

**Scandinotes Five Public Limited Company**

**Interim Financial Statements**

**For the period from the 4 October 2007 (date of  
incorporation to 31 March 2008**

**Company registered number 447197**

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**DIRECTORS AND OTHER INFORMATION**

**Board of Directors** Colm Byrne (appointed 04-10-2007)  
Sandra Richardson (appointed 04-10-2007)

**Solicitors** **McCann FitzGerald**  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Secretary** TMF Administration Services Limited  
85 Merrion Square  
Dublin 2  
Ireland

**Registered Office** 85 Merrion Square  
Dublin 2  
Ireland

**Independent Auditor** KPMG  
Chartered Accountants  
IFSC  
Dublin 1  
Ireland

**Bankers** HSH Nordbank AG  
Copenhagen Branch  
Kalvebod Brygge 39-41  
DK-1560 Copenhagen V  
Denmark

**INCOME STATEMENT**  
**Period Ended 31 March 2008**

	Notes	31 March 2008 DKK
<b>Net investment income</b>		
Interest and similar income	3	54,458,203
Interest expense	4	<u>(52,778,270)</u>
		1,679,933
Unrealised gain on loans		23,550,614
Unrealised gain on swaps		8,604,043
Unrealised gain on bonds		4,066,721
Fees income		4,931
Unrealised loss on bonds		(36,221,377)
Administrative expenses	5	<u>(1,612,599)</u>
<b>Profit before income tax</b>		72,266
Income tax expense	6	18,067
		<u>54,199</u>
Profit for the period		<u><u>54,199</u></u>

All of the above profits are in respect of continuing operations.

The notes on pages 7 to 12 are an integral part of these financial statements.

**On behalf of the Board**

**Director**

**Director**

**Date:**

**BALANCE SHEET**  
**31 March 2008**

	Notes	2008 DKK
<b>Assets</b>		
Loans and receivables	7	1,523,550,614
Receivables	8	41,668,973
Cash and cash equivalents	9	<u>581,093</u>
<b>Total assets</b>		<u><u>1,565,800,680</u></u>
<b>Liabilities</b>		
Notes issued	10	1,523,550,613
Payables	11	40,266,909
Accrued expenses	12	1,612,560
Corporation tax payable	6	<u>18,067</u>
<b>Total liabilities</b>		<u>1,565,448,149</u>
<b>Equity</b>		
Share capital	11	298,332
Retained earnings		<u>54,199</u>
<b>Total equity</b>		<u>352,531</u>
<b>Total equity and liabilities</b>		<u><u>1,565,800,680</u></u>

The notes on pages 7 to 12 are an integral part of these financial statements.

**On behalf of the Board**

**Director**

**Director**

**Date:**

**STATEMENT OF CHANGES IN EQUITY**  
**Period Ended 31 March 2008**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>DKK</b>	<b>DKK</b>	<b>DKK</b>
At beginning of period	-	-	-
Issue of share capital	298,332	-	298,332
Profit for the period	-	54,199	54,199
At end of period	298,332	54,199	352,531

The notes on pages 7 to 12 are an integral part of these financial statements.

**On behalf of the Board**

**Director**

**Director**

**Date:**

**STATEMENT OF CASH FLOWS**

Period ended 31 March 2008

**31 March  
2008  
DKK**

**Operating activities**

Net income for the financial period 72,266

**Change in operating assets and liabilities**

Increase in debtors and interest receivable (41,668,973)

Increase in accruals 1,630,627

Increase in interest payable 40,266,909

**Cash flow from operating activities before taxation** 282,762

Taxation -

**Cash flow from operating activities after taxation** 282,762

**Net cash flow from investing activities:**

Long term loan (1,523,550,614)

**Net cash used in investing activities** (1,523,550,614)

**Net cash flow from financing activities:**

Issue of share capital 298,332

Loan participation notes issued 1,523,550,613

**Net cash from financing activities** 1,523,848,945

**Net increase in cash and cash equivalents** 581,093

Cash at beginning of the period -

Cash at the end of the period 581,093

**Cash flow from operating activities includes**

Interest received 12,511,361

Interest paid (12,511,361)

The notes on pages 7 to 12 are an integral part of these financial statements.

