CVR 29 60 38 63

MYC4 A/S

Annual Report 2010

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1. MYC4 – Eradicating Poverty through Business

Africa is among the world's most rapidly growing economic regions, with real GDP rising 5 percent per year since 2000. MYC4 is a solution to the paradigm that Africa represents an enormous untapped business potential, yet investment opportunities in Africa are hard to access due to incomplete financial markets, with 80% of the adult African population having no bank account.

MYC4 is an online Peer-to-Peer platform providing loans at fair price to micro- and small businesses in Africa and social- as well as economical return to the crowd funding investors. MYC4 is matching people with need for capital and people with means to invest, fueled by:

• providing Investors access to risk/return adjusted investments with social impact

• enabling African business to attract capital at market conditions and grow their business

The online platform is built around a network of African Financial Partners who are responsible for identifying and screening for sound businesses as well as handling all financial transactions. The Partners are incentivized to provide best possible economic prospects for return to Investors and simultaneously social impact.

MYC4 is a business, based on servicing volumes of loans via the online platform. MYC4 charges a fee and an interest to the African Business for providing the loan and facilitating the financial transactions.

Our **vision** is to end poverty through business. We want to ensure that everyone has access to capital and knowledge on equal terms.

Our **mission** is to create prosperity for all by using modern technologies to bridge the gap between people with needs and people with means. We want to ignite entrepreneurship and fuel business potential across cultures and continents.

2. Company Details

Company

MYC4 A/S
Sank Annæ Plads 19A,2.
DK-1250 Copenhagen K

Central Business Registration No: 29 60 38 63
Registered in Copenhagen

Phone: +45 70 26 20 15
Internet: www.myc4.com

Company Auditors

PricewaterhouseCoopers

Board of Directors

Niels B. Thuesen, Chairman

Jørgen Horwitz

Vagn Berthelsen

Susan Payne

Executive Management

Mads Kjær, CEO and Co-founder

Tim Vang, Deputy CEO and Co-founder

The General Annual Meeting adopted the Annual Report on May 23, 2011

Chairman of the General Annual Meeting

Niels B. Thuesen

3. Statement by Management on the Annual Report

We have today presented the Annual Report of MYC4 A/S for the financial year January 1 to December 31, 2010.

The Annual Report has been presented in accordance with the Danish Financial Statements Act. We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of MYC4's financial position and results.

We also consider the Management Review to give a fair presentation of the development in MYC4's activities and finances, profit and loss for the year, its financial position as a whole as well as a description of the most material risks and elements of uncertainty facing MYC4.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 28 March 2011

Executive Management

Mads Kjær,
CEO and Co-founder

Tim Vang,
Deputy CEO and Co-founder

Board of Directors

Niels B. Thuesen
Chairman

Jørgen Horwitz

Vagn Berthelsen

Susan Payne

4. Independent Auditor's Report

To the Shareholders of MYC4 A/S
We have audited the Financial Statements and of MYC4 A/S for the financial year 1 January 2010 – 31 December 2010. The Financial Statements comprise Income Statement, Balance Sheet, Notes and Accounting Policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act. Management's Review, which is not comprised by the audit, is prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility
Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error. The responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. Furthermore, Management is responsible for preparing a Management's Review that includes a true and fair account in accordance with the Danish Financial Statements Act.

Auditor's Responsibility and Basis of Opinion
Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with Danish Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and

Til aktionærerne i MYC4 A/S
Vi har revideret årsregnskabet for MYC4 A/S for regnskabsåret 1. januar 2010 – 31. december 2010. Årsregnskabet omfatter resultatopgørelse, balance, noter og anvendt regnskabspraksis. Årsregnskabet aflægges efter årsregnskabsloven. Ledelsesberetningen, der ikke er omfattet af revisionen, aflægges efter årsregnskabsloven.

Ledelsens ansvar
Ledelsen har ansvaret for at udarbejde og aflægge et årsregnskab, der giver et retvisende billede i overensstemmelse med årsregnskabsloven. Dette ansvar omfatter udformning, implementering og opretholdelse af interne kontroller, der er relevante for at udarbejde og aflægge et årsregnskab, der giver et retvisende billede uden væsentlig fejlinformation, uanset om fejlinformationen skyldes besvigelser eller fejl. Ansvaret omfatter endvidere valg og anvendelse af en hensigtsmæssig regnskabspraksis og udøvelse af regnskabsmæssige skøn, som er rimelige efter omstændighederne. Ledelsen har endvidere ansvaret for at udarbejde en ledelsesberetning, der indeholder en retvisende redegørelse i overensstemmelse med årsregnskabsloven.

Revisors ansvar og den udførte revision
Vores ansvar er at udtrykke en konklusion om årsregnskabet på grundlag af vores revision. Vi har udført vores revision i overensstemmelse med danske revisionsstandarder. Disse standarder kræver, at vi lever op til etiske krav samt planlægger og udfører revisionen med henblik på at opnå høj grad af sikkerhed for, at årsregnskabet ikke indeholder væsentlig fejlinformation.
En revision omfatter handlinger for at opnå revisionsbevis for de beløb og oplysninger,

disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Our audit has not resulted in any qualification.

