equity amounted to EUR -32.1 million (previous year: EUR -5.3 million) while debt capital in the form of liabilities to banks amounts to EUR 38.2 million (previous year: EUR 43.3 million). DF Group issued a 7-year EUR 30 million bond in May 2013 (note 24 contains information about the amendment of the terms and conditions of the bond in 2015). No external minimum capital requirements are existing.

(38) Notes to the cash flow statement

The cash flow statement shows how cash and cash equivalents of DF Group changed in the course of the reporting year as a result of cash inflows and outflows. In accordance with IAS 7 "Cash Flow Statements", cash flows are classified into operating, investing and financing activities. A reconciliation of cash and cash equivalents in the balance sheet complements the cash flow statement.

The funds reported in the cash flow statement encompass all the cash and cash equivalents shown in the balance sheet, i.e. cash on hand and deposits with banks accessible within three months. Disposal is restricted insofar as an amount of kEUR 1,491 (previous year: kEUR 1,158).

Cash flows from investing and financing activities are determined on a cash basis. By contrast, cash flows from operating activities are indirectly derived from the consolidated result. Under indirect calculation, the relevant changes in balance sheet items connected with operating activities are adjusted by effects from currency translation.

(39) Adjusting events after the end of the financial year

Opening of standard insolvency proceedings

On 1 January 2016, the Cologne local court resolved to open the insolvency proceedings for DF AG as planned and ordered that the debtor-in-possession status be retained. On 29 September 2015, DF AG had applied for the opening of a "Schutzschirmverfahren in Eigenverwaltung" (a three-month phase of creditor protection with debtor-in-possession status) according to Section 270b InsO, which was approved by the court because of the prospect of the company being restructured successfully.

Resignation of the Vice Supervisory Board Chairman

On 15 January 2016, Christoph Freiherr von Hammerstein-Loxten, Vice Chairman of the Supervisory Board of DF AG, resigned from office for reasons of age with immediate effect.

Confirmation of the insolvency plan on 29 April 2016

In the context of the insolvency proceedings, DF AG submitted an insolvency plan to the Cologne local court (insolvency court) on 29 February 2016. The aim of the insolvency plan is to deleverage the company and continue as a going concern. Key points of the insolvency plan provide for the company to maintain its stock exchange listing and continue as a going concern and for its capital structure to be reorganized through a partial debt waiver of the creditors, a capital reduction and a subsequent cash and non-cash capital increase. These measures are designed to provide DF AG and DF Group with an adequate equity base allowing it to carry out its operating activities. The Group aims to conduct its future operating activity with a risk structure and a risk profile similar to those prior to the SDN listing. To achieve this goal, the insolvency plan provides for a 10:1 capital reduction. This reflects, among other things, the new strategic investor's interest in a majority share in DF AG. The equity capital of DF AG is to be increased by a subsequent cash capital increase in the net amount of up to EUR 7.5 million, which will be fully subscribed by the strategic investor. In addition, a non-cash capital increase of up to EUR 4.022 million is planned. In the context of the non-cash capital increase, the subscribers of the failed 2015 cash capital increase were able to transfer their respective restitution claims to the company in the form of non-cash contributions.

As of the end of subscription period on 28 April 2016, DF AG had received signed non-cash capital increase agreements totaling EUR 2.8 million. The issue price of the new shares with a par value of EUR 1.00 to be issued in the context of the non-cash capital increase and the cash capital increase will amount to EUR 1.00. The subscription right of the old shareholders is excluded for both capital measures. The capital reduction as well as the cash and non-cash capital increase will be executed and registered in the Commercial Register once the insolvency plan becomes final. For further information and the related uncertainties that still exist, please refer to the information provided in the risk report under "Refinancing risk" and "Going concern risks". Besides the capital measures designed to increase the equity capital, a debt cut will be made on the debt capital side. Under the insolvency plan, the existing creditors of DF AG will waive 63.7% of their claims. The liabilities that remain after the partial waiver by the existing creditors will be settled exclusively to the extent that, and at the times at which, DF Group's assets existing at the time of the official adoption of the insolvency plan can be liquidated. Under the regulations of the insolvency plan, all opportunities and risks resulting from the liquidation of the assets including any overdue receivables that exist at the time of the approval pass to the creditors of DF AG.

The final insolvency plan was confirmed by the Cologne local court on 29 April 2016 and became final with the end of the period for appeal by resolution of the insolvency court on 20 Mai 2016.

