

Registered Number 447197

SCANDINOTES FIVE PUBLIC LIMITED COMPANY
REPORTS AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007
TO 31 DECEMBER 2008

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SCANDINOTES FIVE PUBLIC LIMITED COMPANY

DIRECTORS AND OTHER INFORMATION

DIRECTORS	Colm Byrne (appointed 04-10-2007, resigned 26-06-2008) Neil Synnott (appointed 26-06-2008) Sandra Richardson (appointed 04-10-2007) Erik Van Os (appointed as alternate director to Sandra Richardson on 27-04-2009)
SECRETARY AND REGISTERED OFFICE	TMF Administration Services Limited 85 Merrion Square Dublin 2 Republic of Ireland
TRUSTEE	The Law Debenture Trust Corporation Plc Fifth Floor 100 Wood Street London EC2V 7EX Great Britain
PRINCIPAL ISSUING AGENT, PAYING AGENT & CUSTODIAN	HSH NORDBANK AG Copenhagen Branch Kaivebod Brygge 39-41 DK-1560 Copenhagen V Denmark
ARRANGER	HSH NORDBANK AG Copenhagen Branch Kaivebod Brygge 39-41 DK-1560 Copenhagen V Denmark
COLLATERAL ADMINISTRATOR	HSH NORDBANK AG Copenhagen Branch Kaivebod Brygge 39-41 DK-1560 Copenhagen V Denmark
INDEPENDENT AUDITORS	KPMG Chartered Accountants IFSC Dublin 1 Republic of Ireland
LEGAL ADVISORS	McCann FitzGerald Riverside One Sir John Rogerson's Quay Dublin 2 Republic of Ireland

SCANDINOTES FIVE PUBLIC LIMITED COMPANY
DIRECTORS AND OTHER INFORMATION (CONTINUED)

BANKERS

HSN Nordbank AG
Copenhagen Branch
Kaivebod Brygge 39-41
DK-1560 Copenhagen V
Denmark

Bank of Ireland
Custom House Dock
I.F.S.C
Dublin 1
Republic of Ireland

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

DIRECTORS' REPORT

The directors present the first annual report and audited financial statements of Scandinotes Five Public Limited Company ("the Company") for the period from incorporation on 4 October 2007 to 31 December 2008.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company is incorporated under the laws of Ireland and was established to enter into a loan participation notes transaction with HSH Nordbank AG, Copenhagen branch. Under the transaction, the Company issued certain securities to investors, which were backed by subordinated term loans originally advanced by HSH Nordbank AG, Copenhagen branch as Lender to a number of commercial and savings banks in Denmark.

The Company issued the following notes, due to be repaid in 2015:

	DKK
Class A Floating Rate Limited Recourse Secured Senior Notes	218,100,000
Class B Floating Rate Guaranteed Limited Recourse Secured Senior Notes	672,000,000
Class C Guaranteed Limited Recourse Secured Mezzanine Notes	417,900,000
Class D Limited Recourse Secured Junior Notes	255,000,000

The notes are issued at a discount of DKK 63,000,000 as follows:

Note C Discount	11,395,000
Note D Discount	51,605,000

During the year, the Company's investment in Roskilde bank suffered significant losses. As Roskilde Bank could not honour its obligations in relation to the underlying loan agreements, the Hedging Agreement was terminated by HSH Nordbank AG on 24 September 2008. The Class D swap under the Hedging Agreement was reset to reflect the loss of cashflow from Roskilde Bank. The investment of around 200,000,000 DKK was written down to nil in the books of accounts at year end to reflect the fair value of the loan. Due to the prevailing market conditions, its other investments have also suffered resulting in a total provision of 270,405,000 DKK. Due to the non recourse structure of the entity the unrealized losses on investments are passed on to the Noteholders as an adjustment to the fair value of the Notes.

SIGNIFICANT SUBSEQUENT EVENTS

On 23 March 2009, Moody's Investors Service published rating changes relating to all four classes of the Issuer's notes. The changes are the result of:

- credit deterioration in the underlying portfolio of banks, and
- the application of revised and updated key modeling parameter assumptions that Moody's uses to rate and monitor ratings of collateralised loan obligations.

