SERIES B EURO-DM SECURITIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2010

SERIES B EURO-DM SECURITIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2010

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SERIES B EURO-DM SECURITIES LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the audited financial statements for the year ended 31st December 2010.

INCORPORATION

The Company was incorporated in Jersey, Channel Islands, on 28th February 1986.

ACTIVITIES

The Company holds a thirty year Schuldschein issued by the Bundesbahn (German Federal Republic Railway).

The purchase of the Schuldschein has been financed from the net proceeds of the issue of Zero-Coupon Deutsche Mark Bearer Bonds and the sale of a portion of the interest receivable under the Schuldschein.

RESULTS

The results for the year are shown in the Statement of Comprehensive Income on page 7.

DIVIDEND

The Directors do not recommend the payment of a dividend in respect of the year (2008 NIL).

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing financial statements for each financial year which 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 year.
In preparing those financial statements the Directors are required to:

* select suitable accounting policies and then apply them consistently;
* make judgements that are reasonable and prudent;
* state whether applicable accounting standards have been followed, subject to any material departures as disclosed and explained in the financial statements;
* prepare the financial statements on the going concern basis (unless it is inappropriate to presume the Company will continue in business);
* keep proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991.

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.

STATEMENT OF PERSONS RESPONSIBLE WITHIN THE ISSUER

With regard to Regulation 2004/109/EC of the European Union (the "EU Transparency Directive"), the Directors of the Company confirm to the best of their knowledge that the Financial Statements for the year end give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by the applicable accounting standards. The Report of the Directors gives a fair review of the development of the Company's business, financial position and the important events that have occurred during the financial year and their impact on the Financial Statements. The Principal risks and uncertainties faced by the Company are disclosed in the notes of these financial statements.

SERIES B EURO-DM SECURITIES LIMITED

REPORT OF THE DIRECTORS (continued)

DIRECTORS

The Directors of the Company who served during the year and subsequently were as follows:

R M Richards (resigned 31st July 2008)
S P Harvey
J P Le Maistre
D E Smith (resigned 24th August 2010)

SECRETARY

Lloyds TSB (Jersey) Management Limited acted as Secretary throughout the year.

REGISTERED OFFICE

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PO Box 63,
St. Helier
Jersey
Channel Islands
JE4 8PH

PAYING AGENT

Commerzbank AG
Mainzer Landstraße 151,
60327 Frankfurt am Main
Frankfurt
Germany

ADMINISTRATOR

EES Trustees International Limited
Queensway House
Hilgrove Street
St. Helier
Jersey
Channel Islands
JE1 1ES

INDEPENDENT AUDITORS

Pricewaterhouse Coopers CI LLP acted as auditors during the year and have expressed their willingness to continue in office.

BY ORDER OF THE BOARD

Lloyds TSB (Jersey) Management Limited

Dated 18/1/4

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERIES B EURO-DM SECURITIES LIMITED

Report on the financial statements
We have audited the accompanying financial statements of Series B Euro-DM Securities Limited (the "Company") which comprise the balance sheet as of 31 December 2010 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of Jersey law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require 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 auditors' judgement, 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 the directors, 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 the Company as of 31 December 2010 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Report on other legal and regulatory requirements
We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises of only the directors' report.

In our opinion the information given in the directors' report is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 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.

Michael Byrne
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognized Auditor
Jersey, Channel Islands
18 November 2011

SERIES B EURO-DM SECURITIES LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2010

(Expressed in Euro '000s unless otherwise stated)

	NOTES	€ 000s 2010	2009
ASSETS			
Non-current assests			
Held to maturity financial assets	**3**	**283,727**	266,810
Prepaid expense	**4**	**68**	81
		283,795	266,891
Current assets			
Receivable from related party		***16***	***16***
Cash at bank		-	-
TOTAL ASSETS		**283,811**	266,907
EQUITY			
Capital and reserves			
Ordinary share capital	**6**	**5**	5
Accumulated losses		**(101)**	(110)
TOTAL EQUITY		**(96)**	(105)
LIABILITIES			
Non-current liabilities			
Financial liabilities at amortised cost	**5**	**283,896**	267,001
Current liabilities			
Trade payable and accrued expenses		**11**	11
TOTAL LIABILITIES		**283,907**	267,012
TOTAL EQUITY AND LIABILITIES		**283,811**	266,907

The financial statements on pages 6 to 17 were approved by the Board of Directors on 18/11...2011 and are signed on its behalf by:

Director .... Director ....

