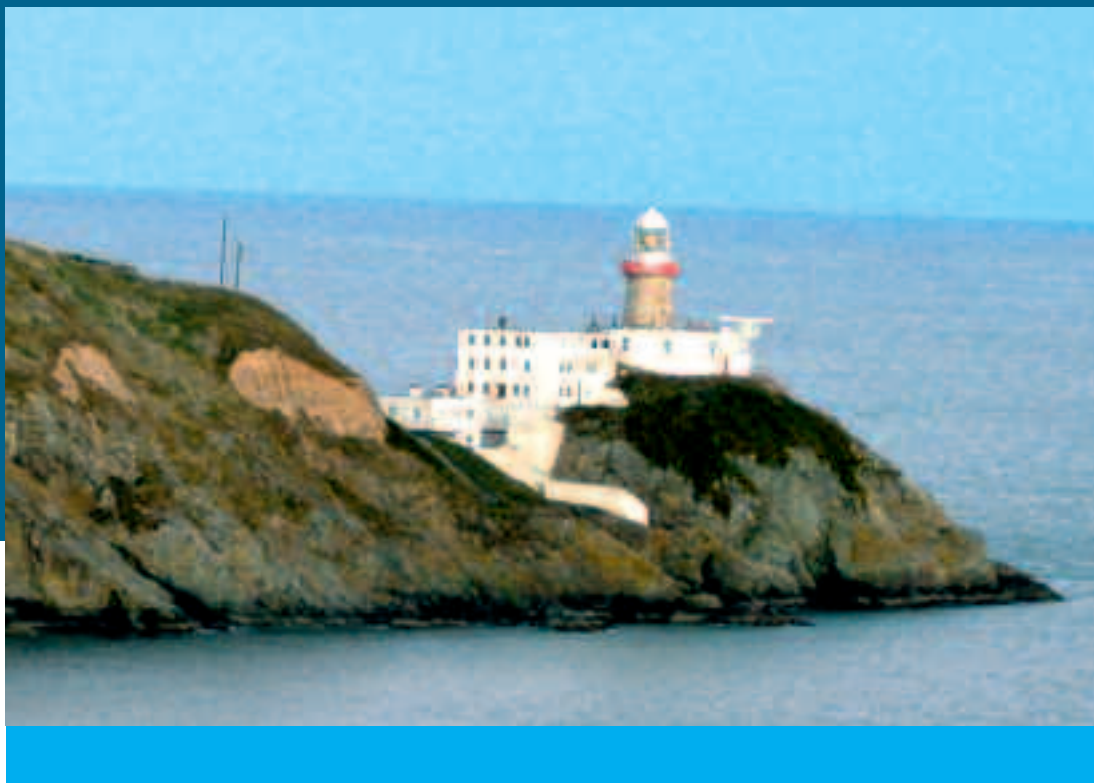


# Report and Financial Statements 2006



Year ended 31 December 2006

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## Directors and other Information

<b>Board of Directors</b>	R. Krick (Chairman) L. Steinborn-Reetz Dr. N. Schraad E. Hanly N. O'Byrne P. Murray P. Smyth
<b>Secretary</b>	Wilton Secretarial Limited
<b>Registered Office</b>	PO Box 3137 5 George's Dock IFSC Dublin 1 Registered Number: 166932
<b>Auditors</b>	PricewaterhouseCoopers Chartered Accountants and Registered Auditors George's Quay Dublin 2
<b>Solicitors</b>	William Fry Fitzwilton House Wilton Place Dublin 2
<b>Bankers</b>	Landesbank Hessen-Thüringen Girozentrale Frankfurt am Main/Erfurt Germany  Bank of Ireland IFSC Dublin 1



## Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2006.

### Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable Irish law and generally accepted accounting practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Irish company law requires the directors to prepare 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 period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts 1963 to 2006 and the European Communities (Credit Institutions: Accounts) Regulations, 1992. The directors 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.

The directors are responsible for the maintenance and integrity of the company's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Books of Account

The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons. The books of account are kept at PO Box 3137, 5 George's Dock, IFSC, Dublin 1.