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2010 and of the results of the Company operations for the financial year 1 January 2010 - 31 December 2010 in accordance with the Danish Financial Statements Act.

Emphasis of matter
Emphasis of matters concerning issues in the annual report
As mentioned in Management's Review the Company has lost its entire share capital.
We draw attention to Management's description of how the share capital is expected to be re-established.
Without qualifying our auditor's report, we draw attention to the information in Management's Review, the section "Outlook 2011" in which Management describes the

der er anført i årsregnskabet. De valgte handlinger afhænger af revisors vurdering, herunder vurderingen af risikoen for væsentlig fejlinformation i årsregnskabet, uanset om fejlinformationen skyldes besvigelser eller fejl. Ved risikovurderingen overvejer revisor interne kontroller, der er relevante for virksomhedens udarbejdelse og aflæggelse af et årsregnskab, der giver et retvisende billede med henblik på at udforme revisionshandlinger, der er passende efter omstændighederne, men ikke med det formål at udtrykke en konklusion om effektiviteten af virksomhedens interne kontrol. En revision omfatter endvidere stillingtagen til, om den af ledelsen anvendte regnskabspraksis er passende, om de af ledelsen udøvede regnskabsmæssige skøn er rimelige, samt en vurdering af den samlede præsentation af årsregnskabet.

Det er vores opfattelse, at det opnåede revisionsbevis er tilstrækkeligt og egnet som grundlag for vores konklusion. Revisionen har ikke givet anledning til forbehold.

Konklusion
Det er vores opfattelse, at årsregnskabet giver et retvisende billede af selskabets aktiver, passiver og finansielle stilling pr. 31. december 2010 samt af resultatet af selskabets aktiviteter for regnskabsåret 1. januar 2010 - 31. december 2010 i overensstemmelse med årsregnskabsloven.

Supplerende oplysninger
Supplerende oplysninger vedrørende forhold i regnskabet
Som omtalt i ledelsesberetningen har selskabet tabt hele selskabskapitalen. Der henvises til ledelsens redegørelse for, hvorledes selskabskapitalen forventes reetableret.
Uden at tage forbehold gør vi opmærksom på oplysningerne i ledelsesberetningen, afsnit "Outlook 2011", hvori ledelsen redegør for forudsætningerne for selskabets

assumptions for the Company's future capital resources and the uncertainty associated with them.

In addition, we draw attention to the balance sheet item "Development costs" showing that the Company has capitalised a development project concerning the MYC4 platform at a total value of DKK 5.7 million. The determination of the value of the asset depends on the company's future earnings capabilities.

fremtidige kapitalberedskab og usikkerheden knyttet hertil.

Herudover gør vi opmærksom på balanceposten "Development costs", hvoraf det fremgår, at selskabet har aktiveret et udviklingsprojekt vedrørende MYC4 platformen til en samlet værdi på DKK 5,7 mio. Berettigelsen af dette aktivs værdi afhænger af selskabets fremtidige indtjeningsevne.

Emphasis of matters concerning other issues

The Company has not settled and paid payroll tax for the period 2006 - 2010. Management may incur liability for failure to pay payroll tax.

We draw attention to the fact that contrary to section 6(1) of the Danish Executive Order on the Filing and Publication of the Annual Reports issued by the Danish Commerce and companies Agency, Management has chosen not to present the Annual Report in Danish but has instead chosen to present the Annual Report in English, which is the language applied in the Company.

Supplerende oplysninger vedrørende andre forhold

Selskabet har ikke afregnet og indbetalt lønsumsafgift for 2006 - 2010. Ledelsen kan ifalde ansvar for manglende indbetaling af lønsumsafgift.

Vi gør opmærksom på, at ledelsen i strid med bekendtgørelse om indsendelse og offentliggørelse af årsrapporter i Erhvervs- og Selskabsstyrelsen § 6, stk.1, har valgt ikke at aflægge årsrapporten på dansk, men har i stedet valgt at aflægge årsrapporten på engelsk, som er det sprog, der dagligt anvendes i virksomheden.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit performed of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Udtalelse om ledelsesberetningen

Vi har i henhold til årsregnskabsloven gennemlæst ledelsesberetningen. Vi har ikke foretaget yderligere handlinger i tillæg til den gennemførte revision af årsregnskabet. Det er på denne baggrund vores opfattelse, at oplysningerne i ledelsesberetningen er i overensstemmelse med årsregnskabet.

Hellerup, 23 May 2011

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Mikael Sørensen

State Authorised Public Accountant

Preben Larsen

State Authorised Public Accountant

5. Management Review

5.1 Summary

MYC4 started 2010 in crisis, yet came out of 2010 stronger, leaner and in a better position than ever before to make the company successful.

