4764948

Kalvebod PLC

Directors' report and audited financial statements

For the year ended 31 July 2013

Registered number 409286

Kalvebod PLC

Contents

Directors and other information

Directors	Brian Brady (Irish) Paul McNaughton (Irish) Michael Whelan (Irish)
Registered office	5 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland
Administrator & Company Secretary	Deutsche International Corporate Services (Ireland) Limited 5 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland
Trustee	Deutsche Trustee Company Limited Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
Paying Agent, Agent Bank, Swap Counterparty and Custodian	Deutsche Bank AG London Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
Independent Auditor	KPMG Chartered Accountants, Statutory Audit Firm 1 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland
Solicitors	Matheson 70 Sir John Rogerson's Quay Dublin 2 Ireland Gide Loyrette Nouel MNP Citypoint One Ropemaker Street London EC2Y 9HT United Kingdom

Directors' report

The Directors present their annual report together with the audited financial statements of Kalvebod Plc (the "Company") for the year ended 31 July 2013.

Principal activities

The Company has established a EUR 10,000,000,000 Secured Notes Programme (the "Programme") to issue secured notes (the "Notes") and/or other secured limited recourse indebtedness (the "Alternative Investments"). The net proceeds from each issue of Notes or Alternative Investments are used to purchase the Collateral comprised in the Mortgaged Property in respect of the relevant Notes or Alternative Investments, to pay for or enter into any Credit Support Document or Swap Agreement in connection with such Notes or Alternative Investments and to pay expenses in connection with the administration of the Issuer or the issue of the Notes or Alternative Investments.

Notes earn interest at a fixed or floating percentage rate. The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series Notes may have a maximum interest rate, a minimum interest rate, or both. All such information was set out in the relevant Prospectus. At the year end, the only swap in place was an Asset Swap in place in respect of Series 2, see further details in note 15.

The Company entered into Swap Agreements with Swap counterparties and any swap or repurchase entered into in connection with Notes of any Series by the Company are limited recourse obligations of the Issuer and the terms are set out in the relevant Prospectus.

Business review

During the year:

- the Company's profit was Nil (2012: Nil),
- the Company did not issue any new series;
- the Company disposed the following:

Partial redemption
DKK 50,000,000 nominal amount of Series 3 collaterals and its related Notes DKK 50,000,000 Fixed/Floating Rate Secured Notes due 2014;

- net loss from derivative financial instruments amounted to DKK 1,227,413 (2012: DKK 113,854,144);
- total nominal value of the investment securities was DKK 640,000,000 (2012: DKK 690,000,000)

Credit events

There was no credit event during the year.

As at 31 July 2013:

- the carrying value of the Company's total indebtedness was DKK 508,667,091 (2012. DKK 385,529,221)
- the Company had the following Notes in issue:

Series 1	DKK 70,000,000 Fixed/Floating Rate Secured Notes due 2013
Series 2	DKK 382,302,941 Fixed/Floating Rate Secured Notes due 2016
Series 3	DKK 290,000,000 Fixed/Floating Rate Secured Notes due 2014

The Company's net assets were DKK 315,750 (2012: DKK 315,750).

The Company incurred DKK 18,226,619 (2012: DKK 28,727,041) as coupon on the Notes issued and earned DKK 24,017,638 (2012: DKK 34,012,582) as coupon on the investment securities.

Future developments

The Directors expect the current level of activity to continue in the foreseeable future. The Directors will continue to seek new opportunities for the Company and will continue to ensure proper management of the current portfolio of notes of the Company.

Results and dividends for the year

The results for the year are set out on page 8. No dividends are recommended by the directors for the year under review (2012: DKK Nil).

Changes in directors, secretary and registered office

There were no changes in directors, secretary or registered office during the year.

Directors, secretary and their interests

The directors who held office on 31 July 2013 did not hold any share in the Company at that date, or during the year. There were no contracts of any significance in relation to the business of the company in which the directors had any interest, as defined in the Companies Act 1990, at any time during the year.

Principal risks and uncertainties

The Company is subject to various risks The key risks facing the Company are outlined in Note 22 to the financial statements.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, markets and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards to corporate behaviour.

Operational risks arise from all of the Company's operations. All management and administration functions are outsourced to Deutsche International Corporate Services (Ireland) Limited.

Subsequent events
On 01 August 2013, following a Bond Call Date on Series 1, DKK 70,000,000 was redeemed at par. The proceeds were used to repay the corresponding Notes. After this redemption, Series 1 was completely terminated. On 01 August 2013, following a Bond Call date on Series 3, DKK 25,000,000 was redeemed. The proceeds were used to repay the corresponding Notes. There has been no further significant subsequent event after the year end

Corporate Governance Statement
Introduction
The Company is subject to and complies with Irish Statute comprising the Companies Acts 1963 to 2012 and the Listing Rules of the Copenhagen Stock Exchange. The Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

Financial Reporting Process
The Board of Directors ("the Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company 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 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 the Administrator, Deutsche International Corporate Services (Ireland) Limited, to maintain the accounting records of the Company independently of the Arranger and the Custodian. The Administrator is contractually obliged to maintain proper books and records as required by the Corporate Administration agreement. To that end the Administrator performs reconciliations of its records to those of the Arranger and the Custodian. 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's 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.

Risk Assessment
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.

Control Activities
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.

Monitoring
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.

Capital Structure
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.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, Irish Statute comprising the Companies Acts, 1963 to 2012 and the Listing Rules of the Copenhagen Stock Exchange. 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. The Directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the Directors. The Directors have delegated the day to day administration of the Company to the Administrator.

Audit committee
Statutory audits in Ireland are regulated by the European Communities Regulations, 2010 (S.I. 220 of 2010). According to the regulations, if the sole business of the Company relates to the issuing of asset backed securities, the Company is exempt from the requirement to establish an audit committee (under Regulation 91(9) (d) of the Regulations). In this respect, the Company is not required to establish an audit committee.

