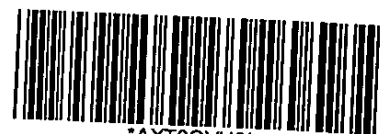


DVB Transport Finance Limited
Directors' Report and Financial Statements
For the year ended 31 December 2010

Registered Number 3588431

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DVB Transport Finance Limited
Directors' Report and
Financial Statements
For the year ended 31 December 2010

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DVB Transport Finance Limited

Officers and professional advisors

Directors

Mr David Goring-Thomas
Mr Wolfgang F Driese
Mr Bertrand Philippe Grabowski
Mr Guido Schmitz

Chairman

Mr Bertrand Philippe Grabowski

Registered Office

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6th Floor
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EC2M 7EB

Auditors

Ernst & Young LLP
1 More London Place
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SE1 2AF

Legal Advisors

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65 Fleet Street
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EC4Y 1HS

Company Secretary

Ms Fiona Gauthier
111 Eyot House
Sun Passage
London
SE16 4BP

Ms Clemence de Beauce (resigned 22 June 2010)
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40/41 Cartwright Gardens
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WC1H 9EH

DVB Transport Finance Limited

Directors' report

(Registered Number 3588431)

The directors present their report and the audited financial statements of DVB Transport Finance Limited ("the Company") for the year ended 31 December 2010, which were approved by them on 30 June 2011

Business review and principal activities

The Company is a wholly-owned subsidiary of DVB Bank SE, its immediate parent company (see Note 19). The principal activities of the Company are the granting or purchasing of loans and leasing to clients active in the transportation sector, such as airlines, shipping and rail companies, equipment manufacturers, integrators and leasing companies.

These Financial statements have been prepared in US Dollars, as this is the currency of the primary economic environment in which the Company operates and generates cash flows.

The activities of the Company resulted in a profit after tax of US\$4,755,000 (2009: loss of US\$4,729,000). The directors do not recommend the payment of a dividend (2009: US\$ Nil). The results for the year are set out in the Profit and loss account on page 10.

Review of developments, strategy and future prospects

The Company has been involved in the arrangement and other ad-hoc services in connection with Japanese Operating Lease financings for aircraft, and has been maintaining a network of relationships in the Japanese market with a view to introducing - and facilitating - new aviation business for the wider DVB Aviation platform. In particular for Total Engine Support (TES), one of the major cross platform deals where our Tokyo team assistance has been critical is the purchase by a Deucalion lead group of investors of six B-747s which ultimately will be torn down by TES commenced in July 2010. The transaction has been funded by a senior loan provided by DVB Singapore.

In addition, there was an expansion of the portfolio with the addition of new deals for the Shipping Container Bulk Group. This is in line with the Board's decision that DTFL can be opened for new attractive business booked out of Tokyo as long as it does not exceed the latest maturity of the DTFL portfolio (2018). These deals will be repaid within the next 5 years.

Subsequent events

Having assessed the financial impact due to the portfolio exposure and having an office in Tokyo, the directors do not believe that the recent earthquake in Japan has had a material impact that requires any further adjustment or disclosure as at the year end. Due to the flexibility of the Tokyo staff and the nature of the Tokyo loan book which is mainly related to 'off-shore' clients the impact therefore is not deemed material. There are no other material subsequent events to report between the year end and the date of the approval of these financial statements.

Foreign currency

The exchange rate between US\$ and GBP as at 31 December 2010 was 1.5524 US\$/£. The share capital has been translated to US\$ at the rate prevailing on the share capital subscription date.

DVB Transport Finance Limited

Directors' report (continued)

Directors and their interests

The present membership of the Board, all of whom served for the whole year unless otherwise indicated, is set out on page 1. None of the directors had any interest in the shares of the Company during the year. The directors are exempt from disclosing their interests in the shares or debentures of the immediate parent company, DVB Bank SE, and of the ultimate parent company, DZ Bank AG, as they are incorporated outside the UK.

Key Performance Indicators

The activities of DVB Transport Finance Limited are closely integrated with those of its immediate parent company, DVB Bank SE. Together with the actual and continued parent company support, the directors do not undertake a separate analysis of the Company's Key Performance Indicators for the purpose of monitoring the business. The directors consider that these financial statements provide sufficient disclosures to enable a proper understanding of the Company's activities, results and financial position.