The major challenge facing MYC4 at the beginning of 2010 was loss of Investor confidence due to the non performance of and fraud amongst the African Partners during 2008 and 2009 resulting in significant losses for Investors. A related challenge was the inability of MYC4 to raise sufficient funding to operate and develop the company whilst also retaining all of the employees, resulting in significant staff reductions throughout 2010.

MYC4's focus in 2010 was not on growth but on improving the business model and the quality of its portfolio and Partners. The objective was to demonstrate that MYC4 could deliver the product intrinsic/imbedded in its business model i.e. the ability to invest in Africa with the possibility of both a social and a financial return. This occurred at the same time the company was downsizing to a bare minimum staff resulting in the MYC4 cost structure being reduced by more than 50% during 2010. The efforts have proved to be successful with Investments made on loans with current Providers, since mid 2009, showing a small positive financial return together with the social impact of/on the lives of thousands of Africans.

As expected, MYC4 came out of 2010 with a loss of DKK 8,185,877. This is better than the budgeted loss of DKK 10,157,818 that was the objective at the beginning of 2010. MYC4 is a young company and does not expect to reach break even before 3-4 years. The accumulated losses over the years is seen as an investment by the Shareholders in building a profitable and sustainable business that can serve its stakeholders with fair and transparent financial services.

Whilst funding is in place for the current staffing level, the major challenge during 2011 will be to find new Shareholders who are willing to fund the runway of the next 3-4 years towards growth and profitability. More than EUR 8m has been invested into the company as equity over the last 5 years and the platform today is unique in respect to a for-profit organization that provides full transparency and access to information globally.

5.2 Main Activities 2010

MYC4 reduced staff from over 20 employees at the beginning of 2010 down to 5 at the beginning of 2011, plus the Founders, Mads and Tim. The African organization was restructured during 2010 with the hiring of a new East African Director; Eric Naivasha, and a Credit Operations Manager; Titus Kuria, with both possessing extensive experience from the financial sector. Chief Technology Officer; Steven Thomas undertook the additional role of Deputy CEO with responsibility for day-to-day operations of the company, allowing Mads and Tim to concentrate on fund raising and strategic partnerships.

The IT department was closed down at the end of 2010 as the current version of MYC4.com (Version 2.0) is stabile and because further IT development should be linked to MYC4's growth when funding for the next 3-4 years is in place. The IT infrastructure is now hosted on Amazon's EC2 'Cloud Computing' solution and an agreement has been made with a consulting company who can step in and make mission critical changes to the system if needed.

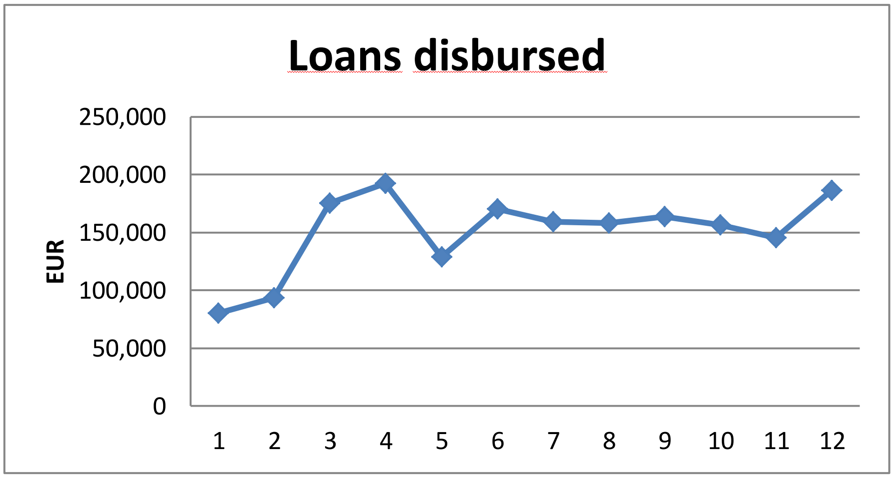
In spite of operating with these restrictions MYC4 has accomplished a lot!

MYC4 was able to make significant IT enhancements to the platform. Risk rating of Partners in a 5 star system derived from the Partner's track record and level of risk sharing was implemented, providing valuable guidance for Investors and incentivising Partners to improve performance. Online Business Signup, allowing small businesses in Africa to sign-up for loans online, was piloted in 2010 and gave Partners an important source of qualified leads to grow their business. The largest development project, repayments restructuring, was completed mid 2010, reducing the turnaround time on processing of repayments and improving transparency. There were also a number of improvements for the on-line Investors including better reporting and flexible bidding, allowing Investors to place both a maximum and a minimum bid.