Accounting records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to the books of account by employing accounting personnel with the appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at 5 Harbourmaster Place, IFSC, Dublin 1.

Independent auditor

In accordance with Section 160(2) of the Companies Act, 1963, KPMG, Chartered Accountants, Statutory Audit Firm have signified their willingness to continue in office.

On behalf of the board

Michael Whelan
Director

Brian Brady
Director

Date: 4/11/13

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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 2012 provide in relation to such financial statements that references in the relevant parts of those 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;
- state that the financial statement comply with IFRS as adopted by EU and in accordance with Companies Act 1963 to 2012; 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 2012. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

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 Company for the year then ended; and
- the Directors' report includes a fair review of the development and performance of the business and of the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the board

Michael Whelan
Director

Brian Brady
Director

Date: 4/11/13

KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KALVEBOD PLC

We have audited the financial statements of Kalvebod PLC for the year ended 31 July 2013 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

As explained more fully in the Statement of Directors' Responsibilities on page 5, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Auditing Practices Board.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

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 July 2013 and of its results for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2012.

KPMG

Matters on which we are required to report by the Companies Acts 1963 to 2012

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

The financial statements are in agreement with the books of account and, in our opinion; proper books of account have been kept by the company.

In our opinion, the information given in the directors' report is consistent with the financial statements.

The net assets of the company, as stated in the Statement of Financial Position, are more than half of the amount of its called-up share capital and, in our opinion, on that basis, there did not exist at 31 July 2013 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2012 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Colm Clifford

Colm Clifford
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1

Date: 4/11/13

Kalvebod PLC

Statement of comprehensive income
For the year ended 31 July 2013

	Notes	Year ended 31-Jul-13 DKK	Year ended 31-Jul-12 DKK
Net gain on investment securities	5	192,593,099	276,318,303
Net loss on debt securities issued	6	(191,365,686)	(162,464,159)
Net loss from derivative financial instruments	7	(1,227,413)	(113,854,144)
Operating results		-	-
Net gain/(loss) on foreign exchange movements	8	670	(406)
Other income	9	457,907	415,947
Other expenses	10	(458,577)	(415,541)
Operating results before income tax		-	-
Income tax expense	11	-	-
Profit for the financial year		-	-
Other comprehensive income		-	-
Total comprehensive income for the financial year		-	-

All items dealt with in arriving at the result for the year ended 31 July 2013 related to continuing operations.

The notes on pages 12 to 26 form an integral part of these financial statements.

On behalf of the board

Michael Whelan
Director

Brian Brady
Director

Date: 4/11/13

Kalvebod PLC

Statement of financial position
As at 31 July 2013

	Notes	31-Jul-13 DKK	31-Jul-12 DKK
Assets			
Cash and cash equivalents	12	306,789	305,592
Derivative financial assets	15	84,448,897	79,885,290
Investment securities at fair value through profit or loss	13	424,524,983	305,949,522
Other receivables	14	5,456,220	6,708,269
Total assets		514,736,889	392,848,673
Liabilities			
Debt securities issued at fair value through profit or loss	16	508,973,880	385,834,813
Other payables	17	5,447,259	6,698,110
Total liabilities		514,421,139	392,532,923
Equity			
Share capital	18	298,528	298,528
Retained earnings		17,222	17,222
Shareholders' funds – equity		315,750	315,750
Total liabilities and equity		514,736,889	392,848,673

The notes on pages 12 to 26 form an integral part of these financial statements

On behalf of the board

Michael Whelan
Director

Brian Brady
Director

Date: 4/11/13

Kalvebod PLC

Statement of changes in equity
For the year ended 31 July 2013

	Share capital DKK	Retained earnings DKK	Total DKK
Balance as at 01 August 2011	298,528	17,222	315,750
Comprehensive income for the year			
Result for the financial year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Balance as at 31 July 2012	298,528	17,222	315,750
Comprehensive income for the year			
Result for the financial year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Balance as at 31 July 2013	298,528	17,222	315,750

The notes on pages 12 to 26 form an integral part of these financial statements.

On behalf of the board

Michael Whelan
Director

Brian Brady
Director

Date: 4/11/13

Kalvebod PLC

Statement of cash flows
For the year ended 31 July 2013

	Year ended 31-Jul-13 DKK	Year ended 31-Jul-12 DKK
Cash flows from operating activities		
Profit before income tax	-	-
Adjustments for:		
- Net (gain)/loss from derivative financial instruments	(4,563,606)	108,568,604
- Net loss on debt securities issued	173,139,067	133,737,118
- Net gain on investment securities	(168,575,461)	(242,305,722)
Operating cash flow before movement in working capital	-	-
Decrease in receivables	1,252,048	9,812,454
Decrease in payables	(1,250,852)	(9,798,240)
Net cash flows from operating activities	1,196	14,214
Cash flows from investing activities		
Disposal of investment securities	50,000,000	305,000,000
Net cash flows from investing activities	50,000,000	305,000,000
Cash flows from financing activities		
Redemption of debt securities issued	(50,000,000)	(305,000,000)
Net cash flows from financing activities	(50,000,000)	(305,000,000)
Net increase in cash and cash equivalents	1,196	14,214
Cash and cash equivalents at start of the year	305,593	291,379
Cash and cash equivalents at end of the year	306,789	305,593

The notes on pages 12 to 26 form an integral part of these financial statements.

1. General Information

Kalvebod PLC is a special purpose Company incorporated and registered in Ireland with limited liability on 12 October 2005 under registered number 409286. The Company has established a EUR 10,000,000,000 Secured Notes Programme (the "Programme") to issue secured notes (the "Notes") and/or other secured limited recourse indebtedness (the "Alternative Investments"). The net proceeds from each issue of Notes (or Alternative Investments) are used to purchase the Collateral comprised in the Mortgaged Property in respect of the relevant Notes or Alternative Investments, to pay for or enter into any Credit Support Document or Swap Agreement in connection with such Notes or Alternative Investments and to pay expenses in connection with the administration of the Issuer or the issue of the Notes or Alternative Investments.

