

**SCANDINOTES FIVE PUBLIC LIMITED COMPANY
INTERIM UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

SCANDINOTES FIVE PUBLIC LIMITED COMPANY
INTERIM MANAGEMENT REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

CONTENTS

	PAGE
COMPANY INFORMATION	2-3
INTERIM MANAGEMENT REPORT & RESPONSIBILITY STATEMENT	4-6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11-28

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

COMPANY INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2011

DIRECTORS	Sandra Richardson Neil Synnott (resigned 21 March 2011) Sandra Berger (Austrian national, appointed 21 March 2011)
COMPANY SECRETARY AND REGISTERED OFFICE	TMF Administration Services Limited 53 Merrion Square Dublin 2 Ireland
TRUSTEE	The Law Debenture Trust Corporation Plc Fifth Floor 100 Wood Street London EC2V 7EX Great Britain
PRINCIPAL ISSUING AGENT, PAYING AGENT & CUSTODIAN	Nordea Bank Danmark A/S Strandgade 3 Postboks 850 DK-0900 Copenhagen C Denmark
ARRANGER	HSH NORDBANK AG Copenhagen Branch Kalvebod Brygge 39-41 DK-1560 Copenhagen V Denmark
COLLATERAL ADMINISTRATOR	HSH NORDBANK AG Gerhart-Hauptmann-Platz 50 20095 Hamburg Germany
INDEPENDENT AUDITOR	KPMG Chartered Accountants and Registered Auditor 1/2 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland
LEGAL ADVISORS	McCann FitzGerald Riverside One Sir John Rogerson's Quay Dublin 2 Ireland

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

COMPANY INFORMATION (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2011

BANKERS

Nordea Bank Danmark A/S
Strandgade 3
Postboks 850
DK-0900 Copenhagen C
Denmark

Bank of Ireland
Custom House Dock
International Financial Services Centre
Dublin 1
Ireland

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

INTERIM MANAGEMENT REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2011

The directors present the interim management report and interim unaudited financial statements of ScandiNotes Five Public Limited Company (the "Company") for the six months (the "period") ended 30 June 2011.

PRINCIPAL ACTIVITIES

The Company is a bankruptcy-remote special purpose company with limited liability, which was incorporated on 4 October 2007 under the laws of Ireland.

The Company was established to issue asset backed Notes (the "Notes"). Under the transaction, the Company issued the aforementioned Notes to investors (the "Noteholders"), which were backed by subordinated term loans (the "Loans") originally advanced by HSH Nordbank AG, Copenhagen branch, as lender to fifteen commercial and savings banks in Denmark.

To date, the Company has issued the following Notes, all of which are 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 Class C and D Notes were issued at a discount of DKK 11,395,000 and DKK 51,605,000 respectively.

The Company may from time to time issue further classes of Notes. The specific terms and conditions of the Notes issued on any subsequent date will be set out in the respective offering circular for the Notes.

BUSINESS REVIEW AND DEVELOPMENTS

CURRENT SIX MONTHS

During the period, the fair value of Loans of the Company decreased from DKK 1,263,954,990 to DKK 1,131,528,465. At the period-end, the fair value of Notes decreased from DKK 1,320,597,532 to DKK 1,196,342,208. The movement in fair values is mainly due to the default of Amagerbanken A/S ("Amagerbanken") in February 2011, discussed below.

On 31 January 2011, Aarhus Lokalbanc A/S, another Danish bank in the Company's loan portfolio, owing a subordinated term loan of DKK 75,000,000, used the right to convert 80% of the Danish government's hybrid capital, or 147 million kroner, into shares. It is not known what percentage of shares will be held by the government because the conversion price has yet to be decided. However, the government will definitely become a major shareholder in the bank.

On 6 February 2011, Amagerbanken, one of the Danish banks in the Company's loan portfolio, owing an amount under a subordinated term loan of DKK 150,000,000, filed a bankruptcy petition. This resulted from a failure to restructure on market terms caused by excessive lending to property developers and commercial real estate. Finansiel Stabilitet A/S took control of the bank and split it into two, establishing a new bank, Amagerbanken af 2011 A/S, containing the assets of the former bank and certain liabilities covered by the Danish deposit insurance guarantee scheme, the remaining liabilities and equity remained in Amagerbanken.

The EIF (the "European Investment Fund") provided a guarantee to the Class B and C Noteholders of the Company, whereby on the interest payment dates, if there is a shortfall of interest or principal, the EIF will provide the amounts. The amounts will be paid at maturity, when the Class B and C Notes fall due. The default of Amagerbanken (DKK 150,000,000) affected the Class C and D Noteholders. At the period-end, the Class D Note was reduced to zero and the new Class C Note nominal value was DKK 308,190,527 from its initial value of DKK 417,900,000. There were no changes to the Class A or B Notes.

In the current period, the directors recorded the principal receivable from EIF/payable to Class C Noteholders of DKK 109,709,473 and interest receivable from EIF/payable to Class C Noteholders of DKK 4,388,379 in respect of the guarantee in the Statement of Financial Position. The amounts represent the difference between the guaranteed and unguaranteed principal and interest for the Class C Note.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

INTERIM MANAGEMENT REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2011

BUSINESS REVIEW AND DEVELOPMENTS (CONTINUED)

CURRENT SIX MONTHS (CONTINUED)

In the event that there are further loan defaults, the value of the guarantee will further increase. The directors cannot say with certainty if or when another default may occur and continue to monitor this situation.

The financial assets and financial liabilities of the Company are valued at fair value through profit or loss ("FVTPL").