The notes on pages 10 to 17 form an integral part of these financial statements

SERIES B EURO-DM SECURITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2010

(Expressed in Euro '000s unless otherwise stated)

	NOTES	€ 000s 2010		2009	
INCOME					
Interest income	3		**16,917**		15,909
ADMINISTRATION EXPENSES					
Secretarial fee		7		7	
Accountancy fee		2		2	
Audit fee		2		2	
Exempt company fee		1		1	
		12		12	
Less: Reimbursement	10	(12)		(12)	
			-		-
FINANCE COSTS					
Amortisation charge	5	**16,895**		15,889	
Prepaid expenses	4	**13**		13	
			16,908		15,902
NET PROFIT FOR THE YEAR			**9**		7

The notes on pages 10 to 17 form an integral part of these financial statements

SERIES B EURO-DM SECURITIES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2010

(Expressed in Euro '000s unless otherwise stated)

	Share Capital	Accumulated Losses	Total Equity
Balance at 1 January 2009	5	(117)	(112)
Net profit for the year	-	7	7
Balance at 31 December 2009	5	(110)	(105)

	Share Capital	Accumulated Losses	Total Equity
Balance at 1 January 2010	5	(110)	(105)
Net profit for the year	-	9	9
Balance at 31 December 2010	5	(101)	(96)

The notes on pages 10 to 17 form an integral part of these financial statements

SERIES B EURO-DM SECURITIES LIMITED

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER 2010

(Expressed in Euro '000s unless otherwise stated)

	NOTES	€ 000s 2010	2009
Cashflows from operating activities			
Cash generated from operations		-	-
Cash used in operations		-	-
Net cash generated from / (used in) operating activities		-	-
Cashflows from financing activities			
Redemption of bearer bonds	5	-	-
Net cash used in financing activities			
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of the year		-	-

RECONCILIATION OF PROFIT BEFORE TAX

TO CASH GENERATED FROM OPERATIONS

	NOTES	€ 000s 2010	2009
Profit before tax		9	7
Adjustments for:			
Interest income at effective interest rate	3	(16,917)	(15,909)
Amortisation of discount on bearer bonds at effective interest rate	5	16,895	15,889
Changes in working capital:			
Decrease in receivable from related party		-	-
Increase / (decrease) in trade payable and accrued expenses		-	-
Decreases in prepaid expense		13	13
Cash generated from operations		-	-

The notes on pages 10 to 17 form an integral part of these financial statements

SERIES B EURO-DM SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2010

GENERAL INFORMATION

1 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented unless otherwise stated.

1.1 Going Concern

As at 31 December 2010, in the Directors' opinion the Company is still considered to be a going concern as the Company is able to meet its liabilities as they fall due for the next 12 months and in accordance with an undertaking dated 2nd July 1986, Commerzbank AG as promoters of the issue of Zero Coupon Deutsche Mark bearer bonds as described in note 5, have agreed to reimburse the Company for all expenses incurred. The expenses and the corresponding reimbursement are shown in the Statement of Comprehensive Income.

1.1.2 Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, issued by International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).

The Company has acquired a Schuldschein issued by Deutsche Bahn AG from Commerzebank AG, funded by the proceeds of the Zero coupon Deutsche Mark bearer bonds. The bonds are issued with a maturity date corresponding to the payment date on the Schuldschein loan.

The Company neither has, nor will have, any other significant assets or liabilities and has covenanted not to enter into any other transactions except in connection with the Schuldschein.

It should be noted that the terms of issue of the Deutsche Mark bearer bonds and certain of the agreements contain provisions that if changes are made before the final redemption date of the Schuldschein then the calculation of the amounts due is on the basis set out in such terms.

These financial statements have been prepared keeping in view that the transactions mentioned in the previous paragraphs are not separable. Total income arising from the Schuldschein and total expenses incurred on the financial liabilities (excluding the expenses pertaining to redemption of such liabilities) are recognised in the income statement during the terms of the Schuldschein and Deutsche Mark bearer bonds respectively so as to produce a constant rate of return over their term.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.2.

a) Standards and amendments to existing standards effective 1 January 2010

There have been no new standards or amendments to existing standards which are effective 1 January 2010 and applicable to the Company.

1 ACCOUNTING POLICIES (continued)

1.1.2 Basis of preparation (continued)

b) Standards and interpretations to existing standards that are not effective and have not been early adopted by the Company

The Company has not early adopted any standards or interpretations.

