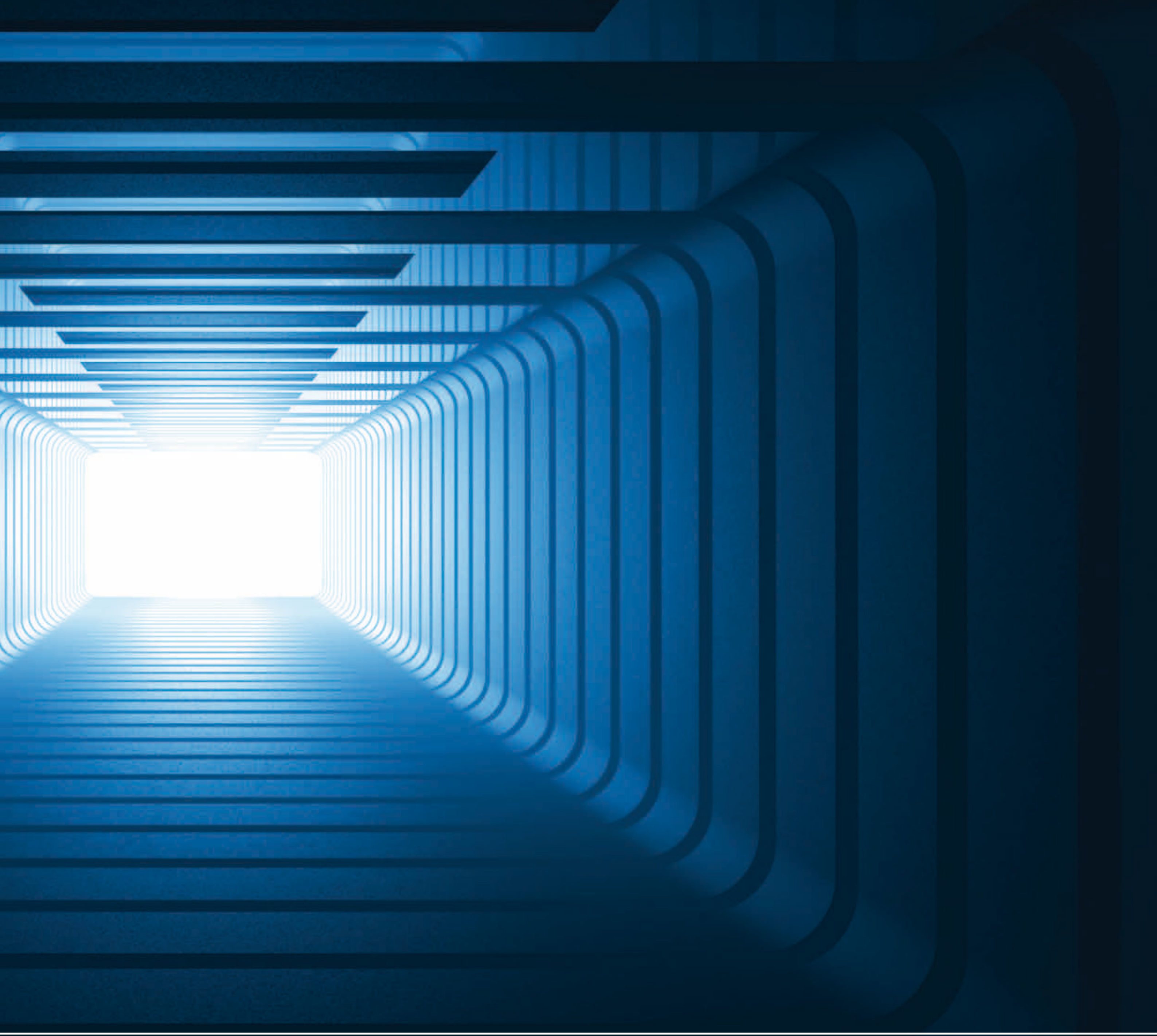
DF Deutsche Forfait AG

Annual Report for the Short Financial Year

Period from 1 January to 1 July 2016



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1. FUNDAMENTALS OF DF GROUP

The present consolidated financial statements of DF Deutsche Forfait Group ("DF Group") cover the period from 1 January 2016 to 1 July 2016 ("short financial year") during which DF Deutsche Forfait AG ("DF AG") operated as debtor-in-possession in a standard insolvency proceeding. After DF Group and its material creditor groups agreed an insolvency plan, the latter was submitted to the local insolvency court in Cologne on 29 February. The consultation and discussion on the insolvency plan took place on 29 April 2016. At this meeting, the creditors approved the insolvency plan, which was then confirmed by the insolvency court. The insolvency plan became final with the end of the period for appeal by resolution of the insolvency court on 20 May 2016, and the insolvency proceedings were terminated by the court on 1 July 2016. The termination of the insolvency proceedings marked the end of the short financial year in insolvency. The key measures provided for in the insolvency plan and the state of their implementation are outlined in section 2 "Economic report".

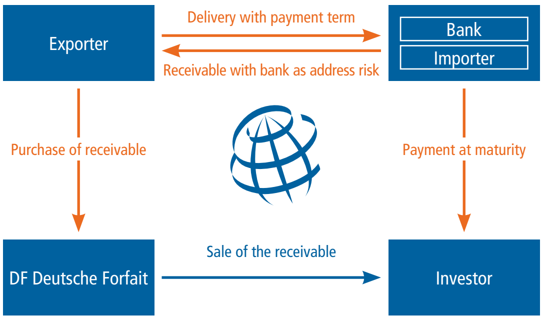
a. Business model of the Group

After the end of the insolvency proceedings DF Group has repositioned itself as a specialist for foreign trade finance and related services for exporters, importers and other financial service providers such as banks and forfaiting companies, with a focus on emerging markets. Within this market segment, the main focus is on financing foreign trade with Middle East countries. By continuing its foreign trade finance activities with emerging markets, DF Group intends to maintain the global and, hence, diversified outlook of its business model.

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

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

Classic Forfaiting



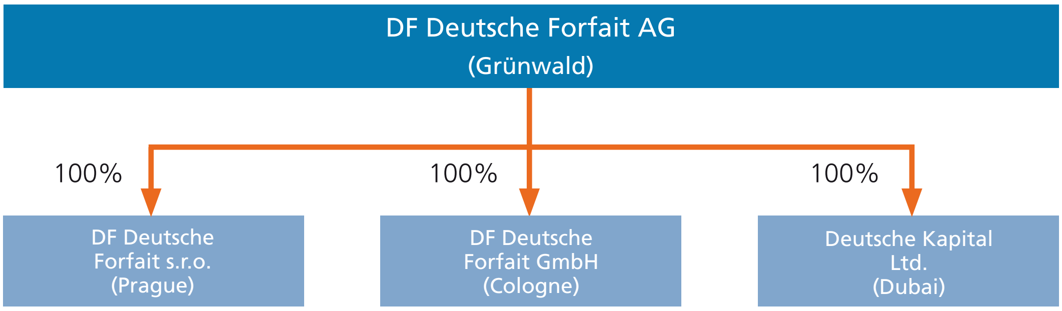
Apart from forfaiting, DF Group takes over risks from its customers under purchase commitments. Unlike forfaiting, purchase commitments only involve the assumption of country and counterparty risks without providing liquidity. Purchase commitments are secured by bank guarantees, third-party counter-guarantees or credit insurance in favor of DF Group, which means that the risks are outplaced. DF Group also purchases lease and loan receivables, which are usually sold or hedged by purchase commitments.

As the third component of its product and service portfolio, DF Group offers its customers services that build on its specific knowledge of developing and emerging countries. In contrast to the forfaiting business and the purchase commitments, DF Group assumes no credit risk whatsoever in this product segment. Hereinafter referred to as "commission business", these services include, for instance, (i) the collection of foreign trade receivables and (ii) the agenting business. In the latter case, DF Group arranges forfaiting transactions between buyers and sellers without making liquidity available and/or assuming any risks. The same applies to the agenting of purchase commitments.

In addition, DF Group plans to launch trade finance funds, in which purchased receivables are to be pooled and offered to institutional investors. Through an investment in the trade finance fund, they can participate in the performance of the foreign trade receivables pooled in the trade finance fund.

Structure of DF Group

DF Deutsche Forfait AG ("DF AG" or "company") headquartered in Grünwald near Munich is the holding company and ultimate parent of DF Group. Three operating subsidiaries – DF Deutsche Forfait GmbH in Bonn* ("DF GmbH"), DF Deutsche Forfait s.r.o. ("DF s.r.o.") and Deutsche Kapital Limited in Dubai ("DKL") – sit below DF AG. DF Group additionally comprises subsidiaries in Brazil (São Paulo), the USA (Miami, inactive) and Pakistan (Lahore, inactive), which serve as distribution companies.



*The registered office of the company was relocated to Cologne after the balance sheet date.

DF AG's insolvency plan, which was confirmed by the court on 29 April 2016 and obtained the official "Rechtskraftvermerk" notice certifying its legal validity on 20 May 2016, provides for DF Group's future forfaiting business to be separated from the assets that are earmarked for distribution to the old creditors. Under the transfer agreement ("Einbringungsvertrag") dated 5 August 2016, DF AG therefore transferred all assets that are assignable to the "Teilbetrieb Operative Geschäftstätigkeit" ("Operations") as well as all employment relationships to DF Deutsche Forfait GmbH, Bonn, ("DF GmbH"), a wholly-owned subsidiary of DF AG specifically established for this purpose, with retroactive effect from 1 January 2016.

All investments in the distribution companies that were held directly by DF AG in the reporting period – with the exception of the investments in DF s.r.o. and DKL – have also been transferred to DF GmbH. DF s.r.o. and DKL shall continue to pursue their own business activity – i.e. the granting of loans as well as the structuring, placement and management of trade finance funds – which is clearly separated from the operating activities of DF GmbH. Going forward, DF GmbH will use the operations and employees taken over from DF AG to provide services to other members of DF Group. These include, among other things, accounting, contract management and risk management.

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

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

Employees: Efficiency increases and adjustment to financial resources

During the reporting period, the number of employees of DF Group including cooperation partners declined from 33 to 25 on the reporting date of 1 July 2016. Apart from the departure of Ms Attawar with effect from the end of 2015 and the departure of Mark West with effect from 30 June 2016, DF Group's reduced headcount is attributable to the termination of the operating activity of DF Pakistan as well as to the fact that one accountant and one secretary left the company. The departures during this period and during the previous year are to be offset primarily by efficiency increases in the operational processes, by improvements in the IT infrastructure and, where applicable, by new hirings. In planning its staff capacities, the company considered both the changed regional orientation and the adjusted product and service portfolio resulting from the reduced financial resources that are available for its operating activities. This gives the company the personnel basis as well as the expert knowledge and experience required for its business model in order to restart its operations.

b. Objectives and strategies

I. Strategic corporate objectives

It is the strategic objective of DF Group to generate a business volume in the market for foreign trade finance and related services which allows it to achieve sustainable profitability in order to regain the confidence of equity and debt capital providers.

The strategic objectives are to be achieved with the help of the following measures.

First of all, the company's compliance and risk management system is to be optimized in such a way that it fully meets the highest international standards. For this purpose, the company is seeking advice from several law firms specializing in compliance and sanctions law. Once the compliance and risk management system has been optimized, the company intends to build up the agenting of forfaiting transactions and the purchase commitments business on the one hand as well as the related service business on the other hand, as this kind of business does not tie up liquidity. The business model and the range of services provided by DF Group will thus be adjusted to DF Group's current capitalization. This business focus and the future development of DF Group benefit from the currently low global interest rates. As it does not make sense for exporters and importers seeking foreign trade finance in this market environment to invest liquidity while raising loans at the same time (many European banks charge negative deposit rates), many exporters exclusively look for possibilities to outplace risks without involving cash finance. DF Group can satisfy their demand by way of purchase commitments.

On the purchasing side, DF Group primarily intends to expand its product portfolio as well as the range of services offered in conjunction with foreign trade receivables in order to reposition itself in the market. In the case of exports to countries subject to FX restrictions or FX control by the central bank or to countries which featured on the US, EU or UK sanctions list in the past, exporters need to consider not only financing and risk issues but also aspects relating to the collection of their foreign trade receivables and the handling of payments. DF Group has the experience and expert knowledge that are needed to assist exporters with regard to such issues (e.g. talks with the central bank). For transactions with countries that featured on the US, EU or UK sanctions list, DF Group is excellently positioned to assist exporters in handling their payments thanks to its expertise and the constantly revised compliance system, especially with regard to sanctions issues. Over the past months, DF Group has taken extensive precautionary measures to ensure that it can offer the above services in strict compliance with the applicable conditions. As a niche player with a flat and efficient organization, DF Group has competitive advantages over international commercial banks in this segment of the financial services sector. In view of the negative experience of the past years (high penalties and/or (still) existing contractual restrictions) and because of uncertainties regarding the documentation and completeness of the required audits, commercial banks are currently still reluctant to provide the above services.

In the medium term, DF Group aims to increasingly focus also on its historical forfaiting activities again, i.e. the purchase and resale of receivables. The exact time when this will happen essentially depends on its ability to raise new debt capital. To increase the forfaiting volume and return to profit, optimum use needs to be made of the constrained debt and equity resources currently available to the company.

Just like for any other trading company, the main criterion for DF Group is the turnover frequency of the goods bought and sold, which, in the case of DF Group, are foreign trade receivables. On the one hand, this turnover can be accelerated by improving the internal processes and the IT infrastructure. On the other hand, external/market parameters are relevant for the turnover frequency/return on assets; this means that, besides the complexity of the individual transaction (foreign trade receivables), the width of the placement/investor base and, hence, the ability to outplace individual foreign trade receivables are of crucial importance. In addition, DF Group plans to again focus on forfaiting business that is more complex with regard to the documentation requirements and/or structure and, hence, on higher-margin transactions from emerging or developing countries. In view of DF Group's risk policy and risk guidelines, the question if, when and on what scale this will be achieved will depend on the equity position (absolute amount of equity and equity ratio of DF Group) and its access to debt capital in the following financial years.

Once DF Group has restarted its operating activity, the launch of the first trade finance fund, which was originally scheduled for 2014, is to be initiated, presumably in the first half of 2017. In these trade finance funds, receivables purchased will be pooled, and institutional investors who, for various reasons, are unwilling or unable to directly buy such receivables, will be offered the possibility to acquire a share in the trade finance fund and, hence, to directly participate in the performance of the foreign trade receivables grouped in the trade finance funds.

The launch of trade finance funds is also designed to reduce the holding period of the receivables purchased by DF Group and to increase their turnover frequency and to use the liquidity of DF Group more effectively. Being familiar with the investment guidelines of the trade finance funds, DF Group can specifically look for receivables in the market which meet these criteria and purchase those. The fact that the respective trade finance fund is always the same (contractual) partner results in a certain degree of standardization in the documentation; at least, the documentation does not need to be negotiated from scratch every time, as would be the case with changing counter parties. The portfolio of trade finance funds is to comprise a large number of receivables with different maturities, structures as well as primary/secondary debtor and country risks, which are pooled in the investment vehicle.

Moreover, DF Group plans to cooperate with banks and/or acquire a minority investment in a bank in order to add export finance services (guarantees, documentary business, project finance) to its product range and tap additional possibilities for refinancing. Finally, the company plans to offer advisory services regarding project finance in emerging countries.

Finally, an entirely new refinancing base – especially for debt capital – needs to be built up. In this context, a clear business model accepted by the market, the return to sustainable profitability, a new rating as well as aspects relating to the diversification of the debt capital providers and the amount of the cost of capital play an important role.

c) Controlling system

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

$$\frac{\text{Gross result including net valuation}}{\text{Business volume acquired in the period}} = \text{margin}$$

In contrast to the previous financial years, the financial results will no longer be considered in calculating the margin, as the share of the non-refinanced business will increase significantly due to the changed business focus.

The gross result including net valuation is derived from the forfaiting volume and the average margin. The latter comprises the current interest income received while a receivable is held as well as the difference between the purchase and the sales price of the respective receivable.

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

Besides the externally communicated performance indicators, DF Group additionally implemented a comprehensive internal controlling system to achieve its strategic and operational objectives: It comprises (i) a scoring model and (ii) a risk-adjusted pricing model. The two components of the internal controlling system are designed to ensure a more efficient allocation of all resources (primarily human resources, equity and debt capital) to transactions with an attractive risk-return mix and the shortest possible refinancing and holding period.

2. ECONOMIC REPORT

From 1 January 2016 to 1 July 2016, DF AG operated as the debtor-in-possession in a standard insolvency proceeding.

On 29 February 2016, DF AG submitted an insolvency plan to the Cologne local court (insolvency court). This insolvency plan was confirmed by the Cologne local court on 29 April 2016. As no objections were raised at the consultation and discussion meeting as well as during the ensuing two-week period for appeal, the insolvency plan became final after the end of the period for appeal by resolution of the Cologne insolvency court on 20 May 2016.

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

After a 10:1 capital reduction, the equity capital of DF AG was increased by a subsequent cash capital increase in the net amount of up to EUR 7.5 million, which was fully subscribed by a strategic investor. In addition, a capital increase against contributions in kind in the amount of EUR 3.707 million was carried out. In the context of the capital increase against contributions in kind, the subscribers of the failed 2015 cash capital increase were able to transfer their respective restitution claims to the company in the form of contributions in kind. The issue price of the new shares issued in the context of the capital increase against contributions in kind and the cash capital increase was equivalent to the par value of EUR 1.00. The subscription right of the old shareholders was excluded for both capital measures. The capital reduction was entered in the Commercial Register on 25 May 2016, while the cash capital increase and the capital increase against contributions in kind were registered on 6 July 2016, which means that no more execution risks exist for the company in this context. As the capital increases had not yet been registered, however, the share capital had not been effectively increased as of the balance sheet date of 1 July 2016. The balance sheet therefore shows these funds as "Deposits earmarked for the capital increase". This does not affect the value of the equity position. The increased share capital will be recognized in the interim financial statements for the period ended 30 September 2016.