The Class B Notes and the Class C Notes are guaranteed by the European Investment Fund and, as such, their overlying ratings will retain their Aaa status. Please refer to Note 22 of the financial statements for further information on the rating actions.

PRINCIPAL RISKS AND UNCERTAINTIES

The major risks associated with the Company's business are market risk, currency risk, interest rate risk, credit risk and liquidity risk. The Company has established policies for managing these risks. The policies and the exposure thereto are detailed in Note 16 to the financial statements.

DIRECTORS

The directors of the Company are listed on page 2.

On 4 October 2007, Colm Byrne and Sandra Richardson were appointed directors of the Company. On 26 June 2008, Colm Byrne resigned as director and Neil Synnott was appointed as director. Erik Van Os was appointed as alternate director to Sandra Richardson on 27 April 2009.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' AND SECRETARY'S INTERESTS

None of the directors had any beneficial interest in the share capital of the Company at any time during the year. The Company secretary during the year was TMF Administration Services Limited. The registered office was 85 Merrion Square, Dublin 2.

KEY PERFORMANCE INDICATORS

HSH Nordbank AG, Copenhagen branch, monitors the performance of the Company. The key performance indicators for Scandinotes Five Plc are as follows:

	DKK
(a) Profit before tax	2,000
(b) Net assets	299,832
(c) Remaining loan term (years)	7

RESULTS AND DIVIDENDS FOR THE PERIOD

The results for the period are set out on page 9. No dividends are recommended by the directors.

ACCOUNTING RECORDS

The directors have ensured that the proper books and record requirements under Section 202 of the Companies Act, 1990 have been complied with by outsourcing this function to a specialised provider of such services. The books of account are held at the Company's registered office at 85 Merrion Square, Dublin 2.

INDEPENDENT AUDITOR

KPMG was appointed as independent auditor during the period and in accordance with Section 160(2) of the Companies Act, 1963 will continue in office.

Signed on behalf of the Board

Neil Synnott

)

DIRECTORS

Date: 17/4/09

SCANDINOTES FIVE PUBLIC LIMITED COMPANY
STATEMENT OF DIRECTORS' RESPONSIBILITIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and company's financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare company financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU. IFRSs as adopted by the EU to present fairly the financial position and performance of the company.

The company's financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the company. The Companies Acts, 1963 to 2006 provide in relation to such financial statements that references in the relevant parts of these Acts to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2006. They are also responsible for safeguarding the assets of the company. In this regard they have entrusted the assets of the company to a trustee for safe-keeping. They have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors' are also required by the Transparency (Directive 2004/109/EC) Regulation 2007 and the Transparency Rules of the Irish Financial Services Regulatory Authority to include a Directors' report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company.

The Directors confirm that, to the best of their knowledge and belief:

- they have complied with the above requirements in preparing the financial statements;
- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view, of the state of the assets, liabilities, financial position and of its profit/loss of the issuer for the year then ended; and
- the Directors' report includes a fair review of the development and performance of the business and the financial of the issuer, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board

Neil Synnott)

) DIRECTORS

Date: 27/4/09

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SCANDINOTES FIVE PUBLIC LIMITED COMPANY**

We have audited the financial statements of Scandinotes Five Plc for the period of incorporation 4 October 2007 to 31 December 2008 which comprises the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), are set out in the Statement of Directors' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with IFRSs as adopted by the EU, and have been properly prepared in accordance with the Companies Acts, 1963 to 2006. We also report to you whether in our opinion proper books of account have been kept by the company and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the company's financial statements are in agreement with the books of account.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SCANDINOTES FIVE PUBLIC LIMITED COMPANY**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2008 and its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations we considered 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 is consistent with the financial statements.

