

Registered Number 447197

SCANDINOTES FIVE PUBLIC LIMITED COMPANY
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

SCANDINOTES FIVE PUBLIC LIMITED COMPANY
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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SCANDINOTES FIVE PUBLIC LIMITED COMPANY

DIRECTORS' AND OTHER INFORMATION

DIRECTORS	Sandra Richardson Neil Synnott
SECRETARY AND REGISTERED OFFICE	TMF Administration Services Limited 53 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	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 Copenhagen Branch Kalvebod Brygge 39-41 DK-1560 Copenhagen V Denmark
INDEPENDENT AUDITORS	KPMG Chartered Accountants 1/2 Harbourmaster Place 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

Nordea Bank Danmark A/S
Strandgade 3
Postboks 850
DK-0900 Copenhagen C
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 second annual report and audited financial statements of Scandinotes Five Public Limited Company (the "Company") for the year ended 31 December 2009.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company is incorporated under the laws of Ireland and was established to issue asset backed notes. 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.

To date, the Company has 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

On 23 March 2009, Moody's Investors Service downgraded and left on review for further possible downgrade its ratings of two classes of notes issued by the Company. Moody's also downgraded and left on review for further possible downgrade its underlying ratings of the Classes B and C notes which are guaranteed by the European Investment Fund.

The ratings are the result of the following:

- (i) credit deterioration in the underlying portfolio, which includes but is not limited to exposure to Roskilde Bank whose subordinated debt is expected to experience a substantial loss following the decision not to transfer subordinated liabilities to the new bank under the government scheme; and
- (ii) the application of revised and updated modeling parameter assumptions that Moody's uses to rate and monitor ratings of collateralized loan obligations (CLOs). Moody's announced that changes to these assumptions in a press release titled "Moody's updates key assumptions for rating CLOs", published on 4 February 2009. The revisions affect default probability and correlation, which are key parameters underlying this rating.

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: Baa3, on review for possible downgrade
Prior Rating: Aaa
Prior Rating Date: 26 March 2008, assigned Aaa

Class C Notes

Current Rating: B3, on review for possible downgrade
Prior Rating: A2
Prior Rating Date: 26 March 2008, assigned A2

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

DIRECTORS' REPORT (CONTINUED)

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS (CONTINUED)

On 21 July 2009, it was announced that HSH Nordbank as a result of the downgrading of HSH Nordbank by Moody's to A2 was replaced by Nordea, rated Aa1, in the roles as Account Bank, VP Agent and Custodian (as defined in the Account Bank Agreement, VP Agency Agreement, Custody Agreement (Custody Undertaking) and Credit Support Deed.

Credit Enhancement Securitisation

The Company has received a guarantee from the European Investment Fund ("EIF") in relation to the Class B and C notes. EIF enjoys widespread recognition in Europe as a leading provider of triple A-rated credit enhancement in Small and Medium Enterprise ("SME") securitisations. It benefits from Multilateral Development Bank status, which enables financial institutions to apply a 0% risk-weighting to assets it guarantees. Typically, EIF guarantees certain tranches of notes (senior and/or mezzanine tranches) issued through SME securitisation transactions. The effect of this guarantee is to make the notes secure and improve their risk rating.

SIGNIFICANT SUBSEQUENT EVENTS

On 13 January 2010, Moody's Investors Service published rating changes relating to three classes of the Company's notes. Please refer to note 23 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 17 to the financial statements.

DIRECTORS

The directors of the Company are listed on page 2.

On 4 October 2007, Sandra Richardson was appointed director of the Company. On 26 June 2008, Neil Synnott was appointed as director of the Company.

ANNUAL CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company and group in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's and group's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing TMF Administration Services Limited (the "Administrator") to maintain the accounting records of the Company independently of the Arranger and Manager. The Administrator is contractually obliged to maintain proper books and records as required pursuant the Administration agreement. To that end the Administrator performs reconciliations of its records to those of the Arranger and Manager. The Administrator is also contractually obliged to prepare for review and approval by the Board the annual report including financial statements intended to give a true and fair view. The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board also examines and evaluates the Administrator financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and the Administrator's report to the Board.