IFRS 9 was first issued in November 2009, at which time it consisted of provisions relating to the recognition and

c) Standards, amendments and interpretations effective in 2010 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2010 but they are not relevant to the Company's operations:

- IFRIC 17, 'Distributions of non cash assets to owner';
- IAS 27 (Revised), 'Consolidated separate financial statements'
- IAS 38, (Amendment) Intangible Assets;
- IFRS 2 (Amendments), 'Group cash settled Share-based payment transactions';
- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009);
- IFRIC 16, 'Hedges of Net Investment in a foreign operation';
- IFRIC 18, 'Transfers of assets from customers' (Effective from 1 July 2009).

Adoption of these standards, amendments and interpretations do not have an impact on Company's financial statements.

1.2 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under circumstances.

1.2.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal and the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Amortised cost of investment in Schuldschein and Deutsche Mark bearer bonds

The amortised cost of the Shuldschein and Deutsche Mark bearer bonds are calculated using the estimated effective interest rate. Effective interest rate was calculated based throughout the life of the Shuldschein and bearer bonds. The Company used its best judgement in estimating on the estimated cash inflows and cash outflows the cash flows for the calculation of effective interest rate. The amortised cost of the Schuldschein and Deutsche mark bearer bonds would be over or under estimated were the cash flows used to calculate the effective interest rate to differ from the management estimates.

1 ACCOUNTING POLICIES (continued)

1.2.2 Critical judgements in applying the accounting policies

Impairment of held to maturity financial assets

The Company follows the guidance of IAS 39 to determine when a held to maturity financial asset is impaired.

The determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the financial health and business outlook of the investee including factors such as industry and sector performance, changes in the operational and financing cash flow.

In accordance with IAS 39, the Company assesses at each balance sheet date whether there is any objective evidence of impairment; the determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the financial health and business outlook of the investee (Federal Republic of Germany) including factors *such as industry and sector performance, changes in operational and financing cashflow.*

The Directors of the Company have a duty to review the impairment for year ended 31 December 2009 in accordance with International Financial Reporting Standards (IFRS), and to conclude whether the Company would suffer an additional charge for impairment.

The Directors of the Company are of the opinion that the investment is not currently impaired, although propose to continue to monitor the situation, given the current adverse economic conditions.

1.3 Financial assets and liabilities held at amortised cost

1.3.1 Classification
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. The Company has designated its investment in the Schuldschein as held-to-maturity investments, as the Company has the positive intention and ability to hold the investment in the Schuldschein to its maturity. Financial liabilities arise when company has a contractual obligation to deliver cash or other financial assets to another entity.

The Deutsche Mark bearer bonds issued by the Company are designated as financial liabilities carried at amortised cost.

1.3.2 Recognition and measurement
IAS 39, Financial Instruments: Recognition and Measurement, requires held-to-maturity financial assets and financial liabilities at amortised cost to be measured on initial recognition at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. The investment and financial liabilities of the Company are initially recorded at cost.

However, this departure has no material effect on the carrying value of investment or the financial liability as the management estimates that the cost of the financial assets and financial liabilities approximated to their fair values at the time of the initial recognition.

1.3.3 Derecognition of financial assets and financial liabilities
Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

1.3.4 Fair value estimation

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. See note 4 and note 6 for the fair value estimation.

1.4 Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

1 **ACCOUNTING POLICIES (continued)**

1.5 Foreign currency translation

1.5.1 Functional and presentation currency
The Company has adopted the Euro ("EUR") as its presentation and functional currency, as the Company's primary activity is to invest in Euro denominated securities. The Company has no exposure to currency on its investment, and only minimal exposure to Pound Sterling ("GBP") and United States Dollar ("USD") on its payables and receivables.

1.5.2 Transactions and balances
Transactions denominated in currencies other than EUR have been translated to EUR at the exchange rate ruling at the date of the transaction. Monetary items on the balance sheet have been translated to EUR at the exchange rate ruling at the year end. Foreign currency gains and losses on such transactions and translation are recognised in the Statement of Comprehensive Income.

1.6 Income
Income, which includes interest income and discount on the Schuldschein, is recognised in the Statement of Comprehensive Income using the effective interest rate method over the term of the Schuldschein.

1.7 Amortisation charge
Discount on Deutsche Mark bearer bonds is amortised through the Statement of Comprehensive Income over the life of the total liability using the effective interest rate method.

EMPLOYEES DISCLOSURE

1.8 Issue costs
Costs necessarily incurred in relation to the issue of the Deutsche Mark bearer bonds are classified as transaction costs. These transaction costs are subsequently amortised through the Statement of Comprehensive Income using the effective interest rate method over the life of the related liability. Any unamortised transaction costs are presented by way of netting from the related liability to which they pertain.