Financial risk management

As a wholly-owned subsidiary of DVB Bank SE ("the Group", "DVB Group"), DVB Transport Finance Limited's operations in their entirety are managed within DVB Group's risk management framework, arranged in adequate Service Level Agreements.

Assuming risks in a targeted and controlled manner is an integral part of DVB Group's overall management strategy. The returns available must always be commensurate with the risks taken. Based on the Group's ability to carry and sustain risks, a risk policy is in place, which provides the guidelines for assuming, monitoring and managing risks. These guidelines, together with the Group-wide risk monitoring and risk management system, are laid down in the Group's Risk Management Framework. The system complies with applicable legal provisions, and also satisfies internal requirements which go beyond those provisions.

Counterparty risk

The directors define counterparty risk, which comprises credit, issuer and country risks, as potential losses arising from an unexpected default or deterioration in the counterparties' credit quality. Given the focus and structure of the business, counterparty risk represents the largest individual risk category.

The dominant position of counterparty risk in DVB Group's business has led to the development of an internal statistical and mathematical rating model for its global Transport Finance business. The model complies with the "Advanced Approach" requirements under Basel II. In addition to the probability of default associated with a given client, DVB Group determines the expected loss given default ("LGD") for the unsecured portion of a loan and the anticipated extent of the claim at the time of default (exposure at default, "AD"). The advanced approach includes the various kinds of collateral (such as mortgages on aircraft or ships, or indemnities), whereby the Company can establish the anticipated realisation proceeds from the Group's own historical data.

The rating model is based on a multi-level professional system that was developed from a statistical database of externally-rated companies for which all relevant balance sheet data is available. Assigning the internal to external rating classes enables DVB Group to use external default probabilities.

The assessment of the future collateral value of financed assets is fundamental to determining the potentially impaired proportion of a specific lending exposure (the LGD) in the collateralised lending business. The method used for this purpose determines the future collateral value of an asset on the basis of simulation calculations. In addition to external valuations (expert opinions) and market data, DVB Group also utilises the expertise of its own market specialists in assessing specific collateral.

DVB Transport Finance Limited

Directors' report (continued)

Counterparty risk (continued)

The results of internal ratings modelling provide vital information for lending decisions, in addition to expected loss and unexpected loss, the model also determines standard risk costs which are, in turn, incorporated for setting the minimum required margin

The Group's proprietary database application OASIS (Object Finance Administration and Security Information System) is a state-of-the-art tool for analysing and managing the Group's loan portfolio. In addition to compiling all quantitative and qualitative data covering every Transport Finance exposure, OASIS also captures the legal and economic risk structure details, thus providing all the data required to manage the portfolio. Moreover, the database represents a core source of information for the Internal Rating Modul (IRM). Data entry is subject to the principle of dual control throughout the system. Because it is integrated into the loan approval and administration processes, OASIS also helps to minimise operational risks.

The Group uses a diversified set of tools for the early recognition, monitoring and management of sub-performing or non-performing loans. The procedures ensure that sub-performing loans are identified at an early stage, and that such exposure is included in a watch list for intensified handling. During regular meetings of the Watch List Committee, decisions are taken regarding risk mitigation strategies and measures, as well as concerning any value adjustments required.

Operational risk

In line with the requirements set out by the Basel II Accord, operational risks at DVB Group are defined as the risk of losses resulting from inadequate or failed internal processes, human or technical failure or external events.

Monitoring and managing operational risks largely comprises the development of a methodology for identifying, quantifying and managing risk, and maintaining an adequate risk reporting system. In view of the Group's moderately complex yet highly transparent processes, the Basic Indicator Approach is considered as appropriate.

The Group implemented the organisational infrastructure and framework to measure and manage operational risk, as required under the Basic Indicator Approach, in 2003. Organisational measures taken include the establishment of a central OpRisk Committee, as well as the creation of an OpRisk Manager for all of DVB Group's worldwide locations. The tools that the Group has implemented to manage and monitor operational risk include self-assessments, loss data collection and regular OpRisk reporting. In relation with the recent events that have affected Sendai and Tokyo area, the backup of all DVB Tokyo data has been tested and worked as planned.

Market risk

The Group defines market risk as the potential loss incurred through price fluctuations in the equities, foreign exchange and interest rate markets (including associated derivatives).