Cologne, 28 May 2016
The Board of Management

Auditors' opinion

We have audited the consolidated financial statements prepared by DF Deutsche Forfait Aktiengesellschaft, Cologne – comprising a consolidated balance sheet, a consolidated income statement, a consolidated statement of recognized results, a consolidated cash flow statement, a consolidated statement of equity changes, and notes to the consolidated financial statements – and the Group management report of DF Deutsche Forfait Aktiengesellschaft, Cologne for the financial year from 1 January 2015 to 31 December 2015. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS, as adopted by the EU, and with the additional requirements of the German commercial law pursuant to Section 315a paragraph 1 are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (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 net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework 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 the consolidated entities, the determination of entities to be consolidated, 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 the 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 of DF Deutsche Forfait Aktiengesellschaft, Cologne for the financial year from 1 January 2015 to 31 December 2015 comply with IFRS, as adopted by the EU, and the additional requirements of the German commercial law pursuant to Section 315a paragraph 1 of the German Commercial Code (HGB) and give a true and fair view of the net assets, financial position and results of operations 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 adequately presents the opportunities and risks of future development.

Without qualifying this opinion, we refer to the Group management report. Under "Opportunity and risk management report, Going concern risks" (page 34 et seq.), the report states that both DF AG, as the parent company, and DF Group are currently overindebted and that, based on the insolvency plan confirmed by the local court on 29 April 2016 and the measures proposed therein, the Board of Management of DF AG believes that the company can be assumed to continue as a going concern. The report also states that this view is based on the Board of Management's assumption that all measures provided for in the insolvency plan will be implemented successfully. In this context, it is pointed out that for DF Group to continue its corporate activity, it is particularly important that the cash capital increase by the strategic investor, which is subject to a decision by the competent authority regarding the takeover of the company, is executed and all equity measures provided for in the insolvency plan are registered in the Commercial Register.

According to the information provided under "Opportunity and risk management report, Going concern risks" (page 34 et seq.), a going concern risk for DF Group also arises if DF Group is unable, within the next two years, to achieve a business volume that is sufficient to cover the company's operating expenses. To achieve this, DF Group must write sufficient new business, find the corresponding buyers for these transactions on the buyer side and execute the transactions at a margin that is risk-adequate at the bottom line (on average). These objectives may be missed if DF Group is no longer accepted in the market because of its reduced market presence in the past two years and the insolvency proceedings and/or does not have the refinancing resources that are required to execute the new business it has written. In the extreme case, this may even lead to individual or all companies of DF Group becoming unable to meet their payment obligations.

Munich, 28 May 2016

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Stephan Mauermeier
Wirtschaftsprüfer
[German Public Auditor]

Andreas Schuster
Wirtschaftsprüfer
[German Public Auditor]

Responsibility Statement by the Management Board

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and the profit or loss of the Group. The Group management report includes a fair review of the business development and the position of the Group together with the principal opportunities and risks associated with the expected development of the Group in the remaining months of the fiscal year.

Cologne, 28 May 2016
The Board of Management

Supervisory Board Statement

Dear Shareholders,

DF Group posted a consolidated net loss of EUR 27.0 million for the 2015 financial year. This was primarily due to the fact that the company's financial restructuring exercise could not be implemented as planned. As the company was overindebted, the Cologne local court then decided, on 29 September 2015, that proceedings pursuant to Section 270b InsO (Insolvency Act) be opened for the company's assets in accordance with a corresponding application filed by the company itself. The failure of the financial restructuring also meant that only low financial resources were available to finance the operational business. As a result, the business volume remained far below the level originally planned for the past financial year. At the same time, the company suffered from the very high legal and consulting expenses incurred in conjunction with the financial restructuring. Finally, the high negative valuation result also contributed to the unusually high consolidated net loss.

Supervisory Board Activity Report

In the past financial year, the Supervisory Board continuously monitored the company's performance and the measures taken to restructure the company and fulfilled all the tasks imposed on it by law and by the Memorandum of Association. The Supervisory Board was informed extensively, especially during the phase in which the Board of Management had to decide on the insolvency filing.

The Supervisory Board regularly supervised the activities of the Board of Management and provided advice. In accordance with their supervisory function, the Supervisory Board, and in particular the Chairman and the Deputy Chairman of the Supervisory Board liaised regularly with the Board of Management. The latter kept the Supervisory Board informed of the status quo and the progress of the restructuring measures and the negotiations with the individual creditor groups. In the same way, the Supervisory Board was apprised of all relevant business events and strategic decisions through both written and oral reports.

Changes to the Board of Management and the Supervisory Board

There were several changes in the composition of both the Supervisory Board and the Board of Management. Mark West was appointed to the Board of Management of DF AG with effect from 1 July 2015 and initially shared responsibility for Market/Sales with Marina Attawar until she resigned; since 1 January 2016, he has had sole responsibility for this department. Marina Attawar resigned from the company's Board of Management with effect from 31 December 2015.

