BNY Mellon Asset Management International Limited

Directors' report and financial statements

Registered number: 1118580

For the year ended 31 December 2008

BNY Mellon Asset Management International Limited

Contents

BNY Mellon Asset Management International Limited

Directors' report

The Directors present their report and financial statements for the year ended 31 December 2008.

Principal activities

The principal activities of BNY Mellon Asset Management International Limited ("the Company") is to market, sell and distribute the investment management capabilities of fellow BNY Mellon investment subsidiaries globally (excluding USA) and a series of BNY Mellon fund ranges registered in UK, Ireland and the Cayman Islands to institutions, financial intermediaries and retail clients. In its role as an investment manager, the Company typically delegates the sub-advisory function to other BNY Mellon investment subsidiaries.

The Company is head quartered in London and has branch and representative offices in major financial centres.

The Company is authorised and regulated by the Financial Services Authority ("FSA"), pursuant to the Financial Services & Markets Act 2000. All the Company's activities during the year, including any new business activities, are regulated and conducted within the permissions granted to the Company by the FSA.

Results and dividends

The profit for the year after taxation amounted to £11,591,000 (2007: £9,109,000).

The Directors do not recommend a dividend for the year ended 31 December 2008 (2007: £nil).

Business review

The Company's key financial and other performance indicators during the year were as follows:

	2008 £000	2007 £000	Change %
Turnover	67,709	70,956	(5%)
Administrative expenses	(55,202)	(60,734)	(9%)
Net assets	76,627	58,483	31%

The market volatility that was experienced in Q4 2007 continued into 2008 and most notably in the second half of 2008, with a significant decline in all major financial stock markets. Despite the difficult market conditions, the Company continued to support and attract new investors. There were some client losses particularly in the second half of 2008 and the full-year impact of these losses on revenues will be reflected in 2009.

The Company's revenues are driven mainly from the value of assets managed and thus are impacted by stock market performance. The decrease in stock market levels during 2008 and assets under management has led to a decrease in revenue year-on-year, although the impact of the decrease has been mitigated by the full-year impact of the US$4bn Qualified Domestic Institutional Investor ("QDII") product launched in September 2007.

The results for 2007 included a one-time additional allocation of costs from a Group company in respect of premises charges; the non-recurrence of this charge, together with a reduction in staff costs, are the main contributors to the year-on-year decrease in administrative expenses. The resulting profit on ordinary activities before taxation has increased £3.8 million year-on-year and £2.5 million after taxation.

Net assets increased by 31% during the year, predominantly due to the current year profit.

Directors' report - continued

Future developments

During 2009, the Company will continue to develop and launch new products and services to clients and leverage off the additional fund management capabilities within The Bank of New York Mellon Group.

Risk management process

The Company is a BIPRU limited license firm and is regulated by the FSA. Capital and other financial returns are prepared and submitted to the regulator on a quarterly basis. At 31 December 2008, surplus regulatory capital, as reflected within the Company's regulatory returns, amounted to £52,960,000 (2007: £37,809,000).

Governance and Policies

Policies and procedures are in place to govern and manage the business, which are common to all BNY Mellon entities. Suitable policies and procedures have been adopted by the Company in order to ensure an appropriate level of risk management is directed at the relevant element of the business.

Governance of the Company is carried out through a regular meeting of the Board of Directors. The Board is responsible for the ongoing success and development of the Company's business as well as assisting the risk management framework.

Key Group committees are in place to oversee the risk management function and to ensure adequate risk management and controls are in place. Each committee has clearly stated terms of reference and reporting lines.

The key Group committees include:

1. Asset Liability Management Committee
2. Credit Portfolio Management Committee
3. Market Risk Committee
4. Operational & Technology Risk Committee

In addition there are a number of regional key oversight committees in place to build on the U.S Corporate Global Risk Management Framework.

