DF Deutsche Forfait AG

CHANGING TRADE

ANNUAL REPORT 2011

Adjustments in the Annual Report 2011

A term that appears in various places throughout the annual report 2011 has to be adjusted. In this annual report, expenses arising from the lost arbitration proceedings are described as "one-off expenses" or "extraordinary expenses". These terms must be replaced by "expenses from lost arbitration proceedings, including settlements" on pages 5, 24, 25 and 68. The adjusted income statement is attached. On page 2 of the cover, the term "earnings before income taxes" has to be replaced by "operating income". "Section 289 (5) of the German Commercial Code (HGB)" on page 31 must be amended to "Section 315 (2) no. 5 of the German Commercial Code (HGB)".

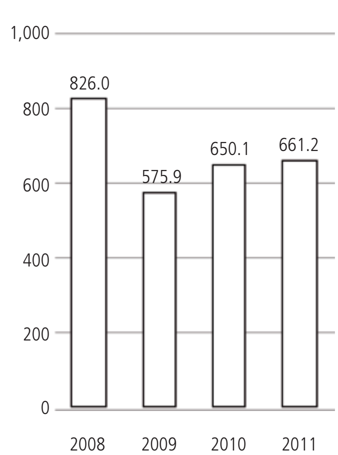
Consolidated Income Statement		01-01 to 31-12-2011 in EUR	01-01 to 31-12-2010 in EUR
1. Typical forfaiting income	(7)		
a) Forfaiting income		10,239,713.52	7,319,397.45
b) Commission income		15,409,998.06	9,551,244.94
c) Income from additional interest charged		1,915,185.01	1,182,043.90
d) Exchange profits		10,818,374.87	16,102,429.71
e) Income from the reduction of value adjustments on receivables and from the writing back of provisions for forfaiting and purchase commitments		1,555,470.44	1,720,972.09
		39,938,741.90	**35.876.088,09**
2. Typical forfaiting expenditure	(8)		
a) Expenditure from forfaiting		795.03	84,321.30
b) Commissions paid		9,274,424.43	3,304,049.78
c) Exchange losses		10,889,975.02	16,197,093.68
d) Credit insurance premiums		370.29	106,504.25
e) Depreciation and value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments		5,758,637.89	2,261,532.69
		25,924,202.66	**21,953,501.70**
3. Gross result	**(9)**	**14,014,539.24**	**13,922,586.39**
4. Other operating income	(10)	76,496.89	50,843.27
5. Personnel expenses	(11)		
a) Wages and salaries		3,489,014.06	2,921,582.15
b) Social security contributions and expenditure for pensions and social welfare		487,130.23	438,153.52
6. Depreciation on tangible and intangible assets	(12)	116,043.33	108,569.58
7. Other operating expenditure	(13)	6,626,800.41	5,521,218.06
8. Interest income	(14)	114,162.98	30,079.97
9. Interest paid	(14)	2,079,050.92	2,090,578.18
10. Operating income		**1,407,160.16**	**2,923,408.14**
11. Expenses from lost arbitration proceedings, including settlements		7,230,179.33	0.00
12. Profit before income tax		**-5,823,019.17**	**2,923,408.14**
13. Income tax	(15)		
a) Income and earnings tax		244,965.27	873,181.51
b) Deferred taxes		-2,143,139.52	-23,818.72
14. Consolidated loss/income		**-3,924,844.92**	**2,074,045.35**
15. Withdrawal from capital reserves		3,927,015.88	0.00
16. Consolidated balance sheet profit		**2,170.96**	**2,074,045.35**
Average number of shares		6,800,000	6,800,000
Earnings per share		-0.58	0.31

(#) Reference to corporate notes

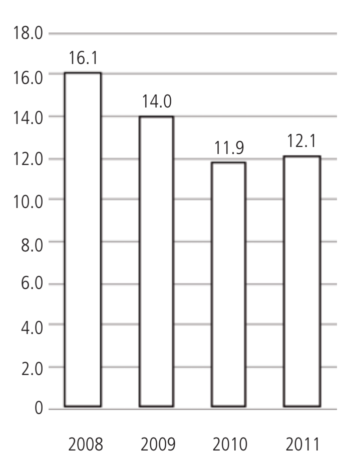
CONSOLIDATED KEY FIGURES

in EUR million (unless otherwise noted)	2008	2009	2010	2011
Forfaiting volume	826.0	575.9	650.1	661.2
Gross result including financial results	16.1	14.0	11.9	12.1
Forfaiting margin including financial results	1.9%	2.4%	1.8%	1.8%
Administrative costs	8.0	9.3	9.0	10.7
Earnings before income taxes	8.2	4.9	2.9	1.4
Consolidated profit/loss	5.8	3.5	2.1	-3.9
Average earnings per share in EUR	0.85	0.52	0.31	-0.58

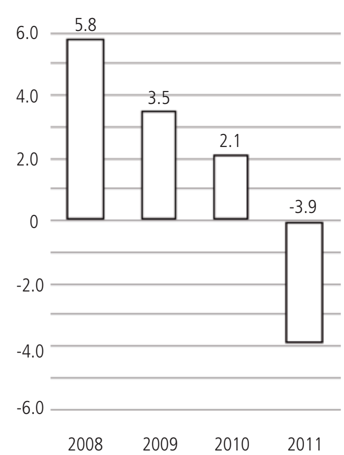
Forfaiting volume
(in EUR million)



Gross result incl. financial results
(in EUR million)



Consolidated profit/loss
(in EUR million)



CONTENT

ACTING WITHIN CHANGE

Ulrich Wippermann | Marina Attawar | Jochen Franke

Dear Shareholders and Business Partners,

The global economy is facing a substantial shift in the balance of power as we know it. Emerging markets in Asia and Latin America have developed into influential players in the worldwide movement of goods. This trend has not come overnight, but step by step throughout the past ten years, and is clearly reflected in the composition of DF Group's forfaiting volume. While only 4.5% of the purchased trade receivables pertained to so-called BRIC states in 2005, this figure increased to 24.2% in the most recent financial year. This is more than twice as much as in the year 2010. "Acting within change" is the motto of this year's Annual Report, documented by four impressive examples of economic development that have radically changed entire regions within a single decade.

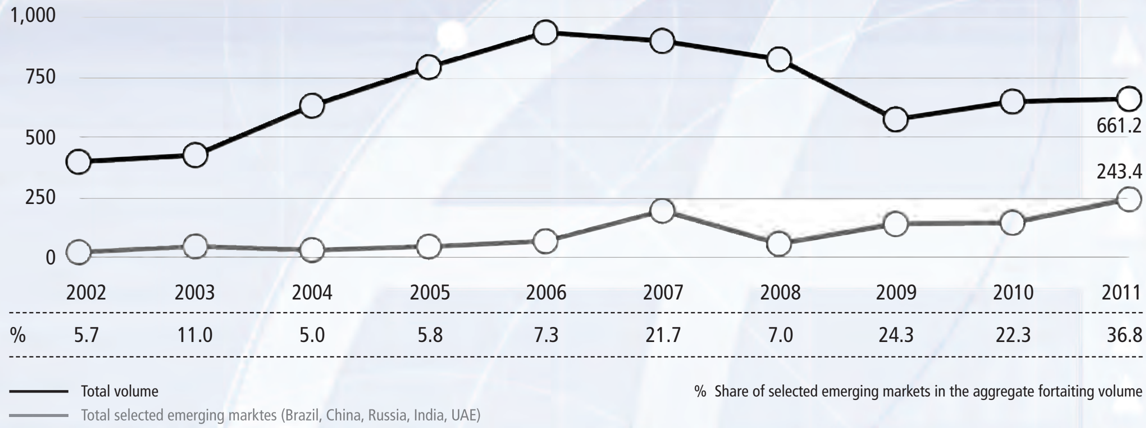
But global trade is not the only area that has been subject to wide-ranging changes. The forfaiting business has also changed significantly over the past years. Financial market volatility brought about by an increased number of crises has made our business less predictable and more prone to risks. This is something we noticed in the past year. For the first time in our company's history, DF Group was forced to announce a consolidated loss. The cause were arbitration proceedings that we surprisingly lost, leading to considerable one-off expenses. Without these one-off expenses, the Group would have generated a consolidated profit above the previous year's level, as originally forecast.

The stable development of our operations is encouraging. After all, the forfaiting market offers great opportunities. Constantly increasing trading volumes, higher margins than the long-term average and a permanently changing world of the key trading partners. This demands reliable, capable partners who offer straightforward financing solutions. This is our creed and will continue to be our focus in the future. Action in change is a permanent challenge in our daily business, which we meet with our high flexibility.

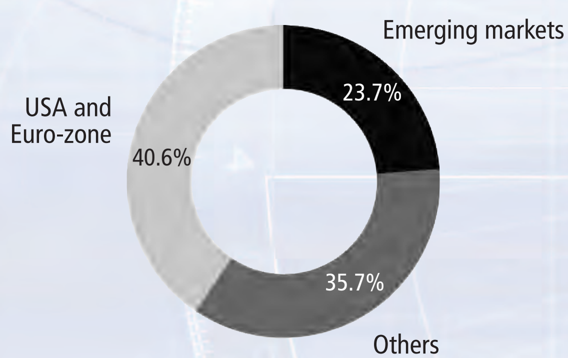
As a result, we are optimistic for the current financial year. Thanks to the measures taken following the arbitration court's decision, we have made sure that no further burdens can arise from similar transactions. We therefore expect a clearly positive consolidated result once again in 2012.

With best regards
Your Members of the Management Board of DF Deutsche Forfait AG

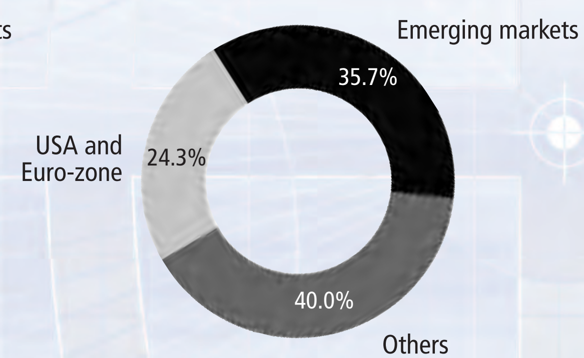
Development of the forfaiting volume of DF Deutsche Forfait AG in EUR million