At the company's ordinary Annual General Meeting on 22 January 2015, Dr. Jürgen Honert and Dr. Tonio Barlage were elected to the Supervisory Board of the company. Christoph Freiherr von Hammerstein-Loxten resigned from his position as Vice Chairman of the Supervisory Board on 15 January 2016 with immediate effect, which means that the Supervisory Board is currently composed of four members. At the Supervisory Board meeting on 28 January 2015, Dr. Tonio Barlage was elected as new Vice Chairman of the Supervisory Board. The Supervisory Board aims to fill the vacant Supervisory Board positions as quickly as possible.

The Supervisory Board held five meetings and eleven telephone consultations in the 2015 financial year. One meeting was not attended by two members and another meeting was not attended by one member of the Supervisory Board.

Two members were absent in one telephone conference and one member each was absent in another four telephone conferences. No conflicts of interest involving members of the Supervisory Board were made known to the Supervisory Board during the reporting period.

Focus of Supervisory Board Meetings

In the 2015 financial year, the Supervisory Board primarily dealt with the financial restructuring of the company. Various other topics were discussed at the individual meetings.

On 22 January 2015, the Supervisory Board convened for an update on the negotiations with the company's lending banks and on the votes at the first bondholders' meeting on the restructuring of the 2013/2020 bond. The quotations received for the production of a securities prospectus for the cash capital increase planned as part of the financial restructuring exercise were presented to the Supervisory Board and discussed; a budget for commissioning a law firm to produce this securities prospectus was approved.

At a telephone conference on 11 March 2015, the Supervisory Board was informed of the company's plan to sell Deutsche Kapital Limited ("DKL"), Dubai. Based on the Board of Management's considerations regarding the sale of DKL, the advantages and disadvantages of this measure and its implications for the future strategy of DF Group were discussed.

Key items on the agenda for the Supervisory Board meeting on 30 April 2015, which was also attended by the company's auditor, were the endorsement of the separate and the consolidated financial statements for 2014 and the agenda for the ordinary Annual General Meeting. The Supervisory Board endorsed both the separate financial statements of DF AG for 2014 and the 2014 consolidated financial statements. The 2014 separate financial statements of DF AG were thus approved. The Supervisory Board was also updated on the current state of the restructuring measures and the updated IDW S6 report prepared by Andersch AG. In addition, the Supervisory Board was informed of the change from bearer to registered shares, which had become effective in shareholders' securities accounts and on the stock exchange as of 24 April 2015.

At a telephone conference held on 18 May 2015, which was also attended by representatives of the lead-managing bank, the Supervisory Board discussed the subscription price of the new shares to be issued in exchange for all notes handed in and decided to execute the non-cash capital increase as proposed.

On 5 June 2015, a telephone conference was held to inform the Supervisory Board of the material contents of the finalized stock purchase agreement for the sale of DKL to G&G Holdings Limited, Cayman Islands ("G&G"). Some of the provisions of the agreement were explained by the Board of Management at the request of individual Supervisory Board members.

At the Supervisory Board meeting on 10 June 2015, the current state of the collection of the restructuring portfolio and the corresponding legal disputes, the liquidity situation of DF AG and DF Group, the state of the restructuring measures and the latest business developments were presented and discussed in detail. In addition, the Chairman of the Supervisory Board was mandated to negotiate the management contract with Mark West.

At a telephone conference on 12 June 2015, which was also attended by representatives of the lead-managing bank, the Supervisory Board discussed the issue price of the new shares of the cash capital increase as well as the (imputed) value of the subscription right. After the discussion, the Supervisory Board decided to execute the cash capital increase as proposed.

In view of the election of the new Supervisory Board, the telephone conference on 17 June 2015 focused on the election of the Chairman and the Vice Chairman of the Supervisory Board as well as on the appointment of Mark West to the company's Board of Management. The Supervisory Board was also informed that the end of the subscription period of the cash capital increase had to be postponed by one day due to the belated approval of the securities prospectus. The Supervisory Board decided to approve the postponement of the subscription period by one day.

The main issues discussed at the telephone conference on 20 July 2015 were the lower-than-expected subscription of the shares in the cash capital increase as well as potential measures to close the resulting equity capital gap.

On the occasion of the termination of the cooperation agreement with the team of the London sales office, a telephone conference was held on 9 September 2105 to discuss the background of the termination of the agreement as well as the next steps to staff this office with a new team. In addition, the Supervisory Board was updated on the restructuring measures.

