BEECHWOOD STRUCTURED FINANCE PLC

DIRECTORS' REPORT AND THE AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2015

COMPANY NUMBER: 426056

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COMPANY INFORMATION

DIRECTORS	John Fitzpatrick (Irish) (Independent non-executive) Michael Boyce (Irish) (Independent non-executive) Christiaan Sterckx (Belgian) (Non-executive) Koenraad Van de Borne (Belgian) (Non-executive)
SECRETARY	The Bank of New York Mellon (Ireland) Limited 4th Floor, Hanover Building Windmill Lane Dublin 2
REGISTERED OFFICE	4th Floor, Hanover Building Windmill Lane Dublin 2
SOLICITORS	McCann Fitzgerald Riverside One Sir John Rogerson's Quay Dublin 2
PRINCIPAL PAYING AGENT, REGISTRAR, TRANSFER AGENT AND CALCULATION AGENT	The Bank of New York Mellon One Canada Square London E14 5AL England
NOTE TRUSTEE	BNY Corporate Trustee Services Limited One Canada Square London E14 5AL England
BANK AND CUSTODIAN	KBC Bank NV Havenlaan 2 B-1080 Brussels Belgium
INDEPENDENT AUDITOR	Deloitte Deloitte & Touche House Chartered Accountants and Statutory Audit Firm Earlsfort Terrace Dublin 2
PORTFOLIO MANAGER	KBC Asset Management NV Havenlaan 6 B-1080 Brussels Belgium
PORTFOLIO ADMINISTRATOR	KBC Asset Management NV Havenlaan 6 B-1080 Brussels Belgium
CORPORATE ACCOUNTING ADMINISTRATOR	KBC Bank Ireland Plc Sandwith Street Dublin 2

DIRECTORS' REPORT
for the financial year ended 30 April 2015

The directors present their report and the audited financial statements for the year.

PRINCIPAL ACTIVITY
Beechwood Structured Finance Plc (the "Company"), an Irish registered Company, was incorporated on 6 September 2006.

The principal activity of the Company is the investment in bonds, commercial papers and time deposits.

The Company has established a €40,000,000,000 Programme to issue notes. Notes issued under this Programme will be issued in Series and the terms and conditions of the notes of each Series will be set out in a Term Sheet for such Series. All of the notes issued by the Company are held by KBC Life Assurance companies, Capital Protected Funds and Arcade Finance Plc, which have KBC Asset Management NV acting as portfolio manager. The noteholders have the right to early redeem notes until the final maturity date by providing an exercise notice to the paying agent.

All of the short duration noteholders share all of the risks of investments in the short duration portfolio on a pro-rata basis. All of the long duration noteholders share all of the risks of investments in the long duration portfolio on a pro-rata basis.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS
The directors consider the following to be the main financial key performance indicators of the Company:

- the Company made a profit of €750 *(2014: profit of €750)*
- there were no credit events that affected the Company during the current and prior years.
- the net gain (realised and movement in unrealised) from financial assets designated at fair value through profit or loss amounted to €46,569,157 *(2014: net loss of* €10,999,435*)*
- the net loss (realised and movement in unrealised) from financial liabilities designated at fair value through profit or loss amounted to €48,451,058 *(2014: net gain of* €6,090,952*)*
- Interest income from investments amounted to €22,632,637 *(2014: €13,678,230)*
- Interest expense from notes issued amounted to €6,435,189 *(2014: €5,190,889)*
- the Company's total indebtedness was €1,229,455,686 *(2014: €492,196,339)*
- Net investment purchases amounted to €654,739,205 *(2014: net investment sales* €12,189,808*)*
- Net note issuances amounted to €617,989,965 *(2014: net note redemptions* €9,278,888*)*
- The internal credit rating of the notes issued by the short duration and long duration portfolio at financial year end was A+ and AA- respectively *(2014: A and A+ respectively)*
- The short duration portfolio is overinvested by 0.87% *(2014: 1.21%)* and the long duration portfolio is overinvested by 6.54% *(2014:* 5.53%*)* at financial year end.

There was a significant increase in the level of investments held by and the notes issued by the Company during the financial year. The Total Return Swap ("TRS") assets on the Protective Bond Portfolio ("PROBO") companies all fully matured by early 2015. The Capital Protected Funds that invest into this Company also invested into the PROBO companies. On the maturity of the TRS assets the notes issued by the PROBO companies were all fully redeemed. The Capital Protected Funds then invested a certain amount of these redemption proceeds into this Company which enabled the Company to purchase additional investments.

During the financial year, the €40,000,000,000 Programme was amended. Further tranches were issued for series of notes already in issue and the maturity dates for all notes in issue were changed to the year 2040. No series of notes in issue were fully redeemed and no new series were issued.

Due to the nature of the Company, the directors consider there to be no main non-financial key performance indicators.

DIRECTORS' REPORT (continued)
for the financial year ended 30 April 2015

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS (continued)

The Company had the following series available for issue at year end:

Short Duration portfolio:

EUR	140,772,000	Series No. 2006-1	Floating Rate Secured Senior Notes due 2040
EUR	75,000,000	Series No. 2006-3	Floating Rate Secured Senior Notes due 2040
EUR	110,000,000	Series No. 2006-4	Floating Rate Secured Senior Notes due 2040
EUR	49,920,000	Series No. 2006-5	Floating Rate Secured Senior Notes due 2040
EUR	130,000,000	Series No. 2007-6	Floating Rate Secured Senior Notes due 2040
USD	85,860,000	Series No. 2007-7	Floating Rate Secured Senior Notes due 2040
PLN	14,090,000	Series No. 2007-10	Floating Rate Secured Senior Notes due 2040
CZK	421,100,000	Series No. 2007-8	Floating Rate Secured Senior Notes due 2040
CZK	71,750,000	Series No. 2007-14	Floating Rate Secured Senior Notes due 2040
PLN	22,825,000	Series No. 2007-16	Floating Rate Secured Senior Notes due 2040
HUF	161,000,000	Series No. 2007-17	Floating Rate Secured Senior Notes due 2040
CZK	1,305,050,000	Series No. 2007-15	Floating Rate Secured Senior Notes due 2040
USD	11,996,000	Series No. 2007-19	Floating Rate Secured Senior Notes due 2040
EUR	11,091,000	Series No. 2008-20	Floating Rate Secured Senior Notes due 2040

Long Duration portfolio:

EUR	180,000,000	Series No. 2012-21	Floating Rate Secured Senior Notes due 2040
EUR	200,000,000	Series No. 2012-22	Floating Rate Secured Senior Notes due 2040
EUR	135,000,000	Series No. 2012-23	Floating Rate Secured Senior Notes due 2040
EUR	150,000,000	Series No. 2013-25	Floating Rate Secured Senior Notes due 2040
EUR	150,000,000	Series No. 2013-26	Floating Rate Secured Senior Notes due 2040
USD	375,000,000	Series No. 2013-24	Floating Rate Secured Senior Notes due 2040
CZK	1,500,000,000	Series No. 2013-27	Floating Rate Secured Senior Notes due 2040

The directors believe the Company is a going concern for the following reasons:

- The portfolios are actively managed by KBC Asset Management NV and the directors intend that the present level of activity will be sustained for the foreseeable future; and
- The Company is a limited recourse vehicle and therefore all risks and rewards of ownership are borne by the noteholders.

FUTURE DEVELOPMENTS

The investment held and the notes issued by the Company could change over the year. The Company is one of sixteen companies that are known as the "Child SPVs". The number of "Child" SPV's will be expanded from sixteen to eighteen in the course of 2016. This will be done to provide more flexibility to the Capital Protected funds in respect to the concentration rules set by the UCITS directive

RESULTS AND DIVIDENDS

The results for the year are shown on page 10. On 11 May 2015, the Company paid a dividend of €750 *(2014: €1,000)*. The directors have proposed a dividend distribution of €750. €750 of the profit after tax has been transferred to reserves (*2014: €750*).

CHANGES IN DIRECTORS, SECRETARY AND REGISTERED OFFICE

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

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

The directors or the company secretary had no beneficial interest in the share capital of the Company at the date of appointment, at the beginning of the year or at the end of the year.

RISK FACTORS

The principal risks and uncertainties facing the Company are set out in Note 18 to the financial statements.

DIRECTORS' REPORT (continued)
for the financial year ended 30 April 2015

ACCOUNTING RECORDS
The directors are responsible for ensuring that adequate accounting records, as outlined in Section 281 to 285 of the Companies Act 2014, are kept by the Company. The directors have ensured that this has been complied with by outsourcing this function to a specialised provider of such services.

The books and accounting records are maintained at KBC Bank Ireland Plc, Sandwith Street, Dublin 2.

SUBSEQUENT EVENTS
On 11 May 2015, the Company paid a dividend of €750. The directors proposed a dividend of €750 on 28 August 2015.

POLITICAL DONATIONS
The Company did not make any political donations during the financial year.

DIRECTORS' REPORT (continued)
for the financial year ended 30 April 2015

ANNUAL CORPORATE GOVERNANCE STATEMENT

The Company is subject to and complies with Irish Statute comprising the Companies Act 2014 and the Listing rules of the Irish 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. The Board is also responsible for the review of half yearly and annual financial statements. 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 KBC Asset Management NV as Portfolio Administrator and Manager and KBC Bank Ireland Plc as Corporate Accounting Administrator. The Corporate Accounting Administrator is contractually obliged to maintain proper books and records. To that end the Corporate Accounting Administrator performs reconciliations of its records to those of the Trustee, Custodian and the Portfolio Administrator. The Corporate Accounting 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 Corporate Accounting Administrator's financial reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Corporate Accounting Administrator has operating responsibility for internal control in relation to the financial reporting process and reports 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 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. In respect of the financial reporting process, KBC Bank Ireland Plc has in place appropriate practices to ensure that:

- its financial reporting is accurate and complies with the financial reporting frameworks; and
- systems are in place to achieve high standards of compliance with regulatory requirements.

Control Activity

The Portfolio and Corporate Accounting Administrator are 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 ensures 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 Portfolio and Corporate Accounting Administrator, the Board has concluded that there is currently no need for the Company to have a separate internal audit function.

Capital Structure

No person has a significant direct or indirect holding of securities in the Company except BNY Corporate Trustee Services Limited. No person has any special rights of control over the Company's share capital. BNY Corporate Trustee Services Limited holds 39,994 shares in the Company but has no direct or indirect control of the Company.

There are no restrictions on voting rights.

DIRECTORS' REPORT (continued)
for the financial year ended 30 April 2015

ANNUAL CORPORATE GOVERNANCE STATEMENT (continued)

Appointment and replacement of directors and amendments to the Articles of Association
With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association and Irish Statute comprising the Companies Act 2014. 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 other parties, subject to supervision and direction by the Board. The Board has delegated the day to day administration of the Company to the Portfolio Administrator.

Audit committee
Statutory audits in Ireland are regulated by the European Communities (Statutory audits) (Directive 2006/43/EC) Regulations 2010. According to the regulations, if the sole business of the Irish 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). The Company is a debt issuing vehicle incorporated in Ireland and in this respect has availed of the exemption for establishing an audit committee.