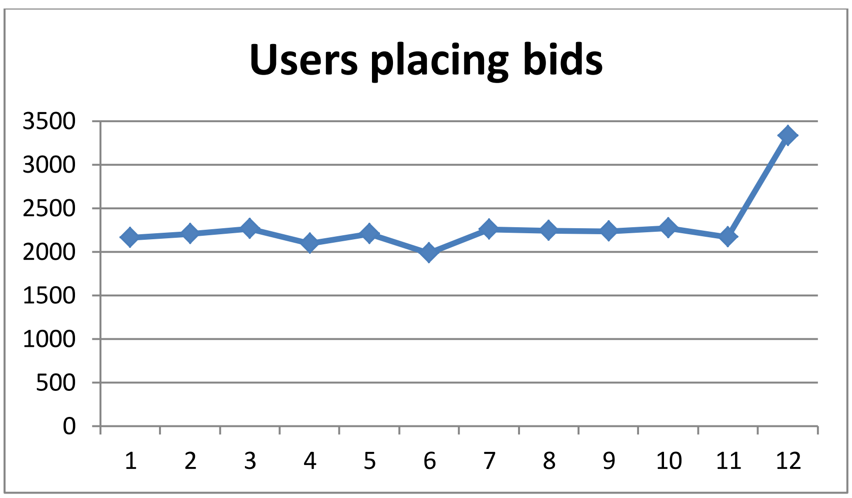
MYC4 made good progress with Supply Chain projects in 2010. In a joint project with FDB/Coop, Danish consumers and MYC4 Investors can purchase goods from Africa in Co-op's stores in Denmark and also invest in the farmers in Kenya and Uganda that produced the goods. This project was profiled both in two large marketing campaigns sponsored by FDB and BBC World News. The FDB/Coop Supply Chain project was instrumental in MYC4 becoming one of the World Challenge finalists. The Amajaro cacao Supply Chain project in Ghana has also completed its pilot phase. The Amajaro loans are performing well and it is planned to expand this project in 2011. Progress has been made on other Supply Chain projects such as the first health care loans to small drugstores and clinics in Kenya together with Novartis and the first solar power loans together with Tujijenge and Barefoot – both projects are expected to start in 2011 along with loans through a youth entrepreneurship project in partnership with ILO (International Labour Organization).

Further, MyC4 introduced risk sharing agreement with partners and all partners accepted to enter into such agreements. Though not all risk sharing agreements with partners were fully implemented by the end of 2010 it is expected that all agreements will be in place during first half of 2011. Introducing risk sharing agreements is a major change to the business model and is perceived as an important step forward though there will still be room for modifications and improvements.

MYC4 funded a total of EUR 1.8m in loans for nearly 1,000 micro- and small businesses during 2010. After a slow Q1, monthly lending remained at a constant level for the rest of the year at a level between EUR 150,000 and EUR 200,000. This was consistent with the objective to focus on quality rather than growth of the portfolio during 2010.



Of the approximate 18,000 Investors that have signed up on MYC4, over 2,000 are active in any given month. This number remained stable throughout the majority of 2010 yet increased to almost 3,500 in December when a small fee on idle accounts was introduced.



Other developments in 2010 include new office in Copenhagen and Nairobi and a new logo. The new logo was developed by a freelance designer from Bosnia via a crowd sourcing design website.

5.3 Partner Status

Whilst Investors generally lost money on loans disbursed between 2007-2009, investments made since mid 2009, through current Providers, have provided online Investors with a small positive return on the average. Loans disbursed in 2010 also appear to be performing well. The Investors are, on a continuous basis, reminded that investing in Africa is risky. Whilst the Investor losses due to defaults have been significantly reduced, the effects of currency remain large and unpredictable. The direction of the US Dollar versus Euro remains the most important indicator of the currency- impact for a Euro based investor.

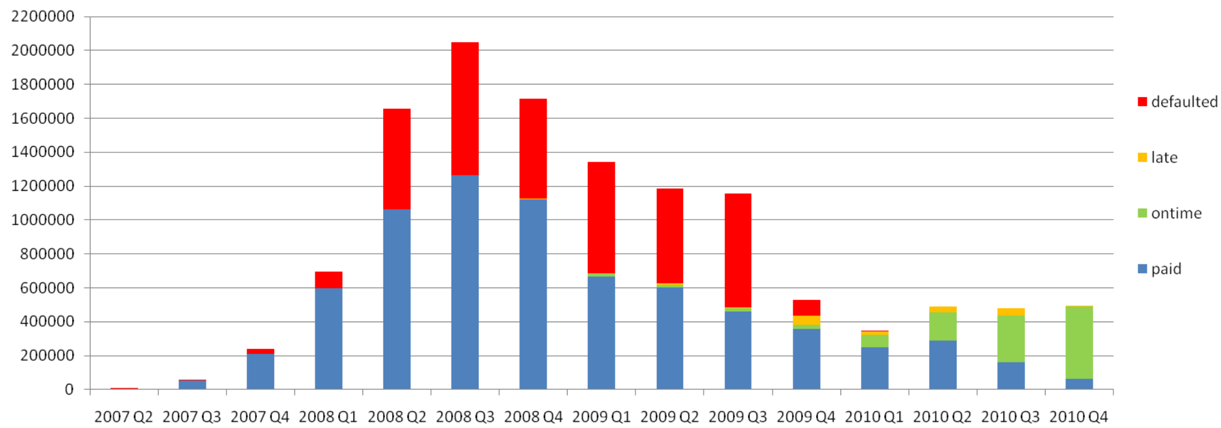
At the end of 2009 a number of non-performing Partners were suspended and a process of re-engineering how MYC4 works with Partners commenced. This process has continued in 2010 with:

- All Partners except one signing risk sharing agreements where they commit to cover from 50% to 100% of the Investor losses in the case of Borrower defaults.
- A realignment of Partner fee structures, ensuring that Partners earn most of their fees as the loans pay back rather than at the time of disbursement (Partners can max. charge 25% of their total fee on disbursement of the loan).
- A strengthening of the East African team by hiring a new Director and a new Credit Operations Manager with extensive sector experience.
- Thorough spot checks of all Partners by the Credit Operations Manager, resulting in more hands on monitoring, but also feed back to partners with important input to capacity building.
- Implementation of a 5 star risk scoring of Partners based on Partner performance and level of risk sharing.

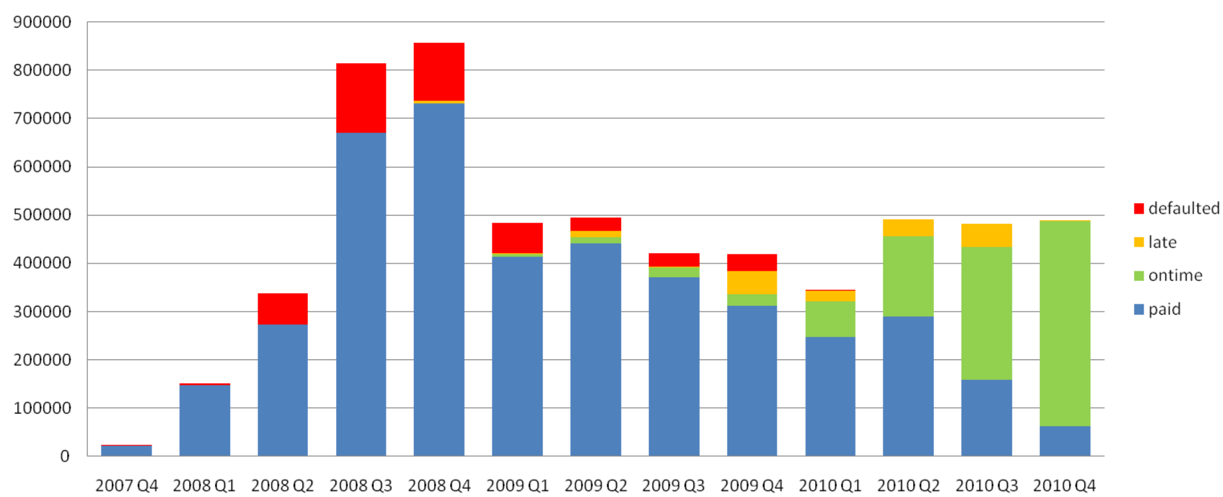
It is expected that MYC4 will continue to pursue legal action against some of the early Partners including Ebony in Kenya as well as Notre Nation, Ivoire Crédit and Trium in Côte d'Ivoire. There is, however only very limited hope that any of these cases will result in the recovery of lost funds. MYC4's lawyer is in negotiations with Birima and Youssou N'Dour with regard to covering defaulted loans in Senegal.

5.4 Overview of Portfolio by year-end 2010

Whilst approximately 40% of funds disbursed since the launch of the platform in Q4 2007 and before Q3 2009, have defaulted, there appears to be an improving trend for loans disbursed from Q4 2009 onwards. Of the funds disbursed in first half of 2010, less than 1% have defaulted as at January 19, 2011 and 92% of the portfolio for this period is either already repaid (64%) or repaying on schedule (28%) whilst 7% is more than 30 days late. Many of these loans are covered by risk sharing agreements, which should reduce the impact on Investors in case of default. Loans disbursed during the second half of 2010 are still too young to assess, but 95% of the funds disbursed during this period are either repaid or repaying on-time.



The chart below shows the same data as the chart above, but only for active Partners; Growth Africa, Micro Africa, Fusion, Tujijenge, Gatsby, and PRC. Again the data is as at January 19, 2011. Since portfolio performance is largely determined by Partner quality, the chart below may provide a better foundation for projecting future performance than the chart above. Note; since no Partners were suspended in 2010, the 2010 numbers on the chart below are identical to the previous chart.