### Principal Activities and Review of the Business

During the financial year 2006, the balance sheet total of Helaba International Finance plc decreased by 1,769 million, or 44.60%, to 2,196 million, as compared with the 31st December 2005. The decrease in the balance sheet total reflects (note 10) 9 redemptions (AUD, CAD, EUR, NZD, USD and ZAR) and no new issues.

All issues are unconditionally and irrevocably guaranteed by Landesbank Hessen-Thüringen Girozentrale and have been rated “Aaa” (Moody’s Investors Service), “AAA” (FitchRatings) and “AA” (Standard & Poor’s). The proceeds from these issues are exclusively used for the financing of associated companies within the Helaba Group.

The guarantees of the owners of Landesbank Hessen-Thüringen Girozentrale (the Savings Banks and Giro Association of Hesse-Thuringia and the Federal States of Hesse and Thuringia) in the form of Anstaltslast (statutory liability) and Gewährträgerhaftung (guarantor obligation) has ensured a high credit quality of Helaba. The German authorities and the European Commission agreed, in July 2001 and February 2002, on a restructuring of the guarantee mechanisms of German public banks. Anstaltslast was maintained in its original form until 18 July 2005.

The provisions applying to the statutory guarantee state that liabilities in existence on 18 July 2001 will be covered by the statutory guarantee until the end of their term. Liabilities created after this date are in principle covered by the statutory guarantee until 18 July 2005, at which time such coverage will cease unless the term of the liabilities concerned does not extend beyond 31 December 2015.

Helaba’s senior unsecured unguaranteed obligations (obligations not covered by Gewährträgerhaftung) are rated “Aa2”/“A+”/“A” (long-term) by Moody’s Investors Service, FitchRatings, and Standard & Poor’s respectively.

<b>Profits, Dividends and Reserves</b> in thousand €	Profit for the financial year	1,184
	Balance at beginning of year	14
	<b>Profit retained for the year</b>	<b>1,198</b>
	Interim Dividends declared	-1,100
	<b>Total Profit retained</b>	<b>98</b>

**Staff** At year end 2 employees were employed by the company. The directors would like to take this opportunity to thank the employees for their dedication and loyalty during the past year.

**Events since the Year End** There have been no significant events affecting the company since the year end.

**Safety, Health and Welfare of Employees** It is the policy of the company to ensure the health and welfare of its employees by maintaining a safe place and system of work. This policy is based on the requirements of employment legislation, including the Safety, Health and Welfare at Work Act, 1989.

**Future Developments** In its financial year 2007, the company plans to continue its financing function for the Helaba Group.

**Financial Risk Management** Please see note 22 to the financial statements.

**Directors** The names of the persons who were directors during the year ended 31 December 2006, are set out below. They served as directors for the entire year except where noted.

R. Krick (Chairman) (German)  
L. Steinborn-Reetz (German)  
Dr. N. Schraad (German)  
E. Hanly  
N. O’Byrne  
P. Murray  
P. Smyth

The directors are not required to retire by rotation under the terms of the company’s articles of association.

**Ultimate Holding Company** The ultimate holding company is Landesbank Hessen-Thüringen Girozentrale, (“Helaba”), Federal Republic of Germany.

The existing guarantees of the owners of Helaba were abolished after 18 July 2005 in the case of Anstaltslast (statutory liability) respectively phased out as from 19 July 2005 in the case of Gewährträgerhaftung (guarantor obligation) (see “Principal Activities and Review of the Business”). Helaba’s senior unsecured unguaranteed obligations (obligations not covered by Gewährträgerhaftung) are rated “Aa2”/“A+”/“A” (long-term) by Moody’s Investors Service, FitchRatings, and Standard & Poor’s respectively.

**Directors’ and other Interests** None of the directors in office at 31 December 2006 had any interest in the shares or debentures of the company, its holding company or other group companies.

**Transactions involving Directors** There were no transactions involving directors during the year as defined by Section 41 of the Companies Act, 1990.

**Auditors** The auditors, PricewaterhouseCoopers, offer themselves for re-appointment in accordance with section 160(2) of the Companies Act, 1963.