On 16 March 2011, Moody's Investors Service published rating changes relating to three classes of the Issuer's Notes (the "Notes"). The rating actions are as follows:

DKK 218,100,000 Class A Floating Rate Limited Recourse Secured Senior Notes due 2012/2015

Current rating:	Baa3
Prior rating:	Baa3
Prior rating date:	20 July 2010

DKK 672,000,000 Class B Floating Rate Limited Recourse Secured Senior Notes due 2012/2015

Current rating:	Caa2
Prior rating:	Caa1
Prior rating date:	20 July 2010

DKK 417,900,000 Class C Guaranteed Limited Recourse Secured Mezzanine Notes due 2012/2015

Current rating:	Ca
Prior rating:	Caa3
Prior rating date:	20 July 2010

FUTURE SIX MONTHS

On 28 July 2011, Standard and Poor's issued a report titled "Further Bank Failures Likely in Denmark". According to this report, the fallout from the Danish banking crisis is not yet over and it is likely that more banks will default in the foreseeable future. However, it is difficult to predict which banks may default. The directors continue to monitor this situation.

RELATED PARTY TRANSACTIONS

There were no related party transactions during the period ended 30 June 2011.

RESULTS FOR THE PERIOD

The results for the period are set out on pages 7 and 8 along with comparatives from the audited financial statements for the year ended 31 December 2010 and Statement of Comprehensive Income comparatives for the period ended 30 June 2010.

PRINCIPAL RISK AND UNCERTAINTIES

The Company is exposed to various risks arising out of its operations. These risks as well as strategies in place to manage and mitigate them have been detailed in Note 17.

OPERATIONAL CHANGES

The movements in key Statement of Comprehensive Income and Statement of Financial Position items have been disclosed in the relevant Notes to the unaudited interim financial statements.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

INTERIM MANAGEMENT REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2011

INTEREST INCOME

Each loan agreement has two annual interest payment dates in each year (on 3 June and 3 December subject to modification in accordance with a preceding business day convention). The amount of interest receivable at 30 June 2011 was DKK 2,659,438.

DIRECTORS, SECRETARY AND THEIR INTERESTS

The Directors and company secretary of the Company are listed on page 2. On 21 March 2011, Neil Synnott resigned as a director and Sandra Berger was appointed in his place. The Directors and company secretary had no material interest in any contract of significance in relation to the business of the Company other than that disclosed below. The Directors and company secretary who held office on 30 June 2011 did not hold any shares, debentures or loan stock of the Company on that date or during the period.

SIGNIFICANT SUBSEQUENT EVENTS

There were no significant subsequent events after the period-end until the date of signing of the interim management report.


RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that:

- the interim financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the interim management report which is incorporated into the director's report, includes a fair review of the development and performance of the business and the position of the Company, together with description of the principal risks and uncertainties it faces.

The Interim Management Report was approved by the Board of Directors on 29 August 2011 by:


Sandra Richardson
Director


Sandra Berger
Director

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Notes	Period ended 30 June 2011	Period ended 30 June 2010	Year ended 31 December 2010
		DKK	DKK	DKK
Continuing operations				
Net interest income				
Interest receivable and similar income	3	28,988,502	36,564,243	71,278,038
Interest payable and similar expenses	4	(24,642,410)	(33,495,615)	(65,089,875)
		4,346,092	3,068,628	6,188,163
Other income and expenses				
Unrealised foreign exchange gain		708	275	469
Fair value movement on derivatives	11	6,277,410	28,227,179	12,236,270
Fair value movement on Loans	10	(132,426,525)	31,597,952	33,328,179
Fair value movement on Notes	12	124,255,324	(62,054,776)	(47,024,990)
		(1,893,083)	(2,229,370)	(1,460,072)
Operating profit before operating costs		2,453,009	839,258	4,728,091
Administration expenses	5	(2,452,009)	(838,258)	(4,726,091)
Operating profit before taxation		1,000	1,000	2,000
Corporation tax	7	(250)	(250)	(500)
Profit for the period/year after taxation		750	750	1,500
Other comprehensive income for the period/year		-	-	-
Total comprehensive income for the period/year		750	750	1,500


All amounts relate to continuing operations.

There were no recognised gains and losses for the period ended other than those included in the Statement of Comprehensive Income.

The notes on pages 11 to 28 form part of these financial statements.

The unaudited interim financial statements were approved by the Board of Directors on 29 August 2011 and signed on its behalf by:


Sandra Richardson
Director


Sandra Berger
Director

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	30 June 2011	31 December 2010
Assets		DKK	DKK
Non-current assets			
Loans at FVTPL	10	1,131,528,465	1,263,954,990
Guarantee receivable from EIF	14 (a)	114,097,852	-
		<u>1,245,626,317</u>	<u>1,263,954,990</u>
Current assets			
Derivative financial instruments	11	61,759,026	56,973,659
Trade and other receivables	9	11,299,416	4,529,947
Cash and cash equivalents	8	4,161,993	4,066,780
		<u>1,322,846,752</u>	<u>1,329,525,376</u>
Liabilities			
Current liabilities			
Trade and other payables	13	9,959,287	4,989,146
Derivative financial instruments	11	2,143,823	3,635,866
		<u>12,103,110</u>	<u>8,625,012</u>
Non-current liabilities			
Notes issued at FVTPL	12	1,196,342,208	1,320,597,532
Guarantee payable to Noteholders	14 (b)	114,097,852	-
		<u>1,310,440,060</u>	<u>1,329,222,544</u>
Equity			
Ordinary share capital	15	298,332	298,332
Retained earnings		5,250	4,500
		<u>303,582</u>	<u>302,832</u>
		<u>1,322,846,752</u>	<u>1,329,525,376</u>

The notes on pages 11 to 28 form part of these financial statements.