The Group Treasury Department is responsible for managing market risks in both the banking and the trading books. The ALCO (Asset-Liability Committee) meets monthly, to review the market risk exposure for the entire Group and to reach fundamental agreements on risk orientation. ALCO uses a consistent Value at Risk (VaR) method for calculating the market risk in the banking and trading books. Using historical simulation techniques, this approach quantifies the maximum loss that can be incurred through market price fluctuations over a one-day holding period, with a confidence level of 99%.

DVB Transport Finance Limited

Directors' report (continued)

Market risk (continued)

Department Group Controlling-Market-Risk-Control (GC-MC), which is responsible for monitoring market risks, has direct access to the trading and settlement systems, allowing it to observe whether limits are maintained. Any significant utilisation or infringements of limits in the banking and trading book immediately triggers a response, and the prompt return to compliance with these limits is closely monitored. The market risks incurred are therefore subject to constant measurement and limit monitoring through Deal & Hedge Control, which reports to the Group Board of Managing Directors on a daily basis.

The risk positions are managed on the basis of limits approved by the Group Board of Managing Directors. In addition, all positions are subject to a monthly stress test, based on an entire interest rate cycle. The calculations applied to such stress tests are discussed regularly in the ALCO. This is designed to ensure a timely reaction to developments. The results of monthly stress testing were used as a parameter when determining market risk limits for 2010.

Liquidity risk

This risk relates to the possibility that the Group may not be in a position to meet current and future payment obligations within the specified time or to the specified extent.

The liquidity risks are analysed and managed centrally on the basis of Group Treasury guidelines laid down by the Board of Managing Directors. Group Treasury, which reports to both the ALCO and the entire Board of Managing Directors, assumes responsibility for this process. Decisions on major refinancing projects are made by the ALCO.

Anticipated cash flows are calculated, aggregated and offset by transactions on the money and capital markets, on the basis of continuously updated plans for liquidity flows and cash flow forecasts. These are prepared using state-of-the-art asset-liability management software. The position limit system ensures that timely and appropriate corrective measures can be taken. Ample access to short-term money market liquidity and extensive liquidity provisions ensure that the bank has access to adequate liquidity reserves. Various medium- and long-term refinancing measures are used to further strengthen the bank's structural liquidity position.

Risk summary and outlook

DVB Group has organised its risk management and risk control functions in a manner that complies with legal and regulatory requirements. The system is appropriately designed to efficiently monitor and manage all risks that the Group is exposed to. The methods to capture and manage risks were the subject of continuous development during 2010. The focus was once again on counterparty risk, which represents the Group's predominant type of risk. The Group will continue to develop and refine its risk monitoring and risk management systems, to ensure compliance with the Basel II framework, as well as with the requirements of modern bank management.

The directors have assessed the Company's present position and consider the points below to be good indicators of the Company's ability to continue as a going concern until June 2012.

- No planned growth in business activity
- Full support of the ultimate holding company

DVB Transport Finance Limited

Directors' report (continued)

Risk summary and outlook (continued)

As stated above, the Company is a wholly-owned subsidiary of DVB Bank SE and is a core element of the DVB Aviation platform due to its unique geographical reach and local network of potential aviation partners. The full support of DVB Bank SE is established in Service Level Agreements. Given the size of the Company's portfolio and its related potential counterparty risk, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to apply the going concern basis in preparing the annual report and financial statements.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Re-appointment of auditors

Ernst & Young LLP have expressed their willingness to continue in office until the next Annual General Meeting. In accordance with section 489 of the Companies Act 2006 a resolution for the re-appointment of Ernst & Young LLP as auditors of the company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Mr Bertrand Philippe Grubowski
Director

30 June 2011

DVB Transport Finance Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DVB TRANSPORT FINANCE LIMITED

(Registered Number 3588431)

We have audited the financial statements of DVB Transport Finance Limited for the year ended 31 December 2010 which comprise the Profit and loss Account, the Statement of total recognised gains and losses, the Balance sheet, and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Amarjit Singh (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 June 2011

DVB Transport Finance Limited**(Registered Number 3588431)****Profit and loss account for the year ended 31 December 2010**