R. Krick, *Chairman of the Board of Directors*  
P. Murray, *Managing Director*

8 March 2007

## Independent Auditors' Report

To the Members of Helaba International Finance plc

We have audited the financial statements on pages 12 to 34. 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 Director's Report and the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities on page 7.

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 193 of the Companies Act, 1990 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, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006 and the European Communities (Credit Institutions: Accounts) Regulations, 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting; such a financial situation may exist if the net assets of the company, as stated in the company balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

### Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 December 2006 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2006 and the European Communities (Credit Institutions: Accounts) Regulations, 1992.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report on pages 7 to 9 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 17, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2006 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Dublin

8 March 2007

## Accounting Policies and Estimates

The significant accounting policies adopted by the company are as follows:

### Basis of Preparation

The financial statements are prepared under the historical cost convention and in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2006 and the European Communities (Credit Institutions: Accounts) Regulations, 1992. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

### Changes in Accounting Policies

The company has adopted FRS 25 'Financial Instruments – Disclosure and Presentation' and FRS 26 'Financial Instruments – Measurement' in these financial statements. The adoption of these standards represents a change in accounting policy, and the company has taken the exemption not to restate comparatives. The effect of adoption of these standards has had no material effect on these financial statements other than disclosed in the notes.

### Financial Assets

The company classifies its financial assets in the category "Loans and receivables". Management determines this category at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company advances funds directly to a debtor with no intention of trading the receivable.

Loans and receivables are carried at amortised cost using the effective interest method.

### Tangible Assets

Tangible assets are stated at cost less accumulated depreciation.

Depreciation is calculated in order to write off the cost of tangible assets over their estimated useful lives by equal annual instalments.

### Debt Securities in Issue

Debt securities in issue are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost: any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

### Reporting Currency

The financial statements are prepared in thousands of Euro, denoted by the symbol T .

### Interest Income and Expense

Interest income and expense are recognised in the financial statements for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transactions costs and all other premiums and discounts.

Once a financial asset has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purposes of measuring the impairment loss.

### Income and Expense Recognition

Interest income and expenses are recognised in the profit and loss account on an accruals basis.

### Foreign Currencies

All monetary assets and liabilities, denominated in currencies other than Euro are translated into Euro at the exchange rates ruling at the balance sheet date.

Tangible assets are translated at the historical rate.

The monthly revenues and costs arising in currencies other than Euro are translated into Euro at the relevant exchange rate at each month end.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in currencies other than Euro are dealt with through the profit and loss account.

## Profit and Loss Account

Year ended 31 December 2006  
in thousand €

### Deferred Taxation

Deferred taxation is provided on timing differences to the extent that it is expected to become payable in the foreseeable future and any amount not provided for is disclosed as a contingent liability.

Timing differences are temporary differences between profits as computed for taxation purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

### Deferral of Premiums, Discounts, Commissions and Issue Expenses

Premiums, discounts, commissions and issue expenses arising on long term borrowings and loans with a fixed maturity are amortised to the profit and loss account over the period of the related loans and borrowings. For bonds and notes in issue the unamortised balance is netted against the nominal value in the balance sheet.

### Pensions

The pension obligations of the company are met by payments to a defined contribution pension plan, which are made by Helaba Dublin under the terms of a management agreement. The annual contributions are paid by Helaba Dublin in the accounting year to which they relate.

	Notes	2006	2005	2004
<b>Interest receivable and similar income</b>		161,125	227,209	245,051
<b>Interest payable and similar charges</b>		-159,439	-224,948	-242,478
<b>Net interest income</b>		<b>1,686</b>	<b>2,261</b>	<b>2,573</b>
Administration expenses		-336	-500	-420
<b>Profit on ordinary activities before tax</b>	2	<b>1,350</b>	<b>1,761</b>	<b>2,153</b>
Tax on profit on ordinary activities	3	-166	-172	-214
<b>Profit on ordinary activities after tax</b>		<b>1,184</b>	<b>1,589</b>	<b>1,939</b>
<b>Balance at beginning of year</b>		<b>14</b>	<b>75</b>	<b>136</b>
		<b>1,198</b>	<b>1,664</b>	<b>2,075</b>
<b>Dividends</b>	4	<b>-1,100</b>	<b>-1,650</b>	<b>-2,000</b>
<b>Balance at end of year</b>	5	<b>98</b>	<b>14</b>	<b>75</b>

Profit on ordinary activities arose solely from continuing operations. There are no recognised gains or losses other than those included in the profit and loss account.