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

DIRECTORS' REPORT (CONTINUED)

ANNUAL CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Administrator is contractually obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report. The Board delegates the asset valuation function to HSH Nordbank AG who operates a sophisticated system of controls to ensure appropriate valuation. All the values for the Financial Instruments held by the Company (other than derivatives) have been provided by HSH Nordbank AG. In our opinion, HSH Nordbank AG is the most appropriate and reliable source of such fair values in its capacity as servicer / special servicer. The fair values for the derivatives have been provided by HSH Nordbank AG. In our opinion, HSH Nordbank AG is the most appropriate and reliable source of such fair values in its capacity as swap counterparty. We are satisfied that the amounts as stated in the Company's financial statements represent a reasonable approximation of those values.

The Company's policies and the Board's instructions with relevance for financial reporting are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner. The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Given the contractual obligations on the Administrator, the Board has concluded that there is currently no need for the Company to have a separate internal audit function in order for the board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

No person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

There are no restrictions on voting rights.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association which empower the existing Directors to appoint and (if necessary) replace the Directors. The Articles of Association themselves may be amended by special resolution of the shareholders.

Powers of Directors

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association, which allow them to enter into contracts and perform all tasks necessary to conduct the business of the Company. The directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the directors.

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 53 Merrion Square, Dublin 2.

KEY PERFORMANCE INDICATORS

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

	2009	2008
	DKK	DKK
(a) Profit before tax	2,000	2,000
(b) Net assets	301,332	299,832
(c) Remaining loan term (years)	6	7

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

DIRECTORS' REPORT (CONTINUED)

RESULTS AND DIVIDENDS FOR THE PERIOD

The results for the year are set out on page 11. 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 53 Merrion Square, Dublin 2.

INDEPENDENT AUDITOR

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

This report was approved by the Board of Directors on 29 April 2010.


Sandra Richardson
Director


Neil Synnott
Director

Date: 29 April 2010

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 2009 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 2009. 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.

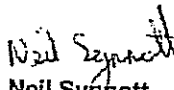
The Directors' are also required by the Transparency (Directive 2004/109/EC) Regulation 2007 and the Transparency Rules of the Irish Financial Services Regulatory Authority to include a Directors' report containing a fair review of the business and a description of the principal risks and uncertainties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

This statement was approved by the Board of Directors on 29 April 2010.


Sandra Richardson
Director


Neil Synnott
Director

Date: 29 April 2010

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

We have audited the financial statements of Scandinotes Five Plc for the year ended 31 December 2009 which comprises the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows 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 8.

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 2009. 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**

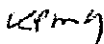
Opinion

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 2009 and its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

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
Chartered Accountants
Registered Auditor
1/2 Harbourmaster Place
Dublin 1

Date: 29 April 2010

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Year ended 31/12/2009	Period ended 31/12/2008
		DKK	DKK
NET INVESTMENT INCOME			
Interest and similar income	3	118,165,148	170,372,514
Interest expense	4	(111,976,985)	(164,247,581)
Net foreign exchange (loss)	6	(858)	-
Fair Value Adjustment of Derivatives	8	19,426,936	21,674,586
Mark to Market movement on Financial Assets at fair value through profit or loss	8	1,031,811	(270,405,000)
Fair Value Adjustment of Notes	14	(21,252,923)	247,680,381
		<u>5,393,129</u>	<u>5,074,900</u>
OPERATING EXPENSES			
Administrative expenses	5	(5,391,129)	(5,072,900)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
		2,000	2,000
TAXATION	7	500	500
PROFIT FOR THE FINANCIAL YEAR/PERIOD			
	13	<u>1,500</u>	<u>1,500</u>

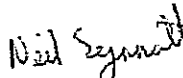
All amounts relate to continuous operations.

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

The notes on pages 16 to 32 form part of these financial statements.

The audited financial statements were approved by the Board of Directors on 29 April 2010.


Sandra Richardson
Director


Neil Synnott
Director

Date: 29 April 2010

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Year ended 31/12/2009	Period ended 31/12/2008
		DKK	DKK
PROFIT FOR THE YEAR/PERIOD		1,500	1,500
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	13	1,500	1,500

The notes on pages 16 to 32 form part of these financial statements.

The audited financial statements were approved by the Board of Directors on 29 April 2010.