INDEPENDENT AUDITOR
Deloitte, Chartered Accountants & Statutory Audit Firm have signified their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

John Fitzpatrick	Michael Boyce
Director	Director

Date: 28 August 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities for the preparation of the annual report and financial statements
The directors' are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and the Listing Rules of the Irish Stock Exchange and enable the financial statements to be audited.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility statement
Each of the directors confirm to the best of their knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as issued by the IASB and as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the management report which is incorporated into the directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties they face.

On behalf of the board

John Fitzpatrick	Michael Boyce
Director	Director

Date: 28August 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEECHWOOD STRUCTURED FINANCE PLC

We have audited the financial statements of Beechwood Structured Finance Plc for the financial year ended 30 April 2015 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Shareholder's Equity, the Statement of Cash Flows and the related notes 1 to 23. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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 auditors' 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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Companies Act 2014 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 of the assets, liabilities and financial position of the company as at 30 April 2015 and of the result for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEECHWOOD STRUCTURED FINANCE PLC

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Other Matters

SI 83 of 2010 'European Communities(Directive 2006/46/EC (Amendment)Regulations 2010 has been revoked by the Companies Act 2014 without replacing Regulation 5 of those Regulations with an equivalent section in the Act. Consequently, we are unable to report under the requirements of section 1373(7) of the Companies Act 2014.

Had Regulation 5 of SI 83 of 2010 replaced section 1373(7) of the Companies Act 2014, there would be no additional matters to report. The information required to be included in the corporate governance statement by section 1373 of the Companies Act 2014 is referenced in the Directors' Report and we have reported on the consistency of the information included in the Directors' Report with the financial statements above.

Brian O'Callaghan
For and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm
Dublin

28 August 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the financial year ended 30 April 2015

	Notes	Year ended 30/04/2015 €	Year ended 30/04/2014 €
Interest income on financial assets designated at fair value through profit or loss	**5**	22,632,637	13,678,230
Interest expense on financial liabilities designated at fair value through profit or loss	**6**	(6,435,189)	(5,190,889)
Realised gain on financial assets designated at fair value through profit or loss		7,251,388	998,964
Realised loss on financial liabilities designated at fair value through profit or loss		(6,473,824)	(5,426,400)
Movement in unrealised loss/gain on financial assets designated at fair value through profit or loss		39,317,769	(11,998,399)
Movement in unrealised gain/loss on financial liabilities designated at fair value through profit or loss		(41,977,234)	11,517,352
Net expense from derivatives held for trading	**7**	(14,133,343)	(2,797,083)
Net bond lending fee income	**8**	237,893	11,732
Net foreign exchange gain/(loss)		451,492	(157,601)
Net investment income		871,589	635,906
Other income	**9**	8,784	8,916
Other expenses	**10**	(879,373)	(643,822)
Profit from ordinary activities before taxation		1,000	1,000
Taxation	**11**	(250)	(250)
Profit and total comprehensive income for the year		750	750

The accompanying notes to the financial statements from page 14 to 45 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
as at 30 April 2015

	Notes	As at 30/04/2015 €	As at 30/04/2014 €
Assets			
Non-current assets			
Financial assets designated at fair value through profit or loss	**12**	1,037,652,167	417,526,071
Derivatives held for trading	**13**	5,374,042	581,335
Current assets			
Cash and cash equivalents	**14**	5,991,190	3,258,321
Other receivables		280,546	-
Amounts receivable from broker		28,357,778	21,379
Interest receivable on investments		11,922,107	5,321,039
Bond lending fee income receivable		45,792	11,841
Financial assets designated at fair value through profit or loss	**12**	139,263,699	65,344,421
Derivatives held for trading	**13**	610,396	174,213
Total assets		1,229,497,717	492,238,620
Liabilities			
Current liabilities			
Amounts payable to broker		28,467,248	7,263,146
Interest payable on notes issued		983,045	722,289
Taxation payable		250	-
Expense accruals		15,301	21,875
Financial liabilities designated at fair value through profit or loss	**15**	-	90,765,440
Derivatives held for trading	**13**	5,208,751	415,389
Non-current liabilities			
Financial liabilities designated at fair value through profit or loss	**15**	1,122,044,549	364,947,777
Derivatives held for trading	**13**	72,736,542	28,060,423
Total liabilities		1,229,455,686	492,196,339
Equity			
Called up share capital	**16**	40,000	40,000
Profit and loss account		2,031	2,281
Total equity		42,031	42,281
Total liabilities and equity		1,229,497,717	492,238,620

The accompanying notes to the financial statements from page 14 to 45 form an integral part of the financial statements.

On behalf of the board

John Fitzpatrick
Director

Michael Boyce
Director

Date: 28 August 2015

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 30 April 2015

	Notes	Share capital €	Profit and loss account €	Total equity €
Balance as at 30 April 2013		40,000	2,531	42,531
Total comprehensive income for the year				
Result for the year		-	750	750
Other comprehensive income		-	-	-
		-	750	750
Dividend paid during the year		-	(1,000)	(1,000)
Balance as at 30 April 2014		40,000	2,281	42,281
Total comprehensive income for the year				
Result for the year		-	750	750
Other comprehensive income		-	-	-
		-	750	750
Dividend paid during the year		-	(1000)	(1000)
Balance as at 30 April 2015	**16**	40,000	2,031	42,031

The accompanying notes to the financial statements from page 14 to 45 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
for the financial year ended 30 April 2015

	Notes	Year ended 30/04/2015 €	Year ended 30/04/2014 €
Cash flows from operating activities			
Interest received on investments		15,751,023	14,115,483
Interest paid on notes issued		(6,174,433)	(5,047,708)
Derivative receipts		73,451,426	24,235,541
Derivative payments		(43,323,158)	(33,161,007)
Bond lending fee receipt		203,628	16,033
Bond lending fee expense		(17,559)	(9,080)
Other income		8,923	8,873
Other expenses		(868,233)	(647,879)
Cash generated from/(used in) operating activities		39,031,617	(489,744)
Taxes paid		-	(250)
Net cash generated from/(used in) operating activities		39,031,617	(489,994)
Cash flows from investing activities			
Investment purchases		(1,199,447,684)	(610,450,455)
Investment paydowns and disposals		544,708,479	622,640,263
Net cash (used in)/from investing activities		(654,739,205)	12,189,808
Cash flows from financing activities			
Proceeds from note issuance		974,108,888	495,755,620
Redemption and repurchase of notes		(356,118,923)	(505,034,508)
Dividend paid		(1,000)	(1,000)
Net cash from/(used in) financing activities		617,988,965	(9,279,888)
Net increase in cash and cash equivalents		2,281,377	2,419,926
Cash and cash equivalents at beginning of the year		3,258,321	995,996
Effect of exchange rate changes on cash and cash equivalents		451,492	(157,601)
Cash and cash equivalents at end of the year	**14**	**5,991,190**	**3,258,321**

The accompanying notes to the financial statements from page 14 to 45 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Beechwood Structured Finance Plc (the "Company"), an Irish registered Company was incorporated on 6 September 2006 to issue notes. The cash proceeds are used to invest in commercial papers, bonds and time deposits.

2. Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared for the financial year ended ("Year Ended") 30 April 2015, in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the Companies Act 2014 and the Listing Rules issued by the Irish Stock Exchange.

(b) New standards and interpretations adopted

The accounting policies adopted are consistent with those of the previous financial year.

There were no IFRS updates adopted by the Company during the accounting period beginning 1 May 2014.

(c) New standards and interpretations not yet adopted

The IFRSs applied by the Company in the preparation of these financial statements are those effective for accounting periods beginning on or before 1 May 2014. A number of new standards, amendments to standards and interpretations in issue are not yet effective for accounting periods beginning on or before 1 May 2014, and the Company has not early adopted them.

None of these will have any effect on the financial statements of the Company apart from IFRS 9 "Financial Instruments".

IFRS 9 divides all financial assets that are currently in the scope of IAS 39 into three classifications – amortised cost, fair value and fair value through other comprehensive income. 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. A financial asset would be measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, 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 amount outstanding. If an asset meets both of these conditions it is required to be measured at fair value through other comprehensive income unless, on initial recognition, it is designated at fair value through profit or loss to address an accounting mismatch. 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.

With regard to the measurement of financial liabilities designated at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit/counterparty risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit/counterparty risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit/counterparty risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated at fair value through profit or loss is presented in profit or loss.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Basis of Preparation (continued)

(c) New standards and interpretations not yet adopted (continued)

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.

The requirements under IFRS 9 for impairment and hedge accounting are not likely to affect the Company.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted once the standard is endorsed by the European Union. The Company does not plan to adopt this standard early. The Company is currently assessing the impact of adopting IFRS 9; however, the impact of adoption depends on the assets held by the Company at the date of adoption, so therefore it is not practical to quantify the effect.

(d) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities designated at fair value through profit or loss and derivatives held for trading which are also measured at fair value.

(e) Functional and presentation currency

These financial statements are presented in Euro which is the Company's functional currency. The functional currency is the currency of the primary economic environment in which the entity operates. The Company has issued notes primarily in Euro and the directors of the Company believe that Euro most faithfully represents the economic effects of the underlying transactions, events and conditions. Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign currency closing exchange rate ruling at the statement of financial position date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of profit or loss and other comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the foreign currency exchange rates ruling at the dates that the values were determined.

(f) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects current and future periods.

A key area of estimation for this Company would be in the determination of fair values for financial assets, derivatives and financial liabilities for which there is no observable market price. The valuation techniques used and the accounting judgments applied when determining the fair value of financial assets and liabilities for which there is no observable market price is described in the significant accounting policy Note 3(f) "Financial instruments: Fair Value Measurement Principles".

IFRS 13 "Fair Value Measurement" establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Basis of Preparation (continued)

(f) Use of estimates and judgements (continued)

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), including inputs from markets that are not considered to be active
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgement by the Company. The Company considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the financial instrument and does not necessarily correspond to the Company's perceived risk inherent in such financial instruments. The fair value hierarchy is set out in Note 18(h) "Financial instruments, principal risks and uncertainties: Fair values".

3. Significant accounting policies

(a) Interest income and expense

Interest income is accounted for on a coupon rate basis. Due to the limited recourse nature of the notes issued, the Company is only required to pay the interest if it has collected sufficient funds to cover the amount due after having retained a reserved profit of €1,000 per annum for the Company.

(b) Net bond lending fee income

The net bond lending fee income includes the fee for providing the bond lending service, income from the re-investment of the cash collateral, custodian bond lending expenses, bond lending agent fee and rebate of income from the re-investment of the cash collateral. Fee income and expenses are accounted for on an accruals basis.

(c) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period as calculated in accordance with Irish Tax Laws. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits, and is accounted for using the statement of financial position method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary difference can be utilised.

