

INTERNATIONAL TRANSPORT FINANCE LIMITED
(Formerly Potterjet Limited)

Directors' report and Financial Statements
For the period from incorporation to 31 December 1998

Registered no: 3588431



INTERNATIONAL TRANSPORT FINANCE LIMITED

Auditors' report to the members of International Transport Finance Limited

We have audited the Financial Statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

February 1999

19 March

INTERNATIONAL TRANSPORT FINANCE LIMITED

Profit and loss account

For the period ended 31 December 1998

	Notes	15 June 1998 - 31 December 1998 US\$'000
Interest receivable and similar income	2	2,757
Interest payable and similar charges	2	<u>(2,525)</u>
Net interest income		232
Fees and commissions receivable	2	310
Fees and commissions payable	2	(231)
Administrative expenses	5	(400)
Depreciation		<u>(1)</u>
Loss on ordinary activities before taxation	6	(90)
Tax on ordinary activities	7	<u>(25)</u>
Loss for the financial period		(115)
Dividends		<u>-</u>
Loss retained for the financial period		(115)
Profit and loss account brought forward		<u>-</u>
Profit and loss account carried forward		<u>(115)</u>

All activities relate to continuing operations.

The company has no recognised gains and losses other than those included in the loss for the period above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

Movements on reserves are set out on page 7.

The accounting policies and notes on pages 8 to 13 form part of the Financial Statements.

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Balance sheet

As at 31 December 1998

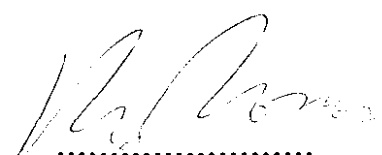
	Notes	US\$'000
Fixed assets		
Tangible fixed assets	8	70
Current assets		
Amounts receivable under instalment credit agreements		
-within one year		71,815
-after more than one year		286,893
Other debtors		6,812
Cash at bank and in hand		9,182
		<u>374,702</u>
Creditors - amounts falling due within one year	9	
Accruals and deferred income		<u>(112,286)</u>
Net current assets		<u>262,416</u>
Total assets less current liabilities		262,486
Creditors - amounts falling due after more than one year	9	
some of which falls after 5 years		<u>(262,584)</u>
		<u>(98)</u>
Capital and reserves		
Called-up share capital	10	17
Profit and loss account		<u>(115)</u>
Equity shareholders' fund - Deficit		<u>(98)</u>

The accounting policies and notes on pages 8 to 13 form part of the financial statements.

The financial statements on pages 5 to 13 were approved by the board of directors on 24 February 1999 and signed on its behalf by:-



 Mr Klaus Heinemann



 Mr Rainer Irmen

INTERNATIONAL TRANSPORT FINANCE LIMITED

Reconciliation of movements in shareholders' fund

For the six months ended 31 December 1998

	US\$'000
Capital subscription	17
Loss for the period	<u>(115)</u>
Decrease in shareholders' funds	(98)
Opening shareholders' funds	-
	<u> </u>
Closing shareholders' funds	<u>(98)</u>

INTERNATIONAL TRANSPORT FINANCE LIMITED

Notes to the Financial Statements for the period ended 31 December 1998

1. General

These accounts have been prepared under the historical cost convention and in compliance with the Companies Act 1985 and all applicable standards. Certain captions such as turnover and cost of sales, as prescribed in the Companies Act 1985, do not have meaningful equivalents for the business of the company and are not specified in the financial statements. Accordingly, the precise format requirements of the Companies Act 1985 have been varied as, in the opinion of the directors, this is necessary in order to show a more appropriate view of the company's position.

2. Accounting policies

a Interest receivable

Interest earned on credit agreements to customers is calculated on a day to day basis at rates which are subject to revision depending upon the market rate.

b Interest payable

Interest payable is expensed as incurred.

c Fees and commissions receivable

Processing fees received on loans granted are taken to the profit and loss account in the year they are incurred as the loans can be repaid on demand and the corresponding costs (marketing, research and deal conclusion) largely arise before the grant.

d Fees and commissions payable

Introductory expenses are charged to the profit and loss the year they are incurred.

e Foreign currencies translation

Exchange gains and losses on the company's assets and liabilities denominated in currencies other than the functional currency (US\$) are recorded in the profit and loss account.

- i) Fixed assets are translated into US dollars at the rates ruling on the date of acquisition, as adjusted for any profits or losses from related financial instruments.
- ii) Monetary assets and liabilities are translated into US dollars at the foreign exchange rate ruling at the balance sheet date.
- iii) Revenue and expenses denominated in currencies other than the functional currency (US\$) are recorded in US dollars at the rates ruling at the dates of the transactions.

