

Kalvebod PLC

**Management Report and Condensed Unaudited Interim Financial
Statements**

For the half year ended 31 January 2012

Registered number 409286

Kalvebod PLC

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Kalvebod PLC

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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 Ormsby Prentice
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Gide Loyrette Nouel MNP
Citypoint
One Ropemaker Street
London EC2Y 9HT
United Kingdom

Interim management report

The Directors present their interim report and unaudited financial statements of Kalvebod Plc (the "Company") for the half year ended 31 January 2012.

Principal activities and key events for the first six months

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, floating or zero 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 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.

During the half year,

- the Company's profit was Nil (2011: Nil);
- the Company did not issue any new series;
- the Company disposed DKK 280,000,000 nominal amount of Series 3 collaterals and its related Notes DKK 381,800,899 Fixed/Floating Rate Secured Notes due 2014;
- net loss from derivative financial instruments amounted to DKK 119,162,868 (2011: DKK 12,228,745);
- total nominal value of the investment securities was DKK 940,000,000 (2011: DKK 1,220,000,000)

Credit events

On 10 October 2011, following a Bond Collateral Default Nominal Amount Reduction, the aggregate principal amount of the Series 2 Notes would be equal to DKK 382,302,941 with effect from the calendar date immediately following 01 May 2012. On 24 October 2011, an Adjusted Recovery Amount of DKK 23,300,729 has been paid to the note holders following the Bond Collateral Default.

As at 31 January 2012:

- the Company's total indebtedness was DKK 385,523,978 (2011: DKK 705,107,045)
- the Company had the following Notes in issue:

Series 1	DKK 95,000,000 Fixed/Floating Rate Secured Notes due 2013
Series 2	DKK 518,839,706 Fixed/Floating Rate Secured Notes due 2016
Series 3	DKK 465,000,000 Fixed/Floating Rate Secured Notes due 2014

The Company's net assets were DKK 315,750 (31 July 2011: DKK 315,750)

The Company incurred DKK 16,445,907 (2011: DKK 32,569,709) as coupon on the Notes issued and earned DKK 19,740,329 (2011: DKK 45,499,407) as coupon on the investment securities.

The derivative agreement under Series 3 was terminated on 01 November 2011.

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 period

The results for the half year are set out on page 5. No dividends are recommended by the directors for the period under review (2011: Nil).

Changes in directors, secretary and registered office

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

Directors, secretary and their interests

The directors who held office on 31 January 2012 did not hold any share in the Company at that date, or during the half 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 half year.

Risk management objectives and policies

The Company is subject to various risks. The key risks facing the Company are outlined in Note 21 to the financial statements.

Principal risks and uncertainties for the remaining six months of the year

The underlying business of the Company is expected to continue in an orderly, consistent manner over the remaining six months of the year.

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

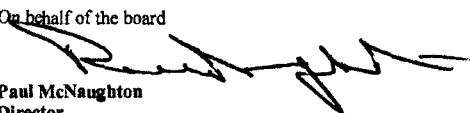
There has been no significant subsequent event after the period end.

Interim management report (continued)

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, Ireland.

On behalf of the board


Paul McNaughton
Director


Brian Brady
Director

Date: 27 March 2012

Responsibility statement

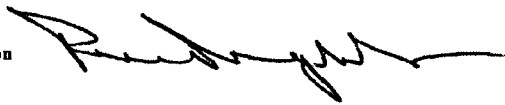
The Directors are responsible for preparing the management report and the interim financial statements, in accordance with applicable law and regulations. The Directors confirm that, to the best of their knowledge:

- the condensed financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and results of the issuer; and
- the Interim Management Report includes a fair review of:
 - Important events that have occurred during the first six months of the year;
 - The impact of those events on the condensed financial statements; and
 - A description of the principal risks and uncertainties for the remaining six months of the financial year.

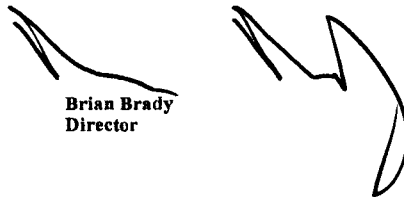
The directors further indicate that such interim financial statements for the half year ended 31 January 2012 have not been audited.