(d) Net expense from derivatives

The net expense from derivatives includes the fair value movements, settlement receipts and settlement payments for derivatives.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash held with banks which are subject to insignificant risk of changes in their values and are used by the Company in the management of its short term commitments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Significant accounting policies (continued)

(f) Financial instruments

Classification

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 at fair value through profit or loss.

The Company has designated its investments held and notes issued at fair value through profit or loss on the basis that they form part of a group of financial assets and financial liabilities which is managed, and the performance of which is evaluated, on a fair value basis in accordance with a documented investment strategy and information about these financial assets and financial liabilities is provided internally on a fair value basis to the entity's key management personnel.

The Company has classified the cross currency swaps, interest rate swaps and currency forward contracts which it has entered into as derivatives held for trading. These derivatives have not been formally designated into a hedging relationship and as such changes in their fair value are recognised in the statement of profit or loss and other comprehensive income.

Measurement

Financial instruments are recognised initially at fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss, are measured at fair value with changes in their fair value recognised in the statement of profit or loss and other comprehensive income.

Fair Value Measurement Principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in its absence, the most advantageous market.

The determination of fair values of financial assets, financial liabilities and derivatives for the Company is based on a combination of quoted prices in active markets and valuation models, which 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. Due to the limited recourse nature of the notes issued, the determination of fair values of financial liabilities is based on a valuation model which will include the fair value of financial assets and derivatives held for trading and the carrying value of cash and cash equivalents, interest receivable, interest payable, other assets and other liabilities. The fair value of the notes issued falls within Level 3 of the fair value hierarchy.

The fair value for commercial papers and time deposits is based on a discounted cash flow model which uses market interest rates as an input. The fair value for commercial papers and time deposits falls within Level 2 of the fair value hierarchy as the inputs are market observable. The fair value for bonds is based on quoted bid market prices. The fair value of bonds based on quoted bid prices falls within Level 1 on the fair value hierarchy. If quoted prices are not available for bonds the fair value is based on a model which uses credit default spreads or analogue bond spreads as an input. The fair value of bonds based on a model which uses credit default spreads or analogue bond spreads as an input falls within Level 2 on the fair value hierarchy as the inputs are market observable.

The fair values of cross currency swaps and interest rate swaps are based on net present values of future cash flows within the swap contracts. Valuation models are used to value swaps which use market interest and foreign exchange rates to obtain a fair value for cross currency swaps and market interest rates for interest rate swaps. The fair value of cross currency swaps and interest rate swaps falls within Level 2 on the fair value hierarchy as the inputs are market observable. The fair value of currency forward contracts is based on net present values of future cash within the contract. A valuation model is used to value currency forward contracts which uses spot exchange rates to obtain a fair value. The fair value of currency forward contracts falls within Level 2 on the fair value hierarchy as the inputs are market observable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Significant accounting policies (continued)

(f) Financial instruments (continued)

Recognition

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 or losses arising from changes in fair value of the financial assets or financial liabilities are recorded in the statement of profit or loss and other comprehensive income.

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

(g) Bond lending

Bonds lent by the Company are not derecognised in the statement of financial position as the Company still has the right to the cash flows from the bonds lent and the Company still retains the risk and rewards of ownership of the bonds lent.

(h) Segment Reporting

An operating segment is a component of the Company:

- 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),
- whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of a company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Financial assets and liabilities

The following table details the categories of financial assets and liabilities held by the Company at the reporting date:

	Fair value As at 30/04/15 €	Carrying value As at 30/04/15 €	Fair value As at 30/04/14 €	Carrying value As at 30/04/14 €
Assets				
Financial assets designated at fair value through profit or loss				
Investments at fair value	1,176,915,866	1,176,915,866	482,870,492	482,870,492
Derivatives held for trading	5,984,438	5,984,438	755,548	755,548
Other assets	46,597,413	46,597,413	8,612,580	8,612,580
Total assets	1,229,497,717	1,229,497,717	492,238,620	492,238,620
Liabilities				
Financial liabilities designated at fair value through profit or loss				
Notes issued at fair value	(1,122,044,549)	(1,122,044,549)	(455,713,217)	(455,713,217)
Derivatives held for trading	(77,945,293)	(77,945,293)	(28,475,812)	(28,475,812)
Other liabilities	(29,465,844)	(29,465,844)	(8,007,310)	(8,007,310)
Total liabilities	1,229,455,686	1,229,455,686	(492,196,339)	(492,196,339)

Other assets as presented above represent cash and cash equivalents, interest receivable on investments, bond lending fee income receivable and amounts receivable from broker as detailed in the statement of financial position.

Other liabilities as presented above represent expense accruals, taxation payable, interest payable on notes issued and amounts payable to broker as detailed in the statement of financial position.

5. Interest income on financial assets designated at fair value through profit or loss	**Year ended 30/04/2015 €**	**Year ended 30/04/2014 €**
Interest income on investments	22,632,637	13,678,230

6. Interest expense on financial liabilities designated at fair value through profit or loss	**Year ended 30/04/2015 €**	**Year ended 30/04/2014 €**
Interest expense on notes issued	(6,435,189)	(5,190,889)

7. Net expense from derivatives held for trading	**Year ended 30/04/2015 €**	**Year ended 30/04/2014 €**
Settled derivative receipts	73,430,405	22,593,116
Unsettled derivative receipts	1,438,114	21,021
Settled derivative payments	(43,323,158)	(33,161,007)
Unsettled derivative payments	(1,438,114)	-
Fair value movement on derivatives held for trading	(44,240,590)	7,749,787
	(14,133,343)	(2,797,083)

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Net bond lending fee income	**Year ended 30/04/2015 €**	**Year ended 30/04/2014 €**
Fee income for providing bond lending service	14,095	7,552
Income from re-investment of collateral	223,483	20,322
Rebate of income from re-investment of collateral	44,831	(13,642)
Custodian bond lending fee expense	(2,155)	(365)
Agent bond lending fee expense	(42,361)	(2,135)
	237,893	11,732

9. Other income	**Year ended 30/04/2015 €**	**Year ended 30/04/2014 €**
Settled interest income from cash and cash equivalents	8,563	8,559
Unsettled interest income from cash and cash equivalents	221	357
	8,784	8,916

10. Other expenses	**Year ended 30/04/2015 €**	**Year ended 30/04/2014 €**
Portfolio management fees	679,390	465,027
Legal fees	12,036	15,633
Auditors' fees	13,530	11,685
Directors' fees (for services as role of director)	3,000	3,000
Tax compliance fees	3,167	3,255
Custody fees	74,628	54,630
Other expenses	93,622	90,592
	879,373	643,822

Fees charged by the Company's auditors, in respect of the financial year, (excluding VAT) were as follows:

	Year ended 30/04/2015 €	**Year ended 30/04/2014 €**
Audit of financial statements	11,000	9,500
Other assurance services	-	-
Tax advisory services	2,575	2,646
Non-audit services	-	-
	13,575	12,146

11. Taxation

The Company is subject to Irish Corporation tax at the Irish Corporation tax rate that applies to income other than trading income. The effective tax rate is 25% in accordance with Section 110 of the Taxes Consolidation Act, 1997.

	Year ended 30/04/2015 €	**Year ended 30/04/2014 €**
Corporation tax charge	250	250
Factors affecting tax charge for the year has been calculated as follows:		
Profit on ordinary activities before tax	1,000	1,000
Current tax at 25%	250	250

The Company will continue to be taxed in accordance with Section 110 of the Taxes Consolidation Act 1997.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Financial assets designated at fair value through profit or loss

	As at 30/04/2015 €	As at 30/04/2014 €
Financial assets with a maturity greater than 1 year		
Investments in EUR Bonds	777,098,202	272,659,962
Investments in USD Bonds	233,281,696	118,895,117
Investments in GBP Bonds	12,685,718	11,180,909
Investments in SEK Bonds	5,414,289	5,643,980
Investments in CZK Bonds	5,056,606	5,013,197
Investments in EUR Time Deposits	4,115,656	4,132,906
	1,037,652,167	417,526,071
Financial assets with a maturity within 1 year		
Investments in EUR Bonds	84,159,616	13,464,879
Investments in USD Bonds	17,791,245	6,243,173
Investments in EUR Commercial Papers	27,588,388	30,721,206
Investments in USD Commercial Papers	7,131,582	10,298,893
Investments in PLN Time Deposits	2,546,723	4,560,657
Investments in HUF Time Deposits	46,145	55,613
	139,263,699	65,344,421
Total financial assets designated at fair value through profit or loss	1,176,915,866	482,870,492

The Company has pledged €21,058,369 *(2014: €4,988,709)* of its short duration investments and €56,734,731 *(2014: €24,278,718)* of its long duration investments as collateral for derivative contracts. The Company has lent €170,914,743 *(2014: €2,540,182)* of its short duration bonds and €328,647,299 *(2014: €26,683,939)* of it long duration bonds under a securities lending agreement. Société Générale S.A. was appointed as the agent to lend bonds as advised by KBC Asset Management NV on behalf of the Company to an approved list of counterparties under the terms of a securities lending agreement. Bonds may only be lent to counterparties against the transfer of eligible collateral. This collateral is then re-invested to earn a return. The eligible collateral types and re-investment parameters are set out in Note 18(g) "Financial instruments, principal risks and uncertainties: Collateral". Société Générale S.A. may lend securities for an indefinite period of time to counterparties, however they may be recalled by the Company at any time by giving notice, at the latest by close of business day on each of the relevant markets so as to enable bonds (or equivalent) to be delivered according to the normal settlement cycles applicable in such markets. As soon as the bonds are returned to the Company the collateral is repaid to the counterparty.

The Company invests into a large diverse portfolio of investments with a mixture of floating and fixed rate bonds, fixed rate commercial papers and fixed rate time deposits. The breakdown of the interest risk profile is provided in Note 18(d) (ii) "Financial instruments, principal risks and uncertainties: Market risk: Interest rate risk". The credit quality of the investments held is set out in Note 18(a) "Financial instruments, principal risks and uncertainties: Credit/counterparty risk". The geographical concentrations and industrial sector concentrations of the investments held is set out in Note 18(b) "Financial instruments, principal risks and uncertainties: Concentration risk".