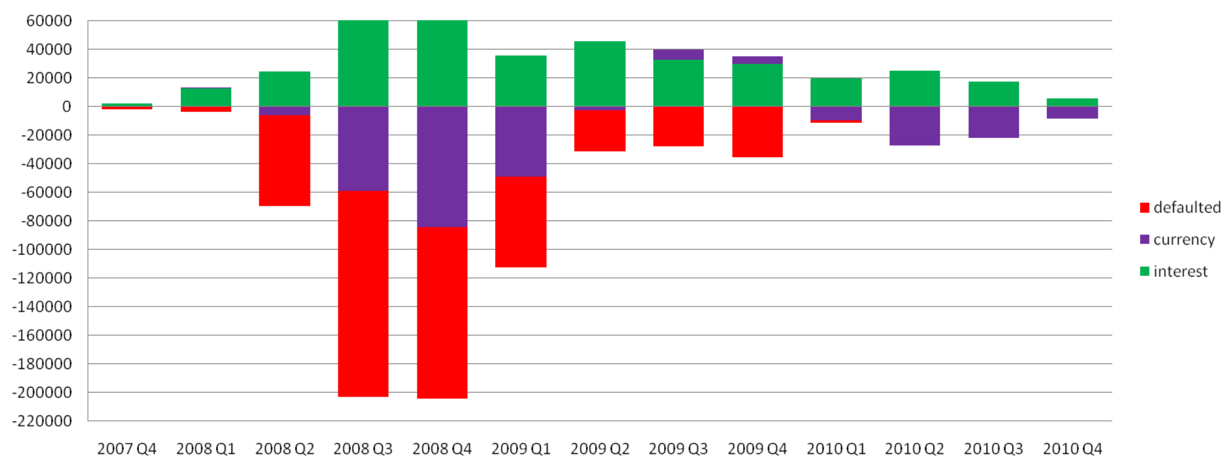


The defaults within this portfolio are primarily due to two Partners; Growth Africa and Gatsby. Both had some early problems, but are doing better now. Fusion has defaulted one loan from Q4 2009, but this has since been covered by their 95% risk sharing agreement. Micro Africa, Tujijenge and PRC have not had any defaults yet.

When viewed year-by-year there appears to be a small improvement from loans disbursed in 2008 (15% default, 85% repaid) to loans disbursed in 2009 (9% default, 4% late, 3% on time, 84% repaid). Note; part of the defaults on the 2009 portfolio has since been covered by Fusion's risk sharing agreement, reducing the Investor loss so far from 9% to 7% on loans from 2009. In 2010 less than 0.1% has defaulted so far, 6% is late, 52% are on time and 42%

are repaid. These numbers are accurate as at January 19, 2011. The 2010 portfolio is young and some deterioration should be expected in the future.

Ignoring the effects of currency for a moment, investments made since Q2 2009 through current Providers have earned more on interest than they have lost to defaults every quarter, except during Q4 2009. However, Q4 2009 is also positive now that Fusion has covered their risk sharing commitments.



The full picture, once the effects of currency are included, is less positive. In general the strengthening Euro against USD, had resulted in currency losses for Investors. When adding together the effects of interest, currency and defaults, Investors are earning a net positive return on loans disbursed in Q2, Q3 2009 and Q1 2010.

The total portfolio disbursed since Q2 2009 by current Providers shows a small net gain of 0.7%. For a USD-based investor the outcome looks much better. The 2010 portfolio is still young, so additional defaults on this portfolio should be expected as the portfolio ages and currency fluctuations will continue.

5.5 Social Impact

MYC4 is based on the firm belief that business is the key to trigger unrealized potential in Africa, to accelerate economic growth and social development and thereby ultimately eradicate poverty and related issues. This approach has been proven to have a great impact: By giving access to capital, African businesses will be able to develop their businesses, create growth and increase their income. They will be able to send their kids to school and to the doctor; they will be able to employ more people, who will send their kids to school and so on. In other words, prosperity will spread in ever increasing/widening circles.

MYC4 has developed a simple, yet functional impact score to help illustrate how many people are impacted - directly as well as indirectly (e.g. employees and dependants respectively) – for every MYC4 loan disbursed. The Impact Score is based on data being collected during vetting of MYC4 Borrowers and takes into account the number of people who are in the direct surroundings of the Borrower, employees and families. It is assumed that each business employs 4.5 people, including the entrepreneur. Each of these employees has an average of 3.2 dependants who are indirectly impacted. All together that gives 18.9 people directly or indirectly impacted by each loan. This means that MYC4 loans, by year end 2010, has had an impact on more than 100,000 people in Africa since launch in 2007.

5.6 Financial Results 2010

MYC4s focus on 2010 was on improving the quality of the portfolio and reducing operational costs.

Operations were scaled back significantly in 2010 compared to 2009. Fee income was reduced from DKK 956k in 2009 to DKK 352k in 2010, reflecting a corresponding decrease in the outstanding loan balance. Costs were also sharply reduced as the company downsized and the resulting operating loss for 2010 was DKK 9.4m before tax. This is in line with expectations and a significant reduction DKK 20.2m before tax in 2009.