There is no difference between the profit on ordinary activities before taxation and the retained profits for the periods stated above, and their respective historical cost equivalents.

R. Krick, *Chairman of the Board of Directors*  
P. Murray, *Managing Director*

8 March 2007

The accounting policies on pages 12 to 14 and the notes to the Financial Statements on pages 19 to 34 form part of these accounts. Auditors' Report pages 10 to 11.



## Balance Sheet

31 December 2006  
in thousand €

	Notes	2006	2005	2004
<b>Assets</b>				
Cash at bank	18	432	644	885
Loans and advances to group companies	7	2,150,649	3,867,707	4,593,212
Other debtors	8	272	642	1,021
Tangible fixed assets	6	–	–	–
Prepayments and accrued income	9	44,807	95,696	108,145
<b>Total Assets</b>		<b>2,196,160</b>	<b>3,964,689</b>	<b>4,703,263</b>
<b>Liabilities</b>				
Debt securities in issue	10	2,134,418	3,846,962	4,563,271
Creditors (amounts falling due within one year)	11	11,230	16,345	26,263
Other liabilities	12	1,100	1,650	2,000
Accruals and deferred income	13	44,201	94,605	106,541
<b>Shareholders' Funds</b>				
Called up share capital	14	5,000	5,000	5,000
Capital conversion reserve fund	15	113	113	113
Profit and loss account	5	98	14	75
<b>Total Liabilities</b>		<b>2,196,160</b>	<b>3,964,689</b>	<b>4,703,263</b>

R. Krick, *Chairman of the Board of Directors*

P. Murray, *Managing Director*

8 March 2007

The accounting policies on pages 12 to 14 and the notes to the Financial Statements on pages 19 to 34 form part of these accounts. Auditors' Report pages 10 to 11.

## Cash Flow Statement

Year ended 31 December 2006  
in thousand €

	Notes	2006	2005	2004
<b>Net cash inflow from operating activities</b>	(A)	1,616	1,984	773
<b>Dividends paid</b>	17	-1,650	-2,000	-
<b>Taxation</b>				
Corporation tax paid		-178	-225	-248
<b>(Decrease)/increase in cash</b>	18	<b>-212</b>	<b>-241</b>	<b>525</b>
<b>(A) Reconciliation of operating profit to net cash inflow from operating activities</b>				
Profit on ordinary activities before taxation		1,350	1,761	2,153
Net decrease in prepayments and accrued income		50,889	12,449	18,497
Net (decrease) in accruals and deferred income		-50,404	-11,936	-18,427
Depreciation		-	-	-
<b>Net cash inflow from trading activities</b>		<b>1,835</b>	<b>2,274</b>	<b>2,223</b>
Net decrease in loans and advances to group companies		1,717,058	725,505	322,397
Net (decrease) in debt securities in issue		-1,712,544	-716,309	-310,473
Net (decrease) in creditors (amounts falling due within one year)		-5,103	-9,865	-13,745
Net decrease/(increase) in other debtors		370	379	371
<b>Net cash inflow from operating activities</b>		<b>1,616</b>	<b>1,984</b>	<b>773</b>

## Notes to the Financial Statements

### 1. Ultimate Holding Company

The ultimate holding company of Helaba International Finance plc is Landesbank Hessen-Thüringen Girozentrale, Federal Republic of Germany. Landesbank Hessen-Thüringen Girozentrale is the parent company of the only group for which group financial statements are drawn up and of which the company is a member. Copies of the financial statements of Landesbank Hessen-Thüringen Girozentrale may be obtained from their registered offices at Neue Mainzer Straße 52-58, D-60311, Frankfurt am Main and Bonifaciusstraße 3, D-99084, Erfurt, Federal Republic of Germany.