Besides the capital measures designed to increase the equity capital, a debt cut was made on the debt capital side: In the insolvency plan, the existing creditors of DF AG waived approx. 62% of their receivables. The liabilities that remain after the partial waiver by the existing creditors will be settled exclusively to the extent that, and at the times at which, DF Group's assets existing at the time of the official adoption of the insolvency plan can be liquidated. Under the regulations of the insolvency plan, all opportunities and risks resulting from the liquidation of the assets including any overdue receivables that exist at the time of the approval pass to the creditors of DF AG. In the consolidated financial statements, this is reflected in the fact that changes in the market value of the assets assignable to the old creditors occurring after the approval of the insolvency plan change the market value of the creditors' liabilities in the same amount.

a) Macroeconomic and industry-related environment

In its latest forecast (July 2016), the International Monetary Fund projects global economic growth of 3.1%, having downgraded its January forecast by 0.3 percentage points. This is primarily due to the unexpected outcome of the Brexit referendum in Great Britain, which has caused uncertainty in the global financial markets. A stable growth rate of 1.8% is nevertheless expected for the industrialized countries. This is mainly attributable to the eurozone, which performed better than expected in the first quarter of 2016, thus offsetting weaker US growth. A growth rate of 4.1% is projected for the emerging and developing countries for 2016. Although the economic trend in some important emerging and developing countries such as China, Brazil or Russia fell short of expectations last year, DF Group considers the general market conditions to be positive. In view of the growing middle class and the still prospering economies in the emerging countries, companies – especially in the consumer and capital goods industries – are confident that trade volumes will continue to grow also in the medium to long term.

The Trade Confidence Index is a survey of exporters' confidence about the future of the trade environment conducted semi-annually by HSBC, one of the large international banks. In the last survey in autumn 2015, the index stood at 120, i.e. clearly above the neutral mark of 100 points, which means that most companies continue to view the future positively. This is reflected in the fact that 64% of the companies surveyed expect trade volumes to grow. The best six-month outlook is expected for Bangladesh, India and China (notwithstanding the country's lower economic growth in 2015). In particular, the demand for machinery and the realization of infrastructure projects will stimulate global trade between industrialized and emerging countries and thus offer huge potential for the export sector, especially for German companies. Trade between the developing and emerging countries will pick up as well and lead to growing demand and supply in these countries. Traditionally focusing on emerging and developing countries, DF Group plans to take advantage of these developments and to position itself again as a reliable partner to the import and export sector.

b) Business performance

The short financial year from 1 January 2016 to 1 July 2016 covered only 6 months. To facilitate a comparison, the figures for the reporting period are therefore compared with the (unaudited) report on the first six months of 2015. Figures as at the balance sheet date of 1 July 2016 are compared with the figures as at the balance sheet date of 31 December 2015.

In € millions	01-01 – 01-07-2016	H1 2015	FY 2015
Business volume	3.4	37.3	50.9
Gross result	-2.0	0.2	-14.3
Other operating income	44.3	1.1	1.3
Personnel expenses	1.5	1.4	3.0
Other operating expenses	5.7	4.1	9.0
Consolidated net income	**34.2**	**-5.3**	**-27.0**

i Result of operations

DF Group posted consolidated net income of EUR 34.2 million in the short financial year from 1 January 2016 to 1 July 2016 (previous year: consolidated net loss of EUR -27.0 million or EUR -5.3 million in H1 2015). This means that the company delivered the "clearly positive consolidated net income" previously forecast. As the insolvency proceedings took longer than expected, the business volume remained below plan.

The consolidated net income was materially affected by various factors in the short financial year:

1. Partial waiver of the creditors in the context of the insolvency plan in the initial amount of approx. 62% of their receivables (EUR 41.6 million)

2. Fair value measurement of the receivables portfolio (EUR -3.0 million)

3. Fair value measurement of the insolvency liabilities (EUR +2.7 million)

4. Costs of the insolvency proceedings (EUR 3.1 million)

As the insolvency plan became final on 20 May 2016, the creditors' waiver also became legally effective. Thanks to the creditors' waiver of initially approx. 62% of their receivables, DF AG posted income in the amount of EUR 41.6 million. According to the insolvency plan, all opportunities and risks resulting from the liquidation of the corresponding assets of DF AG pass to the creditors of DF AG. This means that DF AG and, consequently, DF Group will not participate in higher or lower liquidation proceeds from these assets. The liquidation proceeds to be expected by the insolvency creditors at the time of the preparation of the financial statements therefore depend on the value that is currently assigned to the assets that serve to satisfy the insolvency claims of the existing creditors ("creditor assets"). Due to this regulation, the insolvency liabilities are measured at their fair value in the consolidated financial statements of DF Group (at fair value through profit or loss pursuant to IAS 39.9b). In this case, the fair value of the insolvency liabilities is determined by the fair value of the creditor assets.

Due to the latest developments in DF Group's receivables portfolio, the creditor assets were depreciated and written down by a total of EUR 3.3 million as at 1 July 2016. This depreciation/write-downs primarily relate to receivables from an oil exploration service provider in Mexico but also to receivables from a steel manufacturer in India as well as, among others, an automotive supplier. The write-downs are the result of the latest developments regarding the collection of the creditor assets, a settlement agreement reached as well as of expectations derived from the assessment of the latest development regarding court proceedings. The trade liabilities are an integral part of the creditor assets which, according to the insolvency plan, are available to the creditors after deduction of the court fees and the debts incumbent on the estate to satisfy their claims ("creditor liabilities"). In accordance with the fair value measurement of the creditor assets, the valuation of the creditor liabilities was also adjusted, meaning that the adjustments resulting from the fair value measurement were neutral on balance. Should the future valuation of the creditor assets result in higher market values than the current fair values, the value of the creditor liabilities will increase by the same measure as the value of the creditor assets.

The gross result before financial results declined from EUR 0.2 million in the prior year period to EUR -2.0 million in the short financial year. Typical forfaiting income in the amount of EUR 3.1 million was offset by typical forfaiting expenses of EUR 5.1 million in the reporting period. Typical forfaiting expenses also include the fair value measurement of the receivables included in the creditor assets.

Given that DF AG was in insolvency plan proceedings during the short financial year, new business came to an almost complete standstill, which means that the negative net valuation was not offset by operating income. At EUR 3.4 million, the business volume generated in the reporting period was even substantially lower than the prior year period's EUR 37.3 million.

Mark-to-market valuation resulted in positive income of EUR 0.2 million, compared to a loss of EUR 0.3 million in the prior year period.

Other operating income amounted to EUR 44.3 million and is mostly attributable to the restructuring profit of EUR 41.6 million, which is the result of the creditor's provisional partial waiver under the insolvency plan plus the effect of the fair value measurement of the creditor liabilities in the amount of EUR 2.7 million. In the prior year period, other operating income amounted to EUR 1.3 million and included the release through profit/ loss of interest liabilities in the amount of EUR 1.0 million resulting from the amendment of the terms and conditions of the bond agreed in February 2015.

Interest and similar expenses totaled EUR 1.0 million in the reporting period. This item includes the non-recurrence of the effective interest rate calculation for the bond. The fair value calculation required under IFRS is no longer applicable, as the bond liabilities, just like the other insolvency liabilities, are due in the short term now that the insolvency plan is legally effective.

Administrative expenses, which are composed of personnel expenses, depreciation/amortization and other operating expenses, totaled EUR 7.2 million in the short financial year (half-year: EUR 5.5 million). At EUR 1.5 million, personnel expenses were almost at the same level as in the first half of 2015 (EUR 1.4 million).

Other operating expenses picked up once again from EUR 4.1 million in the first half of 2015 to EUR 5.7 million in the short financial year. This is due to the high court fees in the amount of EUR 3.1 million incurred in conjunction with the insolvency proceedings as well as to the continued high legal and consulting expenses related to the restructuring and the capital measures.

All told, the objective to financially restructure DF Group was achieved in the short financial year.

ii Financial position

In the short financial year from 1 January to 1 July 2016, DF Group generated negative operating cash flow of EUR -5.7 million, compared to EUR 5.7 million in the prior year period. Because of asset disposals in the course of the year and only low investments, cash flow from investing activities amounted to kEUR 34 (previous year: kEUR -107). Cash flow from financing activities amounted to EUR -0.5 million, compared to EUR -11.4 million in the previous year.

As at 1 July 2016, DF Group had equity in the amount of EUR 12.7 million (31 December 2015: EUR -32.1 million). Creditor liabilities before fair value measurement totaled EUR 30.7 million as at the balance sheet date and were essentially composed of liabilities to banks in the amount of EUR 14.6 million and liabilities to corporate bondholders in the amount of EUR 11.4 million. Insolvency liabilities after fair value measurements amounted to EUR 28.0 million. DF Group had raised no new loans as at the balance sheet date of 1 July 2016. Apart from the creditor liabilities, DF Group had only low liabilities as at 1 July 2016. (Off balance sheet) contingent liabilities from three purchase commitments totaling EUR 2.2 million existed as at the balance sheet date.

As at the balance sheet date of 1 July 2016, DF Group had no credit lines and was funding its operations using the proceeds from the cash capital increase and the capital increase against contributions in kind.

iii Net assets position

As at the balance sheet date of 1 July 2016, DF Group's total assets amounted to EUR 41.6 million, of which EUR 11.2 million related to outstanding contributions from the capital increase and EUR 28.0 million related to creditor assets. Creditor assets essentially result from the restructuring and trading portfolio in the total amount of EUR 27.3 million after deduction of anticipated legal expenses; this portfolio was previously shown under trade receivables.

Cash and cash equivalents amounted to EUR 1.4 million as at 1 July 2016, down 82% on the EUR 7.6 million reported on the last balance sheet date. Cash and cash equivalents essentially consist of a pledged credit balance in the amount of EUR 1.2 million.

With the insolvency plan becoming final and the insolvency proceedings being terminated, the objective to financially restructure the company was achieved in the short financial year. As a result of the creditors' partial waiver and the capital measures, DF Group's capital structure improved fundamentally. The overindebtedness reported at the last balance sheet date has been eliminated and DF Group is now sufficiently capitalized to concentrate on its operating activity again.

c) Financial and non-financial performance indicators

The financial performance indicators of DF Group are:

- business volume
- gross result including net valuation
- consolidated net income

The business volume describes the nominal value of the foreign trade transactions acquired in a period. The company expects to again generate a business volume in the amount of EUR 400 – 500 million once the measures described in chapter 1 b).

Another financial performance indicator is the gross result including income from investments, as described in chapter 1 c), as well as the resulting average margin. In the financial years that were not influenced by DF AG's listing on the OFAC's SDN list, the gross result (including net valuation) exceeded EUR 14 million. In view of the changed product portfolio and the reduced refinancing possibilities, the company does not aim for a gross result of that size in the short and medium term; such a gross result is not required to be profitable, either.

Finally, consolidated net income is an important financial performance indicator. Due to a number of extraordinary factors, consolidated net income was subject to strong fluctuations during the past years. The aim of reporting positive consolidated net income was missed by a wide margin in the past financial years. After the financial restructuring, the company aims to return to posting positive consolidated net income quickly.

A non-financial performance indicator was introduced by DF Group in 2013 in the form of a scoring model. As described in chapter 1 c) the scoring model serves to assess the sales performance of the individual units of the sales organization.

d) Compensation report

Compensation for the Board of Management

Basic structure of the compensation system

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

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

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

Individual compensation

The following tables show the benefits granted, the allocation of compensation and the service cost for pension provisions granted to each member of the Board of Management in accordance with Clause 4.2.5 (3) of the German Corporate Governance Code:

Mark West (Member of the Board of Management)						
	Benefits granted				**Allocation**	
in EUR	**2015**	**2016**	**2016 (Min)**	**2016 (Max)**	**2015**	**2016**
Fixed compensation	165,000.00	178,266.68	178,266.68	178,266.68	123,750.00	171,666.68
Fringe benefits[1]	0.00	360.77	360.77	360.77	0.00	360.77
Total	**165,000.00**	**178,627.45**	**178,627.45**	**178,627.45**	**123,750.00**	**172,027.45**
One-year variable compensation	0.00	0.00	0.00	356,533,36	0.00	0.00
Multi-year variable compensation	0.00	0.00	0.00	0.00	0.00	0.00
Total	**165,000.00**	**178,627.45**	**178,627.45**	**535,160.81**	**123,750.00**	**172,027.45**
Pension-related payments[2]	10,050.24	10,050.24	10,050.24	10,050.24	7,800.24	7,800.24
Total compensation	**175,050.24**	**188,677.69**	**188,677.69**	**545,211.05**	**131,550.24**	**179,827.69**

Frank Hock (Member of the Board of Management)						
	Benefits granted				**Allocation**	
in EUR	**2015**	**2016**	**2016 (Min)**	**2016 (Max)**	**2015**	**2016**
Fixed compensation	305,000.04	184,166.66	184,166.66	184,166.66	266,875.02	184,166.66
Fringe benefits[1]	13,345.85	6,902.57	6,902.57	6,902.57	13,345.85	6,902.57
Total	**318,345.89**	**191,069.23**	**191,069.23**	**191,069.23**	**280,220.87**	**191,069.23**
One-year variable compensation	0.00	0.00	0.00	368,333.32	0.00	0.00
Multi-year variable compensation	0.00	0.00	0.00	0.00	0.00	0.00
Total	**318,345.89**	**191,069.23**	**191,069.23**	**559,402.55**	**280,220.87**	**191,069.23**
Pension-related payments[2]	20,100.48	10,050.24	10,050.24	10,050.24	17,850.48	10,050.24
Total compensation	**338,446.37**	**201,119.47**	**201,119.47**	**569,452.79**	**298,071.35**	**201,119.47**

[1] company vehicle, accident insurance, partial payment of health insurance/ long-term care insurance, "job ticket"
[2] pension contribution, BVV basic pension

No variable compensation is paid for the 2016 short financial year.

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

According to these pension benefit plans, the members of the Board of Management receive a guaranteed old age pension from:

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

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

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

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

Besides the basic salary, the contracts of the members of the Board of Management provided for a taxable monthly additional benefit in the amount of EUR 1,500.00, which may be used for company pension purposes.

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

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

Supervisory Board compensation for the 2016 short financial year

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

In the 2016 short financial year, compensation for all activities of all members of the Supervisory Board of DF AG was EUR 50,790.05. Individual compensation for members of the Supervisory Board for 2016 is listed in the table below (in EUR):

Name	Fixed salary	Attendance remuneration	VAT 19%	Total
Hans-Detlef Bösel (resigned on 26 June 2016)	12,644.84	1,000.00	2,592.52	16,237.36
Christoph Freiherr von Hammerstein-Loxten (resigned on 14 January 2016)	994.76	0.00	189.00	1,183.76
Dr. Tonio Barlage (deputy chairman since 28 January 2016)	12,041.12	1,000.00	2,477.81	15,518.93
Dr. Ludolf-Georg von Wartenberg	6,500.00	1,000.00	1,425.00	8,925.00
Dr. Jürgen Honert	6,500.00	1,000.00	1,425.00	8,925.00
Total	**38,680.72**	**4,000.00**	**8,109.33**	**50,790.05**

The Supervisory Board compensation for 2016 had not been paid out by the balance sheet date of the short financial year.

As of 20 May 2016, the members of the Supervisory Board waived a total of EUR 54,796.02 of their compensation entitlements for 2015, which represented 61.96% of their insolvency claims.

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

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

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

e) DF shares and bond

Performance of the DF share in the 2016 short financial year

In the context of the insolvency proceedings of DF Deutsche Forfait AG, it was agreed, under the insolvency plan, to reduce the company's share capital from EUR 6,800,000.00 to EUR 680,000.00 in accordance with the provisions for a simplified capital reduction; this capital reduction became effective on 25 May 2016, when the share capital was reduced on a 10:1 basis.

For a better overview, the information below relates to the new share prices after the capital reduction for the entire short financial year. To obtain the actual value at the given dates, the price of the DF share must therefore be multiplied by a factor of 0.1 for the period from 1 January 2016 to 25 May 2016.

The DF share started the year 2016 at EUR 2.90 and closed the short financial year at EUR 2.27 on 1 July 2016. The share thus lost 21.7% in the reporting period. The SDAX peer index lost 1.8% during the period from 1 January to 1 July 2016, while the DAXsector Financial Services, the sector index for financial shares, gained 7.9% during the same period. The negative performance is primarily attributable to the uncertainty about the outcome of the insolvency proceedings. The DF share hit a high of EUR 3.90 on 29 April and a low of EUR 1.20 on several days in February.

Performance of the DF bond in the 2016 short financial year

The DF bond started the year at 15.5%. After a strong upward movement, the DF bond closed at 22.1% on 1 July 2016, which means that it gained a total of approx. 43% during this period. The Entry Corporate Bond Index, in which the DF bond is listed, lost roughly 24% in the reporting period. The positive performance of the bond is primarily attributable to the prospect of a lower waiver of claims by the bondholders.

3. REPORT OF THE BOARD OF MANAGEMENT ON THE DISCLOSURES PURSUANT TO SECTION 289 (4) OF THE GERMAN COMMERCIAL CODE (HGB) AND SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

(1) Composition of the subscribed capital

On 1 July 2016, the company's subscribed capital amounted to EUR 680,000 and was divided into 680,000 no-par registered shares. Upon the entry of the capital increases in the Commercial Register on 6 July 2016, the company's subscribed capital amounted to EUR 11,887,483,00. It is divided into 11,887,483 no-par registered shares. There are no other share classes. Each share has one vote.

(2) Restrictions regarding voting rights or transfer of shares

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

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

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

(4) Shares with special rights that confer control

There are no shares with special rights that confer control.