- The BNYM EMEA (Europe, Middle East, and Africa) Risk Committee has an oversight responsibility covering the major risk sources (except Liquidity risk), including Compliance of the EMEA region.
- The EMEA Risk Committee has representation from the key risk sources as well as Business Heads. Reports are provided and reviewed covering the risk sources and any issues that need monitoring.
- The EMEA Asset & Liability Committee has oversight responsibility for the balance sheets of the U.S branches in EMEA as well as local legal entities and its focus is primarily overseeing that Liquidity risk is managed effectively.

Risk Management Process

The lines of business are responsible for actively identifying their risks associated with key business processes, identifying and assessing the quality of controls in place to mitigate risk and assigning accountability for the effectiveness of those controls. The objective of this detailed self-assessment is to prevent or minimize:

- Errors or service delivery failures, especially those with visible impact on clients
- Financial losses
- Compliance breaches
- Reputational damage

Directors' report - continued

Credit risk

Credit risk covers default risk from counterparties or clients for loans, commitments, securities, and other assets where realisation of the value of the asset is dependent on counterparties ability to perform.

The level of residual operational risk is managed by rigorous operating policies, procedures and controls.

Market risk

Market risk is the risk of loss due to adverse changes in the financial markets. Market risk arises from derivative financial instruments, such as futures, forwards, swaps and other options, and other financial instruments, including loans, securities, deposits and other borrowings.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events: including the potential for loss that arises from problems with operational processing, human error or omission breaches in internal controls, fraud, and unforeseen catastrophes.

Liquidity risk

Liquidity risk is the risk that a firm, although balance sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Business risk

Business risk includes risk to a firm arising from changes in its business, including the risk that the firm may not be able to carry out its business plan and its desired strategy.

Compliance risk

Compliance risk covers the risk relating to earnings or capital from violation, or non-conformance with laws, rules, regulations, prescribed practices or ethical standards which may, in turn, expose the firm and its executors to fines, payment of damages, the voiding of contracts and damaged reputation. This risk is mitigated through senior management culture, training, integration of compliance policies and controls into business processes and independent compliance monitoring and oversight.

Directors

G A Brisk
J M Little
A Mearns
S J M Spence

BNY Mellon Asset Management International Limited

Directors' report – continued

Directors' indemnity provision

The Articles of Association of the Company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 1985. Indemnity provisions of this nature have been in place during the year but have not been utilised by the directors.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

By order of the Board

G A Brisk
Director

160 Queen Victoria Street
London
EC4V 4LA
27 April 2009

BNY Mellon Asset Management International Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Company's financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Director's are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BNY Mellon Asset Management International Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BNY MELLON ASSET MANAGEMENT INTERNATIONAL LIMITED

We have audited the financial statements of BNY Mellon Asset Management International Limited for the year ended 31 December 2008, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Out audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y 8BB

27 April 2009

BNY Mellon Asset Management International Limited

Profit and loss account
for the year ended 31 December 2008

	Notes	2008 £000	2007* £000
Turnover	2	67,709	70,956
Administrative expenses		(55,202)	(60,734)
Operating profit		12,507	10,222
Interest receivable and similar income	7	4,570	3,051
Profit on ordinary activities before taxation		17,077	13,273
Tax on profit on ordinary activities	8	(5,486)	(4,164)
Profit for the financial year		11,591	9,109

* Certain prior year numbers have been reclassified to be consistent with current year presentation.

Notes 1 to 17 are integral to these financial statements.

All items dealt with in arriving at the Company's results for the financial year relate to continuing operations.

The Company has not prepared a separate statement of total recognised gains and losses as all gains and losses are reflected in the profit and loss account above.

BNY Mellon Asset Management International Limited

Balance sheet
at 31 December 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Tangible assets	9	55	-
		55	-
Current assets			
Debtors	10	56,669	12,639
Cash at bank and in hand		47,692	68,866
		104,361	81,505
Creditors: amounts falling due within one year	11	(27,789)	(23,022)
Total assets less current liabilities		76,627	58,483
Net assets		76,627	58,483
Capital and reserves			
Called up share capital	12	31,300	26,300
Profit and loss account	13	45,258	33,667
Equity capital contribution	13	69	(1,484)
Shareholders' funds	13	76,627	58,483

Notes 1 to 17 are integral to these financial statements.