Breakdown of global GDP 2011



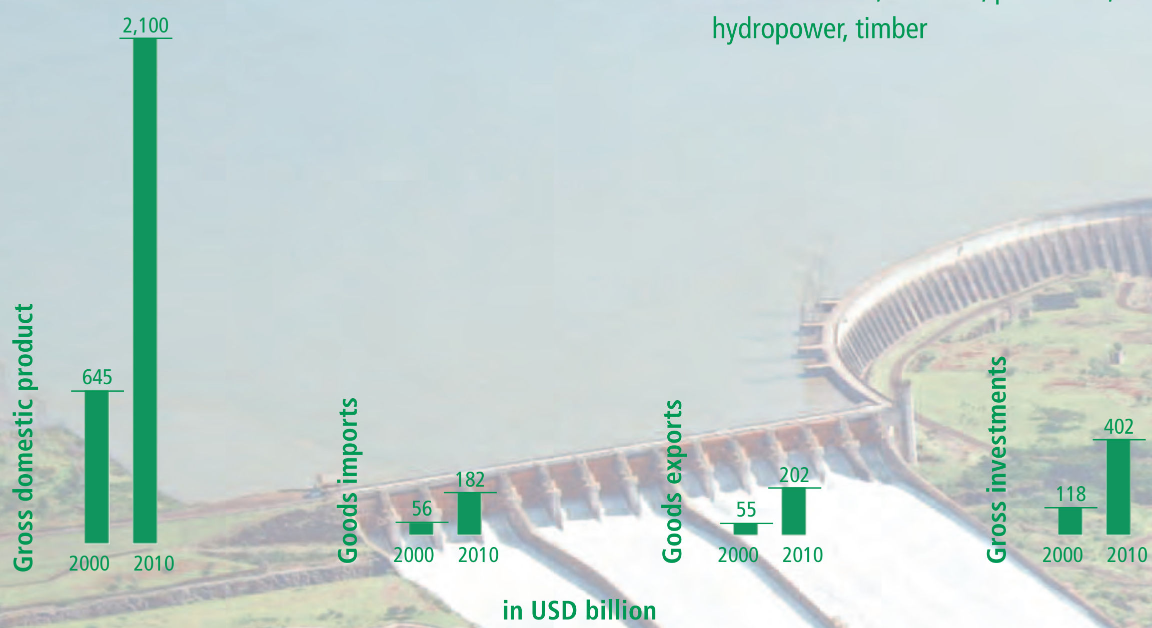
Share of global GDP growth in 2011



WORLD ECONOMY: ONGOING CHANGE

We have seen considerable changes in the economic significance of the world's geographical regions over the last ten years. One of the effects of globalization has been to enable the major emerging economies, above all the BRIC states (Brazil, Russia, India and China), to make influential incursions into the economic top flight of established industrialized nations. Although forecasts are predicting that growth in the BRIC states will slow down, these economies are unlikely to lose their role as significant engines of global economic growth. One indicator of this is the development we have seen in the German automotive industry, which has retained its reputation as a growth driver, and which has reported high rates of growth in business in these emerging regions in contrast to declining sales in its home market. Forecasts for 2012 suggest the economies of the BRIC states will grow by 3.0%, 3.7%, 6.5% and 7.5% respectively – impressive rates despite all dampening predictions. Furthermore, beyond BRIC, the states known as the "Next Eleven", the second wave of emerging economies, are keen to get off the starting blocks. These are countries which are tenaciously working their way up the global value chain and into the economic limelight, despite the political instability that weighs some of them down. The "Next Eleven" are Egypt, Bangladesh, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, South Korea, Turkey and Vietnam. The emerging economies outside the BRIC group are already responsible for around a quarter of global economic growth today, and forecasts by investment bank Goldman Sachs suggest this figure will increase to approximately 40% by the year 2050. In other words, it is an entirely logical step to conclude that not only rapid technological developments, but also shifts and expansions in economic power on the global scene will be driving the global economy in future. It's a trend which gives rise to two key opportunities for DF Deutsche Forfait AG – now and in the future: the opportunity to intensify our presence and add value in those emerging markets across the globe where we are already established, and the opportunity to push forward into new regions. One of our key advantages in pursuing this course is inherent to our business model: We are specialists for highly complex forfaiting transactions, for countries with specific risk profiles and for risk transfer which require fundamental awareness of local overall conditions and particular characteristics of the region. Moreover, we don't have overbearing structures to contend with in our work; instead, we are a lean company with a high level of flexibility. Forfaiting as practiced by DF Group is an attractive niche product which stands out from the more ubiquitous services provided by commercial and investment banks. It is also a typical instrument of export financing, making it a prerequisite for international trade, particularly against the backdrop of the increase in significance enjoyed by the emerging economies. Breaking down our forfaiting volume by region is no easy task, as things are constantly changing. One clear trend, however, has emerged: The volume of transactions conducted in the emerging markets is on the rise, and there are no indications that this development is set to reverse soon.

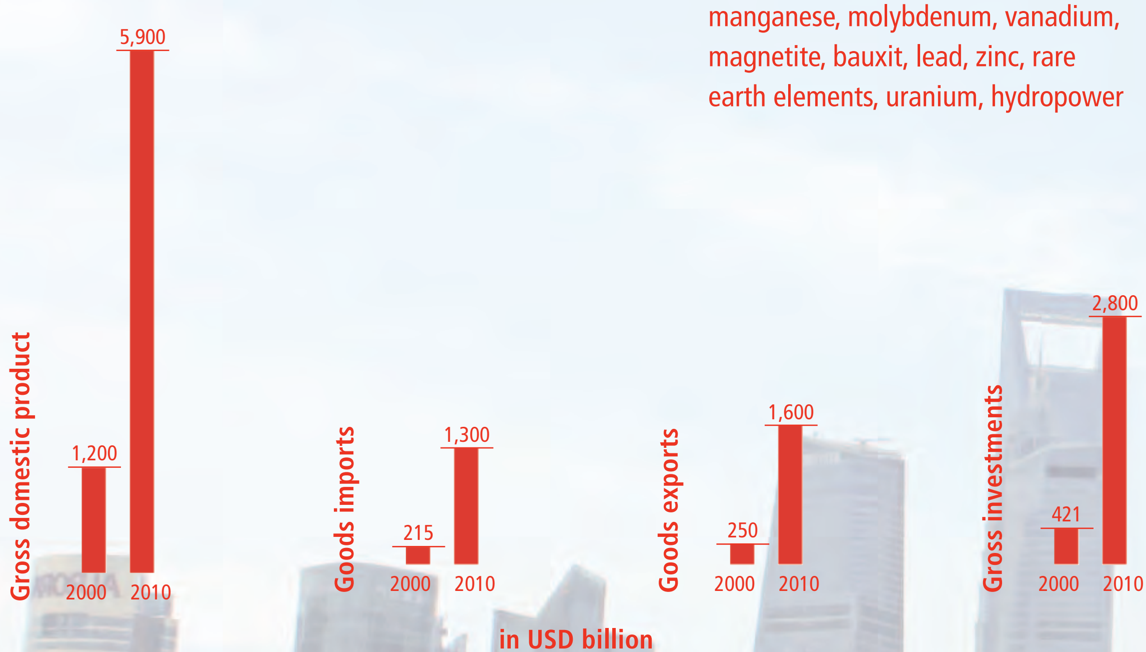
Area	8,514,877 sq km
Population	205 million
Average age	29.3 years
Urbanization	87% of total population
Education expenditures	5.1% of GDP (global rank: 55)
Resources	bauxite, gold, iron ore, manganese, nickel, phosphates, platinum, tin, rare earth elements, uranium, petroleum, hydropower, timber



Brazil may be the "pearl" of South America, but it is no stranger to hyper-inflation, corruption and debt, with seven state bankruptcies speaking for themselves. Nevertheless, Brazil has gradually secured and sustained stability over recent years. This emerging country, the fifth largest in the world, is setting new records for economic growth, foreign trade, investments and numbers in employment. The soccer World Cup in 2014 and the Olympics in 2016 promise to add momentum to these developments. The rise of this nation, which extends across almost half of the area of South America, could be seen to be typified in its electricity consumption, which has soared by over 30% in recent years. The "singing rock" Itaipú, the second-largest hydroelectric power plant in the world and one of the biggest structures ever created by human hands, stands as a symbol of the country's advancing prosperity. DF Deutsche Forfait AG opened its office in this emerging market in 2009; previously, the Miami office had taken care of business in the South America region. The forfaiting volume here has risen from EUR 28.8 million in 2008 to EUR 36.7 million in the financial year just concluded. Areas of particular focus for DF group are the food sector and capital goods transactions. Three employees work in the DF office in São Paulo, Brazil's largest city.

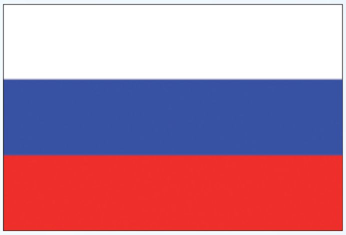
BRAZIL: POWER OF CHANGE

Area	9,569,961 sq km
Population	1,343 million
Average age	35.5 years
Urbanization	47% of total population
Education expenditures	n.a.
Resources	coal, iron ore, petroleum, natural gas, mercury, tin, tungsten, antimony, manganese, molybdenum, vanadium, magnetite, bauxit, lead, zinc, rare earth elements, uranium, hydropower



The port of Shanghai, China's most significant industrial city, is exemplary for the profound transformation experienced by this country in economic, cultural and political terms over the last decade – a real change in power. DF Deutsche Forfait AG has seized the opportunities in this market with its rapidly increasing significance and a population of about 1.3 billion and has been focusing particularly on the telecommunications, automotive and plant construction sectors. We currently manage this market from our Cologne headquarters; however, in the context of the sharp, rapid rise in business volume we have experienced in this region, it is only a matter of time until DF Group establishes a dedicated team in China. We have seen forfaiting volume rocket from EUR 1.8 million in 2008 to over EUR 33 million last year. Our activities in China call most strongly upon our experience with higher-risk transactions and such with terms over one year.

CHINA: CHANGE IN POWER



Area	17,098,242 sq km
Population	138 million
Average age	38.7 years
Urbanization	73% of total population
Education expenditures	3.9% of GDP (global rank: 107)
Resources	petroleum, natural gas, coal and many strategic minerals, reserves of rare earth elements, timber

Without a doubt, Russia is a deeply impressive country. Even after the collapse of the Soviet Union, Russia has remained the world's largest nation by a considerable margin, extending across 17 million square kilometers which take in all the Earth's climatic zones, with the exception of the tropics. The country's geographical position as a bridge between Europe and Asia has given it a central cultural, economic and political role to play on the global stage for centuries past. Russia is a country of great importance, now as in years and decades gone by, and current developments indicate that it will retain this importance in its entirety into the future. DF Deutsche Forfait AG does not yet have an office in this market; nevertheless, we do have a dedicated Russian employee working from Cologne to look after this region, who liaises closely with her colleagues in our Prague office. Thanks to these efforts, we have seen our forfaiting volume in this market increase from EUR 10.2 million in 2008 to EUR 38.6 million in 2011 – a meteoric rise of about 290% in the space of just four years. Metallurgy exports from Russia and imports of investment goods from Germany are particularly attractive areas of activity for DF Group here.

RUSSIA: SPHERE OF CHANGE

Area	83,600 sq km
Population	5.3 million
Average age	30.2 years
Urbanization	84% of total population
Education expenditures	1.2% of GDP (global rank: 161)
Resources	petroleum, natural gas

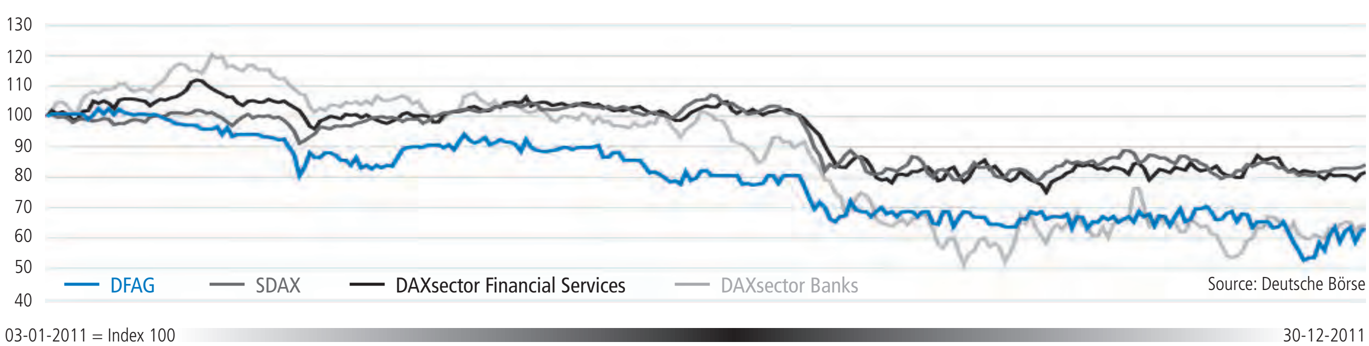
Dubai is a member state of the United Arab Emirates (UAE), consisting of the emirates Abu Dhabi, Umm al-Qaiwain, Fujairah, Ras al-Khaimah, Sharjah, Ajman and Dubai. The actual history of Dubai and the UAE is a relatively brief one. However, its transformation from a small fishing village into one of the world's major trading centers is positively unique, a uniqueness reflected in the city's architecture. In and around today's Dubai, there are approximately 140 skyscrapers of over 150 meters in height, about 60 more that are taller than 200 meters and six which breach the 300-meter mark, with over 20 additional ones of more than 300 meters in height in the planning or construction stages. DF Deutsche Forfait AG has been involved in Dubai, represented by partners with which it has cooperation agreements, since 2005; our main business here is on the placement side. DF Group's forfaiting volume in the UAE rose from EUR 16 million to EUR 83.3 million between 2008 and 2011, which means it multiplied more than fivefold during this period – expressive testament to our excellent and en-during contacts in this region.