### 2. Profit on ordinary Activities before Taxation in thousand €

	2006	2005	2004
Profit before taxation has been arrived at after charging:			
<b>Staff costs</b>			
- wages and salaries	-	-	-
- social welfare costs	-	-	-
Depreciation	-	-	-
Auditors' remuneration	-	-	-
Operating lease rentals: Property Management Agreement	-	-	-
	<b>336</b>	<b>500</b>	<b>420</b>

For the periods ended 31 December 2006, 31 December 2005 and 31 December 2004, the day to day expenses of Helaba International Finance plc were paid by Helaba Dublin under the terms of a management agreement. This includes an amount of T 13 (2005: T 15, 2004: T 13) in respect of auditors' remuneration.

**3. Tax on Profit  
on ordinary Activities**  
in thousand €

	2006	2005	2004
(A) Based on profit on ordinary activities:			
Corporation tax at 12,5%	166	-	-
Corporation tax at 10%	-	172	214
	<b>0</b>	<b>172</b>	<b>214</b>
(B) Deferred tax	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

(A) Helaba International Finance plc has received a certificate from the Minister for Finance in Ireland confirming that all qualifying income on financial services activities are subject to Corporation Tax at the reduced rate of 10%, until 31 December 2005. The current new rate of Corporation Tax since 31 December 2005 is 12.5%.

(B) No provision has been made for deferred tax as there are no material timing differences between profits as computed for tax purposes and accounting purposes.

(The ending of the special IFSC 10% tax rate on the 31 December 2005 will increase the company's effective tax rate in the future years to 12.5%).

**4. Dividends**  
in thousand €

	2006	2005	2004
<b>Paid:</b>			
Interim dividend Nil (2005: Nil) (2004: Nil) per € 1 ordinary equity share	-	-	-
Interim dividend of Nil (2005: Nil) (2004: Nil) per DEM 1,000 preference share	-	-	-
Interim dividend of Nil (2005: Nil) (2004: Nil) per DEM 1,000 ordinary equity share	-	-	-
Total dividends paid	-	-	-
<b>Declared:</b>			
Interim dividend of € 0.22 (2005: € 0.33) (2004: 0.40) per € 1 ordinary equity share	1,100	1,650	2,000
Total declared dividends	<b>1,100</b>	<b>1,650</b>	<b>2,000</b>

**5. Statement of Movement  
in Profit and Loss Account**  
in thousand €

	2006	2005	2004
Balance at beginning of year	14	75	136
Profit/(Loss) for the year retained	84	-61	-61
Balance at end of year	<b>98</b>	<b>14</b>	<b>75</b>

<b>6. Tangible Fixed Assets</b> in thousand €	<b>Fixtures and fittings</b>	<b>Computer equipment</b>	<b>Office furniture</b>	<b>Total</b>
<b>Cost</b>				
At 31 December 2004	7	6	12	25
At 31 December 2005	7	6	12	25
At 31 December 2006	<b>7</b>	<b>6</b>	<b>12</b>	<b>25</b>
<b>Accumulated depreciation</b>				
At 31 December 2004	7	6	12	25
Charge for the year	-	-	-	-
At 31 December 2005	7	6	12	25
Charge for the year	-	-	-	-
At 31 December 2006	<b>7</b>	<b>6</b>	<b>12</b>	<b>25</b>
Charge for the year	-	-	-	-
<b>Net book amount</b>				
At 31 December 2004	-	-	-	-
At 31 December 2005	-	-	-	-
At 31 December 2006	-	-	-	-

The estimated useful lives of tangible assets by reference to which depreciation has been calculated are as follows:

(Average approximately):	Fixtures and fittings	5 years
	Office furniture	10 years
	Computer equipment	3 years

#### 7. Loans and Advances to Group Companies in thousand €

	<b>2006</b>	<b>2005</b>	<b>2004</b>
- Due after one year	1,425,253	2,155,332	3,697,600
- Due within one year	725,396	1,712,375	895,612
	<b>2,150,649</b>	<b>3,867,707</b>	<b>4,593,212</b>

The amounts due after one year from group companies represents the proceeds of bond issues which have been guaranteed, in full, by Landesbank Hessen-Thüringen Girozentrale, (see note 10). As security for the issue of these guarantees, the proceeds are pledged to Landesbank Hessen-Thüringen Girozentrale.