The company has lost over 50% of its share capital resulting in a negative DKK 1.4m at year end. The share capital is expected to be re-established before 30th June 2011 by the conversion of loans from major shareholders to equity to the value of DKK 3.0m.

5.7 Outlook for 2011

As it enters its fourth year of operations the three main business challenges faced by MYC4 are long term funding, profitability and risk.

Funding for 2011, with the current staffing and at the current cost level, is in place and MYC4 still expects to develop and grow the company during 2011. MYC4 will continue to manage the current Partners as well as signing up new Partners to the platform. When additional funding is found for 2011 and the years onwards it will be used to strengthen the team with additional financial services skills, further development and professionalization of processes and platform, developing new products for businesses in Africa and investors as well as hiring additional resources to drive growth both on the borrower and investor side.

MYC4 is a young company and it is not expected to be profitable for a few more years, yet growing the profitability and revenue income base is a key focus area for 2011. Recently a new fee on one year old (only) idle Investor accounts was implemented as well as an increase in MYC4's fees by introducing a 2% closing fee to the African businesses on all new loans from February 1, 2011. The increase in revenue combined with the recent staff reductions will not be enough to make MYC4 profitable in 2011, yet it is expected to triple the revenue and bring MYC4 a step closer.

Risk remains a fact of life when lending money to micro and small businesses, especially in Africa. The steps that were taken to address risks in 2010 appear to be bearing fruit. Focus will remain on reducing risk and improving Investor returns during 2011, but risk is inherent in MYC4's mission of funding the un-banked individuals and the under-banked small business in Africa. Investors using MYC4 to invest in African businesses should be aware of this risk and further MYC4 advocates that private Investors should never invest more than they can afford to lose.

In spite of the challenges facing MYC4, the need for MYC4 is enormous. Even with the limited resources there are opportunities for growth, improvement, innovation and impact during 2011. A number of exciting projects are on the way/in the pipeline including health care, solar power, agriculture and youth entrepreneurship. Further MYC4 signed an agreement with Makao Mashinani Ltd (MML) to fund low cost housing for slum dwellers. MYC4 is looking forward to seeing this and other projects unfold during 2011.

5.8 Events after the Balance Sheet Date

No further events have occurred after the balance sheet date to this date, which would influence the Annual report.

6. Accounting Policies

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C enterprises.

The accounting policies applied for this annual report is consistent with those applied last year.

Recognition and measurement
Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement. Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

6.2 Income statement

Revenue
Revenue is taken to income as the customer's pay the fees.

Other external expenses
Other external expenses comprise expenses for sale, marketing, administration, premises, bad debts, etc.

Other external expenses also include research costs, costs of development projects that do not meet the criteria for recognition in the balance sheet.

Staff costs
Staff costs comprise salaries and wages as well as social security costs, pension contributions, etc for the Company's staff.

Financial income and expenses
These items comprise interest income and expenses, realized and unrealized capital gains and losses on payables and transactions in foreign currencies, as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme. Interest expenses and other financial expenses for manufacturing assets are not included in the cost of assets, but are recognized in the income statement as incurred.

Income taxes
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year.

The current tax payable or receivable is recognized in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is recognized on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

The Company is jointly taxed with its Parent and the entire Parent's other Danish subsidiaries. The current income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

6.3 Balance sheet

Intangible assets
Intangible assets comprise uncompleted and completed development projects. Other intangible assets comprise uncompleted and completed development projects with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilization, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognized as intangible assets. Other development costs are recognized as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortization that are directly and indirectly attributable to the development projects. Financing costs are not included in cost.

Completed development projects are amortized on a straight-line basis using the estimated useful lives of the assets. The amortization period is five years.

Intangible assets are written down to the lower of recoverable amount and carrying amount.

Equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation. Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. Financing costs are recognized in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets: Other fixtures and fittings, tools and equipment: 3-5 years.

Equipment is written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortized cost, usually equaling nominal value less provisions for bad debts.

Other investments
Securities recognized under current assets comprise investments on the MYC4 portal. The investments are measured at fair value at the balance sheet date.

Prepayments Received from Investors

Prepayments received from Investors relate to cash transactions received into the MYC4 A/S Investor bank accounts subsequent to the transfer of account balances to the newly created Investor bank accounts within the Foundation. These funds have since been transferred to the Foundation bank accounts in 2010.

Dividends
Dividends are recognized as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item in equity.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments.

Other provisions are recognized and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Lease commitments

Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortized cost, which usually corresponds to nominal value.

