UNLIMITED

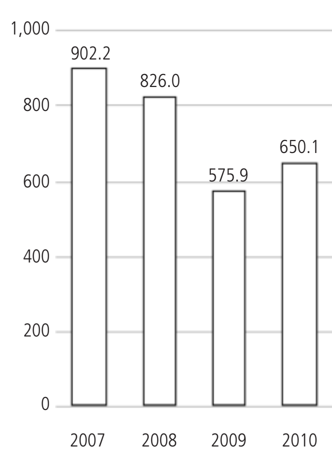
DF Deutsche Forfait AG

ANNUAL REPORT 2010

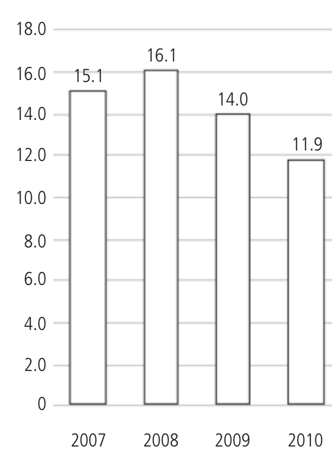
CONSOLIDATED KEY FIGURES

in EUR million (unless otherwise noted)	2007	2008	2009	2010
Forfaiting volume	902.2	826.0	575.9	650.1
Gross result including financial results	15.1	16.1	14.0	11.9
Forfaiting margin including financial results	1.7%	1.9%	2.4%	1.8%
Administrative costs	7.1	8.0	9.3	9.0
Earnings before income taxes	8.1	8.2	4.9	2.9
Consolidated profit	5.3	5.8	3.5	2.1
Average earnings per share in EUR	0.87	0.85	0.52	0.31

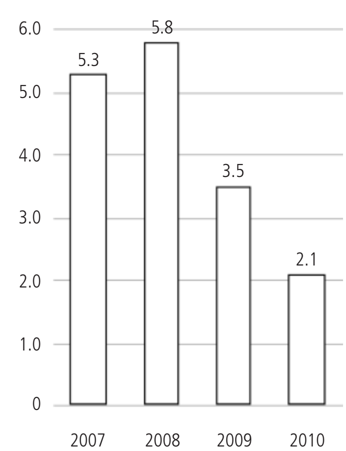
Forfaiting volume
(in EUR million)



Gross result incl. financial results
(in EUR million)



Consolidated profit
(in EUR million)



CONTENT

UNLIMITED FINANCING

Ulrich Wippermann | Marina Attawar | Jochen Franke

Dear Shareholders and Business Partners,

The German economy is running at full speed again and in 2010 recovered very well from the previous year's recession. Driven by a significant rise in German exports, our country recorded the largest economic growth since the reunification.

Compared to these record results, business at DF Deutsche Forfait AG lagged behind our 2010 forecast. Consolidated profit came to EUR 2.1 million – although this was once again a clearly positive figure, it fell considerably short of our original target.

What are the reasons for this poor business development? Firstly, companies in industry sectors that usually generate the most forfaiting business only started profiting from the upturn in the second half of 2010. These are primarily SMEs, especially in the plant construction sector, which require cross-border financing with extended payment terms for their assets. In addition, only a small amount of the forfaiting volume is generated in Germany, and consequently the German export boom did not have much impact on our figures. Finally, we did not achieve our targets in some countries despite the positive general conditions. This was due to internal problems.

We therefore started implementing improvement measures in our sales organization. We re-staffed our office in Brazil. We also established a unit for the secondary market – in other words the placement of the receivables acquired by us with institutional investors. The latter is an important step, as investors' demand for forfaiting transactions is rising and we aim to participate to the fullest extent possible in this development.

We are convinced that the measures we have implemented will show their effect in 2011 and bring DF Group back on track towards growth. Even though events such as the political changes in North Africa and natural as well as nuclear disasters caused extreme uncertainties in the markets the first months of 2011, business leaders, economists and financial analysts remain optimistic. The revival of global trade is an important driver for the global economic recovery, providing DF Group with good growth opportunities in view of its portfolio of cross-border financing and focus on developing and emerging markets – and we are determined to use them.

With best regards

Your Members of the Management Board of DF Deutsche Forfait AG

LOOK UP
TO SEE A WORLD WITHOUT LIMITS

The World in Figures

Area:	510 million square kilometers
thereof water:	361 million square kilometers
thereof land:	149 million square kilometers
Countries:	193 (including Vatican City)
Population:	6.94 billion people (February 2011)
Allocation:	Asia 60.3%, Africa 15.0%, Americas 13.5%, Europe 10,7%, Oceania 0.5%
Projection 2025:	8.1 billion people (forecast UN)
Urban population:	50% (2010)

The internal market is still the decisive factor in a healthy economy. But a functioning internal market is no longer imaginable without being driven by the engine of world trade. After a severe slump in international trade of goods in 2009 (minus 22.5%), the World Trade Organization (WTO), in line with its forecast published in December of the previous year, expects a rise of 13.5%. For 2011, the German industry association Bundesverband der Deutschen Industrie (BDI) anticipates growth in world trade to be in the region of 7%.

Without trade financing, the global flow of goods would more or less break down entirely. According to the WTO, between 80 and 90% of all transactions are dependent on financing. It's no surprise, then, that thinking globally is an integral part of the successful business model of DF Deutsche Forfait AG. We put international thinking into practice. We look upward and make trade possible where others reach their limits. Solution-oriented ways of thinking, connected initiative, highly flexible ways of proceeding and quick action are inherent characteristics of our day-to-day business.

We think outside the box and are able to act highly flexibly thanks to our lean structures. These days, businesses can no longer be successful in their dealings if they cannot make prompt decisions. This is our guiding principle. For our customers. Without losing sight of due care and diligence.

The World Trade in Figures

World trade volume 2008:	USD 16,117 billion	
World trade volume 2009:	USD 12,490 billion	
World trade breakdown 2009:	Export	Import
Europe	41.2%	41.6%
Asia	29.4%	27.4%
North America	13.2%	17.5%
Middle East	5.7%	4.0%
South- and Central America	3.8%	3.6%
Commonwealth of Independent States	3.7%	2.7%
Africa	3.2%	3.3%

SOLUTIONS, NOT LIMITS

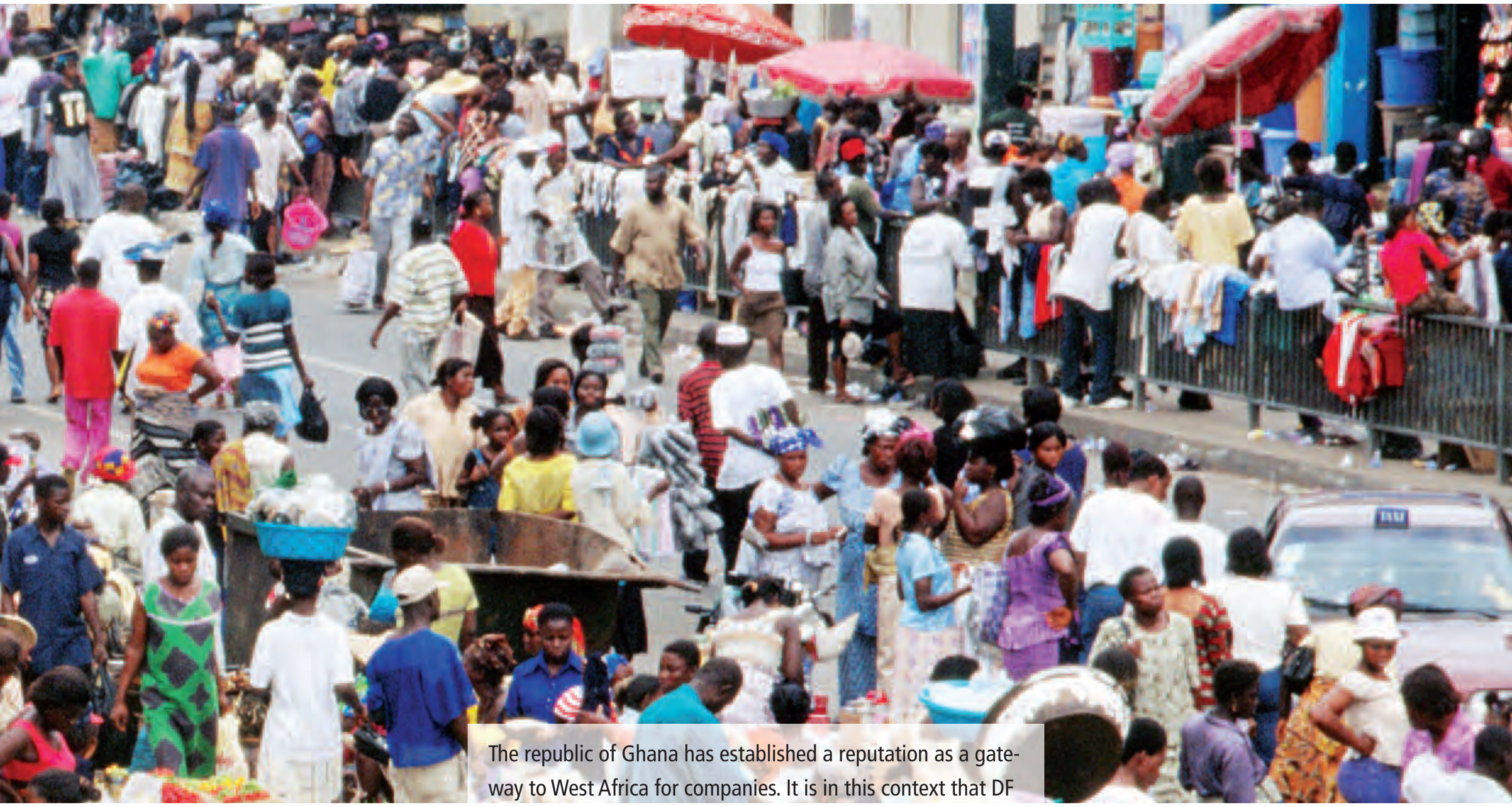
Ghana

Area:	239,460 million square kilometers
Population:	22.6 million (estimated)
Captial City:	Accra (around 1.9 Millionen inhabitants)
Offical language:	English
Government:	Presidential democracy
GDP:	EUR 23 billion
Economy:	Most important branch of industry is the export of commodities. Major resources are oil, gold, cacao, wood and aluminium. Principal custumers are the European Union an the US.

One of DF Deutsche Forfait Group's core competences in the forfaiting business is structuring export deals. Our company's financing solutions are often what makes international trade possible in the first place. As example might be a deal between a Brazilian company and the Ghanaian government, which is under threat of failing. The DF Group has been active in Ghana's capital, Accra, since October 2010, and also has offices in São Paulo, Brazil, from which the transaction is being conducted.

The Brazilian company intends to deliver a ready-for-use aircraft hangar and a set of firefighting appliances to the Ghanaian government. The value of the order amounts to USD 17 million; 80% of it is generally hedged by a guarantee given by the Brazilian government. Local banks in Brazil have approved financing for the secured part of the order with a term of ten years. The Brazilian government's guarantee was given on condition that a financing solution will be found for the remaining 20%, amounting to USD 3.5 million.

DF Group offers financing for two years, payable every six months, deposited with a letter of credit from a Ghanaian state bank. This makes the transaction possible. After an advance sale audit, DF Group places the receivable externally immediately after the transaction is concluded.



The republic of Ghana has established a reputation as a gateway to West Africa for companies. It is in this context that DF Group opened an office in its capital, Accra, last year, thus benefitting from the extremely positive development of a number of African nations and their increasing trade volumes.

Its favorable geographical position in terms of trade, as well as its legal stability, were decisive criteria considered by DF Deutsche Forfait AG when making this decision.

The World Bank classifies Ghana as one of the world's top 10 reformers.

NETWORK WITHOUT LIMITS

Argentina

Area:	2,780,400 million square kilometers
Population:	40.1 million
Captial City:	Buenos Aires (around 2.8 million inhabitants)
Offical language:	Spanish
Government:	Presidential democracy
GDP:	EUR 223 billion
Economy:	Agriculture and forestry including livestock breeding and food industry makes up 20% of the country's GDP. Trading and services contribute 60%. The automotive industry is also in a key position.

At DF Deutsche Forfait Group, the Market (trade) and Operative Credit (contract handling and controlling) business areas are kept separate, which means that risks are identified more quickly. In every case, the entire Board of Management makes the decision as to whether a transaction is carried out. Thanks to strong international connections and in-depth knowledge of markets in other countries, DF Group is also able to absorb in its portfolio, for a limited period, risks which competitors would have to abstain from due to a lack of local expertise.

An example might be a transaction which was going to Argentina. A US company is looking for support for an export transaction with an Argentinian customer. The transaction is intended to provide for the delivery of petrochemical products with a volume of USD 5.7 million to Argentina. The payment term for the transaction is 120 days. Along with the debtor's credit risk for the receivable to be acquired, also known as the counterparty risk, this case also requires the country risk to be estimated. Argentina is one of the strongest economies in Central and South America; nevertheless, it is still in a specific situation.

Thanks to the good connections maintained by DF's Miami offices and the expertise of our South American office, which is able to find an interested buyer for the receivable within a short space of time, the transaction can be taken on and concluded successfully.

The republic of Argentina, one of the world's largest countries by area, is the third strongest Latin American economy after Brazil and Mexico.

Nevertheless, Argentina's history is marked by economic and political instability, which led to state bankruptcy in 2002 and whose after-effects are still being felt today.

Due to these increased political and therefore economic risks, DF Group currently only conducts particular transactions with an attractive margin and risk structure on the Argentinian market.

FLEXIBILITY OVERCOMING LIMITS

Kazakhstan

Area:	2,724,900 million square kilometers
Population:	16.2 million (estimated)
Captial City:	Astana (around 700,000 inhabitants)
Offical languages:	Kazakh, Russian
Government:	Presidential Republic
GDP:	EUR 88 billion
Economy:	The country is rich in raw materials. The most importants are: oil, gas, charcoal, uranium, iron ore, chrome, titanium, wolfram. Agriculture is also an important sector.

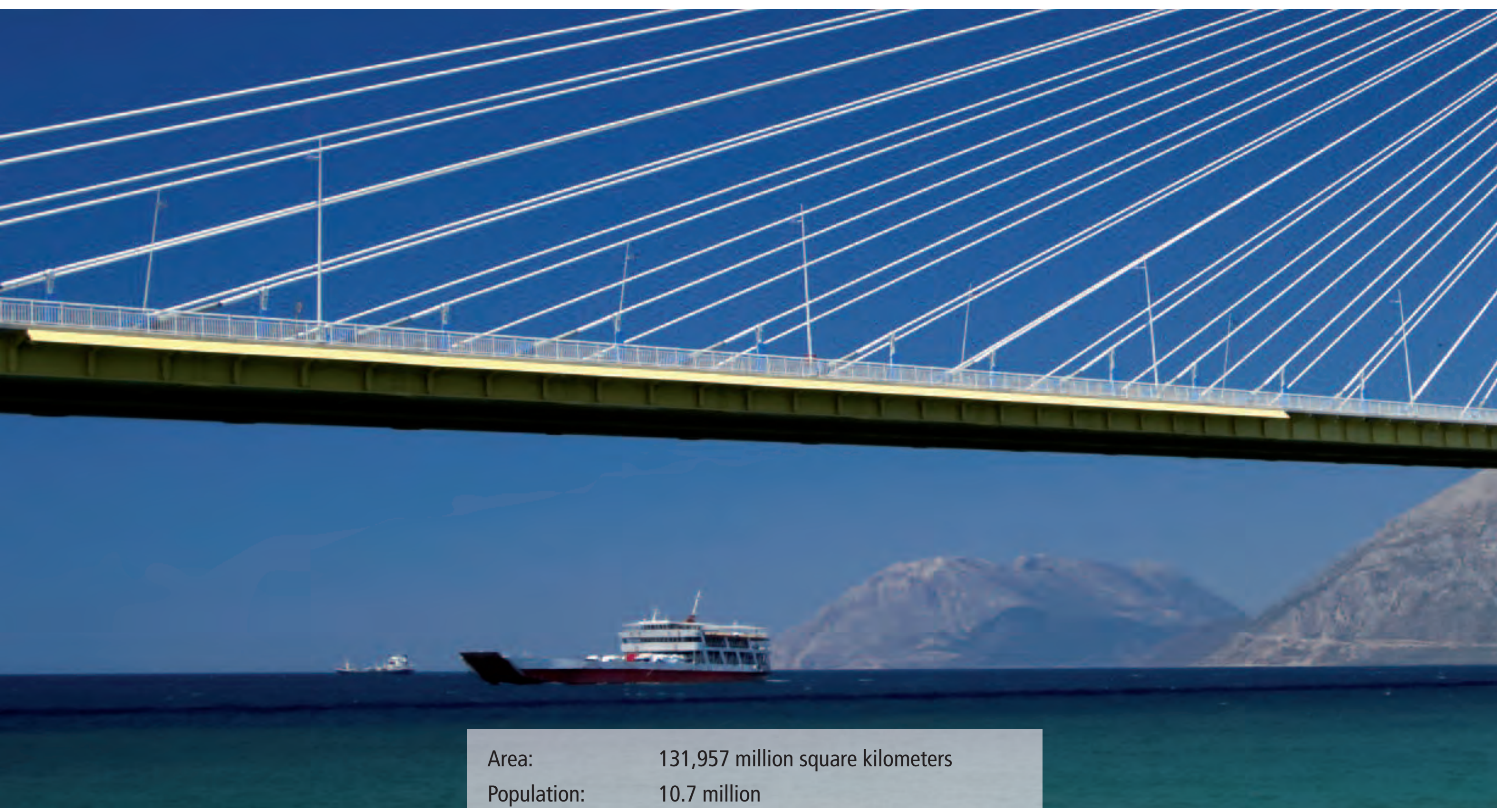
In the forfaiting business, a high degree of flexibility is particularly important when finding solutions for exports to developing countries. Such transactions are not simply matters of improving risk and so increasing marketability, for example the saleability of a receivable; certain transactions entail particularly high customer expectations with regard to flexibility. Achieving this demands long years of expertise, detailed knowledge of the field and remaining constantly up-to-the-minute on developments across the globe. Large financial institutions with complex structures all too often avoid these sorts of transactions.

In this particular case, a Chinese exporter had delivered transformers to Kazakhstan, a developing nation in Central Asia, hedged with a letter of credit from a Kazakh bank. The delivery amounted to USD 11 million. The letter of credit, with a term of twelve months, had also been confirmed by a bank in the Alpine region. The risk for the Chinese exporter was therefore very small. Despite this, the exporter's Chinese principal bank approaches the Cologne offices of DF Group and asks for the benefit of its forfaiting expertise. The bank's aim is to create liquidity for its customer and eliminate the exchange rate risk, thus securing the profit from this transaction – the exporter draws up its balance sheets on the basis of Chinese currency, while the receivable is stated in USD. DF Group, after carrying out thorough checks, takes on the project, structures the transaction individually and sells the receivable to a European bank.

