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IKB Finance B.V.

**Report on the financial
statements for the year ended
31 March 2007**

KPMG Accountants N.V.
Amstelveen, 17 July 2007
This report contains 19 pages
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To the Board of Directors and the General Meeting of
Shareholders of IKB Finance B.V.
Amsterdam

Amstelveen, 17 July 2007

Dear Sirs,

We take pleasure in submitting our report on the financial statements of IKB Finance B.V., Amsterdam, for the year ended 31 March 2007.

Auditor's report

We have audited the financial statements for the year ended 31 March 2007 of IKB Finance B.V., Amsterdam, which comprise the balance sheet as at 31 March 2007, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management of the Company is responsible for the preparation and fair presentation of the financial statements, in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of IKB Finance B.V. as at 31 March 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Yours faithfully,

KPMG ACCOUNTANTS N.V.

J. Humme RA

IKB Finance B.V.

Balance sheet as at 31 March 2007

(before appropriation of profit)

		31 March 2007		31 March 2006	
		EUR	EUR	EUR	EUR
Fixed assets					
Financial fixed assets	1		475,120,200		762,196,593
Current assets					
Receivables and prepaid expenses	2	316,596,213		22,393,748	
Cash and cash equivalents	3	14,985,255		12,219,560	
		<u>331,581,468</u>		<u>34,613,308</u>	
Current liabilities	4	<u>318,863,975</u>		<u>24,920,310</u>	
Net current assets			<u>12,717,493</u>		<u>9,692,998</u>
Total assets less current liabilities			<u>487,837,693</u>		<u>771,889,591</u>
Long-term debts	5		<u>478,163,099</u>		<u>762,311,469</u>
			<u>9,674,594</u>		<u>9,578,122</u>
Shareholder's equity	6				
Issued share capital			137,000		137,000
Other reserves			9,441,122		8,378,709
Net profit for the year			96,472		1,062,413
			<u>9,674,594</u>		<u>9,578,122</u>

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Profit and loss account for year ended 31 March 2007

		Year ended 31 March 2007 EUR	Year ended 31 March 2006 EUR
Operating expenses			
General and administrative expenses	7	143,095	126,200
Financial results			
Interest income	8	38,149,513	36,983,031
Other financial income	9	735,535	755,427
Foreign currency exchange gain		15,857	—
		<u>38,900,905</u>	<u>37,738,458</u>
Interest expenses	10	35,553,842	34,419,037
Other financing expenses	11	2,722,496	1,627,539
Foreign currency exchange loss		—	23,269
		<u>38,276,338</u>	<u>36,069,845</u>
Net income from financial activities		<u>624,567</u>	<u>1,668,613</u>
Profit before taxation		<u>481,472</u>	<u>1,542,413</u>
Taxation	12	385,000	480,000
Net profit for the year		<u>96,472</u>	<u>1,062,413</u>

Cash flow statement for year ended 31 March 2007

	Year ended 31 March 2007		Year ended 31 March 2006	
	EUR	EUR	EUR	EUR
Net profit for the year	96,472		1,062,413	
Amortization of deferred issue expenses	717,941		718,886	
Released from up-front fee income	(735,535)		(755,427)	
		78,878		1,025,872
Movement in interest receivable	(820,934)		17,764,192	
Movement in other receivables and prepaid expenses	(12,976)		13,234	
Movement in interest payable	769,970		(16,842,936)	
Movement in guarantee fee payable	80,728		(109,507)	
Movement in corporation tax payable	(324,224)		263,342	
Movement in other payables	(51,452)		46,615	
		(358,888)		1,134,940
Cash flow from operating activities		(280,010)		2,160,812
Foreign currency exchange result on financial fixed assets	(7,010,103)		3,293,977	
Cash flow from investing activities		(7,010,103)		3,293,977
Foreign currency exchange result on long-term debts	7,012,909		3,295,296	
Swap option granted	3,042,899		-	
Cash flow from financing activities		10,055,808		(3,295,296)
		2,765,695		2,159,493
Cash and cash equivalents at beginning of year		12,219,560		10,060,067
Cash and cash equivalents at end of year		14,985,255		12,219,560

IKB Finance B.V.

Notes to the financial statements for year ended 31 March 2007

General

Relationship with parent company and principal activities

The Company, being a private limited company, is a wholly-owned subsidiary of IKB Deutsche Industriebank AG, Düsseldorf, Germany.