The unaudited interim financial statements were approved by the Board of Directors on 29 August 2011 and signed on its behalf by:


Sandra Richardson
Director


Sandra Berger
Director

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

Period ended 30 June 2011

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
As at the start of the period	298,332	4,500	302,832
Total comprehensive income for the period	-	750	750
As at the end of the period	<u>298,332</u>	<u>5,250</u>	<u>303,582</u>

Year ended 31 December 2010

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
As at the start of the year	298,332	3,000	301,332
Total comprehensive income for the year	-	1,500	1,500
As at the end of the year	<u>298,332</u>	<u>4,500</u>	<u>302,832</u>

The notes on pages 11 to 28 form part of these financial statements.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Period ended 30 June 2011	Period ended 30 June 2010	Year ended 31 December 2010
	DKK	DKK	DKK
Cash flows from operating activities:			
Profit after tax	750	750	1,500
Adjustment for:			
(Increase)/decrease in trade and other receivables	(6,769,469)	(9,881,586)	266,221
Increase/(decrease) in trade and other payables	4,970,141	8,209,789	(402,749)
(Increase)/decrease in Guarantee receivable from EIF	(114,097,852)	-	-
Increase/(decrease) in Guarantee payable to Noteholders	114,097,852	-	-
Fair value movement on Loans	132,426,525	(31,597,952)	(33,328,179)
Fair value movement on derivatives	(6,277,410)	(28,227,179)	(12,236,270)
Fair value movement on Notes	(124,255,324)	62,054,776	47,024,990
Net cash from operating activities	95,213	558,598	1,325,513
Net increase in cash and cash equivalents	95,213	558,598	1,325,513
Cash and cash equivalents at start of period/year	4,066,780	2,741,267	2,741,267
Cash and cash equivalents at end of period/year	<u>4,161,993</u>	<u>3,299,865</u>	<u>4,066,780</u>
Interest received	35,834,108	46,491,541	70,948,356
Interest paid	20,770,845	24,989,143	65,419,554

The notes on pages 11 to 28 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

1 GENERAL INFORMATION

The Company was incorporated on 4 October 2007, under the laws of Ireland with registration number 447197. The Company is a special purpose company with limited liability and qualifies for the regime contained in Section 110 of the Irish Taxes Consolidation Act, 1997 (the "TCA"). This provides that a qualifying company will be liable to corporation tax at the rate of 25% under Case III of Schedule D of the TCA in respect of taxable profits. The Company was established to enter into a loan participation Note transaction with HSH Nordbank AG, Copenhagen branch. Under the Transaction, the Company issued Notes to Noteholders, which were backed by subordinated 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 in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of compliance and preparation

The financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and International Financial Reporting Interpretations Committee ("IFRIC") interpretations endorsed by the EU and with those parts of the Companies Acts, 1963 to 2009 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at FVTPL.

2.2 New and revised accounting standards

(a) New and revised standards and amendments adopted

The IFRS's adopted by the European Union (the "EU") and applied by the Company in the preparation of its interim financial statements are those that were effective for accounting periods on or before 30 June 2011. They are as follows:

- IAS 24 "Related Party Disclosures" (2009) (effective for annual periods beginning on or after 1 January 2011). The financial statements have been updated to reflect the relevant changes.
- Amendments to IAS 32 "Classification of Rights Issues" (effective for annual reporting periods beginning on or after 1 February 2010). This has no impact on the financial statements of the Company for the current period.
- Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement" (effective for annual periods beginning on or after 1 January 2011). This has no impact on the financial statements of the Company for the current period.
- Amendments to IFRS 1 "Accounting policy changes in year of adoption and amendments to deemed cost" (effective for annual reporting periods beginning on or after 1 January 2011). This has no impact on the financial statements of the Company for the current period.
- Amendments to IAS 34 "Disclosure of significant events and transactions in interim reports" (effective for annual reporting periods beginning on or after 1 January 2011). The financial statements have been updated to reflect the relevant changes.
- Amendments to IFRIC 13 "Fair value of award credits" (effective for annual reporting periods beginning on or after 1 January 2011). This has no impact on the financial statements of the Company for the current period.
- Amendments to IFRS 7 "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 July 2011). This has no impact on the financial statements of the Company for the current period.
- IFRIC 19 "Extinguishing Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010). This has no impact on the financial statements of the Company for the current period.

2 ACCOUNTING POLICIES (CONTINUED)**2.2 New and revised accounting standards (continued)****(b) New and revised standards and amendments not yet adopted**

- Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets" (effective for annual periods beginning on or after 1 January 2012).
- Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income" (effective for annual reporting periods beginning on or after 1 July 2012).
- IFRS 9 "Financial Instruments" (2009) (effective on a modified retrospective basis to annual periods beginning on or after 1 January 2013).
- IFRS 9 "Financial Instruments" (2010) (effective for annual periods beginning on or after 1 January 2013).
- IFRS 13 "Fair Value Measurement" (effective for annual reporting periods beginning on or after 1 January 2013).

The Company believes that future adoption of the above standards (with the exception of IAS 12 "Deferred Tax: Recovery of Underlying Assets") will have a material impact on the amounts reported in the financial statements.

2.3 Use of estimates and judgements

The preparation of the financial statements requires the directors 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. The estimates and underlying assumptions are reviewed on an ongoing basis by directors. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The key area of estimate and judgement for the Company is determining the fair value of financial assets, liabilities and derivatives. The fair value of financial assets, financial liabilities and derivatives where there is no active market, is determined using valuation techniques.

The fair values are estimated by management in the absence of readily determinable market prices. Management estimates are based on values obtained from FinE Analytics, who use a variety of different valuation techniques such as obtaining prices from specialist loan pricing vendors, discounted cash flow techniques, option pricing model or any other valuation technique that provides an estimate of prices obtained should the investment be traded. If other prices were available for the investment, they may be different to those presented and those differences could be material. Therefore, the realisable value of the Company's investments may differ significantly from the fair value recorded.

2.4 Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of the financial assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment losses on the Loans

The Company reviews the loan portfolio to assess impairment regularly. In determining whether an impairment loss should be recorded in the Statement of Comprehensive Income, the Company makes a judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a Loan within the portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of the borrowers, or national or local economic conditions that correlate with defaults on related assets, including the takeover of a Bank by the Danish Government.