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

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

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

According to Section 6 (1) of the Memorandum of Association, the Board of Management consists of at least two persons; the Supervisory Board may establish a higher number and appoint deputy members of the Board of Management. According to

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

According to Section 179 (1) of the Stock Corporation Act (AktG), changes to the Memorandum of Association may be made via a resolution passed by the Annual General Meeting which, unless the Memorandum of Association specifies another capital majority, 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 of the share capital. In Section 18 (1), the Memorandum of Association of the company takes advantage of the option specified by Section 179 (2) of the Stock Corporation Act (AktG) and states that, unless made impossible by applicable legal provisions, resolutions may be passed with a simple majority of votes and, in cases where the law requires a capital majority in addition to the majority of votes, with a simple capital majority. According to Section 13 (3) of the Memorandum of Association, the Supervisory Board is authorized to decide amendments to the statues which affect only their wording.

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

Purchase and use of own shares

The Annual General Meeting of 6 July 2016 decided the following authorization to buy and sell treasury shares:

a) The company is authorized to buy up to 1,180,000 treasury shares by 6 July 2021. The shares must be purchased on the stock market. The purchase price (excluding incidental purchase costs) paid by the company must not exceed or fall short of the price of the company share in XETRA trading (or a similar successor system) determined at the first auction of the trading day at Frankfurt Stock Exchange by more than 10%.

b) The shares can be acquired directly by the company or by third parties authorized by 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, especially for one of the purposes mentioned under letters c), d), e), f) and g) below. If they are used for one or several of the purposes mentioned under letters c), d), e) or f), shareholders' subscription right shall be excluded.

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

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

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

e) The Board of Management shall be authorized to offer and transfer the treasury shares acquired as a result of the above-mentioned authorization to the holders of subscription rights to fulfill the company's obligations arising from the 2016 stock option plan described under agenda item 9. If treasury shares are to be transferred to members of the company's Board of Management, this shall be decided by the Supervisory Board.

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

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

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

i) The authorization to purchase and use own shares granted by the Annual General Meeting on 10 June 2015 shall be revoked.

Authorized capital

By resolution of the Annual General Meeting on 6 July 2016, the Board of Management is authorized, subject to approval by the Supervisory Board, to increase the share capital by 6 July 2021 once or several times by a total of up to EUR 5,900,000.00 against cash contributions and/or contributions in kind (including mixed contributions in kind) by issuing up to 5,900,000 new registered shares (authorized capital 2016); in this context, the Board of Management is also authorized to schedule the commencement of the profit participation at a date other than the date provided for by law. As a general rule, the shareholders must be granted a subscription right. However, the Board of Management is authorized, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights in the following cases: (1) to avoid fractional amounts; (2) in a capital increase against cash contributions if the issue price of the new shares issued in an ex-rights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) is not materially lower than the stock market price and the new shares issued in an ex-rights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) do not exceed 10% of the share capital neither at the time the authorization becomes effective nor at the time it is exercised; this 10% limit also covers shares that were or are to be issued during the period of this authorization under exclusion of subscription rights due to other authorizations in direct or corresponding application of Section 186 (3) sentence 4 of the Stock Corporation Act (AktG); (3) in a capital increase against contributions in kind, especially for the purpose of the acquisition of a company, parts of a company, an equity investment in a company or other material assets; (4) to grant the holders of warrants and/or convertible bonds or bonds with option rights a subscription right to the extent that they would be entitled to such right after exercising a conversion or option right or meeting a conversion obligation as a shareholder; (5) to issue employee shares to employees of DF AG and of affiliated companies; and (6) to serve option rights that grant the right to subscribe a total of no more than 100,000 shares in the company and that are issued by the Board of Management to distribution partners of the company with the consent of the Supervisory Board.

Convertible and warrant bonds

By resolution of the Annual General Meeting on 6 July 2016 the Board of Management was authorized subject to approval by the Supervisory Board, to issue bearer warrant and/or convertible bonds with a total nominal value of up to EUR 50,000,000.00 in one or several tranches until 6 July 2021 and to grant holders or creditors of warrant bonds option rights and holders or creditors of convertible bonds conversion rights on new registered shares of no par value of the company up to a pro-rata share in share capital totaling up to EUR 4,720,000.00.

The warrant and/or convertible bonds (collectively referred to as “bonds” and individually referred to as “notes”) may be issued in euros as well as in the legal currency of an OECD country, limited to the corresponding value in euros. They may also be issued by direct or indirect majority shareholdings of DF Deutsche Forfait AG. In this case, the Board of Management will be authorized, subject to approval by the Supervisory Board, to issue a guarantee on behalf of the company for the bonds and to issue the holders of such bonds with option/conversion rights on new shares of DF Deutsche Forfait AG.

For this purpose, the company's share capital has been conditionally increased by up to EUR 4,720,000.00 through the issue of up to 4,720,000 new registered shares (conditional capital 2016/I).

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

The Annual General Meeting of 6 July 2016 has authorized the Board of Management and the Supervisory Board to issue subscription rights to shares in the company (option rights), once or several times, by 6 July 2021, in order to allow the persons defined in Section 192 (2) No. 3 of the Stock Corporation Act (AktG) to acquire an interest in the company. The Board of Management will be authorized, with the consent of the Supervisory Board, to stipulate the details of the type and issue of the option rights in a stock option plan ("2016 stock option plan"). If option rights are to be issued to the Board of Management of the company, the decision on the issue and the stipulation of further details are at the sole discretion of the Supervisory Board.

The company's share capital will be conditionally increased by up to EUR 1,180,000.00 through the issue of up to 1,180,000 new registered shares (conditional capital 2016/II). The conditional capital increase shall be executed only to the extent that the holders of option rights from the 2016 stock option plan, which may be granted by the company by 6 July 2021 on the basis of the authorization granted by the Annual General Meeting of 6 July 2016, exercise their rights to subscribe shares in the company and the company does not serve the subscription rights by delivering treasury shares. The new shares shall be entitled to profit as of the beginning of the financial year in which they are created through the exercise of option rights. The Board of Management shall be authorized, with the consent of the Supervisory Board, to stipulate the further details of the execution of the conditional capital increase, unless option rights are to be issued to members of the Board of Management; in this case, the Supervisory Board shall stipulate the further details of the execution of the conditional capital increase.

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

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

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

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.

4. CORPORATE GOVERNANCE STATEMENT (SECTION 289A (4) AND SECTION 315 (5) OF THE GERMAN COMMERCIAL CODE (HGB))

The statement pursuant to Section 289a (4) and Section 315 (5) of the German Commercial Code (HGB) can be found under "Corporate Governance" in the "Investor Relations" section of the website of DF AG.

5. POST-BALANCE SHEET EVENTS

Change on the Supervisory Board

Dr. Jürgen Honert resigned from his position as member of the Supervisory Board with effect from the end of the company's Annual General Meeting on 6 July 2016.

Capital payments

The requested capital contributions from the cash capital increase and the capital increase against contributions in kind were paid up in full.

Transfer of operations

With effect under civil law from 5 August 2016, DF AG transferred its operations to DF GmbH. Please also see the information provided in chapter 1 a).

Change on the Board of Management

Dr. Shahab Manzouri was appointed to the Board of Management of DF AG by the Supervisory Board with effect from 6 July 2016 and named its Chairman on 18 October 2016.

The Chief Financial Officer of DF AG, Mr Frank Hock, resigned from the Board of Management by mutual agreement with the Supervisory Board with effect from 30 September 2016.

On 7 October 2016, Ms Gabriele Krämer and Mr Christoph Charpentier were appointed new members of the Board of Management by the Supervisory Board.

6. OPPORTUNITY AND RISK MANAGEMENT REPORT

a) Internal accounting-related control and risk management system

DF AG is the holding company and ultimate parent company of DF Group. For the corporate structure and its tasks within DF Group, please refer to the information provided in chapter 1 a).

Cash planning for DF Group, DF AG, DF GmbH and DF s.r.o takes place daily on the basis of current account statements. It comprises incoming and outgoing payments from the forfaiting transactions, the expected utilization of purchase commitments, (commission) income from services as well as the planned administrative and refinancing costs. Cash planning takes place on a daily basis for the next two to three weeks, on a weekly basis for the next three months and on a monthly basis thereafter.

Risk management and monitoring take place on the basis of a detailed written risk management system, which ensures that DF Group's receivables portfolio is diversified. The risk management system comprises a limit system that consists of counterparty, country and risk group limits. Countries with similar risk profiles are grouped in one of five risk groups.

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

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

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

The preparation of the consolidated financial statements including the consolidation measures are performed by the central accounting department based on IFRS packages of the consolidated entities audited by local auditors. The requirements regarding the contents and scope of the IFRS packages are agreed with the Group's auditor at the beginning of the audit of the consolidated financial statements. The consolidated financial statements are checked for plausibility by employees of the controlling department.

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

b) Risk management system with regard to compliance and money laundering

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

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

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

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

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

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

c) Opportunities

DF Group believes that its product portfolio, which is described in chapter 1, puts it in a good position to benefit from the general and market conditions for foreign trade finance and related products.

Even though demand for cash finance, i.e. traditional forfaiting, is on the decline in some markets due to the current low-interest environment, there is strong demand for such finance in other regions. Iran is a case in point. Many exporters are seeking advice, risk hedging and financing as they were not active in these markets for many years because of the sanctions. What is more, international commercial banks are (still) very reluctant to restart business in and/or with these countries. This is partly attributable to the negative experience of the past years (high penalties and/or (still) existing contractual restrictions) and partly to uncertainties regarding the documentation and completeness of the required audits.

DF Group's purchase commitments give exporters the possibility to hedge their risks without the need to raise debt capital. Rather, exporters may use their own liquidity – if available – instead of investing these funds with banks that may charge negative interest.

Besides the above products, DF Group offers other services related to foreign trade finance. In this context, DF Group markets the know-how acquired over many years and/or its international network regardless of the financing or risk assumption. This applies to the agenting business or to the collection of receivables in demanding markets. There is a high demand for the latter in individual markets, especially in the Middle and Near East.

After the successful implementation of the measures laid down in the insolvency plan, DF Group is well positioned to use its product offerings to seize market opportunities. As a result of the partial waiver by the creditors as well as the cash capital increase and the capital increase against contributions in kind, DF Group's balance sheet structure has improved significantly, which is of great importance especially on the market side where those products are concerned for which DF Group offers risk assumption or financing.

The fact that, after the successful financial restructuring, DF Group will no longer have to bear the high legal and consulting expenses incurred for this restructuring and that the available human resources can fully concentrate on increasing the business volume should also have a positive effect.

In view of the external and internal framework conditions, the Board of Management sees good opportunities for the profitable growth of DF Group.

d) Risks

When outlining the risks, a distinction needs to be made between old and new business. The so-called old business relates to the trade receivables that form part of the creditor assets and were contained in the receivables portfolio as of the balance sheet date. The opportunities and risks arising from the liquidation of these receivables rest exclusively with the insolvency creditors. While the risks described below apply to both the old business and the new business, the consequences for DF Group differ, as DF Group bears the full risk only for the new business.

i. Legal risk

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

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

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

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

ii. Country and counterparty risk

In accordance with its business model and strategy, DF Group purchases receivables, makes purchase commitments and grants loans or underwrites loans for syndication/placement purposes whose debtors, including guarantors, are based in emerging or developing countries. Political, financial, economic, and social conditions in these regions are less stable compared to industrialized nations. In the event of an economic and/or political crisis or due to decisions taken by the respective rulers/governments, this may substantially affect the ability or willingness of the respective country to transfer payments – especially in foreign currencies; in extreme cases, foreign currency payments may no longer be possible at all or only with prior state approval (e.g. by the national central bank) due to the introduction of corresponding legal provisions (foreign exchange control). As a result, a debtor who is otherwise willing and able to pay may be unable to pay on time, in full or at all. The country risk comprises the three individual risks outlined below:

- funds cannot be transferred freely due to government restrictions (transfer risk), and/or
- local currencies may be exchanged for the foreign currency in which the receivable is denominated and, hence, payable, only after prior approval or not at all (convertibility risk) and/or
- a government imposes a temporary moratorium due to economic or political difficulties (moratorium risk).

DF Group is of the opinion that, due to the close ties between the markets in which DF Group operates, the country risks including non-payment of sovereign debt and/or government-guaranteed loans (this also includes the government credit insurance which is relevant for the business of DF Group) have increased in general.

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

Due to increasingly frequent distortions and crises in the financial markets as well as to political tensions, banks and credit insurers as well as manufacturing and services companies are more frequently facing liquidity problems, which increases both the risk of payments not being received punctually (i.e. becoming overdue) and the risk of default of the debtors (counterparty risk). Moreover, debtors and/or guarantors are trying to shirk their obligations for the above reasons.

In the past, DF Group – just like the financial sector as a whole – was increasingly exposed to overdue receivables. These situations may recur in the future and may require legal proceedings to enforce collection. The court proceedings which become necessary in this context often take place outside Germany. On the one hand, this requires the consultation of local law firms. Furthermore, court proceedings may be very time-consuming, especially when conducted outside Germany and through several stages of appeal. For the duration of the proceedings, the controversial and overdue receivables must be refinanced by DF Group, i.e. the company incurs refinancing costs which are not offset by interest or other income; on the other hand, the funds thus tied up are not available to finance new business. Restructuring solutions that lead to DF Group's receivables being settled in spite of liquidity problems on the part of the debtor require extensive and time-consuming negotiations and measures which are also cost-intensive because law firms need to be involved. Even if the restructuring solutions and measures are completed successfully, i.e. a payment plan is agreed, the implementation of the agreed solution often takes several years. These factors cause additional expenses – especially in the form of legal and court fees – which are not refunded if the claims cannot be legally enforced and therefore weigh additionally on DF Group's bottom line.

According to the insolvency plan, the opportunities and risks arising from the current overdue receivables included in the creditor assets pass to the insolvency creditors.

Even now that the insolvency plan has become final, the creditor assets continue to be managed by DF Group and are collected in its own name for the account of the insolvency creditors. The prosecution measures or restructuring solutions to be initiated by DF Group in this context tie up (a low proportion of) DF Group's human resources which are not available for DF Group's future new business.

Going forward, DF Group will continue to assign receivables resulting from its restarted business activity to an Intensive Care Portfolio if (i) the country and/or counterparty risk has become evident for these receivables or (ii) the debtor and/or guarantor has become insolvent and (iii) court and/or out-of-court prosecution measures have been initiated or negotiations about restructurings (e.g. amendment of the payment plan, restructuring of the receivable or (partial) waiver of the claim) are being held as a consequence. This may also include receivables which DF Group had outplaced but which it has accepted back from the buyer because of its liability.

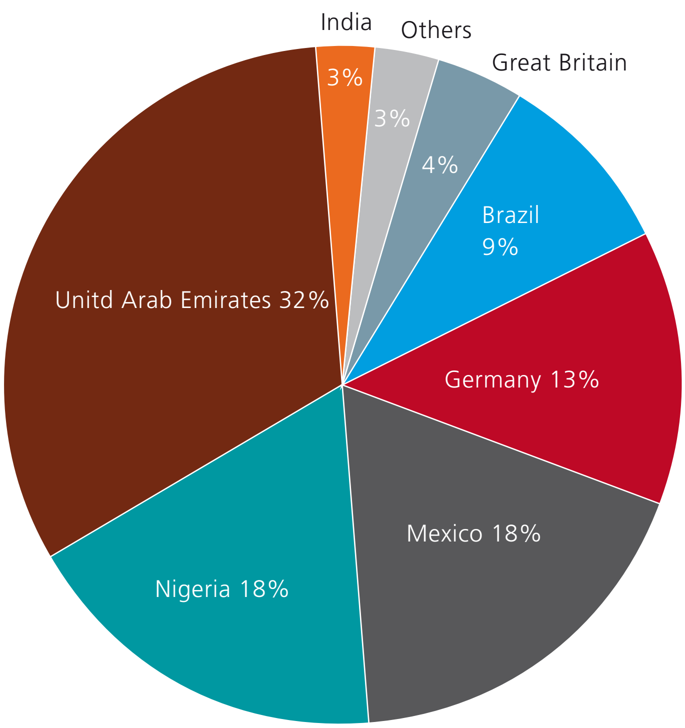
Potential future overdue receivables and the prosecution measures or restructuring solutions to be initiated by DF Group in this context lead to additional costs for DF Group and tie up human resources. Potential receivables in the Intensive Care Portfolio tie up liquidity in the long term which is not available for new purchases on the one hand and causes restructuring expenses on the other hand. In view of the size of the individual transactions signed by DF Group, a single default or write-down for impairment of a receivable resulting from the country and/or counterparty risk materializing may not only have material negative effects on DF Group's net assets and financial position and the result of operations but may even lead to a situation in which the continued existence of DF Group is at risk and the company may become insolvent.

DF Group has a detailed risk management system, which is defined in writing and ensures that the company's receivables portfolio is diversified under various aspects. The risk management system includes a limit system comprising counterparty, country and risk group limits. Countries with a similar risk profile are grouped in one of five risk groups.

The net risk is defined as the nominal values of the forfaiting transactions (gross risk) less eligible securities accepted in accordance with the provisions of DF Group's Risk Manual. These include:

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

Graphic net risk



The net risk as at 1 July 2016 shown in the above chart results exclusively from the receivables which, as outlined in the insolvency plan, serve to satisfy the insolvency creditors' claims. Only the insolvency creditors participate in the opportunities and risks resulting from the liquidation of these creditor assets. As at the balance sheet date, DF Group additionally had three commitments in the amount of EUR 2.2 million in the portfolio. At the time of the preparation of the financial statements, no more risk arises from these commitments, as the company was released from the last existing purchase commitment in October 2016.

iii. Refinancing risk

For its trading activity and the related short-term bridge financing periods of the receivables acquired for resale, DF Group requires refinancing resources. The availability of such resources is a material precondition for realizing a higher business volume in the forfaiting segment. The refinancing period corresponds to the period between the payment of the purchase price of a receivable and the receipt of the sales price when the receivable is sold or the nominal value at maturity. After the termination of the insolvency proceedings, DF AG had no credit lines as at the balance sheet date. With the insolvency plan being implemented, DF AG strengthened its capital structure through a partial waiver on the part of the creditors, a capital reduction and a subsequent cash capital increase and a capital increase against contributions in kind.