The Company is a finance company.

Applicable standards

The interim financial statements are prepared in accordance with accounting principles generally accepted in the Netherlands.

Accounting policies

General

The principles adopted for the valuation of assets and liabilities and determination of the result are based on the historical cost convention.

Insofar as not stated otherwise, assets and liabilities are shown at nominal value.

The income and expenses are accounted for in the period to which they relate.

Principles for the translation of foreign currencies

The reporting currency in the financial statements of IKB Finance B.V. is the euro (EUR).

The costs and income arising from transactions in foreign currencies and non-monetary balance sheet items or monetary receivables and debts, are translated at the exchange rate applicable on the transaction date or balance sheet date, respectively.

Exchange rate differences are included in the profit and loss account as financial income or expenditure, respectively.

Swap options granted

Swap options granted are valued at fair value.

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Taxation

The taxation on result comprises taxes payable in the short term, taking account of tax rulings. No taxes are deducted from profits if and insofar as said profits can be offset against losses from previous years.

Taxes are deducted from losses if these can be offset against profits in previous years and this results in a tax rebate. In addition, taxes may be deducted to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Taxes are calculated on the results, taking into account the tax rulings.

The use of estimates

During the preparation of the financial statements, the management must, in accordance with the general prevailing principles, make certain estimates and assumptions that co-determine the stated amounts. The actual results may deviate from these estimates.

1

Financial fixed assets

Detailed as follows:

	31 March 2007	31 March 2006
	EUR	EUR
IKB Deutsche Industriebank AG, EUR 75.1 million	75,093,200	75,093,200
IKB Deutsche Industriebank AG, EUR 400.0 million	400,027,000	400,027,000
IKB Deutsche Industriebank AG, GBP 199.9 million	294,086,496*	287,076,393
	<hr/>	<hr/>
	769,206,696	762,196,593
* Transferred to current assets	(294,086,496)	-
	<hr/>	<hr/>
	475,120,200	762,196,593
	<hr/>	<hr/>

IKB Deutsche Industriebank AG, EUR 75.1 million

The amount included in the balance sheet is a subordinated note receivable and was issued on 19 July 2002. The interest rate is 3-month EURIBOR + 2.015%. The maturity date is 31 December 2031.

The outstanding amount can be detailed as follows:

	EUR
Original amount	250,025,200
Repayment June 2004	(174,932,000)
	<hr/>
Carrying value as at 31 March 2007	75,093,200
	<hr/>

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IKB Deutsche Industriebank AG, EUR 400.0 million

The amount included in the balance sheet is a subordinated note receivable and was issued on 29 June 2004. The interest rate is EUR ISDA - EURIBOR Swap Rate Y10 + 0.46%. The maturity date is 29 July 2033.

IKB Deutsche Industriebank AG, GBP 199.9 million

The amount included in the balance sheet represents notes receivable amounting to GBP 199,920,000, issued on 21 May 2004. The interest rate is 3-month LIBOR + 0.375%. The maturity date is 21 May 2007.

2 Receivables and prepaid expenses

	31 March 2007	31 March 2006
	EUR	EUR
Transferred from financial fixed assets (see note 1)	294,086,496	--
Deferred issue expenses	17,469,325	18,187,266
IKB Deutsche Industriebank AG, interest receivable	5,015,247	4,194,313
Prepaid expenses	25,145	12,169
	316,596,213	22,393,748

Deferred issue expenses

The changes during the period are as follows:

	EUR 75.1	EUR 400.0	GBP 200.0	Total
	million note	million note	million notes	
	EUR	EUR	EUR	EUR
Original amount	7,852,620	12,000,000	119,136	19,971,756
Expensed until 31 March 2006	(988,519)	(722,063)	(73,908)	(1,784,490)
Carrying value as at 31 March 2006	6,864,101	11,277,937	45,228	18,187,266
Expensed during the year	(266,567)	(412,607)	(38,767)	(717,941)
Carrying value as at 31 March 2007	6,597,534	10,865,330	6,461	17,469,325

The issue expenses are expensed over the term of the related notes payable (see note 5).