		2010 US\$'000	2009 US\$'000
	Notes		
Interest receivable and similar income	3	9,581	10,149
Interest payable and similar charges	3	(6,359)	(8,015)
Net interest income		3,222	2,134
Fees and commissions receivable		872	1,102
Fees and commissions payable		(13)	(21)
Other operating income	4	1,460	856
Operating income		5,541	4,071
Operating, administrative and other expenses	5	(4,448)	(5,837)
Provisions		(1,654)	(2,918)
Depreciation		(32)	(31)
Loss on ordinary activities before taxation		(593)	(4,715)
Taxation (credit)/charge	7	5,348	(14)
Profit /(loss) on ordinary activities after taxation		4,755	(4,729)

All activities relate to continuing operations

There is no difference between the profit on ordinary activities before taxation and the retained loss for the financial periods stated above and their historical cost equivalents. The comparatives shown in these financial statements have been amended to be consistent with the current year classifications. Please refer to note 1 (Accounting Policies) for more details.

The accounting policies and notes on pages 13 to 28 form part of the financial statements.

DVB Transport Finance Limited
Statement of total recognised gains and losses for the year ended
31 December 2010

	2010 US\$'000	2009 US\$'000
Gain / (Loss) for the year	4,755	(4,729)
Gain / (Loss) on translation of opening net assets denominated in foreign currencies	-	(491)
Total recognised gain / (losses) for the year	4,755	(5,220)

The accounting policies and notes on pages 13 to 28 form part of the financial statements

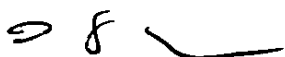
DVB Transport Finance Limited**(Registered Number 3588431)****Balance sheet as at 31 December 2010**

	Note	2010 US\$'000	2010 US\$'000	2009 US\$'000	2009 US\$'000
Fixed assets					
Tangible assets	8		65		92
Investments	9		49		44
Current assets					
Trade debtors due					
after one year	10	224,354		189,445	
within one year	10	10,479		18,203	
Cash at bank and in hand		10,350		14,863	
Accrued income and other assets		4,461		894	
		249,644		223,405	
Creditors: amounts falling due					
within one year	11	(201,392)		(159,004)	
Net current assets			48,252		64,401
Total assets less current liabilities			48,366		64,537
Creditors: amounts falling due					
after more than one year	11		(37,961)		(53,520)
Net assets			10,405		11,017
Capital and reserves					
Called up share capital	13		735		735
Share premium	14		24,097		24,097
Profit and loss account	15		(14,426)		(19,181)
Other reserves			-		5,363
Revaluation reserve	13		(1)		3
Equity shareholders' funds	16		10,405		11,017

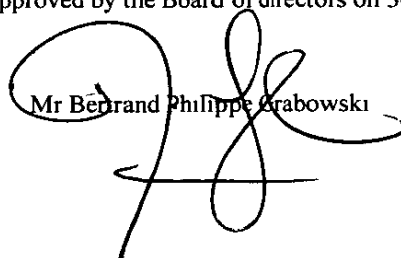
The accounting policies and notes on pages 13 to 28 form part of the financial statements

The financial statements and notes on pages 13 to 28 were approved by the Board of directors on 30 June 2011 and signed on its behalf by

Mr David Goring-Thomas



Mr Bertrand Philippe Grabowski



DVB Transport Finance Limited

Notes to the financial statements for the year ended 31 December 2010

1 Accounting policies

Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and generally accepted accounting principles in the UK. Certain captions such as turnover and cost of sales, as prescribed in the Companies Act 2006, 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 2006 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. The principal accounting policies are set out below.

Group accounts

The Company has taken advantage of the exemption contained in s401 of the Companies Act 2006 from preparing Group financial statements. The results of the Company along with its subsidiaries are consolidated within the ultimate Parent company's financial statements, DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main as mentioned in note 20.

Interest recognition

The Company's income consists mainly of interest receivable and fees and commissions receivable. The accounting policies regarding the recognition of these types of income are set out below.

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.

Interest payable

Interest payable is expensed as incurred.

Operating lease income

Operating lease income is accounted for on an accrual basis over the life of the lease and disclosed as other operating income.

Fees and commissions receivable

Processing fees received on loans granted are taken to the profit and loss account in the year they are earned.