Should the company fail to raise sufficient refinancing resources because of the reputational damage resulting from the SDN listing and/or the insolvency, this would constrain the growth opportunities in the forfaiting segment. Apart from the question whether the refinancing funds to support the targeted forfaiting volume (and the given holding periods) can be raised to the extent required, there is also the question at what interest rates and terms such funds can be raised, and this second question is just as important. It will be more difficult for the company to return to profitability if the debt capital raised (i) is lower than actually required and/or (ii) cannot be raised at adequate conditions.

iv. Earnings risks

DF Group performs trading activities, i.e. the company has no investment portfolio which generates recurring income from year to year. While repeat transactions are carried out for individual customers over the years, these often differ from the previous transactions, which means that there only few synergies / efficiency effects can be generated. A trading company needs to acquire and realize most of its business transactions anew every year in order to operate profitably. If important customers and/or markets on the supply and/or demand side disappear entirely or partly there is a risk of a sharp drop in the business volume and, consequently, of a slump in profits. This risk is all the higher (lower), the less (more) DF Group is able to offset individual customers and/or markets that are affected by such developments by winning new customers and/or markets and the longer (shorter) DF Group needs for this. However, DF Group works with a large number of different counterparties in different regions and markets both when purchasing and selling receivables and when acquiring and outplacing purchasing commitments as well as in the agenting business, which means that the disappearance of individual business partners could be offset by others.

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

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

v. Financial risks

DF Group plans to underwrite most of its transactions in EUR. In those cases where this is not possible, DF Group may have to use other hedging options if no credit lines are available which allow financing at matching currencies[1].

The future possibilities to hedge currency risks will depend on whether and to what extent DF AG will be able to raise new off balance sheet (OBS) credit lines in addition to credit lines in the respective foreign currency. Should this not be the case, DF Group must hedge currency risks either by using instruments that entail no performance risk for the counterparty (e.g. currency options) or (partially) back the exposure with cash. Both would have adverse impacts on profitability.

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

[1] Purchases of USD receivables are financed with USD bank loans

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

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

Against the background of the existing statutory provisions, DF AG and its subsidiaries are obliged (to the extent that they buy and sell receivables and source or provide services from/to third parties) to carry out transaction-related money laundering checks, including customer identification, as well as economic sanctions compliance checks.

Violations of the applicable statutory money-laundering regulations, customer identification provisions and/or EU/US sanctions laws may have an extremely adverse impact on the operations as well as the net assets, financial position and results of operation of individual companies of DF Group and/or DF Group as a whole. This risk is mitigated by an effective compliance system (as described in section 6 b) “Risk management system with regard to compliance and money laundering”).

vii. Summary risk assessment and going concern risks

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

Now that the insolvency plan has become final, the risks arising for DF Group from the receivables portfolio are much lower in absolute terms than in the previous years, as the legal effectiveness of the insolvency plan means that DF Group is now detached from the opportunities and risks of its past business activity and no material new business has been written so far.

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

Based on the company's plans and budgets for the financial years from 2016 to 2018, the Board of Management is of the opinion that DF Group will generate a sufficient business volume. According to the Board of Management, it is therefore safe to assume that DF Group will continue as a going concern even taking stress scenarios into account.

7. OUTLOOK

Certain developments such as the beginning normalization of Chinese growth rates, the refugee crisis and the uncertainties resulting from the upcoming Brexit again prompted the International Monetary Fund (IMF) to issue a cautious forecast in 2016. According to the latest projections of July 2016, the IMF expects the growth rate for the full year 2016 to remain unchanged from the previous year's 3.1% and to accelerate moderately to 3.4% in 2017. For the industrialized countries, a stable growth rate of 1.8% is projected for the next two years. Although the IMF has downgraded its latest forecast for the US economy moderately compared to the January forecast, the USA is still considered to be one of the strongest growing industrialized countries, with growth rates of 2.2% and 2.5% projected for 2016 and 2017, respectively. By contrast, the IMF expects the eurozone economy to expand by only 1.6% in 2016 and by 1.4% next year. A growth rate of 1.6% is also projected for the German economy for the full year 2016, with only 1.2% growth expected in 2017. While the pace of growth in the emerging and developing countries had slowed down until 2015, the IMF expects a moderate acceleration for 2016 (4.1%) and 2017 (4.7%).

Whereas the past years' macroeconomic trend of above-average growth in the emerging and developing countries continues, DF Group experienced a clear break in the form of the successful termination of the insolvency proceedings. DF Group has been freed from all burdens of the past; the future success of DF Group will thus depend exclusively on whether the – regional and product-specific – changes in DF Group's business focus will be accepted by the market and to what extent new business can be won. At the same time, substantial human resources that were tied up by the two-year restructuring exercise can now be used for the company's operational business. Moreover, the high legal and consulting expenses that weighed on DF Group's bottom line in the past two years will no longer be incurred.

To mitigate the risks outlined in vi. "Risks from the violation of money laundering and/or sanction regulations" and to proactively address the potential concerns of customers, shareholders and other stakeholders that may arise in this context, extensive preparatory measures have been taken to ensure that the above-described services planned for the future can be offered in strict compliance with applicable conditions. Details of these measures are provided below:

i.) All internal processes of DF Group have been checked for efficiency and compliance with the existing risk policies and work instructions. This includes, among other things, the launch of several committees (e.g. Credit & Risk Committee as well as Strategy Committee) to put internal decisions on a broader and neutral basis.
For instance, the Credit & Risk Committee must approve all transactions prior to implementation.

ii.) The compliance management, anti money laundering and Know-Your-Customer systems of DF Group have been subjected to a renewed audit by an independent US law firm.

iii.) A system of regularly having the compliance, anti money laundering and Know-Your-Customer audits performed by DF Group in day-to-day business controlled by an independent third party has been introduced.

iv.) New IT programs have been purchased which support compliance, anti money laundering and Know-Your-Customer audits both when (first) entering a business relationship and when monitoring existing customer relationships.

The preparatory measures for the restart of our business activities under changed conditions will be completed in Q4 2016.

Since the termination of the insolvency proceedings, i.e. since Q3 2016, DF Group has therefore deliberately refrained from trying to win new business and deviated from the original plans for 2016. While this will lead to (higher) operating losses in the second half of 2016, DF Group is convinced that the medium-term benefit of these measures and approaches will more than offset the losses.

By hiring a new Sales Director in September 2016, DF Group has begun to (re)start its marketing activities. In view of the feedback received so far, the Board of Management assumes that the first transactions can be advanced to such a stage in FY 2016 that they can be implemented and be recognized in income in Q1 2017.

Although DF Group will initially focus on non-cash business, it remains the declared objective of DF Group to refocus its business activities on cash purchases and sales of receivables in the medium term. In this segment, DF Group had an outstanding market position for more than a decade. The speed at which the cash forfaiting business can be built up again will mainly depend on how quickly DF Group will be able to raise the required refinancing resources at adequate terms.

This market strategy is complemented by operational restructuring measures aimed at reducing the fixed costs. Apart from terminating and renegotiating lease agreements and other services, costs have been reduced by restructuring the distribution network (incl. headcount reduction) and optimizing the existing IT system. The latter facilitates a better and more efficient exchange of data between the individual member companies of DF Group.

Overall, DF Group believes it is well positioned to rebuild its business, all the more so as all employees that are required for this have been retained, which means that DF Group has maintained its know-how and its international network. The company deliberately postponed its re-entry in the market for the reasons described above. As the marketing activities were not started before Q4 2016 and the first transactions are not expected to be implemented before Q1 2017, the business volume will be built up and expanded from a very low level. As a result of the restructuring exercise, which has been ongoing since October 2014, and the ensuing insolvency proceedings, new business came to a virtual standstill in the past two years.

As DF Group projects no or only very little new business for the second half of 2016, new business is not expected to generate any gross result. In view of the current operating expenses, the Board of Management therefore assumes that DF Group will generate a consolidated net loss of between EUR 2.0 million and EUR 3.0 million in the following short financial year ending 31 December 2016. DF Group aims to achieve a business volume supporting a positive Group result in 2017.

8. ADDITIONAL DISCLOSURES FOR DF DEUTSCHE FORFAIT AG

The financial statements of DF Deutsche Forfait AG ("DF AG") were prepared in accordance with the provisions of Sections 264 et seq. of the German Commercial Code (HGB) and paying regard to the German Stock Corporation Act (AktG). DF AG is the ultimate parent company of DF Group. The business performance of DF AG is generally subject to the same risks and opportunities as that of DF Group. Due to the interdependencies and business relationships within DF Group, the business outlook for DF Group also reflects the expectations for DF AG. Consequently, the statements made for DF Group also apply to DF AG.

DF AG transferred its operations to DF Deutsche Forfait GmbH ("DF GmbH") with retroactive effect from 1 January 2016. To facilitate a comparison, the table below contains a pro-forma income statement ("DF AG Pro Forma"), which shows DF AG without the transfer of operations.

The short financial year from 1 January 2016 to 1 July 2016 covered only 6 months. To facilitate a comparison, the figures for the reporting period are therefore compared with the (unaudited) report on the first six months of 2015. Figures as at the balance sheet date of 1 July 2016 are compared with the figures as at the balance sheet date of 31 December 2015.

i Result of operations

In € millions (HGB)	01-01 – 01-07-2016	01-01 – 01-07-2016	H1 2015	FY 2015
	DF AG	**DF AG pro forma**	**DF AG**	**DF AG**
Business volume	0	3.4	37.3	50.9
Gross result	-2.5	-2.5	-0.2	-13.6
Other operating income	41.9	41.9	1.1	1.3
Personnel expenses	0.4	1.3	1.2	2.6
Other operating Expenses	5.6	6.1	4.2	8.6
Financial result	-0.4	-0.4	-1.0	-2.1
Result from ordinary activities	32.9	29.7	-5.6	-25.6
Net income	**32.9**	**31.5**	**-5.4**	**-25.4**

DF AG generated net income of EUR 32.9 million in the 2016 short financial year (previous year: EUR -5.4 million). The high net income is attributable to the creditors' partial waiver in conjunction with the insolvency plan. Due to the transfer of operations to DF GmbH, DF AG generated no business volume in the short financial year. The gross result amounted to EUR -2.5 million (previous year: EUR 0.2 million) and was primarily influenced by net valuation. Due to the latest developments in DF AG's receivables portfolio the creditor assets were depreciated and written down by a net amount of EUR 3.0 million as at 1 July 2016. These depreciations/write-downs primarily relate to receivables from an oil exploration service provider in Mexico but also to receivables from a steel manufacturer in India as well as, among others, an automotive supplier. The write-downs are the result of the latest developments regarding the collection of receivables, a settlement agreement reached as well as of expectations derived from the assessment of the latest development regarding court proceedings. The difference between exchange gains and exchange losses resulted in a positive earnings contribution of EUR 0.2 million.

Other operating income amounted to EUR 41.9 million in the short financial year and, as described above, resulted almost entirely from the creditors' partial waiver in conjunction with the insolvency plan.

Personnel expenses totaled EUR 0.4 million. The decline against the previous year (EUR 1.2 million) is attributable to the transfer of operations because of which only the Board of Management remained with DF AG.

Other operating expenses in the amount of EUR 5.6 million primarily comprised the costs of the insolvency proceedings, which, at EUR 3.1 million, represented the biggest item of other operating expenses. As in the previous year, high legal and consulting expenses were incurred in conjunction with the insolvency proceedings and the related capital measures.

The negative financial results of EUR -0.4 million primarily result from the write-down of financial investments in the amount of EUR 0.4 million.

ii. Net assets position / Financial position

In € millions (HGB)	01-07-2016	01-07-2016	31-12-2015
	DF AG	DF AG Pro Forma	DF AG
Fixed assets	0.8	0.8	0.8
Current assets	39.5	38.6	34.8
Trade liabilities	25.2	25.2	29.7
Outstanding capital contribution	11.2	11.2	0.0
Cash and cash equivalents	1.7	1.8	4.8
Loss not covered by equity	0.0	0.0	36.9
Total assets	**40.4**	**39.4**	**72.7**
Equity	7.2	5.8	0.0
Provisions	1.4	1.5	1.7
Liabilities	31.7	32.1	70.7
thereof: bond	11.4	11.4	30.0
Banks	14.6	14.6	36.3
Trade liabilities	4.1	4.1	3.0
Total liabilities	**40.4**	**39.4**	**72.7**

DF AG generated positive operating cash flow of EUR 18.6 million in the 2016 short financial year (previous year EUR 1.2 million). The positive operating cash flow in the reporting period primarily results from the high net income of EUR 32.9 million.

As at the balance sheet date of 1 July 2016, DF AG's trade receivables amounted to EUR 25.2 million. Compared to 31 December 2015, this represents a decline by EUR 4.5 million, which is attributable, on the one hand, to the write-down of trade receivables described above and, on the other hand, to the successful collection of receivables in the 2016 short financial year.

The capital from the cash capital increase and the capital increase against contributions in kind in the amount of EUR 11.2 million had not been paid up as at the balance sheet date of 1 July 2016. As a result, outstanding contributions to the subscribed capital were shown under current assets. At the time of the preparation of the balance sheet, these contributions had been paid up in full.

Cash and cash equivalents amounted to EUR 1.7 million as at the balance sheet date, which was below the EUR 4.8 million posted as at 31 December 2015. Cash and cash equivalents include a pledged credit balance in the amount of EUR 1.2 million.
DF AG's equity capital amounted to EUR 7.2 million as at the balance sheet date of 1 July 2016 (previous year: EUR -36.9 million).

Compared to the previous year, DF AG's liabilities declined notably as at the balance sheet date of 1 July 2016. This is due to the fact that the creditors waived approx. 62% of their claims in the context of the insolvency plan. Liabilities to banks, which are included in the insolvency liability, were reduced to EUR 14.6 million, having stood at a high EUR 36.3 million in December 2015. The liability from the bond issue declined for the same reason. After the creditors' partial waiver, the liability dropped from EUR 30.0 million in the previous year to EUR 11.4 million on 1 July 2016. Trade liabilities amounted to EUR 4.1 million as at the balance sheet date (previous year: EUR 3.0 million) and essentially related to the costs of the insolvency proceedings.

On balance, the 2016 short financial year was positive for DF AG, as the legal effectiveness of the insolvency plan and the subsequent capital increases mean that the financial restructuring of DF AG was completed successfully.

iii. Corporate governance statement (Section 289a (4) and Section 315 (5) of the German Commercial Code (HGB)

The statement pursuant to Section 289a (4) of the German Commercial Code (HGB) can be found under "Corporate Governance" in the "Investor Relations" section of the website of DF AG.

Grünwald, 4 November 2016

The Board of Management

FINANCIAL FIGURES FOR THE PERIOD OF:
01 JANUARY - 01 JULY 2016

Assets (in EUR)	**Note**	**01-07-2016**	**31-12-2015**
Long-term assets			
Intangible assets	(16)	75,149.15	87,474.27
Tangible assets	(16)	168,736.47	237,956.94
Long-term financial assets	(17)	91,688.29	92,490.54
		335,573.91	417,921.75
Short-term assets			
Creditor assets	(25)	28,019,588.21	0.00
Trade accounts and other receivables		0.00	32,002,522.33
Tax receivables	(18)	92,277.72	92,291.38
Other short-term assets	(18)	11,785,296.03	499,998.79
Cash and cash equivalents funds	(19)	1,396,593.13	7,636,561.53
		41,293,755.09	40,231,374.03
Total assets		**41,629,329.00**	**40,649,295.78**

Equity and Liabilities (in EUR)	Note	01-07-2016	31-12-2015
Equity	(20)		
Subscribed capital		680,000.00	6,800,000.00
Deposits earmarked for the capital increase		11,207,483.00	0.00
Capital reserves		0.00	7,359,044.50
Costs of the capital increase		-553,844.04	0.00
Revenue reserves		1,653,450.99	-46,066,266.05
Adjustment item from currency translation		-258,176.52	-240,747.05
		12,728,913.43	-32,147,968.60
Long-term liabilities			
Bond		0.00	29,110,441.83
		0.00	29,110,441.83
Short-term liabilities			
Creditor liabilities	(25)	28,019,588.21	0.00
Liabilities to banks		50.36	38,172,000.57
Short-term provisions	(22)	0.00	198,450.00
Trade accounts and other payables	(23)	170,563.93	3,124,985.03
Other short-term liabilities	(24)	710,213.07	2,191,386.95
		28,900,415.57	43,686,822.55
Total equity and liabilities		**41,629,329.00**	**40,649,295.78**

Consolidated Income Statement (in EUR)	**Note**	**01-01 – 01-07-2016**	**01-01 – 31-12-2015**
Typical forfaiting income	**(7)**		
a) Forfaiting income		824,074.24	3,007,384.40
b) Commission income		110,467.96	369,532.69
c) Income from additional interest charged		23,938.54	86,751.01
d) Exchange profits		1,906,798.21	8,799,804.39
e) Income from the writing back of provisions for forfaiting and purchase commitments		198,450.00	389,723.84
		3,063,728.95	**12,653,196.33**
Typical forfaiting expenditure	(8)		
a) Expenditure from forfaiting		2,775,208.60	14,990,155.40
b) Commissions paid		57,760.66	294,687.42
c) Exchange losses		1,723,308.45	9,070,938.26
d) Credit insurance premiums		0.00	0.00
e) Depreciation and value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments		548,995.33	2,562,752.30
		5,105,273.04	**26,918,533.38**
Gross result	**(9)**	**-2,041,544.09**	**-14,265,337.05**
Other operating income	(10)	44,323,457.45	1,284,774.07
Personnel expenses	(11)		
a) Wages and salaries		1,307,294.94	2,659,693.06
b) Social security contributions and expenditure for pensions and social welfare		148,626.64	303,523.94
		1,455,921.58	**2,963,217.00**
Depreciation on tangible and intangible assets	(12)	48,430.57	107,654.26
Other operating expenditure	(13)	5,693,160.33	9,016,136.62
Interest income	(14)	125,508.59	6,935.29
Interest paid	(14)	969,236.93	2,161,445.61
Profit before Income tax		**34,240,672.54**	**-27,222,081.18**
Income tax			
a) Income and earnings tax	(15)	0.00	-183,620.56
Consolidated income/loss		**34,240,672.54**	**-27,038,460.62**
Average number of shares		680,000	6,800,000
Undiluted earnings per share		50.35	-3.98
Diluted earnings per share		50.35	-3.98