At the telephone conference on 15 September 2015, the Supervisory Board was informed of the latest developments regarding the company's financial restructuring, especially of the state of the measures taken to close the equity capital gap.

On 17 September 2015, the Supervisory Board not only discussed the current state of the legal disputes relating to the restructuring portfolio, the liquidity plan, the trading portfolio as of 30 June 2015 and the current state of the financial restructuring exercise but also addressed DF Group's interim financial statements to IFRS. With regard to the current state of the financial restructuring, the Board of Management informed the Supervisory Board that an application for the opening of a "Schutzschirmverfahren" (a three-month phase of creditor protection) was being prepared in case the pending capital measures could not be registered in the Commercial Register by 30 September 2015.

Two telephone conferences on the current state of the financial restructuring were held by the Supervisory Board on 28 September 2015. At the morning conference, the Supervisory Board was informed that material doubts existed with regard to the timely execution of the complementary capital measures (cash capital increase II and issue of a convertible bond, collectively referred to as "complementary capital measures") that had become necessary due to the failed cash capital increase I. On the one hand, the company failed to identify sufficient investors for the complementary capital measures in spite of its best efforts. On the other hand, the preparation of the expert opinions and reports (auditors' report on non-cash contribution, expert opinion on non-cash contribution and updating of IDW S6 report as of 29 April 2015) required for the registration of the non-cash capital increase led to open questions regarding the value of the non-cash contribution and to uncertainties in view of the reduced liquidity that would be available for the operational business after the execution of the complementary capital measures and in view of the possibilities and the likelihood of raising additional debt capital. At the afternoon telephone conference, the Supervisory Board was informed that no binding commitments for the subscription or takeover of the complementary measures had been received from investors by that time.

Due to the fact that no investor had made a binding commitment to underwrite the complementary capital measures by 29 September 2015, the Board of Management informed the Supervisory Board, during a telephone conference on 29 September 2015, that the company would file an application pursuant to Section 270b InsO ("Schutzschirmverfahren in Eigenverwaltung" (creditor protection with debtor-in-possession status)) with the Cologne local court. The Supervisory Board took note of this information.

With the approval of the provisional insolvency monitor and the provisional creditors' committee, the company commissioned an independent auditing firm to value the restructuring portfolio. The aim was to provide all parties involved in the "Schutzschirmverfahren" with a neutral valuation of the restructuring portfolio in case DF AG would continue as a going concern or be liquidated. The preliminary result of this valuation was presented and discussed at the Supervisory Board meeting on 17 November 2015. In conjunction with the discussion of the current status and the next steps of the financial restructuring in the context of the "Schutzschirmverfahren", the Supervisory Board was informed of a planned equity participation worth up to EUR 10 million in DF AG by a strategic investor. The Board of Management also presented the medium-term budgets for the financial years 2016 to 2018, the liquidity plans of DF AG and DF Group as well as the current state of the restructuring and trading portfolio, which were then discussed.

Supervisory Board Committees

At the meeting held after the ordinary Annual General Meeting on 22 January 2015, the Supervisory Board appointed a new working committee. Before Christoph Freiherr von Hammerstein-Loxten resigned from the Supervisory Board on 15 January 2016, the working committee had been composed of Christoph Freiherr von Hammerstein-Loxten (Chairman) and Dr. Tonio Barlage. The working committee primarily addresses risk principles and the risk management of DF Group as well as the receivables portfolio of the company and its subsidiary, DF Deutsche Forfait s.r.o., Prague. It reviews and discusses the limit applications for the Supervisory Board as a whole and makes a recommendation to the latter. It also approves individual transactions where no sufficient country and/or counterparty limits exist or the Board of Management does not have the authority required for the respective transaction. At all its meetings, the working committee additionally addressed the delinquencies as well as the legal disputes involving the company on the basis of the submissions and statements made by the Board of Management. The working committee held two meetings in the 2015 financial year. The meetings on 23 April 2015 and 16 September 2015 were attended by all members of the committee. No other committees exist besides the working committee.

Corporate Governance

The Supervisory Board remained committed to good corporate governance throughout the 2015 financial year. For information on corporate governance, please refer to the Corporate Governance Report, which forms part of the Annual Report. On 4 April 2016, the Board of Management and the Supervisory Board issued the annual declaration of conformity in accordance with Section 161 of the German Stock Corporation Act (AktG), which has been made permanently available to all shareholders on the company website. The complete declaration of conformity is also included in the Corporate Governance Report.