Notes earn interest at a fixed or floating percentage rate. The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. All such information was set out in the relevant Prospectus.

The Company has entered into Swap Agreements with Swap counterparties and any swap or repurchase entered into in connection with Notes of any Series by the Company are limited recourse obligation of the Issuer and the terms are set out in the relevant Prospectus.

The Company has no direct employees.

The debt securities issued are listed on the Copenhagen Stock Exchange.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and as applied in accordance with the Companies Acts 1963 to 2012.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 July 2013, the comparative information presented in these financial statements are for the year ended 31 July 2012

These financial statements have been prepared on a going concern basis.

(b) New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

(i) IFRS 9 Financial Instruments (2010) and IFRS 9 Financial instruments (2009) (together IFRS 9)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables, For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. This standard has yet to be endorsed by the EU. The IASB decided to consider making limited amendments to IFRS 9 to address practice and other issues. The Company has commenced the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

2. Basis of preparation (continued)

(b) New standards and interpretations (continued)

(ii) Amendments to IFRS 7 and IAS 32 on offsetting financial assets and financial liabilities(2011)

Disclosures - Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of netting arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. Based on the new disclosure requirements the Company will have to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set-off under master netting arrangements or similar arrangements.

Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32) clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. Earlier application is permitted.

Based on our initial assessment, the Group is not expecting a significant impact from the adoption of the amendments to IAS 32. However, the adoption of the amendments to IFRS 7 requires more extensive disclosures about rights of set-off.

(iii) IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities (2011)

IFRS 10 introduces a single control model to determine whether an investee should be consolidated.

IFRS 11 is not expected to have any impact on the Company because the Company does not have interests in joint ventures. IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires the disclosure of information about the nature, risks and financial effects of these interests.

These standards are effective for annual periods beginning on or after 1 January 2014 for IFRS EU entities, with early adoption permitted The Company do not prepare consolidated accounts and as such , this standard is not applicable to the Company.

(iv) IFRS 13 Fair Value Measurement (2011)

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. The Company is currently reviewing its methodologies for determining fair values. Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities are already required, the adoption of IFRS 13 will require the Company to provide additional disclosures. These include fair value hierarchy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorised in Level 3. IFRS 13 is effective for annual periods beginning on or after 1 January 2014 for IFRS EU entiites with early adoption permitted

The Company has not adopted any new standards that are not mandatory.

(c) Changes in accounting policies

There were no changes to accounting policies which had a financial impact on the Company's financial statements during the year.

(d) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:
- Investment securities designated at fair value through profit or loss are measured at fair value
- Debt securities issued designated at fair value through profit or loss are measured at fair value
- Derivative financial instruments are measured at fair value

The methods used to measure the fair values are discussed further in Note 3(f).

(e) Functional and presentation currency

These financial statements are presented in Danish Kroner (DKK) which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates Debt securities issued and investment securities of the Company are primarily denominated in DKK and the Directors of the Company believe that DKK most faithfully represents the economic effects of the underlying transactions, events and conditions

2. Basis of preparation (continued)

(f) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 year in which the estimates are revised and any future years affected

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in notes 3(f) and 22.

3. Significant accounting policies

(a) Net gain on investment securities

Net gain on investment securities designated at fair value through profit or loss relates to investments in corporate bonds and includes all realised and unrealised fair value changes, coupon income, and foreign exchange differences.

(b) Net loss from derivative financial instruments

Net loss from derivative financial instruments relates to the swaps held by the Company, and includes swap income, swap expense, all realised and unrealised fair value changes and foreign exchange differences.

(c) Net loss on debt securities issued

Net loss on debt securities issued designated at fair value through profit or loss relates to debt securities issued and includes all realised and unrealised fair value changes, coupon payments and foreign exchange differences.

(d) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of comprehensive income 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 applicable to the Company's activities enacted or substantively enacted at the year end date, and adjustment to tax payable in respect of previous years.

Deferred tax is provided 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 temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

(e) 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 less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments.

There are no restrictions on cash and cash equivalents.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(f) Financial instruments

The financial instruments held by the Company include the following

- Investment securities;
- Debt securities issued; and
- Derivative financial instruments

Categorisation

The Company has designated the investment securities and debt securities issued at fair value through profit or loss

Derivative financial instruments are carried at fair value through profit or loss.

A financial asset or financial liability at fair value through profit or loss is a financial asset or liability that is classified as held-for-trading or designated as at fair value through profit or loss upon initial recognition.

3. Significant accounting policies (continued)

(f) Financial instruments (continued)

Investment securities
All investment securities held by the Company are designated at fair value through profit and loss at initial recognition when they eliminate or significantly reduce an accounting mismatch, which would otherwise arise in relation to derivatives and debt securities issued

Derivative financial instruments
Derivative financial instruments include all derivative assets and liabilities that are not classified as trading assets or liabilities. When a derivative is not held for trading and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in the Statement of comprehensive income.

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

Financial assets and liabilities that are not at fair value through profit or loss
Financial assets that are not fair value through profit or loss and are not quoted in an active market include cash at bank and other receivables. These are categorised as loans and receivables for measurement purposes.

Financial liabilities that are not fair value through profit or loss include other payables, and are categorised as other liabilities for measurement purposes.

Recognition and measurement
The Company initially recognises all financial assets and liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instruments. From trade date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss are recorded in the Statement of comprehensive income

Financial assets and liabilities not at fair value through profit or loss are subsequently measured at amortised cost.