Sandra Richardson
Director


Neil Synnott
Director

Date: 29 April 2010

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

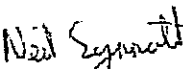
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Notes	Year ended 31/12/2009	Period ended 31/12/2008
		DKK	DKK
NON CURRENT ASSETS			
Financial assets at fair value through profit or loss	8	1,230,626,811	1,229,595,000
Derivative assets	8	42,233,408	24,321,528
		<u>1,272,860,219</u>	<u>1,253,916,528</u>
CURRENT ASSETS			
Interest and swap receivables	9	4,746,843	10,779,738
Other receivables	10	49,325	-
Cash and cash equivalents	11	2,741,267	1,368,968
		<u>7,537,435</u>	<u>12,148,706</u>
TOTAL ASSETS		<u>1,280,397,654</u>	<u>1,266,065,234</u>
CAPITAL AND RESERVES			
Share capital	12	298,332	298,332
Retained earnings		3,000	1,500
	13	<u>301,332</u>	<u>299,832</u>
FINANCIAL LIABILITIES			
Loan participation notes issued	14	1,273,572,542	1,252,319,619
CURRENT LIABILITIES			
Interest and swap payables	15	4,379,135	10,414,871
Accrued expenses	16	1,012,760	383,970
Derivative liabilities	8	1,131,885	2,646,942
		<u>6,523,780</u>	<u>13,445,783</u>
TOTAL EQUITY AND LIABILITIES		<u>1,280,397,654</u>	<u>1,266,065,234</u>

The notes on pages 16 to 32 form part of these financial statements.

The financial statements were approved by the Board of Directors on 29 April 2010.


Sandra Richardson
Director


Neil Synnott
Director

Date: 29 April 2010

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

For the year ended 31 December 2009

	Notes	Share capital	Retained earnings	Total
		DKK	DKK	DKK
At beginning of year		298,332	1,500	299,832
Issue of share capital	12	-	-	-
Profit for the year	13	-	1,500	1,500
At end of year	13	298,332	3,000	301,332

For the period ended 31 December 2008

	Notes	Share capital	Retained earnings	Total
		DKK	DKK	DKK
At beginning of period		-	-	-
Issue of share capital	12	298,332	-	298,332
Profit for the period	13	-	1,500	1,500
At end of period	13	298,332	1,500	299,832

The notes on pages 16 to 32 form part of these financial statements.

The financial statements were approved by the Board of Directors on 29 April 2010.


Sandra Richardson
Director


Neil Synnott
Director

Date: 29 April 2010

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

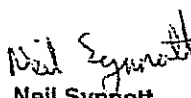
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Year ended 31/12/2009	Period ended 31/12/2008
	DKK	DKK
Cash flows from operating activities:		
Profit after tax	1,500	1,500
Adjustment for:		
Decrease/(Increase) in interest and swap receivables	6,032,895	(10,779,738)
(Increase) in other receivables	(49,325)	-
(Decrease)/Increase in interest and swap payables	(6,035,736)	10,414,871
Increase in accrued expenses	628,790	383,970
Mark to market movement on financial assets at fair value through profit or loss	(1,031,811)	270,405,000
Fair value adjustment on notes	21,252,923	(247,680,381)
Fair value of derivative assets at fair value through profit or loss	(17,911,880)	(24,321,528)
Fair value of derivative liabilities through profit or loss	(1,515,057)	2,646,942
Net cash from operating activities	1,372,299	1,070,636
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	-	(1,500,000,000)
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	-	1,500,298,332
Net increase in cash and cash equivalents	1,372,299	1,368,968
Cash and cash equivalents at 1 January 2009	1,368,968	-
Cash and cash equivalents at 31 December 2009	<u>2,741,267</u>	<u>1,368,968</u>

The notes on pages 16 to 32 form part of these financial statements.

The financial statements were approved by the Board of Directors on 29 April 2010.


Sandra Richardson
Director


Neil Synnott
Director

Date: 29 April 2010

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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 2009 (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 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 in accordance with EU endorsed International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) Interpretations and 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 at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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 period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The text of IAS 1 Presentation of Financial Statements (effective for accounting periods commencing 1 January 2009) has been substantially rewritten, with many changes in terminology, including changes to the titles of individual financial statements. The current financial statements have been updated to reflect the relevant changes.