UAE: CHANGE OF MIND

DF SHARE IN THE WAKE OF THE BANKS CRISIS

The German stock market started into 2011 with rising prices. Within the first half of the year, the German blue chip index DAX managed to travel north past the 7,000 points mark – interrupted by a short drop in March – and maintain a level above this important technical barrier. In May 2011, the DAX reached its annual high at 7,528 points. A considerable price correction set in at the beginning of August as a result of the worsening of the debt crisis in the Eurozone. The DAX slumped by more than 1,100 points within only a few days in August. The crisis in some countries of the Euro zone also had a negative effect on the foreign stock markets. The US markets and the key Asian stock exchanges recorded significant uncertainty and drastic slumps. This trend only started to show first signs of reversing itself in the fourth quarter of 2011. After hitting its annual low at 5,072 points in September, the German key index closed the year at 5,898 points and a 15% loss.

Development of the DF share price in the year 2011 compared to relevant indices



Issue price (24 May 2007): 7.50 EUR ••• Hight XETRA (17 January 2011): 6.10 EUR ••• Low XETRA (16 December 2011): 3.15 (XETRA): 4.38 EUR ••• Average daily trading volume in shares in 2011 (all exchanges): 4,549 ••• Average daily trading volun

The small and mid cap indices SDAX and MDAX as well as the most important technology stocks listed on the TecDAX all performed in line with the DAX. All three indices closed the year with negative overall performances similar to that of the key index. They also recorded a trend reversal toward the end of the year, which, unlike on the DAX, only set in with a delay in December 2011. DF Group`s benchmark index SDAX stood at 4,421 points on 30 December 2011, 16% down on the beginning of 2011.

The price of the DF Deutsche Forfait AG share followed the trend on the overall market and declined in 2011. In the first half of the year, the DF share recorded low sales volumes and a slight drop in value and remained above EUR 5.00, except on three trading days in April. As the sovereign debt crisis worsened in August 2011, the share continued to lose and in the wake of developments in the banking sector fell considerably behind the entire market by the end of the year. The DF share lost a total of almost 36% in 2011, closing at EUR 3.78 on 30 December 2011. The benchmark index for financial stocks, the DAXsector Financial Services, closed the year with a drop of 18% and the banking index DAXsector Banks with a decline of approximately 35%, like the DF share.

The market capitalization of DF Deutsche Forfait Group amounted to EUR 25.7 million at the end of the year (previous year: EUR 40.3 million). The annual average price was EUR 4.38. The trading volume of the Deutsche Forfait AG share dropped on all stock exchanges in 2011, totaling around EUR 1.2 million and corresponding to EUR 5.6 million in order volume. The total volume in the previous year still came to EUR 14.2 million. The average daily trading volume declined considerably as a result from 9,505 to 4,549 DF shares.

DF Deutsche Forfait AG continues to have a very solid shareholder base. As before, the Board of Management holds around 16.2% of the total of 6.8 million company shares and Bankhaus M.M.Warburg & CO KGaA remains an important strategic share-holder that holds approximately 20.9% of all shares in circulation. Caption Value Beteiligungs-GmbH, a key institutional investor, increased its share to 5.3% of share capital in August 2011.

The share of DF Deutsche Forfait Group continues to be covered by Bankhaus Lampe, equinet Bank AG, Warburg Research and Silvia Quandt Research.

EUR ••• Year-end closing price XETRA (30 December 2011): 3.78 EUR ••• Performance 2011: -36% ••• Average price 2011

ne in EUR in 2011 (all exchanges): 21,687.38 EUR ••• Market capitalization as of 30 December 2011 (XETRA): 25,704,000 EUR

GROUP MANAGEMENT REPORT

DF Deutsche Forfait Group – hereinafter also referred to as "DF Group" – closed the 2011 financial year with a consolidated loss of EUR 3.9 million (previous year: EUR consolidated profit of EUR 2.1 million) due to unexpectedly losing arbitration proceedings. In view of the currently outstanding 6.8 million shares, preliminary earnings per share came to EUR -0.58 compared to EUR 0.31 in 2010. Without these one-off expenses, the Group would have generated consolidated net income of EUR 2.3 million.

The lost arbitration proceedings pertained to a previously sold receivable for which the French credit insurer refused to pay compensation. Together with the buyer of the receivable, DF Group applied to the arbitration court, which overturned the claim despite the positive case assessments of all lawyers acting on the side of the claimants. It is generally not possible to appeal against the ruling of the arbitration court. The judgment resulted in DF Group settling with the affected investor and also settling in other similar cases. The Group also further increased its risk provisions. By taking these measures, DF Group ensured that no further burden can arise from such types of transactions in the future.

The forfaiting business developed steadily in the 2011 financial year. Both gross result including financial results, the key performance indicator in the forfaiting business, and the forfaiting volume rose slightly by 2% year-on-year to EUR 12.1 million and EUR 661.2 million respectively. The forfaiting margin remained unchanged at 1.8%.

Despite the loss, DF Group still has a solid equity base, which, at around EUR 24.0 million, is at the same level as after the IPO in 2007. The company therefore has sufficient own funds to further expand its forfaiting business. The Group expects to generate a positive consolidated result again in the current first quarter as well as in the full year 2012.

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 commitments, 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 has been developed over many years and reinforced by numerous business deals. The far-reaching changes in the market over the past years also fundamentally changed the customer structure on the purchasing and placement sides.

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 foreign majority shareholders (so-called foreign banks), especially from the emerging markets and developing countries. 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.

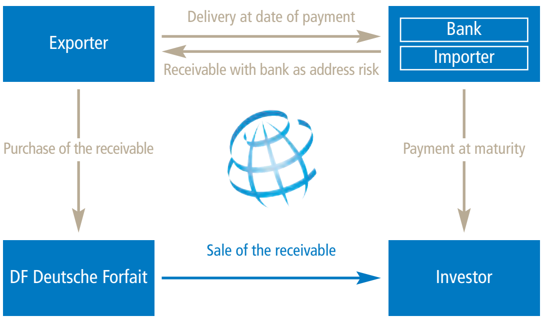
- Investors purchase DF Group receivables to diversify their portfolios while benefiting from the company's international network and access to various local markets.

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 economic growth is slowing down

Global economic growth has been slowing down in the past year. According to the latest calculations of the International Monetary Fund (IMF), the global economy grew by merely 3.8% in 2011. In the previous year, global economic performance was still 5.2%, based however on the low figures in 2009, a year that was shaken by the financial crisis. As in recent years, the developing and emerging markets, whose output increased by 6.2%, were the growth drivers in 2011. China achieved 9.2% growth and India's economy grew by 7.4%. Europe, on the other hand, recorded only 1.6% economic growth in 2011. The US economy was unable to meet the optimistic expectations at the beginning of 2011 and grew by just 1.8%, with the fourth quarter being considerably stronger. Growth developed at very different paces within Europe. According to the IMF, Germany's economy grew by 3.0%, other European countries such as Spain (+0.7%) and Italy (+0.4%) recorded only little growth, while the Portuguese and Greek economies shrunk. The two latter countries are struggling with enormous debt compared to their gross domestic product. Overall, the solution to the European debt crisis will decide future economic performance not just in the Eurozone but all around the world.

Classical Forfaiting



Like economic performance, global trade grew less strongly than in the previous year, but at 6.9% still remained at a high level, according to the IMF. Particularly in the western industrial countries, export and import volumes grew at a considerably slower rate than in 2010. Exports increased by 5.5% compared to 12.2% in the previous year. The growth of business activities in the developing and emerging markets also slowed down. Increase of exports in these regions dropped to 9.0% compared to 13.8% in the previous year, and growth rate of imports to 11.3% compared to 15% in 2010.

Balanced situation on the forfaiting market

Demand for forfaiting is high among exporters. The global economy has been developing positively after the crisis and has returned to growth, but with a tendency toward slowing down. Global exports have increased further and especially the emerging markets have turned into the growth driver of the global economy. In addition, the banks have limited the loan volume issued in the industrial countries, which is pushing up demand for financing alternatives such as forfaiting. The main criterion on which exporters base their decision to sell forfaiting transactions is the margin that determines the sales price. Although margins have dropped compared to the record figures in 2009, they remain far above the long-term average. The decline on top values is due to increasing competition among finance providers. DF Group has adjusted its sales structure to

Year-to-year change in global trade	2008	2009	2010	2011	2012e
Imports of the emerging and developing markets	8.9%	-8.0%	15.0%	11.3%	7.1%
Global trade volume	2.8%	-10.7%	12.7%	6.9%	3.8%
Exports of the industrialized nations	1.8%	-11.9%	12.2%	5.5%	2.4%

Source: International Monetary Fund (IMF) these current developments so as to be optimally prepared for the present situation in the market.

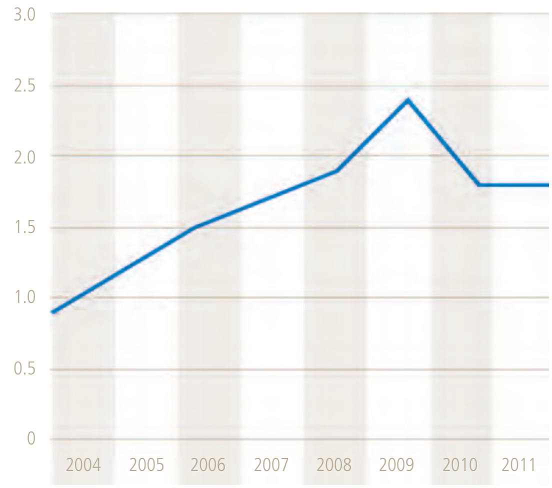
On the placement side, demand for forfaiting has been rising again in recent years. Even institutional investors are looking for opportunities to increase their returns due to low base rates (e.g. LIBOR rates). As a rule, foreign trade receivables carry higher interest and less risk than comparable fixed-interest securities. In addition, the risk of government bonds, previously regarded as mostly risk-free, has increased significantly in the eyes of investors. This important investment alternative has therefore become a lot less attractive. Particularly demand for bank-secured foreign trade receivables – in other words, the typical forfaiting business – has been continuously rising in recent years. Even transactions with remaining terms of several years are being sought after again.

Investors' demand, however, is being negatively affected time and time again by impending crises. Uncertainty about the solution to the Greek sovereign debt crisis, for instance, significantly impacted the financial markets in the fourth quarter. Demand for foreign trade receivables also dropped temporarily due to the high degree of uncertainty. After the political decisions regarding the Greek crisis, total demand among investors recovered immediately. This emphasizes that a high degree of uncertainty remains in the financial markets, which is leading to higher volatility than in the past.

Since mid-2009, DF Group has been adjusting its business strategy, reducing its credit-insured business, and focusing on the traditional bank-secured forfaiting business. Many of the banks are based in emerging or developing countries and therefore appear to have a greater default risk (country and counterparty risk). On the other hand, the past years have shown that crises were triggered by countries and banks with previously positive investment grades. These traditional forfaiting transactions were unavailable at acceptable prices in the times of very high liquidity in the financial markets, a trend which lasted until mid-2008. Due to fundamental changes in the markets since the end of 2008, these traditional forfaiting transactions can be purchased again at prices that provide very solid returns.

Although DF Group still trades in credit-insured forfaiting transactions, requirements were significantly increased already in 2009. Credit rating standards have been tightened considerably for debtors, the volume of transactions secured by government credit insurers (e.g. Hermes Bund) increased, and

Forfaiting margin of the DF Group in %



Source: DF Deutsche Forfait AG

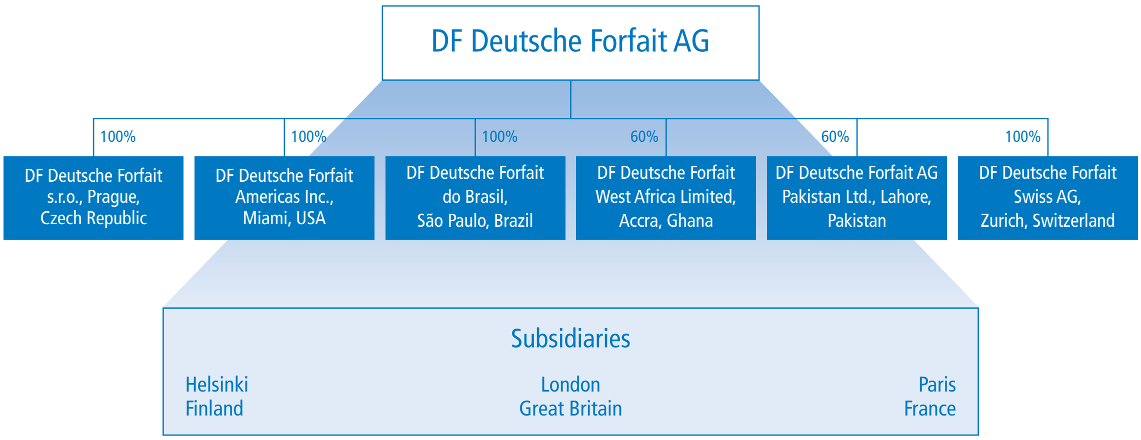
the business with private credit insurers reduced significantly. As opposed to previous practice, the company now regularly purchases transactions with existing credit insurance, whereby the seller is usually liable to insurers for the existence of receivables and their recoverability.