On behalf of the board

Paul McNaughton
Director



Brian Brady
Director



Date: 27 March 2012

Statement of comprehensive income
For the period 1 August 2011 to 31 January 2012

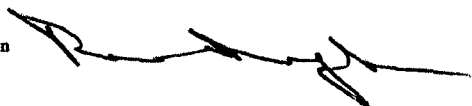
	Notes	Period ended 31-Jan-12 DKK	Period ended 31-Jan-11 DKK
Net gain/(loss) on investment securities	4	119,325,979	(355,368,288)
Net (loss)/gain on debt securities issued	5	(163,111)	367,597,033
Net loss from derivative financial instruments	6	<u>(119,162,868)</u>	<u>(12,228,745)</u>
Operating results		-	-
(Loss)/gain on foreign exchange movements	7	(602)	72
Other income	8	207,999	214,728
Other expenses	9	<u>(207,397)</u>	<u>(214,800)</u>
Operating results before income tax		-	-
Income tax expense	10	-	-
Profit for the period		-	-
Other comprehensive income		-	-
Total comprehensive income for the half year		-	-

All items dealt with in arriving at the result for the half year ended 31 January 2012 related to continuing operations.

The notes on pages 9 to 14 form an integral part of these interim financial statements.

On behalf of the board

Paul McNaughton
Director



Brian Brady
Director



Date: 27 March 2012

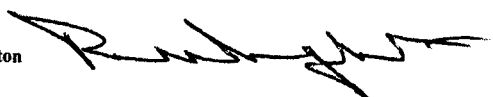
Statement of financial position
As at 31 January 2012

		31-Jan-12	31-Jul-11
		DKK	DKK
Assets	Notes		
Cash and cash equivalents	11	290,921	291,379
Derivative financial assets	14	72,585,448	188,453,894
Investment securities	12	313,229,451	516,944,530
Other receivables	13	14,370,967	16,520,722
Total assets		400,476,787	722,210,525
Liabilities and equity			
Liabilities			
Debt securities issued	15	385,814,899	705,398,424
Other payables	16	14,346,138	16,496,351
Total liabilities		400,161,037	721,894,775
Equity			
Share capital	17	298,528	298,528
Retained earnings		17,222	17,222
Total equity		315,750	315,750
Total liabilities and equity		400,476,787	722,210,525

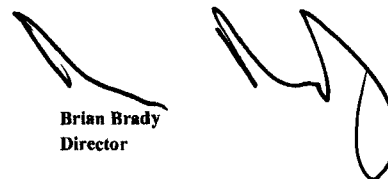
The notes on pages 9 to 14 form an integral part of these interim financial statements.

On behalf of the board

Paul McNaughton
Director



Brian Brady
Director



Date: 27 March 2012

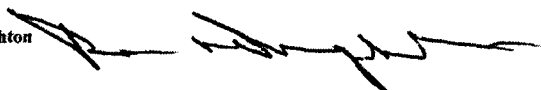
**Statement of changes in equity
For the half year ended 31 January 2012**

	Share capital DKK	Retained earnings DKK	Total equity DKK
Balance as at 1 August 2010	298,528	17,222	315,750
<i>Total comprehensive income for the period</i>			
Profit for the period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	-	-
Balance as at 31 January 2011	298,528	17,222	315,750
<i>Total comprehensive income for the period</i>			
Profit for the period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	-	-
Balance as at 31 July 2011	298,528	17,222	315,750
<i>Total comprehensive income for the period</i>			
Profit for the period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	-	-
Balance at 31 January 2012	298,528	17,222	315,750

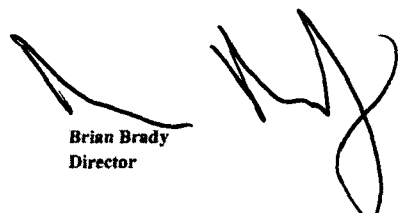
The notes on pages 9 to 14 form an integral part of these interim financial statements.

On behalf of the board

Paul McNaughton
Director



Brian Brady
Director



Date: 27 March 2012

Statement of cash flows

For the period 1 August 2011 to 31 January 2012

	Period ended 31-Jan-12 DKK	Period ended 31-Jan-11 DKK
Net cash flows from operating activities		
Profit before income tax	-	-
Adjustments for:		
- Net loss/(gain) from derivative financial instruments	115,868,446	(700,953)
- Net gain on debt securities issued	(16,282,796)	(400,166,742)
- Net (gain)/loss on investment securities	(99,585,650)	400,867,695
Operating cash flow before movement in working capital	-	-
Decrease in other receivables	2,149,755	3,247,946
Decrease in other payables	(2,150,213)	(3,243,110)
Net cash used in operating activities	(458)	(3,094,259)
Cash flows from investing activities		
Disposal of investment securities	303,300,729	655,000,000
Net cash flows from investing activities	303,300,729	697,658,774
Cash flows from financing activities		
Redemption on debt securities issued	(303,300,729)	(655,000,000)
Net cash used in financing activities	(303,300,729)	(694,559,679)
Net (decrease)/increase in cash and cash equivalents	(458)	4,836

The notes on pages 9 to 14 form an integral part of these interim financial statements.