**On behalf of the Board**

**Director**

**Director**

**Date:**

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Background to the company

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 was incorporated in the framework of entering into loan participation transaction between the Company and HSH Nordbank AG, Copenhagen branch whereby Company issue certain securities to investors, which securities would be 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 Accounting Policies

The principal accounting policies applied to the preparation of these financial statements are set out below.

#### (a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and interpretations adopted by the International Accounting Standards Board (IASB).

#### (b) Adoption of new standards

The IFRS 7, 'Financial instruments: Disclosure' (effective from 1 January 2007) introduced new disclosures to improve the information about financial instruments, including about quantitative aspect of risk exposures and the methods of risk management. The quantitative disclosures provide information about the extent of exposure to risk, based on information provided internally to the entity's key management personnel. Qualitative and quantitative disclosures cover exposure to credit risk, liquidity risk and market risk including sensitivity analysis to market risk. IFRS 7 replaced some of disclosure requirements in IAS 32, 'Financial instruments: Disclosure and presentation'.

#### (c) Basis of preparation

The financial statements have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Acts 1963 to 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future periods.

#### (d) Functional and presentation currency

Items included in the company's financial statements are measured using DKK ("the functional and presentation currency"). This is the DKK, which reflects the fact that the majority of the company's transactions are denominated in this currency.

#### (e) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

## NOTES TO THE FINANCIAL STATEMENTS – continued

### 2 Accounting policies – continued

#### (f) 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. Fair values are obtained from valuation techniques, including discounted cash flow models or from quoted market prices. 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.

#### (g) Financial assets

The company classifies its financial assets as financial assets at fair value through profit or loss. Financial assets are designated by management at fair value through profit or loss at initial recognition. Financial assets are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the asset have expired or the company has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognised directly in the income statement in the period in which they arise. The fair values for quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active, the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

#### (h) Financial liabilities

Financial liabilities are initially recognised at fair value. Financial liabilities are subsequently carried at fair value through profit or loss. Gains and losses arising from changes in the fair value of financial liabilities at fair value through profit or loss are recognised directly in the income statement in the period in which they arise.

#### (i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks. Cash equivalent are all short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value and are held for the purpose of maintain short term cash commitments rather than for investment or other purpose.

#### (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) Taxation

Current tax is the expected tax payable on the taxable income for the period using tax rates applicable to the Company's activities enacted or substantially enacted at the balance sheet date.

Deferred taxation is provided on all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are temporary differences between profits as computed for tax 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 tax purposes.

Deferred tax is measured at the tax rates that are expected to apply in periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is not discounted.

A deferred tax asset is recognised to the extent that it is probable that the future taxable profits will be available against which the asset 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 tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS – continued

<b>3 Interest and similar income</b>	<b>31 March 2008 DKK</b>
Interest income on loans	29,684,881
Interest rate swap income	24,773,322
	<u>54,458,203</u>

<b>4 Interest and similar expense</b>	<b>31 March 2008 DKK</b>
Interest expense on notes	23,484,776
Interest rate swap expense	29,293,494
	<u>52,778,270</u>

<b>5 Administrative expenses</b>	<b>31 March 2008 DKK</b>
European investment fund fees	1,286,360
Operation services fee	116,028
Administration services fee	104,416
Paying & VP agent	49,726
Auditors' remuneration	36,098
Tax compliance fees	15,272
Listing fee	4,661
Bank charges	38
	<u>1,612,599</u>

The company has no employees. Accounting and other services have been outsourced.

<b>6 Taxation on profit on ordinary activities</b>	<b>31 March 2008 DKK</b>
Corporation tax based on profit for the period @25%	<u>18,067</u>

A reconciliation of the current tax charge for the period to the current charge that would result from applying the standard rate of Irish corporation tax to profit on ordinary activities is shown below.

	<b>31 March 2008 DKK</b>
Operating profit before taxation	<u>72,266</u>
Operating profit before taxation for the period multiplied by the standard rate of Irish corporation tax @ 12.5%	9,033
Income tax at higher rate	9,034
Current tax charge for the period	<u>18,067</u>

## NOTES TO THE FINANCIAL STATEMENTS – continued

**6 Taxation on profit on ordinary activities – continued**

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 Period ended 31 March 2008.