Fees and commission payable

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

DVB Transport Finance Limited

Notes to the financial statements for the year 31 December 2010 (continued)

1 Accounting policies (continued)

Foreign currency translation

Exchange gains and losses on the Company's assets and liabilities denominated in currencies other than the functional currency, US dollars, 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 denominated in currencies other than the functional currency, US dollars, are translated into US dollars at the foreign exchange rate ruling at the date of the transaction
- iii) Revenue and expenses denominated in currencies other than the functional currency, US dollars, are recorded in US dollars at the rates ruling at the dates of the transactions
- iv) The share capital is translated from Sterling to US dollars using the historical rate as at the date of initial subscription. Exchange differences are taken to the revaluation reserve
- v) The exchange rate between US\$ and GBP as at 31 December 2010 was 1.5524 US\$/£. The share capital has been translated to US\$ at the rate prevailing on the share capital subscription date

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any permanent diminution in value. Maintenance and repair costs are charged to the profit and loss account as incurred.

Depreciation is calculated so as to write off the cost of the fixed assets on a straight-line basis over their estimated useful lives. A change in estimated useful life, resulting in an adjustment to depreciation charges, is accounted for in accordance with FRS15 'Tangible fixed assets'. For any acquisition or disposal during the year, the depreciation charge will be calculated on a daily basis. The following depreciation rates are used:

Fixtures and fittings	10-25%	(4 to 10 years)
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Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. Financial instruments include (but are not limited to) balances held with banks, trade receivables, trade payables, investments and derivative instruments.

The Company determines the classification of its financial assets and liabilities at initial recognition. When financial assets are recognised initially, they are measured at fair value.

DVB Transport Finance Limited

Notes to the financial statements for the year 31 December 2010

(continued)

1 Accounting policies (continued)

Balances held with banks

Balances held with banks are comprised of deposit accounts and bank loans. Amounts held with banks are carried at cost.

Trade debtors

Trade and other receivables are shown net of provisions for bad and doubtful debts and are carried at anticipated settlement amount which approximates to fair value. Where the time value of money is material, trade and other receivables are shown at amortised cost.

Provision for non-recoverable debts will be made if, in the opinion of the directors, they are necessary in the light of general or inherent risk present in any portfolio. Specific provision will be made if, as a result of a detailed appraisal of the debtor portfolio, it is considered that recovery is doubtful.

Trade payables

Trade payables are carried at payment or settlement amounts which approximates to fair value. Where the time value of money is material, trade payables are shown at amortised cost.

Investments

Fixed asset investments are comprised of investments in limited partnerships, investments in bonds and investments in associates.

- **Investments in limited partnerships**

Investments in limited partnerships, where the Company is the limited partner, are treated as fixed asset investments and recorded at cost, less any amount which, in the opinion of the directors, may be required for impairment where relevant. Movements on these investments representing depreciation of the underlying assets are recorded on a net basis to reduce the carrying value of the investments.

- **Investments in bonds**

Investments in bonds are included under fixed assets as management consider it likely that they will be held to maturity. Initial recognition takes place when the Company enters into the contractual provisions of the bond. Bonds are held on the balance sheet at amortised cost as management consider that they will be held to maturity. Bonds are derecognised when the Company transfers the contractual ownership of the bond, or all the risks and rewards of ownership are transferred. Interest receivable on bonds is recognised in the profit and loss account over the term of the bond at a constant rate on the carrying amount.

- **Investments in associates**

Investments in associates are treated as fixed asset investments and recorded at cost, less any amount which, in the opinion of the directors, may be required for impairment where relevant.

DVB Transport Finance Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

1 Accounting policies (continued)

Derivative instruments

The Company does not enter into speculative derivative contracts. Derivative instruments utilised by the Company are interest rate swaps. Such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Company in line with the Company's risk management policy. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest income/expense over the period of the contracts on an accruals basis.

The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, and are based upon the market price of comparable instruments at that date. Changes in the fair value of instruments used as hedges are not recognised in the financial statements until the hedged position matures.

In accordance with FRS 5, financial assets and liabilities are only offset where balances do not constitute separate assets and liabilities, where determinable amounts are owed to and from the Company, where the Company has the ability to insist on net settlement, and where the Company's debit balance matures no later than the credit balance.

Pension costs

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Deferred taxation

The Company has adopted FRS 19, 'Deferred Tax'. Deferred tax assets and liabilities are recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date. Deferred tax assets are only recognised when their recoverability from future profits can be assessed with sufficient certainty.