#### 8. Other Debtors in thousand €

	<b>2006</b>	<b>2005</b>	<b>2004</b>
Other debtors comprises of:			
Deferred premium on loans	272	642	1,021
	<b>272</b>	<b>642</b>	<b>1,021</b>

#### 9. Prepayments and Accrued Income in thousand €

	<b>2006</b>	<b>2005</b>	<b>2004</b>
Interest on advances to group	44,807	95,696	108,145
	<b>44,807</b>	<b>95,696</b>	<b>108,145</b>

**10. Debt Securities in Issue**  
 in thousand €

	2006	2005	2004
Amounts falling due in less than one year excluding interest			
NZD 100 million 8.00% due 10 March 2005	-	-	52,991
CHF 350 million 2.00% due 23 March 2005	-	-	226,845
CHF 250 million 2.00% due 23 March 2005	-	-	162,033
CHF 250 million 2.00% due 23 March 2005	-	-	162,033
CHF 150 million 2.00% due 23 March 2005	-	-	97,220
CZK 1.5 billion 6.750% due 27 July 2005	-	-	49,238
CZK 500 million 6.750% due 27 July 2005	-	-	16,413
EUR 75 million 5.500% due 18 August 2005	-	-	75,000
PLN 200 million 0.00% due 21 September 2005	-	-	48,966
AUD 100 million 5.500% due 2 February 2006	-	62,077	-
AUD 25 million 5.500% due 2 February 2006	-	15,519	-
AUD 50 million 5.500% due 2 February 2006	-	31,039	-
ZAR 100 million 11.500% due 7 February 2006	-	13,397	-
DEM 1 billion 6.00% due 21 February 2006	-	511,292	-

**10. Debt Securities in Issue**  
 – continued/in thousand €

	2006	2005	2004
CAD 100 million 5.500% due 8 March 2006	-	72,860	-
CAD 50 million 5.500% due 8 March 2006	-	36,430	-
AUD 100 million 6.00% due 15 June 2006	-	62,077	-
NZD 100 million 6.750% due 12 September 2006	-	57,904	-
EUR 500 million 4.500% due 25 September 2006	-	500,000	-
EUR 75 million 4.500% due 25 September 2006	-	75,000	-
USD 300 million 5.625% due 18 December 2006	-	254,302	-
DEM 30 million (Note (i)) due 29 December 2006	-	15,339	-
AUD 100 million 5.750% due 8 August 2007	59,913	-	-
EUR 500 million 4.00% due 27 September 2007	500,000	-	-
EUR 100 million 4.00% due 27 September 2007	100,000	-	-
ESP 10 billion (Note (ii)) due 30 May 2007	60,101	-	-
Deferred premium on notes	1,569	1,947	253
Deferred management/underwriting commission/issue expenses on notes	-1,821	-2,897	-1,399
	<u>719,762</u>	<u>1,706,286</u>	<u>889,593</u>

**10. Debt Securities in Issue**  
 – continued/in thousand €

	2006	2005	2004
Amounts falling due after one year excluding interest			
DEM 1 billion 6.00% due 21 February 2006	–	–	511,292
GBP 200 million 4.750% due 7 December 2009	297,841	291,843	283,667
GBP 50 million 4.750% due 7 December 2009	74,460	72,961	70,917
DEM 1 billion 5.500% due 4 February 2013	511,292	511,292	511,292
GBP 65 million 4.750% due 7 December 2009	96,798	94,849	92,192
JPY 5 billion 2.460% due 8 January 2010	31,861	35,997	35,804
ZAR 100 million 11.500% due 7 February 2006	–	–	13,004
AUD 100 million 5.500% due 2 February 2006	–	–	57,277
CAD 100 million 5.500% due 8 March 2006	–	–	60,916
USD 300 million 5.625% due 18 December 2006	–	–	220,248
CAD 50 million 5.500% due 8 March 2006	–	–	30,458
AUD 100 million 6.00% due 15 June 2006	–	–	57,277
EUR 500 million 4.500% due 25 September 2006	–	–	500,000