Notes to the financial statements

For the period 1 August 2011 to 31 January 2012

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, floating or zero 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 had 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 debt securities are listed on the Copenhagen Stock Exchange.

The Company has no direct employees.

2. Basis of preparation

Statement of compliance

The condensed financial statements for the half year ended 31 Jan 2012 have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 July 2011.

3. Significant accounting policies

The same accounting policies, presentation and methods of computation are followed in these condensed interim financial statements as were applied in the preparation of the Company's financial statements for the year ended 31 July 2011.

4. Net gain/(loss) on investment securities

Designated at fair value through profit or loss

	Period ended 31-Jan-12	Period ended 31-Jan-11
	DKK	DKK
Coupon income	19,740,329	45,499,407
Net gain/(loss) on investment securities	99,585,650	(400,867,695)
	<u>119,325,979</u>	<u>(355,368,288)</u>

5. Net (loss)/gain on debt securities issued

Designated at fair value through profit or loss

	Period ended 31-Jan-12	Period ended 31-Jan-11
	DKK	DKK
Coupon expenses	(16,445,907)	(32,569,709)
Net gain on debt securities issued	16,282,796	400,166,742
	<u>(163,111)</u>	<u>367,597,033</u>

6. Net loss from derivative financial instruments

	Period ended 31-Jan-12	Period ended 31-Jan-11
	DKK	DKK
Net swap expense	(3,294,422)	(12,929,698)
Net (loss)/gain on derivative financial instruments	(115,868,446)	700,953
	<u>(119,162,868)</u>	<u>(12,228,745)</u>

7. (Loss)/gain on foreign exchange movements

	Period ended 31-Jan-12	Period ended 31-Jan-11
	DKK	DKK
Unrealised foreign exchange (loss)/gain on cash and cash equivalents	(602)	72

Notes to the financial statements (continued)
For the period 1 August 2011 to 31 January 2012

8. Other income	Period ended 31-Jan-12 DKK	Period ended 31-Jan-11 DKK
Arranger income	207,854	214,583
Bank interest	145	145
	<u>207,999</u>	<u>214,728</u>

Deutsche Bank, AG London, as arranger bears all the expenses of the Company. Arranger income is the total expenses incurred by the Company during the half year that need to be borne by Deutsche Bank AG London.

9. Other expenses	Period ended 31-Jan-12 DKK	Period ended 31-Jan-11 DKK
Audit fees	(81,288)	(81,504)
Administration expenses	(52,036)	(52,175)
Directors fees	(52,036)	(52,175)
Tax fees	(22,037)	(22,096)
Trustees fees	-	(6,764)
Bank Charges	-	(86)
	<u>(207,397)</u>	<u>(214,800)</u>

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

	Period ended 31-Jan-12 DKK	Period ended 31-Jan-11 DKK
Auditor's remuneration		
Statutory audit	(81,288)	(81,504)
Other assurance services	-	-
Tax advisory services	(22,037)	(22,096)
Other non-audit services	-	-
	<u>(103,325)</u>	<u>(103,600)</u>

10. Income tax expense	Period ended 31-Jan-12 DKK	Period ended 31-Jan-11 DKK
Profit on ordinary activities before tax	-	-
Current tax at standard rate 25%	-	-
Current tax charge	<u>-</u>	<u>-</u>

The tax assessed for the period is at standard rate of corporation tax in the Republic of Ireland at a rate of 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.

11. Cash and cash equivalents	31-Jan-12 DKK	31-Jul-11 DKK
Cash at bank	<u>290,921</u>	<u>291,379</u>

The cash balances are held with Deutsche Bank Amsterdam and Bank of Ireland.

Notes to the financial statements (continued)
For the period 1 August 2011 to 31 January 2012

12. Investment securities	31-Jan-12 DKK	31-Jul-11 DKK
Designated as at fair value through profit or loss	313,229,451	516,944,530
Maturity analysis of investment securities		
Within 1 year	-	141,285,256
More than 1 year and less than 2 years	57,057,000	-
More than 2 years and less than 5 years	256,172,451	375,659,274
More than 5 years	-	-
	<u>313,229,451</u>	<u>516,944,530</u>
Movement in investment securities		
At beginning of period/year	516,944,530	2,603,827,500
Additions during the period/year	-	-
Disposals during the period/year	(303,300,729)	(1,562,332,756)
Net changes in fair value during the period/year	99,585,650	(524,550,214)
At end of period/year	<u>313,229,451</u>	<u>516,944,530</u>

The carrying value of the assets of the Company represents their 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.