Cash flow statement

For the reported financial year, the Company's parent Company is DVB Bank SE. The Company has taken advantage, under FRS 1, of the exemption for 90% or more owned subsidiaries to not present a cash flow statement. The cash flows of the Company are included in the financial statements of the ultimate parent Company, which are publicly available (see note 20).

FRS 29 'Financial Instruments Disclosures'

The Company has taken advantage of the exemption under FRS 29 for 90% or more owned subsidiaries not to adopt the standard. The disclosures for the Company required by the standard are included in the financial statements of the ultimate parent company, which are publicly available (see note 20).

DVB Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2010
(continued)

1 Accounting policies (continued)

Change in comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation

2 Segmental and geographical analysis

The directors regard the Company as having one activity that of providing transportation finance to customers

As required by the Companies Act 2006, the percentage of interest receivable (net of VAT) attributable to different geographical segments is stated as follows

	2010	2009
Asia	57%	45%
USA	13%	35%
Europe	8%	0%
Other	22%	20%
Total	100%	100%

3 Interest receivable and payable

		2010 US\$'000	2009 US\$'000
Interest receivable	-from bank loans	47	66
	-from other loans	9,534	10,083
		9,581	10,149
Interest payable	-to parent undertaking	(6,164)	(8,015)
	-to other	(195)	-
		(6,359)	(8,015)

DVB Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2010
(continued)

4 Other operating income

Other operating income includes the following

	2010	2009
	US\$'000	US\$'000
Net income from foreign exchange movements	1,434	826
Other operating income	26	30
Total of Other operating income	1,460	856

5 Operating, administrative and other expenses

Operating, administrative and other expenses include the following

	2010	2009
	US\$'000	US\$'000
Staff costs		
Wages and Salaries	(1,309)	(1,229)
Social Security Costs	(55)	(45)
Pension Costs	(33)	(31)
Total Staff Costs	(1,397)	(1,305)
Client related cost	(47)	(65)
Expense for Intra Group Services	(1,841)	(3,266)
VAT	(7)	(3)
Consultancy, Legal and Audit fees	(376)	(528)
Travel Expenses	(163)	(104)
Other administrative /Operating expenses	(617)	(566)
Total Operating, administrative and other expenses	(4,448)	(5,837)
Specific Loan Loss Reserve	(1,395)	(2,918)
Portfolio Reserves	(259)	-
Total Provisions	(1,654)	(2,918)
Depreciation of tangible assets (see note 8)	(32)	(31)

DVB Transport Finance Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

Note 5 (continued)

Auditors' remuneration:

	2010	2009
	US\$'000	US\$'000
For audit of the financial statements of the Company	(154)	(54)
Total:	(154)	(54)

The average monthly number of employees including executive directors during the year was 4 (2009 4)

6 Directors' emoluments

None of the directors received any emoluments during the year for their services to the company nor received any benefits from the company (2009 US\$ Nil). The directors are employed and remunerated by other companies in the DVB Bank SE Group in respect of their services to the Group as a whole, and it is considered that there is no appropriate basis on which they can apportion part of their remuneration to the services to the company.

7 Taxation

	2010	2009
	US\$'000	US\$'000
Current Tax		
Payments for losses surrendered (see below)	(5,363)	-
Foreign tax on overseas branch		
- current tax charge on gains for the year	15	14
Total current tax (credit)/charge	(5,348)	14
Deferred Tax		
Deferred tax charge (Note 12)	-	-
Taxation (credit)/ charge for the year	(5,348)	14

DVB Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2010
(continued)

Note 7 (continued)

The differences between the tax assessed for the period and the standard rate of corporation tax in the UK (28 0%) are explained below

	2010	2009
	US\$'000	US\$'000
Loss on ordinary activities before tax	(593)	(4,715)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28 0%	(166)	(1,320)
Effects of		
Expenses not deductible for tax purposes	20	24
Not taxable FX-result	-	(177)
Timing differences	(73)	(83)
Unutilised losses for the year carried forward	219	1,556
Payments for losses surrendered for 2009	(5,021)	-
Payments for losses surrendered for 2010	(342)	-
Foreign tax suffered	15	14
Current corporation tax (credit)/charge for the year	(5,348)	14

DVB Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2010
(continued)