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 Forfait AG also holds a 60% share in DF Deutsche Forfait West Africa Limited, Ghana (Accra). The other shares are held by a local partner. 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 subsidiary in Prague, which is involved in back office tasks for individual transactions as and when required, 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

DF Group structure



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.

Measures for improving efficiency and results

DF Group aims to improve the margin between income and administrative costs by increasing the efficiency of its individual business units. The company regularly assesses its organizational units so as to identify savings potentials and, by continuously improving processes, to consequently increase efficiency further. This analysis focuses on the sales offices. If a local market does not provide sufficient potential for warranting the establishment of its own office, it can be covered by another sales unit instead. Alternatively, following an effort to reduce administrative costs and motivate employees, wages and salaries can be switched to performance-related pay only.

In the second half of 2010, DF Group already established a sales unit for servicing customers in the secondary market. By doing so, the company accounts for the increased requirements when placing transactions. The team focuses on maintaining and expanding the network of banks and forfaiting companies essential for placements. The company therefore gets closer to its customers and is able to meet their specific requirements. This has also a positive effect on the purchasing side as the sales team is better able to assess which risks can be sold at which price.

In addition, the allocation of tasks in sales was further improved and the responsibilities of the respective board members structured more clearly: Ulrich Wippermann will be increasing his focus on the primary markets while Marina Attawar will be mainly responsible for the secondary market. As a rule, the individual sales units receive requests from both the primary and secondary market. These requests are discussed with the corresponding experts.

The second sales management level is responsible for leading employees in Cologne as well as managing individual offices. This further intensifies the management of the offices and the assistance offered to them. The sales units' targets and reporting systems were fine-tuned. Contract management employees with a strong focus on sales were transferred to sales units. This strengthens the company's sales performance.

DF Group has a highly qualified and versatile team providing the basis for long-term and successful company development. The core of this team has been working together since the 1990's. In the forfaiting business, which is defined by high standards for transaction structuring and contract management, the professional qualifications of employees are particularly important.

Employees are provided with individually adjusted training and continuing education measures. DF Group slidely increased the number of employees over the course of the past financial year. On the reporting date of 31 December 2011, the Group employed 64 staff, compared to 61 at the end of 2010. 46 worked at headquarters in Cologne and 18 were employed at the offices abroad.

NET ASSETS, FINANCIAL POSITION AND RESULT OF OPERATIONS

DF Group recorded a consolidated net loss of EUR 3.9 million in the 2011 financial year due to unexpectedly losing arbitration proceedings and the resulting far-reaching risk-limiting measures. Without these one-off expenses, DF group would have generated a consolidated net profit.

Information on the consolidated net los

In 2007 and at the beginning of 2008, DF Group purchased and insured four similar transactions against a debtor in Dubai:

- Two of the receivables were insured by a British company and remained in the DF Group portfolio.
- The other two were covered by a French credit insurer and sold with credit insurance cover to two different investors. After the sale, each buyer, together with DF Group, became the insurance holders.

All of the debtor's receivables remained unpaid due to the financial crisis, although the group is still in existence and operation today. The receivables in the DF Group portfolio secured by a British insurer were compensated without problems after an extremely prudent and detailed assessment following the expiration of the holding period. For the other two receivables covered by the French insurer, the investors submitted a proper insurance claim for the overdue receivables. The claim initially remained unprocessed for several months, after which the credit insurer refused to pay compensation on several grounds.

DF Group and the affected investors asked their respective lawyers to assess the chances of a successful outcome of arbitration proceedings regarding the matter. The insurance policy in question included a clause on arbitration proceedings, meaning that disputes must be settled by an arbitrator instead of a proper court of law. All five law firms acting in the matter came to the conclusion that arbitration proceedings would be successful and that the insurance company would have to pay compensation.

The investors and the DF Group therefore launched arbitration proceedings, despite the extremely high costs involved. During the further course of the proceedings, especially after the witnesses had been questioned in the fourth quarter of 2011, the lawyers' belief in the positive outcome was strengthened further.

At the beginning of 2012, the arbitration court reached a surprising decision. The credit insurer was found to be right on just one point, but that was deemed sufficient to warrant for the insurance company not to have to pay compensation. In addition, the credit insurer was awarded part of its legal fees (EUR 0.6 million). According to the court's ruling, DF Group had already breached the insurance terms and conditions when concluding the agreement. As a result of this decision, the credit insurance cover had never been legally valid. All of the investors' lawyers regard this ruling as a miscarriage of justice. As arbitration proceedings do not have the option of appeal, however, no further legal action can be taken to overturn this decision.

According to the sales agreement, DF Group sold a credit-insured receivable and was liable for the validity of the credit insurance at the time of sale. The ruling, however, claims that there was no insurance cover at that point in time.

Measures in response to losing the arbitration proceedings

After losing the arbitration proceedings, DF Group immediately took measures to buffer the effects and prevent risks arising from similar cases. Although the arbitration ruling is not a landmark decision, the company aims to comprehensively limit further potential risks. In a first step, the second, almost identical claim against the same credit insurer was withdrawn. The termination of proceedings was made easier as the debtor continues to operate its business and considerable returns can be expected from the receivables. In detail, DF Group took the following measures:

- Settlement with the investor – It was realistic to assume that DF Group would have to pay compensation after losing the arbitration proceedings. The investor and DF Group agreed amicably for DF Group to purchase receivables against various debtors from the investor, including the investor in Dubai, at a value of EUR 9.5 million. The purchase price is far below the nominal value. DF Group is acquainted with these debtors and is confident that it will generate profit from the utilization of the transactions. The receivables were purchased in March 2012. DF Group also paid the legal fees of EUR 0.6 million that were granted to the credit insurer during the arbitration proceedings. The investor was paid legal fees of EUR 0.3 million. The one-off expenses resulting from these actions totaled EUR 0.9 million.

- Termination of second arbitration proceedings and settlement with the other investor – The already initiated arbitration proceedings regarding the other receivable covered by the French credit insurer were terminated. As the proceedings were still at an early stage, the costs involved in the withdrawal of this claim were moderate. DF Group had to pay the insurance company total costs of EUR 0.4 million. DF Group came to an agreement with the investor to pay EUR 4.0 million in compensation. However, DF Group will receive a debtor warrant. The compensation payment and legal fees paid totaling EUR 4.4 million were recognized as one-off expenses.
- Analysis of other credit-insured receivables sold – In addition to the two cases mentioned above, DF Group analyzed all other credit-insured receivables sold regarding the possibility of similar problems occurring. Three other transactions were found to be at risk as a result. DF Group settled for these transactions and paid a total of EUR 1.9 million in compensation, which was recognized as a one-off expense.
- Adjustment of the business model – The above-mentioned receivables were purchased and insured prior to the start of the financial crisis. Since the crisis, credit insurers have been implementing significantly restricted claims policies. DF Group responded to this risk by adjusting its business strategy. The credit-insured business – especially with private credit insurers – was reduced considerably. The company also significantly increased the standards for credit-insured transactions. An even greater focus is placed on the debtor's credit rating. The company often purchases transactions with existing credit insurance, whereby the seller is usually liable for the existence and validity of the credit insurance cover. For insurance purposes, focus is also placed on government credit insurers (e.g. Hermes Bund).

Development of net assets, financial position and result of operations

The Group incurred a consolidated loss of EUR 3.9 million in the 2011 financial year compared to consolidated profit of EUR 2.1 million in the previous year. The income statement can only be compared with the previous year to a limited extent due to one-off effects resulting from the lost arbitration proceedings and further risk-limiting measures. The majority of one-off effects are recognized in one-off expenses of EUR 7.2 million. The further addition to the risk provision, however, had an additional negative impact on the gross result. Without these one-off effects, the company would have generated a profit of EUR 2.3 million.

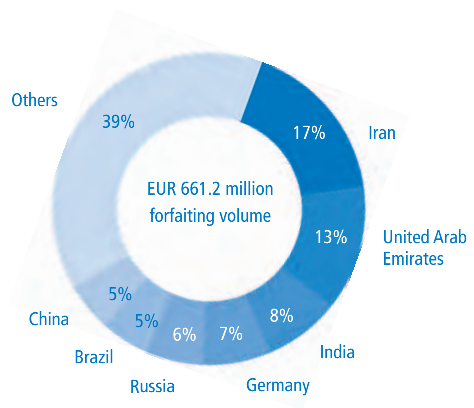
The gross result including financial results is the key performance indicator in the forfaiting business. It is derived from the forfaiting volume and forfaiting margin. This figure also includes the financial result from interest paid and interest income since this is directly related to the forfaiting 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 went up slightly year-on-year by 2% to EUR 12.1 million. This corresponds to the rise in forfaiting volume, which amounted to EUR 661.2 million in the 2011 financial year. The forfaiting margin remained the same as in the previous year at EUR 1.8%. The margin therefore continues to remain above-average in the long term. The gross result was reduced by a large net addition of EUR 3.7 million to the risk provision.

As in previous years, the forfaiting volume was distributed evenly between many countries. The highest proportion continued to pertain to Iran at 17% (previous year: 22%), even though this volume dropped considerably year-on-year on account of the difficult general conditions. The Iran business mostly consists of processed transactions, meaning that at the time the purchase has been agreed, a buyer has already made a purchase commitment to DF Group. The share of the United Arab Emirates rose slightly year-on-year from 10% to 13%, followed by India at 8% (previous year: 5%) and Germany at 7% (previous year: 6%). Transactions with German companies mainly relate to the financing of exports in emerging and developing countries.

Administrative costs rose considerably by EUR 1.7 million to EUR 10.7 million. Other operating expenses increased by EUR 1.1 million to EUR 6.6 million, primarily on account of the rise in legal and consulting fees of EUR 0.8 million. In addition, the increased average number of staff, among other things, led to a EUR 0.6 million rise in staff costs. 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

Forfaiting volume 2011 by regions



unconsolidated subsidiaries in Brazil, Ghana, Pakistan and the USA are also included in this item.

The lost arbitration proceedings caused one-off expenses of EUR 7.2 million (previous year: EUR 0.0 million), which resulted in the Group incurring a consolidated loss. This figure includes EUR 5.9 million in compensation payments as part of the out-of-court settlements as well as legal fees of EUR 1.3 million paid to the other parties. The cause of the consolidated loss is explained on pages 21 to 22 of this report.

The balance sheet total dropped significantly by 25% to EUR 97.8 million year-on-year. Particularly trade receivables, DF Group's largest risk position, decreased by EUR 38.7 million to EUR 61.0 million. This development is the result of the deliberate sale of receivables at the end of the year. In terms of nominal value, 83% (previous year: 86%) 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 second-largest item on the asset side is cash and cash equivalents, which, at EUR 31.6 million, even exceeds the prior-year value of EUR 27.9 million. This rise was due to several payments received prior to the reporting date totaling EUR 4.4 million, which were earmarked to be transferred and were only paid in the current 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. As a result of the loss, deferred tax assets of EUR 2.2 million (previous year: EUR 0.04 million) were recognized. Tax receivables rose by EUR 0.6 million to EUR 2.1 million.

The main items to drop on account of the reduction in assets were current liabilities to banks, which went down by EUR 23.7 million to EUR 40.9 million, and trade accounts payable, which fell by EUR 3.7 million to EUR 20.8 million. The loss and the distribution in May 2011 reduced equity by EUR 5.1 million to EUR 24.0 million. The equity ratio improved from 23% to 25% on account of the reduced balance sheet total. When measuring the company's equity base, account must be taken of the very high volume of cash and cash equivalents, which contribute 32% to the balance sheet total.

