

Kalmar Structured Finance A/S

Preliminary announcement of results for 2007

Kalmar Structured Finance A/S' pre-tax profit for 2007 came to DKK 572,000 while the post-tax profit stood at DKK 504,000.

Financial highlights					
(DKK '000)	2003	2004	2005	2006	2007
Profit and loss account					
Net interest income	179	424	854	1,165	1,395
Securities and foreign exchange result	-	-	-	-	-
Profit before expenses	179	424	854	1,165	1,395
Staff and administrative expenses	257	164	421	598	723
Profit before tax	- 78	260	433	567	672
Tax	-	55	121	159	168
Profit for the year	- 78	205	312	408	504
Balance sheet at 31 December					
Deposits	-	327,276	1,019,614	1,363,040	1,039,635
Total assets	10,456	355,629	1,080,168	1,542,349	1,374,688
Liabilities	-	327,276	1,09,614	1,447,042	1,110,581
Debt	82	345,330	1,069,837	1,531,863	1,364,134
Shareholders' funds	10,374	10,299	10,331	10,486	10,554
Key Figures					
Dividend	280	280	253	436	450
Equity Ratio	99.22%	2.90%	0.96%	0.68%	0.77%
Return on Equity	- 0.73%	1.98%	3.02%	3.92%	4.79%
Employees	0	0	0	0	0

Activities in 2007

Kalmar Structured Finance A/S began its activities in 1995 with the first purchase of mortgage bonds and the issue of collateralized mortgage obligations (CMOs), in the form of secured notes listed on the Copenhagen Stock Exchange. The last outstanding CMO's were redeemed in connection with the payment date in October 2002.

The company was without activity until the company on 8 June 2005 resumed activity by issuing Credit Linked Notes (CLN), in the form of secured notes listed on the Copenhagen Stock Exchange. The issued notes have been rated by Moody's Intestors Service Limited. As of 31 December 2007 the company has executed the following CLN issues:

1st issue on 08.06.2004, nom.	EUR	44,000,000
2nd issue on 03.05.2005, nom.	EUR	22,500,000
	NOK	80,000,000
	SEK	130,000,000
3rd issue on 31.10.2005, nom.	EUR	24,460,000
	SEK	205,000,000
4th issue on 15.12.2006, nom.	EUR	56,350,000

Concurrent with issuance of CLNs the company entered into a Credit Default Swap (CDS) with Nordea Bank Finland Plc (swap counterparty), under which the company acquired a credit risk on a portfolio of underlying bonds. This credit risk has been transferred directly to the CLNs issued so that all payments to the swap counterparty will result in a corresponding reduction of the principal of the CLNs issued, starting with the lowest-ranking tranche. The proceeds from the bonds issued were credited to pledged deposit accounts with Nordea Bank Danmark A/S as security for the obligations assumed under the CDS agreement. All payments to the swap counterparty will reduce the credit balance of the deposit accounts.

The CDS pays a current as well as a fixed quarterly premium to the company. The fixed premium is independent of the CDS principal. Similarly, the company receives quarterly interest on the deposit accounts pledged. The current premium from the CDS and the interest from the deposit accounts pledged are applied to pay interest on the CLNs issued. Accordingly, the company is able to defray its administration costs etc.

In connection with the issuance of CLN IV the proceeds from the bonds issued together with an upfront payment received from the Credit Default Swap were used partly to enter into a zero-coupon swap (approx. 69% of the proceeds) and partly to purchase an "Interest Only" CLN (approx. 31% of the proceeds). At the maturity date of CLN IV the company will receive from the zero-coupon swap an amount equal to the principal needed to redeem the issued CLN IV (or make payments to the CDS counterparty in case of outstanding liabilities hereto). Payments (interests and redemptions) from the purchased "Interest Only" CLN will be used as payable interests on the issued CLN IV.

On 7 May 2007 the company was informed that Nordea Bank Finland plc. had used their right to call the Credit Default Swap entered into in connection with the first issuance of Credit Linked Notes dated 8 June 2004 (in the offering circular called "Optional Early Termination of the Credit Default Swap"). The exercise was executed with value 8 June 2007 and resulted in a full redemption of the issued notes at par.

As of 31 December 2007 no events had occurred which resulted in payments to the Credit Default Swaps concluded, and the principals of the CLNs issued were consequently unchanged.

The CDS agreements concluded and the purchased "Interest Only" CLN together with the associated return accounts of the issues have been pledged in favour of the bond investors. The deposit accounts together with the zero-coupon swap have been pledged in favour of the swap counterparty ranking first and the bond investors ranking second. Bond investors are only entitled to make claims against the assets pledged.

Furthermore, the company entered into an agreement with Structured Finance Servicer A/S, a wholly-owned subsidiary of Nordea Bank Danmark A/S, on the provision of all administrative services.

Risk

The company has no material uncovered financial risks as the collected risks related to the company's investment activities are transferred to the bond investors. The risk related to the investment of the company's equity is estimated to be limited.

Future developments

The result for 2008 is expected to be on a lower level than that posted for 2007.

Additional issues in 2008 are expected to have a positive effect on the company's profit performance.