2015 Annual Financial Statements

Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich, was elected auditor for the financial year from 1 January 2015 to 31 December 2015 at the Annual General Meeting on 22 January 2015. The 2015 separate financial statements and management report as well as the 2015 consolidated financial statements and the group management report of DF AG were audited by Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich. On the date of the balance sheet meeting, 26 April 2016, the issue of the audit certificate was conditional on the confirmation by the court of the insolvency plan, which was lodged with the Cologne local court (insolvency court) on 29 February 2016 and amended on 8 April 2016, on 29 April 2016, after the discussion and voting meeting as well as on the absence of official objections raised by parties involved in the plan.

The separate financial statements, the management report, the consolidated financial statements and the Group management report were available to all members of the Supervisory Board for detailed examination prior to the Supervisory Board meeting on 16 April 2016. At the Supervisory Board meeting on 26 April 2015, the auditor explained all relevant items of the documents. All accounting-related questions and issues were discussed in depth. Finally, the auditors confirmed their independence. The auditor also explained that the issue of the audit certificates for the 2015 separate financial statements including management report and the 2015 consolidated financial statements including Group management report was conditional on the confirmation by the court of the insolvency plan, which was filed with the Cologne local court (insolvency court) on 29 February 2016 and amended on 8 April 2016, after the discussion and voting meeting as well as on the absence of official objections raised by parties involved in the plan. The finalized insolvency plan became final with the end of the period for appeal by resolution of the insolvency court on 20 Mai 2016. Following its own in-depth examination and discussion, the Supervisory Board thus concurred with the result of the audit and approved the separate financial statements as well as the consolidated financial statements of DF Group at a telephone conference held on 28 May 2016. The annual financial statements of DF Deutsche Forfait AG were thus finalized. No objections were raised. The Supervisory Board approved the management reports and the assessment of the company's future development.

The Supervisory Board thanks the Board of Management and the employees for their great commitment in the 2015 financial year.

Munich, May 2016
On behalf of the Supervisory Board
Hans-Detlef Bösel
Chairman of the Supervisory Board

Corporate Governance Report

In this statement, the Board of Management and the Supervisory Board report on corporate governance at DF Deutsche Forfait AG (also referred to as "DF AG" or "the company") in accordance with Section 3.10 of the German Corporate Governance Code and Section 289a (1) of the German Commercial Code (HGB).

Corporate governance stands for responsible corporate management aimed at the long-term creation of value. Essential characteristics of good corporate governance include transparent corporate communications, protection of shareholder interests and purposeful cooperation between the Board of Management and the Supervisory Board. The purpose of the German Corporate Governance Code as adopted by the "Government Commission on the German Corporate Governance Code" is to make the rules for corporate management and supervision in Germany transparent to national and international investors in order to boost confidence in the management of German companies.

The German Corporate Governance Code is of great importance for DF AG. The code represents a recognized management standard for good corporate governance of listed German companies.

Declaration of conformity pursuant to Section 161 AktG on compliance with the German Corporate Governance Code

The Board of Management and the Supervisory Board of DF AG issued the following declaration of conformity on 4. April 2016:

In accordance with Section 161 of the German Stock Corporation Act (AktG), the Board of Management and the Supervisory Board of a listed German stock corporation must declare once a year if the company has complied with the German Corporate Governance Code ("Code" or "DCGK") and which recommendations of the Code have not been applied and why. This declaration must be made permanently available to the shareholders.

The Board of Management and the Supervisory Board of DF AG herewith confirm that the recommendations made by the "Government Commission on the German Corporate Governance Code", as amended on 5 May 2015 based on resolutions adopted at the plenary meeting of 5 May 2015, published in the Federal Gazette on 12 June 2015, have been and will be met with the following exceptions:

1. The D&O insurance policy for members of the Supervisory Board does not include a deductible (Section 3.8 (3) DCGK).

The D&O insurance does not include a deductible for Supervisory Board members. DF Deutsche Forfait AG does not believe that a deductible would increase the motivation and sense of responsibility of the Supervisory Board members.

2. DF AG does not have a chairperson or speaker for the Board of Management (Section 4.2.1 DCGK).

DF Deutsche Forfait AG does not believe that a chairperson or speaker for the Board of Management is required, since the cooperative arrangement for the division of responsibilities within the Board of Management has been working extremely well. Moreover, DF Deutsche Forfait AG is of the opinion that the appointment of a chairperson does not make sense for a Board of Management currently composed of only two members. However, DF AG will evaluate the situation regularly in order to determine if the appointment of a speaker or chairperson is advisable.

3. The old contracts of the members of the Board of Management did not provide for a cap on the overall compensation (Section 4.2.3 (2) DCGK).