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Critical accounting estimates and judgements in applying accounting policies (continued)

Impairment losses on the Loans (continued)

These estimates are based on historical loss experience for assets with credit risk characteristics similar to those in the portfolio. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual losses experienced.

Also, where the banks to which the Company has made subordinated Loans are taken over by the Danish Government under Banking Package II, the Loans are considered to be defaulted.

2.5 Foreign currency transactions

Monetary assets and liabilities denominated in foreign-currency included in the Company's financial statements are measured in Danish Krone denoted by the symbol "DKK" which is the Company's functional and presentation currency. 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 re-translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2.6 Interest income and expense

Interest income and expense are accounted for on an accruals basis.

2.7 Cash and cash equivalents

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

2.8 Taxation

The tax expense represents the sum of the tax payable for the current reporting period. The tax currently payable is based on taxable profit for the period as calculated in accordance with Irish Tax Laws. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of reporting period date. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.9 Financial assets and liabilities at FVTPL

The Company has designated its financial assets and financial liabilities at FVTPL. Purchases and sales of financial assets during the year are recognised on a trade date basis which is, the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value and subsequently, re-measured at FVTPL. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all the risks and rewards of ownership. Gains and losses are included in the Statement of Comprehensive Income in the year in which they arise.

2 ACCOUNTING POLICIES (CONTINUED)**Notes issued**

Notes issued are recognised initially at fair value, and are subsequently re-measured at FVTPL. A liability may be designated at FVTPL when it eliminates or significantly reduces a measurement or recognition inconsistency i.e. "an accounting mismatch" that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on a different basis. The Company derecognises a financial liability (or a part of the financial liability) from its Statement of Financial Position when the obligation specified in the contract is discharged or cancelled or expires.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at FVTPL. Fair values are obtained from recent market transactions and valuation techniques, including discounted cash flow models and options pricing models as appropriate. Derivatives are included in assets when their fair value is positive and liabilities when their fair value is negative, unless there is the legal ability and intention to set off. Gains and losses arising from changes in the fair value of derivatives are included in the Statement of Comprehensive Income in the period/year in which they arise. Derivatives financial instruments are classified as held for trading.

Valuation of financial instruments

The Company categorises the financial assets, liabilities and derivatives using the following hierarchy:

- Quoted market price in an active market for an identical instrument.
- Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Share Capital

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

2.11 Limited recourse and receivable from/payable to Noteholders

If the net proceeds of realisation of the Loans secured as collateral against the Notes are less than the aggregate amount payable by the Company to the Noteholders the obligations of the Company will be limited to such net proceeds, which shall be applied in accordance with the prospectus. In such circumstances, the other assets (if any, including the Issuer Irish Account) of the Company will not be available for payment of such shortfall which shall be borne by the senior Noteholders, the subordinated Noteholders and the other secured parties in accordance with the prospectus applied at the time of final settlement. Interest expense payable to the Noteholders is calculated by the calculation agent based on the applicable rate as defined in the prospectus.

2 ACCOUNTING POLICIES (CONTINUED)

2.11 Limited recourse and receivable from/payable to Noteholders (continued)

The returns made to the Noteholders over the life of the Company would include the effect of capital gains/losses as well as interest. At each reporting date, when the results of operations are computed, this gain or loss is recognised in the Statement of Comprehensive Income and added to or set off against the principal amounts due to Noteholders.

2.12 Guarantees

Guarantees received are treated as off statement of financial position items when they relate to amounts calculable and due in the future, which cannot be reasonably estimated at the current period/year end, either due to uncertainty on the happening or not happening of a future event or the extent of the amounts involved.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset is recognised in the Statement of Financial Position.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2011

3	INTEREST INCOME	Period ended 30 June 2011 DKK	Period ended 30 June 2010 DKK	Year ended 31 December 2010 DKK
	Interest income on Loans held at FVTPL	15,193,664	18,506,140	36,126,192
	Interest income on derivatives held at FVTPL	13,794,838	18,058,103	35,151,846
		<u>28,988,502</u>	<u>36,564,243</u>	<u>71,278,038</u>
4	INTEREST EXPENSE	Period ended 30 June 2011 DKK	Period ended 30 June 2010 DKK	Year ended 31 December 2010 DKK
	Interest expense on Notes issued at FVTPL	10,275,041	16,121,398	31,246,338
	Interest expense on derivatives held at FVTPL	14,367,369	17,374,217	33,843,537
		<u>24,642,410</u>	<u>33,495,615</u>	<u>65,089,875</u>
5	ADMINISTRATION EXPENSES	Period ended 30 June 2011 DKK	Period ended 30 June 2010 DKK	Year ended 31 December 2010 DKK
	Audit fees	58,662	58,585	167,286
	European Investment Fund fees	1,797,188	317,388	3,921,460
	Legal fees	-	17,187	12,144
	Other fees	596,159	445,098	625,201
		<u>2,452,009</u>	<u>838,258</u>	<u>4,726,091</u>
<p>The Company has no employees (2010: Nil). Accounting and other services have been outsourced. The directors are not in receipt of any remuneration from this Company. No fees were paid to directors during the period (2010: Nil).</p> <p>The "Other fees" include Operational Services Fees, Paying Agent and VP Fees, Rating Agency Fees, Listing Fees, Administration Fees and Bank Fees.</p>				
6	OPERATING PROFIT BEFORE TAXATION	Period ended 30 June 2011 DKK	Period ended 30 June 2010 DKK	Year ended 31 December 2010 DKK
	Operating profit before taxation includes:			
	Directors fees	-	-	-
	Auditors' remuneration:			
	- Statutory audit fee	58,662	58,585	117,654
	- Tax compliance fee	24,819	24,785	49,632
		<u>83,481</u>	<u>83,370</u>	<u>167,286</u>

