International Transport Finance Limited
Directors' report and financial statements
for the year ended 31 December 2008

Registered Number 3588431

International Transport Finance Limited
Directors' report and financial statements for the year ended 31 December 2008

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International Transport Finance Limited
Officers and professional advisors 2008

Directors
Mr David Goring-Thomas
Mr Wolfgang F Driese
Mr John Tierney (resigned 24 June 2008)
Mr Bertrand Philippe Grabowski
Mr Guido Schmitz (appointed 1 January 2008)

Chairman
Mr Bertrand Philippe Grabowski

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International Transport Finance Limited

Directors' report for the year ended 31 December 2008

The directors present their report and the audited financial statements of International Transport Finance Limited ("the Company") for the year ended 31 December 2008, which were approved by them on 21 October 2009.

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 accounts 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 loss after tax of US$3,160,000 (2007 Restated: US$4,725,000). The directors do not recommend the payment of a dividend (2007: US$ Nil). The results for the year are set out in the profit and loss account on page 11.

Review of developments, strategy and future prospects

During the year and according to Directors' plan, the Company was mainly active from its Tokyo office as arranger in new Japanese Operating Lease ("JOL") transactions.

The directors do not envisage expanding the lending activity of ITFL in the near future considering the current cost of liquidity and lack of attractive risk/reward opportunities. However, the primary focus will remain on the Tokyo office as confirmed by the hiring of a senior Japanese relationship manager. The Tokyo office will aim at further developing advisory work for the arrangement of JOL financings as well as any initiative in relation to the rest of the DVB Aviation platform.

Subsequent events

There are no material subsequent events to report between the period end and the date of the approval of these accounts.

Foreign currency

The exchange rate between US$ and GBP as at 31 December 2008 was 1.3256 US$/£. The share capital has been translated to US$ at the rate prevailing on the share capital subscription date.

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 3. None of the directors had any interest in the shares of the Company during the period. 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 ITFL 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 finance position.

Financial risk management

As a wholly-owned subsidiary of DVB Bank SE ("the Group", "DVB Group") ITFL's operations in its 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, counterparty 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 Groups' 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 by means of 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.

The results of internal ratings modelling provide vital information for lending decisions, in addition to expected loss and unexpected loss (both of which will be mandatory under the future regulatory framework); the model also determines standard risk costs which are, in turn, incorporated for setting the minimum required margin.

International Transport Finance Limited
Directors' report for the year ended 31 December 2008 (cont'd)

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 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 we have implemented to manage and monitor operational risk include self-assessments, loss data collection and regular OpRisk reporting.

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 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%.

Department 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.

International Transport Finance Limited
Directors' report for the year ended 31 December 2008 (cont'd)

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 2008.

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 2008. 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, focused on risks and returns.

International Transport Finance Limited
Directors' report for the year ended 31 December 2008 (cont'd)

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditor's Report set out on pages 9 and 10, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss, for the financial year.

The directors consider that in preparing the financial statements set out on pages 11 to 28,

- The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and

- That all accounting standards which they consider to be applicable have been followed, and

- That the financial statements have been prepared on the going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 1985 and generally accepted accounting principles in the UK.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditors

In case of each of the persons who are directors of the Company at the date when their report was approved:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) the director has taken all the steps that ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In order to conform to the practice of the Company's ultimate parent, the previous auditor of the company, PricewaterhouseCoopers LLP, has been replaced by Ernst & Young LLP.

By order of the Board

Mr Bertrand Philippe Grabowski
Director

21 October 2009

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

We have audited the financial statements of International Transport Finance Limited for the year ended December 31st 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL TRANSPORT FINANCE LIMITED (cont'd)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at December 31st 2008 and of its loss for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Chartered Accountants and Registered Auditors
London

28 October 2009

International Transport Finance Limited
Profit and loss account for the year ended 31 December 2008

	Notes	2008 US$'000	Restated 2007 US$'000
Interest receivable and similar income	3	23,111	37,843
Interest payable and similar charges	3	(19,890)	(31,194)
Net interest income		3,221	6,649
Fees and commissions receivable		206	345
Fees and commissions payable		(1,378)	(2,049)
Other operating income	4	2,603	3,258
Operating income		4,652	8,203
Operating, administrative and other expenses	5	(7,291)	(10,332)
Provisions		(1,091)	-
Depreciation	5	(88)	(1,202)
Loss on ordinary activities before taxation		(3,818)	(3,331)
Taxation credit / (charge)	7	658	(1,394)
Loss on ordinary activities after taxation		(3,160)	(4,725)

All activities relate to continuing operations.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the financial periods stated above and their historical cost equivalents.