Consolidated Statement of Recognized Result (in EUR)	**01-01 – 01-07-2016**	**01-01 – 31-12-2015**
Consolidated income/loss	**34,240,672.54**	**-27,038,460.62**
Other Income		
Components, which will be reclassified to the income statement for the future		
Currency translation differences from the inclusion of foreign subsidiaries	-17,429.47	172,081.53
	-17,429.47	**172,081.53**
Recognized result	**34,223,243.07**	**-26,866,379.09**

	Consolidated Cash flow Statement (in EUR)	01-01 – 01-07-2016	01-01 – 31-12-2015
	Cash flow		
	Consolidated income/loss	34,240,672.54	-27,038,460.62
+	Depreciation on intangible assets	48,430.57	107,654.26
+	Interest paid	969,236.93	2,161,445.61
-	Interest income	-125,508.59	-6,935.29
+/-	Result from disposal of long-term assets	-115.00	0.00
+/-	Other transactions not affecting payments	-889,558.17	-576,888.60
+/-	Changes in creditor assets	-28,019,588.21	0.00
+/-	Changes to trade accounts receivable	32,002,522.33	37,663,749.68
+/-	Changes to other assets	-77,800.57	-178,467.73
+/-	Changes to provisions	-198,450.00	-146,910.00
+/-	Changes in the bond	-29,110,441.83	0.00
+/-	Changes in creditor liabilities	28,019,588.21	0.00
-	Changes in financial liabilities (waiver)	-38,171,950.21	0.00
+/-	Changes to trade accounts payable	-2,954,421.10	-6,471,702.85
+/-	Chances to other liabilities	-1,481,173.88	246,840.52
=	**Operative Cash flow**	**-5,748,556.98**	**5,760,324.98**
-	Paid interest	-79,678.76	-1,584,557.01
+	Retained interest	125,508.59	6,935.29
=	**Cash flow from current business**	**-5,702,727.15**	**4,182,703.26**
-	Payments for investments in long-term assets	-718.64	-107,160.58
+	Income from investments in long-term assets	34,302.23	0.00
=	**Cash flow from investment activity**	**33,583.59**	**-107,160.58**
+/-	Changes to financial liabilities	0.00	-11,356,126.77
+/-	Other changes in equity	-553,844.04	0.00
=	**Cash flow from finance activity**	**-553,844.04**	**-11,356,126.77**
	Changes in financial resources affecting payments	-6,222,987.60	-7,280,584.09
+	Liquid funds at the start of the period	7,636,561.53	14,748,219.60
+/-	Effects from the currency conversion	-16,980.80	168,926.02
=	**Liquid funds at the end of the period**	**1,396,593.13**	**7,636,561.53**
-	Balances pledged	-1,157,585.20	-1,490,782.08
=	**Free liquid funds at the end of the period**	**239,007.93**	**6,145,779.45**

Consolidated Statement of Equity Changes 01-01-2016 – 01-07-2016 (in EUR)	Note	Subscribed capital	Deposits earmarked for the capital increase	Capital reserves	Costs of the capital increase	Revenue reserves	Difference from currency conversion[1]	Total
Balance 01-01-2015		**6,800,000.00**		**7,359,044.50**		**(19,027,805.43)**	**(412,828.58)**	**5,281,589.51**
Consolidated profit						(27,038,460.62)		(27,038,460.62)
Other result							172,081.53	172,081.53
Consolidated total result						(27,038,460.62)	172,081.53	(26,866,379.09)
Balance 31-12-2015		**6,800,000.00**		**7,359,044.50**		**(46,066,266.05)**	**(240,747.05)**	**(32,147,968.60)**
Balance 01-01-2016		**6,800,000.00**		**7,359,044.50**		**(46,066,266.05)**	**(240,747.05)**	**(32,147,968.60)**
Capital reduction		(6,120,000.00)		(7,359,044.50)		13,479,044.50		
Capital increase			11,207,483.00		(553,844.04)			10,653,638.96
Consolidated profit						34,240,672.54		34,240,672.54
Other result							(17,429.47)	(17,429.47)
Consolidated total result						34,240,672.54	(17,429.47)	34,223,243.07
Balance 01-07-2016	**(22)**	**680,000.00**	**11,207,483.00**	**-**	**(553,844.04)**	**1,653,450.99**	**(258,176.52)**	**12,728,913.43**

[1] Other Comprehensive Income (OCI)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 1 JULY 2016

I. POLICIES

(1) General information

DF Deutsche Forfait AG (also referred to as "DF AG" or "the company") is the parent company of DF Group (also referred to as "Group") and has the legal status of a joint stock company. In April 2016, the registered office of the company was relocated from Cologne to Grünwald, Germany. The company's address is Hirtenweg 14, 82031 Grünwald. It is registered at Munich Local Court (Amtsgericht) under HRB 228114.

DF 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.

Insolvency proceedings with DF AG as debtor-in-possession were opened as planned on 1 January 2016. An insolvency plan adopted on 29 April 2016 became final on 20 May 2016. The insolvency plan provided for a capital increase as well as for the separation of DF Group's future forfaiting business from the assets that are earmarked for distribution to the old creditors. After the creditors approved the insolvency plan submitted by the company and an investor undertook to take over new shares after a capital reduction, the insolvency proceedings were terminated on 1 July 2016. This marks the end of the short financial year from 1 January 2016 to 1 July 2016 with DF AG and DF Group in insolvency.

The consolidated financial statements of DF AG (also "DF Group" or "Group") as of 1 July 2016 comply with the International Financial Reporting Standards (IFRS) at the accounting date as endorsed by the EU and with applicable supplementary regulations according to Section 315a (1) of the German Commercial Code (HGB).

IFRS also includes the prevailing International Accounting Standards (IAS). All the binding interpretations of the International Financial Reporting Interpretations Committee (IFRIC) for the short financial year from 1 January 2016 to 1 July 2016 have also been applied.

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

To make the presentation clearer, assets and liabilities are grouped into "creditor assets" and "creditor liabilities" in the context of the insolvency plan. These items are described separately in the consolidated Notes. The income statement is prepared according to the total expenditure method. In the consolidated income statement, income and expenses are grouped by category and income and expense totals are presented to reflect the particular characteristics of a forfaiting company. The consolidated financial statements follow the structure guidelines set out in IAS 1.

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

With the insolvency proceedings terminated, the consolidated financial statements were prepared under the going concern assumption.

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

(2) Amendments to the standards made by the IASB

Application of new standards and interpretations not affecting the 2016 consolidated financial statements

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

Amendments to IAS 19 "Defined Benefit Plans – Employee Contribution"

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

"Annual Improvements to IFRSs 2010-2012 Cycle"

The Annual Improvements serve to clarify and improve applicable standards. The Annual Improvements Project primarily affected IFRS 2 (Share-based Payment), IFRS 3 (business Combinations), IFRS 8 (Operating Segments), IFRS 13 (Fair Value Measurement), IAS 16 (Property, Plant and Equipment), IAS 24 (Related Party Disclosures) as well as IAS 38 (Intangible Assets). The Annual Improvements cycle ended in 2013 and was published in December 2013. The amended standards have no material effects on the presentation of the net assets, financial position and results of operation in the consolidated financial statements.

Amendments to IAS 1 "Disclosure Initiative"

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

Amendments to IAS 16 and IAS 38
"Clarification of Acceptable Methods of Depreciation and Amortization"

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

Amendments to IAS 41 and IAS 16 "Bearer Plants"

So far, all biological assets have been recognized at fair value through profit or loss. This also applies to "bearer plants" such as grape vines, rubber trees and oil palms which are used to harvest biological assets over several periods but are not sold as agricultural products. After the amendments, bearer plants should be accounted for as assets under IAS 16, as they are of comparable use. By contrast, their fruits will continue to be accounted for under IAS 41. The amendment should be adopted retrospectively for periods beginning on or after 1 January 2016. Early voluntary adoption of the new regulations is permitted. As the business model is not based on bearer plants, no impacts on the presentation of the Group's net assets, financial position and results of operation are expected.

Amendments to IAS 27 "Equity Method in Separate Financial Statements"

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

Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"

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

"Annual Improvements to IFRSs 2012 – 2014 Cycle"

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

Early adoption of accounting standards

No IFRS that had been issued and approved as well as endorsed by the EU but were not mandatory as of 1 July 2016 were adopted early by DF Group.

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

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

Amendments to IAS 7 "Statement of Cash Flows"

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

Amendments to IAS 12 "Income Taxes"

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

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" und IAS 28 "Investments in Associates and Joint Ventures"

Published in December 2014 under the title "Investment Entities: Applying the Consolidation Exception", the amendments essentially clarify which subsidiaries of an investment entity should be consolidated and which should be recognized at fair value. The application of the amendments has been suspended indefinitely. EU endorsement is still pending. From today's point of view, it is safe to assume that these amendments, if endorsed by the EU in the present form, will have no impact on the Group.

IFRS 2 "Share-based Payment"

The accounting for share-based payments according to IFRS 2 was amended by the IASB in the reporting period. New accounting rules were introduced for cash-settled share-based payments, which are generally accounted for in the same way as equity-settled payments. Under the new standard, a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled if further conditions are met. The amendments are mandatory as of 1 January 2018 or may be applied optionally before this date. From today's point of view, these amendments are not expected to have any effect on the Group.

IFRS 4 in conjunction with IFRS 9

The IASB has decided to reconcile the different dates at which IFRS 4 and IFRS 9 become effective. The respective provisions are mandatory for financial years commencing on or after 1 January 2018. No facts relating to the scope of application of both standards were relevant in the reporting period.

IFRS 9 "Financial Instruments"

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

IFRS 14 "Regulatory Deferral Accounts"

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

IFRS 15 "Revenues from Contracts with Customers"

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

IFRS 16 "Leases"

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

(3) Basis of consolidation, reporting date

The shareholdings of DF AG are shown below. No changes in the shareholdings occurred in the short financial year from 1 January to 1 July 2016. DF Deutsche Forfait GmbH, Bonn, which was established in March 2016, was initially consolidated in the short financial year. DF Deutsche Forfait Americas Inc. and DF Deutsche Forfait (private) Ltd., Lahore, are currently inactive.

Shareholding[1]	Share in equity	Consolidation
DF Deutsche Forfait GmbH, Bonn	100%	fully consolidated
DF Deutsche Forfait s.r.o., Prague/Czech Republic	100%	fully consolidated
Deutsche Kapital Ltd., Dubai / VAE	100%	fully consolidated
DF Deutsche Forfait Americas Inc., Miami / USA	100%	non-consolidated
DF Deutsche Forfait do Brasil Ltda., Sao Paulo / Brazil	99%	non-consolidated
Global Trade Fund Holding Ltd., Cayman Islands	100%	non-consolidated
DF Deutsche Forfait (private) Ltd., Lahore / Pakistan	99%	non-consolidated
DF Deutsche Forfait West Africa Ltd., Accra / Ghana	60%[1]	non-consolidated

As in the previous year, the non-consolidated subsidiaries are of secondary importance for the consolidated financial statements as of 1 July 2016, both individually and collectively, and do not influence the true and fair view of the net assets, financial position and results of operation presented in the consolidated financial statements. DF Deutsche Forfait s.r.o. holds 1% of the voting rights in DF Deutsche Forfait do Brasil Ltda.

(4) Consolidation procedures

The basis for the consolidated financial statements are the financial statements of the consolidated companies prepared at 1 July 2016 under uniform accounting and valuation policies according to IFRS 10 "Consolidated Financial Statements". The consolidated subsidiaries being start-ups, no differences arise from consolidation.

Intragroup receivables, liabilities, provisions, income and expenses, and profits are eliminated on consolidation.

(5) Currency translation

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

[1] Equity and result not disclosed due to immateriality.

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

Exchange differences resulting from the translation of equity are recognized in equity in the form of an adjustment item from currency translation. The translation differences resulting from differing translation rates between the balance sheet and the statement of comprehensive income are recognized in other comprehensive income.

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

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

	Closing rate		Average rate	
	01-07-2016	31-12-2015	01-01 – 01-07-2016	01-01 – 31-12-2015
USD	1.1135	1.0887	1.1053	1.1095
Czech Koruna	27.0930	27.0230	27.0440	27.2790

(6) Accounting and valuation policies

Sales revenues relate to typical forfaiting income, which are composed of the following sub-items: forfaiting and commission income, income from additional interest charges, exchange rate gains, and income from the writing back of provisions for forfaiting and purchase commitments. Forfaiting income also includes the positive effects from the fair value measurement of receivables held for trading. To make the presentation clearer, they are shown as typical forfaiting income below.

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

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

Other operating income essentially comprises income from the creditors' partial waiver, from charges, from receivables written off and from the release of provisions. The income from the partial waiver was realized with effect from 20 May 2016, the date on which the insolvency plan became final.

Operating expenses (personnel expenses, depreciation/amortization on tangible and intangible assets, other 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.

Interest income comprises loan and bank interest as well as interest on arrears. All interest on borrowing in the income statement is reported under interest expense.

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

Property, plant and equipment are recognized at cost, less regular depreciation. Depreciation on property, plant and equipment is calculated using the straight-line method according to the expected average useful life.

Regular depreciation is based on the following Group standard useful lives:

Useful life	01-01 – 01-07-2016	2015
	Years	Years
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

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

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

They are measured at amortized cost less potential impairments using the effective interest method. Gains and losses are recognized in the income statement for the period at the time of derecognition or impairment of "loans and receivables". Available-for-sale financial assets are non-derivative financial assets that were assigned either to this category or to none of the other categories. Available-for-sale financial assets are measured at fair value plus directly attributable transaction costs upon initial recognition and assigned to non-current assets. In the context of subsequent measurement, available-for-sale financial assets are measured at fair value, with changes in the value, except for impairments, recognized in other comprehensive income and in equity as other revenue reserves. When an asset is derecognized, other comprehensive income is reclassified to the income statement. Available-for-sale financial assets comprise non-consolidated investments in affiliated companies.

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

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

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

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

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

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

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

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

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

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

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

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

Pension obligations include defined contribution and defined benefit plans.

The obligations for defined benefit plans are measured using the projected unit credit method in accordance with IAS 19 "Employee Benefits". For reasons of materiality, the value of the pension obligations was extrapolated from 31 December 2015 to 1 July 2016 on the basis of the developments to date. Pension obligations are counterbalanced by the asset value of reinsurance on the opposite side. Reinsurance claims are pledged to the plan beneficiaries. The insurance is recognized at plan assets, as it is irrevocably available for benefit purposes only, even in the event of company insolvency (qualified insurance policy). The present value of the covered obligation is limited by the value of the plan assets.

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

IAS 19 (revised 2011) only allows a typifying return on plan assets equivalent to the discount rate applied to the pension obligations at the beginning of the period.

Expenses for contribution-based pension plans are recorded as expenditures when the employees have performed their work.

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

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

The fair values resulting from the fair value measurement of the trade receivables determine the value of the creditor liabilities together with the fair value of the other creditor assets. The fair value of the creditor liabilities is determined by the fair value of the receivables, as the insolvency plan stipulates that the liabilities are settled in the amount of the cash flow from existing receivables. Where the fair value of the receivables was lower than that of the liabilities as at the reporting date, the latter were adjusted through profit/loss.

The creditor liabilities are classified as financial liabilities “at fair value through profit or loss” (IAS 39.9b) upon initial recognition, i.e. at the time the insolvency plan became final.

Critical estimates and assumptions used in accounting

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

The determination of the fair values of trade receivables requires assumptions regarding the country and counterparty risks which are primarily based on the circumstances prevailing on the balance sheet date. A 10% increase in these risks would lead to negative effects of kEUR 2,157 (previous year: kEUR 2,020).

Assets measured at amortized cost (loans and receivables) are subject to risks relating to creditworthiness and future payments. A 10% increase in these risks could lead to additional valuation allowances or write-downs of kEUR 505 (previous year: kEUR 456).

II. NOTES TO THE INCOME STATEMENT

The short financial year from 1 January to 1 July 2016 covers the period in which DF AG was in insolvency. During this time, the operating activities came to a virtual standstill. The income statement for the short financial year therefore comprises primarily income and expenses relating to the settlement of the insolvency, especially the creditors' partial waiver and the wind-down of the receivables portfolio. The figures of the short financial year are therefore comparable with the prior year figures only to a limited extent.

(7) Typical forfaiting income

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

Revenue breaks down as follows:

Typical forfaiting income in kEUR	**01-01 – 01-07-2016**	**2015**
Forfaiting income	824	3,007
Commission income	111	369
Income from additional interest charged	24	87
Exchange rate gains	1,907	8,800
Income from the reversal of provisions for forfaiting and purchase commitments	198	390
Total	**3,064**	**12,653**

Forfaiting income comprises income from the fair value measurement in the amount of EUR 0.3 million (previous year: EUR 2.2 million).

(8) Typical forfaiting expenses

Forfaiting expenses are incurred where the sales price realized is lower than the carrying amount and negative effects result from the fair value measurement.

Typical forfaiting expenses break down as follows:

Typical forfaiting expenses in kEUR	**01-01 – 01-07-2016**	**2015**
Forfaiting expenses	2,775	14,990
Commission expenses	58	295
Exchange rate losses	1,723	9,071
Value adjustments on receivables as well as additions to provisions for forfaiting and purchase commitments	549	2,563
Total	**5,105**	**26,919**

The forfaiting expenses in 2015 resulted exclusively from the negative effect of the fair value measurement of the receivables portfolio. The receivables portfolio was adjusted against the background of the insolvency proceedings. The forfaiting expenses in the period from 1 January to 1 July 2016 result from the latest developments of individual receivables in the portfolio.