Subsequent measurement
After initial measurement, the Company measures financial instruments which are classified at fair value through profit or loss at their fair value. Subsequent changes in the fair value of financial instruments designated at fair value through profit or loss are recognised directly in the Statement of comprehensive income. The fair value of financial instruments is based on their quoted market prices on a recognised exchange or sourced from a reputable broker/counterparty, in the case of non-exchange traded instruments, at the reporting date without any deduction for estimated future selling costs.

Derecognition
The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Offsetting
Financial assets and liabilities are set off 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. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Fair value measurement principles
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, Level 1 prices for financial instruments are measured using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, prices are established using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

The valuation techniques used by the Company has been described in note 22 (d).

3. Significant accounting policies (continued)

(g) Equity instruments

Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of issue costs.

Share capital

Share capital is issued in Euro. Dividends are recognised as a liability in the period in which they are approved

(h) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Statement of comprehensive income and are included under net gain/(losses) from investment securities, derivatives and debt securities issued respectively.

(i) Other income and expenses

All income and expenses are accounted for on an accruals basis.

(j) Other receivables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(k) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The Company's business involves the repackaging of bonds and other debt instruments, on behalf of investors, which are bought in the market and subsequently securitised to avail of potential market opportunities and risk return asymmetries. The Company has only one business unit and all administrating and operating functions are carried out and reviewed by the Administrator and Corporate Secretary, Deutsche International Company Services Ireland Limited The investments are based in Denmark.

4. Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 22 to the financial statements 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.

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.

Critical accounting judgements in applying the Company's accounting policies

Critical accounting judgements made in applying the Company's accounting policies in relation to valuation of financial instruments is further described in note 22(d).

Fair value measurement principles

The determination of fair values of financial liabilities at fair value through profit or loss is based on quoted market prices from the Copenhagen Stock Exchange.

The fair value of derivative financial instruments is obtained from the Swap counterparty which uses its proprietary valuation model that takes into accounts the notional amount, maturity date and any early redemption clause.

Because on limited recourse, the investment securities at fair value through profit or loss of the Company is determined by reference to the fair value of the associated debt securities at fair value through profit or loss and the fair value of derivative financial instruments. Any future change in the fair value of financial liabilities and derivatives will have an equal but opposite impact on the fair value of financial assets.

5. Net gain on investment securities
Designated at fair value through profit or loss

	Year ended 31-Jul-13 DKK	Year ended 31-Jul-12 DKK
Coupon income	24,017,638	34,012,582
Net gain on investment securities	168,575,461	242,305,721
	192,593,099	276,318,303

6. Net loss on debt securities issued
Designated at fair value through profit or loss

	Year ended 31-Jul-13 DKK	Year ended 31-Jul-12 DKK
Coupon expenses including accruals	(18,226,619)	(28,727,041)
Net loss on debt securities issued	(173,139,067)	(133,737,118)
	(191,365,686)	(162,464,159)

7. Net loss from derivative financial instruments

	Year ended 31-Jul-13 DKK	Year ended 31-Jul-12 DKK
Coupon expense	(5,791,019)	(5,285,540)
Net gain/(loss) from derivative financial instruments	4,563,606	(108,568,604)
	(1,227,413)	(113,854,144)

8. Net gain/(loss) on foreign exchange movements

	Year ended 31-Jul-13 DKK	Year ended 31-Jul-12 DKK
Net gain/(loss) on foreign exchange movements	670	(406)
	670	(406)

9. Other income

	Year ended 31-Jul-13 DKK	Year ended 31-Jul-12 DKK
Arranger income	457,379	415,507
Bank interest	528	440
	457,907	415,947

Deutsche Bank, AG London, as arranger bear all the expenses of the Company. Arranger income is the total expenses incurred by the Company during the year that is borne by Deutsche Bank AG London.

10. Other expenses

	Year ended 31-Jul-13 DKK	Year ended 31-Jul-12 DKK
Administration expenses	(136,906)	(104,138)
Audit fees	(165,122)	(162,678)
Tax fees	(52,183)	(44,102)
Directors fees	(104,366)	(104,138)
Bank Charges	-	(485)
	(458,577)	(415,541)

The Company is administered by Deutsche International Corporate Services (Ireland) Limited and has no employees.

Auditor's remuneration (VAT exclusive)	Year ended 31-Jul-13 DKK	Year ended 31-Jul-12 DKK
Statutory audit	134,245	132,258
Other assurance services	-	-
Tax advisory services	42,425	35,856
Other non-audit services	-	-
	176,670	168,114

11. Income tax expense

	Year ended 31-Jul-13 DKK	Year ended 31-Jul-12 DKK
Profit before taxation	-	-
Current tax at standard rate of 25%		
Current tax charge	-	-
Total tax charge	-	-

The Company is charged to corporation tax at a rate of 25% (2012: 25%). The Company will continue to be actively taxed at 25% in accordance with Section 110 of the Taxes Consolidation Act, 1997.

Deferred tax
Any temporary differences arising on the assets will be offset by a corresponding difference in liabilities. Therefore, the Company does not have any deferred tax expense.

12. Cash and cash equivalents

	31-Jul-13 DKK	31-Jul-12 DKK
Cash at bank	306,789	305,592

The cash balances are held with Deutsche Bank Amsterdam and Bank of Ireland.
Refer to note 22 for credit risk, currency risk and interest rate risk disclosures relating to cash and cash equivalents.

13. Investment securities

	31-Jul-13 DKK	31-Jul-12 DKK
Designated as at fair value through profit or loss	424,524,983	305,949,522
Maturity analysis of investment securities		
Within 1 year	70,000,000	-
More than 1 year and less than 2 years	194,300,000	59,500,000
More than 2 years and less than 5 years	160,224,983	246,449,522
More than 5 years	-	-
	424,524,983	305,949,522
Movement in investment securities		
At beginning of year	305,949,522	516,944,530
Additions during the year	-	-
Disposals during the year	(50,000,000)	(453,300,729)
Net changes in fair value during the year	168,575,461	242,305,721
At end of year	424,524,983	305,949,522

The carrying value of the assets of the Company represents the maximum exposure to credit risk. The credit risk is eventually transferred to the Noteholders. The investment securities are held as collateral for debt securities issued by the Company.