KPMG
KPMG
Chartered Accountants
Registered Auditor
1 Harbourmaster Place
Dublin 1

Date: 27 April 2009

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

**INCOME STATEMENT
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008**

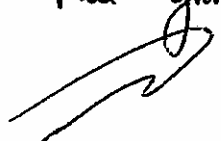
	Notes	Period ended 31/12/2008
		DKK
NET INVESTMENT INCOME		
Interest and similar income	4	170,372,514
Interest expense	5	(164,247,581)
Fair Value Adjustment of Derivatives	8	21,674,586
Mark to Market movement on Financial Assets at fair value through profit or loss	8	(270,405,000)
Discount amortized during the year	13	(7,875,000)
Fair Value Adjustment of Notes	13	255,555,381
		<hr/> 5,074,900
OPERATING EXPENSES		
Administrative expenses	6	(5,072,900)
		<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,000
TAXATION	7	500
		<hr/>
PROFIT FOR THE FINANCIAL PERIOD	12	1,500
		<hr/> <hr/>

All amounts relate to continuous operations.

There were no recognised gains and losses for the period ended other than those included in the income statement.

The notes on pages 13 to 25 form part of these financial statements.

The audited financial statements were approved by the Board of Directors on...27/12/08... and signed on its behalf by:

Neil Symmet)
) DIRECTORS

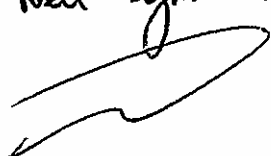
SCANDINOTES FIVE PUBLIC LIMITED COMPANY

**BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Notes	Period ended 31/12/2008 DKK
NON CURRENT ASSETS		
Financial assets at fair value through profit or loss	8	1,229,595,000
Derivative assets	8	24,321,528
		<u>1,253,916,528</u>
CURRENT ASSETS		
Interest and swap receivables	9	10,779,738
Cash and cash equivalents	10	1,368,968
		<u>1,266,065,234</u>
TOTAL ASSETS		
CAPITAL AND RESERVES		
Share capital	11	298,332
Retained Earnings	12	1,500
	12	<u>299,832</u>
FINANCIAL LIABILITIES		
Loan participation notes issued	13	1,252,319,619
CURRENT LIABILITIES		
Interest and swap payables	14	10,414,871
Accrued expenses	15	383,970
Derivative Liabilities	8	2,646,942
		<u>1,265,765,402</u>
TOTAL EQUITY AND LIABILITIES		
		<u>1,266,065,234</u>

The notes on pages 13 to 25 form part of these financial statements.

The financial statements were approved by the Board of Directors on 27/12/08 and signed on its behalf by:

Neil Symons)
) DIRECTORS

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008

	Notes	Share capital	Retained earnings	Total
		DKK	DKK	DKK
At beginning of period		-	-	-
Issue of share capital	11	298,332	-	298,332
Profit for the period	12	-	1,500	1,500
At end of period	12	298,332	1,500	299,832

The notes on pages 13 to 25 form part of these financial statements.

The financial statements were approved by the Board of Directors on 27/1/09 and signed on its behalf by:

Neil Synnott

) DIRECTORS

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

CASH FLOW STATEMENT
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008

	Period ended 31/12/2008 DKK
Cash flows from operating activities:	
Profit after tax	1,500
Adjustment for:	
Increase in interest and swap receivables	(10,779,738)
Increase in interest and swap payables	10,414,871
Increase in accrued expenses	383,970
Mark to market movement on financial assets at fair value through profit or loss	270,405,000
Discount amortized during the period	7,875,000
Fair value adjustment on notes	(255,555,381)
Fair value of derivative assets at fair value through profit or loss	(24,321,528)
Fair value of derivative liabilities through profit or loss	2,646,942
Net cash from operating activities	<u>1,070,636</u>
Cash flows from investing activities:	
Acquisition of financial assets at fair value through profit or loss	(1,500,000,000)
Net cash flow from investing activities	<u>(1,500,000,000)</u>
Cash flows from financing activities:	
Proceeds from issue of notes	1,500,000,000
Proceeds from issue of share capital	298,332
Net cash flow from financing activities	<u>1,500,298,332</u>
Net increase in cash and cash equivalents	1,368,968
Cash and cash equivalents at 4 October 2007	-
Cash and cash equivalents at 31 December 2008	<u><u>1,368,968</u></u>

The notes on pages 13 to 25 form part of these financial statements.