	As at 30/04/2015 €	As at 30/04/2014 €
Opening balance	482,870,492	509,439,172
Settled purchases of investments	1,192,184,696	599,808,030
Unsettled purchases of investments	26,919,445	7,262,988
Settled sales of investments	(544,708,479)	(622,640,263)
Unsettled sales of investments	(26,919,445)	-
Realised gain on investments	7,251,388	998,964
Movement in unrealised loss/gain on investments	39,317,769	(11,998,399)
Closing balance	1,176,915,866	482,870,492

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Derivatives held for trading

	As at 30/04/2015 €	As at 30/04/2014 €
Derivatives with a maturity greater than 1 year		
Derivative assets		
Cross currency swaps	5,239,948	115,199
Interest rate swaps	134,094	466,136
	5,374,042	581,335
Derivative liabilities		
Cross currency swaps	(13,367,341)	(9,410,284)
Interest rate swaps	(59,369,201)	(18,650,139)
	(72,736,542)	(28,060,423)
Derivatives with a maturity within 1 year		
Derivative assets		
Cross currency swaps	553,581	-
Interest rate swaps	56,465	171,716
Currency forwards	350	2,497
	610,396	174,213
Derivative liabilities		
Cross currency swaps	(3,975,166)	(414,038)
Interest rate swaps	(1,233,585)	-
Currency forwards	-	(1,351)
	(5,208,751)	(415,389)

Currency analysis	As at 30/04/2015 €	As at 30/04/2014 €
Cross currency swaps		
USD	(6,594,835)	(286,920)
EUR	(3,188,451)	(9,007,029)
GBP	(1,864,036)	(332,909)
SEK	98,344	(82,265)
Interest rate swaps		
EUR	(51,698,841)	(14,622,612)
USD	(8,494,170)	(3,115,723)
CZK	(219,216)	(273,952)
Currency forwards		
CZK	350	-
PLN	-	1,146

14. Cash and cash equivalents

	As at 30/04/2015 €	As at 30/04/2014 €
Cash held with KBC Bank NV	5,991,190	3,258,321

Cash is held in KBC Bank NV current accounts which have no special terms and conditions. Cash is available on demand.

Currency analysis	As at 30/04/2015 €	As at 30/04/2014 €
CZK	2,851,954	3,077,366
EUR	1,755,115	76,084
USD	1,369,362	68,148
PLN	9,895	36,479
HUF	4,860	239
SEK	4	5

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Financial liabilities designated at fair value through profit or loss

		As at 30/04/2015 €	As at 30/04/2014 €
Short Duration			
Financial liabilities with a maturity less than 1 year			
CLASS	**COUPON**		
EUR Notes issued	6 month EURIBOR less 0.07%	-	78,510,177
CZK Notes issued	6 month PRIBOR less 0.27%	-	6,301,614
USD Notes issued	6 month USD LIBOR plus 0.23%	-	3,622,869
PLN Notes issued	6 month WIBOR less 0.92%	-	2,330,780
		-	90,765,440
Financial liabilities with a maturity greater than 1 year			
CLASS	**COUPON**		
EUR Notes issued	6 month EURIBOR less 0.07%	302,960,698	-
USD Notes issued	6 month USD LIBOR plus 0.23%	44,317,574	6,082,058
CZK Notes issued	6 month PRIBOR less 0.27%	29,750,117	17,088,589
PLN Notes issued	6 month WIBOR less 0.92%	2,624,590	5,243,516
HUF Notes issued	6 month BUBOR less 0.15%	52,873	57,157
		379,705,852	28,471,320
Long Duration			
Financial liabilities with a maturity greater than 1 year			
CLASS	**COUPON**		
EUR Notes issued	6 month EURIBOR plus 0.15%	448,166,930	172,105,393
USD Notes issued	6 month USD LIBOR plus 0.49%	259,858,467	128,488,528
CZK Notes issued	6 month PRIBOR plus 0.08%	34,313,300	35,882,536
		742,338,697	336,476,457
		1,122,044,549	455,713,217

In addition to the floating rate coupon, the notes issued also carry a return in the form of a profit participating "excess spread". Due to this profit participating excess spread, the notes effectively receive a pro-rata share of all realised income and gains in excess of a reserved profit amount net of other expenses. The Company is entitled to retain a reserved profit of €1,000 per annum. All of the notes issued by the Company are held by KBC Life Assurance companies, Capital Protected Funds and Arcade Finance Plc, which have KBC Asset Management NV acting as portfolio manager. All notes issued are listed on the Irish Stock Exchange and are limited recourse. The noteholders have the right to early redeem notes until the final maturity date by providing an exercise notice to the paying agent.

All of the short duration noteholders share all of the risks of investments in the short duration portfolio on a pro-rata basis. All of the long duration noteholders share all of the risks of investments in the long duration portfolio on a pro-rata basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Financial liabilities designated at fair value through profit or loss (continued)

The maturity profile of the notes issued is as follows:

Short Duration	**As at 30/04/2015 €**	**As at 30/04/2014 €**
EUR Notes issued		
Maturing on 10/01/2040 *(2014: Maturing on 10/01/2015)*	66,516,917	13,194,958
Maturing on 10/02/2040 *(2014: Maturing on 10/02/2015)*	5,068,791	3,727,722
Maturing on 23/03/2040 *(2014: Maturing on 23/09/2014)*	83,988,780	3,551,154
Maturing on 23/04/2040 *(2014: Maturing on 23/10/2014)*	34,853,811	4,275,113
Maturing on 10/05/2040 *(2014: Maturing on 10/11/2014)*	71,043,055	26,225,651
Maturing on 22/06/2040 *(2014: Maturing on 23/12/2014)*	41,489,344	27,535,579
	302,960,698	78,510,177
CZK Notes issued		
Maturing on 10/01/2040 *(2014: Maturing on 10/07/2015)*	19,185,255	16,473,257
Maturing on 23/03/2040 *(2014: Maturing on 23/03/2015)*	9,765,442	6,301,614
Maturing on 10/05/2040 *(2014: Maturing on 08/05/2015)*	799,420	615,332
	29,750,117	23,390,203
USD Notes issued		
Maturing on 10/01/2040 *(2014: Maturing on 10/01/2015)*	39,729,703	3,622,869
Maturing on 23/03/2040 *(2014: Maturing on 23/09/2015)*	4,587,871	6,082,058
	44,317,574	9,704,927
HUF Notes issued		
Maturing on 10/01/2040 *(2014: Maturing on 10/07/2015)*	52,873	57,157
PLN Notes issued		
Maturing on 10/01/2040 *(2014: Maturing on 10/07/2015)*	2,092,320	5,243,516
Maturing on 23/03/2040 *(2014: Maturing on 23/03/2015)*	532,270	2,330,780
	2,624,590	7,574,296
Long Duration		
EUR Notes issued		
Maturing on 10/01/2040 *(2014: Maturing on 10/01/2017)*	85,299,349	52,073,453
Maturing on 23/03/2040 *(2014: Maturing on 23/03/2017)*	109,629,387	34,768,459
Maturing on 23/04/2040 *(2014: Maturing on 21/10/2016)*	79,551,473	24,778,687
Maturing on 10/05/2040 *(2014: Maturing on 10/05/2017)*	87,937,822	22,764,269
Maturing on 22/06/2040 *(2014: Maturing on 23/06/2017)*	85,748,899	37,720,525
	448,166,930	172,105,393
CZK Notes issued		
Maturing on 10/01/2040 *(2014: Maturing on 10/01/2017)*	34,313,300	35,882,536
USD Notes issued		
Maturing on 10/01/2040 *(2014: Maturing on 10/01/2017)*	259,858,467	128,488,528

A summary maturity analysis of the notes issued is as follows: Amounts falling due	**As at 30/04/2015 €**	**As at 30/04/2014 €**
Within one year	-	90,765,440
1 – 2 years	-	28,471,320
2 – 5 years	-	336,476,457
Greater than 5 years	1,122,044,549	
	1,122,044,549	455,713,217

During the financial year, the maturity dates on all notes issued by the Company both under the long duration and short duration portfolios were amended to dates in 2040.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Financial liabilities designated at fair value through profit or loss (continued)

The notes issued are designated as financial liabilities at fair value through profit or loss. The fair value movement on financial liabilities is due to a combination of market and credit/counterparty risk factors but information regarding the split is not available.

16. Called up share capital

	As at 30/04/2015 €	As at 30/04/2014 €
Authorised		
40,000 ordinary shares at €1 each	40,000	40,000
Issued and fully paid up		
40,000 ordinary shares at €1 each	40,000	40,000

The holders of shares have the right to receive notice of, attend and vote at general meetings of the Company. The holder of each share has the right to one vote. Upon winding up, if net assets are insufficient to repay the whole paid up share capital, then the net assets will be distributed in proportion to the shares held by a shareholder. Upon winding up, if net assets are in excess of the whole paid up share capital, then the excess will also be distributed in proportion to the shares held by a shareholder.

The holders of shares are entitled to receive dividends when they are declared according to the proportion of shares held.

17. Segment analysis

The Company has one reportable segment. The reportable segment involves the repacking of investments on behalf of investors, which are bought from the market and subsequently securitised to avail of potential market opportunities and risk-return asymmetries. KBC Asset Management NV has been appointed as portfolio manager to the Company. At the start date of the Company KBC Asset Management NV entered into a portfolio management agreement with the Company. Under this portfolio management agreement KBC Asset Management NV decides on how the resources of the Company are allocated in line with the strict terms and eligibility criteria as set out in the Company's Prospectus and assesses the performance of the investments held by the Company. The Prospectus was agreed upon by the directors at the start date of the Company and the directors have approved all subsequent updates to the Prospectus. The directors review the performance of the Company and KBC Asset Management NV report to the directors on a quarterly basis.

KBC Asset Management NV is deemed to be the chief operating decision maker as it decides on how the resources of the Company are allocated as well as assessing the performance of the investments held.

The following is the information reviewed by KBC Asset Management NV in deciding how resources are allocated and assessing the performance of the investments held:

- Credit quality of investments held – the credit quality of investments held are reviewed on a monthly basis by KBC Asset Management NV. The breakdown of the credit ratings of the investments held by the Company is set out in Note 18(a) "Financial instruments, principal risks and uncertainties: Credit/counterparty risk". The KBC Asset Management NV Risk department also rate the notes issued by the Company. This rating is based on the weighted average credit rating of the investments held by the Company. At 30 April 2015, the credit rating assigned to the short duration notes and long duration notes issued by the Company by the KBC Asset Management Risk Department was A+ and AA- respectively *(2014: A and A+ respectively)*.
- Liquidity and Asset Liability Management ("ALM") ratios – the liquidity and ALM ratios of the Company are reviewed on a monthly basis. The ALM ratio is reviewed to see if the Company is underinvested and whether the maturity/liquidity breakdown of the investments held is sufficient to meet the obligations to repay the notes. The liquidity breakdown is set out in Note 18(c) "Financial instruments, principal risks and uncertainties: Liquidity risk". At 30 April 2015 the Company's short duration portfolio is deemed to be underinvested by 0.87% *(2014: 1.21%)* and the long duration portfolio is deemed to be overinvested by 6.54% *(2014: 5.53%)*. The level of note redemptions/subscriptions are also reviewed as this is a key driver in whether the Company has to sell investments or whether it can buy investments as note redemptions will primarily have to be funded through investment disposals. The net note subscriptions for the financial year ended 30 April 2015 are set out in the cash flow from financing activities in the Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Segment analysis (continued)

- Country and industry exposure – the exposure the Company has to countries and industries is reviewed by KBC Asset Management NV on a monthly basis. The level of exposure to countries and industries is decided upon by the KBC Asset Management NV Allocation Committee. The country and industrial exposure limits set by the KBC Asset Management NV Allocations Committee is a driver in what investments are purchased and sold. The industrial sector and country breakdown of investments held at 30 April 2015 are set out in Note 18(b) "Financial instruments, principal risks and uncertainties: Concentration risk".
- Market prices and market price fluctuations – daily market price fluctuations on all investments held are reviewed by relevant KBC Asset Management NV front office staff. The market value of investments is also a key driver in what investments are purchased and sold and the movement in market value is a key performance indicator reviewed by the KBC Asset Management NV front office staff assigned to the Company. The market value as at 30 April 2015 for investments held is set out in Note 12 "Financial assets designated at fair value through profit or loss". The movement in market value for the financial year ended 30 April 2015 ("movement in unrealised gain/loss on investments") is also set out in Note 12 "Financial assets designated at fair value through profit or loss".