(9) Balance of forfaiting income and expenses (gross result)

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

Gross result in kEUR	**01-01 – 01-07-2016**	**2015**
Net forfaiting	(1,951)	(11,983)
Net commission	52	75
Result from additional interest charges	24	87
Result from exchange rate gains and losses	184	(271)
Net valuation in forfaiting business	(351)	(2,173)
Total	**(2,042)**	**(14,265)**

(10) Other operating income

Other operating income breaks down as follows:

Other operating income in kEUR	01-01 – 01-07-2016	2015
Income from the restructuring of the bond	-	1.030
Income from the receivables waiver	41,613	-
Income from the fair value measurement of creditor liabilities	2,653	-
Income from the release of other debt / provisions	-	99
Income from the allocation of charges	31	34
Income from offsetting non-cash benefits under the provision of motor vehicles	4	17
Income from the disposal of already fixed asset items	12	78
Miscellaneous other operating income	10	27
Total	**44,323**	**1,285**

The income from the receivables waiver results from the creditors' partial waiver in the context of the insolvency plan of 29 April 2016. The income from the fair value measurement of the creditor receivables is based on the adjustment through profit/loss of the liabilities to the fair value of the creditor assets.

(11) Personnel expenses

Personnel expenses break down as follows:

Personnel expenses in kEUR	01-01 – 01-07-2016	2015
Salaries	1,307	2,660
Total salaries	**1,307**	**2,660**
Social security contributions	67	124
Pensions	78	169
Other social security expenses	4	10
Total social security expenses	**149**	**303**
Total	**1,456**	**2,963**

Social security contributions include contributions to state pension providers in the amount of kEUR 56 (previous year: kEUR 124) as well as to defined contribution benefit plans in the amount of kEUR 22 (previous year: kEUR 45).

(12) Depreciation/amortization on tangible and intangible assets

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

Depreciation/amortization on tangible and intangible assets in kEUR	**01-01 – 01-07-2016**	**2015**
Amortization of intangible assets	12	20
Depreciation of tangible assets	36	88
Total	**48**	**108**

(13) Other operating expenses

Other operating expenses break down as follows:

Other operating expenses in kEUR	**01-01 – 01-07-2016**	**2015**
Legal and consultation fees, accounting expenses	4,260	5,327
Administrative expenses/cooperation partners	138	874
Cost of premises	178	344
Travel expenses	56	179
Other taxes	18	156
Telephone, postage and web connection charges	26	73
Payment transaction fees	27	87
Insurance, fees, contributions	163	245
Vehicle costs	9	22
Miscellaneous other expenses	818	1,709
Total	**5,693**	**9,016**

Legal and consultation fees as well as accounting expenses mainly include consulting costs incurred in conjunction with the insolvency proceedings.

Miscellaneous other expenses mainly include damages paid in the context of settlement agreements (kEUR 401, previous year: kEUR 850), expenses relating to the public listing, as well as the bondholders' meeting and the Annual General Meeting (kEUR 139, previous year: kEUR 355), expenses for rights of use and IT equipment (kEUR 61, previous year: kEUR 125) and the compensation of the members of the Supervisory Board (kEUR 51, previous year: kEUR 119).

(14) Financial results

The financial results break down as follows:

Financial results in kEUR	**01-01 – 01-07-2016**	**2015**
Interest income from loans and receivables	126	2
Interest income from banks	-	5
Total interest income	126	7
Interest expense payable to banks	67	1,208
- thereof from refinancing the forfaiting business	53	1,199
- thereof from interest on overdraft	14	9
Miscellaneous interest expenses	902	953
- thereof interest on bond	889	803
- thereof other interest	13	150
Total interest expense	969	2,161
Net interest = financial results	**(843)**	**(2,154)**

Miscellaneous interest expenses essentially result from the fact that the effective interest rate method is no longer used for the valuation of the bond. The fair value measurement provided for under IFRS is not applicable as the bond, just like the other insolvency liabilities, is due in the short term.

(15) Income tax

Deferred tax assets from temporary differences may not be recognized if it is not sufficiently probable that taxable results will be available against which the deductible temporary differences can be utilized (IAS 12.27). Deferred tax assets resulting from losses carried forward are recognized in the income statement (IAS 12.56) to the extent that temporary differences in the same amount are available against which the unused tax losses can be utilized. The profit generated by DF AG in the period from 1 January to 1 July essentially results from the implementation of the measures described in the insolvency plan, especially the income from the creditors' partial waivers. According to the official statement issued by the Cologne-Mitte tax authority on 25 April 2016, the profit resulting from the creditors' receivables waivers are to be treated as tax-advantaged restructuring profit, with the consequence that the restructuring profit is initially offset against current losses and/or existing loss-carryforwards. If the existing loss-carryforwards are insufficient, the tax on the remaining restructuring profit is to be deferred with the aim of a later tax abatement. As a result, the restructuring profit will not cause any tax liability. The tax loss-carryforwards that remain after offsetting against the restructuring profit can no longer be used for tax purposes in the future due to the capital increase of July 2016 in conjunction with the investment by a majority shareholder.

Group income taxes break down as follows:

Income taxes in kEUR	**01-01 – 01-07-2016**	**2015**
Income tax expense from the current year	-	-
Adjustments for previous years	-	(184)
Current tax expense	-	(184)
Deferred taxes from temporary differences	7	313
Deferred taxes in the context of tax loss carried forward	(7)	(313)
Deferred taxes	-	-
Total	**-**	**(184)**

Deferred taxes are calculated on the basis of tax rates which apply or are expected to apply under prevailing law in the particular countries when the asset is realized or the liability is settled. In Germany, the standard rate of corporation tax is 15.0%. Taking into consideration a solidarity surcharge of 5.5% on top of corporation tax and an average effective trade income tax rate of approximately 16.5%, this results in a tax rate of approximately 32.5% for domestic companies. This tax rate was uniformly applied across the reporting period to calculate domestic deferred tax effects. The tax effects of foreign companies were of secondary importance in the reporting period and were disregarded on account of their immateriality. The currency conversion difference from the recognition of economically independent foreign units would give rise to income tax assets worth KEUR 84 (previous year: KEUR 78) if realized.

The status of deferred tax assets and liabilities as at 1 July 2016 is detailed in the table below:

Deferred tax assets and liabilities by type of temporary differences in kEUR	**Assets**		**Liabilities**	
	01-07-2016	**31-12-2015**	**01-07-2016**	**31-12-2015**
Trade receivables	-	-	-	1
Period accruals	-	-	-	-
Pension obligations	-	-	-	19
Tax loss carryforward	-	313	-	-
Bond	-	-	-	289
Other liabilities	-	-	-	4
Total	-	313	-	313
Offsetting	-	(313)	-	(313)
Balance sheet value	-	-	-	-

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

in kEUR	01-01 – 01-07-2016	2015
Result before income taxes	34,241	(27,222)
Nominal tax rate	32.5%	32.5%
Expected income tax	**11,128**	**(8,847)**
Effects from tax rate changes	-	-
Deviations from local tax rates	-	-
Non-deductible expense	10	182
Tax-free/taxable income	-	-
Tax effects from previous years	-	(184)
Tax effects from changes in value adjustments of deferred tax assets and the use of tax loss carryforwards	(11,113)	8,131
Effects from deviating local tax rates	9	547
Other tax effects	(34)	(13)
Income tax	**0**	**(184)**

III. NOTES TO THE BALANCE SHEET

(16) Fixed assets

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

in kEUR	**Intangible assets** (Rights, software)	**Tangible assets** (Other equipment, factory and office equipment)	**Total**
Acquisition costs			
As of 1 January 2015	120,666.64	862,048.75	982,715.39
Additions	85,240.89	21,919.69	107,160.58
Disposals	0.00	0.00	0.00
Currency translation differences	2,839.37	3,129.86	5,969.23
As of 31 December 2015	**208,746.90**	**887,098.30**	**1,095,845.20**
As of 1 January 2016	208,746.90	887,098.30	1,095,845.20
Additions	0.00	718.64	718.64
Disposals	0.00	38,521.00	38,521.00
Currency translation differences	-837.27	-922.93	-1,760.20
As of 1 July 2016	**207,909.63**	**848,373.01**	**1,056,282.64**
Depreciation/Amortization			
As of 1 January 2015	93,914.96	566,027.25	659,942.21
Additions	25,929.69	81,724.58	107,654.26
Disposals	0.00	0.00	0.00
Currency translation differences	1,427.98	1,389.54	2,817.52
As of 31 December 2015	**121,272.63**	**649,141.36**	**770,413.99**
As of 1 January 2016	121,272.63	649,141.36	770,413.99
Additions	12,139.86	36,290.71	48,430.57
Disposals	0.00	5,136.00	5,136.00
Currency translation differences	-652.01	-659.53	-1,311.54
As of 1 July 2016	**132,760.48**	**679,636.54**	**812,397.02**

Carrying amounts			
As of 1 January 2015	26,751.67	296,021.50	322,773.18
As of 31 December 2015	**87,474.27**	**237,956.94**	**325,431.21**
As of 1 July 2016	**75,149.15**	**168,736.47**	**243,885.62**

(17) Non-current financial assets

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

Non-current financial assets in kEUR	Share in equity	01-07-2016	31-12-2015
DF Deutsche Forfait Americas Inc., Miami / USA	100%	3	3
DF Deutsche Forfait do Brasil Ltda., Sao Paulo / Brazil	99%	15	15
Global Trade Fund SPC, Cayman Islands	100%	1	1
Global Trade Fund Holding Ltd., Cayman Islands	100%	4	4
DF Deutsche Forfait (private) Ltd., Lahore / Pakistan	99%	-	-
		23	**23**

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

(18) Other current assets

Other current assets break down as follows:

Current assets in kEUR	01-07-2016	31-12-2015
Prepaid expense	126	107
Called-in outstanding contributions	11,207	-
Miscellaneous other assets	452	192
Tax receivables	92	92
Total	**11,877**	**592**
thereof financial assets	11,659	140
thereof non-financial assets	218	452

The called-in outstanding contributions totaling kEUR 11,207 relate to the cash capital increase in the amount of kEUR 7,500 and the capital increase against contributions in kind in the amount of kEUR 3,707. The contributions had been fully paid up by the time of the preparation of the consolidated financial statements.

Tax receivables include income tax for the years 2014 and 2015.

(19) Cash and cash equivalents

Cash and cash equivalents amounted to kEUR 1,397 (previous year: kEUR 7,637) and related to bank deposits with a maturity of up to three months. An amount of kEUR 1,158 (previous year: kEUR 1,491) of these deposits is pledged as collateral.

(20) Equity

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

Subscribed capital

The share capital of the Group is fully paid in and amounted to kEUR 680 as of the balance sheet date (previous year: kEUR 6,800). It is divided into 680,000 no-par registered shares. In accordance with the insolvency plan adopted on 29 April 2016 and as confirmed by the court on the same day, the capital was reduced by kEUR 6,120 to kEUR 680 by grouping 10 old shares into one new share. The capital reduction was entered in the Commercial Register on 25 May 2016.

Deposits earmarked for the capital increase

In accordance with the insolvency plan adopted on 29 April 2016 and confirmed by the court on the same day, a cash capital increase by up to kEUR 7,500 and a capital increase against contributions in kind by up to kEUR 4,022 were laid down. In the context of the capital increase against contributions in kind, the subscribers of the failed 2015 cash capital increase were able to transfer their respective restitution claims to the company in the form of contributions in kind. Shareholders' subscription rights were excluded for both equity measures. The issue price of the new shares issued in the context of the capital increase against contributions in kind and the cash capital increase was equivalent to the par value of EUR 1.00. The cash capital increase was effected in the amount of kEUR 7,500 and the capital increase against contributions in kind was effected in the amount of kEUR 3,707 and both were entered in the Commercial Register on 6 July 2016. As the entry was made after the balance sheet date, the capital increases in the total amount of KEUR 11,207 were not recognized in DF AG's share capital but in a separate balance sheet item as at 1 July 2016.

Capital reserve

In the context of the capital reduction, the capital reserve had to be released in full in favor of the revenue reserves pursuant to Section 229 (2) of the German Stock Corporation Act (AktG).

Costs of the cash capital increase and the capital increase against contributions in kind

The costs incurred in the reporting period in conjunction with the cash capital increase and the capital increase against contributions in kind in the total amount of kEUR 554 are to be recognized in equity and to be deducted from the capital increase and must therefore be offset against a future capital reserve.

Revenue reserves

Revenue reserves consist of profits generated in the past by the companies included in the consolidated financial statements, unless distributed or increased by withdrawals from the capital reserve:

Revenue reserves in kEUR	
1 January 2015	**(19,028)**
Consolidated result	(27,039)
31 December 2015	**(46,067)**
Capital reduction	13,479
Consolidated result	34,241
1 July 2016	**(1,653)**

Adjustment item from currency translation

This reserve shows the differences in other comprehensive income arising from foreign currency translation of the financial statements of foreign subsidiaries through equity in the form of an adjustment item from currency translation. The reserve is negative and reduced the reported equity in the reporting year by kEUR 258 (previous year: kEUR 241). The change in the reserve amounted to kEUR 17 in the financial year, primarily resulting from the consolidation of the Czech subsidiary.

Earnings per share

Earnings per share are based on the average number of common shares issued and outstanding in the reporting period (680,000) and amounted to EUR 50.35 compared to EUR -3.98 in the previous year.

Authorized capital

By resolution of the Annual General Meeting on 6 July 2016, the Board of Management is authorized, subject to approval by the Supervisory Board, to increase the share capital by 6 July 2021 once or several times by a total of up to EUR 5,900,000.00 against cash contributions and/or contributions in kind (including mixed contributions in kind) by issuing up to 5,900,000 new registered shares (authorized capital 2016); in this context, the Board of Management is also authorized to schedule the commencement of the profit participation at a date other than the date provided for by law. As a general rule, the shareholders must be granted a subscription right. However, the Board of Management is authorized, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights in the following cases: (1) to avoid fractional amounts; (2) in a capital increase against cash contributions if the issue price of the new shares issued in an ex-rights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) is not materially lower than the stock market price and the new shares issued in an ex-rights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) do not exceed 10% of the share capital neither at the time the authorization becomes effective nor at the time it is exercised; this10% limit also covers shares that were or are to be issued during the period of this authorization under exclusion of subscription rights due to other authorizations in direct or corresponding application of Section 186 (3) sentence 4 of the Stock Corporation Act (AktG); (3) in a capital increase against contributions in kind, especially for the purpose of the acquisition of a company, parts of a company, an equity investment in a company or other material assets; (4) to grant the holders of warrants and/or convertible bonds or bonds with option rights a subscription right to the extent that they would be entitled to such right after exercising a conversion or option right or meeting a conversion obligation as a shareholder; (5) to issue employee shares to employees of DF AG and of affiliated companies; and (6) to serve option rights that grant the right to subscribe a total of no more than 100,000 shares in the company and that are issued by the Board of Management to distribution partners of the company with the consent of the Supervisory Board.

Conditional capital

By resolution of the Annual General Meeting on 6 July 2016, the Board of Management was authorized subject to approval by the Supervisory Board, to issue bearer warrant and/or convertible bonds with a total nominal value of up to EUR 50,000,000.00 in one or several tranches until 6 July 2021 and to grant holders or creditors of warrant bonds option rights and holders or creditors of convertible bonds conversion rights on new registered shares of no par value of the company up to a pro-rata share in share capital totaling up to EUR 4,720,000.00. The warrant and/or convertible bonds (collectively referred to as "bonds" and individually referred to as "notes") may be issued in euros as well as in the legal currency of an OECD country, limited to the corresponding value in euros. They may also be issued by direct or indirect majority shareholdings of DF Deutsche Forfait AG. In this case, the Board of Management is authorized, subject to approval by the Supervisory Board, to issue a guarantee on behalf of the company for the bonds and to issue the holders of such bonds with option/conversion rights on new shares of DF Deutsche Forfait AG. For this purpose, the company's share capital has been conditionally increased by up to EUR 4,720,000.00 through the issue of up to 4,720,000 new registered shares (conditional capital 2016/I).

The Annual General Meeting of 6 July 2016 has authorized the Board of Management and the Supervisory Board to issue subscription rights to shares in the company (option rights), once or several times, by 6 July 2021, in order to allow the persons defined in Section 192 (2) No. 3 of the Stock Corporation Act (AktG) to acquire an interest in the company. The Board of Management will be authorized, with the consent of the Supervisory Board, to stipulate the details of the type and issue of the option rights in a stock option plan ("2016 stock option plan"). If option rights are to be issued to the Board of Management of the company, the decision on the issue and the stipulation of further details are at the sole discretion of the Supervisory Board. The company's share capital will be conditionally increased by up to EUR 1,180,000.00 through the issue of up to 1,180,000 new registered shares (conditional capital 2016/II). The conditional capital increase shall be executed only to the extent that the holders of option rights from the 2016 stock option plan, which may be granted by the company by 6 July 2021 on the basis of the authorization granted by the Annual General Meeting of 6 July 2016, exercise their rights to subscribe shares in the company and the company does not serve the subscription rights by delivering treasury shares. The new shares shall be entitled to profit as of the beginning of the financial year in which they are created through the exercise of option rights. The Board of Management shall be authorized, with the consent of the Supervisory Board, to stipulate the further details of the execution of the conditional capital increase, unless option rights are to be issued to members of the Board of Management; in this case, the Supervisory Board shall stipulate the further details of the execution of the conditional capital increase.

Right to purchase own shares

The Annual General Meeting of 6 July 2016 decided the following authorization to buy and sell treasury shares:

a) The company is authorized to buy up to 1,180,000 treasury shares by 6 July 2021. The shares must be purchased on the stock market. The purchase price (excluding incidental purchase costs) paid by the company must not exceed or fall short of the price of the company share in XETRA trading (or a similar successor system) determined at the first auction of the trading day at Frankfurt Stock Exchange by more than 10%.

b) The shares can be acquired directly by the company or by third parties authorized by 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, especially for one of the purposes mentioned under letters c), d), e), f) and g) below. If they are used for one or several of the purposes mentioned under letters c), d), e) or f), shareholders' subscription right shall be excluded.