The amendments to IAS 32 Financial Instruments: Presentation (effective for accounting periods from 1 January 2009) address the classification of puttable financial instruments and obligations arising only on liquidation, with the object of providing a "short-term, limited scope amendment" designed to avoid outcomes arising under the general principles of IAS 32 that were counter-intuitive. Related amendments to IAS 1 Presentation of Financial Statements (effective for accounting periods from 1 January 2009) introduce new disclosure requirements relating to puttable instruments and obligations arising on liquidation. The current financial statements have been updated to reflect the necessary requirements.

In March 2009, the IASB issued Embedded Derivatives (Amendments to IFRIC 9 and IAS 39). The amendments set out in Embedded Derivatives apply retrospectively and are required to be applied for periods ending on or after 30 June 2009. The amendments clarify that on reclassification of a financial asset out of 'at fair value through profit or loss' category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The entity does not have any embedded derivatives and as such there will be no impact on the financial statements.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

2 ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation (continued)

The amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009) provide clarification on two issues in relation to hedge accounting; Identifying inflation as a hedged risk, and Hedging with options. The entity does not perform hedge accounting and as such there will be no impact on the financial statements.

In March 2009, the IASB also, issued Amendments to IFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Statements, which became effective for financial periods beginning on or after 1 January 2009.

The amendments extended the disclosures to be made with respect to fair value measurements and its components disclosed within the financial statements. A key new disclosure required now is the categorisation of fair value measurements within a three level hierarchy that reflects the significance of inputs used in measuring the fair values. The fair value hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The amendments also revised the minimum disclosure requirements on liquidity risk whereby an analysis of remaining contractual maturities for derivative financial liabilities would now only be required for derivative financial liabilities that are settled by delivering cash or another financial asset and for which those contractual maturities analysis are essential for an understanding of the timing of cash flows of the entity.

Comparative information has not been presented nor restated as permitted by the transitional provisions of the amendment.

The adoption of the revised IFRS 7 has resulted in additional disclosures being made in the financial statements (see note 8).

(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 statement of financial position date, monetary items denominated in foreign currency are retranslated at the rates prevailing at the statement of financial position 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).

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

2 ACCOUNTING POLICIES (CONTINUED)

(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.

Estimates and underlying assumptions are reviewed on an ongoing basis. The Company's accounting policy on fair value measurements is discussed under note 2(l) "Fair value measurement principles". Critical accounting judgements made in applying the Company's accounting policies in relation to valuation of financial instruments is as follows:

Valuation of financial instruments

The Company measures fair values using the following hierarchy of methods:

- 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. The notes issued are valued using unobservable inputs, as described above.

The fair values have been 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.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The debt securities issued are initially measured at fair value and are designated as liabilities at fair value through profit or loss when either they eliminate or significantly reduce an accounting mismatch or, they contain an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

(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

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

2 ACCOUNTING POLICIES (CONTINUED)

(e) Derivative financial instruments (continued)

the fair value of derivatives are included in the Statement of Comprehensive Income in the year/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 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.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

2 ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets and liabilities (continued)

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.

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.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each statement of financial position 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 statement of financial position 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.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

2 ACCOUNTING POLICIES (CONTINUED)

(l) Fair value measurement principals (continued)

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 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 statement of financial position.

(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.

(n) 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 year end, either due to uncertainty on the happening or not happening of a future event or the extent of the amounts involved.

3 INTEREST INCOME	Year ended 31/12/2009 DKK	Period ended 31/12/2008 DKK
Interest income on loans held at fair value through profit and loss	67,564,001	95,375,770
Interest income on swaps held at fair value through profit and loss	50,601,147	74,996,744
	<u>118,165,148</u>	<u>170,372,514</u>
4 INTEREST EXPENSE	Year ended 31/12/2009 DKK	Period ended 31/12/2008 DKK
Interest expense on notes issued at fair value through profit and loss	46,695,638	70,793,254
Interest expense on swaps held at fair value through profit and loss	65,281,347	93,454,327
	<u>111,976,985</u>	<u>164,247,581</u>

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

5 OPERATING EXPENSES	Year ended 31/12/2009 DKK	Period ended 31/12/2008 DKK
Audit Fees	154,435	180,532
Operational Services Fees	394,233	359,380
Paying Agent and VP Fees	227,818	155,732
Moody's Fees	362,203	208,822
European Investment Fund Fees	4,097,333	4,015,699
Listing Fees	12,110	11,188
Administration Fees	142,197	141,547
Bank Fees	800	-
	<u>5,391,129</u>	<u>5,072,900</u>