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3 Cash and cash equivalents

	EUR	EUR
IKB International S.A., Luxemburg		
Time deposit, 4.83%, expiring 30 April 2007		13,519,413
IKB Deutsche Industriebank, Luxemburg		
Current account (GBP 996,400)		1,465,726
ABN AMRO Bank N.V.		
Business account	61	
Business deposit	55	
		116
		14,985,255

All cash and cash equivalents are at the free disposal of the Company.

4 Current liabilities

	31 March 2007 EUR	31 March 2006 EUR
Current part of long-term debts (see note 5)	294,204,178	—
Interest payable on notes	4,610,897	3,839,869
Interest payable, balance, on swaps	75,082	76,140
Guarantee fee payable	797,261	716,533
Deferred up-front fee income	18,912,216	19,647,751
Corporation tax payable	192,148	516,372
Other payables	72,193	123,645
	318,863,975	24,920,310

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Deferred up-front fee income

The changes during the period are as follows:

	EUR 75.1 million note EUR	EUR 400.0 million note EUR	Total EUR
Original amount	8,500,000	13,000,000	21,500,000
Released until 31 March 2006	(1,070,014)	(782,235)	(1,852,249)
Carrying value as at 31 March 2006	7,429,986	12,217,765	19,647,751
Released during the year	(288,543)	(446,992)	(735,535)
Carrying value as at 31 March 2007	7,141,443	11,770,773	18,912,216

The terms of release are in accordance with the terms of the related notes payable (see note 5).

5

Long-term debts

Detailed as follows:

	31 March 2007 EUR	31 March 2006 EUR
IKB Funding LLC I, EUR 75.1 million	75,093,200	75,093,200
IKB Funding LLC II, EUR 400.0 million	400,027,000	400,027,000
Floating rate notes, GBP 200.0 million	294,204,178*	287,191,269
IKB Deutsche Industriebank AG, swap option granted	3,042,899	–
	772,367,277	762,311,469
* Transferred to current liabilities	(294,204,178)	–
	478,163,099	762,311,469

IKB Funding LLC I

	EUR
EUR 250 million subordinated note payable, issued on 19 July 2002 and due on 31 December 2031, interest rate 3-month EURIBOR + 1.515%	250,025,200
Redemption in June 2004	(174,932,000)
	75,093,200

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The repayment of the principal amount of the note payable to IKB Funding LLC I and in addition the payment of related interest amounts, are guaranteed by IKB Deutsche Industriebank AG.

IKB Funding LLC II

EUR

EUR 400 million subordinated note payable, issued on 29 June 2004 and due on 29 July 2033.

interest rate EUR ISDA – EURIBOR Swap Rate Y10 + 0.065%

400,027,000

The repayment of the principal amount of the note payable to IKB Funding LLC II and in addition the payment of related interest amounts, are guaranteed by IKB Deutsche Industriebank AG.

Floating rate notes

EUR

GBP 200 million floating rate notes payable, issued on 21 May 2004 and due on 21 May 2007.

interest 3-month LIBOR + 0.10%

294,204,178

The repayment of the amount of the notes payable and in addition the payment of related interest amounts, are guaranteed by IKB Deutsche Industriebank AG.

IKB Deutsche Industriebank AG, swap option granted

On 20 October 2006, the Company granted the following option to IKB Deutsche Industriebank AG, which can be exercised on 29 June 2033:

Starting date	29 July 2033
Final date	29 July 2046
Amount	EUR 400 million
Interest spread (for account of the Company)	0.3%

If the option will be exercised by IKB Deutsche Industriebank AG, IKB Finance B.V. is liable for the payment (balance) of 0.3% interest spread on EUR 400 million during the period 29 July 2033 - 29 July 2046.

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The changes during the year are as follows:

	EUR
Historical value (option premium as received)	2,000,000
Charged to the results for the year ended 31 March 2007	1,042,899
	<hr/>
Fair value as at 31 March 2007	3,042,899
	<hr/>

6 Shareholder's equity

Issued share capital

The authorised share capital as at 31 March 2007 amounts to EUR 460,000 (31 March 2006: EUR 460,000) divided into 460 shares of EUR 1,000 each. Of this capital, 137 shares of EUR 1,000 each have been issued and fully paid up.