DF Deutsche Forfait AG is generally of the opinion that such a cap is not necessary for the existing compensation system. Where the variable compensation components are capped, this also applies to the achievable total compensation. The current management contracts with Mr Frank Hock (which came into force on 1 March 2016) and Mr West (which came into force on 1 July 2015) nevertheless provide for such a cap on the overall compensation.

4. In the event of premature termination of the Board activity, the payments to a member of the Board of Management including fringe benefits could exceed the equivalent of two annual compensations (Section 4.2.3 (4) sentence 1 DCGK).

Under the employment contracts between DF Deutsche Forfait AG and Marina Attawar and – until 29 February 2016 Fran Hock – the member of the Board of Management received the agreed fixed compensation until the end of the agreed contractual period if the contract was terminated by the company. DF Deutsche Forfait AG had concluded the employment contracts with Marina Attawar, who resigned from the Board of Management on her request with effect from 31 December 2015, and the employment contract with Frank Hock, as applicable until 29 February 2016, for a period of three years; these contracts provided for a termination period of six months with effect from the end of a quarter. Accordingly, the severance pay cap of two years' compensation recommended in the Code would only theoretically have been exceeded in the event of an early termination of the contract and, even in this case, only within limits which DF Deutsche Forfait AG considers to be acceptable. In fact, the cap was exceeded in no case. The currently applicable management contracts with Frank Hock and Mark West provide for corresponding caps.

5. There is no age limit for members of the Supervisory Board (Section 5.4.1 (2) sentence 1 DCGK).

DF Deutsche Forfait AG does not impose an age limit on members of the Supervisory Board since it selects representatives based on the knowledge, skills and professional experience required for the respective duties. The company does not wish to restrict itself by establishing an age limit.

6. The Supervisory Board of DF Deutsche Forfait AG does not have an audit committee (Section 5.3.2 sentence 1 DCGK).

DF Deutsche Forfait AG does currently not comply with the recommendation of Section 5.3.2 DCGK to establish an audit committee. These responsibilities are assumed by the Supervisory Board as a whole. Establishing an audit committee does not seem to be advisable at present, as the Supervisory Board of DF Deutsche Forfait AG currently consists of only six members, in accordance with the company's Memorandum of Association, and a committee would therefore not increase its efficiency.

7. The Supervisory Board of DF Deutsche Forfait AG does not have a nomination committee (Section 5.3.3 DCGK).

DF Deutsche Forfait AG has not established a nomination committee so far. These responsibilities are currently being assumed by the Supervisory Board as a whole. DF Deutsche Forfait AG shares the opinion of legal literature that the formation of a nomination committee is unnecessary if there are no employee representatives on the Supervisory Board. The company is therefore not going to establish such a committee.

8. DF Deutsche Forfait AG has not specified any concrete objectives for the composition of the Board of Management, the Supervisory Board and the extended management (Sections 4.1.5, 5.1.2 (1) and 5.4.1 (2) and (3) DCGK).

Where the composition of the Board of Management, the Supervisory Board and the extended management of the company is concerned, DF Deutsche Forfait AG primarily attaches importance to the experience, skills and knowledge of each individual (Sections 4.1.5, 5.1.2 (1) and 5.4.1 (2) DCGK). By contrast, the Supervisory Board and, with regard to Section 4.1.5 DCGK, the Board of Management consider diversity criteria to be of subordinate importance, even though such criteria are explicitly welcomed. In view of the fact that the Supervisory Board of DF Deutsche Forfait AG is composed of only six members in accordance with the Memorandum of Association, the Supervisory Board has not specified any concrete objectives for its composition (Section 5.4.1 (2) DCGK). Accordingly, such objectives are not published in the Corporate Governance Report (Section 5.4.1 (3) DCGK). The Supervisory Board will, however, agree on suitable candidates for the Supervisory Board in time for the next Supervisory Board elections.

9. DF Deutsche Forfait AG does not publish the annual report within 90 days after the end of the financial year and the interim reports within 45 days after the end of the reporting period (Section 7.1.2 sentence 4 DCGK).

In the past, DF Deutsche Forfait AG did not publish the annual report within 90 days after the end of the reporting period and the interim reports within 45 days after the end of the reporting period. Instead, DF Deutsche Forfait AG reported within the deadlines prescribed in the stock exchange regulations for the Prime Standard of the Frankfurt Stock Exchange and in accordance with the Securities Trading Act (WpHG), as the Board of Management and the Supervisory Board deem the deadlines stipulated by the stock exchange regulations to be appropriate. This means that DF Deutsche Forfait AG will publish its annual report within four months and interim reports within two months after the end of the respective reporting period. DF Deutsche Forfait AG intends to maintain this practice in future.