Especially the steep drop in trade receivables provided DF Group with very high positive cash flow of EUR 30.5 million. This also considerably reduced financial liabilities, which generated the planned cash outflow from financing activities of EUR 24.5 million. The high volume of cash and cash equivalents is mainly due to the above-mentioned effects of refinancing transactions in the same currency at the end of the year.

The Group incurred a consolidated loss of EUR 3.9 million due to the unexpectedly lost arbitration proceedings and additional risk-limiting measures, including increasing the risk provision. The forfaiting income is stable. Without these one-off expenses, DF Group would have generated consolidated profit. Despite the decrease in equity due to the losses incurred in the 2011 financial year, DF Group continues to have a comfortable equity base. At EUR 24.0 million, equity is at the same level as after the IPO in May 2007. The Group managed to decrease the balance sheet total, mainly by deliberately reducing trade receivables.

COMPENSATION REPORT

Compensation for the Board of Management in 2011

In the 2011 financial year, total compensation for members of the company's Board of Management was EUR 1,144,228.56. Total compensation for the entire 2011 financial year was divided among the members of the Board of Management as presented in the table on the top of the following page.

The employment contracts of all members of the Board of Management were concluded prior to 18 June 2009. As a result, the new regulations of Section 87 of the German Stock

Compensation for the Board of Mangement in EUR	Fixed compensation		Performanced-based compensation	Total amount
	Fixed salary	Other compensation [1]	Management-bonus	Sum
2011				
Marina Attawar	252,999.96	35,385.68	90,000.00 [2]	378,385.64
Jochen Franke	252,999.96	36,994.64	90,000.00 [2]	379,994.60
Ulrich Wippermann	252,999.96	42,848.36	90,000.00 [2]	385,848.32
2010				
Marina Attawar	252,999.96	35,614.46	0.00	288,614.42
Jochen Franke	252,999.96	35,614.46	0.00	288,614.42
Ulrich Wippermann	252,999.96	48,161.54	0.00	301,161.50

1) In particular: Company vehicle, accident insurance, partial payment of health insurance/long-term care insurance, company pension plan 2) Special bonus paid in 2011

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 2011, 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, Mrs. 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 for the Supervisory Board in 2011

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 fixed annual compensation of EUR 13,000.00 in addition to the reimbursement of expenses incurred while meeting their responsibilities. In addition, members of the Supervisory Board receive an attendance fee of EUR 500.00 for every Supervisory Board meeting they attend. In the 2011 financial year, compensation for all activities of all members of the Supervisory Board of DF Deutsche Forfait AG was EUR 125,262.70. The individual compensation for members of the Supervisory Board for 2011 is described in the table below.

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.

For information on the methods of operation of the Board of Management and the Supervisory Board as well as the composition and methods of operation of their committees, please refer to the declarations regarding the Corporate Governance Code and also the Supervisory Board report contained in the Annual Report, which are both published on the Group website at www.dfag.de.

Compensation for the Supervisory Board in EUR	Fixed compensation	Attendance fees	VAT 19%	Total
2011				
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 (until 18 May 2011)	4,915.17	500.00	0.00	5,415.17 [1)]
Frank Hock	13,000.00	2,000.00	2,850.00	17,850.00
Dr. Ludolf-Georg von Wartenberg	13,000.00	2,000.00	2,850.00	17,850.00
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 [2)]
Frank Hock	13,000.00	2,500.00	2,945.00	18,445.00
Dr. Stefan Immes (until 20 May 2010)	4,986.80	1,000.00	1,137.49	7,124.29
Dr. Ludolf-Georg von Wartenberg (since 20 May 2010)	8,013.20	1,500.00	1,807.51	11,320.71

1) Plus tax deduction of EUR 2,507.53 pursuant to Section 50a no. 4 of the German Income Tax Act (EStG)3 2) 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 (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 Trade 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 2011 financial 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 accordance with Section 11 (4). 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. In accordance with Section 4 (4) of the Memorandum of Association, the Board of Management was authorized, subject to approval by the Supervisory Board, to increase the company's share capital until 29 March 2012 by single or multiple share issues of new no-par bearer shares in exchange for cash and/or contributions in kind. The Board of Management and Supervisory Board plan to obtain a resolution at the Annual General Meeting on 24 May 2012 on the creation of authorized capital by a total of up to EUR 3,400,000.00 in exchange for cash and/or contributions in kind by issuing up to 3,400,000 new no-par bearer shares until 24 May 2017. The planned start date of the profit participation does not comply with that stipulated by law.

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 the 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 the Group.

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 insofar 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. The Group 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, headed by an accounting manager, is 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 the subsidiaries in Prague and Zurich 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. More complex transactions and their accounts 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 forfaiting 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 under certain circumstances DF Group is 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. The risk has occured in one case. The respective circumstances are explained on pages 21 and 22.

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.

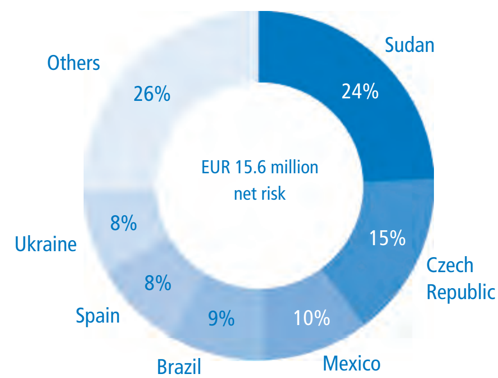
Country and counterparty risk

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, including the non-payment of government debt. The credit rating of individual countries has also deteriorated significantly, further increasing this risk.

When purchasing receivables, DF Group also assumes the debtor's credit risk for the acquired receivable (counterparty risk) in addition to the country risk. The debtor may become insolvent or unable to pay for other company-specific reasons. However, counterparty risk is not limited to the 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 and all other companies are increasingly experiencing financial and consequently payment difficulties in the wake of the crises in recent years; this has put up the default risk. Delinquencies 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

Allocation of net risk as of 31 December 2011



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 2011, the unsecured risk (net risk) of EUR 15.6 million related to the several countries as described in the graphic above.

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 or counterparty risk for a receivable may also worsen. Then its market value decreases, while the receivable is held in the DF 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 in recent years due to the crises. 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. Loss of a substantial part of the credit lines would result in an income slump. The possible loss of several very successful sales employees or whole teams could also lead to serious loss of income.

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 and the loss incurred in 2011 financial year. 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 DF Group's 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 crises in recent years. The risks in the market remain at an above-average level, however, as the debt crisis in the South European countries in the Eurozone shows. The large degree of uncertainty in the markets and difficult general conditions could trigger another global financial crisis. This would most likely have serious consequences for numerous banks and companies. The affected governments are counteracting these risks by intervening and issuing economic stimulus packages.

SUPPLEMENTARY REPORT

As announced in the ad hoc release on 9 March 2012, DF Group unexpectedly lost arbitration proceedings and as a result incurred a consolidated loss in the 2011 financial year. For detailed information on the causes for the loss, please refer to pages 21 to 22 of this management report.

OUTLOOK

Global economic growth will continue to slow down in 2012 according to most economic research organizations. The majority of economic forecasts have recently been reduced in view of the European sovereign debt crisis. The IMF (International Monetary Fund) lowered its 2012 global economic growth forecast by 0.7% to 3.3% while the World Bank expects merely 2.5% growth. Both organizations also warn of high economic risks. The IMF anticipates the total gross domestic product of the industrial countries to rise slightly by 1.2%. The forecast for the emerging and developing countries is also weaker than in previous years on account of the slowdown of the economy in western industrial countries. Growth is expected to come to 5.4% in the full year. Germany's economy will grow by as little as 0.3% this year, according to the IMF, whereas the forecast of the Kiel Institute for the World Economy is more optimistic at 0.5% growth.

In tune with the overall economy, world trade is also anticipated to slow down from 6.9% growth in 2011 to 3.8% in 2012. Regardless of developments, the world trade volume provides significant potential for forfaiting transactions. The consolidation in the forfaiting market is also continuing to generate good general conditions on the purchasing side. In addition, demand for forfaiting as an alternative financing source for companies is increasing. In the last two years, investors' demand for foreign trade receivables also rose considerably. Even transactions with remaining terms of several years are selling. The margins will be above average in the long term in 2012 and beyond. Investors are increasingly looking for opportunities to boost their returns on account of the low interest rates. Foreign trade receivables are ideal in this respect due to their attractive return/risk profile. DF Group expects these positive market conditions to last at least until 2013. Investors' demand is likely to still focus on traditional bank-secured receivables in the years ahead.

The uncertainty in the financial markets is proving a risk to future developments. Another financial crisis on a global scale could be triggered by the debt crisis in some industrial countries. Especially the increasing difficulties of the South European countries in the Eurozone have the potential to create such negative impact on the markets and would in all likelihood have serious consequences for numerous banks and other companies. Governments around the world have recognized this risk and are attempting to prevent such developments at an early stage by implementing stabilization measures. Should it be impossible to prevent another crisis, DF Group would have to increase its impairments to such an extent that this could even lead to losses. In addition, DF Group's positive development could be compromised if it was to lose extensive credit lines.

DF Group has adapted to the significantly changed market conditions in recent years and has implemented adjustment measures. The sales units have been realigned to meet the new requirements. Sales management has also been improved further to account for growth opportunities. The Board of Management expects that the efficiency improvement measures will be successful in all units. Furthermore, the expected drop in legal fees will significantly reduce administrative costs.

Growth conditions remain good for DF Group. The market environment is positive and the company is well positioned. The forfaiting business across all segments, including forfaiting volume and gross result, is expected to grow in 2012 and beyond. DF Group is convinced that it will generate consolidated profit again in 2012 and realize profitable growth in the years to come.

Cologne, March 2012
Board of Management

FINANCIAL FIGURES

	Assets		31-12-2011 in EUR	31-12-2010 in EUR
A.	**Long-term assets**			
I.	Intangible assets	(17)	13,091.93	16,866.93
II.	Tangible assets	(16)	481,095.80	472,522.43
III.	Financial assets			
	Investments in affiliated companies		51,676.77	51,672.90
IV.	Other long-term assets	(18)	30,942.15	33,101.36
V.	Deferred taxes		2,185,777.00	42,637.47
			2,762,583.65	**616,801.09**
B.	**Short-term assets**			
I.	Trade accounts and other receivables	(19)	61,040,220.23	99,709,077.53
II.	Tax receivables		2,124,220.44	1,480,049.81
III.	Other short-term assets	(20)	303,661.13	275,907.88
IV.	Liquid funds	(21)	31,618,571.47	27,864,419.89
			95,086,673.27	**129,329,455.11**
	Total assets		**97,849,256.92**	**129,946,256.20**

(#) Reference to corporate notes

		Equity and Liabilities		31-12-2011 in EUR	31-12-2010 in EUR
A.		**Equity**	**(22)**		
I.		Subscribed capital		6,800,000.00	6,800,000.00
II.		Capital reserve		7,359,044.50	11,286,060.38
III.		Revenue reserves			
	1.	Statutory reserve		500,000.00	500,000.00
	2.	Other reserves		9,316,391.87	8,262,346.51
IV.		Adjustment item from the currency conversion		30,693.88	227,099.98
V.		Consolidated balance sheet profit		2,170.69	2,074,045.35
				24,008,301.21	**29,149,552.22**
B.		**Long-term liabilities**			
	1.	Liabilities to banks		10,100,471.44	9,875,018.71
	2.	Other long-term liabilities		3,091.47	4,637.20
				10,103,562.91	**9,879,655.91**
C.		**Short-term liabilities**			
	1.	Liabilities to banks		40,877,516.55	64,572,448.28
	2.	Short-term provisions	(24)	1,479,608.00	609,455.00
	3.	Tax liabilities		367.72	5,019.99
	4.	Trade accounts and other payables		20,826,864.03	24,545,401.60
	5.	Other short-term liabilities	(25)	553,036.50	1,184,723.20
				63,737,392.80	**90,917,048.07**
		Total equity and liabilities		**97,849,256.92**	**129,946,256.20**