The movements in shareholder's equity are the following:

	Issued share capital EUR	Other reserves EUR	Net profit for the year EUR	Total EUR
Balance as at 31 March 2005	137,000	7,419,639	959,070	8,515,709
Appropriation of profit 2004/2005	–	959,070	(959,070)	–
Profit 2005/2006	–	–	1,062,413	1,062,413
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 March 2006	137,000	8,378,709	1,062,413	9,578,122
Appropriation of profit 2005/2006	–	1,062,413	(1,062,413)	–
Profit for the year 2006/2007	–	–	96,472	96,472
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 March 2007	137,000	9,441,122	96,472	9,674,594
	<hr/>	<hr/>	<hr/>	<hr/>

Off-balance sheet assets and commitments

Letter of comfort

The parent company, IKB Deutsche Industriebank AG, ensures, excluding political risk, that IKB Finance B.V. and certain other of their wholly-owned subsidiaries will be able to meet their contractual liabilities.

IKB Finance B.V.

Swap agreements

The Company and IKB Deutsche Industriebank AG entered into two interest swap agreements:

Effective date	Termination date	Interest spread, charge for the Company %	Notional amount EUR
29 June 2004	29 July 2034	0.11	400,027,000
19 July 2002	31 December 2031	0.25	75,093,200

7 General and administrative expenses

	Year ended 31 March 2007 EUR	Year ended 31 March 2006 EUR
Salaries	17,413	17,056
Management/administration fee/data expenses	20,869	24,871
Audit/tax advisor/consultants	83,871	69,147
Office rent	17,384	16,894
Other	3,558	(1,768)
	<u>143,095</u>	<u>126,200</u>

8 Interest income

	Year ended 31 March 2007 EUR	Year ended 31 March 2006 EUR
IKB Deutsche Industriebank AG, subordinated euro notes receivable	21,802,120	21,716,602
IKB Deutsche Industriebank AG, GBP note receivable	15,814,995	14,871,019
Deposits at bankers	452,133	395,410
Prior year adjustment	80,265	—
	<u>38,149,513</u>	<u>36,983,031</u>

9 Other financial income

	Year ended 31 March 2007 EUR	Year ended 31 March 2006 EUR
Released from deferred up-front fee income (see note 4)	735,535	755,427

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10 Interest expenses

	Year ended 31 March 2007 EUR	Year ended 31 March 2006 EUR
IKB Funding, subordinated notes payable	19,886,006	19,707,151
IKB Deutsche Industriebank AG, swap agreements, net	636,481	637,003
Floating rate notes payable	15,009,472	14,073,613
Other	24,163	1,270
Prior year adjustment	(2,280)	–
	35,553,842	34,419,037

11 Other financing expenses

	Year ended 31 March 2007 EUR	Year ended 31 March 2006 EUR
Loss on swap option (see note 5)	1,042,899	–
Amortisation of deferred issue expenses	717,941	718,886
Guarantee fee	961,656	908,653
	2,722,496	1,627,539

12 Taxation

The taxation charge is based on preliminary calculations.

Financial instruments

Fair values

The fair values of the financial instruments stated on the balance sheet, including accounts receivable, securities, cash at bank and in hand and current liabilities, are close to the carrying amounts.

Cash flow statement

The cash flow statement has been prepared using the indirect method.

IKB Finance B.V.

Employees

The Company employed no staff during the financial years ended 31 March 2007 and 2006; the business is carried out by the 3 (2005/2006: 3) members of the Managing Board.

Amsterdam, 17 July 2007

The Managing Board:

The Supervisory Board:

W. Güth

M. Braun

J.C.W. van Burg

J. Rauscher

J.P. Everwijn

Office address:

Strawinskylaan 3111, 6th floor
1077 ZX AMSTERDAM

IKB Finance B.V.

Other information

Auditor's report

To the Board of Directors and the General Meeting of Shareholders of IKB Finance B.V.

Auditor's report

We have audited the financial statements for the year ended 31 March 2007 of IKB Finance B.V., Amsterdam, which comprise the balance sheet as at 31 March 2007, the profit and loss account for the year then ended and the notes.

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Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

IKB Finance B.V.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of IKB Finance B.V. as at 31 March 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Amstelveen, 17 July 2007

KPMG ACCOUNTANTS N.V.

J. Humme RA

Provisions in the Articles of Association governing the appropriation of profits

According to the Articles of Association, the other reserves and the net profit for the year may be distributed by the shareholders in the general meeting.

Proposed appropriation of profit

The Managing Board of the Company proposes to transfer the net profit for the year of EUR 96.472 to the other reserves.