Series	Description	Interest rate	Maturity date	Nominal (DKK)	DKK 31-Jul-13 Fair value	DKK 31-Jul-12 Fair value
Series 1	Saxo Privatbank A/S	3 months Cibor + 2.60%	01-Nov-13	70,000,000	70,000,000	59,500,000
Series 2	Forstædernes Bank A/S	3 months Cibor + 1.70%	01-May-16	100,000,000	57,223,208	25,469,829
Series 2	Gjerlev-Enslev Sparekasse	5.87%	01-May-16	10,000,000	5,722,321	2,546,983
Series 2	Vestjysk Bank A/S	5.44%	01-May-16	50,000,000	28,611,604	12,734,915
Series 2	Skjern Bank A/S	6.09%	01-May-16	70,000,000	40,056,246	17,828,880
Series 2	Sparekassen Farso	6.24%	01-May-16	50,000,000	28,611,604	12,734,915
Series 3	Saxo Privatbank A/S	3 months Cibor + 2.60%	01-Nov-14	90,000,000	60,300,000	46,359,000
Series 3	Vestjysk Bank A/S	3 months Cibor + 2.60%	01-Nov-14	75,000,000	50,250,000	38,632,500
Series 3	Møns Bank A/S	3 months Cibor + 2.75%	01-Nov-14	50,000,000	33,500,000	25,755,000
Series 3	Skjern Bank A/S	3 months Cibor + 2.55%	01-Nov-14	25,000,000	16,750,000	12,877,500
Series 3	Sparekassen Bredebro	3 months Cibor + 2.85%	01-Nov-14	50,000,000	33,500,000	25,755,000
Series 3	Dronninglund Sparekasse	3 months Cibor + 2.85%	01-Nov-14	50,000,000	-	25,755,000
					424,524,983	305,949,522

During the year, no disposal of investment securities was settled on a net basis against payments for debt securities being redeemed (2012: DKK 148,300,729).
Refer to note 22 for credit risk, currency risk and interest rate risk disclosures relating to investing activities.

14. Other receivables

	31-Jul-13 DKK	31-Jul-12 DKK
Coupon receivable on investment securities	5,134,904	6,396,056
Other income receivable	321,316	312,213
	5,456,220	6,708,269

All other receivables are current.
Refer to note 22 for credit risk, currency risk and interest rate risk disclosures relating to other receivables.

15. Derivative financial instruments

	31-Jul-13 DKK	31-Jul-12 DKK
At beginning of the year	79,885,290	188,453,894
Net changes in fair value during the year	4,563,607	(108,568,604)
At end of the year	84,448,897	79,885,290
Derivative financial assets	84,448,897	79,885,290

The legal maturity of all derivative financial instruments is greater than one year.

The derivative financial instruments relates to Series 2 only (2012: Series 2).

Assets swap	Notional (DKK)	Fair value (EUR)	Maturity date	Fair value DKK 31-Jul-13	Fair value DKK 31-Jul-12
Series 2	382,302,941	11,328,276	01-May-16	84,448,897	79,885,290

Asset swap
On the date of each Note issuance, the Company entered into an Asset Swap Agreement, the effect of which is that the Swap Counterparty will pay to the Company sums equal to the interest payable to the Noteholders under the Notes issued and the Company will pay to the Swap Counterparty sums equal to the scheduled interest receivable in respect of the Investment Securities acquired out of the issue proceeds of the Notes Under the terms of the Asset Swaps, currency risk is also transferred to the Swap Counterparty, where applicable.

The Company enters into such Swap Agreements for risk management purposes (i) to reduce or eliminate the mismatch between the amounts payable in respect of interest payable on the debt securities issued and the interest receivable from the investment securities held as collateral and (ii) to eliminate currency risks.

The effect of the Asset Swaps is that interest rate risk and currency risk is transferred to the Swap Counterparty leaving Noteholders exposed to market price risk wih respect to changes in the value of the investment securities held on each Noteholders behalf.

16. Debt securities issued

	31-Jul-13 DKK	31-Jul-12 DKK
Designated at fair value through profit or loss	(508,973,880)	(385,834,813)

The debt securities are listed on the Copenhagen Stock Exchange

The Company's obligations under the debt securities issued are secured by investment securities purchased as per Note 13. The investors' recourse per series is limited to the assets of that particular series. In the event that accumulated losses prove not to be recoverable during the life of the Company, then this will reduce the obligation to the holders of the debt securities by an equivalent amount.

Movement in debt securities issued	Year ended 31-Jul-13 DKK	Year ended 31-Jul-12 DKK
At beginning of year	(385,834,813)	(705,398,424)
Debt securities issued during the year	-	-
Debt securities redeemed during the year	50,000,000	453,300,729
Net changes in fair value during the year due to market risk	(173,139,067)	(133,737,118)
	(508,973,880)	(385,834,813)

During the year, no disposal of investment securities was settled on a net basis against payments for debt securities being redeemed (2012: DKK 148,300,729).

Debt securities issued for a particular series are designated at fair value through profit or loss when the related investment securities and derivatives are fair valued or when they contain embedded derivatives that significantly modifies cashflows that otherwise would be required to be separated.