The accounting policies and notes on pages 14 to 28 form part of the financial statements.

International Transport Finance Limited
Statement of total recognised gains and losses for the year ended 31 December 2008

	2008 US$'000	Restated 2007 US$'000
Loss for the year	**(3,160)**	**(4,725)**
Gain/(loss) on translation of opening net assets denominated in foreign currencies	**626**	**(706)**
Total recognised (losses) /gains for the year	**(2,534)**	**(5,431)**

The accounting policies and notes on pages 14 to 28 form part of the financial statements.

International Transport Finance Limited
Balance sheet as at 31 December 2008

	Note	2008 US$'000	2008 US$'000	Restated 2007 US$'000	Restated 2007 US$'000
Fixed assets					
Tangible assets	8		100		161
Investments	9		14,334		19,246
Current assets					
Trade debtors	10	259,958		378,732	
Cash at bank and in hand		15,774		10,498	
Accrued income and other assets		798		461	
		276,530		389,691	
Creditors: amounts falling due within one year	11	(223,695)		(321,879)	
Net current assets			52,835		67,812
Total assets less current liabilities			67,269		87,219
Creditors: amounts falling due after more than one year	11		(56,403)		(84,625)
Net assets			10,866		2,594
Capital and reserves					
Called up share capital	13		20		20
Share premium	14		24,812		13,999
Profit and loss account	15		(13,961)		(11,427)
Revaluation reserve	14		(5)		2
Equity shareholders' funds	16		10,866		2,594

The accounting policies and notes on pages 14 to 28 form part of the financial statements.

The financial statements on pages 11 to 28 were approved by the Board of directors on 21 October 2009 and signed on its behalf by:

Mr David Goring-Thomas

International Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2008

1 Accounting policies

Accounting convention

These accounts have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and generally accepted accounting principles in the UK. 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. The principal accounting policies are set out below.

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.

International Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2008 (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.

Tangible fixed assets

Tangible fixed assets (including the aircraft which are leased to customers) 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. 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:	10-30%	(4 to 10 years)

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. Subsequent measurement is as follows:

International Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2008 (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 option of the directors, may be required for impairment where relevant. Movements on these investments representing depreciation 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 option of the directors, may be required for impairment where relevant.

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.

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% 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 19).

FRS 29

The Company has taken advantage of the exemption under FRS 29 for 90%-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 19).

International Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2008 (continued)

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 1985, the percentage of interest receivable attributable to different geographical segments is stated as follows:

	2008	2007
Asia	**49%**	**62%**
USA	**15%**	**17%**
Europe	**23%**	**10%**
Other	**13%**	**11%**
Total	**100%**	**100%**

3 Interest receivable and payable

		2008	2007
		US$'000	US$'000
Interest receivable	-from bank loans	**4,620**	**10,799**
	-from other loans	**18,491**	**27,044**
		23,111	**37,843**
Interest payable	-to parent undertaking	**(11,932)**	**(14,299)**
	-to banks	**(7,958)**	**(16,895)**
		(19,890)	**(31,194)**

Interest receivable includes aggregate finance lease rentals receivable of $nil (year ended 31 December 2007: $nil).

International Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2008 (continued)

4 Other operating income

		Restated
Other operating income includes the following:	**2008**	2007
	US$ '000	US$ '000
Reversal of extraordinary depreciation charge and capitalised expenses	-	**2,220**
Profit on disposal of fixed assets	-	**1,127**
Aggregate lease rentals receivable in the year: operating leases	-	**54**
Net income/(loss) from foreign exchange movements	**1,264**	**(1,024)**
Prior period adjustment	-	**1,301**

5 Operating, administrative and other expenses

Operating, administrative and other expenses include the following:

	2008	2007
	US$ '000	US$ '000
Staff costs:		
Wages and Salaries	**(875)**	**(395)**
Social Security Costs	**(23)**	**(42)**
Pension Costs	**(20)**	**(16)**
Total Staff Costs	**(918)**	**(453)**
Accounting loss related to restructured lease contracts	-	**(2,600)**
Maintenance costs on operating lease assets	-	**(3,037)**
Depreciation of tangible assets (see note 8)	**(88)**	**(1,202)**
Auditors' remuneration:		
For audit of the financial statements of the Company	**(112)**	**(220)**
For non audit services: taxation	-	**(104)**
advice	-	**(20)**
Total	**(112)**	**(344)**

The average number of employees including executive directors during the year was 4 (2007: 2).