7. Income Statement for 2010

	Notes	2010 DKK	2009 DKK'000
Revenue		351.587	956
Staff costs	1	(4.404.417)	(7.862)
Other external expenses		(2.827.731)	(11.032)
Depreciations	2	(2.406.512)	(2.279)
Operating profit/loss		**(9.287.073)**	**(20.217)**
Financial income		24.598	66
Financial expenses		(107.862)	(149)
Profit/loss before tax		**(9.370.337)**	**(20.300)**
Tax on profit/loss regarding previous year		(1.184.460)	2.093
Tax on profit/loss for the year	3	0	2.500
Net profit/loss for the year		**(8.185.877)**	**(15.707)**

Proposed distribution of profit/loss	
Retained earnings	(8.185.877)
	(8.185.877)

8. Balance sheet at 31 December 2010

	Notes	2010 DKK	2009 DKK'000
Development costs	4	5.729.286	7.187
Intangible assets		**5.729.286**	**7.187**
Other fixtures and fittings, tools and equipment	5	147.430	261
Property, plant and equipment		**147.430**	**261**
Fixed assets		**5.876.716**	**7.448**
Receivables from group enterprises		0	19
Trade receivables		458.261	569
Income taxes receivable		0	2.500
Other receivables		1.389.141	1.396
Receivables		**1.847.402**	**4.484**
Investments on MYC4		0	116
Current asset investments		**0**	**116**
Cash		**745.539**	**1.768**
Not invested investor payments		**26.697**	**640**
Current assets		**2.619.638**	**7.008**
Assets		**8.496.354**	**14.455**

8. Balance sheet at 31 December 2010 continued

	Notes	2010 DKK	2009 DKK'000
Share capital		5.478.050	5.478
Retained earnings		(6.873.230)	1.313
Equity	6	**(1.395.180)**	**6.791**
Other provisions		979.976	980
Provisions		**979.976**	**980**
Bank debt		68.621	35
Payables to group enterprises		3.075.000	0
Trade payables		120.964	407
Prepayments received from investors		0	888
Other payables		5.646.973	5.354
Short-term liabilities other than provisions		**8.911.558**	**6.684**
Liabilities other than provisions		**9.891.534**	**6.684**
Equity and liabilities		**8.496.354**	**14.455**

Contingent liabilities, etc.	7
Other notes	8-9

Notes

	2010 DKK	2009 DKK'000
1. Staff costs		
Salaries and wages	5.155.613	8.709
Other social security costs	84.554	118
	5.240.167	**8.827**
Activation of development costs	(835.750)	(966)
	4.404.417	**7.861**
Average number of employees	**9**	**20**
2. Depreciation		
Development costs	2.293.139	2.126
Other fixtures and fittings, tools and equipment	113.373	153
	2.406.512	**2.279**
3. Tax on profit/loss for the year		
Current tax	0	(2.500)
Change in deferred tax	0	0
Change in deferred tax as a result of the reduction in the income tax rate	0	0
	0	**(2.500)**

The Company has a deferred tax asset relating to losses in 2006-2010. The deferred tax asset is not recognized in the balance sheet, cf. accounting policies.

	Development costs DKK
4. Intangible assets	
Cost at 01.01.2010	10.629.946
Additions	835.750
Cost at 31.12.2010	**11.465.696**

Notes continued

Depreciation at 01.01.2010	3.443.271
Depreciation for the year	2.293.139
Depreciation at 31.12.2010	**5.736.410**
Carrying amount at 31.12.2010	**5.729.286**

5. Equipment	**Other fixtures,etc DKK**
Cost at 01.01.2010	544.612
Additions	0
Disposal	0
Cost at 31.12.2010	**544.612**
Depreciation at 01.01.2010	283.810
Depreciation for the year	113.372
Depreciation disposal	0
Depreciation at 31.12.2010	**397.182**
Carrying amount at 31.12.2010	**147.430**

6. Equity	**Share capital DKK**	**Retained earning DKK**	**Total DKK**
Equity at 01.01.2010	5.478.050	1.312.647	6.790.697
Capital increase	0	0	0
Profit/loss for the year	0	(8.185.877)	(8.185.517)
Equity at 31.12.2010	**5.478.050**	**(6.873.230)**	**(1.395.180)**

Share capital consists of shares at DKK 1,000 or multiples of these. The shares have not been divided into classes.

Notes continued

	2010 DKK
Changes in share capital since the Company's establishment on 19.05.2006:	
Contribution on establishment	500.000
Capital increase 2006	1.240.000
Capital reduction 2006 to cover loss	(300.000)
Capital increase 2007	2.400.000
Capital increase 2008	1.024.000
Capital increase 2009	614.050
Share capital at 31.12.2010	**5.478.050**

7. Contingent liabilities, etc.

The Company has no contingent liabilities at the reporting date in comparison to DKK 613,000 at 31.12.2009 which related to an interminable rent obligation.

8. Ownership

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

Kjaer Group A/S, Groennemosevej 6, DK-5700 Svendborg

The Way Forward ApS, Groennemosevej 6, DK-5700 Svendborg

casa-share ApS, Ved Kanalen 1, DK-1413 Copenhagen K

Dutch Oak Tree Foundation, 2 Temple Back East, Temple Quay, Bristol, BS 1 6EG, UK

9. Consolidation

MYC4 A/S is included in the consolidated financial statements of The Way Forward ApS, Central Business Registration No 25 47 31 59.