(#) Reference to corporate notes

Consolidated Income Statement

		01-01 to 31-12-2011 in EUR	01-01 to 31-12-2010 in EUR
1. Typical forfaiting income	(7)		
a) Forfaiting income		10,239,713.52	7,319,397.45
b) Commission income		15,409,998.06	9,551,244.94
c) Income from additional interest charged		1,915,185.01	1,182,043.90
d) Exchange profits		10,818,374.87	16,102,429.71
e) Income from the reduction of value adjustments on receivables and from the writing back of provisions for forfaiting and purchase commitments		1,555,470.44	1,720,972.09
		39,938,741.90	**35.876.088,09**
2. Typical forfaiting expenditure	(8)		
a) Expenditure from forfaiting		795.03	84,321.30
b) Commissions paid		9,274,424.43	3,304,049.78
c) Exchange losses		10,889,975.02	16,197,093.68
d) Credit insurance premiums		370.29	106,504.25
e) Depreciation and value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments		5,758,637.89	2,261,532.69
		25,924,202.66	**21,953,501.70**
3. Gross result	**(9)**	**14,014,539.24**	**13,922,586.39**
4. Other operating income	(10)	76,496.89	50,843.27
5. Personnel expenses	(11)		
a) Wages and salaries		3,489,014.06	2,921,582.15
b) Social security contributions and expenditure for pensions and social welfare		487,130.23	438,153.52
6. Depreciation on tangible and intangible assets	(12)	116,043.33	108,569.58
7. Other operating expenditure	(13)	6,626,800.41	5,521,218.06
8. Interest income	(14)	114,162.98	30,079.97
9. Interest paid	(14)	2,079,050.92	2,090,578.18
10. Profit before income tax		**1,407,160.16**	**2,923,408.14**
11. Extraordinary expenses		7,230,179.33	0.00
12. Extraordinary result		**7,230,179.33**	**0.00**
13. Income tax	(15)		
a) Income and earnings tax		244,965.27	873,181.51
b) Deferred taxes		-2,143,139.52	-23,818.72
14. Consolidated loss/income		**-3,924,844.92**	**2,074,045.35**
15. Withdrawal from capital reserves		3,927,015.88	0.00
16. Consolidated balance sheet profit		**2,170.96**	**2,074,045.35**
Average number of shares		6,800,000	6,800,000
Earnings per share		-0.58	0.31

(#) Reference to corporate notes

Consolidated Statement of Recognized Result	01-01 to 31-12-2011 in EUR	01-01 to 31-12-2010 in EUR
I. Consolidated loss / income	**-3,924,844.92**	**2,074,045.35**
II. Other income		
Currency translation differences from the inclusion of foreign subsidiaries	-196,406.10	252,615.98
III. Recognized result	**-4,121,251.02**	**2,326,661.33**

	Consolidated Cash Flow Statement	01-01 to 31-12-2011 in kEUR	01-01 to 31-12-2010 in kEUR
	Cash flow		
	Profit for the year	-3,925	2,074
+	Depreciation on tangible and intangible assets	116	109
+	Expenses for income tax	-1,898	850
+	Interest paid	2,079	2,091
-	Interest income	-114	-30
+/-	Result from disposal of long-term assets	0	0
+/-	Other transactions not affecting payments	3,447	1,094
+/-	Changes to trade accounts receivable	38,669	-1,609
+/-	Changes to other assets (working capital)	-2,813	-915
+/-	Change to provisions	870	-23
+/-	Changes to trade accounts payable	-3,719	6,194
+/-	Change to other liabilities (working capital)	-638	-1,156
-	Paid taxes on profits	-1,533	-2,007
=	**Operative Cash flow**	**30,541**	**6,672**
-	Paid interest	-2,096	-2,026
+	Retained interest	115	29
=	**Inflow from current business (Total 1)**	**28,560**	**4,675**
-	Payments for investments in long-term assets	-119	-89
+	Incoming payments from disposals of long-term assets	0	0
=	**Outflow from investment activity (Total 2)**	**-119**	**-89**
+/-	Change to financial liabilities	-23,469	12,443
-	Payment of dividends	-1,020	-1,768
+	Incoming payments from capital market transactions	0	0
=	**Inflow/Outflow from finance activity (Total 3)**	**-24,489**	**10,675**
	Changes in financial resources affecting payments	3,953	15,261
+	Liquid funds at the start of the period	27,864	12,360
+/-	Effects from the currency conversion	-198	243
=	**Liquid funds at the end of the period**	**31,619**	**27,864**

Consolidated Statement of Equity Changes in the period 01-01-2011 to 31-12-2011

in EUR	Subscribed capital	Capital reserves	Statutory reserves	Revenue reserves	Difference from currency conversion	Total
Balance 01-01-2011	**6,800,000.00**	**11,286,060.38**	**500,000.00**	**10,336,391.86**	**227,099.98**	**29,149,552.23**
Profit appropriation	–	–	–	–	–	–
Consolidated profit	–	–	–	(3,924,844.92)	(196,406.10)	(4,121,251.02)
Dividend payment	–	–	–	(1,020,000.00)	–	(1,020,000.00)
Capital increase	–	–	–	–	–	–
Withdrawals from the reserves	–	(3,927,015.88)	–	3,927,015.88	–	–
Balance 31-12-2011	**6,800,000.00**	**7,359,044.50**	**500,000.00**	**9,318,562.82**	**30,693.88**	**24,008,301.21**

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	252,615.98	2,326,661.33
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**

CORPORATE NOTES

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 2011 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 2011 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 the Euro. All figures are presented in thousands of Euros (kEUR) unless otherwise stated.

To give a clearer account, various items in the balance sheet and income statement have been aggregated. These items are described separately in the 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 8 March 2012.

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 2012.

(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 2011 to 31 December 2011. 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 holds 100% of the voting rights, as well as 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 group of consolidated companies. The subsidiaries which are not consolidated are of secondary importance for the consolidated financial statements as of 31 December 2011 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 2011 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 rates published by the European Central Bank and are as follows:

	Closing rate		Average rate	
	31-12-2011	31-12-2010	2011	2010
Swiss Francs	1.2156	1.2504	1.2326	1.3803
Czech Koruna	25.7870	25.0610	24.5900	25.2840

(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	2011	2010
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 2011 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.

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 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 2011, were not applied prematurely:

- IFRS 9 (“Financial Instruments”), applicable to financial years that begin on 1 February 2015 or after.
- IFRS 10 (“Consolidated Financial Statements”), applicable to financial years that begin on 1 January 2013 or after.
- IFRS 11 (“Joint Arrangements”), applicable to financial years that begin on 1 January 2013 or after.
- IFRS 12 (“Disclosure of Interests in Other Entities”), applicable to financial years that begin on 1 January 2013 or after.
- IFRS 13 (“Fair Value Measurement”), applicable to financial years that begin on 1 January 2013 or after.
- Amendments to IAS 1 (“Presentation of Financial Statements”), applicable to financial years that begin on 1 July 2012 or after.
- Amendments to IAS 19 (“Employee Benefits”), applicable to financial years that begin on 1 January 2013 or after.

These new or amended standards were not prematurely applied or are not relevant to the consolidated financial statements as at 31 December 2011. Premature application of the standards and interpretations is 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	2011	2010
Forfaiting income	10,240	7,319
Commission income	15,410	9,551
Income from additional interest charged	1,915	1,182
Exchange rate gains	10,818	16,102
Income from the writing back of value adjustments on receivables and of provisions for forfaiting and purchase commitments	1,555	1,721
Total	**39,939**	**35,876**

Typical forfaiting income increased by kEUR 4,063 or 11% year on year. The majority pertains to higher commission income, which is offset in approximately equal amount by higher commission expenses. Conditions for individual transactions resulted in a change in commission income and expenses. The rise in commission and forfaiting income offset the significant fall in exchange rate profits. Exchange rate profits are offset in approximately equal amount by 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 expenditure

Typical forfaiting expenses break down as follows:

Typical forfaiting expenses in kEUR	2011	2010
Forfaiting expenses	1	84
Commission expenses	9,274	3,304
Exchange losses	10,890	16,197
Credit insurance premiums	–	107
Depreciation and value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments	5,759	2,262
Total	**25,924**	**21,954**

Typical forfaiting expenses increased in line with typical forfaiting income. The majority pertains to exchange rate losses, which are offset in approximately equal amount by exchange rate gains. Commission expenses rose to the same extent as commission income. Conditions for individual transactions resulted in a change in commission income and expenses. 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	2011	2010
Net forfaiting	10,240	7,235
Net commission	6,136	6,247
Loan agreement	1,915	1,182
Profit (loss) on exchange rate gains and losses	(72)	(94)
Net valuation in forfaiting business	(4,204)	(541)
	14,015	**14,029**
less credit insurance premiums	–	(106)
Total	**14,015**	**13,923**

Higher loss from the net valuation, due to an increase in risk provisioning, was offset by improved net forfaiting income, which rose due to better conditions for individual transactions. Net income from additional interest charged rose due to higher volumes. In the previous year, only receivables with credit insurance were purchased, so that DF Group did not have to pay any credit insurance premiums.

(10) Other operating income

Other operating income breaks down as follows:

Other operating income in kEUR	2011	2010
Income from offsetting non-cash benefits under the provision of motor vehicles	43	48
Income from writing back other liabilities	2	–
Income from the disposal of fixed asset items	–	–
Miscellaneous other operating income	29	3
Total	**76**	**51**

(11) Personnel expenses

Staff costs break down as follows:

Staff costs in kEUR	2011	2010
Salaries	3,489	2,922
Total salaries	**3,489**	**2,922**
Social security contributions	*388*	*353*
Pensions	*78*	*61*
Other social security expenses	*21*	*24*
Total social security expenses	**487**	**438**
Total	**3,976**	**3,360**

Social security contributions include employer's contributions to state pension providers in the amount of kEUR 220 (previous year: kEUR 200). These amounts had been included in expenditure for pensions in the previous year and have now been adjusted accordingly in the table. Pensions include expenses for defined contribution benefit plans in the amount of kEUR 65 (previous year: kEUR 59). The increased average number of staff, among other things, led to a rise in staff costs.

(12) Depreciation on tangible and intangible assets

Depreciation and amortization break down as follows:

Amortization and depreciation in kEUR	2011	2010
Amortization on intangible assets	4	2
Depreciation on property, plant and equipment	112	106
Total	**116**	**108**

(13) Other operating expenses

Other operating expenses break down as follows:

Other operating expenses in kEUR	2011	2010
Legal and consultation fees, costs of preparing statements	2,874	2,119
Administrative costs/partner	1,638	1,494
Cost of premises (rental and cleaning costs)	402	389
Travel expenses	395	324
Payment transaction fees	214	143
Telephone, postage and internet connection charges	135	112
Vehicle costs	104	83
Insurances, fees, contributions	68	74
Miscellaneous other expenses	797	783
Total	**6,627**	**5,521**

Other operating expenses increased mainly due to the rise in litigation costs resulting from arbitration proceedings. The expenses for cooperation partners include expenses for the offices in London, Paris and Helsinki and the subsidiaries in Accra, Miami and São Paulo.

(14) Financial results

The financial results break down as follows:

Financial results in kEUR	2011	2010
Interest income from banks	42	27
Interest income from receivables	72	3
Interest income from investments and other interest rate agreements	–	–
Total interest income	**114**	**30**
Interest expense payable to banks	2,078	2,090
thereof from refinancing the forfaiting business	*2,024*	*2,057*
thereof from interest on overdraft	*54*	*33*
Other interest expenses	1	1
Total interest expense	**2,079**	**2,091**
Net interest = financial results	**(1,965)**	**(2,061)**

Despite the slight rise in the forfaiting volume, interest expenses remained more or less unchanged.

(15) Income taxes

Group income taxes break down as follows:

Income taxes in kEUR	2011	2010
Income tax expense from the current year	259	873
Allowances for previous years	(14)	–
Current tax expense	**245**	**873**
Deferred taxes from temporary differences	(2,143)	(24)
Deferred tax expense/income	**(2,143)**	**(24)**
Total	**(1,898)**	**849**

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 16.5% plus a solidarity surcharge of 5.5% on top of corporation tax, this results in a tax rate of approximately 32.5% for domestic companies. This tax rate was uniformly applied across the reporting period to calculate domestic deferred tax effects. The tax effects of foreign companies 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 2011 is detailed in the table below:

Deferred tax assets and liabilities by type of temporary differences in kEUR	Assets		Liabilities	
	2011	2010	2011	2010
Trade receivables	–	–	3	33
Pension obligations	87	76	–	–
Tax loss carry-forward	2,102	–	–	–
Other assets	–	–	–	–
Other liabilities	–	–	–	–
Total	*2,189*	*76*	*3*	*33*
Offsetting	(3)	(33)	(3)	(33)
Balance sheet value	**2,186**	**43**	**–**	**–**

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 losses carried forward as at the reporting date.