The financial statements were approved by the Board of Directors on ...2.7./...9./...09.....and signed on its behalf by:

Neil Symcott)
) DIRECTORS

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008

1. GENERAL INFORMATION

Scandinotes Five Public Limited Company, (The "Company") was incorporated on 4 October 2007 as a public limited liability company under the Irish Companies Acts, 1963 to 2008 (with registered number 447197).

The Company is incorporated under the laws of Ireland and was established to enter into a loan participation notes transaction with HSH Nordbank AG, Copenhagen branch. Under the transaction, the Company issued certain securities to investors, which were backed by subordinated term loans originally advanced by HSH Nordbank AG, Copenhagen branch as Lender to a number of commercial and savings banks in Denmark.

2. ADOPTION OF NEW AND REVISED STANDARDS

Standards and Interpretations effective in the current period

The Company has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1 Presentation of Financial Statements.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Company's financial instruments and management of capital (see notes 15).

Four Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 7 Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies; IFRIC 8 Scope of IFRS 2; IFRIC 9 Reassessment of Embedded Derivatives; and IFRIC 10 Interim Financial Reporting and Impairment. The adoption of these Interpretations has not led to any changes in the Company's accounting policies.

Standards and Interpretations in issue not yet adopted

The Company has not adopted any new Standards or Interpretations that are not mandatory. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company.

3. ACCOUNTING POLICIES

(a) Basis of compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and the International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee.

(b) Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial instruments at fair value.

Judgements made by management in the application of IFRS that have significant effects on the financial statements are disclosed, where applicable, in the relevant notes to the financial statements.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008

3. ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies adopted by the Company are set out below:

(c) Foreign currency

Functional and presentation currency

Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements of the Company are presented in Danish Krone ("DKK"), which is the Company's functional and presentation currency.

Foreign currency translation

Transactions in currencies other than Danish Krone are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currency are retranslated at the rates prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary items that are denominated in foreign currencies are recognised in profit or loss in the period. Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Net foreign exchange gains or losses on monetary financial assets and liabilities other than those classified as at fair value through profit or loss are included in the line item Net foreign exchange gain / (loss).

(d) Use of estimates and judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) Derivative financial instruments

Derivatives are recognised at fair value on the date the contract is entered into and are subsequently re-measured at their fair value. The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Gains and losses arising from changes in the fair value of derivatives are included in the income statement in the period in which they arise.

(f) Interest income and expense

Interest income and expense is recognised on an accrual basis by reference to the principal outstanding and at the effective interest rate applicable.

(g) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008

3. ACCOUNTING POLICIES (CONTINUED)**(g) Taxation (continued)**

liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time that the liability to pay the related dividend is recognised.

(h) Financial assets and liabilities**Financial assets and liabilities at FVTPL**

The Company classifies its investments in debt and equity securities and derivatives as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are either held for trading or designated by the Directors at fair value through profit or loss at inception.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future. All derivatives are also included in this category.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis. Information about these financial assets and liabilities are evaluated by the Directors on a fair value basis together with other relevant financial information.

Financial assets and liabilities at FVTPL are stated at fair value, with any gain or loss arising from changes in fair value recognised in profit or loss.

Assets held at Amortised Cost

Cash and other assets classified as receivables are carried at amortised cost, less impairment losses, if any.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

3. ACCOUNTING POLICIES (CONTINUED)

Financial assets and liabilities (continued)

Recognition and derecognition

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. They are accounted for on a trade date basis.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Net realised gains and losses on the sale, transfer, discharge, cancellation or expiry of positions are determined using the first-in-first-out method and are included in the profit or loss for the period in which they arise.

Offsetting financial instruments

Financial assets and financial 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.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted

(i) **Cash and cash equivalents**

Cash and cash equivalents comprise bank balances and bank overdrafts, including short-term highly liquid investments with original maturities of three months or less. Cash equivalents are held at cost plus accrued interest.