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

6 NET FOREIGN EXCHANGE LOSS	Year ended 31/12/2009 DKK	Period ended 31/12/2008 DKK
Foreign exchange loss on cash	(858)	-
Net unrealised foreign exchange loss on financial instruments	<u>(858)</u>	<u>-</u>

7 TAXATION	2009 DKK	2008 DKK
Current tax: Irish corporation tax on profit for the year/period	500	500
Deferred tax	<u>-</u>	<u>-</u>
Total tax charge	<u>500</u>	<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:

	2009 DKK	2008 DKK
Profit on ordinary activities before taxation	2,000	2,000
Profit before taxation for the period multiplied by the standard rate of Irish corporation tax @ 12.5%	250	250
Effects of: -Income taxed at higher rate	250	250
Corporation tax charge	<u>500</u>	<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 year ended 31 December 2009.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 2009

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31/12/2009 DKK	Period ended 31/12/2008 DKK
At beginning of year/period	1,229,595,000	-
Acquired during the year/period	-	1,500,000,000
Disposed during the year/period	-	-
Mark to Market movement on Financial Assets at fair value through profit or loss	1,031,811	(270,405,000)
At end of year/period	1,230,626,811	1,229,595,000

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

Originally, there were fifteen subordinated term loans. However, 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 DKK 200,000,000 was written down to nil in the books of accounts at 31 December 2008 to reflect the fair value of the loan.

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

- Level 1: quoted prices (unadjusted) in an active market for identical assets or liabilities
- Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (ie: prices) or indirectly (ie: derived from prices)
- Level 3: inputs for the asset or liabilities that are not based on observable market data (unobservable inputs)

31 December 2009	Level 2 DKK	Level 3 DKK	Total DKK
Financial assets at fair value through profit or loss			
Designated at fair value through profit or loss upon initial recognition			
Investments	-	1,230,626,811	1,230,626,811
Derivative financial instruments	42,233,408	-	42,233,408
	42,233,408	1,230,626,811	1,272,860,219
Financial liabilities at fair value through profit or loss			
Notes Issued	-	(1,273,572,542)	(1,273,572,542)
Derivative financial liabilities	(1,131,885)	-	(1,131,885)
	(1,131,885)	(1,273,572,542)	(1,274,704,427)

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

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

Level 3 reconciliation

	Assets DKK	Notes DKK
Balance at 1 January 2009	1,229,595,000	(1,252,319,619)
Total gains and losses recognised		
- in profit or loss due to fair value	1,031,811	(21,252,923)
Purchases	-	-
Sales	-	-
Issues	-	-
Settlements	-	-
Transfers into or out of Level 3	-	-
Balance at 31 December 2009	1,230,626,811	(1,273,572,542)

Effect of changes in significant assumptions of Level 3 financial instruments

The Company has investments valued at DKK 1,230,626,811 at 31 December 2009. The fair values of which have been 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. The ultimate outcome of these uncertainties cannot at present be determined.

Derivatives

(i) Interest Rate Swaps

The Company has the following interest rate swaps in place at the year end:

Description	Fixed Principal	Fixed Rate Fixing	Floating Principal	Floating Rate Fixing
	DKK		DKK	
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

(ii) Floor Transaction

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

The floating rate payer 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.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

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

Derivatives (continued)

Adjustment for Accrued Interest on Swaps

31 December 2009	Fair Value (Dirty)	Net Accrued Interest (Receivable)/Payable	Fair Value (Clean)
	DKK	DKK	DKK
Class C	25,114,333	(175,492)	24,938,841
Class D	13,662,068	489,637	14,151,705
Floor Deal	3,142,862	-	3,142,862
Derivative Assets	41,919,263	314,145	42,233,408
Class A	(416,845)	138,469	(278,376)
Class B	(1,270,822)	417,312	(853,510)
Derivative (Liabilities)	(1,687,667)	555,781	(1,131,886)
Net Effect	40,231,596	869,926	41,101,522

31 December 2008	Fair Value (Dirty)	Net Accrued Interest Payable	Fair Value (Clean)
	DKK	DKK	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

9 INTEREST AND SWAP RECEIVABLES

	Year ended 31/12/2009	Period ended 31/12/2008
	DKK	DKK
Interest receivable on loans	2,895,938	7,231,583
Interest receivable on swaps	1,850,905	3,548,155
	<u>4,746,843</u>	<u>10,779,738</u>

10 OTHER RECEIVABLES

	Year ended 31/12/2009	Period ended 31/12/2008
	DKK	DKK
Other receivables	<u>49,325</u>	<u>-</u>

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

11 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 2009 was DKK 2,741,267.