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

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

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

e) The Board of Management shall be authorized to offer and transfer the treasury shares acquired as a result of the above-mentioned authorization to the holders of subscription rights to fulfill the company's obligations arising from the 2016 stock option plan described under agenda item 9. If treasury shares are to be transferred to members of the company's Board of Management, this shall be decided by the Supervisory Board.

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

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

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

i) The authorization to purchase and use own shares granted by the Annual General Meeting on 10 June 2015 shall be revoked.

(21) Pension obligations

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

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

The amount of the pension obligation (present value of the earned benefit claims) was carried forward on a best effort basis from the measurement as at 31 December 2015. In addition to assumptions regarding life expectancy, the following factors play a role in the calculation:

Actuarial assumptions in %	01-07-2016	31-12-2015
Discount rate	1.56%	2.42%
Inflation rate	1.00%	1.00%
Imputed pension adjustment interval	annual	annual
Pension growth rate	1.00%	1.00%

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

Changes/reconciliation in the accumulated benefit obligation in kEUR	**01-07-2016**	**2015**
Accumulated benefit obligation as of 1 January	622	654
Current service cost	-	-
Interest cost	7	13
Expected pension payments	(1)	(2)
Expected accumulated benefit obligation as of 1 July/31 Dec	628	665
Actuarial (gains) losses	(21)	(45)
thereof accounted for by changes in financial assumptions	(22)	(46)
thereof accounted for by experience-based assumptions	1	1
Accumulated benefit obligation as of 1 July/31 December	**607**	**622**

Changes in plan assets in kEUR	**01-07-2016**	**2015**
Fair value of plan assets as of 1 January	622	654
Typifying investment income	7	13
Employee contributions	-	-
Income from plan assets	(22)	(45)
Value of plan assets as of 1 July/31 December	**607**	**622**

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

Changes/reconciliation in the asset ceiling effect in kEUR	**01-01 – 01-07-2016**	**2015**
Accumulated benefit obligation as of 1 January	(622)	(654)
Fair value of plan assets as of 1 January	622	654
Asset ceiling effect as of 1 January	-	-
Interest cost of asset ceiling effect	-	-
Actuarial losses from DBO	(21)	(45)
Profit/loss from plan assets	22	45
Asset ceiling effect as of 1 July/31 Dec	**-**	**-**

in kEUR	**01-07-2016**	**2015**	**2014**	**2013**	**2012**
Accumulated benefit obligation	607	622	654	477	446
Included impacts of deviations	(21)	(45)	160	15	134
Plan assets	607	622	654	514	499
Included impacts of deviations	(15)	(32)	120	(3)	(12)
Funded status	**-**	**-**	**-**	**37**	**53**

Due to the over-calculation of the reinsurance policy, the value of plan assets is limited to the amount of the present value of the pension obligation. The balance of the asset value of plan assets totaling kEUR 607 (previous year: kEUR 622) and the liability value of the obligation of kEUR 607 (previous year: kEUR 622) is shown. As in the previous year, the plan assets no longer exceeded the liability value of the obligation as at the reporting date. The figure shown in the balance sheet was calculated as follows:

Derivation of the net figure carried in the balance sheet in kEUR	**01-07-2016**	**31-12-2015**
Accumulated benefit obligation	(607)	(622)
Fair value of the pension plan assets	607	622
Asset ceiling effect	-	-
	0	**0**

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

The defined benefit plans incurred the following expenditure, which breaks down into the following components:

Expenditure on defined benefit pension plans in kEUR	**01-07-2016**	**2015**
Current service cost	-	-
Interest expense	7	13
Interest income from plan assets	(7)	(13)
Interest on asset ceiling effect	-	-
Recognized in the income statement	**0**	**0**

Components of other comprehensive income (OCI) in kEUR	**01-07-2016**	**2015**
Actuarial losses (gains)	(21)	(45)
Interest income from plan assets	21	45
Changes in the effect of the „asset ceiling“	-	-
Recognition in other comprehensive income	**0**	**0**

During each reporting period, the net value amounted to EUR 0, since the increase in pension obligations was matched by an increase in plan assets. Based on a duration of the obligations of 17.1 years (previous year: 17.3 years), pension payments in the amount of EUR 963 are expected for the following period under the pension benefit plans that existed as at 1 July 2016.

(22) Current provisions

The table below shows the changes in current provisions for obligations arising from forfaiting and purchase commitments:

Current provisions in kEUR	
1 January 2015	**345**
Addition	198
Use	-
Release/Reclassification	345
31 December 2015	**198**
Addition	-
Use	-
Release/Reclassification	198
1 July 2016	**-**

As the company was released from the purchase commitments, the provisions had to be released.

(23) Trade accounts payable

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

Trade accounts payable in kEUR	**01-07-2016**	**31-12-2015**
Liabilities from the obligation to pass on payments received	-	1,817
Deferred liabilities	-	241
Other liabilities	171	1,067
	171	**3,125**

(24) Other current liabilities

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

Other current liabilities in kEUR	**01-07-2016**	**31-12-2015**
Compensation obligation	-	600
Other tax liabilities	29	187
Liabilities to employees	2	157
Liabilities from duties and premiums	329	-
Holiday pay	48	36
Accounting and audit expenses	120	120
Deferred income	-	258
Miscellaneous other liabilities	182	833
Other current liabilities	**710**	**2,191**
thereof financial liabilities	681	1,745
thereof non-financial liabilities	29	446

Other tax liabilities relate to value-added tax and wage tax. Liabilities from duties and premiums relate to liabilities to social security funds and the Federal Employment Agency (Bundesanstalt für Arbeit).

(25) Creditor assets and creditor liabilities

The **creditor assets** comprise the full estate of the company. The distributable estate essentially consists of receivables from the trading and restructuring portfolio (at going concern values) and is composed as follows:

Creditor assets in kEUR	**01-07-2016**
Expected proceeds from the sale of financial assets	285
Trade receivables	4,439
Restructuring portfolio	23,894
Receivables from affiliated companies	83
Bank balances	376
Legal costs of collection efforts	(1,057)
	28,020

The receivables from the forfaiting business include, on the one hand, a portfolio of current transactions (trading portfolio) and, on the other hand, overdue receivables (restructuring portfolio) from various debtors dating to the time prior to the listing on the SDN list ("List of Specially Designated Nationals and Blocked Persons" of the US Office of Foreign Assets Control).

The **creditor liabilities** are liabilities filed with the insolvency table. The liabilities are composed as follows:

Creditor liabilities in kEUR	**01-07-2016**
Bonds	11,412
Liabilities to banks	14,559
Current provisions	199
Trade liabilities	4,005
Other current debt	498
	30,673
Income from the fair value measurement of the creditor liabilities	(2,653)
	28,020

After the partial waiver of kEUR 18,588, the bond is recognized at kEUR 11,412.

The value of the liabilities to banks results from the partial waiver declared in the context of the insolvency plan, taking into account the bank's senior position laid down in the collateral realization agreement ("Sicherheitenverwertungsabrede").

Trade liabilities include the liabilities from the passing on of funds under a servicing agreement in the amount of EUR 0.6 million, reduced by the partial waiver. In October 2016, the holder of the receivable claimed the full separation of the total amount of EUR 1.7 million through his lawyer. Should the holder of the receivable be able to enforce his claim, the other creditors' share in the liquidation of the creditor assets would be reduced accordingly.

Other liabilities essentially comprise legal counsel costs.

The valuation of the creditor liabilities at amortized cost results in a total value of kEUR 30,673, which exceeds the fair value of the creditor assets. According to the insolvency plan, the liabilities that remain after the creditors' partial waiver will be settled exclusively to the extent that, and at such times when, DF Group's assets existing at the time of the official adoption of the insolvency plan are liquidated. Under the regulations of the insolvency plan, all opportunities and risks resulting from the liquidation of the creditor assets thus pass to the creditors. This means that the creditor liabilities may at no time exceed the creditor assets. To avoid an accounting mismatch, the creditor liabilities are not recognized at amortized cost but at fair value through profit or loss (IAS 39.9b). The difference between amortized cost and the fair value of the creditor liabilities in the amount of kEUR 2,653 is recognized as additional income in other operating income.

IV. OTHER INFORMATION

(26) Notes on risk grouping

DF Group has a detailed risk management system which is laid down in writing and contains a limit system consisting of counterparty, country and risk group limits. DF Group controls its current operating business by using risk groups based on the forfaiting volume, which forms part of the regular internal reports to the Board of Management. Each of the five risk groups comprises countries with a similar risk profile. The limits are defined by the Supervisory Board of DF AG and may be used by the Board of Management at its own discretion. They are assigned according to the country of domicile of the original debtor of each receivable. Countries are assigned to a risk group according to their external ratings. Risk group I is for countries with the highest credit rating and risk group V is for countries with the lowest credit rating.

Forfaiting volume in EUR millions	**01-01 – 01-07-2016**	**2015**
Risk group I	-	2.8
Risk group II	-	1.8
Risk group III	-	0.4
Risk group IV	-	3.6
Risk group V	3.4	42.3
Total	**3.4**	**50.9**

Share in gross result in %	**01-01 – 01-07-2016**	**2015**
Risk group I	-	23%
Risk group II	-	-1%
Risk group III	-	71%
Risk group IV	-	-3%
Risk group V	100%	10%
Total	**100%**	**100%**

In addition, the forfaiting volume is divided by region:

Forfaiting volume in EUR millions	**01-01 – 01-07-2016**	**2015**
Africa	3.4	19.9
Asia	-	26.3
Europe	-	3.2
South and Central America	-	1.5
Total	**3.4**	**50.9**

Share in gross result in %	01-01 – 01-07-2016	2015
Africa	100%	-4%
Asia	0%	19%
Europe	0%	21%
South and Central America	0%	64%
Total	**100%**	**100%**

According to the insolvency plan, the risks arising from the creditor assets pass to the insolvency creditors. Now that the insolvency plan has become final, the creditor assets continue to be managed by DF Group and are collected in its own name but for the account of the insolvency creditors.

(27) Tenancies and leases

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

Operating leases in kEUR	Maturity			Total
	<1 year	1-5 years	>5 years	
1 July 2016				
For office space	162	58	-	220
For office equipment	9	9	-	18
Total	**171**	**67**	**-**	**238**
31 December 2015				
For office space	242	235	-	477
For office equipment	9	13	-	22
Total	**251**	**248**	**-**	**499**

Minimum lease payments of kEUR 127 (previous year: kEUR 263) were recognized as expenses in the reporting year.

(28) Employees

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

Number of employees	01-01 – 01-07-2016	2015
Salaried employees	**26**	**35**
of which in trade/sales	9	13
of which in contract management	8	8
of which in controlling/accounting	6	6
of which other/internal administration	3	8

The decline in the average number of employees in the financial year is attributable to the restructuring measures implemented.

(29) Other financial obligations

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

Other financial obligations in kEUR	Maturity			Total
	<1 year	1-5 years	>5 years	
1 July 2016				
From forfaiting commitments		-	-	
From purchase commitments	2,217	-	-	2,217
Total	**2,217**	**-**	**-**	**2,217**
31 December 2015				
From forfaiting commitments	3,846	-	-	3,846
From purchase commitments	6,615	-	-	6,615
Total	**10,461**	**-**	**-**	**10,461**

The following is a comparison of securities, at nominal value, with other financial obligations, also at nominal value:

Securities in kEUR	01-07-2016	31-12-2015
Other financial obligations	**2,217**	**10,461**
- Receivables sold:	-	3,846
= Securities	**-**	**3,846**
Other financial obligations after deduction of securities	**2,217**	**6,615**

(30) Total fee of the auditors

The following fees were invoiced for the services provided by auditors Warth & Klein Grant Thornton AG for the period from 1 January 2016 to 1 July 2016.

Auditing fees in kEUR	**01-01 – 01-07-2016**	**2015**
Audits	122	151
Other audit services	67	359
Tax consulting services	17	13
Other services	1	9
Total fee	**207**	**532**

Other audit services primarily include the review of the interim reports.

(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 DF Group as consolidated companies. Control is deemed to exist if one shareholder holds more than half of the voting rights of DF Deutsche Forfait AG or is empowered by the Memorandum of Association or a contractual agreement to steer the financial and company policies of the management of DF Group.

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

As in the previous year, DF Group is affected by the disclosure requirements of IAS 24 solely in terms of business with entities with a significant influence as well as with members of managers in key positions (Board of Management and Supervisory Board) of DF Deutsche Forfait AG. The new investor, Dr. Manzouri, had no controlling influence over DF Group's financial and business policy as of the balance sheet date, given that he subscribed and paid in the capital from the capital increase only after the balance sheet date. The Board of Management, the Supervisory Board and non-consolidated subsidiaries are considered to be related parties as at the balance sheet date:

Mark West, Great Britain, resigned from the Board of Management with effect from 30 June 2016. His 23.62% (equivalent to 1,581,705 voting rights) voting interest in DF Deutsche Forfait AG was taken over by Dr. Manzouri on 6 July 2016.

Members of the Supervisory Board and related parties provided consulting services amounting to kEUR 640 to the Group on an arm's length basis in the reporting year. In this context, a liability of kEUR 212 existed as of 1 July 2016.

Business relationships with the non-consolidated subsidiaries were negligible in the 2016 short financial year.

The Board of Management was composed as follows in the short financial year from 1 January to 1 July 2016:

Board member	Position
Frank Hock	Chief Financial Officer
Mark West	Chief Trading Officer (until 30 June 2016)

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

Board of Management compensation in kEUR	**M. Attawar**	**F.Hock**	**M. West**
01-01 – 01-07-2016			
Fixed salary		191	172
Other compensation		10	8
Variable compensation		-	-
		201	**180**
2015			
Fixed salary	305	305	165
Other compensation	35	33	10
Severance payments (benefits received on the occasion of the termination of the employment relationship)	**340**	**338**	**175**

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

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

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

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

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

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

As in the previous year, no post-employment benefits were paid in the short financial year from 1 January to 1 July 2016 in conjunction with the above pension commitments.

No share-based compensation and other long-term benefits are granted by the company.

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

Supervisory Board compensation in kEUR	**01-01 – 01-07-2016**	**2015**
Fixed compensation	39	90
Attendance fee	4	10
VAT	8	19
Total	**51**	**119**

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

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

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

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

DF AG received the following voting rights notifications after the balance sheet date:

- Dr. Shahab Manzouri, Great Britain, notified us in accordance with Section 21 (1) of the Securities Trading Act (WpHG) on 12 July 2016 that his voting interest in DF Deutsche Forfait AG, Hirtenweg 14, 82031 Grünwald, Germany exceeded the thresholds of 3%, 5%, 10%, 15% and 20%, 25%, 30%, 50% and 70% on 6 July 2016 and amounted to 79.14% (which corresponds to 9,408,170 voting rights) on that date.

- Mark West, Great Britain, notified us in accordance with Section 21 (1) of the Securities Trading Act (WpHG) on 8 July 2016 that his voting interest in DF Deutsche Forfait AG, Hirtenweg 14, 82031 Grünwald, Germany, dropped below the thresholds of 20%, 15%, 10%, 5% and 3% on 6 July 2016 and amounted to 0% (which corresponds to 0 voting rights) on that date.

- Frank Hock, Pullach, notified us in accordance with Section 21 (1) of the Securities Trading Act (WpHG) on 28 July 2016 in a corrected notification that his voting interest in DF Deutsche Forfait AG, Hirtenweg 14, 82031 Grünwald, Germany exceeded the thresholds of 3% and 5% on 27 July 2016 and amounted to 5.89% (which corresponds to 700,005 voting rights) on that date. All of these voting rights are assigned to him through Hock Capital Management GmbH.

- Arnstock GmbH, Osnabrück, Germany, notified us in accordance with Section 21 (1) of the Securities Trading Act (WpHG) on 30 August 2016 that its voting interest in DF Deutsche Forfait, Hirtenweg 14, 82031 Grünwald, Germany exceeded the threshold of 3% on 18 August 2016 and amounted to 4.37% (which corresponds to 520,000 voting rights) on that date.

(33) 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.

Legal risk

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

Liquidity risk

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

According to the agreements in the insolvency plan, all creditor liabilities, which represent by far the biggest portion of the liabilities, are of a short-term nature and are to be settled successively exclusively to the extent that DF Group's creditor assets are liquidated.

Default risk

Default risk is subdivided into country risk and counterparty risk. Countries undergo an assessment on the basis of analyses by credit assessment agencies. Credit assessments are carried out for individual receivables (credit reports/references, evaluation of historical data, etc.). The taking of country and counterparty risks is managed by a competence arrangement with a limit system. The competence arrangement as well as country and counterparty limits are approved by the Supervisory Board, and the degree to which the limits are used is reported to it regularly. DF Group reduces this risk even further by selling the receivables rapidly. Moreover, country and counterparty risks are secured (e.g. by bank guarantees) where this is possible and makes economic sense.

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

in kEUR	01-07-2016	31-12-2015
Nominal value of trade receivables	47,694	53,436
- Discount deduction	(109)	(352)
+ Other receivables	6,473	6,578
= Gross carrying amount before adjustments	54,058	59,662
- Fair value adjustments	(26,640)	(27,659)
= Carrying amount = maximum default risk	**27,418**	**32,003**
- Sold receivables	0	-
- Bank securities (e.g. guarantees)	(2,811)	(2,875)
- Cash securities		-
- Credit insurance	(19,125)	(24,209)
- Guarantor is a company (e.g. counter liabilities by forfaiting companies)		(156)
- Guarantor is the government or a government agency		-
- Underlying receivables were paid or their purchase settled		-
+ Twin securities	51	85
= Securities	21,885	27,155
= Unsecured default risk	**5,533**	**4,848**

This presentation serves information purposes only as the trade receivables stated here are to be counted towards the creditor assets. According to the final insolvency plan, DF Group does not participate in the opportunities and risks from the liquidation of the creditor assets:

Given that the amount of trade receivables from new business not assigned to the old creditors was zero, they are not shown separately here.