Maturity analysis of the debt securities issued	31-Jul-13 DKK	31-Jul-12 DKK
Within 1 year	(70,000,000)	-
1 to 2 years	(194,300,000)	(59,500,000)
2 to 5 years	(244,673,880)	(326,334,813)
Greater than 5 years	-	-
	(508,973,880)	(385,834,813)

Notes to the financial statements (continued)
For the year ended 31 July 2013

16. Debt securities issued (continued)

The nominal values of debt securities in issue at 31 July 2013 are as follows:

	Interest rate	Callable on (at Company option)	Currency	31-Jul-13 (Nominal)	31-Jul-12 (Nominal)
Series 1	3 months Cibor + 2.60%	01-Nov-10	DKK	(70,000,000)	(70,000,000)
Series 2	2.00%	01-May-16	DKK	(382,302,941)	(382,302,941)
Series 3	Variable	01-Nov-14	DKK	(290,000,000)	(340,000,000)

The carrying value of debt securities issued at year end was DKK 233,329,061 (2012: DKK 406,468,128) less than the contractual amount at maturity.

17. Other payables

	31-Jul-13 DKK	31-Jul-12 DKK
Coupon payable on debt securities issued	(3,867,296)	(5,657,120)
Net swap amounts payable	(1,258,293)	(730,072)
Accrued expenses	(321,670)	(310,918)
	(5,447,259)	(6,698,110)

All other payables are current.
Refer to note 22 for risk disclosures relating to other payables

18. Share Capital – equity

	31-Jul-13 DKK	31-Jul-12 DKK
Authorised:		
40,000 ordinary shares of €1 each	298,528	298,528
Issued and fully paid:		
40,000 ordinary share of €1 each	298,528	298,528

19. Ownership of the Company

The issued shares are held in trust for charitable purposes by BADB Charitable Trust Limited, Eurydice Charitable Trust Limited and MEDB Charitable Trust Limited each holding 13,332 shares (the 'Share Trustees') and Mr Anthony Walsh, Mr James Scanlon, Mr Patrick Molloy and Mr Turlough Galvin each holding one share. The Share Trustees hold the issued shares of the Company in trust for charity. The Board of Directors have considered the issue as to who is the Controlling Party. It has been determined that the control of the day to day activities of the Company rests with the Board. The Board comprises of three directors.

20. Transactions with related and certain other parties

During the year the Company incurred a fee of DKK 136,906 (2012: DKK104,138) relating to administration services provided by Deutsche International Corporate Services (Ireland) Limited. Michael Whelan and Paul McNaughton, as directors of the Company, had an interest in this fee in their capacity as directors of Deutsche International Corporate Services (Ireland) Limited. The Company also paid director fees of DKK 104,366 (2012: DKK 104,138) in relation to services provided by Paul McNaughton and Brian Brady as directors of the Company

Deutsche Bank, AG London, as Arranger for each Series on issue of each series held, shall pay the Company $1,000 per Series and agrees to reimburse the

Company for any costs, fees, expenses, or out-goings incurred. As at the year end, arranger income receivables was DKK 321,316 (2012: DKK 312,213).

The directors are of the view that there were no other related party transactions requiring disclosure.

21. Charges

The debt securities issued by the Company under each Series are secured by way of mortgage over the collateral purchased in respect of that Series, and by the assignment of a fixed first charge of the Company's rights, title and interest under respective Swap Agreements for each Series.

22. Financial risk management

Introduction and overview

The Company has established a EUR 10,000,000,000 Secured Notes Programme (the "Programme") to issue secured notes (the "Notes") and/or other secured limited recourse indebtedness (the "Alternative Investments"). The net proceeds from each issue of Notes or Alternative Investments will be used to purchase the Collateral comprised in the Mortgaged Property in respect of the relevant Notes or Alternative Investments, to pay for or enter into any Credit Support Document or Swap Agreement in connection with such Notes or Alternative Investments and to pay expenses in connection with the administration of the Issuer or the issue of the Notes or Alternative Investments.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk profile of the Company is such that market, credit, liquidity and other risks of the investment securities and derivatives held for risk management are borne fully by the holders of debt securities issued

The Company has exposure to the following risks from its use of financial instruments

(a) Market risk;
(b) Credit risk;
(c) Liquidity risk;
(d) Fair values.

22. Financial risk management (continued)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating defined in the documentation of the relevant series. The risk of default on these assets is borne by the holders of the debt securities of the relevant series.

The Company entered into a number of Series in the Programme. Each Series is governed by a separate Supplemental Programme Memorandum. Each Series consists of an investment in collateral from the proceeds of the issuance of debt securities and/or Alternative Investments.

The Programme offers investors the opportunity to invest in a portfolio of investments, the "investment securities", and alter the interest rate risk and currency risk profile of the portfolio through the use of derivative instruments.

The debt securities issued are recorded at the value of the net proceeds received in DKK and are carried at fair value through profit or loss The ultimate amount repaid to the Note holders will depend on the proceeds from the collateral and any payments the Swap counterparty is obliged to make under the terms of the swap agreement. The Company is obliged to provide for the payment or physical delivery of the deliverable obligations to the Swap counterparty and to the Note holders.

All substantial risks and rewards associated with the investment securities are ultimately borne by the Noteholders.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings of financial instruments.

Market risk embodies the potential for both loss and gains and includes interest rate risk, currency risk and price risk.

The objective of market risk management is to manage and control market risk exposures with acceptable parameters while optimizing the returns on risk.

i) *Interest rate risk*

The Company has entered into Asset Swaps in respect of series 2which fully swaps the interest payable on the Notes with the interest receivable on the collateral. Under the terms of the Asset Swap, the interest receivable on the collateral is payable to the Swap Counterparty and the interest payable to the Noteholders is receivable from the Swap Counterparty. For series 1 and 3, interest received are paid as interest expense to the noteholders thereby, eliminating any interest rate risk

At the reporting date, the interest rate profile of the Company's financial assets and liabilities was:

Investment securities at fair value through profit or loss	**Fair values**	
Fixed rate	**31-Jul-13**	**31-Jul-12**
Class of notes	**DKK**	**DKK**
Asset backed securiites notes	103,001,775	45,845,692
Floating rate		
Class of notes	**31-Jul-13**	**31-Jul-12**
Asset backed securiites notes	321,523,208	260,103,830

Debt securities issued at fair value through profit or loss	**Fair values**	
Fixed rate	**31-Jul-13**	**31-Jul-12**
Class of notes	**DKK**	**DKK**
Asset backed securiites notes	244,673,880	151,200,813
Floating rate		
Class of notes	**31-Jul-13**	**31-Jul-12**
Asset backed securiites notes	264,300,000	234,634,000

Sensitivity analysis

The Company does not bear any interest rate risk as the interest rate risk associated with the debt securities issued by the Company is neutralised by entering into swap agreements whereby the swap counterparty pays the Company amounts equal to the interest payable to the note holders in return for the interest earned by the Company on its financial assets. For the series with no swap agreements, the interest earned on financial assets exactly matches that of debt securities issued for that particular series. Therefore any change in the interest rates would not affect the equity or the profit or loss of the Company.