	Year ended 31/12/2009 DKK	Period ended 31/12/2008 DKK
Nordea Bank	2,443,793	-
HSH Nordbank	-	1,070,636
Bank of Ireland	297,474	298,332
	<u>2,741,267</u>	<u>1,368,968</u>

12 SHARE CAPITAL

	EUR	31/12/2009 DKK	31/12/2008 DKK
Authorised 40,000 Ordinary shares of €1 each	40,000	298,332	298,332
Issued and called up 40,000 Ordinary shares of €1 each	40,000	298,332	298,332

Note: €1 = DKK 7.4583 (historical rate)

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31/12/2009 DKK	Period ended 31/12/2008 DKK
Shareholders' funds at the beginning of the year/period	299,832	-
Profit for the year/period	1,500	1,500
Shares issued at par	-	298,332
Shareholder's funds at the end of year/period	<u>301,332</u>	<u>299,832</u>

14 NOTES ISSUED

	Year ended 31/12/2009 DKK	Period ended 31/12/2008 DKK
At beginning of year/period	1,252,319,619	-
Issued	-	1,563,000,000
Note C Discount	-	(11,395,000)
Note D Discount	-	(51,605,000)
Fair Value Adjustment	21,252,923	(247,680,381)
At end of year/period	<u>1,273,572,542</u>	<u>1,252,319,619</u>

The following table provides details of the Company's notes:

Class	Principal	Coupon	Rating	Maturity
A	218,100,000	3m CIBOR + 0.30%	Aa2	2015
B	672,000,000	3m CIBOR + 0.10%	Baa3	2015
C	417,900,000	4%	B3	2015
D	255,000,000	4%	Ca	2015

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

14 NOTES ISSUED (CONTINUED)

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.

The European Investment Fund (EIF) has provided a guarantee to the Class B and C noteholders, whereby on the maturity date, if there is any shortfall as principal, the EIF will provide the amount. From the Company's perspective, this is an off statement of financial position item being a guarantee received. There is significant uncertainty as the happening of that event and also the amounts involved. The guarantee will only be called at maturity, when the Class B and C notes fall due.

15 INTEREST AND SWAP PAYABLES

	Year ended 31/12/2009 DKK	Period ended 31/12/2008 DKK
Interest payable on notes	1,658,304	3,358,395
Interest payable on swaps	2,720,831	7,056,476
	<u>4,379,135</u>	<u>10,414,871</u>

16 ACCRUED EXPENSES

	Year ended 31/12/2009 DKK	Period ended 31/12/2008 DKK
Audit Fees	167,403	180,532
Paying Agent and VP Fees	168,957	-
Moody's Fees	87,286	59,680
European Investment Fund Fees	192,212	-
Operation Service Fees	394,234	-
VP Clearing System Fees	1,738	1,711
Listing Fees	930	-
Administration Fees	-	141,547
Corporation Tax payable	-	500
	<u>1,012,760</u>	<u>383,970</u>

17 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

SCANDINOTES FIVE PUBLIC LIMITED COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

17 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

(a) Risk management (continued)

mismatches of investment performance against its obligations together with any maturity or interest rate risk. The operation services provider 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.

(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 14, cash and cash equivalents and equity comprising issued capital and retained earnings as disclosed in notes 11, 12 and 13 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 Statement of Financial Position date, financial assets exposed to credit risk include debt instruments and derivatives disclosed in note 8 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 statement of financial position 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 31/12/2009 DKK	Period ended 31/12/2009	Amount 31/12/2008 DKK	Period ended 31/12/2008
A	-	-	300,000,000	20%
A-	100,000,000	7%	-	-
BB+	-	-	150,000,000	10%
BB	50,000,000	4%	-	-
BB-	150,000,000	10%	-	-
BBB+	-	-	275,000,000	18%
BBB	575,000,000	38%	575,000,000	39%
BBB-	425,000,000	28%	-	-
Default	200,000,000	13%	200,000,000	13%
Total	1,500,000,000	100%	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 fourteen 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).