**10. Debt Securities in Issue**  
 – continued/in thousand €

	2006	2005	2004
GBP 85 million 4.750% due 7 December 2009	126,582	124,034	120,559
AUD 25 million 5.500% due 2 February 2006	–	–	14,319
NZD 100 million 6.750% due 12 September 2006	–	–	52,991
AUD 50 million 5.500% due 2 February 2006	–	–	28,639
EUR 75 million 4.500% due 25 September 2006	–	–	75,000
AUD 100 million 5.750% due 8 August 2007	–	62,077	57,277
NOK 500 million 6.540% due 11 September 2013	60,694	62,617	60,705
EUR 500 million 4.00% due 27 September 2007	–	500,000	500,000
EUR 100 million 4.00% due 27 September 2007	–	100,000	100,000
AUD 100 million 5.00% due 30 July 2008	59,212	62,077	57,277
DEM 30 million (Note (i)) due 29 December 2006	–	–	15,339
ESP 10 billion (Note (ii)) due 30 May 2007	–	60,101	60,101
ZAR 100 million 13.500% due 31 March 2008	10,855	13,397	13,004
CZK 500 million 11.00% due 19 June 2008	18,192	17,241	16,413

**10. Debt Securities in Issue**  
 – continued/in thousand €

	2006	2005	2004
AUD 50 million 5.00% due 30 July 2008	29,956	31,039	28,639
NZD 100 million 6.500% due 15 December 2008	53,405	57,904	52,992
NZD 100 million 6.750% due 31 March 2008	53,405	57,904	–
Deferred premium on notes	4,479	9,396	17,384
Deferred management/ underwriting commission/ issue expenses on notes	-15,076	-24,053	-41,305
	<u>1,414,656</u>	<u>2,140,676</u>	<u>3,673,678</u>
<b>Total debt securities in issue</b>	<b><u>2,134,418</u></b>	<b><u>3,846,962</u></b>	<b><u>4,563,271</u></b>

These bonds/notes issued are guaranteed in full as to principal and coupons by Landesbank Hessen-Thüringen Girozentrale.

Note (i) Floating rate based on 16% minus (2 x 6 month Euribor) subject to a minimum coupon of 0%

Note (ii) Floating rate based on 6 month Euribor plus 30 basis points, maximum rate 8.40%, minimum rate 4.00%

**11. Creditors (Amounts falling due within one Year)**  
 in thousand €

	2006	2005	2004
Amounts due to intercompany	1	3	4
Corporation tax	30	42	95
Deferred guarantee fees and paying agent fees	50	42	85
Deferred discount on loans	11,149	16,258	26,079
	<u>11,230</u>	<u>16,345</u>	<u>26,263</u>

Corporation tax is net of T 136 preliminary tax paid for 2006 (2005: T 130, 2004: T 120).

**12. Other Liabilities**  
 in thousand €

	2006	2005	2004
Declared dividend	1,100	1,650	2,000
	<u>1,100</u>	<u>1,650</u>	<u>2,000</u>

**13. Accruals and Deferred Income**  
 in thousand €

	2006	2005	2004
Amounts due on debt securities	44,201	94,605	106,541
	<u>44,201</u>	<u>94,605</u>	<u>106,541</u>

**14. Share Capital**  
 in thousand €

	2006	2005	2004
<b>Authorised:</b>			
5,000,000 ordinary equity shares of € 1 each	5,000	5,000	5,000
	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>Issued and fully paid:</b>			
5,000,000 ordinary equity shares of € 1 each	5,000	5,000	5,000
	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>

On 18 July 2001, the authorised and issued share capital of the company was converted to Euro, and an amount of T 113 transferred to the Capital Conversion Reserve Fund (note 15).

**15. Capital Conversion  
Reserve Fund**  
 in thousand €

	2006	2005	2004
Capital conversion reserve fund	113	113	113
	<b>113</b>	<b>113</b>	<b>113</b>

An amount equal to the aggregate amount of the reduction in the issued share capital of the company resulting from the conversion and redenomination of the ordinary shares to Euro was transferred to the Capital Conversion Reserve Fund on 18 July 2001.