The Company earns interest income from its portfolio of investments which includes bonds, commercial papers and time deposits. The breakdown of interest income for the year is as follows:

	Year ended 30/04/2015 €	**Year ended 30/04/2014 €**
Interest income from bonds	22,451,889	13,396,592
Interest income from commercial papers	69,589	119,150
Interest income from time deposits	111,159	162,488
	22,632,637	13,678,230

The country breakdown of interest income for the year is as follows:

	Year ended 30/04/2015 €	**Year ended 30/04/2014 €**
France	4,181,838	1,844,681
The Netherlands	3,701,395	2,046,198
United States of America	3,563,014	1,720,943
Belgium	2,139,188	1,882,014
Sweden	1,649,680	785,775
United Kingdom	1,464,613	1,268,199
Australia	1,340,256	1,080,450
Poland	772,995	250,048
Canada	597,473	564,117
Denmark	556,186	374,858
Austria	499,033	88,057
Norway	411,081	135,966
Switzerland	401,529	218,246
Spain	324,268	429,313
Ireland	242,098	128,442
Finland	210,137	232,911
Germany	202,307	189,535
Italy	171,544	250,776
Japan	85,334	6,464
Slovakia	77,698	133,360
Luxembourg	16,600	23,136
Rest of Europe	24,370	24,741
	22,632,637	13,678,230

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Segment analysis (continued)

The country breakdown of non-current investments and non-current derivatives held at year end is as follows:

	As at 30/04/2015	As at 30/04/2014
Non-current investments	€	€
France	242,868,069	47,172,076
The Netherlands	183,675,460	64,732,654
United States of America	146,039,634	46,455,496
Sweden	78,859,801	32,013,805
Belgium	69,261,519	52,085,814
United Kingdom	58,587,051	33,389,844
Austria	50,291,262	13,118,982
Australia	48,552,250	38,955,227
Norway	36,863,406	9,864,173
Canada	23,902,703	15,888,134
Finland	19,193,996	9,614,294
Switzerland	15,963,497	4,528,589
Ireland	13,271,960	5,000,470
Germany	12,430,714	2,455,433
Denmark	11,539,414	8,557,879
Slovakia	6,669,413	4,519,738
Poland	4,722,686	6,361,720
Italy	4,614,920	8,903,980
Luxembourg	3,526,880	-
Japan	3,387,801	-
Spain	2,606,943	13,079,878
Rest of Europe	822,788	827,885
	1,037,652,167	417,526,071
Non-current derivatives		
Belgium	(67,362,500)	(27,479,088)
	(67,362,500)	(27,479,088)

Due to the diversity of the portfolio of investments held no interest income earned from an individual investment exceeds 10% of total interest income for the financial year ended 30 April 2015.

18. Financial instruments, principal risks and uncertainties

The principal risks and uncertainties of the business relate to credit/counterparty risk, concentration risk, liquidity risk, market risk and operational risk.

(a) Credit/counterparty risk

Credit/counterparty risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's portfolio of investments and derivatives. All the short duration noteholders share all of the risks and rewards of the investments in the short duration portfolio on a pro-rata basis and all the long duration noteholders share the risks and rewards of the investments in the long duration portfolio on a pro-rata basis.

	As at 30/04/2015	As at 30/04/2014
Short Duration	€	€
Financial assets designated at fair value through profit or loss	418,824,306	119,792,988
Derivatives held for trading	2,167,890	122,982
Cash and cash equivalents	3,366,702	2,326,202
Interest receivable on investments	4,448,130	1,322,910
Bond lending fee income receivable	11,331	2,171
Amounts receivable from broker	1,438,216	194
	430,256,575	123,567,447

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(a) Credit/counterparty risk (continued)

Long Duration	**As at 30/04/2015 €**	**As at 30/04/2014 €**
Financial assets designated at fair value through profit or loss	758,091,560	363,077,504
Derivatives held for trading	3,816,548	632,566
Cash and cash equivalents	2,624,488	932,119
Interest receivable on investments	7,473,977	3,998,129
Bond lending fee income receivable	34,461	9,670
Amounts receivable from broker	26,919,562	21,185
Withholding tax receivable	280,546	-
	799,241,142	368,671,173

No financial asset is past due. The Company's net exposure to credit/counterparty risk is minimal as the notes issued by it are limited recourse. Consequently, any loss suffered on the assets held will reduce the amount which the Company is required to pay to the noteholders and therefore does not result in a loss to the Company. Management have outsourced the responsibility of monitoring credit/counterparty risk to KBC Asset Management NV.

KBC Asset Management NV's Risk department monitors the credit/counterparty risk for the investments held by the Company by monitoring external credit ratings for the investments held by the Company on a monthly basis. The following are the minimum credit ratings for investments held by the Company, which the KBC Asset Management NV's Risk department monitors during its review:

- The minimum short term credit rating is at least A-1 from Standard & Poor's or an equivalent short term credit rating from Moody's or Fitch. If a short term security is not rated by any of these credit rating agencies, it must have a short term credit/counterparty risk profile equivalent to, or better than, in the opinion of the KBC Asset Management NV's Risk department, a short term credit rating of A-1 from Standard & Poor's.
- The minimum longer term credit rating is at least A- from Standard & Poor's or an equivalent long term credit rating from Moody's or Fitch. If a long term security is not rated by any of these credit rating agencies, it must have a long term credit/counterparty risk profile equivalent to, or better than, in the opinion of the KBC Asset Management NV's Risk department, a long term credit rating of A- from Standard & Poor's.
- There are certain specified securities in the Company's prospectus that may be invested into even if they fall outside the above credit ratings. There is a maximum notional amount that can be invested into these specified securities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(a) Credit/counterparty risk (continued)

The following is the breakdown of the credit ratings for the financial assets designated at fair value through profit or loss held by the Company as at 30 April 2015. The financial assets are assigned either a long term or short term credit rating based on their original maturity at the date of purchase:

Short Duration

Rating	**Rating agency**	**As at 30/04/2015**	**As at 30/04/2014**
Long term		%	%
AAA	Standard & Poor's	6.61	4.08
AA+	Standard & Poor's	3.06	0.52
AA	Standard & Poor's	7.02	15.62
AA-	Standard & Poor's	9.28	22.26
A+	Standard & Poor's	17.95	1.29
A	Standard & Poor's	19.95	8.08
A-	Standard & Poor's	13.43	12.09
BBB+	Standard & Poor's	0.13	-
Aaa	Moody's	1.65	-
Aa1	Moody's	1.58	3.12
Aa2	Moody's	0.09	
Aa3	Moody's	1.64	0.82
A2	Moody's	6.06	-
A3	Moody's	0.34	-
Baa1	Moody's	0.26	-
Baa2	Moody's	-	1.25
Ba1	Moody's	1.19	4.17
A	Fitch	1.07	-
		91.31	73.30
Short term			
A-1+	Standard & Poor's	-	4.92
A-1	Standard & Poor's	6.45	13.14
A-2	Standard & Poor's	0.95	-
F1+	Fitch	-	4.00
F1	Fitch	1.29	4.64
		8.69	26.70

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(a) Credit/counterparty risk (continued)

Long Duration

Rating	**Rating agency**	**As at 30/04/2015**	**As at 30/04/2014**
Long term		%	%
AAA	Standard & Poor's	5.28	1.63
AA+	Standard & Poor's	5.44	2.15
AA	Standard & Poor's	7.91	6.04
AA-	Standard & Poor's	13.13	13.93
A+	Standard & Poor's	12.40	6.07
A	Standard & Poor's	22.78	22.73
A-	Standard & Poor's	9.92	11.31
Aaa	Moody's	10.42	8.18
Aa1	Moody's	4.87	4.29
Aa2	Moody's	0.61	0.70
Aa3	Moody's	1.80	3.77
A1	Moody's	-	4.72
A2	Moody's	1.23	1.76
A3	Moody's	0.71	-
Baa3	Moody's	1.71	0.60
Ba1	Moody's	-	2.95
Aaa	Fitch	0.93	1.89
AA	Fitch	0.34	0.69
A	Fitch	0.19	1.87
A-	Fitch	0.21	0.96
		99.88	96.24
Short term			
A-1+	Standard & Poor's	0.12	1.28
A-1	Standard & Poor's	-	1.68
F1+	Fitch	-	0.80
		0.12	3.76

As at 30 April 2015, one bond had a S&P rating of BBB+, one bond had a Moody's rating of Baa1, one bond had a Moody's rating of Ba1 and four bonds had a Moody's rating of Baa3. At the date these bonds were purchased they met the minimum credit rating. The holding of these investments was approved by the KBC Asset Management NV Allocation Committee. All other holdings meet the minimum rating requirements. KBC Bank NV is the swap counterparty for all derivatives held for trading. All cash balances are also held with KBC Bank NV. KBC Bank NV had an "A-1" *(30 April 2014: "A-1")* short term rating and an "A" (30 April 2014: "A") long term credit rating from Standard & Poor's as at 30 April 2015.

All collateral cash balances and money market funds investments obtained and re-invested under the bond lending agreement are held with Société Générale S.A.. Société Générale S.A. had an "A-1" *(30 April 2014: "A-1")* short term rating and an "A" *(30 April 2014: "A")* long term credit rating from Standard & Poor's as at 30 April 2015. The credit/counterparty risk under the bond lending agreement is with Société Générale S.A. due to the indemnity that Société Générale S.A. has given to the Company. If the counterparty defaults and does not return the lent bonds and if the proceeds from the re-invested collateral (collateral cash balances and money market funds) is not sufficient or there is no collateral available, the purchase of replacement securities to the bonds lent shall be made at the expense of Société Générale S.A..

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(a) Credit/counterparty risk (continued)

KBC Asset Management NV's Risk department monitors the credit/counterparty risk for the derivatives entered into by the Company. Derivative counterparties are required to be eligible financial institutions. Eligible financial institutions are defined as any financial institution subject to prudential rules applicable to financial institutions having their registered offices in the European Economic Area, or equivalent prudential rules. KBC Bank NV is deemed to be an eligible financial institution throughout 2014 and 2015. The Company has entered into an ISDA Master Agreement and Credit Support Annex with KBC Bank NV.