Kazakhstan is the ninth-largest country in the world in terms of area (following Argentina) and the earth's largest landlocked state. It is also one of the richest in raw materials across the globe. Once a part of the USSR, Kazakhstan has been independent since the end of 1991.

Its economic situation is improving all the time; its government is increasing its support for direct investments from abroad. Kazakhstan is seen as exemplary in Central Asia; one of the principal challenges facing the country is that of making sustainable improvements to its infrastructure. DF Group takes the view that there are good opportunities for lucrative involvement in this area.

SPEED IS NO LIMITATION



Griechenland

Area:	131,957 million square kilometers
Population:	10.7 million
Captial City:	Athens (around 4.5 million inhabitants)
Offical language:	(Modern-) Greek
Government:	Parliamentary democracy
GDP:	EUR 240 billion
Economy:	The services sector is the most important economy factor in Greece (GDP-share 75%). In this connection tourism plays a decisive role. 20% of the GDP income are obtained by the medium-sized industry.

In a globalized business world, speed is more important than ever before. That goes for forfaiting too. Prompt structuring of transactions has just as positive an effect on their risk and margin structure as does immediate placing of the receivable. However, it is vital to never neglect due care and diligence, an area that takes absolute priority for DF Deutsche Forfait Group. We only trade receivables where all involved are fully aware of the background. In this way, and with flexibility to match from a strong, motivated team, we are able to realize transactions in an extremely short space of time.

Shortly before the end of the year, DF's office in Helsinki receives an enquiry from an international network provider. Its subsidiary in Greece has a receivable against a Greek company arising from the delivery of network equipment, amounting to EUR 10.3 million. The payment term still has ten days to run, but will end in the new year. There is no concern that the receivable will not be paid and no liquidity bottleneck. The aim is to relieve the balance sheet of this high-value item and keep interest expenses as low as possible.

Despite the relatively high volume and the brevity of the time available for action, DF Group steps into the breach at short notice. Thanks to short decision-making and an established network, the receivable is acquired and placed before end of 2010.

The Hellenic Republic entered the European Economic Community (EEC) in 1981. At approximately 40%, it has Europe's highest proportion of public-sector employees in the total working population.

As one of the 27 EU member states, the country has not been an area of focus for DF Group's business activities. Since the commencement of the economic and financial crisis of 2009, from which Greece will still be some time emerging, awareness of risk in business transactions has increased sharply, which in turn opens up opportunities for forfaiting as an instrument.

LIMITLESS THINKING

Talk with Marina Attawar,
Member of the Management Board of DF Deutsche Forfait AG.

The largest proportion of world trade is made possible by financing. What's the position of forfaiting in this context?

On the one hand, forfaiting is an attractive niche product which stands out from typical services provided by commercial and investment banks. On the other hand, it is also an established instrument in export financing, whose significance is growing continually against the backdrop of the increasing share of world trade taken by emerging economies. You know, it's always something special to step outside the limits of the office, sit down face-to-face with a customer and work out a financing solution for an export transaction together with them. When you help make it possible for the next truck to leave the production site with an order on board, you know that your work is worthwhile. That's a great feeling.

You put international thinking into practice. In your view, which of the countries you have traveled to has the most interesting or the best cuisine?

Putting international thinking into practice means, above all, being open to different things, to new things. If you approach it with an open mind, the cuisine of every single country can offer you excellent specialties. I've never been to a country and not found a dish I simply loved. Sometimes it is only one, though. However, I've never come back from a trip hungry.

Germany's principal financial center is Frankfurt am Main. Why is DF Group's HQ in Cologne?

For one thing, the Cologne area is an economic location with a wide range of interesting exporters and good international transport links. For another, costs are lower here than in Frankfurt. And then, of course, we mustn't forget carnival in Cologne. Once a year, almost every limit placed on us by everyday life simply disappears. Fun and joie de vivre reign supreme. That gives you a great boost for the rest of the year.

You are part of the Board of Management in a company listed in the Prime Standard and hence, as a woman, in a minority. What's your view on women's quotas?

There are no discussions about women's quotas and we have no gender frontiers at DFAG. Our focus is to have the right person at the right place, no matter whether male or female. We need to bring together different cultures, ways of thinking, abilities and types of intuition. Doing this makes us strong – especially in the globalized business world. No wonder, in view of this, that we at DFAG have a "natural men's quota" of about 50 percent which we also do not discuss.

Developments in the global economy are more dynamic than ever before. Does DF Group have future markets it can count on?

No, it doesn't. We go where our customers go. This means that we need to be highly flexible, as indeed we are. This is our great competitive advantage. But there are always markets that are particularly interesting to us. At the moment, these are located in Eastern Europe and Asia.

What are the criteria that make a market completely untouchable for DF Group?

Local legal conditions need to meet our requirements and our partners need to be reliable. If these conditions are not fulfilled, we keep away from the market in question. That's the only situation where our limits are very strict.

DF SHARE CLOSES 2010 PLUS 6%

German shares were clearly amongst the winners in 2010 compared to the other European markets. While the blue chip index DAX went up by 16% to 6,914 points, the EuroStoxx 50 dropped by around 6% and closed the year at 2,793 points, mainly due to the weak performance of banking stocks, which carry a greater weight on the index. In 2010, German companies profited more than anticipated from the global economic recovery as it brought with it an increased demand for German exports in the emerging Asian countries. The prices of German automotive stocks such as Volkswagen and BMW in particular rose steeply in the previous year and drove the above-average development of the DAX. Just as in the past year, German small caps performed even better than blue chips. The MDAX increased by 35% to 10,128 points and the small-cap index SDAX recorded 46% growth, making it the top performer among the important German indices. Only the TecDAX lagged considerably behind the other market barometers in 2010 with a plus of just 4%. Despite German shares performing extremely well again since the end of 2009, the outlook remains positive due to continuously low interest rates and a steep rise in company profits. According to a survey conducted by Börsen-Zeitung among share strategists of international banks, the general opinion is that the German lead index DAX is capable of rising to almost 7,600 points. German financial stocks once again benefited from the upturn to a lesser extent than the market average in 2010, falling a long way behind the lead index with a plus of 6%. The principal reason for the weaker performance of financial stocks is the remaining

Development of the DF share price in the year 2010 compared to relevant indices

Issue price (24 May 2007): 7.50 EUR ••• Hight XETRA (13 April 2010): 6.65 EUR ••• Low XETRA (18 November 2010): 5.04 E
(XETRA): 5.89 EUR ••• Average daily trading volume in shares in 2010 (all exchanges): 9,505 ••• Average daily trading v

uncertainty within the industry. The debt crisis in some European countries has by now taken over from the financial crisis as one of the influential factors in the sector. In addition, the Basel III regulations are making it more difficult for banks to obtain equity.

With an annual gain of 6%, DF Deutsche Forfait AG's share performance matched the trend of the industry index DAXsector Financial Services. Compared to its peer group, the DF share also developed positively, closing the year in third place among the top shares. At the beginning of 2010, the DF share initially displayed a tendency towards traveling sideward before rising substantially during February and March. On the last day of March, it came in at EUR 6.14 – a plus of 10% compared to the closing price of EUR 5.60 at the end of 2009. Until mid-April, the DF share continued rising, driven by the possibility of an attractive dividend distribution, until it reached its annual high at EUR 6.65. After the Annual General Meeting, the price dropped to EUR 5.50 ex dividend, but climbed up again to just under EUR 6.00 by the third quarter of 2010. After the company lowered its 2010 guidance, the share price fell until it reached its annual low at EUR 5.04 on 18 November. As from the end of November, the trend started reversing itself again with the share price increasing to EUR 5.92 on the last trading day of the year, just above the annual average price of EUR 5.89.

The market capitalization of DF Deutsche Forfait Group amounted to around EUR 40.3 million at the end of the year (previous year: EUR 38.1 million). This translated to a free float market cap equivalent to approximately EUR 26.5 million (free float: 65.7% of shares). In 2010, the trading volume of the DF share totaled EUR 14.2 million, corresponding to roughly 54% of the free float market cap. In the previous year, DF shares held a total value of about EUR 9.9 million on all the German exchanges where they were traded. The average daily order volume grew from 7,725 shares in 2009 to 9,505 shares in the past 2010 financial year.

The shareholder structure remained the same as in the previous year. The Board of Management and several members of the Supervisory Board remain major shareholders of DF Group, expressing their conviction that the DF share will develop positively in the long term. The Board of Management holds around 17.7% of the 6.8 million total outstanding shares. 4.3% of this is to be assigned to the free float. The same applies to the shares held by the Supervisory Board, which amount to roughly 9%. The private bank M.M.Warburg & CO KGaA, a strategic investor, continues to hold 20.9% of DF shares. The majority of shares in free float are held by institutional investors in Germany.

The share of DF Deutsche Forfait Group continues to be analyzed by the four research organizations Bankhaus Lampe, Equinet, Warburg Research and Silvia Quandt Research. Three analysts still recommend buying the DF share even after the company lowered its guidance in November 2010 and Equinet's recommendation is "accumulate". Targets presently range from EUR 6.30 (Equinet) to EUR 8.00 (Warburg Research). In the current year, DF Deutsche Forfait Group will continue intensifying its investor relations activities to communicate the growth potential of the company and the performance potential of the share.

UR ••• Year-end closing price XETRA (30 December 2010): 5.92EUR ••• Performance 2010: +5.7% ••• Average price 2010

olume in EUR (all exchanges): 55,984.45 EUR ••• Market capitalization as of 30 December 2009 (XETRA): 40,256,000 EUR

GROUP MANAGEMENT REPORT

DF Deutsche Forfait Group – also referred to as "DF Group" below – achieved a clearly positive result in the 2010 financial year with consolidated profit amounting to EUR 2.1 million, corresponding to a return on equity of 7%. Consolidate profit however is considerably down on the previous year's figure of EUR 3.5 million and the Management's expectations for 2010. The result mainly dropped because of the expected reduction of the forfaiting margin. At the same time, the forfaiting volume was not increased to the required extent. The forfaiting margin fell from 2.4%, a record value achieved in the previous year on account of the financial crisis, to 1.8% in 2010. This trend had been foreseen at the beginning of 2010 but was stronger than anticipated. Although the forfaiting volume went up by 13% to EUR 650.1 million (previous year: EUR 575.9 million), this was not enough to compensate for the drop in margin. DF Group expects consolidated profit to increase in 2011, assuming that margins will remain stable and that the forfaiting volume will rise considerably.

The reduction of the forfaiting margin went hand in hand with the normalization on the financial markets. Numerous market participants have returned after withdrawing during the crisis. This intensified competition on the purchasing side during the course of 2010. Investors' demand for forfaiting transactions rose steeply at the same time. Overall, the industry profited from the growing global economy, which also greatly boosted exports in Germany. The rise in German exports was primarily driven by the automotive and chemical industries, especially in the first half of 2010. But these industries are of little importance to DF Group. Important areas such as plant constructions in the SME sector were caught in the upturn only during the further course of the year.

In addition, DF Group generates the majority of its business in foreign countries, which have benefited less profoundly from the global economic recovery up to now. For this reason, DF Group did not participate in the upturn of the German export industry in 2010.

The company furthermore adapted to the changes in the market and implemented measures to increase the efficiency of its sales organization. Weaknesses in its sales operations were also identified during the year. Some branch offices did not meet expectations in 2010 and other are still being developed. The company reacted to these problems by implementing personnel measures and improving its sales structure and anticipates for these measures to take effect in 2011and contribute to the planned increase in profit.

BUSINESS AND GENERAL CONDITIONS

Forfaiting is a standard trade financing instrument. It is mainly used in transactions with emerging markets and developing countries where exporters frequently have to extend payment terms to their customers. Extended payment terms are important to exporters for securing orders in the competitive international market. With such transactions, the receivables and associated risks always remain on the exporter's balance sheet and reduce their liquidity. Forfaiting means that the exporter sells these receivables without recourse to the forfaiting company. The sale of receivables allows the exporter to transfer country and counterparty risks to the buyer while increasing liquidity. In addition, the exporter improves its balance sheet structure which represents an advantage when dealing with refinancing banks. In addition to forfaiting, DF Group offers its customers the assumption of risks via purchase commitments. Unlike forfaiting, purchase commitments only involve the assumption of country and counterparty risks without providing liquidity. Lease and loan receivables are also purchased and are usually sold or hedged by purchase committments, for instance.

In these times of rapid globalization and the increasing share of the emerging markets in world trade, forfaiting is becoming a more and more significant trade financing instrument. In addition, banks are issuing less loans to SMEs than prior to the crisis, which drives up demand for forfaiting.

The outplacement of risks and reselling of receivables are key success factors for DF Group. Purchase commitments are secured by bank guarantees, third-party counter-guarantees or credit insurance for the benefit of DF Group, which means the risks are outplaced. Receivables that are not sold are added to the DF Group's portfolio. Just as it does on the acquisition side, DF Group also has a global network of investors for the sale of receivables which was developed gradually over the last few years and reinforced by numerous business deals. The far-reaching changes in the market over the past two years also fundamentally changed the customer structure on the purchasing and placement sides. Business partners left, had to considerably reduce their business volumes or stopped buying receivables.

Typical buyers of receivables include forfaiting companies that – unlike DF Group – also act as investors, smaller regional banks, large banks headquartered in industrial countries, and banks with shareholders from the emerging markets (so-called foreign banks). Since the beginning of 2009, demand has been steadily increasing and has now reached an acceptable level again. Many market participants have returned. Investors are looking for transactions again that have an attractive return/risk profile on account of low interest rates. In principle, receivables are acquired for the following reasons:

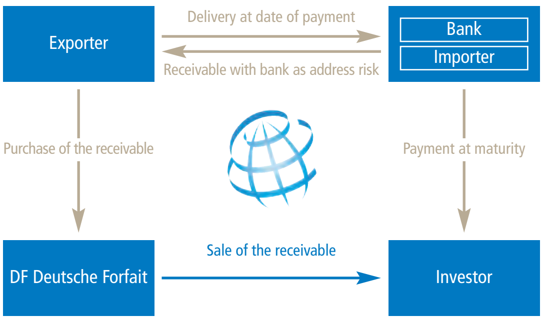
- Foreign trade receivables have an attractive margin compared to their risks. The yield is usually higher compared to an equivalent fixed-interest security and the risk is lower as they are purchased abroad.
- Numerous investors have very limited sales capacities and therefore restricted market access. These investors use the services of DF Group to expand their sales capacities.
- Investors purchase DF Group receivables to diversify their portfolios while benefiting from the company's international network and access to various local markets.

In the forfaiting business, receivables are acquired at a discount from the nominal value. This market value reduction 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 takes the individual risk of each transaction into account; this mainly depends on country and counterparty risks. In addition, the margin is affected by the complexity of the transaction including the documentation. For DF Group, forfaiting income represents the most important income component. The company also generates income from commitment fees and other commissions.

Global economy continues to recover

According to calculations of the International Monetary Fund (IMF), the global economy grew by 4.8% in 2010. This development underlines that it is recovering after the recession in 2009, but there are still uncertainties about the sustainability of the global upturn. The gross domestic product (GDP) of the industrial countries went up by 2.7%, although industrial production output was still considerably lower than prior to the crisis. According to the IMF in January 2011, global trade grew 12% year on year, albeit at a more moderate pace in the second half of 2010, the reason being the economic growth in developing and emerging markets slowing down, which had been the drivers of the upturn until the spring. The emerging and developing economies nevertheless achieved GDP growth of 7.1% according to the IMF and therefore increased their share in the total global economic output. The BRIC states were the leaders in the growth markets; China once again achieved the largest growth with 10.3% and thus overtook its neighbor Japan, the number 2 of the global economy. India’s economy also grew strongly by 9.7%, followed by Brazil at 7.5% and Russia at 4.0%. According to the IMF, exports in the industrial countries went up by 11.4% in 2010, and imports in the developing and emerging markets by 13.8%.

Classical Forfaiting



Positive impulses have a delayed effect for forfaiting

The German economy was also surprisingly robust in 2010, driven by a considerable rise in exports of 18.5%, the steep upturn provided the German economy with 3.6% growth year on year. Hence, the gross domestic product saw its strongest growth since the reunification. In the European Union, economic output went up by an average of around 1.8% according to the European statistics office Eurostat.

The upturn of German exports is not yet reflected in the development of the export financing market and the forfaiting business of DF Group. The rise in German exports was primarily driven by the automotive and chemical industries, especially in the first half of 2010. But these industries barely use forfaiting as an export financing instrument at all and are therefore of only minor importance to the business of DF Group. Forfaiting is rather popular among export-oriented SMEs, as they do not have access to the wide, and mostly more cost-effective, range of financing options of large companies. The SME sector however did not profit straight away from the upturn in the export business. With regards to the DF business, another factor is that the company generates the majority of its forfaiting business in foreign countries, which have benefited only to a lesser extent from the recovery of the global economy. By dividing the forfaiting volume between numerous countries and therefore diversifying the risk, business becomes more stable but because of it, strong growth in individual countries has less effect overall.

Forfaiting market is returning to normal

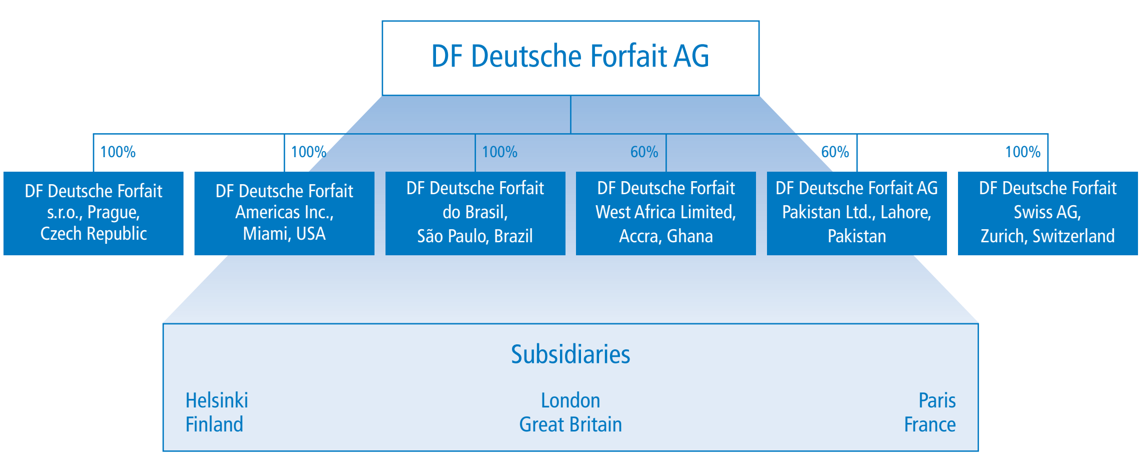
Many market participants left the forfaiting business or significantly reduced their business volumes during the financial crisis. In 2010, the situation in the financial markets stabilized. Since then, numerous market participants have returned and have abandoned their reserved business policies. This has once again improved the credit situation for many companies and investors' demand for forfaiting transactions has also risen considerably. In 2009, demand was primarily for typical forfaiting transactions with the risk of a bank and a remaining term up to one year. But by now, business risks and transactions with terms over several years can be placed again. In the first half of the year, as in the previous year, the preference was mainly for typical transactions with short terms. Especially in the second half of the year, demand for longer terms and other risks increased.