In the context of risk management, default risks resulting from transactions that are not available for distribution to the old creditors are actively managed primarily using country and counterparty limits.

Market risk / interest rate risk

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

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

Currency risk

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

At the time of the preparation of the financial statements, currency risks exist merely with regard to the trade receivables, which are partly denominated in USD and are counted towards creditor assets. DF Group does not participate in the opportunity and risks resulting therefrom.

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

Determination of fair values

A number of accounting methods and disclosures of the Group require the determination of the fair values of financial and non-financial assets and liabilities. For measurement and/or disclosure purposes, the fair values were determined on the basis of the methods described below.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- Level 1 (IFRS 13.76): quoted prices in active markets (unadjusted) for identical assets or liabilities;
- Level 2 (IFRS 13.81): inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the asset or liability;
- Level 3 (IFRS 13.86): unobservable inputs for the asset or liability. An asset or liability should be assigned to Level 3 already if there is only one unobservable input factor that significantly influences the measurement, such as debtor-related local potential for conflicts and the estimated period needed to collect the receivable.

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

For current receivables and liabilities (e.g. current accounts), the carrying amount is recognized as the fair value.

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

Measurement processes

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

The Group continues to be of the opinion that the method applied to determine the fair value of receivables held for trading (amortized cost using the effective interest method) is suitable and that there are no sufficient reasons to give up this method.

Capital management

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

As at 1 July 2016, DF Group's equity capital amounted to EUR 12.7 million (previous year: EUR -32.1 million). The insolvency creditor liabilities amounted to EUR 28.02 million and represented 97% of the debt capital. No external minimum capital requirements exist.

(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. In accordance with IAS 7 "Cash Flow Statements", cash flows are classified into operating, investing and financing activities. A reconciliation of cash and cash equivalents in the balance sheet complements the cash flow statement.

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

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

Change on the Supervisory Board

Dr. Jürgen Honert resigned from his position as member of the Supervisory Board with effect from the end of the company's Annual General Meeting on 6 July 2016.

Capital increase

The requested capital contributions from the cash capital increase and the capital increase against contributions in kind were paid up in full. The capital increase from EUR 680,000.00 to EUR 11,887,483.00 was entered in the Commercial Register of the Cologne local court on 6 July 2016.

Transfer of operations

With effect under civil law from 5 August 2016, DF AG transferred its operations to DF GmbH. Please also see the information in chapter 1 a.

Change on the Board of Management

Dr. Shahab Manzouri was appointed to the Board of Management by the Supervisory Board with effect from 6 July 2016 and named its Chairman on 18 October 2016.

The Chief Financial Officer of DF AG, Mr Frank Hock, resigned from the Board of Management with effect from 30 September 2016.

On 7 October 2016, Ms Gabriele Krämer and Mr Christoph Charpentier were appointed new members of the Board of Management by the Supervisory Board.

Cologne, 4 November 2016

The Board of Management

AUDITORS' REVIEW REPORT

We have audited the consolidated financial statements prepared by DF Deutsche Forfait Aktiengesellschaft, Grünwald (formerly: Cologne), – comprising a consolidated balance sheet, a consolidated income statement, a consolidated statement of recognized results, a consolidated cash flow statement, a consolidated statement of equity changes, and notes to the consolidated financial statements – and the combined management report and Group management report for the short financial year from 1 January 2016 to 1 July 2016. The preparation of the consolidated financial statements and of the combined management report and Group management report in accordance with IFRS, as adopted by the EU, and with the additional requirements of the German commercial law pursuant to Section 315a paragraph 1 are the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report and Group management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of DF Deutsche Forfait Aktiengesellschaft, Grünwald (formerly Cologne) for the short financial year from 1 January 2016 to 1 July 2016 comply with IFRS, as adopted by the EU, and the additional requirements of the German commercial law pursuant to Section 315a paragraph 1 of the German Commercial Code (HGB) and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report and Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and adequately presents the opportunities and risks of future development.

Without qualifying this opinion, we refer to the combined management report and Group management report. Under 6. "Opportunity and risk management report, vi. Summary risk assessment and going concern risks", the report states that, now that the insolvency proceedings have been terminated, a going concern risk for DF Group arises if DF Group is unable, within the next two years, to achieve a business volume that is sufficient to cover the operating expenses of DF Group. To achieve this, DF Group must write sufficient new business, find the corresponding buyers for these transactions on the buyer side and execute the transactions at a margin that is risk-adequate at the bottom line (on average). The combined management report and Group management report states that these objectives may be missed if DF Group is no longer accepted in the market because of its reduced market presence in the past two years and the insolvency proceedings and/or does not have the refinancing resources that are required to execute the new business it has written. In the extreme case, this may even lead to individual or all companies of DF Group becoming unable to meet their payment obligations.

Munich, 4 November 2016

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Mauermeier	Schuster
Wirtschaftsprüfer	Wirtschaftsprüfer

Responsibility statement by the Board of Management

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

4 November 2016

The Board of Management

SUPERVISORY BOARD REPORT

Dear Shareholders,

In the short financial year from 1 January 2016 to 1 July 2016 ("short financial year"), DF Group generated consolidated net income of EUR 34.2 million. The earnings generated in the short financial year primarily result from the measures laid down in the insolvency plan, which was confirmed by the court on 29 April 2016. The costs of the insolvency proceedings, which were opened as planned on 1 January 2016 and terminated on 1 July 2016, as well as the (high) legal and consulting expenses for the preparation and submission of the insolvency plan and for the implementation of the measures laid down in the insolvency plan weighed heavily on these earnings. Due to the insolvency proceedings, DF Group had only limited financial resources to fund its operations in the short financial year.

Supervisory Board Activity Report

In the past short financial year, the Supervisory Board continuously monitored the business performance of DF Deutsche Forfait AG ("DF AG" or "company") as well as the measures taken to restructure the company and to terminate the insolvency proceedings and fulfilled all the tasks imposed on it by law and by the Memorandum of Association.

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

Changes to the Board of Management and the Supervisory Board

There were several changes in the composition of both the Supervisory Board and the Board of Management.

After Marina Attawar resigned from the Board of Management on 31 December 2015, Mark West had sole responsibility for Market/Sales since 1 January 2016. Mr West also resigned from the Board of Management of DF AG with effect from 30 June 2016. Dr. Shahab Manzouri was appointed member of the company's Board of Management with effect from 6 July 2016 and has since had sole responsibility for Market/Sales. After the successful financial restructuring of the company, DF AG's Chief Financial Officer, Frank Hock resigned from the Board of Management with effect from 30 September 2016 but will continue to work for the company as Chief Financial Officer. On 7 October 2016, Christoph Charpentier and Gabriele Krämer, who had served as Head of Finance and Head of Operations, respectively, for the company, were appointed to the Board of Management of DF AG for one year. They are jointly responsible for Finance and Operations.

At the beginning of the short financial year, Hans-Detlef Bösel, Christoph Freiherr von Hammerstein-Loxten, Dr. Tonio Barlage, Dr. Ludolf von Wartenberg and Dr. Jürgen Honert sat on the Supervisory Board, with Mr Bösel serving as Chairman and Freiherr von Hammerstein-Loxten serving as Vice Chairman. Freiherr von Hammerstein-Loxten resigned from his position as Vice Chairman of the Supervisory Board with immediate effect on 15 January 2016. At the Supervisory Board meeting on 28 January 2016, Dr. Barlage was elected Vice Chairman of the Supervisory Board. On 26 June 2016, Mr Bösel resigned from his position as Chairman of the Supervisory Board with immediate effect. Dr. Honert resigned from the Supervisory Board with effect from 6 July 2016. On the same day, Dr. Behrooz Abdolvand was elected to the company's Supervisory Board at the ordinary Annual General Meeting. One the same occasion, Dr. Barlage was elected Chairman and Dr. Abdolvand was elected Vice Chairman of the Supervisory Board, which is currently composed of three members.

The Supervisory Board held two meetings and six telephone consultations in the 2016 short financial year. One member each was absent from four telephone conferences and two members each were absent from another two telephone conferences.

No conflicts of interest involving members of the Supervisory Board were made known to the Supervisory Board during the short financial year.

Focus of Supervisory Board Meetings

In the short financial year, the Supervisory Board dealt with the financial restructuring, especially with the submission and implementation of an insolvency plan to terminate the company's insolvency proceedings. Various other topics were discussed at the individual meetings.

At a telephone conference on 15 January 2016, the Board of Management reported in detail on the state of the negotiations about the insolvency plan with the creditors' committee and the search for an equity investor.

Besides the presentation and discussion of the state of the restructuring measures, the collection of the restructuring portfolio and the litigation conducted in this context as well as the cash position of DF AG and DF Group and the discussion of the preliminary financial performance indicators of DF AG and DF Group as at 31 December 2015, two appointments were on the agenda of the Supervisory Board meeting of 28 January 2016; Mr Hock was reappointed to the company's Board of Management and Dr. Barlage was elected Vice Chairman of the Supervisory Board.

At a telephone conference on 1 March 2016, the Supervisory Board discussed and decided the relocation of DF AG's registered office to Grünwald, the foundation of an operating subsidiary, DF Deutsche Forfait GmbH ("DF GmbH") headquartered in Bonn, as well as the transfer of operations from DF AG to DF GmbH.

As the responsible judge at the Cologne local court scheduled the discussion and voting meeting for the insolvency plan of DF AG for 29 April 2016, the Supervisory Board's balance sheet meeting, which had originally been planned for 19 April 2016, had to be postponed. This was necessary because, among other things, the auditors wanted to issue an audit certificate for the separate and the consolidated financial statements of DF AG only after the insolvency creditors' approval of the insolvency plan. The Board of Management informed the Supervisory Board of this fact at a telephone conference on 15 April 2016.

The draft versions of the separate and the consolidated financial statements for 2015 as well as the agenda of the ordinary Annual General Meeting on 6 July 2016 were the main items on the agenda of the Supervisory Board meeting on 26 April 2016, which was also attended by the company's auditors. The Supervisory Board members also outlined and discussed the state of the collection of the restructuring portfolio and the litigation conducted in this context, the cash position of DF AG and DF Group, the state of the insolvency proceedings as well as the latest business developments; new country limits were also discussed and adopted.

The separate and the consolidated financial statements for 2015 were finalized and approved at a telephone conference of the Supervisory Board on 28 May 2016, at which the agenda and the invitation for the ordinary Annual General Meeting on 6 July 2016 were also approved.

Supervisory Board committees

The Working Committee was composed of Freiherr von Hammerstein-Loxten as Chairman – up to his resignation from the Supervisory Board on 15 January 2016 – and Dr. Barlage. The Supervisory Board's Working Committee primarily addresses DF Group's risk principles and risk management as well as the receivables portfolio of the company and its subsidiary DF Deutsche Forfait s.r.o, Prague.

The Supervisory Board had set up a Working Committee, whose main task was to address DF AG's risk principles and risk management. After Mr von Hammerstein-Loxten's resignation from the Supervisory Board on 15 January 2016, this committee no longer had the required number of members and therefore ceased to exist. Its tasks are performed by all members of the Supervisory Board. No other committees exist.

Corporate governance

The Supervisory Board remained committed to good corporate governance throughout the short financial year. For information on corporate governance, please refer to the Corporate Governance Report, which forms part of the Annual Report. The latest declaration of conformity by the Board of Management and the Supervisory Board is dated 4 April 2016 and has been made permanently available to all shareholders on the company's website.

Financial statements for the short financial year

At the Annual General Meeting on 6 July 2016, Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich, were elected auditors for the separate and the consolidated financial statements for the short financial year as well as auditors for the review of the 2016 interim report.

The separate financial statements and the management report for the short financial year as well as the consolidated financial statements and the Group management report of DF AG for the short financial year were audited by Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich.

The separate financial statements, the management report, the consolidated financial statements and the Group management report for the short financial year were available to all members of the Supervisory Board for detailed examination prior to the Supervisory Board meeting on 9 November 2016. At the Supervisory Board meeting on 9 November 2016, the auditor explained all relevant items of the documents. All accounting-related questions and issues were discussed in depth. Finally, the auditors confirmed their independence. Following its own in-depth examination and discussion, the Supervisory Board concurred with the result of the audit and approved the separate financial statements as well as the consolidated financial statements of DF Group for the short financial year at a telephone conference held on 9 November 2016. The consolidated financial statements of DF Deutsche Forfait AG for the short financial year were thus finalized. No objections were raised. The Supervisory Board approved the management reports and the assessment of the company's future development.

The Supervisory Board thanks the Board of Management and the employees for their great commitment.

Munich, November 2016
On behalf of the Supervisory Board

Dr. Tonio Barlage
Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

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

Corporate governance stands for responsible corporate management aimed at the long-term creation of value. Essential characteristics of good corporate governance include transparent corporate communications, protection of shareholder interests and purposeful cooperation between the Board of Management and the Supervisory Board.

The purpose of the German Corporate Governance Code as adopted by the "Government Commission on the German Corporate Governance Code" is to make the rules for corporate management and supervision in Germany transparent to national and international investors in order to boost confidence in the management of German companies.

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

Declaration of conformity with the recommendations of the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)

The company's declaration of conformity is published in a separate section on the website of DF AG under http://www.dfag.de/investor-relations/corporate-governance/.

Dual management and supervisory structure

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

Board of Management

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

Supervisory Board

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

The Supervisory Board can form committees from among its members and assign them decision -making power to the extent permitted by law. The Supervisory Board of DF AG had set up a Working Committee, whose main task was to address DF AG's risk principles and risk management. After Mr von Hammerstein-Loxten's resignation from the Supervisory Board on 15 January 2016, this committee no longer had the required number of members and therefore ceased to exist. Its tasks are performed by all members of the Supervisory Board. The Supervisory Board has not established an audit committee or a nomination committee. These responsibilities are currently being assumed by the Supervisory Board as a whole.

Close cooperation between the Board of Management and the Supervisory Board

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

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

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

The company's Board of Management is currently composed of Dr. Shahab Manzouri, Ms Gabriele Krämer and Mr Christoph Charpentier. The current share of women on the Board of Management is 33%. The Supervisory Board has defined a target of 0% for the share of women on the Board of Management until 31 December 2016. When it comes to the composition of the Board of Management, the company primarily attaches importance to the experience, skills and knowledge of each individual member.

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

Serving as the holding company of DF Deutsche Forfait Group, DF Deutsche Forfait AG had only one management level below the Board of Management in the short financial year. This management level was composed of the Heads of the following departments: Contract Management, Accounting, Controlling/Treasury and Sales. Since 1 March 2016, these positions were held by three men and one woman. The share of women on the first management level thus amounted to 25%. The Board of Management aimed to maintain the share of women on the first management level below the Board of Management at 25% until 31 December 2016. As the company's operations were spun off to DF Deutsche Forfait GmbH in August 2016 and Ms Gabriele Krämer and Mr Christoph Charpentier were appointed members of the company's Board of Management on 7 October 2016, there is currently only CFO Frank Hock below the Board of Management, who resigned from the Board of Management on 30 September 2016 by mutual agreement with the Supervisory Board.

Transparent communication

DF Deutsche Forfait AG communicates in an open and transparent manner with its shareholders, bondholders and other investors. All dates of special interest to shareholders and bondholders are found on the company website, including publication dates for annual and interim reports. Additional information relates, for instance, to reportable securities transactions according to Section 15a of the Securities Trading Act (WpHG) / Section 19 of the Market Abuse Regulation (Marktmissbrauchsverordnung (MAR)) as well as ad hoc reports and press releases.

Efficiency audit

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

Risk management, accounting and auditing, compliance

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

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

Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich, was elected auditor and Group auditor for the short financial year from 1 January 2016 to 1 July 2016 by the Annual General Meeting on 6 July 2016, appointed by the Supervisory Board, and audited the consolidated financial statements for the short financial year from 1 January 2016 to 1 July 2016 in this capacity. Prior to the appointment, the Supervisory Board ensured that the relationships between the auditor and the company or its institutions do not give reason to doubt the independence of the auditor.

DF Group continued to revise and adjust its Group-wide compliance system in cooperation and consultation with external advisors also in H1 2016. This included, in particular, the following aspects: (i) money laundering prevention and (ii) observation of sanction regulations including the maintenance of the IT system, so that new and existing customers are checked for appearance on the relevant EU, UK and/or US sanctions lists on every working day. Regular updates of the database ensure that the (new) listing of a party involved in the underlying transaction on a sanctions list will be detected also during the holding period of a receivable. This will enable DF Group to immediately take the necessary steps. For those service providers with whom companies of the DF Group work regularly, the Compliance Officer keeps a "White List", which is updated regularly. Signing contracts and working with parties on the White List is possible without individual checks being required.

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

Compensation of the Board of Management and the Supervisory Board

Board of Management compensation system

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

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

Shareholdings of members of the Board of Management

As at 1 July 2016, the members of the Board of Management held the following shares:

- Mr Frank Hock held 2% of the shares of DF Deutsche Forfait AG, partly directly and partly indirectly via an investment management company in which he is the sole shareholder.
- Mr Mark West held 23.3% of the shares of DF AG:

Accordingly, the Board of Management directly or indirectly held 25.3% of the shares of DF AG as at 1 July 2016.

Shareholdings of members of the Supervisory Board

- Dr. Ludolf-Georg von Wartenberg held 0.4% of the shares of DF AG.
- Dr. Tonio Barlage held 2.2% of the shares of DF AG via an investment management company.

The members of the Supervisory Board directly or indirectly held 2.54% of the shares of DF AG as at 1 July 2016.

Reportable transactions

Transactions reported to DF AG according to Section 15a of the Securities Trading Act (WpHG) / Section 19 of the Market Abuse Regulation (Marktmissbrauchsverordnung (MAR)) are accessible on the DF Deutsche Forfait AG website at www.dfag.de under “Corporate Governance” in the “Investor Relations” section.

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