Dual management and supervisory structure

As a German joint stock company, DF Deutsche Forfait AG has a dual management and supervisory structure consisting of the Board of Management and the Supervisory Board.

Board of Management

The members of the Board of Management are appointed by the Supervisory Board. They are responsible for independently managing the company with the aim of creating sustainable value to its benefit, thus taking into account the interests of its shareholders and employees. The members of the Board of Management conduct the company's business with the due care of a prudent businessman in accordance with the laws, the company's Memorandum of Association and the rules of procedure issued by the Supervisory Board for the Board of Management. The cooperation between the members of the Board of Management is governed by the rules of procedure, while the responsibilities of the Board of Management members are defined in the schedule of responsibilities and in a separate competence arrangement. The rules of procedure contain a list of transactions for which the Board of Management requires the approval of the Supervisory Board. The Board of Management cooperates in a trusting manner with the other bodies of the company in the interest of the latter.

Supervisory Board

The Supervisory Board advises the company's Board of Management and supervises its management activities. According to the Memorandum of Association, it is composed of six members, all of whom are elected by the Annual General Meeting. As recommended by the DCGK, the members of the Supervisory Board are elected individually.

The Supervisory Board can form committees from among its members and assign them decision-making power to the extent permitted by law. The Supervisory Board of DF AG appoints a working committee from among its members after every new election of the Supervisory Board. The working committee primarily addresses the risk principles and risk management at DF AG. In the context of risk management, it mainly reviews the limit applications and issues recommendations. It also approves individual transactions where no sufficient limits exist or the Board of Management does not have the required authority.

The Supervisory Board has not established an audit committee or a nomination committee. These responsibilities are currently being assumed by the Supervisory Board as a whole.

The Supervisory Board has decided to assign the function of independent financial expert on the Supervisory Board to Dr. Barlage. As a result of his activity Dr. Barlage has comprehensive accounting expertise.

The report of the Supervisory Board on its activities during the 2015 financial year is found on pages 90 to 94.

Close cooperation between the Board of Management and the Supervisory Board

The Board of Management and the Supervisory Board of DF AG cooperate closely and in a trusting manner to the benefit of the company. To exercise its supervisory function, the Supervisory Board, and in particular the Chairman and the Deputy Chairman of the Supervisory Board, liaise regularly with the Board of Management.

The Board of Management determines the strategic direction of the company, obtains approval from the Supervisory Board and implements strategic decisions. Transactions and corporate measures of special significance require approval from the Supervisory Board. Thanks to a regular, timely and comprehensive dialogue with the Board of Management, the Supervisory Board is at all times informed about the strategy, plans, business developments as well as the risk management and the material risk positions of the company.

Regulation for the promotion of equal participation of women in management positions on the Board of Management and the Supervisory Board

The “Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst” (Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions) came into force on 1 May 2015, obliging companies to define a target for the share of women on the Supervisory Board, the Board of Management and the two management levels below the Board of Management.

The company’s Board of Management is currently composed of Frank Hock and Mark West. The current share of women on the Board of Management is 0%. The Supervisory Board has defined a target of 0% for the share of women on the Board of Management until 31 December 2016. When it comes to the composition of the Board of Management, the company primarily attaches importance to the experience, skills and knowledge of each individual member.

The Supervisory Board is currently composed of Hans-Detlef Bösel, Dr. Ludolf von Wartenberg, Dr. Tonio Barlage and Dr. Jürgen Honert. The current share of women on the Supervisory Board is 0%. The Supervisory Board has defined a target of 0% for the share of women on the Supervisory Board until 31 December 2016. When it comes to the composition of the Supervisory Board, the company primarily attaches importance to the experience, skills and knowledge of each individual member.

DF Deutsche Forfait AG has only one management level below the Board of Management. This management level is currently composed of the Heads of the following departments: Contract Management, Accounting, Controlling/Treasury and Sales. Since 1 March 2016, these positions have been held by three men and one woman. The share of women on the first management level thus amounts to 25%. The Board of Management aims to maintain the share of women on the first management level below the Board of Management at 25% until 31 December 2016.

Transparent communication

DF Deutsche Forfait AG communicates in an open and transparent manner with its shareholders, bondholders and other investors. All dates of special interest to shareholders and bondholders are found on the company website, including publication dates for annual and interim reports. Additional information relates, for instance, to reportable securities transactions according to Section 15a of the Securities Trading Act (WpHG) as well as ad hoc reports and press releases.