(j) **Share capital**

Ordinary shares are not redeemable, do not participate in the net income of the Company and are classified as equity, as per the Company's articles of association.

(k) **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 of set-off and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(l) **Fair value measurement principals**

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets, where these are available. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. The Company uses widely recognised valuation models for determining the fair value of derivative financial instruments. For these financial instruments, inputs into models are market observable.

For more complex instruments, the Company uses proprietary models, which usually are developed from recognised valuation models. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008**

3. ACCOUNTING POLICIES (CONTINUED)

(l) Fair value measurement principals (continued)

estimated based on assumptions. When entering into a transaction, the financial instrument is recognised initially at the transaction price, which is the best indicator of fair value, although the value obtained from the valuation model may differ from the transaction price. This initial difference, usually an increase, in fair value indicated by valuation techniques is recognised in income depending upon the individual facts and circumstances of each transaction and not later than when the market data becomes observable.

The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risk, bid-ask spreads, liquidity risks, as well as other factors. These valuation adjustments are considered to be necessary and appropriate to fairly state financial instruments carried at fair value on the balance sheet.

(m) Notes issued

Notes issued are recognised initially at their issue proceeds net of transaction costs incurred. Notes Issued are subsequently valued at fair value through profit or loss. Due to the non recourse nature of the noteholders investments, the gains and losses arising from operations during the year are adjusted against the value of the notes.

4. INTEREST INCOME	Period ended 31/12/2008
	DKK
Interest income on loans held at fair value through profit and loss	95,375,770
Interest income on swaps held at fair value through profit and loss	74,996,744
	<u>170,372,514</u>
5. INTEREST EXPENSE	Period ended 31/12/2008
	DKK
Interest expense on notes issued at fair value through profit and loss	70,793,254
Interest expense on swaps held at fair value through profit and loss	93,454,327
	<u>164,247,581</u>
6. OPERATING EXPENSES	Period ended 31/12/2008
	DKK
Audit Fees	180,532
Operational Services Fees	359,380
Paying Agent and VP Fees	155,732
Moody's Fees	208,822
European Investment Fund Fees	4,015,699
Listing Fees	11,188
Administration Fees	141,547
	<u>5,072,900</u>

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008**

6. OPERATING EXPENSES (CONTINUED)

The Company has no employees. Accounting and other services have been outsourced. The directors are not in receipt of any remuneration in this Company.

7. TAXATION		2008
		DKK
Current tax:		
Irish corporation tax on profit for the year		500
		<hr/>
Deferred tax		-
		<hr/>
Total tax charge		<u>500</u>

The reconciliation of the current tax charge (based on applying the standard rate of tax to the profit for the financial year) and the current tax charge reported in the financial statements is as follows:

	2008
	DKK
Profit on ordinary activities before taxation	2,000
Profit before taxation for the period multiplied by the standard rate of Irish corporation tax @ 12.5%	250
Effects of:	
-Income taxed at higher rate	250
	<hr/>
Corporation tax charge	<u>500</u>

The Company is a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act, 1997. As such, the profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25% but are computed in accordance with the provisions applicable to Case I of Schedule D. There was no deferred tax in the fifteen month period ended 31 December 2008.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Period ended
	31/12/2008
	DKK
At beginning of year	-
Acquired during the year	1,500,000,000
Disposed during the year	-
Mark to Market movement on Financial Assets at fair value through profit or loss	(270,405,000)
	<hr/>
At end of year	<u>1,229,595,000</u>

The portfolio of investments is made up of fifteen subordinated term loans with Danish banks. Interest is paid on a semi-annual basis and they will reach maturity in December 2015.

During the year, the Company's investment in Roskilde bank suffered significant losses. As Roskilde Bank could not honour its obligations in relation to the underlying loan agreements, the Hedging Agreement was terminated by HSH Nordbank AG on 24 September 2008. The Class D swap under

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

the Hedging Agreement was reset to reflect the loss of cashflow from Roskilde Bank. The investment of around 200,000,000 DKK was written down to nil in the books of accounts at year end to reflect the fair value of the loan.