**7 Financial assets****2008  
DKK**

Loans and receivables	1,523,550,614
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DKK1,524,202,921 loan made by the Company with the proceeds of the Notes to HSH. The interest on the loan is receivable semi – annually in arrears on June and 3 December in each period commencing on 3 June 2008. The amount of the interest receivable at the end of the period amounts to DKK29,684,881.

The risks and uncertainties facing the Company relates primarily to the financial assets of the Company. These risks are set out in Note 14 to the financial statements.

**8 Receivables****2008  
DKK**

Interest receivable on loan	29,684,881
Interest rate swap interest income receivable	11,979,161
Issuer fees due	4,931
	<u>41,668,973</u>

All debtors are due within one period.

**9 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 March 2008 was DKK581,093.

**10 Notes issued****2008  
DKK**

Class A floating rate limited recourse secured senior notes	218,226,498
Class B floating rate guaranteed limited recourse secured senior notes	673,095,360
Class C guaranteed limited recourse secured mezzanine notes	411,552,098
Class D limited recourse secured junior notes	229,280,700
Value cap swaps	(8,604,043)
	<u>1,523,550,613</u>

The Company issued an aggregate principal amount of DKK1,563,000,000 due 2015. Interest on the senior notes will be payable quarterly in arrears on 13 March, June, September & December commenced 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.

## NOTES TO THE FINANCIAL STATEMENTS – continued

<b>11 Payables</b>	<b>2008 DKK</b>
Interest payable on notes	10,973,415
Interest rate swap interest expense payable	29,293,494
	<u>40,266,909</u>

All other liabilities and payables are due within one period.

<b>12 Accrued expenses</b>	<b>2008 DKK</b>
European investment fund fees	1,286,360
Operation services fee	116,027
Administration services fee	104,416
Paying & VP agent	49,726
Auditors' remuneration	36,098
Tax compliance fees	15,272
Listing fee	4,661
	<u>1,612,560</u>

All accrued expenses are due within one period.

<b>13 Share capital – equity and ownership of the company</b>	<b>2008 DKK</b>
<b>Authorised</b>	
40,000 ordinary shares of €1 each	<u>298,332</u>
<b>Allotted, called up and fully paid</b>	
40,000 ordinary shares of €1 each	<u>298,332</u>

**14 Financial risk management**

The company's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

**(a) Foreign exchange risk**

Financial assets and financial liabilities are both denominated in DKK, therefore company has no currency risk.

**(b) Interest rate risk**

The Company is hedging the interest risk through the interest rate swaps matching the interest income on investments matched to the interest expense on notes and therefore it is not significantly exposed to the interest rate risk. The company's leveraged loan investments all earn interest based on fixed rates which significantly mirrors international interest rate changes.

**(c) Credit risk**

Credit risk arises from the possibility of counterparties failing to meet their obligations to the Company and represents the most significant category of risk. The company has minimised the credit risk by engaging in full analysis of possible investments and limiting investments to high credit quality institutions.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**14 Financial risk management – continued**

**(d) Liquidity risk**

The Company's primary source of funds consists of net cash provided by operating activities, borrowings under loans and other indebtedness. The Company's loans are secured directly over its assets. The Company expects that its cash on hand and cash flow provided by operations (together with the debt facilities entered into) will satisfy its liquidity needs with respect to its investment portfolio.

**(e) Fair value**

The book value of financial instruments equals their fair value.

**15 Exchange rates**

The following exchange rates (against the Euro) were used to convert the investment and other assets and liabilities denominated in currencies other than Euro at 31 March 2008:

DKK            7.4583

**16 Contingent liabilities and commitments**

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

**17 Related party transactions**

There were no related parties transaction during the period ended 31 March 2008.

**18 Directors' interest in shares**

According to the register of Directors and Secretaries, none of the Directors nor the Company Secretary has any interests in the share capital of the Company at 31st March 2008, or at any point during the period ended 31 March 2008.

**19 Charges**

The Trust Deed has the effect under the laws of England in creating a security interest over the assets and the Company's borrowings are secured directly over its assets.

**20 Post balance sheet events**

As of the date of approval there are no post balance sheet events.

**21 Approval of financial statements**

The Board of Directors approved these financial statements on \_\_\_\_\_.