The financial statements were approved by the Board of Directors and were signed on its behalf by:

G A Brisk
Director
27 April 2009

Notes to the financial statements
At 31 December 2008

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with applicable UK accounting standards and under the historical cost accounting rules.

Turnover

Turnover, which is stated net of value added tax, comprises management fees, performance fees and commission receivable, net of commission payable, for selling fellow subsidiary products globally (ex USA), and is accrued over the period for which these services are provided.

Segmental reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Currently, the Directors consider that its services comprise one business segment (being the provision of investment management services) and that it operates in a market that is not geographically segmented.

Tangible fixed assets and depreciation

Depreciation is provided to write-off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	-	4 years

Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments mainly forward currency contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting, are taken directly to the profit and loss account.

The fair value of forward currency contracts is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the rate of exchange at the date the fair value was determined.

Interest, fees and commission

Interest, fees and commission, both income and expense, are recognised on an accruals basis.

Taxation

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the group intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when a legal right to offset exists in the entity.

Post retirement benefits

For defined contribution schemes, contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. For final salary (defined benefit) schemes the cost of providing pensions is accounted for over the employees' working lives on a systematic basis as advised by qualified actuaries.

Share based payments

The cost of share based payment arrangements with employees is measured by reference to the fair value of equity instruments on the date they are granted, and recognised as an expense on a straight-line basis over the vesting period, with a corresponding credit to the equity capital contribution reserve. The fair value of equity instruments that are made available immediately, with no vesting period attached to the award, are expensed immediately.

Fair value is determined by using appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted.

Notes to the financial statements - continued
At 31 December 2008

Vesting conditions, other than market performance conditions, are not factored into the initial estimate of the fair value at the grant date. They are taken into account by adjusting the number of equity instruments included in the measurement of the transaction, so that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On a cumulative basis, no expense is recognised for equity instruments that do not vest because of a failure to satisfy non-market performance or service conditions.

Where an award has been modified, as a minimum the expense of the original award continues to be recognised as if it had not been modified. Where the effect of a modification is to increase the fair value of an award or increase the number of equity instruments, the incremental fair value of the award or incremental fair value of the extra equity instruments is recognised in addition to the expense of the original grant, measured at the date of modification, over the remaining vesting period.

Related party transactions

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose related party transactions within the Group on the grounds that more than 90% of the voting rights are controlled within the Group and the consolidated financial statements of the ultimate parent company are publicly available.

Cash flow statement

The Company was a wholly owned indirect subsidiary of the ultimate parent company, The Bank of New York Mellon Corporation, for the year ended 31 December 2008, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

Notes to the financial statements - continued
At 31 December 2008

2. Analysis of turnover

By activity

	2008 £000	2007 £000
Management fees	23,092	24,284
Net commission receivable	44,578	46,648
Other income	39	24
	67,709	70,956

3. Notes to the profit and loss account

Profit on ordinary activities before taxation is stated after charging / (crediting):

	2008 £000	2007 £000
Depreciation	24	-
Auditors' remuneration		
Audit of these financial statements pursuant to legislation	21	36
Other services pursuant to legislation	17	1
	38	37

4. Staff costs

	2008 £000	2007 £000
Salaries and wages	27,786	31,374
Social security costs	2,860	3,251
Pension costs (refer to note 6)	2,158	1,841
Other staff costs	1,805	1,058
	34,609	37,524

The average monthly number of persons employed by Company during the year was 209 (2007: 192), of which 3 were Directors (2007: 3).

5. Directors' emoluments

	2008 £000	2007 £000
Directors' emoluments (excluding the items below)	1,278	2,318
Amounts receivable under long term incentive schemes	-	301
Company contributions to money purchase pension schemes	51	46

The emoluments disclosed above relate to three Directors of the Company (2007: three Directors). The emoluments of the other Director for their services as Director of the Company were borne by fellow group undertakings.