1.9 Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.10 Administration expenses

The Company has engaged the services of EES Trustees International Limited to provide administrative services for a fixed fee of $10,000 per annum and a fee of $3,000 for bookeeping and accounting services plus disbursements.

Total secretarial and accounting fees for the year amounted to €9,000 (2009: €9,000).

1.11 Bond redemption expenses
According to the terms of arrangement the difference between the interest instalments receivable on the Schuldschein and the redemption value of the relevant Deutsche Mark bearer bonds will be utilised for payment of costs pertaining to redemption of the Deutsche Mark bearer bonds. Accordingly, bond redemption expenses are recorded at the time when the bonds are actually redeemed.

1.12 Share capital
Ordinary shares are classified as equity.

SERIES B EURO-DM SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST DECEMBER 2010

2 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, counter-party risk, market risk and liquidity risk as explained below.

2.1 Financial risk factors

a) Market risk

i) Price risk and interest rate risk
The overall position and therefore risk is governed by terms of the determined loan document under the Schuldschein, and is matched and funded by zero coupon Deutsche Mark bearer bonds. The interest rate on the Schuldschein is fixed and therefore interest rate risk is minimal.

ii) Currency risk
The Company's presentation and functional reporting currency is the Euro and there is no exchange rate risk on income since the DM was converted to the Euro in 2002 at a fixed rate of 1.95583. There is some limited exposure on expenses charged in Sterling and USD currencies, however these expenses are fully reimbursed by the controlling company, Commerzbank AG.

iii) Sensitivity analysis
The Company has not provided a sensitivity analysis, given that both interest rate risk and currency risk are fully hedged. Therefore, in the opinion of the Directors, no sensitivity analysis is required to be disclosed.

b) Credit risk and counter party risk

Credit risk is the risk that the counter-parties will be unable to pay amounts in full when due. The Company's single investment holding is the Schuldshein (as described in note 4), with an actual balance outstanding of € 392.6m as at 31 December 2010 (2009: € 368.9m). The Company has convenanted not to enter into any other transactions except in connection to the Schuldschein. An impairment review was carried out within the business in respect of the Schuldschein and based on such directors are of the view that no impairment provision is required, as described below.

The Directors believe that the Schuldschein investment is government backed and the loan originates from an EU member state. This is because Deutsche Bahn AG, an integrated rail and logistics group, owns and operates the German national rail transportation network. It is 100% owned by the Federal Republic of Germany. This is why we believe the Schuldschein investment to be backed by the German Government.

The only other asset subject to credit risk is the receivable from related party, Commerzbank AG is the ultimate controlling party of the Company. Given that Commerzbank AG, is a well regulated bank with a credit rating of A-1 the credit risk of the receivable from related party is deemed to be minimal.

c) Liquidity risk

The Company currently has minimal exposure to liquidity risk as its obligations to meet its liabilities are offset by the investment held in accordance with the terms of the loan agreement. There have been no defaults or breaches to date.

The maturity of the Company's liabilities are given in the table below.
As at 31 December 2010

	Less than 1 year	Over 5 years Euro' 000s
Trade payable and accrued expenses	11	-
Financial liabilities at amortised cost:	-	283,896

As at 31 December 2009

	Less than 1 year	Over 5 years Euro' 000s
Trade payable and accrued expenses	11	-
Financial liabilities at amortised cost:	-	267,001

2 FINANCIAL RISK MANAGEMENT (continued)

2.2 Capital risk management

As of 31 December 2009, the Company has an ordinary share capital of € 5,000 (2008: € 5,000). The Company's main transaction, acquisition of Schuldschein was funded through issue of Deutsche Mark bearer bonds as described in note 5 to the financial statements.

2.3 Limited recourse

There is no limited recourse in place, as the financial assets are not secured on any specific assets of the issuer but are guaranteed by the issuer for repayment.

3 HELD TO MATURITY FINANCIAL ASSETS

This represents an unlisted investment in a Schuldschein issued by the Bundesbahn (German Federal Republic Railway) on 8 April 1986. The Schuldschein, which has a face value of € 216,890,016, was purchased at a cost of € 207,498,986.

Between 3 April 1986 and 2 April 1996, the Schuldschein yields interest at a rate of 6.01 % p.a. due and payable annually. Subsequently, it bears interest in equal instalments of € 74,067,940 due on 3 April 2001 and 2006, and € 175,030,243 due on 3 April 2016. The principal amount of the Schuldschein is payable on 3 April 2016.

This investment is recorded initially at cost and is subsequently measured at amortised cost which is determined after taking into account interest yield, discount amortised and receipts of interest instalments as they become due. Interest on the Schuldschein is recorded and discount is amortised through the income statement in a manner so as to produce a constant periodic rate of return over the life of the Schuldschein.