Efficiency audit

The regular audit regarding the efficiency of the Supervisory Board represents an important pillar of good corporate governance. The German Corporate Governance Code stipulates in Section 5.6 that the Supervisory Board shall "regularly check the efficiency of its actions". To do this, a questionnaire tailored to the special characteristics of DF Deutsche Forfait AG has been developed and is regularly sent to the members of the Supervisory Board, which discusses the results at a meeting. The questionnaire primarily encompasses organizational processes in the Supervisory Board, the timely and sufficient supply of information to the Supervisory Board as well as personnel-related questions.

Risk management, accounting and auditing, compliance

On the one hand, the risk management system established by the company serves to diversify risks and to limit them in accordance with the company's risk-bearing capacity, primarily in order to avoid jeopardizing the company's continued existence. On the other hand, risks shall be identified at an early stage in order to avoid them or to at least initiate counter-measures. The risk management system is reviewed and refined regularly and adjusted to changing conditions on an ongoing basis. Details are found in the management report starting on page 6.

The consolidated financial statements of DF Group are prepared in accordance with International Financial Reporting Standards (IFRS), such as they have been endorsed by the European Union, as well as with Section 315a of the German Commercial Code (HGB). The separate financial statements of DF AG are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act.

Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich, was elected auditor by the Annual General Meeting on 22 January 2015, appointed by the Supervisory Board, and audited the 2015 consolidated financial statements in this capacity. Prior to the appointment, the Supervisory Board ensured that the relationships between the auditor and the company or its institutions do not give reason to doubt the independence of the auditor.

DF Group continued to revise and adjust its Group-wide compliance system in cooperation and consultation with external advisors; these measures include, in particular, (i) aspects of money laundering prevention, (ii) the maintenance of the IT system, which now automatically checks, on every working day, whether a client – both new and existing client – features on the EU and US sanctions lists. Regular updates of the database ensure that the (new) listing of a party involved in the underlying transaction on a sanctions list will be detected also during the holding period of a receivable. This will enable DF Group to immediately take the necessary steps. For those service providers with whom companies of the DF Group work regularly, the Compliance Officer keeps a "White List", which is updated regularly. Signing contracts and working with parties on the White List is possible without individual checks being required.

The audits required under the Anti-Money Laundering Act including the "Know-Your-Customer" audits are other integral elements of DF Group's compliance system. DF AG and its subsidiaries conduct their business operations in accordance with applicable anti-money-laundering provisions.

Compensation of the Board of Management and the Supervisory Board

Board of Management compensation system

The compensation report starting on page 16 provides a detailed presentation of the fundamental structure of the compensation of the Board of Management and the Supervisory Board and discloses the compensation received by the individual members of the Board of Management in accordance with statutory requirements. The compensation report is part of the audited consolidated financial statements.

Shareholdings and reportable transactions of the Board of Management and the Supervisory Board

Shareholdings of members of the Board of Management as at 31 December 2015

- Marina Attawar did not personally hold shares or stock options of DF Deutsche Forfait AG. However, she is the sole shareholder of Xylia 2000 Vermögensverwaltungs GmbH which held 6.5% of the shares of DF Deutsche Forfait AG.
- Frank Hock held 2% of the shares of DF Deutsche Forfait AG, partly privately and partly via an investment management company in which he is the sole shareholder.
- Mark West held 23.3% of the shares of DF AG.

The Board of Management directly or indirectly held 31.8% of the shares of DF AG as at 31 December 2015.

Shareholdings of members of the Supervisory Board

- Hans-Detlef Bösel holds 0.1% of the shares of DF Forfait AG via an investment management company.
- Christoph Freiherr von Hammerstein-Loxten holds 1.0% of the shares of DF AG via an investment management company.
- Dr. Ludolf-Georg von Wartenberg holds 0.4% of the shares of DF AG.
- Dr. Tonio Barlage holds 2.2% of the shares of DF AG via an investment management company.

The members of the Supervisory Board directly or indirectly hold 3.7% of the shares of DF AG.

Reportable transactions

Transactions reported to DF AG according to Section 15a of the Securities Trading Act (WpHG) are accessible on the DF Deutsche Forfait AG website at www.dfag.de under "Corporate Governance" in the "Investor Relations" section.

DF Deutsche Forfait
Kattenbug 18-24
50667 Köln

Postal address:
Postfach 10 08 53
50448 Köln

Phone	+49 221 973760
Fax	+49 221 9737676
E-Mail	dfag@dfag.de
Internet	www.dfag.de

Text	DF Deutsche Forfait AG, Köln IR.on AG, Köln
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DF Deutsche Forfait AG
www.dfag.de