Notes to the financial statements - continued
At 31 December 2008

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid Director was £524,000 (2007: £781,000) and Company pension contributions of £nil (2007: £nil) were made to a money purchase scheme on their behalf.

	Number of Directors	
	2008	**2007**
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	1	1
Defined benefit schemes	3	3
The number of Directors in respect of whose services shares were received or receivable under long term incentive schemes was	4	4

One director exercised share options in the ultimate parent company, The Bank of New York Mellon Corporation, during the year (2007: one director).

6. Pensions costs

The Company contributes to a defined contribution scheme in the United Kingdom. The total pension cost for the Company in respect of the year to 31 December 2008 was £2,158,000 (2007: £1,841,000) (refer to note 4). At the year-end, contributions of £87,000 were payable to the scheme and are included in creditors (2007: £86,000).

The Company participates in a multi-employer defined benefit scheme where the contributions of the Group are affected by a surplus or deficit in the scheme. However, the actuaries have confirmed that they are unable to identify the share of the underlying assets and liabilities in the scheme that can be allocated to the Company on a consistent and reasonable basis. As allowed by FRS 17, the Company has accounted for the contributions to the scheme as if it were a defined contribution scheme. The defined benefit pension scheme costs and the present value of defined benefit obligations are calculated at the reporting date by the schemes' actuaries using the Projected Unit Credit Method. The latest actuarial valuation carried out on 31 December 2008 showed a deficit of £24.9 million in the scheme (2007: deficit £26.5 million). Contributions to the fund were determined at the rate of approximately 20% of pensionable salaries, depending on member category.

7. Interest receivable and similar income

	2008	**2007***
	£000	**£000**
Interest on short-term deposits	2,776	2,749
Net foreign exchange gain	1,794	302
	4,570	3,051

* Certain prior year numbers have been reclassified to be consistent with current year presentation.

BNY Mellon Asset Management International Limited

Notes to the financial statements - continued
At 31 December 2008

8. Taxation

	2008 £000	2007 £000
Taxation is based on profit before tax for the year and comprises:		
- Current corporation tax charge for the year at 28.5% (2007: 30%)	5,552	4,097
- Adjustments in respect of prior periods:		
- UK corporation tax	485	(104)
- Foreign tax	-	134
Total current tax	6,037	4,127
Deferred tax (refer note 10)	(551)	37
	5,486	4,164

The UK standard rate of corporation tax changed from 30% to 28% from 1 April 2008 (2007: 30%). The current corporation tax charge for the year is higher than (2007: higher than) the standard rate of tax for the year, for the reasons set out in following reconciliation:

	2008 £000	2007 £000
Profit on ordinary activities before tax	17,077	13,273
Tax charge on profit on ordinary activities at standard rate	4,867	3,982
Factors affecting tax charge:		
- Disallowable expenses	158	287
- Adjustments in respect of prior periods	485	(104)
- Other short term timing differences	527	(38)
Current corporation tax charge for year	6,037	4,127

9. Tangible fixed assets

	Motor Vehicles £000	Total £000
Cost:		
At 1 January 2008	-	-
Additions	79	79
At 31 December 2008	79	79
Depreciation:		
At 1 January 2008	-	-
Charge for the year	(24)	(24)
At 31 December 2008	(24)	(24)
Net book amount:		
At 31 December 2008	55	55
At 31 December 2007	-	-

10. Debtors

	2008 £000	2007 £000
Prepayments and accrued income	3,487	3,375
Trade debtors	17,801	5,411
Due from fellow Group undertakings	33,956	2,831
Other debtors	399	547
Deferred tax assets (refer below)	1,026	475
	56,669	12,639

Deferred tax is made up of the following:

	2008 £000	2007 £000
At 1 January	475	512
Profit and loss credit/ (charge)	551	(37)
At 31 December	1,026	475