On the other hand, competition has become much fiercer in the forfaiting market. This had a negative impact on margins, pushing them down compared to the record values achieved in the 2009 crisis year. But their values are still above average when looking at the long-term picture. From DF Group's point of view, this effect is being partially offset by investors asking for longer terms again. Pricing has again become increasingly important in this market environment. During the financial crisis, the most important issue was if a transaction can be generally executed, which pushed up margins as well as prices. In view of the currently increasing competition for attractive forfaiting transactions, pricing is now the deciding factor for the conclusion of a deal. DF Group has adjusted its sales structure to these current developments so as to be optimally prepared for the present situation in the market. These measures are described on page 22.

DF Group structure

DF Deutsche Forfait Group is based in Cologne, where its forfaiting know-how is concentrated and transactions are structured. Sales are handled by own offices or intermediaries with direct access to various local markets. Headquarters coordinates the offices around the world and is furthermore in charge of risk management, contract management and the outplacement of transactions. In addition to the parent company in Cologne, the DF Group also includes four wholly owned subsidiaries in Brazil (São Paulo), Switzerland (Zurich), the Czech Republic (Prague), the USA (Miami) as well as a 60% interest in the company in Pakistan (Lahore). DF Deutsche

DF Group structure



Forfait AG also holds a 60% share in DF Deutsche Forfait West Africa Limited, Ghana (Accra), which was established in fall 2010. The other shares are held by a local partner. DF Group hopes to tap West Africa with the help of this new company, where a steady demand for forfaiting business is expected according to market estimates. The international network is supplemented by representative offices in Finland (Helsinki), France (Paris) and Great Britain (London) as well as cooperation partners in Egypt (Cairo) and Dubai.

With the exception of the subsidiaries in Prague and Zurich, which are occasionally involved in back office tasks for individual transactions, the foreign offices focus exclusively on marketing and sales activities. Due to its regional presence, DF Group has direct access to clients in the respective local markets. Since the offices concentrate on sales activities, markets can be developed comparatively quickly and without major financial expense. Overall, DF Group has an efficient and cost effective organizational structure.

Improved sales structure

DF Group reacted to the current developments in the market by improving its sales structure. Competition has increased again, making pricing more difficult. In addition, placing transactions requires a much larger effort on the part of the sales team than in the years prior to the financial crisis, although investors' demand increased again in the past year. DF Group has established its own sales unit to look after investors from the secondary market segment. The exclusive task of this unit is to maintain and expand the network of banks and forfaiting companies that is all-important for the placement of forfaiting transactions. The company therefore gets closer to its customers and is able to meet their specific requirements. This has a positive effect on the purchasing side as the sales team is better able to assess which risks can be sold at which price.

A second management level was established in the sales organization to better manage and support the planned growth. This organizational measure provides a better basis for managing the sales function and guiding the offices. The sales managers are important partners of the offices. Together with the office managers, they evaluate potential business transactions and their structures. This process includes assessing important decision-making factors such as the involved parties, the underlying risk and pricing.

The management and marketing of individual sales units, especially the offices in the regional markets, was also improved. The target agreement system was refined, for instance. The individual offices receive specific annual target, which are regularly discussed with them. In order to better process information in the sales structure, a trading information system was developed, in which current business transactions and requests are recorded. The office in Brazil was also restaffed. The implemented measures should help the company achieve the strong growth in volume and profit it is aiming for.

Conditions remain good for growth

Even though DF Group did not meet the expected growth target in 2010, it generated a clearly positive result. The measures taken in the sales units have placed DF Group in a good position for successfully using the anticipated positive market environment and implementing its growth strategy.

DF Group's business model is clearly defined and has proven itself during the crisis. The sophisticated risk management system is a fundamental part of the business model. It is based on the outsourcing of risks and reselling of receivables. Thanks to the efficient organizational and cost structure with strong headquarters in Cologne and streamlined local sales offices, DF Group is able to react quickly to changes in the market. New markets can be tapped quickly and at low cost.

The company has sufficient resources with a comfortable capacity for growth. Equity – excluding profit – more than tripled as a result of the company's IPO in May 2007 and profit retention. The unsecured (net) risk of the portfolio, on the other hand, rose by merely 1.4 in the same period. The relation between equity and risks has therefore improved considerably. Management calculates that the equity base is sufficient for a considerably higher forfaiting volume, way above the previous maximum of EUR 937.4 million.

DF Group has a highly qualified and versatile team whose core employees have been working together successfully since the 1990s. The company's current personnel structure leaves considerable scope for further growth and together with the other success factors provides the basis for long-term, positive business development. In the forfaiting business, which is defined by high standards for transaction structuring and contract management, the technical qualifications of employees are particularly important. The company takes this into account

Strategy for the further development of the company

with individually adjusted training and continuing education measures. DF Group added a small number of additional employees over the course of the past financial year. On the reporting date of 31 December 2010, the Group employed 61 staff, compared to 58 at the end of 2009. 42 worked at headquarters in Cologne and 19 were employed at the offices abroad.

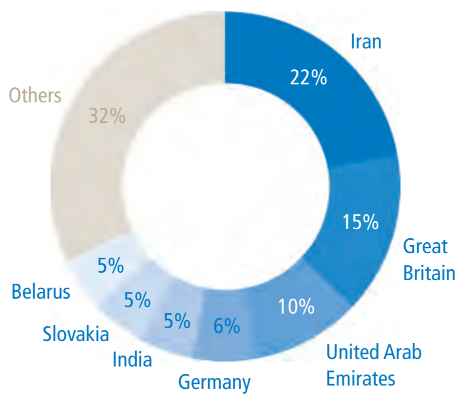
NET ASSETS, FINANCIAL POSITION AND RESULT OF OPERATIONS

DF Group did not implement its growth strategy to the planned extent in the 2010 financial year. The forecast drop in forfaiting margin was not compensated by a rise in forfaiting volume. Although the volume increased considerably by 13% to EUR 650.1 million, this was still much less than anticipated. Consequently, the gross result including financial results went down in 2010 and consolidated net income fell from EUR 3.5 million to EUR 2.1 million. This corresponds to a reduction in return on equity after taxes from 12% to 7%.

The gross result including financial results is the key performance figure for success in the forfaiting business. It is derived from the forfaiting volume and hence the resulting forfaiting margin. This figure also includes the financial results from interest paid and interest income 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. Interest is paid to refinance the receivables during this period. The corresponding income figure is the forfaiting income included in the gross result.

The gross result including financial results fell from EUR 14.0 million in the previous year to EUR 11.9 million, due to the expected reduction in forfaiting margin, which however was somewhat greater than expected with a drop of 6 percentage points to 1.8%. In 2009, the forfaiting margin was at a record level of 2.4% on account of the conditions created in the market by the financial crisis. Despite the drop in the past year, the margin is still at an above-average level when looking at the long-term picture. The forfaiting volume rose by 13% to EUR 650.1 million. Although a considerable rise, this was not enough to compensate the drop in margin to the required extent.

Forfaiting volume 2010 by regions



Forfaiting volume 2010 by regions

In 2010, the forfaiting volume was very evenly distributed between many countries. The highest proportion pertained to Iran at 22% compared to 12% in the previous year. In the Iran business, DF Group mostly processes transactions, meaning that at the time the purchase has been agreed, a buyer has already made a purchase committment to DF Group. Great Britain's share was 15%, slightly up on the previous year's value of 13%, followed by the United Arab Emirates at 10% (previous year: 7%) and Germany at 6% (previous year: 8%). Transactions with British and German companies mainly relate to the financing of exports in emerging and developing countries.

Administrative costs dropped by EUR 0.3 million to EUR 9.0 million. Other operating expenses went up by EUR 0.2 million to EUR 5.5 million due to a rise in costs for cooperation partners, including the new office in Ghana. At the same time, staff costs went down by EUR 0.5 million to EUR 3.4 million. Performance-related staff costs dropped on account of the Company's business development. Other operating expenses were relatively high compared to staff costs as the costs for the office in London are fully recognized in other operating expenses due to the wording of the contract. The costs for the unconsolidated subsidiaries in Brazil, Ghana, Pakistan and the USA are also included in this item.

Compared to the previous year, the balance sheet total increased by EUR 18.0 million. The majority resulted from cash and cash equivalents rising by EUR 15.5 million to EUR 27.9 million at the end of the year. This steep rise was due to a payment of EUR 8.8 million received shortly before the reporting date, which was to be transferred on and which was only paid out in the new year. Cash and cash equivalents were mostly denominated in Euros and could not be used to pay off short-term liabilities to banks in US dollars, which are mainly used to refinance transactions in the same currency. The largest item on the asset side are trade receivables at EUR 99.2 million, which went up only slightly by 2% compared to the end of 2009. In terms of nominal value, 86% (previous year: 89%) of forfaiting transactions, which account for the bulk of trade receivables, are secured. Security normally takes the form of irrevocable obligations by the buyer to acquire a receivable, credit insurance or a bank guarantee. Cash security is also provided in certain cases.

The rise in assets was primarily financed with an increase in liabilities by EUR 17.8 million to EUR 90.4 million. The majority of this amount pertained to current liabilities to banks, which went up by EUR 12.8 million to EUR 64.6 million and trade payables, which increased by EUR 6.2 million to EUR 24.5 million. Equity rose by EUR 0.6 million to EUR 29.1 million and the equity ratio dropped slightly from 26% to 23% on account of the increased balance sheet total. When evaluating the equity ratio, it has to be taken into account that the increase in total assets was almost entirely due to the temporary rise in cash and cash equivalents and therefore does not constitute a higher risk.

DF Group generated clearly positive cash flow of EUR 6.7 million in 2010, primarily from the rise in trade payables by EUR 6.2 million. The company received cash inflow of EUR 8.8 million shortly before the reporting date, which was only transferred on in the new year. The high volume of assets was refinanced with cash inflow from financing activities of EUR 10.7 million, amongst other things. Cash and cash equivalents amounted to EUR 27.9 million at the end of the year, mainly due to the cash inflow shortly before the reporting date.

COMPENSATION REPORT

Compensation of the Management Board in 2010

In the 2010 financial year, total compensation for members of the company's Board of Management was EUR 879,999.30. Total compensation for the entire 2010 financial year was divided among the members as described in the following table.

Compensation for the Board of Mangement in EUR	Fixed compensation		Performanced-based compensation	Total amount
	Fixed salary	Other compensation*	Management-bonus	Sum
2010				
Marina Attawar	252,999.96	35,614.46	0.00	288,614.42
Jochen Franke	252,999.96	37,223.42	0.00	290,223.38
Ulrich Wippermann	252,999.96	48,161.54	0.00	301,161.50
2009				
Marina Attawar	252,999.96	35,613.98	137,542.00	426,155.94
Jochen Franke	252,999.96	36,704.30	137,542.00	427,246.26
Ulrich Wippermann	252,999.96	48,779.24	137,542.00	439,321.20

*In particular: Company vehicle, accident insurance, partial payment of health insurance/long-term care insurance, company pension plan

The employment contracts of all members of the Board of Management were concluded prior to 18 June 2009. The new regulation of Section 87 of the Stock Corporation Act (AktG) from 18 June 2009 (effective on 5 August 2009) is therefore not applicable to these contracts. Consequently, compensation for the Board of Management complies with Section 87 AktG in the old version. Management compensation includes fixed and variable components. For 2010, the fixed salary for each member of the Board of Management was EUR 252,999.96.

Every member of the Board of Management receives a performance-based management bonus totaling 5% of the consolidated profit of the previous financial year in line with Section 87 of the Stock Corporation Act (AktG) in the old version, which after the deduction of taxes and the calculated return on equity (the subscribed capital plus a capital reserve plus retained earnings) left a remaining amount of 15%. This calculation resulted in 0% performance-related compensation in the reporting year.

The company also provides members of the Board of Management with a company vehicle and pays accident insurance premiums.

In addition, the company has committed to pay – for a period of six months from the start of an illness – the difference between the net fixed salary and health insurance and/or sickness benefits that are received by a member of the Board of Management or would be received in case of insurance coverage.

The members of the Board of Management have immediate pension benefit plans on an individual contract basis. 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. On the other hand, Ms. Attawar and Mr. Wippermann have the right to choose an annuity or a capital payment.

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

The amount due to Mr. Wippermann is increased by monthly personal contributions.

In addition, members of the Board of Management receive the following payments from a reinsured benevolent fund starting at age 65. All members of the Board of Management have the right to choose between annuity payments or a capital payment:

- Marina Attawar: Insured annuity in the amount of EUR 15,247.40 or a capital payment of EUR 273,572.00
- Jochen Franke: Insured annuity in the amount of EUR 27,888.90 or a capital payment of EUR 451,874.00
- Ulrich Wippermann: Insured annuity in the amount of EUR 31,367.70 or a capital payment of EUR 483,730.00

Once again, Mr. Wippermann is making personal contributions to the fund.

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. The contributions are EUR 5,836.76 per month in total.

The service agreements concluded between the members of the Board of Management and the company do not include any perks at the end of the term of service.

The company 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 company 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.

Compensation of the Supervisory Board in 2010

Compensation for the Supervisory Board is governed by Section 12 of the DF Deutsche Forfait AG Memorandum 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 2010 financial year, compensation for all activities of all members of the Supervisory Board of DF Deutsche Forfait AG was EUR 142,165.87. Individual compensation for members of the Supervisory Board for 2010 is listed in the table on the bottom of this page.

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

The members of the Supervisory Board were not provided with 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 members of the Supervisory Board and the company.

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

Compensation of the Supervisory Board in EUR	Fixed compensation	Attendance fees	VAT 19%	Total
2010				
Hans-Detlef Bösel	26,000.00	2,500.00	5,415.00	33,915.00
Christoph Freiherr von Hammerstein-Loxten	26,000.00	2,500.00	5,415.00	33,915.00
Florian Becker	13,000.00	2,500.00	0.00	15,500.00
Dr. Christoph Franz	13,000.00	2,000.00	0.00	15,000.00*
Frank Hock	13,000.00	2,500.00	2,945.00	18,445.00
Dr. Stefan Immes	4,986.80	1,000.00	1,137.49	7,124.29
Dr. Ludolf-Georg von Wartenberg	8,013.20	1,500.00	1,807.51	11,320.71
2009				
Hans-Detlef Bösel	26,000.00	2,000.00	5,320.00	33,320.00
Christoph Freiherr von Hammerstein-Loxten	26,000.00	2,000.00	5,320.00	33,320.00
Florian Becker	13,000.00	2,000.00	0.00	15,000.00
Dr. Christoph Franz	13,000.00	2,000.00	0.00	15,000.00*
Frank Hock	13,000.00	2,000.00	2,850.00	17,850.00
Dr. Stefan Immes	13,000.00	2,000.00	2,850.00	17,850.00
Dr. Ludolf-Georg von Wartenberg	–	–	–	–

*Plus tax deduction of EUR 6,945.87 pursuant to Section 50a no. 4 of the German Income Tax Act (EStG)

DISCLOSURES ACCORDING TO SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB) AND SECTION 2 SENTENCE 7 OF THE TAKEOVER ACT (WPÜG)

1. The company's share capital totals EUR 6,800,000. It is divided into 6,800,000 no-par bearer shares. There are no other share classes. Each share has one vote.

2. 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. According to the Securities Trading Act (WpHG), every shareholder who reaches, exceeds or falls short of certain amounts of voting rights of the company, by way of acquisition, sale or any other action, must inform the company and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) of the fact. In the 2010 fiscal year, there were no reports of direct or indirect investments in the capital of the company reaching or exceeding 10% of voting rights.

On 30 May 2007, M.M.Warburg & CO Gruppe KGaA submitted a report in accordance with Section 21 (1a) of the Securities Trade Act (WpHG), stating that the share of the voting rights of DF Deutsche Forfait AG held by M.M.Warburg & CO Gruppe KGaA, Hamburg, was 20.51% (1,394,805 voting rights) on 25 May 2007. 657,000 of these voting rights, corresponding to a share of 9.66%, are attributed to M.M.Warburg & CO Gruppe KGaA via M.M.Warburg & CO KGaA according to Section 22 (1) sentence 1 no. 1 of the Securities Trade Act (WpHG). On 16 August 2007, M.M.Warburg & CO KGaA, Hamburg, submitted a report in accordance with Section 21 (1) of the Securities Trade Act (WpHG) stating that its share of voting rights in DF Deutsche Forfait AG, Cologne, exceeded the 10% threshold on 15 August 2007 and amounted to 10.06% (684,000 voting rights) at the time. No further reports from M.M.Warburg & CO Gruppe KGaA or M.M.Warburg & CO KGaA have been submitted since then.

4. There are no shares with special rights that confer control.

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

6. 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. 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 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.

7. According to Section 4 (4) of the Memorandum of Association, the Board of Management has the right – subject to approval from the Supervisory Board – to increase the company's share capital by a total of up to EUR 2,500,000 until 29 March 2012 by single or multiple share issues up to a total of 2,500,000 new no-par bearer shares in exchange for cash or contributions in kind (authorized capital I). Furthermore, according to Section 4 (5) of the Memorandum of Association, the Board of Management has the right – subject to approval from the Supervisory Board – to increase the company's share capital by a total of up to EUR 900,000 until 29 March 2012 by single or multiple share issues up to a total of 900,000 new no-par bearer shares in exchange for cash or contributions in kind (authorized capital II). In both cases (authorized capital I and authorized capital II), the shareholders must be granted

purchase rights in the form of indirect purchase warrants (Section 186 (5) of the Stock Corporation Act (AktG). However, the Board of Management – subject to approval from the Supervisory Board – has the right to exclude purchase rights for the shareholders.

By resolution of the Annual General Meeting on 20 May 2010, the Board of Management was authorized, subject to approval of the Supervisory Board, to issue bearer warrant and/or convertible bonds with a total nominal value of up to EUR 20,000,000 in one or several tranches until 19 May 2015 and to grant holders or creditors of warrant bonds option rights and holders or creditors of convertible bonds conversion rights on new bearer shares of the company up to a pro-rata share in share capital totaling up to EUR 3,400,000 according to the terms and conditions for warrant and convertible bonds.

The warrant and convertible (partial) bonds 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 Group; 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 warrant/convertible bonds and to issue the holders of such warrant/convertible bonds with option/conversion rights on new shares of DF Deutsche Forfait AG.