The directors were paid by other group companies for services rendered to the Group as a whole. For their services as a director of this Company they received in total US$11,000 for part year to 23 June 2008 (US$20,000 for the year to 31 December 2007).

International Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2008 (continued)

6 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2008	2007
	US$ '000	US$ '000
Aggregate emoluments	11	20
Emoluments of highest paid director:		
Emoluments receivable	11	20

7 Taxation

	2008	2007
	US$'000	US$'000
Current Tax		
UK corporation tax on ordinary activities	-	-
Foreign tax on overseas branch		
- current tax charge on gains for the period	(658)	1,515
Total current tax charge	(658)	1,515
Deferred Tax		
Deferred tax charge (Note 12)	-	-
Adjustments to tax charge in respect of previous years (Note 12)	-	(121)
Taxation charge for the year	(658)	1,394

The differences between the tax assessed for the period and the standard rate of corporation tax in the UK (28.5%) are explained below:

		Restated
	2008	2007
	US$'000	US$'000
Loss on ordinary activities before tax	(3,818)	(3,331)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007 – 30%)	(1,088)	(999)
Effects of:		
Expenses not deductible for tax purposes	116	258
Accelerated capital allowances	11	(1,318)
Losses available to carry forward	961	2,059
UK corporation tax	-	-

International Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2008 (continued)

8 Tangible fixed assets

	US$'000
	Fixtures & Fittings
Cost	
At 1 January 2008	**310**
Additions	41
Disposals	(62)
Revaluation	-
At 31 December 2008	**289**
Accumulated depreciation	
At 1 January 2008	**149**
Disposals	(48)
Charge for the year (see note 5)	88
At 31 December 2008	**189**
Net book value	
At 31 December 2008	**100**
At 31 December 2007	161

International Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2008 (continued)

9 Investments

ITFL has investments in two UK limited partnerships, The Ocean Gwendolen Limited Partnership, and The Ocean Clementine Limited Partnership. ITFL is a limited partner in each of the partnerships and owns 99.996 % of the amounts invested. The limited partnerships are included in the consolidated accounts of ITFL's parent Company. Each limited partnership owns one vessel. These vessels are subject to a UK lease transaction and are leased out to a prominent UK-based ship owner and operator. The remaining leasing term under the finance leases is 9 years.

Investments in associates represent the cost of four special purpose vehicles acquired during the year for JOL transactions. JOL financing transactions are described in the Directors' report.

At the balance sheet date Investments in bonds are comprised of a bond held in IBERIA (purchased in 2002). Fair Value of the bond is $1,156,178. All investments are related to loan transactions.

	US$'000	US$'000	US$'000	US$'000
	Investments in partnerships	**Investments in bonds**	**Investments in associates**	**Total**
Cost				
At 1 January 2008	14,336	4,874	36	19,246
Additions	-	-	-	-
Disposals	-	(3,698)	-	(3,698)
Revaluations / amortisation	(1,222)	-	8	(1,214)
As at 31 December 2008	**13,114**	**1,176**	**44**	**14,334**
Net book value				
As at 31 December 2008	**13,114**	**1,176**	**44**	**14,334**
As at 31 December 2007	14,336	4,874	36	19,246

International Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2008 (continued)

10 Debtors

	2008 US$'000	Restated 2007 US$'000
Trade Debtors	**259,958**	378,732

Trade debtors represent amounts due from customers, and include US$215,344,000 (2007: US$332,251,000) falling due after more than one year.

11 Creditors

	2008 US$'000	2007 US$'000
Amounts falling due within one year		
Amounts due to banks	-	241,705
Accruals and deferred income	1,068	1,660
Amounts due to parent undertaking	221,141	67,674
Corporation tax payable	-	1,436
Deferred tax payable	-	-
Other creditors	1,486	9,404
Total	223,695	321,879
Amounts falling due after more than one year		
Amounts due to banks	-	1,011
Amounts due to parent undertaking	56,403	83,614
Total	56,403	84,625
Total	280,098	406,504

International Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2008 (continued)