The Company has designated its fixed rate financial assets and liabilities at fair value through profit or loss Any changes in interest rates would also affect the fair value of the fixed rate financial assets and liabilities which in turn would impact on the profit or loss and the equity of the Company. However, the Company has neutralised any risk by entering into swap agreements whereby all fair value changes are borne by the swap counterparty.

22. Financial risk management (continued)

(a) Market risk (continued)

(ii) Currency risk

Only the cash and cash equivalents are partially denominated in EUR with all other assets and liabilities denominated in DKK. Therefore, the Company has limited exposure to fluctuation in exchange rates between Euro and its functional currency, i.e, DKK. The risk has been mitigated by the Company receiving arranger income for all foreign exchange transactions.

The Company's exposure to foreign currency risk as at reporting date is as follows:

	31 July 2013		
	EUR	**DKK**	**Total**
	DKK	**DKK**	**DKK**
Cash and cash equivalents	306,789	-	306,789
Investment securities	-	424,524,983	424,524,983
Derivative financial assets	-	84,448,897	84,448,897
Other receivables	-	5,456,220	5,456,220
	306,789	514,430,100	514,736,889
Debt securities issued	-	(508,973,880)	(508,973,880)
Other payables	-	(5,447,259)	(5,447,259)
	-	(514,421,139)	(514,421,139)
Net position	306,789	8,961	315,750

	31 July 2012		
	EUR	**DKK**	**Total**
	DKK	**DKK**	**DKK**
Cash and cash equivalents	305,592	-	305,592
Investment securities	-	305,949,522	305,949,522
Derivative financial assets	-	79,885,290	79,885,290
Other receivables	-	6,708,269	6,708,269
	305,592	392,543,081	392,848,673
Debt securities issued	-	(385,834,813)	(385,834,813)
Other payables	-	(6,698,110)	(6,698,110)
	-	(392,532,923)	(392,532,923)
Net position	305,592	10,158	315,750

The following significant exchange rates were applied at the year end.

	Average rate	Closing rate	Average rate	Closing rate
	31-Jul-13		31-Jul-12	
EUR:DKK	7.4561	7.4547	7.4179	7.4384

Sensitivity analysis

The Company has limited exposure to foreign exchange risks. Any foreign exchange transaction is netted off against arranger income receivable by the Company and thus have no net impact on equity or profit and loss of the Company.

22. Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk

Price risk is the risk that the fair value of 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 all similar financial instruments traded in the market.

Other price risk may include risks such as equity price risk, commodity price risk, prepayment risk (i.e. the risk that one party to a financial asset will incur a financial loss because the other party repays earlier or later than expected), and residual value risk.

In relation to the Company's portfolio, it is not subject to equity price risk, commodity price risk, prepayment risk or residual value risk.

The following is the breakdown of the Company's investment securities at the reporting date:

Investment securities	31 July 2013	31 July 2012
Corporate bonds	**DKK**	**DKK**
Listed	-	-
Unlisted	424,524,983	305,949,522
	424,524,983	305,949,522

Sensitivity analysis

Any change in the fair values of the investment securities held by the Company would not have any effect on the equity or profit or loss of the Company as any fair value fluctuations are ultimately borne by either the swap counterparty or the holders of the debt securities issued by the Company.

(b) Credit risk

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating defined in the documentation of relevant series. The risk of default of these assets is borne by the swap counterparty or the holder of the debt securities of the relevant series.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to the credit risk at the reporting date was:

	2013	2012
	DKK	**DKK**
Cash and cash equivalents	306,789	305,592
Investment securities	424,524,983	305,949,522
Derivative financial assets	84,448,897	79,885,290
Other receivables	5,456,220	6,708,269
	514,736,889	392,848,673

At the reporting date, the Company's investment securities comprises bonds which are not rated by any rating agency.

Concentration risk

The financial instruments held by the Company and concentration risk of each is outlined below:

i) *Collateral:* 100% of the investment securities held by the Company relates to subordinated debt of Danish banks.

The Company has invested across a wide range of Danish Banks. The highest investment in any particular institution represents 25% of the Company's investment portfolio. The highest individual investment in any particular institution represents 16%

None of these subordinated bonds held by the Company are rated.

ii) *Derivatives:* 100% of the derivatives held by the Company represent asset swaps, the counterparty for which is Deutsche Bank AG London. The credit rating of the counterparty is A2 (2012: A+).

Other receivables
Other receivables mainly include income receivable from investments securities held by the company at the year end. The credit rating and concentration of these investment securities at the reporting date are disclosed above.

Cash and Cash equivalents
The Company's cash and cash equivalents are held mainly with Bank of Ireland which is rated Ba2 (2012: Ba2) by Moody's.

22. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or that such obligations will have to be settled in a manner disadvantageous to the Company. The Company's approach is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring acceptable losses or risking damage to the Company's reputation.

The Company's obligation to the Noteholders of a particular series is limited to the net proceeds upon realisation of the collateral of that series. Should the net proceeds be insufficient to make all payments due in respect of a particular series of Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the Noteholders and/or the swap counterparty according to the established priorities.