All derivatives entered into the Company have to be fully collateralised. The Company's portfolio manager in KBC Asset Management NV calculates collateral requirements and appropriate collateral postings are made on a fortnightly basis. The collateral postings are monitored by KBC Asset Management NV risk department. The main forms of collateral are cash and government bonds. If the derivative counterparty defaults then the Company can take possession of the collateral.

(b) Concentration risk

The Company's financial assets designated at fair value through profit or loss were concentrated in the following industrial sector types and geographical locations:

Industrial sector	**As at 30/04/2015**	**As at 30/04/2014**
Short Duration	%	%
Banking and financial services	78.43	72.40
Government	14.80	22.62
Automobiles	1.97	0.27
Pharmaceuticals	1.36	-
Energy equipment and services	1.29	4.71
Energy utilities	0.87	-
Electric utilities	0.78	-
Telecommunications	0.26	-
Beverages	0.24	-
	100.00	100.00
Long Duration		
Banking & financial services	73.83	75.39
Government	13.21	16.50
Energy equipment and services	1.88	1.60
Gas utilities	1.79	-
Pharmaceuticals	1.73	0.89
Beverages	1.11	1.03
Telecommunications	0.98	1.65
Electric utilities	0.86	0.20
Conglomerates	0.84	-
Chemicals	0.79	-
Textiles, apparel and luxury goods	0.70	-
Food products	0.60	-
Road and rail	0.43	-
Automobiles	0.42	2.16
Software	0.30	-
Energy utilities	0.29	-
Computers and peripherals	0.24	-
Electrical equipment	-	0.58
	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(b) Concentration risk (continued)

Country *Short Duration*	**As at 30/04/2015** %	**As at 30/04/2014** %
The Netherlands	18.20	0.52
France	16.24	3.89
Belgium	11.69	20.28
United States of America	9.69	13.22
Sweden	9.45	9.18
Poland	6.92	3.08
United Kingdom	5.75	1.25
Denmark	4.64	2.04
Germany	3.45	10.42
Austria	2.97	-
Australia	2.70	7.71
Ireland	2.41	4.17
Norway	1.87	-
Finland	1.29	4.71
Luxembourg	0.72	1.59
Italy	0.72	1.25
Slovakia	0.51	-
Japan	0.47	7.93
Canada	0.22	8.76
Spain	0.09	-
	100.00	100.00

Long Duration	**As at 30/04/2015** %	**As at 30/04/2014** %
France	25.99	13.72
United States of America	15.28	10.92
The Netherlands	14.17	17.66
Sweden	7.04	7.60
United Kingdom	6.44	9.20
Australia	5.70	8.25
Austria	4.99	3.61
Norway	4.18	2.72
Belgium	3.83	8.93
Canada	3.03	1.48
Switzerland	2.11	1.25
Finland	1.82	1.09
Germany	1.10	1.87
Ireland	1.08	1.72
Poland	0.62	0.74
Italy	0.61	2.45
Slovakia	0.60	1.24
Luxembourg	0.47	-
Japan	0.45	-
Spain	0.29	3.60
Other	0.20	1.95
	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company hedges liquidity risk through the issuance of notes with similar maturity dates as the investments to be acquired with the issuance proceeds and with corresponding payment dates on the notes issued to the investments held. It also hedges liquidity risk by investing a significant percentage of the issuance proceeds into short term liquid investments. Management have outsourced the responsibility of monitoring liquidity risk to KBC Asset Management NV.

As at 30 April 2015

	Carrying amount	Gross contractual cash flows	Within one year	Greater than one year
	€	€	€	€
Financial assets designated at fair value through profit or loss	1,176,915,866	1,107,625,078	137,709,550	969,915,528
Derivatives held for trading	5,984,438	5,984,438	610,396	5,374,042
Cash and cash equivalents	5,991,190	5,991,190	5,991,190	-
Interest receivable on investments	11,922,107	302,954,956	43,983,959	258,970,997
Bond lending fee income receivable	45,792	45,792	45,792	-
Other receivables	280,546	280,546	280,546	-
Amounts receivable from broker	28,357,778	28,357,778	28,357,778	
	1,229,497,717	1,451,239,778	216,979,211	1,234,260,567
Financial liabilities designated at fair value through profit or loss	(1,122,044,549)	(1,052,753,760)	-	(1,052,753,760)
Derivatives held for trading	(77,945,293)	(77,945,293)	(5,208,751)	(72,736,542)
Interest payable on notes issued	(983,045)	(292,015,895)	(33,044,898)	(258,970,997)
Expense accruals	(15,301)	(15,301)	(15,301)	-
Amounts payable to broker	(28,467,248)	(28,467,248)	(28,467,248)	-
Taxation payable	(250)	(250)	(250)	-
	(1,229,455,686)	(1,451,197,747)	(66,736,448)	(1,384,461,299)
	42,031	42,031	150,242,763	(150,200,732)

As at 30 April 2014

	Carrying amount	Gross contractual cash flows	Within one year	Greater than one year
	€	€	€	€
Financial assets designated at fair value through profit or loss	482,870,492	456,132,105	65,420,611	390,711,494
Derivatives held for trading	755,548	755,548	174,213	581,335
Cash and cash equivalents	3,258,321	3,258,321	3,258,321	-
Interest receivable on investments	5,321,039	185,186,230	18,702,166	166,484,064
Bond lending fee income receivable	11,841	11,841	11,841	-
Amounts receivable from broker	21,379	21,379	21,379	-
	492,238,620	645,365,424	87,588,531	557,776,893
Financial liabilities designated at fair value through profit or loss	(455,713,217)	(428,974,829)	(90,484,927)	(338,489,902)
Derivatives held for trading	(28,475,812)	(28,475,812)	(415,389)	(28,060,423)
Interest payable on notes issued	(722,289)	(180,587,481)	(14,103,417)	(166,484,064)
Expense accruals	(21,875)	(21,875)	(21,875)	-
Amounts payable to broker	(7,263,146)	(7,263,146)	(7,263,146)	-
	(492,196,339)	(645,323,143)	(112,288,754)	(533,034,389)
	42,281	42,281	(24,700,223)	24,742,504

18. Financial instruments, principal risks and uncertainties (continued)

(d) Market risk

Market risk represents the potential for both losses and gains and includes currency risk, interest rate risk and other price risk. Management have outsourced the responsibility of monitoring market risk to KBC Asset Management NV.

(i) Currency risk

The Company is exposed to exchange rate movements between EUR, its functional currency, and certain foreign currencies, namely Czech Koruna (CZK), US Dollar (USD), British Pound (GBP), Hungarian Forint (HUF), Swedish Krona (SEK) and Polish Zloty (PLN). The Company's financial statements are denominated in EUR while the investments purchased by the Company can be denominated in other currencies.

Changes in rates of exchange may have an effect on the value of or the income from these investments. The Company manages currency risk by issuing notes in currencies other than EUR and through entering into cross currency swaps and currency forwards.

The Company used the following exchange rates to retranslate balances denominated in foreign currencies at the statement of financial position date:

	As at 30/04/2015 €	**As at 30/04/2014 €**
USD	1.1206	1.3866
GBP	0.7292	0.8212
CZK	27.4290	27.4675
HUF	303.2050	307.3200
PLN	4.0442	4.1978
SEK	9.3570	9.0350

Details of the foreign currency investments held by and notes issued by the Company are shown below along with the foreign currency swaps and foreign currency forwards entered into to mitigate currency risk on investments acquired in different currencies to the notes issued.

As at 30 April 2015

	CZK €	**USD €**	**GBP €**	**HUF €**	**PLN €**	**SEK €**	**Total €**
Investments held (at nominal amounts)							
- Short duration	-	44,464,772	11,409,764	46,173	2,546,857	5,343,593	63,811,159
- Long duration	4,921,798	203,792,610	-	-	-	-	208,714,408
	4,921,798	248,257,382	11,409,764	46,173	2,546,857	5,343,593	272,525,567
Cash and cash equivalents							
- Short duration	1,742,950	134,438	1	4,860	9,895	4	1,892,148
- Long duration	1,109,004	1,234,925	-	-	-	-	2,343,929
	2,851,954	1,369,363	1	4,860	9,895	4	4,326,077
Notes issued (at nominal amounts)							
- Short duration	(29,707,609)	(44,255,053)	-	(52,770)	(2,619,801)	-	(76,635,233)
- Long duration	(32,024,500)	(242,540,717)	-	-	-	-	(274,565,217)
	(61,732,109)	(286,795,770)	-	(52,770)	(2,619,801)	-	(351,200,450)
	(53,958,357)	(37,169,025)	11,409,765	(1,737)	(63,049)	5,343,597	(74,438,806)

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(d) Market risk (continued)

(i) Currency risk (continued)

As at 30 April 2014

	CZK €	USD €	GBP €	HUF €	PLN €	SEK €	Total €
Investments held (at nominal amounts)							
- Short duration	-	22,429,772	10,132,132	55,642	4,561,913	5,533,422	42,712,881
- Long duration	4,914,899	107,846,814	-	-	-	-	112,761,713
	4,914,899	130,276,586	10,132,132	55,642	4,561,913	5,533,422	155,474,594
Cash and cash equivalents							
- Short duration	2,213,500	19,437	-	239	36,479	5	2,269,660
- Long duration	863,866	48,711	-	-	-	-	912,577
	3,077,366	68,148	-	239	36,479	5	3,182,237
Notes issued (at nominal amounts)							
- Short duration	(23,314,827)	(9,675,814)	-	(56,944)	(7,551,575)	-	(40,599,160)
- Long duration	(33,559,661)	(120,173,813)	-	-	-	-	(153,733,474)
	(56,874,488)	(129,849,627)	-	(56,944)	(7,551,575)	-	(194,332,634)
	(48,882,223)	495,107	10,132,132	(1,063)	(2,953,183)	5,533,427	(35,675,803)

The cross currency swaps and currency forwards entered into to mitigate currency risk on investments acquired in different currencies to the notes issued are as follows:

As at 30 April 2015

	CZK €	USD €	GBP €	PLN €	SEK €	Total €
Swaps (at nominal amounts)						
- Short duration	(28,430,000)	783,939	11,409,764	-	5,343,593	(10,892,704)
- Long duration	(23,703,202)	(42,746,496)	-	-	-	(66,449,698)
Forwards (at nominal amounts)						
- Short duration	(499,650)	-	-	-	-	(499,650)
- Long duration	-	-	-	-	-	-
	(52,632,852)	(41,962,557)	11,409,764	-	5,343,593	(77,842,052)

As at 30 April 2014

	CZK €	USD €	GBP €	PLN €	SEK €	Total €
Swaps (at nominal amounts)						
- Short duration	(19,259,000)	12,727,327	10,132,132	(2,889,000)	5,533,422	6,244,881
- Long duration	(25,585,101)	(27,283,397)	-	-	-	(52,868,498)
Forwards (at nominal amounts)						
- Short duration	(2,493,422)	-	-	-	-	(2,493,422)
- Long duration	(499,913)	-	-	-	-	(499,913)
	(47,837,436)	(14,556,070)	10,132,132	(2,889,000)	5,533,422	(49,616,952)

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(d) Market risk (continued)

(ii) Interest rate risk

The Company is exposed to changes in its cost of financing arising from movements in the EURIBOR, GBP and USD LIBOR, PRIBOR, BUBOR and WIBOR rates which respectively form the basis of the interest payments on the EUR, USD, CZK, HUF and PLN senior notes issued by it. Increases in these rates increase the cost of funding. Due to the limited recourse nature of the notes issued, the Company is only required to pay the interest if it has collected sufficient funds to cover the amount due after having retained a reserved profit of €1,000 per annum for the Company. As such the Company has no net exposure to interest rate risk.