Derivatives

The swaps held by the Company at the period end are as follows:

Description	Fixed Principal DKK	Fixed Rate Fixing	Floating Principal DKK	Floating Rate Fixing
Class A	218,100,000	3M CIBOR + 30BP	218,100,000	6M CIBOR + 30BP
Class B	672,000,000	3M CIBOR + 25BP	672,000,000	6M CIBOR + 25BP
Class C	417,900,000	4.69%	406,505,000	6M CIBOR + 79BP
Class D	37,190,000	4.00%	3,395,000	6M CIBOR + 21,150 BP

Floor Transaction	
Floating Rate Payer Calculation Amount	DKK 687,000,000
Floor Rate	2.50%
Floating Rate Payer Payment Dates	Commencing on 3 June 2013 and thereafter on 3 December and 3 June in each year up to and including 3 December 2015.

Swap Counterparty	Maturity Date	Credit Rating
HSH Nordbank AG, Copenhagen Branch	05/12/2012	Aa3

Adjustment for Accrued Interest on Swaps

Description	Fair Value (Dirty) DKK	Net Accrued Interest Payable DKK	Fair Value (Clean) DKK
Class C	12,025,315	1,182,888	13,208,203
Class D	7,413,241	501,159	7,914,400
Floor Deal	3,198,925	-	3,198,925
Derivative Assets	22,637,481	1,684,047	24,321,528
Class A	(1,096,092)	449,286	(646,806)
Class B	(3,375,123)	1,374,987	(2,000,136)
Derivative (Liabilities)	(4,471,215)	1,824,273	(2,646,942)
Net Effect	18,166,266	3,508,320	21,674,586

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008**

9. INTEREST AND SWAP RECEIVABLES

	Period ended 31/12/2008 DKK
Interest receivable on loans	7,231,583
Interest receivable on swaps	3,548,155
	<u>10,779,738</u>

10. 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. The total amount of cash and cash equivalents held at 31 December 2008 was DKK 1,368,968.

Bank	Credit Rating	Amount
		DKK
HSH Nordbank AG	Aa3	1,070,636
Bank of Ireland	Aa2	298,332
Total		1,368,968

11. SHARE CAPITAL

	EUR	31/12/2008 DKK
Authorised 40,000 Ordinary shares of €1each	40,000	298,332
Issued and called up 40,000 Ordinary shares of €1each	<u>40,000</u>	<u>298,332</u>

Note: €1 = DKK 7.4583

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31/12/2008 DKK
Shareholders' funds at the beginning of the period	-
Profit for the period	1,500
Shares issued at par	298,332
Shareholder's funds at the end of period	<u>299,832</u>

13. NOTES ISSUED

	31/12/2008 DKK
At beginning of period	-
Issued	1,563,000,000
Note C Discount	(11,395,000)
Note D Discount	(51,605,000)
Discount Amortized	7,875,000
Fair Value Adjustment	(255,555,381)
At end of period	<u>1,252,319,619</u>

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008**

13. NOTES ISSUED (CONTINUED)

Class	Principal	Coupon	Rating	Maturity
A	218,100,000	3m CIBOR + 0.30%	Aaa	2015
B	672,000,000	3m CIBOR + 0.10%	Aaa	2015
C	417,900,000	4%	Aaa	2015
D	255,000,000	4%	Ba3	2015

The Notes are all due for repayments in 2015. The entity had an operating gain arising from the decrease in the fair value of notes issued during the period which was passed on to the noteholders as a fair value adjustment.

The Company issued an aggregate principal amount of DKK 1,563,000,000 due 2015. Interest on the senior notes will be payable quarterly in arrears on 13 March, June, September & December commencing on 13 March 2008 up to September 2012, thereafter semi – annually on 5 June & 5 December. Interest on mezzanine and junior notes will be payable annually in arrears on 13 December commencing 13 December 2008 up to December 2011, thereafter semi – annually on 5 June and 5 December.