**16. Reconciliation of Movements  
in Shareholders' Funds**  
 in thousand €

	2006	2005	2004
Profit on ordinary activities after tax	1,184	1,589	1,939
Dividends	-1,100	-1,650	-2,000
Net increase/(reduction) to shareholders' funds	84	-61	-61
Opening shareholders' funds	5,127	5,188	5,249
Closing shareholders' funds	<b>5,211</b>	<b>5,127</b>	<b>5,188</b>
Equity shareholders' funds	5,211	5,127	5,188
Shareholders' funds	<b>5,211</b>	<b>5,127</b>	<b>5,188</b>

**17. Dividends paid**  
 in thousand €

	2006	2005	2004
Ordinary equity dividends paid	-1,650	-2,000	-
	<b>-1,650</b>	<b>-2,000</b>	<b>-</b>

**18. Cash and Cash Equivalents**  
 in thousand €

	2006	2005	2004
Balance at beginning of year	644	885	360
(Decrease)/increase in cash and cash equivalents	-212	-241	525
Balance at end of year	<b>432</b>	<b>644</b>	<b>885</b>

### 19. Directors' Remuneration

in thousand €

	2006	2005	2004
<b>Emoluments</b>			
– for services as directors	20	22	16
– for other services	73	69	81
	<b>93</b>	<b>91</b>	<b>97</b>

### 20. Particulars of Staff

	2006	2005	2004
The average number of persons employed by the company during the year was:	2	2	2

### 21. Pensions

Pensions for employees arise from a defined contribution scheme. These pensions are funded through an external pension scheme for the sole benefit of qualifying employees or their dependants. Under the terms of the management agreement Helaba Dublin pays the pension premium for Helaba International Finance plc, which amounted to T 18 for the current financial year (2005: T 14). There were no outstanding contributions at the balance sheet date.

### 22. Derivatives and other Financial Instruments

The activities of the company are the issuing of notes and placing the proceeds of these issues with companies of the Helaba Group. The proceeds are placed for the same term as that of the issue and at a rate higher than the rate of the issue. Therefore, the normal risks of market price, foreign currency, interest rate, liquidity and credit are not material.

#### Market Price Risk

The issues and the placing of the proceeds are predominantly at fixed rates for the full term.

#### Foreign Currency Risk

The margins earned on the placing of the proceeds of the issues do represent foreign currency risk. However, this risk is not material.

#### Interest Rate Risk

The issues and the placing of the proceeds are predominantly at fixed rates for the full term.

#### Liquidity Risk

The proceeds of the issues are placed with Helaba group companies for the same term as the related issues.

#### Credit Risk

The company is exposed to a credit risk on other Helaba group companies and bears the risk of settlement default. However, this risk is low.

#### Fair Value of Financial Assets and Financial Liabilities

All of the financial assets are held at book value and financial liabilities are held at nominal value as adjusted by the unamortised balance of premiums, discounts, commissions and issue expenses arising on the long-term borrowings.

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the balance sheet at their fair value in T .

	Carrying Value 2006	Fair Value 2006	Carrying Value 2005	Fair Value 2005
<b>Financial Assets</b>				
Advances to group companies	2,150,649	2,226,962	3,867,707	3,727,627
<b>Financial Liabilities</b>				
Debt securities in issue	2,134,418	2,206,711	3,846,962	3,705,160

(a) Advances to group companies

Advances to group companies are net of provisions for impairment. The estimated fair value of advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(b) Debt securities in issue

The estimated fair values of debt securities in issue are calculated on a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity.

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**23. Segmental Reporting**

The principal class of business of the company is capital markets fundraising and lending which takes place in the international financial markets (excluding Ireland).

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**24. Related Party Transactions**

Advantage has been taken of the exemption in Financial Reporting Standard No. 8, "Related Party Disclosures", which permits wholly-owned subsidiary undertakings not to disclose transactions and balances between group undertakings which are eliminated on consolidation.

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**25. Approval of the  
Financial Statements**

The financial statements for 2006, 2005 and 2004 were approved by the directors on 8 March 2007, 9 March 2006 and 16 March 2005 respectively.

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