The difference between expected and reported income tax revenue (previous year tax expense) can be accounted for as follows:

in kEUR	2011	2010
Earnings before tax	(5,823)	2,923
Nominal tax rate	32.5%	31.8%
Expected loss/income from tax expenses	*(1,892)*	*930*
Non-deductible expense	118	144
Tax effects from previous years	65	(44)
Tax effects from deviant local tax rates	(184)	(181)
Other tax effects	(5)	–
Income taxes	**(1,898)**	**849**

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 long-term 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	31-12-2011	31-12-2010
Trade receivables	61,040	99,709
thereof long-term	*3,812*	*11,134*
thereof short-term	*57,228*	*88,575*

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. In principle, an effort is made to resell the receivables quickly. Receivables figures for the previous year were adjusted in the balance sheet and the table. This resulted in no material implications.

(20) Other current assets

Other current assets break down as follows:

Other current assets in kEUR	31-12-2011	31-12-2010
Accruals and deferrals	249	222
Miscellaneous other assets	54	54
Tax receivables	2,124	1,480
Total	**2,427**	**1,756**

(21) Cash and cash equivalents

Cash and cash equivalents amount to kEUR 31,619 and concern bank deposits with a maturity of up to three months. This amount contains several payments received prior to the reporting date totaling EUR 4.4 million, which were earmarked to be transferred and were only paid 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. Deposits in the amount of kEUR 1,588 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 reserves: 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 plus the withdrawal from the capital reserve of kEUR 3,927 in the reported year offset against the capital reserve and adjusted tax effects, the Group has a capital reserve in the amount of kEUR 7,359.

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

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 31 (previous year: kEUR 227).

Earnings per share: Earnings per share of EUR -0.58 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 proposed appropriation of net income is omitted since there was no profit recorded.

Total income and expenses: The composition of total income and expenses is shown under the financial figures of this report. Income taxes of kEUR 10 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 20 May 2010, 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 and/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 and/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 %	31-12-2011	31-12-2010
Discounting factor	5.50%	5.25%
Expected return on plan assets	5.50%	5.25%
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	2011	2010
Accumulated benefit obligation of the pension promises (Defined Benefit Obligation) as of 1 January	250	206
'service cost'	24	22
'interest cost'	13	11
Actuarial (gain) loss	(13)	11
Defined Benefit Obligation (DBO) as of 31 December	**274**	**250**

Development of the plan assets in kEUR	2011	2010
Value of plan assets as of 1 January	461	360
Expected investment income	25	15
Contributions	33	33
Discrepancy between expected and actual income	(64)	53
Value of plan assets as of 31 December	**455**	**461**

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

in kEUR	2011	2010	2009	2008	2007
Accumulated benefit obligation	274	250	206	174	142
Included impacts of deviations in reporting year	(13)	(11)	(20)	(21)	15
Plan assets	455	461	360	315	272
Included impacts of deviations in reporting year	(64)	(53)	(1)	(2)	(2)
Funded status	**181**	**211**	**154**	**141**	**130**

In the 2011 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 totalling kEUR 455 (previous year: kEUR 461) and the liability value of the obligation of kEUR 274 (previous year: kEUR 250) is shown. At the reporting date, plan assets exceeded the liability value of the obligation by kEUR 181 (previous year: kEUR 211). The figure shown on the balance sheet was calculated as follows:

Derivation of the net figure carried in the balance sheet in kEUR	31-12-2011	31-12-2010
Projected unit credits of the defined benefit obligation	274	250
Fair value of the pension plan assets	274	250
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	2011	2010
Current services cost	24	22
Interest expense	13	12
Expected return on plan assets	(25)	(15)
Adjustment for actuarial gains and losses	21	14
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 2011 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. The figures for the previous year were adjusted in the balance sheet in the following table. This resulted in no material implications.

Short-term provisions in kEUR	
1 January 2010	**1,903**
Addition	–
Use	–
Release / Reclassification	1,294
31 December 2010	**609**
Addition	1,392
Use	–
Release / Reclassification	522
31 December 2011	**1,480**

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

Long-term liabilities include a liability to banks in the amount of kEUR 10,100 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 3 to Pensions-Sicherungs-Verein aG.

The item "Other short-term liabilities" as of 31 December 2011 essentially concerns obligations to employees arising from holiday pay (kEUR 67), liabilities from other taxes due (kEUR 91), commissions which have been collected but not yet treated as income (kEUR 113), liabilities for costs of preparing financial statements and audit fees (kEUR 80), and other liabilities (kEUR 176) from invoices for administrative costs that have been received as well as deferred interest. The other short-term and long-term liabilities break down as follows:

Other short-term and long-term liabilities in kEUR	31-12-2011	31-12-2010
Other long-term liabilities	**3**	**5**
Taxes payable on income and earnings	–	–
Other tax liabilities	91	74
Liabilities to employees	1	3
Liabilities from duties and premiums	25	24
Sales commission, Gratuities	–	270
Bonuses	–	100
Holiday pay	67	63
Costs of preparing the financial statements and auditing	80	80
Accruals and deferrals	113	402
Miscellaneous other liabilities	176	169
Other short-term liabilities	**553**	**1,185**

IV. Other information

(26) Notes on segment reporting

DF Group controls its business by using risk groups based on the forfaiting volume. They are assigned according to the original debtor of each receivable. Countries are allocated 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	2011	2010
Risk group I	157.1	218.8
Risk group II	82.3	51.8
Risk group III	62.4	50.2
Risk group IV	194.2	68.5
Risk group V	165.2	260.8
Total	**661.2**	**650.1**

Gross result proportion	2011	2010
Risk group I	29%	29%
Risk group II	10%	9%
Risk group III	14%	16%
Risk group IV	14%	8%
Risk group V	33%	38%
Total	**100%**	**100%**

In addition, the forfaiting volume is divided by region:

Forfaiting volume in EUR million	2011	2010
Africa	22.7	51.8
Asia	376.5	297.8
Australia	0.1	–
Europe	199.7	239.1
North America	–	7.7
South- and Central America	57.2	53.7
Total	**661.2**	**650.1**

Gross result proportion	2011	2010
Africa	5%	4%
Asia	58%	58%
Australia	–	–
Europe	24%	25%
North America	–	–
South- and Central America	13%	13%
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	Maturity <1 year	1-5 years	>5 years	Total
31 December 2011				
For office space	258	840	–	1,098
For vehicle leasing	16	–	–	16
For office equipment	4	4	–	8
Total	**278**	**844**	**–**	**1,122**
31 December 2010				
For office space	266	317	–	583
For vehicle leasing	39	17	–	56
For office equipment	4	4	–	8
Total	**309**	**338**	**–**	**647**

Lease payments of kEUR 40 (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, including the Board of Management, is shown in the following table. The figures include two Trade/Sales directors and one Controlling/Accounting director:

Number of employees	2011	2010
Salaried employees	**64**	**61**
of which in trade/sale	24	24
of which in contract management	17	17
of which in controlling/accounting	10	9
of which other/internal administration	13	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	Maturity <1 year	1-5 years	>5 years	Total
31 December 2011				
From forfaiting commitments	10,712	6,697	–	17,409
From purchase commitments	20,344	–	–	20,344
Total	**31,056**	**6,697**	**–**	**37,753**
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**

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	31-12-2011	31-12-2010
Other financial obligations	*37,753*	*55,367*
– 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.	7,367	35,840
– Underlying receivable paid or the sale invoiced	1,090	199
– Credit securities	–	–
– Bank securities (e.g. guarantees)	18,244	14,511
– Cash collateralisation	1,963	521
– Party providing security is a company (e.g. counterguarantees of forfaiting companies)	3,685	1,585
– Other securities	282	–
= Securities	*32,631*	*52,656*
Other financial obligations after deduction of securities	**5,122**	**2,711**

(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	2011	2010
Audits	85	95
Tax consulting services	11	12
Other audit services	66	66
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 2011 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 in kEUR	2011	2010
M.M.Warburg & CO KGaA		
Typical forfaiting expenses	(3)	(13)
Other operating expenses	(50)	(56)
Interest and similar income	4	4
Interest and similar expenses	(26)	(78)
Total	**(75)**	**(143)**

Outstanding amounts vis-à-vis related parties in kEUR	31-12-2011	31-12-2010
M.M.Warburg & CO KGaA		
Deposits with banks	1,044	1,024
Bank loans and overdraft	1	1

As in the previous year, the Board of Management was composed as follows in the 2011 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
2011			
Fixed salary	253	253	253
Other compensation	35	37	43
Special bonus	90	90	90
Total 2011	**378**	**380**	**386**
2010			
Fixed salary	253	253	253
Other compensation	36	37	48
Special bonus	–	–	–
Total 2010	**289**	**290**	**301**

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

Supervisory Board compensation in kEUR	2011	2010
Fixed compensation	98	111
Attendance fee	11	14
VAT	16	17
Total	**125**	**142**

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 Holding GmbH, Berlin, notified us in accordance with Sec. 21 (1) of the Securities Trade Act (WpHG) on 18 August 2011 that its voting rights share in DF Deutsche Forfait AG, Cologne, Germany, exceeded the threshold of 5%

of the voting rights on 17 August 2011 and at that point amounted to 5.25% (which corresponds to 375,310 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 Investment Partners Belgium N.V./S.A., Brussels, notified us in accordance with Sec. 21 (1) of the Securities Trade Act (WpHG) on 2 September 2011 that its voting rights exceeded the threshold of 3% of the voting rights on 31 August 2011 and at that point amounted to 2.80% (which corresponds to 190,222 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 bank guarantees).

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

in kEUR	31-12-2011	31-12-2010
Nominal value of trade receivables	59,987	97,099
– Discount deduction	(642)	(1,482)
+ Other receivables	4,648	7,685
= Gross book value before adjustments	63,993	103,302
– Value adjustments	(2,953)	(3,593)
= Book Value = maximum default risk	61,040	99,709
– Sold receivables	(3,864)	(9,761)
– Bank securities (e.g. guarantees)	(1,144)	(3,893)
– Cash securities	(11,153)	(16,357)
– Credit insurances	(29,168)	(43,814)
– Guarantor is a company (e.g. counter liabilities by forfaiting companies)	(5,750)	(653)
– Guarantor is the government or a government agency	–	(9,632)
– Underlying receivables were payed or their purchase settled	(2,765)	(4,754)
+ Twin securities	430	1,203
= Securities	(53,414)	(87,661)
= Unsecured maximum default risk	**7,626**	**12,048**

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 2011 results in the following sensitivity values:

Currency in kEUR	Sensitivity
CHF	30
CZK	0
GBP	100
USD	323

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	2011	2010
Loans and receivables	61,344	99,504
Cash and cash equivalents	31,619	27,864
Financial assets for disposal	52	52
Financial liabilities valued at amortized cost	72,358	100,178
Thereof: financial debts	50,978	74,447

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	2011	2010
Loans and receivables	6,784	13,923
Cash and cash equivalents	114	30
Amortization of disposable financial assets	–	–
Financial assets valued at amortized cost	(2,079)	(2,091)

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 the DF Group is to provide sufficient financial resources for the purchase and sale of receivables (forfaiting business) at all times. Under the DF Group business model, financing is mainly required for short-term receivables related to sales transactions. The DF 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 the DF 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 2011, equity of DF Group was EUR 24.0 million (previous year: EUR 29.1 million) while external financing in the form of liabilities to banks amounted to EUR 51.0 million (previous year: EUR 74.4 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

In accordance with IAS 10.9 in conjunction with IAS 10.3, DF Group recorded consolidated net losses of EUR 3.9 million in the 2011 financial year due to unexpectedly losing arbitration proceedings and the resulting, far-reaching risk-limiting measures. Without these one-off expenses, DF Group would have generated consolidated net income.