The derivative liability balances (if any) in the table below represent the present value of all future cash flows. The directors believe that this best represents the cash flow that would have to be paid if these positions had to be closed out. Derivatives balances are shown within 'carrying value' which management believes most accurately reflects the short-term nature of these activities The contractual maturity of the instruments may however extend over significantly longer periods.

	Carrying amount DKK	Gross contractual cash flows DKK	Less than one year DKK	Between one to two years DKK	Between two to five years DKK	More than five years DKK
31 July 2013						
Liabilities						
Other payables	5,447,259	5,447,259	5,447,259	-	-	-
Debt securities issued	508,973,880	773,517,930	85,403,934	299,757,925	388,356,071	-
	514,421,139	778,965,189	90,851,193	299,757,925	388,356,071	-
31 July 2012						
Liabilities						
Other payables	6,698,110	6,698,110	6,698,110	-	-	-
Debt securities issued	385,834,813	852,857,580	302,505,159	90,701,725	459,650,696	-
	392,532,923	859,555,690	309,203,269	90,701,725	459,650,696	-

(d) Fair values

The Company's investment securities and debt securities issued are carried at fair value on the Statement of Financial Position. Usually, the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. The carrying amounts of all the Company's financial assets and financial liabilities at the reporting date approximated their fair values

The major methods and assumption used in estimating the fair values of financial instruments are disclosed below:

Determining fair values
The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 3(g) under the subheading "Fair value measurement principles". 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. See also "Valuation of financial instruments" below

The Company's accounting policy on fair values measurements is disclosed under note 3(g) under the subheading "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's accounting policy on fair value measurements is discussed in Note 3(g). The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or 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.
Level 3: 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 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.

22. Financial risk management (continued)
(d) Fair values (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. Fair values of financial assets and financial liabilities that are traded in active markets, level 1, are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Level 2 prices use widely recognised valuation models for determining the fair value of common and more simple financial instruments such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives, e.g. interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex level 3 instruments proprietary valuation models are used which usually are developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain over the counter derivatives and certain securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and selection of appropriate discount rates.

The determination of fair values of financial liabilities at fair value through profit or loss is based on quoted market prices from the Copenhagen Stock Exchange.

The fair value of derivative financial instruments is obtained from the Swap counterparty which uses its proprietary valuation model that takes into accounts the notional amount, maturity date and any early redemption clause.

Because on limited recourse, the investment securities at fair value through profit or loss of the Company is determined by reference to the fair value of the associated debt securities at fair value through profit or loss and the fair value of derivative financial instruments. Any future change in the fair value of financial liabilities and derivatives will have an equal but opposite impact on the fair value of financial assets.

At the reporting date, the carrying amounts of investment securities, derivative financial instruments and debt securities issued by the Company which fair values were determined directly, in full or in part, by reference to published price quotations and determined using valuation techniques are as follows:

31-Jul-13

	Level 1	Level 2	Level 3	Total Fair Value
	DKK	DKK	DKK	DKK
Investment securities	-	424,524,983	-	424,524,983
Derivative financial assets	-	84,448,897	-	84,448,897
Debt securities issued at fair value through profit or loss	-	(508,973,880)	-	(508,973,880)
	-	-	-	-

31-Jul-12	Level 1	Level 2	Level 3	
	DKK	DKK	DKK	DKK
Investment securities	-	305,949,522	-	305,949,522
Derivative financial assets	-	79,885,290	-	79,885,290
Debt securities issued at fair value through profit or loss	-	(385,834,813)	-	(385,834,813)
	-	-	-	-

22. Financial risk management (continued)

(d) Fair values

Although the directors believe that their estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value as fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument These estimates are subjective in nature and involve uncertainties and matters of significant judgement e.g. interest rates, volatility, credit spreads, probability of defaults, estimates cashflows etc and therefore, cannot be determined with precision.

For recognised fair values measured using significant unobservable inputs, changing one or more assumptions used to reasonably possible alternative assumptions would not have any effect on the profit or loss or on equity as any change in fair value will be borne by the noteholders due to the limited recourse nature of the debt issued by the Company.

Accounting categorisation and fair values of financial assets and liabilities

	2013		2012	
	Fair value	**Carrying value**	**Fair value**	**Carrying value**
	31-Jul-13	**31-Jul-13**	**31-Jul-12**	**31-Jul-12**
Assets	**DKK**	**DKK**	**DKK**	**DKK**
Cash and cash equivalents	306,789	306,789	305,592	305,592
Investment securities	424,524,983	424,524,983	305,949,522	305,949,522
Derivative financial assets	84,448,897	84,448,897	79,885,290	79,885,290
Other receivables	5,456,220	5,456,220	6,708,269	6,708,269
	514,736,890	514,736,890	392,848,673	392,848,673
Liabilities				
Debt securities issued	508,973,880	508,973,880	385,834,813	385,834,813
Other payables	5,447,259	5,447,259	6,698,110	6,698,110
	514,421,139	514,421,139	392,532,923	392,532,923

23. Capital risk management

The Company view the share capital as its capital. The Company is a special purpose vehicle set up to issue debt instruments for the purpose of making investments as defined under the programme memorandum and in each of the Series memorandum agreements. Share capital of € 40,000 was issued in line with Irish Company Law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

24. Subsequent event

On 01 August 2013, following a Bond Call Date on Series 1, DKK 70,000,000 was redeemed at par. The proceeds were used to repay the corresponding Notes. After this redemption, Series 1 was completely terminated. On 01 August 2013, following a Bond Call date on Series 3, DKK 25,000,000 was redeemed. The proceeds were used to repay the corresponding Notes. There has been no further significant subsequent event after the year end.

25. Credit events

There were no credit events during the year.

26. Approval of financial statements

The Board of Directors approved these financial statements on.. . ...2013 .