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

7 CORPORATION TAX	Period ended 30 June 2011 DKK	Period ended 30 June 2010 DKK	Year ended 31 December 2010 DKK
Corporation tax based on profit for the period/year	250	250	500

Factors affecting tax charge for period/year:

The current tax charge for the period/year is higher than the current charge that would result from applying the standard rate of Irish corporation tax to profits on ordinary activities. The differences are explained below:

	Period ended 30 June 2011 DKK	Period ended 30 June 2010 DKK	Year ended 31 December 2010 DKK
Profit on ordinary activities before taxation	1,000	1,000	2,000
Profit on ordinary activities multiplied by the standard rate of Irish corporation tax for the year of 12.5%	125	125	250
Effects of: Higher rate of tax applicable under Section 110 TCA, 1997	125	125	250
Current tax charge for period/year	250	250	500

The Company is a qualifying Company within the meaning of Section 110 of the TCA. 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 of the TCA.

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly-liquid investments with original maturities of three months or less. The total amount of cash and cash equivalents held at the period-end was DKK 4,161,993 (2010: DKK 4,066,780).

	30 June 2011 DKK	31 December 2010 DKK
Nordea bank	3,861,129	3,766,126
Bank of Ireland	300,864	300,654
	4,161,993	4,066,780

9 TRADE AND OTHER RECEIVABLES

	30 June 2011 DKK	31 December 2010 DKK
Accrued interest on Loans at FVTPL	2,659,438	2,722,024
Accrued interest on derivatives at FVTPL	8,603,329	1,695,137
Prepayments	36,649	107,536
Other receivables	-	5,250
	11,299,416	4,529,947

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

10 LOANS AT FVTPL

	30 June 2011	31 December 2010
	DKK	DKK
Balance at the beginning of the period/year	1,263,954,990	1,230,626,811
*Fair value movement on Loans at FVTPL	<u>(132,426,525)</u>	<u>33,328,179</u>
Balance at the end of period/year	<u>1,131,528,465</u>	<u>1,263,954,990</u>

* The fair value movement on Loans at FVTPL includes the Amagerbanken default of DKK 150,000,000.

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

On 31 January 2011, Aarhus Lokalbanc A/S, one of the Danish banks in the Company's Loan portfolio owing a subordinated term loan of DKK 75,000,000, will use the right to convert 80% of the Danish government's hybrid capital of DKK 147 million, into common shares. It is not known what percentage of common shares will be held by the government because the conversion price has yet to be decided. However, the government will definitely become a major shareholder in the bank.

On 6 February 2011, Amagerbanken, another Danish bank in the Company's loan portfolio, owing an amount under a subordinated term loan of DKK 150,000,000, filed a bankruptcy petition. The assets and part of the liabilities of Amagerbanken were acquired by a newly created subsidiary of Financial Stability, the Danish government-backed bank-support vehicle. The Amagerbanken default reduced the total nominal amount of Loans by DKK 150,000,000 in the period ended 30 June 2011.

The fair value loss on Loans for the year is DKK 132,426,525 (2010: fair value gain DKK 33,328,179).

11 DERIVATIVE FINANCIAL INSTRUMENTS

The Company has the following derivatives in place as at the period/year-end. The Company receives fixed and pays floating rates of interest on the principal amounts in the table below. The counterparty is HSH Nordbank AG.

(i) Interest rate derivatives

The interest rate derivatives held by the Company at the 30 June 2011 are as follows:

30 June 2011

Description	Fixed rate	Fixed	Floating rate	Floating
	principal		rate fixing	
	DKK		DKK	
Class A Notes	218,100,000	3M CIBOR + 30BP	218,100,000	6M CIBOR + 30BP
Class B Notes	672,000,000	3M CIBOR + 25BP	672,000,000	6M CIBOR + 25BP
Class C Notes	308,190,527	4.69%	259,900,000	6M CIBOR + 336,41BP

During the period, the interest rate swap in respect of Class D redeemed as a result of the default of Amagerbanken. The Class C notional value reduced from DKK 417,900,000 to DKK 308,190,527.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2011

11 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(i) Interest rate derivatives (continued)

31 December 2010

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

The respective fair values of the interest rate derivatives are as follows:

Description	Type	30 June 2011 DKK	31 December 2010 DKK
Class C Notes	Asset	53,259,345	27,516,215
Class D Notes	Asset	-	21,055,251
Total derivative assets		<u>53,259,345</u>	<u>48,571,466</u>
Class A Notes	Liability	(527,217)	(892,317)
Class B Notes	Liability	(1,616,606)	(2,743,549)
Total derivative liabilities		<u>(2,143,823)</u>	<u>(3,635,866)</u>

(ii) Floor transaction

The Floor transaction agreement between HSH Nordbank AG and the Company was entered into on 30 November 2007.

The calculation amount is DKK 687,000,000 at a rate of 2.50%. The payment dates commence on 3 June 2013 and thereafter, on 3 December and 3 June in each year up to and including 3 December 2015. The fair value of the floor transaction was DKK 8,499,681 (2010: DKK 8,402,193) and the movement in unrealised gain was DKK 97,488 (2010: DKK 5,259,331).

The fair value gain on the floor transaction is DKK 6,277,410 (2010: fair value gain of DKK 12,236,270).

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2011

12 NOTES ISSUED AT FVTPL

Class	30 June 2011			31 December 2010		
	Nominal	Price	Fair Value	Nominal	Price	Fair Value
	DKK	DKK	DKK	DKK	DKK	DKK
A	218,100,000	95.53	208,350,930	218,100,000	96.72	210,946,320
B	672,000,000	99.47	668,438,400	672,000,000	99.31	667,363,200
C	308,190,527	102.00	314,354,338	417,900,000	103.00	430,437,000
D	-	-	-	37,190,000	22.98	8,546,262
	1,198,290,527		1,191,143,668	1,345,190,000		1,317,292,782
Adjustment for other timing differences	-		5,198,540	-		3,304,750
Notes at FVTPL	1,198,290,527		1,196,342,208	1,345,190,000		1,320,597,532

The fair value loss on Notes is DKK 124,255,324 (2010: fair value loss of DKK 47,024,990).