The notes are listed on the Irish Stock Exchange. The Notes are direct, secured, limited recourse obligations of the Company payable solely out of the assets charged by the Company in favour of the Trustee on behalf of the note holders and other secured parties.

14. INTEREST AND SWAP PAYABLES

	Period ended 31/12/2008 DKK
Interest payable on notes	3,358,395
Interest payable on swaps	7,056,476
	<u>10,414,871</u>

15. ACCRUED EXPENSES

	Period ended 31/12/2008 DKK
Audit Fees	180,532
Paying Agent and VP Fees	1,711
Moody's Fees	59,680
Administration Fees	141,547
Corporation Tax payable	500
	<u>383,970</u>

16. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

a) Risk management

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The risk management of the Company is the responsibility of the collateral manager. The collateral manager has attempted to match the properties of its financial liabilities to its assets including derivative contracts to avoid significant elements of risk generated by mismatches of investment performance against its obligations together with any maturity or interest rate risk. The collateral manager seeks to assess monitor and manage the potential adverse effects of these risks on the Company's financial performance by appropriate methods as discussed below.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008**

16. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)**b) Capital risk management**

The Company manages its capital to ensure that it will be able to continue as a going concern. The Company's overall strategy remains unchanged from 2007.

The capital structure of the Company consists of debt, which includes the notes payable disclosed in note 13, cash and cash equivalents and equity comprising issued capital and retained earnings as disclosed in notes 10, 11 and 12 respectively.

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. At the balance sheet date, financial assets exposed to credit risk include debt instruments and derivatives disclosed in note 13 to the financial statements. It is the opinion of the collateral manager that the carrying amounts of these financial assets represent the maximum credit risk exposure at the balance sheet date.

The Company's exposure and the credit ratings of its counterparties are continuously monitored by the collateral manager. The following table details the aggregate investment grade of the debt instruments in the portfolio, as rated by HSH Nordbank AG:

Rating	Amount DKK	Period ended 31/12/2008
A	300,000,000	20%
BB+	150,000,000	10%
BBB	575,000,000	39%
BBB+	275,000,000	18%
Default	200,000,000	13%
Total	1,500,000,000	100%

The credit risk on cash transactions and transactions involving derivative financial instruments is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit-ratings assigned by international credit-rating agencies.

The portfolio of investments is made up of fifteen subordinated term loans with Danish banks. Interest is paid on a semi-annual basis and they will reach maturity in December 2015 (with call option after December 2012).

As at 31 December 2008, a nil market value has been recognised in respect of Roskilde Bank. As Roskilde Bank could not honour its obligations in relation to the underlying loan agreements, the Hedging Agreement was terminated by HSH Nordbank AG on 24 September 2008.

d) Market risk

Market risk is the potential adverse change in value caused by unfavourable movements in interest rates, foreign exchange or market prices of financial instruments. The note holders are exposed to the market risk of the assets portfolio. The Company enters into a variety of derivative financial instruments to manage the Noteholder's exposure to interest rate and foreign currency risk, including interest rate swaps to mitigate the risk of rising interest rates.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The entity is not exposed to currency risk as the assets and liabilities are in the same currency.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008

16. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The following table provides an analysis of the interest rate profile of the Company's portfolio as at 31 December 2008 on a fair value basis:

	Interest Bearing Less than 1 year DKK	Interest Bearing More than 5 years DKK	Non Interest Bearing DKK
Assets			
Non interest bearing	-	-	36,925,539
Floating rate debt securities	-	1,229,595,000	-
Cash and cash equivalents	1,368,968	-	-
	<u>1,368,968</u>	<u>1,229,595,000</u>	<u>36,925,539</u>
Liabilities			
Non interest bearing	-	-	15,270,056
Fixed/floating rate debt securities	-	(1,252,319,619)	-
	<u>-</u>	<u>(1,252,319,619)</u>	<u>15,270,056</u>
Total Interest sensitivity gap	<u>1,368,968</u>	<u>(22,724,619)</u>	<u>21,655,483</u>

Interest rate sensitivity

The Company's interest rate exposure is hedged using interest rate swaps. Any additional profits or losses arising from movements in interest rates to the extent they are not hedged pass to the class noteholders and therefore will have no impact on the profit or loss or the equity.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. The Company's overall market positions are monitored on a monthly basis by the collateral manager.