The interest rate risk profile of the Company's financial assets and liabilities designated at fair value was as follows:

As at 30 April 2015

Financial assets designated at fair value through profit or loss	**Maturity within 1 year €**	**Maturity greater than 1 year €**
Floating rate		
- Short duration	13,871,224	6,420,249
- Long duration	-	51,485,527
	13,871,224	57,905,776
Fixed rate		
- Short duration	124,492,691	274,040,142
- Long duration	899,784	705,706,249
	125,392,475	979,746,391
	139,263,699	1,037,652,167

Financial liabilities designated at fair value through profit or loss	**Maturity within 1 year €**	**Maturity greater than 1 year €**
Floating rate		
- Short duration	-	(379,705,852)
- Long duration	-	(742,338,697)
	-	(1,122,044,549)
Derivatives held for trading		
- Short duration	(4,598,705)	(16,536,161)
- Long duration	-	(50,826,339)
	(4,598,705)	(67,362,500)

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

As at 30 April 2014

	Maturity within 1 year	Maturity greater than 1 year
Financial assets designated at fair value through profit or loss	**€**	**€**
Floating rate		
- Short duration	10,505,953	10,644,450
- Long duration	6,243,173	6,413,512
	16,749,126	17,057,962
Fixed rate		
- Short duration	34,947,472	63,695,113
- Long duration	13,647,823	336,772,996
	48,595,295	400,468,109
	65,344,421	417,526,071
Financial liabilities designated at fair value through profit or loss		
Floating rate		
- Short duration	(90,765,440)	(28,471,320)
- Long duration	-	(336,476,457)
	(90,765,440)	(364,947,777)
Derivatives held for trading		
- Short duration	(394,062)	(3,626,428)
- Long duration	151,740	(23,852,660)
	(242,322)	(27,479,088)

(iii) Other price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in the market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The financial assets designated at fair value through profit or loss held by the Company, as disclosed in Note 12, are exposed to price risk but the Company has no net exposure to price risk due to the fact that the notes issued by it are limited recourse to the investments acquired with the issuance proceeds. Consequently, any price gains or losses on the investments held are exactly offset by corresponding gains or losses on the notes issued with no loss to the Company. There are no differences in the exposure to price risk between individual series of notes issued by the Company.

Each series of note is exposed to a pro-rata share of the gains or losses on the investments held. KBC Asset Management NV, the Company's portfolio manager monitors market price fluctuations on the investments held by the Company on a daily basis. Market price fluctuations are one of the key drivers in the investment allocations made by the portfolio manager. Market prices are obtained from independent price sources. KBC Asset Management NV also monitors the Company's exposures to countries and industries. The limiting of exposures to various countries and industries is a key method of managing price risk. The Company's exposure to countries and industries is set out in Note 18(b) "Financial instruments, principal risks and uncertainties: Concentration risk". Another key method is that the Company can only hold investments with a minimum credit rating. The credit rating breakdown of investments held is set out in Note 18(a) "Financial instruments, principal risks and uncertainties: Credit/counterparty risk". The Company also manages price risk by investing in a diverse portfolio of investments. The Company may not hold 10% of investments in the same issuer and is limited to an aggregate investment of 40% in individual issuers of greater than 5% of investments held.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(e) Sensitivity analysis

(i) Currency risk

The Company purchases investments in multiple currencies. These investment purchases are funded through the issuance of notes in either the same currency as the investment purchased or in a different currency to the investments acquired with currency risk being hedged through the use of swap and currency forward agreements. Any gains or losses in terms of currency movements on the investments are offset by corresponding movements on the related notes issued or swap agreements entered into.

The Company's sensitivity to a movement in each applicable currency exchange rate is set out below (prior to the impact of derivative movements). The rates used in the sensitivity analysis per currency are as follows:

	2015	2014
USD	16%	17%
CZK	11%	12%
HUF	16%	16%
PLN	17%	18%
GBP	15%	16%

As at 30 April 2015

	CZK	USD	GBP	HUF	PLN
	€	€	€	€	€
Investments held (at nominal amounts)					
- Short duration	-	6,133,072	1,488,230	6,369	370,056
- Long duration	487,746	28,109,325	-	-	-
	487,746	34,242,397	1,488,230	6,369	370,056
Cash and cash equivalents					
- Short duration	172,725	18,543	-	670	1,438
- Long duration	109,901	170,334	-	-	-
	282,626	188,877	-	670	1,438
Notes issued (at nominal amounts)					
- Short duration	2,943,997	6,104,145	-	7,279	380,655
- Long duration	3,173,599	33,453,892	-	-	-
	6,117,596	39,558,037		7,279	380,655

As at 30 April 2014

	CZK	USD	GBP	HUF	PLN
	€	€	€	€	€
Investments held (at nominal amounts)					
- Short duration	-	3,259,027	1,397,535	7,675	695,885
- Long duration	526,596	15,670,050	-	-	-
	526,596	18,929,077	1,397,535	7,675	695,885
Cash and cash equivalents					
- Short duration	237,161	2,824	-	33	5,565
- Long duration	92,557	7,078	-	-	-
	329,718	9,902	-	33	5,565
Notes issued (at nominal amounts)					
- Short duration	2,498,017	1,405,888	-	7,854	1,151,935
- Long duration	3,595,678	17,461,152	-	-	-
	6,093,695	18,867,040	-	7,854	1,151,935

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(e) Sensitivity analysis (continued)

(ii) Interest rate risk

Due to the limited recourse nature of the notes issued, the Company is only required to pay the interest if it has collected sufficient funds to cover the amount due after having retained a reserved profit of €1,000 per annum for the Company. As such the Company has no net exposure to interest rate risk.

The Company's sensitivity to an increase and decrease in interest rates is set out below. The rates used in the sensitivity analysis are as follows:

	2014	**2014**
EUR	3%	3%
USD	2%	2%
CZK	2%	2%
PLN	4%	4%

The Company does not monitor HUF due to the low level of notes issued in this currency.

	As at 30/04/2015 €	**As at 30/04/2014 €**
Short Duration		
EUR interest payable on notes issued	+/- 2,292	+/- 2,450
USD interest payable on notes issued	+/- 1,507	+/- 202
CZK interest payable on notes issued	+/- 201	+/- 253
PLN interest payable on notes issued	+/- 321	+/- 1,338
Long Duration		
EUR interest payable on notes issued	+/- 9,903	+/- 6,594
USD interest payable on notes issued	+/- 9,143	+/- 6,134
CZK interest payable on notes issued	+/- 513	+/- 1,148

(iii) Other price risk

The financial assets of the Company are subject to market fluctuations and the risks inherent in all investments. Any change in the fair value of the investments will be offset by a corresponding change in the fair value of the notes. The Company's sensitivity to a 5% increase and decrease in market prices is as follows:

	As at 30/04/2015 €	**As at 30/04/2014 €**
Short Duration		
Movement in fair value of bonds held for 5% change in market prices	+/- 19,120,563	+/- 4,390,222
Movement in fair value of commercial papers held for 5% change in market prices	+/- 1,691,009	+/- 1,368,614
Movement in fair value of time deposits held for 5% change in market prices	+/- 129,643	+/- 230,813
Long Duration		
Movement in fair value of bonds held for 5% change in market prices	+/- 37,653,806	+/- 17,264,839
Movement in fair value of commercial papers held for 5% change in market prices	+/- 44,989	+/- 682,391
Movement in fair value of time deposits held for 5% change in market prices	+/- 205,783	+/- 206,645

(f) Operational risk exposure

The Company has appointed KBC Asset Management NV as portfolio manager and administrator, KBC Bank NV as custodian and KBC Bank Ireland Plc as corporate accounting administrator. The successful operation of this Company is therefore reliant on KBC Group NV companies.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(g) Collateral

The total financial assets of the Company are charged to BNY Corporate Trustee Services Limited (the "Trustee") as follows:

	As at 30/04/2015	As at 30/04/2014
Financial assets designated at fair value through profit or loss	€	€
- Short duration	418,824,306	119,792,988
- Long duration	758,091,560	363,077,504
	1,176,915,866	482,870,492
Cash and cash equivalents		
- Short duration	3,366,702	2,326,203
- Long duration	2,624,488	932,118
	5,991,190	3,258,321

The assets are charged by way of first fixed security. The Trustee is required once the first fixed security becomes enforceable and the net proceeds are realised to apply the proceeds to clear the following ranked obligations on a pro rata basis:

- receivership costs;
- general administrative costs;
- interest to noteholders;
- repayment of principal to noteholders;
- any amounts payable to a swap counterparty; and
- the balance of proceeds (if any) to the Company.

The first fixed security is only enforceable on the occurrence of a continuing general event of default as described in the Company's Master Trust Deed. On such event the Trustee may at its discretion, or shall, if so requested in writing by the noteholders of at least one-fifth of the notes then outstanding or, if so directed by an Extraordinary Resolution of such noteholders, enforce the first fixed security. The following events are deemed to be general events of default:

- The Company defaults in the payment of any redemption amount or defaults for a period of 14 days or more in the payment of any sum other than redemption amounts due to noteholders
- The Company fails to perform or observe any of its obligations under the note term sheets or Trust Deed and such failure continues for a period of 30 days
- The Company is deemed to be unable to pay its debts as and when they fall due
- The Company is subject to any order made by any competent court or any resolution passed for the winding-up or dissolution of the company or subject to any insolvency, bankruptcy, compulsory liquidation, examination, controlled management procedures or suspension of payments

The terms and conditions for the first fixed security are set out in the Company's €40,000,000,000 Base Prospectus and Master Trust Deed and are usual and customary for note issuers.