The Notes are all due for repayments in 2015. 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 Noteholders and other secured parties.

The EIF provided a guarantee to the Class B and C Noteholders, whereby on the interest payment dates, if there is a shortfall of interest or principal, the EIF will provide these amounts. The amounts will be paid at maturity, when the Class B and C Notes fall due. The default of Amagerbanken (DKK 150,000,000) affected the Class C and D Noteholders. At the period-end, the Class D Note was reduced to zero and the new Class C Note nominal value was DKK 308,190,527 from its initial value of DKK 417,900,000. There were no changes to the Class A or B Notes.

13 TRADE AND OTHER PAYABLES

	30 June 2011	31 December 2010
	DKK	DKK
Interest payable on Notes issued at FVTPL	5,400,531	1,502,536
Interest payable on Derivatives at FVTPL	2,520,490	2,546,920
Accrued expenses	2,038,266	939,690
	9,959,287	4,989,146

All accrued expenses are due within one year.

14 EIF GUARANTEE

The EIF has provided a guarantee to the Class B and C Noteholders of the Company, whereby on the interest payment dates, if there is a shortfall of interest or principal, the EIF will provide the amount. The EIF will make the payments directly to the paying agent at maturity, when the Class B and C Notes fall due.

Following the default of Amagerbanken, the Class C nominal value was reduced to DKK 308,190,527 from its initial value of DKK 417,900,000. Due to this default and in line with paragraph 35 of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the directors are satisfied that the guarantee will be exercised to reimburse the Class C Noteholders and have recognised both a receivable from the EIF and a payable to Noteholders of DKK 114,097,852. This amount represents the difference between the guaranteed and unguaranteed principal and interest for the Class C Note. In the event that there are further loan defaults, the value of the guarantee will further increase and may decrease if there are any subsequent recoveries on defaulted assets.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2011

14 EIF GUARANTEE (CONTINUED)

(a) GUARANTEE RECEIVABLE FROM EIF	30 June 2011	31 December 2010
	DKK	DKK
Principal receivable from EIF	109,709,473	-
Interest receivable from EIF	4,388,379	-
	<u>114,097,852</u>	<u>-</u>
(b) GUARANTEE PAYABLE TO NOTEHOLDERS		
Principal payable to Noteholders	109,709,473	-
Interest payable to Noteholders	4,388,379	-
	<u>114,097,852</u>	<u>-</u>

15 SHARE CAPITAL - EQUITY AND OWNERSHIP OF THE COMPANY

		30 June 2011	31 December 2010
	EUR	DKK	DKK
Authorised Share Capital			
40,000 ordinary shares of €1 each	40,000	298,332	298,332
Issued			
40,000 ordinary shares of €1 each	40,000	298,332	298,332

Note: €1 = DKK 7.4583

The Company's share capital as at the period/year-end is best represented by the ordinary shares outstanding. 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 Plc Trust, 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 Plc Trust. The six individuals are employees of TMF Management (Ireland) Limited.

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 June 2011	31 December 2010
	DKK	DKK
Shareholders' funds at the beginning of the period/year	302,832	301,332
Profit for the period/year	1,500	1,500
Shares issued at par	-	-
Shareholders' funds at the end of the period/year	<u>304,332</u>	<u>302,832</u>

17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

The Company's financial instruments include cash and cash equivalents, Loans, derivatives, Notes issued and other accruals that arise directly from its operations.

The Company is exposed to a variety of financial risks: capital risk, market rate risk, credit risk and liquidity risk. 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) Capital risk management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital managed by the Company comprises of ordinary shares outstanding and the Notes issued and outstanding as at the period/year-end.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2011

17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Capital risk management (continued)

The objective of the Company is to provide the Noteholders with above average returns over the medium to long term through both capital growth and income. The Company aims to deliver this objective through investing in a portfolio of subordinated Loans. The Company also uses derivatives for risk management purposes. The Company is not subject to externally imposed capital requirements. There were no changes to the policies and procedures during the year with respect to the Company's approach to its capital management program. The capital structure of the Company consists of debt, which includes the Notes payable disclosed in Note 12, cash and cash equivalents and equity comprising issued capital and retained earnings as disclosed in Notes 8, 15 and 16 respectively.

(b) Market risk

Market risk is the potential change in the value caused by the movements in the foreign-currency exchange rates, interest rates or market prices of the financial instruments. The Noteholders are exposed to the market risk of the portfolio of Loans.

(i) Foreign-currency exchange rate 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-currency exchange rates. The Company is not exposed to currency risk as the majority of the assets and liabilities are in the same currency.

Foreign currency exchange sensitivity

The profits of the Company and the gains/losses allocated to the Noteholders are not significantly exposed to the risk of fluctuation of DKK against any other currency.

(ii) Interest rate risk

The financial assets and financial liabilities of the Company receive and pay interest at various rates.

The interest rate risk profile of the Company's financial liabilities is disclosed below:

Interest rate type	30 June 2011 DKK	31 December 2010 DKK
Fixed/Floating rate	(1,196,342,208)	(1,320,597,532)
Non-interest bearing	(12,828,468)	(9,217,485)
	<u>(1,209,170,676)</u>	<u>(1,329,815,017)</u>

The interest rate risk profile of the financial assets is disclosed below:

As at 30 June 2011	Cash and cash equivalents DKK	Financial assets DKK	Total DKK
Interest rate type			
Floating rate	4,161,993	1,131,528,465	1,135,690,458
Fixed rate	-	-	-
Non-interest bearing	-	79,866,638	79,866,638
	<u>4,161,993</u>	<u>1,211,395,103</u>	<u>1,215,557,096</u>
As at 31 December 2010	Cash and cash equivalents DKK	Financial assets DKK	Total DKK
Interest rate type			
Floating rate	4,066,780	1,263,954,990	1,268,021,770
Fixed rate	-	-	-
Non-interest bearing	-	61,244,297	61,244,297
	<u>4,066,780</u>	<u>1,325,199,287</u>	<u>1,329,266,067</u>

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2011

17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The Noteholders are exposed to interest rate risk arising from movements on assets and liabilities. Profits or losses arising from movements in interest rates are passed on to the Noteholders.