Price sensitivity

The following table details the breakdown of the investment assets and owned by the Company as a percentage of net assets.

	DKK	Period ended 31/12/2008 % of Total Assets
Loans	1,229,595,000	96.98%

Any profits or losses arising from movements in the price of the assets are passed to the class noteholders and therefore will have no impact on the profit or loss or the equity.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008**

16. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company tries to match the properties of its financial liabilities to its assets to avoid significant elements of risk generated by mismatches of investment performance against its obligations.

The table has been drawn up based on the undiscounted gross cash flows on the financial liabilities that require gross settlement.

	Less than 3 months DKK	3 months to 1 year DKK	1 to 5 years DKK	Over 5 years DKK
2008				
Notes payable	-	-	1,252,319,619	-
Interest and Swaps payable	10,414,871	-	-	-
Derivative Liabilities	4,471,215	-	-	-
Accrued expenses	383,970	-	-	-
	15,270,056	-	1,252,319,619	-

During the period, the changes in fair value attributable to changes in credit risk on financial assets designated at fair value through profit or loss was a loss of approximately DKK 270 million.

The change in fair value attributable to changes in credit risk on financial assets is calculated using the credit ratings of the investments portfolio to which they are linked.

As at 31 December 2008, the maximum exposure to credit risk on loans and receivables at fair value through profit or loss was DKK 1,229,595,000.

17. OWNERSHIP OF THE COMPANY

The Company has issued its shares to seven shareholders, 39,994 shares, of the 40,000 shares in issue, are held by TMF Management (Ireland) Limited on behalf of Scandinotes Five Trustee, the remaining six shares are held by six individuals on behalf of TMF Management (Ireland) Limited, who in turn, holds on behalf of Scandinotes Five Trustee. The six individuals are employees of TMF Management (Ireland) Limited.

18. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or commitments as of 31 December 2008.

19. RELATED PARTY TRANSACTIONS

During the period the Company incurred a fee of DKK 141,547 relating to the administration services provided by TMF Administration Services Limited.

The directors' of the Company, Sandra Richardson and Neil Synnott are employees of TMF Management (Ireland) Limited.

20. DIRECTORS' INTEREST IN SHARES

None of the directors had any interest in the share capital of the Company at any time during the period.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD FROM INCORPORATION ON 4 OCTOBER 2007 TO 31 DECEMBER 2008

21. CHARGES

The Law Debenture Trust Corporation Plc, (the 'Trustee') have rights over all the assets of the Company on behalf of the noteholders. The charges are as follows:

- A charge for the purpose of securing any Issue of Debentures.
- A charge on Book Debts of the Company.
- A floating charge on the undertakings or property of the Company.

22. SUBSEQUENT EVENTS

On 23 March 2009, Moody's Investors Service published rating changes relating to all four classes of the Issuer's notes. The changes are the result of:

- credit deterioration in the underlying portfolio of banks, and
- the application of revised and updated key modeling parameter assumptions that Moody's uses to rate and monitor ratings of collateralised loan obligations.

The Class B Notes and the Class C Notes are guaranteed by the European Investment Fund and, as such, their overlying ratings will retain their Aaa status.

The rating actions are as follows:

Class A Notes

Current Rating: Aa2, on review for possible downgrade
Prior Rating: Aaa
Prior Rating Date: 3 December 2007, assigned Aaa

Class D Notes

Current Rating: Ca
Prior Rating: Ba3, on review for possible downgrade
Prior Rating Date: 10 September 2008, Ba3 placed under review for possible downgrade

Class B Notes

Current Rating: Aaa
Prior Rating: Aaa
Prior Rating Date: 26 March 2008, assigned Aaa

Class C Notes

Current Rating: Aaa
Prior Rating: Aaa
Prior Rating Date: 26 March 2008, assigned A2

23. APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on...²⁷.....April 2009.