	€ 000s	
The carrying amount of the investment is as follows:	**2010**	2009
Amortised cost at beginning of the year	**266,810**	250,901
Amortisation of discount at effective interest rate	**16,917**	15,909
Amortised cost at the end of the year	**€283,727**	€266,810

The effective rate of the Schuldschein is 6.34% p.a. The fair value of the Schuldschein presented in the Balance Sheet is estimated to be €350,907,951 as at 31 December 2010 (2009: €314,919,589).

4 PREPAID EXPENSE

This represents advance payments made in respect of Trustees and Paying Agents fees and is amortised through the income statement on a straight line basis over the life of the Schuldschein.

	€ 000s	
	2010	2009
Carrying cost at the beginning of the year	**81**	94
Amortised during the year	**(13)**	(13)
Carrying cost at the end of the year	**€68**	€81

5 FINANCIAL LIABILITIES AT AMORTISED COST

As explained in note 3 to these financial statements, the Company issued zero coupon bonds and sold its rights to receive interest due on the Schuldschein during the period 3 April 1986 to 2 April 1996 to finance the purchase of the Schuldschein. These liabilities are recorded in the financial statements at their amortised cost which is determined after taking into account discount and transaction cost amortisation and payment of interest instalments to settle the liability arising on the sale of rights to receive interest on the Schuldschein, and are fully secured on the Schuldschein described in Note 3.

The carrying value is as follows :

	€ 000s	
	2010	2009
Amortised cost at the beginning of the year	**267,001**	251,112
Amortisation of discount at effective interest rate	**16,895**	15,889
Amortised cost at the end of the year	**€283,896**	€267,001

The effective interest rate of the Deutsche Mark bearer bonds is 6.33% p.a.

The contractual value at the maturity of the Deutsche Mark bearer bonds is € 392m (2008 - € 392m).

The fair value of the Deutsche Mark bearer bonds presented in the Balance Sheet is estimated to be €350,907,951 as at 31 December 2010 (2009: €314,919,589).

	€ 000s	
6 ORDINARY SHARE CAPITAL	**2010**	2009
Authorised *10,000 shares of £1 each*	**£ 10,000**	£ 10,000
Issued and fully paid 1,009 shares of £1 each	**£ 3,509**	£ 3,509
Converted to € at the exchange rate ruling at the date on which the DM ceased to be legal tender.	**€ 5**	€ 5

7 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The immediate controlling party of the Company is Lloyds TSB Offshore Trust Company Ltd (formerly known as Hill Samuel Offshore Trust Company Limited), as trustee of a charitable trust. In the opinion of the trustee the ultimate controlling party is Commerzbank AG, a regulated German bank.

8 TAXATION

The Company is currently registered in Jersey as an exempt company. The States of Jersey Income Tax Authority has granted the Company exemption from Jersey income tax under the provision of Article 123A of the Income Tax (Jersey) Law 1961. The Company has been charged the annual exemption fee of £600.

With effect from 1 January 2009, Jersey has abolished the exempt company regime for existing companies. At the same time the standard rate of income tax for companies has moved from 20% to 0%. Therefore some entities previously exempt from tax under the above provision are now taxed at 0%.

9 ADMINISTRATION EXPENSES

In accordance with an undertaking dated 2nd July 1986, Commerzbank AG as promoters of the issue of Zero Coupon Deutsche Mark bearer bonds as described in note 6, have agreed to reimburse the Company for all expenses incurred. The expenses and the corresponding reimbursement are shown in the income statement.

10 RELATED PARTY TRANSACTIONS

Parties are considered related if one party has ability to control the other party or exercise influence over the party in making financial or operational decisions. The following are considered by the directors of the Company to be related parties:

- Lloyds TSB Offshore Trust Company Ltd as immediate controlling party of the Company. The directors of Lloyds TSB Company Offshore Trust Company Ltd are also directors of the Company.
- Commerzbank AG as the ultimate controlling party and paying agent of the Company.
- Lloyds TSB Offshore Trust Company Ltd provided administrative and accountancy services for a fee of €9,000 (2009: €9,000) during the year. There are no outstanding fees at the year end.
- Commerzbank AG has reimbursed the Company of all administrative expenses for the year of €12,000 (2009: €12,000).

The balance receivable from Commerzbank AG at 31 December 2010 is €16,000 (2008: €16,000).

11 EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred between the balance sheet date and the date of signing the financial statements, which would require adjustments, or disclosure in, the financial statements.