Shareholders are fundamentally entitled to receive subscription rights on the bonds. The legal subscription right on warrant or convertible bonds may also be issued to shareholders in such a way as for a bank or member of a consortium of banks or any company equal to a bank or member of a consortium of banks in accordance with Section 186 (5) Sentence 1 of the German Stock Corporation Act (AktG) to assume these bonds with the obligation to offer these to the shareholders for subscription. The Board of Management is authorized, subject to approval by the Supervisory Board, to exclude fractional amounts resulting from the subscription ratio from the shareholders' subscription rights and to also exclude the subscription right in so far as is required to grant holders of previously issued bonds with option and/or conversion rights a subscription right to the extent that they would be entitled to as a shareholder if these option and/or conversion rights were exercised or if the obligations arising from the option and conversion rights were met.

The Board of Management was also authorized, subject to approval by the Supervisory Board, to fully exclude shareholders' subscription rights on bonds with option or conversion rights or obligations issued in return for cash if the Board of Management decides, after dutifully assessing the matter, that the issue price of the bonds does not fall significantly short of the hypothetical market value as calculated in accordance with recognized mathematical methods. This authorization to exclude the subscription right applies to bonds with option or conversion rights or obligations on shares with a pro-rata share in share capital not exceeding a total of 10% of share capital, neither at the time of the resolution nor – if the lower – at the time of the authorization being exercised. The 10% limit mentioned above pertains to new shares issued on or after 20 May 2010, excluding shareholders' subscription rights in accordance with Section 203 (1) and (2) in conjunction with Section 186 (3) Sentence 4 of the Stock Corporation Act (AktG) as well as treasury shares that are sold on or after 20 May 2010, excluding shareholders' subscription rights in accordance with Section 71 (1) No. 8 Sentence 5 in conjunction with Section 186 (3) Sentence 4 AktG.

If warrant bonds are being issued, the pro-rata share in share capital of the shares to be subscribed per partial bond must not exceed the nominal value of the warrant bonds. If convertible bonds are being issued, the pro-rata share in share capital of the shares to be issued upon conversion must not exceed the nominal value of the convertible bonds.

The conversion/option price must not fall below 80% of the share price in XETRA trading (or a similar successor system). The benchmark value is the average closing price on the 10 stock exchange trading days prior to the final decision by the Board of Management to submit an offer for the subscription of bonds or the declaration of acceptance by the company after a public invitation to submit subscription offers. In the case of a trade in subscription rights, the days of the trade, excluding the last two stock exchange trading days are used as the benchmark value. Section 9 (1) AktG remains unaffected.

Due to a dilution protection clause, the option or conversion price is reduced – regardless of Section 9 (1) AktG – after a detailed determination of the terms and conditions for option or conversion bonds by paying a corresponding amount in cash upon use of the conversion right or the reduction of the additional payment if the company increases its share capital during the option or conversion period while granting a subscription right to its shareholders or if the company issues further warrant or convertible bonds or grants other option rights and does not grant the holders of option and/or conversion rights any subscription right to the extent they would be entitled to after exercising the option and/or conversion right. Instead of a payment in cash or a reduction of the additional payment, the conversion ratio may also be adjusted by dividing it by the reduced conversion price. The terms and conditions may also provide for an adjustment of the option/conversion rights in the case of a capital reduction.

The Board of Management was authorized to determine the further details of the issuance and form of the warrant and/or convertible bonds, particularly interest rate, issue price, term and division, option and/or conversion price and option and/or conversion period or to determine these details in agreement with the managing bodies of the subsidiaries that are issuing warrant and/or convertible bonds.

In order to grant rights to the holders of warrant and convertible bonds, which are being issued by the company or one of its direct or indirect majority shareholdings until 19 May 2015, as a result of the authorization of the Board of Management issued by the Annual General Meeting on 20 May 2010, the share capital was conditionally increased (conditional capital) by up to EUR 3,400,000 by issuing up to 3,400,000 new no-par bearer shares.

On 20 May 2010, the Annual General Meeting authorized the acquisition of up to 680,000 treasury shares until 19 May 2015, i.e. a total of 10% of the existing share capital. 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%. The shares can be acquired directly by the company or by third parties authorized by the company in one or several stages within the limits of the above-mentioned restrictions. The shares can be acquired for any legally permissible reason as well as for the following purposes.

The Board of Management, on condition of approval by the Supervisory Board, has been 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 share price at the time of sale. The shareholders' purchase rights are excluded in this case. This authorization is not restricted to shares with a notional interest in share capital, which must not exceed a total of 10% of share capital, on the effective date of this authorization nor, if lower, on the date this authorization is executed. The maximum threshold of 10% of share capital is reduced by the amount of share 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 share capital is also reduced by the amount of share capital relating to shares that have been 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).

The Board of Management has also been authorized, on condition of approval by the Supervisory Board, 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. The shareholders’ purchase rights are excluded in this case as well.

The Board of Management has been authorized, on condition of approval by the Supervisory Board, 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 company's share capital. In this case, the Supervisory Board is authorized to amend the number of no-par value 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.

8. DF Deutsche Forfait AG has lines of credit for refinancing the purchases of receivables in the mid two-digit million range with the following banks. The existing company structure is stated as one of the main conditions for the granting of credit in the loan agreements with Commerzbank AG, Deutsche Bank AG, Bankhaus Lampe KG and UniCredit Bank C.Z. In the case of individual members of the Board of Management and/or M.M.Warburg & CO Gruppe KGaA reducing their shares in the company, the banks reserve the right to change the conditions of the loan agreements if necessary.

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

INTERNAL ACCOUNTING-RELATED CONTROL AND RISK MANAGEMENT SYSTEM IN ACCORDANCE WITH SECTION 289 (5) OF THE GERMAN COMMERCIAL CODE (HGB)

DF Deutsche Forfait AG is the parent company of DF Group and the accounting department and accounting manager are situated at its premises. This 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 and Zurich are included in the basis of consolidation. The accounts of the subsidiary in Prague are prepared 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. The same also applies for the subsidiary in Zurich, where at present even business transactions are being recorded by the accounting department 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 subsidiaries are granted online access. The central accounting department in Cologne has full access to the accounts of the subsidiaries. These, on the other hand, only have access to their own accounts. The accounting software is stored in compliance with the data security policies of DF Deutsche Forfait AG. Backup systems and contingency plans are in place to counter the IT continuity risk.

Individual business transactions are reported in accordance with the accounts allocation policies. Transactions are only recorded if they are accompanied by corresponding documentation. The back office usually provides accounting documents for individual forfaiting transactions. Complicated transactions and their accounting entries are discussed with the responsible employees in the contract management department.

The accounting department analyzes and records all transactions – automated transactions are a rare exception, e.g. when reporting exchange rate gains and losses. In addition, the contract management department checks all reported forfating transactions one more time on an annual basis, and all receivables as reported by the accounting department are matched against the information provided by the forfaiting system once a month. Any differences are clarified between the accounting and contract management departments.

The existing internal accounting-related control system is of a high standard and the company does not plan to develop it further. 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 REPORT

The risks faced by DF Group are analyzed regularly along with their potential damage and the likelihood that they will occur. From a systematic point of view, the following risks occur:

Legal risk

DF Group buys receivables which are normally resold. In such transactions, DF Group usually guarantees to the buyer that the receivable exists (liability for legal validity), that it 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. In principle, there is a risk that the receivable does not exist or is not enforceable, especially since the seller is normally liable in case of resale. This situation could result from the improper verification of documents or deficiencies in the contract.

The company also obtains credit insurance to reduce the risk of receivables on a regular basis. Receivables already covered by credit insurance are also acquired. If the receivable has to be written off, credit insurance benefits in the agreed amount can be collected. 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. Violations of the terms and conditions may mean that no credit insurance benefits are payable in case of a loss. 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 these receivables are resold with credit insurance coverage or counter-guarantees, and that DF Group is occasionally liable for the counter-guarantee or credit insurance, this risk remains after sale in some cases. In most cases of a receivable with insurance coverage being sold, DF Group must also ensure that the credit insurance was actually in existence at the time of sale.

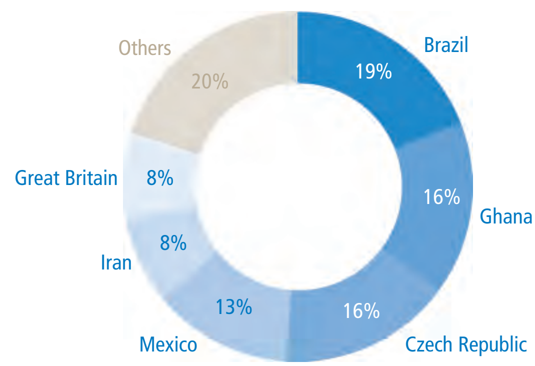
This risk is countered by having a well-trained and generously staffed contract management department. The workflows are regulated by detailed work instructions. In addition, work results are checked by applying the principle of dual control. The legal office or external legal firms are consulted for complex contracts and document reviews.

Country and counterparty risk

DF Group often purchases receivables where the debtors are located in emerging or developing countries. Financial, economic, and social conditions in these regions are less stable compared to industrialized nations. In case of a crisis, this may lead to the inability or unwillingness of the respective country to transfer funds, so that a debtor who is willing and able to pay may be unable to pay on time or at all (country risk). This also includes the risk that payments cannot be transferred due to government restrictions (transfer risk) or that national currencies cannot be exchanged for foreign currencies (conversion risk). As a result of the global financial crisis, countries have less financing options, increasing the risk of crises in countries. 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

Allocation of net risk as of 31 December 2010



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 debtor for a receivable; it also applies to the providers of security (e.g. banks or credit insurance companies) that supply counter-guarantees or credit insurance to DF Group in order to secure 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. Banks are increasingly experiencing financial and consequently payment difficulties in the wake of the financial crisis; this puts up the default risk. These have impacted DF Group, as they have the entire financial industry. The majority of these delinquencies are covered with securities. Sufficient risk provisions were set aside. There are currently no identifiable additional, acute risks. Debtors as well as providers of security are attempting to shirk their obligations under false pretenses. These cases must be enforced by taking legal measures.

The taking of country and counterparty risks is managed by a competence arrangement. These along with certain country and counterparty limits are approved by the Supervisory Board. The degree to which the limits are used is regularly reported to the Board. DF Group reduces this risk even further by selling the receivables.

As of 31 December 2010, the unsecured risk (net risk) of EUR 15.9 million related to the several countries as described in the graphic in the left colum .

Market risk

For purchase and sale transactions, the market value of the receivable is typically calculated at a reduced nominal value.

The market value reduction is determined on the basis of a reference interest rate (i.e. 1-month LIBOR) and the risk margin of the individual receivable. An increase in the market value reduction when the receivable is sold can lead to a loss for DF Group. The market value may change due to the following reasons.

Country and counterparty risk as market risk

A change in the level of country or counterparty risk leads to an adjustment of the risk margin, which changes the market value of the receivable. If the risk is underestimated when the receivable is purchased, which means the assessed margin is too low, a loss may be incurred at the time of sale. The level of country and counterparty risk for a receivable may also worsen. Then its market value decreases, while the receivable is held in the DF Group portfolio. The risk margin depends on the risk of default, determined according to the country and counterparty risk.

Interest rate risk as market risk

For DF Group as a trading company, interest rate risk mainly consists of market risk since, in case of an interest rate increase upon sale, the market value reduction calculated up to the maturity of the receivable increases so that the market value of the receivable falls. Due to the brief period receivables are held in the DF Deutsche Forfait AG portfolio, short-term refinancing is the rule. Regarding the increase in refinancing costs, interest rate risk is of minor significance to DF Group since it does not usually hold receivables in its portfolio to maturity. This market risk affects all receivables held in the portfolio. Reselling the receivables quickly minimizes market risk.

Currency risk

DF Group purchases receivables in various currencies and always refinances in matching currencies. An open currency position, and therefore currency risk, exists only in the amount of the difference between purchases and selling prices and the repayment amount, respectively (profit on individual transactions). The open currency items are listed in a monthly currency account and, if necessary, closed by means of currency transactions. On the income statement, exchange profits and losses for receivables and the corresponding liabilities are reported separately. Since the receivables and corresponding liabilities are valued separately, large exchange profits and losses are included on the income statement. In order to assess the level of currency risk, the balance of the gains and losses must be considered.

Earnings risk

As far as earnings are concerned, there is a major risk of a considerable decline in suitable forfaiting business receivables. The number of transactions offered on the purchasing side remained high even during the severe economic crisis. An additional earnings risk exists if receivables cannot be placed with investors or DF Group no longer possesses sufficient refinancing resources (see also: refinancing risk). These risks have increased due to the global banking crisis. Investors' demand for forfaiting transactions has been constantly rising since the beginning of 2009 and is now at a sufficiently high level. DF Group still possesses substantial refinancing resources including equity and numerous credit lines with various banks.

Internal risk (operational risk)

Two signatures are strictly required for the binding conclusion of transactions and for effecting transfers (principle of dual control). The exact rules are set out in the signature regulation, and the regulation for transfers is stored in the banks. Problematic organization processes can lead to unidentified risks. The monitoring of country and counterparty limits is carried out independently of the Trade Department, in Controlling. Contract management and document review is also separate from trade. The most significant internal risk is legal risk and this has been explained separately above.

IT continuity risk

An IT system crash would significantly hinder normal business processes. Backup systems and contingency plans are in place to counter the IT continuity risk. Thanks to extensive data backups, a new IT system could be established within a short period of time.

Personnel risk

DF Group is convinced that its success is largely dependent on the performance of personnel in key positions. These positions require qualified staff with adequate technical knowledge, skills, and experience. The availability of such employees in the market is limited. Losing personnel in key positions could result in staff shortages that would have an impact on workflows or the conclusion of new contracts. This risk is countered by substitution rules and multiple appointments to individual positions. The company also offers an attractive compensation package – especially for the sales team – through the payment of performance-related compensation.

Refinancing risk

In order to process the desired forfaiting volume, DF Group requires very high refinancing capacities over short periods of time in order to fund its trade in receivables. Equity and especially refinancing lines of credit from banks are used for this purpose. In principle, there is a risk that these lines of credit could be reduced due to cancellation by the banks or that all lines of credit could be terminated. This risk has increased as a result of the financial crisis. Some banks have left the market. Others had to significantly reduce their business volume as their equity decreased. The IPO has led to a significant increase in equity and, at the turn of 2007/2008, the first long-term loan of EUR 10.0 million with a term of seven years was taken out. In addition, DF Group has lines of credit with numerous banks. The company has established a long-term trusting relationship with banks through regular, open communication and informative reporting.

DF Group's business model has proven itself even during the crisis – since the crisis erupted in the fourth quarter of 2008, the company generated profit in every single quarter, and its risk management system also withstood this difficult period. The risks in the market have not yet entirely vanished, however, as the debt crisis in the South European countries in the Eurozone shows. These developments could trigger another global financial crisis and also badly affect a large number of banks. The affected governments are counteracting these risks by intervening and issuing economic stimulus packages.

SUPPLEMENTARY REPORT

There were no significant events after the reporting date of 31 December 2010.

OUTLOOK

Positive outlook, positive effects from the adjustment

The slow-down of the economic recovery in the second half of 2010 was less pronounced than anticipated according to the International Monetary fund (IMF) at the end of January 2011. The global economic performance is expected to grow by 4.4% and 4.5% respectively in 2011 and 2012. The IMF nevertheless sees a number of risks that could jeopardize the global upturn, including the widening of the debt crisis in some European countries, risks of inflation as well as the risk of overheating, especially in the fast-growing emerging countries. Overall, the IMF continues to anticipate above-average growth in the emerging and developing markets. The average growth rate in these countries is forecast at 6.5% in 2011 and 2012, whereas growth in the industrial countries is expected to be 2.5% in both years.

Many market participants returned to the forfaiting market after the crisis ran its course and are now turning back to their growth-driven business policies. Low interest rates also encouraged institutional investors to look for investment opportunities with a balanced risk/return profile. This development is having a positive effect on demand for forfaiting transactions, and DF Group anticipates that it will remain high until 2012 and beyond. Apart from typical forfaiting transactions, products with other risks and remaining terms of far longer than just one year can now be placed again. This trend will continue growing, at least until 2012.

Even now that normality has returned in the forfaiting market, margins are above-average from a long-term perspective. Margins are expected to remain stable in 2012 and beyond after the market being fundamentally adjusted by the crisis. Although competition on the purchasing side has increased, the number of attractive transactions has also gone up. By now, the wave of rising exports has also reached SMEs, especially in the plant construction sector. In addition, countries that did not record large export rates in 2010 are now also profiting from the global economic upturn. DF Group, like the economic research organizations, anticipates a growing export volume in the coming years. In particular, in the emerging markets segment which is for us important. However, a new financial and economic crisis, which could be triggered by events such as the debt crisis in the South European Euro countries, would endanger this positive development. According to DF Group's estimates, this risk will remain in the market until at least 2012.

Governments around the world are currently attempting to prevent another financial crisis by implementing stabilization measures. This in particular could result in DF Group having to impair the value of its assets and even lead to losses.

Since the end of 2008, the conditions in the forfaiting market have changed considerably. The forfaiting market returned from the chaos of the crisis to a state of normality. DF Group has reacted to these dramatic changes by adjusting its sales organization. The establishment of a secondary market unit for the maintenance of the investor network was a particularly important step. This has provided DF Group with better access to investors and ensures that transactions are better suited to meet the individual needs of customers. This knowledge also has a particularly positive effect on the purchasing side. DF Group is better able to evaluate which transactions can be placed with investors at which price and therefore adjust its purchasing decisions accordingly. This makes it easier to sell at an attractive price in an increasingly competitive market environment.

Growth conditions are good for DF Group. In a positive market environment, the measures implemented enable the company to continuously increase its forfaiting volume over all segments, at least until 2012 and possibly beyond. This goes hand in hand with a continuously rising gross result including financial results, which will also push up consolidated profit while keeping costs disproportionately low.