At 30 June 2011, should the interest income on the investment have lowered by 5% per annum, (DKK 1,449,425), with all other variables remaining constant, the fair value of the Notes would decrease to approximately DKK 1,194,892,783 (2010: DKK 1,317,033,630). If the interest income had risen by 5% per annum, the impact would be equal and move in the opposite direction.

(iii) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The tables below provide an analysis of the basis of measurement used by the Company to fair value its financial instruments into the aforementioned categories:

	30 June 2011		31 December 2010	
	Level 2	Level 3	Level 2	Level 3
	DKK	DKK	DKK	DKK
Financial assets at FVTPL				
Loans at FVTPL	114,097,852	1,131,528,465	-	1,263,954,990
Derivative financial assets	61,759,026	-	56,973,659	-
	<u>175,856,878</u>	<u>1,131,528,465</u>	<u>56,973,659</u>	<u>1,263,954,990</u>

	30 June 2011		31 December 2010	
	Level 2	Level 3	Level 2	Level 3
	DKK	DKK	DKK	DKK
Financial liabilities at FVTPL				
Notes issued at FVTPL	(114,097,852)	(1,196,342,208)	-	(1,320,597,532)
Derivative financial liabilities	(2,143,823)	-	(3,635,866)	-
	<u>(116,241,675)</u>	<u>(1,196,342,208)</u>	<u>(3,635,866)</u>	<u>(1,320,597,532)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2011

17 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)**(b) Market risk (continued)****(iii) Price risk (continued)**

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. There have been no significant movements between the levels during the period/year.

The changes in the fair values of Loans, derivatives and Notes are discussed in Notes 10, 11 and 12 respectively.

	30 June 2011		31 December 2010	
	Assets	Notes	Assets	Notes
Level 3 reconciliation	DKK	DKK	DKK	DKK
Balance at the start of the year	1,263,954,990	(1,320,597,532)	1,230,626,811	(1,273,572,542)
Fair value movements	(132,426,525)	124,255,324	33,328,179	(47,024,990)
Sales	-	-	-	-
Balance at the end of the year	1,131,528,465	(1,196,342,208)	1,263,954,990	(1,320,597,532)

Although the Company believes that its estimates of fair value are appropriate, the use of difference methodologies or assumptions could lead to different measurements of fair value.

For fair value measurements in Level 3, the key factor in the valuation methodology is the default rate. If the annual default rate of the underlying portfolio doubles, the following effect will be as follows:

Assets measured at fair value based on Level 3	30/06/2011	Total 30/06/2011	31/12/2010	Total 31/12/2010
	DKK	DKK	DKK	DKK
Fair value if annual default rate doubles	1,074,952,042	1,074,952,042	1,200,757,240	1,200,757,240

Price sensitivity

The Noteholders are exposed to price risk on the Investment. Profits or losses arising from movements in price are passed to the Noteholders.

At 30 June 2011, should the price have lowered by 5% per annum with all other variables remaining constant, the fair value of the Notes would decrease to approximately DKK 1,139,765,785 (2010: DKK 1,257,399,782). If the price had risen by 5% per annum, the impact would be equal and move in the opposite direction.

(c) Credit risk

Credit risk arises from the possibility of counterparties failing to meet their contractual obligations to the Company and represents the most significant category of risk faced by the Noteholders. The table below represents the maximum exposure to credit risk:

	30 June 2011	31 December 2010
	DKK	DKK
Credit risk exposures relating to financial assets		
Financial assets at FVTPL	1,131,528,465	1,263,954,990
Guarantee receivable from EIF	114,097,852	-
Derivative financial instruments	61,759,026	56,973,659
Trade and other receivables	11,299,416	4,529,947
Cash balances	4,161,993	4,066,780
	<u>1,322,846,752</u>	<u>1,329,525,376</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2011

17 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)**(c) Credit risk (continued)**

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

			30 June 2011	31 December 2010
Name	Amount	%	Rating	Rating
Alm Brand Bank	200,000,000	13%	A+	BBB-
Amagerbanken	150,000,000	10%	Default	B
DiBa Bank	150,000,000	10%	A+	BBB-
Aarhus Lokalbanc	75,000,000	5%	BBB+	BBB
Lan & Spar Bank	75,000,000	5%	AA	BBB+
Max Bank	100,000,000	6%	A	BB+
Middelfart Sparekasse	100,000,000	7%	A+	BBB-
Roskilde Bank	200,000,000	13%	Default	Default
Skjern Bank	100,000,000	7%	A+	BBB-
Sparekassen Himmerland	100,000,000	7%	AA-	BBB+
Spar Nord Bank	100,000,000	7%	AA	A-
Totalbanken	25,000,000	2%	A+	BBB
Tønder	50,000,000	3%	A+	BBB
Østjydsk Bank A/S	75,000,000	5%	AA-	BBB+
	1,500,000,000	100%		

The risk management systems in place do not facilitate splitting the overall fair value movement into its individual components, specifically credit risk and market risk. The directors rely on the overall fair value movement to assess the performance of portfolio and as such do not require the individual components of the risk. In their opinion the credit ratings assigned to each investment in the portfolio along with the ongoing monitoring of its performance are reasonable assessments of the credit risk.

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 Loans is made up of twelve 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 and interest step-up after December 2012).