13. Other receivables	31-Jan-12 DKK	31-Jul-11 DKK
Coupon receivable on investment securities	14,199,639	15,014,657
Net swap amounts receivable	-	1,179,295
Other income receivable	171,328	326,770
	<u>14,370,967</u>	<u>16,520,722</u>

14. Derivative financial instruments	31-Jan-12 DKK	31-Jul-11 DKK
At beginning of the period/year	188,453,894	258,219,430
Net changes in fair value during the period/year	(115,868,446)	(69,765,536)
At end of the period/year	<u>72,585,448</u>	<u>188,453,894</u>

Derivative assets	<u>72,585,448</u>	<u>188,453,894</u>
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Derivative liabilities	<u>-</u>	<u>-</u>
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The legal maturity of all derivative financial instruments is greater than one year.

The derivative agreement under Series 3 was terminated on 01 November 2011.

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 with respect to changes in the value of the investment securities held on each Noteholders behalf.

15. Debt securities issued

	31-Jan-12 DKK	31-Jul-11 DKK
Designated at fair value through profit and loss	(385,814,899)	(705,398,424)

The debt securities are listed on the Copenhagen Stock Exchange.

The debt securities are issued on the Copenhagen Stock Exchange as part of a structured finance deal. The Company's obligations under the debt securities issued are secured by investment securities purchased as per Note 12. 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

	31-Jan-12 DKK	31-Jul-11 DKK
At beginning of period/ year	(705,398,424)	(2,862,046,930)
Debt securities issued during the period/year	-	-
Disposals during the period/ year	303,300,729	1,562,332,756
Net changes in fair value during the period/ year	16,282,796	594,315,750
	<u>(385,814,899)</u>	<u>(705,398,424)</u>

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-Jan-12 DKK	31-Jul-11 DKK
Within 1 year	-	(280,000,000)
1 to 2 years	(57,057,000)	-
2 to 5 years	(328,757,899)	(425,398,424)
Greater than 5 years	-	-
	<u>(385,814,899)</u>	<u>(705,398,424)</u>

The nominal values of debt securities in issue at 31 January 2012 are as follows:

	Currency	31-Jan-12	31-Jul-11
Series 1 Fixed/Floating Rate Secured Notes due 2013	DKK	(95,000,000)	(95,000,000)
Series 2 Fixed/floating rate secured notes due 2016	DKK	(518,839,706)	(518,839,706)
Series 3 Fixed/Floating Rate Secured Notes due 2014	DKK	(465,000,000)	(846,800,899)

16. Other payables

	31-Jan-12 DKK	31-Jul-11 DKK
Coupon payable on debt securities issued	(13,660,980)	(16,184,987)
Net swap amounts payable	(529,797)	-
Accrued expenses	(155,361)	(311,364)
	<u>(14,346,138)</u>	<u>(16,496,351)</u>

17. Share Capital – equity

	31-Jan-12 DKK	31-Jul-11 DKK
<i>Authorised:</i>		
40,000 ordinary shares of €1 each	298,528	298,528
<i>Issued and fully paid:</i>		
40,000 ordinary share of €1 each	298,528	298,528

18. 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.

Notes to the financial statements (continued)

For the period 1 August 2011 to 31 January 2012

19. Transactions with related and certain other parties

During the half year the Company incurred a fee of DKK 52,036 (2011: DKK 52,175) 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 52,036 (2011: DKK 52,175) 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, shall pay the Company \$1,000 for issuance of any new Series and agrees to reimburse the Company for any costs, fees, expenses, or out-goings incurred.

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

20. 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.

21. 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) Fair values; and
- (d) Liquidity risk

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.

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 has 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 credit risk profile of the portfolio through the use of derivative instruments.

The Debt securities 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 risks exposures with acceptable parameters while optimizing the returns on risk.

i) Interest rate risk

The Company has entered into Asset Swaps which 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 thereby, eliminating any interest rate risk.

Notes to the financial statements (continued)
For the period 1 August 2011 to 31 January 2012

21. Financial risk management(continued)

(a) Market risk (continued)

(ii) Currency risk

The debt securities issued as well as the investments are denominated DKK. Therefore, the Company is exposed to currency risk only for cash at bank denominated in EURO and therefore fluctuation in exchange rates between Euro and its functional currency i.e. DKK.

(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.

(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.

(c) Fair values

The Company's investment securities, derivative financial instruments 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.

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.

(d) 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.

(e) Capital disclosures:

The share capital of the Company is DKK298,528. The Company is not subject to any capital requirements, other than its share capital.

22. Subsequent events

There has been no significant subsequent event after the period end.

23 Comparatives

In line with IAS 34, the comparative information for the Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity is for the period from 1 August 2010 to 31 January 2011 and the comparative information for the Statement of Financial Position is 31 July 2011.

24 Approval of financial statements

The Board of Directors approved these financial statements on 27 March 2012.