Cologne, March 2011
Board of Management

FINANCIAL FIGURES

Consolidated Balance Sheet – Assets

Consolidated Balance Sheet – Equity and Liabilities

Consolidated Income Statement

Consolidated Statement of Recognized Income

Consolidated Cash Flow Statement

Consolidated Statement of Equity Changes

	Assets		31-12-2010 in EUR	31-12-2009 in EUR
A.	**Long-term assets**			
I.	Intangible assets	(17)	16,866.93	11,020.81
II.	Tangible assets	(16)	472,522.43	520,148.48
III.	Financial assets			
	Investments in affiliated companies		51,672.90	20,276.18
IV.	Other long-term assets	(18)	33,101.36	32,577.00
V.	Deferred taxes		42,637.47	18,818.75
			616,801.09	602,841.22
B.	**Short-term assets**			
I.	Trade accounts and other receivables	(19)	99,227,741.61	97,619,120.33
II.	Tax receivables		1,480,049.81	720,643.05
III.	Other short-term assets	(20)	275,907.88	144,467.52
IV.	Liquid funds	(21)	27,864,419.89	12,360,203.08
			128,848,119.19	110,844,433.98
	Total assets		**129,464,920.28**	**111,447,275.20**

(#) Reference to corporate notes

		Equity and Liabilities		31-12-2010 in EUR	31-12-2009 in EUR
A.		**Equity**	**(22)**		
	I.	Subscribed capital		6,800,000.00	6,800,000.00
	II.	Capital reserve		11,286,060.38	11,286,060.38
	III.	Revenue reserves			
	1.	Statutory reserve		500,000.00	500,000.00
	2.	Other reserves		8,262,346.51	6,509,451.84
	IV.	Adjustment item from the currency conversion		227,099.98	-25,516.00
	V.	Consolidated profit		2,074,045.35	3,520,894.67
				29,149,552.22	**28,590,890.89**
B.		**Long-term liabilities**			
	1.	Liabilities to banks		9,875,018.71	10,183,256.98
	2.	Other long-term liabilities		4,637.20	6,182.93
				9,879,655.91	**10,189,439.91**
C.		**Short-term liabilities**			
	1.	Liabilities to banks		64,572,448.28	51,820,773.38
	2.	Short-term provisions	(24)	128,119.08	151,146.52
	3.	Tax liabilities		5,019.99	489,790.64
	4.	Trade accounts and other payables		24,545,401.60	18,351,108.69
	5.	Other short-term liabilities	(25)	1,184,723.20	1,854,125.17
				90,435,712.15	**72,666,944.40**
		Total equity and liabilities		**129,464,920.28**	**111,447,275.20**

(#) Reference to corporate notes

Consolidated Income Statement

		01-01 to 31-12-2010 in EUR	01-01 to 31-12-2009 in EUR
1. Typical forfaiting income	(7)		
a) Forfaiting income		7,319,397.45	9,920,111.22
b) Commission income		9,551,244.94	10,867,093.52
c) Income from additional interest charged		1,182,043.90	929,493.64
d) Exchange profits		16,102,429.71	11,832,709.50
e) Income from the reduction of value adjustments on receivables and from the writing back of provisions for forfaiting and purchase commitments		1,720,972.09	338,374.39
		35,876,088.09	33,887,782.27
2. Typical forfaiting expenditure	(8)		
a) Expenditure from forfaiting		84,321.30	47,832.09
b) Commissions paid		3,304,049.78	4,939,676.78
c) Exchange losses		16,197,093.68	11,928,276.23
d) Credit insurance premiums		106,504.25	9,735.18
e) Depreciation and value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments		2,261,532.69	1,310,359.05
		21,953,501.70	18,235,879.33
3. Gross result	**(9)**	**13,922,586.39**	**15,651,902.94**
4. Other operating income	(10)	50,843.27	72,303.89
5. Personnel expenses	(11)		
a) Wages and salaries		2,921,582.15	3,400,004.68
b) Social security contributions and expenditure for pensions and social welfare		438,153.52	430,904.28
6. Depreciation on tangible and intangible assets	(12)	108,569.58	114,238.12
7. Other operating expenditure	(13)	5,521,218.06	5,307,516.51
8. Interest income	(14)	30,079.97	303,830.03
9. Interest paid	(14)	2,090,578.18	1,907,251.72
10. Profit before income tax		**2,923,408.14**	**4,868,121.55**
11. Income tax	(15)		
a) Income and earnings tax		873,181.51	1,399,154.67
b) Deferred taxes		-23,818.72	-51,927.79
12. Consolidated profit		**2,074,045.35**	**3,520,894.67**
Average number of shares		6,800,000	6,800,000
Earnings per share		0.31	0.52

(#) Reference to corporate notes

Consolidated Statement of Recognized Income

	01-01 to 31-12-2010 in EUR	01-01 to 31-12-2009 in EUR
I. Consolidated income	**2,074,045.35**	**3,520,894.67**
II. Other income		
Currency translation differences from the inclusion of foreign subsidiaries	252,615.98	78,401.72
III. Recognized income	**2,326,661.33**	**3,599,296.39**

	Consolidated Cash Flow Statement	01-01 to 31-12-2010 in kEUR	01-01 to 31-12-2009 in kEUR
	Cash flow		
	Profit for the year	2,074	3,521
+	Depreciation on tangible and intangible assets	109	114
+	Expenses for income tax	850	1,347
+	Interest paid	2,091	1,907
-	Interest income	-30	-304
+/-	Result from disposal of long-term assets	0	0
+/-	Other transactions not affecting payments	1,094	627
+/-	Changes to trade accounts receivable	-1,609	12,856
+/-	Changes to other assets (working capital)	-915	-267
+/-	Change to provisions	-23	-30
+/-	Changes to trade accounts payable	6,194	-3,828
+/-	Change to other liabilities (working capital)	-1,156	139
-	Paid taxes on profits	-2,007	-2,023
=	**Operative Cash flow**	**6,672**	**14,059**
-	Paid interest	-2,026	-1,841
+	Retained interest	29	286
=	**Inflow from current business (Total 1)**	**4,675**	**12,504**
-	Payments for investments in long-term assets	-89	-46
+	Incoming payments from disposals of long-term assets	0	0
=	**Outflow from investment activity (Total 2)**	**-89**	**-46**
+/-	Change to short-term financial liabilities	12,443	-19,959
-	Payment of dividends	-1,768	-2,924
+	Incoming payments from capital market transactions	0	0
=	**Inflow / Outflow from finance activity (Total 3)**	**10,675**	**-22,883**
	Changes in financial resources affecting payments	15,261	-10,425
+	Liquid funds at the start of the period	12,360	22,707
+/-	Effects from the currency conversion	243	78
=	**Liquid funds at the end of the period**	**27,864**	**12,360**

Consolidated Statement of Equity Changes in the period 01-01-2010 to 31-12-2010

in EUR	Subscribed capital	Capital reserves	Statutory reserves	Revenue reserves	Difference from currency conversion	Total
Balance 01-01-2010	**6,800,000.00**	**11,286,060.38**	**500,000.00**	**10,030,346.51**	**(25,516.00)**	**28,590,890.89**
Profit appropriation	–	–	–	–	–	–
Consolidated profit	–	–	–	2,074,045.35	–	2,074,045.35
Currency conversion	–	–	–	–	252,615.98	252,615.98
Dividend payment	–	–	–	(1,768,000.00)	–	(1,768,000.00)
Capital increase	–	–	–	–	–	–
Allocation to the reserves	–	–	–	–	–	–
Balance 31-12-2010	**6,800,000.00**	**11,286,060.38**	**500,000.00**	**10,336,391.86**	**227,099.98**	**29,149,552.22**

Consolidated Statement of Equity Changes in the period 01-01-2009 to 31-12-2009

in EUR	Subscribed capital	Capital reserves	Statutory reserves	Revenue reserves	Difference from currency conversion	Total
Balance 01-01-2009	**6,800,000.00**	**11,286,060.38**	**500,000.00**	**9,433,451.84**	**(103,917.72)**	**27,915,594.50**
Profit appropriation	–	–	–	–	–	–
Consolidated profit	–	–	–	3,520,894.67	–	3,520,894.67
Currency conversion	–	–	–	–	78,401.72	78,401.72
Dividend payment	–	–	–	(2,924,000.00)	–	(2,924,000.00)
Capital increase	–	–	–	–	–	–
Allocation to the reserves	–	–	–	–	–	–
Balance 31-12-2009	**6,800,000.00**	**11,286,060.38**	**500,000.00**	**10,030,346.51**	**(25,516.00)**	**28,590,890.89**

CORPORATE NOTES

Notes to the Consolidated Financial Statements

Consolidated Fixed Assets

Auditors' Report

Responsibility Statement by the Management Board

Supervisory Board Report

Corporate Governance Report

I. Policies

(1) General information

The legal form of DF Deutsche Forfait AG is 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 focus, however, is the purchase and sale of trade receivables.

The consolidated financial statements of DF Deutsche Forfait AG (also "DF Group" or "Group") as of 31 December 2010 comply with the International Financial Reporting Standards (IFRS) at the accounting date as they apply in the EU and applicable supplementary regulations according to Section 315a 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 2010 financial year have also been applied. The figures for the previous year conform with the regulations applicable to the current financial year.

The functional currency of the Group is 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 Notes. In principle, the income statement is prepared according to the total expenditure method. In the income statement, income and expenses are grouped by category and income and expense totals are presented to take the particular characteristics of a forfaiting company into consideration. The consolidated financial statements follow the structure guidelines set out in IAS 1.

The Board of Management and 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 published on the company website on 22 February 2011.

This report was prepared by the Board of Management, has been approved for publication and will be submitted to the Supervisory Board for approval during its meeting on 29 March 2011.

(2) Basis of consolidation, accounting date

The consolidated financial statements include two subsidiaries of DF Deutsche Forfait AG (also "DFAG").

These are DF Deutsche Forfait s.r.o., Prague/Czech Republic, and DF Deutsche Forfait Swiss AG, Zurich/Switzerland. In the case of both companies, the parent held 100% of the voting rights for the entire reporting period from 1 January 2010 to 31 December 2010.

The reporting date of DFAG and the two consolidated subsidiaries is 31 December.

The subsidiaries DF Deutsche Forfait Americas, Inc., Miami/USA, and DF Deutsche Forfait do Brasil Ltda., São Paulo/Brazil, in which DFAG also holds 100% of the voting rights, are not included in the basis of consolidation, as they fulfill only sales and representative tasks. For the same reason the investment in DF Holding Ltd., Dubai, and DF Deutsche Forfait West Africa Ltd., Accra/Ghana, in which DFAG holds 60% each of the voting rights and in DF Deutsche Forfait Pakistan (Private) Limited, Lahore/Pakistan, in which DFAG indirectly holds 60% of the voting rights, are not included in the consolidated financial statements. The subsidiaries which are not consolidated are of secondary importance for the consolidated financial statements as of 31 December 2010 and do not influence the true and fair view of the assets, liabilities, financial position and the profit or loss presented in the consolidated financial statements.

(3) Consolidation procedures

The basis for the consolidated financial statements are the financial statements of the consolidated companies prepared at 31 December 2010 under uniform accounting and valuation policies according to IAS 27, "Consolidated financial statements and accounting for investments in subsidiaries". All of the consolidated subsidiaries are start-ups. Accordingly, there are no differences as a result of capital consolidation. Intragroup receivables, liabilities, provisions, income and expenses, and profits are eliminated under consolidation.

(4) Currency conversion

The financial statements of consolidated companies presented in a foreign currency are translated on the basis of functional currency (IAS 21, "The Effects of Changes in Foreign Exchange Rates") using the modified closing rate procedure.

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.

The foreign currency difference resulting from the translation of equity is reported under equity as a "translation adjustment". The translation differences resulting from deviating translation rates between balance sheet and income statement are also included in the translation adjustment item without an effect on income.

In the separate financial statements of DF Deutsche Forfait AG and the subsidiaries, foreign currency receivables and liabilities are valued at the cost of acquisition on accrual. Exchange rate gains and losses on the reporting date are treated as income or expenditure.

The exchange rates, on which translation into Euros is based, correspond to the Euro reference rate published by the European Central Bank and are as follows:

	Closing rate		Average rate	
	31-12-2010	31-12-2009	2010	2009
Swiss Francs	1.2504	1.4836	1.3803	1.5100
Czech Koruna	25.0610	26.4730	25.2840	26.435

(5) Accounting and valuation policies

The financial statements of the companies included in the consolidated financial statements have been prepared according to uniform accounting and valuation policies conforming with IAS 27.

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 value adjustments on receivables and of provisions for forfaiting and purchase commitments.

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 or as a provision, 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.

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 an internet domain name. Software, as an intangible asset acquired for consideration, is recognized at acquisition or manufacturing cost and regularly amortized using the straight-line method over its estimated useful life of three years. The licenses and the acquired domain name have been recorded as assets that are not subject to amortization.

All property, plant, and equipment is used for business purposes and is carried at acquisition or manufacturing cost, less regular depreciation. Depreciation on property, plant, and equipment is calculated using the straight-line method according to the expected useful life.

Low-value assets are fully written off in the year of acquisition. Regular depreciation is based on the following Group standard useful lives:

Useful life in years	2010	2009
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. The consolidated fixed assets schedule for the 2010 financial year, which shows the development of acquisition costs, depreciation and amortization and net book values, is attached to these notes.

Investments are shown on the balance sheet by type of financial instruments. This item includes financial assets (receivables). On initial recognition, the financial assets are carried at acquisition cost. Only financial instruments under "loans and receivables" are carried on the balance sheet under financial investments. Loans and receivables are not quoted on an active market. Since financial assets do not have a fixed term, they are valued at acquisition cost.

Under non-current assets, rent deposits and deferred taxes as well as investments in subsidiaries not included in the consolidated financial statements are reported as investments at acquisition cost.

Trade receivables and other assets are mainly loans and receivables held for sale. They are carried at the continued cost of acquisition using the effective interest method. Interest-free and low-interest receivables with terms of more than one year are discounted. 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.

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

Cash and cash equivalents are reported on 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 and also for consolidation measures affecting results.

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.

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

Pension obligations include defined contribution and defined benefit plans.

The obligations for defined benefit plans are measured using the project 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 fair value of reinsurance, according to the assumption, is equal to the present value of the covered obligation. This assumption results from plan assets exceeding the pension obligation, according to the valuation.

The value of the pension obligation and the fair value of reinsurance are offset. Actuarial gains and losses are offset and recognized as income. The expenditure for pension provisioning including the interest component is classified as staff costs. Expenses for contribution-based pension plans are recorded as expenditures in the year of payment.

Other 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 acquisition cost, corresponding to the fair value of the consideration received. Transaction costs are also considered. Subsequently, all liabilities are measured at the continued cost of acquisition. There are no liabilities held for trading in DF Group.

The preparation of the consolidated financial statements conforming with 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 on the balance sheet both in terms of amount and reporting. The assumptions and estimates essentially relate to the unified group stipulation of useful lives, the stipulation of country risks on trade receivables, the valuation of pension obligations, and the accounting for and measurement of provisions. 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.

(6) Accounting regulations that have been approved but not yet applied

The following standards and interpretations, which are applicable after 31 December 2010, were not applied prematurely:

- IAS 32 ("Financial Instruments: Presentation"), applicable for the first time to financial years beginning on or after 1 February 2010.

- IFRIC 14 ("Prepayments of a Minimum Funding Requirement"), applicable for the first time to financial years beginning on or after 1 January 2011.

- IAS 24 ("Related Party Disclosures"), applicable for the first time in the new version to financial years beginning on or after 1 January 2011. The current version of IAS 24 is applied.

- IFRIC 19 ("Extinguishing Financial Liabilities with Equity Instruments"), applicable for the first time to financial years beginning on or after 1 July 2010.

These new or amended standards were not prematurely applied or are not relevant to the consolidated financial statements as at 31 December 2010. Premature application of the standards and interpretations are not planned. There are no material or qualitative implications for reporting.

II. Notes to the Income Statement

(7) Typical forfaiting income

Portfolio income earned in the period and trading income (the difference between the book and market values of a receivable) are recorded as forfaiting income. A forfaiting expense is only incurred if the market value calculated at the time of sale falls below the book value.

At the same time, only DF Group income from loan agreements is recorded in typical forfaiting income. Previously, all income from loan agreements was recorded in typical forfaiting income.

Revenue is generated as follows:

Typical forfaiting income in kEUR	2010	2009
Forfaiting income	7,319	9,920
Commission income	9,551	10,867
Income from additional interest charged	1,182	929
Exchange rate gains	16,102	11,833
Income from the writing back of value adjustments on receivables and of provisions for forfaiting and purchase commitments	1,721	338
of which on trade receivables	*428*	*124*
of which from forfaiting and purchase commitments	*1,293*	*214*
Total	**35,876**	**33,887**

Typical forfaiting income increased by kEUR 1,988 or 6% year on year. The majority pertains to higher exchange rate gains which are offset in equal amount by higher exchange rate losses. Income from the reversal of value adjustments are offset to a large extent by additions to risk provisions, resulting in a net addition.

(8) Typical forfaiting expenses

Typical forfaiting expenses break down as follows:

Typical forfaiting expenses in kEUR	2010	2009
Forfaiting expenses	84	48
Commission expenses	3,304	4,940
Exchange losses	16,197	11,928
Credit insurance premiums	107	10
Depreciation and value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments	2,262	1,310
of which on trade receivables	*2,262*	*1,310*
of which from forfaiting and purchase commitments	–	–
Total	**21,954**	**18,236**

Typical forfaiting expenses increased in line with typical forfaiting income. The majority pertains to higher exchange rate losses which are offset in equal amount by higher exchange rate gains. Expenses from additions to value adjustments are offset to some extent by reversals of risk provisions, resulting in a net addition.

(9) Gross result

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

Gross result in kEUR	2010	2009
Net forfaiting income	7.235	9,872
Net commission income	6.247	5,927
Income from additional interest charged	1.182	929
Profit (loss) on exchange rate gains and losses	(94)	(95)
Net valuation in forfaiting business	(541)	(972)
	14.029	**15,661**
less credit insurance premiums	(106)	(10)
Total	**13.923**	**15,651**

The gross result decreased considerably despite a rise in forfaiting volume. Net forfaiting income went down due to the drop in margins. The number of transactions with purchase commitments stabilized, and net commission went up further as a result. Commission income was also generated from the purchase of receivables. In the previous year, an increasing number of receivables were again purchased with credit insurance, so that DF Group did not have to pay many credit insurance premiums.

(10) Other operating income

Other operating income breaks down as follows:

Other operating income in kEUR	2010	2009
Income from offsetting non-cash benefits under the provision of motor vehicles	48	48
Income from writing back other liabilities	–	24
Income from the disposal of fixed asset items	–	–
Miscellaneous other operating income	3	–
Total	**51**	**72**

(11) Staff costs

Staff costs break down as follows:

Staff costs in kEUR	**2010**	**2009**
Salaries	2,922	3,400
Total salaries	**2,922**	**3,400**
Social security contributions	*213*	*232*
Pensions	*200*	*178*
Other social security expenses	*25*	*21*
Total social security expenses	**438**	**431**
Total	**3,360**	**3,831**

Social security contributions include employer's contributions to state pension providers in the amount of kEUR 200 (previous year: kEUR 159). Pensions include expenses for defined contribution benefit plans in the amount of kEUR 92 (previous year: kEUR 89).

(12) Amortization on intangible assets and depreciation on property, plant and equipment

Depreciation and amortization break down as follows:

Amortization and depreciation in kEUR	**2010**	**2009**
Amortization on intangible assets	2	2
Depreciation on property, plant and equipment	106	112
Total	**108**	**114**

(13) Other operating expenses

Other operating expenses break down as follows:

Other operating expenses in kEUR	**2010**	**2009**
Legal and consultation fees, costs of preparing statements	2,119	2,131
Administrative costs/partner	1,494	1,251
Cost of premises (rental and cleaning costs)	389	372
Travel expenses	324	326
Payment transaction fees	143	171
Telephone, postage and internet connection charges	112	94
Vehicle costs	83	88
Insurances, fees, contributions	74	82
Miscellaneous other expenses	783	792
Total	**5,521**	**5,307**

Compared to the previous year, other operating expenses went up due to the rising costs for cooperation partners, as the subsidiary in Brazil was active all year round for the first time and also because the investment in Ghana was included in this figure as from July 2010. The expenses for cooperation partners include expenses for the offices in London, Paris and Helsinki and the subsidiaries in Miami and São Paulo.