8 Tangible fixed assets

	US\$'000
	Fixtures & Fittings
Cost	
At 1 January 2010	312
Additions	5
Disposals	(16)
Revaluation	-
At 31 December 2010	<u>301</u>
Accumulated depreciation	
At 1 January 2010	220
Disposals	(16)
Charge for the year (see note 5)	32
At 31 December 2010	<u>236</u>
Net book value	
At 31 December 2010	<u>65</u>
At 31 December 2009	<u>92</u>

DVB Transport Finance Limited

Notes to the financial statements for the year ended 31 December 2010

(continued)

9 Investments

During the year, DVB Transport Finance Limited had investments in two UK limited partnerships, The Gwendolen Limited Partnership, and The Ocean Clementine Limited Partnership. DVB Transport Finance Limited was a limited partner in each of the partnerships and owed 99.996 % of the amounts invested. Each limited partnership owned one vessel. These vessels were sold on 10 July 2009 at book value.

Investments in associates represent the cost of four special purpose vehicles acquired during the year ended 31 December 2006 for Japanese Operating Lease (JOL) transactions.

The bond held in DVB Transport Finance Limited's books as an Investment reached its final maturity on 30 March 2009 and was repaid at book value. All investments are related to loan transactions. As at 31 December 2010 the book value of the aforementioned Partnerships amounted to US\$3 (2009: US\$3).

	US\$'000	US\$'000	US\$'000
	Investments in partnerships	Investments in associates	Total
Cost			
At 1 January 2010	-	44	44
Additions	-	-	-
Disposals	-	-	-
Revaluations / amortisation	-	5	5
As at 31 December 2010	-	49	49
Net book value			
As at 31 December 2010	-	49	49
As at 31 December 2009	-	44	44

DVB Transport Finance Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

10 Debtors

	2010	2009
	US\$'000	US\$'000
Trade Debtors	234,833	207,648

Trade debtors represent amounts due from customers, and include US\$224,354,000 (2009 US\$189,445,000) falling due after more than one year and amounts due falling within one year include US\$10,479,000 (2009 US\$18,203,000)

11 Creditors

	2010	2009
	US\$'000	US\$'000
Amounts falling due within one year		
Amounts due to banks	-	3
Amounts due to clients	991	980
Amounts due to parent undertaking	199,112	156,814
Corporation tax payable	-	10
Other creditors	1,289	1,197
Total	201,392	159,004
Amounts falling due after more than one year		
Amounts due to parent undertaking	37,961	53,520
Total	37,961	53,520
Total	239,353	212,524

DVB Transport Finance Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

11 Creditors (continued)

	2010 US\$'000	2009 US\$'000
Maturity of financial liabilities		
In one year or less, or on demand	201,392	158,031
In more than one year, but not more than two years	19,343	9,733
In more than two years, but not more than five years	8,052	26,570
In more than five years	10,567	18,190
	239,353	212,524

Loan balances and facilities	Repayment terms	Interest rate	Drawn down balance 2010 US\$'000	Facility limit 2010 US\$'000	Drawn down balance 2009 US\$'000	Facility limit 2009 US\$'000
DVB Bank, London	Repayments are due in monthly and quarterly instalments	Between 0.70% and 6.90%	76,510	300,000	93,761	300,000
DVB Bank, SE	Repayments are due on last day of interest period or latest on termination date	Between 0.86% and 1.52%	160,196	200,000	115,970	200,000

The interest rates on loans are determined with reference to fixed rates or interbank offered rates

12 Deferred Taxation

A deferred tax asset has not been recognised on tax losses of US\$7.6m (2009: US\$12.4m) and in relation to the fixed assets held by the Company, including potential deferred tax asset of US\$617,870 (2009: US\$686,522) relating to depreciation on a long-term asset pool of the disposed aircraft as, at present in the opinion of the directors, it is not envisaged that the deferred tax asset will be utilised in the foreseeable future. Future profitability of the entity is contingent on favourable changes to existing Japanese tax law, in the event of which a deferred tax asset could be recognised.