In 2007 and at the beginning of 2008, DF Group purchased and insured four transactions of the same type against a debtor in Dubai. Two of the receivables were insured by a British company and remained in the DF Group portfolio. The other two were covered by a French credit insurer and sold with credit insurance cover to two different investors. After the sale, each buyer, together with DF Group, became the insurance holders.

All of the debtor’s receivables remained unpaid due to the financial crisis, although the group is still in existence today and continues to do business. The receivables in the DF Group portfolio secured by a British insurer were compensated without problems after an extremely prudent and detailed assessment and after the holding period had expired. For the other two receivables covered by the French insurer, the investors submitted a proper insurance claim for the overdue receivables. The claim initially remained unprocessed for several months, then the credit insurer refused to pay compensation on several grounds.

DF Group and the affected investors asked their respective lawyers to assess the chances of a successful outcome of arbitration proceedings regarding the matter. The insurance policy in question included a clause on arbitration proceedings, meaning that any disputes must be settled before an arbitrator instead of a proper court of law. All five law firms acting in the matter came to the conclusion that arbitration proceedings would be successful and that the insurance company would have to pay compensation. The investors therefore launched arbitration proceedings, despite the extremely high costs involved. As DF Group was the insurance holder, together with the investors, the credit insurer involved the Company in the proceedings. During the course of the proceedings, especially after the witnesses had been questioned in the fourth quarter of 2011, the lawyers' belief about the positive outcome was strengthened further.

At the beginning of 2012, the arbitration court reached a surprising decision. The credit insurer was found to be right on just one point, but that was deemed sufficient to warrant for the insurance company not to have to pay compensation. In addition, the credit insurer was awarded part of its legal fees (EUR 0.6 million). According to the court's ruling, DF Group had already breached the insurance terms and conditions when concluding the agreement. As a result of this decision, the credit insurance cover had never been legally valid. All of the investors' lawyers regard this ruling as a miscarriage of justice. As arbitration proceedings do not have the option of appeal, however, no further legal action can be taken to overturn this decision.

According to the sales agreement, DF Group sold a credit-insured receivable and was liable for the validity of the credit insurance at the time of sale. The ruling however claims that there was no insurance cover at that point in time.

After losing the arbitration proceedings, DF Group immediately took measures to buffer the effects and prevent risks arising from similar cases. Although the arbitration ruling is not a landmark decision, the Company aims to comprehensively limit further potential risks. In a first step, the second, almost identical, claim against the same credit insurer was withdrawn. The termination of proceedings was made easier as the debtor continues to operate its business and considerable returns can be expected from the receivables. In detail, DF Group took the following measures:

Settlement with the investor
It was realistic to assume that DF Group would have to pay compensation after losing the arbitration proceedings. The investor and DF Group agreed amicably for DF Group to purchase receivables against various debtors from the investor, including the investor in Dubai, at a value of EUR 9.5 million. The purchase price is far below the nominal value. DF Group knows these debtors and is confident that it will generate profit from the utilization of these transactions. The purchase took place in March 2012. DF Group also paid the legal fees of EUR 0.6 million that were granted to the credit insurer during the arbitration proceedings. The investor was paid legal fees of EUR 0.3 million. The one-off expenses resulting from these actions totaled EUR 0.9 million.

Termination of another arbitration proceedings and settlement with a further investor
The already started arbitration proceedings regarding the other receivable covered by the French credit insurer were terminated. As the proceedings were still at an early stage, the costs involved in the withdrawal of this claim were moderate. DF Group had to pay the insurance company total costs of EUR 0.4 million. DF Group came to an agreement with the investor to pay EUR 4.0 million in compensation. However, DF Group will receive a debtor warrant. The compensation payment and the refunded legal fees totaling EUR 4.4 million were recognized as a one-off expense.

Analysis of other credit-insured receivables sold
In addition to the two cases mentioned above, DF Group analyzed all other credit-insured receivables sold regarding the possibility of similar problems occurring. Three other transactions were found to be at risk as a result. DF Group settled for these transactions and paid a total of EUR 1.9 million in compensation, which was recognized as a one-off expense.

Adjustment of the business model

The above-mentioned receivables were purchased and insured prior to the start of the financial crisis. Since the crisis, credit insurers have been implementing significantly restricted claims policies. DF Group responded to this risk by adjusting its business strategy. The credit-insured business – especially with private credit insurers – was reduced considerably. The Company also significantly increased the standards for credit-insured transactions. An even greater focus is placed on the debtor's credit rating. The Company often purchases transactions with existing credit insurance, where the seller is usually liable for the existence and validity of the credit insurance cover. For insurance purposes, focus is also placed on government credit insurers (e.g. Hermes Bund).

Cologne, 27 March 2012
Board of Management

Consolidated Fixed Assets as of 31 December 2011

Acquisition costs in EUR	01-01-2011	Currency change	Additions	Disposals	31-12-2011
I. Intangible assets					
Rights, Software	90,064.44	0.00	0.00	0.00	90,064.44
II. Tangible assets					
Other equipment, factory and office equipment	1,151,586.10	2,444.38	119,475.31	0.00	1,273,505.79
III. Financial assets					
Investments in affiliated companies	51,672.90	3.87	0.00	0.00	51,676.77
Total	1,293,323.44	2.448.25	119,475.31	0.00	1,415,247.00

Depreciation/Amortization, Net book value in EUR	Depreciation/Amortsation					Net book value	
	01-01-2011	Currency change	Additions	Disposals	31-12-2011	31-12-2011	31-12-2010
I. Intangible assets							
Rights, Software	73,197.51	0.00	3,775.00	0.00	76,972.51	13,091.93	16,866.93
II. Tangible assets							
Other equipment, factory and office equipment	679,063.67	1,077.99	112,268.33	0.00	792,409.99	481,095.80	472,522.43
III. Financial assets							
Investments in affiliated companies	0.00	0.00	0.00	0.00	0.00	51,676.77	51,672.90
Total	752,261.18	1,077.99	116,043.33	0.00	869,382.50	545,864.50	541,062.26

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, Net book value in EUR	Depreciation / Amortsation					Net 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

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 2011 to 31 December 2011 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 2011 to 31 December 2011. 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, 29 March 2012

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, 27 March 2012
Board of Management

Dear Shareholders,

In the 2011 financial year, DF Deutsche Forfait AG incurred a loss for the first time since its founding. The reason for the loss in the amount of EUR 3.9 million was that arbitration proceedings in a dispute with a credit insurer were not decided in the company's favor. As a result of the ruling, DF Deutsche Forfait AG has implemented comprehensive risk-limiting measures and settled other transactions. Without these one-off expenses, the company would have generated consolidated net income in excess of the prior-year level, despite the challenging capital market environment. We expect a return to a clearly positive result for the 2012 financial year.

Supervisory Board Activity Report

In the past financial year, the Supervisory Board intensively monitored company business developments and realized all its responsibilities according to the Memorandum of Association and applicable laws. Over the course of the 2011 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 in a timely manner.

Changes to the Supervisory Board

Dr. Christoph Franz resigned from the company's Supervisory Board effective at the end of last year's general assembly on 18 May 2011. The Supervisory Board thanks Dr. Franz for his many years of constructive contributions as a member of the company's Supervisory Board. There were no changes to the composition of the Board of Management in the 2011 financial year. Four meetings of the Supervisory Board were held over the course of the 2011 financial year. All members of the Supervisory Board attended three of these meetings. One member of the Supervisory Board excused himself 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.

Focus of Supervisory Board Meetings

The activities of the Supervisory Board in the past financial year mainly focused on the company's risk situation and on the business developments of the sales units. In addition, individual meetings also focused on the following key topics: In the meeting on 22 February 2011, the Supervisory Board discussed preparations for the general assembly as well as the company's planning. Specific forfaiting transactions and business developments in the past financial year were also addressed. On 29 March 2011, the Supervisory Board examined the annual and consolidated financial statements as of 31 December 2010. The auditors were also present at this meeting. In addition, the Supervisory Board approved the agenda and invitation for the general assembly. The Supervisory Board discussed business developments for 2011 and the current status of specific forfaiting transactions. In the meeting on 16 September 2011, the Supervisory Board discussed the development of the sales units. The company's semi-annual report was also discussed in detail. Other topics covered in the meetings of the Supervisory Board included the efficiency audit of the Supervisory Board, the current status of select forfaiting transactions and the company's financing. The Supervisory Board meeting on 15 November 2011 focused on the company's risk management. The Supervisory Board discussed the company's risk manual and, after extensive discussions, approved the country and counterparty limits requested by the Board of Management. Other items on the agenda were the current status of specific forfaiting transactions and business developments.

Supervisory Board Committees

In order to organize its activities efficiently, the Supervisory Board has once again established a task force as it has in previous years. The task force mainly deals with the company's risk management. It consists of three members of the Supervisory Board. Christoph Freiherr von Hammerstein-Loxten is the chairperson of the task force. The remaining members are Mr. Florian Becker and Mr. Frank Hock. Among other things, the task force 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. The task force analyzed the forfaiting portfolio and the company's risk structure in detail and also reviewed the status of delinquencies in 2011. The task force held a total of four meetings in 2011. All members of the task force attended each of the meetings. There are no committees aside from the task force. The task force met on 21 February 2011, 28 March 2011, 13 September 2011 and 14 November 2011 in the past financial year.

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 2012, 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.

2011 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 2012, 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. In particular, the auditor discussed the reasonableness of the provisions and the valuation of receivables. The auditor was also available to the Supervisory Board for further questions and provided the Supervisory Board with information on additional services rendered in the 2011 and 2012 financial years outside the scope of the audit of the financial statements. Furthermore, the auditor confirmed his independence. 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 decision regarding the provisions and the company's net loss. The Supervisory Board approved the proposal of the Board of Management to offset the net loss of EUR 7,016,257.34 against the profit brought forward of EUR 3,089,241.46 and offset the net amount against the capital reserve. The Supervisory Board would like to thank the Board of Management and employees for their performance in the past financial year.

Cologne, April 2012
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 2012

In accordance with Section 161 of the German 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 22 February 2011. The following declaration from 22 February 2012 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. Pursuant 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 currently consists of only five 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 currently consists of five members. The previous members of the Supervisory Board were reelected by the general assembly on 20 May 2010. Dr. Franz resigned from his membership on the Supervisory Board effective 18 May 2011. No successor has been appointed as yet.

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.
- 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, Pullach.
- 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 2011 financial year is found on pages 72 and 73.

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 16 September 2011, 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 16.

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

BDO AG Wirtschaftsprüfungsgesellschaft was selected as the auditor by the general assembly on 18 May 2011, appointed by the Supervisory Board, and has audited the 2011 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 2011 financial year

In the 2011 financial year, total compensation for members of the company's Board of Management was EUR 1,144,228.56. Total compensation for the entire 2011 financial year was divided among the members of the Board of Management as follows:

in EUR	Fixed compensation		Performance comp.	Total amount
	Fixed salary	Other compensation 1)	Management bonus 2)	Sum
Marina Attawar	252,999.96	35,385.68	90,000.00	288,614.42
Jochen Franke	252,999.96	36,994.64	90,000.00	290,223.38
Ulrich Wippermann	252,999.96	42,848.36	90,000.00	301,161.50

1) In particular: Company vehicle, accident insurance, partial payment of health insurance/long-term care insurance, company pension plan 2) Special bonus paid in 2011

The employment contracts of all members of the Board of Management 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 2011, 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 the capital reserve and 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 2011 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 2011 financial year, compensation for all activities of all members of the Supervisory Board of DF Deutsche Forfait AG was EUR 125,262.70. Individual compensation for members of the Supervisory Board for 2011 is listed in the following table (amounts in EUR):

in EUR	Fixed compensation	Attendance fees	VAT 19%	Total
Hans-Detlef Bösel	26,000.00	2,000.00	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 (until 18-05-2011)	4,915.17	500.00	0.00	5,415.17*
Frank Hock	13,000.00	2,000.00	2,850.00	17,850.00
Dr. Ludolf-Georg von Wartenberg	13,000.00	2,000.00	2,850.00	17,850.00

*Plus tax deduction of EUR 2,507.53 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. 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 5.8% of DF Deutsche Forfait AG shares.

Reportable transactions

During the 2011 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.

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