Annual General Meeting

The Supervisory Board will propose to the Annual General Meeting that a dividend of DKK 90.00 per share of DKK 1,000 be paid for 2007.

The Annual General Meeting will be held on 26 March 2008 at Strandgade 3, Copenhagen.

The Supervisory Board has decided that no quarterly reports will be published after the first and third quarters of the financial year as such interim reports are not deemed to be of significance to the public owing to the nature of the company's activities.

The company expects to announce its half-year results on 20 August 2008.

Copenhagen 11 March 2008

Supervisory Board

Profit and loss account

(DKK '000)	Note	2006	2007
Interest receivable	1	62,027	90,870
Interest payable	2	60,862	89,475
Net interest income		1,165	1,395
Securities and foreign exchange result	3	-	-
Staff and administrative expenses	4	598	723
Profit before tax		567	672
Tax	5	159	168
Profit for the year		408	504

Distribution of profit

Amount available for distribution:

Profit for the year	408	504
Retained profits	28	-
Total amount available for distribution	436	504

The amount will be distributed as follows:

Retained profits	-	54
Dividend proposed	436	450
Total distribution of amount available	436	504

Balance sheet

(DKK '000)	Note	2006	2007
Assets			
Balance due from credit institutions and central banks	6	1,363,040	1,039,635
Derivatives	7	174,977	326,637
Other assets	8	4,332	8,416
Total assets		1,542,349	1,374,688
Liabilities			
Notes in issue	9	1,447,042	1,110,581
Derivatives	10	79,977	244,189
Other liabilities	11	4,844	9,364
Shareholders' funds:			
Share capital		5,000	5,000
Share premium account		4,997	4,997
Profit retained		53	107
Dividend proposed		436	450
Total shareholders' funds		10,486	10,554
Total liabilities		1,542,349	1,374,688
Contingent liabilities	12		
Notes without references	13-14		

Shareholder's funds

(DKK '000)	2006	2007
Share capital at 1 January *	5,000	5,000
Share capital at 31 December	5,000	5,000
Share premium account at 1 January	4,997	4,997
Share premium account at 31 December	4,997	4,997
Retained profits at 1 January	334	489
Dividend paid	- 253	- 436
Retained profit for the year	- 28	54
Dividend proposed	436	450
Retained profits at 31 December	489	557
Total shareholders' funds at 31 December	10,486	10,554

* The share capital constitutes of 5,000 shares at 1,000 kr. each

Cash flow statement

(DKK '000)	2006	2007
Cash flow statement		
Operating activities		
Profit for the year before tax	567	672
Tax paid	- 101	- 159
Accrued interest (net)	- 23	40
Working capital		
Other liabilities (excluding accrued interest)	99	388
Net cash flow from working capital	542	941
Financing		
Dividend paid	- 253	- 436
Net cash outflow from financing	- 253	- 436
Increase/decrease in cash and cash equivalents	289	505
Cash and cash equivalents at 1 January	10,708	10,997
Cash and cash equivalents at 31 December	10,997	11,502

Notes

(DKK '000)	2006	2007
Note 1 Interest receivable		
Interest on balance due from credit institutions and central banks	30,018	33,444
Interest on purchased bond	245	25,616
CDS premium	31,764	31,810
Total interest receivable	62,027	90,870
Note 2 Interest payable		
Interest on notes in issue	59,491	87,547
CDS interest	1,371	1,928
Total interest payable	60,862	89,475
Note 3 Securities and foreign exchange result		
Currency, gains on exchange rates adjustments	9,250	9,577
Derivatives, gains on market value adjustments	66,325	443,842
Currency, losses on exchange rates adjustments	9,250	9,577
Currency, losses on market value adjustments	66,325	443,842
Total revaluation	0	0
Note 4 Staff and administrative expenses		
Salaries and emoluments to the Supervisory Board	184	131
Other administrative expenses	414	592
Total staff and administrative expenses	598	723

Other administrative expenses include DKK 74,000 (2006: DKK 66,000) in remuneration of firms appointed at the Annual General Meeting to undertake the statutory audit. 11,000 DKK has been paid for services other than the statutory audit (2006: 24,000).

(DKK '000)	2006	2007
Note 5 Tax		
Estimated tax on the year's income	159	168
Deferred tax	-	-
Total tax	159	168

Tax on profit for the year

Tax on operating profit can be explained as follows:

25% calculation (2006: 28%) of operating profit before tax	159	168
Total Tax	159	168
Tax percentage	28%	25%

The company and all subsidiaries of Collateralized Mortgage Obligations Denmark Fonden are taxed on a pooled basis. Corporation tax is charged to the companies in proportion to their taxable income (full distribution).

Note 6 Balances due from credit institutions and central banks

General account	10,998	11,502
Deposits	1,026,924	690,328
Zero-coupon swap	325,118	337,805
Total balances due from creditinst. and centralbanks	1,363,040	1,039,635

The balance on Deposits equals the nominal balance of issued CLN I (zero as of 31 December 2007), II and III notes as the proceeds on the issue dates (equal to the nominal balances) are placed on Deposit accounts in Nordea Bank Danmark A/S. The deposit accounts are pledged as a first priority pledge for the benefit of the swap counterparties and as a second priority pledge for the benefit of the holders of issued notes.