(14) Financial results

The financial results break down as follows:

Financial results in kEUR	2010	2009
Interest income from banks	27	57
Interest income from receivables	3	247
Interest income from investments and other interest rate agreements	–	–
Total interest income	**30**	**304**
Interest expense payable to banks	2,090	1,889
thereof from refinancing the forfaiting business	*2,057*	*1,729*
thereof from interest on overdraft	*33*	*160*
Other interest expenses	1	18
Total interest expense	**2,091**	**1,907**
Net interest = financial results	**(2,061)**	**(1,603)**

Interest expense went up in line with the rise in forfaiting volume, and financial results became even more negative.

(15) Income taxes

Group income taxes break down as follows:

Income taxes in kEUR	2010	2009
Income tax expense from the current year	873	1,398
Allowances for previous years	0	1
Current tax expense	**873**	**1,399**
Deferred taxes from temporary differences	(24)	(52)
Deferred tax expense/income	**(24)**	**(52)**
Total	**849**	**1,347**

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

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 an average effective trade income tax rate of approximately 16.0% plus a solidarity surcharge of 5.5% on top of corporation tax, this results in a tax rate of approximately 31.8% for domestic companies.

This tax rate was uniformly applied across the reporting period to calculate domestic deferred tax effects. The tax rate will be adjusted to 32.45% after the increase of the trade tax rate as from 1 January 2011. As this was of no material importance to the reporting year, the company did not take this rate into account. The tax effects of foreign companies are of secondary importance in the reporting period and are disregarded on account of their immateriality.

Deferred taxes on retained earnings among foreign subsidiaries were not calculated, since these earnings are either reinvested for an indefinite period or not taxed. The potential tax implications were not determined due to the disproportionately high costs this would entail.

The status of deferred tax assets and liabilities as at 31 December 2010 is detailed in the table below:

Deferred tax assets and liabilities by type of temporary differences in kEUR	**Assets**		**Liabilities**	
	2010	**2009**	**2010**	**2009**
Trade receivables	–	–	33	3
Pension obligations	76	68	–	–
Other assets	–	–	–	18
Other liabilities	–	–	–	–
Total	*76*	*68*	*33*	*49*
Offsetting	(33)	(49)	(33)	(49)
Balance sheet value	**43**	**19**	**–**	**–**

With respect to the value of deferred tax assets, care was taken only to recognize amounts which are at least highly likely to be achieved. 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.

There are no losses carried forward as at the reporting date.

The difference between expected and reported income tax expense can be accounted for as follows:

in kEUR	**2010**	**2009**
Earnings before tax	2,923	4,868
Nominal tax rate	31.8%	31.8%
Expected income before tax expenses	*930*	*1,541*
Non-deductible expense	144	56
Tax effects from previous years	(44)	(12)
Tax effects from deviant local tax rates	(181)	(245)
Other tax effects	–	–
Income taxes	**849**	**1,347**

III. Notes to the Balance Sheet

(16) Tangible assets

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

(17) Intangible assets

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

(18) Other non-current assets

Other non-current assets solely comprise rent deposits. Non-current investments include the acquisition cost of unconsolidated subsidiaries.

(19) Trade receivables

Trade receivables break down as follows:

Receivables in kEUR	31-12-2010	31-12-2009
Trade receivables	99,228	97,619
thereof long-term	*11,134*	*7,282*
thereof short-term	*88.094*	*90,337*

Trade receivables are divided into current and non-current according to the due date of the receivables. In principle, an effort is made to resell the receivables quickly.

(20) Other current assets

Other current assets break down as follows:

Other current assets in kEUR	31-12-2010	31-12-2009
Accruals and deferrals	222	65
Miscellaneous other assets	54	79
Tax receivables	1,480	721
Total	**1,756**	**865**

(21) Cash and cash equivalents

Cash and cash equivalents amount to kEUR 27,864 and concern bank deposits with a maturity of up to three months. kEUR 1,588 of these deposits are pledged as securities.

(22) Equity

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

Subscribed capital: Due to an initial public offering (IPO) in May 2007, the Group's share capital increased by kEUR 1,800 to a total of kEUR 6,800. It is divided into 6,800,000 no-par bearer shares, which are fully paid up.

Capital reserve: The capital reserve consists of the difference between the proceeds of the share issue of kEUR 13,500 and the nominal increase in capital of kEUR 1,800. Taking into account financing costs in the amount of kEUR 414 offset against the capital reserve and adjusted for tax effects, the Group has a capital reserve in the amount of kEUR 11,286.

Revenue reserves: Retained earnings consist of profits generated in the past by the companies included in the consolidated financial statements, unless distributed.

Adjustment item from the currency conversion: This adjustment shows differences arising from foreign currency translation of the financial statements of subsidiaries without any effect on income. The translation adjustment increased the recorded equity in the reporting year by kEUR 227 (previous year: lowered by kEUR 26).

Earnings per share: Earnings per share of EUR 0.31 are based on the average number of common shares issued and outstanding in the reporting period (6,800,000).

Proposed appropriation of net income: The Board of Management and Supervisory Board propose the payment of a dividend in the amount of EUR 0.15 per voting share for the 2010 financial year. This corresponds to a payout of kEUR 1,020. The remainder of the consolidated profit totaling kEUR 1,054 will be carried forward to future years.

Total income and expenses: The composition of total income and expenses is shown under the financial figures of this report. Income taxes of kEUR 80 were due on the currency conversion adjustments of economically autonomous foreign units once these were realized.

Authorized capital: According to the Memorandum of Association from 21 May 2007, the Board of Management has the right – subject to approval from the Supervisory Board – to increase the company's share capital by a total of up to kEUR 2,500 until 29 March 2012 by single or multiple share issues of new no-par bearer shares in exchange for cash or contributions in kind (authorized capital I). The Board of Management is authorized – subject to approval from the Supervisory Board – to increase the company's share capital by a total of up to kEUR 900 until 29 March 2012 by single or multiple share issues of new no-par bearer shares in exchange for cash or contributions in kind (authorized capital II).

Issuance of warrant and/or convertible bonds: By resolution of the Annual General Meeting on 20 May 2010, the Board of Management was authorized, subject to approval of the Supervisory Board, to issue bearer warrant and/or convertible bonds with a total nominal value of up to EUR 20,000,000 in one or several tranches until 19 May 2015 and to grant bond holders or creditors option rights and/or conversion rights on new bearer shares of the company up to a pro-rata share in share capital totaling up to EUR 3,400,000 according to the terms and conditions for warrant and convertible bonds.

Right to purchase own shares: The Annual General Meeting on 20 May 2010 gave the company the right to purchase its own shares up to a total of 10% (680,000 shares) of the share capital on the stock exchange until 19 May 2015. The Board of Management was given the right to sell the purchased shared on the stock exchange or via an offer to all shareholders in exchange for cash.

(23) Pension obligations

Pension obligations comprise obligations from expectancies in accordance with IAS 19 "Employee Benefits".

As far as the three active members of the Board of Management are concerned, there are pension commitments in the form of defined benefit plans. Accordingly, the company's obligation consists of providing the active employees with their committed benefits. The benefit plan is externally financed by means of reinsurance.

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 %	31-12-2010	31-12-2009
Discounting factor	5.25%	5.50%
Expected return on plan assets	5.25%	4.00%
Pension growth rate	1.00%	1.00%

The diagrams below illustrate the development of the present value of entitlements for pension obligations and plan assets:

Development of the accumulated benefit obligation in kEUR	2010	2009
Accumulated benefit obligation of the pension promises (Defined Benefit Obligation) as of 1 January	206	174
'service cost'	22	2
'interest cost'	11	10
Actuarial (gain) loss	11	20
Defined Benefit Obligation (DBO) as of 31 December	**250**	**206**

Development of the plan assets in kEUR	2010	2009
Value of plan assets as of 1 January	360	315
Expected investment income	15	13
Contributions	33	33
Discrepancy between expected and actual income	53	(1)
Value of plan assets as of 31 December	**461**	**360**

The deviations between actuarial assumptions and actual developments are as follows:

in kEUR	2010	2009	2008	2007	2006
Accumulated benefit obligation	250	206	174	142	148
Included impacts of deviations in reporting year	(11)	(20)	(21)	15	(17)
Plan assets	461	360	315	272	219
Included impacts of deviations in reporting year	(53)	(1)	(2)	(2)	(9)
Funded status	**211**	**154**	**141**	**130**	**71**

In the 2010 financial year, Dr. Klaus Heubeck's "2005 G tables" were used to calculate the defined benefit plans.

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 of kEUR 461 (previous year: kEUR 360) and the liability value of the obligation of kEUR 250 (previous year: kEUR 206) is shown. At the reporting date, plan assets exceeded the liability value of the obligation by kEUR 211 (previous year: kEUR 154). The figure shown on the balance sheet was calculated as follows:

Derivation of the net figure carried in the balance sheet in kEUR	31-12-2010	31-12-2009
Projected unit credits of the defined benefit obligation	250	206
Fair value of the pension plan assets	250	206
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 are directly recognized in the result.

The defined benefit plans incurred the following expenses, which break down into the following components:

Expenditure on defined benefit pension plans in kEUR	2010	2009
Current services cost	22	2
Interest expense	12	10
Expected return on plan assets	(15)	(12)
Adjustment for actuarial gains and losses	14	33
Total expenditure	**33**	**33**

During each reporting period, a net figure in the amount of the premium payments for reinsurance resulted since the increase in pension obligations was matched by an increase in plan assets. Payments on the pension benefit plans as of 31 December 2010 are not expected for the following periods.

(24) Provisions

Current provisions involve obligations arising from forfaiting and purchase commitments. They are measured in the same way as capitalized trade receivables. Value adjustment rates determine country risks on the basis of the "Country Credit Ratings" from Institutional Investor.

Short-term provisions in kEUR	
1 January 2009	**182**
Addition	–
Use	–
Release / Reclassification	31
31 December 2009	**151**
Addition	–
Use	–
Release / Reclassification	23
31 December 20010	**128**

(25) Other short-term and long-term liabilities

Long-term liabilities include a liability to banks in the amount of kEUR 9,875 resulting from a loan agreement with repayment commencing at the beginning of the year 2015. The loan is used to refinance forfaiting transactions and will be utilized up to a maximum of kEUR 10,000 prior to currency differences. Interest at the rate of the respective 3-month EURIBOR plus a margin is payable quarterly.

Other long-term liabilities relate to a liability of kEUR 5 to Pensions-Sicherungs-Verein aG.

The item "Other short-term liabilities" as of 31 December 2010 essentially concerns obligations to employees arising from bonuses (kEUR 100) and holiday pay (kEUR 63), liabilities from other taxes due (kEUR 74), commissions which have been collected but not yet treated as income (kEUR 402), liabilities for costs of preparing financial statements and audit fees (kEUR 80), and other liabilities (kEUR 196) from invoices for administrative costs that have been received as well as deferred interest. Unlike in the previous year, liabilities from sales commissions of kEUR 270 were also recognized in other short-term liabilities.

The other short-term and long-term liabilities break down as follows:

Other short-term and long-term liabilities in kEUR	31-12-2010	31-12-2009
Other long-term liabilities	**5**	**6**
Taxes payable on income and earnings	–	–
Other tax liabilities	74	64
Liabilities to employees	3	2
Liabilities from duties and premiums	7	6
Sales commission, Gratuities	270	270
Bonuses	100	200
Holiday pay	63	58
Costs of preparing the financial statements and auditing	80	80
Accruals and deferrals	402	1,016
Miscellaneous other liabilities	186	158
Other short-term liabilities	**1,185**	**1,854**

IV. Other information

(26) Notes on segment reporting

DF Group controls its business by using risk groups based on the forfaiting volume. They are divided according to the original debtor of each receivable. Countries are allocated to a risk group according to their external ratings. Risk group I is for countries with the highest credit rating and risk group V for countries with the lowest credit rating.

Forfaiting volume in EUR million	2010	2009
Risk group I	218.8	211.3
Risk group II	51.8	29.3
Risk group III	50.2	76.4
Risk group IV	68.5	134.9
Risk group V	260.8	124.0
Total	**650.1**	**575.9**

Gross result proportion	2010	2009
Risk group I	29%	40%
Risk group II	9%	0%
Risk group III	16%	26%
Risk group IV	8%	1%
Risk group V	38%	33%
Without classification	0%	0%
Total	**100%**	**100%**

In addition, the forfaiting volume is divided by region:

Forfaiting volume in EUR million	2010	2009
Africa	51.8	28.0
Asia	297.8	156.0
Australia	–	–
Europe	239.1	268.8
North America	7.7	18.7
South- and Central America	53.7	104.4
Total	**650.1**	**575.9**

Gross result proportion	2010	2009
Africa	4%	2%
Asia	58%	36%
Australia	0%	0%
Europe	25%	41%
North America	0%	0%
South- and Central America	13%	22%
Without classification	0%	0%
Total	**100%**	**100%**

(27) Tenancies and leases

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

Operating-leases in kEUR	<1 year	Maturity 1-5 years	>5 years	Total
31 December 2010				
For office space	266	317	–	683
For vehicle leasing	39	17	–	56
For office equipment	4	4	–	8
Total	**309**	**338**	**–**	**647**
31 December 2009				
For office space	239	383	–	622
For vehicle leasing	43	56	–	99
For office equipment	8	8	–	16
Total	**290**	**447**	**–**	**737**

Lease payments of kEUR 46 (previous year: kEUR 46) have been paid in the reporting year. This exclusively concerned minimum lease payments.

(28) Employees

The number of staff employed as of the reporting date is shown in the following table. The figures include two Board Members responsible for Trade/Sales and one for Controlling/Accounting:

Number of employees	2010	2009
Salaried employees	**61**	**58**
of which in trade/sale	24	21
of which in contract management	17	16
of which in controlling/accounting	9	10
of which other/internal administration	11	11

(29) Other financial obligations

In addition to liabilities and provisions, 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 December 2010				
From forfaiting commitments	35,736	401	–	36,137
From purchase commitments	15,742	3,488	–	19,230
Total	**51,478**	**3,889**	**–**	**55,367**
31 December 2009				
From forfaiting commitments	20,038	8,805	–	28,843
From purchase commitments	34,410	420	–	34,830
Total	**54,448**	**9,225**	**–**	**63,673**

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

Securities in kEUR	31-12-2010	31-12-2009
Other financial obligations	*55,367*	*63,673*
– Receivable sold: the receivable is resold after it is purchased by the DF Group. The purchaser is already legally obliged vis-à-vis the DF Group to purchase the receivable.	35,840	24,986
– Underlying receivable paid or the sale invoiced	199	–
– Credit securities	–	3,471
– Bank securities (e.g. guarantees)	14,511	25,566
– Cash collateralisation	521	8,385
– Party providing security is a company (e.g. counterguarantees of forfaiting companies)	1,585	28
– Other securities	–	–
= Securities	*52,656*	*62,436*
Other financial obligations after deduction of securities	**2,711**	**1,237**

(30) Consulting fees and auditing costs

The fees for services provided by the auditors of the separate and consolidated financial statements, reported under expenditures, are as follows:

Auditing fees in kEUR	2010	2009
Audits	95	85
Tax consulting services	12	25
Other audit services	66	64
Other services	10	–

Other audit services include the review of the interim reports; tax consultancy services pertain only to advisory services.

(31) 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 by way of a consolidated company. 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 statutory provision or contractual agreement to steer the financial and company policies of DF Group management.

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 Supervisory Board of DF Deutsche Forfait AG.

DF Group is affected by the disclosure requirements of IAS 24 for the 2010 financial year solely in terms of business with entities with a significant influence and members of the Board of Management and Supervisory Board of DF Deutsche Forfait AG.

One company with a significant influence on DF Group is M.M.Warburg & CO Gruppe KGaA, Hamburg, with direct and indirect control of voting rights – at least for some time – of 21% after the IPO. The transactions with M.M.Warburg & CO KGaA are part of the ordinary business activities of the DF Group and were concluded under ordinary market terms and conditions.

The following tables give an overview of the primary expenses and income items from transactions with the companies with significant influence and the outstanding balances:

Income and expense from transactions with related parties	2010	2009
M.M.Warburg & CO KGaA		
Typical forfaiting expenses	(13)	(13)
Other operating expenses	(56)	(52)
Interest and similar income	4	2
Interest and similar expenses	(78)	(130)
Total	**(143)**	**(193)**

Outstanding amounts vis-à-vis related parties in kEUR	31-12-2010	31-12-2009
M.M.Warburg & CO KGaA		
Deposits with banks	1,024	1,033
Bank loans and overdraft	1	557

As in the previous year, the Board of Management was composed as follows in the 2010 financial year:

Board of Management	Profession
Marina Attawar	Merchant under German law
Jochen Franke	M.A. in Business Management
Ulrich Wippermann	Merchant under German law

Compensation for members of the Board of Management breaks down as follows:

Board of Management compensation in kEUR	M. Attawar	J. Franke	U. Wippermann
2010			
Fixed salary	253	253	253
Other compensation	36	37	48
Management bonus 2009	–	–	–
Total 2010	**289**	**290**	**301**
2009			
Fixed salary	253	253	253
Other compensation	35	36	48
Management bonus 2008	138	138	138
Total 2009	**426**	**427**	**439**

Compensation for members of the Supervisory Board breaks down as follows:

Supervisory Board compensation in kEUR	2010	2009
Fixed compensation	111	111
Attendance fee	14	12
VAT	17	16
Total	**142**	**139**

DFAG has received the following notifications pursuant to the Securities Trade Act (WpHG):

Marina Attawar, Cologne, notified us in accordance with Sec. 21 (1a) of the Securities Trade 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 Sec. 22 (1) p. 1 no. 1 of the Securities Trade Act (WpHG). Furthermore, she notified us in accordance with Sec. 21 (1a) of the Securities Trade 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.

Jochen Franke, Cologne, notified us in accordance with Sec. 21 (1a) of the Securities Trade Act (WpHG) on 29 May 2007 that his voting rights share in DF Deutsche Forfait AG, Kattenbug 18 – 24, 50667 Cologne, amounted to 3.68% (which corresponds to 250,000 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 him through Franke Vermögensverwaltung GmbH in accordance with Sec. 22 (1) p. 1 no. 1 of the Securities Trade Act (WpHG). Furthermore, he notified us in accordance with Sec. 21 (1a) of the Securities Trade Act (WpHG) that the voting rights share of Franke Vermögensverwaltung GmbH, Peter-Kintgen-Strasse 13, 50935 Cologne, in DF Deutsche Forfait AG, Kattenbug 18 – 24, 50667 Cologne, amounted to 3.68% (which corresponds to 250,000 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.