The Company is exposed to credit risk from the Swap Counterparty in respect of the derivatives. The Company's exposure and the credit ratings of its counterparties are continuously monitored. In the event of a default on derivatives, the Noteholders will bear the resultant loss due to the non-recourse nature of their investment.

EIF is the guarantor of certain obligations in respect of the Class B and C Notes. Accordingly, there is a risk exposure to EIF in respect of non payment of these amounts. In the event that EIF fails to make payment under the EIF Deed of Undertaking, this may cause losses to investors in the Class B and C Notes.

(d) Liquidity risk

Prudent liquidity risk management means that the Company should maintain sufficient cash and liquid investments for its short and medium term operations with adequate planning for significant long term commitments.

The ability of the Company to meet its ongoing obligations towards the Noteholders is dependent on the receipt of interest and principal from its portfolio of assets. The table below represents the cashflows payable by the Company under non-derivative financial liabilities by remaining contractual maturities at the end of reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows whereas the Company manages the inherent liquidity risk based on expected undiscounted cash inflows.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2010

17 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(d) Liquidity risk (continued)

30 June 2011	Less than 1 month DKK	1-3 months DKK	3 months to 1 year DKK	Between 1-5 years DKK	Over 5 years DKK	Total DKK
Liabilities:						
Notes issued at FVTPL	-	-	-	1,196,342,208	-	1,196,342,208
Guarantee payable to Noteholders				114,097,852		114,097,852
Derivative financial instruments	2,143,823	-	-	-	-	2,143,823
Interest on Notes issued and Derivatives at FVTPL	7,921,021	-	-	-	-	7,921,021
Other liabilities	2,038,266	-	-	-	-	2,038,266
	<u>12,103,110</u>	<u>-</u>	<u>-</u>	<u>1,310,440,060</u>	<u>-</u>	<u>1,322,543,170</u>
31 December 2010						
31 December 2010	Less than 1 month DKK	1-3 months DKK	3 months to 1 year DKK	Between 1-5 years DKK	Over 5 years DKK	Total DKK
Liabilities:						
Notes issued at FVTPL	-	-	-	1,320,597,532	-	1,320,597,532
Derivative financial instruments	3,635,866	-	-	-	-	3,635,866
Interest on Notes issued and Derivatives at FVTPL	4,049,456	-	-	-	-	4,049,456
Other liabilities	939,690	-	-	-	-	939,690
	<u>8,625,012</u>	<u>-</u>	<u>-</u>	<u>1,320,597,532</u>	<u>-</u>	<u>1,329,222,544</u>

Interest payable on Notes has been calculated using the assumption that the year-end Euribor rate would remain unchanged in the future.

(e) Concentration risk

Concentration risk can arise from the type of assets held in the portfolio, the maturity of assets, the concentration of sources of funding, concentration of counterparties or geographical locations. Prudent risk management implies maintaining the exposure to various risks at a reasonable level.

The financial assets of the Company have the same geographical location and industry significance. Hence, there is a high level of concentration risk.

18 SEGMENT ANALYSIS

IFRS 8 "Operating Segments", adopts a strict management approach to segment reporting and requires that operating segments be identified on the same basis as financial information is reported internally for the purpose of allocating resources between segments and assessing their performance. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision maker and for which financial information is available. The Company's Chief Operating Decision maker is the Board of Directors.

The operating segment for the Company has been identified based on the aforementioned criteria keeping in view the role of segment manager, who in this case is the arranger. The operating segment consists of the Company's investment in a large pool of assets that is managed by the arranger.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2010

18 SEGMENT ANALYSIS (CONTINUED)

This pool earns income and requires expenditure for its day to day operational maintenance. The operating segment derives its income from interest earned and realised gains during the period/year.

Based on the operating segment identified earlier the Company has one distinct reportable segment.

	30 June 2011 DKK	30 June 2010 DKK	31 December 2010 DKK
General segment financial information			
Segment profit for the period/year	1,000	1,000	2,000
Assets at the period/year-end	1,131,528,465	1,262,224,763	1,263,954,990
Liabilities at the period/year-end	(1,196,342,208)	(1,335,627,317)	(1,320,597,532)
Interest revenue and expense			
Interest receivable and similar income	28,988,502	36,564,243	71,278,038
Interest payable	(24,642,410)	(33,495,615)	(65,089,875)
Other material non-cash items			
Unrealised foreign exchange gain on cash and cash equivalents	708	275	469
Fair value movement on Loans	(132,426,525)	31,597,952	33,328,179
Fair value movement on derivatives	6,277,410	28,227,179	12,236,270
Fair value movement on Notes	124,255,324	(62,054,776)	(47,024,990)
Other material cash items			
Administration expenses	(2,452,009)	(838,258)	(4,726,091)
Corporation tax charge	(250)	(250)	(500)

(i) Revenue from major products, services and customers

The Company's revenue is generated from the portfolio of Loans held during the year. The Company has no other products or revenue generating source. The share of revenue by customer in the total revenue can be estimated using the percentage of the individual investments disclosed in Note 17 (c).

(ii) Geographical information

The Company's revenue from continuing operations by geographical location are detailed below.

	30 June 2011 DKK	30 June 2010 DKK	31 December 2010 DKK
Denmark	28,988,502	36,564,243	71,278,038

19 CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or commitments as of the period/year end or date of signing of these financial statements (2010: Nil). Contingent liabilities are assessed continually to determine whether transfers of economic benefits have become probable. Where future transfers of economic benefits change from previously disclosed contingent liabilities, provisions are recognised in the period/year in which the changes in probability occur.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2010

20 CHARGES

The Law Debenture Trust Corporation Plc 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.

21 RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the period (2010: Nil).

22 SIGNIFICANT SUBSEQUENT EVENTS

Please refer to the Interim Management Report on page 6.

23 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board and authorised for issue on 29 August 2011.