The issued CLN IV notes are backed partly by a zero-coupon swap with Nordea Bank Finland plc., which the company entered into on the notes issuance date. The zero-coupon swap is booked and measured as a deposit because it has the same characteristics. The nominal value of the zero-coupon swap is pledged as a first priority pledge for the benefit of the swap counterparties and as a second priority pledge for the benefit of the holders of issued notes.

(DKK '000) 2006 2007

Note 7	Derivatives		
	Credit Default Swaps	28,252	138,224
	“Interest Only” CLN	145,721	126,454
	Embedded derivatives	1,004	61,959
	Total derivatives	174,977	326,637

Kalmar Structured Finance A/S has entered into a number of Credit Default Swaps with Nordea Bank Finland plc. At 31 December 2007 the Credit Default Swaps had a positive market value of DKK 138,224,000 (2006: DKK 28,252,000).

In connection with the issue of CLN IV part of the proceeds were used to purchase an “Interest Only” CLN (issued by Emyrean Finance (Ireland) plc.). This bond is booked and measured similar to the other Credit Default Swaps entered into by the company. At 31 December 2007 the “Interest Only” CLN had a value of 126,454,000 DKK (2006: 145,721,000).

At the same time the company issued CLNs, which can be split into bonds and embedded derivatives that equal the before-mentioned Credit Default Swaps. At 31 December 2007 the embedded derivatives had for the company a positive market value of DKK 61,959,000 (2006: DKK 1,004,000).

Note 8	Other assets		
	Interest receivable	3,114	1,437
	Premium receivable	1,218	6,979
	Total other assets	4,332	8,416

Note 9	Notes in issue	Nom. value	Nom. value
	First issue on 8 June 2005	328,042	-
	Second issue on 3 May 2006	347,437	345,753
	Third issue on 31 October 2006	351,446	344,575
	Forth issue on 15 December 2007	420,117	420,253
	Total notes in issue	1,447,042	1,110,581

The issued bonds (CLN’s) are listed at Copenhagen Stock Exchange. As the issued bonds have not been traded, no market value is available at 31 December 2007 (2006: DKK 1,439,918,000).

The bonds are issued without any direct interest against Kalmar Structured Finance A/S. The noteholders have only recourse to specified security, which consists partly of a second priority pledge in the balance on the Deposit accounts in Nordea Bank Danmark A/S and a first priority pledge in the proceeds hereof and partly of a second priority pledge in the nominal value of the zero-coupon swap with Nordea Bank Finland plc.

The bonds redeem at maturity. In case payments are to be made to the Credit Default Swap counterparty the nominal balance of issue bonds will be reduced with a similar amount. For further details please see the Offering Circular.

Note 10 **Derivatives**

Credit Default Swap	51,725	105,965
Embedded derivatives	28,252	138,224
Total derivatives	79,977	244,189

Kalmar Structured Finance A/S has entered into a number of Credit Default Swaps with Nordea Bank Finland plc. At 31 December 2007 the Credit Default Swaps had a negative market value of DKK 105,965,000 (2006: DKK 51,725,000).

At the same time the company issued CLNs, which can be split into bonds and embedded derivatives that equal the before-mentioned Credit Default Swaps. At 31 December 2007 the embedded derivatives had a negative market value of DKK 138,224,000 (2006: DKK 28,252,000).

Note 11 **Other liabilities**

Interest payable	4,273	8,396
Tax payable	159	168
Other	412	800
Total other liabilities	4,844	9,364

Note 12 **Contingent liabilities**

Together with Kalmar Structured Finance Holding A/S the company is jointly and severally liable for any tax on income taxed on a pooled basis for 2005 and earlier years.

Note 14 **Closely related parties**

Parties closely related to the company include Collateralized Mortgage Obligations Denmark Fonden and its subsidiaries as well as the Supervisory Board and Management Board of the company. Related party transactions take place on market terms. Apart from the emoluments to the Supervisory Board, no transactions with the Supervisory Board or the Management Board have been carried out during the year, and no major transactions have otherwise been effected with parties closely related to the company in 2007.

(DKK '000)

Note 15 **Financial risks**

As regards the company's major financial assets and liabilities at 31 December 2007 the below contractual review or maturity dates apply, depending on whichever comes first:

(DKK '000,000)	Review/maturity date			of which fixed-rate	Yield %
	0-1 year	1-5 years	> 5 years		
Balances due from credit institutions etc	11,5	-	-	-	3.50%
Deposit	-	690.3	337.8	154.2	4.24%
Derivatives	-	-	82.5	-	3.76%
Other assets	8.4	-	-	8.3	-
Bonds in issue, nominal value	-	- 690.3	- 420.3	- 154.2	7.07%
Other liabilities	- 8.4	-	-	- 8.3	-
Total financial risks	11.5	0	0	0	-

The company has no open currency positions in relation to existing or expected future financial assets or liabilities. At present the company has no derivatives except what has already been included in the annual report.