Ulrich Wippermann, Bonn, notified us in accordance with Sec. 21 (1a) of the Securities Trade Act (WpHG) on 29 May 2007 that his 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 him through Xylia 2001 Vermögensverwaltungs GmbH in accordance with Sec. 22 (1) p. 1 no. 1 of the Securities Trade Act (WpHG). Furthermore, he notified us in accordance with Sec. 21 (1a) of the Securities Trade Act (WpHG) that the voting rights share of Xylia 2001 Vermögensverwaltungs GmbH, Bismarckallee 15, 53173 Bonn, 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.

M.M.Warburg & CO KGaA notified us in accordance with Sec. 21 (1) of the Securities Trade Act (WpHG) that the voting rights share of M.M.Warburg & CO Gruppe KGaA, Ferdinandstrasse 75, 20095 Hamburg, in DF Deutsche Forfait AG, Kattenbug 18 – 24, 50667 Cologne, fell below the thresholds of 25%, 30% and 50% defined in Sec. 21 (1) of the Securities Trade Act (WpHG) and now amounts to 20.51% (1,394,805 voting rights). 657,000 of these voting rights, i.e. 9.66% of the voting rights of the company, are allocated to M.M.Warburg & CO Gruppe KGaA via M.M.Warburg & CO KGaA in accordance with Sec. 22 (1) p. 1 no. 1 of the Securities Trade Act (WpHG).

M.M.Warburg & CO KGaA Hamburg, Germany, notified us in accordance with Sec. 21 (1) of the Securities Trade Act (WpHG) on 16 August 2007 that its voting rights share in DF Deutsche Forfait AG, Cologne, Germany, exceeded the threshold of 10% of the voting rights on 15 August 2007 and now amounts to 10.06% (which corresponds to 684,000 voting rights).

Capiton Value Beteiligungs-GmbH, Berlin, notified us in accordance with Sec. 21 (1) of the Securities Trade Act (WpHG) on 8 June 2010 that its voting rights share in DF Deutsche Forfait AG, Cologne, Germany, exceeded the threshold of 3% of the voting rights on 7 June 2010 and at that point amounted to 3.14% (which corresponds to 213,754 voting rights). In accordance with Sec. 22 (1) p. 1 no. 1 of the Securities Trade Act (WpHG), these voting rights are to be allocated to Capiton Holding GmbH, Berlin.

BNP Paribas, Frankfurt, notified us in accordance with Sec. 21 (1) of the Securities Trade Act (WpHG) on 15 March 2011 that the previous Fortis Investments Management Belgium SA, Brussels, now BNP Paribas Investment Partners Belgium, exceeded the threshold of 3% of the voting rights on 29 February 2008 and at that point held 3.04% (which corresponds to 206,567 voting rights).

(32) 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 Group, 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 Deutsche Forfait AG 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. No loss or damage arose out of legal risk in the reporting period.

Default risk

Default risk is subdivided into country risk and counterparty risk. Forfaiters primarily deal in receivables with a medium level of country risk. Generally, receivables are only bought from reputable companies in these countries. 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. Country and counterparty risks are also covered (e.g. by credit insurance and bank guarantees).

The maximum default risk on the purchased trade receivables at the respective reporting dates was as follows:

in kEUR	31-12-2010	31-12-2009
Nominal value of trade receivables	97,099	94,555
– Discount deduction	(1,482)	(1,453)
+ Other receivables	7,685	8,508
= Gross book value before adjustments	103,302	101,610
– Value adjustments	(4,074)	(3,991)
= Book Value = maximum default risk	99,228	97,619
– Sold receivables	(9,761)	(13,679)
– Bank securities (e.g. guarantees)	(3,893)	(1,071)
– Cash securities	(16,357)	(13,113)
– Credit insurances	(43,814)	(55,123)
– Guarantor is a company (e.g. forfaiting company)	(653)	(2,457)
– Guarantor is the government or a government agency	(9,632)	–
– Underlying receivables were payed or their purchase settled	(4,754)	(189)
+ Twin securities	1,203	975
= Securities	(87,661)	(84,657)
= Unsecured maximum default risk	**11,567**	**12,962**

The risk management system actively spreads 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 market value reduction 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 takes the individual risk of each transaction into account; this mainly depends on country and counterparty risks.

For DF Deutsche Forfait AG Group as a trading company, interest rate risk mainly consists of market risk since, if the interest rate rises, so too does the discount expense upon sale which is calculated up to the final date of maturity of the receivable, thereby reducing the market value of the receivable. In its capacity to increase refinancing costs, interest rate risk is of secondary importance to the Group. 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. Reselling the receivables quickly minimizes market risk. DF Deutsche Forfait AG Group has assumed a long-term loan in the amount of kEUR 10,000. The loan amount may be utilized in EUR or USD. The loan has a three-month fixed interest period. If the interest rate in the currency in which the loan is utilized goes up, interest expense increases accordingly. The sensitivity analysis assumes an interest rate increase of one percentage point (100 basis points). In this case, annual interest expense increases by kEUR 100.

Currency risk

DF Deutsche Forfait AG 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.

On the income statement, exchange profits and losses for receivables and the corresponding liabilities are reported separately. Since the receivables and corresponding liabilities are valued separately, large exchange profits and losses are included on 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 negative 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 2010 results in the following sensitivity values:

Currency in kEUR	Sensitivity
CHF	17
CZK	0
GBP	77
USD	14

Value of financial instruments

For on-balance-sheet financial instruments, the book values reflect an appropriate approximation of fair values.

Book value of financial instruments in kEUR	2010	2009
Loans and receivables	99,504	97,764
Cash and cash equivalents	27,864	12,360
Financial assets for disposal	52	20
Financial liabilities valued at amortized cost	100,178	82,209
Thereof: financial debts	74,447	62,004

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	2010	2009
Loans and receivables	13,923	15,652
Cash and cash equivalents	30	304
Amortization of disposable financial assets	–	–
Financial assets valued at amortized cost	(2,091)	(1,907)

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

(33) Capital management

The primary goal of the capital management activities of DF Deutsche Forfait AG Group is to provide sufficient financial resources for the purchase and sale of receivables (forfaiting business) at all times. Under the DF Deutsche Forfait AG Group business model, financing is mainly required for short-term receivables related to sales transactions. DF Deutsche Forfait AG Group requires equity and external financing for this purpose. Capital management mainly obtains external financing in the form of bank loans, which includes the approved lines of credit. Capital management activities for DF Deutsche Forfait AG Group are based 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 2010, equity of DF Deutsche Forfait AG Group was EUR 29.1 million (previous year: EUR 28.6 million) while external financing in the form of liabilities to banks amounted to EUR 74.4 million (previous year: EUR 62.0 million). DF Deutsche Forfait AG Group had access to numerous lines of credit with different banks.

With regard to the amount of equity, DF Deutsche Forfait AG Group is not subject to any regulatory requirements.

(34) 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. Conforming with IAS 7 "Cash Flow Statements", cash flows are classified under operating, investing and financing activities. A reconciliation of the cash and cash equivalents on the balance sheet supplements the financing calculations.

The funds reported in the cash flow statement encompass all the cash and cash equivalents shown on the balance sheet, that is, cash on hand, checks and deposits with banks accessible within three months.

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.

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

There were no adjusting events after the end of the financial year.

Cologne, 18 March 2011
Board of Management

Consolidated Fixed Assets as of 31 December 2010

Acquisition costs in EUR	01-01-2010	Currency change	Additions	Disposals	31-12-2010
I. Intangible assets					
Rights, Software	81,822.50	0.00	8,241.94	0.00	90,064.44
II. Tangible assets					
Other equipment, factory and office equipment	1,089,063.10	13,421.21	49,101.79	0.00	1,151,586.10
III. Financial assets					
Investments in affiliated companies	20,276.18	21.23	31,375.49	0.00	51,672.90
Total	1,191,161.78	13,442.44	88,719.22	0.00	1,293,323.44

Depreciation / Amortization, Book value in EUR	Depreciation / Amortsation					Book value	
	01-01-2010	Currency change	Additions	Disposals	31-12-2010	31-12-2010	31-12-2009
I. Intangible assets							
Rights, Software	70,801.69	0.00	2,395.82	0.00	73,197.51	16,866.93	11,020.81
II. Tangible assets							
Other equipment, factory and office equipment	568,914.62	3,975.29	106,173.76	0.00	679,063.67	472,522.43	520,148.48
III. Financial assets							
Investments in affiliated companies	0.00	0.00	0.00	0.00	0.00	51,672.90	20,276.18
Total	639,716.31	3,975.29	108,569.58	0.00	752,261.18	541,062.26	551,445.47

Consolidated Fixed Assets as of 31 December 2009

Acquisition costs in EUR	01-01-2009	Currency change	Additions	Disposals	31-12-2009
I. Intangible assets					
Rights, Software	100,057.31	0.00	0.00	18,234.81	81,822.50
II. Tangible assets					
Other equipment, factory and office equipment	1,121,049.32	565.21	31,153.60	63,705.03	1,089,063.10
III. Financial assets					
Investments in affiliated companies	5,110.82	1.99	15,163.37	0.00	20,276.18
Total	1,226,217.45	567.20	46,316.97	81,939.84	1,191,161.78

Depreciation/Amortization, Book value in EUR	Depreciation/Amortsation					Book value	
	01-01-2009	Currency change	Additions	Disposals	31-12-2009	31-12-2009	31-12-2008
I. Intangible assets							
Rights, Software	86,636.50	0.00	2,394.00	18,228.81	70,801.69	11,020.81	13,420.81
II. Tangible assets							
Other equipment, factory and office equipment	520,512.96	226.57	111,844.12	63,669.03	568,914.62	520,148.48	600,536.36
III. Financial assets							
Investments in affiliated companies	0.00	0.00	0.00	0.00	0.00	20,276.18	5,110.82
Total	607,149.46	226.57	114,238.12	81,897.84	639,716.31	551,445.47	619,067.99

Auditors' Report

We have issued an unqualified auditor's report for the versions of the consolidated financial statements and consolidated management report in this annual report published by DF Deutsche Forfait Aktiengesellschaft, Cologne for the financial year from 1 January 2010 to 31 December 2010 as follows:

We have audited the consolidated financial statements prepared by DF Deutsche Forfait AG, Cologne – consisting of the balance sheet, statement of comprehensive income, income statement, statement of changes in equity, cash flow statement, and notes – as well as the consolidated management report for the financial year from 1 January 2010 to 31 December 2010. Preparation of the consolidated financial statements and consolidated annual report according to IFRS applicable to the EU as well as the supplementary regulations according to Section 315a (1) of the German Commercial Code (HGB) is the responsibility of the company's legal representatives. Our responsibility is to issue an opinion on the consolidated financial statements and consolidated annual report based on our audit. We were also asked to assess if the consolidated financial statements conform with IFRS.

We conducted our audit of the consolidated financial statements according to Section 317 of the German Commercial Code (HGB) and the audit principles established by the Institut der Wirtschaftsprüfer (IDW) (Institute of Auditors in Germany). Under these regulations and audit principles, an audit must be planned and conducted so that inaccuracies and irregularities that would have a material impact on the information contained in the consolidated financial statements under consideration of the applicable accounting standards, or on the financial and assets position and profitability communicated by the consolidated annual report, would be detected with sufficient certainty. Audit procedures are established based on our knowledge of the company's business activities, the economic and legal environment in which the group operates, and expectations regarding possible errors. The effectiveness of internal controls related to accounting and the documentation for information contained in the consolidated financial statements and consolidated annual report are verified during the course of the audit; this is mainly done by way of sampling. The audit covers the annual financial statements of the companies included in the consolidated financial statements, the definition of the basis of consolidation, the accounting and consolidation principles that were applied, significant estimates made by the legal representatives, and the overall presentation of the consolidated financial statements and consolidated annual report. In our opinion, our audit provides a sufficiently secure basis to issue an opinion.

Our audit did not result in any objections.

In our opinion and according to the information obtained during the course of our audit, the consolidated financial statements comply with IFRS applicable to the EU as well as the supplementary regulations according to Section 315a (1) of the German Commercial Code (HGB) and, in keeping with these standards and regulations, portray the financial and assets position and profitability of the group without material misstatement. The consolidated annual report is consistent with the consolidated financial statements, communicates the overall position of the group accurately, and presents the opportunities and risks associated with future developments truthfully.

We have produced the aforementioned report over the audit of the consolidated financial statements and consolidated management report in line with the legal provisions and principles of reporting for consolidated financial statement audits.

Hamburg, 18 March 2011

BDO AG
Wirtschaftsprüfungsgesellschaft

(von Thermann)	(ppa. Grewer)
Auditor	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, 18 March 2011
Board of Management

Dear Shareholders,

DF Deutsche Forfait AG failed to reach the goals it established for itself for the past 2010 financial year. Consolidated profit of EUR 2.1 million fell short of the expected EUR 4.2 million. The 13% increase in the forfaiting volume was insufficient to compensate for the expected decrease in the forfaiting margin. This development appears to contradict the record German exports reported last year. However, DF Deutsche Forfait AG only reaped minor benefits from this effect since the company generates the bulk of its business outside of Germany in keeping with its business model. The economic recovery progressed far slower in several markets important to the company and some of the sales offices also failed to meet expectations. Due to these developments, the company has already initiated measures in the past financial year to boost sales and effectively increase the forfaiting volume. Notwithstanding developments in the past year, we are therefore confident in regards to the current 2011 financial year.

Supervisory Board Activity Report

In the past financial year, the Supervisory Board continuously monitored company business developments and realized all its responsibilities according to the Memorandum of Association and applicable laws. In particular, the Supervisory Board examined the strategy of DF Deutsche Forfait AG in the 2010 financial year and held an additional Supervisory Board meeting dedicated to this topic.

Over the course of the 2010 financial year, the Supervisory Board regularly monitored the activities of the Board of Management and offered advice. In order to exercise its supervisory function, the Supervisory Board, and in particular the Chairman of the Supervisory Board and his representative, maintained regular intensive contact with the Board of Management. Oral and written communication from the Board of Management kept the Supervisory Board informed of all relevant business events and strategic decisions.

Supervisory Board Elections

Dr. Stefan Immes resigned from the company's Supervisory Board effective at the end of last year's general assembly on 20 May 2010. The Supervisory Board thanks Dr. Immes for his contribution to the further development of the company. As the successor to Dr. Immes, the general assembly appointed Dr. Ludolf Georg von Wartenberg as a member of the Supervisory Board of DF Deutsche Forfait AG. The remaining Supervisory Board members were reelected for another term in office. The term of all current members of the Supervisory Board expires with the end of the general assembly that decides on the discharge resolution for the 2014 financial year. There were no changes to the composition of the Board of Management in the 2010 financial year.

Focus of Supervisory Board Meetings

Five meetings of the Supervisory Board were held over the course of the 2010 financial year. All six members of the Supervisory Board attended four of the meetings. One member of the Supervisory Board excused itself from one of the meetings. No conflicts of interest involving members of the Supervisory Board were made known to the Supervisory Board during the reporting period. In the course of the past financial year the Supervisory Board focused on the company's strategy and the development of the delinquencies. In addition, individual meetings also focused on the following key topics:

At the meeting on 2 March 2010, the Supervisory Board discussed business developments and individual forfaiting transactions. Preparations for the general assembly and the plans of the company were also discussed. On 26 March 2010, the Supervisory Board examined the annual and consolidated financial statements as of 31 December 2009. The auditors were also present at this meeting. Finalizing the agenda and invitations for the 2010 general assembly was another item on the agenda. Select forfaiting transactions and developments at the individual offices were also discussed. Finally, a discussion of the company strategy over the medium term was on the agenda as well. On 9 June 2010, the Supervisory Board examined the strategy and planned measures of DF Deutsche Forfait AG. In the meeting on 31 August 2010, the Supervisory Board conducted a detailed examination of the DF Group semi-annual report. Individual forfaiting transactions were also discussed, and the manager of the London office reported to the Supervisory Board regarding business developments and the strategy of the office. Specific measures to implement the strategy were also examined during the meeting. Risk management by the company was the key topic on 28 October 2010. After extensive discussions, the Supervisory Board approved the country and counterparty limits requested by the Board of Management. The results of the Supervisory Board efficiency audit, business developments and individual forfaiting transactions were also discussed.

Supervisory Board Committees

In order to organize its activities efficiently, the Supervisory Board has established a working committee that mainly deals with the company's risk management. It consists of three members of the Supervisory Board: Mr. Christoph Freiherr von Hammerstein-Loxten (chairman of the working committee), Mr. Florian Becker and Mr. Frank Hock. Among other things, the working committee is responsible for the approval of individual transactions that exceed the maximum business volume, as established by the Supervisory Board, for each country or counterparty risk. Additionally, the status of the delinquencies has been discussed in detail. During the course of the 2010 financial year, the working committee met four times. All members of the working committee attended each of the meetings. There are no other committees. The working committee met on 1 March 2010, 25 March 2010, 31 August 2010 and 27 October 2010 in the past financial year. Meetings of the working committee focused on discussing and analyzing the company's forfaiting portfolio. Individual limits were also discussed and decided.

Corporate Governance Codex

The Supervisory Board discussed the contents of the Corporate Governance Codex. For information on corporate governance in the company and a detailed report on the amount and structure of compensation paid to the Board of Management and Supervisory Board, please refer to the Corporate Governance Report. On 22 February 2011, the Board of Management and Supervisory Board issued a declaration of compliance in accordance with Section 161 of the Stock Corporation Act (AktG) which has been made permanently available to all shareholders on the company website. The complete declaration of compliance is included in the corporate governance report.

2010 Annual Financial Statements

The annual financial statements and management report of DF Deutsche Forfait AG were prepared according to the German Commercial Code (HGB). The consolidated financial statements and group management report were prepared according to the International Financial Reporting Standards (IFRS). BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, has audited the annual financial statements and management report of DF Deutsche Forfait AG as well as the consolidated financial statements and group management report, and has issued their certification without any reservations. The annual financial statements, management report, consolidated financial statements, group management report and audit reports were available to all members of the Supervisory Board. At the Supervisory Board meeting on 29 March 2011, the auditor explained the main items of the financial statements and his findings on the control and risk management system with regard to the accounting process to the Supervisory Board and answered any additional questions. He also declared his independence and provided information on additional services rendered in the 2010 and 2011 financial years outside the scope of the financial statement audit. After detailed, independent verification, the Supervisory Board agreed with the assessment of the auditor and approved the annual financial statements as well as the consolidated financial statements. This means the annual financial statements of DF Deutsche Forfait AG are now finalized. The Supervisory Board approved the management report and the assessment of the company's future development. This also applies to the dividend policy and the decisions regarding reserves and accumulated income of the company. The Supervisory Board also approved the appropriation of net income proposed by the Board of Management, which calls for a dividend of EUR 0.15 per share.

The Supervisory Board would like to thank the Board of Management and employees for their performance in the past financial year.