The Company has pledged €21,058,369 (2014: €4,988,709) of its short duration investments and €56,734,731 (2014: €24,278,718) of its long duration investments as collateral for derivative contracts. Eligible investments that can be pledged as collateral are Euro denominated negotiable debt obligations issued by the governments of Austria, Belgium (including Flanders), Finland, France (including Caisse d'Amortissement de la Dette Sociale), Germany (including KfW Bankendgruppe), Italy, Luxembourg, the Netherlands, Czech Republic, Poland and the European Union provided that:

- the lower of the long term credit rating assigned to these investments is at least BBB+ under Standard & Poor's, Baa1 under Moody's or BBB+ under Fitch; and
- valuations for the investments can be obtained on a daily basis from the valuation agent.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(g) Collateral (continued)

The Company is involved in bond lending. Société Générale S.A. acts as the agent to lend bonds to an approved list of counterparties under the terms of a securities lending agreement. Bonds may only be lent to counterparties against the transfer of eligible collateral. Eligible collateral is cash in USD or EUR with a margin of 100.20% for any bonds lent with a remaining maturity less than 5 years and 101% for any bonds lent with a remaining maturity over 5 years. This collateral is then re-invested by the Company to earn a return. The following are the re-investment parameters under the securities lending agreement:

- Time deposits and cash accounts with credit institutions with their registered office in the EEA, at least an A1/P rating and approved beforehand by KBC Asset Management. Each of the credit institutions can hold maximum 20% of the collateral. Collateral delivered by a financial institution cannot be invested into an account or time deposit at the same financial institution.
- Maximum 100% in short money market funds provided that:
  - no money market fund accounts for more than 20% of the value of the collateral and;
  - the money market funds are approved by KBC Asset Management.
- Maximum 60% in government bonds, provided that:
  - rating at least AA- (Bloomberg Composite) and;
  - maximum remaining lifetime of 9 months and;
  - only government bonds of EU countries (excluding Luxembourg), the USA, Canada, Australia and Norway are eligible and;
  - maximum 20% of the Company's market value of the assets under management in any single sovereign issuer.
- The re-invested collateral is to be in the same currency as the collateral originally received from the securities lending counterparty.

The following is the breakdown of the bond lending and the collateral held by Société Générale S.A. on behalf of the Company:

	As at 30/04/2015 €	As at 30/04/2014 €
Short duration		
Bonds lent	170,914,743	2,540,182
Unsettled bond lending transaction	(11,232,725)	(871,923)
Cash collateral	(207,727)	(133,189)
Money market funds	(163,302,151)	(1,592,747)
	(3,827,860)	(57,677)
Long duration		
Bonds lent	328,647,299	26,683,939
Unsettled bond lending transaction	4,241,160	(4,746,238)
Cash collateral	(257,773)	(57,687)
Money market funds	(335,853,378)	(23,333,234)
	(3,222,692)	(1,453,220)

The cash collateral and money market funds are charged to BNY Corporate Trustee Services Limited. If the Company fails to return the collateral to the bond lending counterparties once the counterparty has returned the bonds lent the amounts due between the Company and the counterparty are offset. This in effect means that the counterparty will retain the bonds and will either pay over additional funds to the Company if the bonds are worth more than the collateral retained or the Company will be obligated to pay additional funds to the Counterparty if the bonds are worth less than the collateral retained by the Company.

(h) Fair values

The accounting policies regarding the fair value hierarchy are set out in Note 2(f) "Use of estimates and judgements" and Note 3(f) "Financial instruments: Fair Value Measurement Principles". All fair value measurements are recurring.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(h) Fair values (continued)

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities measured at fair value:

As at 30 April 2015

	Level 1	Level 2	Level 3	Total balance
	€	€	€	€
Financial assets designated at fair value through profit or loss				
Bonds	1,119,730,516	15,756,856	-	1,135,487,372
Commercial Papers	-	34,719,970	-	34,719,970
Time Deposits	-	6,708,524	-	6,708,524
	1,119,730,516	57,185,350	-	1,176,915,866
Derivatives held for trading				
Cross currency swaps	-	(11,548,978)	-	(11,548,978)
Interest rate swaps	-	(60,412,227)	-	(60,412,227)
Currency forwards	-	350	-	350
	-	(71,960,855)	-	(71,960,855)
Financial liabilities designated at fair value through profit or loss				
Notes issued	-	-	(1,122,044,549)	(1,122,044,549)
	-	-	(1,122,044,549)	(1,122,044,549)

As at 30 April 2014

	Level 1	Level 2	Level 3	Total balance
	€	€	€	€
Financial assets designated at fair value through profit or loss				
Bonds	411,149,256	21,951,961	-	433,101,217
Commercial Papers	-	41,020,099	-	41,020,099
Time Deposits	-	8,749,176	-	8,749,176
	411,149,256	71,721,236	-	482,870,492
Derivatives held for trading				
Cross currency swaps	-	(9,709,123)	-	(9,709,123)
Interest rate swaps	-	(18,012,287)	-	(18,012,287)
Currency forwards	-	1,146	-	1,146
	-	(27,720,264)	-	(27,720,264)
Financial liabilities designated at fair value through profit or loss				
Notes issued	-	-	(455,713,217)	(455,713,217)
	-	-	(455,713,217)	(455,713,217)

There were no transfers between levels during the year.

A reconciliation of all movements in the fair value of financial liabilities categorised within Level 3 is presented below:

	Level 3 Notes issued 30/04/2015	Level 3 Notes issued 30/04/2014
	€	€
Opening balance	455,713,217	471,083,057
Settled redemption of notes issued	(356,118,923)	(505,034,508)
Unsettled redemption of notes issued	(109,691)	-
Issuance of notes issued	974,108,888	495,755,620
Loss/(gain) on notes issued	48,451,058	(6,090,952)
Closing balance	1,122,044,549	455,713,217

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(h) Fair values (continued)

The inputs into the model used to determine the fair value of the notes issued which fall under Level 3 of the fair value hierarchy are set out in Note 3(f) "Financial Instruments: Fair Value Measurement Principles".

No sensitivity analysis for the impact of changes in these inputs is disclosed as:

- It is not practical to do so due to the diverse portfolio of the underlying investments and derivatives held by the Company.
- The Company has no net exposure to changes in fair valuation movements due to the limited recourse nature of the notes issued by the Company.

The financial assets and liabilities carried at amortised cost are short term financial assets and financial liabilities whose carrying amounts approximate fair value.

The following table sets out the fair values of financial assets and liabilities not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

As at 30 April 2015

	Level 1	**Level 2**	**Level 3**	**Total balance**
	€	**€**	**€**	**€**
Financial assets at amortised cost				
Cash and cash equivalents	-	5,991,190	-	5,991,190
Amounts receivable from broker	-	28,357,778	-	28,357,778
Interest receivable on investments	-	11,922,107	-	11,922,107
	-	46,271,075	-	46,271,075
Financial liabilities at amortised cost				
Amounts payable to broker	-	(28,467,248)	-	(28,467,248)
Interest payable on notes issued	-	(983,045)	-	(983,045)
Taxation payable	-	-	(250)	(250)
Expense accruals	-	-	(15,301)	(15,301)
	-	(29,450,293)	(15,551)	(29,465,844)

As at 30 April 2014

	Level 1	**Level 2**	**Level 3**	**Total balance**
	€	**€**	**€**	**€**
Financial assets at amortised cost				
Cash and cash equivalents	-	3,258,321	-	3,258,321
Amounts receivable from broker	-	21,379	-	21,379
Interest receivable on investments	-	5,321,039	-	5,321,039
	-	8,600,739	-	8,600,739
Financial liabilities at amortised cost				
Amounts payable to broker	-	(7,263,146)	-	(7,263,146)
Interest payable on notes issued	-	(722,289)	-	(722,289)
Expense accruals	-	-	(21,875)	(21,875)
	-	(7,985,435)	(21,875)	(8,007,310)

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial instruments, principal risks and uncertainties (continued)

(i) Offsetting financial assets and financial liabilities (continued)

The Company has entered into an ISDA Master Agreement and Credit Support Annex with KBC Bank NV. The ISDA Master Agreement creates a right of set-off of recognised amounts that is enforceable on event of default, insolvency or bankruptcy of the Company or KBC Bank NV. All derivatives entered into by the Company have to be fully collateralised on a net basis. The Company's portfolio manager in KBC Asset Management NV calculates collateral requirements and appropriate collateral postings are made on a fortnightly basis. Such collateral is subject to the standard industry terms of ISDA Master Agreements and Credit Support Annex. This means that securities received/given can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transactions on the counterparty's failure to post collateral.

There are no offsets of derivative financial assets and liabilities presented in the statement of financial position. The following table sets out the derivative financial assets and liabilities that are subject to an enforceable master netting arrangement and similar agreement by way of the ISDA Master Agreement and Credit Support Annex with KBC Bank NV.

	As at 30/04/2015 €	**As at 30/04/2014 €**
Derivatives held for trading		
Gross amount of financial assets	5,984,438	755,548
Gross amount of financial liabilities	(77,945,293)	(28,475,812)
Net derivatives held for trading liability	(71,960,855)	(27,720,264)
Bonds pledged as collateral	76,793,100	29,267,427
Net derivative exposure	4,832,245	1,547,163

The Company is engaged in bond lending under the terms of a securities lending agreement. Bonds may only be lent to counterparties against the transfer of eligible collateral. Details of this are set out in Note 18(g) "Financial instruments, principal risks and uncertainties: Collateral".

19. Related party transactions

All of the notes issued by the Company for the current and prior financial year are held by KBC Life Assurance companies, Capital Protected Funds and Arcade Finance Plc which have KBC Asset Management NV acting as portfolio manager. All interest expense for the current and prior financial year was paid to these companies. The directors of the Company are also directors of Arcade Finance Plc.

The Bank of New York Mellon (Ireland) Limited, the Company secretary, earned fees of €1,813 (*2014: €1,813)* for the financial year, €453 *(2014: €453)* of which was payable as at 30 April 2015.

Koenraad Van de Borne is a director of KBC Fund Management Limited a 100% subsidiary of the Company's portfolio manager and administrator. Christiaan Sterckx is a director of KBC Asset Management NV. KBC Asset Management NV earned fees of €679,390 *(2014: €456,027)* and €27,000 *(2014: €27,000)* respectively for its role as portfolio manager and administrator. Portfolio management fees and administrator fees payable as at 30 April 2015 was €Nil *(2014: €Nil)* and €Nil *(2014: €Nil)* respectively.

Christiaan Sterckx and Koenraad Van de Borne did not earn fees for their roles as directors. John Fitzpatrick and Michael Boyce each receive €1,500 per year for their roles as independent directors. Directors' fees prepaid as at 30 April 2015 were €Nil *(2014: €Nil).*

20. Ownership of the Company

39,994 of the issued shares are held in trust by BNY Corporate Trustee Services Limited. In addition, as of 30 April 2015 Mr. Patrick Joseph Duffy, Ms. Arlene Allen, Mr. Paul Murphy, Ms. Siobhan Burke, Mr. Anthony Grace and Mr. Michael Devane hold one share each as the "Share Trustees" under the terms of declarations of trust for BNY Corporate Trustee Services Limited. The Board of Directors have considered the issue as to who is the controlling party of the Company. It has determined that the control of the day-to-day activities of the Company rests with the Board.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Dividends

On 11 May 2015, the Company paid a dividend of €750 (€0.01875 per ordinary share). The directors proposed a dividend of €750 on 28 August 2015.

22. Subsequent events

On 11 May 2015, the Company paid a dividend of €750 as proposed on 27 August 2014. The directors proposed a dividend of €750 on 28 August 2015.

23. Approval of financial statements

The financial statements were approved by the board of directors on 28 August 2015.