Deferred tax has been recognised in full. The major components of deferred tax are as follows:

	2008 £000	2007 £000
Excess of depreciation over capital allowances	112	45
Long term incentive plans	890	406
Other	24	24
	1,026	475

11. Creditors: amounts falling due within one year

	2008 £000	2007 £000
Trade creditors	734	589
Due to fellow Group undertakings	13,211	7,448
Taxation and social security	2,592	2,151
Accruals and other creditors	11,252	12,834
	27,789	23,022

12. Called up share capital

	2008 £000	2007 £000
Authorised		
50,000,000 ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid		
31,300,000 ordinary shares of £1 each (2007: 26,300,000)	31,300	26,300

During the year the Company issued 5,000,000 £1 ordinary shares at par (2007: £10,000,000) to support the regulatory capital position.

13. Reserves

2008	Share capital account £000	Equity capital contribution £000	Profit & loss account £000	Total £000
At 1 January	26,300	(1,484)	33,667	58,483
New share capital issued	5,000	-	-	5,000
Equity capital contribution movement	-	1,553	-	1,553
Profit for the financial year	-	-	11,591	11,591
At 31 December	31,300	69	45,258	76,627

2007	Share capital account £000	Equity capital contribution £000	Profit & loss account £000	Total £000
At 1 January	16,300	(1,179)	24,558	39,679
New share capital issued	10,000	-	-	10,000
Equity capital contribution movement	-	(305)	-	(305)
Profit for the financial year	-	-	9,109	9,109
At 31 December	26,300	(1,484)	33,667	58,483

14. Financial instruments

As at 31 December 2008, the Company had derivative financial instruments as follows: a forward foreign exchange contract to buy $21,000,000 against Sterling on 31 January 2009 at a rate of $1.4680/ £1, and a forward foreign exchange contract to sell Euro 1,600,000 against Sterling on 31 January 2009 at a rate of €1.0211/£1. As at 31 December 2008, the fair value of these financial instruments was £nil (2007: £nil).

At 31 December 2007, the Company had derivative financial instruments as follows: a forward foreign exchange contract to sell $10,000,000 against Sterling on 31 January 2008 at a rate of $1.9960/ £1, a forward foreign exchange contract to sell Japanese Yen 150,000,000 against Sterling on 31 January 2008 at a rate of JPY 227.5/ £1 and a forward foreign exchange contract to sell Euro 1,600,000 against Sterling on 31 January 2008 at a rate of €1.361/ £1.

15. Share based payments

Restricted share awards

	2008 Numbers	2007 Numbers
Balance outstanding at 1 January	190,324	111,355
Awarded during the year	123,695	163,687
Released (vested) in the year	(12,842)	(77,488)
Forfeited / cancelled	(2,233)	(7,230)
Balance outstanding at 31 December	298,944	190,324

The weighted-average fair value of restricted share awards in 2008 was $43.24 (2007: $42.89).

During 2008, £1,793,874 was charged to the profit and loss account in respect of restricted share awards settled in equity (2007: £1,385,376).

As at 31 December 2008, £4,696,166 / $6,868,612 (2007: £1,235,833 / $2,452,387) of total unrecognised compensation costs related to non-vested restricted stock is expected to be recognised over the weighted average period of approximately 1.8 years (2007: 2.0 years).

16. Transactions involving Directors, officers and others

At 31 December 2008 there were no loans and other transactions made to Directors and Officers of the Company (2007: £nil).

17. Parent company

The immediate parent of the Company is BNY Mellon Asset Management International Holdings Limited, a company incorporated in England and Wales. Copies of accounts for BNY Mellon Asset Management International Holdings Limited can be obtained from:

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

The ultimate parent company as at 31 December was The Bank of New York Mellon Corporation, incorporated in the United States of America. The consolidated accounts of the ultimate parent company may be obtained from:

The Secretary
The Bank of New York Mellon Corporation
One Wall Street
New York, NY10286
USA