DVB Transport Finance Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

13 Called up share capital and Revaluation Reserve

	2010	2010	2009	2009
	No.	US\$'000	No	US\$'000
Authorised	512,381	735	512,381	735
Issued and fully paid	512,381	735	512,381	735

As explained in Note 1, the sterling share capital has been translated into US\$ using the historical rates prevailing at the date of initial subscription. By ordinary resolution, an increase in the authorised share capital of the company from GBP 11,361 divided into 11,361 ordinary shares of GBP 1 each to GBP 512,381 divided into 512,381 ordinary shares of GBP 1 each was made on 6 February 2009.

The Revaluation Reserve (US\$1,000) (2009 (US\$3,000)) represents the accumulated difference arising on translation of the sterling Share Capital at the date of issue, and the rate prevailing at the balance sheet date, as explained in the Directors' Report.

14 Share Premium

	2010	2009
	US\$'000	US\$'000
Balance brought forward	24,097	24,812
Premium used to issue new shares	-	(715)
Balance carried forward	24,097	24,097

15 Profit and loss account

	2010	2009
	US\$'000	US\$'000
Balance as at 1 January	(19,181)	(13,961)
Profit/(loss) for the year	4,755	(5,220)
Balance as at 31 December	(14,426)	(19,181)

DVB Transport Finance Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

16 Reconciliation of movements in shareholders' funds

	2010 US\$'000	2009 US\$'000
Profit / (loss) for the year	4,755	(5,220)
(Loss) / profit on translation of opening net assets denominated in foreign currencies	-	(491)
Foreign exchange movement on revaluation reserve	(4)	8
Movement on share premium account	-	(715)
Shares issued in the year	-	715
Movement on other Reserves	(5,363)	5,363
	(612)	151
Opening shareholders' funds	11,017	10,866
Closing shareholders' funds	10,405	11,017

17 Fair value of financial assets and liabilities

The following table shows the book value and fair value of the Company's financial assets and liabilities

	2010 Book value US\$'000	2010 Fair value US\$'000	2009 Book value US\$'000	2009 Fair value US\$'000
Assets				
Investments	49	49	44	44
Trade debtors	234,833	243,316	207,648	213,775
Cash at bank and in hand	10,350	10,350	14,863	14,863
	245,232	253,715	222,555	228,682
Liabilities				
Short term borrowings and current portion of long term borrowings	199,112	199,287	159,004	152,966
Long term borrowings	37,961	39,381	53,520	55,877
	237,073	238,668	212,524	208,843
Derivative financial instruments				
Interest rate swap	-	(943)	-	(368)

DVB Transport Finance Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

17 Fair value of financial assets and liabilities (continued)

Only intercompany amounts have been included in the above analysis

The fair value of the financial instruments without option characteristics were exclusively measured in accordance with the discounted cash flow (DCF) method. Under the DCF method, the expected future cash flows are discounted using the market interest rate applicable at the measurement date. Derivative financial instruments with option characteristics are measured on the basis of the Black-Scholes model.

The interest rate swaps contracts were entered into for the purpose of hedging interest rate risk and the swaps are in place until underlying exposures matures. At the year end the notional amount of interest rate swaps amounted to US\$78,397,401 (2009: US\$28,242,848).

18 Financial commitments

At 31 December 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010:

	Land and buildings	
	2010	2009
	US\$'000	US\$'000
Operating leases which expire		
Within one year	-	354
Between two and five years	354	-
Total	354	354

19 Related party transactions

There were no transactions with directors or officers during the year. The Company has taken advantage of the exemption in FRS 8 which permits transactions between companies, where 90% or more of the voting rights are controlled within the group, from disclosing any transactions with other entities which are part of the DVB Group. Balances with DVB Group companies are disclosed in the financial statements.

DVB Transport Finance Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

20 Ultimate holding company

The Company is a wholly-owned subsidiary of DVB Bank SE, its immediate parent company incorporated under the laws of Germany, its ultimate parent company is DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, which is incorporated in Germany and which is the Company's controlling party. The consolidated financial statements of DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, are publicly available at the following address:

DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
Am Platz der Republik
60325 Frankfurt
Germany

21 Subsequent events

Having assessed the financial impact due to the portfolio exposure and having an office in Tokyo, the directors' do not believe that the recent earthquake in Japan has had a material impact that requires any further adjustment or disclosure as at the year end. Due to the flexibility of the Tokyo staff and the nature of the Tokyo loan book which is mainly related to 'off-shore' clients the impact therefore is not deemed material. There are no other material subsequent events to report between the year end and the date of the approval of these financial statements.