11 Creditors (continued)

	2008 US$'000	2007 US$'000
Maturity of financial liabilities		
In one year or less, or on demand	**223,003**	**321,879**
In more than one year, but not more than two years	**-**	**10,879**
In more than two years, but not more than five years	**36,378**	**42,847**
In more than five years	**20,717**	**30,899**
	280,098	**406,504**

Loan balances and facilities	**Repayment terms**	**Interest rate**	**Drawn down balance 2008 US$'000**	Facility limit 2008 US$'000	Drawn down balance 2007 US$'000	Facility limit 2007 US$'000
WestLB Bank	Full repayment is due on maturity	Between 0.50% and 5.72%	**-**	-	**243,364**	450,000
DVB Bank, London	Repayments are due in monthly and quarterly instalments	Between 2.78% and 7.19%	**105,692**	300,000	**150,869**	300,000
DVB Bank, SE	Repayments are due on last day of interest period or latest on termination date	Between 0.5% and 6.4%	**117,116**	200,000	-	-

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

Facility agreement with WestLB bank was discontinued as of 31 December 2008.

12 Deferred Taxation

A deferred tax asset has not been recognised on tax losses of US$15.8m (2007: US$12.7m) and in relation to the fixed assets held by the Company, including potential deferred tax asset of US$802,000 (2007: US$838,000) 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.

13 Called up share capital and Revaluation Reserve

	2008 No.	2008 US$'000	2007 No.	2007 US$'000
Authorised	11,361	20	11,314	20
Issued and fully paid	11,361	20	11,314	20

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.

In December 2008 the Company issued and allotted 47 shares with a nominal value of £1each.

The Revaluation Reserve 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

	2008 US$'000	2007 US$'000
Balance brought forward	13,999	5,999
Premium on shares issued during the year	10,813	8,000
Balance carried forward	24,812	3,999

The increase in share capital of £47 was part of a capital injection of US$10,812,047, resulting in an increase in share premium of US$10,812,000.

15 Profit and loss account

	2008 US$'000	Restated 2007 US$'000
Balance as at 1 January	(11,427)	(5,996)
Retained loss for the year	(3,160)	(4,725)
Exchange adjustment	626	(706)
Balance as at 31 December	(13,961)	(11,427)

16 Reconciliation of movements in shareholders' funds

	2008 US$'000	2007 US$'000
Loss previously reported as at 31 December		(6,026)
Prior year adjustment (note 21)		1,301
Loss for the year	(3,160)	(4,725)
Loss on translation of opening net assets denominated in foreign currencies	626	(706)
Foreign exchange movement on revaluation reserve	(7)	(1)
Movement on share premium account	10,813	-
Shares issued in the year	-	8,002
	8,272	2,570
Opening shareholders' funds	2,594	24
Closing shareholders' funds	10,866	2,594

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:

	2008 Book value US$'000	2008 Fair value US$'000	2007 Book value US$'000	2007 Fair value US$'000
Assets:				
Investments	14,334	14,334	19,246	19,268
Trade debtors	259,968	265,327	332,251	342,288
Cash at bank and in hand	15,774	15,774	10,498	10,498
	290,076	295,435	361,995	372,054
Liabilities:				
Short term borrowings and current portion of long term borrowings	223,695	223,816	311,038	308,905
Long term borrowings	56,403	57,696	84,625	86,069
	280,098	281,512	395,663	394,974
Derivative financial instruments:				
Interest rate swap	-	(1,083)	-	(326)

17 Fair value of financial assets and liabilities (continued)

Short term debtors and creditors have been excluded from 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 $94,486,469 (2007- US $109,716,194).

18 Related party transactions

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

19 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 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

20 Subsequent events

There are no material subsequent events to report between the period end and the date of the approval of these accounts.

International Transport Finance Limited
Notes to the financial statements for the year ended 31 December 2008 (continued)

21 Prior year adjustment

Lease income and the associated foreign exchange adjustment of $1,301,000 for the year ended 31 December 2007 were not recognised as a result of a fundamental error in the financial statements. The results for 2007 have been adjusted by means of a prior year adjustment to include a $1,301,000 increase in other operating income and trade debtors respectively.

The effects of the prior year adjustment on the financial statements is analysed below

	As previously reported US$'000	Prior year adjustment US$'000	As restated US$'000
Profit and loss account:			
Loss for the year	**(6,026)**	**1,301**	**(4,725)**
Balance sheet:			
Trade debtors	**377,431**	**1,301**	**378,732**

All comparative figures have been restated.