The entity has not recognised any amounts receivable under the guarantee from EIF. However, EIF can be considered a secured lender due to its status as a Multilateral Development Bank.

(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

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

17 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(d) Market risk (continued)

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.

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 2009 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	-	-	47,343,721
Floating rate debt securities	-	1,230,626,811	-
Cash and cash equivalents	2,741,267	-	-
	<u>2,741,267</u>	<u>1,230,626,811</u>	<u>47,343,721</u>
Liabilities			
Non interest bearing	-	-	(7,079,563)
Fixed/floating rate debt securities	-	(1,273,572,542)	-
	<u>-</u>	<u>(1,273,572,542)</u>	<u>(7,079,563)</u>
Total interest sensitivity gap	<u>2,741,267</u>	<u>(42,945,731)</u>	<u>40,264,158</u>

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>

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009**

17 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(d) Market risk (continued)

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 operation services provider.

Price sensitivity

The breakdown of investment assets owned by the Company as a percentage of net assets is as follows:

	Year ended 31/12/2009	Period ended 31/12/2008
	% of Total Assets	% of Total Assets
Loans	96.11%	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.

(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
2009				
Notes payable	-	-	1,273,572,542	-
Interest and Swaps payable	4,379,135	-	-	-
Derivative Liabilities	1,687,667	-	-	-
Accrued expenses	1,012,760	-	-	-
	7,079,562	-	1,273,572,542	-

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009**

17 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(e) Liquidity risk (continued)

	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	-	-	-
	<u>15,270,056</u>	<u>-</u>	<u>1,252,319,619</u>	<u>-</u>

During the year, the changes in fair value attributable to changes in credit risk on financial assets designated at fair value through profit or loss was a gain of approximately DKK 64 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 2009, the maximum exposure to credit risk on loans and receivables at fair value through profit or loss was DKK 1,230,626,811.

18 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 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.

19 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or commitments as of 31 December 2009.

20 RELATED PARTY TRANSACTIONS

During the year, the Company incurred a fee of DKK 142,196 relating to the administration services provided by TMF Administration Services Limited.

21 DIRECTORS' INTEREST IN SHARES

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

22 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.

SCANDINOTES FIVE PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

23 SUBSEQUENT EVENTS

On 13 January 2010, Moody's Investors Service published rating changes relating to three classes of the Issuer's 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: Baa1, on review for possible downgrade
Prior Rating: Aa2
Prior Rating Date: 23 March 2009

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

Current Rating: B1, on review for possible downgrade
Prior Rating: Baa3
Prior Rating Date: 23 March 2009

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

Current Rating: Caa3, on review for possible downgrade
Prior Rating: B3
Prior Rating Date: 23 March 2009

The recent developments in the Danish banking sector have highlighted the significant correlation risk in the underlying portfolios of these transactions. In response to the financial crisis, the Danish government created a support package (Bank Package I), which guarantees depositor and senior debt, but requires each bank covered by the scheme to pass a solvency test that specifies a minimum level of capital. If a bank fails this test, it is taken over by the government-owned Financial Stability Company as part of the guarantee of depositors and senior debt, causing the subordinated debt, which is not covered by the scheme and referenced by the Scandinotes CDO's, to default. Bank Package II enabled Danish banks considered in the scheme to benefit from capital support in the form of hybrid core capital and to issue medium term loans of up to three years under a state guarantee until the end of 2010. As these support schemes are intended to be temporary, Moody's has considered the risk posed to the outstanding pools from the withdrawal of state funding support. All fourteen banks have been accepted by Bank Package II.

The downgrades also reflect the difference in performance between senior and more junior debt since the beginning of the crisis. Moody's notes that it has recently revised its analytical framework, as announced in the press release titled "Moody's Reviews Bank Hybrids, Subordinated Debt for Downgrade" (18 November 2009). As such, all subordinated debt instruments in the Nordic region remain on review for possible downgrade. (O'Reilly, G., Hu, Jian., (2010) Rating Action: Moody's downgrades six Scandinotes CDOs, Moody's Global Credit Research)

24 APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 29 April 2010.