Cologne, in April 2011

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

In this statement, the Board of Management and the Supervisory Board report on the management of DF Deutsche Forfait AG in accordance with Section 3.10 of the German Corporate Governance Codex 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 Codex in the version of 26 May 2010 and defined by the "Government Commission on the German Corporate Governance Codex" 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 Codex is of great importance for DF Deutsche Forfait AG. The codex represents a recognized management standard for good corporate governance of listed German companies.

Declaration of Compliance dated 22 February 2011

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

The Board of Management and Supervisory Board of DF Deutsche Forfait AG issued their last declaration of compliance in accordance with Section 161 of the Stock Corporation Act (AktG) on 26 February 2010. The following declaration dated 22 February 2011 covers the period from 26 February 2010 to 2 July 2010 in accordance with the Codex version of 18 June 2009. For the period from 3 July 2010, the declaration relates to the recommendations of the Codex in the version of 26 May 2010, as published in the official section of the electronic German Federal Gazette (Elektronischer Bundesanzeiger) on 2 July 2010. The exact wording has been published under the heading "Declaration of Compliance" and is available as a download from the DF Deutsche Forfait AG website.

The Board of Management and Supervisory Board of DF Deutsche Forfait AG herewith confirm that the recommendations made by the "Government Commission on the German Corporate Governance Codex" have been and will be met with the following exceptions:

1. At present, the D&O insurance policy for members of the Supervisory Board does not include a deductible (Section 3.8)

Originally, the company had a group-wide D&O insurance policy for members of the Board of Management and Supervisory Board, which did not include a deductible. In the opinion of DF Deutsche Forfait AG, there had not been any confirmed information on which the amount of such commensurate deductible could be based. Therefore, DF Deutsche Forfait AG decided to refrain from establishing a deductible for the D&O insurance policy as long as such information is not available.

Under the Act on the Appropriateness of Executive Board Compensation (VorstAG), which came into effect on 5 August 2009, a deductible is now compulsory for members of the Board of Management. DF Deutsche Forfait AG has established the required deductible for members of the Board of Management pursuant to the new legal regulations of Section 93 (2) sentence 3 of the German Stock Corporation Act (AktG).

There is still no statutory legal obligation to establish a compulsory D&O deductible for members of the Supervisory Board. The Board of Management and Supervisory Board are of the opinion that all board members are naturally expected to act in a responsible manner, a deductible for members of the Supervisory Board is therefore unnecessary.

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

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. However, DF Deutsche Forfait AG will evaluate the situation regularly in order to determine if the appointment of a speaker or chairperson is advisable.

3. The compensation system for the Board of Management has so far not been regularly evaluated by the full session of the Supervisory Board (Section 4.2.2)

The Supervisory Board of DF Deutsche Forfait AG has always ensured that agreed compensation for members of the Board of Management is appropriate and will continue to do so in future. With this in mind, employment contracts for members of the Board of Management carry a binding term of five years, so that there is no further need for evaluating the compensation system for the Board of Management by the full Supervisory Board. Pursuiant to the recommendations of the German Corporate Governance Codex, the full Supervisory Board will evaluate the compensation system for the Board of Management including the essential contractual elements, as soon as the Supervisory Board renegotiates the employment contracts for members of the Board of Management after the end of the contract term.

4. There is no age limit for members of the Board of Management and Supervisory Board (Sections 5.1.2. and 5.4.1)

DF Deutsche Forfait AG does not impose an age limit on members of the Board of Management and 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.

Imposing an age limit for members of the Board of Management would impose a blanket restriction on the Supervisory Board when selecting suitable members of the Board of Management.

In addition, DF Deutsche Forfait AG believes that imposing an age limit for members of the Supervisory Board is an inappropriate restriction on the right of shareholders to elect the members of the Supervisory Board.

5. The Supervisory Board of DF Deutsche Forfait AG does not have an audit committee (Section 5.3.2)

Currently, DF Deutsche Forfait AG deviates from the recommendations of Section 5.3.2 relating to an audit committee being established. These responsibilities are currently being assumed by the Supervisory Board as a whole. At present, establishing an audit committee does not seem to be advisable, as the Supervisory Board of DF Deutsche Forfait AG consists of only six members and a committee would therefore not increase its efficiency.

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

In addition, DF Deutsche Forfait AG currently does not have a nomination committee. 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.

7. The Supervisory Board has not defined any concrete objectives for its composition (Section 5.4.1 (2) and (3))

The Supervisory Board will continue to base its nominations submitted to the general assembly on the applicable legal regulations and – regardless of gender – focus on the technical and personal qualifications of the candidates. Just as DF Deutsche Forfait AG does not impose an age limit for members of the Board of Management and Supervisory Board, dividing the Supervisory Board seats into male and female members based on a quota or numbers is not considered expedient. In the opinion of DF Deutsche Forfait AG, neither age nor gender constitute criteria that, by and of themselves, permit conclusions whether a Supervisory Board mandate can be properly and successfully realized or not. Just like an age limit, such a specification regarding the membership of women would impose a blanket restriction on the Supervisory Board in its selection of suitable members.

Notwithstanding the above, the Board of Management and Supervisory Board of DF Deutsche Forfait AG expressly welcome all efforts that counteract discrimination based on gender as well as all other types of discrimination and effectively promote diversity. Furthermore, it is a matter of course for DF Deutsche Forfait AG that the international activities of the company as well as potential conflicts of interest are taken into account for the composition of the Supervisory Board. Based on the fact that elections to the Supervisory Board will not occur again until the year 2015, defining concrete objectives for the future composition of the Supervisory Board has not been necessary to date. The Supervisory Board will examine this issue and establish concrete objectives for its composition if applicable.

8. The compensation of Supervisory Board members does not include a performance-based component linked to the success of the company (Section 5.4.6)

DF Deutsche Forfait AG does not believe that variable compensation for members of the Supervisory Board – which is required to comply with the recommendations of Section 5.4.6 in the German Corporate Governance Codex – is advisable. On the one hand, compensation for the Supervisory Board based on the success of the company would contradict the monitoring function of the Board. On the other hand, DF Deutsche Forfait AG believes that variable compensation would have to be linked to the operational success of the group. However, the Supervisory Board has limited influence on this. DF Deutsche Forfait AG believes that linking variable compensation for the Supervisory Board to the amount of dividends paid out would be problematic since this amount is proposed to the general assembly by the Board of Management and the Supervisory Board. This means the amount of variable compensation would be influenced by the beneficiaries of said compensation. Therefore, DF Deutsche Forfait AG has decided to compensate the members of the Supervisory Board according to the costs incurred.

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)

DF Deutsche Forfait AG intends not to publish the annual report within 90 days after the end of the financial year and interim reports within 45 days after the end of the reporting period. Instead, DF Deutsche Forfait AG will report within the deadlines prescribed in the stock exchange regulations for the Prime Standard of the Frankfurt Stock Exchange and in accordance with the Securities Trade Act (WpHG), as the Board of Management and Supervisory Board deem the deadlines stipulated by the stock exchange regulations to be appropriate. This means 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.

Dual management and supervisory structure

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

Board of Management

The members of the Board of Management are appointed by the Supervisory Board and are responsible for the management of the company. The Board of Management consists of three members:

- Ms. Marina Attawar,
- Mr. Jochen Franke, and
- Mr. Ulrich Wippermann.

All three were appointed as members of the DF Deutsche Forfait AG Board of Management until 31 December 2012 by a resolution passed by the Supervisory Board on 21 March 2007. The Supervisory Board did not appoint a chairman to the Board of Management.

Supervisory Board

The Supervisory Board advises the Board of Management and supervises management activities. It consists of six members. With the exception of Dr. Immes, the previous members of the Supervisory Board were reelected by the general assembly on 20 May 2010. Dr. Immes resigned from his membership in the Supervisory Board effective on the same day. As the successor of Dr. Immes, Dr. von Wartenberg was appointed as a member of the Supervisory Board by the general assembly on 20 May 2010. The term of all current members of the Supervisory Board expires with the end of the general assembly that decides on the discharge resolution for the 2014 financial year. Current members of the Supervisory Board are listed below, along with their current main responsibilities:

- Hans-Detlef Bösel: merchant in Madlitz.
- Christoph Freiherr von Hammerstein-Loxten: Managing Director and shareholder of Freiherr von Hammerstein-Loxten Consult GmbH, Berlin.
- Florian Becker: Director and head of the credit department at M.M.Warburg & CO KGaA, Hamburg.
- Dr. Christoph Franz: Chairman of the Board of Management, Deutsche Lufthansa AG in Frankfurt.
- Frank Hock: Managing Director and shareholder of Hock Verwaltungs GmbH, the general partner of Hock GmbH & Co. KG, and Managing Director and shareholder of Hock Capital Management GmbH, Grünwald.
- Dr. Ludolf-Georg von Wartenberg: Consultant in Berlin.

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 appoints a working committee from among its members after every new election of the Supervisory Board. The current members of the working committee are as follows: Christoph Freiherr von Hammerstein-Loxten as chairperson, Mr. Florian Becker and Mr. Frank Hock. The Supervisory Board did not establish an audit committee responsible for accounting and risk management, the required independence of the auditor, appointing the auditor, establishing main audit points, and an agreement on fees. The Supervisory Board also did not establish 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 Mr. Florian Becker.

The report of the Supervisory Board regarding its activities during the 2010 financial year is found on pages 74 and 75.

Close cooperation between the Board of Management and the Supervisory Board

The Board of Management and Supervisory Board of DF Deutsche Forfait AG cooperate closely and with confidence in the best interests of the company. The Board of Management of DF Deutsche Forfait AG determines the strategic direction of the company, obtains approval from the Supervisory Board and implements strategic decisions. Transactions of special significance require approval from the Supervisory Board. Regular, timely, comprehensive dialogue with the Board of Management causes that the Supervisory Board is always informed about the strategy, plans, business developments and risk management of the company.

Transparent communication

DF Deutsche Forfait AG communicates with its shareholders in an open and transparent manner. All dates of interest to shareholders 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 Trade 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 Codex stipulates in Section 5.6 that the Supervisory Board has to “regularly check the efficiency of its actions”. To do this, a questionnaire tailor-made for the characteristics of DF Deutsche Forfait AG was developed. This primarily encompasses organizational processes in the Supervisory Board, the timely and sufficient supply of information to the Supervisory Board as well as personnel questions. In the past financial year, all Supervisory Board members took part in the survey. At the Supervisory Board meeting on 28 October 2010, the answers and suggested improvements were discussed. Due to the size of the company and the uncomplicated flows of information between Supervisory Board and Board of Management, the efficiency audit was carried out without the help of an external advisor. The investigation turned up positive results.

Risk management, accounting and auditing

The risk management system established by the company serves to identify risks in a timely manner. This system is being developed and adjusted to changing conditions on a continuous basis. Details are found in the management report starting on page 30.

DF Deutsche Forfait AG complies with the International Financial Reporting Standards (IFRS).

BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft was selected as the auditor by the general assembly on 20 May 2010, appointed by the Supervisory Board, and has audited the 2010 consolidated financial statements in this capacity. Prior to the appointment, the Supervisory Board ensured that the relationship between the auditor and the company or its institutions does not constitute cause to doubt the independence of the auditor.

Compensation report

The compensation report, which is part of the corporate governance report, summarizes the principles applied to establish compensation for the Board of Management of DF Deutsche Forfait AG and details the amount and structure of management compensation.Furthermore the principles and amount of compensation for the Supervisory Board are also described.

The Supervisory Board of DF Deutsche Forfait AG has always ensured that agreed compensation for members of the Board of Management is appropriate and will continue to do so in future. With this in mind, employment contracts for members of the Board of Management carry a binding term of five years, so that there is no further need for evaluating the compensation system for the Board of Management by the full Supervisory Board. Pursuant to recommendations of the German Corporate Governance Codex, the full Supervisory Board will evaluate the compensation system for the Board of Management including the essential contractual elements as soon as the Supervisory Board renegotiates the employment contracts for members of the Board of Management after the end of the contract term.

According to the existing employment contracts of members of the Board of Management, variable compensation components reflect positive and negative developments within the agreed period; the performance-based management bonus is adjusted upward, downward or may not be paid at all. Furthermore, DF Deutsche Forfait AG is of the opinion that a long-term incentive for members of the Board of Management is already in place as all members hold large equity participations in the company. The company therefore does not plan on adding a long-term incentive component to current employment contracts. As the Act on the Appropriateness of Executive Board Compensation (VorstAG) requires variable compensation to be calculated on the basis of results collected over several years, it has not been possible until now to amend the existing employment contracts.

However, the Supervisory Board is going to review the existing compensation system with regard to the Act on the Appropriateness of Executive Board Compensation (VorstAG) as soon as there is an amendment to the employment contracts of members of the Board of Management.

Compensation for the Board of Management in the 2010 financial year

In the 2010 financial year, total compensation for members of the company's Board of Management was EUR 879,999.30. Total compensation for the entire 2010 financial year was divided among the members of the Board of Management as follows:

in EUR	Fixed comp.		Performance comp.	Total amount
	Fixed salary	Other compensation*	Management bonus	Sum
Marina Attawar	252,999.96	35,614.46	0	288,614.42
Jochen Franke	252,999.96	37,223.42	0	290,223.38
Ulrich Wippermann	252,999.96	48,161.54	0	301,161.50

*In particular: Company vehicle, accident insurance, partial payment of health insurance/long-term care insurance, company pension plan

All of the employment contracts for Board members were concluded prior to 18 June 2009. As a result, the new regulations of Section 87 of the German Stock Corporation Act (AktG) resulting from the Act on the Appropriateness of Management Board Compensation (VorstAG) of 18 June 2009 (which came into force on 5 August 2009) do not currently apply to these contracts. Compensation for members of the Board of Management is thereby based on Section 87 of the German Stock Corporation Act (AktG) in the old version. Management compensation includes fixed and variable components. For 2010, the fixed salary for each member of the Board of Management was EUR 252,999.96.

Pursuant to Section 87 of the German Stock Corporation Act (AktG) in the old version, the variable component consists of a performance-based management bonus totaling 5% of the annual profit of the previous financial year, after the deduction of taxes and a 15% calculated yield on equity (the subscribed capital plus a capital reserve plus retained earnings). This formula did not lead to the payment of performance-based compensation for the period under review.

The company also provides members of the Board of Management with a company vehicle and pays accident insurance premiums.

In addition, the company has committed to pay – for a period of six months from the start of an illness – the difference between the net fixed salary and health insurance and/or sickness benefits that are received by a member of the Board of Management or would be received in case of insurance coverage.

The members of the Board of Management have immediate pension benefit plans on an individual contract basis. 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.

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

- Jochen Franke: One-time capital payment of EUR 147,244.00

- Ulrich Wippermann: Annuity of EUR 20,964.48 or a one-time capital payment of EUR 338,278.00

The amount due to Mr. Wippermann is increased by monthly personal contributions.

In addition, members of the Board of Management receive the following payments from a reinsured benevolent fund starting at age 65. All members of the Board of Management have the right to choose between annuity payments or a capital payment:

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

- Jochen Franke: Insured annuity in the amount of EUR 27,888.90 or a capital payment of EUR 451,874.00

- Ulrich Wippermann: Insured annuity in the amount of EUR 31,367.70 or a capital payment of EUR 483,730.00

Once again, Mr. Wippermann is making personal contributions to the fund.

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. The contributions are EUR 5,836.76 per month in total.

The service agreements concluded between the members of the Board of Management and the company do not include any perks at the end of the term of service.

The company 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 company 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.

Compensation of the Supervisory Board in the 2010 financial year

Compensation for the Supervisory Board is governed by Section 12 of the DF Deutsche Forfait 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 2010 financial year, compensation for all activities of all members of the Supervisory Board of DF Deutsche Forfait AG was EUR 142,165.87. Individual compensation for members of the Supervisory Board for 2010 is listed in the following table (amounts in EUR):

in EUR	Fixed compensation	Attendance fees	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	2,500.00	5,415.00	33,915.00
Florian Becker	13,000.00	2,500.00	0.00	15,500.00
Dr. Christoph Franz	13,000.00	2,000.00	0.00	15,000.00*
Frank Hock	13,000.00	2,500.00	2,945.00	18,445.00
Dr. Stefan Immes	4,986.80	1,000.00	1,137.49	7,124.29
Dr. Ludolf-Georg von Wartenberg	8,013.20	1,500.00	1,807.51	11,320.71

* Plus tax deduction of EUR 6,945.87 pursuant to Section 50a no. 4 of the German Income Tax Act (EStG).

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

The members of the Supervisory Board were not provided with 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 members of the Supervisory Board and the company.

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

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

Shareholdings of members of the Board of Management

- Ms. Marina Attawar does not personally hold shares or stock options of DF Deutsche Forfait AG. However, she is the sole shareholder of Xylia 2000 Vermögensverwaltungs GmbH which holds 6.4% of the shares of DF Deutsche Forfait AG.

- Mr. Jochen Franke does not personally hold shares or stock options of DF Deutsche Forfait AG. However, he is the sole shareholder of Franke Vermögensverwaltung GmbH which holds 4.3% of the shares of DF Deutsche Forfait AG.

- Mr. Ulrich Wippermann does not personally hold shares or stock options of DF Deutsche Forfait AG. However, he is the sole shareholder of Xylia 2001 Vermögensverwaltungs GmbH which holds 5.5% of the shares of DF Deutsche Forfait AG.

Therefore the Board of Management directly or indirectly holds 16.2% of the shares of DF Deutsche Forfait AG.

Shareholdings of members of the Supervisory Board

- Mr. Hans-Detlef Bösel holds 1.7% of the shares or stock options of DF Deutsche Forfait AG personally and via an investment management company, in which he is the sole shareholder. In addition, family members hold a 0.9% stake in the shares of DF Deutsche Forfait AG.

- Christoph Freiherr von Hammerstein-Loxten holds 2.4% of the shares of DF Deutsche Forfait AG. In addition, his wife Helga Freifrau von Hammerstein-Loxten holds 0.5% of the shares of DF Deutsche Forfait AG.

- Mr. Dr. Christoph Franz holds 0.7% of the shares of DF Deutsche Forfait AG. In addition, members of his family hold 2.0% of the shares of DF Deutsche Forfait AG.

- Mr. Frank Hock holds 1.6% of the shares of DF Deutsche Forfait AG, partly privately and partly via an investment management company, in which he is the sole shareholder.

- Dr. Ludolf-Georg von Wartenberg holds 0.1% of the shares of DF Deutsche Forfait AG.

Therefore members of the Supervisory Board directly or indirectly hold 6.5% of DF Deutsche Forfait AG shares.

Reportable transactions

During the 2010 financial year, no securities transactions according to Section 15a of the Securities Trade Act (WpHG) were reported to DF Deutsche Forfait AG.

Transactions reported to DF Deutsche Forfait AG according to Section 15a of the Securities Trade Act (WpHG) are accessible on the DF Deutsche Forfait AG website.

Contact

DF Deutsche Forfait AG
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

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www.dfag.de