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- iv) The share capital is translated from Sterling to US\$ using the historical rate as of 12 August 1998.

f Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of fixed the assets on a straight-line basis over their estimated useful lives. The following rates are used:

Office furniture and equipment:	10%
Computer equipment:	25%

g Interest rate contracts

Gains and losses on interest rate contracts, which are being used to hedge interest rate exposures, are recognised in a manner that reflects the accounting treatment of the assets or liabilities hedged.

h Cash flow statement

A cash flow statement has not been prepared since DG BANK AG, the ultimate parent company publishes and makes available consolidated Financial Statements in English.

3. Segmental reporting

The directors regard the company as having one activity, that of providing finance to customers.

As required by the CA1985, the percentage of interest receivable attributable to different geographical segments is stated as follow:

	% of 1998 total net interest income
Europe	5%
Asia	95%
	<hr/> 100%

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4. Directors' emoluments and particulars of staff

**Six months ended
31 December 1998
US\$'000**

Staff costs

-Wages and salaries	137
-Social security costs	-
-Other pension costs	-
	<hr/>
	137
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The average number of employees including executive Directors was 3 during the period from incorporation to the 31 December 1998.

5 Directors received emoluments in respect of their services as Directors of the company for the period from incorporation to 31 December 1998, which consisted of US\$ 206,000 in total. 3 Directors received no emoluments in respect of their services as Directors of the company.

5. Administrative expenses

The administrative expenses for the period ended 31 December 1998 include mainly the head office charges of US\$ 182k, and the staff costs of US\$ 137k.

6. Loss on ordinary activities before taxation

**Six months ended
31 December 1998
US\$'000**

Loss on ordinary activities before taxation is stated after crediting / (charging)

Interest receivable	-from parent undertaking	-
	-from bank loans	-
	-from other loans	2,757
		<hr/>
		2,757
Interest payable	-to parent undertaking	(61)
	-to banks	(2,464)
	-to other counterparties	-
		<hr/>
		(2,525)
Depreciation		(1)
Auditors' remuneration	-for audit services	(34)
	-for non audit services	(22)

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7. Tax on ordinary activities

**Six months ended
31 December 1998
US\$'000**

Corporation tax at 31% (Including double taxation relief)	-
Overseas taxation	(25)
	<u>(25)</u>
	<u></u>

There is no charge to UK taxation on account of losses incurred.

8. Tangible fixed assets

**Tangible
Fixed Assets**

US\$'000

Cost

Additions from incorporation	71
Disposals from incorporation	-
	<u></u>
At 31 December 1998	<u>71</u>

Depreciation

Charge for the period	(1)
Disposals from incorporation	-
	<u></u>
At 31 December 1998	<u>(1)</u>

Net book value

At 31 December 1998	<u>70</u>
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9. Creditors

31 December 1998

US\$'000

Amounts falling due within one year

Accruals and deferred income	832
Corporation tax (including overseas taxation)	25
Trade creditors	209
Amounts due to banks	111,220
Other	-
	<u>112,286</u>

Amounts falling due after more than one year

Amounts due to banks	262,584
Other	-
	<u>262,584</u>

The interest rates on loans payable are determined with reference to LIBOR plus a margin of 5 to 20 basis points.

10. Called-up share capital

31 December 1998

US\$'000

Authorised

10,000 Ordinary shares of £1 each	<u>17</u>
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Allotted, called-up and fully paid

10,000 Ordinary shares of £1 each	<u>17</u>
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Ten thousand shares were issued in the period, at nominal value, for cash consideration. The shares were issued for initial working capital purposes.

As specified in note 2, the share capital has been translated from £ sterling to US\$ using the exchange rate ruling at its subscription date: 1.7279 US\$/£.

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11. Transactions with Directors and Officers

There were no transactions with directors or officers during the period.

12. Ultimate parent undertaking

The company is a wholly owned subsidiary of Deutsche VerkehrsBank, AG, a company incorporated under the laws of Germany; its ultimate parent company is DG BANK AG, which is incorporated in Germany.

The financial statements of DG BANK AG, are publicly available at the following address:

DG BANK Deutsche Genossenschaftsbank AG
Am Platz der Republik
60325 Frankfurt, Germany

As permitted by Financial Reporting Standard 8, transactions with other DG BANK AG, group companies are not disclosed.